

To Schools Forum  
Date 12 January 2023

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**2023/24 Proposals for the Local Authority Budget  
Executive Director: Resources**

**1 Purpose of report**

- 1.1 To present to the Forum for comment a summary of the Council's draft budget proposals for 2023/24 as agreed by the Executive on 13 December 2022, 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. While the Government's Autumn Statement provided some high-level figures for public spending up to 2024/25, indications are that spending cuts will be needed beyond this period to secure a stable footing for the nation's finances.
- 1.3 The papers for the Executive meeting had to be published before the Provisional Local Government Financial Settlement had been announcement. This sets out individual authority funding calculations for 2023/24 and is expected to be announced in the week commencing 19 December, later than ever before. Therefore, in the absence of the Provisional Settlement, the figures in this report can only be based on high-level assumptions regarding government funding.
- 1.4 All comments received on these draft budget proposals will be submitted to the Executive on 7 February 2023 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 2023/24 budget and Council Tax on 22 February 2023.

**2 Recommendations**

- 2.1 **That the Schools Forum comments on the 2023/24 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 2023/24 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 budget proposals available at:

[Agenda for Executive on Tuesday, 13 December 2022, 5.00 pm | Bracknell Forest Council \(bracknell-forest.gov.uk\)](#)

### Revenue Budget

#### Commitment budget

- 5.2 Initial preparations for the 2023/24 budget have focussed on the Council's Commitment Budget for 2023/24 – 2025/26. 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 2022/23 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:
- Additional ICT savings (-£0.240m) and leisure contract fee income (-£0.189m) identified as part of the 2022/23 budget process.
  - A decrease in the projected cost of the Waste PFI arrangements due to reductions in tonnages and increases in recyclates income (-£0.172m).
  - Additional funding agreed by the Executive in October primarily relating to Foster Care allowances and social worker recruitment and retention initiatives (£0.793m).

The overall impact of these changes is to increase the Council's Commitment Budget by £0.130m compared to the position reported in February 2022.

- 5.4 Taking account of these changes, Table 1 summarises the position and shows that base expenditure (excluding schools) is planned to increase by £1.019m to £89.132m next year, before consideration is given to allowances for inflation and the budget proposals identified by individual services in 2023/24. . The commitment budget relating to the People Directorate is shown in Annexe A.

Table 1: Summary Commitment Budget 2023/24-2025/26

Item	Planned Expenditure		
	2023/24 £000	2024/25 £000	2025/26 £000
Base Budget	88,113	89,132	89,314
<i>Movements in Year:</i>			
Central			
Delivery	-411	203	-161
People (excluding schools)	-303	-241	-16
Non Departmental / Council Wide	570	-73	-20
<i>Total Movements</i>	1,019	182	13
<b>Adjusted Base</b>	<b>89,132</b>	<b>89,314</b>	<b>89,327</b>

### Provisional Local Government Finance Settlement 2023/24

- 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. Other than planned increases in funding for Adult Social Care reforms, grant funding for local government over the period was broadly flat. With the local government sector, alongside all residents and businesses, facing significant financial pressures from inflationary cost increases, this would clearly represent a material reduction in real terms funding.
- 5.6 The Autumn statement on 17<sup>th</sup> November 2022 introduced changes to the SR21 funding levels, the most significant being:
- £1 billion of new grant funding next year for social care, increasing to £1.7 billion from 2024/25;
  - Delaying the planned Adult Social Care charging reforms from October 2023 to October 2025, but allowing funding intended for implementation to be retained in council budgets to help meet current pressures (£1.3billion in 2023/24 rising to £1.9billion in 2024/25);
  - Further council tax flexibilities, including increasing the core referendum limit for increases in Council Tax from 2% to 3% per year from 2023/24. In addition, councils with social care responsibilities will be able to increase the adult social care precept by up to 2% per year. This will make available an anticipated additional £1.7 billion to local authorities over the next two years, assuming councils make use of the flexibilities available, which Government figures assume they will;
  - Confirmation that there will be a Business Rates Revaluation to take effect from 1 April 2023. A £13.6 billion support package has been announced to protect ratepayers facing increases. This includes a freezing of the Business Rates multipliers for 2023/24, a Transitional Relief scheme to limit the rate at which bills can increase, a more generous Retail, Hospitality and Leisure Relief scheme, and a Supporting Small Business scheme to cap bill increases for businesses that lose relief due to the revaluation. Councils will be fully compensated for any loss of income or new burdens resulting from these measures by way of section 31 grant;

- Removal of funding to support the 1.25% increase in employer's national insurance contributions following the decision to reverse the increase from 6 November 2022;
  - The core schools budget will receive £2.3 billion of additional funding in 2023/24 with a further £2.3 billion in 2024/25.
- 5.7 In terms of the local government funding system, it seems very unlikely that any changes will be introduced next year arising from the long-term Fair Funding and Business Rate Retention System reviews. It has been confirmed, however, that as well as the business rate revaluation impacting in April 2023, certain hereditaments will be transferring from local lists to the Central List.
- 5.8 Each of these issues are discussed in more detail below, insofar as this is possible before the announcement of the Provisional Local Government Financial Settlement. A policy statement on the Department for Housing, Levelling Up and Communities' (DLUHC's) approach to the Provisional Settlement is also expected, but it is unclear what form this will take.
- 5.9 Funding from central government is currently received through Revenue Support Grant (RSG), a share of Business Rates and Specific Grants. For planning purposes, it has been assumed that RSG will be frozen in 2023/24 (-£1.781m).

#### Business Rates

- 5.10 Business Rates is an important income stream for the Council with a proportion 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).
- 5.11 Currently the Council collects significantly more Business Rates than it is allowed to keep and only receives approximately 30% of any Business Rates growth.
- 5.12 Alongside the revaluation, the Government has indicated its intent to move several hereditaments, notably large scale telecommunications networks, onto its Central List from local business rates lists. This includes a large multi-national company currently on Bracknell Forest Council's Local List, representing in monetary terms the largest such transfer to be faced by any local authority in the country. This had the potential to reduce council income by £4m and following consultation with affected Council's, the government's proposal is to treat transfers to the Central List in the same way as other changes from the wider revaluation. This is expected to produce a better outcome than could reasonably have been hoped for, broadly protecting the Council's income levels. This approach is expected to be confirmed in the Financial Settlement.
- 5.13 While the Government has signalled for many years that it would like to make fundamental changes to the current Business Rates retention system of local government funding, it is considered unlikely that this will happen until at least 2024/25. To coincide with this, as part of the Government's Levelling Up agenda, it is expected that a Fair Funding review will be used to calculate new baseline funding levels for individual councils based on an up-to-date assessment of their relative needs and resources. It has been envisaged that 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 when it is introduced. The outcome of these deliberations is impossible to determine, although it will almost certainly have a significant long-term detrimental impact on the funding of the Council.

- 5.14 In 2021/22 a deficit of £2.428m was projected on the Business Rates element of the Collection Fund. As this primarily related to the additional Business Rates reliefs granted by the Government, this will be funded from the Business Rates Reliefs Reserve in 2022/23, which was created using Government grant provided for this purpose. 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 position in 2022/23 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, primarily relating to increases in the provisions for appeals and impairments. This deficit can also be funded from Business Rates Reliefs Reserve.

### Specific Grants

- 5.15 The Council also receives substantial external funding through several specific grants. The future of these is currently unclear and assumptions have had to be made in projecting the Council's grant funding, as follows:

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.

A consultation was launched in February 2021 on changes to the allocation basis and whilst Government's response has yet to be published, at this stage it is expected that NHB grant will reduce by £1.500m. The actual grant amount will be confirmed in the Provisional Settlement.

2. *Services Grant*. While the future of the levelling up agenda under a new Prime Minister is not yet clear, there is a risk that at least some of this grant could be transferred from the South East to other parts of the country. Although the Autumn Statement did not specify which grant would be affected, the overall allocation is also expected to reduce to remove grant previously provided for the 1.25% increase in employers National Insurance contributions. A 50% reduction in Bracknell Forest's allocation (£0.6m) has therefore been assumed for planning purposes.
3. *Other Specific Grants*. Some of the largest specific grants received by the Council are for Public Health and Social Care. The introduction of the Adult Social Care reforms, including the cap on individual client contributions and the "fair cost of care" arrangements was expected to be a significant funding and service issue for 2023/24. There were great concerns amongst councils across the country around the impact of these reforms, most particularly in the south of England which has a much higher proportion of "self-funders" who will benefit from the cap in their contributions towards the costs of their care, after which the funding responsibility passes to the local council in whose area they reside. Modelling of the potential financial impact had been undertaken by many councils, including Bracknell Forest, which indicated that the cost impact could well be many times the level of grant funding that has been earmarked nationally.

The Autumn Statement has confirmed that the reforms have been delayed by two years until October 2025 and that any funding intended for implementation

can be retained in council budgets to help meet current pressures in the meantime. This is worth £1.3billion nationally in 2023/24 rising to £1.9billion in 2024/25 with the impact for Bracknell Forest estimated to be an additional £1.5m of grant income. New grant funding will also be made available for social care in general - £1 billion in 2023/24 increasing to £1.7 billion from 2024/25, estimated to be worth an additional £1.1m for the Council. The actual allocations are expected to be confirmed in the Provisional Settlement. It has been assumed that all other social care grants from 2022/23 will be rolled forward into 2023/24 at current levels.

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 2023/24, 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.

The ring-fence on Public Health is likely to be retained in 2023/24 but there have been no indications of funding levels for 2023/24 at a national or local level.

Information on several other smaller grants normally follows several days or weeks after the Provisional Settlement and changes from these announcements will be incorporated into the February budget report to the Executive.

### Council Tax

- 5.16 Council Tax at present levels will generate total income of -£70.742m in 2023/24, before any change to the Tax Base is factored in. 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 2023/24 has been calculated as 48,756 Band D equivalents (see Annexe H) which at current levels would generate total income of -£71.486m in 2023/24. This represents a net increase of 749 (-£1.099m) arising from the occupation of new properties during 2023/24, partly offset by a 10% increase in the take-up of the Local Council Tax Benefit Support Scheme (£0.355m).
- 5.17 The surplus/deficit on the Council Tax element of the Collection Fund in 2022/23 will need to be assessed by the 15 January 2023. Early indications are that there will be a deficit of around £0.55m which will increase the budget gap.
- 5.18 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. In 2022/23 the Government set 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%. The Autumn Statement confirmed that the core referendum limit will be increased to 3% per year from 2023/24 and that councils with social care responsibilities will be able to increase the adult social care precept by up to 2% per year. The maximum Council Tax increase that could be agreed without a referendum in 2023/24 would therefore be 4.99%. Each 1% increase in Council Tax would generate approximately -£0.715m of additional income.

- 5.19 The Executive at its meeting in February will recommend to Council the level of Council Tax considering the Local Government Finance Settlement, the results of the consultation and the final budget proposals.

Budget Proposals for 2023/24

*Service pressures and Developments*

- 5.20 In preparing the 2023/24 draft budget proposals each directorate has evaluated the potential pressures on its services and those related to the People Directorate set out in Annexe B. Table 2 summarises the pressures by directorate.

Table 2: Service Pressures/Development

<b>Directorate</b>	<b>£'000</b>
Central	561
Delivery	1,600
People (excluding schools)	2,206
Non-Departmental / Council Wide	0
<b>Total Pressures/Developments</b>	<b>4,367</b>

- 5.21 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 (£2.089m);
- providing education and skills (£0.144m);
- providing value for money (£1.075m);
- protecting and enhancing the environment (£0.600m).

- 5.22 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.

- 5.23 In addition to these revenue proposals the Council continues to invest in its priorities through targeted capital expenditure. Details are contained in the capital programme report, but any revenue cost implications arising from the capital proposals are included in these draft budget proposals.

*Service Economies*

- 5.24 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 -£7.698m and is summarised in Table 3 with areas relating to the People Directorate set out in more detail in Annexe C. This is a significantly higher level of savings than have been identified in previous years and include savings of £5.0m that are unrepeatable. As in previous years, savings have focused as far as possible on increasing efficiency, income generation and reducing central and directorate 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

<b>Directorate</b>	<b>£'000</b>
Central	-505
Delivery	-778
People (excluding schools)	-2,718
Non-Departmental / Council Wide	-3,697
<b>Total Savings</b>	<b>-7,698</b>

### *Council Wide Issues*

5.25 Apart from the specific budget proposals contained in Annexes B and C 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 in the following paragraphs:

a) Capital Programme

The scale of the Council's Capital Programme for 2023/24 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 Community Infrastructure Levy receipts), government grants, developer contributions or borrowing. Current proposals are set out further below from paragraph 5.41 and will present additional revenue costs £0.096m in 2023/24 and £0.333m in 2024/25.

b) Interest and Investments

Following on from the impact of the coronavirus, a number of events came to dominate both global and domestic economies over the last 12 months. Supply chain difficulties continued to force prices higher, and with an exceptionally tight labour market, inflation continued to rise in 2022. These problems were overshadowed by the war in Ukraine which has had a tumultuous impact on energy prices around the world. The Consumer Prices Index (CPI), the government preferred indicator of inflation, rose to over 10% - a 40 year high – forcing the BoE to begin a series of Bank Rate increases.

These factors influence interest rates, which are rising, which in turn increase the cost of borrowing to the Council. 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

The budget preparations for 2023/24 are being undertaken against the backdrop of the highest inflation rates the country has seen for thirty years. It is therefore inevitable that the allowance for inflation will need to be significantly higher than the typical provision of £2m - £3m, which rose to £4.4m in the 2022/23 budget. The latter figure included an allowance of 2% for the current year's pay award.

At this stage the inflation provision is not finalised. For planning purposes, a total sum of £9.800m (£4.368m in 2022/23) has therefore been added to the draft budget proposals based on the assumptions that:

- The national employers' body has this year offered a flat rate £1,925 increase for local government workers which has been accepted. For Bracknell Forest, this equates to an average increase of 5.4%, equivalent to £1.8m above the available budget. This will need to be reflected in the 2023/24 inflation provision, in addition to an allowance for next year's pay offer. At this stage a 4% pay award has been assumed for 2023/24 (equating to £2.0m) which will be partly offset by the reversal of the 1.25% increase in employers National Insurance contributions introduced in April 2022 (-£0.4m);
- A figure of 7.5% is proposed at this time for inflation on non-pay costs and fees and charges, except for electricity and gas. This represents an additional net cost of service delivery of £4.9m.
- It is widely known that energy prices will increase significantly faster than the headline inflation rate. Increases in electricity prices of 150%+ and gas prices of 300% are likely. The Council has arrangements in place to forward purchase these commodities and a significant proportion of the predicted energy required in 2023/24 has been secured to date. This allows the impact of energy inflation to be estimated with some accuracy. It is proposed to allow a figure of £1.5m for planning purposes. This figure will be refined as further forward purchases are made;

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 2023.

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. Although directorates have been asked to work towards increases of 7.5%, Council policy requires the level of charges to be considered 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) Contingency

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.

In 2023/24, all risks will continue to be managed by way of the General Contingency. At this stage the Contingency has been increased by £0.1m to £2.0m, however, this will be kept under review.

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*

- 5.26 Structural changes by the Department for Education (DfE) to the way schools and education in general are funded have generally concluded and are intended to result in an efficient, simple and predictable funding system that is fair and supports pupils to achieve their potential by removing historical differences in funding allocations.
- 5.27 In order to enable a measured move to the new framework, transitional arrangements remain in place with local authorities continuing to set school budgets, within parameters set by the DfE. From 2023/24 councils are required to move their local funding formula to be at least 10% closer to the funding values in the SNFF than in 2022/23. As the council is already closely mirroring the SNFF, which is expected to continue into 2023/24, no action is necessary to meet this new requirement.
- 5.28 The initial DfE funding announcement for 2023/24 indicated an average 1.9% increase in pupil funding in England. For Bracknell Forest, initial estimates indicate an average 2.0% increase in per pupil funding. The Autumn Statement announced a further £2.3bn funding for schools. Whilst precise details on the implications from this have yet to emerge, this is expected to increase average per pupil funding by a further 3.5% to a total increase of around 5.5%. The Institute of Financial Studies comments that it restores 2010 levels of per pupil funding in real terms and provides an average cash increase for every pupil of more than £1,000 by 2024/25 compared to 2021/22.
- 5.29 Whilst schools will undoubtedly face significant cost pressures next year, the financial pressure recently experienced on the Schools Budget arising from the cost of new schools that are being built in response to new housing has significantly reduced. This reflects the greater number of pupils in these schools reducing the need for top up payments to fund diseconomy and other costs. Current data, which is subject to update at the end of the year, indicates diseconomy and related costs will reduce by £0.606m.
- 5.30 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 for a 3-year period to 31 March 2023, 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.

- 5.31 In respect of DfE liability to underwrite accumulated debt on HN budgets, recent communications have suggested that due to the on-going, significant financial challenges being faced by a high number of councils that the 3-year time limited period will be extended. Full details have yet to be confirmed on the expected change, with the current forecast balance for HN budgets at 31 March 2023 being a cumulative deficit of £22.8m. 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.
- 5.32 In terms of the more rigorous DfE monitoring and intervention regime, the Council is currently working with the DfE through its Delivering Better Value (DBV) programme. This new programme aims to support councils to improve delivery of SEND services for children and young people while ensuring services are sustainable. Working with external specialists, this is an outcomes focussed, evidence-based programme rooted in co-production and is expected to result in a bid to the DfE for additional grant funding of approximately £1m.
- 5.33 Taking account of this information, -£119.90m of grant income is estimated to be available to the Council for 2023/24 through the specific ring-fenced Dedicated Schools Grant (DSG). This comprises -£87.94m for the Schools Block, -£8.13m for the Early Years Block, -£22.99m for the High Needs Block and -£0.84m for the Central Schools Services Block.
- 5.34 In addition to the DSG, schools also receive revenue funding from other specific grants including School Sixth Forms (currently -£1.689m), the Pupil Premium (-£2.077m), Primary PE and Sports Premium (-0.438m) and the Universal Infant Free School Meals Grant (-£1.198m). All these amounts are subject to change in 2023/24.

*Summary position on the Revenue Budget*

- 5.35 Adding the draft proposals to the Commitment Budget and taking account of the corporate issues identified above would result in total expenditure of £97.725m as shown in Table 4.

Table 4: Summary of proposals:

	£'000
Commitment Budget	89,132
Budget Pressures	4,367
Budget Economies	-7,698
Capital Programme	96
Inflation Provision	9,800
Increase in Contingency	100
Reversal of the one-off transfer from the Business Rates Reliefs Reserve for the projected Collection Fund - Business Rates deficit in 2021/22	2,428
Reduction in New Homes Bonus	1,500
Reduction in rebadged Services Grant	600
Increase in Social Care Grants	-1,100
Adult Social Care reforms funding	-1,500
<b>Draft Budget Requirement 2023/24</b>	<b>97,725</b>

- 5.36 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 -£89.605m. This arises from Revenue Support Grant (-£1.837m), Business Rates baseline funding (-£16.832m), Council Tax at 2022/23 levels (-£71.486m) and the Collection Fund – Council Tax deficit (£0.550m).
- 5.37 With the potential overall cost of the budget package being consulted on in the region of £97.725m, this leaves a potential gap of around £8.210m. 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;
  - identification of further savings

### *Reserves*

- 5.38 The Council has an estimated £10.57m available in General Reserves as at 31 March 2023, if spending in the current year matches the approved budget. Details are contained in Table 5.

Table 5: General Reserves as at 31 March 2023

	£m
General Fund	11.35
Planned use in 2022/23	(0.78)
<b>Estimated Balance as at 31 March 2023</b>	<b>10.57</b>

- 5.39 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.
- 5.40 The Council will also have an estimated £19.9m in the Future Funding Reserve as at 31 March 2023, which has been deliberately established to help manage the Medium Term financial position.

## **Capital Programme**

### Introduction

- 5.41 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

- 5.42 The Council's total usable capital receipts generated from disposing of assets at 31<sup>st</sup> March 2022 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 2022/23 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 only starting to recover from historic lows it makes more economic sense to offset borrowing.
- 5.43 The proposed capital programme for 2023/24 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 £2.25m 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

- 5.44 Within the general financial framework outlined above, Service Departments have considered priority schemes for inclusion within the Council's Capital Programme for 2023/24 – 2025/26. 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

- 5.45 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 2022/23 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 the new ways of working, the Council will be required to invest in technology and IT infrastructure over the coming years. The two key areas requiring funding in 2023/24 are Laptop and Mobile Phone replacement.
  - *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.
  - *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

- 5.46 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 £6.427m, which includes £3.480m for schemes that have commenced in the current year or are committed on an annual basis and will continue into 2023/24.

Table 6: Capital Programme 2023/24 to 2025/26

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
<b>Service Area</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Delivery	5,193	1,636	797
People	2,208	0	0
Central Directorates	4,892	4,650	4,750
<b>Total Capital Programme</b>	<b>12,293</b>	<b>6,286</b>	<b>5,547</b>
<b>Less Externally Funded</b>	<b>5,866</b>	<b>3,270</b>	<b>3,270</b>
<b>Council Funded Programme</b>	<b>6,427</b>	<b>3,016</b>	<b>2,277</b>

### Funding options

- 5.47 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.
- 5.48 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 2023/24 to 2025/26 in February 2023, alongside its consideration of the specific budget proposals for 2023/24 and the Council's medium-term financial prospects.

## **6 Advice received from statutory and other officers**

### Borough Solicitor

- 6.1 The Council is legally obliged to calculate the Council Tax Base for 2023/2024 by 31 January 2023. 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.

#### Executive 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 £2.00m 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 Executive 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 Executive 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 2023/24 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 2023/24, 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 There are no implications arising from the revenue proposals in this report, which are presenting draft budget options for consultation.
- 6.11 For the proposed capital programme, the recommendations will have no immediate impact on emissions of CO<sub>2</sub>. Detailed consideration will be given to the impact of the final capital budget proposals in February 2023, 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 2023/24 Budget is as follows:

Executive agrees proposals as basis for consultation	13 December 2022
Consultation period	14 December 2022 - 24 January 2023
Executive considers representations made and recommends budget.	07 February 2023
Council considers Executive budget proposals	22 February 2023

#### Background Papers

None

#### Contacts for further information

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Doc. Ref [https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools Forum/\(115\) 120123/2023-24 LA Budget Proposals from the council - Schools Forum.docx](https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools Forum/(115) 120123/2023-24 LA Budget Proposals from the council - Schools Forum.docx)

## Description of Commitment Budget Items for 2023/24 to 2025/26

Department and Item	Description	2023/24 £000	2024/25 £000	2025/26 £000
<b>People Directorate</b>				
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. All funding has now been allocated and therefore the £0.182m provided in 2022/23 has been reversed in the Commitment Budget.	-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		
Heathlands	New care home which opened in 2022. The Council will have a contract for 36 of the beds which will be provided at a competitive price. This is the full year effect of the savings	-14		
Forestcare	Removal of the pressure required while the trading account is moved to a sustainable position.		-153	

Department and Item	Description	2023/24 £000	2024/25 £000	2025/26 £000
Foster Care Allowances - Mainstream	To ensure we can continue to recruit and retain high-quality local foster carers, increase resilience and improve permanence, allowance payments have been increased to a more competitive offer. This is expected to lead to some cost savings and cost avoidance by reducing reliance on more expensive alternative care options.	371		
Foster Care Allowances - Enhanced	This scheme would initially focus on a six-month pilot with the expectation that it will be expanded if successful, using an “invest to save” approach. The proposal is to supplement the “core” allowances with additional weekly skills and complexity payments, where very experienced and skilled foster carers are able to support children who would otherwise require independent placements. The pilot includes two children “stepping down” from residential placements.	-86	86	
Social Worker Recruitment and Retention Package	Long-standing difficulties in recruiting and retaining these specialist staff has resulted in a review of current market factors and comparative salaries (locally and nationally). From the evidence gathered through the review, there is a justification to increase the base salary level for social workers generally which is expected to lead to a reduction in use of more expensive agency staff.	456		
Children’s Support Services – Pathway for Adulthood SEND Officer	A permanent Pathway for Adulthood Officer will address specific feedback from Ofsted that there is a lack of future aspiration and appropriate placements for children as they approach adulthood which has led to relatively high numbers of young people with SEND who are classed as Not in Education, Employment and Training (NEET).	52		
Invest to Save - Carbon Reduction Initiatives	Implementation of several projects to help reduce the Council’s energy costs and its carbon footprint. All schemes deliver savings at least equal to the cost of interest and the Minimum Revenue Provision resulting from the capital expenditure.	-27	-26	
<b>Total</b>		<b>570</b>	<b>-73</b>	<b>-20</b>

## Revenue budget: proposed PRESSURES for the People Directorate

Description	2023/24 £'000	2024/25 £'000	2025/26 £'000
<p><b>Adult Social Care Costs</b> 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>	1,693	0	0
<p><b>Adult Social Care – Community Equipment</b> Increase to reflect current usage</p>	80	0	0
<p><b>Adult Social Care</b> Job evaluation for the staff in ASC resource now completed in line with Children’s resource</p>	55		
<p><b>Mental Health and Out of Hours</b> A new post to provide essential operational support to Mental Health and Out of Hours teams with regards to the highly complex operational delivery of services that fall within this area. They will provide a key co-ordination role within the service area to ensure that key pieces of operational work are completed, delivered on time and within any agreed scope.</p>	60	0	0
<p><b>Support to schools</b> The Department for Education has withdrawn grant funding that supports School Improvement activities (£0.038m) and which is used to assist the council to support schools. In addition, the cost of the software license used on the platform for School Traded Services, which aids income generation is in excess of budget (£0.010m).</p>	48	0	0
<p><b>Special Educational Needs</b> The SEND written statement of action indicates that LAs should provide social care oversight in the development of Education, Health and Care Plans through a full time Designated Social Care Officer which would be a new post (£0.078m). The Information and Support Service which provides independent advice to parents on SEND is subject to a reduction in external grant funding (£0.018m) which is proposed in future to be funded by the council.</p>	96	0	0
<p><b>Children’s Social Care staffing pressures</b> Duty and Assessment Team ensures that statutory work can progress in a timely and safe manner to reduce risks to children being harmed or entering care. Caseloads have been increasing and an additional 2.0 FTE staff are required to allow manageable caseloads</p>	134	0	0

<b>Description</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
<p>(£0.110m). Access to records has also experienced a significant increase in requests for information and in order to reduce the risk of not meeting statutory timescales, a 0.6 FTE increase in hours is proposed (£0.024m).</p>			
<p><b>Children's Social Care prevention</b>  The Department for Education has funded a project to support families with unborn and under 1 year old children. This work has demonstrated that intensive work pre-birth and using a group work and support model for new parents can significantly increase the prospects of navigating children away from costly parent and child residential placements. The proposal is for the council to fund one post once grant funding ceases.</p>	<b>40</b>	<b>0</b>	<b>0</b>
<b>PEOPLE TOTAL</b>	<b>2,206</b>	<b>0</b>	<b>0</b>

## Revenue budget: proposed ECONOMIES for People Directorate

Description Impact	2023/24 £'000	2024/25 £'000	2025/26 £'000
<b>Adult Social Care</b> Outcome focussed reviews for all client groups	450	0	0
<b>Housing and Welfare</b> Housing – Service efficiency and historic underspending <ul style="list-style-type: none"> <li>End of lease on a property (£0.027m)</li> <li>Review of all Budget headings and historic underspends (£0.024m)</li> </ul>	51	0	0
<b>Housing and Welfare</b> Welfare Benefits – Review of all Budget headings and historic Underspends	76	0	0
<b>Service efficiencies and historic overspendings</b> As part of the on-going process to improve efficiency, the Directorate continues to review services to consider alternative ways for their delivery or opportunities for cost reductions through reduced take up or general efficiencies which relates to: <ul style="list-style-type: none"> <li>Underspend on Early Help grants budget (£0.028m)</li> <li>Underspend on commissioned service relating to support for young people Not in Education, Employment or Training (£0.025m)</li> <li>Underspend on former teachers pension (£0.050m)</li> <li>Underspend in Leaving Care (£0.109m)</li> <li>Delete Early Help Development Worker as more use made of online portal for referrals (£0.022m)</li> </ul>	234	0	0
<b>Use of grant funding</b> Grant funding is received in respect of the Supporting Families Programme that duplicates activities funded by the council. Greater use of grant will be used to deliver the programme (£0.208m). The Asylum Seekers National Transfer Scheme also provides grant funding at a daily rate which has exceeded local care costs by £0.100m in each of the last 2 years. As numbers transferred increase, additional staffing is required to manage caseloads and a net saving of £0.050m is proposed.	258	0	0
<b>Children's placements</b> Practice continues to see the number of Children Looked After reduce. Average for the last 2 years has reduced to 118 placements compared to 127 over the last 4 years. Current data – which is high cost, volatile and subject to change at short notice – projects a net saving against accommodation and care provision, plus a range of related support services.	1,649	0	0
<b>PEOPLE TOTAL</b>	<b>2,718</b>	<b>0</b>	<b>0</b>

## CAPITAL PROGRAMME - PEOPLE

		2023/24 €000	2024/25 €000	2025/26 €000	TOTAL €000
<b>Committed</b>					
No Schemes		-	-	-	-
<b>Unavoidable</b>					
No Schemes		-	-	-	-
<b>Rolling Programme / Other Desirable</b>					
<b>Non-Schools</b>					
Housing Planned Maintenance	10	250	-	-	250
Larchwood	11	75	-	-	75
<b>Departmental Bids:</b>					
<b>School Bids:</b>					
No Schemes					
	<b>Total</b>	<b>325</b>	<b>-</b>	<b>-</b>	<b>325</b>
<b>TOTAL REQUEST FOR COUNCIL FUNDING</b>		<b>325</b>	<b>-</b>	<b>-</b>	<b>325</b>
<b>External Funding - Other</b>					
<b>Non-Schools</b>					
No Schemes					
<b>Schools</b>					
	DfE Grant: Schools Capital Maintenance	1,860	-	-	1,860
	DfE Grant: Devolved Formula Capital	<i>tba</i>	-	-	-
	Ascot Heath - Security (S106)	12	23	-	23
		<b>1,883</b>	<b>-</b>	<b>-</b>	<b>1,883</b>
<b>TOTAL EXTERNAL FUNDING</b>		<b>1,883</b>	<b>-</b>	<b>-</b>	<b>1,883</b>
<b>TOTAL CAPITAL PROGRAMME</b>		<b>2,208</b>	<b>-</b>	<b>-</b>	<b>2,208</b>

## PEOPLE DIRECTORATE

### Summary of New Schemes – 2023/24 Capital Programme

#### PEOPLE DIRECTORATE

##### **10. Housing Capital Programme (£0.25m)**

Housings planned maintenance is an annual programme of repairs and maintenance to the Councils' housing stock. It encompasses a wide range of activities, but typically includes the repair or replacement of elements of building fabric, mechanical and electrical items, fixtures or fittings that are worn, obsolete or otherwise damaged. The purpose of the work is to improve and maintain the Councils' housing stock to a decent standard to provide a safe and appropriate environment for our residents to reside in and deliver the priorities set out in the Housing and Welfare Service Plan.

The works included in the current programme were identified through a series of Housing Health and Safety Rating System (HHSRS) and property condition surveys, which were undertaken on our behalf by external engineers and surveyors during 2019/20 on a five-year programme. The current supporting data have been arrived at following detailed analysis of all our condition survey records but will need to be reviewed to reflect current national and housing policy, giving consideration to changes in legislation around the new Building Safety Act 2022, The Fire Safety (England) Regulations 2022 and the Social Housing White Paper.

By the 1st of April 2027, all landlords including local authorities, must present a valid Energy Performance Certificate (EPC) for their property with a rating of "C" or higher and by 1st April 2028, a rating of "B". It is likely that this will include improvements to existing heating systems, replacement windows and insulation

The housing capital programme will support compliance with the new regulations. The focus of the programme this year remains on the modernisation of properties to maintain a Decent Standard with the balance of activity over the next twelve months concentrating on property components e.g., kitchens, bathrooms, electrical installations and heating systems. This will in future be replaced on a fixed life cycle. The 'Bracknell Standard' is currently under development and a programme over the following 4 years is being finalised to be able to forecast total level of funding required across the whole period

The projected costs include an allowance for a higher-than-normal uplift for construction inflation and to introduce energy saving measures as part of overall project to improve thermal comfort and reduce fuel poverty supporting Health and Wellbeing

##### **11. Larchwood (£0.075m)**

Larchwood is BFC's short break Children's Home, providing personalised respite care for children who have complex needs, a learning and/or physical disability. The children and young people who access Larchwood require personal care, medication, behavioural support and personalised plans to aid their learning and achievements.

During an Ofsted inspection in March 2022, an inspector commented on the "tired" décor and the inspection report include a recommendation to ensure that redecoration and maintenance and improvements to the presentation of the kitchen are undertaken to provide a more welcoming, homely, and brighter environment for children. (Guide to the Children's Homes Regulations, including the quality standards', page 15, paragraph 3.9). Work is required both internally and externally, with a replacement kitchen, new fencing and play area.

##### **12. Ascot Heath Primary – Perimeter Fencing (£0.023m) (S106 Funding)**

The entire school perimeter fencing is damaged and needs replacing to conform to safeguarding requirements. The new security fence falls within the definition of school facilities and is eligible for funding. S106 funding exists which can only be spent towards facilities at Ascot Heath and is sufficient to cover the £23,000 required for this project.