

---

**Meeting:** Executive  
**Date:** 8 December 2009  
**Subject:** Draft Budget 2010/11 to 2014/15  
**Report of:** Cllr Maurice Jones, Portfolio Holder for Corporate Resources  
**Summary:** The report proposes the draft budget Medium Term Financial Plan for 2010/11 to 2014/15

---

Advising Officer: Matt Bowmer, Assistant Director Financial Services

Contact Officer:

Public/Exempt: Public

Wards Affected: All

Function of: Executive

Key Decision No

Reason for urgency/  
exemption from call-in  
(if appropriate) N/A

## **CORPORATE IMPLICATIONS**

### **Council Priorities:**

It is of great importance that members are mindful of the Council's priorities (set out in paragraph 7) in the decision making process for setting the 2010/11 budget.

### **Financial:**

The financial implications are set out in the report.

### **Legal:**

Consultation on the proposals will be undertaken as set out in the section on Staffing below.

### **Risk Management:**

The report sets out detailed proposals on efficiency, pressures and growth; officers have assessed the risk of delivery of each of these proposals. The Budget Report to Council in February will include a statutory section on the Section 151 Officer's assessment of the key risks within the budget.

**Staffing (including Trades Unions):**

There are a number of posts at risk here and in the detailed proposals put forward. Consequently discussions have commenced with the Trades Unions and formal consultation will be required.

**Equalities/Human Rights:**

The aim of equality legislation is to ensure that resources invested in public services actually benefit all those they are aimed at or who need them.

When developing proposals and making decisions, the Council has a requirement to comply with its statutory equality duties by ensuring that decisions are made in such a way as to minimise unfairness, and that they do not have a disproportionately negative effect on people from different ethnic groups, disabled people, and men and women. The effect of any proposed efficiency savings will be considered as part of the Equality Impact Assessments particularly in identified high risk areas, and a presentation will be given to the meeting of the Equalities Forum 10 December when then will have an opportunity to comment.

**Community Safety:**

There are no direct implications, though proposed service reductions may have an impact on the Council's capacity to deliver against this corporate priority, resources will need to be targeted accordingly.

**Sustainability:**

Key sustainability agendas, such as climate change, represent opportunities for the Council to make efficiency savings by decreasing energy use and the total spend on energy, for 2008/09 this was £3.4 million (including schools). Failure to take action leaves the Council vulnerable to the impact of increasing energy prices. Ofgem have predicted that price rises of up to 60% in energy bills over the next 7 years are to be expected. This would represent an increased energy bill of up to £5.4 million. The total estimated value of the increased energy costs between 2009 and 2014 comes to more than £16 million.

Higher energy costs will also impact on residents with more households falling into fuel poverty. This will mean that greater numbers of residents will need to access services provided by the Council – which will in turn increase the financial pressures in these services areas.

**Summary of Overview and Scrutiny Comments:**

- Corporate Overview and Scrutiny will consider the budget process at its meeting on 10 December.
- Individual Overview and Scrutiny Committees will comment on the detailed proposals for their respective directorates commencing with Business Transformation on 21 December 2009.

## **RECOMMENDATION(S):**

### **1. that the Executive**

**agrees the draft budget proposals for 2010/11 as the basis for consultation with the Overview and Scrutiny committees and other interested parties**

*Reason for Recommendation(s): To enable extensive consultation on the Medium Term Financial Plan 2010/11 to 2014/15 before its presentation to Executive in February 2009 for onward approval to Council.*

## **Executive Summary**

This report updates the 2009/10 to 2013/14 Medium Term Financial Plan agreed by Council February 2009 and seeks the views of Overview and Scrutiny and others ahead of consideration by Council in February 2010. Local Government will come under increased financial pressure over the forthcoming years and it is essential that Central Bedfordshire brings forward efficiencies to meet these challenges.

## **Introduction**

1. This report sets out the Council's draft Budget for 2010/11 for consultation and updates the Medium Term Financial Plan (MTFP) 2009/10 to 2013/14 agreed by Council at its meeting on 26<sup>th</sup> February 2009.
2. Included in the report is an update on the current economic position and the specific impacts on local government funding at this time. This, along with the closure of the legacy authority accounts and budget monitoring information from Central Bedfordshire, will inform the actions required to take the Council forward. These actions will naturally be guided by the priorities of the Council.
3. The report also sets out the proposed processes and timetable for consideration of the budget and MTFP leading up to their approval at Council on 25th February 2010.

## **Policy**

4. The Council's constitution and related financial procedures set out the process for budget setting. In addition, the Council is required to undertake a public consultation exercise on its budget proposals.

## **Background**

- 5 In February 2009, Central Bedfordshire Council set its first revenue and capital budgets and approved a five-year Medium Term Financial Plan. The budget was drawn from the spending plans of the then existing authorities and adjusted to reflect new spending pressures and efficiency savings identified in the Unitary bid document. The budget was put in place prior to the Council existing and before the elections to the new authority. As such, it was a 'best estimate' and the 2010/11 process was viewed as the first opportunity to relate resources to the priorities of the new authority.

## **Issues**

- 6 The budget will need to address the following issues:
- a. The priorities of the Council and the allocation of resources to deliver those priorities;
  - b. Changes to the Medium Term Financial Plan (revised assumptions and facts);
  - c. The Revenue budget for 2010/11, including reserves;
  - d. The Capital Programme for 2010/11;
  - e. The consultation process and the incorporation into the budget of issues raised and accepted.

## **Council priorities**

- 7 The Council published its Strategic Plan in September 2008. Members had regard to the Local Area Agreement targets and public priorities and agreed the following five priorities for the first two years of the Council:
- Supporting and caring for an aging population;
  - Educating, protecting and providing opportunities for children and young people;
  - Managing growth effectively;
  - Creating safer communities; and
  - Promoting healthier lifestyles;

It is these priorities that will drive the allocation of resources. The first Central Bedfordshire Sustainable Community Strategy is currently being developed by the Local Strategic Partnership (LSP). This document will set out the long term ambitions for the area and will need to be reflected in the Council's own strategic planning and budget deliberations in due course.

- 8 In addition, the budget needs to deliver ambitious efficiency savings and low year on year Council Tax increases whilst also ensuring that General Fund Balances are at the appropriate level.

## **Current Economic Outlook**

9. The harsh economic climate in which the Council finds itself shows little sign of abating and there is little evidence to point to a sustained recovery in the near term. The UK economy officially moved into recession in the last quarter of 2008 with a 1.6% decline in GDP for that quarter; this was followed by a further drop of 1.6% in the first quarter of 2009. Many commentators were suggesting that the UK would follow Germany and France out of recession in the third quarter of 2009 with a modest growth of 0.2% expected. However, the recession has continued with a further decline of 0.4%. The recession is already longer lived than first thought and recovery may follow a “W” pattern with periods of strength interweaved with periods of weakness before a more general recovery takes hold. It is not true to say that there is consensus on this view. In any event, there are likely to be significant constraints on public expenditure in the year ahead
10. As predicted, inflation has fallen sharply in recent months although it took some time before the downward movement to pick up pace. The Consumer Prices Index (CPI) is currently at 1.5% (October) having risen for the first time in eight months as a consequence of increased fuel prices and the Retail Prices Index (RPI) is at -0.8%. It is expected that the former, CPI, will pick up and be in the order of 2%, the Government’s policy target for the next two years.
11. Interest and investment rates are at an historic low which put pressure on the current Medium Term Financial Plan which is insensitive to interest rates (high proportion of fixed rate debt) but is highly sensitive to investment rates with the loss of income received on investments having an impact of £5m. The global financial markets are still subdued and have only recently showed signs of stabilisation. Predictions are for the base rate to remain at 0.5% until late 2010 and hold between 0.5% and 2% well into 2011 and possibly beyond.
12. The decline in economic activity is now manifesting itself in increased unemployment, albeit that the increase has slowed in the last month. Nevertheless, the total unemployed figure for September 2009 was 2.46 million which is at its highest level since the recession in the 1980s. This is putting more pressure on demands for Council services going forward. There are increased caseloads in housing and Council Tax Benefits and the reduced economic activity is also leading to suppressed numbers of planning applications. Typical recessions would tend to indicate unemployment reaching its peak at around 2012/13 at a level in excess of three million placing additional pressures on national and local budgets.

## **Prospects for Local Government**

13. The Comprehensive Spending Review (CSR) 2007 heralded a tightening of finance for local government with growth in the economy less buoyant than in the previous review periods. Given the economic down turn with negative growth for five quarters in a row, there is little prospect for local government to enjoy continued real terms growth in funding. The debate is not about whether there will be cuts to public spending but when. Many commentators are suggesting a 10% reduction in grant levels across the three years, 2011/12 to 2013/14.

## **Financial Impact from the Legacy Authorities**

14. The Auditor's opinion has now been received on the final accounts of Mid Beds, South Beds and Bedfordshire. The closing general fund balances for the three legacy authorities total £15.4m which are offset by expenditure on transition costs. Brought forward reserves are broadly in line with the assumptions made in the existing MTFP.
15. Of equal importance are the earmarked reserves brought forward from the legacy authorities; analysis of the Mid and South Beds earmarked reserves was undertaken earlier in the year and £2.7m transferred to General Fund Balances. Work is still on going with Bedford Borough to disaggregate the County Balance Sheet..
16. There has been slippage on the capital programmes of all three legacy authorities which will be a first call on Central Bedfordshire's capital resources in 2009/10. This has added to the pressure on the Programme which was dependent on £15m of slippage in year. The Capital Programme has been reviewed and further borrowing or use of unapplied a capital receipts up to £8.887m has been agreed to meet these pressures. The review has also incorporated a number of new externally funded schemes into the Programme.

## **Budget Objectives**

17. The clear message is that budget setting and medium term financial planning will be tough not just in the current year but in years to come and it is important that we have a clear sense of the objectives we wish to achieve. It is suggested that the following financial objectives may be of help in guiding budget discussions:
  1. A sustainable medium term financial plan that allows the achievement of the Council's key objectives;
  2. Realistic levels of year on year spending which are supportable via annual income streams and do not require the use of general reserves to support recurring expenditure;
  3. General reserves maintained at all times at or above the agreed minimum level;
  4. Constraining annual Council Tax increases to the minimum level with a goal to be at 'average' levels for comparable authorities within 10 years;
  5. Investment in transforming activities with a financial return on investment of at least £5 for every £1 invested
  6. A commitment to maximising efficiency savings

## **Emerging Pressures and Growth Priorities**

18. The very nature of the construction of the first Central Bedfordshire budget has meant that close scrutiny was required right from the start of the financial year. The Council has been under significant financial pressure which needs to be managed in year if it is not to put further pressure on the longer term spending plans.
19. The key pressure on spending is in Adult Social Care where there are a number of budgets which have needed review. It is clear that the original budget build did not recognise the full level of services to be delivered by Central Bedfordshire and in a number of instances the historic data which was used as the foundation included efficiency savings that had not been delivered by the legacy authority. It is essential that budget setting for 2010/11 and beyond addresses the Social Care Health and Housing base budget.
20. In Children's services, nationally, a more interventionist approach to safeguarding following on from the high profile national cases has placed additional pressures on budgets in 2009/10.
21. Despite the significant level of pressures which have been experienced during the current financial year, the council is committed to bring expenditure in on budget.

## **Updated Medium Term Financial Plan**

22. In February 2009, Council agreed the 2009/10 Budget Plan and Medium Term Financial Plan to 2013/14. The assumptions in the original plan are being revisited and extended to 2014/15. Appendix A summarises Central Bedfordshire's Medium Term Financial Plan for 2010/11 to 2014/15. The planning assumptions are set out below. For 2010/11, the minimal increase in Council Tax revenues and formula grant will cover inflationary pressures and leave some headroom to fund services/corporate pressures. This position is summarised in the table below with commentary in paragraph 24. to 33..

|                               | <b>Assumptions</b>  | <b>Budget<br/>£m</b> |
|-------------------------------|---|----------------------|
| <b><u>Funding</u></b>         |   |                      |
| Formula Grant                 | 2.6% increase, last year of CSR reconfirmed in Chancellor's spring statement  | -50.697              |
| Council Tax                   | 2.5% in year one, 1.75% in year two and 1% thereafter and harmonised 1 April 2011   | -124.705             |
|                               |   | <b>- 175.402</b>     |
| <b><u>Base Spend</u></b>      |   |                      |
| 2009/10 Base Budget           |   | 165.839              |
| Base Budget Adjustments       | Budget to reflect actual activity   | 5.800                |
| Revised 2009/10 Base Budget   |   | 171.639              |
| 2010/11                       |   |                      |
| <b><u>Inflation</u></b>       |   |                      |
| Pay and Prices                | 1.8% - CPI was 1.8% when the Strategy was drafted; it has since dipped as expected to 1.4% but is expected to pick back up in the new financial year. | 3.712                |
| Income                        | 0.5% of pay for increments.<br>1.8% in line with expenditure forecast   | -1.340               |
|                               |   | 2.372                |
| <b>Initial 2010/11 Budget</b> |   | <b>174.011</b>       |
| <b>Headroom</b>               |   | <b>- 1.391</b>       |

23. Savings have been identified to make the Council more efficient and to put it on a strong footing to meet the inevitable pressures faced by local government at this time. The efficiencies have been categorised 'green', 'amber' or 'red' based on the ease with which they can be implemented. In broad terms those categorised as 'green' and 'amber' supported by the headroom can meet corporate pressures and those identified by services. The more difficult choices will need to be made when considering the growth proposal. All but £0.782m of these can be met from the more difficult to achieve 'red' efficiencies. Again, this position is summarised in the table below with commentary in paragraphs 34 to 49..



|  | <b>Assumptions</b>   | <b>Budget<br/>£m</b> |
|--|--|----------------------|
| <b>Headroom in initial<br/>2010/11 budget</b>  |  | <b>-1.391</b>        |
| <u>add</u><br><u>Corporate Measures</u><br>Reserves, Invest to Save<br>and Capital Financing | Reserves reinstated to<br>minimum risk assessed level,<br>Invest to Save incorporated into<br>base budget and revenue<br>impact of borrowing and use of<br>unapplied capital receipts in<br>209/10 Capital Programme | 4.705                |
| <u>Services Pressures</u>  |  | 6.251                |
| <u>Funded by</u><br><u>Efficiencies</u><br>Green   |  | -3.204               |
| Amber  |  | -6.474               |
| <u>Revised headroom after</u><br><u>allowing for pressures</u>                               |  | -0.113               |
| <u>Growth</u>  |  | 6.707                |
| <u>Funded by</u><br><u>Efficiencies</u><br>Red   |  | -5.812               |
| Net budget deficit   |  | <b>0.782</b>         |

## Funding

### *Formula Grant*

- 24 The Chancellor's budget in March honoured the Formula Grant commitment in CSR2007 for 2010/11 of 2.6%. Beyond this point there is now an expectation of a reduction in Government funding which is at odds with the year on year increases of 2.0% from 2011/12 in the Plan. There is much speculation about Government spending plans but cuts upwards of 3% are more realistic. A 1% movement in the grant is equivalent to £0.5m. An update is expected in Alistair Darling's pre budget update on 9 December. Central Bedfordshire does not fair well in the grant settlement nationally and there is a greater burden on Council Tax compared with statistical neighbours.
25. A realistic planning assumption is for 2.6% for 2009/10 and for 0% increase from 2011/12 onwards.

### *Area Based Grant*

26. For 2009/10, Area Based Grant (ABG) was allocated across the directorates in line with the historic specific grants which had preceded it. Indeed it has supported similar expenditure to the past and been paid out to partners in the same manner as 2008/09. This was a conscious decision to give stability at the time of the creation of the new Central Beds authority. However, ABG should not be seen as a collection of historic funding pots, it is a single grant which should be aligned to deliver the Local Area Agreement (LAA). As such the allocation of the £12.8m is under review for 2010/11.

### *Council Tax*

27. Central Bedfordshire set its Council Tax at 2.5% for 2009/10 which was lower than the 3.0% average across the eastern region and nationally, it was the second lowest increase against Central Bedfordshire's statistical neighbours. This was in the context of indications from Government that intervention was possible where proposed increases were in excess of 4%.
28. Lower year on year increases were proposed for the remaining four years of the plan. A recent survey in Local Government Chronicle has indicated that unitary authorities nationally are intending to increase Council Tax by 2.6% in 2010/11. It would be prudent for Central Beds to secure its funding base with an increase in this order for 2010/11 with a commitment to lower year on year increase thereafter. The Plan, therefore, provides for a Council Tax increase of 2.5% at just below that for unitaries nationally in 2010/11 with 1.6% in 2011/12 and 1% per annum thereafter.
29. The Plan also includes a clear commitment to harmonisation of the rates in the north and south of Central Bedfordshire for 1 April 2012.

|                   | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|-------------------|---------|---------|---------|---------|---------|
| <u>% increase</u> |         |         |         |         |         |
| North             | 3.0     | 3.0     | 1.0     | 1.0     | 1.0     |
| South             | 2.0     | 0.1     | 1.0     | 1.0     | 1.0     |
|                   | 2.5     | 1.6     | 1.0     | 1.0     | 1.0     |
| <u>Rates</u>      |         |         |         |         |         |
| North             | 1,302   | 1,341   | 1,354   | 1,368   | 1,382   |
| South             | 1,340   | 1,341   | 1,354   | 1,368   | 1,382   |
|                   | 1,319   | 1,341   | 1,354   | 1,368   | 1,382   |

### Spending

#### *Adjustment to the Base Budget*

30. There are a number of pressures which have been experienced in the current year where activity was not in line with the budget which was set. It is essential that these pressures set out in Appendix B are seen as a priority for the Council to address in order to enable directors to be given realistic budgets to manage in the new financial year.

## *Inflation*

31. The Medium Term Plan made very broad assumptions on inflation beyond the current financial year. The general assumption was for 2.5% in general but up to 3.5% was provided for in Service directorates where there was deemed to be pressure on contracts with external providers. In the light of the current economic position and forecast for the Consumer Price Index for 201/11, these forecasts need to be revised downwards. CPI is currently 1.4% expected to fall a little further over the next few months before picking up again in the new financial year. For this reason, 1.8% is set aside for prices. This has also been used as the target for increase in fees and charges. 2% is allowed for prices and income in future years of the Plan.
32. There is growing pressure for a cash freeze on local government pay. Over the past ten years, year on year increases in the public sector have outstripped those in the private sector in percentage terms and over the past year, private sector pay has in many instance fallen or been held in light of the recession. The plan, therefore, makes no allowance for a pay award in 2010/11 and a provision of 0.5% is made for increments. Naturally, there is a risk here if nationally the pay award is agreed at greater than a freeze. Each 0.5% would cost the Council an additional £0.4m. 1% is allowed in future years of the Plan.
33. No specific allowance has been made here for additional contractual payments in 2010/11 where contracts are linked to indices other than CPI and are greater than CPI. These have been identified as pressures in individual services.

## *Efficiencies*

34. The Chancellor's March budget raised the bar on efficiency savings with an additional 1% over the 3% in the initial settlement. There will undoubtedly be movement here beyond the current CSR too. This is a real issue with the need to contain expenditure with the expectation that resources will grow very little year on year.
35. For 2010/11, the increases in funding through Council Tax and Formula grant will only contain the inflationary pressures on current spending plans. Central Bedfordshire needs to position itself to respond not only to the challenges of the future but to demonstrate that it is a modern efficient business and that it delivers for value for money for local residents, in line with the messages from the recent residents survey. To meet all of these needs, options for efficiency savings in the order of 10% have been identified.
36. At the fore front of the drive for greater efficiency is the review of the senior management structure of the authority which will develop more effective leadership as well as ultimately delivering up to £2m of efficiencies. These savings will be included in the Plan from 2011/12 as a significant element will be needed for redundancy costs in 2010/11. There are a number of posts at risk here and in the detailed proposals put forward. Consequently discussions have commenced with the Trades Unions and formal consultation will be required. Details of all the proposed efficiencies are set out in Appendix C.

37. Central Bedfordshire is still in Transition. The future years of the Plan only include modest efficiencies to balance Inflationary pressures against lower expectations for Formula Grant and Council Tax. Transformational change will be possible through the use of Invest to Save funding set out in paragraph 39 below. More efficiencies will, therefore, be brought forward when a full assessment has been undertaken on the most effective use of these funds.

### *Corporate Measures*

38. Central Bedfordshire does have some emerging financial pressures. There are three key issues which will need to be addressed at a corporate level:
- Reinstatement of General Fund Balances;
  - Invest to Save; and
  - Capital Financing
39. A risk assessment was undertaken earlier in the year of the minimum level of General Fund Balances which Central Bedfordshire should hold. This was assessed at £5.5m for 2010/11 and is uplifted for inflation across the remaining years of the Plan. Central Bedfordshire inherited relatively low balances on its vesting day and it is unrealistic to bring the Balances up to the minimum level in one year without putting significant pressure on services. The commitment remains to restore balances and it will be achieved over the life of the Plan, as demonstrated in Appendix A.
40. Central Bedfordshire does need to position itself to respond to the tightening public finances with inevitable reductions in Formula Grant and downward pressure on Council tax increases. In this context, changes to spending plans at the margin are not sustainable and transformation of services is essential. The commitment to Invest to Save made in February 2009 needs to continue but be given more visibility with the funds being included in the Budget Requirement and not as a transfer through reserves. The Plan allows for £1.5m per annum over the next four years.
41. The 2009/10 Capital Programme was in part funded by £8.787 unapplied capital receipts and £8.787m borrowing which was increased by £8.887m following the in year review of the Programme, reported to Council on 19 November. This has a £1.25m impact on the 2010/11 revenue budget through loss of investment interest, interest repayment on new debt and the need to set aside a Minimum Revenue Provision to repay principal. There are updates on the review of the 2009/10 Capital Programme and 2010/11 to 2014/15 Capital Programme in paragraph 45 below.

### *Pressures*

42. Directors have brought forward pressures totalling £6.251m for 2010/11 to 2014/15 which are detailed in Appendix D. It is fair to say that the 'credit crunch' is continuing to impact on the delivery of services in Central Bedfordshire. This impact is across all directorates – increase caseloads in Revenue and Benefits, continued low interest rates impacting on investment returns, and no upturn income from land charges and planning income.

43. There are a number of other key pressures being experienced. It will be necessary to fund harmonisation of pay and conditions throughout the authority; existing policy is giving rise to increased school transport costs; the 'Baby Peter' case has inevitably led to an increase in the number of Looked After Children; contractual pressures are impacting on the delivery of residential places in Adult Social Care; and there is a continued uplift in Landfill Tax.
44. In broad terms taking efficiencies categorised as 'green' and 'amber' would enable these pressures to be incorporated into the 2010/11 Budget.

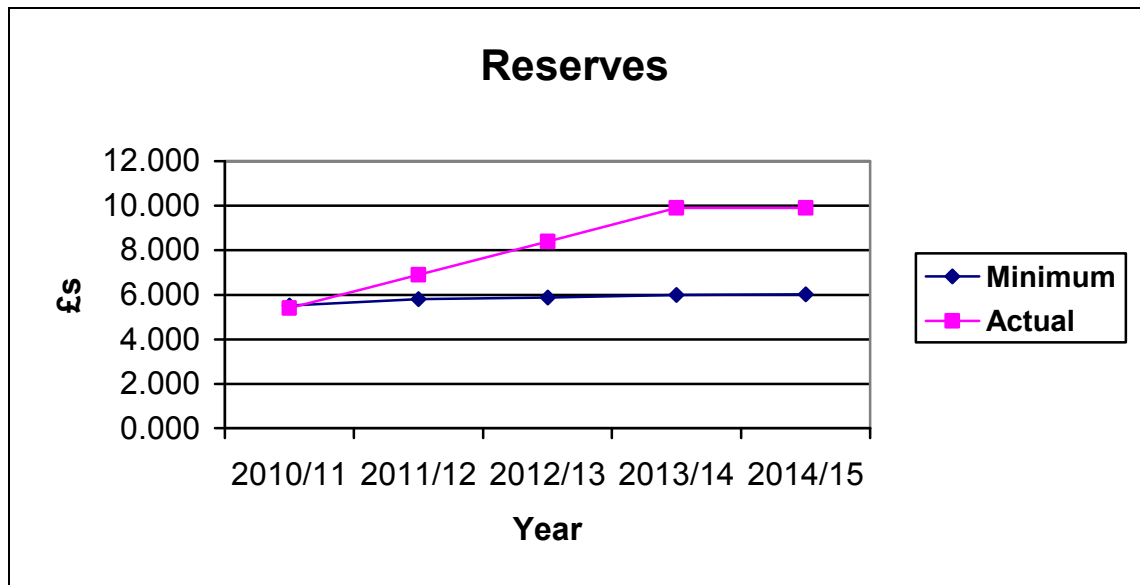
### *Growth*

45. Directors have also come forward with growth proposals for 2010/11 to 2014/15 which are set out in Appendix E. These have been categorised as:
- Demographic;
  - New Statutory Provision; or
  - Choice
46. The key demographic pressures are in Social Care Health & Housing with the 'transition' of young adults from Children's Services to Adult Social Care provision and also the continued growth in the 85+ population.
47. There is little in the way of new statutory provision for 2010/11.
48. There are a number of growth proposals where there is genuine choice for Members. These include resources to improve community engagement, to develop the framework for school organisation changes; improved times for homecare visits, and additional capacity to take forward recovery in Adult Social Care.
49. It is possible to meet all but £0.782m of the growth proposed through the efficiencies identified. However, it would require the adoption of those efficiencies which have been assessed as 'red' – more difficult to implement and having greater impact. There will need to be consideration of the value of the growth against the impact of the efficiency.

### Reserves

50. One of the key objectives for the Medium Term Financial Plan set out in paragraph 17. was that reserves are held at above the risk assessed minimum level across the life of the Plan. There is a balanced budget for all years dependent on a small level of efficiencies year on year with an annual contribution to increase the level of reserves initially to the minimum level and subsequently to a level which gives greater assurance.

|               | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|---------------|---------|---------|---------|---------|---------|
|               | £m      | £m      | £m      | £m      | £m      |
| Minimum Level | 5.515   | 5.812   | 5.883   | 5.992   | 6.026   |
| Actual Level  | 5.400   | 6.900   | 8.400   | 9.900   | 9.900   |



#### The Medium Term Outlook

51. The Plan currently allows for a freeze in Formula Grant from 2011/12 onwards. There is, however, uncertainty in the level of ABG and specific grants beyond the end of the CSR2007. The report has opened with an assessment of the current economic position. This has a major impact on the cost of pensions in the future. The Pension Fund has already been under pressure with the increase in life expectancy over but now also has to contend with significant reduced performance on its investment returns too. The triennial review of the Pension Fund will be undertaken in spring 2010 and will doubtless have an impact on the employer's contribution rate. It is expected to rise above the current 21%.

#### Capital Programme

52. Council set a five year Capital Programme at Council in February. In short, the aspirations of the legacy authorities are not sustainable financially and a radical review of the Programme is essential. £15m of slippage will be taken forward from 2009/10 into next year where there is already provisionally £36m of over programming. An extensive review of the 2010/11 Programme is now underway.
53. A more extensive programme will be possible from 2012/13 onwards when the property market has recovered and there is some certainty with capital receipts. Until that time, schemes with external funding will most likely go forward with all other schemes being funded through unapplied capital receipts which are finite and new borrowing which puts pressure on revenue in the future. Given the question of affordability, the capital programme will need to be constrained to no more than £30m net of external funding for the short term.
54. The Capital Programme 2010/11 to 2014/15 will be informed by the Asset Management Strategy also on this agenda.

## Consultation

55. A number of consultations have been undertaken to inform budget setting for 2010/11 to 2014/15.
56. The results of two major surveys have become available in recent weeks – these are the Place Survey of Bedfordshire which was undertaken in 2008 with the results published this year and the Central Bedfordshire Residents Survey which was carried out in October. The two surveys give a consistent message of which services matter most to local residents – being levels of crime, road and pavement repairs and affordable housing. As is common with such surveys residents cite Council Tax as being too high. Of greater concern, though, is the view that only 19% of residents surveyed believe that Central Bedfordshire provides Value for Money. The detailed summaries of these two surveys are set out in Appendix F.
57. The Portfolio Holder for Corporate Resources attended the most recent Business Network meeting which was held on 11 November and has sought the view of local businesses on Central Bedfordshire’s Budget for 2010/11. Their views will be fed back in the Budget Report and Medium Term Financial Plan report to Executive in February.
58. The next quarterly meeting of the Equalities Forum is on 10 December and will be given a presentation on the proposals in this report for comment. Again, these will be fed back in the February report.
59. Finally, this report will be presented at Overview & Scrutiny later this month and in early January for comment.

## **Budget and Planning Process**

60. The following table sets out the broad framework for agreeing the 2010/11 to 2014/15 Medium Term Financial Plan.

|                         |   |
|-------------------------|---|
| <i>December</i>         | <i>Draft Revenue Budget agreed for consultation</i> |
| <i>December</i>         | <i>Local Government Finance Settlement</i>          |
| <i>December/January</i> | <i>Scrutiny of Draft Budget</i>                     |
| <i>January</i>          | <i>Treasury Management Strategy reviewed</i>        |
| <i>January</i>          | <i>Executive recommends budget</i>                  |
| <i>February</i>         | <i>Council agrees budget</i>                        |

**Appendices:**

Appendix A1 – Medium Term Financial Plan Summary 2010/11 to 2014/15

Appendix A2 - Medium Term Financial Plan Summary 2010/11

Appendix B – Base budget Adjustments

Appendix C – Efficiencies

Appendix D – Pressures

Appendix E – Growth

Appendix F – Place and Residents Surveys

**Background Papers** (open to public inspection):

Medium Term Financial Plan 2009/10 to 2013/14

Location of papers: Priory House, Chicksands