

TO: THE EXECUTIVE
12 FEBRUARY 2008

**BUDGET PROPOSALS 2008/09
(Chief Executive)**

1. PURPOSE OF DECISION

1.1 This report summarises the responses received to the Council's draft budget proposals for 2008/09 that were agreed for widespread consultation by the Executive in December. It also highlights the key issues for Members to consider in finalising their revenue and capital budget proposals, which are set out in detail in the attached supporting papers:

- a) Capital Programme 2008/09 – 2010/11
- b) General Fund Revenue Budget 2008/09

2 RECOMMENDATION

2.1 **That the issues raised by the Overview & Scrutiny Commission (and other interested parties) during the consultation period be noted for consideration as part of the final decisions on the revenue and capital budget proposals to recommend to Council on 27 February 2008.**

3 REASONS FOR RECOMMENDATION

3.1 The recommendation is designed to allow the Executive to determine its final budget proposals to recommend to Council on 27 February 2008.

4 ALTERNATIVE OPTIONS CONSIDERED

4.1 The range of options considered is included in the supporting papers

5 SUPPORTING INFORMATION

5.1 Draft Budget Proposals

5.1.1 The Council undoubtedly faces a difficult financial position in 2008/09 and beyond. However, even in this climate there is 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 in delivering the five overarching priorities and ten Medium Term Objectives for 2008-2011 that were agreed by the Council in January 2008.

5.1.2 The Executive agreed at its meeting on 18 December a range of draft budget proposals for 2008/09-2010/11 as the basis for consultation. The core budget package prioritises reducing back office expenditure to maintain value for money, responding to demographic changes to maintain the quality of front line services without reducing eligibility criteria, with other limited additional resources targeted at

the five new overarching priorities of the Council. Capital expenditure plans are similarly targeted at delivering the Council's priorities. Taken together, over the next three years the budget plans represent an important first step towards the achievement of the new priorities. Notable amongst the budget plans is an investment of:

- Provide a town centre fit for the 21st century by investing an additional; (links to Medium Term Objective 1)

Capital

- £0.2m support for the regeneration of the Town Centre including development of the civic hub;

- Protect and enhance the environment of the Borough, through spending; (links to Medium Term Objectives 2,3,4)

Revenue

- Enhanced street cleaning and grounds maintenance £0.1m;

Capital

- £3.8m on highways, footways and cycleways and SPA mitigation measures including external funding of £2m;
- Refurbishment works at various leisure sites £0.15m;

- Promote health and achievement in the Borough through spending; (links to Medium Term Objective 5,6,7)

Revenue

- Investment in Children' services of £0.2m;

Capital

- £8.7m to upgrade and maintain school buildings (including external funding of £8.3;
- Investment in Children' services of £0.2m;
- Continued investment in improving Customer Contact £0.05m;
- Making buildings easier to access £0.1m.

- Create a borough where people are, and feel safe by investing in; (links to Medium Term Objectives 8,9)

Revenue

- Additional spending and support to vulnerable adults of £0.6m;

Capital

- Additional spending and support to vulnerable adults of £0.3m;

- Provide value for money through spending on: (links to Medium Term Objective 10)

Capital

- Continued investment Information Technology totalling £0.6m;

5.1.3 Full details of the budget package were included in the supporting papers considered by the Executive.

5.2 Housing Revenue Account and Transfer of Housing

- 5.2.1 At the time of writing this report the transfer of the Council's housing stock to Bracknell Forest Homes had not been completed. However, the key issues in the contract for transfer have been agreed by the Council including the valuation. As is typical in a such a complex legal agreement there are still several issues to be resolved before the final transfer takes place and final approval will be needed from Communities and Local Government (DCLG) before the transfer can be completed. At this stage, however, there is no reason to assume that the transfer will not proceed as planned. Consequently there is no Housing Revenue Account budget report for the Executive or the Council to consider this year and the revenue implications of the transfer have been reflected within the General Fund budget report which appears later in this agenda.
- 5.2.2 Members should be aware that the Council received notification from the Government in January of changes to the Housing Subsidy System with effect from 1 April 2008, in particular, a temporary change to the date by which the housing rents will converge with social rents. The Council has taken advice from the DCLG and from its legal consultants and all are of the opinion that the new proposed changes do not apply to any transfer of housing within 2007/08. In particular, the DCLG advice that "we see no reason at all why the transfer should not proceed on its current terms" provides a clear statement that the position reached by the Council and Bracknell Forest Homes reflected in the budget proposals is sound.

5.3 Consultation

- 5.3.1 During the six-week consultation period, the draft proposals have been scrutinised by the Council's Overview & Scrutiny Commission. Extracts from the minutes of these meetings are attached as Annexe A and show the Commission broadly supported the draft proposals presented. Officers have responded to the issues raised regarding to trees, concessionary fares and support for Overview & Scrutiny function.
- 5.3.2 Representatives of the local business community were invited to discuss the budget proposals are a special "hot topic" event organised by the Thames Valley Chamber of commerce. Again, those attending were broadly supportive of the proposals outlined at the meeting.
- 5.3.3 A telephone survey by NWA Social Research of the "Bracknell Forest 1500" was undertaken to elicit residents' views on budget issues and, in particular, Council Tax levels. A total of 531 interviews were carried out. 43 responses were received via the web site and the survey report has been published on the Council's website. The main findings were:
- 69% felt that overall the Council provides value for money for the Council Tax they pay;
 - 53% would be willing to pay up to 5% or more Council Tax;
 - 33% would be willing to pay an inflation increase only, accepting that there would be significant cuts in services;
 - 8.5% would be unwilling to see a rise in Council Tax, even though it would mean major cuts in services;
 - Providing services in a more efficient way, reducing back office support and increasing certain fees and charges above inflation were the most popular budget savings measures;

- Adult Social Care, services to children and young people and support provided by the Council to schools (not individual school expenditure) were the areas people would most like to protect from spending reductions. This ties in very clearly with the Council's priorities for spending which is reflected in the revenue budget proposals.

5.3.4 Direct email & written responses to the proposals which were published on the Council's web site relating to parking issues in a particular residential area which has been responded to by officers. Other issues raised have included:

- Concerns over continued spending on projects such as waste disposal, IT procurement, E+card and transfer of housing stock.
- Concerns regarding savings around modernising services with Social Services.
- The full benefits of housing stock transfer of £3.3m should be used to help meet the budget shortfall.

5.3.5 The Schools' Forum considered the Executive's proposals relating to Education, Children's Services and Libraries department at its meeting in January. No adverse comments were made by the forum on the revenue pressures or economies proposed for the department. The forum did make the following comments to the Executive on the proposed Education, Children's Services & Libraries capital programme:

- Consideration should be given to allocating funding for improved disabled access to Kennel Lane Special School and that this should be classified as unavoidable and not part of the provisional 2009-10 rolling programme / other desirable.
- Consideration should be given to increasing the allocation for improvements and capitalised repairs to schools (ED7) as £200k is considered inadequate.

5.3.6 The Executive will need to consider its response to comments made regarding specific budget proposals in determining its final budget plans to be submitted to Council on 27 February.

5.4 General Fund Revenue Budget

5.4.1 Looking at the overall position, the draft budget report to the Executive in December highlighted the fact that, although savings of over £2.1m had already being identified in General Fund services, there remained a significant gap of around £5.5m (before assuming any increase in Council Tax or use of balances) between planned expenditure and the income that will be available to support it. In the period since Christmas, options to close this overall budget have been developed involving:

- the development of further expenditure reductions of around £0.138m which should have little direct impact on front line services;
- the review of savings options which has resulted in reappraisal of some savings profiles adding £0.375m to the budget;
- the inclusion of an estimate of the impact of stock transfer of £1.291m additional interest in 2008/09;
- a review of the level of contingency based on the risk to the budget and the significant budget pressures already include in the budget package;
- a further reduction in some common budgets such as inflation.

Further details of these reductions are provided in the main report on the General Fund budget.

- 5.4.2 If these changes are agreed, the budget gap in 2008/09 reduces to around £4.1m. Options to bridge this remaining gap are essentially the same as in all previous years, in that Members can choose to adopt any or all of the following approaches:
- a) an increase in Council Tax (1% increase would generate £0.414m)
 - b) an appropriate contribution from the Council's Revenue balances, bearing in mind the Medium Term Financial Strategy;
 - c) deletion of identified service developments;
 - d) further expenditure reductions.

Again, the detail behind these options is outlined in the main revenue budget report.

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 See individual budget reports elsewhere on the agenda.

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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EXTRACT FROM THE MINUTES OF THE MEETING OF THE OVERVIEW AND SCRUTINY COMMISSION HELD ON 17 JANUARY 2008

The Council's 2008/09 Budget Consultation (Item 9)

The Commission considered a report in respect of the Council's draft budget proposals for 2008/09. The Chairman asked that the respective Chairman of each Overview & Scrutiny (O&S) Panel present their area of the budget to the Commission.

The Chairman of the Lifelong Learning and Children's Services O&S Panel, Councillor Mrs Birch, reported that her Panel had considered the draft budget proposals extensively.

She highlighted a number of areas. There had been some major problems with heating at Portman Close and as a result funding was needed to remedy this. School exclusions had dropped significantly showing that the funding committed to this area had been well spent. Income from CD/DVD rental at libraries had fallen. Page 71 of the report showed major school funding for schools, the Council had pledged to ensure that every school in the Borough was a good school. Some of the funding in this area had come from external sources. One of the major areas of funding had been the complete refurbishment of a school kitchen.

The Chairman of the Environment & Leisure O&S Panel, Councillor Brunel-Walker, reported that the increased costs around the waste Private Finance Initiative and Landfill tax had created the greatest areas of unavoidable additional costs.

Councillor Worrall queried how much funding remained in the tree works budget after the reduction of £25,000, officers agreed to provide Councillor Worrall with a response.

Members asked for clarification around whether Bracknell Forest bus passes used by pensioners could be used to travel nationally and were valid before 9.30am.

Councillor Brunel-Walker reported that the Licensing and Safety Committee would be considering taxi fees for the Borough in late January 2008.

The Head of Performance and Scrutiny drew Members attention to the Environment and Leisure fees and asked Members to note that a number of corrections would need to be made to the report before it was submitted to the Council. At present, some fees had been reduced to exclude VAT, whereas not all fees attracted VAT.

Councillor Browne Chairman of the Adult Social Care and Housing Panel stated his Panel had examined the budget proposals. Members queried whether fees charged to the Adult Social Care section were levied on an hourly or weekly basis and this would be clarified in the budget report to Council.

Members noted that the work being undertaken by the I.T section had been excellent over the past year, in particular the transfer of the server farm to Time Square.

The provision of additional resources in the budget to support the Overview and Scrutiny function was sought.

The Chairman concluded that Overview and Scrutiny had carried out the function of scrutiny of the 2008/09 budget proposals responsibly and thoroughly. He summarised the Commission's final comments as follows:

1. The budget proposals were consistent with the Council's Policies and Objectives.
2. The budget proposals were generally clear and understandable.
3. There were no budget proposals that were unacceptable.
4. The Executive should consider the comments made by the Commission on specific issues in the budget concerning, trees, VAT, concessionary fares, Adult Social Care fees and support for the Overview & Scrutiny function; and take action or advise appropriately.

EXTRACTS FROM THE MINUTES OF THE INDIVIDUAL SCRUTINY PANELS

LIFELONG LEARNING AND CHILDREN'S SERVICES OVERVIEW AND SCRUTINY PANEL 19 DECEMBER 2007

2008/09 Budget Consultation (Item 8)

The Panel considered the key themes and priorities for the Education, Children's Services & Libraries Department as outlined in the Council's draft budget proposals for 2008/09. The Director referred to low level of Government grant and a continuing reduction in specific grants.

Annex B set out modest budget developments and annex C set out proposed reductions to be made. The Director reported work in progress to assess savings in future placements. Annex D set out the proposed fees and charges.

Arising in discussion or questions:

- i. An Ethnic Minority Achievement (EMA) Grant increase of £50,000 had recently been announced.
- ii. Some of the Dedicated Schools Grant was being used to fund English as an Additional Language needs.
- iii. £42,000 had been left centrally for EMA.
- iv. Detailed budget papers would be taken to the Schools Forum.
- v. Grant increases, including the EMA grant and extended schools services, provided an opportunity towards balancing the budget by reducing related expenditure from the commitment budget.
- vi. It was proposed that the provision for a Music Advisor be reduced from full to half time. Additional government funding had been for instruments only.
- vii. Reductions in advisory support to schools in Science were at secondary level and had run for a year without detrimental impact.
- viii. There was a statutory requirement to run a competition to ascertain who would build the new school at Jennetts Park.
- ix. The Director had been assured that the youth facility for the south of Bracknell would proceed.

**ENVIRONMENT & LEISURE OVERVIEW AND SCRUTINY PANEL
2 JANUARY 2008**

2008/09 Budget Consultation (Item 7)

The Panel considered a report setting out the draft budget proposals for 2008/09. The Council was facing unavoidable pressures on its budget and aimed to minimise reductions in front line services.

The following points arose from members' comments and questions:

- Council fees and charges had been based on a combination of market rate and an assumption of the level of charges that customers would be willing to pay for a service
- Planning fees and charges had been set to a zero increase in line with Government regulations
- The Director of Environment and Leisure undertook to check the proposed fee for removal of abandoned vehicles
- The fees and charges for licensed taxis and minicabs would be presented for discussion at the next Licensing and Safety Panel and may change
- The disparity in costs for season ticket parking at the High Street and Charles Square car parks would enable better management of where season ticket holders parked
- The level of fees and charges for offences under the Clean Neighbourhood and Environment Act had been proposed by Government
- Transferring facilities into a leisure trust would enable the Council to take advantage of tax and VAT changes that it was not currently able to do and would enable greater investment in facilities to take place

The Panel agreed that it would be helpful to show fees and charges inclusive of VAT where appropriate in future budget reports.

**ADULT SOCIAL CARE AND HOUSING OVERVIEW AND SCRUTINY PANEL:
10 JANUARY 2008**

2008/09 Budget Consultation (Item 7)

The Panel considered a report setting out the draft budget proposals for 2008/09. The Council was facing unavoidable pressures on its budget and aimed to minimise reductions in front line services.

The following points arose from members' comments and questions:

- The main budget pressures on the Department were the provision of services to older people and the provision of services to children with learning disabilities as they migrated from the services provided by the Children's Services Team to those supplied by Adult Services.

- The £414,000 drop in the Learning Disabilities Budget for 2009/10 was due to a change in the number of clients requiring support. The Assistant Director of Social Services and Housing was asked to share with the panel his predictions relating to the expected number of clients requiring support in 2008/09
- Additional pressure was placed on the Learning Disabilities Budget as parent carers aged and were unable to support their children; however it was difficult to predict when the Council would be expected to provide additional support.
- The majority of the Services to Older People budget was spent on residents over eighty five years of age but the proportion being spent on those over seventy five was increasing year on year.
- The modernisation of the In House Home Care Service would be phased in over three years and the Panel were assured that no service user would receive reduced levels of home care.
- The Health Service's introduction of a new National Framework and rigorously applied criteria for Continuing Health Care assessments could have significant implications for the Council's budget; particularly as the additional funding that the Primary Care Trust (PCT) anticipated receiving would not be ringfenced. Consequently care would need to be taken to ensure that there were no gaps in service provision and that the budgets remained stable. The Chairman of both the Joint East Berkshire Health Overview and Scrutiny Committee and the Council's Health Overview and Scrutiny panel advised that the matter had been raised with the PCT earlier that day at a meeting of the Joint Committee and it would be investigated by the Health Panel.
- It was confirmed that the rents and charges set out in the report were weekly costs and that the budget papers would be expanded to reflect this before being submitted to Council for agreement.

OVERVIEW AND SCRUTINY COMMISSION 17 JANUARY 2008

Corporate Services 2008/09 Budget Consultation (Item 8)

The Commission were presented with a report that detailed Corporate Services draft budget proposals for 2008/09. The Chairman queried the increase in Landfill tax shown on page 49 of the report. The Head of Finance stated that this was as a result of an increased cost in disposal tonnage and was unavoidable.

Members asked if the commitment budget had been prepared without taking account of the housing stock transfer. The Head of Finance confirmed that stock transfer had correctly not been included.

Members queried design and print cost reductions and why they were only shown for one year. The Director of Corporate services reported that the design and print service was being used decreasingly by the Council and that its biggest customer was currently the Housing section. This may no longer be the case once the Housing function was transferred. The potential of increasing external use of the service was now being explored more widely.

Members queried the progress around externalisation of the transport function. The Director of Corporate Services stated that she was hoping to move this forward in April/May 2008. An assessment of need had to be completed by Social Care Officers before this work could be progressed.