

BB



CABINET – 12<sup>th</sup> JANUARY 2006

REPORT OF THE DIRECTOR OF RESOURCES

2005/06 BUDGET MONITORING, 2006/07 REVENUE BUDGET AND  
CAPITAL PROGRAMME 2006/07 – 2008/09

PART A

Purpose of Report

1. This report presents information on the 2005/06 budget position, the County Council's proposed 2006/07 revenue budget and capital programme for 2006/07 – 2008/09.

Recommendations

2. It is recommended that:-
  - a) the 2005/06 budget monitoring position be noted
  - b) the proposed revenue budget 2006/07 and capital programme 2006/07 - 2008/09 be approved and referred for consideration to the Scrutiny Commission and Scrutiny Committees.

Reason for Recommendations

3. To allow the County Council to meet its statutory requirements with respect to setting a budget and Council Tax precept and approving a medium term financial strategy including a 3 year capital programme.

Timetable for Decisions

4. The revenue budget and capital programme will be considered by the Scrutiny process between 23<sup>rd</sup> January and 1<sup>st</sup> February. Cabinet will then consider the comments of the Scrutiny process. The County Council meets on 22<sup>nd</sup> February to approve a budget and capital programme.

Policy Framework and Previous Decisions

5. The 2006/07 budget and capital programme has been developed alongside the Medium Term Corporate Strategy.

**Circulation Under Sensitive Issues Procedure**

6. None.

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## **PART B**

### **2005/06 Budget Monitoring**

7. The Cabinet members have been kept informed of the budget position. Reports have been presented to Resources Scrutiny Committee on 22<sup>nd</sup> July, 29<sup>th</sup> September and 15<sup>th</sup> December 2005. The latest estimate set out in Appendix A shows a forecast underspend of £3.6m.

#### **Education**

8. Current forecasts indicate a net underspend of £810,000 (1%). The main variances are set out below:

	£000	% of Budget	Comment
Statementing – mainstream	110	9%	Increased demand & costs
Special Schools – centrally managed	240	114%	Increase in pupils & closure of Western Park School in Leicester
Premature retirements/ Teachers superannuation	185	24%	Higher than anticipated premature retirements
Criminal Record checks	75	125%	Changes in Government requirements
Out County placements/ recoupment	70	1%	Increased demand
Mainstream transport	-390	-4%	Latest retendering & contract costs
SEN Transport	-130	-2%	Lower demand & increased income
Insurance	-170	-20%	Lower than expected premium from October 2005
Service Units - net	-130	-1%	Staff vacancies, increased income etc.
Nursery providers – external	-140	-2%	Lower take-up than budgeted
Other Early Years budgets	-160	-19%	Delays in staff appointments
LMS contingencies	-100	-58%	Lower calls by schools on contingencies
Youth work and Community Plus	-95	-2%	Staffing budget savings/ increased income
Client & Technical Support	-50	-7%	Running costs and higher income

#### **Social Services**

9. An underspend of £1.7m (-1.5%) is forecast at this stage. Savings on employee budgets net of additional costs of agency staff are forecast to be £1.5m. Also there is additional residential care income of £1.3m as a result of higher than expected contributions from clients. These savings are offset by significant additional cost pressures for residential care for people with learning disabilities of £0.7m mainly resulting from a greater proportion of higher dependency cases, additional costs of Looked After Children in both residential and foster care of £0.2m and a further £0.2m overspend on a number of budgets, including energy costs. It is anticipated that a carry forward will be requested in order to help manage the position in 2006/07 caused by a reduction in the Supporting People grant.

#### Highways and Transportation

10. At present an overspend of around £170,000 (0.6%) is forecast. This mainly arises from lower demand and as a result lower income from search fees (£60,000) and developer recharges (£120,000) and a reduced contribution from Leicestershire Highways Operations due to building maintenance costs (£100,000). Savings of £100,000 on public bus operations are offset by additional costs of £105,000 on concessionary travel, due to changes in demand and contracts. Savings of £120,000 are forecast on street lighting energy costs as a result of a lower than anticipated price increase.

#### Waste

11. A net underspend of around £235,000 (-1.4%) is forecast. An overspend of approximately £300,000 is forecast relating to additional costs for Whetstone Materials Recovery Facility including using external facilities for excess material. Reduced tonnage going to landfill is estimated to lead to a saving on disposal costs of around £600,000, although this will be partly offset by resulting recycling credits of £300,000. Fridges, tyres and electrical equipment disposal budgets are showing a saving of £300,000 as a result of lower than expected disposal unit costs and delayed legislation. CCTV systems are to be installed at two Civic Amenity Sites in order to minimise fly tipping and improve security at a total cost of £65,000, to be funded from the anticipated net underspend on the Waste budget.

#### Community Services

12. A net overspend of around £80,000 (0.4%) is forecast at this stage. Library Services are forecast to overspend by £130,000, mainly relating to an income shortfall of £100,000 in part arising from closures for refurbishments / relocations. Regulatory Services are forecast to underspend by £50,000, mainly relating to staff vacancies and increased income.

#### Resources

13. An underspend of -£100,000 (0.6%) is forecast, mainly relating to increased income from property recharges to the capital programme.

#### Interest and Financing of Capital

14. Interest on revenue balances is forecast to be around £1.5m (50.0%) higher than the original estimate. This is due to balances being higher than estimated and additional interest from capital financing which has been raised much earlier than estimated in order to take advantage of low rates of interest, including pre-funding of the 2006/07 capital programme.
15. Financing of Capital is currently forecast to be £500,000 (2%) higher than the original budget. This reflects the earlier raising of finance referred to above which has been offset to some degree by borrowing at a lower rate of interest than estimated.

### Summary

16. The latest forecasts indicate a net underspend of around £3.6m (0.7%, or 1.2% excluding Schools).

### 2006/07 Revenue Budget

#### Budget Strategy

17. The budget strategy is to maintain and where possible, enhance the investment in priority services whilst at the same time minimising council tax increases. Given the poor government settlement this could only be achieved by continuing to make efficiency savings and targeted disinvestment from lower priority services.
18. This year it is possible to plan over the medium term given that settlements have been issued for two years. As has been the practice in recent years, the revenue and capital planning processes have been integrated.
19. The key features of the proposed budget are:
  - Unavoidable growth allowed for all services but mainly Waste and Social Services.
  - Provision for medium term corporate strategy priorities.
  - Cashable efficiency savings of 1½% for all Departments. Cashable efficiencies mean that the same quality and level will be provided but at a lower cost.
  - Reductions in lower priority services.
20. The proposed budget will be considered by the scrutiny process and the public will be consulted through January. This will be in parallel with the consultation on the medium term corporate strategy.

#### Formula Grant

21. The provisional local government settlements for 2006/07 and 2007/08 were issued on 5<sup>th</sup> December. This was the first time local authorities have been given information relating to their allocations for more than one year. The government included an additional £305m formula grant nationally and also plans to provide support of £800m. The details of this support are currently unclear, but it is likely that it will be a combination of additional funding and reduced spending pressures.
22. A new grant allocation method has also been introduced referred to as the 'four block model'. In this method Formula Spending Shares (FSS) have been replaced by a Relative Needs Formula (RNF). The government's aim is to shift the focus solely to the level of grant cash increase received by local authorities rather than notional spending and council tax increases assumed within the current grant methodology. In addition schools will be funded by the new Dedicated Schools Grant rather than through mainstream funding.
23. The formula grant for England will increase by 3% in 2006/07 and 3.8% in 2007/08. The increases for Leicestershire are 2% and 2.7% respectively. In both these years the levels have been set at the floor increase for Education and Social Services authorities. Without this floor there would be a reduction in funding of 2% in

2006/07 and 0.3% in 2007/08. In total 18 counties received the floor increase in 2006/7. Leicestershire County Council receives the fifth lowest formula grant per head of population in 2006/7, out of the 20 other counties that do not fund the fire service.

24. The new formula has significant redistributive effects over the medium term that the damping mechanism moderates in the short term. Over a number of years Shire Counties (particularly those in the South East) and outer London Boroughs lose out with Shire and Metropolitan Districts and Unitary Authorities (particularly those in the Midlands and South West) gaining.
25. The County Council's response to the settlement is attached in Appendix C.
26. The County Council will receive final information on the taxbase and collection fund surpluses/deficits from each District Council by the end of January. The resources available to the County Council could change once this information is received. It is assumed that there will be no change in the RSG position given that the County Council has only the minimum increase.

#### Schools

27. The government confirmed that most schools funding will come in the form of a ring fenced grant to local authorities to be known as Dedicated Schools Grant (DSG). This grant will continue to cover funding allocated directly to schools and funding that is retained by the local authority to support pupil led provision such as early years and excluded pupils.
28. The key elements of the Education settlement are;
  - Minimum Funding Guarantee for schools budgets has been set at 4% for primary and 3.4% for secondary in 2006/07 and 3.7%, all schools, in 2007/08. The DfES has calculated that those increases are sufficient to meet cost pressures schools are anticipated to encounter.
  - DSG includes funding streams targeted at DfES priorities including workforce reform, early years and personalised learning.
  - Overall the national increase in DSG is 6.4% in cash terms and 6.8% per pupil in 2006/07. In 2007/08 the increases are 6% and 6.7% respectively.
  - The indicative DSG for 2006/07 is £301.2m and £317.4m in 2007/08. Final allocations will not be known until the January 2006 pupil count takes place.
29. Leicestershire will remain the lowest funded local authority per pupil in 2006/07 and 2007/08. This is because DSG is based on the 2005/06 level of expenditure and the increases in funding per pupil of 6.7% and 6.4% respectively are below the national average over the two years.

#### Budget Summary

30. The proposed budget totals £281m excluding Dedicated Schools Grant of £301m. This represents an increase in net expenditure of 4.3%. Growth totals £14.4m and savings and additional income account for £10.3m. This increase in expenditure is financed by a minimum 2% increase in central government grant (after amending

reports) and 4.5% increase in council tax. The proposed 2006/07 budget is summarised in Appendix B.

#### Inflation and Other Changes

31. The budget is based on outturn prices and the following general inflation assumptions:-

Pay @ 2.95%  
Additional employers pension contributions @ 1.2% of pay  
Running costs @ 2.5%

32. Overall inflation (excluding schools) is expected to be £7.7m. Where inflation exceeds the above figure this is shown as a growth bid.
33. The budget includes the full year effect of growth and savings decisions taken as part of the budget setting process in previous years and takes account of budget transfers.

#### Growth

34. In total £14.4m (net of certain specific grants and excluding schools) has been included in the budget to meet demand and cost increases, reduced income and for service improvements.
35. Details of growth items are shown in Appendix D. The main growth items are summarised below:

- The majority of the growth is required to meet demand and cost pressures. These pressures are concentrated within Social Services and Waste. In Social Services growth is mainly required to meet residential learning disabilities, independent home care and direct payments. Waste growth is required for recycling credits to district councils and a £3 per tonne increase in the landfill tax.
- Service improvements total £2.5m and include improvements to the learning disability service, library service, additional police community support officers and household waste and recycling sites.
- Resources have been allocated to offset reduced income (£3.6m). This is mainly as a result of the loss of specific grants within Social Services for residential allowance, safeguarding children and preserved rights.

#### Savings

36. The budget includes savings of £8.9m and increased income of £1.4m. Cashable efficiency savings total £4.1m and equate to 1½% of the budget. This is above the Gershon cash efficiency target of 1.25%. The annual efficiency statement produced by the County Council will highlight both cash and non cashable efficiencies which are required to total at least 2.5% of the budget. Non cash efficiencies mean that either a higher quality or volume of service can be provided with no increase in cost. Appendix D shows the savings in detail.

37. The budget includes significant non-efficiency savings. In this context, lower priority services have been identified. These savings are required to restrict the council tax increase and enable investment in higher priority services. The main savings in this category relate to community plus, environmental maintenance, concessionary travel and bus service contracts.

#### Central Items

38. The main change is that bank and other interest has increased by £1.4m mainly reflecting higher cash balances. This continues the trend experienced in recent years. Capital financing costs are expected to increase by £3.5m to reflect the increase in the capital programme. This reflects both an increase in borrowing, in theory, 'supported' by central government and 'unsupported' borrowing that is met by council tax. As set out in our letter to the ODPM (Appendix C) 'supported' borrowing causes the County Council particular difficulties as the new system for calculating formula grant does not fully take account of the level of supported borrowing. As a result the cost of 'supported' borrowing is effectively met by council tax.

#### Corporate

39. The County Council is expecting additional one-off funding from both the performance reward grant for the Public Service Agreement and income from the Local Authority Business Growth Incentive scheme of £2m (£1m capital and £1m revenue) and £600,000 respectively in 2006/07. Further one-off funding is also likely to be received in 2007/08. These funds will be used to pump prime the new local area agreement (LAA) and also finance the Corporate Change Management Programme. Reports on the Corporate Change Management Programme were considered by Cabinet in October and December. The Programme is aimed at ensuring the County Council can deliver on the significant change agenda that includes a wide variety of projects including; responding to the Childrens Act, delivering efficiency savings and improving procurement procedures. At present the programme is being developed and as a result existing and new corporate projects are being prioritised.

### **Capital Programme 2006/07– 2008/09**

#### Capital Programme Resources

40. The following table sets out the expected capital resources available to the County Council. These include resources made available by the Government for the main programme areas, third party contributions and discretionary resources generated by the County Council (principally capital receipts).



	<u>2006/07</u> <u>£000</u>	<u>2007/08</u> <u>£000</u>	<u>2008/09</u> <u>£000</u>
<b>Central Government</b>			
Education Main Programme	32,971	39,845	37,604
Local Transport Plan	16,881	15,284	16,168
Social Services	410	410	410
<b>Third Party Contributions</b>			
Lottery	376	2	96
EMDA/LSEP	310	600	0
Other	865	225	600
Major Developer contributions	150	3,080	180
<b>Capital Receipts</b>			
Forecast (including earmarked)	7,277	5,500	3,080
Unsupported borrowing	8,754	3,660	2,397
Other – Resources b/fwd from 2005/06	2,560	5,081	0
<b>Total</b>	<b>70,554</b>	<b>73,687</b>	<b>60,535</b>

41. The financing of the programme in 2006/07 to 2008/09 will require the Authority to enter into borrowing which is not (even in theory) supported by Government grant and has to be met from council tax. Over the three year period £14.8m of unsupported borrowing is expected to be required.
42. The key issue with respect to the Prudential Code is the revenue impact and affordability of borrowing. The projections below show the increase in the capital financing budget over the next three years.

	<u>2006/07</u> <u>£m</u>	<u>2007/08</u> <u>£m</u>	<u>2008/09</u> <u>£m</u>
Increase in the capital financing budget	3.5	1.6	0.9

43. The formula grant is expected to increase by £1.6m in 2006/07 and £1.3m in 2007/08 which is significantly lower than the increase in capital financing costs and explains, in part, the tight financial position of the County Council over the medium term. The lower increases in capital financing costs in later years reflect both decreasing levels of unsupported borrowing, the fact that central government support is shifting from supported borrowing to grant and that borrowing has been raised early. Over the three year period unsupported borrowing reduces from 20% of borrowing in 2006/07 to 10% in 2008/09.
44. Using improved Asset Management Planning, the County Council will seek to maximise capital receipts over the medium term in order both to minimise the need for prudential borrowing and to finance capital investment in priority services.

### Capital Programme

45. The proposed programme is summarised in the table below and shown in detail in Appendix E.

	<u>2006/07</u> <u>£000</u>	<u>2007/08</u> <u>£000</u>	<u>2008/09</u> <u>£000</u>
Education*	38,231	47,565	38,614
Highways and Transportation	18,836	16,964	17,298
Waste Management	1,430	1,100	1,400
Community Services	4,050	1,953	1,203
Social Services	2,983	1,375	370
Resources	2,402	3,415	1,170
Chief Executive's	160	100	100
Other Corporate	2,462	1,215	380
<b>TOTAL</b>	<b>70,554</b>	<b>73,687</b>	<b>60,535</b>

\* Education resources includes devolved formula capital.

### Education Programme

46. The Education Capital Programme will focus on five priority areas:-
- Completion of the replacement of intergrid schools. This includes meeting the cost in full of four schools and making a contribution to Enderby Brockington which is a Church of England (Voluntary Aided) school.
  - The outcome of the review of Education provision in the Vale of Belvoir and Melton Mowbray and the wider review of provision across the County is likely to have a major impact on the programme. At present £17.8m has been included for a new secondary school in the Vale of Belvoir to be funded by central government capital grant. As proposals are developed in response to these reviews the three year programme will be amended.
  - The next area special school (£10m) funded by central government targeted capital grant.
  - The development of a further 24 Children's Centres and further funds for the extended schools programme.
  - The ongoing programme to replace mobile classrooms.
47. The costs of many of the major 2007/08 and 2008/09 projects in the programme including the new secondary school, Children's Centres and the new area special school will be dependent on more detailed feasibility and design work. The programme is currently based on either available funding or a desktop estimate.
48. In addition to the main programme devolved formula capital will increase by £2.2m to £11.3m. The majority of this increase (c.£1.7m) results from a reallocation by the DfES of Schools ICT infrastructure grant. These resources are allocated directly to schools, mainly on the basis of pupil numbers. This means a 1,200 place secondary school will receive £126,800 in 2006/07. A 240 place primary school will receive £31,600 in 2006/07.

### Transportation

49. The key influence on the transportation capital programme is the second five year Local Transport Plan (2006 – 2011). The consultation period for the draft plan is due to end in the middle of January and the final version approved in March.
50. The provisional plan has been produced and assessed as 'promising' by the Government Office of the East Midlands (GOEM). This assessment along with the assessment of the annual progress report (APR) is important as up to 25% of an authority's integrated transport block allocation is dependent on the quality and delivery of LTPs. As the County Council's APR has been assessed as 'excellent' the integrated transport block allocation is increased by 12.5% to £6.2m.
51. The majority of the LTP is for capital maintenance (£9.6m).
52. In total LTP funds of £15.8m have been allocated compared to £15.6m in 2005/06. A further allocation of £1.1m has been made for capital maintenance on the recently de-trunked A6 and A47.
53. The most significant project within the LTP is the park and ride scheme at Enderby. This is forecast to be completed by the summer 2010 at a cost of £9.2m. It will be financed by a combination of LTP, developers, prudential borrowing, City Council contributions and capital receipts.
54. The settlement does not include any funds for major transportation schemes. The East Midlands Regional Assembly is due to endorse a proposed programme in the middle of January in line with the new Government process of regional funding allocations. At this stage it seems likely that in the first five years the programme will include both the Earl Shilton by pass and Loughborough integrated transport scheme. This programme will then be considered by the Department of Transport. The capital programme will need to be amended to take account of any approved schemes later this year.
55. The programme also includes other schemes funded from capital receipts and prudential borrowing. This includes the advance design work for the Loughborough integrated transport scheme and Melton Mowbray bypass and street lighting column replacement.

### Waste Management

56. The three year programme is aimed at improving household waste and recycling sites. The programme includes funding for completion of the improved site at Oadby, a new site at Sileby and funds, in 2007/08, to start work on improving one site from Lount, Melton Mowbray or Kibworth. A block allocation has also been included for general improvements to sites.

### Social Services

57. The main focus of the programme continues to be progressing the learning disability review with new or upgraded facilities at Melton, Market Harborough, Hinckley, Lutterworth and North West Leicestershire. This is in addition to the new facilities in Wigston and Charnwood included in the 2005/6 programme.

#### Community Services

58. The programme continues to focus on both the refurbishment and replacement of libraries with new libraries planned at Earl Shilton, Leicester Forest East, Oadby, Kirby Muxloe, Braunstone and Mountsorrel over the next three years.
59. The programme also includes a £0.5m contribution for the extension of the Ashby Canal. This £13m scheme is heavily dependent on external funding that will be sought from the national lottery and other organisations over the next couple of years. The County Council's contribution is for advanced design work.

#### Resources and Chief Executives

60. The main focus is continuing the development of ICT infrastructure to support the increasing number of services delivered to the public electronically. Resources have also been allocated to meet the Disability Discrimination Act requirement to improve access to County Council buildings.
61. Resources have also been allocated to meet the potential cost of acquiring the existing ESPO warehouse and expenditure arising as a result of relocation.

#### Other Corporate

62. A block allocation is included for the corporate change programme in 2006/07 and 2007/08. The capital programme will be amended following the current review of corporate priorities as a result of the change management programme. This means that the current priorities for this capital funding (BABS1, electronic and document records management system, contact centre and E.procurement) could change.

#### County Fund

63. The forecast balance on the County Fund at the end of 2005/06 is £8.5m, which represents 3% of the budget (excluding schools' delegated budgets). This assumes a £2m contribution from this years underspend. At present it is assumed that the balance of underspend will be treated as carry forwards for services. A shortfall on the supporting people budget in 2006/7 is likely to be met by this method. The policy continues to be to maintain a level of County Fund consistent with the inherent risks faced by the County Council.

#### Council Tax

64. The proposed budget for 2006/07 is based on a 4.5% Council Tax increase. This will result in Council Tax for a Band D dwelling increasing from £890.40 to £930.47.
65. The Government has made it clear that it expects average Council Tax increases to be less than 5%. It has been explicit in its threat to use its reserve powers to cap authorities that it considers have been excessive in their proposed Council Tax increase. Appendix F contains the letter from the ODPM.

### **Medium Term Position**

66. An outline medium term financial strategy is being developed that takes account of the funding position, expenditure pressures and corporate priorities over the next few years. This will be presented to County Council in February.
67. The ODPM issued settlements for 2006/07 and 2007/08 in December and plans to issue three year settlements alongside the comprehensive spending review next year. This change is welcomed as it provides the necessary funding certainty to produce a medium term financial plan. As stated earlier the relatively low increase in formula grant of 2% in 2006/07 and 2.7% in 2007/08 and the prospect of a further 'floor' increase in 2008/09 is not welcomed and means that the County Council will continue to operate within a tight financial environment.
68. The main demand and cost pressures over the medium term continue to be within Social Services and Waste. In Social Services they relate to home care and residential and nursing placements. The main pressure in Waste relates to the landfill tax and recycling costs. Other pressures include the increasing cost of highways maintenance and capital financing.
69. The County Council plans to continue to invest in Medium Term Corporate Strategy priorities including learning disability services, children's service, libraries and waste. A significant element of the investment in these and other services is taking place through the capital programme. The capital financing costs will therefore also be a significant budget pressure that will need to be restricted by maximising capital receipts, seeking external funding and partnership working.
70. One element of the County Council's 'change management' programme is to ensure we can continue to generate cash efficiency savings of circa 1½% per annum. However, efficiency savings alone will be insufficient to deliver a reasonable level of council tax increase. Therefore at the same time lower priority service savings will need to be identified building on those proposed in this year's budget. At this stage the following service areas have been identified as having potential to generate further savings: education transport, adult and community learning, residential care for older people, Social Services charging, regeneration and environmental action, family centres, support for the Ivanhoe Line, development control, grants, country parks, arts and outreach, money advice and library service for education.
71. The ability to generate efficiency and other savings underpins the aim to invest in priority services and at the same time moderate the level of council tax increase.

### **Equal Opportunities Implications**

Many aspects of the County Council's budget are directed towards the needs of disadvantaged people. Proposals will be subject to race equality impact assessments where necessary.

**Background Papers**

Revenue support grant settlement 2006/07.

**Appendices**

- A - Budget Monitoring
- B - Proposed Budget
- C - Settlement response
- D - Growth and Savings
- E - Capital Programme
- F - ODPM Letter

**APPENDIX A**

**BUDGET MONITORING STATEMENT  
FOR THE PERIOD : APRIL 2005 TO NOVEMBER 2005**

	Updated Budget	Projected Outturn	Difference from Updated Budget	
	£000	£000	£000	%
<b>Services</b>				
Schools	245,030	245,030	0	0.0
Education Other	72,664	71,854	-810	-1.1
Social Services	115,346	113,646	-1,700	-1.5
Highways & Transport	31,224	31,394	170	0.5
Waste Disposal	17,372	17,142	-230	-1.3
Community Services	18,252	18,332	80	0.4
Chief Executives	9,283	9,283	0	0.0
General Items	3,732	3,732	0	0.0
Resources	16,383	16,283	-100	-0.6
Corporate	365	345	-20	-5.5
<b>Total Services</b>	<b>529,651</b>	<b>527,041</b>	<b>-2,610</b>	<b>-0.5</b>
<b>Central Items</b>				
Bank & Other Interest	-3,000	-4,500	-1,500	50.0
Financing of Capital	23,922	24,422	500	2.1
Flood Defence Levies	236	236	0	0.0
Pension Costs	1,850	1,840	-10	-0.5
<b>Total Central Items</b>	<b>23,008</b>	<b>21,998</b>	<b>-1,010</b>	<b>-4.4</b>
<b>Total Spending</b>	<b>552,659</b>	<b>549,039</b>	<b>-3,620</b>	<b>-0.7</b>

**APPENDIX B**

**REVENUE BUDGET 2006-07 (Proposed)**

	Base including inflation £000	Growth £000	Savings £000	Total Budget £000
<b>Spending</b>				
<b>Services:</b>				
Education LEA Block	37,015	866	-2,220	35,661
Social Services	118,479	6,498	-3,204	121,773
Highways & Transport	31,809	1,219	-1,997	31,031
Waste Disposal	17,784	3,130	-1,120	19,794
Community Services	18,225	1,005	-304	18,926
Chief Executives	12,306	372	-431	12,247
Resources	16,811	1,269	-1,052	17,028
Corporate	949			949
Dedicated Schools Grant (Central Dept recharges)	-1,523			-1,523
<b>Total Services</b>	<b>251,855</b>	<b>14,359</b>	<b>-10,328</b>	<b>255,886</b>
<b>Central Items:</b>				
Bank & Other Interest				-4,400
Financing of Capital				27,400
Flood Defence Levies (provisional)				260
Pension Costs				1,860
<b>Total Central Items</b>				<b>25,120</b>
<b>Total Spending</b>				<b>281,006</b>
County Fund				0
<b>Budget Requirement</b>				<b>281,006</b>
<b>Funding</b>				
Formula Grant (provisional)				-79,387
Collection Fund surplus (net) (provisional)				-600
Precept (provisional)				-201,019
<b>Total Funding</b>				<b>-281,006</b>
<b>Council Tax</b>				
Council Tax Base (provisional)				216,039.80
County Council's Council Tax Element for a Band D Property				£930.47
Increase on 2005-06 (£890.40)				4.5%



**APPENDIX C**

Mrs A Presland  
LGF CFA  
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Eland House  
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11<sup>th</sup> January 2006

BR/NDW  
Mr Brian Roberts  
0116 265 7830  
[broberts@leics.gov.uk](mailto:broberts@leics.gov.uk)

Dear Mr Presland

This letter represents the response by Leicestershire County Council to the 2006/07 and the 2007/08 Provisional Local Government Finance Settlement Consultation.

Financial Planning

For the third year running, additional resources were made available at the last minute to boost the settlement for local authorities. Whilst the additional funding is obviously very welcome, it has made planning very difficult.

Early indications of a definitive grant figure for each individual authority will help the planning process greatly. Therefore the provisional settlement for 2007/08 being announced at the same time as that for 2006/07, and the move in general to three year settlements, is very much welcomed. However some early clarification is required as to how certain the 2007/08 figures are.

Level of Resources

The 2006/07 settlement provides a national increase in grant of 3% with a 3.8% increase for 2007/08. Whilst these increases are above household inflation this ignores the additional spending pressures that local authorities are facing, and have little control over, particularly in demand led areas such as Waste and Social Services. Despite the significant efficiency savings that local authorities have been able to generate, exceeding the Government's own target for local government, when these additional spending pressures are taken into account, service reductions are likely to be required to keep the council tax increase below 5%.

## APPENDIX C

Leicestershire's own position is significantly worse than the national average position. Grant increases of 2% for 2006/07 rising to 2.7% in 2007/08 will not even cover the cost of household inflation over this period. The only option will be for significant levels of service reductions to be made in order to achieve a council tax increase of below 5%, let alone an increase in line with headline inflation which is what most people expect.

### 'Supported' Capital Expenditure

The inadequacy of the level of resources is exacerbated by the position on funding capital expenditure which we were led to believe would be supported by formula grant.

The notional increase in supported capital expenditure that Leicestershire has received to cover the full year costs of 2005/06 and the part year costs for 2006/07 is significantly in excess of the actual increase in grant received overall. This clearly demonstrates that no additional grant has been received to cover these additional capital financing costs.

In previous years, increases in grant for capital financing have been taken out of the calculations of floors and ceilings, precisely to avoid such a situation. This approach needs to be repeated in the calculation of the final settlement otherwise resources intended to support capital investment in one authority will be used to simply support services in another authority. Long term, the concept of supported capital expenditure should be scrapped and all capital resources distributed by capital grants.

As a result of the Leicestershire's Local Transport Plan (LTP) being graded as 'excellent', the authority has received an additional £700k 'supported' capital. However, because of the way floors are operating within the resource allocation system, and the fact the Leicestershire is at the grant floor, no actual additional revenue funding will be received.

This is clearly unsatisfactory and undermines the concept of rewarding those authorities who have put the time and effort into ensuring their LTP plans are of the highest standards expected by the Government.

The new grant system is intended to focus attention on the increase in grant. The Government cannot then say that it includes provision for supported capital when patently it does not. The Government can only truly be claiming to support capital expenditure if it is paying capital grant.

### Specific Grants

The overall tight budgetary position for local authorities is compounded further by the ending of the Safeguarding Children grant and the overall cash limiting of most other Social Services grants. Furthermore, authorities have seen real terms reductions of 5% of the grant available to fund the Supporting People programme. Shortfalls in these areas will have to be funded from the already insufficient mainstream resources.

## APPENDIX C

### Alternative Grant System

The Government's decision to press ahead with the four-block model in the face of overwhelming opposition from local government is disappointing. It completely undermines the whole consultation exercise. The timing is also inappropriate and such a radical change to the system should only be implemented if it consistent with the findings and subsequent recommendations from the Lyons Review.

The Minister's statement tries to assure us that the new system will not be more complex, or rely on greater levels of Ministerial judgement. It is hard to be convinced that this is the case and the lack of transparency in the new system seems to be designed to obscure the assumptions that underpin the calculations. This new system will be much harder to explain to the taxpayer.

### Resource Equalisation

Leicestershire opposes the additional resource equalisation in the provisional settlement. It is reasonable that the grant system should take account of local resource raising capability (i.e. taxbases) and relative needs of authorities, but only at the level of expenditure the Government is prepared to fund. Local authorities who have decided to spend above this level have done so in the full knowledge of the implications on council tax.

Resource equalisation simply encourages high spending by those authorities with a low taxbase as well as basing the grant allocation system on past levels of expenditure, a principle that the Government has stated it wishes to move away from.

The view of the County Council was that the old grant system diverted too much resource to urban authorities at the expense of shire areas. The new system has done nothing to correct this, and the implementation of resource equalisation has just compounded the problem further by switching resources from County Councils who previously spent in excess of FSS to authorities who have traditionally spent below FSS.

In the absence of any detailed, independent research to establish relative levels of need there is no proper rationale on which to base the level of resource equalisation. It appears to have been done solely to switch resources to higher needs/lower taxbase authorities. This is particularly inappropriate given the decision to defer the implementation of the council tax revaluation.

### Census 2001

Leicestershire is pleased that finally the 2001 Census data has been fully utilised in the 2006/07 settlement having lobbied for some time about the inappropriateness of continued use of the out-of-date 1991 data.

### Dedicated Schools Grant (DGS)

Leicestershire opposes the DSG due to the reduction in local autonomy and accountability created by its introduction. Furthermore it has forced the merger of

## APPENDIX C

NNDR and RSG which will mean that the re-localisation of business rates will be much harder to implement if it was decided to do so at some point in the future.

It is also unacceptable that the level of transfer has taken place at the level of Schools spend rather than at Schools FSS. This has perversely benefited those authorities who have previously chosen to spend less than FSS on schools.

Protecting non-education authorities from the impact of the introduction of DSG is also unfair. It is inconsistent that certain services, such as Police and Fire, when provided by a separate body are protected from the implementation whereas other services such as Social Services or Fire services when provided by an Education/PSS authority are not.

### Relative Resources block

In response to previous year's settlements, Leicestershire has made representations about the unfairness of manipulating the ANCT share in two-tier areas to ensure an improved settlement for Shire Districts at the expense of Shire Counties. Under this new grant system this manipulation has still continued through the way the relative resource amounts have been set for different classes of authority. This is evidenced by the fact that the average increase in grant for Shire Districts in 2006/07 will be 5% compared to 2.5% for Shire Counties.

### Waste Management

Leicestershire is disappointed that the Government has not created a separate Waste Management block within the new grant system. Recent research by PricewaterhouseCoopers provided evidence that waste management costs are directly related to population, and not significantly affected by other socio-economic characteristics such as density and deprivation, and as such the EPCS block does not provide an appropriate measure of authorities' relative cost requirements for Waste Management.

Within the new system, the indicators have not been re-weighted to take account of increasing cost pressures on waste management despite making such adjustments for Concessionary Fares, the quantum for which is significantly smaller than for Waste.

It is inconsistent that a decision has been taken to re-weight the indicators within the EPCS formula to distribute the £350m additional funding for concessionary travel whilst refusing to make such an adjustment for Waste Management.

### Capital Financing

Leicestershire is disappointed at the Government's decision to remove the negative interest receipts sub-blocks within the capital financing formula. These sub-blocks should have been retained until it was possible to carry out research examining individual authorities' ability to generate interest receipts and build this into a revised formula.

## APPENDIX C

Furthermore, the removal of these negative sub-blocks has happened in such a way as to increase the level of resource equalisation in the formula. If the Government was to go down the line of removing these sub-blocks, this should be done by reducing the control totals for other services rather than simply increasing the implied burden on council tax.

### Adults Personal Social Services

Leicestershire is disappointed to see that the Government has decided not to implement the option for Younger Adults that was described as being the better technically and has instead implemented the other option.

Also it is disappointing to note that no increase has been given to the sparsity weighting in the formula despite the research by the Countryside Agency which suggested that costs could be up to 45% higher in rural areas. County Councils were requesting a sparsity weighting of just 1% in the short term but it seems that even this is considered too high by the Government.

### Children's Services

Leicestershire is pleased that the revised formula has been implemented for Children's Personal Social Services and supports this change. However it is disappointing to note that increased weighting has been given to the foster care adjustment, as this is contrary to the Government's view that resource allocation should not be based on past measures of expenditure.

### Within-Block Damping

Leicestershire is opposed to the concept of applying damping mechanisms within individual service blocks as has happened within the Children's and Younger Adults PSS formulae. If there was not an overall floor applied to grant increases then such an approach would be acceptable.

However in this situation an authority who loses heavily from a PSS option could end up finding themselves above the overall grant floor through having a big loss on PSS protected whilst at the same time doing well from options elsewhere. There is no sensible reason for protecting losses as a result of changes to the PSS formula more than general grant losses from the formula as a whole.

Yours sincerely

Brian Roberts  
Director of Resources  
Leicestershire County Council

**2006/07 GROWTH****APPENDIX D**

	2006/07 £000	2007/08 £000	2008/09 £000
<b>EDUCATION LEA</b>			
<b>Service Improvements</b>			
Service Units - capital programme/ asset management posts	125	125	125
<b>Demand &amp; cost increases</b>			
Mainstream Transport	100	100	100
Premature retirement costs	200	200	200
Criminal Records Bureau checks	50	50	50
Childrens Act preparations	120	120	120
<b>Reduced Income</b>			
Teachers Pay Grant - transfer to Formula Grant	271	271	271
	<u>866</u>	<u>866</u>	<u>866</u>
<b>SOCIAL SERVICES</b>			
<b>Service Improvements</b>			
Best Value Review - Learning Disabilities:			
Respite care homes - Melton and Wigston	40	350	350
Supported Living - Melton, Oadby and Wigston	235	235	235
Supported Living unit 'Daybreak'- NW Leics	8	100	260
Modernisation of day services	100	165	165
<b>Demand &amp; cost increases</b>			
<b>Demand</b>			
Independent Home Care	421	671	671
Residential / Nursing Placements	200	200	200
Direct Payments	660	660	660
Children's Residential Agency Placements	200	200	200
Children's Foster Care	100	100	100
Community Meals Service	340	340	340
Brain Injury Clients	90	150	150
Aids and Adaptations	50	50	50
Community equipment	80	80	80
<b>Cost:</b>			
High cost Residential Learning Disabilities	900	900	900
Children's Foster Care	230	230	230
Energy costs	255	255	255
<b>Other growth</b>			
Other minor growth	50	50	50
<b>Reduced Income</b>			
Residential Allowance - transfer of grant to FSS	1,867	1,867	1,867
Safeguarding Children - loss of grant	522	522	522
Preserved Rights - grant reduction (net)	200	200	200
Less funded from Government Grant	-50	-50	-50
	<u>6,498</u>	<u>7,275</u>	<u>7,435</u>
<b>HIGHWAYS &amp; TRANSPORT</b>			
<b>Service Improvements</b>			
Community Speed Watch	50	56	61
Improve information availability to the community for highway & waste disposal services	90	70	70
<b>Demand &amp; cost increases</b>			
Excess inflation on highways maintenance	592	592	592
Employee increments (net of turnover)	120	120	120
<b>Reduced Income</b>			
Loss of income from trading agreements, search fees and developers	367	367	367
	<u>1,219</u>	<u>1,205</u>	<u>1,210</u>

	2006/07 £000	2007/08 £000	2008/09 £000
<b>WASTE MANAGEMENT</b>			
<b>Service improvements</b>			
Recycling & Household Waste Sites - contract improvements	750	1,000	1,000
Waste Strategy implementation	200	200	200
<b>Demand &amp; cost increases</b>			
Haulage costs - increased prices	290	290	290
Recycling Credits - new statutory scheme	860	860	860
Landfill Tax - additional £3 per tonne	670	670	670
Reuse Credits - new statutory scheme	50	50	50
Disposal Contracts - increased prices	310	310	310
	<u>3,130</u>	<u>3,380</u>	<u>3,380</u>
<b>COMMUNITY SERVICES</b>			
<b>Service Improvements</b>			
Marketing Snibston Discovery Park and Snibston Keeper	62	47	47
Health & Safety Officer	35	37	39
New Trading Standards statutory obligations (staffing)	106	111	119
Library Services improvements	215	218	255
<b>Demand &amp; Cost Increases</b>			
Employee increments (net of turnover)	253	253	253
Snibston Discovery Park rates revaluation	27	27	27
Excess inflation increases - principally energy costs	187	187	187
Registrars - new contractual obligations (staffing) & travel costs	25	25	25
<b>Reduced Income</b>			
Trading Standards - Metrology verification and licensing services	25	25	25
Library Services - reduced demand for paid-for services	50	50	50
	<u>1,005</u>	<u>980</u>	<u>1,027</u>
<b>CHIEF EXECUTIVE</b>			
<b>Service Improvements</b>			
Police Community Support Officers	150	200	200
Strategic Spatial Planning	30	30	30
Member development training co-ordinator	14	14	14
<b>Other Growth</b>			
Employee increments (net of turnover)	178	178	178
	<u>372</u>	<u>422</u>	<u>422</u>
<b>RESOURCES</b>			
<b>Service Improvements</b>			
Revenue consequences of Corporate ICT capital programme	60	310	310
Corporate Asset Management Planning	120	120	120
Corporate Change Management	110	110	110
<b>Demand &amp; Cost Increases</b>			
Property - staffing & contract staff (met by income)	269	269	269
Increased running costs (Property and Administration)	31	31	31
Maint of Buildings - increased energy prices	225	225	225
Maint of Buildings - Travellers and other Sites (mainly met by income)	72	72	72
<b>Reduced Income</b>			
Loss of rental & other income from ESPO relocation	324	324	324
ICT - other various loss of income	19	19	19
Property - loss of Magistrates, Police etc	39	39	39
	<u>1,269</u>	<u>1,519</u>	<u>1,519</u>
<b>TOTAL</b>	<u>14,359</u>	<u>15,647</u>	<u>15,859</u>

	2006/07 £000	2007/08 £000	2008/09 £000
<b><u>SAVINGS</u></b>			
<b><u>EDUCATION - LEA</u></b>			
<b>Efficiency Savings</b>			
Senior management restructure	-175	-175	-175
Administration & Committees	-25	-25	-25
Departmental Restructuring	-350	-350	-350
<b>Demand &amp; cost decreases</b>			
Change in number of school days	-645	-645	-645
<b>Other</b>			
Community Plus	-800	-850	-850
Discretionary Awards	-30	-60	-100
Former Standards Fund	-70	-300	-300
Education Psychology Service	-125	-250	-250
<b>Total</b>	<b>-2,220</b>	<b>-2,655</b>	<b>-2,695</b>
<b><u>SOCIAL SERVICES</u></b>			
<b>Efficiency Savings</b>			
Reduced office running costs	-42	-42	-42
Transport savings	-72	-72	-72
More efficient processes in financial assessments	-79	-108	-108
Improved procurement of home care	-302	-704	-704
Managing and meeting demand more cost effectively	-629	-629	-629
Review of staffing budgets and budgets for staff cover	-272	-307	-307
Adult Day Services Reviews	-20	-25	-25
Operating efficiencies within supported living	-50	-50	-50
Management of demand for out of hours services	-300	-300	-300
Reduced cost of administering CRB	-51	-51	-51
Review application of discretionary budgets	-37	-53	-53
<b>Other savings</b>			
Enhancement savings	-700	-700	-700
Prioritise communications and consultation activity	-25	-25	-25
Reduce management development training	-50	-50	-50
Re-focus provision of welfare rights service	-25	-50	-100
<b>Increased Income</b>			
<b>Increased client charging - home care and community meals:</b>			
<b>Home Care charges:</b>			
From April 2006 -			
Max'm from £50 to £100 per week	-300	-300	-300
Hourly from £6 to £7.20	-150	-150	-150
<b>Community Meals charges:</b>			
April 2006 increase from £2.10 to £2.60	-100	-100	-100
<b>Total</b>	<b>-3,204</b>	<b>-3,716</b>	<b>-3,766</b>
<b><u>HIGHWAYS &amp; TRANSPORT</u></b>			
<b>Efficiency Savings</b>			
Improved aggregate contract procurement	-400	-400	-400
Winter Maintenance - improved routes & purchases	-90	-90	-90
<b>Demand &amp; cost decreases</b>			
Cash limiting Administration budgets	-192	-192	-192
<b>Other Savings</b>			
PSA - Reducing Road Casualties	-120	-120	-120
Environmental Maintenance	-150	-350	-350
Flood Alleviation	-120	-120	-120
Concessionary Travel	-775	-775	-775
Public Bus Contracts	-150	-300	-450
<b>Total</b>	<b>-1,997</b>	<b>-2,347</b>	<b>-2,497</b>
<b><u>WASTE MANAGEMENT</u></b>			
<b>Efficiency Savings</b>			
Contract improvements for MRF & processing TVs	-452	-452	-452
<b>Other Savings</b>			
Waste Disposal & Haulage - general savings	-200	-200	-200
Recycling Initiatives - PSA associated funding	-20	-20	-20
<b>Increased Income</b>			
Waste Performance & Efficiency Grant	-448	-448	-448
<b>Total</b>	<b>-1,120</b>	<b>-1,120</b>	<b>-1,120</b>



	2006/07 £000	2007/08 £000	2008/09 £000
<b>COMMUNITY SERVICES</b>			
<b>Efficiency Savings</b>			
Non allocation of inflation on operational budgets	-137	-137	-137
Libraries - increased stock discounts	-35	-35	-35
Libraries - review of rural services - more efficient deployment of mobile libraries	-28	-28	-28
Regulatory - includes revised Weights & Measures Service	-16	-16	-16
Environment & Heritage - reduce overtime and revised security arrangements	-22	-22	-22
<b>Other Savings</b>			
Regeneration and Environmental Action	-50	-100	-100
<b>Increased income</b>			
Additional income generation - Snibston Discovery Park	-16	-16	-16
<b>Total</b>	<b>-304</b>	<b>-354</b>	<b>-354</b>
<b>CHIEF EXECUTIVE</b>			
<b>Efficiency Savings</b>			
General staffing reductions	-94	-94	-94
Catering	-27	-27	-27
Reduction in hospitality and professional fees	-22	-22	-22
Reduced running costs	-56	-56	-56
<b>Other savings</b>			
Rural Budget (Policy Research)	-26	-26	-26
Urban Development Project (Policy)	-20	-20	-20
Community Information (Policy)	-14	-14	-14
Community Safety Grants (YOS)	-22	-22	-22
Rural Partnership	-50	-50	-50
Subscriptions	-50	-50	-50
BABSI	-50	-50	-50
<b>Total</b>	<b>-431</b>	<b>-431</b>	<b>-431</b>
<b>RESOURCES</b>			
<b>Efficiency Savings</b>			
Reduction in staffing (Admin / Property)	-39	-39	-39
Finance - various	-44	-44	-44
ICT - running costs	-110	-110	-110
Maintenance of Buildings - County Hall security	-52	-52	-52
Maintenance of Buildings - various	-33	-33	-33
<b>Demand &amp; cost decreases</b>			
ICT - various	-40	-40	-40
Property - various	-15	-15	-15
<b>Other savings</b>			
Pension contribution completed	-13	-13	-13
Industrial Properties surplus	-300	-300	-300
<b>Increased income</b>			
Property - increased charges to capital programme / trading accounts	-340	-340	-340
Maintenance of Buildings - Travellers Sites	-66	-66	-66
<b>Total</b>	<b>-1,052</b>	<b>-1,052</b>	<b>-1,052</b>
<b>TOTAL</b>	<b>-10,328</b>	<b>-11,675</b>	<b>-11,915</b>

APPENDIX E

EDUCATION COMMITMENTS (ARISING FROM 2005/06 AND EARLIER YEARS)

GROSS COST OF PROJECT £000	SCHEME DETAILS				TOTAL
	2006/07	2007/08	2008/09	2009/10	
	£000	£000	£000	£000	£000
<b>2003/04 Starts</b>					
1,823 Loughborough Limehurst High	12			12	
1,700 Ashby Ivanhoe College	31			31	
3,178 Ravenstone Woodstone New Primary	96			96	
1,464 Oadby Manor High	18			18	
297 Great Dalby Primary	107			107	
2,614 Children's Centres	435	24		459	
<b>2004/05 Starts</b>					
10,808 Intergrid - Coalville Castle Rock	1,590			1,590	
12,548 Intergrid - Wigston Bushlows	2,689			2,689	
4,041 Hinckley Area Special School	647			647	
3,374 NOF/PE Sports - Redmile CE Primary	200			200	
<b>2005/06 Starts</b>					
13,046 Intergrid - Gartree High	7,397	4,444		11,841	
10,678 Intergrid - Shepshed High	6,029	3,649		9,678	
1,750 Intergrid - Enderby Brockington High	700	1,050		1,750	
2,013 Schools Access Initiative	200			200	
407 Moira St Youth Centre, Loughborough	17			17	
1,120 Loughborough Cobden Children's Centre	570			570	
447 Loughborough Stonebow Primary	6			6	
150 CTSU Accommodation		150		150	
	20,744	9,317		30,061	

APPENDIX E

EDUCATION 2006/07 - 2008/09 CAPITAL PROGRAMME

GROSS COST OF PROJECT £000	SCHEME DETAILS				TOTAL
	2006/07	2007/08	2008/09	2006/07	
	£000	£000	£000	£000	£000
	20,744	9,317			30,061
Commitments from earlier years b/f					
<b>2006/07 NEW STARTS</b>					
17,800 New Secondary School (Pathfinder)	100	5,100	9,800		15,000
9,993 Area Special School	300	4,000	5,693		9,993
900 Hinckley Area New Special School Phase 2 - Age 14-19	200	700			900
2,560 New Primary School - Hallam Fields, Birstall (Section 106 developer funding)	80	2,300	180		2,560
850 New Education Centre - Palmer Tomkinson Centre, Birstall (Section 106 developer funding)	70	780			850
Children's Centres/Extended Schools/Sustainable Early Years	500	8,621			9,121
Condition Work (Capital Maintenance)	2,000				2,000
Schools Access Initiative	1,000				1,000
Minor Works	1,165	35			1,200
Youth Services (Improvements to Premises)	313				313
35 Special School Replacement Mini Bus	35				35
Construction, Design & Maintenance / Clerk of Works	150				150
Health & Safety (Employers Responsibility)	25				25
Feasibilities, Forward Design and Supervision	200				200
Schools Devolved Formula Capital	26,882	30,853	15,673		73,408
	11,349				11,349
<b>Total</b>	<b>38,231</b>	<b>30,853</b>	<b>15,673</b>		<b>84,757</b>



EDUCATION 2006/07 - 2008/09 CAPITAL PROGRAMME

GROSS COST OF PROJECT £000	SCHEME DETAILS				TOTAL
	2006/07	2007/08	2008/09	£000	
	£000	£000	£000	£000	£000
Commitments from Earlier Years			15,808	15,808	15,808
<b>2008/09 PROVISIONAL PROGRAMME</b>					
Mobile Replacement			5,990	5,990	5,990
Minor Works			1,165	1,165	1,165
Schools Access Initiative			1,218	1,218	1,218
Condition Work (Capital Maintenance)			2,000	2,000	2,000
Construction, Design & Maintenance / Clerk of Works			150	150	150
Health & Safety (Employers Responsibility)			25	25	25
Feasibilities, Forward Design and Supervision			200	200	200
			26,556	26,556	26,556
Schools Devolved Formula Capital			12,058	12,058	12,058
<b>Total</b>			<b>38,614</b>	<b>38,614</b>	<b>38,614</b>



HIGHWAYS, TRANSPORTATION & WASTE MANAGEMENT 2005/06 - 2007/08 CAPITAL PROGRAMME  
TRANSPORT

GROSS COST OF SCHEME £000	SCHEME DETAILS				TOTAL
	2006/07	2007/08	2008/09	2009/10	
	£000	£000	£000	£000	£000
	<b>Commitments from earlier years</b>				400
	<b>2007/08 NEW STARTS</b>				
LTP		5,489		5,489	
- Integrated Transport Block		9,475		9,475	
- Maintenance					
Street Lighting - Column Replacement		720		720	
Park & Ride - Leicester		450		450	
Sources of funding:					
- LCC (£0.225m)					
- Leicester City Council (£0.225m)					
Loughborough Integrated Transport Scheme		430		430	
<b>Total</b>		<b>16,964</b>		<b>16,964</b>	<b>16,964</b>
	<b>Commitments from earlier years</b>				
	<b>2008/09 NEW STARTS</b>				
LTP			5,293	5,293	
- Integrated Transport Block			9,540	9,540	
- Maintenance					
Street Lighting - Column Replacement			735	735	
Loughborough Integrated Transport Scheme			330	330	
Melton Mowbray Bypass - Design			200	200	
Park & Ride - Leicester			1,200	1,200	
Sources of funding:					
- LCC (£0.6m)					
- Leicester City Council (£0.6m)					
<b>Total</b>			<b>17,298</b>	<b>17,298</b>	<b>17,298</b>

HIGHWAYS, TRANSPORTATION & WASTE MANAGEMENT 2006/07 - 2008/09 CAPITAL PROGRAMME

WASTE MANAGEMENT

GROSS COST OF PROJECT £000	SCHEME DETAILS				TOTAL
	2006/07 £000	2007/08 £000	2008/09 £000	£000	
	<b>Commitments from Earlier Years</b>				
1,200	880	200		1,080	
	<b>2006/07 New Starts</b>				
1,250	100	450	700	1,250	
	450			450	
	<b>1,430</b>	<b>650</b>	<b>700</b>	<b>2,780</b>	
	<b>Commitments from earlier years</b>				
		650	700	1,350	
	<b>2007/08 New Starts</b>				
1,250		250	600	850	
		200		200	
		<b>1,100</b>	<b>1,300</b>	<b>1,050</b>	
	<b>Commitments from earlier years</b>				
			1,300	1,300	
	<b>2008/09 New Starts</b>				
			100	100	
			<b>1,400</b>	<b>1,400</b>	



**SOCIAL SERVICES 2006/07 - 2008/09 CAPITAL PROGRAMME**

GROSS COST OF PROJECT £000	SCHEME DETAILS				TOTAL
	2006/07	2007/08	2008/09	TOTAL	
	£000	£000	£000	£000	£000
	<b>Commitments from earlier years</b>				
470	100	320		420	
935	650	275		925	
200	110			110	
705	265			265	
164	20			20	
67	4			4	
	4			4	
	<b>2006/07 New Starts</b>				
150	150			150	
840	680	160		840	
840	840			840	
	Sources of funding:				
	- Housing Corporation (£0.5m)				
	- Earmarked Capital Receipt (£0.34m)				
	20			20	
	80			80	
	30			30	
	30			30	
	<b>Total</b>				
	<b>2,983</b>	<b>755</b>		<b>3,738</b>	
	<b>Commitments from Earlier Years</b>				
		755		755	
	<b>2007/08 New Starts</b>				
365		260	105	365	
150		150		150	
155		50	105	155	
		1,215	210	1,425	

**SOCIAL SERVICES 2006/07 - 2008/09 CAPITAL PROGRAMME**

GROSS COST OF PROJECT £000	SCHEME DETAILS				TOTAL
	2006/07	2007/08	2008/09	TOTAL	
b/f	£000	£000	£000	£000	£000
General Design & Supervision		1,215	210		1,425
General Minor Works		20			20
Health & Safety Works		80			80
Fire & Safety Works		30			30
Total		<b>1,375</b>	<b>210</b>		<b>1,585</b>

**SOCIAL SERVICES 2006/07 - 2008/09 CAPITAL PROGRAMME**

GROSS COST OF PROJECT £000	SCHEME DETAILS				TOTAL
	2006/07	2007/08	2008/09	TOTAL	
Commitments from earlier years	£000	£000	£000	£000	£000
<b>2008/09 New Starts</b>			210		210
Ashcroft Mental Health Hostel (Specification and financing to be finalised)					
Various Minor Works					
General Design & Supervision			20		20
General Minor Works			80		80
Health & Safety			30		30
Fire & Safety			30		30
Total			<b>370</b>		<b>370</b>

COMMUNITY SERVICES 2006/07-2008/09 CAPITAL PROGRAMME

GROSS COST OF SCHEME £000	SCHEME DETAILS				TOTAL
	2006/07	2007/08	2008/09	£000	
	<b>Commitments from Earlier Years</b>				
1,460	Oadby Library	400	800	250	1,450
490	Kirby Muxioe Library	295			295
465	Braunstone Welcombe Avenue Library	445			445
441	Markfield Library	11			11
585	Broughton Astley Library	9			9
1,051	Bosworth Battlefield Visitor Centre	520	3	153	676
	Sources of funding:				
	- NHLF (£0.474m)				
	- LCC Contribution (£0.148m)				
	- LCC Revenue Contribution (£0.054m)				
	<b>2006/07 NEW STARTS</b>				
	<b>Libraries</b>				
400	Replace Earl Shilton Library	400			400
	Sources of funding				
	- Earmarked Capital Receipt (£0.2m)				
	- LCC Contribution (£0.2m)				
710	Replace Leicester Forest East Library	460	250		710
	Major Refurbishments	170			170
743	Mountsorrel Library	650			650
	Sources of funding:				
	- LCC (£0.045m)				
	- LSEP (£0.150m)				
	- Mountsorrel Parish Council (£0.100m)				
	- Charnwood Borough Council (£0.075m)				
	- Earmarked Capital Receipt (£0.28m)				
		3,360	1,053	403	4,816

COMMUNITY SERVICES 2006/07-2008/09 CAPITAL PROGRAMME

GROSS COST OF SCHEME £000	SCHEME DETAILS				TOTAL	
	2006/07	2007/08	2008/09	2009/10	£000	£000
b/f	3,360	1,053	403		4,816	
13,100	200				200	
150	290				290	
	30				30	
	20				20	
	150				150	
<b>Total</b>	<b>4,050</b>	<b>1,053</b>	<b>403</b>		<b>5,506</b>	

Environment & Heritage  
 Ashby Canal - Snarestone to Measham (Est Cost £13.1m)

Market Towns  
 Sources of funding:  
 - LCC (£0.0115m)  
 - LSEP (£0.16m)  
 - Other (£0.015m)

Land Reclamation (Contribution)

Other  
 Advanced Design  
 Registrars Relocation to Melton Borough Council Office  
 (Financed by Revenue Contribution)

**COMMUNITY SERVICES 2006/07-2008-09 CAPITAL PROGRAMME**

GROSS COST OF SCHEME £000	SCHEME DETAILS				TOTAL
	2006/07	2007/08	2008/09	2009/10	
	£000	£000	£000	£000	£000
		1,053	403	1,456	
	<b>Commitments from Earlier Years</b>				
	<b>2007/08 NEW STARTS</b>				
	<b>Libraries</b>				
	Major Refurbishment Libraries	165		165	
	<b>Environment &amp; Heritage</b>				
	270 Country Parks Access/Rights of Way (Contribution)	55	55	110	
	1,000+ Harbrough Museum Refurbishment (Contribution)	100	50	150	
	140 Relocate Rothley Store	140		140	
	Market Towns (Contribution)	125		125	
	Land Reclamation (Contribution)	30		30	
	Environmental Strategy Implementation Programme	15	15	30	
	Ashby Canal - Snaresstone to Measham (Gross Cost £13.1m)	100		100	
	National Forest Youth Hostel (Contribution)	50		50	
	<b>Other</b>				
	500 Snibston Colliery Building (Contribution)	100		100	
	Advanced Design	20		20	
	<b>Total</b>	<b>1,953</b>	<b>523</b>	<b>2,476</b>	

COMMUNITY SERVICES 2006/07-2008/09 CAPITAL PROGRAMME

GROSS COST OF SCHEME £000	SCHEME DETAILS				TOTAL
	2006/07	2007/08	2008/09	£000	
	£000	£000	£000	£000	£000
				523	523
				120	120
				150	150
				30	30
				120	120
				200	200
				40	40
				20	20
				1,203	1,203

Commitments from Earlier Years

**2008/09 NEW STARTS**

**Libraries**

Major Refurbishments Libraries

**Environment & Heritage**

Watermead Visitor Centre (Contribution)

Land Reclamation (Contribution)

Market Towns (Contribution)

Ashby Canal - Snarestone to Measham (Gross Cost £13.1m)

**Other Services**

Fire Risk Assessment

Advanced Design

Total

RESOURCES 2006/07 - 2008/09 CAPITAL PROGRAMME

GROSS COST OF SCHEME £000	SCHEME DETAILS				TOTAL
	2006/07	2007/08	2008/09	2006/07	
	£000	£000	£000	£000	£000
	97			97	
<b>Commitments from earlier years</b>					
<b>ICT Services</b>					
<b>County Hall</b>					
60 Replace and Upgrade Lift	40			40	
150 Car Park Security	142			142	
50 Improvements to Cycle Access	20			20	
<b>Corporate DDA</b>					
38 Melton Area Office	38			38	
	337			337	
<b>2006/07 NEW STARTS</b>					
<b>ICT Services</b>					
<b>County Farms</b>					
26 Disposal Facilities General Improvements	26			26	
14 Littlethorpe Farm, Thorpe Satchville	14			14	
65 Farmland at Asfordby (Financed by Earmarked Capital Receipt)	65			65	
	1,402			1,402	

**RESOURCES 2006/07 - 2008/09 CAPITAL PROGRAMME**

GROSS COST OF SCHEME £000	SCHEME DETAILS			TOTAL		
	2006/07 £000	2007/08 £000	2008/09 £000	2006/07 £000	2007/08 £000	2008/09 £000
b/f	1,402			1,402		
<b>County Hall</b>						
ESPO Buildings - compensation and commitments arising from relocation	750	500		750	500	
<b>Corporate DDA</b>						
Shire Grants	5			5		
13 Hinckley Library	13			13		
13 Newbold Verdon Library	13			13		
28 Newbold Verdon Library - Ramp	28			28		
11 Coalville Registrars	11			11		
6 Loughborough Library	6			6		
Reserve Schemes	68			68		
6 Desford Library	6			6		
<b>Risk Management</b>						
	100			100		
<b>Total</b>	<b>2,402</b>	<b>500</b>		<b>2,402</b>	<b>500</b>	<b>2,902</b>



**RESOURCES 2006/07 - 2008/09 CAPITAL PROGRAMME**

GROSS COST OF SCHEME £000	SCHEME DETAILS				TOTAL
	2006/07	2007/08	2008/09	2009/10	
	£000	£000	£000	£000	£000
		500			500
		1,540	20		1,560
		40			40
		24			24
		24			24
		24			24
		13			13
		150			150
		100			100
		1,000			1,000
		<b>3,415</b>	<b>20</b>		<b>3,435</b>

**Commitments from Earlier Years**

**2007/08 NEW STARTS**

**ICT Services**

**County Farms**

- 40 Disposal Facilities General Improvements
- 24 Misterton County Farms Phase 1
- 24 Dalby Lodge Farm, Thorpe Satchville
- 24 London Leys Farm, Sapcote
- 13 Usher Farm, Gilmorton

**Corporate Disability Discrimination Act**

Physical Adaptations of Buildings

**Risk Management**

**Industrial Properties**

Managed Workspaces at West Avenue, Wigston

Sources of funding:

- LSEP (£0.6m)

- Industrial Properties Trading Account (£0.4m)

(Note: if bid successful work may commence 2006/7)

Total

RESOURCES 2006/07 - 2008/09 CAPITAL PROGRAMME

GROSS COST OF SCHEME £000	SCHEME DETAILS				TOTAL
	2006/07	2007/08	2008/09	2008/09	
	£000	£000	£000	£000	£000
Commitment from Earlier Years			20	20	20
<b>2008/09 NEW STARTS</b>					
ICT Services			775	775	775
County Farms					
40 Disposal Facilities General Improvements			40	40	40
24 Oback Farm, Misterton			24	24	24
12 Misterton County Farms Phase 2			12	12	12
20 Hill Farm, Misterton			20	20	20
15 Marriott Farm, Cotes de Val			15	15	15
14 Villiers Farm, Hoby			14	14	14
Corporate Disability Discrimination Act					
Physical Adaptations of Buildings			150	150	150
Risk Management			100	100	100
<b>Total</b>			<b>1,170</b>	<b>1,170</b>	<b>1,170</b>

**CHIEF EXECUTIVES 2006/07-2008/09 CAPITAL PROGRAMME**

GROSS COST OF SCHEME £000	SCHEME DETAILS				TOTAL £000
	2006/07 £000	2007/08 £000	2008/09 £000		
	<b>2006/07 NEW STARTS</b>				
	100				100
	60				60
	<b>160</b>				<b>160</b>
	<b>2007/08 NEW STARTS</b>				
		100			100
		<b>100</b>			<b>100</b>
	<b>2008/09 NEW STARTS</b>				
			100		100
			<b>100</b>		<b>100</b>

**OTHER CORPORATE 2006/07-2008/09 CAPITAL PROGRAMME**

SCHEME DETAILS		2006/07	2007/08	2008/09	TOTAL
	£000	£000	£000	£000	£000
<b>Commitments from earlier years</b>					
Corporate Change Programme	957	300			1,257
Loughborough Sport Park	350				350
	1,307	300			1,607
<b><u>2006/07 NEW STARTS</u></b>					
Corporate Change Programme	550				550
Disposal & Acquisition Costs	500				500
Legal Costs	105				105
<b>Total</b>	<b>2,462</b>	<b>300</b>			<b>2,762</b>

**OTHER CORPORATE 2006/07-2008/09 CAPITAL PROGRAMME**

SCHEME DETAILS		2006/07	2007/08	2008/09	TOTAL
		£000	£000	£000	£000
<b>Commitments from earlier years</b>					
<b><u>2007/08 NEW STARTS</u></b>					
	Corporate Change Programme		550		550
	Disposal & Acquisition Costs		260		260
	Legal Costs		105		105
	<b>Total</b>		<b>1,215</b>		<b>1,215</b>
<b><u>2008/09 NEW STARTS</u></b>					
	Disposal & Acquisition Costs			275	275
	Legal Costs			105	105
	<b>Total</b>			<b>380</b>	<b>380</b>



Office of the  
Deputy Prime Minister

Creating sustainable communities

Local Authority Leaders (including police and fire  
authorities)

Directly Elected Mayors

Lord Mayor of the Corporation of the City of London

APPENDIX F

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13 DECEMBER 2005

### **Council Tax in 2006/07 and 2007/08**

As you know, I announced the provisional local government settlement for 2006/07 and 2007/08 to the House of Commons on 5 December. I attach a copy of my statement.

I am writing to make it clear that the Government has provided a stable and predictable basis for local services and to inform you that on Friday my Department published a table that set out the figures for the vast majority of specific grants allocations for each local authority.

There is following my announcement no excuse for excessive increases in council tax in 2006/07 and 2007/08. We expect the average council tax increase in England in both 2006/07 and 2007/08 to be less than 5%. Local government should be under no illusions that we will use our capping powers to deal with excessive increases, as we have done over the last two years. This applies to all authorities, including police and fire authorities. Authorities should not use previous capping principles as a guide for 2006/07 or 2007/08.

The 2006/07 and 2007/08 provisional settlements are good for local government. The total support for local government in 2006/07, including specific grants, will rise by £2.7 billion - which represents an increase of 4.5% compared with 2005/06. In 2007/08 total support will rise by a further £3 billion, or 5%. In total, by 2007/08, local government will have had a 39% real-terms increase in funding since 1997. As in previous years, all authorities now have a period of 6 weeks within which they can respond to the provisional settlement. The deadline for comments is Wednesday 11 January 2006.

The settlement includes funding which is over and above previous plans of £305m in 2006/07 and £508m in 2007/08 to meet pressures faced by councils. This is part of the two-year settlement for individual authorities covering both

formula grant and the vast majority of specific grants which provides the certainty for medium-term financial planning requested by councils.

The Government has also agreed to work with local government to explore the ways that pressures can be reduced in three key areas: pay, waste and adult social care. For example, the Government will be involving local authorities as the future strategy for coping with pressures in waste is considered.

The Government has also made clear that Ministers across Whitehall are committed to the New Burdens procedure, and the Government will be strengthening the procedures in this area.

Other areas that will help mitigate pressures include looking to implement better regulation and tackle unnecessary bureaucracy by reducing the number of consent regimes. Local authorities also stand to benefit from extra money coming into their budgets through Local Authority Business Growth Incentive scheme (LABGI).

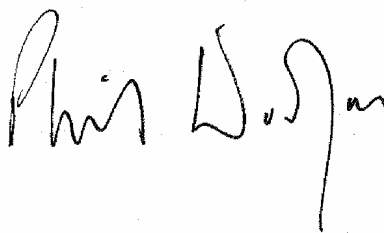
It is also the case that all authorities, in common with the rest of the public sector, must deliver efficiency gains. Local government is expected to deliver at least £6.45 billion of efficiency gains by 2007/08, though we believe that higher gains are attainable for local authorities.

With substantial additional funding, efficiency gains and additional flexibilities, there is no excuse for excessive council tax increases in 2006/07 or 2007/08. We will not allow authorities to impose excessive increases.

The Government will take decisions on capping principles once authorities have set their budgets for 2006/07. We have issued Alternative Notional Amounts for 2005/06 for consultation, so that we can make like for like comparisons for capping purposes if necessary. These adjust for the introduction of dedicated schools grant, changes to police pensions and security related expenditure and fire and rescue pensions.

The Government has taken action to ease the pressures on local government identified by the Local Government Association and other representative bodies. It is now for local authorities to deliver public service improvements, achieve efficiency gains and ensure low council tax increases.

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**PHIL WOOLAS**