Bournemouth, Christchurch, and Poole Council

Autumn Budget 2024

Stakeholder Representation

By way of context BCP Council is the tenth largest urban local authority, the thirteenth largest unitary council by population and the largest urban authority without an upper tier of combined or regional governance above it. Over 400,000 people reside across our three coastal towns of Bournemouth, Christchurch and Poole, home to some of the most affluent and some of the most deprived areas in the country.

When BCP Council was formed on 1 April 2019, it was the result of the most complex local government reorganisation seen in the country for over forty years, bringing together district and county level services, each from three different sources, across four preceding councils. It was an opportunity to transform public services, remove duplication and inefficiencies and leverage economies of scale.

Not all the preceding councils supported the decision and so there were delays in decision-making, with the resulting restructure being completed in ten months from the final statutory instrument being laid, a year faster than other local government reorganisations.

We appointed KPMG as a strategic implementation partner for our transformation programme in 2019 and worked with them to develop and implement a new council-wide operating model, along with new platforms for customer relationship management, enterprise resource planning and a new data platform. This enabled us to create the fundamentals of a more connected, less siloed and more financially sustainable organisation and provide the foundations for further transformation in future years to deliver new efficiencies and productivity gains.

We have worked relentlessly to overcome challenges, from the covid-19 pandemic, which occurred less than a year into our new council forming, to responding to increasing demand on services, inflationary cost pressures and reestablishing a financial baseline after political aspirations in a complex political environment led to a depletion of reserves.

It should be clear that the journey has not been a smooth one by any means. The then Conversative Administration set the 2022/23 Budget based on an innovative financial model that tested the boundaries of Treasury orthodoxy. The budget assumption was that the council would sell its beach huts to a wholly owned company, a proposal that led to the Department for Levelling Up Housing and Communities (DLUHC) to change the rules which prevented the council using the capital receipt as it had intended. Consequentially the BCP council did not proceed with the beach hut sale process and applied under the Exceptional Financial Support process for a £20m capitalisation direction which due to the eventual sale of commercial assets it managed to avoid. Another outcome was that DLUHC issued the council with a Best Value Notice, which has now expired and been complied with, to obtain external assurance of our governance processes and the steps being taken to ensure compliance with the best value duty.

The process of setting the 2023/24 budget was no less problematic as again the Conversative Administration considered including a different innovative financial model which eventually was dropped following intervention by the External Auditor. It was also the catalysis for the then Leader's resignation.

Although the finally approved budget for 2023/24 was more conventional in its approach it included a considerable level of inherent risk. It was balanced based on the assumption of a £30m drawdown in reserves and the delivery of £34m in savings, efficiencies, and additional resources including £9m in respect of transformation which was un-itemised and was not supported by a specific, detailed delivery plan.

A new Three Towns Alliance Administration from May 2023 have attempted to improve the financial health and sustainability of the authority. The financial outturn for 2023/24 was a reduction in the planned use of reserves to £23m. The budget for 2024/25 included £38m of identified savings to address the 2023/24 structural deficit, caused using reserves, and established a balanced budget plan for the next four years; achieved through making tough decisions, some service cuts and a council-wide voluntary redundancy scheme

We have also utilised regional and national peer networks, to continue to improve and deliver better services for our residents. As part of this we have embraced peer challenge and acted as catalysts in the sector. Our local system transformations have been used to build regional equivalents, from our integrated neighbourhoods to creating family hubs.

All of this contributes to our ability to achieve our vision, of **a place where people, nature, coast and towns come together in sustainable safe and healthy communities**, through our key objectives of focusing on our place and environment and our people and communities and ensuring that we are an open, transparent and accountable council, putting our people at the heart of our services.

That introduction is intended to set the context of a newly formed, large unitary council where the consistent challenge has been to balance the budget which is under increasing pressure particularly from social care and SEND costs. Even in circumstances where we have delivered significant efficiencies and productivity gains, the impact of these pressures has been that we have had to make significant savings in front-line services and the social and environmental infrastructure has been damaged and downgraded. In that context BCP Council would like to make the following representations for HM Government to consider as part of their upcoming budget in the Autumn of 2024.

Special Educational Needs and Disability (SEND)

Arguably the biggest threat to the financial stability of upper tier local authorities is the rising cost of support for children with special educational needs and disabilities (SEND). As summarised recently by the local government ombudsman (LGO) the system is in “utter disarray” and requires a complete overhaul. The financial resources being made available annually is insufficient to provide the services that children are entitled to under the Children and Families Act 2014.

The position locally is that by April 2025 our cumulative expenditure on SEND will be circa £92m more than the government has made available via the Dedicated Schools Grant (DSG) arrangement, with this deficit predicted to continue to rise by approximately £30m per annum.

Currently we are in conversation with representatives of the Ministry of Housing, Communities and Local Government (MHCLG) and the Department for Education (DfE) as we will run out of cash available to fund this growing deficit during 2025 and therefore without a solution or some form of government support, we will be unable to set a legally balanced budget for 2025/26.

Even if a solution to this grave cashflow deficit can be found by April 2025 the outstanding cumulative deficit will be more than the total reserves of the council which will leave the council as technically insolvent from that point onwards.

This issue was created nationally by a combination of the resources to meet the requirements of the 2014 Act and the decision by Department for Education (DfE) in 2017/18 not to provide resources via the DSG to cover the previous year’s SEND expenditure by local authorities. Therefore, our recommendation is that this deficit, and any future deficit in funding for this service, is nationalised and managed centrally and in doing so avoiding the looming disaster and avoiding disadvantaging those authorities who have not previously been given specific government grant support under the DfE safety valve system.

Council Tax: Framework Reform

Reform of the Council Tax framework to permit freedom to agree on the level of council tax locally without a referendum limit and greater freedom to agree on the level of discounts provided. This provides the opportunity to increase the council's revenue and consequentially its ability to fulfil its role and support the financial headwinds local authorities are facing.

Restricting councils' ability to decide on the level of Council Tax erodes local democracy. Even with the realism that a greater and greater percentage of local council tax revenue must be devoted to the funding of statutory services, local citizens should be given the ability to decide whether to protect the level of truly local services which have such a significant impact on their community. In line with this approach, we would advocate giving local authorities the power to vary all council tax discounts and exemptions including the single person discount. Councils are given the ability to decide on the level of council tax support so why are they not given the ability to decide of the level of tax itself?

In respect of the impact on government policy, as Council Tax is not included in the consumer price index (cpi) calculation it will not have an impact on the framework for ensuring the national cpi inflationary measure is within the 2% target. Reducing or removing the single person discount would support the governments housing policy by encouraging single adults not to occur larger homes than they need. It will also increase an authority's tax base and in doing so increase resources available to other preceptors such as Police and Fire Authorities.

Government set - Statutory Fees and Charges

As the government has recently itself demonstrated with planning fees, if you break the link between the cost of delivering services and the amount the recipient of those services pays by way of a fee or charge, it will inevitably lead to a deterioration in the quality of the service being provided.

Therefore, it is recommended that the government increases all statutory fees and charges annually in line with the Consumer Price Index (CPI) of the September prior to the financial year in question. There should also be a one one-off adjustment to take account of inflation between now and when the current charge was original introduced.

An example of where this approach should be taken include Car Parking Penalty Charge Notices (PCNs) where in many instances the cost of the days parking is now very close to the amount that would be generated by a PCN.

Other examples include licensing fees, environmental health inspections and certificates, land registry fees, court fees, and adoption places etc.

Please note this proposal will have no direct impact on the national exchequer other than creating an environment which is more likely to help local government thrive and helping to prevent situations which leads to a deterioration of service standards.

Support for Accommodation Business Improvement Districts (ABIDs)

The visitor economy is vitally important to destinations such as Bournemouth, Christchurch and Poole. Leading local tourism and business organisations have recognised the need for the destination to maintain its competitiveness and encourage more high value staying visitors throughout the year. With public sector finances coming under significant pressure, it is recognised that the council cannot continue to support destination promotion activities in the longer term. Local Hoteliers have come together with the Destination Management Board, which is the local tourism industry liaison group, along with four local Business Improvement Districts and the council to establish an Accommodation BID to raise investment via a levy charge per room night to guests staying in local hotels, to fund destination activities and inject new growth into high value areas of the local visitor economy.

It is anticipated that through the national budget process the government will formalise its support for such arrangements. This proposal will have no direct impact on the national exchequer other than supporting vibrant local economies.