

2025/25 Budget - Financial Strategy

Supporting the 2025/26 Budget & Medium-Term Financial Plan (MTFP)

With a continuing focus on traditional local government financial management processes and revenue sources the Cabinet working with Senior Officers has developed the following financial strategy to support maintaining a balanced 2025/26 Budget and Medium-Term Financial Plan.

Focus on delivery of the February 2024 approved Medium Term Financial Plan

Action by Portfolio Holders, Corporate Directors, and all Budget Holders to deliver the assumptions as set out in the February 2024 report to Council. The emphasis will be on the delivery of the assumed, savings, efficiencies, additional fees and charges, or service adjustments.

Dedicated Schools Grant (DSG)

Implement the 15-year DSG recovery plan. Continue to explore with the Department for Education (DfE) and the Department for Levelling Up, Housing and Communities (DLUHC) the significant accumulated deficit on the Dedicated Schools Grant (DSG) and solution as to how this will be funded. This will include continuing the Safety Valve conversation with government.

Financial Outturn

Review of the 2023/24 Financial Outturn to consider extent to which the base revenue budget needs to be rebased to reflect income and expenditure patterns in the period since the 2024/25 budget was set. Care will need to be taken to consider the impact of the spend control that operated during the whole of the last financial year.

Accommodation Strategy

Ongoing review of underutilised and unused buildings with a view to rationalising the corporate estate and further consolidating the staff in the civic centre. To include consideration of future options for owned buildings and the potential to pass back leasehold properties to their freeholder as soon as practical.

Corporate Landlord Model

Continue the work to develop and implement a virtual Corporate Landlord Model supported by a full Asset Management Plan.

Pipeline of Capital Receipts from Asset Disposals

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

The use of these receipts to be considered in support of.

- The extension of the Flexible Use of Capital Receipts legislation to the 31 March 2030 including any yet to be announced amendments to its parameters. This may facilitate a second more service specific transformation programme.
- Debt repayment.
- Improvements to Civic Hubs.
- Capital investment in assets.

Capital Programme

Minimise new capital requirements/bids by only considering fully externally funded schemes or those where there is a legal requirement (such as critical condition schemes to manage health and safety or manage operations). In addition, consideration will be given to robust self-financing business cases that use the council's ability to borrow to invest in capital infrastructure and which additionally drive down operational costs or avoid demand pressures.

Transformation Investment Programme

Continue the delivery of the transformation business case with particular focus on the already programmed savings and the underlying need to resize the authority with the resultant reduction in the head count of the authority. Ongoing consideration is being given to the possibility of supporting this process with a Voluntary Redundancy process during the summer/autumn of 2024 to ensure delivery for the saving for 1 April 2025 onwards. In support of this process, it is proposed to use the following updated value for money criteria after consideration of the models adopted by other local authorities.

- a. No individual will be made redundant unless the payback in savings from their post is less than 2 years.
- b. Exceptions to these principles will be permitted due to operational and service delivery needs however any such proposals will need the approval of the following Senior Officers, Chief Executive, Director of Finance, and the Head of Human Resources. The authorisation of these three officers will also be required for any proposal in which the total exit cost is more than £95,000.
- c. The expectation is that individuals will be required to work their notice periods and take any outstanding annual leave entitlements.

Fees and Charges

Ensure all fees and charges are increased in line with the impact of inflation on the service including the impact of the pay award and the pay & reward workstream. In doing so services should continue to ensure application of the Full Cost Recovery principle which requires all fees and charges are set at level to guarantee that all costs both revenue and capital, direct and indirect are fully recovered.

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.

Procurement and Commissioning

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

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. This action is underpinned by the assumption of the harmonisation of systems used to underpin the delivery of services.

Review of the Business Rates Collection Fund

Ongoing review of the Business Rates Collection Fund following the fundamental review undertaken with independent expert advice in support of the 2024/25 budget process. Included consideration of top up and tariff arrangements, appeals and bad debts. The purpose is to monitor if the impact is in line with that predicted.

An Enabling Council – Strength Based Approach

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

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. Currently only some areas of BCP have such arrangements. Examples of services covered could be parks, open spaces, cemeteries.

Resident Cards

To potentially be introduced from April 2025 with potential differential charging approach between residents and non-residents.

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.

Housing Revenue Account/Companies

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

Review of Balance Sheet

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

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.