

Bath & North East Somerset Council

MEETING	Children, Adults, Health & Wellbeing Policy Development & Scrutiny Panel
MEETING	Monday 15 January 2024
TITLE:	Budget and 2024/25 and Financial Outlook – Draft proposals
WARD:	All
AN OPEN PUBLIC ITEM	
<p>List of attachments to this report:</p> <p>Annex 1: 2024/25 Draft Savings and Income proposals</p> <p>Annex 2: 2024/25 Draft Funding Requirements</p> <p>Annex 3: 2024/29 Draft Emerging Capital Schemes</p>	

1 THE ISSUE

1.1 This report will present the draft revenue and capital budgets together with proposals for increases in Council Tax and the Adult Social Care Precept for 2024/25.

2 RECOMMENDATION

The Panel is asked to;

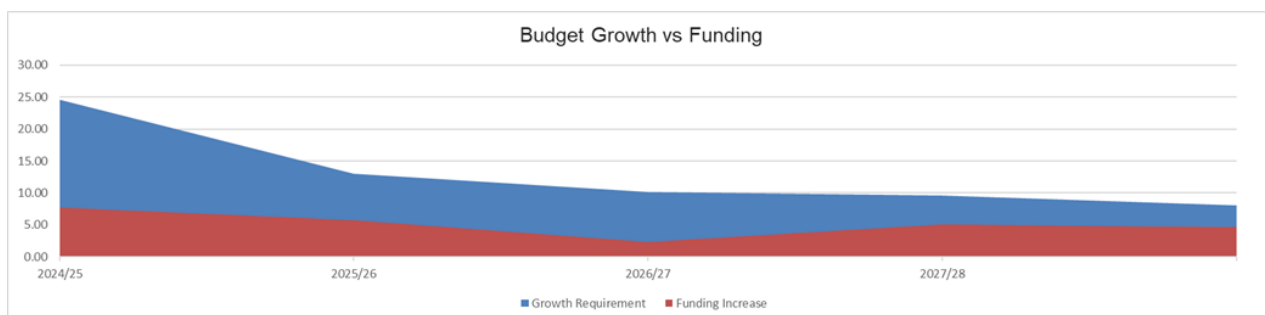
2.1 Note and discuss the proposals that impact the Council's 2024/25 revenue and capital budget.

3 THE REPORT

3.1 The Councils 2024/25 Budget and Council tax proposal will be considered by Cabinet on 8th February 2024 and presented to Council on 20th February 2024. This report includes the draft proposals that are relevant to the Children, Adults, Health & Wellbeing PDS Panel, the scrutiny of these plans will provide assurance on the completion of the Councils 2024/25 budget plans.

3.2 The draft budget funding and savings requirement over the next five years is as follows:

Budget Planning	Future years assumptions £m					Total
	2024/25	2025/26	2026/27	2027/28	2028/29	
Growth Requirement	24.53	13.03	10.15	9.65	8.08	65.44
Funding Increase	7.71	5.80	2.30	5.12	4.65	25.58
Annual Funding gap	16.82	7.23	7.85	4.53	3.43	39.87
Savings Proposals	16.82	6.57	2.05	1.10	1.33	27.87
Remaining Funding Gap	0.00	0.66	5.80	3.43	2.10	12.00



Indicative Budget Forecast:

The budget detail, assumptions, and the future forecast is shown in the table below::

Budget Planning	Future years assumptions £m				
	2024/25	2025/26	2026/27	2027/28	2028/29
Budget Requirement (Previous Year)	131.03	138.73	144.53	146.83	151.96
Budget Adjustments	3.00	2.00	0.00	0.00	0.00
Pay & Pension	4.54	3.64	3.37	3.23	3.23
Demographic Growth	3.63	3.00	1.74	2.41	2.02
Contract Inflation	5.00	4.35	2.36	2.34	0.60
New Homes Bonus Pressure	0.42	0.00	0.00	0.00	0.00
Capital Financing	2.01	1.78	0.99	1.21	1.21
Settlement grant funding	(2.54)	0.00	0.00	0.00	0.00
Budget pressure / rebasing	8.47	(1.74)	1.70	0.44	1.02
Funding Requirement Sub Total	24.53	13.03	10.15	9.65	8.08
Draft Budget Before Savings	155.55	151.77	154.68	156.48	160.04
Proposed Savings Plans	(16.82)	(6.57)	(2.05)	(1.10)	(1.33)
Estimated Savings Required	(0.00)	(0.66)	(5.80)	(3.43)	(2.10)
Savings Requirement Sub Total	(16.82)	(7.23)	(7.85)	(4.53)	(3.43)
Budget Requirement	138.73	144.53	146.83	151.96	156.60
Business Rate Relief Adjustment*	0.00	0.00	0.00	0.00	0.00
Revised Budget Requirement	138.73	144.53	146.83	151.96	156.60
Funding of Budget Requirement					
Council Tax	119.65	123.60	127.32	131.15	135.10
Business rates retention*	22.58	22.63	20.11	20.80	21.50
Reserve transfers From	0.00	0.00	0.00	0.00	0.00
Reserve transfers (To)	(3.50)	(1.70)	(0.60)	0.00	0.00
Funding of Budget Requirement Total	138.73	144.53	146.83	151.96	156.60

The forecast includes the following cost pressures and assumptions:

- **Pay Inflation** – Estimated 5.00% in 2024/25, 4% 2025/26, 3% thereafter.
- **Council tax** – General assumed at 2.99% in 2024/25 then 1.99% thereafter, Social Care precept 2% until 2024/25.
- **Pension Costs** – Have been revised in line with the recent revaluation no increase up to 2026/27.
- **Demographic Growth & Increase in Service Volumes** – Additional demand from new placement and market pressures in Adult & Children Social Care;
- **Interest Rates** - Higher interest rate to follow movement in Bank of England base rate currently 5.25% for treasury management cash investments. The Council will fix budget interest rates following the provisional settlement;
- **Inflation** – CPI projections modelled on a higher rate between 5-8% this will be refreshed for the detailed budget proposal based on ONS data.
- **Budget Pressures / Rebasing** – 2024/25 budget rebasing takes into account current pressures identified in Q2 monitoring on demand driven services including Children's Services.
- **Capital Spending** – an allowance has been made to fund previously agreed provisional schemes requiring borrowing.
- **Borrowing** – longer term borrowing costs have been factored into the MTFS however the authority will continue to optimise the use of cash balances subject to market conditions and the overriding need to meet cash outflows;
- **New Priorities** – from April 2024 these will be developed with the administration as part of the Corporate Strategy and at this stage have not yet been factored into the budget figures.
- **Reserves** – In recognition of inflation pressures commitment against un-earmarked general reserve for unbudgeted in year risks.

3.3 Savings and Income Generation

To deliver a balanced budget in 2024/25 savings and income generation plans total £16.8m, with income and savings to find of £7.23m in 2025/26. The Council has a good track record of delivering proposed savings, in relation to the Cabinet Portfolio's being Scrutinised by the Children, Adults, Health & Wellbeing PDS Panel there are savings to find of £3.572m.

The proposals for savings and income generation are outlined in Annex 1.

3.4 Budget funding requirements

Budget growth and additional pressures across all portfolios of £24.53m have been added to ensure that the budget remains robust and to add additional budget funding to areas that require rebasing. This does not mean that savings cannot be found from these areas in future once savings opportunities are identified, but this ensures that spend and budget are aligned especially in high demand areas. In relation to the Cabinet Portfolio's being Scrutinised by the

Children, Adults, Health & Wellbeing PDS Panel there is budget growth from demand and inflationary pressures of £11.494m.

Growth and pressures to bring to this panels attention are outlined in Annex 2.

The material items requiring additional funding on top of annual budget adjustments are listed below:

- Demography £3.785m
- Inflation £2.871m
- Pay Inflation £1.802m
- HTST Pressures £1.76m

When developing these proposals, the budget settings principles below have been followed:

Budget Setting Principles

- New policy and service demand funding requirements need to be understood with robust and realistic estimates for future years.
- For new budget items un-avoidable growth only – other growth will require a defined funding source / saving.
- New savings will need to be material and over £50k per item, savings below this value will not be accepted (no use of one-off service reserves).
- The focus needs to be on high value strategic areas of change facilitated by Business Change delivering multiyear savings.
- Stop doing will need to demonstrate how risk is appropriately managed.
- Savings with reputational / political implications need early discussion with portfolio holders, with early, proportionate equality impact assessments completed.
- Savings proposals will need to have a budget profile in line with delivery plans.
- Cost and timescale for implementation needs to be fully understood and captured in the budget proposal.

3.5 Capital Programme 2024/25 to 2028/29

The new and emerging Capital schemes can be found in Annex 3, illustrated by source of funding, with details outlined within the narrative descriptions. It is noted these reflect additions and savings from the current published programme.

All capital items have been considered and supported by the Capital Strategy Group in consultation with Portfolio holders with due consideration to revenue funding requirement

3.6 Corporate Strategy and Council priority areas

The Budget proposal out the framework and allocation financial resources across the Council. How this is achieved will require close alignment to the Corporate Strategy as set out below.

One: We have one overriding purpose – to improve people’s lives.

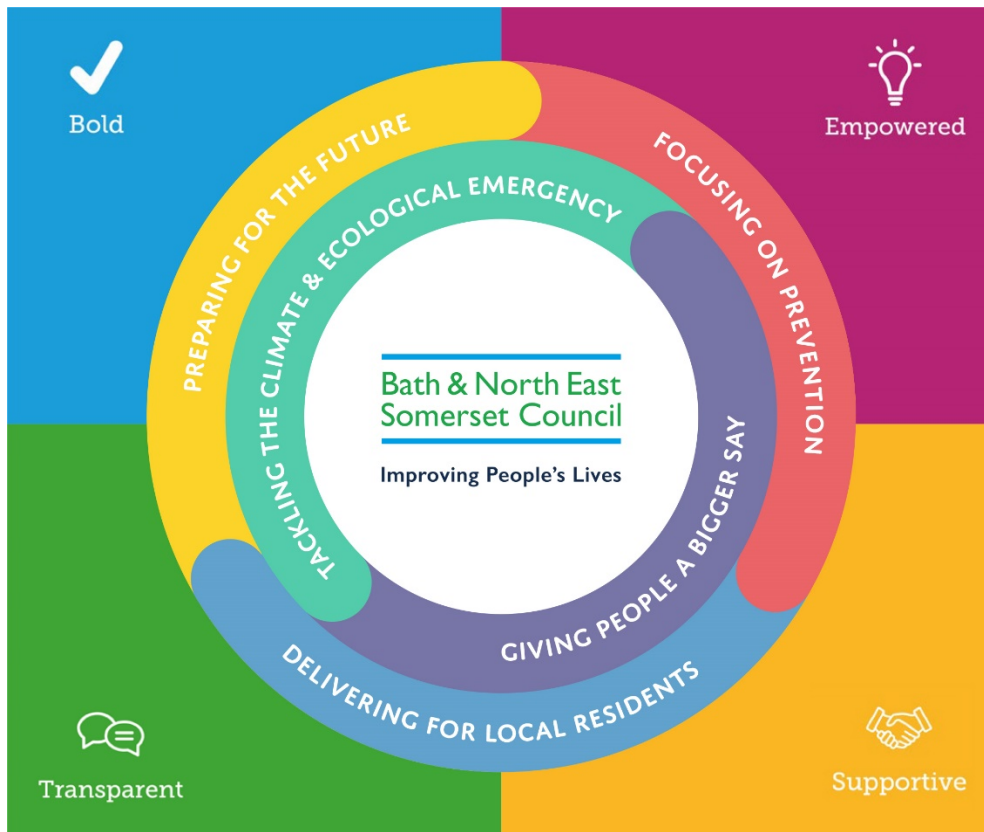
Two: We have two core policies – tackling the climate and ecological emergency and giving people a bigger say. These will shape everything we do.

Three: To translate our purpose into commitments, we have identified three principles. We want to prepare for the future, deliver for local residents and focus on prevention.

Our four values - bold, empowered, supportive and transparent - continue to underpin all of our work.

Our Corporate Strategy to 2027 builds on our achievements and reflects the ambitions and priorities of the council’s administration elected in May 2023. It provides a clear and ambitious framework for delivery, it also sets out how shared outcomes will be embedded through partnerships such as our Future Ambition Board and Health and Wellbeing Board.

This is all set out clearly in the diagram below:



This is the “golden thread” which drives what we do ensuring that setting budgets and managing our people - our most valuable resource - are guided by the council’s priorities. It also means that our commitments are realistic and achievable.

Areas of overarching strategic priority and focus over the next two years will include:

- Delivery of the Council’s Being Our Best programme to enable a joined up organisational structure that meets the objectives of providing the Council with Great Jobs, Smarter Structures and a Culture of Excellence.
- Develop a new strategy and service provision of Adult Social Care services to the residents of Bath and North East Somerset.
- Focus on ensuring financial sustainability in Children’s services. This recognises the increased demand and complexity of caseload which creating more effective financial and information management which are key to creating a modern and resilient service.
- Delivery against an ambitious new Economic Strategy for Bath and North East Somerset, prioritising green growth, good jobs and affordable housing.
- Manage the Councils operational assets through the introduction of a Corporate landlord model that ensure the best use for the Council’s services and its communities.
- Continued investment to support the most vulnerable people in our communities.
- Continued commitment to secure action to address the climate and ecological emergency.
- Continue to focus on council wide business change programmes which balance service improvement within a clear return on investment framework.
- Deliver new ways for our residents, businesses, partner organisations, visitors and internal service teams to interact and receive council information and services, using digital channels.
- Ensuring that we are able to manage labour market demands and fluctuations across our workforce but particularly in operational roles in both social care and neighbourhood services.

4 STATUTORY CONSIDERATIONS

4.1 The preparation of the Council’s budget proposals meet the relevant statutory requirements including Section 25 of the Local Government Act 2003 that requires each local authority, when setting its annual General Fund budget and level of Council Tax, to take account of a report from its Section 151 Officer on the robustness of estimates and adequacy of reserves

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

5.1 These are contained throughout the attached report and appendices.

6 RISK MANAGEMENT

6.1 A risk assessment related to the issue and recommendations will be undertaken, in compliance with the Council's decision making risk management guidance and included in the final budget papers.

7 CLIMATE CHANGE

7.1 Addressing Climate Emergency is one of the two core policies within the new Corporate Strategy. The budget has recognised this priority through providing ongoing revenue funding for the Climate Emergency team and also introduced new capital items to explore and implement renewable energy schemes.it therefore does not include any decisions that have a direct impact on Climate Change.

8 OTHER OPTIONS CONSIDERED

8.1 None

9 CONSULTATION

9.1 The Cabinet Member for Resources has been consulted on the drafting of this report as well as the Chief Executive, Section 151 Officer and Monitoring Officer.

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Background papers	2024/25 Medium Term Financial Strategy https://democracy.bathnes.gov.uk/documents/s79189/E3485%20-%20Medium%20Term%20Financial%20Strategy%20-%20Appendix%201.pdf 2023/24 Quarter 2 Revenue and Capital Budget Monitoring. https://democracy.bathnes.gov.uk/documents/s79190/E3468%20-%20Revenue%20and%20Capital%20Budget%20Monitoring%20C%20ash%20Limits%20and%20Virements%20-%20April%202023%20to%20September%202.pdf
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