

TO: SCHOOLS FORUM
DATE 14 JANUARY 2021

2021/22 PROPOSALS FOR THE LOCAL AUTHORITY BUDGET
Director of Resources

1 PURPOSE OF REPORT

- 1.1 To present to the Forum for comment a summary of the Council's budget proposals for 2021/22 with a particular focus on the impact expected on the People Directorate, as agreed by the Executive on 15 December 2020.
- 1.2 Preparations for next year's budget have been undertaken against a backdrop of unprecedented uncertainty. All councils are experiencing significant additional costs and losses of income as a consequence of Government actions to mitigate the impact of the Covid-19 pandemic. The scale and duration of these remain impossible to predict with any degree of certainty. Moreover, while it is expected that additional, exceptional costs will continue to be incurred into 2021/22, it was unclear until the Government's Spending Review announcement on 25 November whether the additional funding it has provided in the current year would continue into next.
- 1.3 While the Spending Review provided some comfort at a national level in this respect, the papers for the Executive meeting were published before the Provisional Local Government Financial Settlement announcement. This will set out individual authority funding calculations and is expected to be announced in the week commencing 14 December. Therefore, in the absence of the Provisional Settlement, the report is based on a number of high-level assumptions regarding government funding for Bracknell Forest in 2021/22.
- 1.4 All comments received on these budget proposals will be submitted to the Executive on 9 February 2021 alongside any impact from the announcement of the Finance Settlement. This will allow the Executive to determine its final budget package and recommend the appropriate Council Tax level to Council, which will formally approve the 2021/22 budget and Council Tax on 24 February 2021.

2 RECOMMENDATIONS

- 2.1 That the Schools Forum comments on the 2021/22 budget proposals of the Executive for the People Directorate in respect of:**
- i. The revenue budget (Annexes A to C), and**
 - ii. The capital programme (Annexe D).**

3 REASONS FOR RECOMMENDATIONS

- 3.1 The Executive seeks the views of the Schools Forum as an interested party.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The range of options being considered are set out in the main reports on the public access website.

5 SUPPORTING INFORMATION

Introduction

- 5.1 This report presents a summary of the Council's revenue and capital budget proposals for 2021/22 that were prepared on information and assumptions available at the end of November 2020 and are therefore subject to change as more information emerges or changes occur as part of the consultation process. The focus of this report is proposals from the People Directorate, with full details of the council's budget proposals available at:

[Agenda for Executive on Tuesday, 15 December 2020, 5.00 pm | Bracknell Forest Council \(bracknell-forest.gov.uk\)](#)

Revenue Budget

Commitment budget

- 5.2 Initial preparations for the 2021/22 budget have focussed on the Council's Commitment Budget for 2021/22 – 2023/24. This brings together the Council's existing expenditure plans, taking account of approved commitments and the ongoing effects of service developments and efficiencies that were agreed when the 2020/21 budget was set.
- 5.3 A number of changes are proposed to the Commitment Budget since it was last considered by the Executive in February which amount to a net decrease in budget of £0.881m. The main changes relate to slippage in the capital programme and additional capital receipts last year the budget for the Minimum Revenue Provision has been significantly reduced (-£0.318m) and removal of one-off staffing pressures built into the budget for the People Directorate in 2020/21.
- 5.4 Taking account of these changes, Table 1 summarises the position and shows that base expenditure (excluding schools) is planned to decrease by £0.881m to £90.326m next year, before consideration is given to allowances for inflation and the budget proposals identified by individual directorates in 2021/22. The commitment budget relating to the People Directorate is shown in Annexe A.

Table 1: Summary Commitment Budget 2021/22-2023/24

Item	Planned Expenditure		
	2021/22 £000	2022/23 £000	2023/24 £000
Base Budget	91,207	90,326	90,894
<i>Movements in Year:</i>			
Central	-95	-252	0
Delivery	-8	27	76
People (excluding schools)	-1,357	-110	-156
Non Departmental / Council Wide	579	903	595
<i>Total Movements</i>	-881	568	515
Adjusted Base	90,326	90,894	91,409

Provisional Local Government Financial Settlement 2021/22

- 5.5 A multi-year Spending Review was expected to take place in July, but due to the disruption caused by the pandemic the Government pushed back the review until late November. The spending review usually sets spending totals for three years, and capital budgets for a further year. However, the Treasury has opted to make the review cover a single year, acknowledging the level of economic uncertainty that currently exists. Longer term settlements are, however, expected for some public spending crucial to the recovery, including spending on the NHS, schools and infrastructure. This decision follows the delay to the Autumn Budget announced in September and is the second single-year spending review in succession. While it is acknowledged that current circumstances around Covid-19, Brexit and global economic conditions meant this was an inevitable approach, its impact is to make medium-term financial planning extremely difficult.
- 5.6 On 25 November 2020 the Government set out the results of the 2020 Spending Review (SR20). Up to this point preparations for the Council's budget had been based on the deliberately prudent assumption that Government support would remain broadly at the level it was at the start of 2020/21, i.e. before the additional Covid-19 support was provided. The Spending Review has confirmed that additional funding will also be provided in 2021/22 to help meet on-going Covid-19 pressures. Figures have not yet been provided at individual council level but figures for England as a whole include over £3 billion of additional support.
- £1.55 billion of grant funding to meet additional expenditure pressures as a result of Covid-19;
 - £670 million of additional unringfenced grant funding to help local authorities support the more than 4 million households that are least able to afford council tax payments;
 - providing an estimated £762 million to compensate councils for 75 per cent of irrecoverable losses of council tax and business rates revenues in 2020/21;
 - extending the existing Covid-19 income compensation scheme for a further 3 months until the end of June 2021.
- 5.7 The sums involved will be significant for the Council, but as indicative figures are not available and the basis for allocation has not been determined, this additional income has not been included in the calculation of the remaining budget gap at this stage. Whilst the additional funding is very welcome, it should be noted that it is assumed to be one-off and therefore will not assist that Council's medium-term financial position.
- 5.8 Other key announcements included:
- a pay freeze for all local government employees earning above the median salary of £24,000;
 - further support for social care via additional grant and the ability to raise a 3% adult social care precept, in 2021/22, 2022/23 or across the two years;
 - maintaining the existing New Homes Bonus scheme for a further year but with no new legacy payments;
 - freezing the Business Rates multiplier in 2021/22.
- 5.9 Earlier this year, the Government announced that it would delay the move to 75 per cent Business Rates Retention and the implementation of the fair funding review. The SR20 confirmed that the Government has decided not to proceed with a reset of business rates baselines in 2021/22. The government is undertaking a fundamental review of the

business rates system, including other options to supplement the rates retention scheme, and is currently considering responses to the call for evidence. A final report setting out the full conclusions of that review will be published in spring 2021. With the Council having benefitted significantly from the current funding arrangements which were introduced in 2013, the impact of any change can be expected to be significantly detrimental to its financial situation.

- 5.10 To support businesses in the near-term, the government has also decided to freeze the business rates multiplier in 2021/22. This will be cost neutral for the Council as compensation for the loss of income will be provided via a government grant.
- 5.11 Funding from central government is currently received through a share of Business Rates, Revenue Support Grant (RSG) and Specific Grants. The 20SR has indicated that RSG will be increased in line with inflation and is therefore expected to increase by 0.5% to -£1.780m for 2021/22 (-£1.771m in 2020/21). It is expected that Business Rates Baseline Funding, the other element of the 2021/22 Settlement Funding Assessment, will be frozen in line with the Business Rates multiplier (-£16.832m)..

Grants

- 5.12 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:
1. *New Homes Bonus (NHB)*. This is used to incentivise LAs to maximise house building and has been subject to many changes since it was introduced in 2011/12 with a further consultation for change due at the start of this year. This consultation never took place, but the 2020 SR has now confirmed that a consultation will be launched shortly, with a view to implementing reform in 2022/23. It also confirmed that the existing NHB scheme will be maintained for a further year and that any allocation would again be for one year only. The Council's budget preparations were constructed on the basis of information that indicated the NHB incentive would be withdrawn or significantly diluted in 2021/22, resulting in an expected £1.5m reduction in NHB down to -£0.4m. However, housing growth has been exceptionally high in Bracknell Forest over the last 12 months. With the continuation of NHB into 2021/22 now being confirmed, additional income is now expected with the figure depending on the overall amount made available and the relative performance of Bracknell Forest compared to other councils. The actual amount will be confirmed in the Provisional Settlement.
 2. *Other Specific Grants*. This mainly relates to ring-fenced Public Health, NHS funding streams and Better Care Fund which are reflected in the base budget. For 2021/22 the Government is proposing to protect all social care grants from 2020/21 as well as providing an additional £300m in grant funding (£150m of new, non-baselined grant and £150m of funding identified from within existing resource). No indicative figures are available as distribution options will be consulted upon through the Provisional Local Government Finance Settlement in December. The Better Care Fund (BCF) is a pooled budget which consists of several schemes, some of which are managed by the Council and some by the Clinical Commissioning Group. The NHS contribution to adult social care through the BCF is expected to increase in real terms in 2021/22, in line with the overall NHS long-term settlement. It has been assumed that this will be cost neutral for the Council at this stage. Information on several other smaller grants normally follows several days or weeks after the Provisional Settlement and any changes will be incorporated into the February budget report to the Executive along with any changes in the Final Settlement.

Business Rates

- 5.13 A third important stream of income for the Council is Business Rates, a proportion of which is retained locally following the introduction of the Business Rates Retention reforms in April 2013. The level of Business Rates changes each year due to inflationary increases (set by central government), the impact of appeals and local growth or decline as local businesses and economic conditions expand or contract. The Government sets a baseline level of funding against which any growth or reduction is shared between local and central government. It has been assumed this will be frozen in line with the Business Rates multiplier (-£16.832m).
- 5.14 Business rates income is expected to fall from the current level due to successful appeals against valuations (e.g. town centre retailers), potential business changes and the continued impact of the pandemic. At this stage, Business Rates income is therefore forecast to decrease by around £1m in 2021/22. This assessment will be refined over the coming weeks to reflect the most up to date position in February.
- 5.15 Currently the Council collects significantly more Business Rates than it is allowed to keep and only receives approximately 30% of any Business Rates growth. There has however been considerable volatility in Business Rates income with Council officers being notified by Government officials that a large part of the Council's retained growth will be removed following centralising of a large multinational company's liability away from local collection.
- 5.16 An unavoidable consequence of this has been significant volatility in Bracknell Forest's Collection Fund balance each year since 2014. In 2019/20 a surplus of -£8.241m was projected on the Business Rates element of the Collection Fund. This was transferred into the Future Funding (£0.741m) and Business Rates Revaluation (£7.500m) Reserves in 2020/21 and has been reversed out of the budget proposals in Table 5 due to the one-off nature of this saving. A final projection for the Collection Fund in 2020/21 will need to be made by the 31 January which will be incorporated into the February budget report. Early indications are that there will be a significant deficit which is entirely due to the additional Business Rates reliefs granted by the Government after income estimates were submitted at the beginning of the year. Section 31 grant is being received this year to compensate councils for the resultant loss of income. This will be transferred into an earmarked reserve at the year-end so that it can be used to fund the 2020/21 deficit when it becomes payable in 2021/22.
- 5.17 The Government has announced that the introduction of a new Business Rates system will now be delayed until at least 2022/23. To coincide with this a fair funding review is currently underway which will calculate the new baseline funding levels for individual councils based on an up-to-date assessment of their relative needs and resources. Existing grants including RSG and most likely the Public Health Grant will be incorporated into the revised baseline and more responsibilities are likely to be transferred to Local Government to ensure that the new system is fiscally neutral overall. The outcome of these deliberations is impossible to determine, although it will almost certainly have a significant long-term detrimental impact on the funding of the Council.
- 5.18 This will most likely mean that all or a large part of the additional business rates that the Council has secured through the company referred to above and from the town centre opening in 2017 will no longer directly benefit Bracknell Forest. This is a consequence of Bracknell Forest having for many years been able to generate income significantly in excess of its assessed funding needs. As the Council uses a substantial element of Business Rates growth (approximately £4m) to support the budget, this will result in a significantly increased budget gap in the future.

Council Tax

- 5.19 Council Tax at present levels will generate total income of -£63.476m in 2021/22. It was expected that the number of properties paying Council Tax would increase significantly over the coming years and to date the Council Tax Base has remained broadly in line with predictions. A period of economic uncertainty / downturn normally has an adverse impact on the housing market however the temporary stamp duty reduction has helped to stimulate the market. The Council Tax Base for 2021/22 would generate total income of -£64.571m in 2021/22. This represents a net increase of 808 (-£1.095m) arising from the occupation of new properties during 2021/22 partly offset by an increase in the take-up of the Local Council Tax Benefit Support Scheme.
- 5.20 The surplus/deficit on the Council Tax element of the Collection Fund in 2020/21 will need to be assessed by the 15 January 2021. Early indications are that there will be a small surplus. Due to the impact of the pandemic, the Government has recently enacted legislation which enables any deficit to be spread over the next three years rather than impacting on just the 2021/22 budget. The final figures and the impact in 2021/22 will be incorporated into the February budget report.
- 5.21 The Government limits Council Tax increases by requiring councils to hold a local referendum for any increases equal to or in excess of a threshold percentage which is normally included in the Local Government Financial Settlement. Following the outcome of SR20, the Government is proposing a core referendum limit of 2% plus the option for councils with responsibility for adult social care, including Bracknell Forest, to set an adult social care precept of up to a further 3%. Early indications are that the 3% can be raised in 2021/22 or spread across two financial years. Each 1% increase in Council Tax would generate approximately -£0.646m of additional income. The referendum principles will be confirmed in the provisional settlement.
- 5.22 The Executive at its meeting in February will recommend to Council the level of Council Tax in light of the Final Settlement, the results of the consultation and the final budget proposals.

Budget Proposals for 2021/22

Service pressures and Developments

- 5.23 In preparing the 2021/22 draft budget proposals each directorate has evaluated the potential pressures on its services and those relating to the People Directorate are set out in Annexe B. Table 2 summarises the pressures by directorate.

Table 2: Service Pressures/Development

Directorate	£'000
Central	916
Delivery	3,158
People (excluding schools)	4,348
Non-Departmental / Council Wide	0
Total Pressures/Developments	8,422

- 5.24 A Best Case and Worst Case approach has been used to identify pressures. This reflects the continuing uncertainty surrounding the impact of the pandemic on costs and income. The level of additional Government support for Covid-19 announced in the SR20 indicates that it would be prudent to allow for the Worst Case figures in the Council's draft budget at this stage, which are shown in Table 2. It will need to be

decided in the final budget proposals whether to continue to make provision for this level of additional cost pressures overall and how much to allow for in base service directorate budgets versus a centrally managed contingency.

5.25 Many of the pressures are simply unavoidable as they relate to current levels of demand or legislation changes. They do, however, also support the six strategic themes included in the new Council Plan in the following way

- caring for residents and their families (£3.850m);
- providing education and skills (£0.458m);
- provide value for money (£0.131m);
- supporting communities (£1.321m);
- protecting and enhancing the environment (0.238m).

5.26 Service pressures will be kept under review throughout the budget consultation period. There is always the risk in Social Care services 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.

5.27 In addition to these revenue proposals the Council continues to invest in its priorities through targeted capital expenditure. Details are set out below from paragraph 5.45, but any revenue cost implications arising from the capital proposals are included in these draft budget proposals

Service Economies

5.28 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 -£3.332m and is summarised in Table 3 with areas relating to the People Directorate set out in more detail in Annexe C. As in previous years, savings have focused as far as possible on increasing efficiency, income generation and reducing central and departmental support rather than on front line services. There will potentially be some impact on services, although this has been minimised to a large degree.

Table 3: Summary Service Economies

Directorate	£'000
Central	-779
Delivery	-769
People (excluding schools)	-1,769
Non-Departmental / Council Wide	-15
Total Savings	-3,332

Council Wide Issues

5.29 Apart from the specific departmental budget proposals there are some Council wide issues affecting all directorates' 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 below:

a) Capital Programme

The scale of the Council's Capital Programme for 2021/22 will impact upon the revenue budget and is itself subject to consultation. Current proposals, as set out further below from paragraph 5.45 and after allowing for projected receipts of approximately £3.1m (including Community Infrastructure Levy (CIL)) in 2021/22 and carry forwards, the additional revenue costs will be £0.050m in 2021/22 and £0.125m in 2022/23.

b) Interest and Investments

The coronavirus outbreak has done huge economic damage to the UK and economies around the world, and with the Bank Rate not expected to rise above 0.1% over the next 3 years, as such any new borrowing that may arise is likely to be undertaken at historically low rates. The Council, in close co-ordination with its Treasury Management advisers, will monitor medium and long-term interest rates and take any necessary decisions based on the information available to effectively and efficiently fund the capital programme.

c) Provision for Inflation and Pay Awards

At this stage the inflation provision is not finalised. For planning purposes, a sum of £2.100m (£1.998m 2020/21) had initially been added to the budget preparation calculations on the assumptions that:

- pay awards would be 2%;
- contracts would be negotiated where possible to minimise inflation;
- and fees and charges would be increased in line with the Council's income policy.

The 2020 Spending Review confirmed that the Government is planning to freeze pay for all local government employees except for those earning below the median salary of £24,000 who will be guaranteed a pay rise of at least £250. To reflect this announcement the initial provision has now been reduced to £1.200m.

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.

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 Directorate 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.

e) Corporate Contingency

The Council manages risks and uncertainties in the budget by way of a general contingency added to the Council's budget. Every year the Council faces risks on its budget in relation to demand led services, Business Rates and the general economic climate.

At this stage the Contingency has been maintained at £2.25m, however, this will continue to be reviewed to see if it is more appropriate for some Worst Case pressures to be included in a centrally managed Contingency rather than service area base budgets.

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

Spending on schools

- 5.30 The SR20 reaffirms the government's commitment in the Spending Round 2019 that over the 3 years 2020/23 there will be a 15% increase in the Dedicated Schools Grant (DSG) funding which the Institute for Fiscal Studies has indicated restores school spending to pre-austerity levels, although this will now have been impacted by Covid-19. For 2021/22, the DfE has increased the Bracknell Forest per pupil funding element of school budgets by 3.4%.
- 5.31 Despite the additional funding, there is a significant medium-term financial pressure on the Schools Budget arising from the cost of new schools that are being built in response to new housing and the resultant need for more school places. In order to provide sufficient places when they are required, new schools will need to open at the start of the developments but will take a number of years to fill up as house building continues. During this period, new schools need additional financial support to cover what can be significant diseconomies of scale.
- 5.32 This cost pressure is not adequately resourced in the funding settlement from the DfE and over the medium term is expected to create a funding shortfall of around £4m. To help manage this, as part of the 2019/20 budget, the Executive agreed that £1m of Council reserves would be made available as part of a funding package which would also include £1m from accumulated balances in the DSG with the remaining circa £2m being met from the annual funding allocation to schools from the DfE.
- 5.33 In light of the significant financial pressures that councils are experiencing on the High Needs budgets (those intended to support pupils with special educational needs and disabilities (SEND)) the DfE has introduced new rules around funding transfers in and out of the Schools Budget. The primary objective is to make clear that any accrued deficit is not a liability on councils but remains a DfE responsibility
- 5.34 There are 2 consequences from this on the council: the DfE must now approve any requests from councils to add funding to their Schools Budget; and the DfE has introduced a more rigorous monitoring and intervention regime where council areas have deficit balances or experience a significant reduction in a surplus.

- 5.35 In respect of the planned funding transfer to schools next year, despite intending to increase the money schools receive, initial discussions with the DfE on approving a council contribution have not resulted in clear agreement and further information was requested and provided. Feedback from the DfE is awaited and a risk exists relating to use of council funds to support schools from next financial year. Therefore, the contribution for 2021/22 has yet to be considered by the Schools Forum, but if approved, it is anticipated to be a similar value to the £0.253m used in 2020/21.
- 5.36 In terms of the more rigorous DfE monitoring and intervention regime, as the DSG surplus balance reduced by £2.783m in 2019/20, addition monitoring and intervention can be expected. Whilst no specific communications have been received from the DfE all affected councils are required to complete a standard DSG Management Plan template. This is in the process of being completed.
- 5.37 In addition to grant funding for schools, the DfE makes separate allocations for pupils with special educational needs and disabilities (SEND) from age 0-24, Early Years funding for 0-4 year olds and a small number of services that support schools and pupils which councils are permitted to manage centrally.
- 5.38 Funding for SEND pupils is forecast to increase by 8% (£1.361m) next year to £18.369m. Whilst a substantial increase, this would still be insufficient to fund the forecast cost increase of £5.1m which arises from significant increases in both the numbers of pupils requiring support and the complexity of need. As set out above, this is a national issue with the council working closely with the Schools Forum on a change programme.

Summary position on the Revenue Budget

- 5.39 Adding the draft proposals to the Commitment Budget and taking account of the corporate issues identified above would result in total expenditure of £89.425m as shown in Table 4.

Table 4: Summary of proposals:

	£'000
Commitment Budget	90,326
Budget Pressures	8,422
Budget Economies	-3,332
Capital Programme	50
Inflation Provision	1,200
Reversal of the one-off transfers into the Future Funding and Business Rates Revaluation Reserves for the projected Collection Fund - Business Rates surplus in 2019/20	-8,241
Reduction in Business Rates income	1,000
Draft Budget Requirement 2021/22	89,425

- 5.40 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 -£83.183m. This arises from Revenue Support Grant (-£1.780m), Business Rates baseline funding (-£16.832m) and Council Tax at the 2020/21 level (-£64.571m).

5.41 With the potential overall cost of the budget package being consulted on in the region of £89.425m, this leaves a potential gap of around £6.242m. Members can choose to adopt any or all of the following approaches in order to bridge the remaining gap:

- an increase in Council Tax;
- use of additional government grants once these are confirmed, although noting for future planning that the majority of these are one-off in nature;
- an appropriate contribution from the Council's revenue reserves, bearing in mind the Medium Term financial position.

Reserves

5.42 The Council has an estimated £6.7m available in General Reserves at 31 March 2021, if spending in the current year matches the approved budget. Details are contained in Table 5.

Table 5: General Reserves as at 31 March 2021

	£m
General Fund	7.1
Planned use in 2020/21	(0.4)
Estimated Balance as at 31 March 2021	6.7

5.43 The Council has, in the past, planned on maintaining a minimum prudential balance currently assessed to be £4.5m. This assessment is based on the financial risks which face the Council and the Director: Resources 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.

5.44 The Council will also have an estimated £18.2m in the Future Funding Reserve as at 31 March 2021, which has been deliberately established to help manage the Medium-Term financial position

Capital Programme

Introduction

5.45 The Council's total usable capital receipts at 31st March 2020 are zero as all receipts have been applied to fund prior capital investment – all receipts during 2020/21 will be used to finance the 2020/21 Capital Programme. The Council is partly reliant on capital receipts and other contributions to fund its capital programme, although interest generated from capital receipts can also help support the revenue budget in the short term. However, with investment rates at historic lows it makes more economic sense to offset borrowing.

5.46 The proposed capital programme for 2021/22 has been developed, therefore, on the assumption that it will be funded by a combination of Government grants, other external contributions, capital receipts and borrowing only if required. Community Infrastructure Levy (CIL) contributions and some small miscellaneous property sales should enable £3m of the capital programme to be funded from receipts. Internal resources will be used in the first instance and borrowing from external sources (e.g. the PWLB) will be used only when necessary. The financing costs associated with the General Fund Capital Programme have been provided for in the Council's revenue budget plans.

New Schemes

5.47 Within the general financial framework outlined above, Service Departments have considered new schemes for inclusion within the Council's Capital Programme for 2021/22 – 2023/24. 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 agreed Asset Management Plan approach. Having done this, only the very highest priority schemes and programmes are being recommended for inclusion in the Capital Programme.

Elements of the capital programme

5.48 The capital programme is structured into categories of spend as follows:

- *Unavoidable and committed schemes*; these are required 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 2020/21 Capital Programme.
- *Maintenance (Improvements and capitalised repairs)*; an assessment is made of the state of each building and highways element and its repair priority with a condition rating and repair urgency to inform spending requirements which are intended to address the most pressing high priority works. Maintenance of school buildings is financed from DfE School Condition Grant, with the expenditure budget set at the equivalent amount to the grant income.
- *ICT Schemes*; The change in strategic direction of the Council towards cloud-computing and “software as a service” and the current review of Bring-Your-Own-Device, the ICT Steering Group is proposing that the current funding available in 2020/21 be prioritised for investment over the next 18 months. A move to cloud-computing will reduce the need for capital expenditure on traditional IT infrastructure and there has been considerable investment over the last 2 years with the move from desktops to laptops. There will however be a potential revenue pressure associated with this strategic change which the Council will need to fund in future years and resources have been identified in the Council's Revenue Budget.
- *Rolling 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 and mainly include ICT programmes.
- *Other desirable schemes*; are other high priority schemes that meet the needs and objectives of their service and include school building adaptations to facilitate school improvement and various safeguarding and pre-school projects.
- *Invest to save schemes*; these are schemes where the additional revenue income or savings arising from their implementation exceeds the Council's borrowing costs.

Summary

- 5.49 A summary of the cost of schemes proposed by directorates is set out below in Table 6. A detailed list of new schemes from the People Directorate is included in Annexe D.

Table 6: Capital Programme 2020/21 to 2022/23

	2021/22	2022/23	2023/24
Service Area	£000s	£000s	£000s
Delivery	2,615	4,435	1,835
People	2,935	250	0
Central Directorates	6,482	3564	3,164
Total Capital Programme	12,032	8,249	4,999
Less Externally Funded	5,174	2,614	2,364
Council Funded Programme	6,858	5,635	2,635

Funding options

- 5.50 The proposed capital programme for 2021/22 has been developed on the assumption that it will be funded by approximately £3m from a combination of:

- Government grants
- Section 106 funding (developer contributions)
- CIL
- And council funding from capital receipts and prudential borrowing

- 5.51 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.

- 5.52 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 2021/22 to 2023/24 in February 2021, alongside its consideration of the specific budget proposals for 2021/22 and the Council's medium-term financial prospects.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 The Council is legally obliged to calculate the Council Tax Base for 2021/2022 by 31 January 2021. Section 31B of the Local Government Finance Act 1992, as inserted by the Localism Act 2011, imposes a duty on the Council, as a billing authority, to calculate its Council Tax by applying a formula laid down in that Section. The formula involves a figure for the Council Tax Base for the year, which must itself be calculated. The Local Authority (Calculation of Council Tax Base) (England) Regulations 2012, require a billing authority to use a given formula to calculate the Council Tax Base.

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

Director: Resources

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

Equalities Impact Assessment

- 6.3 The Council's final budget proposals will potentially impact on all areas of the community. A detailed consultation process is planned in order to provide individuals and groups with the opportunity to comment on the draft proposals. This will ensure that in making final recommendations, the Executive can be made aware of the views of a broad section of residents and service users. A number of the budget proposals require specific equality impact assessments to be carried out and draft versions of these have been completed and can be viewed on the website. Where necessary, impact assessments on specific schemes within the capital programme will be undertaken before work commences. Consultation with equalities groups that are likely to be affected by the proposal is part of the assessment process.

Strategic Risk Management Issues

- 6.3 A sum of £2.25m 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.
- 6.4 The Director: Resources, 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 Director: Resources will report his findings in February, when the final budget package is recommended for approval.
- 6.5 The scale of the Council's Capital Programme for 2021/21 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. The generation of capital receipts in future years may mitigate the impact on the revenue budget, but as the timing and scale of these receipts is uncertain their impact is unlikely to be significant.
- 6.6 There are also a range of risks that are common to all capital projects which include:
- Tender prices exceeding the budget
 - Planning issues and potential delays
 - Uncertainty of external funding
 - Building delays due to unavailability of materials or inclement weather
 - Availability of staff with appropriate skills to implement schemes
- 6.7 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 2020/21, 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

Principal Groups Consulted

- 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 2021/22 Budget is as follows:

Executive agree proposals as basis for consultation	15 December 2020
Consultation period	16 December 2020 - 26 January 2021
Executive considers representations made and recommends budget.	09 February 2021
Council considers Executive budget proposals	24 February 2021

Background Papers

BFC budget proposal reports to the Executive:

<http://democratic.bracknell-forest.gov.uk/ieListDocuments.aspx?CId=102&MId=8577&Ver=4>

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Doc. Ref [https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools Forum/\(102\) 140121/2021-22 LA Budget Proposals from the council - Schools Forum.docx](https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools%20Forum/(102)%20140121/2021-22%20LA%20Budget%20Proposals%20from%20the%20council%20-%20Schools%20Forum.docx)

Description of Commitment Budget Items for 2021/22 to 2023/24

Department and Item	Description	2021/22 £000	2022/23 £000	2023/24 £000
People Directorate				
Suitability surveys	Suitability and access surveys are undertaken every three years to update the Asset Management Plan so that up to date information is available to inform investment decisions on the capital programme.	20	-20	
Schools Budget – Funding for New Schools	There is a significant medium-term financial pressure on the Schools Budget arising from the cost of new schools that are being built in response to new housing and the resultant need for more school places. New schools generally need to open at the start of the developments and will take several years to fill up as house building continues. During this period, they need additional financial support to cover what can be significant diseconomies of scale. This cost pressure is not adequately resourced in the funding settlement from the government and in order to protect school budgets, up to £1m of funding will be provided by the Council over the next four years. In 2020/21 an allocation of £0.253m was built into the base budget funded from an Earmarked Reserve. This is expected to remain at £0.253m in 2021/22.		-97	-156
Schools Budget - High Needs deficit	Bracknell Forest along with many other councils has had to set a deficit budget for the High Needs Block. This deficit will be balanced in the Council's budget by a contribution from school reserves as it will need to be met from the DSG over the medium term.			
Home-Start and Journey to Parenthood	Short term Public Health funding was secured for two family support programmes in 2020/21. One year's funding for Home-Start (£0.030m) and two years for Journey to Parenthood (£0.007m).	30	7	
Youth facility at Braccan Walk	A premises and general resources budget is required for the new facility which opened part way through the year. This is the full year impact.	17		
Staffing Pressures	In 2020/21 several areas were identified where there are pressures on the staffing budget in order to comply with statutory responsibilities and	-1,424		

Department and Item	Description	2021/22 £000	2022/23 £000	2023/24 £000
	to ensure service quality standards are met. Funding was provided for one year only on the assumption the pressure would be managed down during the year as structures and ways of working were redefined.			
Total		-1,357	-110	- 156

Revenue budget: proposed PRESSURES for the People Directorate

Description	Best Case 2021/22 £'000	Worst Case 2021/22 £'000	2022/23 £'000	2023/24 £'000
<p>Children Looked After (CLA) This represents the pressure on care and accommodation charges. It has been calculated by taking current costs and estimating changes for the remainder of the financial year, including an anticipated reduction from young people turning 18 and transferring into Adult Social Care. The Worst Case reflects the further care and accommodation costs anticipated from Covid-19, which have been minimised by temporary additional social worker support for prevention of Child Protection escalation to CLA and caseload management.</p>	91	531		
<p>Adult Social Care This represents the pressure on care packages. It has been calculated by taking current costs and estimating changes for the remainder of the financial year. There are also a large number of suspended services currently due to Covid and the figure includes an estimate proportion of the services being re-instated by 1 April. The pressure also includes an estimate of the costs arising from young people turning 18 and transferring into Adult Social Care. The Worst Case assumes a greater proportion of suspended services are re-instated by the end of the financial year and a rise in demand for services generally over the remaining months of the financial year.</p>	1,040	2,363		
<p>Historic commitments in the schools budget Grant funding for a range of services that support vulnerable children is being reduced by 20%. A number of efficiencies and service reductions can be managed that reduce the financial impact.</p>	15	15		
<p>Open Learning Centre and Early Help Income generation will be significantly impacted from Covid-19 as a result of new ways of workings with significantly fewer external lettings, including from schools and the Leadership Hub.</p>	85	169		
<p>School Accommodation Temporary hire of modular accommodation (10 classrooms and drama studio) for Sandhurst Secondary while emergency roof repair is undertaken at the main school.</p>	200	200	-200	

Description	Best Case 2021/22 £'000	Worst Case 2021/22 £'000	2022/23 £'000	2023/24 £'000
<p>Coopers Hill Youth Centre The exit from the Coopers Hill site will be completed in 2020 at which point various lettings and room hire receipts will be lost. Some services will be relocated to other BF buildings but there will be a net loss of income. This is part of the overall business case for the Joint Venture project.</p>	74	74		
<p>One-year funding for Directorate staffing pressures The 2020/21 budget included one-year funding for essential staffing resources with the Directorate, including continuation of the Family Safeguarding Model. This is now being made permanent.</p>	626	626		
<p>Children's Social Care – Family Safeguarding Model The Family Safeguarding Model involves joint working with partners from the Health (£220k) and Police Services (£110k). Continuation of funding for relevant posts will need careful consideration if agreement to resourcing is not achieved with partners. Health workers are directly employed by Health (3 FTE), BFC employ staff supporting the Police Service (3 FTE).</p>	0	330		
<p>Quality Assurance Officer Post It is proposed to invest further in the People Quality Assurance team and to extend their accountability to include oversight of corporate complaints.</p>	40	40		
PEOPLE TOTAL	2,171	4,348	-200	0

Revenue budget: proposed ECONOMIES for People Directorate

Description Impact	2021/22 £'000	2022/23 £'000	2023/24 £'000
Historic underspends The following budgets can be reduced to reflect historic underspends with no impact on services: <ul style="list-style-type: none"> • Community Network. • Children's Social Care office running costs. • Community Safety. 	-40		
Mencap The contract with Mencap has ended.	-30		
Education & learning Training budgets will be reduced across all services for one year. The enhanced NEET prevention program for 16-19 year olds will be provided in-house.	-45	-5	
Additional income / day to day resources The following areas have been identified where additional income can be generated or day to day spend on resources reduced: <ul style="list-style-type: none"> • Children's Social Care: Make Safe Team training income. • Housing & Welfare: rental income from additional units created through capital projects. • Community Safety: fee for Domestic Abuse training for external organisations. Non-essential expenditure will be reduced across family hubs including refreshments, stationery, learning resources and sundry expenses.	-19	-13	
Children's Social Care transformation The detail of the scheme is being scoped and is likely to include a programme to develop foster carers so that they become more resilient to adolescence and more expensive external placements are avoided reducing costs of care and accommodation.	-500	-500	
Adult Social Care transformation The Adult Social Care transformation programme includes the following workstreams: <ul style="list-style-type: none"> • Increased provision of independent day support for people with learning disabilities to allow more care to be provided in a group setting rather than 1-1. • Adopt the Conversations Model. This includes greater use of community assets and assistive technology to meet care needs, more consistent approach to how people access Adult Social Care Support and the redesign of the hospital discharge pathway. • Update of the choice and charging policy. • Review of high cost care packages. 	-75 -445 -150 -200	-125 -455 -170 -200	-50

Description Impact	2021/22 £'000	2022/23 £'000	2023/24 £'000
Housing & Welfare Review of the service to include: <ul style="list-style-type: none"> Contract negotiation with registered providers for young people's supported accommodation schemes. 	-50		
Forestcare Continuation of the work already underway to convert Forestcare into a trading account that covers costs. This will require further negotiation of existing contracts and bidding for new work where it is financially viable to do so.	-95	-130	
Integrated commissioning team with Health Create an integrated commissioning team with the Clinical Commissioning Group (CCG) resulting in staff savings.	-25	-25	
Education & Learning staffing Reduction in using external consultants to deliver training to governors. Staffing restructure within the school property, place and admissions team.	-39	-25	
Youth offending service Alternative location to be sourced for the service so that the running costs of the existing building can be eliminated.	-35		
Early Help Sexual Health contract Fund the GP sexual health contract from Public Health grant.	-21		
PEOPLE TOTAL	-1,769	-1,648	-50

CAPITAL PROGRAMME - PEOPLE

	2021/22 £000	2022/23 £000	2023/24 £000	TOTAL £000
Committed				
Sandhurst Nursery Relocation	50	-	-	50
	50	-	-	50
Unavoidable				
No Schemes	-	-	-	-
	-	-	-	-
Rolling Programme / Other Desirable				
Non-Schools				
No Schemes	-	-	-	-
	-	-	-	-
Departmental Bids:				
Feasibility Study	60	-	-	60
	60	-	-	60
School Bids:				
School Security and Safeguarding	50	-	-	50
Birch Hill Modular Re-furbishment (SEN)	15	-	-	15
Holly Spring Fusion (SEN)	120	-	-	120
Pines Orchard Outside Space (SEN)	30	-	-	30
	275	-	-	275
Total	275	-	-	275
TOTAL REQUEST FOR COUNCIL FUNDING	325	-	-	325
External Funding - Other				
Non-Schools				
S106 10a Portman Close Flats	200	250	-	450
	200	250	-	450
Schools				
DfE Grant: Schools Capital Maintenance (provisional)	1,500	-	-	1,500
DfE Grant: Devolved Formula Capital (provisional)	250	-	-	250
S106 Primary SEMH Hub	660	-	-	660
	2,610	250	-	2,860
TOTAL EXTERNAL FUNDING	2,610	250	-	2,860
TOTAL CAPITAL PROGRAMME	2,935	250	-	3,185

PEOPLE DIRECTORATE
2021/22 Capital Programme Bids
NEW SCHEMES

1. School Investment Feasibility (£60k)

Sandhurst and Easthampstead Part schools have not had major investment in recent years and the standard of their accommodation and facilities is falling behind these other schools (including academy schools) with whom they are in competition for attracting pupils during a time of surplus places.

This budget will pay for a feasibility & cost report to be drawn up, to set out how this maintained school might be redeveloped in the future in order to help maintain their competitive edge.

The feasibility & cost reports will also pick up identified issues including:

- Enhancements targeted to support school improvement
- Works to facilitate land sale
- Works to facilitate reduction in admission numbers
- Future school capacity requirements based on new pupil places forecasts
- Potential for income generation by utilising surplus assets
- Potential for greater community use by utilising surplus assets

The feasibility & cost report will be drawn up in consultation with the Headteacher. Surplus funding will be used to commence the redevelopment project.

2. School Security and Safeguarding (50k)

A number of schemes have been prioritised relating to security and safeguarding issues. A budget of £50k is proposed to deal with these

Sandhurst Fencing, Gates and Fire Alarms

- One of the gates installed in the 2018 project fencing project needs to open electronically upon the fire alarm sounding. The gate is a major thoroughfare to the fire evacuation meeting point in the sports centre and so has to remain unlocked and / or open throughout the day. Whilst the gate is not visible from the road, and so isn't obvious, it means the school is not 100% access controlled. 125m of additional boundary fencing plus gates is required to make secure the car park which has been transferred to the school from the Council when the Sports Centre closed. Following an issue with the school's fire panel in March, we were advised by our service engineers that "Fire panel has panel and loop faults and has been recommended for replacement". Whilst the panel is still "roadworthy", the number of incidents and faults are continuing and the current panel has without doubt a finite life and so a replacement is sought.

The Pines Security

- The office area at the front of The Pines School is not safe. The front desk is low enough that the children can get over the top of it, and children can then leave the school premises by pressing the button to unlock the front door. The office staff are only protected from the public by a magnet locked door and once an unwanted visitor is in reception they would be able to get over the lower desk to gain access to the whole school.

Due to the site set up at The Pines School the front access of the building is open to the public as we are unable to put a fence around the car park as we share access to it with the social club and nursery on site. To protect the children and staff we would like to install glass to the front desk area and re work the desk to make it suitable for someone to work at the front desk. To do this we would need to remove the current wall between the main office and reception so that we are all able to assist with visitors at the front desk and rework the seating arrangements so that we are facing the visitors to the reception area. We would also like to install an electronic sign in system to again improve the security of the school premises.

3. Birch Hill Modular Refurbishment (£15k)

This bid is to refurbish our existing modular building that is near end of life to provide a resource for our SEND children. We are seeing an increase number of children with a range of complex Special Education & Disability Needs (SEND) including children with Autism Spectrum Disorder (ASD), Moderate Learning Difficulties and increasing numbers of children who have significant Social, Emotional & Mental Health Needs (SEMH). In addition, we have a number of children who are Looked After (LAC), Post LAC/Adopted. We recognise the importance having alternatives to the standard classroom provision for children who need variety and a more bespoke approach to education. This is a continuation and a development of our successful and popular Nurture provision that we have been establishing

4. Holly Spring FUSION (£120k)

To extend and update our existing terrapin to become a self contained multiuse space for a one of a kind specialist support hub for nurture/Sen and community provision to lead the way as an outstanding school providing in house and LA school bespoke training as well as available to hire by other local schools, council and agencies such as PSCO, social workers etc (SEN) Extension and refurbishment of a modular building for specialist support for nurture/SEN and community. Supported by the Head of Children's Support Services.

5. The Pines Orchard Outside Space (£30k)

The Pines would like to develop an outside space to include a canopy and all weather surface so that the children are able to access this space at all times to further their learning and development. This outside space will allow for the sensory needs of the children who have been identified as having specific learning needs as well as sensory seeking needs. All the children in The Orchard have an Education, Health Care Plan and the provision for their needs requires hands-on practical play-based learning opportunities. The Orchard provision is to be run as an Early Years environment where learning through play and use of an outside continuous provision is essential. The space is essential for development of gross motor skills as well as interaction with their peers. This covered outside area will also enable a safe place for the pupils to be if the large and busy main playground is too overwhelming, both in terms of noise, people and overstimulating.

External Funding Bids

6. 10a Portman Close Flats, (£450k) S106 Funding

10 Portman Close consists of a two story 1970s building with respite care for children to the ground floor and residential accommodation to the first. The upper floor referred to as 10a is used as temporary accommodation for homeless households and is split into two units managed by the Housing Service. Current accommodation at Portman Close is currently poorly laid out. Each of the flats is designed as a multiple occupancy dwelling with rooms, with shared kitchen facilities between the two flats.

The proposal is to remodel the interior to a total of four self-contained flats to increase the provision of temporary accommodation for families, improving facilities and making better use of the current space. The plan provides for 3x2-bed and 1x1 bed flats – small family/lone parents can comfortably be accommodated in these on a temporary basis. Aged sanitary, electrical, heating and fire detection systems will require attention as part of the project.

7. New SEMH facility, (£660k) Conditional on S106 Funding

A proposal for a new 4-11 primary co-educational SEMH school with 50 places to be created in existing school accommodation that is or will become surplus as a result of falling school rolls. Detailed studies and analysis of pupil numbers, education provision and trends in the Borough relating to SEND, migration and accommodation have revealed that the creation of a new SEMH School best meets the needs of children and young people (CYP) and their families. A specific trend has been the arrival in recent years of an increasing number of families from outside the UK. In particular, we are experiencing a steady rise in the numbers of refugees; currently 10 CYP in the borough are refugees. Experiencing a traumatic situation, such as conflict, separation from family and financial hardship, all of which are common experiences for refugees, can significantly increase the likelihood of needing specialist SEMH provision.

We do not have sufficient specialist provision for a growing number of CYP with a primary presentation of SEMH, which is why so many are currently educated out of Borough. Out of borough places have a personal impact on individuals and families. CYP with SEMH are at a disadvantage due to travel over long distances to school, separation from their community support network and inability to engage with community life. There is also a significant financial impact on the Borough. BF spends more on SEND than both the national average and our statistical neighbours. The spend for CYP educated out of authority in non-maintained or independent schools is £2,731,386, with £37,935 of this for 72 pre-16 pupils. 71% of CYP with SEN who are educated in independent or non-maintained schools present a prime difficulty of either ASC (35%) or SEMH (36%).

The proposal is to create the new SEMH Hub in existing school accommodation that is or will become surplus as a result of falling school rolls. There is currently a 13% surplus of primary places across the Borough in the intake year which is forecast to increase over the next five years. When suitable surplus school accommodation has been identified, this project will entail conversion/adaptation of the vacated space for SEN use prior to occupation. By taking up surplus school accommodation this proposal will also remove surplus mainstream school places from the system, which links to and forms part of the current School Capacity Strategy.