

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



**TO EACH MEMBER OF THE  
EXECUTIVE**

26 May 2016

Dear Councillor

**EXECUTIVE - Tuesday 7 June 2016**

Further to the Agenda and papers for the above meeting, previously circulated, please find attached the following:-

- 13. 2015/16 Revenue Outturn Report**  
To consider the 2015/16 revenue financial outturn report.
- 14. 2015/16 Capital Financial Outturn report**  
To consider the 2015/16 capital financial outturn report.
- 15. 2015/16 Housing Revenue Account Financial Outturn (Revenue & Capital)**  
To consider the 2015/16 Housing Revenue Account financial Outturn (Revenue & Capital).

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

Yours sincerely

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Committee Services Officer  
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EXECUTIVE

7<sup>th</sup> June 2016

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## Revenue Budget Monitoring Provisional Outturn March 2016 (Subject to Audit)

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

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

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### This report relates to a Non Key Decision

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**Purpose of this report :** The report sets out the provisional outturn financial position for 2015/16 as at the end of March 2016 (subject to audit). It sets out spend against the approved budget. Explanations for the variances are set out below in Appendix A. This report enables the Executive to consider the overall financial position of the Council.

#### RECOMMENDATIONS

The Executive is asked to:

1. **Consider the provisional revenue outturn position (subject to audit) which is an underspend of £51K.**
2. **Note that the budget included £2.1M of contingency costs which were not used.**
3. **Approve the creation of new Earmarked Reserves as listed in Table 2.**

#### Issues

1. Provisional outturn position as at March 2016 is under budget by £51K. A full explanation of the variances to budget is contained in Appendix A.
2. SCHH overspend is £0.2M. Care costs are over by £2.6M offset by income from client contributions of £2.0M and reduced costs in Commissioning of £0.3M.
3. Children's Services overspend is £0.9M mainly in Children's Services Operations (£0.8M) and Looked After Children (£0.7M) offset by underspends in Commissioning and Central Support to Schools.

4. Community Services is underspent by £1.6M mainly due to additional s38 income (s38 income is used by the authority to satisfy the Highway Agency that roads being built on private land, to be maintained at public expense, are constructed to an adoptable standard).
5. Regeneration is under budget by £0.1M.
6. Public Health is on budget.
7. Improvement & Corporate Services is under budget by £0.2M with overspends in IT offset by underspends in Legal & Democratic Services.
8. Corporate Resources is under budget by £0.1M.
9. Corporate Costs are overspent by £0.8M entirely due to the creation of new Earmarked Reserves (EMR) of £3.7M posted against Corporate, as detailed at Table 2, offset by the release of a £2.1M contingency which was not used and a £0.7M planned use of a reserves to reduce interest payable costs.
10. Overall debt is £13.0M compared to £10.9M in February. The movement in debt is within expected tolerances at year end. Debt over 61 days is £5.4M (41%). February £5.5M (50%). See Appendix C.
11. Table 1 below details the full year variances by directorate:

<b>Year to Date - March P13</b>			
<b>Directorate</b>	<b>Budget £m</b>	<b>Actual £m</b>	<b>Variance £m</b>
SCHH	64.6	64.8	0.2
Childrens Services	36.7	37.6	0.9
Community Services	48.7	47.1	(1.6)
Regeneration	4.9	4.8	(0.1)
Public Health	0.0	0.0	0.0
Improvement & Corporate Services	15.9	15.6	(0.2)
Corporate Resources	4.7	4.7	(0.1)
Corporate Costs	11.0	11.8	0.8
<b>Total Excl Landlord Business</b>	<b>186.5</b>	<b>186.5</b>	<b>(0.1)</b>
Schools	0.0	0.0	0.0
Landlord Business	0.0	0.0	0.0
<b>Total</b>	<b>186.5</b>	<b>186.5</b>	<b>(0.1)</b>

## RESERVES POSITION

12. The General Fund outturn position (excluding schools) includes the use of reserves (reduction) and creation of reserves (additions) as follows:

13. Use of general fund EMR:

- SCHH £1.7M
- Children's Services £2.0M
- Community Services £1.1M
- ICS £0.6M
- Regeneration £0.1M,
- Corporate Resources and Costs £1.2M.

14. A total use of £6.7M (reduction in reserves).

15. This is offset by the creation of planned EMR:

- £2.1M EMR for the New Homes Bonus (NHB) which we received in 2015/16. This was a conscious decision within the MTFP approved by Council to both reduce the revenue budgets reliance on NHB and to build a fund for future investment.
- £0.5M top up the Redundancy Reserve
- £0.3M to top up the Insurance Reserve.
- In addition there are some small technical adjustments for example building the Elections fund that add to £0.2M.

16. Total planned increase £3.1M.

17. £4.8M proposed increase for unplanned EMR created from the outturn underspend before creation of proposed new reserves (see Table 2).

18. Of the £4.8M underspend:

- £2.1M relates to the budget contingency which was not used in 2015/16.
- £1.1M relates to a reclassification of S38 income held on the balance sheet from previous years (one off)
- A further £1.0M relates to in year S38 income (one off).
- The underlying underspend is therefore £0.6M.

19. Total addition to reserves £7.9M

20. The overall net movement in EMR is an increase of £1.2M.

21. See Appendix B for details of which EMR have been used (note that Corporate Costs shows a number of reserves that are reflected in the Directorate outturns).

**Table 2**

<b>2015/16 Proposed New Earmarked Reserves</b>	<b>£k</b>	<b>£k</b>
<b>Community Services</b>		
Street scene improvements	500	
Community safety	<u>500</u>	
		<b>1000</b>
<b>Assets</b>		
Facilities Security	<u>100</u>	
		<b>100</b>
<b>Corporate</b>		
Impact of Funding Deficit in 2016/17	1,200	
Smoothing MRP payments/Financing Charges	900	
Transformation (Invest to save, Transforming service delivery)	700	
Transforming lives	250	
Independent careers service	250	
Business Operations	200	
Planning enforcement	<u>200</u>	
		<b>3,700</b>
<b>Total Proposed New Earmarked Reserves</b>		<b>4,800</b>
<b>Funded by:</b>		
Underlying underspend 2015/16	(592)	
S38 Income Income in excess of budget	(1,030)	
S38 Income Reclassification	(1,091)	
Contingency	<u>(2,138)</u>	
<b>Total Funding</b>		<b>(4,851)</b>

### General Reserves

22. The opening position for 2015/16 is £15.2M. There are no further uses or contributions planned this year.

### Council Priorities

23. 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 6 Council priorities.

### Corporate Implications

### Legal Implications

24. None

### **Financial Implications**

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

### **Equalities Implications**

26. 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  
Appendix B – Earmarked Reserves.  
Appendix C – Debt Management  
Appendix D – Treasury Management

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## APPENDIX A – DIRECTORATE COMMENTARY

### Social Care, Health and Housing (SCHH)

- The directorate General Fund outturn position is an overspend of £0.234M after the use of reserves and also after a £0.759M technical budget adjustment (movement of the Care Act budget from Corporate Costs into SCHH).

Month: March 2016	Year 2015/16					
Director	Budget	Actual	Proposed transfer to Earmarked Reserves	Proposed use of Earmarked reserves	Net use of Earmarked Reserves	Variance
	£000	£000	£000	£000	£000	£000
<b>Social Care Health and Housing</b>						
Director of Social Care, Health, Housing	197	748	-	(528)	(528)	23
Housing Solutions (GF)	1,198	1,518	-	(228)	(228)	92
Care and Support	11,251	12,569	-	(841)	(841)	477
OPPD - Care Management	29,198	30,795	-	-	-	1,597
LD Care Management & MH Packages	19,431	19,926	-	-	-	495
Head of Integrated Services + Other IS	898	708	50	-	50	(140)
Commissioning	10,349	10,074	-	(5)	(5)	(280)
Resources	(7,927)	(9,898)	63	(122)	(59)	(2,030)
<b>Total Social Care and Health</b>	<b>64,595</b>	<b>66,440</b>	<b>113</b>	<b>(1,724)</b>	<b>(1,611)</b>	<b>234</b>

- There is an overspend within the budgets managed by the Housing Solutions team of £912K, primarily due to an overspend within Temporary Accommodation (TA). Pressure from homelessness doubled in the last six calendar months of 2014 and continued throughout 2015-16, in particular the demand for emergency temporary accommodation, which is secured at short notice. The additional cost is only partially covered by claims for Housing Benefit, which is limited to the daily allowance at Local Housing Allowance limits. The TA provided must be both affordable and suitable, yet the supply of low cost rented accommodation is limited.
- The Adult Social Care service (Care & Support, OPPD, Learning Disabilities/Mental Health and Integrated Services) is showing an over spend of £2.4M after the use of reserves and the budget adjustment but excluding customer contributions.

This division has to absorb the risk of increasing numbers of 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 overspends on residential and nursing placements of £0.559M offset by additional customer income of £0.616M. There is also an overspend on non-residential packages of care of £0.186M more than offset by additional customer income of £0.458M.
- Within Learning Disabilities, there is an over spend on packages of £0.316M. There remain risks relating to the funding of customers being assessed under the

Clinical Treatment review in a response to the Winterbourne View national programme. The outturn currently reflects seven customers at £0.429M with a full year cost of £0.606M.

6. 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 £0.08M 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. Changes introduced through the Care Act have a led to reduced pressure in this area. Efficiency targets for this service area amount to £0.8M.
7. Residential Homes for Older People are overspent by £0.537M due to harmonisation of salaries and a continuing use of agency staff to cover staff vacancies.
8. The Commissioning service is underspent by £0.280M due to vacancies in the Contracts and Commissioning Teams' pay of £0.188M. A one off technical adjustment relating to the Equipment Pool and the late contribution from Community Services to fund the Independence Domestic Violence Advocacy contract (£0.097M and £0.080M respectively) also contributed to the overall underspend.
9. The Resources division is underspent by £2.030M the majority of which relates to an over achievement of customer contributions
10. The Better Care Fund (BCF) has been established and the S75 and financial reporting arrangements are in place.

There are already reported risks to this new Pooled Budget relating to performance targets for non-elective admissions into hospital.. Any over or underspends within CBC's current revenue budgets for services positioned within the BCF are excluded from the outturn as they have a direct impact on the pooled fund.

Overall savings identified from the Better Care Fund initiatives total £0.571M with £0.527M committed against the performance target and £0.043M the contribution to the Better care Fund reserve.

11. Thus far the impact of legislative changes arising from the Care Act has not resulted in additional significant 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 in the future.
12. HRA is subject to a separate report.

### **Children's Services**

13. The full year outturn position for Children's Services is £882K over budget after £2.0M use of reserves.

Month: March 2016	Year 2015/16					
Director	Budget	Actual	Proposed transfer to Earmarked Reserves	Proposed use of Earmarked reserves	Net use of Earmarked Reserves	Variance
	£000	£000	£000	£000	£000	£000
<b>Children's Services</b>						
Director of Children's Services	392	546	-	(157)	(157)	(3)
Children's Services Operations	22,364	23,620	15	(452)	(437)	819
LAC Placement Costs	9,444	10,608	-	(426)	(426)	738
Commissioning & Partnerships	3,821	3,588	-	(98)	(98)	(331)
Partnerships	593	651	-	(59)	(59)	(1)
Education Services	1,476	(98)	2,267	(842)	1,425	(149)
<b>Total Children's Services (ex Schools / Overheads)</b>	<b>38,090</b>	<b>38,915</b>	<b>2,282</b>	<b>(2,034)</b>	<b>248</b>	<b>1,073</b>
DSG + ESG Contribution to Central Support	(1,356)	(1,547)	-	-	-	(191)
<b>Total Children's Services (excluding Schools)</b>	<b>36,734</b>	<b>37,368</b>	<b>2,282</b>	<b>(2,034)</b>	<b>248</b>	<b>882</b>

14. The overspend in the Operations Directorate of £1.56M, includes Children in Care & Care Leavers (£520K), Fostering & Adoption (£414K) and Intake & Family Support (£222K), offset by savings in Early Intervention and Prevention (£309K) and Children with Disabilities (£81K). It also includes Looked After Children (LAC) Placement Costs (£738K).

The main overspends comprise :

- £595K use of agency staff mitigating the Assisted Years Supported Employment programme, vacant posts, maternity and sickness absences across the directorate offset where possible by holding vacant posts
- £299K Residential Care Home Payments
- £255K Secure Accommodation
- £225K Leaving Care
- £178K Allowances including Adoption, Child Arrangement and Special Guardianship Orders
- £168K Inter agency adoption costs
- £144K In-House Fostering
- £82K St Christopher's contract

These have been partly offset by holding vacant posts, contract savings and reducing discretionary spend.

15. Commissioning and Partnerships (£331k), Education Services (£149k) and Education Services Grant (£191k) underspends have contributed to partly offset the Operation directorate overspend.
16. The tables below reflect the increased number of Looked After Children (LAC) and non care placements.

	<b>March 2015</b>		<b>March 2016</b>		<b>%</b>
<b>Number of LAC (excluding Unaccompanied Asylum Seeking Children (UASC) :</b>		256		249	(2.7%)
In House Foster Placements	103		111		7.8%
Independent Foster Placements	86		70		(18.6%)
Residential Homes & Schools			13		
St Christopher's	18		6		11%
Stewartby			1		
Semi - Independent Living	13		10		(23%)
Placed for Adoption/ with Parents	28		27		(3.6%)
Children with Disabilities (CWD)	4		4		n/c
Secure & Temporary Accommodation, Young Offenders & NHS	2		6		200%
Mother & Baby Units	2		1		(50%)

<b>Unaccompanied Asylum Seeking Children:</b>		18		36	100%
In House Foster Placements	2		5		150%
Independent Foster Placements	4		19		375%
Semi Independent Living	12		12		n/c
<b>Total Number of LAC:</b>		<b>274</b>		<b>285</b>	4%

	<b>March 2016</b>	<b>February 2016</b>
Monthly Cost of Placements	£953,634	£844,595
Total Number of Placements	285	283

<b>Number of Placements (By Cost Banding)</b>		
No Cost	28	29
£0 - £1,000	36	46
£1,000 - £15,000	217	205
£15,000 - £25,000	2	2
Above £25,000	2	1
<b>Total</b>	<b>285</b>	<b>283</b>

	<b>March 2015</b>	<b>March 2016</b>	<b>%</b>
<b>Non care placements :</b>			
Special Guardianship Orders	114	130	14%
Child Arrangement Orders	46	40	(13%)
Adoption Allowances		46	
<b>Other information:</b>			
Child Protection Plan	165	225	36%
Children in Need	1,446	1,461	1%
Number of Referrals (YTD)	2,439	2,414	(1%)

17. The tables below reflects the use of agency staff covering substantive posts across Children's Services Operations.

<b>All Staff</b>	Budgeted FTE	Actual FTE	No. Perm	Vacant	No. of Agency	% of Agency
Children in Care & Care Leavers	55.1	55.1	50.7	3.4	1	2%
Family Support	55.6	58.6	41.8	6.8	10	17%
Intake & Assessment	57.1	59.1	41.7	5.6	11.8	20%
CWD	56.3	60.3	45.3	11	4	7%
Quality Assurance	22.8	25.6	20.5	2.6	2.5	10%
Fostering & Adoption	31.9	31.9	30.0	1.9	0	n/a
Early Intervention and Prevention	72.0	74.0	60.3	12.7	1	1%
<b>Total</b>	<b>350.8</b>	<b>364.7</b>	<b>290.5</b>	<b>43.9</b>	<b>30.3</b>	<b>8%</b>

<b>Social Workers</b>	Budgeted FTE	Actual FTE	No. Perm	Vacant	No. of Agency	% of Agency
Children in Care & Care Leavers	23	23	20.6	2.4	0	n/a
Family Support	33	36	26.6	3.4	6	16%
Intake & Assessment	17	18	10	1.2	6.8	38%
CWD	9.1	10.1	8.9	0.2	1	10%
Fostering & Adoption	11.9	11.9	11.9	0	0	n/a
Early Intervention and Prevention	4	5.0	3.3	1.7		n/a
<b>Total</b>	<b>98.0</b>	<b>104.03</b>	<b>81.3</b>	<b>8.9</b>	<b>13.8</b>	<b>13%</b>

### **Community Services**

18. The full year outturn position for Community Services is an underspend of £1.6M after the use of earmarked reserves of £1.2M for one-off specific projects. The figures now includes £7.287M budget for Educational Transport which has transferred from Children's Services.

Month: March 2016	Year 2015/16					
Director	Budget	Actual	Proposed transfer to Earmarked Reserves	Proposed use of Earmarked reserves	Net use of Earmarked Reserves	Variance
	£000	£000	£000	£000	£000	£000
<b>Community Services</b>						
Community Services Director	396	331	-	-	-	(65)
Highways Transportation	18,852	17,302	1,000	(71)	929	(621)
Environmental Services - Waste	18,592	18,253	32	(362)	(330)	(669)
Environmental Services - Other	6,040	6,439	49	(626)	(577)	(178)
Assets	4,827	4,651	100	-	100	(76)
<b>Total Community Services</b>	<b>48,707</b>	<b>46,976</b>	<b>1,181</b>	<b>(1,059)</b>	<b>122</b>	<b>(1,609)</b>

19. Highways and Transport has an overall underspend of £621K, which includes a net transfer to reserves of £0.929M.
- AD Highways & Transportation has an overspend of £22K on professional services for the review of Transport policies.
  - Transport Strategy has an underspend of £962K, this is mainly due to an increase in section 38 income of £1,031K and underspends on staffing costs of £102K. These have been offset by overspends on professional services of £102K, traffic counters of £34K and £28K for the temporary visitor centre at Woodside link.
  - Highways Contracts has an overall underspend of £41K. This is predominantly due to additional income. There has been lower than anticipated costs for maintaining the busway of £69K, underspends within Highways for Fixed Cost Services of £61K and Amey non delivery of schemes on road safety of £68K . These have been offset by overspends against Highways Winter maintenance of £104K. staffing costs of £129K, of which £39K is due to non capitalisation of salaries.
  - Passenger Transport is overspent by £366K. This is primarily due to a staffing costs overspend of £319K, which includes an agency Staff overspend of £326K which relates to Fleet, Oakbank and Transport Management. There are also overspends of £200K on Fleet contract hire but these have been mitigated with underspends on vehicle repairs and fuel.
  - There has also been additional expenditure of £65K on essential repairs and maintenance on bus shelters which are unbudgeted. These overspends have been partially offset by income overachieving by £74K which relates to sale of vehicles and additional income from DfT and underspends on Private & transport contractors of £36K, professional services of £39K and Busway

concessionary fare of £14K.

20. Environmental Services show an overall underspend of £847k, which includes the use of £0.907M of reserves.
- Libraries have an underspend of £105K, this is due to an underspend of £131K on salaries with further underspends on car mileage and printing and stationery of £19K and £17K. These have been offset by £20K less income being received across the service and £31K less than anticipated income from an insurance claim at Shefford Library. There has also been an overspend on Professional Services of £10K in relation to Libraries for laboratories.
  - Emergency Planning have an underspend of £57K, this is mainly due to underspends on salaries, training and advertising & publicity offset by unachievement of Bedford & Luton Resilience Forum income.
  - Public Protection have an overspend of £59K, this is mainly due to overspends in staffing costs of £84K of which £20K relates to agency costs. There has been additional income of £96K on Licensing, food safety, pollution and consumer affairs which has been offset by overspends of £68K within these areas which relate to this income.
  - Community Safety have an underspend of £10K which relates to underspends of £50K on salaries due to vacant posts and £27K on CCTV as repairs were not necessary. These have been offset by overspends of £36K on professional services for Safe Lives and £27K on general expenses for May Day.
  - Waste is showing an underspend of £669K. The underspend is a result of Indexation being £293K lower than had been originally budgeted across waste collection and recycling, a £561K underspend on Household Waste Recycling Centres due to the new contract and temporary closure of Biggleswade and Ampthill sites. Staff vacancies have resulted in an underspend of £118K. These underspends are offset by £171K overspend in waste disposal due to higher tonnages than forecasted due to waste and housing growth, underachieving of recyclate income of £92K, a £30K overspend on ground maintenance and £10K investment in additional campaigns for food waste and recycling.
  - Leisure and Countryside Services is overspent by £254K. Of this, £170K is due to replacement gym equipment at Saxon Leisure centre and a £121K overspend on a legal settlement relating to the Flitwick Leisure Centre procurement. There are underspends against salaries of £40K which is the

net effect of vacancies and lower levels of capitalisation following the leisure and countryside restructure.

- Parking is underspent by £318K due to a combination of additional income of £132K, a salaries underspend of £68K and a rates underspend of £126k.

### Regeneration and Business Support

21. Regeneration and Business Support's outturn is an underspend of £83K.

Month: March 2016	Year 2015/16					
Director	Budget	Actual	Proposed transfer to Earmarked Reserves	Proposed use of Earmarked reserves	Net use of Earmarked Reserves	Variance
	£000	£000	£000	£000	£000	£000
<b>Regeneration and Business Support</b>						
Director	503	481	-	-	-	(22)
Business & Investment	935	957	46	(69)	(23)	(1)
Planning	3,417	3,323	76	(42)	34	(60)
Programme Delivery	-	-	-	-	-	-
<b>Total Regeneration and Business Support</b>	<b>4,855</b>	<b>4,761</b>	<b>122</b>	<b>(111)</b>	<b>11</b>	<b>(83)</b>

22. Business and Investment was on budget.

23. Planning was under budget by £60K mainly in Building Control and Minerals & Waste.

### Public Health

24. 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: March 2016	Year 2015/16					
Director	Budget	Actual	Proposed transfer to Earmarked Reserves	Proposed use of Earmarked reserves	Net use of Earmarked Reserves	Variance
	£000	£000	£000	£000	£000	£000
<b>Public Health</b>						
Director of Public Health	(11,421)	(10,743)	-	-	-	678
Assistant Director of Public Health	11,425	10,697	50	-	50	(678)
<b>Total Public Health (Excl overheads)</b>	<b>4</b>	<b>(46)</b>	<b>50</b>	<b>-</b>	<b>50</b>	<b>-</b>
Contribution to Central Support	-	-	-	-	-	-
<b>Total Public Health</b>	<b>4</b>	<b>(46)</b>	<b>50</b>	<b>-</b>	<b>50</b>	<b>-</b>



**Improvement and Corporate Services (ICS)**

25. The outturn position for Improvement & Corporate Services is an underspend of £239K after £465K use of reserves.

Month: March 2016	Year 2015/16					
Director	Budget	Actual	Proposed transfer to Earmarked Reserves	Proposed use of Earmarked reserves	Net use of Earmarked Reserves	Variance
	£000	£000	£000	£000	£000	£000
<b>Improvement and Corporate Services</b>						
Improvement and Corporate Services Leadership	248	507	-	(257)	(257)	2
Communications and Insight	810	804	-	(2)	(2)	(8)
Customer Services	1,841	1,912	-	-	-	71
Programme and Performance	344	369	-	(28)	(28)	(3)
Policy & strategy	197	195	-	-	-	(2)
Customer & Community Insight	-	-	-	-	-	-
Procurement	(340)	(567)	-	-	-	(227)
People	2,551	2,473	-	(51)	(51)	(129)
Information Technology	5,783	6,956	-	(101)	(101)	1,072
Legal & Democratic Services	4,440	3,451	154	(180)	(26)	(1,015)
<b>Total Improvement and Corporate Services</b>	<b>15,874</b>	<b>16,100</b>	<b>154</b>	<b>(619)</b>	<b>(465)</b>	<b>(239)</b>

26. Customer Services are overspent by £71K mainly as a result of unachievable element of Customer First Voice Recognition efficiency of £148K carried over from 2014/15 offset by staff vacancies
27. Procurement is underspent by £227K as a result of an additional Comensura Rebate.
28. People are underspent by £0.129M largely due to higher than budgeted recharges to HRA (£0.135M), lower than budgeted Multi Functional Device (Printing) costs (£0.040M), lower Disclosure Barring Service costs (£0.006M) and lower than budget Member's training (£0.014M), this has been partly offset by unbudgeted training for Project 3D (£0.074M).
29. Within IT there is an overspend of £1.072M, this is mainly due to:
- Higher than budgeted costs for Software Support Contracts (£0.745M).
  - Website development costs previously reported as capital being moved to revenue as the development work did not ultimately meet the requirements for capitalisation (£0.236M).
  - Higher than budgeted Data Network charges (£0.192M)
  - Higher than budgeted costs for external hosting of the CBC servers (£0.103M)
  - Unachievable efficiency for centralisation and rationalisation of directorate IT support and development activities (£0.100M)
  - Lower than budgeted recharges for IT to the Housing Revenue Account (£0.011M).

These pressures have been mitigated in part by:

- Net saving on School's Network activity (£0.195M)
- There is also a net saving of (£0.039M) as a result of an in year staff restructure.
- Higher than budgeted net internal recharges for Multi Functional Devices (Printers £0.082M).

30. In Legal & Democratic there is an underspend of £1.015M. This is mainly due to:

- (£0.378M) underspend within Legal Services due to salary savings in Legal Services as a result of staff vacancies (£0.177M), reduction in expenditure mainly due to lower than budgeted spend on Children Services cases (£0.133M), lower than budgeted Multi Functional Device (Printing) costs of (£0.033M) and an increase in HRA income (£0.035M).
- (£0.454M) underspend within Democratic Services is mainly as a result of release of a Local Land Charges provision and receipt of Local Land Charges grant.
- (£0.055M) underspend within Members' Costs is a result of lower than budgeted Members' allowances.
- (£0.082M) underspend within the Registrars Services which is mainly as a result of increase in ceremonies income.

### Corporate Resources and Costs

#### Corporate Resources

33. Overall Corporate Resources are underspent by £64K.

Month: March 2016	Year 2015/16					
Director	Budget	Actual	Proposed transfer to Earmarked Reserves	Proposed use of Earmarked reserves	Net use of Earmarked Reserves	Variance
	£000	£000	£000	£000	£000	£000
<b>Corporate Resources</b>						
Chief Executive	302	295	-	-	-	(7)
Finance	4,994	4,994	294	(520)	(226)	(226)
Housing Benefit Subsidy	(547)	(378)	-	-	-	169
<b>Total Corporate Resources</b>	<b>4,749</b>	<b>4,911</b>	<b>294</b>	<b>(520)</b>	<b>(226)</b>	<b>(64)</b>

- 34.
- Within Finance there is an additional £0.107M contribution to overheads from the Housing Revenue Account (HRA) following recent increased levels of support provided to the service.
  - Revenues & Benefits there is a net underspend of £0.084M mainly as a result of higher than budgeted Court Fee recovery.
  - Within Housing Benefit Related Transactions there is £0.294M higher than budgeted net cost of benefit paid, subsidy received and overpaid benefit recovery. The negative impact of this has been offset in part by higher than budgeted Discretionary Housing Payments claim (£0.124M).
  - Audit are underspent by £69K as a result of lower than budgeted external audit fees (£37K). This is due to a reduction in grant work required for last

year's audit.

Corporate Costs

35. Overall Corporate Costs are £828K above budget.

Month: March 2016	Year 2015/16					
Director	Budget	Actual	Proposed transfer to Earmarked Reserves	Proposed use of Earmarked reserves	Net use of Earmarked Reserves	Variance
	£000	£000	£000	£000	£000	£000
<b>Corporate Costs</b>						
Debt Management	13,136	13,347	900	(680)	220	431
Premature Retirement Costs	2,855	2,677	54	-	54	(124)
Corporate Public Health Recharges	(631)	(631)	-	-	-	-
Corporate HRA Recharges	(90)	(101)	-	-	-	(11)
Efficiencies	(171)	(99)	-	-	-	72
Contingency and Reserves*	(4,107)	(9,002)	-	5,355	5,355	460
<b>Total Corporate Costs</b>	<b>10,992</b>	<b>6,191</b>	<b>954</b>	<b>4,675</b>	<b>5,629</b>	<b>828</b>

36. Debt Management is over budget by £431M. This comprises:

- lower than budgeted Interest Payable costs (£0.629M). This is as a result of no change to short term interest rates and revisions to cash flows for 2015/16.
- Within Interest Receivable there is higher than budgeted income of £0.057M.
- There is also a pressure on Minimum Revenue Provision (MRP) as a result of the finalisation of the external audit in respect of 2014/15. It has been calculated in respect of completed capital schemes and the resulting charge in the current year is £0.218M net higher than budget.
- A new reserve has also been proposed for smoothing future year's MRP payments/Financing charges (£0.9M).

37. Contingency & Reserves is over budget by £0.460M. This comprises:

- Proposed creation of new Earmarked Reserves within Corporate Costs (£2.800M). Note the MRP Smoothing reserve is reflected in debt Management
- Offset by the release of the contingency of £2.138M which for which there was no call on in 2015/16.

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**Appendix B – Earmarked Reserves**

Description	Opening Balance 2015/16 £000	Spent £000	Technical Movements £000	Balance before new transfers £000	New Proposed transfers	Proposed Closing Balance 2015/16 £000	MEMO: Net movement after proposals
<b>Social Care Health and Housing Reserves</b>							
Deprivation of Liberty Safeguards	619	(193)		426		426	(193)
Winter Pressure 12/13 "Care Act"	20			20		20	-
Winter Pressure 13/14 "Care Act"	55			55		55	-
Mental Health Action Plan	60			60		60	-
Outcome Based Commissioning	3,239	(759)		2,480		2,480	(759)
Step Up /Step Down	470	(470)		-		-	(470)
Integrated Approaches	485			485	20	505	20
Better Care Fund	-	-		-	43	43	43
Support and Aspiration Grant	-			-	50	50	50
Welfare Reform - local welfare provision grant	340	(228)		112		112	(228)
Zero Base Review grant	44	(26)		18		18	(26)
<b>Total Social Care, Health and Housing</b>	<b>5,332</b>	<b>(1,676)</b>	<b>-</b>	<b>3,656</b>	<b>113</b>	<b>3,769</b>	<b>(1,563)</b>
<b>Children's Services Reserves</b>							
Fostering & Adoption	499	(404)		95		95	(404)
Childrens Homes Co-location	116	(116)		-		-	(116)
<b>Partnership Reserves inc Performance Reward</b>	<b>212</b>	<b>(14)</b>		<b>198</b>		<b>198</b>	<b>(14)</b>
"Working Together" - new National Guidance	10	(10)		-		-	(10)
CWD	9	(9)		-		-	(9)
Transformation Challenge Award	55	(55)		-		-	(55)
<b>SEN Reserves inc. Support and Aspiration Grant</b>	<b>479</b>	<b>(294)</b>		<b>185</b>		<b>185</b>	<b>(294)</b>
Children's Services Unspent Grant Income	394	(6)		388	15	403	9
<b>Early Help Inc. Supporting Disadvantaged Children</b>	<b>47</b>	<b>(47)</b>		<b>(0)</b>		<b>(0)</b>	<b>(47)</b>
The Central Bedfordshire Academy of Social Work and Early Intervention	51	(51)		-		-	(51)
<b>Total Children's Services</b>	<b>1,871</b>	<b>(1,006)</b>	<b>-</b>	<b>865</b>	<b>15</b>	<b>880</b>	<b>(991)</b>
<b>Community Services Reserves</b>							
Leisure Centre Reinvestment Fund	179			179		179	-
Integrated consumer protection	116			116		116	-
Transport Fund	125	(33)		92		92	(33)
Libraries Greenhouse	4	(4)		-		-	(4)
Community Safety partnership fund	94			94		94	-
Community Safety Grant	119			119		119	-
Bedford & Luton Resilience Forum	65			65		65	-
Financial Investigation Unit	834	(304)		530	49	579	(255)
Biggleswade wind farm	23			23		23	-
countryside access grant	23			23		23	-
Woodside connection options appraisal	39			39		39	-
Rural Payments	3			3		3	-
Sundon Landfill	441	(52)		389	32	421	(20)
Facilities Security	-			-	100	100	100
Street Scene Improvements	-			-	500	500	500
Community Safety	-			-	500	500	500
<b>Total Community Services</b>	<b>2,065</b>	<b>(393)</b>	<b>-</b>	<b>1,672</b>	<b>1,181</b>	<b>2,853</b>	<b>788</b>
<b>Regeneration Reserves</b>							
Career Development framework	33	(15)		18		18	(15)
External Funded Regeneration reserve	310	(39)		271		271	(39)
Local Development Framework	327			327		327	-
Minerals and Waste partnership funds	104			104		104	-
NIRAH	32	(15)	17	34	17	51	19
Business growth grants	51	(26)		25		25	(26)
Flood Defence	555		29	584	29	613	58
Natural England	-			-		-	-
Building control	296	(15)	11	292	15	307	11
Unauthorised Development	159			159		159	-
Neighbourhood planning grant	60			60		60	-
<b>Total Regeneration</b>	<b>1,927</b>	<b>(110)</b>	<b>57</b>	<b>1,874</b>	<b>61</b>	<b>1,935</b>	<b>8</b>

**Appendix B – Earmarked Reserves (Cont)**

Description	Opening Balance 2015/16 £000	Spent £000	Technical Movements £000	Balance before new transfers £000	New Proposed transfers	Proposed Closing Balance 2015/16 £000	MEMO: Net movement after proposals
<b>Public Health Reserves</b>							-
Public Health Grant Reserve	1,496			1,496	46	1,542	46
Risk reserve	-			-		-	-
<b>Total Public Health</b>	<b>1,496</b>	<b>-</b>	<b>-</b>	<b>1,496</b>	<b>46</b>	<b>1,542</b>	<b>46</b>
<b>Improvement and Corporate Services Reserves</b>							-
Pan Public Sector Funding	28			28		28	-
Customer First	13			13		13	-
Elections Fund	149	(112)		37	95	132	(17)
Individual Electoral Registration	68	(68)		-	59	59	(9)
ICT Webcasting	55			55		55	-
ICS - HR Apprentices & Graduates (£0.2m held in Corporate at year end)	338	(41)		297		297	(41)
<b>Total Improvement &amp; Corporate Services</b>	<b>651</b>	<b>(221)</b>	<b>-</b>	<b>430</b>	<b>154</b>	<b>584</b>	<b>(67)</b>
<b>Finance</b>							-
Housing Benefit Subsidy Audit Reserve	500			500		500	-
NNDR Discretionary Relief & NNDR Bad Debts	946			946		946	-
<b>Total Finance</b>	<b>1,446</b>	<b>-</b>	<b>-</b>	<b>1,446</b>	<b>-</b>	<b>1,446</b>	<b>-</b>
<b>Corporate Reserves</b>							-
Redundancy/Restructure Reserve	1,487	(1,324)		163	500	663	(824)
Insurance reserve	4,278	(520)		3,758	294	4,052	(226)
Welfare Reform	445	(45)		400		400	(45)
Teachers Pensions	187			187	54	241	54
s31 NNDR Income to offset NNDR discounts	2,922			2,922		2,922	-
Planning Decisions Legal Challenge	300			300		300	-
Weed Spraying	175	(82)		93		93	(82)
Grass Cutting	123	(46)		77		77	(46)
Additional street cleansing / deep cleansing, footpath clearance, spot weed control, graffiti removal / painting, emergency 'streetscene'	17	(17)		-		-	(17)
Street sweeping	130	(130)		-		-	(130)
Town Centre jet wash	27	-		27		27	-
Road Marking Line renewal	70	(35)		35		35	(35)
Funding Deficit	350	(350)		-		-	(350)
Rationalisation of Accommodation	500	(257)		243		243	(257)
Cost Reduction including Capital Financing Costs	680	(680)		-		-	(680)
Community resilience	500			500		500	-
Tackling Safety and Vulnerability	500	(115)		385		385	(115)
New Homes Bonus	-			-	2,055	2,055	2,055
Impact of Funding Deficits	-			-	1,200	1,200	1,200
Smoothing MRP payments/Financing Charges	-			-	900	900	900
Transformation (Invest to save, Transforming service delivery)	-			-	700	700	700
Transforming lives	-			-	250	250	250
Independent careers service	-			-	250	250	250
Planning enforcement	-			-	200	200	200
Business Operations	-			-	200	200	200
<b>Total Corporate Reserves</b>	<b>12,691</b>	<b>(3,601)</b>	<b>-</b>	<b>9,090</b>	<b>6,603</b>	<b>15,693</b>	<b>3,002</b>
<b>Total Earmarked Reserves (General Fund)</b>	<b>27,479</b>	<b>(7,007)</b>	<b>57</b>	<b>20,529</b>	<b>8,173</b>	<b>28,702</b>	<b>1,223</b>

## Appendix C - Debtors

- Total general CBC sales debtors for March amounted to £13.0M. Of this £5.8M is less than 30 days old. Debt over 61 days is £5.4M (60%).

Of the Over 61 days - £4.3M is actively being chased. £0.3M have instalment arrangements in place. £0.2M is being dealt with through legal channels. A further £1.4M is in respect of house Sales.

Mar-16														Over 61		MoM	
DIRECTORATE	1 to 14 Days		15 to 30 Days		31 to 60 Days		61 to 90 Days		91 to 365 days		1 year and		Total Debt		£k	%	
	£k	%	£k	%	£k	%	£k	%	£k	%	£k	%	£k	%			
Social Care Health & Housing	1,144	23%	876	18%	608	12%	193	4%	1,027	21%	1,155	23%	5,003	100%	2,375	47%	15
Children's Services	164	56%	427	63%	39	6%	23	3%	19	3%	3	0%	675	132%	45	7%	-67
Community Services	145	15%	205	21%	16	2%	50	5%	252	26%	310	32%	978	100%	612	63%	24
Regeneration	344	7%	1,238	27%	1,178	26%	150	3%	1,456	32%	233	5%	4,599	100%	1,839	40%	-123
I.C.S	83	9%	343	37%	38	4%	63	7%	303	33%	100	11%	930	100%	466	50%	30
Finance	138	59%	1	0%	1	0%	1	0%	49	21%	42	18%	232	100%	92	40%	-5
Public Health	691	0%	0	0%	0	0%	0	0%	0	0%	0	0%	691	0%	0		0
Unallocated & Non Directorate	0	0%	-7	9%	-7	9%	-3	4%	-28	35%	-36	44%	-81	100%	-67	83%	-6
<b>GRAND TOTAL</b>	<b>2,709</b>	<b>21%</b>	<b>3,083</b>	<b>24%</b>	<b>1,873</b>	<b>14%</b>	<b>477</b>	<b>4%</b>	<b>3,078</b>	<b>24%</b>	<b>1,807</b>	<b>14%</b>	<b>13,027</b>	<b>100%</b>	<b>5,362</b>	<b>41%</b>	<b>-132</b>
<b>PREVIOUS MONTH</b>	<b>2,364</b>		<b>2,464</b>		<b>605</b>		<b>1,185</b>		<b>2,424</b>		<b>1,885</b>		<b>10,927</b>		<b>5,494</b>	<b>50%</b>	
House Sales	27		28		32		57		380		864		1,388				

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

- SCHH debt at the end of March was £5.0M of which £0.2M is HRA related (reported separately in the HRA report). Of the £4.8M General Fund debt, £1.9M is Health Service debt. Of the remaining general debt of £2.9M, £1.3M (44%) is more than 60 days old. Of this, all is under active management (with solicitors, payable by instalments etc) with none under query or scheduled to be written off.
- Health Service debt at the end of March was £1.9M (£2.2M for February) of which £1.0M or 53% is more than 60 days old (£1.0M for February). All debts are under active management. A schedule of all outstanding debts is under regular discussion with the Bedfordshire Clinical Commissioning Group (BCCG).
- Total debt for Children's Services is £675K of which £45K is debt over 61 days and is being actively pursued.

- Community Services total debt is £978K of which £612K is debt over 61 days and is being actively pursued.
- Regeneration total debt is £4.6M of which £1.8M is debt over 61 days and is being actively pursued.
- Overall Corporate debt (ICS & Finance) is £1.16M. Of this there is £558K is over 61 days old.
- Public Health debt is a nil balance this month.

**Bad Debts Written Off.**

Quarterly write offs of Bad Debt:

**SUMMARY Q4 Jan - Mar**

WRITE OFF	NUMBER	VALUE
£0 - £5,000	112	£ 60,578.02
£5,000 - £10,000	10	£ 63,408.95
£10,000 - £50,000	11	£257,461.82
>£50,000	1	£ 71,423.80
<b>TOTAL</b>	<b>134</b>	<b>£452,872.59</b>

(of which legacy £7,108.18 and of which debt relating to House Sales (legacy) £337,107.72)

**Annual Summary**

WRITE OFF	NUMBER	VALUE
£0 - £5,000	259	£ 141,401.36
£5,000 - £10,000	13	£ 67,795.89
£10,000 - £50,000	16	£ 359,715.53
>£50,000	1	£ 71,423.80
<b>TOTAL</b>	<b>289</b>	<b>£640,336.58</b>

(of which legacy £35,911.49, house sales (legacy) £337,107.72)



Over £50k for Q4

Invoice raised in 2015 for charges relating to a 2013 lease agreement. Reminders were put on hold following a dispute over the invoice and following lengthy correspondence and legal advice from both CBC and the customer, this was put through for write off. Legal advice was that the new management do not have responsibility for the old lease and whilst legal action may be possible through courts it would be doubtful the outcome would be in CBC favour.

Given the costs involved it would be uneconomical to pursue further as CBC would be liable for costs failing a favourable outcome.

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## Appendix D – Treasury Management

### Borrowing

As at 31 March 2016 the Council's total borrowing was £338.0M. Of this amount, £268.6 was with the Public Works Loan Board (PWLB), £55.9M was Short-Term Temporary Debt 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.

	<b>PWLB Fixed £m</b>	<b>PWLB Variable £m</b>	<b>Temporary Debt £m</b>	<b>Market (LOBO) £m</b>	<b>Total £m</b>
General Fund	97.0	6.6	55.9	13.5	173.0
HRA	120.0	45.0	0.0	0.0	165.0
<b>TOTAL</b>	<b>217.0</b>	<b>51.6</b>	<b>55.9</b>	<b>13.5</b>	<b>338.0</b>

To manage interest rate risk, the profile of debt is split so that overall the Council has 64% fixed rate PWLB debt, 15% variable rate PWLB debt, 17% short-term temporary 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% average annual interest rate paid by other local authorities. The average annual interest rate paid by the Council was 2.8% as at 31 March 2015, which is mainly due to a higher proportion of variable and short-term fixed rate debt. [Benchmark cost of borrowing analysis as at 31 March 2016 not yet available]

In line with the Council's borrowing strategy, new short-term (temporary) fixed rate borrowing was taken out during quarter 4 at a cost of between 0.40% p.a. and 0.55% p.a. (inclusive of brokerage fees).

### Investments

When investing, the Council prioritises security and liquidity and aims to achieve a yield commensurate with these principles. To diversify the 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 31 March 2016. It should be noted that as cash investments are maintained at minimal levels for operational purposes, the £5.1M 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 December 2015. B2 of the dashboard shows that the Council's average rate of return on investments was 1.3% which was higher than the benchmarked local authority average of 0.9% – 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 31 March 2016, the Council held cash investments of £8.4M (exclusive of £5.1M Lime Fund investment): all of which was internally borrowed. Of the total investment balance £7.9M was held in instant access call accounts and Money Market Funds (MMFs); and the remaining £0.5M in notice accounts.

### **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 December 2015 for the Council was £26.1M compared to a benchmark average of £150.2M. This reflects the Council's long-standing strategy of holding low cash balances to reduce investment counterparty risk and contain borrowing costs by utilising internal cash balances in lieu of external borrowing to fund capital expenditure.

### **Outlook**

The Council's treasury advisers, Arlingclose, do not expect the Bank of England to raise the Base Rate until June 2018 and the short-term return on cash investments will continue to remain at very low levels.

Over the financial year, the Council plans to continue to source any borrowing requirements from other local authorities on a short-term temporary basis. The low market interest rates for temporary debt offer revenue cost savings relative to borrowing on a long-term basis from the PWLB. This borrowing strategy assumes that interest rates will continue to remain at historically low levels for the medium term.

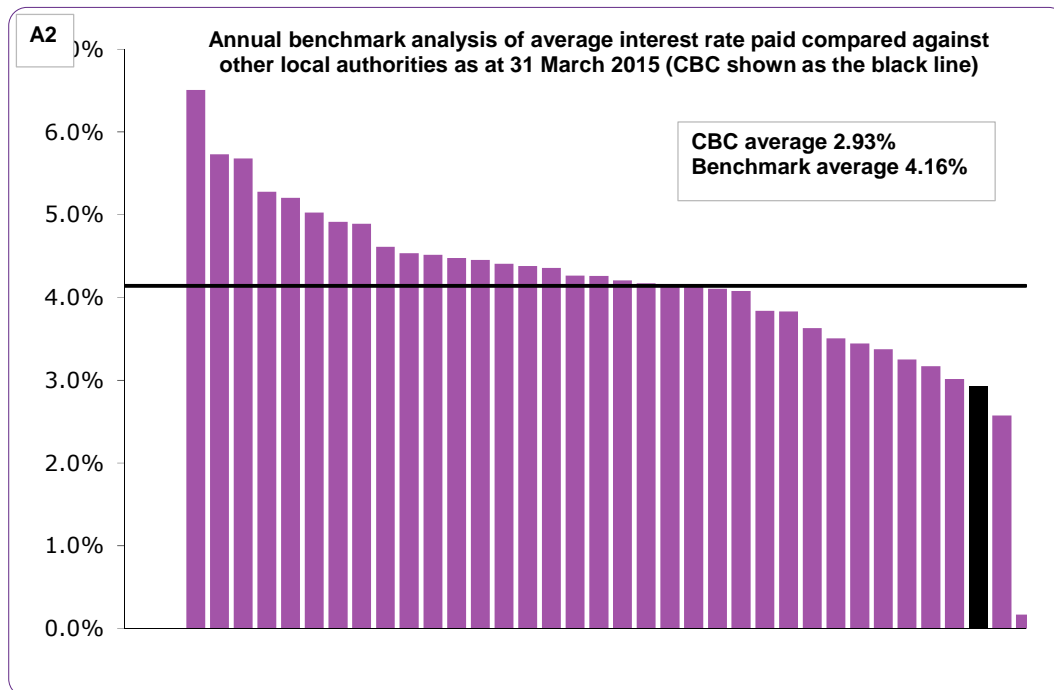
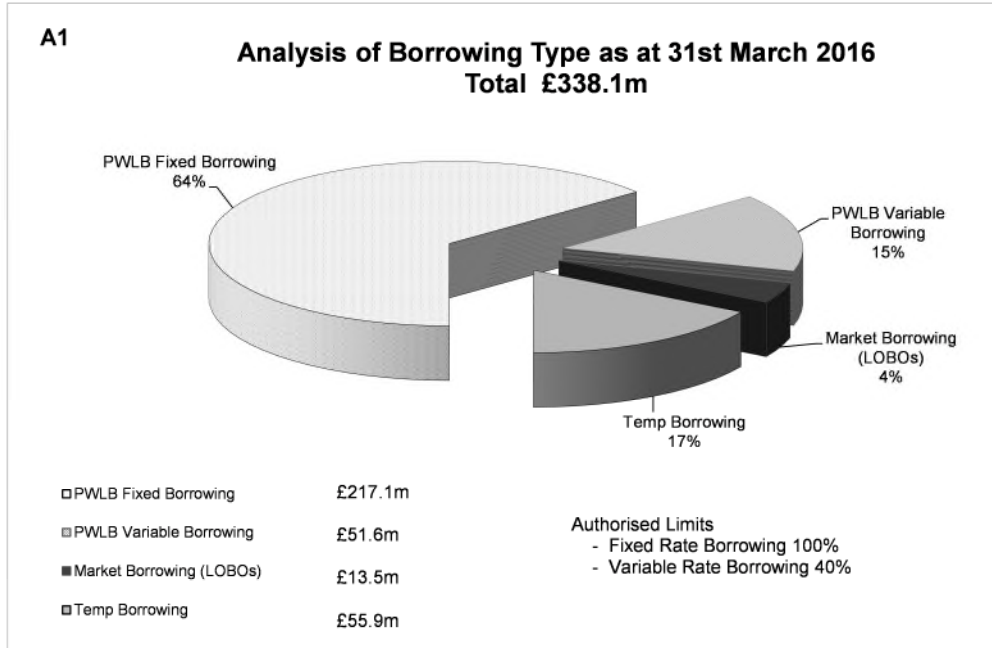
However, the Council advised by Arlingclose will continue to monitor long-term rates with a view to fixing a portion of any borrowing requirement if rates available are viewed as favourable.

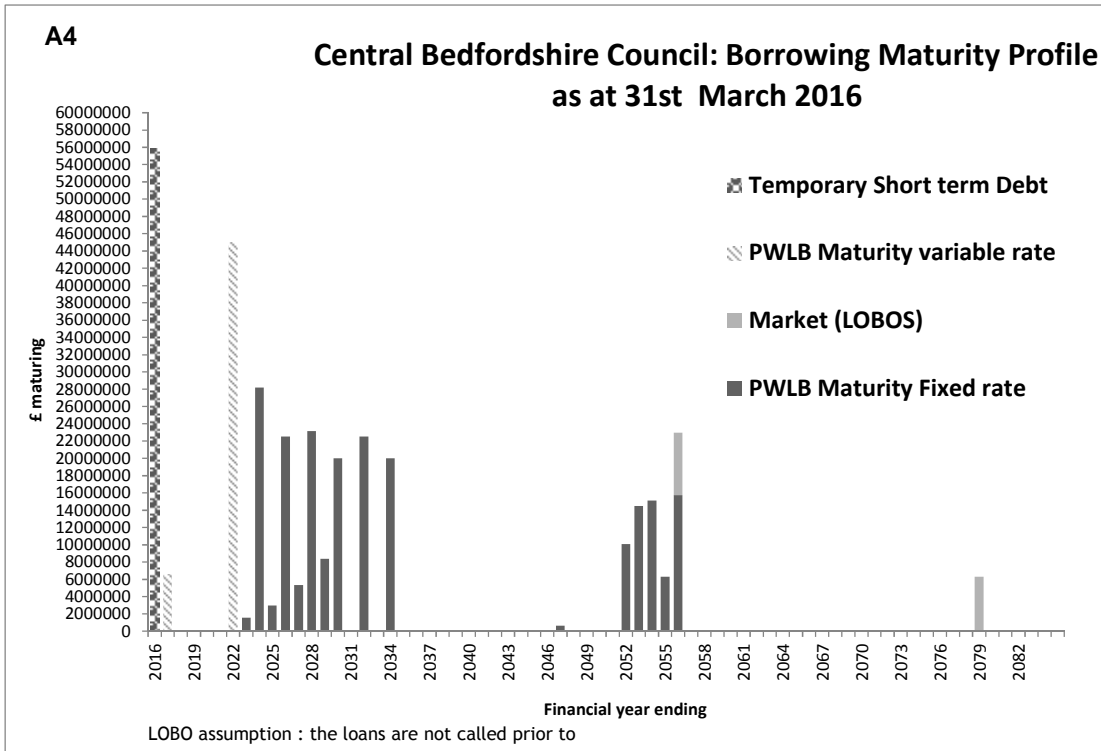
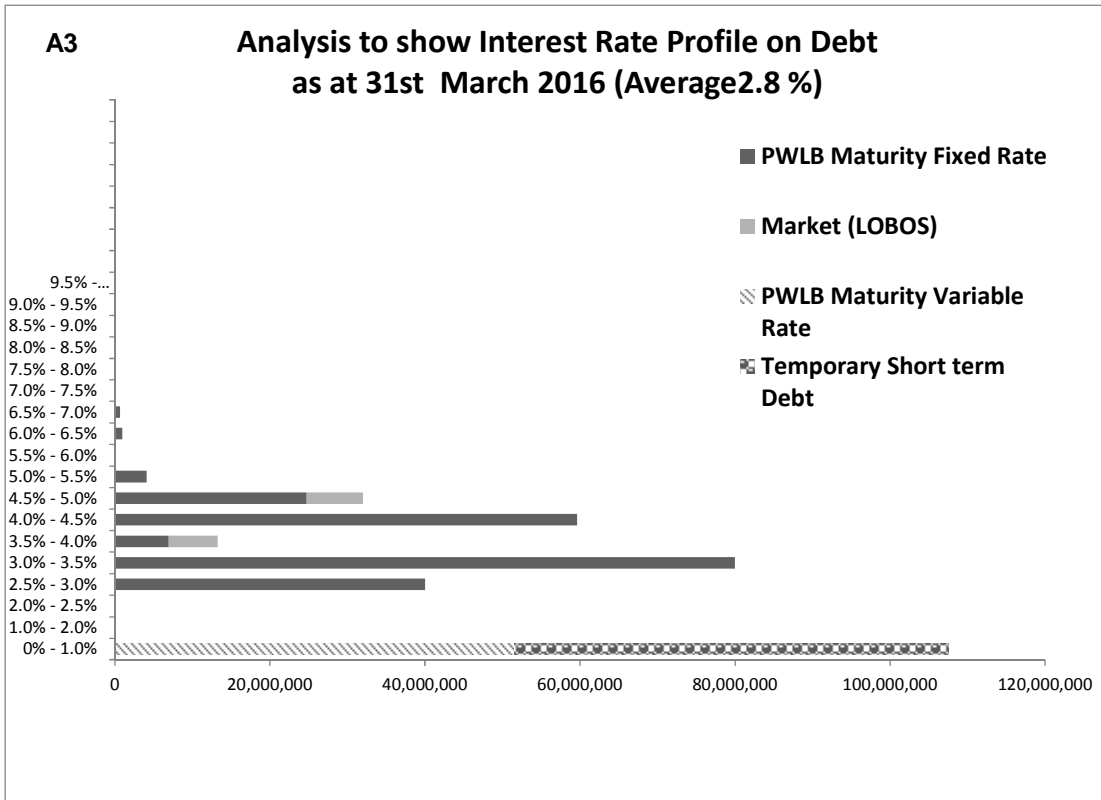
A budget underspend of £0.6M in 2015/16 has been achieved in respect of Treasury Management activities reflecting:

- the Bank of England Base Rate remaining at 0.5% over the year, whereas the budget had been based on the assumption of rate rises in 2015/16 and an average Base Rate of 0.75% in 2015/16;
- an element of new long-term fixed rate borrowing had been included in the 2015/16 budget which has not been taken; and
- Capital Programme slippage has been higher than originally assumed in the interest payable budget, leading to a lower level of overall borrowing than assumed in the 2015/16 budget.

Treasury Management Dashboard

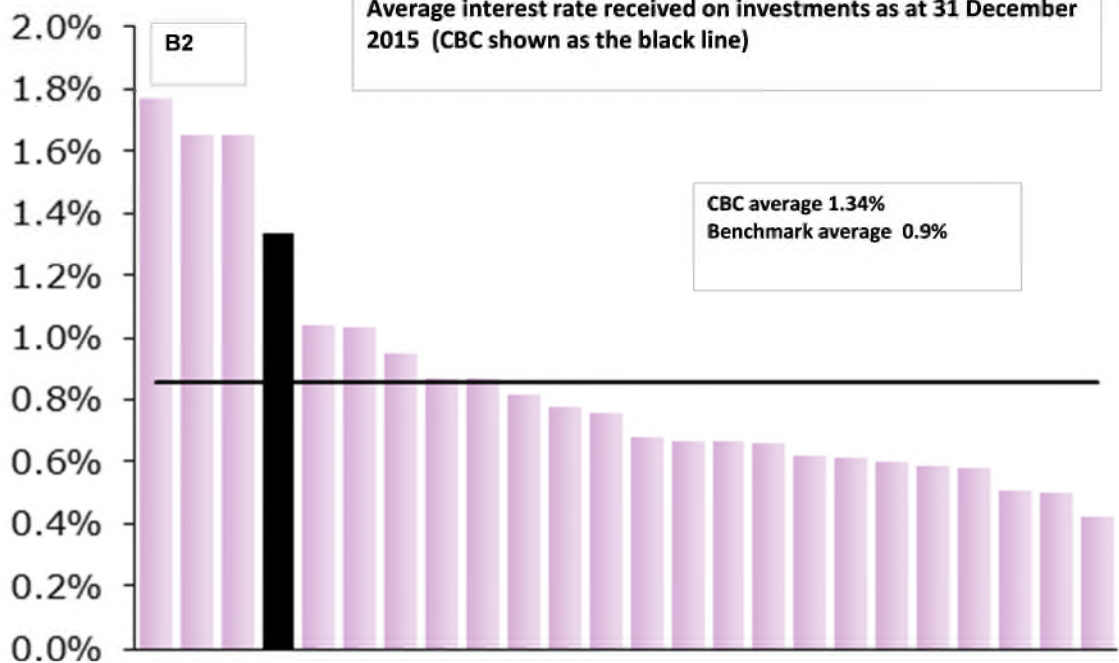
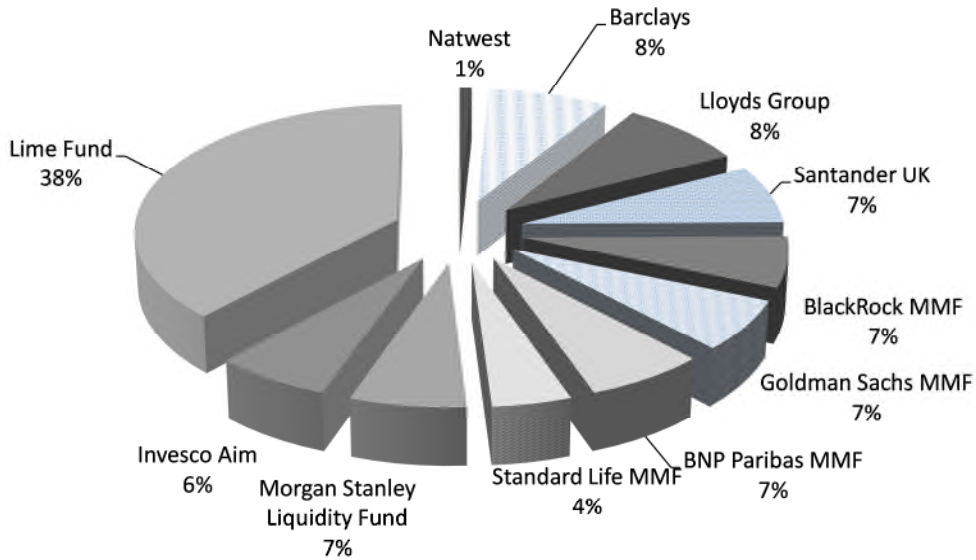
SECTION A: DEBT INFORMATION





### SECTION B: INVESTMENT INFORMATION

**B1 Analysis of Investments as at 31st March 2016 - Total Investments £13.5m**







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EXECUTIVE

7<sup>th</sup> June 2016

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## March 2016 Capital Budget Monitoring Provisional Outturn Report (subject to audit)

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

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

**This report relates to a Non Key Decision**

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### Purpose of this report

1. The report sets out the Capital provisional outturn for 2015/16 as at the end of March 2016. It excludes the Housing Revenue Account (HRA) which is subject to a separate report.

### RECOMMENDATIONS

The Executive is asked to:

1. **Note that the capital gross provisional outturn position (subject to audit) is a spend of £94.2M demonstrating the significant capital investment made by Central Bedfordshire to support its community.**
2. **Approve the net overspends between £150K and £500K as listed at Appendix B.**
3. **Approve the proposed gross deferred spend of £41.8M (£33.2M net) from 2015/16 to 2016/17 as detailed at Appendix C.**
4. **Recommend to Council to approve the net overspend on the Stratton Street Railway Bridge scheme of £1.3M.**

### 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 deferred spend from 2014/15 which was approved by the Executive on the 7<sup>th</sup> July 2015.

**ISSUES:** None

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

- 3.
- i) The approved budget excluding HRA but including deferred spend from 2014/15 (approved by Executive in July) is £139.2M (gross). The provisional gross outturn position is a spend of £94.2M which is below budget by £45.1M (£29.3M last year against a lower budget of £116.8M). The net outturn is £38.6M below budget.
  - ii) The main reasons are: Community Services spent to the level of grant secured on the A421 (M1 J13) project. It is proposed to defer the remaining £6M to 2016/17, when it is anticipated that the grant will be secured. There is also a £1.3M overspend on the Stratton Street Railway Bridge scheme due to the requirement for additional works.
  - iii) £8M of the Depot South and Depot & Salt Barn North budget, £4M Luton & Dunstable Busway, £3.7M Woodside Link and £4.7M of the Thorn Turn Waste Park budget is proposed to be deferred to 2016/17.
  - iv) Children's Services have spent £2.1M net less than budgeted on New School Places, due to an increase in the grant allocation for 2015-16 and a revised programme of delivery.
  - v) Overall Regeneration have spent less than budget by £0.3M. Due to re-phasing of the project, Local Broadband spent £1.2M more than the in year budget which will be mitigated during the rest of the Medium Term Financial Plan. The 2015/16 impact was offset by spend below budget on Dunstable Town Centre Regeneration, Cranfield Technology Park Acceleration, Flood defence strategy schemes and Market Towns Programme.
  - vi) Gross expenditure for the year is £94.2M (£87.5M in 2014-15) and below budget by £45.1M (below budget by £29.3M in 2014-15).
  - vii) Provisional Outturn Capital Receipts are £1.981M; the full year forecast was £3M. The budget is £13.1M.
  - viii) A summary of the position is in the table below.

Directorate	Full Year 2015/16			Full Year 2015/16		
	Gross			Net		
	Gross Budget £m	Final Outturn £m	Gross Variance £m	Net Budget £m	Final Outturn £m	Net Variance £m
CS	31.6	29.0	(2.6)	3.0	0.9	(2.1)
Community Service	90.1	54.4	(35.7)	59.7	29.4	(30.2)
Improvement & Corporate Services	6.2	4.5	(1.7)	6.2	4.5	(1.7)
Corporate Resources	0.0	0.0	(0.0)	0.0	0.0	(0.0)
Regeneration	3.5	3.2	(0.3)	1.3	0.6	(0.7)
ASCHH	7.8	3.1	(4.7)	2.9	(0.8)	(3.8)
<b>Total Exc HRA</b>	<b>139.2</b>	<b>94.2</b>	<b>(45.1)</b>	<b>73.2</b>	<b>34.6</b>	<b>(38.6)</b>

(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 6 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

Appendix B – Schemes with a net Overspend between £150K and £500K.

Appendix C – Proposed Deferred Spend to 2016/17

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## Appendix A - DIRECTORATE COMMENTARY

### Social Care Health and Housing

1. The provisional outturn is below gross budget by £4.7M and the net position is below budget by £3.8M. The gross spend mainly relates to the following projects, Additional Gypsy and Traveller sites, NHS Campus Closure and Disabled Facilities Grants Scheme projects.

Of the net provisional outturn of £3.8M below budget, it is proposed to defer £0.092M in respect of the Empty Homes programme and £0.031M in respect of Renewal Assistance. Grant Income and contributions received for NHS Campus Closure, Adult Social Care ICT Projects and Social Care Single Capital Pot are also proposed to be deferred to 2016/17. The remaining £1.1M is an underspend.

The tables below highlights the areas of spend :

SCHH Full Year Gross Budget and Forecast					
Scheme Categories	Gross Budget £k	Gross Provisional Outturn £k	Variance £k	Deferred Spend £k	Over / (Under) spend £k
Timberlands and Chiltern View Gypsy and Traveller Sites	0	1	1	0	1
Older Peoples Homes	0	124	124	0	124
Additional Gypsy and Traveller Sites	1,557	350	(1,207)	1,207	(0)
Review of Accommodation/Day Support, "New Approaches to Outcome"	2,030	0	(2,030)	1,906	(124)
Empty Homes	300	262	(38)	92	54
Renewal Assistance	150	154	4	31	35
Disabled Facilities Grants Scheme	2,750	2,132	(618)	0	(618)
NHS Campus Closure	698	60	(638)	638	0
Social Care Single Capital Pot	0	15	15	0	15
Adult Social Care ICT Projects	289	9	(280)	280	(0)
<b>Total</b>	<b>7,774</b>	<b>3,107</b>	<b>(4,667)</b>	<b>4,154</b>	<b>(513)</b>
<b>% of Budget</b>		<b>40.0%</b>			

<b>SCHH Full Year Net Budget and Forecast</b>					
<b>Scheme Categories</b>	<b>Net Provisional</b>			<b>Deferred Spend</b>	<b>Over / (Under) spend</b>
	<b>Net Budget</b>	<b>Outturn</b>	<b>Variance</b>		
	<b>£k</b>	<b>£k</b>	<b>£k</b>	<b>£k</b>	<b>£k</b>
Timberlands and Chiltern View Gypsy and Traveller Sites	0	1	1	0	1
Older Peoples Homes	0	124	124	0	124
Additional Gypsy and Traveller Sites	582	237	(345)	0	(345)
Review of Accommodation/Day Support, "New Approaches to Outcome"	0	0	0	(124)	(124)
Empty Homes	300	208	(92)	92	0
Renewal Assistance	100	69	(31)	31	(0)
Disabled Facilities Grants Scheme	1,962	1,175	(787)	0	(787)
NHS Campus Closure	0	(143)	(143)	143	0
Social Care Single Capital Pot	0	(2,422)	(2,422)	2,422	(0)
Adult Social Care ICT Projects	0	(68)	(68)	68	(0)
<b>Total</b>	<b>2,944</b>	<b>(819)</b>	<b>(3,763)</b>	<b>2,632</b>	<b>(1,131)</b>
<b>% of Budget</b>			<b>-27.8%</b>		

2. **The Review of Accommodation/Day Support project**

This project relates to the Older People's Care Homes Re-provision project, and expenditure relates to capital maintenance requirements of the seven older people's homes which transferred back to the Authority in August 2014. Proposals are currently being developed and a paper on the future of day care is due to go to the June 2016 Executive.

**Additional Gypsy & Traveller Sites**

3. Pre-application planning advice has been received for two new Gypsy and Traveller sites at Dunton (12 pitches) and Potton (11 Pitches). A full planning application for both sites is scheduled to be made in 2016. It was originally anticipated that work on the additional 11 pitches at Potton would commence in this financial year, but that will not occur so it is proposed that the net underspend of £0.345M is deferred to 2016/17. A full planning application has been submitted for a new Gypsy and Traveller site at Biggleswade South (12 pitches).

In addition to the above, works have been undertaken to create two new pitches on the existing Potton Gypsy Traveller Site, which do not require planning permission. Net expenditure for the year, after funding from the Homes and Communities Agency (HCA) of £0.113M, for these pitches was £0.237M. Overall there is a net underspend of £0.345M.

4. **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. In 2015/16 185 DFG cases were completed which resulted in 372 major adaptations.

5.

Type of adaptation	Total 14/15	CBC tenants	Others	Total 15/16
Level access shower/wet room	122	11	104	115
Straight stair lift	37	4	25	29
Curved stair lift	24		28	28
Toilet alterations	39	6	42	48
Access ramps	27	3	24	27
Dropped kerb and hard standing	3		7	7
Wheelchair/step lift	4	1	2	3
Through floor lift	4		2	2
Major extension	14	1	11	12
Kitchen alterations	5	2	9	11
Access alterations (doors etc.)	50	3	51	54
Heating improvements	1		3	3
Garage conversions/minor additions	3	1	4	5
Safety repairs/improvements	4	1	4	5
Other	21	3	20	23
<b>Total</b>	<b>358</b>	<b>36</b>	<b>336</b>	<b>372</b>

6. 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. Central Bedfordshire, as the lead authority for the capital grant, has also been responsible for distributing the funds for two other local authority's schemes. The final Bedford Borough scheme is Orchard House which completed in April 2015.

7. The Adult Social Care IT project comprises a number of schemes. The next phase of developments of the Social Care system – AIS – has been agreed and implementation details are under discussion with the software provider.

**Children's Services**

8. Children's Services annual capital expenditure budget for 2015/16 is £31.6M. The income budget is £28.6M, a net expenditure budget of £3.0M.

9. The provisional outturn position for 2015/16 is £29.0M, £2.6M below the approved 2015/16 Children's Services gross capital budget, mainly due to the annual review of projects within the New School Places programme reducing spend by £5.2M. This is offset by additional spend on projects fully funded by grant income; Local Public Service Agreement Grant (LPSA) & Local Area Agreement Grant (LAA) £200K, Special School provisions £650K, School Capital Maintenance programme £612K and Schools Devolved Formula Capital £1.1M. 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				Over / (Under) spend £k
	Gross Budget	Provisional Outturn	Variance	Deferred Spend	
	£k	£k	£k	£k	
Schools Devolved Formula Capital	460	1,595	1,135	0	1,135
New School Places	28,451	23,210	(5,241)	0	(5,241)
Temporary Accommodation	400	400	0	0	0
Schools Capital Maintenance	2,100	2,712	612	0	612
Schools Access Initiative	200	200	0	0	0
LPSA & LAA Grant payout	0	200	200	0	200
2 year old entitlement grant	0	31	31	0	31
Special School Provision	0	650	650	0	650
<b>Total</b>	<b>31,611</b>	<b>28,999</b>	<b>(2,612)</b>	<b>0</b>	<b>(2,612)</b>
% of Budget	<b>91.7%</b>				

Children's Services Full Year Net Budget and Forecast					
Scheme Categories	Net				Over / (Under) spend £k
	Net Budget	Provisional Outturn	Variance	Deferred Spend	
	£k	£k	£k	£k	
Schools Devolved Formula Capital	0	1	1	0	1
New School Places	2,410	300	(2,110)	0	(2,110)
Temporary Accommodation	400	400	0	0	0
Schools Access Initiative	200	200	0	0	0
LPSA & LAA Grant payout	0	14	14	0	14
<b>Total</b>	<b>3,010</b>	<b>915</b>	<b>(2,095)</b>	<b>0</b>	<b>(2,095)</b>
% of Budget	<b>30.4%</b>				

10. 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 2015/16, £25.4M (£7.3M net) in 2016/17, £35.3M (18.3M net) in 2017/18 and £18.0M (£11.8M net) in 2018/19.
12. In February 2015 the DfE announced the Basic Need allocation for 2017/18 of £21.0M 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 to in 2017/18 to £3.5M.
13. Total Basic Need grant provided to our immediate Local Authority neighbours for the period 2011-18 is £44.0M 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 has likewise been reviewed to reflect the changes in demographic forecasts from the previous year.
15. The outcome of this exercise has resulted in a provisional gross expenditure outturn for 2015/16 of £23.2M. There has also been a contribution from Leisure Services to the joint use facility for the Etonbury expansion  
The DfE allocation of basic need for 2018/19 is not yet known and the net cost of the programme for that year is expected to reduce significantly.
16. 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.
17. All of the Council's New School Places are commissioned from Ofsted Good and Outstanding schools and academies. All of these new places have been provided local to the area of demographic demand, ensuring a sense of community belonging, supporting community use and promoting sustainable modes of transport. The addition of these new places as expansions to existing schools ensures their financial and therefore educational viability. All have been briefed and designed by Council officers and school leaders to provide teaching and non teaching school facilities that are recommended by DfE guidance and complement good and outstanding teaching.

### **Community Services**

18. The Community Services Capital Programme in 2015/16 is made up of 81 schemes which include large groupings of projects that relate to Environmental services, Libraries, Leisure, Transport and Assets. The gross 2015-16 budget for Community Services now includes Assets and is £90.4M.
19. The provisional outturn is £54.4M, below budget by £35.7M. The major schemes that have impacted the outturn position are; A421Junction 13, Luton & Dunstable Busway, Stratton Park Phase 5 Infrastructure, South Depot, Thorn Turn Waste Park, Depot and Salt Barn North, Dunstable Leisure and Libraries scheme and retiming of spend for Woodside Link.

The table below highlights the areas of spend.

Community Services Full Year Gross Budget and Forecast					
Scheme Categories	Gross			Deferred Spend £k	Over / (Under) spend £k
	Gross Budget	Provisional Outturn	Variance		
	£k	£k	£k		
Assets	8,857	5,698	(3,159)	2,991	(168)
Environmental Services	9,674	3,639	(6,035)	6,033	(2)
Libraries	148	136	(12)	0	(12)
Leisure	13,463	11,059	(2,404)	1,975	(429)
Transport	57,954	33,854	(24,100)	25,226	1,126
<b>Total</b>	<b>90,096</b>	<b>54,387</b>	<b>(35,709)</b>	<b>36,225</b>	<b>516</b>
<b>% of Budget</b>	<b>60.4%</b>				

Community Services Full Year Net Budget and Forecast					
Scheme Categories	Net			Deferred Spend £k	Over / (Under) spend £k
	Net Budget	Provisional Outturn	Variance		
	£k	£k	£k		
Assets	8,557	5,302	(3,255)	2,992	(263)
Environmental Services	9,580	3,555	(6,025)	6,033	8
Libraries	148	136	(12)	0	(12)
Leisure	10,980	8,863	(2,117)	380	(1,737)
Transport	30,431	11,590	(18,841)	18,604	(237)
<b>Total</b>	<b>59,696</b>	<b>29,447</b>	<b>(30,249)</b>	<b>28,009</b>	<b>(2,240)</b>
<b>% of Budget</b>	<b>49.3%</b>				

## Highways and Transport

20. Activity completed includes:

- (a) **A421 M1 Junction 13 - Milton Keynes Magna Park** – The outline design works have been completed and there has been a design handover from Amey to Ringway Jacobs. The advance vegetation clearance has been completed and Amey will complete the business case works by 15 April. Bruton Knowles have progressed with the land negotiations on both parcels of land within CBC. Planning applications have been submitted for the three structures; Cranfield Road Overbridge, the bridleway overbridge and the canal box and work is underway to develop the Collaboration Agreement between CBC, MKC and SEMLEP.
- (b) **Highways Structural Maintenance and Lighting** - 59 carriageway schemes have been completed giving a total of 26.1km of roads being resurfaced, 26 footway schemes and 8.4km of paths have been resurfaced. The structural maintenance programme ensures that we maintain our £1.6 billion highway asset in a safe and useable condition. About 300 street lighting columns and 3,300 lanterns have been replaced. These lanterns have replaced the SOX orange lighting with highly efficient LED white lighting which gives an on going saving in our energy usage and carbon footprint.
- (c) **Integrated Transport** - 46 Integrated Transport schemes have been implemented. Including the improvements on the A600 at Deadmans

Cross; speed reduction measures, Shefford; Cycle Improvements, Heath and Reach; safety schemes at high Street Flitwick and Chiltern road, Dunstable.

- (d) **Woodside Link** – The Woodside Link scheme runs between a new M1 junction 11a and the local road network. Balfour Beatty were awarded the contract and commenced on site in May 2015. All the planned diversions have taken place including the brook allowing earthworks to progress. The Houghton Box Culvert, Houghton Brook Bridge and Parkside Bridge are constructed to deck level. The Sandringham Drive Retaining Wall is installed with capping beams being completed. The road drainage and substructure has been completed in readiness for blacktop operations to commence. It is anticipated that the road will open to traffic in Sept 2016.
- (e) **Digital Speed Cameras** – Poynters Road, Dunstable, and A505 schemes have been commissioned and have been live since October 2015. There have been over 3000 offences recorded to date.
- (f) **Southern Highways Depot (Thorn Turn) including Waste park** - During Financial year 2015/16 £639K was spent. This funded the creation of an access road, enabling plant and excavation vehicle access to the site, and the first 2 phases of the top soil strip. A safe crossing over the Ouzel brook has been created in line with internal drainage board requirements and the first phase of UKPN and BT works including the burying of overhead power cables. It also was used to fund the design and planning processes. Value Engineering has reduced potential build costs by over £4M, however the project remains over budget.
- (g) **Northern Highways Depot (Sandy)** – To date the activities on this project have been focused on the elements required to support a planning application, including the approval of a concept design, environmental impact assessment, noise and ecology surveys.
- (h) **Local Sustainable Transport Fund** - On the Smarter Routes to Employment Project, during 2015-16 we invested £0.8M of SEMLEP Local Growth Funding in the construction of new guided busway stops at Townsend Farm Road in Houghton Regis, Jeans Way in Dunstable and Chaul End in Luton. The two 'on-line' stops at Jeans Way and Chaul End are equipped with attractive modern shelters, real time information screens and CCTV surveillance. These stops become operational at the end of April 2016. We have also undertaken works at six locations where people join the busway, improving the experience for bus users, walkers and cyclists. These works included the provision of a surfaced link to connect the busway to the Sainsbury's superstore off Church Road in Dunstable, a longstanding ambition. The entrance to the busway from High Street North in Dunstable.
- (i) **East West Rail – Western Section** – Western Section - Network Rail (NR) have formed an Alliance Company, with consultants and contractors, to deliver the Western Section infrastructure and will be conducting 2nd round of public consultation in autumn 2016 with submission of a Transport and Works Act Order in early 2017 and aiming for opening in

2020. CBC is working closely with NR on the delivery of advance works to deliver rail and highway infrastructure. A study into transport infrastructure requirements at Ridgmont Station is being undertaken for CBC and will report in early May aiming to commence survey and legal works for Ridgmont Station in Q2 2016. Central Section - Network Rail have announced the preferred corridor option for the route which is Bedford - Sandy - Cambridge. Transport Strategy are working closely with Regeneration on ensuring the rail planning process is aligned with the Local Plan process and considering how to maximise the economic opportunities for Sandy if the route is delivered.

- (j) **Stratton Street Railway Bridge** - The temporary traffic management has been installed which includes some one way working in the town and utilising the Biggleswade Eastern Relief Road. The temporary statutory undertaker's bridge has been installed and the services diverted on to it. Despite high winds over Christmas enough work was completed, including re-routing the overhead lines, to allow the existing bridge deck to be cut up and removed during a number of subsequent weekend possessions. The pier heads have been repaired/strengthened and the new precast deck units installed. It is anticipated that the bridge will reopen to traffic in June 2016.
- (k) **A5-M1 Link Road** - Scheme is being delivered by the Highways Agency to address shortfalls in the trunk road network it will, with the Woodside Link also enable growth to the north of Houghton Regis and Dunstable. To allow the scheme to be brought forward a contribution of £45m has been made by the developers and £5M of growth area funds by Central Bedfordshire Council.
- (l) **Structures** - The following structures have been strengthened West Street Multi Storey Car Park; Leighton Buzzard, Redborne School Footbridge, Ampthill; Broughton Road Culvert, Salford a further 4 have been designed for future construction. Work has continued on the parapet strengthening programme and railway anti incursion measures.

## 21.Waste

Activity completed includes:

- (a) **Sundon Landfill Restoration** – The importation of soil in the final phases is complete, profiling is being finalised and an area of slippage has been repaired. Phases one and two (of six) have been planted and seeded and a chalk downland area to the south east has been established. Plans to remove the haul road have been agreed with the landowner and the works commence shortly.
- (b) **Thorn Turn Waste Park** – See Southern Highways depot paragraph 20 (f).
- (c) **Household Waste Recycling Centre (HWRC) Re-Development** – During financial year 2015/16, £1.7M has been spent. This has funded the complete redevelopment of Biggleswade HWRC and the first phase of works to the Ampthill site. Biggleswade HWRC was closed to the public in August 2015 and re-opened on time in February 2016. Overall project

goals have been met and the public feedback has been mainly positive.

## 22. Countryside and Access

Activity completed includes:

- (a) **Swiss Garden** – Restoration works are now complete and the Garden is open to the public. A new equipment compound has been constructed during the winter. Further approved expenditure occurred on interpretation and developing the outreach programme.
- (b) **Outdoor Access and Greenspace Improvement Projects** – achievements included Rushmere Park master planning. 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, new sculptures have been installed at Rushmere Country Park and surfacing improvements have taken place on the Dunstable Downs Multi User route.
- (c) **Countryside Schemes** – A new barn was installed at Flitton Moor in October 2015. Rushmere Country Park - Tree Avenue health and safety works have been completed, this entailed works to remove diseased horse chestnuts and replace with small leaf limes. Replacement fencing and works at Thrift woodlands has been completed.
- (d) **Houghton Hall Park Renaissance and Renewal Project-** Landscape restoration works commenced in February 2016 with tree and scrub clearance works as part of the Stage 2 delivery for the Parks for People project. All works car park works are completed, fencing upgrade/installation has been completed, minor outstanding monies to be spent on Gas Supply connection – can only happen once the Visitor Hub is built.
- (e) **Rights of Way Transport works** -. There have been 25 new or replacement bridges and culverts. Around 2200 metres of surface improvements have been undertaken and over 200 new items of signage, gates and other furniture erected to improve access for all legal users of the public path network.

## 23. Leisure

Activity completed includes:

- (a) **Flitwick Leisure Centre** – the new Leisure Centre was completed, with 25m 8 lane community swimming pool, teaching pool with movable floor, confidence water area, 2 squash courts, four court sports hall, climbing wall, crèche/party room, flexible multi use studio, 120 station gym, exercise studios, flexible rooms and catering. The project has a net overspend of £255K as a result of legal costs, stamp duty, and the purchase of gym equipment. This is mitigated by underspends on other leisure budgets.
- (b) **Library and Leisure Centre - Dunstable** – project management consultants have been appointed and surveys carried out. The drawings

for option 7 are being developed and the team are preparing for public consultation.

- (c) **Stock Condition** – Grove Theatre received a new lighting desk to enable better stage lighting and sound equipment. Saxon Leisure Centre received a new pool extract fan as part of the stock condition.

## 24. Libraries

Activity completed includes:

- (a) **Libraries Remodelling** Undertaken a refurbishment at Flitwick Library. This included a new library layout and floor plan, increasing the size of the children's library, new computer benching and furniture for the public PCs, electrical and data work, new lighting and benching in meeting room. This work was completed in February 2016.
- (b) Installed new IT benching with associated electrical and data works in a number of libraries including Leighton Buzzard, Potton and Ampthill, works completed August 2015 – April 2016.
- (c) Made access/safety improvements at Potton Library including child security/safety gates to make the upstairs meeting/activity room usable for small children.
- (d) Installed a new library counter and undertaken data and electrical works at Leighton Buzzard Library. This work is still ongoing. It was tendered as a much larger project led by Assets for air handling systems and other works at Leighton Buzzard Centre.
- (e) Purchased £115K of new PCs for the libraries PC replacement project. These are now being prepared for a roll out to libraries April – June 2016.

## Assets

- 25. The gross capital programme for Assets is £8.857M. The major Projects are 2015/16 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).
- 26. The provisional outturn position for Assets is £5.698M. There is proposed deferred spend of £3M. The outturn position is below budget due to a number of schemes. Due to the delay in the infrastructure project and planning issues at Stratton Park it is expected that £2.368M of costs to be incurred in future financial years and the 2015/16 budget will be proposed to be slipped into 2016/17 to cover this. There is slippage of £0.200M for the acquisition of strategic sites/farmland and the remaining budget of £0.299M is declared as an underspend. The Thorn Turn development project has slippage of £0.094M. A further £0.067M has been proposed to



be deferred for the Technology Forge helpdesk system to allow assessment of the additional modules. Provisional outturn is below budget by £0.089M for the Ivel Medical Centre due to higher than budgeted funding. On the Corporate rolling programme there is a slippage of £0.166M mainly for works at Leighton Buzzard library and Tiddenfoot Leisure Centre.

**Regeneration & Business Support**

27. The budget for Regeneration is £3.54M the provisional outturn position is £0.3M gross below budget and £0.7M net below budget (funded by CBC) due to re-phasing of the Local Broadband Infrastructure project and deferred spend on the Market Towns Programme, Dunstable Town Centre Regeneration and Cranfield Technology Park Acceleration.

The table below highlights the areas of spend :

Regeneration & Business Support Full Year Gross Budget and Forecast					
Scheme Categories	Gross			Deferred Spend	Over / (Under) spend
	Gross Budget	Provisional Outturn	Variance		
	£k	£k	£k	£k	£k
Market Towns Programme	435	17	(418)	418	0
Development site promotion	75	0	(75)	75	0
Flood defence strategy schemes	195	14	(181)	0	(181)
Local Broadband Infrastructure	1,899	3,141	1,242	(24)	1,218
Land Drainage Work ( Non Highways)	60	3	(57)	20	(37)
Flitwick Land Purchase Further land assembly for the Town Centre Regeneration Scheme.	81	9	(72)	81	9
Dunstable Town Centre Regeneration Phase 2	489	40	(449)	449	0
Historic Building Grant Aid Scheme	8	0	(8)	8	0
Cranfield Technology Park Acceleration	298	0	(298)	100	(198)
Rolling Social & Community Infrastructure Fund	0	0	0	0	0
<b>Total</b>	<b>3,540</b>	<b>3,225</b>	<b>(315)</b>	<b>1,127</b>	<b>812</b>
<b>% of Budget</b>		<b>91.1%</b>			

Regeneration & Business Support Full Year Net Budget and Forecast					
Scheme Categories	Net			Deferred Spend	Over / (Under) spend
	Net Budget	Provisional Outturn	Variance		
	£k	£k	£k	£k	£k
Market Towns Programme	435	17	(418)	418	0
Development site promotion	75	0	(75)	75	0
Flood defence strategy schemes	195	14	(181)	0	(181)
Local Broadband Infrastructure	0	522	522	(24)	498
Land Drainage Work ( Non Highways)	60	3	(57)	0	(57)
Flitwick Land Purchase Further land assembly for the Town Centre Regeneration Scheme.	81	0	(81)	81	0
Dunstable Town Centre Regeneration Phase 2	489	40	(449)	449	0
Historic Building Grant Aid Scheme	8	0	(8)	8	0
Cranfield Technology Park Acceleration	(2)	0	2	0	2
Rolling Social & Community Infrastructure Fund	0	0	0	1	1
<b>Total</b>	<b>1,341</b>	<b>597</b>	<b>(744)</b>	<b>1,008</b>	<b>264</b>
<b>% of Budget</b>		<b>44.5%</b>			

### Broadband

28. The Superfast Broadband Project has delivered above target for the 2015/16 Year which has resulted in an overspend of £498K. Central Bedfordshire Council is the accountable body for the Central Superfast Project, covering Bedford and Milton Keynes with Luton joining in May 2015. In total the project has enabled 37,404 premises to receive superfast broadband (speeds greater than 24 Megabits Per Second) with 158 cabinets now live. In Central Bedfordshire 15,585 premises are able to receive superfast broadband services, exceeding the 15,500 premises originally contracted. Coverage in Central Bedfordshire now stands at 90%, and has hit the Councils Adopted Local Broadband Plan target. As part of the Council's obligation to ensure all premises have access to broadband infrastructure capable of delivering at least a basic service of 2 megabits per second, a Subsidies Satellite Broadband service was launched in December 2015. This will run until December 2017. In May 2015 a further contract was signed with BT to extend coverage to a further 16,782 premises with 8,247 of those in Central Bedfordshire (taking coverage to 96.5%).
29. In 2015/16 the two BT contracts were merged together to accelerate delivery and deliver efficiencies. As a result the project delivery dates have moved forward by up to 9 months and savings will be reinvested to extend coverage further. Further funding of £1.74M, has been secured from SEMLEP, this will be matched by BDUK.

## Market Towns Programme

30. In 2015/16 Central Bedfordshire Council launched the exciting £4M Market Town Regeneration Fund (MTRF). The objective of the MTRF is to enhance out market towns vibrancy and promote their wider role in shaping and supporting economic growth, particularly supporting those areas facing pressures of population growth. The programme will begin delivery in 2016/17.

## Improvement & Corporate Services

31. The gross and net budget for ICS is £6.2M. The provisional outturn position is £4.5M, below budget by £1.7M.

The table below highlights the areas of spend :

Improvement & Corporate Services Full Year Gross Budget and Forecast						
Scheme Categories	Gross			Deferred Spend	Over / (Under) spend	
	Gross/Net Budget	Provisional Outturn	Variance			
	£k	£k	£k			
Information Assets	5,643	4,439	(1,204)	1,023	(181)	
Other	515	12	(503)	488	(15)	
<b>Total</b>	<b>6,158</b>	<b>4,451</b>	<b>(1,707)</b>	<b>1,511</b>	<b>(196)</b>	
<b>% of Budget</b>		<b>72.3%</b>				

(Note gross and Net are the same as all internally funded)

## Information Technology

32. The 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), 2015/16 ICT Strategic Investment (£1.0M), Electronic Document Management System (EDMS) Rollout (£0.5M), Applications Architecture Phase 3 (£0.5M), Public Services Network (PSN) Phase 3 (£0.5M) & IT Infrastructure Rolling Programme 2015/16 (£0.5M). There are other smaller projects totalling £1.576M.
33. The provisional outturn position for IT is £4.439M. There is proposed deferred budget of £1.023M across a number of schemes and an underspend of £0.181M. This is due to the Website Development project, originally expected to be capital spend, being reclassified as revenue following a detailed review.

## 34. Other ICS Projects

The gross capital budget for Other Improvement & Corporate Services projects is £0.515M. The major project is Office Rationalisation (£0.5M) with a number of smaller projects totalling £15K. The provisional outturn position is £0.012M. There is also £0.488M currently expected to be deferred into 2016/17. This relates to the office rationalisation activities which is now expected to incur spend up to the end of August 2016 to align with the quadrants priorities and the emerging accommodation strategy.

**Corporate Resources**

35. There is one scheme within Corporate Resources with a budget of £45K, Civica Revenue Module. This has been identified as an underspend due to the planned upgrade to the Civica system being fulfilled by a revenue solution.

Corporate Resources Full Year Gross Budget and Forecast					
Scheme Categories	Gross			Deferred Spend	Over / (Under) spend
	Gross/Net Budget	Provisional Outturn	Variance		
	£k	£k	£k		
Civica Revenue Module	45	0	(45)	0	(45)
<b>Total</b>	<b>45</b>	<b>0</b>	<b>(45)</b>	<b>0</b>	<b>(45)</b>
<b>% of Budget</b>		<b>0.0%</b>			
(Note gross and Net are the same as all internally funded)					

**Capital Receipts**

36. The overall budget for Capital receipts is £13.101M. The actual outturn is £1.981M and a further £2.350M for land that has been transferred to the HRA. The receipts for Stratton Business Park are expected to be received in future years. It is anticipated that the £4.0M from Bedford Borough for Bell Farm and County Hall as part of the disaggregation agreement, and the £1.0M for Village Farm Sutton, will be received in 16/17 financial year. In March we received the £0.400M for Revelstoke and a further £1.298M from the successful auction sales.

**Appendix B – Net Capital Overspends £150K - £500K**

Scheme	(Under)/ Over Spend		
	Gross Expenditure	External Funding	Net Expenditure
	£'000	£'000	£'000
Flitwick Leisure Centre Redevelopment	1,580	(1,325)	255
Highways Structural Maintenance Block (includes additional expenditure)	588	(388)	200
IT Infrastructure Rolling Programme 13/14	343	0	343
Customer First	495	0	495
ICT Strategic Investment 15/16	152	0	152
Local Broadband Infrastructure	1,218	(720)	498

Notes:

Flitwick Leisure Centre – See paragraph 23(a) in Appendix A.

Transport/Highways – Overall an underspend of £237K across 39 schemes.

IT Infrastructure Programme, ICT Strategic Investment – See paragraph 32 in Appendix A. Overall IT schemes (18 in total) have underspent by £1.2M of which £1.0M is proposed to be deferred to 2016/17.

Customer First – This is also part of the IT basket of projects. Two of which relate to Customer First which combined are underspent by £505K.

Local Broadband – See paragraph 28 in Appendix A.

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**Appendix C – PROPOSED DEFERRED SPEND TO 2016/17**

Directorate	Sub Type	Scheme Title	BUDGET Slippage to 2016/17		
			Gross Expenditure	External Funding	Net Expenditure
			£'000	£'000	£'000
Community Services	Assets	CBC Corporate Property Rolling Programme 15/16	135	0	135
Community Services	Assets	Integrated Asset Management System	67	0	67
Community Services	Assets	LDF related costs for land in Arlesey, North of Houghton Regis, North of Luton and Stratton Park Biggleswade (includes enhancement work to prepare for disposals)	31	1	32
Community Services	Assets	Stratton Park Phase 5 Infrastructure	1,458	0	1,458
Community Services	Assets	Strategic Acquisitions	200	0	200
Community Services	Assets	South of High Street Leighton Buzzard- Acquisition of Cattle Market and Parkridge Land.	20	0	20
Community Services	Assets	Arlesey East of High Street (Includes Arlesey Phase 1 line 111)	43	0	43
Community Services	Assets	Thorn Turn	94	0	94
Community Services	Assets	Stratton Phase 4 Access	910	0	910
Community Services	Assets	Health & Safety Rolling Programme 15/16	31	0	31
Community Services	Assets	Farm Estate Capital Works	2	0	2
Community Services	Environmental services	Community Safety Partnership Grant	99	0	99
Community Services	Environmental Services	CCTV	185	0	185
Community Services	Environmental services	Integrated Environmental Management System (Slippage only)	32	0	32
Community Services	Environmental Services	HWRC Redevelopment	1,036	0	1,036
Community Services	Environmental Services	Thorn Turn Waste Park	4,681	0	4,681
Community Services	Transport	Rights of Way Network and Countryside and Heritage Sites - Structural Renewal and Improvement Works	19	0	19
Community Services	Leisure	Outdoor Access and Greenspace Improvement Projects	179	0	179
Community Services	Leisure	Houghton Hall Park P4P Renaissance and Renewal	1,332	(1,054)	278
Community Services	Transport	Tree backlog	250	0	250
Community Services	Leisure	Cemeteries Grant to Town & Parish Councils	32	0	32
Community Services	Leisure	Flitwick Leisure Centre Redevelopment		(541)	(541)
Community Services	Leisure	Library and Leisure Centre renewal in Dunstable	8	0	8
Community Services	Leisure	Leisure Strategy - implementation	400	0	400
Community Services	Leisure	Leisure Strategy - delivery with stakeholders	24	0	24
Community Services	Transport	Luton Dunstable Busway	3,948	50	3,998
Community Services	Transport	Ridgmont Bypass Residual Costs	200	0	200
Community Services	Transport	Strategic infrastructure schemes	43	0	43
Community Services	Transport	Woodside Link	3,656	0	3,656
Community Services	Transport	Local Sustainable Transport Fund (LSTF)	10	0	10
Community Services	Transport	Leighton Buzzard Transport Interchange	333	(150)	183
Community Services	Transport	Biggleswade Transport Interchange	649	(378)	271
Community Services	Transport	East West Rail (Western Section)	63	0	63
Community Services	Transport	Biggleswade Parking Improvements	125	(125)	0
Community Services	Transport	Highways Bridge Assessment and Maintenance	70	7	77
Community Services	Transport	Co-ordinated replacement of street furniture as a result of vehicle damage	32	0	32
Community Services	Transport	Fleet replacement programme	584	0	584
Community Services	Transport	New highways contract mobilisation	164	0	164
Community Services	Transport	Integrated Transport Unit ICT System	91	0	91
Community Services	Transport	Highways Street Lighting Maintenance Backlog	356	0	356
Community Services	Transport	A421-M1 Junction 13- Milton Keynes Magna Park	6,046	(6,026)	20
Community Services	Transport	Highways Improving Walking Routes to Schools	482	0	482
Community Services	Transport	New Highways Depot - South	4,161	0	4,161
Community Services	Transport	New Highways Depot - North	3,834	0	3,834
Community Services	Transport	Safety Camera upgrades - replacement of wet film to digital (includes speed camera slippage)	10	0	10
Community Services	Transport	Estate parking improvements - match funded by HRA	100	0	100

Directorate	Sub Type	Scheme Title	BUDGET Slippage to 2016/17		
			Gross Expenditure	External Funding	Net Expenditure
			£'000	£'000	£'000
Improvement & Corporate Services	IT	Applications Architecture Phase 3	372	0	372
Improvement & Corporate Services	IT	SAP Enhancements	175	0	175
Improvement & Corporate Services	IT	ICT Strategic Investment 14/15	323	0	323
Improvement & Corporate Services	IT	Network Upgrade (Security)	108	0	108
Improvement & Corporate Services	IT	Purchase Card Industry Scheme Compliance - Systems & Security Investment	45	0	45
Improvement & Corporate Services	Other	Office Rationalisation (Assets and IT elements)	488	0	488
Regeneration		Dunstable Town Centre Regeneration Phase 2	449	0	449
Regeneration		Flitwick Land Purchase Further land assembly for the Town Centre Regeneration Scheme.	81	0	81
Regeneration		Cranfield Technology Park Acceleration	100	(100)	0
Regeneration		Land Drainage Work ( Non Highways)	20	(20)	0
Regeneration		Historic Building Grant Aid Scheme	8	0	8
Regeneration		Rolling Social & Community Infrastructure Fund	0	1	1
Regeneration		Market Towns Programme	418	0	418
Regeneration		Development site promotion	75	0	75
Regeneration		Local Broadband Infrastructure	(24)		(24)
Social Care, Health & Housing		NHS Campus Closure	638	(495)	143
Social Care, Health & Housing		Adult Social Care ICT Projects	280	(212)	68
Social Care, Health & Housing		Renewal Assistance	31	0	31
Social Care, Health & Housing		Empty Homes	92	0	92
Social Care, Health & Housing		Social Care Single Capital Pot	0	2,422	2,422
Social Care, Health & Housing		Review of Accommodation/Day Support, "New Approaches to Outcome"	1,906	(2,030)	(124)
<b>Children's Services</b>		<b>Children's Services</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Community Services</b>	<b>Community Services</b>	<b>Community Services</b>	<b>36,225</b>	<b>(8,216)</b>	<b>28,009</b>
Community Services	Assets	Assets	2,991	1	2,992
Community Services	Environmental Services	Environmental Services	6,033	0	6,033
Community Services	Libraries	Libraries	0	0	0
Community Services	Leisure	Leisure	1,975	(1,595)	380
Community Services	Transport	Transport	25,226	(6,622)	18,604
Improvement & Corporate Services		<b>Improvement &amp; Corporate Services</b>	<b>1,511</b>	<b>0</b>	<b>1,511</b>
Corporate Resources		<b>Corporate Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>
Regeneration		<b>Regeneration</b>	<b>1,127</b>	<b>(119)</b>	<b>1,008</b>
Social Care, Health & Housing		<b>Social Care, Health &amp; Housing</b>	<b>2,947</b>	<b>(315)</b>	<b>2,632</b>
		<b>CBC 2015/16 Deferred spend to 2016/17</b>	<b>41,810</b>	<b>(8,650)</b>	<b>33,160</b>

Note: Negative slippage occurs where the total expenditure on the project is unaltered but there is a rebalancing between financial years.



Central Bedfordshire Council

EXECUTIVE

07 June 2016

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**2015/16 Housing Revenue Account (HRA) Budget Monitoring  
Provisional Outturn Report as at March 2016 (subject to audit).**

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

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

**This report relates to a Non Key Decision.**

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**Purpose of this report**

1. The report presents the 2015/16 HRA provisional outturn financial position as at the end of March 2016 (subject to audit). It sets out spend against the revenue and capital budgets, and provides explanations for any variations. This report enables the Executive to consider the overall financial position of the HRA.

**RECOMMENDATIONS**

The Executive is asked to:

1. **Consider the Revenue provisional outturn which has achieved a balanced budget with a contribution to HRA Reserves of £7.488M, thus strengthening the Council's ability to invest and improve its stock of Council Houses.**
2. **Consider the Capital provisional outturn which is £5.736M lower than budget.**
3. **Approve the deferred spend of £4.280M as detailed in Table 2 of Appendix A. These works relate to Future Investment (£3.888M) and Stock Protection (£0.392M).**
4. **Note that Right to Buy (RtB) sales are at a similar level to the previous financial year, resulting in a year end balance of unapplied capital receipts of £2.996M.**
5. **Note that as part of the funding of the Capital Programme there was a contribution of £7.074m from the Independent Living Development Reserve to fund spend at Priory View (£6.778M) and Houghton Regis Central (£0.296M).**
6. **Note the net decrease in reserves is £1.104M, so that, at the year end, the HRA will have £19.452M of reserves available, of which £2.0m is identified as a minimum level of HRA Balances.**

## Issues

- 2 The revenue provisional outturn position is a year end surplus of £7.488M compared to a budgeted surplus of £6.509M, an increase of £0.979M.
- 3 The key variances are reduced expenditure on Maintenance (£1.310M), savings on interest payments (£0.132M), Direct Revenue Financing (£0.258M) and Housing Management (£0.279M), offset by reduced income (£0.884M) and increased corporate costs (£0.208M).
- 4 The capital outturn provisional position for the HRA is below net budget by £5.736M; this includes deferred works on Priory View from 2014/15. £2.938M net relates to the Croft Green development where significant work is unlikely to commence until 2016/17. It is proposed that £3.888M Future Investment and £0.392M of Stock Protection works are deferred to 2016/17.
- 5 The 2015/16 budget for the HRA anticipates a contribution to the Independent Living Development Reserve (ILDR) of £6.509M. The year end outturn includes a contribution to reserves of £7.488M, an increase of £0.979M, with a contribution of £4.116M to the ILDR and £3.372M to the Strategic Reserve. This equates to a predicted total reserve balance of £19.452M.

## 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 6 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 provisional 2015/16 HRA outturn position as at the end of March 2016, and provides explanations for any variations. This report enables Executive to consider the overall financial position of the HRA.

**Appendices**

**Appendix A – Housing Revenue Account Detailed Commentary**

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**APPENDIX A**

**HRA REVENUE ACCOUNT (HRA)**

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 and provisional outturn is shown in Table 1 below.

**Table 1**

	2015/16 Budget	2015/16 Provisional Outturn	Variance Provisional Outturn to Original Budget
	£m	£m	£m
<b>Total Income</b>	(29.579)	(28.695)	0.884
Housing Management	5.127	4.848	(0.279)
Financial Inclusion	0.280	0.321	0.041
Asset Management	1.134	1.078	(0.056)
Corporate Resources	1.710	1.918	0.208
Maintenance	5.392	4.082	(1.310)
Debt related costs	0.119	0.042	(0.077)
Direct Revenue Financing	5.302	5.044	(0.258)
Efficiency Programme	(0.160)	(0.160)	0
Interest repayment	4.166	4.034	(0.132)
Principal repayment	0	0	0
<b>TOTAL Expenditure</b>	23.070	21.207	(1.863)
Surplus	(6.509)	(7.488)	(0.979)
Contribution to / (from) reserves	6.509	7.488	0.979
<b>Net Expenditure</b>	0	0	0

2. The key variances between Budget and provisional outturn are Total income (£0.884M), primarily due to reduced rental income as a result of the delays in completing Priory View (approximately £0.350M), a higher void loss than budgeted (£0.144M), reduced recharges for HRA services to the General Fund (£0.3M) and reduced interest income received for cash balances (£0.050M), together with other minor variances.
3. The provisional outturn position within Housing Management shows savings of £0.279M; this is due to a reduction in insurance related claims (£0.160M)

and savings within Supported Housing and Telecare (£0.081M) where spend on utilities was less than anticipated due to the removal of communal boilers and fitment of individual boilers in tenant properties. In this scenario tenants now pay their own bills rather than being recharged via service charges.

4. The Council has received approval from Government to fund Discretionary Housing Payments (DHP) for Council tenants from the HRA. These payments occur where tenants are under occupying, referred to as the Spare Room Subsidy, resulting in a reduction in the amount of Housing Benefit they receive towards their rent, but where the Council assesses that it would not be appropriate for the tenant to be disadvantaged in this way.
5. This could occur where a disabled tenant requires an extra room for a carer. This cost was not built into the budget resulting in a provisional outturn adverse variance of £0.041M. The additional spend on DHP was kept to a minimum by investing in staff resource to assist tenants to downsize, and thereby free up under occupied Council homes.
6. The Maintenance budget has a provisional outturn underspend of £1.310M. Controls initiated in the previous financial year continued delivering savings within Voids (£0.342M) and Day to Day maintenance (£0.677M). The remaining underspend is within Cyclical Maintenance where competitive tender values for External Decorations together with savings on Central Heating and Lift maintenance, due to capital investment, have delivered savings of £0.143M. Delays in completing the fire risk assessment program, the need for additional intrusive surveys, and delays procuring contractors for some of the specialist work resulted in a further underspend of £0.148M.
7. There has been a significant increase in activity undertaken by Corporate Resources, linked to the increasing development aspirations of the HRA. There has been an increase in Legal support in relation to leases for shared owners at Priory View, communications and engagement activity relating to Priory View and Houghton Regis Central, and additional Policy and Performance support has been required. This accounts for the provisional outturn adverse variance of £0.208M.
8. The Council's decision to finance part of the Self Financing debt on a variable basis resulted in an interest rate for the year that was lower rate than anticipated in the budget. This has delivered a saving on interest costs of £0.132M. This offsets the reduction in interest received from the General Fund (GF), also due to the current low level of interest rates, which is £0.037M lower than budgeted with an outturn at £0.063M.

#### **HRA CAPITAL PROGRAMME**

9. Across the HRA Capital Programme there is a provisional year end outturn of £15.218M against a budget of £20.954M. It is proposed that committed works within Stock Protection projects to the value of £0.392M and £3.888M of Future Investment projects are deferred to 2016/17. The net provisional outturn after proposed slippage is £1.456M below budget.. The budget includes deferred works of £4.009M from 2014/15 relating to the Priory View development.

**Table 2**

	Approved Budget 2015/16	Provisional Outturn	Variance	Slippage to 2016/17	Variance net of slippage
	Net Expenditure	Net Expenditure	Net Variance	Net Expenditure	Net variance
	£'000	£'000	£'000	£'000	£'000
<b>Stock Protection</b>					
General Enhancements (Minor Works)	105	114	9	0	9
Lift Replacement	50	52	2	0	2
Fire Safety & Alarm Systems	100	8	(92)	(92)	0
Garage Refurbishment	31	35	4	0	4
Paths & Fences siteworks	150	94	(56)	0	(56)
Estate Improvements	265	215	(50)	0	(50)
Energy Conservation	812	368	(444)	(300)	(144)
Roof Replacement	550	731	181	0	181
Assisted Living Technology	65	0	(65)	0	(65)
Central Heating Installation	1,040	973	(67)	0	(67)
Rewiring	375	271	(104)	0	(104)
Kitchens and Bathrooms	1,202	1,303	101	0	101
Central Heating communal	78	2	(76)	0	(76)
Door Replacement	286	284	(2)	0	(2)
Structural repairs	259	210	(49)	0	(49)
Aids and adaptations	550	529	(21)	0	(21)
Drainage and Water Supply	50	0	(50)	0	(50)
Capitalised salaries	500	484	(16)	0	(16)
Asbestos management	360	306	(54)	0	(54)
<b>Sub Total</b>	<b>6,828</b>	<b>5,979</b>	<b>(849)</b>	<b>(392)</b>	<b>(457)</b>
<b>Future Investment</b>					
Stock remodelling	200	593	393	0	393
Green Space Improvement	100	5	(95)	(60)	(35)
Parking Schemes	125	50	(75)	(75)	0
Prory View	8,134	6,778	(1,356)	(1,006)	(350)
Investment Panel Programme	100	81	(19)	(19)	0
Houghton Regis Central	50	296	246	0	246
Communal/PIR Lighting	700	586	(114)	0	(114)
Targeted door replacement	75	75	0	0	0
Garage Site Assembly	174	14	(160)	(160)	0
Creasey Park New Homes	600	618	18	0	18
Garage Site Development	318	0	(318)	(318)	0
Croft Green	3,000	62	(2,938)	(1,815)	(1,123)
Sheltered Housing Refurbishment	300	80	(220)	(200)	(20)
New Homes, North Central Beds	125	1	(124)	(110)	(14)
Major Renewal Schemes	125	0	(125)	(125)	0
<b>Sub Total</b>	<b>14,126</b>	<b>9,239</b>	<b>(4,887)</b>	<b>(3,888)</b>	<b>(999)</b>
<b>HRA</b>	<b>20,954</b>	<b>15,218</b>	<b>(5,736)</b>	<b>(4,280)</b>	<b>(1,456)</b>

**Table 3**

**Proposed Funding of HRA Capital Programme**

Source	Amount £'000
Revenue Contributions	5,044
Useable Capital Receipts	3,100
Independent Living Development Reserve	7,074
Strategic Reserve	0
<b>Total</b>	<b>15,218</b>

## Future Investment

10. Major construction work at the Croft Green Development is forecast to commence in 2016/17 with completion forecast for the summer of 2018. Due to lessons learnt on the Priory View development the council sought procurement advice recommending a two stage tender process that aims to maximise the chance of getting an appropriate contractor and value engineering of the scheme. A preferred bidder has been identified and it is proposed that the decision to award the contract will be taken during the summer of 2016. When complete, the development will provide 24 self-contained flats and communal facilities. It is proposed that £1.815M be deferred to 2016/17 leaving a net provisional outturn £1.123M below budget.
11. Meadsway Construction commenced work in May 2015 to build four units of accommodation at Creasey Park Drive, including one designed for wheelchair access. The Minister of State for Housing and Planning visited the site in July. Completion of the development occurred in February 2016 and the properties are now occupied. The project was part funded from retained Right to Buy receipts, available as a result of changes to Right to Buy regulations (see further explanation later in this report).
12. The Garage Site Development programme has identified 30 sites that have the potential to deliver 123 new homes of mixed type and tenure. The budget will be used to progress land and garage buy-backs and planning consent on those sites. A financial business case for alternative uses will be prepared for consideration as part of the scheme development. It is proposed that development costs totalling £0.478M across Garage site Development and Assembly are deferred to 2016/17.
13. 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 authority area, rather than just in the south of the area. Land with the potential to deliver 2 units, currently owned by Corporate Assets, has been identified at Havelock Road, Biggleswade. The housing service is to acquire the land subject to gaining successful planning permission and agreeing an appropriate land value. The planning pre-application has been submitted for this scheme.
14. A feasibility study carried out for the redevelopment and refurbishment of Broomhills Road, Leighton Buzzard, has been evaluated. This work has identified potential development opportunities and as a result it is proposed that the Major Renewals budget (£0.125M) be deferred to 2016/17. Further work is being undertaken to provide more detail on the refurbishment and redevelopment options.
15. The provisional outturn position for Stock Remodelling shows spend of £0.393M over budget. This is primarily due to additional spend relating to the purchase of two properties (£0.334M), one of which is earmarked for use as temporary accommodation, generating additional income for the HRA and also utilising some of the Right to Buy receipts (see section on HRA Capital



Receipts).

16. Spend on the Houghton Regis Central project is ahead of forecast, as at the time of the budget build it was difficult to gauge the level of progress that would occur during 2015/16. As a result, the provisional outturn is £0.246M over budget. The design and planning phases are progressing well, with the architect appointed in September, hoarding to protect the site erected, and a public engagement exercise procured.
17. Options for refurbishments following the Sheltered Housing Review are being considered. Significant spend in 2015/16 did not occur within the Sheltered Housing Refurbishment project as a result of further design works and planning permission being required. This resulted in a provisional underspend of £0.220M. It is proposed that £0.200M of spend is deferred to 2016/17.
18. The Priory View development had not achieved practical completion by the end of the financial year (this occurred on 22 April 2016). As a result a proportion of the main contractor budget, along with some of the fitting out budgets, has been under spent in 2015-16. In total these costs are estimated to be £1.006M and it is requested to slip this amount into 2016-17. This will deliver a £0.350M overall under spend for the project.

### **Stock Protection**

19. Provisional outturn reduced spend, net of slippage (£0.457M), is due to cost savings on procurement, altering the method of delivery or works no longer required as part of sweating the assets, within: Energy Conservation (£0.144M), Central Heating Installation (£0.067M), Rewiring (£0.104M), Communal Central Heating (£0.076M), Assisted Living Technology (£0.065M), Paths and Fences (£0.056M), Estate Improvements (£0.050M), Drainage and Water (£0.050M) and Asbestos Management (£0.054M). These are offset by additional spend on roof replacement due to higher than planned tender prices (£0.181M) and Kitchens and Bathrooms where we had a higher quantity of works required to void properties in the year than planned (£0.101M).
20. It is proposed to defer Stock Protection works to the value of £0.457M relating to: Fire Safety & Alarm Systems (£0.092M) due to delays in procuring specialist contractors to complete actions identified from the Fire Risk Assessments, and Energy Conservation (£0.3M) due to a decision to re-procure the contract in order to achieve savings and value for money.

### **HRA EFFICIENCY PROGRAMME**

21. 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.
22. The HRA revenue budget for 2015/16 was reduced by £0.160M, as part of the Council's efficiency programme.
23. 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. Full year outturn suggest that the efficiencies for 2015/16 were fully achieved.

**HRA ARREARS.**

24. Table 4 shows a breakdown of the provisional HRA Debt outturn position. Total tenant debt amounted to £0.910M compared to £0.926M at March 2015. Current Tenant Arrears (CTA) are £0.428M or 1.4% (£0.5M or 1.7% at March 2015) of the annual rent debit of £30.575M against a target of 1.8%, whilst Former Tenant Arrears (FTA) are at 1.58% with a balance of £0.482M against a target of 1% (1.45% with a balance of £0.426M at March 2015).

**Table 4**

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	0.154	0.109	0.100	0.065	0	0.428
Former Tenant	0.012	0.001	0.011	0.065	0.393	0.482
						<b>0.910</b>
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 year	TOTAL
	£M	£M	£M	£M	£M	£M
Shops	0.008	(0.001)	0	0.005	0.011	0.023
Leaseholders	0	0	0.011	0.001	0.036	0.048
Void recoveries	0.002	0.003	0	0.007	0.019	0.031
Misc recoveries	0	0	0	0.003	0.004	0.007
	<b>0.010</b>	<b>0.002</b>	<b>0.011</b>	<b>0.016</b>	<b>0.070</b>	<b>0.109</b>

25. In light of welfare reform, housing management have implemented a pro-active 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.
26. Contacts with other Registered Social Landlords have enabled us to benchmark, research good practice, and ensure genuine unrecoverable debts are presented for write off quarterly. This ensures the FTA officer is concentrating their time on cases with the highest probability of recovery. Recovery of FTA debt has taken on a completely different approach from previous years as research has shown that the probability of recovery can actually increase with the age of the debt. For example, if a family is evicted from one of our properties it can take between 3 to 12 months for the family to resettle enabling a trace to be made and thus the debt can be pursued.
27. Debt recovery plans may be put in place and take several years to settle. An affordable payment plan reviewed on a regular basis increases the probability of full recovery. Where contact is maintained, debt can be recovered up to 6 years after becoming an FTA, however where a period of 2 to 3 years has elapsed and no contact or trace has been possible, the debt will be put forward for write off.

28. The current approach to FTA debt has resulted in recovery in the current year exceeding £0.130M, compared to the previous two years total recovery not exceeding £0.020M. The service is confident with the current approach and anticipates further improvements in recovery rates.
29. There are currently £0.109M of non tenant arrears (£0.124M March 2015), 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 is carefully monitored to ensure that where individual arrears become significant clients can be made aware of the option to place a voluntary charge on their properties, so that when they are sold the Council can reclaim the monies owed.

### **PROMPT PAYMENT INDICATOR**

30. 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 March was 82% of 347 invoices paid on time.
31. Actions are continually being implemented and reviewed to improve this aspect of the service but have not yet taken full effect. It is apparent that some delays are caused by the way invoices are sent to the Council and how they eventually get to the Housing Service. Managers and team leaders are reviewing the late payment list each month to investigate the service failure and what remedial action is necessary to improve performance. There is an automated billing project in progress, this project is continuing to progress well and will significantly improve timescales for making payment.

### **HRA CAPITAL RECEIPTS**

32. 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 their current level of £0.078M.
33. For the year 2015/16, 66 RtB applications were received with 33 properties being sold, compared to 71 Applications and 28 sales in 2014/15, resulting in retained capital receipts of £2.645m.
34. As a result of the changes to housing pooling the Council has a balance at the end of 2015/16, before funding of the Capital programme, of useable capital receipts of £6.096M (balance bought forward from 2014/15 £3.451M), of which £2.723M 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.
35. 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

£9.075M on new build by 31 March 2019. £1.270M has been spent on replacement properties up to 31 March 2016.

36. 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.
37. The HRA's Budget proposals for the period of the Medium Term Financial Plan (MTFP) propose significant investment in new build (in excess of £11.0M by 31 March 2019, excluding spend on Priory View).
38. 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.
39. 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.
40. The sale of apartments at Priory View had not commenced before the end of March, as previously anticipated, but will start to occur early in the new financial year and in total it is anticipated that these will generate £3.9M during 16/17, with these funds being available to fund further new build projects in the years to follow.
41. As at 1 April 2015 the balance of HRA Usable Capital receipts was £3.451M. At the end of the financial year 2015/16, £2.645M of RtB receipts have been retained making a subtotal of £6.096M. It is proposed to use £3.1M of usable receipts to part fund the Capital programme, so the balance carried forward is forecast to be £2.996M.

## **RESERVES**

42. The total reserves available as at year end 2014/15 were £20.556M, comprising £2.0M in HRA Balances, £11.962M in the Independent Living Development Reserve, £6.394M in the Strategic Reserve and £0.2M in the Major Repairs Reserve.
43. It is proposed to use part of the balance in the Strategic Reserve to finance a proportion of the transfer of the former Co-op site in Houghton Regis, from the Council's General Fund (GF). The value of the site is £2.25M.
44. Whilst the Council is not permitted under statute to generate a capital receipt for the GF when transferring assets from the GF to the HRA, an adjustment to the Capital Financing Requirement (CFR) of both the GF and HRA is required to reflect the value of the asset transferred. As part of this process and to facilitate the transfer the HRA's CFR will increase by £0.732M and therefore reach its maximum permitted ceiling of £164.995M. It is proposed

to fund the additional £1.518M from the Strategic Reserve.

45. The current position indicates a year end balance in reserves of £19.452M. HRA Balances are projected to remain at a contingency level of £2.0M, with the Independent Living Development Reserve decreasing to £9.004M, the Strategic reserve increasing to £8.248M, and the Major Repairs Reserve (MRR) remaining at £0.2M.
46. In total this equates to a provisional contribution to reserves for the year of £7.488M, offset by spend from reserves of £8.592M to result in a net decrease of £1.104M.
47. 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 2016, and continues to be refined as part of the Council's Medium Term Financial Plan.

**Table 5**

Reserves	Outturn 2015/16				
Description	Opening Balance 2015/16	Spend against reserves	Release of reserves	Proposed transfer to Reserves	Proposed Closing Balance 2015/16
	£000	£000	£000	£000	£000
HRA Balances	2,000	-	-	-	2,000
Independent Living Development Reserve	11,962	(7,074)	-	4,116	9,004
Strategic Reserve	6,394	(1,518)	-	3,372	8,248
Major Repairs (HRA)	200	-	-	-	200
	<b>20,556</b>	<b>(8,592)</b>	<b>-</b>	<b>7,488</b>	<b>19,452</b>

**Table 6**

Net Revenue Provisional Outturn Position Full Analysis

Service	Budget	Provisional Outturn	Variance	Transfers to/(from) reserves	Variance after use of earmarked reserves
	£000	£000	£000	£000	£000
Assistant Director Housing Service	18,697	19,443	746	-	746
Housing Management (HRA)	(25,265)	(24,736)	529	-	529
Asset Management (HRA)	6,480	5,115	(1,365)	-	(1,365)
Financial Inclusion	88	178	90	-	90
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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