

TO: THE EXECUTIVE
DATE: 06 FEBRUARY 2024

GENERAL FUND REVENUE BUDGET 2024/25
(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 2024/25 as the basis for consultation on 12 December 2023.
- 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 which was announced on 18 December. 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 2024/25. Once determined, these will be submitted to the Council for consideration on 21 February 2024.
- 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 2024/25 - 2026/27. Changes to the proposals included within that report may therefore necessitate revisions to the 2024/25 General Fund revenue budget proposals set out below. Should this happen a short adjournment of the meeting might be required.

2 RECOMMENDATIONS

- 2.1 **That the Executive, in recommending to Council a budget and Council Tax level for 2024/25 notes that the figures in this report do not include the impact of any changes to local government funding announced since the provisional local government finance settlement was published on 18th December 2023 and that the final local government finance settlement is expected to be announced during the week starting 5th February. Recognising the potential impact of any further announcements on the budget proposals included in this report, the Executive approves that the Executive Director: Resources be authorised to adjust the general grant figures in this report as necessary with a compensating change to the level of reserves used to support the budget, while any further changes to specific grants are to be matched by equal adjustments to budgeted expenditure for those services, with no net budget impact.**

Subject to any adjustments required to enact recommendation 2.1, that the Executive:

- 2.2 **Agrees the provision for inflation of £4.507m (section 8.2);**
- 2.3 **Approves a further council tax discount funded by Bracknell Forest Council in 2024/25 of £75 for working age households receiving council tax support as summarised in paragraph 8.3.1a);**
- 2.4 **Confirms its support for the draft budget proposals as set out in the report**

presented to the Executive’s meeting in December 2023, subject to the revisions in section 8.3.1b) to 8.3.1k) 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 (Revenue Support Grant), 6.3 (specific grants), 6.4 (business rates), 7.3 (collection fund) , 8.2 (inflation) and 8.3 (updated pressures & savings);
- 2.6 Agrees that the Executive Member for Children, Young People and Learning approves the detailed budget allocations for High Needs pupils and Early Years provisions, up to the estimated level of available resources;
- 2.7 Includes a general contingency totalling £4.000m (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 Approves the proposed Net Revenue Budget including the contribution of £>.>>>m from the Future Funding Reserve (including £>.>>>m additional interest from the use of balances) to support revenue expenditure, as set out in Annexe G;
- 2.9 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;
- 2.10 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	>>>>.>>

- 2.11 Recommends that the Council approves the following indicators, limits, strategies and policies included in Annexe E:
 - The Prudential Indicators and Limits for 2024/25 to 2026/27 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 2024/25 to 2026/27 and Treasury Management Limits on Activity contained in Annexe E(iv).

2.12 Recommends to Council that the following additional Council Tax premiums be applied from 1 April 2025:

- **A 100% premium for properties which have been empty and unfurnished for longer than one year (rather than 2 years as currently) and;**
- **A 100% premium for second homes.**

2.13 Approves the virements relating to the 2023/24 budget as set out in Annexe H and recommends those that are over £0.100m for approval by Council.

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 21 February 2024.

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 12 December 2023, the Executive considered the expected overall position facing the Council in setting a budget for 2024/25. 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 Autumn Statements which were published on 17 November 2022 and the 22 November 2023.
- 5.2 As the Autumn Statements did not include details of funding at individual council level, assumptions were made in the draft budget proposals on how additional funding for social care and any New Homes Bonus would be allocated. Other specific grants were assumed to be unchanged from 2023/24. In this broad context, the Executive published its draft budget proposals, which were open for public 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, however, 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 business change 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. The starting point is the Commitment budget, which represents a rolling base budget adjusted only for the impact of any previously agreed policy or financial commitments.

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Table 1: Draft Budget Proposals

Directorate	Commitment Budget (CB)	Reverse transfer from Future Funding Reserve	Reverse transfer from Future Funding Reserve	Capital programme	Inflation	Service Pressures / Economies ¹	Business Rates Income	Specific Grant Assumptions	Draft Budget 2024/25
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Central	22,258	0	0	0	0	280	0	0	22,538
Delivery	15,210	0	0	0	0	422	0	0	15,632
People	99,834	0	0	0	0	-16	0	-1,251	98,567
Non Departmental / Council Wide	-47,100	4,480	3,590	163	5,280	-521	500	300	-33,308
Total	90,202	4,480	3,590	163	5,280	165	500	-951	103,429

¹ Includes an increase in Contingency of £0.250m.

6 Local Government Finance Settlement

6.1 Overview

- 6.1.1 The Provisional Settlement was published on 18 December 2023 and yet again covered one year only. This confirmed that funding in a number of areas would be maintained or increased in 2024/25 and also provided details at council level of additional funding announced as part of the Autumn Statements and the Policy Statement issued on 5 December 2023. The final settlement has still to be published and is expected to be announced by the Department for Levelling Up, Housing and Communities (DLUHC) in early February.
- 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 -£0.554m compared to the expectation at the time of the draft budget proposals, with further details provided below.
- 6.1.3 Following the consultation on the Provisional Settlement, the Government has announced that an additional £500m will be provided in the Final Settlement to support social care pressures. The funding will be distributed through the Social Care Grant, which is ringfenced for adult and children's social care. A ministerial statement issued by the Secretary of State on 24 January expects councils to invest in areas that help place children's social care services on a sustainable financial footing, whilst being mindful of the level of adult social care provision. This includes investment in expanding family help and targeted early intervention, expanding kinship care, boosting the number of foster carers, and supporting Home to School Transport.
- 6.1.4 Assuming the new funding is allocated using the Adult Social Care Relative Needs Formula, the Council's share is estimated to be -£0.754m. It has been assumed that expenditure budgets will be increased to match the additional funding and therefore

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there will be no net impact on the budget proposals.

- 6.1.5 DLUHC will also now require councils to submit productivity plans by the summer recess “setting out how they will improve service performance and reduce wasteful expenditure to ensure every area is making best use of taxpayers’ money”. The Government intends that these will be reviewed by an expert panel and monitored to inform future settlements. Further details will follow in the Final Settlement.
- 6.1.6 An increase in the Funding Guarantee to 4% (ensuring that all authorities see a minimum increase in Core Spending Power of 4%, before local decisions on council tax), announced at the same time, is not expected to have any additional impact on the Council. There are, however, often small adjustments to general grants in the final settlement that would affect the overall budget position. It is proposed that any such adjustments are compensated for by a matching change to the proposed use of reserves to help fund the budget.
- 6.2 Revenue Support Grant (RSG)
 - 6.2.1 The provisional settlement confirmed that RSG would be increased in line with the September increase in the Consumer Price Index (6.62%). RSG will therefore increase by -£0.142m to -£2.291m which is a net increase of -£0.100m compared to the assumption made in the draft proposals.
- 6.3 Specific Grants
 - 6.3.1 The provisional settlement confirmed additional grant funding nationally of £692m for social care. Most of this additional funding will be allocated using the adult social care relative needs formula, while £80 million will be used to equalise the variation in yield from the adult social care precept and a further £80 million in equalisation against the adult social care precept will be paid from elsewhere in the settlement, as with last year. The Council’s share of the increase is -£0.802m which is -£0.121m more than assumed in the draft budget proposals. Social care funding in total will now be -£5.665m in 2024/25.
 - 6.3.2 As expected, an additional £400m will be distributed to support hospital discharges into care settings, split 50:50 between Local Government and Health. This grant funding will be distributed using the existing improved Better Care Fund (iBCF) grant shares and will need to be pooled as part of the Better Care Fund. Based on the 2023/24 allocations it was assumed in the draft budget proposals that this would increase the Adult Social Care (ASC) Discharge Fund by -£0.143m. The actual increase was £0.001m less than expected, bringing the total Discharge Fund to £0.356m.
 - 6.3.3 An additional £283m has been allocated to help support capacity and discharge. This was announced in the 2022 Autumn Statement and based on the 2023/24 allocations the draft budget proposals assumed that the ASC Market Sustainability and Improvement Fund (MSIF) would increase by -£0.427m. However, the Government has decided to combine this funding with £205 million of MSIF – Workforce Funding, the second year allocation of a separate two-year fund announced in July 2023. Although the latter was initially time limited, the fact that it has now been incorporated into the settlement increases the chance that it will continue into 2025/26. The actual increase in funding is therefore -£0.736m, which is -£0.309m more than assumed in the draft proposals.
 - 6.3.4 The iBCF will retain the same distribution and quantum as in 2023/24 (-£1.525m)

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which is the position assumed in the draft budget proposals.

- 6.3.5 In December, it was assumed that the Services Grant would remain unchanged. However, the Policy Statement indicated that there would be some reduction in the grant in 2024/25. The provisional settlement confirmed that although the distribution methodology has been maintained the grant has been substantially reduced to fund other parts of the settlement. In addition, the government intends to hold back a proportion of the Services Grant as contingency to cover any unexpected movements, such as adjustments to New Homes Bonus allocations. For Bracknell Forest, Services Grant has been reduced by £0.574m to -£0.107m.
- 6.3.6 The provisional settlement confirmed that there would be a new round of New Homes Bonus (NHB) allocations for 2024/25 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 2024/25 will be -£0.495m. This is -£0.010m more than the allocation assumed in the draft budget proposals. It is likely that NHB will end after 2024/25, although the design of a replacement is no clearer than it was when the Government issued its consultation almost three years ago.
- 6.3.7 Public health grant is outside Core Spending Power and is announced separately from the settlement itself. Indicative Public Health grant allocations have already been announced with an increase in the allocation of only £0.062m to £4.594m (1.36%). The ring fence has been maintained so the impact on the budget is cost neutral.
- 6.3.8 Information on a number of smaller Specific Grants have yet to be 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 Baseline
- 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), periodic revaluations, the impact of appeals and local growth or decline as local businesses and economic conditions expand or contract.
- 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 be increased by -£0.938m or 5.37% (based on a blended rate for the increases in the small (0%) and standard (6.62%) Business Rates multipliers) to -£18.400m, an increase of -£0.589m compared to the income assumed in the draft budget proposals.

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Table 2: Summary of Grant Changes From Draft Budget Expectations

	Expected Change	Actual Change	Variance
	£m	£m	£m
Revenue Support Grant	-0.042	-0.142	-0.100
Social Care Grant	-0.681	-0.802	-0.121
Discharge (Better Care Fund) Grant	-0.143	-0.142	0.001
ASC Market Sustainability Grant (now incorporating Workforce Fund)	-0.427	-0.736	-0.309
Services Grant	0.000	0.574	0.574
New Homes Bonus Grant	0.300	0.290	-0.010
Business Rates Baseline Grant	-0.349	-0.938	-0.589
Total	-1.342	-1.896	-0.554

6.5 Business Rates retention System

6.5.1 A national business rates revaluation took effect from 1 April 2023. This introduced changes to the amounts of business rates collectable in individual areas. To compensate for these changes, revaluation adjustments were made in the 2023/24 finance settlement to minimise the impact on any council's Business Rates resources. These adjustments were based on the best information available at the time, namely the Valuation Office Agency's (VOA) draft rateable value listing and the 2021/22 National Non Domestic Rates (NNDR3) return, which records the actual Business Rates performance for that year, for each individual Council.

6.5.2 In the 2024/25 provisional settlement the revaluation adjustment, which impacts on the Business Rates Baseline (BRB) and the tariff payable to Central Government, has been revisited and based on updated information. The calculation now uses the VOA's final rateable value listing as at the 3 April 2023 and the 2022/23 NNDR3 return. For a number of reasons, including a reduction in the total rateable value in the listing and a sizeable reduction in the Council's appeals provision in 2022/23 (as a consequence of a known property transferring to the Government's central ratings list), the revaluation adjustment has been increased substantially for Bracknell Forest. This has resulted in a reduced tariff payment to the Government and a lower levy rate (payable to the Government for any growth above baseline) for 2024/25 which is materially beneficial to the Council. There has also been a one-off adjustment to the tariff to reflect the difference between the original data used for 2023/24 and the more up to date data used for 2024/25.

6.5.3 The calculations described above have not been applied previously in the local government funding system, which was changed to accommodate the 2023 revaluation. The scale of this one-off adjustment that is backdated to 2023/24 (-£1.255m) was not anticipated in the Council's budget planning and will be reflected in the final outturn position for 2023/24 when the accounts are closed. It is proposed that this sum is transferred into the Business Rates Revaluation Reserve to help meet the 2023/24 Collection Fund deficit (see paragraph 6.5.7 below), meaning the impact on the outturn position will be cost neutral.

6.5.4 The 6.62% increase in the Standard Business Rates Multiplier in 2024/25 will also be beneficial to the Council next year but is partly offset by a reduction in the total

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rateable value for the Council during 2023/24. This is due, in part, to a number of successful appeals by businesses situated in the Lexicon which have been backdated to its original opening.

- 6.5.5 The National Non Domestic Rates (NNDR1) return effectively sets the Council's budget for the Business Rates Retention Scheme and identifies the amount to be paid across to Central Government and the Royal Berkshire Fire Authority. It also identifies Section 31 grant 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 several previous years, the freezing of the Small Business Rates multiplier in 2024/25 and the impact of several Business Rate Reliefs. The completion of this return in mid-January has enabled the net impact of all these factors on the Council's budget to be calculated.
- 6.5.6 Business Rates growth above baseline and net of any levy payment to Central Government, which the Council is able to use to support the budget, has actually increased by -£0.644m compared to 2023/24. A £0.500m reduction was assumed in the draft budget proposals, so this represents a positive movement of £1.144m. In addition, Section 31 income is estimated to increase by -£0.469m to -£7.938m, primarily due to compensation for the Government's freezing of the Small Business Rates multiplier for a further year.
- 6.5.7 Against this increase in income for 2024/25, a large deficit of £3.721m is now projected on the Business Rates element of the Collection Fund for 2023/24, which needs to be funded in the 2024/25 budget. This partly relates to the successful appeals at the Lexicon against the 2017 listing which in most cases were backdated to 2017. As well as the in-year loss of income, a large number of outstanding appeals are also now expected to be successful and therefore the provision for appeals has had to be increased. The Council has set aside funding in its Business Rates Revaluation Reserve, which was set up to guard against the impact of any in-year Business Rates valuation adjustments. It is proposed that this reserve be used to fund the collection fund deficit, to avoid a negative impact on the 2024/25 budget.
- 6.6 Medium Term Financial Situation
- 6.6.1 The 2024/25 settlement covers one year only, and the current Spending Review (SR) period also comes to an end in 2024/25. There is therefore significant uncertainty in the medium term. Spending growth is likely to be much lower in the next SR period than it has been in recent years. Projected overall growth in public spending of 3.2% in real-terms translates into a real-terms cut of 1% for unprotected services like local government.
- 6.6.2 While the Government has signalled for many years that it would like to make fundamental changes to the current local government funding system, it confirmed in the December Policy Statement that the reforms would not take place in the current parliament. With a General Election likely in either Spring or Autumn 2024, allowing for consultations and review, it will be almost impossible for the reforms to be introduced before 2026/27. Future changes that will be revisited and most likely introduced at some point include a business rates reset, implementation of the, still to be completed, Fair Funding review and the merger of existing grants including RSG and most likely the Public Health Grant into the revised baseline.
- 6.6.3 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. This is a key strategic risk, with the uncertainty detailed above hindering

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meaningful medium term financial planning at a time when demand pressures are increasing significantly, and inflation and interest rates remain high.

- 6.6.4 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 one of the lowest of any Unitary Authority in England. While a high level of increase in any year is unlikely to be 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 2024/25.
- 6.6.5 Given the scale of the predicted £6.9m budget gap identified in December's draft budget report, it will be necessary to draw a significant sum from the Council's accumulated reserves to meet its legal obligation to set a balanced budget. The level of reserves held means that this is possible in the short to medium-term, however the Council's future financial strategy needs to ensure that spending is brought in line with available recurring resources in the years ahead. This will inevitably necessitate service prioritisation in addition to a continued focus on operational efficiencies and business change.

7 Council Tax and Collection Fund

- 7.1 The Council Tax Base for 2024/25 has been calculated as 49,694 Band D equivalents which at current levels would generate total income of -£76.497m in 2024/25.
- 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 included in the Local Government Financial Settlement. The Government has set a core referendum limit of 3% 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 2%. Every 1% increase in Council Tax in Bracknell Forest would generate -£0.765m of additional income.
- 7.3 A small surplus will be generated on the Council Tax element of the Collection Fund in the current year, primarily due to an improvement in the final outturn position for 2022/23. The Council's share of this one-off surplus is £0.074m, which helps reduce the budget gap.

8 Developments since the Executive Meeting on 12 December 2023

- 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. 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 11 January. The Forum recognised the financial difficulties facing Councils and expressed concern that as the centres of their communities, in supporting the most vulnerable families, further pressures will fall on schools to increase support. This will need to be managed within an average increase in per pupil funding of 1.4% which is likely to be

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significantly below the level of cost pressures in 2024/25, with the council's proposals assuming a 3.5% increase for pay awards.

8.1.3 The draft budget proposals were published on the Council's website and emails were sent to business ratepayer representative groups drawing their attention to the consultation. 330 responses were received to the public consultation via the website (set out in Annexes C1 and C2) including a response from the Council's Conservative Group. This, plus a separate response from the Council's Liberal Democrat group are set out in Annexe C3. No responses were received from business ratepayers. The scale of the response to the consultation is significantly higher than in previous years and reflects Councillors' efforts to engage with local people through a series of budget consultation events at various locations across the Borough.

8.1.4 Responses were broadly supportive of most of the draft budget proposals, notably the additional investment in Highways included in the capital programme proposals. Concerns were, however, raised by a large number of respondents including the Overview and Scrutiny Commission on the following proposals;

- Removal of litter bins
- Reduced frequency of cutting grass verges in residential areas
- Dimming of street lights
- Development of community hub libraries through merging the leadership teams of Customer Services and Libraries, reducing supervisors from 6 to 4 and closure of the home library service.

8.1.5 In response to this feedback, Executive Councillors have agreed that the first two savings above that were included in the original draft budget package should be removed, adding £0.046m to the 2024/25 spending proposals (see section 8.3.1).

8.1.6 The Executive proposes to retain plans to dim street lights by 10%, recognising the positive environmental benefit this will achieve in response to the Council's declaration of a climate change and ecological emergency.

8.1.7 Comments received through the consultation on the Libraries proposal generally raised objections to closure of libraries, their move to an Open+ model only or to a reduced amount of community activity within libraries. None of those models of provision or scenarios are part of the Council's actual proposals, meaning those objections are misplaced. There were also a large number of concerns regarding removal of the home library service. It has been clarified that no change will be made in the coming year to this service, while discussions have commenced around a potential alternative replacement service involving community groups, while the proposals regarding staff changes will be re-phased.

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 £4.507m, £0.773m less than the figure included in the draft budget proposals. A different approach has been taken to the inflation calculation for 2024/25, capping the amount provided for within directorate budgets to below the headline inflation rate in recognition of the overall pressure on the Council's budget. This has the potential to create some financial risk during the year, particularly if the recent reduction in inflation rates stalls, as happened in the January 2024 figures. This risk is considered in the recommendation regarding the

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level of corporate contingency in paragraph 10.7 below The directorate analysis is shown in Table 3.

Table 3: Inflation Allocations

Directorate	2024/25 £'000
Central	461
Delivery	560
People (excluding schools)	3,486
Non Departmental / Council Wide	0
Total	4,507

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 k) below, with the net impact being an increase in the net revenue budget for 2024/25 (£0.370m). These changes have been reflected in the full budget proposals set out in Annexe D and the Commitment Budget (Annexe A).

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

To support the most vulnerable households with their Council Tax bills, the Council has decided to continue to provide £75 of council tax support to low income working age households (£0.245m), to be funded from the Covid-19 earmarked reserve, following the approach taken in the 2023/24 budget.

b) Central: Place Planning and Regeneration – Planning System upgrade

This pressure will now be funded from the Transformation Reserve (-£0.140m).

c) Central: Place Planning and Regeneration – The Look Out

This pressure has been revised downwards to reflect the latest income performance (-£0.100m).

d) Delivery – Grounds Maintenance/Street Cleansing

Removal of the savings relating to reductions in verge cutting (£0.046m) and the number of litter bins (a £0.030m impact in 2025/26).

e) People – Social Care Costs

Due to changes in the number and cost of placements since the December report, the Social Care pressures and savings have been updated to reflect the impact in 2024/25 of existing placements (Adults £0.214m and Children's £0.056m).

f) People – Contribution to Council Statutory Education Services

The Dedicated Schools Grant includes funding to contribute to the cost of the Council's statutory and regulatory education functions. As part of the Block

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Transfer proposal to release additional funding for education for pupils with special educational needs and disabilities in the Council's agreed approach to the Safety Valve Intervention Programme, a reduced sum will be available to support the Council's budget (£0.265m)

- g) People – Education and Learning Services
To offset the loss of income from statutory and regulatory education services at item f) a review is to be undertaken to identify areas for cost reduction with effect from September 2024. A consultation on the final proposals will then be undertaken with schools if required (-£0.186m with the balance delivered in 2025/26).
- h) People – Special Education Needs (SEN) Team Restructure
Revised estimate of the additional cost of the restructure to put in place a robust staffing structure to deliver improvements in SEND services (£0.100m).
- i) Home to School Transport / Fleet
An increase in the initial draft budget pressure, reflecting the most up to date information (£0.105m).
- j) Non-departmental / Council Wide – Interest
An increase in the Commitment Budget following Council's approval of a supplementary capital approval for the purchase of an additional waste truck in 2023/24 (£0.010m).
- k) Non-departmental / Council Wide – earmarked reserves
Transfer from the Covid-19 Reserve to fund the £75 reduction in Council Tax bills for working age households in receipt of Council Tax support (-£0.245m) at item a).

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 which will be expanded and extended to include children from 9 months old.

9.1.3 To date, under powers delegated through the December budget report, the

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Executive Member has agreed funding for the SB of £96.308m and a CSSB of £0.848m. These amounts represent the estimated level of DSG funding, with the detailed budget decisions matching those previously approved by the Schools Forum. The HNB and EYB will be considered by the Executive Member for Children, Young People in March with current estimates indicating income after HNB deductions of -£24.288m and -£15.150m respectively. In support of the Safety Valve funding proposals, the Schools Forum supported the transfer of £0.823m of SB and £0.140m of CSSB DSG to the HNB which is subject to approval of the Secretary of State for Education. Therefore, at this stage, total DSG income for 2024/25 is estimated at -£136,594m.

- 9.1.4 In respect of the HNB, the Executive will be aware that the amount of DSG income received is insufficient to fund the forecast costs which for 2023/24 amounted to a forecast £7.166m overspend for the year. This primarily arises from underfunding of current commitments with further increases in costs expected as the numbers of pupils requiring support and the complexity of need increase as well as general inflationary pressures. The Safety Valve programme estimates that the forecast overspending in 2024/25 will reduce to £6.483m.
- 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 funded over the medium term. A contribution from the DSG Adjustment Account of £7.166m is already reflected in the base budget. A reduction in contribution of £0.683m will therefore be required which has been reflected in the Commitment Budget.
- 9.1.6 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 by the Council is a decision for the Schools Forum. To meet DfE 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 2.5 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.
- 9.1.7 The only immediate implication of the Council's approved Safety Valve proposal, that is currently being considered by the Department for Education, relates to the Block Transfer referred to in paragraphs 8.3.1 f) and g) above. Should the proposal be agreed, it will be necessary to set aside funding for the Council's contribution to the predicted accumulated deficit on the dedicated schools grant in a new earmarked reserve. This will be done as part of the closure of the current year's accounts.
- 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 21 February. This will not impact upon the Council's net overall budget or the level of Council Tax.
- 9.3 Investments
- 9.3.1 The Council has long-term borrowings; however, its level of internal resources has enabled the Council to avoid any new long-term external borrowing since 2018. The historically high interest rates will benefit the Council if it can continue to rely on internal

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resources to fund its Capital Programme and offers the potential for higher investment returns in the short-term. However, this must be offset against the much higher cost of borrowing that the Council will increasingly face. The option of using internal working-capital and reserves has diminished and there is the requirement to re-finance part of its PWLB debt in November 2024.

- 9.3.2 In its latest monetary policy meeting on 13 December, the Bank of England left interest rates unchanged at 5.25%. In terms of the current market view, pricing suggests that rates will be on hold for some months to come, with easing in the latter half of the financial year.
- 9.3.3 The 2024/25 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 2024/25. 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-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 24 January 2024, the Treasury Management Strategy remains unchanged from that consulted on in December.
- 9.3.4 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).
- 9.3.5 The capital programme is being considered separately on tonight's agenda and proposes Council funded capital expenditure of £8.462m and an externally funded programme (including self-funding schemes) of £4.544m for 2024/25. After allowing for projected receipts of approximately £5.2m (including CIL) in 2024/25, and carry forwards, the additional revenue costs will be £0.163m in 2024/25 and £0.295m in 2025/26. These figures have now been reflected in the Commitment Budget (with £0.057m of the total now being allocated to Delivery for the revenue impact of the closure of the Leisure Centre) and the impact on 2024/25 is unchanged from the draft budget proposals. Costs will need to be revised at the meeting if the Executive decides on a different level of capital spending.
- 9.3.6 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 Department for Levelling Up, Housing, and Communities (DLUHC) 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.

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9.3.7 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".

9.3.8 The draft budget proposals included an estimate of £2.944m for the Minimum Revenue Provision required to be made in 2024/25. The figures have been reviewed based on the latest capital projections and MRP remains unchanged. The actual charge made in 2024/25 will be based on applying the approved MRP policy to 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 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 2024/25 total £15.511m which is an increase of £0.858m compared to the current year and primarily relates to the completion of a number of major highways schemes. 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 21 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 2024/25. 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

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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.

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 pressures on the local health system on joint areas of work;
- changes in the local economy resulting from changes to working practices, relocation of businesses and the local skills mix;
- the impact of the use of long term locums and agency workers for key posts, loss of experienced staff and labour market pressures on finances and business resilience;
- 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, levels of need and any associated financial pressures;
- 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;
- delivery of the Council's climate change action plan to meet environmental objectives and climate change targets and the ability to influence overall emissions in the Borough;
- Delivery of a safety valve programme which will return the Schools Budget to a balanced position and meet any cumulative deficit within the timescales required by the Department for Education.

- 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.

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- 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 Finance Business Partners on 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 2024/25 budget have been identified as the following:

- **Safety Valve Programme** – balancing the Schools Budget within the timeframe required by the Department for Education and financing the cumulative deficit.
- **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, Joint Venture, Waste Management PFI and the implementation of savings proposals;
- **Inflation** – the provision is based on estimates of inflationary pressures at the current time, although the full impact is not included in all directorate budgets. While the Government predicts that the rate of inflation will continue to fall quickly during 2024, this cannot be guaranteed;
- **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;

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- **External inspections** –any 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 10.3, 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 2023/24, the level of General Contingency was increased to £2.750m. Within the draft budget proposals for 2024/25 the Contingency was increased to £3.000m, although it was recognised that this would need to be reviewed.

10.7 The Executive Director: Resources, Chief Executive and the Corporate Management Team have reflected upon the outlook for the economy, the impact of demographic changes, current market conditions for social care services and the resulting pressures on services and other risks regarding the proposed budget. Considering all the significant risks to the budget, in particular the volatility of changes in social care costs, an increase of £1.000m in the General Contingency to £4.000m is now felt to be appropriate. The increase is shown as a Council Wide pressure in Annexe D.

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 £77.601m in Earmarked Reserves at the start of 2023/24 which were approved by the Executive in July 2023. The Executive Director: Resources has undertaken a review of existing earmarked reserves and Annexe F sets out each reserve considered, some of which are to be used in support of the 2024/25 budget. The Executive Director: Resources will review again the earmarked reserves considering the changing risks facing the Council as part of the 2023/24 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. Paragraph 9.1.7 sets out the implication of the Council's Safety Valve proposals on the presentation of earmarked reserves.

11 Net Revenue Budget

11.1 Tables 4a and 4b 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.

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Table 4a: Summary of budget changes

	Inflation (Section 8.2)	Revisions to draft budget proposals (Sections 6.4, 8.3, 9.1 and 10.7)	Changes to Specific Grants (Section 6.3)	Total Changes Identified
	£'000	£'000	£'000	£'000
Central	461	5	0	466
Delivery	560	103	0	663
People (excluding schools)	3,486	-129	-429	2,928
Non Departmental / Council Wide	-5,280	-3,943	564	-8,659
TOTAL	-773	-3,964	135	-4,602

Table 4b: Non Departmental / Council Wide – revisions to draft proposals and grant adjustments included in Table 4a

Non Departmental / Council Wide	Revisions to draft budget proposals & specific grants
	£'000
Grant adjustments (paragraph 6.3)	
New Homes Bonus	-10
Services Grant	574
Changes in Business Rates Growth, S31 income projections and levy payment (6.4.7)	-1,613
Additional movements in earmarked reserves (6.4.8 and 8.3.1)	-3,966
Changes in MRP, Interest and other revenue consequences of capital (8.3.1 and 9.1.3)	-47
DSG Adjustment Account (9.1.5)	683
Change in Contingency (10.7)	1,000
TOTAL	-3,379

- 11.2 These figures are added to the draft proposals to produce a final budget proposal for each directorate. This is summarised in Table 5.

Table 5: Draft Budget Proposal 2024/25

Department	2024/25 Draft Proposals (Table 1)	Changes Identified (Table 3a)	Revised Budget Proposals
	£'000	£'000	£'000
Central	22,538	466	23,004
Delivery	15,632	663	16,295
People (excluding schools)	98,567	2,928	101,495
Non Departmental / Council Wide	-33,308	-8,659	-41,967
Total	103,429	-4,602	98,827

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11.3 The Net Revenue Budget in 2024/25 if the Executive agreed all proposals would be £98.827m before allowing for additional interest resulting from use of balances (dependant on decisions but currently estimated to be £0.038m). This compares with income of -£93.541m from Revenue Support Grant (-£2.291m), Business Rates baseline funding (-£18.400m), Council Tax at 2023/24 levels (-£76.497m), Collection Fund – Business Rates deficit (£3.721m) and the Collection Fund – Council Tax surplus (-£0.074m). The Net Revenue Budget is therefore now £5.324m above the level of income for 2024/25.

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 2024/25 will generate approximately -£0.765m of additional revenue towards the budget gap. The maximum amount the Council is permitted to increase Council Tax by is 4.99%.

12.2.2 In determining the Council Tax level for 2024/25, Members are reminded that this report proposes to reduce the financial burden for working age households receiving council tax support by making available a locally funded council tax discount of £75.

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 £11.08m as of 31 March 2024, if spending in the current year remains within the approved budget. The latest forecast for the current year's position is a potential overspend of under £0.5m. With two months of the year remaining and the spending controls introduced earlier in the year remaining in place, this gives a positive indication that expenditure by the year end is likely to be close to the approved budget.

Table 6: General Balances as at 31 March 2024

General Fund as at 01 April 2023	£m 11.08
Planned use in 2023/24	0.00
TOTAL Estimated General Balances	11.08

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12.3.3 In addition, the Council will have £16.3m in the Future Funding Reserve as at 31 March 2024, which has been deliberately established in recent years to help manage the anticipated impact of national funding changes. It would therefore be most appropriate to make use of the Future Funding Reserve to bridge any budget gaps in the next few years, before drawing on General Balances.

12.3.4 There is therefore a degree of flexibility determining the approach to balancing the 2024/25 budget from the current position. However, these resources are one-off and it is therefore important when considering the use of reserves to not only consider the current year's budget but also future years' pressures. In that respect, Council Tax income represents by far the most significant on-going funding source available to secure delivery of essential services into the long-term.

13 Preceptors' Requirements

13.1 The Thames Valley Police and Crime Panel met on the 26 January 2024 to determine the 2024/25 budget for the Thames Valley Police and Crime Commissioner (TVPCC). The proposed increase of £13 (5.1%) for a Band D property, from £256.28 to £269.28, was approved. The Royal Berkshire Fire Authority (RBFA) will not determine its budget and precept for 2024/25 until 15 February. The tax for a Band D property for RBFA in 2023/24 was £78.95. The Parish and Town Councils have yet to set their precepts for 2024/25. These totalled £4.008m in 2023/24 with an average tax of £82.20 for a Band D property. All precepts will be reported to the Council meeting on 21 February 2024.

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 21 February regarding the budget and Council Tax level for 2024/25. 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 to allow the Executive to recommend a budget to the Council for 2024/25:

- 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 2024/25 (section 12.3).
 - o 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.
 - o A detailed budget book will be prepared during March exemplifying the budget at

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the level of detail required to support the scheme of virement.

15 Council Tax Premiums on Empty Homes and Second Homes

- 15.1 In the Government's May 2022 Levelling Up and Regeneration Bill, further discretionary Council Tax premium options on empty properties and second homes were proposed. The Government wants to encourage all billing authorities to adopt Council Tax premiums on empty properties with a view to incentivising property owners to bring those properties back into use.
- 15.2 Through the Bill it is the Government's decision to reduce the minimum period for the implementation of a premium for empty homes from two years to one year; and allow Councils to introduce a premium of up to 100% in respect of a dwelling that is not someone's main home (commonly referred to as a second home). If the Council wishes to adopt any changes arising from the Bill, it is required to make a resolution confirming its requirements by no later than 31 March 2024 as 12 months' notice is required for the implementation of changes.
- 15.3 Bracknell Forest currently has 231 properties classed as empty and unfurnished for more than two years. It is estimated that reducing the qualifying period from two to one year could potentially generate around £0.400m in extra Council Tax income for the Council (it would also benefit other preceptors). The amount will vary depending on how owners react to the premium – if it releases some homes for use, the benefit would be a mixture of financial and non-financial.
- 15.4 Bracknell Forest currently has 78 properties classed as second homes. A 100% premium on these would generate around £0.125m in extra Council Tax income for the Council and would also benefit other preceptors. Again, the amount will vary depending on how owners react to the premium and benefits could be a mixture of financial and non-financial.
- 15.5 A decision to introduce these premiums would need to be taken by Council in February alongside the 2024/25 budget proposals, based on a recommendation from the Executive. Two recommendations have therefore been added to this report.

16 Budget Monitoring - Virement Requests

- 16.1 A virement is the transfer of resources between two budgets but it does not increase the overall budget approved by the Council. Financial Regulations require formal approval by the Executive of any virement between £0.050m and £0.100m and of virements between directorates of any amount. Full Council approval is required for virements over £0.100m. A number of virements have been made since the December Executive meeting which require the approval of the Executive. These have been previously reported to the Corporate Management Team who recommends them to the Executive for approval. They have been included in the Quarterly Service Reports. Details of the virements are set out in Annexe H.

17 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 17.1 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:-

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- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Act;
- 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

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

Equalities Impact Assessment

- 17.3 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.
- 17.4 Equality impact assessments are attached at Annexe I.

Strategic Risk Management Issues

- 17.5 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

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

18 CONSULTATION

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

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