

**TO: THE EXECUTIVE  
23 FEBRUARY 2016**

---

**GENERAL FUND REVENUE BUDGET 2016/17 – FURTHER SAVINGS PROPOSALS  
Chief Executive/Borough Treasurer**

**1 PURPOSE OF REPORT**

- 1.1 To approve for consultation a range of further savings proposals that will contribute towards the delivery of a sustainable revenue budget for 2016/17 and beyond.

**2 RECOMMENDATIONS**

- 2.1 **That the Executive agree the further savings proposals set out in this report as the basis for consultation with the Overview & Scrutiny Commission and other interested parties or individuals.**
- 2.2 **That authority be delegated to the Director of Environment, Culture and Communities and the Executive Member for Culture, Corporate Services and Public Protection to agree the annual grant to South Hill Park within the financial limits specified in this report.**

**3 REASONS FOR RECOMMENDATIONS**

- 3.1 The recommendation allows the Executive to consult on a range of further savings proposals that will contribute towards the delivery of a sustainable revenue budget for 2016/17 and beyond, as required by the Council's Constitution and 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 BACKGROUND**

- 5.1 The Council published its initial budget proposals for consultation on 16 December 2015. The outcome of that consultation, together with recommendations for setting a balanced budget and council tax in 2016/17 are set out elsewhere on tonight's agenda.
- 5.2 The scale of the initial budget proposals was entirely consistent with the guidance provided by Government throughout the late summer and autumn of 2015. They included economies of approximately £4m which left a potential budget gap of around £6.044m. Members were advised that to bridge this remaining gap any, or all, of the following options were available:

- An increase in Council Tax

## Unrestricted

- An appropriate contribution from the Council's revenue reserves, bearing in mind the Medium Term Financial Strategy
- Identifying further economies.

5.3 With regards to identifying additional economies, the Council established a Transformation Board to take the lead on reviewing the way in which all Council services are delivered over the next four years. This represents a continuous programme of work, with the aim of identifying significant savings that can be incorporated into the 2016/17 budget and beyond, in line with the Council Plan that was adopted by Council on 25 November 2015. In December, it was anticipated that a significant proportion of the £6.044m budget gap would be met from the following five service areas:

- Adult social care commissioning
- Highways and transport
- Welfare and housing
- Cultural and leisure services, and
- Public health

5.4 The work of the Transformation Board has to date identified potential economies of £2.183m from these areas for 2016/17. These are set out in more detail later in this report.

5.5 The Council's initial budget proposals were published for consultation ahead of the Provisional Local Government Finance Settlement which was announced on 17 December 2015. The Provisional Settlement for 2016/17 included previously unannounced changes to the distribution of resources amongst authorities depending on the different sets of services provided by them and their relative ability to raise income through council tax locally. The intention is to recognise both the rising costs of adult social care and the differing relative abilities of local authorities to raise income. The impact of this is for the significant cuts already announced by the Government in the November 2015 Spending Review to fall greatest on those authorities with a perceived ability to raise more income from council tax, of which Bracknell Forest is one. The consequence is that Bracknell Forest's Revenue Support Grant will be cut by 80% over the four year period of the settlement. This is against a backdrop of Government announcements prior to 17 December that signalled real terms reductions of up to 40% should be expected.

5.6 Of course, in reality, Councils' ability to raise more income is constrained by the Government's rules that local referenda are necessary for any general increase in excess of 2%. In its response to the consultation on the Settlement, the Council, along with the other Berkshire Councils, has made strong and compelling arguments for treating Berkshire more favourably. This has been reinforced through a delegation of Berkshire Leaders, headed by the Leader, in a meeting with the Minister for Local Government, Marcus Jones, MP. The Government announced the outcome of its consultation on the Provisional Local Government Finance Settlement on 8 February. Whilst the Council's Revenue Support Grant remains unchanged a new transitional grant has been introduced to assist those authorities that have been affected most severely by the changes to the distribution of resources. As such, the Council will receive transitional grant of £0.9m in both 2016/17 and 2017/18.

Unrestricted

- 5.7 The following table sets out the impact of the Settlement on the Council over the four year period of the Spending Review.

**Additional Loss of Grant**

|  | 2016/17    | 2017/18    | 2018/19    | 2019/20    |
|--|------------|------------|------------|------------|
|  | £m         | £m         | £m         | £m         |
| Anticipated Revenue Support Grant Loss       | 3.0        | 2.5        | 2.0        | 1.5        |
| Actual Revenue Support Grant Loss            | 5.4        | 4.2        | 2.0        | 1.7        |
| <b>Additional Revenue Support Grant Loss</b> | <b>2.4</b> | <b>1.7</b> | <b>0.0</b> | <b>0.2</b> |
| Transitional Grant                           | 0.9        | 0.9        | 0.0        | 0.0        |
| <b>ADDITIONAL LOSS OF GRANT</b>              | <b>1.5</b> | <b>0.8</b> | <b>0.0</b> | <b>0.2</b> |

In overall terms this represents a further £2.5m loss of grant. The original forecasts contained in the Council's Medium Term Financial Strategy anticipated a budget gap of £22m over four years. This has now become £24.5m over four years and has become heavily front loaded.

- 5.8 Given the short time available to deal with this additional financial challenge, there are very few options available to the Council to set a legal and balanced budget. The report elsewhere on tonight's agenda is recommending an increased use of balances (£5.161m) to enable the Council to set its budget and council tax on 24 February. Such a significant use of balances is not sustainable over the medium term and as a consequence a range of additional savings proposals are set out below which will enable the Council to put money back into balances during 2016/17 and deliver the Medium Term Financial Strategy.

## 6 TRANSFORMATION BOARD – WORK PROGRAMME AND ADDITIONAL SAVINGS PROPOSALS

- 6.1 The Transformation Board began its work in late 2015. Initial activity concentrated on the development of a work programme comprising both strategic reviews and other projects. In tandem with this there was a focus on the identification of additional savings that could be implemented relatively quickly during 2016/17, contributing towards the £6.044m budget gap referred to in paragraph 5.2 above. The overall shape of the emerging work programme is set out in the table below:

| Strategic Reviews             | Other Projects         |
|-------------------------------|------------------------|
| Council wide support services | Major property reviews |
| Early intervention/prevention | One Public Estate      |
| Library review                | Devolution             |
| Leisure services review       | SEN transport policy   |
| Arts review                   | School improvement     |
| Citizen and customer contact  | NHS integration        |
| Generating additional income  |                        |

- 6.2 With regard to the identification of additional savings, a range of proposals have been developed for consultation which are set out in detail in Annex A and summarised in the table below:

|                                 | 2016/17      | 2017/18    |
|---------------------------------|--------------|------------|
|                                 | £000         | £000       |
| Adult social care commissioning | 500          | 500        |
| Welfare and housing             | 202          | 0          |
| Public health                   | 367          | 0          |
| Highways and transport          | 1,114        | 142        |
| <b>Total</b>                    | <b>2,183</b> | <b>642</b> |

- 6.3 Public health is funded through a ring fenced grant. In addition to the funding reductions outlined earlier in this report, public health funding has been subject to reductions of £0.237m (6.2%) in the current financial year, with a further reduction of 2.3% in 2016/17 beyond. As a consequence, the savings of £0.367m are likely to be needed to manage public health spending to within the overall ring fenced grant and, as such, cannot contribute towards the budget gap of £6.044m. However, this still leaves proposed savings of £1.816m that can contribute towards the budget gap.

## 7 ADDITIONAL SAVINGS PROPOSALS AS A CONSEQUENCE OF THE SETTLEMENT

- 7.1 As outlined above the 2016/17 budget and council tax is being set using an increased contribution from balances. As such an approach is unsustainable in the medium term an additional range of savings proposals have been developed, which are capable of implementation during 2016/17. These will enable the Council to return money to balances in 2016/17 and contribute towards the savings that will be required to balance the 2017/18 budget.
- 7.2 These additional savings proposals comprise both revenue and capital economies. Whilst economies arising from reductions in capital expenditure will have little impact on the 2016/17 budget position they are an important component of the overall package as they deliver savings through reduced financing costs in later years.

### Additional Revenue Savings Proposals

- 7.3 The additional savings proposals are set out in Annex B and summarised in the table below:

|  | 2016/17<br>£000 | 2017/18<br>£000 | 2018/19<br>£000 |
|--|-----------------|-----------------|-----------------|
| Adult social care commissioning  | 500             | 0               | 0               |
| Children centres   | 75              | 15              | 0               |
| Early help offer   | 217             | 43              | 0               |
| Grants to voluntary sector organisations   | 28              | 10              |                 |
| Corporate Services/Chief Executive's Office  | 112             | 0               | 0               |
| Economic development   | 100             | 0               | 0               |
| Community safety   | 50              | 0               | 0               |
| Highway maintenance  | 200             | -110            | -90             |
| Book fund  | 100             | 0               | 0               |
| South Hill Park grant  | 44              | 0               | 0               |
| Parish council tax reduction support<br>(Further £0.040m included in the<br>Commitment Budget 2016/17) | 175             | 0               | 0               |
| <b>Total</b>   | <b>1,601</b>    | <b>-42</b>      | <b>-90</b>      |

## Unrestricted

- 7.4 The proposed reduction in grant to South Hill Park will leave £394,281 available in 2016/17. It is proposed that the award of grant up to this amount, together with revisions to the Service Level Agreement to reflect the reduced level of grant, be delegated to the Director of Environment, Culture and Communities and the Executive Member for Culture, Corporate Services and Public Protection. In addition the Transformation Board will undertake a finance driven review of arts provision in the Borough including the role that South Hill Park plays in this. This review will be given priority with a target date of the end of June for its conclusion. The Transformation Board will also be prioritising a finance led strategic review of the library service. Although no specific proposals have been developed there is an expectation and a need for both reviews to identify ways to provide the respective services at significantly less cost. In addition to these two finance driven reviews further work will also be undertaken to establish whether the car parking charges at The Look Out are set at the optimum level.

### **Additional Capital Savings Proposals**

- 7.5 The overall council funded capital programme for 2016/17 is £59.983m. The most significant scheme within the overall programme is the construction of Binfield Learning Village, which is required to deliver statutory school places, meeting the needs of new housing and the provision of associated community facilities. In 2016/17 a budget of £23.3m has been allocated to this scheme. Similarly, a budget of £8.358m has been allocated for the replacement roof and flumes at Coral Reef. Tenders for the works to Coral Reef are due to be returned in early March. Given the magnitude of these schemes and their consequent impact on the revenue budget both will be reviewed in terms of their scale, timing and financing early in the next financial year, together with the proposed youth arts facility and housing development on the Coopers Hill site.
- 7.6 More immediately it would be possible, subject to consultation, to reduce expenditure on four schemes included within the current capital programme. These are set out in Annex C and summarised in the table below:

|                               | <b>£000</b>  |
|-------------------------------|--------------|
| Harmanswater Community Centre | 800          |
| Buildings Planned Maintenance | 800          |
| IT Schemes                    | 300          |
| Dennis Pilcher House          | 800          |
| <b>Total</b>                  | <b>2,700</b> |

- 7.7 It is estimated that the removal of the above schemes from the capital programme, together with the review of the scope, timing and financing of the Binfield Learning Village and Coral Reef schemes will generate revenue savings in financing costs of more than £0.3m in 2017/18 and in each subsequent year.

## 8 CONSULTATION ARRANGEMENTS

8.1 In accordance with the Council's Constitution a six week consultation period is required on all budget proposals. However, a number of the proposals outlined above have the potential to impact upon groups with protected characteristics under Equalities legislation or involve the voluntary sector. In these cases a longer, twelve week consultation process will be undertaken to assess the impact of these proposals, concluding with the completion of a full Equalities Impact Assessment before any final decisions are taken. Those proposals requiring a longer consultation period include:

- Housing Related Support Service for Older People (already completed)
- Children Centres
- Early Help Offer (including youth service, Homestart grant and voluntary sector grant support)
- Voluntary Sector Grants (Chief Executive's Office budget)
- Community Safety
- South Hill Park grant

8.2 The timetable for those proposals not requiring a full Equality Impact Assessment is as follows:

| Date                                | Action   |
|-------------------------------------|--|
| 23 February 2016                    | Executive agrees proposals as basis for consultation                         |
| 24 February 2016 to<br>5 April 2016 | Consultation period  |
| 10 March 2016                       | Overview and Scrutiny Commission reviews budget proposals                    |
| 10 May 2016                         | Executive considers representations made and recommends proposals to Council |
| 13 July 2016                        | Council considers Executive's recommended proposals                          |

- 8.3 The timetable for those proposals requiring a full Equality Impact Assessment is as follows:

| Date                               | Action   |
|------------------------------------|--|
| 23 February 2016                   | Executive agrees proposals as basis for consultation                         |
| 24 February 2016 to<br>17 May 2016 | Consultation period  |
| 10 March 2016                      | Overview and Scrutiny Commission reviews budget proposals                    |
| 14 June 2016                       | Executive considers representations made and recommends proposals to Council |
| 13 July 2016                       | Council considers Executive's recommended proposals                          |

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

### Borough Solicitor

- 9.1 The report identifies a number of proposals to assist the Council in meeting its savings requirements for 2016/17 and beyond. The process of lawfully managing service reductions is a challenge for many local authorities in the current financial landscape. It is important that each of the proposals as well as the procedures underpinning the delivery of each is consistent with Public law principle of fairness. This requires appropriate levels of consultation for each proposal and compliance with the following principles;

- Consultation must be undertaken at a time when proposals are at a formative stage
- Sufficient for the proposal must be given to allow intelligent consideration and response
- Adequate time must be given for a response
- The product of the consultation must be conscientiously taken into account in finalising the proposals

The consultation process set out in paragraph 8 of the report sensibly envisages a differentiated approach between those processes requiring an Equality Impact Assessment (12 weeks) and those which do not (6 weeks).

In addition to the Public consultation, where staffing reductions are proposed these will need to be undertaken in compliance with Employment law and internal HR procedures and will be set out in a separate report to the Employment Committee at the appropriate time.

### Borough Treasurer

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

### Equalities Impact Assessment

- 9.3 The further savings proposals included in this report impact on a wide range of services. In addition to a detailed budget consultation on all of the proposals, initial equalities screenings have been completed and full Equalities Impact Assessments will be undertaken on those proposals that have the potential to impact upon groups with protected characteristics, including those set out in paragraph 8.1. The completed documents can be found on the Council's website at <http://www.bracknell-forest.gov.uk/equalitiesassessmentandconsultation>

### Strategic Risk Management Issues

- 9.4 The delivery of the savings proposals outlined in this report are crucial to the setting of a sustainable budget in 2016/17 and the achievement of the Council's Medium Term Financial Strategy.

## **10 CONSULTATION**

### Principal Groups Consulted

- 10.1 The Overview & Scrutiny Commission will be consulted on the budget proposals. Targeted consultation exercises will be undertaken with business rate payers, the Schools Forum, town and parish councils and voluntary organisations. Comments and views will be sought on both the overall budget package and on the detailed budget proposals. In addition, this report and all the supporting information are publicly available to any individual or group who wish to comment on any proposal included within it. To facilitate this, the full budget package will be placed on the Council's web site at <http://consult.bracknell-forest.gov.uk/portal>. There will also be a dedicated mailbox to collect comments.

### Method of Consultation

- 10.2 There will be three specific methods of consultation:
- Through consideration of this report by the Overview & Scrutiny Commission
  - A web based consultation with residents, and
  - Through letters sent to targeted groups

### Representations Received

- 10.3 None at this stage.

Unrestricted

Background Papers

Provisional and Final Local Government Finance Settlements

Contact for further information

Timothy Wheadon - 01344 355609

[Timothy.wheadon@bracknell-forest.gov.uk](mailto:Timothy.wheadon@bracknell-forest.gov.uk)

Alan Nash – 01344 352180

[Alan.nash@bracknell-forest.gov.uk](mailto:Alan.nash@bracknell-forest.gov.uk)