

**TO: THE EXECUTIVE**  
**DATE: 08 FEBRUARY 2022**

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**GENERAL FUND REVENUE BUDGET 2022/23**  
**(Chief Executive/Executive Director:**  
**Resources)**

**1 PURPOSE OF REPORT**

- 1.1 As part of the Council's financial and policy planning process, the Executive agreed draft revenue budget proposals for 2022/23 as the basis for consultation on 14 December 2021.
- 1.2 Over the course of the last two months a number of issues have become clearer, in particular the details of the Local Government Financial Settlement. This report therefore builds on the draft budget proposals agreed by the Executive in December and sets out the Executive's final budget proposals for 2022/23. Once determined, these will be submitted to the Council for consideration on 23 February 2022.
- 1.3 The recommendations of this report are, in part, dependent upon proposals to be considered elsewhere on this agenda in respect of the Capital Programme 2022/23 - 2024/25. Changes to the proposals included within that report may therefore necessitate revisions to the 2022/23 General Fund revenue budget proposals set out below. Should this happen a short adjournment of the meeting might be required.

**2 RECOMMENDATIONS**

**That the Executive, in recommending to Council a budget and Council Tax level for 2022/23:**

- 2.1 **Agrees the provision for inflation of £4.368m (section 8.2);**
- 2.2 **Approves a further council tax discount in 2022/23 of £100 for working age households receiving council tax support and that further consideration be given to discounts in subsequent years' budgets, as summarised in paragraph 8.3.1a) and detailed in Annexe H.**
- 2.3 **Endorses further development of the additional preventative actions aimed at helping households experiencing or at risk of experiencing financial hardship as set out in Annexe H;**
- 2.4 **Confirms the original budget proposals, subject to the revisions in section 8.3.1b) – 8.3.1j) and those decisions to be taken elsewhere on this agenda on the capital programme;**
- 2.5 **Agrees the additional budget proposals as set out in Annexe A and Annexe D and in sections 6.2 (RSG), 6.3 (specific grants), 6.4 (business rates), 7.3 (collection fund) and 8.3 (updated pressures & savings);**
- 2.6 **Agrees that the Council should make additional funding available for distribution to schools through the local funding formula at the level set out in section 9.1 subject to any minor amendments made by the Executive Member for Children,**

**Young People and Learning following the receipt of definitive funding allocations for High Needs pupils;**

- 2.7 Includes a general contingency totalling £1.900m (section 10.7) use of which is to be authorised by the Chief Executive in consultation with the Executive Director: Resources in accordance with the delegations included in the Council’s constitution;**
- 2.8 Subject to the above recommendations, confirms its support for the draft budget proposals;**
- 2.9 Approves the Net Revenue Budget before allowance for additional interest from any use of balances as set out in Annexe G;**
- 2.10 Agrees the contribution of £>.>>>m to be made from revenue balances (before additional interest from the use of balances) to support revenue expenditure;**
- 2.11 Recommends a >.>>% increase in the Council Tax for the Council’s services and that the Council Tax requirement, excluding Parish and Town Council precepts, be set as £>.>>>m;**
- 2.12 Recommends that the Council Tax for the Council’s services and that each Valuation Band is set as follows:**

Band	Tax Level Relative to Band D	£
A	6/9	>>>>.>>
B	7/9	>>>>.>>
C	8/9	>>>>.>>
D	9/9	>>>>.>>
E	11/9	>>>>.>>
F	13/9	>>>>.>>
G	15/9	>>>>.>>
H	18/9	>>>>.>>

- 2.13 Recommends that the Council approves the following indicators, limits, strategies and policies included in Annexe E:**

- **The Prudential Indicators and Limits for 2022/23 to 2024/25 contained within Annexe E(i);**
- **The Minimum Revenue Provision (MRP) Policy contained within Annexe E(ii);**
- **The Treasury Management Strategy Statement, and the Treasury Prudential Indicators contained in Annexe E(iii);**
- **The Authorised Limit Prudential Indicator in Annexe E(iii);**
- **The Investment Strategy 2022/23 to 2024/25 and Treasury Management Limits on Activity contained in Annexe E(iv);**

**3 REASONS FOR RECOMMENDATIONS**

- 3.1 The recommendations are designed to enable the Executive to propose a revenue budget and Council Tax level for approval by Council on 23 February.**

## 4 ALTERNATIVE OPTIONS CONSIDERED

4.1 Background information relating to the options considered is included in the report.

## 5 SUPPORTING INFORMATION

### Basis of Draft Budget Proposals

- 5.1 At its meeting on 14 December 2021, the Executive considered the expected overall position facing the Council in setting a budget for 2022/23. At the time the Executive agenda was published, the Provisional Local Government Financial Settlement had not been announced. The budget proposals were therefore based on high level information included in the Government's 2021 Spending Review (SR21) which was published on 27 October 2021 alongside the Autumn Budget.
- 5.2 As SR21 did not include details of funding at individual council level, assumptions were made in the draft budget proposals on how funding streams such as the £1.6bn of additional funding for social care and other services and any New Homes Bonus would be allocated. In this broad context, the Executive published its draft budget proposals, which were open for consultation for a six week period.
- 5.3 In the face of significant pressures on Local Government expenditure and grant funding, the scope to invest in new service provision is severely restricted. Many of the pressures accommodated in the budget package are simply unavoidable as they relate to current levels of demand or legislation changes.
- 5.4 As in previous years, economies have focused as far as possible on increasing efficiency, income generation, reducing central and departmental support and transforming rather than reducing front line services.
- 5.5 The draft budget proposals, which reflect the priorities in the Council Plan and included a suggested approach for inflation, are summarised in Table 1.

Table 1: Draft Budget Proposals

Directorate	Commitment Budget (CB )	Capital programme	Inflation	Service Pressures / Economies <sup>1</sup>	Covid-19 Contingency	Specific Grant Assumptions	Earmarked Reserves – 20/21 Collection Fund Deficit	Draft Budget 2022/23
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Central	18,404	0	0	-97	0	0	0	18,307
Delivery	14,780	0	0	30	0	0	0	14,810
People	80,459	0	0	2,155	0	0	0	82,614
Non Departmental / Council Wide	-41,320	67	4,400	292	-3,417	2,104	11,498	-26,376
<b>Total</b>	<b>72,323</b>	<b>67</b>	<b>4,400</b>	<b>2,380</b>	<b>-3,417</b>	<b>2,104</b>	<b>11,498</b>	<b>89,355</b>

<sup>1</sup>Note the differences between the best and worst case pressures will inform the level of general contingency required in the budget to guard against risks rather than being allocated to individual directorates.

## **6 Local Government Finance Settlement**

### **6.1 Overview**

6.1.1 The Provisional Settlement was published on 16 December 2021 and to prioritise certainty for 2022/23 it has been confirmed that the settlement is for one year only. This confirmed that funding in a number of areas would be maintained or increased in 2022/23 and also provided details at council level of additional funding announced as part of SR21. The final settlement has still to be published.

6.1.2 Funding from central government is currently received through a share of Business Rates, Revenue Support Grant (RSG) and Specific Grants. The provisional settlement delivers additional grant of £1.195m compared to the expectation at the time the draft budget proposals were published, although the -£0.244m received from the Market Sustainability and Fair Cost of Care Fund is expected to be cost neutral due to the additional costs that will be incurred (paragraph 6.3.4).

### **6.2 Revenue Support Grant (RSG)**

6.2.1 SR21 did not refer to RSG but the provisional settlement confirmed that it would be increased in line with the September increase in CPI (3%) and that two small grants would be rolled into the total to simplify the funding landscape, namely the Electoral Registration grant and the Financial Transparency of Local Authority Maintained Schools grant. RSG will therefore increase by -£0.057m to -£1.837m which is -£0.029m more than assumed in the draft proposals.

### **6.3 Specific Grants**

6.3.1 SR21 indicated that councils would receive £4.8 billion of new grant funding over the SR21 period (£1.6 billion each year) for social care and other services. This grant would include funding for the Supporting Families Programme and additional funding to tackle cyber security challenges facing councils. However, the provisional settlement has confirmed that the funding for both these areas will now be delivered outside of the Local Government Finance Settlement and further detail will follow in due course. Allocations that were confirmed as part of the provisional settlement are covered below.

6.3.2 The additional funding allocated includes a one-off '2022/23 Services Grant' (£822m in total) which will be unringfenced so that it can be used to support local priorities. The Council's share of this grant is -£1.160m. The Government has stated it intends to work closely with local government on how to best use this funding from 2023/24 onwards.

6.3.3 The government will provide councils with £700 million in new grant specifically for social care. Of the £700 million of additional grant, £636 million is proposed for an increase to the Social Care Grant and the remainder as an inflationary uplift to the improved Better Care Fund. As a result, Social Care Grant has been increased by -£0.839m to -£2.829m for Bracknell Forest with the 3% inflation uplift for the IBCF worth an additional -£0.045m.

6.3.4 The Government outlined in SR21 that social care reform funding would be part of Core Spending Power. The Department for Health and Social Care's Market Sustainability and Fair Cost of Care Fund has therefore been included within Core Spending Power in 2022/23. This £162 million fund is to support Local Authorities prepare their markets for reform and move towards paying providers a fair cost of care. The Council will receive -£0.244m from this fund in 2022/23.

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Funding in the following two years is expected to be more significant (£600 million each year) but is conditional upon the conclusion of a cost of care exercise, the publication of a provisional 3-year market sustainability plan on how councils intend to move to a sustainable rate fee and a grant spending report. It has been assumed the impact of this grant will be cost neutral on the budget as additional costs will be incurred to meet the grant conditions.

- 6.3.5 Lower Tier Services Grant, an un-ringfenced grant introduced in 2021/22, will be maintained for a further year and will increase by -£0.010m to -£0.199m. This has been provided to councils responsible for services such as homelessness, planning, recycling, refuse collection and leisure services.
- 6.3.6 The provisional settlement confirmed that there would be a new round of New Homes Bonus (NHB) allocations for 2022/23 which would again be for one year only. The existing allocation mechanism has been maintained for a further year and the Council's allocation for 2022/23 will be -£2.294m. Whilst this is £0.583m less than last year it is still £0.817m more than assumed in the draft budget proposals. As the remaining legacy payment (relating to 2019/20) will drop out in 2023/24 and the 2022/23 payment is one-off there is no guarantee that any income will be available to reduce the budget gap in future years. The Government has already consulted on the future of NHB but has yet to respond. It is likely the any reform will now be implemented in 2023/24.
- 6.3.7 The ring-fence on Public Health will be retained in 2022/23, however the settlement included no information about the national total, or individual council allocations.
- 6.3.8 Information on a number of smaller Specific Grants has now been received. Any changes in these grants will be managed within Directorate budgets and will therefore not impact on the overall budget proposals.
- 6.4 Business Rates
  - 6.4.1 Another 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. To support businesses in the near-term, the government has decided to freeze the business rates multiplier in 2022/23. This will be cost neutral for the Council as compensation for the loss of income will be provided via a section 31 grant.
  - 6.4.2 The Government sets a baseline level of funding against which any growth or reduction is shared between local and central government. It has been confirmed this will also be frozen in line with the increase in the small business non-domestic rating multiplier (-£16.832m).
  - 6.4.3 The timing of the introduction of a new Business Rates system is uncertain but it is likely to be in 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. The provisional settlement states that it is the government's intention to work closely with the sector and other stakeholders over the coming months to update the allocation mechanism and to look at the challenges and opportunities facing the sector before consulting on any potential changes. Existing grants including RSG and most likely the Public Health Grant will be incorporated into the revised baseline and more

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responsibilities are likely to be transferred to Local Government to ensure that the new system is fiscally neutral overall.

- 6.4.4 Bracknell Forest is in a virtually unique position in terms of its current Business Rates income. The transfer of a large multi-national company on to the Council's valuation list in 2013/14 significantly increased the level of Business Rates collected locally. This transfer represented a significant windfall for the Council, creating both a significant opportunity and risk at the time and has been a key factor in providing resources to balance the Council's budget since then.
- 6.4.5 Around half of the additional income was used to support the base budget with the remainder set aside in an earmarked reserve to mitigate against the risk of the additional income reducing or being withdrawn. This prudent approach meant that the Council was not immediately impacted by a successful appeal by the company against the rateable value, which resulted in it being reduced by 28% in 2016/17. Several other appeals have since been successful resulting in a further 7% reduction in rateable value. There are still appeals outstanding on the 2010 valuation and further multiple appeals were lodged following the 2017 valuation which are still outstanding. The Council has been informed by Government officials that that the company will join the Central Rating List in 2023/24. Due to changes at the company's key site in Bracknell there is also a possibility that we could see the loss of this income sometime in 2022.
- 6.4.6 As the timing and outcome of all these events are uncertain, broad assumptions have had to be made in calculating future income levels. An unavoidable consequence of this has been significant volatility in the Collection Fund balance each year. This continues to represent a considerable risk to the Council's current and future Business Rates income. In 2020/21 a deficit of £11.498m was projected on the Business Rates element of the Collection Fund. This was 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 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 could be used to fund the deficit when it became payable in 2021/22. There is now a significant deficit projected on the Business Rates element of the Collection Fund for 2021/22 (£2.428m), primarily for the same reason as last year, with section 31 grant again being received as compensation.
- 6.4.7 In addition to these specific issues, the move to the new funding system will be accompanied by a re-set of the current business rates arrangements. 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.
- 6.4.8 Section 31 grant is receivable in relation to Business Rates. This is designed to cover the loss of income resulting from the capping or freezing of Business Rates increases in previous years and the freezing of Business Rates increases in 2022/23 plus the impact of several Business Rate Reliefs. Section 31 income is estimated to be -£6.621m in 2022/23 (-£2.142m in 2021/22), an increase of -£4.479m. Unlike with 2021/22, reliefs have been granted at an early stage by the Government and have therefore been reflected in the budget. This should reduce the likelihood of a deficit at the end of 2022/23.
- 6.4.9 The 2021/22 budget included an additional transfer of -£12.035m from reserves, most significantly the transfer of -£11.498m from the Business Rates Reliefs

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Reserve to meet the 2020/21 deficit on the Business Rates element of the Collection Fund. The basic approach taken to business rates remains unchanged in 2022/23 and based on the revised projections, an additional £0.586m will be transferred to reserves (£3.014m to the Transformation, Future Funding and Town Centre reserves, partly offset by a drawdown of -£2.498m from the Business Rates Reliefs Reserve for the 2020/21 deficit on the Business Rates element of the Collection Fund).

### 6.5 Medium Term Financial Situation

6.5.1 There is significant uncertainty for the period from 2023/24 due to the potential impact of a number of issues, in particular:

- Fair Funding Review
- Business Rates system re-set
- The 2021/22 settlement is for one year only
- Continuing impact of Brexit and the pandemic

6.5.2 This hampers meaningful financial planning at a time when there is uncertainty around government funding and demand pressures are increasing significantly. Given the relative prosperity of Bracknell Forest and the Government's aim to "level up" across the regions, it is unlikely that the impact of these changes will increase our local resources overall.

6.5.3 The most likely consequence of all of these factors combining is an additional recurring budget gap of around £4.0m in 2023/24, due to funding changes alone. The Future Funding Reserve has deliberately been created and supplemented through the additional income from Business Rate Pilot status in order to help manage the transition to the new funding arrangements. It is estimated that there will be a balance of approximately £18.4m available on the Future Funding Reserve at the end of 2021/22 and 2022/23, which allows the Council to take a measured approach over time to bridging the gap.

6.5.4 The impact of these factors will be a greater reliance on Council Tax income as an on-going source of funding to support essential front-line services. The current level of Council Tax in Bracknell Forest is still one of the lowest of any Unitary Authority in England. While a high level of increase in any year is unlikely to be universally welcomed by residents, for many years the Council's financial plans have assumed the maximum level of increase permitted is applied. This is in line with Government assumptions and provides the greatest level of protection possible for essential services in the period from 2023/24.

## 7 Council Tax and Collection Fund

7.1 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.

7.2 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. The Government has set a core referendum limit of 2% plus the option for councils with responsibility for adult social care, such as 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 2021/22 leaving the option to raise a further 1.5% in

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2022/23, which would be in addition to the 2%+1% referred to above. Every 1% increase in Council Tax in Bracknell Forest would generate -£0.677m of additional income.

- 7.3 A surplus will be generated on the Council Tax element of the Collection Fund in the current year, primarily due to a higher level of growth in new properties than expected. The Council's share of this one-off surplus is -£0.354m. This will be used to support the 2022/23 budget.

## 8 Developments since the Executive Meeting on 14 December 2021

### 8.1 Consultation

- 8.1.1 The Executive's draft budget proposals have been subject to a process of public consultation since their publication in December. During the consultation period, the draft proposals have also been scrutinised by the Council's Overview & Scrutiny Commission. Several points were considered and clarified but no changes were proposed. An extract from the minutes of the meeting is attached as Annexe B.

- 8.1.2 The Schools' Forum considered the Executive's proposals relating to the schools' element of the People's Directorate at its meeting on 13 January. Continuing concern was expressed regarding the projected High Needs Block cumulative deficit of circa £20m as at the end of 2022/23 and the Council's ability to manage any potential payback from April 2023. This has been acknowledged as a key issue for the Council and a high-level action plan has been developed that is expected to reduce the scale of the deficit over time. The expected financial impact of this in each of the coming years is currently being assessed.

- 8.1.3 The draft budget proposals were published on the Council's web site and emails were sent to business ratepayer representative groups drawing their attention to the consultation. Eighty-six responses were received to the public consultation via the web site (set out in Annexes C1 and C2, with names redacted) plus a separate detailed response from the Council's Labour Group (repeated in full in Annex C4). No responses were received from business ratepayers. Two key themes emerged through the consultation process;

#### a) Concerns raised by licensed taxi drivers

A template response was submitted by 60 drivers, raising concerns about specific license fee charges. Detailed consideration has been given to the issues raised by the drivers in a full response set out in Annex C3. It is believed that, overall, the proposed fees and charges for 2022/23 will be favourable to the taxi trade as they include on-line arrangements that will reduce costs. However, the level of the proposed charge for Disclosure and Barring Service (DBS) checks has been reviewed and will be reduced from the proposed £94 to £79. A Government service to update DBS checks on-line is now available at a cost of £13, which will be promoted and discussed with driver representatives. Drivers and operators each received significant grant support from the Council during 2021, recognising that they continued to face fixed costs while suffering from reduced income levels. It is therefore proposed to retain all the other fees at the levels included in the draft budget proposals.

#### b) Concerns raised about reduced staffed opening hours in libraries while expanding access through the Open+ technology

In total 13 different responses were received opposing this proposal, highlighting

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the perceived importance of access to staff for the core library service and social interaction. In response, it has been explored how the level of saving identified could be achieved in a different way. A revised proposal has been developed to achieve the draft budget saving by reducing the stock fund budget by £20,000, recognising libraries are currently struggling to display all current stock, and deleting vacant posts to save £64,000. This proposed amendment to the initial proposal, prompted by the budget consultation responses, will enable the identified saving to be achieved while retaining the current level of staff opening hours.

8.1.4 The other consultation responses contained a broad range of comments which have been considered in presenting the final budget proposals.

### 8.2 Inflation

8.2.1 The Executive established a framework for calculating an appropriate inflation provision at its December meeting. Inflation allowances have now been finalised within this framework and total £4.368m, £0.032m less than the figure included in the draft budget proposals. The directorate analysis is shown in Table 2.

Table 2: Inflation Allocations

<b>Directorate</b>	<b>2022/23 £'000</b>
Central	786
Delivery	1,131
People (excluding schools)	2,445
Non Departmental / Council Wide	6
<b>Total</b>	<b>4,368</b>

8.2.2 Inflation on schools' expenditure is provided for within the Dedicated Schools Budget expenditure, which is funded mainly by the Dedicated Schools Grant, with an additional top up from the Council (section 9.1).

### 8.3 Other Revisions to the Draft Budget Proposals

8.3.1 As outlined above, in the two months since the Executive published the draft budget proposals more information has inevitably become available. The suggested amendments to the draft budget proposals are set out in paragraphs a) to j) below, with the net impact being an increase in the net revenue budget for 2022/23 (£2.482m). These changes have been reflected in the full budget proposals set out in Annexe D, the Commitment Budget (Annexe A) and the Contingency (section 10.6).

a) Council Tax Bills - Central – Resources (Revenues)

The issue of rising costs of living, particularly impacting on low income households, has been the subject of significant press coverage in recent months. The Council, assisted by a range of Government grants, has introduced a broad range of support measures during the Covid pandemic aimed at assisting households on low incomes and at risk of suffering financial hardship. This has included offering reductions in Council Tax bills for households in receipt of council tax support of £150 in both 2020/21 and 2021/22, funded by specific Government grants. With those grants having

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been withdrawn for 2022/23, it is not sustainable for the Council to continue to provide on-going financial support of this nature from its own resources. However, one-off funding is available that enables a reduced level of discount to be made available in 2022/23 and, subject to overall affordability, potentially in future years.

Annex H sets out in detail a proposed reduction of £100 in Council Tax bills that will benefit around 3,000 households paying council tax on the lowest incomes in 2022/23 as well as a wide range of support that is available for households experiencing or at risk of experiencing financial hardship. This will be funded from Covid-19 grant previously transferred into Earmarked Reserves (+£0.320m) and is recommended to the Executive.

- b) Central – Resources (Finance)  
An academy conversion will result in lost income for the Finance service (+0.004m).
- c) Central – PPR (Regeneration and Economic Development)  
Her Majesty the Queen celebrates her Platinum Jubilee in 2022. It is proposed to commemorate this with a programme of events across the Borough, with a key focus on the Lexicon which Her Majesty visited in October 2018 (+£0.055m). This expenditure will be one-off, funded from the High Street Innovation Fund earmarked reserve.
- d) Delivery – Borough Greening  
Additional capital and revenue funding will support the Council's work on 'greening the Borough' through deep cleaning, changes to vegetation, the removal of dead plants, plus the planting of new, hardier plant stock in line with the Council's climate change strategy (+£0.025m revenue). This sum complements funding proposed as an additional capital funding allocation in the separate report on the agenda dealing with the Capital Programme for 2022/23.
- e) Delivery – On / Off Street Parking  
The additional saving from the renegotiation of the contract for managing the borough car parks was double counted in the draft proposals, with the same issue also being included in the Commitment Budget. It has therefore been removed from identified departmental savings but remains in the budget proposals for 2022/23 (+£0.056m).
- f) People – Social Care Costs  
Due to changes in the number and cost of placements since the December report, Social Care pressures have been updated as normal to reflect the impact in 2022/23 of existing placements (Children's +£0.799m) and Adults (-£0.128m).
- g) People – Special Educational Needs and Disabilities (SEND) Team Restructure  
Since March 2021 the SEND Team establishment has been under review and subject to a restructure project. A demand modelling review has taken place to ensure the new structure meets the service demands and needs of the next 3-5 years (+£0.180m), including responding to the recent Ofsted inspection.
- h) All Directorates – DSB managed vacancy adjustment  
A reduction of the managed vacancy factor for staffing budgets to 1% plus an allocation for additional pressures has now been incorporated into directorate

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budgets (+£1.046m) to address capacity challenges that have been exacerbated over the Covid period.

- i) Non-departmental / Council Wide – earmarked reserves  
Transfers from Earmarked Reserves to fund the £100 reduction in Council tax bills for households in receipt of Council Tax support (-£0.320m) and the Queen's Platinum Jubilee celebrations (-£0.055m).
- j) Non-departmental / Council Wide – agency savings  
Targeted work is being undertaken in this area to reduce the risk of overspends on staffing budgets caused by the employment of more expensive agency workers to cover essential, vacant posts. Detailed analysis has shown that this work will not enable current budgets to be reduced and therefore the projected savings included in the draft budget proposals are now seen as “cost avoidance”, meaning that the previously identified saving has been removed. The reduced level of risk of overspends on staffing budgets will be used to inform deliberations on the appropriate level of General Contingency to be set aside in the final budget proposals (+£0.500m).

8.3.2 The Executive is asked to support the changes above and confirm that there are no further changes to the draft budget proposals that they wish to make following representations made during the consultation period.

## 9 Other Budget Issues

### 9.1 Schools Budget

- 9.1.1 Whilst spending on the Schools Budget is generally funded by the ring-fenced Dedicated Schools Grant (DSG) and therefore outside of the Council's funding responsibilities, councils retain a legal duty to set the overall level of the Schools Budget. In deciding the relevant amount, councils must plan to spend at least to the level of estimated DSG.
- 9.1.2 The DSG comprises 4 funding Blocks, each with a separate calculation of funding and intended purpose; the Schools Block (SB); the Central School Services Block (CSSB); the High Needs Block (HNB); and the Early Years Block (EYB). The SB and CSSB directly support mainstream schools and are generally delegated to governors. The HNB and EYB are centrally managed by councils with most of the funding ultimately being paid directly to providers, including schools. The HNB supports pupils whose educational needs are above £10,000 with the EYB mainly funding the cost of the free entitlement to childcare and early years education for 2, 3 and 4 year olds.
- 9.1.3 To date, under powers delegated through the December budget report, the Leader has agreed a budget for the SB of £84.435m, a CSSB of £0.866m and an EYB of £7.981m. These amounts represent the estimated level of DSG funding, with the detailed budget decisions matching those previously approved by the Schools Forum. The HNB will be considered by the Executive Member for Children, Young People in March with the estimated -£21.847m DSG being the primary source of income. Therefore, at this stage, total DSG income for 2022/23 is estimated at -£115.129m.
- 9.1.4 Within the DSG allocation, most elements of funding for special educational needs and disability (SEND) pupils will increase by 11.5% (£2.412m) next year. Whilst a substantial increase, this would still be insufficient to fund the forecast costs which

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indicate a £7.500m overspend for the year which arises from significant increases in both the numbers of pupils requiring support and the complexity of need. This is a national issue with the council working closely with the Schools Forum on a change programme.

- 9.1.5 This deficit will be balanced in the Council's budget by a charge to the DSG Adjustment Account as it will need to be met from the DSG over the medium term. A contribution from the DSG Adjustment Account of £4.943m is already reflected in the base budget. A further contribution of £2.557m will therefore be required which has been reflected in the Commitment Budget. Officers are meeting regularly with stakeholders to identify further options for change in service delivery and reduction in costs through the governance of the Schools Forum.
- 9.1.6 In light of the significant financial pressures that councils are experiencing on the High Needs (HN) budgets (those intended to support pupils with SEND) the DfE introduced new rules to make clear that any accrued deficit is not a liability on councils but remains a DfE responsibility. Additionally, the DfE has also introduced a more rigorous monitoring and intervention regime where council areas have deficit balances or experience a significant reduction in a surplus.
- 9.1.7 In respect of DfE liability to underwrite accumulated debt on HN budgets, 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. It is understood that discussions are continuing between Government Departments on the timing of this change. 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.
- 9.1.8 In terms of general school budgets, the policy of the Council for many years has been to fund up to the level of relevant annual DSG Block grant income plus any accumulated surplus balances held in the retained Schools Budget. Following a request from the Schools' Forum, the Executive agreed to contribute £1m from council reserves over the four years to March 2023, specifically to support the additional costs arising from new schools. In recommending the budget requirement next year for schools, as well as utilising the DSG, the final £0.182m of additional funding remaining from the Council's reserves will be utilised. This is a reduction of £0.045m compared to the £0.227m required in 2021/22 and included in the Base Budget. The reduction is included in the Commitment Budget but is cost neutral as it is balanced by a transfer from the reserve which is reflected within Council Wide budgets.
- 9.1.9 Setting the overall level of the Schools Budget and the operation of the funding formula that distributes the money to schools is a statutory council function. Agreeing how much is centrally managed is a decision for the Schools Forum. To meet these deadlines, council statutory decisions around the Schools Budget are delegated by the Full Executive to the Executive Member for Children, Young People and Learning. Recommendation 2.4 sets the parameters for the formal decision to be made. The Executive Member also endorses the decisions of the Schools Forum when these are undertaken in its statutory decision making role.

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### 9.2 Pensions

- 9.2.1 Accounting standards on the treatment of pension costs (IAS19) require the inclusion within the total cost of services of a charge that represents the economic benefits of pensions accrued by employees. To simplify the presentation of the budget proposals the IAS19 adjustment has not been incorporated at this stage, although it will be included in the supporting information to the Council meeting on 23 February. This will not impact upon the Council's net overall budget or the level of Council Tax.

### 9.3 Investments

- 9.3.1 Now that the Council is in no longer debt-free and has made use of external borrowing to part fund its capital investments in recent years, returns on surplus cash are likely to remain relatively low during 2022/23 and beyond. As such the impact of interest rates on borrowing rates are of greater significance to the Council.
- 9.3.2 The coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut the Bank Rate to 0.10%, it left the Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16th December 2021. Economies continue to re-open, while governments have either commenced or are contemplating dialling down emergency fiscal support mechanisms.
- 9.3.3 For the UK, fiscal policy tightening has already been put in place. On the monetary policy front, matters are more complex, with price pressures on the rise and expected to remain elevated into 2022/23, while economic recoveries are seemingly losing momentum heading into the latter stages of 2021/22. Markets are unsettled, with asset prices coming under pressure following their largest gains made in the formative stages of recovery. The forecast for the Bank Rate now includes four increases, one in quarter 2 of 2022 to 0.50%, quarter 1 of 2023 to 0.75%, quarter 1 of 2024 to 1.00% and, finally, one in quarter 1 of 2025 to 1.25%.
- 9.3.4 Vaccines were the game changer during 2021 which raised high hopes that life in the UK would be able to largely return to normal in the second half of the year. However, the Omicron mutation at the end of November changed the landscape again. Rather than go for full lockdowns which heavily damage the economy, the government strategy this time is focusing on getting as many people as possible to have a third (booster) vaccination after three months from the previous last injection, as a booster has been shown to restore a high percentage of immunity to Omicron to those who have had two vaccinations.
- 9.3.5 With the household saving rate having been exceptionally high since the first lockdown in March 2020, there is plenty of pent-up demand and purchasing power stored up for services in sectors like restaurants, travel, tourism and hotels which had been hit hard during 2021 but now looks likely to be hit hard again by either, or both, of government restrictions and/or consumer reluctance to leave home. The economy, therefore, faces significant headwinds although some sectors have learned how to cope well with Covid.
- 9.3.6 The 2022/23 Treasury Management Report attached as Annexe E re-affirms the strategy adopted by the Executive in December 2016 that governs the amount, duration and credit worthiness of institutions that the authority will place investments with during 2022/23. As such the Council will only place deposits with the most highly rated UK Banks and Building Societies, alongside the part-nationalised UK Banks, up to a limit of £7m and for a maximum period of 364 days (for part-

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nationalised UK Banks). Additionally, the Council will be able to invest up to £10m with AAA Money Market Funds and other UK Local Authorities and an unlimited amount through the Government Debt Office Management Deposit Facility. The Annual Investment Strategy is shown in part (iv) of Annex E. Following the review by the Governance and Audit Committee on the 26 January 2022, the Treasury Management Strategy remains unchanged from that consulted on in December.

- 9.3.7 The Local Government Act 2003 introduced a revised framework for capital expenditure and financing, underpinned by CIPFA's Prudential Code for Capital Finance in Local Authorities. The Code requires the Council to set a number of prudential indicators and limits relating to affordability, capital investment and treasury management. They are included at Annexe E (i) and within the Treasury Management Strategy Statement at Annexe E (iii).
- 9.3.8 The capital programme is being considered separately on tonight's agenda and proposes Council funded capital expenditure of £9.274m and an externally funded programme (including self-funding schemes) of £7.037m for 2022/23. After allowing for projected receipts of approximately £3.5m (including CIL) in 2022/23 and carry forwards, the additional revenue costs will be £0.067m in 2022/23 and £0.341m in 2023/24. These figures have now been reflected in the Commitment Budget and the impact on 2022/23 is unchanged from the draft proposals. Costs will need to be revised at the meeting if the Executive decides on a different level of capital spending.
- 9.3.9 The Council is required to pay off an element of the accumulated General Fund capital spend each year through a revenue charge (the Minimum Revenue Provision or MRP), although it is also allowed to undertake additional voluntary payments. The regulations issued by the Ministry of Housing, Communities and Local Government's (MHCLG) require full Council to approve an MRP Policy in advance of each year. The Council is therefore recommended to approve the MRP Policy set out in Annexe E (ii) to the Treasury Management Strategy. The MRP policy has been drawn up to ensure the Council makes prudent provision for the repayment of borrowings (in accordance with the Regulations) and at the same time minimises the impact on the Council's revenue budget. The Government is currently consulting on proposed changes to MRP guidance, the result of which may require changes to the Council's MRP policy in future years, although the extent of such changes is not currently known.
- 9.3.10 As capital expenditure is incurred which cannot be immediately financed through capital receipts or grant, the Council's borrowing need (its Capital Financing Requirement) and its MRP will increase. The Council also needs to make a charge to revenue for "internal borrowing".
- 9.3.11 The draft budget proposals included an estimate of £1.718m for the Minimum Revenue Provision required to be made in 2022/23 and £0.524m for a Voluntary Revenue Provision relating to commercial property purchases. These figures have been reviewed based on the latest capital projections and remain unchanged. The actual charge made in 2022/23 will be based on applying the approved MRP policy to the 2020/21 actual capital expenditure and funding decisions.
- 9.4 Capital Charges
- 9.4.1 Capital charges are made to service directorates in respect of the assets used in providing services and are equivalent to a charge for depreciation. The depreciation charges are included in the base budget figures and are important as they represent

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the opportunity cost to the Council of owning non-current assets. They must therefore be considered as part of the overall cost of service delivery, particularly when comparisons are made with other organisations. It is also important that these costs should be recognised when setting the level of fees and charges.

- 9.4.2 Capital charges do, however, represent accounting entries and not cash expenditure. The Council is therefore able to reverse the impact of these charges “below the line”, i.e. outside service directorate costs, thereby reducing the net revenue budget whilst not directly affecting the overall cost of each individual service. This means that the charges do not affect the level of Council Tax. The capital charges in 2022/23 total £15.796m which is an increase of £0.494m compared to the current year and results from new additions and revaluations. There will be no impact on the charge to the General Fund which is based on the MRP not depreciation.
- 9.4.3 Changes to capital charges do affect internal services recharges (see below). Changes to these have not been incorporated into the budget proposals in this report at this stage, although they will be included in the supporting information to the Council meeting on 23 February.
- 9.5 Internal Services Recharges
- 9.5.1 Members’ decisions on the capital programme may affect capital charges and this will determine the overall cost of services in 2022/23. Due to their corporate nature, some services do not relate to a single service directorate, e.g. finance, IT, building surveyors, health and safety advisers etc. The budgets for these services are changed only by the specific proposals impacting on the directorates responsible for providing them (Central & Delivery). However, all such costs must be charged to the services that receive support from them.
- 9.5.2 The impact of changes in recharges for internal services is entirely neutral across the Council as a whole, since the associated budgets are also transferred to the services receiving them. The overall level of recharges is dependent upon the Executive’s budget proposals being approved.

## 10 Statement by the Executive Director: Resources

- 10.1 Under the Local Government Act 2003, the Executive Director: Resources (as the Council’s Section 151 Officer) must report to Members each year at the time they are considering the budget and Council Tax on:
- a) The robustness of estimates; and
  - b) The adequacy of reserves.

In addition, CIPFA guidance on Local Authority Reserves and Balances states that a statement reporting on the annual review of earmarked reserves should be made to Council at the same time as the budget. The statement should list the various earmarked reserves, the purpose for which they are held and provide advice on the appropriate level.

### Robustness of estimates

- 10.2 The annual statement on the robustness of the estimates formalises the detailed risk assessments that are undertaken throughout the year and which are a standard part of the budget preparations and are included in the Council’s Strategic Risk Register.

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This identifies a number of key risk areas including:

- significant pressures on the Council's ability to balance its finances whilst maintaining satisfactory service standards;
- the impact of the coronavirus on internal staff resources and external suppliers, and the council's ability to deliver essential services and meet the increasing needs of the community;
- the impact of the high use of long term locums and agency workers for key posts and labour market pressures on finances and business resilience;
- ensuring children with special education needs receive timely and appropriate support for their education where demand is increasing, and internal resources are limited;
- the impact of demand led services and the need to plan for and respond to future and in-year demographic changes, changes in the market for services and any associated financial pressures;
- sustaining adult social care services where there is insufficient external provision available;
- effective safeguarding of children and vulnerable adults when there are external factors outside the Council's control;
- delivery of an IT Strategy and digital infrastructure that meets business needs, compliance, information accuracy, data protection, greater reliance on end users and the threat of cyber-attacks;
- maintaining adequate Business Continuity plans and procedures;
- maintaining an adequate internal control environment.

10.3 The budget includes resources sufficient to enable the Council to monitor these key risks and where possible to minimise their effects on services in accordance with the strategic risk action plans. Specific risk reduction measures that are in place include the following:

- Budget Setting Process
  - Production and regular monitoring of a robust medium-term financial strategy.
  - Regular analysis of budgets to identify legislative, demographic, essential and desirable service pressures / enhancements.
  - Detailed consideration of budgets by officers and Members to identify potential budget proposals.
  - Robust scrutiny of budget proposals prior to final agreement.
  - Ensuring adequacy and appropriateness of earmarked reserves, both for the immediately following and future years.
- Budget Monitoring
  - Robust system of budgetary control with regular reporting to the Corporate Management Team (CMT) and through the Quarterly Service Reports (QSRs).
  - Exception reports to the Executive.
  - Regular review of the Councils' budget monitoring arrangements by both internal and external audit to ensure they remain fit for purpose.
  - Taking corrective action where necessary during the year to ensure the budget is delivered.
  - Specific regular review by Finance Business Partners of particularly volatile budget areas.

10.4 The Executive Director: Resources receives regular updates from Business Partners on

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the largest and most volatile budget areas which could place the overall budget most at risk and makes arrangements to report these through the regular monthly budget monitoring process. The most significant risks in the 2022/23 budget have been identified as the following:

- **Covid-19 Pandemic** – uncertainty surrounding the length and overall impact of the continuing pandemic on costs and income;
- **Demographics** – the number of “demand” led adult and child client placements, the rising cost and numbers of looked after children, increasing support pressures resulting from people living longer, the impact of new housing developments and changing service provision of social care encouraging people to seek support;
- **Income** - specifically in Leisure, Planning and Building Control Fees, Car Parks, Commercial Property, Land Charges and Continuing Health Care funding. Significant income streams are reliant on customer demand and physical infrastructure remaining operational, placing a heavy reliance on planned and reactive maintenance being adequate;
- **Major schemes / initiatives** – progress with the Town Centre redevelopment, Waste Management PFI and the implementation of savings proposals;
- **Inflation** – the provision is based on estimates of inflationary pressures at the current time;
- **Treasury Management** – return on investments and additional borrowing are affected by cash flow and the level of the Bank rate.
- **Uninsured losses** – the Council’s insurances cover foreseeable risks. However, some risks are uninsurable, including former County Council self-insured liabilities and mandatory excesses;
- **Contractual Issues** – disputes, contract inflation (in particular rates for care providers which are increasing due to rising demand and reducing supply) and renewal of major contracts;
- **Legislative Changes** – difficulty in identifying the financial and non-financial impacts and whether any future burdens will be fully funded;
- **Independent external providers** – changes in provision by independent service providers may result in increased costs to the Council;
- **Service interdependencies** – the potential impact of service reductions in one area on the demand for other services provided by the Council;
- **External inspections** – improvements identified through external inspection;
- **Safeguarding** – failure to adequately safeguard vulnerable people could result in cost pressures.

10.5 The probability of some of the above risks occurring is high. However, it is unlikely that all will occur at the same time. The measures in place, set out in paragraph 10.2, lead the Executive Director: Resources and CMT to conclude that the budget proposals have been developed in a sound framework and are therefore robust. However, it needs to be recognised that not all adverse financial issues can be foreseen looking almost fifteen months ahead, e.g. the impact of changes in demand led services or severe weather conditions. It is therefore prudent to include, as in previous years, contingency sums within the budget proposals.

### Contingencies

10.6 In setting the budget for 2021/22, the level of General Contingency was maintained at £2.250m and a Covid-19 specific contingency (£3.417m) created to cater for the difference between best and worst-case scenarios for pressures. Rather than build worst case scenarios into the base budget the additional contingency was available to meet these additional pressures if they arose during the year. Within the draft budget

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proposals for 2022/23 the General Contingency remained unchanged, and the Covid-19 specific Contingency was removed. Although best and worst-case scenarios have again been considered for 2022/23, it was felt that all risks could be handled by way of the General Contingency as the impact of the pandemic has reduced, although it was recognised that this approach would need to be reviewed.

- 10.7 The Executive Director: Resources, Chief Executive and CMT have reflected upon the outlook for the economy, the impact of demographic changes and the resulting pressures on services and other risks contained within the proposed budget. Considering significant risks, including the worst case pressures (£1.619m) partly offset by potential savings from managing agency costs more proactively, a decrease of £0.350m in the General Contingency to £1.900m is now felt to be appropriate.

### Earmarked Reserves

- 10.8 Earmarked Reserves are sums of money which have been set aside for specific purposes. These are excluded from general balances available to support revenue or capital expenditure. The Council had £84.209m in Earmarked Reserves at the start of 2021/22 which were approved by the Governance and Audit Committee in July 2021. The Executive Director: Resources has undertaken a review of existing earmarked reserves and Annexe F sets out each reserve considered. The Executive Director: Resources will review again the earmarked reserves considering the changing risks facing the Council as part of the 2021/22 closedown process and any changes will be presented to the Executive and the Governance and Audit Committee as part of the closure of the accounts.

## 11 Net Revenue Budget

- 11.1 Tables 3a and 3b summarise the budget changes for each directorate, assuming that all items outlined above and detailed in Annexes A to F are agreed, but before changes to capital charges, pension costs and internal services recharges are incorporated within service directorate budgets.

Table 3a: Summary of budget changes

	Inflation (Section 8.2)	Revisions to draft budget proposals (Sections 6.2, 6.4, 7.3, 8.3 and 10.6)	Changes to Specific Grants (Section 6.3)	Total Changes Identified
	£'000	£'000	£'000	£'000
Central	786	932	0	1,718
Delivery	1,131	554	0	1,685
People (excluding schools)	2,445	4,640	-884	6,201
Non Departmental / Council Wide	-4,394	-6,423	-37	-10,854
<b>TOTAL</b>	<b>-32</b>	<b>-297</b>	<b>-921</b>	<b>-1,250</b>

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Table 3b: Non Departmental / Council Wide – revisions to draft proposals included in Table 3a

<b>Non Departmental / Council Wide</b>	<b>Revisions to draft budget proposals</b>
	<b>£'000</b>
Grant adjustments (paragraph 6.3)	
New Homes Bonus	-817
Lower Tier Services Grant	-10
Services Grant	-1,160
Less grant assumed in December report	1,950
Savings and pressures allocated to Directorates from Council Wide	
DSB managed vacancy factor	-1,222
Contract savings	50
Digital Infrastructure Group	-40
Council Tax Support funded from Covid-19 Reserve (paragraph 8.3)	-320
Queen's Platinum Jubilee celebration funded from High Street Innovations Reserve (paragraph 8.3)	-55
Agency savings removed and reflected in Contingency calculation	500
Change in Contingency	-350
Changes in Business Rates Growth, S31 income projections and levy payment (6.4.6 and 6.4.9)	-3,015
Additional movements in earmarked reserves (paragraph 6.4.9)	586
DSG Adjustment Account (9.1.5)	-2,557
<b>TOTAL</b>	<b>-6,423</b>

11.2 These figures are added to the draft proposals to produce a final budget proposal for each directorate. This is summarised in Table 4.

Table 4: Draft Budget Proposal 2022/23

<b>Department</b>	<b>2022/23 Draft Proposals (Table 1)</b>	<b>Changes Identified (Table 3a)</b>	<b>Revised Budget Proposals</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Central	18,307	1,718	20,025
Delivery	14,810	1,685	16,495
People (excluding schools)	82,614	6,201	88,815
Non Departmental / Council Wide	-26,376	-10,854	-37,230
<b>Total</b>	<b>89,355</b>	<b>-1,250</b>	<b>88,105</b>

11.3 The Net Revenue Budget in 2022/23 if the Executive agreed all proposals would be £88.105m before allowing for additional interest resulting from any use of balances. This compares with income of -£84.297m from Revenue Support Grant (-£1.837m), Business Rates baseline funding (-£16.832m), Council Tax at 2021/22 levels (-£67.702m), Collection Fund – Business Rates deficit (£2.428m) and the Collection Fund – Council

Tax surplus (-£0.354m). The Net Revenue Budget is therefore now £3.808m above the level of income for 2022/23.

## 12 Funding the Budget Proposals

12.1 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;
- identifying further expenditure reductions.

12.2 Council Tax Increase

12.2.1 Each 1% increase in Council Tax in 2022/23 will generate approximately -£0.677m of additional revenue towards the budget gap. The maximum amount the Council is permitted to increase Council Tax by is 4.49%.

12.2.2 This report proposes in recommendation 2.2 to reduce the financial burden for working age households receiving council tax support by making available a council tax discount of £100, following on from discounts of £150 in both 2020/21 and 2021/22 (Annexe H and section 8.3.1(a)).

12.3 Use of Balances

12.3.1 The Council needs to maintain reserves to aid cash flow and to protect itself from fluctuations in actual expenditure and income. An allowance for cash flow is reasonably easy to calculate. However, an allowance for variations against planned expenditure is more difficult.

12.3.2 In deciding the level of any contribution from balances, the Executive will wish to have regard to the level of balances available. The Council's General Fund balance will be £10.3m as of 31 March 2022, if spending in the current year remains within the approved budget, which is the expected position.

Table 5: General Balances as at 31 March 2022

General Fund as at 01 April 2021	£m 10.3
Planned use in 2021/22	(0.0)
TOTAL Estimated General Balances	<u>10.3</u>

12.3.3 The Council has for many years planned on maintaining a minimum prudential balance currently assessed to be £4.5m, which indicates that a sum of up to £5.8m is potentially available for use. However, given that these resources are one-off, it is important when considering the use of reserves to not only consider the current year's budget but also future years' pressures.

12.3.4 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 expected additional budget gap of around £4.0m per year from 2023/24, due to national funding changes.

### **13 Preceptors' Requirements**

- 13.1 The Thames Valley Police and Crime Panel met on the 28 January 2022 to determine the 2022/23 budget for the Thames Valley Police and Crime Commissioner (TVPCC). The proposed increase of £10 (4.32%) for a Band D property, from £231.28 to £241.28, was approved. The Royal Berkshire Fire Authority (RBFA) will not determine its budget and precept for 2022/23 until 15 February. The tax for a Band D property for RBFA in 2021/22 was £68.95. The Parish and Town Councils have yet to set their precepts for 2022/23. These totalled £3.721m in 2021/22 with an average tax of £78.16 for a Band D property. All precepts will be reported to the Council meeting on 23 February 2022.

### **14 Summary of Matters for Decision**

- 14.1 Annexe G outlines the Council's Council Tax Requirement based on the draft budget proposals. The outcome of the Executive's deliberations will be recommended to the Council meeting on 23 February regarding the budget and Council Tax level for 2022/23. These will be incorporated in the formal Council Tax resolution required by the Local Government Finance Act 1992 as amended. However, the following matters need to be determined at this stage in order to allow the Executive to recommend a budget to the Council for 2022/23:
- a) confirmation of the draft budget proposals, taking account of issues raised during the consultation period and revisions identified to reflect current information (sections 6.2, 6.3, 6.4, 7.3, 8.2, 8.3, 9.1 and 11.2), set out in detail in Annexes A, D and G;
  - b) confirmation of the impact of changes in investments and investment rates on the budget (section 9.3);
  - c) the level of the corporate contingency (section 10.7);
  - d) the level of Council Tax increase (section 12.2);
  - e) subject to (a) to (d) above and decisions considered elsewhere on the agenda, to determine the appropriate level of revenue reserves to be retained and the consequent use of balances to support the budget in 2022/23 (section 12.3).
- 14.2 As outlined above, dependent upon the decisions made by the Executive concerning these issues, it may be necessary to adjourn the meeting to enable officers to calculate the appropriate figures to include in the recommendations.
- 14.3 A detailed budget book will be prepared during March exemplifying the budget at the level of detail required to support the scheme of virement.

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

#### Borough Solicitor

- 15.1 In carrying out all of its functions, including the setting of the budget, the Council must comply with the Public Sector Equality Duty set out in the Equality Act 2010. That duty requires the Council to have due regard to the need to:-
- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Act;

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- b) advance equality of opportunity between persons who share a "relevant protected characteristic" and persons who do not share it;
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

"Relevant protected characteristics" are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation. As to (b) above due regard has to be had in particular to the need to:-

- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
- encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

The Equality Impact Assessments annexed to this report have been prepared in order to assist the Council to meet the Equality Duty in considering the budget.

### Executive Director: Resources

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

### Equalities Impact Assessment

- 15.3 The Council's budget proposals impact on a wide range of services. A detailed consultation was undertaken on the draft budget proposals published in December to provide individuals and groups the opportunity to provide comments.
- 15.4 Equality impact assessments are attached at Annexe I.

### Strategic Risk Management Issues

- 15.5 The Director: Resources' Statement in Section 10 sets out the key risks facing the Council's budget and the arrangements in place to manage these risks, including maintaining an appropriate level of reserves and contingency.

### Climate Change Implications

- 15.6 There are no implications arising from the proposals in this report, which are recommending budget proposals to Council.

## **16 CONSULTATION**

- 16.1 Details of the consultation process and responses received are included in section 8.1.

### Contacts for further information

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