



OVERVIEW AND SCRUTINY COMMISSION

09 JANUARY 2020

SUPPLEMENTARY PAPERS

TO: ALL MEMBERS OF THE OVERVIEW AND SCRUTINY COMMISSION

The following papers were circulated at the above meeting.

Kevin Gibbs
Executive Director: Delivery

	Page No
6. BUDGET CONSULTATION	3 - 20
To consider the Council's draft budget proposals for 2020/21 currently under public consultation.	
7. CORPORATE PERFORMANCE OVERVIEW REPORT	21 - 28
The following member will be attending the meeting to present a brief update on the performance of their portfolio and answer questions:	
<ul style="list-style-type: none">• Councillor Heydon, Executive member for Transformation and Finance	
Council Plan Overview Report (CPOR) covering the second quarter of 2019/20 is attached.	

This page is intentionally left blank

OVERVIEW AND SCRUTINY COMMISSION

CONTEXT FOR DEVELOPING 2020/21 DRAFT BUDGET PROPOSALS

9 JANUARY 2020

Cllr Peter Heydon
Executive Member for
Transformation & Finance

Stuart McKellar
Director: Finance



2019/20 Monitoring position

Unprecedented (for Bracknell Forest) level of demand pressures totalling £6m in:

- Children's Social Care (primarily costs of residential care placements), and
- Adult Social Care (mix of additional clients and increased unit costs)

Mitigated in large part by:

4	• Treasury savings	£1.75m
	• Contingency	£2.50m
	• Other Departmental savings	£1.35m

Leaves £0.5m gap at present

Message: We face an acute financial position, which is being taken very seriously, but there is no need to panic



Areas of focus – current year

- Stop. Think. Save! Programme
- Defer all non-time critical planned maintenance
- Accelerate 2020/21 savings and fee increases where possible (proposed recommendation to December Executive)
- All recruitment to be signed off by Directors
- Review of agency and consultancy spend
 - Director sign off for specialist consultants in essential roles
 - Agency staff to BFC grades where possible
- Plus non-essential spending freeze
 - E.g. Stationery, external seminars etc, non BFC venues
- All staff have been briefed



BFC Finances – Looking Ahead

- September Spending Review announcement (covering 1 year) brought some good news.....
 - Continuation of social care and health grant funding
 - Renewal of 2% social care precept
 - Additional money for schools
- And some bad news
 - Consultation on gradual withdrawal of New Homes Bonus grant from 2020/21
 - End of Business Rate Pilots
- At time of finalising budget preparations, national uncertainty around:
 - Brexit
 - General Election
 - Timing of local government finance settlement (given the above)
- No reason at that point to change medium term financial predictions

BFC Finances – Predicted Underlying Position*

Medium Term Budget Model

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Base Revenue Budget	81.4	84.0	91.7	94.9
Inflation and Commitments	2.6	3.7	3.2	3.3
Reduced Income from Business Rates Growth		4.0		
Expenditure	84.0	91.7	94.9	98.2
Grant and Business Rates Baseline	-21.2	-21.7	-22.2	-22.8
Council Tax (maximum allowed)	-63.0	-65.5	-68.1	-70.8
Use of General Balances/Future Funding Reserves				
Resources	-84.2	-87.2	-90.3	-93.6
Annual Gap	-0.2	4.5	0.1	0.1
Cumulative Gap		4.3	4.6	4.6

* Before adding spending pressures and savings, assuming maximum Council tax increases

Key Risks and Opportunities

- Risks

- Current year spending exceeds budget (excluding £2.5m corporate contingency) by around £6m
- Level of on-going pressures significantly exceeds identified savings
- Sustainability of business rates income

∞

- Opportunities

- Future Funding Reserve (largely funded by NNDR pilots) buys time
- Expected Collection Fund surplus in current year (helps mitigate business rates risk)



Budget Outlook

- Except in 2021/22 we are unlikely to face a significant challenge due to funding changes
- But, pressures in the current year and the scale of the gap between pressures and savings in 2020/21 has a potentially huge impact on the medium-term position
- • We need to re-balance pressures and savings
- To achieve this we need two approaches.....
 - 1) To reduce spending in the last part of the year to balance 2019/20
 - 2) To implement changes that will help us remain sustainable over the medium-term
- The second is more difficult when we also have to keep current services going and requires additional capacity

Budget approach

a) Historic underlying principles

- Focus on 2020/21, but with an eye to the future
- Efficiencies and savings taken as early as possible and not constrained by financial years
- Savings focussed on efficiencies and the back office – seek to minimise the impact on front line services
- Twin track immediate savings and transformational change, acknowledging there is not a clear delineation between the two
- Reserves and balances used in a measured way to facilitate the implementation of savings over time
- Core schools funding will be at the level of external support (DSG) received by the Council (supplemented as a one-off last year recognising the impact of new schools and surplus places)

Budget approach (cont.)

b) Specific principles

- Consistent approach to budgeting for Children's and Adult Social Care costs, review approach to future pressures
- Maintain (for now anyway) level of Corporate Contingency at £2.5m
- Focus Transformation efforts on delivering Children's and Adults programmes
- Protect investment in priority early intervention programs to deliver sustainable savings
- Reduce pressure on debt charges budget by keeping new capital programme proposals to a minimum
- Allow for inflation on pay of 2%, negotiate reduced inflationary costs on contracts wherever possible
- Increase fees and charges at least for inflation and higher if this won't adversely affect take-up

11

Budget approach (cont.)

c) Specific measures for 2020/21

- Mitigate 2020/21 People Directorate staffing pressures by temporary £1.5m funding from Social Care Transition Reserve
 - Created from existing reserves
- To help accelerate social care changes as far as possible, including;
 - Family Safeguarding
 - Edge of care
 - Conversations
 - Commissioning

12

Revenue Budget Recommendations

That the Executive:

- 1. Agree the draft budget proposals for 2020/21 as the basis for consultation with the Overview & Scrutiny Commission and other interested parties or individuals.**
- 2. Authorises Directors to implement inflationary increases to fees and charges as soon as practicable in the current financial year.**
- 3. Agree the Treasury Management Strategy and associated documents at Annex E and request that the Governance and Audit Committee review each of the key elements.**
- 4. Note that the Capital Strategy published in 2019 remains relevant and does not require updating at this time.**
- 5. Agree that the 2020/21 Schools Budget be set at the eventual level of the Dedicated School Grant income plus any accumulated DSG balances and additional Council funding of £0.308m (paragraph 8.23).**
- 6. Authorise the Executive Member for Children, Young People and Learning to agree the allocation of the sums available for schools funding as set out in recommendation 2.5 having regard to the decisions and recommendations of the Schools Forum and to agree detailed budgets for services centrally managed by the Council.**
- 7. Approve the virements relating to the 2019/20 budget as set out in Annexes F and G and recommend those that are over £0.100m for approval by Council.**

CAPITAL PROGRAMME RECOMMENDATIONS

That the Executive:

- 1. Approves, for consultation, a Council funded capital programme of £4.79m for 2020/21 as set out in paragraph 5.11 and summarised in Annex A, including the new schemes listed in Annexes B – C.**
- 2. Approves, for consultation, the inclusion of £13.91m of expenditure to be externally funded (including £3.97m of S106 funding) as outlined in paragraph 5.12.**
- 3. Approves, for consultation, the inclusion of an additional budget of £1m for Invest-to-Save schemes.**

14

Draft 2020/21 proposals for review

In this context, draft budget proposals have been approved by the Executive for consultation, summarised below;

	Savings £m	Pressures £m	Commitments £m	Transformation £m	Inflation £m	Net Movement £m
15	-4.6	6.9	-0.1	-0.4	2.3	4.1

Remaining gap currently £2.6m

- Assumes use of one-off £1.5m reserve to fund staffing pressures

Before

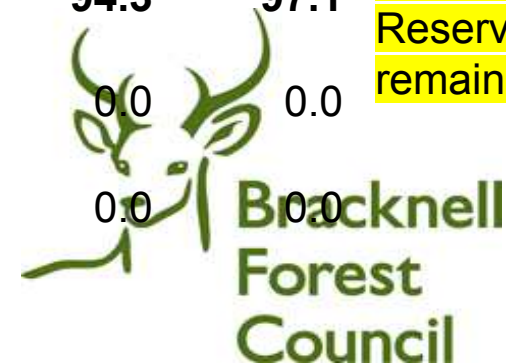
- Council Tax increase (1% = £0.6m),
- Use of General Reserve / Future Funding Reserve
- Collection Fund position



Forward Look based on draft proposals *

Medium Term Budget Model

	2020/21	2021/22	2022/23	2023/24	
	£m	£m	£m	£m	
Base Revenue Budget	81.4	85.9	91.6	94.3	
Inflation and Commitments	2.6	3.6	3.2	3.3	
Reduced Income from Business Rates Growth		4.0			
Excess of Pressures v (Savings)	1.9	-0.5	-0.5	-0.5	Target from 2021/22
Reverse one-off staffing pressures		-1.4			
Expenditure	85.9	91.6	94.3	97.1	
Grant and Business Rates Baseline	-21.2	-21.6	-22.0	-22.4	
Council Tax (<u>maximum allowed</u>)	-63.0	-65.5	-68.1	-70.8	£5.2m of £18m
Use of Social Care Transition Reserve	-1.5				Future
Use of General Balances / Future Funding Res.	-0.2	-4.5	-4.2	-3.9	Funding Reserve remaining
Resources	85.9	91.6	94.3	97.1	
Annual Gap	0.0	0.0	0.0	0.0	
Cumulative Gap		0.0	0.0	0.0	



* Before Finance Settlement announcement

Local Government Finance Settlement

- Announced 20 December 2019
- Largely as expected, **except** for New Homes Bonus
- Proposed major changes to reduce NHB incentives and growth thresholds deferred for 12 months
- Significant one-off boost for Bracknell Forest, given highest level of additional properties for many years
- Extra £1m of funding compared with level assumed in 2020/21 only
 - Enables reserves to be protected
- No material impact on medium term position

17



CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME - BY CATEGORY

	2020/21 £000	2021/22 £000	2022/23 £000	TOTAL £000
Committed	1,135	1,035	1,135	3,305
Unavoidable	0	0	0	0
Maintenance	1,945	1,600	1,600	5,145
Rolling Programme / Other Desirable	1,710	390	340	2,440
Council Funding	4,790	3,025	3,075	10,890
Total External Funding	13,910	2,649	2,649	19,208
Total Capital Programme	18,700	5,674	5,724	30,098

- Level of new schemes more modest than in recent years, below the £5m expected from new capital receipts / CIL
- Revenue impact of additional borrowing is £7k (covered by additional income)



Questions?



This page is intentionally left blank

OVERVIEW AND SCRUTINY COMMISSION

January 9 2020

Portfolio Update

Draft 20/21 Budget Proposals

Responsibilities & Role

Portfolio

Budget Proposals

Cllr Peter Heydon
Executive Member for
Transformation & Finance



Responsibilities and Role

- Powers Delegated via the Council's Constitution
- Driven by the Council Plan & its Strategic Themes
- Covers Policies, Strategy, Programming, Budgets and Service Standards
- Central Role – Communicating & Consulting all groups
- Ensure Proper Decision Making
- Measure – Council Plan Overview Report
 - Strategic Themes – Value for Money
- Not Least – Respond to Recommendations from O&S

Portfolio : Transformation and Finance

- Property Kamay Toor Kevin Gibbs
- Human Resources Trish Barnard Tim Wheadon
- Transformation Abby Thomas Tim Wheadon
- Finance Stuart McKellar

Property:

- Corporate Asset Management
 - Property & Maintenance
 - Support for Development of Schools
 - Berkshire One Public Estate
 - Project Management
- Capital Receipts
- Commercial Investment Portfolio
- Property Joint Venture
- Commercial Centre

Human Resources & Organisational Development

- Acting Head of HR & OD
 - Planning and Compliance
 - Review Current Processes and Functions
 - Service & Structure – Organisational Changes
 - Continuing Integration of Personnel Systems (e.g. Self Service modules)



Transformation

- Into 3rd Year
- £11m 'savings' achieved
- Huge Pressure – more in Budget Proposals
- Focus on Major Service/Expenditure and Commissioning
 - Children and Adult Social Care
 - Adults Conversations Review
 - Children (inc. Family) Placement
 - Core Projects
 - Property Joint Venture
 - HR Review/Automation/Horseshoe Lake

Finance

- Medium Term Financial Planning
- Budgetary Control
- Statutory Accounts
- Accounts Payable / Receivable
- Payroll
- Procurement
- Treasury and Banking
- Internal Audit, Insurance, Risk Management
- Revenue Services (council tax / business rates collection)

.....and Finally.....

- 2020/21 Draft Budget Proposals.....