Revenue Budget 2021-22

Committee considering report:	Executive on 11 February 2021 Council on 2 March 2021
Portfolio Member:	Councillor Ross Mackinnon
Date Portfolio Member agreed report:	28 January 2021
Report Author:	Melanie Ellis
Forward Plan Ref:	C3983

1. Purpose of the Report

1.1 The purpose of this paper is to consider and recommend to Council the 2021-22 Revenue Budget, which proposes a Council Tax requirement of £104.32m, requiring a Council Tax increase of 1.99%. The Council Tax increase will raise £2.04m. The Council is not proposing any use of the Adult Social Care precept and there will therefore not be any increase in the precept. 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 budget details the investment for the year ahead to deliver the Council Strategy and support core Council Services. This includes investment in Adult Social Care, economic development and prevention work. 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, including savings proposals, other income sources and £3.2m of support from Government for Covid-19 costs. The Council is proposing to support the budget with a £2.2m contribution from reserves; it is rare that the Council would use such a sizeable level of one-off support for the budget but the impact of the pandemic on the current year budget, allied to Government financial support, has led to an expected underspend in the current year that is being proposed to partially use to support the 2021-22 budget.

1.3 This report also proposes the Fees and Charges for 2021-22 as set out in Appendix F and 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 – please note that for Executive, figures remain incomplete as figures are awaited from other preceptors:

(1) That Council approves the 2021-22 Council Tax requirement of £104.32 million, requiring a Council Tax increase of 1.99% with a 0% increase in the 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 £xxxx are approved as set out in Appendix G.

(4) It is proposed to again provide a £150 reduction to Council Tax for claimants receiving Council Tax Reduction falling within a working age category during the 2021-22 financial year. Where the balance to pay for a working age claimant is less than £150, we will credit all the remaining liability through this hardship scheme. The remaining funding from the allocation of £838k will be utilised to support the Collection Fund and consideration of the further impact on the Council Tax Reduction Scheme as well as the overall Collection Fund.

(5) That it be noted that the following amounts for the year 2021-22 in accordance with regulations made under Section 31B of the Local Government Finance Act 1992, as amended (by the Localism Act 2011):-

(a) 65,343.65 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 2021-22 (excluding Parish precepts) is £xxxxxxx.

(7) That the following amounts be now calculated by the Council for the year 2021-22 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992, amended by the Localism Act 2011:-

(a) £xxxxxxx 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) £xxxxxxx 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) £xxxxxxx 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) £xxxx 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) £xxxxx being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act (as per Appendix K).

(f) £1596.41 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 2021-22, 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.

(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 2021-22 for each part of its area and for each of the categories of dwellings.

(10) To consider the motion presented at the Council meeting of 3rd December 2020 regarding the Citizen's Advice Bureau and to reject or approve.

3. Implications and Impact Assessment

Implication	Commentary
Financial	These are contained in further detail within the report. The key implication is the proposed 1.99% Council Tax increase, which leads to a savings and income generation programme of £3.7m in 2021-22. The Council has a good track record of delivering past savings programmes and monitors and reports on progress on a monthly basis. The Council is proposing a one off use of reserves of £2m to support the revenue budget. The in-year (2020-21) underspend supports this use of funds, though this does have an implication for the medium term. The Council is also proposing no use of the Adult Social Care Precept for 2021-22, but the Government has allowed a 3% rise in the precept over the period 2021-23, so the option for the full precept remains for 2022-23 which would support the medium term financial position.
Human Resource:	There may be some implications for staff. The trade unions have been consulted and any reductions in staffing will be handled in accordance with the Organisational Change Procedure.
Legal:	There is a requirement to produce a Revenue Budget under the various Local Government Finance Acts.

	The savings proposals have been consulted upon as appropriate, and further consultations may be required prior to implementing certain proposals. The Public Sector Equality Duty (149 (1) requires a Local Authority in exercise of its functions to have due regard to the need to: (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. Decision makers must keep the above requirements in mind when making decisions.
Risk Management:	As part of the 2021-22 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:	None – significant amendments to the property and infrastructure portfolio are included as part of the capital strategy which is funded through revenue financing.
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		
Council Strategy Priorities or Business as Usual:	Y			As detailed in the report £938k of specific investment in priority areas has been identified separately
Other				
Data Impact:		No		
Consultation and Engagement:	See appendix L on the budget simulator exercise where 200 individuals responded to an engagement exercise on the potential budget proposals over December 2020/January 2021. Business meeting comments to follow from online Webinar			

4. Executive Summary

4.1 The purpose of this paper is to consider and recommend to Council the 2021-22 Revenue Budget, which proposes a Council Tax requirement of £104.32m, requiring a Council Tax increase of 1.99%. The Council Tax increase will raise £2.04m. 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 2021-22, £3.7m of savings and income generation proposals have been recommended.

4.3 The Council is forecasting an underspend of £3.4m in 2020-21 which will enhance the level of reserves. The ongoing effect of any budget pressures and future investment in the Council Strategy priorities has been factored into the 2021-22 budget. In order to fund this the Council has chosen to increase Council Tax by 1.99%, not to increase the adult social care Council Tax Precept, and find savings or income generation of £3.7m. 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 2021-22 Council Tax requirement of £104.32 million, requiring a Council Tax increase of 1.99% and a 0% increase in the 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 2021-22 Revenue Budget, which proposes a Council Tax requirement of £104.32m, requiring a Council Tax increase of 1.99% and a 0% increase to the adult social care Council Tax Precept. The Council Tax increase will raise £2.04m.

5.2 In order to arrive at a balanced budget for 2021-22, £3.7m of savings and income generation proposals have been recommended.

5.3 This report also proposes the Fees and Charges for 2021-22 as set out in Appendix F, the Parish Expenses of £xxxxx as set out in Appendix G, and recommends the level of General Reserves as set out in Appendix E.

6. Implications of Covid-19

6.1 Covid-19 has had a significant impact on the Council's finances. The Government has provided a variety of funding schemes to support the Council's budget in 2020-21. The main support has been through a non ring-fenced grant which to date has totalled £9.5m. The estimated additional costs to the Council for the 2020-21 financial year of Covid-19 is £5.9m.

6.2 On top of this the Government has provided an income guarantee scheme whereby, for any non-commercial income losses, the Council must fund the first 5% of income losses but for the residual amount, the Council funds 25% of the loss and Government 75%. The estimated income losses are £4.3m, of which £2.3m is expected to be reimbursed via the guarantee scheme.

6.3 The impact of additional costs and income losses for 2021-22 has been factored into these budget papers. The main areas of focus and budget adjustments are shown below; these are found in the appendices to the report as either cost pressures or savings:

(1) Ongoing reduction in assumed car parking income of £0.5m which represents a drop of 25% compared to previous years

(2) Ongoing additional Adult Social Care costs due to market price increases of £0.53m.

(3) Investment in maintaining local bus routes due to social distancing requirements £0.4m

(4) Savings in staffing mileage budgets of £0.17m

(5) Savings in printing and postage budget of £0.04m

(6) Reduced expenditure on office accommodation of £0.16m

6.4 The Government also provided other one-off funding to fund a variety of projects and schemes, for example on local outbreak plans, supporting the high street and business grants.

6.5 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 does mean that for 2022-23 and 2023-24 it would create a longer term financial burden at a time of unknown funding.

7. Specific announcement made as part of the Local Government Finance Settlement for 2021-22

7.1 The Government announced £670m for a Local Council Tax Support Grant (LCTSG). The purpose of the grant is to provide funding to local authorities to help them deal with the expected increase in the cost of LCTS in 2021-22. Payments will be made direct to billing authorities and major preceptors. The grant is un-ringfenced; and it is payable to the general fund and does not go through the collection fund. The scheme funds are distributed under a proposed methodology where the LCTS grant will provide funding based on the total number of working-age claimants. The allocations to each authority are based largely on the number of working-age claimants and so the amount of funding relative to each authority's council tax requirement will vary. Those authorities with a higher number of working-age claimants will receive more funding, and the implied losses in council tax that are being funded will also be higher. The taxbase should represent the amount that billing authorities estimate they can collect in 2021-22, taking into account growth in the number of properties on the valuation list, the impact of local council tax support schemes, and the estimated collection rate. The LCTS grant will be treated as a grant in the same way as other corporate grants.

7.2 West Berkshire's allocation is £838k and it is proposed that this is utilised to provide a reduction in Council Tax to those claimants of the Council Tax Reduction Scheme of up to £150 per household. This amount will be applied in the new financial year after the Council Tax bills have been issued.

8. 2020/21 In-Year Position

8.1 At Quarter Three of 2020-21, the forecast year end position is an underspend of over £3.4m of which the People Directorate is forecasting an underspend of £3.2m.

8.2 The 2020-21 budget was set with service specific risk reserves. This was in response to the volatility of some of the Council's budgets and because the Council was facing a number of risks that could not be quantified at the time of budget setting, including increased demand for services over and above budget assumptions, inflationary pressures, income risks and risk to delivery of savings plans. The Quarter Three position is after no proposed release from reserves except for £0.5m from the property fund to support the lack of income from 4 The Sector as part of the Council's commercial property portfolio.

8.3 For the 2021-22 budget setting, provision has been made for the ongoing pressures that have arisen during 2020-21, including anticipated impacts due to Covid-19 as well as to adjust the budget for any known changes to the in-year savings position and the impact that this might have in the longer term.

9. The 2021/22 Local Government Finance Settlement

The final settlement figures are still awaited, with a draft finance settlement announced on the 17th December with subsequent individual notifications of specific grant allocations. The 2020 Spending Round was announced in September 2020 and a consultation took place in October. The key points are:

(1) That the Spending Review encompasses a one year period from 2021-22

(2) The Government has proposed to protect all social care grants from 2020-21 into 2021-22.

(3) For Council Tax, a core principle of up to 2% increase was announced, together with a further 3% increase in council tax through the Adult Social Care precept, with an option to defer some or all of its use into 2022-23. The Council is proposing a 0% ASC precept in 2021-22, which allows the full 3% for 2022-23, dependent on that year's budget decision.

(4) It has been announced that negative Revenue Support Grant will not be charged in 2021-22. 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) There will be a new round of New Homes Bonus payments in 2021-22 which will not attract new legacy payments. All legacy payments associated with previous allocations will be honoured in the 2021-22 allocations. This total £1.1m compared with £1.8m in the previous year.

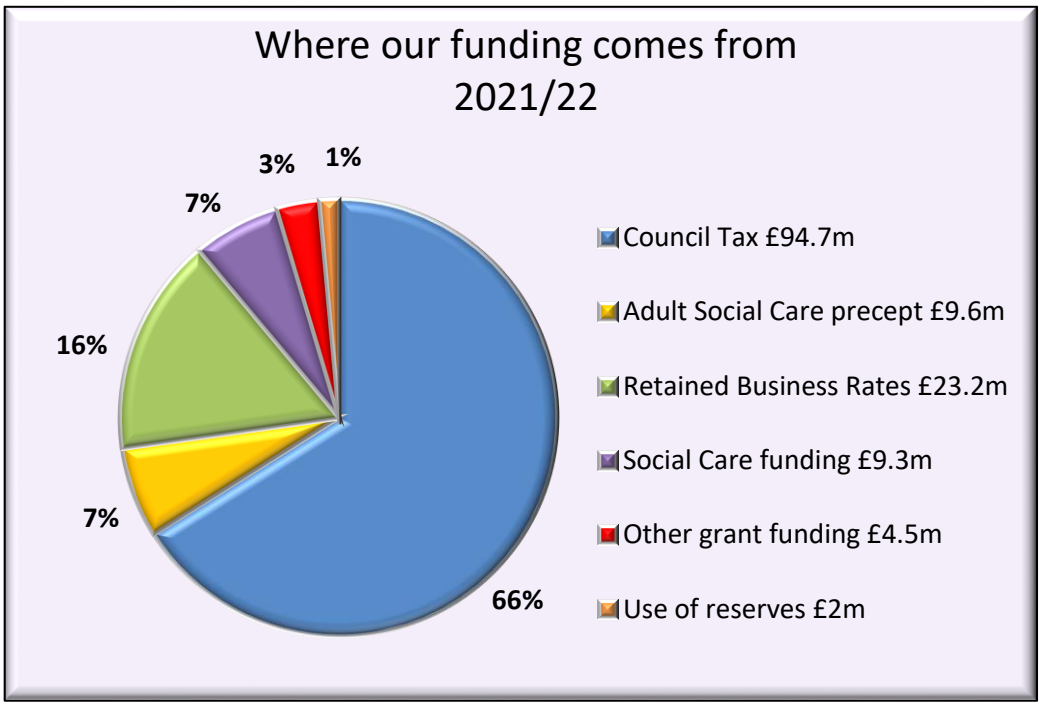
(6) Awaiting the Public Health grant allocation.

(7) A number of other grants have been announced to combat rough sleeping, homelessness and improved building safety.

(8) That the Council must spread any collection fund deficit over a three year period.

10. Revenue Funding

10.1 The main sources of funding for the 2021-22 revenue budget are shown in the following chart.



10.2 West Berkshire Council's main source of funding is from Council Tax (66%). 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 1.99% for 2021-22 which will raise an additional £2.04m.

10.3 The Council is proposing no use of the Adult Social Care Precept for 2021-22, but the Government has allowed a 3% rise in the precept over the period 2021-23, so the option for the full precept remains for 2022-23 which would support the medium term financial position. The previous adult social care precepts now raise annual funds of £9.6m. Adult social care makes up over a third of the Council's net revenue 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. In light of the impact of Covid, where care numbers have dropped and the Adult Social Care Market will take time to rebalance, there continues to be a lot of uncertainty over the long term costs of providing care.

10.4 Income from Council Tax is also expected to increase by a further 0.21% as a result of growth in the tax base (the number of properties paying Council Tax). This is based on a collection rate of 99.6%.

10.5 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 2021-22 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.

10.6 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.

10.7 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 2021-22 was announced by Government in December 2020. The following table sets out the 2021-22 DSG settlement for each block.

Categories	(£'m)
Schools block	114.83
Central school services block allocation	1.01
High needs block allocation	23.63
Early years block	10.36
Total DSG allocation	**149.83**

The DSG has a deficit balance of £1.7m as at 31.3.2020, and at Quarter Three of 2020/21 is looking at increasing this deficit by £1.3m to £3m by 31.3.2021. The deficit has arisen largely in high needs but also in early years.

DSG budgets are discussed in detail at the School Forum. The Forum has agreed to transfer 0.5% of funding to the High Needs Block amounting to £0.5m and this has been ratified by Individual Member Decision.

(2) **Public Health Grant.** West Berkshire Council receives a ring-fenced grant to fund public health functions. The 2021-22 grant totals are to be confirmed by Government.

(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. The Council also continues to receive income from its investment in commercial property, which is budgeted to generate £0.7m per year.

11. Revenue Expenditure

The Revenue funding outlined above, funds the 2021-22 revenue budget as follows:

Directorate	Base budget	Budget growth and inflation	Budget increases and investment	Savings & income generation	Annual budget requirement 2021/22
	£m	£m	£m	£m	£m
People	75.88	2.60	0.27	-2.09	76.66
Place	30.97	0.93	0.47	-0.90	31.46
Resources/Chief Executive	12.29	0.48	1.21	-0.48	13.50
Capital Financing/Corporate	11.08	0.00	0.63	-0.18	11.53
Total	**130.22**	**4.00**	**2.57**	**-3.65**	**133.14**

11.1 **Base budget £130.22m**: This is the ongoing budget requirement for the three Directorates together with the ongoing revenue cost of the capital programme.

11.2 **Budget growth and inflation £4m:** 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 (0% assumption) based on the established number of posts, together with salary increments and increases to National Insurance and pension contributions.

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 is estimated to be £279k (1.5%) for 2021-22. 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 £1.4m 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. Extracts from the models are shown in Appendix B.

11.3 **Budget Investment £2.57m:** Each year new unavoidable service investment is required to be built into the revenue budget. The Council Strategy is for the period 2019-23 and is investing an additional £0.8m into the annual revenue budget to support the strategy and investing a further £0.14m from reserves. Investment in the Council's operational assets is funded from external borrowing and this requires an annual increase of £525k in the revenue budget in order to fund the additional revenue costs of borrowing for the capital programme, for example:

(a) £12.5 million of initiatives linked to the Environment Strategy approved by the Executive on 16th July 2020, including £1.6 million of carbon reduction initiatives and £10.4 million focused on solar photovoltaic energy generation.

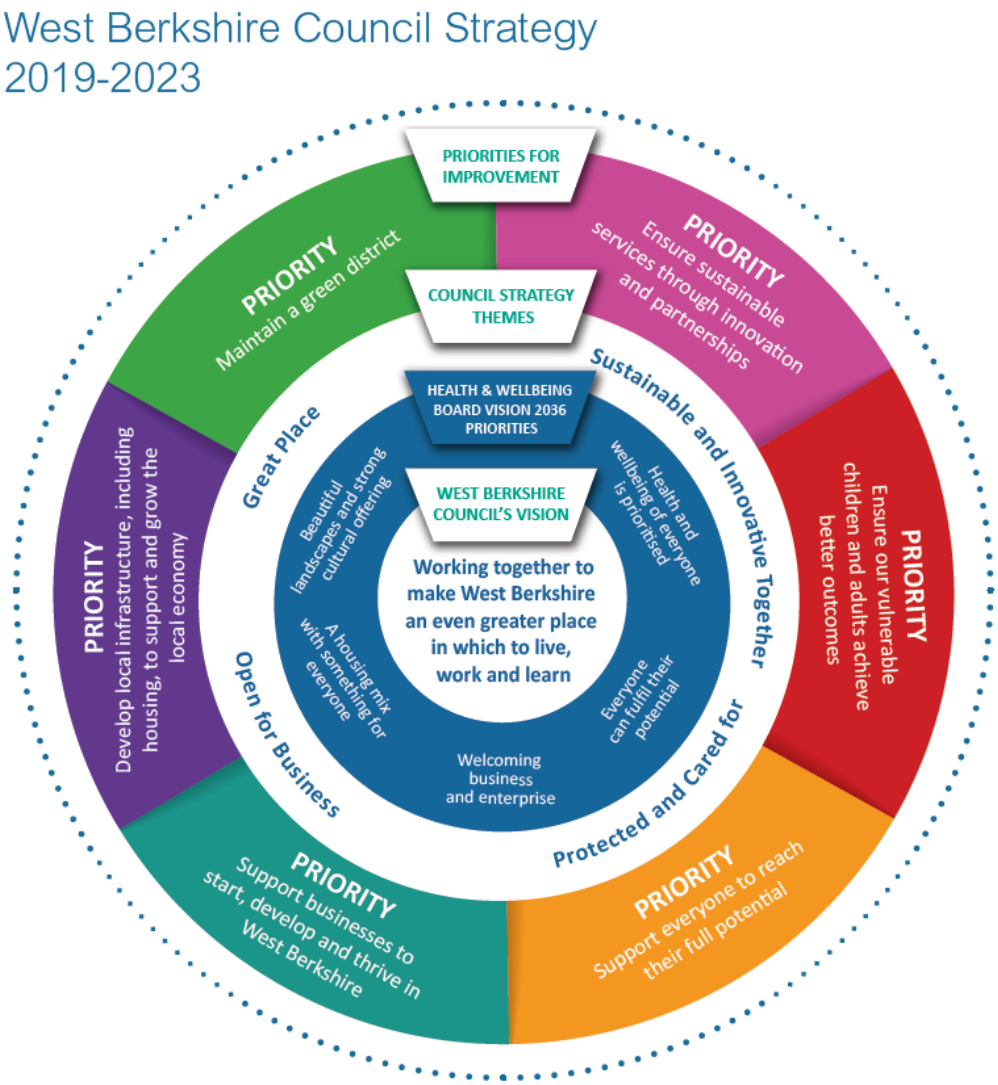
(b) £23 million of potential leisure initiatives linked to the Leisure Strategy currently under development, including provision for new facilities at East of district.

(c) £39.7 million of projects with a focus on developing local infrastructure including housing to support and grow the local economy, predominately maintaining the local road and cycle networks across the district and £2 million on flood defences and drainage works.

(d) £45 million expenditure is planned across maintaining and upgrading the schools estate, and improvements to care homes and day centres, with a drive to ensuring that all individuals reach their full potential and that the most vulnerable in our society are able to access resources to achieve better outcomes.

11.4 A further £3.2m will be invested into areas impacted by Covid-19 for 2021-22, funded by grant and £0.5m into other areas. £0.89m has already been identified against the Covid grant and the remainder will be identified during 2021-22, and will likely include expenditure on Adult Social Care, leisure and lost income from service areas.

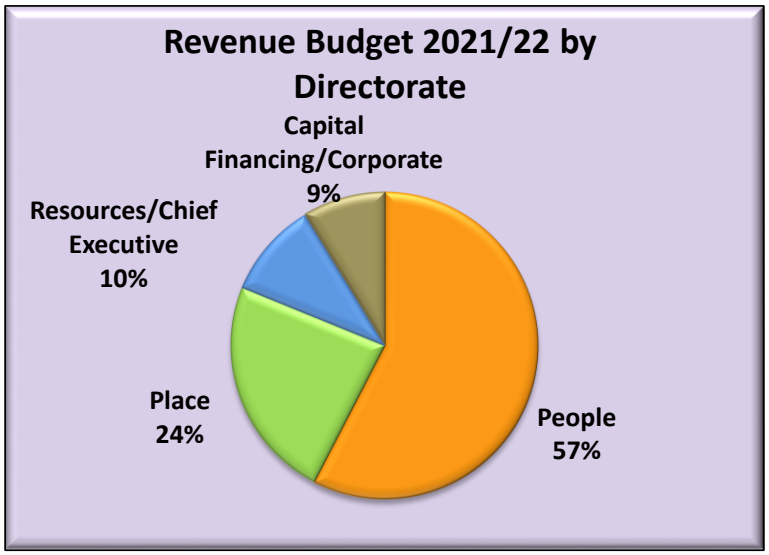
11.5 Full details of the Council investments are given in Appendix C.



11.6 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 and for 2021-22 a further investment is being provided to help deliver the strategy:

No	Council Strategy priority	Item	Amount £k
1	**Maintain a green district**	• Investment in Environment Strategy, primarily staffing resources to the deliver the strategy and moving the Council to a green energy supply	**150**
2	**Support businesses to start, develop and thrive in West Berkshire**	• Investment in economic development	**87**
3	**Develop local infrastructure, including housing, to support and grow the local economy**	• Investment in former LRIE site • Investment in economic development resource	**100** **98**
5	**Ensure our vulnerable children and adults achieve better outcomes**	• Investment in prevention strategy • Investment in family support workers	**40** **80**
6	**Support everyone to reach their full potential**	• Investment in the apprenticeship strategy • Investment in Public Health projects	**16** **35**
7	**Ensure sustainable service through innovation and partnerships**	• Enhanced engagement and communication resources to increase involvement and participation with the Council • Enhanced digital team to expand online services making it easier to access Council services when residents want	**118** **99**
8	**Business as usual**	• Procurement strategy • Chatbot	**103** **12**
	TOTAL COUNCIL STRATEGY INVESTMENT		**938**
	Investment into areas impacted by Covid-19	Government funding support. Non ring-fenced but most likely to provide continue support similar to in 2020-21; which has mainly been in Adult Social Care, leisure, and lost income	**3,200**
	TOTAL COUNCIL STRATEGY AND COVID INVESTMENT		**4,138**

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



11.8 In order to achieve a balanced budget, £3.7m of savings and income generation proposals have been made.

12. Reserves

12.1 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.

12.2 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.

Usable Reserves	**1.4.2020**	**1.4.2021***
	Actual	**Estimate**
	£m	**£m**
General Reserve	8.03	9.35
Earmarked Reserves	28.74	19.24
Total Usable Reserves	**36.77**	**28.59**
*The 1.4.21 estimate is after use of funds to support the 2021/22 budget.		

12.3 During 2020-21 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 2020-21 budget papers. For 2021-22, the Council is proposing to support the budget with a £2m contribution from reserves; it is rare that the Council would use such a sizeable level of one-off support for the budget but the impact of the pandemic on the current year budget, allied to Government financial support, has led to an expected underspend in the current year that is being proposed to partially use to support the 2021-22 budget.

12.4 There will also be some use of earmarked reserves during the year to support, for example, transformation. Further information can be found in Appendix Ei and Eii.

13. Funding Statement

The Funding Statement for 2021-22 shows the funding available to the Council which can be used to fund the budget requirement.

2021/22 Funding Statement			
Income	**£m**	**£m**	**Appendix**
Council Tax	*94.72*		
Adult Social Care precept	*9.60*		
Council Tax income		**104.32**	
Retained Business Rates	*23.19*	**23.19**	
Adult Social Care BCF and iBCF	*6.51*		
Social Care grant	*2.75*		
Social Care funding		**9.27**	
Other non-ringfenced grants	*0.19*		
Additional Government Covid Funding	*3.20*		
New Homes Bonus	*1.15*		
Other grant funding		**4.54**	
Collection Fund deficit (-)/ surplus - Council Tax	*-0.98*		**H**
Collection Fund deficit (-)/ surplus - NNDR	*-1.22*		
Collection fund deficit		**-2.20**	
Funds Available		**139.11**	
Expenditure	**£m**	**£m**	**Appendix**
Expenditure budget (net of ring-fenced grants)	*159.04*		
Fees, charges and commercial income	*-28.82*		
Opening base budget		**130.22**	
Inflation	*2.02*		
Contract inflation	*0.55*		**A**
Modelled growth	*1.44*		**B**
Budget growth and inflation		**4.00**	
Investment in Council Strategy priorities	*0.80*		**C**
Investment in other priorities	*1.24*		**C**
Increase in capital financing costs	*0.53*		
Budget increases and investment		**2.57**	
Savings and income proposals	*-3.65*		**D**
Savings and income generation		**-3.65**	
Annual Budget Requirement		**133.14**	
One off investments	3.69		**C**
Adult Social Care BCF and iBCF	*6.51*		
2021/22 investment		**10.20**	
Budget Requirement		**143.34**	
Use of reserves(-)/add to reserves (+)	*-2.03*		**E**
Use of Collection Fund and Business Rates reserves	*-2.20*		**E**
One off funding		**-4.23**	
Budget Requirement after use of reserves		**139.11**	
£10k roundings may apply			

14. Proposals

(1) That Council approve the 2021-22 Council Tax requirement of £104.32 million, requiring a Council Tax increase of 1.99% with a 0% increase in the 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.

15. Consultation and Engagement

15.1 All savings and income generation proposals have been reviewed and, where required, public consultation has taken place. Individual groups affected by specific proposals were consulted as required. If any proposals require consultation at a later stage, this will be undertaken when appropriate.

15.2 Appendix L highlights the outcome of a budget simulator exercise undertaken with the public where 200 responses were received.

16. 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.

17. Conclusion

The Council is forecasting an underspend of £3.4m in 2020-21 which will enhance the level of reserves. The ongoing effect of any budget pressures and future investment in the Council Strategy priorities has been factored into the 2021-22 budget. In order to fund this the Council has chosen to increase Council Tax by 1.99%, make no increase to the adult social care Council Tax Precept and find savings or income generation of £3.7m. 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.

18. Appendices

Appendix A – Contract inflation
Appendix B – Modelled growth
Appendix C – Investment
Appendix D – Savings and income proposals
Appendix Ei) – Reserves Statements
Appendix Eii) – Adequacy of reserves and robustness of budget
Appendix F – Fees and charges
Appendix L – Budget simulator

For Full Council March 2021 – to be updated after the Executive

Appendix G – Parish Expenses (for Council meeting)

Appendix H – Council Tax Collection Fund (for Council meeting)
Appendix I – Unison comments (tbc – for Council meeting)
Appendix J – Briefing paper for Ratepayers (for Council meeting)
Appendix K – Council Tax Resolution (for Council meeting)

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Appendix A

Contract Inflation

Contract Inflation		2021/22	Rate used
Directorate	**Description**	**£000**	
Corporate	**Total**	**0**	
People	Birchwood Lease	10	2.60%
People	IDOX (Open Objects) - Hub Licence	2	5.00%
People	**Total**	**12**	
Place	Waste contract (at RPIX)	279	1.50%
Place	Waste - Tax Base adjustment	36	
Place	Henwick Worthy sports ground maintenance (CPI)	5	1.00%
Place	Winter service software licence uplift	2	4.00%
Place	Pay and Display maintenance contract		
Place	Street Lighting	25	7.00%
Place	BBOWT partnership (CPI)	9	1.00%
Place	Grounds Maintenance (CPI)	21	1.00%
Place	Highways term maintenance contract (set %)	88	4.00%
Place	Bone Lane Rent		
Place	Berkshire Records Ofice Joint Arrangement	16	2.2% p.a.
Place	Emergency Planning Out of Hours Service	2	7% p.a.
Place	**Total**	**484**	
Resources	Corporate insurance	50	7.70%
Resources	**Total**	**50**	
	Total contract inflation	**546**	

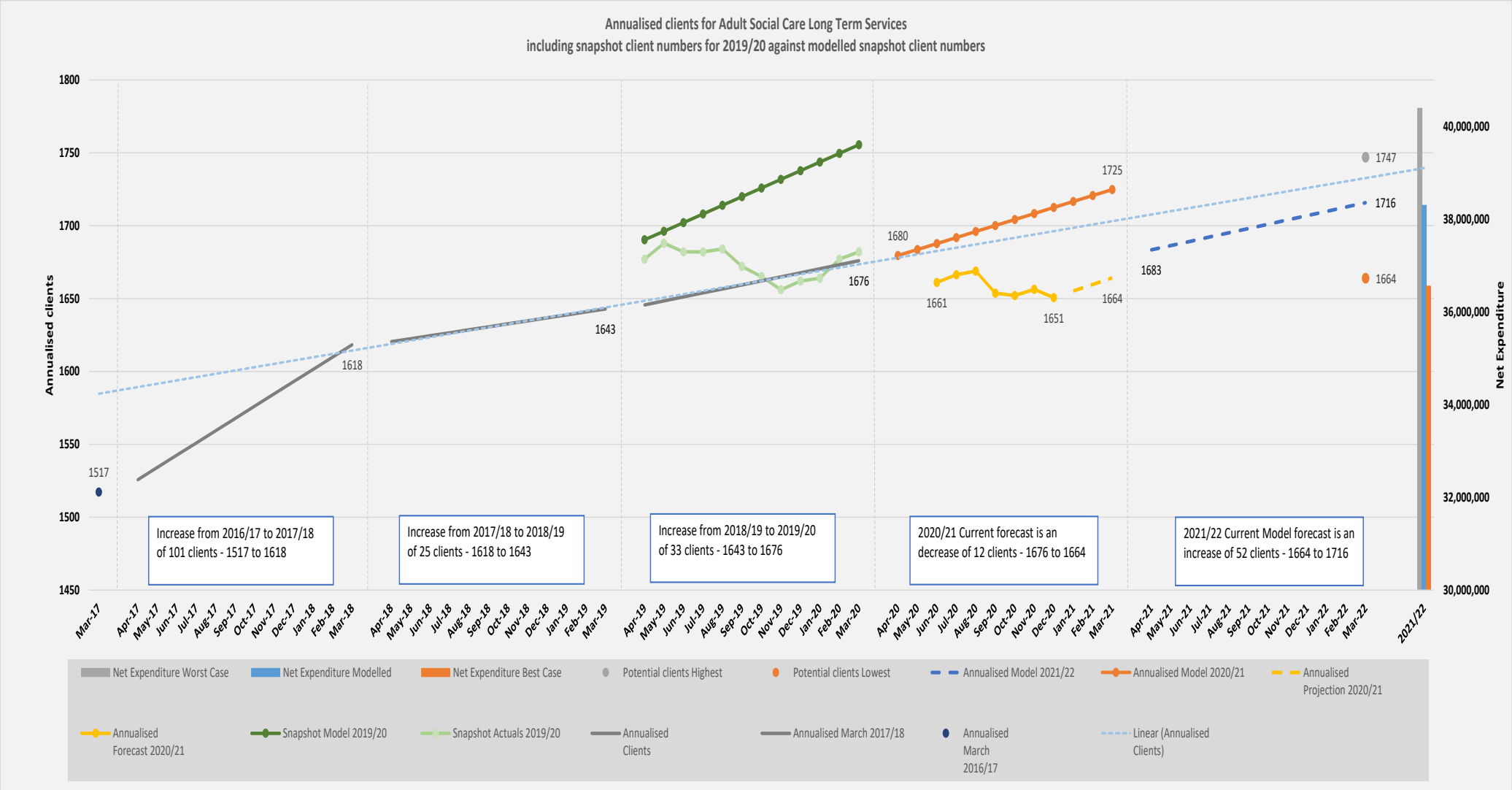
n.b. roundings may apply to £10k

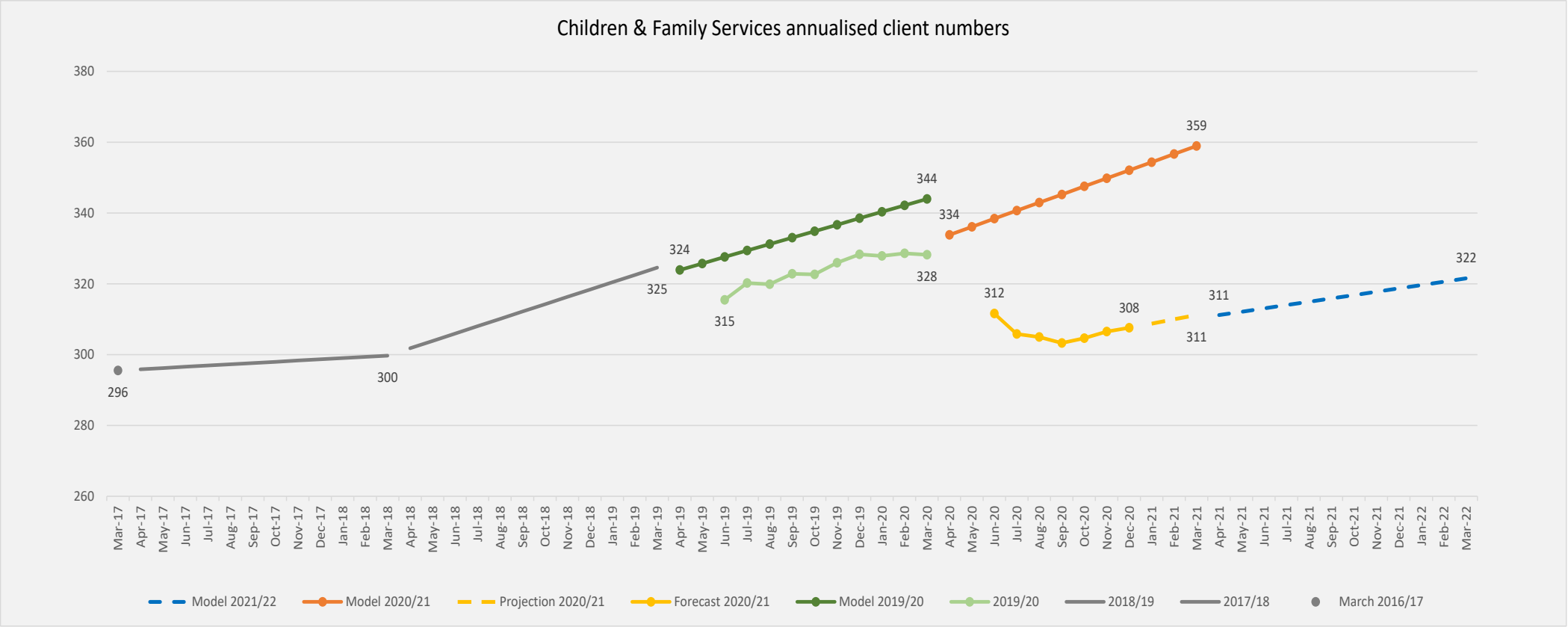
Appendix B

Modelled Growth

The table below shows the amount of budget growth required for 2021-22 from the modelling undertaken in Adult Social Care, Children & Family Services and Education. Modelling graphs are also shown for the ASC and CFS models.

			2021/22 Investment	Modelled Growth
Directorate	**Service**	**Ref**	**Description**	**£000**
People	ASC	**P1**	Learning Disability Transitions	**750**
People	ASC	**P2**	Commissioning Budgets demographic increases - long term services	**427**
People	ASC	**P3**	Commissioning Budgets demographic increases - short term services	**110**
People	CFS	**P7**	Placement budget modelled increased demand	**0**
People	ED	**P12**	Disabled Children's budgets modelled increased demand	**150**
People			**Total**	**1,437**


Annualised clients for Adult Social Care Long Term Services
including snapshot client numbers for 2019/20 against modelled snapshot client numbers
Annualised clients
Net Expenditure
1800
1750
1700
1650
1600
1550
1500
1450
40,000,000
38,000,000
36,000,000
34,000,000
32,000,000
30,000,000
1517
1618
1643
1676
1680
1725
1661
1651
1664
1683
1716
1747
1664
Increase from 2016/17 to 2017/18 of 101 clients - 1517 to 1618
Increase from 2017/18 to 2018/19 of 25 clients - 1618 to 1643
Increase from 2018/19 to 2019/20 of 33 clients - 1643 to 1676
2020/21 Current forecast is an decrease of 12 clients - 1676 to 1664
2021/22 Current Model forecast is an increase of 52 clients - 1664 to 1716
Mar-17 Apr-17 May-17 Jun-17 Jul-17 Aug-17 Sep-17 Oct-17 Nov-17 Dec-17 Jan-18 Feb-18 Mar-18
Apr-18 May-18 Jun-18 Jul-18 Aug-18 Sep-18 Oct-18 Nov-18 Dec-18 Jan-19 Feb-19 Mar-19
Apr-19 May-19 Jun-19 Jul-19 Aug-19 Sep-19 Oct-19 Nov-19 Dec-19 Jan-20 Feb-20 Mar-20
Apr-20 May-20 Jun-20 Jul-20 Aug-20 Sep-20 Oct-20 Nov-20 Dec-20 Jan-21 Feb-21 Mar-21
Apr-21 May-21 Jun-21 Jul-21 Aug-21 Sep-21 Oct-21 Nov-21 Dec-21 Jan-22 Feb-22 Mar-22
2021/22
Net Expenditure Worst Case
Net Expenditure Modelled
Net Expenditure Best Case
Potential clients Highest
Potential clients Lowest
Annualised Model 2021/22
Annualised Model 2020/21
Annualised Projection 2020/21
Annualised Forecast 2020/21
Snapshot Model 2019/20
Snapshot Actuals 2019/20
Annualised Clients
Annualised March 2017/18
Annualised March 2016/17
Linear (Annualised Clients)


Children & Family Services annualised client numbers
380
360
340
320
300
280
260
296
300
325
324
344
315
328
334
359
312
308
311
311
322
Mar-17
Apr-17
May-17
Jun-17
Jul-17
Aug-17
Sep-17
Oct-17
Nov-17
Dec-17
Jan-18
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Mar-21
Apr-21
May-21
Jun-21
Jul-21
Aug-21
Sep-21
Oct-21
Nov-21
Dec-21
Jan-22
Feb-22
Mar-22
Model 2021/22
Model 2020/21
Projection 2020/21
Forecast 2020/21
Model 2019/20
2019/20
2018/19
2017/18
March 2016/17

Appendix C

Investment

Directorate	Service	Ref	2021/22 Investment Description	Invest-ment in Council Strategy £000	Invest-ment in other priorities £000	One off Covid-19 funded from grant £000	One off fund from reserves £000	Total Investment £000
Corporate	All		Unachievable commercialisation target		100			100
Corporate			**Total**	**0**	**100**	**0**	**0**	**100**
People	ASC	**P4**	ASC lost income and other costs related to covid-19			2,305		2305
People	ASC	**P6**	Care Director Cloud hosting costs		92			92
People	CFS	**P8**	Emergency Duty Service Joint arrangement hosted by Bracknell, contract recently renewed. Statutory duty to provide services 24 hours a day.		28			28
People	ED	**P9**	SEND restructure and new finance assistant post		32			32
People	C&W	**P13**	Senior Project Manager				35	35
People	ASC	**P16**	DoLS officer (one year only)				25	25
People	CFS	**P17**	2 Family Support Workers Identified in the Council Strategy Delivery Plan.	80				80
People	CFS	**P18**	Post to support the implementation of the Prevention Strategy	40				40
People			**Total**	**120**	**152**	**2,305**	**60**	**2,637**

			2021/22 Investment	Invest-ment in Council Strategy	Invest-ment in other priorities	One off Covid-19 funded from grant	One off fund from reserves	Total Investment
Directorate	**Service**	**Ref**	**Description**	**£000**	**£000**	**£000**	**£000**	**£000**
Place	D&P	**D&P2**	Private sector stock condition survey				**50**	**50**
Place	D&P	**D&P10**	Three statutory examinations				**150**	**150**
Place	D&P	**D&P11**	Economic Development Team Restructure	**87**				**87**
Place	D&P	**D&P12**	Project Support for LRIE development	**98**				**98**
Place	D&P	**D&P13**	LRIE site investment				**100**	**100**
Place	ENV	**ENV1**	Income loss due to fall in prices for recycling materials		**131**			**131**
Place	ENV	**ENV2**	Maintaining capacity on local bus routes due to social distancing reqirements.			**250**		**250**
Place	ENV	**ENV3**	Maintaining commercial 1a and 1b bus services.			**145**		**145**
Place	ENV	**ENV4**	Car Park Income			**500**		**500**
Place	ENV	**ENV7**	Street Manager DFT software licence dual running in 2122				**15**	**15**
Place	ENV	**ENV8**	Green Energy	**10**				**10**
Place	ENV	**ENV9**	Investment in Environment Strategy	**140**				**140**
Place			**Total**	**335**	**131**	**895**	**315**	**1,676**

Directorate	Service	Ref	2021/22 Investment Description	Invest-ment in Council Strategy £000	Invest-ment in other priorities £000	One off Covid-19 funded from grant £000	One off fund from reserves £000	Total Investment £000
Resources	CSI	**CSI1**	Arc/GIS Licences		17			17
Resources	CSI	**CSI2**	Chatbot (BAU)	12				12
Resources	COM	**COM1**	Procurement strategy implementation	103				103
Resources	COM	**COM2**	Reduction in schools kitchen help desk income		20			20
Resources	COM	**COM3**	Supplier Appraisals Software				15	15
Resources	F&P	F&P1	Medical Malpractice insurance		14			14
Resources	F&P	F&P2	Asset Management Resource		37			37
Resources	F&P	F&P3	Security at former Theale Primary School				35	35
Resources	F&P	F&P4	Forecast shortfall in commercial property income		402			402
Resources	F&P	F&P5	Treasury Advisors		23			23
Resources	F&P	F&P6	Subscriptions to CIPFA electronic publications		6			6
Resources	F&P	F&P7	Agresso Income Manager				50	50
Resources	S&G	HR1	Subscription to SE Employers & Xpert HR				14	14
Resources	S&G	HR2	Leadership and Mgt Development		50			50
Resources	S&G	HR3	Apprenticeship Strategy	16				16
Resources	S&G	S&G1	Additional communications resource	98				98
Resources	S&G	S&G2	Ongoing funding for GovDelivery comms system	20				20
Resources	S&G	S&G3	Digital Services	99				99
Resources	S&G	S&G4	Transfer of land charges to land registry					0
Resources	S&G	S&G6	Health scrutiny resource		20			20
Resources	CDIR	CDIR2	Transformation funding mainstream		252			252
Resources	CDIR	CDIR1	Audit Fee		20			20
Resources			**Total**	**348**	**861**	**0**	**114**	**1,323**
			Total Investment	**803**	**1,244**	**3,200**	**489**	**5,736**

Appendix D

Savings and Income Generation

			Summary of Savings/Income Proposals		2021/22		
Directorate	Ref	Service	Description	Current Budget £k	Proposal £k	Type	Implications
People	P2/3	ASC	Closure of Walnut Close	1,574	**600**	Service Reform	Savings identified from the closure of Walnut Close Care Home. This saving is after taking into account costs of buying beds on the market and ensuring the remaining WBC run care homes are at 95% occupancy (higher than the industry average).
People	P4	ASC	New local Supported Accommodation unit for Learning Disability clients.	7,976	**50**	Transformation	Potentially involves moving service users from out of area placements.
People	P5	ASC	Health funding Review shared funding for clients with Mental Health needs (S117) and Continuing Healthcare (CHC).	46,273	**200**	Service Reform	Up until now the CCG have been reluctant to participate in discussions around joint funding arrangements, and the Covid pandemic has hampered assessments leading to backlogs.
People	P6	ASC	Review of care packages		**100**	Cost Avoidance	Service users will have their care delivered differently. There is potential for complaints from service users and their families when care is removed.
People	P7	ASC	Resource Allocation System (RAS)		**25**	Transformation	This system is reliant on the Care Director upgrade.
People	P8	ASC	Market Management		**250**	Transformation	The work focuses on increasing the availability of cost-effective care and support services within the district. The benefit will be care delivered for lower costs; there maybe some resistance from parts of the market.
People	P9	ASC	Hillcroft Reduction in rent due to reduced occupancy within the building.	97	**50**	Transformation	Could impact on joint working with the NHS. Unpopular with some members of staffing team. Mitigations being explored.
People	**.**	**ASC**			**1,275**		

			Summary of Savings/Income Proposals		2021/22		
Directorate	Ref	Service	Description	Current Budget £k	Proposal £k	Type	Implications
People	P11	CFS	Legal Through earlier intervention (Family Safeguarding Model) and using 'pre proceedings' we expect to reduce the need for costly Court interventions. When we have to do so, we expect those hearings to be shorter and less contested (because the evidence has been obtained and presented in a way that reduces likelihood of challenge or review).	746	**150**	Cost Avoidance	Less use of Court 'solutions' is desirable, and fits well with our model of working with families to achieve solutions rather than in contested environments. Even so, the safeguarding of children is a statutory duty, and demand led, so one can not be certain that events do not occur which drive exceptional expenditure.
People	P12	CFS	Placements Actions leading to reduced demand. The mostly costly and invasive form of intervention is when a child has to be cared for outside of their family home. It is our ambition to support children to live at home, and preventative interventions can help achieve this. Whilst the national number of chidlren in care continues to climb, West Berks is countering this trend. As we seek to embed Family Safeguarding Model, and develop the early response hub, we hope to continue to reduce, or at least prevent an escalation, of children entering care.	7,876	**250**	Cost Avoidance	Fewer children in care is a purposeful ambition, and for those that must enter for safeguarding and welfare reasons are only in care for as long as needed (possibly to be able to return home) or are cared for in the least costly provision.
People	P13	CFS	Family Safeguarding Model CCG Income.	300	**110**	Income	The Family Safeguarding Model is proving to be an effective multi agency model of working. One of the benefits, through having mental health practitioners based in the social work teams, has been the reduction of acute mental health episodes by parents and also reductions in self harm by children. Therefore this has been of signfiicant benefit and cost avoidance to the CCG. The FSM way of working is multi agency partnership based, and we have asked the CCG to contribute financially to assist the ongonig delivery of this model.
People	P14	CFS	Family Safeguarding Model TVP Income.		**99**	Income	The Family Safeguarding Model is proving to be an effective multi agency model of working. One of the benefits, through having domestic abuse workers in the social work teams, has been the reduction of domestic abuse incidents and also missing children. Also a reduction in child protection cases. Combined, this has a value to the police of close to £400,000 in cost avoidance. TVP have contributed £100,000 for 2020/21 and we will make a further request for 2021/22.
People	**.**	**CFS**			**609**		

			Summary of Savings/Income Proposals		2021/22		
Directorate	Ref	Service	Description	Current Budget £k	Proposal £k	Type	Implications
People	P16	Ed	Premature Retirement Costs	340	**20**	Disinvestment	Due to the nature of these costs, they will decrease over time
People	P17	Ed	Additional trading within Education Psychology	(264)	**30**	Income	Over achievement of income in the prior two years
People	P18	Ed	Virtual School Service	246	**26**	Cost Avoidance	Saving from virtual school service by recharging eligible costs to the PPP grant
People	P20	Ed	Disabled Children's Team	790	**23**	Cost Avoidance	Saving on agency budget in Disabled Children's Team.
People	P21	Ed	CHC income generation	628	**50**	Income	Income from health to support children's care packages.
People	**.**	**Ed**			**149**		
People	P25	C&W	Staffing Reduction & AFC Uplift contract not realised		**60**	Service Reform	None
People	**.**	**C&W**			**60**		
People	**.**	**People Directorate**			**2,093**		

			Summary of Savings/Income Proposals		2021/22		
Directorate	Ref	Service	Description	Current Budget £k	Proposal £k	Type	Implications
Place	E1	D&P	Digitisation of planning	477	**20**	Transformation	Paperless planning already implemented
Place	E2	D&P	CIL - increase in income for administration to cover corporate overheads	(183)	**15**	Income	Dependent on CIL income remaining at current level
Place	E3	D&P	Reduction in DC team net of reduction in income	1,458	**20**	Disinvestment	Potential to delete one post following reduction in workload, however, work load is fluctuating due to Covid, which is being monitored.
Place	E4	D&P	Delete vacant Planning Enforcement post	1,458	**30**	Disinvestment	This post has been vacant for 18 months. Planning enforcement prioritisation policy is currently in place and would continue
Place	**.**	**D&P**			**85**		

			Summary of Savings/Income Proposals		2021/22		
Directorate	**Ref**	**Service**	**Description**	**Current Budget £k**	**Proposal £k**	**Type**	**Implications**
Place	E8	ENV	Term Maintenance Annual Servicing Costs	500	**250**	Cost Avoidance	Adjustment of the term contract set-up costs (paid equipment and resources) to reflect the actual revenue/capital split (given significant capitalisation in recent years).
Place	E9	ENV	Emergencies	160	**80**	Cost Avoidance	Changes in the way we treat pothole emergencies means some of this can be capitalised. Many pothole emergencies are now treated with a permanent repair first time and can therefore be considered a capital measure rether than a temporary revenue one.
Place	E10	ENV	Digitisation of highways asset management processes	650	**33**	Service Reform	Efficiencies in the way we process access - online payments, working with our term contract to process payments, cross-over licences. One vacant post to be removed
Place	E11	ENV	Electrical Revenue	360	**20**	Transformation	This saving can be achieved as a result of investment from DfT funding received this financial year.
Place	E12	ENV	Waste Minimisation - Reduced Use of Landfill	16,362	**75**	Transformation	This saving is derived from 1) Changes in consumption patterns in wider society e.g. switch to digital services from some physical products and de-linking of waste generation from population increases in recent years; and 2) Improving waste minimisation activities and communications with householders.
Place	E13	ENV	Food Waste Diversion from Landfill	16,362	**55**	Transformation	Assuming separate food waste collection will be brought in from Dec 2021. Would need investment in food waste trucks and bins. Limited possibility that the Government might cover this capex later as part of new burdens alleviation. We are delivering this in advance of any potential government funding because it is an important part of the Environment Strategy.
Place	E14	ENV	Garden Waste - Over Performance in Subscriptions	(1,409)	**110**	Income	Based on previous annual subscription levels.
Place	E17	ENV	Urban Traffic Control SLA	67	**30**	Transformation	Efficiencies in the delivery of our Urban Traffic Control.
Place	E18	ENV	Capitalisation of Traffic Management & ITS staff	30	**15**	Cost Avoidance	Traffic Management and ITS staff who are undertaking more capital works. Borrowing to be funded from the service.
Place	E19	ENV	Street Naming and Numbering	57	**10**	Income	Charging for this service.
Place	E20	ENV	Cashless Parking	122	**80**	Transformation	£35k for removing the cash collection contract plus 2 vacant CEO posts in year 1 and a further CEO in year 2. CEO's spend a considerable amount of time attending to coin jams and maintaining unreliable machines. Investment in the parking machine stock and moving to cashless will mean we need less CEO's. This may result in a small reduction in PCN's which has been factored in.
Place	E21	ENV	Parking Team Review	814	**50**	Transformation	Efficiencies in processes found within the team. 2 vacant posts to be deleted with minimal impact on service delivery.
Place	E22	ENV	Digitisation of Playing Pitch Bookings	15	**10**	Transformation	Will rely on a digital booking system being in place by October 2021.
Place	**.**	**ENV**			**818**		
Place	**.**	**Place Directorate**			**903**		

			Summary of Savings/Income Proposals		2021/22		
Directorate	**Ref**	**Service**	**Description**	**Current Budget £k**	**Proposal £k**	**Type**	**Implications**
Resources	R1	CSI	Print Savings	103	**25**	Service Reform	Continue with reduced numbers of staff in the office / greater use of zoom appointments
Resources	R2	CSI	Postage Savings	280	**10**	Service Reform	Continue with reduced numbers of staff in the office / greater use of zoom appointments
Resources	**.**	**CSI**			**35**		
Resources	R3	F&P	Cheque Printing/bank charges	50	**10**	Service Reform	None
Resources	R4	F&P	Issue of Community Bond to reduce borrowing costs	11,929	**14**	Transformation	None - Bond issued in 2020-21
Resources	R5	F&P	Alternative Borrowing Options to PWLB / Reduced PWLB rates to reduce revneue cost of capital strategy	11,929	**250**	Transformation	Greater due diligence / legal implications of alternative options.
Resources	R6	F&P	Accomodation savings through reduced office footprint requirement	1,093	**158**	Transformation	Move office accomodation to Market Street sized footprint, six months worth of saving in 2021/22
Resources	**.**	**F&P**			**432**		
Resources	R6	S&G	Summons Charges	(175)	**10**	Income	
Resources	**.**	**S&G**			**10**		
Resources	**.**	**Resources Directorate**			**477**		
Corporate	C1	Corp	Reduced mileage due to changed working practices	900	**170**	Transformation	Continue with reduced numbers of staff in the office / greater use of zoom appointments
Corporate	C2	Corp	Savings through reduced mileage claims for shorter journeys under 5 miles - proposal to purchase x2 e-bikes	0	**10**	Transformation	The proposal will replace some of the claims and encourage greater physical health and reduce Co2/NoX emissions.
Corporate	**.**	**Corp**			**180**		
	.	**Total Savings and Income proposals**			**3,653**		