

**CABINET – 9TH FEBRUARY 2010****REPORT OF THE DIRECTOR OF CORPORATE RESOURCES****MEDIUM TERM FINANCIAL STRATEGY 2010/11 TO 2013/14****PART A****Purpose of Report**

1. This report presents the County Council's proposed 2010/11 to 2013/14 Medium Term Financial Strategy (MTFS) for approval.

Recommendation

2. That the following be recommended to the County Council:-
 - a) That subject to the items below, approval be given to the MTFS which incorporates the recommended revenue budget for 2010/11 totalling £337,654,420 as set out in Appendices A, B and E to the report and includes the growth and savings for that year as set out in Appendix D;
 - b) That approval be given to the provisional revenue budgets for 2011/12, 2012/13 and 2013/14, set out in Appendix A to the report, including the growth and savings for those years as set out in Appendix D thereto and to the undertaking of such preliminary work, including consultation, as may be necessary towards achieving the savings specified for those years;
 - c) That the level of reserves as set out in Appendix K be noted;
 - d) That the amounts of the County Council's Council Tax for each band of dwelling and the precept payable by each billing authority for 2010/11 be as set out in Appendix M;
 - e) That the Chief Executive be authorised to issue the necessary precepts to billing authorities in accordance with the budget requirement above and the tax base notified by the District Councils, and to take any other action which may be necessary to give effect to the precepts;
 - f) In the absence of information on Capital Resources the Capital Programme be approved for one year only as an exception to normal practice;
 - g) That approval be given to the 2010/11 capital programme as set out in Appendix G;

- h) That the financial indicators required under the Prudential Code set out in Appendix N be noted and that the following limits be approved:-

	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Authorised limit for external debt				
i) Borrowing	425.3	430.4	429.7	428.9
ii) Other long term liabilities	0.1	0.1	0.1	0.1
TOTAL	425.4	430.5	430.5	429.0
Operational boundary for external debt				
i) Borrowing	415.3	420.4	419.7	418.9
ii) Other long term liabilities	0.1	0.1	0.1	0.1
TOTAL	415.4	420.5	419.8	419.0

- i) That the Director of Corporate Resources be given delegated authority to effect movement within the authorised limit for external debt between borrowing and other long term liabilities;
- j) That the following borrowing limits be approved for the period 2010/11 to 2013/14:-
- (i) Upper limit on fixed interest exposures 100%
- (ii) Upper limit on variable rate exposures 35%
- (iii) Maturity of borrowing:-

	<u>Upper Limit %</u>	<u>Lower Limit %</u>
Under 12 months	30	0
12 months and within 24 months	30	0
24 months and within 5 years	50	0
5 years and within 10 years	70	0
10 years and above	100	25

- k) That the Director of Corporate Resources be authorised to enter into such loans or undertake such arrangements as necessary to finance capital payments in 2010/11, subject to the above prudential limits;
- l) That the revised CIPFA Treasury Management Code of Practice 2009 be adopted;
- m) That the Treasury Management Strategy Statement and the Annual Investment Strategy for 2010/11, as set in Appendix N, be approved including the Treasury Management Policy Statement and the Annual Statement of Annual Minimum Revenue Provision;
- n) That the Capital Strategy, Reserves Policy, Risk Management Strategy and Value for Money Strategy set out in the appendices to this report be approved.

Reason for Recommendations

3. To enable the County Council to establish a basis for the planning of services in the next four years and to meet its statutory requirements with respect to setting a Budget Requirement and Council Tax precept for 2010/11.

Timetable for Decisions

4. The County Council meets on 24th February to consider the MTFS (2010/11-2013/14), including the 2010/11 budget and capital programme. This will enable the 2010/11 budget to be set before the statutory deadline of the end of February.

Policy Framework and Previous Decisions

5. The report includes comments of the Scrutiny Committees and Panel following their review of the draft MTFS agreed by the Cabinet on 12th January and consulted upon in January. The comments of the Scrutiny Commission, which is meeting on 3rd February, will be circulated to members as part of Appendix C.
6. The priorities within the Sustainable Community Strategy and the Local Area Agreement (LAA), which were agreed at the County Council on 21st May 2008, are used as the basis for developing the MTFS.

Circulation under Local Issues Alert Procedure

7. None.

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PART B

Medium Term Financial Strategy 2010/11 to 2013/14

8. The MTFS has been drawn up against the context of the worst economic recession for decades. The level of Government debt is forecast to grow to nearly 80% of GDP. It is universally acknowledged that public expenditure will need to be reduced significantly, certainly for the period of the MTFS and probably longer i.e. at least 2 spending rounds. The Government announced in the Pre-Budget Report (PBR) that some services would be protected but local government has never been mentioned in this context and it can expect to bear the full impact of any reductions. This is likely to translate into a reduction in Formula Grant and an even greater reduction in specific grants related to specific initiatives and in capital funding. These are major concerns. The PBR stated that capital spending was 3.3% of GDP in 2009/10 but will move to 1.25% of GDP by 2013/4 – a reduction of over 60%.
9. The economic situation limits the increases in Council Tax that people can afford. Together with the widely forecast reductions in Government funding this severely constrains the resources available to the County Council over the period of the MTFS. At the same time the economic position increases the pressure on the budget both from higher demands on services but also from loss of income e.g. interest on revenue balances.

Funding Availability and Underlying Principles

10. The net budget (gross expenditure less specific grants and income from charges) is funded from the Government's Formula Grant and Council Tax. Broadly, the split is 30% Grant, 70% Council Tax. In developing the MTFS, the level of funding from these two sources is key.
11. The MTFS is based on Council Tax increases of 2.5% in the first three years (2010/11 – 2012/13) which, in accordance with a commitment made by the Administration, would convert to no increase for Council Tax payers in the second and third years with the additional grant support promised by the Conservative Party should they form a government. The final year of the plan is predicated on a nil increase in line with the expectations for the preceding 2 years if additional Government support is available.
12. The final Formula Grant Settlement from the Government for 2010/11 is an increase of 4.3%. For the later years the Settlement is subject to the next Spending Review. The Spending Review scheduled for 2009 was postponed by the Government. Plans are based on a cash reduction of 2% (approximately 5% in real terms) in Formula Grant in each of the last three years. This basis is being used by most county councils in their planning. No firm indications were given in the PBR but this planning basis is entirely consistent with the analysis, by the Institute for Fiscal Studies, of the implications for public services not likely to enjoy a measure of protection.
13. These assumptions define the funding envelope in which the MTFS has been constructed. It has been drawn up using the following principles:
 - Planning spending within the resources available

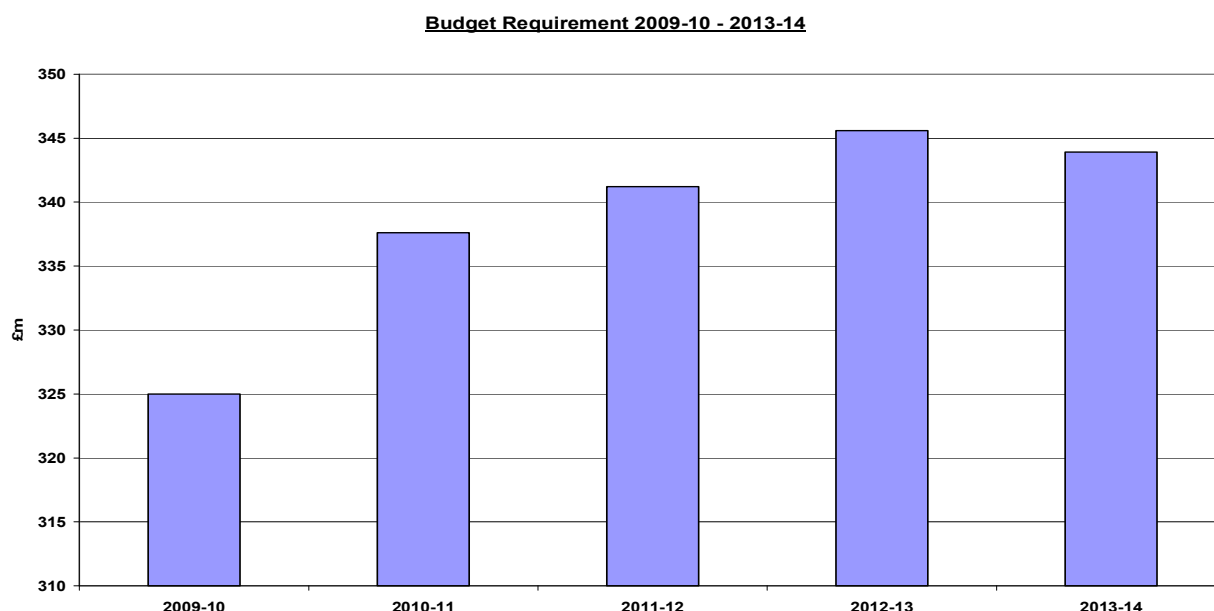
- Maximising the contribution from efficiency savings
- Being clear about priorities in terms of growth and service reductions that need to be built into the new County Council Delivery Plan (2010 - 14)
- Targeting scarce resources at those with greatest need
- Achieving value for money for Council Tax payers.

Spending Pressures

14. Details of proposed spending pressures are given in Appendix D. For later years where it is more difficult to predict individual spending pressures with accuracy some central provisions have been made to ensure that the overall total is realistic in the context of the experience in recent years.
15. Given the limits on resources the scope for service improvement is very limited. The major provision is for demand and cost pressures on Adult Social Care, largely the result of an ageing population with increasing care needs. The cost of the Landfill Tax and using alternative, more sustainable, methods of waste disposal is the other main pressure. Other factors include statutory duties, transfer of responsibilities and unavoidable cost increases.

Overall Position

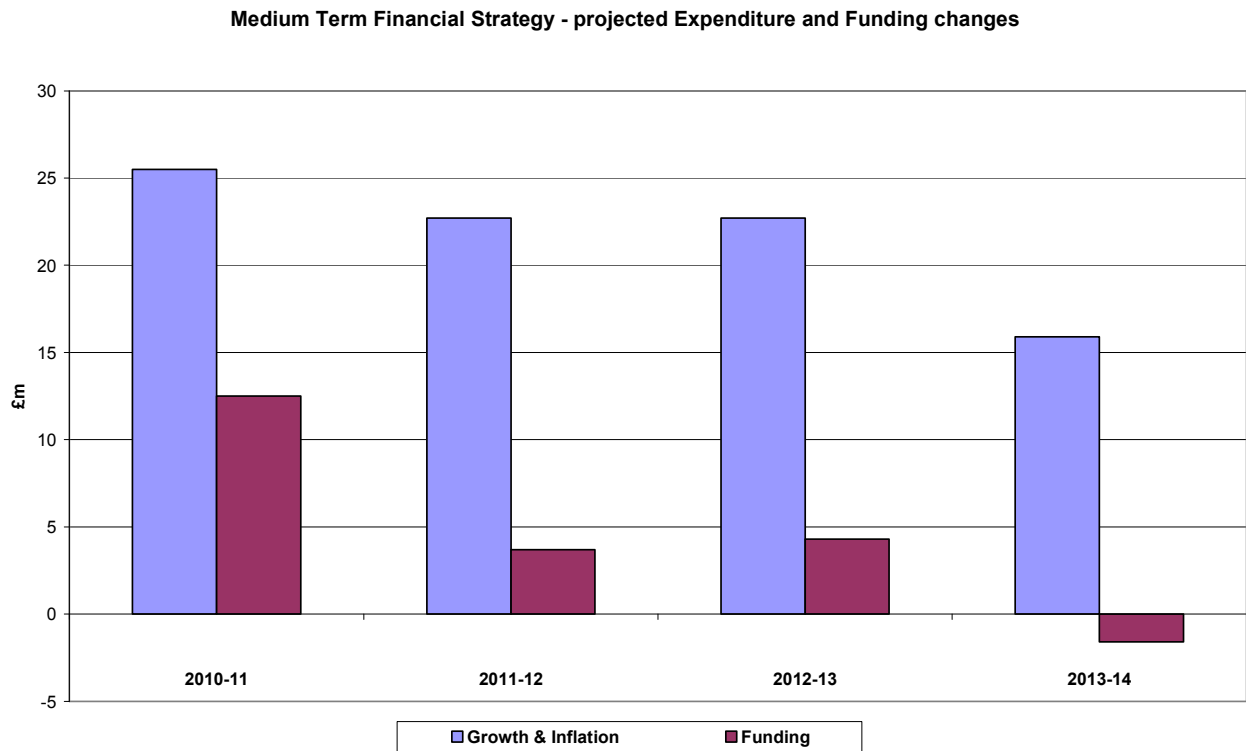
16. Over the four year planning period funding for the net budget from Council Tax and Formula Grant is estimated to increase by £19m or 6%. Spending will therefore grow by the same amount. The following graph shows the position.



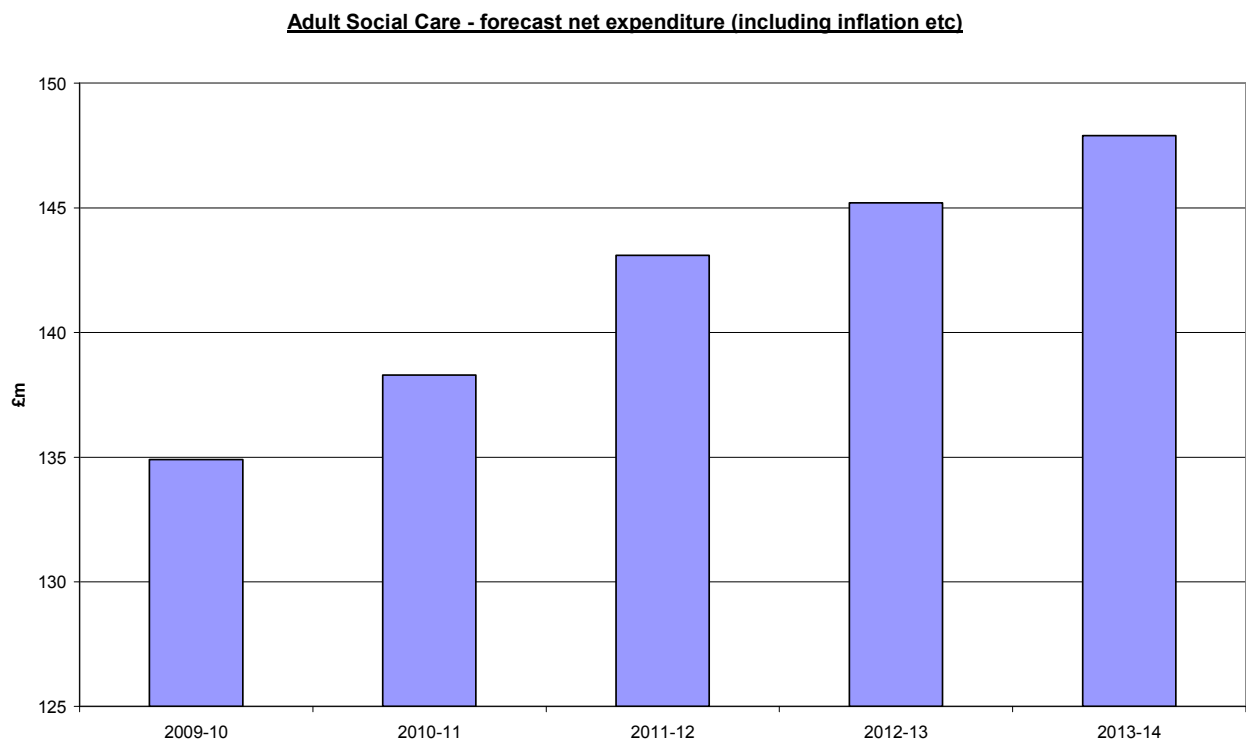
17. The average annual increase of 1.5% is below the expected level of inflation faced by the County Council, implying a small reduction in real terms which could easily be met by further efficiency savings. However it is the magnitude of unavoidable spending pressures (£46m over 4 years) outlined above which greatly increases the

size of the shortfall. The essence of the budget challenge, therefore, is to find savings to meet spending pressures.

18. This issue is exemplified by the graph below.



19. The position on Adult Social Care (ASC) represents a good example of this point as growth for demographic and other pressures is in line with savings. In overall terms the service is refocusing its resources on those clients with greater needs. The ASC budget will increase by nearly £13m over the four year period. As a proportion of the total service budget it will increase from 38% in 2009/10 to 41% in 2013/14.



20. A summary of the overall position is given in Appendix A.

Savings

21. As discussed above, savings are required primarily to fund spending pressures. A total of £66m savings is incorporated into the MTFS. The strategy in compiling the MTFS is to maximise the contribution made by efficiency savings. However, a savings requirement of this size cannot be met by efficiency savings alone and service reductions will be necessary. Almost 70% of the total saving will come from efficiency savings which do not impact on the standard of service, leaving a total of £19m to be identified from service reductions.
22. The level of service reduction required over the four year period has been restricted to less than £19m (approximately 6% of current service budget). Service reductions of less than 2% p.a. have to be seen in the context of the scale of the national economic problem against which the MTFS has been compiled.
23. It is estimated that there will be a reduction of approximately 650 posts (FTEs) over the four year period. The number of compulsory redundancies is likely to be much lower, given the scope to manage the position over the period through staff turnover, natural wastage and vacancy control.

Efficiency Savings

24. Appendix D sets out the efficiency savings incorporated into the MTFS. There are some unidentified savings for later years in the case of Children and Young People's Service (CYPS). If changes to the role of the local authority were to take place in future (e.g. from a significant reduction in specific grants) this would invalidate assumptions of how savings would be made in a 'steady state' situation.
25. Efficiency savings are being generated in a range of ways. The majority of savings can be grouped into four main types:
- Reductions in senior management and administration (£18m)
 - Commissioning and procurement (£15m)
 - Service transformation/change management projects (£8m)
 - Collaboration/shared or single services (£3m)

Central Provisions

26. The funding position for 2010/11 is better than estimated for later years. This provides the opportunity to make provision for the following:-
- Transforming Learning in the Loughborough, Quorn and Barrow upon Soar areas (£4m)
 - Contingency for inflation including energy (£5m)
 - Severance/invest to save costs (£3m)
 - Contingency against delay in achievement of savings (£2m)
 - Provision for shortfall on transfer of LSC (Learning and Skills Council) funding (£0.5m)
 - Potential impact of proposed changes in legislation such as free personal home care (£1.4m in 2010/11, £2.8m in a full year) and Carbon Reduction

Commitment Energy Efficiency Scheme (£0.75m in 2011/12). The County Council has made strong representations on the way the proposals are being implemented and significant unfunded additional burden likely to be incurred.

Central Items

27. Bank and other interest is budgeted at £5m in 2009/10 (this compares with interest of £10.3m achieved in 2008/09 when interest rates were much higher). It is predicted to fall to £3m in the first three years of the MTFs, rising to £4m in 2013/14. Capital financing costs are expected to increase from £28.1m in 2009/10 to £32.5m by 2013/14 to meet the borrowing requirements for the Capital Programme.

Budget Consultation

28. In order to guide difficult decisions on service reductions, extensive consultation was undertaken. Ipsos MORI was engaged to hold a series of workshops with a representative cross-section of Leicestershire people. These focused on potential areas for service reduction or protection and views on increasing Council Tax and charges. Similar themes were explored in a randomly selected postal survey and web-based questionnaire.
29. There is a fair degree of similarity between the results of the different surveys as to which areas of spending people thought should be reduced and which should be protected.
30. The results of the consultation are summarised in Appendix P.

Results of Scrutiny Process

31. The scrutiny committees and budget panel received detailed reports on the revenue budget and capital programme proposals. Copies are available on request from Mr Pitt, telephone 0116 3056034. Appendix C sets out the comments arising from meetings of the scrutiny bodies. (to follow)

Changes to the Budget proposed in January

32. The changes now incorporated in the proposed 2010/11 revenue budget to reflect the latest information are set out below:-
 - (a) a growth item for a new duty to promote democracy (£90k) has been deferred from 2010/11 to 2011/12 .
 - (b) the Council Tax Collection Fund surplus has increased (£70k) reflecting information received from district councils.
 - (c) the Council Tax base has increased slightly (£28k) following confirmation of figures from district councils.
 - (d) there are some other minor changes (£12k) to reflect latest information.

- (e) the overall impact of the above is additional resources of £200k; these have been used to increase the contingency for severance and invest to save projects.

2010/11 Budget Summary

33. The proposed 2010/11 budget of £337.7m excluding Dedicated Schools Grant (DSG) is summarised below in Table 1 and is set out in more detail in Appendix B.

Table 1

	2010/11 £m	% Increase
Services base budget including inflation	336.8	
Add growth	11.9	
Less savings	-11.2	
	337.5	
Central Items	0.2	
Total Expenditure	337.7	3.9
Funding		
Formula Grant	-100.7	4.3
Council Tax	-237.0	2.5*
	337.7	3.9

*Council tax increase excludes the council tax base increase

Council Tax

34. The proposed budget for 2010/11 is based on a 2.5% Council Tax increase. This will result in Council Tax for a Band D dwelling increasing from £1037.07 to £1063.00.
35. The Government has made it clear that it expects average Council Tax increases to be less than 3%. The statement made by the Minister for Communities and Local Government is attached as Appendix Q.

Inflation

36. The PBR predicts that inflation will rise. From its low point in June 2009 of -1.6%, the Retail Price Index rose to 2.4% in December and is forecast to increase to 3% in September 2010, and continue at that level. The Government intends that public sector pay increases (including local government) will be capped at 1% for 2011/12 and 2012/13.
37. The average provision for pay, pension and price increases in the MTFS is based on the assumptions below. In the case of 2010/11 the Local Government Employers have proposed a nil increase:-

2010/11	0%
2011/12	2%

2012/13	3%
2013/14	3%

38. Although detailed budgets for 2010/11 have been compiled on the basis of no pay or price increases a central contingency will be held which could be used if there was a change from the expected position.
39. The above figure includes provision for an increase in employer's pension contributions in 2011/12 and later years in anticipation of the outcome of the 2010 triennial actuarial revaluation of the Pension Fund in order to start to address the deficit on the Fund and to meet future liabilities.

Income

40. There is a consistent approach to charging for goods and services across the Council and where appropriate new sources of funding are actively sought. Charges are reviewed annually usually in line with inflation taking into consideration the economy and market conditions.
41. The debt collection processes continue to ensure that income charged is received and relevant performance indicators (in Appendix L) are monitored on a regular basis.

Schools

42. The Schools (Funding) Forum will consider the Schools Budget proposals at its meeting on 25th February 2010.
43. Schools funding comes in the form of a ring-fenced Government grant to local authorities known as the Dedicated Schools Grant (DSG). The grant covers funding allocated directly to schools and funding retained by the local authority to support pupil-led provision, such as early years, special educational needs and excluded pupils.
44. The 2010/11 allocation is the third and final year of the Settlement Review. The allocation methodology for the grant continues to be based upon previous spend with a minimum per pupil increase. There is commitment from the Department for Children, Schools and Families (DCSF) to introduce a formula driven allocation for DSG from April 2011.
45. The key elements of the schools settlement are:-
 - The national minimum funding per pupil increase is 2.9% in 2010/11. The national average increase per pupil is 4.3% in 2010/11. Although Leicestershire receives the national percentage increase it continues to receive the lowest per pupil DSG settlement for local authorities in 2010/11. The funding for 2011/12 onwards is not known.
 - DSG includes funding for personalised learning, special educational needs, deprivation and early learning and childcare provision.
 - The indicative DSG for Leicestershire is £348.2m for 2010/11.

- Final allocations for 2010/11 will not be known until May/June 2010 following the inclusion of the January 2010 pupil count.
46. Schools' balances carried forward from 2008/09 totalled £21.1m of which the uncommitted sum as analysed by schools under the consistent financial reporting requirements of the DCSF, totalled £5.6m. Local Authorities are prohibited from taking school balances into account in setting the formula for funding schools.

Value for Money and Efficiency

47. The approach of the County Council to efficiency is set out in the Value for Money Strategy in Appendix O. This strategy will set the overall framework within which the efficiencies included within the MTFS will be achieved. The key elements are;
- Procurement spend with third parties
 - Reducing management and administration
 - Increasing productivity through performance management
 - Reducing the cost of support services
 - Service redesign
48. Maximising efficiency savings remains a key priority. The County Council has agreed with partners that efficiency is important enough to warrant the inclusion of the indicator in the Local Area Agreement (LAA) and Multi Area Agreement (MAA). As such, Leicestershire along with all MAA partners have a cashable efficiency saving target of 9.4% over the period 2009/10 to 2011/12. The Total Place pilot and subsequent establishment of the Public Service Board will be a key route to generating efficiencies through major service redesign.
49. Efficiency savings are vital to the delivery of the MTFS. Over the period 2010/11 to 2013/14 over £45m of cashable efficiency savings have been incorporated into the MTFS. This is based upon savings of at least 3% each year across the board. The emphasis of the strategy has shifted from the strategy agreed last year. There is now a much greater focus on delivery, although identification of savings remains important.

Corporate Change Programme

50. The Change Management Programme co-ordinates the Authority's work to deliver both efficiencies and service improvements. Projects include Customer First, Modernising Financial Services, further development of the County Council's core IT systems (Oracle) and a range of departmental efficiency projects (e.g. introduction of electronic home care monitoring).
51. This programme has been funded through a combination of revenue budget (approximately £1m per annum) which was previously transferred to fund the programme, contributions from departments and reserves. A corporate provision for invest to save schemes has also been included over the next four years to help deliver the efficiency savings.

Robustness of Estimates and Adequacy of Reserves

52. The Local Government Act 2003 requires the Council's Chief Finance Officer (for Leicestershire this is the Director of Corporate Resources) to report on:-
- a) The robustness of the estimates included in the budget; and
 - b) The adequacy of the proposed financial reserves.

Robustness of Estimates

53. The Director of Corporate Resources provides detailed guidance notes for departments to follow when producing their budgets. As well as setting out certain assumptions such as inflation, these notes set a framework for the effective review and compilation of budget estimates. As a result, all estimates have been reviewed by appropriate staff in departments. In addition, each departmental Finance Business Partner has identified the main risk areas in their budget and these have been evaluated by the Director of Corporate Resources. In producing the budget due account has been taken of the Risk Management Strategy set out in Appendix I.

County Fund

54. The forecast balance on the County Fund at the end of 2009/10 is £9.1m, which represents 2.7% of the budget (excluding schools' delegated budgets). At present it is assumed that the balance of underspend will be either treated as carry forwards for services or used to contribute to earmarked reserves for specific purposes. The policy continues to be to maintain a level of County Fund consistent with the inherent risks faced by the County Council.
55. The main financial risks faced by the Council over the medium term are:-
- The impact of the current economic environment on income and expenditure.
 - Demand led budgets overspending, mainly those relating to waste and adults' social care.
 - Non achievement of efficiency and other savings included in the budget.
 - Non achievement of capital receipts that are factored into the capital programme.
 - Non achievement of income level.
 - Other unforeseen losses e.g. through treasury management.
 - Losses of Government and other external revenue and capital funding.
 - Changes in legislation.
56. Given the volatile economic environment it is appropriate for the County Fund to be maintained at the higher end of the agreed policy of 2% to 3%. The policy for both the County Fund and earmarked reserves is set out in Appendix J.

Earmarked Reserves

57. Other reserves and balances have been reviewed. Appendix K gives the details. The expected balances as at 31st March 2010 have been estimated. The extent to which the balances will be used in the medium term has also been estimated where possible.
58. There is obviously a great deal of uncertainty in terms of the expected movement on the balance of some reserves over the medium term. For example, one of the largest reserves is for Insurance. The amount that will be required to settle claims in any one year varies significantly and therefore it is not possible to project balances with any accuracy.

Summary

59. Having taken account of the overall control framework, budget provisions have been included to support the delivery of efficiency savings and growth to reflect spending pressures, assurance can be given that the estimates are considered to be robust and take account of the key factors that influence expenditure patterns.
60. Given the basis on which the budget is prepared, taking account of the main risks faced by the County Council, making an allowance for potential unforeseen eventualities and the continuing focus on financial control, the level of reserves including the County Fund is considered to be adequate.
61. The Cabinet and Budget and Performance Monitoring Scrutiny Panel receive regular revenue and capital monitoring reports as well as budget and outturn reports and external audit reports. In addition, further financial governance reports are considered by both the Corporate Governance Committee and Constitution Committee. This reporting enables members to satisfy themselves about both the financial management and standing of the County Council. These reports will continue but will be supplemented by performance indicators and targets set out in Appendix L.

Treasury Management and Investment Strategy 2010/11

62. The Treasury Management Policy Statement, and the Treasury Management and Investment Strategy must be approved in advance of each financial year by the full Council. Appendix N to this report sets out the combined Treasury Management and Investment Strategy including the Treasury Management Policy Statement for 2010/11.
63. In light of the Icelandic situation in 2008, the Chartered Institute of Public Finance and Accountancy (CIPFA) amended the CIPFA Treasury Management in the Public Services Code of Practice, Guidance Notes and the Treasury Management Policy Statement. The key areas of the revised code is set out in Appendix N.
64. The Treasury Management and Investment Strategy has been prepared in accordance with the revised code. Accordingly, the Council's Treasury Management Strategy includes:

- treasury limits in force which will limit the treasury risk and activities of the Council
- prudential and treasury Indicators
- the current treasury position
- the borrowing requirement
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy
- creditworthiness policy
- policy on use of external service providers
- the Minimum Revenue Provision (MRP) strategy

65. A summary of some of the key elements requiring approval are as follows:-

- Treasury Management Strategy Statement and Annual Investment Strategy
- The adoption of the Treasury Management Code of Practice (Appendix N, Annex 5)
- The Treasury Management Policy Statement (Appendix N, Annex 4)
- Annual statement of the annual minimum revenue provision (Annex 1)

Prospects for Interest Rates

66. The outlook for UK bank base rates is currently extremely uncertain and ultimately depends on how well, and how quickly, the economy recovers from recession. The range of forecasts produced by economists is very wide and the only common ground amongst them is that there will be no further base rate reductions. Whether the first increases will come in 2010 or 2011 is unclear, and some economists do not expect base rate rises until after this. On average economists are expecting base rates to be about 1% by the end of calendar year 2010, increasing to 2.25%, 3.5% and 4% by the end of the following financial years.

Capital Programme 2010/11

67. Whilst the majority of the revenue funding is local (Council Tax), this is not the case with capital. The vast majority of capital funding which is for schools and roads comes from the Government. The PBR indicates a substantial reduction in capital investment (see paragraph 8).

68. Resources can only be predicted with any accuracy for 2010/11 and it is therefore proposed to have a Capital Programme which only covers 2010/11. The alternative would be to devise a programme which is unlikely to be realistic in practice and would involve a great deal of abortive work. In the current circumstances it is also necessary to minimise future commitments including contingent liabilities arising from external funding. Multi-year planning will resume when there is a better idea of resource availability, hopefully next year.

69. The use of capital receipts will continue to be used to supplement Government support, but the current climate has significantly reduced the funds available. The programme will be reviewed if more capital receipts can be generated over the

planning period. It is proposed to limit prudential (unsupported) borrowing to Invest to Save schemes only as the financing costs of borrowing do not impact on the revenue budget.

70. The Capital Strategy (Appendix H) sets out in detail the sources of funding, the resource prioritisation and asset management planning including evaluation of projects.
71. The proposed programme is summarised in the tables below and shown in detail in Appendix G.

Table 2 Capital Programme 2010/11

	2010/11 £000
Children and Young People's Service	49,216
Environment and Transport – Transportation	26,314
Environment and Transport - Waste Management	1,815
Adults and Communities	1,315
Corporate Resources	1,595
Chief Executives	300
Other Corporate	1,705
Sub Total	82,260
Invest to Save	9,760
Total	92,020

Table 3 Capital Resources 2010/11

	2010/11 £000
<u>Central Government</u>	
Supported Borrowing	21,696
Grant	39,320
Third Party Contributions	8,180
Capital Receipts	3,409
Other (Reserves, balances b/fwd, c/fwd)	11,120
	83,725
Unsupported Borrowing (Invest to Save)	8,295
Total	92,020

72. The CYPS and Transportation programmes are based upon the application of Government resources, either in the form of supported borrowing or capital grant to those particular services.
73. The remainder of the programme has been compiled on the basis of departmental bids and subsequent appraisal against the corporate Asset Management Plan, availability of funding, realistic cost and delivery timescales.

74. Part of the available resources in 2010/11 is reprogrammed into later years to support commitments relating to the Primary Capital Programme and the Transforming Learning Programme in Leicestershire. This will enable advantage to be taken of a successful bid for the Building Schools for the Future Programme for Loughborough, Quorn and Barrow.

Children and Young People's Service (CYPS)

75. The CYPS programme will focus on the following priority areas:
- Transforming Learning in Leicestershire, including the completion of the programme to replace and refurbish schools in the Melton area.
 - Capital works on six primary schools funded from DCSF primary capital grant.
 - Phase three of the Government's Children's Centres and Early Years Programme.

Local Transport Plan 2010/11

76. A key part of the programme is the second 5-year Local Transport Plan (LTP) (2006-2011) of which 2010/11 is the 5th year.
77. The allocation for Integrated Transport Schemes for 2010/11 is £6.1m to fund programmes of works, including local safety schemes, bus improvements, better vehicle use of road space and improving routes to schools.
78. The allocation for capital maintenance schemes for 2010/11 is £10.9m towards a programme to maintain carriageways, footways, bridges, street lighting and traffic signal renewal.
79. The construction of a Park and Ride facility in Birstall is to be funded from the Community Infrastructure Fund (CIF) and Growth Point grant funding. This is a joint project with Leicester City Council.

Waste Management and Environment

80. The main priority is waste infrastructure, including the modernising of recycling and household waste sites at Sileby and Lount. There is also a programme of general improvements to other existing sites to assist in the diversion of waste from landfill.

Adults and Communities

81. The focus of the programme continues to be largely devoted to the redevelopment of the learning disabilities service and the modernisation of day services. The main schemes are a new respite care centre in Wigston and a new day resource centre in Charnwood.
82. The investment in libraries continues through funds being made available for a replacement library in Leicester Forest East.

Corporate Resources

83. The programme includes £0.6m for investment in ICT, £0.1m in County Farms and £0.1m Risk Management. Also incorporated is £0.4m for the completion of replacement sports facilities at County Hall, required as a result of the sale of the existing playing field and facilities.

Other Corporate

84. The programme also includes an allocation for the Corporate Change Management Programme, funded from revenue reserves, for a variety of efficiency projects.

Invest to Save

85. The programme includes the continuation of the office accommodation review project (£15.1m), and the street lighting energy reduction project (£1.8m). Each project will generate revenue savings to offset the cost of prudential borrowing and provide ongoing revenue savings.

Equal Opportunities Implications

86. Many aspects of the County Council's MTFS and the budget are directed towards the needs of disadvantaged people. Individual proposals will be subject to equality impact assessments where necessary.

Crime and Disorder

87. Some aspects of the County Council's MTFS are directed towards providing services which will support the reduction of crime and disorder.

Environmental

88. Included within the MTFS are provisions to support the carbon management programme and other environmental improvements.

Partnership Working and Associated Issues

91. As part of the efficiency programme and improvements to services, working with partners will be considered along with any impact issues.

Risk Assessments

92. The County Council's MTFS has been the subject of a risk assessment and reference to this is made within the report.

Background Papers

Revenue support grant settlement 2010/11.

Appendices

- A - Four Year Revenue Budget
- B - Proposed Revenue Budget for 2010/11
- C - Comments of the Scrutiny Committees, Panel and Scrutiny Commission
(Appendix to follow)
- D - Growth and Savings
- E - Detailed Revenue Budget for 2010/11
- F - Area Based Grants
- G - Capital Programme
- H - Capital Strategy
- I - Risk Management Strategy
- J - Reserves Policy
- K - Reserves
- L - Financial Management Performance Indicators
- M - Council Tax and Precept
- N - Treasury Management Strategy and Investment Strategy
- O - Value for Money Strategy
- P - Results of Consultation on the Budget
- Q - Statement by the Minister of Communities and Local Government