

Creating Central Bedfordshire

Priory House
Monks Walk
Chicksands
Shefford SG17 5TQ

Mrs B Morris
Head of Legal and Democratic Services

DX 153440 Shefford

To: All Members of the Shadow Council

please ask for John Phillipson
direct line 01462 611034
e-mail john.phillipson@midbeds.gov.uk
fax no 08702 432141
web-site www.centralbeds.gov.uk
your reference
our reference JP/CJ
date 24 February 2009

Dear Councillor

Shadow Council Meeting Update - 26 February 2009

With reference to the Agenda for the meeting of the Council to be held on Thursday, 26 February 2009, relevant extracts of the draft minutes of the meeting of the Shadow Executive held on 17 February 2009 including recommendations to this meeting are enclosed together with an update report of the Director of Corporate Resources.

The Chairman of the Constitution and Working Group has advised of minor amendments to the Constitution which are attached to this letter.

The Chairman of the Council has agreed to permit consideration of the report of the Director of Corporate Resources as an urgent item of business to allow the setting of the Budget and Council Tax within the statutory timescales. This report is being admitted to the agenda in accordance with Section 100B(4)(b) of the Local Government Act 1972. The resolutions for the alternative Council Tax options of 1% and 2.5% will be forwarded to Members separately.

Members are requested to bring with them to the meeting relevant Shadow Executive papers. Please find attached Appendix 7 of the Revenue Budget 2009/10 report relating to the Housing Revenue Account which was omitted from the original Shadow Executive papers.

Agenda Item No. 8(b) – Recommendations of the Shadow Executive - 17 February 2009

The recommendations arising from the meeting of the Shadow Executive on 17 February 2009 on the following items are attached: -

- (a) Treasury Management Policy and Strategy 2009/10
- (b) Capital Programme 2009/10 – 2012/13
- (c) Revenue Budget 2009/10 and Medium Term Financial Plan

(a) SE/08/87 **Treasury Management Policy and Strategy 2009/10**

The Shadow Executive considered the report of the Director of Corporate Resources regarding the Council's Treasury Management Policy document and the annual Treasury Management Strategy for 2009/10. When compiling the two documents external advice and guidance had been sought from both the external advisors currently used by both the County and District Councils.

The opening treasury position at 1 April 2009 was £154m debt, £128m investments with a net spend of £26m. In accordance with the Prudential Code, Central Bedfordshire Council would ensure that net external borrowing would not, except in the short-term, exceed the Capital Financing Requirement.

Officers were formulating a very detailed Treasury Management Practices Statement which would set out how the Council would conduct its Treasury Management practices covering some 12 different areas of activity.

The Portfolio Holder (Corporate Resources) provided Members with an update regarding the CIPFA Code of Practice on Treasury Management in the Public Services (revised 2001).

In addition, in paragraph 2(a) the Treasury Management Practices Statement would be outsourced to an advisory service for a period of three years but costs would be kept as low as possible.

Members asked a number of questions regarding guidance and investments, to which the Portfolio Holder (Corporate Resources), to which the Interim Financial Services Manager Brian Mew and the Director of Corporate Resources responded.

Reason for decision: To enable the Council to have in place an approved Treasury Management Policy and Strategy for 2009-10 prior to commencement of business on 1 April 2009.

RECOMMENDED

that the Council be recommended to: -

- 1. approve the Treasury Management Policy and Annual Treasury Management Strategy 2009/10; and***
- 2. adopt the CIPFA Code of Practice on Treasury Management in the Public Services (Revised 2001).***

(b) SE/08/88 **Capital Programme 2009/10 – 2012/13**

The Shadow Executive considered the report of the Director of Corporate Resources which set out the Capital Programme 2009/10 – 2012/13 for Central Bedfordshire Council. Since the draft programme had been considered by the Shadow Executive there had been a number of amendments to the programme which were highlighted in the Appendices attached to the report.

Officers were recommended that the Council should keep its options open at this stage in terms of whether to fund the unfinanced element of the Capital Programme by the use of capital receipts or borrowing. Three issues had been identified when considering the financing of the Capital Programme proposed in the report and these were:

- the effect of slippage
- the level of new capital receipts; and
- the need to “smooth” the programme to ensure affordability.

The Shadow Scrutiny Committee on 22 January 2009 and the Corporate Resources Transition Task Force had considered the draft Capital Programme and comments from these meetings were attached at Appendix A to the report and also in the Chairman's Briefing note, dated 13 February 2009.

The Corporate Resources Transitional Task Force (TTF) had made the following comments to the Shadow Executive: -

- Shadow Scrutiny be requested to set up a task force to conduct a scrutiny of the purchase and disposals aspects of Asset management. This having recognised that projects from legacy authorities would have to be taken forward.
- the TTF endorsed the Capital Programme subject to the findings of the Task Force.
- "Bridging Loans" should not be an option for S106 schemes.

The Shadow Executive considered the comments of the TTF and agreed with its proposals except in relation to the "bridging loans". It was felt that there could be exceptional circumstances where it might be appropriate to approve such loans and that each case should be considered on its own merits. Criteria would need to be set, against which the merits of provision of a bridging loan could be assessed.

The proposal to establish a Task Force of the Scrutiny Committee was approved and it was felt that the role of such a Task Force should be to establish a set of criteria against which capital projects could be considered for inclusion in the Capital Programme.

Reason for decision: To recommend a Capital Programme to the Shadow Council on 26 February 2009 for approval.

RECOMMENDED

that the Shadow Executive, having considered the comments of the Shadow Scrutiny Committee and Corporate Resources Transitional Task Force on the proposed draft Capital Programme, recommends that the Council: -

- 1. approves the General Fund Capital Programme for 2009/10 – 2010/11 attached at Appendix B to the report of the Director of Corporate Resources now submitted;**
- 2. approves in principle the indicative Capital Programme proposals for 2011/12 – 2012/13 attached at Appendix C subject to: -**
 - (i) a limit of expenditure of £50m, as indicated in paragraph 5 of the report of the Director of Corporate Resources and Scrutiny Committee be requested to establish a task force to review the Capital Programme having regard to the requirements of Central Bedfordshire Council, early in the new municipal year;**
 - (ii) adoption of the principle that the Capital Programme should not include provision for bridging loans in respect of S106 agreements except where exceptional circumstances dictate.**
- 3. approves the Housing Revenue Account Capital Programme for 2009/10 – 2012/13, attached at Appendix E.**
- 4. approves the Capital Investment Strategy, attached at Appendix F.**

(c) SE/08/89 **Revenue Budget 2009/10 and Medium Term Financial Plan**

The Shadow Executive considered the report of the Director of Corporate Resources which set out the proposed level of Council Tax for 2009/10 to deliver services taking into account the level of available resources.

As well as the challenge of constructing a new budget for a new authority there had also been the challenge of the current economic climate with reduced interest rates and the loss of income from services such as land charges and planning fees. Members were advised that without these pressures a nil Council Tax increase would have been a real possibility.

The proposed budget of £165.8m would be prudent and a realistic baseline on which to go forward with an average Council Tax increase across Central Bedfordshire of 3.267% for 2009/10. This comprised increases for the former Mid Bedfordshire and South Bedfordshire areas of 3.50% and 3.00% giving a Council Tax of £1,275.84 and £1,320.52 respectively. It was further proposed that differential increases continue to be applied for the subsequent three years in order to equalise Council Tax rates across the new authority by 2012/13. The total resources from Council Tax and Formula Grant would be £171.34m.

There followed a detailed discussion regarding possible different levels of Council Tax for South Bedfordshire and Mid Bedfordshire residents and the impact on service delivery for the new authority in relation to each level.

The Director of Corporate Resources confirmed that the current economic climate had had an impact on the investments of the Council and the loss of £5m from investment income due to current markets. This had affected the budget and what could be considered for the Council Tax levels.

Members requested that Officers formulate two further options for reducing the Band D Council Tax by 1% and 2.5% respectively, for submission to the Shadow Council on 26 February. It was indicated that such adjustments would need to be achieved through the reduction of services and/or in the level of reserves. Members requested that details of the full implications of reducing Council Tax Income be presented to the Council.

The average Housing Revenue Account (HRA) rent increase for 2009/10 would be 6.2%, which had largely been prescribed by Government in pursuit of equalising rents at a local level between Council tenants and those in private sector rented accommodation. The Council's housing stock was in good condition and would meet the Decent Homes standards on 1 April 2010.

Members were advised that where Central Bedfordshire Council's fees and charges were to be increased it would be by no more than 3%. Members also asked for figures to be rounded to an appropriate level. A request was made that the fee for the collection of cement bound asbestos for people in receipt of means tested benefits be not removed. The Portfolio Holder (Corporate Resources) agreed to this request and commented that demand for this service was in any event limited.

The bid document had assumed savings of £11.5m and a significant element of these would be achieved in year one. Further savings would be generated going forward as the dependency on legacy systems were removed. The Local Government Review Regulations expected that the transitional costs would be repaid within five years of vesting day.

Reason for decision: To enable Central Bedfordshire to set legal and robust revenue and capital budgets for the forthcoming year and to set a medium term financial plan for the subsequent four years.

RESOLVED

1. ***that Officers be requested to formulate a further two options for reducing the rate of the proposed Band D Council Tax for 2009/10 to: -***
 - (i) 1%; and***
 - (ii) 2.5% respectively***

and to report thereon to the meeting of the Shadow Council to be held on 26 February 2009 including the implications for: -

 - (a) service levels, the revenue budget 2009/10 and the medium term financial plan 2009/10 – 2013/14;***
 - (b) equalisation of Council Tax levels between Mid and South Bedfordshire by 2010/11 (end of year 2);***
 - (c) the General Fund Reserve level for 2009/10 – 2013/14***
2. ***that the Council Tax Base, as set out in Appendix 1 of the report of the Director of Corporate Resources now submitted, be noted.***

RECOMMENDED

1. ***that the Housing Revenue Account Business Plan, as set out at Appendix 7 to the report of the Director of Corporate Resources, be approved.***
2. ***that:-***
 - (a) the proposed differential fee structure for 2009/10 in respect of the limited number of district fees and charges set out in paragraph 8 of the report now submitted be approved, save for the reinstatement of the concession for collecting cement bound asbestos for people in receipt of means tested benefit; and***
 - (b) subject to (a) above and rounding up of figures where appropriate, the Fees and Charges as set out in Appendix 8 of the report, be approved for implementation with effect from 1 April 2009.***

Yours sincerely

Barbara Morris
Head of Legal and Democratic Services

Shadow Council: 26 February 2009

Agenda Item No. 7

Central Bedfordshire Draft Constitution and Interim Governance Arrangements

Proposed Minor Amendments to the Constitution

1. Further to the decision of the Shadow Executive at its meeting held on 17 February 2009 to redesignate second and third tier posts in the Central Bedfordshire staffing structure as “Assistant Directors” and “Heads of Service” respectively, to make the necessary adjustments throughout the Constitution to reflect the new post titles;
2. To amend paragraph 10.17 of Part D2 of the Constitution (Overview and Scrutiny Procedure Rules) to provide that there is an expectation that any member(s) who calls-in a decision should attend the meeting of the overview and scrutiny committee at which the call-in is to be heard.
3. To correct the following typographical errors:-
 - (a) Part A4 – Page 9 – Paragraph 5.1.5 Delete the word “the” between “to” and “an”;
 - (b) Part E2 – Page 10 – Paragraph 7.2.2 Delete “arsing” and replace with “arising”.
 - (c) Part H3 – Page 9 – Paragraph 4.1.4 Delete “here” in penultimate line and replace with “where”.

This page is intentionally left blank

SHADOW COUNCIL
26 FEBRUARY 2009

SUBJECT	UPDATE TO REVENUE BUDGET 2009/10 AND MEDIUM TERM FINANCIAL PLAN The report provides an update to the previously circulated budget report and sets out the implications of two alternative Council Tax strategies as requested by Shadow Executive.
REPORT OF	Director of Corporate Resources
<i>Contact Officer: Matt Bowmer, Head of Financial Services 01462 611254</i>	

IMPLICATIONS

SUSTAINABILITY	The budget and five-year plan agreed must be sustainable and achievable
FINANCIAL	The proposals agreed must be financially sound
LEGAL	No
PERSONNEL/EQUAL OPPORTUNITIES	No
COMMUNITY DEV/SAFETY	No
TRADES UNION	No
HUMAN RIGHTS	No
KEY ISSUE	Yes
BUDGET/POLICY FRAMEWORK	Yes

OTHER DOCUMENTS RELEVANT TO REPORT

None.

RECOMMENDATION(S):

It is recommended that Council:

1. Consider the update to the previously circulated revenue budget for 2009/10 and the medium term financial plan 2009/10 to 2013/14
2. Confirm which of the strategies it wishes to adopt and
3. Agree a band D Council Tax for former Mid Beds residents and former South Beds residents accordingly.

Reason for Recommendations: To enable Central Bedfordshire to set legal and robust revenue and capital budgets for the forthcoming year and to set a medium term financial plan for the subsequent four years.

Introduction

1. Proposals for the 2009/10 budget and the five-year Medium Term Financial Plan have previously been circulated to members for consideration at the Shadow Council meeting.
2. Since writing the report, meetings of both Shadow Executive and Shadow Scrutiny have taken place, both of which have considered the budget proposals and the associated report. The proposals were based on a net budget of £165.8m, reserve levels returned to 'policy' level by the end of 2010/11 and a Council Tax increase which averaged 3.27% (3.50% for Mid Beds and 3.00% for South Beds residents).
3. At these meetings, officers were asked to consider additionally the implications of two alternative strategies relating to
 - i. A first year Council Tax increase of 2.5% for residents of both the former Mid Beds and South Beds District Councils;
 - ii. A first year Council Tax increase of 1.0% for residents of both the former Mid Beds and South Beds District Councilsand to report their finding back to the Shadow Council meeting.
4. As this is the first budget for the newly created Central Bedfordshire Council and is taking place with the added challenge of the current economic climate, officers have taken the opportunity to review key assumptions and look again at ways of accounting for expenditure to help ease the transition to a new authority and to protect reserve levels. Changes, which impact over the life of the medium term financial plan, have been made which can be summarised as:-
 - Reserves inherited from the three predecessor authorities reviewed thoroughly and as a result, reduced from £20m to £14.96m based on actual expected sums receivable;
 - Invest to save reduced from £3m to £1.5m each year for the first 2 years, **saving £3m**;
 - Provision for future growth reduced by £500k to £750k in 2010/11 and on a sliding scale thereafter (compared with a previous assumption of £1.25m in each year), **saving £1.75m**;

- Capitalising ICT spend where it relates to hardware and software, i.e. not done merely as transition requirement but where long term benefit can be shown. **This saves £4.4m and has an immediate and positive impact as it reduces the call on reserves to fund transitional costs.** However it should be noted that this will result in additional borrowing costs of £1.3m per annum from year 4 which will, all other things being equal, impact on Council Tax levels from year 4 onwards.
5. The outcome of these changes has been to reduce transition funded by revenue reserves from £19.9m to £15.5m and hence to improve the overall financial strength of the new authority. This enables an improved balance to be struck between protecting overall budget levels in what is a high-risk year, maintaining reserves at levels which aid financial stability and maintaining Council Tax increases to levels below the nationally assumed average of 3.5% (3.8% in the East Region).

Alternative Strategy – 2.5% Council Tax

6. The first alternative Council Tax strategy which members asked officers to consider was based on a flat-rate 2.5% Council Tax increase in 2009/10 and the equalisation of Council Tax between the former districts by the time that the 2011/12 bills are issued.
7. The summary results of this analysis are shown in Annex 1 and include the revenue account, reserves and Council Tax position.
8. Given the changes noted in paragraph 4 above, it has been possible to produce a budget forecast in line with the original proposal with no cuts to services (i.e. at £165.8m) whilst achieving the Council Tax requirement of 2.5%.
9. Under this option, 2009/10 reserves are somewhat stronger with a year-end position of £2.6m. Although short of the £4.7m policy target, this is a considerable improvement on the original proposal which saw reserves at around zero at the same point.
10. The impact on annual Band D Council Tax (excluding precepts) levels would be
- i. Mid Beds – an increase of 2.5% from £1,232.70 to £1,263.52 (this is an increase of £30.82 or approximately 59p per week).
 - ii. South Beds – an increase of 2.5% from £1,282.06 to £1,314.11 (this is an increase of £32.05 or approximately 62p per week).
11. As with all options considered, 'Invest to Save' funding would be reduced from £3.0m to £1.5m

Alternative Strategy – 1.0% Council Tax

12. The second alternative Council Tax strategy which members asked officers to consider was based on a flat-rate 1.0% Council Tax increase in 2009/10 and the equalisation of Council Tax between the former districts by the time that the 2011/12 bills are issued.
13. The summary results of this analysis are shown in Annex 2 and include the revenue account, reserves and Council Tax position.
14. Despite the changes noted in paragraph 4 above, it has not been possible to produce a budget forecast in line with the original proposal without cuts to services whilst achieving the Council Tax requirement of 1.0%.
15. Based on financial analysis undertaken, to achieve this level whilst maintaining a similar reserves profile and equalising Council Tax level by the time that the 2011/12 bills are issued would require cuts to services of £1.6m for a full year (in practice savings will not all materialise on 1 April 09 and a much larger cut would be needed to achieve £1.6m of savings in the next financial year).
16. Under this option, 2009/10 reserves are also stronger than the original proposals with a year-end position of £2.4m. Although short of the £4.7m policy target, this is a considerable improvement on the original proposal which saw reserves at around zero at the same point.
17. The impact on annual Band D Council Tax (excluding precepts) levels would be
 - i. Mid Beds – an increase of 1.0% from £1,232.70 to £1,245.03 (this is an increase of £12.33 or approximately 24p per week).
 - ii. South Beds – an increase of 1.0% from £1,282.06 to £1,294.88 (this is an increase of £12.82 or approximately 25p per week).
18. As with all options considered, 'Invest to Save' funding would be reduced from £3.0m to £1.5m.
19. It should be stressed that the proposed budget of £165.8m is considered a prudent and realistic baseline on which to go forward. It is based upon the work undertaken by officers to establish expenditure and funding proposals which seek to protect service levels whilst at the same time ensuring medium term financial stability and resources to bring about genuine value for money in service delivery and support. It

also incorporates considerable savings when compared with the financial position of the predecessor authorities.

Robustness of Estimates

- 20 Setting a budget and long term financial plan at the present time is challenging and presents a considerably higher risk than in normal years for three reasons
 - i. It is done without ever having operated conjoined services or having any previous financial history upon which to base reasonable estimates.
 - ii. It is done against the backdrop of arguably the most challenging economic circumstances, for individuals, businesses and local authorities, for decades;
 - iii. It is done before the new Council has come into existence.

- 21 The budget has therefore had to be proposed on clear principles which seek to manage and minimise risk
 - i. Revenue and Capital estimates must be grounded in the budgets of the predecessor authorities with reasonable estimates of growth pressures, diseconomies of transition and efficiency savings;
 - ii. They must be reviewed and agreed by experienced Directors and their teams to ensure that they are sufficient for delivery;
 - iii. Reserves must be at or above policy level by the end of 2010/11;
 - iv. Council Tax increases must be kept to the minimum necessary to achieve i – iii above bearing in mind capping criteria.

- 22 The very nature of the budget build has, therefore, been challenging but there have been a number of actions to mitigate the risks and ensure there is a robust budget in place for 1 April 2009. The chief action has been a series of three budget challenge days in November for the Chief Executive and directors led by the finance team. This work was supplemented by a challenge day by the Finance Team in early January and by using experienced and qualified financial staff to support Directorate staff.

- 23 Turning to the outcomes, each of the two alternative options can produce a 209/10 balanced budget and acceptable levels of Council Tax.

- 24 The 2.5% option does so within the same parameters as the original officer proposals and represents a good balance of risk and reserves for the proposed tax level.
- 25 The 1% option requires significant cuts to services to achieve the same financial outcomes and this inevitably, in such a challenging year, gives rise to increased risk or, without these cuts, a financial position which is unsustainable over the medium term.
- 26 In such a year of unknowns and until CBC has been operating for some time, members should consider the level of risk that they are prepared to bear when setting the appropriate Council Tax strategy and budget.

Fees & Charges

- 27 The budget report proposes recommendation of the schedule of fees and charges for the authority.
- 28 At its meeting of 17th February, Shadow Executive asked that all such charges be rounded to avoid confusion.
- 29 As this schedule is extremely lengthy and the amendments are minor, rather than re-issue the whole schedule, copies will be available for inspection before the meeting should members wish to review these.

Option for 2.5% Council Tax

Summary Revenue Account

Reserves position

Council Tax schedule

CENTRAL BEDFORDSHIRE COUNCIL - Medium Term Financial Plan 2009/10 - 2013/14

Summary - Based on 2.5% Council Tax in 2009/10

Medium Term Financial Plan <i>Expressed at outturn prices</i>	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	TOTALS £'000	% Growth
Formula Grant & Council Tax								
Formula Grant		49,412	50,697	51,711	52,745	53,800	258,364	8.9%
Council Tax		121,027	123,870	126,508	131,008	133,377	635,789	10.2%
Total resources (Excl. schools DSG)		170,439	174,567	178,218	183,753	187,177	894,153	9.8%
<i>Growth</i>			2.42%	2.09%	3.11%	1.86%		
Planned Revenue Budget								
Base Revenue Expenditure		316,153	318,553	326,824	337,122	348,097	1,646,749	10.1%
Adjustments		0	0	200	1,100	0	1,300	-
Demographic Changes		2,400	0	0	0	0	2,400	-100.0%
Revised Base Revenue		318,553	318,553	327,024	338,222	348,097	1,650,449	9.3%
Cost Inflation		0	10,681	12,515	12,949	13,456	49,601	-
Growth		0	500	750	1,000	1,000	3,250	-
Base Income		-152,714	-152,714	-157,231	-161,884	-166,676	-791,219	9.1%
Income Inflation		0	-4,517	-4,653	-4,792	-4,936	-18,898	-
Total planned spending before savings		165,839	172,503	178,405	185,495	190,941	912,081	15.1%
<i>Growth before savings (%)</i>			4.02%	3.42%	3.97%	2.94%		
Efficiency Savings		0	-2,910	-3,167	-4,074	-4,920	-15,071	-
Total planned spending after Savings		165,839	169,593	175,238	181,421	186,021	105,790	12.2%
<i>Growth after savings (%)</i>			2.26%	3.33%	3.53%	2.54%		
Surplus of Resources over Expenditure to fund repayment of Transition costs and "Invest to Save"		4,600	4,974	2,980	2,333	1,156	16,042	
Expenditure Funded from Reserves								
Costs chargeable to transition	7,142	8,320	0	0	0	0	15,462	
Expenditure on "Invest to save" initiatives	0	1,500	1,500	2,500	2,000	1,000	8,500	
TOTAL RESERVES SPEND	7,142	9,820	1,500	2,500	2,000	1,000	23,962	

CENTRAL BEDFORDSHIRE COUNCIL - Medium Term Financial Plan 2009/10 - 2013/14

Movement in Reserves - Based on 2.5% Council Tax in 2009/10

<u>Expressed at outturn prices</u>	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
Target general reserves as a % of annual planned budget		2.82%	3.00%	3.25%	3.25%	3.25%
Target reserves for CBC		4,680	5,175	5,798	6,029	6,206
B/fwd CBC Opening Reserves	0	-7,142	2,598	6,071	6,551	6,884
Add Reserves inherited from 3 legacy authorities	0	14,960	0	0	0	0
<u>Transition Costs</u>						
Opening Balance of Transition costs 'owed' to Reserves	0	-7,142	-10,862	-5,889	-2,013	0
New Charges to Transition costs	-7,142	-8,320	0	0	0	0
Repayment of Transition costs	0	4,600	4,974	3,876	2,013	0
Net Charges / (Repayment) of Transition costs	-7,142	-3,720	4,974	3,876	2,013	0
Closing Balance of Transition costs 'owed' to Reserves	-7,142	-10,862	-5,889	-2,013	0	0
<u>"Invest to Save" Initiative</u>						
New Charges to "Invest to Save" - funded from Reserves	0	-1,500	-1,500	-2,500	-2,000	-1,000
Surplus of revenue over expenditure after repaying Transition costs		0	0	-896	320	1,156
C/fwd CBC Closing Reserves	-7,142	2,598	6,071	6,551	6,884	7,040
Actual reserves as a % of annual planned budget		1.57%	3.52%	3.67%	3.71%	3.69%
Reserves Target Achieved		NO	YES	YES	YES	YES

Option for 1.0% Council Tax

Summary Revenue Account

Reserves position

Council Tax schedule

CENTRAL BEDFORDSHIRE COUNCIL - Medium Term Financial Plan 2009/10 - 2013/14

Summary - Based on 1.0% Council Tax in 2009/10

Medium Term Financial Plan <small>Expressed at outturn prices</small>	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	TOTALS	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	% Growth
Formula Grant & Council Tax								
Formula Grant		49,412	50,697	51,716	51,716	52,233	255,261	5.7%
Council Tax		119,255	122,737	126,508	130,627	133,377	632,504	11.8%
Total resources (Excl. schools DSG)		168,667	173,434	177,711	182,342	185,610	887,765	10.0%
<small>Growth</small>			2.83%	2.47%	2.61%	1.79%		
Planned Revenue Budget								
Base Revenue Expenditure		316,153	316,972	325,216	335,484	346,435	1,640,259	9.6%
Adjustments		-1,581	0	200	1,100	0	-281	-100.0%
Demographic Changes		2,400	0	0	0	0	2,400	-100.0%
Revised Base Revenue		316,972	316,972	325,416	336,584	346,435	1,642,379	9.3%
Cost Inflation		0	10,628	12,453	12,886	13,391	49,358	-
Growth		0	500	750	1,000	1,000	3,250	-
Base Income		-152,714	-152,714	-157,231	-161,884	-166,676	-791,219	9.1%
Income Inflation		0	-4,517	-4,653	-4,792	-4,936	-18,898	-
Total planned spending before savings		164,258	170,869	176,735	183,793	189,214	903,768	15.2%
<small>Growth before savings (%)</small>			4.02%	3.49%	3.99%	2.95%		
Efficiency Savings		0	-2,885	-3,135	-4,035	-4,872	-14,927	-
Total planned spending after Savings		164,258	167,985	173,600	179,758	184,341	97,621	12.2%
<small>Growth after savings (%)</small>			2.27%	3.34%	3.55%	2.55%		
Surplus of Resources over Expenditure to fund repayment of Transition costs and "Invest to Save"								
		4,409	5,449	4,112	2,584	1,269	17,823	
Expenditure Funded from Reserves								
Costs chargeable to transition		7,142	0	0	0	0	15,462	
Expenditure on "Invest to save" initiatives		0	1,500	2,500	2,000	1,000	8,500	
TOTAL RESERVES SPEND		7,142	1,500	2,500	2,000	1,000	23,962	

CENTRAL BEDFORDSHIRE COUNCIL - Medium Term Financial Plan 2009/10 - 2013/14

Movement in Reserves - Based on 1.0% Council Tax in 2009/10

<u>Expressed at outturn prices</u>	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
	£'000	£'000	£'000	£'000	£'000	£'000
Target general reserves as a % of annual planned budget		2.82%	3.00%	3.25%	3.25%	3.25%
Target reserves for CBC		4,635	5,126	5,744	5,973	6,149
B/fwd CBC Opening Reserves	0	-7,142	2,407	6,357	7,968	8,552
Add Reserves inherited from 3 legacy authorities	0	14,960	0	0	0	0
<u>Transition Costs</u>						
Opening Balance of Transition costs 'owed' to Reserves	0	-7,142	-11,053	-5,603	-261	0
New Charges to Transition costs	-7,142	-8,320	0	0	0	0
Repayment of Transition costs	0	4,409	5,449	5,342	261	0
Net Charges / (Repayment) of Transition costs	-7,142	-3,911	5,449	5,342	261	0
Closing Balance of Transition costs 'owed' to Reserves	-7,142	-11,053	-5,603	-261	0	0
<u>"Invest to Save" Initiative</u>						
New Charges to "Invest to Save" - funded from Reserves	0	-1,500	-1,500	-2,500	-2,000	-1,000
Surplus of revenue over expenditure after repaying Transition costs		0	0	-1,230	2,322	1,269
C/fwd CBC Closing Reserves	-7,142	2,407	6,357	7,968	8,552	8,821
Actual reserves as a % of annual planned budget		1.47%	3.72%	4.51%	4.65%	4.66%
Reserves Target Achieved		NO	YES	YES	YES	YES

CENTRAL BEDFORDSHIRE COUNCIL - Medium Term Financial Plan 2009/10 - 2013/14

Council Tax Based on 1.0% Council Tax in 2009/10

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
	C Tax £m	Yield £m	Yield £m	Yield £m	Yield £m	Yield £m
<u>Band D Council Tax</u>						
MBDC Council Tax Band D	£1,232.70	£1,245.03 1.00%	£1,286.84 3.36%	£1,330.06 3.36%	£1,364.64 2.60%	£1,382.32 1.30%
SBDC Council Tax Band D	£1,282.06	£1,294.88 1.00%	£1,312.35 1.35%	£1,330.06 1.35%	£1,364.64 2.60%	£1,382.32 1.30%
Weighted Average Band D Council Tax	£1,255.53	£1,268.14 1.00%	£1,298.67 2.41%	£1,330.06 2.42%	£1,364.64 2.60%	£1,382.32 1.30%
Growth Average						12.14% 2.32%
Growth Average						7.82% 1.52%
Growth Average						10.10% 1.94%

SUMMARY HRA : RESOURCE ACCOUNTING FORMAT

	0	1	2	3	4	5	6	7	8	9	10
	2007.08	2008.09	2009.1	2010.11	2011.12	2012.13	2013.14	2014.15	2015.16	2016.17	2017.18
Dwelling rent income	- 19,250.0	- 19,671.0	- 20,890.6	- 21,517	- 22,163	- 23,049	- 23,971	- 24,930	- 26,177	- 27,486	- 28,860
Service charges	- 957.0	- 692.7	- 713.5	- 728	- 742	- 765	- 788	- 811	- 835	- 861	- 886
Non dwelling rents	- 504.0	- 490.4	- 505.1	- 515	- 526	- 541	- 558	- 574	- 591	- 609	- 628
SP Grant	-	- 470.0	- 470.0	-	-	-	-	-	-	-	-
General Fund Contributions	-	63.3	- 66.9	40	40	40	40	40	40	40	40
	- 20,711.0	- 21,387.5	- 22,646.1	- 22,800.3	- 23,470.7	- 24,395.2	- 25,356.4	- 26,355.6	- 27,643.7	- 28,995.3	- 30,413.7
Housing Subsidy	7,150.0	8,710.0	9,200.0	9,476	9,760	10,151	10,557	11,032	11,639	12,279	12,954
General Management	5,172.0	2,848.2	2,933.6	2,992	3,052	3,144	3,238	3,335	3,435	3,538	3,644
Special Services	1,473.7	1,517.9	1,548	1,548	1,579	1,627	1,675	1,726	1,777	1,831	1,886
Bad Debt Provision	87.0	118.9	122.5	125	127	131	135	139	143	148	152
Repairs & Maintenance	3,948.0	5,190.7	5,346.4	5,507	5,617	5,785	5,959	6,138	6,322	6,512	6,707
Other expenditure	-	-	-	-	-	-	-	-	-	-	-
Notional interest	-	-	-	-	-	-	-	-	-	-	-
Depreciation	3,549.0	3,564.9	3,671.8	3,745	3,820	3,935	4,053	4,174	4,300	4,429	4,561
	19,906.0	21,906.3	22,792.2	23,393.5	23,956.1	24,772.4	25,617.1	26,544.0	27,616.1	28,735.5	29,904.5
Interest charges & DME	- 797.0	- 436.0	- 146.0	- 146	- 146	- 291	- 291	- 291	- 291	- 363	- 363
Interest income	-	-	-	2	2	2	2	2	2	2	2
Operating income / expenditure	- 1,602.0	82.9	0.0	447.2	339.4	86.2	30.3	102.6	318.6	622.8	872.1
Revenue Contributions to Caf	270.0	-	-	170	170	170	170	170	170	170	170
(Surplus) / Deficit	- 1,332.0	82.9	0.0	45	160	183	181	230	249	267	287
Reserve brought forward	2,024.0	3,509.0	3,426.2	3,426.1	3,380.7	3,220.9	3,037.7	3,219.1	2,989.2	2,740.0	2,472.5
Notional interest (enter)	153.0	-	-	-	-	-	-	-	-	-	-
Reserve carried forward	3,509.0	3,426.2	3,426.1	3,380.7	3,220.9	3,037.7	3,219.1	2,989.2	2,740.0	2,472.5	2,185.8

Assumptions

Rents low increases 3% 2010/11 gradually rising to 5% 2015/16
Other income and expenditure matches gradual increase
Interest at 2% 2009/10 rising to 4% 2019/20

Notes

Healthy HRA for over 15 years
Difficult period 2025/26 in 18 years
Difficult to predict interest/rents/subsidy at present

This page is intentionally left blank