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Lee Rowley MP
Parliamentary Under-Secretary for Local
Government and Building Safety
Department for Levelling Up, Housing and
Communities
Fry Building, 2 Marsham Street
London SW1P 6DY

Date: 3 March 2023
Our ref: CD
Contact: Councillor Broadhead
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Dear Minister,

BCP Council – 2023/24 Budget Plans and update

In response to your letter dated 25 January 2023, I thought I would write to you as the newly elected Leader of BCP Council to update you on the 2023/24 budget of the council, the progress we have made and the position in respect of the £20m “minded to” capitalisation direction for 2022/23.

Ahead of this year’s budgeting setting process, starting in the summer the senior Council Cabinet team working alongside the Corporate Management Board undertook a protracted series of deep dive programmes designed to mitigate the impact of the inflationary environment on the Council. As you may be aware, we have calculated the impact of inflation alone to be around £54m to the council, and we were determined that we would meet this challenge face on to avoid having to make painful decisions around council services.

The outcome of this programmed workstream was a projected £10.2m surplus for the financial year 2022/23, which enabled us to put together a draft budget, based on the traditional and conventional approaches to the formation of a local authority budget and in line with the spirit and intent of all local government finance legislation. This draft budget offered a balanced position for 2023/24 and avoided the need for any significant cuts to council services, whilst also allowing us to continue investing in the future and our most vulnerable – particularly our Children’s Services.

Following this draft Budget, on 21 February 2023 the Council formally approved its budget for 2023/24 based on the following broad parameters.

- 4.99% Council Tax increase (2.99% basic and 2% Social Care Precept).
- £34.3m of savings, efficiencies, increases to fees and charges, and service adjustments which are on track to be implemented over the next 4 months. These savings and efficiencies are in line with our expectations and similar to those delivered on track in previous years.
- An additional investment of £1.9m into unearmarked reserves to ensure they represent 5% of Net Revenue Expenditure, in line with good practice.

During the budget setting process, in recognition of our position within a no overall control council, I worked closely with the leaders of other political groups to ensure that the final budget proposals of the administration took into account a large proportion of the suggestions from their alternate budget proposals. I thank the other political parties’ leaders for positively engaging with this process. This enabled very few areas of disagreement, and this cross-party collaboration was invaluable in helping to determine a council amendment to the budget recommended by Cabinet, which picked up amongst other things the extra funding we were allocated by the government as part of the final local government finance settlement for 2023/24.

This agreed budget, alongside our transformation programme, leaves us in the position of having a cumulative medium term funding gap over the next four years of only around £12m. Whilst recognising we still have work to do to keep this momentum going, I hope the ability to demonstrate such a relatively balanced revenue position in the circumstances of the serious national and international headwinds gives you and your team confidence that we are managing the Council's longer term financial sustainability with rigour and confidence.

I can also reaffirm the ongoing commitment to the above-mentioned transformation of the council and our continuing journey to create a vibrant new authority which re-imagines and creates a modern and efficient organisation. The funding of this programme was fundamentally altered by changes to legislation last year, which in turn was followed by a welcomed 'minded to' offer from your predecessor of a capitalisation direction of upto £20m to fund the gap we faced due to this change in legislation. As per the content of Minister Paul Sculley's letter of the 2 September 2022, we have continued to use best endeavours to eliminate the need to require ANY such government support in this regard, and I am delighted to be able to write to you to update you on our progress in that position.

Council in January 2023 agreed to asset sales primarily for two industrial estates which, coupled with other, long term asset disposals already in hand, aimed to avoid the need for any capitalisation direction at all. I am pleased to confirm that those asset sales have progressed ahead of our valuation targets, and are on track to complete by the end of this financial year, 31 March 2023. Coupled with other workstreams progressing to assure the delivery of our Children's Services workstreams, I can therefore give you assurance that the welcome backup of the financial support from Government should not be needed. My officials will confirm this with your team imminently.

Furthermore, I have been working closely with our finance team to assess any further asset sales that may be required to fund our transformation programme for next year. It seems likely that the level of asset sales to fulfil this requirement now stands at circa £6m. We have ample assets, many of which could easily fill this requirement: and indeed at our next Cabinet meeting on Wednesday are considering a long standing asset sale which alone could cover that need. I am therefore confident that no further government support or capitalisation direction will be needed in this regard next year as well. In addition, we have set up a cross party working group to monitor this progress.

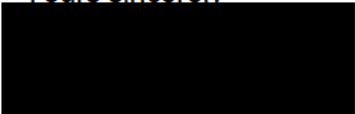
I have also, only today, had a productive meeting with the Council's independent auditor, to update them of the above positive financial updates and give further assurance about our plans for the future. They seem pleased with the progress made and committed to a continued positive working relationship.

I hope that this gives you a significant degree of assurance about the management of BCP Council.

However, to add to that I have asked our Chief Executive to carry out his own assurance review and I will be happy to share that with you as soon as it is complete. That is intended to give you a further layer of assurance which you may be able to accept, or may wish to test independently. The aim of this review is to give myself and the Council a clear indication of where further improvements may be needed, alongside an agenda to complete any changes to the way that the Council operates from the local elections in May.

I hope that this letter is helpful to you and colleagues, and I look forward to continuing to work with you.

Yours sincerely



Clr Philip Broadhead
Leader, BCP Council