

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



**TO EACH MEMBER OF THE
EXECUTIVE**

23 July 2015

Dear Councillor

EXECUTIVE - Tuesday 4 August 2015

Further to the Agenda and papers for the above meeting, previously circulated, please find attached the following budget monitoring reports that were marked as 'to follow' in the Agenda:-

- 14. June 2015 – Quarter 1 Revenue Budget Monitoring Report**

The report sets out the financial position for 2015/16 as at the end of June 2015.
- 15. June 2015 – Q1 Capital Budget Monitoring Report**

The report provides information on the projected capital outturn for 2015/16 as at June 2015.
- 16. June 2015 (Q1) Housing Revenue Account Budget Monitoring Revenue and Capital Report**

The report provides information on the 2015/16 Housing Revenue Account projected outturn revenue and capital position as at June 2015.

Should you have any queries regarding the above please contact Sandra Hobbs, Committee Services Officer on Tel: 0300 300 5257.

Yours sincerely

Sandra Hobbs
Committee Services Officer
email: sandra.hobbs@centralbedfordshire.gov.uk

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Central Bedfordshire Council

EXECUTIVE

4 August 2015

June 2015 Q1 Revenue Budget Monitoring

Report of Cllr Richard Wenham, Executive Member for Corporate Resources
(richard.wenham@centralbedfordshire.gov.uk)

Advising Officers: Charles Warboys, Chief Finance Officer
(charles.warboys@centralbedfordshire.gov.uk)

This report relates to a Non Key Decision

Purpose of this report

The report sets out the financial outturn position for 2015/16 as at the end of June 2015. It excludes the Housing Revenue Account which is subject to a separate report.

RECOMMENDATIONS

The Executive is asked to:

1. consider the forecast Revenue outturn position which is an overspend of £2.5M; and
2. request that officers continue to look for compensatory savings in order to deliver a balanced budget.

Issues

1. The full year forecast (FYF) outturn position as at June 2015 is an overspend of £2.5M (£0.8M overspend was forecast in June last year).
2. This is mainly a result of emerging pressures in Social Care Health and Housing (SCHH) and Children's Services. Mitigation actions are being sought.
3. The budget includes a contingency of £2.1M and £0.75M for Care Act pressures (within Corporate Costs) which could be used to offset this, if there are no further calls upon them.
4. The Year to Date (YTD) spend excluding Schools and HRA is over budget by £1.1M (£0.2M above in June last year).

5. Overall debt is £12.8M compared to £11.8M in May. June debt over 61 days is £5.4M (43%). May was £4.4M (38%). All debt is under active management.

The table below details the YTD and Full Year variances by directorate:

Directorate	Year to Date - June P3			Full Year		
	Budget £m	Actual £m	Variance £m	Budget £m	Forecast Outturn £m	Variance £m
SCHH	16.0	16.8	0.8	63.9	65.5	1.6
Childrens Services	11.0	11.5	0.5	44.0	45.5	1.5
Community Services	10.5	10.7	0.1	40.9	40.9	(0.0)
Regeneration	0.9	0.5	(0.4)	4.8	4.8	(0.0)
Public Health	0.0	0.2	0.2	0.0	0.0	0.0
Improvement & Corporate Services	4.1	4.2	0.2	16.4	16.2	(0.2)
Corporate Resources	1.1	0.9	(0.2)	4.7	4.6	(0.1)
Corporate Costs	2.1	1.9	(0.2)	11.7	11.5	(0.2)
Total Excl Landlord Business	45.7	46.8	1.1	186.5	189.0	2.5
Schools	0.0	0.0	0.0	0.0	0.0	0.0
Landlord Business	0.0	0.0	0.0	0.0	0.0	0.0
Total	45.7	46.8	1.1	186.5	189.0	2.5

(Note – Any minor rounding differences are due to linking to detailed appendices).

Earmarked Reserves (Appendix B)

6. The general fund full year forecast position includes a proposed transfer to reserves of £2.6M. This is unusual and is a result of the creation of a £2.1M earmarked reserve arising from part of the New Homes Bonus (NHB) that we will receive for 2015/16 (along with a planned £0.5M increase to the redundancy reserve). This was a conscious decision within the Medium Term Financial Plan to both reduce reliance on NHB and to build a fund for future investment.
7. In terms of use of general fund earmarked reserves, SCHH are forecast to use £1.3M, Children's Services £0.5M, Community Services £1.1M, Regeneration £0.3M, Public Health £0.1M.
8. The overall net position is a reduction of £0.9M.
9. See Appendix B for details of which EMR have been used.

General Reserves

10. The opening position for 2015/16 is £15.3M (subject to audit). There are no further uses or contributions planned this year.

Council Priorities

11. Sound financial management contributes to the Council's Value for Money and enables the Council to successfully deliver its priorities. The recommendations will contribute indirectly to all 5 Council priorities.

Corporate Implications

Legal Implications

12. None.

Financial Implications

13. The financial implications are set out in the report.

Equalities Implications

14. Equality Impact Assessments were undertaken prior to the allocation of the 2014/15 budgets and each Directorate was advised of significant equality implications relating to their budget proposals.

Appendices

- Appendix A – Detailed Directorate Commentary
- Appendix B – Earmarked Reserves
- Appendix C – Debt Management
- Appendix D – Treasury Management

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APPENDIX A1 – DIRECTORATE COMMENTARY

Social Care, Health and Housing

- The directorate General Fund projected outturn position at June 2015 is an overspend of £1.6M after the use of reserves.

Month: June 2015	Year to date				Year					
	Director	Budget	Actual	Use of Reserves	Variance	Approved Budget	Forecast Outturn	Forecast Variance	Proposed use of Earmarked reserves	Forecast Variance after use of earmarked reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Social Care Health and Housing										
Director of Social Care, Health, Housing	49	110	(52)	9	197	526	329	(299)		30
Housing Solutions (GF)	300	436	(42)	94	1,198	1,413	215	(160)		55
Care and Support	2,950	2,741	(162)	(371)	11,802	11,943	141	(648)		(507)
OPPD - Care Management	7,027	8,631	(41)	1,563	28,031	31,014	2,983	(163)		2,820
LD Care Management & MH Packages	4,861	5,036	-	175	19,431	20,111	680	-		680
Head of Integrated Services + Other IS	198	136	-	(62)	791	607	(184)	-		(184)
Commissioning	2,591	2,539	-	(52)	10,366	10,263	(103)	-		(103)
Resources	(1,982)	(2,509)	-	(527)	(7,927)	(9,149)	(1,222)	-		(1,222)
Total Social Care and Health	15,994	17,120	(297)	829	63,889	66,728	2,839	(1,270)		1,569

- The Adult Social Care service is showing an overspend of £2.8M after the use of reserves but excluding customer contributions. This division has to absorb the risk of increasing Older People, Physical and Learning Disability package volumes and costs. People are living longer and the costs of dementia are on the increase. Demographic pressure of £1.8M has been built into the budget to reflect this, however, efficiency targets for this area total just short of £2.6M. The budget was also increased between years by £1.0M to reflect the outturn overspend for this area in 2014/15 of £3.3M.
- Within the Older People 65+ package budgets, there are projected overspends on residential and nursing placements of £1.5M offset by additional customer income. There is also an overspend on non-residential packages of care of £1.3M partially offset by additional customer income of £0.3M.
- The Directorate continues to track the impact of former self funders who exert pressure on residential and nursing placements budgets. Five have required Council support during 2015/16 which is a similar level to the same period in 2014/15.
- Within Learning Disabilities, there is a projected overspend on packages of £0.8M. This is consistent with the forensic analysis of placement and packages in March 2015. Additional budget of £1.3M has been provided to cover the impact of transitions in 2015/16 which includes the full year effect of 2014/15 new customers and the part year effect of 2015/16 new customers. The budget has also been increased to reflect carer breakdown costs for mid life customers estimated at £0.4M, to offset the permanent overspend on non-fleet transport contracts of £0.080M and the short term pressure due to the lack of in area respite care of £0.256M. Additional budget of £0.848M has also been provided to address Ordinary Residence costs for customers originally from other authorities who have become resident in Central Bedfordshire. Efficiency targets for this service area amount to £0.8M.
- There remain risks relating to the funding of customers being reviewed under the Winterbourne View national programme. Work is underway to try and quantify the financial impact.

7. Residential Homes for Older People are reporting an underspend of £0.4M predominantly on pay. The workforce within the homes is subject to a phased assimilation process to bring all care staff onto CBC grades and terms and conditions.
8. The Commissioning service is projecting an underspend of £0.1M. The key variances after reserves are an overspend on the S75 Mental Health Agreement of £0.114M (due to an efficiency shortfall spanning two financial years), offset by a projected under spend on the Meals Contract of £0.065M and on the Contracts and Commissioning Teams' pay of £0.078M. There are also under spends on the Equipment Pooled budget and the Intermediate Care S75 Agreement but these are both attributable to the Better Care Fund Pool.
9. The Resources division is showing a projected underspend of £1.2M the majority of which relates to a projected over achievement of customer contributions.
10. A Recovery Plan has been drafted to address the current year forecast over spend and also the significant financial challenges over the new four years of the Medium Term Financial Plan. Specific areas of action and associated financial benefits are being worked on and will be subject to further review.
11. Thus far the impact of legislative changes arising from the Care Act has not resulted in additional pressures on the budget position. The Care Act Grant of £1.2M is largely committed, however, so any additional assessment or support costs will have to be met from within existing resources or from the £0.75M corporate budget set aside for the Care Act.

Note: since the quarter ended, the Government has announced a delay to phase 2 of the Care Act to 2020. The implications of this are currently being reviewed.

12. The Better Care Fund (BCF) has been established and the S75 and financial reporting arrangements are expected to be agreed shortly. There are already reported risks to this new Pooled Budget relating to performance targets for non-elective admissions into hospital. The cost of CBC services included within the BCF is being reviewed to identify any potential surpluses. Any over or underspends within CBC's current revenue budgets for services positioned within the BCF are excluded from the General Fund forecast as they will now be contained within the pooled fund.
13. HRA is subject to a separate report.

Children's Services

14. The full year forecast outturn position for 2015/16 as at June 2015 is an overspend of £1.5M after £0.5M use of reserves.

Month: June 2015	Year to date				Year					
	Director	Budget	Actual	Use of Reserves	Variance	Approved Budget	Forecast Outturn	Forecast Variance	Proposed use of Earmarked reserves	Forecast Variance after use of earmarked reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Children's Services										
Director of Children's Services	103	163	(43)	17	412	583	171	(171)	-	
Children's Services Operations	5,614	6,122	(32)	476	22,278	23,514	1,236	(124)	1,112	
LAC Placement Costs	2,146	2,359	(74)	139	9,144	9,810	666	(296)	370	
Commissioning & Partnerships	838	872	(17)	17	3,845	3,898	53	(63)	(10)	
Joint School Commissioning Service (Transport)	2,063	1,946	-	(117)	7,649	7,664	15	-	15	
Partnerships	238	261	(21)	2	593	678	85	(85)	-	
Education Services	337	517	(55)	125	1,476	2,181	705	(216)	489	
Total Children's Services (ex Schools / Overheads)	11,339	12,240	(242)	659	45,397	48,328	2,931	(955)	1,976	
DSG + ESG Contribution to Central Support	(339)	(329)	-	10	(1,356)	(1,356)	-	-	-	
Other School Budgets	-	(239)	107	(132)	-	(917)	(917)	428	(489)	
Total Children's Services (excluding Schools)	11,000	11,672	(135)	537	44,041	46,055	2,014	(527)	1,487	

Note : Other School Budgets relates to School activities such as Official Duties, School Forum, School Loans, Long Term Absence Pool, Growth Fund and Contingencies, This is fully funded either by DSG grant or income generation and has no impact on the Councils budget. The activities fully funded by DSG are agreed on an annual basis, as required by regulation, by School Forum

15. The tables below reflects the increased number of looked after children and non care placements.

	June 2014	June 2015	% inc / (dec)
Number of LAC :	272	284	3%
In House Foster Placements	95	107	16%
Independent Foster Placements	100	92	-15%
Residential Homes & Schools	24	19	-20%
Semi - Independent Living including Unaccompanied Asylum Seeking Children	21	30	43%
Placed for Adoption/ with Parents	22	27	23%
Children with Disabilities (CWD)	4	4	0%
Secure Accommodation, Young Offenders & NHS	5	3	-40%
Mother & Baby Units	1	2	200%

- 16.

	June 2014	June 2015	% inc / (dec)
Non care placements :			
Special Guardianship Orders	87	123	41%
Special Arrangement Orders (Residential Orders)		46	
Other information:			
Child Protection Plan	182	180	-1%
Children in Need	1307	1482	13%
Number of Referrals (YTD)	526	856	63%

17.		Movement YTD
	LAC (April 274)	+10
	In House Placements (April 106)	+1
	Independent Foster Placements (April 88)	+4
	Special Guardianship Orders (April 116)	+7

18. The pressure attributed to the use of agency staff covering substantive posts across Children Services Operations is demonstrated in the table below.

	Staff FTE	No. of Perm	Vacant	No. of Agency	% of Agency	% change month
Children in Care & Care Leavers	48	34	1	13	29%	0%
Intake & Family Support	125.2	79.1	13.9	32.3	25%	-1%
CWD	56.3	46.4	6.1	3.8	7%	+0.8%
Quality Assurance	22.9	17.3	0	5.5	24%	+2%
Fostering & Adoption	42.6	31.6	2.3	8.7	22%	0%
Early Intervention & Prevention	74.7	63.5	10.	1.0	1%	-1%
Total	369.7	271.9	33.5	64.3	17%	

The % change on month is the % movement between the proportion of agency staff in a particular service in June compared to the proportion in May.

19. Overspends in the Operations Directorate (£1.5M) include Intake & Family Support (£417K) Children in Care & Care Leavers (£375K), Looked After Children (LAC) Placement Costs (£370K), Fostering & Adoption (£265K), Quality Assurance (£34K) and Assistant Director Operations (£30K). The overspends can be grouped as follows:

- £787K the use of agency staff mitigating the Assessed & Supported Year in Employment programme (ASYE), vacant posts, maternity and sickness absences across the directorate.
- £419K Staying Put (£65K), Staying Put is a government initiative launched to enable young people placed in foster placements to remain there after they reach their 18th birthday. Leaving Care (£55K Asylum 18+ and £181K Leaving care Accommodation) , Leaving Care refers to young people who are aged 16 and 17 and want to live more independently in semi-independent accommodation ,and Secure Accommodation (£118K), an order has been granted for two young people by the Court under section 25 of the Children Act 1989

- £141K Allowances including Adoption and Residential Orders (now Child Arrangement Orders).
- £131K In-house Fostering due to increased placements and additional costs associated with new foster carers, offset by savings in a reduction in Independent Foster Agency placements (£5K).
- £70K Increased inter agency adoption costs.

20. Children in Care and Care Leavers

The full year forecast for this area is £375K over budget due to:

- £221K use of Agency staff covering five vacant posts, mitigation for Assessed & Year Supported Year in Employment (ASYE), maternity and sickness in the LAC 0-12 team.
- £55K Asylum 18+ budgets where there have been 20 new asylum seekers since January 2015 who will remain looked after until they are 18. They are usually placed with a semi independent accommodation provider and there has been one young person with high complex needs who required a high cost placement.
- £38K LAC External providers due to increased therapeutic services to include a programme of CSE work for one child.
- £65K Staying Put placements, currently three young people.
- £13K LAC 0-12 contact and living expenses.
- (£21K) savings due to a consultant social worker not starting until September 2015.

21. LAC Placement Costs

The full year forecast for the placement costs of the 284 LAC is £370K over budget (after the use of £296K for the introduction of the foster fee scheme).

The forecast overspend is due to;

- £131K In-house Fostering due to increased placements and additional costs associated with new foster carers. There have been additional expenses (£54K) including emergency placement allowances and baby placements. The average rate paid to Career Carers is also higher than first anticipated when the foster fee scheme was introduced. The saving from a reduction in the use of Independent Foster Agencies of £57K partly mitigates this overspend.

- £181K Leaving Care budgets: there have been 10 new asylum seekers since January 2015 who will remain looked after until they are 18. They are usually placed with a semi independent accommodation provider and there has been one young person with high complex needs who required a high cost placement.
- £118K Secure Accommodation: there are currently two placements at an average cost of £5,290 per week forecast to remain until October / November 2015.
- £19K agency staff in Maythorn compensated by underspends in other CWD budgets.
- (£22K) income from Education and Health budgets for Residential care home payments.

22. Intake & Family Support

The full year forecast for this area is £417K over budget due to the use of Agency staff in the following areas:

- £20K Dunstable and Biggleswade Family Support: Seven Social Workers vacant posts, maternity and sickness. A Team Manger locum covering a team manager sickness absence and two vacancies which are currently not being covered. It exposes the service to risk as child protection cases and court proceedings become difficult to allocate and manage.
- £328K Intake & Assessment: covering one maternity leave, three Senior Practitioner posts, seven Social Worker vacancies, and a one point five agency staff mitigating for three agency staff covering ASYE posts.
- £96K Access and referral Hub: covering two Social Worker posts, one Senior Practitioner, and three Access and Referral Officers

This is offset by savings (£27K) in Safeguarding External Providers.

23. Fostering & Adoption

The full year forecast for this area is £265K over budget due to:

- £102K Residential Orders (now Child Arrangement Orders): costs range from £26-£246 per week where the average is £151 and currently 47 in number.
- £70K Inter-agency adoption: There are six inter-agency placements, the cost for these placements are as follows: Single placement £27K and a sibling group of two is £43K per placement. We are still seeking four more inter-agency placements. Due to changes of circumstance there is also a reduction to anticipated income from selling placements.
- £39K Adoption Allowances cost ranges from £85 -£198 per week where the average is £138 and currently 38 in number.

- £33K Additional costs incurred in relation to new Foster carers.
- £14K Agency Staff covering a manager post in resourcing operations, this is due to finish in September 2015 with permanent recruitment underway.
- £12K Adoption Panel costs including venue hire, staffing & agency above recharged income and car mileage. The number of adoption panels has increased from one per month to two due to an increase in demand of both family & friends and career carers. The Number of panels has increased due to demand from both Bedford Borough & CBC as it has remained a joint panel.

Community Services

24. Community Services' forecast outturn is a marginal overspend of £6K.

Month: June 2015	Year to date				Year					
	Director	Budget	Actual	Use of Reserves	Variance	Approved Budget	Forecast Outturn	Forecast Variance	Proposed use of Earmarked reserves	Forecast Variance after use of earmarked reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Community Services										
Community Services Director	99	87	-	(12)	396	396	-	-	-	-
Highways Transportation	3,496	3,599	-	103	12,317	12,317	-	-	-	-
Environmental Services - Waste	4,678	4,615	-	(63)	18,592	19,133	541	(541)	-	-
Environmental Services - Other	1,206	1,354	(179)	(31)	5,288	5,765	477	(483)	(6)	(6)
Assets	1,067	1,203	(17)	119	4,267	4,333	66	(66)	-	-
Total Community Services	10,546	10,858	(196)	116	40,860	41,944	1,084	(1,090)	(6)	(6)

Regeneration and Business Support

25. Regeneration and Business Support's forecast outturn is to achieve an underspend of £32K.

Month: June 2015	Year to date				Year					
	Director	Budget	Actual	Use of Reserves	Variance	Approved Budget	Forecast Outturn	Forecast Variance	Proposed use of Earmarked reserves	Forecast Variance after use of earmarked reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Regeneration and Business Support										
Director	116	104	-	(12)	463	463	-	-	-	-
Business Support & Skills	(189)	(248)	(4)	(63)	935	1,060	125	(131)	(6)	(6)
Planning	980	683	4	(293)	3,417	3,594	177	(203)	(26)	(26)
Programme Delivery	-	-	-	-	-	-	-	-	-	-
Total Regeneration and Business Support	907	539	-	(368)	4,815	5,117	302	(334)	(32)	(32)

Public Health

26. Public Health's forecast outturn is to achieve a balanced budget after proposed use of reserves. The Public Health grant is currently ringfenced so any under/overspend results in a movement against the carried forward reserve from 2014/15.

Month: June 2015	Year to date				Year					
	Director	Budget	Actual	Use of Reserves	Variance	Approved Budget	Forecast Outturn	Forecast Variance	Proposed use of Earmarked reserves	Forecast Variance after use of earmarked reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Public Health										
Director of Public Health	(2,855)	(2,375)	-	480	(11,421)	(11,421)	-	-	-	-
Assistant Director of Public Health	2,856	2,580	-	(276)	11,425	11,566	141	(141)	-	-
Total Public Health (Excl overheads)	1	205	-	204	4	145	141	(141)	-	-
Contribution to Central Support	-	-	-	-	-	-	-	-	-	-
Total Public Health	1	205	-	204	4	145	141	(141)	-	-

Improvement and Corporate Services (ICS)

27. The directorate is currently forecasting an underspend of £181K, this is a result of expected higher than budgeted HRA recharges (income to ICS).

Month: June 2015	Year to date				Year					
	Director	Budget	Actual	Use of Reserves	Variance	Approved Budget	Forecast Outturn	Forecast Variance	Proposed use of Earmarked reserves	Forecast Variance after use of earmarked reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Improvement and Corporate Services										
Improvement and Corporate Services Leadership	62	61	-	(1)	248	248	-	-	-	-
Communications and Insight	210	244	-	34	840	841	1	-	1	
Customer Services	460	485	-	25	1,841	1,785	(56)	-	(56)	
Programme and Performance	91	92	-	1	365	371	6	-	6	
Policy & strategy	49	49	-	-	197	199	2	-	2	
Customer & Community Insight	-	-	-	-	-	-	-	-	-	
Procurement	(80)	(55)	-	25	(321)	(326)	(5)	-	(5)	
People	633	631	(9)	(11)	2,531	2,465	(66)	(43)	(109)	
Information Technology	1,565	1,855	-	290	6,262	6,275	13	-	13	
Legal & Democratic Services	1,086	1,022	(149)	(213)	4,440	4,556	116	(149)	(33)	
Total Improvement and Corporate Services	4,076	4,384	(158)	150	16,403	16,414	11	(192)	(181)	

Corporate Resources and Costs

28. The full year budget of £16.5M is made up of:

- Corporate Resources £4.7M
- Corporate Costs £11.7M

The forecast outturn is an underspend of £340K.

Month: June 2015	Year to date				Year					
	Director	Budget	Actual	Use of Reserves	Variance	Approved Budget	Forecast Outturn	Forecast Variance	Proposed use of Earmarked reserves	Forecast Variance after use of earmarked reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Corporate Resources										
Chief Executive	76	40	-	(36)	302	302	-	-	-	
Finance	1,144	1,001	-	(143)	4,994	4,440	(554)	415	(139)	
Housing Benefit Subsidy	(137)	(137)	-	-	(547)	(547)	-	-	-	
Total Corporate Resources	1,083	904	-	(179)	4,749	4,195	(554)	415	(139)	
Corporate Costs										
Debt Management	3,284	3,159	-	(125)	13,136	12,636	(500)	-	(500)	
Premature Retirement Costs	714	714	-	-	2,855	2,855	-	-	-	
Corporate Public Health Recharges	(158)	(152)	-	6	(631)	(631)	-	-	-	
Corporate HRA Recharges	(23)	(30)	-	(7)	(90)	(120)	(30)	-	(30)	
Efficiencies	36	(29)	-	(65)	(187)	142	329	-	329	
Contingency and Reserves*	(1,737)	(2,268)	531	-	(3,349)	(5,972)	(2,623)	2,623	-	
Total Corporate Costs	2,116	1,394	531	(191)	11,734	8,910	(2,824)	2,623	(201)	
Total Corporate	3,199	2,298	531	(370)	16,483	13,105	(3,378)	3,038	(340)	

Corporate Resources

29. Within Finance there is an additional £0.14M contribution to overheads from the Housing Revenue Account (HRA) following recent increased levels of support provided to the service.

Corporate Costs

30. Within Debt Management there are lower than budgeted Interest Payable costs expected (£0.5M). This is as a result of there being no change to short term interest rates and revisions to cash flow forecasts for 2015/16.
31. There is a pressure resulting from the Customer First Phase 2 efficiency of £0.329M being forecast as unachievable in year. This is partly due to CF2 not progressing in 2015/16 as a result of system development to meet the Care Act requirements.

Appendix B – Earmarked Reserves

Description	Opening Balance 2015/16 £000	Spent £000	Balance before new transfers £000	New Proposed transfers	Proposed Closing Balance 2015/16 £000	MEMO: Net movement after proposals	Description of EMR
Social Care Health and Housing Reserves							
Social Care Reform Grant	-	-	-	-	-	-	Balance of previous specific grant to implement Personalisation in ASC
Deregistration of Care Homes	-	-	-	-	-	-	Funding to address costs of residents moving into the area and becoming the financial responsibility of CBC - base budget provision in 15/16
LD Campus Closure	-	-	-	-	-	-	Reserve for transitional costs of capital re-provision of former Campus Homes - CBC schemes now completed
Deprivation of Liberty Safeguards	619	-	619	-	619	-	New legislation from March 2014 - additional assessment and legal costs
Winter Pressure 12/13 "Care Act"	20	-	20	-	20	-	Residual DoH funding - re-badged to fund Care Act implementation
Winter Pressure 13/14 "Care Act"	55	-	55	-	55	-	Residual DoH funding - re-badged to fund Care Act implementation
Mental Health Action Plan	60	-	60	-	60	-	Reserve to address outstanding improvements re personalisation, refund of charges to S117 customers
Outcome Based Commissioning	3,239	(640)	2,599	-	2,599	(640)	Residential Futures programme - funds the development team and will also fund transition al costs of re-provision ie. double running costs, site security etc
Step Up /Step Down	470	(470)	-	-	-	(470)	Required for 15/16 one-off efficiency
NHS Grant 2013/14 - Better Care Fund	485	-	485	-	485	-	balance of unapplied NHS grant due to underspends including delayed schemes. Underspend earmarked and to be used for risk mitigation in 15/16 re BCF efficiencies
Welfare Reform - local welfare provision grant	340	(160)	180	-	180	(160)	Required in 16/17 after expected withdrawal of Govt funding
Zero Base Review grant	44	-	44	-	44	-	Grant to support revised performance and financial reporting for 14/15 - spend mainly on systems development and report writing - ongoing
NHS Grant - Strategic Transitions Project underspend	-	-	-	-	-	-	Project concluded
Total Social Care, Health and Housing	5,332	(1,270)	4,062	-	4,062	(1,270)	
Children's Services Reserves							
Fostering & Adoption	499	(296)	203	-	203	(296)	Foster Carer's Fee Scheme
Childrens Homes Co-location	116	(116)	-	-	-	(116)	
Performance Reward Grant	144	(40)	104	-	104	(40)	
LSP Sustainable Neighbourhoods	47	-	47	-	47	-	
"Working Together" - new National Guidance	10	(10)	-	-	-	(10)	LSCB
CWD	9	-	9	-	9	-	Refurbishment of flat at Maythorn & South Hub settlement costs, delays therefore balance needed 15/16
Transformation Challenge Award	55	-	55	-	55	-	
Support and Aspiration Grant	308	(216)	92	-	92	(216)	SEN Reform Grant unspent income
Children's Services Unspent Grant Income	394	(6)	387	-	387	(6)	AYSE and Supporting Troubled Families
Assets of Community Value	21	-	21	-	21	-	New Burdens Grant
Supporting Disadvantaged Children	18	(8)	10	-	10	(8)	Pupil Premium Grant
Parent Partnership (QA)	29	(11)	18	-	18	(11)	Grant from National Children's Bureau
The Central Bedfordshire Academy of Social Work and Early Intervention	51	(36)	15	-	15	(36)	Additional Practice Educator to support an increased cohort of newly qualified social workers, project support and leadership qualification funding
Children's & Families Act	171	(171)	-	-	-	(171)	Development of communications and implementation materials to present whole of CBC's offer to families
Total Children's Services	1,871	(910)	961	-	961	(910)	
Community Services Reserves							
Leisure Centre Reinvestment Fund	179	(179)	-	-	-	(179)	Contractual requirement for share of profits from leisure contracts in North area for the reinvestment in building and worn out equipment. The reserve does hold a one off of £26k for an insurable risk assessment fund which in 13/14 is being funded by the base budget
Integrated consumer protection	116	-	116	-	116	-	This money is being held to assist with additional costs associated with protection of consumers either through specialist investigation costs or costs for legal proceedings. Without these monies specialist investigations will be extremely limited which may result in the inability to achieve a successful outcome in relation to consumer protection
Transport Fund	125	-	125	-	125	-	Parking income directed to transport infrastructure improvements.
Libraries Greenhouse	4	-	4	-	4	-	
Community Safety partnership fund	94	-	94	-	94	-	Contributions from community safety partners, Home Office (IOM), and money held on behalf of HMCS relating to cash seizures.
Bedford & Luton Resilience Forum	65	-	65	-	65	-	Contributions from partners with CBC acting as treasurer to Forum and arising from subscriptions made by each of the partnership organisations to fund work undertaken by BLLRF.
Financial Investigation Unit	834	(304)	530	-	530	(304)	now earmarked reserve not RIA/ GIA
Community Safety Grant	119	-	119	-	119	-	now earmarked reserve not RIA/ GIA (additional is income from probation that they had over in 2013/14 for work in 2014/15)
Biggleswade wind farm	23	-	23	-	23	-	rifenced income
countryside access grant	23	-	23	-	23	-	Linslade Wood income for Phone Masts and Grant of Easement for Shefford - both Ring fenced income
Woodside connection options appraisal	39	-	39	-	39	-	
Rural Payments	3	-	3	-	3	-	
flood recovery - highways	-	-	-	-	-	-	allocation from central government received late march - part rev part capital in relation to work needed as result of bad weather
Total Community Services	1,624	(483)	1,141	-	1,141	(483)	

Appendix B – Earmarked Reserves (Cont)

Description	Opening Balance 2015/16 £000	Spent £000	Balance before new transfers £000	New Proposed transfers	Proposed Closing Balance 2015/16 £000	MEMO: Net movement after proposals	Description of EMR
Regeneration Reserves							
Career Development framework	33		33		33		This reserve is to fund 2 two year planning trainee 'apprenticeship' posts in partnership with Westminster University. These posts sit in Development Management division.
External Funded Regeneration reserve	310	(65)	245		245	(65)	
Local Development Framework	327		327		327		To support the examination hearings of development strategy, gypsy and traveller and CIL, which had been due to take place in 2013/14. The 2014/15 budget had been reduced in the MTFP process to reflect this.
Pre-application service development	-		-		-		This reserve is used to resource and support Planning Performance Agreements specifically enabling external technical expertise to be secured to deliver against the milestones set out in the signed agreements. PPAs are entered into by Developers for an assured level of service and bring income into the Authority. Failure to deliver the levels of service set out in the agreement will result in reductions in income levels from PPAs and loss of reputational issues for the Council
Minerals and Waste partnership funds	104		104		104		
NIRAH	32	(15)	17		17	(15)	
Business growth grants	51	(51)	-		-	(51)	
Flood Defence	555	(117)	438		438	(117)	now earmarked reserve not RIA/ GIA
Natural England	-		-		-		now earmarked reserve not RIA/ GIA
Building control	296	(124)	172		172	(124)	Previously this has been treated as a receipt in advance - however as building control is a trading account it needs to be treated as an earmarked reserve
Unauthorised Development	159		159		159		Previously this has been set up as a provision but the correct treatment is as an earmarked reserve.
Broadband	-		-		-		To support the second phase of the broadband project for additional coverage within the area as match funding is required
arts and theatre review	-		-		-		
Neighbourhood planning grant	60		60		60		ringfenced grant
Total Regeneration	1,927	(372)	1,555		1,555	(372)	
Public Health Reserves							
Public Health Grant Reserve	1,496	(141)	1,355		1,355	(141)	
Risk reserve	-		-		-		
Total Public Health	1,496	(141)	1,355		1,355	(141)	
Improvement and Corporate Services Reserves							
Pan Public Sector Funding	28		28		28		Partnership Funding to facilitate the successful delivery of the Implementation of Total Place in Luton and Bedfordshire through Projects.
Customer First	13		13		13		Support allocated to Customer First Revenue activities
Elections Fund	149	(149)	-	95	95	(54)	Build sufficient reserve over four years to run council election
Individual Electoral Registration	68		68		68		
Assets	-		-		-		Transition - Reduce reliance on Consultants & fund transitional period in staff restructure.
ICT Webcasting	55		55		55		
ICS - HR (Apprentices & Graduates)	138	(43)	95		95	(43)	
Total Improvement & Corporate Services	451	(192)	259	95	354	(97)	
Finance							
Housing Benefit Subsidy Audit Reserve	500		500		500		Reserve to cover outcome of Housing Benefit Subsidy audits
NNDR Discretionary Relief & NNDR Bad Debts	946		946		946		Receipt of new accounting guidance - will impact 14/15 collection fund
Total Finance	1,446		1,446		1,446		
Corporate Reserves							
Redundancy/Restructure Reserve	1,487	(1)	1,486	500	1,986	499	Reserve to cover redundancy and actuarial costs
Insurance reserve	4,278		4,278	415	4,693	415	Reserve to cover insurance costs based on actuarial assessment
Welfare Reform	445	(45)	400		400	(45)	The Government has introduced a range of changes to benefits and other welfare payments, with effect from 1 April 2013. This includes abolition of Council Tax Benefit, replaced with a localised Council Tax Support system and the Under Occupancy Charge for those benefit claimants deemed to be occupying a greater number of bedrooms than is required. There have also been changes in the transfer of the former Social Welfare Fund payments to local authorities. The Council has budgeted for these changes but is aware that the full implications and the impact on vulnerable groups of people has yet to be fully understood. This Earmarked Reserve has been created to provide scope to support any additional initiatives which the Council may wish to take as the position develops during the financial year.
Teachers Pensions	187		187		187		Reserve to cover authority's potential liability following historic scheme records issue
s31 NNDR Income to offset NNDR discounts	2,922		2,922		2,922		
Planning Decisions Legal Challenge	300		300		300		
Weed Spraying	175	(175)	-		-	(175)	Great Places in Central Bedfordshire
Grass Cutting	123	(123)	-		-	(123)	Great Places in Central Bedfordshire
Additional street cleansing / deep cleansing, footpath clearance, spot weed control, graffiti removal / painting, emergency 'streetscene'	17	(17)	-		-	(17)	Great Places in Central Bedfordshire
Street sweeping	130	(130)	-		-	(130)	Great Places in Central Bedfordshire
Town Centre jet wash	27	(27)	-		-	(27)	Great Places in Central Bedfordshire
Road Marking Line renewal	70	(70)	-		-	(70)	Great Places in Central Bedfordshire
Sandy Upper	350		350		350		The sum of £0.350M is to fund the shortfall in Sandy Upper school's budget due to the exceptional circumstances created by the DfE withdrawal of an agreed academy sponsor part way through the acadamisation process. The school is preparing a financial recovery plan working and is being closely monitored by the local authority.
Apprentices (Held in Corporate at year end)	200		200		200		
Rationalisation of Accommodation	500	(65)	435		435	(65)	
Cost Reduction including Capital Financing Costs	680		680		680		
Community resilience	500		500		500		
Tackling Safety and Vulnerability	500		500		500		
New Homes Bonus	-		-	2,123	2,123	2,123	
Total Corporate Reserves	12,891	(653)	12,238	3,038	15,276	2,385	
Total Earmarked Reserves (General Fund)	27,038	(4,021)	23,018	3,133	26,151	(688)	

Appendix C - Debtors

- Total general CBC sales debtors for June amounted to £12.8M (£11.8M in May). Of this £4.5M is less than 30 days old. Debt over 60 days is £5.4M (43%). May was £4.4M, 38%.

Of the Over 60 days £4.1M is actively being chased (£1.6M is with the Bedfordshire Clinical Commissioning Group and meetings are taking place to resolve these debts). £0.3M have instalment arrangements in place. £0.7M is being dealt with through legal channels, £0.2M is secured on property, land charges or County Court Judgements, £0.2M is in dispute. A further £1.4M is in respect of house Sales.

DIRECTORATE	1 to 14 Days		15 to 30 Days		31 to 60 Days		61 to 90 Days		91 to 365 days		1 year and over		Total Debt		Over 61	
	£k	%	£k	%	£k	%	£k	%	£k	%	£k	%	£k	%	£k	%
Social Care Health & Housing	651	14%	1,031	23%	250	5%	400	9%	1,141	25%	1,104	24%	4,577	100%	2,645	58%
Children's Services	152	17%	481	55%	67	8%	159	18%	19	2%	4	0%	882	100%	182	21%
Community Services	132	13%	109	10%	52	5%	113	11%	236	22%	412	39%	1,054	100%	761	72%
Regeneration	329	8%	435	10%	2,077	50%	507	12%	494	12%	316	8%	4,158	100%	1,317	32%
I.C.S	195	17%	448	39%	217	19%	23	2%	85	7%	188	16%	1,156	100%	296	26%
Finance	8	2%	72	20%	149	42%	2	1%	53	15%	69	20%	353	100%	124	35%
Public Health	0	0%	484	73%	0	0%	0	0%	4	1%	172	26%	660	100%	176	27%
Unallocated & Non Directorate	0	0%	-3	5%	0	0%	-5	9%	-18	33%	-29	53%	-55	100%	-52	95%
GRAND TOTAL	1,467	11%	3,057	24%	2,812	22%	1,199	9%	2,014	16%	2,236	17%	12,785	100%	5,449	43%
PREVIOUS MONTH	2,318		3,345		1,651		862		1,399		2,181		11,756		4,442	38%
House Sales	79		41		68		62		582		783		1,615			

- The largest items of note within the total debt are:

- SCHH debt at the end of Quarter 1 was £4.6M of which £0.2M is HRA related (reported separately in the HRA report). Of the £4.4M General Fund debt, £2.3M is Health Service debt. Of the remaining general debt of £2.1M, £0.932M (45%) is more than 61 days old. Of this, all is under active management (with solicitors, payable by instalments etc.)
- Health Service debt at the end of Quarter 1 was £2.3M of which £1.6M or 69% is more than 61 days. All debts are under active management. A schedule of all outstanding debts has been shared with the Bedfordshire Clinical Commissioning Group (BCCG) and queries have recently been received for review by the relevant service areas.
- Total debt for Children's Services is £882K of which £182K is debt over 61 days and is being actively pursued.
- Community Services total debt is £1.05M. About 72% of debt is over 61 days. All debt recovery is in accordance with Council policy.

- Regeneration total debt is £4.2M. Invoices relating to developers' legal contributions to deliver planning requirements associated with new developments account for 89% of debt. About 32% of debt is over 61 days. All debt recovery is in accordance with Council policy.
- Overall Corporate debt (ICS & Finance) is £1.5M. Of this there is £420K is over 61 days old. All debt is under active management.
- Public Health debt is £660K of which £176K all of which is over 61 days old.

Write offs for Quarter 1:

SUMMARY Q1 Apr - June

WRITE OFF	NUMBER	VALUE
£0 - £5,000	13	£ 6,286.70
£5,000 - £10,000	0	£ -
£10,000 - £50,000	0	£ -
>£50,000	0	£ -
TOTAL	13	£6,286.70
(of which Legacy £287.16)		

Appendix D – Treasury Management

Borrowing

As at 30 June 2015 the Council's total borrowing was £308.1M. Of this amount, £278.1M was with the Public Works Loan Board (PWLB), £16.5M was short-term fixed rate borrowing from other local authorities and £13.5M was market debt from banks. The table below also shows the split between the General fund and HRA.

	PWLB Fixed £M	PWLB Variable £M	Short-term Fixed £M	Market (LOBO) £M	Total £M
General Fund	97.0	16.1	16.5	13.5	143.1
HRA	120.0	45.0	0.0	0.0	165.0
TOTAL	217.0	61.1	16.5	13.5	308.1

To manage interest rate risk, the profile of debt is split so that overall the Council has 71% fixed rate PWLB debt, 20% variable rate PWLB debt, 5% short-term fixed rate debt, and 4% fixed rate market (LOBO) debt; this is shown in A1 on the Treasury Management Performance Dashboard.

Based on the latest available annual benchmark analysis conducted by the Chartered Institute of Public Finance and Accountancy (CIPFA), A2 of the dashboard shows the Council's cost of borrowing is significantly lower than the 4.2% interest rate faced by other local authorities. The average interest rate paid by the Council was 2.9% as at 31 March 2015, which is mainly due to a higher proportion of variable and short-term fixed rate debt.

In line with the Council's borrowing strategy, new short-term fixed rate borrowing was taken out during the first quarter at a cost of between 0.33% and 0.40% (inclusive of brokerage fees).

Investments

When investing, the Council gives priority to security and liquidity and aims to achieve a yield commensurate with these principles. To diversify its investment portfolio, the Council continues to invest in a range of funds such as notice accounts, call accounts and Money Market Funds as well as using a number of different financial institutions. B1 of the dashboard shows the breakdown by investment counterparty as at 30 June 2015. It should be noted that as cash investments are maintained at minimal levels for operational purposes, the £5M long-term investment in the UK commercial property-based Lime Fund now represents a higher proportion of total investments even though the cash amount invested in it has not changed.

The latest available CIPFA Treasury Management benchmarking results are as at 31 March 2015. B2 of the dashboard shows that the Council's average rate of return on investments was 1.15% which was higher than the benchmarked local authority average of 0.78% – this was due to the relatively high investment return on the Lime Fund.

In addition to the Lime Fund investment, the Council has cash deposits placed on varying interest rates ranging between 0.4% and 0.8%. The Council holds the majority of its investments in liquid form so it is available for cash flow purposes. As at 30 June 2015, the Council held cash investments of £12.1M: £6.6M in instant access call accounts and Money Market Funds (MMFs); £2.5M in notice accounts; and the remaining £3M in fixed term deposits.

Cash Management

The average cash balance the Council holds is considerably lower than other benchmarked authorities. The 12-month rolling average cash balance as at the 31 March 2015 for the Council was £36m compared to a benchmark average of £144M. This reflects the Council's long-standing strategy of holding low cash balances to reduce investment counterparty risk and contain its borrowing costs by utilising internal cash balances in lieu of external borrowing.

Following the 2008 financial crisis, governments injected hundreds of billions to bail-out the banks. Bail-outs of failing banks in Greece, Portugal and Iceland were primarily financed by taxpayers. As time has passed and the cost of government bail-outs has risen, the appeal of asking private-sector investors to suffer a greater proportion of losses has increased. A bail-in forces the bank's bondholders and depositors to bear some of the burden by having part of the debt they are owed written off.

The UK has implemented the final bail-in provisions of the EU Bank Recovery and Resolution Directive over recent months, a year ahead of most other countries. This has led to credit rating downgrades for a number of UK banks and building societies to reflect the reduced likelihood of Central Government support. Aside from maintaining minimal cash levels for operational purposes, the Council also mitigates the higher risk arising from the introduction of the new bank bail-in provisions by spreading its cash balance across a diversified range of investment counterparties.

Outlook

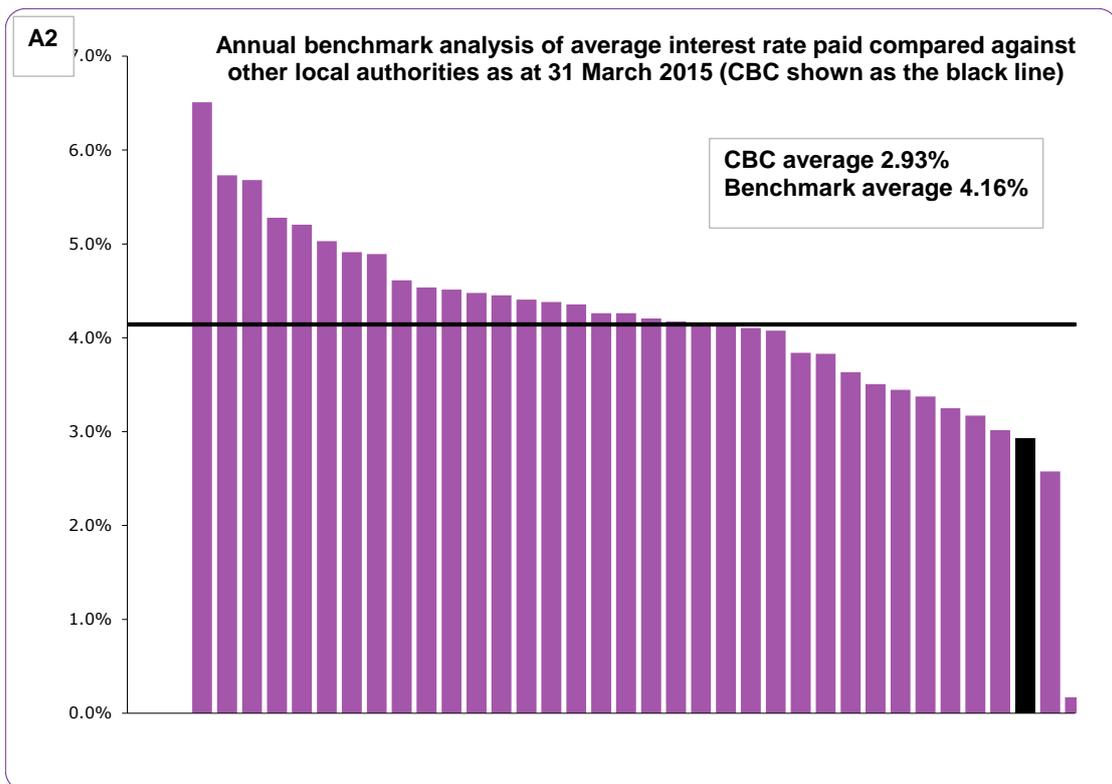
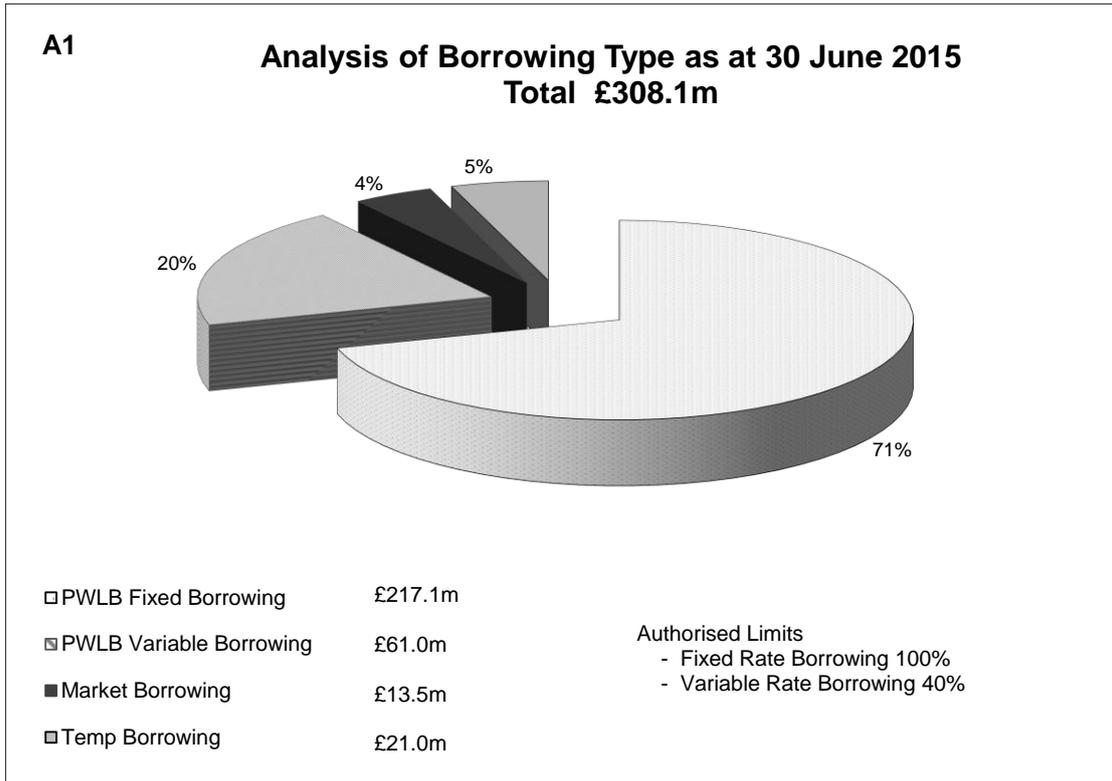
The Council's treasury advisers, Arlingclose, do not expect the Bank of England to raise its Base Rate until Quarter 2 of 2016 and the short-term return on cash investments will continue to remain at very low levels. Indeed, the risks to this forecast remain weighted to the downside; in particular, signs of more widespread deflation could prompt a further downward revision to the forecast.

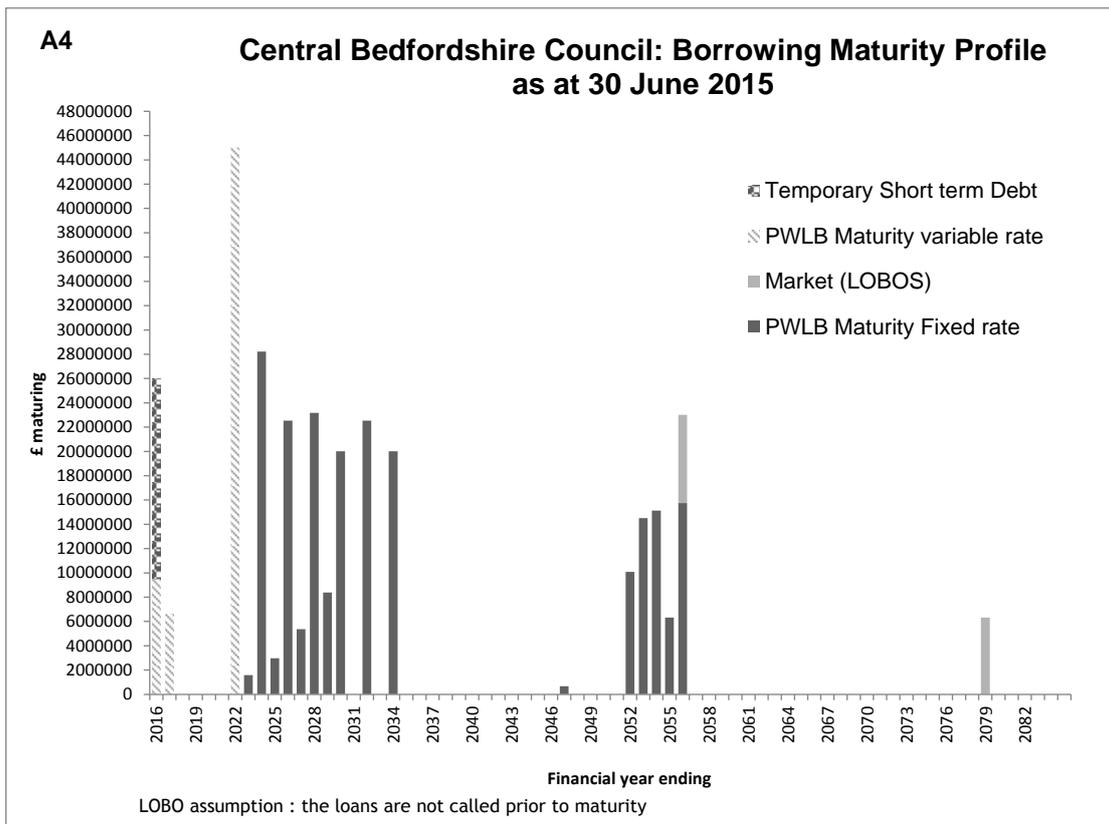
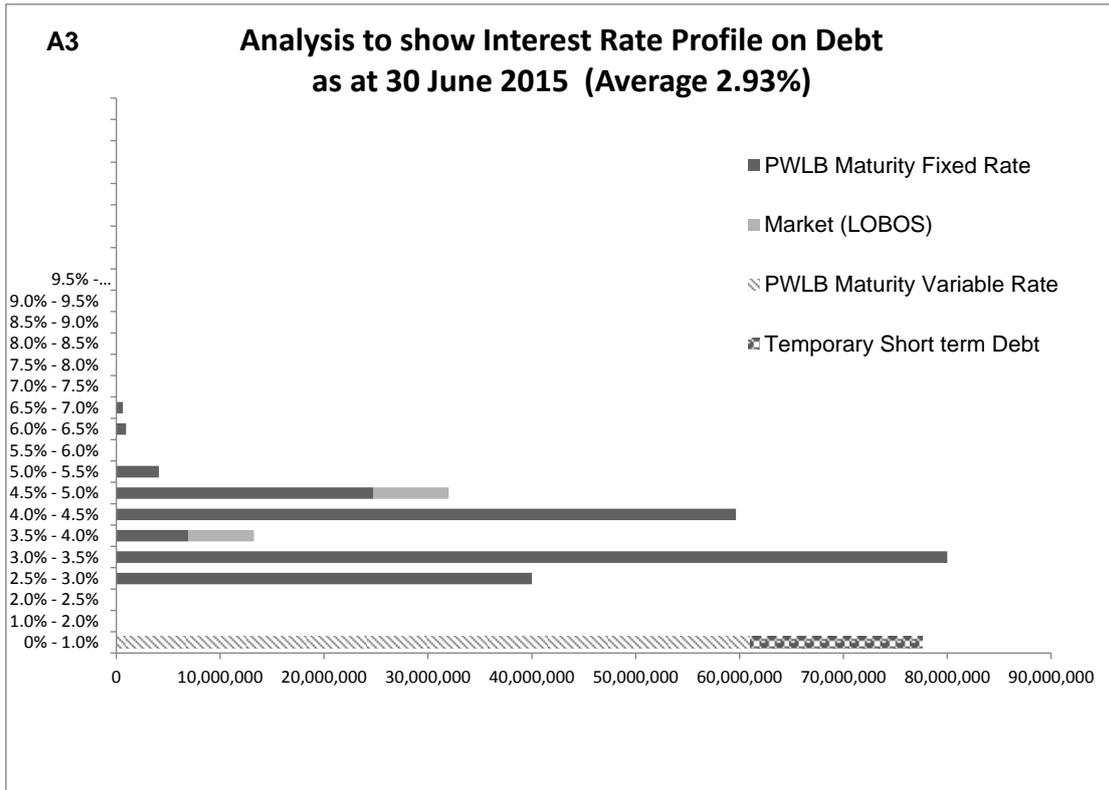
Over the financial year, the Council plans to continue to source its borrowing needs from other local authorities on a short-term fixed rate rolling basis in order to achieve significant revenue cost savings over the more traditional route of borrowing long-term from the PWLB. This borrowing strategy assumes that interest rates will continue to remain low for longer than previously envisaged.

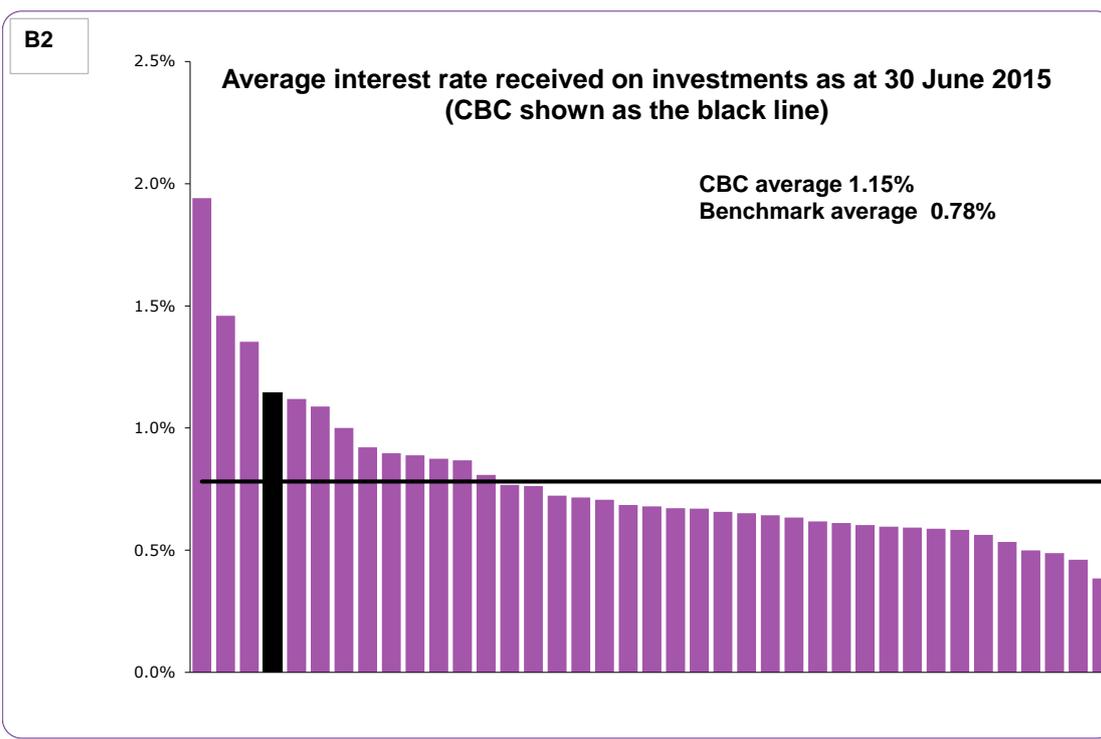
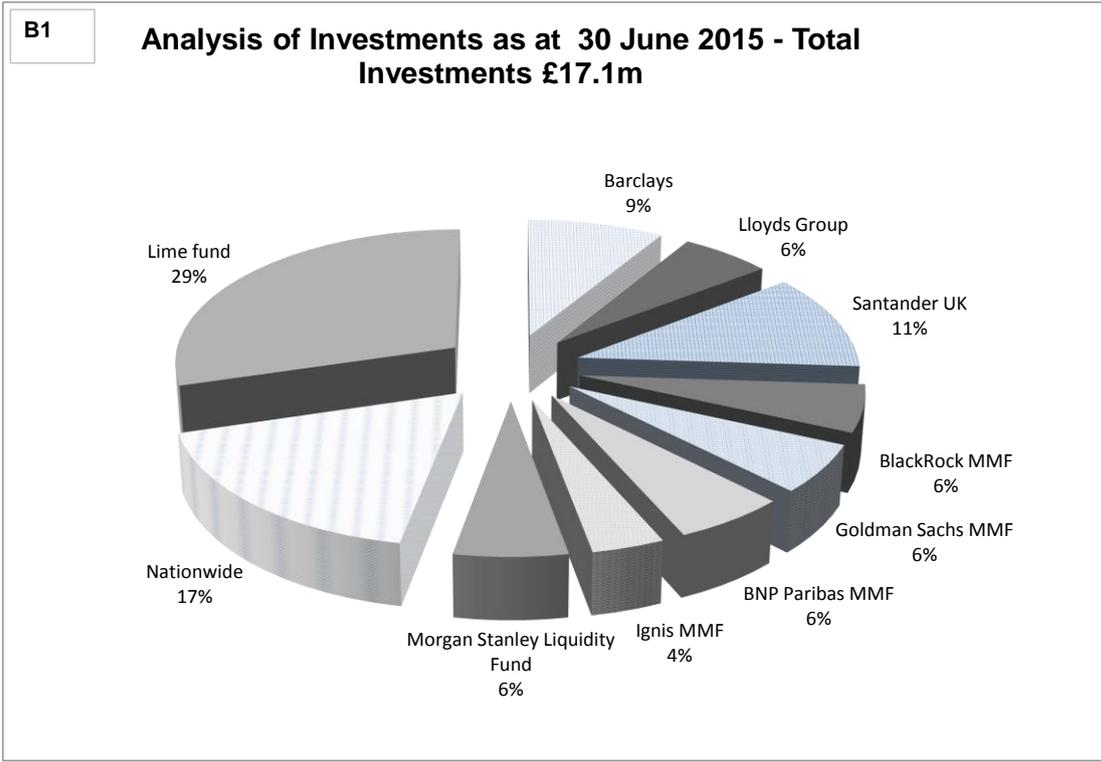
However, the Council will continue to monitor long-term rates with a view to fixing a portion of its borrowing if rates are favourable.

The Council is forecasting a budgetary saving of £0.5M in 2015/16 on its Treasury Management activities. This is due to:

- the Bank of England Base Rate which is assumed to remain at 0.5% until at least May 2016, whereas the budget had factored in an earlier rate rise and an average Base Rate of 0.75% in 2015/16;
- no long-term fixed rate borrowing being taken out, whereas provision has been included in the 2015/16 budget; and
- a lower level of borrowing than assumed in the 2015/16 budget due to Capital Programme slippage.







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Central Bedfordshire Council

EXECUTIVE

4 August 2015

June 2015 – Quarter 1 Capital Budget Monitoring Report

Report of Cllr Richard Wenham, Executive Member for Corporate Resources
(cllr.richard.wenham@centralbedfordshire.gov.uk)

Advising Officers: Charles Warboys, Chief Finance Officer
(charles.warboys@centralbedfordshire.gov.uk)

This report relates to a Non Key Decision

Purpose of this report

1. The report sets out the projected capital outturn position for 2015/16 as at June 2015. Explanations for the variances are set out below. This report enables the Executive to review the overall capital position of the Council.

RECOMMENDATIONS

The Executive is asked to:

1. **note that the forecast outturn is to spend £128.3M (£128.3M in February) vs. budget of £138.3M. The variance of £10.3M (£10.3M in February) includes proposed deferred spend of £7.8M; and**
2. **approve the virement of £2.437M from the HWRC Redevelopment project to the Thorn Turn waste park and also the Depot and Salt barn – north Project. (See paragraph 19e).**

BACKGROUND INFORMATION:

2. This report is based on the 2015/16 budget approved by Council at its 26 February 2015 meeting. The reported budget also includes proposed deferred spend from 2014/15 which was approved by the Executive on the 7 July 2015.

ISSUES: None

FINANCIAL AND OTHER OPTIONS: These are covered in the report.

3. i) The approved budget including deferred spend from 2014/15 (approved by Executive in July) but excluding HRA is £138.5M (gross). The gross forecast is below budget by £10.3M (£4.8M last year against a lower budget of £134.7M). The net forecast is £5.8M below budget.
- ii) The main reason is that Community Services are only currently forecasting to spend the grant of £1M that has been secured on the A421 (M1 J13) project. The remaining £6M spend on the scheme will only proceed once the remaining grant has been secured (anticipated 2016/17).
- iii) Children's Services are also expecting to spend £2.4M less than budgeted on New School Places, due to an update in the grant allocation for 2015-16 and a revised programme of delivery.
- i) YTD Spend is £10.4M below budget (£9.1M Q1 last year). Actual spend is £19.1M compared to £21.8M last year. This is a surprisingly low year to date position and is partly driven by work due but not yet started on the Woodside Link (£2.7M); delays to the A421 (M1 J13) project (£1.4M) and lower than expected spend on highways (£3M). It is expected that spend in these areas will catch up during the year.
- ii) YTD Capital Receipts are £204k, the full year budget is £13.1M
- iii) A summary of the position is in the table below.

Directorate	Year to Date P03			Full Year 2015/16			Year to Date P03			Full Year 2015/16		
	Gross Budget £m	Gross Actual £m	Gross Variance £m	Gross Budget £m	Gross Forecast Outturn £m	Gross Variance £m	Net Budget £m	Net Actual £m	Net Variance £m	Net Budget £m	Net Forecast Outturn £m	Net Variance £m
CS	4.8	4.7	(0.1)	31.3	29.8	(1.5)	0.2	0.2	(0.0)	2.7	0.6	(2.1)
Community Service	16.9	8.1	(8.8)	89.7	81.1	(8.6)	(0.6)	(0.4)	0.2	60.0	56.4	(3.6)
Improvement & Corporate Services	0.9	0.4	(0.5)	6.2	6.2	0.0	0.9	0.4	(0.5)	6.2	6.2	0.0
Corporate Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Regeneration	1.1	1.0	(0.1)	3.5	5.4	1.8	0.0	0.1	0.1	1.4	1.8	0.5
ASCHH	1.4	0.6	(0.8)	7.8	5.8	(2.0)	0.4	(0.2)	(0.6)	2.9	2.4	(0.6)
Total Exc HRA	25.1	14.8	(10.4)	138.5	128.3	(10.3)	0.9	0.1	(0.8)	73.2	67.4	(5.8)

(Note: Any minor rounding differences are due to linking to detailed appendices)

Reasons for decision

4. To complete schemes currently underway and facilitate effective financial management and planning.

Council Priorities

5. Sound financial management contributes to the Council's Value for Money and enables the Council to successfully deliver its priorities. The recommendations will contribute indirectly to all 5 Council priorities.

Corporate Implications

Legal Implications

6. None

Financial Implications

7. The financial Implications are contained in the appendix to the report.

Equalities Implications

8. Equality Impact Assessments were undertaken prior to the allocation of the 2015/16 budgets and each Directorate was advised of significant equality implications relating to their budget proposals.

Appendices

Appendix A – Detailed Directorate Commentary

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Appendix A - DIRECTORATE COMMENTARY

Social Care Health and Housing

- The full year forecast is below gross budget by £2M and the net position is below budget by £0.6M. The gross spend below budget primarily relates to the Additional Gypsy and Traveller sites, NHS Campus Closure and Disabled Facilities Grants Scheme projects.

The table below highlights the areas of spend

SCHH Full Year Gross Budget and Forecast					
Scheme Categories	Gross Budget	Gross Forecast	Variance	Deferred Spend	Over / (Under) spend
	£k	£k	£k	£k	£k
Additional Gypsy and Traveller Sites	1,557	440	(1,117)	1,117	0
Review of Accommodation/Day Support, "New Approaches to Outcome"	2,030	2,030	0	0	0
Empty Homes	300	300	0	0	0
Renewal Assistance	150	200	50	0	50
Disabled Facilities Grants Scheme	2,750	2,500	(250)	0	(250)
NHS Campus Closure	698	50	(648)	648	0
Social Care Single Capital Pot	0	15	15	0	15
Adult Social Care ICT Projects	289	289	0	0	0
Total	7,774	5,824	(1,950)	1,765	(185)
% of Budget		74.9%			

SCHH Full Year Net Budget and Forecast					
Scheme Categories	Net Budget	Net Forecast	Variance	Deferred Spend	Over / (Under) spend
	£k	£k	£k	£k	£k
Additional Gypsy and Traveller Sites	582	290	(292)	292	0
Empty Homes	300	300	0	0	0
Renewal Assistance	100	140	40	0	40
Disabled Facilities Grants Scheme	1,962	1,660	(302)	0	(302)
Total	2,944	2,390	(554)	292	(262)
% of Budget		81.2%			

- The Review of Accommodation/Day Support project**

Detailed plans to improve residential and day care services are still subject to consultation and Executive approval. This includes spend relating to the capital maintenance requirements of the seven homes which transferred back to the Authority in August 2014 – work is underway to identify and prioritise these. At the moment this is shown as unspent whilst the business case is developed as timing is uncertain. All externally funded.

3. **Disabled Facilities Grants (DFG)**

The grants provided to residents through the DFG programme assist some of the poorer and most vulnerable members of the community. Without these grants in many cases the properties involved would be unsuitable for the needs of the occupiers who may then be unable to remain in their own homes. This also reduces pressure on health service resources and residential care, as without these improvements more residents would require emergency or longer term care solutions.

4. Information on the types of DFGs and the number completed are reported on a quarterly basis. The table below provides detail of activity for the first quarter of 2015-16.

Type of adaptation	Total Q1 15/16	Total Q1 2014/15	CBC tenants	Others
Level access shower/wet room	24	32	3	21
Straight stair lift	8	16	1	7
Curved stair lift	3	5	0	3
Toilet alterations	10	5	1	9
Access ramps	5	7	2	3
Dropped kerb and hard standing	2	0	0	2
Wheelchair/step lift	1	2	0	1
Major extension	2	2	0	2
Kitchen alterations	1	1	0	1
Access alterations (doors etc.)	9	9	0	9
Garage conversions/minor additions	2	0	1	1
Safety repairs/improvements	1	0	0	1
Other	5	7	0	5
Total	73	86	8	65

5. The **NHS Campus Closure programme** has one potential remaining project for Central Bedfordshire. This is subject to the release of capital receipts by Propco (NHS). No business case exists as yet for this scheme which will be 100% externally funded.
6. The Adult Social Care IT project comprises a number of schemes. The developments of the Social Care system are subject to further review with the software provider with a view to possible implementation in 2015/16.
7. The work to support the implementation of the Care Act will determine the likely IT implications required to support the Council's new responsibilities. Additional capital grant will be made available in 2015/16 to support some of this work.

(Note : Since the quarter results were published the Government has announced a delay to phase 2 of the Care Act to 2020. The implications of this are currently being reviewed).

Children's Services

8. Children's Services annual capital expenditure budget for 2015/16 is £31.3M. The income budget is £28.6M, a net expenditure budget of £2.7M.
9. The forecast expenditure outturn for 2015/16 is £29.8M, £1.5M below the approved 2015/16 Children's Services gross capital budget, due to the annual review of projects within the New School Places programme. The Council contribution of £2.1M to the New School Places programme is no longer required for 2015/16. All but two projects within Children's Services, Schools Access and Temporary Accommodation, are funded wholly by grant receipts that have no expenditure deadline.

The table below highlights the areas of spend

Children's Services Full Year Gross Budget and Forecast					
Scheme Categories	Gross Budget	Gross Forecast	Variance	Deferred Spend	Over / (Under) spend
	£k	£k	£k	£k	£k
Schools Devolved Formula Capital	460	460	0	0	0
New School Places	28,151	25,729	(2,422)	0	(2,422)
Temporary Accommodation	400	400	0	0	0
Schools Capital Maintenance	2,100	2,790	690	0	690
Schools Access Initiative	200	200	0	0	0
LPSA & LAA Grant payout	0	200	200	0	200
Total	31,311	29,779	(1,532)	0	(1,532)
% of Budget		95.1%			

Children's Services Full Year Net Budget and Forecast					
Scheme Categories	Net Budget	Net Forecast	Variance	Deferred Spend	Over / (Under) spend
	£k	£k	£k	£k	£k
New School Places	2,110	0	(2,110)	0	(2,110)
Temporary Accommodation	400	400	0	0	0
Schools Access Initiative	200	200	0	0	0
Total	2,710	600	(2,110)	0	(2,110)
% of Budget		22.1%			

10. **New School Places**

This programme provides the capital investment to deliver new school places required by population growth in areas of limited surplus capacity within our schools. The Council's School Organisation Plan is the evidence base that supports the commissioning of these new school places over a rolling five year period. The programme is funded by a combination of sources including Department for Education basic need grant, developer contributions and Council borrowings and capital receipts.

11. In February 2015 the Council approved the programme 2015/16 to 2018/19 with gross expenditure of £28.2M (£2.1M net) in 15/16, £25.4M (£7.3M net) in 2016/17, £35.3M (18.3M net) in 2017/18 and £18M (£11.8M net) in 2018/19.

12. In February 2015 the DfE announced the Basic Need allocation for 2017/18 of £21M which had previously been anticipated to be at levels similar to 2015/16 (£6.2M). This reduced the Council's forecast deficit/net cost of the approved programme in 2017/18 to £3.5M.
13. Total Basic Need grant provided to our immediate Local Authority neighbours for the period 2011-18 is £44M for Luton BC and £22.5M for Bedford BC, whereas Central Bedfordshire will receive £68.4M.
14. The Council's School Organisation Plan has now been subject to its annual review and the New School Places Programme is likewise being reviewed to reflect the changes in demographic forecasts from the previous year.
15. The 2015/16 NSP programme includes expenditure on 19 separate capital projects, most of which span more than a single financial year. These projects include the provision of 1,425 new lower school places on new school sites, 975 new lower school places as expansions to existing schools on their current sites, 480 new middle school places on new school sites, 480 middle school places as expansions to existing schools and 700 new upper school places as expansions to existing schools.

Community Services

16. The Community Services Capital Programme in 2015/16 is made up of 81 schemes which includes large groupings of projects that relate to Environmental services, Libraries, Leisure, Transport and Assets. The gross budget for Community Services now includes Assets and is £89.7M.
17. The forecast outturn is £81.1M, below budget by £8.6M. This is driven by the A421 Scheme forecast of £1M, which is the level of grant secured. The forecast will be updated later during the year once the position is clearer regarding the remaining grant.

The table below highlights the areas of spend

Community Services Full Year Gross Budget and Forecast					
Scheme Categories	Gross Budget	Gross Forecast	Variance	Deferred Spend	Over / (Under) spend
	£k	£k	£k	£k	£k
Assets	8,857	8,857	0	0	0
Environmental Services	16,673	11,451	(5,222)	3,291	(1,931)
Libraries	148	148	0	0	0
Leisure	11,257	11,431	174	527	701
Transport	52,761	49,200	(3,561)	4,022	461
Total	89,696	81,087	(8,609)	7,840	(769)

% of Budget 90.4%

Community Services Full Year Net Budget and Forecast					
Scheme Categories	Net Budget	Net Forecast	Variance	Deferred Spend	Over / (Under) spend
	£k	£k	£k	£k	£k
Assets	8,557	8,557	0	0	0
Environmental Services	15,416	9,611	(5,805)	3,305	(2,500)
Libraries	148	148	0	0	0
Leisure	10,638	10,111	(527)	527	0
Transport	25,238	28,019	2,781	(2,716)	65
Total	59,997	56,446	(3,551)	1,116	(2,435)

% of Budget 94.1%

Highways and Transport

18. Activity completed so far includes:

- **(a) A421 M1 Junction 13** -To complete the upgrading of the A421, between Bedford and Milton Keynes it is proposed to upgrade, to dual two lane carriageway, the section between Eagle Farm Roundabout and the M1/J13. Amey are currently working on the outline design for the scheme. They have also provided CBC with updated plans outlining the land ownership boundaries. The NEPRO request to appoint specialist professional services for the land negotiation and acquisition has been submitted .It has been determined that the scheme does not require an Environmental Impact Assessment and therefore does not require planning permission. However, significant (bridge) structures will require planning permission.
- **(b) A1 South Roundabout – Biggleswade** - The A1 roundabout is complete and open to traffic
- **(c) Highways Structural Main Block** – To date: 12 carriageway schemes have been resurfaced totalling 5.895km and 5 footway schemes have been resurfaced totalling 2.053km. The investment in the structural maintenance programme ensures that we maintain our £1.6 billion highway asset in a safe and useable condition.
- A total of 75 street lighting columns and 617 lanterns have been replaced. These lanterns have replaced the inefficient and failing SOX orange lighting with highly efficient LED white lighting which gives an on going saving in our energy usage and carbon footprint and life expired columns. The replacement deck for Stratton Street Railway Bridge, Biggleswade has been checked. Planned maintenance spend has been on hiring the Velocity Patcher to undertake patching schemes
- **(d) South Depot** - The Highways Elements of Thorn Turn include Office and Welfare Accommodation, Highways yard, Fleet Vehicle Maintenance, Fleet vehicle stabling, Dry stores, bunkered fuel and Landscaping equipment storage. To date there has been no direct invoicing for design services, however these are forecast at £272K which will be paid over the next quarter. Construction services will be delivered by the same contractor as the Waste Park and are currently forecast at £3.8M to be paid over a 14 month period starting in September 2015.
- **(e) North Depot** - This facility is proposed to manage the demands of Highway Maintenance in the North of the Authority area. It will provide the same facilities as Thorn Turn but reduced in scale. To date there has been no direct invoicing for design services, however these are forecast at £250K which will be paid over the next 2 quarters. Construction services will be delivered by the same contractor as Thorn Turn and are currently forecast at approximately £3M. This is subject to a Feasibility study where costs and timescales will be confirmed.

19. **Waste**

Activity completed so far includes:

- **(a) Sundon Landfill Restoration** – Approximately 15 weeks of soil importation remaining (material/weather dependant). Remediation agreed with Environment Agency for Slip Area. The removal of haulage road agreed works on target – costing in final stages. Trees from Phase 1 & 2 are establishing well following planting.
- **(b) Waste & Recycling Containers (Rolling Programme)** – Successful procurement and purchase of 20 plastic litter bins, 18 -1100 litre (5 with sound deafening liner), 100 x 140 litre, 360 x 360 litre, 1464 x 240 litre containers.
- **(c) Thorn Turn** - Thorn Turn is a planned Waste Park comprising a new HWRC, a Waste Transfer station and a re-sale Shop, co-located with a Highways depot. The majority of costs in the first quarter of this year are associated with Developed Design and the submission of planning. Spend in the first quarter is £321K.
A tender process for Construction Services has concluded and a contractor appointed. Construction Services are forecast at £13M to be paid over a 14 months period starting September 2015
- **(d)HWRC Re-Development** – All 4 of CBCs Household Waste Recycling Centres are to undergo major change. Existing sites at Ampthill, Biggleswade and Leighton Buzzard are to be re-developed and the Dunstable site will be closed and replaced by a new facility at Thorn Turn. The majority of costs in the first quarter of this year are attributable to Technical design and the resolution of pre-commencement planning conditions. Spend in the first quarter is £227K. A tender process for Construction Services has concluded and a contractor appointed. Construction Services are forecast at £4.2M, to be paid over a 15 month period.
- **(e) Virement** - The waste enhancement scheme is now split in separate elements of HWRC and Thorn Turn Waste Park . The 2014/15 slippage was all allocated to HWRC project and on present forecasts this and the original 2015/16 needs to be reallocated to the Thorn Turn Waste Park and Depot and Salt Barn in the North. The current forecast for the depot and salt barn in the north includes purchase of land. The virement requested to be approved by Executive is :

HWRC Redevelopment	(2,437)
Thorn Turn Waste Park	1,299
Depot and salt barn - North	1,138
TOTAL	0

- There will also be a small adjustment to 2016/17 budgets which will be done as part of the MTFP process. Overall there will be an underspend of £2.5M across these projects in 2015/16.

20. **Countryside and Access**

Activity completed so far includes:

- **(a) Transport Schemes** - No spend occurred on Rights of Way and Countryside Sites in quarter 1 but orders have been raised for Health and Safety works to the trees on the Tree Avenue at Rushmere Country Park, bridge replacements on footpaths in Lidlington, Billington and Northill and a topographical survey on Whipsnade BW1. Quotes are also being obtained for surfacing works on bridleways in Ampthill and Stotfold as well as bank stabilisation for a lakeside public footpath in Marston Moretaine.
- **(b) Leisure and Culture Schemes** - Work has started on Stage 2 of the Houghton Hall Park Renaissance and Renewal Project following the award of £2.2M of funding from Parks for People. £45k was paid to the Shuttleworth Trust as match funding towards the delivery of the £2.6M Stage 2 Heritage Lottery funded improvements to the Swiss Garden. Restoration works are now complete and the Garden was officially re-opened to the public in August 2014. The 2015-16 funding will be spent on interpretation, developing the outreach programme and construction of a new equipment compound.
- **(c) Outdoor Access and Greenspace Improvement Projects** achievements included surfacing improvements on Route 51 (National Cycle Route) and Holywell Lane Cranfield. Additional improvements have been made to the steel railings on Sandy Bridleway 8 and orders have been raised for additional sculptures at Rushmere Country Park and surfacing improvements on the Dunstable Downs Multi User route which will be delivered in Q2 2015.

21. **Leisure**

Activity completed so far includes:

- **(a) Flitwick Leisure Centre** – The project is progressing well and on programme. The front car park and the entrance area blockwork have completed. The main part of the roof is complete and the perimeter flat roofing is well underway. The services have been installed in the hall changing area. The learner pool has been constructed and is being tested, and the main pool construction is also complete.
- **(b) Library and Leisure Centre - Dunstable** – The project has had an asbestos refurbishment survey carried out as part of the feasibility study, with no major issues raised. This allows the next stage of the programme to progress.
- **(c) Stock Condition** – Work was carried out to Saxon Pool Leisure Centre with a main extract fan installed, and work on the BMS installation at Tiddenfoot Leisure Centre.

Assets

22. The current net capital programme for Assets is £8.557M. The major Projects are 15/16 Corporate Property Rolling Programme (£2M), Stratton Park Phase 5 Infrastructure (£2M), Stratton Park Phase 4 Access (£0.91M), Ivel Medical Centre including slippage (£0.975M), Enhancement work for disposals (£0.750M), Strategic Acquisitions (£0.5M), Health & Safety Rolling programme (£0.4M) and Energy Efficiencies (£0.388M).
23. The forecast outturn position for Assets is currently expected to be on budget of £8.557M. Overall there is a small year to date (YTD) under spend in Assets Capital of £0.066M across all major schemes and Corporate programmes.

Regeneration & Business Support

24. The budget for Regeneration is £3.54M the forecast is a gross overspend of £1.8M and a net overspend of £0.5M (funded by CBC) due to acceleration of the Local Broadband Infrastructure project. This is a drawing forward of expenditure previously planned for 2016/17.

The table below highlights the areas of spend

Regeneration & Business Support Full Year Gross Budget and Forecast					
Scheme Categories	Gross Budget	Gross Forecast	Variance	Deferred Spend	Over / (Under) spend
	£k	£k	£k	£k	£k
Market Towns Programme	435	150	(285)	285	0
Development site promotion	75	25	(50)	50	0
Flood defence strategy schemes	195	195	0	0	0
Local Broadband Infrastructure	1,899	4,073	2,174	(2,174)	0
Land Drainage Work (Non Highways)	60	60	0	0	0
Flitwick Land Purchase Further land assembly for the Town Centre Regeneration Scheme.	81	82	1	(1)	0
Dunstable Town Centre Regeneration Phase 2	489	489	0	0	0
Historic Building Grant Aid Scheme	8	8	0	0	0
Cranfield Technology Park Acceleration	298	298	0	0	0
Total	3,540	5,380	1,840	(1,840)	0
% of Budget		152.0%			

Regeneration & Business Support Full Year Net Budget and Forecast					
Scheme Categories	Net Budget	Net Forecast	Variance	Deferred Spend	Over / (Under) spend
	£k	£k	£k	£k	£k
Market Towns Programme	435	150	(285)	285	0
Development site promotion	75	25	(50)	50	0
Flood defence strategy schemes	195	195	0	0	0
Local Broadband Infrastructure	0	802	802	(802)	0
Land Drainage Work (Non Highways)	60	60	0	0	0
Flitwick Land Purchase Further land assembly for the Town Centre Regeneration Scheme.	95	82	(13)	13	0
Dunstable Town Centre Regeneration Phase 2	489	489	0	0	0
Historic Building Grant Aid Scheme	8	8	0	0	0
Cranfield Technology Park Acceleration	(2)	(2)	0	0	0
Total	1,355	1,809	454	(454)	0
% of Budget		133.5%			

25. **Broadband** - The total homes passed in Central Bedfordshire were 744 as at 30 June, Each quarter deployment varies across the three areas within the scheme taken into consideration unforeseen circumstances and the most resourceful means of deployment.
26. CBC has achieved overall 9,761 out of 15,500 premises expected since inception of the project. (63% of the overall local target).Phase 5 deployment is now underway and surveys and planning have begun for Phase 6.The Phase 5 target is a further 6,781 premises, across the project. The project is on target and has passed the value for money analysis by BDUK. BDUK have rated the Central Superfast Project as 'Green'.In addition, the Central Superfast project is also currently achieving 17.27% take up which is approaching 'Best in Class' for the size and age of the project.

Improvement & Corporate Services

27. The gross and net budget for ICS is £6.2M. The forecast is to achieve budget. The table below highlights the areas of spend

Improvement & Corporate Services Full Year Net Budget and Forecast					
Scheme Categories	Net Budget	Net Forecast	Variance	Deferred Spend	Over / (Under) spend
	£k	£k	£k	£k	£k
Information Assets	5,643	5,643	0	0	0
Other	515	515	0	0	0
Total	6,158	6,158	0	0	0

% of Budget 100.0%

Corporate Resources Full Year Gross Budget and Forecast					
Scheme Categories	Gross/Net Budget	Gross/Net Forecast	Variance	Deferred Spend	Over / (Under) spend
	£k	£k	£k	£k	£k
Civica Revenue Module	45	45	0	0	0
Total	45	45	0	0	0

% of Budget 100.0%

Information Technology

- 28 The current net capital programme for IT is £5.643M. There are a number of major projects which include Customer First Phase 2: Care Act implementation (£1.067M), 15/16 ICT Strategic Investment (£1.000M), Electronic Document Management System (EDMS) Rollout (£0.500M), Applications Architecture Phase 3 (£0.500m), Public Services Network (PSN) Phase 3 (£0.500M) & IT Infrastructure Rolling Programme 15/16 (£0.500M). There are other smaller projects totalling £1.576M.

- 29 Of the £5.643M budget in IT all of it is expected to be used in 15/16. At this stage there are no costs expected to be incurred in future financial years. There is a year to date (YTD) underspend in IT Capital of -£0.493M. This is mainly due to a number of key projects not having started yet.

Other ICS Projects

- 30 The current net capital programme for Other Corporate Resources projects is £0.560M. The major project is Office Rationalisation (£0.500M) with a number of smaller projects totalling £0.060M. These schemes are forecast to achieve budget.

CAPITAL RECEIPTS

31. The overall budget for Capital receipts is £13.101M. The current forecast is also £13.101M which includes an anticipated receipt of £4.8M from Bedford Borough Council for Bell Farm and County Hall as part of the disaggregation agreement.
32. The year to date position is £204K. The sale of Plot C at Stratton Business Park, £185K, has completed. Reviews of the estate for the sale of plots, houses, underutilised/redundant buildings and restrictive covenant releases are being undertaken. There is focus on larger strategic projects in order to build a pipeline for future months and years.

Central Bedfordshire Council

EXECUTIVE

4 August 2015

June 2015 Q1 Housing Revenue Account Budget Monitoring

Report of Cllr Carole Hegley, Executive Member for Social Care and Housing (carole.hegley@centralbedfordshire.gov.uk) and Cllr Richard Wenham, Executive Member for Corporate Resources (richard.wenham@centralbedfordshire.gov.uk)

Advising Officers: Julie Ogley, Director of Social Care, Health and Housing (julie.ogley@centralbedfordshire.gov.uk) and Charles Warboys, Chief Finance Officer (charles.warboys@centralbedfordshire.gov.uk)

This report relates to a Non Key Decision.

Purpose of this report

1. The report provides information on the 2015/16 Housing Revenue Account (HRA) projected outturn revenue and capital position as at June 2015.

RECOMMENDATIONS

The Executive is asked to note:

1. that the Revenue forecast position is to achieve a balanced budget with a contribution to HRA Reserves of £6.245m, thus strengthening the Council's ability to invest and improve its stock of Council Houses;
2. that the Capital forecast position indicates an outturn underspend of £2.800 relating to the Croft Green Development; and
3. that Right to Buy sales will be monitored for the possible impact on predicted surpluses in the medium to longer term.

Issues

2. The revenue forecast position as at the end of June 2015 projects a year end surplus of £6.245m compared to a budgeted surplus of £6.509m, a reduction of £0.264m.
3. The key variances are reduced income (£0.250m) Increased Housing Management costs (£0.159m) and reduced expenditure on Maintenance (£0.234m).

4. The forecast position for the HRA capital programme indicates an outturn underspend of £2.800m; this includes deferred works on Priory View from 2014/15. The under spend relates to the Croft Green development where significant work is unlikely to commence until 2016/17.
5. The 2015/16 budget for the HRA anticipates a contribution to the Independent Living Development Reserve of £6.509m. The year end forecast suggests a contribution to reserves of £6.245m, a reduction of £0.264m. This equates to a predicted total reserve balance of £16.031m.

Council Priorities

6. Sound financial management contributes to the Council's Value for Money and enables the Council to successfully deliver its priorities. The recommendations will contribute indirectly to all 5 Council priorities.

Corporate Implications

Legal Implications

7. None

Financial Implications

8. The financial implications are contained in the report.

Equalities Implications

9. Equality Impact Assessments were undertaken prior to the allocation of the 2015/16 budgets and each Directorate was advised of significant equality implications relating to their budget proposals.

Conclusion and next Steps

10. The report presents the 2015/16 HRA financial position as at the end of June 2015. It sets out spend to date against the profiled revenue and capital budgets, the forecast financial outturn, and provides explanations for any variations. This report enables the Executive to consider the overall financial position of the HRA.

Appendices

Appendix A – Housing Revenue Account Detailed Commentary

APPENDIX A

HRA REVENUE ACCOUNT

1. The HRA annual expenditure budget is £23.070m and income budget is £29.579m, which allows a contribution of £6.509m to reserves to present a net budget of zero. A subjective breakdown of budget, year to date position and forecast outturn is shown in Table 1 below.
2. There are a number of year to date variances across the HRA. Total income has an adverse variance of £0.160m with a full year forecast adverse variance of £0.250m. The negative income variance to date is due to a rent free week in May, the rent year beginning on the 6th April and an even profile in the budget for rental incomes generated by the Priory View development. The slippage of completion of this project accounts for the full year variance.
3. Housing Management is reporting a positive year to date variance of £0.084m. The variance is mostly due to out of profile expenditure within Housing Estate Management (0.038m) and insurance related repairs (0.043m). The adverse variance for the full year relates to non achievement of the managed vacancy factor.
4. The Maintenance budget has a year to date underspend of £0.267m. The variance is accounted for by out of profile spend on internal and external decorating, fire safety works within Cyclical maintenance (£0.159m), reduced expenditure within Voids (£0.044m) and savings on Day to Day maintenance (0.075m). Controls initiated during the previous financial year are expected to continue delivering savings in 2015/16 of £0.234m.

Table 1

	205/16 Budget	Budget YTD	Actual YTD	Variance YTD	Full Year Forecast	Variance Full Year Forecast to Budget
	£m	£m	£m	£m	£m	£m
Total Income	(29.579)	(7.395)	(7.235)	0.160	(29.329)	0.250
Housing Management	5.127	1.286	1.202	(0.084)	5.286	0.159
Financial Inclusion	0.280	0.070	0.072	0.002	0.299	0.019
Asset Management	1.134	0.283	0.248	(0.035)	1.144	0.010
Corporate Resources	1.710	0.428	0.443	0.015	1.770	0.060
Maintenance	5.392	1.337	1.070	(0.267)	5.158	(0.234)
Debt related costs	0.119	0.030	0.030	0	0.119	0
Direct Revenue Financing	5.302	1.326	1.326	0	5.302	0
Efficiency Programme	(0.160)	(0.040)	(0.040)	0	(0.160)	0
Interest repayment	4.166	1.041	1.041	0	4.166	0
Principal repayment	0	0	0	0	0	0
TOTAL Expenditure	23.070	5.761	5.392	(0.369)	23.084	0.014
Surplus	(6.509)	(1.634)	^(1.843)	(0.209)	(6.245)	0.264
Contribution to / (from) reserve (actioned at year end)	6.509	1.634	^1.843	0.209	6.245	(0.264)
Net Expenditure	0	0	0	0	0	0

^ Included for balancing and illustrative purposes only

HRA CAPITAL PROGRAMME

5. Across the HRA Capital Programme there is a minor year to date positive variance of £0.004m, with a forecast year end outturn of £18.154m against a budget of £20.954m. The budget includes deferred works of £4.009m from 2014/15 relating to the Priory View development.
6. The forecast underspend of £2.8m relates to the Croft Green Development where major construction work is now forecast to commence in 2016/17 with completion forecast for the summer of 2017. The delayed start is as a result of procurement advice received recommending a two stage tender process due to changes within the construction industry. When complete, the development will provide 23 self-contained flats and communal facilities.

7. Meadsway Construction commenced work in May 2015 to build four units of accommodation at Creasy Park Drive, including one designed for wheelchair access. Completion of the development is expected in the winter of 2015.

Table 2

Scheme Title	Approved Budget 2015/16	Full Year Forecast	Variance	Monthly Budget Monitoring June 2015		
				Profiled YTD	Actual YTD	Variance
	Net Expenditure £'000	Net Expenditure £'000	Net Expenditure £'000	Net Expenditure £'000	Net Expenditure £'000	Net Expenditure £'000
General Enhancements (Minor Works)	105	105	0	15	7	(8)
Lift Replacement	50	50	0	0	0	0
Fire Safety & Alarm Systems	100	100	0	0	0	0
Garage Refurbishment	31	31	0	8	8	0
Paths & Fences siteworks	150	150	0	15	15	0
Estate Improvements	265	265	0	90	96	6
Energy Conservation	812	812	0	0	0	0
Roof Replacement	550	550	0	25	30	5
Assisted Living Technology	65	65	0	0	0	0
Central Heating Installation	1,040	1,040	0	230	257	27
Rewiring	375	375	0	30	27	(3)
Kitchens and Bathrooms	1,202	1,202	0	26	28	2
Central Heating communal	78	78	0	6	2	(4)
Door Replacement	286	286	0	69	60	(9)
Structural repairs	259	259	0	63	78	15
Aids and adaptations	550	550	0	137	105	(32)
Drainage and Water Supply	50	50	0	12	0	(12)
Capitalised salaries	500	500	0	125	125	0
Asbestos management	360	360	0	90	65	(25)
Stock remodelling	200	200	0	50	44	(6)
Green Space Improvement	100	100	0	0	0	0
Parking Schemes	125	125	0	0	0	0
Priory View	8,134	8,134	0	3,040	3,166	126
Investment Panel Programme	100	100	0	0	0	0
Mixed Tenure Independent Living Scheme, HR	50	50	0	0	0	0
Communal/PIR Lighting	700	700	0	162	188	26
Targeted door replacement	75	75	0	0	0	0
Garage Site Assembly	174	174	0	15	0	(15)
Creasey Park New Homes	600	600	0	102	15	(87)
Garage Site Development	318	318	0	0	0	0
Croft Green	3,000	200	(2,800)	19	16	(3)
Sheltered Housing Refurbishment	300	300	0	0	0	0
New Homes, North Central Beds	125	125	0	0	1	1
Major Renewal Schemes	125	125	0	0	0	0
HRA	20,954	18,154	(2,800)	4,330	4,334	4

8. The Garage Site Development programme has identified 30 sites that have the potential to deliver 123 new homes of mixed type and tenure. The tenure of the housing will be informed by the availability of funding such as from the Homes and Communities Agency and the receipts from homes sold under the "Right to Buy". The resources will be used to progress land and garage buy-backs and planning consent on the above sites. A financial business case for alternative uses will be prepared prior to implementation to ensure that any future use identified does not have a negative impact on the Housing Revenue Account.
9. The Landlord Business has worked with colleagues in other areas of the Council to identify land that is suitable for housing and within the Council's ownership. The objective is to extend the supply of affordable housing throughout the county, rather than just in the south of the area. Land with the potential to deliver 2-3 units, currently owned by Corporate Assets has been identified at Havelock Road, Biggleswade. The housing service is to acquire the land subject to successful planning permission.

HRA EFFICIENCY PROGRAMME

10. Since 2010 the Housing service has been using Housemark to provide a benchmarking service. The analysis provided has assisted in identifying the areas where HRA budgets are higher relative to other stock retained authorities.
11. The HRA revenue budget for 2015/16 was reduced by £0.160m, as part of the Council's efficiency programme.
12. This year's HRA efficiency target comprises a combination of increased income (improved tenancy sustainment and additional recouping of service charges), improvements in lead time for gas servicing, reduced security costs on voids, and use of NEPRO. Forecasts suggest that the efficiencies for 2015/16 will be fully achieved.

HRA ARREARS.

13. Table 3 shows a breakdown of the HRA Debt position at the end of June. Total tenant debt amounted to £1.006m compared to £0.930m at the end of May 2015. Current tenant arrears are £0.555m or 1.83% (£0.493m or 1.63% at May) of the annual rent debit of £30.272m, whilst former tenant arrears are at 1.49% with a balance of £0.451m against a target of 1% (1.44% with a balance of £0.437m at May). Housing Benefit payments account for 56% of the rental income received. A total of £57 of rent arrears has been written off in the financial year to the end of June 2015.
14. In light of welfare reform housing management have implemented a proactive approach to managing the impact on rent arrears. This includes early intervention, downsizing where necessary, increased contact with our residents, supporting tenants in making the right decisions regarding payment of rent and strong enforcement action when all other options have been exhausted.

Table 3

Debt Analysis - Tenant Arrears							
Description of debt	0-4 weeks	4-8 weeks	8-13 weeks	13-52 weeks	Over 1 yr	TOTAL	
	£M	£M	£M	£M	£M	£M	
Current Tenant	0.191	0.146	0.127	0.091	0	0.555	
Former Tenant						0.451	
						1.006	
Debt Analysis - Other Arrears							
Description of debt	From 15 to 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 365 days	Over 1 yr but not over 2 yrs	Over 2 yrs	TOTAL
	£M	£M	£M	£M	£M	£M	£M
Shops	0.006	0	0.001	0.005	0.001	0.006	0.019
Leaseholders	0	0.017	(0.005)	0.007	0.006	0.031	0.056
Void recoveries	0.001	0	0	0.004	0.020	0.025	0.050
Misc recoveries	(0.001)	(0.002)	0.001	0.007	(0.007)	0.025	0.023
	0.006	0.015	(0.003)	0.023	0.020	0.087	0.148

15. There are currently £0.148m of non tenant arrears (£0.124m May), which comprises the following: rents at shops owned by the HRA, service charges and ground rent relating to leaseholders who purchased flats via the Right to Buy scheme, and property damage relating to existing and former tenants.

Leaseholder debt can be recovered by placing a charge on the property so that the debt is recouped when the property is sold.

PROMPT PAYMENT INDICATOR

16. The performance target for payment to suppliers, where there is no dispute over the amount invoiced, is 90% of invoices paid within 30 days of invoice receipt date. The HRA performance for June was 70% of 240 invoices paid on time.
17. Actions are being implemented to improve this aspect of the service but have not yet taken effect. Managers and team leaders are reviewing the late payment list each month to investigate whether the service is at fault and what remedial action is necessary to improve performance. There is a Self Billing project in progress to automate payment of invoices. This project is progressing well and will significantly improve timescales for making payment.

HRA CAPITAL RECEIPTS

18. New Right to Buy (RtB) discounts and proposals for re-investing the capital receipts came into effect from April 2012, which increased the maximum discount available to tenants from £0.034m to £0.075m.
19. Up to the end of June 2015, 24 RtB applications were received with 8 properties being sold, compared to 21 Applications and 9 sales over the same period in 2014/15. It is currently projected that the number of RtB sales will be between 25 and 30 for the year, resulting in a residual receipt for the year of approximately £1.500m.
20. As a result of the changes to housing pooling the council has a balance at the end of June of useable capital receipts of £3.897m (balance bought forward from 2014/15 £3.451m), of which £2.097m is reserved for investment in new social housing. The Council has entered into an agreement with the Secretary of State to invest these receipts in new social housing. The use of these receipts is restricted to schemes that do not receive Homes and Communities Agency (HCA) funding.
21. The retained receipt can represent no more than 30% of the cost of the replacement properties, so the Council is committed to spend at least £6.990m on new build by 30 June 2018.
22. The Priory View project has been awarded £1.703m from the HCA, therefore the retained receipts from RtB sales reserved for new build cannot be used on this scheme.
23. The HRA's Budget proposals for the period of the Medium Term Financial Plan (MTFP) propose significant investment in new build (in excess of £10.5m by 31 March 2018, excluding spend on Priory View).
24. Current projections suggest RtB sales will not have a negative impact on the Business Plan, particularly if the number of new build properties exceeds

the properties sold. However if annual RtB sales were to make up a significant percentage of the Housing Stock, such that it diminished by 10% (equivalent to approximately 500 properties) or more over the period to 31 March 2019, then this would pose a threat to the surpluses predicted both in the medium and longer term.

25. If additional sales continue to represent a small percentage of the Council's stock, there is a significant benefit as retained receipts will provide the Council with additional funds for reinvestment.

RESERVES

26. The total reserves available as at year end 2014/15 were £20.556m, comprising £2.000m in HRA Balances, £11.962m in the Independent Living Development Reserve, £6.394m in the Strategic Reserve and £0.200m in the Major Repairs Reserve.
27. The current position indicates a year end balance in reserves of £16.031m. HRA Balances are projected to remain at a contingency level of £2.000m, with the Independent Living Development Reserve decreasing to £10.023m, the Strategic reserve decreasing to £3.808m, and the Major Repairs Reserve (MRR) remaining at £0.200m.
28. In total this equates to a forecast contribution to reserves for the year of £6.245m, offset by spend from reserves of £10.770m to result in a net decrease of £4.525m.
29. An Investment Strategy has been formulated, that sets out proposals for the use of the reserves that are forecast to materialise in the short to medium term. This strategy was referred to in the HRA Budget Report that was approved by Council in February 2015.

Table 4

Reserves		Month: June 2015			
Description	Opening Balance 2014/15	Spend against reserves	Release of reserves	Proposed transfer to Reserves	Proposed Closing Balance 2014/15
	£000	£000	£000	£000	£000
HRA Balances	2,000	-	-	-	2,000
Independent Living Development Reserve	11,962	(8,184)	-	6,245	10,023
Strategic Reserve	6,394	(2,586)	-	-	3,808
Major Repairs (HRA)	200	-	-	-	200
	20,556	(10,770)	-	6,245	16,031

Table 5

Net Revenue Position Full Analysis

Month: June 2015	Year to date				Year				
Director	Budget	Actual	Use of Reserves	Variance	Approved Budget	Provisional Outturn	Variance	Transfers to/(from) reserves	Variance after use of earmarked reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Assistant Director Housing Service	4,674	4,664	-	(10)	18,698	18,667	(31)	-	(31)
Housing Management (HRA)	(6,315)	(6,314)	-	1	(25,266)	(25,024)	242	-	242
Asset Management (HRA)	1,620	1,307	-	(313)	6,480	6,250	(230)	-	(230)
Financial Inclusion	21	44	-	23	88	107	19	-	19
Total	0	(299)	0	(299)	0	0	0	0	0

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