

Agenda

Luton Forum

DATE: Thursday 7th February 2008

TIME: 2.00pm

PLACE: AW House, 6-8 Stuart Street, Luton

Minute Taker: LSP Support Team

Quorum: Thirteen Members

Item	Subject:	Page No	Time
1	Apologies for absence	Verbal	2.00
2	Minutes of the meeting held on 6th December (10 mins)	Pages 2-	2.00
3	Disclosures of Interests <i>Members are reminded that they must disclose both the existence and the nature of any personal interest that they may have in any matter to be considered at this meeting. A member with a personal interest in any matter to be considered at this meeting will also have a prejudicial interest in the matter if the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice the individual's judgement of the public interest. A member who has a prejudicial interest must withdraw from the meeting room while the matter is being discussed.</i>	Verbal	
4	Two minute reports Thematic Partnerships and Assembly	Verbal	2.10
5	Code of Conduct (to follow)	Pages	2.30
6	Sustainable Community Strategy	Pages	2.45
7	Luton Borough Council Budget	Pages	3.00
8	Local Area Agreement - Update	Verbal	3.15
9	Review of Luton Forum Membership List	Pages	3.30
10	Any Other Urgent Business with the Prior Agreement of the Chair		3.45

ITEMS FOR INFORMATION

Investing in Communities

Contact for this agenda:

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LUTON FORUM

**Thursday, 6th December 2007
2.00 p.m. at AW House, Stuart Street, Luton**

PRESENT:

MEMBERS

Andy Calvert (Assembly) – Deputy Chair in the Chair
Simon Barker (Beds & Luton Fire & Rescue Service)
Everton Blake (Assembly)
Joycelyn Bullock (Assembly)
Colin Chick (Luton Borough Council)
Richard Collyer (The Chamber)
Tracy Costello (Job Centre Plus)
Kevin Crompton (Luton Borough Council)
Roy Davis (Luton Borough Council)
Linda Farrell (Assembly)
Penny Fletcher (Bedfordshire Police Authority)
Penny Furness-Smith (Luton Borough Council)
Katherine Govier (Bedfordshire Police)
Anwar Haque (Assembly)
Debbie Jones (Luton Borough Council)
Mostaque Koyes (Assembly)
Richard Lacy (The Chamber)
Graham Maunders (Marsh Farm Community Development Trust)
Janet Montgomery (Assembly)
David Oakley Hill (Assembly)
Regina Shakespeare (Luton Teaching Primary Care Trust.)
Gillian Sharp (Community Legal Services Partnership)
Hazel Simmons (Luton Borough Council)
Sian Timoney (Beds & Luton Fire & Rescue Service)
Neville White MBE (Assembly)

SUBSTITUTES FOR MEMBERS

Andy Martin (Bedfordshire Police) substitute for Nicky Dahl

OBSERVERS

Colin Anderson - Observer
Clive Mitchell – Audit Commission

SUPPORT OFFICERS/ADVISORS

Alice Abida – Luton Borough Council
Sarah Allen – Luton Borough Council
Geoff Bocutt – Luton Borough Council
Anne Clube – Luton Borough Council
Marjory Hester – Neighbourhood Renewal Advisor
Norma Hoyte – Luton Equalities Agency
Amanda Hunt – Luton Borough Council
Karen Ollermann – South Beds LSP
Nicola Perry – Luton Borough Council
Susan Rowland – Luton Borough Council

38 APOLOGIES FOR ABSENCE (REF: 1)

Apologies for absence from the meeting were received on behalf of Jo Baty, (LSC), Lorna Brown (Voluntary Action Luton), Laura Church (Luton Borough Council), Deniece Dobson (Assembly), Simon Earles (London Luton Airport) Wendy Gray (Assembly), Morag Stewart (Luton Teaching Primary Care Trust), Tracey Williams (Aldwyck Housing Association)

39 MINUTES OF THE MEETING HELD ON 4th OCTOBER 2007 (REF: 2)

Anne Clube, Partnership and Funding Manager explained that as John Harper, the Head of Local Democracy was unable to attend the meeting the Code of Conduct item would be deferred to the next meeting of the Luton Forum.

Linda Farrell commented that there were no Theme Updates on the agenda. It was agreed that the Theme Updates would be included on the agenda for the next meeting of the Luton Forum.

Alice Abida, Funding Support Officer pointed out that the meetings of the Local Public Service Board would commence at 2.00 pm from January 2008.

Resolved: (i) That the Code of Conduct be included on the agenda for the next meeting of the Luton Forum.

(ii) That the Theme Updates be included on the agenda for the next meeting of the Luton Forum.

(iii) That the Minutes of the meeting of the Luton Forum held on 4th October 2007 be taken as read, approved as a correct record and signed by the Chair.

40 SUSTAINABLE COMMUNITY STRATEGY – VISIONING EXERCISE (REF: 4)

The Government had issued a paper on 20th November 2007 entitled “Creating Strong, Safe and Prosperous Communities.” The Luton Forum welcomed Marjory Hester a Neighbourhood Renewal Advisor to the meeting, she requested that Members of the Luton Forum worked in groups on the topic of a Sustainable Community Strategy for the town in 10-20 years time. Key points from the guidance were that Sustainable Community Strategies contained the following elements:-

- The long-term vision based firmly on local needs that was underpinned by a shared evidence base informed by community aspirations.
- The key priorities for the local area would be based upon this vision which would be realistically achieved in the medium term (10-20 years) – and would inform the strategy’s delivery agreement the Local Area Agreement.

The ideas and views from the groups would be written on the templates and given to Alice Abida, Funding Support Officer. The Sustainable Community Strategy Steering Group would examine the findings of the three working groups and approve an appropriate vision and strapline for Luton.

Resolved: That the report (Ref: 4) be noted.

41 UPDATE ON SAFER NEIGHBOURHOODS IN LUTON (REF: 5)

Superintendent Andy Martin, Bedfordshire Police gave a presentation on the work the Police and other organisations had carried out to create safer neighbourhoods within Luton. Bedfordshire Police were aware that different communities required different forms of access and events such as the recent SoLUTiONS that was undertaken in the South area of Luton and would be extended to other areas of the town. He explained that further joint working would be extended in January and the Police would work alongside the Fire Service and the Council to ensure that the concerns of local residents were followed through and resolved.

Resolved: That the report (Ref: 5) be noted.

42 SUB-REGIONAL EUROPEAN REGIONAL DEVELOPMENT PLAN FOR LUTON (REF: 6)

Anne Clube, Partnership and Funding Service Manager reported that the East of England Development Agency (EEDA) had written to the Luton Forum requesting that they submit a sub regional plan under the European Regional Development Fund (ERDF) the task had been delegated to the

Environment and Economy Thematic Partnership. The Plan had been agreed by the Environment and Economy Thematic Partnership and the Local Service Board (following some amendments) the plan was before the Luton Forum for approval for onward submission to the East of England Development Agency's EPG Competitiveness Programme Delivery Group by 7th December 2007.

Resolved: (i) That the report (Ref: 6) be noted.

(ii) That the Luton Forum accepted the recommendations and approved the sub regional plan submission to the East of England Development Agency's EPG Competitiveness Programme Delivery Group by 7th December 2007.

43 PRIDE IN LUTON AWARDS (REF: 7)

Linda Farrell reported that last year as part of Dynamic and Creative Town Theme Group the "Best of Luton" awards ceremony had been arranged and funded by the Luton Forum. The event had been very successful therefore it was intended to repeat the event again this year.

Amanda Hunt, Sponsorship and Advertising Officer, Luton Borough Council explained that the Herald and Post newspaper were planning "Pride in Luton Awards". Luton Borough Council and the Luton Forum had negotiated with the Herald and Post newspaper to hold a joint event. The Luton Forum would fund a contribution of £12,000 and the Herald and Post newspaper had agreed to sponsor and fund the remaining outstanding balance.

She further explained that last year the "Best of Luton" awards had been held at the Riverside Suite, the "Pride of Luton" event would be held at the Auction House, and catered for 550 people. There would be a 3 course meal with champagne and orange juice. Additional guests could be accommodated but would be charged £12.00 per head, the Luton Forum would examine funding for additional guests. Dress code for the event was to be smart/casual. Two possible dates were being considered and the first feasible date was Thursday 6th March 2008 with the second option as Thursday 3rd April 2008.

It was considered a good opportunity for the Luton Forum to link together with the Herald and Post newspaper as the 'Pride in Luton' event received extensive media coverage and would give the Luton Forum an extremely good profile. The Panel arranging the event would consist of 5 members 2 from the Herald and Post newspaper and 2 from the Luton Forum. Members of the public could nominate people on-line.

Linda Farrell informed the Luton Forum that the budget needed to be examined to ensure it was adequate as all Luton Forum Members plus a guest were to be invited to the event.

Resolved: (i) That the report (Ref: 7) be noted.

(ii) That the Luton Forum agreed to hold a joint "Pride in Luton" event in partnership with the Herald and Post newspaper.

(iii) That the Dynamic and Creative Town Action Group be requested to formalise the arrangements for the "Pride in Luton" event in conjunction with the Herald and Post newspaper.

44 LUTON'S EQUALITIES AGENCY UPDATE (REF: 8)

Norma Hoyte, Luton Equalities Agency updated the Luton Forum on the progress made by the agency and sought financial support from the Luton Forum towards the work of the Luton Equalities Agency. She explained that the Current Development Officer's post was fixed term and due to expire in December 2007, and to ensure continuation of the agency additional funding would be required.

Members of the Luton Forum considered the request but were not in a position to provide all the funding required. Gillian Sharp agreed that the Equalities Agency required back up, but that the Equalities Agency needed back up from all statutory agencies and should examine how it could form partnerships with other organisations such as the Law Centre and Luton Partnership to bid for additional funding.

Councillor Hazel Simmons pointed out that the Equalities Agency needed to take stock of what was being carried out by other agencies, and if the Equalities Agency could try joint working or merge. She enquired if any Commission for Racial Equality funding had been achieved.

Kevin Crompton Chief Executive, Luton Borough Council requested that a Business Case be produced and that the Equalities Agency investigated trying to obtain small funds at an early stage. They needed to examine whether they could sell services and what other grants were available to them through agencies such as Voluntary Action Luton.

Neville White MBE emphasised the need for independent equality in Luton.

Norma Hoyte reminded the Luton Forum that the Development Officers post would expire at the end of December and enquired if any funding could be made available in order that this post could be retained.

Members of the Luton Forum were in agreement that they would not be in a position to provide the whole of the funding required by the Luton Equalities Agency and suggested that a small group of Members met before Christmas to discuss this issue.

Resolved: (i) That the report (Ref: 8) be noted.

(ii) That a small group of Members meet and discuss the future funding of the Luton Equalities Agency before Christmas 2007.

45 LOCAL STRATEGIC PARTNERSHIP RESTRUCTURE UPDATE (REF: 9)

Anne Clube Partnership and Funding Service Manager reported on the Local Strategic Partnership and stated that:-

- Health and Well Being Group had met on a number of occasions.
- Environment and Economy Group met and was meeting again on the following day.
- A meeting of the Overall Safer Stronger Thematic Partnership was being set up.
- Action Group – Dynamic and Creative Town was planning to organise the “Pride in Luton” awards in conjunction with the Herald and Post newspaper.
- Growth Area – it was thought that the Luton and South Bedfordshire groups would meet individually and only meet jointly on occasions.
- Discussions were taking place around linking businesses to existing networks e.g. the Southern Area Committee.
- Community Cohesion meet regularly.

Ann Clube Partnership and Funding Service Manager stated that the Luton Forum website had been updated to reflect the restructure but required additional work to be carried out. She explained that the next project was that changes were reflected into the Constitution.

Resolved: That the report (Ref: 9) be noted.

(Note: The meeting ended at 4.10 p.m.)

LUTON FORUM

AGENDA
ITEM:

6

DATE OF MEETING: 7 February 2008

REPORT BY: LSP Support

SUBJECT: Luton's Sustainable Community Strategy

PURPOSE:

1. The purpose of the report is to update the Luton Forum on the production of Luton's Sustainable Community Strategy.

RECOMMENDATIONS:

2. The Luton Forum is recommended to note the report.

REPORT

3. The Sustainable Community Strategy Steering Group has been established and is working hard on the production of Luton's Sustainable Community Strategy.

4. The Steering Group has established:
- That the Vision should be to 2024
 - That the Strategic Objectives should be for the next 6 years
 - That the LAA is the three year Delivery Plan that sits underneath the Strategy
 - That the Strategy should be structured around the four LAA Blocks

Writing the Document

5. We are on the third draft of the Vision Statement, and this will continue to be refined.

6. Representatives from the four Thematic Partnerships, the Assembly and the Sustainable Community Strategy (SCS) Steering Group have been writing a very first draft of the Strategic Objectives, covering progress to date and partnership working for each Strategic Objective.

Consultation & Communication

7. A consultation event will take place in February with a selected panel of residents of Luton. They will work through the priorities under each of the four headings and then marry these up with the draft vision.

8. A Communications Plan is being drawn up by the Council's Interim Head of Communications which will involve articles in the press and use any other suitable opportunities.

9. The Assembly are considering holding three shorter, targeted sessions for the topics of: Children & Young People; Stronger, Safer Communities; and Environment & Economy. They are holding a large session on the Joint Strategic Needs Assessment in early March which will cover the Health & Wellbeing topic.

10. A Consultation Draft is planned, which will be circulated to the Luton Forum, and wider partners and can also be put on the Luton Forum website. The LPSB will be asked to approve the consultation draft before it is released.

Appraisal

11. The SCS Steering Group will be determining the type and extent of appraisal to be carried out on the Strategy. It could cover the social, environmental and economic impacts of the strategy, or perhaps be based on the "Principles of being sustainable" which were published in the "Creating Strong, Safe and Prosperous Communities" guidance (November 2007).

Principles of being sustainable:

- Living within environmental limits
- A strong, healthy and just society
- Achieving a sustainable economy
- Promoting good governance
- Using sound science responsibly

12. An equalities impact assessment will be carried out on the Strategy.

Approval

13. Further work needs to be done to ensure that all partners in the Luton gain approval from their governing bodies, and commitment to working in partnership to fulfil the Strategy.

Design & Print

14. Further work needs to be done on the design and layout of the document, and issues such as whether the Local Area Agreement should be in a pocket at the back.

LUTON FORUM

AGENDA
ITEM:

7

DATE OF MEETING: 7 February 2008

REPORT BY: Head of Corporate Finance, Luton Borough Council

SUBJECT: Budget Report of Luton Borough Council

PURPOSE: To seek the views of the Luton Forum on the 2008/09 budget proposals, and the medium term financial plan and strategy, of Luton Borough Council

RECOMMENDATIONS: That the Forum provide views that can be communicated to the Council's Budget Executive meeting of 11 February, and the Budget Council meeting of 20 February.

BACKGROUND: The Council would appreciate hearing the views of the Forum, as a key partner, on its budget and medium term financial plan and strategy. This is becoming ever more important with the development of the Local Area Agreement, and the movement of specific grants into the area based grant.

REPORT: The attached budget report, budget summary page, and medium term financial plan and strategy set out the key financial issues facing the Council, and plans to address them.

In outline:

The council faces major increases in demand for statutory care services. These demands will increase in future years due to local demographics.

The council proposes to strengthen the resources available to work with partners and to manage the local area agreement.

The proposed budget is balanced by substantial efficiency savings that do not affect services to the public.

The proposed budget aims to produce a lower council tax increase for the council than has been the case in Luton for many years, although the actual tax increase to the taxpayer cannot be assessed from this report, as the Police and Fire precepts have yet to be determined.

The council is proposing a major capital programme, including new build and refurbishment of schools, the guided busway, and town centre and road development. The size of the programme is in itself a major risk that needs to be managed, as an overspend on one or more of the large programme items would have a huge negative impact on the council's finances.

The medium term financial position requires significant further efficiency savings in each future year to balance the budget. This is intended to be **achieved through** the

council's Luton Excellence programme, and a through focus on value for money in all services.

The area based grant and the local area agreement are discussed at paragraphs 15 and 16 of the budget report and paragraphs 25 to 28, and 44, of the medium term financial plan and strategy. The area based grant is a combination of many former specific grants, which pay for commissioned services and permanent employees.

The LAA targets, once agreed are likely to be funded from a combination of resources, some the council's, some other partners. The council resources involved will not necessarily be area based grant. Once the targets are established, it may be helpful to try to assess the resources (financial and non-financial) currently associated with those targets, to assess the value those resources add, and whether they could be better used. This is likely to be a substantial task.

AGENDA ITEM

Executive

DATE: 11 February 2008

SUBJECT: Budget and capital programme

REPORT BY: Head of Corporate Finance and Head of Capital and asset management

CONTACT OFFICERS: Dave Kempson/Margaret birtles 546087/547074

IMPLICATIONS:

LEGAL	<input type="checkbox"/>	STAFFING	<input checked="" type="checkbox"/>
EQUALITIES	<input checked="" type="checkbox"/>	COMMUNITY SAFETY	<input checked="" type="checkbox"/>
FINANCIAL	<input checked="" type="checkbox"/>	RISKS	<input checked="" type="checkbox"/>

Consultations:

councillors consulted	<input checked="" type="checkbox"/>	scrutiny committee consulted	<input checked="" type="checkbox"/>
stakeholders consulted	<input checked="" type="checkbox"/>	OTHER	<input type="checkbox"/>

WARDS AFFECTED: All

lead executive member(s): COUNCILLORS simmons and harris

RECOMMENDATION(S)

1. Executive is recommended to:

- i) **Approve the 2008/09 revenue estimates of net expenditure prior to growth, savings, and any movements in reserves, as set out in the budget papers (known as the 'Green Book') circulated, and in this report, for submission to Budget Council.**

- ii) Consider the items put forward for inclusion in the draft capital programme (set out in the blue pages of the budget papers) and the potential funds available (Appendix K), and approve the items and amounts to be included in the capital programme for 2008-2013, for submission to Budget Council.**
- iii) Approve the continuation of the process of substitution of donations from London Luton Airport Ltd. for Council grants to registered charities, subject to the approval of the airport board, and noting that, if board approval is not obtained, the Council grants will be reinstated.**
- iv) Approve the list of savings proposals (white pages of Budget Papers pages 41 to 48) for submission to Budget Council, and approve the service changes necessary to give effect to those savings.**
- v) Approve the list of growth proposals (white pages of Budget Papers pages 33 to 40) for submission to Budget Council, and approve the service changes necessary to give effect to those growth proposals.**
- vi) Determine a level of Council Tax increase for the Luton Borough Council precept for 2008/09.**
- vii) Approve the submission of the Head of Corporate Finance's Statement on Reserves and provisions to Council (subject to any necessary amendment to take into account recommendation viii below).**
- viii) Determine the amount of any contribution to or from reserves required as a result of recommendations 1 (i) to 1 (vi) above.**
- ix) Recommend the revenue budget approval to Council in the format prescribed by the Local Government Finance Act 1992, subject to the addition of the Fire and Police precepts, when received, noting that the revenue budget recommendation will need to be accompanied by a report from the Head of Corporate Finance on the 'robustness' of the budget proposal, in accordance with the requirements of the Local Government Act 2003.**
- x) Approve the submission to Council of the Head of Corporate Finance's proposals for Prudential Indicators as set out in Appendix G in accordance with the Prudential Code of Capital Finance.**

- xi) Recommend Council to approve an initial allocation of the Dedicated Schools Grant for 2008/09, as set out in Appendix N.**
- xii) Approve the review of financial services as set out in paragraphs 62 to 67.**
- xiii) Approve the development of the Financial Strategy as set out in Appendix D.**
- xiv) Approve the Medium Term Financial Plan set out in Appendix M.**
- xv) Approve the Budget Risk Management Strategy set out in Appendix B.**
- xvi) Approve the protocol for the management, control and use of reserves set out in Appendix I.**
- xvii) Approve those Scales of Charges set out in the yellow pages of the budget papers.**
- xviii) Approve the Asset Management Plan including overview proposals of how to deal with backlog maintenance set out as Appendix O**
- xix) Approve the updated Capital Strategy set out as Appendix H**

Overview

2. The draft budget for 2008/09 and the draft capital programme for 2008-2013 have been driven by:
 - the aspirations of the Council's Corporate Plan, incorporating the 2007 Addendum, Luton 2011, and departmental service plan objectives;
 - the need to match expenditure to estimated resources;
 - the need to reprioritise expenditure to ensure statutory requirements are met, where demand or required standards have increased; and
 - the need to maximise efficiencies throughout the Council's services, in order to avoid reductions in the quality of service to the public.
3. The draft budget proposals for growth and savings are those made by the Corporate Leadership Management Team, following consultation, for consideration by the Executive.
4. This draft budget includes £7.2 million of growth and unavoidable cost increases identified as part of the 2008/09 budget process, in addition to the £1.8million of 2008/09 cost increases over and above

inflation identified as part of the 2007/08 budget process. To pay for this there are £5.4million of efficiency savings proposals shown in Appendix C, and in addition:

- No inflationary increases have been allowed in budgets for supplies and services, except where there is a specific contractual requirement. This effectively incorporates a further £600k of procurement savings within the base budget
- As the 10 December Executive report on tax setting acknowledged, the taxbase assumes additional collection from the review of eligibility for single person discounts, and the increased focus on collection. This effectively incorporates a further £500k of income improvements into the base budget over and above £500k from increasing numbers of dwellings.

5. This budget therefore represents a major reprioritisation of spend, in line with the Council's strategic aim to review and modify the budget continually to ensure resources are targeted on key objectives (see para. 25, Medium Term Financial Strategy), and to ensure the Council meets its statutory responsibilities. The major areas of proposed increased spend are:

- £3.3million (including £1million identified in 2007/08) for adult social care, in line with the Council's key priority to ensure dignity and respect for older and vulnerable adults. This reflects the demographic increases in numbers of elderly requiring home, residential and nursing care, together with increases in the numbers of younger adults with severe physical or learning disabilities who require care packages.
- £1.2million (including £600k identified in 2007/08) in increased costs of recycling and waste disposal, improving still further Luton's recycling via the introduction of more glass collection, developing food waste collection, and reflecting increased contract costs and the additional landfill tax announced in the 2007 budget.
- £600k cost to the Council and the local taxpayer, over and above the specific Government grant, of the Government's free bus travel scheme for those entitled to concessionary fares.
- Almost £600k additional costs of school and special educational needs transport.
- Almost £500k to increase the corporate capacity of the council, particularly in the Chief Executive's department, to respond to the challenges of place shaping, and of improving partnerships, and to provide resources to support community safety and the crime and disorder reduction partnership.
- £400k, rising to £1.3m in 2009/10, as part of the Council's contribution to the Building Schools for the Future project, to transform the facilities available for education in the town.
- There is also growth in accordance with the manifesto commitments of the administration, in terms of the restoration of the community development service level, the mobile library, landlord accreditation and housing

enabling officers, the summer festival, fireworks spectacular, carnival costs, and discretionary rate relief.

6. Every service area has been challenged to produce a value for money assessment (all reported to Scrutiny Committees on 13 December) and initial efficiency savings targets were set on a differential basis, using benchmarking data and the amount of savings achieved in recent years, so those who had produced the least efficiency savings options in the recent past, and who were high cost, or had no cost benchmarking data had the highest targets. In addition, a 1% addition to targets was given to support services, reflecting the prioritisation of front-line service provision. This was as set out in the Budget Guidelines approved by Executive on 10 September. Not all services were able to achieve those targets (it is not easy to produce major short-term efficiency savings in demand-driven services such as Social Care). The options produced were then assessed on a corporate basis, with the aim of meeting the Executive's clear aim that the budget be balanced without cuts in services to the public.
7. It should also be noted that the creation of a charitable Cultural Services Trust, funded by donations from London Luton Airport Limited, is a fundamental part of the budget strategy. Overall, this reduces costs by approximately £1.4million.
8. The proposed capital programme represents major development for the town, in relation to schools, public transport, roads and the town centre, funded by specific grants. The council's own funding is limited, and the basic programme is similar to last year's, but with an increase in health and safety related property maintenance.

OTHER KEY ISSUES

COUNCIL TAX CAPPING

9. The Ministerial announcement that accompanied the provisional grant settlement stated the Government expects the average council tax increase to be 'substantially less than 5%', and that the Government will not hesitate to use its capping powers if it deems this necessary.
10. The Government has again emphasised that it will not announce its criteria for capping in advance. The Government can use tax increases and budget increases, and can if it wishes look at more than one year. Any council setting a tax increase above 5% runs a high risk of being capped, and while Police Authorities were given more latitude last year (Durham had a 34.6% increase, and Lancashire 11.4%, without being capped) increases well in excess of 5% for either police or fire are also inherently risky. Capping involves Government forcing an authority to reset its

Council Tax at a lower level, determined by the government, part way through the year. If this happened, further savings would have to be found, not just to balance the budget, but also to meet the additional costs of rebilling. Also, capping is likely to increase non-payment of Council Tax, which would be another unbudgeted cost.

Government Funding – Formula Grant, Dedicated Schools Grant, and Area Based Grant

11. This year, for the first time, following the comprehensive spending review (CSR07), the government has announced grant figures for the next three years. The final determination for 2008/09, and the provisional determinations for the following two years are set out in the table below.

Table 1	Formula Grant Increase	Formula Grant amount
Year	Percentage increase	£million
2008/09	5.9	83.4
2009/10	4.1	86.8
2010/11	3.6	89.9

12. The level of grant increase is much greater than expected in the 2007/08 medium term financial plan, and the 3 year figures are also extremely helpful in medium term planning. It is important that the Council takes advantage of this opportunity. (Please note that the percentage increases are as calculated by government based on a like for like comparison, allowing for changes between years in functions funded via formula grant.) Further detail of the formula grant settlement is shown in Appendix F.
13. Formula grant is only one part of the funding equation. The Dedicated Schools Grant (DSG) funds schools directly, as well as funding some functions carried out by the Council on behalf of schools. This means that schools are no longer funded from the Council Tax, unless the Council chooses to make contributions in excess of the DSG. The amount of DSG depends on actual pupil numbers in 2008/09, as there is a guaranteed per pupil grant increase. Hence the grant is provisional until May. The Government announced provisional figures in November, based on the information available to them at the time, but emphasised that authorities should make their own estimates based on their latest pupil data. For Luton the per-pupil increase is 4.2% 2008/09, 3.6% for 2009/10, and 4.1% for 2010/11. The allocation of the DSG has to be agreed with the Schools Forum, which meets after the publication of this report. Any disagreement may be referred to the Secretary of State for arbitration.
14. Many specific government grants have been incorporated into a single Area Based Grant for 2008/09 onwards. This also includes the funding

for the Connexions Service, which moves to the Council with effect from 1 April 2008.

15. The area based grant is intended to be a key part of the development of local partnership working. It totals £9.929m. The funding is legally the Council's, as the accountable body, for allocation, but the Local Public Service Board (LPSB) is intended to have an important role in the allocation process. Unfortunately there are 2 issues with this for 2008/09.
- The vast majority of the funding is a transfer of existing grants that pay for key services, which are already contractually committed.
 - The grant announcement for 2008/09 was too late to enable local authorities to consider any reprioritisation of the amounts given for existing services.
16. Consultation with other unitary authorities shows that as a result of these issues, none has been able to do more than continue with the 2007/08 allocations. The issue of reprioritisation will need to be looked at for the future, noting that the funding is for the achievement of all 198 performance indicators, not just the 35 key indicators that the partnership will focus on in future, and also noting the implications on services and jobs of moving funding away from current commitments. The outline allocation of the area based grant, as set out by government, is shown in Appendix F. It should be noted that the accounting guidance on the area based grant states that it should be regarded as a single general grant, like the formula grant, so in future it will not be allocated against specific spend areas. It should also be noted that the key performance indicators will be funded by resources other than the area based grant. A key task for future development will be to establish, so far as is possible, the resources that are being put into achieving the key indicators.

Value for Money

17. The need to seek value for money has been at the core of the Council's plans on an ongoing basis for many years. This has been further strengthened by the current administration's determination to avoid service reductions, and instead to focus on efficiency throughout the Council, in particular by adopting the 'lean' approach to service excellence and cost reduction.
18. The value for money self-assessments considered by Scrutiny Committees on 13 December provide the base information. Differential savings targets were set based on benchmarking data and past savings, as described in paragraph 6 above. The Luton Excellence project, previously reported to Executive, is intended to carry forward a substantial programme, simultaneously improving service and reducing cost, learning lessons from the Council's previous business partnership with Atos. Benchmarking has

been used to assess areas for review via an evidence based budgeting process, and currently reviews of the Human Resources and Information Management functions across the authority are taking place.

19. It should be noted that using some comparators Education services appear above average in cost (although significant reductions in this area have been made, both in past budgets, and in this one), and yet the major measures of educational attainment in Luton are below the national average. However, investment has had significant results: there are currently no Luton schools in special measures, the APA review judged Luton to be one of the best education authorities in the Eastern region of England, and there have been real improvements in pupil performance. Similarly, Luton's refuse collection and street cleaning costs are well above average, but this reflects the quality of a three wheelie-bin service, plus the current development of specific glass and food waste collections. It should also be noted that the additional cost of the food waste collection service, as shown in the growth list, has been substantially reduced as a result of further collection efficiencies made by the service.

Background

20. It is essential that the revenue budget and capital programme are considered together. Many resources, both capital and revenue, are only available to spend on specific projects, but others, such as the Airport Dividend, can be switched between revenue and capital spend. The key indicator in the prudential code of capital finance is the revenue effect of the capital programme on the level of council tax and housing rents over the medium term.
21. Looking at revenue and capital resources and spend decisions together therefore helps the council to ensure that its resources are used to best effect and that decisions are taken in a 'joined-up' manner.
22. In the long-term, the aim must be to have sustainable levels of revenue budget and capital programme focused on council priorities that will enable the council to achieve the targets in Luton 2011 and the sustainable community strategy that is currently being developed, meet its statutory requirements, enable the targets in the community plan to be met, satisfy the aspirations of residents, demonstrate best value, and keep the Council Tax at affordable levels. This is a very demanding aim. Budget setting in any one year cannot be seen in isolation from the medium-term projections and this long-term aim.
23. There are some limiting factors, and key ones are set out below.

- **Grant dependency.** The Council's prime source of income is via grant from central Government. The total available for Local Government, and the division of that total between authorities, varies each year, although this year's 3 year announcement is extremely helpful.
- **Demand-led Spend.** Many areas of the Council's spend are demand-led, and have to be provided in accordance with statute. Costs of service provision to the vulnerable – in particular the elderly, children in care, and children and adults with complex disabilities – continue to increase, as the numbers requiring complex care increases, and the costs of that care increase also. As life expectancy continues to increase, the numbers of the elderly, and the costs of caring for the elderly also increase by a much greater rate than the normal inflation factor.
- **The need to reduce the amount of waste sent to landfill.** This is one of the biggest financial issues facing councils. Each council has a target to reduce progressively the amount sent to landfill every year. Those targets are designed to ensure the government meets national targets set by the EU. If the national targets are not met in specified years, the EU will fine the UK, and the Government has made it clear that it will pass those fines on to the individual councils that fail to meet their targets. The potential scale of the fines could bankrupt councils. The potential cost of alternative methods of disposal is almost as great as the costs of the fines, however, and finding cost-effective, environmentally friendly methods of disposal, alongside maximising recycling, is one of the biggest issues for councils now.
- **Future carbon reduction commitment (CRC) targets.** The government has indicated that in future, targets for carbon reduction are likely to appear alongside landfill targets. However, the Government has not yet produced its proposed scheme, and has stated that the earliest it will apply is from 2010.
- **The need to produce a 5-year capital programme that is fully resourced.**
- **The financial risks surrounding major capital schemes, both individually, and in terms of their combined effect.** The draft programme includes some very major schemes which are funded by way of capital grant: Building Schools for the Future, The guided busway, the East Luton Corridor, and the Luton Station gateway. Given the scale of these schemes, the Council needs to consider their risks, not only as individual schemes, but also in terms of their potential collective impact - for example, if all of those schemes overspent by a few percent, the Council's entire reserves would be wiped out. This is considered further in Appendix B.
- The budgetary dependence on London Luton Airport Limited funding trusts and voluntary organisations via charitable donations that qualify for gift aid. The overall level has now reached £10million. This is considered further in Appendix B.

- A level of Council Tax in 2007/08 that is well below the average of unitary authorities, and much lower than that of the rest of Bedfordshire.
- An exceptionally low yield from any increase in Council Tax, due to the fact that 84% of Luton's properties are in tax bands A, B, or C, and the number currently receiving single person discount is also above average. 1% on the Council Tax yields just £560k.
- The Council cannot increase its part of the dedicated schools spend by more than the percentage increase in schools spend, without the agreement of the schools forum.

2008/09 REVENUE BUDGET

24. For some years the Council has aimed to set a balanced budget without the use of reserves to pay for ongoing revenue expenditure. It is fundamental to the Council's current medium term financial strategy, which was re-affirmed by the Budget Council in February 2007 as part of last year's budget-setting process. Key decisions for members will be the following.

CAN THE COUNCIL SET A BALANCED BUDGET FOR ONGOING EXPENDITURE WITH NO CONTRIBUTION FROM RESERVES FOR 2008/09?

CAN THE COUNCIL RE-AFFIRM THE PRINCIPLES OF THE MEDIUM TERM FINANCIAL STRATEGY?

IF THE COUNCIL NEEDS TO USE RESERVES TO BALANCE THE BUDGET FOR ONGOING EXPENDITURE IN 2008/09, HOW WILL THOSE KEY PRINCIPLES BE CHANGED?

25. The current key principles that guide the medium term financial strategy are set out below.

1. To maintain a balanced budget position, and to set a medium term financial plan demonstrating how that position will be maintained
2. Spending plans will be closely aligned with the Council's aims and objectives
3. The Council will maintain a prudent level of reserves
4. Budgets will be continually reviewed and modified to ensure that resources are targeted on key objectives.

26. The base budget has been prepared by:

- budgeting for staffing at current establishment levels, less allowances for staff turnover (which over all departments now totals £3million), and allowing up to 2.5% for pay awards (more than the government's guideline, but significantly less than the public sector unions have asked for);
- budgeting for supplies and services on the basis of no increase, except where contracts specifically require one (this has incorporated £600k of procurement efficiency savings into the base budget, when compared with the authority's previous practice of allowing inflationary increases on such items).

27. Each department's base budget was subject to challenge by officers from the Budget Development Group. The base budget for each department is shown in the attached budget papers, together with an overall summary.

28. The basis of determination of the contingency provision is shown at Appendix B, arising from the consideration of the principal budget risks.

Comparison Of 2008/09 With 2007/08

29. A comparison between the 2007/08 budget and the 2008/09 draft base budget is shown at Appendix A.

BUDGET PRIORITISATION

30. In addition to the base budget, options have been put forward for growth and efficiency savings. In contrast with previous years, no further, non-efficiency savings have been considered. The options have been assessed in accordance with their impact on the Council's priorities and values. This is shown and explained in Appendix C
31. When considering options, members will also wish to consider the wider context, such as inspection reports and recommendations, the developing local area agreement and sustainable communities strategy, Government priorities (which have been explicitly set out in relation to the use of the Dedicated Schools Grant), and potential long term implications. For example the medium term and long-term potential for fines and costs associated with waste disposal and the landfill allowance trading scheme make investment in diverting biodegradable waste from landfill very important from a financial as well as environmental viewpoint.

Budget Consultation

32. The Council undertook a budget consultation process via LutonLine to determine which front-line services are people's highest priorities.
33. The number of respondents this year has increased compared with last year, but is not statistically significant. Feedback is provided in Appendix E.
34. Consultation with the Schools Forum is a statutory part of the allocation of the dedicated schools budget, and the formulae used for the distribution of the individual schools budget. The Schools Forum and schools will be consulted as required and their recommendations will be reported to the meeting.
35. This report will be sent to the Luton Forum and any views received will be reported to the meeting.

36. There is also a statutory requirement to consult representatives of national non-domestic ratepayers. Any views received will be reported to the meeting.

Collection Fund

37. The Executive delegated authority to me to determine the estimated surplus or deficit on the Council's collection fund each year (EX/3/01). Accordingly I have estimated that Luton's share of the deficit is £486,000. (The total deficit is £580,000 and this is shared between the Police Authority, the Fire Authority, and this Council.)

Budget Uncertainties

38. At the time of writing, uncertainties include:
- the Executive's view of the proposals in this report, including growth, savings, and Council Tax level;
 - The extent of funding to prevent violent extremism (a 2007/08 grant that is proposed to go into the Area Based Grant for 2008/09).

Budget Risk Management Strategy for 2008/09

39. Any budget of the size and range of the Council's will result in a wide variety of risks. Therefore it is essential that the Council continue to develop, and then monitor, a budget risk management strategy, alongside the budget itself. A proposed Budget Risk Management Strategy is attached as Appendix B. It should be noted that the Strategy is dependent on recommendations regarding the level of reserves and contingencies, as well as the actual budget set, so there will need to be a review of the strategy based on the recommendations made by Executive to Council, and any amendments made by Council, to keep the strategy current and relevant.
40. It must be noted that the Council will have to live within its budget. There will be no potential for new initiatives or extra spend outside the finally approved budget provision unless those initiatives can be wholly resourced, in the short term and the long term, without impacting on the budget.
41. The budget risk management scheme assumes the continuation of the cash-limit scheme.

LOCAL AUTHORITY BUSINESS GROWTH INCENTIVE SCHEME (LABGI)

42. The Local Authority Business Growth Incentive Scheme (LABGI) allows authorities to retain a proportion of large increases in national non-domestic rate income (business rates) locally, rather than it all going into a national pot, which is then redistributed to authorities as part of the formula grant settlement. The scheme is designed to encourage Councils to bring businesses into their area.

43. 2008/09 is due to be the final year of the current LABGI allocations, and announcements were initially expected at the end of February. However, the Government has been forced to announce, due to the potential for continuing court challenge to the basis of allocation, that no date for the announcement can be given.

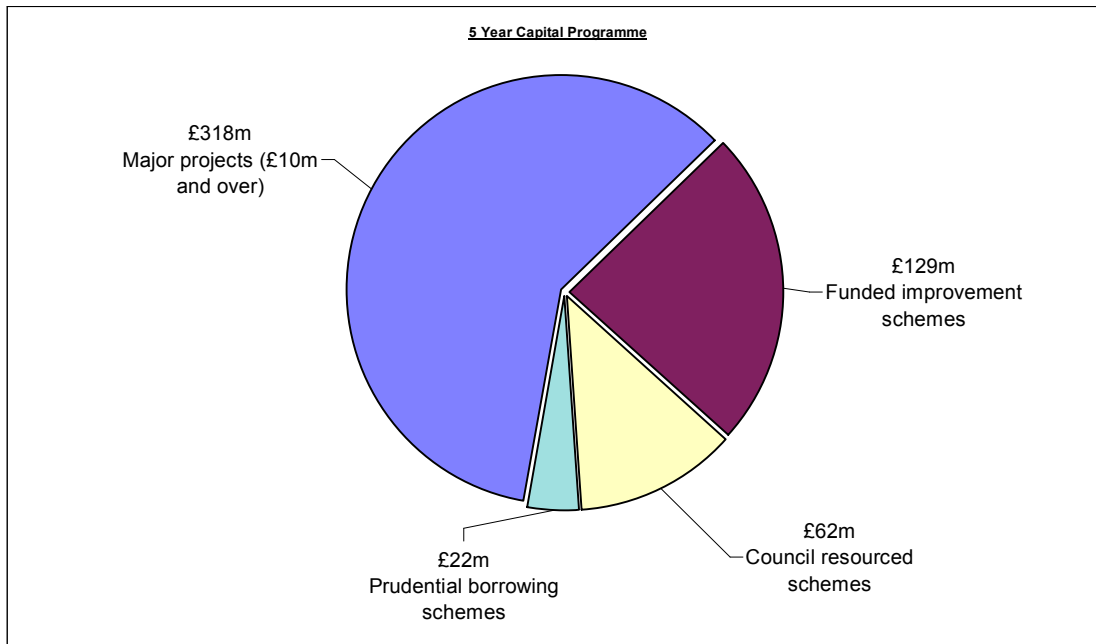
44. The council cannot expect significant funding from this source for 2008/09, and nothing can be expected for the future either, as for 2009/10 no national funding is available for LABGI, and for 2010/11 and 2011/12 a new scheme (yet to be announced) will be in operation, and the total available for allocation will be significantly reduced from the amounts provided in the current scheme.

Capital Programme 2008/13

45. The Council's Capital Strategy (which has been updated as Appendix O) provides a framework for adopting a long-term capital investment planning process aimed at supporting the targets set out in Luton 2011 and trying to maintain existing assets within the resources available. Integration of capital and revenue budgets is a high priority and the Council has adopted best practice in relation to use of resources by agreeing a fully resourced five-year programme that is linked to the corporate and service asset management plans.

46. The Council has managed to achieve major funding from external sources, which means that the programme is a large one for a Council, the size of Luton. The level of funding available from the Council's resources is, however, very limited, which impacts upon basic maintenance programmes for all infrastructure. The condition of the buildings (backlog maintenance), in particular, impacts upon service delivery.

47. The 5-year programme includes £532million of capital projects, £39million for the Housing Revenue Account and £493million for the General Fund. The general projects can be analysed as follows:



48. Significant projects over the 5-year programme include Building Schools for the Future (£189million starting in 2009/10); the Primary Capital Programme (£13million Starting 2009/10); Luton Dunstable Busway (£84.2million starting in 2008/9); Luton Station Gateway (£17 million of which £4.8million is scheduled for 2007/8 and £12.2million in 2008/9); Luton Town Centre Transport Scheme (£16.9million starting in 2009/10); Stockwood Park Museum Redevelopment (£6million to be completed in 2008/9) and the Swimming Pool Replacement (£10million with the majority being spent in 2009/10 dependent upon external funding being found).

49. The programme endeavours to address the following key issues:

- Maintenance backlogs and increasing the proportion of expenditure on planned as opposed to reactive maintenance;
- The risks of reliance upon capital receipts in an increasingly fragile property market;
- Funding key manifesto commitments.

50. The key additions to the draft programme are as follows:

- Modernisation of day services (£3.4million, starting in 2008/9);
- BSF/Reshaping the Estate (£5.65million, starting in 2010/11);
- Office of the Future Pathfinder (£1.125million, starting in 2008/9);
- Energy Conservation (£150,000 in 2008/9);
- Increasing property maintenance to £3million per annum in the final 3 years of the programme;
- Increasing Housing Renovation Grants to £2.3million per annum;

- Street Lighting Replacement in the last year of the programme (£650,000);
 - Highways Health and Safety in the last year of the programme (£600,000);
 - and
 - Provision of the Shelter at the Vale Cemetery (£300,000 in 2008/09).
51. A small number of projects (totalling £1.075million) that do not contribute towards a strategic investment plan have been deleted, these are:
- Refurbishment of offices (now covered under the office of the future pathfinder);
 - Lift replacements (to be dealt with under planned maintenance programmes);
 - and
 - Acquisition of sundry properties to be funded on a case-by-case basis through the contingency fund.
52. The draft programme aims to reflect the principles of the Reshaping the Estate initiative which aims to deliver the vision for assets and which will be the strategic framework which will form the key component of the revised asset management plan. The revised asset management plan is attached for member approval. This document will be further developed through consultation with officers and Members during 2008/09. In particular a detailed implementation plan for Reshaping the Estate will be produced.
53. Closely linked with the asset management plan is the capital strategy. The availability of resources will impact upon the delivery of the asset management plan, but it is anticipated that the asset management plan will facilitate prioritisation of investment into a smaller number of strategically located property assets for both frontline and backroom services. A planned maintenance/investment programme will be available for inclusion in the 2009/14 programme. The asset management plan will also provide a basis for strategic attraction.
54. Included within the programme are 3 projects (Office the Future Pathway, Telephone Switch Upgrade and Energy Conservation) that are to be funded through prudential borrowing and which have been developed in conjunction with Luton Excellence as invest to save initiatives.
55. Reliance upon capital receipts from property sales to resource the Council funded element of the draft programme has been identified as a major risk, particularly in the face of a less buoyant property market. Inclusion of invest to save initiatives serves to reduce the reliance upon capital receipts and injection of additional resources from LLA dividends in 2011/12 (£6.7 million) and 2012/13 (£7 million) provides a contingency should receipts forecast at the end of the programme not materialise. Usable capital receipts from Right to Buy sales have been also been reduced from £11.68m to £8.92m for the draft programme to reflect the weakening housing market. Additional resources could be generated through the establishment of a

housing development partnership, the level of these receipts would be dependent upon the terms agreed for the provision of social housing and the amount of housing Corporation Grant available, this gives the Council the flexibility to decide at a later date whether to take cash or benefits 'in kind' in the form of social housing provision.

56. The projects included within the draft programme will also contribute towards delivery of Reshaping the Estate through major initiatives such as Building Schools for the Future and the Primary Capital Programme, meeting the Future Living Needs of Older People, Day Services Modernisation and the Marsh Farm Masterplanning Exercise.

SCALE OF CHARGES

57. The majority of the Council's Scale of Charges were approved by Executive on 13 November 2006, and increased from 1 January 2007. The draft budget reflects a full year's income at those prices. There were some charges that could not be included in the previous report, and some that need to be increased in line with proposals to increase income set out in Appendix C. The amendments to the Scale of Charges are set out on the yellow pages of the 'Green Book' Budget Papers. The Executive is requested to approve a scale of charges for those items.

RESERVES

58. The Local Government Act 2003 requires my views on the necessary level of reserves to be reported to full Council as part of the budget process. CIPFA have added to this by recommending:

- a review of the level of earmarked reserves as part of budget preparation, together with estimates of the use of reserves in the forthcoming year;
- a statement from the chief financial officer 'on the adequacy of the general reserves and provisions in respect of the forthcoming year and the authority's medium term financial strategy'.
- a protocol for the management, control, and use of reserves

59. Attached as Appendix I is a table showing a recommended protocol for each reserve, setting out its purpose, how and when it can be used, and procedures for management and control. Also included in the table are estimated balances and estimates of the potential use of reserves in 2008/09. It is recommended that all the reserves continue to be reviewed annually as part of this budget report, in order to ensure continuing relevance and adequacy.

60. CIPFA's Guidance note on Local Authority Reserves and Balances, of February 2003, sets out the issues that need to be taken into account in order to assess the adequacy of the unallocated general reserves. Essentially this involves looking at the strategic, operational and financial

risks facing the authority, the budget assumptions, including the treatment of demand-led pressures, and the authority's financial standing and management. This therefore involves a very wide-ranging assessment. Particularly important areas are the Council's budget monitoring processes, the Risk Register, the Budget Risk Management Strategy, and the treatment of growth and savings. An assessment is set out in Appendix B.

ROBUSTNESS OF BUDGET PROPOSALS

61. The Local Government Act 2003 makes it a requirement that the Head of Corporate Finance reports in public on the robustness of budget proposals. This report will be presented to Council as part of the Executive's budget proposal.

FINANCIAL Health Check

62. This financial review is divided into 2 parts:
- A review of the council's financial services functions, covering capacity, resourcing, and training.
 - A review of the council's financial management arrangements.
63. The Council's financial services are provided in-house, using a devolved approach with departmental finance managers having a professional reporting responsibility to the Head of Corporate Finance, as well as reporting direct to their departmental management. The corporate finance team provide a shared service for debtors, creditors, payroll and insurance, lead corporately on risk management, maintain and develop the financial systems, and treasury management, co-ordinate and direct all corporate financial processes, including budget preparation and monitoring, final accounts, medium term financial planning. The devolved teams provide a complete management accounting and financial advisory service to their departments.
64. The service is below average in cost, per the IPF benchmarking data, for all areas except schools financial advice. The assessment using the first CIPFA financial model gave above average results, and an independent survey of managers by IPF gave positive results for the service. The service has a number of fully qualified accountants, accounting technicians, payroll staff, and staff undertaking training. It has been registered as an accredited employer for post qualification training with major accounting bodies CIPFA, ACCA, CIMA, and the Association of Accounting Technicians. The recent use of resources assessment gave the Council a 3 – performing well – in financial reporting, financial management, and financial standing. The financial management processes are generally carried out in accordance with best practice as set out by CIPFA in their technical information service, budget monitoring is carried out monthly and reported to CLMT/CIB. It is linked to performance and reported to Executive in an integrated performance and finance report on a quarterly basis, with key activity indicators.

65. The service has the capacity to carry out its current work programme. The issues to be raised are that:
- the service has not assessed, and is not resourced to assess, the extent of subsidy the Council provides on many of the services that it charges for;
 - the service is not resourced to carry out a zero-based budgeting approach for the council
 - the service provides limited monthly accruals as part of budget monitoring, and does not produce balance sheets except at the year end. The Audit Commission's publication 'World Class Financial Management' suggests that authorities should work towards this, in order to focus more on balance sheet management. Again, this is a resource issue, and any future proposals for development will need to be set against demands in statutory services, such as care, and the context of the limited funds available to authorities.
66. The financial services review does not include the Revenues service, which is subject to separate review, but it may be noted that the audit qualifications in respect of non-domestic rates in past years, and of the housing benefits subsidy claim in 2006/07, is a financial management concern.
67. The Executive reviewed and developed its financial management approach in September 2007, to improve in year predictions of outturn. In order to maintain a healthy financial position, the Council will need to continue to do the following.
- Keep to the balanced budget position.
 - Work towards a capital programme that spends resources when they are received, rather than prior to their receipt.
 - Manage the capital programme overall to limit the amount of financial risk at any one time from large-scale capital schemes, by contracting in ways that minimise risks of overspend, and timetable schemes to avoid many large-scale financial risks being taken on at any one time, to minimise the risk of the Council being left with cost overruns, and/or additional revenue impact.
 - Continue to develop the value for money culture, and embed the Luton Excellence project throughout the Council, so that the organisation is continually improving its customer service and providing more for less.
 - Work towards the development of a revenue budget of a size that is sustainable in the long term, so that increases in pay and prices, net of efficiency savings, are in line with likely levels of increase in grant support together with acceptable increases in Council Tax yield.
 - Use one-off financial windfalls to fund one-off, non-recurring schemes, so that the underlying spend is funded by underlying income, and the long-term budget situation remains balanced.

- Ensure that a prudent amount of revenue reserve is always maintained.

Financial Strategy

68. The proposals in this draft budget and the implementation of the Luton Excellence project further develop the Executive's Financial Strategy. Suggested amendments are shown in Appendix D.

COUNCIL TAX LEVELS

69. Current Council Tax comparisons with unitary councils, neighbouring authorities, and national averages, are set out in Appendix L. The list of unitary authorities is sorted with the lowest band D council tax at the top.

EQUALITIES IMPLICATIONS

70. The budget ultimately approved by Council will set the level of revenue resources directly available for equalities work. Managers have made initial assessments of the equalities impacts of budget savings proposals and these are being evaluated by the Head of Equalities, who will determine where further work will be required. An update will be reported to the meeting.

FINANCIAL IMPLICATIONS

71. These are addressed in the body of the report.

RISK IMPLICATIONS

72. There is a separate appendix – B – setting out a detailed Budget Risk Management Strategy.

LEGAL IMPLICATIONS

73. The Executive is required to recommend a budget to Full Council for approval and
FULL COUNCIL IS REQUIRED TO APPROVE A BUDGET AND SET A LEVEL OF COUNCIL TAX FOR 2007-08. THE BUDGET SET MAY NOT BE A DEFICIT BUDGET. THIS HAS BEEN AGREED WITH THE HEAD OF LEGAL SERVICES ON 30 JANUARY 2008.

STAFFING IMPLICATIONS

74. The budget ultimately approved by Council will set the level of resources available for paying employees. The draft budget makes provision for staffing at currently approved levels, but as in previous years, allows for a

turnover provision and assumes that staff advertising will be paid for by holding posts vacant.

COMMUNITY SAFETY IMPLICATIONS

75. The budget ultimately approved by Council will set the level of resources available for Community Safety.

COUNCILLORS CONSULTATIONS

76. The budget has been prepared in consultation with the members of the Executive.

STAKEHOLDER CONSULTATIONS

77. Full details of consultation is set out in the section of this report headed Budget Consultation.

SCRUTINY COMMITTEE CONSULTATIONS

78. This report will be considered by Performance Resources and Assets Scrutiny Committee on February 6. All members of the Council have been invited to the meeting. In addition each Scrutiny Committee considered the approach to budget preparation in October/November 2007, asked detailed questions of Heads of Service concerning base budgets and options for growth or savings in December 2007, and considered the proposed growth and savings options put forward in this report on 4 February 2008. This is more detailed than any previous budget scrutiny process operated by the Council.

OPTIONS

79. It is open to the Executive to recommend any level of Council Tax increase provided the level of savings, growth items, and/or any contribution from reserves enables the net budget to balance with the level of tax increase proposed, and the issues raised in the section on capping are given due consideration. It should be noted that a budget set with a contribution from reserves would require a change to the Council approved medium term financial strategy, and that a capital programme set at a level above the estimated available resources over a 5 year period would be in contravention of the Council's standing orders.

APPENDICES

80. The following appendices are included with this report, or in some instances are to follow (in addition to the 'Green Book' budget papers, that should be retained by all members for the full Council debate).

Appendix A – Analysis of Variances between 2008/09 Net Expenditure prior to Growth And Savings, and the 2007/08 Budget. (To follow)

Appendix B – Risk Management Strategy and Contingency Provision

Appendix C – Budget Prioritisation – Assessment of Growth Items and Efficiency Savings Proposals.

Appendix D – Financial Strategy amendments.

Appendix E –Budget Consultation 2007 – Results.

Appendix F – Government Grant Formula.

Appendix G – Prudential Code of Capital Finance (Including Prudential Indicators).

Appendix H – Capital Strategy (to follow)

Appendix I – Protocol for the Management, Control and Use of Reserves (To Follow).

Appendix J – Prioritisation of Project Appraisal Forms.

Appendix K –Capital Resource Assessment.

Appendix L – Council Tax Comparisons - 2007/08 Tax Levels.

APPENDIX M – MEDIUM TERM PLAN

Appendix N – Schools Budget 2008/09 – Use of Headroom (To Follow)

APPENDIX O – ASSET MANAGEMENT PLAN INCLUDING BACKLOG MAINTENANCE (TO FOLLOW)

BACKGROUND PAPERS

Revenue Estimate Working Papers. Contact Jean Stevenson, Luton 546127
Capital Programme Working papers. Contact John Glover, Luton 546112

Medium Term Financial Plan and Strategy

Introduction

1. The medium term plan sets out how resources will be prioritised in order to achieve the aims set out by the Council in Luton 2011, and in the 2007/08 addendum to the Corporate Plan, to get the best for Luton while adhering to the Council's stated values.
2. The Council's use of resources is externally assessed each year under the Audit Commission's scoring scheme, and the Council has scored 3, meaning 'consistently above minimum requirements – performing well'. At the time of writing the Council awaits its score for the recent corporate assessment, but overall the Audit Commission's current comprehensive performance assessment is that Luton is a 'good' Council. For many years it has provided value to the taxpayers of Luton by setting a Council Tax below the national average, and considerably below the level of the council tax elsewhere in Bedfordshire.
3. The 2007-2012 medium term plan predicted substantial levels of budget reductions would be required in future years. The improved level of Government Grant that has been announced means that, while budget savings targets are likely to remain demanding, it is reasonable to plan for efficiency savings rather than service reductions.
4. This plan sets out the Council's overall objectives and priorities, and the predicted level of revenue and capital investment available to achieve those objectives. It gives the national context, which is crucial in terms of the amount of funding made available to the Council. It outlines predicted budget pressures, growth areas, and further savings targets.
5. A number of the other documents published with the Budget Report are a vital part of the medium term financial plan, and were the plan published separately, would be included within it as appendices. In particular, they are the Budget Risk Management Strategy (appendix b), the Government Grant formula (appendix F), the model for assessing levels of the affordable borrowing (appendix H), the prudential indicators (appendix G), the assessment of capital resources (appendix K), the section of the budget report on the capital programme (paragraphs 45 to 56), the scored lists of proposed growth and savings (appendix C) and the capital programme itself.

Corporate Values

6. The Council's corporate values set the context for the corporate plan, budget, and capital programme. They are set out below, together with notes where budget proposals can be directly related to them.

A. Lifelong learning for all

- Ensuring children achieve to the maximum of their ability, to improve their chances in life.
- Enabling people to train and increase their skills, leading to rewarding careers
- Everyone to enjoy the chance to learn, to enrich their lives

Financial Implications.

- The former schools block expenditure is now directly funded by government via the Dedicated Schools Grant (DSG). The allocation is made by Council based on the recommendations of the Schools Forum. Decisions made on the level of schools funding therefore no longer have a direct impact on the Council Tax – although in theory the Council could choose to supplement the Dedicated Schools Grant with additional funding. The per pupil increases in the DSG are 4.2% for 2008/09, 3.6% for 2009/10, and 4.1% for 2010/11. In view of this, and all the other resource pressures on the Council's general fund resources, the 2008/09 budget and this medium plan assume have no provision for any supplementary payments to schools.
- The capital programme includes significant investment in lifelong learning, with full take-up of government supported capital allocations, specific grants, and in particular the Building Schools for the Future project.
- In recent years a number of savings have been made in school improvement and access, as evidence based budgeting challenges showed that these services were above average in costs compared with other unitary authorities.

B. Protect and support the vulnerable, support independence

- Allowing people to lead independent lives as active members of society
- Protecting and supporting children in the Council's care, helping them fulfil their potential
- Reducing crime and the fear of crime

Financial Implications

- This is the major area of demand-driven spend pressures facing the Council. The growth in the budget for social care is over £3.5million in 2008/09, and costs are predicted to continue to increase due to the demographics of increases in the numbers of elderly, together with significant increases in the numbers requiring complex physical or learning disability care packages.
- The budget continues funding of the promoting independence team, and the maintenance of independence is a key value for money issue – the costs of residential care are generally much higher than maintaining independence. The Council is also trying to increase the number of direct

payments to care clients, and the medium term strategy is to move much more towards this approach.

- Community safety continues to be an important budget priority, as emphasised by its importance in the priorities of the public consultation. The budget and medium term plan mainstream the previous temporary funding of the area community safety officers, and the Chief Executive's departmental growth gives increased capacity to support the crime and disorder reduction partnership.

C. Promote equal opportunities, tackle disadvantage

- Appreciating and celebrating diversity
- Reducing social exclusion and poverty
- Freedom and human rights for everyone as an individual, to protect us from discrimination and abuses of power
- Tackling discrimination and disadvantage experienced by people on grounds of age, gender, sexual orientation, ethnic origin, religion, disability and income

Financial Implications

- The Executive have recognised the importance of assessing the potential equalities impact of all proposed budget savings, and budget savings forms require officers to state the potential equalities impact. The growth includes proposed funding of the Luton Equality Agency and Council of Faiths via a proposed charitable donation from London Luton Airport Limited.

D. Value our workforce

- A well-trained, empowered workforce
- A workforce reflecting Luton's diversity

Financial Implications

- The revenue budget continues to provide funding for the employment of the Council's workforce (approximately 50% of the budget), and for the Council's core training schemes for managers and staff. The Council remains committed to equality in employment, and in training managers to ensure they practice that commitment.

E. Sustainable solutions for Luton's communities

- A greener, cleaner Luton
- Development that provides local jobs and housing for the people of Luton whilst protecting the natural environment, resources and biodiversity of Luton

Financial Implications

- The capital programme is focussed on ensuring council housing meets the decent homes plus standard in accordance with the government's timetable. This includes bringing forward some housing improvements when compared with the previous programme. The provision for renovation of private sector housing has been increased.
- The Regeneration service continues to seek developments to increase local jobs, in particular via the development of Butterfield.
- The 7 day street cleaning service is maintained, and recycling is increased.
- An environmental assessment team is proposed to develop the Council's response to the carbon reduction challenge.

F. Open, accessible and responsive government

- Devolving decision-making to local people
- Consulting the people of Luton and responding to their wishes
- Helping people to access our services
- Admitting and learning from our errors, as well as celebrating our successes
- Achieving the highest standards of corporate governance

Financial Implications

- The budget continues to provide for the Council's consultation function, and includes devolved budgets for area committees. The capital programme includes provision for the Matrix project which is intended to put the Council at the forefront of e-government service delivery over the next few years.
- The budget consultation process included asking the public for their main budget priorities.

G. Value for money

- Effective, efficient services
- A mixed economy of service provision to best meet the people of Luton's needs
- Continuous improvement through performance management
- Maintaining a balanced budget, keeping council tax down

Financial Implications

- The budget maintains provision for performance management centrally in the Chief Executive's department, and also in the front-line service departments.
- Appendix C of the Budget report shows the efficiency savings made in the 2008/09 budget, totalling £5.5million, plus there is £600k of procurement

savings included within the base, and an assumption within the taxbase calculation that £0.5million more council tax will be collected.

- Evidence based budgeting has targeted those services with above average cost and reductions have been focussed in such areas.
- The executive and council will need to determine the level of council tax and whether the ongoing budget, excluding the cost of the Luton Excellence project, can be balanced without the use of reserves.

H. Active in partnerships, ready to work with others

- Encouraging the development of voluntary and community organisations
- Increasing the role of the voluntary and community sectors in service delivery
- Working in partnership as a matter of course, not an exception
- Seamless service delivery with our partners

Financial Implications

- The Council's budget is based on extensive partnership working, including the development of sports and leisure via the Active Luton charitable trust, and of cultural services via a new charitable trust. The gift aid situation makes this a key plank of the proposed budget.

ACHIEVING THE LUTON 2011 TARGETS

7. The Council's targets for transforming Luton by 2011 are set out in the corporate plan. They are also set out below, with detail of how they impact on the budget, and, in some instances, of how the need for budget savings may impact on specific plans within those targets.

A. ENVIRONMENT

The Council has set targets for improving the environment in Luton by 2011;

- Over 75% of the people of Luton to be satisfied with each of the following:
 - Street cleansing
 - Parks and open spaces
 - Abandoned vehicles
 - Noise
 - Pollution
 - Maintenance of roads and pavements
 - The built environment
- A greener Luton, with a significant increase in the number of trees

Other targets and activities

To make Luton greener we will:

- Continue to require provision of appropriate areas of open space in new developments
- Continue to identify and protect county wildlife sites,
- Meet targets in the Bedfordshire and Luton biodiversity action plan
- Implement the parks and open spaces strategy, which has included the restoration of Wardown Park and improved facilities and safety in all parks
- Review the use of pesticides and chemicals to increase use of those which cause least damage to the environment

To promote clean streets and a tidy town we will:

- Continue to provide a 7 day street and park cleansing service with additional cleansing of main roads and shopping areas throughout Luton
- Continue to issue fixed penalty notices for littering
- Continue the dawn patrol, clearing up litter arising from prostitution and drug misuse
- Continue to maintain poop scoop areas and enforce bylaws against dog fouling

To tackle graffiti and flyposting decisively we will:

- Continue to employ a hit squad to clean up graffiti, flyposters and flytips as soon as possible after they are reported, usually within 24 hours.

Revenue provision for these items is made in the draft 2008/09 budget

To minimise waste and improve reuse and recycling we will:

- Extend doorstep recycling, with the development of glass collection
- Develop the separate collection of food waste
- Run a public education programme to encourage people to minimise waste and recycle – provision for a waste education unit is a growth item in the 2008/09 budget
- Continue to run two Civic Amenity Sites for Waste Recycling and Disposal – ongoing funding included in 2008/09 budget and medium term plan
- Continue to compost all green waste in parks to avoid the purchase of peat – efficiency included within grounds maintenance budget

To minimise pollution and protect air quality we will:

- Identify possible causes of pollution and take action to prevent potential pollution incidents
- Respond to pollution control requests within 3 working days
- Promote walking and cycling through providing better facilities and safer routes – as established as part of previous capital programme investment
- Use greener fuels such as LPG and battery-powered vehicles and promote the use of these by others in Luton – dual fuel vehicles purchased as part of vehicles replacement programme
- Improve energy efficiency in Council buildings and Council housing (prudential borrowing schemes for 2008/09)

- Implement the Council's Travel Plan – capital investment via Local Transport Plan (LTP) funding
- Enforce the no-smoking legislation

To reduce noise we will:

- Investigate noise pollution and take action against it, prosecuting if necessary
- Continue to work in partnership with the Police to reduce noise nuisance.

To protect Luton's heritage and built environment, we will:

- *Provide advice on and monitor development affecting listed buildings and conservation areas*
- *Provide assistance for renovation of buildings in conservation areas*
- *Run the Luton Design Awards, an annual award set up to recognise high quality building design in the Borough of Luton.*

To help people enjoy the environment we will:

- Employ Street Wardens in the Town Centre, and Community Wardens
- Improve the playgrounds and play areas provision, having won lottery funding for 2008/09

B. TRANSPORT

The Council has set targets for improving transport in Luton by 2011;

- Increase use of public transport for travel to Luton Town centre by 15% when compared to 1999 levels. The 2008/09 budget and medium term plan includes provision for the cost of the free national concessionary fare scheme for the elderly, which is expected to result in substantial increases in bus journeys.
- Increase walking and/or cycling as a % of total journeys in Luton. (previous capital investment in cycling routes, as set above)

OTHER TARGETS FROM THE LUTON AND DUNSTABLE LOCAL TRANSPORT PLAN

Between 2001 and 2011 we will:

- Reduce the number of children killed or seriously injured in road crashes by 50%
- Reduce the number of people overall killed or seriously injured in road crashes by 40%
- Reduce the number of people slightly injured in road crashes

- Increase the proportion of children walking to school to 80% for primary schools and 90% for secondary schools by initiating *Safety Around Schools* schemes to every school, arranging convoys of walkers and implementing traffic calming
- Increase use of public transport to Luton town centre by 15% over 1999 baseline
- Increase the number of bus passenger journeys by 10% by 2010
- Quadruple cycling mode share from 1996 baseline by 2012
- Reduce the rate of traffic growth overall, and to key and sensitive areas, e.g. the town centre, inner areas and main employment areas

All councils with transportation responsibilities submit an annual Local Transport Plan (LTP) to Government annually, and receive a capital allocation (supported capital expenditure) based on the Government's judgement of that plan, financed by a capital financing allocation within the overall formula grant. It should be noted that the current grant formula means involves the 'damping' of all parts of the Council's grant. Therefore the Council is not receiving the full level of funding required to finance the LTP. Despite this, the proposed capital programme is based on the Council continuing to commit the full total to the Local Transport Plan.

OTHER ACTIVITIES

- Develop the Guided Busway project and so increase public transport travel into Luton. A Government decision on the financing approval of major capital schemes is expected shortly, and the Council will need to assess the level of risk, both for the scheme in particular and the overall capital programme, prior to making final decisions.
- Complete East Luton corridor highway improvement works. The Government is funding this project, but the Council has to cash-flow it, as reimbursement is only received in arrears.
- Complete Luton's inner ring road
- Carry out works to improve transport in the town centre as part of the Town Centre Regeneration plan, in particular improving access and integration for public transport, cyclists and pedestrians.
- Work with large employers to develop travel plans.
- Work with schools on travel plans and develop more safe routes to school.
- Provide cycle training for schools.

C. LEISURE

The Council has set targets for improving leisure participation in Luton by 2011;

- 10% more of the people of Luton are satisfied with the town's cultural and recreational facilities, including sports/leisure, theatres/concert halls, museums, libraries, parks, community facilities/amenities and open spaces

- In 2011, 40% of the population will have a library card that they use on a regular basis'

TARGETS AND ACTIVITIES

We will increase enjoyment of Luton's museums and their collections by:

- Providing a comprehensive museums service for schools, using Government funding to help increase visits by school aged children by 25% from 2003 to 2008, and attracting more BME visitors and visitors from social groups C2, D and E
- Developing Stockwood as a major visitor attraction, improving access both physically and intellectually, and making the presentation of material more visitor-friendly (major external funding for this development)

The budget has been set at a level which has enabled the museum to achieve Renaissance in the Regions funding as a regional museum hub, and capital grants have been successfully achieved to develop Stockwood.

We will increase use of Luton's libraries by:

- *Continuing to improve the stock*
- *Offering free PC use, and PC training courses*
- *Offering special events to attract new users*
- *Better marketing of the services available, and targeted marketing to particular audiences*

We will also:

- Use St George's Square as an outdoor public performance space
- Improve access for local people to the countryside
- Work with Active Luton to develop sports facilities, and with the proposed Cultural Services trust to develop cultural facilities.

D. CRIME

The Council has set targets for 2011;

- Luton residents to have less fear of crime than three quarters of similar urban areas in England.
- Achieve a substantial reduction in residents' concern about anti-social behaviour

- Reduce the number of young people who are victims of crime

PARTNERS

The Luton Crime and Disorder Reduction Partnership brings together the Bedfordshire and Luton Police, with the Council, Bedfordshire and Luton Fire and Rescue Service, Bedfordshire Probation Service, Bedfordshire Magistrates Courts, Luton Youth Offending Team, the University of Luton, Victim Support, Chamber Business and other statutory, private sector, voluntary and community organisations. The aim is to create a partnership between agencies and the community that develops safer neighbourhoods, improves the quality of life and reduces the level of crime for those who live, work and visit Luton. The partners work through the Community Safety Strategy to achieve this aim.

The Community Safety Strategy objectives for 2005 - 2008 are:

1. Environmental and Quality of Life Issues

To reduce the number of incidents that affect the quality of people's lives by improving community safety.

2. Youth Inclusion

To increase the engagement of young people identified as currently offending or at risk of offending

3. Social Behaviour

To reduce the number of incidents of anti-social behaviour within the town.

4. Violence and Harassment

To reduce the number of recorded incidents of violence and harassment against individuals, including violence in the home

5. Burglary and Auto Crime

To reduce the number of recorded burglary of homes and auto related crimes within the town

6. Tackling Prolific and Other Priority Offenders (POPOs)

Targeted multi-agency initiatives aimed at signposting identified POPOs to access appropriate support.

The issues of alcohol and drug use, and fear of crime are related to all these themes and these core concerns are therefore being incorporated into the area-based action plans arising from the Strategy.

The Council's approach to reducing crime and anti-social behaviour, and the fear of crime, uses this framework.

The Council's budget and medium term plan includes provision for the continuation of the youth offending team, the community safety team, and service level agreements with a range of voluntary organisations. The 2008/09 budget strengthens the Council's capacity to work with the crime and disorder reduction partnership.

E. DEPRIVATION

The Council has set targets for reducing deprivation in Luton by 2011;

- All wards will improve rating in Government deprivation indices
- No ward will be in 10% most deprived in England
- We will bring at least 60 long-term empty houses back into occupation each year.
- We will eliminate the use of B&B accommodation in housing the homeless, except for short-term emergencies.

One of the Council's key financial strategies developed during 2005-6 is to improve its own housing stock to reach the decent homes standard in accordance with the Government's target date, and capital resources have been switched from general fund to the Housing Revenue Account in order to achieve this. The planned level of capital investment is set out below, which is in addition to similar levels of revenue repairs, and this is intended to make a significant contribution towards improving ratings in deprivation indices.

Year	Capital Investment in Council Housing £million
2008/09	7.9
2009/10	8.2
2010/11	7.7
2011/12	7.7
2012/13	7.7

The 2008/09 general fund budget includes provision for landlord accreditation and housing enabling officers.

OTHER TARGETS AND ACTIVITIES

- Review all major Council proposals as they are developed to minimise adverse impact on social inclusion in Luton
- Develop a health improvement strategy, to focus on the reduction of health inequalities in Luton
- Increase benefits take-up, including tax credits, through funding four independent benefits and welfare advisers at the Citizens Advice Bureau, referring Council and NHS service users for benefits appraisals, and running publicity campaigns

- Help people at risk keep their homes warm and in good repair through the Affordable Warmth Scheme, including grants for property repairs, home energy efficiency, and income maximisation
- Increase number of concessionary travel passes being issued to the elderly population, working with community groups to encourage take-up and use. This has now been further developed with the national introduction of free off-peak concessionary travel
- Re-launch Leisure Card giving reduced fee or free access to council leisure facilities for people on low incomes; and maintain low ticket prices for all users
- Help disadvantaged people aged 18-30 to start businesses by working with schools to embed an entrepreneurial culture in youth and providing a mentored business start-up programme.
- Continue to establish childcare places for school-age and pre-school children, ensuring equality of provision in deprived neighbourhoods. By 2006 we will create 276 new childcare places, 229 Children's Centres places and 114 Out of School childcare places in areas of disadvantage, and 689 new childcare places in other areas.
- Increase the percentage of care leavers going into employment, education or training to 75%.
- Provide free access to computers and the internet through libraries
- Ensure the 750 Houses In Multiple Occupation (HMOs) in Luton meet health and safety requirements.
- Provide free pest control of pests with significance to public health for people on low incomes.
- Help the Luton Food Network improve the nutrition of local residents, particularly those on low incomes, and BME people, who are at higher than average risk of diabetes and coronary heart disease. We will do this by providing facilities for Asian women's cookery clubs, providing breakfast and after school clubs, and supporting the Community Food Growing Project.

F. ECONOMIC REGENERATION

The Council has set targets for achieving regeneration in Luton by 2011:

- Employment level to be above the East of England average
- Full implementation of the Town Centre Master Plan
- To increase job density (*the number of filled jobs in an area divided by the working age population resident in that area*) substantially

ACTIVITIES FOR 2005 - 2010

OTHER TARGETS AND ACTIVITIES

Work with partners to;

- Realise new business incubation services to nurture talent, including the new Business Base Luton

- Network and co-ordinate Business Support facilities including the establishment of the Enterprise Hub
- Promote targeted grants and loan regimes, including the Luton Venture Loan Fund and Assisted Area Grants
- Support technology transfer and successful commercial innovation through exploiting the new Butterfield Innovation Centre – included in the 2007-12 capital programme
- Create Luton's first high-technology business community at the Butterfield Technology village
- Bring about major co-ordinated change in the Marsh Farm NDC area in accordance with the New Deal programme – key staff working in partnership with the NDC funded in the medium term plan, plus specific funding within the Resourcing Transformation budget.
- Carry out the Town Centre Improvement Strategy (town centre redevelopment included within the capital programme).

The budget and medium term plan provide ongoing funding for the Council's Regeneration Service, and the development services within capital and asset management, to continue to work to encourage businesses do develop and invest in Luton.

G. EDUCATION

LUTON 2011

The Council has set targets for improving educational attainment and skills levels by 2011:

- Educational achievement levels at all stages to be above the national average
- Work with Learning and Skills Council, colleges and Connexions to increase the percentage of the Luton workforce who are vocationally qualified to at least NVQ2 or equivalent
- Increase community use of school facilities (planning focus on incorporating community facilities into new build schools as part of Building Schools for the Future, included in the capital programme).

EDUCATION DEVELOPMENT PLAN OBJECTIVES (SUMMARISED)

- Raise pupils' standards of attainment in the Early Years and in Key Stages 1 and 2
- Help schools improve the use and analysis of performance data and teacher assessment to identify pupils who are underachieving and target support effectively, integrating the resources available from a wide range of school improvement strategies and initiatives
- Work with schools to raise pupils' standards of attainment at key stages 3 and 4
- Support the development of vocational pathways at Key Stage 4
- Help bring schools out of serious weaknesses and special measures on time

- Provide strategic support for schools in developing the use of ICT across all curriculum subjects
- Help schools identify and use the appropriate teaching strategies to meet the needs of individual pupils and groups
- Deliver more effective support for managing behaviour to promote inclusion and improve the quality of learning
- Support schools in recruiting, retaining and developing staff

CHILDREN AND YOUNG PEOPLE'S PLAN LOCAL PRIORITIES

1. VULNERABLE CHILDREN AND YOUNG PEOPLE

Improving outcomes for the 50 families where children and young people have high level needs, but where the child or young person is not on the Child Protection Register or in public care

2. CHILDREN WITH A DISABILITY

Improving outcomes for children and young people with high dependency because of complicated or multi dimensional needs, including disability, by integrating services and care pathways to provide well-coordinated and 'seamless' services tailored to individual needs.

3. IMMUNISATION AND VACCINATION

Improving immunisation and vaccination rates for children 0-5 – and using this focus to improve contact with and support for 'hard to reach' families.

4. OBESITY

Preventing and treating overweight and obesity in children and young people aged 2-19 years.

5. EDUCATIONAL ATTAINMENT

Improving educational attainment of young people at secondary schools and colleges (11 – 19) with particular focus on narrowing the gap for young carers, Looked After Children, young offenders, girls at risk of early pregnancy/ teen mothers, African/ Caribbean boys.

The Council's investment in Education is shown in the level of investment in the School Improvement service, where Audit Commission figures show that the cost per pupil is above average when compared with the Council's statistical nearest neighbours. Efficiency savings have been introduced in this area.

H. HEALTH

The Council has set targets for improving health and social care in Luton by 2011;

- Halve the gap between life expectancy of people in Luton and the rest of the country

- Bring death rate for babies in Luton down to the national average.
- Increase proportion of people misusing drugs or alcohol who receive treatment and target resources towards the prevention of such misuse
- Increase proportion of people aged over 65 and vulnerable adults, supported by the Council to continue to live independently in their own homes.

The draft budget includes increased provision for the drugs and alcohol service, and the plan for modernising services for the elderly to increase independence.

OTHER TARGETS AND ACTIVITIES

Children and young people's health and well-being

- *Implement the provisions of the Children Act, to provide seamless service delivery with schools, the Police and Health sector.*
- *Achieve participation by more schools in the Healthy Schools initiative*
- *Review and monitor all unallocated Childrens cases more effectively, ensure all statutory child protection and looked after children cases are allocated*
- *Continue to develop support for foster carers*
- *Improve access to respite care and shared care for children with disabilities*
- *Maintain recent improvements regarding adoptions*
- *Look after the health of children in the authority's care*
- *Increase the number of schools participating in the Healthy Schools initiative*
- *Increase the percentage of children going to school on foot or by bike, by providing safe routes, walking convoys and cycle training.*
- *Support the Luton Young People's Executive to act as an advocate for young people in the town.*
- *With partners, implement the Luton Young People's Consultative Strategy*
- *Appoint a Member of the ruling Group to be Young People's Champion in Council decision-making*

The medium term plan continues to make provision for the Council's Children's Services, and there is growth in the cost of fostering placements.

Drugs and alcohol misuse

We will:

- *Provide public education programmes targeted at different audiences, to prevent drugs and alcohol misuse, for example, peer mentors working with young people.*

The medium term plan continues to make provision for the council to work in partnerships to address issues of drugs and alcohol misuse.

Mental health

We will:

- *Increase the number of young men from Luton who access the CALM help-line*
- *Improve links between primary and secondary care for people with mental illness*
- *De-stigmatise mental illness in schools, youth centres and other areas through providing advice on good mental health*
- *Appoint three community support workers to provide “floating” support for increased provision of supported housing for clients of the mental health and drugs and alcohol service.*

The budget includes £100k growth in mental health care packages (£50k identified in 2007/08) though it should be noted that Luton’s spend is low in this area, compared with other authorities.

Support for older people

- *Through the Older Peoples Independence Team, help older people continue to live in their own homes, by providing home care, suitable equipment and*

adaptations, home improvements such as energy efficiency measures and fire safety measures. Meet the Local PSA target for increasing the proportion of older people receiving help to stay in their own homes. The budget makes provision for the implementation of stage 1 of the future living needs for the elderly strategy.

- *Support the Luton Senior People's Forum to act as an advocate for older people in the town.*
- *Appoint a Member of the ruling Group to be Older People's Champion in Council decision-making*

Promoting independence

- *Increase number of clients choosing and paying directly for their care package.*
- *Social Enterprise developments to provide part time employment activity (minimum 2 days per week) for 35 disabled people as an alternative to day care attendance*
- *Through the Chaul End facilities service users to access community based activities. The budget and medium term plan makes full provision for the cost of the Chaul End Centre.*

The medium term financial plan recognizes increases in the numbers and costs of the elderly and disabled who will need help in future. This is one of the main financial challenges facing the council.

Access to information, and customer care

- *Continue to improve public information and accessibility of services*
- *Establish stakeholder group including users and carers to support implementation of 'Better Care, Higher Standards' with a commitment to quarterly meetings where key statistics on quality monitoring will be shared and*

stakeholders consulted to make standards more closely linked to user/carer priorities

- *Working with Health partners, develop a Single Assessment Process for older people, to save time in delivering a care package*

Provide culturally sensitive services

- Provide advice and support to BME community organisations to enable 50% providers to expand service provision through Direct Payments.
- In response to assessed need for increased access to culturally appropriate day services provide:
 - o 5 day opening of African-Caribbean day centre from earmarked grant funding for African Caribbean elders.
 - o 8 additional day sessions per week through Asian community organisation lunch clubs

Prevention of accidents

- *Through road safety training, traffic calming, safe routes to school etc., reduce the number of children killed or seriously injured in road crashes by 50% from 2000 to 2010.*
- *Help Fire and Rescue Service to reduce number of accidental fires in dwellings by 10% each year, by referring vulnerable people for fire safety checks and installation of smoke alarms and inspecting fire safety of Houses in Multiple Occupation.*
- *Test products on sale and remove unsafe ones from sale.*
- *Work with the Bedfordshire Accident Prevention Group to reduce accidents*

Road safety funding is an important part of the Area Based Grant.

Address the wider determinants of health

- *Evaluate the impact on local people's health of major council proposals, and ensure adverse effects are eliminated or minimized*
- *Develop a town wide health improvement strategy for Luton in partnership with Luton tPCT, focusing on the priorities identified by the tPCT and on the wider determinants of health*
- *Provide quality nutrition in school meals and leisure catering*
- *Support the Luton Food Network in their efforts to ensure local people eat well*
- *Provide grants to renovate unfit houses and to improve energy efficiency, and ensure Houses in Multiple Occupancy (HMOs) are in good condition*
- *Increase benefits take-up through providing benefits advice and a publicity campaign*
- *Continue to provide exercise by prescription; GPs prescribing exercise at local leisure centres*
- *Inspect food premises and provide hygiene training, to reduce the incidence of food poisoning*
- *Provide a free pest control service for removal of rat infestations*

2007/8 Corporate Plan Addendum Objectives

1. Developing a financially sound and efficient Council.

The 2008/09 budget is intended to provide a sound financial basis for development, with adequate budgets reflecting need, and with savings made from efficiencies rather than service reductions. The medium term financial strategy is based on continuing this approach.

2. Ensuring dignity and respect for older and vulnerable adults.

Over £3million of the growth in the 2008/09 budget relates to adult social care, to ensure the Council meets needs in this area.

3. Ensuring a brighter future for children and young people.

The dedicated schools grant is focussed on this priority, and the Council puts in significant resources in terms of school improvement and access services.

4. Maintaining a cohesive, equal and inclusive community.

This is key to the whole Council approach, and the growth in the Chief Executive's department, the LSP/LAA governance, and the growth for funding the equality agency and council of faiths is focussed specifically on this key area. The growth also includes provision for additional costs of the carnival, and a summer festival, important events for maintaining cohesion.

5. Ensuring and maintaining a safer, cleaner and greener Luton.

The budget maintains the provision for grounds maintenance and the 7 day street cleaning service, and mainstreams the area community safety officers.

6. Making a visible difference to our physical environment.

The capital programme includes major schemes such as the East Luton Corridor, and the Town Centre Gateway, which will make a significant difference to the town's physical environment.

7. Creating a more empowered, creative and skilled community.

Fundamental to the budget is the creation of the Luton Cultural Services Trust, which will be a key driver in this area. The capital programme includes the development of the Stockwood Park complex, and the budget continues to provide for the Regeneration Service to facilitate opportunities for additional skilled jobs in the town.

OTHER KEY STRATEGIES

People Strategy

The Council's people strategy also aligns with Luton 2011, and is intended to

- a) provide **leadership**, direction and set performance standards for its employees to promote excellence
- b) be an “**employer of choice**” to attract and retain the best staff
- c) recognise and **value staff** for their commitment
- e) build **the organisations capacity** to meet the changing needs of the Council
- f) develop clear and timely **two way internal communications** with employees
- g) **optimise the performance** of the workforce by ensuring they have the right skills, knowledge and attitudes to fulfil the requirements of the Council
- h) recognise that **training and development adds value** to the achievement of the organisation's goals
- i) develop a **workforce that is flexible**, well motivated and able to adapt to new circumstances and embrace change
- i) **develop H.R. practices, policies** and procedures that are aligned to the organisation's objectives and changing needs
- k). develop an **employee relations environment** that is characterised by trust, respect and openness with all recognised trade unions and its employees
- l) set continuous **improvement targets** across a range of Human Resources activities

The medium term financial strategy aligns with this by providing for the continuation of the local government pension scheme, which as an inflation-proofed final salary scheme is a significant financial benefit in helping to make the Council an employer of choice. The budget is based on full provision for each established post (budgeting in line with the aim to build the organisation's capacity), less an allowance for turnover, acknowledging that the Council, like many other employers, works with a base level of vacancies (total turnover provision is approx £2.9million per annum).

The financial strategy includes provision for staff training to meet the organisation's goals. The evidence based budgeting process has challenged the Council's HR operations to review costs and practices, and a review is currently taking place. The

medium term budget is prepared on the assumption that this will result in further savings from 2009/10.

Information Management Strategy

The medium term financial plan is based on supporting the identified and quantified investments agreed by the Information Technology Forum, and the general principles of the Council's enterprise information strategy. The capital programme includes provision for the development of the matrix project, the upgrades of application software on a phased basis, and the integration of application software with the matrix project. The revenue budget reflects the ongoing costs of IM, combined with a number of efficiency savings in this area.

NATIONAL CONTEXT

Introduction

8. Luton's financial and service planning takes place within the context of the national economic and public expenditure plans. This part of the Medium Term Plan discusses the broad assumptions within which the budget and Medium Term Plan are framed.

The Economy and Public Expenditure

Comprehensive Spending Review 2007 (CSR2007)

9. CSR2007 set the context for all public spending for the period to 2010/11. The settlement for local government overall offers 4.2% in 2008/09, 3.5% in 2009/10, and 3.4% in 2010/11, including PFI credits. Using the Government's projections for inflation, this equates to a 1% real terms increase overall. While this may seem generous at a time of limited funds available for public expenditure, it needs to be seen in the context of the spend pressures facing local government. It should also be noted that the grant figures excluding PFI are 3.7%, 2.5%, and 2.1% over the next 3 years.

Spending pressures for local government nationally

10. The LGA set out the key pressures in their submission to the CSR2007. This noted in particular the pressures on care services from demographic change and cost increases, the costs of home to school transport rising by 6% nationally, and the need for spending on waste management and disposal to increase by 10% per annum.

Inflation

11. The Government's preferred rate of inflation is currently running at 2.1% (CPI December 2007).
12. The rate of the Retail Price Index as at September 2007, which will be used for uplifting benefits, was 3.9%. The rate in November was 4.3%, and in December was 4%. There is no specific measure of public sector inflation, but if there was, it would probably be above the general measure.

Council Tax Levels

13. Council Tax has been increasing at a level significantly above inflation for a number of years. Luton's basic tax level is below average, and the amount raised by a 1% increase in Council Tax in Luton is also well below average for a town of Luton's size, due to the number of dwellings in low tax bands. This combination of factors continues to put pressure on Luton's financial position.

14. The table below shows the national average increases in band D council tax for 2 adults, compared with Luton's increases since it became a unitary authority.

Tax Increases	National Tax Increase	Luton Council Tax Increase	Increase to Luton taxpayers
Year	%age	%age	%age
1997-8	6.5	-9.01	-7.4
1998-9	8.6	8.8	8.6
1999-0	6.8	7.9	8.1
2000-1	6.1	7.5	7.6
2001-2	6.4	5.9	5.8
2002-3	8.2	14.7	14.5
2003-4	12.9	6.3	7.4
2004-5	5.9	0 (see note)	8.4
2005-6	4.1	4.9	4.5
2006-7	4.5	4.9	4.9
2007-8	4.2	4.8	4.8

Note: Fire was included in the LBC figure in the years to 2003-4, but not in 2004-5. The figures for these years are therefore not directly comparable

15. This year, the Minister made clear that the Government is prepared to use its capping powers, and stated that the Government expect the average level of Council Tax increase to be 'substantially below 5%'.

The Future of Local Government Funding

16. A Balance of Funding Review was originally set up in April 2003. The purpose of the review was to examine the balance of funding for local government - how much money is raised centrally and how much locally - and the different options for the sustainable funding of local government in the long term.

17. The Review reported its findings on 20 July 2004. The main conclusions drawn in the balance of Funding Review report were that:

- The Balance of Funding is a major issue as far as the local government finance system is concerned, notably because of the problem of gearing;

- There is therefore a case for shifting the balance of funding; but measures for achieving this must be looked at on their own merits;
- It is possible to shift the balance of funding towards a higher proportion of local revenue whilst still allowing the system to equalise for higher needs and resources.

18. In presenting the Report to Parliament on 20 July 2004, the then Local Government Minister stated that the Government accepted the Review's conclusion that Council Tax should be retained but reformed.

19. The Minister then announced an independent inquiry into local government funding, chaired by Sir Michael Lyons. The Lyons Inquiry reported alongside the 2007 budget. The Lyons proposals do not amount to significant reform, and the government's reaction was lukewarm.

20. The CSR proposed the option of a supplementary business rate of up to 2p in the pound, for economic development. This, and the community infrastructure levy, are likely to be available from 2010/11. However, the supplementary business rate is subject to a ballot, which requires a majority by numbers eligible to vote, and by rateable value.

21. The community infrastructure levy is a charge on development, which in many ways is likely to replace s106 agreements.

22. There will also be a successor to the Local Authority Business Growth Incentive (LABGI) scheme, from 2009/10. However, only £50m is available nationally in that year, and Luton is unlikely to gain anything from such a scheme.

Efficiency Requirements

23. Until 2007/08 efficiency savings of 2.5% per annum were required of all councils, of which 1.25% had to be cashable. With effect from 2008/09, the Government has assumed, within its calculations of how much funding local authorities need, that councils will achieve 3% net cashable efficiency savings. However, the reporting requirements have reduced, and one of the 198 performance indicator targets is a measure of efficiency.

24. The Council continues to work with the Regional Centres of Excellence for Procurement to try to drive efficiencies throughout local government.

Local Area Agreements

25. The Council is now in the second year of its second Local Public Service Agreements (LPSA) with Government and other local organisations. There are specific targets, and a reward grant is payable if the targets are achieved in full.

26. No income is assumed in the medium term plan from performance reward grant, and if the reward is achieved, a proportion will be made available to the Local Public Service Board to prioritise spend on a local area basis, and a proportion will be made available to the service achieving the reward, for them to develop the service in line with plans showing how the investment is designed to aid the achievement of the Council's key objectives.
27. The council and LPSB are currently negotiating a new local area agreement with government, based on 35 key targets. It is likely that this also will be subject to a reward grant. Again, no assumptions on this are included in the medium term plan, on the basis that any grant will be jointly achieved with partners, and will need therefore to be jointly used.
28. For 2008/09, it is assumed that area based grant is allocated as in 2007/08. No estimate is made of additional costs arising in future years, so the assumption here is that if there is a reprioritisation of the grant, it is achieved by making savings in an existing area of service provision.

Education Funding

29. The DfES launched its five-year strategy for Children and Learners in July 2004, which set out key reforms including guaranteed three-year budgets for every school from 2006, geared to pupil numbers, with every school also guaranteed a minimum per pupil increase each year.
30. The DfES introduced this funding mechanism in the form of Dedicated Schools Grant (DSG) in 2006-07. A 3 year settlement has been announced for 2008/09, but this is a per pupil settlement, so the actual sums receivable will only become clear when the pupil numbers are definitively established. The minimum per pupil increases for schools are 4.2% for 2008/9, 3.6% for 2009/10, and 4.1% for 2010/11.
31. Decisions on schools budgets have to be taken before DfES announce the final DSG, due to lags in the DfES systems for processing and verifying pupil data. Local decisions therefore have to be based on indicative allocations with a mechanism to deal with under and over allocations.
32. Decisions on school budgets have to be made, in conjunction with the Schools Forum, for three years, based on these per pupil guarantees.

Concessionary Fares

33. The Government have extended the concessionary fares scheme on a national basis from 2008/09, with specific grant funding. The shortfall for Luton is estimated to be £700k, and could increase in future years if take-up increases.

LUTON'S LOCAL CONTEXT

Capital

34. The Capital Programme included in the Estimates Book is set out for 5 years, in line with the medium term revenue projections. The estimated revenue costs of the capital programme are included in the revenue projections set out below, with the following key assumptions.
35. The biggest single item is the Building Schools for the Future project. The Council has to meet the initial costs of procurement in full. Subsequently it is assumed that grant, PFI, and supported borrowing cover the capital costs in full, and that schools make a significant contribution towards ongoing costs, but that the Council meets the costs of the Local Education Partnership, expert advice, and a proportion of the 'lifecycle gap', the facilities costs to keep the facilities in optimum condition.
36. The estimates assume there are no additional revenue costs arising from the guided busway. This is an optimistic assumption and depends upon the capital being fully funded by grant and receipts, and the use of a lengthy warranty agreement by the builder.
37. The risks relating to the size of the programme are addressed in the Budget Risk Management Strategy, appendix B of the budget report.
38. The capital programme includes £10m for a performing arts venue, assumed fully funded by a third party. These estimates do not include provision for the running costs of such a venue. It should be noted that national statistics show such venues normally require major levels of subsidy, and that if the Council becomes responsible for this, it is likely to add at least £500k per annum in cost from 2011-12 onwards.
39. The funding for a replacement swimming pool remains unchanged, at £10million, assumed £5m third party contribution, and £5m from capital receipts. This is likely to require updating in the future, when the project team has had a chance to determine options.

Revenue

40. In the light of the national context and the Council's aims, set out above, this section includes estimates of the Council's potential medium term financial position. The optimistic estimates assume the Council's formula grant increasing as announced for the next 3 years, followed by 3% per annum; inflation increasing by 2.5%; the Council's average investment rates reducing slightly, and pay increases of 2.5%, a little above the Chancellor's 2% target for the public sector. It should be noted that if actual pay costs are in excess of these levels, many Councils have required their managers to manage within a cost limit significantly less than the actual increase in pay.

41. The optimistic forecast makes no provision for a future increase in pension costs. It should be noted that a substantial proportion of the pension fund's assets are in stocks and shares, and unless the value of stocks and shares in March 2010 is significantly greater than their value at March 2007 (the date used for the last valuation) then pension costs will increase significantly from 2011/12.
42. The impact of savings and growth have been projected for 5 years. This means that best estimates have been developed for the demographic impact of the increasing numbers of elderly and disabled requiring care, using the current care threshold, whereby needs must be substantial before care is offered. This remains the largest single growth area – which is in line with the LGA's view of the position nationally.
43. The estimates for the costs of waste disposal are also crucial. The Council is now subject to annual targets for amounts sent to landfill, and the landfill allowance trading scheme is in action (the Council has not yet traded). If a Council does not meet its targets, it is subject to LATS fines of £150 per tonne. In certain years (the first being 2009-10), Councils cannot trade allowances to meet the targets, and if more waste is sent to landfill than allowed, Councils will be fined. This forces Councils to develop methods of waste disposal for non-recyclable waste that do not involve landfill. Such methods are extremely expensive, and little or no help is available to pay for them. The growth included in the optimistic estimate is based on current data and negotiations with the Council's waste disposal contractor concerning additional disposal at an energy from waste plant. However, as the position is volatile, dependent on how the waste stream develops (and currently it is increasing at 7% per annum) the final position could be very different.

44. Optimistic Forecast assuming no new growth added in future years

Medium Term Estimates	2008/09	2009/10	2010/11	2011/12	2012/13
Non-Schools Budget	£M	£M	£M	£M	£M
Base Budget	151.2	158.2	164.5	169.4	175.7
Impact of Growth	7.1	11.5	15.2	18.4	21.9
Impact of Efficiency Savings	-5.2	-5.1	-4.8	-4.5	-4.5
Proposed Net Budget	153.1	164.6	174.9	183.3	193.1
Estimated Formula Grant	-83.4	-86.8	-89.9	-92.6	-95.4
Area Based Grant	-9.9	-15.3	-15.1	-15.1	-15.1
Loss of Supporting People Grant (switched into Area based grant)		4.5	4.5	4.5	4.5
Council Tax (4.5% yield)	-59.8	-62.5	-65.3	-68.2	-71.3
Level of further Efficiency Savings Required	0.0	5.4	9.8	12.6	16.5

(The increase in Area Based Grant for 2009/10 is principally the switch of supporting people grant into area based grant, which of itself adds no additional resource. The £900k net increase is principally funding for extended schools start up £300k, positive activities for young people £200k, and increases in funding for care, and carers.)

45. It should be noted that the efficiency savings requirements are cumulative. So if an additional £5.4million of ongoing savings is found in 2009/10, then the additional requirement for 2010/11 is £4.4million, and if all those are ongoing, the additional requirement for 2011/12 is £2.8million.

46. These levels of saving requirements are consistent with the savings achieved in the 2008/09 budget.

47. The key to achievability will be limiting further growth pressures. In the 2007/08 budget process, officers felt that they had identified the key ongoing pressures for the next 5 years. However, the 2008/09 budget process has clearly identified that they did not, and additional pressures of £7.1million are included in this budget.

48. The medium term plan assumes that if resources are reallocated within the area based grant funded services, there will be real reductions in budgets, which may have service impacts, to fund any changed allocation.

49. Corporate directors are determined to work within the parameters of the optimistic medium term forecast. However, it is easy to see that there could be alternative scenarios.

Sensitivity Analysis

50. In 2008/09, £7.1million of newly identified growth was required. Over the last five years, a below average guideline level of new ongoing growth identified in a year has been £3.5million. If this level of newly identified ongoing growth occurs over each of the next five years, with no other changes to the assumptions, the level of savings required will be as follows.

Medium Term Estimates – optimistic forecast with new low levels of new growth added	2008/09	2009/10	2010/11	2011/12	2012/13
Non-Schools Budget	£M	£M	£M	£M	£M
Further efficiency savings required	0	8.9	16.8	23.1	30.5

51. Other alternatives include:

- An additional 1% per annum pay and price inflation. This would add the following amounts to the deficit:

Year	Addition to the deficit in £m
2008/09	1.7
2009/10	3.5
2010/11	5.3
2011/12	7.1
2012/13	9.0

- A lower level of increase in the yield from council tax. The taxbase for 2008/09 is based on the optimistic assumption of an increase of £500k from a reduction in single person discounts and improved collection. If this does not achieve the £500k estimated, and if the council resolves on a lower level of increase in tax yield (which is a combination of the impact of additional dwellings and a tax increase), then an alternative pattern might be no increase in yield for 2009/10, and a 4% increase in yield from 2010/11 onwards. This would add the following amounts to the deficit:

Year	Addition to the deficit in £m
2008/09	0
2009/10	2.7
2010/11	3.1
2011/12	3.6
2012/13	4.0

52. In addition, increased costs could easily arise from landfill in the target years, 2009/10 and 2012/13, say £1million per annum, from pension costs in 2011/12 onwards, say £1million onwards. It should also be noted that there will be carbon reduction targets, and potential carbon trading, for local authorities from 2010 onwards, which could also add to cost.

53. As noted in the risks section, a key risk in the medium term is the size of the capital programme, and the fact that for grant funded schemes the council will have to cover any cost shortfall. A cost overrun on building schools for the future, the guided busway, and the town centre redevelopment schemes could easily cost over £10million.

54. If the Luton Cultural Services Trust does not achieve charitable status, the deficit will rise by £1.4million per annum.

Medium Term Financial Strategy

55. The medium term financial plan and sensitivity analysis above shows that if costs are allowed to escalate, or the levels of increase in income are less than expected, the potential deficits could reach levels that will be extremely difficult to sustain. For this reason the key principles in the Council's medium term financial strategy are as follows.

- Officers will attempt to keep costs within the overall envelope set out in the optimistic forecast assuming no new additional growth, set out in the medium term financial plan
- The Luton Excellence project will aim to deliver savings to make a major contribution towards balancing the budget on an ongoing basis.
- The council will use lean principles in its aim to produce excellent services at less cost.
- Plans will continue to be developed to address and try to use preventative measures to reduce budget growth in the key demand-driven services, such as caring for complex disabilities in both adults and children, home care and residential care for the elderly, and the costs of looked after children.
- Street services will continue to develop plans to maximise recycling and minimise landfill, using the waste model developed in conjunction with environment and regeneration finance to assess potential impact.
- Every service will continue to focus on value for money, in terms of efficiency, effectiveness and economy, in order to minimise costs and improve services to the public.
- The council will aim to use its information technology to support transformation, reduce long-term requirements for office accommodation, minimise manual administration and hence reduce costs. It will aim to use its human resources services as an agent of organisational development to improve service and minimise costs.

- Officers will use e-procurement to ensure transparent procurement policies and the use of corporate framework contracts to minimise costs and achieve rebates where appropriate.
- Structures will be assessed on a one council basis to ensure that the organisation is focussed on excellent customer service at the minimum cost to the council taxpayer, and that structures facilitate rather than hinder achievement.
- Officers will continue to monitor budgets extremely closely, ensuring that outturn predictions reflect current realities, and that all variations are raised corporately in order that the budget can be managed effectively at an overall level, avoiding unexpected overspends so that the accounts can be closed in line with estimates. This remains key to managing budget risks, and avoiding the need to increase reserves.
- The medium term financial planning assumption will be that the council maintains costs within the optimistic planning forecasts, and the Luton Excellence project, plus the focus on value for money and evidence based budgeting assessments and reviews will achieve sufficient efficiency savings to balance the budget over the five year planning period without service reductions.
- The council will continue to make representations to the office for national statistics and government until the true level of population of Luton is recognised in the formula grant assessment, and Luton's grant is increased accordingly in the longer term.

56. Budget priorities and the medium term strategic aims will be reassessed in line with the sustainable community strategy and the new corporate plan, when developed, but that reassessment will be within the spending envelope shown in the medium term planning assumptions.

57. A key aim will be to improve collection of Council Tax, including arrears, in order to maximise the income available to the Council, and to ensure that those who do pay their tax are not subsidising those who can afford to pay, but try to avoid paying.

58. Council tax levels will be kept below the national average, and every attempt will be made to minimise the level of tax increase, consistent with the need to maintain key services to the public.

59. The Council will strive to minimise costs and maximise income from treasury management, within the principles of the treasury management and investment strategies, and this may contribute towards balancing the budget in the short term. However, the volatility of interest rates, and the recent changes introduced by the Public Works Loans Board, which make debt restructuring financially unattractive at present, mean that investments and treasury management cannot be relied upon in the long term as a method of balancing the budget.

60. The council will continue to develop sites, and market for sale non-operational land and buildings which do not yield significant rental income in order to generate capital receipts to pay for capital expenditure on the maintenance of buildings, highways and street lighting, including work required for health and safety reasons.
61. The Executive will aim to optimise the opportunities offered to Luton by the Government's Building Schools for the Future project, in terms of the provision of improved school facilities, and the rationalisation of community facilities within extended schools. The Executive acknowledges the financial priority of the programme, with the attendant risk that if the costs of the Building Schools for the Future programme escalate for any reason, further efficiency savings will have to be found in other programmes or services to pay for it. The Council will review how this risk can be managed.
62. The scale of the Council's current capital programme is far greater than it has ever been in the past. This brings with it new risks and risk management requirements, particularly in terms of managing the level of financial risk and commitment made at any one time across the programme as a whole, rather than simply managing the risk of a single project, or a single department's projects. If two very large projects overspent at the same time, this would have huge negative financial implications. Therefore a key part of the strategy is that the major projects are planned, reviewed and managed in a co-ordinated way.
63. The other general principles guiding the strategy will be:
- To maintain a balanced budget position without the ongoing use of reserves, and as part of the budget process, to set a medium term financial plan demonstrating how that position will be maintained.
 - Spending plans will be aligned with the Council's aims and objectives.
 - The Council will maintain a prudent level of reserves on an ongoing basis.
 - Revenue and Capital budgets will be continually reviewed and modified where necessary to ensure that resources are used effectively and targeted to achieve key objectives.
64. Service heads will update their value for money assessments on an exception basis, as part of the budget process.
65. Additional airport income will continue to be used for capital and spend to save schemes, including transformational projects, as determined by the Executive.

LUTON FORUM

AGENDA
ITEM:

7

DATE OF MEETING: 7th February 2008

REPORT BY: Laura Church

SUBJECT: Luton Forum Membership

PURPOSE:

The purpose of the report is to address the current vacancy levels in the Luton Forum membership. There are currently 5 vacancies and an additional 4 organisations which have not attended meetings in the last year.

RECOMMENDATIONS:

That the LPSB is asked to make recommendations to the Forum on proposed changes to the membership of the Luton Forum in respect of vacancies and non-attendees for adoption at the AGM;

- (ii). That the following organisations and individuals are co-opted onto the Forum to maintain a cross sector of interests at Luton Forum meetings in the interim:
 - Director of Public Health (PCT)
 - Director of Community Living and Adult Social Care (Chair, Children and Young People Board)
 - Director of Children and Learning (Chair, Health and Well-being Board)
 - Representative from the City Growth Strategy (Business) or Chamber Southern Area Committee
 - Chief Executive, Voluntary Action Luton
- (iii) All organisations with a duty to co-operate not represented on the Forum are offered observer status at Forum meetings;

REPORT:

2. Membership of the Luton Forum is agreed annually at the AGM. Current membership is set out in Appendix A. However, the overall structure has remained unchanged since the Forum's establishment. Over the last year there have been a number of changes in the organisational structure of organisations such as Connexions and Luton Dunstable Partnership which have led to vacancies on the Forum. There have also been vacancies in the business sector. These vacancies have not currently been recruited to.

3. There are also a number of organisations that have places on the Forum but which have never attended. These include Barnfield College , 2 schools and the TUC.
4. Given the high level of vacancies and non-attendees (nearly 25%) it now is an appropriate time to review membership and ensure that the Forum remains fit for purpose. It is noticeable, for example that organisations involved with education make up 6 places on the Forum, whilst the health sector only has one. It is recommended that the Local Public Service Board gives further consideration on this matter for consideration at the Annual General Meeting in June.
5. Whilst there are high vacancy levels it may be appropriate to co-opt some members on to the Forum until the AGM. The following are suggestions:
 - Director of Public Health (PCT) – to provide additional input on the Health agenda
 - Director of Children and Learning (LBC) - to represent children’s interests and as Chair of the Children and Young People’s Board
 - Director of Community Living and Adult Social Care (LBC) – to represent health and community issues and as Chair of the Health and Well-being Board
 - Representative of the City Growth Strategy Board or Chamber Southern Area Committee to represent business interests;
 - Chief Executive, Voluntary Action Luton

Although this would increase the LBC representation by 2, these are important areas within the Sustainable Community Strategy and the Local Area Agreement.

6. A number of organisations have observer status at the Luton Forum meetings. The only regular attendee is GO-East. The Local Government Bill includes a duty to co-operate on a number of organisations. Many of these are already members of the Luton Forum. It may be appropriate to offer these other organisations observer status at the current time. They are also participating in Thematic Partnership Boards. Organisations with a duty to co-operate are:

Chief Officer of Police

- Police authorities
- Local Probation Boards
- Youth Offending Teams
- Primary Care Trusts
- NHS Foundation Trusts
- NHS Health Trusts
- The Learning and Skills Council in England

Jobcentre Plus
Health and Safety Executive
Fire and rescue authorities
Metropolitan Passenger Transport Authorities
The Highways Agency
The Environment Agency
Natural England
Regional Development Agencies
National Park Authorities
The Broads Authority
Joint Waste Disposal Authorities.

In a Luton context the following would need observer status – Probation Boards, NHS Trusts, Health and Safety Executive, Highways Agency, Environment Agency, Natural England as other organisations are already involved or not relevant. It is proposed that the additional organisations are offered Observer Status at the current time.

Luton Forum Membership

Sector	Organisation	Vacant	Non-Attendance
Luton Borough Council	(2) 2 Officers		
	Democratically elected Members (4) 4 Councillors		1 Member has not attended last 2 meetings
Police (1)	Bedfordshire Police Service		
Police Authority (1)	Bedfordshire Police Authority		
Fire (1)	Bedfordshire & Luton Fire and Rescue Service		
	Bedfordshire & Luton Fire and Rescue Authority		
Health (1)	Luton Primary Care Trust		
Business (4)	Chamber Business		
	Business Champion,	Vacant (was Nasir Jessa)	
	Commercial company: London Luton Airport		
	Commercial company	Vacant (was Lee Allen)	
Higher/Further Education (2)	Barnfield College		Invite goes to but has never attended
	University of Luton		
Post16 Education (1)	Learning and Skills Council		
Schools (2)	1 Primary Head Teacher,		Invite sent to Pirton Hall but has never attended
	1 Secondary Head Teacher		Invite sent to Denbeigh High

			has never attended
Employment (2)	Job Centre Plus		
	Connexions	Vacant (was Andrew Elvin)	
Partnerships (2)	Luton Dunstable Partnership	Vacant (was Sue Hendrick but LDP no longer active)	
	Community Legal Services Partnership		
Housing Association (1)	Jephson Housing Association		
Luton Youth (1)	Youth Participation Officer	Vacant	
Trade Unions (1)	A nominee of the Local Trades Union Council.		Invited but never attends
The Luton Assembly (to be known as and referred to in this Constitution as "the Assembly")(13)			

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Observers

Organisation	Comment
East of England Development Agency	Not attended any meetings on the Forum
Government Office Eastern Region;	Attends on most occasions
Bedfordshire County Council;	Attended 7 th January event

South Bedfordshire District Council;	Not attended
The Members of Parliament for Luton;	
The Youth MP.	Unlikely to be attend due to timings of the meetings

LUTON FORUM

AGENDA
ITEM:

DATE OF MEETING: 7 February 2008

REPORT BY: LSP Support

SUBJECT: Investing in Communities Programme

PURPOSE:

1. The purpose of the report is to update the Luton Forum on the future direction of the Investing in Communities programme in Bedfordshire & Luton.

RECOMMENDATIONS:

2. **The Luton Forum is recommended to note the report.**

BACKGROUND

3. Bedfordshire & Luton Economic Development Partnership (BLEDP) has been managing and co-ordinating the East of England Development Agency's Investing in Communities (IIC) programme since the programme was launched.

REPORT

4. The East of England Development Agency has provided information for IIC partnerships on next year's settlement and the likely direction of the programme.

5. The Bedfordshire & Luton programme has been awarded c£2.7 million excluding 4.2% management costs for the year 2008-09.

6. BLEDP is required to produce a revised Annual Delivery Plan by 8 February, and EEDA hope to issue funding agreements on 20 March in preparation for the beginning of 2008-09.

7. The future direction of the IIC programme is towards integration with Local Area Agreements. IIC would become outcome focused with greater local flexibility. EEDA will be having discussions with local Sub Regional Economic Partnerships i.e.

BLEDP, and with the local authorities as accountable bodies for LAAs, and the Government Office as the arm of government that oversees LAAs.