

Financial Strategy

Supporting the 2024/25 Budget & Medium-Term Financial Plan (MTFP)

Focusing on traditional local government financial management processes and revenue sources the Cabinet working with Senior Officers has developed the following financial strategy to support the development of the 2024/25 Budget and Medium-Term Financial Plan.

Review of the inherited Medium Term Financial Plan

Test and challenge the inherited MTFP position to verify the robustness of any cost pressures provided for in light of the current cost of living crisis position. The assumption will be that no savings will be included unless they are evidenced as deliverable underpinned by appropriate governance arrangements around decision making.

Capital Receipts from Asset Disposals

Identify assets that can be sold to generate a capital receipt which in turn can be used, via the Flexible Use of Capital Receipts (FUCR) statutory guidance, to fund transformation investment programme costs in both 2023/24 and 2024/25. Please note this flexibility is not currently available after the 31 March 2025.

By developing an ongoing programme of sales of assets no longer needed for service or strategic reasons it is hoped, once the transformation programme has been financed, to generate resources that can be used to fund capital expenditure which might include improvements to Civic Hubs.

Accommodation Strategy

Fundamental review of occupied buildings with a view to further consolidating the staff in the civic centre and considering future options for owned buildings or passing back leasehold properties as soon as practical.

Review of the Collection Funds

A fundamental and detailed review of the collection funds, both Council Tax and Business Rates, as the position starts to stabilise in a post pandemic environment. To include a review of the top up and tariff arrangements, appeals and bad debt provisions, as well as the possibility to redistribute any retained balances.

Review of Balance Sheet

A fundamental review of the authority's balance sheet to include a fundamental review of Earmarked Reserves and to benchmark items such as bad debts provisions to compare with the levels and policies of other local authorities.

Harmonisation of Services

The intent is to harmonise all services across the conurbation following the 2019 Local Government Reorganisation. Good progress has been made however all outstanding areas of harmonisation will be reviewed to eliminate any areas of difference.

An Enabling Council – Strength Based Approach

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

Explore Alternative structures for the delivery of services

Linked to the strength-based approach, explore via a community governance review, the extent to which a greater level of harmonisation can be achieved via the consistent transfer of services to town and parish councils with their separate precept arrangements. At the moment only some areas of BCP have such arrangements. Examples of services covered could be parks, open spaces, cemeteries.

Full Cost Recovery

Ensure that fees and charges are set at level to guarantee that all costs both revenue and capital, direct and indirect are fully recovered. As part of this process consideration will be given to the implementation of resident cards which creates a differential charging approach between residents and non-residents.

Opportunities to deliver further revenue will also be considered through a more commercial approach within services with a specific focus on the Operations Directorate.

Transformation

Test the evidence base to support the deliverability of any assumed transformation savings. In addition, verify the justification for any recharge of base revenue budget staff costs into the programme.

Invest to Save

Consider robust self-financing business cases that use the council's ability to borrow to invest in capital infrastructure which additionally will drive down operational costs or avoid demand pressures.

Integrated Care System

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

Service Rationalisations

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

Housing Revenue Account

Fundamental review of all recharges between the Housing Revenue Account and General Fund to ensure in line with latest best practice.

Debt Threshold (Capital Financing Requirement)

Previously the council's debt threshold was increased from its current level of £491m to £1.334bn to enable service-based expenditure to be financed from debt with the cost spread over the time period that will benefit from the expenditure and to support the big plan objectives including the delivery of regeneration and housing schemes. However, it is recognised that there is risk associated with taking on additional debt. The repayment of debt takes a precedence even over expenditure on the delivery of statutory services and even if a scheme is supported by the most robust business case there will always be considerable risk associated with the assumptions made and potential variables. Therefore, the Treasury Management report to the July Audit & Governance Committee will

recommended to reduce the debt threshold to £755m which is the peak position as set out in the current capital strategy of the authority with a 5% tolerance.

BCP FuturePlaces Ltd

Reconsider the commissioning and options associated with the future funding of BCP Future Places Ltd. This is likely to involve more of a hybrid funding model between the complete revenue funding model adopted in 2021/22 and the complete capital model adopted from 2022/23 onwards. This July MTFP Update report proposes reducing the working capital loan facility linked to the capital funding model from £8m to £6m.

Dedicated Schools Grant (DSG)

Includes continuing to explore with the Department for Education (DfE) the significant deficit accumulating on the Dedicated Schools Grant (DSG) and the solution as to how this will be funded. This could include a request to be part of the Governments Safety Net programme which Dorset Council are currently part off. This should also include reference to the fact that the council is required to cashflow the deficit which is having a significant impact on the resources available to support the general fund budget.

Participatory Budgets

Consideration of the ability to established small scale community grant allocations where the community decides how the money is spent and are involved in the scrutiny and monitoring following the original allocation.

Government Reforms

Continue to monitor and consider the impact of various government proposals which will have a direct impact on either the cost base or income sources available to the council. This includes the Social Care reforms which are currently delayed until October 2025 and the Extended Producer Responsibilities (ERP) which aims to shift the cost of collecting household waste from taxpayers to the producers and is currently due to be implemented from April 2024.