Supplementary Papers for Council

Date: Tuesday, 11 February 2025

8.	**Recommendations from the Cabinet - 5 February 2025**	5 - 344

To consider the budget recommendations arising from the Cabinet meeting scheduled for 5 February 2025. The recommendations will be circulated as soon as practicably possible following the meeting of the Cabinet. A copy of the reports and appendices to the Cabinet have been published and are available on the Council's website on the following link: https://democracy.bcpcouncil.gov.uk/ieListDocuments.aspx?CId=285&MId=6058&Ver=4

Cabinet 5 February 2025 – Minute No. 113 – Council Budget Monitoring 2024/25 at Quarter Three

RECOMMENDED that Council: -

(c) Agrees the acceptance of capital grant for the HRA detailed in Appendix D paragraph 20.

Note – resolutions (a) and (b) were resolved matters by the Cabinet.

Cabinet 5 February 2025 – Minute No. 117 – Early Years and Mainstream Schools Funding 2025/26

RECOMMENDED that Council agrees: -

(a) The early years funding formula detailed in Appendix 1; and

(b) The mainstream schools funding formula options detailed in Appendix 2 (paragraph 18), with the final outcome dependent on DfE decisions.

Cabinet 5 February 2025 – Minute No. 114 – Housing Revenue Account (HRA) Budget Setting 2025/26

RECOMMENDED that Council agrees: -

(a) The revenue budget for 2025/26 is set using the following principles:

(i) That dwelling rents are increased by 2.7 per cent (CPI for September 2024 + 1 per cent) from 7 April 2025 in line with the Ministry of Housing, Communities and Local Government Policy statement on rents for social housing published in February 2019 (Rent Policy Statement).

(ii) That garage, garage bases and parking plot rental charges are increased by 5 percent from 7 April 2025 and an additional £1.00 per week increase is made to garages in parts of Poole so that charges begin to align.

(iii) That leasehold services are charged to leaseholders in line with actual costs incurred.

(iv) That shared ownership dwelling rents are increased in line

with lease terms.

(v) That the changes to services charges are agreed as set out in appendix 2.

(vi) That HRA reserves are set at £8.6 million.

(b) That the Income and Expenditure budget as set out in Appendix 3 is agreed;

(c) That capital budgets for 2025/26 are set using the following principles;

(i) That the major project capital programme as set out in Appendix 4 is noted.

(ii) That the planned maintenance programme as set out in Appendix 5 is agreed.

(iii) That £0.5 million for the acquisition of individual properties (Acquire and Repair) is agreed.

Note – resolution (d) was a resolved matter by the Cabinet.

Cabinet 5 February 2025 – Minute No. 112 – Budget 2025/26 and Medium-Term Financial Plan

RECOMMENDED that Council: -

(a) Undertakes a recorded vote in relation to the following items as required by the Local Authorities (Standing Orders) (England) (Amendments) Regulations 2014;

(i) Agrees that a net budget of £356m, resulting in a total council tax requirement of £281.2m, is set for 2025/26 based on the draft local government financial settlement figures published by government in December 2024.

(ii) Agrees an increase in council tax of 2.99% for 2025/26 in respect of the basic annual threshold and the collection of the additional social care precept of 2%.

(iii) Confirms the key assumptions and provisions made in the budget as proposed and as set out in Appendix 3.

(iv) Agrees the allocations to service areas in the budget as set out in Appendix 5.

(v) Agrees the implementation of £7.8m of savings as set out in Appendix 5a.

(vi) Approves the flexible use of capital receipts efficiency strategy as the mechanism for funding the council's transformation related expenditure as set out in Appendix 6.

(vii) Approves the capital investment programme (CIP) as set out in paragraphs 84 to 97 and Appendix 7.

(viii) Approves the asset management plan as set out in Appendix 8.

(ix) Agrees the treasury management strategy (TMS) and

prudential indicators as set out in paragraphs 100 to 103 and Appendix 9.

(x) Accepts and supports the formal advice of the chief finance officer on the robustness of the budget and the adequacy of the reserves as set out in paragraphs 118 to 124 and Appendix 10.

(b) Accepts the government revenue and capital grant announcements linked to the 2025/26 local government finance settlement. This includes a £1.373m UK Shared Prosperity Fund (UKSPF) grant for 2025/26 split between revenue and capital as set out in paragraphs 37 to 40;

(c) Agree to borrow to fund the 2025/26 excess Special Educational Needs and Disability (SEND) High Needs DSG revenue expenditure above the government grant being made available. This is subject to clarification and negotiation with government, including whether or not a capitalisation direction will be required. A capitalisation direction may also be considered in respect of the associated interest costs;

(d) Approves an increase in the permanent pay bill of the authority due to the implementation of the pay and reward project from the £1.641m pa agreed in December 2024 to £2.793m pa (1.5%) after the end of the pay protection period;

(e) Delegate to the Chief Executive, in consultation with the Director of Finance, Leader, and Portfolio Holder for Finance, the allocation of any additional resources that become available through the final 2025/26 local government finance settlement or any other means; and

(f) Approves the chief officers' pay policy statement 2025/2026 for consideration and approval by the council in accordance with the provisions of the Localism Act 2011 as set out in paragraphs 126 to 128 and Appendix 12.

Published: 07 February 2025

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CABINET

Report subject	**Council Budget Monitoring 2024/25 at Quarter Three**
Meeting date	5 February 2025
Status	Public Report
Executive summary	This report provides the quarter three projected financial outturn information for the general fund, housing revenue account (HRA) and capital programme. The quarter three overall revenue projected outturn is for a balanced position to be achieved based on the latest assumptions, including that the expenditure control mechanisms remain in place for the remainder of the year. A small contingency remains unused for any unexpected costs over the final quarter.
Recommendations	**It is RECOMMENDED that Cabinet:** **A. Note the budget monitoring position for quarter three 2024/25.** **B. Agree the acceptance of capital grants for the general fund detailed in Appendix C1 paragraph 2.** **It is RECOMMENDED that Cabinet recommends that Council:** **C. Agree the acceptance of capital grant for the HRA detailed in Appendix D paragraph 20.**
Reason for recommendations	To comply with accounting codes of practice and best practice which requires councils to regularly monitor the annual budget position and take any action to support the sustainability of the council's finances. Also, to comply with the council's financial regulations regarding acceptance of grants.
Portfolio Holder(s):	Cllr Mike Cox, Finance
Corporate Director	Grahan Farrant, Chief Executive
Report Authors	Adam Richens, Director of Finance and Chief Finance Officer adam.richens@bcpcouncil.gov.uk Nicola Webb, Assistant Chief Finance Officer nicola.webb@bcpcouncil.gov.uk Matthew Filmer, Assistant Chief Finance officer

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Wards	Council-wide
Classification	For Decision

Background

1. In February 2024 Council agreed the 2024/25 annual general fund net revenue budget of £359m, and a capital programme of £148m. The revenue budget included delivery of £38m of itemised service and transformation savings. Budgets were also agreed for the ring-fenced housing revenue account (HRA) and Dedicated School Grant (DSG) for school funding.
2. A budget pressure of £3m was reported at quarter two, after releasing the total £7.9m of central contingency resources to offset undelivered savings and unmitigated service pressures. The contingency was specifically increased on a one-off basis in 2024/25 to recognise the optimum bias in the highest level of savings included in the budget in the five years since the council was formed.
3. Services are expected to deliver balanced budgets by the year end by finding mitigations to budget pressures, with this aided by strengthening their response to the expenditure control measures that will need to continue for the full year.

Revenue Outturn Projection 2024/25 at Quarter Three

4. Overall, the net pressures of £3m identified at quarter two are projected to be mitigated by the year end to deliver a balanced position overall for the council.
5. A summary of the total variances by Directorate is included in Table 1 below and includes the impact of the savings not expected to be delivered during the year.

Table 1: Summary projected outturn as at quarter three

Quarter 2		Quarter 3 Budget Position				
Total Variances £000's	Budget Area	Revised Budget £000's	Projected Outturn £000's	Total Variance £000's	Undelivered Savings in variance £000's	Underlying Variances £000's
1,385	Wellbeing	125,390	125,813	423	(2,310)	(1,887)
3,205	Children	92,277	95,675	3,398	(2,233)	1,165
3,038	Operations	61,257	61,415	158	0	158
862	Resources	41,822	42,370	548	(109)	439
(5,526)	Central	38,049	33,564	(4,485)	4,652	167
	Funding	(358,795)	(358,836)	(41)	0	(41)
2,964	**Total**	**0**	**0**	**0**	**0**	**0**

6. Wellbeing directorate services have reduced the previously reported overspend by £1m, largely due to additional income across the directorate and delivering early on saving programmed for next year.

7. The Operations directorate services overspend projected last quarter has been almost fully mitigated through reduced pressures from commercial operations and environment services. There are the usual risks in the income projections as the weather can impact, particularly in March.
8. The pressures in children's services have grown further due to an increase in the number of children in care and staff recruitment difficulties, with agency staff needing to be retained for longer with some mitigation in other budgets and use of grants and specific reserves.
9. Resources services have reduced pressures or increased savings largely through vacancy management and re-evaluating staff time charged to transformation projects.
10. Appendix A1 provides the detail and reasons for the main projected budget variances in each service area and these include any undelivered savings.
11. Appendix A2 provides a summary revenue outturn statement.

Savings Monitoring 2024/25

12. Savings delivery reported at quarter two noted that 88% of the £38m budgeted savings were on track to be delivered and there are no changes to this position at quarter three. In respect of the residual 12% the majority will be delivered but not within the originally timeframe.

Reserves Monitoring for 31 March 2025

13. Table 3 below summarises the projected movement in reserves during the current financial year.

Table 3: Summary of projected movements in reserves

	Balance 1 April 2024	Balance 31 March 2025	Movement
	£m	£m	£m
Un-earmarked reserves	26.1	26.6	0.5
Earmarked reserves*	39.0	35.4	(3.6)
Total reserves	**65.1**	**62.0**	**(3.1)**

These reserves do not include revenue reserves earmarked for capital, school balances or the negative DSG unusable reserve.

14. The above table assumes that the projected balanced revenue position will be delivered at outturn.
15. Earmarked reserves are those that have been set aside for specific purposes. The main movements in earmarked reserves include drawing down government grants in line with the latest profile of their application.
16. Appendix 10a to the 2025/26 Budget and Medium-Term Financial Plan report presented as a sperate report on the meeting agenda includes a summary of earmarked reserves projected for 31 March 2025.

Dedicated Schools Grant (DSG)

17. The DSG in 2024/25 totals £363m and is provided to fund early years providers, schools, a small range of central services and provision for pupils with high needs. High needs funding within this total is £61m.

18. Consistent with many councils nationally, the growing demand and rising placement costs continues to outstrip funding growth for pupils with high needs. The high needs funding gap for 2024/25 was budgeted at £28m. This is net of a funding transfer of £1.3m from schools as agreed by the Department for Education in late February 2024.

19. The accumulated deficit reflecting the 2024/25 funding shortfall was projected to increase from £63.5m at 1 April 2024 to £91.5m by March 2025.

20. At quarter two the anticipated overspend was £16.5m (total high needs funding gap of £44.5m) with a projected accumulated deficit at March 2025 of £108m as reported to Cabinet in October. The year end projection at quarter three is unchanged as detailed in table 4 below

Table 4: Summary position for dedicated schools grant

Dedicated Schools Grant	£m
Accumulated deficit 1 April 2024	**63.5**
Budgeted high needs funding shortfall 2024/25	28.0
High needs overspend 2024/25	16.5
Projected accumulated deficit 31 March 2025	**108.0**

21. The number of education, health, and care plans (EHCPs) and average placement costs continue to rise. The VAT charges for private schools implemented from 1 January 2025 applies equally for those categorised as special schools. The council can reclaim the VAT charged so there should be little impact from this change in government policy. There could be some pressure from parents of children with special needs in private schools moving their children into the state sector but the potential scale of this is not yet known.

22. Actions included in the deficit management plan to change the trajectory of the deficit are still in the early stages of implementation, but it is hoped these will start to impact next year.

23. Conversations are on-going with government in seeking a solution to mitigate the impact of the high level of unfunded expenditure, with the progress outlined in the Budget and MTFP report on the meeting agenda.

Capital Programme

24. The original £148 million capital budget has been updated to £123m at quarter three to take account of adding expenditure slippage from 2023/24 of £62m, and a net reduction from reprofiling some expenditure into 2025/26, adding new schemes, and removing schemes no longer viable or being reconsidered (£87m). The majority of schemes in the current programme are within the Operations directorate, accounting for £109m (89%) of the programme.

25. In 2024/25, the total programme includes funding for education provision not yet allocated to schemes to ensure full oversight of all the funding available from the Department for Education (DfE). At quarter three there remained £11.7m of funding uncommitted and carried forward into 2025/26. A Cabinet report considering the children's services capital programme is planned for March 2025.

26. Appendix C provides a monitoring report for the capital programme at quarter three. This shows 62% of the current year programme has been delivered.

27. General fund capital grants for Cabinet approval are included in Appendix C1 paragraph 2.

Housing Revenue Account (HRA)

28. 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.

29. The 2024/25 HRA budget was approved by Council in February 2024. It budgeted for total income of £55.6m for the year and a net surplus of £5.9m.

30. The main income variances are favourable, from rents (£0.7m) due to ongoing lower levels of rental voids and right-to-buy sales than expected and from higher utility recharges (£0.6m).

31. Favourable expenditure variances include from supervision and management largely from staff vacancies and reassessment of provisions (£0.8m). There are also lower repairs and maintenance costs of (£0.5m) from bringing services in-house, new contracts, and a low number of properties becoming void. Net interest costs are also favourable (£1.2m) with rate movements ahead of budget with borrowing costs fixed and lower spending due to reprofiling of the capital programme.

32. The forecast depreciation charge of £14.8m is £2.4m adverse to budget and is unchanged from the previous estimate. It follows the harmonisation of approaches between the two neighbourhoods implemented at the end of last year. As a non-cash charge, it has no overall impact on the financial position of the HRA.

33. The favourable forecast variances for both income and operating expenditure result in a forecast net operating surplus of £26.9m that is £2.9m favourable to budget. The impact of the higher depreciation charge and lower net interest payable results in a final net surplus of £7.4m that is £1.5m favourable to budget.

34. The HRA February 2024 budget paper set out a capital programme of £44.7m for 2024/25. This includes £25.2m investment in new-build projects delivered as part of the council newbuild housing & acquisitions strategy (CNHAS) and £16.2m in planned maintenance. Expenditure for the year is forecast at 70% of budget at £31.5m (£40.4m projected at quarter two) with further slippage on new build schemes overall and purchase of existing properties. The planned maintenance programme was reported as on track at quarter two but now with slippage of £3.4m.

35. **Appendix D** provides a summary of HRA budget monitoring for both the revenue and capital account at quarter three and **provides the details of the Homes England grant for Council approval in paragraphs 19 and 20.**

Scenarios

36. The projected outturn is prepared based on estimates and assumptions, with the mostly likely outcome included in budget monitoring reports.

Summary of financial implications

37. This is a financial report with budget implications a key feature of the above paragraphs.
38. The growing DSG deficit is a significant risk to the financial position of the council with the accumulated DSG deficit greater than the total of the council's earmarked and unearmarked reserves on 31 March 2025. The forecast that the in-year funding gap is continuing to grow will inevitably bring forward the date when the council exhausts its cashflow treasury management headroom position which is currently providing the resources to cover the excess high needs budget related expenditure.

Summary of legal implications

39. The recommendations in this report are to comply with the council's financial regulations with attention drawn to significant budget variances as part of good financial planning to ensure the council remains financially viable over the current year and into the future.

Summary of human resources implications

40. There are no direct human resources implications from the recommendations in this report.

Summary of sustainability impact

41. There are no direct sustainability impacts from the recommendations in this report.

Summary of public health implications

42. The council is seeking to maintain appropriate services for the vulnerable as well as improve the sustainability of services important for the wellbeing of all residents.

Summary of equality implications

43. Budget holders are managing their budgets with due regard to equalities issues.

Summary of risk assessment

44. The projected outturn is prepared based on estimates and assumptions, including that mitigation plans for general fund budget pressures will be successful.
45. The most significant risk to the council's financial sustainability continues to be the current level and growth of the accumulated deficit for the DSG. The annual funding gap will continue to grow unless current demand trends can be reversed, significant extra funding is provided or the council's responsibilities change. Central government has committed to resolve the national funding problem and return the system to financial sustainability but in the meantime the council has taken steps to minimise the financial problem as far as possible.

Background papers

46. The link to the budget papers at February Council for 2024/25 is below:

    Welcome to BCP Council | BCP (ced.local) items 76 (HRA) and 77 (General fund)

47. The link to the December Cabinet budget monitoring report for quarter two is below:

    Welcome to BCP Council | BCP item 83

Appendices

Appendix A	A1	Revenue Projected Budget Variances by Service Area 2024/25
	A2	Revenue Outturn Summary 2024/25
	A3	Savings schedule has not been included this quarter as information is unchanged from quarter two and can be found on the second link in the background papers above.
Appendix B		Earmarked reserves schedule has not been included this quarter as the projection for 31 March 2025 is included in the Budget and MTFP report at Appendix 10A on the meeting agenda
Appendix C	C1	Capital Programme Monitoring 2024/25
	C2	Capital Programme Schedule
Appendix D		HRA Projected Outturn 2024/25

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Appendix A1: Projected Revenue Budget Variances by Service Area 2024/25

1. The projected outturn for each directorate is shown in the tables and narrative below. The projected annual variances reported at quarter two is included for comparison.

Wellbeing – overspend £0.4m (0.3%)

2. The Wellbeing directorate includes adult social care and commissioning, public health, housing and community services with the projected outturn a £1m improvement compared with quarter two.

Q2 Variance £000's	Service	Working budget £000's	Projected Outturn £000's	Q3 Variance £000's
	Adult Social Care Services			
3,744	Care packages – all ages and needs	175,327	179,514	**4,187**
(189)	Employees	26,215	26,078	**(136)**
326	Client Contributions	(31,672)	(32,146)	**(474)**
(1,943)	Health Funding: CHC/JF/Sec117/BCF	(25,406)	(27,380)	**(1,974)**
(306)	Income from NHS (Section 256)	(2,000)	(2,330)	**(330)**
19	Other Funding: grants, other authorities, Health.	(18,058)	(18,148)	**(90)**
(169)	Other services: training, running costs, etc.	429	413	**(16)**
1,481	**Total Adult Social Care Services**	**124,835**	**126,002**	**1,167**
	Commissioning			
(181)	ASC: Care and contracts (including Tricuro)	30,763	30,550	**(213)**
50	ASC: Employees	2,678	2,665	**(13)**
(166)	ASC: Client contributions	(1,717)	(1,824)	**(107)**
149	ASC: Health Funding: CHC/JF/Sec117/BCF	(9,123)	(9,045)	**78**
(337)	ASC: Income from NHS (Section 256)	(20)	(357)	**(337)**
(58)	ASC: Grants and other income	(32,095)	(32,195)	**(100)**
346	ASC: Other services/voluntary sector/ projects	457	810	**353**
(197)	**Total Commissioning**	**(9,057)**	**(9,396)**	**(339)**
	Strategic Housing & Partnerships			
0	Housing Options	6,836	6,836	**0**
0	Homelessness Strategy	159	159	**0**
0	Risk and Contracts	156	156	**0**
34	Asset Investment	(2,250)	(2,505)	**(255)**
34	Housing Total	**4,901**	**4,646**	**(255)**
	Communities			
0	Community Engagement & Partnerships	931	931	**0**
0	Strategic Community Safety	476	476	**0**
0	Regulatory Services	2,389	2,239	**(150)**
0	Safer Communities	864	864	**0**
0	Service Management	197	197	**0**
0	Communities Total	**4,857**	**4,707**	**(150)**
34	**Housing & Communities Total**	**9,758**	**9,353**	**(405)**
66	**Public Health** **(fully funded by government grant)**	**(145)**	**(145)**	**0**
1,385	**Wellbeing Total**	**125,391**	**125,814**	**423**

Adult Social Care

3. The Adult Social Care (ASC) directorate is projected to be overspending by £1.2m at the end of third quarter of the financial year.
4. The largest area of change between September and December is for service user contributions, where income collection recorded has caught up with demand increase for the service. This is related to the council's duty of care in circumstances where service users do not have access to their money.
5. The projection includes estimates for activity yet to take place for people with learning disabilities, mental health needs and autism as they prepare for adulthood, as well as some allowance for winter pressures for elderly people. The projection also includes delivery of programmed savings from care home commissioning arrangements with fee negotiations ongoing with providers above framework levels or published rates.
6. Within the adult social care estimate, the cost of care packages is overspent by £4.2m. Of this, £0.3m is due to complex cases discharged from hospital but expected to be funded from Health with this reflected also in the additional Sec 256 funding projection. Remaining care packages overspend of £3m is related to an increase in demand for services, which is partially shared with the NHS under join funding arrangements and reflected in the £1.9m variance in health funding shown in the table. An amount of £0.4m has been included in the forecast for a further year of the council's share of the Accommodation Plus potential liability. This has emerged from the Local Government and Social Care Ombudsman guidance which indicates that local councils and health authorities have joint responsibility for accommodation costs that are an intrinsic part of care needs. The total liability within the six - year statutory limit for costs is in the region of £2.4m.
7. Employee budget also show a potential saving of £0.14m due to recruitment difficulties, however the position may change depending on success in filling vacancies towards the year end.
8. Other services minor variances include the favourable impact from reviewing long standing funding arrangements with other authorities.

Commissioning

9. The 2024/25 contract with Tricuro, the council's wholly owned trading company, has been finalised. The projected outturn includes that this will be achieved within the earmarked resources, which incorporates the one-off support for the delivery of the day opportunities transformation.
10. The commissioning directorate main component is an expenditure overspend of £0.35m largely due to additional activity using NHS funding, with the corresponding additional section 256 income also shown.
11. Service user contributions are more than expected in block contracted arrangements with Tricuro and Figbury Lodge by £0.1m.
12. The saving of £0.2m on care contracts is from rental income from Tricuro (Poole Plus and Fairways) until the locations closed and the assets were transferred centrally.

Public Health

13. Public Health and additional drug and alcohol related external grants are projected to be as budgeted. The plan of using £0.7m of public health grant to develop the council's service under the public health umbrella has delivered £0.6m of savings. Further effort is being made over quarter four to deliver the remaining target and to identify areas which could be prioritised for saving within the conditions of the public health grant.

Housing & Communities

14. The position for strategic housing remains static and the cost of homelessness pressures continue to be managed within the service. B&B numbers are reducing, and the housing

acquisition scheme is progressing which results in higher borrowing costs which are expected to be managed within budget this year.

15. The in-year homelessness prevention grant (HPG) will be fully spent, supported by the earmarked reserve. The October 2024 budget announcements included continued support for the costs of homelessness and the service are in the process of establishing a spending plan for the next financial year.
16. Asset investment includes the income and maintenance from photovoltaic (PV) panels and garages. Although there is a delay in receiving the income from PV panels, the trend from the first two quarters indicates a revenue surplus of £0.25m by year end due to a significant peak in the summer months. Garages are currently maintaining the expected income levels for the year.
17. Community engagement and strategic community safety are largely funded through grants, community support schemes and partnerships. Spend is committed in consultation with cabinet and all funding is anticipated to be utilised in year.
18. Delays in notice periods for in year savings meant regulatory services began the year with a budget pressure. However, in addition to mitigating this pressure, the service has also achieved early delivery of savings in advance of the 2025/26 year resulting in a forecast underspend of £0.15m.
19. Within the public protection service, there are judicial reviews pending as polices can be challenged. The outcomes could incur legal fees if unsuccessful, but it is unlikely cost implication will arise in this financial year.

Children's Services – overspend £3.4m (3.7%)

20. The 2024/25 projected outturn position presented in the table below shows a quarter three overspend of £3.4m, an increase of £0.2m in comparison with quarter two.
21. Despite this minimal increase there has been some significant pressures regarding care costs over the last 3 months.
22. The pressures have been managed overall with mitigations and application of reserves.

Q2 Variance £000's	Service	Working budget £000's	Projected Outturn £000's	Q3 Variance £000's
(1,685)	Management & Commissioning	4,627	2,352	(2,275)
0	Grant Income	(8,506)	(8,506)	0
3,116	Safeguarding & Early Help	13,417	15,373	1,956
623	Corporate Parenting & Permanence	54,640	57,404	2,764
132	Quality and Governance	4,385	4,457	71
1,019	Education & Skills	21,562	22,443	881
0	Partnerships	2,152	2,152	0
3,205	**Children's General Fund Total**	**92,277**	**95,675**	**3,398**

23. Children's management & commissioning incorporates various budgets including that for service agency costs overall. This is held centrally as the agency use within individual service units fluctuates based on demand and vacant positions. The forecast variance offsets the staffing overspends shown in all other directorates as described below. There has been a positive movement in the cost of agency over social care over the last quarter. There is optimism this will continue into the new financial year.
24. The annual budget savings for the service as a whole have also been set against management & commissioning. Where savings have been achieved and are showing as an underspend in specific cost centres under other services, these are offset in this service line.
25. There is an expectation that not all savings will be delivered in-year due to their ambitious nature, the resources required for delivery have not been available and the full

Ofsted inspection having taking priority over quarter three. The shortfall assumed in the outturn continues to be £2.2m, the same as reported at quarter two.

26. Safeguarding & early help has seen an improvement in the quarter three forecast overspend. Successful payment by results funding relating to supporting families has been applied. There has been a slight reduction in the agency forecast. Attracting and keeping permanent social workers for these teams continues to be a challenge, making reliance on agency staff essential.

27. Corporate parenting & permanence service continues to experience high agency costs within the teams for children in care. The service unit also includes the budget and forecast for all cost of care which as mentioned above has seen a significant increase in cost over the last quarter. Placement type and complexity continues to be a pressure, and we have had 4 sibling groups come into care over the last 3 months.

28. Following notification from the Home Office the final payment for unaccompanied asylum-seeking children relating to 2023/24 was an improvement on the amount anticipated with this offsetting some of the staff and care pressures.

29. The pressure within quality & governance is due to the need to increase the number of independent reviewing officers (IRO) due to caseloads exceeding the statutory limit an IRO can hold. This situation was unforeseen since there was an expectation that the numbers of children in care would decrease to levels anticipated by the original staffing establishment.

30. There has been a review of costs charged to grants over the quarter which has enabled more expenditure to be recovered within the grant conditions for the education & skills service. Staffing pressures continue due to delays with the implementation of the new SEND structure and the requirement to continue with agency costs. There are also challenges with the recruitment and retention of educational psychologists (EPs) with continued reliance on locums to undertake statutory work. Other pressures are in legal costs for SEND tribunals and £0.2m for school transport costs.

Operations – overspend £0.16m (0.3%)

31. The budget position is a projected overspend of £0.16m with the largest component being higher costs incurred in generating car parking revenues.

Q2 Variance £000's	Service	Working budget £000's	Projected Outturn £000's	Q3 Variance £000's
	Commercial Operations			
(5)	Flood and Coastal Erosion	956	950	**(6)**
0	Head of Commercial Operations	977	148	**(829)**
96	Leisure and Events	702	702	**0**
2,801	Parking Services	(19,575)	(17,839)	**1,736**
0	Seafront	(6,428)	(6,658)	**(230)**
2,892	**Commercial Operations Total**	**(23,367)**	**(22,697)**	**670**
	Environment			
(4)	Service Management	685	681	**(4)**
(45)	Neighbourhood Services & Grounds	16,618	16,613	**(5)**
(323)	Passenger Transport	255	(68)	**(323)**
40	Bereavement & Coroner	482	512	**30**
(50)	Waste	15,854	15,514	**(340)**
134	Greenspace	490	624	**134**
(350)	Transport & Operating Centres	5,876	5,126	**(750)**
(598)	**Environment Total**	**40,259**	**39,001**	**(1,258)**

Q2 Variance £000's	Service	Working budget £000's	Projected Outturn £000's	Q3 Variance £000's
	Planning & Transport			
0	Planning Management	467	467	0
(113)	Planning Operations	346	232	(114)
(62)	Strategic Planning	814	752	(62)
(48)	Transport Policy / Sustainable Travel	11,856	11,843	(13)
(223)	**Planning & Transport Total**	**13,482**	**13,293**	**(189)**
	Investment and Development			
(192)	Housing Delivery	135	(58)	**(192)**
(171)	Regeneration Delivery	751	580	**(171)**
149	Smart Places	(63)	86	**149**
(214)	**Investment and Development Total**	**822**	**608**	**(214)**
(41)	**Operations Strategy Total**	**1,740**	**1,699**	**(41)**
	Customer & Property			
0	Business Support	7,555	7,555	**0**
0	Culture	1,410	1,410	**0**
0	Customer Services	2,810	2,791	(19)
100	Libraries	4,731	4,717	**(14)**
(50)	Bournemouth Library PFI contract	1,559	1,509	**(50)**
475	Engineering	3,961	4,531	571
450	Facilities Management	7,660	8,040	**380**
0	Property Maintenance	(1,340)	(1,340)	**0**
247	Telecare	(25)	297	**322**
1,222	**Customer & Property Total**	**28,321**	**29,510**	**1,189**
3,038	**Operations Services**	**61,257**	**61,415**	**158**

Commercial Operations

32. Commercial operations are £0.7m overspent. Parking services net shortfall accounts for the majority at £1.7m and this is being mitigated from savings across other activities. Income generation saw a buoyant quarter one followed by poor summer trading which continued into November. December income vastly improved as a consequence of higher than forecast visitor numbers to the Christmas events and activities. Inherent expenditure pressures continue with £1.5m additional costs of collection charges and £0.1m for staff costs due to labour market supplements. However, the service managers have worked hard to freeze discretionary spending and hold vacancies to mitigate the ongoing unavoidable pressures.

33. The 2024 pay award budget uplift has been reflected against the head of service budget until it can be re-allocated to the individual service areas during quarter four.

34. Seafront services experienced a reduction in visitor footfall, coupled with cliff slippages which led to a drop in income and increased repairs and maintenance costs in quarter two. These pressures have been mitigated by a further freeze on reactive maintenance spending and savings in casual staff costs associated with a drop in trading. The surplus of £0.2m is mainly due to an increase in beach hut income.

35. Flood and coastal erosion risk management (FCERM) services is reporting a balanced position and partnership working with East Devon Council is anticipated continue to progress positively.

Environment

36. Transport and operating centres are showing a £0.75m saving in quarter three. Diesel is under budget due to lower prices and there has been a switch to some electric vehicles.

Employee costs are also under budget due to the difficulty in retaining staff, and this has increased the use of external providers to complete repair work. The additional £0.4m positive variance since quarter two is related to the budget for borrowing that will not be required until 2025/26 due to slippage in the fleet replacement programme.

37. A £0.3m saving is expected within passenger transport due to the underspend within the driver salaries budget whilst a full review of adult's community services takes place. It is attributed to vacancies being held along with the impact of the expenditure freeze.

38. The bereavement service is experiencing a budget shortfall from the ongoing falling demand due to strong competitors in the local market. Reduced income was partially offset by staff savings due to vacancies. A £0.03m pressure has been forecast within coroners and mortuary and whilst there is currently no service lead, the estimates have been based on the previous year performance and with no High Court inquests known currently.

39. Waste disposal contract tonnages are forecast higher than budgeted, but this is covered by a lower-than-expected recycling price in each of the first three quarters. Internalisation of Christchurch household recycling centre and Hurn waste transfer station have incurred one off revenue costs. Net commercial waste income exceeds budget, and this mitigates pressures within employee costs. The sale of replacement bins is also favourable against budget. This all contributes to a forecast outturn position of £0.3m surplus.

40. Greenspace are showing a £0.1m pressure as vacancies are unable to be held open to achieve the budget allowance and essential remedial maintenance works is required at certain sites.

Planning and Transport

41. The Planning and Transport surplus of £0.2m is due to the reduction in agency costs in the planning service along with a £0.2m saving anticipated from the £0.4m provision made last year for a planning appeal based on the latest costs estimate.

Investment and Development

42. It is anticipated that a £0.2m surplus will be achieved this year related mainly to salary recharging to capital within the housing and regeneration delivery teams. This is partially offset by a £0.15m pressure within the smart places team from the cessation of the WAN project.

Operations Strategy

43. The small surplus is mainly due to the part year salary saving from a retirement, with the full year budget being included in savings for next year.

Customer, Arts, & Property

44. Libraries have reviewed branch opening hours and implemented a revised staffing structure from August 2024 which was later than planned with a pressure of £0.1m. This has been offset by a positive change in the library PFI costs with further work needed to confirm.

45. In facilities management historically, there has been a trend of exceeding the budget allocated for corporate repairs and maintenance, a pattern expected to continue despite limiting expenditures to urgent works. This shortfall could further impact funding for public conveniences. On the 1 October three leisure centres were returned in-house, and this has led to a further £0.1m pressure due to the poor state of the facilities and the complicated technical work required to bring them back up to standard.

46. Within Engineering the street lighting PFI pressure remains at just over £0.3m, due to increasing electricity prices in the last 2 years. Discussions have been held with Dorset Council, and it is expected that a 19% reduction in electricity costs for 2025/26 will be achieved due to a national reduction in charges this year.

47. The Twin Sails bridge is forecasting a pressure of £0.2m mainly due to legal costs. A review is being undertaken as to whether to proceed with the legal challenge.

48. Within building control there are historic income pressures of nearly £0.3m due to a reduction in demand for the discretionary services and external competition in the local market.

49. The overall pressures within the engineering service are being partially offset by vacancies within the team.

50. Property maintenance includes the construction works team (CWT) and in house team (IHT) providing repairs and maintenance to the housing and corporate property portfolios. CWT has some work projects outstanding, but these are assumed within the budget expectation. The IHT is experiencing a delay on their pricing and inspection works due to the increase in demand-led workload, however all costs are anticipated to be fully recovered.

51. Telecare has a £0.3m pressure mainly from an unachievable income target. The budget is in the process of being rightsized for 2025-26.

Resources – overspend £0.5m (1.3%)

52. Executive and Resources provide professional support services to the council and undertake tax collection and housing benefits administration.

Q2 Variance £000's	Service	Working budget £000's	Projected Outturn £000's	Q3 Variance £000's
0	Executive	836	836	**0**
804	Law and Governance	4,751	5,535	**784**
118	Marketing, Comms and Policy	2,273	2,351	**78**
107	People and Culture (Incl. Workforce Development) †	3,899	3,965	**66**
(114)	Finance (Incl. Corporate Procurement)	16,425	16,255	**(170)**
(53)	IT and Programmes	13,638	13,428	**(210)**
862	**Executive & Resources Total**	**41,822**	**42,370**	**548**

† Pay and Reward has transferred from Corporate Items to People & Culture

53. Executive remains consistent with the previously reported positions. There are some minor variances but overall, it is forecast on budget for the year.

54. Law and governance are reviewing their vacancies and locum costs against budget to identify a sustainable approach to recruitment in the longer term. However, for the current year the pressure continues at £0.5m in line with quarter two reporting and is unlikely to be mitigated further.

55. The pressures remain the same within the other areas of law and governance, with land charges falling behind on income at £0.1m. In the registrar's service there are staff cost pressures from the need to use local market supplements to retain and recruit staff and a reduction in demand for the service has led to a £0.2m expected overspend.

56. Marketing, communications & policy has carried a pressure throughout the year due to credit notes issued across financial years and this has been mitigated where possible. However, in-year income has also remained challenging due to an optimistic income target.

57. People and culture have been able to mitigate part of their previously forecast overspend due to expenditure control and attentive budget monitoring, and their restructure has been delivered within budget. The £0.07m overspend is attributable to non-delivery of the apprenticeship savings from the lack of posts being converted to apprenticeships corporate-wide, as identified early in the year.

58. Within Finance there are underspends across estates, revenues & benefits and procurement totalling £0.3m because of vacancies and ongoing recruitment challenges across the service. This is offset partly by an increase in bank charges in accountancy.

59. IT and programming are reporting an increase on their underspend as the service has been able to charge some projects to transformation. Due to the transformation funding ending this year, the IT service is reviewing budget priorities to identify how they can manage work programmes within the resources available for future years.

Corporate Budgets – surplus £4.5m

60. The surplus arises from the release of the central contingency to mitigate net pressures across all budget areas. The table below provides a summary of the variances:

Q2 Variance £000's	Service	Working budget £000's	Projected Outturn £000's	Q3 Variance £000's
(1,000)	Pay related costs	793	0	**(793)**
(7,898)	Contingency	7,883	949	**(6,934)**
1,395	Interest Payable	4,607	6,002	**1,395**
1,005	Investment Income	(1,855)	(1,050)	**805**
0	Pay & grading project – move to reserves	1,060	1,060	**0**
0	Debt Repayment - MRP & VRP	5,955	5,955	**0**
835	Transformation	3,813	4,648	**835**
170	Housing Benefits	(1,623)	(1,383)	**240**
0	Contribution from HRA	(1,717)	(1,717)	**0**
367	Investment and vacant properties incl Poole Civic	(5,034)	(4,667)	**367**
0	Dividend Income	(227)	(227)	**0**
0	Levies	652	652	**0**
0	Apprentice Levy	782	782	**0**
0	Parishes / Town Precept / Chartered Trustee	1,384	1,384	**0**
0	Earmarked Reserves & One-off Business Rates	15,385	15,385	**0**
0	Pension Back funding	3,561	3,561	**0**
0	Admin Charged to Grant Income	(1,043)	(1,043)	**0**
(400)	Release of historic income suspense	0	(400)	**(400)**
0	Unapportioned overheads	1,375	1,375	**0**
0	One off Corporate Items	2,298	2,298	**0**
(5,526)	**Corporate Items Total**	**38,049**	**33,564**	**(4,485)**
	Funding			
0	Council Tax Income	(258,620)	(258,620)	**0**
0	Parishes / Town Precept / Chartered Trustee	(1,384)	(1,384)	**0**
0	New Homes Bonus	(55)	(55)	**0**
0	Revenue Support Grant	(4,198)	(4,198)	**0**
0	Business Rates (NNDR) Net Income	(38,922)	(39,380)	**(458)**
0	NNDR levy	0	417	**417**
0	NNDR 31 Grants	(26,562)	(26,562)	**0**
0	Service Grant	(383)	(383)	**0**
0	Estimated Surplus Collection Fund - NNDR	(25,671)	(25,671)	**0**
0	Estimated Surplus Collection Fund - CTAX	(3,000)	(3,000)	**0**
(5,526)	**Corporate Total**	**(320,746)**	**(325,272)**	**(4,526)**

61. Following the confirmation of the 2024/25 pay award which was subject to trade union agreement, the budget has been allocated out to services with £0.8m not needed.

62. An amount of £4.7m has been released from the contingency to cover savings not expected to be delivered during the year. Further contingency has been released to balance the overall position bringing the total released to £6.9m. This leaves £0.9m remaining in the contingency to cover unexpected costs in the final quarter.

63. The current investment income forecast is a deficit of £0.8m and increased borrowing costs of £1.4m. This is due to lower than forecasted cash balances available for investments and likely further reduction in interest rates during 2024/25. Cash balances have reduced as expenditure is incurred on the council's capital program and the impact of the increasing deficit on the dedicated school grant without any increased long-term borrowing.

64. The budget included £0.8m of staff costs in services being transferred to the transformation budget and funded by the flexible use of capital receipts. Sufficient evidence is not available to justify using this funding source, consistent with the approach taken in finalising the accounts last year.

65. Costs of running, maintaining and securing vacant properties is forecast to cost £0.37m more than budget. This includes £0.25 unbudgeted costs incurred at Poole Civic centre.

66. One off release of £0.4m from historic income suspense. This is income that has been received by the council but due to poor referencing by those making the payments amounts could not be allocated to any income codes. After 3 years the policy is to write off these balances to central income. Should the item be resolved at a later date, the correct service account will be credited.

67. An additional £0.5m of business rates income from the national collection is expected as indicated by government in December 2024.This is largely offset by an increase of £0.4m in the council's own levy payment to government.

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Appendix A2 - Q3 General Fund Summary 2024/25

Directorate	Revenue	Working Budget £'000	Forecast £'000	Variance £'000
Wellbeing	Expenditure Total	300,892	307,883	6,991
	Income Total	(175,500)	(182,067)	(6,567)
Wellbeing Total		**125,392**	**125,815**	**423**
Children's Services	Expenditure Total	121,295	127,130	5,835
	Income Total	(29,086)	(31,523)	(2,437)
Children's Services Total		**92,209**	**95,607**	**3,398**
Operations	Expenditure Total	175,795	177,040	1,245
	Income Total	(114,538)	(115,625)	(1,087)
Operations Total		**61,257**	**61,414**	**158**
Resources	Expenditure Total	50,252	50,680	428
	Income Total	(9,267)	(9,147)	120
Resources Total		**40,985**	**41,534**	**548**
Executive	Expenditure Total	1,019	1,019	0
	Income Total	(183)	(183)	0
Executive Total		**836**	**836**	**0**
Total Net Cost of Service		**320,679**	**325,206**	**4,527**
Corporate Items				
Pay award 2024/25		8,002	7,209	(793)
Budget Contingency		7,898	964	(6,934)
Treasury management interest income		(1,855)	(1,050)	805
Treasury management Short term borrowing costs		1,475	2,870	1,395
Pay & grading project		1,329	1,329	0
Prudential Borrowing		5,955	5,955	0
Unallocated income from prior years		0	(400)	(400)
Transformation		3,813	4,648	835
Vacant properties		267	634	367
Benefits		(1,623)	(1,383)	240
Investment Properties		(5,301)	(5,301)	0
Council Tax Income		(258,620)	(258,620)	0
Other Corporate Items		(82,019)	(82,061)	(42)
Net Position		**0**	**0**	**0**

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General Fund Capital Investment Programme (CIP) budget position by service area as at end of December 2024/25.

1. This paper provides an overview of the General Fund Capital Investment Programme (CIP) budget position by service area as of the end of December 2024/25, including acceptance of a new grant, budget movements, and detailed financial positions for each directorate.

Acceptance of new grant

2. The acceptance of the following grant requires approval of Cabinet as it is greater than £100,000 and less than £1m:

   Directorate – Operations

   Purpose: Accept £0.650m grant from the Environment Agency

   The current Poole Bay, Poole Harbour & Wareham Flood & Coastal Erosion Risk Management Strategy was adopted in 2014. This scheme requires reviewing and updating to ensure ongoing sustainable coastal risk management considering more recent climate change guidance and other evidence. Funding has been granted to carry out this work.

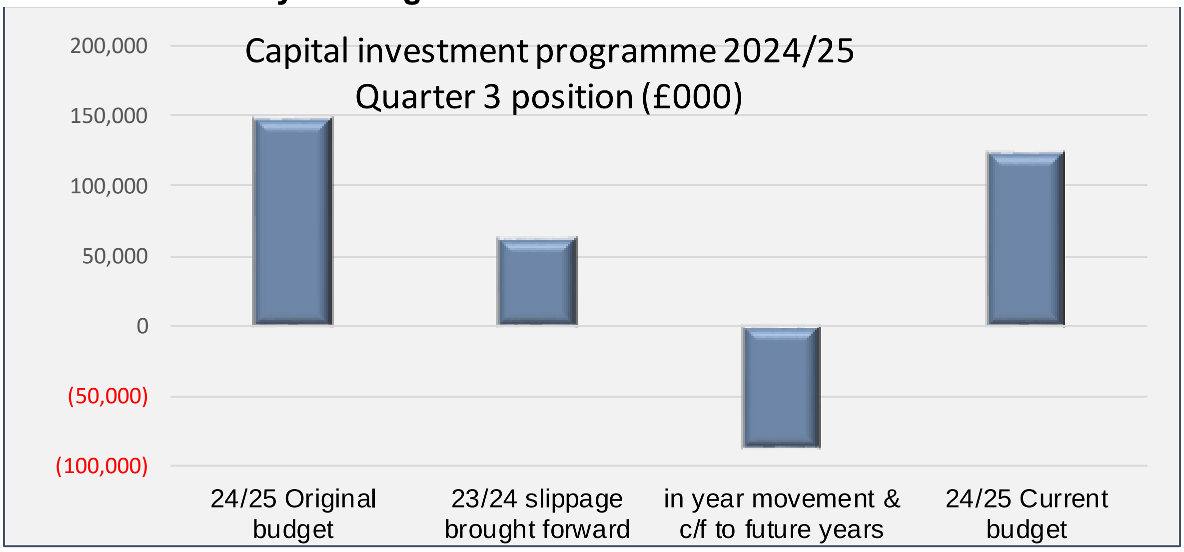
   Purpose: Accept £0.175m grant from the Environment Agency

   The Flood and Coastal Erosion Risk Management (FCERM) scheme "Durlston to Hurst Sediment Resource Management" programme has been granted additional funds to undertake further work.

Capital Investment Plan Summary

3. The table below show the summary position for CIP in the general fund at end of December 2024.

   Table 1 – Summary of budget movement



4. The main changes between the original CIP and the current budget are a net result of reprofiled slippage from 2023/24, further reprofiling into 2025/26, new schemes introduced during 2024/25, and some schemes being removed from the capital programme because new business cases are being considered, or they are no longer viable in the current climate.

5. Summary monitoring at the end of December 2024 for each Directorate is below. Table 2 provides a summary by Directorate with the financial position for the underlying schemes scheduled in Appendix C2. A summary of the funding profile is provided in Table 3.

Table 2 – Summary movement and current position by Directorate

Capital Investment Programme 24/25 Monitoring (Q3)	24/25 Original budget £000	23/24 slippage brought forward £000	in year movement & c/f to future years £000	24/25 Current budget £000	Actual to date (Dec '24) £000	% budget consumed
Operations						
Commercial Operations	47,207	2,740	(31,641)	**18,306**	13,109	72%
Investment and Development	47,321	5,220	(10,039)	**42,502**	31,639	74%
Customer Arts and Property	30,918	17,517	(15,913)	**32,522**	16,544	51%
Planning and Transport	9,650	2,701	(7,205)	**5,146**	936	18%
Environment	8,073	11,596	(9,369)	**10,300**	6,836	66%
Operations Strategy	0	130	438	**568**	177	31%
	143,169	**39,904**	**(73,729)**	**109,344**	**69,241**	**63%**
Children Services						
Education and Skills	800	19,065	(11,449)	**8,416**	2,880	34%
	800	**19,065**	**(11,449)**	**8,416**	**2,880**	**34%**
Wellbeing						
Housing and Community	1,424	2,453	(1,564)	**2,313**	2,140	93%
Adults Commissioning	2,172	0	575	**2,747**	1,549	56%
	3,596	**2,453**	**(989)**	**5,060**	**3,689**	**73%**
Executive						
IT and Programmes	682	509	(629)	**562**	238	42%
Marketing Comms & Policy	0	26	0	**26**	25	96%
Finance	0	582	(582)	**0**	0	
	682	**1,117**	**(1,211)**	**588**	**263**	**45%**
	148,247	**62,539**	**(87,378)**	**123,408**	**76,073**	**62%**

Table 3 – Capital investment programme funding profile

Capital Investment Programme Funding	24/25 Original budget £000	23/24 slippage brought forward £000	in year movement & c/f into future years £000	24/25 Current budget £000
Prudential Borrowing	(64,985)	(10,850)	27,495	(48,340)
Capital Receipts (General Fund)	(667)	0	644	(23)
Reserve Funding (general fund Capital)	(618)	(148)	557	(209)
Reserve Funding (General fund revenue)	(518)	(574)	351	(741)
RCCO	(25)	(30)	(6)	(61)
BCP Funding Requirement	**(66,813)**	**(11,602)**	**29,041**	**(49,374)**
S106	0	(1,629)	294	(1,335)
CIL	(1,558)	(2,636)	1,636	(2,558)
Non-government grants	0	(3,056)	514	(2,542)
Government Grants	(77,143)	(44,721)	55,616	(66,248)
Third party contributions	(2,733)	1,105	277	(1,351)
External Funding Contributions	**(81,434)**	**(50,937)**	**58,337**	**(74,034)**
	(148,247)	**(62,539)**	**87,378**	**(123,408)**

OPERATIONS

Commercial Operations – £18.3m

6. The Flood and Coastal Erosion Risk Management (FCERM) has planned programme for 2024/25 of £11.3m of which £9m (80%) has so far been spent. £5m has been reprofiled to 2025/26.

7. Seafront Development of which £19.1m is funded from the Seafront Levelling Up Infrastructure Fund (MHCLG grant) and a community infrastructure levy (CIL) contribution of £0.2m. £2.2m has been spent on the programme and there is £16.9m levelling up fund (LUF) remaining which, due to the natural weighting of contractual payments towards the end of the programme, means that a further £1m is due to be spent in 2024/25, with the balance of £16.1m reprofiled into 2025/26.

8. For the remaining non-grant funded projects, the 2024/25 available budget is £16.4m. £1.9m was spent to end of quarter three and a further £4.8m has been reprofiled in 25/26. Projects that are no longer viable in their original form have been either reduced in value or removed from the programme i.e. Bistro re-development (Southbourne) £6m.

Investment & Development - £42.5m (excluding HRA)

9. The total Towns Fund (MHCLG grant) approved is £21.7m with £4.6m spent up to March 2024. The current profiled expenditure for 2024/25 is £2.4m. Of this, £1.5m has been spent to date, representing 61% of the budget and £8.4m remains for the following two years. The grant allocation for Hawkwood Road housing development will be spent within the Housing Revenue Account (see Appendix D). The service is in discussions with MHCLG to determine if the grant expenditure can be extended out to 2026/27.

10. Carter's Quay - £15.4m has been spent on this scheme so far, including purchasing the land. The scheme is on hold awaiting legal resolution of the failed partnership and a re-appraisal of the scheme.

11. The business case for Crescent Road is subject to review, therefore it is being removed from the capital investment programme and will be represented when a new business case is completed in the Housing Revenue Account.

12. Council New build Housing and Acquisition Strategy (CNHAS) Acquisitions - £27.9m has been spent in year, bringing the total spend to £68.4m, nearing the total budget approved of £68.8m.

13. The Council is exploring the option to enter into a long-term development partnership for the Holes Bay development and Poole Dolphin leisure centre, this will continue in 2025/26 for both schemes.

14. Wessex Fields Infrastructure - £1.1m had been spent in 2023/24, a further £2.0m has been spent this year to bring the build of the new link road to near completion.

Customer, Arts and Property – £32.5 million

15. The South-East Dorset (SED) Transforming Cities Fund (TCF) programme is in the latter stages of delivery. Profiled spend this year is £11m. Actuals to the end of quarter three are £5.1m (46%). The Department of Transport (DfT) has remained fully committed to the total £79.3m of grant funding and is due to release the final payment in January 2025. The end date for final delivery of this programme has been extended into 2025/26 as agreed by the DfT. Approximately £4m TCF grant is set aside as contingency to manage risk.

16. A high proportion of the highways asset management, improvement and sustainable travel programme is managed within the planning and transport service. This service acts as client to the inhouse engineering unit within the customer arts and property service. Planned spend is £15.3m for 2024/25 of which £8.2m (54%) has been spent to quarter three. The programme is funded primarily by DfT government grants including Local Transport Plan (LTP), Bus Service Improvement Plan (BSIP), Highways Challenge Fund, Safer Roads Partnership and Active Travel Fund.
17. The Poole museum programme which includes Scaplens Court as well as the main museum, has £4.2m planned expenditure in 2024/25 with £2.1m (50%) spent up to quarter three. Completion and re-opening are expected for the Summer of 2025.
18. A budget of £0.38m remained from the original approved investment in Mallard Road. As there is no specific commitment in place this has been removed from the CIP.
19. There is £0.4m for further planned spend on the council's accommodation strategy including refurbishment of the Kinson Hub and remodelling of the BCP Civic Space – West Wing. These works will be completed in 2025/26.
20. Planned spend on estates management in 2024/25 is £1m including the BH Live estate. £0.57m (56%) has been spent up to quarter three.

Planning and Transport – £5.1m

21. Within the Planning and Transport service direct reporting sits £4.3m planned spend in 2024/25 of which £0.9m (21%) has been spent to quarter 3. It is anticipated that the final quarter will see an uptake in spend.

Environment - £10.3m

22. Of the £21.8m budget available in 2024/25, £11.5m has been reprofiled to 2025/26, this includes £2.4m for the fleet replacement, £5.8m waste infrastructure grant, £1.2m sluice channel infrastructure and other smaller scale schemes leaving £10.3m expected spend in 2024/25.
23. This budget includes the weekly food waste collections, (grant funded), profiled to spend £1m on vehicles in 2024/25 (currently in procurement phase). It also includes £0.9m spend on the insourcing of the Christchurch recycling and Hurn waste transfer sites (fully spent.)
24. £0.8m (predominantly funded by CIL and S106) is planned spend on several schemes which will see enhancements and improvements to parks and open spaces, including play areas, across the conurbation. Spend to quarter three is £0.2m (25%).
25. The fleet replacement programme is anticipating spending £6.5m in this financial year with £5.2m spent up to end of December 2024. The final £2.4m of phase 1 is rolled forward to 2025/26.

WELLBEING

Adults Commissioning £2.7m

26. The majority of spend within this programme relates to the integrated community equipment store (ICES) funded by the disabled facilities grant (DFG) 2024/25 allocation. The council continues to provide support to the community through this means from an annual allocation from the better care fund pooled budget with the NHS. The ICES will benefit by £0.3m from the early release of the additional £86m nationally announced in the Chancellor's autumn budget. There is an expectation that this additional funding will be spent in the current year.

<u>Housing and Communities - £2.3m</u>

27. The DFG funding for this financial year for housing adaptations of £3.38m has increased by £0.215m which represents the share of the additional £0.5m (£86m national increase for 2024/25). Expenditure of £1.9m has been reprofiled into 2025/26 due to the backlog of housing adaptations work. Therefore, the current anticipated use of DFG in 2024/25 is £1.7m.

28. The remaining expenditure of £0.6m is incurred on CCTV systems and community related activity.

CHILDREN SERVICES

29. The 2024/25 capital programme includes investment in SEND and school condition and maintenance schemes. Expenditure across all schemes for 2024/25 totals £2.9m up to the end of December 2024, which provides a total of 164 specialist places across 6 schools. Given the mechanism for delivery of schemes, which involves the reimbursement of costs to our local academy trusts and schemes that are both underway and completed. Expenditure is also planned and profiled in the next financial year. These schemes are to be presented in the 2025/26 Capital Strategy report to Cabinet in March 2025.

30. During the next quarter, it is expected that the council will refund Old Town First and Baden Powel & St Peters schools for the receipts from the sale of the caretakers' bungalows in each respective school. Each school has submitted an agreement with planned reinvestment of the proceeds of £0.5m in total as required by the DfE.

EXECUTIVE & RESOURCES

IT and Programmes Capital £0.5m

31. The councils ICT investment programme has planned spend of £0.57m in 2024/25 with £0.24m (42%) spent up to quarter three and £0.4m reprofiled to 2025/26.

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Appendix C2

Capital Investment programme 2024/245 Quarter 3 position, project list	24/25 Original Budget £000	23/24 Slippage Brought Forward £000	In year movement/ c/f to future years £000	24/25 Current Budget £000	Actual to Date £000	% Budget Consumed £000
CHILDREN - CAPITAL						
Education and Skills Capital						
Advanced Design Fees Maintained Schools	-	-	-	-	2	
Advanced Design Fees SEND	75	70	(129)	16	18	111%
Basic Needs Grant	-	349	(349)	-	-	
Bournemouth Learning Centre	-	35	-	35	-	0%
Broadstone Middle School-Resource Base Expansion	-	125	(108)	16	14	85%
Broadstone Resource Base/Satellite	-	1,326	(230)	1,096	859	78%
Canford Heath Infant Junior SEND Provision	-	100	1,975	2,075	714	34%
Childcare Expansion - Early Years & Wraparound care	-	-	301	301	-	0%
Christchurch Learning Centre - AP School Satellite	-	-	200	200	-	0%
Climate Change/Low Carbon Reduction	200	250	(450)	-	-	
Condition Surveys (Children's Strategy)	50	78	(123)	5	-	0%
CS Urgent Work	183	(64)	(119)	-	3	
CS Urgent work Somerford Primary School	-	22	-	22	-	0%
CS Urgent work Linwood School	-	-	25	25	25	
Elm Academy	-	-	99	99	-	0%
Feasibility studies Winchelsea and Linwood	-	-	-	-	19	
Health & Safety works (Maintained schools)	-	-	22	22	0	1%
High needs Grant	-	12,917	(12,917)	-	-	
Hillbourne - New School	-	444	-	444	(35)	-8%
Langside Special School	-	-	-	-	1	
Link at Bourne Academy SEND provision	-	-	499	499	474	95%
Linwood at Oakdale SEND satellite	-	-	496	496	430	87%
Linwood at Stourfield Satellite	-	-	16	16	-	0%
Linwood Satellite 1	-	-	500	500	-	0%
Linwood Satellite 2	-	-	500	500	-	0%
Linwood School Expansion	-	3	13	16	4	27%
Linwood School Post-16 at Ted Webster	-	-	550	550	-	0%
Linwood Special School- Stourfield Satelllite	-	-	72	72	-	0%
Linwood School Accessibility works	-	-	16	16	16	100%
Longspee Ensbury Park Academy Campus	-	42	(42)	-	-	
Mudeford Infants Suitability	-	40	(11)	29	29	100%
Ocean Academy	-	12	-	12	-	0%
Parkstone Grammar School	-	252	(252)	-	-	
Planned Repairs and Maintenance	292	78	(370)	-	-	
Poole High Planned Maintenance investigations	-	165	230	395	108	27%
School Conditions Grant	-	2,671	(2,671)	-	-	
Schools Devolved Formula Capital (DFC)	-	-	127	127	127	100%
SEND Options Apprisal Works- Rolling Programme	-	-	75	75	-	0%
Somerford safety works (decommissioned)	-	-	-	-	9	
Throop Learning Centre-Post 16 Internships	-	43	(43)	-	-	
Victoria Education Centre	-	-	110	110	-	0%
Old Town & Baden Powell Caretaker property sale reimbursement	-	-	504	504	-	0%
Winchelsea interim accommodation	-	-	94	94	42	44%
Winchelsea temporary office space	-	109	(60)	49	20	42%
Education and Skills Capital Total	**800**	**19,065**	**(11,449)**	**8,416**	**2,880**	**34%**
Children Capital Total	**800**	**19,065**	**(11,449)**	**8,416**	**2,880**	**34%**

EXECUTIVE - CAPITAL

Finance Capital						
Beach road Car Park and Residential	-	582	(582)	**-**	-	0%
Finance Capital Total	**-**	**582**	**(582)**	**-**	**-**	**0%**
IT and Programmes Capital						
Enterprise Apps (Applications)	-	191	(53)	**138**	31	23%
Enterprise Comms (Telephony)	-	25	-	**25**	14	54%
Enterprise Comms (WAN Migration)	-	13	45	**58**	18	31%
Enterprise Compute (Platform Modernisation)	-	(2)	2	**-**	-	
Enterprise Endpoints (Desktop Replacement)	-	20	(20)	**-**	-	
Enterprise Hosting	-	67	2	**69**	20	30%
Enterprise Security	-	63	129	**192**	100	52%
Enterprise Storage & Data	-	80	-	**80**	54	68%
LGR infrastructure spend (pre transformation agenda funding)	682	52	(734)	**-**	-	
IT and Programmes Capital Total	**682**	**509**	**(629)**	**562**	**238**	**42%**
Marketing Comms and Policy Capital						
Climate Emergency - ECO top-up fund	-	26	-	**26**	25	95%
Marketing Comms and Policy Capital Total	**-**	**26**	**-**	**26**	**25**	**95%**
Executive - Capital Total	**682**	**1,117**	**(1,211)**	**588**	**263**	**45%**

OPERATIONS - CAPITAL

Commercial Operations Capital						
3G Artificial Pitch Rossmore Leisure Centre - Feasibility	-	157	-	**157**	0	0%
Ashdown Leisure Centre Floodlights	-	-	138	**138**	92	66%
Avon Beach to Highcliffe Beach Management	-	-	5	**5**	-	0%
BCP Cliff Management Strategy	-	96	-	**96**	38	40%
Beach Road Rear Car Park	-	-	23	**23**	-	0%
BIC Medium Term Refurbishment Plan	731	15	-	**746**	746	100%
Bistro Redevelopment (Southbourne)	5,981	(1)	(5,980)	**-**	-	
Boscombe Pier	-	9	-	**9**	-	0%
Broadstone Underpass Mural	-	21	-	**21**	(9)	-45%
Canford Cliffs Pavilion	1,142	-	(642)	**500**	-	0%
Christchurch Bay and Harbour FCERM Strategy	-	83	(67)	**16**	16	100%
Christchurch Town Centre Strategy	-	64	(64)	**-**	-	
Creekmoor & Sterte Flood Defence Works	-	2	-	**2**	2	68%
Dolphin Swimming Pool	-	16	-	**16**	-	0%
Durley Chine Environmental Innovation Hub	-	270	(270)	**1**	1	
Durlston to Hurst Sediment Resource Management programme	-	114	-	**114**	114	100%
FCERM Partnership Funding	-	82	(52)	**30**	21	68%
Events infrastructure	-	147	(140)	**6**	6	100%
Highcliffe Beach Access Ramps	-	-	30	**30**	9	30%
Highcliffe Castle, (inc Phoenix Flies Project)	-	101	-	**101**	56	56%
Holes Bay Saltmarsh Regen	-	-	-	**-**	13	
Inland Asset Management System	-	68	-	**68**	19	28%
Kinson Catchment Surface Water FAS	-	-	10	**10**	-	0%
Lake Pier Major Refurbishment	-	330	-	**330**	180	55%
Leisure centre management in-house set up and investment	529	100	(100)	**529**	0	0%
Manor Steps Overnight Huts	-	11	-	**11**	-	0%
Market Canopies - Westover Gardens	-	5	-	**5**	3	67%
MCA Project	-	3	(3)	**-**	-	
Mudeford Beach House Café	953	2	(955)	**-**	-	
Mudeford Ferry Pontoon	-	171	(64)	**107**	107	100%
Mudeford Sandbanks Beach Management	-	-	5	**5**	-	0%

New Beach Huts - Canford Cliffs	3,118	-	(3,118)	**-**	-	
Poole Bay Beach Management 2020-2031	10,181	-	(836)	**9,345**	7,538	81%
Poole Bridge to Hunger Hill (PB2HH)	5,000	-	(3,451)	**1,549**	1,287	83%
Poole Park Floodlights (Tennis courts)	-	8	-	**8**	0	1%
Poole Park Tennis Courts Resurface	-	-	-	**-**	-	
Preston and Chesil Beach Man Plan Updates	-	10	-	**10**	1	7%
Prom Cafe Development	-	2	-	**2**	-	0%
RNLI Signage and Public Rescue Equipment	-	309	(80)	**229**	143	63%
Sandbanks Pavilion	-	4	(4)	**-**	-	
SEAFRONT (LUF) Alum Chine Cloisters (Feasibility)	28	25	(43)	**10**	-	0%
SEAFRONT (LUF) Boscombe Pier (Feasibility)	28	14	(39)	**3**	3	99%
SEAFRONT (LUF) Bournemouth Lifeguard Corps (New Building)	1,321	(260)	200	**1,261**	1,011	80%
SEAFRONT (LUF) Bournemouth Pier (Future Leisure Offer)	4,797	-	(4,681)	**116**	-	0%
SEAFRONT (LUF) Bournemouth Pier (Structural Engineering)	4,801	-	(4,582)	**219**	227	104%
SEAFRONT (LUF) Coastal Heritage Trail (Culture)	555	12	(500)	**67**	31	46%
SEAFRONT (LUF) East Cliff Lift (Future Leisure Offer)	2,196	-	(2,194)	**2**	2	102%
SEAFRONT (LUF) East Cliff Lift (Stabilisation Works)	2,096	-	(1,973)	**123**	123	100%
SEAFRONT (LUF) Hamworthy Sea Wall (Repairs)	293	254	-	**547**	473	87%
SEAFRONT (LUF) Holes Bay Visual Arts Centre	43	10	(53)	**-**	-	
SEAFRONT (LUF) Project Management & Sundry Costs	-	106	-	**106**	83	78%
SEAFRONT (LUF) Promenade Infrastructure (Utility & Digital)	968	10	(687)	**291**	40	14%
SEAFRONT (LUF) Seafront Beach Huts (Repairs & Upgrades)	1,470	10	(1,466)	**14**	14	100%
SEAFRONT (LUF) Seafront Toilets (Repairs & Upgrades)	434	(181)	200	**453**	163	36%
SEAFRONT (LUF) The Strand (Access, Amenity & Wellbeing)	397	(9)	(368)	**20**	20	100%
SEAFRONT (LUF) Upton Country Park (Bridge & Cycle Path)	147	25	-	**172**	169	98%
Seafront BBQs	-	19	-	**19**	1	5%
Toft Fitness Park	-	0	-	**0**	-	
Upton Country Park - Discovery project	-	402	-	**402**	312	78%
Upton Country Park New Play Attraction	-	16	-	**16**	1	7%
Upton House stabilisation	-	-	222	**222**	52	24%
Whitley Lake Sea Defence Study	-	90	(60)	**30**	1	3%
Commercial Operations Capital Total	**47,207**	**2,741**	**(31,639)**	**18,308**	**13,108**	**72%**
Customer, Arts and Property Capital						
2Riversmeet Energy efficiency works	-	17	-	**17**	18	104%
2Riversmeet PV panels	-	-	157	**157**	157	100%
A3060 CASTLE LANE WEST (MUSCLIFFE WAY TO BROADWAY R'BOUT)	-	1,520	(1,500)	**20**	2	9%
A341 WIMBORNE RD (FERNCROFT RD TO N'BOURNE RD)	-	735	(600)	**135**	5	3%
A35 COMMERCIAL RD (PARK RD TO CHURCH RD)	-	-	76	**76**	5	6%
Active Travel Fund - Permanent Tranche 1 schemes	-	40	-	**40**	35	86%
ATF4 Baiter footpath and cycleway imp	800	10	-	**810**	905	112%
ATF4 Bournemouth Gardens path	-	1,138	-	**1,138**	657	58%
ATF4 School streets permanent measures	350	(2)	-	**348**	201	58%
ATF4 Turbary Park Link	350	20	-	**370**	17	5%
ATF4 Wallisdown Road phase 4 (Bndry to Uni)	100	3	-	**103**	10	10%
ATF4 Wallisdown Road phase 5 (crossroads)	300	33	-	**333**	6	2%
Avenue Road Car Park	-	22	-	**22**	-	0%
B- Wayfinding	-	448	(148)	**300**	265	88%
BCP Civic - Plant, equipment, fixtures and fittings	-	-	-	**-**	1	
BH Live	518	-	(518)	**-**	-	
BMS Systems (Building energy management)	-	39	-	**39**	-	0%
Bournemouth Pier - Feasibility	-	11	-	**11**	-	0%
Bournemouth Pier - Fire Protection	-	34	-	**34**	35	104%
Bridge Maintenance	-	175	400	**575**	229	40%

Bridge Maintenance RETENTION (Poole)	-	-	-	**-**	(33)	
BSIP Bmth Station to Town centre bus priority	2,765	-	(2,573)	**192**	44	23%
BSIP Bus shelters accessible boarding	-	174	0	**174**	158	91%
BSIP High Street and Bargates Christchurch	1,025	-	(238)	**787**	57	7%
BSIP Westbourne bus priority	730	-	(690)	**40**	9	22%
Bus Priority on TCF Corridors	-	82	-	**82**	-	0%
C- Bus Infrastructure	-	214	-	**214**	1	0%
C3-2 - Carter works (Cornerstone Academy)	-	8	-	**8**	-	0%
Capital Replacement - Corporate Estates	-	165	-	**165**	52	31%
Capitalised maintenance Neighbourhood Services (Pru borrowing)	-	-	900	**900**	-	0%
Castle Lane West - Muscliffe to Broadway	4,500	-	(4,069)	**431**	156	36%
Ceramics Gallery (Poole Museum)	-	-	84	**84**	0	0%
Christchurch Priory, Wall Repairs	-	137	(130)	**7**	1	12%
Civic Centre data centre air con units	-	-	28	**28**	5	16%
Civic Hub (decarbonisation works)	-	18	-	**18**	-	0%
Communications	-	256	(240)	**16**	16	99%
Community Engagement (inc Diplomatic Engineer)	-	256	(254)	**2**	2	100%
Coroners Service - Vertical Slice (Buildings and Fittings)	1,060	-	(1,060)	**-**	9	
Corridor C2 Sections 6 to 8 offline Route Redhill-Airport	-	114	(15)	**99**	61	62%
Cycle Corridor Section C2-3A-B Glenferness Ave Bridge	-	2,959	(2,059)	**900**	1,313	146%
DLEP Lansdowne Business District	-	176	-	**176**	13	8%
Ducking Stool Boardwalk	-	28	1	**29**	-	0%
Durley Car Park - School Zone (Developer funded)	-	242	-	**242**	435	180%
Extension Zero + Kinson Hub (from B customer Services above)	200	212	(362)	**50**	11	22%
Ferndown, Wallisdown, Poole (FWP) Corridors Phase 3	-	26	650	**676**	682	101%
Fisherman's Walk Cliff Lift	-	30	-	**30**	-	0%
Gervis Place	-	151	-	**151**	4	2%
Highcliffe Castle - Draft proofing and BMS	-	13	-	**13**	-	0%
Honeycombe Chine - waterproofing	-	25	-	**25**	-	0%
Highways Structural Maintenance - Design Fees	-	63	137	**200**	195	98%
Highways Structural Maintenance - Drainage Improvements	-	11	128	**139**	182	131%
Highways Structural Maintenance - Footways (resurf + slurry)	-	63	150	**213**	79	37%
Highways Structural Maintenance - Resurfacing Programme	-	-	1,273	**1,273**	1,188	93%
Highways Structural Maintenance - Surveys & software	-	34	72	**106**	60	56%
ICT investment	-	56	(53)	**3**	3	100%
Kings Park (inc crossings on Ashley)	2,175	907	(2,637)	**445**	262	59%
Lamp columns Shore Road	-	25	-	**25**	21	85%
Library Replacement ICT Programme	-	202	(165)	**37**	-	0%
Mallard Road Investment	-	379	(379)	**-**	-	
Millhams Recycling Centre (Slab remediation)	-	-	68	**68**	(0)	0%
Transforming Cities Fund enabling activity	880	281	(1,139)	**22**	22	99%
Neighbourhood Services (Streetscene) -Pothole investment	500	-	-	**500**	-	0%
Neighbourhood Services HMSP Planned pre-patching	1,100	-	(550)	**550**	780	142%
Network Rail Bridge Crossing C2 Section 3	-	4	(3)	**1**	(20)	-1963%
New BCP Depot	-	268	(230)	**38**	25	65%
New Inn to Trigon Footbridge	-	-	241	**241**	261	108%
Parkway House (insurance and landlord works)	-	307	(255)	**52**	6	11%
Poole Museum - Our Museum project	3,000	719	(1,200)	**2,519**	1,142	45%
Poole Museum - Our Museum project - Activity Plan	100	7	(80)	**27**	7	26%
Poole Museum - Temporary Exhibition Gallery	500	(55)	-	**445**	250	56%
Poole Museum Public Realm	-	235	(200)	**35**	22	63%
Poole Museum Decarbonisation (Salix)	-	-	20	**20**	-	
PR 42 - Asset Management BIC	-	36	79	**115**	104	91%
PR 43 - Asset Management Pavilion	-	34	116	**150**	140	93%

PR 44 - Asset Management Littledown	-	(136)	423	**286**	171	60%
PR 45 - Asset Management Stokewood	-	46	5	**51**	43	85%
PR 46 - Asset Management Pelhams	-	(33)	39	**6**	6	107%
Principal Inspection Programme (BCP)	-	64	100	**164**	103	63%
Programme Management	-	509	(5)	**504**	340	68%
Remodelling BCP Civic space- West Wing	555	50	(350)	**255**	76	30%
Ringwood Rd - Controlled crossing only	-	940	(459)	**481**	15	3%
Ringwood Rd Sea View to Manning Heath	7,046	(904)	-	**6,142**	1,804	29%
Road Safety Improvements 20mph schemes	-	-	74	**74**	1	2%
Road Safety: Casualty Reduction Measures, Cluster Sites	-	446	(190)	**256**	4	1%
Road Safety: Safe Routes to School (SRTS)	-	141	250	**391**	177	45%
Road Safety: Safety Improvements - Pedestrian Crossings	-	330	220	**550**	290	53%
Russell Cotes MEND Project	-	355	-	**355**	239	67%
Russell Cotes Museum - roof/balcony water proofing	-	39	-	**39**	-	0%
S6 Section 1 Magna Road Arrowsmith to Bearcross	-	365	376	**741**	500	67%
Safer Roads Partnership	1,741	-	(698)	**1,043**	129	12%
Scaplen's Court Museum	623	529	(100)	**1,052**	711	68%
Scaplen's Court Museum Paving works	-	14	-	**14**	-	0%
Sopers Lane Pedestrian Crossing	-	24	-	**24**	-	0%
Street Lighting Investment project	-	-	-	**-**	(96)	
Street Lighting Maintenance	-	-	650	**650**	371	57%
Supporting activity	-	25	(23)	**2**	2	95%
Surface treatment - Road markings, patching, micro asphalt	-	515	881	**1,395**	1,214	87%
Thames Street Public Realm	-	131	-	**131**	35	27%
Traffic Management and TRO's	-	77	(74)	**3**	3	94%
Transforming Cities Fund (TCF) Grant	-	-	(0)	**(0)**	-	
Walking and Cycling improvements	-	270	50	**320**	23	7%
Wimborne Road - Serpentine to New Inn	-	619	(316)	**303**	112	37%
Customer, Arts and Property Capital Total	**30,918**	**17,517**	**(15,913)**	**32,522**	**16,544**	**51%**
Environment Capital						
Alexandra Park Pavilion Refurbishment	-	62	-	**62**	4	6%
ANPR Cameras at Recycling Centres	-	15	-	**15**	15	100%
Ashtree meadows access improvements	-	15	-	**15**	5	35%
Baiter Skate Park	-	-	100	**100**	-	0%
Branksome East Open Spaces improvements	-	10	-	**10**	-	0%
Broadstone Rec Play Build	-	42	-	**42**	31	74%
Canford Heath (East & West) Open Space improvements	-	90	(80)	**10**	4	37%
Car park Vicarage Fields (adj Cherry Tree Nursery)	-	1	-	**1**	1	74%
Christchurch Legacy Play areas	-	188	(188)	**-**	-	
Cleaner Greener Safer Equipment	-	236	134	**370**	62	17%
Coastal Country Park (SANG)	-	160	(150)	**10**	7	71%
Connecting Christchurch Project	-	-	41	**41**	-	0%
Fernheath Playing fields - construction of new pavilion	-	9	-	**9**	-	0%
Fleet Management	6,463	2,460	(2,407)	**6,516**	5,230	80%
Hamworthy Park Wall	-	19	-	**19**	-	0%
Harbourside Masterplan (Whitecliff and Baiter)	-	46	-	**46**	-	0%
Harbourside Park Open Space improvement	-	71	(71)	**-**	-	
Haskells BMX Track	-	6	-	**6**	-	0%
Hatchpond electricity works upgrade	-	-	-	**-**	13	
Hengistbury Head Visitor Centre	-	-	21	**21**	-	0%
Iford Meadows and Playing Fields	-	145	(128)	**17**	-	0%
Insourcing Ch'ch Recycling and Hurn WTS	-	882	-	**882**	868	98%
Knyveton Gardens Improvements	-	-	10	**10**	-	0%

Lake Pier launch site improvements	-	1	-	**1**	-	0%
Millhams Civic Amenity Site	-	22	-	**22**	-	0%
Mudeford Woods infrastructure improvements	-	218	(200)	**18**	15	84%
Muscliff Natural Burial Ground	-	107	(107)	**-**	-	
Newtown - Turners Nursery	-	52	(52)	**-**	-	
Nuffield site improvements	-	143	-	**143**	142	99%
Osprey viewing platform	-	3	-	**3**	-	0%
Paddleboarding signage	-	-	10	**10**	6	53%
Parkstone Benches	-	6	-	**6**	-	0%
Plan for Play	-	85	-	**85**	-	0%
Poole Crematorium (Phase 1)	-	0	-	**0**	-	
Poole Park - delivery phase	-	17	-	**17**	-	0%
Poole Park Miniature Railway	-	7	-	**7**	-	0%
Queens Park access improvements	-	6	-	**6**	5	79%
Sluice Channel infrastructure - Poole Park to Poole Harbour	1,200	12	(1,162)	**50**	39	77%
Small Plant replacement - Highways (3 yrs)	-	-	79	**79**	-	0%
St Catherine's Hill Access Improvements	-	-	9	**9**	8	82%
Talbot Village Noticeboards	-	-	4	**4**	-	0%
Throop Nature Park (Hicks SANG)	-	217	(130)	**87**	55	63%
Tuckers Field improvements	-	0	-	**0**	-	
Turbary Common Mire water quality imp	-	200	(125)	**75**	-	0%
UE1 Footpath	-	-	31	**31**	-	0%
Underground Refuse Systems	-	-	20	**20**	9	45%
Uppleby Play Area	-	0	-	**0**	-	
Waste Bin Replacement	410	174	(250)	**334**	309	93%
Waste Infrastructure Grant	-	5,817	(5,817)	**-**	-	
Waste Infrastructure Project officer	-	19	-	**19**	-	0%
Weekly Food Waste Collections	-	-	1,037	**1,037**	-	0%
Winton Heathland Mitigation Project (HIP)	-	35	-	**35**	8	24%
Environment Capital Total	**8,073**	**11,596**	**(9,369)**	**10,300**	**6,836**	**66%**
Investment & Development - Capital						
Carter's Quay	7,000	-	(6,980)	**20**	17	84%
CNHAS - Temporary Accommodation Properties	1,481	(1)	19,631	21,111	20,665	
CNHAS - Local Authority Housing Fund properties	1,000	381	1,149	2,530	2,213	
CNHAS - Private Rented Sector properties	-	-	-	-	-	
CNHAS - Rough sleepers Accommodation properties	21,286	41	(21,286)	41	41	100%
CNHAS - Single Homeless Accommodation properties	4,010	3,399	1,019	8,428	4,948	
CNHAS (TA) Harbour Sail	-	-	4,352	**4,352**	11	0%
CNHAS Alma Road (former GP surgery)	-	-	-	**-**	1	
CNHAS Crescent Road	811	-	(800)	**11**	4	39%
CNHAS Oakdale	50	-	(50)	**-**	12	
CNHAS Surrey road	1,128	-	(1,128)	**-**	5	
Community Land Trust Project (Affordable housing)	-	421	-	**421**	-	0%
Holes Bay Development	-	467	(300)	**167**	119	71%
Poole Dolphin Leisure centre (formerly Heart of Poole)	618	44	(550)	**112**	70	63%
SLA support for CLT projects	-	-	24	**24**	24	100%
Smart Place Gigabit Fibre Scheme	2,833	-	(2,833)	**-**	-	
Touns Fund - Masterplan Contingency	20	4	(20)	**4**	-	0%
Towns Fund - Boscombe Digital Connectivity - Phase 2	300	548	(548)	**300**	170	57%
Towns Fund - Boscombe Digital Connectivity - Phase 2 REVENUE	45	-	18	**63**	1	2%
Towns Fund - Boscombe Skills and Digital Hub	39	-	40	**79**	48	61%
Towns Fund - Boscombe Skills and Digital Hub REVENUE	200	-	41	**241**	107	44%
Towns Fund - Events Programme REVENUE	33	-	(17)	**16**	16	100%

Towns Fund - Hawkwood Road Community Centre	-	-	3	**3**	-	0%
Towns Fund - Hawkwood Road Community Centre Demolition	-	-	-	**-**	-	
Towns Fund - High Street	199	-	182	**381**	203	53%
Towns Fund - Local Transport	570	-	(442)	**128**	46	36%
Towns Fund - Masterplan	2,255	-	(1,679)	**576**	573	99%
Towns Fund - Parks in Mind	41	-	253	**294**	91	31%
Towns Fund - Programme Management	126	-	34	**160**	117	73%
Towns Fund - Programme Management REVENUE	88	-	-	**88**	52	59%
Towns Fund - Royal Arcade	188	-	(150)	**38**	29	77%
Towns Fund - TOSH	-	-	11	**11**	11	99%
Wessex Digital Infrastructure Accelerator	-	-	(14)	**(14)**	2	-11%
Wessex Fields infrastructure works	3,000	(83)	-	**2,917**	2,044	70%
Investment & Development - Capital Total	**47,321**	**5,220**	**(10,039)**	**42,502**	**31,639**	**74%**
Operations Strategy Capital						
Public Realm Canford Cliffs	-	-	11	**11**	-	0%
Town centre strategy (Econ Dev)	-	18	69	**87**	12	13%
UKSPF Decarbonisation E29	-	75	17	**92**	92	100%
UKSPF District Centres (Capital) E1	-	7	320	**327**	27	8%
UKSPF Start-up and Growth E23	-	-	44	**44**	44	100%
UK Shared Prosperity Fund (UKSPF)	-	-	-	**-**	-	
UKSPF Visitor Economy E17	-	30	(23)	**8**	3	33%
Operations Strategy Capital Total	**-**	**130**	**438**	**568**	**177**	**31%**
Planning & Transport Capital						
Active Travel Fund - Baiter/Whitecliff cycleway	-	39	-	**39**	(12)	-32%
Active Travel Fund - Programme monitoring	-	119	(106)	**13**	1	10%
Active Travel Fund - Tranche 3 schemes	-	102	-	**102**	-	0%
Advanced Design for Future LTP Schemes (new code)	-	83	70	**153**	60	39%
Boscombe Towns Fund	-	56	141	**197**	33	17%
BSIP Branksome roundabout	20	-	23	**43**	3	6%
BSIP Bus priority at 65 signalised junctions	85	-	48	**133**	3	2%
BSIP Live stream CCTV bus shelters to control rm	-	264	-	**264**	44	17%
BSIP New RTI Displays	-	210	-	**210**	49	24%
BSIP Poole bus station RTPI inc CCTV	-	267	-	**267**	-	0%
BSIP Purewell Bus Priority	70	-	5	**75**	0	0%
BSIP Southbourne bus priority	33	-	5	**38**	1	2%
Bus Service Improvement Plans grant	-	-	-	**-**	-	
Bus Facilities	-	14	-	**14**	9	62%
Business Travel Network	-	11	-	**11**	-	0%
Data Collection	-	81	25	**106**	29	27%
DFT Traffic Signals Funding Bid	-	74	619	**693**	166	24%
Dropped crossings/Accessibility improvements	-	89	5	**94**	13	13%
E- Bike Sharing and E-Bikes	-	10	-	**10**	-	0%
Electric Vehicle Infrastructure	-	30	-	**30**	1	2%
Employment sites	-	71	-	**71**	14	19%
Intelligent Transport Systems (ITS) & Data Collection	-	173	(31)	**142**	1	1%
Local Transport Plan - Highways maintenance grant	7,792	-	(6,902)	**890**	-	0%
Minor Transportation Works	-	45	100	**145**	36	25%
National Passenger Travel Information	-	1	25	**26**	25	96%
Network efficiency measures (Tower Park roundabout)	-	227	13	**240**	-	0%
Pokesdown Railway Station	1,650	8	(1,648)	**10**	3	31%
Poole High Street - Heritage Action Zone	-	136	-	**136**	136	100%
Programme Management Fees	-	-	95	**95**	81	85%
Rights of Way	-	22	75	**97**	4	4%

SANG - Barn (and General Purpose Building Obligation)	-	56	-	**56**	(0)	0%
School Streets	-	89	30	**119**	3	3%
South East Dorset Multi-modal Transport Model	-	-	65	**65**	65	100%
Subnational Trasport Body, LTP, Business Case Development & Bidding	-	260	80	**339**	117	34%
UTMC - Pelican upgrades	-	163	58	**221**	52	24%
Planning & Transport Capital Total	**9,650**	**2,701**	**(7,205)**	**5,146**	**936**	**18%**
Operations - Capital Total	**143,169**	**39,904**	**(73,728)**	**109,345**	**69,240**	**63%**

WELLBEING - CAPITAL

Adults Commissioning Capital						
Care technology service - equipment	77	-	(21)	**56**	-	0%
Disabled Facilities Grant - Integrated Community Equipment Store (BCP)	2,095	-	596	**2,691**	1,549	58%
Adults Commissioning Capital Total	**2,172**	**-**	**575**	**2,747**	**1,549**	**56%**
Housing & Communities Capital						
CCTV Operating System	-	350	-	**350**	344	98%
Cleaner Greener Safer - additional CCTV	-	66	-	**66**	-	0%
Cleaner Greener Safer - safer improvements	-	40	-	**40**	-	0%
Disabled Facilities Grant - Housing	1,424	1,885	(1,614)	**1,694**	1,692	100%
Private Sector Renewal-warmth & well-being	-	77	-	**77**	55	71%
UK Shared Prosperity Fund - Communities and Place E11	-	34	0	**34**	34	98%
UK Shared Prosperity Fund - Parks and Open Spaces E3	-	-	50	**50**	15	31%
Housing & Communities Capital Total	**1,424**	**2,453**	**(1,564)**	**2,312**	**2,140**	**93%**
Wellbeing - Capital Total	**3,596**	**2,453**	**(990)**	**5,059**	**3,690**	**73%**
Grand Total	**148,247**	**62,539**	**(87,378)**	**123,408**	**76,073**	**62%**

Quarter Three 2024/25 HRA Forecast

1. The Housing Revenue Account (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. Within the HRA the Council manages 9,590 tenanted properties.
2. The 2024-25 HRA budget was approved by Council in February 2024. It budgeted for total income of £55.6 million for the year and a net surplus of £5.9 million.

Revenue account monitoring at quarter three

	2024-25 Budget £000	Full year forecast £000	Variance £000
Income			
Dwelling rents	(52,201)	(52,911)	(710)
Non-dwelling rents	(236)	(244)	(8)
Charges for services and facilities	(2,708)	(3,358)	(650)
Contributions to expenditure	(491)	(772)	(281)
Total income	**(55,636)**	**(57,285)**	**(1,649)**
Expenditure			
Repairs and Maintenance	13,511	13,049	(462)
Supervision and Management	17,059	16,292	(767)
Rent, rates, taxes and other charges	638	627	(11)
Bad or doubtful debts	400	400	0
Total operating expenditure	**31,608**	**30,368**	**(1,240)**
Net operating (surplus) / deficit	**(24,028)**	**(26,917)**	**(2,889)**
Capital charges			
Debt management costs	201	368	167
Depreciation	12,410	14,800	2,390
Net interest payable	5,560	4,325	(1,235)
Total capital charges	**18,171**	**19,493**	**1,322**
Net (surplus) / deficit	**(5,857)**	**(7,424)**	**(1,567)**
Appropriations			
Transfer to HRA reserve	5,857	7,424	1,567
Total appropriations	**5,857**	**7,424**	**1,567**

Commentary on variances

3. Dwelling rents: Total forecast rental income of £52.9m is £0.7m favourable to budget. The favourable forecast is due to lower levels of rental voids and right-to-buy sales than expected and additional income from completed new-build projects that had not been incorporated into the budget.
4. Other income: Non-dwelling rental income (garages) is broadly in line with budget. Income from charges for services and facilities is £0.6m favourable to budget due to increased charges for communal utility costs. Contributions to expenditure income is higher than budgeted due to an insurance claim that is included in the forecast.
5. Repairs & Maintenance: On the 1 August response repairs in the Poole neighbourhood were brought in-house, consistent with the existing arrangements for Bournemouth neighbourhood. Also, a new contractor was appointed to undertake repairs of void

properties, replacing the separate contracts that were in place for Poole and Bournemouth neighbourhoods. Total forecast repairs & maintenance costs of £13.0m is £0.5m favourable to budget. Further analysis of this forecast outturn is set out in the table below:

	2024-25 Budget £000	Full-year forecast £000	Variance £000
Planned repairs / Compliance	4,149	4,768	619
Voids repairs	3,112	1,606	(1,506)
Response repairs	4,428	4,728	300
Surveyors, Grounds maintenance & other costs	1,822	1,947	125
Total Repairs and Maintenance	**13,511**	**13,049**	**(462)**

6. The adverse variance for planned repairs / compliance costs is due to significant expenditure on remedial works that have been identified following gas servicing and electrical testing.

7. Void repairs are forecast to be very significantly below budget due to the combination of:
   i. fewer voids during the period than expected
   ii. the new void repairs contract delivering the service at a lower cost than the previous contractor; and
   iii. the new harmonised void repairs standard resulting in less work being undertaking during the void period.

8. The response repairs forecast is based on spend in the first 9 months of the year and assumes spend remains at a similar level for the final quarter of the year

9. Supervision and Management: Forecast costs are £0.8m lower than budget due to the reasons set out in the table below:

	Variance £000
Staff vacancies	(431)
Contingency not utilised	(400)
Old provision released	(512)
Beech House dilapidation costs	250
General fund recharges following detailed review to reflect current costs	441
Other variances	(115)
Total Supervision and Management variance	**(767)**

10. Depreciation: The forecast depreciation charge of £14.8m is £2.4m adverse to budget. This is due to the change to the methodology used to calculate the Poole neighbourhood depreciation charge to make it consistent with the methodology used by Bournemouth neighbourhood that took effect at the end of last year. The depreciation charge is a non-cash charge which is recycled each year through the major repairs reserve to provide funding for the HRA's planned maintenance capital programme. As such, variations to the charge have no impact on the overall financial position of the HRA.

11. Net interest payable: The £1.2m favourable forecast is due to:
    i. higher interest earned on cash balances due to higher-than-expected interest rates, and
    ii. forecast new borrowing to fund the capital programme being significantly less than budgeted due to re-phasing of the new-build programme.

12. Net surplus: The favourable forecast variances for both income and operating expenditure result in a forecast net operating surplus of £26.9m that is £2.9m favourable to budget. The impact of the higher depreciation charge and lower net interest payable results in a final net surplus of £7.4m that is £1.5m favourable to budget.

Capital programme

13. The HRA budget paper set out a capital programme of £44.7m for 2024/25. This included £25.2m investment in new-build projects delivered as part of the council newbuild housing & acquisitions strategy (CNHAS) and £16.2m in planned maintenance.

	Budget £000	Full year forecast £000	Variance £000
New-build projects	25,163	18,385	(6,778)
Other major projects (Project Admiral)	300	143	(157)
Purchase of existing houses	3,000	120	(2,880)
Planned maintenance	16,219	12,809	(3,410)
Total capital expenditure	**44,682**	**31,457**	**(13,225)**

14. New-build projects: Timing of cash flows for large capital projects spanning several financial years can be difficult to predict and are re-forecast as the projects progress. These projects often require consultation, planning and building control approval and are subject to competitive tendering processes. Capital budgets are carried forward when timing of cash flows becomes more accurate to predict.

15. Actual expenditure on the new-build capital programme in 2024/25 is forecast to be £18.4m compared with an original budget of £25.2m. The unspent budget has been reprofiled into 2025/26 and 2026/27.

16. The forecast expenditure relates to the following projects:

Project	Full Year Forecast £000
Completed Schemes	
Craven Road	2,753
Rochester Road	473
Other completed schemes	270
Schemes in progress / Approved	
Hillbourne School	10,855
Templeman House	1,552
Surrey Road	200
Craigmore Ave.	340
Grants Close	259
Approved budgets for schemes under consideration	
Constitution Hill	1,200
Oakdale infill	24
Other	
Capitalised salaries	459
Total forecast 2024/25 spend	**18,385**

17. Purchase of existing houses: The forecast spend for the year relates to the buy-back of leasehold flats at Trinidad Village (one property acquired, no further acquisitions expected in 2024/25). Whilst the HRA receives right-of-first-refusal to repurchase ex-local authority properties, current high borrowing costs mean that repurchases are not financially viable at present.

18. Planned maintenance programme: This covers capital maintenance such as kitchen, bathroom and boiler replacements and major external works such as re-roofing. The current forecast is that the budget will be 79% utilised during 2024/25. The underspend is due to (a) the need to divert labour away from the kitchen and bathroom programme to the General Fund purchase and repair programme; and (b) a requirement to divert resources from the rewiring and boiler replacement programmes to the gas and electrical servicing programmes, as anticipated when the repairs contract consolidation was undertaken during 2024.

Approval for acceptance of capital grant for the HRA -Templeton House Scheme

19. In March 2020 Cabinet approval was given to progress the Templeton House Scheme at a cost of £6.5m. The scheme was to be funded by RTB receipts, s106 contributions, reserves, and prudential borrowing. In July 2022, the contractor went into liquidation and a new contractor was appointed. An officer decision record (ODR) was signed in May 2024 authorising approval to increase the budget by £0.468m with a total scheme cost of £6.9m. The total revised cost of the scheme is now estimated at £6.9m. The Council is applying for Homes England Grant which will release HRA reserves of £0.945m and RTB receipts of £1.6m from the original approval. The borrowing requirement is maintained according to the original approval in 2020. The released of HRA reserves and RTB reserves will be used to improve viability of new schemes.

20. **According to the financial regulations, Council is requested to accept the Homes England Grant of £2.97m and realign the funding streams as proposed in the table below.**

Templeman House revised cost and funding profile	Approval March 2020 £000	Approval (ODR) May 2024 £000	Revised position Jan 2025 £000
Cost of Scheme	**6,467**	**6,932**	**6,885**
Funding			
Grants - Homes England	-	(2,295)	(2,970)
Right to Buy Receipts	(1,607)	-	-
s106	(430)	(430)	(430)
Reserve	(3,100)	(3,100)	(2,155)
Total non-debt funding	**(5,137)**	**(5,825)**	**(5,555)**
PWLB borrowing requirement	**1,330**	**1,107**	**1,330**

CABINET

Report subject	**Early Years and Mainstream Schools Funding 2025/26**
Meeting date	5 February 2025
Status	Public Report
Executive summary	This paper outlines the proposed 2025/26 early years single funding formula (EYSFF) and local mainstream schools funding formula based on recommendations from the Schools Forum. The mainstream schools formula includes options dependent on final decisions from government. The formulae are highly regulated by the Department for Education (DfE), with funding provided by the £54m early years block and £285m schools block of the ring-fenced dedicated schools grant (DSG). The national increase in expenditure needed to support pupils with special education needs (SEND) and shortfall in DSG funding through the high needs block has been well-documented. It is generally agreed that for the system to improve outcomes for children and become more financially stable, mainstream schools must become more inclusive. The proposed local mainstream formula options include transferring up to £2.8m (1%) of school block funding for new high needs expenditure on services to help mainstream schools provide more support for pupils with SEND.
Recommendations	**It is RECOMMENDED that Cabinet recommends to Council:** **(a) The early years funding formula detailed in Appendix 1.** **(b) The mainstream schools funding formula options detailed in Appendix 2 (paragraph 18), with the final outcome dependent on DfE decisions.**
Reason for recommendations	The recommendations balance the funding needs of early years providers, schools and council central activity supporting the sectors and management of the high needs funding gap.
Portfolio Holder(s):	Richard Burton, Children's Services
Corporate Directors	Cathi Hadley, Director of Children's Services

Report Authors	Nicola Webb, Assistant Chief Finance Officer nicola.webb@bcpcouncil.gov.uk Tanya Smith, Head of School Place Planning, Admissions and Capital tanya.smith@bcpcouncil.gov.uk Steve Ellis, Management Accountant Children's Services steve.ellis@bcpcouncil.gov.uk
Wards	Council-wide
Classification	For Decision

Background

1. The DSG is allocated by the DfE through four separate funding blocks – early years, schools, high needs, and central school services with a total estimated for 2025/26 of £405m provided in the settlement announced on 18 December 2024.
2. A summary of the DSG settlement for 2025/26 is provided in table 1 below:

Table 1: School Funding Settlement 2025/26

DSG Funding Block	2024/25 Forecast	2025/26 Forecast	Annual Change		Reason for Change
	£000's	£000's	£000's	%	
Early Years	36,518	53,549	17,031	46.6%	Funding uplift plus entitlement expansions.
Schools *	279,716	284,772	5,056	1.8%	Funding uplift, data changes, fewer pupils
Central School Services (CSSB)*	2,111	2,176	64	3.0%	Funding uplift and fewer pupils
High Needs	60,710	64,472	3,761	6.2%	Funding uplift but lower child population
Total	**379,056**	**404,969**	**25,913**	**6.8%**	

* Comparative includes 2024/25 separate grants rolled into the DSG NFF baselines for 2025/26. Central services 2025/26 forecast assumes successful application to restore commitment funding to historic levels

3. The main driver of DSG funding levels is pupil numbers. Overall, the child population is smaller in 2024 compared with 2023. The birth rate continues to decline and without the expansion in the childcare entitlements, funded hours would be reducing in the early years sector. The birth rate decline is working its way through schools with a 1.9% reduction in primary phase pupils at the October 2024 census. Secondary phase pupils have increased by 0.7%.
4. The schools block allocations are now fixed but adjustments to early years funding and a small element within high needs funding, will be made in-year based on future pupil-level data returns.
5. Schools will receive a separate grant to cover the national insurances increase from April 2025 with information to be provided in early 2025. An allowance for this pressure has

already been included in early years funding and in the CSSB funding rates for council services.

6. Each funding block has its own national funding formula (NFF) methodology to allocate funding to the local authority and expenditure is governed by the School and Early Years Finance and Childcare (Provision of Information About Young Children) (Amendment) (England) Regulations 2024.

Schools Forum

7. The Schools Forum is a statutory consultation body of the council with its constitution and operation regulated by the DfE. It has oversight of all DSG budgets with a range of decision-making powers.
8. The Schools Forum includes representation from the early years sector, each phase of school (primary, secondary, special, and alternative provision), each status (maintained and academy) plus an age 14-19 provider and local dioceses. Lead officers and the Cabinet members for children's services and resources can contribute at meetings but are non-voting members of the forum.
9. The regulations set out the responsibilities for decision-making between the Council and the Schools Forum, including any consultation requirements.
10. The Schools Forum decides the level of central expenditure retained from each funding block, except for high needs, for which it has a consultation role only. It also decides if funding can be transferred away from the schools block up to a maximum of 0.5%, with any higher level requiring the approval of the DfE.
11. Funding through the central school services block is used to support a range of council services supporting schools (for example, the school admission service) with the decision regarding the use of funding made by the Schools Forum. It has been agreed each year that the level of DSG funding from this block can be used to fund the relevant council services.
12. Schools Forum is to make recommendations, following consultations with each sector, regarding the early years and mainstream schools funding formulae with the decisions to be made by Council.

Early Years Funding Block and EYSFF 2025/26

13. Funding is for a sector comprised of private, voluntary, and independent settings with a small number of nursery classes in mainstream schools and academies.
14. The DSG funding rates have increased for each entitlement for 2025/26, and the number of funded hours will increase compared with current levels as the entitlement expansions continue for working parents from September 2025.
15. The funding rates includes allowances for pay awards and other pressures across the sector, including the national insurance rise from April 2025. Hourly funding rates have increased by 5.3% for children less than 2, by 5.6% for 2 year olds and by 4.3% for those aged 3 and 4.
16. Early years take up of the entitlements in 2025/26 has been estimated by the DfE based on their latest data and the funding total will remain estimated until summer 2026.
17. Included within the DSG but outside the EYSFF there are prescriptive amounts included in the total early years funding in table 1:

a. early years pupil premium (EYPP) for eligible children in each age range.

b. disability access fund for one off payments to settings for eligible children.

18. The council is responsible for distributing the funding between childcare providers through the EYSFF. The methodology is determined locally within DfE parameters, with a requirement to consult providers on any changes.

19. A principle-based consultation was undertaken with the sector during October – November 2024 and the outcome shared with Schools Forum on 18 November 2024. Providers in the sector supported the proposed principles and Schools Forum recommended these be implemented by the Council.

20. The proposed EYSFF was finalised following the confirmation of the new funding rates from the DfE on 10 December 2024.

21. The formula includes support for disadvantaged children and those with additional needs and funding required for central council functions. The recommendation demonstrates a balanced position of the funding available for distribution to the early years sector.

22. The proposed EYSFF for 2025/26 based on the recommendations of Schools Forum is detailed in Appendix 1.

Schools Funding Block

23. Funding through the schools block is for mainstream schools and finalised each year in the December settlement. The school level NFF allocations calculated by the DfE for 2025/26 use school census data from October 2023. These allocations are totalled and divided by pupil numbers to derive the primary and secondary school phase unit funding levels for each council. These unit values are then applied to the October 2024 census pupil numbers to determine the final schools NFF funding to the council in December. The local formula must use school data from the October 2024 school census so the allocations will differ from those provided through the NFF to the council.

24. The mainstream schools NFF in 2025/26 has increased unit values for all formula factors with a higher proportion of pupils with characteristics attracting additional funding. The average per pupil funding increase is 2.5% but this reflects that more pupils are of secondary school age where funding levels are generally higher. The increase of 1.8% reflects that the school population has reduced.

Central School Services Funding Block

25. The funding for the central school service block has received an uplift in the unit value for ongoing functions, including an allowance for the national insurance increase from April. Schools Forum in January 2025 agreed the council budgets to be funded by this grant. The DfE has protected separate funding for historic commitments until they end with the annual process to agree funding levels in progress.

High Needs Funding Block

26. The provisional high needs settlement has increased funding by 6.2% for 2025/26. This is less than the headline guarantee of an increase of 7% which it should be noted relates to funding per head of age 2 – 18 population. The guarantee does not cover all the elements of the high needs NFF, and the declining child population is also impacting.

27. The high needs block largely funds the costs of meeting the needs of individual pupils through top up funding for those in mainstream schools and funding for pupils in special schools and other specialist providers.

28. The pressures on this budget have been identified as a national issue following legislative changes in 2014, which significantly increased the number of pupils eligible for additional funding through education, health, and care plan (EHCP) assessments. Growing awareness of the potential support available, consequential shortage of places provided by the state, and the longer term impact of the covid pandemic are all contributing to the growing pressures.

29. The high needs funding gap has grown each year in BCP with the projection for 2025/26 being a shortfall in funding of £60m (2024/25 shortfall projected at £45m). To fully fund this gap in high needs expenditure would require a transfer from mainstream schools funding of 21%.

30. Fundamental to reducing the funding gap is the need to create more local special school places as well as mainstream schools becoming more inclusive to avoid the need to place pupils in more expensive specialist settings.

31. Any transfer of funding from the school block to support high needs can be agreed for one year only so that the amount is not locked into the budget. It is limited within the regulations to 0.5% of school block funding which equates to £1.4m in 2025/26.

32. For 2024/25 the Schools Forum did not agree the full 0.5% of school block funding could be transferred to high needs (only surplus funding of 0.1%) but a successful application to the DfE was made for 0.5% based on the DSG deficit management plan submitted.

33. The DSG deficit management plan included for 2025/26 that a 1% funding transfer would be required to support the additional expenditure proposed to help all mainstream schools become more inclusive. Schools Forum on 18 November 2024 did not support this level of transfer. The DfE were approached through the standard disapplication (of the regulations) process to agree a 1% transfer with the outcome awaited.

34. The council could decide to transfer funding to high needs from early years or central school services, but this could not be at any scale and funding is fully committed between early years providers and council services.

Mainstream School Funding Formula 2025/26

35. The schools funding block of £284.77m provides for the mainstream school formula and the central growth fund that must be established to provide for agreed in-year pupil growth from September 2025. Some pupil growth is provided to schools through the formula (implicit growth circumstances set out in DfE guidance) and there is no expectation that the overall level of growth funding should match that allocated. Schools Forum agreed the growth fund budget for 2025/26 in January 2025.

36. After the level of the growth fund is agreed, the balance of funding is available for the mainstream formula and any transfer to high needs. A summary of the position if all schools were allocated their full NFF allocations is set out in table 2.

Table 2: Schools Funding Allocations 2025/26

Allocation of Funding	£000's
Schools funding allocation– table 1	284,772
Growth fund (for explicit growth)	(150)
NFF as the local mainstream school formula 2025/26	(283,514)
Surplus school block funding (0.4%)	**1,108**

37. The local formula to pass funding on to mainstream schools must be designed to a DfE template, the authority pro-forma tool (APT), which is based on the NFF and provides detailed calculations and narrative. The APT must be approved by the DfE prior to budgets being notified to schools. The DfE ensure the budget calculations adhere to the regulations and any variations (dis-applications of the regulations) have the appropriate approvals from the Schools Forum and/or the DfE.
38. Due to the change in government the usual July announcements for the mainstream schools NFF were not made until November 2024 with the DfE not providing the APT to enable modelling of options to commence until 18 December. These were shared with Schools Forum on 13 January 2025 and a recommendation for the formula agreed depending on the outcome of DfE decisions.
39. The proposed mainstream schools school funding formula and options dependent on pending DfE decisions are detailed in Appendix 2.

Options Appraisals

40. Options were considered in the consultation processes with the early years sector, schools and Schools Forum.

Summary of financial implications

41. The EYSFF and mainstream formula are set within the funding envelope of the DSG and therefore have no impact on the general fund.
42. The £1.1m (0.4%) transfer of funding from the schools block to high needs is the maximum affordable with all schools receiving their full NFF allocations and able to be agreed by the Schools Forum on 13 January.
43. A transfer of funding of 1% has been requested of the DfE with the outcome of this decision pending. The innovation fund budget will be set at the level of funding transfer agreed.
44. The impact of the growing accumulated DSG deficit is considered further in the Budget and Medium Term Financial Plan (MTFP) 2025/26 report on the agenda.

Summary of legal implications

45. The consultations undertaken and formulae recommendations are compliant with the School and Early Years Finance and Childcare (Provision of Information About Young Children) (Amendment) (England) Regulations 2024. Any options needing specific DfE decisions will be implemented only if approved.
46. Funding rates for early years must be provided to the sector by 31 March 2025, however the DfE have an expectation that funding rates will be published no later than 28 February 2025.
47. School budgets must be finalised and notified to maintained schools by 28 February 2025 with the DfE timetable the same for academy budgets.

Summary of human resources implications

48. Implications for staffing levels from early years and mainstream funding changes rests within individual providers and schools. The central services to be provided from the planned funding transferred from the schools block to high needs includes additional central staff to support inclusion in mainstream schools.

Summary of sustainability impact

49. None.

Summary of public health implications

50. Should appropriate funding not be allocated to meet the needs of pupils with SEND within BCP, there may be health and well-being implications for this group of the population leading to reduced health equalities locally.

Summary of equality implications

51. An equalities impact assessment has not been undertaken. The DfE have undertaken equality impact assessments in determining the structure of the funding formulae and how funding is to be allocated. The local formulae are aligned with the national schemes.

Summary of risk assessment

52. There are no risks to the council from the implementation of the funding formulae within the Regulations and published guidance. However, the main risk relates to the high needs funding gap in the longer term.

Background papers

1. DfE policy notes published on 3 October 2024:

   https://www.gov.uk/government/publications/pre-16-schools-funding-local-authority-guidance-for-2025-to-2026

2. Cabinet Report 2 October 2024: High Needs Schools Grant Expenditure Forecast

   http://ced-pri-cms-02.ced.local/documents/s52985/HIgh%20Needs%20Schools%20Grant%20Expenditure%20Forecast.pdf?LO=1

3. Schools Forum Papers November 2024:

   Welcome to BCP Council | BCP

   Item 14 Finance Update (including high needs transfer)

   Item 15 Five Year High Needs Forecast

   Item 16 Early Years Single Funding Formula 2025/26

4. DfE DSG Settlement announcements 18 December 2024:

   dedicated schools grant (DSG) funding allocations for the 2025 to 2026

5. Schools Forum Meeting – 13 January 2025

   Welcome to BCP Council | BCP

Appendices

Appendix 1 Proposed EYSFF 2025/26

Appendix 2 Proposed mainstream schools formula 2025/26 (options dependent on DfE disapplication outcome).

Appendix 1

Proposed EYSFF 2025/26

Background

1. The 2025/26 DSG early years block funding rates have increased by 4.3% for 3- and 4-year-olds, 5.6% for 2-year-olds and 5.3% for under 2 year olds.
2. From September 2025 working parents of 9 month to 2-year-olds will see an increase from 15 hours per week currently to 30 hours per week entitlement. This entitlement is aimed specifically at working families that fulfil eligibility criteria.
3. Disadvantaged 2-year-olds will continue to be eligible for 15 hours per week in 2025-26, with no change to the entitlement criteria.
4. Final hourly rates were confirmed by government on the 10 December 2024. A summary of the early years settlement for 2025-26 is provided in table 1 below:

Table 1: Early years funding settlement 2025-26

	24-25 LA Rate	25-26 LA Rate	Increase to LA Rate	% Increase to LA Rate
3&4 year olds	£5.60	£5.84	£0.24	4.3%
2 year olds	£7.92	£8.36	£0.44	5.6%
under 2s	£10.77	£11.34	£0.57	5.3%

5. The early years block is distributed according to a national funding formula (NFF) with funding allocated to the local authority in accordance with the School and Early Years Finance and Childcare (Provision of Information About Young Children) (Amendment) (England) Regulations 2024. The regulations impose some restrictions on how the funding can be allocated to early years providers, as well as detailing the central expenditure that can be charged to the grant within the block.
6. Elements included within the DSG, but outside the early years funding formula are as follows:
    a. Early years pupil premium (EYPP) for eligible children with an increase of 45%.
    b. Disability Access Fund for one off payments to settings for eligible children with an increase estimated at 3%.

Early Years Single Funding Formula (EYSFF)

7. The Council is required to operate an EYSFF for all providers. The formula is applicable for 9-month, 2-, 3- and 4-year-old entitlements to childcare places delivered in pre-schools, day nurseries, independent schools, childminders, and in nursery classes within a small number of academies.
8. The formula for 3- and 4-year-olds is to include a universal base rate for all providers and a mandatory deprivation supplement to differentiate funding.

9. The formula for 2-year-olds includes a base rate for all providers and a discretionary deprivation supplement to differentiate funding between a disadvantaged 2-year-old, a working parent and a working parent eligible for EYPP.

10. The formula for under 2's includes a base rate for all providers and a discretionary deprivation supplement to differentiate funding between a working parent and a working parent eligible for EYPP.

11. The formula must include a SEND Inclusion Fund (SENIF). The SENIF provides additional funding to support children with additional needs of all age groups.

12. SENIF is not provided under the statutory framework for EHCPs. Any EHCPs for children in the early years age groups are funded by the high needs block following statutory processes in addition to the inclusion fund within the EYSFF.

13. Councils are permitted to retain up to 4% of the EYSFF for central services such as administering the entitlement and providing support to providers and systems to operate the funding claims. For 2025/26 it is proposed that 2.5% of the EYSFF continues to be retained for central services. This is unchanged.

14. To mitigate any impact from take-up of the new early education entitlements being increased from 15 hours to 30 hours per week during 2025/26 it is proposed to again hold approximately 1% of the EYSFF from the under 2's and 3- and 4-year-old formula as a contingency fund. This funding will be reserved to alleviate any overspends in either age group (including any change to forecast SEND pressures). This means that from the EYSFF an overall 3.5% of funding is not immediately available for providers.

Proposed EYSFF 2025/26

15. Schools Forum on 18 November 2024 unanimously agreed to recommend the proposed EYSFF principles to the Council. Now that the DfE figures have been released tables 2 and 3 below show the impact of adopting those principles and therefore the EYSFF proposal for 2025/26, per age group.

Table 2: Summary funding v proposed rates 2025/26

	% Increase to LA Rate (table 1)	Provider Base rate 24-25	Proposed increase to base rate	Proposed base rate 25-26	Proposed increase to provider base rates
3&4 year olds	4.3%	£5.10	£0.24	£5.34	4.7%
2 year olds	5.6%	£7.25	£0.47	£7.72	6.5%
under 2s	5.3%	£9.88	£0.40	£10.28	4.1%

16. The proposed formula for each age group also includes allocations to reflect deprivation and special needs. Central budgets for council services supporting the entitlements need to be allowed for and a contingency set is aside for provider payments as final funding levels and take-up of the entitlements remain uncertain until after the end of the financial year. The proposed EYSFF and allocation of the full funding rate from government is summarise in Table 3 below:

Table 3: Proposed EYSFF – Hourly Funding Rates 2025/26

Table a	2025/26		
3 and 4 year olds Funding Elements	**Allocation from Funded Rate***	**EYSFF Provider Rate for Approval**	**Notes**
Provider Base Rate	£5.34	£5.34	Every child
Deprivation Supplement	£0.07	£0.33	Per eligible child
SENIF – targeted	£0.23	£2.43/£4.86/£7.49	Per eligible child
Central Functions	£0.15		
Contingency	£0.06		
DSG Funding per hour	**£5.84**		

Table b			
	2025/26		
2 year olds Funding Elements	**Allocation from Funded Rate***	**EYSFF Provider Rate for Approval**	**Notes**
Provider Base Rate	£7.72	£7.72	Every child
Deprivation Supplement	£0.13	£0.65	Per eligible child
SENIF – targeted	£0.30	£2.43/£4.86/£7.49	Per eligible child
Central Functions	£0.21		
DSG Funding per hour	**£8.36**		

Table c			
	2025/26		
Under 2 year olds Funding Elements	**Allocation from Funded Rate***	**EYSFF Provider Rate for Approval**	**Notes**
Provider Base Rate	£10.28	£10.28	Every child
Deprivation Supplement	£0.07	£0.33	Per eligible child
SENIF – targeted	£0.59	£2.43/£4.86/£7.49	Per eligible child
Central Functions	£0.28		
Contingency	£0.11		
DSG Funding per hour	**£11.34**		

**the shaded grey allocations from the DSG funding levels are shown for context, some rounding may occur*

Notes

Deprivation eligibility is determined as follows:

- **3- and 4-year-olds** the supplement is added for those children that had formerly accessed disadvantaged 2-year-old funding or those that are currently eligible for EYPP. The supplement is added only to the funding rate of the entitled child.
- **2-year-olds** the supplement is added for those children that qualify as a disadvantaged 2-year-old, or those that are currently eligible for EYPP. The supplement is added only to the funding rate of the entitled child.
- **Under 2-year-olds** the supplement is added for those children that are currently eligible for EYPP. The supplement is added only to the funding rate of the entitled child.

SEND inclusion is funded as follows:

- **(All age groups)** Providers are funded per hour for all early entitlement hours accessed, based on three levels of need which is determined by a weekly panel of special education needs officers.
- Tier 1 at £2.43, Tier 2 at £4.86, tier 3 at £7.49.

Consultation for 2025/26

17. Initial consultation took place with provider representatives in a sub-group of the Schools Forum to help shape the wider consultation with the sector. In partnership with this group the Council recommended the following to the sector:

    - Prevent overspending within the Special Educational Needs Inclusion Fund (SENIF), and a portion of any funding increase received from the DfE should be allocated to safeguard the current tier funding rates and ensure that the number of children who meet the eligibility criteria can continue to receive support.

    - That any remaining additional funding increase received from the DfE is then applied only to the base rate per age category

18. The Early Years Single Funding Formula consultation paper was distributed via email to 279 childcare providers within BCP on 16 October 2024 with responses requested by 5 November. Two virtual consultation briefing events were held over this period with 12% of the sector providing consultation feedback (34 responses of a possible 279). The consultation responses show an overall approval for both proposals above.

19. A late announcement of rates in December 2024 impacts the timing of consultation. In order to avoid a consultation over the Christmas period, an earlier principles-based consultation was held in order to inform how the rates will be applied in the formula.

20. The proposed formula was shared on 7 January 2025 with the early years sub-group of the Schools Forum where it was considered a fair distribution of the funding provided by government.

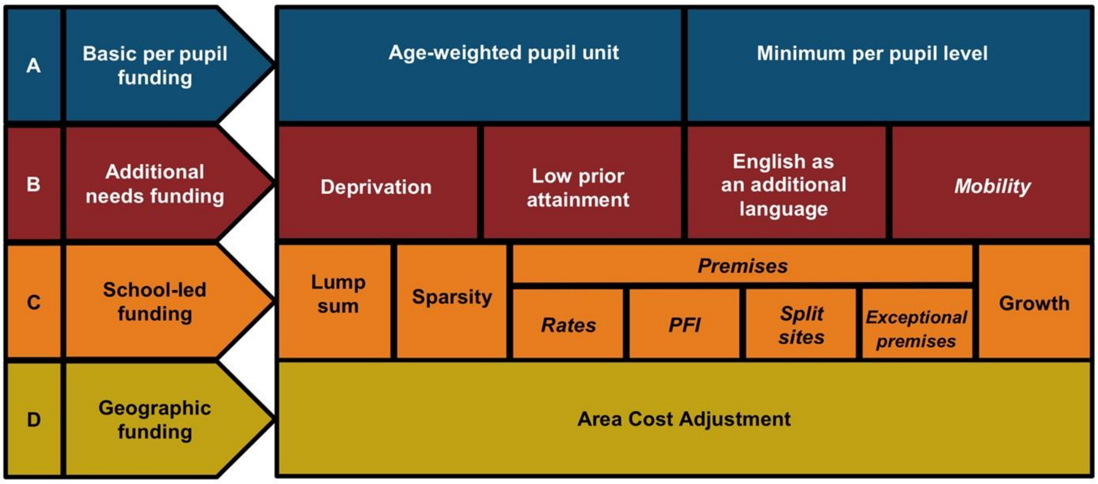
Appendix 2

Local Mainstream School Funding Formula Options 2025/26 (Dependent on DfE disapplication outcomes)

Background

1. The Schools NFF to provide funding for mainstream schools comprises factors as shown in Figure 1.

Figure 1: Factors in the schools national funding formula



2. The PFI factor and area cost adjustment are not applicable to BCP, with the relevant 2025/26 NFF factors and funding values included in Appendix 2a.
3. The detail of the local formula has become increasingly regulated each year. Only limited movement away from the NFF funding values is permitted (plus or minus 2.5%) in setting the local formula. The range of unit values set for each formula factor are included in the APT along with the school data to ensure compliance. The APT including the October 2024 school census data was supplied by the DfE on 18 December 2024.
4. The impact of adopting the NFF as the local formula for 2025/26 to fund the 91 BCP mainstream schools is as follows:
   a) **Minimum per pupil funding level (MPPFL**) impacts on 28 schools (31%). Budgets are increased to the MPPFL where the NFF allocations otherwise would provide less funding than national mandatory minimum levels (typically for schools with high performing pupils from more affluent backgrounds).
   b) **Minimum funding guarantee (MFG) per pupil funding protection of an increase of 0%** for 14 schools (15%) where the NFF provides less than a 0% increase from the previous year allocation (historically these typically were schools with higher levels of deprivation but now as more schools have become formula funded the need for MFG funding can simply be the result of school data movements between years).
   c) The remaining 49 (54%) schools are fully **formula funded** with changes in NFF allocations compared with 2024/25 driven by the uplift in NFF formula factor unit values and data changes at the October 2024 school census.

5. Surplus funding in the schools block has increased in 2025/26 to £1.1m due to underused growth funding. As the proportion of schools funded by the NFF (rather than through the fixed MPPFL or MFG) has been increasing, data movements between years have a greater impact on the level of funding provided to schools through the local formula. The DSG schools block allocation will not reflect these data changes until 2025/26 as it uses data lagged by one year to calculate the primary and secondary units of DSG funding. As a consequence, surplus growth funding would be needed to top up the NFF if all schools were to receive their NFF allocations in full.

Consultation and Recommendation from the Schools Forum

6. The Schools Forum at the November 2024 meeting was presented with the latest 5-year high needs forecast, accumulated deficit projection and planned use of the 1% transfer that would be used to create an innovation fund to help schools to become more inclusive. Schools Forum voted by majority against this level of transfer.
7. Extensive consultation with schools was undertaken over 2024 in developing the innovation fund proposals and the feedback was generally positive with most schools agreeing the measures would help them become more inclusive.
8. It has not been possible to undertake a full consultation with individual schools regarding options for the mainstream formula for 2025/26 as the funding rates and modelling tool were received late in the year and this prevented the impact of options being calculated until early January 2025.
9. It is accepted that any reduction in NFF funding for schools would not be welcomed and in the 2024/25 funding consultation responses, no schools supported reducing individual school NFF allocations to provide a level of transfer beyond surplus school block funding.
10. However, there is a need to balance the cost of central support to help all schools to be as inclusive as possible with funding levels for individual schools.
11. The Schools Forum meeting on 13 January 2025 received details of the DSG December settlement, mainstream school budget calculations using the NFF as the local formula, and estimated growth fund requirement. The full details of the planned innovation fund were also presented and discussed.
12. The forum supported the innovation fund proposals, recognising that the council needs to play a greater role in helping schools manage their challenges in catering for more children identified with SEND. The forum challenged the lack of consultation with all schools this year regarding a funding transfer and formula options. Further consultation was offered if this was needed, however, decisions were taken and recommendations made for Council.
13. A transfer of £1.1m (0.4%), the estimated surplus school block funding, was requested to be approved as a minimum level of transfer and this was agreed by the Schools Forum. Options for higher levels of transfer up to 1% were considered to enable the new innovation fund to be supported in full. A funding transfer above surplus funding would require school level NFF allocations to be reduced. A higher level of transfer was not approved with Schools Forum, therefore, recommending that the local formula adopt the NFF in full.
14. The DfE has been approached to override the Schools Forum and permit a transfer of 1% from schools block funding linked to the implementation of the proposed innovation fund developed to reduce the trajectory of the high needs funding gap and accumulating deficit.

Options for the mainstream schools formula dependent on DfE decisions

15. Options presented to Schools Forum were for a 0.5% transfer (NFF allocations being reduced by 0.1%) and for a 1% transfer (NFF allocations being reduced by 0.6% to fully fund the proposed inclusion fund). Within each transfer level, formula options were considered and recommendations made by Schools Forum should the DfE agree a funding transfer greater than the level of surplus funding of 0.4%. A summary of options and formula implications is included in Appendix 2a.

16. The formula options for Schools Forum reflected that DfE decisions were not yet known and allowed for:

    a) In both transfer levels above surplus funding, the DfE allowing all schools to contribute to a funding transfer by varying the regulation amounts for the MPPFL with the alternative being that the MPPFL remains at the NFF level and other schools needed to make higher contributions.

    b) Additionally in the case of a 1% transfer, the DfE allowing the MFG to be set at minus 0.6% (varying the regulation maximum reduction of 0.5%) to enable all schools to contribute equally. The alternative is again that other schools would need to contribute more.

17. All options considered and the school level impact are included in the background papers to this report (Schools Forum 13 January 2025) with those recommended by Schools Forum dependent on final DfE decisions.

Proposed mainstream formula and transfer to high needs 2025/26

18. Schools Forum recommend (with reference to Appendix 2a) that:

    a) If a transfer of only £1.1m (0.4% surplus school block funding) can be agreed by the DfE (no override of the Schools Forum decision), then the local formula is to adopt the NFF in full (option 1).

    b) If a transfer of only £1.4m (0.5%) can be agreed by the DfE override, then the recommendation for the local formula is that all schools contribute to the £0.3m needed from NFF allocations (option 2a). This is dependent on the DfE also permitting variation to the MPPFL. If this is not forthcoming, then the difference is made up by schools with MFG and formula allocations (option 2b).

    c) If a transfer of £2.8m (1%) is agreed by the DfE then the local formula is to be set so that all schools can contribute to the transfer (option 3a). This is dependent on the DfE also permitting variations to formula requirements (for the MPPFL and MFG). If these are not also approved, then the alternative is that the MFG is set at the statutory minimum (minus 0.5%) and schools with formula allocations make up the balance with further reduced NFF allocations (option 3b).

Appendix 2a

Summary of Mainstream School Formula Options and Impact

Ref	Option Summary	Formula Adjustments	Transfer Amount	DfE Approval Required?
1	**Transfer of surplus funding - Schools Forum approved.**			**No – less than 0.5%**
1	No reductions in NFF allocations	None	£1.1m (0.4%)	No
2	**Transfer at 0.5% - Schools Forum not approved**			**Yes**
2a	All schools contribute	Minus 0.11% MFG, MPPFL and formula factors reduce by 0.11%	£1.4m (0.5%)	Factor approval - Yes MPPFL below NFF
2b	Exclude MPPFL only from contributing	Minus 0.16 % MFG, formula factors reduce by 0.16%,	£1.4m (0.5%)	Factor approval - No Formula compliant
3	**Transfer at 1%**			**Yes – above 0.5%**
3a	All schools contribute	Minus 0.62% MFG, Reduce MPPFL & formula factors by 0.62%	£2.8m (1%)	Factor approval -Yes MPPFL below NFF MFG < minus 0.5%
3b	Exclude MPPFL MFG at minimum	Minus 0.5% MFG, reduce formula factors by 1%	£2.8m (1%)	Factor approval - No Formula compliant
3c	Exclude MPPFL MFG at minimum Capping gains	Minus 0.5% MFG Reduce formula factors by 0.9% Gains cap of 1.08%	£2.8m (1%)	Factor Approval – No Formula compliant

Only option 1 does not require DfE approval as Schools Forum has approved the funding transfer within the 0.5% maximum and the NFF will be the local formula.

All other options are dependent on the DfE approving either a 0.5% or 1% funding transfer. Options 2a and 3a require further DfE approval to vary regulation restrictions imposed on the local formula. If this is not received alongside the transfer level approval, then either options 2b or 3b will be implemented as these are within the regulation tolerances for the local formula. Schools Forum did not specifically express a preference between options 3b and 3c but in previous years has not supported capping gains ahead of other formula variations.

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CABINET

Report subject	**Housing Revenue Account (HRA) Budget Setting 2025/26**
Meeting date	5 February 2025
Status	Public Report
Executive summary	The Housing Revenue Account (HRA) is a separate account within the council's budgets that ring-fences the income and expenditure associated with council housing. It sets out the proposals regarding increases to rents, service charges and other charges to tenants and leaseholders. Arrangements for these increases are separate to arrangements for increasing fees elsewhere in the council and are set out in law and regulation. The report also sets out plans for expenditure on services to residents, repairs and improvements to homes and the provision of new homes taking into account new legal and regulatory requirements. This report also demonstrates how council housing and spending within the HRA supports the council's corporate strategy and objectives.
Recommendations	**It is RECOMMENDED that Cabinet recommends that Council agrees:** **(a) The revenue budget for 2025/26 is set using the following principles:** (i) That dwelling rents are increased by 2.7 per cent (CPI for September 2024 + 1 per cent) from 7 April 2025 in line with the Ministry of Housing, Communities and Local Government Policy statement on rents for social housing published in February 2019 (Rent Policy Statement). (ii) That garage, garage bases and parking plot rental charges are increased by 5 percent from 7 April 2025 and an additional £1.00 per week increase is made to garages in parts of Poole so that charges begin to align. (iii) That leasehold services are charged to leaseholders in line with actual costs incurred. (iv) That shared ownership dwelling rents are increased in line with lease terms.

	(v) That the changes to services charges are agreed as set out in appendix 2. (vi) That HRA reserves are set at £8.6 million. **(b) That the Income and Expenditure budget as set out in Appendix 3 is agreed.** **(c) That capital budgets for 2025/26 are set using the following principles.** (i) That the major project capital programme as set out in Appendix 4 is noted. (ii) That the planned maintenance programme as set out in Appendix 5 is agreed. (iii) That £0.5 million for the acquisition of individual properties (Acquire and Repair) is agreed. **It is RECOMMENDED that Cabinet agrees:** **(d) That further details of the medium- and long-term budget implications are presented to Cabinet during 2025/26 following the re-modelling of the 30-year HRA Business Plan.**
Reason for recommendations	HRA rents and other changes along with the HRA Capital Programme are subject to review and require Cabinet and Council approval for rents and charges to be levied.
Portfolio Holder(s):	Councillor Kieron Wilson – Portfolio Holder for Housing and Regulatory Services
Corporate Director	Jillian Kay – Corporate Director for Wellbeing
Report Authors	Kelly Deane – Director of Housing and Communities Seamus Doran – Head of BCP Homes Richard Sumner – Senior Accountant
Wards	Council-wide
Classification	For Recommendation and Update

Background

1. The HRA is a ring-fenced account within the council and records the income and expenditure associated with the landlord function in respect of the council's homes. The account is separate from the wider General Fund budget, which is funded by a variety of income flows, including council tax.

2. Each year the council must set rent levels and budgets within its HRA for the forthcoming financial year and provide each individual tenant with at least four weeks' notice of any proposed rent change. This report sets out the proposals regarding the rents, service charges and other charges to tenants as well as the expenditure plans for the 2025/26 rent year.
3. Rents and service charges made to tenants and leaseholders are the main source of income for the HRA. Income can also be derived from other non-domestic rents such as shops, garages and garage bases and plots although this is small.
4. Expenditure includes the management and routine maintenance of existing homes, improvements to existing homes, provision of new homes and interest payments.
5. Council housing within the HRA is situated within Bournemouth and Poole and at the 31 March 2024, comprised 9,545 rented properties 1,155 leasehold properties and 39 low-cost home ownership properties. These are expected to generate an income of £54 million. There are no council owned HRA properties in Christchurch as these were transferred to a housing association several years ago.
6. Housing management services to residents are carried out by BCP Homes part of the Housing and Communities Directorate. Property maintenance, repairs and asset management sit within the Customer and Business Delivery Directorate. The Housing Delivery Team responsible for the provision of new homes sits within the Development and Investment Directorate. All work closely together to deliver services for residents through the HRA.
7. There are service level governance arrangements through the BCP Homes Strategic Management Board to ensure the effective and efficient delivery of all services to residents.
8. An Advisory Board has been set up to provide oversight of the operational delivery of services and supports decisions on policy and strategic matters. It works in an advisory capacity to the council, working in partnership with residents and provides an additional level of assurance. Board membership consists of councillors, residents and independents.
9. The Council is required by law (Local Government & Housing Act 1989, section 76) to avoid budgeting for a deficit on the HRA. This means the budget must not be based on total HRA revenue reserves falling below zero. In practice the Council is expected to maintain a reasonable balance of HRA reserves to cover contingencies. The HRA will maintain reserves above a minimum level of 5 per cent of expenditure. At the 31 March 2025, the reserve is forecast to be £6.4 million increasing to £8.6 million by 31 March 2026.
10. HRA major capital project planned spend is included within appendix 4. This includes housing developments approved as part of the BCP Council Newbuild Housing & Acquisition Strategy (CHNAS) as well as indicative budgets for other schemes previously approved. Any further approval required, for example where costs of projects increase, or new projects will be through CNHAS or individual reports to Cabinet.
11. Although this report sets out the budget for 2025/26, there is also a requirement for the council to look at the medium - and long-term viability of the HRA through a 30-year business plan. This report will highlight the challenges facing HRA's across the country as a result of national policy and economic pressures. The

business plan is being re-modelled and will be presented to Cabinet during 2025/26.

12. In September 2024 Southwark Council published a report Securing the Future of Council Housing to which over 100 council landlords signed up to including BCP Council. The aims are to raise awareness of the cost pressures being experienced within HRA's throughout England and what steps could be taken to manage these pressures.

National Context

13. There have been changes to national policy and increased regulation over recent years that have had an impact on the way in which council homes are managed and maintained resulting in delivery of better homes and services for residents and are welcome.

14. However, increased regulation the economic climate in recent years and the requirements to reduce carbon emissions have contributed to increased costs and reduced income to the HRA. There are also requirements for significant investment to ensure that new regulatory and legal requirements are met.

15. The main issues impacting the HRA include:

    - New building safety and fire safety regulations
    - Improved consumer regulation and complaint handling
    - National rent setting policy
    - Decarbonisation of council homes
    - Decent Homes Standard
    - Damp and Mould
    - Inflation

    New building safety and fire safety regulations

16. Regulatory and legal requirements have been in place for many years to help ensure that landlords keep homes safe. These have traditionally focused on gas servicing, electrical safety, asbestos management, lift, fire and water safety. However, changes over recent years mean that there is a need to demonstrate greater assurance on compliance with these existing requirements and to ensure compliance with many other areas of building safety for example windows and damp and mould.

17. Following the Grenfell Tower tragedy in 2017, the government acted to make improvements to the safety of residents living in high-rise buildings across the country regardless of tenure.

18. As part of this a new Building Safety Regulator (BSR) was created under the Building Safety Act 2022 to regulate higher-risk residential buildings (those over 7 storeys or 18 metres high), regulate safety standards and help improve competence in design, construction and building control. The six high-rise buildings within its housing stock, requires the council to register these with the BSR, develop safety case reports for each and provide these to the BSR when asked to do so in order to receive a building safety certificate. Preparing a safety case report - GOV.UK.

19. The requirements of the safety case report include how residents in these buildings will be consulted on building safety, kept informed of the risks within their building and how these are being managed. It also includes having an awareness of the needs of residents that might influence risk assessments and how building safety is managed. External expert advice has been commissioned to help collate and prepare these safety case reports.

20. There will be more time spent on engaging with residents, providing them with accessible information regarding the safety of their building and ensuring that the council is aware of the needs of those living in its high-rise buildings.

21. The requirements for high-rise buildings will be extended to those residential buildings over 11 metres tall in the near future that are included in the council's housing stock.

22. Improvements to fire safety include more in-depth fire risk assessments, setting out fire safety arrangements and sharing information with residents.

Consumer regulation and complaint handling

23. The Regulator of Social Housing (RSH) has been provided with new powers to ensure compliance by social landlords with its new set of regulatory consumer standards. Regulatory standards for landlords - GOV.UK.

24. The RSH will use inspections to help determine how well a landlord is delivering the outcomes of the standards and will provide a regulatory grading setting out the level of compliance against these.

25. Councillors are responsible for ensuring that the council delivers the outcomes required through the consumer standards. The council is also responsible for providing evidence when asked how it can demonstrate that the standards are being met and providing information to tenants so they can understand how well it is performing.

26. To help satisfy itself that it is meeting the outcomes required the council should undertake a regular self-assessment against the standards and develop an action plan to deal with any gaps. This will require the involvement of staff and residents to complete the assessment, that there is evidence to support outcomes and additional reporting to Cabinet to provide assurance.

27. The RSH also expects landlords to refer to it where there is a potential issue which may be material to the landlord's delivery of the outcomes of the standards. This is an important part of the co-regulatory approach. If there is a failure to meet the standards, the RSH will expect to be provided with evidence that a landlord is making sufficient progress and improvements to address the failures.

28. Where a landlord is failing to deliver against the outcomes of the consumer standards then the RSH may revisit any published regularity judgement and grading.

29. There are other enforcement powers available to the RSH, but they are unlikely to use these where both:

    - the landlord is prepared to fix the problems and their underlying causes
    - it concludes that the landlord has the capacity, capability and resources it needs to do so.

30. While there is much focus on the Safety and Quality Standard in relation to well maintained and safe homes, the standards also set out outcomes required in dealing with anti-social behaviour, managing tenancies, ensuring tenants are treated fairly and with respect and are able to influence decisions.

31. The RSH will also soon to be able to set standards for landlords in matters relating to the competence and conduct of individuals involved in the provision of services in connection with the management of social housing.

32. These broad outcome-based standards will apply to all staff providing housing management services, e.g., resident involvement, tenancy management, repairs and maintenance, asset management and anti-social behaviour management.

33. There will also be a requirement for mandatory qualifications for some members of staff, senior executives and senior managers.

34. All social landlords are required to compile annual Tenant Satisfaction Measures (TSM's) and report on these to the RSH. The results should also be published so that tenants can see how well the council is performing. On the whole performance is good but satisfaction with how the council handles complaints and reports of anti-social behaviour is low as it is with many other landlords.

35. The Housing Ombudsman has greater powers to ensure that landlords respond to and handle complaints effectively. Compliance with its complaint handling code is now a statutory requirement and the Ombudsman has the powers not only to investigate individual complaints but to also require landlords to review policies or procedures to prevent repeat failures. It can also issue complaint handling orders to ensure that landlords complaint handling processes are accessible, consistent and enable the timely progression of complaints.

36. Its role extends to looking at the complaints that it receives from residents across the whole housing sector and providing spotlight reports relating to service areas such as damp and mould and anti-social behaviour. These reports will highlight the issues that have led to poor service delivery and complaints as well as good practice recommendations to ensure improvement. Self-assessment by landlords against the recommendations is expected with subsequent implementation of improvements.

37. These changes require more resources to make residents more aware of the complaint process and to deal with and manage subsequent complaints in line with the complaint handling code. Reporting on performance should also be made to Cabinet.

National rent setting policy

38. Since 2001, rent for homes let at a social rent have been based on a formula set by government. This created a formula rent for each property based on the relative value of the property as of 1999, relative local income levels, average rents and the size of the property. Landlords were allowed to apply rent increases of Retail Price Index (RPI) + 0.5 per cent. A flexibility was also allowed of +/- £2.00 to help ensure that rents reached the formula rent level, referred to as rent convergence.

39. In 2015/16 a new national policy for rent increases of CPI + 1 per cent was created. The flexibility to enable landlords to reach formula rents was however removed. As formula rents also increased by CPI + 1 per cent, rents for existing

tenants that had not converged would remain below the formula rent level. Rents for new tenants could be charged at formula rent.

40. However, from 2016/17 to 2019/20, the government reduced rents by 1 per cent each year. In 2023/24 rent increases were capped at 7 per cent but have since reverted to CPI + 1 per cent. These changes to the rent setting policy have had a significant cumulative impact on reducing the income available to the HRA.

41. The present government is keen to encourage social landlords to invest in the provision of new homes and has begun consultation on a new national rent policy for 2026/27 onwards that is proposed to allow rent increases of CPI + 1 per cent for five years.

42. The council's response to the consultation is set out in appendix 7 and it is clear that the proposed new rent policy will is insufficient on its own to meet the financial demands being placed on the HRA.

Decarbonisation of council homes

43. The government has set a target for all rented accommodation to have a level C energy performance certificate (EPC) by 2030. It has also set its target to achieve net zero for carbon emissions by 2050 and an ambitious climate change target to cut emissions by 77% by 2035 compared to 1990 levels. An additional £1 million has been made available through the capital expenditure for planned maintenance to help move towards EPC C.

44. The council's Climate and Ecological Emergency Action Plan seeks to eliminate its own carbon footprint by 2030. The action plan included proposals for work to council retained buildings such as the installation of energy saving measures, use of renewable energy and water saving measures.

45. The re-modelled 30-year HRA business plan will identify the financial impact of decarbonising the council's housing stock which will be significant. There will also be many practical obstacles to overcome to reduce carbon emissions. As set out in the consultation response to the government's proposals for a new rent setting policy, additional funding will need to be made available to meet these costs.

Decent Homes Standard

46. Introduced in the early 2000's and initially backed by significant funding this has set the minimum standards that social homes are required to meet. A decent home meets the following criteria:

    - It meets the current statutory minimum standard for housing.
    - It is in a reasonable state of repair.
    - It has reasonably modern facilities and services.
    - It provides a reasonable degree of thermal comfort.

47. Over recent years there have been concerns raised regarding the quality of social homes and that not all were meeting the required standards. The government relaunched a review of the standard in 2023 which is considering:

    - An updated list of items that which must be kept in a reasonable state of repair for a home to be considered decent.
    - An updated list of services that every home must have to better reflect modern expectations for a "decent Home".

- Whether the current Decent Homes Standard sets the right standard on damp and mould to keep residents safe.
- Updates to how the condition of building components – such as roofs and walls – are measured, to make sure that buildings which are not fit for use cannot pass the standard.

48. As a new Decent Homes Standard has not yet been published it is not possible to understand the full cost of meeting the new requirements.

<u>Damp and Mould</u>

49. Information was provided to Cabinet in the Housing and Property Compliance Update (Housing Revenue Account) in December 2024 which set out the increased awareness of the impact of damp and mould on residents and the expectation that landlords manage reports more effectively.
50. New guidance has been introduced, and the Social Housing (Regulation) Act 2023 will require landlords to investigate and fix reported health hazards, including damp and mould, within specified timeframes (Awaab's law). This will also require landlords to provide written summaries to tenants within 48 hours of the investigation.
51. The Housing Ombudsman expects landlords to have robust procedures in place to ensure that residents homes are free from damp and mould. It can take significant action against landlords who do not comply including compensation, orders to make improvements in practices and referrals to the RSH.
52. The increased awareness of the impact of damp and mould and the expectation for the council to respond more quickly and robustly places a strain on existing staffing resources and the repairs and maintenance budget. The cases are often complex and can include other factors that impact on a tenant's ability to keep their home warm and dry such as fuel poverty.

<u>Inflation</u>

53. Whilst there has been a rapid increase in inflation over recent years, the costs of for repairs and maintenance and construction materials have increased by significantly more and well above the CPI inflation rate. Inflation may have reduced but it is unlikely that the costs now being incurred are going to reduce to previous levels. This not only impacts on the repairs and maintenance budget but also on the capital expenditure including new homes.

<u>Impact</u>

54. Meeting the challenges will have a significant impact on the costs to the HRA. The 30-year business plan is currently being re-modelled to provide a better understanding of the particular impacts of reducing carbon emissions and meeting net zero. There is also no understanding yet of what might be contained within a new decent homes' standard.
55. The re-modelled business plan will enable a more accurate understanding of the medium- and long-term financial implications for the HRA and its ability to meet the challenges that it faces. It will also enable decision making on which areas of work should be a priority and how these might be funded.

56. The existing budget already allows for additional staff costs for complaint handling, managing anti-social behaviour and resident involvement, all key areas within the new consumer standards.

57. It is clear that additional staff will also be required in the following areas if the council is to be able to provide assurance that it is meeting all legal and regulatory requirements:

    - Property Compliance – to ensure robust processes are in place for all areas of property safety and compliance, overseeing performance and providing assurance that property compliance is being managed effectively.
    - Performance – to provide accurate performance information, undertake benchmarking and present information in accessible formats for different stakeholders.
    - BCP Homes Client role – oversight of performance and business improvement, asset management and HRA commercial management.

58. Proposals are being developed but it is not yet clear what the financial impact on the HRA will be or where savings could be made elsewhere. However, the budget has been increased by £615,000 to ensure that any requirements for additional staff can be funded.

Local context

General Fund

59. The council's Budget and Medium-Term Financial Plan for 2024/25 identified savings, efficiencies and additional income generation to set a legally balanced budget. While this did not apply to the HRA there has been a review of recharges between it and the General Fund. This has ensured that the calculations for recharges are up to date and reflect the arrangements now in place for BCP Council and not legacy arrangements. It also provides a better indication of costs and where growth might be required.

60. However, service efficiencies and reductions within the General Fund can have an impact on services to council tenants for example reductions in community engagement that may have helped meet the outcomes of the consumer standards.

Housing Management system

61. Legacy arrangements mean that separate IT systems are used in Bournemouth and Poole for the delivery of services to tenants which has an impact on ways of working, procedures, and reporting.

62. A procurement exercise has been undertaken, and suppliers have submitted bids that have been assessed. A decision on the successful supplier will be taken in early 2025 and one appointed to deliver a new system. Suppliers will be required to set out the costs of their new system and the implementation. This has been accounted for in the budget.

63. A single housing management system will result in reduced costs and more efficient processes.

Consolidation of the responsive repairs service

64. In August 2024, the council's inhouse Property Maintenance team commenced the delivery of the responsive repairs service across the council's homes in Poole. This also included gas servicing, electrical safety testing and a new voids contract for work to empty homes.

65. As set out above the costs associated with repairs and maintenance have increased significantly over recent years and there is also a greater understanding that the volume of repairs will increase as the council addresses the greater expectations for ensuring that homes are safe, warm and comfortable. It will be important that expenditure on repairs and maintenance is closely monitored to ensure that it is sustainable as well as meeting regulatory and legal requirements.

BCP Council's Corporate Strategy

66. The Council's current Corporate Strategy sets out its priorities, the objectives to achieve these, key actions, and measures of success. The services delivered within the HRA support the strategy and the key priorities that make up the Corporate Strategy in many ways as set out below.

67. Services provided through the HRA support the council's key objectives in the following ways:

    (a) A Tenancy Sustainment team provides help to residents to enable them to sustain their tenancies, look after their homes and prevent homelessness.

    (b) The Your Money team provides advice to residents on welfare benefits, day to day money management and help to deal with the impact of the rising cost of living.

    (c) Sheltered Housing helps promote quality of life for residents to live active, independent lives.

    (d) The provision of good quality, safe, warm and affordable homes.

    (e) The development and provision of new homes.

    (f) Helping residents feel safe by dealing with anti-social behaviour, encouraging good neighbourly behaviour, and providing good quality communal facilities.

    (g) Residents are involved in decision making and shaping services that matter to them.

    (h) Supporting the wider council to meet the specialist housing need of sometimes vulnerable groups, e.g., the homeless and young people leaving care.

HRA Strategic Objectives

68. The strategic objectives for the HRA are as follows:

    (a) Deliver strong financial management of the HRA through a robust 30-year business plan which maximises the ability to collect income, deliver improvements to existing homes, provide new homes and service outstanding debt.

    (b) Ensure HRA stock is adequately and efficiently maintained particularly in relation to the Council's legal obligation to ensure the health, safety and welfare of its tenants as well as the need to ensure sustainable homes which meet national and local climate emergency targets.

(c) Focus on the delivery of effective housing management services to support successful tenancies and strong and sustainable communities.

69. The approach to HRA budget setting focusses on three key areas and the following sections of this report take each of these areas in turn.

    (a) Revenue income expected to be achieved, and proposals around rent and service charge levels for tenants and leaseholders.

    (b) Revenue expenditure plans that reflect local priorities and service delivery patterns, including revenue contributions to capital

    (c) Capital expenditure plans that will deliver essential maintenance to the stock as well as ensuring the Decent Homes Standard is maintained, decarbonisation and support the affordable homes new build programme.

Revenue Income

Rents

70. The main source of income for the HRA is from rents charged to council tenants.

71. Rents can only be increased in accordance with the Ministry of Housing, Communities and Local Government Policy statement on rents for social housing. This allows rents to be increased in April each year by CPI the previous September plus 1 per cent.

72. CPI in September 2024 was 1.7 per cent which allows a rent increase of up to 2.7 per cent from April 2025. This will apply to both social and affordable rents.

73. The council can decide to apply a lesser increase, freeze rents, or apply a rent reduction. However, these would have a cumulative, and potentially significant impact on future years rental income and the ability to provide services to tenants, invest in existing homes and provide new homes.

74. Rents for new tenants can also be increased by up to five per cent for general needs housing and 10 per cent for sheltered housing subject to consultation with tenants. This is something that could be considered if required to support the 30-year business plan.

75. Rents charged for council homes remain significantly lower than those charged in the private sector. They are also lower than local housing allowances, the maximum amount to which help with housing costs through housing benefit and universal credit will be paid.

76. Other adjustments that will impact on the level of rental income relate to the number of Right to Buy (RTB) sales expected to occur and the number of days properties are empty during a change of tenancy. With regards to the RTB, it is assumed there will a significant reduction in sales during the year because of recent changes to the RTB rules that include a reduction in the level of discount provided.

77. The council has a small number of shared ownership properties where residents can purchase part of the property and pay rent on the remainder. Rent increases are based on the terms of the lease provided to residents. The lease used is based on the model form of lease provided by the government which is widely recognised by lenders and solicitors

78. For 2025/26 it is assumed that one per cent of the housing stock will be void at any one time and therefore rent cannot be charged. This reduces the total income expected to be achieved by £0.55 million.

79. Acquisition and new build programmes increase the stock of affordable housing for the HRA. The HRA will reflect the additional income expected from the delivery of new homes from 2025/26. However, there are inherent uncertainties around timescales for new build schemes, but an estimate has been accounted for.

80. Garage rents cover income received from garages. The majority of garages have been transferred from the HRA to the General Fund and those that remain are located on sites identified as potential for re-development. The development on several has now been completed. In Bournemouth, those garages with potential redevelopment will remain in the HRA alongside a further 211 garage plots and bases. In Poole, 43 garages remain within the HRA but no plots or bases.

81. Rents for garages, bases and plots will increase by 5 per cent. This will increase the income received and support the ongoing maintenance of these sites. An additional increase of £1.00 will be made to garages in Poole that are not located within the town centre. This will help with the alignment of charges between Bournemouth and Poole.

82. Other rents reflect those charged to tenants occupying commercial space at Trinidad Village. These have been budgeted in line with the lease agreements in place and will increase by RPI on their agreed rent review dates.

83. <u>Service charges</u>

84. Leasehold service charges cover costs that are recharged to leaseholders in year to reflect either the cost of maintaining the fabric of the building or the cost of maintaining the communal areas. These charges must reflect the full cost that is incurred by the HRA, but no profit must be achieved through the levelling of these charges. Given this, the income budgets proposed reflect only an indicative level and actual charges will be reconciled during the summer to actual costs incurred.

85. Costs are estimated for 2025/26 with leaseholders receiving details of actual costs at a later date when refunds or additional charges are made.

86. Part of the service charge for leaseholders includes the council's management costs. This covers a wide range of functions such invoicing and collecting ground rent, apportioning costs, producing statements and dealing with leaseholder queries.

87. Tenant service charges must mirror the charges incurred by the HRA in the same way as leasehold charges. The council is expected to set reasonable and transparent service charges which reflect the service being provided to tenants. Tenants should be supplied with clear information on how service charges are set. In the case of social rent properties, providers are expected to identify service charges separately from the rent charge. Most service charges are expected to be included in affordable rents.

88. Service charges are not governed by the same factors as rent. However, registered providers should normally endeavour to keep increases for service charges within the limit on rent changes, of CPI + 1 percentage point, or 2.7 per cent for 2025/26 to help keep charges affordable.

89. Tenants should be consulted where new or extended services are introduced where this will result in additional charges to tenants. The differences in charges between tenants in Bournemouth and Poole have not yet been aligned since the formation of BCP Homes but the consultation on the variation to the tenancy agreement to allow this to take place will shortly commence. It is therefore anticipated that the budget for 2026/27 will include a fundamental review of all service charges and plan for full alignment.

90. Service charges are in place for the provision of a sheltered housing service in Poole. The charges relate to the additional work to manage these schemes for example, looking after communal areas and health and safety inspections. This charge will increase by 2.5 per cent reflecting the national pay award increase.

91. A separate supporting people charge is in place in Poole for support for sheltered housing tenants to help them manage their tenancies and support well-being and independence. This charge is only applicable to those sheltered housing tenants in Poole who are not in receipt of housing benefit and universal credit. As this is difficult to ensure consistency and will not be considered as part of aligning service charges, it is proposed that from 2025/26 that it is removed. The loss of income is estimated to be £50,000.

92. Charges for guest rooms on sheltered schemes have been increased by 2.7 per cent in line with rents and then rounded up.

93. Charges are also made for communal heating that includes personal usage within a resident's own accommodation. Bills to energy suppliers are paid directly by the council. After sharp increases in the cost of energy, prices had reduced, and it is proposed that there is no increase in the cost of communal heating.

94. Similarly, it is proposed that charges for communal electricity are not increased.

95. Charges for laundry, scooter storage and window cleaning will increase by CPI of 1.7 per cent.

96. Charges for communal cleaning and gardening in Bournemouth are based on time spent and the work carried out. Because of this, charges from one year to another can vary considerably according to the amount of work required and can increase or decrease for individual tenants.

97. Water and sewage charges in Bournemouth are based on actual usage.

98. Charges for the removal of bulk refuse also vary considerably and is dependent on the occasions necessary to remove items. Charges do not always apply in each year, and the amount charged can be very low.

99. Telephone and internet charges apply to one extra care scheme and vary according to usage. These will increase in line with costs.

100. A previously agreed service charge policy has been rolled out in Bournemouth since 2018. This policy introduced several new service charges and applied a cap that was due to expire March 2023. It was applied up to 2024/25. It is proposed that the cap will still be applied at £5.00 per week and reviewed during 2025/26 as service charges are reviewed as a whole.

101. The cap only applied to those service charges that were introduced from 2018. These include communal cleaning, gardening, bull refuse removal and administration. These are all eligible for housing benefit and the housing element of universal credit.

Revenue Expenditure

102. The HRA manages expenditure that covers delivery of the general housing management function as well as overhead and capital financing charges.

Management and Maintenance

103. The financial climate has been very challenging over recent years because of the increase in inflation and rising cost of energy and materials.

104. The key current and future challenges can be summarised as follows:

(a) Ensuring the effective management of tenancies where tenants have complex support needs.
(b) Providing safe homes that meet legislative and regulatory requirements including the Building Safety Act.
(c) Retrofitting to ensure that existing homes are energy efficient to help reduce carbon emissions.
(d) Delivering against the expectations and requirements of new legislation and regulation.
(e) Maintaining existing homes especially to any new Decent Homes standard.
(f) Providing new homes.

Overheads

105. The HRA holds general budgets that meet the cost of other service areas which support the overall delivery of the housing management function. These budgets have also been considered as part of the budget setting process.

106. The HRA recognises recharges for spend directly incurred elsewhere in the Council but that relate to delivery of housing services within the HRA. These include areas such as IT, Human Resources, Finance and Democratic Services. These need to be reflected in the HRA to ensure the full cost of delivering services to tenants is recognised.

Management of bad debts

107. One of the main areas of risk for the HRA going forward is arrears and the management of debt within the rent account.

108. One key current risk is Universal Credit (UC) with approximately 20 per cent of tenants now receiving this benefit. The system is also more complicated than the housing benefit system and requires additional interventions and support from landlords. UC is usually paid directly to the tenant monthly in arrears so four- or five-weeks rent can be owing before the payment is received.

109. BCP Homes will continue to work closely with tenants to assist with financial and budgeting skills and continue to undertake proactive work to help with any issues around their UC claims and advice on day-to-day money management.

110. The bad debt charge is to be maintained at £400,000.

Depreciation

111. The HRA incurs an annual depreciation charge. This charge is an estimate of the decrease in value of the housing stock due to wear and tear and damage of the fabric of the stock. The charge is calculated using componentisation, whereby the stock is broken down into components (e.g. kitchen, bathroom, roofing etc).

The depreciation of each component is then calculated based on the expected life of the component to arrive at a total depreciation charge.

112. Historically, Poole and Bournemouth neighbourhoods had different approaches to componentisation. Poole broke down its stock into approximately 50 different components, compared to 7 components for Bournemouth. During the past year the approach to componentisation has been harmonised and Poole now uses the same approach as Bournemouth. The reduction in the number of components used by Poole has resulted in a higher depreciation charge.

113. The depreciation budget is set at £15.3 million.

Reserves

114. The Council is required by law (Local Government and Housing Act 1989, section 76) to avoid budgeting for a deficit on the HRA. This means the budget must not be based on total HRA revenue reserves falling below zero. In practice the Council is expected to maintain a reasonable balance of HRA reserves to cover contingencies. The HRA reserve is forecast to be £6.4 million at the end of 2024/25 increasing to £8.6 million by the end of 2025/26. This is above the recommended minimum of 5 per cent of total expenditure. This level has been reached after carrying out a risk assessment of key items affecting income/expenditure and allowing for a contingency for unidentified items.

Capital financing

115. The budget to support interest paid on HRA debt will rise in future years as external borrowing is required. For 2025/26 the HRA will require £10.1 million of external borrowing to fund its capital programme.

116. Any surplus generated by the HRA will be used to fund capital expenditure or the provision of new homes. Projections show large surpluses in later years but expenditure against these has not yet been scheduled. As set out above there are several pressures on the HRA, notably carbon reduction, and these surpluses will be allocated to support spending.

Capital Expenditure

Major Capital Works Expenditure

117. Major capital works expenditure is forecast to be £43 million for 2025/26. Details are set out within the capital expenditure in appendix 4. The programme includes new capital housing schemes that have already been approved or that are progressing through the approval process in accordance with the council's financial regulations and governance framework, for example Hawkwood Road. The Constitution Hill and Oakdale schemes show the approved budgets so far, further detailed business cases will be presented in due course for these schemes. There are further projects under consideration which will be brought with a full business case when the remodelled HRA business plan can demonstrate affordability.

118. Appendix 4 sets out the total scheme budget approval. Timing of cash flows for large capital projects spanning several financial years can be difficult to predict and are re-forecast as the projects progress. These projects often require consultation, planning and building control approval and are subject to competitive tendering processes. Capital budgets are carried forward when timing of cash flows becomes more accurate to predict.

119. The HRA is committed to delivering additional affordable housing and ensuring the current HRA land is used as effectively as possible. Whilst the majority of activity is new build, existing properties may also be acquired. These can be via buy back of RTB properties or where other housing providers are looking to dispose of suitable stock, but these are often unaffordable once improvement work required is factored in. Each new build scheme and purchase is subject to both financial and managerial due diligence to ensure they deliver value for money. The proposals for the provision are approved separately through the annual CHNAS report to Cabinet.

120. The exact tenure mix of this new build programme is be considered in the context of overall financial viability. Each scheme is required to be viable over the duration of any borrowing period in line with the Prudential Code.

121. There are ongoing new build plans, a requirement to make significant changes to the stock to more adequately meet needs and the HRA must continue to assist in the management of homelessness. This funding can be achieved in part via borrowing additional resource. Since 2018 limits on HRA borrowing were abolished which allows for more to be delivered from HRA budgets where additional funding can now be raised in accordance with the Prudential Code – removing the HRA borrowing cap. This provides an opportunity to expand our new build ambitions to help further meet the needs of those on the housing register.

122. Many schemes will also require additional subsidy alongside rental income to meet the borrowing requirements. RTB receipts, HRA reserves, and Section 106 affordable housing developer contributions are also used to help financially support the delivery of new homes, although these funding sources are finite.

123. Feasibility works required to work up scheme plans, employing architects, consultants and instructing desktop and site surveys. These costs are no longer included in the capital programme and are now a revenue costs accounted for in the expenditure within Appendix 3.

124. The Acquire & Repair budgets has been reduced but remains to allow for purchasing pre-built homes into the HRA where required.

Planned Maintenance Programme

125. The HRA capital programme aims to ensure first and foremost, that existing homes are fit for purpose and specific projects that will enhance the delivery of social rented and affordable housing are achieved. Each year elements of this stock will need to be replaced or updated to meet the decent homes standard. The delivery of these enhancements is the first call on capital resources.

126. There are new areas of work that need to be delivered as part of the planned maintenance programme. Building safety is a key area and additional work will be required to ensure that the homes provided are safe for residents.

127. To support the council's Corporate Strategy there are objectives to ensure that sustainability underpins our policies, tackle the climate change emergency and promote sustainable resource management. This can be achieved through sustainable methods of construction in relation to new homes with high levels of thermal insulation and more energy efficient hot water and heating systems.

128. Energy efficient measures are also provided in the refurbishment of existing homes including more efficient gas boilers, consideration of alternative heat sources, increased levels of thermal insulation, communal heating systems and

low energy lighting to communal areas. Such measures often increase development and refurbishment costs, but more energy efficient homes can benefit tenants through lower energy bills.

129. The planned maintenance programme is proposed at £17.2 million. A breakdown of the programmes is included within appendix 5 and this will deliver a programme of work that is safe and meets legislative and other priorities.

Consultation

130. There is no legal obligation to consult on the annual rent changes. The rent changes noted in this report for 2025/26 are set by government policy. The proposals for increases to rents and service charges have been considered by involved residents.

131. The Portfolio Holder for Housing and Regulatory Services has been consulted.

Options Appraisal

132. This report sets out the proposals for increases in rent and other charges to support the planned maintenance programme, new developments, and major works. The income received is also used to ensure that the council can meet its legal responsibilities as a landlord as well as regulatory standards.

133. The proposals also support the Council's wider strategic objectives and demonstrates the importance of housing revenue account activities in helping to meet these while supporting residents.

134. Any decision not to increase charges would have an impact on the ability of the HRA to meet its objectives, wider corporate strategic objectives and new legislation and regulation.

Summary of financial implications

135. The proposals with the report will enable the council to maintain its housing stock and to continue to provide services to residents. Proposed rent increases are in line with government policies and the additional income that is generated will support longer term financial planning thorough the 30-year business plan.

136. This plan will ensure that the Council continues to meet its responsibilities as a landlord and in meeting the Council's wider objectives as well as the national agenda to reduce carbon emissions. There are other challenges associated with improvements to building safety and it is important that the HRA can meet these.

137. Failure to increase income to ensure investment in the council's housing stock would have long term implications on the financial health of the HRA.

Summary of legal implications

138. Council housing landlords are required to give 28 days' notice to all tenants of changes to the rental and charges for the new financial year. This will be achieved should all the recommendations be accepted by Cabinet.

139. The Council is required by law (Local Government & Housing Act 1989, section 76) to avoid budgeting for a deficit on the HRA. This means the budget must not be based on total HRA revenue reserves falling below zero. In practice the Council is expected to maintain a reasonable balance of HRA reserves to cover contingencies. The HRA is forecast to maintain reserves of £6.4 million at the end

of 2024/25 which is above the minimum level of 5 per cent of expenditure. The surplus is expected to rise to £8.5 million at the end of 2025/26.

140. Approval from Cabinet and Council is required before changes to rents and other charges can be made as well as commitment to the level of expenditure on planned maintenance and major works.

Summary of human resources implications

141. The recruitment requirements to enable new and regulatory requirements to be met have not yet been identified. The HRA has provided some additional temporary resource to support any recruitment and restructuring that will take place.

Summary of sustainability impact

142. HRA properties continue to benefit from photovoltaic and solar panels reducing carbon emissions across Bournemouth and Poole. The ongoing maintenance of existing stock, such as heating replacement, insulation and low energy LED lighting in communal areas also help to increase the energy efficiency of our existing stock. Consideration is currently being given to new methods of building construction for new homes which would benefit tenants and the local area.

143. Ensuring income for the HRA will support efforts to increase the energy efficiency of homes and to contribute to the reduction of carbon emissions, however this is challenging. The proposals within the report support the long-term improvement in the energy efficiency of the housing stock.

Summary of public health implications

144. The HRA meets the needs of residents with specialist needs with appropriate accommodation, adaptations, tenancy support, affordable rents, well maintained homes and secure tenancies. There is also support for residents to be involved in decision making and community activities. All of this contributes to the physical and mental wellbeing of our residents.

145. The council is expected to provide homes for residents that are safe, warm and free from hazards. There are regulatory and legislative requirements to adhere to in ensuring that this work is carried out. This supports the physical wellbeing of residents and in doing so also supports mental wellbeing.

146. Support and good quality homes provided to residents can reduce the impact on other services provided by the council and other bodies. Services provided through the HRA can also work alongside services provided by others.

Summary of equality implications

147. The recommended increase in rents and service charges will have a financial impact on residents in all the protected groups. However, those in protected groups will also experience positive benefits from the services provided through the HRA.

148. Those residents on low incomes will be eligible for help with rent through housing benefit and universal credit. Rents charged are also lower than in the private sector and are below the local housing allowance rates.

149. Most service charges other than those for personal heating, hot water and water are eligible for housing benefit and universal credit.

150. Benefits will increase by 1.7 per cent from April 2025 while the state pension will increase by 4.1 per cent.

151. Support is available for residents to help them to maximise their income and to signpost to other organisations that can offer support.

152. Proposed revenue budgets for 2025/26 onwards will not impact on front line service provision, and the level of disabled adaptations in the estimated Capital Programme should enable us to meet the needs of disabled and older residents to have aids and adaptations fitted to support their independence.

153. Older and disabled residents will be positively affected by investment in dwelling insulation, energy efficiency to help reduce charges for heating and other utilities.

154. There is a clear correlation between effective housing and better health outcomes. By ensuring that housing meets minimum maintenance standards respiratory health issues can be reduced as well as minimising trips and falls. Income is also used for new homes for those in need of affordable housing.

155. Community development work undertaken seeks to minimise isolation, particularly with older people, contributing to improved physical and mental health outcomes and more active communities. We will continue to work with community and voluntary groups, promoting their services and offering practical help where feasible, for example land for community gardens.

156. There are many reasons why tenants may struggle to maintain their tenancies including drug and alcohol problems, mental health and hoarding. We will seek to support tenants in their homes to ensure that they are able to maintain successful tenancies and to reduce the number of evictions. Staff are available who can provide support for tenants including financial advice and work is ongoing to ensure that sufficient resources are available.

Summary of risk assessment

157. From April 2012 the risk in financing the management and maintenance of the housing stock moved from Central Government to Local Government as part of the Self-Financing Settlement Agreement.

158. Future rent increases and decreases are based on a national rent setting policy although this does allow for some flexibilities in the level of rent charged to incoming new tenants.

159. The following considerations must be made:

(a) There have been changes over the years to the national rent setting policy as previously set out by the government that have resulted in a long-term reduction in income to the HRA. The current rent policy settlement of CPI + 1% has been in place since 2015/16 but policy changes have meant rent reductions for four of those years and a subsequent cap applied in one other year. There has been uncertainty over the years and a new rent settlement from 2026/27 is being consulted on.

(b) The HRA will be committed in the first instance to the servicing of new and existing debt. Only once debt is serviced (funded) can consideration be given to the maintenance standard of the properties and then in turn to the quality of the housing management service.

(c) The end of automatic payment of housing costs direct to landlords, could significantly reduce rent income levels and increase the level of bad debts within the HRA as universal credit. continues to roll out.

(d) Compliance with regulatory standards and changes to health and safety legislation particularly regarding fire safety will provide additional challenges over the next few years and will lead to increased costs.

(e) The requirement to have an effective HRA 30-year business plan to help prepare and manage future costs and requirements to manage the housing stock particularly in relation to more energy efficient homes and reducing carbon emissions.

(f) The costs associated with carbon reduction and meeting the requirements of the new decent homes' standard are significant.

160. The recommendations presented here assures compliance with the national rent setting policy and the key principles have been approved by the Ministry of Housing, Communities and Local Government. The proposal ensures the appropriate maintenance and development of HRA stock. Not approving this report would significantly risk the ability for BCP Council to comply with central government and national legislation that govern the HRA budget process.

Background papers

None

Appendices

1: The Rent Increase Effect on Residents

2: Service Charges for 2025-26

3: Income and Expenditure Account for 2025-26

4. Major Project Capital Expenditure

5: Capital Expenditure – Planned Maintenance for 2025-26.

6: HRA Balances for 2025-26.

7. Consultation response on national rent setting policy.

APPENDIX 1
Housing Revenue Account
The Rent Increase Effect on Residents

		2024/25 Weekly Rent £	2025/26 Weekly Rent £	Weekly Increase £	Increase as a %
Overall Average per Budget	**Bournemouth Neighbourhood**	**106.54**	**109.42**	**2.88**	**2.7%**
	Poole Neighbourhood	**105.77**	**108.63**	**2.86**	**2.7%**
Examples of Rent Increases					
General Properties					
Bournemouth					
Hamilton Road	1 Bedroom flat	**90.34**	**92.78**	**2.44**	**2.7%**
Belle Vue Road	1 Bedroom flat	**90.90**	**93.35**	**2.45**	**2.7%**
Cunningham Crescent	1 Bedroom flat	**87.58**	**89.94**	**2.36**	**2.7%**
Turbary Park	2 Bedroom flat	**96.95**	**99.57**	**2.62**	**2.7%**
Florence Road	2 Bedroom flat	**99.72**	**102.41**	**2.69**	**2.7%**
Northey Road	2 Bedroom House	**109.13**	**112.08**	**2.95**	**2.7%**
Ripon Road	3 Bedroom House	**130.80**	**134.33**	**3.53**	**2.7%**
Turnbull Lane	3 Bedroom House	**192.21**	**197.40**	**5.19**	**2.7%**
Dolphin Avenue	3 Bedroom Bungalow	**131.24**	**134.78**	**3.54**	**2.7%**
Cranleigh Road	4 Bedroom House	**135.59**	**139.25**	**3.66**	**2.7%**
Poole					
Herbert Court	1 Bedroom flat	**92.70**	**95.20**	**2.50**	**2.7%**
Junction Road	1 Bedroom flat	**79.65**	**81.80**	**2.15**	**2.7%**
Rockley Road	1 Bedroom flat	**89.34**	**91.75**	**2.41**	**2.7%**
Sterte Court	1 Bedroom flat	**86.19**	**88.52**	**2.33**	**2.7%**
Cynthia Close	1 Bedroom flat	**94.50**	**97.05**	**2.55**	**2.7%**
Rodney Court	2 Bedroom flat	**108.21**	**111.13**	**2.92**	**2.7%**
Plumer Road	2 Bedroom house	**109.53**	**112.49**	**2.96**	**2.7%**
Christopher Crescent	3 Bedroom house	**121.15**	**124.42**	**3.27**	**2.7%**
Egmont Road	3 Bedroom house	**110.08**	**113.05**	**2.97**	**2.7%**
Haskells Road	3 Bedroom house	**109.00**	**111.94**	**2.94**	**2.7%**
Perry Gardens	4 Bedroom house	**136.03**	**139.70**	**3.67**	**2.7%**
Sheltered Housing					
Bournemouth					
Cornish Gardens	Studio Flat	**77.53**	**79.62**	**2.09**	**2.7%**
Castle Dene Court	1 Bedroom flat	**91.03**	**93.49**	**2.46**	**2.7%**
Southbourne Road	1 Bedroom flat	**92.72**	**95.22**	**2.50**	**2.7%**
Deacon Gardens Bear Cross	1 Bed Bungalow	**103.46**	**106.25**	**2.79**	**2.7%**
Poole					
Millfield	1 Bedroom flat	**91.18**	**93.64**	**2.46**	**2.7%**
South Road	1 Bedroom flat	**94.49**	**97.04**	**2.55**	**2.7%**
Trinidad House	1 Bed Bungalow	**92.83**	**95.34**	**2.51**	**2.7%**
Waterloo House	1 Bed Bungalow	**108.15**	**111.07**	**2.92**	**2.7%**

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APPENDIX 2
Housing Revenue Account
Service Charges For 2025/26

	2024/25 Weekly £	Uplift	2025/26 Weekly £	
1. Garage Rents				
Proposed Charges - Tenants				
Poole Old Town	£14.84	5.0%	£15.58	
Remainder of Poole	£8.43	5% + £1.00	£9.85	
Bournemouth	£13.72	5.0%	£14.41	
Charges - Non-Tenants				
Poole Old Town (excl VAT)	£20.55	5.0%	£21.58	
Remainder of Poole (excl VAT)	£12.91	5% + £1.00	£14.56	
Bournemouth (excl VAT)	£16.16	5.0%	£16.97	
2. Garage Bases				
Charges -Tenants	£2.89	5.0%	£3.03	
Leaseholders	£4.68	5.0%	£4.91	
Private	£5.62	5.0%	£5.90	
3. Garage Plots				
Charges -Tenants	£2.89	5.0%	£3.03	
Private	£3.47	5.0%	£3.64	
4. Sheltered Housing Service Charges inc Lifeline				
General - Poole	£8.41	2.5%	£8.62	
Willow Park - Poole	£8.41	2.5%	£8.62	
Belmont Court - Poole	£20.61	2.5%	£21.13	
5. Supporting People Service Charge - Poole				
Personal charge	£8.51		Removed	
6. Guest Bedrooms in Sheltered Accommodation				
	1 night	2 nights	3 nights	4-7 nights
Cost per room with no ensuite - includes cleaning	£26.00	£35.50	£45.50	£57.00
Cost per room with ensuite - includes cleaning	£31.00	£43.00	£56.00	£69.00
7. Heating Charges				
Poole				
1 bed	£17.02/£24.03	0.0%	£17.02/£24.03	
2 bed	£28.83	0.0%	£28.83	
3 bed	£33.66	0.0%	£33.66	
Trinidad Village (combined heating & Communal supply)	£31.42	0.0%	£31.42	
Bournemouth	£6.44 - £28.83	0.0%	£6.44 - £28.83	
8. Communal Supply				
Poole	£1.63 - £8.54	0.0%	£1.63 - £8.54	
Bournemouth	£0.12 - £7.69	0.0%	£0.12 - £7.69	
10. Laundry				
Bournemouth	£0.87	1.7%	£0.88	
11. Scooter Charges				
Scooter Charge point	£1.18	1.7%	£1.20	
12. Window Cleaning				
Bournemouth	£0.45	1.7%	£0.46	
13. Communal Cleaning				
Bournemouth	£0.08 - £2.65	-11% (decrease on average cost)	£0.31 - £2.84	
14. Communal Gardening				
Bournemouth	£0.12 - £3.65	34.7% (increase on average cost)	£0.13 - £5.62	
15. Water and sewage				
Bournemouth	£1.02 - £6.65	42.3%	£1.28 - £6.92	
16. Communal Telephone and Internet Charges				
Bournemouth Extra Care only	£1.60	35.6%	£2.17	
17. Communal bulk refuse removal				
Bournemouth	£0.01 - £3.86	54% (increase on average cost)	£0.03 - £5.86	

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APPENDIX 3

Housing Revenue Account - Income & Expenditure Account

	BCP Council HRA			
	2024/25 Budget £000	2024/25 Forecast £000	2025/26 Budget £000	Budget change £000
Income				
Dwelling rents	(52,201)	(52,911)	(54,001)	(1,800)
Non-dwelling rents	(236)	(244)	(276)	(40)
Charges for services and facilities	(2,708)	(3,358)	(3,768)	(1,060)
Contributions to expenditure	(491)	(772)	(505)	(14)
Total income	**(55,636)**	**(57,285)**	**(58,550)**	**(2,914)**
Expenditure				
Repairs and Maintenance	13,511	13,049	13,712	201
Supervision and Management	17,059	16,292	18,759	1,700
Rent, rates, taxes and other charges	638	627	447	(191)
Bad or doubtful debts	400	400	400	0
Total expenditure	**31,608**	**30,368**	**33,318**	**1,710**
Net operating (surplus) / deficit	**(24,028)**	**(26,917)**	**(25,232)**	**(1,204)**
Capital charges				
Debt management costs	201	368	377	176
Depreciation	12,410	14,800	15,300	2,890
Net interest payable	5,560	4,325	5,425	(135)
Total capital charges	**18,171**	**19,493**	**21,102**	**2,931**
Net (surplus) / deficit	**(5,857)**	**(7,424)**	**(4,130)**	**1,727**

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APPENDIX 4

Housing Revenue Account - Capital Expenditure

	Total Scheme Budget £000	Prior years spend £000	2024/25 Forecast spend £000	2025/26 Forecast £000	2026/27 Forecast £000	2027/28 Forecast £000	TOTAL COST £000
Schemes Completed or under retention period							
43 Bingham Road	1,824	1,726	16				1,742
Summers Avenue	545	366	114				480
Cabbage Patch Car Park	2,863	2,849	135				2,984
Godshill Close	355	324	4				328
Craven Court	5,598	2,691	2,753				5,444
Rochester road	599	60	473				533
Wilkinson Drive	2,771	2,749	1				2,749
Moorside Road	4,452	4,170	1				4,171
	19,007	14,935	3,496				18,431
Schemes Under Construction/Approved							
Templeman House	6,885	1,830	1,552	3,282	221		6,885
Hillborne School Development	33,360	1,347	10,855	14,636	5,358	463	32,659
Surrey Road	3,518	42	200	3,276			3,518
Craigmore Ave	681	30	340	311			681
Grants Close	597	21	259	317			597
Poole Town Tower Block Works (Project Admiral)	22,077	21,834	143	100			22,077
	67,118	25,103	13,349	21,922	5,579	463	66,416
Approved budgets for schemes under consideration							
Constitution Hill	1,425	96	1,200	129			1,425
Oakdale (infill)	345	3	24	318			345
	1,770	100	1,224	447			1,771
Scheme with Cabinet approval subject to Council Approval							
Hawkwood Road				2,933	11,733	9,125	23,791
				2,933	11,733	9,125	23,791
Other annual capital budgets							
Acquire and Repair	3,000		120	500	500	500	1,620
Capitalised Salaries	459		459				459
Planned Maintenance (see Appendix 5)	16,219		12,809	17,202	17,202	17,202	64,415
	19,678		13,388	17,702	17,702	17,702	66,494
Total HRA Capital Expenditure	**107,573**	**40,138**	**31,457**	**43,004**	**35,014**	**27,290**	**176,903**

Housing Revenue Account - Funding of Capital Expenditure

	2024/25 Forecast £000	2025/26 Forecast £000	2026/27 Forecast £000	2027/28 Forecast £000	TOTAL FUNDING £000
Funding sources					
HRA Reserve	(6,548)	(1,922)	(2,623)	(2,402)	(13,495)
HRA Major repair reserve	(12,978)	(17,122)	(15,300)	(15,300)	(60,700)
HRA capital receipts (Right-to-buy)	(926)	(2,845)	(1,200)		(4,971)
HRA capital receipts (Shared-ownership sales)		(1,200)	(3,564)	(2,888)	(7,652)
Government Grants	(5,880)	(9,063)	(11,733)	(607)	(27,283)
S106	(2,932)	(710)			(3,642)
Prudential Borrowing	(2,193)	(10,142)	(594)	(6,093)	(19,022)
Total	(31,457)	(43,004)	(35,014)	(27,290)	(136,765)

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APPENDIX 5

Housing Revenue Account - Capital Expenditure - Planned Maintenance

	2024/25 Budget £000	2024/25 Forecast £000	2025/26 Budget £000	Budget change £000
Windows	2,500	2,200	2,300	(200)
Bathroom Refurbishments	896	780	700	(196)
Kitchen Refurbishments	2,590	1,200	2,500	(90)
Disabled Adaptions	1,050	950	1,400	350
External Works	1,265	1,100	1,000	(265)
Fire Precautions / Detectors	680	750	800	120
Boiler Replacements	1,120	850	1,300	180
Re-roofing	960	800	1,000	40
Doors	332	200	300	(32)
Bedroom Extensions	60	50	120	60
Hot Water Systems	50	90	100	50
Insulation / Energy Efficiency	225	150	200	(25)
Rewiring	561	300	400	(161)
Common Areas (internal)	195	80	200	5
Communal System	48	15	40	(8)
Upgrading of Lifts	195	110	375	180
Door Entry	70	215	250	180
Ventilation System	135	60	100	(35)
Central Heating	100	140	140	40
Structural Repairs	60	100	85	25
External Lighting	5	5	20	15
Electric to Gas Conversions	20	10	40	20
Environmental Improvements	110	100	80	(30)
Minor Works	420	650	180	(240)
Warden Call out	100	50	100	0
Damp & Mould	500	600	500	0
Fire Doors	378	180	450	72
Estates	100	80	100	0
EPC to C works	0	0	1,000	1,000
Capitalised salaries	994	994	922	(72)
Contingency	500	0	500	0
Total Planned Maintenance	**16,219**	**12,809**	**17,202**	**983**

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APPENDIX 6

Housing Revenue Account - HRA reserve balances

	2024/25 Budget £000	2024/25 Forecast £000	2025/26 Budget £000
Opening reserves and capital receipts			
HRA reserve	(2,015)	(5,503)	(6,379)
Major Repairs Reserve	0	0	(1,822)
RtB receipts for re-provision	(6,459)	(6,959)	(7,033)
Other capital receipts	(504)	0	0
Total opening reserves and capital receipts	(8,978)	(12,462)	(15,234)
HRA Reserve			
Bought forward balance at 1st April	(2,015)	(5,503)	(6,379)
Surplus for the year	(5,857)	(7,424)	(4,130)
Contribution to capital expenditure (RCCO)	5,660	6,548	1,922
Carried forward balance at 31st March	(2,212)	(6,379)	(8,587)
Major Repairs Reserve			
Bought forward balance at 1st April	0	0	(1,822)
Depreciation for the year	(12,410)	(14,800)	(15,300)
Utilised to finance capital expenditure	12,410	12,978	17,122
Carried forward balance at 31st March	0	(1,822)	0
RtB receipts for re-provision			
Bought forward balance at 1st April	(6,459)	(6,959)	(7,033)
Current year RtB receipts for re-provision	(2,600)	(1,000)	(1,500)
Utilised to finance capital expenditure	8,449	926	2,845
Carried forward balance at 31st March	(610)	(7,033)	(5,688)
Other capital receipts, grants & S106			
Bought forward balance at 1st April	(504)	0	0
Current year receipts	(946)	(8,812)	(10,973)
Utilised to finance capital expenditure	946	8,812	10,973
Carried forward balance at 31st March	(504)	0	0
Closinging reserves and capital receipts			
HRA reserve	(2,212)	(6,379)	(8,587)
Major Repairs Reserve	0	(1,822)	0
RtB receipts for re-provision	(610)	(7,033)	(5,688)
Other capital receipts	(504)	0	0
Total closing reserves and capital receipts	(3,326)	(15,234)	(14,275)

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Appendix 7
Consultation - Future social housing rent policy

Future social housing rent policy - GOV.UK

Question 1

Do you agree with our proposal that the government should set a rent policy that will remain in place for at least the next 5 years, from 1 April 2026 to 31 March 2031? 1,500 characters

Yes, we welcome a 5-year settlement.

However, CPI+1% on its own is not sufficient to manage the significant competing demands faced by the social housing sector in the long term.

Question 2

What impact would a longer settlement have, and what alternative length should a settlement be? (e.g. 7 years / 10 years?) 3,000 characters.

Five years is the minimum term required to provide HRA stability. HRA's are based on long term planning (typically 30 years) which informs investment strategies, new housebuilding programmes, and planned maintenance. Reliably and robustly being able to project income over the longer term allows for longer-term investments and cyclical maintenance strategies and a greater opportunity to balance competing demands.

A longer-term settlement of 10 years would provide more certainty for our HRA Business Plan and allow for robust planning and investment decisions. This would also support greater certainty in determining the viability of new housing developments in different scenarios as many can take several years from planning to completion.

However, CPI + 1% over a longer term will not be sufficient to provide new homes and decarbonise our housing stock.

Question 3

Would a rolling settlement of 5 years (where the 6th year is set 5 years in advance) provide additional stability or certainty? 1,500 characters

Yes, in terms of business planning and the provision of new homes, 5 years is not a particularly long period of time. The delivery of new homes can be significantly impacted by short term changes and a rolling settlement would provide some more certainty.

However, a fixed settlement for as long as possible would provide us the most stability particularly if it included convergence to formula rents.

Question 4

What impact would these alternative lengths of rent settlement have on providers' willingness and ability to invest in new and existing homes? 3,000 characters

A longer rent settlement term of 10 years provides more certainty over the viability of new housing developments as it will cover the initial assessment, planning and initial occupation. However, this will not be enough to encourage investment in new homes due to concerns about the costs of maintaining existing homes, decarbonisation, building safety and increased regulation.

Question 5

Are there rent policy measures that would provide confidence in the stability of our policy in the event of an inflationary spike? 3,000 characters

- *Provide assurance around the settlement that spikes in inflation will be managed differently.*
- *The previous rent setting policy was suspended for four years from 2016/17 with rents reduced by 1% each year and in 2023-24 replaced by a 7% cap on rent increases.*
- *Registered Providers should always be allowed to determine the level of rent increase to be applied within the limit of CPI + 1% according to the needs of their long-term business plans, delivery of new homes and in consultation with their tenants.*
- *If there is a deviation from the rent settlement, then landlords should receive additional funding to meet their obligations or allowed more flexibility to increase rents towards formula rents for existing tenants.*

Previous rent policies have resulted in loss of income which simply cannot be mitigated. Costs have increased and alongside multiple new burdens and this has had a major impact on the longer-term health of our HRA and our ability to provide good quality homes and services.

Question 6

Are there other steps that the government should take to build confidence in the stability of its rent policy? 3,000 characters

The ability to balance the significant competing demands upon our HRA is a significant concern. Our aim is to provide excellence in service delivery and in the quality, safety and efficiency of our stock whilst remaining able to invest in the provision of new homes. Without significant reform of the government's rent policy, we simply cannot achieve it all.

The key long-term concern for BCP Council is addressing the costs of delivering more energy efficient homes - especially to meet zero carbon targets and deliver decent homes. On the basis of the current rent policy, all of our tenants will bear the brunt of the cost of this work regardless of whether they will benefit. The reality is that not all homes will be viable for improved energy efficiency and investment programmes will take place over a number of years. Therefore, we feel it is of critical *importance that we are able to reflect the scale of investment in each property and the resulting benefit by increasing rents for existing tenants to formula rents on a case-by-case basis.*

This flexible and nuanced approach will maximise our opportunity to support investment through additional income whilst maintaining a fair and equitable approach across our 10,000 homes.

Question 7

Do you agree with our proposal that rents should be permitted to increase by up to CPI+1% per annum? 1,500 characters

Yes, but there should be additional flexibility to allow rents for existing tenants to be increased towards formula rents including where steps have been taken to apply the 5 and 10 per cent flexibility. Local authorities would be expected to consult with tenants and provide a robust business case for any increases above CPI + 1% that are applied.

Question 8

What do you consider would be the impact of our proposed rent policy on affordability for rent payers and the willingness and ability of registered providers to invest in new and existing homes over the next 5 years? 3,000 characters

Whilst CPI + 1% will normally ensure affordability, a more flexible approach to reaching and maintaining rents charged to tenants at the formula rents would help manage spikes in inflation while at the same time maintaining affordability. Social landlords will have different needs and increased flexibility would be welcome. Inflationary demands and supporting the delivery of much needed new build programmes is a significant challenge. Costs have increased above what can be sustained in a balanced HRA and this places the delivery of new affordable homes at risk. Additional subsidy is needed to support the continued delivery of much needed affordable housing.

The direction of improved standards, governance, resident voice and accountability of social housing providers, is welcomed. However, the new burdens arising from new regulatory requirements come at an additional operating cost within HRA's. This needs to be addressed in order to support social housing providers to meet and sustain expectations whilst ensuring we are able to achieve longer term goals.

Decarbonisation of our stock is the biggest challenge for the BCP HRA in the longer term and without additional subsidy or the ability to raise specific rents, over and above the rent cap, we will not be able to invest to meet the target. As we invest in specific homes to increase their energy efficiency, those tenants will experience reduced energy bills and should pay higher rents to cover the cost of the investment, to prevent all other tenants from being disadvantaged by bearing the costs of investment which does not benefit them. This flexibility would raise the revenue to support the substantial extra investment required to make our social housing as *energy efficient as possible whilst ensuring the financial benefit of the reduced energy consumption is reflected in the rent charged.*

Meanwhile the degree to which homes can achieve decarbonisation will vary, as will the resulting benefit in reduced energy costs per property. This creates a potential inequity for our tenants. A blanket approach to rent setting and increases does not allow sufficient account of investment and resulting benefits.

The proposals do not provide any mechanism to adjust existing tenants' rents towards the formula rents. Allowing this for all tenants would be a crucial policy step for HRAs to optimize income based on their stock value and local income levels.

The need for investment to improve and maintain standards whilst balancing additional demands is a key issue for the BCP HRA. We are in a confident position in terms of longer-term asset management – and we can positively move towards EPC C within the target. It is the balance of competing demands which then creates a threat to other aspects of delivery overall.

Question 9

Do you have views on other measures, outside rent policy, that could help to rebuild registered providers' capacity to invest in new and existing homes? 3,000 characters

As well as providing a long-term rent settlement and allowing convergence towards formula rents, revisit the 2012 HRA self-financing settlement following changes to the rent setting policy in recent years and provide certainty along funding for the delivery of energy efficient homes.

CABINET

Report subject	**Budget 2025/26 and Medium-Term Financial Plan**
Meeting date	5 February 2025
Status	Public Report
Executive summary	To set out for Cabinet's consideration and recommendation to Council the proposed 2025/26 budget and council tax based on. • Increasing council tax by 4.99% in 2025/26 in line with the government's annual referendum threshold which can be broken down into a 2.99% basic increase and a 2% uplift by way of the Adult Social Care (ASC) precept. • Implementation of the approved financial strategy. • Implementation of £7.8m of further savings, efficiencies, and additional income generation required to set a legally balanced budget and support the basis of a more financially sustainable council moving forward. • Borrowing to fund the Special Educational Needs and Disability services revenue expenditure above the level of the Dedicated Schools Grant (DSG) High Needs grant. It will also be considered with government if it would be prudent to obtain a capitalisation direction associated with the 2024/25 and 2025/26 interest costs on the accumulated DSG deficit. • Recognise that the government must come up with a permanent solution to return the SEND system both locally and nationally to financial sustainability. • Recognition that the council is technically insolvent from the 1 April 2025 onwards as the accumulated deficit on the DSG will be greater than the total reserves held by the council, with a negative overall general fund position and is only protected by the statutory override. This report also provides the latest Medium Term Financial Plan (MTFP) covering the 3-year period to 31 March 2028.
Recommendations	**It is RECOMMENDED that Cabinet recommends that Council:** **a) Undertakes a recorded vote in relation to the following items as required by the Local Authorities (Standing Orders) (England) (Amendments) Regulations 2014.** i) Agrees that a net budget of £356m, resulting in a total council tax requirement of £281.2m, is set for 2025/26 based on the draft local government financial settlement figures published by government in December 2024. ii) Agrees an increase in council tax of 2.99% for 2025/26 in respect of the basic annual threshold and the collection of the additional social care precept of 2%. iii) Confirms the key assumptions and provisions made in the budget as proposed and as set out in Appendix 3.

	iv) Agrees the allocations to service areas in the budget as set out in Appendix 5. v) Agrees the implementation of £7.8m of savings as set out in Appendix 5a. vi) Approves the flexible use of capital receipts efficiency strategy as the mechanism for funding the council's transformation related expenditure as set out in Appendix 6. vii) Approves the capital investment programme (CIP) as set out in paragraphs 84 to 97 and Appendix 7. viii) Approves the asset management plan as set out in Appendix 8. ix) Agrees the treasury management strategy (TMS) and prudential indicators as set out in paragraphs 100 to 103 and Appendix 9. x) Accepts and supports the formal advice of the chief finance officer on the robustness of the budget and the adequacy of the reserves as set out in paragraphs 118 to 124 and Appendix 10. **b) Accepts the government revenue and capital grant announcements linked to the 2025/26 local government finance settlement. This includes a £1.373m UK Shared Prosperity Fund (UKSPF) grant for 2025/26 split between revenue and capital as set out in paragraphs 37 to 40.** **c) Agree to borrow to fund the 2025/26 excess Special Educational Needs and Disability (SEND) High Needs DSG revenue expenditure above the government grant being made available. This is subject to clarification and negotiation with government, including whether or not a capitalisation direction will be required. A capitalisation direction may also be considered in respect of the associated interest costs.** **d) Approves an increase in the permanent pay bill of the authority due to the implementation of the pay and reward project from the £1.641m pa agreed in December 2024 to £2.793m pa (1.5%) after the end of the pay protection period.** **e) Delegate to the Chief Executive, in consultation with the Director of Finance, Leader, and Portfolio Holder for Finance, the allocation of any additional resources that become available through the final 2025/26 local government finance settlement or any other means.** **f) Approves the chief officers' pay policy statement 2025/2026 for consideration and approval by the council in accordance with the provisions of the Localism Act 2011 as set out in paragraphs 126 to 128 and Appendix 12.**
Reason for recommendations	The council is required to set an annual balanced budget presenting how its financial resources, both income and expenditure, are to be allocated and utilised.
Portfolio Holder(s):	Cllr. Mike Cox, Portfolio Holder for Finance
Report Authors	Adam Richens, Director of Finance adam.richens@bcpcouncil.gov.uk Graham Farrant, Chief Executive graham.farrant@bcpcouncil.gov.uk
Wards	Council-wide

Classification	For Recommendation

Overview of the proposed 2025/26 budget

1. The proposed 2025/26 Budget marks a watershed moment in the financial position of BCP Council. It is the first time the council will start a financial year with an accumulated deficit on its Dedicated Schools Grant (DSG) in excess of the total amount of its reserves and balances. In other words, it is the first time the council will start the year in a technically insolvent position. The Council is protected by the ongoing statutory override, but that is due to expire on 31 March 2026, by which time the government is committed to resolving the SEND budget. The matter is made even worse as the council will in 2025/26 have exhausted its treasury management cashflow headroom which up until now has been the mechanism by which it has been able to temporarily fund the excess high needs DSG revenue expenditure. Although the government are committed to establishing a permanent resolution to return the system to a financial sustainable position, any announcement on their proposals will be presented too late to be incorporated in the councils 2025/26 proposed budget. The consequence is that without some form of government support or guidance the council would be unable to present a legally balanced budget for 2025/26.

2. At the time of writing this report the discussions and negotiation with government remain ongoing. They focus on the fact that any solution is being seen as only temporary on the basis that the government have made a firm commitment to act to deliver a solution which addresses this issue and also returns the SEND system to financial sustainability. As local authorities can exceed their borrowing limits provided it is only temporary, consideration is being given as to whether or not a formal capitalisation direction (permission to borrow) is required to fund the £57.5m of revenue SEND High Needs expenditure above the £64.5m DSG government grant in 2025/26. Consideration is also being given to whether there would be any advantage to the authority in applying for a capitalisation direction to cover the costs that fall to the general fund from this arrangement being lost investment income / additional borrowing costs. The views of CIPFA and the External Auditor will be sought before any conclusions are reached.

3. BCP Council is not alone in facing the challenges presented by an accumulating deficit on its DSG caused by the level of annual revenue expenditure on SEND services exceeding the annual High Needs grant made available by the Department for Education (DfE). Nationally the accumulated deficit is estimated to reach £8bn by end of 2026/2027. BCP is, though, the first local authority to raise the cashflow issue directly with government. In a report issued by the Public Accounts Committee on the 15 January 2025 the committee's chair, Sir Geoffrey Clifton-Brown, issued an urgent call for Government to take action to improve a system which is failing the families who need it, and putting almost half of all councils in England at risk of effective bankruptcy within 15 months.

4. Setting the DSG issue to one-side, the general approach being taken as part of the 2025/26 budget and medium-term financial plan focuses on value for money, the council's financial health and ongoing sustainability and continues the approach of adopting a traditional and conventional approach to local government finances. It is however a budget that has to continually recognise the acute pressures caused by previous years of austerity, inflation uncertainty, current high borrowing rates and the exceptional demand pressures faced by all local authorities, and other public services, at this time. Principal amongst these is the impact of the following two major announcements included in the Chancellor of the Exchequer's 30 October 2024 national Autum Budget.

   - An increase in the National Living Wage by 6.7% or to £12.21 from April 2025.
   - An increase in National Insurance contributions from 13/8% to 15% with a reduction to the per-employee threshold at which employers become liable from £9,100 down to £5,000.

5. **Figure 1:** Analysis of the impact of the NLW and NI increases on BCP Council

Estimate £000's	
	National Living Wage
9,028	ASC - Commission Care Costs
957	Children's Services - Commissioned Care Costs
9,985	
	National Insurance Increase
5,200	Employeed Staff
4,870	ASC - Commission Care Costs
445	Children's Services - Commissioned Care Costs
10,515	
20,500	**Total costs associated with NLW and NIC**
	Specific Funding Contributions
(5,867)	Social Care Grant *(no resources for demand and other inflationary pressures)*
(3,318)	Estimated National Insurance Contribution Grant employed staff
(9,185)	
11,315	**Net Position on NLW and NIC**
4.38 %	**Council Tax Increase required to cover just NLW and NIC contribution changes**
5.00 %	**Maximum permissable Council Tax before a referendum**
0.62 %	Council tax increase available to cover demand and other inflationary pressures in not just Adults & Children but all other services provided by the council, the annual pay award for staff, extra interest costs of DSG deficits etc.

6. What figure 1 demonstrates is that after taking account of the additional government resources that could reasonably be applied in support of these specific government policies, 88% of the permitted 2025/26 council tax increase is required to cover the shortfall relating to these two government policy announcements. This leaves very little of the resources generated by a 4.99% council tax increases to support all the other demand and cost pressures the council will face.

7. In respect of the proposed 2025/26 budget, other key additional salient points include.

   a) In line with the government thresholds, to increase council tax by 2.99% for the basic element and 2% for the social care precept.

   b) Provision of £6.5m in extra resources to cover demand and inflationary pressures in the council's highest priority area, Children's Services. This is in addition to the £5.1m of permanent addition resources provided as an adjustment to the 2024/25 budget as agreed by Council in October 2024.

   c) Provision of £14.4m in extra resources to cover demand and inflationary pressures to the most vulnerable members of our community via investment in Wellbeing Services be that adult social care or housing services.

   d) Assumes the delivery of £7.8m in savings, efficiencies, and additional resources for 2025/26 with each saving supported by a detailed delivery plan with some supported by the application of one-off resources to phase in their implementation.

   e) Lifting on the freeze on all non-essential expenditure that was applied as part of the Council agreed budget for 2024/25.

Corporate Strategy

8. Consideration of the development of the 2025/26 budget for BCP Council will be within the context of the Council having been formed in 2019 as the most complex piece of Local Government Reorganisation in a generation. It will also be in the context of a unitary authority which is currently only in its sixth year of existence, with annual gross turnover of around £781m, and an annual net revenue budget which for 2024/25 was £357m. Consideration should also be given to the legacy impact on the organisation's financial and non-financial resources of the global Covid-19 public health emergency, the cost of living crisis, and a financial environment which saw the council enter the governments Exceptional Financial Support programme in 2022 and will again as part of this proposed 2025/26 Budget.

9. In setting the budget for 2025/26, it is also critical that consideration is given to the vision and ambitions of the council, ensuring that the organisation commits its limited resources in accordance with its stated priorities.

10. In support of this, a new BCP Corporate Strategy was developed following a change in administration after local elections in May 2023. This was adopted by the Council in January 2024. This Corporate Strategy replaced the Big Plan and previous Corporate Strategy and provides a simplified strategic framework, establishing a single set of key priorities and ambitions for the Bournemouth, Christchurch, and Poole (BCP) area.

11. The Corporate Strategy creates a vital component for policy development, service planning and performance management, enhancing good governance and transparency in decision-making.

12. As set out in the Corporate Strategy, the vision for the area is "**where people, nature, coast and towns come together in sustainable, safe and healthy communities**" with two key priorities and a set of ambitions for each:

    a) Our People and Communities – everyone leads a fulfilled life, maximising opportunity for all.

    b) Our Place and Environment – vibrant places where people and nature flourish, with a thriving economy in a healthy, natural environment.

13. These priorities are underpinned by our approach as a council, to be "an open, transparent and accountable council, putting our people at the heart of our services" with a set of guiding principles by which the council will work. This is shown in figure 1 below with an A4 version attached at Appendix 1a.

Figure 2: BCP Corporate Strategy

14. The Corporate Strategy is supported by delivery plans which will set out high level actions and SMART objectives to work towards the ambitions. Key performance indicators, published in a Delivery Plan, will help the council to monitor progress and identify trends.

15. Despite facing a persistently challenging economic climate, the council has advanced key priorities aimed at positively impacting residents, businesses and the local area. For instance:

- The council continues efforts to reduce the number of families temporarily housed in Bed and Breakfasts (B&Bs). The number of children in B&Bs over Christmas was reduced by 90% compared with last year, thanks to Bournemouth, Christchurch and Poole (BCP) Council's partnership efforts to address homelessness and the need for emergency accommodation. Additionally, despite an increase in demand, the council is on track to meet end-of-year targets.
- Targeted initiatives continue to focus on reducing the number of people rough sleeping across Bournemouth, Christchurch and Poole, with particular attention given to those who have been living on the streets long-term.
- Support remains consistent for individuals with learning disabilities and mental health conditions to ensure they are able to live independently, and where possible, are supported into employment. The Supported Employment Review has been recognised as one of six priorities in the co-produced Day Opportunities Strategy. Furthermore, the BCP Council-led Shared Lives scheme, which matches adults and young people with care and support needs with skilled carers to become part of their home and local community, was rated as 'Good' by the Care Quality Commission (CQC).
- The council has also collaborated with partners to deliver a new vision to support carers, outlining a commitment to improving the future for nearly 69,000 unpaid carers across Dorset, coordinated by the Pan Dorset Carers Steering Group. This group includes BCP Council, Dorset Council, carers across Dorset, and NHS Dorset.
- The council's School Attendance Team has been working closely with all schools across Bournemouth, Christchurch and Poole to identify priority pupils who are missing out on education.
- Upton Country Park has successfully completed the first phase of a £2.3 million Discovery Project, which celebrates the heritage of Upton Country Park by restoring, conserving, and interpreting its historical features and landscapes. This initiative has been made possible by the Parks for People Programme supported by The National Lottery Heritage Fund and The National Lottery Community Fund, alongside additional funding from BCP Council and the Friends of Upton Country Park. It aims to create a more accessible, sustainable, and vibrant attraction that will engage visitors through opportunities for learning, participation, and inclusive interpretation.
- The council continues to invite the input of communities on local matters, seeking views from neighbourhood groups, community organisations, and individuals as part of a Community Governance Review. This review supports the establishment of elected parish and town councils, which can make decisions about their own communities, invest in facilities, manage local assets such as recreation grounds, play parks, and community buildings, and organise events and festivals.
- The council was also given a clean bill of health by the Government in August 2024 following the removal of the 'Best Value Notice' meaning it had met all standards for delivering best value for residents. The Ministry of Housing, Communities and Local Government noted the council's work since the notice was given to update its transformation plan, work to improve its budget position, provide direction by delivering a corporate strategy, strengthen its leadership team and undertake governance reviews of subsidiary companies.
- The council also continues to prioritise its commitment to improve local highstreets and town centres, becoming one of only four areas across the UK to trial the High Street Rental Auctions scheme, leading the way and setting an example for other local authorities in filling empty shops.

Financial Strategy

16. A financial strategy designed to support the setting of a legal and robust budget for 2025/26 focused on conventional local government financial management processes and revenue sources was approved by Cabinet in July 2024. Developed by Cabinet working with Senior Officers, the strategy was focused on the following summarised workstreams.

a) Delivery of the February 2024 Medium Term Financial Plan (MTFP)

Deliver the assumptions included in the MTFP with specific emphasis on the assumed savings, efficiencies, additional fees and charges and service adjustments.

b) Dedicated Schools Grant (DSG)

Implement the 15-DSG recovery plan. Explore with the Ministry of Housing, Communities and Local Government (MHCLG) and Department for Education (DfE) a solution to the councils significant accumulating DSG deficit and how a legal balanced budget for 2025/26 can be set when the headroom in Treasury Management being used to cashflow the deficit will be fully exhausted.

c) Financial outturn 2023/24

Review of the 2023/24 Financial Outturn to consider extent to which the base revenue budget can be rebased to reflect income and expenditure patterns in the period since the 2024/25 budget was set.

d) Accommodation strategy

Ongoing review of underutilised and unused buildings with a view to rationalising the corporate estate and further consolidating the staff in the civic centre.

e) Corporate landlord model

Continue the work to develop and implement a virtual Corporate Landlord Model which in turn will support the production of a full Asset Management Plan.

f) Pipeline of capital receipts from asset disposals

Continue with the development of an ongoing programme of sales from assets no longer needed for service or strategic reasons.

g) Capital programme

Minimise new capital requirements/bids by only considering fully externally funded schemes, those where there is a legal requirement, and robust self-financing business cases that use the council's ability to borrow to invest in capital infrastructure and which additionally drive down operational costs or avoid demand pressures.

h) Transformation investment programme

Continue the delivery of the transformation business case with particular focus on the already programmed savings and the underlying need to resize the authority with the resultant reduction in the head count of the authority.

i) Fees and charges

Applying the principle of full costs recovery ensure all fees and charges are increased in line with the impact of inflation on the service including the impact of the pay award and the pay & reward workstream.

j) Service rationalisations

Consideration of services that the local authority is not required to provide and any expenditure on services that it currently provides above the statutory minimum.

k) Procurement and commissioning

Following the creation of an Officer Procurement and Contracts board, consider the extent to which improved contract management arrangements can drive better value for money arrangements.

l) <u>Harmonisation of services</u>

Continue to eliminate areas of difference in service standards across the conurbation following the 2019 Local Government Reorganisation.

m) <u>Review of the business rates collection fund</u>

Ongoing review of the Business Rates Collection Fund following the fundamental review undertaken with independent expert advice in support of the 2024/25 budget process

n) <u>An enabling council – A strength-based approach</u>

Continue consideration of the extent to which the community would be better placed to manage council assets, and the services delivered within them through volunteers and other sources of funding.

o) <u>Explore alternative structures for the delivery of services</u>

Explore via a community governance review, the extent to which a greater level of harmonisation can be achieved via the consistent transfer of services to town and parish councils

p) <u>Resident cards</u>

To potentially be introduced with potential differential charging approach between residents and non-residents.

q) <u>Integrated care system</u>

Discussions with the representatives of the new Integrated Care System (who represent the delivery of National Health Services across Dorset) with a view to determining how the two organisations can more effectively work together with a view to driving down the overall costs of the system.

r) <u>Housing Revenue Account (HRA) / Companies</u>

Update the 30-year HRA business plan following the creation of BCP Homes. This should be facilitated by a complete review of all recharges between the General Fund and both the HRA and companies, and vice versa, to ensure in line with latest best practice.

s) <u>Review of the balance sheet</u>

Continue ongoing review of the authority's balance sheet including reserves and provisions.

t) <u>Government reforms</u>

Continue to monitor various government proposals which will have a direct impact on either the cost base or income sources available to the council.

17. In addition, and in support of the financial strategy, Cabinet agreed to a 2024/25 in-year expenditure freeze as part of the 2024/25 budget report and a 2024 voluntary redundancy process to support future year savings at its meeting on the 2 October 2024.

18. In essence, the financial strategy has been designed to improve the overall financial resilience of the council, to provide more overall financial stability, and to ensure that the Council can set a balanced budget and manage the medium-term financial strategy, and to avoid what is referred to as a s114 report being issued. A brief explanation of a s114 report is provided in Appendix 1b.

Best Value Notice / CIPFA Financial Resilience Review

19. On 3 August 2023 the council was issued with a non-statutory Best Value Notice from DLUHC in response to concerns highlighted in an external assurance review they had commissioned because of the non-traditional approach taken by a previous administration. This external assurance review, which is an independent review into the council's governance arrangements, was undertaken by Leslie Seary the former Chief Executive of the London Borough of Islington and built on an Assurance Review carried out by the Councils Chief Executive.

20. A Best Value Notice is issued to "facilitate engagement with that authority and to obtain assurance of the steps it is taking to secure compliance with the Best Value Duty, as required by the Local Government Act 1999".

21. As an exercise in continuous improvement, the council welcomed both the external assurance review and Best Value Notice. In response, an action plan was developed and was regularly reviewed by DLUHC and Cabinet. These monitoring reports also picked up on the actions of the council's Chief Executive's internal assurance review carried out over a similar timescale.
22. One of the actions was for the council to commission a CIPFA financial resilience review. Such reviews can be requested in tandem to the one for external assurance of governance however, due to the assessment of our issues being particularly governance-related, the CIPFA review was only requested following the outcome of the governance review.
23. CIPFA undertook the necessary detailed work in September 2023, however their final report was significantly delayed due to their resource constraints and other priorities taking precedence. Their final report and the associated action plan were presented to Cabinet in July 2024. It is important to highlight that their findings highlighted that BCP Council had taken positive steps to improve its financial resilience since the BV Notice was issued and there were no critical recommendations.
24. As an outcome, in September 2024, the council received a letter from the Ministry of Housing, Communities and Local Government ((MHCLG) which set out that they would not be renewing the Best Value Notice. The letter thanked the council for its constructive engagement and the positively way it had worked with government to implement a range of improvement measures to address their identified concerns. BCP Council was one of the first councils not to have a BV Notice renewed.

Public Consultation

25. In support of the process for setting a budget for 2025/26, and as part of its commitment to being open and transparent, the council undertook a consultation asking residents and stakeholders for their views on the importance of council services, the level of council tax increase and priorities for spending. A questionnaire and consultation document were produced and available online and in paper format. The consultation was widely promoted through a press release and social media channels. The consultation was sent to residents and stakeholders signed up to the council's consultation register. The consultation closed on Friday 29 November 2024. Alongside the open consultation, the council decided to undertake a sample survey to obtain the views of a representative sample of residents.

26. In total we received 1,226 responses to the consultation questionnaire and 750 sample survey respondents. A summary of the consultation and sample survey findings and the full analysis report can be found in Appendix 1b.

Provisional Local Government Finance Settlement for 2025/26

27. On 18 December 2024, Jim McMahon, the Minister of State for Local Government and English Devolution, announced the 2025/26 provisional local government (LG) finance settlement. This was preceded on the 28 November 2024 by a local government finance policy statement which set out some detailed assumptions in advance of the settlement.

28. Figure 3 below sets out the impact of the provisional 2025/26 local government finance settlement on the unringfenced grant allocations as it pertains to BCP Council.

Figure 3: Provisional LG 2025/26 Finance Settlement - Unringfenced grants

	2024/25 £m	2025/26 £m	Change £m
Unringfenced Grants			
Revenue Support Grant (RSG)	4.2	4.4	+0.2
- Specific Grants rolled in RSG	0.1	0.0	-0.1
Service Grant	0.4	0.0	-0.4
New Homes Bonus	0.1	0.3	+0.2
Recovery Grant	0.0	0.0	-
	4.8	**4.7**	**-0.1**

29. Once again, the announcement was later than expected; it was issued the day before the Parliamentary Christmas recess, and it was also the 7th consecutive one-year settlement. These issues combine to create difficulties for all local authorities by shortening the time available to react and undermining their ability to undertake accurate long-term financial planning.

30. In presenting the provisional settlement government will make reference to it providing for a 5.4% increase to the "spending power" of the council in 2025/26, which was 5.7% nationally. This indicator captures the main streams of government funding to local authorities but can be confusing as it also includes.

    a. 100% of the extra resources that the council would generate if it increased council tax by the maximum permitted 4.99% in 2025/26.

    b. 100% of the extra resources that the council will be able to retain locally from the 1.7% September 2024 inflationary increase to business rates.

31. Therefore, substantially the provisional LG 2025/26 finance settlement announced a reduction in the general unringfenced grants made available to support the authority in the substantial financial challenges it is facing at this time. This included confirmation that the council will not receive an allocation from the new £600m Recovery Grant introduced for 2025/26. This grant is being allocated to areas with the greatest need and demand for services and less ability to raise income locally. BCP Council did not receive an allocation under this funding formula because it is an area with a relatively high council tax base and is therefore deemed to be able to generate more of its resource needs locally via council tax. This approach creates a significant concern for the future as the government also announced a consultation document on Local Government Funding Reforms with a phased implementation beginning with the first year of the multi-year settlement in 2026/27.

32. Early work by a national modelling organisation suggests that BCP Council could see up to a £12m per annum reduction in Revenue Support Grant from these future funding reforms. At this stage the MTFP makes no financial planning assumptions relating to this assumed outcome as the work remains at an early stage and the council will be lobbying to the encourage government not to implement a funding formula that takes local resources, predominately raised via council tax and business rates, and redistributes them nationally.

33. The provisional LG Finance Settlement did though announce increases in a number of specific grants that have to be applied in line with the governments funding conditions. This includes the social care grant (as referenced in paragraph 4 of this report), the Homelessness and Rough Sleeping grant (24% increase from £7.051m to £8.723m), Children's and Families Grant (21% increase from £2.127m to £2.566m) and a new Children's Social Care Prevention grant (£0.966m allocation) to invest in additional prevention activity through transition to family help and its national roll out. In respect of specific government grants to support capital expenditure there was a significant 39% increase in the Highways Maintenance grant (£7.478m from £5.390m) and the Disabled Facilities Grant was increased from £3.838m to £4.366m although unusually this increase was backdated and applied from 2024/25 onwards.

34. The other significant element of the provisional settlement was confirmation that government will be making a total amount of £515m available nationally to compensate local government for the impact of the National Insurance Contributions increase on councils as employers of staff. However, individual allocations to local authorities will not be published until the final settlement normally issued in early February. This is on the basis that the data set they are proposing to use is not yet complete. For the purposes of drafting this budget proposal the assumption is that the council will receive £3.3m compensation for the increase in employer national insurance costs for its employed staff which is an annual £1.9m shortfall compared to the £5.2m forecast increase to the councils cost base from 2025/26. The actual impact is more than £5.2m however it is a standard assumption in such situations that services which are paid for via fees and charges, grants, capital, the housing revenue account or are full cost recovery will adjust their charges/recharges as appropriate. The council's response to the consultation issued in respect of the provisional 2025/26 settlement is attached as Appendix 1d.

Extended Producer Responsibility

35. Alongside the provisional LG Finance settlement, the government also announced further details of this policy designed to help achieve environmental goals such as recycling by making producers responsible for their products along their entire lifecycle including the post-consumer stage. In 2025/26 BCP council have been given a guaranteed allocation of £9.447m to help offset costs associated with waste collection and disposal.

36. Regarding future years there is a high degree of uncertainty. It is clear that the Scheme Administrator (PACK UK) will be required to assess the effectiveness of the council's waste management services, and the amount received will no longer be guaranteed and will be impacted by the market's reaction to these costs and their activity to reduce packaging and increase recycling. At this stage a 20% reduction in 2026/27 and further 10% reduction in 2027/28 have been assumed in the grant allocation. In future years the arrangement may have an impact on costs associated with recycling and waste disposal and there may also be the need for additional service costs to ensure compliance with this new government policy. The Environment Service are looking to engage leading sector specialist to help ensure the robustness of the council interpretation of the policies financial implications.

UK Shared Prosperity Fund (UKSPF)

37. The UKSPF was introduced in 2022 as a three-year programme as part of the levelling up agenda to support all places across the UK. Underneath the overarching aim of building pride in place and increasing life chances, there are three UKSPF investment priorities of communities and place, supporting local business, and people and skills.

38. The council's 2022 allocation of £4.195m successfully delivered outputs and outcomes across business, communities and skills in line with the approved investment plan. Activity is governed by the Local Partnership Group and the council's UKSPF Strategic Board, with progress reported to government.

39. In December 2024, the programme was extended for a further year with the council to receive in 2025/26 a total of £1.373m, split as £1.119m revenue funding and £0.254m for capital.

40. This report via recommendation (b), requests that the UKSPF extension is accepted by Council and spent in line with the existing already approved investment plan with existing governance arrangements to continue. Overall responsibility for the investment plan is to be delegated to the Chief Operations Officer in consultation with the Portfolio Holder for Destination, Leisure and Commercial Operations. A report reviewing the programme and its successes will be brought to Cabinet in 2026/27

Quarter 3 Budget Monitoring Report – 2024/25

41. The December projection for the current 2024/25 financial year is that the council will manage its budget within the parameters of the February 2024 Council approved resources for the year. This estimate is an improvement from the quarter two forecast £2.964m overspend and reflects a combination of the continuation of the application of strictly controls over expenditure and budget holders applying mitigation strategies to reduce or manage previously identified service pressures.

42. At this stage the balanced forecast has been achieved without drawing down the entire £7.9m of corporate contingencies set aside as part of the original budget to manage risks including that associated with the delivery of £38m of assumed savings. The residual £0.9m not being applied at this time will help address any volatility in a number of estimates including those associated with contributions towards social care costs, inclusive of those from the NHS and other local authorities.

43. As a matter of principle should any surplus resources be available at year end then consideration with be given, as recognised in the Treasury Management Strategy, to the voluntary repayment of debt bearing in mind the budget for the year adopted a different strategy to debt repayment from that previously applied.

44. Full details of the quarter three Budget Monitoring report and latest forecast for 2024/25 are presented as a separate report on this Cabinet agenda.

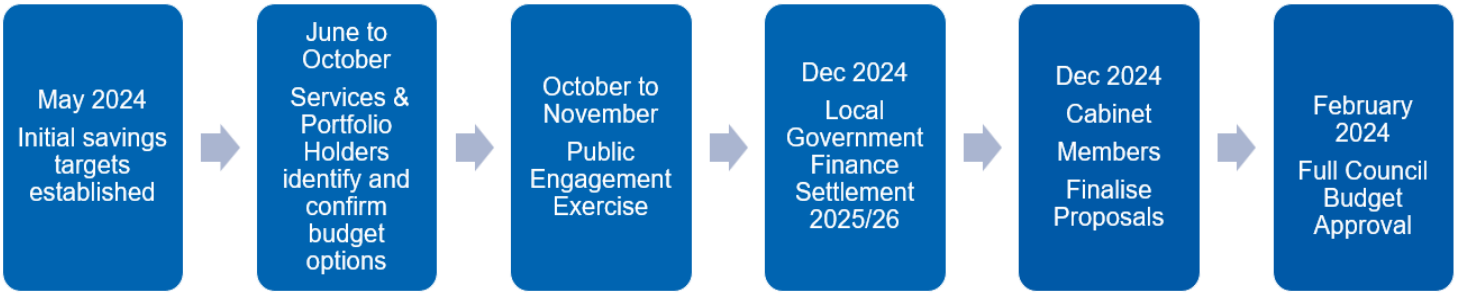
2025/26 Proposed Budget

45. Council has a legal responsibility to set an annual balanced budget (Local Government Finance Act 1992) presenting the plan for how its financial resources are to be allocated and utilised. In that context the budget for 2025/26, and the MTFP, should be seen in the context of a rolling, evolving process structured to enable the ongoing proactive management and prioritisation of the council's resources. It is therefore an evolving document which will be constantly changing, and which will require regular monitoring with actions taken to mitigate variations as they occur. As such Cabinet have been clear that work will remain ongoing in relation to efforts to materially improve the council's financial sustainability and resilience.

46. As a relatively new council, setting the budgets in the first seven years has been a challenge due to the lack of historic data and trend information for the council as a single entity. Stability around this position has been and will continue to be impacted by the ongoing uncertainty around the impact and long-term consequences of Covid-19 alongside that caused by the cost-of-living crisis and other global economic events.

47. The budget planning process and timetable in support of the 2025/26 budget were approved by Cabinet in July 2024. A high-level summary can be shown as follows.

Figure 4: High level summary of the budget planning process



48. The key dates in the 2025/26 budget setting process can be set out as follows.

July 2024	Cabinet – Quarter 4 - Financial Outturn 2023/24
July 2024	Cabinet - MTFP update report
September 2024	Cabinet - Quarter 1 - 2024/25 budget monitoring.
October 2024	Cabinet - MTFP update report.
October 2024	Budget Consultation Exercise Opens
November 2024	Budget Consultation Exercise Closes
November 2024	All Members – Draft developing 2025/26 Budget Presentation
December 2024	Cabinet – Quarter 2 – 2024/25 budget monitoring
December 2024	Cabinet – MTFP update report.
December 2024	Cabinet – Cashflow crisis caused by demand, cost for high needs
January 2025	Cabinet - Council Tax – 2025/26 tax-base report.
January 2025	Audit & Governance Committee (Treasury Management Strategy)
January 2025	All Member – Final proposed 2025/26 Budget Presentation
January 2025	Presentation to representatives from Commerce & Industry
February 2025	Cabinet - Quarter 3 – 2024/25 budget monitoring.
February 2025	Cabinet – 2025/26 proposed budget & MTFP update.
February 2025	Councill – 2025/26 proposed budget and council tax setting.

49. In addition, and in support of the process, the council's constitution has been updated in 2024 by way of new Budget and Policy Framework Procedure Rules which enhanced governance and safeguard arrangements around any proposed alternative budget proposals.

50. Furthermore, steps have also been taken to enhance the associated Budget Overview and Scrutiny arrangements. This included an all-members Budget Skills Training for Councillors session which was held on 29 July 2024, which was followed, in September 2024 by Directorate Budget Awareness sessions and during October 2024 by task & finish working groups to explore key lines of enquiry within their area of responsibility. The areas considered in further detail were as follow.

Children's Services Overview and Scrutiny Committee

School Transport costs

Care growth forecast

Health and Social Care Overview and Scrutiny Committee

Demand Management (Adult Social Care)

Environmental and Place Overview and Scrutiny Committee

Climate & ecological emergency budget including costs associated with reaching net zero ambitions

Bed and breakfast costs and temporary accommodation

Overview and Scrutiny Board

Car Parking Charges

Residents card

51. Following the task and finish groups a series of recommendations were made to the Overview and Scrutiny Board. These recommendations fell into 3 categories.

    a. Recommendations to Cabinet on budget matters.

    b. Recommendations to Cabinet on matters not specifically related to the budget.

    c. Recommendations from the Overview & Scrutiny Board to other Overview & Scrutiny Committees.

52. Regarding (a) above the recommendations to Cabinet on budget matters, these were included as a separate item on the 10 December 2024 Cabinet agenda as "Recommendations from the Overview & Scrutiny Committees". Portfolio Holder responses to these recommendations are now presented as Appendix 3a to this report. BCP has been recognised by the Centre for Governance and Scrutiny as a leader of good practice in terms of the budget scrutiny process adopted to support the 2025/26 budget.

53. In relation to officers, financial management training is also being provided for budget holders and all directors to ensure maximum efficiency in managing our budgets and clear financial understanding amongst our senior managers.

54. Figure 3 below sets out the current Medium-Term Financial Plan (MTFP) to 2028. As a reminder to Cabinet, the table sets out changes in the revenue budgets on an annual basis, either positive numbers which represent additional costs to be met, or negative numbers 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 be reversed out in a following year. For example, there is currently a £3.7m pressure in 2025/26 in respect of one-off savings that were approved for 2024/25. A more detailed summary statement is presented as Appendix 4 and 5.

55. Key features of the 2025/26 proposed budget as presented include.

- £49.0m planned increase in council spending across all services. This is not drawn out in Figure 5 on the basis the numbers are presented net of any specific government grants.
- £14.4m (11.5% increase) to cover demand and inflationary cost pressures in wellbeing services including adult social care and homelessness services.
- £6.5m (7% increase) to cover demand and inflationary cost pressures in children's services.

- £7.8m of savings, efficiencies, service reductions, and additional fees and charges across services including £1.7m which has been established as transformation related all of which is supported with a detailed delivery plan.
- 2.8% assumed pay award for 2025/26.
- 4.99% increase in council tax for 2025/26 made up off 2.99% for the basic amount and 2% for the social care precept. Subject to necessary directions the social care precept will no longer be shown as a separate line on the council tax bills. The financial planning assumption for future years is also 4.99% in line with the OBR forecasts
- Continuation of the utilisation of the one-off business rates collection fund surplus as per the 2024/25 approved budget. In 2025/26 these resources are being used to continue to facilitate the delivery of council regeneration activity and the externalisation of the Russell Cotes Museum ambitions, as well as assisting with the one-off costs associated with Pay and Reward, and steps to improve the robustness of the budget proposal.

Figure 5: Medium Term Financial Plan to 31 March 2028

	Revised Budget 2024/25	Jan 2025 MTFP Position (updated from February 2024)			
Service Pressures (net of any specific grant changes)	£m	25/26 £m	26/27 £m	27/28 £m	Total £m
Wellbeing Directorate	125.5	14.4	6.0	6.2	**26.6**
Children's Directorate	92.3	6.5	5.3	5.3	**17.0**
Operations Directorate	31.7	7.1	(0.1)	2.3	**9.3**
- Operations Directorate: Waste & Extended Producer Responsibilty	29.5	(8.7)	1.9	0.8	**(6.0)**
Resources Directorate	41.4	2.4	0.2	0.0	**2.6**
Service Pressures (net of any specific grant changes)	**320.4**	**21.7**	**13.3**	**14.5**	**49.5**
Savings, Efficiencies, Fees & Charges					
Wellbeing Directorate		(2.8)	(0.9)	(0.8)	**(4.5)**
Children's Directorate		0.0	0.0	0.0	**0.0**
Operations Directorate		(2.7)	(3.3)	(2.0)	**(8.0)**
Resources Directorate		(0.7)	(0.1)	(0.1)	**(0.9)**
Transformation		(1.7)	(3.5)	(5.2)	**(10.4)**
Reversal of one off savings in 2024/25		3.7	0.0	0.0	**3.7**
		(4.1)	**(7.9)**	**(8.1)**	**(20.1)**
Corporate Items - Cost Pressures	**21.7**	**4.8**	**7.1**	**6.2**	**18.2**
Funding - Changes	**(338.7)**	**(23.0)**	**(10.4)**	**(17.6)**	**(50.9)**
Annual – Net Funding Gap	**3.4**	**(0.6)**	**2.1**	**(4.9)**	**(3.4)**
Application of one-off business rates resources to MTFP	**(3.4)**	**0.6**	**2.8**	**0.0**	**3.4**
Annual – Net Funding Gap	**0.0**	**0.0**	**4.9**	**(4.9)**	**0.0**
Cumulative MTFP – Net Funding Gap		**0.0**	**4.9**	**0.0**	

Please note: The MTFP as presented does not provide for two specfic known unknowns namely any potential impact of the governments funding reforms and future waste strategy.

56. Full details of the service pressures, corporate costs pressures and funding changes, where not referenced elsewhere in this report, are as set out in Appendix 3. A summary of the key assumptions can be set out as follows.

Figure 6: Key Budget & MTFP Assumptions

Key MTFP Financial Planning Assumptions

	2025/26	**2026/27**	**2027/28**
Council Tax: Core	2.99%	2.99%	2.99%
Council Tax: Social Care Precept	2.00%	2.00%	2.00%
Pay Award	2.8%	2.0%	2.0%
Mininum Increase in Fees & Charges	2%	2%	2%
National Living Wage (NLW) *% Increase in the National Living Wage*	6.7%	2%	2%
	Dec-24	Dec-25	Dec-26
Bank of England - Base Rate	4.75%	4.00%	3.50%

Please note:
a) The increase in fees and charges should be regarded as a minimum increase to those not set by statute. The principle of full cost recovery may mean increases above these levels for example were costs are likely to rise by the National Living Wage which the government have confirmed will be £12.21 per hour in 2025/26 an increase of 6.7% over the £11.89 amount for 2024/25.
b) Current December 2024 Bank of England Base Rate is 4.75%.

Savings and Efficiencies

57. Across the first seven years of BCP Council the savings have flowed from reduced staffing, lower operational costs, from creating common and consistent charging policies or from reduced service levels. A detailed schedule of all the assumed savings supporting the proposed budget for 2025/26 is presented as appendix 5a, which includes those savings attributed to the council's various transformation programmes. Each of these savings is underpinned by a detailed plan for delivery.

58. In respect of the Transformation Programme, managers have worked closely with heads of service and directors and given the priority of setting a balanced budget the focus of attention has been on the identification of savings. Care has been taken to ensure the correct categorisation of savings and to avoid duplication or double counting. Cabinet on the 15 January 2025 received a report setting out the completion of the main Transformation programme noting that specific programmes in Adult Social Care and Children's Services will continue as will ongoing work to reduce the head count of the authority.

59. The scale of the ongoing challenge faced by BCP and all other local authorities means that difficult choices concerning service changes must be made by the Council to ensure a legally balanced budget for 2025/26 can be set. Although focused primarily on discretionary services, consideration has also been given to statutory services and reducing service levels towards the statutory minimum.

60. It should also be highlighted that as a matter of policy, the budget assumes that all locally set fees and charges will be increased at least in line with inflation and/or be adjusted to ensure they are set at a level which guarantees full cost recovery including the impact of the National Living Wage set for 2025/26 and the increase to Employers National Insurance costs.

61. The proposed £7.8m savings supporting the delivery of the 2025/26 budget includes £317k from not continuing with the annual allocation of resources as a Ward Improvement Fund. Forecasts indicate that only £100k of the amount made available in 2024/25 will be used. Any unspent 2024/25 resources will be carried forward for use in future years.

62. The table below sets out the level of savings which have been put forward since 2019 as part of the process of balancing the annual budgets. This demonstrates that the savings have been particularly focused on the two previous financial years.

Figure 6: Annual Service based savings since 2019 (shown on an incremental basis)

	Budgeted 2019/20 £m	Budgeted 2020/21 £m	Budgeted 2021/22 £m	Budgeted 2022/23 £m	Budgeted 2023/24 £m	Budgeted 2024/25 £m	Estimate 2025/26 £m	Total £m
Total	(11.2)	(9.4)	(20.7)	(6.6)	(34.0)	(38.0)	(7.8)	(127.7)

Council Tax

63. In proposing a Council Tax for 2025/26 the Cabinet has reflected on the fact that it is government policy to fund cost pressures in local government principally through the ability to raise council tax, including the social care precept. Recognition has also been made of the need to ensure that every step is being taken to align the council's expenditure with the resources at its disposal.

64. The proposal is to increase council tax by 4.99% in 2025/26. This increase can be broken down into a 2.99% increase in relation to general inflationary pressures and an additional 2% relating to the social care precept.

65. The financial planning assumption for future years continues to be that council tax will be increased by 4.99% per annum in line with the Office for Budget Responsibility (OBR) economic and fiscal outlook forecasts which accompanied the October 2024 Autumn Budget.

66. The strategic approach taken by government since its 2015 spending review is that local councils can increase council tax as a mechanism for funding cost and demand pressures in local services. For the last 10 years in a row (since 2016/17), this has included the use of the Adult Social Care council tax precept as a means of asserting national direction on how such resources should be applied. From 2025/26 the government intent is that the social care precept is not shown separately on the actual council tax bills.

67. As a reminder the table below sets out the levels that government legislated for BCP Council to increase its council tax by in comparison to the actual levels of council tax set over the last 5-year period. Note, the 2021/22 Social Care precept was identified as being available to be taken in either 2021/22 or 2022/23. BCP Council chose to defer the full increase to 2022/23.

Figure 7: BCP Actual Council Tax Increases compared to Government Thresholds

	Government Assumed Increases (thresholds)			BCP Council Actual Increases		
	Basic %	Social Care	Total	Basic %	Social Care	Total
2021/22 Financial Year	1.99%	3.00%	**4.99%**	1.55%	0.00%	**1.55%**
2022/23 Financial Year	1.99%	1.00%	**2.99%**	0.00%	4.00%	**4.00%**
2023/24 Financial Year	2.99%	2.00%	**4.99%**	2.99%	2.00%	**4.99%**
2024/25 Financial Year	2.99%	2.00%	**4.99%**	2.99%	2.00%	**4.99%**
2025/26 Financial Year	2.99%	2.00%	**4.99%**	2.99%	2.00%	**4.99%**

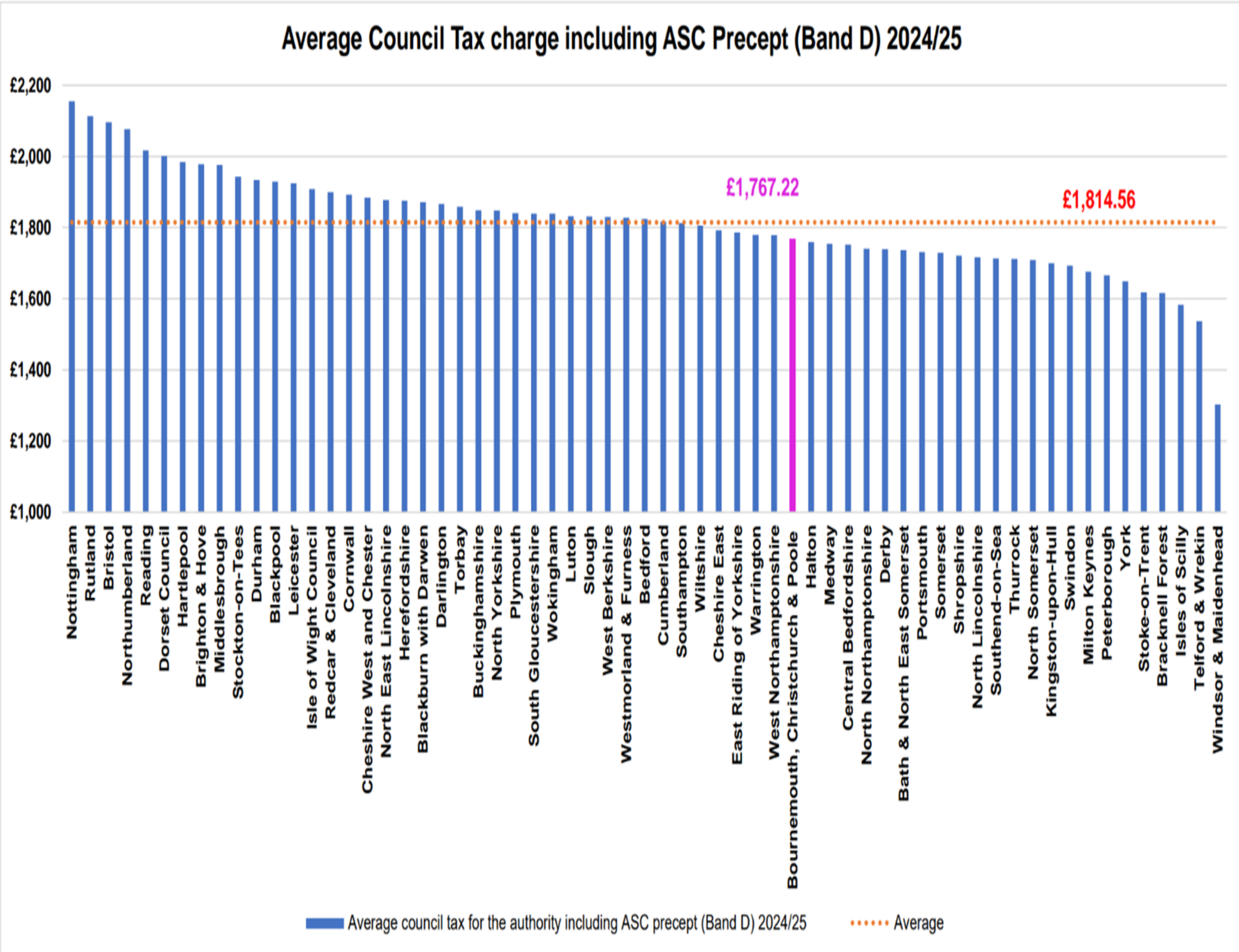
- Please note social care precept for 2021/22 could be carried forward into 2022/23

68. Previously the council has requested, but not been granted, the flexibility to increase council tax by the additional 2.43% that it could now be charging if it had increased its amounts in line with government policy across the two-year time horizon 2021/22 and 2022/23. If government had sanctioned this adjustment, it means the council would have been able to avoid approximately £6.5m per annum of the service reductions that it has otherwise had to put forward over the last few years.

69. The BCP Band D council tax for 2024/25 is £1,767.22. The equivalent council tax for our nearest neighbour Dorset Council was over 13% higher at £2,001.15. This equates to approximately £35.5m per annum in additional resources BCP Council could be generating based on the BCP 2025/26 tax base if it had Dorset Council's level of Council Tax. It should be recognised that in

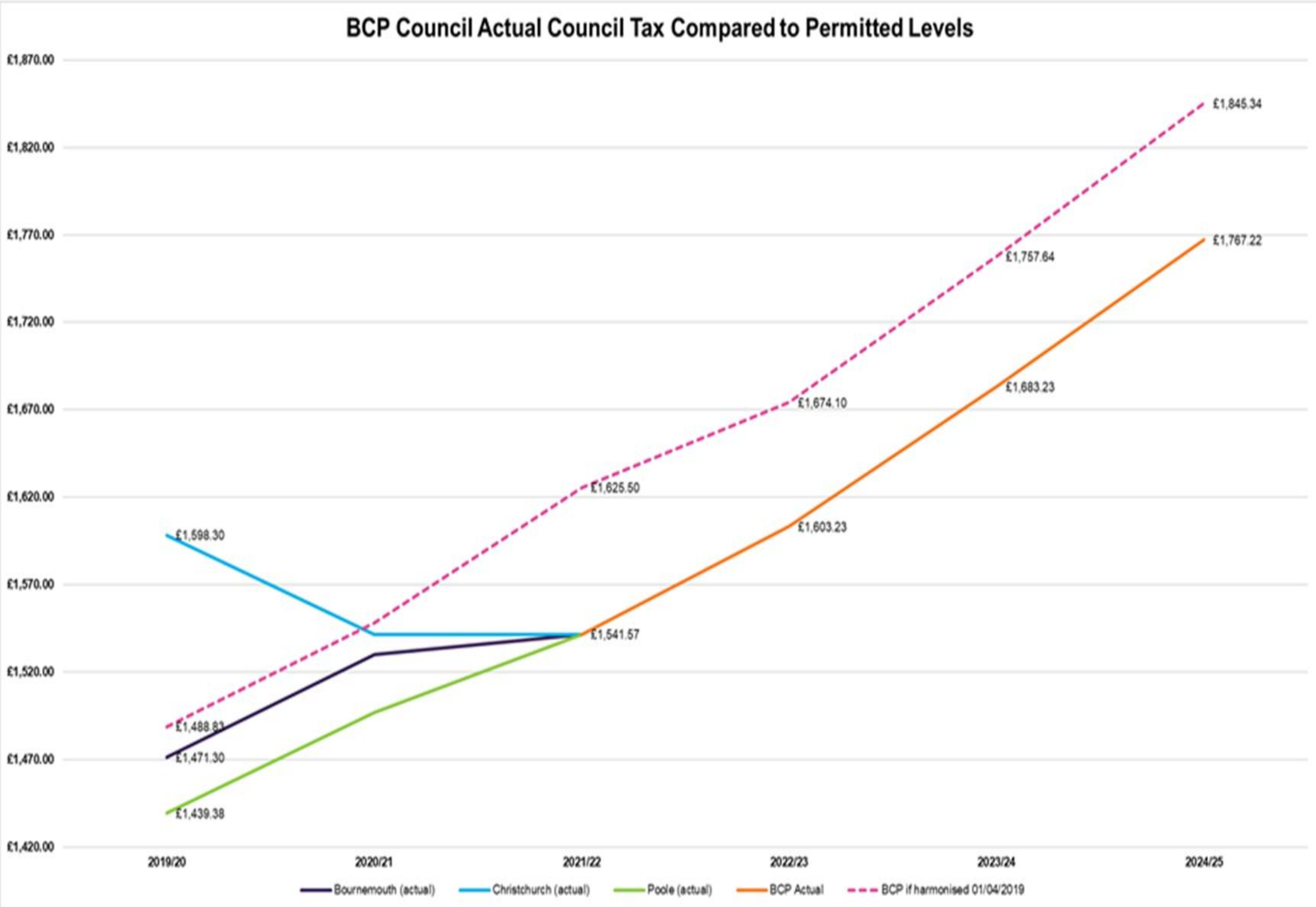
comparison to other unitary councils BCP Council has a council tax level which is below the average and would have still been below the average if it had increased its Council Tax by the 2.43%.

Figure 8: Unitary Authorities 2024/25 Average Council Tax Levels



70. Figure 9 below demonstrates that if the council tax had been harmonised in April 2019, as the new Dorset Council did, and followed government guidelines and applied the maximum increases since then, then cumulatively our council tax would have been £1,845.34 in 2024/25 which is 4.4% higher than the cumulative £1,767.22 actual rate set. We are therefore clear that this council has locally decided not to generate and therefore forfeit the £11.8m per annum extra revenue that we could have been generating. While this is an annual benefit to our local council taxpayers it will have had a direct impact on the level of services the council has been able to provide.

Figure 9: BCP actual council tax levels compared to permitted levels.



Dedicated Schools Grant

71. The most significant risk to the council's financial sustainability continues to be the current and growing deficit on the Dedicated Schools Grant (DSG) specifically regarding the annual revenue expenditure on the high needs block being more that the annual government grant. The predicted £44.6m annual funding gap for 2024/25 (72%) is forecast to grow to an annual funding gap of £57.5m (92%) in 2025.26.

Figure 10: Forecast High Needs Revenue Expenditure 2024/25 and 2025/26

Revenue Expenditure	Original Government Grant 2024/25 £m	Original Budget 2024/25 £m	Latest Estimate 2024/25 £m	Original Government Grant 2025/26 £m	Original Budget 2025/26 £m
DSG - Grant Funded Expenditure	62.3	62.3	62.0	64.5	64.5
Additional Budgeted Expenditure		28.0	28.0		57.5
Further Additional Expenditure			16.6		
Total Estimated Expenditure	**62.3**	**90.3**	**106.6**	**64.5**	**122.0**
Dedicated Schools Grant (DSG) Funding	-62.3	-62.3	-62.0	-64.5	-64.5
Total DSG Grant Funding	**-62.3**	**-62.3**	**-62.0**	**-64.5**	**-64.5**
Net Overspend / Unfunded	**0.0**	**28.0**	**44.6**	**0.0**	**57.5**

72. Once a small adjustment on the other elements of the DSG is taken into account, it means the accumulated annual DSG deficit is forecast to grow from £63.5m on 31 March 2024 to £108m on the 31 March 2025 and £165.5m on the 31 March 2026. This means that from the 1 April 2025 onwards the council will technically be insolvent as the DSG deficit is greater than the councils total general fund reserves. Ordinarily any council in such a position would be required to issue what is referred to as a s114 report which would put the council into effective administration and in turn lead to further government intervention. However, this action is currently not necessary as the government have put in place, to 31 March 2026, a statutory override which enables the council to ignore the DSG deficit for the purposes of a s114 assessment.

73. Despite not having the government grant to fund these SEND bills they still need to be paid, and all councils are prohibited from borrowing to fund the day-to-day operational/revenue expenditure. Up until 2025/26 the council has been using what is referred to as its “treasury management headroom” to enable the relevant invoices to be settled. Generally, this headroom is the timing difference between receipts for council tax or business rates arriving and the date when the actual bills they fund are paid, alongside any cash-backed balance sheet items such as reserves and provisions. Forecasting indicates this headroom will be exhausted in the first quarter of the 2025/26 financial year.

74. It should be recognised that if the council did not have to cover this deficit this cash would be earning interest or would enable a lower level of external debt to be held. Therefore, cash flowing the DSG deficit is estimated to cost the council in the region of £4.7m in 2024/25, and a further £7.5m in 2025/26, a cost incurred due to mostly external factors beyond the council’s control and one that the council has had limited power to tackle.

75. The consequence of being unable to cashflow the DSG deficit in 2025/26 means the Council would have been unable to set a legally balanced budget for 2025/26. Therefore, as part of the precursor to a formal s114 report the council’s Director of Finance wrote to DLUHC on the 22 May 2024 to seek its advice, guidance and support on how a legally balanced budget for 2025/26 could be set.

76. The statutory override is in place to avoid some of the serious consequences of having such a large and growing deficit but has now itself become a threat to council’s financial stability as it is a debt the council is not permitted to tackle proactively, and it is one that the government are not providing an effective long term financial solution to manage. This is an impossible situation where the council cannot pay off the deficit, but the increase of the deficit threatens the financial sustainability of the council and puts services at risk.

77. The letter from the Director of Finance was supplemented by correspondence from the Council Leader and Local MPs which highlighted the precarious position the council is in and encouraged government to find a solution. Full details of the issue and all the correspondence was set out in report to Cabinet on the 10 December 2024.

78. In response, representatives of the MHCLG and DfE met with the Council’s Chief Executive and Director of Finance on both the 19 December 2024 and 23 January 2024. As set out in section 2 of this report negotiations remaining ongoing. Currently they are focused on the fact that as part of its treasury management headroom councils can exceed its borrowing limits provided it is only temporary. The government’s view is that any such borrow would be temporary as they are committed to act to deliver a solution which addresses this issue and returns the SEND system to financial sustainability. A capitalisation direction (permission to borrow) may though be sought to cover the £12.2m impact on the general fund from lost investment income / additional borrowing costs.

79. For background the government have issued capitalisation directions to 19 authorities in 2024/25. These include Birmingham (£685m), Bradford (£140m), Croydon (£38m), Nottingham (£41m), Plymouth (£72m), Somerset (£77m) and Southampton (£122m). None of these related the expenditure on the SEND service. The public announcement on these indicative announcements were made on the 29 February 2024.

80. The only other real option open to the council to set a legally balanced budget for 2025/26 would be to reduce the SEND expenditure to be in line with the government’s High Needs grant allocation.

81. Focusing on the service aspects, the number of Education, Health and Care Plans (EHCPs) continues to rise to 4,343 in November 2024 compared to 3,683 in November 2023, representing a percentage increase of 17.9% across the calendar year. This is having an impact on our ability to maintain timeliness and service the annual requirements of the volume of plans in the system due to the available budget. Improvement work continues to focus on the process and pathways in use to streamline processes and make efficiencies where possible.

82. When comparing to the demand in the Southwest region and England nationally, BCP is broadly in line with rates per 10k and new assessment request levels.

83. Six week and 20-week timeliness for new assessments (ECHNA) remains strong as it has been for the last 12 months, however the increase in service demand for new ECHNAs does mean that the 100% position achieved and held for most of the last 12 months will now deteriorate. A potential forecast for timeliness given the current level of demand against the budget for education psychologists and associated SEND case officer roles for quarter four will result in 55%-70% completion at 6 weeks and 20 weeks and the creation of a new backlog. Arrangements will be made to prioritise and protect the most vulnerable children i.e. those with an elective home education or known to social care. Whilst there will be a deduction in timeliness this will still be broadly in line (or ahead of) the national average for timeliness. Furthermore, it should be noted that the SEND service's caseload is now 18% higher than this point last year. This creates pressure on the ability to manage new requests and service the plans already in the service; this is the case for the SEND assessment and review service and the SEND strategic service area; particularly the educational psychology service and appeals and mediation processes and service area.

Capital Investment Programme (CIP) - Overview

84. The capital strategy is based on the following core principles:

- Capital projects are supported by appropriate business cases, that clearly identify funding sources and are approved in accordance with the council's financial regulations. No project that relies on government grant, external funding (including third party contributions) or capital receipts can commence until the council has complete assurance the funding will be / has been received or has otherwise explicitly agreed to accept the risk.
- The use of prudential borrowing for capital projects where no alternative source of funding is identified must comply with published HM Treasury PWLB borrowing restrictions. Business cases must demonstrate the debt is affordable, prudent, and sustainable and that the council is able to meet annual borrowing repayments. The council's overall borrowing capacity is set out in its treasury management strategy.
- Interest rates from the council's invest-to-save framework (which provides a framework through which to recognise an appropriate level of risk for each project) are applied to all business cases that rely on future income streams from which to meet annual borrowing repayment costs. Such business cases are required to show the impact on affordability by reference to the current prevailing and the invest to save interest rates.
- BCP Council's capital resources (community infrastructure levy (CIL), developer s106 contributions, capital reserves, capital receipts) are prioritised towards:
    - commitments under the council's flexible use of capital receipts strategy (FUCR)
    - schemes which require a local contribution to leverage in capital grants or external capital contributions
    - schemes which enable delivery of the savings assumed within the MTFP
    - schemes which enable the council to exploit its assets
    - schemes which protect key infrastructure
    - schemes considered a corporate priority.
- No resources are earmarked within the capital strategy for the consequential impacts of capital investment on the council's revenue budget (for example programme maintenance). These must be identified and managed within revenue budgets set as part of the MTFP.

- Funding earmarked for delivery of the capital strategy (including external government grant and new borrowing facilities) is only recognised within the capital programme as these funds are used / allocated to approved capital projects.
- Capital receipts, besides the funding of the transformation investment programme via the FUCR strategy will also be considered for application as part of the Treasury Management Strategy towards the voluntary repayment of debt.

85. Figure 10 below presents a high-level summary of planned capital spend over the next five years. It is forecast that £136m will be spent in 2025/26 and a further £97m in the following four years creating a total 5-year programme of £233m spend on assets and infrastructure across the conurbation.

86. In line with the Council Financial Regulations which allow capital budgets to be reprofiled between years following activity slippage, nearly £70m has been reprofiled and carried forward from 2024/25 to 2025/26 based on forecast expenditure in December 2024. Further reprofiling may be necessary at year end depending on actual expenditure incurred to that point. In the event that more expenditure than anticipated is incurred for reprofiled projects, the budget will be taken back to cover the 2024/25 spend in full.

87. £30m is planned to be spent on Highways maintenance, improvements, asset management and bridges in 2025/26. This represents 22% of the Capital programme. This activity is almost fully funded from government grants such as the Transforming Cities Fund, Highways Maintenance grant (Local Transport Plan), Bus Service improvement grant, Active Travel, etc.

88. £33.8m is planned to be spent on seafront and flood and coastal erosion activity in 2025/26 mainly funded from the Levelling up fund and Environment Agency grants, representing 25% of the programme.

89. £22m of the programme is taken up by sustainable waste, green infrastructure and fleet. This represents 16% of the CIP.

90. The remaining 37% of the CIP is planned on sustainable travel and network management (10%) Children Services (12%), Housing and regeneration schemes (6%). Housing Revenue Account (HRA) schemes are shown in a separate report. The Wellbeing activity is mainly connected to the use of the Disabled Facilities grant. Other smaller capital investment includes museums, leisure, culture, ICT infrastructure and estates.

91. The 2025/26 totals include grants carried forward from previous years but not yet committed. Services will bring forward strategies to utilise these in due course.

Figure 10: Capital Investment Programme Expenditure profile to 31 March 2030

Capital Investment Programme General Fund Planned programme	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	Total 2025/30 £000
OPERATIONS						
Customer Arts and Property *(Museums; Engineering: Assets, Road Maintenance, Highway, bridges, TCF*; Estates)*	34,242	2,218	2,218	2,218	1,318	42,214
Commercial Operations *(Flood & coastal erosion risk management, Seafront, Culture, Leisure)*	34,111	11,868	10	-	-	45,989
Environment *(Waste & recycling, green spaces & coservation, parks, fleet)*	22,189	6,451	7,832	410	-	36,882
Investment and Development *(Housing Delivery, Regeneration)*	8,644	4,023	-	-	-	12,667
Planning and Transport *(Sustainable travel, Network management, Transport Improvement)*	12,667	9,129	9,137	7,854	7,854	46,641
Operations Strategy	253	-	-	-	-	253
Total Operations Directorate	**112,106**	**33,689**	**19,197**	**10,482**	**9,172**	**184,646**
CHILDREN SERVICES						
Basic needs, schools conditions, Special Education needs and disabilities sufficiency, Childcare	16,169	1,161	1,161	511	-	19,002
Total Children Services Directorate	**16,169**	**1,161**	**1,161**	**511**	**0**	**19,002**
WELLBEING						
Housing and Community	3,790	1,775	1,775	1,775	1,775	10,890
Adults Social Care	2,685	2,672	2,684	2,701	2,650	13,392
Total Wellbeing Directorate	**6,475**	**4,447**	**4,459**	**4,476**	**4,425**	**24,282**
EXECUTIVE						
IT and Programmes	1,588	1,199	1,222	1,246	-	5,255
Total Executive Directorare	**1,588**	**1,199**	**1,222**	**1,246**	**-**	**5,255**
	136,338	40,496	26,039	16,715	13,597	233,185

92. The CIP consists of capital schemes that have either already been approved or that are progressing through the approval process in accordance with the council's financial regulations and governance framework for example the Fleet Replacement programme, and ICT laptop replacement programme. It excludes potential new projects that have not yet progressed to a stage where they have been fully costed. Full details of the Capital Investment Programme are presented in Appendix 7a.

93. The CIP continues to be funded from a combination of government grant and other external funding sources (s106 contributions, CIL, and third-party contributions) and prudential borrowing. 79% of the funding to support capital expenditure is from Government grants. 15% is funded from prudential borrowing.

Figure 11: Capital Investment Programme Funding profile to 31 March 2030

Capital Investment Programme General Fund Funding Profile	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	Total 2025/30 £000
Prudential Borrowing	(20,087)	(12,256)	(11,330)	(2,666)	(59)	**(46,398)**
Reserve Funding (general fund Capital)	(557)	-	-	-	-	**(557)**
Reserve Funding (General fund revenue)	(920)	(518)	(518)	(518)	(518)	**(2,992)**
BCP Funding Requirement	**(22,729)**	**(12,774)**	**(11,848)**	**(3,184)**	**(577)**	**(51,112)**
S106	(458)	-	-	-	-	**(458)**
CIL	(4,110)	(1,691)	-	-	-	**(5,801)**
Non-government grants	(1,053)	-	-	-	-	**(1,053)**
Government Grants	(107,357)	(26,031)	(14,191)	(13,531)	(13,020)	**(174,130)**
Third party contributions	(631)	-	-	-	-	**(631)**
External Funding Contributions	**(113,609)**	**(27,722)**	**(14,191)**	**(13,531)**	**(13,020)**	**(182,073)**
	(136,338)	**(40,496)**	**(26,039)**	**(16,715)**	**(13,597)**	**(233,185)**

94. The main financial risks associated with the CIP are associated with inflation driven by the post pandemic economic environment, the war in Ukraine, events in the Middle East, and government fiscal policies. Senior Responsible Officers (SROs) for all projects have been required to review their projects and assess their viability considering the current cost of material and labour and to allow appropriate contingencies for uncertainty moving forward. As a result, projects such as Princess Road Hostel and Private Sector, Carter's Quay and the Bistro redevelopment (Southbourne) have been removed from the CIP requiring new business cases.

Carters Quay Development

95. The Carters Quay Housing and Regeneration Scheme is a Build to Rent Scheme designed to provide 161 new homes with an ancillary ground floor amenity and commercial space. Council in late 2021 agreed to purchase the completed scheme from Inland Partnership Limited for £44.3m.

96. The Council's priority is to recover the land from the administrator and develop the site for housing.

97. The scheme is subject to challenging viability issues caused by build cost inflation and high interest rates for borrowing requirements. Discussions are ongoing with external funders to secure additional grants to support the scheme. Once this is achieved, the scheme will return to Cabinet and Council with an updated business case.

Asset Management Plan (AMP)

98. An asset management plan (AMP) is the foundation to ensuring the council's portfolio of assets is being managed in the most efficient and cost-effective way. It is a time-bound commitment to action that ensures that the council's property assets are proactively managed to fully meet both its current and future requirements, with an increasing focus on long term financial and climate sustainability.

99. Attached as Appendix 8 is an update on the summary AMP for the council produced as part of the 2024/25 budget report. It is recognised that this document will evolve into a more comprehensive and traditional full plan, as advocated by best practice, as part of the 2026/27 budget. This evolution was originally planned for 2025/26 however work around the Corporate Landlord Model and the centralisation of all aspects of land and property management has not yet been completed. Included in the appendix is a high-level action plan for the next 12 months and an update on progress in delivering those previously agreed.

Treasury Management Strategy (TMS)

100. The council's Treasury Management Strategy (TMS) is subject to regular review and was last reported to the Audit & Governance Committee for monitoring and update purposes in January 2025. The council is required to set its prudential indicators in the context of the overall strategy

on an annual basis. The treasury strategy, practices, and prudential indicators for 2025/26 are set out in Appendix 9 for approval by Council.

101. A significant element of the TMS is the council's approach to balancing the risks associated with its need to borrow, namely:

a) *Credit Risk*: Which is the risk associated with an institution failing and the council's investment being reduced due to bank bail-in arrangements. An approach to managing this risk is to use internal balances before undertaking external borrowing which will also provide a better return for the council as the cost of borrowing exceeds any value the council could earn on these internal balances

b) *Interest Rate Risk:* This is the exposure to interest rate movements on its borrowing and investments. The council is susceptible to upward movements in long term rates given the amount of borrowing still required over the next 5 to 10 years

c) *Re-financing Risk:* Focuses on managing the exposure to replacing current financial instruments (borrowings) as and when they mature

d) *Liquidity Risk:* This aims to ensure the council has enough cash available as and when needed.

102. The strategy is significantly influenced by the requirements of the devolved system of council housing (HRA) finance. This includes the operation of a two-pool approach to debt management with the debt of the HRA (council house tenant account) and that of the General Fund (council taxpayers account) separated. All external debt is taken out by reference to the relevant pool although it should be noted that there is still flexibility to transfer debt between the two if required.

103. In order to ensure that the council is compliant with CIPFAs 2021 Prudential and Treasury Management codes the prudential indicators, including the approved borrowing limits, have been amended to incorporate the assumption that £57.5m of additional borrowing will be undertaken in 2025/26 to enable the excess SEND expenditure over the DfE grant to be financed. In addition, the borrowing headroom provides the flexibility to cover a £12.2m capitalisation direction to cover the interest on the SEND borrowing. Provision within the borrowing limits is also made for the reprofile of phase 1 and the new phase 2 borrowing to support the vehicle fleet replacement strategy.

Reserves

104. The council holds reserves as part of its approach to maintain a sound financial position and to demonstrate that there are no material uncertainties about the council as a going concern. The requirement for financial reserves is linked to legislation such as the Local Government Act 1992, which requires councils to "have regard" to the level of reserves needed to meet future expenditure when calculating a budget. As part of his formal annual section 25 report the council's Director of Finance is required to report on the adequacy of reserves. This assessment is summarised later in this report.

105. It may be worth emphasising that reserves should not be seen in a short-term context. Therefore, they should not only be placed in the context of significant uncertainty in respect of the impact on the council of increases in commission costs due to the governments national living wage and national insurance increases, general inflationary pressures, and service demands but also in the context of the future. This means they should also be seen in the context of potential future issues which could include.

- Government funding reforms from 2026/27 with early indications the council may lose up to £12m per annum over a phased period of time.
- Significant additional services pressures for 2028/29 when the MTFP is rolled forward including £1.6m per annum associated with the uplift in Microsoft Licenses and £1.2m per annum for the final phase of the vehicle fleet replacement strategy.
- Future implications of the governments waster strategy including the implementation of the Emissions Trading Scheme (ETS) from April 2028.

In general councils hold two main forms of reserves.

106. **Unearmarked Reserves**
Are set aside to help manage the risk to the council's financial standing in the event of extraordinary or otherwise unforeseen events and to mitigate the underlying risk associated with the operation of the council and the management of service expenditure, income, and the council's funding.

107. The Chartered Institute of Public Finance and Accountancy (CIPFA) previously advised that general or unearmarked reserves should be 5% of net revenue expenditure (NRE) as an absolute minimum. Our nearest unitary neighbour, Dorset Council, has a policy of trying to maintain their unearmarked reserves at 10% of NRE.

108. As a reminder the council has recently undertaken proactive steps to improve its financial health and sustainability and this included an almost 50% increase in the level of its unearmarked reserves, from £17.9m on the 31 March 2023 to a forecast £26.6m on 31 March 2025. At £26.6m they will represent 7.7% on a NRE basis. National benchmarking demonstrates that the steps taken have moved the council into the mid-range compared to other unitary councils.

109. Earmarked Reserves:
Are set aside to meet identified spending commitments and can only be used for the purpose for which they have been created. These reserves will continually be reviewed, and any resources not needed as intended transferred into unearmarked reserves. They include reserves in support of various partnerships where the council is the accountable body, reserves which represent government grants received in advance of the associated expenditure, reserves held on behalf of third parties and several reserves the council is required to hold in line with statute or its own governance requirements. The council had earmarked reserves of £39m as of 31 March 2024. Details of the councils earmarked reserves are presented at Appendix 10a.

Figure 12: Latest Reserve Forecast

`	Balance 31-Mar-23 £m	Estimate 31-Mar-24 £m	Estimate 31-Mar-25 £m	Estimate 31-Mar-26 £m
Unearmarked Reserves	17.9	26.1	26.6	26.6
Earmarked Reserves	68.5	39.0	35.4	24.9
Total Reserves	**86.4**	**65.1**	**62.0**	**51.5**
Dedicated Schools Grant	**-35.8**	**-63.5**	**-108.0**	**-165.5**
Net Position	**50.6**	**1.6**	**-46.0**	**-114.0**

Financial Health Indicators

110. In developing the budget strategy for 2025/26, and the medium-term financial plan, the council has been reflective of the outcomes of the annual CIPFA Financial Resilience Index and other financial benchmarking. In determining the strategy, it is essential to ensure the council manages its financial resilience to meet unforeseen demands and pressures on services.

111. The latest CIPFA Financial Resilience Index benchmarking is based on the Revenue Outturn information for 2023/24, and figures submitted for each local authority reflecting their position on 31 March 2024. In respect of BCP the index was adverse in the areas listed below:

a) **Change in Reserves** – percentage change in reserves over the previous three financial years. This was also the most significant change from the previous year and reflects the use of reserves to support the delivery of legally balanced budgets in 2022/23 and 2023/24.

b) **Level of Reserves** – ratio of useable reserves to the council's net revenue expenditure

c) **Social Care Ratio** - proportion of budget spent on adult and children's social care services is high. Social care costs are seen as an inflexible cost because it is considered difficult to reduce them in the short term and they impact on the council's ability to respond with agility to changing demands

112. In addition, the resilience index continues to emphasise that the council is highly geared towards council tax, business rates and sales, fees and charges income. This means that any disruption to these income streams will impact on the financial health and sustainability of the council.

Sensitivity analysis

113. A key determinate as to the adequacy of reserves is the sensitivity within the budget and how quickly the demands that the council is required to manage, and their associated cost, can change. It continues to be the case that relatively minor changes or shifts in key planning assumptions can have a significant impact on the council's financial position as highlighted in figure 13 below.

Figure 13: Council sensitivity to potential changes in assumptions

Description	£000s
Children in Care (average high cost - residential) per child	498
Children in Care (average top 10 independent fostering) per child	103
Intensive homecare package for a disabled person *(average top ten excluding proportion of Health funding)*	337
Vulnerable adult (learning disability - residential <65) *(average excluding proportion of Health funding)*	108
Vulnerable adult (learning disability - residential <65) *(average top ten excluding proportion of Health funding)*	245
Older person's supported residential care *(average excluding proportion of Health funding)*	57
Older person's supported residential care *(average of the top ten excluding proportion of Health funding)*	145
Increase in adults' cost of care for every 1p increase in the National Living Wage	160
Increase in the £7.386m 2024/25 cost of the concessionary fare scheme (per 1% increase journey numbers)	74
Change in the Pay Award by 1% from 2024/25	1,899
Change in the Revenue Support Grant by 1% from 2024/25	(42)
Change in the level of Council Tax by 1% from 2024/25	(2,586)

114. In being mindful of these key sensitivities, it should be established that the cost of a child in care or vulnerable adult can exceed £1m per year for a single case, which the council is responsible for paying in the first instance. It is only subsequently able to reduce the amount to those shown in figure 13 above once it has negotiated a contribution from National Health Service Dorset. The risk associated with achieving this outcome is held by the council. It is also worth bearing in mind that every £100,000 is equivalent to the council tax generated on 57 homes (2024/24 band D equivalents).

115. Also, of relevance to the sensitivity of the budget is the robustness of the estimates made to underpin the budget. As per the position on reserves the councils Director of Finance is formally required to report on their robustness as part of his formal annual section 25 report.

116. Officers will have factored into their assumptions numerous matters such as government announcements, economic forecasts, trend analysis and professional judgement. Of relevance is the uncertainty at this time due to the inflationary environment and any new programmes,

initiatives or approaches being adopted for the first time which inevitably carry a greater level of risk than business as usual activity.

117. As per recommendation (e) of this report it is proposed that any changes between the provisional 2025/26 Local Government Finance settlement, issued in December 2024, and the final settlement due in early February 2025, will be delegated to the Chief Executive in consultation with the Director of Finance, Leader, and Portfolio Holder for Finance to allocate.

Director of Finance advice on the robustness of the budget and adequacy of reserves

118. The Local Government Act 2003 (Section 25) requires the Director of Finance to report on the following matters to members when agreeing its annual budget and council tax levels.

- the robustness of the estimates made for the purposes of the budget calculations, and
- the adequacy of the proposed financial reserves.

119. Council must have regard to this report when making its decisions around the annual budget and the level of council tax.

120. For members of the Council the Section 25 statement provides critical context for budgetary discussions. The provision of this information is a legal requirement and ensures that all members have regard to the professional advice provided by the authority's Director of Finance when final budget decisions are made being made. To give a level of additional assurance to this report it has also been prepared in consultation with the Chief Executive.

121. It should be emphasised that councils can and do experience significant financial difficulties as recent high-profile cases such as those at Northamptonshire County Council, Slough Borough Council, Croydon Council, Thurrock Council, Woking Council, Birmingham Council, and Nottingham City Council all demonstrate.

122. The formal s25 report of the s151 Officer is included as Appendix 10 to this report. In conclusion to his report the Director of Finance considers the proposed budget for 2025/26 is robust and the level of reserve is adequate, given a clear understanding by members and senior management of the following:

a) The council, on 1 April 2025, will technically be insolvent as it will have negative general fund reserves due to the deficit on its DSG as pertaining to expenditure on the Special Educational Needs and Disability service. This DSG deficit is growing by more than £57.5m per annum which is the amount the expenditure on the High Needs Block continues to be more than the government funding being made available. A permanent solution needs to be identified with government by this time next year on the basis that as it stands, the Director of Finance is unlikely to be able to advise that a legally balanced budget can be set for the 2026/27 financial year.

b) That the funding source for the 2025/26 excess expenditure on the Special Educational Needs and Disability (SEND) high needs service over the government grant being made available is yet to be finalised and is still subject to confirmation.

c) The financial assumptions associated with the pay and reward project and the continuation of the assumption that budget holders manage within their budgets any additional incremental drift associated with the new arrangements, as with the current arrangements.

d) The need to carefully monitor the Local Government Funding reforms which indicate a significant risk that the council will be unable to retain a greater proportion of resources generated locally.

e) That unearmarked reserves are only just sufficient to cover an unexpected single event such as a cyber-attack, the requirement to provide for/or write-off the expenditure on Carter's Quay, or significant in-year overspending. Any such single event would then require drastic action to restore such reserves to the minimum recommended level. They would be insufficient for the realisation of multiple risks.

f) That the advice of the Director of Finance is to continually look to all opportunities to increase unearmarked reserves and improve the councils overall financial sustainability.

g) Earmarked reserves will be supported by a clear plan held by the service and will be drawn down in line with the profile. Any not needed for their original purpose will be redirected into unearmarked reserves.

h) The levels of reserves and contingencies is adequate, but all opportunity should be taken for them to be enhanced by any further improvement in the in-year position.

i) Effective governance arrangements will be maintained at Portfolio Holder, Executive, Senior Management, Directorate, and budget holder level to monitor the overall delivery of the 2025/26 budget.

j) Portfolio Holders, Directors and budget holders accept their responsibilities and accountability to deliver their services within the parameters of the agreed budget including the realisation of approved savings.

k) Directors will diligently identify and rigorously apply mitigation strategies for any in-year budget pressures that do materialise.

123. It should be highlighted in mitigation of the risk associated with the appropriate financial management processes and practices it is intended to ensure that all budget holders are issued with a “Budget Assurance Statement” in support of their 2025/26 budget. This document will formalise that they accept their budget and agree to deliver services within its financial parameters. The document is also intended to provide evidence in support of any major elements such as the staffing establishment and high value contracts.

124. Councillors should also carefully consider the risks set out in the summary of risk assessment section of this report.

Housing Revenue Account (HRA)

125. A report on the HRA and rent setting is included as a separate item on the agenda for this meeting and should be considered alongside this report to councillors in setting the budget for 2025/26.

Chief Officers’ Pay Policy Statement

126. Further to the provisions of the Localism Act 2011, the council is required to publish its local Chief Officers’ Pay Policy on an annual basis for consideration by council before 31 March each year.

127. The council’s pay policy has been duly prepared by the People and Culture service and is attached as Appendix 12 to this report to ensure the council is able to consider it this year in accordance with the statutory timetable as prescribed by government.

128. For 2025/26 the policy has been updated to reflect changes associated with special severance payments, pay supplement policy, and the scheme of delegation.

Scheme of councillor allowances

129. The council is required to adopt an annual scheme of councillor allowances as specified under the Local Authorities (Members’ Allowances) (England) Regulations 2003.

130. Council on 23 July 2024 agreed a scheme of members’ allowances for 2024/25 which included a provision that the allowances be increased in accordance with the Employees’ National Pay Award when determined and backdated to 7 May 2024. The agreed pay award applicable to the scheme of allowances was 6.75% for 2023/24 and 4.5% for 2024/25. The budget as proposed allows for a pay award-based increase in 2025/26 and the impact of the Employers National Insurance change.

131. As part of the proposed budget, provision has been made for a total cost of £1.692m in 2025/26.

Consultation

132. Under Section 65 of the Local Government Finance Act 1992, councils have a statutory duty to consult with representatives of business rate payers on its proposed expenditure for the following year. Business leaders across Bournemouth, Christchurch and Poole were invited to attend a presentation held on 31 January 2025 on the budget for 2025/26 and Medium-Term Financial Plan from the BCP Council Leader, Chief Executive, and the Director of Finance.

133. The necessary additional resources, savings and efficiencies required to balance the budget over the next three years will each need to be reviewed to determine the extent to which they may require consultation. Consideration will also need to be given to the relevant period, stakeholder groups and method of consultation.

Options Appraisal

134. Numerous alternative permutations are possible around budget savings proposals and council tax strategies for 2025/26. Any alternatives considered will need to be supported by a robust evidence base detailing the sustainable substitute funding strategies. Any alternative will also require the appropriate level of due diligence and the advice of the statutory officers.

135. It is not an acceptable alternative not to agree a legally balanced budget for 2025/26, and to advocate a circumstance which leads to a s114 report being issued accompanied by an assumption that commissioners would be appointed to make the necessary difficult decisions.

136. Only a decision to increase council tax by the maximum 4.99% can be considered consistent with government policy for the funding of local government both now and into the future.

137. A decision to increase council tax in line with the maximum will best protect the current and future financial sustainability of council and will best preserve service delivery levels into the future.

Summary of financial implications

138. Any financial implications of the report's recommendations are considered, alongside alternative options, elsewhere within this report.

139. Councillors should consider how effective the 2025/26 proposed budget will be in supporting the financial sustainability of BCP Council.

Summary of legal implications

140. The council is required to set a council tax for 2025/26 before 11 March 2025. It may not be set before all major precepts (i.e. precepts from the Police and Fire Authorities) have been issued or before 1st March 2025, whichever is the earlier. The decision to set the level of council tax is reserved to Council and cannot be taken by Executive or delegated to officers, although the Executive must recommend a budget to Council.

141. Before determining the level of the tax, the Council must estimate its proposed revenue expenditure, considering amounts required by way of contingency, any need to raise reserves and any other amounts which the Council is legally required to transfer between funds. It must also estimate its anticipated income, any relevant transfer between funds and any proposed use of reserves. It must then calculate the difference between the two which is the council tax requirement.

142. The Council's Director of Finance (under s151 Local Government Act 1972) is required to report to the Council on the robustness of the estimates made for the purposes of the calculations, and the adequacy of the proposed financial reserves. The Council must have regard to the report when making decisions about the calculations in connection with which it is made. The Director of Finance has a statutory duty under section 114 Local Government Finance Act 1988 to issue a written report if he considers that a decision taken by the Council would be unlawful and likely to cause a financial deficiency.

143. In reaching decisions on these matters, Members are bound by the general principles of administrative law. Lawful discretions must not be abused or fettered, and all relevant considerations must be taken into account. No irrelevant considerations may be taken into account, and any decision made must be one which only a reasonable authority, properly directing itself, could have reached. Members must also balance the interests of service users against those who contribute to the Council's finances. The resources available to the Council must be deployed to their best advantage.

144. Members must also act prudently. Members must also bear in mind their other statutory duties to have regard to certain matters when making decisions. Members must have regard to their Public Sector Equality Duties and the impact decisions, if approved, may have on those who fall within the protected characteristics under the Equalities Act 2010. Members must consider the Equalities Impact Assessment prepared in support of this report and the need to eliminate

discrimination, to mitigate against negative impacts where these are known and to promote equality when making decisions. A failure to follow these principles could open the Council to judicial review.

145. Members have a fiduciary duty to the council taxpayers and others in the local authority's area. This means that members must behave responsibly in agreeing the budget. Members have no authority to make anything other than a balanced budget.

146. Among the relevant considerations which Members must take into account in reaching their decisions are the views of business ratepayers and the advice of officers. The duty to consult representatives of non-domestic ratepayers on the Council's expenditure plans is contained in Section 65 of the Local Government Finance Act 1992.

147. In considering the advice of officers, and the weight to be attached to that advice, Members should have regard to the personal duties placed upon the s151 Officer. Members are obliged under the Code of Conduct to have regard to the advice of the s151 Officer and Monitoring Officer. The Council may take decisions which are at variance with their advice, providing there are reasonable grounds to do so. However, Members may expose themselves to risk if they disregard clearly expressed advice, for example as to the level of provision required for contingencies, bad debts, and future liabilities. In addition, if Members wish to re-instate savings recommended by the Director of Finance in order to balance the budget, they must find equivalent savings elsewhere.

148. The Director of Finance is required by Section 151 of the Local Government Act 1972 and by the Accounts and Audit (England) Regulations 2011 (as amended) to ensure that the council's budgeting, financial management, and accounting practices meet relevant statutory and professional requirements. This is in addition subject to the requirements set out above.

149. Members must also have regard to, and be aware of, the wider duties placed upon the council by various statutes governing the conduct of its financial affairs. These include the distinction between revenue and capital expenditure and the requirement to set prudential indicators in line with capital investment plans that are prudent, affordable, and sustainable.

150. Section 106 of the Local Government Finance Act 1992 makes it a criminal offence for any Member with arrears of council tax which have been outstanding for two months or more to attend any meeting at which a decision affecting the budget is to be made, unless the Member concerned declares at the outset of the meeting that he or she is in arrears and will not be voting on the decision for that reason. The Member concerned must not vote but may speak. The application of Section 106 of the 1992 Act is very wide and Members should be aware that the responsibility for ensuring that they act within the law at all times rests solely with the individual Member concerned.

151. If a referendum is held after the beginning of the relevant financial year, the higher rate of council tax will be payable unless and until it is overturned by a 'no' vote in the referendum. It must also provide "substitute calculations" which need to be presented to Council setting out what the alternative budget would be. This means that that if a party proposes a council tax above the referendum limit, they must also produce "substitute calculations" within the referendum limit, to be used in the event that the referendum would reject the increase. In the event that a referendum rejects the increase, the billing authority would be able to issue new bills, offer refunds at the end of the year or allow credits against liability the following year, although individual council taxpayers would be entitled to a refund on demand.

Summary of human resources implications

152. The 2025/26 budget will have a direct impact on the level of services delivered by the council, the mechanism by which those services are delivered and the associated staffing establishment. It is inevitable that the 2025/26 budget proposals we lead to a further reduction in the workforce. Not all these posts will currently be filled. Some will be vacant posts, some will currently be provided via agency staff arrangements, and some will be filled with staff on short term contracts. Where a redundancy is necessary action has been taken to ensure that they will be a voluntary redundancy in so far as is possible.

153. This report acknowledges that various transformation programmes and the actions necessary to manage future years budgets are also likely to have an impact on future staffing levels.

Summary of sustainability impact

154. Consideration has been given as part of this budget for 2025/26 of ways in which BCP Council could contribute to environmental improvements / targets and by example encourage this approach in those with whom it deals. The budget continues to protect the staffing resources associated with climate change and ecological emergency activity. In addition, as at the 31 March 2024 £1.239m was available in an earmarked reserve to support project activity.

155. The accommodation and business transformation programmes underlying the MTFP will make the council more environmentally friendly through a reduced estate and different ways of working, including the continued ability for staff to work effectively from home. This will reduce energy consumption and pollution levels as well as produce savings to protect services. The budget as presented also assumes a further investment in greening the council's vehicle fleet as set out in a separate report as part of the February Cabinet and Council agendas.

156. An Environment & Place Overview & Scrutiny Budget Working Group in the Autumn of 2024 set out that based on current understanding that £64m may be required to meet the council's net zero targets by 2030 although a proportion of this would be delivered through strategic partnerships and securing external funding. The ongoing challenge to the council will be bridging the gap between the resources needed and the £1.239m available in the earmarked reserve.

157. In addition to the environmental and social impacts of climate change, there is also a risk to BCP Council of significant financial consequences if it fails to meet its declared climate targets. Council has pledged to become carbon neutral by 2030 as an organisation and lead the area to become net zero carbon ahead of the 2045 UK100 target. Based on forecasts from the London School of Economics the council would have to incur costs of over £3m per annum to purchase the necessary offsetting carbon credits to meet the carbon neutral pledge in 2030. Clearly this cost will act as an incentive to the council to prioritise the activity and investment necessary to meet this priority.

Summary of public health implications

158. The Department of Health and Social Care allocated BCP Council £21.77m, a 2.3% increase from 2023/24, to deliver its public health service in 2024/25. This was combined with the £15.44m allocated to Dorset Council as part of a joint pan Dorset service.

159. In addition, there was an additional package of investment nationally from 2024/25 of £70 million per year to support local authority led smoking services in support of delivering smoke free generation. (BCP allocation for 2024/25 is £422,313)

160. In April 2024 Cabinet agreed there were opportunities to better discharge the council's public health functions outside of a shared service agreement. Therefore, from April 2025 BCP Council will be transitioning aways from the current pan Dorset service.

Summary of equality implications

161. In this budget the council has sought to maintain appropriate services for the most vulnerable as well as improve the sustainability of services important for the wellbeing of all residents.

162. The impacts of the council budget for 2025/26 have been assessed considering the nine protected characteristics (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and other characteristics including low socio-economic status, carers and care leavers. The Equality and Human Rights Commission's six domains of equality measurement framework have also been considered, identified as the areas of life that are important to people and that enable them to flourish. These are: Education, Work, Living standards, Health, Justice and personal security, and Participation.

163. The cumulative impact of the proposals indicates that low-income households and individuals will be most negatively affected, followed by older age groups and disabled people. However, the investments and mitigating actions aim to support these groups and promote equality within the community.

164. As part of the budget, council tax is being raised to support increased service provision, which will have a positive impact on many residents. Mitigating actions have been identified to support those who would be most negatively affected.

165. Individual equality impact assessments have or will be carried out to support individual savings where a potential negative impact has been identified for service users or the workforce. This will ensure conscious consideration is given to the Public Sector Equality Duty and mitigating actions are put in place to minimise any potential or actual negative impacts.

166. An overarching EIA is included as Appendix 11 to this report.

Summary of risk assessment

167. Throughout this report and the accompanying formal s25 report of the Director of Finance, presented at Appendix 10, reference has been made to several key risks to which the council is currently exposed. Members are reminded that these can be summarised as follows.

- **Accumulating DSG Deficit.**
  Expenditure by BCP Council of c£58m more annually than the government grant available to fund the Special Educational Needs and Disability service is not sustainable. The accumulating deficit will mean the council will technically be insolvent as of 31 March 2025. The statutory override that allows the council to ignore the accumulated DSG deficit in relation to the assessment of its financial solvency expires on the 31 March 2026. The lack of an extension beyond this point will impede the council's ability to set a legally balanced budget for 2026/27. The government have committed to establishing a permanent resolution to return the system to a financial sustainable position

- **Cashflow Crisis**
  BCP Council has been cash flowing the annual payment of SEND invoices in excess of the annual DSG high needs grant by what is referred to as its "treasury management headroom". Generally, this headroom is the timing difference between receipts for council tax or business rates arriving and the date when the actual bills they fund are paid, alongside any cash-backed balance sheet items such as reserves and provisions. The use of this headroom has a direct impact on services the council can otherwise provide as it means less earned interest or higher external debt costs. This cost is estimated as £4.7m in 2024/25 and £7.5m in 2025/26. This headroom will be fully exhausted in 2025/26.

  Noting negotiations are still ongoing, on the basis that any solution is temporary, and the government are committed to returning the SEND system to financial sustainability, the government are recommending the council uses its ability to borrow in excess of its borrowing limits which it can do provided it is only for temporary period. In addition, the council may apply for a capitalisation direction (permission to borrow) to cover the £12.2m impact on the general fund from lost investment income / additional borrowing costs across the two financial years 2024/25 and 2025/26.

  Capitalisation Directions are issued via the governments Exceptional Financial Support programme being part of which subjects the council to potential government intervention. BCP Council had a Best Value Notice issued against it when it entered the programme in 2022. Therefore, the risk of some form of intervention cannot be ruled out.

  As the 19 Capitalisation Directions issued for 2024/25 were issued on the 29 February 2024 there is a risk that council will not have received formal notification when it is asked to set its 2025/26 budget.

  The solution proposed by government is not a permanent one. BCP Council will need to seek a similar arrangement for any excess SEND expenditure over its DSG High Needs grant now for every year until the government implement a solution which returns the system to a financially sustainable position.

- **New Pay and Grading Structure**.
  The council does not have a single pay and grading structure, and terms and conditions applied across all posts. The potential risks increase the longer it takes to achieve this outcome. This risk has further increased based on the recent Trade Union ballot outcome however officers remain committed to achieving the single pay and grading and terms and conditions outcome.

- **Council Tax – Taxbase**
  The 2025/26 budget as proposed assumes an extra £9.7m will be generated annually from a 3.6% increase in the council tax, taxbase. Predominantly this relates to the application of a 100% premium to second homes from 1 April 2025 onwards. There is a key risk around this

assumption that the increased revenue will not be delivered as property owners could take action to avoid the additional liability such as the sale or rental of the property.

- **Financial Outturn 2024/25**
  Quarter 3 2024/25 budget monitoring sets out that the council is currently expecting to manage within the parameters of the February 2024 Council approved resources for the year. This includes utilising £7m of the £7.9m contingencies set aside within the original budget.

  The risk will be that although the Quarter 3 forecast is based on trend analysis and professional judgement it is only based on activity from 75% of the financial year. Predications and estimates can and will change over the remaining 25% of the financial year. Assurance can be taken from the finance performance in previous year's, from 2024/25 in year monthly reporting and the fact that it is hoped that the current controls on expenditure will continue to bear down on service expenditure.

  As a matter of principle should any surplus resources be available at year end then consideration with be given, as recognised in the Treasury Management Strategy, to the voluntary repayment of debt bearing in mind the budget for the year adopted a different strategy to debt repayment from that previously applied.

- **Legal Claims.**
  Covering various matters such as planning, highway, car parking, social care, or staffing, numerous legal claims have been logged against the council. As an example, recently the council was one of 23 named in a legal claim by Thurrock Council seeking to mitigate its failed Solar Farm investments. This relates to the council's membership of the Association for Public Service Excellence (APE) which it is claimed provided Thurrock with valuation advice upon which it relied. Ultimately this could end up affecting all 256 councils in the UK. The risk includes exposure to legal costs in defending the councils position in excess of the normal provision made as part of the legal service budget.

- **Uncertainty.**
  High levels of financial planning uncertainty at this time caused principally by the ongoing implications of various inflationary factors on the costs of goods and services procured by the council alongside the uncertainty associated with the impact of the 30 October National Budget. Principle amongst these is the current financial planning assumption that the council will receive £3.3m compensation for the increases in employer national insurance costs for its employed staff which are forecast to increase the councils cost base by £5.2m (equivalent to the resources generated by a 2% council tax increase). The actual grant allocation will not be known until the release of the final local government finance settlement for 2025/26 which is normally in early February. Another area of concern in the current interest rates at which the council can borrowing money. These have been going in the opposite direction to those anticipated which mirrored anticipated reductions in the Bank of England base rate.

- **Pay Award**
  A 2.8% provision for 2025/26 pay award has been made as part of the proposed budget. The Government announced in December 2024 that it is proposing a 2.8% pay award for public sector workers next year including teachers and NHS staff. Local government workers pay award tends are subject to a separate process via the National Employers Organisation, however the budget assumption has been pegged to the government's announcement as a useful benchmark.

- **Local Government Funding Reforms**.
  As part of the November 2024 local government finance policy statement the government outlined its intention to progress with funding reforms across local government with a phased implementation beginning with the first year of a multi-year settlement in 2026/27. Early work by a national modelling organisation suggests that BCP Council could see up to a £12m per annum reduction in Revenue Support Grant from this process.

- **Extended Producer Responsibility**
  A new government policy designed to help achieve environmental goals such as recycling by making producers responsible for their products along their entire lifecycle including the post-consumer stage. In 2025/26 the government have given the council a guaranteed grant allocation of £9.447m. The risk manifests itself in regard to future years on the basis the grant will not be guaranteed and will be influenced by the market's reaction to the policy and the steps it takes to reduce packaging and increases recycling.

- **Loss or disruption to IT systems and Networks from a cyber-attack.**
  Such actions can incapacitate essential networks by encrypting or destroying data on which vital service depend. Financial loss is common through both direct loss of funds as well as recovery costs and reputational damage. Recent ransomware attacks are reported to have cost councils between £10m and £12m in damage. The industry adage is when, not if, an attack will happen. On the 14 January 2025 the Home Office launched a consultation around ransomware and proposals to increase incident reporting and reduce payments to criminals.
- **Council Owned Companies and Joint Ventures.**
  BCP operates several companies and third-party arrangements with these organisations exposed to their own set of financial and operational risks. As such the council would only provide for its share of such risks in circumstances were the risk is likely to materialise
- **Intervention.**
  Children Services is on a journey of improvement since the inadequate Ofsted judgement in February 2022. Additionally, the external auditor concluded as part of their latest annual report (Audit & Governance Committee July 2024) that despite good progress against previous recommendations especially governance, a more robust financial strategy covering the MTFP period, and the administrations clear focus on financial rigour the council still has significant weaknesses due to the assessment of Children's Services and the accumulating DSG deficit. Note should however be made that BCP Council was one of the first local authorities not to have its Best Value Notice renewed, as confirmed in September 2024, and via the Children's Services Improvement Board there is cautious optimism that the December 2024 full Ofsted inspection of Children's Social Care will demonstrate a marked improvement in the quality of the service
- **Children's Services.**
  Ongoing costs and demands on the service including the impact on the cost of commissioned care due to the announced increases in national insurance and the national living wage as well as the delivery of approved savings at a time when they are focused on their improvement journey.
- **Wellbeing Services**.
  Ongoing costs and demands on the service including the impact on the cost of commissioned care due to the announced increases in national insurance and the national living wage as well as the capacity in the care market and demand in supporting homelessness.
- **Housing: Temporary Accommodation including Bed and Breakfast**
  Ongoing costs and demands on supporting the 3,100 households on the councils housing register and 520 households in temporary accommodation of which 99 are in Bed and Breakfast.
- **Delivering savings, efficiencies, and additional income generation**.
  Combination of delivering the £7.8m of additional savings, efficiencies and additional income assumed in approving the 2025/26 budget with the relentless requirement to identify further potential proposals to support the ongoing need to balance future year budgets.
- **Realisation of capital receipts to fund the council's transformation programme.**
  £18.7m of capital receipts from the disposal of assets needs to be delivered across the two-year period 2024/25 and 2025/26 to fund the approved spend on transformation programmes (including the service specific programmes in Children's and Adult services). Based on currently approved asset disposals the indication is that there would be a £0.4m shortfall across this time horizon. However, some of the forecast receipts are hopefully prudent estimates and work on the pipeline of assets indicates there is scope for a couple of others to come forward subject relevant governance approvals. There is also the possibility for the expenditure on the transformation programme to be further reprofiled.
- **Carters Quay.** Payments of £15.3m have been made towards the development of the agreed 161 new homes with ancillary ground floor amenity and commercial space scheme. Inland Partnership the contractor entered administration late in 2023. Officers are currently in negotiation with the Administrators for the developers to recover the land at Carters Quay. BCP Council have a registered charge on the land to cover the monies paid but are negotiating a release fee to obtain the freehold title and take possession of the land. A further update is anticipated once the land is recovered and build costs to complete are known

Background papers

168. February 2024 Budget and Medium-Term Financial Plan 2024/25 2024
https://democracy.bcpcouncil.gov.uk/ieListDocuments.aspx?CId=284&MId=5386&Ver=4
169. July 2024 Financial Outturn 2023/24
https://democracy.bcpcouncil.gov.uk/ieListDocuments.aspx?CId=285&MId=5901&Ver=4
170. July 2024 MTFP Update Report
https://democracy.bcpcouncil.gov.uk/ieListDocuments.aspx?CId=285&MId=5901&Ver=4
171. September 2024 Quarter One Budget Monitoring Report 2024/25
https://democracy.bcpcouncil.gov.uk/ieListDocuments.aspx?CId=285&MId=5902&Ver=4
172. October 2024 MTFP Update Report
https://democracy.bcpcouncil.gov.uk/ieListDocuments.aspx?CId=285&MId=5903&Ver=4
173. December 2024 Quarter Two Budget Monitoring Report 2024/25
https://democracy.bcpcouncil.gov.uk/ieListDocuments.aspx?CId=285&MId=5906&Ver=4
174. December 2024 MTFP Update Report
https://democracy.bcpcouncil.gov.uk/ieListDocuments.aspx?CId=285&MId=5906&Ver=4
175. Assessing the serious cashflow issue caused by ever-increasing demand and cost outstripping High Needs Dedicated Schools Grant government funding.
https://democracy.bcpcouncil.gov.uk/ieListDocuments.aspx?CId=285&MId=5906&Ver=4
176. Council Tax – Taxbase report 2025/26
https://democracy.bcpcouncil.gov.uk/ieListDocuments.aspx?CId=285&MId=6057&Ver=4
177. The full budget consultation report is available on the council's engagement website
https://haveyoursay.bcpcouncil.gov.uk/

Appendices

Appendix 1a	Corporate Strategy (A4 format)
Appendix 1b	Consideration of s114 report
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Appendix 6	Transformation Investment Programme including Flexible Use of Capital Receipts
Appendix 7	Capital Investment Programme (CIP) Overview & Narrative
Appendix 7a	CIP Individual Project Listing
Appendix 7b	CIP IT & Programmes Investment Plan

Appendix 7c	CIP Telecare
Appendix 8	Asset Management Plan
Appendix 9a	Treasury Management Strategy
Appendix 9b	Treasury Management Policy and Practices
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Appendix 10b	Reserves Risk Assessment
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Appendix 12	Chief Officer Pay Policy 2025/26

Where people, nature, coast and towns come together in sustainable, safe and healthy communities

Our vision and ambitions

Our Place and Environment

Vibrant places where people and nature flourish, with a thriving economy in a healthy, natural environment

- People and places are connected by sustainable and modern infrastructure
- Our communities have pride in our streets, neighbourhoods and public spaces
- Our inclusive, vibrant and sustainable economy supports our communities to thrive
- Revitalised high streets and regenerated key sites create new opportunities
- Climate change is tackled through sustainable policies and practice
- Our green spaces flourish and support the wellbeing of both people and nature

Our People and Communities

Everyone leads a fulfilled life, maximising opportunity for all

- High quality of life for all, where people can be active, healthy and independent
- Working together, everyone feels safe and secure
- Those who need support receive it when and where they need it
- Good quality homes are accessible, sustainable and affordable for all
- Local communities shape the services that matter to them
- Employment is available for everyone and helps create value in our communities
- Skills are continually developed, and people can access lifelong learning

We are an open, transparent and accountable Council, putting our people at the heart of our services

- Working closely with partners, removing barriers and empowering others
- Providing accessible and inclusive services, showing care in our approach
- Using data, insights and feedback to shape services and solutions
- Intervening as early as possible to improve outcomes
- Developing a passionate, proud, valued and diverse workforce
- Creating an environment for innovation, learning and leadership
- Using our resources sustainably to support our ambitions

Appendix 1A

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Consideration of the possible need to issue a Section 114 Report (often mistakenly referred to as a council declaring bankruptcy)

1. A report issued under s114 (3) of the Local Government Finance Act 1988 is one made by a councils Chief Finance Officer (CFO) if in their opinion they believe that the expenditure to be incurred during a financial year is likely to exceed the available resources. It is considered good practice to consult the Chief Executive and Monitoring Officer before such a report is issued. A copy of the report must be sent to all councillors and the external auditor.

2. The report triggers a short-term statutory prohibition on entering into any new agreement which may involve the incurring of expenditure without the permission of the CFO. Statutorily the CFO can only consent to new agreements or to terminate existing agreements during this period if they will prevent the situation getting worse, improve the situation, or prevent a recurrence.

3. The report must be considered at a meeting of the Council within 21 days of the report being issued. At the meeting the authority must decide if it agrees or disagrees with the views in the report and the actions it proposes to take. If Council cannot still agree a balanced budget position, then the authority is required to call in the external auditor who must then try to set a balanced budget.

4. In addition, the Government can intervene on how services are run by a council following the issuing of a s114 Report. Most councils in this situation have been the subject of such intervention via Commissioners or members of an intervention board who are usually experts with lengthy experience in local government. Ultimately, they have the power to direct a council over budgetary and other decisions.

5. This process has often been, mistakenly, likened a council declaring bankruptcy. In practice it is more like the process of a company entering administration in that core statutory services are maintained but the government will place commissioners in the Council to make the decisions that are needed to balance the budget, generally by cutting all non-statutory expenditure.

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BCP Council Budget Consultation 2025-26

1. Summary

1.1 We want to understand our residents' and businesses' views to help us set our 2025/6 budget and medium-term financial plan (MTFP). We launched a consultation on Tuesday 21 October 2024 asking for views on the importance of council services, priorities for spending and levels of council tax.

2. Methodology

2.1 This year we decided to conduct an open consultation survey and a sample survey to understand our residents' views on the council's budget and spending priorities. We undertook an open consultation survey so that we could inform residents and stakeholders about the current position with the council's finances and give everyone a chance to have their say on how the council should prioritise its spending. In addition to this, we decided to undertake a sample survey because although our open consultations have given us lots of insight into which services our residents prioritise, we don't get as many responses from residents aged under 45 and from a non-White British background, therefore it's not representative of the wider population of Bournemouth, Christchurch and Poole. By doing a sample survey we can ensure, to a certain degree of confidence, that the results would be the same if we were to survey every resident over the age of 18 living in our area.

2.2 **Open consultation**

A survey and an accompanying information document were produced and available online and in paper format. The consultation was widely promoted through a press release, social media channels and in all local libraries. The consultation was sent to residents and stakeholders signed up to the council's consultation register. The consultation closed on Friday 29 November 2024. A total of 1226 responses were received.

2.3 **Sample Survey**

Alongside the open consultation, the council commissioned a research company to run a sample survey. A knock-and-drop paper survey method was used. This is where teams of trained staff call on residents' door-to-door and ask for co-operation with the survey. Support is offered to the resident if needed, for example if they have sight loss or need help with reading/writing, and the interviewer is then able to help them at their door. If support is not required, the interviewer arranges a time to come back and collect the survey. To ensure the survey sample was representative by area, a random sample was drawn from a ranked list of Lower Super Output Areas (geographies that comprise of between 400 [1]– 1,200 households and have a resident population between 1,000 and 3,000) and surveys were conducted in those selected LSOAs. The sample was selected so that it closely resembled the wider BCP Council population in terms of the Bournemouth, Christchurch, and Poole area and IMD quintiles 1-5. Interviewers were given quotas of certain numbers of surveys they had to get completed so that the sample was representative by sex, age, and ethnicity.

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[1] The Indices of Deprivation are a unique measure of relative deprivation at a small local area level (Lower-layer Super Output Areas). The Index of Multiple Deprivation (IMD) ranks every small area in England from 1 (most deprived area) to 32,844 (least deprived area). There are 240 LSOA's in the BCP area

2.4 A sample of 750 was achieved which provides a confidence level of +/-3.6% at a 95% confidence level.

2.5 Throughout this summary the terms open consultation and sample survey will be used to distinguish between the results of both methods.

3. Profile of respondents

3.1 Open consultation

Compared to the overall BCP Council resident population, the open consultation received a higher proportion of responses from those aged 45 and older and fewer responses from those under the age of 44. It also received a higher proportion of respondents from a White British ethnic background and fewer responses from other ethnic backgrounds.

3.2 Sample survey

The research company was asked to meet a quota so that the survey sample was representative of sex, age, (area Bournemouth, Christchurch, and Poole) and the index of Multiple Deprivation and ethnicity. The data was weighted to improve its representativeness further within an accepted tolerance.

4. Awareness of the Council's financial situation

4.1 In the sample survey 15% of respondents said that they felt informed of the council's financial situation. This compares to 49% of respondents to the open consultation. The sample survey provides better insight into whether the BCP population feels informed about the council's financial situation.

5. Council Tax

5.1 64% of the open consultation respondents said that their first choice for level of council tax would be to raise it by less than 4.99%, 29% said their first choice would be to raise council tax by 4.99% and 8% said their first choice would be to raise council tax by more than 4.99%. Whereas 81% of respondents to the sample survey said their first choice would be to raise it by less than 4.99%, 16% said their first choice would be to raise council tax by 4.99% and 4% said their first choice would be to raise council tax by more than 4.99%.

	Open Consultation	**Sample Survey**
First choice would be to raise Council tax by less than 4.99%	**64%**	**81%**
First choice would be to raise council tax by 4.99%	**29%**	**16%**
First choice would be to raise council tax by more than 4.99%	**8%**	**4%**

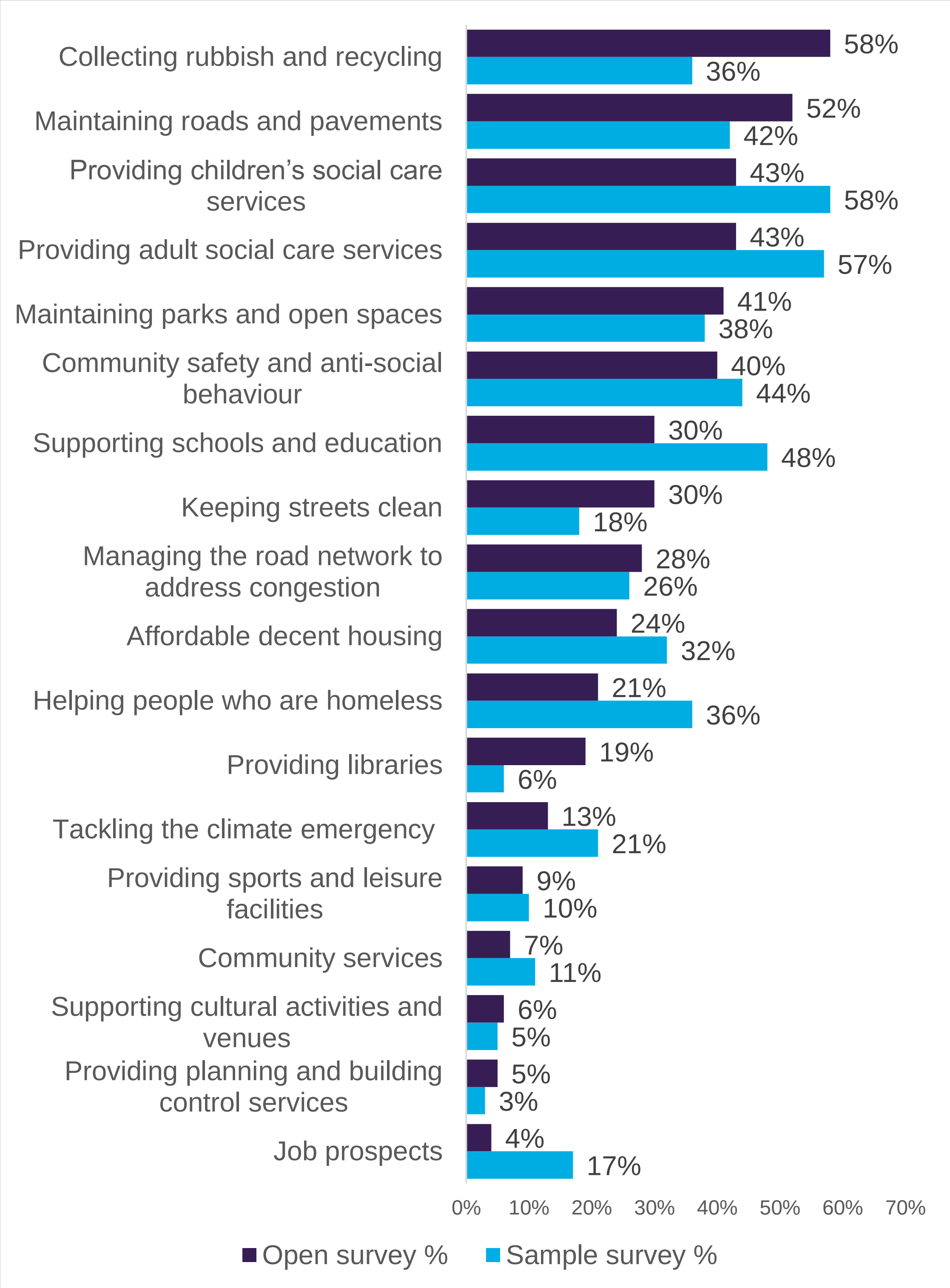
6. Importance of council services

6.1 Respondents were asked *'thinking generally about the local area and council services which five services do you feel are most important.'* The cells highlighted in green show the top five selected services for each of the methods and the orange show the five services thought by respondents to be least important. The five most important services to respondents of the sample survey were children's social care, adults social care, supporting schools and education, community safety and anti-social behaviour and maintaining roads and pavements. For the open consultation collecting rubbish and recycling, maintaining roads and pavements, children's social care, adults social care and maintaining parks and open spaces were seen as the top five most important services.

Table 1: Importance of council services

	Sample survey %	Sample Survey rank (1=most important)	Open survey %	Open survey rank (1=most important)
Providing children's social care services	58%	1	43%	3
Providing adult social care services	57%	2	43%	3
Supporting schools and education	48%	3	30%	8
Community safety and anti-social behaviour	44%	4	40%	6
Maintaining roads and pavements	42%	5	52%	2
Maintaining parks and open spaces	38%	6	41%	5
Collecting rubbish and recycling	36%	7	58%	1
Helping people who are homeless	36%	7	21%	11
Affordable decent housing	32%	9	24%	10
Managing the road network to address congestion	26%	10	28%	9
Tackling the climate emergency	21%	11	13%	13
Keeping streets clean	18%	12	30%	7
Job prospects	17%	13	4%	18
Community services	11%	14	7%	15
Providing sports and leisure facilities	10%	15	9%	14
Providing libraries	6%	16	19%	12
Supporting cultural activities and venues	5%	17	6%	16
Providing planning and building control services	3%	18	5%	17

Figure 1: The importance of council services (sample survey and open consultation)



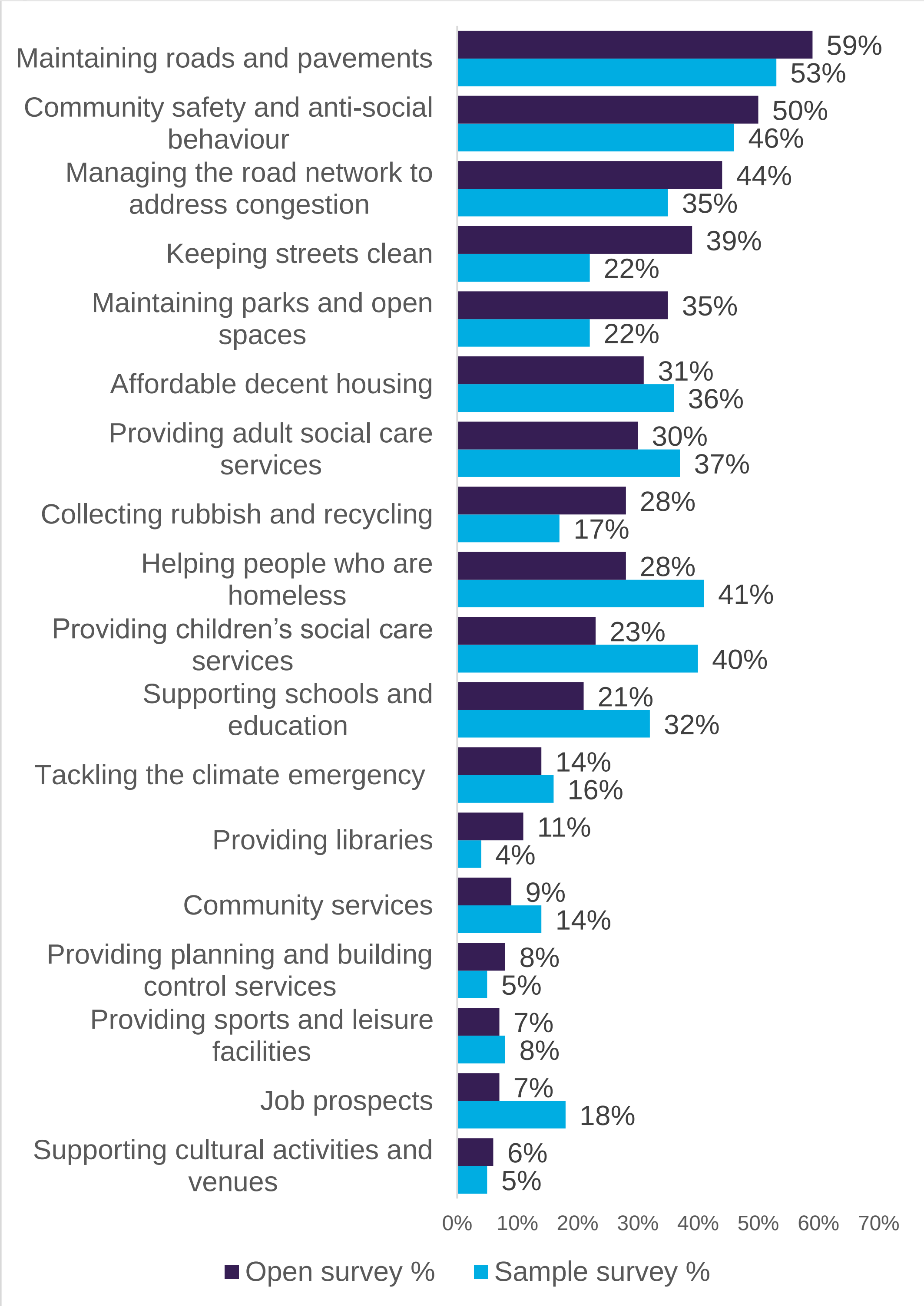
7. Service improvement

7.1 Respondents were asked to select up to five services that they felt were most in need of improving. The cells highlighted in green show the top five selected services for each of the methods and the orange show the five services thought by respondents to be least in need of improvement. In both the sample survey and the open consultation 'maintaining roads and pavements' and 'community safety and anti-social behaviour' were seen as most in need of improvement.

Table 2: Council services most in need of improvement

	Sample survey %	Sample Survey rank (1=most improving)	Open survey %	Open survey rank (1 = most improving)
Maintaining roads and pavements	53%	1	59%	1
Community safety and anti-social behaviour	46%	2	50%	2
Helping people who are homeless	41%	3	28%	8
Providing children's social care services	40%	4	23%	10
Providing adult social care services	37%	5	30%	7
Affordable decent housing	36%	6	31%	6
Managing the road network to address congestion	35%	7	44%	3
Supporting schools and education	32%	8	21%	11
Maintaining parks and open spaces	22%	9	35%	5
Keeping streets clean	22%	9	39%	4
Job prospects	18%	11	7%	16
Collecting rubbish and recycling	17%	13	28%	8
Tackling the climate emergency	16%	13	14%	12
Community services	14%	14	9%	14
Providing sports and leisure facilities	8%	15	7%	16
Supporting cultural activities and venues	5%	16	6%	18
Providing planning and building control services	5%	16	8%	15
Providing libraries	4%	18	11%	13

Figure 2: Council services most in need of improvement (sample survey and open consultation



Appendix 1C

8. Service priorities

8.1 The analysis of the importance and the improvement of services can help the council prioritise which services it should be looking to improve performance and which services it should look to sustain or possibly reduce if funding is limited.

8.2 When looking at those services that are seen as most important and most in need of improvement there are differences between the sample survey and open consultation. It is recommended that to understand what the wider population think the council should prioritise the sample survey.

8.3 The council should look to improve these services and should strive for a high standard of service as these services are most important to residents and are seen as most in need of improving.

Sample survey

- Affordable decent housing
- Community safety and anti-social behaviour
- Helping people who are homeless
- Maintaining roads and pavements
- Providing adult social care services
- Providing children's social care services
- Supporting schools and education

Open consultation

- Collecting rubbish and recycling
- Community safety and anti-social behaviour
- Keeping streets clean
- Maintaining parks and open spaces
- Maintaining roads and pavements
- Managing the road network to address congestion
- Providing adult social care services

8.4 There are two services that scored above average for importance but below average for needing improvement for both the open consultation and the sample survey. These are the areas the council could look to sustain performance as they are important to residents but are not seen as a priority for improvement.

Sample survey

- Collecting rubbish and recycling
- Maintaining parks and open spaces

Open consultation

- Providing children's social care services
- Supporting schools and education

8.5 There is one service which scored above average for improvement but below average for importance from the sample survey and two from the open consultation. Although this is not seen as important compared to other services residents want to see improvements in this area.

Sample survey

- Managing the road network to address congestion

Open consultation

- Affordable decent housing
- Helping people who are homeless

8.6 There are eight services from the sample survey and seven from the open consultation which score below average for importance and improvement. When looking at these eight services, three are rated higher in terms of importance and needing improving compared to others within this segment. These are keeping streets clean, job prospects and tackling the climate emergency.

Sample survey

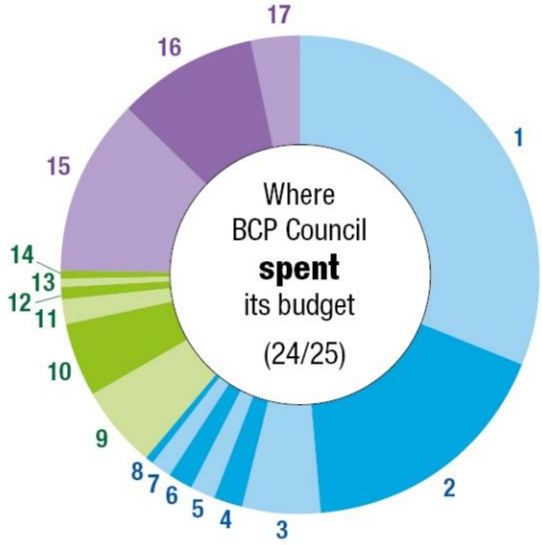
- Community services
- Job prospects
- Keeping streets clean
- Providing libraries
- Providing planning and building control services
- Providing sports and leisure facilities
- Supporting cultural activities and venues
- Tackling the climate emergency

Open consultation

- Community services
- Job prospects
- Providing libraries
- Providing planning and building control services
- Providing sports and leisure facilities
- Supporting cultural activities and venues
- Tackling the climate emergency

9. Spending priorities

9.1 Respondents to both the open consultation and the sample survey were given a list of council service areas and information about how much the council currently spends of its revenue budget within that area. Respondents were given the total cost but also how many pence in one pound was spent on that service. They were also given a brief description of what was included within each of the services.



		£ 000s	pence in £
People and Communities			
1	Adults and Older People Services	116,054	33.8p
2	Children's Social Care	65,020	19p
3	School Services	20,523	6p
4	Library Services	7,148	2.1p
5	Community Services	6,194	1.8p
6	Other Children's Services	5,466	1.6p
7	Housing Services	5,073	1.5p
8	Customer Service	2,678	0.8p
Place and Environment			
9	Waste and Recycling	21,037	6.1p
10	Transport Services	17,946	5.2p
11	Parks and Open spaces	6,206	1.8p
12	Street Cleaning	3,758	1.1p
13	Highways	1,964	0.6p
14	Planning	1,385	0.4p
Modern council			
15	Support Services	45,365	13.2p
16	Other central Items and accounting entries	34,833	10.2p
17	Cost of running our operational premises	11,494	3.4p
Commercial		- 22,233	-6.5p
Regeneration and Development		- 6,916	-2p
	Total	**342,993**	

9.2 **Open consultation**

For nearly all the spending areas the most popular answer was 'to retain the same level of funding,' except for highway services where the most frequented answer was 'increase a little' and support services where the most frequented answer was 'decrease a lot.' For other central items and accounting 'decrease a little' was the most frequented answer.

9.3 Each response was given a value of +2 for increase a lot through to -2 for decrease a lot. A mean score[2] was calculated to indicate which services respondents would like to spend more on and which they would like to spend less on. The service areas with the highest mean score for the open consultation were:

- Highway services 0.7
- Street cleaning 0.4
- Parks and open spaces 0.3
- Children's Social Care 0.3

9.4 The service areas with the lowest mean score were:

- Support services -1.1
- Other central items and accounting -1.0
- Cost of running our premises -0.8

*Please note the figures above have been rounded to the nearest 1 decimal place

9.5 **Sample survey**

Similarly to the open consultation, for most of the spending areas the most common answer was 'retain the same level of funding' except for children's social care and school services where 'increase a little' was the most popular answer.

9.6 Again, each response was given a value of +2 for increase a lot through to -2 for decrease a lot. A mean score was calculated to indicate which services respondents would like to spend more on and which they would like to spend less on. The service areas with the highest mean score for the sample survey were:

- School services 0.8
- Children's social care 0.7
- Highway services 0.7
- Street cleaning 0.6

9.7 The service areas with the lowest mean score were:

- Cost of running our premises -0.4
- Other central items and accounting -0.4
- Support services -0.2
- Planning -0.2

9.8 For both the open and sample survey, most respondents want the council to retain the same level of funding for most of its service areas. If there was additional budget, the open survey respondents prioritised highway services, street cleaning and parks and open spaces as the services where they would like to see more money spent. The sample survey respondents said they would like to see an increase in spending for school services, children's social care, highways, and street cleaning. If the council were to look at reducing spending in any service area, both the open and sample survey respondents said that the council should look at the cost of running its premises, support services and central accounting costs to make savings.

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[2] The *mean* of a set of numbers in a data set is obtained by adding up all the numbers then dividing by the size of the data set. When people use the word 'average' in everyday conversation, they are usually referring to the mean. Source: [Newcastle University]

10. Key points to consider

10.1 Overall, residents do not feel informed about the council's financial situation, those from the open survey feel more informed, this is likely to be because they receive direct communication from the council either through council newsletters or through social media.

10.2 Most respondents want council tax levels to be increased below 4.99% sending a strong message that residents expect the council to keep any council tax level increases to a minimum.

10.3 When it comes to service importance and improvement the insight from the open consultation and sample survey varies with a few similarities but more differences. The council should look at the findings of the sample survey if it wants to understand what the population think about which services are most important and what needs improving. The council should consider the findings alongside other information e.g. service performance, costs etc and consider whether it can prioritise these services:

- Affordable decent housing
- Community safety and anti-social behaviour
- Helping people who are homeless
- Maintaining roads and pavements
- Providing adult social care services
- Providing children's social care services
- Supporting schools and education

10.4 When it comes to how the council spends its money, most respondents would like the council to retain the same level of funding for most of its services. If savings are to be made, then respondents expect the council to make this from looking at the cost of running its premises, back-office functions and other central items and accounting. Residents want the council to prioritise front line services. There are some front-line services where residents would like to increase spending, for the sample survey this was school services and children's social care and for the open survey it was highway services.

10.5 Throughout this summary we can see there are differences between the sample survey and open consultation results. This emphasises the importance of conducting sample surveys alongside open consultations to inform big decisions the council must make.

11. Further information

11.1 Please see the full analytical report at [Budget 2025/26 | Have Your Say Bournemouth, Christchurch and Poole]

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Response to the 2025/26 Provisional Local Government Finance Settlement

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Question 1: Do you agree with the government's proposals for the Settlement Funding Assessment, including payment of Revenue Support grant and the basis of calculation of tariffs and top ups, in 2025-26?

Response:

We do not agree with the formula that is being used to allocate government funds to cover the increased cost of Employers National Insurance Contributions (NICs). Based on an interpretation of its outcome based on work by several organisations who model local government finance this council will have a shortfall estimated at nearly £2m (£5.2m increased direct costs less £3.3m forecast grant). This results in the increases in NICs costs for the Council's directly employed staff being funded directly from Council Tax, which is not the stated intention of the government. We believe that this is a fundamental error in the calculation of this support and must be revisited in the final settlement.

Question 2: Do you agree with the government's proposals to roll grants into the local government finance settlement in 2025-26?

Response:

Yes. A reduction in the number of specific grants, each with their own conditions and monitoring arrangements is perceived as helpful, assuming that the overall level of funding is not reduced as a result.

Question 3: Do you agree with the proposed package of council tax referendum principles for 2025-26?

Response:

No. We encourage the government to permit greater freedom to agree on the level of council tax locally without a referendum limit. This would provide the council greater freedom to address the financial challenges that the council and the sector are facing at this time.

Appendix 1d

Restricting councils' ability to decide on the level of Council Tax erodes local accountability. Even with the realism that a continually increasing proportion of local council tax revenue must be devoted to the funding of statutory services, local citizens should be given the ability to decide whether to protect the level of truly local services which have such a significant impact on their community.

Question 4: Do you agree with the government's proposals to introduce the Recovery Grant for 2025-26?

Response:

Yes. Although the allocation of £600m to the sector is welcome a formula which gives weight towards the ability to raise resources locally is inappropriate. Such an approach continues to fuel rises in council tax in areas of relatively high council tax and helps suppress it in areas with lower council levels. This approach has resulted in this council receiving none of the recovery grant despite our level of need and the high level of Council Tax which has to be levied to support our local services.

Question 5: Do you agree with the government's proposals on funding for social care as part of the local government finance settlement in 2025-26?

Response:

No. Although the additions to the social care grant are welcome the amount is wholly inadequate.

The National Living Wage and Employers National Insurance Increase is estimated to add £15.3m per annum to the cost of care commissioned by the council from 2025/26. The additional £5.9m increase in social care grant leaves the council with a significant £9.4m shortfall and by implication means no contribution from the extra social grant resources towards either additional demand or other inflationary pressures. In summary, the effect of the government's policy is that increases in the National Living Wage and National Insurance as they affect private sector providers of social care are largely funded by increases in Council Tax.

Question 6: Do you agree with the government's proposal to allocate £250 million in a new Children's Social Care Prevention Grant to invest in family help?

Response:

Yes

Question 7: Do you agree with the government's proposals for New Homes Bonus in 2025-26?

Response:

Yes

Question 8: Do you agree with the government's proposals to repurpose grants in order to target funding where it is needed most in 2025/26?

Response:

In part but real consideration needs to be given to the significant shortfall in funding council face due to the NI increases.

Question 9: Do you have any comments on the impact of the proposals outlined in this consultation document on persons who share a protected characteristic? Please identify which protected characteristic you believe will be impacted by the proposals, and provide evidence to support your comments.

Response:

No.

Question 10: Do you agree with the government's proposal to not extend the IFRS 9 statutory override beyond its current end date of 31 March 2025? Please specify the financial impact, if any, on your council and any implications with respect to financial sustainability.

Response:

Yes, the removal of the IFRS9 statutory override does not impact the Council and ensures investment decisions taken by an authority are robust and considers all associated risks.

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BCP Schedule of Council Tax Charges 2025/26

	Actual Council Tax 2024/25 £	Change 25/26 %	Proposed Council Tax 2025/26 £
Christchurch			
Christchurch Town Council			
BCP Unitary Charge	£1,767.22	4.99%	£1,855.41
Christchurch Town Council	£70.23	3.02%	£72.35
Total Christchurch Town	**£1,837.45**		**£1,927.76**
Burton & Winkton Parish			
BCP Unitary Charge	£1,767.22	4.99%	£1,855.41
Burton & Winkton Parish Precept	£17.25	5.91%	£18.27
Total Burton Parish	**£1,784.47**		**£1,873.68**
Hurn Parish			
BCP Unitary Charge	£1,767.22	4.99%	£1,855.41
Hurn Parish Precept	£33.55	4.02%	£34.90
Total Hurn Parish	**£1,800.77**		**£1,890.31**
Highcliffe and Walkford			
BCP Unitary Charge	£1,767.22	4.99%	£1,855.41
Highcliffe and Walkford Neighbourhood Council	£27.46		TBC
Total Highcliffe and Walkford	**£1,794.68**		**£1,855.41**
Bournemouth			
Bournemouth (exc Throop and Holdenhurst)			
BCP Unitary Charge	£1,767.22	4.99%	£1,855.41
Bournemouth Chartered Trustee	£2.27		TBC
Bournemouth Total	**£1,769.49**		**£1,855.41**
Bournemouth (Throop and Holdenhurst)			
BCP Unitary Charge	£1,767.22	4.99%	£1,855.41
Throop and Holdenhurst	£39.77	-2.64%	£38.72
Bournemouth Total	**£1,806.99**		**£1,894.13**
Poole			
BCP Unitary Charge	£1,767.22	4.99%	£1,855.41
Poole Chartered Trustee	£2.14		TBC
Poole Total	**£1,769.36**		**£1,855.41**

APPENDIX 2

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Key Assumptions

Service Pressures, Corporate Cost Pressures & Additional Resources, Savings, and Efficiencies

Service Pressures (net of any specific grant changes)	Revised Budget 2024/25 £m	Jan 2025 MTFP Position (updated from February 2024) 25/26 £m	26/27 £m	27/28 £m	Total £m
Wellbeing Directorate	125.5	14.4	6.0	6.2	**26.6**
Children's Directorate	92.3	6.5	5.3	5.3	**17.0**
Operations Directorate	31.7	7.1	(0.1)	2.3	**9.3**
- Operations Directorate: Waste & Extended Producer Responsibilty	29.5	(8.7)	1.9	0.8	**(6.0)**
Resources Directorate	41.4	2.4	0.2	0.0	**2.6**
Service Pressures (net of any specific grant changes)	**320.4**	**21.7**	**13.3**	**14.5**	**49.5**
Savings, Efficiencies, Fees & Charges					
Wellbeing Directorate		(2.8)	(0.9)	(0.8)	**(4.5)**
Children's Directorate		0.0	0.0	0.0	**0.0**
Operations Directorate		(2.7)	(3.3)	(2.0)	**(8.0)**
Resources Directorate		(0.7)	(0.1)	(0.1)	**(0.9)**
Transformation		(1.7)	(3.5)	(5.2)	**(10.4)**
Reversal of one off savings in 2024/25		3.7	0.0	0.0	**3.7**
		(4.1)	**(7.9)**	**(8.1)**	**(20.1)**
Corporate Items - Cost Pressures					
Transformation Base Revenue Cost	3.7	0.8	0.0	0.0	**0.8**
Debt Capital Repayment - Minimum Revenue Provision	6.0	0.5	0.4	0.4	**1.2**
Debt Interest on Borrowings	4.6	0.0	0.0	0.0	**0.0**
Treasury Management Income	(1.9)	5.9	1.7	1.8	**9.4**
Pension - Back funding	3.6	0.2	0.0	0.0	**0.2**
Provision for the Pay Award	0.8	(0.8)	3.8	3.8	**6.8**
Pay and Grading Project	1.1	(0.6)	3.0	(0.7)	**1.7**
Pay and Grading Project - Implementation cost	0.3	1.9	(2.2)	0.0	**(0.3)**
Benefits	(1.6)	0.3	0.0	0.0	**0.3**
Investment Properties Income	(5.0)	(0.1)	0.0	0.0	**(0.1)**
Redundancy costs that can no longer be charged to Transformatio	0.1	(0.1)	0.0	0.0	**(0.1)**
Miscellaneous including levies	2.2	2.2	0.4	0.6	**3.3**
Contingency	7.9	(5.3)	(0.0)	0.3	**(5.1)**
Corporate Items - Cost Pressures	**21.7**	**4.8**	**7.1**	**6.2**	**18.2**
Funding - Changes	**(338.7)**	**(23.0)**	**(10.4)**	**(17.6)**	**(50.9)**
Annual – Net Funding Gap	**3.4**	**(0.6)**	**2.1**	**(4.9)**	**(3.4)**
Application of one-off business rates resources to MTFP	**(3.4)**	**0.6**	**2.8**	**0.0**	**3.4**
Annual – Net Funding Gap	**0.0**	**0.0**	**4.9**	**(4.9)**	**0.0**
Cumulative MTFP – Net Funding Gap		**0.0**	**4.9**	**0.0**	

Please note: The MTFP as presented does not provide for two specfic known unknowns namely any potential impact of the governments funding reforms and future waste strategy.

Appendix 3

The 2025/26 Budget and Medium-Term Financial Plan (MTFP) as presented is based on numerous key assumptions that although they have been informed by many factors such as government announcements, economic forecasts, and trend analysis, are also based on professional judgement. These can be listed as follows.

1. Wellbeing

Service Pressures £14.4m for 2025/26 (11.5% increase over the 2024/25 revised budget for demand and inflationary increases including pay related costs)

Adult Social Care and Commissioning

The MTFP makes provision for an additional gross £33.5m investment in adult social care services over the 3-year period to March 2028 (£17.9m in 2025/26). Grant support towards these pressures has been assumed at the level of £4.7m in 2025-26 and £2m of growth each year afterwards. The pressures, which exclude the impact of the pay award on the services staff, arise from a combination of:

1) Assumptions around inflationary pressures within the care market. These pressures relate mainly to increases for providers in staffing costs where a significant driver is the consequential impact of changes in the National Living Wage (NLW) with this estimated at £19.6m over the 3 years.

2) The funding allocation for the Market Sustainability and Improvement Fund is being used to assist moving towards achieving the 'Fair Cost of Care'. The Discharge Fund will be used to meet the increased care costs and speed up hospital discharges. Both grants remain in 2025/26 at the same level as in previous year. Discharge Fund is rolled into Improvement Better Care Fund (known from now on as Local Authority Better Care Grant).

3) Demographic growth for all client groups is provided for at £10.5m over the 3-year period.

The NLW remains a key driver for the cost of care services affecting 70% of the cost of providing home care and 65% for residential fees. The rate from April 2025 was confirmed at £12.21 per hour and the cost of care in the MTFP has been taken forward from this base.

The remaining 30%-35% of the cost of providing care is driven by other cost of living factors assumed to increase in 2025/26 in line with CPI as estimated by the Office of National Statistics in September 2024 with approximately £1.1m additional cost included in the plan annually.

The NLW is assumed at 6.73% increase in 2025/26 and then 2% each year thereafter, and for CPI the assumptions are: 2025-26: 1.7%, then 1.5% and 1.8% for each subsequent year, respectively.

The MTFP recognises The Council's responsibility towards social care providers in relation to changes emerging from Employers National Insurance Contributions (EER NICs) and NICs threshold changes introduced by the government. An estimated provision of £4.9m to meet social care market needs is included in the total 2025/26 investment figure above.

The new government is not taking forward the social care reforms with the previously estimated costs and income no longer included in the MTFP. The planned reforms have been cancelled with the view to kickstart work on the new, long-term reform to overhaul social care challenges spearheaded by an independent commission launched early 2025. Two phases have been planned for the commission: first phase to identify issues and set out recommendations, reporting in 2026 and second phase: making recommendations, reporting in 2028.

Housing & Communities

The increased prevalence of homelessness and the need for community support have resulted in a £3.0m growth over the three-year MTFP period. For the 2025/26 year, grants totalling £1.9m have been confirmed to recognise this need. This provides an opportunity to invest in temporary accommodation and the resources required to manage the portfolio in providing safe housing and support.

Annual budget growth has been provided for unavoidable inflation in housing related support and CCTV contracts at £0.4m in 2025/26, with £0.5m across the following two years.

2. Children's Services

Service Pressures £6.5m for 2025/26 (7% increase over 2024/25 revised budget for demand and inflationary increases including pay related costs)

The MTFP makes provision for an additional gross £20.8m investment in children's services over the 3-year period to March 2028 (before additional specific grants). This pressure, which excludes the impact of the pay award on the services staff, is a combination of:

1) Care:

a. The service has seen a rise in the costs of children in care since the budget was set for 2024/25 with resources released from other budgets, primarily adult social care, and redirected to children's services with the MTFP growth in addition to this permanent base budget increase. There continues to be increasing complexity of children needing placements with a limited supply of good quality places nationally and providers have been able to increase their fees beyond our expectations.

b. The requirement for providers of supported accommodation for looked after children and care leavers aged 16 and 17 to be Ofsted registered and inspected has also led to an increase in placement fees as higher costs are passed on.

c. Local social care market purchasing has been reliant on framework contracts which previously worked well in managing placement costs, however in recent years this has significantly deteriorated. This change has impacted on price and a range of market options is being explored.

2) School Transport:

a. The cost of special educational needs and disability (SEND) transport is directly linked with the increasing number of education, health, and care plans (EHCPs) and the pressure that continues in the high needs block of the dedicated schools grant (DSG).

b. SEND transport is however not funded by the DSG and instead the responsibility falls to the general fund budget of the council.

The social care grant provided since 2020/21 is assumed to continue along with all other children's social care funding throughout the 3 years of the plan.

3. Operations

Service Pressure reduction £1.6m for 2025/26 (largely driven by inflationary increases, and changes to service provision, offset by the new extended producer responsibility scheme that comes into effect in April 2025.)

The MTFP provides for additional investment over the 3-year period to March 2028 of £9.3m across operations services, however the grant and future year assumptions associated with the extended producer responsibility scheme offsets these service pressures. It should however be noted that this scheme will likely see increased pressures in other areas of the waste services in future years.

Included in the overall position is provision for a one-off investment of £2.3m in 2025/26 for the Russell Cotes Museum to support its move to become independent of the council.

The on-going pressures over the 3 years are a combination of:

1) Inflationary pressures for waste disposal and recycling services linked to contracts and market movements.
2) Fuel inflation has been allowed for along with reprofiled and additional prudential borrowing repayments in line with the Fleet Replacement Strategy report presented as a sperate item on the Cabinet and Council agenda to ensure that the rolling capital programme for fleet vehicles is maintained.
3) There is an investment in parking which mitigates the costs of the various income collection methods.
4) Inflationary pressures allowed for within sustainable transport for concessionary fares increases following the recent rebase to reflect the current trend of journeys undertaken.
5) The Local Plan will receive a base budget of £0.25m ongoing to fund each years scheduled activities with an increased injection of £0.45m in 2025/26 to fund a peak year with the finalisation of one Local Plan and the start of another in the same year.
6) The business support budget has been rebased by £0.4m to reflect on-going needs across the council.

4. Resources

Service Pressures £2.4m for 2025/26 (5.8% increase over the 2024/25 revised budget for demand and inflationary increases including pay related costs)

The MTFP identifies several budgetary pressures within the Resources directorate, including contract inflation across multiple service areas, increased bank charges, revenue ICT investment plan costs, and income challenges related to land charges.

Most notably, there are significant difficulties in retaining and recruiting staff within Legal Services. Consequently, £0.4m has been invested in staff resource capacity to avoid the reliance on costly locums and to establish a stable staffing base for the future.

5. Pay Award

Local government agreed pay awards for 2018/19, 2019/20, 2020/21 and 2021/22 were 2%, 2%, 2.75% and 1.75%, respectively. The National Employers organisation took a different approach in agreeing the pay awards for 2022/23, 2023/24 and 2024/25.

For 2022/23 a flat rate increase of £1.925 on every spinal column point was agreed. For 2023/24 agreement with the Trade Unions was reached on a flat rate increase of £1,925 on every grade up to SCP43 and 3.88% above this level. For 2024/25 the agreement was based on a flat rate increase of £1,290 on every grade up to SCP43 and a 2.5% increase above this level. This equates to approximately an average increase of 4% which was 0.5% below the budgeted amount for 2024/25.

Every 1% variation is estimated to require a £1.9m provision in the general fund once allowance is made for recharges (for example to capital) and external contributions (such as adjusted fees & charges etc.)

For 2025/26 the budget has been drawn based on a 2.8% provision for the pay award in 2025/26. This is in line with the 2.8% proposed 2025 pay award for public sector workers announced by the government in December 2024. The MTFP makes provision for annual pay awards of 2% from 2026/27 onwards.

In addition, as part of the savings and efficiencies proposals underpinning the 2023/24 budget, provision was made for only 95% of each service's employee establishment to allow for the impact of turnover and other matters on the actual cost of the service. Previously the assumption varied between services, of between 95% and 98%. Monitoring of the 95% assumption is ongoing however the indications are some areas, particularly small team with low turnover, find it difficult to achieve this target. In addition, services continue to be expected to manage the impact of any incremental drift in their pay base.

6. New Pay and Grading Structure

A key requirement following the establishment of BCP Council was to create a single new pay and grading structure. As of January 2025, a single pay and grading structure supported by standard terms and conditions applied across all posts is not in place. Potential risks associated with this position increase the longer it takes to achieve this outcome. This risk has further increased based on the recent Trade Union ballot outcome however officers remain committed to achieving the single pay and grading and terms and conditions outcome.

The 2025/26 Budget and MTFP position reflects an updated costing of the potential impact of the Pay and Reward project further to the position as set out in the 10 December 2024 update report to Cabinet. The report reflected on the recent trade union ballot outcome and proposed next steps. The updated costing relates to a significant number of staff who have subsequently been remapped. Consequentially the £1.060m included in the base revenue budget for 2024/25 is being reduced to £0.419m for 2025/26 with the ultimate increase in the pay-bill now an annual additional amount of £2.793m, profiled across the MTFP time-horizon including as to when any pay protection costs need to be funded.

For financial planning purposes, the proposed implementation is now assumed to be 1 March 2026. The council will however endeavour to deliver the outcome at the earliest date achievable. In line with the normal annual protocols put in place the assumption continues to be that budget holders will manage within their budgets any additional incremental drift associated with the new pay structure, as with the current arrangements.

An amount of £2.197m in one-off resources has also been set aside to fund the cost of the implementation team in 2025/26. It is proposed to hold the unused £1.060m budget from 2024/25 in an unearmarked reserve to cover the increased risks caused by this delay and support bringing it to a swift conclusion.

7. Pension Fund

BCP Council is a member of the Dorset Local Government Pension Scheme administered by Dorset Council. The funds actuary Barnett Waddingham is required to revalue the fund every three years (tri-annual revaluation) to determine both the value of its assets and liabilities and the contributions rates for each employer in the fund.

The fund was last revalued as of April 2022 and the impact was agreed with the pension fund actuary in November 2022. The March 2022 position for BCP Council was a funding deficit of £53.2m with a resulting funding level of 95.9% as outlined below, compared to a funding deficit of £86.6m on 31 March 2019 relating to a funding level of 91.9%.

Figure 1: BCP Pension Fund – funding levels

Local Authority	31 March 2016 Funding Level	31 March 2019 Funding level	31 March 2022 Funding Level
Bournemouth Council	79%		
Christchurch Council	88%		
Dorset Council	80%		
Poole	86%		
BCP Council	**82%**	**92%**	**96%**

BCP Council contribution rates are as set out below. In respect of the 2022 revaluation, the increase on the ongoing rate was offset by the reduction in the back-funding element. Key variables that impacted on the valuation were the impact on liabilities of CPI inflation, salary increases and the assumed discount rate, and the level of investment returns on the assets of the fund.

Figure 2: BCP Pension Fund contributions agreed with the actuary:

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Ongoing *Primary Rate*	15.6%	16.2%	16.8%	17.4%	19%	19%	19%
Backfunding *Secondary Rate*	£9.43m	£5.89m	£6.10m	£6.32m	£3.97m	£4.13m	£4.29m

Looking forward towards the 2025 valuation the actuary has a emphasised their objective of endeavouring to achieve a level of stability in contribution rates.

In comparing pay rates with those of other employers, it is important to recognise that the council has a total contribution rate of more than 22%. Many private sector companies will be making only a 3% minimum pension fund contribution.

8. Inflationary Costs

Inflation is only provided for in service directorate budgets where it can be demonstrated that it will be needed due to either market or contract conditions. Inflation as of September 2024, which is applied or factored into several 2024/25 contractual uplifts, was 1.7% as measured by the (CPI) Consumer Price Index.

The government's inflation target remains at 2% on an annual basis.

CPI Inflation as December 2024 was 2.5% (November 2.6%).

9. Treasury Management Income

The MTFP assumes a £5.9m pressure on the treasury management function. This recognises the assumption that Council, as part of the 2025/26 Budget setting process, will agree to borrow £57.5m to enable the forecast excess high needs expenditure in 2025/26 to be financed. Negotiations with government are ongoing to establish if the council is empowered to borrow this money within the current financial framework or whether it needs a capitalisation direction (borrowing permission). Consideration is also being given as to the merit of a capitalisation direction to cover the associated interest costs. Advice and guidance will be taken from CIPFA and the External Auditor as appropriate. We are assuming this borrowing will be for 1 year only from the Public Works Loan Board with the assumption that government will have put in place a solution to return the SEND system to financial sustainability nationally by this time next year. The Council also needs to borrow cash to manage it overall cash position with decreasing level of balances available to invest. The Council continues to employ an internal borrowing policy which has avoided taking out additional external long-term debt and the associated high interest rates payable however this is becoming harder to maintain as interest rates are not falling as quickly as expected. The likelihood is temporary borrowing which has maintained the cash position for a number of years will be switched to longer term borrowing to allow greater security of cash on a daily basis.

10. Local Council Tax Support Scheme

Cabinet at its meeting on the 10 December 2024 agreed that there should be no change to the Local Council Tax Support Scheme for 2025/26. This means that the council has applied a consistent policy now from 1 April 2019 onwards.

Ongoing consideration will be given to changing the existing LCTSS to a 'banded scheme' reflecting evolving best practice to reduce the burden of administration for both claimants and the council. Any changes proposed would not be designed to reduce expenditure on LCTSS but to deliver operational and administration efficiencies and better meet the needs of residents

As of 1 November 2024, BCP Council was providing LCTS to 22,561 claimants a reduction of 3% over the previous 12-month period.

11. Government specific grants as related to Adult and Children's Social Care - Assumed £7.8m additional funding for social care funding in 2025/26 (£13.1m over 3-year period of the MTFP)

Trends analysis shows that the government have made additional grant funding for social care available in every year since 2015/16. Over the years grants have increased inconsistently but average at 30% increase per year. Provisional allocations indicate an increase of around 10% only for BCP Council in 2025/26. Whilst grants have been announced only up until 2025/26, the trends shows that new money has continued over the years, therefore the MTFP assumes that the current social care grants are ongoing.

The Social Care Grant was introduced in 2020/21 and ringfenced to support social care for adults and children and now includes the Independent Living Fund. This grant increases by £5.9m in 2025/26 to a total of £39.5m, an increase of 17% against a 32% increase in 2024/25. In BCP, £29.3m will be used by Adult Social Care and £10.2m will be used by Children Social Care. The Social Care Grant is estimated to increase by £2.3m (8%) in 25/26 and subsequent years due to uncertainties of government funding and the inconsistent increases experienced through the years.

The Improved Better Care Fund (iBCF) is frozen at £13.44m for the third consecutive year and this grant, along with Adult Social Care Discharge Grant, £3.14m also remaining at the same level, is being rolled into single Local Authority Better Care Grant.

The increase for the Better Care Fund of 5.66% in 2025/26 is in line with NHS Dorset expectations. The MTFP assumes an increase of just over 2.5% for subsequent MTFP years due to lower inflation forecasts.

The Market Sustainability Fund initial allocation for 2024/25 was £7.66m. This allocation to BCP Council remains the same for 2025/26. This lack of fund growth is the basis to assume no planned increases for subsequent years of the MTFP.

Children Services specific grants – Supporting Families, New Burdens, Staying Put, Virtual Schools Heads Extension, Leaving Care Allowance and Personal Advisors – are being rolled into a Children & Families grant with estimated increase of £0.4m for 2025/26. No further increases are planned for this in subsequent years.

The Government announced new Children Social Care Prevention Grant of £250 nation-wide for 2025/26 to invest into a national rollout of Family Help initiative. BCP Children Services will receive £0.97m of that total sum. Currently it is unknown if subsequent years will see an increase of this grant, hence no growth assumed beyond 2025/26.

12. One-Off Resources

As part of the normal annual budget process the council is required to review the brought forward and forecast position on each of its collection funds (business rates and council tax) and make provision for the forecast year end surplus or deficit as part of the following years budget.

Based on a 2023 fundamental review undertaken in respect of the business rates collection fund a forecast surplus was treated as an exceptional one-off resource rather than as just as part of the standard budget setting arrangements for 2024/25.

A schedule of how these resources is being applied is set out in figure 3 below. In summary it continues to be applied to the delivery of outcomes in support of the financial sustainability of the council and enabling the phasing of savings over defined time periods.

Figure 3: Application of one-off business resources

	Latest Application £000s	Profiled Application of Resources 2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s
Resources Available - Business Rates Collection Fund (Surplus)	**(25,281)**				
Application of Resources					
a) Resources set aside to support regeneration ambitions					
Includes resources to fund the staff transferred by BCP FuturePlaces Ltd over a 4-year period.	4,000	1,000	1,000	1,000	1,000
b) Russell Cotes Museum *(separate 7 February 2024 Cabinet report)*					
£2m One-off dowry payment + £250k one-off maintenance dowry payment.	2,250		2,250		
£626k Base budget removed from 1 April 2024 but do not become self sufficient until 1 October 2025.	939	626	313		
£50k Base budget for corporate maintenance removed from 1 April 2024 therefore £75k provision 1/10/25.	75	50	25		
c) Climate Change and Ecological Emergency					
Resources to top up the project budget, via an Earmarked Reserve, to £1m.	452	452			
d) Children's Services - Improvement Expenditure					
One-off investment in the Children's Services, Building Stronger Foundations Programme, December Cabinet.	522	522			
e) Bournemouth Air Festival					
£200k One-off funding for 2024/25 only.	200	200			
Further one-off contingency to underwrite the 2024/25 event (£54k of £100k used)	54	54			
f) Poole Events					
Application of unused Air Festival contingency - in light of ABID decision	46		46		
g) Christmas Events					
£200k One-off funding for 2024/25 only.	200	200			
h) Pay and Reward					
One-off implementation costs for 2024/25.	269	269			
One-off implementation costs for 2025/26.	2,197		2,197		
i) Transitional implementation of specified savings proposals					
Resources to enable specific savings proposals to be implemented over a transitional period.	1,805	1,705	100		
j) Poole Civic Centre					
Holding costs for 2025/26 only	228		228		
k) Contingency					
Resources set aside in support of the potential for optimism bias in the £38m of 2024/25 proposed savings.	5,654	5,654			
l) Miscellaneous					
ICT Investment Plan expenditure which cannot be capitalised	215		215		
Redhill Paddling Pool consumables support - one year extension to secure sponsorship	10		10		
m) Resources to support the balancing of the 2024/25 Budget & MTFP					
Based on Q2 2024/25 Budget Monitoring reduced flexibility to carry forward contingency resources into future years	6,165	3,375	2,790		
Balance Carried Forward	**25,281**	**14,107**	**9,174**	**1,000**	**1,000**

Appendix 3

13. Council Tax – Taxbase

Cabinet at its meeting on 15 January 2025 agreed to the determination of 151,574.2 as its council taxbase for 2025/26 which is the number of Band D equivalent properties over which the council's council tax for the year will be charged. It is based on the principle that every domestic property is valued by the Valuation Office Agency and placed in one of the eight valuation bands, based on its value as of 1 April 1991 (houses built after this date have their value as of April 1991 estimated at the time of their first sale). The amount of council tax paid varies according to the valuation band as follows:

Figure 4: Council Tax Valuation Bands on 1 April 1991 and calculation

Band	Value at 1 April 1991	Ratio	Ratio as a percentage
A	Up to £40,000	6/9	67%
B	£40,001 to £52,000	7/9	78%
C	£52,001 to £68,000	8/9	89%
D	£68,001 to £88,000	9/9	100%
E	£88,001 to £120,000	11/9	122%
F	£120,001 to £160,000	13/9	144%
G	£160,001 to £320,000	15/9	167%
H	More than £320,000	18/0	200%

A comparison of the BCP Council Taxbase between years is set out in figure 5 below.

Figure 5: Analysis of the council tax taxbase between Towns.

Town	Council Tax - Taxbase				
	2023/24	2024/25	% Variance	2025/26	% Variance
Bournemouth	64,842	65,603	1.2%	68,076	3.8%
Christchurch	20,975	20,976	0.0%	21,665	3.3%
Poole	59,022	59,763	1.3%	61,834	3.5%
Total	**144,839**	**146,342**	**1.0%**	**151,574**	**3.6%**

The council tax, taxbase growth reflects.

1) Implementation of a 100% second homes premium from 1 April 2025 onwards.
2) A 43% reduction in long term empty properties (826 from 1,444) following the implementation of a 100% premium after 1 rather than 2 years from 1 April 2024 onwards.
3) Reduction in the number of residents eligible to claim a single person discount.
4) Lower levels of additional properties compared to those estimated as part of the previous year's taxbase calculation.

Overall, the increase in taxbase is anticipated to generate £9.7m additional revenue in 2025/26.

14. Schools Forum

Schools Forum is a statutory body of the council and must be consulted on all school funding budget allocations. It also has a range of decision-making powers regarding the level of budgets held centrally and whether any funding provided for mainstream schools can be transferred to other budget areas.

The BCP Schools Forum has a complement of twenty-four members with representation from all categories of schools. Two meetings were held over the autumn and one in early January 2025, with recommendations and decisions made for the BCP Council budget regarding school funding through the ring-fenced DSG.

15. Dedicated Schools Grant (DSG)

The gross DSG of £405m provides funding for mainstream schools for pre 16 pupils, private, voluntary, and independent nursery providers, a small range of central school services (for example, school admissions) and specialist provision for children and young people with high needs. High needs budgets include funding for mainstream schools and specialist providers to support pupils with education, health, and care plans (EHCPs) aged 0-25, and those educated out of school, for example due to permanent exclusion or medical needs. Academies are funded from the gross DSG allocation but with amounts subsequently recouped by the DfE to enable the budget share for pre 16 pupils to be paid directly by government.

The DSG is allocated to the council through four funding blocks, each with its own national formula methodology: early years, mainstream schools, high needs, and central school services. Distribution to councils linked to historic allocations has now largely ended, with some funding protection mechanisms in place to reflect that expenditure patterns once well-established cannot be changed quickly.

The council brought forward a DSG accumulated deficit of £63.5m in April 2024 due to the now recognised national underfunding of the high needs budget. The deficit was budgeted to grow by £28m during 2024/25 with the quarter three forecast an overspend of £16.5m as reported to Cabinet in December. The deficit arises from the restrictions in how funding can be moved between blocks with it not possible to reduce expenditure to balance the account as well as meet the statutory education entitlements of pupils identified with high needs. The projected accumulated deficit is as follows:

Figure 6: Summary position for dedicated schools grant at March 2025 and 2026

	£m
Accumulated deficit 1 April 2024	**63.5**
Budgeted shortfall 2024/25	28.0
Projected overspend	16.5
Projected deficit 31 March 2025	**108.0**
Projected high needs funding shortfall 2025/26	57.5
Projected deficit 31 March 2025	**165.5**

The recent DfE strategy for tackling the national problem of accumulating deficits on the DSG due to the expenditure on the high needs block has been through the delivering better value (DBV) and safety valve (SV) programmes. The council has engaged in both programmes and secured £1m in 2023 to support improvements in the local SEND system. The improvements were delivered but these programmes found no solution to the rising funding gap. The council was unable to secure an SV deal to provide additional funding and the DfE has confirmed that no further deals will now be made nationally.

The Commons Education Committee has launched an inquiry into the crisis in provision for children with SEND, with chair Helen Hayes saying MPs are seeking to find practical solutions to the problems in the sector, rather than just identify problems. It was noted that while there has been a great deal of analysis of the issue, the committee will focus on where reform is needed, what good practice could look like and what lessons can be learned.

The council's December 2023 DSG management plan prepared as part of the SV process included proposed additional expenditure of £2.8m as an invest-to-save initiative (innovation fund). The use of this fund was developed with schools over 2024/25 with its aim to increase support for SEND pupils in mainstream schools and reduce reliance on high-cost specialist places. Schools Forum considered the final proposals for the innovation fund on 13 January 2025 and confirmed the initiatives would help them become more inclusive. However, the Schools Forum could agree to transfer only surplus school block funding of £1.1m to support the scheme over 2025/26.

The DfE was approached by their 18 November deadline to request a 1% funding transfer from mainstream schools to fully fund the scheme as urgent system change with the full support of schools is necessary to reduce the trajectory of the growing accumulated deficit. The innovation fund will be implemented only to the extent that funding has been secured.

The report to Cabinet in October 2024 set out the projected course of the accumulated DSG deficit over the period March 2024 to 2029. The estimated accumulated deficit, in the absence of DfE action to reset the high needs system, is shown in table 7 below. This shows a further increase in the deficit of £71m in 2026/27 with the increase then slowing over the following two years with an annual funding gap of £75m projected for 2028/29. This assumes the innovation fund will be implemented and successful in reducing the predicted growth in specialist placements. The cumulative deficit at the end of March 2029 is projected to be £385m.

Figure 7: Accumulating deficit on the Dedicated Schools Grant

	Balance Actual 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	Balance Estimate 31/3/28 £m	Balance Estimate 31/3/29 £m
Dedicated Schools Grant	(36)	(63)	(108)	(165)	(236)	(309)	(385)

16. High needs block - £64.5m

The issue of local authorities incurring expenditure greater than the resources made available by government for the high needs block of their Dedicated Schools Grant has been an issue ever since the introduction of Education, Health, and Care Plans (EHCPs) under the Children's and Families Act 2014. These EHCPs are legal documents which set out a child or young person's special educational needs and the support that is required to meet those needs. It is widely acknowledged that Local Authorities have all the responsibility for maintaining high needs expenditure within budget and yet have almost no hard levers within which to affect this.

17. Early years block - £53.5 million

The early years block funds the local early years single funding formula (EYSFF) as well as a range of council services supporting the early years free entitlements.

The previous government-initiated plans for a major expansion of childcare support aiming to remove barriers to work for parents with children under three in a bid to help more parents return to work. The phased implementation is continuing in 2025/26 with working parents entitled to up to 30 hours childcare support for every child over the age of 9 months from September 2025.

18. School's block - £285 million

The national funding formula (NFF) for mainstream schools funding provided a £5.1m (1.8%) increase for 2025/26 due to uplifted national formula values, updated local school data and reflecting a net reduction in pupil numbers.

A separate paper on this meeting agenda includes proposals for Council decisions regarding the early years and mainstream school's formulae.

19. Central school services block - £2.2 million

The funding is provided largely through a national formula for on-going functions with the per pupil rate increasing annually. There is also funding for local historic commitments. Funding in this block supports specific central services for all schools and the DSG budgeting system. The School's Forum agreed in January that the council budgets can be set at the level of funding.

20. Maintained schools

BCP will have 13 maintained schools (out of 96 in total) on 1 April 2025. Funding to continue statutory services for maintained schools is to be provided from central retention of maintained school budget shares through agreement of maintained schools representatives at School's Forum. Consultation on the proposed retention of £0.2m is in progress at the time of writing this report. A separate decision regarding de-delegation of mainstream school funding to support school improvement functions, which remain the responsibility of schools, is also in progress. Budgets and activities supporting mainstream schools will need to reduce where possible if funding is not secured.

21. Academies

Academies are independent organisations. Their funding and expenditures are not contained within the council's budget, but the overall DSG budget reported to the DfE is set inclusive of their funding allocations.

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Budget Scrutiny: Response to recommendations to Cabinet

1. In support of the 2025/26 budget process steps were taken to enhance the associated Overview and Scrutiny arrangements. This included during September Directorate Budget Awareness sessions and during October/November task & finish working groups to explore key lines of enquiry within their area of responsibility. The areas considered in further detail were as follow.

   - **Children's Services Overview and Scrutiny Committee**

     School Transport costs

     Care growth forecast

   - **Health and Social Care Overview and Scrutiny Committee**

     Demand Management (Adult Social Care)

   - **Environmental and Place Overview and Scrutiny Committee**

     Climate & ecological emergency budget including costs associated with reaching net zero ambitions

     Bed and breakfast costs and temporary accommodation

   - **Overview and Scrutiny Board**

     Car Parking Charges

     Residents card

2. Following the task and finish groups a series of recommendations were made to the Overview and Scrutiny Board. These recommendations fell into 3 categories.

   a) Recommendations to Cabinet on budget matters.

   b) Recommendations to Cabinet on matters not specifically related to the budget.

   c) Recommendations from the Overview & Scrutiny Board to other Overview & Scrutiny Committees.

3. Regarding (a) the recommendations to Cabinet on budget matters, these with the responses of the relevant Portfolio Holder as set out below.

   Portfolio Holder for Children, Young People, Education & Skills: Cllr R Burton

   1) Supports and promotes inclusion as a key priority for Children's Services enabling more SEND pupils to be educated in mainstream, local schools, therefore reducing the need for school transport provision and associated costs.

      Response: BCP Council has inclusion and belonging as one of its highest priorities. BCP new co-produced Belonging Strategy will be launched as part of a suite of strategies before Christmas that emphasises the importance of children and young people having that sense of belonging in their school setting and the impact that has on their outcomes. We will be working with schools on a new Information Sharing Agreement to enable transparent and open sharing of school level data in relation to exclusions, suspensions, attendance to support the discussion around inclusive practices.

Alongside this, the final proposals for the use of the £2.8 million Inclusion Innovation fund will be discussed at Schools Forum in January 2025. Once approved this will create increased capacity for BCP to support and challenge mainstream schools with their systemic practices and approaches to inclusion. Inclusion Consultants (ICONs) will be assigned to schools and will provide support, guidance and challenge to their schools in relation to their SEND systems in school and how they provide support to their pupils. This fund will also provide further training to schools and increase the specialist offer of Outreach Support and BOOST training from our special schools, to provide further expert support and guidance to our mainstream settings on how to support their pupils. Finally, it will also offer schools the opportunity to bid for Innovation funding to enable them to put further support in place in their own setting for their cohorts of children with SEND. Schools will be invited to bid for this funding once the fund has been signed off by Schools Forum.

2) Be informed that the O&S working group notes that the Children's Social Care Service is working within the MTFP and is assured that the budget for 2025/26 is being built on well informed growth forecasts and that BCP's position was now stabilising in terms of numbers of children entering the care system.

   Response: Whilst the numbers of children in care are stabilising there are still pressures in the cost of placements and the complexity of the needs of children. National demands for placements out strips supply which can leave us at the mercy of the private provider market.

   We have a Sufficiency Statement and action plan which going forward will be overseen by a Sufficiency/ Commissioning Board. Part of this work is to manage the market to gain placement capacity at lower cost. We work hard to keep families at home and have a clear early help system that supports this agenda. We seek to place children in family environments and positively have a significant number of children in fostering placements, which is of lower cost and better for the outcomes for the children.

3) Notes that, within a time of financial constraint, the O&S working group finds that protection of non-statutory services (such as Early Help) continues to be vitally important to avoid additional financial impact on statutory services. The working group supports and recommends a continued approach to protecting non-statutory services for this reason.

   Response: We welcome this support and recommendation. We are successful at keeping families together through our Keeping Families Together team and have a robust an early help system which provides multiagency support within communities to be able to support families early reducing the need for statutory intervention. The impact of this can be seen in the lower rated of re referrals into the system.

4) Be informed that the O&S working group was assured by the previous end of year outturn being within approximately £300k of the Quarter 3 projections for the year, which was a minimal variance, demonstrating that the Service has a good handle on the anticipated costs for Children's Services.

   Response: We work hard to identify areas of cost management and are diligent in our management oversight of cost pressures and mitigations to manage them. Such as seeking permanent staffing, developing system changes such as Early Help and Keeping families together to drive down demand as well as reviewing our commissioning arrangements and relationships with providers.

Portfolio Holder for Health & Wellbeing: Cllr D Brown

5) That in light of the financial and other benefits of block booking beds, funds be made available in the 2025/26 budget to allow the Adult Social Care service to increase the number of block booked beds used by the council for long-term care provision with the aim of reaching 300 block booked beds, followed by a review and a further aim of 500 block booked beds.

   Response: Commissioning commenced a work programme to secure 300 block booked beds during the year. We have secured 157. For the remaining 143 we aim to achieve this by converting 143 already spot purchased beds to block booked beds. Once we have secured 300 block booked beds, we will review our position and consider if we should commission a further 200 at the point of review.

6) That funds be made available in the 2025/26 budget to support the Adult Social Care service to work in partnership with health partners to develop a more enhanced offer of intermediate care and reablement care to be able to meet the objective of reducing or delaying long-term residential care need for residents.

   Response: Under the Urgent Emergency Care (UEC) programme of work with all partners and Newton, there is a specific workstream that is focussed on intermediate care and reablement. This work is focussed on an enhanced offer of intermediate care and reablement and ensuring that those individuals who require a recovery approach are given access to it. This is a system wide approach to intermediate care and reablement throughout the Dorset footprint.

Portfolio Holder for Climate Response, Environment and Energy: Cllr A Hadley

7) Put in place as a matter of urgency a corporate approach to financial decision making that would enable it to meet its net zero targets by 2030, to include a gap analysis of the estimated total amount of spend required to reach net zero targets against the work already underway within departments to reach these targets.

   Response:

   Progress towards net zero across the operations of the Council by 2030 will require significant focus on this ambition across all services. A clear plan of action will be produced during 2025, highlighting the interim steps towards the target.

   In addition to this we will require invest to save business cases and making use of any grant funding opportunities where applicable. The council will need to be ready to make strategic investment decisions, including a gap analysis and a review of its Net Zero pipeline. A focus group will be set up to take this action forward.

8) Following receipt of the Local Area Energy Plan (LAEP) report and the work suggested at recommendation 7 above, Cabinet be recommended to consider a mechanism for including the full costs associated with reaching net zero by 2030 alongside the Medium-Term Financial Plan, by consulting best practice used in other authorities to date for the same purpose.

   Response:

   The LAEP plan will identify 15 key actions, these actions have been agreed through a series of workshops with key stakeholders, the final report will be available in February 2025.

A key output from this study will be the commercial business cases that support the 15 key actions, this will need to be considered alongside our 2030 target, budget position and baked into our MTFP. An assessment of the targets, costs and barriers across all priorities, given the constraints of the Medium-Term Financial Plan will be produced.

Portfolio Holder for Housing and Regulatory Services: Cllr K Wilson

9) That Cabinet notes that the O&S working group members are assured that, within the difficult financial position that the council is in, officers have explored options to maximise budget and to change the direction of travel in relation to temporary accommodation.

Response: I am grateful that the members feel assured that we have explored options to maximise budget, and we have certainly been able to change the direction of travel in the cost and quality of the Temporary Accommodation used by significantly reducing our use of B&B accommodation by circa 90% with further progress to be made. Not only has this made a significant difference to the budget, but more importantly to the lives of those who were living in B&Bs, which is the most challenging accommodation to thrive in.

10) That the O&S working group members record their concern at the level of Homelessness Prevention Grant and the government subsidy for temporary accommodation placements and request that the Portfolio Holder for Housing & Regulatory Services explore all possible mechanisms to lobby government for increases in this respect.

Response: I am more than happy to take this recommendation on board. Since the initial recommendation, we have had £2.68m 24/25 rising to £4.2m 25/26 with specific new ringfenced conditions. Plus, the £210k families grant. Other grants largely unchanged with some consolidation. This is a welcome allocation, and it is due largely to our position nationally in the area as a Local Authority of best practice. Both myself and The Leader raise housing issues regularly with MPs in meetings. Happy to explore further mechanisms to lobby, on all aspects of housing that can help reduce homelessness.

Portfolio Holder for Destination, Leisure & Commercial Operations: Cllr R Herrett

11) That the principle of an inflationary increase across all parking charges be endorsed for the 2025/26 budget.

Response: Cabinet approved an inflationary increase in all fees and charges across the council for the 2025/26 financial year, Officers are currently drafting figures for approval. It should be noted that cost inflation solely within the parking departments budget, will outstrip the nominal RPI figure, in fact the governments assumption when calculating 'covering the councils NI increase are based on 'commercial' aspects of the council operating on full cost recovery. This would mean any increase based solely on RPI or CPI, would mean a reduction in overall income to the council.

12) That Cabinet requests Officers to take into account the suggestion that an assessment be made on using a proportion of surplus income to accelerate the parking charging machine replacement programme prioritising the best value machines in order to reduce future costs (subject to the necessary procurement processes).

Response: Officers are already working on such a programme and will consider an accelerated timeline where appropriate.

It should be noted that with an inflation only rise, income will already be outstripped by rising costs.

13) That Officers be requested to explore options to reduce costs for the Council and make the process easier for the public to pay for car parking, in particular an option to be able to pay in advance/on Council website.

Response: As part of the Parking Strategy that is being formed, stakeholders (including the public that use our parking places) will be asked for their opinions on a wide variety of parking matters including preferred payment methods. Easier means many things to many different people, and that will be considered.

14) That there should be an application process for the Resident's Card with a small financial contribution for the cost of processing and that the card should be a valuable offer that residents are willing to pay a small cost for, so that it can be sustainable in terms of administrative costs.

Response: Noted and will be considered as we work toward finalising the residents card programme.

15) That any charge levied for the Resident's Card should be the same regardless of the format and that consideration should be given to concessions for disadvantaged groups.

Response: Noted, as part of the EIA this will be given full consideration.

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Medium Term Financial Plan 2024/28 (based on absolute budget)

	Adjusted Net Budget 2024/25 £'000	MTFP 2025/26 £'000	Net Budget 2025/26 £'000	MTFP 2026/27 £'000	Net Budget 2026/27 £'000	MTFP 2027/28 £'000	Net Budget 2027/28 £'000
Wellbeing Directorate	**125,462**	11,238	**136,700**	2,970	**139,670**	1,770	**141,440**
Children's Directorate	**92,277**	5,951	**98,228**	3,876	**102,104**	3,662	**105,766**
Operations Directorate	**61,242**	(5,156)	**56,086**	(1,546)	**54,540**	1,076	**55,616**
Resources Directorate	**41,445**	839	**42,284**	389	**42,673**	171	**42,844**
Net cost of services	**320,425**	**12,872**	**333,297**	**5,689**	**338,986**	**6,679**	**345,665**
Contingency	**7,898**	(5,295)	**2,603**	(27)	**2,576**	(26)	**2,550**
Corporate Pressure	**2,574**		**2,574**		**2,574**		**2,574**
Investment Income	**(1,855)**		**(1,855)**		**(1,855)**		**(1,855)**
Investment Properties	**(5,034)**	228	**(4,806)**	(228)	**(5,034)**		**(5,034)**
Minimum Revenue Provision	**6,955**	534	**7,489**	745	**8,234**	756	**8,990**
Interest Payable	**3,607**	5,875	**9,482**	1,728	**11,210**	1,832	**13,042**
Pay and Grading Project	**1,060**	(899)	**161**	3,034	**3,195**	(671)	**2,524**
Pay and Grading Project Implementation Cost	**0**	2,197	**2,197**	(2,197)	**0**		**0**
Pay Award & Pension	**823**	4,575	**5,398**	3,797	**9,195**	3,797	**12,992**
Pension Backfunding	**3,561**	155	**3,716**		**3,716**		**3,716**
To and (From) Reserves	**15,385**	(23,825)	**(8,440)**	8,128	**(312)**		**(312)**
Transformation	**3,813**	687	**4,500**		**4,500**		**4,500**
Levies	**652**	6	**658**	13	**671**		**671**
Accommodation Strategy	**0**	(125)	**(125)**	(25)	**(150)**		**(150)**
Benefits	**(1,623)**	356	**(1,267)**		**(1,267)**		**(1,267)**
Contribution from HRA	**(1,717)**		**(1,717)**		**(1,717)**		**(1,717)**
Dividend Income	**(227)**	(89)	**(316)**		**(316)**		**(316)**
Apprenticeship Levy	**782**		**782**		**782**		**782**
Admin Charged to Grant Income	**(1,043)**		**(1,043)**		**(1,043)**		**(1,043)**
Other Corporate Items	**1,375**	1,368	**2,743**		**2,743**		**2,743**
Net Budget	**357,411**	**(1,381)**	**356,030**	**20,657**	**376,687**	**12,367**	**389,054**
Council Tax Income	**(258,620)**	(22,612)	**(281,232)**	(15,509)	**(296,741)**	(16,083)	**(312,824)**
New Homes Bonus	**(55)**	(191)	**(246)**	301	**55**		**55**
Services Grant Allocation	**(383)**	383	**0**		**0**		**0**
Revenue Support Grant	**(4,198)**	(218)	**(4,416)**	(5)	**(4,421)**	(5)	**(4,426)**
NNDR Net Income	**(38,922)**	(4,779)	**(43,701)**	(538)	**(44,239)**	(1,185)	**(45,424)**
NNDR 31 Grants + Renewable Energy	**(26,562)**	458	**(26,104)**		**(26,104)**		**(26,104)**
Estimated (Surplus) / Deficit on the Collection Fund - NNDR	**(25,671)**	25,340	**(331)**		**(331)**		**(331)**
Estimated (Surplus) / Deficit on the Collection Fund - CTAX	**(3,000)**	3,000	**0**		**0**		**0**
Total Funding	**(357,411)**	**1,381**	**(356,030)**	**(15,751)**	**(371,781)**	**(17,273)**	**(389,054)**
Annual – Net Funding Gap	**0**	**0**	**0**	**4,906**	**4,906**	**(4,906)**	**0**
Cumulative MTFP – Net Funding Gap			**0**		**4,906**		**0**

APPENDIX 4

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GENERAL FUND BUDGET SUMMARY 2025/26

	Net Budget 2025/26 £000
Wellbeing	136,700
Childrens	98,228
Operations	56,086
Resources & Executive	42,484
Net cost of services	**333,497**
Contingency	2,603
Corporate Pressure	2,374
Investment Income	(1,855)
Investment Properties	(4,806)
Minimum Revenue Provision	7,489
Interest Payable	9,482
Pay and Grading Project	161
Pay and Grading Project Implementation Cost	2,197
Pay Award & Pension	5,398
Pension Backfunding	3,716
To and (From) Reserves	(8,440)
Transformation	4,500
Levies	658
Accommodation Strategy	(125)
Benefits	(1,267)
Contribution from HRA	(1,717)
Dividend Income	(316)
Apprenticeship Levy	782
Admin Charged to Grant Income	(1,043)
Other Corporate Items	2,743
	22,533
Net Budget Requirement	**356,030**
Other funding before Council Tax Requirement	
New Homes Bonus Grant	(246)
Collection Fund Deficit Distribution (NNDR)	(331)
Net Income from Business Rates - inc S31 Grant	(69,805)
Revenue support grant	(4,416)
	(74,798)
Total Council Tax Requirement	**281,232**

Wellbeing Budget Summary 2025/26

Service Units	Net Budget 2025/26 £000's
Adult Social Care	136,361
Commissioning	(9,057)
Public Health	(777)
Housing and Communities	10,173
Total Wellbeing	**136,700**

Adult Social Care	
Access & Carers	2,747
ASC Management Team	(30,035)
ASC Transformation	1,518
Care & Direct Services	2,594
Long Term Conditions	83,740
Mental Health & Learning Disabilities	61,216
Statutory Services	2,897
Net MTFP still to be allocated	11,684
Total Adult Social Care	**136,361**

Commissioning	
Director of Commissioning	(24,295)
Strategic Commissioning - Disabilities	1,592
Strategic Commissioning - Long Term Conditions	13,646
Net MTFP still to be allocated	(15)
Total Commissioning	**(9,057)**

Public Health	
Public Health	(777)
Total Public Health	**(777)**

Housing and Communities	
Asset Investment	(2,250)
Community Engagement & Community Safety	1,407
Housing & Communities Management	197
Public Protection - Regulatory Service and Safer Communities	3,254
Strategic Housing & Partnerships	7,308
Net MTFP still to be allocated	257
Total Housing and Communities	**10,173**

Children's Services Budget Summary 2025/26

Service Units	Net Budget 2025/26 £000's
Children's Commissioning	1,316
Children's Services Management	1,386
Corporate Parenting & Permanence	54,639
Education & Skills	20,935
Partnerships	2,151
Quality and Governance	4,384
Safeguarding & Early Help	13,417
Total Children's Services	**98,228**

Children's Commissioning	
Children's Commissioning	1,316
Total Children's Commissioning	**1,316**

Children's Services Management	
CSM General	(6,576)
Management CSC	1,380
Net MTFP still to be allocated	6,582
Total Children's Services Management	**1,386**

Corporate Parenting & Permanence	
Care Experienced Young People & UASC	292
Child Health & Disability	3,648
Children In Care	46,886
CPP Management	558
Family Resource Centre	798
Fostering & Supported Lodgings	2,457
Total Corporate Parenting & Permanence	**54,639**

Education & Skills	
EDU Management	558
Education Improvement and Adult Learning and Skills	429
School Organisation	15,549
Vulnerable Learners	4,957
Total Education & Skills	**20,935**

Partnerships	
Aspire Adoption	1,529
Music & Arts Partnership	2
Youth Justice System	620
Total Partnerships	**2,151**

Children's Services Budget Summary 2025/26

Quality and Governance	
Children's Rights & Participation	520
Complaints	283
Local Safeguarding Children Board	81
Performance & Management Information	1,058
Practice Learning Reviewers	7
QPIG Management	930
Safeguarding LADO IRO	1,411
Workforce Development	94
Total Quality and Governance	**4,384**

Safeguarding & Early Help	
Assessment & Complex Safeguarding	2,067
Children & Families First, PLO & Court	4,912
Early Help Edge of Care	56
MASH & Out of Hours	2,118
Safeguarding & Targeted Support	3,346
Section 17 - Safeguarding & Early Help	235
SEH Management	564
Targeted & Family Support	119
Total Safeguarding & Early Help	**13,417**

Operations Services Budget Summary 2025/26

Service Units	Net Budget 2025/26 £000's
Commercial Operations	(22,920)
Customer and Property	29,075
Environment	32,300
Investment and Development	1,238
Operations Strategy	1,731
Planning and Destination	14,662
Total Operations Services	**56,086**

Commercial Operations	
Flood & Coastal Erosion Risk Management	956
Head of Commercial Operations	977
Leisure and Events	685
Parking Services	(19,588)
Seafront	(6,427)
Net MTFP still to be allocated	477
Total Commercial Operations	**(22,920)**

Customer and Property	
Business Support	7,555
Culture	1,410
Customer Services and Libraries	9,099
Engineering	3,960
Facilities Management	7,691
Property Maintenance	(1,356)
Telecare	(25)
Net MTFP still to be allocated	741
Total Customer and Property	**29,075**

Environment	
Environment Management	684
Neighbourhood Services & Grounds	16,569
Passenger Transport	254
Sustainable Waste, Green Infrastructure & Bereavement	16,873
Transport & Operating Centres	5,891
Net MTFP still to be allocated	(7,971)
Total Environment	**32,300**

Investment and Development	
Housing Delivery	135
Regeneration Delivery	751
Smart Place	(63)
Net MTFP still to be allocated	415
Total Investment and Development	**1,238**

Operations Services Budget Summary 2025/26

Operations Strategy	
Operations Strategy	1,731
Total Operations Strategy	**1,731**

Planning and Destination	
Planning Management	467
Planning Operations	345
Strategic Planning	813
Transport Policy & Sustainable Travel	11,856
Net MTFP still to be allocated	1,181
Total Planning and Destination	**14,662**

Resources and Executive Budget Summary 2025/26

Service Units	Net Budget 2025/26 £000's
Finance	16,264
IT and Programmes	13,715
Law & Governance	5,259
Marketing, Comms and Policy	2,286
People and Culture	4,140
Executive	820
Total Resources and Executive Services	**42,484**

Finance	
Service Director Finance	184
Accountancy	4,597
Audit & Management Assurance (inc Insurance & Health and Safety)	5,467
Estates	844
Procurement	1,293
Revenues & Benefits	3,994
General Savings still to be allocated	(115)
Total Finance	**16,264**

IT and Programmes	
Data & Analytics	1,956
Development & Data Architecture	1,291
Governance & Compliance	4,127
IT Infrastructure	3,066
Modern Office	(135)
Programmes & Project Management inc Transformation	1,352
Service Delivery	2,058
Total IT and Programmes	**13,715**

Law & Governance	
Democratic Services	2,329
Electoral Services & Land Charges	(37)
Legal Services	3,084
Registrars	(402)
Service Director Law & Governance	285
Total Law & Governance	**5,259**

Marketing, Comms and Policy	
Commercial Marketing	63
Corporate Communications	1,206
Policy, Sustainability and Inclusion	552
Research and Consultation	465
Total Marketing, Comms and Policy	**2,286**

People and Culture	
People & Culture Management	1,651
Resourcing, Employee Relations & Change	502
Service Centre Systems and Payroll	816
Talent and Business Partnering	1,171
	4,140

Executive	
Executive	820

Appendix 5

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Appendix 5a - Savings, Efficiencies, Additional Income, Service Rationalisations and Service Harmonisations

Ref:	Directorate	Category of the Proposal	Description of the Proposal	2025/26 £000s	2026/27 £000s	2027/28 £000s	Total £000s
ASCS1	Adult Social Care	Fees and Charges	Additional income - client contributions and deferred payments	(559)	(569)	(583)	(1,711)
ASCS2	Adult Social Care	Fees and Charges	NHS Inflationary increase for contribution to Sec117 after care costs	(860)	(189)	(203)	(1,252)
ASCS3	Adult Social Care	Service Efficiency	Extra Care Housing	(250)			(250)
ASCS4	Adult Social Care	Service Reduction	Reduction in service to align with Rough Sleeping Drug & Alcohol Treatment Funding	(69)			(69)
		Saving Total - Adult Social Care Directorate		(1,738)	(758)	(786)	(3,282)
CPS1	Commissioning	Fees and Charges	Care home lease income	(15)			(15)
		Saving Total - Commissioning		(15)	0	0	(15)
PHS2	Public Health	Service Efficiency	Proposed savings - Options 2025/26	(633)			(633)
		Saving Total - Public Health		(633)	0	0	(633)
H&CS4	Housing & Communities	Service Reduction	Cease occupation of the Cotton Exchange	(32)			(32)
H&CS5	Housing & Communities	Fees and Charges	Additional garages income	(15)	(15)	(15)	(45)
H&CS6	Housing & Communities	Service Reduction	Review of the CSAS service and income opportunities		(152)		(152)
H&CS8	Housing & Communities	Fees and Charges	6 Braidley Road Conversion - net operating income	(9)	4		(5)
CA&PS6	Housing & Communities	Service Reduction	Removal of Ward Improvement Fund	(317)	(7)		(324)
		Saving Total - Operations - Housing & Communities		(373)	(170)	(15)	(558)
			Wellbeing Savings Total	(2,759)	(928)	(801)	(4,488)
COS1	Commercial Operations	Fees and Charges	Beach hut prices as per December 2022 Cabinet report	(196)	(193)	(219)	(608)
COS2	Commercial Operations	Fees and Charges	Harmonisation of beach huts fees and charges as per December 2022 Cabinet report	(212)	(219)	(219)	(650)
COS3	Commercial Operations	Fees and Charges	Reduce subsidy of Leisure Centres	(100)			(100)
COS4	Commercial Operations	Service Efficiency	Procure contract for film location income	(35)			(35)
CA&PS1	Commercial Operations	Service Reduction	Cease funding the arts by the sea festival		(150)		(150)
COS8	Commercial Operations	Fees and Charges	Seafront catering service enhancements and operational changes	(50)			(50)
COS9	Commercial Operations	Service Reduction	Arcade operations	(10)			(10)
COS10	Commercial Operations	Fees and Charges	Seafront trading efficiencies	(45)			(45)
COS15	Commercial Operations	Service Efficiency	Rebalance of events and business support functions	(20)	(10)		(30)
COS16	Commercial Operations	Service Efficiency	Reduction/removal of events related funding, seek alternative funding sources.	(100)			(100)
COS19	Commercial Operations	Fees and Charges	Parking cashless app fee	(120)	(150)		(270)
COS20	Commercial Operations	Service Reduction	Remove camera enforcement car	(11)			(11)
COS21	Commercial Operations	Service Reduction	Reduction in Pay and Display machines across BCP	(150)	(35)		(185)
COS22	Commercial Operations	Service Efficiency	Parking operational changes	(307)	(610)		(917)
COS25	Commercial Operations	Service Reduction	Hawkwood Road – Car Park expenditure	(59)	(21)		(80)
		Saving Total - Operations - Commercial Operations		(1,415)	(1,388)	(438)	(3,241)
ES3	Environment	Fees and Charges	Commercial waste income achievements	(70)			(70)
ES4	Environment	Service Efficiency	Waste disposal - contractual savings	(30)			(30)
ES6	Environment	Service Efficiency	Reduced EA licencing charges	(20)			(20)
ES8	Environment	Service Efficiency	Reduced revenue contribution to bin purchasing capital	(20)			(20)
ES9	Environment	Service Efficiency	Reduction in waste sent to landfill	(100)			(100)
ES11	Environment	Service Efficiency	Passenger Transport ICT software saving	(50)			(50)
		Saving Total - Operations - Environment		(290)	0	0	(290)
IS1	Planning & Transport	Service Reduction	Bus Subsidy: Option 4: Phase out no impact BSIP		(408)	(460)	(868)
IS7	Planning & Transport	Service Efficiency	Replace school crossing patrols with 24/7 pedestrian crossings	(15)	(15)		(30)
P&DS3	Planning & Transport	Fees and Charges	Increased income generation following national fee increase	(25)	(25)	(25)	(75)
P&DS8	Planning & Transport	Fees and Charges	Increase CIL admin fee through the CIL Charging Schedule	(50)	(25)		(75)
P&DS9	Planning & Transport	Fees and Charges	Introduce S106 Monitoring Fee, however, could be impacted by reduction of s106's.	(15)			(15)
		Saving Total - Operations - Planning & Transport		(105)	(473)	(485)	(165)
CA&PS3	Customer & Property	Fees and Charges	Entrance charges at Poole Museum for exhibitions	(5)			(5)
C&PS4	Customer & Property	Fees and Charges	Poole Museum reopening income generation	(100)			(100)
CA&PS8	Customer & Property	Fees and Charges	Adjustment to infrastructure asset maintenance	(30)			(30)
CA&PS9	Customer & Property	Service Efficiency	Corporate Window Cleaning	(70)			(70)
CA&PS15	Customer & Property	Service Reduction	Savings from amalgamating services to provide community hubs with transitional funding provided for 2025/26 which defers implementation until 1 April 2026	399	(399)		0

Appendix 5a - Savings, Efficiencies, Additional Income, Service Rationalisations and Service Harmonisations

Ref:	Directorate	Category of the Proposal	Description of the Proposal	2025/26 £000s	2026/27 £000s	2027/28 £000s	Total £000s
CA&PS7	Customer & Property	Service Efficiency	Removal of Engineering supplies	(13)			(13)
		Saving Total - Operations - Customer & Property		181	(399)	0	(218)
OS1	Operations - General	Fees and Charges	Allowance for increased fees and charges in future years - Commercial Operations	(776)	(791)	(807)	(2,375)
OS1	Operations - General	Fees and Charges	Allowance for increased fees and charges in future years - Infrastructure	(15)	(16)	(16)	(47)
OS1	Operations - General	Fees and Charges	Allowance for increased fees and charges in future years - Customer, Srts and Property	(64)	(66)	(67)	(197)
OS1	Operations - General	Fees and Charges	Allowance for increased fees and charges in future years - Environment	(167)	(171)	(174)	(512)
OS1	Operations - General	Fees and Charges	Allowance for increased fees and charges in future years - Communities	(1)	(1)	(1)	(4)
OS2	Operations - General	Service Efficiency	Operations Directorate to restructure in line with size of services post budget savings decisions	(75)			(75)
		Saving Total - Operations - General		(1,100)	(1,045)	(1,066)	(3,211)
			Operations Savings Total	(2,729)	(3,305)	(1,989)	(7,125)
EXS2	Executive	Service Efficiency	No longer subscribe to LGIU	(16)			(16)
		Saving Total - Executive		(16)	0	0	(16)
L&GS1	Law & Governance	Service Efficiency	Termination of Schools Admissions Appeals Service to non-maintained schools	(6)			(6)
L&GS2	Law & Governance	Service Efficiency	Legal literature savings (subject to confirmation of cost of additional bolt-ons)	(9)			(9)
L&GS3	Law & Governance	Fees and Charges	Legal Services Review of Fees and Charges	(5)	(5)	(5)	(15)
L&GS4	Law & Governance	Fees and Charges	Registrars Service Review of Fees and Charges	(8)	(8)	(8)	(24)
		Saving Total - Law & Governance		(28)	(13)	(13)	(54)
MC&PS2	Marketing, Comms and Policy	Service Reduction	Residents' Survey conducted every other year	(25)	25		0
MC&PS3	Marketing, Comms and Policy	Service Reduction	reduce out-of-hours press office cover	(8)			(8)
		Saving Total - Marketing, Communications & Policy		(33)	25	0	(8)
FS1	Finance	Fees and Charges	Accountancy Recharge to Chartered Trustees	(1)	(1)	(1)	(3)
FS2	Finance	Fees and Charges	Paddle Courts on Creekmoor	(64)			(64)
FS3	Finance	Service Reduction	Do not take out terrorism insurance cover for the councils buildings (other than were there is a legal requirement)	(200)	(30)	(30)	(260)
		Saving Total - Finance		(265)	(31)	(31)	(327)
IT&PS1	IT and Programmes	Service Efficiency	Contract Management – MS Enterprise Agreement	(100)			(100)
IT&PS2	IT and Programmes	Service Efficiency	Centralise remaining IT Contract budgets and management.	(50)			(50)
IT&PS3	IT and Programmes	Service Efficiency	ICT and Programmes: Voluntary Redundancies	(95)			(95)
		Saving Total - IT & Programmes		(245)	0	0	(245)
RS1	Resources - General	Recharges	Recharges to Housing Revenue Account of charges in line with impact of inflation, particularly those associated with the pay award costs. Bournemouth and Poole Neighbourhood Account	(55)	(55)	(55)	(166)
RS2	Resources - General	Fees and Charges	Staff Car Parking Charges	(3)	(3)	(3)	(9)
RS3	Resources - General	Recharges	Recharges to Dorset Adult Learning	(11)	(11)	(11)	(34)
RS4	Resources - General	Recharges	Recharges to Bournemouth Companies	(8)	(8)	(8)	(23)
		Saving Total - Resources General		(77)	(77)	(77)	(231)
			Resources Savings Total	(664)	(96)	(121)	(881)
Overall Total - Service Based Savings and Efficiencies				(6,152)	(4,329)	(2,911)	(12,494)

Ref:	Directorate	Category of the Proposal	Description of the Proposal	2025/26 £000s	2026/27 £000s	2027/28 £000s	Total £000s
ASCTS1	Adult Social Care	Service Transformation	Investment in care technology	(363)	(157)	(54)	(574)
ACSTS2	Adult Social Care	Service Transformation	ASC Transformation	(961)	(959)	(1,060)	(2,980)
ACSTS3	Adult Social Care	Service Transformation	FutureCare Transformation - January 26 Onwards - Net Savings	(100)	(1,000)	(2,500)	(3,600)
		Saving Total - Wellbeing - ASC		(1,424)	(2,116)	(3,614)	(7,154)
H&CTS1	Housing & Communities	Service Transformation	Public Protection – Reconfiguration of tier 5 and 6 management/senior posts	(186)			(186)
		Saving Total - Wellbeing - Housing & Communities		(186)	0	0	(186)
CSTS1	Children's Services	Service Transformation	Transformation - New delivery models	895	(895)	(1,606)	(1,606)
CSTS2	Children's Services	Service Transformation	Transformation - Commissioning	(249)	(497)		(746)
		Saving Total - Children's Services		646	(1,392)	(1,606)	(2,352)
ES2	Environment	Service Transformation	Saving from stopping postage of green waste stickers due to new in cab software	(40)			(40)
		Saving Total - Operations Environment		(40)	0	0	(40)

Appendix 5a - Savings, Efficiencies, Additional Income, Service Rationalisations and Service Harmonisations

Ref:	Directorate	Category of the Proposal	Description of the Proposal	2025/26 £000s	2026/27 £000s	2027/28 £000s	Total £000s
ITS1	Planning & Transport	Service Transformation	Capital investment in alternative to School Crossing Patrols at specific locations		(21)		(21)
		Saving Total - Operations Planning & Transport		**0**	**(21)**	**0**	**(21)**
CA&PTS1	Customer & Property	Service Transformation	Beech House lease not renewed in June 2025	(125)	(25)		(150)
CA&PTS2	Customer & Property	Service Transformation	Beech House apportionment to the Housing Revenue Account	107	21		128
CA&PTS3	Customer & Property	Service Transformation	Reduce Customer service staff provision	(100)			(100)
		Saving Total - Operations Customer and Property		**(118)**	**(4)**	**0**	**(122)**
FTS1	Finance	Service Transformation	Revenue and Benefits System - Target Operating Model - Vision and Valid savings	(400)			(400)
FTS2	Finance	Service Transformation	Revenue and Benefits - System rationalisation	(159)			(159)
		Saving Total - Resources - Finance		**(559)**	**0**	**0**	**(559)**
	Overall Total - Service Based Savings and Efficiencies			**(1,681)**	**(3,533)**	**(5,220)**	**(10,434)**
	Overall Total - Service Based Savings and Efficiencies			**(7,833)**	**(7,862)**	**(8,131)**	**(22,928)**

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Transformation Investment Programme

Including the Flexible Use of Capital Receipts

1. As might be expected the council inherited a range of legacy staffing arrangements, processes and systems and therefore had an opportunity to remove duplication, remove inefficiencies, and to leverage economies of scale whilst improving governance. Much of this formed the foundation of the argument for establishing the new council alongside the opportunity to fundamentally transform public services. Achievement of these benefits was delivered by the adoption of a radically different operating model and specifically via:

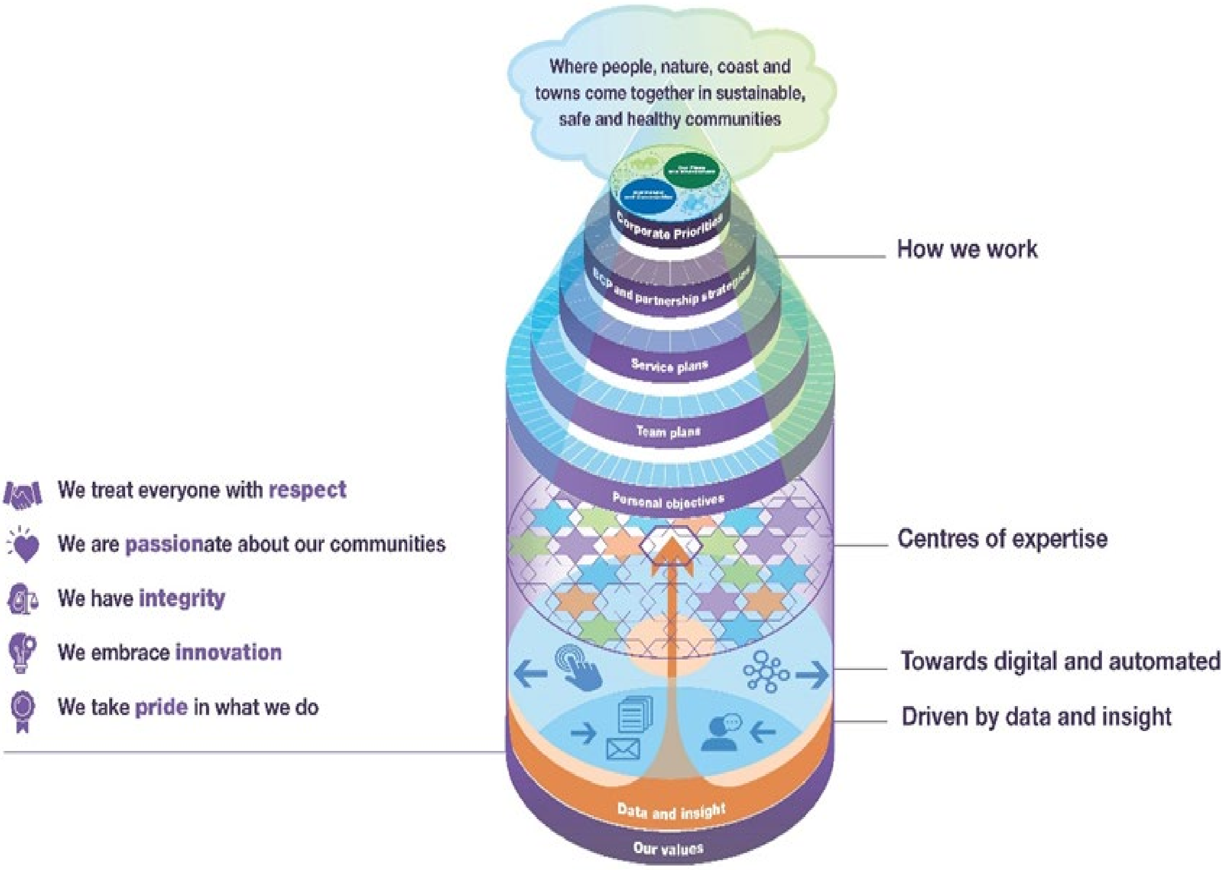
   - Investment in technology
   - Investment in data and insight
   - Investment in new ways of working
   - Engaging and empowering our communities
   - Leveraging our partnerships
   - Creating equity in pay & conditions
   - Investing and rationalising the civic estate

2. Investment in three core technologies, along with the rationalisation and effective integration of our core service technologies, was designed to enable the council to become the leading digital and insight driven local authority in the UK. Specifically, these were an investment in a Customer Relationship Management (CRM) system, investment in an Enterprise Resource Planning (ERP) system (Finance and Human Resources), alongside establishing an appropriate data platform.

3. A high-level business case was presented to Cabinet in November 2019 which set out the original scope of the council's organisation design project, which was facilitated by KPMG, and identified that it could potentially deliver up to £43.9m of gross annual savings by year 4 based on an investment of £29.5m. The original profile of these savings was assumed to accumulate as £7.8m in year 1 growing to £16.5m in year 2, £36.9m in year 3 and £43.9m in year 4. It should be highlighted that these savings impact on the whole council including both General Fund and Housing Revenue Account (HRA) services.

Appendix 6

Figure 1: Our Operating Model



4. Council on 7 July 2020 agreed to the extension of the project to a £38m programme referencing the accelerated leap forward in different ways of working because of the Covid-19 public health emergency and the need to accelerate the pace at which we generate savings and efficiencies. This report also approved the procurement of a strategic partner, approved oversight of the programme by a Cabinet Working Group as part of the governance arrangements and set out that the £43.9m was adopted as the minimum expectation of savings and efficiencies. Key milestones in the development of the Transformation Investment programme can therefore be set out as follows.

a) November 2019. First presented to Cabinet based on a report, costing £314,650, commission from KPMG.

b) June 2020 Cabinet (July Council). Establishment of a £37.62m budget for the implementation of the programme.

c) February 2021 (part of the 2021/22 budget report). Increase in the budget to £44.52m to allow an additional £6.9m for redundancy costs.

d) February 2022 (part of the 2022/23 budget report). Further increase in the budget to £67.86m to reflect the following additional elements.

- £20.09m Inclusion of internal base revenue budget staff costs, £6.7m for 3 years, where staff are not available to support day to day or statutory improvement duties, and will be apportioned and charged against the transformation investment programme.

- £1.75m Investment in the data and insight capability
- £1.5m Extra contingency

e) February 2023 (as part of the 2023/24 budget report). Reduced the transformation investment programme to £57.36m to reflect.

- (£10.5m) Reduction in the annual recharge of internal base revenue costs to £3.2m for 3 years.

f) July 2023 (as part of this 2022/23 Financial Outturn report). Reduce the transformation investment programme to £56.87m to reflect.

- (£0.5m) Reduction in the annual recharge of internal base revenue costs to £2.7m for 2022/23.

g) February 2024 (as part of the 2024/25 budget report). Reduced the transformation investment programme to £52.13m to reflect.

- (£4.7m) Reduction in the annual recharge of internal base revenue costs to £0.8m for both 2023/24 and 2024/25.

h) July 2024 (as part of the 2023/24 financial outturn report). Reduced the transformation investment programme to **£50.48m** to reflect.

- (£1.65m) Remove the annual recharge of internal base revenue costs both 2023/24 and 2024/25.

5. Figure 2 below provides a summary table of the return on investment for the transformation investment programme. This indicates that at the end of the 2024/25 financial year the council will have made net revenue savings of **£35m** (£50.2m - £15.46m) for a total one-off estimated investment of **£41m.** Thereafter there will be a minimum net annual revenue saving of **£21m** (£27.25m - £6.4m) with a further one-off investment of a maximum of £9m in 2025/26.

Figure 2: Summary of Return on Investment

Summary Table	2020/21 Actual £m	2021/22 Actual £m	2022/23 Actual £m	2023/24 Actual £m	Total Actuals £m	2024/25 Estimate £m	Overall Total £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	Overall Total £m
One-Off Investment (Capital and Revenue)	1.50	5.93	16.37	11.36	35.16	6.27	41.43	9.05	0.00	0.00	50.48
Ongoing Revenue Savings (actual and budgeted)	0.00	(3.95)	(7.10)	(14.66)	(25.71)	(24.50)	(50.20)	(27.25)	(27.78)	(27.78)	(133.01)
Ongoing Revenue Licensing & Financing Costs	0.34	2.52	2.36	4.10	9.31	6.15	15.46	6.40	6.12	6.12	34.11

6. A more detailed consolidated position in respect of the transformation investment programme is set out in figure 3 below.

Figure 3: Consolidated Transformation Programme Table

	Transformation Investment Programme One-off / time-limited budget provision for t delivery of the programme	2020/21 Actual £m	2021/22 Actual £m	2022/23 Actual £m	2023/24 Actual £m	Total Actuals £m	2024/25 Estimate £m	Overall Total £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	Overall Total £m
Capital Spend	Expenditure											
	Capital expenditure	1.19	0.05	0.76	0.89	2.89	0.71	3.60				3.60
		1.19	0.05	0.76	0.89	2.89	0.71	3.60				3.60
	Funding											
	Prudential Borrowing (funded from General Fund MRP	0.00	0.00	(0.56)	(0.89)	(1.45)	(0.71)	(2.16)				(2.16)
	Prudential Borrowing (funded from HRA land tfr)	(1.19)	(0.05)	(0.20)	0.00	(1.44)	0.00	(1.44)				(1.44)
		(1.19)	(0.05)	(0.76)	(0.89)	(2.89)	(0.71)	(3.60)				(3.60)
Revenue Spend	Expenditure											
	One-off costs - including data and insight and capability	0.31	5.32	12.90	7.21	25.74	3.46	29.20	1.28			30.48
	Redundancy costs	0.00	0.56	0.01	3.26	3.83	2.10	5.93	6.97			12.90
	Contingency	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.80			0.80
	Staff costs apportioned to Transformation	0.00	0.00	2.70	0.00	2.70	0.00	2.70	0.00			2.70
		0.310	5.880	15.610	10.473	32.27	5.56	37.83	9.05			46.88
	Funding											
	Assumed fundable by Capital Receipts	(0.31)	(3.88)	(15.61)	(10.47)	(30.27)	(5.56)	(35.83)	(9.05)			(44.88)
	Contributions from outside of the General Fund	0.00	(2.00)	0.00	0.00	(2.00)	0.00	(2.00)	0.00			(2.00)
		(0.31)	(5.88)	(15.61)	(10.47)	(32.27)	(5.56)	(37.83)	(9.05)			(46.88)
Total	**Total expenditure**	**1.50**	**5.93**	**16.37**	**11.36**	35.16	**6.27**	**41.43**	**9.05**			**50.48**
	Total funding	**(1.50)**	**(5.93)**	**(16.37)**	**(11.36)**	(35.16)	**(6.27)**	**(41.43)**	**(9.05)**			**(50.48)**

	Transformation Investment Programme Ongoing base revenue budget of the council	2020/21 Actual £m	2021/22 Actual £m	2022/23 Actual £m	2023/24 Actual £m	Total Actuals £m	2024/25 Estimate £m	Overall Total £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	Overall Total £m
Revenue Budget	Expenditure											
	Licences and other revenue costs of the programme	0.34	2.24	2.08	2.75	7.41	4.50	11.91	4.50	4.50	4.50	25.41
		0.34	2.24	2.08	2.75	7.41	4.50	11.91	4.50	4.50	4.50	25.41
	Savings and efficiencies											
	Transformation Programme Savings	0.00	(3.95)			(3.95)		(3.95)				(3.95)
	Budgted savings from 2022/23											
	2022/23 In year - Savings delivered			(7.10)	(7.10)	(14.20)	(7.10)	(21.30)	(7.10)	(7.10)	(7.10)	(42.60)
	Budgeted savings from 2023/24 excluding any previously unidentified savings											
	3rd Party savings - Included within budgeted savings proposals				(0.91)	(0.91)	(0.91)	(1.81)	(0.91)	(0.91)	(0.91)	(4.53)
	Staff savings - Included within budgeted 23/24 services savings proposals				(5.76)	(5.76)	(5.76)	(11.52)	(5.76)	(5.76)	(5.76)	(28.81)
	Additional 2023/24 in-year savings				(0.89)	(0.89)	(0.89)	(1.78)	(0.89)	(0.89)	(0.89)	(4.45)
	Budgeted savings from 2024/25 onwards											
	2024/25 Estimate: Identified transformation savings						(9.84)	(9.84)	(11.48)	(11.48)	(11.48)	(44.29)
	2025/26 Estimate: Identified transformation savings							0.00	(1.11)	(1.11)	(1.11)	(3.34)
	2026/27 Estimate: Identified transformation savings							0.00		(0.52)	(0.52)	(1.04)
		0.00	(3.95)	(7.10)	(14.66)	(25.71)	(24.50)	(50.20)	(27.25)	(27.78)	(27.78)	(133.01)

	Funding Implications on the revenue budget	2020/21 Actual £m	2021/22 Actual £m	2022/23 Actual £m	2023/24 Actual £m	Total Actuals £m	2024/25 Estimate £m	Overall Total £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	Overall Total £m
Revenue Budget	One-off Capital Investment											
	Minimum Revenue Provision and interest implications	0.00	0.28	0.28	0.47	1.03	0.69	1.72	0.87	0.59	0.59	3.77
		0.00	0.28	0.28	0.47	1.03	0.69	1.72	0.87	0.59	0.59	3.77
	One-off Revenue Investment											
	Revenue foregone on asset disposed off	0.00	0.00	0.00	0.88	0.88	0.96	1.83	1.04	1.04	1.04	4.94
		0.00	0.00	0.00	0.88	0.88	0.96	1.83	1.04	1.04	1.04	4.94

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Transformation Expenditure

7. The £16.37m of expenditure incurred in **2022/23** can be analysed as follows.

£0.76m	Laptops
£11.03m	Strategic Investment Partner – work package costs
£1.65m	Internal direct staff costs
£0.09m	Agency staff costs
£0.01m	Redundancy costs
£0.14m	ICT costs
£2.70m	Apportioned staff costs
£16.38m	**Total 2022/23 costs**

The work packages costs of the strategic investment partner include those supporting the delivery of the new integrated Finance and Operations (Enterprise Resource Planning) system.

8. The £11.361m of expenditure incurred in **2023/24** can be analysed as follows

£0.822m	Laptops
£0.066m	Other Capital Expenditure
£4.815m	Strategic Investment Partner – work package costs
£3.262m	Redundancy costs
£1.709m	Internal direct staff costs *
£0.606m	ICT costs
£0.081m	Agency staff costs
£11.361m	**Total 2023/24 costs**

*	£0.51m	ICT Services
	£0.43m	Project Management Office and Communications
	£0.36m	People & Cultural Services
	£0.20m	Procurement and Commissioning
	£0.14m	Financial Services
	£0.06m	Other Services

9. In respect of the £6.27m of expenditure estimated in the current year **2024/25** financial year this can be analysed as principally.

£0.34m	Laptops
£0.37m	Other Capital Expenditure
£0.58m	Strategic Investment Partner – work package costs
£2.10m	Redundancy costs from reducing the headcount of the authority
£2.47m	Internal direct staff costs *
£0.41m	IT costs
£6.27m	**Total remaining costs 2024/25**

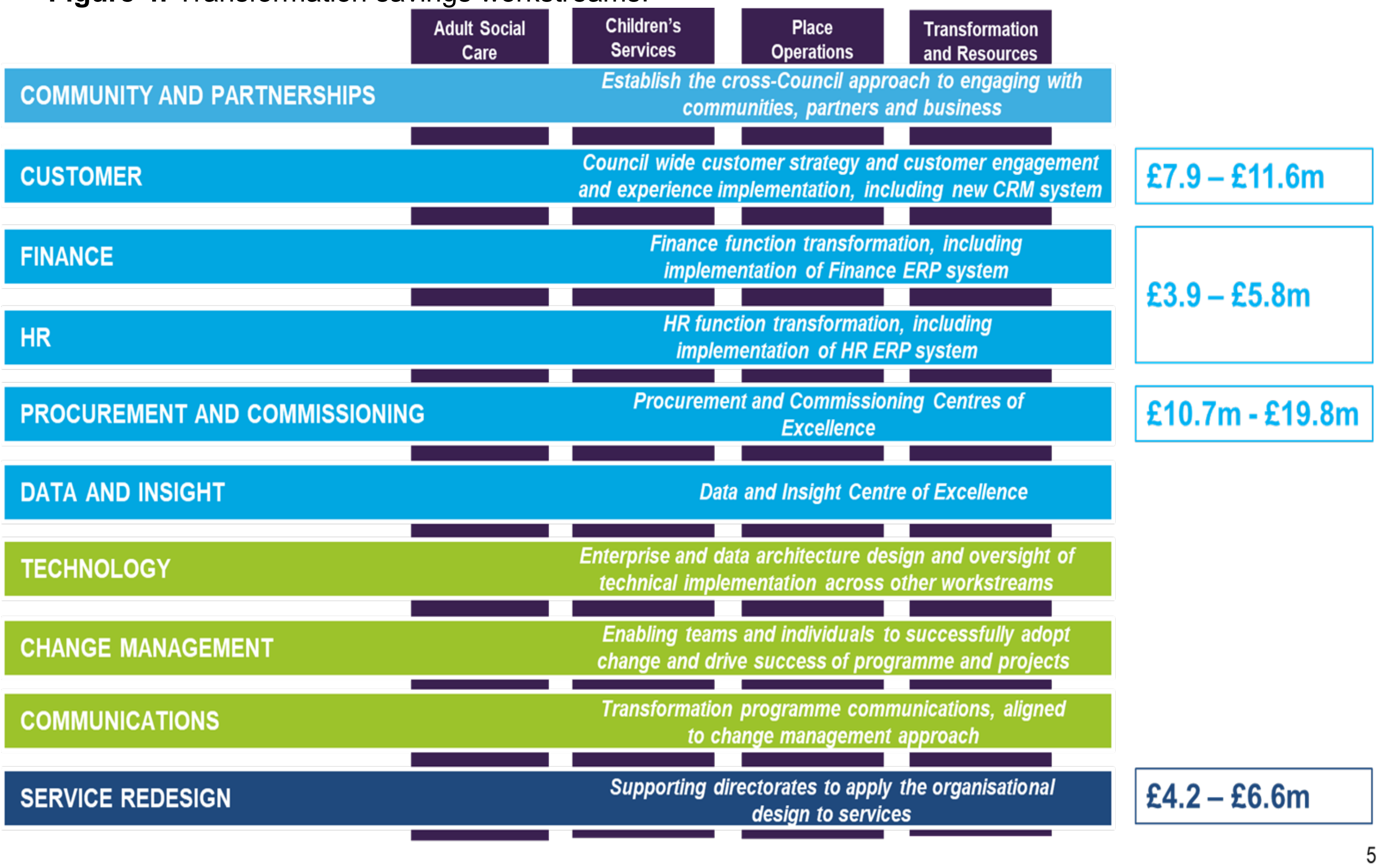
*	£0.70m	ICT Services
	£0.41m	People & Cultural Services
	£0.74m	Financial Services
	£0.21m	Other Services
	£0.01m	Procurement and Commissioning
	£0.40m	Project Management Office and Communications

10. The main residual cost for 2025/26 is the remaining element of the amount set aside to cover redundancy costs associated with a head count reduction that as of yet has not been applied. An ongoing review will determine the extent to which these resources will need to be drawn down.

Transformation Savings

11. The savings from the programme can be broken down into 10 separate workstreams with the total original business case estimate being in the range £26.7m to £43.8m. These workstreams, and the savings they are assumed to deliver, can be articulated as follows.

Figure 4: Transformation savings workstreams.



12. Savings from the transformation investment programme are therefore specifically associated with.

    (a) Reduction in employee headcount through the consolidation of common roles/work.

    (b) Reduction in employee headcount through the consolidation of organisational layers/structures.

    (c) Reduction in third-party spend through more robust procurement and contract management. This will include smarter ways of working such as the digital mail and the reduction of spend throughout the council by the centralisation of spending on items such as stationery, photocopying and printing.

    (d) Review of the corporate structure to enable the council to continue to reflect and realign its management structure to ensure we are continuously improving towards being the organisation that we aspire to be and to ensure we deliver our priorities for our residents. This includes the integration of the library services with customer facing services and community hubs.

(e) The Council's estate and accommodation project.

Transformation Savings

13. The (£7.1m) of ongoing savings delivered in **2022/23** can be analysed as follows.

(£3.327m)	Third Party expenditure reductions
(£1.726m)	Implement of new Smarter Staff Structures
(£1.141m)	Estate workstream - lease surrender, operating costs civic buildings
(£0.793m)	Business Support savings via vacancy management
(£0.111m)	Cost recovery – additional income
(£7.100m)	**Total Savings 2022/23 onwards**

14. The (£7.56m) of additional ongoing savings delivered in **2023/24** can be analysed as follows.

(£5.761m)	Staffing savings including £2.3m from increasing the vacancy drag.
(£1.171m)	Third party spend.
(£0.625m)	Utility (Electricity/Gas) savings from contract arrangements
(£7.557m)	**Total additional savings from 2023/24 onwards**

15. The (£10.15m) of further ongoings forecast savings for delivery in 2024/25 were set out in detail as part of the Quarter 2 Budget Monitoring report to Cabinet on the 10 December 2024. This can be compared to £13.533m assumed as part of the 2024/25 February 2024 budget report. In summary this can be analysed as follows.

(£2.168m)	Wellbeing Directorate (Budgeted £3.847m).
(£2.429m)	Children's Directorate (Budgeted £4.162m)
(£3.829m)	Operations Directorate (Budgeted £3.829m)
(£1.226m)	Resource Directorate (Budgeted £1.192m)
(£0.503m)	Authority-wide Transformation Savings (Budgeted £0,503m)
(£10.152m)	**Total further forecast savings from 2024/25 onwards**

16. Details of the Transformation savings being assumed for 2025/26 onwards are subject to confirmation at this time as part of the 2025/26 budget process and the 2025/26 budget report will provide and update of this statement.

17. Currently, the programme is focused on the final piece of work with the council's strategic investment partner, KPMG, in respect of the Customer Relationship Management technological platform. This investment will help move us to further forward with the implementation of the Target Operating Model and put us in a position to make further headway with service redesign and benefit realisation. The next step

will be the ongoing support to services specific transformation investment programmes and to ensure the fulfilment of the programme's objectives.

18. Transformation Programme Managers have worked closely with heads of service and directors throughout the vision and validate activity. Care has been taken to ensure the correct categorisation of the 2025/26 savings and to avoid duplication or double counting.

19. Work at this point, having not yet completed all the system and process changes has not identified any further savings over and above everything already set out in the MTFP, indeed the transformation work already done to date helps to make those savings easier to achieve. The Voluntary Redundancy scheme headcount reductions have been made easier to translate into deliverable savings by the council making the most of the new systems for financial management, customer relationship management, data analysis and artificial intelligence.

Service Specific Transformation Programmes

20. Building on the success of the main Transformation Investment Programme Cabinet and Council have also agreed a number of service investment programmes within both Adult Social Care and Children's Services. As set out in Figure 5 below this highlights for a one-off investment of £5m the Council is aiming to lever annual savings of circa £11m per annum by 2027/28.

Figure 5: Service Specific Transformation Programme

	Service Specific Investment Programmes	2020/21 Actual £m	2021/22 Actual £m	2022/23 Actual £m	2023/24 Actual £m	Total Actuals £m	2024/25 Estimate £m	Overall Total £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	Overall Total £m
Revenue Spend	Expenditure											
	Children's Service Specific Investment Programme	0.00	0.00	0.00	0.66	0.66	0.35	1.01	0.70			1.71
	Adult Social Care -Assistive Technology	0.00	0.00	0.00	0.20	0.20	0.16	0.36	0.04			0.40
	Adult Social Care -Transfer of catering services to Tricuro	0.00	0.00	0.00	0.14	0.14	0.07	0.21	0.00			0.21
	Adult Social Care - July 2023 Business Case	0.00	0.00	0.00	0.09	0.09	1.53	1.61	1.12			2.73
		0.000	0.000	0.000	1.085	1.09	2.11	3.19	1.86			5.05
	Funding											
	Assumed fundable by Capital Receipts	0.00	0.00	0.00	(1.09)	(1.09)	(2.11)	(3.19)	(1.86)			(5.05)
		0.00	0.00	0.00	(1.09)	(1.09)	(2.11)	(3.19)	(1.86)			(5.05)
	Savings and efficiencies											
	Children's Service Specific Investment Programme	0.00	0.00	0.00	0.00	0.00	(0.22)	(0.22)	(0.56)	(1.46)	(3.06)	(5.30)
	Adult Social Care -Assistive Technology	0.00	0.00	0.00	0.00	0.00	(0.07)	(0.07)	(0.69)	(0.84)	(0.90)	(2.49)
	Adult Social Care -Transfer of catering services to Tricuro	0.00	0.00	0.00	0.00	0.00	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.09)
	Adult Social Care - July 2023 Business Case	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(1.21)	(2.17)	(3.23)	(6.61)
	Adult Social Care - UEC Transformation Net Savings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.10)	(1.10)	(3.60)	(4.80)
		0.00	0.00	0.00	0.00	0.00	(0.31)	(0.31)	(2.58)	(5.59)	(10.81)	(19.29)
Total	Net Position of Service Specific Transformation	0.00	0.00	0.00	1.09	1.09	1.79	3.50	(0.72)	(5.59)	(10.81)	(14.24)

21. Once the main and the service specific Transformation Programmes are combined, they indicate that at the end of the 2024/25 financial year the council will have made net revenue savings of **£35m** (£50.5m - £15.5m) for a total one-off estimated investment of **£45m.** Thereafter there will be a minimum net annual revenue saving of **£23m** (£29.83m - £6.4m) with a further one-off investment of a maximum of £11m in 2025/26. This

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minimum annual revenue saving is forecast to grow to **£32m** per annum from 2027/28 onwards.

Figure 6: Combined Transformation Investment & Service Specific programmes

Summary Table	2020/21 Actual £m	2021/22 Actual £m	2022/23 Actual £m	2023/24 Actual £m	Total Actuals £m	2024/25 Estimate £m	Overall Total £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	Overall Total £m
One-Off Investment (Capital and Revenue)	1.50	5.93	16.37	12.45	36.25	8.38	44.62	10.91	0.00	0.00	55.53
Ongoing Revenue Savings (actual and budgeted)	0.00	(3.95)	(7.10)	(14.66)	(25.71)	(24.81)	(50.52)	(29.83)	(33.36)	(38.58)	(152.30)
Ongoing Revenue Licensing & Financing Costs	0.34	2.52	2.36	4.10	9.31	6.15	15.46	6.40	6.12	6.12	34.11

Flexible Use of Capital Receipts (FUCR)

22. As part of 2015 Spending Review (SR15), the government announced that to support local authorities to deliver more efficient and sustainable services it would allow local authorities to spend up to 100% of their fixed asset receipts on the revenue costs of service reform and transformation. Guidance on the use of this flexibility stipulated that it applied to the three financial years to end March 2019. However, this was extended for a further three years to 31 March 2022 as part of the 2018/19 local government finance settlement, for a further three years to 31 March 2025 in April 2022, and for a further 5 years to 31 March 2030 as part of the 2024/25 local government finance settlement.

23. The current guidance makes it clear that local authorities cannot borrow to finance the revenue costs of service reforms or improvements. In addition, local authorities can only use capital receipts from the disposal of property, plant and equipment assets received in the years the flexibility is offered. Local authorities may not use any existing stock (pre-2016) of capital receipts to finance the revenue costs of reforming their services. Set up and implementation costs of any new processes or arrangements that will generate future ongoing savings and/or transform service delivery to reduce or improve the quality-of-service delivery in future years can be classified as qualifying expenditure. Costs associated with business-as-usual activity and the council's statutory duty to improve cannot be classified as qualifying expenditure. The ongoing revenue costs of any new processes or arrangements can also not be classified as qualifying expenditure. In addition, the guidance issued by the Secretary of State under section 15(1)(a) of the Local Government Act 2003 specifies that.

- The key determining criteria to use when deciding whether expenditure can be funded by the new capital receipts flexibility is that it is forecast to generate ongoing savings to an authority's net service expenditure.
- In using the flexibility, the council will have due regard to the requirements of the Prudential Code, the CIPFA Local Authority Accounting Code of Practice and the current edition of the Treasury Management in Public Services Code of Practice

24. Council has previous engaged with both CIPFA Consultancy and the External Auditor to provide assurance that any such costs which it wishes to fund from the FUCR accords with the statutory guidance.

25. For 2022/23 the Council has funded the £15.61m of revenue expenditure on its transformation programme via the FUCR set out as follows.

(£5.069m)	**31.3.22 Brought Forward Capital Receipts**
(£19.039m)	In-year capital receipts (excluding those from vehicle sales)
£0.136m	Costs of disposal
£15.610m	Transformation Investment Programme expenditure
(£8.362m)	**31.3.23 Capital Receipts carried forward.**

Capital receipts delivered included £12.6m for the Wessex Trade Industrial Centre in Poole, and £5.642m for most of the units the council owned at Airfield Industrial Estate, Christchurch.

26. For 2023/24 the Council has funded £11.558m of revenue expenditure on its transformation programme via the FUCR set out as follows.

(£8.362m)	**31.3.23 Brought Forward Capital Receipts**
(£4.545m)	In-year capital receipts.
£0.029m	Costs of disposal
£10.473m	Transformation Investment Programme expenditure
£0.656m	Children’s Services service specific transformation expenditure
£0.429m	Adult Social Care service specific transformation programme
(£1.320m)	**31.3.24 Capital Receipts carried forward.**

Capital receipts delivered included the councils share of the Bargates site, 35 Willis Way Fleet Industrial Park Poole and 3 of the remaining units previously owned by the council on the Airfield Industrial Park in Christchurch.

27. In relation to 2024/25 the Council is planning to spend £7.666m of revenue expenditure on its transformation programme funded via the FUCR as follows.

(£1.320m)	**31.3.24 Forecast Brought Forward Capital Receipts**
(£9.451m)	Forecast in-year capital receipts.
£0.057m	Costs of disposal
£5.560m	Transformation Investment Programme expenditure
£0.350m	Children’s Services service specific transformation expenditure
£1.756m	Adult Social Care service specific transformation programme
(£3.048m)	**31.3.25 potential capital receipts to be carried forward**

Capital receipts currently forecast in 2024/25 include those from Southbourne Crossroads, the Christchurch By-pass car park, and the land at Wessex Fields.

28. In relation to 2025/26 the Council is planning to spend £10.906m of revenue expenditure on its transformation programme funded via the FUCR as follows.

(£3.048m)	**31.3.25 Forecast Brought Forward Capital Receipts**
(£7.550m)	Forecast in-year capital receipts.
£0.048m	Costs of disposal
£9.050m	Transformation Investment Programme expenditure
£0.700m	Children’s Services service specific transformation expenditure
£1.156m	Adult Social Care service specific transformation programme
£0.356m	**31.3.26 potential shortfall in capital receipts**

Capital receipts currently forecast in 2025/26 include those from the south part of Beach Road Car Park, Christchurch Civic Centre, site of the previous Westbourne Plus day centre, and the former deport site in Cambridge Road. Proposals to generate a healthy pipeline of capital receipts to support the council’s future financial health and sustainability continues and any asset no longer identified as suitable for either its current, or a potentially alternative, service delivery.

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CAPITAL INVESTMENT PROGRAMME (CIP) OVERVIEW BY DIRECTORATE

Please find below a summary of the Capital Programme for the 2025 -2030 period. The figures reflect the latest understanding but will be impacted by any slippage from 2024/25 depending on the progress of schemes as at 31st March 2025 and new schemes that will be approved in the future.

OPERATIONS - £112.1m 2025/26 (£184.6m 5-year plan)

Commercial Operations - £34.1m 2025/26 (£46m 5-year plan)

Seafront development:

This comprises of the ongoing delivery of the £20m Seafront 'Levelling Up Fund' grant, which was awarded to the Council in 2023/24, and is on track to be delivered within the 3 years of the scheme with an estimated completion date at the end of 2025/26. The fund aims to upgrade and improve critical seafront infrastructure, such as at Bournemouth Pier and East Cliff, as well deliver new lifeguard facilities at Joseph Steps, and improve toilets and CCTV along our coastline. It has successfully delivered seawall repairs at Hamworthy, and a new cycleway access bridge at Upton. It has also funded some feasibility studies at Boscombe and Alum Chine, which will be subject to new future funding bids.

The Council also has an ongoing development programme for our seafront facilities which fall outside the scope of the LUF funding and are aimed at improving the commercial opportunities that meet the demands of our residents and visitors. This includes refreshing our food and beverage outlets, developing new health and wellbeing facilities, and delivering the key objectives recently set out through the revised Seafront Development Strategy which was approved by Cabinet in July 2024. Each project is subject to an individual business case which will need to demonstrate a positive outcome for any funding investment and achieves prudential fiscal growth whilst also aligning with the corporate objectives of the Council.

Flood and coastal erosion risk management:

This programme is delivered in partnership with the Environment Agency (EA) and is primarily funded by government grant. The programme from 2025/26 onwards consists of two main schemes.

Poole Bay Beach Management Scheme - an ongoing scheme designed to provide long term coastal erosion protection to thousands of properties and infrastructure via cyclical beach replenishment and ongoing groyne renewal works. 2024/25 saw a significant milestone delivered through the capital replacement of the Hengistbury Head Long Groyne. This scheme currently assumes a BCP local contribution in the final years of the programme (£3.3m), funded from prudential borrowing which has been factored into the Council's Medium Term Financial Plan (MTFP).

Poole Bridge to Hunger Hill scheme (PB2HH) approved in 2020/21 is a flood defence scheme which will provide long term tidal flood risk management for parts of Poole town and the Twin Sails regeneration area. The scheme is due to begin construction in 2025. Increases in forecast cost, primarily due to unanticipated inflation over recent years. A submission for CIL has been requested and the team is requesting additional FCERM GiA from the Environment Agency, to maintain affordability. The success of seeking additional funding should be known by summer 2025.

A number of other projects, either lower value construction, or delivery of Strategy / guidance reports have been funded via FCERM Grant in Aid (EA) or Local Levy (Regional Flood and Coastal Committee)

Leisure

This includes the final part of the National Lottery projects at both Upton Country Park and Highcliffe Castle which have now been completed and final accounting and reporting underway. Work to stabilise the front of Upton House to preserve the Grade 2* listed building is underway and on track with scaffolding complete and final graphics in design stage.

The three Poole leisure centres (Dolphin, Ashdown and Rossmore) were insourced on 1st October 2024 and this project is now largely complete and on track. All three sites have had gym refurbishments which are complete and open to the public. Other leisure capital projects include replacement of Ashdown Leisure Centre lights converting to LED and enabling the continued community sport to take place throughout the winter months.

The Bournemouth International Centre (BIC) medium term investment plan final phase is complete which focused on the Purbeck entrance, lounge & bar refurbishment.

Investment and Development - £8.6m 2025/26 (£12.7m 5-year plan)

Towns Fund:

This includes the Towns Fund investment in Boscombe supporting a range of initiatives including Events, Transport, improvements to the High Street, and a Skills and Digital hub. Current projected spend for 2025/26 is £4.9m (£8.3m 2025/26 – 2026/27) to be fully funded by MHCLG, with a further £0.2m funded through reserves.

The Hawkwood Road Community Centre and demolition projects within the Towns Fund Masterplan are awaiting the tender results, work will progress into 2025/26. Renovation and trader grants for the High Street scheme and initiating public realm design will also continue into 2025/26.

The Hawkwood Road residential housing development will continue in the Housing Revenue Account.

Housing Delivery: general fund only, acquisitions and new build

Following the launch of the Local Authority Housing Fund (LAHF) Round 3 in March 2024, the Council has secured £2.8m to put towards the delivery of 16 new homes. This is designed to reduce pressures on the existing housing and homelessness systems and those waiting for social housing. This allocation will support the delivery of Surrey Road (New Build under HRA) with an estimated cost of £3.5m and 8 other properties with an estimated cost of £2.7m in the pipeline for 2025/26.

£1.9m is expected to be spent on the New Housing Development at Crescent Road in 2025/26, this will form part of the GF CNHAS programme supported by borrowing as approved in May 2024.

Regeneration projects:

The Council is exploring the option to enter a long-term development partnership for the Holes Bay development and Poole Dolphin leisure centre, this will continue in 2025/26 for both schemes.

The Carters Quay Housing and Regeneration Scheme is a Build to Rent Scheme designed to provide 161 new homes with an ancillary ground floor amenity and commercial space. Council in late 2021 agreed to purchase the completed scheme from Inland Partnership Limited for £44.3m.

The Council priority is to recover the land from the administrator and develop the site for residential.

The scheme is subject to challenging viability issues caused by build cost inflation and high interest rates for borrowing requirements. Discussions are ongoing with external funders to secure additional grants to support the scheme. Once this is achieved, the scheme will return to Cabinet and Council with an updated business case.

Customer Arts and Property - £34.2m 2025/26 (£42.2m 5-year plan)

Museums:

£1.8m is expected to be spent in 2025/26 to complete delivery of the Poole Museum redevelopment programme. This ambitious project is transforming and updating Poole Museum including the conservation and restoration of the Wool Hall, development of new galleries to showcase maritime and ceramics collections, new visitor facilities and improved access. It also includes improvements to Scaplen's Court which will bring enhanced facilities and increased revenue generation.

Asset and road maintenance:

This reflects planned spend on routine and structural capital maintenance that is funded predominantly from Department for Transport (DfT) capital grant allocations for Local Transport Plan (LTP) Structural Maintenance element. The planned investment of the £7.478m 2025/26 LTP allocation for Structural Maintenance will be the subject of a Cabinet report in March. £1.2m of this will be allocated to Neighbourhood Services for planned patching and pothole investment. (£2.5m has been reprofiled from 2024/25 including an element of Highways Challenge Fund.)

Active travel and Highways improvements:

Delivery of the capital elements of the Department for Transport (DfT) Active Travel Fund (ATF), Bus Service Improvement Plan (BSIP), Safer Roads Fund (SRF) and Local Transport Plan (LTP) related grants continues reporting to the client team in the Transport and Sustainable Travel Unit (Planning and Transport Service). £5.2m has been reprofiled from 24/25 including £2.6m BSIP investment.

Transforming Cities Fund:

The South-East Dorset (SED) Transforming Cities Fund (TCF) Programme is now in the final stages of delivering the infrastructure funded from the £79.3m of Department for Transport (DfT) Capital grant funding in addition to BCP Council, Dorset Council and third-party local contributions from local Transport operators and developers. BCP Council (as Accountable Body for the TCF Grant funding) has been working closely with the DfT on the commitments, delivery and planned TCF spend profile. Because of the Council's progress to date in delivering this major programme of works during an exceptionally challenging time, the DfT has fully committed the £79.3m to the SED TCF and extended the original TCF programme end date into 2025/26 subject to delivery being committed to before the end of the 2024/25 financial year. This has been achieved and the final outstanding payment Q4 payment of £1.9m is due to be received by the council on 29 January 2025. Planned spend of £21m in 2025/26 will complete the programme.

Key risks remain within the programme in relation to the scale and nature of the works and are robustly monitored and accounted for via risk pots. This position is being closely monitored by the council's SED TCF Programme Management Board. Council officers remain in regular contact with the DfT TCF team.

Accommodation Strategy:

£0.6m in 2025/26 represents the remaining approved programme for the council's accommodation strategy. This will complete delivery of the phase 2 works to the BCP Civic Space - West Wing, refurbishment of the Kinson Hub, and ICT investment.

Estates Management:

£0.518m per annum represents the Council's ongoing contribution to asset management of the BH Live estate.

£0.26M is profiled into 25/26 for spend on Parkway House (insurance and landlord works)

Waste and Cleansing:

The use of up to £0.3m waste infrastructure capital grant was approved to fund the undertaking of a feasibility study and business case to investigate the disposing or repurposing of waste depots across the authority and the building of a single new depot to meet future demand. The remaining £0.23m is profiled to spend in 2025/26.

Planning and Transport - £12.7m 2025/26 (£46.6m 5-year plan)

Local Transport Plan (LTP) 2025/26:

A paper is in development for March 2025 Cabinet setting out the recommended investment of the council's LTP Capital Programme allocations for the 2025/26 Integrated Transport Block (ITB) and Highways Maintenance grants from the Department of Transport (DfT).

Confirmation of the ITB total for 2025/26 has not been confirmed by the DfT year to date, this is not unusual and will likely arrive just prior to the start of the 2025/26 financial year. (An assumption of £3.102m has been made based on prior years.) In Spring/Summer there is a planned spend review for the ITB element and the amount and method used to allocate funding to local highway authorities could change.

In contrast the DfT has provided clarity on the Highways Maintenance element of the LTP and in 2025/26 the council is set to receive what is described as a baseline allocation of £5.552m and a new (additional) allocation of £1.926m = £7,478m in total. The DfT has advised that the full new allocation is subject to council satisfying yet to be published incentive criteria. The DfT has currently only confirmed the baseline funding element for 2026/2027 onwards.

LTP funding of £1.3m and Safer Roads Partnership funding of £0.95m has been secured to support the infrastructure works for Ashley Road and A35 Precinct to Pokesdown Station and Safer Roads Scheme as part of the Boscombe Towns Fund Programme.

Bus Service Improvement Plan (BSIP) 2025/26:

A paper is in development for March 2025 Cabinet setting out the recommended investment of the BCP area allocation of BSIP 2025/26 capital grant £3.257m. The conditions of this grant advise that unspent grant from 2025/26 can be carried forward into 2026/27 on the proviso that the spend is committed to before the end of March 2026.

A high proportion of the design and delivery of the projects within these programmes will be briefed by the Transport and Sustainable Travel capital programme management (acting as client) to the inhouse Engineering Unit within Customer Arts and Property Directorate.

Environment - £22.1m 2025/26 (£36.9m 5-year plan)

Strategic waste and recycling:

Planned spend in this area includes continued investment in the Council's waste bin replacement strategy represented by £0.41m per annum across the MTFP funded by borrowing. (£0.25m slippage from 24/25 currently profiled into 25/26)

The council has benefited from a £1.53m Government Grant to fund costs of Weekly Food Waste Collections. This is being utilised to support the introduction of food waste collections to Poole and all flats. It is being invested in vehicles, containers and bins across 24/25 – 25/26 (£1m in 24/25, £0.5m in 25/26.)

There remains £5.8m uncommitted Waste Infrastructure grant. The intention is to utilise this to support the redevelopment of the authority's waste sites including the Transfer Station at Hurn. Approval(s) will be sought at the appropriate time.

Green space and conservation:

The most significant scheme is the Council's recently approved Plan for Play which brings forward a strategy that sets out how play infrastructure should be managed, designed and improved. It will be funded from CIL plus various planning obligations and reserves. Apart from some initial costs in 24/25 the majority of the £3.9m approved programme is profiled across 25/26 and 26/27.

2025/26 also includes £1.2m for completion of the Channel Infrastructure Improvements (Poole Park to Poole harbour). This Community Infrastructure Levy (CIL) funded project will see a rebuild of the sluice channel and the provision of new gates on the Poole Park side.

The remainder of the programme relates to several smaller schemes which will see enhancements and improvements to parks and open spaces, including play areas, across the conurbation. It includes improvements to the Hengistbury Head Visitor Centre which benefits from £0.2m Lottery funding.

Fleet management:

Phase 1 of the fleet replacement programme is coming to an end with the last £2.4m of the programme profiled in 2025/26. The Fleet service management is progressing approval request to move on to phase two which is estimated to cost £19.9m being funded using £1.2m vehicle capital receipts and £18.7m borrowing over the next three years.

Operations Strategy - £0.3 m 2025/26 (£0.3 m 5-year plan)

The Council has received one further year allocation of the UK Shared Prosperity Fund.

CHILDREN SERVICES - £16.2m 2025/26 (£19m 5-year plan)

A separate Capital Strategy report to Cabinet is scheduled in March 2025. This will include details of the planned expenditure of uncommitted carried forward amounts from 2024/25 including Basic Need of £0.4m, School Condition Allocation of £3.5m and High Needs Grant of £7.8m. The report will also include details of any new and indicative allocations received to date. In total, the updated capital strategy will present planned expenditure of £18.5m to deliver our strategic priorities for the period 2025/26 – 2027/28.

The council is estimating that the 2025/26 allocation of the school condition grant could be in the region of £0.5m. Following the government announcement of the £740 m additional capital funding for SEND nationally in 2025/26, we estimate that BCP Council could receive an allocation in the region of £3.5m based on the same % funding received in 2024/25. However, BCP allocation has not been consistent in recent years, therefore the estimated new SEND allocation has not been factored in the capital investment programme assumptions, awaiting confirmation in due course.

WELLBEING - £6.5m 2025/26 (£24.3m 5-year plan)

Housing and Communities - £3.8m 2025/26 (£10.9 m 5-year plan)

Disabled Facilities Grant:

The allocation of the Disabled Facilities Grant for the Council in 2025/26 is expected to be £4.4m. As in previous years, 59% of the grant has been allocated to Adult Social care to fund the Community equipment store and 41% has been allocated to Housing & Community for disabled adaptations. The 2025/26 budget for Housing & Communities reflects an expected slippage of £1.9m owing to Adult Social Care assessments and housing adaptations backlog.

Private Sector Renewal-warmth & wellbeing:

This is a property improvement grant to private landlords, used as an incentive to secure access to private rented accommodation. Projected spend for 2025/26 is £115k.

Care technology:
BCP Council transformed its approach to Care Technology in December 2024 to enable more people to access care technology to delay, reduce or prevent the need for long term care and support. The new service mainstreams care technology across adult social care, encouraging practitioners to consider it as the 'first offer' for a wider range of residents' needs, enabling people to live independently for longer and generating financial benefits. Capital expenditure of £0.1m in 25/26.

EXECUTIVE - £1.6m 2025/26 (£5.3m 5-year plan)

IT and Programmes - £1.6m 2025/26 (£5.3m 5-year plan)

ICT investment plan:

The main area of investment within the ICT plan is the rolling programme of laptop replacement for officers and members. This will ensure that equipment meets the needs of the organisation and remains supportable for IT & Programmes. This runs across the MTFP from 25/26 (£1.2m) to 28/29, a total investment of £4.9m across those years.

Capital Investment programme 2025-2030 General Fund	2025/26	2026/27	2027/28	2028/29	2029/30	2025-2030 Total
	£000	£000	£000	£000	£000	£000
CHILDREN - CAPITAL						
Advanced Design Fees SEND	200	200	200	-	-	**600**
Basic Needs Grant - uncommitted	760	-	-	-	-	**760**
Basic Needs Surveys	50	50	50	-	-	**150**
Broadstone Resource Base/Satellite	100	-	-	-	-	**100**
Canford Heath Infant Junior SEND Provision	446	-	-	-	-	**446**
Childcare Expansion - Early Years & Wraparound care	277	-	-	-	-	**277**
Climate Change/Low Carbon Reduction	550	50	50	-	-	**650**
Condition Surveys (Children's Strategy)	50	50	50	50	-	**200**
CS Urgent Work	100	100	100	-	-	**300**
High needs Grant - Uncommitted	7,852	-	-	-	-	**7,852**
Linwood School Post-16 at Ted Webster	1,000	-	-	-	-	**1,000**
Parkstone Grammar School	252	-	-	-	-	**252**
Planned Repairs and Maintenance	142	200	200	-	-	**542**
Poole High Planned Maintenance investigations	50	-	-	-	-	**50**
School Conditions Grant - Uncommitted	3,990	251	311	461	-	**5,013**
SEND Options Apprisal Works- Rolling Programme	200	200	200	-	-	**600**
Victoria Education Centre	90	-	-	-	-	**90**
Winchelsea interim accommodation	32	32	-	-	-	**64**
Winchelsea temporary office space	28	28	-	-	-	**56**
Children Capital Total	**16,169**	**1,161**	**1,161**	**511**	**-**	**19,002**
Children Capital Total	**16,169**	**1,161**	**1,161**	**511**	**-**	**19,002**
EXECUTIVE - CAPITAL						
IT and Programmes Capital	-	-	-	-	-	
Enterprise Comms (Telephony)	35	-	-	-	-	**35**
Enterprise Comms (WAN Migration)	148	-	-	-	-	**148**
Enterprise Compute (Platform Modernisation)	150	-	-	-	-	**150**
Enterprise Endpoints (Desktop Replacement)	1,195	1,199	1,222	1,246	-	**4,862**
Enterprise Hosting	60	-	-	-	-	**60**
IT and Programmes Capital Total	**1,588**	**1,199**	**1,222**	**1,246**	**-**	**5,255**
Executive - Capital Total	**1,588**	**1,199**	**1,222**	**1,246**	**-**	**5,255**
OPERATIONS - CAPITAL						
Commercial Operations Capital						
Avon Beach to Highcliffe Beach Management	35	-	-	-	-	**35**
BCP Cliff Management Strategy	100	-	-	-	-	**100**
Beach Road Rear Car Park	-	-	-	-	-	**-**
Christchurch Bay and Harbour FCERM Strategy	67	-	-	-	-	**67**
Durley Chine Environmental Innovation Hub	270	-	-	-	-	**270**
Durlston to Hurst Sediment Resource Management programme	175	-	-	-	-	**175**
FCERM Partnership Funding	52	-	-	-	-	**52**
MCA Project	3	-	-	-	-	**3**
Mudeford Beach House Café	550	-	-	-	-	**550**
Mudeford Ferry Pontoon	64	-	-	-	-	**64**
Mudeford Sandbanks Beach Management	35	-	-	-	-	**35**
New Beach Huts - Canford Cliffs	3,118	-	-	-	-	**3,118**
Poole Bay Beach Management 2020-2031	3,639	11,129	10	-	-	**14,778**
Contingency for Poole Bay Beach Management (Phase 1 underspend)	-	740	-	-	-	**740**
Poole Bridge to Hunger Hill (PB2HH)	8,995	-	-	-	-	**8,995**
Poole Park Tennis Courts Resurface	80	-	-	-	-	**80**
Sandbanks Pavilion	4	-	-	-	-	**4**
SEAFRONT (LUF) Alum Chine Cloisters (Feasibility)	43	-	-	-	-	**43**
SEAFRONT (LUF) Bournemouth Pier (Structural Engineering)	9,043	-	-	-	-	**9,043**
SEAFRONT (LUF) Coastal Heritage Trail (Culture)	500	-	-	-	-	**500**
SEAFRONT (LUF) East Cliff Lift (Future Leisure Offer)	98	-	-	-	-	**98**
SEAFRONT (LUF) East Cliff Lift (Stabilisation Works)	4,189	-	-	-	-	**4,189**
SEAFRONT (LUF) Promenade Infrastructure (Utility & Digital)	687	-	-	-	-	**687**
SEAFRONT (LUF) Seafront Beach Huts (Repairs & Upgrades)	1,066	-	-	-	-	**1,066**
Whitley Lake Sea Defence Study	60	-	-	-	-	**60**
SEAFRONT (LUF) Boscombe Pier (Feasibility)	39	-	-	-	-	**39**
SEAFRONT (LUF) Holes Bay Visual Arts Centre	53	-	-	-	-	**53**
SEAFRONT (LUF) The Strand (Access, Amenity & Wellbeing)	368	-	-	-	-	**368**
Canford Cliffs Pavilion	500	-	-	-	-	**500**
RNLI Signage and Public Rescue Equipment	80	-	-	-	-	**80**
Christchurch Town Centre Strategy	64	-	-	-	-	**64**
Leisure centre management in-house set up and investment	100	-	-	-	-	**100**
Kinson Catchment Surface Water FAS	35	-	-	-	-	**35**
Commercial Operations Capital Total	**34,111**	**11,869**	**10**	**-**	**-**	**45,990**
Customer, Arts and Property Capital						
A3060 CASTLE LANE WEST (MUSCLIFFE WAY TO BROADWAY R'BOUT)	1,500	-	-	-	-	**1,500**
A341 WIMBORNE RD (FERNCROFT RD TO N'BOURNE RD)	600	-	-	-	-	**600**
B- Wayfinding	152	-	-	-	-	**152**
BH Live	518	518	518	518	518	**2,590**
BSIP Bmth station to Town centre bus priority	2,600	-	-	-	-	**2,600**
BSIP High Street and Bargates Christchurch	700	-	-	-	-	**700**
BSIP Westbourne bus priority	700	-	-	-	-	**700**
Capitalised maintenance Neighbourhood Services (Pru borrowing)	900	900	900	900	-	**3,600**
Castle Lane West - Muscliffe to Broadway	2,437	-	-	-	-	**2,437**
Ceramics Gallery (Poole Museum)	250	-	-	-	-	**250**
Christchurch Priory, Wall Repairs	130	-	-	-	-	**130**
Civic Centre data centre air con units	100	-	-	-	-	**100**
Corridor C2 Sections 6 to 8 offline Route Redhill-Airport	25	-	-	-	-	**25**
Cycle Corridor Section C2-3A-B Glenferness Ave Bridge	1,502	-	-	-	-	**1,502**

Extension Zero + Kinson Hub (from B customer Services above)	162	-	-	-	-	**162**
Highways Structural Maintenance - Resurfacing Programme	300	-	-	-	-	**300**
ICT investment	53	-	-	-	-	**53**
Library Replacement ICT Programme	165	-	-	-	-	**165**
Neighbourhood Services (Streetscene) -Pothole investment	1,000	600	600	600	600	**3,400**
Neighbourhood Services HMSP Planned pre-patching	200	200	200	200	200	**1,000**
New BCP Depot	230	-	-	-	-	**230**
New Inn to Trigon Footbridge	67	-	-	-	-	**67**
Parkway House (insurance and landlord works)	255	-	-	-	-	**255**
Poole Museum - Our Museum project	1,200	-	-	-	-	**1,200**
Poole Museum - Our Museum project - Activity Plan	80	-	-	-	-	**80**
Poole Museum Public Realm	200	-	-	-	-	**200**
Programme Management	780	-	-	-	-	**780**
Remodelling BCP Civic space- West Wing	350	-	-	-	-	**350**
Ringwood Rd - Controlled crossing only	60	-	-	-	-	**60**
Ringwood Rd Sea View to Manning Heath	11,570	-	-	-	-	**11,570**
Road Safety Improvements 20mph schemes	75	-	-	-	-	**75**
Road Safety: Casualty Reduction Measures, Cluster Sites	200	-	-	-	-	**200**
Road Safety: Safe Routes to School (SRTS)	250	-	-	-	-	**250**
Safer Roads Partnership	700	-	-	-	-	**700**
Scaplen's Court Museum	100	-	-	-	-	**100**
Surface treatment - Road markings, patching, micro asphalt	150	-	-	-	-	**150**
Transforming Cities Fund (TCF) Unallocated	3,931	-	-	-	-	**3,931**
Wimborne Road - Serpentine to New Inn	50	-	-	-	-	**50**
Customer, Arts and Property Capital Total	**34,242**	**2,218**	**2,218**	**2,218**	**1,318**	**42,214**
Environment Capital						
Christchurch Legacy Play areas	88	-	-	-	-	**88**
Coastal Country Park (SANG)	150	-	-	-	-	**150**
Connecting Christchurch Project	90	-	-	-	-	**90**
Fleet Management	10,525	4,350	7,422	-	-	**22,297**
Harbourside Park Open Space improvement	71	-	-	-	-	**71**
Hengistbury Head Visitor Centre	230	-	-	-	-	**230**
Knyveton Gardens Improvements	40	-	-	-	-	**40**
Mudeford Woods infrastructure improvements	200	-	-	-	-	**200**
Muscliff Natural Burial Ground	107	-	-	-	-	**107**
Newtown - Turners Nursery	52	-	-	-	-	**52**
Plan for Play	2,163	1,691	-	-	-	**3,853**
Sluice Channel infrastructure - Poole Park to Poole Harbour	1,162	-	-	-	-	**1,162**
Throop Nature Park (Hicks SANG)	130	-	-	-	-	**130**
Turbary Common Mire water quality imp	125	-	-	-	-	**125**
Waste Bin Replacement	660	410	410	410	-	**1,890**
Waste Infrastructure Grant Unallocated	5,765	-	-	-	-	**5,765**
Weekly Food Waste Collections	552	-	-	-	-	**552**
Canford Heath (East & West) Open Space improvements	80	-	-	-	-	**80**
Environment Capital Total	**22,189**	**6,451**	**7,832**	**410**	**-**	**36,882**
Investment & Development - Capital						
CNHAS (LAHF) CNHAS - LAHF Schemes	2,650	-	-	-	-	**2,650**
Touns Fund - Masterplan Contingency	150	-	-	-	-	**150**
Towns Fund - Boscombe Digital Connectivity - Phase 2	337	-	-	-	-	**337**
Towns Fund - Boscombe Skills and Digital Hub	79	-	-	-	-	**79**
Towns Fund - Boscombe Skills and Digital Hub REVENUE	135	-	-	-	-	**135**
Towns Fund - Events Programme REVENUE	32	-	-	-	-	**32**
Towns Fund - Hawkwood Road Community Centre	1,758	1,756	-	-	-	**3,514**
Towns Fund - Hawkwood Road Community Centre Demolition	594	-	-	-	-	**594**
Towns Fund - Masterplan	-	2,267	-	-	-	**2,267**
Towns Fund - High Street	1,208	-	-	-	-	**1,208**
Towns Fund - Local Transport	617	-	-	-	-	**617**
Towns Fund - Parks in Mind	42	-	-	-	-	**42**
Towns Fund - Programme Management	106	-	-	-	-	**106**
Towns Fund - Programme Management REVENUE	86	-	-	-	-	**86**
Holes Bay Development	300	-	-	-	-	**300**
Poole Dolphin Leisure centre (formerly Heart of Poole)	550	-	-	-	-	**550**
Investment & Development - Capital Total	**8,644**	**4,023**	**-**	**-**	**-**	**12,666**
Operations Strategy Capital						
UKSPF Unallocated	253	-	-	-	-	**253**
Operations Strategy Capital Total	**253**	**-**	**-**	**-**	**-**	**253**
Planning & Transport Capital						
BSIP unallocated	3,257	-	-	-	-	**3,257**
Pokesdown Railway Station	30	1,275	1,283	-	-	**2,588**
Local Transport Plan - Integrated Transport Block Unallocated	2,814	3,002	2,402	3,102	3,102	**14,422**
Local Transport Plan - Highways Maintenance Unallocated	6,278	4,752	4,752	4,752	4,752	**25,286**
Boscombe Towns Fund	288	100	700	-	-	**1,088**
Planning & Transport Capital Total	**12,667**	**9,129**	**9,137**	**7,854**	**7,854**	**46,641**
Operations - Capital Total	**112,107**	**33,689**	**19,197**	**10,482**	**9,172**	**184,646**
WELLBEING - CAPITAL						
Adults Commissioning Capital						
Care technology service - equipment	94	81	93	110	59	**437**
Disabled Facilities Grant - Integrated Community Equipment Store (BCP)	2,591	2,591	2,591	2,591	2,591	**12,955**
Adults Commissioning Capital Total	**2,685**	**2,672**	**2,684**	**2,701**	**2,650**	**13,392**
Housing & Communities Capital						
Disabled Facilities Grant - Housing	3,675	1,775	1,775	1,775	1,775	**10,775**
Private Sector Renewal-warmth & well-being	115	-	-	-	-	**115**
Housing & Communities Capital Total	**3,790**	**1,775**	**1,775**	**1,775**	**1,775**	**10,890**
Wellbeing - Capital Total	**6,475**	**4,447**	**4,459**	**4,476**	**4,425**	**24,282**
Grand Total	**136,338**	**40,496**	**26,039**	**16,715**	**13,597**	**233,185**

IT & Programmes Infrastructure Investment Plan 25/26

1.0 Purpose and Scope:

1.1 Every autumn IT & Programmes conducts an extensive review of the IT estate and identify areas where capital investment is required to maintain or enhance the IT estate on which BCP Council operates.

1.2 The activity primarily focuses on ensuring IT equipment or supporting infrastructure that is due to go "end of life" in the coming financial year is identified and costed for replacement.

1.3 The activity also seeks to identify where additional capacity or enhancements are required to ensure the IT estate remains fit for purpose and enables wider BCP Council teams service delivery.

1.4 The activity includes an assessment of whether the infrastructure is due to be replaced or enhanced (and therefore funded) via other projects, such as service led transformations. Items that are already funded from elsewhere are not included in this capital request.

1.5 The purpose of this document is to describe the high value capital requests made as part of the detailed IT& Programmes capital infrastructure investment plan for the financial year 2025/2026.

1.6 All current year activity and spend is tracked by the Head of IT Infrastructure within Dynamics F&O Project Management interface and tracked monthly as part of IT Infrastructure Board.

1.7 For further details on these, or any other items of spend within the plan for 2025/26, please contact the Head of IT Infrastructure, Marc Biondic.

2.0 Summary of activity:

2.1 **IT & Programmes requires investment of £1,480,000 in 25/26 to complete ALL the identified activity within the plan.**

2.2 **Additional capital budget is required for the following high value item of work (£1,175,000):**

2.2.1 *Laptop Replacement Programme - £1,175,000 (Line 223)*

As Council colleague and member laptops reach their end of life (5 years), IT & Programmes is required to conduct a rolling programme of activity to replace these devices to ensure service continuity and efficiency for users.

Over the next few years IT & Programmes is expecting to replace approx. 1,000 devices per annum. £1,175,000 is the investment required within 25/26 to ensure Council colleagues and members have equipment that meets the needs of the business but also remains supportable for IT & Programmes. As devices reach their supported lifespan (5 years) hardware failure rates increase which result in effort spent for support services as well as lost productivity for the end user.

This specific financial requirement has been discussed with Financial Business Partners and Finance Capital Accountants and is now included within this capital bid so the rolling replacements can commence in the new financial year.

2.3 **Existing reprofiled capital budget will be used to fund the following items of work (£90,000):**

2.3.1 *Wi-Fi Access Point replacements - £20,000*

Continue a rolling programme of Wi-Fi Access Point replacements. These access points provide staff and visitors access to the internet from Wi Fi enabled devices from all Council offices. In 25/26 30 Access Points at sites across the Council reach their stated "end of life" and require replacing with up-to-date equipment.

2.3.2 *Mobile Telephone Replacement Programme - £35k, Line 109*

Every year IT & Programmes Governance and Compliance staff are involved in a rolling project to replace end of life mobile phones used by approved business users.

This year the capital is required to replace devices due to go end of life within 25/26. This work goes hand in hand with an ongoing project to reduce corporate mobile phone provision generally across the userbase in favour of a Bring Your Own Device policy where safe and effective to do so.

2.3.3 *Datacentre modernisation - £10,000*

To support BCP Council Datacentre modernisation and provide suitable specialised shelving units as storage space for IT equipment spares (line 18).

2.3.4 *Wide Area network connectivity - £25,000 (lines 73-94)*

To provision new fibre runs between Beach Huts and Tourism offices along Bournemouth Seafront. An opportunity exists to connect multiple sites along the seafront with BCP owned fibre runs. The sites are currently connected through revenue funded wide area network circuits. Replacing these with BCP owned fibre, with a one-off cost, is expected to save the Council up to £6,000 per annum.

2.4 **Additional one off Revenue budget (covered by one off business rates resources) is required for the following items of work (£215,000):**

2.4.1 *Public Services Telephone Network decommissioning - £50,000 (line 107)*

In January 2027 the UK will be retiring the old copper based Public Services Telephone Network, or PSTN.

Unmitigated, this event could potentially cause severe disruption to any services still reliant on the older PSTN infrastructure. These can include:

- Lines attached to service specific telephone numbers *OUTSIDE* of Teams Telephony or the Call Contact Centre.
- Lines attached to service specific devices or services, such as building alarms, lift alarms etc.

Starting in early 2024, IT & Programmes have been supporting BCPs preparedness for this event by identifying and making recommendations on where PSTN circuits are still in use across the Council.

So far, this audit has resulted in identification of approx. 800 PSTN lines from various departments and services. Approximately 400 of these lines are expected to be cancelled as are now surplus to requirements post service migration. £50,000 is requested to enable the procurement of alternative and appropriate digital ready telephone lines to support circumstances where migration has not been funded as part of service led modernisation by the departments themselves.

2.4.2 *Wide Area Network and Internet Capacity – 45,000 (lines 73-94)*

BCP Councils reliance on internet and wide area network connectivity is increasing. As more Council services either are delivered from, or to, the Internet then so does the need for appropriate bandwidth to service that demand.

- £45,000 To increase BCP Councils back-haul bandwidth over which all cloud and internet activity is delivered. Our metrics has shown that BCP now regularly hits its allocated bandwidth limits. Increasing this will ensure BCP can continue to deliver its internet facing services without issues arising to lack of available capacity.

2.4.3 *Service Management Replacement Tool Implementation - £50,000*

Council departments that deal with requests from internal customers (IT, HR, Finance etc) currently utilise a single ticket management system to log, track and deliver “I want” or “it’s broken” style requests from Council Officers and Members. The contract for the current tool has reached its end (including available extensions) and therefore we are required to procure a new product that will meet the demand management requirements of these departments. The primary user and contract lead is IT & Programmes.

Most of the funding needed to replace the tool is coming from IT Reserves. However, an additional £50k is required to support the project to implement and deliver the new tool before the existing contract expires in December 2025.

2.4.4 *Miscellaneous smaller revenue requests to support other end of life hardware and platform replacements - £70,000:*

- £22,000 – To support provision updated cyber security tooling that protects the Council from Distributed Denial of Service (DDoS) attacks (line 29).
- £10,000 – To implement an updated API between The Access Groups Synergy platform used by Children Services and connecting it to the BCP Councils data-lake, supporting the single vision of the customer.
- £18,000 – To fund consultancy required to support the ongoing modernisation of Geographical Information Systems (GIS).
- £20,000 – To provide additional consultancy from Puzzell, providers of the Councils Call Contact Centre software, to explore use of AI Chatbot functionality within the solution.

Introduction of a new pricing scheme for the telecare service delivered using digital technology

Background

The Public Switch Telephone Networks (PSTN) is scheduled to be switched off in January 2027 (pushed back from Summer 2025). Communications providers are migrating existing PSTN analogue networks to a new digital approach called Voice over IP Networks (VOIP). This is widely known as the Digital Switchover.

Systems and services connected to the telephone network like security alarms, telecare systems, CCTV, door entry systems, care technology and auto diallers may require upgrading and/or additional equipment to ensure service is maintained and equipment remains fully functional.

The Lifeline telecare service has approximately 4100 clients, most of whom are connected to the service via standard analogue telephone lines and analogue telecare units. Many clients have additional items linked to their telecare unit, such as smoke detectors, falls detectors and door sensors etc.

Suppliers of telecare units have stopped selling these analogue products, forcing customers to move to digital options. Digital options are more expensive because they also require a sim card to provide dual connectivity for resilience purposes. The mobile digital sim connection along with an inbuilt battery are used in the event of a power outage to retain connectivity.

Following work with equipment providers and the Telecare Services Association, we have identified approximately 300 units in use in the community at present that will require replacement prior to the digital switch.

The advice we have received suggests the remaining 3800 will operate through a digital network with some programming adjustments. These adjustments can in most circumstances be carried out remotely by the Telecare Teams.

Financial Implications - £1.537m over 5 years supported by borrowing

The cost to provide a functioning unit for its 5-year life is now £395 as opposed to an analogue unit which previously cost us £99.

Annually we purchase approximately 440 units. This means the anticipated cost will rise from £43,560 to £173,800. However, by increasing the pricing connected with the service, the income received should cover the difference over the life of the product.

In order to fund the equipment requirements of the service it has been agreed to set up a capital fund.

Initially the service will be required to procure a larger volume of units. The annual purchase volume of 440units is based on the recyclable nature of the units. As we will not be reusing items for new clients, but offering them onto a digital offer, we will be required to procure new units for every new client to begin with.

For 2025/6 – capital investment will be needed of £177,750.00. This will allow for the purchase of new equipment at the increased rate.

For 2026/7, it is anticipated that £474,000.00 will be required to manage the increased number of units needed to sustain normal demand but also allow BCP to swap out older analogue units which will not work when the digital switch happens.

For 2027/8 and 2028/9 it is expected the £355,500.00 will be required to manage the ongoing demand for Lifeline services.

From 2029/30 most of the client base will be using digital equipment, and a more consistent reduced number of units is anticipated. An expected £173,800.00 will be required moving forward.

The table below summarises the borrowing requirement and borrowing repayment over 5 years.

	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000	Total £000
Borrowing requirement	178	474	356	356	174		1,537
Borrowing repayment		(45)	(121)	(91)	(91)	(44)	(392)

The borrowing repayment has been calculated assuming interest rates of 5.5% over a period of 5 years for each year amount borrowed.

The borrowing repayment will be covered from an uplift in fees each year beginning with 2026-27 to cover the borrowing required in 25-26.

In addition, during 26-27 there are plans to expand the telecare service into Christchurch which should increase client numbers and add to the income received covering the cost of borrowing. As of January, there are 4091 clients across Bournemouth and Poole, we do not know how many clients we would get from expanding into Christchurch, however if we received just 100 clients in one year at the lowest package we offer, this would give us £36,400 in additional income. If they chose the Mobile Response service, we would generate an additional £15,600 totalling £52,000.

In addition to this income the Adults Social Care team, since November, have been referring clients to the in-house telecare service within Bournemouth & Poole. From this referral process the service are experiencing a potential growth of 50 additional referrals a month. Of these 50, on average, 30 take up the service, which if they are choosing the monitoring package (cheapest), would generate £10,920 (£364x30) per year. If sustained, month on month, the income would be increasing by approximately £11k per month with the cheapest service option.

Therefore, the Prudential borrowing repayments can be covered by a combination of annual fee increases, expanding the service into Christchurch and the Adult social care referral service.

Strategic Asset Management Plan 2025-2030

BCP COUNCIL

BCP Council Asset Management Plan

Overview of the Council's Assets

BCP (Bournemouth, Christchurch & Poole) Council has a wide-ranging portfolio of property assets inherited from the four legacy authorities in 2019.

On 31 March 2022 the portfolio was valued at a total of circa £2.07bn. This total includes housing (£682.8m attributed to the Housing Revenue Account (HRA), schools, libraries and community centres, specialist centres providing adult day care and residential care and a range of support for children and young people, administrative and civic buildings, cemeteries & crematoriums, the regional mortuary, public conveniences, and maintenance depots.

The Council also has several heritage assets that include Museums, Castles and Parks all of which are maintained to ensure their upkeep. BCP also maintains and develops many entertainment venues such as the Bournemouth International Centre (BIC), Pavilion and Poole Lighthouse; sports centres, sports pitches, and pavilions; car parks, investment properties, and a range of seafront assets including beach huts and cafes.

Property assets can become liabilities as they need on-going maintenance and investment to ensure they remain fit for purpose. It is therefore essential that the assets held by the Council are the right ones, efficiently supporting the provision of quality services, helping deliver our strategic aims, and making a positive difference within the community they serve.

It is important that the Council constantly challenges the use of its assets to ensure the principles set out in this document are maintained and the estate re-shaped accordingly. This is set out in our Asset Re-Use Procedure.

What is an Asset Management Plan and why do we need one?

An Asset Management Plan (AMP) is the foundation to ensuring a portfolio of assets is being managed in the most efficient and effective way. An AMP is a timebound commitment to action that ensures that the Council's property assets are proactively managed to fully meet both its current and future requirements, with an increasing focus on long term financial and climate sustainability.

The Council's Financial Regulations set out the responsibilities of the Corporate Property Officer which include *"establishing an asset management plan that details short-, medium-, and long-term use of assets, and establishes arrangements for monitoring and reporting asset performance".* The inclusion of this section on Asset Management within this Financial Paper helps set the tone for how the Council will take this forward.

The Council has set out its key priorities within the Corporate Strategy. Part of the AMP's role is to establish a golden thread, linking the Council's priorities and ambitions through the management of and investment in its assets.

The AMP should also be developed and read in conjunction with other strategies and plans including Regeneration, Housing, Highways, Seafront, and transformation. For noting, the management of the HRA is set out in the annual HRA Budget Papers. The AMP focuses on corporate 'general fund' land and property assets.

The AMP has an important role to play regarding the Council's Budget and Medium-Term Financial Plan (MTFP). For example, surplus assets can contribute to funding the capital programme and in turn capital expenditure can support the provision of new asset requirements identified by services or council priorities. Surplus assets can also be used to fund transformation expenditure via the governments Flexible Use of Capital

Receipts regulations. The AMP should also horizon scan, identifying asset requirements that might require capital investment to deliver and maintain them in the future.

Since 2023 the property estate has been continually reviewed and there is an on-going set of objectives to ensure core data gaps are reduced and data interaction is recognised. The alignment and standardisation of property Use and Type's is vital to support service strategies and projects such as area clustering, where assets are analysed from a geographical perspective alongside the documentation of long-term service needs. The suitability of property and its purpose is now questioned and assessed through the Virtual Landlord function. This landlord approach ensures that property decisions are made by the relevant teams within Estates and Facilities Management teams. There are 2,620 asset entries on the corporate asset register, this is a breakdown of Sites and Specific Establishments of which over 80% are freehold assets.

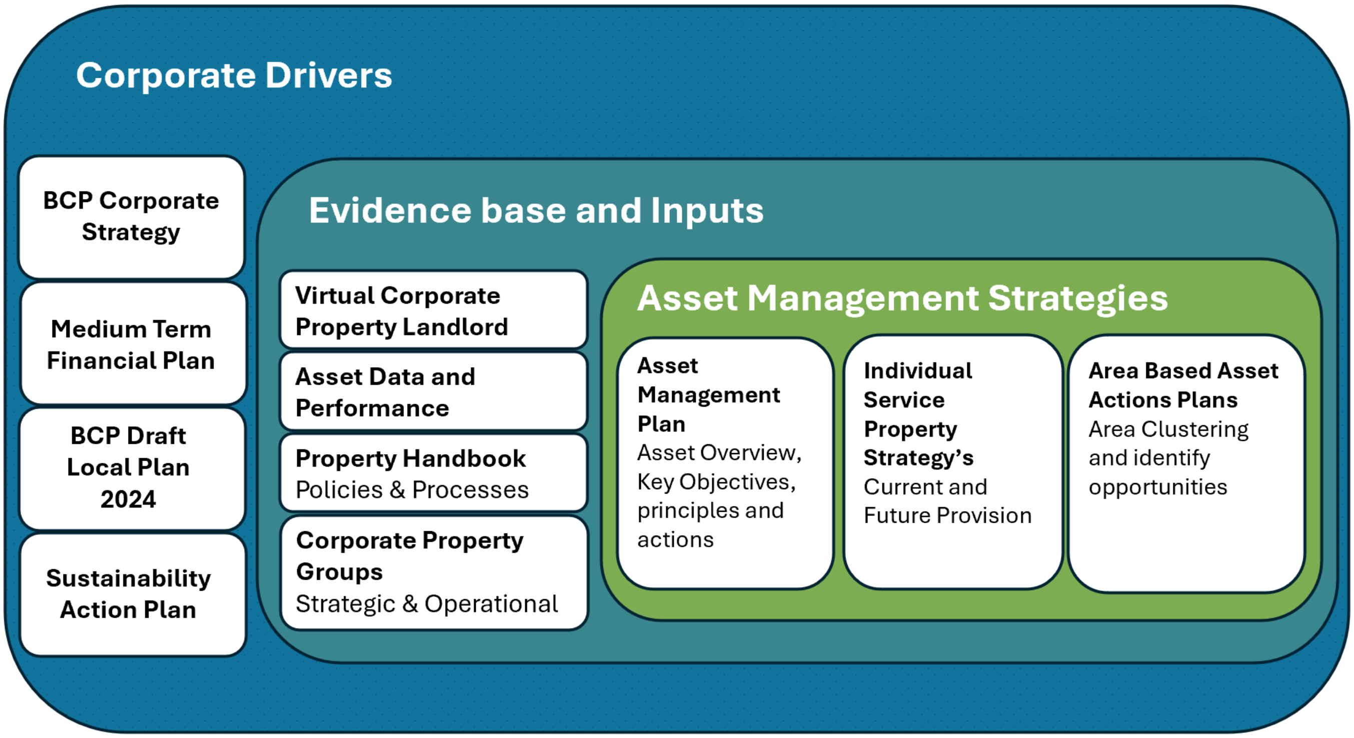
Leading Directorate/ Service	*Asset Count*
Adult Social Care	*42*
Children's Services	*194*
Communities	*51*
Customer & Business Delivery	*44*
Destination & Culture	*650*
Development	*51*
Environment	*922*
Finance	*93*
Housing	*221*
Law and Governance	*1*
Transport & Engineering	*351*

The data and strategic outline held on the Corporate Estate is now structured to help the underlying principles that support future decision-making, representing a checklist to assess new estate-related business cases against. So, in the future the BCP Council estate should be:

- **Relevant - in a strategic sense.**
- **Resilient – protecting BCP Operations and our communities.**
- **Fit for purpose / Safe / Compliant – in a technical sense.**
- **Transformation - digitally enabled.**
- **Connected – accessible to customers.**
- **Flexible – to accommodate future changes and targets.**
- **Sustainable – carbon neutral / environmentally.**
- **Sustainable – financially in the medium to longer term.**

An output from a piece a work by Avison Young in 2021 was a recommendation to implement a more centrally controlled organisational structure for all aspects of land and property management. This is now being actioned with the implementation of a Virtual Corporate Landlord Model which is detailed more in the section below.

The Asset Management Plan sits within an Asset Management Framework which responds to our corporate drivers and uses other inputs and enablers to support its delivery:



In conclusion, the Framework sets out a series of actions to move the Council towards a strategic (and corporate best practice) approach to estate management, and a more targeted, needs led approach to identifying estate re-alignment and rationalisation opportunities.

The final section of this initial Asset Management Plan summarises some of the key themes as part of a high-level action plan, listing the challenges and opportunities that will have an impact on the management of the Council's assets over the next few years. These all provide context to the shaping of the AMP.

Challenges, Opportunities, and what we need from our assets in the future.

1) Financial climate

The Council's assets have a key role to play regarding responding to the unprecedented financial challenges the Council faces over the next few years. Assets can directly affect both the revenue and capital positions of the Council.

The Council must ensure that its land and property assets deliver value for money in terms of service benefit, operating costs, financial returns, and regeneration. The Council must therefore continually challenge whether its assets are required, fit for purpose, and contribute to the delivery Council services and priorities.

Financial efficiencies are directly linked to the implementation of the Virtual Corporate Landlord Model particularly relevant to the annual budget will be the reductions in revenue operating costs. Further work has also begun to utilise Civica to ensure that all property expenditure is initiated within the Corporate Property Management System with an interaction to finance systems.

Currently not all financial costs can be linked to individual assets and our aim is to ensure that all costs shown below can be linked back to this level of detail.

*	General Fund	HRA	Total
Rates	£4,991,500	£311,300	£5,302,800
Maintenance:			
Hard	£6,684,200	£7,873,400	£14,557,600
Soft	£19,900	£295,200	£315,100
Utilities:			
Gas	£906,219	£765,500	£1,671,719
Electric	£6,487,098	£1,407,100	£7,894,198

*Please Note, the figures above were based on the 2023-24 revenue budget.

2) Regeneration / Place Shaping

The Council has committed to revitalising the towns and neighbourhoods across Bournemouth, Christchurch, and Poole, and has several key delivery partners.

The Bournemouth Development Company has been a key player in regenerating Bournemouth Town Centre for the last 14 years. Most recent developments include 'Treetops' in St Stephens Road and 'West Cliff Mansions', both utilising council land formerly used as surface car parks. More efficient multi-storey car provision has been provided to offset the loss of these car parks.

The Boscombe Towns Fund is using £22m as part of the Government's Town Deal programme to turbo charge ambitious regeneration plans for Boscombe.

The identification and redeployment of under-used and surplus assets is an important driver for regeneration, and critical to the success of these endeavours. Equally, there is a need to consider how active land and property management can of itself deliver regenerative benefits ahead of and as a precursor to the development of land and property. Asset Management is also about understanding what future services might look like and the assets required to support services. This valuable information can feed into the place shaping work led by these partners.

3) Transformation

The Council is undertaking an extensive transformation programme which has three elements: how and where we work, how we are organised; and how we support our colleagues through these changes.

Whilst the Council will continue to support customers face to face, a new operating model of investment in technology, digitalisation, and automation of services with 24/7 access will have a significant impact upon the Council's operational estate.

The Council has already acted delivering Phase 1 of its Estates & Accommodation (E&A) Programme with the reconfiguration of the former Bournemouth Town Hall Complex into the new BCP Civic Centre. Significant work has also been undertaken at Poole Customer Hub & Library and Christchurch Customer Hub & Library to provide more modern and agile environments for both customers and staff. This has facilitated the closure of the other two civic centre sites. One, is progressing towards disposal, the other is the subject of soft market testing.

Phase 2 of the E&A programme commenced to primarily focus on the administrative buildings out in the conurbation so that the whole office estate is rationalised, this work focusses on identifying space utilisation and service opportunities as often buildings are shared spaces. The asset clustering project focusses on properties and their demand for an improved service in the relevant areas across BCP, a place-based approach. The Virtual Landlord approach is helping to ensure the review is effective, by highlighting what assets are a frontline service and recommending more efficient ways of utilising those properties, while still providing an acceptable level of service to customers.

The council ambition is to continue with vacating, repurposing and disposal of relevant buildings across the conurbation. The outcome from this will likely see more shared space and long-term consideration of use and requirements from the services, in turn creating buildings fit for their purpose with better operational alignment and efficiencies. Whilst also reducing the number of assets used to deliver these services.

The model below helps to visualize how this approach is achieved.

Tier 1 (Strategic Assets)	Tier 2 (Asset Rationalisation)	Tier 3 (Asset Release)
A locality in the conurbation which the asset need is great due to multiple factors. Location: • Bournemouth • Poole • Christchurch	Assets which host services and are needed in the locality but can be rationalised and new clusters could be identified. Possible Community Hub/ Customer Hub thinking.	Assets which have gone through the clustering methodology and been identified as surplus.

4) Climate Action

BCP Council declared a climate and ecological emergency in July 2019. This set a commitment as an organisation to become carbon neutral by 2030, and then the conurbation of Bournemouth, Christchurch, and Poole by 2050.

The Council's assets have a significant role to play in us achieving these targets. An AMP that sets out clear direction in terms of which assets are required in the future by each service, can in turn help direct the maintenance of and investment in those assets to improve their energy efficiency and reduce their carbon emissions. The climate impact of each asset needs to be built in as one of the key performance indicators for our portfolio alongside running costs, backlog maintenance and utilisation. Adaption is another area that needs consideration for the portfolio, so future proofing our assets from floods, extreme heat, fire, and wind.

There is an urgent need to consider both the performance of assets from a resource consumption, fabric first and circular economy, perspective; as well as considering how the physical disposition of council and public assets interacts with trip generation both for staff and for customers.

When the Council pursues new build or acquisition programmes in the future it will be guided by the framework within the Local Plan. However, the Council may choose to complement this with its own sustainable construction principles in the future. This could ensure a consistently high standard across everything it does itself and in collaboration with its partners.

5) Service need

Council services are dealing with many challenges from financial, demographic, legislative, to service improvement and this is on top of bringing together 4 legacy authorities and learning to live with worldwide pandemics, such as Covid. Whilst the provision of quality services is front and centre in their thinking, the Council's Estates team, working within the context of a Landlord Model, will support services to ensure the built estate is considered in that thought and design process, and where possible the most appropriate assets are retained and invested in. Estates will guide and develop individual service property strategy's and where necessary by type and locality, this will ensure the ownership of all property assets and the responsibility for their management and maintenance is transferred from the service departments to the Virtual Landlord, which is a centralised function of the Council.

Service Strategies will need to align to the relevant individual Service Property Strategy, this will require services to state best practice and identify next practise and future demand, this will involve seeking opportunities to reduce revenue expenditure and must be conducted with a sensitive approach as most services have a high level of complexity to how and where they run their services from.

6) Maintaining the Council's assets, & ensuring they are safe & compliant.

An asset can quickly become a liability if not repaired, maintained, and managed properly. Like all local authorities, BCP Council has a substantial maintenance backlog to address within its estate. Maintenance budgets are focussed on ensuring inspections are carried out and statutory responsibilities maintained so buildings are safe for staff and visitors.

Buildings are being maintained on a reactive basis; this has its risks as we do not hold a full set of live condition information as budgets are stretched to only ensure the regular servicing and compliance is upheld. However, funding opportunities are being explored to see how buildings can become more efficient and how old plant can be replaced with much more low carbon and sustainable solutions. Ongoing consideration is also being given to which buildings are no longer needed for service delivery and can then be sold or redeveloped. In doing so the resources available to the council can then be spread more effectively over less buildings. The

Virtual Landlord Model will have a vital effect on prioritising budgets using a more direct approach to our professional property and asset teams.

7) Accurate and up to date Property Records

The Council's Corporate Property Management System is now a single system where multiple departments utilise the asset structure and hierarchy that is maintained by the Property Records Team, this means that Projects and Facilities Teams can be confident that defects and jobs are linked to a shared asset register that helps support surveys such as building condition, inspections, asbestos, and water management.

Project teams and ICT are also currently working on projects to bring the asset register data into a single IT system and associated mapping system. These are significant pieces of work and essential to having an efficient and up to date data set of the council's ownership records. These records include the core property ownership data and estate management data which includes Unique Property Reference Number alignment, leases, rent review dates and break & expiry dates.

This data is critical not only to the safe and efficient day to day running of the estate, but also for supporting regeneration and other transformational activities.

Keeping up to data is vital and we rely on our services and teams to provide on the ground information to our estates teams to fulfil this obligation. In turn the data is required to be publicised to ensure the assets can be viewed across the public domain in line with the Data Transparency Code 2015. Whilst BCP has previously worked with neighbouring Councils to achieve this, BCP are now ensuring a more direct route to this data via its own website.

8) Virtual Landlord Model and current governance arrangements

The Council is in the process of introducing a Virtual Landlord Model (VLM) to the way it manages its land and property assets. The different routes and scenarios are being mapped out and reviewed to ensure a more seamless approach is found that meets the needs and flexibility of our property management systems. This means bringing together the different functions and activities into one single centre of excellence or service directorate. From Strategic Asset Management, Estate Management, Facilities Management, Compliance, Repairs & Maintenance and Design & Construction. This consolidation of technical and professional resources and budgets will help the Council operate more efficiently. VLM should infuse corporate best practice.

The Facilities Management team, Estates and Property team's act as the Virtual Landlord function, by managing the stages of the property life cycle they can efficiently support a more financially sustainable and flexible approach for service delivery and community improvement. This approach supports services with standardised professional advice and ensures their focus remains solely on service improvement whilst investing time for long-term service strategies. BCP aims to reduce and/or remove the risks and trends highlighted below: -

- Property 'owned' by individual Services /Directorates
- Pockets of data, and what there is, is held by directorates
- Data inconsistent, out of date & no audit trail.
- Cost of occupation unknown
- Space utilisation unknown
- Space standards inconsistent
- Maintenance position unknown
- Maintenance prioritised by reaction
- Capital investment not prioritised corporately
- Statutory obligations / Legislative testing programmes unknown
- Inadequate training for achieving a Landlord Approach

- Inconsistent standards of accommodation
- Workplace risk assessment position unclear
- No Whole Life Cost analysis
- Unable to develop corporate strategies because people will still do their own thing.
- Asset plans not aligned to service business planning
- Chasing funding
- Piecemeal approach to procurement
- No coordination between services on assets
- Inability for wider coordination with public sector

The aim of the Virtual Landlord model is to improve, consider and identify risks and benefits on the above points but also more locally for BCP, we need to: -

- Manage and maintain property centrally
- Manage the property list and the strategic data directly in the Property System.
- Invest in property maintenance with a programme of works
- Improve income generation
- Ensure the right balance of smart business decisions and community improvement.
- Centralise property budgets, adopt a single shared property reference such as a UPRN in Property, Finance and Utility systems to obtain a single property cost analysis.
- Pilot a centralised budget approach in April 2025 by linking corporate register assets with their associated costs in the finance system.

- Improve accessibility of information in the property system and other corporate software for all relevant stakeholders to view.
- Re-structure asset data from Christchurch digitisation project.
- Ensure decision making maps are clear and followed at the appropriate boards and groups.
- Strategies are adopted and policies are accessible.

9) Partnership Working

Across the County of Dorset there is a range of public sector services from Dorset Healthcare University NHS Foundation Trust, Dorset Clinical Commissioning Group (CCG), South West Ambulance Trust, Dorset Police, Dorset & Wiltshire Fire and Rescue Service, The Ministry of Defence (MoD), Dorset Council, and Town and Parish Councils. All these organisations have their own portfolio of assets as well as share those of others.

The council is keen to find opportunities for collocation with partners where that supports integrated working between agencies. This is now taking place within the BCP Civic Centre with the NHS sharing office space with Adult Social Care. Furthermore, where council surplus assets can support the requirements of partner agencies this is also being explored on a commercial basis, with Northmead House currently being considered by the NHS as a more cost-efficient solution to meeting its local office requirements.

So, it is incumbent on all partners including BCP Council, to make the best use of these assets and work together in delivering services. A Dorset Public Estate Board has been set up to ensure a more cohesive approach to the use of assets by these organisations and BCP will play an active role in this group.

It is also important to recognise the role of third parties and community groups. This Council is keen to enable communities more with regards the retention and provision of services.

Approach to developing the Asset Management Plan – next steps.

Accepting the themes highlighted above, its essential that the Council resources and sets out a more detailed asset management plan for the medium to long term. This includes developing:

- Improved inter-departmental working is helping to progress the collection of procedures and standards, these principles are being established to structure a Handbook which sets out the nuts and bolts for how we do asset management, including policies, processes, and procedures.
- A Performance Review – this should include a suite of performance indicators to allow the Council to measure how its assets are performing, and detail the key areas for change that will affect future asset requirements across services; and
- A detailed Asset Strategy and Action Plan which sets out all the asset related activity over the next 3 – 5 years in support of the Council's priorities and services.

The short-term focus is very much on direct support to the Council's Financial Strategy. In particular:

- bringing forward the disposal of non-strategic assets to help fund current and future years of the Council's transformation programme; and
- continuing the fundamental review of buildings occupied by BCP Council with a view to further consolidating the staff in the Civic Centre and

considering future options for owned buildings or passing back leasehold properties as soon as practical.

- Review and continue to streamline the Community Asset Transfer process.
- Pilot the Virtual Landlord model for the library service, test recommendations and communicate outcomes for the service.
- The extent to which the community would be better placed to manage council assets (An Enabling Council – Strength Based Approach)
- Consideration of the performance and location of assets through the lens of regeneration and climate adaption.

Currently the Council has two Corporate Property Groups (CPG) which meet monthly. The CPG Operations Group focusses on operational matters and trying to find solutions to new asset requirements. It also provides the forum for highlighting an asset that might be under-used or surplus to that service's requirements. The group can then discuss whether there might be alternative operational needs that could be met from that asset, or it could be recommended as surplus. CPG Strategic maintains an overview for how the Council's assets are being managed and approves any changes to how assets are deployed. Essentially, these CPGs act as the conduit for all asset related activity, although it is important to note that asset activity must still comply with the Financial Regulations and Constitution.

From a record management perspective BCP have improved its data to improve information in the public domain and helped remove data gaps and alignment of services using its assets. Type and Use naming has been redefined to a set standard which will in turn create a simple way of reporting and analysing size, use, location and expenditure at service level.

The Facilities Management team following the formation of BCP Council have a single view of the servicing and inspection activity across the whole of the corporate estate having centralised the data from the legacy authorities into the single asset management system.

Single policies and procedures have been adopted for the compliance work with support from the Health and Safety team.

The Council will continue to manage the estate on a day-to-day basis with a common-sense approach and to the benefit of the council and services provided.

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Bournemouth, Christchurch and Poole Council (BCP) Treasury Management Strategy Statement 2025/26

Introduction

Background

1 The Authority is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Authority's low risk appetite, providing adequate liquidity initially before considering investment return.

2 The second main function of the treasury management service is the funding of the Authority's capital plans. These capital plans provide a guide to the borrowing need of the Authority, essentially the longer-term cash flow planning, to ensure that it can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet risk or cost objectives.

3 The contribution the treasury management function makes to the Authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

4 CIPFA defines treasury management as:

"The management of the local authority's borrowing, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

5 Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.

Reporting Requirements

Capital Strategy

6 The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a Capital Strategy report which will provide the following: -

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed

- the implications for future financial sustainability

7 The aim of the strategy is to ensure that all the Authority's elected members fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.

8 This capital strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset.

Treasury Management Reporting

9 The Authority is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

a) **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers: -

- the capital plans, (including prudential indicators)
- a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time)
- the Treasury Management Strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
- an Annual Investment Strategy, (the parameters on how investments are to be managed)

b) **A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision. In addition, this Authority will receive quarterly update reports.

c) **An annual treasury report** – This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

10 The above reports are required to be adequately scrutinised before being recommended to Full Council. This role is undertaken by the Audit and Governance Committee.

11 **Quarterly reports** – In addition to the three major reports detailed above quarterly reporting (end of June/end of December) are also required. However, these additional reports do not have to be reported to Full Council but do require to be adequately scrutinised. This role is undertaken by the Audit and Governance Committee. (The reports, specifically, should comprise updated Treasury/Prudential Indicators.)

Treasury Management Strategy for 2025/26

12 The strategy for 2025/26 covers two main areas:

Capital issues

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

13 These elements cover the requirements of the Local Government Act 2003, DLUHC Investment Guidance, DLUHC MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

Training

14 The CIPFA Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.

15 Furthermore, pages 47 and 48 of the Code state that they expect "all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making.

16 The scale and nature of this will depend on the size and complexity of the organisation's treasury management needs. Organisations should consider how to assess whether treasury management staff and board/ council members have the required knowledge and skills to undertake their roles and whether they have been able to maintain those skills and keep them up to date.

17 As a minimum, authorities should carry out the following to monitor and review knowledge and skills:

- Record attendance at training and ensure action is taken where poor attendance is identified.
- Prepare tailored learning plans for treasury management officers and council members.
- Require treasury management officers and council members to undertake

self-assessment against the required competencies (as set out in the schedule that may be adopted by the organisation).

- Have regular communication with officers and council members, encouraging them to highlight training needs on an ongoing basis.

18 In further support of the revised training requirements, CIPFA's Better Governance Forum and Treasury Management Network have produced a 'self-assessment by members responsible for the scrutiny of treasury management', which is available from the CIPFA website to download.

19 The following training has been undertaken by members on the 16th June 2022 and further training will be arranged as required.

20 The training needs of treasury management officers are periodically reviewed.

21 A formal record of the training received by officers central to the Treasury function will be maintained by the Finance Manager - Techincal. Similarly, a formal record of the treasury management/capital finance training received by members will also be maintained by the Finance Manager - Techincal.

Treasury management consultants

22 The Councils Treasury Management advisors are Link Asset Services.

23 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources.

24 It also recognises that there is value in employing external providers of treasury management services to acquire access to specialist skills and resources. The Authority will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

The Capital Prudential Indicators 2025/26 – 2027/28

25 The Authority's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

Capital expenditure and Financing

26 This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital expenditure	2023/24 Actual £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
General Fund	81,828	122,881	136,388	36,792	37,316
General Fund - SEN Capitalisation	-	-	60,000	-	-
HRA	24,417	34,866	43,004	35,014	27,290
Total	**106,245**	**157,747**	**239,392**	**71,806**	**64,606**

27 The following tables summarise the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

General Fund Capital Expenditure

Capital expenditure	2023/24 Actual £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
General Fund Total	**81,828**	**122,881**	**196,388**	**36,792**	**37,316**
Financed by:					
Capital receipts	-	23	-	-	-
Capital grants & Contributions	49,871	69,614	109,091	22,328	25,468
Revenue, S106 and CIL financing	1,943	4,904	6,045	2,209	518
Prudential Borrowing	30,014	48,340	21,252	12,255	11,330
SEN Capitalisation	-	-	60,000	-	-
Total financing for the year	**81,828**	**122,881**	**196,388**	**36,792**	**37,316**

HRA Capital Expenditure

Capital expenditure	2023/24 Actual £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
HRA Total	**24,417**	**34,866**	**43,004**	**35,014**	**27,290**
Financed by:					
Capital receipts	2,884	3,143	4,720	4,764	2,888
Capital grants & Contributions	1,222	5,880	6,093	11,733	607
Revenue, S106 and CIL financing	5,515	7,070	5,807	500	500
Major Repairs Allowance	14,796	16,388	17,302	17,202	17,202
Prudential Borrowing	-	2,385	9,082	815	6,093
Total financing for the year	**24,417**	**34,866**	**43,004**	**35,014**	**27,290**

The Council's borrowing need (the Capital Financing Requirement)

28 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

29 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

30 The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes.

31 The Council is asked to approve the CFR projections:

	2023/24 Actual £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
Capital Financing Requirement					
CFR – General Fund	378,884	415,917	485,352	485,069	482,688
CFR – HRA	131,474	132,859	140,941	140,756	145,849
Total CFR	**510,358**	**548,776**	**626,293**	**625,825**	**628,537**
Movement in CFR	19,725	38,418	77,517	(468)	2,712
Movement in CFR represented by					
Net movement in borrowing for the year (above)	30,014	50,725	90,334	13,070	17,423
Less MRP/VRP and other financing movements	(11,013)	(12,307)	(12,817)	(13,538)	(14,711)
Movement in CFR	**19,001**	**38,418**	**77,517**	**(468)**	**2,712**

32 A key aspect of the regulatory and professional guidance is that elected members are aware of the size and scope of any borrowing in relation to the authority's overall financial position. The capital expenditure figures and the details above demonstrate the scope of this activity and, by approving these figures, consider the scale proportionate to the Council's remaining activity.

Liability Benchmark

33 The Authority is required to estimate and measure the Liability Benchmark for the forthcoming financial year and the following two financial years, as a minimum.

34 There are four components to the LB: -

a) **Existing loan debt outstanding**: the Authority's existing loans that are still outstanding in future years.

b) **Loans CFR**: this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.

c) **Net loans requirement**: this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.

d) **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.

35 Appendix 4 to this strategy illustrates the graphical estimate of the liability benchmark for the general fund and HRA separately. It confirms both funds have net loan requirement supported by the internal borrowing capacity of the authority. This benchmark will continually be updated and referred to as new borrowing is considered in the medium term.

Core Funds and Expected Investment Balances

36 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each

year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

	2023/24 Actual £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
Fund balances / reserves	77,020	67,543	56,984	53,503	53,503
Capital receipts	9,295	2,000	2,000	2,000	2,000
Provisions	26,335	15,000	15,000	15,000	15,000
Other	23,018	(85,400)	(85,400)	(145,400)	(205,400)
Total core funds	**135,668**	**(857)**	**(11,416)**	**(74,897)**	**(134,897)**
Working Capital*	(146,555)	(146,555)	(146,555)	(146,555)	(146,555)
Under/over borrowing	209,205	132,622	26,138	(122,331)	(267,620)
Expected Internal Investments	**62,650**	**(13,933)**	**(120,417)**	**(268,886)**	**(414,175)**

**Working capital balances shown are estimated year-end; these may be higher mid-year*

Minimum Revenue Provision (MRP) policy statement

37 The Authority's MRP policy was amended in 2023/24 following a comprehensive review of MRP charges and methodology. This updated policy reflects the new MRP calculation methods to be implemented.

38 For supported capital expenditure incurred before 1st April 2008, the Authority will apply the Asset Life Method using an annuity calculation.

39 Unsupported borrowing will be subject to MRP under option 3 of the guidance (Asset Life Method). MRP will be based on the estimated life of the assets in accordance with the statutory guidance using the annuity method, calculated on a weighted average basis, where appropriate.

40 MRP in respect of unsupported borrowing taken to meet expenditure, which is treated as capital expenditure by virtue of either a capitalisation direction or regulations, will be determined in accordance with the asset lives as recommended by the statutory guidance.

41 The interest rate applied to the annuity calculations will reflect the market conditions at the time, and will for the current financial year be based on PWLB annuity rates

42 Where applicable, repayments included in annual PFI or finance leases are applied as MRP.

43 MRP Overpayments - The MRP Guidance allows that any charges made in excess of the statutory minimum revenue provision (MRP), i.e. voluntary revenue provision or overpayments, can be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. The amount of VRP overpayments up to 31st March 2024 was £7.2m

44 MRP will commence in the year following the year in which capital expenditure financed from borrowing is incurred, except for asset under construction where the MRP will be deferred until the year after the asset becomes operational.

Borrowing

45 The capital expenditure plans set out earlier provide details of the service activity of the Authority. The treasury management function ensures that the Authority's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Authority's Capital Strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions, and the Annual Investment Strategy.

Current portfolio position

46 The overall Treasury Management portfolio as at 31 March 2024 and for the position as at 31 December 2024 are shown below for both borrowing and investments.

Treasury investments	Actual 31/03/2024 £'000	Actual 31/03/2024 %	Current 31/12/2024 £'000	Current 31/12/2024 %
Money Market Funds	3,675	13%	850	2%
Bank Deposits	10,000	35%	0	0%
Local Authorities	15,000	52%	48,000	98%
Call Account	0	0%	0	0%
Total Treasury Investments	**28,675**	**100%**	**48,850**	**100%**
Treasury External Borrowing				
PWLB	188,896	64%	188,896	53%
Local Authorities	43,500	15%	84,500	24%
Private Sector	62,423	21%	80,768	23%
Salix	0	0%	0	0%
Total External Borrowing	**294,819**	**100%**	**354,164**	**100%**
Net treasury investment / (borrowing)	**(266,144)**		**(305,314)**	

47 The Authority's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

	2023/24 Actual £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
External Debt					
Treasury Debt 1st April	**273,221**	**295,126**	**410,769**	**595,412**	**744,055**
PFI and Finance Lease Liability	**6,027**	**5,385**	**4,743**	**4,101**	**3,459**
Expected change in Debt	21,905	115,643	184,643	148,643	148,643
Actual gross debt at 31 March	**301,153**	**416,154**	**600,155**	**748,156**	**896,157**
The Capital Financing Requirement	**510,358**	**548,776**	**626,293**	**625,825**	**628,537**
Under / (over) borrowing	**209,205**	**132,622**	**26,138**	**(122,331)**	**(267,620)**

48 Within the range of prudential indicators there are several key indicators to ensure that the Authority operates its activities within well-defined limits. One of these is that the Authority needs to ensure that its gross debt does not, except in the short-term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2025/26 and the following two financial years. This allows

some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

49 The S151 officer reports that the Authority complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes account of current commitments, existing plans and the proposals in this budget report.

50 It should be highlighted that the Treasury Strategy 2025/26 assumes that the council will be rewarded a capitalisation directive of £60m allowing it to offset the forecast deficit on special education needs for that year only. The hope is the government find a long-term solution to the problem so only a years borrowing has been assumed. If a solution is not forthcoming then a further capitalisation would be required every year thereafter.

Treasury Indicators: limits to borrowing activity

51 **The operational boundary.** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

52 **The authorised limit for external debt.** A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

a This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all Councils' plans, or those of a specific Council, although this power has not yet been exercised.

b The Audit and Governance Committee is asked to approve the following authorised limit:

	2023/24 Actual £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
Operational Boundary	755	775	**800**	**825**	**850**
Authorised Limit	785	810	**835**	**860**	**895**

Prospects for interest rates

53 The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Link provided the following forecasts on 11.11.24. These are forecasts for certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View	11.11.24												
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
BANK RATE	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
3 month ave earnings	4.70	4.50	4.30	4.00	4.00	4.00	3.80	3.80	3.80	3.50	3.50	3.50	3.50
6 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
12 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
5 yr PWLB	5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
10 yr PWLB	5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
25 yr PWLB	5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
50 yr PWLB	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30

Additional notes by Link on this forecast table: -

54 The latest forecast sets out a view that both short and long-dated interest rates

will start to fall once it is evident that the Bank of England has been successful in squeezing excess inflation out of the economy, despite a backdrop of stubborn inflationary factors and a tight labour market.

55 Following the 30th October Budget, the outcome of the US Presidential election on 6th November, and the 25bps Bank Rate cut undertaken by the Monetary Policy Committee (MPC) on 7th November, we significantly revised our central forecasts for the first time since May. In summary, our Bank Rate forecast is now 50bps – 75bps higher than was previously the case, whilst our PWLB forecasts have been materially lifted to not only reflect our increased concerns around the future path of inflation, but also the increased level of Government borrowing over the term of the current Parliament.

56 If we reflect on the 30th October Budget, our central case is that those policy announcements will be inflationary, at least in the near-term. The Office for Budgetary Responsibility and the Bank of England concur with that view. The latter have the CPI measure of inflation hitting 2.5% y/y by the end of 2024 and staying sticky until at least 2026. The Bank forecasts CPI to be 2.7% y/y (Q4 2025) and 2.2% (Q4 2026) before dropping back in 2027 to 1.8% y/y.

Borrowing strategy

57 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow have been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. That is, Bank Rate remains elevated through to the second half of 2024.

58 Against this background and the risks within the economic forecast, caution will be adopted with the 2025/26 treasury operations. The Director of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.
- if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

59 Any decisions will be reported to the appropriate decision making body at the next available opportunity.

Policy on borrowing in advance of need

60 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

61 Risks associated with any borrowing in advance of activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

Debt rescheduling

62 Rescheduling of current borrowing in our debt portfolio may be considered whilst premature redemption rates remain elevated but only if there is surplus cash available to facilitate any repayment, or rebalancing of the portfolio to provide more certainty is considered appropriate.

63 If rescheduling was done, it will be reported to the Audit and Governance Committee, at the earliest meeting following its action.

Approved Sources of Long- and Short-term Borrowing

On Balance Sheet	**Fixed**	**Variable**
PWLB	●	●
Community municipal bonds	●	●
UK Municipal bond agency	●	●
Local authorities	●	●
Banks	●	●
Pension funds	●	●
Insurance companies	●	●
UK Infrastructure Bank	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Stock issues	●	●
Local temporary	●	●
Local Bonds	●	
Local authority bills	●	●
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Finance leases	●	●

Annual Investment Strategy

Investment Policy

64 The Department of Levelling Up, Housing and Communities (DLUHC) and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report).

65 The Council’s investment policy has regard to the following: -

- DLUHC’s Guidance on Local Government Investments (“the Guidance”)

- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 (“the Code”)
- CIPFA Treasury Management Guidance Notes 2021

The Council’s investment priorities will be security first, portfolio liquidity second and then yield, (return).

66 In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs but to also consider “laddering” investments for periods up to 12 months with high credit rated financial institutions, whilst investment rates remain elevated, as well as wider range fund options.

67 The above guidance from the DLUHC and CIPFA places a high priority on the management of risk. This Authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

a) Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short-term and long-term ratings.

b) Other information: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Authority will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.

c) Other information sources used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

d) This Authority has engaged external consultants, to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this Authority in the context of the expected level of cash balances and need for liquidity throughout the year.

e) All investments will be denominated in sterling.

f) As a result of the change in accounting standards for 2022/23 under IFRS 9, this Authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the MHCLG, concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 until 31.3.25

68 However, this Authority will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year.

Creditworthiness policy

69 The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:

a It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and

b It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

70 The Chief Financial Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to which types of investment instruments that can be used as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

71 Credit rating information is supplied by Link Asset Services, our treasury consultants, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer-term change) are provided to officers almost immediately after they occur, and this information is considered before dealing. For instance, a negative rating watch applying to a counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

72 The criteria for providing a pool of high-quality investment counterparties (both specified and non-specified investments) is:

Sovereign Ratings

- AAA (non-UK)

(Rating Description: AAA = Prime Rating, AA+, AA, AA- = High Grade Rating)

Appendix 2 sets out the current list of countries that the Council can invest funds with.

The UK sovereign rating is currently AA. To ensure that the Treasury Function has capacity to operate effectively no specific minimum UK sovereign rating has been set out.

Selection Criteria

73 Banks 1 - the Council will use UK and non-UK banks which have, as a minimum at least one of, the following Fitch, Moody's and Standard & Poors credit ratings (where rated):

	Fitch	Moody’s	Standard & Poors
Short Term	F1	P1	A-1
Long Term	A-	A3	A-

74 Investments will include term deposits, call accounts, notice accounts and Certificate of Deposits.

a Banks 2 – Part nationalised UK bank – Royal Bank of Scotland ring-fenced operations. This bank can be included provided it continues to be part nationalised or it meets the ratings in Banks 1 above.

b Banks 3 – The Council’s own bankers (HSBC, Lloyds and Barclays) for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.

c Bank subsidiary and treasury operation - The Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above.

d Building societies. The Council will use societies which meet the ratings for Banks 1 outlined above.

e Money Market Funds (MMFs) Constant net asset value (CNAV)

f Money Market Funds (MMFs) Low-Volatility net asset value (LVNAV)

g Money Market Funds (MMFs) Variable net asset value (VNAV)

h Ultra-Short Dated Bond Funds with a credit rating of at least 1.25

i Ultra-Short Dated Bond Funds with a credit rating of at least 1.50

j Cash Plus Funds

k UK Government (including gilts, Treasury Bills and the Debt Management Account Deposit Facility (DMADF))

l Local authorities, Police and Fire Authorities, Parish Councils, BCP Council Companies (Subsidiaries) and Partnerships.

m Pooled Funds

Maximum Time and Monetary Limits applying to Investments

75 The maximum amount that can be invested in any one institution at the time of the investment (including call accounts) as a percentage of the total investment portfolio has been reviewed and rationalised. All AA- and above rated institutions have a maximum limit of 25%, all A+, A or A- rated institutions have a maximum limit of 20%. For practical reasons where the average investment balance falls below £10m it may become necessary to increase the percentage limit to 33% at the time of investment (this only applies to call accounts and money market funds).

76 The maximum time and monetary limits for institutions on the Council’s Counterparty List are as follows (these will cover both Specified and Non-Specified Investments):

	Long Term Rating	Money Limit	Time Limit
Banks 1 higher quality	AA-	25%	2 years
Banks 1 medium quality	A	20%	1 year
Banks 1 lower quality	A-	20%	6 months
Banks 2 category – part-nationalised	N/A	20%	2 years
Limit 3 category – Council's banker Barclays	AA-	25%	3 months
DMADF	UK sovereign rating	Unlimited	6 months
Local Authorities	N/A	20%	5 years
Money Market Funds CNAV	AAA	25%	Instant access
Money Market Funds LVNAV	AAA	25%	Instant access
Money Market Funds VNAV	AAA	25%	Instant access
Ultra-Short Dated Bond Funds	N/A	25%	Unlimited

Use of additional information other than credit ratings

77 Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information will be applied to compare the relative security of differing investment counterparties.

Investment strategy

In-house funds

78 Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations

79 Bank Rate is forecast to over the next two years reaching 3.5% by December 2026.

80 The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows: -

Average earnings in each year	
2024/25 (residual)	4.55%
2025/26	3.10%
2026/27	3.00%
2027/28	3.25%
2028/29	3.25%
Years 6 to 10	3.25%
Years 10+	3.25%

Investment treasury limit

81 The maximum period for investments will be 5 years.

Ethical Investing

82 This is an area of investing that is becoming increasingly considered by financial institutions and customers. Products from financial institutions are growing but still remain limited. To consider investing in sustainable deposits they will still need to meet our counterparty criteria and parameters set out earlier in the strategy. Investment guidance, both statutory and from CIPFA, makes clear that all investing must adopt SLY principles – security, liquidity and yield: ethical issues must play a subordinate role to those priorities. The Treasury team will continue to explore this area and report to members of any further developments.

Treasury Management Policy, Practices and Schedules

83 The Treasury Management Policy, Practices and Schedules will be presented alongside this 2025/26 update of the TM Strategy.

Appendices

Appendix 1 - Economic Background

Appendix 2 - Approved Countries for investments

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Appendix 1: Economic Background (provided by Link Asset Services)

The third quarter of 2024/25 (October to December) saw:

- GDP growth contracting by 0.1% m/m in October following no growth in the quarter ending September;
- The 3myy rate of average earnings growth increase from 4.4% in September to 5.2% in October;
- CPI inflation increase to 2.6% in November;
- Core CPI inflation increase from 3.3% in October to 3.5% in November;
- The Bank of England cut interest rates from 5.0% to 4.75% in November and hold them steady in December.
- 10-year gilt yields starting October at 3.94% before finishing up at 4.57% at the end of December (peaking at 4.64%).

• The 0.1% m/m fall in GDP in October was the second such decline in a row and meant that GDP would need to rise by 0.1% m/m or more in November and December, for the economy to grow in Q4 as a whole rather than contract. With on-going concern over the impact of the October budget and drags from higher interest rates and weak activity in the euro zone, our colleagues at Capital Economics have revised down their forecast for GDP growth in 2025 to 1.3% (it was initially 1.8% in the immediate wake of the Budget.)

• This quarter saw the composite activity Purchasing Manager Index (PMI) dip below the level of 50 that separates expansion from contraction for the first time since October 2023. Although December's composite PMI came in above this level, at 50.5, this was still consistent with the 0% rise in real GDP in Q3 being followed by a flat-lining, or potential contraction, in the final quarter of 2024. However, the economy is unlikely to be quite as weak as that given that the PMIs do not capture rises in government spending, but the data does underline the continued divergence in trends between the manufacturing and services sectors. The manufacturing PMI fell for its fourth consecutive month in December, from 48.0 in November to 47.3. That's consistent with manufacturing output falling by 1.5% q/q in the final quarter of 2024 after flatlining through the summer months. This weakness in the manufacturing sector was offset by a rebound in the services sector. The services PMI rose from 50.8 in November to 51.4 in December, which is consistent with non-retail services output growth increasing from +0.1% q/q to +0.3% for October - December. This suggests that more of the recent slowdown in GDP is being driven by the weakness in activity overseas rather than just domestic factors. Additionally, the services output prices balance rose for the third consecutive month, from 55.4 in November to 56.9, showing signs that price pressures are reaccelerating.

• After rising by 1.4% q/q in July - September, the retail sector had a difficult final quarter of the year. Indeed, the bigger-than-expected 0.7% m/m fall in retail sales in October (consensus forecast -0.3% m/m) suggested that households' concerns about expected tax rises announced in the Budget on 30th October contributed to weaker retail spending at the start of the quarter. The monthly decline in retail sales volumes in October was reasonably broad based, with sales in five of the seven main sub sectors slipping. However, the potential for seasonally adjusted sales to rise in November - if October's figures were impacted by the timing of the school half term – combined with a rebound in consumer confidence and rising real incomes, points to some promise to the final quarter of 2024

- The Government's October budget outlined plans for a significant £41.5bn (1.2% of GDP) increase in taxes by 2029/30, with £25bn derived from a 1.2% rise in employers' national insurance contributions. The taxes are more than offset by a £47bn (1.4% of GDP) rise in current (day-to-day) spending by 2029/30 and a £24.6bn (0.7% of GDP) rise in public investment, with the latter being more than funded by a £32.5bn (1.0% of GDP) rise in public borrowing. The result is that the Budget loosens fiscal policy relative to the previous government's plans - although fiscal policy is still being tightened over the next five years – and that GDP growth is somewhat stronger over the coming years than had previously been forecasted. By way of comparison, the Bank of England forecasts four-quarter GDP growth to pick up to almost 1¾% through 2025 (previously forecast to be 0.9%) before falling back to just over 1% in 2026.
- December's pay data showed a rebound in wage growth that will likely add to the Bank of England's inflationary concerns. The 3myy rate of average earnings growth increased from 4.4% in September (revised up from 4.3%) to 5.2% in October (consensus forecast 4.6%) and was mainly due to a rebound in private sector pay growth from 4.6% to 5.4%. Excluding bonuses, public sector pay stagnated in October and the 3myy rate fell from 4.7% to 4.3%.
- The number of job vacancies also fell again from 828,000 in the three months to October to 818,000 in the three months to November. This marks the first time it has dropped below its pre-pandemic February 2020 level of 819,000 since May 2021. Despite this, the Bank of England remains concerned about the inflationary influence of high wage settlements as well as the risk of a major slowdown in labour market activity.
- CPI inflation has been on the rise this quarter, with the annual growth rate increasing from 1.7% in September to 2.3% in October, before rising further to 2.6% in November. Although services CPI inflation stayed at 5.0% in November, the Bank had expected a dip to 4.9%, while the timelier three-month annualised rate of services CPI rose from 5.0% to 5.1%. That shows that there currently isn't much downward momentum. Moreover, the wider measure of core CPI inflation rose from 3.3% to 3.5% in November. Both services and core inflation are currently at rates well above those consistent with the 2.0% target and are moving in the wrong direction. Capital Economics forecast that after dipping to 2.5% in December, CPI inflation will rise further in January, perhaps to 2.8%. Although CPI inflation is expected to be back at close to the 2.0% target by the end of 2025, given that a lot of the rise in inflation in the coming months will be due to base effects that won't persist, the potential for a broader set of tariffs to arise from the US as well as the constant threat of geo-political factors to impact energy and food prices suggest risks remain very much to the upside.
- Throughout the quarter gilt yields have risen. The 10-year gilt yield increased from 3.94% at the start of October to 4.57% by the year end (and has subsequently risen to 4.64% early in 2025). As recently as mid-September 10-year gilt yields were at their low for the financial year, but since then, and specifically after the Budget at the end of October, yields have soared. Overall, the reaction to the UK Budget highlights how bond markets are both fragile and highly attentive to news about the fiscal outlook.
- The FTSE 100 started off this quarter at 8,276, before finishing up at 8,121. In particular, UK markets have continued to fall further behind US equities, a trend which has accelerated since Trump's election victory in November, partly due to the

UK stock market being less exposed to AI hype, and it being weighed down by its relatively large exposure to the energy and materials sectors.

MPC meetings: 7th November & 18th December 2024

- On 7 November, Bank Rate was cut by 0.25% to 4.75%. The vote was 8-1 in favour of the cut, but the language used by the MPC emphasised "gradual" reductions would be the way ahead with an emphasis on the inflation and employment data releases, as well as geo-political events.
- At the 18 December meeting, another split vote arose. Members voted 6-3 to keep Bank Rate on hold at 4.75%, but dissenters (Dhingra, Ramsden and Taylor) were keen for rates to be cut further as concerns over the slowing down of the UK economy took root, despite near-term inflation fears remaining.
- The MPC again stated that "a gradual approach" to rate cuts "remains appropriate" and that policy will "remain restrictive for sufficiently long".

PWLB maturity Certainty Rates 1st April to 31st December 2024

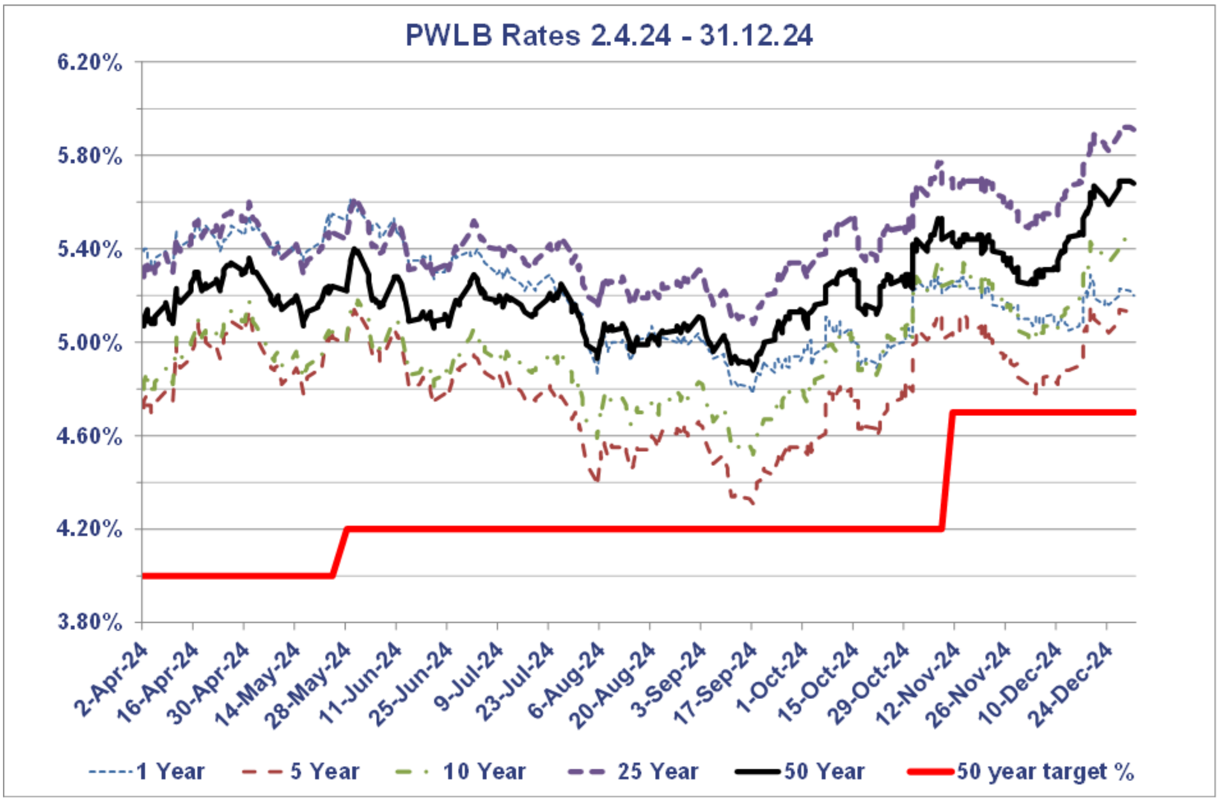
Medium and longer-dated gilt yields, and therein PWLB rates, have moved significantly higher over the course of the financial year, culminating in long-term rates approaching levels last seen in 1998. The rise in medium to long-term yields has arisen because of several factors. Namely, the inflation outlook has become stickier than the market anticipated earlier in the year, with wages remaining somewhat elevated (currently increases are c5% y/y) and the labour market tight (unemployment a little above 4% and job vacancies more than 800,000).

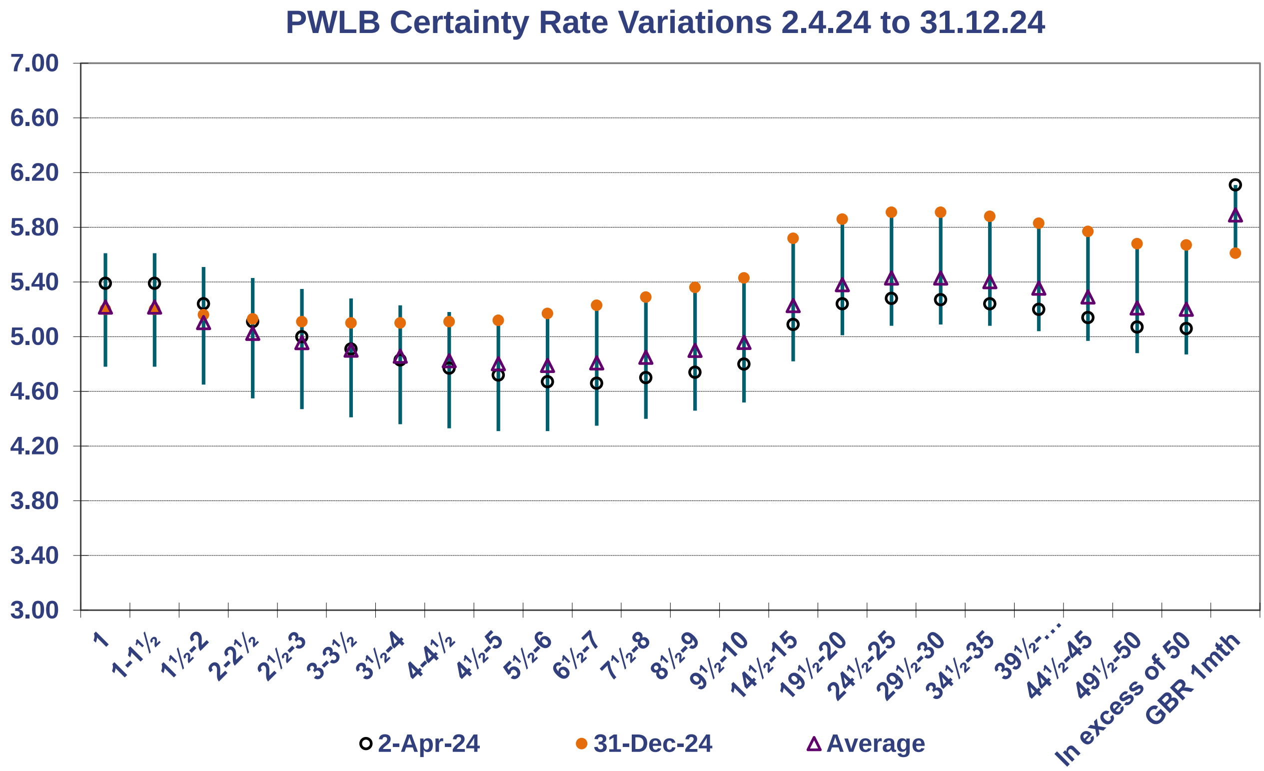
Moreover, the Government has not fully convinced the markets that the UK economy is about to undergo a material increase in productivity and growth. The quarter ending 30th September saw UK GDP stagnate and the prospects for 2025 are somewhat opaque at present. With the UK public finances seemingly under pressure too (as of 7th January, it is estimated that the Chancellor's October Budget contingency is less than £1bn following the recent rise in gilt yields), and historic buyers of longer-dated gilts – pension funds and insurance companies – targeting shorter-dated maturities of late, it is not that great a surprise that yields have risen in the longer dates even as the Debt Management Office has sought to issue debt with shorter durations than might normally have been the case.

There is also anecdotal evidence that hedge funds, who are not long-term holders of long-dated debt issuance, as a rule, may be more active in this part of the market than has normally been the case. Their presence, arguably, adds volatility to the equation. Consequently, and pulling all these factors together, and it is clear that any signs of public finance weakness could lead to elevated yields from time to time.

Additionally, US Treasury yields have also risen prior to Donald Trump's inauguration as US President on 20th January. Markets are nervous as to what the effect of deportation, tariff and tax-cutting policies will have on inflation. Given the impact US markets have globally, this is another contributing factor to the near-term rise in UK yields. The hope is that when the "unknowns" become known, markets will behave in a calmer fashion and yields fall back. But that is not certain.

PWLB RATES 02.04.24 - 31.12.24





Appendix 1

HIGH/LOW/AVERAGE PWLB RATES FOR 02.04.24 – 31.12.24

	1 Year	5 Year	10 Year	25 Year	50 Year
02/04/2024	5.39%	4.72%	4.80%	5.28%	5.07%
31/12/2024	5.20%	5.12%	5.43%	5.91%	5.68%
Low	4.78%	4.31%	4.52%	5.08%	4.88%
Low date	17/09/2024	17/09/2024	17/09/2024	17/09/2024	17/09/2024
High	5.61%	5.16%	5.44%	5.92%	5.69%
High date	29/05/2024	19/12/2024	19/12/2024	19/12/2024	27/12/2024
Average	5.22%	4.80%	4.96%	5.43%	5.21%
Spread	0.83%	0.85%	0.92%	0.84%	0.81%

Appendix 2: Approved countries for investments

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- Qatar

AA-

- Belgium
- France
- **U.K.**

Appendix 3: The Treasury Management role of the section 151 officer

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.
- preparation of a Capital Strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe *(say 20+ years – to be determined in accordance with local priorities.)*
- ensuring that the Capital Strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the Authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the Authority does not undertake a level of investing which exposes the Authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by the Authority
- ensuring that the Authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following:-
    - *Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;*

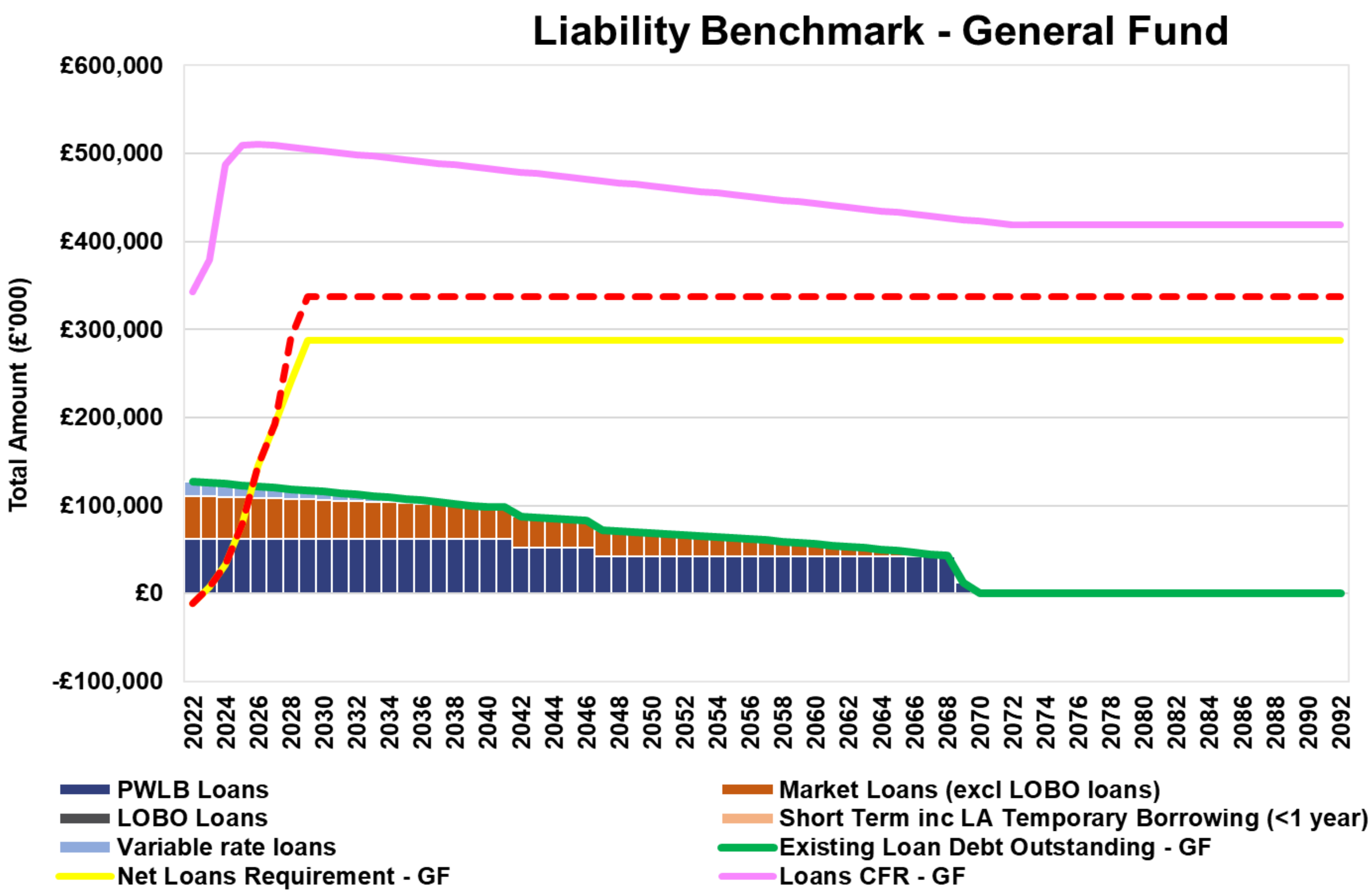
    - *Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;*

    - *Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;*

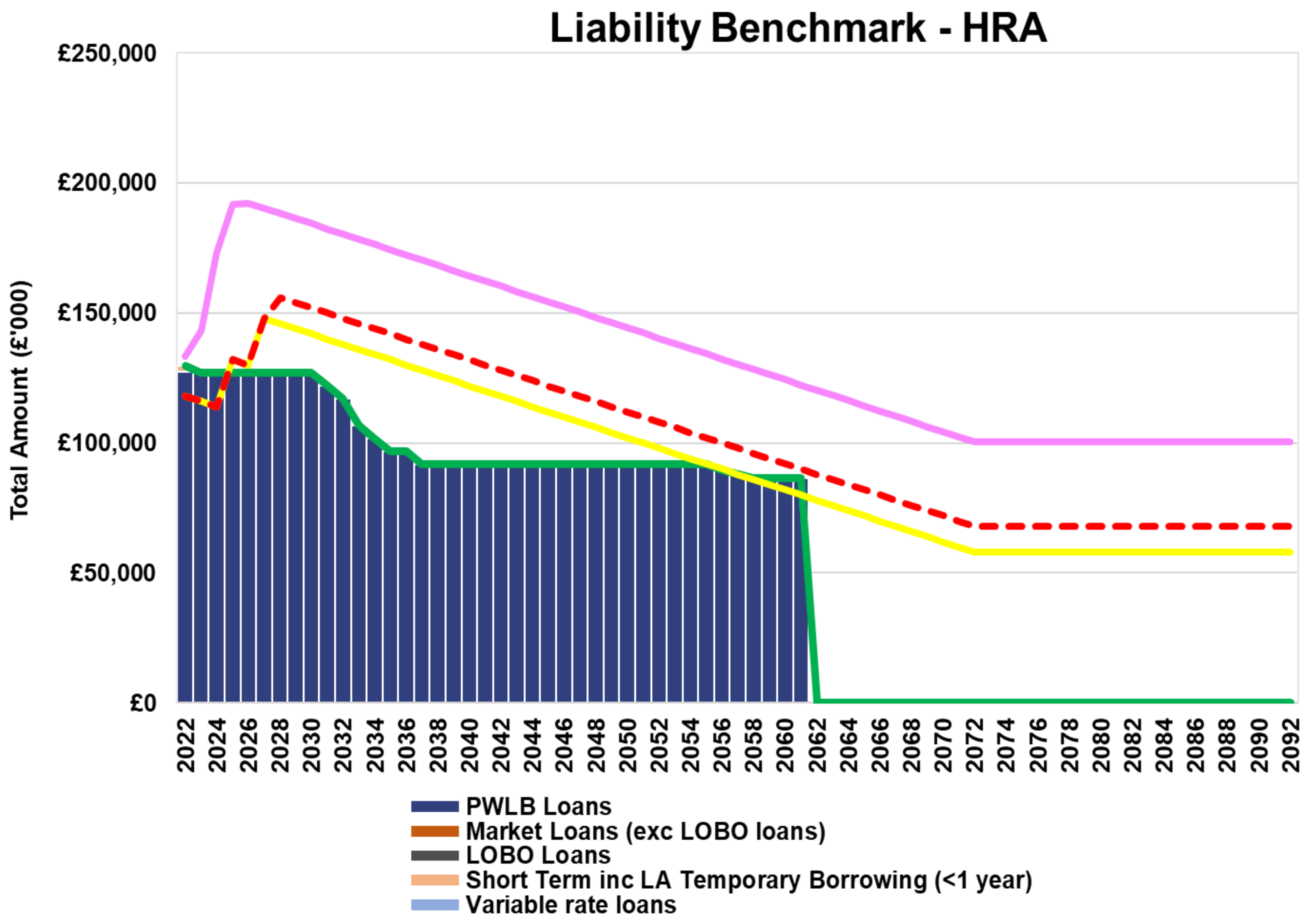
- *Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;*

- *Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.*

Appendix 4 – Liability Benchmark – General Fund



Appendix 4 – Liability Benchmark – HRA



Appendix 1

Bournemouth, Christchurch and Poole Council

Treasury Management Policy, Practices and Schedules

Treasury Management Practices and Schedules

The Treasury Management Practices (TMPs) and Schedules set out the manner in which the Council will seek to achieve its Treasury Management Policies and objectives and how it will manage and control those activities.

TMP 1 – Treasury Risk Management

TMP 2 – Best Value and Performance Measurement

TMP 3 – Decision-Making and Analysis

TMP 4 - Approved Instruments, Methods and Techniques

TMP 5 - Organisation, Clarity and Segregation of Responsibilities, and Dealing Arrangements

TMP 6 - Reporting Requirements and Management Information Arrangements

TMP 7 - Budgeting, Accounting and Audit Arrangements

TMP 8 - Cash and Cash Flow Management

TMP 9 - Money Laundering

TMP 10 - Staff Training and Qualifications

TMP 11 - Use of External Service Providers

TMP 12 - Corporate Governance

TMP1 Treasury Risk Management

1 The S151 Officer will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in TMP6 Reporting Requirements and Management Information Arrangements. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedule to this document.

Credit and Counterparty Risk Management

Credit and counter-party risk is the risk of failure by a counterparty to meet its contractual obligations to the organisation under an investment, borrowing, capital project or partnership financing, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or current (revenue) resources.

2 The Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, we will ensure that the counterparty list and limits reflect a prudent attitude towards organisations with which funds may be deposited, and will limit the investment activities to the instruments, methods and techniques referred to in TMP4 Approved Instruments, Methods and Techniques and listed in the schedule to this document. The Council also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

3 The S151 Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to which types of investment instruments that can be used as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

4 The minimum rating criteria uses method of selecting counterparties and applying limits. The Council will use UK and non-UK banks which have, as a minimum at least one of, the following Fitch, Moody's and Standard and Poor's credit ratings. Credit rating information is supplied by Link Asset Services, our treasury consultants, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating watch applying to a counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

5 The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) is:

Sovereign Ratings

- AA (UK)
- AAA (non UK)

(Rating Description – AAA = Prime Rating, AA+, AA, AA- = High Grade Rating)

Selection Criteria

- Banks 1 - the Council will use UK and non UK banks which have, as a minimum at least one of, the following Fitch, Moody's and Standard and Poors credit ratings (where rated):

	Fitch	**Moody's**	**Standard & Poors**
Short Term	F1	P1	A-1
Long Term	A-	A3	A-

Investments will include term deposits, call accounts, notice accounts and CD's.

a Banks 2 – Part nationalised UK bank – Royal Bank of Scotland ring-fenced operations. This bank can be included provided it continues to be part nationalised or it meets the ratings in Banks 1 above.

b Banks 3 – The Council's own bankers (HSBC, Lloyds and Barclays) for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.

c Bank subsidiary and treasury operation - The Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above.

d Building societies. The Council will use societies which meet the ratings for Banks 1 outlined above.

e Money Market Funds (MMFs) Constant net asset value (CNAV)

f Money Market Funds (MMFs) Low-Volatility net asset value (LVNAV)

g Money Market Funds (MMFs) Variable net asset value (VNAV)

h Ultra-Short Dated Bond Funds with a credit rating of at least 1.25

i Ultra-Short Dated Bond Funds with a credit rating of at least 1.50

j Cash Plus Funds

k UK Government (including gilts, Treasury Bills and the Debt Management Account Deposit Facility (DMADF))

l Royal Bournemouth and Christchurch Hospital NHS Foundation trusts

m Local authorities, Police and Fire Authorities, Parish Councils, BCP Council Companies (Subsidiaries) and Partnerships.

n Pooled Funds

Maximum Time and Monetary Limits applying to Investments

6 The maximum amount that can be invested in any one institution at the time of the investment (including call accounts) as a percentage of the total investment portfolio has been reviewed and rationalised. All AA- and above rated institutions have a maximum limit of 25%, all A+, A or A- rated institutions have a maximum limit of 20%. For practical reasons where the average investment balance falls below £10m it may become necessary to increase the percentage limit to 33% at the time of investment (this only applies to call accounts and money market funds).

7 The maximum time and monetary limits for institutions on the Council's Counterparty List are as follows (these will cover both Specified and Non-Specified Investments):

	Long Term Rating	Money Limit	Time Limit
Banks 1 higher quality	AA-	25%	2 years
Banks 1 medium quality	A	20%	1 year
Banks 1 lower quality	A-	20%	6 months
Banks 2 category – part-nationalised RBS / Nat West	N/A	20%	2 years
Banks 3 category – Council's banker HSBC / Barclays / Lloyds	AA-	25%	3 months
UK Government (including gilts, Treasury Bills and the DMADF)	AAA	25%	6 months
Local Authorities	N/A	20%	5 years
Money Market Funds CNAV	AAA	25%	Instant access
Money Market Funds LVNAV	AAA	25%	Instant access
Money Market Funds VNAV	AAA	25%	Instant access

Ultra-Short Dated Bond Funds	N/A	25%	Unlimited
Cash Plus Funds	AAA	25%	Unlimited
UK Gilts	UK Sovereign Rate	25%	5 years

Approved methodology for changing limits and adding/removing counterparties

8 Credit ratings for individual counterparties can change at any time. The S151 Officer is responsible for applying the stated credit rating criteria outlined above for selecting approved counterparties, and will add or delete counterparties as appropriate to / from the approved counterparty list when there is a change in the credit ratings of individual counterparties or in banking structures e.g. on mergers or takeovers.

9 The S151 Officer will also adjust lending limits and periods when there is a change in the credit ratings of individual counterparties or in banking structures e.g. on mergers or takeovers in accordance with the criteria outlined above.

Liquidity Risk Management

10 This is the risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the Council's business/service objectives will be thereby compromised.

11 The Council will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.

12 The Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

Cash flow and cash balances

13 The Council will aim for effective cash flow forecasting and monitoring of cash balances and will maintain a rolling 12 month cash flow forecast.

The Treasury Management function shall seek to optimise the balance held in the Council's main bank accounts at the close of each working day in order to minimise the amount of bank overdraft interest payable or maximise the amount of interest that can be earned.

In order to achieve the maximum return from investments, a daily cash balance of +/- £50,000 is the normal objective for the Council's bank account. Note - it may not always be possible or practical to achieve this target for various reasons, such as, late or fluctuating receipts after the treasury management activities for the day have been completed.

Short term investments

14 Funds are held in overnight accounts, call accounts or money market funds specifically in order to deal with day to day cash flow fluctuations.

Temporary borrowing

15 Temporary borrowing up to 364 days through the money market is available should there be a cash flow deficit at any point during the year.

At no time will the outstanding total of temporary and long-term borrowing together with any bank overdraft exceed the Prudential Indicator for the Authorised Borrowing Limit agreed by the Council before the start of each financial year.

Bank Overdraft and standby facilities

16 The Council has an authorised overdraft limit with its bankers of up to £100k at an agreed rate of 2.39% over base rate.

Interest Rate Risk Management

17 The risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the Council's finances, against which the Council has failed to protect itself adequately.

18 The Council will manage its exposure to fluctuations in interest rates with a view to containing its net interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 Reporting Requirements and Management Information Arrangements.

19 It will achieve these objectives by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. The above are subject at all times to the consideration and, if required, approval of any policy or budgetary implications.

20 The Council's Policy will limit its exposure to interest rate changes by allowing a maximum of 4% of borrowing to be at variable interest and a maximum of 100% to be at fixed rate. In addition, a maximum of 50% of investments can be made at variable interest and a maximum of 100% to be at fixed rate.

21 Interest rates will be monitored by the Assistant Chief Financial Officer and information about possible changes in interest rates gathered from market sources.

Policies concerning other instruments for interest rate management.

22 Forward dealing - Will only be undertaken where the date of commencement is 3 months (or less) for an investment from the date that funds will be transferred, in order to minimise risk due to uncertainties in the cash flow projections. The maximum length of time permissible for all investments will be 5 years.

Exchange Rate Risk Management

23 The risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.

Approved criteria for managing changes in exchange rate levels

i) As a result of the nature of the Council's business, it may have an exposure to exchange rate risk from time to time. This will mainly arise from the receipt of income or the incurring of expenditure in a currency other than sterling. The Council will adopt a full hedging strategy to control and add certainty to the sterling value of these transactions. This will mean that the Council will eliminate all foreign exchange exposures as soon as they are identified.

ii) Where there is a contractual obligation to receive income or make a payment in a currency other than sterling at a date in the future, forward foreign exchange transactions will be considered, with professional advice, to comply with this full cover hedging policy. Unexpected receipt of foreign currency income will be converted to sterling at the earliest opportunity unless the Council has a contractual obligation to make a payment in the same currency at a date in the future. In this instance, the currency will be held on deposit to meet this expenditure commitment.

Refinancing Risk Management

24 The risk that maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the organisation for those refinancing, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time.

25 The Council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the Council as can reasonably be achieved in the light of market conditions prevailing at the time.

26 It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid over-reliance on any one source of funding if this might jeopardise achievement of the above.

<u>Projected capital investment requirements</u>

27 3 year projections are in place for capital expenditure and its financing or funding. Financing will be from capital receipts, reserves, any grants or contributions awarded and revenue. Funding will be from internal or external borrowing, as decided.

As required by the Prudential Code, the Council will undertake Options Appraisals to evaluate the best capital expenditure financing route.

The Council's projected long-term borrowing requirement will be linked to the projected Capital Financing Requirement.

Debt profiling, policies and practices

28 Any longer term borrowing will be undertaken in accordance with the Prudential Code and will comply with the Council's Prudential Indicators and the Treasury Management Strategy.

The Council will maintain through its various treasury spreadsheets reliable records of the terms and maturities of its borrowings, capital, project and partnership funding and, where appropriate, plan and successfully negotiate terms for its refinancing.

Where the lender to the Council is a commercial body the Council will aim for diversification in order to spread risk and avoid over-reliance on a small number of counterparties.

Policy concerning limits on revenue consequences of capital financings

29 The revenue consequences of financing the capital programme are included in cash flow models, annual revenue estimates and medium term forecasts.

Legal and Regulatory Risk Management

30 The risk that the organisation itself, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the organisation suffers losses accordingly.

31 The Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in treasury activities. In framing its credit and counterparty policy under TMP1 Treasury Risk Management, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may affect with the Council, particularly with regard to duty of care and fees charged.

32 The Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the Council.

33 The Council operates its Treasury Management Practices in accordance with the provisions of the Local Government and Housing Act 1989 and the CIPFA Treasury Code of Practice. The Council's powers are documented in the Treasury Management Policy statement, the Treasury Management Practices and the Schedules.

34 Counterparties are included on the lending list where they fully comply with the Credit Rating requirements from Fitch, S&P and Moody's or where they meet the specified exceptional criteria.

35 The S151 Officer will review the Legal and Regulatory framework in order to assess the impact of any changes on the Council.

Procedures for evidencing the Council's powers/ authorities to counterparties

36 The Council's Financial Regulations contain evidence of the power/ authority to act as required by S151 of the Local Government Act 1972, under the general direction of the Council and Cabinet.

The Council will confirm, if requested to do so by counterparties, the powers and authorities under which the Council effects transactions with them.

Where required, the Council will also establish the powers of those with whom they enter into transactions, including any compliance requirements in respect of a duty of care and best practice.

Required information from counterparties concerning their powers/ authorities

37 Lending shall only be made to institutions on the Council's authorised lending list.

The Council will only undertake borrowing from approved sources such as the Public Works Loans Board (PWLB), organisations such as the European Investment Bank and from commercial banks who are on the Council's list of authorised institutions, thereby minimising legal and regulatory risk. The list of approved sources of borrowing is contained in TMP 4.

Political Risk Management

38 Political risk is managed by:

i) Adoption of the CIPFA Treasury Management Code of Practice;

ii) Adherence to Corporate Governance (TMP 12 – Corporate Governance);

iii) Adherence to the Statement of Professional Practice by the S151 Officer;

iv) The roles of the Council and Cabinet.

Details of relevant Statutes and regulations

39 The treasury management activities of the Council shall comply fully with legal statute and the regulations of the Council. These are as follows:

i) CIPFA's Treasury Management Code of Practice and guidance notes;

ii) CIPFA Guide for Chief Financial Officers on Treasury Management in Local Authorities;

iii) CIPFA Prudential Code for Capital Finance in Local Authorities and subsequent amendments;

iv) CIPFA Standard of Professional Practice on Treasury Management

v) The Local Government Act 2003;

vi) The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 SI 2003 No 3146, and subsequent amendments;

vii) Pensions, England and Wales - The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 – SI 2009 No 3093;

viii) MHCLG Guidance on Minimum Revenue Provision (MRP);

ix) MHCLG Revised Guidance on Investments Feb 2017

x) The MHCLG's Guidance on Local Government Investments in England issued March 2004 and subsequent amendments ;

xi) The Local Authorities (Contracting out of Investment Functions) Order 1996 SI 1996 No 1883;

xii) LAAP Bulletins;

xiii) Code of Practice on Local Authority Accounting in the United Kingdom based on International Financial Reporting Standards (from 2010/11 onwards);

xiv) Accounts and Audit Regulations 2003, as amended together with CLG's Guidance;

xv) The Non Investment Products Code (formerly known as The London Code of Conduct) for principals and broking firms in the wholesale markets;

xvi) Council's Constitution including:

- Standing Orders relating to Contracts;
- Financial Regulations;
- Scheme of Delegation.

xvii) CLG's Self-Financing Policy Documentation and subsequent amendments.

Fraud, Error and Corruption, and Contingency Management

40 The risk that an organisation fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk commonly referred to as operational risk.

41 The Council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

42 In order to mitigate these risks, it is a system requirement that two officers need to be involved in order to facilitate a CHAPS payment via internet banking. The first officer will set up the payment details and the second officer will verify the details and authorise payment. Payments are only to be made on appropriately authorised documentation in line with transaction limits below, which will not apply to any transfers between different BCP bank accounts:

Role	Transaction Limit
Accountant L3	£20m
Finance Manager	£50m

Any payments outside of these limits should only be made after confirmation from the Section 151 Officer or Assistant Chef Finance Officers.

43 For payments to investment counterparties and other regular payments (e.g. Inland Revenue, Pensions) the payee name and bank details will be set up as named beneficiaries within the system.

44 In all instances of fraud there should be referral to the Council Anti-Fraud and Corruption Policy.

Details of systems and procedures to be followed, including internet services

45 The S151 Officer will ensure that all Treasury Management Procedures are fully documented and approved and that they contain adequate levels of internal control. All computer systems or electronic forms of recording or transmitting data will have adequate security and back up provisions.

46 The S151 Officer will ensure that the Treasury Management function is subject to regular internal audit, the intention being that this will generally take place once each year with sufficient programmed days to cover all aspects of its activity.

Emergency and contingency planning arrangements

47 In the event of treasury management software being unavailable, due to power failure or problems with the system, arrangements for the day-to-day treasury function will be undertaken direct with the Council's bank.

Insurance cover details

48 The Treasury Management function is covered under the Council's Fidelity Guarantee Policy.

Market risk management

49 The Council will seek to ensure that its stated Treasury Management Policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

Details of approved procedures and limits for controlling exposure to investments whose capital value may fluctuate (GILTS, CDS, etc.)

If the Council makes use of fund managers they may deal in GILTS, Certificates of deposit etc. on behalf of the Council. The limit for these will be the value of the fund, held by the external body at the time. The fund will be able to be liquidated within 7 days.

Policy on environmental, social and governance (ESG) considerations

50 The organisation's credit and counterparty policies should set out its policy and practices relating to environmental, social and governance (ESG) investment considerations. This is a developing area, and it is not implied that the organisation's ESG policy will currently include ESG scoring or other real-time ESG criteria at individual investment level.

51 ESG is an area that CIPFA is still working on after the 2022 revised codes. In particular, work will be needed to coordinate the priority which needs to be given to issues of security, liquidity and yield (SLY) while also accommodating ESG principles as a fourth priority and principle to apply.

52 The assessment and implementation of ESG considerations are better developed in equity and bond markets than for short-term cash deposits, primarily due to the wider scope of potential investment opportunities. Furthermore, there is a diversity

of market approaches to ESG classification, analysis and integration. This means that a consistent and developed approach to ESG for public service organisations, focussed on more typical Treasury-type investments, is currently difficult to achieve. CIPFA, therefore, recommends authorities to consider their credit and counterparty policies in light of ESG information and develop their own ESG investment policies and treasury management practices consistent with their organisation's own relevant policies, such as environmental and climate change policies.

53 CIPFA does not expect that the organisation's ESG policy will currently include ESG scoring or other real-time ESG criteria at individual investment level.

TMP2 Best Value and Performance Measurement

54 The Council is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its Treasury Management Strategy Statement.

55 Accordingly, the Treasury Management function will be the subject of ongoing analysis of the value it adds in support of the Council's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant or subsidy incentives, and of the scope for other potential improvements. The performance of the Treasury Management function will be measured using the criteria set out in this section.

Methodology to be applied for evaluating the impact of Treasury Management decisions

56 All treasury management decisions will be recorded by the Treasury Accountant. A monthly report will be produced and any significant decisions notified to the S151 Officer on the monthly report. Rates quoted for investments and borrowing will be recorded and monitored against benchmarks, any benchmarking reports will consider risk as well as the rate of return. Market trends will be compared to expectations. Investments or borrowing which takes place with a maturity of over one month, evidence should be kept to demonstrate that the most favourable interest rate has been achieved.

Policy concerning methods for Testing Value for Money in Treasury Management

Frequency and processes for review

57 The Treasury Management function will be included within the Core Service Transformation review of Strategic Finance.

Banking services

58 Banking services will be retendered or renegotiated periodically in line with accepted procurement practice to ensure that the level of prices reflect efficiency savings achieved by the supplier and current pricing trends.

Money-broking services

59 The Council will use money broking services in order to make deposits or to borrow, and will establish charges for all services prior to using them. The Council

will also deal direct with counterparties that appear on the lending lists where it can be shown that the rates achievable by dealing direct are higher than those that could have been achieved by dealing through money-brokers.

An approved list of brokers will be established which takes account of both prices and quality of services. Note that fees are only due when the authority chooses to borrow using money brokers.

Consultants'/advisers' services

60 The Council may appoint professional treasury management advisers as and when it is deemed necessary to do so. The performance of these advisors will be monitored on an ongoing basis and be the subject of a tendering process.

Where treasury management advisers are appointed they will be expected to:

i) Provide creditworthiness advice and updates on credit developments;

ii) Provide rating watch information and highlight any impact on the Council's lending list;

iii) Review all treasury management reports and check compliance with the Treasury Management Code of Practice, the Prudential Code and Best Practice;

iv) Provide suitable economic information including interest rate forecasts;

v) Offer suitable training and seminars to support for Members and officers;

vi) Provide technical advice help and support as required.

External Fund Managers

61 The Council may appoint full-time cash/external investment fund managers and will comply with the Local Authorities (Contracting Out of Investment Functions) Order 1996 [SI 1996 No 1883].

The fund Manager will undertake all activity in accordance with the provisions set out in this document.

The delegation of investment management to external managers will entail the following:

i) Agreement of a formal contractual agreement and documentation;

ii) Agreement on terms for early termination of the contract;

iii) Setting of a benchmark of [SONIA] and a performance target of exceeding the benchmark;

iv) Setting of investment counterparty constraints;

v) Quarterly reporting of performance;

vi) At least annual meetings with investment managers;

vii) Setting of other constraints/parameters/conditions.

The Council's treasury management advisors will assist in monitoring the performance of the fund managers.

Methods to be employed for measuring the performance of the Council's Treasury Management activities

62 Performance will be measured against the benchmark figures agreed. Performance will also be monitored by comparing expected levels of interest to the interest budgets set in the Budget setting process.

Benchmarks and calculation methodology:

a Debt management

Average rate on all external debt
Average rate on external debt borrowed in previous financial year
Average rate on internal borrowing
Average period to maturity of external debt
Average period to maturity of new loans in previous year

b Investment

The performance of investment earnings will be measured against the following benchmarks:

i) In house investments - SONIA
ii) Cash fund manager - SONIA

It is recognised that these benchmarks must be assessed in the overall context of security and liquidity being more important than yield.

TMP3 Decision-Making and Analysis

63 The Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed below.

64 Whilst the Council will take advice from external consultants as and when required it is recognised that the final decision for all treasury management activity lies with the Council.

Funding, Borrowing, Lending, and new instruments / techniques

Records to be kept

65 Details of all rates achieved on new investments and borrowing will be kept by the S151 Officer, along with rates requested from other sources that were rejected. This is to show that the S151 Officer consulted different areas of the market place to support the decision made. All documentation to support investment / borrowing decisions will be available for inspection by internal audit.

Processes to be pursued

66 When investment decisions are to be made for one month or more, the Treasury Accountant with responsibility for treasury management will seek rates from at

least two brokers or counterparties that deal direct, and a comparison will be made with indicative rates quoted by brokers on the day. These rates, together with the reason for the chosen rate (not always the highest rate quoted), will be recorded on the deal ticket or electronically and will be made available for inspection. Since the start of the credit crisis and the nominal rates achieved on investments the Treasury Management function have concentrated their efforts firmly on capital protection and risk management. In practice the Council has a very restricted lending list and there is often little or no choice where to place investments.

Borrowing decisions will be made by the S151 Officer in the light of the Council's medium term budgetary requirement. The interest rate type, period of the loan and reason for the need to borrow will be recorded by the Group Accountant with responsibility for treasury management.

Issues to be addressed

67 In respect of every decision made the Council will:

- a Above all be clear about the nature and extent of the risks to which the Council may become exposed;
- b Be certain about the legality of the decision reached and the nature of the transaction, and that all approvals to proceed have been obtained;
- c Be content that the documentation is adequate both to deliver the Council's objectives and protect its interests, and to deliver good housekeeping;
- d Ensure that third parties are judged satisfactory in the context of the Council's creditworthiness policies, and that limits have not been exceeded;
- e Be content that the terms of any transactions have been fully checked against the market, and have been found to be competitive.

68 In respect of borrowing and other funding decisions, the Council will:

- a Evaluate the economic and market factors that might influence the manner and timing of any decision to fund;
- b Consider the merits and demerits of alternative forms of funding, including funding from revenue, leasing and private partnerships;
- c Consider the ongoing revenue liabilities created, and the implications for the Council's future plans and budgets.

69 In respect of investment decisions, the Council will:

- a Consider the optimum period, in the light of cash flow availability and prevailing market conditions;
- b Consider the alternative investment products and techniques available, especially the implications of using any which may expose the Council to changes in the value of its capital.

TMP4 Approved Instruments, Methods and Techniques

70 The Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed below and within the limits and parameters defined in TMP1 Risk Management.

71 Where the Council intends to use derivative instruments for the management of risks, these will be limited to those set out in its Treasury Management Strategy. The Council will seek proper advice and will consider that advice when entering into arrangements to use such products to ensure that it fully understands those products.

Approved activities of the Treasury Management function

- a Borrowing
- b Lending
- c Debt repayment and rescheduling
- d Consideration, approval and use of new financial instruments and treasury management techniques
- e Managing the underlying risk associated with the Council's capital financing and surplus funds activities
- f Managing cash flow
- g Banking activities
- h Leasing
- i The use of external fund managers

Approved instruments for investment

72 In accordance with The Local Authorities (Capital Finance) (Approved Investments) Regulations 1990 and subsequent amendments, the instruments approved for investment and commonly used by local authorities are:

- a UK Government (including gilts, Treasury Bills and Debt Management Account Deposit Facility)
- b Deposits with banks, building societies or local authorities (and certain other bodies) for up to five years;
- c Certificates of deposits with banks or building societies for up to five years;
- d Corporate bonds and bonds issued by Multilateral Development Banks;
- e Euro-sterling issues by certain Supra-national bodies listed on the London and Dublin Stock Exchanges;
- f Money Market Funds;
- g Pooled funds, i.e. collective investment schemes as defined in SI 2004 No 534.

Approved techniques

- a Forward dealing up to five years
- b Callable deposits up to five years

Approved methods and sources of raising Capital Finance

73 Finance will only be raised in accordance with the Local Government and Housing Act, 1989, and within this limit the Council has a number of approved methods and sources of raising capital finance.

74 These forms of funding will be considered based on the prevailing economic climate, regulations and local considerations. The S151 Officer has delegated powers through this Policy and the Strategy to take the most appropriate form of borrowing from the approved sources.

On Balance Sheet	Fixed	Variable
PWLB	●	●
Community municipal bonds	●	●
Municipal bond agency	●	●
Local authorities	●	●
Banks	●	●
Pension funds	●	●
Insurance companies	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Stock issues	●	●
Local temporary	●	●
Local Bonds	●	
Local authority bills	●	●
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Finance leases	●	●

TMP5 Organisation, Clarity and Segregation of Responsibilities, and Dealing Arrangements

75 The Council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, and for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

76 The principles on which this will be based is a clear distinction between those charged with setting Treasury Management Policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the Treasury Management function.

77 If and when the Council intends, as a result of lack of resources or other circumstances, to depart from these principles, the responsible officer will ensure that the reasons are properly reported in accordance with TMP6 Reporting Requirements and Management Information Arrangements, and the implications properly considered and evaluated.

78 The S151 Officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangement for absence cover. The present arrangements are detailed in the schedule in this section.

79 The S151 Officer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in this section.

80 The delegations to the S151 Officer in respect of treasury management are set out in this section. The S151 Officer will fulfil all such responsibilities in accordance with the Council's policy statement and TMPs and, if a CIPFA member, the Standard of Professional Practice on Treasury Management.

81 Limits to responsibilities/discretion at Committee/Executive levels

Full Council

- receiving and reviewing the annual Treasury Management Strategy Statement and a report on Treasury Management Policy, Practices and Schedules;
- budget consideration and approval;
- receiving a summary annual report on performance during the previous financial year.

Cabinet

- receiving and reviewing the annual Treasury Management Strategy Statement and a report on Treasury Management Policy, Practices and Schedules;
- budget consideration and approval;
- receiving a summary annual report on performance during the previous financial year;
- approval of investments where minimum lending criteria are not met.

BCP Committee

- approval of amendments to the Council's adopted clauses, Treasury Management Strategy Statement and Treasury Management Policies, Practices and Schedules;
- performance monitoring;
- receiving and reviewing external audit reports and acting on recommendations;
- approving the selection of external fund managers and agreeing terms of appointment;
- receiving a detailed annual report;
- scrutinise the Treasury Management Strategy Statement and Treasury Management Policies, Practices and Schedules;
- receive reports of any non-compliance with the Council Treasury Management Strategy Statement and Treasury Management Policies, Practices and Schedules.

82 Principles and practices concerning segregation of duties

The S151 Officer will ensure that there is proper segregation of duties in place for Treasury Management.

83 Treasury Management organisation chart

The Council
|
Cabinet
|
BCP Overview Committee
|
S151 Officer
|
Assistant Chief Financial Officer
|
Finance Manager
|
Treasury Accountant

84 Statement of Duties/Responsibilities of each Treasury Post

a S151 Officer

i) The S151 Officer will:

- execute and administer treasury management decisions in accordance with the Treasury Management Strategy and the Treasury Management Policies, Practices and Schedules;
- recommend all arrangements for the identification, management and control of all treasury management risk and report on such;

- design, recommend and implement the annual Treasury Management Strategy and Treasury Management Policies, Practices and Schedules for approval, reviewing and monitoring compliance;
- adhere and monitor performance against the approved prudential indicators;
- construct the Council's lending list and formulating suitable criteria for assessing and monitoring the credit risk of investment counterparties;
- submit regular treasury management policy reports;
- submit budgets and budget variations;
- ensure that all Treasury Management Policies, Practices and Schedules are fully documented and approved, and contain adequate levels of internal control;
- receive and review management information reports;
- review the performance of the Treasury Management function and promote value for money reviews;
- ensure the adequacy of treasury management resources and skills, and the effective division of responsibilities within the Treasury Management function;
- ensure all Members and treasury management staff receive training to ensure all responsibilities are carried out appropriately;
- recommend investments where the minimum lending criteria are met;
- ensure the adequacy of internal audit, and liaising with external audit;
- ensure that the most appropriate form of borrowing it taken from the approved sources;
- review the legal and regulatory framework in order to assess the impact of any changes on the Council;
- monitor the Governance arrangements of the treasury management function;
- recommend the appointment of external service providers.

ii) The S151 Officer has delegated powers through this policy to take the most appropriate form of borrowing from the approved sources, and to take the most appropriate form of investments in approved instruments.

iii) Only officers approved by the S151 Officer or the Assistant Chief Finance Officer will conduct dealing transactions.

iv) The S151 Officer will ensure that the Policy is adhered to, and if not will bring the matter to the attention of elected Members as soon as possible.

v) Prior to entering into any capital financing, lending or investment transaction, it is the responsibility of the S151 Officer to be satisfied, by reference to the Monitoring Officer, the Council's legal department and external advisors as appropriate, that the proposed transaction does not breach any statute, external regulation or the Council's financial Regulations.

vi) It is also the responsibility of the S151 Officer to ensure that the Council complies with the requirements of The Non Investment Products Code (formerly known as The London Code of Conduct) for principals and broking firms in the wholesale markets.

b Assistant Chief Financial Officer / Finance Manager

i) The responsibilities of these posts will be:

- planning, organising, directing and monitoring the Treasury Management function;
- ensuring compliance with the policy, practices and schedules;
- regularly reporting to the S151 Officer regarding performance of the function;
- ensuring the treasury management function is adequately covered during normal business hours;
- monitoring market conditions and interest rates and advising the S151 Officer regarding its impact on the Council's strategy.

c Finance Manager / Treasury Accountant

i) The responsibilities of this post will be:

- execution of transactions;
- adherence to agreed policies and practices on a day-to-day basis;
- maintaining relationships with third parties and external service providers;
- supervising treasury management staff;
- monitoring performance on a day-to-day basis;
- submitting management information reports to the Assistant Chief Finance Officer;
- preparation of cash flow statements;
- recording all treasury management decisions;
- maintain the counterparty list in line with the approvals made;
- identifying and recommending opportunities for improved practices.

d Treasury Accountant

- carry out day to day banking activities ensuring the treasury function meets is objectives
- recording all treasury management decisions;
- maintain the counterparty list in line with the approvals made;
- preparation of cash flow statements;

e Head of the Paid Service

i) The responsibilities of this post will be:

- ensuring that the system is specified and implemented;
- ensuring that the S151 Officer reports regularly to the Council, Cabinet and BCP Committee on treasury management policy, activity and performance as appropriate.

f Monitoring Officer

i) The responsibilities of this post will be:

- ensuring compliance by the S151 Officer with the Treasury Management Strategy Statement and Treasury Management Policies, Practices and Schedules and that they comply with the law;
- being satisfied that any proposal to vary treasury management policy or practice complies with law or any code of practice;
- giving advice to the S151 Officer when advice is sought.

g Internal Audit

i) The responsibilities of Internal Audit will be:

- reviewing compliance with approved policy and procedures;
- reviewing division of duties and operational practice;
- assessing value for money from treasury management activities;
- undertaking audits to provide assurance over the probity of the Treasury Management function.

Absence cover arrangements

85 The Finance Manager with responsibility for the treasury function will ensure that the Treasury Management function is adequately covered during normal business hours.

Dealing limits

86 The Finance Manager and Assistant Chef Finance officer with responsibility for treasury management is permitted to place deals in accordance with the Counterparty Lists, Limits below and approved Treasury Management Practices.

Daily limits for authorisation of long term investments and borrowing.

Role	Daily Authorisation Limit	Deal Duration
Finance Manager	£20m	One to twelve months
Deputy chef finance officer	£50m	One to twelve months
Section 151 Officer	Unlimited	

Due to the short-term nature of investments or withdrawals to Call Accounts, used to control the daily cash balances held in our main bank accounts, no limits are applicable.

List of approved brokers

- Tradition Brokers
- Sterling International Brokers division of BGC Brokers LP
- Martin Brokers division of BGC Brokers LP
- Tullett Prebon (Europe) Limited
- Imperial Treasury
- Link Asset Services

87 Treasury management staff are also authorised to deal direct with any of the counterparties on the approved lending list, where it can be shown that better rates of interest can be achieved than would otherwise be available through Brokers.

Policy on Brokers' services

88 The Authority aims to achieve a spread of brokers, together with the use of direct dealing counterparties in order to secure suitable deals.

Policy on taping of conversations

89 The Authority does not currently tape telephone calls made to brokers. It is understood that the broker firms used do tape all telephone conversations and deals are always confirmed by email by the broker and the body receiving or paying over the money, these documents will be retained.

Direct dealing practices

90 The Authority aims to achieve a spread of counterparties in order to secure suitable deals.

Settlement Transmission Procedures

91 On maturity of an investment or loan the broker / counterparty involved will always be contacted by the treasury management staff to confirm what the Authority's intentions are with regard to the maturity and whether it is to be repaid.

Documentation requirements

92 Copies of all correspondence with brokers will be kept and made available for inspection.

Arrangements Concerning the Management of Third-Party Funds

93 The Council holds a number of trust funds. The cash in respect of these funds is held in the Council's bank account but transactions are separately coded. Interest is given on credit balances at the average rate for internal balances for the year.

TMP6 Reporting Requirements and Management Information Arrangements

94 The Council will ensure that regular reports are prepared and considered on the implementation of its Treasury Management Policies; on the effects of decisions taken and the transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the Treasury Management function.

Annual Programme of reporting

95 As a minimum, the Council will receive:

a An annual report on the strategy and plan to be pursued in the coming year;

b A summary annual report on the performance of the Treasury Management function.

96 It is recognised that BCP Committee are responsible for ensuring effective scrutiny of the Treasury Management Strategy Statement and activities and as such they will receive:

a A copy of the annual report on the strategy and plan to be pursued in the coming year together with the treasury management prudential indicators;

b A full annual report on the performance of the Treasury Management function, on the effects of the decisions taken and the transactions executed in the year to date, and on any circumstances of non-compliance with the Council's Treasury Management Strategy Statement and TMPs.

c Quarterly Monitoring Reports

Annual Treasury Management Strategy Statement

97 The Treasury Management Strategy Statement sets out the specific expected treasury management activities for the forthcoming financial year. This Strategy will be submitted to Cabinet and Full Council for approval before the commencement of each financial year.

98 The formulation of the Treasury Management Strategy Statement involves determining the appropriate borrowing and investment decisions in the light of the anticipated movement in both fixed and shorter-term variable interest rates. For instance, the Council may decide to postpone borrowing if fixed interest rates are expected to fall, or borrow early if fixed interest rates are expected to rise.

99 The Treasury Management Strategy Statement is concerned with the following elements:

a The prospects for interest rates;

b The limits placed by the Council on treasury activities;

c The expected borrowing strategy;

d The expected temporary investment strategy (including the appointment of fund managers);

e Other issues.

Policy on Interest Rate Exposure

100 As required by section 45 of the Local Government and Housing Act, 1989, the Council must approve before the beginning of each financial year the following treasury management limits:

a The overall borrowing limit;

b The amount of the overall borrowing limit which may be outstanding by way of short-term borrowing;

c The maximum proportion of interest on borrowing which is subject to variable rate interest.

101 The S151 Officer is responsible for incorporating these limits into the Treasury Management Strategy Statement, and for ensuring compliance with the limits. Should it prove necessary to amend these limits, the S151 Officer shall submit the changes for approval to Cabinet before submission to the Full Council for approval.

Annual Report on Treasury Management activity

102 A summary annual report will be presented to Cabinet and Full Council at the earliest practicable meeting after the end of the financial year, but in any case by the end of September. A full annual report with be presented to BCP Committee. This report will include the following:

- a A comprehensive picture for the financial year of all Treasury Management Policy, Practices and Schedules, plans, activities and results;
- b Transactions executed and their revenue (current) effects;
- c Report on risk implications of decisions taken and transactions executed;
- d Monitoring of compliance with approved policy, practices and statutory / regulatory requirements;
- e Monitoring of compliance with powers delegated to officers;
- f Degree of compliance with the original strategy and explanation of deviations;
- g Explanation of future impact of decisions taken by the Council;
- h Measurements of performance;
- i Report on compliance with CIPFA Code recommendations.

Management Information Reports

103 Management information reports will be prepared every month by the Treasury Accountant and will be presented to the following officers:

- a Finance Manager;
- b Assistant Chief Financial Officer;
- c S151 Officer;

104 These reports will contain the following information:

- a Summary of the Authority's financial position for the current year;
- b Details of all current investments / loans;
- c Details of the Interest Budget and Interest Projections;
- d All notes relevant to the Treasury Management function, including where applicable the reasons behind and the impact of any decisions made.

Periodic Monitoring Committee Reports

105 Interim reports will be prepared where significant matters arise that need to be reported to a BCP Committee.

TMP7 Budgeting, Accounting and Audit Arrangements

106 The responsible officer will prepare, and the Council will approve and, if necessary, from time to time amend, an annual budget for treasury management, which will bring together all of the costs involved in running the Treasury Management function, together with associated income. The matter to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 Risk Management, TMP2 Best Value and Performance Measurement, and TMP4 Approved Instruments, Methods and Techniques. The S151 Officer will exercise

effective controls over this budget, and will report upon and recommend any changes required in accordance with TMP6 Reporting Requirements and Management Information Arrangements.

107 The Council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

108 The Council will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the Treasury Management function as are necessary for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices.

Statutory/Regulatory Requirements

109 The treasury management budget and interest budget will be set as part of the Council's main budget setting process as required by the Council. Treasury Management is subject to an annual audit by Internal Auditors and is also audited by External Audit as part of the main financial audit.

TMP8 Cash and Cash Flow Management

110 Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Council will be under the control of the S151 Officer, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the S151 Officer will ensure that these are adequate for the purposes of monitoring compliance as per paragraphs 11-13 Liquidity Risk Management. The present arrangements for preparing cash flow projections, and their form, are set out below.

Arrangements for preparing/submitting Cash Flow Statements

111 The Finance Manager with responsibility for treasury management will prepare a rolling cash flow forecast which will cover at least 12 months, based on information gathered from within the Council. This cash flow forecast will be continually updated as new information is received. The cash flow forecast will contain information for every day of the year for all bank accounts.

Listing of sources of information

112 Information will be provided to the Treasury Management function by other members of Financial Services and the Council in general.

Bank Statements procedures

113 Bank statements are received daily and retained. Summary bank statements are also available in electronic format through the use of treasury management software.

TMP9 Money Laundering

Proceeds of Crime Act 2002

114 Money laundering has the objective of concealing the origin of money generated through criminal activity. Legislation has given a higher profile to the need to report

suspicions of money laundering. The Proceeds of Crime Act (POCA) 2002 established the main offences relating to money laundering. In summary, these are:

- concealing, disguising, converting, transferring or removing criminal property from England and Wales, from Scotland or from Northern Ireland
- being concerned in an arrangement which a person knows, or suspects facilitates the acquisition, retention, use or control of criminal property
- acquiring, using or possessing criminal property.

115 These apply to all persons in the UK in a personal and professional capacity. Any person involved in any known or suspected money-laundering activity in the UK risks a criminal conviction. Other offences under the POCA include:

- failure to disclose money-laundering offences
- tipping off a suspect, either directly or indirectly
- doing something that might prejudice an investigation – for example, falsifying a document.

The Terrorism Act 2000

116 This act made it an offence of money laundering to become concerned in an arrangement relating to the retention or control of property likely to be used for the purposes of terrorism or resulting from acts of terrorism. All individuals and businesses in the UK have an obligation to report knowledge, reasonable grounds for belief or suspicion about the proceeds from, or finance likely to be used for, terrorism or its laundering, where it relates to information that comes to them in the course of their business or employment

The Money Laundering Regulations 2012, 2015 and 2017

117 Organisations pursuing relevant business (especially those in the financial services industry regulated by the FCA) are required to do the following: -

- identify and assess the risks of money laundering and terrorist financing
- have policies, controls and procedures to mitigate and manage effectively the risks of money laundering and terrorist financing identified through the risk assessments
- appoint a nominated officer
- implement internal reporting procedures
- train relevant staff in the subject
- obtain, verify and maintain evidence and records of the identity of new clients and transactions undertaken
- report their suspicions.

Local authorities

118 Public service organisations and their staff are subject to the full provisions of the Terrorism Act 2000 and subsequent Terrorism Acts and may commit most of the principal offences under the POCA but are not legally obliged to apply the provisions of the Money Laundering Regulations 2012, 2015 and 2017. However, as responsible public bodies, they should employ policies and procedures which reflect the essence of the UK's anti-terrorist financing, and anti-money laundering, regimes. Accordingly, this Council will do the following: -

a) evaluate the prospect of laundered monies being handled by them
b) determine the appropriate safeguards to be put in place
c) require every person engaged in treasury management to make themselves aware of their personal and legal responsibilities for money laundering awareness
d) make all its staff aware of their responsibilities under POCA
e) appoint a member of staff to whom they can report any suspicions. This person is the Head of Audit and Management assurance.
f) in order to ensure compliance is appropriately managed, this Council will require senior management to give appropriate oversight, analysis and assessment of the risks of clients and work/product types, systems for monitoring compliance with procedures and methods of communicating procedures and other information to personnel.
g) The officer responsible for the creation and monitoring the implementation of a corporate anti money laundering policy and procedures is Head of Audit and Management assurance and it shall be a requirement that all services and departments implement this corporate policy and procedures.

Procedures for establishing identity / authenticity of lenders

119 The Council does not accept loans from individuals. All loans are obtained from the PWLB, Local Authorities or Other Public Bodies or from authorised institutions under the Financial Services and Markets Act 2000. This register can be accessed through their website on www.fsa.gov.uk).

Methodology for identifying sources of deposit

120 These will be arranged through authorised money brokers or by direct dealing.

TMP10 Staff Training and Qualifications

Details of approved training

121 The Council recognises the importance of ensuring that all staff involved in the Treasury Management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The S151 Officer will recommend and implement the necessary arrangements.

122 The S151 Officer will ensure that Council Members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and responsibilities.

123 Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

124 The treasury management staff have attended training courses provided both by the Council's advisors and other organisations. The Finance Manager with responsibility for treasury management will ensure that a proactive approach is taken to continually keeping abreast of changes within the treasury management field.

Approved Qualifications for Treasury Staff

- S151 Officer ACCA / CPFA
- Assistant Chief Financial Officer CPFA
- Finance Manager - Technical CPFA / ACCA / CIMA
- Treasury Accountant AAT

125 The S151 Officer can determine that an approved qualification is not required if the member of staff has appropriate expertise and knowledge to carry out the responsibilities outlined in the Treasury Management Policy, Practices and Schedules.

Statement of Professional Practice (SOPP)

126 Where the S151 Officer is a member of CIPFA, there is a professional need for the CFO to be seen to be committed to professional responsibilities through both personal compliance and by ensuring that relevant staff are appropriately trained.

Other staff involved in treasury management activities that are CCAB members must also comply with the SOPP.

Member training

127 Council Members tasked with treasury management responsibilities should be trained in the areas of their responsibility.

Those charged with governance must recognise their individual responsibility and ensure that they have the necessary skills to complete their role effectively.

TMP11 Use of External Service Providers

128 The Council recognises that responsibility for treasury management decisions remains with the authority at all times.

It recognises the potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which will have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review. It will ensure, where feasible and necessary, that a spread of service providers is used, to avoid over reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the Service Director, Strategic Finance.

129 The terms of appointment of all consultants are assessed and properly agreed and documented.

Details of Contracts with Service Providers, including Bankers, Brokers, Consultants, Advisers

a Banking services

b Name of main supplier of service – HSBC / Lloyds / Barclays

c Contract commenced 1 April 2019

d Money-broking services - No contract exists

e Cash/fund management services – No contract exists

f Consultants'/advisers' services

g Name of supplier of service – currently under tender

h Software suppliers – No contract exists

i Credit rating agencies

j The Council will make use of any information supplied by Moody's, Standard and Poor's and Fitch

k Procedures and frequency for tendering services

l This will be in accordance with the Council's Standing Orders.

TMP12 Corporate Governance

130 The Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the Treasury Management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

131 The Council has adopted and has implemented the key recommendations of the Treasury Management Code of Practice as updated. This, together with the other arrangements detailed below, are considered vital to the achievement of proper corporate governance in treasury management, and the S151 Officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

Stewardship responsibilities

132 The S151 Officer ensures that systems exist to deliver proper financial administration and control and maintaining a framework for overseeing and reviewing the Treasury Management function.

List of documents to be made available for public inspection

133 The following documents are freely available for public inspection:

- Annual Statement of Accounts;
- Budget Book;

- Medium Term Financial Plan (including Capital);
- Treasury Management Policy, Practices and Schedules;
- Treasury Management Strategy;
- Budget monitoring reports;
- Annual Treasury Report;

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BCP Council

5 February 2025

Section 25 Report of the Director of Finance
(Prepared in consultation with the Chief Executive)

Background

1. The Local Government Act 2003 (Section 25) requires the Director of Finance to report on the following matters to council members when agreeing its annual budget and council tax levels.

   - the robustness of the estimates made for the purposes of the budget calculations, and
   - the adequacy of the proposed financial reserves.

2. Council must have regard to this report when making its decisions around the annual budget and the level of council tax.

3. For members of the Council the Section 25 statement provides critical context for budgetary discussions. The provision of this information is a legal requirement and ensures that all members have regard to the professional advice provided by the authority's chief financial officer when final budget decisions are made being made. To give a level of additional assurance to this report it is also prepared in consultation with the Chief Executive.

4. It should be emphasised that councils can and do experience significant financial difficulties as recent high-profile cases such as those at Northamptonshire County Council, Slough Borough Council, Croydon Council, Thurrock Council, Woking Council, Birmingham Council, and Nottingham City Council all demonstrate.

Introduction

5. It is a demanding time for local authorities. They continue to grapple with immense resourcing challenges ranging from addressing the consequences of government policies such as the National Living Wage and National Insurance increases to relentless rising demand for service be that for Children's or Adult Social Care or homelessness and these are coupled with recruitment constraints for staff. The financial resilience of all local authorities is therefore under severe strain. Nationally, although inflation has fallen, it is currently above the government's 2% target and with an economy that shrank by 0.1% in October adjustments to public expenditure levels cannot be ruled out. Given local authorities' statutory duty to provide a vast range of services where demand is likely to continue to grow the pressure on council finances and services will continue.

6. Reflecting on the financial performance of BCP Council, in each of its first five years of since 2019 its actual financial outturn has delivered an improved position from that outlined in the original approved budget for the year. From an external perspective, the Council's External Auditor, Grant Thornton in his annual report on the 2023/24 accounts concluded that the council has made good progress against previously identified significant weaknesses in respect of governance, the transformation programme, and the council's medium-term financial plan including the use of reserves. Area of improvement were cited as returning to more conventional and traditional budget setting processes combined with a more robust financial strategy underpinning the medium-term financial position. That said, despite the administrations focus on financial rigour, their assessment was the council continued not to have effective arrangements for securing value for money due to four significant weaknesses, namely.

Financial Sustainability:

(1) The Council should continue to explore all opportunities to manage the Dedicated Schools Grant deficit in the medium term. This should include continued discussions with the Department for Education (DfE) and Ministry of Housing, Communities & Local Government (MHCLG) as well as other measures aimed at addressing the deficit.

(2) The Council must devise a plan to manage the cash shortfall expected to occur in 2025/26 and beyond. This plan should include consideration of the application for a capitalisation direction following liaison with MHCLG to mitigate the forecast cash flow emergency.

Improving Economy, Efficiency and Effectiveness

(3) The Council should continue to address the weaknesses identified by Ofsted, and DfE to ensure all children have access to quality services which meet their needs in a timely manner.

(4) The Council should address the weaknesses identified by a recent statutory direction in relation to the special education needs and disability (SEND) service.

The fact that the External Auditor did not raise any significant weaknesses in respect of governance is a testament to the work undertaken in responses to the August 2023 Best Value Notice. Citing constructive engagement and the implementation of improvement measures MHCLG confirmed in early September 2024 that the Council was one of the first local authorities not to have a Best Value Notice renewed.

In addition, through work via the Children's Service Improvement Board the council is cautiously optimistic that the December 2024 full Ofsted inspection of Children's Social Care will demonstrate a marked improvement in the quality of the service. In respect of the financial impact of the DSG deficit the council is in negotiation with government to secure a SEND capitalisation direction which will enable a legally balanced budget for 2025/26 to be set.

7. However, the council should be under no illusion. It cannot be considered to be financially sustainable until such time as a permanent solution to the accumulating DSG deficit is found. Until then, despite the government framework which seeks to prevent the DSG deficit having an impact on the other services provided by the council, it is. This is demonstrated by the £5.4m in lower interest and extra debt costs that the general fund has had to manage in 2024/25 alone and amounts to £5.4m in service reductions which would not otherwise have had to be implemented.

Robustness of Financial Estimates

8. A summary of key assumptions being used to underpin the 2025/26 budget can be summarised as set out in figure 1 below.

9. **Figure 1:** Key Budget & MTFP Assumptions

	2025/26	**2026/27**	**2027/28**
Council Tax: Core	2.99%	2.99%	2.99%
Council Tax: Social Care Precept	2.00%	2.00%	2.00%
Pay Award	2.8%	2.0%	2.0%
Mininum Increase in Fees & Charges	2%	2%	2%
National Living Wage (NLW) *% Increase in the National Living Wage*	6.7%	2%	2%
Bank of England - Base Rate	Dec-24 4.75%	Dec-25 4.00%	Dec-26 3.50%

Please note:
a) The increase in fees and charges should be regarded as a minimum increase to those not set by statute. The principle of full cost recovery may mean increases above these levels for example were costs are likely to rise by the National Living Wage which the government have confirmed will be £12.21 per hour in 2025/26 an increase of 6.7% over the £11.89 amount for 2024/25.
b) Current December 2024 Bank of England Base Rate is 4.75%.

10. The key budget and medium-term issues faced by the council are summarised in the following sections. In considering these members are reminded that Local Authorities should not put public money or services at risk.

DSG Deficit – Statutory Override

11. Any private sector organisation which has negative reserves on its balance sheet, is likely to fail the “going concern” accounting concept unless there are shareholder/directors support or guarantees in place. In local government a material uncertainty related to “going concern” is unlikely to exist as the financial reporting framework assumes the council’s services, at least its statutory services, will continue to be delivered in all scenarios. Therefore, in local government, the most likely scenario is the council’s Director of Finance (known as the Section 151 Officer) would have to contact MHCLG to advise them of their financial concerns and the possibility of issuing a report under Section 114 of the Local Government Act 1988. A s114 report would result in an immediate and severe restriction of non-statutory services. Even statutory services may be subject to a reduction in frequency or quality.

12. Due to the accumulating deficit on our Dedicated Schools Grant, BCP Council is projected to have negative reserves by 31 March 2025. This means that all things being equal the s151 Officer would be required to issue a s114 report. However, to mitigate this position, which is a problem nationally, the government issued a DSG Statutory Override by way of a statutory instrument (SI) which became law at the end of November 2020. This means the council cannot contribute to the deficit, cannot hold a reserve to act as a counterweight and has been required to move the deficit to an unusable reserve where it will sit as though it did not exist within the council’s accounts and is disregarded from a balance sheet perspective. This means a s114 report triggered by the DSG deficit outweighing BCP reserves will not be issued while the statutory override is in place.

13. The statutory instrument reads as follows.

Where a local authority has a deficit in respect of its schools' budget for a financial year beginning on 1st April 2020, 1st April 2021 or 1st April 2022, the authority

(a) must not charge to a revenue account an amount in respect of that deficit; and

(b) must charge the amount of the deficit to an account established, charged, and used solely for the purpose of recognising deficits in respect of its school's budget.

14. On 12 December 2022 as part of a local government finance policy statement, government announced the extension of the DSG statutory override for three years **up to 31 March 2026**. This means in respect of the accumulating deficit the position can be ignored until the 2026/27 budget process as a solution will need to be found for any financial year covering 1 April 2026 onwards.

15. On the 18 December 2024, as part of the provisional local government finance settlement for 2025/26, the government confirmed that in 2025 it will set out in detail its vision to reform England's SEND provision designed to improve outcomes, and to return the system to financial sustainability. This will include details of how the government will support local authorities to deal with their historic and accruing deficits and any transition period from the current SEND system to the reformed system. This detail will also inform any decision around the removal of the statutory override.

16. This position presents a clear, and dangerous position for the council and its future sustainability. At the end of 2024/25, the deficit on the DSG is predicted to be **£108m**. At the end of the Statutory Override extension period BCP Council is currently forecast to have an accumulated deficit of around **£166m.**

17. The Council was previously part of the Delivering Better Value in SEND programme which was designed to help the council gain access to resources to support any necessary reforms of its SEND service. This transformation programme did not however provide any resources to address the accumulating deficits. Recognising the severity of the councils position the Department of Education invited the council in July 2023 to engage in a conversation as part of their Safety Valve programme to determine if agreement can be reached on.

- bringing the service back into balance by aligning expenditure with income at least over a defined period.
- how the current accumulated deficit and any further deficit at the point in-year balance is achieved will be dealt with.

18. The council could not reach a Safety Valve agreement with government and in December 2024 DfE announced that it will not enter any further such funding agreements with councils in financial deficit.

19. Ultimately either the government, the council, schools, or a combination thereof will need to finance this deficit. Therefore, as a sector, local government needs to continue to work with government to find a long-term solution. Deferring a solution until 2026/27, with none of the stakeholders making a provision to offset could well prove to be catastrophic. A deficit of £166m would be approximately 50% of the entire current net annual budget of the council.

20. Reflecting on the national position, in a report published on the 15 January 2025 the Public Accounts Committee (PAC) warned that half of English councils could be driven to issue Section 114 notices by 2026 in the face of soaring costs to support children with special educational needs and disabilities (SEND). The committee's chair, Sir Geoffrey Clifton-Brown, said the current system is "inconsistent, inequitable and not delivering in line with expectations", with rising costs representing an "emergency that has been allowed to run and run". While the national budget included additional resources to support children with SEND, the committee

concluded, this fell well short of the funding needed to support the number of children with education, health and care plans (EHCPs), which has risen by 140% since 2015, while school transport costs for children with SEND have also risen sharply. The committee also criticised the "adversarial" system that pits parents against local authorities.

DSG Deficit – Cashflow Crisis

21. As highlighted above the council's annual revenue expenditure on the Special Educational Needs and Disability (SEND) service is significantly higher than the government funding made available as part of the High Needs Block of the annual Dedicated Schools Grant (DSG). This expenditure is being driven by the council response to the needs assessment of the child as set out in their Education, Health, and Care Plans (EHCPs) which are a requirement under the Children's and Families Act 2014

22. **Figure 2:** Forecast High Needs Revenue Expenditure 2024/25 and 2025/26

Revenue Expenditure	Original Government Grant 2024/25 £m	Original Budget 2024/25 £m	Latest Estimate 2024/25 £m	Original Government Grant 2025/26 £m	Original Budget 2025/26 £m
DSG - Grant Funded Expenditure	62.3	62.3	62.0	64.5	64.5
Additional Budgeted Expenditure		28.0	28.0		57.5
Further Additional Expenditure			16.6		
Total Estimated Expenditure	**62.3**	**90.3**	**106.6**	**64.5**	**122.0**
Dedicated Schools Grant (DSG) Funding	-62.3	-62.3	-62.0	-64.5	-64.5
Total DSG Grant Funding	**-62.3**	**-62.3**	**-62.0**	**-64.5**	**-64.5**
Net Overspend / Unfunded	**0.0**	**28.0**	**44.6**	**0.0**	**57.5**

23. The table in figure 2 above demonstrates that in 2024/25 the council is forecasting to spend £44.6m (72%) more than the £62.3m High Needs Block grant allocation for 2024/25. This is £16.6m more than the amount assumed as part of the February 2024 originally approved budget for the year. The reasons for the increase were set out in detail as part of a report to Council on the 25 October 2024 which obtained approval for the increase. For 2025/26 the Council is forecasting to spend £57.5m (92%) more than the grant being made available by the Government.

24. This excess of demand and expenditure over grant has been ongoing nationally since the introduction of EHCPs. Locally the deficit has been growing exponentially for several years with the result that the BCP Council forecast accumulated deficit as of 31 March 2026 is now estimated to be £168m as set out in figure 3 below in the context of the council's overall reserves position.

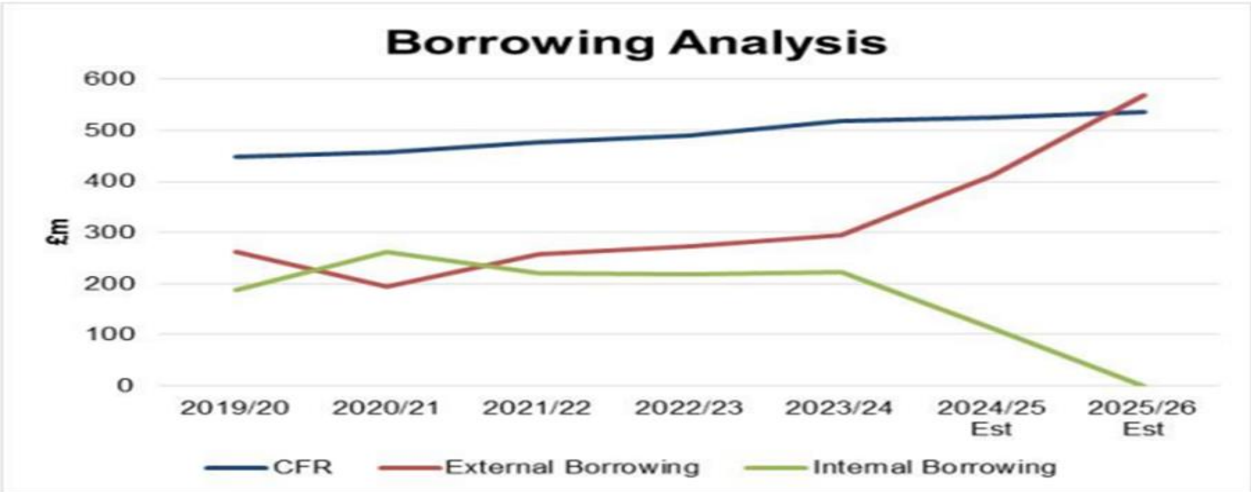
25. **Figure 3:** BCP Reserves including the Accumulated DSG Position

`	Balance 31-Mar-23 £m	Estimate 31-Mar-24 £m	Estimate 31-Mar-25 £m	Estimate 31-Mar-26 £m
Unearmarked Reserves	17.9	26.1	26.6	26.6
Earmarked Reserves	68.5	39.0	35.4	24.9
Total Reserves	**86.4**	**65.1**	**62.0**	**51.5**
Dedicated Schools Grant	**-35.8**	**-63.5**	**-108.0**	**-165.5**
Net Position	**50.6**	**1.6**	**-46.0**	**-114.0**

26. Despite not having the government grant to fund these SEND bills they still need to be paid, and all councils are prohibited from borrowing to fund the day-to-day operational/revenue expenditure. Up until 2025/26 the council has been using what is referred to as its "treasury management headroom" to enable the relevant invoices to be settled. Generally, this headroom is the timing difference between receipts for council tax or business rates arriving and the date when the actual bills they fund are paid, alongside any cash-backed balance sheet items such as reserves and provisions.

27. Figure 4 below sets out that this BCP Councils treasury management headroom will be exhausted by 2025/26 which is when the threshold on borrowing, referred to as its Capital Financing Requirement (CFR) is forecast to be breached. In effect this is the point at which the council runs out of cash to continue to cashflow the DSG deficit on behalf of the Department for Education.

28. **Figure 4:** Analysis of BCP Councils borrowing



29. It should be recognised that if the council did not have to cover this deficit this cash would be earning interest or would enable a lower level of external debt to be held. Therefore, cash flowing the DSG deficit is estimated to cost the council in the region of £4.7m in 2024/25 and a further £7.5m in 2025/26 and is a cost incurred due to mostly external factors beyond the council's control and one that the council has had limited power to tackle. In respect of 2024/25 that is £4.7m of the £38m of savings, efficiencies and additional resources implemented which could have been avoided if it were not for this issue and which could have been used to otherwise benefit our residents.

30. The consequence of being unable to cashflow the DSG deficit in 2025/26 means the Council would have been unable to set a legally balanced budget for 2025/26. Therefore, as part of the precursor to a formal s114 report the council's Director of Finance wrote to DLUHC on the 22 May 2024 to seek its advice, guidance and support on how a legally balanced budget for 2025/26 could be set.

31. The statutory override is in place to avoid some of the serious consequences of having such a large and growing deficit but has now itself become a threat to councils' financial stability as it is a debt the council is not permitted to tackle proactively, and it is one that the government are not providing an effective long term financial solution to manage. This is an impossible situation where the council cannot pay off the deficit, but the increase of the deficit threatens the financial sustainability of the council and put services at risk.

32. The letter from the Director of Finance was supplemented by correspondence from the Council Leader and Local MPs which highlighted the precarious position the council are in and encouraged government to find a solution. Full details of the issue and all the correspondence was set out in report to Cabinet on the 10 December 2024.

33. In response, representatives of the MHCLG and DfE met with the Council's Chief Executive and Director of Finance on both the 19 December 2024 and 23 January 2024. As set out in section 2 of this report negotiations remaining ongoing. Currently they are focused on the fact that as part of its treasury management headroom councils can exceed its borrowing limits provided it is only temporary. The government's view is that any such borrow would be temporary as they are committed to act to deliver a solution which addresses this issue and returns the SEND system to financial sustainability. A capitalisation direction (permission to borrow) may though be sought to cover the 2024/25 and 2025/26 total £12.2m impact on the general fund from lost investment income / additional borrowing costs.

34. The only other real option open to the council to set a legally balanced budget for 2025/26 would be to reduce the SEND expenditure to be in line with the governments High Needs grant allocation.

35. For background the government have issued capitalisation directions to 19 authorities in 2024/25. These include Birmingham (£685m), Bradford (£140m), Croydon (£38m), Nottingham (£41m), Plymouth (£72m), Somerset (£77m) and Southampton (£122m). None of these related the expenditure on the SEND service. The public announcement on these indicative announcements were made on the 29 February 2024. Therefore, formal confirmation is unlikely at the time Council is asked to approve the 2025/26 budget.

Council Tax - Taxbase

36. A key risk associated with the 2025/26 proposed budget is the assumption around the assumed council tax, tax base. This has been increased significantly (3.6%) between years mainly due to the extra income it is estimated that will be generated via the application of the 100% premium on second homes from 1 April 2025 onwards. It is assumed the second homes premium will add an additional 5,110.8 band D equivalents to the tax base in 2025/26. Alongside other changes, such as reductions in the number of empty homes, single person discounts and levels of assumed housing growth, the overall increase in taxbase is anticipated to generate £9.7m additional annual revenue from 2025/26.

37. There is a key risk associated with this assumption that the increased revenue will not be delivered as property owners could take action to avoid the additional liability such as the sale or rental of the property.

New Pay and Grading Structure

38. The council does not have a single pay and grading structure, and standard terms and conditions applied across all posts. Potential equal pay risks increase the longer it takes to achieve this outcome. These risks have further increased based on the recent Trade Union ballot outcome which was not to accept the Councils proposal. Officers remain committed to achieving a single pay and grading structure alongside standard terms and conditions and to negotiating this outcome. However, a December 2024 Pay and Reward update report to Cabinet agreed the approach, if needed, to move as a last resort towards the dismissal and reengagement of the workforce.

39. The financial implications of the pay and reward project which have been included in the 2025/26 budget and MTFP reflect an update to the costing set out in the December 2024 Cabinet report. The updated costing relates to a significant number of staff who have subsequently been remapped. In summary, £419k is now included in the base revenue budget for 2025/26 based on a 1 March 2026 implementation date and an overall increase in the pay bill of the authority of £2.793m profiled across the MTFP time-horizon including as to when any pay protection costs need to be funded.

40. An amount of £2.197m in one-off resources has also been set aside to fund the cost of the implementation team in 2025/26. It is proposed to hold the £1.060m budget for in 2024/25 and not used in an unearmarked reserve to cover the increased risks caused by this delay and support bringing it to a swift conclusion.

Financial Outturn 2024/25

41. The Quarter 3 Budget Monitoring report which appears as a separate item on the 5 February 2025 Cabinet report sets out the council will manage its budget within the parameters of the February 2024 Council approved resources for the year. In a demonstration of the proactive management arrangements in place, this estimate is an improvement from the Q2 forecast £2.964m overspend and reflects a combination of the continuation of the application of strictly controls over expenditure and budget holders applying mitigation strategies to reduce or manage previously identified service pressures.

42. At this stage the balance forecast has been achieved without drawing down the entire £7.9m of corporate contingencies set aside as part of the original budget to manage risks including that associated with the delivery of £38m of assumed savings. The residual £0.9m not being applied at this time will help address any volatility in a number of estimates including those associated with contributions towards social care costs, inclusive of those from the NHS and other local authorities.

43. As a matter of principle should any surplus resources be available at year end then consideration with be given, as recognised in the Treasury Management Strategy, to the voluntary repayment of debt bearing in mind the budget for the year adopted a different strategy to debt repayment from that previously applied.

44. The risk will be that although the Quarter 3 forecast is based on trend analysis and professional judgement it is only based on activity from 75% of the financial year. Predications and estimates can and will change over the remaining 25% of the financial year. Assurance can be taken from the finance performance in previous year's, from 2024/25 in year monthly reporting and the fact that it is hoped that the current controls on expenditure will continue to bear down on service expenditure.

Legal Claims

45. The Council has several outstanding legal claims against it. Examples include claims brought against the council due to contractual terms and arrangements and claims because of the impact of the Councils actions on third parties. Detailing them is likely to prejudice the council's position. They cover a range of matters such as planning, highway, car parking, social care,

and staffing. Each has the potential to have an adverse impact on the council's financial position. As an example, recently the council was one of 23 named in a legal claim by Thurrock Council seeking to mitigate its failed Solar Farm investments. This relates to the council's membership of the Association for Public Service Excellence (APE) which it is claimed provided Thurrock with valuation advice upon which it relied. Ultimately this could end up affecting all 256 councils in the UK. The risk includes exposure to legal costs in defending the councils position in excess of the normal provision made as part of the legal service budget.

Uncertainty

46. High levels of financial planning unpredictability at this time caused principally by the ongoing implications of various inflationary factors on the costs of goods and services procured by the council with geopolitical factors continuing to have a particular influence.

47. Alongside this is the uncertainty associated with the impact of the 30 October National Budget. Principle amongst these is the current financial planning assumption that the council will receive £3.3m compensation for the increases in employer national insurance costs for its employed staff which are forecast to increase the councils cost base by £5.2m per annum from 2025/26 (equivalent to the resources generated by a 2% council tax increase). The actual grant allocation will not be known until the release of the final local government finance settlement for 2025/26 which is normally in early February but based on national modelling is estimated at £3.3m creating an estimated shortfall of £1.9m.

48. Another area of potential variation is the interest rate risk volatility on any new council debt. Previously the interest rates on council debt were supposed to reduce in line with anticipated reductions in the bank of interest base rate. Therefore, an outlook which reflected reductions to 4% in December 2025 and 3.5% in December 2026 from the current rate Bank of England base rate of 4.75%. However, concern around the health of the economy and the impact of the Chancellors Autumn 2024 National Budget has seen the interest rates that the council would borrow at increase by over 0.6% since the end of October (based on a 25yr loan).

Pay Award

49. The budget as presented makes provision for a 2.8% pay award in 2025/26. This is in line the award the government are proposing to make to public sector workers including teachers and NHS staff in 2025. Reflecting on recent years the amount the council budgeted for was inadequate in both 2022/23 and 2023/24. In 2024/25 the budget provided for 4.5% and the actual award averaged out at closer to 4%. Within each of these last 3-years the National Employers Organisation, who negotiate the pay award on behalf of the council, has taken a different approach from the traditional standard percentage uplift. Instead, they have adopted a fixed amount increase on the majority of spinal column points with a percentage uplift then applied above a certain level. This change in approach reflected factors such as high inflation, and the impact of the national living wage. Any variance from the 2.8% provided for in 2025/26 is estimated to be £1.9m per 1% variation. The uncertainty presents a clear risk that the budget provision will be insufficient.

Local Government Funding Reforms

50. The local government finance policy statement 2025 to 2026 published on 28 November outlined the intention of the government to progress with funding reforms across local government with a phased implementation beginning with the first year of the multi-year settlement in 2026/27. In advance of this the government published an initial consultation on the objectives and principles of their proposed approach alongside the provisional Local Government Finance Settlement for 2025/26.

51. Early work by a national modelling organisation suggests that BCP Council could see up to a £12m per annum reduction in Revenue Support Grant from this process. At this stage the MTFP makes no financial planning assumptions relating to the assumed outcome from this process. This is on the grounds that the work remains at an early stage and the council will be

lobbying to encourage government not to implement a funding formula that takes local resources, predominately those raised from council tax and business rates, and redistributes them nationally to authorities with lower council tax levels.

Extended Producer Responsibilities

52. This government policy is designed to help achieve environmental goals such as recycling by making producers responsible for their products along their entire lifecycle including the post-consumer stage. In 2025/26 BCP council have been given a guaranteed allocation of £9.447m to help offset costs associated with waste collection and disposal.

53. Regarding future years there is a high degree of uncertainty. It is clear that the Scheme Administrator (PACK UK) will be required to assess the effectiveness of the council's waste management services, and the amount received will no longer be guaranteed and will be impacted by the market's reaction to these costs and their activity to reduce packaging and increase recycling. At this stage a 20% reduction in 2026/27 and further 10% reduction in 2027/28 have been assumed in the grant allocation. In future years the arrangement may have an impact on costs associated with recycling and waste disposal and there may also be the need for additional service costs to ensure compliance with this new government policy. The Environment Service are looking to engage leading sector specialist to help ensure the robustness of the council interpretation of the policies financial implications.

Loss or disruption to IT systems and Networks from cyber-attack

54. A loss or disruption to IT systems, specifically those caused by cyber-attacks, can incapacitate essential networks, for example, by encrypting or destroying data on which vital services depend. Such attacks could cause a variety of real-world harm if services like social care, housing, or place (highways etc) are impacted.

55. Financial loss is the most common impact through both direct loss of funds as well as recovery costs and reputational impacts. In 2020, both Redcar and Cleveland Council and Hackney Council faced ransomware attacks that had significant financial impacts on their services, resulting in £10m and £12m worth of damages, respectively. In January 2024 three councils in Kent, Canterbury City Council, Thanet District Council and Dover District Council were referencing disruption to their services as a result of an attack.

56. Public confidence may be affected if the council is not able to adequately protect its IT systems and networks against loss or disruption, whether caused accidentally or intentionally. The industry adage is when, not if, an attack will happen. No council is immune from such attacks and for this reason the council is as part of the proposed 2025/26 budget looking to invest further into its security arrangements.

57. On the 14 January 2025 the Home Office launched a consultation around ransomware and proposals to increase incident reporting and reduce payments to criminals. Their intent is to deter criminals from attacking UK organisations including local government and to increase intelligence and understanding of the ransomware threat.

Children's Services

58. BCP Council is committed to ensuring every child can live a happy fulfilled live. However, the council continues to face spiralling costs and pressures in children's services which has seen the services budget increase by 61% between 2019/20 and 2025/26 net of any additional specific funding made available by government. This presents a key risk to the sustainability of the councils' finances.

59. To emphasise the point as of December 2024 the council has 536 Looked After Children (LAC) which is a 55% increase compared to 346 LAC in March 2020. In addition, at the end of December 2024 4,417 children have an Educational Health and Care Plan (EHCPs) which is an 80% increase compared to 2,448 EHCPs in January 2020.

60. For 2025 these pressures have been extenuated by additional costs associated with the government led increases in the National Living Wage and National Insurance contributions. Other issues which impact on the volatility of the service include.

- In a market described as dysfunctional, the cost of child placements continues to increase with concerns being raised nationally regarding the level of profit being made by providers. This concern of the level of profit generated within the sector also extends to the providers of privately-run special schools.
- Agency staff workers and the effectiveness of the steps the government are proposing to take to stem their rising costs and increase the likelihood of the child having a permanent social worker.

61. From an assessment of the robustness of the budget perspective it should be emphasised that Council in October 2024 approved, over and above the extra resources made available as part of the 2024/25 original budget setting process, a £5.1m permanent increase in the base revenue budget of Children's Services. This followed the first quarterly assessment for 2024/25 and was funded via a transfer of resources from Adult Social Care following consideration of their financial outturn for 2023/24.

62. In respect of the budget for 2025/26 provision has been made for a further growth in the number and cost of children in care, and an increase school transport costs particularly those connected the SEND service. There is also significant reliance being placed on the effectiveness of the Children's commissioning team in driving down costs. In respect of Home to School Transport the budget for 2025/26 is £17.119m which includes provision for an increase of £2.234m over and above the budget for 2024/25. For comparison, as part of the Operations Directorate, the council is budgeting to spend £7.752m on the concessionary fares scheme in 2025/26.

63. Government investment in prevention in the form of the new Social Care Prevention Grant and a £966k BCP Council allocation for 2025/26 is welcome. The intention is that this new resource will be applied to fulfil the DfE's new Children's Social Care policy, Keeping Children Safe, Helping Families Thrive. This reflects the governments vision for reform and a legislative agenda to reset the children's social care system, both in terms of how national government collaborates with local government, but also in taking a whole system approach to reform.

Adult Social Care Services

64. The role of adult social care in our society cannot be overstated. It is a fundamental pillar that provides dignity, safety, and independence to millions, supports families, underpins local economies, and alleviates pressure on the NHS by enabling timely hospital discharges and reducing avoidable admissions. However, it is a sector that has been left on the margins of government policy, despite clear evidence of its essential contribution to communities and economic wellbeing.

65. The adult social care sector was already facing an unsustainable level of pressure before recent government policy changes added further financial strain. Years of funding pressures, rising demand, and workforce challenges have left providers in a precarious position, struggling to deliver essential services within increasingly tight budgets. The recently announced uplifts to the National Living Wage and the increase in Employer National Insurance contributions from April 2025 will have done little to ease the pressure either on local authorities or the care providers who's services they commission. As demonstrated in the main budget report any government confidence that these costs can be absorbed by the extra social care grants or the estimated employer's national insurance compensation grant is misplaced. The reality is that these settlements fall far short, leaving the council struggling to absorb these costs without risk and implications to the range of essential services it provides.

66. Reflecting on the robustness of the budget the risk is associated with the possibility that demand for care and support exceeds the approved budget or the cost of care home placements continues to increase beyond the inflationary increases allowed for in the budget. In addition, should the current capacity in the domiciliary care market, at the council's framework rates, fail to keep pace with demand this could result in higher home care costs above framework rates.

67. A separate risk is the significant financial challenge due to the high proportion of self-funding care home residents locally whose depleting capital resources require local authority funding support.

68. Assurance around the delivery of the Adult Social Care budget can be provided by the analysis which demonstrates the service has been delivered within the parameters of the approved budget in every completed financial year since April 2019.

69. Looking to the future in its 2024 manifesto the now Labour government made a committed to create a National Care Service. In support of this objective they announced in January 2025 an independent commission, chaired by Baroness Louise Casey, to make clear recommendations on how to rebuild the adult social care system to meet the current and future needs of the population. The first phase of the commission will identify the "critical issues" and recommend tangible, pragmatic solutions that can be implemented in a phased way to lay the foundations for a National Care Services by the middle of 2026. The second phase, set to be finalised by 2028 will make longer-term recommendations for the transformation of adult social care and shape how services should be organised to best create a fair and affordable adult social care system for all.

70. As all previous attempts to reform adult social care have failed there is a clear risk that despite the best of intentions the opportunity to deliver the necessary reforms to create an affordable and sustainable Adult Social Care system will not be taken. Even if it is, the fact that the finance aspect will only be considered as part 2 of the commission and not reported on until 2028 means the current system which fails both the NHS and councils is likely to continue for probably another 4 years. An example of the failing of the current system is that for BCP Council the entire extra government social care grant funding for 2025/26 and the majority of the permitted council tax increase will be needed to cover the impact of the 1 April 2025 increases in the National Living Wage and National Insurance, with no resource to left from the grant to address the growing demands, any other inflationary pressures, or the systemic problems it is being provided to support.

Housing Services

71. The councils housing register currently has over 3,100 households of which 736 are banded in the emergency or gold band which is the highest needs category. Commentators relate this demand to the real-life impact of record house prices, high mortgage rates, huge waiting lists for social-rent housing, and the boom in second homes and short-term lets. Currently there are 520 households in temporary accommodation of which 99 are in Bed & Breakfast accommodation including families. The councils housing strategy targets the affordability crisis, with a particular recent focus on acquiring homes via the Council Newbuild Housing and Acquisition Strategy (CNHAS) so that they can be let at social or affordable rents.

72. There are however risks with such an approach. Firstly, the purchase of homes requires the council on a short-term basis to utilise precious cash resources which had been enabling the council, up until now, to provide short-term funding for the DSG High Needs deficit. There is then the risk that the council will not have lined up the purchase with the operational turnaround teams leading to high voids numbers and periods in recently purchased properties. This means the council need is unaffected, but it is now incurring additional costs. The final risk is the viability of the whole model in that it undoubtedly means that the council will have seen reductions in the level of unrecoverable bed and breakfast subsidy costs that it would otherwise

have had to face. However, this may have just been cost avoidance with actual budget resources needed to cover the capital and interest repayments on the loans taken out to finance the purchases. In addition, the actual interest rates the council can actually achieve on these loans has remained high, particularly since the October 2024 national budget. There are also the relentless cost increases to manage and maintain these properties.

73. Risk mitigation includes the application of the £8.723m Homelessness and Rough Sleeping grant for 2025/26 which is approximately a 24% increase from the £7.051m made available in support of the current 2024/25 financial year. This funding is via a specific grant which means it can only be applied in line with the conditions set out by government.

Operational risk of a reduction in fees, charges and rents income.

74. Although the 2025/26 budget includes estimates for fees, charges, and rents the actual amount collected can be heavily influenced by factors outside of the council's control such as the weather and individuals' personal wealth. The inflationary uplifts applied to these income streams can also be impacted by the elasticity of demand. Associated risks include not putting in place appropriate arrangements for their collection. BCP Council is particularly sensitive to changes in these income streams as its activity is high when benchmarked against other local authorities.

Operations Directorate

75. The Operations Directorate is diverse covering a wide range of service areas including Commercial Operations, Environment, Planning & Transport, Infrastructure, Investment & Development, and Customer & Property. This is a broad portfolio containing various activities which are uncertain by nature and therefore capable of variation from the budget assumptions. For example, several of the Commercial Operation services generate significant income levels which will be weather dependent as would be anticipated for a coastal tourism destination.

76. The budget as presented assumes a further rebase to the bereavement service budget due to the ongoing strong competition in the local market. The budget also allows for a rebase of the parking services budget to reflect additional collection costs however the proposed savings and efficiencies put forward for member consideration a series of mitigations.

77. The budget assumes funding for the support of subsidised local bus services is reduced in a phased approach beyond 2025/26. Discussions are ongoing with the Department for Transport (DfT) as to the acceptability of the approach regarding any future year Bus Services Improvement Plan (BSIP) grant allocations after 2025/26.

78. Provision has also been made in the proposed 2025/26 budget for costs associated with the local plan.

Resources Directorate

79. A particular risk which impacts on the robustness of the proposed 2025/26 Budget is the assumption that ICT & Programme Management Service will successfully manage the necessary downsizing of their establishment and activities in line with income achievable and available funding. This includes £576k in respect of the Projects & Programmes (PPM) Centre of Expertise and £372k in relation to the Data & Analytics service. Alternative funding sources have been fully explored including transformation funding. However, as they relate to improvement expenditure and specific savings supported by a robust business case cannot be identified they do not meet the required legislative framework / definition of transformation expenditure. The service has mitigated the potential risk of any redundancy costs from downsizing these teams in 2025/26 due to realigning resource to income and funding streams in PPM. Data & Analytics affected resources are aligned to fixed term contracts which will cease in March 2024.

80. Resources have though been included in the proposed 2025/26 budget to address the persistent and ongoing high use of locums within the Legal Service, to annualise the 2024/25 investment in the People & Culture Service, and to reduce/remove the previous income assumptions included in the budget and MTFP for the Policy, Communication and Marketing Service.

Delivering savings, efficiencies and additional income generation

81. There is significant risk associated with delivering £7.8m in additional savings, efficiencies and additional income/resources which underpin the delivery of the legally balanced budget for 2025/26. This includes assumptions of significant income generation and reduced service-based expenditure which have required some very difficult and painful choices.

82. In 2024/25 the analysis based on the Quarter Two Budget Monitoring report shows that 88% of the £38m budgeted savings for the year are on track to be delivered. The majority of the currently undelivered savings will eventually be delivered just not within the original time-horizon.

83. Analysis of the £7.8m saving proposals for 2025/26 indicates.

- 12% by value (£0.9m) where the service is 100% certain the saving is deliverable. RAG rated as blue
- 88% by value (£6.9m) where the service is reasonably confident the saving can be delivered. RAG rated Green or Amber.
- The are no savings where the service have not yet started activity to ensure they can be delivered (white RAG rating) and there are no savings where the service believe there is a serious risk to delivery (red RAG rating).

84. The overall savings risk recognises the relentless requirement to identify further potential proposals to support the ongoing need to balance future year budgets.

Realisation of capital receipts to fund the council's transformation programme

85. In the context of the council's overall financial position and its financial sustainability, a critical issue is the assumption that the council will generate capital receipts to finance its transformation programme over the 2-year period to 31 March 2026. The budget as proposed has been drawn up on the basis that capital receipts of £18.7m will be made available to cover the estimated transformation expenditure over this two-year period. This expenditure includes £14.6m on the main transformation investment programme, £1.1m on the approved Children's Services specific transformation programme and £2.9m on the Adult Social Care Services specific transformation programme.

86. The key risk to the council is in respect of any expenditure which it intends to incur before the necessary cash from actual capital receipts has been realised. Bear in mind that conveyancing is often described as a challenging, time-consuming process, with many potential pitfalls. Any transformation expenditure which cannot be financed because insufficient capital receipts have been generated has to be charged to the revenue budget.

87. In 2024/25 the council is forecasting to spend £7.7m on transformation which it planned to finance from capital receipts. At the time of writing this report (Jan 24) an amount of £5.5m has been realised by sales either in the current or previous financial year. This means that a further £2.2m in sales must be delivered in the remaining 3-months before 31 March 2025. Subject to the risks around each individual sale, assets planned to be sold in this period include land at Wessex Fields and Christchurch by-pass car park.

88. For 2025/26 the council intends to spend £11m on transformation which will need to be financed from capital receipts. There will however be a £0.4m shortfall once the planned

residual sales in 2024/25 are considered alongside sales planned for next year including the south part of Beach Road car park, Christchurch Civic Centre, the former Westbourne Plus day centre, and the former depot site in Cambridge Road. However, some of the forecast receipts are hopefully prudent estimates and work on the pipeline of assets indicates there is scope for a couple of others to come forward subject relevant governance approvals. There is also the possibility for the approved expenditure on the transformation programme to be further reprofiled.

Carters Quay

89. The Carters Quay Housing and Regeneration Scheme is a Build to Rent Scheme designed to provide 161 new homes with an ancillary ground floor amenity and commercial space. Council in late 2021 agreed to purchase the completed scheme from Inland Partnership Limited for £44.3m.

90. In late 2023 Inland Partnership entered administration with the Council having made £15.3m in payments as part of the contract arrangements for work completed to date. Contract arrangements, including a legal mortgage over the property provide a degree of mitigation of the risk the Council is exposed to in this arrangement.

91. Officers are currently in negotiation with the Administrators for the developers to recover the land at Carters Quay. BCP Council have a registered charge on the land to cover the monies paid but are negotiating a release fee to obtain the freehold title and take possession of the land.

92. Until the current position is resolved with the administrator and the scheme fully developed there is a clear risk the arrangement will cost more than has been allowed for as part of the approved business case. Alternatively, there is a risk that council may choose to pay off the debt associated with the amount already incurred.

Capitalisation of costs.

93. Provided in line with the parameters of approved capital schemes, and the Accounting Code of Practice, the council will continue to adopt the approach of charging expenditure incurred developing an Outline Business Case (OBC) to capital. Under normal circumstances subsequent expenditure preparing the Full Business Case (FBC) and delivering the scheme shall also be capitalised.

94. However, it should be noted that by continuing this approach the council is continuing to accept the risk that it will have to write off to revenue any payments on schemes which it subsequently decides not to progress with be that at either OBC or FBC stage.

Enterprise Resource Planning (ERP) System

95. Following the engagement of KPMG as part of the Transformation Investment Programme the Council has implement a new Microsoft ERP system on the 1 April 2024. This is a relatively new system in the local authority marketplace and with any new system there is always numerous glitches and a period of associated learning. Although we are seeing clear improvement to and engagement with the financial management arrangements there will be risks around the financial accounting requirements until at least one full cycle has been completed including the outturn and statutory accounts and their review by the External Auditor.

Council owned Companies and Joint Ventures

96. BCP operates several companies and third-party arrangements with these organisations exposed to their own set of financial and operational risks. As such the council would only provide for its share of such risks in circumstances were the risk is likely to materialise

97. A good example is the Council has resources at risk in respect of advance fees incurred on schemes being worked-up by the Bournemouth Development Company (BDC) a joint venture

between the Council and Morgan Sindall, which should eventually be covered by the individual schemes business case. For example, in respect of the Winter Gardens Scheme the Council has outstanding loans totalling £3.74m (plus accruing interest) supporting the expenditure undertaken. The council has previously made a £4.2m provision to cover its 50% share of the overall costs associated with this scheme should it not progress.

Section 117 (6) Mental Health Act 1983 Accommodation Plus

98. Guidance issued by the Local Government and Social Care Ombudsman and recent legal advice clarified that people should not be paying for services which meet their mental health needs under Section 117, including specialist accommodation/supported living. Where accommodation costs form an intrinsic part of the aftercare arrangement, the Council and/or Integrated Care Board (ICB) should pay for this, and the person should not be expected to claim housing benefit. This legal position may affect as many as 110 people currently in specialist accommodation in BCP Council who may be entitled up to 6 years back pay. There will be an expectation that NHS Dorset will pay part of the cost identified in line with their agreed contribution to the after-care provision for each individual. BCP potential risk after NHS Dorset contribution could be as high as £2.4m in backpay and over £396,000 as an ongoing pressure. However, estimating the financial risk to the social care budget accurately is not easy because each service user assessment of need, care plans, tenancy agreements etc, is required to determine if the accommodation arrangements are indeed an intrinsic part of the aftercare needs assessment under section 117(6). Not all service users will have been in an after-care arrangements for 6 years some, may have covered their accommodation costs with housing benefit, some from their personal funds.

Adequacy of reserves

Figure 5: Latest Reserve Forecast

	Balance 31-Mar-23 £m	Estimate 31-Mar-24 £m	Estimate 31-Mar-25 £m	Estimate 31-Mar-26 £m
Unearmarked Reserves	17.9	26.1	26.6	26.6
Earmarked Reserves	68.5	39.0	35.4	24.9
Total Reserves	86.4	65.1	62.0	51.5
Dedicated Schools Grant	-35.8	-63.5	-108.0	-165.5
Net Position	50.6	1.6	-46.0	-114.0

99. The council must ensure reserves are retained at an appropriate level to provide adequate contingent resources for any unforeseen pressures or to provide sufficient time to identify on-going mitigations in a systematic way. They should not be seen in a short-term context. They should not only be placed in the context of significant uncertainty in respect of the impact on the council of increases in commission costs due to the governments national living wage and national insurance increases, general inflationary pressures, and service demands but in the context of the future. Therefore, they should also be seen in the context of potential future issues which could include.

- Government funding reforms from 2026/27 with early indications the council could lose up to £12m per annum over a phased period of time.
- Application of additional government policies. Reference is made to a £4m annual costs from the implementation of the Emissions Trading Scheme (ETS) from April 2028.

- Significant additional services pressures for 2028/29 when the MTFP is rolled forward including £1.6m per annum associated with the uplift in Microsoft Licenses and £1.3m per annum for the final phase of the vehicle fleet replacement strategy.

100. The Chartered Institute of Public Finance and Accountancy (CIPFA) previously advised that general or unearmarked reserves should be 5% of net revenue expenditure (NRE) as an absolute minimum. Our nearest unitary neighbour, Dorset Council, has a policy of trying to maintain their unearmarked reserves at up to 10% of NRE. BCP Council has recently taken proactive steps to improve its financial health and sustainability, and this included an almost 50% increase in the level of its unearmarked reserves, from £17.9m on the 31 March 2023 to a forecast £26.6m on 31 March 2025. At £26.6m they will represent 7.7% on a NRE basis. National benchmarking demonstrates that the steps taken have moved the council into the mid-range compared to other unitary councils.

101. In support of the unearmarked reserves position the council has undertaken a detailed risk assessment (presented as Appendix 10b). Recommended as part of the CIPFA Financial Resilience Review this indicates that the council should maintain its unearmarked reserves within the range £25.5m to £51m.

102. As part of the strategy to assist in the mitigation of unforeseen events the council will hold an in-year base revenue budget contingency of £2.603m (0.8%). These contingent resources should also enable any expenditure associated with the devolution agenda or any need to adjust the budget for Members allowances to be financed. For comparison our nearest neighbour has indicated that they are potentially looking at a £5m general contingency for 2025/26 with an additional £4.5m for supplier national insurance pressures.

103. Earmarked reserves are set aside to meet identified spending commitments and can only be used for the purpose for which they have been created. These reserves will continually be reviewed, and any resources not needed as intended transferred into unearmarked reserves. They include reserves in support of various partnerships where the council is the accountable body, reserves which represent government grants received in advance of the associated expenditure, reserves held on behalf of third parties and several reserves the council is required to hold in line with statute or its own governance requirements.

104. The council had earmarked reserves of £68.5m as of 31 March 2023. Of this, £30m related to resources specifically set aside to support the balancing of the 2023/24 budget, and to avoid the severe cuts to services that would otherwise have had to be made. As these resources were one-off then the 2024/25 approved budget was required to include £38m of savings, efficiencies and additional income to ensure the necessary structural adjustment to the budget / service levels was made.

105. Whilst the current level of reserves may be adequate to support the core budget for 2025/26 it does not require any professional judgement from the Chief Financial Officer (CFO) to assess that the council's reserves **cannot** be considered adequate based on the accumulating DSG deficit. However, as legislation prevents the council from making provision to offset the deficit in 2025/26 it appears there is no other option than to accept the position. Members do need to recognise that this legislation will not, as it stands, be applicable for the financial year 2026/27 and in the absence of government support the council will be insolvent from the 1 April 2026 onwards.

Conclusion

106. In the context of this report, the Director of Finance considers the proposed budget for 2025/26 is robust and the level of reserve is just about adequate, given a clear understanding by members and senior management of the following.

- The council, on 1 April 2025, will technically be insolvent as it will have negative general fund reserves due to the deficit on its DSG as pertaining to expenditure on the Special Educational Needs and Disability service. This DSG deficit is growing by more than £57.5m per annum which is the amount the expenditure on the High Needs Block continues to be more than the government funding being made available. A permanent solution needs to be identified with government by this time next year on the basis that as it stands, the Director of Finance is unlikely to be able to advise that a legally balanced budget can be set for the 2026/27 financial year.
- That the funding source for the 2025/26 excess expenditure on the Special Educational Needs and Disability (SEND) high needs service over the government grant being made available is yet to be finalised and is still subject to confirmation.
- The financial assumptions associated with the pay and reward project and the continuation of the assumption that budget holders manage within their budgets any additional incremental drift associated with the new arrangements, as with the current arrangements.
- The need to carefully monitor the Local Government Funding reforms which indicate a significant risk that the council will be unable to retain a greater proportion of resources generated locally.
- That unearmarked reserves are only just sufficient to cover an unexpected single event such as a cyber-attack, the requirement to provide for/or write-off the expenditure on Carter's Quay, or significant in-year overspending. Any such single event would then require drastic action to restore such reserves to the minimum recommended level. They would be insufficient for the realisation of multiple risks.
- That the advice of the Director of Finance is to continually look to all opportunities to increase unearmarked reserves and improve the councils overall financial sustainability.
- Earmarked reserves will be supported by a clear plan held by the service and will be drawn down in line with the profile. Any not needed for their original purpose will be redirected into unearmarked reserves.
- The levels of reserves and contingencies is adequate, but all opportunity should be taken for them to be enhanced by any further improvement in the in-year position.
- Effective governance arrangements will be maintained at Portfolio Holder, Executive, Senior Management, Directorate, and budget holder level to monitor the overall delivery of the 2025/26 budget.
- Portfolio Holders, Directors and budget holders accept their responsibilities and accountability to deliver their services within the parameters of the agreed budget including the realisation of approved savings.
- Directors will diligently identify and rigorously apply mitigation strategies for any in-year budget pressures that do materialise.

107. It should be highlighted in mitigation of the risk associated with the appropriate financial management processes and practices it is intended to ensure that all budget holders are issued with a "Budget Assurance Statement" in support of their 2025/26 budget. This document will formalise that they accept their budget and agree to deliver services within its financial parameters. The document is also intended to provide evidence in support of any major elements such as the staffing establishment and high value contracts.

Appendix 10a - Earmarked Reserves for 31 March 2026

Detail	31/03/24 Actual Balances £000's	Estimated movement £000's	31/03/25 Estimated Balances £000's	Estimated movement £000's	31/03/26 Estimated Balances £000's
Application of one-off resources to support the financial sustainability of the MTFP following a fundamental review as part of the process of building the budget for 2024/25	0	(4,472)	(4,472)	4,472	0
Transition and Transformation Reserves	(2,202)	(875)	(3,077)	0	(3,077)
Insurance Reserve	(5,115)	0	(5,115)	0	(5,115)
Held in Partnership for External Organisations	(3,110)	921	(2,189)	65	(2,124)
Required by Statute or Legislation	(763)	0	(763)	0	(763)
Planning Related	(628)	369	(259)	0	(259)
Government Grants	(16,120)	9,481	(6,639)	1,997	(4,642)
Maintenance	(1,547)	431	(1,116)	(36)	(1,152)
ICT Development & Improvement	(2,880)	(155)	(3,035)	257	(2,778)
Corporate Priorities & Improvements	(6,675)	(2,074)	(8,749)	3,706	(5,043)
Total Earmarked Reserve Balance	(39,039)	3,625	(35,414)	10,461	(24,953)

One off Business Rates Resources being applied to MTFP Reserve

	31/03/23 Actual £000's	Actual Movement £000's	31/03/24 Actual £000's	Estimated Movement £000's	31/03/24 Estimated £000's
Purpose: Designed to provide the Council with the ability to manage any emerging issues. Includes reserves to enable the management of the MTFP.					
Application of one-off resources to support the financial sustainability of the MTFP following a fundamental review as part of the process of building the budget for 2024/25	**0**	**(4,472)**	**(4,472)**	**4,472**	**0**
One off Business Rates Resources being applied to MTFP Reserve	**0**	**(4,472)**	**(4,472)**	**0**	**(4,472)**

Transition and Transformation Reserves

	31/03/23 Actual £000's	Actual Movement £000's	31/03/24 Actual £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 programm					
BCP Programme Resources Pay & Reward Strategy	**(185)**	**185**	**0**	**0**	**0**
Pay and reward implementation funding	**0**	**(1,060)**	**(1,060)**	**0**	**(1,060)**
Redundancy - Non Transformation Funded	**(2,017)**	**0**	**(2,017)**	**0**	**(2,017)**
Transition and Transformation Reserves	**(2,202)**	**(875)**	**(3,077)**	**0**	**(3,077)**

Insurance Reserve

	31/03/23 Actual £000's	Actual Movement £000's	31/03/24 Actual £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	**(5,115)**	**0**	**(5,115)**	**0**	**(5,115)**

Held in Partnership for External Organisations

	31/03/23 Actual £000's	Actual Movement £000's	31/03/24 Actual £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 Adult Learning Service	(678)	184	(494)	0	(494)
Dorset Adult Learning Service (Specific Bequeath)	(99)	0	(99)	0	(99)
ICS Emotional Wellbeing and Mental Health	(78)	0	(78)	0	(78)
Flippers Nursery	(140)	0	(140)	0	(140)
Adult Safeguarding Board	(208)	67	(141)	0	(141)
Dorset Combined Youth Offending Service Partnership	(508)	0	(508)	0	(508)
Music and Arts Education Partnership	(544)	0	(544)	0	(544)
Youth Programme	(112)	0	(112)	0	(112)
- Russell Cotes revenue grant (New)	(399)	399	0	0	0
UP2U	(74)	40	(34)	25	(9)
Domestic Homicide Reviews	(10)	10	0	0	0
Better Care Fund	(261)	221	(40)	40	0
Held in Partnership for External Organisations	**(3,110)**	**921**	**(2,189)**	**65**	**(2,124)**

Required by Statute or Legislation

	31/03/23 Actual £000's	Actual Movement £000's	31/03/24 Actual £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	(69)	0	(69)	0	(69)
Bournemouth Library Private Finance Initiative (PFI)	(761)	0	(761)	0	(761)
Carbon Trust	67	0	67	0	67
Required by Statute or Legislation	**(763)**	**0**	**(763)**	**0**	**(763)**

Planning Related

	31/03/23 Actual £000's	Actual Movement £000's	31/03/24 Actual £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	(222)	222	0	0	0
Other Planning Related Reserves	(406)	147	(259)	0	(259)
Planning Related	**(628)**	**369**	**(259)**	**0**	**(259)**

Government Grants

	31/03/23 Actual £000's	Actual Movement £000's	31/03/24 Actual £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	(15,887)	9,340	(6,547)	1,936	(4,611)
COVID 19 Government Grants	(233)	141	(92)	61	(31)
Total Unspent Grants	**(16,120)**	**9,481**	**(6,639)**	**1,997**	**(4,642)**

Maintenance

	31/03/23 Actual £000's	Actual Movement £000's	31/03/24 Actual £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	(1,169)	450	(719)	5	(714)
Other Maintenance Related Reserves	(378)	(19)	(397)	(41)	(438)
Maintenance	**(1,547)**	**431**	**(1,116)**	**(36)**	**(1,152)**

ICT Development & Improvement

	31/03/23 Actual £000's	Actual Movement £000's	31/03/24 Actual £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	**(2,880)**	**(155)**	**(3,035)**	**257**	**(2,778)**

Corporate Priorities & Improvements

	31/03/23 Actual £000's	Actual Movement £000's	31/03/24 Actual £000's	Estimated Movement £000's	31/03/24 Estimated £000's
Purpose: Amounts set a side to deliver various priorities, some of which will be of a historical natured inherited from the predecessor authorities.					
Other Service Priority reserves	(4,636)	(3,507)	(8,143)	3,667	(4,476)
Local Elections Reserve	(199)	(170)	(369)	(170)	(539)
Revenue & Benefits Reserve	(1,401)	1,165	(236)	209	(27)
Covid recovery resources	(438)	438	0	0	0
Corporate Priorities & Improvements	**(6,675)**	**(2,074)**	**(8,749)**	**3,706**	**(5,043)**

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BOURNEMOUTH, CHRISTCHURCH AND POOLE

General Unearmarked Reserves - Risk Assessment 2025/26

Risk Description / Liability	Controls in Place	Proposed Management Actions	Impact	Likelihood	Residual Risk Score	Potential Impact	Weighting	Weighted Amount
High Needs budget element of the Dedicated Schools Grant (DSG). Assessment of the deficit for 2025/26 is £57.5m with the total accumulated deficit forecast to grow from £108m as at 31 March 2025 to £165.5m a year later. Following government regulation the Council is currently not able to set aside resources in the general fund to act as a counterweight. From 2025/26 the council will technically be insolvent as the deficit will be greater than the level of general fund reserves. Risk recognises that ultimately either government, the council, or schools, or a combination therefore will need to resolved this deficit.	Robust monitoring of the financial position and regular review by way of a monthly budget overview meeting. Budgeted investment to assist recovery plan. Ongoing dialogue with government.	Continue ongoing dialogue with government and prioritise work to reduce current and future years deficits by creating greater local provision including school inclusion policies. *Potential impact based on assume mid-year position.*	4	2	8	£136,750,000	40%	£54,700,000
Risk of non delivery of the 2025/26 assumed savings, efficiencies and additional resources	Structured process via the budget monitoring process	Continual specific monitoring of savings as part of the budget monitoring framework.	4	2	8	£7,964,000	40%	£3,185,600
Delivery of services within the baseline of available budgeted resources for 2025/26. Adult Social Care. This includes the significant threat to demand for Adult Social care from the 75% to 80% of clients locally who are self funders and do not require financial assistance from the Council and the unstable market conditions for such services as residential care for older people. For 2025/26 a particular risk is the extent to which providers of commissioned services look to the council to cover national living wage and national insurance increases which they are unable to absorb.	Robust commissioning, service monitoring and Medium Term Financial Planning processes.	Financial regulations requirement that such costs must normally be met within approved resources. *Impact recognises a 5% service cost pressure based on local government experience.*	4	1	4	£6,329,000	20%	£1,265,800
Delivery of services within the baseline of available budgeted resources for 2025/26: Homeless and housing services including a reflection of the cost exposure to expensive forms of temporary accommodation such as bed and breakfast.	Robust service monitoring and Medium Term Financial Planning processes.	Financial regulations requirement that such costs must normally be met within approved resources. *Impact recognises a 5% service cost pressure (net of specific government grants) .*	1	2	2	£358,000	5%	£17,900

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Risk Description / Liability	Controls in Place	Proposed Management Actions	Impact	Likelihood	Residual Risk Score	Potential Impact	Weighting	Weighted Amount
Delivery of services within the baseline of available budgeted resources for 2025/26. Children's Services. This includes to relentless increases in demand for services alongside the implications of national policy announcements around increases in the national living wage and national insurance.	Robust service monitoring and Medium Term Financial Planning processes.	Financial regulations requirement that such costs must be met within approved resources. *Impact recognises a further 5% service cost pressure based on the amount provided for 2025/26*	4	2	8	£4,610,000	40%	£1,844,000
General operational risk of a reduction in fees, charges and rents income against 2025/26 budget. *Risk also reflects the Council not developing and implementing appropriate arrangements for their collection and the exposure to the impact of weather on a significant amounts of assumed income* .	Monitoring of the key areas of fees & charges income	Ongoing monitoring arrangements. *Impact assumes a 2% variation on the £94.934m estimated amount included in the revised 2024/25 budget.*	3	2	6	£1,899,000	30%	£569,700
Inadequate provision for the annual pay award.	Generally outside of local control as part of a national agreement process led by the National Employers Organisation (NEO)	Monitoring on ongoing conversations between NEO and Trade Unions. *Impact based on a 1% variation to the pay bill.*	3	2	6	£1,899,000	30%	£569,700
Inflation risk with the potential association to global geopolitical events. Provision has only been made f*or inflation where "clear evidence that it will be required due to either market conditions or due to contractual terms and conditions".*	Generally outside of local control. December 2024 - CPI 2.67%	Monitoring of relevant developments and indicators. Consider extent to which the Council can influence local market pressures. *Based on 2024/25 revised budget estimate of premises, transport, contract payments, agency payments, supplies & services costs (£419m) and a 1% variation.*	4	2	8	£4,193,000	40%	£1,677,200
Volatility to the Council's Council Tax Base due to variations in the number of the Local Council Tax Support (benefits) scheme claimants and the ability of the Government to change welfare policy impacting on the amount that can be claimed.	Monitoring of claimant numbers	Continue we established monthly monitoring arrangements. *Impact based on risk of a 5% increase in caseload.*	3	1	3	£1,336,132	10%	£133,613
Significant assumptions included in the 2025/26 base budget of the Council related to Council Tax income. Includes volatility due to variations in the number of Second Homes attracting the 100% premium implemented from 1 April 2025 onwards.	Structured mointoring processes including specific monitoring of numbers attracting the second homes tax premium and the associated tax base position	Continue establish monitoring arrangements. *Impact recognises 1% variation on total budgeted council tax income.*	4	2	8	£2,812,310	40%	£1,124,924

APPENDIX 10b

Risk Description / Liability	Controls in Place	Proposed Management Actions	Impact	Likelihood	Residual Risk Score	Potential Impact	Weighting	Weighted Amount
Volatility to the level of business rates income collected annually and the risk associated with the passported appeals system. This includes prescribed timing difference around when items can be credited to the accounts. These risks will increase if the Government move towards an increased Business Rates retention model.	Monitoring process and tracking of business closures and start ups	Continue established monitoring arrangements. *Impact recognises 1% variation in the total assume as part of the 2025/26 budget.*	3	2	6	£701,360	30%	£210,408
Generation of the required level of capital receipts to fund the approved transformation programmes of the council via the Flexible Use of Capital Receipts. Includes the Children's and Adult Services specific transformation Programmes. Current assumption is that £7.7m is required in 2024/25 and £10.9m in 2025/26 based on the latest expenditure profile.	Work to develop a pipeline of capital receipts and priority workstream for the Estates Team and Corporate Property Group	Continue monitoring of capital receipts and forecast disposals - *Impact based on 20% of the assumed capital receipts.*	4	1	4	£3,714,400	20%	£742,880
Council may chose to pay off the debt associated with the £15.3m capital expenditure incurred to date on the Carters Quay scheme	Monitoring of ongoing conversations with Administrator	Review ongoing conversations and reflect as part of financial strategy development work	4	1	4	£15,300,000	20%	£3,060,000
Lack of a capital contingency meaning the council could have insufficient resources to support any variations on approved schemes or urgent capital infrastructure requirements	Schemes will only be approved once necessary resources with appropriate scheme contingencies are in place	Consideration of prudential borrowing can only be considered were it can be demonstrated as affordable	2	1	2	£500,000	5%	£25,000
Final Local Government Finance Settlement not due until early February 2025. Risk resources allocated will be lower than those outlined or estimated following the provisional settlement received in December 2024. Particular risks include only the formula for Employers National Insurance Contributions compensation grant were announced, not the actual allocation.	Ongoing monitoring of Government announcements	Impact based on the provisional Revenue Support Grant allocation to BCP Council for 2025/26	4	1	4	£4,416,102	20%	£883,220
Local Government Funding Reforms could lead to future funding reductions for the Council. Phased implementation due from 2026/27 onwards with early national modelling indicating that council might lose up to £12m annually in Revenue Support Grant resources	Review of Government policy proposals. New burdens doctrine.	Ongoing monitoring of Government policy proposals.	4	2	8	£12,000,000	40%	£4,800,000

Risk Description / Liability	Controls in Place	Proposed Management Actions	Impact	Likelihood	Residual Risk Score	Potential Impact	Weighting	Weighted Amount
Risk of non delivery of future year savings, efficiencies, and additional resources to ensure the council continues to be able to deliver legally balanced budgets. Recognition that year on year such proposals become increasingly difficult to identify and deliver.	Structured financial strategy driven process with regular MTFP Updates to Cabinet.	Continual rolling process to ensure robust and effective proactive financial management processes. *Impact based on savings included in the MTFP for 2026/27 and 2027/28 plus any funding gaps for those years.*	4	1	4	£26,300,000	20%	£5,260,000
New harmonised pay and reward strategy due for implementation from 1 March 2025. Risks to the council grow the longer it takes to implement a harmonised scheme. There is also the risk with a dynamic workforce that it will change the current financial estimates associated with the schemes implementation.	Commitment to achieving outcome and ongoing negotiations with Trade Unions	Detailed workplan to deliver harmonised pay and grading structure *Impact based on a 1% variation to the pay bill.*	3	2	6	£1,899,000	30%	£569,700
Loss or disruption to IT Systems and Networks from cyber attack.	Mandatory training, security, protocols, encryption, and constant review of threats	Continue current control framework	4	2	8	£12,000,000	40%	£4,800,000
Failure of a Major Contractor	Robust procurement and contract management procedures. Including performance bonds and parent company guarantees	Regular review of contract performance and contractor financial standing.	3	2	6	£1,500,000	30%	£450,000
Insufficient resources to resolve Legal claims against the Council. *Examples include potential claims brought against the council due to contractual terms and arrangements, and claims as a consequence of the impact of the Councils actions on third parties.* This includes the claim issued by Thurrock Council seeking to mitigate its failed solar farm investments. BCP is one of 23 councils who have received a claim via its membership of the Association for Public Service Excellence (APE) which Thurrock claim provided them with valuation advice.	Statutory and regulatory controls, internal governance procedures, professional advisers.	Monitor any such claims and seek approaches which limit liabilities.	3	2	6	£1,500,000	30%	£450,000
Council Emergency Planning responsibilities - Uninsured losses and unbudgeted operational costs as a result of a major incident or large scale emergency for example storms, floods etc.	Operational procedures and planning underpinned by the multi-agency Local Resilience Forum and BCP Emergency Planning Team .	Consider potential to obtain national funding under the Bellwin scheme which will pay 100% of eligible expenditure above 0.2% of the councils annual budget threshold.	3	1	3	£690,000	10%	£69,000

APPENDIX 10b

Risk Description / Liability	Controls in Place	Proposed Management Actions	Impact	Likelihood	Residual Risk Score	Potential Impact	Weighting	Weighted Amount
Risk of insurance claims greater than that provided for in the annual budget to cover excesses based on self insurance thresholds. Pressure in insurance market is moving towards greater excesses and or decisions to deliberately not insure certain assets for their potential maximium restatement value to ensure overall insurance costs are affordable (e.g. Bournemouth Pier , Bournemouth International Centre, Civic Centre).	Earmarked Reserve and provision on balance sheet for known liabilities. Regular monitoring by insurance team.	Continue with regular monitoring arrangements and ongoing discussions with insurers	4	1	4	£67,000,000	20%	£13,400,000
Risk of a major fraud being undertaken against the council	Management first line of defence. Second line of defence internal governance arrangements including boards/committees. The final line of defence is Internal Audit work programme.	Continue governance arrangements including mandatory training module.	3	1	3	£1,000,000	10%	£100,000
Economic impact from failure to invest and adapt to climate change	Council investment and delivery plans including, decarbonisation of council estate, flood and coastal erosion mitigations and greening of the vehicle fleet. Local Area Energy Plan identifying regional actions needed to reach net zero for area. Carbon Literacy Training being rolled out. Carbon Neutral Steering	Continue controls, investment plans and work with sustainability officers. Impact based on annual cost the council would have to incur on purchasing carbon credits.	4	2	8	£3,000,000	40%	£1,200,000
Organisations associated with the Council or a Council owned company (or their subsidiary) go into Administration and the service has to be returned to the Council with significant financial consequences at least in the short term. This could include exposure to increased operational costs such as staff costs, maintenance, business rates and VAT.	Councillor representation on Boards. Regular review of financial information.	Continue monitoring arrangements.	3	1	3	£2,000,000	10%	£200,000
Interest Rate Risk. Unanticipated movements could lead to reductions in income from the investment of the Council's day to day cash balances and reserves.	Established quarterly financial monitoring arrangements in place and quarterly review by the Audit & Governance Committee	Establish monitoring arrangements. *Based on a potential 0.1% reduction in interest rates (what the markets refer to as downside risk).*	1	3	3	£20,000	10%	£2,000

APPENDIX 10b

Risk Description / Liability	Controls in Place	Proposed Management Actions	Impact	Likelihood	Residual Risk Score	Potential Impact	Weighting	Weighted Amount
VAT Exemption Limit. Council is allowed to recover VAT on exempt supplies up to a limit of 5% of taxable supplies. Should an authority breach this threshold all exempt VAT becomes irrecoverable and a cost of the council. Examples of capital investment that would need careful management would be any investment around crematoriums.	Particular risk around capital expenditure is regularly reviewed to ensure any relevant capital schemes are structured in a VAT efficient manner. Similarly risk mitigation in place on all new lease agreements / assignments / amendments.	Continue to emphasise to all service managers the importance of seeking tax advice at early stages of capital schemes.	3	1	3	£2,400,000	10%	£240,000
TOTAL PROPOSED MINIMUM LEVEL OF BALANCES						**£324,091,304**		**£101,550,646**

In addition to the assessment of the identified individuals risks the Council also assess the risk against the overall total. A risk weighting of between the 25% and 50% quartiles would assess the range to be around £25.4m as a minimum and around £50.8m at the maximum.

The proposal is that unearmarked reserves are held at £26.6m to reflect the operational risks of the Council.
As a percentage of Net Revenue Expenditure this is estimated to be 7.7%.

CIPFA benchmarking would indicate un-earmarked reserves for a unitary council should be maintained between £17.2m (5%) and £34.5m (10%) of the Council's £344.689m 2024/25 Net Revenue Expenditure level.

APPENDIX 10b

RESERVES RISK ASSESSMENT - SCORING MATRIX

LIKELIHOOD

IMPACT		1	2	3	4
Extreme **Over £2.6m**	**4**	4 *(20%)*	8 *(40%)*	12 *(70%)*	16 *(100%)*
High **£1m to £2.6m**	**3**	3 *(10%)*	6 *(30%)*	9 *(50%)*	12 *(70%)*
Medium **£500k to £1m**	**2**	2 *(5%)*	4 *(20%)*	6 *(30%)*	8 *(40%)*
Low **Below £500k**	**1**	1 *(0%)*	2 *(5%)*	3 *(10%)*	4 *(20%)*
		Unlikely	**Could Happen**	**Likely to Happen**	**Almost Certain**
		• 0 – 20% chance of occurrence • 1 in 20-year event • May occur only in exceptional circumstances • Has never or very rarely happened before	• 20% to 60% chance of occurrence • 1 in 10-year event • Is unlikely to occur but could occur at some time / in some circumstances	• 60% to 90% chance of occurrence • 1 in 5-year event • Will probably occur at some time / in most circumstances	• Over 90% chance of occurrence • Occurs on an annual basis • Is expected to occur in most circumstances

- % relates to the weighting which will be given to the potential impact to determine the reserve provision required.
- Impact based on governance thresholds – Extreme £2.6m representing 10% Operational (Unearmarked) Reserves

APPENDIX 10b

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Equality Impact Assessment Report

Purpose

What is being reviewed?	Proposed Council Budget for 2025/2026
Service Lead and Service Unit:	Adam Richens – Chief Finance Officer and Director of Finance
People involved in EIA process:	At an individual savings level which has informed this EIA: • Corporate and Service Directors across the council and other officers where applicable including Heads of Service. • Cabinet Members From an overarching assessment level for this EIA: • Sophie Bradfield – Principal Policy & Strategy Officer and Service Unit Equality Champion • Vicky Edmonds – Senior Research Officer and Service Unit Equality Champion
Conversation dates where equalities was considered:	May 2024 – January 2025

Background

This Equality Impact Assessment (EIA) evaluates the potential impacts of the 2025/2026 proposed budget on various protected characteristics as defined by the Equality Act 2010. The assessment aims to ensure that the budget-setting process considers the diverse needs of all local communities and workforce, and that any potential negative impacts are identified and mitigated.

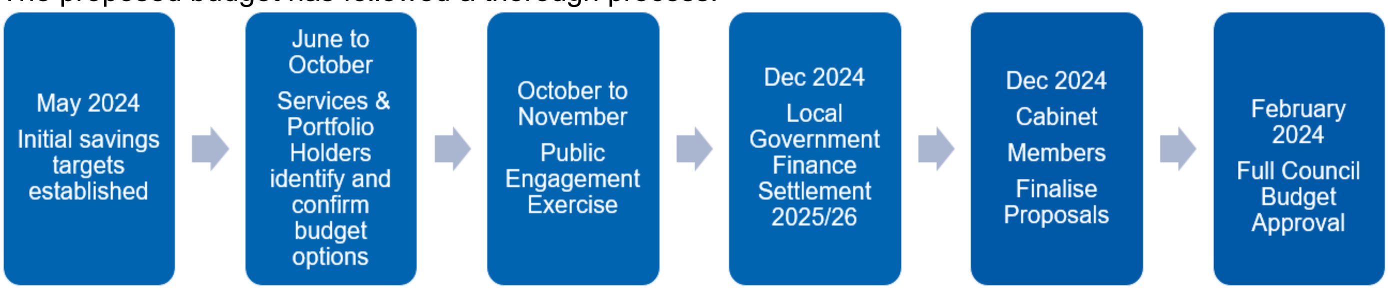
This is an overarching high-level assessment which is underpinned by a series of EIAs completed for individual savings proposals, where they are identified as having an impact on protected groups.

2025/26 Budget

All local authorities are facing substantial financial challenges, with rises in inflation and the continued cost of living crisis. Regardless, the council has a legal responsibility to set an annual balanced budget (Local Government Finance Act 1992).

The 2025/2026 budget aims to address the financial challenges faced by the council whilst continuing to provide essential services to residents. The council's budget is spent across a number of key areas. The 2024/2025 split can be viewed in the graph on the following page. All service areas were reviewed for efficiencies and potential savings.

The proposed budget has followed a thorough process:



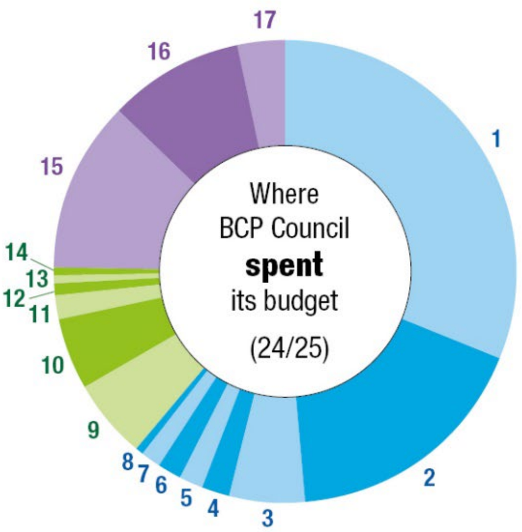
Equality Impact Assessment Report

The financial strategy employed by the council in setting the 2025/2025 budget ensures the overall financial resilience of the council, to continue to sustainably provide essential services to the most vulnerable people in society who are reliant on the council to achieve a good standard of living.

The financial strategy looked at twenty different workstreams including priorities set out in the Corporate Strategy to work closely with partners, remove barriers and empower others. This was achieved by reviewing the extent to which the community would be better placed to manage council assets, and the services delivered within them through volunteers and other sources of funding.

The proposed 2025/2026 budget includes £7.8m of savings, efficiencies, and additional income generation required to set a legally balanced budget and support a financially sustainable council. The proposed budget for 2025/26 also includes a 4.99% increase in council tax, which can be broken down into a 2.99% basic increase and a 2% uplift for the Adult Social Care (ASC) precept.

How BCP Council spent its budget in 2024/2025:



		£ 000s	pence in £
	People and Communities		
1	Adults and Older People Services	116,054	33.8p
2	Children's Social Care	65,020	19p
3	School Services	20,523	6p
4	Library Services	7,148	2.1p
5	Community Services	6,194	1.8p
6	Other Children's Services	5,466	1.6p
7	Housing Services	5,073	1.5p
8	Customer Service	2,678	0.8p
	Place and Environment		
9	Waste and Recycling	21,037	6.1p
10	Transport Services	17,946	5.2p
11	Parks and Open spaces	6,206	1.8p
12	Street Cleaning	3,758	1.1p
13	Highways	1,964	0.6p
14	Planning	1,385	0.4p
	Modern council		
15	Support Services	45,365	13.2p
16	Other central Items and accounting entries	34,833	10.2p
17	Cost of running our operational premises	11,494	3.4p
	Commercial	- 22,233	-6.5p
	Regeneration and Development	- 6,916	-2p
	Total	**342,993**	

Equality Assessment
The Public Sector Equality Duty does not prevent the council from making difficult decisions when required to achieve significant levels of savings across all services. It supports robust, fair, transparent and accountable decision-making that considers the diverse needs of local communities and the workforce.

The EIA process has involved reviewing and analysing a number of proposed savings to understand the potential impact of proposals. Only those most appropriate have been put forward for the 2025-26 budget. Individual EIAs have been completed where a potential negative impact has been identified to ensure mitigating actions are considered and utilised. These assessments have considered the potential impacts on protected characteristics, including age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.

Equality Impact Assessment Report

Findings from a consultation with residents and businesses has also informed the final budget proposal for 2025/2026.
A corporate EIA conversation took place looking at all the savings proposals from a wider perspective alongside the views of residents, to capture any potential cumulative impacts on protected groups.

Findings

In considering equality impacts, it is important to understand the demographic profile of service users. For the budget as a whole, this is the residents that live across Bournemouth, Christchurch and Poole. This has been reviewed from two angles: protected characteristics as set out in the Equality Act 2010, and the Equality and Human Rights Commission's six equality domains.

Equality data for the BCP area

Bournemouth, Christchurch and Poole has a large resident population, with a total population of around 404,050. The area has the 8th highest population of all unitary authorities in England and this number continues to rise, driven by net migration. The area has the following demographic profile based on protected characteristics:

Age

16% Aged 0-15 years

62% Aged 16-64 years

22% Aged 65+ years

Sex

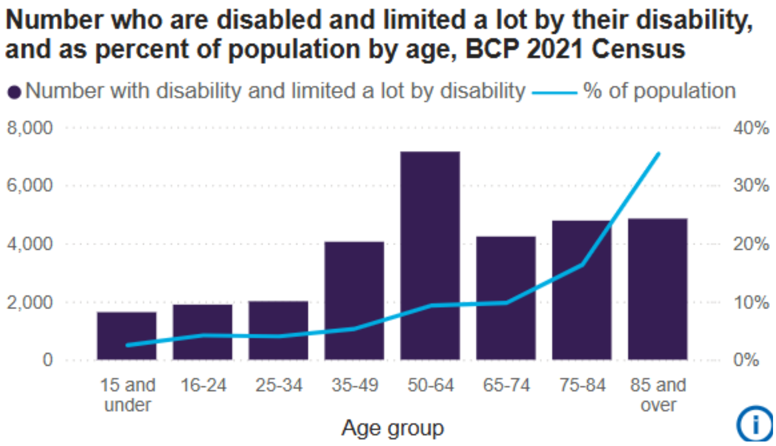
49% Male

51% Female

Disability

People with a disability that limits day to day activities a lot **30,616**

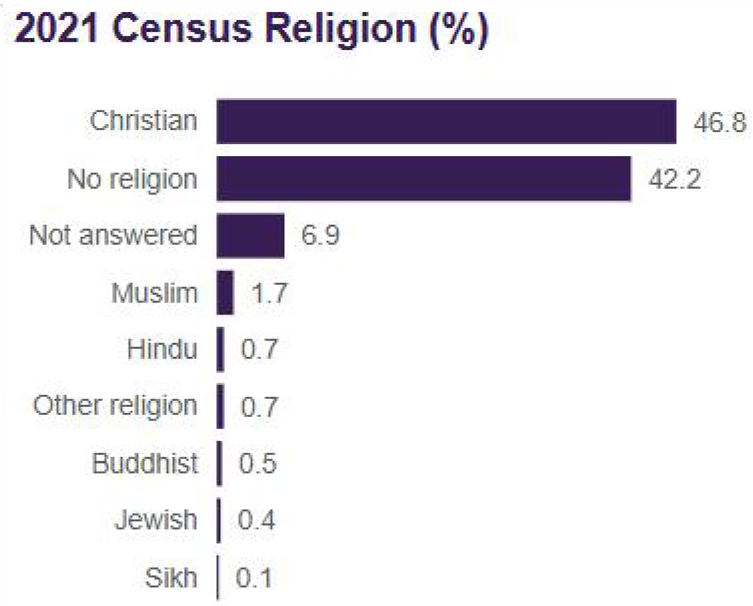
% population **8%**



Race

The BCP area has a diverse community with 82% of the population from a white British background, and 18% from a non-white British background. Over 80 languages are spoken across the BCP area. The population has become more diverse since the last census when 88% of the population were white British.

Religion or belief



Sexual orientation

Sexual orientation by number and percentage of usual residents aged 16+ in BCP, 2021 Census

Sexual orientation	Percent	Value
Bisexual	1.6	5,358.0
Gay or Lesbian	1.9	6,494.0
Not answered	7.6	25,580.0
Other sexual orientations	0.3	1,221.0
Straight or Heterosexual	88.5	296,257.0
Total	**99.9**	**334,910.0**

Marriage and civil partnership

Equality Impact Assessment Report

The Equality and Human Rights Commission has a measurement framework using six domains which reflect the capabilities or areas of life that are important to people and that enable them to flourish. Information about the communities within the BCP area is also provided under each of these domains.

Education

- **Children have good educational achievement** - There are 98 state-funded schools,
- comprised of 66 primaries, 21 secondary schools, 4 all-through schools and 7 special schools. 88.7% of schools are rated Good or Outstanding for overall effectiveness. Educational attainment for all key stages is above the national average.
- **Nearly a third of residents are qualified to degree level** - In 2021, 16% of residents aged over 16 have no qualifications, 32% are qualified to degree level or above and 6% have an apprenticeship qualification.
- **A university region by the sea** - There are around 22,700 students registered at three universities in the BCP area.

Work

- **An economy where over 60% aged 16 or over are economically active** - The employment rate is slightly lower at 58%. In the year to September 2022, the unemployment rate was 4.0%, compared to the national rate of 3.7%. Around 132,700 people aged 16 or over are economically inactive, with over 36% between the ages of 16 and 64. Most of the working-age inactive population (16-64) are students (27%), followed by 24% who are long-term sick, 19% who are caring for family/home, and nearly 15% who are retired.
- **Over four out of five businesses are micro businesses** - In 2022, there were 15,555 businesses in Bournemouth, Christchurch, and Poole. The majority (89%) were micro-businesses with less than 10 employees, compared to 90% in England.
- **Wages are below the national average** - Currently, 62% of the total resident population is of working age. The median yearly salary for BCP residents and workers is somewhat lower than the national average. Residents in the BCP area earn £31,600 per year, while those working in the BCP area earn £31,700 per year. The UK average is £33,000.

Living Standards

- **An area with significant contrasts** - BCP Council has areas which are among the most and least deprived in the country. 15,900 people (4% of the BCP population) live in the 10% most deprived areas in England. This increases to 45,200 people (11% of the BCP population) when we look at the number of people living in the 20% most deprived areas. 83,800 (21% of the BCP population) live in the 20% least deprived areas in England.
- **House prices are higher than the national average** - Average house prices in the BCP area have increased significantly in the last ten years. The average house price in the BCP area was £417,500 in the 12 months to end December 2022; this is higher than the average price regionally and nationally. The relative affordability of property has decreased between 2012 and 2022. Median house prices increased at a higher rate than the median wage, which has led to an increase in the affordability ratio (less affordable housing).
- **The rising cost of living is increasing the financial strain on households** - Households with young adults, ethnic minorities, children, people with disabilities, or those claiming Universal Credit are disproportionately affected.

Health

- **A healthy population** - Overall health and wellbeing are as good as or better than the national average. Both life expectancy and healthy life expectancy are higher in the BCP area than nationally. However, the difference between life expectancy and healthy life expectancy indicates people in the area may live on average 15-18 years in poor health.
- **An ageing population** - The number of residents aged 65 and over is set to increase by 15% between 2018-2028. By 2028, 24% of the local population will be aged 65+.

Justice and personal security

- **High levels of resident satisfaction with the local area, where the majority of residents feel safe** - In the latest 2021 residents' surveys, the majority of BCP Council residents (84%) reported being satisfied with the local area as a place to live. 66% of resident survey respondents said they felt safe in their local area after dark and 94% said they feel safe during the day.

Participation

- High levels of car access - There are 813 miles of roads across the BCP area. 81% of households within the BCP area have one or more cars in the Household.

Summary of budget consultation outcome with residents and businesses'

Engaging and consulting service users is a key aspect of assessing potential or actual equality impacts.

To inform the budget proposal, an open consultation took place from 21 October to 29 November to understand local views on the importance of council services and priorities for council spending as well as levels of council tax. The consultation was widely promoted through a press release and social media channels. The consultation was also sent to residents and stakeholders who had signed up to the council's consultation register. The consultation was available online and in paper form to ensure a number of accessible options were available. An additional representative sample survey was undertaken to ensure responses reflected all the protected characteristics and backgrounds of residents across Bournemouth, Christchurch and Poole, with a quota to meet on sex, age, ethnicity and deprivation. The data was weighted to improve its representativeness. Overall, a total of 1,226 responses were received to the open consultation and 750 for the sample survey.

Analysis shows most respondents would like the council to retain the same level of funding for most of its services. If savings need to be made, then respondents expect the council to make this from looking at the cost of running its premises, back-office functions and other central items and accounting. Residents want the council to prioritise frontline services. There are some frontline services where residents would like to increase spending, for the sample survey this was school services and children's social care and for the open survey it was highway services.

The following services were highlighted as a priority for residents and businesses':

- Affordable decent housing
- Community safety and anti-social behaviour
- Helping people who are homeless
- Maintaining roads and pavements
- Providing adult social care services
- Providing children's social care services
- Supporting schools and education

The majority of respondents also wanted council tax levels to be increased below 4.99%. Residents expect the council to keep any council tax level increases to a minimum.

More information is available here: [Budget 2025/26 | Have Your Say Bournemouth, Christchurch and Poole]

Equality Impact Assessment Report

Equality Impact of the 2025/2026 Budget

This EIA is based on information made available for consideration during the budget process and provides a high-level assessment of equality considerations. Further information and detail has been analysed on a service level, under each individual saving and where applicable, separate EIAs have been carried out.

The savings and efficiencies as part of the 2025/2026 budget can be categorised into the following 5 areas:

- Fees and charges
- Recharges
- Service efficiency
- Service reduction
- Service transformation

All savings are in line with legislation and statutory requirements and where impacts have been identified these have carefully been assessed at a more detailed level in individual equality impacts assessments with mitigating actions in place.

Service efficiency and transformation

Based on the information provided, service efficiency and transformation has been taken to mean there will not be a reduction in service. This is because service efficiencies and transformation seek to improve service delivery so there are no negative impacts on service users identified from proposals that fall under these areas. Instead positive impacts have been identified, including for older people and those with disabilities, for example through better care setting options, which means independence of individuals is maintained for longer.

There may however be negative and positive impacts on the workforce through continuing transformation programmes in Adult Social Care and Children's Services along with ongoing work to reduce the head count of the authority as a whole. Individual equality impact assessments have or will be carried out where this is the case with appropriate mitigating actions put in place. Work being undertaken to transform services supports resident feedback of prioritising frontline services and looking at back-office functions.

Service reduction

The scale of the ongoing challenges faced by BCP Council and all other local authorities means that difficult choices concerning service changes must be made to ensure a legally balanced budget for 2025/26. Although focused primarily on discretionary services, consideration has also been given to statutory services and reducing service levels towards the statutory minimum.

Where savings have been made in service reductions, decisions have been made based on service user data available and to ensure service provision still meets statutory minimum levels. Mitigating actions have been reviewed as part of individual equality impact assessments. For example, where proposals look at a reduction in cash machines maintained by the council in favour of digital methods, consultation has or will be undertaken and mitigating actions will be considered for service users without access to cashless alternatives, which could include older age groups and those from low socio-economic groups.

Fees and charges and recharges

The budget assumes that all locally set fees and charges will be increased at least in line with inflation and/or be adjusted to ensure they are set at a level which guarantees full cost recovery including the impact of the National Living Wage set for 2025/26 and the increase to Employers National Insurance costs.

Where fees and charges have been increased or recharges made, an acknowledgement has been made of the impact to those from low socio-economic groups and those hit hardest by the cost of living. Benchmarking has been carried out to ensure the council's charges are in line with the public sector and private sector where applicable. The income generated from fees and charges goes back into maintenance or service delivery which benefits all service users.

Mitigating actions for potential negative impacts:
Responsible officers to:

a) ensure that decisions are accompanied and informed by individual EIA's with appropriate engagement and consultation with affected groups and in doing so, consciously consider the objectives under the Public Sector Equality Duty, to:
   i. eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010
   ii. advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
   iii. foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

b) regularly monitor and evaluate outcomes resulting from budget decisions, with a focus on protected characteristics, so strategies can be adjusted as needed

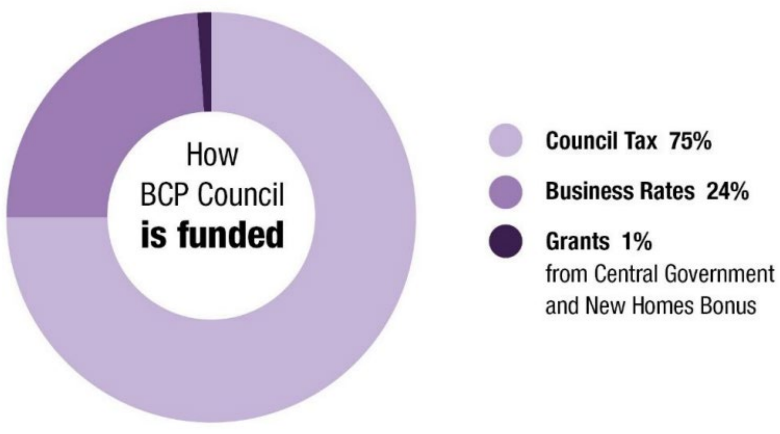
c) continue engaging with residents and stakeholders to understand their needs and priorities.

Council Tax

The council is seeking to increase council tax by 4.99%. It has not been possible to meet the requests of respondents to the budget consultation on lower council tax increase levels whilst also achieving a balanced budget.

Government policy to fund cost pressures in local government is primarily through the ability to raise council tax, including the social care precept. The council's expenditure must align with the resources at its disposal.

Council tax has a direct correlation to the quality and scope of service provision, as it makes up the majority of the council's income. The graph below shows how the council was funded in 2024/2025.



The majority of the council's money is spent providing life changing support for some of the most vulnerable – including older people, people with disabilities and children who need support and protection. Like other local authorities across the country, BCP Council is facing significant pressures on its budget. The cost of living is affecting fuel prices, food, and energy costs, which means services like waste collection, street lighting, and the resources that keep the most vulnerable adults and children safe, are all becoming more expensive to run.

As noted previously, the Public Sector Equality Duty (PSED) does not prevent the council from making difficult decisions when required to achieve significant levels of savings across all services in meeting a balanced budget. The PSED supports robust, fair, transparent and accountable decision-making that considers the diverse needs of local communities and the council's workforce.

In comparison to other unitary councils, BCP Council has a council tax level which is below the national average.

Equality impact:

Negative: It is likely that residents on lower earnings will be affected negatively by the increase. An increase in council tax will negatively impact on households already struggling financially which is not necessarily limited to just lower socio-economic groups given the ongoing cost of living challenges.

Positive: Increasing council tax also enables the council to continue to provide vital services that support the most vulnerable in society including older and younger residents and those with disabilities, as well as services which support all residents to live in sustainable, safe and healthy communities.

Mitigating actions:

There are several schemes in place to assist residents with their council tax bills. These include:

a) Council tax Support: Residents on lower incomes can apply for assistance with their council tax bill by applying for council tax Support, further information is available on the council's website: https://www.bcpcouncil.gov.uk/benefits-support-and-advice/council-tax-support
b) Council tax Discounts and exemptions: Discounts are available to residents in certain circumstances including care leavers, carers, those with severe mental impairment, single adults in a household and students. Further details of ways in which council tax could be reduced for qualifying households is available on the website: Council Tax discounts and exemptions | BCP
c) Discretionary Reduction and Help with Paying Council Tax Bill: Section 13A (1c) of the Local Government Finance Act 1992 allows local authorities to, in exceptional circumstances, reduce the council tax liability for a charge payer. Statutory exemptions and discounts must first have been exhausted.

Conclusion

Summary of Equality Implications

BCP Council has a duty to be prudent in the administration of the funds it holds as well as to consider the interests of the community which benefits from the services it provides. The council's proposed budget for 2025/2026 aims to address financial challenges whilst seeking to maintain appropriate services for the most vulnerable as well as improve the sustainability of services important for the wellbeing of all residents.

The impacts of the council budget for 2025/26 have been assessed considering the nine protected characteristics (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation) as well as further characteristics including low socio-economic status, carers and care leavers. The Equality and Human Rights Commission's six domains of equality measurement framework have also been considered, identified as the areas of life that are important to people and that enable them to flourish. These are: Education, Work, Living standards, Health, Justice and personal security, and Participation.

The voices of residents and businesses' have been included through consultation carried out as part of the budget setting process.

The process has identified potential equality impacts on protected characteristics, recommended mitigating actions, and strived to ensure fairness, transparency, and accountability in decision-making.

Equality Impact Assessment Report

Positive Impacts:
- Transformation of services to improve service delivery including in Adult Social Care and Children's Social Care will positively impact service users who are some of the most vulnerable in the BCP area. This includes older and younger residents and those with disabilities.
- As part of the budget, council tax is being raised to support increased service provision, which will have a positive impact on many residents across different protected groups.

Negative Impacts:
- An increase in council tax may negatively affect households already struggling financially, impacting low-income families as well as older and disabled residents.

Mitigating Actions:
- Council tax support schemes are available for residents on lower incomes including discounts and exemptions for specific groups, such as care leavers, carers, and single adults. Section 13A (1c) of the Local Government Finance Act 1992 also allows for discretionary reductions in exceptional circumstances.

The cumulative impact of the proposals indicates that low-income households and individuals will be most negatively affected, followed by older age groups and disabled people. However, the investments and mitigating actions aim to support these groups and promote equality within the community.

Individual equality impact assessments have or will be carried out to support individual savings where a potential negative impact has been identified for service users or the workforce. This will ensure conscious consideration is given to the Public Sector Equality Duty and mitigating actions are put in place to minimise any potential or actual negative impacts.

BCP Pay Policy 2025/26	
Date: 16 December 2024	**Policy Author: Liz Bowman, Reward Manager**
Review Date: December 2025	**Version: 1**

Purpose/Introduction	This policy is established to meet requirement of section 38(1) of the Localism Act (2011). The purpose of this policy is to provide transparency on the salaries of Chief Officers of the Council, how those salaries are set, and other issues related to the pay of Chief Officers. BCP Council has now been in existence following Local Government Reorganisation (LGR) since April 2019 and is made up of the following preceding authorities, Bournemouth Borough Council, Christchurch Council and Borough of Poole. The financial information published to meet legislative responsibilities is relating to the 2024/25 salary information using a snapshot date of 31 December 2024, and the draft 2023/24 Statement of Accounts (in draft and unaudited)
Who the policy applies to	Chief Officers - The Council will engage persons for the following posts, who will be designated Chief Officers: (a) Chief Executive and Head of Paid Service (b) Corporate Directors or Directors who report directly to the Chief Executive within the line management structure To clarify, Chief Officers in BCP Council are on National Joint Council (NJC) terms and conditions, not Joint National Committee (JNC) for Chief Officers.

The policy	The salaries at the point of Local Government Review in 2019 for the Chief Executive and Chief Officers were set by the Leader and Deputy Leader of the BCP Shadow Authority on advice from the South West Local Government Employers Association and having regard for the Chief Executive and Chief Officers' national pay scales. The salaries for these staff have been, and will continue to be increased in line with national pay awards agreed by Joint National Committee (JNC) for Chief Executives and National Joint Council (NJC) for Local Government employees (for Chief Officers), unless financial constraints prevent the required funding from being available. In this case, some lesser figure or no increase will be applied. The Chief Executive is employed on JNC conditions of service. Section 38(1) of the Localism Act requires the following information to be published annually as part of the policy (Appendix A): a The Head of Paid Service (Chief Executive) base salary, including pension contribution and the NI contribution with a total figure per annum (excluding expenses allowance). b The median full-time equivalent salary for staff, excluding employees in schools and all apprentices with the pension contribution and the NI contribution with a total figure. The ratio between this salary and the salary of the Head of Paid Service. c The lowest full time equivalent salary, with the pension contribution and the NI contribution with a total figure. The ratio between this salary and the salary of the Head of Paid Service. d These ratios are published in line with the recommendations of the Hutton review of Fair Pay in the Public Sector. This review also recommends that local authorities define what they mean by 'lowest salary'. e The lowest salary is defined as the full-time equivalent salary of employees in receipt of the lowest salary point of the salary and grading structure for the preceding councils' employees who are not teachers, Apprentices or school support staff. f The salaries of Heads of Service / Service Directors, the posts that report into Corporate Directors, and other employees not covered by nationally agreed pay scales, are determined under the preceding councils' job evaluated pay and grading structure. Any role created and job evaluated since the formation of BCP Council is determined under BCP councils' interim job evaluated pay and grading structure g An extract from the annual statement of accounts for 2023/24 is given in Appendix B for BCP Council which gives details of the payments made to Chief Officers in 2023/24. h Whilst it is the Council's policy to recruit on the minimum of a pay scale, due regard will be taken of the prevailing market rates.

BCP Pay Policy 2025/26

i Incremental progression does not apply to Chief Officers.

j No other fees are paid to Chief Officers, but they can make claims under the relevant authorities Business Travel and Subsistence arrangements.

k Payments for working hours additional to contractual hours are not made.

The Council publishes the total remuneration of Chief Officers and Service Directors as part of the annual statement of accounts on its public website.

The decision to employ Chief Officers, who were previously employed by the Council and left with a severance or redundancy payment, will be based on the applicants' suitability for the post. No deductions will be made from the remuneration package, providing the employment is more than four weeks from the original date of termination. If the employment is within four weeks of the original termination, the employee will have to reimburse any redundancy payments to the previous employer if they have been made to them.

The Council's policy is to usually employ Chief Officers under employment contracts, not under a contract for services.

The decision to employ Chief Officers who are in receipt of a Local Government Pension Scheme pension (whether their previous service was with the same authority or not) is dependent on the applicant's suitability for the post. The remuneration will be set in line with the Chief Executive and Chief Officers' national pay scales, the going market rate and affordability.

Special Severance payments will be approved according to the following process (as recorded in the scheme of delegation):

- payments of £100,000 and above must be approved by a vote of full council, as set out in the Localism Act 2011
- payments of £20,000 and above, but below £100,000, must be personally approved and signed off by the Head of Paid Service, with a clear record of the Leader's approval and that of any others who have signed off the payment
- payments below £20,000 must be approved according to the local authority's scheme of delegation. It is expected that local authorities should publish their policy and process for approving these payments

As part of their duties, an authority's s151 Officer, and where appropriate, the Monitoring Officer, should take a close interest in and be able to justify any special severance payments that are made by that authority and in particular any payments made that are not consistent with the content of this guidance.

The Council has adopted a range of clear policies, procedures, and guidance with regard to payments upon the termination of employment. The Scheme of Delegation details governance arrangements in regard to severance payments in line with the 'Statutory Guidance on the Making and Disclosure of Special Severance Payments by local authorities in England' published 12 May 2022. This guidance forms part of the best value regime for local authorities in England as set out in section 3 of the Local Government Act 1999.

In line with the 2015, Local Government Transparency Code, which was issued to increase democratic accountability through open access to information, sets a requirement for local authorities to publish specific data, Under the Account and Audit Regulations 2015 we publish:

- the number of employees whose remuneration in that year was at least £50,000 in brackets of £5,000
- details of remuneration and job title of certain senior employees whose salary is at least £50,000, and
- employees whose salaries are £150,000 or more who must also be identified by name

In addition to this requirement, for all employees whose salary exceeds £50,000, there is a requirement to publish a list of responsibilities (for example, the services and functions they are responsible for, budget held and number of staff) and details of bonuses and benefits-in-kind.

A salary supplement policy and governance arrangement was introduced in 2022, allowing temporary additional payments to be authorised and paid. This policy ensures consistent approach across BCP Council. Governance arrangements are in line with the scheme of delegation

The Scheme of Delegation outlines who has the authority to approve pay, supplements, enhancements, and allowances. These approvals have been reviewed and updated in 2024.

	BCP Council are continuing to review the full pay and reward offer, including terms and conditions, with a view to implementing within financial year 2025/26 or 2026/27 The policy in relation to employer discretions under the Local Government Pension scheme is given in Appendix C
How to use the policy	This policy will be published on the Council's website to ensure that all staff, Councillors, residents and local businesses have access to it. Related Council policies and supporting documents: • Business Travel and Subsistence arrangements • The Council's policy in relation to employer discretions under the Local Government Pension scheme • The Council's policy in relation to employer discretion under the Local Government (Early Termination of Employment) (Discretionary • Compensation) (England and Wales) Regulations 2006 • Salary Supplements Policy • Scheme of Delegation
Roles and responsibilities	This policy is reviewed annually by the Corporate Management Board and any recommendations for change will be made to the Cabinet for approval
Enforcement and sanctions	
Further information and evidence	

Salary Information 2024/25

Section 38(1) of the Localism Act requires the following information to be published annually as part of the policy (Appendix A):

a The Head of Paid Service (Chief Executive) base salary at snapshot date 31 December 2024, including pension contribution and the NI contribution with a total figure per annum (excluding expenses allowance).

Authority	Position	Base Salary	Pension Contribution	NI Contribution	Total
Bournemouth Christchurch & Poole Council	Chief Executive	£205,178	£36,809.91	£25,480.43	£267,468.34

b The median full-time equivalent salary for staff at snapshot date 31 December 2024, excluding employees in schools with the pension contribution and the NI contribution with a total figure. The ratio between this salary and the salary of the Head of Paid Service.

Authority	Median FTE Salary	Pension Contribution	NI Contribution	Total	Ratio
Bournemouth Christchurch & Poole Council	£31,586.00	£5,915.44,	£3,041.20	£40,542.64	1:7 Or 1:6 if base salary only

c The lowest full time equivalent salary at snapshot date 31 December 2024, with the pension contribution and the NI contribution with a total figure. The ratio between this salary and the salary of the Head of Paid Service.

Authority	Lowest FTE Salary	Pension Contribution	NI Contribution	Total	Ratio
Bournemouth Christchurch & Poole Council	£15,184.04	£2,885.04	£840.12	£18,909.20	1:14

DRAFT Statement of Accounts 2023/24 (unaudited)

	Remuneration Salary (including supplements) 2023/24 £	Expenses Allowances 2023/24 £	Compensation for Loss of Office 2023/24 £	Employers Pension Contributions 2023/24 £	Total payment including Pension Contributions 2023/24 £
Chief Executive - (Mr G Farrant)	200,174	-	-	18,692	218,866
Corporate Director - Chief Operations Officer (1)	145,007	-	-	25,924	170,931
Corporate Director - Children's Services	171,116	-	-	32,512	203,628
Corporate Director - Wellbeing (2)	71,763	-	-	13,635	85,398
Director of Commissioning (6)	133,242	-	-	25,316	158,558
Director of IT and Programmes	128,372	-	-	24,391	152,763
Director of Finance	123,553	-	-	23,475	147,028
Director of Law & Governance (4)	67,755	-	37,500	12,873	118,128
Director of Law & Governance (5)	37,956	-	-	7,212	45,168
Director of Adult Social Care (6)	118,315	-	-	22,480	140,795
Director of Marketing, Comms and Policy	109,533	-	-	20,796	130,329
Director of People and Culture	109,453	-	-	20,796	130,249
Totals	**1,416,239**	**-**	**37,500**	**248,102**	**1,701,841**

Notes:

1. Corporate Director - Chief Operations Officer left the authority on the 17/03/2024
2. New Corporate Director - Wellbeing joined the authority on the 09/10/2023
3. Corporate Director - Resources contractor 09/05/23 - 31/01/2024 - £202,275
4. Director of Law & Governance left the authority on the 18/10/2023
5. New Director of Law & Governance joined the authority on the 11/12/2023
6. Prior to the appointment of Corporate Director - Wellbeing duties were split between Directors of Adult Social Care & Commissioning

BCP ("THE COUNCIL")

POLICY IN RELATION TO EMPLOYER DISCRETIONS UNDER THE LOCAL GOVERNMENT PENSION SCHEME

This document forms the Council's policy in relation to the various discretions available to it in respect of the Local Government Pension Scheme. Part A records the Council's policy in respect of Regulations 12, 16, 30 and 31 of the Local Government Pension Scheme (Benefits, Membership and Contributions)

Regulations 2013 ("Benefits Regulations"), as required by Regulation 66 of the Local Government Pension Scheme (Administration) Regulations 2008 ("Administration Regulations"). Part B refers to the other discretions available to the Council but for which it is not a requirement to publish a formal policy. References to specific Regulations are to the Benefits Regulations.

This policy does not form part of employees' terms and conditions of employment and the Council may repeal, review or amend its policy at any time.

PART A

Regulation	**Policy**
Regulation 16 [R] – Power of employing authority to contribute to a shared cost APC scheme Whether, how much, and in what circumstances to contribute to a shared cost APC scheme.	On the basis of cost implications, the Council will not enter into a shared cost APC scheme
Sch 2, para 2 (2) & (3) [TP] Power of employing authority to apply 85 Year Rule before age 60 Whether to "switch on" the 85 Year Rule for a member voluntarily drawing benefits on or after age 55 and before age 60. Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits from pre 01/04/2014 membership where the employer has "switched on" the 85 Year Rule for a member voluntarily drawing benefits on or after age 55 and before age 60.	On the basis of cost implications, only in exceptional circumstances would the Council switch on the 85 Year Rule and the consideration of this issue would be delegated to the Cabinet Member with the portfolio for Resources in consultation with the Executive Director and the Section 151 Officer. On the basis of cost implications, only in exceptional circumstances would the Council consider waiving any required actuarial reduction to such benefits and the consideration of this issue would be delegated to the Cabinet Member with the portfolio for Resources in consultation with the Executive Director and the Section 151 Officer
Regulation 30 (6) Flexible retirement Whether all or some benefits can be paid if an employee reduces their hours or grade (flexible retirement). Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement.	The Council will consider requests for Flexible Retirement in accordance with the agreed Flexible Retirement Policy and Procedure. On the basis of cost implications, only in exceptional circumstances would the Council consider waiving any required actuarial reduction to such benefits and the consideration of this issue would be delegated to the Cabinet Member with the Portfolio for Resources in consultation with the Executive Director and the Section 151 Officer.

Regulation	Policy
Regulation 30 (8) [R] Power of employing authority to waive actuarial reduction Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age.	On the basis of cost implications, only in exceptional circumstances would the Council consider waving any required actuarial reduction to such benefits and the consideration of this issue would be delegated to the Cabinet Member with the Portfolio for Resources in consultation with the Executive Director and the Section 151 Officer.
Regulation 31 [R] Power of employing authority to grant additional pension Whether to grant additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency (by up to £6,500 p.a.).	The Council has elected not to use this discretion
Reg D11 (2)(c) [C] Power of employing authority to grant early payment of benefits on compassionate grounds Whether to grant applications for the early payment of deferred pension benefits on or after age 50 and before NRD on compassionate grounds *For members who ceased active membership before 1 April 1998*	The Council will only agree to the early payment of such benefits when there is no cost attached. Only in exceptional compassionate circumstances would any required actuarial reduction of such benefits be waived. The Council delegates the consideration for these issues to the Cabinet Member with the Portfolio for Resources, the Executive Director and the Section 151 Officer.

PART B - where formulation of a written policy is **not** compulsory

Regulation	Policy
Regulation 9 (1) & (3) [R] Contributions payable by active members Employers determine the contributions payable by members by attributing each member to one of the contribution bands set out in Regulation 9 (2) [R]. Employers have the capacity to re-attribute the specific pay band (upwards or downwards) where there is a material change in a member's contractual terms.	The policy is set to review the bandings on an annual basis.
Regulation 22 (7) (b) and (8) (b) [R] Facility to extend time limits for active members to not aggregate deferred periods of LGPS	The Council will only agree to extend the 12-month option period in exceptional

Regulation	Policy
membership Whether to extend the 12-month option period for a member to elect that deferred benefits should not be aggregated with a new employment or ongoing concurrent employment.	circumstances. The Council delegates the consideration of this issue to the Director of People and Culture.
Regulation 100 (6) [R] Facility to extend time limits for active members to request a transfer of previous pension rights into the LGPS Where an active member requests to transfer previous pension rights into the LGPS, the member must make a request within 12 months of becoming an active member. Employers, with agreement of Administering Authority, may allow a longer period than 12 months. JOINT DISCRETION WITH ADMINISTERING AUTHORITY	The Council will only agree requests to transfer previous pension rights into the LGPS in exceptional circumstances and in consultation with Dorset Council. The Council delegates the consideration of this issue to the Director of People and Culture.
Reg 17 & 15(2A) [TP] Power of employing authority to determine whether to, how much and in what circumstances to contribute to a shared-cost Additional Voluntary Contribution (SCAVC) arrangement	The Council will enter into a shared cost AVC (SCAVC) arrangement
Reg 17 & 15(2A) [TP] Power of employing authority to determine whether to extend the time limit for a member to elect to purchase additional pension by way of a shared cost additional pension contribution (SCAPC) upon return from a period of absence Whether to extend the 30-day deadline for member to elect for a SCAPC upon return from a period of absence from work with permission with no pensionable pay (otherwise than because of illness or injury, relevant child-related leave or reserve forces service leave)	The Council will only agree to include a regular lump sum when calculating APP on a case-by-case basis. Each case will be considered by the Director of People and Culture or their nominated representative on its own merits.
Reg 21(5A) and 21(5B) [R] Power of employing authority to determine whether, subject to qualification, to substitute a higher level of pensionable pay when calculating assumed pensionable pay (APP)	The Council will agree to substitute a higher level of pensionable pay when calculating APP on a case-by-case basis. Each case will be considered the Head of HR or their nominated representative on its own merits.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted