

TO: OVERVIEW AND SCRUTINY COMMISSION
DATE: 4 NOVEMBER 2021

FINANCIAL UPDATE
(Executive Director: Resources)

1. PURPOSE OF REPORT

- 1.1 To inform the Overview and Scrutiny Commission of the context in which proposals for the Council's 2022/23 budget are being developed, in advance of the formal consultation that will follow the Executive's decision on the draft budget package at its meeting on 14 December.

2 RECOMMENDATIONS

- 2.1 That the Commission notes and comments on the report and presentation by the Executive Director: Resources.**

3 REASONS FOR RECOMMENDATIONS

- 3.1 The recommendation is designed to enable Members of the Overview and Scrutiny Commission to understand the Council's current and future financial context and offer suggestions on matters to be taken into consideration in the draft budget proposals for 2022/23.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The Commission could defer consideration of the budget until after the draft proposals are published for consultation and the local government finance settlement details are known. This approach would not enable its Members to understand the financial context and highlight issues to be taken into consideration before the draft budget is set.

SUPPORTING INFORMATION

5 CURRENT YEAR BUDGET MONITORING

- 5.1 Performance against the current year's approved budget sets the tone for consideration of future year proposals, since many of the variances being highlighted are likely to be recurring.
- 5.2 The detailed budget monitoring report based on the actual expenditure position to the end of July 2021/22 is attached as Annex A to this report. A corporate contingency is always included in the budget proposals, reflecting that risks will inevitably materialise during the year. For 2021/22 the level of the corporate contingency was set at £2.25m.
- 5.3 Given the exceptional issues that have been faced as a result of the global pandemic, the Council also included a contingency for the additional financial risks resulting from Covid, which has affected both pressure for spending on services and income levels most particularly from car parks and leisure facilities. The Covid contingency provides

an additional £3.4m against the “worst case scenario” additional costs identified when the 2021/22 budget was being prepared.

- 5.4 In line with the approach introduced to monitor the particularly volatile financial situation 2020/21, the budget monitoring report focuses on best case and worst case projections against the approved budget, including the two contingencies. The report in Annex A shows projections based on July actuals varying from £1.2m below (best case) to £1.0m above (worst case) the overall approved budget. While it is to be expected that the position will change over the remainder of the current year and will be very closely monitored by the Corporate Management Team, it does appear that there will be little if any “slack” in the base budget that will be available to assist the 2022/23 budget preparations.

6 PROSPECTS FOR RESOURCES FROM 2022/23

- 6.1 At the time of writing this report there is no clarity around the level of Government funding that will be available to local authorities generally and Bracknell Forest specifically beyond the current year. Similarly, rules governing the level of permitted future Council Tax increases are unknown, although it is expected that Bracknell Forest will be allowed to levy the remaining 1.5% Adult Social Care Precept that was not taken in the current year in addition to a basic increase of around 2%.
- 6.2 It is expected that the Spending Review announcement on 27 October will shed some light on the Government’s overall approach to funding local government services, though detailed figures for individual authorities are not likely to be published until December in the provisional local government finance settlement.
- 6.3 The Executive Director: Resources will present an update to the Commission at the meeting setting out what is known at that point and the likely implications on the Council’s future financial prospects.
- 6.4 Moving beyond this, the timetable for approval of the 2022/23 Budget is as follows.

Executive agree proposals as basis for consultation	14 December 2021
Consultation period (including Budget Scrutiny process)	15 December 2021 - 25 January 2022
Executive considers representations made and recommends budget.	08 February 2022
Council considers Executive budget proposals	23 February 2022

7 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 7.1 This is a report for information setting out close of year budget projections for 2021/22. As such there are no specific legal implications arising.

Executive Director: Resources

- 7.2 There are no financial implications arising directly from this report since it is being brought forward for information only at this point.

Equalities Impact Assessment

- 7.3 None at this point. The Council's draft budget proposals when published will potentially impact on all areas of the community and will be the subject of a detailed consultation process to provide individuals and groups with the opportunity to comment on the draft proposals.

Strategic Risk Management Issues

- 7.4 The risk of achieving a sustainable financial position while continuing to deliver quality services to Bracknell Forest residents is included on the Council's Strategic Risk Register.

8 CONSULTATION

Principal Groups Consulted

- 8.1 None at this stage.

13.2

Background Papers

None

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