

Central
Bedfordshire
Council
Priory House
Monks Walk
Chicksands,
Shefford SG17 5TQ



**TO EACH MEMBER OF THE
EXECUTIVE**

01 June 2010

Dear Councillor

EXECUTIVE - Tuesday 8 June 2010

Further to the Agenda and papers for the above meeting, previously circulated, please find attached the following report that was marked to follow on the main agenda:-

10. Provisional Outturn 2009/10

The report provides information on the budget position as at 31 March 2010.

Should you have any queries regarding the above please contact Devina Lester, Senior Democratic Services Officer on Tel: 0300 300 6258.

Yours sincerely

Devina Lester
Senior Democratic Services Officer
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Meeting: Executive
Date: 8 June 2010
Subject: Budget Management Report – Provisional Outturn
2009/10
Report of: Cllr Maurice Jones , Portfolio Holder for Corporate Resources
Summary: The report provides information on the budget position as at 31 March 2010 to enable decisions to be taken on resource allocation and service delivery

Advising Officer: Richard Ellis, Director of Customer and Shared Services
Contact Officer: Matt Bowmer, Assistant Director – Financial Services
Public/Exempt: Public
Wards Affected: All
Function of: Executive
Key Decision Yes
**Reason for urgency/
exemption from call-in
(if appropriate)** N/A

CORPORATE IMPLICATIONS

Council Priorities:

Sound financial management contributes to the delivery of Council's value for money, enabling the Council to successfully deliver its priorities.

Financial:

The financial implications are set out in the report.

Legal:

None

Risk Management:

Until the final outturn position is determined the impact on the level of General Reserves remains unknown. However, we are now at the final stages of the closure of accounts process and any major variances in addition to the detail outlined in the report are not anticipated.

Staffing (including Trades Unions):

None

Equalities/Human Rights:

None

Community Safety:

None

Sustainability:

None

Summary of Overview and Scrutiny Comments:

- This report will be submitted to the Central and Customer Service Overview and Scrutiny Committee on the 21st June.

RECOMMENDATION(S):

1. That the Executive note the report.
2. Agree to the proposed transfer to General Fund and Earmarked Reserves as set out in Appendix E

Reason for Recommendation(s): To facilitate effective financial planning.

Executive Summary

This report sets out the Provisional Outturn for Central Bedfordshire Council for its first year of operation based on financial information available as at 31st March 2010.

Introduction

1. 2009/10 was always going to be a challenging year with the budget recognised as relatively high risk, being the first one produced for Central Bedfordshire. There has been significant effort by Members, Directors and staff to manage the pressures identified during the course of the year, to avoid any overspend against the approved budget. This would have been achieved had it not been for a number of uncontrollable and non recurring costs, including contract resolution costs and the need to reassess the value of investments held on the Balance Sheet.

2. As part of the process of closing the accounts, there has been a review of earmarked reserves policy and balances. Consequently, if the review proposals are accepted, General Reserves are £4.8M as at 31 March 2010 which exceeds the Medium Term Financial Plan aspirations of £2.8M. However, the proposed change in policy provides for potential draw downs in year as the Authority will not be holding any equalisation reserves.

REVENUE POSITION

3. The provisional outturn position for revenue as at 31st March 2010 is a net overspend of £1.5M (0.8% variation against the net expenditure budget). This represents a significant reduction on the third quarter figures reported to the Executive in December. This is due to the management actions taken to drive down costs wherever possible and also the decision to reassign the PFI reserve.
4. This is a provisional figure based on the closure of the general ledger as at the beginning of May and in order to provide the latest information available includes a number of manual adjustments that reflect postings still required. Many of these adjustments are on an estimated basis pending further information. Consequently, these figures may be subject to variation. The Authority's statutory Statement of Accounts will be presented to the Audit Committee on 28 June for approval.
5. The Summary outturn position and variation from the position reported at the end of the third quarter are set out in Appendix A1 and A2 respectively. Explanations for the Directorate outturn positions are outlined in the following paragraphs.

Business Transformation & Customer Services

6. For Business Transformation the provisional outturn is £459k (7.0%) over budget and is predominantly due to reduced income in the Registrar's Service and increased agency costs in the revenues and benefits service to meet additional demand.
7. The provision for bad debts, within Revenues & Benefits, has been increased by £300k. This is due to higher than budgeted debt levels at the year end as a result of lower than expected collection rates for Council Tax. Collection rates have suffered largely as a result of downtime, during the systems merge and ICT outages.
8. The proposed use of reserves is mainly for the Invest to Save programme that is supported from general reserves and the use of the benefits equalisation reserve.

Chief Executive

9. The provisional outturn for the Chief Executive is on budget.

Children's Services

10. Children's Services is reporting a provisional outturn of £1.2M overspend (3.8%). There is a £1.6m overspend in Children's Services Operations due to an increase in Residential Care placements, Secure Accommodation and Respite Care costs. Pressures around filling Social Workers posts resulted in substantial use of more costly agency and locum social workers. Budget build errors also contributed to the overspend. There were compensatory under spends mainly in Integrated Services due to posts held against the budget overspends and vacant posts as well as realignment of services.
11. There is a £471k underspend in Learning & Strategic Commissioning mainly from in year vacancies held largely in anticipation of the planned reduction of school improvement staff. However there were overspends, the largest being in Home to School Transport (£644k) as a result of a budget shortfall which has been addressed through policy change for 2010/2011. There were also higher than anticipated increased costs of shared and traded services with Bedford Borough Council.
12. For schools the provisional outturn is an expected revenue balance of £7.9m (Capital £6.0m) and a use of revenue reserves of £331k. Twenty seven schools held an approved Licensed Deficit, with a value of £1.2M with a further four schools unlicensed. This may rise once earmarked reserves for schools have been finally declared.
13. The proposed use of reserves reflects the transfer of the Vandyke sports field reserve to the school, the use of the PFI reserve as a result of reduced interest rates, statementing and Local Safeguarding Children's Board.

Corporate Costs

14. Corporate Costs' provisional outturn is an under spend of £279k (1.9%). Insufficient budget allocation for the Pension fund costs of £876k, which is hosted by Bedford Borough Council, has been more than compensated for by savings from debt restructuring and interest payments for PFI and insurance provisions.

Corporate Resources

16. The provisional outturn for Corporate Resources is a £133k (0.7%) overspend. This is mainly due to unavoidable unbudgeted cost and establishment pressures in Property Services, establishment costs within Legal Services and a reduction in the achievable income within Audit. These were offset in part by HR income and savings in ICT establishment and software costs.

Social Care Health and Housing

15. The £4.3M (9.2%) overspend is nearly all in respect of Adult Social Care services and is largely due to incorrect budget build, unachievable efficiency targets and increased numbers of direct payments that have not had compensatory reductions in care package costs, particularly in home care.

16. The provisional closing position for the Housing Revenue Account is an overspend of £290k which will be met from the HRA reserve.
17. The provisional outturn for the Housing General Fund is an overspend of £118k within private sector housing options. This relates to non-capitalisation of salaries.
18. The proposed use of reserves is in respect of the HRA and the use of the Social Care Reform Grant. It is also proposed to carry forward some of the Social Care Reform Grant under spend into next year to support the Transforming Peoples Lives Programme.

Sustainable Communities

19. Sustainable Communities has a provisional outturn of £0.215M (-0.55%) underspend after the proposed use of reserves. The positive overall result indicates that the Directorate has met its annual efficiency targets and was successful in overcoming additional pressures experienced during the year. The Directorate reduced highways maintenance expenditure, subsidy for passenger transport routes and delayed recruitment to compensate for the loss of transition funding and omitted staff allowance budgets.
20. Subdued economic conditions have seen lower revenues in planning and development.
21. The proposed use of reserves is mainly in respect of senior management review redundancy costs. There is a corporate Redundancy Reserve which the directorates are drawing down against.

Leisure and Culture

22. The provisional outturn overspend of £440k (6.6%) after using reserves is largely due to incorrect budget build in Countryside Access service and Adult and Community Learning, as well as historic incorrect income targets in Adult Community Learning.
23. The use of reserves is mainly respect of redundancy costs for the senior management review.

Transitional Costs

24. Transitional costs are reporting as £1.9M above the remaining transition budget available for this year. These include redundancy costs resulting from transition which is £1.5m higher than the original estimate, along with additional IT and staffing costs. Additionally there were consultancy costs for assistance with closing the three legacy authorities and disaggregating the County's balance sheet.

Risks to the outturn variance

25. Not included in this report are the Nominated Costs (costs incurred that are to be shared between Central Bedfordshire and Bedford Borough Councils) which to date total £876k. Central Bedfordshire's share could be up to £551k (63%).

26. As part of this year's final accounts process a review of the legacy authorities debtors and creditors balances are yet to be finalised. It is anticipated that there may be some minor revenue consequences as a result of this exercise, however it is too early to quantify at this stage.

Outturn variance: opportunities

27. As part of its year end procedures, the Authority reviews the integrity of its control and suspense accounts. This process includes the review of Purchase Orders that have been goods receipted during the last financial year that have yet to be matched to corresponding invoices. As a result of this exercise a credit of £300k can be allocated to the Authority's revenue account. Further review work is taking place in this area and the results of this review may increase the level of credit available to the revenue account.

CAPITAL POSITION

28. The provisional outturn for capital as at 31st March 2010 shows a net under spend of £9.2M.
29. The funding of the 2009/10 capital programme will be through use of capital receipts and borrowing. The reported under spend of the programme appears to show a reduced application of capital receipts by £1.4M and no borrowing, but the reality is that all capital receipts will be required and a reduced borrowing of £4.1M.
30. More importantly, at this time there is an expected slippage of £22.5M of expenditure into 2010/11, which indicates the schemes in 2009/10 have overspent by some £2.5M. The majority of this is in respect of Highways which exceeded the £15.2M budget by £1.9M (12.6%) due to Ridgmont Bypass £1.0M of which £0.682m was for compensation payments for a scheme completed during the lifetime of the former county council, and Structural Maintenance Block £0.7M.
31. Slippage is not automatically assumed and will be reviewed as part of the ongoing closure work.

IMPLICATIONS FOR 2010/11

32. The outturn position for both revenue and capital is better than expected as at December which in turn puts the Council on a firmer financial footing for next year. Nevertheless there was a £1.5M overspend at the year end and the impact of this on the 2010/11 agreed budget is being assessed.
33. There has been significant effort this year from cost centre managers and finance staff to understand the service cost drivers and volumes and ensure they are accurately reflected in the budgets. Additionally, now having a year's data, information and experience provides additional opportunity to compare, analyse and challenge the financial position.

34. The medium term financial plan requires a minimum balance on general reserves of £2.8M which, based on the revised approach to earmarked reserves has been exceeded, which provides additional assurance to financial sustainability and security for next year, albeit against a backdrop of a very challenging budget settlement.

REVENUE VIREMENTS

35. There have been the following virements between Directorates since December: £24k from Business Transformation to Children's Services to transfer the budget for a customer services adviser post, as the budget was originally held in the wrong service.
23k from Adult Social Care to Sustainable Communities for Domestic Violence services, to transfer the budget to the correct service area.
£109k from Children's Services to Corporate Resources for the school catering contract.
£12k between Children's Services and Corporate Resources for the transfer of HR related costs in respect of Children's Workforce Development.

KEY COST DRIVERS

36. For each Directorate a number of key areas of activity have been identified that have a significant impact on financial performance data. The non financial numbers are attached at appendix C which act as the key drivers for financial performance and costs.
37. It can be seen from the appendix that numbers and volumes have increased since April, particularly in Looked after Children and Adult Social care packages which is consistent with the financial outturns.

ACHIEVING EFFICIENCIES

38. The agreed budget includes £8.54M of efficiency related savings. Of these £6.508M will be reported to the Department of Communities and Local Government (DCLG) in the next NI 179 reporting requirements as the end of the year position. Details are shown at Appendix D.

RESERVES POSITION

General Reserves

39. The final revenue outturn position has significantly improved from the position as reported in December. The Medium Term Financial Plan requires a closing balance of £2.8M which has been exceeded as a result of reviewing the earmarked reserves policy and balances. With the current provisional outturn the Council will have a provisional General Reserve balance of £4.780M despite unexpected calls on the reserves during the year due to the £1.9M overspend on transition costs, contract resolution costs of up to £0.5M and the potential write off of an investment to the value of £0.6M. The table below sets out the position of general reserves.

40. Table A General Reserves

General Fund Balance	£M	£M
Opening balance		14.372
Less budgeted transitional costs	(15.400)	
Less additional transitional costs	(1.891)	
Less use to support Invest to Save programme	(0.708)	
Less contract resolution/investment write off costs	(1.100)	
		(19.099)
Add Un-earmarking of PFI Reserve	4.600	
Add transfer from earmarked reserves following review	6.408	
		10.925
Expected Closing Balance		6.281
Less Provisional outturn overspend		1.501
Provisional closing balance		4.780

Earmarked Reserves

41. Appendix E details the Earmarked reserves position for the Council. Central Bedfordshire inherited £19.9M of earmarked reserves (excluding schools and HRA) from the three legacy authorities of which £7.4m was in respect of the Schools PFI. This reserve has been un-earmarked and re-utilised to create two new earmarked reserves for redundancies and insurance and to pay back this years budgeted transition costs. As a result, £12.5M has been available for use in 2009/10 to support planned expenditure that relate to the reserve.
42. Services have planned to use £4.9M of these reserves, the details shown at Appendix E.
43. As part of the final accounts process a review of earmarked reserves policy and balances has been undertaken and as a consequence £6.408M has been transferred to General Reserves. This ensures General Balances are more robust and exceed the Medium Term Financial Plan aspirations. There are no equalisation reserves remaining as Earmarked reserves as these will be managed through General Reserve balances. The following four principles have been applied to determine where earmarked reserves should be held:

1. The overriding principle should be that earmarked reserves are held for known commitments, not for what might happen, which is the key purpose of General Reserves.
2. Second, there is merit in holding earmarked reserves to 'equalise' spend from one year to another for example but this should be for defined events and created where it is operationally essential – a good example is in respect of building a fund to support local elections every four years.
3. Third, earmarked reserves should be for significant activities. Holding small and numerous reserves does little for transparency and accountability. As such there should be a de minimis of £50K
4. Fourth, where funds are held on behalf of a third party or in respect of a grant given for a specific purpose.

WORKFORCE DATA

44. Good practice in the use of resources would suggest that the deployment of the workforce is monitored and evaluated as to their alignment to the priorities and budget allocation of the Council.
45. Matters such as the costs of staff sickness absence and the number of vacancies do have an impact on the financial outturn. Work will be done in the next financial year to report performance indicators for staff sickness absence and vacancies within the regular performance reports to the Executive. This performance will then be referenced more fully in the financial outturn report for 2010/11.

OTHER FINANCIAL INDICATORS

Aged Debt Analysis

46. Debt outstanding for Central Bedfordshire as at the end of March was £6.36M which is an increase of £2.17M since the £4.19M last reported to the Executive in December. This increase reflects end of year activity to ensure grant orders and income have been invoiced where due. A summary by Directorate is shown at Appendix F. The unallocated figure includes two large grants from the DCFS and Department of Transport that were not allocated to service areas at the time of reporting.
47. The inherited debt from Bedfordshire County Council is £3.1M which is a small reduction of £0.05M since December. £1.4M of this is with NHS Bedfordshire. Notification has been received that just under £1.2M has been approved for payment and discussions are ongoing to seek final resolution and settlement.
48. The Inherited debt from Mid Beds and South Beds District Councils now stands at £0.750M.

Payments

49. The overall performance as at the end of March, excluding schools is 81.6% which is a reduction of 3% on the performance as reported at December. This is mostly due to the SAP downtime where 5 days processing were lost, and data needed to be rekeyed. Additionally there has been a long term sickness in the payments team which has also affected performance.

Treasury Management

50. A full treasury management report is shown at Appendix G

Appendices:

- Appendix A1 – Summary of Revenue Position
- Appendix A2 – Table of forecast changes since last report
- Appendix B – Summary of Capital Position
- Appendix C – Key cost drivers
- Appendix D - Efficiencies
- Appendix E – Earmarked Reserves
- Appendix F – Debt
- Appendix G – Treasury Management Report

Background Papers: (open to public inspection)

None

Location of papers: N/A

Appendix
A1

Revenue Summary

Director	Annual Budget	Actual as at period 13 close	Latest Expected Outturn	Variance	Proposed Transfer from reserves	Variance before proposed transfers to reserves.	Proposed Transfer to reserves	Variance budget to actual after proposed new reserves.
	£000	£000	£000	£000	£000	£000	£000	£000
Business Transformation	6,471	-55,728	8,568	2,097	-1,682	415	44	459
Chief Executive	309	311	311	2		2		2
Children's Services	31,474	33,678	33,644	2,170	-967	1,203	72	1,275
Corporate Costs	14,686	15,818	14,407	-279		-279		-279
Corporate Resources	19,602	19,965	19,981	379	-337	42	91	133
SCH&H	46,680	66,436	50,547	3,867	-718	3,149	1,138	4,287
Sustainable Communities	39,280	38,571	38,535	-747	-769	-1,516	1,301	-215
Leisure and Culture	6,625	7,301	7,364	739	-352	387	53	440
Repayment of Transitional Costs	4,600	0	0	-4,600		-4,600		-4,600
TOTAL Excluding Schools	169,727	126,352	173,357	3,628	-4,825	-1,197	2,699	1,502
Schools only	914	929	710	-204	-99	-303	302	-1
Total	170,641	127,281	174,067	3,424	-4,924	-1,500	3,001	1,501
Transitional Costs	3,762	5,237	5,653	1,891	0	1,891	0	1,891

Change in Variance

Appendix A2

Director	Latest Expected Outturn after reserves	December Forecast Variance after reserves.	Shift in Variance
	£000	£000	£000
Business Transformation	459	231	228
Chief Executive	2	-35	37
Children's Services *	1,275	2,101	-826
Corporate Costs	-279	-141	-138
Corporate Resources	133	362	-229
SCH&H	4,287	4,532	-245
Sustainable Communities	-215	-219	4
Leisure and Culture	440	0	440
Transitional Costs	-4,600	0	-4,600
TOTAL Excluding Schools	1,502	6,831	-5,329
Schools only	-1	0	-1
Total	1,501	6,831	-5,330

* Included Leisure and Culture as at December

General Fund	Current Budget Approved				Actual to Date		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Directorate:							
Business Transformation	588	83	505		346	105	241
Children, Families & Learning (schools & non s	17,526	13,661	3,865		10,302	13,444	(3,142)
Children, Families & Learning (leisure & culture	2,887	1,250	1,637		2,568	1,243	1,325
Corporate Resources	4,102	0	4,102		2,894	0	2,894
Social Care Health & Housing	4,561	4,716	(155)		3,233	2,914	319
Housing Services	4,448	1,501	2,947		2,705	821	1,884
Sustainable Communities	32,074	18,604	13,470		23,445	9,810	13,635
Total	66,186	39,815	26,371		45,493	28,337	17,156
Borrowing		8,787	(8,787)				0
Previously Unapplied Capital Receipts		17,584	(17,584)				(17,156)
NET General Fund	66,186	66,186	0		45,493	28,337	(0)

Variance to approved budget				Additional Slippage to 10/11			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£000	£000	£000	£000	£000	£000	£000	£000
(242)	(22)	(264)	(266)	(266)	0	(266)	
(7,224)	217	(7,007)	(7,339)	(7,339)	(5,358)	(1,981)	
(319)	7	(312)	(577)	(577)	(154)	(423)	
(1,208)	0	(1,208)	(1,483)	(1,483)	0	(1,483)	
(1,328)	1,802	474	(1,366)	(1,366)	(1,629)	263	
(1,743)	680	(1,063)	0	0	0	0	
(8,629)	8,794	165	(11,465)	(11,465)	(3,966)	(7,499)	
(20,693)	11,478	(9,215)	(22,496)	(22,496)	(11,107)	(11,389)	
0		8,787					
0		428					
(20,693)	11,478	(9)	(22,496)	(22,496)	(11,107)	(11,389)	

Housing Revenue Account	Current Budget Approved				Actual to Date		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure	
	£000	£000	£000	£000	£000	£000	
Director							
SCH&H	5,607	3,649	1,958	5,292	3,649	1,643	
Total Expenditure	5,607	3,649	1,958	5,292	3,649	1,643	
Revenue Contribution		343	(343)			(28)	
Borrowing		0	0			0	
Capital Receipts		1,615	(1,615)			(1,615)	
NET Housing Revenue Account	5,607	5,607	0	5,292	3,649	0	
NET TOTAL Capital Programme	71,793	71,793	0	50,785	31,986	(0)	

Variance to approved budget				Additional Slippage to 10/11			
Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Net Expenditure
£000	£000	£000	£000	£000	£000	£000	£000
(315)	0	(315)	0	0	0	0	0
(315)	0	(315)	0	0	0	0	0
0		315	0	0	0	0	0
0		0	0	0	0	0	0
0		0	0	0	0	0	0
(315)	0	0	0	0	0	0	0
(21,008)	11,478	(0)	(22,496)	(11,107)	(11,389)	(11,107)	(11,389)

Appendix C

Key Cost Drivers

<u>Directorate and cost driver</u>	<u>Numbers/volumes</u>
Children's Services – Looked After Children	April 2009 – 131 September - 160 March - 160
Children's Services – Out of County Independent Fostering Agency Placements	December 52 children at an average cost of £119 per day. March 47 children 17,867 days required (budget provision 14,286)
Adult Social Care – Physical disabilities care packages – direct payments	Numbers of packages + 52 since April 2009
Adult Social Care –Older people care packages – direct payments	Numbers of packages + 103 since April 2009
Business Transformation – Housing Benefits case load	Exact Numbers not yet available
Business Transformation – Council Tax case load	Exact numbers not yet available
Sustainable Communities - Waste tonnages sent to landfill	Tonnes (April to January) – 43,291 @ £40 per tonnes. Target not yet available.

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Efficiencies

Appendix D

	Target £000	Green £000	Amber £000	Red £000	Total £000	To report in Efficiency Return £000
Reported for NI179 Legacy Authorities 08/09						
Bedfordshire County Council						2,929
Mid Beds District Council						1,045
South Beds District Council						150
						4,124
Efficiencies for 09/10						
Children (exl Leisure)	4,217	406	2,746	1,065	4,217	3,152
Sustainable Communities	2,617	1,806	311	500	2,617	2,117
SCH&H	1,291	640	0	651	1,291	640
Corporate Resources	417	599	0	0	599	599
TOTAL	8,542	3,451	3,057	2,216	8,724	6,508

Total Reported for NI179 in October 09

10,632

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Reserves

Appendix E

Description	Opening Balance 2009/10	Proposed use 2009/10	Proposed Transfers to	Transfer to General Fund	Closing Balance 2009/10	Commentary on use/proposed transfer
Corporate Reserves						
Performance Reward Grant	218				218	Reserve relates to LAA Performance Reward grant that was accrued in 2008/09. The amount accrued relates to the NEET target. CBC is committed to transferring this income to the Children's Trust for use in support of LAA Targets.
Mid Beds PFI	7,567	7,567			0	This is Local Authority's contribution to meet the funding gap on the Schools PFI. Transferred to General Reserves in 2009/10 to remove need for revenue contribution for Transition Costs and funded through base budget in the future.
NIRAH	150	42			108	Balance of existing commitment to support start-up costs of Nirah project; being managed by Central Bedfordshire
Redundancy/Harmonisation Reserve		1,409	1,500		91	Created from the utilisation of the PFI reserve to fund voluntary redundancy costs.
Insurance reserve		30	1,000		970	Created from the utilisation of the PFI reserve to fund Council insurance claims.
Insurance Fund	2			2	0	Fund used for Council insurance claims.
Joint Facility Strategy	85			85	0	A fund for Leisure Centre joint use facilities.
	8,022	9,048	2,500	87	1,387	
Business Transformation Reserves						
MAA Study	3			3	0	The reserve relates to income received in 2008/09 from the East of England Regional Assembly for the completion of a feasibility study for a Multi Activity Area Agreement.
Benefit Subsidy Equalisation	1,438	784		654	0	Fund provides protection against the volatility of the Housing and Council Tax benefit subsidy. It has also been used to fund IBS Project.
LSP	91	43			48	Funding for sustainable neighbourhoods. £30k of this reserve is be used to fund a post until September.

Description	Opening Balance 2009/10	Proposed use 2009/10	Proposed Transfers to	Transfer to General Fund	Closing Balance 2009/10	Commentary on use/proposed transfer
Policy	13			13	0	The reserve was created to provide a fund for initiatives relating to the climate change strategy and carbon management plan (CMP).
SCRIBE	99			99	0	Sharing Community Related Information in Bedfordshire Electronically (SCRIBE). Funds to develop central map based system.
Public consultation fund	10			10	0	To fund public consultations
Community Engagement Work			6	6	0	To support the implementation of the Council's Community Engagement Work. Additional funding will be sourced from EEDA's Targeted Support Grant 2010/11.
Voluntary and Community Sector Organisations			20	20	0	To meet legacy commitments to Voluntary and Community Sector Organisations.
Targeted Support for Empowerment Improvement Project			18	18	0	To cover staff costs for the management, administration and roll out of the Targeted Support for Empowerment Improvement Project.
Children's Services	1,654	827	44	823	48	
Vandyke sportsfield	134	134			0	Funds being built up at one school to pay for replacement sports pitch. Repaid to school in 2009/10.
Houghton Regis Library	28			28	0	Funds for finishing the fitting out and equipping the new Houghton Regis library.
Promotion of youth	34			34	0	Funds to support the involvement of young citizens in the decision making process. (ex Mid Beds.)
Promotion of youth and Community Safety	10			10	0	Funds to support the involvement of young citizens in the decision making process. (ex Mid Beds.)
Designated Teacher Funding			22	22	0	Current year underspend - to contribute to Virtual School programme in 10/11
TEACCH Training			20	20	0	Current year underspend - to contribute to delivery of TEACCH training in 10/11
Family Link			21	21	0	To fund equipment for foster carers to provide support to children with disabilities under a new fee based scheme

Description	Opening Balance	Proposed use 2009/10	Proposed Transfers to	Transfer to General Fund	Closing Balance 2009/10	Commentary on use/proposed transfer
School Forum			3		3	To support the DSG training for the School Forum taking place May 2010.
Statemnting	78	78			0	Any underspend has to be carried forward to the schools as agreed at Schools Forum. Non Discretionary Carry Forward
Standards Fund	33				33	Standards Fund grant matchfunding which can be carried forward, must be spent by the 31st August as per DCSF guidelines.
School Meals	79			79	0	Essential maintenance on school kitchens to comply with Government legislation delayed. 3 refurbishments not completed in 2008/09 so need to be carried forward.
Local Safeguarding Children Board (LSCB)	19		6		25	BCC, and other partners, agreed that LCSB could carry over underspend. CBC share of underspend plus partners unspent funds for training
Developing Specialist Provisions - ASD Lower Sch	191				191	DSG Funded - Non Discretionary Carry Forward. Will be used to fund capital projects 2010/11
Developing Specialist Provisions - ASD Middle Sch	232				232	Reserve required towards Capital Cost of an ASD Middle School & Holmead school proposal. DSG Funded - non Discretionary Carry Forward. Will be used 2010/11
International Links Family Link	16			16	0	Primary Study visits - Summer term 2009.
	73			73	0	To fund building extension for foster carers to provide support to children with disabilities under a new fee based scheme. Relates to one family.
Connexions	50			50	0	Commitment to Bedfordshire and Luton Community Foundation contribution towards the Supporting Young People fund. Reserve no longer needed paid through base budget 2010/11
School Specific Contingency	671	99	302		874	Formula changes, schools based redundancies, exceptional costs for schools, in year pupil increases and other items agreed via Schools Forum. DSG Funded - Non Discretionary Carry Forward.

Description	Opening Balance	Proposed use 2009/10	Proposed Transfers to 2009/10	Transfer to General Fund	Closing Balance 2009/10	Commentary on use/proposed transfer
Long Term Absence (Schools)	64	64	0	0	0	Managed by the Bursar Services Team which is a shared service hosted by Central. Schools contribute to the reserve which pays out to cover costs of supply cover in cases of long term sickness.
Teachers pension consultancy	6	0	0	6	0	Funds for consultancy fees payable to Teachers Pensions Consultancy for the Annual Service Return. Work carried into 2009/10
Corporate Resources Reserves	1,719	375	374	359	1,359	
Elections Fund	94	52	0	48	42	Equalised annual revenue contributions from service committed to short term consultant use
Specialist Support Fund	88	40	0	344	0	Committed against scheme withdrawal over next 2 years
Lease car Reserve	344	0	0	97	0	Fund for possible legal costs
Legal expenses fund	97	0	0	8	0	Unspent budget to fund HR consultants
HR consultants	8	0	0	99	0	Equalisation fund to stabilise effect of Development control legal costs.
Development control legal	99	0	0	0	0	Fund to smooth out effects of fluctuations in interest rates.
Interest Equalisation	1,287	0	0	1,287	0	South Beds reserve for Corporate Management Strategy .
Corporate Management Strategy	48	0	0	48	0	To meet future repairs and maintenance costs.
Repairs and Renewals	325	0	0	325	0	To provide funding that would enable the HEART Agency to expand and develop. Will be used in 2010/11 for marketing materials, advertising and recruitment costs. Heart is a shared service and Bedford Borough have agreed to match this reserve if it is approved.
HR Heart recruitment	0	0	5	5	0	To be used for in 2010/11 for employee staff costs.
HR Occupational Health	0	0	70	70	0	To support the on going HR administration costs of benefits including child care vouchers and the new cycle to work scheme.
HR Salary sacrifice	0	0	4	4	0	This funding will be used in 2010/11 to implement the Schools Recruitment Service. TDA Funded - Non Discretionary Carry Forward
HR TDA external funding - recruitment	0	0	12	12	0	
	2,390	92	91	2,347	42	

Description	Opening Balance 2009/10	Proposed use 2009/10	Proposed Transfers to 2009/10	Transfer to General Fund	Closing Balance 2009/10	Commentary on use/proposed transfer
Social Care Health and Housing Reserves						
Social Care Reform Grant	115	115	200		200	Underspend from the second year of a three year ring fenced grant to enable Local Authorities to achieve national targets to implement 'Personalisation' by March 2011. The funding will be invested in service remodelling to deliver future efficiency gains
Supporting People Admin Grant	35	35		35	0	This reserve will be used to provide additional capacity in undertaking a comprehensive needs analysis that is required during 2010/11 to establish Central Beds as an independent commissioner of Supporting People services.
Priority Needs Homelessness	44	44		44	0	Earmarked to be spent with Aragon HA for temporary accommodation needs
Choice Based Lettings	13	13			0	This reserve to transfer back to the HRA as a separate fund is no longer required
Housing Needs Assessment	91	91		91	0	To fund Audit Commission inspections of Housing Services during 2010/11 and survey work related to Private Sector Stock condition.
Stock Condition survey	51	51		51	0	Fund to maintain register of condition of Mid Beds housing stock.
Home improvement agency	122	122		122	0	Fund to support claimants who opt to use Home Improvement Agency guidance and advice.
DWP Housing Allowance	37	37		37	0	Funding from DWP for software, training and publicity for new benefit claims from private tenants under the Local Housing Allowance Regulations.
Housing Benefits Learning Disabilities	325	325	626	325	0	For fraud prevention, new technology and subsidy variations. This is the potential underspend subject to final agreement on the disaggregation of the 2009/10 Learning Disabilities transfer between Central Bedfordshire Council and Bedford Borough. The transfer is ring-fenced funding from NHS Bedfordshire linked to previous long stay hospital expenditure. It will be used to remodel services to deliver efficiencies in 10/11 and in future.
	833	128	826	705	826	

Description	Opening Balance	Proposed use 2009/10	Proposed Transfers to General Fund	Closing Balance 2009/10	Commentary on use/proposed transfer
Sustainable Communities					
Reserves					
Archaeology	97		69	0	Trading reserve
Cycling Initiative	15		15	0	Required for sustainable transport commitments
Knowledge Sector Promotional Material	11		11	0	Established to meet sustainable transport commitments in 2009/10.
Maintenance of Pollution Interceptor	5		5	0	Project underspend. Economic Dev't project being managed jointly by CBC and BBC.
	141	125	300	316	A grant fund for community groups and Town and Parish Councils, to be used to fund capital projects. £74k is the total value of grant applications authorised to date that have not yet been claimed. £240k can be returned to general fund.
Grant Aid Fund	97	97		0	To be amalgamated to one reserve - Grant Aid Fund
Cemeteries Fund	99	99		0	To be amalgamated to one reserve - Grant Aid Fund
Community Project Programme Fund	104	104		0	To be amalgamated to one reserve - Grant Aid Fund
Village Investment Partnership Program	590		590	0	Equalised annual revenue contributions from service
Local Development Framework	34			34	Fairfield Hospital S106 works to listed building. Capital
Conservation Fund	92		124	0	Equalise 3 year trading position
Building Control	273		273	0	Capital set off
DEFRA	1,791			1,791	Plan due early 2010
Dunstable Master Plan	739		200	750	Funding of posts to be reduced over three years.
Housing Planning Delivery Grant	211		211	0	Committed to funding posts
Refuse Recycling	15		15	0	Former South Beds reserve.
Leighton Buzzard Town Centre	71		71	0	Funds held for excess storage capacity & temporary shelving
Archives and records office	8		8	0	Pubic donations for purchase of archive material
Archives - Document Purchase	31		31	0	Funds to promote youth activities
SNAP Dance	-13			-13	This fund is a contractual obligation. A share of the profit from the centre is put into a fund for reinvestment in the facilities
Saxon Pool profit share	12		53	65	Held on behalf of BLRF
Bedford & Luton Resilience Forum	30	6	24	0	Leisure Servcies Grant from NHS Bedfordshire to deliver childhood obesity programme from 2009-11
MEND					

Description	Opening Balance	Proposed use 2009/10	Proposed Transfers to	Transfer to General Fund	Closing Balance 2009/10	Commentary on use/proposed transfer
Sandy Sports and Leisure Centre and Dual use Profit Share Account	31				31	This fund is a contractual obligation. A share of the profit from the centre is put into a fund for reinvestment in the facilities.
Crimebeat	12				12	Funding generated from a year-on-year SLA with Crimebeat.
Adaptation of open space	449				449	Revenue contribution received from developers for maintenance of adopted recreation, play and openspace sites.
Beds Conference bureau	18	18			0	Conference venue funding
HECA East network	2			2	0	Fund for officers supporting Home energy Conservation Act.
HMO Registration/licencing	3			3	0	Future HMO licencing costs.
Energy Efficiency	12			12	0	Funds from the Governments' Energy Efficiency Commitment programme.
Houghton Regis Windsor Drive	2			2	0	Former South Beds reserve.
Luton Airport Noise Consultant	10			10	0	Former South Beds reserve.
Grove Theatre	50			50	0	Fund for the installation of the cinema and function room and required for reinvestment in the facility
Smoking enforcement grant	15			15	0	Former South Beds reserve.
Voluntary Community action	15			15	0	Former South Beds reserve.
Flitwick Leisure Centre Build	88	25		63	0	A fund built up from contributions made by Joint Management Committee for reinvestment in the facility
Biggleswade Tennis Fund	23			23	0	Replacement fund required as part of the agreement with the Tennis Association.
Biggleswade Recreation Centre	18		41	59	0	A fund built up from contributions made by the Joint Management Committee for reinvestment in the facility. Can be added to Dual Use Leisure Centre Fund
Houghton Regis Leisure Centre			12	12	12	A fund for investment in the facility
Flitwick Leisure centre profit share fund	54				54	This fund is a contractual obligation. A share of the profit from the centre is put into a fund for reinvestment in the facilities
Lottery - Sports Development	8			8	0	Lottery grant for play schemes which should be transferred to Leisure revenue budget and not listed as a reserve.
Business growth grants			96	96	96	Partnership contributions
Development growth			82	82	82	GAF 3 funding from BBC

Description	Opening Balance	Proposed use 2009/10	Proposed Transfers to	Transfer to General Fund	Closing Balance 2009/10	Commentary on use/proposed transfer
EEDA			60		60	EEDA grants for employment schemes
Economic participation			413		413	Partnership contributions
Regeneration Euro office			19		19	BBC contribution to consultancies
Euro Co-financing			36		36	DWP employment schemes
Development planning			69		69	Partners contribution to Green Infrastructure and Biodiversity posts.
Transport policy			50		50	Development of 2-year Local Transp Plan
Financial Investigations Unit			12		12	Cash seizures held on behalf of third parties subject to Court decisions for compensation orders.
Domestic abuse contribution			17		17	Funds held for the Domestic Abuse Service, as agreed with partners. This is a shared service between Bedford Borough and Central Bedfordshire Councils, Beds Police and Home Office.
	5,263	474	1,653	2,087	4,355	
Total Earmarked Reserves	19,881	10,944	5,488	6,408	8,017	
Housing Revenue Account Reserves						
HRA	4,038	589	312		3,761	To cover any shortfall in Major Repairs Allowance due to one-off emergencies affecting HRA housing stock
Major Repairs (HRA)	200				200	To fund HRA related expenditure to develop service standards as required by the Tenant Services Authority
Business Process Re-engineering (HRA)	46				46	
	4,284	589	312	0	4,007	
School Reserves						
Revenue	8,219	331			7,888	
Capital	4,851	1,179			6,030	
	13,070	331	1,179	0	13,918	
	37,235	11,864	6,979	6,408	25,942	
GRAND TOTAL						
GENERAL RESERVES	14,372	-19,099	4,600	6,408	6,281	Before Outturn overspend of £1.5M

Appendix F

Summary Debt

DIRECTORATE	15 to 30 Days £k	% of Total	31 to 60 Days £k	% of Total	61 to 90 Days £k	% of Total	91 to 365 days £k	% of Total	1 year and over £k	% of Total	Total Due Debts £k	Total Debt %
Children's Families & Learning	2,935	46%	1,499	24%	518	8%	978	15%	0	0%	5,930	93%
Social Care Health & Housing	324	5%	105	2%	209	3%	621	10%	0	0%	1,259	20%
Sustainable Communities	670	11%	215	3%	142	2%	583	9%	0	0%	1,610	25%
Corporate Resources	469	7%	276	4%	111	2%	233	4%	0	0%	1,088	17%
NHS Bedfordshire	134	2%	0	0%	0	0%	0	0%	0	0%	134	2%
Business Transformation	202	3%	0	0%	0	0%	0	0%	0	0%	202	3%
Unallocated & Non Directorate	-2,521	-40%	-548	-9%	-655	-10%	-144	-2%	0	0%	-3,869	-61%
GRAND TOTAL	2,214	35%	1,547	24%	325	5%	2,270	36%	0	0%	6,356	100%

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Appendix G

Treasury Management Report 2009/10

1. Borrowing

The portfolio inherited by Central Bedfordshire on 1 April 2010 amounted to £156.266m and was 100% fixed rate. This is a prudent approach to borrowing which protects public money from variations in interest rates. However, given the historically low interest rates there was a significant gap in the rates at which the Council was lending out and borrowing at. All economic commentators were forecasting that the base rate would remain low well into 2010 and only pick up gradually beyond that point. Following ongoing review of market conditions the authority switched borrowings to variable rate in line with the Strategy and where any premium could be repaid with eighteen months.

In all nine loans totalling £35.6m were converted to variable rate. After allowing for the cost of the premia for early surrender £0.184m was saved in interest payments for 2009/10 and an estimated £1.227m in 2010/11 assuming increases in the base rate through the year. Long term interest rates are being monitored to ensure that the Council can moved back into fixed rates at no higher than the historic loans.

Table 1: Statement of Borrowing

	Balance on 01/04/09 £m	New Borrowing £m	Debt Repaid £m	Balance on 31/03/10 £m
Short Term Borrowing	0.007	0.000	0.007	0.000
Long Term Borrowing	156.259	35.580	35.580	156.259
Temporary Borrowing	0.000	10.040	5.040	5.000
TOTAL BORROWING	156.266	45.620	40.627	161.259

2. Investments

The investment portfolio has changed dramatically through the year with one year lending pre 31 March 2009 (which in some instances had been as high as 6.51%) being replaced with investments at between 2.1% and 0.8% as the 0.5% base rate persisted. These rates are nevertheless very satisfactory with Barclays and Lloyds offering for tranches of £5m and £10m, rates which exceed rates available in the market at the time.

All investments in the year were made with authorised counterparties identified in the Treasury Management Strategy (TMS) and none of the individual limits were breached when new investments were made. However, the levels of cash held with the Council's bankers were on occasion higher than the limit stated in the TMS in order allow maximum flexibility over cash management and reflects the authority having custody of the cash held on behalf of Bedford Borough Council whilst agreement was reached over the disaggregation of Bedfordshire County Council's balance sheet.

Table 2: Statement of Investments

	Balance on 01/04/09 £m	Balance on 31/03/10 £m	Movement £m
Short Term Investments	85.719	59.350	(26.369)
Long Term Investments Lime Property Fund	4.301	4.530	0.229
Funds Managed Externally on segregated basis:	5.675	5.749	0.074
TOTAL INVESTMENTS	95.695	69.629	(26.066)

Short Term Investments:

As the lead authority on the disaggregation arrangements for Bedfordshire County Council the Council held balances of £13.7m on the behalf of Bedford Borough at the beginning of the year, this figure has been excluded from the table above.

Internally the Council has been able to obtain a return well above its set benchmark of the 3 month LIBID average for the year (which was 0.6954%), the Council's average rate of return on investments being 1.74% (which was received overall on internal investments and monies in call accounts).

Long Term Investments:

The Council inherited one long term investment which consists of units bought in an Investment Property Fund. The nominal value of these units is £5m; however after the housing market decline in 2008/09, these units were valued at £4.3m at the start of the year. Despite the fall in capital value the Lime Fund has constantly given us a steady rate of return

In 2009/10 the capital value of the Fund has grown by £229k and the actual rate of return* this year was 5.66% before fees and realised capital gains /losses and 4.51% after fees. (no capital gains /losses were realised)

*Qtr 4 Return estimated

Funds Managed Externally

The council also has funds held with the External Fund Manager Investec which primarily trades in certificates of deposits and commercial papers. Although these have a fixed rate of return attached to them they are bought and sold on the open market and are exposed to capital gains and losses.

Unlike the Lime Fund all monies made on the fund are reinvested within the fund, despite the analysis showing the fund grew by £74k the fund made a capital loss of £59k of which £49k was realised.

In 2009 the actual rate of return was 2.01% before fees and realised capital gains and losses and 1.19% after fees and realised capital gains and losses.

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