

BUDGET PROPOSALS REPORT FOR CENTRAL SERVICES (DEPUTY CHIEF EXECUTIVE'S OFFICE AND FINANCE & BUSINESS SERVICES) 2011/12 TO 2014/15

Contact Officer: Peter Malewicz
Telephone: 01895 277908

REASON FOR ITEM

This item enables Central Services compliance with the Budget and Policy Framework procedure rules as part of the agreed consultation process for the General Fund revenue budget and capital programme for 2011/12. This report sets out the draft revenue budget and capital programme of Central Services (comprising both the Deputy Chief Executive's Office (DCEO) and the Finance & Business Services Directorate (F&BS)) for 2011/12, along with indicative projections for the following three years. Following consideration by Cabinet on 16 December 2010, these proposals are now under consultation, with proposals for each Group being discussed at the January 2011 cycle of Policy Overview Committees.

Cabinet will next consider the budget proposals on 17 February 2011, and the report will include comments received from Policy Overview Committees. At the meeting on 17 February 2011, Cabinet will make recommendations to full Council regarding the budget and Council Tax levels for 2011/12. Full Council will meet to agree the budgets and Council Tax for 2011/12 on 24 February 2011.

The Committee needs to consider the budget proposals as they relate to Central Services, but within the corporate context and the constraints applying as a result of the aggregate financial position of the authority.

OPTIONS AVAILABLE TO THE COMMITTEE

It is recommended that the Committee notes the budget projections contained in the report, and comments as appropriate on the combined budget proposals put forward by the Central Services, within the context of the corporate budgetary position.

INFORMATION

Background

- 1 This is the first opportunity within the planning cycle for the Policy Overview Committee to consider issues relating to budget planning for 2011/12. The budget report to Council for Council Tax setting for 2010/11 contained an initial savings requirement of £20.3m for 2011/12. As part of the continuing work on the HIP Business Improvement Delivery project, a budget strategy was devised to address this gap. Each group was given a specific savings target for 2011/12 to deliver through their BID programme, with the

Corporate Services & Partnerships POC 19 January 2011

PART 1 – MEMBERS, PUBLIC & PRESS

initial total savings target set at £10.5m. In addition, groups were tasked with reviewing and reducing all pressures and a review was also started on all corporate pressures.

- 2 During the year, Cabinet has monitored and increased the savings target to £22m. This savings target includes an additional savings target of £2m for Area Based Grant (ABG) funded services, added following the post election budget when a £3.6m in-year cut was imposed by central government (£1.8m ongoing impact), and also includes a £3.8m further worsening of the estimated formula grant funding for 2011/12 caused by the front loading of savings in the CSR announcement on 20 October 2010. This has necessitated reducing expenditure further and faster than anticipated. As part of the budget setting process, all Groups have been involved in a three stage budget planning and challenge process, and it is the output of this process that forms the basis of the budget proposals set out in this report.
- 3 The report includes draft revenue budget and capital programme projections for the group for three years beyond next year, to reflect the four-year planning cycle used by the Council.
- 4 The structure of the report reflects the budget proposals reported to Cabinet on 16 December 2010, and sets out the aggregate corporate position, followed by the Deputy Chief Executive's Office proposals and then the Finance & Business Services proposals, which have been extracted from the corporate budget.

The Budget and Policy Framework Procedure Rules

- 5 The consultation on the budget proposals commenced on 17 December 2010 following decisions taken by Cabinet on 16 December 2010.
- 6 There will be a further consideration by Cabinet of the budget proposals on 17 February 2011, including comments from Policy Overview Committees. These will be collated and reported back to Cabinet by the Corporate Services and Partnerships Policy Overview Committee which meets on 9 February 2011. Council will be requested to approve the Cabinet's proposals on 24 February 2011, and if approved without further amendment they will be effective immediately.

Corporate Summary

- 7 While the focus of the discussion for the Policy Overview Committee should be the specific services within its remit, it is important that this discussion is conducted in the context of the overall corporate financial position.
- 8 The budget proposals included in this report represent Cabinet's budget strategy for 2011/12 and beyond. The revenue budget proposals have been developed to deliver a zero increase in Council Tax for 2011/12 whilst maintaining balances and reserves at £12m over the medium term.

Corporate Services & Partnerships POC 19 January 2011

PART 1 – MEMBERS, PUBLIC & PRESS

- 9 The real challenge in delivering a balanced budget for 2011/12 is the development of significant savings of around £22m. This is more than double the £10.3m required in 2010/11. Those savings proposals have been developed alongside the in-year challenge of responding to a £3.6m government grant cut to funding in 2010/11. The main pressure which the Council has had to handle is the income from Government Formula Grant reducing by an estimated £10.8m. This is very partially offset through an additional central government grant of £2.765m enabling a freeze in Council Tax in 2011/12. Due to the operation of damping to reduce the impact on some authorities the Council as a growing authority lost £0.4 m of grant.
- 10 Detailed within the draft budget proposals, in addition to the £22m savings proposals, are £3.8m of corporate pressures, £7.5m of service pressures, an allowance of £2m for inflation, proposals for £0.3m of growth, and a reduction to the contingency requirement of £0.5m.
- 11 The development of savings proposals has concentrated on more efficient delivery methods and the new operating model and focusing on core services; and on not creating new pressures by providing services no longer funded by Central government, but instead seeking to avoid local impact as far as possible by new ways of working.
- 12 The draft capital programme for 2011/12 and indicative allocations for the following three years are presented in this report. The draft capital programme over four years is worth £256.5m with £105m of capital expenditure in 2011/12. This includes funding for new General Fund projects of £8.3m for the development of Yiewsley Pool site which includes a new health centre.
- 13 In addition, the capital programme provides almost £9m of funding for key ongoing programmes including the Chrysalis programme, the Leader's Older Peoples Initiative and the upgrade of local town centres; and £19m of funding for ongoing major projects such as the Libraries refurbishment programme, Highgrove Pool Phase II and the South Ruislip Development.

Deputy Chief Executive's Office Budget Proposals

Summary of Key Financial Issues

- 14 The Deputy Chief Executive's Office (DCEO) will continue to play a key role in developing a strong and robust core strategic support function for the Council and provide resources to carry out the transformation that will come out of Business Improvement Delivery reviews.

Corporate Services & Partnerships POC 19 January 2011

PART 1 – MEMBERS, PUBLIC & PRESS

- 15 In 2010/11, the outcomes of a number of Business Improvement Delivery reviews have resulted in the centralisation and unification of a number of common functions within the DCEO, including the unification of the HR function (incorporating the Health and Safety team, the Schools HR team and the Business Support function), the unification of the Policy and Performance function and the addition of the Audit and Enforcement role (including the Housing Benefit Fraud team).
- 16 The incorporation of Hillingdon Homes back into the Council has had an impact on a number of services within the Group, where a number of functions and staffing resources have been transferred, these include 4 staff into the HR Service and 2 staff into the Corporate Communications service.
- 17 The service has undergone a number of significant restructurings, including the HR Service, Legal Services, the combining of the Registration of Electors and Registration of Births, Deaths and Marriages Team under one manager, the combining of the Policy and Performance teams, which has resulted in the deletion of one Head of Service post, and the Corporate Communications Service. All of these will deliver savings that contribute towards a balanced Revenue Budget for 2011/12.
- 18 The reduction in the ABG funding has had a major impact on the DCEO, requiring a number of significant reviews of service provision in the Policy and Performance teams and the Learning and Development team. These have resulted in direct ABG savings proposals totalling £418k (34.5%) on a base budget for the DCEO's ABG of £1.213m, being factored into the Revenue Budget for 2011/12.
- 19 Officers were also instructed to carry out a complete review of grants provided to the Voluntary Sector. The outcome of this review was reported to Cabinet on 16 December where savings proposals of £296k were agreed and have been factored into the DCEO budget proposals set out below.

DCEO Group Revenue Budget 2011/12

- 20 The movement between the current year's budget and the draft budget requirement for 2011/12 is summarised in Table 1 below. This indicates that the base budget of £7.72m will be reduced by £1.591m (a reduction of 20.6%) to a Revenue Budget requirement in 2011/12 of £6.129m. Each of the lines in Table 1 is set out in the following sections and in Appendix A (for those savings that are directly attributable to the DCEO), Appendix B (relating to ABG savings) and Appendix C (relating to those savings that are more corporate in nature but fall within the DCEO's base budget).

Table 1: DCEO Group Revenue Budget 2011/12

	Budget (£000s)	Budget (£000s)
Base Budget 2010/11		7,720
Proposed Changes 2011/12		
Inflation	92	
Corporate Items	0	
Service Pressures	0	
Priority Growth	0	
Savings	-1,749	
Other Adjustments	66	
Net Movement in 2011/12		-1,591
DCEO Draft Group Revenue Budget 2011/12		6,129

Service Pressures

- 21 The identification of all service pressures, thereby reducing the likelihood of unexpected overspends within the financial year, is one of the key objectives of the strategic budget process. Failure to identify a pressure over which there is little or no control is likely to result in an overspend in the year, as well as a need to take corrective action that may have an impact on services elsewhere in the authority.
- 22 Groups have undertaken work to identify and review these pressures and they will continue to be subject to rigorous scrutiny, challenge and review that will reduce the level of these items to a minimum over the course of the budget development process.
- 23 For the DCEO Group, there are no service pressures that need to be reviewed.

Development and Risk Contingency

- 24 The Development and Risk Contingency provides for resources within the revenue budget that are unallocated at the beginning of the year, but that can be applied to

Corporate Services & Partnerships POC 19 January 2011

issues as they arise during the year. The contingency is therefore used to budget for items where the probability or value of items is uncertain at the beginning of the year. The current draft Development and Risk Contingency includes one item relating to a proposed review of the London Boroughs Grants Scheme, which could generate a saving of £429k, subject to a majority agreement by the London Councils. This saving, due to its nature, has not been included in Table 1.

Savings

- 25 The savings proposals contained within this draft budget for the December cabinet and for consultation have been developed through the HIP Business Improvement Delivery programme (BID), the Council's response to the projected budget savings requirement of around £60m over the next four year period. A target operating model for the Council was established and all Groups are in the process of moving towards this model in the various proposals set out in the MTFF. This includes transfers to the Contact Centre and the implementation of agreed operating models for all common functions.
- 26 As explained in the report to Council in February 2010, the BID programme was developed through a themed approach, with 3 workstreams. These were aimed at delivering successively more in-depth reviews of how council services and working methods could be re-engineered. The themed approach continued over the early part of the 2011/12 budget cycle. The various workstreams developed a programme of projects to revise ways of working and to develop savings proposals. Additional MTFF work within groups and corporately was also initiated to focus on mitigating key pressures in the MTFF. Over the summer, the workstream approach to BID was transitioned into a Group based approach and specific targets were allocated to each Group.
- 27 The savings proposals currently developed total £22m for 2011/12. The total savings figure for each group is net of the redundancy costs contained within their package of proposals. Group savings proposals also include savings generated through the council wide expenditure review coordinated by Corporate Procurement over the last few months.
- 28 The savings included in the draft budget for the DCEO total £1.749m in 2011/12, increasing to £2.077m in 2012/13, £2.361m in 2013/14 and £2.553m in 2014/15. These are set out in detail in Appendices A, B and C, and summarised in Table 2 below:

Table 2: DCEO Savings Proposals 2011/12

Saving Proposal	Budget 2011/12 £'000	Saving %	Gross Budget £'000
<u>Direct Savings Proposals DCEO</u>			
HR/Learning and Development/Health and Safety	-422	8.9%	4,749
Legal Services	-74	3.5%	2,111
Democratic Services	-52	1.6%	3,329
Policy and Performance	-140	3.1%	4,526
Corporate Communications	-220	21.9%	1,005
Fees and Charges	-12		
Total Direct Savings Proposals DCEO (Appendix A)	-920		
ABG Savings Proposals (Appendix B)	-418		
Other Potential Savings (Appendix C)	-411		
Total Savings Proposals DCEO	-1,749		

29 The savings proposals for the DCEO are explained in more detail as follows:

HR Service (including Learning and Development and Health and Safety): Savings proposals total £422k in 2011/12, increasing to £625k in 2012/13, £751k in 2013/14 and £784k in 2014/15

- i) A review of the HR structure has now been completed and will deliver savings of £60k. The next phase of the review is underway, which will result in further savings totalling £84k being delivered in 2011/12.
- ii) An in-depth review of the training budgets, including the Management & Leadership development programme, the Staff Development programme, Health and Safety training, the Social Worker Degree Scheme and the Adult's and Children's Social Care Development programme, will deliver savings of £165k in 2011/12.
- iii) A review and lift and shift of the Business Support function into HR has now been completed and will deliver savings of £47k and benefit by an additional £9k from a review of the Stationery contract.
- iv) The scope for the review of the Occupational Health and Safety Services has been determined and both reviews commenced in December 2010. This will deliver savings of £57k in 2011/12.

Corporate Services & Partnerships POC 19 January 2011

PART 1 – MEMBERS, PUBLIC & PRESS

Legal Services: Savings proposals total £74k in 2011/12, increasing to £128k in 2012/13 and thereafter

- i) The restructuring of the service is now complete and will generate savings in both 2010/11 and 2011/12, although a significant proportion of this will benefit the HRA as this is the area that has been scaled back the most. The net General Fund savings relating to the restructuring will be a full year effect of £56k, with a further £18k being identified that can be delivered in the last quarter of 2011/12.

Democratic Services: Savings proposals total £52k in 2011/12 and thereafter

- i) Within Democratic Service, the BID phase I review is now complete and plans for phase II are in development. This will deliver savings of £52k in 2011/12.

Policy and Performance Service: Savings proposals total £140k in 2011/12, increasing to £223k in 2012/13, £381k in 2013/14 and £540k in 2014/15

- i) A review of the Policy and Performance teams in 2010 resulted in one Head of Service post being deleted and identified that a number of other posts could be deleted, delivering a full year effect saving of £140k in 2011/12.

Corporate Communications Service: Savings proposals total £220k in 2011/12 and thereafter

- i) An in-depth review of the Corporate Communications team has identified that a number of posts could be deleted, delivering a saving of £200k. A further £20k saving can be delivered through a review of the print contract management arrangements.

Fees and Charges: Savings proposals total £12k in 2011/12

- i) This reflects the proposed increase in income that would be generated by inflating fees and charges by at least 2.5%. For the DCEO, this relates to the charges levied on Births, Deaths and Marriage Certificates.

ABG: Savings proposals total £418k in 2011/12 and thereafter

- i) These savings proposals are a direct response to Central Government's reductions in grant funding that were approved in the post election budget, and relate to training, Community Cohesion and other corporate initiatives.

Other Potential Savings: Savings proposals total £411k in 2011/12 and thereafter

- i) These savings proposals have been identified following either a zero based budgeting exercise or an in depth review of the service budget and includes Members' Allowances (where the current costs of the Special Responsibility Allowances and Members' Allowances are less than the budget) and funding provided to the Voluntary Sector including the credit crunch contingency.

Corporate Services & Partnerships POC 19 January 2011

PART 1 – MEMBERS, PUBLIC & PRESS

Finance & Business Services Budget Proposals

Summary of Key Financial Issues

- 30 The Finance & Business Services Directorate (F&BS) will continue to carry out a key role in developing a strong and robust core strategic support function for the Council and provide resources to carry out the transformation that will come out of Business Improvement Delivery reviews.

The main areas of development, and driver for delivering efficiencies and savings, will be through:

- a planned investment in ICT, which will be developed through the Single Development Plan, and
- a full review of all financial systems and processes, including Debtors, Creditors and Procurement.

The continuing direction of travel is providing more value added support and more efficient centralised transaction processing, both providing savings and better customer satisfaction. The new area of Business Services as well as the Contact Centre are providing further opportunities for this.

- 31 In 2010/11, the outcomes of a number of Business Improvement Delivery reviews has resulted in the centralisation and unification of services within F&BS, including:
- the continued unification of the ICT function
 - the unification of the Debtors and Creditors function
 - the transfer of Business Services into the new Directorate
 - the unification of the Procurement and P2P teams and
 - the transfer out of the Internal Audit function and Business Support Services team.
- 32 The incorporation of Hillingdon Homes back into the Council has had an impact on a number of services within the Group, where a number of functions and staffing resources have been transferred, including 12 staff into the Accountancy function and 1 staff into the ICT Service.
- 33 The service has undergone a number of significant restructurings, including:
- the ICT Service,
 - the Revenues Service, where opportunities were taken to outsource more services
 - the Debtors and Creditors function, which will be the responsibility of one manager, and
 - the transfer in of Business Services.

Corporate Services & Partnerships POC 19 January 2011

PART 1 – MEMBERS, PUBLIC & PRESS

Further reviews are planned in 2011, including a move towards an Accountancy Shared Service, which will require a restructuring of the Accountancy function.

- 34 The F&BS Directorate also manages the Contact Centre where the Council is continuing with its programme of service migration and the development of more effective and efficient technology to manage contact with residents of the Borough.

F&BS Directorate Revenue Budget 2011/12

- 35 The movement between the current year's budget and the draft budget requirement for 2011/12 is summarised in Table 3 below. This indicates that the base budget of £11.365m will be reduced by a net £1.785m (a reduction of 15.7%) to a Revenue Budget requirement in 2011/12 of £9.58m. The reduction is a gross £3.0m (26%) before absorbing £1.07m for SEN pressures transferred from ECS and for land charges transferred from PECS. Each of the lines in Table 3 is set out in the following sections and in Appendix D (for those savings that are directly attributable to the F&BS Directorate) and Appendix E (relating to those savings that are more corporate in nature but fall within the F&BS Directorate's base budget). Appendix D notes a further £220k of savings not noted in Table 3 being used to provide further ICT support for transformation.

Table 3: F&BS Directorate Revenue Budget 2011/12

	Budget (£000s)	Budget (£000s)
Budget 2010/11		11,365
Proposed Changes 2011/12		
Inflation	169	
Corporate Items	-530	
Service Pressures	1,070	
Priority Growth	0	
Savings	-2,402	
Other Adjustments	-92	
Net Movement in 2011/12		-1,785
F&BS Directorate Draft Group Revenue Budget 2011/12		9,580

Service Pressures

- 36 Groups have undertaken work to identify and review these pressures and they will continue to be subject to rigorous scrutiny, challenge and review that will reduce the level of these items to a minimum over the course of the budget development process.

Corporate Services & Partnerships POC 19 January 2011

PART 1 – MEMBERS, PUBLIC & PRESS

- 37 For the F&BS Directorate, these pressures total £1.07m, and relate to:
- Special Educational Needs (SEN) Transport
This transferred from ECS into the new Business Services function in November 2010, where historical growth in the SEN population has resulted in a base budget pressure of £350k, and
 - Land Charges
This service moved towards a cost recovery basis of trading and has been severely impacted by the economic downturn resulting in a pressure on income streams of £720k (this has previously been provided for in the Development and Risk Contingency, and therefore is not a new pressure, but rather a proposed transfer from the contingency into the base budget). A recent change in regulations has further restricted the operation and charging of this service, which makes it very difficult to reduce the pressure on the income streams.

Development and Risk Contingency

- 38 The Development and Risk Contingency provides for resources within the revenue budget that are unallocated at the beginning of the year, but that can be applied to issues as they arise during the year. The contingency is therefore used to budget for items where the probability or value of items is uncertain at the beginning of the year. The current draft Development and Risk Contingency includes three items as follows:
- A provision of £420k for the Council's liability for Uninsured Claims, where the Council has, under its current Insurance policy, agreed to fund the excess values, which in most cases stand at £100k
 - A provision of £75k for the loss of income on Land Charges following the introduction of a new regulation, which stopped authorities from charging for personal searches, but does allow for authorities to charge for assisted searches.
 - A provision of £50k for the loss of income on Building Control Charges, where new regulations have recently been introduced which moves this service to a cost recovery basis.

These items, due to their nature, have not been included in Table 3.

Savings

- 39 The savings proposals contained within this draft budget for the December Cabinet and for consultation have been developed through the HIP Business Improvement Delivery programme (BID), the Council's response to the projected budget savings requirement of around £60m over the next four year period. A target operating model for the Council

Corporate Services & Partnerships POC 19 January 2011

was established and all Groups are in the process of moving towards this model in the various proposals set out in the MTFF. This includes transfers to the Contact Centre and the implementation of agreed operating models for all common functions.

- 40 The savings included in the draft budget for the F&BS Directorate total £2.402m in 2011/12 , increasing to £2.838m in 2012/13, £3.153m in 2013/14 and £3.658m in 2014/15. These are set out in detail in Appendices D and E, and summarised in Table 4 below:

Table 4: F&BS Directorate Savings Proposals 2011/12

Saving Proposal	Saving £'000	Saving %	Gross Budget £'000
Direct Savings Proposals F&BS			
Finance Services	-560	7.3%	7,697
Business Services	-1,004	10.0%	10,054
ICT Services	-199	2.6%	7,546
Procurement Service	-51	6.7%	764
Other F&BS Services	-116	31.2%	372
Fees and Charges	-164		
Total Direct Savings Proposals F&BS (Appendix D)	-2,094		
Other Potential Savings (Appendix E)	-308		
Total Savings Proposals F&BS	-2,402		

- 41 The savings proposals for the F&BS Directorate developed by the time of the December Cabinet and for consultation are explained in more detail as follows:

Finance Services: Savings proposals total £560k in 2011/12, increasing to £839k in 2012/13 and £959k in 2013/14 and thereafter

- i) The unification of the debtors and creditors function is now complete with system updates implemented and new processes now being bedded down. This will be followed by a restructuring of the service, which is estimated will deliver savings totalling £305k
- ii) A review is being undertaken on non value added finance activities undertaken in each Group Finance Team with a view to moving to a shared service operation, which will deliver savings of £184k and enable Group Finance Teams to concentrate on value added work
- iii) Further savings from a review of the Insurance function and the cost of External Audit will deliver a saving of £71k.

Corporate Services & Partnerships POC 19 January 2011

PART 1 – MEMBERS, PUBLIC & PRESS

Business Services: Savings proposals total £1,004k in 2011/12 and thereafter

- i) Work has now started on the BID review of Business Services. The first stage includes a review of Passenger Transport and Special Educational Needs (SEN) Transport services. Consultation on the management structure and amalgamation of the 2 Passenger Services functions ended on 14 December. The interview for the single manager for both services took place on the 4 January 2011. This is expected to deliver a saving of £50k. Each other area of Business Services (Bereavement Services and Civil Protection) will be subject to a full BID review and early indications suggest that this will deliver a further £120k of savings.
- ii) A review of the staffing resources across Bereavement Services will deliver savings totalling £43k, which will start in February 2011.
- iii) A review of income streams has identified significant opportunities to increase the levels of income generated across Bereavement Services (where most of the increase relates to increased charges for non residents), which will generate an additional £213k of income.
- iv) A review of the staffing resources in the Imported Food Unit will deliver savings totalling £33k.
- v) A review of income streams has identified significant opportunities to increase the levels of income generated across Imported Food Unit services, which will generate an additional £545k of income.

ICT Services: Savings proposals total £199k in 2011/12, increasing to £499k in 2012/13, £649k in 2013/14 and £1.139m in 2014/15

- i) A review to restructure the ICT service and unify ICT staffing has now been completed and will generate savings of £144k in 2011/12. Additional ongoing ICT process reviews will produce a further £55k of savings. A further £220k of savings are noted as having been put towards supporting transformation of the Council.

Procurement Service: Savings proposals total £51k in 2011/12, increasing to £72k in 2012/13, £117k in 2013/14 and £132k in 2014/15

- i) A review and consequent restructure of the Procurement team identified that one manager post could be deleted, delivering a saving of £51k.

Other F&BS Directorate Savings: Savings proposals total £116k in 2011/12 and thereafter

- i) A retendering of the Insurance contract will deliver savings of £116k.

Corporate Services & Partnerships POC 19 January 2011

PART 1 – MEMBERS, PUBLIC & PRESS

Fees and Charges: Savings proposals total £164k

- i) This reflects the proposed increase in income that would be generated by inflating fees and charges by at least 2.5%.

Other Potential Savings: Savings proposals total £308k in 2011/12 and thereafter

- i) These savings proposals have been identified following either a zero based budgeting exercise or an in depth review of the service budget and includes the Team Bonus fund (where the scheme is being ceased) and a review of the London Council's Subscriptions.

Fees and Charges

- 42 The Council is empowered to seek income from fees and charges to service users across a wide range of activities. Some of these fees and charges are set by the Government or other stakeholders, but many others are set at the discretion of the Council, based on Cabinet's recommendations.
- 43 The MTFE includes an inflation assumption of 2.5% and an associated increase in income of £0.5m. However this increase is not uniform across all fees and charges. Certain fees such as meals on wheels and parking for residents has been frozen. In addition there are proposals for targeted above inflation increases in certain fees and charges where they impact primarily on non-residents or where we are out of line with neighbouring Boroughs. The increase in the VAT rate by 2.5% to 20% will also have an impact on some fees and charges that attract VAT. These charges will be increased from 1 February 2011 and need to increase accordingly to avoid a net loss of income to the Council. Charges for Leisure facilities related to the VAT increase will come into effect on 1 January 2011.
- 44 Schedules detailing the proposals relating to fees and charges for 2011/12 for Central Services are attached at Appendix F. It is anticipated that this will generate additional income of £176k across Central Services.

Capital Programme

- 45 The capital programme for 2010/11 was approved by Cabinet and Council as a one-year capital budget that focused on maximising the use of identified funding in order to minimise the level of new borrowing that ultimately impacts on budget requirements funded through Council Tax.
- 46 The process of developing a capital programme has again focused on identifying and sustaining available funding streams whilst simultaneously managing the impact of increased demand for primary school places in the borough. The Primary Capital Programme is expected to require an investment in the region of £100m over the period 2010-15, to be financed from a combination of funding streams yet to be announced by central government.

Corporate Services & Partnerships POC 19 January 2011

- 47 The draft capital programme may need to be revised once the final impact of the settlement is known as this may impact on the affordability of the programme. The only item currently contained within the Capital Programme relating to Central Services is The Leader's Initiative with a budget of £200k.

BACKGROUND PAPERS

Medium Term Financial Forecast 2011/12 – 2014/15 – report to Cabinet 16 December 2010

Corporate Services & Partnerships POC 19 January 2011

PART 1 – MEMBERS, PUBLIC & PRESS