MAIDSTONE BOROUGH COUNCIL

CABINET

16 DECEMBER 2009

REPORT OF MANAGEMENT TEAM

Report prepared by Paul Riley, Head of Finance

1. BUDGET STRATEGY 2010/11 ONWARDS

1.1 Issue for Decision

1.1.1 This report allows Cabinet to review the initial Budget Strategy agreed in July 2009, in the context of the changing economic climate, with a view to consulting Overview and Scrutiny Committee, in accordance with the constitution, on the updated strategy prior to submitting proposals to Council in March 2010.

1.2 Recommendation of Management Team

1.2.1 It is recommended that Cabinet:

a) Consider the potential changes to the growth items as identified in Appendix A;

b) Consider the revised strategic projection set out in Appendix B;

c) Consider the potential savings as identified in Appendix C;

d) Consider the Capital Programme detailed in Appendix D;

e) Consider the results of the budget consultation as set out in section 1.11 and Appendix G

f) Consider the medium term financial strategy as set out in Appendix H in connection with the strategic plan elsewhere on this agenda;

g) Agree a provisional spending and a Council Tax level for consultation with Corporate Services Overview and Scrutiny Committee;

1.3 Executive Summary

1.3.1 This report builds on the initial strategy and financial projection agreed in July 2009. It reviews the factors used in that initial strategy, identifies changes that have an impact on the strategy, and from those changes provides a new financial projection.

1.3.2 The factors influencing the initial strategy and financial projection are set out in section 1.4. This details previous decisions and previous assumptions that formed the basis of Cabinets decision in July 2009.

1.3.3 Consideration of the economy, the movement of economic indicators and the risks in relation to potential central government policy are set out in section 1.5. This identifies a level of stability in economic indicators during the current year.

1.3.4 Consideration of the situation during the current year is set out in section 1.6. This identifies the financial problems that the Council has faced in the first half of this year and the influence that they have had on the strategy for 2010/11 onwards.

1.3.5 The review of the strategy for 2010/11 onwards is set out in section 1.7. This identifies all of the factors that influence the financial projection and how they have changed during the period since July 2009.

1.3.6 Section 1.8 reviews the resources available to the Council and the factors that influence the level of Council Tax. It identifies the increase in Council Tax that will create a balanced budget when the financial projection outlined in section 1.7 is considered.

1.3.7 The capital programme is considered along with funding options in section 1.9. This outlines current plans for the programme, current levels of financing available, proposes budgets for an additional year of the programme and assesses the potential need for borrowing during the period of the strategy.

1.3.8 A review of the level and use of balances is considered in section 1.10. Balances have remained stable since 1st April 2009. Although the review identifies unallocated resources a potential need for support from balances in the current year is also identified.

1.3.9 The results of the budget consultation are set out in section 1.11. These conclude, in the main, that the budget strategy is proposing actions that concur with the majority of respondents.

1.3.10 The review of the medium term financial strategy and its links to the strategic plan are outlined in section 1.12.

1.4 Reasons for Recommendation

1.4.1 At the July meeting, Cabinet considered the initial projection for 2010/11 onwards and agreed the following:

a) That the current Medium Term Financial Strategy as set out in Appendix B of the report of Management Team be noted and that it be updated in line with best practice to integrate service and financial planning for the next 3 year planning period.

b) That the levels of council tax set out in Appendix F of the report of Management Team be used for budget planning purposes but the final council tax level will be set as low as possible.

c) That the "Most Likely" scenario set out in Appendix F(ii) of the report of Management Team forms the basis of the need to identify savings of £1.4 million in 2010/11 and that officer's work with Cabinet Members to present proposals for savings at the December Cabinet meeting.

d) That the current Capital Programme be noted.

e) That the use of public consultation to inform the budget strategy be supported and that officers bring a report setting out the most effective consultation methods to the next Cabinet meeting.

f) That the timetable for the 2010/11 Budget Strategy, as set out below [in the July 2009 report], be approved.

1.4.2 The initial financial projection was selected by Cabinet as the most likely of three scenarios. The key assumptions from that scenario were:

a) An overall inflation rate of 2.5% per annum over the period;

b) Anticipated grant based on the indicative figures provided by Government in 2007. This allowed for a 0.5% cash increase in the grant received over the level received in 2009/10 followed by 0% increases in future years;

c) Additional resources for the completion of the new recycling contracts and for resolution of other budget pressures following changes to disposal arrangements;

d) A continuation of the annual increase in the national concessionary fares scheme, based on previous trends in take up of the scheme;

e) The use of all available capital receipts to fund the capital programme, reducing the level of investment income. The investment income is also affected by the rate of interest on the current investments, estimated at an average rate of 1.5%;

f) A need to borrow up to £2.0m to finance capital expenditure, creating a need for revenue resources to service the debt;

g) That the current policy to maintain a minimum balance of 10% of net revenue spend is maintained;

h) That Council Tax increase be equivalent to the 2009/10 increase for the purpose of developing the strategy;

i) That no increase in the Council Tax Base be assumed.

1.4.3 A number of risks were identified as part of the initial projection as follows:

a) The uncertainty surrounding the costs of the national concessionary fares scheme and the future proposals to transfer the function to upper tier authorities in two tier regions;

b) The potential non-delivery of the capital receipts from sale of assets assumed during the programme period, leading to the possible need for borrowing to finance the programme.

c) The potential future loss of HCA grant aid to the Council's capital programme following the intensive investment programme in 2008/09 and 2009/10.

d) The continuing risk of income shortfall on the revenue budget due to the recession

1.4.4 Following these decisions, further reports, to approve the medium term financial strategy and to agree the approach to budget consultation for 2010/11, were approved by Cabinet.

1.5 Economic Background

1.5.1 During previous financial years the international economy has undergone a collapse triggered by factors such as a loss of confidence in the financial markets. This led to a significant change in the authority's financial strategy. This was coupled with a number of expected changes to the Council's investment levels which had been accelerated by this change such as the intended reduction in the level of capital receipts available for the capital programme and investment.

1.5.2 To put the progress of the recession into context, the table below shows the movement in some of the major indices, and the base rate over the period of the last 18 months. As can be seen the indices are all higher, at October 2009, than their lowest point in the year to date.

	April 2008	April 2009	Oct 2009	Lowest Point in 2009/10
	%	%	%	%
CPI	2.5	2.3	1.5	1.1
RPI	3.8	-1.2	-0.8	-1.6
RPI(x)	3.5	1.7	1.9	1.0
Base Rate	5.25	0.5	0.5	0.5

1.5.3 Government support for the economy has taken many different approaches but has created a significant increase in the public sector borrowing requirement. At the time of writing UK debt was £825 billion and set to increase in the short term. The Government's proposed financial responsibility bill commits them to halving the budget deficit within the next four years. Although this does not necessarily mean halving the debt, the direction of change and the importance being placed on this issue by the government can be seen as a significant risk for local authorities who will be expected to bear a burden from this effort.

1.5.4 On 26th November 2009 the government announced the provisional settlement for revenue grant and redistributed business rates. In line with the indicative figures provided by the government in 2007, as part of the three year arrangement, the Council has received a 0.5% increase in grant. This is in line with the financial projection adopted by Cabinet in July 2009. This is the final year of the indicative arrangement and there has been no announcement about the possibility of any future indicative figures at this time.

1.6 <u>Review of 2009/10 to date</u>

1.6.1 Cabinet has received two quarterly monitoring reports for 2009/10. One in August 2009 for quarter one and another in November 2009 for quarter two. It is clear from these reports that the current year's budget has benefited from the efforts, during the 2009/10 budget strategy work, to contain the ongoing consequences of the recession.

1.6.2 Even with the benefit of those actions taken for 2009/10, the two monitoring reports have identified six significant budget pressures on the revenue account in the year. Following management action these areas now forecast a year-end deficit of £0.5 million. Cabinet identified half of this sum by redirecting corporate resources but requested that management continue to take action to reduce individual pressures immediately and await year-end outturn information before the use of the identified corporate resources be sanctioned.

1.6.3 In addition the monitoring reports identified two of these budget pressures that have an ongoing impact into 2010/11 totalling £0.25 million. Cabinet agreed that these be carried forward into this budget strategy work for 2010/11. The two items are the pressures upon the park and ride service and the level of void commercial property.

1.6.4 Consideration of the capital programme within the budget monitoring reports identified a further issue. The planned programme of capital receipts for the three years of the current capital programme is expected to be £7.2 million. During the current financial year the expectation from capital receipts is £3.25 million, to the end of November only £0.4 million has been received. The current year's capital programme is reporting slippage into 2010/11 and that means the expected capital receipt is not required to finance this year's capital programme. The risk from non delivery of expected capital receipts is therefore deferred to 2010/11 at the earliest.

1.6.5 The slippage in the capital programme mentioned above also effects other financing assumptions. In developing the budget strategy for 2010/11 the assumptions included the cost of borrowing £2m in 2009/10. As slippage has reduced the level of spend in 2009/10 to below the available resources, there will be no need to borrow to finance the capital programme in the current year.

1.6.6 Notwithstanding these budget and economic problems the council's financial standing remains strong and revenue balances remain intact. The current predicted position is that there will not be a significant year-end variance either positive or adverse.

1.6.7 Along with the quarterly budget monitoring reports Cabinet has received quarterly performance reports. At September 2009 the Council's performance shows that 86% of KPIs and LPIs are forecast to end the year at or above target. This compares favourably with 2008 performance and is being achieved in a difficult economic climate and with constrained budgets.

1.7 Review of Strategic Projection

1.7.1 In July 2009 cabinet considered a number of scenarios for the strategic projection and adopted the most likely scenario. Since July a number of factors have changed and attached as **Appendix A** is a table detailing the movement in those factors. Given below is more detail on individual changes and, in some cases, updated information that confirms the initial projection but is considered significant.

a) Pay and price inflation has been reduced to 1%, this is now considered to be sufficient to cover the likely increase in major contracts and pay. This is based on the regular annual efficiency proposal that a low level of increase introduces efficiency into all service budgets. Finalising the calculation for contractual increases within the budget means that there is no longer a need for minor growth items and £150,000 is removed from the strategic projection.

b) Recycling growth was originally identified as £215,000. The current forecast for the service suggests that management action can be taken to contain the necessary growth within £115,000. A full review of the service provision has shown that actions can be taken to offset the loss of financial support that has occurred due to the improvements to doorstep recycling in 2009/10. This includes revised arrangements at bring sites and efficiency within the environmental services section.

c) The Concessionary Fares service has been a pressure item every year since the introduction of the national scheme. The policy agreed for the medium term financial strategy since the commencement of the national scheme has been to incorporate a standard £200,000 growth item and this was agreed in July 2009 as part of the financial projection. In the current year spend is forecast to be £58,000 below budget, which is a variance of less than 3% and this gap has been narrowing over the years since the schemes introduction. It is expected that, from 1st April 2011, the provision of this service will transfer to Kent County Council. Details of the proposal will be published by the Secretary of State this month, although an exact date is not yet known. The financial arrangements for the transfer are a major risk for the Council and it remains prudent to continue to provide for the agreed growth item.

d) The cost of potentially borrowing £2 million towards the financing of the capital programme was included it in the original financial projection. The current status of the 2009/10 capital programme is detailed in section 1.6 and shows that slippage into 2010/11 has occurred to such an extent that borrowing will not be required in the current financial year. The revenue growth item of £150,000 is no longer included in the financial projection for 2010/11 but the growth item will remain for subsequent years unless alternative funding is found.

e) The provision of Maidstone Leisure Centre now forms part of a new contract between the Council and Maidstone Leisure Trust (MLT). This contract includes arrangements for substantial capital works to the building and facilities over the coming 15 years, the need for which is underpinned by the results of the place survey. The capital programme identifies equal annual instalments of £630,000 for 15 years making up the capital payment for this work which are being completed by Serco on the Council's behalf, under the arrangements in the contract. The contract includes an annual income of £200,000 from MLT which has been redirected to the capital programme leaving the Council to contribute the remaining £430,000 from other resources. The capital programme has contained a budget of £400,000 for major works to the Leisure Centre since 2008/09. Once the details of the current arrangement were known, this was amended to £630,000. As the contract is now signed and the Council is committed to the annual payment it is prudent to insure that the council's base budgets allows for the funding of these payments for the 15 year period. Is therefore proposed that the reduction in growth in the financial projection as detailed in the paragraphs above be used as revenue resources to support capital programme. This means that in 2010/11 there will be £200,000 income plus £275,000 growth, providing revenue contributions of £475,000 to cover the £630,000 spend. The remaining £155,000 balance of the contribution forms a growth item in the strategic projection for 2011/12.

1.7.2 As discussed in section 1.6, the revenue pressures detailed in the current year's budget monitoring reports have identified two issues that have medium term consequences and Cabinet agreed their incorporation into this budget strategy as growth items at its meeting in November 2009

a) There is a loss of rental income from the council's commercial properties and there is a need to allow or for the ongoing consequences of vacant properties. The initial financial projection agreed in July 2009 included a loss of income of £200,000 for other income generating services. This sum has been increased by £50,000 to incorporate the need for a void allowance against the rental income.

b) The park and ride service has been a barometer of the economic downturn since it commenced. In the past action such as savings from re-tendering the service have been directed towards maintaining cost within budget. However the maintaining the cost of the service in this way has proven difficult and has rarely been successful. The first two quarterly monitoring reports of the current financial year suggest there is still a significant deficit that can no longer be resolved through management action. The revised financial projection includes a growth item of £200,000 to ensure full funding of the service from 2010/11 onwards.

1.8 Available Resources and the Council Tax

1.8.1 The initial approval of Cabinet in July 2009 identified a need for £1.9 million in savings and efficiency. Approximately £0.5m of this existed due to previous actions taken for 2009/10, leaving £1.4m to be identified. The revised strategic financial projection, incorporating some of the £0.5 million, identifies a need for £1.6 million in savings. Cabinet also asked that £0.7 million of the savings came from staff reductions. Attached at **Appendix C** are details of proposals that cover the required £1.7 million, including suggestions that are sufficient to meet a £0.7 million in staff savings. At this stage some of these staff savings proposals are indicative and require the process of formal consultation to be completed before the final value can be confirmed and may require redundancy costs that are not yet quantifiable.

1.8.2 The provisional revenue grant notification is a 0.5% increase, as was the indicative figure given by the government in 2007. Details of future provision of revenue grant, from 2011/12, are not included within any indicative figures detailed by government to date. The proposed financial projection given at Appendix B shows a continual reduction in grant of 1% per annum from 2011/12.

1.8.3 A primary objective of the Budget Strategy exercise is to seek the agreement of Council in March 2010 to the level of Council Tax for 2010/11. The proper practice is for the level of Council Tax to be sufficient to cover a balanced budget without significant or long term reliance on the use of balances, unidentified savings or other items that may bring into doubt the sustainability of the medium term financial strategy.

1.8.4 The council tax collected is a product of the level of band D equivalent council tax in the year and the tax base, which is an expression of the number of taxable dwelling in equivalent band D values. The tax base for 2010/11 will be set by General Purposes Committee in January 2010. The calculation of the tax base has been made using data from the valuation list for the Council on 14th September 2009, in line with the requirements of central government. The 2010/11 tax base will be 59,765.2, which is a 1.1% increase over the 2009/10 tax base, subject to approval at General Purposes Committee.

1.8.5 The strategic projection agreed in July 2009 gave a total requirement of £24.8 million. The current projection attached at Appendix B gives a total requirement of £24.4 million. The movement is detailed in Appendix A and summarised below:

	£,000
July 2009 gross requirement	24,775
Reductions	-975
Increases	615
December 2009 gross requirement	**24,415**
Less: savings identified	-1,604
December 2009 net requirement	**22,811**

1.8.6 Assuming revenue grant at the provisional level and distribution of balances on the collection fund detailed elsewhere on the agenda, the necessary council tax increase to balance the current financial projection would be 2.5%. Details of the calculation are as follows:

	£,000
Provisional revenue grant	9,510
Collection Fund adjustment	10
Council Tax increase of 2.5%	13,290
December 2009 gross requirement	**22,810**

1.8.7 In the announcement by central government, that set the provisional revenue grant for 2010/11, the government suggested that the average Band D council tax was 3% in 2009/10, the lowest average since 1994-95, and that it was expected that it would fall further next year while councils protect and improve front line services. The above calculation sets a council tax of 2.5%, which is less than the 2009/10 average of 3%. At this stage these figures are illustrative and used only to show that a balanced budget can be set, without a direct threat of capping, within the parameters of the growth and savings currently identified.

1.8.8 The final level of council tax for 2010/11 will be set at Council in March 2010 following recommendation from Cabinet in February 2010. There remains an opportunity for Cabinet to consider this issue further before and with the benefit of Overview and Scrutiny comments before confirming the recommendation to Council.

1.9 Capital Programme

1.9.1 The currently approved capital programme 2009/10 to 2011/12, as amended by Cabinet in May 2009, August 2009 and November 2009, relies heavily on the sale of the assets identified in the programme for capital receipts. However, the current economic climate has resulted in the current year's anticipated receipts being delayed, at present, by approximately £2.8 million. Due to slippage in the programme in the current year these anticipated receipts will not be required until the year 2010/11 and the Council will not be required to borrow during the current financial year.

1.9.2 The revised capital programme as approved by Cabinet in May 2009 included assumptions on financing that meant the council would be required to borrow in the region of £3 million by 2011/12, if no additional assets were sold to obtain capital receipts.

1.9.3 Inclusion of the additional resources from revenue, towards the capital expenditure at the Leisure Centre means that this will reduce the need to borrow over the next two years by £0.7 million.

1.9.4 A proposed capital programme that projects forward a year to 2012/13 is attached as **Appendix D**. This programme would require borrowing in the region of £3.7 million. The proposed programme provides limited resource for the Council's standard investments in housing, information technology, parks, property and regeneration for 2012/13.

1.9.5 The programme given at Appendix D assumes no additional assets being sold to obtain further capital receipts beyond 2011/12. However the Council is reviewing a series of additional assets to identify the option method of utilising their value, which will include the sale of suitable surplus assets. At this time information that is essential to effective decision making about the use of assets is being collated and may be available to aid the later years of the proposed capital programme.

1.9.6 This effectively means that the provision of a revenue budget to finance the long term programme at the Leisure Centre along with slippage in the current programme has moved the need to borrow forward by one year but has not removed it. This need to borrow is predicated on the assumption that no additional asset sales will occur after those identified in the programme.

1.10 Review of Balances

1.10.1 The medium term financial strategy envisages that the council will maintain a minimum level of revenue balances equating to 10% of the net revenue spend. At present this equates to approximately £2.3 million. Council has also agreed, for 2009/10, that Cabinet may utilise balances down to a level of £2 million before reporting back to Council.

1.10.2 Attached at **Appendix E** is a summary of the current level of balances, forecast to be £4.0 million at 31st March 2011. After taking into account sums that have been tentatively set aside for specific purposes, the level of uncommitted balances as at 31st March 2011, including the minimum level of balance, is forecast to be £3.1 million. Giving uncommitted balances of £0.8 million

1.10.3 Cabinet will be aware from the quarterly monitoring reports in November 2009 that £255,000 of corporate resources were identified and set-aside in year to mitigate the risk of the identified revenue pressures continuing through to year-end. These resources have been added to balances for that specific purpose. However, Cabinet will also be aware that management action is continuing and there is a possibility that the identified revenue pressures will have been mitigated by year-end. If that is the case the forecast uncommitted balance as at March 2010 would be £3.3 million (uncommitted £1.0 million).

1.10.4 In August 2009 Cabinet agreed to the use of balances already set aside for the production of the local development framework (LDF), to support the public enquiry on the Kent International Gateway. This decision recognised the fact that work completed for one project could be of benefit to the needs of the other. As the public enquiry is near completion a forecast of final costs suggests total expenditure of £1.7 million compared to current revenue budgets of £0.5 million, this clearly shows that available resources will be insufficient to complete both projects.

1.10.5 The analysis of balances given at Appendix E includes the projected use of balances for the development of the Local Development Framework ("LDF") and leaves £304,000 available to support the cost of the public enquiry. This is not enough to fully cover these costs and there are further possible courses of action:

a) Use uncommitted balances to support the public enquiry costs;

b) Build growth into the strategic projection to support production of the LDF in later years; and/or
c) The use of available Housing and Planning Development Grant ("HPDG") funds for 2010/11 that have just been announced, at a total value of over £0.5 million.

A growth item of £200,000 has been included in Appendix B for 2011/12 and 2012/13, to enable alternative options and Cabinet will receive a further report on the possible use of uncommitted revenue balances and other available resources in January 2010.

1.11 Budget Consultation

1.11.1 Previous budget consultations:

The Council has consulted on all its budgets since 2002-03. Various qualitative and quantitative methods have been used including a citizens' panel, focus groups, road shows, meetings, questionnaires, a Simultaneous Multiple Attribute Trade Off exercise and an online budget simulator. We have consulted to:

a) inform residents of the budget setting process, the council's spending levels and its services;
b) find out or check priority areas for spending;
c) find out how best to fund schemes or options for specific service elements;
d) find out preferences for the funding of service improvements – council tax, increased fees, cuts in services or a combination of all three;
e) test support for levels of council tax.

As a result we can be confident that we have a good understanding of residents' preferences for service priority.

1.11.2 Strategic approach:

This year the Cabinet decided on a strategic approach to future budget consultation to complement the medium term financial strategy. This will be achieved in two ways:

a) A partial shift in focus away from questions that consider the immediate future to ones that consider the medium term.

b) A rolling programme of subject matter and consultation styles over the period of the strategy to ensure the best use is made of resources.

For the 2010-11 budget, Cabinet decided to explore resident's attitudes to fees and charges, together with attitudes to council tax levels and cuts in services.

1.11.3 Market research:

The Council commissioned Lake Market Research, a Maidstone based company, to carry out a survey looking at:

a) public opinion on future council charges for parking, park & ride, waste removal and the Hazlitt Arts Centre;
b) residents preference for increases in council tax levels or cuts in service; and
c) suggestions for cuts in service.

The research was undertaken face-to-face both in street and door-to-door covering urban and rural areas of Maidstone. Fieldwork was conducted between 12 October – 7 November.

The questionnaire took between 10 and 15 minutes to administer depending on usage of services. Show cards were used to accompany the questionnaire. No incentive was offered as part of this research.

A total sample of 1,252 interviews were achieved for this study, of these 1,008 interviews were completed with Maidstone residents and 244 interviews completed with respondents living outside of Maidstone. Within the achieved 1252 sample, 254 interviews were completed online via the Lake Local Opinion panel.

All interviewing was conducted via CAPI (computer assisted personal interviewing) using a team of 14 local ISO20252/IQCS trained interviewers.

1.11.4 Main Findings:

Lake Market Research summarise the findings as follows:

1.11.5 Increase of council rates/charges:

a) When given the choice of service cuts or increase in council tax and charges, the clear majority (63%) of residents wanted to see a cut in services. However, when asked to choose between no increase in council tax and charges under any circumstances and an acceptance that increases were not desirable but may have to be applied depending on where the cuts might be, 74% chose the latter course, 19% the former. The third choice of no service cuts but an increase in tax and charges was selected by 7%.

b) 46% of people made no suggestion how the Council could make savings but the most common suggestion for cuts in service centred around economies in Council salaries and staff. 6% of residents specifically mentioned a reduction or cessation of 'artwork' projects.

c) Residents were asked their views regarding 'pay as you use' versus increased tax for each 7 services. The overall trend was a clear preference for an increase in charge for use especially with services such as the Hazlitt Arts Centre, Park and Ride and town centre car parks. The one service where the majority view was for an increase in Council tax was for green waste removal.

d) The overall level of increases in council tax and charges that residents would be prepared to pay to keep services as they are averaged 27.5p. This figure was based on the assumption (in the question asked) that an amount of 50p per week for each resident would be sufficient to keep services at the current level. This average varied across the different demographic groups but differences were relatively low ranging from 22.2p amongst lower wage earners up to 32.9p for higher wage earners.

1.11.6 Parking Charges :

a) The next section of the survey dealt with non food shopping in Maidstone and the possible affect of an increase in parking charges. Just over 90% of residents and 42% of non residents shopped in Maidstone. The cost of parking was considered quite important when using a car to shop in Maidstone but less important than the other 2 factors that respondents were asked to rate – ease of access and product range.

b) Using the basis of parking being charged at a rate of 50p per hour shoppers were asked the point at which parking charges would have to go up before they stopped using a location. The acceptable increases were relatively large with the overall average for residents coming out at an average increase per hour of 38.1p compared with 43.0p for non residents.

c) A comparison of acceptable increases by location revealed that Maidstone had the 5th lowest price increase 'tipping point' (the level of increase that would mean the location would no longer be used) with a figure of 40.9p. This compared with the best figure of 47.5p for Lakeside and the worst performer – Hempstead Valley with a figure of 30.3p. Overall, 39% of resident and 30% of non resident Maidstone shoppers would select the town as the first to stop using should the cost of parking be raised to the 'tipping point'.

d) There is a high usage level of parking in Maidstone (93% of residents and 84% of non residents claim to use the town centre car parks) and about half the sample of both groups considered the cost of parking to be 'about right' while a further 30% considered it only 'a little too much'.

e) 17% of residents and 19% of non residents considered parking to be 'much too much'.

1.11.7 Park & Ride :

a) Respondents were then asked about the Park and Ride service. Of the 22% of residents and 35% of non residents who claimed to use one or other of the Park and Ride services, the clear majority (around 80%) considered that the cost of using the service was 'about right'. Only 4% of residents and 20% of non residents thought the service was 'too expensive'.

b) By far the most common use of the service was for shopping in the town and the most important attributes were the fact that the parking was free and the convenience. When asked what they would do if there was no Park and Ride service almost 60% of respondents stated that they would drive into the town and park while 30% of residents and 14% of non residents would use the normal bus service. However, almost 10% of residents and 15% of non residents thought that they would go elsewhere if the service was not available.

1.11.8 Bulky refuse collection:

a) The next section of the questionnaire dealt with bulky refuse collection services. The clear majority of residents (73%) were aware of the bulky refuse freighters and just under half used them – of these 5% regularly and 44% occasionally. The household waste centre in Tovil was used by 74% of residents with 19% claiming to use it every month.

b) The home collection of bulky items attained similar levels of awareness (80%) and most residents knew that a charge was made for this service. Just over half the sample of residents who were aware of this service had used it.

c) Awareness of the wheelie bin hire was significantly lower at 62% of whom 25% had used the service. The proportion of awareness and use for the green waste sacks was 76% awareness and 50% usage with most of the sacks being purchased from local retailers (79%) or Council receptions (21%).

d) Residents using these 3 services were then asked to rate the value for money of the charges that were made. The bulky item and wheelie bin services performed very well with poor value ratings of only 19% for the former and 12% for the latter. However, 55% of the green sack users considered the cost of the sacks to be poor value for money (28% very poor).

1.11.9 Hazlitt Arts Centre:

The final section of the questionnaire asked for the views of both residents and non residents towards the Hazlitt. 69% of residents and 37% of non residents had visited the theatre and both had visited similar types of events with the most common being pantomimes, plays and family shows. Perceived value for money at an average ticket price of £12.50 was quite high with only 10% rating it 'poor value' for money against 50% giving a 'good' and a further 41 % a 'fair value' for money rating.

1.11.10 Focus groups, Borough Update and website consultation:

The council carried out additional work during the eight week consultation period. This included - a feature in Borough Update and on the Council's website, and meetings with stakeholders – the Maidstone Cultural Group, Youth Forum, Older Persons Group, Transport Users Group, Town Centre Manager and the Chamber of Commerce. This work looked at:

a) residents preference for increases in council tax levels or cuts in service
b) suggestions for cuts in service

The results were consistent with the wider market research.

1.11.11 The Youth Forum has written to suggest:

a) Put up council tax for all houses valued over £150,000. The higher rated the property, the higher the council tax.
b) Request more money from the government.
c) Dispose of the Golf Course.
d) Introduce a small charge to go into the museum – 50p 0r £1.
e) Put all chargeable services up by 5%.
f) Introduce bi-weekly refuse rounds as long as people can have extra bins.

1.11.12 A total of 69 individual responses were received. Of these:

a) 63% wanted the Council to cut services to limit any increase in council tax.
b) 35% did not want the Council to cut services to limit any increase in council tax.
c) 35% were not prepared to pay any extra in council tax.
d) 15% were prepared to pay an extra 10p a week in council tax.
e) 20% were prepared to pay an extra 20p a week in council tax.
f) 29% were prepared to more than 20p a week in council tax.

1.11.13 The suggestions for savings were similar to the Market research exercise with the most common suggestion for cuts in service centred around economies in Council salaries and staff.

1.11.14 Attached at **Appendix F** is the formal response document from Lake Consulting.

1.12 Links to the Strategic Plan

1.12.1 The review of the Strategic Plan in preparation for 2010/11 is presented to Cabinet elsewhere on this agenda. The consultation with officers on the review has been progressed jointly by the Policy & Performance Team and Corporate Finance. The purpose of the coordinated approach was to improve the links between the strategic plan and the medium term financial strategy.

1.12.2 An updated draft of the medium term financial strategy document is attached as **Appendix G**. The final document will be published as an integral part of the budget and will therefore be directly linked to the strategic projection at Appendix A, the savings proposals at Appendix C, the capital programme at Appendix E and the full budget currently under production for consideration by Cabinet in February 2010. In addition to the direct linking of these documents, the medium term financial strategy does, where appropriate, contain links to individual key objectives in the strategic plan. These links enable Cabinet to be certain that the budget strategy outlined in this report is appropriately focused on the Council's key objectives.

1.12.3 The document will eventually contain cross references to the key objectives in the strategic plan through a numbering system which will be incorporated in the approved strategic plan

1.13 Alternative Action and why not Recommended

1.13.1 A number of alternative assumptions are included in the report and appendices for Cabinet's consideration.

1.13.2 The production of the budget for 2010/11 is an element of the statutory process of calculating the Council Tax for 2010/11. In addition the completed an approved document is required to be robust and adequate under the Local Government Act 2003. A statement to this effect must be given by the Chief Financial Officer. On this basis the actions outline in this report must be considered.

1.14 Impact on Corporate Objectives

1.14.1 The budget strategy and the resultant medium term financial strategy involve assessing the level of resources available for the delivery of the key objectives and is a means by which the Council directs these resources. In particular this report should be seen as complimentary to the strategic plan report elsewhere on this agenda.

1.15 Risk Management

1.15.1 The level of resources, the impact of service demands and the overall budget process are all strategic risks. This is particularly so in a recession such as is currently being experienced. The process of development of this budget strategy commenced in July 2009 and is complimented by the budget monitoring reports. Both contain assessment of budget pressures in 2009/10 and future years, consideration of the level of resources available, review of a wide range of factors affecting the budget and consider other financial activity of the Council. This work enables Cabinet to address the strategic risks in an effective and consistent manner over the medium term financial strategy period.

1.15.2 The projection included in this report includes a Council Tax increase that enables a balanced budget to be produced. This increase is considered in light of the recent announcement by central government regarding expectations on council tax increases. The increase used in the calculation is lower than the national average increase for 2009/10 and would provide at a level commensurate to the governments expectation.

1.16 Other Implications

1.16.1

1.	Financial	X
2.	Staffing	X
3.	Legal	X
4.	Equality Impact Needs Assessment	
5.	Environmental/Sustainable Development	
6.	Community Safety	
7.	Human Rights Act	

8. Procurement

9. Asset Management

1.16.2 In broad terms the budget strategy identifies the resources used by all services to achieve all provision. That includes the influence of the Council on all implications listed above.

1.17 Background Documents

1.17.1 Notification from the Department for Communities and Local Government on Revenue Grant Settlement 2010/11

NO REPORT WILL BE ACCEPTED WITHOUT THIS BOX BEING COMPLETED

Is this a Key Decision? Yes X No

If yes, when did it appear in the Forward Plan? September 2009.

Is this an Urgent Key Decision? Yes No X

Reason for Urgency

N/A