
Revenue Budget 2023-24

Committee considering report:	Council
Portfolio Member:	Councillor Ross Mackinnon
Date Portfolio Member agreed report:	31 January 2023
Report Author:	Joseph Holmes/Melanie Ellis
Forward Plan Ref:	C4314

1. Purpose of the Report

- 1.1 The purpose of this paper is to consider and recommend to Council the 2023-24 Revenue Budget, which proposes a Council Tax requirement of £117.5m, requiring a Council Tax increase of 2.99% and an Adult Social Care precept of 2%. The Council Tax will raise £3.3m, the precept will raise a further £2.2m, and an increased taxbase will raise a further £1.8m. At a 4.99% Council tax increase, the budget is balanced, after using £1.8m of reserves that have been specifically set aside. The overall Council Tax increase is intended to balance the financial impact of the pandemic on residents, mitigating the financial pressures they face, as well as the cost pressures that the Council faces.
- 1.2 The Council is focussed on delivering services to our residents and businesses that support the overall Health & Wellbeing of the district, and assist in the increased cost of living and continued recovery from the Covid-19 pandemic, building on our recovery strategy and improving the quality of services that we provide. The revenue budget supports this through the allocation of funds to core investment in the Council's strategies and through making revenue funding available to deliver the Capital Strategy.
- 1.3 The budget is supported this year through a financial settlement announced at the Autumn Statement that provides additional funding to the Council for social care at a time of historically high inflation as well as increases in demand on services. At the same time, the Council faces significant pressures from the wider economy; as mentioned, inflation is at very high levels with interest rates also rising recently and forecasts from the Bank of England of a sustained recession for the UK economy.
- 1.4 The Council recognises the need to support the most vulnerable. The Council has set up a cost of living hub in 2022 to support residents, and the focus of the 2023-24 budget is supporting the most vulnerable by minimising any impact on front line services that are so crucial for the people and business of the district. This has been funded by utilising almost all earmarked reserves outside of the minimum level of general fund reserves, reshaping Council services, managing vacancies, increasing some fees and charges in line with inflation and delivering efficiencies. There is a Government funded £25 reduction on Council Tax for all Council Tax Reduction scheme claimants. The revenue budget seeks manage all of these demands whilst achieving financial balance.
- 1.5 The budget details the investment for the year ahead to deliver the Council Strategy, the ambitions in the Capital Strategy and support core Council Services. This includes investment in approved strategies e.g. Adult Social Care, the Environment Strategy, the Digital and Customer Engagement strategies and prevention work. The paper also includes savings proposals, other income sources and the use of specific reserves to ensure the

Council has a sustainable financial footing. The budget also allocates revenue funding to deliver the Capital Strategy (separate paper) that has a substantial amount of investment in infrastructure for the year ahead. The Council is proposing to support the budget with a £1.8m contribution from reserves; these are largely from specific reserves, for example the residual Covid-19 non-ring-fenced grant, Council Strategy reserve and Collection Fund reserves.

- 1.6 This report also proposes the Fees and Charges for 2023-24 as set out in Appendix F, the Parish Expenses as set out in Appendix G and recommends the level of General Reserves as set out in Appendix E.

2. Recommendations

The Council is recommended to resolve as follows (for the Executive these remain incomplete as some final figures are reserved for Full Council):

- (1) That Council approves the 2023-24 Council Tax requirement of £117.5 million, requiring a Council Tax increase of 2.99% with a 2% Council Tax Precept ring-fenced for adult social care.
- (2) That the Fees and Charges are approved as set out in Appendix F and the appropriate statutory notices be placed where required.
- (3) That the Parish Expenses of £xxxxx are approved as set out in Appendix G (to be determined at Full Council).
- (4) To provide a £25 reduction to Council Tax for all Council Tax Reduction claimants, funded from the Exceptional Hardship Fund (EHF). The EHF has been set up by West Berkshire Council to cover the shortfall between the Council Tax Liability and the award of Council Tax Reduction. We recognise the importance of protecting our most vulnerable customers. An EHF was created to ensure that we protect and support those most in need. It is therefore intended to help in cases of extreme financial hardship and not support a lifestyle.
- (5) That it be noted that the following amounts for the year 2023-24 in accordance with regulations made under Section 31B of the Local Government Finance Act 1992, as amended (by the Localism Act 2011):-
 - (a) 67,392.41 being the amount calculated by the Council, (Item T) in accordance with regulation 31B of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended by the Localism Act 2011), as its council tax base for the year (the number of properties paying council tax).
 - (b) Part of the Council's area as per Appendix K being the amounts calculated by the Council, in accordance with regulation 6 of the Regulations, as the amounts of its council tax base for the year for dwellings in those parts of its area to which a Parish precept relates.
- (6) Calculate that the Council Tax requirement for the Council's own purposes for 2023-24 (excluding Parish precepts) is £xxx,xxx,xxx.

- (7) That the following amounts be now calculated by the Council for the year 2023-24 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992, amended by the Localism Act:-
- (a) £xxx,xxx,xxx being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2), (a) to (f) of the Act taking into account all precepts issued to it by Parish councils.
 - (b) £xxx,xxx,xxx being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3), (a) to (d) of the Act.
 - (c) £xxx,xxx,xxx being the amount by which the aggregate at 7(a) above, exceeds the aggregate at 7(b) above, calculated by the Council, in accordance with the Section 31A(4) of the Act, as its Council Tax requirement for the year (Item R).
 - (d) £x,xxx.xx being the amount at 7(c) above (Item R), all divided by 5(a) above (Item T), calculated by the Council, in accordance with Section 31B of the Act, as the 'basic amount of its Council Tax for the year (including Parish precepts)'.
 - (e) £x,xxx,xxx being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act (as per Appendix K).
 - (f) £x,xxx.xx being the amount at 7(d) above less the result given by dividing the amount at 7(e) above by the amount at 5(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special items relates.
- (8) That it be noted that for the year 2023-24, Police and Crime Commissioner for Thames Valley & the Royal Berkshire Fire and Rescue Service have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Councils area as indicated in Appendix K (to be determined by Full Council).
- (9) That the Council in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables in Appendix K as the amounts of Council Tax for 2023-24 for each part of its area and for each of the categories of dwellings.

3. Implications and Impact Assessment

Implication	Commentary
Financial	These are contained in further detail within the report. The key implication is the proposed 2.99% increase in Council Tax and a 2% adult social care precept, which leads to a savings and income generation programme of £9.1m in 2023-24. At a 4.99% increase, the budget is balanced after using £1.8m of reserves. This use of reserves is planned largely to cover social care investment and inflationary costs faced across the Council and is funded from specific reserves, for example any non ring-fenced risk reserves or earmarked reserves and Collection Fund reserves. The Council has

	<p>a good track record of delivering past savings programmes and monitors and reports on progress on a regular basis with quarterly reporting to the Executive and OSMC.</p> <p>The Council is proposing a one off use of reserves of £1.8m to support the revenue budget. The in-year (2022-23) financial position supports this use of funds, as the Q3 forecast is for the use of general reserves to the minimum level set out in this paper elsewhere and in appendix Ei and Eii, and this does have an implication for the medium term with very low earmarked reserves available for future years beyond 2023-24.</p> <p>The Council is proposing the use of a 2% Adult Social Care Precept for 2023-24, as the Government has allowed a maximum 2% rise in the precept for 2023-24. Over the period 2021-23, the Council did not determine to use the full ASC precept available to it, foregoing 1% of the precept over the period and foregoing 1% of core Council Tax rises over this period compared the maximum Council Tax rise available before triggering a referendum on Council Tax rises.</p>
Human Resource:	The main implications for staff are in respect of investment for service areas and additional workforce capacity. Any restructures take place in accordance with the Organisational Change Procedure.
Legal:	<p>There is a requirement to produce a Revenue Budget under the various Local Government Finance Acts.</p> <p>The savings proposals have been consulted upon as appropriate, and further consultations may be required prior to implementing certain proposals.</p> <p>The Public Sector Equality Duty (149 (1) requires a Local Authority in exercise of its functions to have due regard to the need to:</p> <ul style="list-style-type: none"> (a) Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this 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. <p>Decision makers must keep the above requirements in mind when making decisions.</p>
Risk Management:	As part of the 2023-24 financial monitoring, savings proposals will be kept under monthly review to ensure they are deliverable. Appendix E sets out how the impact of increased volatility in Local Government finance will be managed and considers the impact on levels of reserves.
Property:	Significant amendments to the property and infrastructure portfolio are included as part of the capital strategy which is funded through revenue financing. Transformation activity will be funded through the flexible use of capital receipts via asset sales.

Policy:	Specific investment in the Council Strategy is included as part of this budget. These areas are highlighted separately in the budget paper.			
Implication	Positive	Neutral	Negative	Commentary
Equalities Impact:				
Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?	Y			Any impacts have been assessed and publicly consulted upon where necessary. Specific investment in equality and diversity co-ordinator to enhance the Council's responsiveness and commitment to equalities and diversity.
Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		Y		Any impacts have been assessed and publicly consulted upon where necessary.
Environmental Impact:	Y			Investment detailed in this report in delivering the Environmental Strategy
Health Impact:		Y		
ICT or Digital Services Impact:	Y			Additional investment in delivery of the digital strategy.
Council Strategy Priorities or Business as Usual:	Y			As detailed in the report, specific investment in priority areas has been identified separately
Other				
Data Impact:		No		

Consultation and Engagement:	<p>See Appendix I on the budget consultation exercise where specific questions were asked between 16th December 2022 and 29th January 2023. 376 responses were received. There was some strong alignment on the areas of relative priorities between the budget papers proposed and responses from the public. There was a very small level of overall support for the 5% increase in Council Tax overall compared to a below 5% rise. The option to go to a Council Tax referendum was not supported overall by a substantial majority of respondents. There was agreement overall for increasing fees and charges with inflation as well as investing in activities to achieve net zero. There was disagreement on the £150 support for Council Tax in respect of working-age universal claimants for the Council Tax Reduction Scheme. In response to this and the Government announcement (after this consultation was released) of a £25 reduction in Council Tax for all Council Tax Reduction scheme claimants, the Executive are proposing to re-allocate this budget to the exceptional hardship Council Tax budget to provide further support to residents overall in light of cost of living pressures.</p> <p>Subsequent to the Executive dispatch deadline the following events are due and will be incorporated into the final budget for Council on the 2nd March 2023.</p> <p>A Town and Parish Council briefing meeting was held on 31st January 2023.</p> <p><i>The Newbury BID Board was provided with an overview of the key areas of the budget on the 8th February 2023.</i></p> <p><i>An online Webinar was held on the 13th February 2023, as part of the launch of the budget with the Executive papers. A series of questions were asked as part of the event with the portfolio holder for finance and economic development and the Executive Director (Resources) on the 13th February 2023.</i></p>
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4. Executive Summary

- 4.1 The purpose of this paper is to consider and recommend to Council the 2023-24 Revenue Budget, which proposes a Council Tax requirement of £117.5m, requiring a 2.99% Council Tax increase and an adult social care precept of 2%. The Council Tax will raise £3.3m, the precept will raise an additional £2.2m and an increased taxbase will raise a further £1.8m. The ASC precept has been levied to reflect the increased demand and financial costs within the Adult Social care system. ***There are some appendices to be completed that are specifically for the full Council papers, e.g. parish precepts.***
- 4.2 In order to arrive at a balanced budget for 2023-24, £9.1m of savings and income generation proposals have been recommended.
- 4.3 The Council is forecasting an over spend position of £1m in 2022-23 after using £4.6m of earmarked reserves in-year as well as £1.1m of General Fund reserves held for risks that have emerged during the current financial year. The ongoing effect of any budget pressures and future investment in the Council Strategy priorities has been factored into the 2023-24

budget; this is indeed the key driver for the significant savings requirement for the 2023-24 financial year. With inflation during the current financial year running consistently above 10% the Council needs to fundamentally reset its cost base to align to these new higher costs. With social care being the majority of Council spend, and the waste contract representing the large overall revenue contract of almost £20m, these two areas are seeing major rises that must be included within the Council's budget for the year ahead. In order to fund this the Council has chosen to increase Council Tax by 2.99% and levy a 2% adult social care precept and find savings or income generation of £9.1m. West Berkshire Council has a strong track record of delivering on its savings proposals and of reacting to ongoing pressures in order to minimise the budgetary impact.

4.4 Proposals

- (1) That Council approve the 2023-24 Council Tax requirement of £117.5million, requiring a 2.99% Council Tax increase and a 2% Adult Social Care Council Tax Precept ring-fenced for adult social care.
- (2) That the Fees and Charges be approved as set out in Appendix F and the appropriate statutory notices be placed where required.
- (3) That the Parish Expenses be approved as set out in Appendix G.

5. Introduction

- 5.1 The purpose of this paper is to consider and recommend to Council the 2023-24 Revenue Budget, which proposes a Council Tax requirement of £117.5m, requiring a Council Tax increase of 2.99% and a 2% Adult Social Care (ASC) Council Tax Precept. The Council Tax will raise £3.3m, the ASC precept will raise a further £2.2m and an increased taxbase will raise a further £1.8m.
- 5.2 In order to arrive at a balanced budget for 2023-24, £9.1m of savings and income generation proposals have been recommended.
- 5.3 This report also proposes the Fees and Charges for 2023-24 as set out in Appendix F, the Parish Expenses of £xx,xxx as set out in Appendix G, and recommends the level of General Reserves as set out in Appendix E.

6. Implications of the 2022-23 financial year

- 6.1 The 2022-23 financial year has seen the highest level of inflation in the United Kingdom for over 40 years¹. Indeed, since the formation of West Berkshire Council inflation has not risen above 5.2% before the current financial year. The Council's ability to consume such a large re-alignment of its cost base are severely constrained. Council Tax is set based on information from October to January of the previous financial year and cannot be re-adjusted during the year, and represents approximately 75% of the Council's income stream. Retained business rates are a significant source of Council funding (@£27.3m) yet the Council has no control over the rate being set. Lastly, the Government funding through

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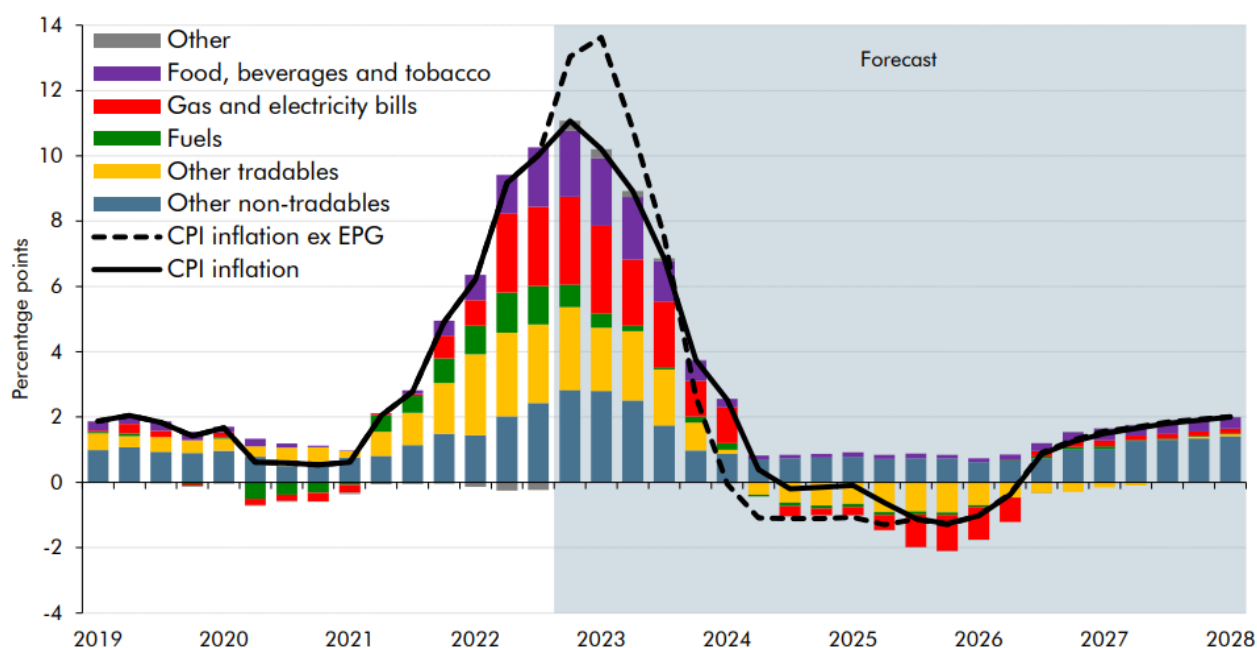
<https://www.ons.gov.uk/economy/inflationandpriceindices/articles/consumerpriceinflationhistoricalestimatesandrecenttrendsuk/1950to2022#:~:text=and%20April%202022,-.The%20average%2012%2Dmonth%20growth%20rate%20of%20the%20Consumer%20Prices,and%20April%202022%20was%202.5%25>

New Homes Bonus, Services Grant and Social Care Grant, are all fixed and beyond the control of the Council to increase.

- 6.2 This backdrop of constrained income sources and rising inflation has been compounded by the effect of increasing demand for Council services; social care services seeing an increase in clients, in both adults and children's whilst Special Education Needs Home to school Transport Costs have risen through a combination of inflation and greater numbers of users. At the same time, the legacy of the Covid-19 pandemic on Council services has been a drop in leisure centre use and so increased costs through the leisure contract and a drop in car parking income driven by reduced usage as well as a major decline in season tickets.

Table 1.1. Office of Budget responsibility inflation forecast

Chart 4: Contributions to CPI inflation



- 6.3 The adjustment to the 2023-24 budget is substantial. The social care models are showing an increase of £10.1m. Unit costs have risen from £544 to £608 (12%) in adult social care for example, with inflation provided during 2022-23 being adjusted to be included in the 2023-24 model with an assumed increase of 3.5% to Adult Social Care providers to support the market. The waste contract is based on the RPIx inflationary measure in January for the year ahead, this is currently showing a rise of **11.5%** which equates to a further **£2.2m** in next year's budget.
- 6.4 The government has provided support through allowing Councils to spread any forecast collection fund (the account that looks at the amount of council tax and retained business rates collected in year again the budgeted income) deficit over a three year period instead of one year. The positive of this proposal is that it does not immediately burden the taxpayer with all of any deficit in 2021-22 as there would only be a third of the deficit in that year. However, it has meant that for 2022-23 and 2023-24 it does create a longer term financial burden at a time of unknown funding.
- 6.5 The Council has also been supporting displaced people from across the world, with a variety of schemes developed including the Homes for Ukraine (HfU) support hub. To date, the Council has helped to assist with 464 Ukrainians coming to West Berkshire which is one

of the highest per head of population number of Ukrainians supported across the country. To enable further support to hosts across West Berkshire an enhanced payments above the Government £350 has been agreed with a further £100 per host, plus a further £50 for every additional guest so that hosts are provided with extra funds.

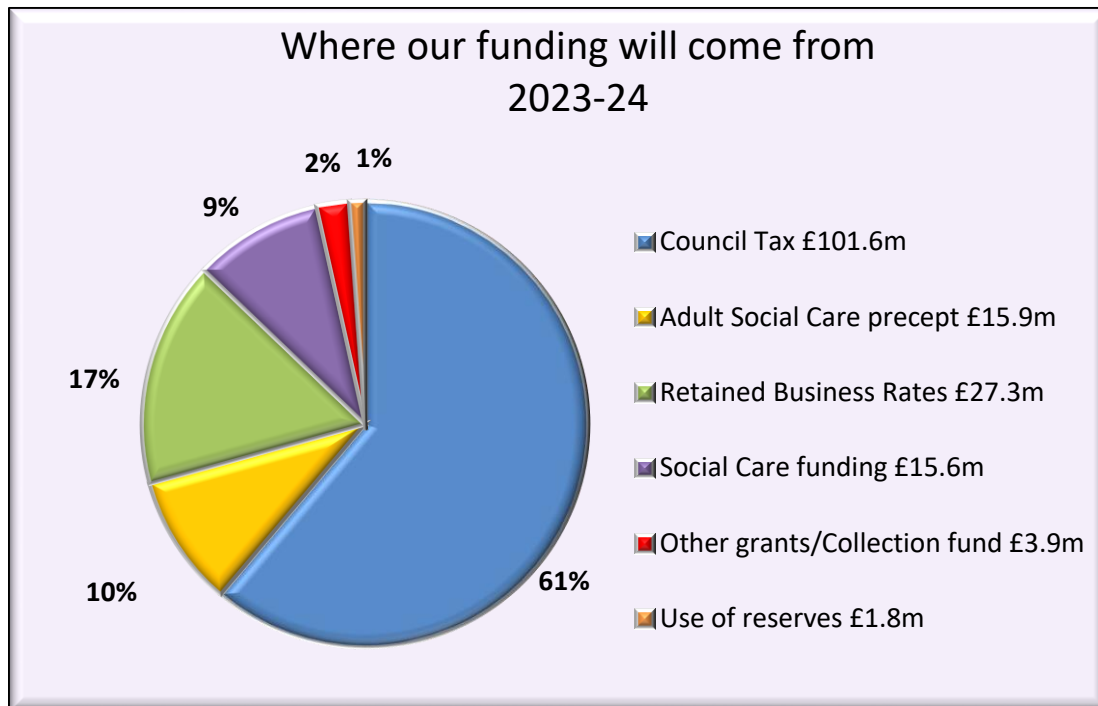
7. The 2023-24 Local Government Finance Settlement

The 2023 Spending Round was announced in November 2022 at the Autumn Statement, with a draft finance settlement announced on the 20th December with subsequent individual notifications of specific grant allocations. The final settlement figures were received on **xxth February 2023**. The key points are:

- (1) That the increase in Spending Power for West Berkshire is **7.7%** and that includes the Government assumption that the Council takes the maximum increase in Council Tax and the Adult Social Care Precept that they can without triggering a referendum (4.99% overall for West Berkshire Council).
- (2) That the Spending Review encompasses a two year period from 2023-25 for Local Government as a whole but that the finance settlement only covered the 2023-24 financial year.
- (3) For Council Tax, a core principle of up to 2.99% increase was announced, together with a further 2% increase in council tax through the Adult Social Care (ASC) precept.
- (4) It has been announced that negative Revenue Support Grant will not be charged in 2023-24. Negative RSG is the name given to a downward adjustment of a local authority's business rates tariff, as a consequence of changes to distribution methodology adopted in 2016-17.
- (5) Social care grant funding of £6.4m, share of NHS funding for Local Government to support the Adult Social Care discharge relief for the NHS of £0.3m for West Berkshire Council specifically, and a further £1.2m announced for ASC market sustainability and improvement. It is implied that these are non ring-fenced but with some information to be determined by Government on what activity these support.
- (6) There will be a new round of New Homes Bonus payments in 2023-24 which will not attract new legacy payments. For West Berkshire this amounts to £1.1m compared with £1.2m in the previous year.
- (7) Service Grant funding of £0.7m.
- (8) Other non-ringfenced grant funding of £0.3m.
- (9) Public Health grant allocation **of £x.xm tbc.**
- (10) A number of other grants have been announced to combat rough sleeping and homelessness of £0.8m.
- (11) **Allocation for external audit fees and transparency arrangements tbc.**

8. Revenue Funding

8.1 The main sources of funding for the 2023-24 revenue budget are shown in the following chart.



8.2 West Berkshire Council's main source of funding is from Council Tax (61%). Council Tax is collected from local residents based on the value of the property in which they live. This report recommends a Council Tax increase of 2.99% for 2023-24. Income from Council Tax is also expected to increase by a further 1.6% as a result of growth in the tax base (the number of properties paying Council Tax). Total Council tax increases will raise £5.1m. This is based on a collection rate of 99.7%.

8.3 The Exceptional Hardship Fund (EHF) has been set up by West Berkshire Council to cover the shortfall between the Council Tax Liability and the award of Council Tax Reduction. We recognise the importance of protecting our most vulnerable customers. An EHF was created to ensure that we protect and support those most in need. It is therefore intended to help in cases of extreme financial hardship and not support a lifestyle. The Revenues and Benefits Service will operate the (EHF) to:

- Allow a period of time for someone to adjust to unforeseen short-term circumstances and to enable them to "bridge the gap" during this time. Due to the nature of this fund and the resource allocated to its function, the period of award will normally be a financial year.
- Support people in managing their finances
- Help customers through personal crisis and difficult events that affect their finances.
- Aim to help prevent exceptional hardship
- Give support to those who are financially vulnerable

The EHF is therefore a short-term emergency award credited to the claimants Council Tax account.

It is determined by taking the following information into consideration;

- The steps taken by the customer to reduce their Council Tax liability. I.e., discounts, exemptions or reductions
- The income and expenditure of the customer, their partner and any dependants or other occupants of the customer's home
- Any other difficulties being faced by the customer preventing them from making payment.

8.4 The Council is proposing a 2% Adult Social Care Precept for 2023-24, which will raise £2.2m. The maximum allowed is a 2% precept. The previous precepts raise annual funds of £13m. Adult social care makes up over a third of the Council's net revenue expenditure budget. Whilst efficiencies are being made in the way the Council operates this Service, the precept has helped to fund the pressures faced in the areas of learning disability, demographic increases, increased costs and additional staffing requirements.

8.5 Retained Business Rates represents the Council's share of the actual business rate collected in West Berkshire. The Government has paused the further retention of business rates to 75% until 2025-26 at the earliest; therefore West Berkshire continues to receive 50% of business rates less a significant tariff to Government meaning the overall amount of business rates retained by the Council is 25% of the total business rates collected.

8.6 Social care funding via the Better Care Fund (BCF) and Improved Better Care Fund (iBCF) is to be spent locally on health and care with the aim of achieving closer integration and improved outcomes for patients and service users and carers. A Social Care Grant is also received. Both of these funds have been significantly increased for the 2023-24 year.

8.7 Other grant funding consists of New Homes Bonus and other non ring-fenced grants. West Berkshire Council has not received any of the non ring-fenced Revenue Support Grant since 2017-18. In addition to the funding above, the Council also receives ring-fenced funding which must be spent on specific areas, and raises fees and charges. These income streams are shown within individual service budgets where the expenditure occurs. The largest of these are detailed below:

- (1) **Dedicated Schools Grant (DSG).** The DSG is a ring-fenced grant which can only be spent on school/pupil activity. The DSG consists of four funding blocks: Schools, Central Schools Services, Early Years and High Needs. The DSG settlement for 2023-24 was announced by Government in December 2022. The following table sets out the 2023-24 DSG settlement for each block.

Categories	(£'m)
Schools block	127.44
Central school services block	0.97
High needs block	27.39
Early years block	10.85
DSG allocation	166.65
Mainstream schools additional grant	4.33
Additional high needs allocation	1.10
Total DSG funding	172.09

DSG budgets are discussed in detail at the School Forum. The Forum has agreed not to transfer a percentage of funding from the Schools Block to the High Needs Block in 2023-24.

The DSG had a deficit balance of £3m as at 31.3.2022, and in 2022-23 the deficit is forecast to increase to £6m by 31.3.2023. The deficit has arisen largely in high needs but also in early years. The Government has confirmed that the accounting treatment of the High Needs Block deficit will continue until 2025-26 which means some relief from the risk of the deficit of £6m going against the General Fund. If this had happened, the Council would be very close to receiving a s114 notice (in effect where the Council has no money left in reserve) from the s151 officer as there would be barely any general fund reserve left. In the next three years, the Council needs to adopt new proposals to reduce this deficit.

The Council is part of the Department for Education's, Delivering Better Value in Special Educational Needs and Disability (SEND) programme, which will commence later this year. This programme aims to support local authorities to improve delivery of SEND services for children and young people while ensuring services are sustainable.

- (2) **Public Health Grant.** West Berkshire Council receives a **£6.1m (TBC)** ring-fenced grant to fund public health functions (to be determined by Government for 2023-24 – figures not released for Executive).
- (3) **Fees and Charges:** There are generally two types of fees and charges; statutory and discretionary. The rationale behind the proposed increases to each Directorates' fees and charges are included in detail in Appendix F. A review of all fees and charges is taking place by the Overview and Scrutiny Committee. The Council also continues to receive income from its investment in commercial property, which is budgeted to generate £3.5m per year. The majority of fees and charges included in this budget are due to rise by the October CPI figure of 11.1%. This month has been the historic period at which the fees and charges are determined (prior year comparator of 4.2%) and provides for some recoupment of real terms losses to income achieved during 2022-23 as the inflation increase for that year's budget was far below the actual inflation facing the Council.

9. Revenue Expenditure

The Revenue funding outlined above, funds the 2023-24 revenue budget as follows:

Directorate	Base budget	Growth and inflation	Ongoing Investment	Savings & income generation	Annual budget requirement 2023/24
	£m	£m	£m	£m	£m
People	85.29	13.25	2.73	-2.88	98.40
Place	29.81	4.44	1.66	-2.36	33.55
Resources	11.32	1.57	0.58	-1.41	12.06
Chief Executive	0.53	0.03	0.00	0.00	0.57
Capital Financing / Corporate	14.61	0.24	0.93	-2.43	13.35
Total	141.57	19.54	5.90	-9.07	157.93

- 9.1 **Base budget £141.57m:** This is the ongoing budget requirement for the three Directorates together with the ongoing revenue cost of the capital programme.

- 9.2 **Growth and inflation £19.54m:** This is the budget increase required for the Council to perform existing services each year. As part of the budget setting process, the Council provides for general inflationary pressures such as salary increases (3.5% assumption) based on the established number of posts, together with salary increments and increases to National Insurance and pension contributions. Any pay award above the assumptions would need to be funded from reserves.

Budgets are inflated where a contract is in place and is subject to annual inflationary increases. The largest single item of contract inflation is from the waste PFI contract. This contract increase is based on the RPIx measure in January of each year (released mid-February) and amounts to £2.1m (11.5% assumption) for 2023-24. Full details of contract inflation and modelled growth are given in Appendix A.

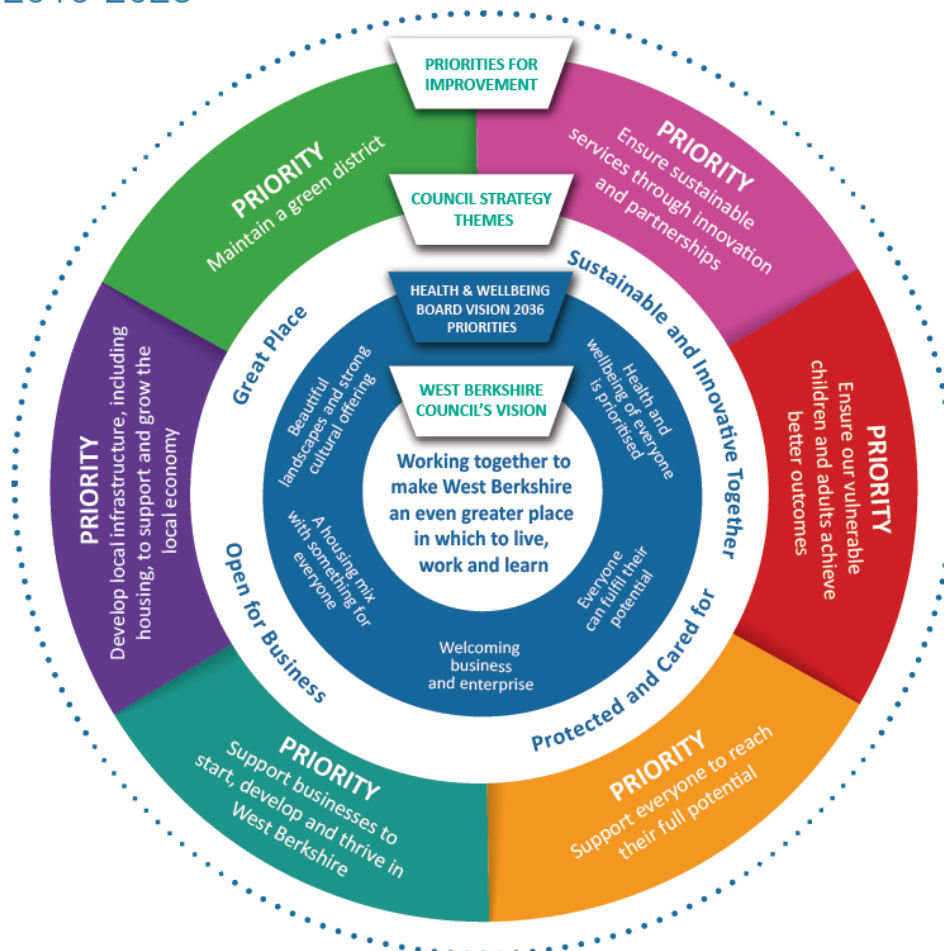
The majority of growth has arisen in supporting social care, and it has been necessary to invest £10.1m into the budget due to rising demand and price increases. Financial modelling has been undertaken in demand led budgets which tracks client numbers, demand for services and pricing. The modelling produces a financial impact range between low cost, most likely and high cost. The growth in the budget has been funded at the most likely figure with there being no balance provided for in the Service Risk Reserve due to it being forecast to be utilised in 2022-23. The model inflation is at 3.5%, reflecting increases expected in costs balanced against increases already in place. The Extracts from the models are shown in Appendix B.

- 9.3 **Ongoing Investment £5.9m:** Each year new service investment is required to be built into the revenue budget. Investment in the Council's operational assets is funded from external borrowing and this requires an annual increase of £0.6m in the revenue budget in order to fund the additional revenue costs for the £182.7m Council funded capital programme. The total Capital Programme is £387.7m for 2023-24 and key areas of investment include:

- (a) £196.4m in support of ensuring our vulnerable residents achieve better life outcomes and reach their full potential. Investment is planned enabling enhancement of existing educational facilities, provision of new school places in response to new housing developments across the district, enhancing accessibility to existing provision and investment in Adult Services.
- (b) £140.5m in support of infrastructure across the district (roads, bridges, flood alleviation, drainage and cycle paths).
- (c) £12.3m in support of the development of a Leisure Strategy for the district. Investment includes redevelopment of the Northcroft Leisure Centre (both dry side facilities and the Lido), Kennet Leisure Centre and various modernisation projects across the district's current leisure provision offering.
- (d) £27m in support of the Council's Environment Strategy in response to the climate emergency, acknowledging the Council's role in facilitating a move to more environmentally sustainable lifestyles and business models across the district. Investment includes developing renewable energy provision and installation of on street electric vehicle charging points across the district.
- (e) £2.3m in support of maintaining and enhancing the Council's commercial property portfolio. The portfolio continues to contribute net income streams (i.e. after direct and capital financing costs), in support of core Council services.

9.4 Full details of the Council revenue investments are given in Appendix C.

West Berkshire Council Strategy 2019-2023



9.5 As part of this strategy, the Council is setting to more closely align financial resources to invest in the priority outcomes included in the strategy (see the Medium Term Financial Strategy for an overview). This investment started from 2020-21 with £0.68m of investment, through to this year, 2023-24, showing £2.4m.

No	Council Strategy priority	Item	Amount £k
1	Ensure our vulnerable children and adults achieve better outcomes	<ul style="list-style-type: none"> Investment in children's social care staffing to provide additional capacity Additional funding for SEN Home to School Transport Emergency duty service Equipment for Children with disabilities 	523 550 20 15
2	Support everyone to reach their full potential	<ul style="list-style-type: none"> Investment in family hub capacity 	160
3	Support businesses to start, develop and thrive in West Berkshire	<ul style="list-style-type: none"> UK Shared Prosperity Grant Funded: <ul style="list-style-type: none"> Art trail culture initiative Business growth hub Business investment officer Admin budget 	18 20 50 16
4	Develop local infrastructure, including housing, to support and grow the local economy	<ul style="list-style-type: none"> Investment in the planning service Investment in bus services 	227 343
5	Maintain a green district	<ul style="list-style-type: none"> Investment in support for bio-diversity net gain 	100
6	Ensure sustainable service through innovation and partnerships	<ul style="list-style-type: none"> Human Resources restructure to support workforce strategy ICT data loss prevention system 	77 36
7	Business as usual	<ul style="list-style-type: none"> Reduced insurance income from DfE Coroners additional costs Land charge income drop due to transfer to Central Government 	50 115 126
	TOTAL COUNCIL STRATEGY INVESTMENT		£2,446
	Investment into areas impacted by Covid-19	<ul style="list-style-type: none"> Car parking income rebalanced to reflect 2022-23 usage Leisure costs 	750 515
	TOTAL COVID-19 INVESTMENT		£1,265
	TOTAL COUNCIL STRATEGY AND COVID INVESTMENT		£3,711

9.6 The following chart shows how the budget is split by Directorate.



9.7 In order to achieve a balanced budget, £9.1m of savings and income generation proposals have been made.

10. Reserves

10.1 As part of the financial planning process, the Council considers the establishment and maintenance of reserves. Reserves are categorised into unusable and usable reserves. Unusable reserves includes those reserves which are kept to manage the accounting processes for non-current assets, retirement and employee benefits. These do not represent usable resources for the council. Usable Reserves consist of the General Reserve and Earmarked Reserves.

10.2 The General Reserve exists to cover a number of non-specific items and risks. The Council s151 officer recommends that the General Reserve is a minimum £7m. Earmarked Reserves are held for specific future projects or service risks.

Reserve	Balance as at 31.3.2022	Forecast increase during 2022-23	Forecast decrease during 2022- 23	Forecast balance as at 31.3.2023
	£m	£m	£m	£m
General Fund (unallocated) including specific risk reserves	12.91		-5.66	7.25
School Balances	11.02		-3.00	8.02
Earmarked Reserves	23.83	0.11	-18.55	5.39
General Fund total	47.77	0.11	-27.21	20.66

- 10.3 During 2022-23 the main changes to reserves were where the collection fund deficit from previous years had required specific funding from earmarked reserves, as highlighted in the 2022-23 budget papers. For 2023-24, the Council is proposing to support the budget with a £1.8m contribution from reserves, as well as utilising many earmarked reserves for the 2022-23 financial year which were unplanned uses due to the increased costs of inflation and demand as highlighted earlier in this report.
- 10.4 Further information can be found in Appendix Ei and Eii.

11. Funding Statement

The Funding Statement for 2023-24 shows the funding available to the Council which can be used to fund the budget requirement.

2023-24 Funding Statement				
Ref	Income	£m	£m	Appendix
1a	Council Tax	101.62		
1b	Adult Social Care precept	15.85		
	Total Council Tax income		117.47	
2	Retained Business Rates		27.29	
3a	Adult Social Care BCF and iBCF	7.33		
3b	ASC Market Sustainability & Improvement Fund	1.17		
3c	Social Care grant	6.79		
3d	ASC delayed discharge funding	0.31		
	Total Social Care funding		15.61	
4a	New Homes Bonus	1.06		
4b	Services Grant	0.70		
4c	Other non-ringfenced grants	0.34		
	Total other grant funding		2.11	
5a	Collection Fund deficit (-)/ surplus - Council Tax	-1.41		H
5b	Collection Fund deficit (-)/ surplus - NNDR	3.23		
	Total Collection fund deficit		1.82	
6	Funds Available		164.30	
	Expenditure	£m	£m	Appendix
7	Opening base budget*		141.57	
8a	Inflation	6.73		
8b	Contract inflation	2.73		A
8c	Modelled growth	10.08		B
	Total growth and inflation		19.54	
9a	Investment in Council Strategy priorities	2.34		
9b	Investment due to Covid-19	1.27		
9c	Other investment	1.66		
9d	Increase in capital financing costs	0.63		
	Total ongoing Investment		5.90	C
10	Savings and income generation		-9.07	
11	Annual Budget Requirement		157.93	
12	One off investments		0.82	C
13	Net Budget Requirement for Management Accounting		158.76	
14	Adult Social Care BCF and iBCF		7.33	
15	Budget Requirement		166.09	
16a	Use of Earmarked Reserves	-1.46		
16b	Use of Collection Fund Reserves	-0.33		
	Total one off funding		-1.79	E
17	Budget Requirement after use of reserves		164.30	
	<i>£10k roundings may apply</i>			

* Opening Base budget		£m
Income from fees and charges		-30.71
Ring-fenced grant income		-189.63
Internal recharges and interest received		-1.39
Gross Operating Expenditure		363.00
Base budget		141.28
Opening adjustments		0.29
Opening base budget		141.57

12. Proposals

- (1) That Council approve the 2023-24 Council Tax requirement of £117.5 million, requiring a Council Tax increase of 2.99% with a 2% Council Tax Precept ring-fenced for adult social care.
- (2) That the Fees and Charges be approved as set out in Appendix F and the appropriate statutory notices be placed where required.
- (3) That the Parish Expenses be approved as set out in Appendix G.

13. Consultation and Engagement

To be completed post upcoming briefings/ budget events.

14. Other options considered

The budget proposal is contains a blend of savings options and Council Tax changes. The Council could go to a Council Tax referendum to put substantially more money into the budget, though this has been rejected due to the quality of Council services that are able to be provided within the existing budget and that the increased burden on local taxpayers could have a negative local economic impact.

15. Conclusion

The Council is forecasting an over spend of £1m in 2022-23 after using £4.6m of earmarked reserves to support service budgets. The ongoing effect of any budget pressures and future investment in the Council Strategy priorities has been factored into the 2023-24 budget. In order to fund this the Executive has chosen to propose an increase in Council Tax by 2.99%, raise a 2% adult social care Council Tax Precept, use £1.8m of specific reserves and find savings or income generation of £9.1m. West Berkshire Council has a strong track record of delivering on its savings proposals and of reacting to ongoing pressures in order to minimise the budgetary impact.

16. Appendices

Appendix A – Contract inflation
Appendix B – Modelled growth
Appendix C – Investment
Appendix D – Savings and income proposals
Appendix E(i) – Reserves Statements
Appendix E(ii) – Adequacy of reserves and robustness of budget
Appendix F – Fees and charges
Appendix I – Budget Consultation response

For Full Council March 2023

Appendix G – Parish Expenses

Appendix H – Council Tax Collection Fund

Appendix J – YouTube Live Summary

Appendix K – Council Tax Resolution

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Contract Inflation

Contract Inflation			2023/24	Rate used
Directorate	Service	Description	£000	
Corporate	All	Cleaning contract	42	10.5%
Corporate		Total	42	
People	ASC	Birchwood Nursing Home lease	87	15.0%
People	ASC	Rent on Hillcroft House where Council provides ASC services	5	5.0%
People	CFS	Supported Lodgings for young people in care and leaving care - Step by Step contract extension	25	7.6%
People		Total	117	
Place	ENV	Waste contract (at RPIX)	2179	11.5%
Place	ENV	Waste - Tax Base adjustment	86	
Place	ENV	BBOWT partnership (CPI)	38	10.1%
Place	ENV	Tree maintenance contract	26	10.5%
Place	ENV	Highways term maintenance contract (set %)	127	
Place	ENV	Bus lane camera maintenance	5	
Place	ENV	Other	4	
Place		Total	2,465	
Resources	F&P	Corporate insurance	100	12.5%
Resources	S&G	Other	8	
Resources		Total	108	
		Total contract inflation	2,732	

N.B. Rounding may apply to £10k

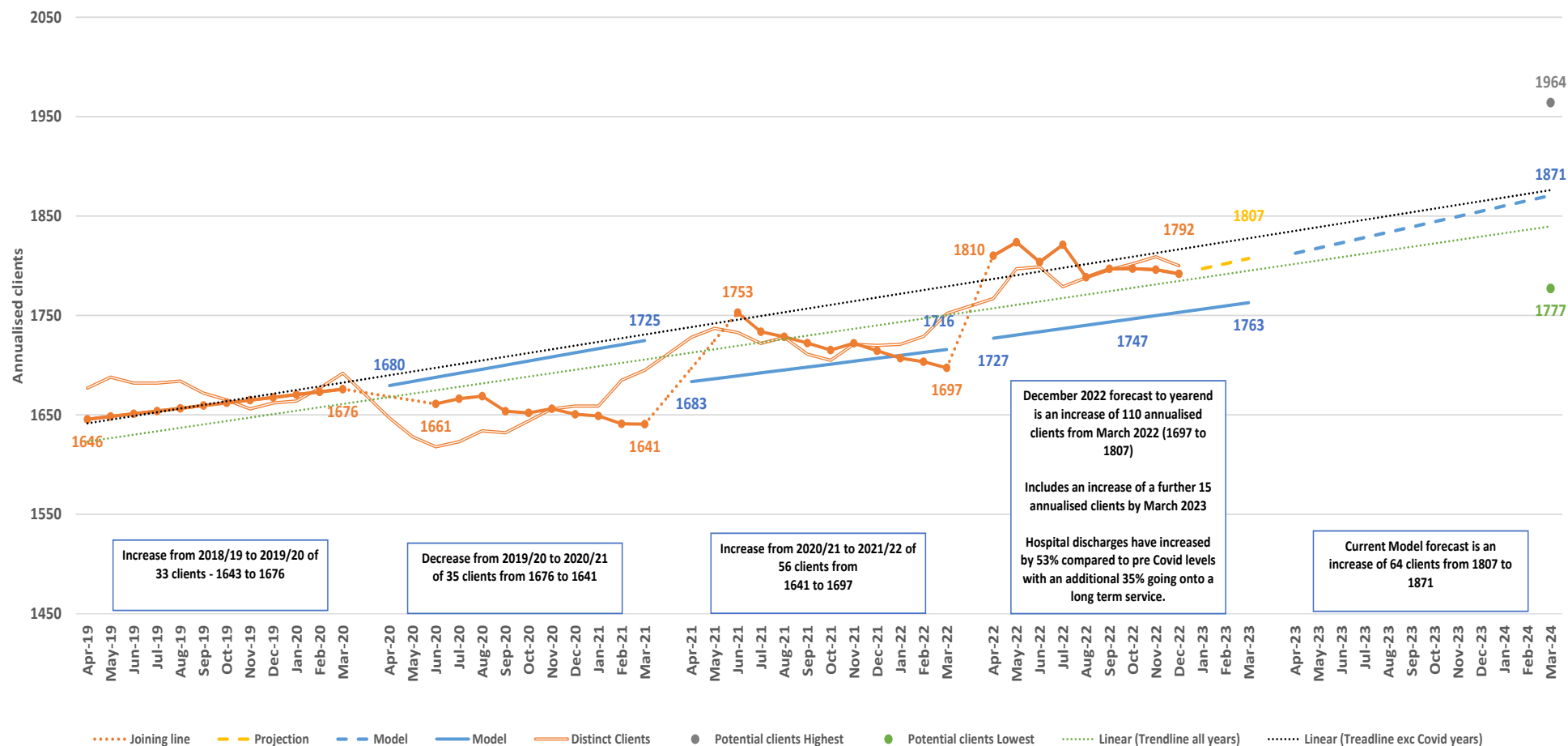
Appendix B

Modelled Growth

The table below shows the amount of budget growth required for 2023-24 from the modelling undertaken in Adult Social Care, Children & Family Services and Education. Modelling graphs are also shown for the ASC and CFS models.

					2023-24
					Modelled Growth
Directorate	Service	Ref	Priority	Description	£000
People	ASC	P1	1	Learning Disability Transitions from children's services to adult social care	1,852
People	ASC	P2	1	Commissioning Budgets demographic increases - long term services demand	4,698
People	ASC	P3	1	Commissioning Budgets demographic increases - long term services inflation	1,638
People	ASC	P4	1	Commissioning Budgets demographic increases - short term services	100
People	CFS	P5	1	Placement budgets increased demand	1,401
People	CFS	P6	1	Placement Budgets inflation	387
People	.			Total	10,076

Adult Social Care
Annualised client numbers for Long Term Services



Revenue Budget 2023-24

