# Notice of Cabinet

Date: Wednesday, 12 June 2019 at 10.00 am

Venue: HMS Phoebe - Town Hall, Bournemouth BH2 6DY

**Membership:**

**Chairman:**
Cllr V Slade

**Vice Chairman:**
Cllr M Howell

Cllr L Allison
Cllr D Brown
Cllr L Dedman
Cllr A Hadley
Cllr S Moore
Cllr M Phipps
Cllr Dr F Rice
Cllr K Wilson

All Members of the Cabinet are summoned to attend this meeting to consider the items of business set out on the agenda below.

The press and public are welcome to attend.

If you would like any further information on the items to be considered at the meeting please contact: Sarah Culwick (01202 795273) or email democratic.services@bcpcouncil.gov.uk

Press enquiries should be directed to the Press Office: Tel: 01202 454668 or email press.office@bcpcouncil.gov.uk

This notice and all the papers mentioned within it are available at democracy.bcpcouncil.gov.uk

Available online and on the Mod.gov app

GRAHAM FARRANT
**CHIEF EXECUTIVE**

4 June 2019

# AGENDA

Items to be considered while the meeting is open to the public

**1. Apologies**

To receive any apologies for absence from Councillors.

**2. Declarations of Interests**

Councillors are required to comply with the requirements of the Localism Act 2011 regarding disclosable pecuniary interests. Declarations received will be reported at the meeting.

**3. Public Issues**

To receive any public questions, statements or petitions submitted in accordance with the Constitution. Further information on the requirements for submitting these is available to view at the following link:-

https://democracy.bcpcouncil.gov.uk/documents/s2305/Public%20Items%20-%20Meeting%20Procedure%20Rules.pdf

The deadline for the submission of public questions is Wednesday 5 June 2019.

The deadline for the submission of a statement is 12.00 noon, Tuesday 11 June 2019.

The deadline for the submission of a petition is 12.00 noon, Tuesday 11 June 2019.


**4. Financial Outturns 2018/19** 3 - 52

To receive the summary report covering the outturns of Bournemouth, Christchurch and Poole.

**5. Medium Term Financial Plan Update Report** 53 - 86

To receive an update on the Medium Term Financial Plan.

**6. Appointment to Outside Bodies** 87 - 90

To consider appointments to outside bodies.

**7. Cabinet Forward Plan** 91 - 96

To note the latest version of the Cabinet Forward Plan.


No other items of business can be considered unless the Chairman decides the matter is urgent for reasons that must be specified and recorded in the Minutes.

# CABINET

| | |
|---|---|
| Report subject | **Financial Outturns 2018/19** |
| Meeting date | 12 June 2019 |
| Status | Public Report |
| Executive summary | This report presents the performance against budget for the period 1 April 2018 to 31 March 2019 for each of the following predecessor councils;<br>• Bournemouth Borough Council (BBC)<br>• Christchurch Borough Council (CBC)<br>• Borough of Poole Council (BoP)<br>In summary each of the predecessor Councils listed above have achieved a balanced or better financial outturn position for 2018/19.<br>This positive achievement is after each Council has met its share of the BCP programme costs incurred in 2018/19 and is also after adequate provision has been made for their share of any such costs reprofiled into 2019/20. The outcome for the year has been influenced to an extent by caution in incurring expenditure in the final quarter prior to the creation of the new BCP Council.<br>In closing the accounts of each of the predecessor authorities the opportunity has been taken, where possible, to create consistency in the accounting policies which will then be adopted by the new authority. This has created some variances which may not have otherwise occurred.<br>BCP Financial Services, besides being responsible for the closure of the 2018/19 accounts for the listed three predecessor councils, has also led the process for the closure of the accounts of East Dorset District Council (EDDC) which will be reported to the new Dorset Area Council. |
| **Recommendations** | **It is RECOMMENDED that Cabinet:**<br>**1) approve the allocation of £493k in capital funding towards an early priority of the BCP Council as set out in section 10;**<br>**2) request an update from the Corporate Director for Children's Services on the progress in delivering a sustainable solution to the High Needs element of** |

| | |
|---|---|
| | **the Dedicated Schools Grant. This update to be included as a separate appendix to the 2019/20 First Quarter's Budget Monitoring Report.**<br>**It is RECOMMENDED that Cabinet note:**<br>**3) the opening reserve position of BCP Council as set out in Appendix D.**<br>**4) the year-end outturn positions achieved including revenue, capital, reserves and Housing Revenue Accounts.** |
| Reason for recommendations | To comply with accounting codes of practice and best practice which requires Councils to report their end of financial year position compared to budget of the authority.<br>To facilitate the implementation of a strong and active culture of financial management within the BCP Council by identifying when prompt management action is needed to avoid an adverse impact on future service delivery or the achievement of future corporate objectives. |
| Portfolio Holder(s): | Councillor David Brown – Finance Portfolio Holder |
| Corporate Director | Julian Osgathorpe |
| Contributors | Adam Richens, Chief Financial Officer and Director of Finance<br>Dan Povey, Acting Assistance Chief Finance Officer<br>Nicola Webb, Assistance Chief Finance Officer<br>Matthew Filmer, Finance Manager |
| Wards | Authority-wide |
| Classification | For Decision |

**Background**

1. This report advises Members of the actual revenue, capital, Housing Revenue Account (HRA) and reserves outturn position for the financial year 2018/19 for each of the three predecessor councils Bournemouth, Christchurch and Poole. By authority a summary position is included within the main section of this report. A separate appendix provides the detailed information for each of the relevant authorities. It is important to recognise that no attempt has been made to standardise the presentation of this information. Instead to aid transparency the information is presented in line with the format adopted by each of the predecessor councils in their 2018/19 quarter three financial monitoring reports.

2. In addition the draft statutory accounts for each of the predecessor councils have been complied, published and the external auditors are shortly due to start their

work on their certification. The final Statement of Accounts will be presented to the BCP Audit & Governance Committee for approval on the 25 July 2019.

3. The 31 March 2019 Balance Sheet position of the predecessor Dorset County Council (DCC) will have a direct impact on the opening financial position of BCP Council. This is on the basis that we will inherit a proportion of their assets and liabilities in line with the principles agreed between the two new unitary councils as part of the disaggregation process. Details of the final settlement of the DCC accounts will be included in the October 2019 Medium Term Financial Plan (MTFP) Update report to Cabinet.

**Bournemouth**

4. Appendix A presents the details of the performance against budget for Bournemouth Borough Council for the 2018/19 financial year.

5. The Council achieved a balanced financial outturn after meeting both its share of the 2018/19 BCP Programme Management costs incurred in preparation for Local Government Reorganisation (LGR), as well as providing for its share of the costs reprofiled into 2019/20.

**Christchurch**

6. Appendix B presents the details of the performance against budget for Christchurch Borough Council for the 2018/19 financial Year.

7. The Council achieved a balanced financial after meeting its share of the 2018/19 BCP Programme Management costs incurred and those reprofiled into 2019/20 in preparation for Local Government Reorganisation (LGR). In addition a small surplus of £0.562m was generated which will better support the reserves position of the new council.

**Poole**

8. Appendix C presents the details of the performance against budget for the Borough of Poole for the 2018/19 financial Year.

9. The Council achieved a balanced financial outturn after meeting its share of the 2018/19 BCP Programme Management costs incurred in preparation for Local Government Reorganisation (LGR), as well as making a contribution towards its share of the costs reprofiled into 2019/20.

10. This approach means the Council will not need to drawdown capital resources in support of the LGR programme management transition costs as originally planned. This position has enabled additional capital resources to be directed towards an early priority of the new Council. To that effect the proposal is to set aside within the capital programme £493k to create an improvement programme for Poole public conveniences.

**Statutory Accounts**

11. To comply with the Accounts and Audit (England) Regulations 2011 the Chief Finance Officer is required to certify that the Council's 2018/19 Statement of Accounts present a true and fair view of each Authority's financial position by 31 May 2019.

12. At that stage the accounts are then passed over for external audit. Consideration for approval, supported by the findings of the audit process, will be undertaken by the Audit & Governance Committee in July 2019.

13. In order to adhere to these deadlines the revenue and capital accounts for 2018/19 were closed at the end of April 2019. Given the nature of the closedown process and the reporting differences between management and statutory accounting it is likely that there will be some adjustments made to each Council's final year end position for 2018/19. These are likely to include adjustments as a consequence of consolidating the accounts.

14. The Statement of Annual Accounts 2018/19 for each of the predecessor councils will include an audit trail of how the financial outturns as presented in this report links with the position as finally recorded in the annual accounts.

**Implications for Bournemouth, Christchurch and Poole Council**

15. It is possible for the financial year April 2018 to March 2019 outturns for each of the predecessor councils to have a significant impact of the financial health of the new BCP Council. Examples could be that the demand for services or their associated cost base is higher than previously assumed or the new council is starting with a lower level of reserves than assumed when it agreed its first budget in February 2019.

**Analysis of these financial outturn indicates that;**

16. BCP Council is in a slightly heathier position than previously assumed as a result of the cautious approach adopted in incurring expenditure in the final quarter. This has meant that the 2018/19 BCP Programme Management costs incurred could be funded in-year rather than drawing on earmarked reserves. A higher level of earmarked reserves are now available to fund those BCP Programme Management going forward.

    - In the case of Poole, the approach of funding the BCP Programme Management from in-year resources has meant that capital resources previously identified can now be released to fund an early priority of the new BCP Council as set out in paragraph 10.

    - The net Dedicated Schools Grant (DSG) Deficit is lower than forecast, with the final surplus achieved in Poole reducing the burden of the deficits from Bournemouth and Dorset County Council for Christchurch.

- BCP Council will have an opening reserve position higher than that assumed as part of the February budget report. Cabinet is asked to formally note the opening position as set out in Appendix D.

**Proposed Actions**

17. Budget monitoring reports will be presented quarterly to Cabinet for the 2019/20 financial year. It is important that the council takes action to correct emerging risks to its budget strategy and financial sustainability.

18. All Corporate Directors and Directors of Service are required to review the 2018/19 outturns and consider the implications for both 2019/20 and the Medium Term Financial Plan (MTFP).

19. The Corporate Director for Children's Services is requested to present, as a separate appendix to the 2019/20 first quarter's Budget Monitoring report, details of the progress in delivering a recovery plan for the historical deficit on the High Needs element of the Dedicated Schools Grant as well a sustainable solution to the in-year pressures.

**Consultation**

20. The BCP Corporate Management Board has reviewed the information provided in this report and the relevant Directors of Services and budget holders have considered the underpinning financial information.

**Alternative Options**

21. This report provides financial performance information, and as a result there are no alternative options to consider.

**Summary of finance and resourcing implications**

22. The effective management of the Council's Budget is fundamental to the good governance of the organisation. Failure to monitor and manage the finances of the organisation will affect the financial health and wellbeing of the Council. The Council will not be able to develop a sustainable Medium Term Financial Plan and will not be able to effectively invest in its service priorities if it fails to recognise and address any identified financial pressures.

**Summary of legal implications**

23. It is a legal requirement of the Council to monitor its budget during the financial year, take remedial action if necessary and to produce a statutory set of accounts within the prescribed deadlines.

**Summary of human resources implications**

24. None specifically related to this report.

**Summary of environmental impact**

25. None specifically related to this report.

## Summary of public health implications

26. None specifically related to this report.

## Summary of equalities and diversity impact

27. Any variations to budgets require the responsible officers to be mindful of the equality implications within the Council. Individual budget holders will consider and address any such implications in line with their service specific equality impact assessments.

## Summary of risk assessment

28. A key thread of the Future Dorset submission was the opportunity to best protect public services as the government continued to reduce the funding it provides to local councils.

29. This report and the outlined actions will form part of the mitigation strategy to best protect the council from Government funding reductions valued at £105m per annum for the BCP Council for the 2019/20 financial year.

## Background papers

30. The quarter three budget monitoring reports for each of the predecessor councils can be found at;

    Bournemouth

    https://www.bournemouth.gov.uk/councildemocratic/CouncilMeetings/CommitteeMeetings/Cabinet/2019/02/20/Cabinet20-Feb-2019.aspx

    Christchurch

    http://moderngovcbc.christchurchandeastdorset.gov.uk/ieListDocuments.aspx?CId=287&MId=1052&Ver=4

    Poole

    http://ha2.boroughofpoole.com/akspoole/users/public/admin/kab12.pl?cmte=CAB&meet=232&arc=71

## Appendices

| | |
|---|---|
| Appendix A | Bournemouth 2018/19 Financial Outturn Information |
| Appendix B | Christchurch 2018/19 Financial Outturn Information |
| Appendix C | Poole 2018/19 Financial Outturn Information |
| Appendix D | BCP Council Earmarked Reserves |

# Bournemouth – Financial Outturn 2018/19

## General Fund Summary Position

| Service Budgets | Actual Outturn £'000 | Working Budget £'000 | Variance £'000 |
|---|---|---|---|
| Adult Social Care | 49,464 | 52,750 | (3,286) |
| Children & Young People | 29,252 | 28,759 | 493 |
| Community Learning & Commissioning | 18,061 | 18,071 | (10) |
| Development | 8,930 | 8,920 | 10 |
| Environment | 14,168 | 14,272 | (104) |
| Housing & Community | 21,508 | 21,517 | (9) |
| Tourism Services | 2,450 | 2,508 | (58) |
| Corporate Services | 13,466 | 13,316 | 150 |
| **Service Budget Total** | **157,299** | **160,113** | **(2,814)** |
| Preparation for Local Government Reorganisation | 1,726 | 0 | 1,726 |
| Corporate Items | (30,735) | (32,691) | 1,956 |
| **Net Position** | **128,290** | **127,422** | **868** |
| Corporate Funding | (128,290) | (127,422) | (868) |
| **Net Position** | **0** | **0** | **(0)** |

1 Details of all forecast variances more than £100k and potentially significant variances to be aware of are set out in the following paragraphs of the report in accordance with the Council's financial reporting requirements. Favourable variances are shown in brackets.

**Adult Social Care – (£3.3m) underspend – December (£1.5m) underspend**

2 The transfer within Bournemouth to a new Adult Social Care case management system, alongside the work in the autumn of 2018 as part of the review of operating practices in preparation for the creation of the new BCP Unitary Authority, has now confirmed that the council was able to release £3.3m into the in-year position. In essence detailed work in reconciling the social care database and the actual historical payments identified a positive variance.

**Children's - £493k Overspend – December was a balanced forecast**

3 The forecast for Children & Young People in the February 2019 budget monitoring report was a balanced projected outturn. This was based on the application of £500k from the social care reserve. Due to the significant underspend within Adult Social Care the decision was made not to apply the £500k from reserves and offset the £493k pressure from a contribution from the £3.3m underspend in Adults. The known underlying pressure on the Children's service relates to the costs within Looked After Children, primarily residential care. This pressure has continued from 2017/18 into 2018/19 and will be closely monitored as we transition into BCP.

**Environment – (£104k) Underspend – December was a balanced forecast**

4 Whilst there were pressures in the street cleansing (£227k), vehicle maintenance (£215k) and waste services (£137k) these were offset by better performance in highways and transportation (£147k) and in particular fewer concessionary fares payments (£536k).

**Corporate Services - £150k overspend – December (£24k) underspend**

5 Outturn relates to a number of relatively small variances across services such as IT Services, Strategic Finance, Legal & Democratic and Human Resources. Variances include savings in licensing costs and the extra cost of locum lawyers.

**Local Government Reorganisation £1,726k cost**

6 The share of the Councils costs for the Local Government Reorganisation is reflected in this £1,726k overspend. Due to the favourable outturn positon this cost has been managed within the revenue outturn without any draw down from other resources as originally planned.

**Other Corporate Items - £1.956m overspend – December £1.573m overspend**

7 The December Budget Monitoring report identified that £2.539m (£1.1m VAT rebate and £1.439m across all over services areas) was available to meet Bournemouth's share of these BCP Programme Management Costs. This Outturn report and most notably the additional savings in Adult Social Care has enabled the Council to cover both the £1.726m in-year cost as well as contributing £2.258m to a specific earmarked reserve to cover its share of the costs originally assumed for 2018/19 which have been reprofiled into 2019/20.

**Corporate Funding – (£868k) underspend – December was a balanced forecast**

8 The Corporate funding variance of £868k is mainly down to an additional grant of £477k being received at the very end of March which was announced as part of the Local Government Settlement 2019/20 with a corresponding contribution to reserves in the Other Corporate Items section. The remaining variance is down to additional business rates grants which were higher than previously forecasted.

**Dedicated Schools Grant (DSG) - High Needs Block (HNB)**

9 As a result of the mitigating actions taken by the Council in partnership with the Schools' Forum, the outturn for the Dedicated Schools Grant is a net underspend of £78k. However, this includes a significant overspend on the High Needs Block (HNB) element that is offset by savings identified elsewhere within the DSG. Actions to reduce pressure on the HNB have been impactful, reducing the in-year overspend from a projected £3m to £0.9m. This is an area of ongoing budget pressure that has been identified at a national level, with the Department for Education currently issuing a call for evidence to investigate the underlying causes and possible solutions that could be implemented as part of the Comprehensive Spending Review process in 2019. The historic accrued deficit on the

DSG is £3.1m and this will need to be carried forward to be addressed by the BCP Schools Forum and BCP Council.

## Capital

10 The Council operated a rolling Capital Programme through 2018/19, and the allocated budget as at 31 March 2018 was £223.4m. Further details are set out below.

**2018/19 Capital Outturn**

| | Expenditure 2018/19 £'000 | Reprofiled Slippage £'000 |
|---|---|---|
| Adults and Children | 3,105 | 4,967 |
| Corporate Services | 13,014 | 9,534 |
| Environment & Economy | 20,415 | 7,266 |
| **Total General Fund** | **36,534** | **21,767** |
| Housing Revenue Account | 9,114 | 11,970 |
| **Total Capital Programme** | **45,648** | **33,737** |

11 The Council spent £36.5m on General Fund capital schemes during 2018/19 against the approved programme representing 18% of approved resources which is in-line with general trends as capital programmes span more than one financial year. The Housing Revenue Account capital schemes spent £9.1m against the approved programme that represents 43% of the approved resources.

12 The largest underspend was the Council's Asset Investment Strategy with an approved budget of £145m, of which £2m was spent on the purchase of the Parkway House site. The budget is not being slipped into the BCP capital programme with the budget being rebased to create a consistent approach to capital expenditure in the new BCP Council.

13 Bournemouth Council's Financial Regulations required that adjustments to re-profile scheme expenditure budgets over £1m between years must be noted by Cabinet and reported to Council. In 2018/19 there were five scheme which met these criteria as summarised below;

| Scheme with significant slippage | Slippage £'000 |
|---|---|
| Care Management System (Mosiac) - Implementation | 1,110 |
| ICT programme | 1,911 |
| St Stephens development | 10,408 |
| Bournemouth Beach Management | 1,218 |

Such slippage does not need approval under the BCP Council Financial Regulations.

14 Detail of the expenditure on a scheme by scheme basis is presented as Appendix A1

## Housing Revenue Account (HRA)

15 The Housing Revenue Account achieved a balanced position in 2018/19 all of which has been contributed to the HRA New Build reserve. The details of the financial performance for 2018/19 are set out below;

**Housing Revenue Account Summary 1 April 2018 – 31 March 2019**

| | Adjusted Budget £'000 | Actuals 2018/19 £'000 | Forecast Variance £'000 |
|---|---|---|---|
| **Income** | | | |
| Rental Income | (22,205) | (22,514) | (309) |
| Service Charges | (126) | (30) | 96 |
| Housing Technical | (325) | (289) | 36 |
| Maintenance Income | (6) | (53) | (47) |
| Other Income | (285) | (288) | (3) |
| Service Recharges Income | (799) | (829) | (30) |
| **Total Income** | **(23,746)** | **(24,003)** | **(257)** |
| **Expenditure** | | | |
| Director of Housing | 80 | 173 | 93 |
| Debt Management | 78 | 75 | (3) |
| Housing development | 199 | 194 | (5) |
| Housing Maintenance | 4,787 | 5,360 | 573 |
| Housing Management | 2,695 | 2,372 | (323) |
| Housing Technical | 1,993 | 1,821 | (172) |
| Service Overheads | 831 | 865 | 34 |
| Central Recharges | 976 | 1,026 | 50 |
| Depreciation | 7,029 | 6,975 | (54) |
| Service Recharges | 860 | 303 | (557) |
| **Total Expenditure** | **19,528** | **19,164** | **(364)** |
| **Net (surplus)/deficit for service** | **(4,218)** | **(4,839)** | **(621)** |
| Appropriations & Other Adjustments | 4,218 | 4,839 | 621 |
| **Net (income)/expenditure for the period** | **0** | **0** | **0** |

16 The HRA achieved an underspend of £1.3m in 2018/19 of which all has been contributed to the HRA New Build reserve.

17 The main reasons for the higher than anticipated underspend was:

a. £1.15m favourable variances regarding corporate adjustments (recharges, bad debt provision, interest payable and depreciation).

b. £305k additional rental income.

c. Vacancy and staff cost savings within Housing Management and Housing Technical Services of £287k.

d. Partly offset by greater maintenance costs of £575k due to increases in inspections and associated remedial costs plus additional work required because of a change in the electrical regulations.

## Reserves

18 The overall change in Bournemouth's Unearmarked Reserves are set out below: -

| **Unearmarked Reserves Position 2018/19** | |
|---|---|
| | **£'000** |
| **Closing Balance 31 March 2018** | **(8,357)** |
| Contribution to Local Improvement Fund | 38 |
| Public Real Improvements - Yelverton & Beales Place | 93 |
| Wessex Fields | 60 |
| Digitial Strategy | 20 |
| Town Centre Regeneration | 20 |
| **Unearmarked Reserves Positons 31 March 2019** | **(8,126)** |

19 The balance on General Fund Unearmarked Reserves as at the 1 April 2019 was £8.126m.

20 The overall Earmarked Reserves position can be found at Appendix A2. During the year services, have contributed to/withdrawn from Earmarked Reserves as part of the management of the budget. Variations from planned reserve transactions will have contributed to the overall variance for services.

## Treasury Management

21 Details of the Councils performance in respect of its Treasury Management function is for the 2018/19 financial year was an overspend from the budget of £77k. This was due to the need to borrow more temporarily than expected. Table 1 below shows the end of year performance against the approved budget.

| | Actuals 2018/19 £'000 | Budget 2018/19 £'000 | Variance 2018/19 £'000 |
|---|---|---|---|
| **Expenditure** | | | |
| Interest Paid on Borrowings | 1,727 | 1,581 | 146 |
| **Income** | | | |
| Investment Interest Received | (137) | (90) | (47) |
| Internal Borrowing Interest Payable from HRA | (307) | (285) | (22) |
| **Total** | **1,283** | **1,206** | **77** |

### Investments

22 No investments were held by the Council at the 31st March 2019.

## Borrowings

| Initial Loan Value £'000 | Interest Rate | Balance as at 31 March 2019 £'000 | Maturity Date | General Fund Pool £'000 | HRA Pool £'000 | Source |
|---|---|---|---|---|---|---|
| **Short Term Borrowing** | | | | | | |
| **22,400** | 0.83% *Average Rate* | **22,400** | | **22,400** | **-** | 4 Local Authorities |
| **Specific Asset Investment - 2 Year LA Loans** | | | | | | |
| **49,000** | 0.72% *Average Rate* | **49,000** | 29-Sep-2019 | **49,000** | **-** | 7 Local Authorities |
| **Long Term Borrowing** | | | | | | |
| 2,000 | 8.00% | 2,000 | 25-Nov-2021 | - | 2,000 | PWLB |
| 2,000 | 8.00% | 2,000 | 25-Nov-2022 | - | 2,000 | PWLB |
| 2,500 | 6.75% | 2,500 | 06-Mar-2056 | - | 2,500 | PWLB |
| 1,500 | 6.75% | 1,500 | 13-Mar-2057 | - | 1,500 | PWLB |
| 1,500 | 5.88% | 1,500 | 07-Mar-2058 | - | 1,500 | PWLB |
| 5,000 | 4.45% | 5,000 | 24-Nov-2031 | 5,000 | - | PWLB |
| 5,000 | 4.45% | 5,000 | 24-Nov-2032 | 5,000 | - | PWLB |
| 42,488 | 3.48% | 42,488 | 28-Mar-2062 | - | 42,488 | PWLB |
| 5,000 | 2.80% | 5,000 | 20-Jun-2041 | 5,000 | - | PWLB |
| 5,000 | 2.80% | 5,000 | 20-Jun-2041 | 5,000 | - | PWLB |
| **71,988** | | **71,988** | | **20,000** | **51,988** | |
| 22,625 | 2.26% + RPI Annually | 18,508 | 17-Oct-2039 | 18,508 | - | Prudential Assurance Co |
| 3,673 | 0.00% | 38 | 01-Apr-2020 | 38 | - | Salix |
| **169,686** | | **161,934** | | **109,946** | **51,988** | |

## Treasury Compliance

23 The Treasury Management Prudential Code Indicators were set as part of the 2018/19 Treasury Management Strategy as agreed with Council in February 2018. It can be confirmed that all indicators and the strategy have been complied with during the period 1 April 2018 to 31 March 2019.

## APPENDIX A1 - Capital Programme 2018-2022 - as at 31st March 2019

| | Planned Programme 2018/19 | Expenditure 2018/19 | Slippage (see note 1) |
|---|---|---|---|
| | £000s | £000s | £000s |
| **Adults and Children** | | | |
| Adult Social Care | 762 | 759 | 3 |
| New Childrens & Adults Care Management System | 2,563 | 1,453 | 1,110 |
| Children's Social Care | 6 | 5 | 1 |
| Communities Learning & Commissioning Service | 4,292 | 888 | 3,452 |
| | **7,624** | **3,105** | **4,566** |
| **Corporate Services** | | | |
| Strategic Finance | 0 | 0 | 0 |
| Customer Services | (7) | (2) | 0 |
| Corporate & Commercial | 15,139 | 2,790 | 12,408 |
| Asset Investment Strategy | 145,296 | 2,040 | 340 |
| Property Company Investments - Temporary accom. | 6,984 | 8,185 | (1,201) |
| | **167,413** | **13,014** | **11,548** |
| **Environment & Economy** | | | |
| Housing Landlord & Parks | 2,160 | 870 | 1,370 |
| Housing General Fund | 2,009 | 2,260 | (252) |
| Development | 1,016 | 813 | 399 |
| BH Live capital programme | 2,054 | 1,765 | 289 |
| Strategic Waste Facility Project | 2,535 | 2,529 | 6 |
| Millhams CA ~ Drainage improvements | 1,634 | 1,836 | 0 |
| Environment | 8,578 | 5,439 | 3,140 |
| Bournemouth Beach Management | 3,454 | 2,236 | 1,218 |
| Tourism | 2,031 | 1,204 | 1,097 |
| Manor Steps Overnight Huts (9 beach lodges) | 1,367 | 1,462 | 0 |
| | 26,838 | 20,415 | 7,266 |
| **Total General fund** | **201,873** | **36,534** | **23,379** |
| Housing Revenue Account | 21,083 | 9,114 | 13,387 |
| **Total Capital Programme** | **222,956** | **45,648** | **36,766** |
| **Funding source :** | | | |
| Capital receipt | | **2,889** | **488** |
| Revenue | | **10,921** | **14,310** |
| Grant & contributions | | **14,121** | **8,644** |
| Prudential borrowing | | **17,717** | **13,324** |
| **Total Funding Programme** | | **45,648** | **36,766** |

**Note:**

1) Final slippage values do not necessarily represent the difference between approved budget and expenditure in the year. Slippage totals consist of approved unspent budget resource on schemes that will continue into 2019/20. In year differences between budget and expenditure on schemes completed during the year are excluded.

2) The Asset Investment Strategy budget of £145m was approved as part of Bournemouth Council's capital programme. As this was an indicative approved budget allocation (not earmarked to specific schemes), it has been removed from the BCP capital programme. This is in line with new principles established within BCP for approving capital budgets.

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## APPENDIX A2 - REVENUE RESERVE BALANCES FOR 31 MARCH 2019

| | Balance as at 31 March 2018 £'000 | Transfer between Reserves £'000 | Transfer to Revenue £'000 | (Transfer from Revenue) £'000 | Balance as at 31 March 2019 £'000 |
|---|---|---|---|---|---|
| | | | | | |
| **(A) - General Fund (un-earmarked)** | **(8,357)** | 38 | 193 | 0 | **(8,126)** |
| **(B) - Reserves held in Partnership with External Organisations** | | | | | |
| Pavilion BIC - BIC Repairs and Renewals Fund | 0 | (37) | 342 | (305) | 0 |
| Pavilion BIC - Pavilion R&R Fund | (101) | 0 | 0 | (8) | (109) |
| Leisure Services - Littledown Repairs | 0 | 0 | 69 | (146) | (77) |
| Mercury Abatement Reserve | 0 | 0 | 0 | 0 | 0 |
| Aspire Adoption CSC Earmarked Reserve | (48) | 0 | 41 | 0 | (7) |
| **Sub total** | **(149)** | **(37)** | **452** | **(459)** | **(193)** |
| **(C) - Reorganisation and Redundancy Reserve** | | | | | |
| Redundancy & Reorganisation Reserve | (834) | 442 | 0 | 392 | 0 |
| LGR Reserve | 0 | (688) | 11 | (1,582) | (2,258) |
| **Sub total** | **(834)** | **(246)** | **11** | **(1,190)** | **(2,258)** |
| **(D) - Specific Reserves Supporting the MTFP** | | | | | |
| Social Care Reserve | (844) | 0 | 0 | (328) | (1,171) |
| Business Rates Appeals Reserve | (2,872) | 0 | 1,778 | (3,651) | (4,745) |
| Temp Accomodation | 0 | 190 | 0 | (190) | 0 |
| Coroners Special Cases | 0 | 70 | 0 | (70) | 0 |
| **Sub total** | **(3,716)** | **260** | **1,778** | **(4,239)** | **(5,916)** |
| **(E) - MTFP Revenue Contingency Reserve** | **(5,280)** | 236 | 742 | (216) | **(4,518)** |
| **(F) - Insurance Reserves** | **(2,813)** | 12 | 778 | (76) | **(2,100)** |
| **(G) - Reserves required by Statute, Legislation and contract arrangements** | | | | | |
| Revenue Grants Unspent Reserve | (5,763) | 0 | 2,047 | (2,833) | (6,548) |
| Public Finance Initiative - Interest Reserve | (330) | 0 | 222 | (125) | (233) |
| PFI - Equipment Replacement Reserve | (129) | 0 | 0 | (45) | (174) |
| Carbon Trust - Local Authority | 110 | 0 | 0 | 0 | 110 |
| **Sub total** | **(6,112)** | **0** | **2,270** | **(3,003)** | **(6,845)** |
| **(H) - Reserves supporting Infrastructure, Repairs and Renewals** | | | | | |
| Member's PC Replacement Fund | (57) | 0 | 57 | 0 | (0) |
| CCTV Renewals | (92) | 0 | 0 | 0 | (92) |
| Leisure Services - Athletics Renewals | 0 | 0 | 0 | 0 | 0 |
| Leisure Services - Queens Park Renewals | 0 | 0 | 0 | 0 | 0 |
| Leisure Services - Assets Fund | (13) | 0 | 13 | 0 | 0 |
| Leisure Services - Alum Chine Suspension Bridge | (12) | (4) | 12 | 0 | (4) |
| Leisure Services - Playground Improvements | (82) | (2) | 82 | 0 | (2) |
| Leisure Services - Kings Park Nursery R&M | 0 | 0 | 0 | 0 | 0 |
| King's Park Training Pitches (AFC Bmth) | (161) | 0 | 38 | (50) | (174) |
| Property Maintenance Reserve | (265) | (124) | 135 | 0 | (254) |
| Shelly Park Tennis Reserve | 0 | 0 | 0 | 0 | 0 |
| Cycle Track Reserve | (6) | 0 | 12 | 0 | 6 |
| East Cliff Works Reserve | 0 | 0 | 0 | 0 | 0 |
| Graves Maintenance | (203) | 0 | 66 | (124) | (261) |
| Boscombe Regeneration Reserve | (145) | 0 | 40 | 0 | (105) |
| Better Together Funding Reserve | (41) | 0 | 0 | 0 | (41) |
| BCHA 43 Hawkwood Road Maintenance | (34) | 0 | 0 | 0 | (34) |
| Western Challenge Maintenance | (77) | 0 | 0 | 0 | (77) |
| Libraries ~ Tuckton Library Repairs Sinking Fund | (5) | 0 | 0 | (0) | (5) |
| Libraries ~ Tuckton Library Repairs Flat 2 Sinking Fund | (3) | 0 | 0 | (0) | (3) |
| Central Lawn tennis (sinking fund) | (58) | 0 | 0 | 0 | (58) |
| Winton and Swanmore tennis sinking fund | (15) | 0 | 0 | 0 | (15) |
| Shelly Park Tennis Reserve | (8) | 0 | 0 | 0 | (8) |
| **Sub total** | **(1,278)** | **(130)** | **454** | **(174)** | **(1,127)** |
| **(I) - Reserves supporting Council Priorities and Programmes** | | | | | |
| Workforce Development Reserve | (87) | 0 | 40 | 0 | (46) |
| Welfare Reform Reserve | (70) | 0 | 0 | 0 | (70) |
| Health & Safety Reserve | (112) | 0 | 0 | 0 | (112) |
| Town Centre Enforcement | 0 | 0 | 0 | (200) | (200) |
| Local Improvement Fund | (18) | (32) | 50 | 0 | 0 |
| Lansdowne Revenue Reserve | (193) | 0 | 0 | 0 | (193) |
| Techforge Reserve | (26) | 0 | 0 | 0 | (26) |
| Asset Investment Strategy ~ Rent, risk & Repairs Reserve | (793) | 0 | 0 | (676) | (1,468) |
| FM Revenue Reserve | (263) | (99) | 139 | 0 | (224) |
| Building Control | (37) | 0 | 0 | 0 | (37) |
| Brexit Planning | 0 | 0 | 0 | (105) | (105) |
| **Sub total** | **(1,598)** | **(131)** | **230** | **(981)** | **(2,480)** |
| **Earmarked Reserve Balance** | **(21,780)** | **(35)** | **6,715** | **(10,337)** | **(25,438)** |
| **(K) - General Fund Capital Reserves** | **(1,523)** | 0 | 1,991 | (2,503) | **(2,035)** |
| **(L) - Schools Balances - held in delegation** | **2,285** | 0 | 29 | (478) | **1,837** |
| **Total General Fund Earmarked Reserves** | **(21,018)** | **(35)** | **8,734** | **(13,318)** | **(25,636)** |
| **(M) - Housing Revenue Account** | | | | | |
| HRA (un-earmarked) | **(1,227)** | 0 | 0 | 0 | **(1,227)** |
| New Build Reserve | **(8,140)** | 0 | 1,403 | (2,417) | **(9,154)** |
| HRA Capital Fund | **(10)** | 0 | 10 | 0 | **(0)** |
| High Value Stock Sale Reserve | **(2,000)** | 0 | 0 | 0 | **(2,000)** |
| **Housing Revenue Account Total** | **(11,377)** | **0** | **1,413** | **(2,417)** | **(12,381)** |
| **Total General Fund and HRA Reserves** | **(40,752)** | **2** | **10,341** | **(15,735)** | **(46,143)** |

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# Christchurch – Financial Outturn 2018/19

## General Fund Summary Position

| Service Area | Budget £k | Outturn Variance £k | Outturn £k |
|---|---|---|---|
| Growth & Economy | 783 | 39 | 822 |
| Finance | 1,695 | (244) | 1,451 |
| Property & Engineering | (45) | (273) | (318) |
| Housing & Health | 1,446 | 27 | 1,473 |
| Community & Leisure | 1,967 | 112 | 2,079 |
| Legal & Democratic | 755 | (4) | 751 |
| Organisational Development | 42 | (13) | 29 |
| **Total Service Expenditure** | **6,643** | **(356)** | **6,287** |
| Interest On Balances | (38) | (55) | (93) |
| Reverse Depreciation | (1,610) | (68) | (1,678) |
| Other Net Contributions From Reserves | 847 | 34 | 881 |
| Contributions To Reserves - Headroom | 487 | 0 | 487 |
| General Government Grant | 0 | (22) | (22) |
| **Total Net Expenditure** | **6,329** | **(467)** | **5,862** |
| Parish Council Precepts | 27 | 0 | 27 |
| **Total Budget Requirement** | **6,356** | **(467)** | **5,889** |
| NDR Income | (2,285) | (95) | (2,380) |
| Revenue Support Grant | 0 | 0 | 0 |
| Council Tax Surplus | (38) | 0 | (38) |
| Council Tax | (4,033) | 0 | (4,033) |
| **(Surplus)/Deficit** | **0** | **(562)** | **(562)** |

## Revenue Variances

| Item | Outturn Variance £k | Notes |
|---|---|---|
| **Growth & Economy:** | | |
| Growth & Economy Salaries | (28) | Net savings arising from vacancies mainly in planning policy. |
| Development Management Income and Supplies & services | (15) | Net underspend on supplies & services (£8k) plus increased income (£7k). |
| Market Income | 13 | Income is reduced compared to budget due to fewer market traders operating and the application of restrictions. |
| Planning Policy Viability Charges | 22 | Costs incurred relating to securing CIL income from developers. |
| Net Support Services (Recharges) | 47 | Net variances relating to support services. Analysed below. |
| **Total Growth & Economy Variances** | **39** | |
| **Finance:** | | |
| Net Support Services (Recharges) | (223) | Net variances relating to support services. Analysed below. |
| Depreciation Charges | (31) | This is not a cash item and is reversed under Other Variances. Variations in depreciation charges reflect changes in asset values through purchases, disposals or revaluations. |
| Net Cost Of Housing Benefits | (23) | The net cost of housing benefits is less than the budgeted amount, mainly due to increased debtor income. |
| Corporate Management | 33 | Net overspend mainly due to the increase in the bad debt provision (£52k) offset by savings achieved on external audit costs (£14k). |
| **Total Finance Variances** | **(244)** | |
| **Property & Engineering:** | | |
| Car Parking Income | (138) | Car park income has exceeded the budget attributed mainly to the effect of the exceptional summer weather for the amenity car parks. |

| Item | Outturn Variance £k | Notes |
|---|---|---|
| Supplies and Services | (55) | Savings achieved against public conveniences, Grange Rd depot, highway management and car parking budgets. |
| General Land & Property Income | (37) | Increased income following rent reviews for leased properties. |
| Net Support Services (Recharges) | (35) | Net variances relating to support services. Analysed below. |
| Depreciation Charges | (21) | This is not a cash item and is reversed under Other Variances. Variations in depreciation charges reflect changes in asset values through purchases, disposals or revaluations. |
| Public Offices Supplies and Services | 13 | Net increase over several budget areas. |
| **Total Property & Engineering Variances** | **(273)** | |
| **Housing & Health:** | | |
| Licensing Income | (46) | Licensing income has exceeded the budget mainly due to an increase in driver applications for hackney carriage licences. |
| Housing & Health Salaries | (34) | Savings arising from vacancies. |
| Supplies & Services | (30) | Savings achieved against licencing, public health, CCTV, building control and land charges budgets. |
| Depreciation Charges | 16 | This is not a cash item and is reversed under Other Variances. Variations in depreciation charges reflect changes in asset values through purchases, disposals or revaluations. |
| Land Charges Income | 17 | Income is below the budgeted amount due to a continuing downward trend. |
| Housing Costs | 19 | Net increase mainly attributable to Bed & Breakfast costs. |
| Building Control Income | 27 | Income is reduced compared to the budget which has been affected by GDPR restrictions on direct marketing. |
| Net Support Services (Recharges) | 58 | Net variances relating to support services. Analysed below. |

| Item | Outturn Variance £k | Notes |
|---|---|---|
| **Total Housing & Health Variances** | **27** | |
| **Community & Leisure:** | | |
| Mudeford Sandbank Income | (110) | Net income has exceeded the budget mainly attributed to an increase in beach hut site and transfer fees. |
| Iford Sports Complex Property Rents | (19) | Income exceeds the budget due to a rent review. |
| Beaches & Harbour Income | (18) | Additional property rent income following rent reviews. |
| Leisure Centre Supplies & Services | (17) | Savings achieved against a variety of budgets. |
| Community Grants | (10) | Obsolete budget relating to tourism. |
| Leisure Centre Income | (10) | Increased income across a variety of activities. |
| Regent Centre Income | (10) | Increased rental income. |
| Allotment Income | (8) | Income exceeds the budget due to high occupancy of plots. |
| Cemetery & Memorial Grounds income | 11 | Reduction in internment fees. |
| Net Support Services (Recharges) | 28 | Net variances relating to support services. Analysed below. |
| Countryside & Open Spaces Supplies & Services | 30 | Net increase in costs relating to refuse collection on Mudeford Sandbank and maintenance of mooring chains. |
| Building Maintenance | 35 | Additional building maintenance costs incurred mainly relating to the leisure centre and Highcliffe Castle. |

| Item | Outturn Variance £k | Notes |
|---|---|---|
| Community and Leisure Salaries | 58 | Additional staff costs have been incurred at 2 Rivers Meet Leisure Centre to help maintain and generate an increase in income in a number of areas such as extreme events and classes. In addition to this there were staff on long term sick and maternity leave which meant additional staff had to be brought in to cover these business critical roles. |
| Highcliffe Castle Income | 61 | Income is below the budgeted amount after the five month closure for the Heritage Lottery Fund project. |
| Depreciation Charges | 91 | This is not a cash item and is reversed under Other Variances. Variations in depreciation charges reflect changes in asset values through purchases, disposals or revaluations. |
| **Total Community & Leisure Variances** | **112** | |
| **Legal & Democratic:** | | |
| Member Allowances | (22) | The budget for spokespersons is redundant and not required. |
| Supplies & Services | (18) | Reductions in costs relating to the old town hall, office of the mayor and elections. |
| Depreciation Charges | 13 | This is not a cash item and is reversed under Other Variances. Variations in depreciation charges reflect changes in asset values through purchases, disposals or revaluations. |
| Net Support Services (Recharges) | 23 | Net variances relating to support services. Analysed below. |
| **Total Legal & Democratic Variances** | **(4)** | |
| **Organisational Development:** | | |
| Concessionary Fares | (13) | Reduction in costs as bus tokens no longer issued and stock redeemed. |
| **Total Organisational Development Variances** | **(13)** | |
| **Other Variances:** | | |

| Item | Outturn Variance £k | Notes |
|---|---|---|
| NDR Income | (95) | The retained business rate income that the council can recognise is more than the budgeted amount due to increased S31 grants partly offset by an increased levy payable to the Government. |
| Depreciation Charges | (68) | This is not a cash item and reverses charges to services. Variations in depreciation charges reflect changes in asset values through purchases, disposals or revaluations. |
| Interest In Balances | (55) | Investment income has exceeded the budget of £38k due to the increase to the bank base rate in August 2018. |
| General Government Grants | (22) | Grants relating to Family Annexes Grant (£7k) and Business Rates Levy Redistributions (£15k). |
| Budgeted Reserve Movements | 34 | The net movement is made up from increased contributions from reserves that fund specific staff posts within housing, ICT, leisure and economic development of (£20k), offset by a contribution to write off the council's historic capital financing requirement of £54k. |
| **Total Other Variances** | **(206)** | |
| **Support Services Variances (Recharged Amounts):** | | |
| Organisational Development Salaries | (68) | Savings arising from vacancies including secondments to support LGR programmes. |
| Miscellaneous Budget Variances Under £10k | (50) | |
| Human Resources Salaries | (23) | Savings arising from vacancies including secondments to support LGR programmes. |
| Corporate Secretariat Salaries | (17) | Savings arising from obsolete provision for seconded staff resource. |
| Net ICT Costs | 30 | Mainly due to increased corporate licence costs. |
| Finance Salaries | 19 | Net overspend due to maternity and sickness cover/backfill needed to maintain capacity. |

| Item | Outturn Variance £k | Notes |
|---|---|---|
| Miscellaneous Salary Variances | 7 | Variations across corporate apprentices, corporate team, payroll, property & engineering and communications staff budgets. |
| **Total Support Service Variances** | **(102)** | |

## Reserves

1 The outturn position on the Council's reserves as at 31 March 2019 is shown in the table below.

| Reserve Category | £000s |
|---|---|
| Grants & Loans Reserves | 82 |
| Insurance Reserves | 115 |
| Grants & Contributions From Third Parties | 1,415 |
| Specific Revenue Reserves | 1,958 |
| Unallocated Revenue Reserves | 2,175 |
| Capital Reserves | 3,162 |
| General Fund Balance | 971 |
| **Total Reserves** | **9,878** |

2 The balance of unallocated revenue reserves reported to Resources Committee on 13 March 2019 was £1,583k. The difference between this and the actual outturn of £2,175k is summarised in the table below.

| | £000s | £000s |
|---|---|---|
| Unallocated revenue reserves reported to Resources Committee 13 March 2019 | | 1,583 |
| Funds released to Unallocated Reserves from Earmarked Reserves no longer required | 3 | |
| Legal provision not utilised | 27 | |
| 2018/19 Revenue Surplus | 562 | |
| Total Increase In Unallocated Resources | | 592 |
| **Unallocated revenue reserves 31 March 2019** | | **2,175** |

3 The unallocated reserves balance therefore includes the budgeted headroom of £487k in addition to the surplus achieved on outturn of £562k.

## Treasury Management

4 Details of the Councils performance in respect of its Treasury Management function is set out in the table below;

| Quarter | Investment Income £ | Average Rate |
|---|---|---|
| 1 | 15,863 | 0.35% |
| 2 | 21,591 | 0.46% |
| 3 | 30,591 | 0.58% |
| 4 | 25,360 | 0.56% |
| **Total For Year** | **93,405** | **0.49%** |

5 The Council budgeted for £37,500 in investment income and this was exceeded as the base rate increased to 0.75% in August 2018. The outturn figure of £93,405 means an additional £55,904 income was achieved during the year.

6 Investments outstanding at 31 March 2019 were as follows:

| Counterparty | Amount £k | Maturity Date |
|---|---|---|
| Debt Management Office | 4,000 | 8 April 2019 |
| Debt Management Office | 3,300 | 9 April 2019 |
| Debt Management Office | 3,500 | 10 April 2019 |
| Lloyds Bank | 3,521 | Call |
| **Total** | **14,321** | |

## Capital

7 The Capital Programme approved by Resources Committee on 13 March 2019 totalled £8,819.5k to be spent over the next five years. There have since been some variations to bring the remaining Capital Programme to £5,195.6k. The variations are summarised in the table below:-

| | **£000s** | **£000s** |
|---|---|---|
| Total Capital Programme reported to Resources Committee 13 March 2019 | | 8,819.5 |
| **Add:** | | |
| Coastal Countryside SANG (Approved Full Council December 2018 and funded from developer contributions) | 331.0 | |
| Variations On competed Schemes (Mainly ICT renewals) | 11.1 | |

| | £000s | £000s |
|---|---|---|
| Total Additions To Capital Programme | | 342.1 |
| **Less:** | | |
| Capital Expenditure 2018/19 | | (3,966.0) |
| **Total Capital Programme Remaining 31 March 2019** | | **5,195.6** |

8 The current Capital Programme is detailed below. The programme is fully resourced with £21.4k of unallocated capital funds remaining over the next three years.

## Christchurch Capital Programme

| Scheme | Spend 2018/19 | Budget Profile | | | | | |
|---|---|---|---|---|---|---|---|
| | | 2018/19 | Slippage | 2019/20 | 2020/21 | 2021/22 | Total Remaining |
| Affordable Housing | | 591.2 | 591.2 | | | | 591.2 |
| Avon Beach Promenade, Reconstruction | -188.1 | 200.0 | 11.9 | | | | 11.9 |
| Bridge Street Car Park, Repairs and Resurfacing | | 22.0 | 22.0 | | | | 22.0 |
| Car Park Equipment | | 2.9 | 2.9 | | | | 2.9 |
| Car Park Reconfiguration Works | -171.1 | 269.5 | 98.4 | | | | 98.4 |
| CCTV Relocation | -22.5 | 55.6 | 33.1 | | | | 33.1 |
| CCTV Server Replacement | | 16.1 | 16.1 | | | | 16.1 |
| Chewton Bunny, Highcliffe Beach Revival Project | -10.9 | 34.6 | 23.7 | | | | 23.7 |
| Christchurch Harbour Mooring Chains and Buoys | | 41.0 | 41.0 | | | | 41.0 |
| Christchurch Priory, Wall Repairs | -6.7 | 0.0 | -6.7 | 112.5 | 112.5 | | 218.3 |
| Christchurch Quay, Riverside Wall Repairs | | 64.0 | 64.0 | | | | 64.0 |
| Coast Protection Work | -86.9 | 147.8 | 60.9 | 176.0 | | | 236.9 |
| Coastal Countryside Park SANG | -6.2 | 331.0 | 324.8 | | | | 324.8 |
| Computer Equipment Renewals | | 1.3 | 1.3 | | | | 1.3 |
| Countryside Stewardship | | 6.9 | 6.9 | 27.5 | 20.7 | | 55.1 |
| Customer Access, Payment Facilities | -3.7 | 3.2 | -0.5 | | | | 0.0 |
| Friars Cliff Ramp | -61.1 | 62.0 | 0.9 | | | | 0.9 |
| Grounds Maintenance Fleet Replacement | -50.0 | 50.0 | 0.0 | | | | 0.0 |
| Highcliffe Castle Tea Rooms, Fire Escapes | | 20.0 | 20.0 | | | | 20.0 |
| Highcliffe Castle Zig Zag | -556.7 | 886.7 | 330.0 | | | | 330.0 |
| Highcliffe Castle, Pay and Display Machines | -7.8 | 7.6 | -0.2 | | | | 0.0 |
| Highcliffe Castle, Phoenix Flies Project | -1,621.5 | 1,743.2 | 121.7 | 306.2 | 128.1 | 41.3 | 597.3 |
| Highcliffe Top Car Park, Structural Repairs | -80.6 | 84.9 | 4.3 | | | | 4.3 |
| Housing IT Software | | 14.1 | 14.1 | | | | 14.1 |

| | | 2018/19 | slippage | 2019/20 | 2020/21 | 2021/22 | Remaining Total |
|---|---|---|---|---|---|---|---|
| ICT Infrastructure Refresh | -51.3 | 6.0 | -45.2 | 37.0 | | | 0.0 |
| Leisure Centre Access Road, Structural Repairs | | 112.0 | 112.0 | | | | 112.0 |
| Leisure Centre West Car Park Repairs | -1.1 | 17.3 | 16.2 | | | | 16.2 |
| Leisure Centre West Car Park, Structural Repairs | | 71.0 | 71.0 | | | | 71.0 |
| Lighting Column Repairs | -31.1 | 35.2 | 4.2 | | | | 4.2 |
| Lighting Column Structural Integrity Testing | -0.8 | 5.5 | 4.8 | | | | 4.8 |
| Old Town Hall, Roof Cupola Repairs | -0.2 | 75.0 | 74.8 | | | | 74.8 |
| Play Project | -125.4 | 1,050.0 | 924.6 | | | | 924.6 |
| Play Project, Commuted Sums | | 150.0 | 150.0 | | | | 150.0 |
| Priory Car Park, Refurbishment | -2.4 | 48.0 | 45.6 | | | | 45.6 |
| Priory Car Park, Resurface and Drainage | | 50.1 | 50.1 | | | | 50.1 |
| Regent Centre, Auditorium Repairs | -50.1 | 74.9 | 24.7 | 479.5 | | | 504.2 |
| Saxon Square Car Park, Electrical Repairs | -28.6 | 43.0 | 14.4 | | | | 14.4 |
| Saxon Square Toilets, Reprovision | -101.4 | 195.0 | 93.6 | | | | 93.6 |
| Technical Officer, 1 Year | -16.7 | 16.7 | 0.0 | | | | 0.0 |
| Temporary Accommodation | -435.9 | 565.0 | 129.1 | | | | 129.1 |
| Town Centre Strategy | -78.2 | 275.7 | 197.5 | | | | 197.5 |
| Druitt Gardens Geophysical Investigation | | 5.0 | 5.0 | | | | 5.0 |
| Transformation Programme | -15.3 | 13.0 | -2.3 | | | | 0.0 |
| Two Riversmeet LC, Air Handling Unit Replacement | -136.2 | 140.1 | 3.9 | | | | 3.9 |
| Two Riversmeet LC, Stairlift Replacement | | 18.0 | 18.0 | | | | 18.0 |
| Wall Repairs (Priory, Wick Lane, Pitsite, Druitt) | | 69.2 | 69.2 | | | | 69.2 |
| Wick Lane Car Park, Wall Repair | -17.8 | 17.8 | 0.0 | | | | 0.0 |
| **Total Capital Programme** | **-3,966.0** | **7,709.2** | **3,754.3** | **1,138.8** | **261.3** | **41.3** | **5,195.6** |
| | | Capital Resources 1 April | | 3,796.3 | 170.9 | 30.4 | |
| | | Additional Resources In Year | | 1,267.6 | 120.8 | 32.3 | |
| | | **Capital Resources 31 March** | | **170.9** | **30.4** | **21.4** | |

**Appendix B – Christchurch 2018/19 Financial Outturn**

# Poole – Financial Outturn 2018/19

## General Fund Summary position

| | Original Budget £'000 | Revised Budget £'000 | Actuals £'000 | Variance Before Reserves £'000 | Reserves Earmarked £'000 | In-year Variance £'000 |
|---|---|---|---|---|---|---|
| **THEMES** | | | | | | |
| People – Children | 31,011 | 33,919 | 32,249 | (1,670) | 1,063 | (607) |
| People - Adult Social Care | 41,794 | 44,549 | 39,201 | (5,348) | 3,832 | (1,516) |
| People – Other | 1,588 | 2,052 | 1,321 | (731) | 448 | (283) |
| Places | 32,256 | 35,613 | 35,450 | (163) | 503 | 340 |
| Business Improvement | 2,787 | 4,535 | 4,442 | (93) | 603 | 510 |
| Pensions | 2,716 | (987) | (1,012) | (25) | 0 | (25) |
| Surplus property costs | 177 | 171 | 164 | (7) | 0 | (7) |
| Fisheries and courts | 319 | 319 | 397 | 78 | 0 | 78 |
| Preparation for LGR | 0 | 0 | 1,277 | 1,277 | 674 | 1,951 |
| In-Year revised Allocations | (81) | (81) | 13 | 94 | 0 | 94 |
| **Cost of Theme Controlled Services** | **112,567** | **120,090** | **113,502** | **(6,588)** | **7,123** | **535** |
| | | | | | | |
| **Corporate Income & Expenditure** | | | | | | |
| Environment agency | 204 | 204 | 204 | 0 | 0 | 0 |
| Interest earned | (5) | (5) | (267) | (262) | 0 | (262) |
| Investment income (rent) | (2,101) | (2,101) | (2,380) | (279) | 0 | (279) |
| Revaluation financial instrument | 0 | 0 | 4 | 4 | 0 | 4 |
| Loss or (gain) on fixed assets | 0 | 0 | (30) | (30) | 0 | (30) |
| Pensions | 0 | 7,049 | 7,049 | 0 | 0 | 0 |
| **Net Operating Expenditure** | **110,665** | **125,237** | **118,082** | **(7,155)** | **7123** | **(32)** |
| | | | | | | |
| **Non Specific Grants and Taxation** | | | | | | |
| Revenue Support Grant | (1,725) | (1,725) | (1,725) | 0 | 0 | 0 |
| Extended Rights Grant (School Transport) | 0 | 0 | (17) | (17) | 0 | (17) |
| New Homes Grant | (1,777) | (1,777) | (1,777) | 0 | 0 | 0 |
| Compensation for National Initiatives Grant | (2,509) | (2,509) | (2,946) | (437) | 262 | (175) |
| Collection Fund Surplus Distribution | (1,046) | (1,046) | (1,046) | 0 | 0 | 0 |
| Tariff to Government (business rates) | 13,116 | 13,116 | 13,116 | 0 | 0 | 0 |
| Income from Business Rates | (27,332) | (27,332) | (27,332) | 0 | 0 | 0 |
| Business Rates Levy adjustment | 0 | 0 | 109 | 109 | 0 | 109 |
| | **(21,273)** | **(21,273)** | **(21,618)** | **(345)** | **262** | **(83)** |
| **Pensions, Capital & Borrowing** | | | | | | |
| Revenue expenditure funded by capital | 0 | (6) | (6) | 0 | 0 | 0 |
| Revenue contribution to capital outlay (RCCO) | 0 | 0 | 114 | 114 | 0 | 114 |
| Borrowing repayment | 2,940 | 2,979 | 1,039 | (1,940) | 1,940 | 0 |
| Employers contributions to pension fund | 0 | 11,754 | 11,754 | 0 | 0 | 0 |
| Notional depreciation within cost of services | (12,297) | (11,513) | (11,513) | 0 | 0 | 0 |
| Notional pension and absence within services | 0 | (26,414) | (26,414) | 0 | 0 | 0 |
| Asset Impairment | 0 | (729) | (728) | 1 | 0 | 1 |
| | **(9357)** | **(23,929)** | **(25,754)** | **(1,825)** | **1940** | **115** |
| | | | | | | |
| | **80,035** | **80,035** | **70,710** | **(9,325)** | **9,325** | **0** |
| **Earmarked Reserve Movements** | **0** | **0** | **9,325** | | | |
| **Total** | **80,035** | **80,035** | **80,035** | | | |

## Revenue Variances Greater than £100,000

### People Theme – Children

| Budget | Reason | December £000's | March £000's | Change £000's |
|---|---|---|---|---|
| CYP&L – School Transport | Additional travellers and changing pattern of provision. | 160 | 300 | 140 |
| CYP&L – CHAD* | Adaptation equipment delay, income from Health and unused contingency. | (150) | (252) | (102) |
| CYP&L – Employees | Recruitment lag for early help and general vacancies | (235) | (244) | (9) |
| CYP&L Income | Additional income from early years and support for schools | (192) | (211) | (19) |
| CYP&L | Variances < £100k | (26) | (170) | (144) |
| Total CYPL | | (443) | (577) | (134) |
| Social Care - Fostering and Adoption | Looked after children moving out of residential into in-house fostering and adoption | 0 | 286 | 286 |
| Social Care – RCCO | Mobile working devises for Children's social workers | 107 | 107 | 0 |
| Social Care – Employees | Additional expenditure funded by training grant (below) and greater use of agency staff | 55 | 105 | 50 |
| Social Care – training income | Pan-Dorset Teaching Partnership Grant | 0 | (191) | (191) |
| Social Care | Variances < £100k | (55) | (292) | (237) |
| Total Children's Social Care | | 107 | 15 | (92) |
| Total Commissioning & Safeguarding < £100k | | 17 | (45) | (62) |
| **Total Children's Variances** | | **(319)** | **(607)** | **(288)** |

* CHAD - Children with Health and Disabilities

**People Theme - Adults**

| Budget | Reason | December £000's | March £000's | Change £000's |
|---|---|---|---|---|
| ASC Learning Disability/ Mental Health | Change in needs of service users and high cost placements | 739 | 546 | (193) |
| ASC Long Term Conditions | Successful demand management for people with long term conditions | (1,729) | (1,617) | 112 |
| ASC Other | Employees / in-house services, with savings of £197k for Deprivation of Liberty identified in final quarter. | 79 | (319) | (398) |
| ASC Services & Commissioning | Main items are the additional cost of Out of Hours Service following review offset by savings on pooled equipment budget and other services | 141 | (125) | (266) |
| ASC Learning Disability/ Mental Health | High cost case refund from the NHS | (2,927) | (2,927) | 0 |
| ASC Reserve Transfer | Contribution to High Cost Placement Earmarked Reserve | 2,927 | 2,927 | 0 |
| **Total ASC Variances** | | **(770)** | **(1,515)** | **(745)** |

**People Theme - Other**

| Budget | Reason | December £000's | March £000's | Change £000's |
|---|---|---|---|---|
| Housing - Employees | Reassessment of Service Head apportionment and other staff savings | (65) | (167) | (102) |
| Housing - Bad Debt Provision | Reassessment of bad debt provision | 0 | (284) | (284) |
| | Sundry variances < £100k | 78 | 168 | 90 |
| **Total People Theme - Other Variances** | | **13** | **(283)** | **(296)** |

**Place Theme**

| Budget | Reason | December £000's | March £000's | Change £000's |
|---|---|---|---|---|
| Environment – Street scene | Additional roadworks following detailed inspections | 256 | 199 | (57) |
| Environment – Street scene | Fleet management system upgrade and highways software and equipment | 161 | 161 | 0 |
| Environment - Cabot lane improvement | Improvements to reach government standards for vehicle operating licence | 158 | 120 | (38) |
| Environment – Street scene | Employee savings | (171) | (336) | (165) |
| Environment – Income | Additional recycling, trade waste and other income | (257) | (267) | (10) |
| Environment – Income | Operatives charged to capital schemes | (331) | (254) | 77 |
| Environment – Street scene | Various - main items fleet £86k, grant match funding £74k, grounds £78k | 0 | 382 | 382 |
| Total Environment | | (184) | 5 | 189 |
| Growth & Infrastructure | Planning Fees | 0 | (139) | (139) |
| Growth & Infrastructure | Flood and water management staff savings | 0 | (117) | (117) |
| Growth & Infrastructure - car parks | Additional costs £255k less additional income from car parks (£238k). | (100) | 17 | 117 |
| Growth & Infrastructure | Sundry net variances < £100k | 67 | 200 | 133 |
| Total Growth & Infrastructure | | (33) | (39) | (6) |
| Culture, Community Learning and Tourism | Additional costs and reduced income across a range of services, partially offset by net staff savings in libraries and sports development | 364 | 374 | 10 |
| **Total Place Variances** | | **147** | **340** | **193** |

### Business Improvement Theme

| Budget | Reason | December £000's | March £000's | Change £000's |
|---|---|---|---|---|
| Bereavement Service | Reduced number of cremations and loss of fees with additional costs | 541 | 576 | 35 |
| ICT Services | Main items are employees £61k and licenses £99k | 68 | 304 | 236 |
| ICT - licenses | Additional costs from partner withdrawal from pan- Dorset contract | 170 | 164 | (6) |
| Property Management | Building running and maintenance costs | 0 | 103 | 103 |
| Housing Benefits | Reduced caseload | (96) | (392) | (296) |
| Corporate Management | Strategy, communications, & Policy (employee and community safety savings) | 0 | ( 105) | (105) |
| Legal Service | Sundry small variances | 107 | (87) | (194) |
| Financial Services | Sundry small variances | (39) | (46) | (7) |
| Human Resources | Sundry small variances | 10 | (7) | (17) |
| **Total Corporate Variances** | | **761** | **510** | **(251)** |

### Central Budget Area

| Budget | Reason | December £000's | March £000's | Change £000's |
|---|---|---|---|---|
| Treasury Investment Income | Increase in Bank of England base rate, strong performance of investments and higher daily cash balances. | (173) | (292) | (119) |
| Investment Income | Additional rental income from corporate investments | 0 | (279) | (279) |
| Section 31 grant | Compensation for National Initiatives. | (61) | (175) | (114) |
| RCCO | Additional grant in final quarter transferred to Capital | 0 | 114 | 114 |
| Levy to Government | Increased business rates results in higher levy payments to Government in-year. Reduced income in Q4 to allow for appeals provision. | 544 | 109 | (435) |
| Use of Reserves | Increased levy met from in-year position. | (544) | 0 | 544 |
| Other | Sundry variances < £100k | (12) | (12) | 0 |
| **Total Central Items** | | **(246)** | **(535)** | **(289)** |

## Dedicated Schools Grant (DSG)

1. The ring-fenced DSG for schools and central pupil expenditure was budgeted in 2018/19 at £97m. Unspent grant from prior years of £564k was carried forward in an earmarked reserve, along with a Council (pre DSG) reserve of £132k, making total reserves of £696k at April 2018. The 2018/19 DSG budget did not include any use of these reserves. The table below summarises the forecast outturn for 2018/19 which is a net surplus for the year of £690k. The change to a positive position over the final quarter is largely due to the final outturn for pupils with special educational needs & disabilities. The surplus DSG carried forward into BCP is £1.3 million.

**Dedicated Schools Grant (DSG)**

| DSG Variances Outturn at March 2019 | Dec £000's | March £000's | Change £000's |
|---|---|---|---|
| Special Educational Needs & Disabilities (SEND) (a) | 923 | 5 | (918) |
| Growth Fund (b) | (316) | (314) | 2 |
| Excluded pupils (c) | 250 | 151 | (99) |
| Net additional funding for nursery places (d) | (124) | (158) | (34) |
| Other expenditure | (38) | (53) | (15) |
| Additional High Needs DSG (e) | (321) | (321) | 0 |
| **Total variance and reserves use / (addition)** | **374** | **(690)** | **(1,064)** |

Notes:

(a) The movement on SEND of £918k over the final quarter is high but does reflect the reduction of full year costs in some pupil placements. This includes for a high cost case (£250k per annum) previously included where responsibility is in dispute with another LA. Legal Counsel has advised the prospect of losing the case is low risk to Poole. The movement also includes a previous over estimation of annual costs where information from providers had been delayed (£300k). The surplus funding for early years identified following the January 2019 census has been used to accommodate the inclusion fund for this age group to relieve pressure on the high needs budget (£153k). The balance of the quarterly movement reflects net reductions from the timing or costs of new placements.

The annual balanced position also reflects the work, undertaken with the support of schools to implement the action plan to manage demand and reduce the average cost of placements.

(b) The annual position reflects fewer children than budgeted in schools eligible for growth payments from the October 2018 school census.

(c) The annual position reflects that the number of children excluded permanently from mainstream schools continued to rise over the spring and summer terms of academic year 2017/18. The exclusions in the academic year 2018/19 remain high but less than previously forecast for the spring term.

(d) Net additional funding for children eligible for the 2, 3 & 4 year olds free entitlements to nursery education.

(e) Poole's share of the national £125m additional DSG for 2018/19 to reflect the growing budget demand for children and young people aged 0 to 25 with SEND.

## Treasury Management

2. Details of the Council's performance in respect of its Treasury Management function is set out in the table below;

| | Balance at 31/03/18 £m | Balance at 31/03/19 £m | Interest Rate % |
|---|---|---|---|
| **Pool 1 - HRA Borrowing** | | | |
| PWLB loan | 81.2 | 80.8 | 3.78 |
| Internal (temporary) borrowing | 5.3 | 1.9 | 0.0 |
| **Total Pool 1 Debt** | **86.5** | **82.7** | |
| | | | |
| **Pool 2 - General Fund Borrowing** | | | |
| Salix | 2.4 | 1.7 | 0.0 |
| External borrowing | 7.5 | 7.5 | 0.97 |
| Internal (temporary) borrowing | 55.2 | 64.7 | 0.0 |
| **Total Pool 2 Debt** | **65.1** | **73.9** | |
| **Total Council Debt** | **151.6** | **156.6** | |

| | Balance at 31/03/18 £m | Balance at 31/03/19 £m |
|---|---|---|
| **Investments** | | |
| Local Authority Loans | 19.5 | 7.5 |
| Cash Plus Funds (AAA rated) | 20.0 | 20.0 |
| Money Market Funds (AAA rated) | 2.2 | 12.6 |
| Fixed Term Bonds | 2.9 | 0 |
| Cash at bank | 0.7 | 0.7 |
| | | |
| **Total Investments** | **45.3** | **40.8** |

3. In line with its approved Treasury Management Strategy the Council has invested the majority of its surplus funds in short term AAA rated funds (Cash Plus and Money Market Funds). This is a deliberate course of action to ensure funds are available to invest in accordance with new BCP treasury management strategy from 1 April 2019.

4. Interest received from treasury management functions for 2018/19 was £421k. This compares favourably with original budget interest of £152k. The additional interest earned arises from a combination of the Bank of England 0.25% base rate increase in August 2018, investment in Cash Plus Funds (with overall higher yield than traditional Money Market Funds), and general availability of more surplus funds than expected. Cash outlay during the year on both the Council's capital and revenue budgets was lower than anticipated.

## Capital

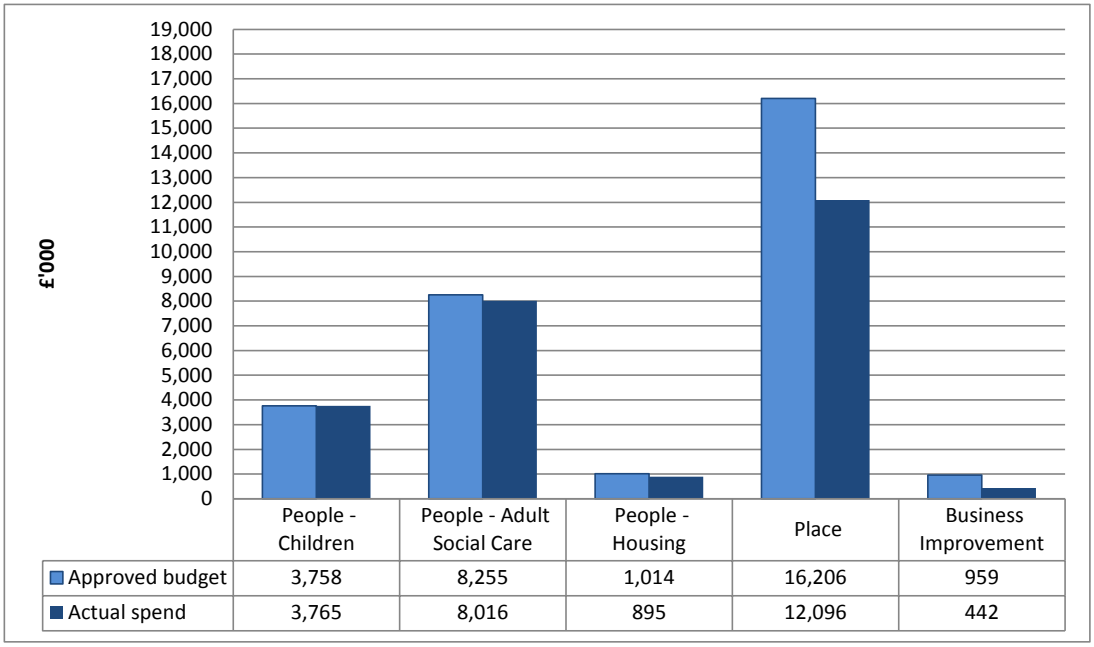
5. The Council invested £25.2m in its General Fund capital infrastructure during 2018/19 which represents 83.5% spend of the final approved resources. This continues to demonstrate the Council's success over recent years in maintaining a high rate of delivery as set out below;

**Capital spend against December approved programme each year**

| | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|---|---|---|---|---|---|
| December approved Programme £m | 27.4 | 23.7 | 35.4 | 23.6 | 30.2 |
| Spend £ million | 23.9 | 22.7 | 33.2 | 22.3 | 25.2 |
| % Spend against Programme | 87% | 96% | 94% | 95% | 84% |

6. Steady progress has been made in delivery of approved capital schemes across most of the Council's Themes. Final spend in the Place Theme reflects the latest delivery timelines of specific capital projects including fleet vehicle replacement, and parks and seafront development projects, with spend now rescheduled to 2019/20. The DLEP funded Townside Access Scheme planned spend in 2018/19 has also reduced by over £2m. Investment in the Council's ICT Investment Plan (Business Improvement) will continue into 2019/20. A summary of Portfolio performance is presented in the chart below:

**Capital spend against final approved budget by theme 2018/19**




7. **Capital Expenditure – what has been achieved?**

A number of strategic priority schemes have successfully been delivered in 2018/19 including:

**People – Children**

- Winchelsea School Improvement Works.
- Phase one of Carter Community School expansion.

**People – Adult Social Care**

- Figbury Lodge – new care home construction expected to complete in early Summer.

**People – Housing**

- Continued investment in disabled facilities equipment to promote independent living.

**Place Theme**

- Investment in Poole's highways infrastructure – including DLEP funded improvements to Port of Poole' Townside Access.
- Heritage Lottery Fund aided improvements to Poole Park.
- Continued investment in Poole's frontline service fleet operations.

**Business Improvement Theme**

- Reconfiguration of the Civic Centre's Reception area, to ensure compliance with DDA requirements as well as improving customer service.
- Investment in the ICT infrastructure.

## Housing Revenue Account (HRA)

8. The Housing Revenue Account for the period 1 April 2018 to 31 March 2019 has been prepared by Poole Housing Partnership (PHP).

**HRA Revenue Account 2018/19**

| HRA Revenue | Budget £000's | Outturn £000's | Variance £000's |
|---|---|---|---|
| Dwelling Rents | (19,666) | (19,642) | 24 |
| Service Charges | (1,253) | (1,261) | (8) |
| Other Income | (275) | (279) | (4) |
| General Fund Contribution (a) | 0 | (197) | (197) |
| **Revenue Income** | **(21,194)** | **(21,379)** | **(185)** |
| Management Fee (b) | 7,784 | 7,507 | (277) |
| Utilities & Overheads (c) | 2,242 | 2,126 | (116) |
| Depreciation | 4,704 | 4,797 | 93 |
| RCCO (d) | 3,333 | 3,876 | 543 |
| Cost of Capital | 3,134 | 3,073 | (61) |
| **Total Expenditure** | **21,197** | **21,379** | **182** |
| **(Surplus)/Deficit** | **3** | **(0)** | **(3)** |

Notes:

(a) This is a contribution from the General Fund towards the cost of buying back 2 properties which did not meet the HRA criteria but as much-needed 3 and 4 bed houses a contribution was made from General Fund s.106 funding.

(b) At the March PHP Board the management fee was reduced to the level forecast at quarter 3 with any additional surplus at year end added to the PHP reserves.

(c) The main variance within utilities and overheads relates to a reduction in the bad debt provision of £95k following a review.

(d) The Revenue Contribution to Capital Outlay (RCCO) is adjusted to reflect the net movements on income and expenditure across the HRA with the contribution above budget of £543k reflecting the favourable outturn position.

**HRA Capital Programme**

9. The February 2018 report to Council agreed a £14m capital programme for the HRA in 2018/19. This was then supplemented with carry forwards from 2017/18 and other adjustments totalling £3m, making the total capital programme in 2018/19 of £17m. The table below summarises the outturn position for the year.

**HRA Capital Programme 2018/19**

| Capital Account £000's | Revised Budget £000s | Actual Outturn £000s | Variance £000s | Proportion Spent |
|---|---|---|---|---|
| Decent Homes | 5,079 | 4,241 | 838 | 84% |
| Housing Projects | 1,091 | 867 | 224 | 79% |
| Sterte | 0 | 4 | (4) | - |
| New Build In-fill | 800 | 21 | 779 | 3% |
| Old Town Tower | 120 | 213 | (93) | 178% |
| Sheltered Site | 200 | 20 | 180 | 10% |
| Small projects | 500 | 995 | (495) | 199% |
| Extra Care | 0 | 23 | (23) | - |
| Canford Heath | 7,879 | 3,896 | 3,982 | 49% |
| Cynthia/Trinidad | 300 | 460 | (160) | 153% |
| Sprinklers | 1,000 | 8 | 992 | 1% |
| Other | | 35 | (35) | - |
| **Total** | **16,969** | **10,784** | **6,185** | **64%** |

10. Spend of £10.8m represents 64% of the revised budget for the year.

- The Decent Homes variance of £838k reflects planned maintenance savings of £309k from electrical works (reduced wiring of £240k) and other net savings. These savings will be returned to reserves. The balance of £529k is to be carried forward into 2019/20 to complete the electrical works, external works (including fire safety), roofing, and door replacement.
- Housing projects variance of £224k is largely due to delay in delivery of the new IT system and will be carried forward.
- The New Build In-fill variance of £779k reflects that the Northmead project did not proceed with new projects not yet coming forward.The Sheltered Site unspent budget of £180k for redesign works will be returned to reserves.
- The small projects budget is over spent by £495k. The budget includes the buy back of right-to-buy properties that meet the financial test with more opportunities taken up in 2018/19 than budgeted. The General Fund income of £197k noted above within HRA Revenue provides some offset to this capital budget variance.
- The Canford Heath variance of £3,982k is due to delays on site but the project is expected to be delivered on budget by June 2019.
- The Synthia / Trinidad additional spend on the initial works are ahead of the budget profile.
- The Sprinklers variance of £992k reflects that most of the works will take place in 2019/20.

## Reserves

11. A summary of Earmarked Reserves at 31 March 2019 is included at Appendix C1. Members are reminded that the earmarked reserves include the amount set aside to support the planning and implementation of Local Government Reorganisation over 2018/19, grant expenditure defrayed over a number of years and delivery of specific projects.

12. The final outturn is an addition to earmarked revenue reserves of £4m providing a total carried forward of £19.9m. The change over the final quarter reflects the combination of lower expenditure at outturn than previously forecast and new grants received in the final quarter with amounts remaining unspent at March. It is also the result of a change in accounting treatment in preparation for consistency across BCP, where previously unspent ring-fenced grants (other then the DSG) and been treated as income received in advance rather than being included within earmarked reserves. A number of reserves have also been transferred to capital to reflect the nature of future spend

13. The year end position and movements greater than £100,000 since December 2018 are as follows:

    - £5.4m Support to MTFP Reserve: The annual increase is £3.2m. The change in the reserve since December reflects the allocation of additional grant in the final quarter to distribute the national surplus on the Business Rate account. The £0.3m allocation is being carried forward into 2019/20 to support the levy increase for BCP on a consistent basis with Bournemouth and Christchurch Councils. The balance of the annual movement is the £2.9m earmarked from Adult Social Care earlier in the year.
    - £3.4m LGR Fund: The outturn provides for a £0.7m addition to the reserve. In December, the brought forward reserve of £2.7m was expected to be fully utilised with forecast LGR costs of £3.1m also supported by the Council's in-year surplus. The change reflects that Poole's share of transition costs in 2018/19 was only £1.3m from savings in some areas and slippage of expenditure into 2019/20 for BCP. The surplus across services has been available to fund the transitional costs incurred in 2018/19 in full and enabled further earmarking of funds for this purpose in BCP.
    - £3.4m Grants Reserve: Grants carried forward into 2019/20. The main grants being carried forward include Housing grants £0.9m with some particularly late allocations, ASC £0.9m (commitments span financial years), and Troubled Families £0.5m. At December £1m use of grants was forecast rather than an increase in the reserve. This reflects to a large extent the change in accounting treatment with more unspent grant included in reserves rather than being shown as receipts in advance which as the approach adopted in previous years.
    - £3.4m Partnerships Reserve: This includes for schools funding and DSG £1.4m, Pan Dorset Adult Learning £0.9m and SVPP £0.9m. The reserves have increased by £1.5m during the year compared with the forecast reduction of £0.5m at December. Significant movements in the final quarter relate to the DSG (£1m change over the quarter with details above) and savings identified for other partnerships.

- £2.7m Financial Planning Reserve: In December, the business rates levy payable to central government had been expected to be £0.5m from the estimated growth in 2018/19. Use of the reserve had been planned to match the timing of recognition within the collection fund accounts. The levy estimate reduced to £109k in the final quarter after establishing an allowance for appeals with a sufficient level of annual surplus available to cover the expected increased charge.
- £1.0m Priority Projects Reserve - £1m annual reduction as projects have been undertaken with creation of only a small number of new initiatives established in the year. The ICT investment element of the reserve brought forward has been transferred to capital reserves to reflect the spend profile.
- £3.5m Revenue Funding Capital Reserve previously included within revenue reserves has also been transferred to capital reserves.

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| BOROUGH OF POOLE - RESERVES FOR 31 MARCH 2019 - £000's | | | | | |
|---|---|---|---|---|---|
| | | March | | Dec | |
| | Balance March 2018 | Use of Reserves 18/19 | Balance March 2019 | Use of Reserves 18/19 | Q4 Change |
| FINANCIAL PLANNING RESERVE | | | | | |
| Financial Planning | (2,703) | 0 | (2,703) | 544 | |
| **FINANCIAL PLANNING RESERVE** | **(2,703)** | **0** | **(2,703)** | **544** | **(544)** |
| | | | | | |
| **REVENUE FUNDING CAPITAL RESERVE** | **(2,000)** | **2,000** | **0** | (540) | **2,540** |
| **SUPPORT TO MTFP** | | | | | |
| Change and Development Adult Social Care | (723) | 0 | (723) | 0 | 0 |
| Council Priorities Funds (1415 Members £498k) | (15) | 0 | (15) | 0 | 0 |
| Beach Huts Phase 2 (revenue impact) | (90) | 0 | (90) | 0 | 0 |
| Business Rates Reserve | 0 | (262) | (262) | 0 | (262) |
| ASC High Cost Placements | (1,400) | (2,927) | (4,327) | (2,927) | 0 |
| **Total for additional reserves supporting the MTFP** | **(2,228)** | **(3,189)** | **(5,417)** | **(2,927)** | **(262)** |
| **HELD IN PARTNERSHIP FOR EXTERNAL ORGANISATIONS** | | | | | |
| Schools Block | (696) | (690) | (1,386) | 374 | (1,064) |
| Planning - Local Economic Partnership | (11) | 10 | (1) | 11 | (1) |
| Pan Dorset Adult Learning Service | (466) | (436) | (902) | 0 | (436) |
| Stour Valley and Poole Partnership | (700) | (154) | (854) | 97 | (251) |
| Post 16 | (3) | (85) | (88) | 0 | (85) |
| Coroner's Partnership costs | (42) | 42 | 0 | 42 | 0 |
| Adult Safeguarding Board | 0 | (43) | (43) | 0 | (43) |
| Community Safety Iniatives | 0 | (146) | (146) | 0 | (146) |
| **Total held in Partnership** | **(1,918)** | **(1,502)** | **(3,420)** | **524** | **(2,026)** |
| **GRANT RELATED OR HELD BY STATUTE** | | | | | |
| Building Regulation Account | (40) | (51) | (91) | 40 | (91) |
| Flood and Water Management Act Leisure | (95) | 95 | 0 | 7 | 88 |
| Employment and Skills Board (Planning) | (42) | 38 | (4) | 42 | (4) |
| ACM Cladding | 0 | (3) | (3) | 0 | (3) |
| Housing - Preventing Repossession Grant | (28) | 0 | (28) | 28 | (28) |
| Syrian Resettlement | (56) | (17) | (73) | 43 | (60) |
| Strategy Team - Troubled Families | (393) | (98) | (491) | 112 | (210) |
| Strategy Team - European Union Inspire Grant | (2) | 0 | (2) | 0 | 0 |
| Public Health | (56) | 0 | (56) | 0 | 0 |
| SEN Reforms Grant | (109) | 0 | (109) | 100 | (100) |
| High Needs Strategic Planning | (60) | 0 | (60) | 0 | 0 |
| S256 Targeted mental health in schools (TMHIS) | (25) | (10) | (35) | 25 | (35) |
| Social Fund (includes for H&CS) | (1) | 0 | (1) | 0 | 0 |
| Temporary accommodation | (45) | (153) | (198) | 45 | (198) |
| Housing Zones Capacity Funding | (60) | 0 | (60) | 30 | (30) |
| Flexible Homelessness Support | (256) | (278) | (534) | 241 | (519) |
| ASC Support Grant | 0 | (358) | (358) | (200) | (158) |
| Winter Pressure Grant | 0 | (492) | (492) | 0 | (492) |
| Learning & Development Skills for Care/BU | 0 | (12) | (12) | 0 | (12) |
| Homelessness Trailblazer programme | (157) | 0 | (157) | 0 | 0 |
| Sustainable Drainage Systems | (7) | 7 | 0 | 7 | 0 |
| Cultural and Community Services - Poole Park Tennis | (45) | 0 | (45) | 0 | 0 |
| Large Sites and Housing Zone Capacity Funding | (218) | 0 | (218) | 0 | 0 |
| Custom Build (planning grant) | (45) | 0 | (45) | 30 | (30) |
| Brownfield Register (planning grant) | (15) | (4) | (19) | 15 | (19) |
| High Street Community Clean Up (DCLG) | 0 | (27) | (27) | 0 | (27) |
| Unaccompanied Asylum Seekers Grant | 0 | (180) | (180) | 0 | (180) |



**APPENDIX C1**

| BOROUGH OF POOLE - RESERVES FOR 31 MARCH 2019 - £000's | | | | | |
|---|---|---|---|---|---|
| | Balance March 2018 | March Use of Reserves 18/19 | Balance March 2019 | Dec Use of Reserves 18/19 | Q4 Change |
| Brexit EU Preperation Grant | 0 | (105) | (105) | 0 | (105) |
| **Total Reserves held by Statute** | **(1,755)** | **(1,648)** | **(3,403)** | **565** | **(2,213)** |
| **Reorganisation Reserve** | 0 | 0 | 0 | 0 | 0 |
| **REORGANISATION FUND** | **(2,702)** | **(674)** | **(3,376)** | **2,702** | **(3,376)** |
| **PLANNING RELATED** | | | | | |
| Local Development Reserve | (368) | 60 | (308) | 330 | (270) |
| Planning Hearing and Enforcement | (123) | 0 | (123) | 0 | 0 |
| Community Infrastructure Levy | (69) | 0 | (69) | 0 | 0 |
| **Total Planning Related Reserves** | **(560)** | **60** | **(500)** | **330** | **(270)** |
| **SUPPORTING COUNCIL PRIORITIES & PROGRAMMES** | | | | | |
| Street Scene | (20) | 20 | 0 | 0 | 20 |
| SVPP - office accommodation | (153) | 145 | (8) | 153 | (8) |
| Targeted Services (CYPL) | (16) | 0 | (16) | 0 | 0 |
| Flippers | (32) | (6) | (38) | (3) | (3) |
| ICT Investment Plans (Service Unit Specific) | (258) | 258 | 0 | 258 | 0 |
| Corporate ICT Investment Plan (Inc.desktop replacement) | (345) | 345 | 0 | 345 | 0 |
| Human Resources - Mandatory Training Fund | (18) | (26) | (44) | 0 | (26) |
| Corporate Maintenance | (163) | 0 | (163) | 163 | (163) |
| Property strategy rent risk and repairs | (45) | 0 | (45) | 0 | 0 |
| Crematorium Maintenance Plan | (58) | 0 | (58) | 0 | 0 |
| Housing and Health Needs Assessment | (4) | 0 | (4) | 0 | 0 |
| Carbon Management Programme | (157) | 0 | (157) | 101 | (101) |
| European Maritime Day | (28) | (7) | (35) | 0 | (7) |
| Business Incubator | 0 | (6) | (6) | 0 | (6) |
| New Parking Support System | (27) | 27 | 0 | 27 | 0 |
| Taxi licensing (staff budget pressure) | (29) | 0 | (29) | 0 | 0 |
| PSV Bus Driver training | (18) | 0 | (18) | 6 | (6) |
| Transportation Reserve (bus subsidies) | (35) | 0 | (35) | 35 | (35) |
| Beach huts reserve | 0 | (71) | (71) | (71) | 0 |
| Exceptional Hardship Fund | 0 | (42) | (42) | (18) | (24) |
| Cultural Enquiry | 0 | (60) | (60) | 0 | (60) |
| Figbury Lodge Transition Costs | (250) | 0 | (250) | 0 | 0 |
| Regeneration Reserve | (414) | 414 | 0 | 414 | 0 |
| **Total supporting council priorities and programmes** | **(2,070)** | **991** | **(1,079)** | **1,410** | **(419)** |
| | | | | | |
| **TOTAL EARMARKED RESERVES** | **(15,936)** | **(3,962)** | **(19,898)** | **2,608** | **(6,570)** |



**APPENDIX C1**

## BCP Council - Earmarked Reserves

| Detail | 01/04/19 Budget Estimated Balances £000's | 01/04/19 Actual Balances £000's |
|---|---|---|
| (A) - Financial Resilience Reserves | (10,328) | (10,737) |
| (B) - Transition and Transformation Reserves | (3,578) | (9,683) |
| (C) - Asset Investment Strategy Rent, Renewals and Repairs | (2,500) | (2,500) |
| (D) - Insurance Reserve | (3,500) | (3,500) |
| (E) - Held in Partnership for External Organisations | (3,103) | (5,679) |
| (F) - Required by Statute or Legislation | (2,621) | (4,163) |
| (G) - Planning Related | (347) | (614) |
| (H) - Government Grants | (5,204) | (8,113) |
| (I) - Maintenance | (1,401) | (1,615) |
| (J) - ICT Development & Improvement | (807) | (750) |
| (K) -Corporate Priorities & Improvements | (2,346) | (3,039) |
| Forecast Earmarked Reserve Balance - 31 March | (35,735) | (50,393) |
| (L) - General Fund Capital Reserves | (14,570) | (22,322) |
| (M) - Schools Balances - held in delegation | 901 | 333 |
| Total Forecast Earmarked Reserve Balance - 31 March | (49,404) | (72,382) |

APPENDIX D

## (A) - Financial Resilience Reserves

| | 01/04/19 Estimate £000's | 01/04/19 Actual £000's |
|---|---|---|
| **Purpose:** Designed to provide ceratin Theme's with the ability to manage any in-year emerging issues as they deliver the seamless transfer of services to the new council and manage the financial consequences of any unforeseen issues. Additionally such reservices support timing differences and annual fluctuations in costs and income. The Financial Planning Reserve will enable any future structural budget adjustments to be implemented in a measured and planned for way. | | |
| Financial Planning Reserve | (4,000) | (4,067) |
| Adult Social Care Directorate - Resilience Reserve | (3,400) | (3,400) |
| Children's Services Directorate - Resilience Reserve | (1,600) | (1,600) |
| Environment & Community Directorate - Resilience Reserve | (1,000) | (1,000) |
| Regeneration and Economy Directorate - Resilience Reserve | 0 | (500) |
| Other Financial Resilience Reserves | (328) | (170) |
| **Financial Resilience Reserves** | **(10,328)** | **(10,737)** |

## (B) - Transition and Transformation Reserves

| | 01/04/19 Estimate £000's | 01/04/19 Actual £000's |
|---|---|---|
| **Purpose:** Resources set aside to support the one-off change costs of creating the new council including the phase three transformation programme. Includes the council's contribution to support the deficit on the Dedicated Schools Grant (DSG) high needs budget which is a one-off contribution for 2019/20 only. | | |
| BCP Programme Resources - Costs originally profiled for 2019/20 | (1,178) | (1,178) |
| BCP Programme Resources - Costs reprofiled from 2018/19 | 0 | (4,005) |
| BCP Programme Resources - Pay and Reward Strategy | 0 | (2,100) |
| High Needs Block - One Off Contribution towards 2019/20 Deficit | (2,400) | (2,400) |
| **Transition and Transformation Reserves** | **(3,578)** | **(9,683)** |

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

| | 01/04/19 Estimate £000's | 01/04/19 Actual £000's |
|---|---|---|
| **Purpose:** Resources set a side as part of the process of managing annual fluctuations in the rent, landlord repairs and costs associated with the councils commercial property acquisitions as set out in the Non Treasury Asset Investment Strategy. | | |
| **Asset Investment Strategy Rent, Renewals and Repairs** | **(2,500)** | **(2,500)** |

## (D) - Insurance Reserve

| | 01/04/19 Estimate £000's | 01/04/19 Actual £000's |
|---|---|---|
| **Purpose:** Reserve to enable the annual fluctuations in the amounts of excesses payable to be funded without creating an in-year pressures on the services. Subject to ongoing review by an independent third party. | | |
| **Insurance Reserve** | **(3,500)** | **(3,500)** |

## (E) - Held in Partnership for External Organisations

| | 01/04/19 Estimate £000's | 01/04/19 Actual £000's |
|---|---|---|
| **Purpose:** Amounts held in trust on behalf of partners or external third party organisations. | | |
| Schools Block Reserve | (322) | (1,386) |
| Dorset Adult Learning Service | (466) | (1,110) |
| Stour Valley and Poole Partnership (SVPP) | (647) | (898) |
| Dorset Clinical Commissioning Group (CCG) Wellbeing & Mental Health | 0 | (788) |
| Dorset Clinical Commissioning Group (CCG) Carers | 0 | (275) |
| Music and Arts Education Partnership | (442) | (314) |
| Bournemouth 2026 | (372) | (270) |
| Dorset Youth Offending Service Partnership | (249) | (262) |
| Schools Standards and Support | 0 | (34) |
| Pavilion BIC - Repair and Renewal Fund | (101) | (109) |
| Post 16 Service | (3) | (88) |
| Public Health | (418) | (56) |
| Adult Safeguarding Board | 0 | (43) |
| Flippers Nursery | (35) | (38) |
| Aspire Adoption CSC | (48) | (7) |
| Local Economic Partnership | 0 | (1) |
| **Held in Partnership for External Organisations** | **(3,103)** | **(5,679)** |

## (F) - Required by Statute or Legislation

| | 01/04/19 Estimate £000's | 01/04/19 Actual £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 | (37) | (128) |
| Bournemouth Library Private Finance Initiative (PFI) | (344) | (407) |
| Carbon Trust | 110 | 110 |
| Business Rates Levy payments annual variation reserve | (1,596) | (2,984) |
| Business Rates 19/20 Settlement Grant - paid 18/19 - Surplus national levy/safty net account | (754) | (754) |
| **Required by Statute or Legislation** | **(2,621)** | **(4,163)** |

## (G) - Planning Related

| | 01/04/19 Estimate £000's | 01/04/19 Actual £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 | (107) | (362) |
| Planning Hearing and Enforcement Reserve | (123) | (123) |
| Other Planning Related Reserves | (117) | (129) |
| **Planning Related** | **(347)** | **(614)** |

## (H) - Government Grants

| | 01/04/19 Estimate £000's | 01/04/19 Actual £000's |
|---|---|---|
| **Purpose:** Amounts which the council is required to hold as a reserve in line with specific grant conditions. | | |
| Total Unspent Grants | (5,204) | (8,113) |

## (I) - Maintenance

| | 01/04/19 Estimate £000's | 01/04/19 Actual £000's |
|---|---|---|
| **Purpose:** Reserves and sinking funds designed to support maintenance investments in specific services or assets. | | |
| Corporate Maintenance Fund | (265) | (417) |
| Facilities Management Revenue Reserve | (263) | (224) |
| Other Maintenance Related Reserves | (873) | (974) |
| **Maintenance** | **(1,401)** | **(1,615)** |

## (J) - ICT Development & Improvement

| | 01/04/19 Estimate £000's | 01/04/19 Actual £000's |
|---|---|---|
| **Purpose:** Resources set aside to meet various ICT improvement projects | | |
| **ICT Development & Improvement** | **(807)** | **(750)** |

## (K) -Corporate Priorities & Improvements

| | 01/04/19 Estimate £000's | 01/04/19 Actual £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. | | |
| Welfare Reform Reserve / Hardship Fund | (100) | (121) |
| Capital Feasibility and Small Works Fund | 0 | (500) |
| Other Corporate Priorities & Improvements | (2,246) | (2,418) |
| **Corporate Priorities & Improvements** | **(2,346)** | **(3,039)** |

| **Please note:** |
|---|
| (a) The adoption of accounting policies for BCP Council will mean that the total earmarked reserves of the predecessor councils does not match the 1 April 2019 balances shown above. This is to due to historical inconsistency in how certain items have been categorised in predecessor Council balance sheets. |
| (b) Any reserves transferred from Dorset County Council, not needed for a specific purpose will be added to the transformation and transition earmarked reserve. |

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# CABINET

| | |
|---|---|
| Report subject | **Medium Term Financial Plan Update Report** |
| Meeting date | 12 June 2019 |
| Status | Public Report |
| Executive summary | This report;<br>• Presents the latest Medium Term Financial Plan (MTFP) of the council as updated.<br>• Proposes a financial strategy for 2020/21 and in doing so provides clarity to services in support of delivering a balanced budget for 2020/21.<br>• Proposes a budget planning process and timeline for key financial reports.<br>• Introduces the proposed CIPFA Financial Management Code of Practice.<br>Creating a strong financial management culture is fundamental to achieving a thriving and successful unitary authority for the community and residents of Bournemouth, Christchurch and Poole. |
| **Recommendations** | **It is RECOMMENDED that:**<br>**1) approve the budget planning process as referenced in paragraph 15.**<br>**2) approve the timeline for key financial reports during 2019/20 as set out in Appendix A.**<br>**3) approve the financial strategy as referenced in paragraphs 28 to 31 and as set out in Appendix C.**<br>**It is RECOMMENDED that Cabinet note:**<br>**4) the updated MTFP position and the key financial planning assumptions as set out in Appendix B.**<br>**5) the CIPFA Financial Management Code of Practice.** |
| Reason for recommendations | To comply with accounting codes of practice and best practice which requires Councils to have a rolling multi-year medium term financial plan. |

| | |
|---|---|
| | To ensure Members prepare to set a balanced budget for 2020/21.<br>To provide Cabinet with the latest high level overview of the medium term financial plan position for Bournemouth, Christchurch and Poole Council.<br>To present a proposed financial strategy to support the delivery of a balanced budget for 2020/21. |
| Portfolio Holder(s): | Councillor David Brown – Finance Portfolio Holder |
| Corporate Director | Julian Osgathorpe |
| Contributors | Adam Richens, Chief Financial Officer and Director of Finance<br>Dan Povey, Acting Assistance Chief Finance Officer<br>Nicola Webb, Assistance Chief Finance Officer<br>Matthew Filmer, Finance Manager |
| Wards | Authority-wide |
| Classification | For Decision |

**Background**

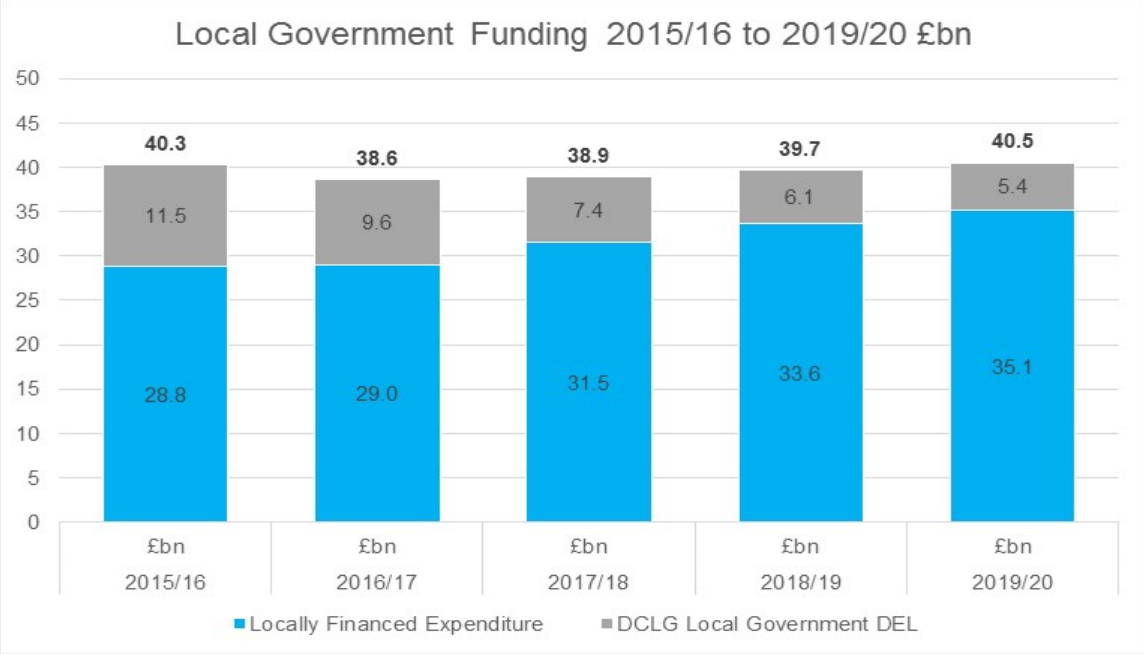
1. Bournemouth, Christchurch and Poole Council (BCP) has an opportunity to create a healthy, prosperous and sustainable coastal economy and conurbation with a global profile through innovative and inspired public service delivery.
2. We are currently working on our strategic priorities with councillors and will finalise them over the summer, bringing them to life with proactive policies and proposals to meet the aspirations of our residents, communities and businesses.
3. In refreshing our Medium Term Financial Plan (MTFP) it is critical to not only remind ourselves of our ambition and purpose but to continue to reiterate that the national policy context and in particular the long-term funding reductions have shaped our thinking.

**National Context**

4. In November 2015 the Chancellor of the Exchequer published the 2015 Spending Review and 2015 Autumn Statement. In publishing these documents his stated intent was to set out a long term economic plan that fixed the public finances, returned the country to an annual surplus and can run a healthy economy that starts to pay down the country's debt. The impact of the spending review on Local Government was that the then Department of Communities and Local Government's: Departmental Expenditure Limit (DEL) for Local Government was reduced from **£11.5bn** in 2015/16 to **£5.4bn** in 2019/20. This was a reduction of **£6.1bn** or 53%. However, Government highlighted that they were assuming that

overall Local Government spending would be higher in cash terms in 2019/20 compared to 2015/16 as explained further in figure 1 below;

**Figure 1**: Local Government Funding amounts as per the 2015 Spending Review




5. This presumed increase in cash spending between 2015/16 and 2019/20 was only possible from the Government's assumption that Councils will generate the following sources of locally financed revenue;
    a. annual year on year increases in Council Tax to reflect the normal annual threshold uplifts.
    b. £3.5bn of extra support for adult social care by 2019/20 via an additional annual increase in Council Tax in relation to the social care precept.
    c. A rebalancing of the system *(initially intended from 2018/19 onwards) to support those authorities with social care responsibility (the redistribution of resources via a reduction to the New Homes Bonus & the creation of an Improved Better Care Fund)*.
    d. Use of capital receipts as a means of financing revenue expenditure on reform projects.
6. This 2015 spending review firmly set the Government's strategic approach to increase council tax as the mechanism for funding local services over the four-year period to at least 2020.
7. Although useful context the 2015 Spending Review is not relevant to the refresh of our Medium Term Financial Plan as it does not cover any financial year after 2019/20. It will be the 2019 Spending Review (SR19) that will set out these financial parameters. In his Spring Statement made in March 2019 the Chancellor announced that the Spending Review will set departmental spending limits for the next three years to 2022/23 (if a European Union exit deal is agreed) and that it will be concluded alongside the 2019 Budget. This could mean that it will not be

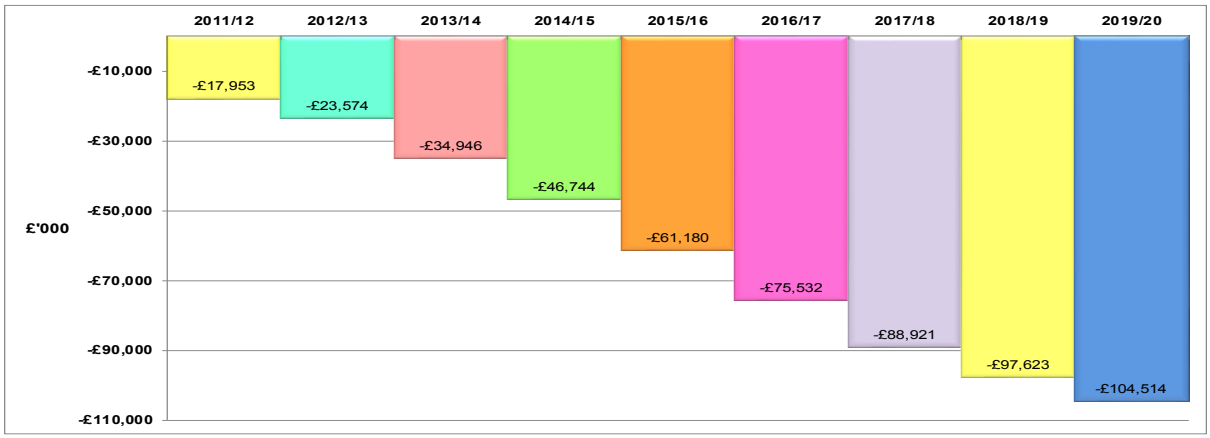
until October 2019 that we begin to see the likely shape of the resources being made available to local government for 2020/21 onwards with the actual settlement for BCP Council likely to be published in December 2019, based on the previous rhythm of such announcements.

8. This places the council in a very challenging, and by implication, a very vulnerable position. We are unlikely to have any certainty over major elements of our financial planning framework until between nine to ten weeks before Council is required to approve the 2020/21 Budget. The major elements of this uncertainty includes;
   - 2019 Spending Review (SR19) which will be underpinned by:
     - Impact of the implementation of a 75% Business Rates retention model.
     - Impact of the Fair Funding Review.
   - Announcements around specific grants such as the Improved Better Care Fund and the resources allocated by way of an Adults and Children's Social Care Grant for 2019/20.
   - Announcements around the future replacement, if any, for the New Homes Bonus.
   - Impact of the Social Care Green Paper with the deadline for publication now having been missed for the sixth time in a row.
9. Putting this uncertainty to one side there are however some grounds for optimism. In October 2018 the Chancellor announced as part of his 2018 Budget that the era of austerity was finally coming to an end, although he did caveat the statement by saying that fiscal discipline would remain. In addition, as part of the March 2019 Spring Statement, he signalled that the upcoming spending review would reflect the public's priorities between areas like social care, local government, schools, police, defence and the environment. Since then, the effects of climate change have taken a much higher profile.

**Local Context**

10. Locally as highlighted in figure 2 below there has been a total £105m per annum reduction to BCP's core funding compared to 2010/11, as part of the Government's austerity programme. To put this reduction into context the total net annual budget for the Unitary Authority of Poole in 2018/19 equated to £101m.

**Figure 2:** Cumulative per annum reductions in the core Government funding of Bournemouth, Christchurch and Poole compared to 2010/11 (£000's)




11. The long-term reduction in government funding is only one element of the conditions that have placed the Council's finances under immense pressure. Other key factors include the continued increase in demand for our services and significant increases to the cost of those services. Examples of this include the Governments extension from age nineteen to twenty five for the period over which Education, Health and Care Plans (EHCPs) for young people with Special Educational Needs are required to be produced and the introduction of the Living Wage which has increased the cost of many local services including social care services.

12. The outcome is that by 2021, apart from certain specific service grants, the Council will be reliant on the money it raises locally to pay for most local services, be that Council Tax or the amount of local business rates it is allowed to retain, and other income (fees, charges and asset purchase strategy income).

13. By way of further context the Figure 3 below shows the overall budget figures for BCP Council as set out in the budget approved by the Shadow Authority for 2019/20.

**Figure 3:** BCP Council 2019/20 Budget

**Budget Cycle**

14. The development of a medium term financial planning process is designed to provide sound financial management and control arrangements which will be integral to the delivery of good governance for the council. Such arrangements will help in supporting service delivery, accountable decision making and safeguarding stewardship whilst optimising the use of available resources.

15. The MTFP and budget for 2020/21 should be seen in the context of a rolling, evolving process structured to enable the proactive management and prioritisation of the new Council's resources. To support its development the high level budget cycle for the BCP Unitary is proposed as follows;

    **Stage One:** April to June

    - Closure of the accounts for the predecessor authorities
    - High level budget planning process as set out in this June 2019 MTFP Update report to cabinet.
    - Approval of an outline financial strategy to support the delivery of a balanced budget for 2020/21.
    - Design of a two-year base budget review process to aid decision making around the 2020/21 budget and MTFP.

    **Stage Two:** June to September

    - Initial detailed bottom up baseline financial assessments for each service. This should include a reflection on previous year's actual performance and forecast in-year performance to evaluate the realism of future year plans.
    - Stage one base budget reviews.
    - Outline options for savings and efficiency plans as per the Financial Strategy.

    **Stage Three:** October to December

    - Stage two base budget reviews.
    - Refinement stage including councillor consideration of budget saving options
    - Consideration of public consultation, options and proposals.

    **Stage Four:** January to February

    - Finalise the 2020/21 Budget.

16. The long term financial strategy is to shift away from a service based savings approach and towards delivering savings at an overall enterprise (council) level to deliver a financially sustainable organisation. However, as we transition to this position a strategy and process needs to be agreed which will deliver the savings required to balance the 2020/21 annual budget for which a clear delivery plan

can be put in place by December 2019 in support of the relevant budget report in February 2020.

17. Appendix A to this report presents a timeline for the key financial reports it is proposed to present though the 2019/20 financial year.

**Latest Medium Term Financial Plan**

18. The intent with the Medium Term Financial Plan (MTFP) is to set out the financial implications of objectives and policies and consider them against the resources available to provide a basis for decision making.

19. Although the statutory local authority budget process is an annual one a longer term perspective is essential if the Council is going to be able to demonstrate our financial sustainability and have confidence on our ability to deliver long-term services. Previously progress had been made in promoting medium term financial planning through multi-year financial settlements from central government. However, no such settlement is currently in place for 2020/21 and the current political uncertainties make this unlikely to be brought forward. This coupled with the uncertainty which will be created by both the 2019 Government Spending Review (SR19) alongside the fundamental redesign of the system for allocating resource to local government, will be a real impediment to effective financial planning.

20. The BCP Shadow Authority approved a four-year financial plan in February 2019 incorporating the 2019/20 Budget and the following three financial years. This update focuses on those following years 2020/21 to 2022/23 with the budget for 2019/20 being monitored through regular information and reports presented to either the Council's Corporate Management Board or Cabinet. The intention going forward is to align the MTFP planning horizon to that of the central government spending review and hopefully the period of agreed multi-year settlements. However if such a longer period is not set out by government the council will adopt a three year time horizon as a minimum in line with its own financial regulations and statutory requirements under the prudential code.

21. Figure 4 below sets out the current MTFP to 2023. It should be highlighted that the table shows the incremental changes, positive and negative from the preceding year. It does not show absolute amounts.

22. Appendix B sets out the key financial planning assumptions being used to underpin the Medium Term Financial Plan. As part of the proposed financial strategy it will be important for the Council to influence those which will be determined by Government or third parties. Particular emphasis should though be placed on those which the Council is able to determine directly such as its own council tax strategy.

**Figure 4: Medium Term Financial Plan 2019 to 2023**

| 19/20 £m | Pressures | 20/21 £m | 21/22 £m | 22/23 £m | Total £m |
|---|---|---|---|---|---|
| 6.9 | Adult Social Care – growth in demand and cost increases. Includes impact Living Wage and self funders | 7.4 | 5.6 | 3.5 | **16.5** |
| 2.9 | Pay award for staff | 3.0 | 2.9 | 2.9 | **11.7** |
| 6.9 | Government Funding reductions | 4.9 | 0.4 | 1.0 | **6.3** |
| 2.4 | Place – price inflation including contract related | 2.2 | 1.5 | 1.2 | **4.9** |
| 1.8 | Pension Fund – tri-annual revaluation impact | 1.3 | 0.7 | 0.7 | **2.7** |
| 1.3 | Children's Services – demand and cost increases plus withdrawal currently funded Government programme | 1.2 | 0.6 | 0.6 | **2.4** |
| 1.1 | Corporate Services / Central Items – Microsoft licence costs and time limited contributions | 0.4 | 0.4 | 0.4 | **1.2** |
| 0.7 | Minimum Revenue Provision / Interest payable | 0.3 | 0.0 | 0.0 | **0.3** |
| 0.1 | Public Health – grant contribution to service reduced | 0.1 | 0.0 | 0.0 | **0.1** |
| 2.0 | Contingency | 0.0 | 0.0 | 0.0 | **0.0** |
| 1.7 | Adult Social Care - winter pressures | 0.0 | 0.0 | 0.0 | **0.0** |
| 1.1 | Revenue Contribution to Capital | 0.0 | 0.0 | 0.0 | **0.0** |
| **28.9** | **Total Additional Annual Pressures** | **20.8** | **12.1** | **10.3** | **43.2** |
| | **Cumulative Pressures** | **20.8** | **32.9** | **43.2** | |

| 19/20 £m | Additional Resources | 20/21 £m | 21/22 £m | 22/23 £m | Total £m |
|---|---|---|---|---|---|
| (5.4) | Council Tax – Income | (6.3) | (6.3) | (6.5) | **(19.1)** |
| 1.5 | Council Tax – Foregone | 2.5 | 3.2 | 0.0 | **5.7** |
| (2.7) | Council Tax - Tax base Increases | (1.0) | (1.1) | (1.1) | **(3.2)** |
| (0.4) | Council Tax – Discounts / Local CT Support Scheme | 0.0 | 0.0 | 0.0 | **0.0** |
| 0.3 | Chartered Trustees | 0.0 | 0.0 | 0.0 | **0.0** |
| (1.7) | Business Rates Income | (1.0) | (1.0) | (1.1) | **(3.1)** |
| (0.6) | Collection Fund – Surplus Distribution | 0.2 | 0.0 | 0.0 | **0.2** |
| (0.8) | Use of Reserves | 0.8 | 0.0 | 0.0 | **0.8** |
| (1.3) | DCC Disaggregation 2018/19 Budgets | 0.0 | 0.0 | 0.0 | **0.0** |
| (3.0) | Adult & Children Social Care Funding | 0.0 | 0.0 | 0.0 | **0.0** |
| (1.7) | Adult Social Care – winter pressures funding | 0.0 | 0.0 | 0.0 | **0.0** |
| (1.9) | Improved Better Care Funding | 0.0 | 0.0 | 0.0 | **0.0** |
| (2.2) | Adult Social Care – services savings & efficiencies | (0.4) | (0.1) | 0.0 | **(0.5)** |
| (1.6) | Children's Services – services savings & efficiencies | (0.3) | 0.0 | 0.0 | **(0.3)** |
| (4.3) | Place Services – services savings & efficiencies | (0.1) | (0.6) | 0.0 | **(0.7)** |
| (3.1) | Corporate Services – services savings & efficiencies | (0.2) | 0.0 | 0.0 | **(0.2)** |
| **(28.9)** | **Total annual extra resource & savings** | **(5.8)** | **(5.9)** | **(8.7)** | **(20.4)** |
| | **Cumulative extra resources & savings** | **(5.8)** | **(11.7)** | **(20.4)** | |
| | **Annual – Net Funding Gap** | **15.0** | **6.2** | **1.6** | **27.3** |
| | **Cumulative MTFP – Net Funding Gap** | **15.0** | **21.2** | **22.8** | |

23. The key difference between the MTFP as set out above and the position set out in the 2019/20 Budget Report approved by the BCP Shadow Authority in February 2019 is the approach to Council Tax harmonisation. Government legislation allows the Council to choose to apply the annual maximum Council Tax increase threshold, before a referendum is required, to either the average Council Tax across the new council's whole area, or to the council tax in each predecessor area. The council therefore has options for harmonisation;

    (a) Immediate harmonisation at the average council tax across the authority's area and then to increase council tax by up to the annual referendum threshold.

    (b) Stepping up the lower level of council tax by up to the annual referendum threshold with those higher being either frozen, reduced, or increased by less than the rate applied to lowest to ensure a fully harmonised council tax is set by the start of year eight (2026/27) at the latest.

24. For 2019/20 the BCP Shadow Authority chose to follow option b with the assumption of a 1.99% annual Government threshold limit from 2020/21 onwards meaning a fully harmonised Council Tax would be achieved in year seven, 2025/26. The stratgey identified that increases in this annual referendum threshold would lead to the period of harmonisation being reduced.

25. The Council Tax harmonisation strategy now being applied for financial planning purposes is based on a 2.99% annual referendum threshold with the movements for individual towns as set out below;

**BCP Council – Council Tax Harmonisation Strategy**

**2020/21 Financial Year**
- **Poole and Bournemouth = 2019/20 charges plus 2.99%, as adjusted for the impact of the Chartered Trustees precept.**
- **Christchurch = 4.5% reduction which is to a level of tax consistent with the 2021/22 estimate for Poole.**

**2021/22 Financial Year**
- **Poole = 2020/21 charge plus 2.99%**
- **Bournemouth = 2020/21 charge plus 0.76% which would mean harmonisation with Poole and Christchurch.**
- **Christchurch - Frozen from 2020/21. This is on the basis that their 2020/21 rate is equivalent to that proposed for Poole in 2021/22.**

**Harmonised Council Tax achieved in 2021/22**

| | 2019/20 | 2020/21 | *Increase* | 2021/22 | *Increase* |
|---|---|---|---|---|---|
| **Christchurch** | 1,598.30 | 1,526.81 | *-4.47%* | 1,526.81 | *frozen* |
| **Bournemouth** | 1,473.40 | 1,515.35 | *2.85%* | 1,526.81 | *0.76%* |
| **Poole** | 1,441.53 | 1,482.48 | *2.84%* | 1,526.81 | *2.99%* |

26. Compared to an option of harmonisation in 2020/21 with a 2.99% increase applied to an average Council Tax for 2019/20 (Alternative Notional Amount - option a) this will mean that £2.5m per annum of the savings that were forecast to be delivered through the creation of a new unitary authority are lost through the lower level of resources it is able to achieve. This approach does though generate more net resources than the strategy which underpinned the 2019/20 Budget.

27. Although the updated approach is being used to support the Council's financial planning framework it remains illustrative. The final decision on Council Tax for 2020/21 and the underlying harmonisation strategy will be determined by Council on the 18 February 2020 when it is asked to approve the BCP Budget for 2020/21. Between now and then the Council will be able to continue to reflect and challenge itself on the strategy to be adopted.

**Proposed Financial Strategy**

28. A financial strategy is integral to the development of the new BCP Unitary Council and its overall organisational health. Its aim is to detail how the council plans to finance its operations and meet its strategic priorities. The intent of the strategy is to set out the themes and categories the council will look to further develop as a means of delivering a balanced budget for 2020/21 and any underlying actions that need to be taken. The document will also support the approval of the Medium Term Financial Plan (MTFP) and a positive value for money judgement for the new authority.

29. The strategy will help BCP continue to build a culture of strong and effective financial management, a culture which the predecessor authorities adhered to over a significant period of time and one that enabled balanced budgets to be set and financial outturn's to be consistently balanced or better. Traditionally numerous officers, and members, have made a personal contribution in enabling each of the sovereign councils to deliver balanced budgets and positive financial outturn positions. BCP will need to continue to harness this positive focus and goodwill to create and deliver the same culture moving forward.

30. The overriding principle will be to deliver a sustainable balanced budget for 2020/21 which is one where spending levels are matched against available resources and one which is not reliant on the use of reserves to cover any gap between resources available and ongoing expenditure.

31. Appendix C presents a proposed 2020/21 financial strategy for member consideration. Workstreams will now need to be developed which enable savings, efficiencies, and additional resources to be identified and then delivered against each of the identified categories. One such workstream will be the base budget review process.

**MTFP Strength Test**

32. Good practice would advise local authorities to critically evaluate their financial resilience by testing its sensitivity to plausible alternative scenarios for key drivers of costs, service demands and resources. To that effect the Medium Term Financial Plan has been drawn up using what, based on professional judgement and avoiding optimism bias, is the most likely scenario the council will find itself in. Alternative best case and worse case planning indicates that the £15m funding gap for 2020/21 could reduce down to £5m in a best case scenario or increase to £40m in an absolute worse case scenario.

33. The proposal is that the next report in the budget cycle which is the October report to cabinet reflects a “bottom up” approach to understanding the current operating costs of services to inform a fundamental refresh of the MTFP for the period to 2022/23.

**CIPFA Financial Management (FM) Code**

34. Local authorities will be required to apply the requirements of CIPFA FM Code from 1 April 2020. This means that to enable the 2020/21 budget to have been prepared in compliance with the code, BCP will need to adopt the principles as part of its underpinning financial strategy.

35. The twin pressures of scarce resources and rising demand for services poses a risk to the authority’s financial sustainability. The FM Code recognises this risk and introduces and overarching framework of assurance. The principles upon which the code is based can be listed as;

- Organisational leadership - demonstration of a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
- Accountability - based on medium term financial planning which drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
- Financial management is undertaken with transparency at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.
- Adherence to professional standards is promoted by the leadership team and is evidenced.
- Sources of assurance are recognised as an effective tool mainstreamed into financial management and includes political scrutiny and the results of both external audit, internal audit and inspection.
- The long term sustainability of local services is at the heart of all financial management process and is evidenced by the prudent use of public resources.

36. As part of this overall framework it will be important for the new BCP Council to ensure the following specific references.

- In decision making the financial implications of alternative options need to be evaluated and presented objectively, however unpalatable.
- The annual budget should be underpinned only by savings for which there is a clear delivery plan. It should not include those savings agreed in principle for which there is no delivery plans or those savings that are simply just ideas.
- Minimum requirement for three year capital and investment plans.
- All material decisions of the council should be supported by an options appraisal which in its rigour and sophistication is appropriate to the decision being made.

37. The adoption of the CIPFA Financial Management Code of Practice will be a good way of the Council demonstrating sound financial administration.

**Consultation**

38. In isolation, the matters raised in this report do not require any formal consultation. 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.

**Alternative Options**

39. This report considers current and future financial sustainability. Any consequential savings and efficiency plans that are developed will each need to be stress tested to determine the extent to which alternative options exist.

**Summary of finance and resourcing implications**

40. The financial implications of the MTFP and Budget work now in hand are as outlined within the report.

**Summary of legal implications**

41. It is the responsibility of Councillors to ensure the Council sets a balanced budget for the forthcoming year. In setting such a budget Councillors and Officers of the Council have a legal requirement to ensure it is balanced in a manner which reflects the needs of both current and future taxpayers in discharging these responsibilities. In essence this is a direct reference to ensure that Council sets a financially sustainable budget which is mindful of the long term consequences of any short term decisions.

**Summary of human resources implications**

42. There are no direct human resource implications of this report. However, the MTFP and Budget will have a direct impact on the level of services delivered by the Council, the mechanisms by which those services are delivered and the associated staffing establishment.

**Summary of environmental impact**

43. Consideration will be given as part of the Budget for 2020/21 into ways in which BCP Council could be made more environmentally-friendly and into ways in which it could act as an environmental ambassador towards others.

**Summary of public health implications**

44. None specifically related to this report.

**Summary of equalities and diversity impact**

45. A full Equalities Impact and Needs Assessment (EINA) will be undertaken as part of the final February report to Members as part of the annual budget process to identify the overall equality impacts in respect of the nine protected characteristics:

    (a) age;

    (b) disability;

    (c) gender reassignment;

    (d) marriage / civil partnership;

    (e) pregnancy/maternity;

    (f) race;

    (g) religion & belief;

    (h) sex;

    (i) sexual orientation.

46. Officers are required to identify any EINA implications of any specific priorities or savings which they bring forward as part of their budget proposals which are then used to inform the Council's final Budget decisions.

**Summary of risk assessment**

47. A key element of the reorganisation of local government in Dorset was the opportunity to best protect public services as central government continues to reduce the core funding it provides local councils.

48. This report and the outlined actions will form part of the mitigation strategy associated with the risks to the delivery of the Council's objectives due to the level of available resources.

49. Uncertainty associated with the Government's financial planning framework, be that due to the 2019 Spending review or new model of funding local government, with be a key risk as will be possible variations to base assumptions such as the demand for council services or their cost.

**Background papers**

50. The 2019/20 Budget and Consolidated Medium Term Financial Plan (MTFP) Update for Bournemouth, Christchurch and Poole Council which was approved by the BCP Shadow Authority on the 12 February 2019 can be found at;

https://moderngov.bcpshadowauthority.com/ieListDocuments.aspx?CId=136&MId=123&Ver=4

**Appendices**

| | |
|---|---|
| Appendix A | Key Financial Reports Timeline |
| Appendix B | Key Financial Planning Assumptions |
| Appendix C | Proposed Financial Strategy 2020/21 |

# Key Financial Reports - 2019/20 Budget Monitoring & 2020/21 Budget Timeline

| Date | Event | Report Title / Action | Detail |
|---|---|---|---|
| 12 June 2019 | Cabinet | 2018/19 Financial Outturn Report | Summary report covering outturns;<br>• Bournemouth<br>• Christchurch<br>• Poole |
| 12 June 2019 | Cabinet | Medium Term Financial Plan (MTFP) Update Report | Includes;<br>• Update on rolled MTFP<br>• Proposed Financial Strategy<br>• Budget process<br>• CIPFA Financial Management Code |
| 25 July 2019 | Audit & Governance | 2018/19 Draft Statement of Accounts | Report presents draft statement of accounts for;<br>• Bournemouth<br>• Christchurch<br>• Poole |
| June to December | Base Budget Reviews | Cabinet Members, Director and Service Directors | Year 1 - Base Budget Reviews (BBRs) in support of 2020/21 Budget and MTFP refresh process |
| 31 August 2019 | | Directors and Service Directors | Deadline for the production of baseline financial assessments following base budget review process to support the fundamental refresh of the MTFP |

**Appendix A**

| Date | Event | Report Title / Action | Detail |
|---|---|---|---|
| 11 September 2019 | Cabinet | 2019/20 Q1 Budget Monitoring Report | First quarter (April to June) budget monitoring report |
| 9 October 2019 | Cabinet | MTFP Update Report | Includes;<br>• fundamental refresh of the MTFP<br>• progress towards delivering a balanced budget for 2020/21<br>• impact of the disaggregation of the 31 March 2019 Balance Sheet of Dorset County Council |
| 13 November 2019 | Cabinet | 2019/20 Q2 Budget Monitoring Report | Second quarter (July to September) budget monitoring report |
| | | Member Seminar | Presentation to all Members of the refresh of the MTFP and 2020/21 budget framework |
| 11 December 2019 | Cabinet | MTFP Update Report | Includes;<br>• impact of the Chancellors 2019 Budget Statement<br>• progress towards delivering a balanced budget for 2020/21<br>• details of a fundamental review of earmarked & unearmarked reserves |
| January 2020 | | Presentation to representatives from Commerce & Industry | Consultation on 2020/21 Budget & MTFP |
| 15 January 2020 | Cabinet | Taxbase Report | 2020/21 Council Tax Taxbase |

**Appendix A**

| Date | Event | Report Title / Action | Detail |
|---|---|---|---|
| 23 January 2020 | Audit & Governance | Treasury Management Strategy 2020/21 | Seeks approval for 2020/21 Treasury management strategy |
| 12 February 2020 | Cabinet | 2020/21 Budget & MTFP Update Report | Includes;<br>• 2020/21 Provisional Local Government Finance Settlement<br>• 2020/21 Budget Proposal<br>• 2020/21 Council Tax Resolution |
| | | 2019/20 Q3 Budget Monitoring Report | Third quarter (October to December) budget monitoring report |
| 18 February 2020 | Council | 2020/21 Budget & MTFP Update Report | Formal approval of the budget and council tax for 2020/21 |
| March 2020 | n/a | n/a | Publish 2020/21 Budget Book |
| June 2020 | Cabinet | 2019/20 Financial Outturn Report | Fourth quarter (January to March) budget monitoring report |

| |
|---|
| Events in support of the 2018/19 financial position of the council |
| Events in support of the 2019/20 financial position of the council |
| Events in support of the 2020/21 financial position of the council |

**Subject to determination**

- Scrutiny arrangements of the both the 2019/20 budget monitoring reports or the 2020/21Budget & MTFP reports
- Dates of the precept meetings for the four Town Councils in Christchurch and the Chartered Trustees in both Bournemouth & Poole

**Appendix A**

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# BCP Medium Term Financial Plan

## Key Financial Planning Assumptions

The MTFP as presented is based on a number of key assumptions that although they have been informed by numerous factors such as government announcements, economic forecasts, and trend analysis, are also based on professional judgement. They can be listed as;

### a) Government funding

As referenced the Government have commenced work on their 2019 Spending Review (SR2019) which will outline the resources they intend to make available from 2020/21 onwards. At this stage there is no information available on the impact on any specific department (other than the National Health Service) or council. The financial planning assumption is of a cash freeze in the main grants received from Government be that our baseline funding resources, the previously announced Improved Better Care Fund resources, or the Adult and Children's Social Care grant announced as part of the 2019/20 Local Government Finance Settlement.

In addition and as a matter of prudence it has been assumed that the £3m relief provided within the 2019/20 settlement from the impact of negative Revenue Support Grant (negative RSG) as set out in the previous spending review will be for one year only. By implication this means that we are anticipating a reduced resource level will be reflected in the new resource distribution arrangements from 2020/21 onwards.

### b) Council Tax

The current assumption is that the Governments annual referendum threshold will be 2.99% per annum from 2020/21 onwards. This is a revised assumption from the 1.99% per annum adopted for 2020/21 onwards in setting the 2019/20 Budget and which previously underpinned the Medium Term Finance Plan and as endorsed by the BCP Shadow Authority in February 2019. The previous Council Tax Harmonisation Strategy recognised that increasing the assumption of the annual referendum threshold would reduce the period of harmonisation.

The change now adopted recognises that the Government have used 2.99% per annum in each of the previous two years before consideration of the impact of any Adult Social Care precepts. The Council previously used 1.99% as this is the Government's previously stated norm and it was also the more prudent financial planning assumption.

By using this higher annual threshold as a basic assumption, the new BCP Council's revised Council Tax Harmonisation strategy is to reach equalisation over the next two financial years with 2021/22 being the first year a consistent level of Council Tax is charged across the conurbation. Allowing for the impact of the precept for Chartered Trustees in 2020/21 the proposed changes in each town would be as follows;

**Appendix B**

**BCP Council – Council Tax Harmonisation Strategy**

**2020/21 Financial Year**

- **Poole and Bournemouth = 2019/20 charges plus 2.99%, as adjusted for the impact of the Chartered Trustees precept.**
- **Christchurch = 4.5% reduction which is to a level of tax consistent with the 2021/22 estimate for Poole.**

**2021/22 Financial Year**

- **Poole = 2020/21 charge plus 2.99%**
- **Bournemouth = 2020/21 charge plus 0.76% which would mean harmonisation with Poole and Christchurch.**
- **Christchurch - Frozen from 2020/21. This is on the basis that their 2020/21 rate is equivalent to that proposed for Poole in 2021/22.**

**Harmonised Council Tax achieved in 2021/22**

| | 2019/20 | 2020/21 | *Increase* | 2021/22 | *Increase* |
|---|---|---|---|---|---|
| **Christchurch** | 1,598.30 | 1,526.81 | *-4.47%* | 1,526.81 | *frozen* |
| **Bournemouth** | 1,473.40 | 1,515.35 | *2.85%* | 1,526.81 | *0.76%* |
| **Poole** | 1,441.53 | 1,482.48 | *2.84%* | 1,526.81 | *2.99%* |

The intent in harmonising Council Tax over the first three years of the new BCP Council would be to better align with the period services would expect to align service over.

Legislation will continue to allow the council to reflect on this methodology and potential consider the alternative of harmonising at the average council tax across the area in any year prior to 2026/27.

In adopting this approach the Council is accepting the risk associated with the underlying annual Government referendum threshold.

The Council will have the ability to continually reflect and challenge itself on its strategy prior to formally setting the 2020/21 Council Tax as part of next years Budget report to Council on the 18 February 2020.

### c) Business Rates

Our current financial planning assumption is for business rates resources to increase annually by the Consumer Price Index (CPI). This reflects the parameters set out by the chancellor in his October 2018 Budget 2018 and the narrowing of the gap between the Governments assessment of the BCP baseline finance settlement and actual levels of business rates income achieved.

This position will be kept under review in light of the announced move to a 75% Retained Business Rates model from 2020/21.

### d) New Homes Bonus (NHB)

BCP Council has achieved a New Homes Bonus (NHB) of £3.8m in 2019/20. The current indication is that this financial year will be the final year NHB is paid as Government look to explore how to incentivise housing growth as part of the next spending review. It has though been assumed that the replacement will provide resources equivalent to legacy payments already anticipated under the current system.

This means that we are anticipating £2m of such legacy resources being made available to BCP in 2020/21 which will be £1.8m less than the amount achieved in the current financial year.

**e) Adult and Children's investment**

The MTFP makes provision for an additional £18.9m investment in Adult and Children's services over the next 4 years being a combination of;

1) demographic growth in demand for care packages including those to support the urgent and emergency care system as well as preventing delayed discharges from hospital.
2) assumptions around specific inflationary pressures within the care market which have increased the cost of care between 6% to 10% in recent years.
3) the impact of the National Living Wage.

It has also been assumed that the absolute level of the Improved Better Care Fund (£11.3m) and the Adult and Children's Social Care grant (£3m) as received in 2019/20 will continue to be received over the MTFP time horizon. In addition it is hoped that the anticipated Green Paper on social care funding will provide sustainable funding for this service moving forward.

**f) Better Care Fund**

Introduced in 2013 the Better Care Fund (BCF) is a single budget shared between the National Health Services (NHS) and upper tier authorities to help them work more closely to try and shift resources into social care and community settings. The fund was designed to allocate NHS resources to adult social care in order to support more people at home, reduce delays in discharges from hospital and to prevent avoidable hospital admissions. It requires Clinical Commissioning Groups (CCGs) and local authorities in every area to pool budgets and agree integrated spending plans on how they will use their BCF allocations.

The two new Unitary Authorities for Bournemouth, Christchurch and Poole and Dorset have previously agreed with the Dorset Clinical Commissioning Group (DCCG) to split the previous pan Dorset Better Care Fund in two separate pooled budgets for the two new Health & Wellbeing Boards.

Although the 2019/20 allocations remain to be finalised it is estimated that the BCP Better Care Fund will be in the region of £61m. The DCCG will contribute approximately £42m of which £11m being passed to the BCP Unitary Council to support the delivery of Adult Social Care Services.

The BCP Council contribution is in the region of £18.9m and includes base budget resources (£2.7m), the Disabled Facilities Grant (£3.1m), the Improved Better Care Fund (£11.3m) and the Winter Pressures money for 2019/20 (£1.7m).

The MTFP assumes a continuation of these resource levels with the 2019 Spending Review and Adult Social Care Green Paper to provide clarification in respect of the future direction of travel.

### g) Pay award

Consistent with the actual outcomes for 2018/19 and 2019/20 the MTFP includes provision for a 2% baseline increase in employee costs as part of an annual pay award settlement. Further provision in certain services has been made where they have a significant staff base on the lower spinal column points which will be impacted by the application of the Living Wage.

Services are expected to manage the impact of any incremental drift in their pay base.

No provision has been made for the impact of a harmonised pay and grading structure for BCP Council.

### h) Pension Fund Contributions

In line with the advice from the actuary to the Dorset Local Government Pension Fund scheme, provision has been made for a 15.6% standard employer's ongoing pension fund contribution rate for all years from 2019/20 onwards.

In addition it is proposed to increase the £9.465m annual backfunding lump sum contribution, required to reduce the historical deficit on each predecessor councils position as admitted bodies within the pension fund, by £1.3m in 2020/21 and £0.7m in both 2021/22 and 2022/23. This reflects the arrangements agreed by the previous councils as part of the last 2016 tri-annual valuation. As 2019 is the next revaluation year then this assumption will be fully tested with the actuary before the budget for 2020/21 has been determined.

### i) Inflationary costs

Inflation is only provided for in service budgets where it can be demonstrated that it will be needed due to either market or contract conditions. Inflation as at March 2019 was 1.9% as measured by the Consumer Price Index (CPI).

### j) Assumed Savings and Efficiencies

As part of the process for setting a balanced budget for 2019/20 numerous savings, efficiencies and additional resources were assumed for future years. Generally these are where individual savings proposals were assumed to be implemented part way through 2019/20 so that a further sum is recognised in 2020/21 to recognise the annual effect or where various business cases have previous been agreed and implemented which will lead to future savings.

The 2020/21 financial strategy will require services to review the deliverability of these assumed savings and develop options for additional saving proposals for Member consideration.

### k) Dedicated Schools Grant (High Needs Block Funding)

The Dedicated Schools Grant (DSG) includes the provision of funding to support the specialist provision of services for children and young people with high needs. This includes 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.

The BCP budget for 2019/20 identified a £4.8m funding gap within the High Needs block of the DSG. Through joint working with the BCP Shadow Schools Forum approval was obtained to support this budget by transfers from other elements of the DSG

including a 2.2m (1.1%) transfer from the Schools Block and a £0.2m transfer of early years funding. This left a residual £2.4m which BCP Council agreed to contribution of £2.4m from its limited reserves.

Any contributions from the schools or early years funding can only be agreed on an annual basis. The contribution from BCP Council was very clearly articulated as a one-off as no such reserves exist moving forward.

Therefore a significant assumption underpinning the MTFP is that the Children's Services will work with the BCP Schools Forum to bring forward proposals for balancing the 2020/21 and future years High Needs Budget. The assumption is that we will also work together to address the inherited historical deficit on the account which was estimated as being up to £4.5m.

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# BCP Financial Strategy 2020/21

1 A financial strategy is integral to the development of the new BCP Unitary Council and its overall organisational health. Its aim is to detail how the council plans to finance its operations and meet its strategic priorities. The intent of the strategy is to set out the themes and categories the council will look to further develop as a means of delivering a balanced budget for 2020/21 and any underlying actions that need to be taken. The document will also support the approval of the Medium Term Financial Plan (MTFP) and a positive value for money judgement for the new authority.

2 The strategy will help BCP continue to build a culture of strong and effective financial management, a culture which the predecessor authorities adhered to over a significant period of time and a culture that enabled balanced budgets to be set and financial outturn's to be consistently balanced or better. Traditionally numerous officers, and members, have made a personal contribution in enabling each of the sovereign councils to deliver balanced budgets and positive financial outturn positions. BCP will need to continue to harness this positive focus and goodwill to create and deliver the same culture moving forward.

3 The overriding principle will be to deliver a sustainable balanced budget for 2020/21 which is one where spending levels are matched against available resources and one which is not reliant on the use of reserves to cover any gap between resources available and ongoing expenditure.

**Financial Context**

4 In considering the financial strategy for BCP Council it will be important that it is considered within the context of a new unitary authority with turnover of around £0.7bn per annum and an annual net budget which for 2019/20 was £274m per annum.

5 The current MTFP as updated by the new BCP Council identified that after making provision for assumed cost and demand increases, and after allowing for certain savings that have already been identified along with the revised strategy to harmonise council tax in 2021/22, the Council will have a £15m funding gap in 2020/21.

**Appendix C**

6 The current 2020/21 MTFP position can be summarised as;

| | Net Budget 2019/20 £000s | **MTFP Provision 2020/21 £000s** | Net Budget 2020/21 £000s |
|---|---|---|---|
| Adult Social Care *(Including Public Health)* | 108,374 | **7,039** | 115,413 |
| Children's Services | 60,942 | **868** | 61,810 |
| Place *(Environmental & Economy)* | 53,567 | **2,126** | 55,693 |
| Corporate Services | 30,783 | **630** | 31,413 |
| **Net cost of services** | **253,666** | **10,663** | **264,329** |
| Pensions *(backfunding)* | 9,428 | **1,303** | 10,731 |
| Provision for the pay award *(2%)* | 0 | **2,915** | 2,915 |
| Provision for repayment of debt *(MRP)* | 9,501 | **0** | 9,501 |
| Interest on borrowings *(net interest cash deposits)* | 2,067 | **295** | 2,362 |
| Dividend Income | (100) | **0** | (100) |
| Contribution from the HRA | (1,183) | **0** | (1,183) |
| Contingency | 2,700 | **0** | 2,700 |
| Revenue Contribution to Capital *(RCCO)* | 1,726 | **0** | 1,726 |
| Levies *(Apprenticeship, Env Agency, Fisheries)* | 1,133 | **10** | 1,143 |
| Local precepts, special precepts | 803 | **0** | 803 |
| Movements to and (from) reserves | 149 | **754** | 903 |
| Investment Property Income *(net expend surplus assets)* | (5,744) | **(14)** | (5,758) |
| **Net Budget** | **274,146** | **15,926** | **290,072** |
| Income from Business Rates | (57,044) | **(1,057)** | (58,101) |
| Negative Revenue Support Grant | 0 | **3,048** | 3,048 |
| New Homes Bonus | (3,788) | **1,786** | (2,002) |
| Revenue Support Grant (RSG) | (2,957) | **0** | (2,957) |
| Local precepts, special precepts | (545) | **(258)** | (803) |
| Collection fund surplus | (200) | **200** | 0 |
| Council Tax Income *(20/21 includes £2.5m foregone)* | (209,612) | **(4,632)** | (214,244) |
| **Total Funding** | **(274,146)** | **(913)** | **(275,059)** |
| **Funding Gap** | | **15,013** | **15,013** |

**Appendix C**

7 It should however be stressed that the council is in a difficult and therefore vulnerable position as the four year local government finance settlement expired in 2019/20 and we have absolutely no certainty over major elements of our financial planning framework. It is only towards the end of 2019 that we can expect any certainty following key Government funding announcements which will influence our future. This includes;

- 2019 Spending Review.
- Impact of the implementation of a 75% Business Rates retention model.
- Impact of the Fair Funding Review
- Announcements around specific grants such as the Improved Better Care Fund and the resources allocated by way of an Adults and Children's Social Care Grant for 2019/20
- Announcements around the future replacement for the New Homes Bonus
- Impact of the Social Care Green Paper

8 The Councils ambitions is to support future services delivery and its MTFP savings requirements by the implementation of Phase 3 (Organisation Design and Development phase) of its transformation strategy as supported by a harmonised pay and grading structure. This phase is designed to secure improved ways of working, deliver outcomes for our residents and enhance efficiency with a particular emphasis on technology and the appification of services. To objectively support this process third party expertise will be engaged who are likely to start towards the end of the first quarter of 2019/20 with their work spread over four stages.

9 The Councils ambition is to shift away from a service based savings approach and towards delivering savings at an enterprise level. However in all likelihood these key workstreams will not be sufficiently developed to the level of detail for December 2019 which guarantees they could be factored into the 2020/21 BCP Budget proposal. On that basis it is recommended that each of the Directorate Boards work on individual savings and efficiency plans designed to ensure they cover their own pressures for 2020/21 including the impact of the pay award and an apportionment of the assumed impact of the 2019 tri-annual revaluation of the pension fund. This "burn your own smoke" approach is set out in summary level below;

| | **2020/21 Savings Target £000s** |
|---|---|
| Adult Social Care *(Including Public Health)* | 7,758 |
| Children's Services | 1,955 |
| Environment & Community / Regeneration & Economy | 3,783 |
| Corporate Services | 1,385 |
| **Total** | **14,881** |

**Appendix C**

10 In considering these targets it is recommended that the following principles are applied;

- Services will directly benefit from any reductions in the growth pressures previously provided for as part of the MTFP.
- Services will need to cover any additional demand, cost pressures or income adjustments not previously provided for within the MTFP.
- Services will manage, or benefit from, the impact of any adjustments in the level of specific Government grants.
- Any contribution from the Council's Capital Strategy (Non-Treasury) or its Treasury Management Strategy will be used to support the £132k of savings and efficiencies needed to balance the overall MTFP funding gap for 2020/21 and the pressures included in Corporate Services which impact across the council such the pressure associated with Microsoft licences.

11 **Base Budget Review Process**

The delivery of these targets will be supported by a fundamental base budget review process which will be undertaken in a phased approach over the next two year period. As part of Phase One the high value areas will be reviewed before the end of December 2019. The process will be led by the BCP Cabinet. The review will include a detailed gateway review of any specific earmarked reserves brought forward from the predecessor councils as well as a review of historic s106 and CIL deposits.

The review will consider the 2019/20 budget allocations and the staffing budgets upon which these allocations were drawn.

12 **Council Tax Harmonisation**

Due to the divergent opinions expressed as part of the process for setting the budget for 2019/20 the new Council has reflected on its council tax strategy and the approach to council tax harmonisation.

Government legislation, via the Local Government (Structural Changes) (Finance) Regulations 2008, permits BCP Council to choose to apply the referendum principles in any year before harmonisation to either the average Council Tax across the new council's whole area, or to the council tax in each predecessor area.

The council therefore had, and still has, two options for harmonisation:

a. Immediate harmonisation at the average council tax across the authority's area and then to increase council tax by up to the annual referendum threshold

b. Stepping up the lower level of council tax by up to the annual referendum threshold with those higher being either frozen, reduced, or increased by less than the rate applied to lowest to ensure a fully harmonised council tax is set by the start of year eight (2026/27) at the latest.

For 2019/20 the BCP Shadow Authority chose to follow option b with the assumption of a 1.99% annual Government threshold limit from 2020/21 onwards meaning a fully harmonised Council Tax would be achieved in year seven, 2025/26. The stratgey identified that increases in this annual referendum threshold would lead to the period of harmonisation being reduced.

The Council Tax harmonisation strategy now being applied for financial planning purposes is based on a 2.99% annual referendum threshold with the movements for individual towns as set out below;

**BCP Council – Council Tax Harmonisation Strategy**

**2020/21 Financial Year**

- **Poole and Bournemouth = 2019/20 charges plus 2.99%, as adjusted for the impact of the Chartered Trustees precept.**
- **Christchurch = 4.5% reduction which is to a level of tax consistent with the 2021/22 estimate for Poole.**

**2021/22 Financial Year**

- **Poole = 2020/21 charge plus 2.99%**
- **Bournemouth = 2020/21 charge plus 0.76% which would mean harmonisation with Poole and Christchurch.**
- **Christchurch - Frozen from 2020/21. This is on the basis that their 2020/21 rate is equivalent to that proposed for Poole in 2021/22.**

**Harmonised Council Tax achieved in 2021/22**

| | 2019/20 | 2020/21 | *Increase* | 2021/22 | *Increase* |
|---|---|---|---|---|---|
| **Christchurch** | 1,598.30 | 1,526.81 | *-4.47%* | 1,526.81 | *frozen* |
| **Bournemouth** | 1,473.40 | 1,515.35 | *2.85%* | 1,526.81 | *0.76%* |
| **Poole** | 1,441.53 | 1,482.48 | *2.84%* | 1,526.81 | *2.99%* |

Compared to an option of harmonisation in 2020/21 with a 2.99% increase applied to an average Council Tax for 2019/20 (Alternative Notional Amount - option a) this will mean that £2.5m per annum of the savings that were forecast to be delivered through the creation of a new unitary authority are lost through the lower level of resources it is able to achieve. This approach does though generate more net resources than the strategy which underpinned the 2019/20 Budget.

Although the updated approach will be used to support the Council's financial planning framework it remains illustrative. The final decision on Council Tax for 2020/21 and the underlying harmonisation strategy will be determined by Council on the 18 February 2020 when it is asked to approve the BCP Budget for 2020/21. Between now and then the Council will be able to continue to reflect and challenge itself on the strategy to be adopted.

## 13 Government Lobbying

It is recommended that BCP Council consider the following matters for Lobbying during the course of 2019;

- Reforms to Local Government Finance. This relates to the proposed 75% Business Rates retention model as well as the Fair Funding Review (FFR). An accusation particularly directed at the FFR is that there is a danger that it could be politically and ideologically drive.
- High Needs Element of the Dedicated Schools Grant (DSG)

- Microsoft Licences

BCP Council will also need to keep abreast of developments in other government policy such as the Social Care Green paper.

Opportunities will also be taken to bid for Government funding in support of the Councils priorities. Examples including bidding for funding from Homes England to support the delivery of Affordable Housing or bidding for funding from the Transforming Cities Fund to support key transport infrastructure.

14 **Dorset County Council (DCC) – Settlement**

It is proposed that the October MTFP Update Report to Cabinet is supported with details of the disaggregation of the 31 March 2019 Balance Sheet of DCC in line with the principles agreed between the two new authorities. This will have a consequential impact on the review of earmarked and unearmarked reserves which it is intended to include in the December MTFP Update Cabinet Report. In addition, as this settlement will impact on the council's debt position, it is proposed that during the course of 2019/20 the council undertakes a review of borrowing in support of both its current and future capital requirements.

15 **Common services standards**

The proposal is to align all service standards with the period of Council Tax Harmonisation. This means the council should currently be aiming to deliver consistent levels of services across the conurbation from April 2021 onwards.

Also included will be the implementation of common financial and operational policies such as its fees and charges policy.

An example is the need to determine a common Discretionary Business Rates Relief policy from April 2021 onwards with a notice issued to existing recipients in March 2020 to inform them that BCP will consult on its new policy during 2020/21 for implementation in the following year.

Additionally a key requirement of the Council will be to determine common cost of employment policies, annual leave, overtime rates, ability to purchase leave, and employee parking arrangements.

16 **Commercial Activity – Trading, Investments and Partnerships**

Across the Council there is a wide range of commercial services where income gained offsets the cost of the service to residents and visitors. Alternative funding strategies to generate income such as charging, trading and selling of (or leasing) assets form an important element of this strategy due to the reduction in Government support. It will also be important for the Council to ensure that appropriate governance is in place for commercial activity.

Any commercial asset investment proposals will be based on the Capital Investment Strategy (Non Treasury) 2019 to 2022 which the BCP Shadow Executive at its meeting on the 12 February 2019 noted will be subject to further review by the new BCP Council. In implementing its commercialisation agenda good practice indicates that the council is best served by following a clear strategy, by only taking forward opportunities

that have been based on robust due diligence, and by an approach which is fundamentally designed around a diversified portfolio.

The Council will challenge itself around previous investments and the best methods of service delivery to ensure they represent overall value for money and added value. This will include a review of arrangements, contracts and companies inherited from the predecessor councils such as the Bournemouth Development Company.

As part of these reviews, where it is demonstrated that such contracts and companies are working well, consideration will be given towards developing further opportunities. Examples could include the further integration of Adult Social Care services with the National Health Service, and a Dorset-wide Revenue and Benefits Service.

17 **A sustained economy**

Creating the right conditions for local enterprise and the local economy to grow which in turn will lead to growth in business rate income to support local services. This will include the work with the Dorset Local Enterprise Partnership (DLEP) and potentially a Combined Authority.

This will include schemes to support each of the three town centres, acquiring properties that can be leased to a Council owned company to reduce the use of bed and breakfast as temporary accommodation, and schemes to increase care home capacity.

18 **Utilisation of Land and Building Assets – to both reduce costs and generate income**

Incudes the Seafront Strategy across the conurbation and targeted investment in the local economy and future tourism offer.

Surplus assets should be identified so that their sale or lease can be considered as a means of generating capital receipts or income which can be used to either support the cost of change, to support the Council's capital ambitions, and/or to support invest to save proposals which deliver revenue savings.

No judgement has been made on what will be the best location for the future operational building requirements of the new council. It is clear that there are though opportunities to rationalise accommodation and space requirements.

The Council will also need to develop a sustainable plan for the utilisation of the Operational Depots and operational workspace as there is a significant capital maintenance requirement along with the opportunity to deliver services more efficiently across the area.

An officer working group has been requested to bring forward opportunities for savings on owned and leased accommodation.

19 **Changing the way we use technology and data**

An ambition for the Council is a design around being technology driven, lower cost offer to the local community. The intention will be to adopt the principles of the Christchurch and East Dorset Partnership who invested in ICT kit and technology to promote flexible working, to drive down the costs associated with the office environment and to further open up the council to public scrutiny.

In the short-term it is clear that there are opportunities for rationalisation of two or more current systems into one which will also be associated with the overall reduction in staff numbers and councils.

Officers have been requested to bring forward opportunities for delivering system based savings for 2020/21.

The Council will also look into opportunities;

- to share ICT skills and infrastructure with other Councils and public sector agencies.
- to build and rent capacity on infrastructure such as fibre and Wi-Fi networks.

20 **Procurement Efficiencies**

BCP should aim to reduce the cost, volume and environmental impact of purchased goods and services including savings through joined up and smarter procurement. This will include a review of the Councils procurement strategy to ensure where we can that the carbon footprint and wider benefits of spending money in our own local area are adequately considered.

21 **Dorset Local Government Pension Scheme (LGPS)**

Local Government Pensions schemes are currently revalued every three years. The revaluation scheduled for April 2019 will be implemented in the 2020/21 financial year. The MTFP reflects arrangements made with the actuary as part of the 2016 revaluation to increase the amount required to reduce the pension fund deficit for the predecessor councils.

In addition the mechanism for assessing value of public sector pensions, what Government refer to as the cost control mechanism, has been paused until the outcome of an appeal in an age discrimination case is known. If the appeal fails compensation will need to be paid to a large number of public sector workers transferred to new pension schemes in 2015. The potential impact of the judgement across the public sector has been assessed at around £4bn per annum.

The Council will need to work closely with the pension fund actuary to ensure the impact on local services of potentially significant changes to future backfunding and ongoing pension fund cost estimates, is carefully manged.

22 **Promote Homebuilding**

It is proposed that both the Poole and the Bournemouth neighbourhood accounts which form the BCP Housing Revenue Account (HRA) bring forward plans to build and deliver more affordable homes to take advantage of the lifting of the HRA borrowing cap as set out in the Government's 2018 Budget. This ambition should reduce the councils waiting list and reduce homelessness.

More generally through measures such as promoting homebuilding Councils can better control their own financial destiny by shifting their reliance towards local sources of funding such as council tax income and away from traditional central government funding which has been reduced dramatically over the period of austerity.

As part of this programme the Council will seek to ensure the infrastructure is delivered to support the creation and extension of communities.

23 **New Burdens Funding**

The assumption within this financial strategy is that the Government will make new burden funding available to support the implementation of any new Government policies. An example will be the pledge from the Department for Environment, Food and Rural Affairs (DEFRA) to fund the introduction of compulsory weekly food waste collections. The risk, as we saw with the transfer of Council Tax Benefit to the Council in 2012, is that the additional funding allocation will be insufficient to cover the true cost of the service and then subsequently the funding will be withdrawn.

24 **Base Resources Levels**

Fundamental review of the level of resources from Council Tax and Business Rates that can be assumed in underpinning the 2020/21 budget of the Council.

25 **Review of Reserves**

Although not the Council's preferred approach it will consider use of reserves in 2020/21 to provide time to adjust for any variation from our financial planning assumptions due to the current ambiguity and uncertainty.

26 **Review of the Base Budget Revenue Contingency**

As part of the transition to the new council, and after careful consideration, BCP Council established a £2.7m base budget revenue contingency for 2019/20. This represented a contingency of 1% of the £274m net budget for the first year of the Councils operation and was designed to enable the risks associated with the uncertainty and change process to be effectively managed.

The Council should look to review this contingency to determine the level at which it should be held in future years. A key determination will be any potential calls on contingency as detailed in the quarterly budget monitoring reports to Members during 2019/20.

27 **Service Based Savings**

The continuing delivery of excellent services by the Unitary will be a priority, and whilst the ever increasing financial challenge presented to upper tier authorities by central government continues to bite, and rationalisation of activities may become necessary, the protection of frontline services, particularly to vulnerable residents, is and will remain the key objective.

Adam Richens

BCP Chief Finance Officer

3 June 2019

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# CABINET

| | |
|---|---|
| Report subject | **Appointments to Outside Bodies** |
| Meeting date | 12 June 2019 |
| Status | Public Report |
| Executive summary | To approve appointments of Councillors to external bodies which are appointments to be made by the Leader/Cabinet as the Executive |
| **Recommendations** | **It is RECOMMENDED that:**<br><br>**Cabinet approves the appointment of individual Councillors to the external bodies as set out in this Report** |
| Reason for recommendations | To ensure appointments to external bodies are undertaken transparently and in accordance with the Constitution and legal requirements |

| | |
|---|---|
| Portfolio Holder(s): | Vikki Slade - Leader of the Council |
| Corporate Director | Julian Osgathorpe - Corporate Director for Resources |
| Contributors | Tanya Coulter – Director, Law & Governance<br>Karen Tompkins – Deputy Head of Democratic Services |
| Wards | All wards |
| Classification | For Decision |

**Background**

1. The Council is required to appoint councillor representatives to a number of external bodies. Some of these require Full Council approval, such as those made by Council to the Police and Crime Panel and Dorset & Wiltshire Fire Authority. Many of these appointments are for the Leader and/or Cabinet to make and this Report sets out the appointments to be made by Cabinet at its meeting on the 12 June 2019.

**Appointments**

2. Cabinet is requested to appoint Councillors to the following outside bodies:
    a. Wessex Regional Flood and Coastal Committee – one plus substitute. This would usually be the relevant Portfolio Holder.
    b. BCP Community Safety Partnership – one Councillor, usually the relevant Portfolio Holder.
    c. Stour Valley and Poole Partnership Joint Committee – four Councillors.
    d. Dorset Joint Public Health Board – two Councillors, usually the relevant Portfolio Holders.
    e. Poole Housing Partnership Board – two Councillors, usually the Portfolio Holder for Housing and one other.
    f. Tricuro Executive Shareholder Group – five Councillors, usually relevant Portfolio Holders and other executive members. This is a joint body, with Dorset Council also holding five seats, that acts on behalf of the two Councils in their capacity as Shareholders of the Company. Certain decisions are reserved to the Shareholders, and this Group will consider these matters and make any recommendations to the Councils' Cabinets as required.
    g. Seascape South Limited – two Councillors, usually the Portfolio Holder for Housing and one other.
    h. Bournemouth Building Maintenance Limited – two Councillors, usually the Portfolio Holder for Housing and one other.

i. Seascape Homes and Properties Limited – two Councillors, usually the Portfolio Holder for Housing and one other.

j. Bournemouth Development Company – the Council has three representatives on the LLP Board, one of which is currently a Councillor and two are Officers.

k. Dorset LEP – the Leader of the Council and one Portfolio Holder.

l. Lower Central Gardens Trust Board – this Board was established further to a Scheme approved by the Charity Commission to ensure that the management by the Council of the Lower Central Gardens in Bournemouth is carried out in accordance with the requirements of the Trust, with the Council acting as Trustee. The Board consists of Councillor representatives and Co-Opted members to provide independent input to the decision-making of the Board. There is a requirement that the Board is politically balanced insofar as possible, although it is technically a sub-committee of Cabinet pursuant to the Scheme and relevant legislation. The Council has representatives on the Board.

**Summary of financial implications**

3. There are no financial implications arising from the decisions required by this Report.

**Summary of legal implications**

4. The Council is required to nominate the relevant representatives in order to ensure they are properly constituted and can perform their functions. The Council can at any time review the operation and purpose of the bodies referred to in this report, and the appointment of Councillors to the bodies concerned does not prevent any future review.

**Summary of human resources implications**

5. There are no Human Resources implications.

**Summary of environmental impact**

6. One of the bodies concerned undertakes specific environmentally focused work.

**Summary of public health implications**

7. The appointment of Council representatives to the Joint Public Health Board is essential to the ongoing joint arrangements that exist for the delivery of the Public Health function in Dorset.

**Summary of equality implications**

8. There are no specific equalities act implications.

**Summary of risk assessment**

9. The risk of not appointing Councillors as set out above is that the Council will not have a voice on the relevant body and the organisation itself may not be able to function effectively to undertake the relevant functions allotted to it.

**Background papers**

None

**Appendices**

None

# CABINET FORWARD PLAN – 1 JUNE 2019 TO 31 MAY 2020

(PUBLICATION DATE – 04 June 2019)

| What is the subject? | What is the purpose of the issue? | Is this a Key Decision? | Decision Maker and Due Date | Wards | Who are the key stakeholders to be consulted before the decision is made? | What is the consultation process and period | Officer writing the report | Is the report likely to be considered in private (i.e., it contains confidential or exempt information)? |
|---|---|---|---|---|---|---|---|---|
| Financial Outturns 2018/19 | To receive the summary report covering the outturns of:<br>• Bournemouth<br>• Christchurch<br>• Poole | No | Cabinet<br>12 Jun 2019 | | | | Adam Richens | Open |
| Medium Term Financial Plan Update Report | To receive the Medium Term Financial Plan, including:<br>• Update on rolled MTFP<br>• Budget process<br>• Service savings targets | No | Cabinet<br>12 Jun 2019 | | | | Adam Richens | Open |
| Appointments to Outside Bodies | To consider the appointments to various outside bodies. | No | Cabinet<br>12 Jun 2019 | | | | Tanya Coulter | Open |

| What is the subject? | What is the purpose of the issue? | Is this a Key Decision? | Decision Maker and Due Date | Wards | Who are the key stakeholders to be consulted before the decision is made? | What is the consultation process and period | Officer writing the report | Is the report likely to be considered in private (i.e., it contains confidential or exempt information)? |
|---|---|---|---|---|---|---|---|---|
| Abandonment of Order to Divert Public Footpath 29, Canford School | To consider the proposal to abandon the proposed Order for Footpath 29. | No | Cabinet<br>10 Jul 2019 | | | | Bill Cotton | Open |
| Budget Monitoring Report - 2019/20 Quarter 1 | To receive the first quarter (April to June) budget monitoring report | No | Cabinet<br>11 Sep 2019 | | | | Adam Richens | Open |

| What is the subject? | What is the purpose of the issue? | Is this a Key Decision? | Decision Maker and Due Date | Wards | Who are the key stakeholders to be consulted before the decision is made? | What is the consultation process and period | Officer writing the report | Is the report likely to be considered in private (i.e., it contains confidential or exempt information)? |
|---|---|---|---|---|---|---|---|---|
| Medium Term Financial Plan Update Report | To receive an update on the medium-term financial plan, including:-<br>• A fundamental refresh of the plan<br>• Progress towards delivering a balanced budget for 2020/21<br>• Impact of the disaggregation of the 31 March 2019 Balance Sheet of Dorset County Council | No | Cabinet<br>9 Oct 2019 | | | | Adam Richens | Open |
| Budget Monitoring Report - 2019/20 Quarter 2 | To receive the second quarter (July to September) budget monitoring report. | No | Cabinet<br>13 Nov 2019 | | | | Adam Richens | Open |

| What is the subject? | What is the purpose of the issue? | Is this a Key Decision? | Decision Maker and Due Date | Wards | Who are the key stakeholders to be consulted before the decision is made? | What is the consultation process and period | Officer writing the report | Is the report likely to be considered in private (i.e., it contains confidential or exempt information)? |
|---|---|---|---|---|---|---|---|---|
| Medium Term Financial Plan Update Report | To receive the Medium Term Financial Plan Update Report, including;<br>• Impact of the Chancellors 2019 Budget Statement<br>• Progress towards delivering a balanced budget for 2020/21<br>• Details of a fundamental review of earmark and unearmarked reserves | No | Cabinet<br>11 Dec 2019 | | | | Adam Richens | Open |
| Taxbase Report | To receive the 2020/21 Council Tax Taxbase | Yes | Cabinet<br>15 Jan 2020 | All Wards | Corporate Management Board | December 2019 | Adam Richens | Open |

| What is the subject? | What is the purpose of the issue? | Is this a Key Decision? | Decision Maker and Due Date | Wards | Who are the key stakeholders to be consulted before the decision is made? | What is the consultation process and period | Officer writing the report | Is the report likely to be considered in private (i.e., it contains confidential or exempt information)? |
|---|---|---|---|---|---|---|---|---|
| 2020/2021 Budget and Medium Term Financial Plan Update Report | To receive an update on the Budget and the Medium-Term Financial Plan, including:-<br>• 2020/21 Provisional Local Government Finance Settlement<br>• 2020/21 Budget Proposal<br>• 2020/21 Council Tax Resolution | No | Cabinet<br>12 Feb 2020 | | | | Adam Richens | Open |

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