

TO: SCHOOLS FORUM
DATE 13 JANUARY 2022

2022/23 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 draft budget proposals for 2022/23 as agreed by the Executive on 14 December 2021, with a particular focus on the impact expected on the People Directorate.
- 1.2 Preparations for next year's budget have been undertaken against a backdrop of continued uncertainty on medium term funding and the impact of the pandemic.
- 1.3 The papers for the Executive meeting had to be published before the Provisional Local Government Financial Settlement announcement. This set out individual authority funding calculations for 2022/23 only and was announced on 16 December. Therefore, in the absence of the Provisional Settlement, the Executive report was based on several high-level assumptions regarding government funding for Bracknell Forest in 2022/23 informed, where possible, by the national position included in the 2021 Spending Review (SR21).
- 1.4 All comments received on these draft budget proposals will be submitted to the Executive on 8 February 2022 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 2022/23 budget and Council Tax on 23 February 2022.

2 RECOMMENDATIONS

- 2.1 **That the Schools Forum comments on the 2022/23 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 2022/23 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, 14 December 2021, 5.00 pm | Bracknell Forest Council \(bracknell-forest.gov.uk\)](#)

Revenue Budget

Commitment budget

- 5.2 Initial preparations for the 2022/23 budget have focussed on the Council's Commitment Budget for 2022/23 – 2024/25. 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 2021/22 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. The main changes relate to:
- removal of items approved for one year only in 2021/22 including staff retention initiatives (-£0.500m), support for the local economy (-£0.600m) and people experiencing mental health issues (-£0.250m), invest to save funding to support climate change / carbon reduction initiatives (-£0.150m) and the temporary hire of modular accommodation at Sandhurst Secondary School (-£0.200m).
 - A decrease in the projected cost of the Waste PFI arrangement partly due to reductions in tonnages as a result of the introduction of food waste collections (-£0.434m)

The overall impact of these changes is to decrease the Council's Commitment Budget by £2.309m compared to the position reported in February 2021.

- 5.4 Taking account of these changes, Table 1 summarises the position and shows that base expenditure (excluding schools) is planned to decrease by £1.763m to £72.323m next year, before consideration is given to allowances for inflation and the budget proposals identified by individual directorates in 2022/23. The commitment budget relating to the People Directorate is shown in Annexe A.

Table 1: Summary Commitment Budget 2022/23-2024/25

Item	Planned Expenditure		
	2022/23 £000	2023/24 £000	2024/25 £000
Base Budget	74,086	72,323	73,142
<i>Movements in Year:</i>			
Central	-1,468	-4	122
Delivery	-388	274	-31
People (excluding schools)	-927	-182	20
Non Departmental / Council Wide	1,020	731	579
<i>Total Movements</i>	-1,763	819	690
Adjusted Base	72,323	73,142	73,832

Spending Review 2021

5.5 On 27 October 2021 the Government set out the results of the 2021 Spending Review (SR21), a multi-year Spending Review which set resource and capital budgets for 2022/23 to 2024/25 for government departments. This was published alongside the Autumn Budget 2021. The key points were:

- Core spending power for local authorities is estimated to increase by an average of 3% in real-terms each year over the SR21 period (although this assumes all Councils increase Council Tax by the maximum permissible level each year);
- The government is providing councils with £4.8 billion of new grant funding over the SR21 period (£1.6 billion each year) for social care and other services, with details for individual authorities to be announced in the Provisional Local Government Finance Settlement in December. The Government has indicated that it expects that flat cash sum to provide some front loading for any remaining impact of the pandemic;
- Funding for the cost of the increase in employer's national insurance contributions (a levy to help fund health and social care) is included in the £1.6bn as are a £200 million commitment to increase Supporting Families funding, funding for cyber security and funding to improve local delivery and transparency;
- The Business Rates multiplier will be frozen for a second year. This will be cost neutral for the Council as compensation for the loss of income will be provided via a section 31 grant;
- A new temporary business rates relief will be introduced for eligible retail, hospitality and leisure properties for 2022/23. Eligible properties will receive 50% relief, up to a £110,000 per business cap. Again, grant will be provided to ensure this is cost neutral.

5.6 The Spending Review made no mention of whether local government would receive a three-year financial settlement or whether and when local government finance reforms, such as the fair funding review and the move to a 75% rates retention scheme would be implemented. Further clarification was also awaited on the future of the New Homes Bonus and any Business Rates Baseline reset. With this level of uncertainty remaining,

it was felt most likely that a detailed multi-year settlement was unlikely to be forthcoming.

- 5.7 Funding from central government is currently received through a share of Business Rates, Revenue Support Grant (RSG) and Specific Grants. SR21 did not refer to RSG but it was assumed it would either be frozen or increased in line with inflation (3.1%) to -£1.836m for 2022/23 (-£1.781m in 2021/22). It was expected that Business Rates Baseline Funding, the other element of the 2022/23 Settlement Funding Assessment, would be frozen in line with the Business Rates multiplier (-£16.832m).

Grants

- 5.8 The Council also receives substantial external funding through a number of specific grants for which the following assumptions were included within the budget projections:

1. *New Homes Bonus (NHB)*. This is used to reward local authorities for net additional homes added to the Council Tax Base, thereby seeking to incentivise authorities to encourage housing growth in their areas. It is unringfenced and can therefore be used for local priorities. The SR20 confirmed that a consultation would be launched on the future of the NHB, with a view to implementing reform in 2022/23. The consultation was launched in February 2021, the outcome of which has yet to be published and there was no mention of NHB in SR21.

The Council's budget planning assumed that NHB grant would be reduced by between £0.9m and £1.9m in 2022/23 (mid-range £1.4m). This reflects the fact that the legacy payment of £0.187m relating to 2018/19 has now dropped out of the calculation, housing growth in 2021/22 whilst significant is not at the exceptional levels experienced in 2020/21 (which resulted in a one-off receipt of -£2.473m in 2021/22) and any change in the scheme would be likely to reduce overall funding.

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. The ring-fence on Public Health is likely to be retained in 2022/23 and SR21 has confirmed that the grant will be maintained in real terms over the next three years, however indicative figures have yet to be provided at an individual council level.

It has been assumed that all social care grants from 2021/22 will be rolled forward into 2022/23 and the Council will benefit from a share of the additional £1.6bn of grant funding. No indicative figures were available as distribution options would be consulted upon through the Provisional Local Government Finance Settlement in December. Based on the proportion the Council has received from different grant streams in recent years an annual allocation of between -£1.7m and -£2.2m (-£1.95m mid-range) was felt to be realistic.

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 2022/23, 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

- 5.9 Another important income stream 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).
- 5.10 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 and the Government has stated that it will move all telecommunications networks onto the Central Rating List in April 2023, which will affect the treatment of a large multi-national company and remove a large part of the Council's retained growth at that point.
- 5.11 An unavoidable consequence of this has been significant volatility in Bracknell Forest's Collection Fund balance each year since 2014. In 2020/21 a deficit of -£11.498m was projected on the Business Rates element of the Collection Fund. This was almost solely 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 was provided in 2020/21 to compensate councils for the resultant loss of income and this was subsequently transferred into the Business Rates Reliefs Reserve at the year-end so that it can be used to fund the deficit when it becomes payable in 2021/22. The deficit has been reversed out of the budget proposals in Table 4 due to the one-off nature of this cost. A final projection for the Collection Fund in 2021/22 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 for the same reason as last year with section 31 grant again being received as compensation.
- 5.12 The timing of the introduction of a new Business Rates system is uncertain but it won't be until at least 2023/24. To coincide with this, it is expected that a fair funding review will be used to calculate the new baseline funding levels for individual councils based on an up-to-date assessment of their relative needs and resources, reflecting the Government's Levelling Up policy. 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 timing of any baseline reset which could be actioned in isolation is also uncertain. The outcome of these deliberations is impossible to determine at this time, although it will almost certainly have a significant long-term detrimental impact on the funding of the Council.
- 5.13 Changes to the Central List for Business Rates to be introduced in 2023/24 will mean that all of the additional business rates that the Council has secured through the company referred to above will no longer benefit Bracknell Forest. 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

- 5.14 Council Tax at present levels will generate total income of -£66.826m in 2022/23. 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. The Council Tax Base for 2022/23 has been calculated as 48,249 Band D equivalents which at current levels would generate total income of -£67.702m in 2022/23. This represents a net increase of 595 (-£0.834m) arising from the occupation of new properties during 2022/23 plus a small decrease in the take-up of the Local Council Tax Benefit Support Scheme (-£0.042m).
- 5.15 The surplus/deficit on the Council Tax element of the Collection Fund in 2021/22 will need to be assessed by the 15 January 2022. Early indications are that there will be a modest surplus.
- 5.16 The Government limits Council Tax increases by requiring councils to hold a local referendum for any increases equal to or more than a threshold percentage which is normally included in the Local Government Financial Settlement. Following the outcome of SR21, 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 1%. In 2021/22 the Council was given the option of setting an additional adult social care precept of up to 3% which could be raised in 2021/22 or spread across two financial years. 1.5% was raised in 2022/22 leaving the option to raise a further 1.5% in 2022/23, which would be in addition to the 2%+1% referred to above. Each 1% increase in Council Tax would generate approximately -£0.677m of additional income. The referendum principles will be confirmed in the provisional settlement.
- 5.17 The Executive at its meeting in February will recommend to Council the level of Council Tax considering the Final Settlement, the results of the consultation and the final budget proposals.

Budget Proposals for 2022/23

Service pressures and Developments

- 5.18 In preparing the 2022/23 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	230
Delivery	1,130
People (excluding schools)	2,627
Non-Departmental / Council Wide	1,262
Total Pressures/Developments	5,249

- 5.19 As in 2021/22, a Best Case and Worst Case approach has been adopted when identifying pressures with the Council's draft budget reflecting the Best Case position as shown in Table 2 above. The additional potential impact of the worst case scenarios (£1.789m) will be a key factor to consider when setting an appropriate level for the General Contingency.

- 5.20 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 (£2.529m);
 - providing education and skills (£0.745m);
 - providing value for money (£1.633m);
 - protecting and enhancing the environment (£0.070m).
- 5.21 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.
- 5.22 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 5.39, but any revenue cost implications arising from the capital proposals are included in these draft budget proposals.

Service Economies

- 5.23 Members and officers have held regular meetings to determine options for savings and a list of potential draft budget savings has been developed. This list totals -£2.869m 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	-327
Delivery	-1,100
People (excluding schools)	-472
Non-Departmental / Council Wide	-970
Total Savings	-2,869

Council Wide Issues

- 5.24 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 2022/23 will impact upon the revenue budget and is itself subject to consultation. All new spending on services will need to be funded from new capital receipts (including CIL),

government grants, developer contributions or borrowing. Current proposals are set out further below from paragraph 5.39 and will present additional revenue costs of £0.067m in 2022/23 and £0.367m in 2023/24.

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 expected to experience a increase from the 0.1% initial rate, the forecast includes five increases over the three-year forecast period to March 2025, ending at 1.25%. 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 £4.400m (£1.198m 2021/22) has been added to the draft budget proposals on the assumptions that:

- 2022/23 pay awards will be 2% (the unexpected 2021/22 pay award has also had to be funded based on the latest offer by national employers of 1.75%);
- Employers NI contributions will be increased by 1.25% for the levy to help fund health and social care (noting that additional grant will be received that is supposed to cover the additional cost)
- contracts will be negotiated where possible to minimise inflation;
- fees and charges will be increased 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 2022.

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) Contingencies

The Council manages risks and uncertainties in the budget by way of a general Corporate 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 General Contingency has been maintained at £2.250m, however, this will continue to be reviewed to ensure the risk associated with Worst Case pressures are adequately reflected within the allocation.

The Executive will need to make a judgement on the appropriate level of contingency at its February meeting, taking advice from the Executive 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

- 5.25 The SR21 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 2022/23, the DfE has increased the Bracknell Forest per pupil funding element of school budgets by 2.8%.
- 5.26 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.
- 5.27 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. The final £0.182m balance is proposed to be applied to the 2022-23 budget.
- 5.28 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 a more rigorous monitoring and intervention regime where council areas have deficit balances or experience a significant reduction in a surplus. The DfE will also underwrite any accumulated deficit to remove any potential pressure on a council's General Fund and other resources that would otherwise result to take steps to finance the debt.
- 5.29 However, recent communications have suggested that this is a 3-year time limited period to enable councils to move towards a position of containing annual expenditure within annual income and that councils should be planning to manage any

accumulated debt at April 2023 from their own resources. Without any interventions, the forecast balance for HN budgets is a cumulative deficit of £20m. This is clearly not an affordable position for a small unitary authority like Bracknell Forest and it is essential that emerging plans to address the deficit are agreed quickly and enacted by the Council and schools.

- 5.30 In terms of the more rigorous DfE monitoring and intervention regime, as the accumulated DSG balance at 31 March 2021 amounted to a £2.6m deficit, meetings are now being held with the DfE and officers of the council and the Executive Member for Children, Young People and Learning. Through these the Council will explain the action plan it is putting in place to address the rising costs being experienced and how and when this will achieve a balanced budget.
- 5.31 Taking account of the latest information, -£113.63m of grant income is estimated to be available to the Council for 2022/23 through the specific ring-fenced Dedicated Schools Grant (DSG). This comprises -£84.47m for the Schools Block, -£7.56m for the Early Years Block, -£20.74m for the High Needs Block and -£0.86m for the Central Schools Services Block.
- 5.32 In addition to the DSG, schools also receive revenue funding from other specific grants including School Sixth Forms (currently -£1.638m), the Pupil Premium (-£2.560m), Primary PE and Sports Premium (-0.438m) and the Universal Infant Free School Meals Grant (-£1.245m). All these amounts are subject to change in 2022/23.

Summary position on the Revenue Budget

- 5.33 Adding the draft proposals to the Commitment Budget and taking account of the corporate issues identified above would result in total expenditure of £89.355m as shown in Table 4.

Table 4: Summary of proposals:

	£'000
Commitment Budget	72,323
Budget Pressures	5,249
Budget Economies	-2,869
Capital Programme	67
Inflation Provision	4,400
Reversal of the one-off transfer into the Business Rates Reliefs Reserves for the projected Collection Fund - Business Rates deficit in 2020/21	11,498
Reduction in new Homes Bonus (mid-range)	1,400
One-off Covid-19 grant received in 2021/22	2,654
Share of addition £1.6bn funding for social care and other services (mid-range)	-1,950
Removal of Covid-19 specific contingency	-3,417
Draft Budget Requirement 2022/23	89,355

- 5.34 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 -£86.342m. This arises from Revenue Support Grant (-£1.808m mid-range), Business Rates baseline funding (-£16.832m) and Council Tax at the 2021/22 level (-£67.702m).

- 5.35 With the potential overall cost of the budget package being consulted on in the region of £89.355m, this leaves a potential gap of around £3.013m. Should the final budget proposals include the Worst Case pressures the budget gap would increase to £4.877m. 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 position.

Reserves

- 5.36 The Council will have an estimated £10.3m available in General Reserves at 31 March 2022, if spending in the current year matches the approved budget. Details are contained in Table 5.

Table 5: General Reserves as at 31 March 2022

	£m
General Fund	10.3
Planned use in 2021/22	(0.0)
Estimated Balance as at 31 March 2022	10.3

- 5.37 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 Executive 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.
- 5.38 The Council will also have an estimated £18.4m in the Future Funding Reserve as at 31 March 2022, which has been deliberately established to help manage the Medium Term financial position.

Capital Programme

Introduction

- 5.39 Each year the Council agrees a programme of capital schemes. These schemes are mainly funded from:
- the Council’s capital receipts
 - Government Grants
 - other external contributions
 - internal and external borrowing
- 5.40 The Council’s total usable capital receipts generated from disposing of assets at 31st March 2021 are zero as all receipts have been applied to fund prior capital investment. Similarly, all receipts realised during the current financial year will be used to finance the 2021/22 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.

- 5.41 The proposed capital programme for 2022/23 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 £3.25m 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 which are set out above.

New Schemes

- 5.42 Within the general financial framework outlined above, Service Departments have considered priority schemes for inclusion within the Council's Capital Programme for 2022/23 – 2024/25. 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

- 5.43 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 2021/22 Capital Programme and have not yet completed.
 - *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*; To support new ways of working that have become the norm in recent times, the Council will be required to invest in technology and IT infrastructure over the coming years.
 - *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.
 - *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

- 5.44 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. Total requested Council funding for schemes amounts to £9.309m, which includes £4.150m for schemes that have commenced in the current year and will continue into 2022/23. New, additional funding requested is therefore £5.159m.

Table 6: Capital Programme 2022/23 to 2024/25

	2022/23	2023/24	2024/25
Service Area	£000s	£000s	£000s
Delivery	8,099	4,411	1,947
People	4,333	0	0
Central Directorates	3,914	2,820	2,820
Total Capital Programme	16,346	7,231	4,767
Less Externally Funded	7,037	2,820	2,340
Council Funded Programme	9,309	4,411	2,427

Funding options

- 5.45 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.
- 5.46 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 2022/23 to 2024/25 in February 2022, alongside its consideration of the specific budget proposals for 2022/23 and the Council's medium-term financial prospects.

Provisional Local Government Finance Settlement 2022/23

- 5.47 A detailed impact assessment of the Provisional Settlement, which was announced on 16 December, has not yet been completed. However, at this point the headlines appear to be as follows:
- It is a single year settlement for 2022/23 only, with indications that there will be a significant redistribution of resources from 2023/24, which will be subject to consultation;
 - The long-planned move to 75% business rates retention is no longer part of Government policy, being felt to run counter to "Levelling Up";
 - The Council's overall assumptions for Government support have proved to be accurate, except for the unexpected announcement of a one-off Services Grant for 2022/23 only, worth £1.2m for Bracknell Forest.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 The Council is legally obliged to calculate the Council Tax Base for 2022/2023 by 31 January 2022. 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

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

Equalities Impact Assessment

- 6.4 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. Several of the budget proposals require specific equality impact assessments to be carried out. Consultation with equalities groups that are likely to be affected by the proposal is part of the assessment process.

Strategic Risk Management Issues

- 6.5 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.
- 6.6 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.
- 6.7 The scale of the Council's Capital Programme for 2022/23 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.

- 6.8 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

6.9 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 2022/23, 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.

Climate Change Implications

6.10 Detailed consideration will be given to the impact of the final capital budget proposals in February 2022, although in general terms improvements to current assets and the construction of new facilities using modern designs and construction techniques are expected to have positive climate change implications.

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 2022/23 Budget is as follows:

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

Background Papers

None

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Doc. Ref. [https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools Forum/\(108\) 130122/2022-23 LA Budget Proposals from the council - Schools Forum.docx](https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools Forum/(108) 130122/2022-23 LA Budget Proposals from the council - Schools Forum.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 to protect school budgets the Council agreed to provide up to £1m of funding over four years. £0.818m has been allocated to date (£0.227m in 2021/22) and at this stage it is anticipated the remaining £0.182m will be required in 2022/23.	-45	-182	
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.	TBC		
Home-Start and Journey to Parenthood	Two years of Public Health funding was secured for this family support programme in 2020/21.	7		
Education & Learning – NEET Prevention Programme	Full year effect of providing the enhanced NEET prevention programme for 16-19 year olds in-house.	-25		

Department and Item	Description	2021/22 £000	2022/23 £000	2023/24 £000
Additional Income / Expenditure Reductions	Additional income and reductions in non-essential expenditure across a number of budget areas.	-13		
School Accommodation	The budget for the temporary hire of modular accommodation at Sandhurst Secondary school (due to emergency roof repairs) is no longer required.	-200		
Welfare Support	Additional one-off welfare support for our most vulnerable residents was provided in 2021/22 and funded from the one-off Local Council Tax Support Grant.	-327		
Mental Health Initiatives	One-off support for individuals experiencing mental health issues was provided in 2021/22.	-250		
Coopers Hill Site Officers	Redundancy of 2 site officers who worked at Coopers Hill (-£24,230) less budget required for extension of the corporate cleaning contract for Braccan Walk (£7,520).	-17		
School Crossing Patrollers	Savings currently being achieved due to vacancies. Over the years the Highways Engineering Team have provided enhanced walking, cycling and speed management schemes outside the majority of our schools, and continue to monitor and undertake improvement schemes where the need arises on an evidence based approach. Improvements are implemented through the annual Local Transport Plan Capital Budget.	-37		
Total		-927	-182	20

Revenue budget: proposed PRESSURES for the People Directorate

Description	Best Case 2022/23 £'000	Worst Case 2022/23 £'000	2023/24 £'000	2024/25 £'000
<p>Adult Social Care Costs This represents the pressure on care packages. It has been calculated by taking current costs. The pressure also includes an estimate of the costs arising from young people turning 18 and transferring into Adult Social Care.</p>	1,792	1,880		
<p>Children Looked After 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.</p>	395	759		
<p>Forestcare Unexpected costs have arisen this year, including increased office rental and ICT costs. In addition, income has reduced due to some contracts not being renewed. These pressures are expected to be for one year only whilst further work is carried out to move this trading account to a sustainable position.</p>	153	153	-153	
<p>Adults Assistive Equipment and Technology The equipment budget has consistently overspent in prior years due to increased use of equipment to facilitate people with care needs remaining at home. There are likely to be further pressures on the budget in the coming months due to inflation on shipping and material costs.</p>	132	212		
<p>Schools Budget The Department for Education are reducing by 20% per annum grant support for a range of areas supporting vulnerable pupils, such as education support for children looked after. Additionally, an academy conversion will result in lost income.</p>	71	71		
<p>Fostering Preparing new carers for fostering and providing support thereafter has persistently overspent. Having a strong pool of in-house foster carers is an effective cost avoidance measure and generally delivers good outcomes for children and young people.</p>	25	25		

Description	Best Case 2022/23 £'000	Worst Case 2022/23 £'000	2023/24 £'000	2024/25 £'000
Adoption Cost allocation of the regional adoption service is through an agreed formula based on the proportion of adoptions by each local authority over the previous 3 years.	11	11		
School Standards Income Income generation has been below target for 3 years and is not expected to increase.	24	41		
Family Group Conferences An external review has confirmed a strong link from Family Group Conferences and future cost avoidance. There is a long-standing overspending which it is proposed is funded.	24	24		
Emergency accommodation There is growing demand for emergency housing accommodation which often has to be provided through expensive Bed & Breakfast accommodation. Actions are being taken to manage this demand but there remains a risk that despite this, costs continue to increase.	0	250		
PEOPLE TOTAL	2,627	3,426	-153	

Revenue budget: proposed ECONOMIES for People Directorate

Description Impact	2022/23 £'000	2023/24 £'000	2024/25 £'000
Heathlands nursing home New care home to open in early 2022. The Council will have a contract for 36 of these beds which will be provided at a competitive price.	-193	-14	
Homecare framework contract A new framework contract for homecare services will be established from 1 April. This will include a new flat rate which, whilst ensuring the providers currently paid a lower rate receive an increase, overall should have a beneficial impact on the budget.	-124		
Surplus budgets Based in prior year-outturns, budgets have been reduced where there are recurrent underspends or the action to achieve the saving has already been completed in prior years.	-115		
Lease of properties to registered providers Re-negotiation of leases of Council-owned properties to registered providers to provide extra-care housing.	-20		
Automation of business support Recording of conferences rather than minuting should enable a reduction in staff posts.	-15		
Income from schools A number of new Service Level Agreements will be offered to schools.	-5		
PEOPLE TOTAL	-472	-14	0

CAPITAL PROGRAMME - PEOPLE

	2022/23 £000	2023/24 £000	2024/25 £000	TOTAL £000
Committed				
10a Portman Close Flats	250	-	-	250
	250	-	-	250
Unavoidable				
No Schemes	-	-	-	-
	-	-	-	-
Rolling Programme / Other Desirable Non-Schools				
Departmental Bids:				
Garth Hill College - Atrium Balconies (up to £700k)	700	-	-	700
School Bids:				
School Security and Safeguarding	100	-	-	100
Fire Safety	110	-	-	110
Total	910	-	-	910
TOTAL REQUEST FOR COUNCIL FUNDING	1,160	-	-	1,160
External Funding - Other				
Non-Schools				
10a Portman Close Flats	250	-	-	250
Schools				
DfE Grant: Schools Capital Maintenance	2,040	-	-	2,040
DfE Grant: Devolved Formula Capital	250	-	-	250
Warfield - Migration Highway Works	633	-	-	633
	3,173	-	-	3,173
TOTAL EXTERNAL FUNDING	3,173	-	-	3,173
TOTAL CAPITAL PROGRAMME	4,333	-	-	4,333

PEOPLE DIRECTORATE
2022/23 Capital Programme Bids
NEW SCHEMES

Garth Hill College - Atrium Balconies (Up to £0.7m)

The newly reconstructed school was opened in 2010 and was a One School Pathfinder project under the government's Building Schools for the Future programme. The school was designed and built with open balconies around the atrium and in the curriculum blocks protected by balustrades, which were themselves designed and constructed to be higher than Building Regulations required to specifically mitigate the potential risk of falls and falling objects. The sixth form centre was constructed in 2015 and has similar open balconies.

There have been no incidents since the new school building was opened and the school's risk assessment shows a low risk of falls and falling objects, however, a distressed pupil attempted to jump from the 2nd floor balcony in the atrium, but they were pulled back by a member of staff. This incident prompted a review of H&S by the governing body and the school has requested advice from the Council about what could/should be done to prevent this re-occurring in the future.

The following advice has been received from the Council's insurers:

The H&S Act 1974 states that you must reduce the risk to "as far as reasonably practicable" and cost cannot be a prohibitive factor unless it can be demonstrated that an immense cost would produce little or no benefit. However, I do not think that is the case here and improvements should be made here as a matter of urgency regardless of funding. The college would be negligent in not taking action should a further incident occur. The most effective way to reduce the risk to a minimum is to put a physical barrier up to all but ceiling height – this would prevent anyone climbing over and throwing objects which again, for those underneath, would cause serious harm. Human factors would require the removal of as many opportunities for error or violations and in my opinion in this environment robust measures would be required. I have attached an HSE briefing which considers falls from balconies in Health and Social Care settings of which they have included schools in this. It states "Balconies -Where assessment identifies that service users are at risk of falling, then sufficient protection should be provided to prevent them from accessing balconies or climbing over the balcony edge protection. This should take into account furniture or features with footholds which may allow access over the barrier (e.g. chairs, tables, plant pots, walls etc).

A feasibility & cost report has been commissioned by Property from Atkins which identified a proposed solution for the atrium at £300k. Following advice from the Council's insurers however the scope of the works has been expanded to include the curriculum blocks and sixth form centre. The above figures are therefore a budget estimate until the revised feasibility & cost report is received.

Warfield – Highways Works to Support Migration (£0.7m)

The school currently operates on split sites with half of its pupil numbers (210) on the All Saints Rise site, and the other half (210) on the Woodhurst site. Operating on two sites has imposed financial pressures on the school including duplication of staffing and resources which is creating a deficit budget for the school, which is anticipated to be at £50k by September 2022. The deficit budget that can only be managed in the short term through draw down of accumulated balances, and this is having a negative impact on the education of children by drawing resources away from teaching and learning.

In 2020 the Headteacher and Chair of Governors wrote to the Council highlighting financial and organisational issues operating over two sites and requesting to unite the whole school (420) on a single site by migrating the All Saints Rise pupils to Woodhurst.

Woodhurst was constructed in 2015 with capacity for 420 pupils, to allow for future expansion, however additional pupil numbers have not been forthcoming so the vacant 1FE capacity at Woodhurst is therefore available to allow the school to migrate. The Council's School Places forecasts suggest that North Bracknell currently has a surplus of 380 primary school places which is forecast to increase to 790 by 2025 so the spare capacity at Woodhurst can be taken up by migration without negatively impacting on the supply of primary school places in North Bracknell.

A statutory consultation on the migration proposal was undertaken in January/February 2021, and the results of this were a majority (52%) against migration, including a majority of parents (63%) who were also against it. The majority of negative consultation comments raised concerns with parking, travel and safe walking routes to school. In the light of this the school withdrew the proposal and the Council undertook to look into the highways implications of the migration proposal.

The Council's Managing Partner Atkins have been working with the BFC Highways team to draw up a schedule of works required to support migration, which include:-Provision of a new Toucan crossing-Widening access to two roundabouts - creation of additional parking and drop-off/pick-up at Woodhurst. The school is proposing to re-consult migration during Nov-Dec-21 with a view to the migration decision being taken in Feb-2 This is a Voluntary Controlled Church of England school. Preliminary discussions with the Oxford Church of England Diocese have indicated a willingness on their part to support the school to migrate. The Diocesan Authority's agreement would also have to be reached on the future use of the All Saints Rise site after the school migrates. Alternative uses include as a new primary SEMH Hub.1.

School Security and Safeguarding (£0.1m)

A number of small schemes relating to school security and safeguarding have been identified by individual schools that will not be picked up under the maintenance programme but have been supported by the Directorate as warranting support. These schemes will include secure fencing, gates and groundworks.

Fire Safety (£0.11m)

This budget will be used to update and replace fire safety measures at a number of schools, undertaking work such as the replacement of exit doors, internal fire doors and upgrades to fire alarm systems.