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# Revenue Budget: 2024-25

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<b>Committee considering report:</b>	Council
<b>Date of Committee:</b>	29 February 2024
<b>Portfolio Member:</b>	Councillor Iain Cottingham
<b>Report Author:</b>	Joseph Holmes / Melanie Ellis
<b>Forward Plan Ref:</b>	C4441

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## 1 Purpose of the Report

- 1.1 The Full Council must set a balanced budget for the 2024/25 year ahead by the 11<sup>th</sup> March 2024. This is to ensure that the Council has the resources set aside to achieve its objectives and to ensure that Council Tax bills can be issued to residents across the district before the start of the new financial year. This report details the budget proposals for the year ahead that form the basis of the 2024-25 revenue budget and detail the respective Council Tax proposals and resolutions.
- 1.2 The report includes various appendices to support members in the decisions on the recommendations included in the below. In advance of this budget paper the Council has been running a budget consultation exercise (further information is in Appendix J) where, following a meeting of the Executive on the 23<sup>rd</sup> November 2023, a range of proposals have been consulted upon. Other appendices to the report include the overall savings proposals, budget investment, fees and charges and changes and items relating to the setting of Council Tax. There are appendices on levels of reserves, which are particularly important for this revenue budget given they are forecast to be below the minimum level set by the s151 officer.

## 2 Recommendations

1. That Council approves the 2024-25 Council Tax requirement of £124.2 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 G and the appropriate statutory notices be placed where required.
3. That the Parish Expenses of £xx,xxx are approved as set out in Appendix H.
4. That it be noted that the following amounts for the year 2024-25 in accordance with regulations made under Section 31B of the Local Government Finance Act 1992, as amended (by the Localism Act 2011):-
  - (a) 67,867.50 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.
5. Calculate that the Council Tax requirement for the Council's own purposes for 2024-25 (excluding Parish precepts) is £124,203,641.
6. That the following amounts be now calculated by the Council for the year 2024-25 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992, amended by the Localism Act:-
  - (a) **£393,450,213** 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) **£270,969,869** 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) **£122,480,344** 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) **£1,817.42** 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) **£5,007,963** being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act (as per Appendix K).
  - (f) **£1,743.11** 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.
7. That it be noted that for the year 2024-25, 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.
8. 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 2024-25 for each part of its area and for each of the categories of dwellings.

9. The Levelling Up and Regeneration Act contains a provision to amend the definition so that from the financial year 2024-25 a long-term empty home only needs to be empty and substantially unfurnished for one year to be liable for a premium. The Bill also contained provision that an unoccupied and furnished home (second or holiday home) only needs to be unoccupied for one year before being liable for a premium providing that one year's notice has been given. The recommendations are therefore as follows:
  - (a) The ability to charge the additional 100% premium from 1<sup>st</sup> April 2024 once the property has been unoccupied and unfurnished for more than one year.
  - (b) The ability to charge the additional 100% premium from 1<sup>st</sup> April 2025, having given one years notice in March 2024, once a second/holiday home has been unoccupied and furnished for more than 1 year.

**For Executive only**

10. For the Executive to approve a further consultation on options for the opportunity for all WBC-run care homes to be run by external providers rather than through our in-house provision.
11. That the Executive approves the fees and charges as set out in appendix G.

### 3 Implications and Impact Assessment

Implication	Commentary
<p><b>Financial:</b></p>	<p>The financial implications are detailed throughout the report given its place as the budget for the year ahead.</p> <p>The key implications are:</p> <ul style="list-style-type: none"> <li>• A proposed 4.99% Council Tax increase (including the Adult Social Care precept)</li> <li>• A significant savings programme proposed for approval of £14.5m</li> <li>• Investment in the social care model to protect the most vulnerable residents in the district of £12.4m</li> <li>• To note the forecast General Fund balance of £4.0m and that the Council holds some of the lowest comparable reserve balances in the country</li> </ul>
<p><b>Human Resource:</b></p>	<p>Individual changes to staffing from budget proposals, including investment are included in individual proposals in appendices to the report.</p>
<p><b>Legal:</b></p>	<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"> <li>(a) Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act.</li> <li>(b) Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.</li> <li>(c) Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.</li> </ul>

	<p>The Council consulted on a variety of specific savings and income proposals between 27<sup>th</sup> November 2023 and 11<sup>th</sup> January 2024. A summary of the outcome of these consultations is included in Appendix J to this report.</p>			
<b>Risk Management:</b>	<p>As part of the 2024-25 financial monitoring, savings proposals will be kept under monthly review to ensure they are deliverable. Appendix F sets out how the impact of increased volatility in Local Government finance will be managed and considers the impact on levels of reserves.</p> <p>As highlighted in the appendix on reserves and the s151 officer statement on estimates, the Council has significantly lower levels of reserves compared to other Councils. At a time of significant financial pressure on the Council, and more widely the Local Government and public sector, it is crucial that the Council is able to increase its reserve balances to provide greater levels of financial resilience.</p>			
<b>Property:</b>	<p>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 future asset sales.</p>			
<b>Policy:</b>	<p>Specific investment in the Council Strategy is included as part of this budget. These areas are highlighted separately in the budget paper.</p>			
	<b>Positive</b>	<b>Neutral</b>	<b>Negative</b>	<b>Commentary</b>
<b>Equalities Impact:</b>				
<b>A</b> Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		<p>Individual savings have been subject to Equalities Impact Assessments where required – please see further in the budget consultation exercise (Appendix J)</p> <p>An overarching EqIA on the budget has been completed and is included in Appendix A</p>

Revenue Budget: 2024-25

<b>B</b> Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		See above
<b>Environmental Impact:</b>		X		
<b>Health Impact:</b>		X		
<b>ICT Impact:</b>		X		
<b>Digital Services Impact:</b>		X		
<b>Council Strategy Priorities:</b>	X			There is funding within the budget (including within the capital budget which is funded by the revenue budget) to help the delivery the Council priorities as set out in the Council Strategy.
<b>Core Business:</b>		X		There are some enhancements to core business included within the budget as well as a range of savings proposals that reduce costs in core business
<b>Data Impact:</b>		X		

<p><b>Consultation and Engagement:</b></p>	<p>There has been a consultation on the specific budget savings that require an equalities impact assessment between late November and the 11<sup>th</sup> January 2024. The outcome of this is included in the appendix J and within the report.</p> <p>There was district parish conference with representatives from town and parish Councils on the 30<sup>th</sup> January 2024. Many parishes and town Councils have responded to the budget consultation exercise conducted, and the following points were raised by attendees:</p> <ul style="list-style-type: none"><li>- Concern on timing of reductions to the litter and dog waste bins to ensure that parish councils could ensure continuity of service</li><li>- A parish representative expressed concern if there were to be any reductions to the planning enforcement service</li><li>- A parish representative questioned the future of Willows Edge and considerations on the Adult Social Care market</li></ul> <p>The budget papers will have been subject to engagement of the Scrutiny Commission on the 6<sup>th</sup> February 2024</p>
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## 4 Executive Summary

- 4.1 The purpose of this paper is to consider and recommend to Council the 2024-25 Revenue Budget, which proposes a Council Tax requirement of £124.6m, requiring a 2.99% Council Tax increase and an adult social care precept of 2%. The proposed Council Tax increase will raise £3.5m, the precept will raise an additional £2.4m and an increased taxbase will raise a further £1.2m. The ASC precept has been levied to reflect the increased demand and financial costs within the Adult Social care system.
- 4.2 In order to arrive at a balanced budget for 2024-25, £14.5m of savings and income generation proposals have been recommended.
- 4.3 The Council is forecasting an over spend position of £3.2m in 2023-24 after using £0.6m of earmarked reserves in-year. The ongoing effect of any budget pressures and future investment in the Council Strategy priorities has been factored into the 2024-25 budget; this is indeed the key driver for the significant savings requirement for the 2024-25 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; inflation rises are starting to fall (it stood at 3.9% for CPI in November 2023) but costs are still increasing and for much of the past two years, inflation has been far above the Bank of England target rate of 2%. With social care being the majority of Council spend, and the waste contract representing the largest overall revenue contract of over £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 £14.5m. 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
- (a) That Council approve the 2024-25 Council Tax requirement of £124.2 million, requiring a 2.99% Council Tax increase and a 2% Adult Social Care Council Tax Precept ring-fenced for adult social care.
  - (b) That the Fees and Charges be approved as set out in Appendix G and the appropriate statutory notices be placed where required.
  - (c) That the Parish Expenses be approved as set out in Appendix H.



## 5 Introduction

- 5.1 The purpose of this paper is to consider and recommend to Council the 2024-25 Revenue Budget, which proposes a Council Tax requirement of £124.2m, requiring a Council Tax increase of 2.99% and a 2% Adult Social Care (ASC) Council Tax Precept. The Council Tax will raise £3.5m, the ASC precept will raise a further £2.4m and an increased taxbase will raise a further £0.9m.
- 5.2 In order to arrive at a balanced budget for 2024-25, £14.5m of savings and income generation proposals have been recommended.
- 5.3 This report also proposes the Fees and Charges for 2024-25 as set out in Appendix G, the Parish Expenses of £xxxxx as set out in Appendix H, and recommends the level of General Reserves as set out in Appendix F.

## 6 Implications of the 2023-24 financial year

- 6.1 The 2023-24 financial year has seen the highest level of inflation in the United Kingdom for over 40 years<sup>1</sup>. 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 71% of the Council's income stream. Retained business rates are a significant source of Council funding (@£29.9m) yet the Council has no control over the rate being set. Lastly, the Government funding through New Homes Bonus, Services Grant, Funding guarantee 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, there has been a rise in housing costs, especially through temporary accommodation costs as a result of homelessness presentations to the Council.

**Table 1.1. Office of Budget responsibility inflation forecast**



Source: ONS, OBR

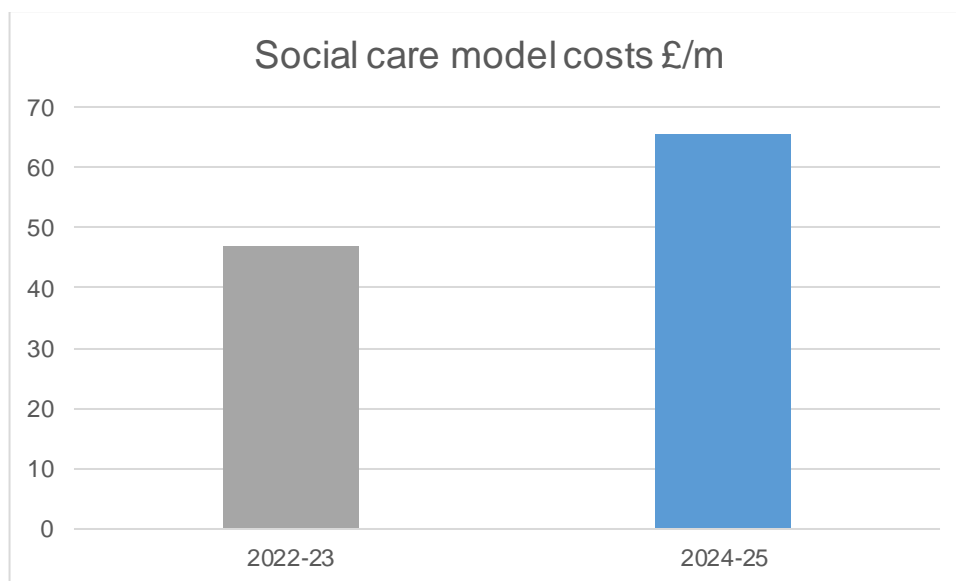
- 6.3 The adjustment to the 2024-25 budget is substantial. The social care models are showing an increase of £12.4m. In 2021-22, the Council budget for adult's, children's

<sup>1</sup> <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/consumerpriceinflationhistorical estimatesandrecent trendsuk/1950to2022#:~:text=and%20April%202022,-.The%20average%2012%2Dmonth%20growth%20rate%20of%20the%20Consumer%20Prices,and%20April%202022%20was%202.5%25.>

## Revenue Budget: 2024-25

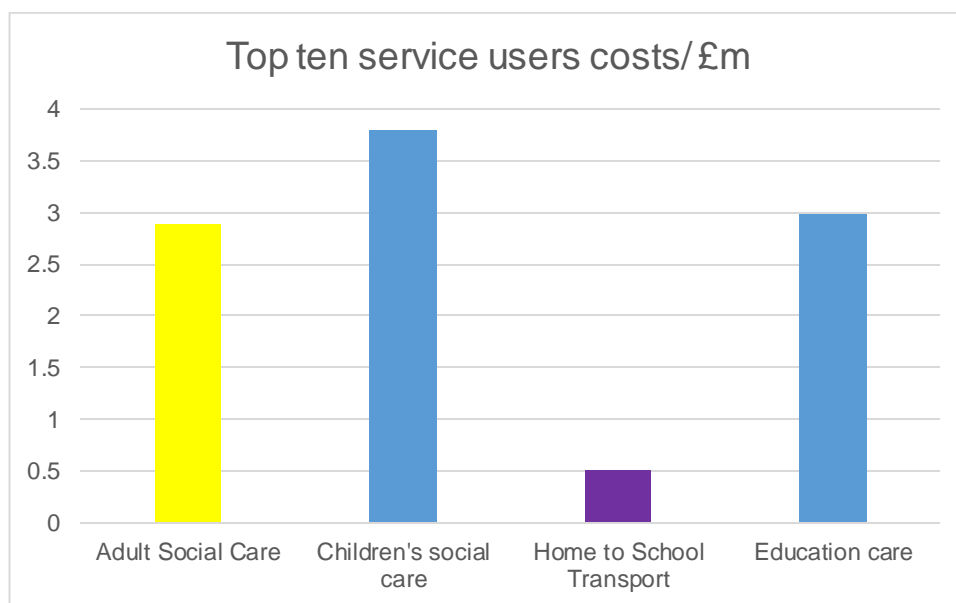
social care and education (WBC funded) was £76.9m. For 2024-25 this figure is forecast to be £105m, a rise of almost £30m or 38% in just three financial years. It is this major growth in these budgets that is driving the Council's financial position and need to make substantial savings. Though these budgets are spending on a very small minority of the Council's residents, and so often are not as obvious areas of spend to the majority of residents, protecting those who are the most vulnerable in our district is the main reason for the Council needing to make such significant savings and having very low levels of reserves.

**Chart 2.1: Modelled social care (Adults and children) costs 2022-25**



6.4 Unit costs have risen from £544 to £608 (12%) in adult social care for example, with inflation provided during 2023-24 being adjusted to be included in the 2024-25 model with an assumed increase of 2.5% to Adult Social Care to support the market. To illustrate the cost pressures that the Council faces, the top care placement costs in the Adult Social Care, Children's & Families, Education and home to school transport costs are shown in the table below; this budget is very much focussed on continuing to provide services to the most vulnerable, and this table highlights the cost, and difficult decisions required to ensure that these services continue to be provided. The total cost of these 40 individuals is £10m:

**Chart 2.2: Cost of service delivery**



- 6.5 As highlighted above, inflation has been a significant factor in increased budget pressures recently. These are expected to reduce in the level of pressure on the Council's budget, but costs are still increasing with inflation still above the Bank of England target rate of 2%. The waste contract is based on the RPIx inflationary measure in January for the year ahead, this is an estimated rise of 3% which equates to a further £0.65m in next year's budget.
- 6.6 The other area of growing expenditure is on housing costs. The Council has helped a large number of displaced persons from across the world to live in West Berkshire during the current financial year. With the support of the Government's Local Authority Housing Fund, the Council is buying 22 additional properties that will initially be used for displaced persons and that can be used for general needs housing in the future. The Council does face a growing number of housing costs with 55 households in temporary accommodation as at January 2024, this is a significant rise compared to the previous year. This puts a substantial cost for the Council to fund.
- 6.7 The Council is forecasting an overspend of £3.2m at Quarter Three for the financial year and this would reduce reserves down to £4m. The Council, as referenced in quarterly budget monitoring papers, has created a financial review panel to review expenditure and recruitment activity weekly. This has helped to stabilise the overspend position, with a strong focus on agency costs. This has reduced agency spending during the year per the graph below:

Chart 2.3: Agency monthly expenditure / £



## 7 The 2024-25 Local Government Finance Settlement

7.1 The 2024 Government department budgets were announced in November 2023 at the Autumn Statement, with a draft finance settlement announced on the 18<sup>th</sup> December 2023 with subsequent individual notifications of specific grant allocations. The final settlement figures were received on **x<sup>th</sup>** February 2024. In advance of the final settlement, the Government indicated on the 24<sup>th</sup> January 2024 further funding for West Berkshire Council as part of a £600m additional funding allocation for 2024-25. The Council will not know its allocation of funding until the final settlement, but additional estimates of funding have been included in the below. The key points are:

- (a) That there is a one year spending period; 2024-25 and the finance settlement only covered the 2024-25 financial year.
- (b) That the increase in Spending Power for West Berkshire is 6.7% 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).
- (c) 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.
- (d) Business rates bills are calculated by multiplying the rateable value of a property by either the small business multiplier or the standard multiplier and subtracting any relevant reliefs. Multipliers usually rise with Consumer Price Inflation (CPI) inflation, but for 2024-25 Government has frozen the small business multiplier keeping it at 49.9 pence but have uprated the standard multiplier by 6.7% (September's CPI) to 54.6 pence. To support high street properties for the fifth year running, government is extending the 75% Retail, Hospitality and Leisure relief scheme to 2024-25 up to £110,000 for each business.
- (e) It has been announced that negative Revenue Support Grant will not be charged in 2024-25. 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.
- (f) Social care grant funding of £8.9m (to be confirmed), plus a share of NHS funding for Local Government to support the Adult Social Care discharge relief for the NHS of £1.6m for West Berkshire Council including an allocation from the Integrated Care Board (Council element of £0.48m), and a further £2.2m announced for ASC market sustainability and improvement.
- (g) There will be a new round of New Homes Bonus payments in 2024-25 which will not attract new legacy payments. For West Berkshire this amounts to £0.7m compared with £1.1m in the previous year.
- (h) Service Grant funding of £0.1m.
- (i) Other non-ringfenced grant funding of £2.4m (to be confirmed), which includes £2m from the 4% Funding Guarantee.

- (j) Public Health grant allocation estimated allocation of £6.5m
- (k) The Council does not expect to receive a further tranche of the Household Support Fund for 2024-25; as announced in the Autumn Statement 2023 this funding has not been provided an allocation for 2024-25. The Household Support Fund provides over £1m of funding per year that the Council distributes to support households with cost of living pressures, is provided for some free school meals in the holiday period and funds provided to local voluntary organisations.
- (l) The Government is seeking views on the ability of Councils to use capital receipts<sup>2</sup> in a wider manner. The paper is only seeking views at present, but presents three options:
  - Option 1: extend capitalisation flexibilities to include a wider set of eligible costs
  - Option 2: extend the flexible use of capital receipts to allow authorities to borrow for the revenue costs of invest-to-save projects
  - Option 3: Allow additional flexibilities for the use of the proceeds of selling investment assets

The implementation of any of these options would be financial beneficial to the Council. The first would “represent a broader agreement to allow a local authority to deal with immediate pressures on the condition that it will take forward cost reduction and efficiency plans to bring itself back into sustainability”. This would be very helpful in light of the context of significant social care financial pressures. The second option would allow for borrowing for existing ‘flexible use of capital receipts’ rather than having to sell an asset; again, this is benefit from a financial planning point of view as expected asset sales may not always materialise in the year forecasted. The last option would also be very beneficial. This would enable to the Council to immediately improve its reserves position once an investment asset is sold. The Revenue Budget is not based on the above assumptions, though if these did occur, they could make a significant impact on improving the Council’s financial resilience position.

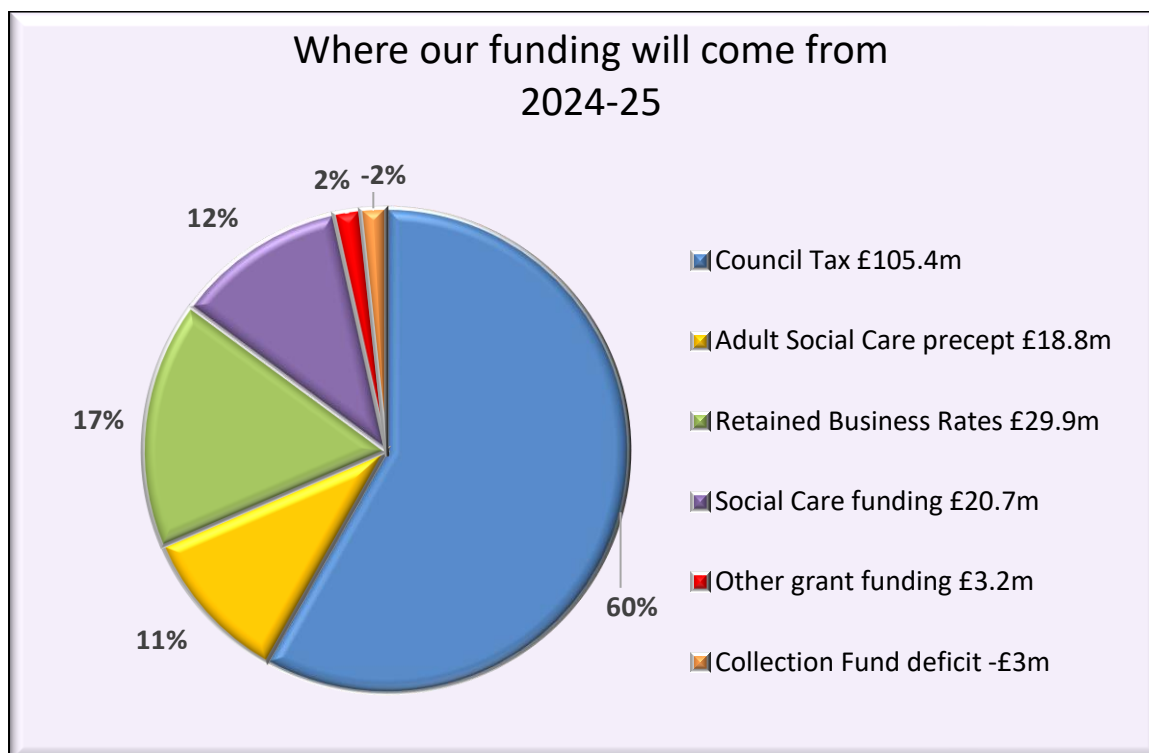
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<sup>2</sup> [Call for views Capital measures to improve sector stability and efficiency.pdf \(levellingup.gov.uk\)](#)

## 8 Revenue Funding

8.1 The main sources of funding for the 2024-25 revenue budget are shown in the following chart.

**Chart 2.4: Revenue budget funding sources**



8.2 West Berkshire Council’s main source of funding is from Council Tax including the ASC precept, see later (71% of income). 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 2024-25. Income from Council Tax is also expected to increase by a further 0.7% as a result of growth in the tax base (the number of properties paying Council Tax). Total Council tax increases will raise £6.7m. This is based on a collection rate of 99.75%.

8.3 The Council is proposing a 2% Adult Social Care Precept for 2024-25, which will raise £2.4m. The maximum allowed is a 2% precept. The previous precepts raise annual funds of £15.8m. 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.

8.4 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.



## Revenue Budget: 2024-25

- 8.5 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 increased for the 2024-25 year.
- 8.6 Other grant funding consists of New Homes Bonus and other non ring-fenced grants.. 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:
- (a) 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 2024-25 was announced by Government in December 2023. The following table sets out the 2024-25 DSG settlement for each block.

Categories	(£'m)
Schools block	134.02
Central school services block	0.96
High needs block	27.61
Early years block	17.37
<b>DSG allocation</b>	<b>179.96</b>

DSG budgets are discussed in detail at the School Forum. The Forum has agreed to transfer 0.25% of funding from the Schools Block to the High Needs Block in 2024-25, totalling £335k.

The DSG had a deficit balance of £4.8m as at 31<sup>st</sup> March 2023, and in 2023-24 the deficit is forecast to increase to £9.5m by 31<sup>st</sup> March 2024. 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 £9.5m going against the General Fund. If this had happened, the Council would receive a s114 notice (in effect where the Council has no money left in reserves) from the s151 officer as there would likely be a negative general fund reserve, which cannot occur. In the next two 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 commenced earlier 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.

- (b) Public Health Grant. West Berkshire Council receives a £6.5m (TBC) ring-fenced grant to fund public health functions.
- (c) 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 G. A review of all fees and charges took place by the (then) Overview and Scrutiny Committee in 2023. The Council also continues to receive income from its investment in commercial property, which generates net income of £1.2m per year. The majority of fees and charges included in this budget are due to rise by the September CPI figure of 6.7%.

## 9 Revenue Expenditure

The Revenue funding outlined above, funds the 2024-25 revenue budget as follows:

**Table 1.2: Directorate budgets**

Directorate	Base budget	Growth and inflation	Ongoing Investment	Savings & income generation	Annual budget requirement 2024/25
	£m	£m	£m	£m	£m
People	97.79	14.61	1.44	-6.68	107.16
Place	32.92	1.94	0.64	-2.68	32.83
Resources	11.83	1.45	0.12	-1.09	12.30
Chief Executive	0.54	0.06	0.00	0.00	0.60
Capital Financing / Corporate	14.85	0.00	1.55	-4.00	12.40
<b>Total</b>	<b>157.94</b>	<b>18.06</b>	<b>3.74</b>	<b>-14.45</b>	<b>165.29</b>

- 9.1 **Base budget £157.94m:** 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 £18.06m:** 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 (2.5% 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 and amounts to £0.65m (3% assumption) for 2024-25. Full details of contract inflation is given in Appendix B.

The majority of growth has arisen in supporting social care, and it has been necessary to invest £12.4m 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. 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 utilised in 2022-23. The model inflation is at 2.5%, reflecting increases expected in costs balanced against increases already in place. The Extracts from the models are shown in Appendix C.

- 9.3 **Ongoing Investment £3.74m:** Each year new service investment is required to be built into the revenue budget and in 2024-25 this amounts to £2.2m. Investment in the Council's operational assets is funded from external borrowing and this requires an increase of £1.6m in the revenue budget in order to fund the additional revenue costs for Council funded capital programme.
- 9.4 The MTFs currently assumes an overall decrease in the current revenue capital financing budget for financial year 2024-25. The proposed programme of £330.1 million

(2024-34), partially funded through debt of £140.3 million, if delivered in full would generate a significant revenue pressure over and above the budgeted provision. A review has been undertaken to identify a reasonable level of capital financing based on historic programme delivery and annual capital financing based on the Council financial statements. The capital financing budgets and associated Investment & Borrowing Strategy for 2024-25 have been built on the basis of these revised assumptions. Details as to the breath and scope of the capital programme are included in the Capital Strategy. Although the Council has revised its financing assumptions there is still significant investment earmarked across the Council's Education estate and infrastructure across the district, alongside a continued focus on developing the district's leisure offering and achievement of the 2030 net zero target.

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


### Chart 2.5: Council Strategy


#### Council Strategy Framework


The Purpose of the strategy:

**Making West Berkshire greener, fairer and more prosperous, with thriving communities and services we are proud of**

Overarching values:

- 

**Integrity**  
'we act with integrity ensuring all decisions are lawful, transparent and impartial'
- 

**Customer focused**  
'we listen to our customers and do our best for them'
- 

**Fairness**  
'we will always treat everyone fairly'

The Priorities of the strategy:



The Goals for each priority:

- |   |  |  |   |   |
|---|--|--|---|---|
| <ul style="list-style-type: none"> <li>Ensure West Berkshire Council continues to offer good customer service to our residents and businesses</li> <li>Transform the way the Council works</li> <li>Treat our residents with respect, be transparent in our decision making</li> <li>Make West Berkshire Council an employer of choice</li> </ul> | <ul style="list-style-type: none"> <li>Prioritise support for those who need it most</li> <li>Deliver more homes that people can afford</li> <li>Support our Local Authority maintained schools to drive up standards</li> </ul> | <ul style="list-style-type: none"> <li>West Berkshire Council to achieve net zero by 2030 and improves biodiversity</li> <li>Help our residents and businesses to save money and the environment</li> <li>Help to make the whole of West Berkshire net zero</li> </ul> | <ul style="list-style-type: none"> <li>Proactively engage with and support businesses to grow and thrive</li> <li>Regeneration of Bond Riverside and build a new community sports stadium</li> <li>Continue to invest in key infrastructure and public transport</li> <li>Ensure new housing developments come with suitable infrastructure and enhanced amenities</li> </ul> | <ul style="list-style-type: none"> <li>Encourage and support our local communities to take the lead in driving what is important to them</li> <li>Help our residents lead fulfilled and active lives</li> <li>Work with partners and the local communities to enhance our main towns and large villages</li> <li>Help our villages to remain vibrant long term</li> </ul> |
|---|--|--|---|---|

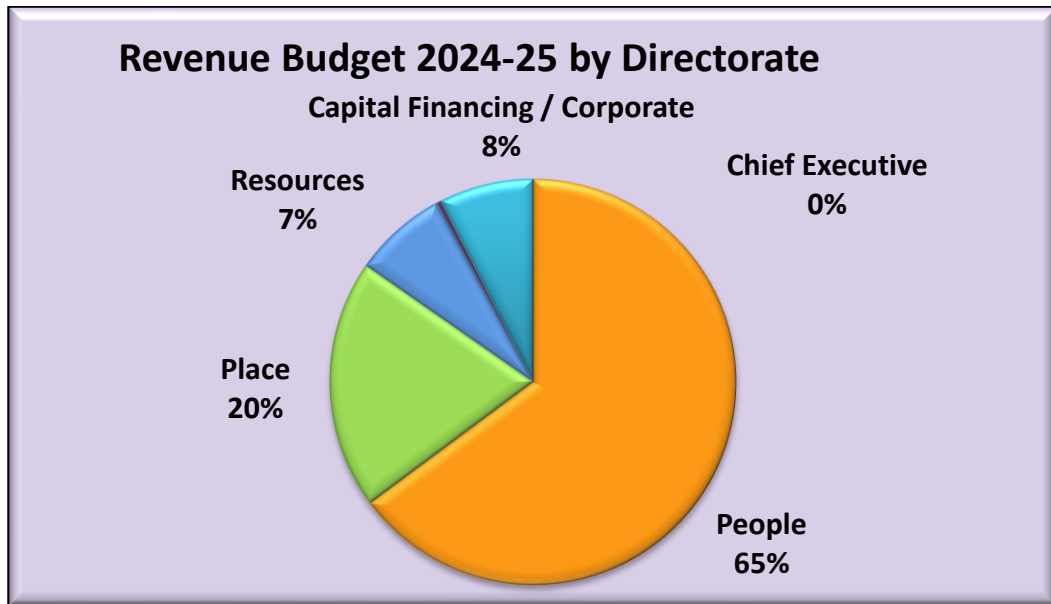
9.5 As part of this strategy, the Council is setting to more closely align financial resources to invest in the priority outcomes included in the strategy (see the Medium Term Financial Strategy for an overview). This investment started from 2020-21 with £0.68m of investment, through to this year, 2024-25, showing £1.4m.

#### Table 1.3 – Priority investments

No	Council Strategy priority	Item	Amount £k
1	<b>Services we are proud of</b>	<ul style="list-style-type: none"> <li>• Road sign cleaning</li> <li>• Elections staffing</li> </ul>	<p style="text-align: right;">25</p> <p style="text-align: right;">81</p>
2	<b>A fairer West Berkshire with opportunities for all</b>	<ul style="list-style-type: none"> <li>• Home to School Transport costs</li> <li>• Family Support Workers</li> <li>• Adoption services</li> <li>• Other adult and child welfare investment</li> </ul>	<p style="text-align: right;">700</p> <p style="text-align: right;">143</p> <p style="text-align: right;">79</p> <p style="text-align: right;">109</p>
3	<b>Tackling the Climate and Ecological Emergency</b>	<ul style="list-style-type: none"> <li>• Garden waste reduced charge</li> </ul>	<p style="text-align: right;">100</p>
4	<b>A Prosperous and Resilient West Berkshire</b>		
5	<b>Thriving Communities with a Strong Local Voice</b>	<ul style="list-style-type: none"> <li>• Voluntary Community Sector</li> <li>• Faraday Road football pitch</li> </ul>	<p style="text-align: right;">100</p> <p style="text-align: right;">9</p>
	<b>Business as usual</b>	<ul style="list-style-type: none"> <li>• Customer Experience officer</li> </ul>	<p style="text-align: right;">60</p>
	<b>TOTAL COUNCIL STRATEGY INVESTMENT</b>		<p style="text-align: right;"><b>1,406</b></p>

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

**Chart 2.6 – Directorate budget**



9.7 In order to achieve a balanced budget, £14.5m 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 (and during 2020-22 were significantly higher due to Covid grant funding).

**Table 1.4: Reserves**

Reserve	Balance as at 31.3.21	Balance as at 31.3.22	Balance as at 31.3.23	Forecast balance as at 31.3.24
	£m	£m	£m	£m
General Fund (unallocated) including specific risk reserves	12.1	12.9	7.2	4.0
Earmarked reserves	38.5	23.8	4.4	3.7
<b>WBC General Fund total</b>	<b>50.6</b>	<b>36.7</b>	<b>11.6</b>	<b>7.8</b>
School balances	8.0	11.0	14.0	14.0
<b>General Fund total</b>	<b>58.6</b>	<b>47.8</b>	<b>25.6</b>	<b>21.7</b>

- 10.3 During 2023-24 the main changes to reserves were where there were some small levels of funding from residual reserves, but the vast majority of Council reserves were depleted during 2022-23. For 2024-25, the Council is proposing to support the budget with a £1.5m contribution from the flexible use of capital receipts funding through the sale of assets. The 2024-25 budget also shows a contribution to general fund reserves of £2m to start to rebuild the general fund reserve, with further contributions being made over the life of the Medium Term Financial Strategy.
- 10.4 Further information can be found in Appendix Fi and Fii.

## 11 Funding Statement

The Funding Statement for 2024-25 shows the funding available to the Council which can be used to fund the budget requirement.

**Table 1.5: Funding statement**

2024-25 Funding Statement				
Ref	Income	£m	£m	Appendix
1a	Council Tax	105.40		
1b	Adult Social Care precept	18.80		
	<b>Total Council Tax income</b>		<b>124.20</b>	
2	<b>Retained Business Rates</b>		<b>29.94</b>	
3a	Adult Social Care BCF and iBCF	8.51		
3b	ASC Market Sustainability & Improvement Fund	2.62		
3c	Social Care grant	8.95		
3d	ASC delayed discharge funding	0.67		
	<b>Total Social Care funding</b>		<b>20.74</b>	
4a	New Homes Bonus	0.70		
4b	Services Grant	0.12		
4c	Funding floor guarantee grant	1.99		
4d	Other non-ringfenced grants	0.40		
	<b>Total other grant funding</b>		<b>3.21</b>	
5a	Collection Fund deficit (-)/ surplus - Council Tax	-1.93		I
5b	Collection Fund deficit (-)/ surplus - NNDR	-1.10		
	<b>Total Collection fund deficit</b>		<b>-3.03</b>	
6	<b>Funds Available</b>		<b>175.07</b>	
	Expenditure	£m	£m	Appendix
7	<b>Opening base budget*</b>		<b>157.94</b>	
8a	Inflation	4.72		
8b	Contract inflation	0.93		B
8c	Modelled growth	12.41		C
	<b>Total growth and inflation</b>		<b>18.06</b>	
9a	Investment in Council Strategy priorities	1.25		
9b	Other investment	0.95		
9c	Increase in capital financing costs	1.55		
	<b>Total ongoing Investment</b>		<b>3.74</b>	D
10	<b>Savings, transformation and income</b>		<b>-14.45</b>	
11	<b>Annual Budget Requirement</b>		<b>165.29</b>	
12	One off savings/investments		-0.68	E
13	<b>Net Budget Requirement for Management Accounting</b>		<b>164.61</b>	
14	Adult Social Care BCF and iBCF		8.51	
15	<b>Budget Requirement</b>		<b>173.12</b>	
16a	Use of Earmarked Reserves	1.95		
16b	Use of Collection Fund Reserves	0.00		
	<b>Total one off funding</b>		<b>1.95</b>	F
17	<b>Budget Requirement after use of reserves</b>		<b>175.07</b>	
	<i>£10k roundings may apply</i>			



## Revenue Budget: 2024-25

* Opening Base budget		£m
Income from fees and charges		-32.55
Ring-fenced grant income		-193.42
Internal recharges and interest received		-1.39
Gross Operating Expenditure		385.29
<b>Base budget</b>		<b>157.94</b>
Opening adjustments		0.00
<b>Opening base budget</b>		<b>157.94</b>

## 12 Proposals

12.1 That Council approve the 2023-24 Council Tax requirement of £124.6 million, requiring a Council Tax increase of 2.99% with a 2% Council Tax Precept ring-fenced for adult social care.

## 13 Consultation and Engagement

13.1 A range of engagement and consultation events were held. The Council consulted on a range of savings that required equality impact assessments from the 27<sup>th</sup> November 2023 to the 11<sup>th</sup> January 2024. Drop-in events also took place during this period at leisure centres in person as well as an online event. Almost 2,500 responses were received online to the consultation page as well as a number of separate comments including through the in person events. The full consultation information can be found in appendix J. Comments were also received at the District Parish Conference on the 30<sup>th</sup> January 2024.

13.2 As a result of the consultation responses, a range of alternative proposals are proposed to be included within this budget and are summarised below:

- (a) The consultation exercise which took place from November 2023 - January 2024 sought views as to whether Willows Edge Care Home should be closed or whether an alternative provider should be sought for the facility. The responses received suggest that the prospect of seeking an alternative provider for both Willows Edge and the remainder of the Council's existing care home estate may be favourable as this option would provide security of accommodation for residents, would retain market capacity and would assist with the remediation of the Council's budgetary position. It is therefore recommended that a further consultation exercise is undertaken, commencing after Executive on the 8<sup>th</sup> February, to seek views on this proposal. Saving to be changed to £250k on the basis of a transfer by 1<sup>st</sup> October 2024. If there is insufficient market interest, then the proposal will revert to the closure of the care facility.
- (b) Reduce contributions to community transport – saving is proposed to be removed and the budget retained.
- (c) Reduce frequency of parks, open spaces and verge maintenance – to reduce this saving from £220k to £55k.
- (d) Reduce funding for gully emptying - £50k – saving is proposed to be removed and the budget retained.

- (e) Reduce litter bins and dog waste bins – saving is proposed to be removed and the budget retained.
- (f) Reduce weed spraying treatment - £20k saving reduced to £0k.
- (g) Reduce the ASC transport saving from £200k to £170k.

## 14 Other options considered

14.1 The budget proposal 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 increased burden on local taxpayers that could have a negative local economic impact, the cost of the referendum and the likely unsuccessful vote response.

## 15 Conclusion

15.1 The Council is forecasting a current in year over spend of £3.2m in 2023-24. The ongoing effect of any budget pressures and future investment in the Council Strategy priorities has been factored into the 2024-25 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, and find savings or income generation of £14.5m. This is against a backdrop of the Council having amongst the lowest levels of reserves in the country; it is crucial that strong financial management is exercised to ensure that the Council avoids having a s114 report issued.

## 16 Appendices

Appendix A – Equalities Impact Assessment

Appendix B – Contract inflation

Appendix C – Modelled growth

Appendix D – Investment

Appendix E – Savings and income proposals

Appendix Fi) – Reserves Statements

Appendix Fii) – Adequacy of reserves and robustness of budget

Appendix G – Fees and charges

Appendix H – Parish Expenses (Council only)

Appendix I – Council Tax Collection Fund

Appendix J – Budget Consultation responses

Appendix K – Council Tax Resolution (Council only)

Appendix L – Risk Register

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### Background Papers:

Provisional and final local governance finance settlement – see DLUHC website  
<https://www.gov.uk/government/organisations/department-for-levelling-up-housing-and-communities>

### Subject to Call-In:

Yes:  No:

The item is due to be referred to Council for final approval	<input checked="" type="checkbox"/>
Delays in implementation could have serious financial implications for the Council	<input type="checkbox"/>
Delays in implementation could compromise the Council's position	<input type="checkbox"/>
Considered or reviewed by Scrutiny Commission or associated Committees, Task Groups within preceding six months	<input type="checkbox"/>
Item is Urgent Key Decision	<input type="checkbox"/>
Report is to note only	<input type="checkbox"/>

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**Wards affected:**

All

**Officer details:**

Name: Melanie Ellis  
Job Title: Interim Head of Finance and Property  
Tel No: 01635 519619  
E-mail: melanie.ellis@westberks.gov.uk

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