



Bournemouth, Christchurch and Poole Shadow Executive Committee

8

Report Subject	Consolidated Medium Term Financial Plan (MTFP) Update
Meeting date	24 July 2018
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Status	Public
Classification	For decision
Executive summary	<p>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.</p> <p>Development of a Medium Term Financial Plan (MTFP) and a robust balanced budget for 2019/20 is a key feature of the implementation plan the Shadow Authority is responsible for delivering.</p> <p>This report provides an update on the progress in developing the MTFP, sets out the budget planning process, and includes details of decisions by any of the sovereign councils which will impact on the financial sustainability of the BCP Unitary Authority.</p>

<p>Recommendations</p>	<p>The Executive Committee is requested to;</p> <p>1. Note the content of the report including the;</p> <ul style="list-style-type: none"> • current Consolidated MTFP position as shown in figure 3. • details of the budget planning process. • resources currently available to meet transition and transformation costs • schedule of key financial decisions made by each of the sovereign councils since the date on which the Structural Change Order came into force. <p>2. Approve the principles, as set out in sections 27 and 28, to be applied in regards any staff exit costs.</p> <p>3. Approve, as part of the Flexible Use of Capital Receipts, to use any amounts realised from the rationalisation of the accommodation estate to support the transition and transformation of services.</p>
<p>Reasons for recommendations</p>	<p>To provide the Shadow Executive with the latest high level overview of the medium term financial plan position for the new Bournemouth, Christchurch and Poole Unitary Authority.</p> <p>To outline the budget setting process, resources currently available to meet transition and transformation costs and to present a schedule of key financial decisions made by each of the sovereign councils since the date on which the Structural Change Order came into force.</p>

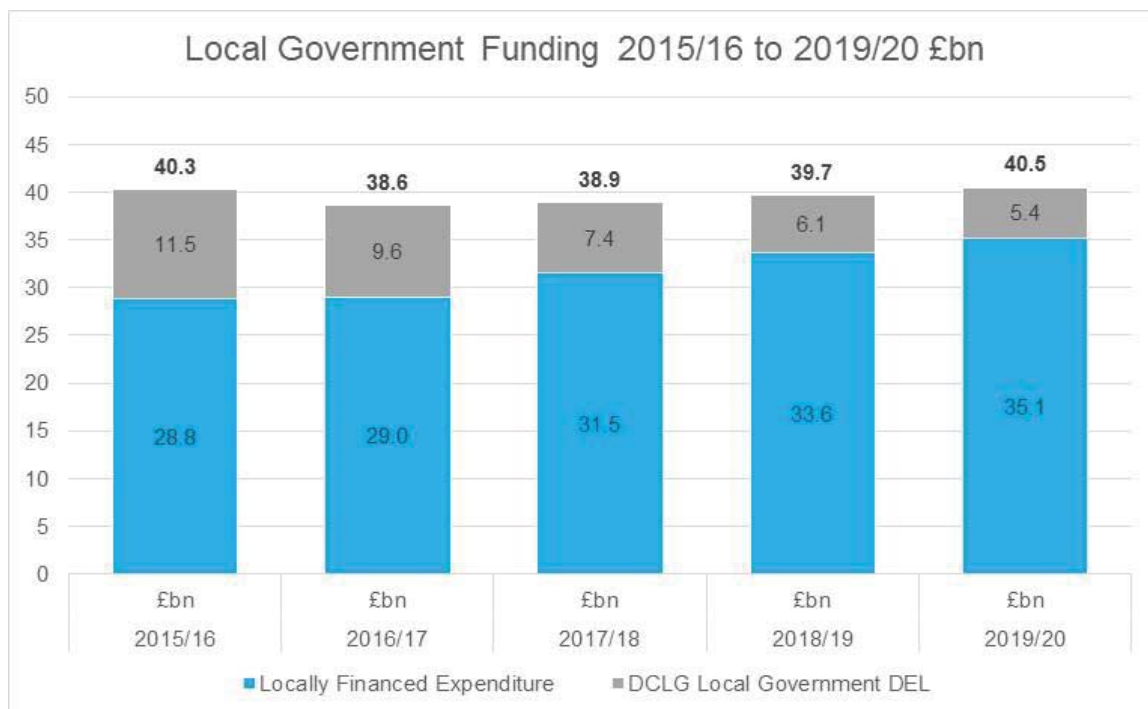
Background detail

1. Creation of two new unitary authorities, covering the geographical area of Dorset, was a strategic response to the ongoing financial challenges faced by all local authorities, particularly those upper tier authorities facing significant demand and cost increases in Adults and Children Social Care services. Cutting out duplication and lowering administration costs delivered by the reduction from nine local authorities down to two in Dorset will ensure improved Value for Money (VfM) for local council taxpayers and better enable the protection of quality front line services to our community and residents.
2. The creation of a Unitary Authority covering Bournemouth, Christchurch and Poole (BCP) will create an iconic coastal economy as a City by the Sea designation which stimulates growth through a global profile, which improves people's quality of life and prosperity and which is supported by modern public service delivery.
3. In developing this new authority and its 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 of Government (austerity) funding reductions will continue.

National Policy 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.
5. 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 is a reduction of **£6.1bn** or **53%**.
6. However Government highlight that they are assuming that overall Local Government spending will 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



7. This increase in cash spending between 2015/16 and 2019/20 is 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 a New Better Care Fund*).

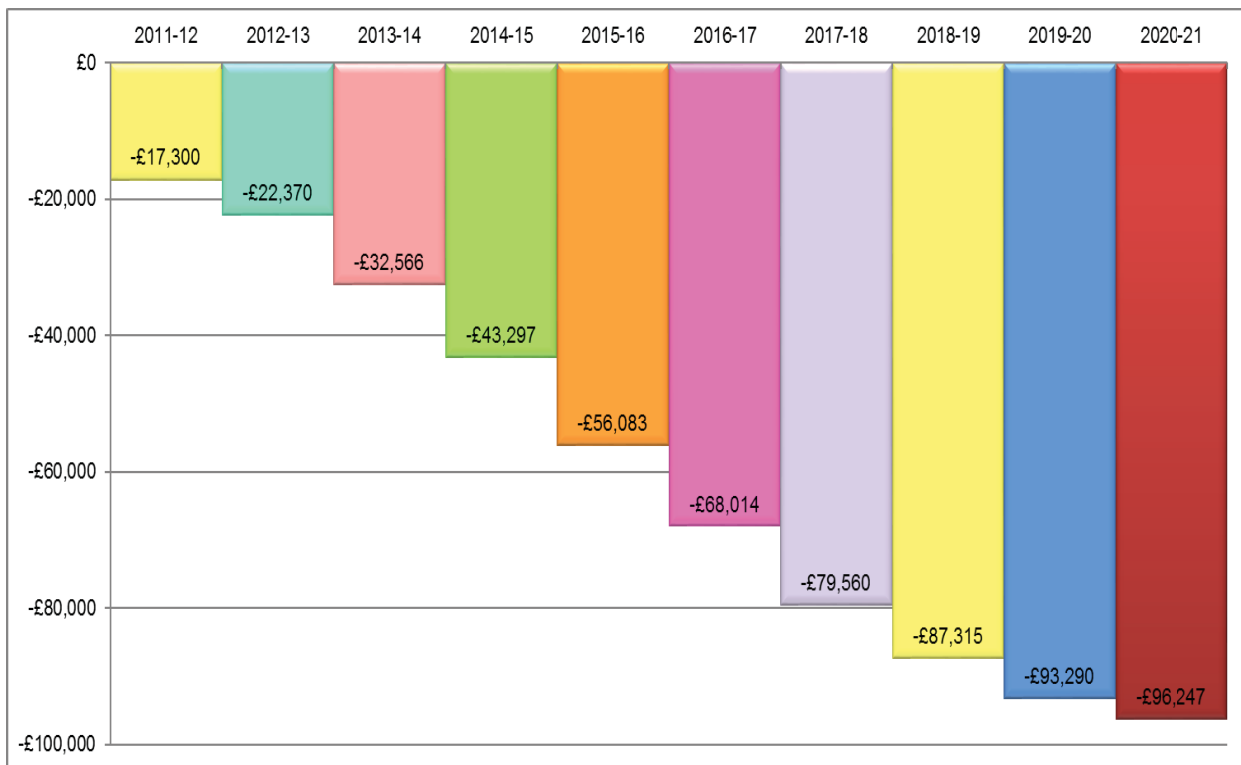
d) Use of capital receipts as a means of financing revenue expenditure on reform projects.

8. This spending review firmly sets the **Government's strategic approach to increase council tax as the mechanism for funding local services** over the period to at least 2020.
9. The Government have commenced work on the 2019 Spending Review. At this stage there has been no formal announcement on the period to be covered or the timeline for departmental submissions. What is known is that it is likely to be supported by the outcome of a Fair Funding Review and a move to 75% Business Rates Retention with local authorities taking new responsibilities for directly funding services such as Public Health, Adult Social Care, Children's Services, and Housing & Homelessness are probably going to remain priorities for investment and resource allocation.

Local Context

10. Figure 2 below details the total £96m per annum reduction to Bournemouth, Christchurch and Poole's core funding compared to 2010/11 as part of the Government's austerity programme.

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



For ease of production this graph does not include provision for Christchurch's share of the funding reductions of Dorset County Council. For purposes of scaling the net budget of Poole is £80m in 2018/19.

11. As a result, by 2021 the new Council will be completely reliant on the money (*net of fees and charges*) it raises locally to pay for local services, be that Council Tax or the amount of local business rates it is allowed to retain.

Budget Cycle

12. 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.
13. The MTFP and budget for 2019/20 should be seen as a rolling, evolving process structured to enable the proactive management and prioritisation of the Council's resources. To support its development the high level budget cycle for the BCP Unitary has been established as follows;

Stage One: April to June

- High level budget planning process as set out in the Consolidated MTFP Update report to the May 2018 BCP Joint Committee including the Financial Strategy.
- Top down baselining and disaggregation of Dorset County Councils 2018/19 Budget to establish costs and income relevant to the community and residents of Christchurch.

Stage Two: June to September

- Initial detailed service based budget process led by the Phase 2 Delivery Boards. *Appendix A provides the briefing paper provided to BCP Programme Board for each of the BCP Delivery Boards to adopt in drawing up the detailed budget for their services.*
- Establish and implement cash limits and/or savings targets which will be issued in July.
- Outline savings and efficiency plans as per the Financial Strategy. Within this there was an emphasis on efficiencies / reductions in the number of employed staff through economies of scale.

Stage Three: October to December

- Refinement stage including Member consideration of budget saving options
- Consideration of public consultation, options and proposals.

Stage Four: January to February

- Finalise the 2019/20 Budget.

14. In line with the recommendations of the officer BCP Programme Board, the detailed budget process will be drawn up over a four year time horizon. Following well grounded MTFP approaches by each of the sovereign council the focus will be on delivering a balanced budget for the first year of the plan and confirmation of the savings, efficiencies and additional resources that can be assumed as deliverable, regardless of organisational structure, for the second to fourth years. The outcome will be a balanced budget for 2019/20 with a confirmed funding gap for years 2020/21 to 2022/23 which the organisational transformation programme, or Phase 3 service redesign workstream, will need to be structured to deliver.

Medium Term Financial Plan (MTFP)

15. At the meetings of the BCP Joint Committee on the 15 December 2017, 20 March 2018, and the 23 May 2018 high level consolidated Medium Term Financial Plan (MTFP) information has been presented which has been drawn together from the published plans of each of the four relevant sovereign councils.
16. In presenting this information previously, it was noted that until the disaggregation work - stream completes its detailed work programme it is difficult to be precise as to the Christchurch share of the current forecast funding gap of Dorset County Council (DCC). In lieu of this information the report suggested that the BCP Unitary should for the time being assume 11.84% of the DCC funding gap based on a mean average of council tax taxbase and population.
17. Figure 3 below presents the consolidated MTFP as articulated through those previous reports.

Figure 3: BCP Unitary Council – Consolidated MTFP Position

	Scenario 1			Scenario 2		
	2019/20 £000's	2020/21 £000's	Total £000's	2019/20 £000's	2020/21 £000's	Total £000's
Annual funding gap before savings	14,130	12,124	26,254	14,130	12,124	26,254
Already assumed savings	(3,379)	(657)	(4,036)	(3,379)	(657)	(4,036)
Net approved funding gaps	10,751	11,467	22,218	10,751	11,467	22,218
Consistent 2.99% C Tax increase	(1,728)		(1,728)	(1,728)		(1,728)
Sub Total	9,023	11,467	20,490	9,023	11,467	20,490
Council Tax Foregone	1,503	1,061	2,564	2,342	1,643	3,985
Sub Total	10,526	12,528	23,054	11,365	13,110	24,475
Provision for emerging cost pressures, changes in demand etc.	3,474		3,474	3,474		3,474
Funding Gap (BCP JC 23/5/18)	14,000	12,528	26,528	14,839	13,110	27,949

Scenario 1 assumes Model M is adopted for Council Tax harmonisation. This is a six year harmonisation model.

Scenario 2 assumes Model G is adopted for Council Tax harmonisation. This is a three year harmonisation model.

18. Since May work has been ongoing and through the Shadow Executive Financial Strategy Member Working Group it is possible for the latest position to be set out in Figure 4 below. This position reflects planning assumptions around potential savings highlighted in the approved Financial Strategy such as those from Democratic Representation and from those included elsewhere on this agenda.

19. **Figure 4: BCP Unitary Council – Consolidated MTFP Position**

	Scenario 1			Scenario 2		
	2019/20 £000's	2020/21 £000's	Total £000's	2019/20 £000's	2020/21 £000's	Total £000's
Funding Gap (BCP JC 23/5/18)	14,000	12,528	26,528	14,839	13,110	27,949
New additional savings	(1,034)		(1,034)	(1,034)		(1,034)
Net approved funding gaps	12,966	12,528	25,494	13,805	13,110	26,915

20. The intention is that through the application of the approved Financial Strategy, and working within the process and timetable set out in the Budget Cycle highlighted in section 13, above Members and Officers will be able to bring forward proposals for the additional resources, savings and efficiencies now needed to enable a robust balanced, lawful, budget for 2019/20 to be set.

Transition and Transformation Costs

Financial Impact of Reorganisation

21. The financial case for reorganisation of local government in Dorset was developed by Local Partnerships. Their report indicated total annual savings from the reorganisation for the BCP Unitary were £9.2m per annum which was after a reduction of 35% to take account of savings and efficiencies which would need to have been delivered prior to April 2019 as a consequence of the Government's ongoing austerity programme.
22. The local partnerships report indicated it would take several years to fully realise the annual savings from reorganisation. Their modelling also assumed a much earlier decision from the Secretary of State than was actually made. The delay in the decision will make it intrinsically harder to deliver the savings, in the original timeframe, than previously assumed.
23. In order to deliver the savings Local Partnerships assumed that up to £11.8m would need to be invested in one off costs. At the time it was assumed that the BCP Unitary would apply for what is known as a Capitalisation Direction to meet these costs. *A capitalisation direction is a specific authorisation issued by the Secretary of State which relaxes the normal accounting convention and allows revenue costs to be treated as capital costs and funded from capital sources such as borrowing and capital receipts.* Officers of MHCLG have advised that a Capitalisation Direction is unlikely to now be given because the Government have since introduced the Flexible Use of Capital Receipts policy which allows capital receipts to be used to fund revenue transformation costs. The case for Government grant to support the cost of change will continue to be made.

24. The Case for Change prepared by Price Waterhouse Coopers suggested the transformation of services could increase the savings from the reorganisation to approximately £34m per annum (before any reduction for savings delivered prior to April 2019) by the investment of approximately £25m. Whilst Members have indicated their desire for the transformation of services, the delay in the decision by the Secretary of State will affect the ability of the new Council to transform its services at the same time as transitioning to the new Council. Nevertheless, transformation remains the medium term intention.

Categories of costs

25. As set out above significant costs will need to be incurred in transitioning to the new BCP Unitary Council. This will largely emanate from reducing the number of staff employed but also in adapting property and ICT arrangements as well as programme costs to deliver the required change. Key categories of costs can therefore be summarised as;

- Shadow Council costs
- Redundancy and exit costs
- Programme and project management resources
- Implications of changes to business and reporting requirements associated with the new Council ICT needs
- Reconfiguration of the Councils accommodation requirements

26. It is important that the transfer of services from one authority to another does not disadvantage individual people receiving care. It is also essential that there is complete transparency around any necessary action required to address the ongoing financial challenges faced by local authorities due to increasing costs, growing demand and the Governments continued austerity funding reductions.

27. It is proposed that the BCP Council adopts the following principles in regards to the use of voluntary or compulsory redundancy during the transition from the current authorities to the new Unitary Council;

- a) The actual number of redundancies will need to balance the requirement to make efficiencies and savings while acknowledging the significant cost of delivering a redundancy programme. In managing this balance, the new Unitary will look insofar as possible to the current cohort of staff as a means of filling posts in the new authority and to avoid unnecessarily inflating the redundancy/exit cost bill.
- b) Value for Money (VfM) principles will be applied. This means that no individual will be made redundant unless the payback in savings from their post is less than 24 months where there is a strain on the pension fund (*due to the fact they have early entitlement to their pension*), or less than 9 months in all circumstance where there is no pension fund strain cost. The expectation is that individuals will be required to work their notice periods.

28. Exceptions to these principles will be permitted especially due to operational and service delivery needs. However the Shadow Executive will be requested to endorse any redundancy costs arrangements which exceed the principles. In addition the Shadow Executive will be requested to endorse the redundancy costs of all Level 1 and Level 2 Senior Officers in line with the expectation of higher levels of transparency and scrutiny of senior officer pay.

Funding to support reorganisation.

29. Projecting the reserves, balances and flexible use of capital receipts of the four sovereign councils provides an indication of the resources that the BCP Unitary will have available to support the cost of transitioning to the new Council and transforming services.
30. The table below summarises the resources held by each of the council's potentially available to support the transition and transformation process.

Figure 5: Total Transition and Transformation Funding

	2018/19 £m	£2019/20 £m	2020/21 £m	Total £m
Earmarked Reserves	(8.178)	(0.300)		(8.478)
Flexible Use of Capital Receipts	(2.623)	(1.800)	(1.800)	(6.223)
Total	(10.801)	(2.100)	(1.800)	(14.701)

*Details for each of the existing councils are included as **Appendix B** to this report.*

In addition to the resources outlined above £1.16m is available via the earmarked reserves of the four sovereign councils for the initial mobilisation of programme and project management resources to support Phase 1 and Phase 2 of the process. The BCP Joint Committee also acknowledged the requirement for additional transitional funding for the programme during the transition phase details of which the BCP Programme Director will present to the October BCP Shadow Executive.

It should be highlighted that the resources identified in figure 5 are those currently identified as available to cover all stages of the transitional and transformation process and are those available based on the best available information. This position will change in line with the operating performance of each sovereign council during 2018/19 and any local decisions to allocate such resources in advance of vesting day.

31. Local Partnerships report indicated that a significant contribution to the cost of change would be from capital receipts realised through the rationalisation of the new council's accommodation estate. The recommendation of this report is that Shadow Executive approve that any such additional capital receipts are earmarked under the "Flexible Use of Capital Receipts" policy framework to provide additional resources to support the transition and transformation of resources.

Schedule of key financial decisions made by the sovereign councils

32. The Chief Financial Officers of each of the sovereign Councils will have a key role in ensuring the Shadow Authority is made aware of any significant financial matters which will impact on the future resilience and sustainability of the proposed new Unitary Authority.

33. **Appendix C** provides a schedule of the decisions made since the Dorset Structure Change Order came into place. It is now supported with a protocol to ensure the relevant service Portfolio Holders and the Resources Portfolio Holders for each of the sovereign councils are made aware of any proposals before they are presented to the relevant decisions making body for approval.

Previous Reports

34. Previous Consolidated MTFP Update Reports to this Joint Committee have provided information on;

- Financial Strategy
- Budget Timetable
- Aggregate Budget Information
- Reserves
- Capital Financing Requirement and External Loans
- Fair Funding Review
- 75% Business Rates Retention Model
- Negative Revenue Support Grant (RSG)

The intention will be to provide further updates including information on the capital programme as we progress through the budget cycle.

Consultation

35. 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 four 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.

Summary of finance and resourcing implications

36. As set out in the report.

Summary of legal implications

37. It is the responsibility of Members of the Shadow Authority to ensure the Council sets a balanced budget for the forthcoming year. In setting such a budget Members 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

38. 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

39. None specifically related to this report.

Summary of equalities and diversity impact

40. 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.

41. 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

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

43. A separate report on this agenda addresses the key programme risks.

Background papers

44. Previous Consolidated Medium Term Financial Plan reports to this Joint Committee can be found at <https://bcpsshadowauthority.wordpress.com/meetings/>

- 15 December 2017
- 20 March 2018
- 23 May 2018

Appendices

45. Appendix A

Briefing paper on the detailed service based budget process to the BCP Programme Board

Appendix B

Transition and Transformation Funding of each of the existing Councils

Appendix C

Schedule of key financial decisions made by the four sovereign councils

Bournemouth, Christchurch and Poole Council

MTFP and 2019/20 Service Budget Process

Briefing Paper

Purpose

The purpose of this briefing paper is to set out for the BCP Programme Board the proposal for the delivery of detailed budgets for each service for the new Bournemouth, Poole and Christchurch Unitary Authority.

The document is designed to assist the Phase 2 Delivery Boards (formerly known as Portfolio Boards) who will determine the relevant building blocks (referred to as units of services) within their terms of reference.

The Accountancy Service will work with each of the Delivery Boards to determine the relevant units of service and their levels. Insofar as is possible the Revenue Anticipated (RA) budget information for 2018/19, provided to Government, will be used as a base reference point. This means that all funding changes, cost pressure and savings for the new Council will be shown as adjustments to this currently balanced budget position across the predecessor Councils.

Delivery Boards are not at this stage redesigning all services for the new Council and will need to agree with the Programme Team, the arrangements for any services which currently sit across more than one Boards.

Output

Covering the four years 2019/20 to 2022/23;

- a detail salary budget for each unit of service for each year.
- a detailed budget statement for each unit of service for each year.
- a schedule of detailed savings proposals for each service.

These should be put together to ensure each Directorate/Theme or service can adhere to principle that they deliver a budget within the cash limit or targets of the Financial Strategy. Any such limits or targets will be advised in due course.

It is important that we can deliver an audit trail which demonstrates that the transfer of services from one authority to another has not disadvantaged individual people receiving services. It is also essential that there is then complete transparency around any necessary action required to address the financial challenges faced by local authorities due to increasing costs, growing demand and the Governments ongoing austerity funding reductions.

The output will, subsequent to the initial deadline, need to be further revised as the process will continue and will be iterative through to the final approval of the 2019/20 budget by the Shadow Authority in February 2019. Detailed savings requirements cannot be finalised until there is clarity around service requirements and the level of funding available.

Assumptions

Key high level budget assumptions include;

Pay Award

- 2% annual provision for the pay award in each year of the MTFP.
- Pay scales will be adjusted to take account of the National Living Wage.
- Pay scales will be based on TUPE transfer pay rates of each of the four sovereign councils.
- As a standard a minimum 2% vacancy factor will be applied with any higher provisions based on demonstrable specific service arrangements. Exceptions will be considered on a case by case basis.
- The staff budget will set individual pay at current levels for existing staff with vacancies or new posts set at midpoints for the grade. This will ensure that historic patterns of staff turnover continue to be reflected in service budgets until there is evidence of change as a result of LGR.
- The staff budget will initially factor in the impact of incremental drift as a guide for managers. However, this is on the basis services will cover the cost of incremental drift either as an adjustment to the vacancy factor or through additional savings, efficiencies or income. The budget preparation will highlight the amount to be identified / covered.
- Representatives from Accountancy will advise as to the arrangements for budgeting for superannuation back funding. Generally these costs will need to be budgeted for but are held centrally outside the cost of services to conform to the requirements of the RA return. However there are exceptions such as staff on certain pay scales, or where costs are charged to ring-fenced areas such as schools and the Housing Revenue Account(s). These services will need to continue to budget for their specific back funding costs.
- The approach outlined above will be adopted until such time as the future pay and grading model for the new council has been developed and approved along with its associated harmonised conditions of service. This means at this stage it will be used to prepare estimates across all four years of the MTFP.

Inflation

- No provision for inflation will be made unless it can be evidenced by contractual arrangements or market conditions.

Demand and Cost Pressures

- Provision for demographic growth will need to be supported with detailed supporting trend and service data.

Savings, Efficiencies and Additional Resources

- Delivery Boards should be guided by the savings themes and categories as set out in the approved Financial Strategy and as agreed by the BCP Joint Committee on the 23 May 2018. This includes creating common financial and operating policies when appropriate and practical to do so within the parameters of the "Finance Order" and benchmarking fees and charges.

- Savings previously hardcoded into the MTFPs of Bournemouth, Christchurch, Poole and Dorset County Council will continue to be assumed as deliverable unless they are specifically flagged as unachievable in which case the rationale will need to be set out.
- Guidance on any specific service targets, principles or parameters will be issued once the 2018/19 Budget of Dorset County Council is fully disaggregated. *Likely to be late June or early July.*

Framework

- Services do not need to budget for Corporate Support Services as these will be budgeted for centrally.
- Corporate Support Services (and all services) will need to budget for all income and recharges to/from third parties such as academies, Stour Valley and Poole Partnership, Dedicated Schools Grant etc.

Reference Points / Inputs

In drawing the service budgets together there will be a number of reference points including;

- 2017/18 Financial Outturn information of Bournemouth, Christchurch, Poole and Dorset County Council.
- 2018/19 Budgets Bournemouth, Christchurch and Poole.
- 2018/19 Budget of Dorset County Council disaggregated for services to the community and residents of Christchurch.
- Service trend information, volume of waste disposed off, volume of recycled waste etc.
- Care plans for specific individual Adults and Children.

Please note the Accountancy Team will endeavour to provide a consolidated 2018/19 budget for the BCP Unitary to be used as a starting point drawing together some of the information listed above.

Timeline

Each unit of service will need to provide an initial draft of their budget for 2019/20 and MTFP for the following four years by the close of play on Friday 7th September.

Resources

Accountancy Staff will support the process as follows;

Nicola Webb - Assistant Chief Financial Officer

Adults, Children and People Theme Services

Anna Fresolone - Finance Manager Adult Social Care

Jo-Collis Heavens - Finance Manager Children's Services

Corporate Support Services

Tina Worthing - Finance Manager including for Corporate Services

Shaun Darcy - Assistant Chief Financial Officer

Environment, Economy and Place Theme Services

Dan Povey - Finance Manager Christchurch Council

Paul Whittles –Finance Manager for Infrastructure, Economy and Housing Services

Tina Worthing – Finance Manager including for Environmental Services and Poole

Culture & Community Services

Corporate Budgets Matt Filmer - Finance Manager Corporate

Please note Dan Povey will also be able to provide specific support on any budgets transferring from Christchurch Borough Council.

Responsibilities

The delivery of the outputs rests with the Portfolio Boards as supported by staff from the Accountancy Service.

- BCP Programme Board agreed on the 24 May 2018 that the terms of reference for each of the Portfolio Boards would be adjusted to take account of this work stream.

A Richens

7 June 2018

Bournemouth, Christchurch and Poole Unitary Council

Transitional and Transformation Resources

Resources available to support transition	2018/19 £m	2019/20 £m	2020/21 £m
Bournemouth Borough Council			
Earmarked Reserve - MTFP Revenue Contingency Reserve	(1.510)		
Flexible Use of Capital Receipts	(2.023)	(1.500)	(1.500)
	(3.533)	(1.500)	(1.500)
Christchurch Borough Council			
Earmarked Reserve - Reorganisation and Corporate Priorities	(1.940)		
Assumed Share of DCC (Christchurch 11.7%)			
Earmarked Reserve - Medium Term Financial Strategy Reserve		(0.300)	
	(1.940)	(0.300)	0.000
Poole Borough Council			
Earmarked Reserve - Financial Planning Reserve	(2.703)		
Earmarked Reserve - Reorganisation and Redundancy Reserve	(2.025)		
Flexible Use of Capital Receipts	(0.600)	(0.300)	(0.300)
	(5.328)	(0.300)	(0.300)
	(10.801)	(2.100)	(1.800)

Please Note:

- a) These are the total extent of the resources **currently** identified to support all **three** phases of the change process.
- b) These resources **exclude** the £1.160m set aside across the four local authorities for initial programme and project management mobilisation costs to support Phases 1 and 2 of the process. (Programme Mobilisation and Resourcing report to BCP Joint Committee 16/4/18)

Identified Resources	31/03/2017 £m	31/03/2018 £m	31/03/2019 £m
Unearmarked Reserves			
Bournemouth Unitary Authority	(8.245)	(8.357)	(8.130)
Christchurch Borough Council	(0.971)	(0.971)	(0.971)
Assumed Share of DCC (Christchurch 11.7%)	(1.653)	(1.556)	(1.556)
Poole Unitary Authority	(6.252)	(6.252)	(6.252)
Total Unearmarked Reserves	(17.121)	(17.136)	(16.909)
Earmarked Reserves			
Bournemouth Unitary Authority	(20.024)	(21.781)	(12.707)
Christchurch Borough Council	(6.190)	(5.357)	(4.248)
Assumed Share of DCC (Christchurch 11.7%)	(6.631)	(6.336)	(5.166)
Poole Unitary Authority	(14.689)	(15.936)	(4.746)
Total Earmarked Reserves	(47.534)	(49.410)	(26.867)
	(64.655)	(66.546)	(43.776)

Please Note:

The position shows the balance sheet position as per the Statement of Accounts for each of the authorities as at the end of 2017/18 and 2018/19 financial years. The position as at 31 March 2019 is a forecast based on the best available information and the June 2018 positions.

BCP Unitary Authority

Schedule of key financial decisions made by the four sovereign councils

Period: This paper covers all activity from 26 May 2018 onwards which was the date the Dorset Structural Change Order came into force.

Value: A key financial decision is for the purposes of this exercise defined as one in which the total value of expenditure/income is an amount of £500k or more. Areas covered include purchase, disposal and transfer of assets, new contracts with significant on-going financial commitments (but not routine items like care packages), new capital schemes and the use of reserves above those already approved.

General Fund

Category 1 New or additional items of ongoing revenue expenditure

Ref	Description	Decision Maker	Date	Detail	Financial Implications
A	Social Care Redesign of the Social Care Out of Hours Service	Poole Portfolio Holder Decision - Cllr White and Cllr K Rampton	4 July 2018	Proposed new out of hour's social worker operating model from Sept 2018. Separate from Dorset County Council.	£767,000 per annum additional investment across BCP Unitary Authority
		Bournemouth Cabinet Member Decision – Cllr N Greene	3 July 2018	Required on the grounds that the previous model no longer had the capacity to provide a safe and responsive service, particularly to children and young people.	

Category 2 One-off items of revenue or capital expenditure

Ref	Description	Decision Maker	Date	Detail	Financial Implications
B	Specific Asset Purchase	Bournemouth Cabinet	18 July 2018	Acquisition will enhance future strategic regeneration and/or redevelopment opportunities in the town centre in line with the councils strategic aims and priorities	Long leasehold interest of mixed-use investment assets. Funded via prudential borrowing
C	Legacy Play Project	Christchurch Borough Council	10 July 2018	Proposal for Borough wide enhanced children's play offer. Decommissioning small poorly used sites and enhancing or developing other play facilities.	£1.2m Total Project Funding from existing funds and £268,000 from unallocated reserves
D	Medium Term Financial Plan Update	Dorset County Council Cabinet	27 June 2018	Increase current ceiling on the flexible use of capital receipts. Transfer of an additional £2.5m into LGR Reserve to provide for future costs of transition.	Use of an additional £5m of capital receipts giving headroom of £7m from 2018/19 to 2021/22 £2.5m transfer available due to Minimum Revenue Provision adjustment in 2017/18

Category 3 Grant bids or bids for external funding

Ref	Description	Decision Maker	Date	Detail	Financial Implications
E	Heritage Lottery Fund (HLF) Poole Museum	Poole Cabinet	10 July 2018	Support with conservation and improvement work in the region of £2.1m	Potential local match funding in the region of £700,000. Potentially £50,000 Capital Contingency Fund, £200,000 Prudential Borrowing Scheme, and the residual through the Community Infrastructure Levy, External Fund Raising and Contributions in kind.

Ref	Description	Decision Maker	Date	Detail	Financial Implications
F	Department for Transport Transforming Cities Fund	Officer Initial bid submission stage	8 June 2018	Promote non-car modes of transport (cycling, walking, better bus routes etc.)	The Transforming Cities Fund bid aligns funding from the Growth Deal programme, Local Transport Plan settlements, future funding from the Department for Digital, Culture, Media and Sports, developer contributions and funding from public transport operators.
G	Home Office Trusted Relationship Fund	Officer Initial bid submission stage	4 June 2018	Reduce vulnerability of 10 to 17 year olds through building trusted relationships with adults through additional youth work activity and family therapy.	Over 2018/19 and 2019/20 the amount of grant would be £700,000. Fresh decision if continue in new Spending Review Period for a further 2 years at £896,000 to take the project to potential £1.6million overall. Indirect costs set at 7% maximum included in the bid for each year.

Category 4 Asset declared surplus – Formally transferred to “Asset Held for Sale”

Ref	Description	Decision Maker	Date	Detail	Financial Implications
H	Baileys, 131 Barrack Road Christchurch	Dorset County Council Cabinet	27 June 2018	Previously used to provide commissioned mental health services by the Richmond Fellowship. Listing authority for assets of community value will now be duly notified of the intention to sell. This will allow time for discussions with The Water Lily Project to progress during the six month moratorium period prior to any formal marketing process.	The Water Lily Project, the approved sub tenant of the Richmond Fellowship, has been granted a tenancy at will to remain in the first floor of the property whilst they work up future plans. The moratorium allows time for a community group to instigate a bid for the property. Value likely to be less than £0.5m but included due to previous Member interest

Housing Revenue Account

Category 1 New or additional items of ongoing revenue expenditure

Ref	Description	Decision Maker	Date	Detail	Financial Implications
I	Approval of Service Charge Policy	Bournemouth Cabinet Member Decision - Cllr Lawton	26 June 2018	Recovery of costs for services provided to tenants	Up to £500,000

Category 2 One-off items of revenue or capital expenditure

Ref	Description	Decision Maker	Date	Detail	Financial Implications
J	Sterte Tower Blocks Sprinkler System	Poole Cabinet	10 July 2018	Fit sprinkler system into two tower blocks at Sterte Court	£630,000 funding as part of the Housing Revenue Account Capital programme