

**TO: THE EXECUTIVE
12 DECEMBER 2006**

**DRAFT BUDGET PROPOSALS 2007/08
(Chief Executive)**

1. PURPOSE OF DECISION

- 1.1 This report summarises the draft revenue and capital budget proposals for 2007/08, which are set out in detail in the attached supporting papers:
- a) Capital Programme 2007/08 – 2009/10
 - b) Housing Revenue Account 2007/08 and Housing Improvement Programme
 - c) General Fund Revenue Budget 2007/08

2 RECOMMENDATIONS

- 2.1 **That the overall thrust of the budget package as outlined in section 5.2 be endorsed as the basis for consultation with Overview & Scrutiny Commission, other interested parties and the residents of Bracknell Forest.**

3 REASONS FOR RECOMMENDATIONS

The recommendation is designed to allow the Executive to consult on its draft budget proposals as required by the Local Government Act 2000.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The range of options being consulted on is included in the supporting papers.

5 SUPPORTING INFORMATION

5.1 Context of Budget Preparations

- 5.1.1 The budget proposals included in the supporting papers have been prepared in accordance with the Council's Medium Term Financial Strategy that was presented to the Executive in July. This highlighted that over the next three years the Council faced a significant revenue budget gap. Based on the information available in July, the underlying funding gap was estimated to be around £13.4m by 2009/10. Council Tax increases over the next three years in line with the Government's current capping criteria of around 5% year on year, would generate additional income of £6m over this period, reducing the shortfall to around £7.4m before service pressures and developments.
- 5.1.2 Following the announcement of the Provisional Local Government Finance Settlement the key assumptions in the 2007/08 budget planning process, when taken together, have proved accurate. However the Council has only received a 1.7% increase in grant, compared with the expected 2.7% due to a "realignment" in the base 2006/07 grant. This represents an additional pressure of £0.2m. Looking ahead, the Council is set to receive the basic "floor" level increases in grant for the

foreseeable future. This implies that challenging budget rounds look set to continue as the Council faces above inflation cost pressures.

5.1.3 The Council has had a strategy to bridge the funding gap in place for several years and work started on identifying a range of options for 2007/08 after the last budget was set in March. In recent years the overall strategy has focussed on four key elements;

- Reducing expenditure by efficiency savings particularly taking out back office costs, making best use of resources and reconfiguring services;
- Investing in priority areas;
- Using balances in a measured and planned way;
- Levying prudent increases in Council tax.

In recent years, this strategy has allowed the Council to bridge the budget gap and to continue to meet the second component of the strategy to invest additional resources in priority areas.

5.1.4 While the overall strategy remains robust and has served the Council well for a number of years, Members will be aware that some departments are facing significant pressures in the current year. These stem largely from demand led increases in the costs associated with adults with learning disabilities, vulnerable children, older people and waste PFI costs. These additional costs will continue in 2007/08.

5.1.5 An additional complication this year stems from the Council's decision in July 2006 to apply to the Government for inclusion in the national housing stock transfer programme. Members will be well aware that preparations are underway to ballot tenants on the proposal to transfer of the Council's remaining housing stock to a new local housing association. The importance of the vote and the benefits that accrue cannot be underestimated for tenants. This, of course, is quite separate from the benefits to the Council where a 'yes' vote significantly reduces the financial pressures from 2008/09 onwards. At this stage the programme of work appears to be going well. Against this background, the budget package needs to avoid making service reductions, the impact of which, would take time to reverse if the stock transfer is agreed. At the same time, the package needs to reflect the fact that tenants have a genuine choice and may not, in the event, support the Council's proposals for transfer.

5.2 Budget Proposals

5.2.1 Overall, therefore, the Council undoubtedly faces a difficult financial position in 2007/08 and beyond and faces the some difficult judgements in 2007/08 in particular. However, even in this climate there remains an ongoing need to ensure that the Council continues to improve services and invest in the Borough, focusing particularly on protecting front line services and continuing to invest to deliver the Medium Term Objectives for 2003-2007 and the new Sustainable Community Plan. In this respect the proposals contained within the General Fund Revenue budget, the capital programme and the Housing Revenue Account need to be seen as an integrated package.

5.2.2 The integrated budget package prioritises five key areas and continues to invest mainly through targeted capital expenditure in services designed, over the next three years to:

- Make Bracknell Forest a better place to live, work and visit by investing an additional;
 - £0.3m on the visual environment; (£0.3m in 2007/08)
 - £6.1m on highways, footways and cycleways; (£1.7m in 2007/08)
 - £13.3m on updating and improving council owned homes, including £8m to work towards achievement of the “Decent Homes Standard”; (£5.5m for 2007/08 including £3.7m on decent homes)
 - £0.1m support for the regeneration of the Town Centre including development of civic hub; (£0.1m in 2007/08)
 - £0.15m on refurbishment of community centres. (£0.05m in 2007/08)

(These developments respond to key Medium Term Objectives 2, 3, 6, 11 and 12.)
- Make Bracknell Forest a better place to learn, grow and achieve, through spending;
 - £4.4m to upgrade and maintain school buildings (including external funding of £3.6m); (£2.9m in 2007/08 including external funding of £1.9m)
 - Improvements to the Library service £0.54m; (£0.3m in 2007/08)

(Medium Term Objectives 7, 8, 9 and 10.)
- Making Bracknell Forest a better place for recreation, sports and Leisure facilities;
 - Refurbishment works at various leisure sites £0.6m; (£0.15m in 2007/08)

(Medium Term Objective 4.)
- Modernise and Improve the services to local people;
 - Additional spending and support to vulnerable adults and children of £1.4m; (£1.4m in 2007/08)

(Medium Term Objectives 1, 5, 13, 14.)
- Making our services easy to use and access
 - Continued investment Information Technology totalling £3.8m; (£1.4m in 2007/08)
 - Continued invest in improving Customer Contact £0.18m; (£0.18m in 2007/08)
 - Making buildings easier to access £0.3m. (£0.1m in 2007/08)

(Medium Term Objective 15.)

5.2.3 The relative balance between these areas is, of course, a matter for Members judgement in the light of the consultation exercise. However, in reaching this judgement it is probably worth noting that the additional investment in services to vulnerable adults & children largely represents the cost of providing services to clients who currently receive services. The modernisation of these services and how to address further increases in demand will need careful consideration in 2007/08.

5.3 General Fund Revenue Budget

5.3.1 Full details of the draft budget package can be found in the supporting papers. Against this overall picture, Members' need to specifically consider that, despite savings of over £1.6m already being identified in general fund services, there remains a significant gap between planned expenditure and the income that will be available to support it. In summary this currently totals around £5m, with details set out in the relevant report.

5.3.2 Options to bridge the remaining gap are essentially the same as in all previous years. Members can choose to adopt any or all of the following approaches:

- a) increase in Council Tax noting the comments by the Minister on capping;
- b) limit the provision for inflation increases to essential services only;
- b) an appropriate contribution from the Council's Revenue balances, bearing in mind the Medium Term Financial Strategy;
- c) further use of the receipts from Local Authority Business Growth Incentive (LABGI) to be notified in January 2007;
- d) deletion of identified service developments;
- e) identifying further expenditure reductions (although this is unlikely to include reductions in key services).

As indicated above, the additional complication this year is the potential financial consequences of the proposed housing stock transfer ballot in March 2007.

5.4 Consultation

5.4.1 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 tenants, the Bracknell Forest 1500, the Senior Citizens' Forum, Parish Councils and voluntary organisations. Comments and views will be sought on both the overall budget package and on the detailed budget proposals. A meeting with the local business community is also planned to obtain their views on the 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 Bracknell-forest.gov.uk in the new 'Have your say' section.

5.4.2 The current timetable for the approval of the 2007/08 Budget is as follows

Executive agree proposals as basis for consultation	12 December
Consultation period	13 December - 26 January
Executive considers representations made and recommends budget.	13 February
Council considers Executive budget proposals	28 February

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 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

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

Impact Assessment

- 6.3 None at this stage.

Strategic Risk Management Issues

- 6.4 These are considered in detail in the General Fund Revenue report elsewhere on the agenda.

Background Papers

None

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Budget Overview Report