

**TO: THE EXECUTIVE
16 DECEMBER 2014**

**GENERAL FUND REVENUE BUDGET 2015/16
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 2015/16.
- 1.2 At the time the Executive agenda was published the Provisional Local Government Financial Settlement had not been announced and is not expected until late December 2014. Therefore, in the absence of the Provisional Settlement, the report is based on the indicative 2015/16 funding figures received in February 2014.
- 1.3 All comments received on these budget proposals will be submitted to the Executive on 10 February along with details of the final Financial Settlement. 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 2015/16 budget and Council Tax on 25 February 2015.

2 RECOMMENDATIONS

That the Executive:

- 2.1 **Agree the draft budget proposals for 2015/16 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 2015/16 Schools Budget be set at the estimated 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 2014/15 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 2015/16 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 2015/16 – 2017/18

- 5.1 Initial preparations for the 2015/16 budget have focussed on the Council's Commitment Budget for 2015/16 – 2017/18. 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 2014/15 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:

- The latest waste projections have indicated an increase in waste tonnages and a reduction in the amount being recycled. In addition, increases in landfill tax are now directly linked to RPI and will be reflected in the inflation calculation (£0.380m).
- The Local Development Framework has required updating due to changes in National Policy, including those brought in through the National Planning Policy Framework. This has resulted in additional costs for technical work and studies and has changed the spend profile over the next three years compared to the previous estimate (£0.163m). The new programme has been formalised in the updated Local Development Scheme approved by the Executive.
- Inclusion of the forecast recruitment and retention payments in Children's Social Care agreed by the Employment Committee on the 18 June (£0.130m). The budget increase will be reviewed once the actual number of employees entitled to the payment has been established.
- The projection for the Minimum Revenue Provision now incorporates the latest forecast for capital spend and receipts and the on-going under spend from 2014/15 (-£0.390m).
- Inclusion of the savings from the Aiming High programme agreed by the Executive on 23 September (-£0.108m).
- The allocation for pension fund contributions now reflects the actual lump sum deficit payments the Council will need to make over the next three years (-£0.197m).

Whilst these changes to the Commitment Budget are individually significant, their overall impact is to increase the Council's budget by only £0.011m (includes other minor changes) when 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 increase by £1.005m to £90.779m next year, before consideration is given to allowances for inflation and the budget proposals identified by individual Departments in 2015/16. The commitment budget is shown in more detail in Annexe A.

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Table 1: Summary Commitment Budget 2015/16-2017/18

| | Planned Expenditure | | |
|---|---------------------|-----------------|-----------------|
| | 2015/16 £000 | 2016/17 £000 | 2017/18 £000 |
| Base Budget | 89,774 | 90,779 | 92,241 |
| <i>Movements in Year:</i> | | | |
| Adult Social Care, Health and Housing | 17 | 10 | 0 |
| Children, Young People and Learning (excluding schools) | 22 | -30 | 10 |
| Corporate Services / Chief Executive's Office | 121 | -65 | -29 |
| Environment, Culture & Communities | 795 | 110 | -166 |
| Non Departmental / Council Wide | 50 | 1,437 | 600 |
| <i>Total Movements</i> | 1,005 | 1,462 | 415 |
| Adjusted Base | 90,779 | 92,241 | 92,656 |

6 PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2015/16

- 6.1 Alongside the 2014/15 Local Government Financial Settlement announced in February 2014, the Government published a Provisional 2015/16 Settlement for local authorities. As expected, for such an early Provisional Settlement, this did not contain a great amount of detail but gave councils an indication of the likely level of funding to be used for planning purposes.
- 6.2 In July 2014 the Government published a consultation paper on potential changes to both the total amount of funding assumed in the Provisional Settlement and a number of technical changes to the allocation methodologies. The outcome of this exercise is expected to be known when the 2015/16 Provisional Settlement is published in late December.
- 6.3 Funding from central government is received through Revenue Support Grant (RSG) and Specific Grants. The provisional amount of RSG announced in February 2014 for 2015/16 showed a fall from -£19.297m to -£15.171m, representing a 21.4% reduction. As noted above, further reductions may result from the consultation proposals outlined by the Government in the summer.
- 6.4 The level of Specific Grants will be announced as part of the 2015/16 Provisional Settlement. However, at this stage in the budget cycle the Council has already been made aware of two particular changes.
- The Education Services Grant (ESG) is paid to fund education support services which local authorities provide centrally to maintained schools but for the most part academies must secure independently; for example, human resources, financial supervision and asset management. It is not a ring-fenced grant: local authorities and Academies are free to decide how it is spent based on their individual circumstances. The June 2013 Spending Review announced that £200 million of savings will be needed to be made from the ESG in 2015/16; almost 20% of total ESG grant expenditure. A

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consultation in March of this year sought views on how this reduction might be achieved. It is estimated that the Council will see a reduction of £0.426m.

- Parts of the discretionary Social Fund, introduced in 1987, were abolished by the Welfare Reform Act 2013 and replaced by a non-ring-fenced specific grant from April 2013 for the final two years of the Spending Review up to March 2015. The Government informed local authorities that the allocation of future funding would be assessed as part of the next Spending Round Settlement. It is intended that, from April 2015, local welfare provision would be funded from general grant to Local Government, instead of an identifiable sum being made available specifically for this purpose. The overall impact of this change in approach is expected to be a reduction in funding of £0.208m.

- 6.5 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 change each year due to inflationary increases (set by central government) and local growth or decline as local businesses and economic conditions expand or contract.
- 6.6 The Government sets a baseline level of funding against which any growth or reduction is shared between local and central government. Taking into account the baseline funding level published in February 2014 and factoring in local circumstances, the budget projections assume income of -£21.247m. There is a risk associated with these projections due to the impact of the Town Centre regeneration and changes in the local economic conditions; however officers monitor total yield, revaluations, changes-in-circumstances, appeals and refunds on a monthly basis.
- 6.7 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. When setting the budget for 2014/15 the Council's share of the resulting one-off surplus on the Collection Fund for 2013/14 and the on-going additional rates income were transferred into the Business Rates Equalisation Reserve. The 2015/16 budget proposals assume that the on-going transfer to the reserve will be reduced by £3m to help balance the budget.
- 6.8 Based on the number of additional properties that have been built and liable for Council Tax in the last 12 months to October, the budget proposals assume an additional New Home Bonus (NHB) grant of -£0.500m. This excludes a share of the NHB Adjustment Grant (NHBAG) that is top-sliced from the local government overall funding total to ensure there is sufficient funding to meet all the NHB allocations. Any surplus is returned to local-authorities on a pro-rata basis. The actual figure will be announced as part of the Provisional Settlement, but the current model assumes that the level of NHBAG received in 2014/15 (-£0.052m) will be continued in 2015/16.

7 COUNCIL TAX

- 7.1 Following the acceptance of Council Tax Freeze Grant and the resultant zero increase for the last four years, Council Tax at present levels will generate total income of -£45.944m in 2015/16. The Local Council Tax Benefit Support Scheme is treated as a discount i.e. a reduction in the calculation of the Council Tax Base. The latest information on the take-up of Council Tax support indicates that it will be significantly less than that budgeted for in 2013/14. Based on the latest forecast, Council Tax income will increase by £0.356m as a result in 2015/16. In addition a further £0.406m will be generated from an increase in the Tax Base primarily arising

from the occupation of new properties during 2015/16. Based on these provisional figures, Council Tax income is therefore expected to be -£46.706m for 2015/16.

- 7.2 The Government has again prioritised keeping Council Tax increases to the minimum possible next year. To support this aim, the Department for Communities and Local Government has announced that it will give Councils who agree to freeze or reduce Council Tax in 2015/16 a one-off grant equivalent to a 1% increase in Council Tax. Any future support will be announced as part of the 2016 Spending Round following the General Election.
- 7.3 The Executive intends to accept the Government's offer to work in partnership with local authorities to protect council tax payers with a council tax freeze, thereby passing on the benefit to the council tax payers for a fifth consecutive year. The working assumption upon which the proposals in this report are based is that there will be no increase in Council Tax and that the Council will receive additional grant from Central Government of -£0.505m.
- 7.4 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 2015/16

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 protect and, wherever possible, improve services and to invest in the Borough, focussing on protecting front line services and delivering the Council's Medium Term Objectives. In preparing the 2015/16 draft budget proposals each department has evaluated the potential pressures on its services and these are set out in Annexe B. The following Table summarises the pressures by department.

Table 2: Service Pressures/Development

| Department | £'000 |
|---|--------------|
| Adult Social Care, Health and Housing | 838 |
| Children, Young People and Learning (excluding schools) | 140 |
| Corporate Services / Chief Executive's Office | 182 |
| Environment, Culture & Communities | 424 |
| Total Pressures/Developments | 1,584 |

- 8.2 Many of the pressures are simply unavoidable and respond only to changing demographic trends, particularly as they principally relate to increases in client numbers within Adult Social Care. They do, however, also support the Council's overarching priorities and medium term objectives in the following way:
- protect and enhance our environment (0.289m)
 - promote health & achievement (£0.160m);
 - create a Borough where people are safe, and feel, safe (£0.888m);
 - sustain economic prosperity (£0.037m);
 - provide value for money (£0.086m).

- 8.3 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 and in other individual reports elsewhere on tonight's agenda, but the cost of funding all potential commitments arising from these various proposals is included in the revenue plans before members.

Service Economies /Balancing the Budget

- 8.4 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 -£2.476m and is attached at Annexe C and 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, since it became a Unitary Authority the Council has successfully delivered savings of around £62m in total. Against this background of continually bearing down on costs and driving to improve efficiency it is becoming increasingly difficult to find further savings in these areas, which would not compromise the Council's ability to function effectively. Additional economies identified by Adult Social Care, Health and Housing resulting from the current take-up of the Local Council Tax Benefit Support Scheme have now been incorporated into the Council Tax calculation in paragraph 7.1. Treasury Management savings previously shown under Corporate Services have now been incorporated into Non Departmental budgets.

Table 3: Summary Service Economies

| Department | £'000 |
|---|---------------|
| Adult Social Care, Health and Housing | -698 |
| Children, Young People and Learning (excluding schools) | -494 |
| Corporate Services / Chief Executive's Office | -411 |
| Environment, Culture & Communities | -813 |
| Non Departmental / Council Wide | -60 |
| Total Savings | -2,476 |

Significant Budget Decisions

- 8.5 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 B.
- 8.6 As the budget report is a policy document and is subject to 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

8.7 Apart from the specific departmental budget proposals contained in Annexes A and B 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 2015/16 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 from internal resources. The proposed Council Funded Capital Programme of £16.818m and externally funded programme of £17.804m for 2015/16 features in a separate report on tonight's agenda. After allowing for projected receipts of approximately £2.5m in 2015/16 and carry forwards, but excluding the self-funding Invest to Save schemes, the additional revenue costs will be £0.034m in 2015/16 and £0.453m in 2016/17. These figures include on-going costs associated with the maintenance and support of IT capital purchases.

b) Interest and Investments

Investment returns are likely to remain relatively low during 2015/16 and beyond. The Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 2 of 2015. 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.

The 2015/16 budget is therefore based on an average rate of return of approximately 0.5% and reflects the lower cash balances as a result of the proposed 2015/16 Capital Programme. The net impact of these is a £0.085m pressure, being £0.034m related to the Capital Programme and a loss of income of £0.051m from the fall in the expected yield on investments from cash-flow movements.

There is a risk, however, that the Council's cash-flow will differ from past years as a result of the reforms to Business Rates Retention which has a dramatic impact on the cash-profile of the Council. As such any change in interest rates or cash balances will clearly have an impact on the overall investment income generated by the Council with every 0.1% reduction in the average rate of return adding a £0.03m pressure to the General Fund.

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". Annexe E outlines the Council's prudential indicators for 2015/16 – 2017/18 and sets out the expected treasury management activities for this period. It is recommended that the Executive

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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.

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.

At this stage the inflation provision is not finalised, although for planning purposes a sum of £1.700m (£1.875m 2014/15) has been added to the budget. This will be achieved by:

- Building in the 2 year pay award for National Joint Council staff and assuming 1% for all other pay awards except for the Chief Executive and Directors for whom zero pay inflation is again planned;
- Negotiating to minimise inflation on contracts;
- Increasing fees and charges by 1.8% unless this is inconsistent 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 2014.

d) 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 many prices, where the Council charges users a fee for services, will need to increase by around 1.8% to recover the costs of those services. However, where current economic conditions and the market rate indicate a different percentage, for example for leisure income, this has been applied. Certain other fees also attract a different percentage as they are determined by statute. The proposed fees and charges are included in Annexe D.

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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. In 2015/16 there will be specific significant risks in relation to:

- the implementation of a recent court ruling regarding the deprivation of liberty safeguards;
- the Care Act;
- and waste tonnages.

The level of risk and uncertainty is more significant than that for last year. The general Contingency included in the budget proposals currently stands unchanged at £1m but will need to be reviewed in order to set a realistic and deliverable budget in 2015/16.

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 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

- 8.8 The Schools Budget continues to be funded by grants, the most significant of which is the specific ring-fenced Dedicated Schools Grant (DSG). This comprises three notional blocks; schools, which includes delegated school budgets and a small number of centrally managed services aimed at 5 – 16 year olds; early years, which again includes funds to pay providers and a limited range of central support services for 2 – 4 year olds; and the high needs block, which is generally centrally managed and is intended to fund the cost of education for 0 – 25 year olds when individual needs exceed £10,000. The DSG totalled £79.6m in 2014/15.
- 8.9 The allocations are not ring-fenced to each block, so more or less can be planned to be spent within each element, but a ring-fence continues on the DSG as a whole so that it can only be spent on the functions defined within the School and Early Years Finance Regulations.
- 8.10 Funding in each block was initially based on 2012/13 budgeted spend but has subsequently been updated for changes in pupil numbers, albeit at 2012/13 prices. However, changes in the number of high needs pupils have only been funded up to the minimum £10,000 cost. Whilst this ensures adequate funding for the increased pupil numbers in mainstream schools and early years providers, it does not cover any costs for new high needs pupils where they are over £10,000 which has caused financial difficulty for the Schools Budget. During 2014/15, there has been an in-year increase in high needs pupils of 22, at an average additional cost of £0.042m which amounts to total additional spend of £0.924m. None of this extra spend is covered in the funding settlement, meaning the Schools Budget is expected to carry forward an underlying over spend of around £1m. It is anticipated that there are sufficient general reserves in the Schools Budget to fund the over spend anticipated in 2014/15 but that additional on-going funding will be required.

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- 8.11 For 2015/16, the Department for Education (DfE) has announced that £390m of new money will be allocated to the Schools Block element of DSG through a *Fairer Schools Funding for 2015/16* initiative, to be targeted to the councils currently receiving the lowest funding rates. This will result in a £1.5m increase (2.4%) for the Schools Budget.
- 8.12 Whilst the intention of the DfE is that this extra money will be made available for schools, the reality of the position in Bracknell Forest is that the majority of additional income will need to be spent on High Needs pupils. Individual schools and the Schools Forum have been informed of the likelihood that at least £1m of the increased income will not be available for allocation to schools but instead diverted to support high needs pupils. The expectation therefore is that £0.5m will be passed on to schools, but this will only be sufficient to cover the additional cost arising next year from a 2.3% increase in the employers Teachers' Pension Scheme Rate, effective from September 2015.
- 8.13 In addition to the DSG, schools also receive revenue funding from other specific grants including School Sixth Forms (currently £4.5m), the Pupil Premium (£2.9m), Primary PE and Sports Premium (0.295m) and the Universal Infant Free School Meals Grant (£0.86m). All of these amounts are subject to change in 2015/16.
- 8.14 Whilst it is expected that the schools and early years block elements of the DSG will be confirmed by the end of December, it is unlikely that the high needs block amount will be known this year. However, 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 2015 even though relevant information required to calculate budgets will not be supplied before 19 December 2014. To meet this requirement, 2015/16 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 therefore assume the Schools Budget is set at the estimated level of grants and that any accumulated deficit or surplus is managed to a nil balance by the end of the funding period.
- 8.15 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

- 8.16 Adding the draft proposals to the Commitment Budget and taking account of the corporate issues identified above would result in total expenditure of £82.504m as shown in Table 5.

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Table 5: Summary of proposals:

| | |
|--|---------------|
| | £'000 |
| Commitment Budget | 90,779 |
| Budget Pressures | 1,584 |
| Budget Economies | -2,476 |
| Capital Programme | 34 |
| Changes in Investment Income | 51 |
| Inflation Provision | 1,700 |
| In-year Business Rates Income | -3,000 |
| Transfer of Business Rates Surplus to the Business Rates Equalisation Reserve ¹ | -6,322 |
| New Homes Bonus 2015/16 | -500 |
| Reduction in Education Services Grant | 426 |
| Social Fund Grant | 208 |
| Draft Budget Requirement 2015/16 | 82,484 |

¹This element of the transfer to the reserve was for one year only as it relates to the significant surplus achieved on the Collection Fund in 2013/14 which was one-off in nature.

- 8.17 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 -£77.786m. This arises from Revenue Support Grant and Business Rates baseline funding (-£30.575m excluding Council Tax Freeze Grant), additional Council Tax Freeze Grant (-£0.505m) and Council Tax (-£46.706m).
- 8.18 With the potential overall cost of the budget package being consulted on in the region of £82.484m, this leaves a potential gap of around £4.698m. Members can choose to adopt any or all of the following approaches in order to bridge the remaining gap:
- 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 £7.0m available in General Reserves at 31 March 2015. Details are contained in Table 6.

Table 6: General Reserves as at 31 March 2015

| | |
|--|------------|
| | £m |
| General Fund | 9.6 |
| Planned use in 2014/15 | (2.6) |
| Estimated Balance as at 31 March 2015 | 7.0 |

- 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 three to four years.

- 9.3 The Council's share of the Business Rates surplus for 2013/14 and the additional Business Rates income in 2014/15 will be transferred into the Business Rates Equalisation Reserve at the year end. It is estimated that there will be a balance of £11.7m available on the reserve at the end of 2014/15.

10 CONCLUSION

- 10.1 The Council's constitution requires a six week consultation period 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 10 February 2015. This will allow the Executive to determine the final budget package and recommend the appropriate Council Tax level to the Council on 25 February 2015.

11 BUDGET MONITORING 2014/15- 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 2014/15 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. None of the budget proposals require specific equality impact assessments to be carried out.

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 2015/16 Budget is as follows

| | |
|---|---------------------------------------|
| Executive agree proposals as basis for consultation | 16 December 2014 |
| Consultation period | 17 December 2014 - 27 January 2015 |
| Executive considers representations made and recommends budget. | 10 February 2015 |
| Council considers Executive budget proposals | 25 February 2015 |

Background Papers

None

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