

TO: THE EXECUTIVE
DATE: 14 DECEMBER 2010

GENERAL FUND REVENUE BUDGET 2011/12
(Chief Executive/Borough Treasurer)

1. PURPOSE OF DECISION

- 1.1 Over recent months Leading Members and officers have been developing options for the 2011/12 Budget in light of national expectations of significant reductions in public expenditure.
- 1.2 Under the Council's constitution, the Executive is required to consult on its detailed budget proposals with the Council's Overview & Scrutiny Commission and other interested parties during the next six weeks. This report summarises the current position on the Council's budget preparations for 2011/12. This year, however, perhaps reflecting the difficulty of constructing a national financial settlement, the Provisional Local Government Settlement has been delayed. Uniquely, at the time the Executive agenda was published the settlement had not been announced and, indeed, no firm date for it had been given. Therefore, in the absence of the provisional settlement, the report is based on a number of assumptions regarding government funding. This approach can be justified as the proposals contained within the report represent a 'core' budget package that would be needed under almost all potential funding scenarios. Members will be updated orally at the Executive meeting if the settlement is announced on Monday 13 or Tuesday 14 December. Should the provisional settlement require significant modifications to these proposals, they will be agreed as soon as possible by the Leader and Executive Member for Finance, Resources and Assets for consultation along with the items included in this report.
- 1.3 All comments received on these budget proposals will then be submitted to the Executive on 15 February along with details of the final finance settlement. This will allow the Executive to determine its final budget package and recommend the appropriate Council Tax level to Council, who will formally approve the 2011/12 budget and Council Tax on 2 March 2011.

2 RECOMMENDATIONS

That the Executive:

- 2.1 **Approve the revised Commitment Budget for 2011/12 to 2014/15 at Annexe A;**
- 2.2 **Agree the draft budget proposals for 2011/12 as the basis for consultation with the Overview & Scrutiny Commission and other interested parties.**
- 2.3 **Agree the Treasury Management Strategy and associated documents at Annexe E and request that the Governance and Audit Committee review each of the key elements.**
- 2.4 **Approve the virements relating to the 2010/11 budget as set out in section 10.**

3 REASONS FOR RECOMMENDATIONS

- 3.1 The recommendations are designed to allow the Executive to consult on its draft budget proposals for 2011/12 as required by the Local Government Act 2003.**

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The range of options being considered is included in the report and its Annexes.

SUPPORTING INFORMATION

5 COMMITMENT BUDGET 2011/12 – 2014/15

- 5.1 Initial preparations for the 2011/12 budget have focussed on the Council's Commitment Budget for 2011/12 – 2014/15. 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 2010/11 budget was set. The planning period has now been extended from three to four years so that it is aligned with the new Coalition Government's spending plans. It should be noted however that the figures included for years two (2012/13) to four (2014/15) are indicative only.
- 5.2 There have been no significant changes to the Commitment Budget since it was last considered by the Executive in July. In particular the position on Area Based Grant in future years, following the in-year reductions implemented in June, is still not clear and will not be known until the provisional settlement is received at the earliest.
- 5.3 Against this background Table 1 summarises the position and shows that base expenditure (excluding schools) is planned to rise by £0.782m to £75.369m next year, before consideration is given to allowances for inflation and the budget proposals identified by individual Departments in 2011/12. The most significant elements of the rise are increasing costs of waste disposal, changes in employers NI and bandings and the revenue impact of the capital programme. The commitment budget is shown in more detail in Annexe A.

Table 1: Summary Commitment Budget 2011/12-2014/15

	Planned Expenditure			
	2011/12	2012/13	2013/14	2014/15
	£000	£000	£000	£000
Base Budget	74,587	75,369	75,326	75,427
<i>Movements in Year:</i>				
Chief Executive / Corporate Services	79	-70	0	0
Children, Young People and Learning (excluding schools)	-102	10	-20	0
Adult Social Care and Health	11	0	0	0
Environment, Culture & Communities	290	17	121	13
Non Departmental / Common	504	0	0	0
<i>Total Movements</i>	782	-43	101	13
Adjusted Base	75,369	75,326	75,427	75,440

6 PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2011/12

National Perspective

- 6.1 In previous years the Government has announced the Provisional Local Government Finance Settlement in late November, enabling Councils to consult on their budget proposals based on an informed estimate of its core funding from central government. However as at 10 December, the Provisional Settlement for 2011/12 has still not been announced. It is believed that this is largely due to the difficulties in arriving at an acceptable distribution of grant following the significant cuts to local government funding announced in the Comprehensive Spending Review in October 2010.
- 6.2 The Spending Review set out real-term reductions of 28% in local authority budgets over the period 2011/12 – 2014/15, with significantly front-loaded reductions in grant. Given the lack of detail contained within the Spending Review announcement and the complexity of the funding formula, the Council has had to make its best judgement of the likely loss of grant over the 4-year period. For budget planning purposes a cash reduction in formula grant of 8% has been assumed in 2011/12, followed by a 6% cut in 2012/13, a 2% reduction in 2013/14 and a further 4% reduction in 2014/15. The remaining 8% represents the allowance for inflation over the 4 years. These forecasts take into account the Coalition Government's plans to tackle pressures on social services by providing an additional £1bn to local authorities (and a further £1bn to the health service) over the spending review period.
- 6.3 Based on the reductions announced for Local Government as a whole within the Spending Review there is likely to be reductions in specific grants and in particular in the Area Based Grant. However until the full details of the Provisional Settlement are released it is not possible to identify the impact of these on Bracknell Forest. As such the Budget Proposals do not reflect any specific reductions to these grants, although these will need to be addressed ahead of the meeting of the Executive on 15 February. At the simplest level, if the 12% reduction introduced in-year during 2010/11 is sustained; no further action will be needed. However, any increase above

this level will need to be considered against the Council's full spending plans and not just against grant funded spending.

- 6.4 The *Valuing People Now* consultation undertaken by the previous Government led to a change in policy which from April 2009 required NHS learning disability budgets and associated commissioning responsibility for social care for adults to be transferred to local authorities. Last year the funding was received by East Berkshire Primary Care Trust and then transferred to the Council during the year. For 2011/12, for the first time, funding will be allocated directly to Councils by the Department of Health as part of the general grant settlement. Matching income of £7.599m has been removed from Adult Social Care and Health to reflect this change.

Council Tax

- 6.5 Council Tax at current levels will generate total income of £47.915m in 2011/12. In addition a further £0.558m will be generated from the increase in tax base arising from the occupation of new properties and other changes in exemptions and discounts during 2011/12.
- 6.6 The Government has prioritised keeping Council Tax increases to the minimum possible next year. To support this aim, the Department for Communities and Local Government has announced that it will give Councils who agree to freeze or reduce Council Tax in 2011/12 a grant equivalent to a 2.5% increase in Council Tax. In the three subsequent years, the government will provide supplementary funding via specific section 31 grant to compensate Councils for the reduced council tax income.
- 6.7 The Executive intends to accept the Coalition Government's offer to work in partnership with local authorities to protect council tax payers with a council tax freeze, thereby passing on the benefit to the council tax payers. The working assumption upon which the proposals in this report are based at this stage, therefore, is that there will be no increase in Council Tax and that the Council will receive additional grant from central Government of £1.212m to offset this. Of course, this assumption may need to be revisited in the light of the final settlement, but the Executive's aspiration is clear.

7 BUDGET PROPOSALS 2011/12

Service Pressures and Developments

- 7.1 In the face of significant reductions in public expenditure in general and in grants to Local Government in particular the scope to invest in new service provision is self evidently severely restricted. Nevertheless, it is important to retain a clear focus by ensuring that the Council continues to improve services and invest in the Borough, focussing on protecting front line services and continuing to invest to deliver the six Medium Term Objectives that were set for the period to 2011. In preparing the 2011/12 draft budget proposals each department has evaluated the potential pressures on its services and these are set out in Annexe B. The following Table summarises the pressures by department.

Table 2: Service Pressures/Development

	£'000
Chief Executive / Corporate Services	45
Children, Young People and Learning (excluding schools)	160
Adult Social Care and Health	809
Environment, Culture & Communities	347
Council Wide	<u>756</u>
Total Pressures/Developments	2,117

7.2 Many of the pressures are simply unavoidable and respond only to changing demographic trends, particularly as they relate to Adult Social Care and the resultant increase in client numbers, the economic climate or additional requirements on the Council stemming from legislation. They do, however, also support the Council's six overarching priorities and medium term objectives in the following way;

- Promote health & achievement (£0.87m)
- Create a Borough where people are, and feel safe (£0.13m)

7.3 Within the proposals, however, are two important developments to invest in better futures for the Borough's most vulnerable people that could also lead to a significant longer term reduction in costs. These are the plans to enhance the support given to the victims of domestic violence and their families, recognising that there is a background factor in around 70% of children who are subject to Child Protection Plans. Quite apart from the impact on the lives, preventative action, if successful, could help stem the increase in the number of such children, who subsequently become the subject of expensive care, support and protection packages. The second major development is the proposal to invest £0.100m in developing additional support for carers within the Borough. This reflects the Government's aspirations for the 'Big Society' and recognises the role that carers play within our communities.

7.4 In addition to these revenue proposals the Council continues to invest in its priorities through targeted capital expenditure, details of which are contained in the capital programme report elsewhere in tonight's agenda.

Service Economies /Balancing the Budget

7.5 Since May 2010 the Executive and CMT have held regular meetings to determine options for savings in order to balance the budget and a list of potential draft budget savings has been developed. This list totals £3.662m and is attached at Annexe C and summarised in Table 3. As in previous years, these economies focus as far as possible on central and departmental support rather than on front-line services. However it is becoming increasingly difficult to find further savings in these areas, which would not compromise the Council's ability to function effectively.

Table 3: Summary Service Economies

	£'000
Chief Executive / Corporate Services	374
Children, Young People and Learning (excluding schools)	325
Adult Social Care and Health	1,382
Environment, Culture and Communities	1,331
Council Wide	<u>250</u>
Total Savings	3,662

Net Impact of Economies and Pressures

- 7.6 The Table below shows the net impact of the economies less pressures by department (therefore excluding Council Wide pressures and economies) and as a percentage of the commitment budget.

Table 4: Net Impact of Economies and Pressures

	£'000	%
Chief Executive / Corporate Services	329	2.1
Children, Young People and Learning (excluding schools)	165	1.1
Adult Social Care and Health	573	2.5
Environment, Culture and Communities	984	3.5
Total Net Savings by Department	2,051	2.5

Key Decisions

- 7.7 The Council's constitution requires key decisions to be declared on the forward plan. It defines a key decision as being one over £0.400m and/or a major policy decision affecting more than one electoral ward. Consideration and approval of the budget is a major policy decision and is therefore a key decision. However, the budget, by its nature, includes proposals which in themselves fall within the technical definition of a key decision. Examples of these are the savings proposals on:

- Additional Support for Carers
- Domestic Violence
- Educational Psychology Service
- Education Welfare Service
- Heritage Service
- Arts Development

- 7.8 As the budget report is a policy document and is subject to six weeks consultation, the identification of these issues within the budget report fulfils the requirements under the Council's constitution.

Council Wide Issues

- 7.9 Apart from the specific departmental budget proposals there are some Council wide issues affecting all departments' 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 2011/12 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 from internal resources. The proposed Capital Programme of £10.458m for 2011/12 features in a separate report on tonight's agenda. After allowing for projected capital receipts of £2m in 2011/12, but

excluding the self-funding Invest to Save schemes, the additional revenue costs will be £38,000 in 2011/12 and £425,000 in 2012/13.

b) Interest and Investments

Short term interest rates are expected to remain on hold for a considerable time. The recovery in the economy has commenced and recent growth data has come in on the high side of expectations. Nevertheless, this higher rate is unlikely to be sustained, with growth expected to revert back to more insipid levels. The danger of a double-dip recession is fading but the crisis in the euro-zone, the prospects of tight economic policies in the UK and tenuous consumer confidence means the threat has still not evaporated. The Bank of England admits that inflation will remain above target until 2012 and remains a key risk to the future course of interest rates. Nevertheless, the perceived need to counter the fiscal squeeze via accommodative monetary policy suggests that barring a deterioration of the current situation, the Monetary Policy Committee will be prepared to hold rates at very low levels until the latter stages of 2011. The Council continues to regard security of the principal sum it invests as the key objective of its treasury management activities.

The 2011/12 budget is therefore based on an average rate of return of 0.9% and reflects the lower cash balances as a result of the 2010/11 and 2011/12 Capital Programmes. The 2010/11 budget was based on a return of 2.0% and as such expected interest income is projected to fall from £0.769m to £0.200m in 2011/12. After taking into account movements in the commitment budget and the impact of the proposed capital programme this produces a budget pressure of £0.456m. However, should interest rates not recover as quickly as anticipated, every 0.1% reduction in the average rate of return would add a £20,000 pressure to the General Fund.

The Council reviews the annual Treasury Management Strategy Statement under the requirement of the CIPFA Code of Practice on Treasury Management. The Local Government Act 2003 requires the Council to "have regard to" the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. Annex E outlines the Council's prudential indicators for 2011/12 – 2013/14 and sets out the expected treasury operations for this period. It is recommended that the Executive agree the Treasury Management Strategy and associated documents and in line with the Code of Practice request that the Governance and Audit Committee review each of the key elements.

c) Provision for Inflation and Pay Awards

The Commitment Budget excludes the cost of inflation on both expenditure and income. With consumer price inflation (CPI) currently running at around 3.1% and retail price inflation (RPI) 4.6%, inflation will clearly impact on budgets.

In past years, the Council has restricted the provision for inflation on prices as a general economy measure, to help address the underlying budget gap, although pay awards have been fully funded. In the context of the Council's overall financial position, it is again prudent to consider where the provision for inflation on prices can be limited as an economy measure, although some

exceptions will be necessary to reflect actual increases that will not be containable without real service reductions and to meet contractual commitments.

At this stage the inflation provision is not finalised, although for planning purposes a sum of £0.646m has been added to the budget. This compares to a provision of minus £0.068m last year and approximately £2m in the previous two years. This will be achieved by:

- Freezing pay budget lines, although an allowance has been made for a £250 increase for employees earning less than £21,000 in line with the national settlement;
- Having zero inflation in certain areas e.g. furniture, equipment and consultants;
- Using the Consumer Price Index for a number of budget lines rather than the Retail Price Index;
- Increasing fees and charges by 3.5% unless this is inconsistent with the Council's income policy.

The Council will need to consider where it is appropriate and necessary to provide for inflation over the coming weeks so that the actual inflation provision can be added to the final budget report in February 2011.

d) Fees and Charges

The Council established a policy for the review of fees and charges when setting the 2001/02 budget. This requires each Department to consider the level of charges against the following criteria:

- Fees and Charges should aim, as a minimum, to cover the costs of delivering the service;
- Where a service operates in free market conditions, fees and charges should at least be set at the market rate;
- Fees and charges should not be levied where this is an ineffective use of resources, i.e. the cost of collection exceeds any income generated.

It is estimated that most prices, where the Council charges users a fee for services, will need to increase by around 3.5% to recover the costs of those services. This is in addition to the 2.5% VAT increase effective from 1 January 2011. However, where current economic conditions and the market rate indicate a different percentage, for example for leisure income, this has been applied. Certain other fees also attract a different percentage as they are determined by statute. The proposed fees and charges are included in Annexe D. Car park charges were increased for the period January 2011 to March 2012 by the Executive on the 17 November. A zero percent increase is therefore shown in Annexe D.

e) Corporate Contingency

The financial risks facing the Council are at a similar overall level to those experienced last year. The Council manages these uncertainties in the budget through the use of a general contingency added to the Council's budget. A sum of £1.393m is currently included for contingency in the base budget for 2011/12. This is derived from the original 2010/11 contingency of £1m plus ongoing transfers into the contingency relating to the in-year grant savings

package and energy price reductions. The addition in relation to in-year grant savings will be retained to help meet the expected reduction in Area Based Grant and specific grants next year. The energy price reductions will be taken into account in the calculation of the inflation provision for 2011/12. Therefore this leaves £1m in the contingency.

During the next year the Council will continue to face significant risks on its budget particularly in relation to demand led budgets. Capital funding from Government to fund additional capacity in schools could also be at risk. Therefore the Borough Treasurer recommends that the general contingency should be set at £1m which is equal to the original contingency for 2010/11.

The Executive will need to make a judgement on the appropriate level of contingency at its February meeting, taking advice from the Borough Treasurer who will need to certify the robustness of the overall budget proposals in the context of 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

- 7.10 The Schools Budget – both delegated school funding and centrally managed items such as Special Educational Needs placements made outside of the Borough - is funded by a specific Dedicated Schools Grant (DSG) with any year end balance, either surplus or deficit, required to be ring-fenced within the Schools Budget. Therefore, use of this funding is outside the control of the Council.
- 7.11 However, Local Authorities have a legal duty to set the overall level of Schools Budget and individual budgets for each of their schools by 31 March. This must be no lower than the level of anticipated DSG, but can be higher, if the Council decides to add a top up.
- 7.12 The level of DSG is calculated by multiplying the per pupil funding rates that the Department for Education (DfE) determines for each local authority by the actual January pupil numbers. At this stage, both of these key pieces of information have yet to be confirmed, and with the DfE also considering changes to school funding for 2011/12, such as the new Pupil Premium, it is difficult to estimate future funding. However, using the 2010/11 per pupil funding rate of £4,367 and the number of pupils on roll at October would generate a total DSG of £66.383m.
- 7.13 To meet the statutory publication deadline, the Schools Budget for 2011/12 will have to be set on the basis of the estimated level of DSG plus any accumulated balance. The draft budget proposals therefore assume the Schools Budget is set at the level of DSG and that any accumulated deficit or surplus is managed to a nil balance by the end of the funding period.
- 7.14 Decisions around the final balance of the budget between spending by schools and that on pupil services managed by the Council is the responsibility of the Executive Member for Education, although the Schools Forum must be consulted, and in certain circumstances, agree to spending increases on the services managed by the Council.

Summary

- 7.15 Adding the draft proposals to the Commitment Budget and taking account of the corporate issues identified above would result in total expenditure of £82.563m as shown in Table 5.

Table 5: Summary of proposals:

	£'000
Commitment Budget	75,369
Transfer of learning disability funding to general government grants	7,599
2011/12 Budget Pressures	2,117
2011/12 Budget Economies	(3,662)
Capital Programme	38
Reduced Interest Rate	456
Inflation Provision	646
Change in Contingency	0
Draft Budget Requirement 2011/12	82,563

- 7.16 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 £81.310m. This arises from Government grants (£24.026m), transfer of learning disability funding (£7.599m), Council Tax Freeze Grant (£1.212m) and Council Tax (£48.473m). However, with the potential overall cost of the budget package being consulted on in the region of £82.563m, this leaves a potential gap of around £1.253m. As such, as outlined in paragraph 1.2, the potential economies outlined in Annexe C should be seen as a "core package" that may well need to be built upon through the consultation period.
- 7.17 Members can choose to adopt any or all of the following approaches in order to bridge the remaining gap:
- a) an appropriate contribution from the Council's revenue balances, bearing in mind the Medium Term Financial Strategy;
 - b) identifying further expenditure reductions.

8 BALANCES

- 8.1 The Council has an estimated £7.3m available in General Reserves at 31 March 2011. Details are contained in Table 6.

Table 6: General Reserves as at 31 March 2011

	£m
General Fund	8.8
Enid Wood House lease surrender	(1.2)
VAT repayments and Ufton Court	0.3
Planned use in 2010/11	(0.6)
Estimated Balance as at 31 March 2011	7.3

- 8.2 The lease for Enid Wood House has now been surrendered to the Landlord at a cost of £1.211m. This has allowed the Council to avoid costs of approximately £6.9m over the next 27 years. On the 15 September 2009, the Executive agreed that the surrender cost should be met from the Structural Changes Reserve. However this reserve is required to meet the one-off costs associated with the proposed savings included in the 2011/12 budget, and future years. It would therefore be more appropriate to meet the cost of the surrender from the General Reserve. This approach will be reviewed over the coming months with a view to bringing a firm recommendation to the Executive when the accounts for 2010/11 are closed.
- 8.3 Changes in VAT legislation resulted in various services being reclassified from standard rated to exempt for VAT purposes. At the time these changes were introduced the Council raised and submitted claims for overpaid tax but was only able to claim for the previous 3 years. This 3 year cap was successfully challenged in court cases collectively known as Conde Nast/Fleming. As a result a number of claims were submitted to try and claim back overpaid VAT plus interest for earlier years (going back to 1973 when VAT was introduced). The outstanding claim for adult courses has recently been settled and the Council has received the sum of £0.149m (including interest but after fees). This leaves one Council specific claim outstanding for junior sports tuition. The timing and outcome of this claim is still uncertain. The Council is also entitled to a share of Wokingham Borough Council's sporting claim as the Downshire and Hurst golf clubs were originally jointly managed. Reading Borough Council has also made a library hire charges claim for all the Berkshire unitaries as prior to 1997 this had been a Berkshire County Council function. The Council's share of these claims is estimated to be in the region of £0.283m (excluding interest and fees). Only the £0.149m has been included in the projected balance because of the uncertainty as to the timing and amount of any future receipts.
- 8.4 A revenue reserve relating to Ufton Court and held by West Berkshire on behalf of the six unitaries is now no longer required. This has been distributed, resulting in additional revenue funds for the Council of £0.117m.
- 8.5 The Council has investments of £2m with Heritable and £3m with Glitnir which are both Icelandic banks that have been put into receivership/administration. At this point in time, recovery rates have not been fully disclosed by the respective institutions, although indicators suggest up to an 85% recovery for Heritable and something approaching full recovery for Glitnir. With regard to the Heritable deposits, payments totalling £931,000 (representing 45p in the £) have been received to date, and a further interim dividend is expected in January 2011. The administration of Glitnir Bank is being progressed in Iceland under Icelandic law and as such is proving to be more protracted and complex. The Council is working closely with the LGA and the administrators in order to maximise the return of these deposits. The case is currently being argued in the courts and an initial decision is expected to be made early in 2011.
- 8.6 The Council took advantage of the Capital Finance Regulations to defer the impact of the potential loss on General Reserves. In 2010/11 the loss which is currently projected to be approximately £0.4m will need to be charged to the General Reserve. This projection is based on the best case scenario although in the worst case the loss could be as high as £2.575m. With this in mind an earmarked reserve of £2.575m was created at the end of last financial year to meet any potential losses. An application has recently been made to capitalise the loss at whatever level it is eventually settled and the outcome of this application should be known before the Council considers the final budget proposals and sets the level of Council Tax on 2 March 2011.

- 8.7 No allowance has been made for Performance Reward Grant, resulting from the successful delivery of the Local Public Service Agreement with the previous Government, in the balance calculation as the government is reviewing its position on this.
- 8.8 The Council has, in the past, planned on maintaining a minimum prudential balance of £4m. This assessment is based on the financial risks which face the Council and the Borough Treasurer considers these in the February report to the Executive.

9 CONCLUSION

- 9.1 The Council's constitution requires a six week consultation period on the draft budget proposals. In this context, it is inevitable that, of the broad range of options proposed for consultation, not all will necessarily be included in the final package. It is also likely that some further issues with a financial impact will arise between now and February.
- 9.2 When the final settlement is known, the Executive can consider the prudent use of revenue balances to support expenditure in line with the overall medium term financial strategy, along with further possible reductions to augment the "core package" of economies in Annexe C. In doing this, it will be important to manage the budget process effectively so that the inevitable important service pressures can be responded to whilst, as far as possible, front-line services are maintained with minimal disruption and without creating long term problems for the Council.
- 9.3 It is suggested, therefore, that the Overview & Scrutiny Commission reviews the overall budget package and determines whether any specific issues should be considered further by the Overview and Scrutiny Panels, at their meetings in January.
- 9.4 All comments from the Overview & Scrutiny Commission, Overview and Scrutiny Panels and others on the revenue budget proposals will then be submitted to the Executive on 15 February 2011. This will allow the Executive to determine the final budget package and recommend the appropriate Council Tax level to the Council on 2 March 2011.

10 BUDGET MONITORING 2010/11- VIREMENT REQUEST

- 10.1 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 departments of any amount. Full Council approval is required for virements over £0.100m. During 2010/11 a number of significant virements have been identified which require the approval of the Executive. These have been previously reported to the Corporate Management Team who recommend them to the Executive for approval. They have been included in the quarterly Performance Monitoring Reports. Details of virements between departments are set out in Annexe F and summarised in Table 7. Details of internal departmental virements exceeding £0.050m are set out in Annexe G.

Table 7: 2010/11 Virements

	Reorganisation £'000	Town Centre £'000	Structural Changes Reserve £'000	Bus Contracts £'000	Contingency Fund £'000	Council Wide Items £'000
Corporate Services/Chief Executive's	277	365	168	0	109	-95
Children, Young People and Learning	10	0	204	0	155	72
Adult Social Care & Health	-158	0	51	0	-330	-10
Environment, Culture & Communities	-29	0	132	323	96	-22
Council Wide	-100	0	0	0	0	266
Non Departmental Budgets	0	0	0	0	0	1
Contingency	0	-71	0	0	-30	-196
Earmarked Reserves	0	-294	-555	-323	0	-16
TOTAL	0	0	0	0	0	0

11 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 11.1 The Local Government Finance Act 1992 requires the Council to set the level of the Council Tax by 11 March each year. It is impossible to achieve this without having agreed an affordable revenue budget for the year in question.

Borough Treasurer

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

Equalities Impact Assessment

- 11.3 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. A number of the budget proposals require specific equality impact assessments to be carried out and draft versions of these are attached in Annexe H. Consultation with equalities groups that are likely to be affected by the proposal is part of the assessment process.

Strategic Risk Management Issues

- 11.4 A sum of £1m is currently proposed to meet the costs of unpredictable or unforeseen items that would represent in year budget risks. This is equal to the level of contingency set for 2010/11. The Executive will need to make a judgement on the level of contingency at its meeting in February.

- 11.5 The Borough Treasurer, 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 Borough Treasurer will report his findings in February, when the final budget package is recommended for approval.

12 CONSULTATION

Principal Groups Consulted

- 12.1 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 Senior Citizens' Forum, the Schools Forum, 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 www.bracknell-forest.gov.uk. There will also be a dedicated mailbox to collect comments.
- 12.2 The timetable for the approval of the 2011/12 Budget is as follows

Executive agree proposals as basis for consultation	14 December 2010
Consultation period	15 December 2010 - 25 January 2011
Executive considers representations made and recommends budget.	15 February 2011
Council considers Executive budget proposals	02 March 2011

Background Papers

None

Contact for further information

Timothy Wheadon – 01344 355601

Timothy.wheadon@bracknell-forest.gov.uk

Alison Sanders – 01344 355621

Alison.sanders@bracknell-forest.gov.uk

Chris Herbert – 01344 355605

chris.herbert@bracknell-forest.gov.uk

Alan Nash – 01344 352180

Alan.nash@bracknell-forest.gov.uk

Arthur Parker – 01344 352158

Arthur.parker@bracknell-forest.gov.uk

Doc.Ref.

G:\Accounting Services\Budget 2011-12\Executive December 2010\14 Dec 10 Revenue Budget Report.doc