

SHADOW EXECUTIVE
17 FEBRUARY 2009

SUBJECT	REVENUE BUDGET 2009/10 AND MEDIUM TERM FINANCIAL PLAN The report determines the level of Council Tax for 2009/10 to deliver services taking into account the level of available resources.
REPORT OF	Director of Corporate Resources
<i>Contact Officer: Matt Bowmer, Head of Financial Services 01462 611254</i>	

IMPLICATIONS

SUSTAINABILITY	Expenditure in a number of service areas will have a direct impact upon sustainability.
FINANCIAL	Financial implications are an integral part of the report and decisions made will impact directly on the level of Council Tax
LEGAL	All expenditure is in accordance with legislation and the Authority has a statutory duty to set a balanced budget
PERSONNEL/EQUAL OPPORTUNITIES	None
COMMUNITY DEV/SAFETY	Expenditure in a number of service areas will have a direct impact upon Community Development and Safety
TRADES UNION	Trade Unions will be consulted through the appropriate channels in respect of the pay award element of the budget
HUMAN RIGHTS	None
KEY ISSUE	Yes
BUDGET/POLICY FRAMEWORK	Yes

OTHER DOCUMENTS RELEVANT TO REPORT

None.

RECOMMENDATION(S):

1. That the Shadow Executive recommend the Council to:
 - (a) Agree the revenue budget for 2009/10 and the medium term financial plan 2009/10 to 2013/14
 - (b) Note the Council Tax Base as set out in Appendix 1
 - (c) Agree a band D Council Tax of:
£1,275.84 for former Mid Beds residents, and
£1,320.52 for former South Beds residents
 - (d) Agree the Housing Revenue Account Business Plan set out in Appendix 7.
2. That the Executive determine whether it wishes to recommend to Council the approach set out for a limited number of district fees and charges in para 5 of Appendix 8 to this report.
3. That the Executive approves the schedule of Fees & Charges detailed in Appendix 8 and that the proposed levels be implemented with effect from 1st April.

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.

1. Context

- 1.1 This is the first budget for the newly created Central Bedfordshire Council. As well as the challenge of constructing a new budget for a new authority there has been the added challenge of the current economic climate, which has added considerable pressure both in terms of public demand for services and the reduction of income from many sources.
- 1.2 A new authority has meant that there is no base to build the 2009/10 budget on. It has been necessary to derive a base position and this has been achieved through cooperation between Mid and South Bedfordshire District Councils and Bedfordshire County Council. The thorough analysis undertaken has given a suitable foundation to deliver a robust financial position.

- 1.3 With a new authority come new political structures and responsibilities. These have undoubtedly put pressure on the budget setting process especially through member allowances and resources to support the effective governance of the Council.
- 1.4 Whilst there is considerable potential for efficiency in bringing together three existing local authorities there is also cost. There are two notable examples of this. Firstly there is now a duplication of some senior posts such as two Directors of Children's Services across Bedfordshire where there was previously only one. ICT is the second whereby many legacy systems need to be retained in the short term. Central Bedfordshire will use SAP as its financial ledger but it will still need to support Agresso and Integra to close the accounts of Mid and South Beds. There are similar examples in planning and benefits.
- 1.6 Perhaps the greatest pressure though is as a consequence of the credit crunch. Local authorities tend to have positive cashflow giving the potential to lend out at short term generate significant sums from interest. The current base rate of 1.5% has reduced income in this single area by £5m, that's 4% on the Council Tax. Income in many other areas is also affected, chiefly from land charges and planning fees.
- 1.7 These are challenging times but 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.

2. Proposal

- 2.1 The proposed average Council Tax increase across Central Bedfordshire is 3.267% for 2009/10. This comprises 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 is 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.
- 2.2 It is important that the front line services to the residents of Central Bedfordshire are maintained whilst delivering a low increase in Council Tax at a time of economic uncertainty. The proposed budget strikes an appropriate balance. **The 'credit crunch' has undoubtedly had a major impact on the budget deliberations. The most significant pressures have led to the downward revision of investment income and income from planning fees and land charges. Without these pressures a nil Council Tax increase was a real possibility. The investment income loss alone is equivalent to around 4% on the Council Tax.**

- 2.3 The proposed increase in Council Tax is in line with those currently proposed nationally and regionally. A recent Local Government Association (LGA) survey has identified the average for rises nationally to be between 3.5% and 3.8% for the eastern region. The Finance Team has also surveyed Central Bedfordshire's statistical neighbours and their proposed increases are also generally higher than that proposed for Central Bedfordshire.
- 2.4 The Council's budget strategy will be considered early in the new financial year after the election of the new Council. It will be important for it to be formulated in light of the new Council's priorities and also tax, taking into account the views of local residents through consultation.
- 2.5 The average HRA rent increase for 2009/10 is 6.2%. This figure is largely prescribed by Government in pursuit of equalising rents at a local level between Council tenants and those in private sector rented accommodation.
- 2.6 The majority of Central Bedfordshire's fees and charges have increased by 3%. Further detail is set out in Section 9 of this report.

3. Resource - Formula Grant settlement and Council Tax

- 3.1 The government announced a three year settlement in December 2007 as part of its Comprehensive Service Review 2007 (CSR2007). Grant increases were restricted to a 2.6% increase for 2009/10 which heralded a tightening of resources to local government.
- 3.2 Initially, under Local Government Review, the Department for Communities and Local Government (CLG) had proposed that successor authorities determine the split of the grant previously announced for the County Council. In practice, however, CLG has undertaken this calculation and both Central Bedfordshire and Bedford Borough have agreed to this approach.
- 3.3 Formula grant for Central Bedfordshire for 2009/10 is £49.41m
- 3.4 The Council Tax base for 2009/10 is 94,040 which for an average Council Tax of £1,296.55 will yield £121.93m; bringing total resources from Council Tax and Formula Grant to £171.34m (this excludes specific grants and other fees and charges). Further details of the Council Tax calculation are set out in Appendix 1
- 3.5 Further detail on the financial settlement and major sources of specific grant funding including the Dedicated Schools Grant (DSG) and Area Based Grant (ABG) are set out in Appendix 2.

4. Revenue Budget 2009/10

4.1 Table 1 below sets out proposed spend including repayment of transition costs against available resources for 2009/10.

Table 1

<u>Resources</u>			
Council Tax	Tax Base	Council Tax £s	Yield £m
Mid Bedfordshire	50,450	1,275.84	64.37
South Bedfordshire	43,590	1,320.52	57.56
	94,040		121.93
Formula Grant			49.41
			171.34
<u>Spend</u>			
Services			165.84
Repayment of transitional costs			5.50
			171.34

4.2 Table 2 below summarises the proposed budget for 2009/10 by Directorate setting out the assumed base along with inflation, efficiencies and growth.

Table 2 – Directorate Budgets

	Base	Inflation	Efficiency	Growth	2009/10 Budget
	£m	£m	£m	£m	£m
Corporate Management Team	1.46	0.01	0.00	0.00	1.47
Business Transformation	5.91	0.20	0.00	0.00	6.11
Children, Families & Learning	40.76	1.19	-4.22	0.96	38.69
Corporate Resources	19.44	0.29	-0.41	0.00	19.32
Social Care, Health & Housing	45.10	1.41	-1.29	1.20	46.42
Sustainable Communities	40.06	1.44	-2.62	0.24	39.12
Central Budgets	14.71	0.00	0.00	0.00	14.71
	167.44	4.54	-8.54	2.40	165.84

- 4.3 Further detailed schedules of directorate budgets by both expenditure type (subjective analysis) and service delivery (objective analysis) are contained in Appendix 3 along with service narrations briefly outlining the major service to be provided by Central Bedfordshire.
- 4.4 The Accounts and Audit Regulations (under the Local Government Act 2003) require that the Section 151 Officer (for Central Bedfordshire, the Director of Corporate Resources) reports on the adequacy of reserves and the robustness of estimates. The Council's Reserves Policy and an assessment of its adequacy was considered by the Shadow Executive on 20 January and are expanded upon further in section 5. below which considers the Council's Medium Term Plan. Appendix 4 contains the Director's assessment on the robustness of estimates.
- 4.5 The bid document assumed savings of £11.5m. A significant element of these have been achieved in year one. Further savings will be generated going forward as the dependency on legacy systems is removed.
- 4.6 Under CSR2007, local authorities are required to demonstrate efficiencies of 3.0% per annum. For 2009/10, £8.55m of efficiencies have been identified. The key efficiencies are in respect of staffing costs amounting to £4.92m. There are also efficiencies in respect of supplies and contract payments, especially on waste disposal.

5. Medium Term Financial Plan.

- 5.1 The outlook for 2010/11 to 2013/14 is set out in Appendix 5. Of particular interest to members are:
 - § proposals for the harmonisation of Council Tax rates;
 - § indicative levels of Council Tax each year over the medium term;
 - § level of general reserves;
 - § the repayment of transitional costs; and
 - § business transformation
- 5.2 It is currently proposed that harmonisation of Council Tax rates across the authority will be achieved by 2012/13. For Mid Bedfordshire Council residents the annual increase in Council Tax will be 2.27% across this period. The year on year increase for South Bedfordshire residents will decline from 3.00% in 2009/10 to 1.00% in 2012/13. To effect harmonisation would put pressure on the Medium Term Financial Plan at a time when it is essential to ensure that first class services are delivered. Harmonisation in 2009/10 would require a -1.0% cut in South Bedfordshire Council Tax which would reduce resources in year one alone by £1.9m and force commensurate service cost reductions.

- 5.3 Bedfordshire County Council had the second highest Council Tax level of all shire counties in 2008/09. In that the County spend accounted for some 85% of the Council Tax demand it is highly likely that Central Bedfordshire inherit a position in the upper quartile when compared with its statistical neighbours.
- 5.4 The Council's Reserves Policy was agreed by the Executive on 20 January. The report also considered the adequacy of reserves over the medium term. The Policy, which is assessed annually, proposed a lower limit of General Fund Reserve at £4.68m. Transition costs will put pressure on reserve levels, especially in the early years of the Plan.
- 5.5 Appendix 6 contains a schedule of the forecast transitional costs required to create Central Bedfordshire. The Local Government Review regulations expect these to be repaid within five years of vesting day. The repayment naturally places a burden on the new authority and it is important that these are repaid in as short a period as possible; the plan recovers these costs over four years. Members are reminded that the longer the period to repay Transition costs, the more fragile will be the new Authority's financial position and its underlying reserves.
- 5.6 To enable business transformation and drive out efficiencies an 'Invest to Save' framework is proposed. An annual fund of £3m has been set aside using reserves to be allocated subject to a robust business case which both pays back the initial investment and gains long term efficiency savings. The level of efficiencies in Appendix 5 is predicated on the 'Invest to Save' monies being allocated.

6. Capital Programme 2009/10

- 6.1 The Council's draft Capital Programme was considered at the Shadow Executive on 20 January 2009 and is the subject of a separate report on this agenda. A summary of the proposed programme and its financing is shown below in Table 3. The Capital Programme will be considered in greater depth after the election of the new Council in June 2009. Although very draft and indicative at this stage, this strategy towards capital financing should ensure that in the medium term the Council remains within the revenue budget envelope assumed for capital financing costs.

Table 3

	2009/10	2010/11	2011/12	2012/13
	£m	£m	£m	£m
Total Expenditure	64.984	81.481	36.097	21.770
Less: Assumed Slippage c/f	-15.000	-36.481	-20.000	
Add: Assumed Slippage b/f		15.000	36.481	20.000
	49.984	60.000	52.578	41.770
Funded by: -				
Government Grants	24.471	26.205	5.343	1.616
External Contributions (S106 etc)	7.849	11.360	6.527	4.850
Contributions from Reserves	20	304	300	300
Revenue Contributions	70	70	70	70
Borrowing	8.787	11.031	34.930	32.934
Capital Receipts	8.787	11.030	5.408	2.000
Totals	49.984	60.000	52.578	41.770

7. Treasury Management Policy

- 7.1 The Council's Treasury Management Policy and Strategy is considered elsewhere on this agenda.
- 7.2 There are two elements of the Strategy which have been allowed for in the production of the Medium Term Financial Plan – the Minimum Revenue Provision Policy (MRP) and the Authorised Borrowing Limit.

8. Housing Revenue Account

- 8.1 Appendix 7 presents the position statement on key issues that relate to the Central Bedfordshire Housing Revenue Account, which is a ring fenced account for the purpose of managing the council's stock of 5,300 homes, as well as garages, other land and premises. The model is reviewed and updated on an annual basis at which time assumptions relating to the next ten years are considered material and a budget set for the forthcoming year.
- 8.2 Overall, the position is that the Council's stock is generally in good condition and meets Decent Homes standards on 1st April 2010. The HRA is sustainable in the medium term, consistent with a Retention Strategy that was approved by South Bedfordshire District Council in 2004/5 and approved by Government Office for the East of England. The key principle is that over the medium term, a nominal level of reserves are accrued in order to offset a predicted deficit in income in later years. In producing the model for the 2009/10 budget cycle, there is a significant reduction in the amount of interest being earned on current reserves, which are £3.5m, and therefore a significant impact is assumed over the medium term period, due to reducing interest income.

- 8.3 The assumptions applied to the HRA model are prudent and are based on what is known about the condition of the stock; the need for investment and also reasonable assumptions on Management costs., A notional HRA is also produced using Government standardised assumptions which determines the level of negative subsidy that Central Bedfordshire Council will pay to the Government Exchequer, for re-distribution and to accrue a national surplus of £300m. For 2009/10, £9.2m of the rental income to the HRA, which is £20.89m, will be paid as negative subsidy. Over the medium term to 2021, it is predicted that £152m will be paid to the Exchequer, from an income stream of £314m.
- 8.4 The Government is near to completing a fundamental review of the national Housing Revenue Account, which is in effect the subsidy system for Council housing, where 156 Councils in the UK pay negative subsidy to the Exchequer and 50 Councils receive positive subsidy from the Government.
- 8.5 Tenants and leaseholder have been engaged in the national review process during 2008/9, because an option is expected to be set out by Government to leave the subsidy system, as was indicated in the Housing Green Paper 2007. Tenants have indicated they are interested in looking at any specific options that emerge when the Government publishes the outcome of the national review. For Tenants, the renewal of their relationship with their new council landlord, is an opportunity to articulate aspirations and concerns, and to re-visit and re-appraise the Strategy for management and medium term asset management of the stock.
- 8.6 The Council is on track to achieve rent convergence by 2021, which is a Government objective, whereby the rents charged for Council homes and Housing Association properties are determined using the same formula, such that all rents are the same for similar affordable homes, in the same locality. However, a prudent assumption of a 2.5% rent increases for 2010/11 is assumed in the HRA model because there is the possibility of low inflation or even deflation during 2009. Caps have been applied to council rents in 2009/10, and rent setting is in line with the Government's recommended guideline rent to achieve convergence by 2021.

9. Fees & Charges

- 9.1 One of the challenges for Central Bedfordshire has been to harmonise fees and charges across three existing authorities. Principles were previously agreed by the executive on the harmonisation and these are set out in Appendix 8(i) along with the outcome of the exercise. There have been a small number of exceptions and these are set out in section 4 of the Appendix.

9.2 Appendix 8(ii) sets out the proposed fees and charges for all services from 1 April 2009.

Background Papers:

Location of Papers:

File Reference:

Council Tax Base

1.0 Introduction

1.1 The authority is required to calculate its council tax base in accordance with formulae contained in the Local Government Act 1992, as amended by subsequent regulations.

2.0 Tax Bases

2.1 As Central Bedfordshire Council is comprised completely of Town and Parish Councils or Meetings, the tax bases are accumulations of that calculated for each town and parish area and are shown in the following tables.

Former Mid Beds District Council Area

	2008/2009 Tax Base	2009/2010 Tax Base	% difference
Ampthill	2,802	2,793	-0.32
Arlesey	1,950	1,961	0.56
Aspley Guise	1,033	1,033	0.00
Aspley Heath	364	364	0.00
Astwick	14	14	0.00
Battlesden	20	20	0.00
Biggleswade	5,661	5,652	-0.16
Blunham	427	428	0.23
Brogborough	105	107	1.90
Campton/Chicksands	618	549	-11.17
Clifton	1,144	1,148	0.35
Clophill	741	741	0.00
Cranfield	1,529	1,537	0.52
Dunton	255	254	-0.39
Edworth	30	30	0.00
Eversholt	198	207	4.55
Everton	221	215	-2.71
Eyeworth	47	45	-4.26
Flitton/Greenfield	616	617	0.16
Flitwick	4,706	4,705	-0.02
Gravenhurst	253	256	1.19
Harlington	893	891	-0.22
Haynes	535	532	-0.56
Henlow	1,476	1,470	-0.41
Houghton Conquest	550	555	0.91

Hulcote & Salford	94	92	-2.13
Husbourne Crawley	107	108	0.93
Langford	1,235	1,241	0.49
Lidlington	474	481	1.48
Marston Moretaine	1,580	1,573	-0.44
Maulden	1,295	1,287	-0.62
Meppershall	718	721	0.42
Millbrook	61	61	0.00
Milton Bryan	80	80	0.00
Moggerhanger	258	256	-0.78
Northill	993	993	0.00
Old Warden	121	124	2.48
Potsgrove	23	24	4.35
Potton	1,889	1,882	-0.37
Pulloxhill	406	407	0.25
Ridgmont	164	164	0.00
Sandy	4,145	4,138	-0.17
Shefford	2,121	2,191	3.30
Shillington	791	785	-0.76
Silsoe	744	743	-0.13
Southill	494	493	-0.20
Steppingley	101	101	0.00
Stondon	894	891	-0.34
Stotfold	3,217	3,416	6.19
Sutton	136	134	-1.47
Tempsford	234	231	-1.28
Tingrith	77	76	-1.30
Westoning	865	871	0.69
Woburn	436	424	-2.75
Wrestlingworth & Cockayne Hatley	347	338	-2.59
Totals:	50,288	50,450	0.32

Former South Beds District Council Area

	2008/2009 Tax Base	2009/2010 Tax Base	% difference
Barton-le-Clay	1985	1999	0.70
Billington	170	172	1.24
Caddington	1514	1529	0.95
Chalgrave	218	218	0.09
Chalton	224	229	2.31
Dunstable	12457	12541	0.68
Eaton Bray	1178	1187	0.81
Eggington	126	126	0.06

Heath & Reach	608	619	1.78
Hockliffe	301	313	4.10
Houghton Regis	5053	5049	-0.07
Hyde	164	162	-0.89
Kensworth	636	633	-0.58
Leighton-Linslade	13282	13423	1.05
Slip-End	750	743	-0.95
Stanbridge	350	353	0.81
Streatley	714	717	0.44
Studham	616	623	1.16
Sundon	190	186	-2.20
Tilsworth	155	157	1.14
Toddington	1822	1845	1.26
Totternhoe	534	536	0.41
Whipsnade	234	231	-1.09
Totals:	43,280	43,590	0.72

Combined Tax Base for Central Bedfordshire

	2008/2009 Tax Base	2009/2010 Tax Base	% difference
Totals:	93,568	94,040	0.50

Finance Settlement

1.0 CSR2007

- 1.1 Table 1 below sets out the formula grant settlements for Bedfordshire County Council, and Mid and South Bedfordshire announced in December 2007.

Table 1

	2008/09	2009/10	2010/11
	£m	£m	£m
Bedfordshire County Council	69.003	70.144	71.930
Mid Bedfordshire	8.123	8.453	8.771
South Bedfordshire	8.759	8.871	8.989

- 1.2 Table 2 below sets out the Central Bedfordshire formula grant settlement for 2009/10 and 2010/11, the remaining years of the three year settlement under CSR2007.

Table 2

	2009/10	2010/11
	£m	£m
Central Bedfordshire	49.412	50.714

2.0 Area Based Grant

- 2.1 The total ABG for Central Bedfordshire for 2009/10 is £12.8m and is broken down as set out Table 3 below.

Table 3

	2009/10
	£
Communities and Local Government	
Supporting People Administration	121,299
Supporting People (from 09/10 onwards)	2,669,279
Climate Change	22,500
	2,813,078
Children Schools and Families	
School Development Grant (LA Element)	611,695
Extended Schools StartUp Costs	697,278
Primary National Strategy -Central Coordination	157,670
Secondary National Strategy -Central Coordination	165,968

Secondary National Strategy - Behaviour and Attendance	109,980
School Improvement Partners	160,250
Education Health Partnerships	58,737
School Travel Advisers	39,692
Choice Advisers	16,715
School Intervention Grant	91,200
14-19 Flexible Funding Pot	73,392
Sustainable Travel General Duty	22,540
Extended Rights to Free Transport	47,151
Connexions	1,965,163
Children's Fund	390,911
Children's Trust Fund	1,009
Positive Activities for Young People (continuing investment)	51,037
Teenage Pregnancy	74,000
Children's Social Care Workforce	57,368
Care Matters White Paper	145,632
Child Death Review Processes	23,345
Substance Misuse	26,388
	4,987,121
Department of Health	
Adult Social Care Workforce	479,812
Carers	836,842
Child and Adolescent Mental Health Services	308,371
Learning and Disability Development Fund	136,947
Local Involvement Networks	88,411
Mental Capacity Act & Independent Mental Capacity Advocate Service	103,529
Mental Health	484,158
Preserved Rights	367,000
	2,805,070
Home Office	
Stronger Safer Communities Fund	277,586
Young Peoples Substance Misuse Partnership	36,377
	313,963
Department for Transport	
Detrunking	559,610
Road Safety Grant	793,071
Rural Bus Subsidy	577,949
	1,930,630

3.0 Dedicated Schools Grant

- 3.1 The Department for Children, Schools & Families determined the split of DSG between Central Bedfordshire and Bedford Borough for 2009/10 to 2010/11. An essential consideration of their approach was to secure the three budget shares which were allocated to schools in March 2008.

	2009/10	2010/11
	£m	£m
DSG	144.5	150.8

The figures are indicative in that they are based on school estimates of pupil numbers. They will be updated in light of the national count in January, the outcome of which won't be finalised until late spring.

4.0 Specific Grants

- 4.1 In addition to the Dedicated Schools Grant Central Bedfordshire will receive a further £24m of specific grant funding in 2009/10.

	2009/10	2010/11
	£m	£m
School Standards (including Personalisation)	8,341	8,516
Ethnic Minority Achievement	116	116
Music Grant	437	437
Extended School – Sustainability	642	904
School Development Grant	6,688	773
School Lunch Grant	366	366
Early Years - Increasing Flexibility for 3-4 year olds	419	1,555
Surestart, Early Years and Childcare	4,541	5,490
Youth Opportunity Fund	139	139
Short Breaks (Aiming Higher for Disabled Children)	284	917
Social Care Reform	677	844
Learning Disability Campus Closure Programme	684	1,126
Stroke Strategy	56	56
Consessionary Fares	536	551
Homelessness	100	100
	24,026	21,890

Appendix 3(i)

Service Schedules – Head of Service Budget 2009/10 and Narratives

Directorate/Service	£m	Narrative
Corporate Management Team	1.473	Responsible for the day-to-day running of the Council. Working closely with members, partners and government bodies to manage the services delivered by the authority.
Business Transformation		
Policy, Partnerships and Performance	1.977	The Policy, Partnership and Performance area of the Directorate will interpret the policy landscape, enable the development and delivery of the strategic plan for both Central Bedfordshire Council and its public service partners across the region, and will deliver neighbourhood and community empowerment.
Customer Service & Business Transformation (including Revenues & Benefits)	3.345	<p>The Customer Service & Business Transformation area of the Directorate will be one of the first points of contact for customers, via the customer contact functions, use of the registrars, coroners and the revenues and benefits services.</p> <p>The Business Transformation team will drive service transformation across the whole of the authority, making sure that the quality of services provided by Central Beds are improved in the most cost effective manner.</p>
Communications	0.786	The key responsibilities for the Communications and Marketing team will be the establishment of a new, compelling brand for the organisation, the definition of the key strategic messages, and the development of an integrated communications, marketing and advocacy programme, tailored to all key audiences and stakeholders of Central Bedfordshire Council.

Children, Families & Learning

Development & Commissioning	16.750	Development and Commissioning supports the Children's Trust planning and decision making structures and is responsible for the development of the Children & Young People's Plan. It leads on developing and implementing the Children's communication strategy. The team commissions PVI sector services to support children and families in need and in need of protection, it is responsible for the resource allocation and review panels. The team develops and implements all children's services strategies, policies and procedures.
Learning & School Support	2.574	The Learning and Schools branch of the Children's Services Directorate has a key role to play in ensuring that children achieve their true potential and have the best possible start in life. The services within this branch work closely with schools building effective relationships and providing the support schools need to ensure the delivery of quality educational provision. The schools are at the heart of our planning and service delivery and creating a joint sense of high expectation of high achievement. We want schools serving each community to work together in the closest possible way and to be the base for delivering a whole range of services to their communities.
Children's Specialist Services	10.019	Specialist services bring together education and social care professionals to provide services that support children in need, children in need of protection, children in public care and children with school attendance and disabilities or special educational needs. Children referred to specialist services will, in the main, be those with complex needs requiring targeted preventative services.

Integrated Services	<p>2.829 The Service will bring together a range of professionals from a variety of disciplines to deliver early intervention & prevention and targeted youth services to children, young people and families in Central Bedfordshire. It includes a diverse range of services that ensures access to Children's Centre services, supports Private, Voluntary and Independent (PVI) providers of free nursery education, supports schools to meet all the elements of the core offer entitlement of Extended Services and provides core training, continual professional development to Central Bedfordshire's children's workforce.</p>
Leisure & Culture	<p>6.518 <i>Adult & Community Learning</i> - A shared service hosted by CBC provides learning opportunities for adults and their families providing increased leisure and social activities, opportunities to acquire vocational skills and improve their own mental well being. 3 of the 4 administrative hubs are located in Central Beds with over 150 community venues providing courses for 18,000 learners. (70% of the activities are programmed at Central Beds venues).</p> <p><i>Libraries</i> - 12 libraries and a Community Resource centre, 2 mobile library services, 5 homework centres. The Central hub hosted by BBC comprises resources, computer services, Virtual library, school library service and Bookstart service.</p> <p><i>Music</i> - A shared service hosted by CBC providing live music to 50,000 children and the wider community via live concerts, classes, instrumental days and workshops at 5 Music centres in Ampthill, Biggleswade, Dunstable, L Buzzard and Bedford. The service runs 5 Orchestras, 3 Concert Bands and a Music Library.</p>

Arts Development - The Leighton Buzzard Theatre and Arts Development service provides opportunities for communities to participate in the Visual Arts, Public Art, Crafts Performing Arts including Dance, Drama, Literature and Media related activities. Arts Award scheme and Holiday activities, Outreach services

Countryside Access - The management, promotion and development of over 800 hectares of countryside sites at 41 locations involving the following key Partners;

National Trust, Greensand Trust, Wildlife Trust, Shuttleworth Trust and Marston Vale Trust.

Archives SLA - The Archives and Record service for Bedfordshire and Luton will be hosted by Bedford and collects, preserves and provides public access to a comprehensive archives holding for the historic county.

Leisure Centres Management - 2 Contracts including Dunstable Leisure Centre, Tiddenfoot Leisure Centre, Houghton Regis Leisure Centre, The Grove Theatre, Flitwick Leisure Centre, Saxon Pool and Leisure Centre, Sandy Sports and Community Centre and Biggleswade Recreation Centre

Sports Development & PAYP - Positive Activities for young people & families on behalf of C&YPSP including subsidised transport, volunteering, holiday activities, development of clubs, extra-curricular school sports partnerships, work with Governing bodies, Outreach services, Support of PCT Obesity Strategy.

Play & Open Space - Development of play, outdoor sports, informal open space in the towns and villages of Central Beds which are managed/maintained by either CBC or

local Councils. Support of section 106 Agreements associated with new housing development.

Community Grant Scheme - To support local Councils, Voluntary groups and Non-profit making organisations in the development of Leisure, cultural and Community projects that provide public Access

Outdoor Education Service SLA - This service is hosted by BBC and comprises of the Blue Peris outdoor centre in Snowdonia, Kempston Outdoor centre and opportunities to complete the Duke of Edinburgh Award scheme.

Corporate Resources

Audit, Risk and Health & Safety

0.589 Internal Audit Provide assurance to the section 151 Officer that CBC has proper administration of their financial and internal control environment. Risk Management ensure that the systems and mechanisms are in place for CBC to effectively manage its strategic and operational risks, assessing the risks for likelihood and impact, identifying mitigating controls, allocating responsibility for mitigating controls and complying with its corporate risk management strategy.

Financial Services

3.014 The service is responsible for ensuring effective financial control, submission of statutory reports and returns, support to the business in managing its resources and advice and support on procurement.

Human resources & Organisational Development

1.921 Human Resources build people management systems, processes and procedures that are fit for purpose and, most importantly, establish a motivated, high quality, professional team that can carry HR forward in Central Bedfordshire.

Information &

7.127 Manages all aspects of Information and Communications Technology, including

Communication Technology		support (infrastructure and applications), software and application development, and telephony.
Legal & Democratic Services	2.126	<p>Legal Services support the statutory functions of the Council and provides legal professional advice to Officers and Members.</p> <p>Local Land Charges support the statutory function to maintain local land charges register and to process searches.</p> <p>Committee Services support the administration of the democratic process.</p> <p>Electoral Registration Services produce an electoral register and consider electoral arrangements and boundaries.</p>
Property & Asset Management	4.537	<p>Property and Asset Management is responsible for the strategic development of the Central Bedfordshire property portfolio and the delivery of associated professional support services. The Team is also responsible for the management and operation of the corporate buildings. Our aim is to ensure that : the property assets continually support the development and improvement of service delivery; the management of, and investment in property maximises value for money; all Central Bedfordshire properties maximise their potential for benefiting customer outcomes; and that the service is high performing and cost effective.</p>
Social Care, Health & Housing		
Adult Social Care:	36.892	<p>Provides assessment and care management and purchase of social care for adults and older people, additionally it supports directly managed social care services, for older people, people with a learning disability, physical disability and sensory impairment.</p>

Business and Performance	1.269	Business and Performance coordinates the directorates housing and social care performance management and business support systems and works with external partners and contracts.
Commissioning	6.215	Co-ordinates joint commissioning strategies, provides analysis of market needs and implementation of personalisation of social care.
Housing	2.043	Provides a housing management service maintaining social housing to decent home standards. Providing private sector housing enforcement and improvement with housing options and choice based lettings.
Sustainable Communities		
Strategic Planning	2.819	The Strategic Planning, Housing Strategy and Transportation division is responsible for influencing the development of the national and regional strategy and for the production of those strategies specific to Central Bedfordshire.
Waste	17.273	This division will work to deliver a sustainable waste management system, which minimises waste generation and the use of landfill, whilst maximising the re-use, recycling and composting of waste. We will maintain high standards of cleanliness, and provide an effective response to incidents of fly tipping, littering and graffiti.
Highways	11.851	This division's prime purpose is to enable delivery of a wider range of sustainable travel options and increased capacity to support the growth of the District. The role of the division extends from the strategic to the operational. With significant cross boundary working to improve transportation routes and deliver major schemes through to maintenance of highways and pavements.

Economic Growth	1.146	This division will work to ensure that the area is prosperous with a range of job opportunities and skills training to support the growing population as a significant contribution to the corporate priority of “managing growth effectively”. Thorough Economic Assessment, a strong evidence base and analysis of the District will be used to inform the Sustainable Community Strategy and secure government funding and inward investment.
Development Management	2.247	This division is concerned with managing the delivery of development in Central Bedfordshire in accordance with the strategic vision set out in the Local Development Framework Core Strategies as they replace existing local plans. This is achieved through consideration and determination of all types of planning and related applications. Defending the decisions of the authority on appeal and enforcement of planning controls.
Community Safety	3.194	The prime responsibility of this division is to work towards the achievement of cohesive, strong and safe communities, thereby enhancing the attractiveness of the area to people and businesses. It also will strive to provide a regulatory environment that is supportive to business growth whilst protecting public health and consumers. In terms of the Council’s priorities, this division takes the corporate lead for priority “creating safer communities”.
Central Budgets	14.711	This area covers the costs of External Audit fees, centrally provides for Council’s insurance costs, includes an amount for education pension costs, member expenses, debt liabilities (interest and repayment) and investment income.

Service Schedules – Head of Service Budget 2009/10 by Subjective Summary

Business Transformation

	Communications	Customer Services	Policy & Performance	Registrars & Coroner	Total
	£'000	£'000	£'000	£'000	£'000
Payroll Costs	645	5,447	1,710	0	7,802
Other Employee Related	6	72	15	24	93
Premises Related	2	206	20	177	228
Transport Related	0	0	6	0	6
Supplies & Services	133	1,170	714	440	2,017
Third Party Payments	0	0	0	0	0
Transfer Payments	0	55,348	0	0	55,348
Total Expenditure	786	62,243	2,465	641	65,494
Income	0	-58,898	-488	-1,149	-59,386
Net Budget	786	3,345	1,977	-508	6,107

Agenda Item No. CR3

Children, Young People & Families

	Children's Specialist Services	Develop't & Commissioning	Integrated Services	Learning & School Support	Schools	Leisure & Culture	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Payroll Costs	10,037	1,806	4,267	4,228	0	7,647	27,985
Other Employee Related	758	70	685	3,056	0	322	4,891
Premises Related	249	45	332	97	0	867	1,590
Transport Related	9	13	525	108	0	93	748
Supplies & Services	3,079	6,218	5,025	18,445	154,116	1,572	188,455
Third Party Payments	1,474	14,597	4,359	3,111	0	996	24,537
Transfer Payments	185	1,311	30	-5	0	0	1,521
Total Expenditure	15,791	24,060	15,223	29,040	154,116	11,497	249,727
Income	-5,770	-7,311	-12,395	-26,465	-154,116	-4,978	-211,035
Net Budget	10,021	16,749	2,828	2,575	0	6,519	38,692

Agenda Item No. CR3

Corporate Resources

	Audit, Risk Man' & Health & Safety	Finance	Human Resources	ICT	Legal & Democratic	Property Services	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Payroll Costs	859	3,071	1,826	2,926	2,270	1,706	12,658
Other Employee Related	26	57	312	128	57	49	629
Premises Related	0	0	0	0	13	2,752	2,765
Transport Related	0	16	0	6	40	10	72
Supplies & Services	60	469	107	4,623	607	544	6,410
Third Party Payments	0	378	189	0	0	1,853	2,420
Transfer Payments	0	0	0	0	0	21	21
Total Expenditure	945	3,991	2,434	7,683	2,987	6,935	24,975
Income	-356	-977	-513	-556	-861	-2,398	-5,661
Net Budget	589	3,014	1,921	7,127	2,126	4,537	19,314

Social Care Health & Housing

	Adult Social Care Performance £'000	Business & Commissioni ng £'000	Housing GF £'000	Housing HRA £'000	Total £'000
Payroll Costs	11,430	1,490	1,402	1,163	18,399
Other Employee Related	746	259	124	32	1,271
Premises Related	435	0	15	321	5,458
Transport Related	411	0	0	4	432
Supplies & Services	896	66	623	106	2,763
Third Party Payments	33,155	0	8,573	519	42,532
Transfer Payments	1,148	0	2,371	124	18,292
Total Expenditure	48,221	1,815	13,108	2,269	89,147
Income	-11,329	-546	-6,893	-226	-42,728
Net Budget	36,892	1,269	6,215	2,043	46,419

Sustainable Communities

	Community Safety	Develop't Management	Economic Growth	Highways	Strategic Planning	Waste	Service Develop't	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Payroll Costs	3,437	4,345	710	2,368	2,717	1,189	579	15,345
Other Employee Related	97	178	25	18	152	84	0	554
Premises Related	117	46	2	704	109	247	0	1,225
Transport Related	8	26	0	282	2	39	0	357
Supplies & Services	500	521	531	960	1,581	693	15	4,801
Third Party Payments	0	703	0	10,591	167	16,282	0	27,743
Transfer Payments	-56	-93	-14	-125	-36	-293	0	-617
Total Expenditure	4,103	5,726	1,254	14,798	4,692	18,241	594	49,408
Income	-909	-3,480	-108	-2,946	-1,873	-969	0	-10,285
Net Budget	3,194	2,246	1,146	11,852	2,819	17,272	594	39,123

Service Schedules – Head of Service Budget 2009/10 by Objective Summary

2009/10 Budget	
£000	
Business Transformation	
Communication	
Communication	487
Brand & Channel Management	300
	787
Customer Service & Business Transformation	
Head of Business Transformation & Customer Service	136
Business Transformation Programme	101
Customer Services	2,082
Benefits Management	203
Revenues Management	719
Registrars & Coroners Services	103
	3,344
Policy, Partnerships & Performance	
Head of Policy, Partnerships & Performance	136
Policy Team	603
Partners & Community Engagement	842
Performance Team	395
	1,976
	6,107

2009/10 Budget	
£000	
Children, Young People & Families	
Development & Commissioning	
Family Support	6,288
Joint Commissioning	584
Policy	180
Strategy	153
Parent Partnership	188
Other Commissioning	762
Partnership & Communications	123
School Organisation & Plan	523
Commissioning Management	176
Home to School Transport	7,773
	16,750
Learning & School Support	
Workforce Development	24
Multi Cultural Advisory	238
School Improvement	2,163

Other School Budgets	260
Standards Fund	-458
Greys Education	40
14-19 & ICT	206
Learning Management	101
	2,574
Childrens Specialist Services	
Interpreting Fees	207
Children with Disability	2,111
Foster & Adoption Manager	41
Fostering	1,833
Adoption	512
Asylum Seekers	14
Looked after Children	473
Youth Care Fostering	158
Education Psychology	929
Quality Assurance	767
SEN & Inclusion	596
Education Welfare	453
Intake & Family Support	1,696
Disability Resource Manager	28
LSCB	81
Social Care Management	120
	10,019
Integrated Services	
Connexions	47
Leaving Care	289
Youth Offending Service	448
FAST	310
Early Years	419
Youth Services	902
Workforce Development	172
IYSS	121
MAAG-CAF Participation	77
Young People	44
	2,829
Leisure & Culture	
Leisure , Culture & Adult Community	230
Leisure Services	1,455
Countryside & Archives	1,177
Adult & Community Learning	-109
Arts Development	321
Libraries	2,308
Music Service	1,136
	6,518
	38,692

2009/10 Budget	
	£000
<u>Social Care, Health & Housing</u>	
Adult Social Care	
Head of Adult Social Care	1,025
Older People and Physical Disability	21,299
Learning Disability and Mental Health	14,568
	36,892
Business & Performance	
Head of Business & Performance	124
Business Infrastructure	233
Business Systems	406
Welfare Rights	505
	1,268
Commissioning	
Head of Commissioning	101
BUPA Block Contract	4,615
Supporting People	218
Personalisation	70
Other Contracts	1,210
	6,214
Housing GF	
Prevention, Options and Inclusion	986
Private Sector Housing Options	761
Housing Management	295
	2,042
Housing HRA	
Housing Services	-7,025
Housing Management	1,665
Asset Management	4,943
Prevention, Options and Inclusion	417
	0
	46,419

2009/10 Budget	
	£000
<u>Sustainable Communities</u>	

Highways and Transport	
Highway Contracts	6,459
Passenger Transport	4,854
Traffic Management	538
	11,851
Economic Growth	
Economic Growth & Delivery	1,128
European Programme Service	18
	1,146
Development Management	
Building Control	140
Development Control	2,107
	2,247
Community Safety	
Area Public Protection	1,902
Community Safety	1,088
Emergency Planning	204
	3,194
Strategic Planning	
Development Plan	1,581
Housing Strategy & Community	566
Transport Policy & Programme	672
	2,819
Waste	
Waste Operations	16,536
Waste Strategy	737
	17,273
Service Development	594
	594
	39,123

Robustness of Estimates

1. Overall Approach

- 1.1 Building a budget for a new unitary authority has been a challenging process. There is no base budget for the new authority and it has been necessary to plan on the basis of forecast district spend and disaggregated County spend. The disaggregation of the County spend has been a significant exercise which has progressed since early last autumn. Naturally some budget have been more straightforward to split between Central Bedfordshire and Bedford Borough commitment, those around client numbers in Adult Social services and Children's Services have been the most testing.
- 1.2 Directorates were given budget envelopes to work to based on the total available resources. The majority of efficiency savings in year 1 fell upon back office functions in line the unitary Business Case. This approach has protected front line services and reduced risk here.
- 1.3 The very nature of the budget build has, therefore, been of concern 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.
- 1.4 Budgets have been produced by suitably qualified and experienced finance professionals working in the three predecessor authorities and reviewed by the new Director's team which itself comprises highly experienced professionals in their respective fields.

2. Budget Assumptions

- 2.1 The key assumptions made in constructing the budget are:
 - § Pay and prices – pay awards 2.0% and 0.5% allowed for increments.
 - § Vacancy allowance – 5%.
 - § Contracts –the appropriate index for the given contract, nil for general supplies and services .
 - § Investment income - 2%.
 - § Average cost of debt – 4%

3. Directorates

- 3.1 In addition to the general issue on the construction of the overall budgets there are also service specific issues to be considered.

Children's Families & Learning

- 3.2 There have been diseconomies of scale in delivering these services for two new unitary authorities, for example where there was one Director there are now two. There has been challenge on the extent to which this is required and appropriate provision has been made for such staffing diseconomies.
- 3.3 Child Protection is very much in the public domain at present. This will doubtless put pressure on services which safeguard children and there may be an impact on the numbers in care. The budget has been constructed on numbers known at this time.
- 3.4 The transport budgets are a significant element of this directorate's budget, amounting to £8m and have, therefore, been subject to the appropriate level of scrutiny. There is pressure on the service due to rising pupil numbers accessing the service and all fuel prices remain volatile worldwide. It will require close monitoring during 2009/10.

Business Transformation

- 3.5 There will be a single Housing Benefit system for central Bedfordshire from December 2009. There is a risk of backlogs or errors at the time the existing systems are merged which would lead to reduced Housing Benefit Subsidy. The risk will be mitigated by strong project management of the implementation. Housing Benefit Subsidy levels have been forecast at existing levels.

Corporate Resources

- 3.6 From 1 April Central Bedfordshire will need to continue support for a large number of legacy systems. Harmonisation of all systems will take time and put pressure on ICT resources. The budget allows for duplication of support through the transition budget.

Social Care, Health & Housing

- 3.7 Forecasting client numbers in Adult Social Care provision is always challenging and to an even greater extent for a new unitary authority. This has been recognised and has been an area where an appropriate

level of resource has been applied to ensure that the underlying data is robust.

- 3.8 There is pressure in the market for fee increases and this has been allowed for in the budget strategy with inflation being provided in the budget linked to the appropriate contract index.

Sustainable Communities

- 3.9 There are a number of income sources for this directorate in respect of Environmental Health licensing and also building control. The current economic position has been taken into account and this income has been forecast at a prudent level.
- 3.10 There were new waste disposal and recycling contracts signed late in 2008 which have yielded financial benefit for Central Bedfordshire. The recycling contract does allow the contractor the option of review in the event that the market does not hold up. The estimate is sound at this time but again this is an area which will require close monitoring.

4. Conclusions

- 4.1 The process for the formulation of budgets together with the knowledge and experience of the Directors and the teams formulating the budget proposals provides reasonable assurance of the robustness of the budgets for 2009/10.
- 4.2. Further, the level of the Council's reserves is sufficient to provide a cushion against the impact of most unexpected events.

Medium Term Financial Plan 2009/10 to 2013/14 - Summary

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	Totals	
	£m	£m	£m	£m	£m	£m	£m	% growth
Resources								
Formula Grant		49.412	50.697	51.711	52.745	53.800	258.364	8.90
Council Tax		121.928	125.556	129.266	132.630	133.022	642.402	9.10
		171.340	176.253	180.977	185.374	186.822	900.766	9.00
Assumed Council Tax increase		3.27%	2.46%	2.30%	1.95%	-0.50%	Average	1.90
Mid Beds Band D Tax	£1,232.70	£1,275.84	£1,311.42	£1,347.98	£1,385.57	£1,378.64	Growth	11.84
Mid Beds Band D Tax increase		3.50%	2.79%	2.79%	2.79%	-0.50%	Average	2.27
South Beds Band D Tax	£1,282.06	£1,320.52	£1,348.25	£1,371.85	£1,385.57	£1,378.64	Growth	7.53
South Beds Band D Tax increase		3.00%	2.10%	1.75%	1.00%	-0.50%	Average	1.47
Expenditure								
Base		163.427	165.839	170.343	176.288	181.603	857.500	
Inflation			6.164	7.862	8.139	8.401	30.566	
Demographic changes		2.400						
Growth			1.250	1.250	1.250	1.250	5.000	
Efficiency			-2.910	-3.167	-4.074	-4.920	-15.071	
		165.839	170.343	176.288	181.603	186.334	880.407	
Surplus to repay transition costs		5.501	5.910	4.688	3.772	0.488	20.359	

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Appendix 5(ii)

Medium Term Financial Plan 2009/10 to 2013/14 – Reserves Position

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
	£m	£m	£m	£m	£m	£m
Target reserves as % of spend						
Target Reserves		4.680	5.198	5.832	6.034	6.216
Opening Reserves		-8.142	2.639	5.549	8.087	9.959
Reserves brought across on vesting day		20.000				
Transition Costs						
Opening balance owed to reserves		-8.142	-14.361	-8.451	-3.763	0.009
Transition costs	-8.142	-11.720				
Repayment of transition costs		5.501	5.910	4.688	3.772	0.488
Net position	-8.142	-6.219	5.910	4.688	3.772	0.488
Closing balance owed to reserves	-8.142	-14.361	-8.451	-3.763	0.009	0.497
'Invest to Save'						
Opening balance owed to reserves		0.000	-3.000	-6.000	-8.150	-8.503
'Invest to Save costs		-3.000	-3.000	-2.150	-1.900	-1.150
Repayment of costs		0.000	0.000	0.000	1.547	0.000
Net position		-3.000	-3.000	-2.150	-0.353	-1.150
Closing balance owed to reserves		-3.000	-6.000	-8.150	-8.503	-9.653
Actual Reserves	-8.142	2.639	5.549	8.087	9.959	9.297
Target achieved	No	No	Yes	Yes	Yes	Yes

Medium Term Financial Plan 2009/10 to 2013/14 - Council Tax Assumptions

Tax Base

	2008/09	2009/10		2010/11		2011/12		2012/13		2013/14	
	Tax Base	Growth	Tax Base	Growth	Tax Base	Growth	Tax Base	Growth	Tax Base	Growth	Tax Base
		%	£m	%		%		%		%	
Mid Bedfordshire	50,288	0.322	50,450	0.500	50,702	0.500	50,956	0.500	51,211	0.800	51,620
South Bedfordshire	43,280	0.716	43,950	0.500	43,808	0.800	44,158	0.800	44,512	0.800	44,868
Central Bedfordshire	93,568	0.504	94,040	0.500	94,510	0.639	95,114	0.639	95,722	0.800	94,488

Band D Council Tax

	2008/09	2009/10		2010/11		2011/12		2012/13		2013/14	
	Rate	Growth	Rate	Growth	Rate	Growth	Rate	Growth	Rate	Growth	Rate
	£	%	£	%	£	%	£	%	£	%	£
Mid Bedfordshire	1,232.70	3.500	1,275.84	2.788	1,311.42	2.788	1,347.98	2.788	1,385.57	-0.500	1,378.64
South Bedfordshire	1,282.06	3.000	1,320.52	2.100	1,348.25	1.750	1,371.85	1.000	1,385.57	-0.500	1,378.64
Central Bedfordshire	1,255.53	3.267	1,296.55	2.463	1,328.49	2.301	1,359.06	1.950	1,385.57	-0.500	1,378.64

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Council Tax Yield

	2008/09		2009/10		2010/11	
	Council Tax	Yield	Council Tax	Yield	Council Tax	Yield
	£	£m	£	£m	£	£m
Mid Bedfordshire	1,232.70	61.990	1,275.84	64.366	1,311.42	66.492
South Bedfordshire	1,282.06	55.488	1,320.52	57.562	1,348.25	59.064
Central Bedfordshire	1,255.53	117.478	1,296.55	121.928	1,328.49	125.556

	2011/12		2012/13		2013/14	
	Council Tax	Yield	Council Tax	Yield	Council Tax	Yield
	£	£m	£	£m	£	£m
Mid Bedfordshire	1,347.98	68.688	1,385.57	70.956	1,378.64	71.166
South Bedfordshire	1,371.85	60.578	1,385.57	61.674	1,378.64	61.856
Central Bedfordshire	1,359.06	129.266	1,385.57	132.630	1,378.64	133.022

Medium Term Financial Plan 2009/10 to 2013/14 – Expenditure

20010/11

	Base	Inflation	Demog- raphy	Growth	Effici- ency	Net
	£m	£m	£m	£m	£m	£m
Corporate Management Team	1.473	0.037			0.000	1.510
Business Transformation	6.107	-0.144			-0.104	5.859
Children, Young People & Families	38.692	1.161			-0.387	39.466
Corporate Resources	19.314	0.454			-0.193	19.575
Social Care, Health & Housing	46.419	1.719			-0.464	47.674
Sustainable Communities	39.123	1.421			-1.174	39.370
Central Costs	14.711	1.516			-0.588	15.639
Unallocated				1.250		1.250
	165.839	6.164		1.250	-2.910	170.343

2011/12

	Base	Inflation	Demog- raphy	Growth	Effici- ency	Net
	£m	£m	£m	£m	£m	£m
Corporate Management Team	1.510	0.045			0.000	1.555
Business Transformation	5.859	0.176			-0.147	5.888
Children, Young People & Families	39.466	1.672			-0.592	40.546
Corporate Resources	19.575	0.587			-0.293	19.869
Social Care, Health & Housing	47.674	2.101			-0.954	48.821
Sustainable Communities	39.370	1.681			-1.181	39.870
Central Costs	15.639	1.600			0.000	17.239
Unallocated	1.250			1.250		2.500
	170.343	7.862		1.250	-3.167	176.288

2012/13

	Base	Inflation	Demog- raphy	Growth	Effici- ency	Net
	£m	£m	£m	£m	£m	£m
Corporate Management Team	1.555	0.047			0.000	1.602
Business Transformation	5.888	0.177			-0.147	5.918
Children, Young People & Families	40.546	1.718			-1.014	41.250
Corporate Resources	19.869	0.596			-0.497	19.968
Social Care, Health & Housing	48.821	2.153			-1.220	49.754
Sustainable Communities	39.870	1.704			-1.996	40.378
Central Costs	17.239	1.744				18.983
Unallocated	2.500			1.250		3.750
	176.288	8.139		1.250	-4.074	181.603

2013/14

	Base	Inflation	Demog- raphy	Growth	Effici- ency	Net
	£m	£m	£m	£m	£m	£m
Corporate Management Team	1.602	0.048			0.000	1.650
Business Transformation	5.918	0.178			-0.178	5.918
Children, Young People & Families	41.250	1.752			-1.238	41.764
Corporate Resources	19.968	0.599			-0.599	19.968
Social Care, Health & Housing	49.754	2.196			-1.493	50.457
Sustainable Communities	40.378	1.727			-1.413	40.692
Central Costs	18.983	1.902				20.885
Unallocated	3.750			1.250		5.000
	181.603	8.402		1.250	-4.921	186.334

Transitional costs

Budget Monitoring Report at 13th January 2009

Original Budget £000's	Description	Revised Budget £000's	Committed to 31/3/09 £000's	Budget Remaining £000's
0	Employees & Back-filling, Accommodation / Property	800	632	168
500	Advice	400	138	262
900	Change Management	2,500	1,919	581
100	Miscellaneous	100	13	87
700	Contract Novation / Restructuring	300	0	300
4,800	ICT Costs	8,000	5,615	2,385
500	Training	150	10	140
200	Communications / Branding	305	93	212
700	Elections / Democracy	175	120	55
300	Recruitment	400	388	12
600	Relocation	200	0	200
7,400	Early Retirement / Redundancy	5,170	0	5,170
1,500	Closedown costs	340	0	340
0	LAMP Project	1,060	0	1060
18,200		19,900	8,928	10,972

Housing Revenue Account

Local Authorities who retain council housing stock are required to maintain a ring-fence between General Fund (council tax) spending and Housing Revenue Account (HRA) (council house rents) spending. In other words council tenants cannot be subsidised by council taxpayers, and vice versa. All such councils are subject to a complex set of legislative rules, regulations and determinations that make up and describe the capital finance and HRA subsidy systems.

Central Bedfordshire Council will own and manage a stock of 5300 homes, as well as garages, land and other premises. The strategic responsibility is mainly to protect the asset in perpetuity, as a social asset for future generations; also to meet current and future need for accommodation; and to have a significant stake in the renewal of those communities, where the council is the dominant landlord and a major provider of public services. The council, working together with partners, can achieve impact, whether that is improved health or higher attainment by children; and achieve lasting outcomes for the benefit of communities that are capable of realising higher aspirations and enjoying greater success.

The Central Bedfordshire Housing Revenue Account Business Plan model is reviewed and updated on an annual basis whereby assumptions relating to the next ten years is considered material, in setting a budget for the current year. In fact, the condition of the stock and in particular the level of investment required to protect the asset, is considered over a thirty year time horizon.

Overall, the position is that the Council's stock is generally in good condition and meets Decent Homes standards on 1st April 2010. Members should note that the Decent Homes standard is not a high standard, and actually falls some way short of what might be achieved, were the council in a position to spend 100% of its rental income on providing a management service and improving the condition; the accessibility and the thermal comfort of council homes.

The HRA is sustainable in the medium term, consistent with a Retention Strategy that was approved by South Bedfordshire District Council in 2004/5, and approved by Government Office for the East of England, as the culmination of a rigorous Options Appraisal process.

Options Appraisal 2004/05

During 2004/5, a comprehensive investigation was undertaken lasting 10 months, led by a Project Board which included councillors; Tenants' representatives; and stakeholders, to examine future options for council housing. The approach was evidentiary based and included a Stock Condition Survey; a Housing Needs Survey; rigorous engagement with Tenants and leaseholders to ascertain their priorities; rigorous business plan modelling and culminated in a Test of Opinion, that engaged 28% of tenants. Of those that expressed a view, 72% preferred a Retention Option,

going forward. This was supported by evidence that a Retention Option was viable and subsequently, a Retention Strategy was developed and approved by Council.

During 2006/7, as a major component of the Retention Strategy, a comprehensive engagement process was undertaken, where more than 2,000 face to face surveys were conducted, to strengthen tenant engagement, and to determine future priorities, preferences and aspirations.

Viable Business Plan model

The Business Plan model is viable over the medium term, on the basis that homes achieve Decent Homes standards and are maintained to that standard going forward. That standard is not particularly high and it would be a false impression, if it was therefore assumed that the level of investment was adequate to maintain homes in good condition in the longer term. For example, it would be reasonable to invest significantly in the following:

- Estate environment, for example improved parking provision;
- Thermal comfort of homes and low carbon energy heating systems;
- CCTV for communal areas of flats and security generally;
- Renewals within homes, which are not major elements included within the Decent Homes programmes; and
- Accessibility and remodelling of sheltered housing.

The stock has been well maintained and has benefited from a programme that is elemental, focussing resources on the major items of disrepair and modernisation, namely windows, doors, roofs, kitchens and bathrooms. At this time, the programme is particularly focussed on replacement of heating systems.

The key principle is that over the medium term, the Business Plan is viable because a nominal level of reserves is accrued in order to offset a predicted deficit in income in later years. In producing the model for the 2009/10 budget cycle, there is a significant reduction in the amount of interest being earned on current reserves, which are £3.5m, and therefore a significant impact is assumed over the medium term period, due to reducing interest income. This impact may or may not materialise, but year on year, the strength of the model is under-pinned by:

- Elemental approach to planned investment;
- Good knowledge of stock condition;
- Preparedness to consider alternatives to investment, the most recent example being demolition of two medium rise blocks of flats;
- Efficient use of resources, resulting from procurement expertise to maximise what is achieved with limited resources;
- Prudent business planning, based on sound assumptions where Tenants and Leaseholders' have been engaged to agree priorities and realistic expectations on the level of investment that is delivered.

The assumptions applied to the HRA model are prudent and are based on what is known about the condition of the stock; the need for investment and also reasonable

assumptions as to Government's Maintenance and Management allowances, which determine the level of negative subsidy that Central Bedfordshire Council will pay to the Government Exchequer. For 2009/10, £9.2m of the rental income to the HRA, which is £20.89m, will be paid as negative subsidy. Over the medium term to 2021, it is predicted that £152m will be paid to the Exchequer, from an income stream of £314m.

National review of the HRA subsidy system

The Government makes assumptions about individual council's housing stock and either pay housing subsidy to those with the assumed greatest need, or require others with 'less' need to pay subsidy (negative subsidy) back to the Government.

In a parliamentary answer on the 18th December 2007 the Junior Housing Minister, Ian Wright, outlined that the HRA subsidy system during 2008/9 would generate a national surplus of £194m and progressively increase over time. This means that the payments made by Councils exceed the sums paid by Government to other Councils and by 2018 -2019 will have increased 'surplus' to the Treasury of £680m.

There are 206 local authorities in the HRA subsidy system of which 50 are in positive subsidy and 156, like Central Bedfordshire Council, are in negative subsidy.

Councils who have transferred their housing stock by large-scale voluntary transfer to a housing association do not pay any subsidy at all. Others have created an Arms Length Management Organisation (ALMO) to be able to borrow funds to meet the Decent Homes Standard, although councils with ALMOs are still in the subsidy system.

The Government announced on 12th December 2007 a Joint Community and Local Government/Treasury review of Housing Revenue Account (HRA) Subsidy. It is expected that an option is likely to be set out by Government for Councils to leave the subsidy system, as was indicated in the Housing Green Paper, 2007. However, the test will be 'How realistic is the option? Or, at what cost to the Council?'

Yvette Cooper MP said "The review will build on the works of the pilots we have conducted with six local authorities which looked at the costs and benefits of councils operating outside of the HRA subsidy system. It will consider evidence about the need to spend on management, maintenance and repairs. It will consider rent policy, including the relationship between council rents and rents set by other social housing providers. It will also consider how the self financing model developed in the pilot exercise would fit with the aims of the review, and if it is consistent with these, how it could be implemented. And it will consider whether the rules which govern the operation of the HRA need to be changed in order to fit with a new system of financing. The review will make its formal report in spring 2009". This will enable its findings to be considered in the next spending review i.e. CSR 2009 to be effective in April 2010.

Central Bedfordshire Council is one of the 156 councils who are now making substantial negative subsidy payments to the Government. In 2009/10 Central Beds will receive rent income of £20.89m from its tenants and makes a payment of £9.2m to the Government (i.e. almost 50p of every £1 rent received is redistributed to other councils' tenants and now contributes to the National Exchequer). Other councils are affected to varying degrees.

The Government is near to completing the fundamental review of the national Housing Revenue Account; however, it is generally believed that a realistic option is unlikely to emerge, at a time of economic downturn and fiscal restraint for Government.

A small number of Tenants sought involvement in the Local Government Re-Organisation process and asked to be involved in the Transitional Task Forces. Also, the Government sought clarification of how Tenants would be consulted during the process of Creating Central Bedfordshire. A pragmatic approach was adopted because time and officer resources have been limited and also significant or material change was not envisaged during the period prior to a new council being elected, that would affect Tenants and/or Leaseholders in any way.

For this reason, tenants have been engaged in the national review of the HRA, and have been asked to consider what their expectations are, of their new council landlord. This early engagement can underpin a new dialogue with Tenants and leaseholders, with regard to their aspirations and concerns, at a time of economic uncertainty.

Tenants have indicated they are interested in looking at any specific options that emerge when the Government publishes the outcome of the national review. For Tenants, the renewal of their relationship with their new council landlord, is an opportunity to articulate aspirations and concerns, and to re-visit and re-appraise the Retention Strategy for management and medium term asset management of the stock.

Rent convergence

The Council is on track to achieve rent convergence by 2021, which is a Government objective, whereby the rents charged for Council homes and Housing Association properties are determined using the same formula, such that all rents are the same for similar affordable homes, in the same locality. However, a prudent assumption of a 2.5% rent increases for 2010/11 is assumed in the HRA model because there is the possibility of low inflation or even deflation during 2009. Caps have been applied to council rents in 2009/10, and rent setting is in line with the Government's recommended guideline rent to achieve convergence by 2021.

However, the Government's guideline rent increase is 6.2%, based on RPI and whilst it is prudent to set rents in line with that guideline, there will be problems for

some tenants that relate to financial inclusion, due in particular to the current economic downturn.

It is imperative that the council works closely with partners, including CAB (Citizens Advice Bureau) and also with the newly commissioned Bromford Support Service, funded by Supporting People, to support people struggling to meet their financial commitments, especially with debt counselling and money advice. This work will form part of the new Council's approach to homelessness prevention and a broader strategic agenda to financial inclusion.

Re-charges to the HRA from the General Fund

In the main, staffing costs that are charged to the HRA are front line employees who directly provide a service to Tenants and Leaseholders. In addition, costs of Legal, Financial and Human Resources advice; also ICT support are recharged to the HRA based on assessment of how much actual time is recorded by officers directly working on matters related to the HRA. For the budget 2009/10, this assessment is based on reasonably accurate time recording methods that have been well established at South Bedfordshire District Council. The amount of recharges will be reviewed during 2009/10 however the level that is budgeted for, at £1m in 2009/10, is considered reasonable and consistent with other authorities holding a stock of similar size. The important point of principle is that council tenants cannot be subsidised by council taxpayers, and vice versa.

Overall, the key messages for the HRA are:

- Model is sustainable for more than 10 years, based on the current level of investment;
- Current level of investment will sustain Decent Homes standards but will fall short on comprehensive estate regeneration and Neighbourhood Renewal;
- Central Bedfordshire Council will pay to Government each year a significant amount of negative subsidy; however an Option may emerge during 2009/10 for the council to leave the subsidy system. Were such an option to be realistic and feasible, the Council would properly seek to examine its strategic priorities and alternative options; and to engage with Tenants and Leaseholders to consider how best to meet their aspirations.

Fees and Charges

1. Background:

- (a) Members may recall that in order to simplify the difficult and time consuming process of amalgamating and harmonising the fees and charges schedules of the 3 demising Councils, a simplified strategic approach was agreed by the Shadow Executive in December 2008.
- (b) In essence this set out a list of key principles to be adopted in compiling a single harmonised schedule of discretionary fees and charges to be applied by Central Bedfordshire Council as follows:
- District Fees and Charges should be harmonised as far as possible to a (weighted) average of the existing charges set;
 - No charge should be set that is higher than the current highest charge of the 2 Districts;
 - No charge should be set that is lower than the current lowest charge of the 2 Districts;
 - The case for levying any charge that is higher than the current average of the 2 Districts should be agreed with the Service Portfolio Holder and the Portfolio Holder (Resources);
 - For all charges, inflation should be applied at no more than 3% for 2009/10, except where the charge levied contains an element of recharge from external parties that are of a contractual nature or otherwise out of the control of the Council. In such cases the minimum increase possible should apply;
 - The case for levying any inflation uplift higher than 3% should be agreed with the Service Portfolio Holder and the Portfolio Holder (Resources);
 - The Schedule of Fees and Charges, when complete, to be included as an appendix in the Council's budget book and to be set out on the Council's website. (Including all Statutory charges set by Government).

2. Outcome of the harmonisation exercise

- (a) With very few exceptions, which will be covered below, officers have stayed very clearly within the strategy agreed. With one minor exception, all concessions, where they apply, have been applied at the most advantageous rate to the customer.
- (b) With perhaps one main exception (see below), inflation has not been applied at more than 3%, as set out in the strategy, and in many cases is either zero or well below 3%. Where inflation is shown at more than

3% this is generally because of external influences, i.e. contractual increases or in a few minor areas a small increase on a small charge has come out higher.

- (c) For the purpose of completeness within each area the schedule does contain, where known, some statutory charges that will apply. However, Members are not being asked to either comment or determine such charges as they are outside of the Council's remit.
- (d) The vast majority of fees and charges in the schedule do not attract VAT, mostly they are exempt. Items marked in the schedule with grey shading will have the prevailing rate of VAT (currently 15%) added to them at the point of sale.

3. **Current Inflation Position**

- (a) At the time of writing the Consumer Price index (CPI) stands at 3.1%.

4. **Exception items**

- (a) The following items are brought to Members' attention:

- (b) **Licensing of Hackney Cabs and Private Hire Vehicles**

There was found to be fundamental differences between the 2 existing districts on not only the charges but also the conditions attached to the licences. These will need to be standardised in due course by Central Bedfordshire Council and it is the intention to put a revised schedule of fees and conditions before Members later in 2009. In the meantime, following advice from Government departments, it is possible to "zone" the demising District Councils in the manner set out in the proposed schedule of fees and charges for 2009-10.

- (c) **Housing Charges**

A number of the increases relating to Housing are subject to external factors. These generally affect only the Housing Revenue Account and so have no effect on Council Tax levels, though they do of course affect rents. The HRA is dealt with separately in the budget report. If Members have any particular issue with Housing related fees and charges they are urged to query such items with officers prior to the committee meeting.

- (d) **Waste Related Charges**

There has been extensive work between officers of the demising

districts in this area and close consultation with the portfolio holder. This is the one area where a concession is proposed to be withdrawn, being that for collecting cement bound asbestos for people in receipt of means tested benefit. This concession only applied in Mid Beds and its application has proved a rare event.

(e) **Children's Services**

Members will note there are a number of increases in Children's Services at 2.1%. This is based upon the assumption that pupil numbers will remain largely unchanged and reflects the projected increase in the Individual School Budget (ISB) share. There is a particularly large percentage increase of 25% (£200 to £250) for Helpdesk Support services for Schools, this is due to the costs of remote control software, which were foreseen, hence an increase of this magnitude was expected for the enhanced service.

5. **Harmonisation issues arising**

- (a) Even with the agreed strategy in place and adhered to, it is inevitable that as part of the process of harmonising the charges between the 2 District Councils that some measure of disadvantage will arise for some charges in at least 1 affected district.
- (b) Where this is felt to be the case, the schedule of fees and charges has been colour coded in **green** to identify where such disadvantage arises and Members are asked to consider if they would like to take a different approach for the fee or charge identified.
- (c) The option proposed for these items is to apply a differential fee structure such that the fee for 2009/10 is simply the same as that applied in that district area in 2008/9 with the application of inflation as noted in the schedule.
- (d) This proposal is intended to be in place for 1 year only, allowing a more in depth analysis of the individual charges involved to take place during 2009/10 with a view to setting a harmonised charge based upon a more reasoned review in 2010/11. The schedule of Fees and charges will thus be amended accordingly for Council approval.