

**TO: SCHOOLS FORUM**  
**DATE 28 JANUARY 2010**

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**LOCAL AUTHORITY BUDGET PROPOSALS FOR 2010/11**  
**(Acting Director of Children, Young People & Learning)**

**1 PURPOSE OF REPORT**

- 1.1 Under the Council's Constitution, the Executive are required to issue their budget proposals for consultation for a minimum period of six weeks prior to making their recommendations to full Council. This report presents an overview of the Council's budget position and the specific proposals relevant to the Children, Young People and Learning (CYPL) Department to the Schools Forum for comment.

**2 RECOMMENDATIONS**

- 2.1 **That the Schools Forum comments on the 2010/11 budget proposals of the Executive for the Children, Young People and Learning Department in respect of:**
- i. **The revenue budget (Annex B), and**
  - ii. **The capital programme (Annex C).**

**3 REASONS FOR RECOMMENDATIONS**

- 3.1 The Executive seeks the views of the Schools Forum as an interested party on the 2010/11 budget proposals.

**4 ALTERNATIVE OPTIONS CONSIDERED**

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

**5 SUPPORTING INFORMATION**

**Revenue Budget**

**2009/10 forecast performance against budget**

- 5.1 The Council faces significant problems in delivering its services within budget in the current year due to the effects of the recession. The regular budget monitoring reports to the Corporate Management Team have identified significant overspends which have been highlighted in the quarterly Performance Monitoring Reports. The latest monitoring report forecasts an overspend of £2.319m. Approximately fifty five percent of this is directly attributable to the general economic downturn. Other major elements include additional costs for Children Looked After and the loss of PCT funding for some Continuing Health Care clients as a result of eligibility reviews during the year.

- 5.2 Faced with this potential overspend, in September and October the Chief Executive asked each Director to produce proposals for in year savings to mitigate the increasing overspend. In identifying areas for savings Directors have sought to ensure that there is no major impact on front line service delivery. In total, £1.639m of savings have been identified. The main focus of the savings is delaying work that had been planned for the second half of the year, particularly maintenance related work. Vacant posts will also be subject to extreme scrutiny before being filled, although the Corporate Management Team are stopping short of a full vacancy freeze in order to try and ensure that critical front line services are maintained whilst the budget is brought back into balance.
- 5.3 Implementing this in year savings package and utilising the uncommitted balance on the contingency fund of £0.428m would reduce the projected overspend to £0.252m. The provisional allocation of Housing and Planning Delivery Grant (HPDG) for 2009/10 received in early December indicates that the Council could receive an additional £0.100m which will reduce the overspend. It is also anticipated that some under spends will arise between now and the year end which make a projected overspend of around £0.25m manageable at this stage.
- 5.4 The recessionary pressures that have created this situation are expected to continue throughout the next year. Therefore, those that have been identified during the current year's budget monitoring have been reflected in the list of budget pressures for 2010/11.

#### Commitment budget 2010/11 – 2012/13

- 5.5 Turning to 2010/11 onwards, the Council has over the past ten years developed a financial strategy that aimed to bring its spending in line with annually generated resources. The strategy was to protect front line services, make efficiencies in the back office to reduce costs and to prudently use reserves over several years in order to balance its expenditure to resources. In addition in February 2008 the Council transferred its housing to a Registered Social Landlord (Bracknell Forest Homes) in order to deliver the required improvements in the housing stock to meet the Decent Homes Standard and to assist the balancing of the Council's budget. With the transfer of the housing stock the Council had succeeded in balancing its budget for the foreseeable future.
- 5.6 However, with the credit crunch and the resultant recession the Council has faced unprecedented pressure on its resources. In particular, the reduction in interest rates from 5% to 0.5% in a matter of weeks led to the loss of around £2.6m in interest in 2009/10. The Council also generates a substantial amount of income from Leisure Services, car parking etc and this has also reduced significantly as a result of the recession. The economic turmoil currently being experienced around the world increases the risk and uncertainty for the Council's finances now and in the future and there is no clear indication when the economy will return to normality. However it is expected that this will be several years away.
- 5.7 Initial preparations for the 2010/11 budget have focussed on the Council's Commitment Budget for 2010/11 – 2012/13. 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 2009/10 budget was set. The table below summarises the Commitment Budget position with base expenditure of £75.073m next year, before any new changes are considered in the light of the Provisional Finance Settlement. The commitment budget relating to CYPL is shown in more detail in Annex A.

Table 1: Summary Commitment Budget 2010/11-2012/13

	Planned Expenditure		
	2010/11 £000	2011/12 £000	2012/13 £000
Base Budget	74,218	75,073	75,426
<i>Movements in Year:</i>			
Chief Executive / Corporate Services	-144	18	-55
Children, Young People and Learning (excluding schools)	-356	10	10
Adult Social Care and Health	-70	11	0
Environment, Culture & Communities	484	64	-27
Non Departmental / Common	941	250	0
<i>Total Movements</i>	855	353	-72
<b>Adjusted Base</b>	<b>75,073</b>	<b>75,426</b>	<b>75,354</b>

- 5.8 Taking account of these changes, Table 1 shows that base expenditure (excluding schools) is planned to rise by £0.855m next year before consideration is given to allowances for inflation and budget proposals identified by individual Departments in 2010/11. The most significant elements of the rise are increasing costs of waste disposal, the Local Development Framework and the revenue impact of the capital programme.

Provisional Local Government Finance Settlement 2010/11

*National Perspective*

- 5.9 In respect of grant, the Council remains on the “Floor” and can only expect the minimum grant increase for the foreseeable future. The Provisional Local Government Financial Settlement was announced on 26 November and the Government confirmed that the formula grant allocations are unchanged from those that were first published in January 2009 and thus are in line with the three-year settlement policy introduced in 2008. As such the cash grant increase for 2010/11 amounts to 1.5% or £386,000. Government support for 2010/11 will therefore be £26.115m. This compares with an average national increase for local government of 4%.
- 5.10 The Government published the pre-Budget Report on 9 December; and given the proximity of the General Election next year, no significant details on future grant allocations beyond 2010/11 were given. Grant increases of 0% have been assumed for 2011/12 and 2012/13 although the possibility of an actual reduction in grant cannot be ruled out at this stage.

*Council Tax*

- 5.11 Council Tax at current levels will generate total income of £46.065m in 2010/11. In addition a further £0.478m will be generated from the increase in tax base arising from the occupation of new properties during 2010/11.

- 5.12 Council Tax increases are subject to capping rules. The capping criteria are not announced prior to the setting of Local Authority Council Taxes. This means that in approving the Council Tax, the Council has to judge what will be the capping limit. In previous years this has been set at 5% but current opinion in Local Government circles is that it will be reduced to 3% in 2010/11. Certainly, any increase in excess of this would be very likely to be subject to intense government scrutiny, despite the fact that the Council has historically levied one of the three lowest Council Taxes of all Unitary Authorities in the Country.
- 5.13 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.

#### Budget Proposals for 2010/11

##### *Service pressures and Developments*

- 5.14 There remains a need to ensure that the Council continues to improve services and invest in the Borough, focussing on protecting front line services and continuing to invest to deliver the Medium Term Objectives. However, in the current financial climate the ability to do this is severely restricted. In preparing the 2010/11 draft budget proposals, each department has evaluated the potential pressures on its services. Only those items that directly relate to lost income due to the recession, an increase in the numbers of vulnerable clients or new statutory duties stemming from Lord Laming's inquiry into safeguarding are included in the proposals. All other potentially desirable service developments have been deferred. The following table summarises the pressures by department:

Table 2: Service Pressures/Development

	£'0
Chief Executive / Corporate Services	1
Children, Young People and Learning (excluding schools)	1
Adult Social Care and Health	5
Environment, Culture & Communities	7
Council Wide	
<b>Total Pressures/Developments</b>	<b>1,5</b>

In addition the Council continues to invest in its priorities through targeted capital expenditure, details of which are set out below in the proposed capital programme.

##### *Service Economies /Balancing the Budget*

- 5.15 Since January 2009 when the full impact of the credit crunch and recession became apparent, the Executive and CMT have held regular meetings to determine options for savings in order to balance the budget and a list of draft budget savings has been developed. This is summarised in table 3. As in previous years, these economies focus as far as possible on central and departmental support rather than on front-line services. However after 10 years of back office rationalisations, realising total savings in excess of £20m, it is becoming increasingly difficult to find further savings in these areas, which would not compromise the Council's ability to function effectively. Consequently it has been necessary to look at some reductions in front line services.

Table 3: Summary Service Economies

	£'000
Chief Executive / Corporate Services	516
Children, Young People and Learning (excluding schools)	745
Adult Social Care and Health	245
Environment, Culture and Communities	1,318
Council Wide	419
<b>Total Savings</b>	<b>3,243</b>

*Summary proposals from CYPL Department*

- 5.16 Within this general framework for pressures and economies, the potential changes which the Executive is considering for the CYPL Department are outlined in Annex B.

*Corporate issues*

- 5.17 Apart from the specific departmental budget proposals 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

The scale of the Council's Capital Programme for 2010/11 will impact upon the revenue budget and is itself set out later in this report in the proposed Capital Programme of £8.069m. All new spending on services will need to be funded from new capital receipts or borrowing from internal resources. After allowing for projected capital receipts of £2m in 2010/11 and the cash-flow requirements associated with the Garth Hill redevelopment, but excluding the self-funding Invest to Save schemes, the additional revenue costs will be £100,000 in 2010/11 and £600,000 in 2011/12.

b) Interest

With the UK economy still in recession and uncertainty extending to the global economy, it remains very difficult to predict interest rates for the forthcoming year with any confidence. With the UK Base Rate holding at an all-time low of 0.5%, the timing of any reversal of the Bank of England's monetary easing policy is hard to judge. However, as countries around the world move out of recession there is a growing consensus view that interest rates will begin to rise around the world, particularly given the inflationary risks associated with the unprecedented monetary and fiscal easing witnessed over the last 12 months. As confidence returns to the markets it is also hoped that credit-risk levels will reduce, enabling the Council to return to a more normal investment strategy, investing funds at more extended maturities and increasing yields as expectations of higher future interest rates are factored into the market. However, the Council continues to regard security of the principal sum it invests as the key objective of its treasury management activities.

The 2010/11 budget is based on an average rate of return of 2% and reflects the lower cash balances as a result of the 2009/10 and 2010/11 Capital

Programmes. The 2009/10 budget was based on a return of 2.5% and as such expected interest income is projected to fall from £1.30m to £0.66m in 2010/11. After taking into account movements in the commitment budget and the impact of the proposed capital programme this produces a budget pressure of £0.44m. However, should interest rates not recover as quickly as anticipated, every 1% reduction in the average rate of return would add a £350,000 pressure to the General Fund

d) Provision for Inflation and Pay Awards

The Commitment Budget excludes the cost of inflation on both expenditure and income. Bearing in mind the uncertainties inherent in the current economic situation it is difficult to predict the requirements for inflation in 2010/11 and beyond. There have been several reports in the press recently that there are signs of a recovery and that maybe the UK is at the bottom of the economic cycle. Against this, some reports predict that this is a lull and that further corrective action is required by the market before things will improve. That said, an assumption has to be made in order to take a view of the budget for 2010/11

The following assumptions have been made in arriving at the provision for inflation for 2010/11 of minus £0.068m:

- the pay award for 2010 is settled at 0% (note the current years' pay award was settled at 1%);
- inflation rates (Retail Price Index) remain at zero or less than zero until early 2011;
- the current rate of Consumer Price Index is more appropriate for Social Care contracts than the Retail Price Index;
- fees and charges will increase by 2.5% unless this is inconsistent with the Council's income policy.

This compares to a provision of approximately £2m in the last two years. It is, however, assumed that over the next two years, as the economy recovers, the inflation rate will increase up to around the 2% level.

e) Fees and Charges

The Council established a policy for the review of fees and charges when setting the 2001/02 budget. This 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.

It is estimated that most prices, where the Council charges users of services a fee for that service, will need to increase by around 2.5% to recover the costs of those services. However, where current economic conditions and the market rate indicates a lower percentage, for example for leisure income, this has been applied.

f) Corporate Contingency

The financial risks facing the Council are the highest that they have been for many years. This is a direct result of the uncertainties surrounding the recession. The Council manages these uncertainties in the budget through the use of a general contingency added to the Council's budget. In the current year the unallocated contingency of £0.428m has proven insufficient to meet all of the in year pressures. A sum of £0.127m is currently included for contingency in the base budget for 2010/11. This is derived from the original 2009/10 contingency less ongoing transfers made for increases in energy prices and the revised impact of 2008/09 capital spend on the revenue budget.

During the next year the Council will face significant risks on its budget particularly in relation to inflation, pay awards, interest rates and the demand led budgets. In order to determine the recommended size of the contingency for 2010/11, the Council has reviewed potential risks and the Borough Treasurer recommends that the general contingency should be increased by at least £0.573m to £0.700m in order to set a realistic and deliverable budget

*Spending on Schools*

- 5.18 The Schools Budget – both delegated school funding and centrally managed items such as Special Educational Needs placements made outside of the Borough - is funded by a specific Dedicated Schools Grant (DSG) with any year end balance, either surplus or deficit, required to be ring-fenced within the Schools Budget. Therefore, use of this funding is outside the control of the Council. The draft budget proposals assume the Schools Budget is set at the level of DSG and that any accumulated deficit or surplus is managed to a nil balance by the end of the three year budget period.
- 5.19 However, Local Authorities have a legal duty to set the overall level of Schools Budget and individual budgets for each of their schools by 31 March. This must be no lower than the level of anticipated DSG, but can be higher, if the Council decides to add a top up.

*Summary position on the Revenue Budget*

- 5.20 Adding the draft proposals to the Commitment Budget and taking account of the corporate issues identified above would result in total expenditure of £74.399m as shown in the table below.

Table 4: Summary of proposals:

	£'000
Commitment Budget	75,073
2010/11 Budget Pressures	1,524
2010/11 Budget Economies	(3,243)
Capital Programme	100
Reduced Interest Rate	440
Inflation Provision	(68)
Contingency	573
<b>Draft Budget Requirement 2010/11</b>	<b>74,399</b>

- 5.21 The Council can anticipate income, before any Council Tax increase, of up to £72.658m. This arises from Government grants (£26.115m) and Council Tax at current levels, i.e. no increase (£46.543m). However, with the potential overall cost of the budget package being consulted on in the region of £74.399m, this leaves a potential gap of around £1.741m. As such, the potential economies proposed should be seen as a “core package” that may well need to be built upon.
- 5.22 Members can choose to adopt any or all of the following approaches in order to bridge the remaining gap:
- a) increase in Council Tax;
  - b) an appropriate contribution from the Council’s Revenue balances, bearing in mind the Medium Term Financial Strategy;
  - c) identifying further expenditure reductions.

#### *Balances*

- 5.23 The Council has an estimated £9.3m available in General Reserves at 31 March 2010. Based on keeping the minimum prudent level of reserves of £4m there is £5.3m available to support future expenditure. However, with the uncertainty surrounding the recovery of Icelandic funds – the Council has £5m of such investments - and high level of risks contained within the budget, it would be advisable to consider a much larger sum for the minimum prudential reserve. Therefore, it would be prudent to minimise the use of reserves when balancing the 2010/11 budget.

### **Capital Programme**

#### Introduction

- 5.24 The Local Government Act 2003 requires Councils to have regard to the Prudential Code for Capital Finance in Local Authorities when setting their capital expenditure plans, which must be affordable, prudent and sustainable.
- 5.25 The proposed capital programme for 2010/11 has been developed on the assumption that it will be funded by a combination of £2m of capital receipts (the Council’s share of right-to buy sales of houses), Government grants, other external contributions and some internal borrowing. The financing costs associated with the General Fund Capital Programme have been provided for in the Council’s revenue budget plans.



## New Schemes

- 5.26 Within the general financial framework outlined above, Service Departments have considered new schemes for inclusion within the Council's Capital Programme for 2010/11 - 2012/13. Given that capital resources are under pressure, each Department has evaluated and prioritised proposed schemes into the broad categories, set out in the Council's Corporate Capital Strategy and in line with the Council's Asset Management Plan.

### **Unavoidable (Including committed schemes)**

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 statutory legislation etc. Committed schemes are those that have been started as part of the 2009/10 Capital Programme. By their nature, schemes in this category form the first call on the available capital resources.

### **Maintenance (Improvements and capitalised repairs)**

The Council is responsible for a significant number of properties and assets. As part of the established asset management planning process, property condition surveys are carried out and updated annually to assess the overall maintenance needs. Historically the Council has funded all Priority 1 maintenance works identified in these surveys. These represent the works that are necessary, within the next 12 months, to maintain buildings in beneficial use through the prevention of closure, dealing with health and safety items and potential breaches of legislation. The latest assessment based on condition surveys undertaken in 2009 identified a backlog of urgent outstanding repairs of £9.2m. However £4.1m of this requirement relates to schools and as such must be a first call on their capital resources. The Council has provided for an allocation within its Capital Programme as a contingency for where urgent works cannot be met from within their devolved budgets.

As such, based on the most recent survey data, £5.1m of the Priority 1 urgent repairs relate to Council buildings other than schools. Given the resource restraints of the Council, the Capital Programme is restricted to £2.081m (inclusive of Schools contingency) and as such this will result in £3.2m of urgent repairs being deferred to future years and increasing the overall level of backlog maintenance. The implications of failing to maintain Council buildings and to address the backlog will be a major 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**

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 Medium Term Objectives and established Asset Management Plans.

### **Other Desirable Schemes**

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 and the Council's Medium Term Objectives.

The net cost of schemes which attract partial external funding are included in the schemes put forward.

#### **Invest To Save Schemes**

These are schemes where the additional revenue income or savings arising from their implementation exceeds the additional revenue costs. The Council's approach to Invest to Save schemes is included in its Capital Strategy and in accordance with the Capital Strategy it is proposed that a further £1m be included in the 2010/11 capital programme for potential Invest to Save schemes.

- 5.27 As indicated above, in some cases, the schemes within the proposed programme modify previously agreed programmes to reflect the latest available information on the phasing of expenditure and revised priorities. Scheme details relating to the CYPL Department are set out in Annex C, and these show Council funded expenditure proposed at £1.065m. The overall proposed capital programme requires £8.069m of funding from the Council. The following table summarises the draft programme for the CYPL Department.

Table 5: Summary of CYPL capital proposals:

Draft Capital Programme	2010/11 £000	2011/12 £000	2012/13 £000
Committed	65	560	0
Unavoidable	200	300	300
Maintenance - schools	200	200	200
Rolling Programme/other desirable	600	500	500
<b>Total Council Funding</b>	<b>1,065</b>	<b>1,650</b>	<b>1,000</b>
External Funding	25,722	3,865	1,966
<b>Total draft programme</b>	<b>26,787</b>	<b>5,425</b>	<b>2,966</b>

Schemes highlighted in years subsequent to 2010/11 are indicative only and not subject to approval at this stage. Those included within the programme to be funded by the Council will be reviewed before the commencement of each financial year.

#### Externally Funded Schemes

- 5.28 A number of external funding sources are also available to fund schemes within the capital programme, allowing the Council to plan a programme that is significantly greater than the £8.069m that is proposed. External support has been identified from two main sources:

#### *Government Grants*

- 5.29 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. Examples include Building Schools for the Future and the Primary Capital Strategy for Change.

#### *Section 106*

- 5.30 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 £4.15m.

Officers have identified a number of schemes that could be funded from Section 106 funds in 2010/11. Under the constitutional arrangements, the Council must approve the release of such funding. However, this does not preclude the Executive bringing forward further schemes to be approved by the Council to be funded from Section 106 funds during the year.

Annex C also includes details of all CYPL schemes that will be funded from the various external sources in the next year.

### Funding options

- 5.31 There are a number of important issues concerning the long term funding of capital expenditure. Following the transfer of the housing stock in 2008, the Council's capital receipts are limited to miscellaneous asset sales and the contribution from the VAT Shelter Scheme and Right-to-Buy claw back agreed as part of the transfer. As noted earlier in this report, these receipts are likely to be depressed by the general economic conditions and as such receipts in 2010/11 are estimated to be in the region of £2m.
- 5.32 The proposed capital programme for 2010/11 has been developed, therefore, on the assumption that it will be funded by a combination of £2m of capital receipts, Government grants, other external contributions and some internal borrowing. The financing costs associated with the Capital Programme have been provided for in the Council's revenue budget plans.
- 5.33 Should any additional capital receipts be generated in 2010/11 the interest earned on these will be used to mitigate the revenue cost of the capital programme
- 5.34 In practice it is unlikely that the Council will need to resort to external borrowing as it will be able to utilise revenue resources held internally. However the Capital Finance Regulations, require the General Fund to set aside an amount which would be broadly equivalent to the amount the Council would need to pay if it borrowed externally. 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.
- 5.35 The reduction in available capital receipts has placed greater emphasis on the capital programme and its impact on the revenue budget. 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.
- 5.36 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 2010/11 to 2012/13 in March 2010, alongside its consideration of the specific budget proposals for 2010/11 and the Council's medium-term financial prospects.

- 5.37 Given the known revenue budget gap, there will need to be a careful balance between 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 2010/11 onwards, will need to be undertaken during next summer.

### **Meeting the Council's Medium Term Objectives**

- 5.38 The integrated budget package prioritises resources according to the five overarching priorities of the Council and continues to invest mainly through targeted capital expenditure, in services designed over the next three years to:

#### **Medium Term Objective 2 - Protect and enhance the environment of the Borough, through spending;**

- £2.3m on highways infrastructure maintenance
- £2.3m on new affordable housing
- £3.3m on other measures to protect and enhance the environment

#### **Medium Term Objective 3 – Promoting health and achievement in the Borough through spending;**

- £0.8m on promoting achievement and learning

#### **Medium Term Objective 4 - Create a borough where people are, and feel safe by investing in;**

- £0.3m on access improvement programmes
- £0.4m on a new Carers Accommodation Strategy

#### **Medium Term Objective 5 - Provide value for money through spending on:**

- £0.8m on continued investment in Information Technology
- £0.4m on other investment priorities.

### **Consultation**

- 5.39 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 Senior Citizens' Forum, Parish Councils and voluntary organisations. 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 [Bracknell-forest.gov.uk](http://Bracknell-forest.gov.uk). There will also be a dedicated mailbox to collect comments.

5.40 The current timetable for the approval of the 2010/11 Budget is as follows

Executive agree proposals as basis for consultation	15 December
Consultation period	16 December - 26 January
Executive considers representations made and recommends budget.	16 February
Council considers Executive budget proposals	03 March

### *Conclusion*

- 5.41 When the final settlement is known, the Executive can consider the prudent use of revenue balances and appropriate level of Council Tax to support expenditure in line with the overall medium term financial strategy along with further possible reductions to augment the “core package”. In doing this, it will be important to manage the budget process effectively so that the inevitable important service pressures can be responded to whilst, as far as possible, front-line services are maintained with minimal disruption and without creating long term problems for the Council.
- 5.42 All comments from the Schools Forum and others on the revenue and capital budget proposals will then be submitted to the Executive on 16 February 2010. This will allow the Executive to determine the final budget package and recommend the appropriate Council Tax level to the Council on 3 March 2010.

## **6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

### Borough Solicitor

- 6.1 The Local Government Finance Act 1992 requires the Council to set the level of the Council Tax by 11 March each year. It is impossible to achieve this without having agreed an affordable revenue budget for the year in question.
- 6.2 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 arising from this report are set out within the supporting information.

### 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. A number of the budget proposals require specific equality impact assessments to be carried out and draft versions have been completed. Consultation with equalities groups that are likely to be affected by the proposals is part of the assessment process.

## Strategic Risk Management Issues

- 6.3 A sum of £0.127m is currently included in the base budget to meet the costs of unpredictable or unforeseen items that would represent in year budget risks. A further £0.573m is proposed to be added to contingency to reflect the current economic uncertainty. The Executive will need to make a judgement on the level of contingency at its meeting in February.
- 6.4 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.
- 6.5 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 2010/11 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. The additional revenue costs of the proposed Capital Programme of £8.069m for 2010/11 after allowing for projected capital receipts of £2m and the cash-flow requirements associated with the Garth Hill redevelopment, but excluding the self-funding Invest to Save schemes will be £100,000 in 2010/11 and £600,000 in 2011/12. 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.
- 6.6 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 (especially when bids are still to be submitted or the results of current bids are unknown)
  - Building delays due to unavailability of materials or inclement weather
  - Availability of staff with appropriate skills to implement schemes and IT projects in particular.
- 6.7 These can be managed through the use of appropriate professional officers and following best practice in project management techniques.
- 6.8 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 2010/11, there will be further build up in the maintenance backlog and a risk that the deterioration in Council assets will hamper the ability to deliver first class services

## Background Papers

None.

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## Commitment Budget 2010/11 to 2012/13

Item	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000
<b>Children, Young People and Learning</b>				
Approved Budget	15,805	15,868	15,512	15,522
<u>Suitability surveys</u> Suitability and access surveys are undertaken every three years to update the Asset Management Plan in order that up to date information is available to inform investment decisions on the capital programme.		-20		20
<u>Schools Music Festival</u> Biennial event which enables pupils from BF Primary schools to participate in a large scale production which links music, dance and art. The benefits of music making for young people are well documented. Having the opportunity to sing and perform with others is known to raise self esteem, self confidence and social skills, leading to a positive attitude to schooling and improved standards in music and the wider curriculum.			10	-10
<u>Area Based Grant</u> This reflects the revised funding allocation for relevant activities. The most significant reductions relate to Extended Services (-£306k) and Connexions (-£119k). Other grants have generally shown small increases.		-386	TBC	TBC
<u>South Bracknell Youth</u> As a result of the stock transfer, capital resources have been made available to enhance provision for young people in South Bracknell. This is the full year effect amount from last year to fund the on-going activities.		50		
Net Inter Departmental Virements.	63			
<b>Children, Young People and Learning Adjusted Budget</b>	<b>15,868</b>	<b>15,512</b>	<b>15,522</b>	<b>15,532</b>



## Revenue budget proposals for CYPL Department

Description	2010/11 £'000
<p><b>Children's Social Care/Social Work Teams</b></p> <p>The number of cases subject to an initial assessment will increase from December 2009 following the publication of the revised post-Laming 'Working Together'. The revised report requires all referrals from professionals to have an initial assessment. A proportion of these cases will then require allocation into teams where caseloads are already high. There has also been recent increases in the number of looked after children, including those disabled children in receipt of short break care. Therefore additional resources are required to manage this increased workload.</p>	100
<p><b>Provisions for Looked After Children</b></p> <p>Based on the current schedule of known children where there have been reductions in disabled children placements, in placements with Independent Fostering Agencies, and as a significant number of children move into after care, a budget reduction can be made.</p>	-360
<p><b>Schools Budget related costs</b></p> <p>The Schools Budget is fully grant funded from the Department for Children, Schools and Families which has issued statutory Regulations that specify eligible expenditure. There are a number of areas within the Regulations that are not clearly defined, most notably around special educational needs, and based on funding arrangements in other Local Authorities, it is considered appropriate for the Sensory Needs Service delivered by the PCT to be charged to the Schools Budget. Other areas consider Schools Budget related are Education Health Partnerships and some elements of Social and Emotional Aspects of Learning and schools related IT licences.</p>	-165
<p><b>Recharge more costs to grants</b></p> <p>A number of staff currently funded from revenue budgets that support capital works could be funded from external capital grants. This would relate to property staff. A range of other revenue grants have also been scrutinised to establish the extent to which current base budget costs could in future be financed from grants.</p>	-100

<b>Description</b>	<b>2010/11 £'000</b>
<p><b>Student Finance</b></p> <p>The responsibility for providing information, advice and guidance for those students who commenced a new Higher Education course of study in September 2009 transferred from the Local Authority Student Finance Teams to the Student Loans Company. The Council retains responsibility for supporting students who have already commenced a course, but workloads are reducing. As a result the Council will reduce the telephone helpline and other forms of specialist advice to the public.</p>	<b>-20</b>
<p><b>Former teacher pensions</b></p> <p>Government funding Regulations make the Council responsible for former teacher pension liabilities. Whilst there is inflationary pressure, over time costs are reducing as the number of payments required reduces through natural causes.</p>	<b>-30</b>
<p><b>Residence Order Allowances</b></p> <p>There has been a reduction in the number of children for whom a residence order allowance is being paid, as Special Guardianship Orders are now the preferred option for families. As there have been no new residence order allowances started in last year, a budget reduction is proposed.</p>	<b>-50</b>
<p><b>Office Services</b></p> <p>A line by line review of office costs has identified savings in administrative costs.</p>	<b>-20</b>
<b>TOTAL</b>	<b>-645</b>

## CYPL Proposed Capital Programme

	2010/11 £000	2011/12 £000	2012/13 £000
<b>Committed</b>			
Capita One (EMS) upgrade	65	60	0
New South Bracknell Youth Facilities - Transfer Receipt *	0	500	0
	<b>65</b>	<b>560</b>	<b>0</b>
<b>Unavoidable</b>			
Disabled Access (schools) DDA legislation	200	200	200
Disabled Access (non-schools) DDA legislation	0	100	100
	<b>200</b>	<b>300</b>	<b>300</b>
<b>Maintenance</b>			
Improvements & Capitalised Repairs (schools)	200	200	200
Improvements and Capitalised Repairs - Non-Schools included in Council Wide			
	<b>200</b>	<b>200</b>	<b>200</b>
<b>Rolling Programme/Other Desirable</b>			
Additional School Places	600	0	0
Rolling Programme of Schemes to be identified	0	500	500
	<b>600</b>	<b>500</b>	<b>500</b>
<b>TOTAL REQUEST FOR COUNCIL FUNDING</b>	<b>1,065</b>	<b>1,560</b>	<b>1,000</b>
<b>External Funding - Primary Capital Strategy for Change</b>			
Holly spring	1,620	tbc	tbc
Meadow Vale	1,050	tbc	tbc
Crown Wood	841	tbc	tbc
Sandy Lane	841	tbc	tbc
Great Hollands	159	tbc	tbc
S106 Jennets Park Primary School	1,600	1,600	0
Extended Schools, Children's Centres & Early Years	1,059	789	490
Rolling programme – Outdoor Classrooms	50	50	50
Rolling programme – ICT Upgrades	176	176	176
	<b>7,396</b>	<b>2,615</b>	<b>716</b>

	2010/11 £000	2011/12 £000	2012/13 £000
<b>External Funding - Other Items</b>			
Schools Devolved Formula Capital (excl VA schools)	846	tbc	tbc
Targeted Capital Fund - 14-19 Diplomas	2,250	tbc	tbc
Targeted Capital Fund - Kennel Lane Masterplan	2,750	tbc	tbc
Section 106 Contributions	250	250	250
ICT Harnessing Technology	288	tbc	tbc
Garth Hill - Building Schools for the Future	6,600	1,000	1,000
Extended Schools	26	0	0
Aiming High Grants	171	0	0
DCSF Primary Capital Programme	4,378	tbc	tbc
DCSF School Meals Kitchen Grant	177	0	0
Holly Spring Extended Services	tbc	tbc	tbc
Playbuilder Grant	590	0	0
	<b>18,326</b>	<b>1,250</b>	<b>1,250</b>
<b>TOTAL EXTERNAL FUNDING</b>	<b>25,722</b>	<b>3,865</b>	<b>1,966</b>
<b>TOTAL CAPITAL PROGRAMME</b>	<b>26,787</b>	<b>5,425</b>	<b>2,966</b>

**Primary Capital Strategy for Change - Breakdown of Funding**

Primary Capital Programme	4,378	tbc	tbc
Modernisation	179	tbc	tbc
Children's Centres	508	299	tbc
PVI Funding	490	490	490
Extended Schools	61	tbc	tbc
Maintained Schools Devolved Formula Capital	100	100	100
School Development Grant	30	30	30
Other school contributions	50	50	50
S106 New Jennetts Park Primary School	1,600	1,600	0
	<b>7,396</b>	<b>2,569</b>	<b>670</b>

Notes:

- \* New South Bracknell Youth Centre - £0.5m in 2009/10 Budget  
Up to £4m of the Garth Hill Scheme is planned to be funded from the sale of land

## Capital Programme 2010/11 – Children, Young People and Learning

<b>Committed</b>	<b>£'000</b>
<b>Capita One (EMS) Upgrade</b>	<b>65</b>
Capita are continuing to migrate the ONE (EMS) software from its existing outdated Powerbuilder environment to the industry standard Dot Net (.net) technology. This project was initiated in 2007 and will run until March 2012 according to current information. There are significant costs associated with this migration which have increased greatly since initial quotes were provided by Capita. This is due to the increase in software migration prices year on year and an increase in implementation costs. There has also been further information from Capita on annual maintenance charges because of the migration.	

<b>Unavoidable</b>	<b>£'000</b>
<b>Disabled Access (schools) DDA Legislation</b>	<b>200</b>
Disabled access works to school buildings to meet the needs of disabled staff, pupils and visitors. Is in line with Council strategy to improve access for disabled pupils and potential pupils who are disabled to the curriculum and facilities of schools in Bracknell Forest, thereby meeting a statutory duty to plan systematically to improve access and avoid unreasonable discrimination. Prevents greater cost of out – Borough placements, possibly in the independent sector.	

<b>Maintenance</b>	<b>£'000</b>
<b>Improvements &amp; capitalised repairs - Schools</b>	<b>200</b>
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. Only Priorities 1D and 1C have been included in the Capital Programme proposals with a contingency allocation of £200,000 for Schools on the assumption that they should be responsible for meeting their maintenance requirements from within their delegated budgets.	
<b>Improvements &amp; capitalised repairs – Non-Schools</b>	
Included in Council Wide allocation	

<b>Rolling programme and Other Desirable</b>	<b>£'000</b>
<b>Additional School Places</b>	<b>600</b>
A budget for provision of additional school places by way of modular buildings to meet unforeseen increases in demand for pupil places. This is a safety net for the Council in meeting its statutory duty to provide sufficient school places, and is required because all schools are full in 2009 and whilst the overall trend of rising rolls has been confirmed it is not possible to accurately predict where demand will fall in each year	