

TO: THE EXECUTIVE
DATE: 13 DECEMBER 2016

GENERAL FUND REVENUE BUDGET 2017/18
(Chief Executive/Borough Treasurer)

1. PURPOSE OF REPORT

- 1.1 Under the Council's constitution, the Executive is required to consult on its detailed budget proposals with the Council's Overview & Scrutiny Commission and any other interested parties or individuals for a period of at least six weeks. This report summarises the current position on the Council's budget preparations for 2017/18.
- 1.2 At the time the agenda was published the Provisional Local Government Financial Settlement had not been announced and is not expected until late December 2016. It is possible that this could change some of the assumptions in the report, however, as the Council accepted the offer of a four year financial settlement on 14 September, it is anticipated that funding will be in line with the indicative 2017/18 funding figures received on 8 February 2016.
- 1.3 All comments received on these budget proposals will be submitted to the Executive on 14 February 2017. This will allow the Executive to determine its final budget package and recommend the appropriate Council Tax level to Council, who will formally approve the 2017/18 budget and Council Tax on 1 March 2017.

2 RECOMMENDATIONS

That the Executive:

- 2.1 **Agree the draft budget proposals for 2017/18 as the basis for consultation with the Overview & Scrutiny Commission and other interested parties or individuals.**
- 2.2 **Agree the Treasury Management Strategy and associated documents at Annexe E and request that the Governance and Audit Committee review each of the key elements.**
- 2.3 **Agree that the 2017/18 Schools Budget be set at the eventual level of grant income plus any accumulated balances, with the Executive Member for Children, Young People and Learning authorised to make amendments and agree budgets for schools and services centrally managed by the Council.**
- 2.4 **Approve the virements relating to the 2016/17 budget as set out in Annexes F and G and recommend those that are over £0.100m for approval by Council.**

3 REASONS FOR RECOMMENDATIONS

- 3.1 The recommendations are designed to allow the Executive to consult on its draft budget proposals for 2017/18 as required by the Local Government Act 2003.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The range of options being considered is included in the report and its Annexes.

SUPPORTING INFORMATION

5 COMMITMENT BUDGET 2017/18 – 2019/20

- 5.1 Initial preparations for the 2017/18 budget have focussed on the Council's Commitment Budget for 2017/18 – 2019/20. This brings together the Council's existing expenditure plans, taking account of approved commitments and the ongoing effects of service developments and efficiencies that were agreed when the 2016/17 budget was set.
- 5.2 A number of changes are proposed to the Commitment Budget since it was last considered by the Executive in July and are reflected in the summary in Table 1. The most significant are set out below:
- In-year savings agreed by the Council have now been incorporated (-£3.397m relating to 2016/17 and -£0.620m to 2017/18).
 - Additional Business Rates income from the regeneration of the Town Centre (-£0.750m)
 - The projection for the Minimum Revenue Provision now incorporates the latest forecast for capital spend and receipts and the use of an annuity basis rather than equal instalments basis for calculating the element of the charge based on asset life (-£0.371m – see paragraph 8.8(b)).
 - Updated Waste Disposal projections based on the latest tonnages and recycling data (-£0.357m).
 - Interest on external borrowing now reflects the latest information on cash balances (£0.400m). This is not a new item but was previously reflected under additional capital programme costs rather than the Commitment Budget in the budget model.

The overall impact of these changes is to decrease the Council's Commitment Budget by £5.107m compared to the position reported in July.

- 5.3 Taking account of these changes, Table 1 summarises the position and shows that base expenditure (excluding schools) is planned to decrease by £3.290m to £66.988m next year, before consideration is given to allowances for inflation and the budget proposals identified by individual Departments in 2017/18. The commitment budget is shown in more detail in Annexe A.

Table 1: Summary Commitment Budget 2017/18-2019/20

	Planned Expenditure		
	2017/18 £000	2018/19 £000	2019/20 £000
Base Budget	70,278	66,988	68,640
<i>Movements in Year:</i>			
Adult Social Care, Health and Housing	-1,958	0	18
Children, Young People and Learning (excluding schools)	855	128	-10
Corporate Services / Chief Executive's Office	-704	44	94
Environment, Culture & Communities	-2,146	71	-48
Non Departmental / Council Wide	663	1,409	581
<i>Total Movements</i>	-3,290	1,652	635
Adjusted Base	66,988	68,640	69,275

6 PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2017/18

- 6.1 Following the General Election in May 2015, the Government published its Spending Review on 25 November 2015, setting out its economic plans for the next 4 years and provided a high-level overview of the Government's spending totals to 2019/20. The Local Government Finance Settlement (LGFS) for 2016/17 set out an indicative 4-year funding profile for local authorities which Councils could receive if they published an efficiency plan that was accepted by central government. Even though the indicative 4-year settlement reflected significant future cuts in the grant to be received by the sector, the Council considered it necessary to accept this funding profile given the alternative of potentially facing even larger reductions in the future (as made clear by the Secretary of State). Around 97% of local authorities accepted a similar approach and agreed the four year settlement.
- 6.2 Alongside this 4-year settlement the Government announced plans to reform other key features of the local government finance system, including the move to 100% retention of Business Rates by 2020, a major reduction in the funding available through the New Homes Bonus and the introduction of the Social Care Precept.
- 6.3 Initial consultation exercises have been undertaken on Business Rates and the New Homes Bonus, however these have not yet been concluded. To further complicate the position for 2017/18 the government completed the revaluation of Business Rates rateable values in the autumn which will have an impact on the detailed funding for individual local authorities. A technical consultation was carried out over the summer on the potential impact of the revaluation and the redistribution of the funds from the New Homes Bonus, the outcome of which is expected to be known when the Provisional Local Government Settlement is published in December.
- 6.4 Furthermore the result of the Brexit referendum has had a significant impact on the government's long term fiscal projections and the Autumn Statement to be released in late November 2016 is expected to mark a change in direction and pace in fiscal policy that may have an impact on all aspects of public expenditure. As such, whilst the Council has opted to accept the 4-year settlement announced this year, it

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remains to be seen how these indicative figures will be impacted by the above. The estimates included in these budget projections assume that the indicative amounts published by the Department for Communities and Local Government (DCLG) will be adhered to.

6.5 Funding from central government is currently received through Revenue Support Grant (RSG) and Specific Grants. For planning purposes an estimate of the reduction in central government support has been incorporated within these Budget Projections reflecting a further cut of £4.2m in RSG for 2017/18. These figures will be refined when the provisional LGFS is received, which as usual is expected to be published in December.

6.6 The Council also receives substantial external funding through a number of specific grants for which the following assumptions have been included within the latest budget projections.

a) New Homes Bonus

The Government are consulting on reforms to the New Homes Bonus, including the means of sharpening the incentive to reward communities for additional homes and reducing the length of payments from 6 years to 4 years. This will include a preferred option for savings of at least £800 million, which will be used to fund social care. This would result in income tapering off at a faster rate than currently forecast. The Council has modelled the future stream of income based on the latest information available which reflects a reduction of £0.255m in 2017/18 followed by a much larger reduction of £1.4m in 2018/19 as the full effect of any transition is removed. However the Government have not given any further guidance since the initial consultation paper published alongside the 2016/17 LGFS, as such there is a risk that the final outcome may differ from our assumptions.

b) Education Services Grant

As part of the 2015 Spending Review the government announced that it was looking to make £600m of savings from this grant. Announcements and consultations published since the settlement now indicate the grant will be withdrawn almost completely and for the Council this represents a funding reduction of £1.242m in 2017/18, followed by a further £0.255m in 2018/19. Reductions of this level mean that services provided to schools cannot be maintained at their present level unless schools wish to pay the full cost of providing them. The grant reductions have been reflected in the Commitment Budget.

c) Other Specific Grants

Some of the largest specific grants received by the Council are the ring-fenced Public Health, NHS funding streams and Better Care Fund, totalling over £11m in 2016/17. The Government has confirmed that the ring-fence on Public Health spending will be maintained in 2017/18 and that a 3.9% cut in funding will be required. The Government will also consult on options to fully fund Public Health spending from retained Business Rates receipts, as part of the move towards 100% Business Rates retention. The 2016/17 LGFS also referred to additional social care funds being made available to local government from 2017/18, rising to £1.5 billion by 2019/20 and to be included as part of an improved Better Care Fund. Current information indicates that some of this funding would be front loaded. However based on the latest available information Bracknell Forest may not benefit from any additional funds

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given the proposed distribution methodology outlined so far. This final distribution is expected to be announced as part of the Provisional 2017/18 LGFS.

It has been assumed that these funding streams will be used to support services and initiatives within the health and social care area and as such are financially neutral for planning purposes at this stage in the budget cycle.

- 6.7 A third important stream of income for the Council is Business Rates, a proportion of which is retained locally following the introduction of the Business Rates Retention reforms in April 2013. The level of Business Rates changes each year due to inflationary increases (set by central government), the impact of appeals and local growth or decline as local businesses and economic conditions expand or contract. The Government sets a baseline level of funding against which any growth or reduction is shared between local and central government.
- 6.8 The Government has announced that by 2020, local government will be able to retain 100% of Business Rates, RSG will be phased out and local government will be expected to take on new responsibilities. The government will abolish the Uniform Business Rate and give councils the power to cut Business Rates to boost economic activity in their areas. The DCLG has embarked on consultation regarding changes to the local government finance system to pave the way for the implementation of the 100% Business Rates retention. Currently the Council collects significantly more Business Rates than it is allowed to keep and only receives approximately a quarter of any Business Rates growth.
- 6.9 It is known that any new system will include an assessment of need and that there will be a re-distribution of resources between authorities to reflect this. The Government has also stated that it will transfer more responsibilities to local authorities, to ensure that the new system is fiscally neutral across the public sector. Given the volatility from appeals and business movements that will continue to occur in any new system, arise as a consequence. All of these issues suggest that, until the finer details of the scheme are announced, any potential benefits need to be viewed with caution.
- 6.10 A Business Rates revaluation is currently underway for 2017 which the Government has promised will be cost neutral overall, however the impact is unlikely to be neutral at a local level. The initial impact will depend on the overall rateable value, the new Business Rate multipliers and any other changes required to the overall system. This should become clearer when the Provisional LGFS is published and the annual Business Rates forecast is completed in January. Longer term there are clearly likely to be risks and uncertainties linked to potential appeals.
- 6.11 During 2013/14 a large multi-national company transferred on to the Council's valuation list which materially increased the level of Business Rates collected locally. However, this company successfully appealed against the rateable value of its business and an allowance was made for the outcome of the appeal when the 2016/17 budget was set. The outcome of the appeal has now been confirmed by the Valuation Office. The refund required, and the ongoing reduction in Business Rates income, are significantly less than budgeted. This is the primary reason that a significant surplus is now expected on the Business Rates element of the Collection Fund (currently estimated at approximately £7.5m). This is in contrast to the significant deficit for 2015/16 which was met from a one-off transfer from the Business Rates Equalisation Reserve in 2016/17 which has been reversed in the budget proposals (£11.803m). A final projection of the surplus will need to be made by the 31 January which will be incorporated into the February budget report. While this surplus could potentially be used to support the 2017/18 budget, it would be inadvisable to do

so at this stage due to the uncertainty surrounding the impact of the 2017 valuation exercise, the level of Section 31 grant receivable, a request by the same multi-national company to re-join the Central Rating List and the general uncertainty regarding the introduction of 100% Business Rates retention.

- 6.12 At this stage, Business Rates income is forecast to grow in line with the Government's baseline assumptions. In addition to this the Council can expect to see a growth in Business Rates income once the new Town Centre opens. Initial forecasts suggest the additional income could be in the region of £1.5m per annum. The main uncertainty around this will be the timing with which this income is received as it is dependant on the Valuation Office agreeing rateable values over the coming months and the speed with which the remaining Town Centre units are let. The Commitment Budget assumes an additional -£0.750m of income in 2017/18 with a further -£0.750m being achieved in 2018/19.

7 COUNCIL TAX

- 7.1 Council Tax at present levels will generate total income of -£49.795m in 2017/18. An increase in the Council Tax Base arising from the occupation of new properties during 2017/18, is expected to contribute an additional -£0.495m. The Local Council Tax Benefit Support Scheme is treated as a discount i.e. a reduction in the calculation of the Council Tax Base. If the proposed changes to the Scheme, which are included elsewhere on the Executive agenda, are approved this will increase Council Tax income by approximately -£0.083m. Based on these provisional figures, Council Tax income is therefore expected to be -£50.373m for 2017/18. The latest information on the take-up of Council Tax support in the current year indicates that it will be significantly less than that budgeted for in 2016/17; however the impact on Council Tax income in 2017/18 has still to be assessed. All these figures will be updated when the Council Tax Base is finalised during December.
- 7.2 The budget model assumes that there will be a -£0.250m surplus on the Council Tax element of the Collection Fund in 2016/17 which can be used to support the 2017/18 budget. This figure has been incorporated into the draft budget proposals but will be refined in time for the February budget report.
- 7.3 The Government limits Council Tax increases by requiring councils to hold a local referendum for any increases in excess of a threshold percentage which is normally included in the Local Government Financial Settlement. In 2016/17 a referendum was required for Council Tax increases of 2% or more. Early indications are that the same level will be set in 2017/18 but this will not be confirmed until the Provisional LGFS is received. As a council with Social Care responsibilities, it should also be possible for Council Tax to be raised by a further 2% in 2017/18 to support Social Care pressures and the Council's Medium Term Financial Strategy and Efficiency Plan, agreed by Council in September, assumes that increase will be used. Each 1% increase in Council Tax would generate approximately -£0.5m of additional income.
- 7.3 The Executive at its meeting in February will recommend to Council the level of Council Tax in light of the Final Settlement, the results of the consultation and the final budget proposals.

8 BUDGET PROPOSALS 2017/18

Service Pressures and Developments

- 8.1 In the face of significant reductions in public expenditure in general and in grants to Local Government in particular the scope to invest in new service provision is self evidently severely restricted. Nevertheless, it is important to retain a clear focus to ensure that the Council continues to deliver its six strategic themes. In preparing the 2017/18 draft budget proposals each department has evaluated the potential pressures on its services and these are set out in Annexe B. Table 2 summarises the pressures by department.

Table 2: Service Pressures/Development

Department	£'000
Adult Social Care, Health and Housing	751
Children, Young People and Learning (excluding schools)	302
Corporate Services / Chief Executive's Office	35
Environment, Culture & Communities	387
Total Pressures/Developments	1,475

- 8.2 Many of the pressures are simply unavoidable as they relate to demographic trends or legislation changes. They do, however, also support the six strategic themes included in the new Council Plan in the following way:
- A strong and resilient economy (£0.025m)
 - people have the life skills and education opportunities they need to thrive (£0.044m);
 - people live active and healthy lifestyles (£0.659m);
 - a clean, green, growing and sustainable place (0.467m);
 - strong, safe, supportive and self-reliant communities (£0.272m)
 - provide value for money (£0.018m).
- 8.3 Service pressures will be kept under review throughout the budget consultation period. There is always the risk in Social Care in particular, that the numbers of people requiring care packages, the content of existing care packages and contract inflation will vary considerably from the assumptions included in these draft budget proposals. Any revisions to service pressures will be reported to the Executive in February.
- 8.4 In addition to these revenue proposals the Council continues to invest in its priorities through targeted capital expenditure. A substantial investment in the long term future of the Borough is planned, to secure the delivery of regeneration in Bracknell town centre, to ensure that there are sufficient school places for our children and young people, and to protect and enhance the Borough's outstanding leisure offer. Details of these major investments are contained in the capital programme report, but the cost of funding all potential commitments arising from these various proposals is included in these draft budget proposals.

Service Economies

- 8.5 Members and officers have held regular meetings to determine options for savings and a list of potential draft budget savings has been developed. This list totals

-£2.052m and is attached at Annexe C and summarised in Table 3. As in previous years, economies have focused as far as possible on increasing efficiency, income generation and reducing central and departmental support rather than on front line services. However, since it became a Unitary Authority the Council has successfully delivered savings of around £70m in total. As a result it is inevitable that there will be some impact on services, although this has been minimised. Additional economies identified by Adult Social Care, Health and Housing that result from changes to the Local Council Tax Benefit Support Scheme have now been incorporated into the Council Tax calculation as outlined in paragraph 7.1.

Table 3: Summary Service Economies

Department	£'000
Adult Social Care, Health and Housing	-710
Children, Young People and Learning (excluding schools)	-301
Corporate Services / Chief Executive's Office	-392
Environment, Culture & Communities	-649
Total Savings	-2,052

Transformation Programme and Efficiency Plan 2017/18

- 8.6 A Transformation Board was established in October 2015 to develop and deliver a programme of work that would review the focus and delivery of all Council Services. The Transformation Programme is critical to the achievement of balanced budgets going forwards. It is a continuous programme of work, aimed at transforming the services we provide and identifying significant savings that can be built into the budget proposals.
- 8.7 Each strategic review or project is led by a director or senior manager responsible for the service, supported by a project manager. The director or senior manager chairs the project board, whose membership also includes some Chief Officers or Heads of Service who are not involved in that service area to bring some external challenge and a wider corporate ownership to the reviews. The Transformation Programme will not only deliver savings but fundamentally transform services and the way we work.
- 8.8 Full Council agreed an Efficiency Plan on 14 September 2016, as part of the process of accepting a four year financial settlement from the Government, which outlines how the budget can be balanced over the next three years. It incorporates assumptions about the level of savings the Transformation Programme can deliver along with other efficiency savings. The efficiency plan is not fixed and the service areas and savings targets will be reviewed and updated on a regular basis to ensure it remains current and deliverable.
- 8.9 The savings relating to 2017/18 have been incorporated into the budget proposals and are included in Table 4. The majority of the strategic reviews and projects concerned are still at an early stage where full Business Cases have yet to be finalised. These figures are therefore indicative and will be validated and refined over the coming months. Any changes to the figures highlighted through this continuing process will be incorporated into the February budget report.

Table 4: Transformation Programme and Efficiency Plan 2017/18

Department	£'000
Corporate Services / Chief Executive's Office	
Property Investment Strategy	-1,000
Environment, Culture & Communities	
Art Review (South Hill Park)	-100
Library Review	-250
Leisure Services Review	-300
Town Centre Car Parking (excluding the Lexicon)	-225
Council Wide	
Support Services review	-500
Citizen and Customer Contact Review	-400
Capital Financing (MRP calculation)	-400
Total Savings	-3,175

Significant Budget Decisions

- 8.10 Consideration and approval of the budget is a major policy decision. However, the budget, by its nature, includes a range of proposals, some of which in themselves represent important policy decisions. More details on each of the proposals are included in Annexe C.
- 8.11 As the budget report is a policy document and is subject to at least six weeks consultation, the identification of these issues within the budget report facilitates detailed consultation on a range of significant policy decisions.

Council Wide Issues

- 8.12 Apart from the specific departmental budget proposals contained in Annexes B and C there are some Council wide issues affecting all departments' budgets which need to be considered. The precise impact of these corporate budgets is likely to change before the final budget proposals are recommended, however the current view on these issues is outlined in the following paragraphs.

a) Capital Programme

As outlined above, the scale of the Council's Capital Programme for 2017/18 will impact upon the revenue budget and will itself be subject to consultation over the coming weeks. All new spending on services will need to be funded from new capital receipts, government grants, developer contributions or borrowing. The proposed Council Funded Capital Programme of £48.531m and externally funded programme of £18.041m for 2017/18 features in a separate report on tonight's agenda. After allowing for projected receipts of approximately £12m in 2017/18 and carry forwards, the additional revenue costs will be £0.486m in 2017/18 and £1.542m in 2018/19. These figures include on-going costs associated with the maintenance and support of IT capital purchases, which will help enable the Council's transformational change.

b) Interest and Investments

Investment returns on any surplus cash are likely to remain relatively low during 2017/18 and for some time to come compared to historic averages rates. The immediate impact of the BREXIT vote was a further cut in interest rates to 0.25% in early August as the Monetary Policy Committee (MPC) took action to stimulate economic growth based on the risk of a sharp economic downturn. However, economic statistics since August have indicated stronger growth than the MPC expected in August; also, inflation forecasts have risen substantially as a result of the sharp fall in the value of sterling since early August. This reduces the possibility that Bank Rate may be cut again in December, though another cut cannot be ruled out. During the two-year period 2017 – 2019, when the UK is negotiating the terms for withdrawal from the EU, it is likely that the MPC will do nothing to dampen growth prospects already adversely impacted by the uncertainties of what form Brexit will eventually take.

Accordingly, a first increase to 0.50% is not tentatively pencilled in, as above, until quarter 2 of 2019, after those negotiations have been concluded, (though the period for negotiations could be extended). However, if strong domestically generated inflation, (e.g. from wage increases within the UK), were to emerge, then the pace and timing of increases in the Bank Rate could be brought forward.

The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. An eventual world economic recovery may also see investors switching from the safe haven of bonds to equities. The overall balance of risks to economic recovery in the UK remains to the downside. PWLB rates and gilt yields have been experiencing exceptional levels of volatility that are highly correlated to geo-political, sovereign debt crisis and emerging market developments.

Given the Council's approach to managing risk and keeping investments limited to a maximum of 6 months maturity with the exception of the part-nationalised UK Banks, the opportunity to achieve rates in excess of the Bank Rate is limited.

Given the significant capital investment programme embarked on by the Council in previous years (Binfield Learning Village, Coral Reef and Town Centre) the Council is likely to be borrowing externally before the end of 2016/17. As such the 2017/18 Programme will require external borrowing. This position has been exacerbated by the Business Rates revaluation appeal by a large multi-national company early in 2016/17, which saw a significant cash outflow of approximately £16m which had previously not been factored in to the forward looking cash flow projections. This has in effect reduced the ability of the Council to support the 2016/17 Capital Programme from internal borrowing and over the long-term will add to the borrowing costs of the Council. This has been reflected in the Council's Medium Term Financial Strategy and the 2017/18 Budget

With short-term investment rates expected to remain below 0.5% throughout 2017/18, any surplus cash due to the treasury management activities of the Council will earn a minimal return of approximately 0.3%. Maximum use of internal cash will be used in the first instance before going to the external market for borrowing, the timing of which will depend largely on the progress made on completing the major capital projects.

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Long-term interest rates are at historical lows with 10-year and 25-year Public Works Loan Board rates in the region of 2.2% to 2.5% compared to an internal investment return of 0.3%. Short-term maturities are in the region of 1.5% offering a much smaller cost of carry (this being the difference between the cost of borrowing and the potential re-investment rates). As such, given a mix of borrowing maturities the average interest rate on borrowing assumed in the Council's 2017/18 revenue budget is 2%

With borrowing rates at historical lows, the borrowing strategy of the Council will be to minimise the impact on the revenue account by, in the first instance, borrowing at shorter maturities whilst recognising that any short-term benefit may be undone should longer-term interest rates begin to rise. As such the Council, in close co-ordination with its Treasury Management advisers, will monitor medium and long-term interest rates and take any necessary decisions based on the information available to effectively and efficiently fund the capital programme committed to by the Council.

The Council reviews the annual Treasury Management Strategy Statement under the requirement of the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Local Government Act 2003 required the Council to "have regard to the Prudential Code and to set Prudential Indicators for the next three years to ensure that the capital investment plans are affordable, prudent and sustainable". Annex E outlines the Council's prudential indicators for 2017/18 – 2019/20 and sets out the expected treasury management activities for this period. These take account of the Commercial Property Investment Strategy agreed by the Executive on 15 November 2016. It is recommended that the Executive agree the Treasury Management Strategy and associated documents and in line with the Code of Practice request that the Governance and Audit Committee review each of the key elements.

The Minimum Revenue Provision (MRP) Policy now reflects the Council's intention to move from the equal instalments method to the annuity method for calculating the annual charge where this is based on the life of the asset. This is still considered to be a prudent methodology but results in less of the amount borrowed being paid off in the early years of the asset's life. The impact of this change in policy on future borrowing is reflected in the Commitment Budget but it also has an impact on the revenue consequences of previous borrowing which is reflected in Table 4.

c) Provision for Inflation and Pay Awards

The Commitment Budget excludes the cost of inflation on both expenditure and income. In past years, the Council has restricted the provision for inflation on prices as a general economy measure, to help address the underlying budget gap, although pay awards have been fully funded. In the context of the Council's overall financial position, it is again prudent to consider where the provision for inflation on prices can be limited as an economy measure, although some exceptions will be necessary to reflect actual increases that will not be containable without real service reductions or to meet contractual commitments. In particular it will be important to have realistic discussions with key providers about what level of inflation is genuinely necessary on some contracts and placements.

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At this stage the inflation provision is not finalised, although for planning purposes a sum of £1.200m (£0.765m 2016/17) has been added to the budget. This will be achieved by:

- Assuming pay awards of no more than 1%;
- Negotiating to minimise inflation on contracts;
- Reviewing the Bracknell Forest Supplement;
- Increasing fees and charges in line with the Council's income policy.

The Council will need to consider where it is appropriate and necessary to provide for inflation over the coming weeks so that the actual inflation provision can be added to the final budget report in February 2017.

d) Fees and Charges

Increases in fees and charges are determined by the overall economic conditions, the willingness of customers to pay the higher charges and continued demand for Council services. The Council policy for fees and charges requires each Department to consider the level of charges against the following criteria:

- fees and charges should aim, as a minimum, to cover the costs of delivering the service;
- where a service operates in free market conditions, fees and charges should at least be set at the market rate;
- fees and charges should not be levied where this is an ineffective use of resources, i.e. the cost of collection exceeds any income generated.

Certain other fees will attract the percentage determined by statute. The proposed fees and charges are included in Annexe D.

e) Corporate Contingency

The Council manages risks and uncertainties in the budget through the use of a general contingency added to the Council's budget. Every year the Council faces risks on its budget in relation to demand led services, Business Rates and the general economic climate. At this stage the budget proposals contain a Contingency of £2m, given the increased risks associated with the financial settlement and the need to deliver significant savings in year through the Transformation Programme.

The Executive will need to make a judgement on the appropriate level of contingency at its February meeting, taking advice from the Borough Treasurer who will need to certify the robustness of the overall budget proposals in the context of the continuing progress on the Transformation Programme and the Council's remaining general and earmarked reserves. All the reserves will be reviewed to ensure that they are sufficient to manage the financial risks facing the Council in the coming years.

Spending on Schools

- 8.13 Significant changes are proposed by the Department for Education (DfE) to the way schools and education in general are funded, and there will be a greatly reduced future role for local authorities. The Education Funding Agency (EFA), the executive agency of the DfE, intends to put in place a Schools National Funding Formula

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(SNFF) to directly fund all schools with no involvement of local authorities. The main financial responsibilities remaining with local authorities would relate to ensuring the needs of vulnerable pupils are met, sufficient school places are available, working with schools to ensure they understand and discharge their safeguarding duties, ensuring fair access through admissions and promoting attendance.

- 8.14 In terms of funding provided to local authorities for education related services, the DfE is completely withdrawing the £600m funding source – the Education Services Grant (ESG) – on a phased basis from April 2017, which is expected to cost the Council around £1.5m when fully implemented. The Council's Efficiency Plan, which sets out the 4 year medium term budget position, includes the removal of ESG funding through the Commitment Budget and the expectation of reducing relevant costs by an equivalent amount. This means school support services will need to move to an affordable position over this period and this is intended to be managed through the School Support Services Transformation Project which will look at a range of additional income opportunities and removal of costs.
- 8.15 For the Schools Budget, the planned funding reforms have generally been postponed by the DfE for a year to April 2018. Therefore, local authorities will continue to operate their local School Funding Formulas and receive grant funding based on the current allocation method of 2016/17 spending levels, rather than moving to a new national formula.
- 8.16 Funding allocations to local authorities for their schools have been confirmed at the same per pupil amount as received in 2016/17, with changes in pupil numbers between Octobers 2015 and 2016 to be funded, which with an extra 519 pupils (3.34% increase) is expected to be around double the increase experienced in recent years. For high needs pupils, local authorities will receive at least the same cash allocation as received in the current year, with the possibility of increased funding levels once the DfE finalises its own budgets.
- 8.17 In respect of Early Years funding for 0-4 year olds, on 11 August, the DfE launched the consultation document An Early Years National Funding Formula outlining changes to funding for three and four year olds with a closing date of 22 September 2016. This set out the plans to implement the policy objective of enabling more families to work when they want to by extending the free entitlement to childcare for 3 and 4 year olds from 15 to 30 hours per week. The DfE will provide £1 billion additional funding by 2019/20 to increase provider funding rates to encourage the development of the additional places that will be required from increased take-up.
- 8.18 The DfE has yet to confirm final decisions from the consultation, but based on the original proposals, the expectation is that there will be an increase in per child funding for the Council of 14.1% in 2017/18, which is twice the national average increase. This amounts to £0.586m, with a further increase of £0.273m expected in 2019/20 once transitional funding arrangements end. The total increase in per child funding over the two year period is estimated at 20.1%. With the extension of the free entitlement to 30 hours for working families in September 2017, there is also expected to be a 21% increase in total number of free entitlement hours delivered. Proposals for local Early Years funding arrangements were published earlier this month, and seek comments from providers by 20 January 2017.
- 8.19 Taking account of this information, £87.9m of grant income is estimated to be available to the Council for 2017/18 through the specific ring-fenced Dedicated Schools Grant (DSG). This comprises £66.9m for the Schools Block, £15.3m for the High Needs Block and £5.7m for the Early Years Block.

Unrestricted

- 8.20 Many of the financial difficulties faced by the Council on non-school services also impact on schools, with pressures arising on pay and other inflationary cost increases, including the Living Wage, the new Apprenticeship Levy and the Local Government Pension Fund deficit. Overall, based on their current spending profiles, schools are expected to face average unfunded cost pressures of 2.5% and these will need to be managed through their budget setting process, which could include reductions in staffing.
- 8.21 In the longer term, further cost pressures will arise from the school building programme which is responding to new housing developments. These new schools will generally open with relatively low pupil numbers and will need additional financial support until pupil numbers grow to a sustainable level. Provision will need to be made in the 2017/18 budget for start-up costs for Amen Corner North and the Binfield Learning Village, with diseconomy funding for the Woodhurst Park Primary School that opened in September 2016 as an expansion to Warfield CE Primary School.
- 8.22 The DfE requires councils to confirm the basis on which actual school budgets will be allocated, including per pupil and all other funding rates, by 20 January 2017 even though relevant information required to calculate budgets will not be supplied before 10 December 2016. To meet this requirement, 2017/18 school budgets will have to be set on the basis of the estimated level of DSG plus any other grants and accumulated balances. The draft budget proposals are prepared on this basis.
- 8.23 In addition to the DSG, schools also receive revenue funding from other specific grants including School Sixth Forms (currently -£4.643m), the Pupil Premium (-£3.345m), Primary PE and Sports Premium (-0.292m) and the Universal Infant Free School Meals Grant (-£1.487m). All of these amounts are subject to change in 2017/18.
- 8.24 Decisions around the final balance of the budget between spending by schools and that on services managed by the Council is the responsibility of the Executive Member for Children, Young People and Learning, although the Schools Forum must be consulted, and in certain circumstances, agree to budget proposals.

Summary

- 8.25 Adding the draft proposals to the Commitment Budget and taking account of the corporate issues identified above would result in total expenditure of £77.000m as shown in Table 5.

Table 5: Summary of proposals:

	£'000
Commitment Budget	66,988
Budget Pressures	1,475
Budget Economies	-2,052
Transformation Programme	-3,175
Capital Programme	486
Inflation Provision	1,200
Change in Contingency	1,000
Reversal of the one-off transfer from the Business Rates Equalisation Reserve used to meet the Collection Fund - Business Rates deficit in 2016/17	11,803
New Homes Bonus 2017/18	255
Draft Budget Requirement 2017/18	77,980

- 8.26 Without the Provisional Finance Settlement, assumptions have had to be made on the level of grant income. It has been assumed that the Council can anticipate income of up to -£73.411m. This arises from Revenue Support Grant and Business Rates baseline funding (-£22.788m), the Collection Fund – Council Tax surplus (-£0.250m) and Council Tax at the 2016/17 level (-£50.373m).
- 8.27 With the potential overall cost of the budget package being consulted on in the region of £77.980m, this leaves a potential gap of around £4.569m. Members can choose to adopt any or all of the following approaches in order to bridge the remaining gap:
- an increase in Council Tax;
 - an appropriate contribution from the Council's revenue reserves, bearing in mind the Medium Term Financial Strategy;
 - identifying further expenditure reductions.

9 RESERVES

- 9.1 The Council has an estimated £10.0m available in General Reserves at 31 March 2017. Details are contained in Table 6.

Table 6: General Reserves as at 31 March 2017

	£m
General Fund	12.7
Planned use (after in-year savings) in 2016/17	(1.8)
Estimated Balance as at 31 March 2017	10.9

- 9.2 The Council has, in the past, planned on maintaining a minimum prudential balance of £4m. This assessment is based on the financial risks which face the Council and the Borough Treasurer considers these in the February report to the Executive at which a final decision on the use of balances can be taken, taking account of the financial position likely to face the Council over the next five years.

10 CONCLUSION

- 10.1 The Council's constitution requires a consultation period of at least six week on the draft budget proposals. In this context, it is inevitable that, of the broad range of options proposed for consultation, not all will necessarily be included in the final budget package. It is also likely that some further issues with a financial impact will arise between now and February. When the Final Settlement is known, the Executive can consider the prudent use of revenue balances to support expenditure in line with the overall medium term financial strategy, along with any further expenditure reductions.
- 10.2 It is suggested, therefore, that the normal process whereby the Overview & Scrutiny Commission reviews the overall budget package and determines whether any specific issues should be considered further by the Overview and Scrutiny Panels at their meetings in January, is followed. The proposals will also be placed on the Council's website for public consultation.
- 10.3 All comments from the Overview & Scrutiny Commission, Overview and Scrutiny Panels and all others will then be submitted to the Executive on 14 February 2017. This will allow the Executive to determine the final budget package and recommend the appropriate Council Tax level to the Council on 1 March 2017.

11 BUDGET MONITORING 2016/17- VIREMENT REQUEST

- 11.1 A virement is the transfer of resources between two budgets but it does not increase the overall budget approved by the Council. Financial Regulations require formal approval by the Executive of any virement between £0.050m and £0.100m and of virements between departments of any amount. Full Council approval is required for virements over £0.100m. During 2016/17 a number of virements have been identified which require the approval of the Executive. These have been previously reported to the Corporate Management Team which recommends them to the Executive for approval. They have been included in the Quarterly Service Reports. Details of virements between departments are set out in Annexe F. Details of internal departmental virements exceeding £0.050m are set out in Annexe G.

12 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 12.1 Nothing to add to the report.

Borough Treasurer

- 12.2 The financial implications of this report are included in the supporting information.

Equalities Impact Assessment

- 12.3 The Council’s final budget proposals will potentially impact on all areas of the community. A detailed consultation process is planned in order to provide individuals and groups with the opportunity to comment on the draft proposals. This will ensure that in making final recommendations, the Executive can be made aware of the views of a broad section of residents and service users. A number of the budget proposals require specific equality impact assessments to be carried out and draft versions of these are attached in Annexe H. Consultation with equalities groups that are likely to be affected by the proposal is part of the assessment process.

Strategic Risk Management Issues

- 12.4 A sum of £1m is currently included in the draft proposals to meet the costs of unpredictable or unforeseen items that would represent in year budget risks. The Executive will need to make a judgement on the level of Contingency at its meeting in February.
- 12.5 The Borough Treasurer, as the Council’s Chief Finance Officer (Section 151 Officer), must formally certify that the budget is sound. This will involve identifying and assessing the key risk areas in the budget to ensure the robustness of estimates and ensuring that appropriate arrangements are in place to manage those risks, including maintaining an appropriate level of reserves and Contingency. This formalises work that is normally undertaken each year during the budget preparation stages and in monthly monitoring after the budget is agreed. The Borough Treasurer will report his findings in February, when the final budget package is recommended for approval.

13 CONSULTATION

Principal Groups Consulted

- 13.1 The Overview & Scrutiny Commission will be consulted on the budget proposals and may also choose to direct specific issues to individual overview and scrutiny panels. Targeted consultation exercises will be undertaken with business rate payers, the Schools Forum, town and parish councils and voluntary organisations. Comments and views will be sought on both the overall budget package and on the detailed budget proposals. In addition, this report and all the supporting information are publicly available to any individual or group who wish to comment on any proposal included within it. To facilitate this, the full budget package will be placed on the Council’s web site at <http://consult.bracknell-forest.gov.uk/portal>. There will also be a dedicated mailbox to collect comments.
- 13.2 The timetable for the approval of the 2017/18 Budget is as follows.

Executive agree proposals as basis for consultation	13 December 2016
Consultation period	14 December 2016 - 24 January 2017
Executive considers representations made and recommends budget.	14 February 2017
Council considers Executive budget proposals	01 March 2017

Background Papers

None

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Commitment Budget 2017/18 to 2019/20

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Adult Social Care, Health and Housing				
Approved Budget	33,123	33,365	31,407	31,407
Support to former Independent Living Fund recipients		-256		18
Savings approved by Council on 13 July 2016 ¹		-1,702		
Net Inter Departmental Virements	242			
Adult Social Care and Health Adjusted Budget	33,365	31,407	31,407	31,425

Savings approved by Council on 13 July 2016¹

	2016/17 £'000	2017/18 £'000
Adult Social Care and Health	-1,202	-500

For management purposes budgets are controlled on a cash basis. The following figures which are used for public reports represent the cost of services including recharges and capital charges:

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Adult Social Care, Health and Housing	37,792	35,834	35,834	35,852

Description of Commitment Budget Items for 2017/18 to 2019/20

Department and Item	Description
Adult Social Care, Health and Housing	
Support to former Independent Living Fund recipients	The Independent Living Fund closed in 2015 resulting in additional costs for local authorities. A pressure was built into the 2016/17 budget to cover the costs but grant funding was subsequently received. Indicative grant figures have also been received for the next three financial years.
Savings approved by Council on 13 July 2016	Further savings approved after the 2016/17 budget was set to reduce the use of balances in 2016/17 and to contribute to the budget gap in future years.

ADULT SOCIAL CARE, HEALTH AND HOUSING

Description	2017/18 £'000	2018/19 £'000	2019/20 £'000
<p>Capacity in the local care home market</p> <p>The limited capacity in the local care home market is having a significant impact on the cost of residential and nursing placements. In particular, care home closures and poor CQC ratings have reduced the supply of beds, and there are examples of care homes handing back Council contracts so that spaces can be made available for self-funders.</p>	292		
<p>Demographic pressures</p> <p>Demand for adult social care services is expected to rise due to known carers who will no longer be able to provide care, known young people transferring to adult services, and rising demand from an ageing population.</p>	250		
<p>Deprivation of Liberty Safeguards (DoLS)</p> <p>There is a new statutory requirement from 2014/15 to perform DoLS assessments whenever a client may be deprived of their liberty. Grant funding was received in prior years but has now ended. Some funding has been secured from the Better Care Fund though not sufficient to cover all additional costs.</p>	60		
<p>Rental income from temporary accommodation</p> <p>It has been indicated by Government that the maximum housing benefit subsidy that can be claimed for Council temporary accommodation is to be set at Local Housing Association levels, which is lower than that currently charged. The Council will therefore receive less rental income as it will be unable to charge out-of-work homeless households.</p>	80		
<p>Adult Social Care Resource Allocation System (RAS)</p> <p>The RAS is a framework within which a person's social care needs are assessed and an estimate of the cost of meeting those needs is made. This estimate then informs the creation of the care package. The current internally developed RAS will be replaced by one widely used by other local authorities. Although there are licensing and maintenance costs, this will be a key element of achieving the savings required in Adult Social Care.</p>	37		

<p>Mobile working</p> <p>Adult Social Care staff will work in a more flexible manner, allowing for a more efficient use of office space and more effective time management. There will be ongoing IT costs to support this new way of working.</p>	18		
<p>Transport for education</p> <p>The new policy for Education transport means that travel to college for Adult Social Care recipients aged over 16 is no longer Council funded. However, for those recipients already in college the funding will be maintained until they have completed their courses.</p>	14		
<p>ADULT SOCIAL CARE, HEALTH AND HOUSING TOTAL</p>	751	0	0

ADULT SOCIAL CARE, HEALTH AND HOUSING

Description Impact	2017/18 £'000	2018/19 £'000	2019/20 £'000
<p>NHS continuing healthcare funding</p> <p>Continuing healthcare funding is where the NHS funds a package of care provided to an individual as they have been assessed as having a primary health need. Where appropriate, the Council will be more proactive in applying for this funding from NHS commissioners.</p>	-250		
<p>Cost of Adult Social Care packages</p> <p>There will be a continuing focus on managing the cost of care packages. This includes seeking a cultural change within the department to providing a more personalised approach to care, including greater use of external partners where appropriate. The new Resource Allocation System will also be in place for the start of the financial year and will provide a more robust methodology for estimating the cost of a care package for care managers.</p>	-180		
<p>Drugs and Alcohol Service</p> <p>The service is currently being re-commissioned and is expected to yield savings on the current price.</p>	-80		
<p>Forestcare</p> <p>A new business plan for Forestcare is being implemented, which includes an emphasis on growing the business and generating additional income through more sales.</p>	-75		
<p>Clement House</p> <p>The contract for care provision at Clement House will be re-tendered so that one provider provides the care to residents, rather than multiple providers having to travel, enter and exit the building. This should result in cost savings.</p>	-60		
<p>Re-tender of supporting people contract</p> <p>The housing supporting people contract will be re-tendered. The specification will be amended and support to young people and homeless households will now be provided by existing welfare and housing caseworkers.</p>	-30		
<p>Management restructure of welfare and housing service</p> <p>Restructure of management within the housing service, reducing the number of management positions.</p>	-20		

DRAFT REVENUE BUDGET SAVINGS PROPOSALS

Annexe C

Description Impact	2017/18 £'000	2018/19 £'000	2019/20 £'000
Blue badge applications Automation of Blue Badge applications and renewals using the UK Government website, thereby reducing staff costs.	-15		
ADULT SOCIAL CARE, HEALTH AND HOUSING TOTAL	-710	0	0

ADULT SOCIAL CARE, HEALTH & HOUSING DEPARTMENT

2017/18 PROPOSED FEES & CHARGES

Service : Adult Residential and Nursing Care - Contributions from people supported
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Purpose of the Charge: To contribute to the costs of accommodation

	2016/17 Budget £'000	Proposed 2017/18 Budget £'000
Income the proposed fees will generate:	2,347	2,394

Are concessions available? Yes - The actual contribution will be assessed in accordance with the Care Act Guidance issued by the Department of Health (DoH).

Description	Current Fee (Exc VAT) £.p	Proposed Fee (Exc VAT) £.p	Increase %
Residential and Nursing Care This includes permanent, respite and short term care. Where people are in accommodation funded by the Council, the maximum contribution they will be asked to make is the cost of the accommodation, but this will be subject to a financial assessment under DH charging guidance and so the actual contribution may be lower. Fee increases in 2017/18 will depend on each person's financial circumstances but for most people will be linked to the increase in pensions and benefits they receive.	Various	Various	2% (Estimate)
Deferred Payments Interest payable The Council will adhere to the maximum interest rate which is set twice-yearly (1 Jan - 30 Jun, 1 Jul - 31 Dec) by the Department of Health.	1.85%	1.85%	0.00%
Deferred Payment Arrangement Fee	900.00	900.00	0.00%
Deferred Payment Annual administration fee	300.00	300.00	0.00%
Arrangement of self funder social care Arrangement Fee *	300.00	300.00	0.00%
Annual Administration Fee *	200.00	200.00	0.00%
Provider Failure Making arrangements for people who fund their own care, or people funded by Other Local Authorities, in the event of their current provider going out of business.	265.00	265.00	0.00%

2017/18 PROPOSED FEES & CHARGES

Service : Adult non residential services - Contributions from people supported

Purpose of the Charge: To contribute to the costs of support

	2016/17 Budget	Proposed 2017/18 Budget
	£'000	£'000
Income the proposed fees will generate:	1,925	1,964

Are concessions available? Yes - The actual contribution will be assessed in accordance with the Council's Charging Policy issued which complies with national guidance issued by the DoH under the Care Act.

Description	Current Fee (Exc VAT)	Proposed Fee (Exc VAT)	Increase
	£.p	£.p	%
Non Residential Support This includes direct payments, homecare, day care and other support in the community. Where people are supported by the Council, the maximum contribution they will be asked to make is the cost of the support, but this will be subject to a financial assessment under the Council's Charging Policy and so the actual contribution may be lower. Fee increases in 2017/18 will depend on each person's financial circumstances but for most people will be linked to the increase in pensions and benefits they receive.	Various	Various	2% (Estimate)

Service : Adult Residential Care - Charges when the council is not responsible for funding

Purpose of the Charge: To recover the full cost of the service used

	2016/17 Budget	Proposed 2017/18 Budget
	£'000	£'000
Income the proposed fees will generate:*	4	4

Are concessions available? No

Description	Current Fee (Exc VAT)	Proposed Fee (Exc VAT)	Increase
	£.p	£.p	%
Waymead Respite Charge per night	189.60	189.60	0.0%

2017/18 PROPOSED FEES & CHARGES

Service : Adult Day Care

Purpose of the Charge: To recover the costs of the service

	2016/17 Budget £'000	Proposed 2017/18 Budget £'000
Income the proposed fees will generate:	70	70

Are concessions available? No

Description	Current Fee (Exc VAT) £.p	Proposed Fee (Exc VAT) £.p	Increase %
Day Care			
Waymead Day Services			
Per hour	15.75	15.75	0.0%
Bracknell Day Centre			
Per day (CCG only, 2:1 high need support)*	123.62	124.36	0.6%
Per hour (new charge replacing previous day rate)**	n/a	15.75	n/a
Glenfield			
Hourly rate	15.89	15.99	0.6%

* A separate rate is charged in respect of one individual who is CHC funded and who received a higher level of support.

** An hourly charge will be introduced to replace a day rate, to reflect that users are choosing to use the service for part days.

Service : Blue Badge Scheme

Purpose of the Charge: To contribute to the cost of the service

	2016/17 Budget £'000	Proposed 2017/18 Budget £'000
Income the proposed fees will generate:	1	1

Are concessions available? No

Description	Current Fee (Exc VAT) £.p	Proposed Fee (Exc VAT) £.p	Increase %
Blue Badge - Issues and Duplicate Badges	10.00	10.00	0.0%

2017/18 PROPOSED FEES & CHARGES

Service: Forestcare						
Purpose of the Charge: To recover the costs of the service						
	2016/17 Budget	Proposed 2017/18 Budget				
	£'000	£'000				
Income the proposed fees will generate:	984	997				
Are concessions available? No						
Description	Current Fee (Inc VAT)	Current Fee (Exc VAT)	Proposed Fee (Inc VAT)	Proposed Fee (Exc VAT)	Increase	
	£.p	£.p	£.p	£.p	%	
Lifeline Rental and Monitoring						
- BFBC	Per week	4.46	3.71	4.45	3.71	0.0%
	Per month			19.30	16.08	
- Others	Per week	4.76	3.97	4.76	3.97	0.0%
	Per month			20.64	17.20	
	Per quarter			61.93	51.61	
Lifeline Monitoring only						
- BFBC	Per week	3.53	2.94	3.53	2.94	0.0%
	Per month			15.29	12.74	
	Per quarter			44.93	37.44	
- Others	Per week	4.19	3.49	4.19	3.49	0.0%
	Per month			18.14	15.12	
	Per quarter			54.44	45.37	
GSM Lifeline	Per week			7.80	6.50	
Extra/Lost Pendants						
- Flat Charge		68.76	57.30	68.76	57.30	0.0%
- Lost ivi Pendants		96.00	80.00	96.00	80.00	0.0%
- Rental of additional pendant	Per week	0.89	0.74	1.20	1.00	35.1%
Sensors						
Smoke	Per week			2.16	1.80	
Carbon Monoxide	Per week			3.24	2.70	
Flood	Per week			2.76	2.30	
Temperature Extreme / Heat	Per week			2.16	1.80	
Universal	Per week			1.20	1.00	
PIR / Fast PIR	Per week			1.20	1.00	
Medication Dispenser	Per week			4.80	4.00	
Epilepsy sensor kit	Per week			12.00	10.00	
Chair & bed sensor kit	Per week			6.00	5.00	
Falls pendant	Per week			2.40	2.00	
Bogus Caller	Per week			1.20	1.00	
Minuet watch	Per week			2.40	2.00	
Arm/ Disarm Zoning Trigger	Per week			1.20	1.00	
Jellybean Switch	Per week			2.40	2.00	
Natural Gas Detector	Per week			4.20	3.50	
Wrist Worn Epilepsy Pendant	Per week			51.60	43.00	
Responder service for lifeline customers						
- up to 12 visits per year	Per week	7.56	6.30	10.44	8.70	38.1%
- up to 24 visits per year				18.00	15.00	
- extra visits (excluding bank holidays)		18.00	15.00	37.20	31.00	106.7%
- extra visits (including bank holidays)				55.80	46.50	
Responder service for commercial customers						
- up to 6 visits per year	Per week			7.56	6.30	
- per additional visit				54.00	45.00	
Key Safes						
Keysafe Supply and Fit	Supply only	66.00	55.00	66.00	55.00	0.0%
	Supply + fit	72.00	60.00	72.00	60.00	0.0%
	Moving keysafe			54.00	45.00	
	Supply+fit subsequent visit	90.00	75.00	90.00	75.00	0.0%
Monitoring of security diallers	Per week	12.54	10.45	12.54	10.45	0.0%
Monitoring of two security diallers	Per week	18.36	15.30	18.36	15.30	0.0%
Lone Workers						
Lone Workers	Per person per year	47.48	39.57	47.48	39.57	0.0%
Lone Workers - with reports	Per person per year	49.50	41.25	49.50	41.25	0.0%
GPS Lone Worker - BFC	Per person per year			238.80	199.00	
GPS Lone Worker - External	Per person per year			330.00	275.00	
Hourly charge for adhoc work		54.00	45.00	54.00	45.00	0.0%
Extension lead		7.20	6.00	7.20	6.00	0.0%
One telecare service / ivi falls pendant	Per week	0.98	0.82	0.98	0.82	0.0%
Two telecare sensors				1.86	1.55	
Three telecare sensors				2.74	2.28	
Epilepsy bed sensor	Per week	3.00	2.50	3.00	2.50	0.0%

2017/18 PROPOSED FEES & CHARGES

Service: Forestcare continued						
Description	Current Fee (Inc VAT)	Current Fee (Exc VAT)	Proposed Fee (Inc VAT)	Proposed Fee (Exc VAT)	Increase	
	£.p	£.p	£.p	£.p	%	
Care calls						
- 1 care call per day	Per week	4.20	3.50	9.60	8.00	128.6%
- 2 care calls per day	Per week	7.20	6.00	18.00	15.00	150.0%
- 3 care calls per day	Per week	8.40	7.00	24.00	20.00	185.7%
- 3 care calls per day + 1 customer	Per week			36.00	30.00	
Pocket Pal						
GPS Device - customer buying device	Per device			114.00	95.00	
GPS Device - customer buying device (sim rental)	Monthly			15.00	12.50	
GPS Device - customer renting device (includes SIM and monitoring)	Weekly			7.80	6.50	

2017/18 PROPOSED FEES & CHARGES

Service: Homelessness					
Purpose of the Charge: To contribute to the costs of the service					
	2016/17 Budget	Proposed 2017/18 Budget			
	£'000	£'000			
Income the proposed fees will generate:	1,017	1,023			
Are concessions available? No					
Description	Current Fee (Inc VAT)	Current Fee (Exc VAT)	Proposed Fee (Inc VAT)	Proposed Fee (Exc VAT)	Increase
	£.p	£.p	£.p	£.p	%
Homelessness					
Bed and Breakfast					
- Current Tenancies	Per week	**		**	
10a Portman					
- Rent	Per week	**		**	
- Service Charge	Per week	18.31		18.42	0.6%
- Household	Per week	9.26		9.32	0.6%
- Fuel*	Per week	5.77		5.80	0.5%
- Water*	Per week	2.76		2.78	0.7%
Tenterden Lodge					
- Rent	Per week	**		**	
- Service Charge	Per week			12.47	
- Fuel*	Per week			3.18	
-Water*	Per week			2.78	
York Town Road					
- Rent	Per week			**	
- Service Charge	Per week			12.47	
- Fuel*	Per week			3.18	
-Water*	Per week			2.78	
* These charges will be uplifted in line with fee increases from utility companies, 0% is assumed based on current CPI					
** These rents will be set to accord to the Housing Benefit and Universal Credit Regulations for different household sizes.					
Small Landsales - Administration Fee					
Flat Charge	210.31	175.26	210.31	175.26	0.0%
Passport and Driving Licence Checking Service					
For landlords	24.00	20.00	24.00	20.00	0.0%
For employers	24.00	20.00	24.00	20.00	0.0%

2017/18 PROPOSED FEES & CHARGES

Service : Housing

Purpose of the Charge: To contribute to the costs of the service

	2016/17 Budget £'000	Proposed 2017/18 Budget £'000
Income the proposed fees will generate:	75	75

Are concessions available? No

Description	Current Fee (Exc VAT) £.p	Proposed Fee (Exc VAT) £.p	Increase %
Rents - Learning Disability Accommodation			
151 Holbeck Per week per bedroom	**	**	
9 Portman Close Per week per bedroom	**	**	
Service Charges			
151 Holbeck, 9 Portman Per week per bedroom	13.51	13.59	0.6%
Waymead			
Rent Per week per bedroom	**	**	
Service Charge Per week per bedroom	27.57	27.76	0.7%
Fuel* Per week per bedroom	5.77	5.80	0.5%
Water* Per week per bedroom	6.76	6.80	0.6%
Easthampstead Mobile Home Park			
Water Charge*	23.38	23.52	0.6%
Site Rent	**		
* These charges will be uplifted in line with fee increases from utility companies, 0.6% is assumed based on current CPI			
** These rents will be set to accord to the Housing Benefit and Universal Credit Regulations for different household sizes.			

2017/18 PROPOSED FEES & CHARGES

Service : Housing Benefit Service

Purpose of the Charge: To set Council Tax Benefit (reduction scheme) annual uprating for working age people (people who have not reached the qualifying age for State Pension Credit).

	2016/17 Budget £'000	Proposed 2017/18 Budget £'000
Income the proposed fees will generate:*	0	0

* The budget is held corporately

Are concessions available? No

Description	Current Fee (Exc VAT) £.p	Proposed Fee (Exc VAT)	Increase %
Applicable amounts Personal allowances for people who have not reached the qualifying age for State Pension Credit.	Applicable amounts frozen to 2015/16 rates	Housing Benefit Circular: 2017-18 Uprating Subject to Executive decision Dec 2016, the Council proposals to introduce a new Local Council Tax Discount Scheme. Under the proposed scheme council tax discount would be based on household income bands with each band leading to a fixed discount.	
Premiums	Housing Benefit Circular: 2016-17 Uprating	Housing Benefit Circular: 2017-18 Uprating Subject to Executive decision Dec 2016, the Council proposals to introduce a new Local Council Tax Discount Scheme. Under the proposed scheme council tax discount would be based on household income bands with each band leading to a fixed discount.	
Disregards* <i>*War Widows pensions and War disablement pensions are fully disregarded as income.</i>		Housing Benefit Circular: 2017-18 Uprating.	
Income-related social security benefits	Housing Benefit Circular: 2016-17 Uprating	Housing Benefit Circular: 2017-18 Uprating	
Non income-related social security benefits	Housing Benefit Circular: 2016-17 Uprating	Housing Benefit Circular: 2017-18 Uprating	
War pensions scheme benefits	Housing Benefit Circular: 2016-17 Uprating	Housing Benefit Circular: 2017-18 Uprating	
Contributory and non-contributory social security rates	Housing Benefit Circular: 2016-17 Uprating	Housing Benefit Circular: 2017-18 Uprating	
Non dependent deductions and bands	National prescribed regulations as set for the pensioner scheme, including whom should make housing cost contribution.	National prescribed regulations as set for the pensioner scheme, including whom should make housing cost contribution.	
Universal Credit Rates	Housing Benefit Circular: 2016-17 Uprating	Housing Benefit Circular: 2017-18 Uprating	
Non-social security payments and rates	Housing Benefit Circular: 2016-17 Uprating	Housing Benefit Circular: 2017-18 Uprating	

**TO: THE EXECUTIVE
13 DECEMBER 2016**

**CAPITAL PROGRAMME 2017/2018 - 2019/2020
(Borough Treasurer/Chief Executive)**

1 PURPOSE OF DECISION

- 1.1 Under the Council's constitution, the Executive is required to consult on its detailed budget proposals with the Council's Overview & Scrutiny Commission and any other interested parties or individuals for a period of at least six weeks. This report summarises the current position on the Council's Capital Programme budget preparations for 2017/18.
- 1.2 This report draws together each department's proposals so that the Executive can agree a draft capital programme for 2017/18-2019/20 as the basis for consultation. In compiling the draft programme the main focus is inevitably on determining the requirements for 2017/18, although future year's schemes do also form an important part of the programme.
- 1.3 The financial implications of the recommendations in this report are reflected in the subsequent report on the Council's draft revenue budget. Any revisions to the proposals put forward by each service would also need to be reflected in that report which will also be published as the basis for consultation following the Executive's meeting.

2 RECOMMENDATIONS

That the Executive:

- 2.1 **Approves, for consultation, an initial Council funded capital programme of £48.531m for 2017/18 as set out in paragraph 5.23 and summarised in Annex A, including the new schemes listed in Annexes B – F.**
- 2.2 **Recommends to Council the release of £190,000 capital funding in 2016/17 from the 2017/18 Capital Programme to fund the investment required at South Hill Park**
- 2.3 **Approves, for consultation, the inclusion of an additional budget of £1m for Invest-to-Save schemes.**
- 2.4 **Approves, for consultation, the inclusion of £0.942m of expenditure to be funded from S106 as outlined in paragraph 5.24.**
- 2.5 **Approves, for consultation, the inclusion of £18.041m of expenditure to be externally funded as outlined in paragraph 5.24.**

3 REASONS FOR RECOMMENDATIONS

- 3.1 The reasons for the recommendations are set out in the report.

4 ALTERNATIVE OPTIONS CONSIDERED

4.1 The alternative options are considered in the report.

5 SUPPORTING INFORMATION

Capital Resources

5.1 Each year the Council agrees a programme of capital schemes. In the past these schemes have been funded from three main sources:

- the Council's accumulated capital receipts
- Government Grants
- other external contributions

5.2 The Local Government Act 2003 brought in radical changes to the financing of capital expenditure and from that date, the Government no longer issued borrowing approvals. Instead, under a new "prudential framework", Councils can set their own borrowing limits based on the affordability of the debt.

5.3 As the Council's accumulated capital receipts have been fully utilised, the Council returned to a position of internal borrowing in 2010 and as such a revenue contribution is required each year to repay this internal borrowing. Once the Council's current level of investments is exhausted, which is expected to be within the next 18 months the Council will need to borrow externally.

5.4 The Council's estimated total usable capital receipts at 31st March 2016 are zero. As a debt free authority the Council is partly reliant on capital receipts to fund its capital programme, although interest generated from capital receipts can also help support the revenue budget in the short term – however with investment rates at historic lows it makes more economic sense to defer borrowing. The Council still receives a share of any Right-To-Buy proceeds from Bracknell Forest Homes in addition to a share of capital receipts from the VAT Shelter scheme, however this is now coming close to the end of the 10-year agreement.

5.5 The proposed capital programme for 2017/18 has been developed, therefore, on the assumption that it will be funded by a combination of Government grants, other external contributions and borrowing in addition to capital receipts. Historically capital receipts have averaged around £5m per annum, however with the introduction of CIL and the forthcoming sale of the Sandy Lane land there is potential for a much larger level of capital receipts in 2017/18. However the exact value received will depend largely on the value of receipts from Sandy Lane and the timing of the sale. Even so with such a large programme there is a likelihood that the Council may need to borrow externally however this will depend largely on the progress made at Binfield Learning Village and at Coral Reef. Internal resources will be used in the first instance and borrowing from external sources (e.g. the PWLB) will be used when necessary. The financing costs associated with the General Fund Capital Programme have been provided for in the Council's revenue budget plans which also appear on tonight's agenda.

New Schemes

5.6 Within the general financial framework outlined above, Service Departments have considered new schemes for inclusion within the Council's Capital Programme for 2017/18 – 2019/20. Given that both capital and revenue resources are under pressure, each Department has evaluated and prioritised proposed schemes into broad categories in line with the Council's Asset Management Plan. Having done

this, only the very highest priority schemes and programmes are being recommended for inclusion in the Capital Programme.

Town Centre

- 5.7 Following the conclusion of the Development Agreement with Bracknell Regeneration Partnership (BRP) the Council set out its own planned investment on wider Town Centre infrastructure as part of the 2015/16 Capital Programme. These investment plans follow through into 2017/18.
- 5.8 Similarly in order to facilitate transport movements around the Borough, including the planned Town Centre redevelopment, it is necessary to continue to fund a number of infrastructure schemes. As such a funding need of £1.5m has been identified in the 2017/18 proposals (and a further £0.5m in 2018/19) to ensure that the regenerated town centre functions as a “whole centre” and not just as an isolated shopping outlet. As such spending levels of this magnitude are likely to be required until the new Northern Retail Quarter area is open and established for trading. This additional expenditure is aimed at maximising the positive experience of visiting the regenerated town centre.
- 5.9 All of these items have a much wider impact than the new development itself and will benefit the whole Borough. However the expenditure needs to be co-ordinated with the specific work that BRP are planning to carry out.

Commercial Investment Strategy

- 5.10 The Council’s Medium Term Financial Strategy forecasts a substantial budget gap over the next three financial years. This is a challenging target but the Efficiency Plan 2016 – 2020 approved by Full Council on 14 September 2016 demonstrates how the Council will achieve balanced and sustainable budgets throughout the period of the four year settlement. The Transformation Programme initiated during 2015 is critical to the achievement of our financial objectives.
- 5.11 A key project within the Transformation Programme is a Commercial Property Investment Strategy (as outlined in the Report to 16th November Executive) designed to deliver additional income of £1m in 2017/18 with a further £1m in 2018/19 and a further £1m in 2019/20. Assuming an average net yield of 5% per annum this will require the Council to invest £20m per annum in commercial property during 2016/17, 2017/18 and 2018/19.

South Hill Park

- 5.12 An investment of £190,000 has been identified in order to secure long-term reductions in the grant aid to South Hill Park. The investment will secure a £100,000 reduction in each of the following two years which meets the expectations in the Council’s efficiency plan. It will improve the building which ultimately belongs to the Council and the additional commercial revenue made possible by this investment will support the grant reduction by the Council. The investment will create a new wedding venue, refurbish all toilets and upgrade kitchens.

Other Unavoidable & Committed schemes

- 5.13 This category covers schemes which must proceed to ensure that the Council is not left open to legal sanction and includes items relating to health and safety issues, new legislation etc. Committed schemes also include those that have been started as part of the 2016/17 Capital Programme. Also included within this category are those schemes that were previously funded from the General Fund Revenue Account, but which by their nature could be legitimately capitalised, thereby reducing pressure on the revenue budget. Schemes in this category form the first call on the available capital resources.

Maintenance (Improvements and capitalised repairs)

- 5.14 An assessment has been made of the condition of the Council's property assets to arrive at an estimate of the outstanding maintenance works required. An assessment is made of the state of each building element and its repair priority with a condition rating and repair urgency.

Definition of Condition Categories:
A: Good – Performing as intended and operating efficiently. B: Satisfactory – Performing as intended but showing minor deterioration. C: Poor – Showing major defects and/or not operating as intended. D: Bad – Life expired and/or serious risk of imminent failure.
Priority:
1 Urgent works that will prevent immediate closure of premises and/or address an immediate high risk to the health and safety of the occupants and/or remedy a serious breach of legislation. 2 Essential work required within two years that will prevent serious deterioration of the fabric or services and/or address a medium risk to the health & safety of the occupants and/or a minor breach of the legislation. 3 Desirable work required within 3 to 5 years that will prevent deterioration of the fabric or services and/or address a low risk to the health & safety of the occupants and/or a minor breach of the legislation. 4 Long-term work required beyond a period of 5 years that will prevent deterioration of the fabric or services.

The figures below are based on the information held in the Construction and Maintenance Groups' property management system. They have been adjusted to exclude those works that are already budgeted for within existing 2016/17 schools and corporate planned maintenance programmes.

The priorities can be broken down as follows:

Maintenance Backlog

		£ (000)	£ (000)
Schools	Priority 1C & 1D	2,914	
	Priority 2C & 2D	8,539	
	Lower Priorities	26,237	37,690
Corporate Properties	Priority 1C & 1D	2,553	
	Priority 2C & 2D	2,758	
	Lower Priorities	11,574	16,885
Total		<u>11,574</u>	<u>54,575</u>

- 5.15 The overall maintenance liability has increased from £52.5m in 2016/17 to £54.58m. The last couple of years have seen large increases in building costs. As the Council is now running a five year programme of condition surveys, some of the older data was quickly becoming out-of-date and, as a consequence, adjustments have been

applied to that data to bring it in line with current costs. Secondly, the nature of the condition surveys has evolved such that more emphasis is now given to predicting the need for works further in advance than was previously the case. This is partly because of the five year programme approach mentioned above and partly because the asset management package that we now use to manage this data lends itself to better recording. As such much of the value attributed to lower priority works is for things that are likely to be required over the next several years.

Schools

- 5.16 Historically the Schools Maintenance Programme has been funded from the Capital Maintenance grant allocation from the Department for Education (DfE). The allocation from the DfE for 2017/18 of £1.931m will be used to tackle the highest priority items identified in the condition surveys indicated above.

Non-schools

- 5.17 From an initial analysis of the work required it is clear that some works, whilst urgent, cannot be legitimately capitalised and must be met from a revenue budget. An allowance of £200,000 is available in the 2017/18 Revenue Budget proposals to meet these liabilities.
- 5.18 In line with the policy adopted last year the Asset Management Group has considered only those works that fall within categories 1C and 1D. Given the financial constraints on both the revenue and capital budgets an allocation of £1.775m is recommended to address the most pressing 1C & 1D priorities.
- 5.19 The implications of failing to maintain Council buildings and to address the backlog will be a significant issue for the Council over the coming years and efforts will be focussed on ensuring that the highest priority items are tackled first, that efficiencies are maximised in the procurement of works and that maintenance which will result in energy efficiencies are undertaken through the invest-to-save programme.

Rolling programmes

- 5.20 These programmes cover more than one year and give a degree of certainty for forward planning schemes to improve service delivery. They make an important contribution towards the Council's established Asset Management Plans.

Other Desirable Schemes

- 5.21 In addition to the schemes identified in the above categories, each service has requested funding for other high priority schemes that meet the needs and objectives of their service. The net cost of schemes which attract partial external funding are included in the schemes put forward.

Invest-To-Save Schemes

- 5.22 These are schemes where the additional revenue income or savings arising from their implementation exceeds the Council's borrowing costs. In the past the Council has allocated £1m per annum to fund potential Invest-to-Save (ITS) schemes that may present themselves during the year

Capital Programme 2017/18 – 2019/20

- 5.23 A summary of the cost of new schemes proposed by Departments is set out in the table below and in Annex A. A detailed list of suggested schemes within the draft capital programme, together with a brief description of each project, for each service is included in Annexes B – F. Total Council funding amounts to £48.531m. However excluding the funding for Binfield Learning Village, Coral Reef, the Invest to Save Schemes, the Local Housing Company, the Town Centre Redevelopment and the

Commercial Property Investment strategy the total Council funding requested is £7.865m in 2017/18 and this is in line with previous programmes and the amount allowed for in the Revenue Budget proposals.

Capital Programme 2017/18-2019/20				
Annex	Service Area	2017/18 £000	2018/19 £000	2019/20 £000
B	Adult Social Care, Health & Housing	7,002	0	0
C	Children, Young People & Learning	20,540	19,067	1,574
D	Corporate Services	1,678	2,110	70
E	Council Wide	23,860	20,500	510
F	Environment Culture & Communities	13,492	5,724	3,400
	Total Capital Programme	66,572	47,401	5,554
	Externally Funded	18,041	19,221	4,209
	Total request for Council funding	48,531	27,730	1,345

Externally Funded Schemes

- 5.24 A number of external funding sources are also available to fund schemes within the capital programme. External support has been identified from two main sources:

Government Grants

A number of capital schemes attract specific grants. It is proposed that all such schemes should be included in the capital programme at the level of external funding that is available.

A significant element of the grant-funded capital programme relates to the planned investment in Schools. The schools investment programme included in this report reflects the highest priority schemes identified by the Department and the Education Capital Programme Board. Discussions are continuing with Sandhurst school regarding works to the adjoining sports centre. A total of £11.327m will be invested in schools from specific capital grants.

A second key constituent of capital grant funding relates to the Highway Maintenance, Integrated Transport Block and grants from the Local Enterprise Partnership. Grant approvals of £5.132m are currently anticipated for 2017/18.

Section 106 (£0.942m)

Each year the Council enters into a number of agreements under Section 106 of the Town & Country Planning Act 1990 by which developers make a contribution towards the cost of providing facilities and infrastructure that may be required as a result of their development. Usually the monies are given for work in a particular area and/or for specific projects. The total money available at present, which is not financially committed to specific projects, is £3.8m, although conditions restricting its use will apply to almost all of this.

Officers have identified a number of schemes that could be funded from Section 106 funds in 2017/18, where funding becomes available. These are summarised below

Department	Schemes	Budget
		£000
CYPL	Various School Schemes	423
ECC	Leisure & Culture	169
ECC	Local Transport Plan	350
	Total	942

The level of new funding available through Section 106 is expected to reduce in the future following the introduction of the Community Infrastructure Levy (CIL). However the more flexible CIL funding should offset this reduction.

On-going Revenue Costs

- 5.25 Schemes may have associated on-going revenue costs and tend to become payable in the year after implementation. As such will be included within the Council's Commitment Budget for 2017/18. These total £69,000 and relate to the licence and maintenance contracts associated with the new IT hardware investment.

Funding Options

- 5.26 Following the transfer of the housing stock in 2008, the Council's capital receipts are limited to miscellaneous asset sales, the contribution from the VAT Shelter Scheme and Right-to-Buy claw back agreed as part of the transfer and the new Community Infrastructure Levy (CIL).
- 5.27 The Council introduced CIL in April 2015. It is difficult to estimate the potential amount of CIL that will be generated as this will depend on the delivery of additional housing development in the Borough, which is to a large extent outside of the control of the authority. However based on the most recent housing trajectory estimates and knowledge of development schemes that will come forward in the next 18 months, it is estimated that £2m is an appropriate assumption for 2017/18.
- 5.28 The proposed capital programme for 2017/18 has been developed, therefore, on the assumption that it will be funded by a combination of approximately £8m of capital receipts, Government grants, other external contributions and borrowing. The financing costs associated with the Capital Programme have been provided for in the Council's revenue budget plans.
- 5.29 Given the level of investment proposed in 2017/18, in particular Binfield Learning Village and Coral Reef, it is inevitable that the Council will be required to borrow externally over the short-to-medium term. The timing of this will depend on the level of surplus cash held by the Council which will be used in the first instance to fund the Capital Programme commitments.
- 5.30 The use of these monies is known as internal borrowing and the Capital Finance regulations require the Council, through the General Fund, to set aside an amount, the Minimum Revenue Provision (MRP), which would be broadly equivalent to the amount the Council would need to re-pay if it borrowed externally. Any external borrowing will also require MRP in addition to an interest charge depending on the maturity of the loan.
- 5.31 If any amendments are made to the capital programme, the revenue consequences will need to be adjusted accordingly. Executive Members will therefore need to consider the impact of the capital programme as part of the final revenue budget decisions.

- 5.32 Following the introduction of the Prudential Borrowing regime local authorities are able to determine the level of their own capital expenditure with regard only to affordability on the revenue account. In practice this represents the amount of borrowing they can afford to finance, and will necessitate taking a medium-term view of revenue income streams and capital investment needs.
- 5.33 To achieve its aim of ensuring that capital investment plans are affordable, prudent and sustainable, the Local Government Act requires all local authorities to set and keep under review a series of prudential indicators included in the CIPFA Prudential Code for Capital Finance in Local Authorities. The Capital Programme recommended in this report can be sustained and is within the prudential guidelines. Full Council will need to agree the prudential indicators for 2017/18 to 2019/20 in March 2017, alongside its consideration of the specific budget proposals for 2017/18 and the Council's medium-term financial prospects.
- 5.34 Members will need to carefully balance the level of the Capital Programme in future years against other revenue budget pressures and a thorough review, including the prioritisation of those schemes planned for 2018/19 onwards, will need to be undertaken during next summer.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 The authorisation for incurring capital expenditure by local authorities is contained in the legislation covering the service areas. Controls on capital expenditure are contained in the Local Government Act 2003 and regulations made thereunder.

Borough Treasurer

- 6.2 The financial implications are contained within the report.

Equalities Impact Assessment

- 6.3 The Council's final budget proposals will potentially impact on all areas of the community. A detailed consultation process is planned in order to provide individuals and groups with the opportunity to comment on the draft proposals. This will ensure that in making final recommendations, the Executive can be made aware of the views of a broad section of residents and service users. Where necessary, impact assessments on specific schemes within the capital programme will be undertaken before work commences.

Strategic Risk Management Issues

- 6.4 The most significant risk facing the Council is the impact of the capital programme on the revenue budget. The scale of the Council's Capital Programme for 2017/18 will impact upon the revenue budget and will itself be subject to consultation over the coming weeks. All new spending on services will need to be funded from new capital receipts or borrowing from internal resources. This effect is compounded by future year's capital programmes. As revenue resources are limited it is clear that a capital programme of this magnitude is not sustainable in the medium term without significant revenue economies. The generation of capital receipts in future years may mitigate the impact on the revenue budget, but as the timing and scale of these receipts is uncertain their impact is unlikely to be significant.
- 6.5 There are also a range of risks that are common to all capital projects which include:
- Tender prices exceeding the budget
 - Planning issues and potential delays
 - Uncertainty of external funding
 - Building delays due to unavailability of materials or inclement weather

- Availability of staff with appropriate skills to implement schemes

6.6 These can be managed through the use of appropriate professional officers and following best practice in project management techniques. The report also identifies the risk associated with the shortfall in maintenance expenditure compared to that identified by the latest condition surveys. With only those highest priorities receiving funding in 2017/18, there will be a further build up in the maintenance backlog and a risk that the deterioration in Council assets will hamper the ability to deliver good services.

7 CONSULTATION

7.1 The Overview & Scrutiny Commission will be consulted on the budget proposals and may also choose to direct specific issues to individual overview and scrutiny panels. Targeted consultation exercises will be undertaken with business rate payers, the Schools Forum, town and parish councils and voluntary organisations. Comments and views will be sought on both the overall budget package and on the detailed budget proposals. In addition, this report and all the supporting information are publicly available to any individual or group who wish to comment on any proposal included within it. To facilitate this, the full budget package will be placed on the Council's web site at <http://consult.bracknell-forest.gov.uk/portal>. There will also be a dedicated mailbox to collect comments.

7.2 The timetable for the approval of the 2017/18 Budget is as follows

Executive agree proposals as basis for consultation	13 December 2016
Consultation period	14 December 2016 - 24 January 2017
Executive considers representations made and recommends budget.	14 February 2017
Council considers Executive budget proposals	01 March 2017

Background Papers

None

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CAPITAL PROGRAMME - BY CATEGORY

	2017/18	2018/19	2019/20	TOTAL
	£000	£000	£000	£000
Committed	21,185	21,085	635	42,905
Unavoidable	170	125	100	395
Maintenance	2,007	505	150	2,662
Rolling Programme / Other Desirable	10,005	2,515	460	12,980
Town Centre Highway Works	1,500	500	0	2,000
Council Funding	34,867	24,730	1,345	60,942
Town Centre Improvements	850	0	0	850
Coral Reef	574	0	0	574
LED Streetlights	3,650	0	0	3,650
Binfield Learning Village	8,590	3,000	0	11,590
Total Council Funding	48,531	27,730	1,345	77,606
Total External Funding	18,041	19,221	4,209	41,471
Total Capital Programme	66,572	46,951	5,554	119,077

CAPITAL PROGRAMME - ALL DEPARTMENTS

	2017/18	2018/19	2019/20	TOTAL
	£000	£000	£000	£000
ASCH	7,002	0	0	7,002
CYPL	20,540	19,067	1,574	41,181
Corporate Services	1,678	2,110	70	3,858
Council Wide	23,860	20,500	510	44,870
ECC	13,492	5,274	3,400	22,166
Total Capital Programme	66,572	46,951	5,554	119,077
External Funding	18,041	19,221	4,209	41,471
Council Funding	48,531	27,730	1,345	77,606

CAPITAL PROGRAMME - ADULT SOCIAL CARE, HEALTH & HOUSING

	2017/18 £000	2018/19 £000	2019/20 £000	TOTAL £000
Committed	0	0	0	0
Unavoidable	0	0	0	0
Maintenance See Council Wide	0	0	0	0
Rolling Programme / Other Desirable Downshire Homes	7,002	0	0	7,002
TOTAL REQUEST FOR COUNCIL FUNDING	7,002	0	0	7,002
External Funding Community Capacity Grant	tba	tba	tba	tba
TOTAL EXTERNAL FUNDING	0	0	0	0
TOTAL CAPITAL PROGRAMME	7,002	0	0	7,002

Adult Social Care, Health and Housing

2017/18 Capital Programme Bids

1. Downshire Homes Ltd (DHL) – Local Housing Company Loan £7.002m

To increase the loan by £7.002m to Downshire Homes so that it can purchase 15 properties for homeless households and 5 properties for households with learning disabilities. The total amount to be lent is based on an average purchase price of £350,000, inclusive of taxes and any required works before letting. The company is wholly owned by the Council. The company can decide to pay a dividend to its shareholder from its post tax surplus in future years.

Alternatively the Council could continue with current policy approach of procuring bed and breakfast and temporary accommodation to provide homes for homeless households. Such an approach would not generate economies for the Council or benefit from equity growth of the properties it owns. The risks accrue to Downshire Homes, the Local Housing Company, albeit the company is a wholly owned subsidiary of the Council. The risks are that acquisition prices will increase faster than anticipated, preventing the purchase of the requisite number of properties but also any changes in the welfare regime that provides housing benefit or housing costs under universal credit for the households that are housed in the properties.