

TO: THE EXECUTIVE  
DATE: 15 DECEMBER 2015

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**GENERAL FUND REVENUE BUDGET 2016/17  
(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 2016/17.
- 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 2015. Therefore, in the absence of the Provisional Settlement, the report is based on a number of assumptions regarding government funding.
- 1.3 All comments received on these budget proposals will be submitted to the Executive on 9 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 2016/17 budget and Council Tax on 24 February 2016.

**2 RECOMMENDATIONS**

**That the Executive:**

- 2.1 **Agree the draft budget proposals for 2016/17 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 2016/17 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 2015/16 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 2016/17 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 INTRODUCTION**

- 5.1 Following the national elections in May 2015, the overriding message from Government has been extremely clear. The priority is to eliminate the deficit and reduce the national debt. This is to be achieved through a continuation of austerity measures, with the focus principally on reducing public expenditure. The Chancellor of the Exchequer announced the plans in his Spending Review on the 25th November 2015. The Spending Review determines how the Government will spend public money over the course of this Parliament by setting budgets for each central department. The level of detail provided will not enable individual councils to identify their exact funding for 2016/17 but this will become clear once the Provisional Local Government Finance Settlement (LGFS) is published in late December.
- 5.2 Core central government funding to local government, comprising Business Rates and Revenue Support Grant, will fall by 24% in real terms over the period to 2019/20, however this masks a larger reduction of £6.1bn or 53% in cash funding between 2015/16 (£11.5bn) and 2019/20 (£5.4bn). In recognition of the funding pressures faced by local government however, the Chancellor announced a further £1.5bn to be added to the Better Care Fund over the period alongside the introduction of a “Social Care Precept” enabling authorities to levy an additional 2% increase in Council Tax over and above the threshold (above which a referendum is required) that is set each year. Further announcements included a 3.9% cut in the ring-fenced Public Health Grant, a £600m cut in the Education Services Grant and a reform of the New Homes Bonus.
- 5.3 The implications of the above for Bracknell Forest will become apparent when the Department for Communities and Local Government publishes the Provisional LGFS in December, however the assumptions included in this report remain valid based on the information that is currently available following the Chancellor’s announcements.
- 5.4 In response to this challenging financial climate a new Council Plan covering the period 2015 to 2019 has been adopted. Underpinning the Plan is a new narrative or philosophy for the organisation which contains the following key messages:
- many residents are affluent, well educated and independent. The Council wants to continue to support that by providing core services that all residents can benefit from
  - but we recognise that we need to prioritise if we are to live within our means, and that will mean making difficult decisions
  - we will prioritise people and areas with the greatest need and provide early help and prevention so struggling or vulnerable people can maximise their opportunities to become independent.
- 5.4 Future Council budgets will reflect both the national context within which local government operates and specifically the Council’s new narrative. 2016/17 is the first of those budgets.

### **6 COMMITMENT BUDGET 2016/17 – 2020/21**

- 6.1 Initial preparations for the 2016/17 budget have focussed on the Council’s Commitment Budget for 2016/17 – 2020/21. This brings together the Council’s

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existing expenditure plans, taking account of approved commitments and the ongoing effects of service developments and efficiencies that were agreed when the 2015/16 budget was set.

6.2 A number of changes are proposed to the Commitment Budget since it was last considered by the Executive in September and are reflected in the summary in Table 1. The most significant are set out below:

- The inclusion of recruitment and retention proposals for Children's' Social Care approved by the Executive on the 21 July (£1.118m).
- The projection for the Minimum Revenue Provision now incorporates the latest forecast for capital spend and receipts (£0.064m).
- The departmental saving resulting from the Street Lighting Invest to Save Scheme has been included, following the supplementary capital estimate being approved by Council on 25 November (-£0.175m).
- Reductions in Bed and Breakfast accommodation costs and Home to School Transport costs resulting from the purchase of Tenterden Lodge have been added (-£0.182m).
- Updated Waste Disposal projections based on the latest tonnages and recycling data (£0.179m).
- Interest on external borrowing required to finance the construction of Binfield Learning Village (£0.075m).

The overall impact of these changes is to increase the Council's Commitment Budget by £1.032m compared to the position reported in September.

6.3 Taking account of these changes, Table 1 summarises the position and shows that base expenditure (excluding schools) is planned to increase by £1.556m to £80.735m next year, before consideration is given to allowances for inflation and the budget proposals identified by individual Departments in 2016/17. The commitment budget is shown in more detail in Annexe A.

Table 1: Summary Commitment Budget 2016/17-2020/21

	Planned Expenditure				
	2016/17	2017/18	2018/19	2019/20	2020/21
	£000	£000	£000	£000	£000
Base Budget	79,179	80,735	81,946	82,978	83,883
<i>Movements in Year:</i>					
Adult Social Care, Health and Housing	-152	0	0	0	0
Children, Young People and Learning (excluding schools)	1,088	36	10	-10	-10
Corporate Services / Chief Executive's Office	-159	-44	29	51	29
Environment, Culture & Communities	42	-376	184	152	226
Non Departmental / Council Wide	737	1,595	809	712	400
<i>Total Movements</i>	1,556	1,211	1,032	905	645
<b>Adjusted Base</b>	<b>80,735</b>	<b>81,946</b>	<b>82,978</b>	<b>83,883</b>	<b>84,528</b>

## **7 SPENDING REVIEW 2015 AND PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2016/17**

- 7.1 Following the General Election in May 2015, the Government announced a Spending Review to be concluded and published on 25 November 2015. The Spending Review was duly delivered by the Chancellor of the Exchequer and provided a high-level overview of the Government's spending totals over the next 4 years to 2019/20. Although there has been some improvement in public finances, the headline news was that Local Government will see a more than 50% reduction in central government support over the next 4 years. This, in part, relates to the forthcoming review of Business Rates where the Government plans to remove all central government support through the Revenue Support Grant (RSG) by 2019/20. This reduction in Government support will undoubtedly place substantial financial pressure on all councils with total local government spending expected to remain at 2015/16 levels by 2019/20.
- 7.2 On a more positive note, the Government also announced it will allow councils with social care responsibilities to increase Council Tax income by 2%, in the form of a "social care precept", with the criteria that it is spent fully on relieving Adult Social Care pressures. This is understood to be in addition to the 2% threshold that currently exists before a referendum must be called for a Council Tax rise. Further details will be announced in December. In addition, a further £1.5bn of funding will be earmarked and ring-fenced for the Better Care Fund by 2019/20, although it is not yet clear where this funding has been found from.
- 7.3 The Government will also protect the schools budget in real terms, enabling a per pupil protection for the Dedicated Schools Grant and the pupil premium. However, this will involve making around £600 million savings from the Education Services Grant (ESG) and supporting schools to realise efficiencies, including phasing out the additional funding schools receive through the ESG. The government will reduce the local authority role in running schools and remove a number of statutory duties.
- 7.4 Consultations on the following areas were also announced as part of the Spending Review:
- Changes to the local government finance system to pave the way for the implementation of 100% Business Rates retention and to rebalance support to those councils with Social Care responsibilities;
  - Options to fully fund Public Health from retained Business Rates receipts as part of the move towards 100% Business Rates retention;
  - A national funding formula for schools, high needs and early year, which will be introduced in 2017/18.
- 7.5 Other announcements which are likely to impact on the Council included the following.
- Extension of the doubling of small Business Rates relief until April 2017.
  - Councils will have the flexibility to spend capital receipts (excluding Right to Buy receipts) from asset sales on the revenue costs of reform projects.
  - An apprentice levy will be introduced in April 2017 at the rate of 0.5% of an employer's pay bill.
  - Additional capital funds for infrastructure and schools.

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- 7.6 As with past Spending Reviews, the information is provided at a Government Department level and is of limited value in terms of identifying the impact on Bracknell Forest as an individual council. Some of this detail will be provided as part of the provisional LGFS which is expected to be announced in mid to late December. Even then, however, uncertainties will exist due to the consultations referred to in paragraph 7.4
- 7.7 Funding from central government is currently received through 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 £3.0m in RSG for 2016/17. For the remaining period of the Commitment Budget, a reduction of 6% per annum in overall government support has been assumed. This would amount to an overall reduction over the next five years of a real terms cut of 30%. These figures will be refined when the provisional LGFS is received. As details are still awaited on the phasing out of RSG by 2020 (as the retention of Business Rates is increased), this has not been incorporated into the budget proposals. Further information on the potential impact is included in paragraph 7.10.
- 7.8 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

This non-ringfenced grant is designed to reward and encourage development of new properties in local communities and will generate -£3.290m for the Council in 2015/16. An increase of £0.600m has been incorporated at this stage of the budget process, bringing the total level of budget support to -£3.890m. The funding mechanism was initially designed to deliver a rolling 6-year's worth of funding and with the scheme starting in 2011/12, that years funding will fall out in 2017/18. The Government will be 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.

b) 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 2015/16. The Government has confirmed that the ring-fence on Public Health spending will be maintained in 2016/17 and 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 Spending Review also refers 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.

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.

- 7.9 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. The Government sets a baseline level of funding against which any growth or reduction is shared between local and central government.
- 7.10 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 Department for Communities and Local Government will consult on 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 (although presumably a baseline will need to be established under the new arrangements) and only receives approximately a quarter of any Business Rates growth. However, until the finer details of the scheme are announced, any potential benefits need to be viewed with caution bearing in mind the need to take on new responsibilities, the overall deficit reduction programme and the increased exposure to volatility from appeals and business movements that will arise as a consequence.
- 7.11 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. The 2015/16 base-budget was supported by an on-going transfer of £3m from this additional income on top of a one-off transfer of £3.988m from accumulated surpluses held in the Business Rates Equalisation Reserve. This company has successfully appealed against the rateable value of its business and details are awaited on the impact of the appeal from the Valuation Office. The timing of this information is uncertain but for the budget projections it has been assumed that a 50% reduction in rateable value will result from the appeal. A significant deficit is now projected on the Business Rates element of the Collection Fund as a result and ongoing income will also be reduced if this level of reduction is confirmed. Assuming baseline funding is increased by September RPI and taking into account known changes in section 31 income and local circumstances, the budget projections assume overall income of -£17.986m. This projection is subject to change and will be revised when the provisional LGFS is received, the annual Business Rates forecast is completed in January and any appeal notifications are received. There is a risk associated with these projections due to the impact of the outstanding appeals, 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.

## **8 COLLECTION FUND**

- 8.1 Following the acceptance of Council Tax Freeze Grant and the resultant zero increase for the last five years, Council Tax at present levels will generate total income of -£46.706m in 2016/17. 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 2015/16. Based on the latest forecast, Council Tax income will increase by £0.345m as a result in 2016/17. If the proposed changes to the Scheme, which are included elsewhere on the agenda, are approved this will increase Council Tax income by a further £0.302m. An increase in the Tax

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Base arising from the occupation of new properties during 2016/17 is expected to contribute an additional £0.655m. Based on these provisional figures, Council Tax income is therefore expected to be -£48.008m for 2016/17. These figures will be updated when the Council Tax Base is finalised during December.

- 8.2 The Spending Review made no reference to Council Tax Freeze Grant and it has been assumed that the existing funding received by the Council up to 2015/16 will be maintained, but that there will be no new support going forward.
- 8.3 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 final Local Government Financial Settlement. No guidance is therefore currently available for 2016/17 but in 2015/16 a referendum was required for Council Tax increases of 2% or more. A 2% increase in Council Tax would generate approximately -£1m of additional income. As a council with Social Care responsibilities, it will now also be possible for Council Tax to be raised by a further 2% to support Social Care pressures.
- 8.4 A surplus will be generated on the Council Tax element of the Collection Fund in the current year, primarily due to a lower than expected take up of the Local Council Tax Benefit Support Scheme. The Council's share of this surplus, which can be used to support the 2016/17 budget, is estimated to be -£0.425m.
- 8.5 A deficit is expected to be generated on the Business Rates element of the Collection Fund and the Council's share is estimated to be £10.516m. This deficit will be funded from a one-off transfer out of the Business Rate Equalisation Reserve.
- 8.6 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.

## 9 BUDGET PROPOSALS 2016/17

### Service Pressures and Developments

- 9.1 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 the Council's six strategic themes. In preparing the 2016/17 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

<b>Department</b>	<b>£'000</b>
Adult Social Care, Health and Housing	708
Children, Young People and Learning (excluding schools)	246
Corporate Services / Chief Executive's Office	291
Environment, Culture & Communities	263
Non Departmental / Council Wide	841
<b>Total Pressures/Developments</b>	<b>2,349</b>

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- 9.2 Many of the pressures are simply unavoidable as they relate to demographic trends, changes in funding and new legislation. They do, however, also support the six strategic themes included in the new Council Plan in the following way:
- A strong and resilient economy (0151.m)
  - people have the life skills and education opportunities they need to thrive (£0.100m);
  - people live active and healthy lifestyles (£0.614m);
  - a clean, green, growing and sustainable place (0.099m);
  - strong, safe, supportive and self-reliant communities (£0.260m);
- 9.3 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.
- 9.4 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 /Balancing the Budget

- 9.5 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 -£3.687m 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 £65m 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 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 8.1.

Table 3: Summary Service Economies

<b>Department</b>	<b>£'000</b>
Adult Social Care, Health and Housing	-710
Children, Young People and Learning (excluding schools)	-714
Corporate Services / Chief Executive's Office	-756
Environment, Culture & Communities	-1,161
Non Departmental / Council Wide	-346
<b>Total Savings</b>	<b>-3,687</b>



### Significant Budget Decisions

- 9.6 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.
- 9.7 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

- 9.8 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 2016/17 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 £51.387m and externally funded programme of £17.498m for 2016/17 features in a separate report on tonight's agenda. After allowing for projected receipts of approximately £5m in 2016/17 and carry forwards, the additional revenue costs will be £0.041m in 2016/17 and £0.971m in 2017/18. 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 2016/17 and for some time to come compared to historic averages rates. The Bank of England in its latest Inflation Report (November 2015) forecast the Bank Rate to remain unchanged at 0.5% during the next nine months before starting to rise in the last months of 2016. With inflation low and predicted to stay low for the next 12 months, the decision to raise rates by the Bank of England will be a difficult one with risks coming from concerns on declining global trade and geo-political tensions. 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 2016/17 budget is therefore based on an average rate of return of approximately 0.5% on its investments and reflects the lower cash balances as a result of the proposed 2016/17 Capital Programme. This programme is substantially larger than any previous plans and includes some major long-term projects (Binfield Learning Village, Local Housing Company, Street Lighting Replacement) that will span a number of years and which are reliant on a range of complex factors including agreements with partners, planning approvals and other issues outside of the control of the Council. The timing of

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the cash-flows related to these schemes will to a large extent be dependent on these factors. Given that taken together these major schemes cannot be funded completely from existing resources and will require external borrowing to complete, the projection of investment income is particularly difficult this year.

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. However over the last two years underlying cash balances have been higher than predicted, enabling the Council to earn a greater income than budgeted (this has been reported as part of the budget monitoring process). It has also enabled the Council to maximise the opportunity of paying pension contributions 12 months up-front (rather than monthly in arrears) benefitting from a much higher return than could be achieved in the cash markets.

Taking these factors into account (the higher cash balances, the low interest rates and the benefit from pension pre-payments) the net impact of the capital programme, excluding the Binfield Learning Village, is an economy of -£0.034m - a gain of -£0.075m from the higher than expected cash balances less the £0.041m pressure from the Capital Programme.

There is an expectation that the cash flows required to complete the Binfield Learning Village will require external finance and this has been allowed for in the Commitment Budget (£0.075m).

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. With a number of outstanding large scale appeals and the shortly to be announced reforms to Business Rates this area represents a further layer of uncertainty.

As such any change in interest rates or cash balances will clearly have an impact on the overall investment income generated by the Council and may require the Council to borrow externally sooner than expected. It is difficult to estimate the impact given this transition between internal and external borrowing. Long-term interest rates are at historical lows with 25-year Public Works Loan Board rates at 3.5% compared to an internal investment return of 0.5%.

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 2016/17 – 2018/19 and sets out the expected treasury management activities for this period. 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.

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### 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 £0.800m (£1.511m 2015/16) has been added to the budget. This will be achieved by:

- Assuming a pay award 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 2016.

### 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. These exclude the Fees and Charges for Coral Reef which will need to be reviewed before it is re-opened.

### 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.

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A range of significant risks were identified in preparing the 2015/16 Budget and it was deemed prudent to increase the Contingency from £1m to £2m. Whilst the Council continues to face uncertain times, given the level of reserves held by the Council and progress made on some of these factors at this stage, it is proposed to reduce the level back to £1m for 2016/17.

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

- 9.9 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 gross DSG totalled -£83.081m in 2015/16.
- 9.10 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.
- 9.11 In setting the 2015/16 Schools Budget, the Schools Forum agreed that £2.093m of funding allocated by the Department for Education (DfE) for schools needed to be diverted to fund an unavoidable cost increase on statutory provisions supporting high needs pupils. The cost pressure mainly arose from changes introduced through the Children and Families Act, the most significant of which related to extending LA funding responsibilities for the provision of education to young people with special educational needs up to age 25 rather than the existing age 19. Whilst additional resources were added into the DSG for these changes, the amount was based on 2011/12 student numbers, which typically rose by 40% by the time actual funding responsibility changed.
- 9.12 In terms of the 2016/17 funding settlement for the Schools Budget, the DfE has confirmed that DSG per pupil funding rates for the Schools and Early Years Blocks will remain unchanged from 2015/16. For the High Needs Block, the DfE has indicated that councils should also plan for no change in funding from 2015/16.
- 9.13 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, a 2.5% increase in contributions to the teachers' pension fund and increases in National Insurance contributions which coupled with other pressures indicate an average cost pressure next year on individual school budgets of 4.5%. 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. This pressure will ordinarily need to be managed

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through the DSG and even with inflationary increases in funding settlements now expected over the next four years, reductions to individual school budgets to finance future, unavoidable pressures, cannot be ruled out. The impact of the Government's proposed consultation on a national funding formula for schools is also unknown at this stage.

- 9.14 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 until March 2016. 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 21 January 2016 even though relevant information required to calculate budgets will not be supplied before 10 December 2015. To meet this requirement, 2016/17 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.
- 9.15 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 2016/17.
- 9.16 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

- 9.17 Adding the draft proposals to the Commitment Budget and taking account of the corporate issues identified above would result in total expenditure of £72.035m as shown in Table 5.

Table 5: Summary of proposals:

	£'000
Commitment Budget	80,735
Budget Pressures	2,349
Budget Economies	-3,687
Capital Programme	41
Changes in Investment Income	-75
Inflation Provision	800
Reversal of one-off transfer from Business Rates Equalisation Reserve used to balance the Budget in 2015/16	3,988
Change in Contingency	-1,000
One-off transfer from the Business Rates Equalisation Reserve to meet the Collection Fund - Business Rates Deficit	-10,516
New Homes Bonus 2016/17	-600
<b>Draft Budget Requirement 2016/17</b>	<b>72,035</b>

## Unrestricted

- 9.18 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 -£65.991m. This arises from Revenue Support Grant and Business Rates baseline funding (-£28.074m), the Collection Fund – Council Tax surplus (-£0.425m), Council Tax at the 2015/16 level (-£48.008m) less the deficit of £10.516m on the Collection Fund – Business Rates.
- 9.19 With the potential overall cost of the budget package being consulted on in the region of £72.035m, this leaves a potential gap of around £6.044m. 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.
- 9.20 With regards to identifying additional economies the Council has established a Transformation Board which will take the lead on reviewing the way in which all Council services are delivered over the next four years. This represents a continuous programme of work, with the aim of identifying significant savings that can be incorporated into the 2016/17 budget and beyond. The following services have been included in the first phase of Transformation Board's work programme:
- Adult Social Care Commissioning
  - Highways and Transport
  - Housing Benefits
  - Cultural and Leisure Services
  - Public Health
- 9.21 It is anticipated that a significant proportion of the budget gap identified in paragraph 9.19 (£6.044m) will be met from the five service areas above.

## 10 RESERVES

- 10.1 The Council has an estimated £10.0m available in General Reserves at 31 March 2016. Details are contained in Table 6.

Table 6: General Reserves as at 31 March 2016

	£m
General Fund	10.9
Planned use in 2015/16	(0.9)
<b>Estimated Balance as at 31 March 2016</b>	<b>10.0</b>

- 10.2 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.

## **11 CONCLUSION**

- 11.1 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.
- 11.2 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.
- 11.3 All comments from the Overview & Scrutiny Commission, Overview and Scrutiny Panels and all others will then be submitted to the Executive on 09 February 2016. This will allow the Executive to determine the final budget package and recommend the appropriate Council Tax level to the Council on 24 February 2016.

## **12 BUDGET MONITORING 2015/16- VIREMENT REQUEST**

- 12.1 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 2015/16 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.

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

### Borough Solicitor

- 13.1 Nothing to add to the report.

### Borough Treasurer

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

### Equalities Impact Assessment

- 13.3 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

- 13.4 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.
- 13.5 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.

**14 CONSULTATION**

Principal Groups Consulted

- 14.1 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.
- 14.2 The timetable for the approval of the 2016/17 Budget is as follows

Executive agree proposals as basis for consultation	15 December 2015
Consultation period	16 December 2015 - 31 January 2016
Executive considers representations made and recommends budget.	09 February 2016
Council considers Executive budget proposals	24 February 2016

Background Papers

None

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## Commitment Budget 2016/17 to 2020/21

	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
<b>Adult Social Care, Health and Housing</b>						
Approved Budget	33,386	33,424	33,272	33,272	33,272	33,272
Fixed civil penalties - failure to declare changes in circumstances		10				
Tenterden Lodge - Bed and Breakfast Accommodation		-162				
Net Inter Departmental Virements	38					
<b>Adult Social Care and Health Adjusted Budget</b>	<b>33,424</b>	<b>33,272</b>	<b>33,272</b>	<b>33,272</b>	<b>33,272</b>	<b>33,272</b>

## Description of Commitment Budget Items for 2016/17 to 2018/19

Department and Item	Description
<b>Adult Social Care, Health and Housing</b>	
Fixed civil penalties - failure to declare changes in circumstances	Households who deliberately or negligently generate an overpayment in benefit for failing to inform a change in circumstance will be fined. An income budget was therefore created in 2014/15. However, it is expected that the number of fixed penalties issued will reduce in the two subsequent years.
Tenterden Lodge - Bed and Breakfast Accommodation	Tenterden Lodge has been purchased by the Council to house homeless families on a temporary basis which will reduce the costs associated with private Bed and Breakfast accommodation.

## ADULT SOCIAL CARE, HEALTH AND HOUSING

Description	2016/17 £'000	2017/18 £'000	2018/19 £'000
<p><b>Former recipients of the Independent Living Fund (ILF)</b></p> <p>The Independent Living fund closed on 30 June 2015. A number of recipients of care from the Council were in receipt of ILF funding, and it was therefore income taken into account when calculating client contributions. Although specific grant was received to cover the additional costs to the Council up to 31 March 2016, from 2016/17 it is likely the Council will have to meet these costs from the existing budget.</p>	<b>256</b>		
<p><b>Young people moving into Adult Social Care</b></p> <p>Known individuals who will transfer from Children, Young People and Learning during the year and who will often require high cost care packages.</p>	<b>358</b>		
<p><b>Capacity in the residential care market</b></p> <p>The Council is finding it increasingly difficult to make residential placements at the ordinary rate. This is due to a combination of limited capacity in the local market and increasing costs for care home providers. As a result there is a budget shortfall arising from the increasing unit cost of residential placements.</p>	<b>94</b>		
<p><b>ADULT SOCIAL CARE, HEALTH AND HOUSING TOTAL</b></p>	<b>708</b>	<b>0</b>	<b>0</b>

## ADULT SOCIAL CARE, HEALTH AND HOUSING

Description Impact	2016/17 £'000	2017/18 £'000	2018/19 £'000
<p><b>Vacant staff posts not filled</b></p> <p>Vacant staff posts in Joint Commissioning and Business Intelligence will no longer be filled, with duties redistributed over the remaining team.</p>	-80		
<p><b>Head of Service</b></p> <p>Reduction in one Heads of Service post. The post is currently filled by an interim and existing duties can be redistributed over the remaining Heads of Service.</p>	-65		
<p><b>Property Budget</b></p> <p>Based on the previous year's outturn the full budget for property maintenance should not be required on an ongoing basis.</p>	-30		
<p><b>Training</b></p> <p>The training budget, which has not been fully utilised in previous periods, will be reduced.</p>	-10		
<p><b>Local Housing Company</b></p> <p>Establishment of a Local Housing Company which will acquire properties for leasing to recipients of Learning Disability related care. This will reduce rents currently paid to external providers.</p>	-15		
<p><b>Housing Related Support Contracts</b></p> <p>Re-tendering of Housing Related Support Service contracts will be widened to incorporate the Public Health befriending service which should reduce costs.</p>	-40		
<p><b>Adult Social Care Charging Policy for Couples</b></p> <p>The charging policy for adult social care services will be amended so that the financial assessment for couples is no longer offered. Instead all financial assessments will be carried out as they are for single people. This change will increase the level of recipient contributions.</p>	-100		
<p><b>Adult Social Care skill mix / restructure</b></p> <p>A departmental restructure has been proposed that has included identification of posts that can be filled by staff with fewer professional qualifications, and thereby at a lower grade.</p>	-30		

<b>Description Impact</b>	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>
<b>Adult Social Care Packages</b>  High cost care packages will be reviewed to ensure the services provided do not exceed the assessed need.	<b>-340</b>		
<b>ADULT SOCIAL CARE, HEALTH AND HOUSING TOTAL</b>	<b>-710</b>	<b>0</b>	<b>0</b>

## ADULT SOCIAL CARE, HEALTH &amp; HOUSING DEPARTMENT

## 2016/17 PROPOSED FEES &amp; CHARGES

Service : Adult Residential and Nursing Care - Contributions from people supported
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<b>Purpose of the Charge:</b> To contribute to the costs of accommodation
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	2015/16 Budget £'000	Proposed 2016/17 Budget £'000
<b>Income the proposed fees will generate:</b>	<b>2,301</b>	<b>2,347</b>

<b>Are concessions available?</b> Yes - The actual contribution will be assessed in accordance with the current 'CRAG' (Charging for Residential Guide) issued by the Department of Health (DoH).
---

Description	Current Fee (Exc VAT) £.p	Proposed Fee (Exc VAT) £.p	Increase %
<b>Residential and Nursing Care</b> 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 2015/16 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	2.00%
<b>Deferred Payments</b> (new charges from 1 January 2015)			
Interest payable*	2.25%	2.25%	0.00%
Deferred Payment Arrangement Fee *	900.00	900.00	0.00%
Deferred Payment Annual administration fee *	300.00	300.00	0.00%
<b>Arrangement of self funder social care</b> (new charge from 1 January 2015)			
Arrangement Fee *	550.00	550.00	0.00%
Annual Administration Fee *	300.00	300.00	0.00%
<b>Provider Failure</b> (new charge from 1 January 2015) 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%

\* These fees are new fees under the Care Act and are currently being consulted on. The maximum interest rate for deferred payments is set twice-yearly (1 Jan - 30 Jun, 1 Jul - 31 Dec) by the Department of Health. It is proposed in the consultation to adhere to these rates, so the rate of 2.25% is an estimate.

## ADULT SOCIAL CARE, HEALTH &amp; HOUSING DEPARTMENT

## 2016/17 PROPOSED FEES &amp; CHARGES

## Service : Adult non residential services - Contributions from people supported

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

	2015/16 Budget £'000	Proposed 2016/17 Budget £'000
Income the proposed fees will generate:	2,004	2,044

**Are concessions available?** Yes - The actual contribution will be assessed in accordance with the current 'Fairer Contributions Policy' issued by the Council which complies with national guidance issued by the DoH.

Description	Current Fee (Exc VAT) £.p	Proposed Fee (Exc VAT) £.p	Increase %
<b>Non Residential Support</b>  This includes homecare, day care, meals 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 'Fairer Contributions' policy and so the actual contribution may be lower. Fee increases in 2015/16 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 (Waymead and Heathlands)

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

	2015/16 Budget £'000	Proposed 2016/17 Budget £'000
Income the proposed fees will generate:*	0	0

Are concessions available? No

Description	Current Fee (Exc VAT) £.p	Proposed Fee (Exc VAT) £.p	Increase %
<b>Residential Care (including Respite)</b>			
<b>Older People</b>			
Residential Charge per week	693.00	706.90	2.0%
Respite Charge per night	99.00	101.00	2.0%
<b>Learning Disability</b>			
Residential Charge per week	1,296.00	1,321.90	2.0%
Respite Charge per night	185.90	189.60	2.0%

\* The income budget for these services is included within the "contributions from people supported" sections above.



## ADULT SOCIAL CARE, HEALTH &amp; HOUSING DEPARTMENT

## 2016/17 PROPOSED FEES &amp; CHARGES

## Service : Adult Day Care

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

	2015/16 Budget £'000	Proposed 2016/17 Budget £'000
Income the proposed fees will generate:	138	138

Are concessions available? No

Description	Current Fee (Exc VAT) £.p	Proposed Fee (Exc VAT) £.p	Increase %
<b>Day Care</b>			
<b>Heathlands Day Centre</b>			
Per day	51.60	51.60	0.0%
Carers Drop in Service	6.00	6.00	0.0%
Meal	3.00	3.00	0.0%
Meal for external provider	3.50	3.50	0.0%
<b>Waymead Day Services</b>			
Per hour	15.44	15.75	2.0%
<b>Bracknell Day Centre</b>			
Per day	52.70	53.75	2.0%
<b>Glenfield (new charge from 9 November 2015)</b>			
Hourly rate	15.89	15.89	0.0%

## Service : Blue Badge Scheme

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

	2015/16 Budget £'000	Proposed 2016/17 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 %
<b>Blue Badge - Issues and Duplicate Badges</b>	10.00	10.00	0.0%

## ADULT SOCIAL CARE, HEALTH &amp; HOUSING DEPARTMENT

## 2016/17 PROPOSED FEES &amp; CHARGES

<b>Service : Health funded adult social care provision</b>
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<b>Purpose of the Charge:</b> To recover the costs of the service
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	2015/16 Budget £'000	Proposed 2016/17 Budget £'000
<b>Income the proposed fees will generate:</b>	4,916	4,916

<b>Are concessions available?</b> No
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Description	Current Fee (Exc VAT) £.p	Proposed Fee (Exc VAT) £.p	Increase %
<b>Health Funded Provision</b> The Council receives a number of different income streams from health organisations, summarised as: Registered nursing care contribution	£112 per week	DH rates to be set in April 2016*	0.0%
Continuing health care contributions	Actual costs incurred	Actual costs incurred*	
Joint funded posts and other income (including s256 transfer)	Actual costs incurred	Actual costs incurred*	
* Percentage increases are estimates. RNCC is now charged direct to the NHS by providers so there is no budget.			

## ADULT SOCIAL CARE, HEALTH &amp; HOUSING DEPARTMENT

## 2016/17 PROPOSED FEES &amp; CHARGES

<b>Service : Housing</b>
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**Purpose of the Charge:** To contribute to the costs of the service

	2015/16 Budget £'000	Proposed 2016/17 Budget £'000
<b>Income the proposed fees will generate:</b>	1,652	1,652

**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	%
<b>Forestcare Community Alarms</b>						
Lifeline Installation Charge		18.00	15.00	18.00	15.00	0.0%
Lifeline Rental and Monitoring						
- BFBC	Per week	4.46	3.71	4.46	3.71	0.0%
- Others	Per week	4.76	3.97	5.76	3.97	0.0%
Lifeline Monitoring only						
- BFBC	Per week	3.53	2.94	3.53	2.94	0.0%
- Others	Per week	4.19	3.49	4.19	3.49	0.0%
Extra/Lost Pendants						
- Flat Charge		68.76	57.30	68.76	57.30	0.0%
- Monthly Charge		72.00	60.00	72.00	60.00	0.0%
- Admin fee		24.00	20.00	72.00	60.00	0.0%
Lost IV Pendants				96.00	80.00	
Rental of additional pendant	Per week			0.89	0.74	
Telecare sensors	Per week			0.98	0.82	
Extension lead				7.20	6.00	
Care calls						
- 1 care call per day	Per week	4.20	3.50	4.20	3.50	0.0%
- 2 care calls per day	Per week	7.20	6.00	7.20	6.00	0.0%
- 3 care calls per day	Per week	8.40	7.00	8.40	7.00	0.0%
Keyholder Service (lifeline customers)						
- up to 12 visits	Per week	7.56	6.30	6.30	6.30	0.0%
- extra visits		18.00	15.00	18.00	15.00	0.0%
Keyholder and mobile response	Per week	7.56	6.30	7.56	6.30	0.0%
- per additional visit		54.00	45.00	54.00	45.00	0.0%
Keysafe Supply and Fit	Supply			66.00	55.00	
	Supply+fit 1st visit	72.00	60.00	72.00	60.00	0.0%
	Supply+fit subsequent visit			90.00	75.00	
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	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%
Hourly charge for adhoc work		54.00	45.00	54.00	45.00	0.0%
Epilepsy sensor	Per week	3.00	2.50	3.00	2.50	0.0%
"Brain in hand" smartphone service	Per week			3.60	3.00	
"Brain in hand" call out	Per call out			54.00	45.00	
Purchase mindme unit				102.00	85.00	
Sim card rental	Monthly			19.20	16.00	
Mindme rental + sim card rental	Per week			7.80	6.50	
Bed sensors	Per week			2.70	2.25	
<b>Homelessness</b>						
Bed and Breakfast						
- Current Tenancies	Per week		**		**	
10a Portman						
- Rent	Per week		**		**	
- Service Charge	Per week		18.31		18.31	0.0%
- Household equipment	Per week		9.26		9.26	0.0%
- Fuel*	Per week		5.77		5.77	0.0%
- Water*	Per week		2.76		2.76	0.0%
Tenterden Lodge						
- Rent	Per week		**		**	
- Service Charge	Per week				18.46	
- Fuel*	Per week				6.36	
-Water*	Per week				2.76	
* 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.						
<b>Small Landsales - Administration Fee</b>						
Flat Charge		210.31	175.26	210.31	175.26	0.0%
<b>Passport and Driving Licence Checking Service</b>						
For landlords		24.00	20.00	24.00	20.00	0.0%
For employers		24.00	20.00	24.00	20.00	0.0%

## ADULT SOCIAL CARE, HEALTH &amp; HOUSING DEPARTMENT

## 2016/17 PROPOSED FEES &amp; CHARGES

Service : Housing

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

	2015/16 Budget £'000	Proposed 2016/17 Budget £'000
Income the proposed fees will generate:	72	75

Are concessions available? No

Description	Current Fee (Exc VAT) £.p	Proposed Fee (Exc VAT) £.p	Increase %
<b>Rents - Learning Disability Accommodation</b>			
151 Holbeck Per week per bedroom	96.47	96.47	0.0%
9 Portman Close Per week per bedroom	96.47	96.47	0.0%
<b>Service Charges</b>			
151 Holbeck, 9 Portman Per week per bedroom	13.51	13.51	0.0%
<b>Waymead</b>			
Rent Per week per bedroom	156.06	156.06	0.0%
Service Charge Per week per bedroom	27.57	27.57	0.0%
Fuel* Per week per bedroom	5.77	5.77	0.0%
Water* Per week per bedroom	6.76	6.76	0.0%
<b>Easthampstead Mobile Home Park</b>			
Site Rent	48.68	48.68	0.0%
Water Charge	18.19	23.38	28.6%
The above rents and utility charges are based on a 52 week year Water charges reflect the actual water costs in 2015/16			

## ADULT SOCIAL CARE, HEALTH &amp; HOUSING DEPARTMENT

## 2016/17 PROPOSED FEES &amp; 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).

	2015/16 Budget £'000	Proposed 2016/17 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 %
<b>Applicable amounts</b> Personal allowances for people who have not reached the qualifying age for State Pension Credit.	Housing Benefit uprating 2015-16 Circular A18/2014	Applicable amounts frozen to 2015/16 rates	
Premiums	Housing Benefit uprating 2015-16 Circular A18/2014	Applicable amounts frozen to 2015/16 rates	
Disregards*	Housing Benefit uprating 2015-16 Circular A18/2014	Subject to executive decision Dec 2015. Proposal to increase the income disregards in the Local Council Tax Benefit Scheme for working age claimants as follows: •A single person disregard will increase from £5 a week to £10 •A couple from £10 to £15 a week •A single parent from £25 to £30 a week	
<i>*War Widows pensions and War disablement pensions are fully disregarded as income.</i>			
<b>Income-related social security benefits</b>	Housing Benefit uprating 2015-16 Circular A18/2014	Housing Benefit Circular: 2016-17 Uprating	
<b>Non income-related social security benefits</b>	Housing Benefit uprating 2015-16 Circular A18/2014	Housing Benefit Circular: 2016-17 Uprating	
<b>War pensions scheme benefits</b>	Housing Benefit uprating 2015-16 Circular A18/2014 & Circular A2/2015	Housing Benefit Circular: 2016-17 Uprating	
<b>Contributory and non-contributory social security rates</b>	Housing Benefit uprating 2015-16 Circular A18/2014	Housing Benefit Circular: 2016-17 Uprating	
<b>Non dependent deductions and bands</b>	National prescribed regulations as set for the pensioner scheme	National prescribed regulations as set for the pensioner scheme, including whom should make housing cost contribution.	
<b>Universal Credit Rates</b>		Housing Benefit Circular: 2016-17 Uprating	
<b>Non-social security payments and rates</b>	Housing Benefit uprating 2015-16 Circular A18/2014	Housing Benefit Circular: 2016-17 Uprating	

**TO: THE EXECUTIVE  
15 DECEMBER 2015**

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**CAPITAL PROGRAMME 2016/2017 - 2018/2019  
(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 2016/17.
- 1.2 This report draws together each department's proposals so that the Executive can agree a draft capital programme for 2016/17-2018/19 as the basis for consultation. In compiling the draft programme the main focus is inevitably on determining the requirements for 2016/17, 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 £55.037m for 2016/17 as set out in paragraph 5.30 and summarised in Annex A, including the schemes listed in Annexes B – F.**
- 2.2 **Approves, for consultation, the inclusion of an additional budget of £1m for Invest-to-Save schemes in addition to the specific schemes identified in paragraph 5.24 subject to the detailed business case being reviewed and agreed by the Borough Treasurer.**
- 2.3 **Approves, for consultation, the inclusion of £2.092m of expenditure to be funded from S106 as outlined in paragraph 5.31.**
- 2.4 **Approves, for consultation, the inclusion of £17.498m of expenditure to be externally funded as outlined in paragraph 5.31.**
- 2.5 **Recommends to Full Council the approval of virements totalling £0.481m to the 2015/16 Children Young People and Learning Programme, as set out in Annex G, in order to meet the demands of the School Places Plan.**
- 2.6 **Recommends to Full Council the approval of £0.05m in 2015/16 from unallocated Basic Need Grant for Ascot Heath Schools as outlined in paragraph 5.35**

### **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 31<sup>st</sup> March 2015 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. 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.

5.5 The proposed capital programme for 2016/17 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 £5m of capital receipts. 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 (eg the PWLB or the Green Investment Bank) 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 2016/17 – 2018/19. 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 2016/17 and beyond.
- 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 £2.0m has been identified in the 2016/17 proposals with further commitments required in future years 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 around £2m per annum 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.

### **Binfield Learning Village**

- 5.10 The Binfield Learning Village is a priority for the Council. The programme will deliver statutory places required in the Borough alongside meeting the need for new housing and the associated community facilities. The plans for the development continue to be progressed and the main construction works will shortly be tendered in the market and an update will be provided once these have been evaluated. The figures included in the Capital Programme are prior to the addition of inflation which will be calculated from the time of the original estimates to the date of the contract award. With the heightened level of demand for construction in the South East of England over the last 24 months this could add up to 15% to the final cost.

### **Coral Reef Transformation**

- 5.11 The main roof structures at Coral Reef are complex and have required extensive monitoring and maintenance for the latter part of its life. The contracts for the main works are currently out to tender the evaluation will be reviewed by Executive in February 2016. The figures included in the Capital Programme are prior to the addition of inflation which will be calculated from the time of the original estimates in Q12014 up to the date of the contract award. With the heightened level of demand for construction in the South East of England over the last 24 months this could add up to 15% to the final budgeted cost and will be agreed in February 2016.

### **Old Magistrates' Court Property**

- 5.12 Funding is requested to acquire the former magistrates' court at £650,000 for the freehold premises. The Council is seeking to acquire this site to join with its own holdings for a significant and comprehensive future phase to support the development and vitality of the new town centre. There will be limited provision for some claw-back if sold/developed within 3 years, but this is unlikely to happen. Funding for this request also includes legal costs (£15,000), stamp-duty (£35,000) and refurbishment costs (£75,000) needed if the property is to be used pending any future redevelopment.



### 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 2015/16 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.
- 5.14 Within these categories, provision has been made to address the rolling programme of disabled access requirements to Council buildings (£0.035m). The works have been identified through independent access audits and have been prioritised to meet the needs of users of these buildings. Significant progress has been made in past years and a programme of works has been planned across a range of service areas.

### Maintenance (Improvements and capitalised repairs)

- 5.15 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.
- 5.16 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 2015/16 schools and corporate planned maintenance programmes.

The priorities can be broken down as follows:

#### Maintenance Backlog

		£ (000)	£ (000)
Schools	Priority 1C & 1D	4,799	
	Priority 2C & 2D	8,919	
	Lower Priorities	22,600	36,318
Corporate Properties	Priority 1C & 1D	1,677	
	Priority 2C & 2D	4,187	
	Lower Priorities	10,300	16,164
Total		<u>10,300</u>	<u>52,482</u>

- 5.17 The overall maintenance liability has increased from £25.2m in 2015/16 to £52.5m. 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**

- 5.18 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 2016/17 of £2.105m will be used to tackle the highest priority items identified in the condition surveys indicated above.

### **Non-schools**

- 5.19 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 2016/17 Revenue Budget proposals to meet these liabilities.
- 5.20 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 £1.670m is recommended to address the most pressing 1C & 1D priorities.
- 5.21 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**

- 5.22 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**

- 5.23 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**

- 5.24 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. However in addition to this, two significant schemes have come forward that are best considered within the overall programme as a whole. These are to invest £1m on a new Chapel at the Cemetery and Crematorium and to redevelop the Waymead Flats at a cost of £0.580m creating additional emergency accommodation for care leavers.

### Additional Chapel

- 5.25 Over the past five years, business at the Cemetery and Crematorium has grown significantly at the expense of local competitors. This growth is believed to be largely due to the investment, attractiveness of the site and the attitude of the staff. All of the feedback received from funeral directors confirms that they are promoting Easthampstead Park Cemetery and Crematorium as their preferred facility. A second chapel could potentially double capacity and generate income to recover the capital investment and deliver future additional income. A feasibility report has been commissioned and an operationally acceptable solution has been devised and costed. The proposal includes for additional car parking with the minimal visual impact to the grounds. The estimated cost would be £1m.

- 5.26 It is believed that demand for the facility will increase both as a result of population growth and the diminishing burial plots as local churchyards reach capacity. In order to fund the investment, a net income stream of approximately £67,000 per annum will be required based on a 25 year life and current interest rates for a 25-year loan of 3.5%. Based on past performance and future demand it is believed this level of additional cremations can be easily met. Annual running costs of the Chapel are estimated to be in the region of £60,000 and include Business Rates (£16,000), Utilities (£10,000), Staffing (£24,000), Cleaning (£5,000) and miscellaneous expenditure (£5,000). To fund this level of net income an additional 15 cremations a month would need to be undertaken generating income of £127,000 per annum.
- 5.27 The existing Chapel is currently supporting up to 150 cremations a month and as such there is scope to increase the net income from the new facility in future years. Any additional income over and above that needed to payback the initial investment will be used to support the budget savings required by the Council over the medium-term and will be monitored as part of the Council's normal budget monitoring processes.

#### Waymead Flats

- 5.28 Waymead Flats is currently void and a plan is proposed to refurbish the property in order to provide accommodation for a supported housing group (Care Leavers) which in turn will generate revenue savings for the Council. Through a combination of rental income and savings in the current budget for care leavers accommodation an Invest-to-Save bid can be successfully developed that will bring back into use Waymead Flats as a viable asset and improve the level of service provided by the Council. In addition, by working closely with a Registered Social Landlord who will take a long-lease of the newly refurbished Waymead Flats, this proposal offers the opportunity of developing an additional site for redevelopment.
- 5.29 These two schemes are proposed for inclusion within the Council's 2016/17 Capital Programme and a further £1m made available for opportunities that arise during the year.

#### **Capital Programme 2016/17 – 2018/19**

- 5.30 A summary of the cost of 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 £55.037m. However excluding the funding for Binfield Learning Village, Coral Reef Transformation, the Invest to Save Schemes, the Local Housing Company, the Magistrates' Court, the Town Centre Redevelopment and the LED Streetlight Replacement scheme (approved in 2015/16 as part of a two-year scheme) the total Council funding requested is £8.054m in 2016/17 and this is in line with previous programmes and the amount allowed for in the Revenue Budget proposals.

<b>Capital Programme 2016/17-2018/19</b>				
<b>Annex</b>	<b>Service Area</b>	<b>2016/17 £000</b>	<b>2017/18 £000</b>	<b>2018/19 £000</b>
B	Adult Social Care, Health & Housing	9,227	500	0
C	Children, Young People & Learning	36,465	19,759	8,850
D	Corporate Services	165	0	0
E	Council Wide	6,493	2,180	544
F	Environment Culture & Communities	20,185	8,956	6,509
	<b>Total Capital Programme</b>	<b>72,535</b>	<b>31,395</b>	<b>15,903</b>
	<b>Externally Funded</b>	<b>17,498</b>	<b>14,096</b>	<b>11,014</b>
	<b>Total request for Council funding</b>	<b>55,037</b>	<b>17,299</b>	<b>4,889</b>

### **Externally Funded Schemes**

- 5.31 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. Excluding Binfield Learning Village, the total identified investment for Schools is £10.030m.

A second key constituent of capital grant funding relates to the Highway Maintenance and Integrated Transport Block. Grant approvals of £2.28m are currently anticipated for 2016/17.

#### **Section 106 (£2.092m)**

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 2016/17, where funding becomes available. These are summarised below

Department	Schemes	Budget
		£000
ASCHH	Affordable Housing	501
CYPL	Various School Schemes	601
ECC	Leisure & Culture	125
ECC	Local Transport Plan	865
	<b>Total</b>	2,092

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**

- 5.32 Schemes may have associated on-going revenue costs and tend to become payable in the year after implementation. As such these costs will be included within the Council's Commitment Budget for 2016/17. These total £36,000 and relate to the licence and maintenance contracts associated with the new IT hardware investment.

### **2015/16 CYPL (Schools) Capital Programme**

- 5.33 The CYPL Education Capital Programme is monitored on a monthly basis to assess progress against individual schemes and to track issues that impact on the costs and progress of schemes in the programme; e.g. inflationary pressures, planning delays, changes to requirements. This process leads to recommendations being put to the Education Capital Programme Board (ECPB) to approve virements within the programme at its regular meetings, enabling the impact of such issues to be best managed.
- 5.34 At its meetings in June and September the ECPB approved a number of virements to the allocation of Basic Need Grant within the programme which exceeded £0.25m in value; thereby requiring the final approval of the full Council. The Borough Treasurer has delegated authority to give final approval for virements up to this amount. The net change to the programme as a result of these changes is nil. The detailed schemes for which final approval is required is set out in Annex G
- 5.35 To ensure that the council is able to provide sufficient school places, advance design for new schemes is sometimes required ahead of a final decision on the individual schemes themselves. One such scheme is that of the proposed rebuild and expansion of the Ascot Heath Schools and in order to incur spending against this project, approval is sought for the scheme to be added to the 2015-16 capital programme.
- 5.36 There is the potential to move both the infant and junior schools into a single, bespoke building offering the opportunity to increase capacity in each of the infant and junior schools to 3FE from 2FE. Each school would occupy its own self contained wing within the single building. The scheme would involve a land swap for use of the existing school site by the developer for a housing project. However this scheme is still in its early stages and is subject to further consultation and planning permission. It is expected this scheme will require initial funding of £0.05m which is proposed to be financed from unallocated Basic Need Grant. Approval is being sought as Financial Regulations require Council approval to add new schemes to the capital programme.

## **Funding Options**

- 5.37 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).
- 5.38 The Council introduced CIL in April 2015 and it is expected that this will begin to generate capital receipts in the latter half of 2015/16. 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 2016/17.
- 5.39 The Council will also be bringing forward the sale of land at Sandy Lane during 2016/17. The aim is to market the land with the benefit of outline planning permission which should maximise the potential receipt. However this will increase the time taken to dispose of the site and at this stage it is not certain that this can be achieved in 2016/17, as such it has been excluded from the projected value of receipts in 2016/17. It is also hoped that other small scale miscellaneous receipts will arise over the year.
- 5.40 The proposed capital programme for 2016/17 has been developed, therefore, on the assumption that it will be funded by a combination of £5m 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. Should any additional capital receipts be generated in 2016/17 the interest earned on these will be used to mitigate the revenue cost of the capital programme.
- 5.41 Given the level of investment proposed in 2016/17, 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.
- 5.42 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.
- 5.43 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.
- 5.44 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.
- 5.45 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 2016/17 to 2018/19 in February 2016, alongside its consideration of the specific budget proposals for 2016/17 and the Council's medium-term financial prospects.

- 5.46 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 2017/18 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 2016/17 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 2016/17, 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 2016/17 Budget is as follows

Executive agree proposals as basis for consultation	15 December 2015
Consultation period	16 December 2015 - 31 January 2016
Executive considers representations made and recommends budget.	9 February 2016
Council considers Executive budget proposals	24 February 2016

### Background Papers

None

### Contact for further information

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**CAPITAL PROGRAMME - BY CATEGORY**

	<b>2016/17 £000</b>	<b>2017/18 £000</b>	<b>2018/19 £000</b>	<b>TOTAL £000</b>
Committed	895	495	425	1,815
Unavoidable	1,141	821	935	2,897
Town Centre Highway Works	2,000	2,000	2,000	6,000
Maintenance	2,165	470	470	3,105
Rolling Programme / Other Desirable	1,853	939	59	2,851
<b>Council Funding</b>	<b>8,054</b>	<b>4,725</b>	<b>3,889</b>	<b>16,668</b>
LED Streetlight Replacement	3,650	0	0	3,650
Town Centre Improvements	3,300	1,700	0	5,000
Local Housing Company	6,020	0	0	6,020
Coral Reef Roof & Flumes	8,358	574	0	8,932
Binfield Learning Village	23,300	10,300	1,000	34,600
Magistrates Court Building	775	0	0	775
Invest-to-Save Scheme	1,580	0	0	1,580
<b>Total Council Funding</b>	<b>55,037</b>	<b>17,299</b>	<b>4,889</b>	<b>77,225</b>
<b>Total External Funding</b>	<b>17,498</b>	<b>14,096</b>	<b>11,014</b>	<b>42,608</b>
<b>Total Capital Programme</b>	<b>72,535</b>	<b>31,395</b>	<b>15,903</b>	<b>119,833</b>

**CAPITAL PROGRAMME - ALL DEPARTMENTS**

	<b>2016/17 £000</b>	<b>2017/18 £000</b>	<b>2018/19 £000</b>	<b>TOTAL £000</b>
ASCH	9,227	500	0	9,727
CYPL	36,465	19,759	8,850	65,074
Corporate Services	165	0	0	165
Council Wide	6,493	2,180	544	9,217
ECC	20,185	8,956	6,509	35,650
<b>Total Capital Programme</b>	<b>72,535</b>	<b>31,395</b>	<b>15,903</b>	<b>119,833</b>
<b>External Funding</b>	<b>17,498</b>	<b>14,096</b>	<b>11,014</b>	<b>42,608</b>
<b>Council Funding</b>	<b>55,037</b>	<b>17,299</b>	<b>4,889</b>	<b>77,225</b>

## CAPITAL PROGRAMME - ADULT SOCIAL CARE, HEALTH & HOUSING

	2016/17 £000	2017/18 £000	2018/19 £000
<b>Committed</b>			
Older person accommodation and support services strategy	400	0	0
Local Housing Company	6,020	0	0
	<u>6,420</u>	<u>0</u>	<u>0</u>
<b>Unavoidable</b>			
	<u>0</u>	<u>0</u>	<u>0</u>
<b>Maintenance</b>			
See Council Wide	<u>0</u>	<u>0</u>	<u>0</u>
<b>Rolling Programme / Other Desirable</b>			
Capital Programme for Housing	1,525	500	0
	<u>1,525</u>	<u>500</u>	<u>0</u>
<b>TOTAL REQUEST FOR COUNCIL FUNDING</b>	<u>7,945</u>	<u>500</u>	<u>0</u>
<b>Invest-to-Save</b>			
Waymead Flats	580	0	0
	<u>580</u>	<u>0</u>	<u>0</u>
<b>External Funding</b>			
Community Capacity Grant	201	0	0
Capital Programme for Housing - S106	501	0	0
<b>TOTAL EXTERNAL FUNDING</b>	<u>1,282</u>	<u>0</u>	<u>0</u>
<b>TOTAL CAPITAL PROGRAMME</b>	<u>9,227</u>	<u>500</u>	<u>0</u>

**Adult Social Care, Health & Housing - New Schemes**

<b>Older person accommodation and support services strategy</b>	<b>£400,000</b>
<p>Dennis Pilcher House is being acquired by the Council from Bracknell Forest Homes (BFH) through an asset swap of the Ladybank site. The relocation of the services provided at the Ladybank site to Dennis Pilcher House forms part of the older person accommodation and support services strategy. The Bridgewell Centre on the Ladybank site posed capital costs close to £400,000 to address immediate repair issues and thus moving the service mitigates those costs and also provides facilities that are able to meet standards as set by Care Quality Commission.</p> <p>This represents a major plank of the strategy. A budget of £400,000 has already been approved as part of the 2015/16 capital programme. Latest estimates of the cost of works to meet the specification provided by Atkins indicate a total of £800,000 (inclusive of fees) will be required. Thus a bid is made for the balance of funding required, £400,000.</p>	
<b>Downshire Homes – Local Housing Company</b>	<b>£6,020,000</b>
<p>Downshire Homes, a Council owned local housing company, will borrow from the Council £6,020,000 at a borrowing rate of 4.5% in order to purchase 15 properties for homeless households and 5 properties for households with learning disabilities. The Council's loan will be secured on the properties purchased. Downshire Homes will repay the loan interest from net rental income. The Council's use of bed and breakfast accommodation will reduce. The current net cost of B&amp;B is £284 a week and so 15 households for 52 weeks represent a reduction of £221,520 (£284 x 15 x 52) and will be used to support the repayment of the loan. The other five properties will prevent households with learning disabilities presenting as homeless and thus mitigate future costs. The proposal is self-financing, albeit that the Council owned company will benefit from the equity growth of the properties.</p>	
<b>Capital Programme for Housing</b>	<b>£1,525,000 (+ £501,000 Commuted Sums)</b>
<p>As part of the transfer of the Authority's housing stock to Bracknell Forest Homes in 2008 the Council gave a commitment to invest a substantial proportion of the capital receipt in new affordable housing. A total of £17.5 million was identified to achieve this goal and a number of capital schemes that have been developed by the Council since the transfer. It is proposed to continue with the My Home Buy (£23k), Cash Incentive Scheme (£300k) and Temp-to-Permanent (£1,702k). The £501k commuted sum is yet to be agreed in the form the section 106 agreement but will contribute towards the Temp-to-Permanent programme.</p>	

<b>Waymead Flats</b>	<b>£580,000</b>
<p>Waymead Flats is currently void and a plan is proposed to refurbish the property in order to provide accommodation for a supported housing group (Care Leavers) which in turn will generate revenue savings for the Council. Through a combination of rental income and savings in the current budget for care leavers accommodation an Invest-to-Save bid can be successfully developed that will bring back into use Waymead Flats as a viable asset and improve the level of service provided by the Council. In addition, by working closely with a Registered Social Landlord who will take a long-lease of the newly refurbished Waymead Flats, this proposal offers the opportunity of developing an additional site for redevelopment.</p>	
<b>Community Capacity Grant</b>	<b>£201,000 (Externally funded)</b>
<p>This bid is for various projects in Adult Social Care funded by the Community Capacity Grant, inline with the purposes of the grant which are:</p> <ul style="list-style-type: none"> <li>- Innovative alternatives to residential care which can help people live in the most appropriate accommodation via a range of housing options for differing levels of needs and lifestyle. This supports a personalised community based approach.</li> <li>- Alternatives to residential care via community based services investment – specifically capital investment in telecare, simple aids to daily living and reablement infrastructure. These underpin the aim to enable people to remain in their homes for as long as possible.</li> </ul> <p>The allocation for 2016/17 is to be confirmed.</p>	