

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



**TO EACH MEMBER OF THE  
SOCIAL CARE, HEALTH & HOUSING OVERVIEW & SCRUTINY COMMITTEE**

16 January 2017

Dear Councillor

**SOCIAL CARE, HEALTH & HOUSING OVERVIEW & SCRUTINY COMMITTEE - Monday  
23 January 2017**

Further to the Agenda and papers for the above meeting, previously circulated, please find attached the following report(s) for which a link was provided with the agenda, please note that page numbers will differ to those provided in Executive agenda, Members are requested to refer to paragraph numbers:-

12. Draft Budget, Medium Term Financial Plan 2017/18 - 20/21  
(Item 08 on the Exec agenda for 10 January 2017)

To consider the relevant aspects of the draft Budget and updated Medium Term Financial Plan (MTFP) pertaining to remit of this Committee only. Information relating to those aspects of the budget outside of the Committee's remit will be considered by the other relevant Overview and Scrutiny Committees. Members are requested to review the report and provide their comments, observations and recommendations in respect of the Executive's proposals with particular reference to those aspects within the remit of the Committee, to the meeting of the Executive.

<http://centralbeds.moderngov.co.uk/ieListDocuments.aspx?CId=577&MId=5232&Ver=4>.

To reduce printing papers copies of the Executive report on the draft Budget and updated MTFP the reports are available online at the following address:-

Hard copies of these papers will only be provided on request in advance of the meeting.

Executive papers can also be accessed by using the mod.gov app on devices.

13. Draft Capital Programme 2017/18 -2020/21

(Item 09 on the Exec agenda for 10 January 2017)

To consider the relevant aspects of the draft Capital Programme pertaining to remit of this Committee only. Information relating to those aspects of the budget outside of the Committee's remit will be considered by the other relevant Overview and Scrutiny Committees. Members are requested to review the report and provide their comments, observations and recommendations in respect of the Executive's proposals with particular reference to those aspects within the remit of the Committee, to the meeting of the Executive.

To reduce printing papers copies of the Executive report on the draft Budget and updated MTFP the reports are available online at the following address:-

<http://centralbeds.moderngov.co.uk/ieListDocuments.aspx?CId=577&MId=5232&Ver=4>.

Hard copies of these papers will only be provided on request in advance of the meeting.

Executive papers can also be accessed by using the mod.gov app on devices.

14. Draft Budget for the Housing Revenue Account (Landlord Services) 2017/18 - 2020/21 and Business Plan

(Item 10 on the Exec agenda for 10 January 2017)

To consider the relevant aspects of the draft Budget for the Housing Revenue Account (Landlord Business Plan) pertaining to remit of this Committee only. Information relating to those aspects of the budget outside of the Committee's remit will be considered by the other relevant Overview and Scrutiny Committees. Members are requested to review the report and provide their comments, observations and recommendations in respect of the Executive's proposals with particular reference to those aspects within the remit of the Committee, to the meeting of the Executive.

To reduce printing papers copies of the Executive report on the draft Budget and updated MTFP the reports are available online at the following address:-

<http://centralbeds.moderngov.co.uk/ieListDocuments.aspx?CId=577&MId=5232&Ver=4>

Hard copies of these papers will only be provided on request in advance of the meeting.

Executive papers can also be accessed by using the mod.gov app on devices.

Should you have any queries regarding the above please contact the Overview and Scrutiny Team on Tel: 0300 300 4196.

Yours sincerely

**Paula Everitt**

Scrutiny Policy Advisor,

email: [paula.everitt@centralbedfordshire.gov.uk](mailto:paula.everitt@centralbedfordshire.gov.uk)

This page is intentionally left blank

**Central Bedfordshire Council**

**EXECUTIVE**

10 January 2017

---

**Draft Budget 2017/18 and Medium Term Financial Plan**

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, Director of Resources and S151 Officer  
([charles.warboys@centralbedfordshire.gov.uk](mailto:charles.warboys@centralbedfordshire.gov.uk))

**This report relates to a non-Key Decision**

---

**Purpose of this report**

1. The report proposes the draft Budget for 2017/18 and updates the Medium Term Financial Plan (MTFP) approved by Council in February 2016. The Provisional Financial Settlement for local government was released on 15 December 2016. The announcement covers many complex areas of funding and in the short time available before publishing this report, it has not been possible to reflect all of this.
2. The Provisional Financial Settlement is covered in more detail at paragraph 46, but the main headlines include the flexibility for Councils to raise the adult social care precept to 3% in 2017-18 and 2018-19 but no more than 6% over the next three years and changes to New Homes Bonus (NHB) and a one off Adult Social Care Grant, funded from a top slice to NHB.
3. Minor changes to the National Non Domestic Rates (NNDR) baseline are included in this draft budget but the Adult Social Care Grant and the potential uplift to the Adult Social Care precept are not included.
4. During last year's Financial Settlement, the Government made the assumption in its financial modelling that councils will raise Council Tax by both the 2% precept earmarked for adult social care and an assumed 1.75% for inflation in each of the next four years. The draft Budget 2017/18 – 2020/21 MTFP currently (excluding the Adult Social Care changes announced in the Provisional Local Government Financial Settlement) continues to broadly reflect that assumption.
5. This is in addition to the significant efficiencies contained in the draft Budget/updated MTFP.

## **RECOMMENDATIONS**

**The Executive is recommended to:**

- 1. approve the draft Budget for 2017/18 and the updated MTFP 2017/18 – 2020/21 as the basis for consultation with the Overview and Scrutiny Committees and other interested parties.**

### **Overview and Scrutiny Comments/Recommendations**

6. Overview and Scrutiny Committees will consider the draft budget and MTFP proposals in their January 2017 cycle of meetings and comments will be included in the final Budget report to be presented to Council at its 7 February 2017 meeting.

### **Issues**

7. The Medium Term Financial Plan (MTFP) is intended to set out a sustainable and affordable financial plan that addresses the Council's priorities over the next four years. It should provide for realistic levels of spending, not dependent upon the use of one-off reserves. It should provide for a prudent level of reserves for contingencies.
8. The draft Budget for 2017/18 sets out the Council's finances and identifies the efficiencies required to produce a balanced budget in the light of the ongoing reduction in funding from Government and other pressures (excluding the Adult Social Care changes announced in the Provisional Local Government Financial Settlement). £15.2M of efficiencies are identified for 2017/18.
9. The draft Capital Programme is included elsewhere on the Agenda. However, the revenue implications of the draft Capital Programme are reflected in the proposals contained in this report.
10. A separate report in respect of the Housing Revenue Account (Landlord Services Business Plan) is also presented to this Executive.

### **Reasons for decision**

11. To enable consultation on the draft Budget 2017/18 and Medium Term Financial Plan 2017-2021, prior to final recommendations being made by the Executive to Council on 7 February 2017.

## **Council Priorities**

12. The Council approved the Medium Term Financial Plan (MTFP) for 2016/17 to 2019/20 in February 2016. The MTFP has been updated and extended to 2020/21 and an initial draft Budget for 2017/18 prepared, reflecting new cost pressures and offsetting efficiencies. (It excludes the Adult Social Care changes announced in the Provisional Local Government Financial Settlement.)
13. The Council's priorities are:
  - Enhancing Central Bedfordshire.
  - Great resident services.
  - Improving education and skills.
  - Protecting the vulnerable; improving wellbeing.
  - Creating stronger communities.
  - A more efficient and responsive Council.

These priorities are reflected in the budget proposals included in this report.

## **Corporate Strategy and Background to the Budget Setting Process**

14. In February 2016 the Council approved the 2016/17 Budget and Medium Term Financial Plan to 2019/20.
15. Last year, 2016/17, was the first time for a number of years that the Council increased Council Tax which was as a result of a change in Central Government policy in the way in which Local Authorities are funded (see Paragraph 78).
16. Prior to that, the Council has generated savings of more than £104M in order to avoid the necessity of increases in Council Tax whilst protecting front line services. It has managed to achieve this by adopting a whole Council approach to robust budget management, delivering more efficient ways of working and ensuring that the Directorate and Service priorities are clearly identified and resourced.
17. As part of the MTFP process for 2017/18 – 2020/21 in developing the strategy for efficiencies over the next four years, the Council developed both a thematic approach and also a focus on key specific issues.

18. The themes the Council is looking to address during this MTFP period are:
  - Delivering operating efficiencies including through digitisation (those things that are essentially internal arrangements and will not impact adversely on the public. This includes internal restructures).
  - Generating income (some based on capital investments).
  - Intervening early to reduce demand (where we are looking to reduce the need to provide a service by prevention actions “upstream”).
  - Determining the Council’s offer (areas where we are looking to limit the Council’s financial exposure but in some cases residents could opt to make their own contributions to “top up” the service they receive).
  - Withdrawing services where the continued need for them is not apparent.
19. In addition to those themes, the Council also focussed on a number of specific issues and used internal resource which was released for three months on secondment to undertake a series of reviews.
20. Those reviews (known as the MTFP Workstreams covered the following areas):
  - Shared services (working more effectively with partners).
  - Financial transactions (process efficiencies and realigning responsibilities).
  - Recruitment (new emphasis on internal opportunities).
  - Waste (changing residents’ behaviour).
  - Commissioning (joint approach with partners / directorates).
  - Learning and Development (unified approach across the Council).
  - Income from assets (invest to save projects).
  - Digitisation (looking at automating key processes)
  - Customer Pathways (reviewing the ways in which customers interact with the Council).

21. The workstream approach has yielded direct savings opportunities which can be built into the MTFP now and there are further opportunities which can be developed in the coming years.
22. Spin off benefits include identifying and freeing up talent within the organisation to look at areas outside their existing knowledge and experience. This process also stimulated some fresh thinking about our operating model and the opportunities presented by digitisation.
23. The outputs from both the thematic approach and the MTFP workstreams were fed into the Budget Strategy Review process.

### **Budget Strategy Review Process**

24. The Budget Strategy Review Process for 2017/18 built on that adopted in prior years with a series of “Budget Strategy Reviews” at an early stage. Given the ever increasing pressures on local authority finances, this year a greater emphasis was placed on planning for the whole 4 year period of the MTFP. For this year this was mainly conducted at Assistant Director (AD) level. This process was refined following input from Senior Management across the Council and key stakeholders. ADs were requested to present their budget in detail covering the full four years of the MTFP. Both the key themes and MTFP workstreams were integrated with the Budget Strategy Reviews.
25. The outcome of these reviews have been reflected in the budget efficiencies shown at Appendix D(ii).
26. As per last year, the Capital Programme was also included in the Budget Strategy Review process, the two (i.e. revenue and capital plans) being run concurrently. The MTFP workstreams also provide input to a number of capital schemes. There was an increased focus on what drives costs, and the degree to which these can be controlled, together with a rigorous approach to reviewing pressures & efficiencies. Focus was on the major challenges and opportunities facing the Council over the four years to 2020/21.
27. The Capital Programme was also built up thematically. More detail is contained in the draft Capital Programme, also on the same agenda, but in summary, those themes are:
  - Replacing and renewing operational assets.
  - Investing to save.
  - Capturing the benefits of growth for all.
  - Protecting and enhancing Central Bedfordshire.
  - Responding to new opportunities.

## **Budget Context**

### **Political**

28. The MTFP has been updated against a background of significant challenges. On the 23<sup>rd</sup> June 2016, the United Kingdom (UK) voted to leave the European Union (EU). At the time of this report, the required process to trigger the UK leaving the EU (Article 50 of the Treaty on European Union) has not been invoked although the Government has issued a statement that it will start the formal process by March 2017.
29. Once Article 50 is invoked, the exit process is expected to last for up to two years although the political and economic ramifications will probably be felt for many years.
30. The longer term implications of leaving the EU are uncertain at this time. The Council will need to keep a careful eye on developments as the process evolves.

### **Autumn Statement and Spending Review 2015**

31. During last year's Autumn Statement, the former Chancellor also advised that councils will retain 100% of Business Rates receipts as a sector and a number of grants would be phased out to deliver a financial package for local government that overall would be cost neutral. The Business Rate levy on growth would also be abolished. The details of this are still not yet clear and changes to the current system are not expected until c.2020 and will be subject to consultation. Some redistributive elements of the Business Rates system are likely to remain. Of particular significance is what additional responsibilities will be allocated to councils as a result of the changes to the financing of local government. At present this is still unclear.
32. The former Chancellor also announced two other major changes :
  - A National Living Wage was introduced from April 2016 setting a national minimum of £7.20 per hour for people aged 25 years and over, rising to £9.00 per hour by 2020.
  - Rents in the social housing sector would reduce by 1% a year for four years (commencing in 2016/17) which has been factored into the updated Housing Revenue Account (HRA) plan but of itself represented a significant change in policy.
33. The former Chancellor also announced the impact of the review on local authority spending (for current responsibilities) at a national level. Detail at individual local authority level was issued in late December 2015.

34. Other major announcements included:
- RSG to be phased out by 2019/20.
  - The introduction of an option to raise a 2% Council Tax Precept to help fund Adult Social Care. This was not one off and would be 2% compounded per year. This is entirely separate from a general increase in Council Tax, where the referendum cap is still 2%.
  - New Homes Bonus will be reviewed and possibly restricted to 4 years (currently 6 years). The Government response to an earlier consultation is still awaited (see Financial Settlement paragraph 47)
  - An apprenticeship levy will be set at 0.5% of an employer's pay bill for companies with payrolls over £3M. This levy will cost CBC £0.450M (including Schools), commencing in 2017/18.
35. The Financial Settlement which followed in December 2015 also introduced the offer of a four year Certainty Deal (also called Efficiency Plan). Authorities were invited to submit an application for a deal which would fix the level of Settlement Funding to those advised at December 2015. This effectively only relates to the Revenue Support Grant (RSG) element of the Settlement.
36. CBC's application for the four year deal was accepted. The Draft Budget currently assumes the RSG levels as advised last year which have now been confirmed in the Provisional Financial Settlement of December 2016.

### **Autumn Statement 2016**

37. On 23 November 2016 the Chancellor of the Exchequer, Phillip Hammond MP, announced the Autumn Statement 2016. This was the first economic statement given by the Government since the vote to leave the European Union.
38. Although we await the Financial Settlement expected in mid December 2016 which will provide detail at an individual local authority levels, the key issues that were covered in the Autumn Statement include:
39. A National Productivity Investment Fund (NPIF) - A new fund targeted at 4 areas that are critical for improving productivity: housing, transport, digital communications, and research and development (R&D). The NPIF will take total spending in these areas to £170bn over the period from 2017-18 to 2021-22, reaching 1.7% of GDP in 2021-22. The new spending includes:

- £7.2Bn to support the construction of new homes, including spending by Housing Associations.
  - £4.7Bn on science and innovation.
  - £2.6Bn to tackle congestion and improve transport networks.
  - £0.7Bn to support the roll out of full-fibre connections and future 5G communications.
  - An additional £1.1Bn by 2020-21 in new funding to relieve congestion and deliver upgrades on local roads and public transport networks. On strategic roads, an extra £220M will be invested to tackle key pinch-points. The government will recommit to the National Roads Fund announced at Summer Budget 2015.
40. National Living Wage – Following the recommendations of the independent Low Pay Commission, the National Living Wage (NLW) will increase by 4.2% from £7.20 to £7.50 from April 2017.
41. Local Infrastructure - Local Growth Fund. An allocation of £1.8bn to Local Enterprise Partnerships (LEPs) across England through a third round of Growth Deals including £556M to the North of England, £392M to the midlands, £151M to the east of England, £492M to London and the south east, and £191M to the south west. Awards to individual LEPs will be announced in the coming months.
42. Business Rates - Full fibre infrastructure relief - A new 100% business rates relief for new full-fibre infrastructure for a 5 year period from 1 April 2017
43. Rural rate relief – To remove the inconsistency between rural rate relief and small business rate relief the government will double rural rate relief to 100% from 1 April 2017.
44. Revaluation – The Chancellor announced that DCLG “Will lower the transitional relief cap from 45% next year to 43%, and from 50% to 32% the year after”. This discretionary relief is fully funded through Section 31 grants.
45. Changes to the financial statements - To promote certainty and simplicity within the tax system, the government intends to move towards having a single major fiscal event each year. In 2017 two budgets will be delivered in Spring and Autumn.

46. From 2018 onwards only one Budget will be delivered in Autumn. The Office of Budget Responsibility (OBR) will continue to produce a Spring forecast and the government will make a Spring Statement responding to that forecast. However, the government will retain the option to make changes to fiscal policy at the Spring Statement if the economic circumstances require it.

#### Provisional Financial Settlement December 2016

47. The key issues arising from the Provisional Financial Settlement include:
- Confirmation of the 2.00% Council Tax referendum principle.
  - Confirmation of an additional 2% adult social care precept and ability to raise the adult social care precept to 3% in 2017-18 and 2018-19 but no more than 6% over the next three years.
  - A reduction in Revenue Support Grant of £9.6M as identified in last years settlement and following the successful application by CBC for the Four Year Certainty Deal.
  - A reduction in the number of payment years for the New Homes Bonus from 6 years to 5 years in 2017-18 and to 4 years in 2018-19. Bonus will also only be paid above a 0.4% housing growth baseline.
  - Consultation on further New Homes Bonus reforms in 2018-19.
  - Savings from NHB will be allocated to local authorities as the £241M (national) £0.689M (CBC) Adult Social Care Support Grant based on the adult social care relative needs formula. This is one off funding.
  - Confirmation of the 2017/18 Transitional Funding advised last year
  - Confirmation of the NNDR baseline for CBC.
48. As mentioned previously, the Adult Social Care changes announced in the Financial Settlement are not yet been included in the draft Budget. RSG and Transitional Funding is in line with our planning assumptions based on the Certainty Deal.

#### **Social**

49. There are significant social and economic drivers of change within Central Bedfordshire across the medium term and beyond, particularly:

- Central Bedfordshire's population has increased at a faster rate than nationally at 17.3% since the 2001 census and a further 7.6% increase is forecast between 2015 and 2021.
- Population growth will be highest in the 90 + age group, 38% growth by 2021. Significant growth is also anticipated in the 85+ age group of 33% and 65 + age group of 18%.
- Continuing increased numbers and complexity of demand for unaccompanied asylum seeking children (USAC). CBC is experiencing the second highest numbers (proportionately) of UASC in the Eastern Region as a result of the service station at Toddington which is a major stopping point for Heavy Goods Vehicles that arrive from the continent.
- Schools moving to Academy status and out of local authority control. We expect to maintain a mixed economy of maintained schools, academies and free schools.
- Additionally, technological change is having a profound impact on the delivery and public access to services; this is reflected in use of the internet and social media.

### **Budget Objectives**

50. The principal objectives of the 2017/18 Budget have been:
- To produce a sustainable plan which allows Council priorities to be delivered;
  - Realistic spending year on year not dependent on reserves;
  - Reserves maintained at, or above, an agreed minimum prudent level which reflects the risks faced by the Council;
  - Cuts to front line services to be avoided; and commitment to efficiency as a means of delivering savings.

### **Economic Outlook**

#### **Inflation**

51. The November 2016 Quarterly Inflation Report issued by the Bank of England advised that inflation as measured by the Consumer Price Index (CPI) is projected to rise above the 2% target within the next twelve months, and the fall in sterling since the referendum suggests inflation could reach 2.7% in 2018. The most recent official figures for November 2016 showed that CPI is running at 1.2% (12 month average) compared to 0.9% in October 2016.

52. The Bank does not expect inflation to return to its 2% target until 2020.
53. Others see a more dramatic move higher in inflation. The National Institute for Economic and Social Research said it expected inflation to quadruple to about 4% in the second half of 2017. The think tank also warned that prices would "accelerate rapidly" during 2017 as the fall in sterling is passed on to consumers.

### **Economic Growth and Unemployment**

54. The Bank increased its prediction for economic growth from 0.8% to 1.4% 2017, but cut the 2018 forecast from 1.8% to 1.5% (note the Autumn Statement cites growth of 1.4% for 2018 picking up to 1.7% the following year).
55. Unemployment is expected to remain stable and is currently at 4.9% nationally (June to August 2016 figures).
56. The Bank of England now thinks the impact of the Brexit vote will be felt later than expected.

### **Interest Rate Implications**

57. The Council's treasury management advisers, Arlingclose Ltd, do not expect the Bank of England to raise its base rate from its current level of 0.25% over the next three years given the weakness of global growth and a low risk of inflation.
58. The Council is exposed to risk in terms of interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For example, a rise in interest rates would increase the revenue cost of borrowings at variable rates. The Council has a number of strategies for managing interest rate risk and aims to keep a maximum of 50% of its borrowings in variable rate loans.
59. With short term interest rates being much lower than long term rates, it continues to be more cost effective in the short term to use a combination of internal resources and short term borrowing, rather than undertake further long term borrowing. By doing so, the Council is able to minimise net borrowing costs and reduce overall treasury risk.
60. Revenue implications of the draft Capital Programme have been calculated on the assumption that new borrowing will largely be taken on a short term basis, taking advantage of current low interest rates. Council borrowing has traditionally been obtained from the Public Works Loan Board (PWLB).

However in the current market, public authorities are lending to each other at rates below the PWLB for short term periods and the inclusion of these rates coupled with revised assumptions in respect of future increases in UK base rates has lowered the projected revenue implications of the draft Capital Programme over 2017/18 to 2020/21. In years 3 and 4 of the MTFP an assumption has been made that some borrowing will be taken at fixed interest rates.

61. The rate of interest used is important in determining the revenue implications of borrowing arising from the draft Capital Programme. Importantly, the assumed borrowing costs over the period of the MTFP are particularly sensitive to any unexpected increases in interest rates. Table 1 below demonstrates the impact on the MTFP of interest rates above those assumed in the Plan.

**Table 1 - Additional costs over the Medium Term Financial Plan period of an unexpected increase in the interest rate**

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
1% Point Higher	1,120	1,430	1,620	1,710
2% Points Higher	2,240	2,860	3,240	3,420

62. There is a risk that interest rates may be higher than current rates when it comes to refinancing debt taken out on a short term basis. This would lead to higher revenue implications arising from the draft Capital Programme over the longer term within and beyond the current MTFP period. Conversely, higher interest rates might reduce the Council's net pension liability which would be reflected in the triennial assessment of employer's contributions by the Local Government Pension Scheme Fund Actuary.
63. The Council's MTFP assumes variable interest rate forecasts as follows in table 2:

**Table 2**

	2017/18	2018/19	2019/20	2020/21
Rate %	0.50%	0.50%	0.50%	0.63%

64. The Council reviews its Treasury Management Strategy annually and monitors financial markets on an on-going basis. It is possible that, based on market conditions, the Council may choose to borrow at a fixed rate of interest to reduce exposure to variable debt. However, fixed interest rates are higher than variable rates and any decision to fix more debt in the short term would adversely impact revenue implications within the MTFP period.

### **Budget 2017/18 Consultation**

65. The Council has a responsibility to consult with residents and businesses on its draft Budget.
66. Each year the Council conducts a consultation on the budget proposals, in advance of decision making in February.
67. The Council has a track record of having regularly sought feedback from residents both on the specific Medium Term Financial Plan proposals and on more general perceptions of the Council. The most recent resident survey confirmed that a majority of residents agree that the Council is delivering Value for Money (58% which is 6% above the national average) and an increasing proportion of respondents regard the Council to be efficient and well run (56% which is an increase of 9% over the past two years). Although the proportion of respondents who believe residents can influence decisions is somewhat lower at 39%, this response marks a 5% improvement over the past five years.
68. This consultation is planned to launch in early January and will comprise online and paper questionnaires, promoted to residents through a mixture of social and conventional media initiatives. Key stakeholder groups will also be targeted for promotion, including Town and Parish Councils, the Council's Equality Forum, Youth Parliament the business community (see paragraph 68) and Older Person's Forum.
69. Following the conclusion of the budget process for 2017/18, communication about the final decisions and implications for residents will take place through a range of communications, including a household leaflet that will be delivered with the Council Tax notices in Spring 2017.

### **Consultation and Communication**

70. The planned consultation process and timelines are as follows:
71. Budget Consultation:
  - Sign off consultation questionnaire, supporting documentation by the 22 December 2016.
  - Consult 4 January 2017 – 30 January 2017.
  - Feedback will be invited via an online survey, hard copies of which will also be made available in service outlets and promoted through a range of media outlets and channels.
72. Full results will be presented to 7 February 2017 Executive.

73. A plan for consultation with businesses has also been drawn up which includes;
- Email bulletins on the Budget Consultation via our 'Lets Talk Business' e-newsletter (a 'Coming Soon' email in December, followed by a 'Consultation now live' in January).
  - Details of the consultation posted on the CBC Business Support webpages.
  - An article on the budget consultation included in the local B2B newsletter (bimonthly).
  - Promotion through the local Federation of Small Business and Chamber of Commerce.
  - An invitation to businesses for CBC to join any face to face network meetings they (the businesses) may hold to present the budget and invite feedback.
74. Depending on the nature of the budget proposals, further and more targeted consultation will be required with groups (residents or businesses) directly affected by any anticipated changes.

### **Budget Assumptions**

75. The MTFP has been prepared taking account of various scenarios with input from the Local Government Association model and also a model provided by LG Futures. However, the proposed MTFP does not yet reflect the Adult Social Care changes announced in the Provisional Local Government Financial Settlement.
76. The following assumptions have been applied in producing the Medium Term Financial Plan.

### **2015/16 Forecast Outturn**

77. Based on the current forecast, this draft Budget assumes 2016/17 outturn will be on budget.

### **Funding**

78. Revenue Support Grant (RSG)
- Last year's Financial Settlement made an offer to Councils to seek agreement to a Certainty Deal that effectively fixed RSG for the current MTFP. As mentioned in paragraph 35, CBC's application was accepted and the current assumption was confirmed in the Financial Settlement.

- This resulted in a reduction of RSG from £20.5M in 2016/17 to £9.5M in 2017/18, £5.9M in 2018/19 and zero thereafter.
- The current national proposals concerning 100% retention of business rates assume that the removal of RSG would be compensated by local retention of Business Rates. But what additional responsibilities may be allocated to councils is not yet clear.

79. Council Tax

- During the last Financial Settlement, DCLG radically changed the way in which Councils are funded by introducing a Comparative Spending Power approach.
- Fundamental to the calculations that see a significant reduction in RSG and its subsequent removal, is the expectation that CBC will increase Council Tax charge by 1.75% (based on OBR forecast for CPI at that time) per year on average over the life of the MTFP, and also increase by 2.0% to provide funding for Adult Social Care. General fund Council Tax increases of 1.75% in 2017/18 and 1.55% thereafter are proposed in this MTFP.
- The Council Tax base for 2017/18 has grown by 2.25% as a result of housing growth within Central Bedfordshire and also a reduction in the number of claimants of Local Council Tax Support (LCTS).
- For future years, there is an assumption that the tax base will increase by 1.75% per annum as a result of housing growth and also an increase of 0.1% per annum as a result of fewer people claiming LCTS and therefore they are due to pay the full rate of Council Tax. The combined assumption is a continuation of a 1.85% tax base increase per annum.
- Therefore over the MTFP period Council Tax funding is forecast to rise from £143.0M in 2017/18 to £162.4M in 2020/21.

80. Retained Business Rates

- Business Rates growth has been forecast as a result of new businesses being attracted into the Central Bedfordshire area. Additional business rates income of: £3.0M in 2017/18, £0.8M in 2018/19, £1.5M in 2019/20 and £2.5M in 2020/21 has been included in the MTFP.
- The Business Rates figure in 2017/18 is reduced as a result of a Collection Fund deficit (£0.585M), which because it is one off, reverses in 2018/19 increasing that year's income from business rates. Thereafter the Collection Fund impact is assumed as zero.

- The Council receives a Section 31 Grant each year as compensation for the Government decision to cap NNDR increases at 2% rather than the full RPI increase due, amongst other factors. This mitigates the deficit referred to above.
- It is currently assumed that a similar level of this grant will be received in each of the following financial years
- The draft Budget includes the following amounts of s31 Grant: 2017/18 £1.9M, 2018/19 to 2020/21 £1.6M per annum.

### **Business Rates Review**

81. The Business Rates Retention scheme was introduced in 2013/14. Current forecasts for this suggest that Central Bedfordshire will exceed the “Baseline Funding Level” set by Government for the year 2016/17 and hence be able to retain a small element of growth. However, given the uncertain nature of this income, including potential appeals and bad debts, only specific known growth of income has been forecast for 2017/18. For the remaining three years an element of growth has been added, based on modelling work of future developments.
82. As mentioned previously, the 2015 Autumn Statement announced that a review of the structure of business rates will be carried out by the Government, reporting by Budget 2016 (still awaited). The review will be fiscally neutral and consistent with the Government’s agreed financing of local authorities at national level.
83. The timing of the introduction of changes resulting from this review is not known as yet, but is likely to be at the end of this MTFP period, c.2020.

### **2017 Business Rates Revaluation**

84. In October 2014 the Government introduced a new Growth and Infrastructure Bill into the House of Commons which included measures to postpone the next business rates revaluation in England from 2015 to 2017.
85. The Revaluation which comes into effect for the financial year 2017/18 is expected to be fiscally neutral as DCLG will use the Tarrif/Tops Up system to equalise any impact on a national basis.

### **New Homes Bonus (NHB)**

86. There is considerable uncertainty about the future of the NHB scheme.
  - DCLG recently consulted on a number of proposed changes to the way in which NHB is administered and awarded.

- The Provisional Financial Settlement confirmed a reduction in the number of payment years for the NHB from 6 years to 5 years in 2017/18 and to 4 years in 2018-19. In addition, NHB will also only be paid above a 0.4% housing growth baseline.
- Previously the MTFP has assumed NHB at the 2014/15 level of £6.9M and any growth above this baseline since then has been held in an Earmarked Reserve (EMR) to be used to fund infrastructure costs incurred as a result of growth, or to generate income streams (access to the reserve is subject to an approved business case where appropriate).
- In anticipation of further changes to NHB funding, the revised MTFP assumes NHB at £6.9M for 2017/18 and 2018/19 and then the loss of NHB over the last two years of the MTFP (£2.3M in 2019/20 and £4.6M in 2020/21).
- Any NHB actually earned during the life of the MTFP above the current baseline of £6.9M will still go to the NHB EMR.

## **Expenditure**

### 87. Economic

- For 2017/18, non pay inflation is allocated to Directorates on a contract by contract basis. For the following three years this is then increased in line with the latest Office of Budget Responsibility inflation projections (3.0% 2018/19, 3.2% 2019/20 and 3.3% 2020/21).
- Pay is assumed at 1% for all years of the MTFP. The additional impact of the National Living Wage (NLW) for Council employees is £158K in 2017/18, £187K in 2018/19, £259K in 2019/20 and £382K in 2020/21.
- Provision has also been made for the pensions impact of the triennial actuarial review.
- Other increases in costs due to legislative changes announced as part of the Emergency Budget in July 2015 are estimated at c£1.2M per year over the life of the MTFP.
- Provision has been made in the latter years of the MTFP for a more general impact of inflation being higher than the specific provisions made above.

88. Financial

- General Fund Reserves remain at the 2015/16 level of £15.5M.
- A detailed analysis of reserves is at appendix G.

89. Contingency

- The contingency within the budget remains at £2.1M. A contingency at this level is considered appropriate taking into account risk, the level of savings proposed and difficulties in achieving targets (some of which involve significant organisational change) – including uncertainties over future funding. Holding a contingency within the approved budget provides in-year flexibility to respond to any unanticipated developments. It must also be assessed alongside the level of General Fund reserves.

**Better Care Fund (BCF)**

90. Last years Settlement confirmed the continuation of the Better Care Fund (BCF) and increase in funding for adult social care (paid for by a reduction to NHB) through the BCF worth £1.5Bn by 2019/20. In the interim years, the additional funding through the BCF will be worth £105M in 2017/18 and £825M in 2018/2019.
91. The Government has proposed to distribute this funding so that the grant acts as a method of equalising the relative needs for social care services and the maximum possible impact of the social care council tax precept. This would lead to some social care councils receiving no additional BCF money.
92. For CBC the expected additional funding totals £0.618M in 2018/19 (as advised in last year's Settlement).
93. The introduction of the BCF has marked an important change in how care and health interact within a place. The fact that the nationally mandated £3.8Bn BCF in 2015/16 was increased by an additional £1.5Bn from local care and health budgets demonstrates that local areas are ambitious about integration
94. Last years Settlement confirmed that there were no changes to the amounts available through the Improved Better Care Fund.

**Education Services Grant (ESG)**

95. Local authorities currently receive funding from the government for their responsibilities for schools from two different funding streams – the Dedicated Schools Grant (DSG) funding that is held centrally by the local authority and the retained duties element of the ESG.

The Government is proposing to bring these two funding streams together into a new fourth block of the DSG the 'central schools block', distributed on a simple per-pupil formula. Centrally retained DSG is not currently allocated on a formulaic basis.

96. The Government has announced the new funding scheme will now not apply until 2018/19. However, an announcement that the DSG baseline for 2017/18 is to include 'Transferring ESG retained duties funding, total £117M, in to the DSG schools block from 2017/18' suggests that the Government's intention is to bring these two funding streams together. No further detail has been provided in relation to the councils' statutory responsibilities or transitional arrangements for the removal of the ESG general funding rate for academies and local authorities. We await a second consultation.
97. The Government has made it clear that the expectation is that local authorities will step back from running school improvement from September 2017 and therefore will not require funding for this function.
98. CBC currently receives £2.1M of ESG and under these proposals would lose £1.5M from September 2017. The impact on the MTFP is therefore a pressure of £0.875M in 2017/18 and £0.625M in 2018/19 as the Grant follows the school academic year rather than the Council's financial year. These pressures have been factored into the MTFP.
99. The actual ESG allocation for 2017/18 is not expected to be announced until the 20<sup>th</sup> December 2016 (after publication of this paper) and so any changes will need to be reflected in the Final budget paper in February 2017.
100. The Government has suggested the second stage of the consultation (announced in December 2016) will include additional duties which are to be removed or reformed to support the move to a school-led system and help with managing the savings (loss of ESG). The Government recognises that local authorities will need to use other sources of funding to pay for education services once the general funding rate has been removed.
101. The proposal is to allow local authorities to retain some of their maintained schools' DSG to cover the statutory duties that they carry out for maintained schools. This would need to be agreed by the maintained school members of the Schools Forum (assuming current regulations will apply).

### **Public Health 0 to 19 Children**

102. From the 1st October 2015, responsibility for the commissioning of 0 to 5 year old children's public health services transferred from NHS England to Local Government. CBC already had responsibility for 6 - 19 Public Health for Children.

103. The 0 to 5 children's public health commissioned service currently includes the Healthy Child Programme provided predominantly by health visitors and the Family Nurse Partnership (FNP) targeted services for teenage mothers.
104. This transfer was initially fully funded by an increase to the Public Health Grant. The full year cost for 2016/17 was £3.8m. However, the 0 to 5 children's public health service was included in the grant that was subject to a 6.2% in year reduction (£1.0M in 2017/18) across all aspects of Public Health. This is not expected to impact the net budget position.
105. Spending plans for 2017/18 to 2020/21 will be reduced in order to operate within the limit of the revised Public Health Grant.

**Medium Term Financial Plan (MTFP)**

106. The key elements of the draft MTFP for 2017/18 to 2020/21 are shown at Appendix B. Table 3 shows a summary of this plan. Note both the table and the appendix exclude the Adult Social Care changes announced in the Provisional Local Government Financial Settlement.

**Table 3 Medium Term Financial Plan**

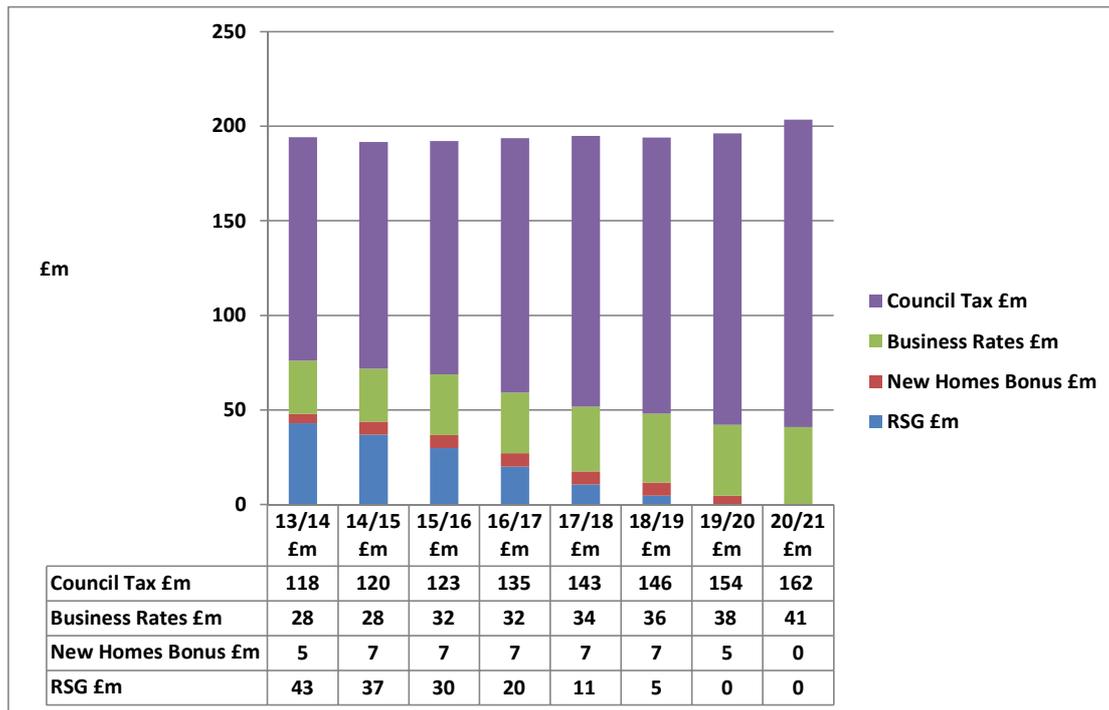
Medium Term Financial Plan	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m
<b>Funding</b>				
Revenue Support Grant	10.6	4.7	0.0	0.0
Retained Business Rates	34.3	36.4	37.7	41.2
Council Tax	143.0	146.0	154.0	162.4
Use of / Contribution to Reserves	(0.9)	(0.6)	(1.5)	(1.6)
Transitional Funding	2.2	0.0	0.0	0.0
Renewable Energy NNDR	0.4	0.4	0.4	0.4
<b>Total Funding</b>	<b>189.6</b>	<b>186.9</b>	<b>190.6</b>	<b>202.4</b>
<b>Revenue Budget</b>				
Opening Base Net Revenue Budget	189.2	189.6	189.3	191.1
Inflation	2.4	2.5	2.6	2.6
Pressures	13.2	8.0	13.5	18.7
<b>Revenue Budget before efficiencies</b>	<b>204.8</b>	<b>200.1</b>	<b>205.4</b>	<b>212.4</b>
Efficiency Savings identified	(15.2)	(10.7)	(11.9)	(8.6)
Closure of prior year gap	0.0	0.0	(2.5)	(0.5)
<b>Total Revenue Budget after efficiencies</b>	<b>189.6</b>	<b>189.3</b>	<b>191.1</b>	<b>203.3</b>
<b>Budget Gap/ (Surplus)</b>	<b>0.0</b>	<b>2.5</b>	<b>0.5</b>	<b>0.9</b>

(Note – Any minor rounding differences are due to linking to detailed spreadsheets. For more detail see appendices).

### Funding Sources

107. The Council's funding from Government over the MTFP period comprises three elements:
  - Revenue Support Grant (RSG) – two years only.
  - Business Rates Retention Scheme and
  - Grants, including Ring Fenced Grants & New Homes Bonus
  
108. Local Government funding sources are forecast to change significantly over the Medium Term Financial Plan period 2017/18 to 2020/21.
  
109. Figure 1 below shows how funding sources are forecast to change over the MTFP period, with 2013/14 to 2015/16 as comparators.

**Figure 1 – CBC Revenue budget Funding Sources Projection**

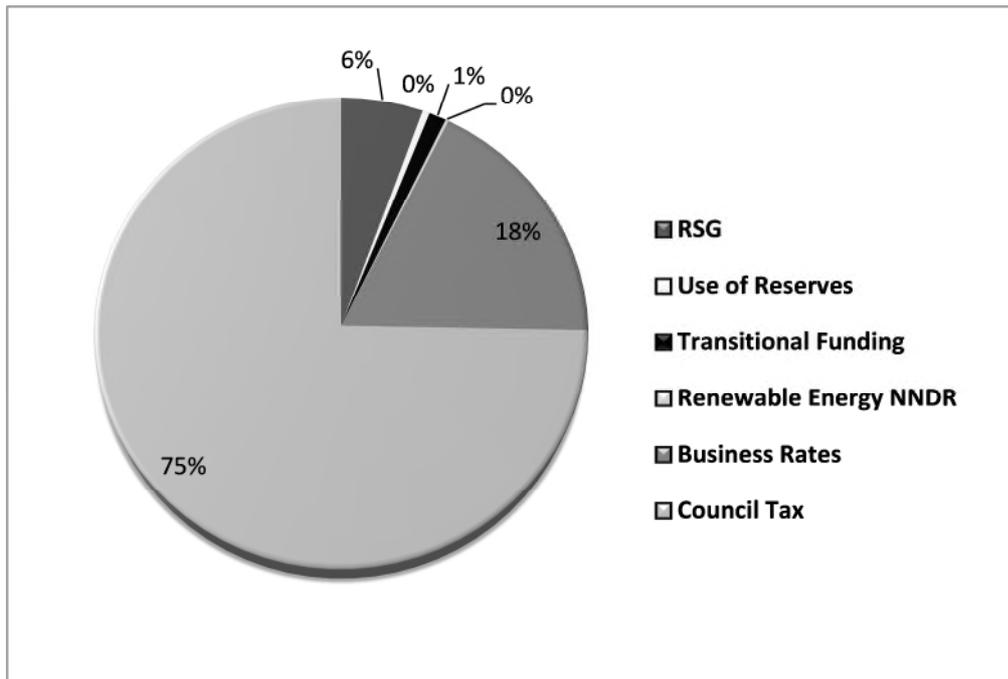


110. The above graph, which excludes the Adult Social Care changes announced in the Provisional Local Government Financial shows that over the MTFP period:

- The Council Tax element increases from approximately 74% of total funding in 2017/18 to 84% by 2020/21.
- Business Rates Retention increases from 18% in 2017/18 to 21% in 2020/21.
- New Homes Bonus reduces from 4% in 2017/18 to zero by 2020/21.
- Revenue Support Grant decreases from 5% in 2017/18 to zero in 2019/20.

111. The 2017/18 draft net revenue budget funding sources are shown in Figure 2.

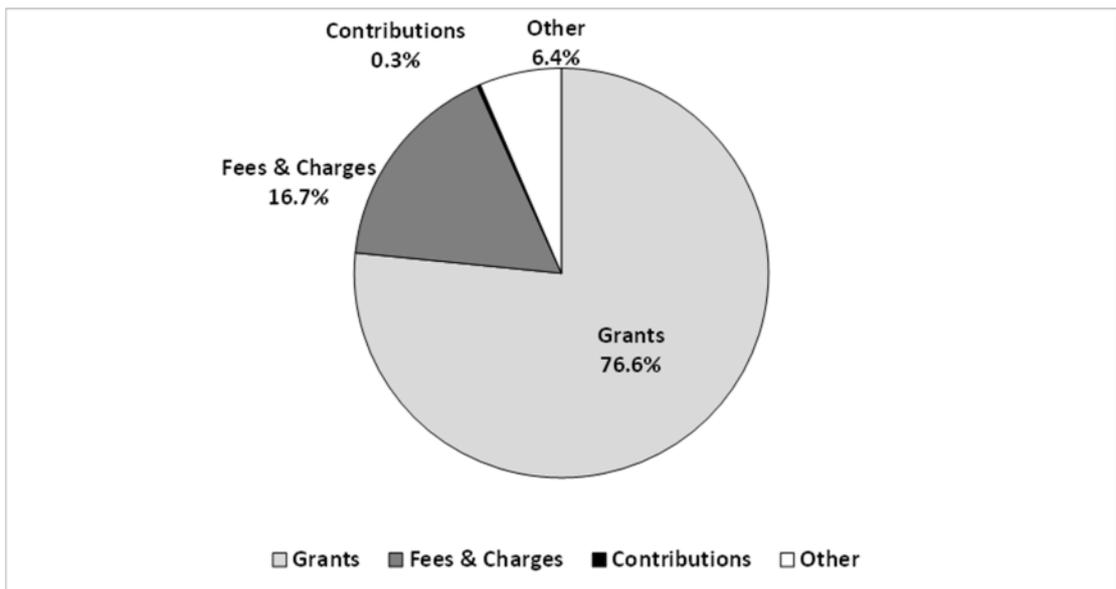
**Figure 2 – 2017/18 Draft Net Revenue budget income sources**



**Gross Budget Income Sources**

112. Figure 3 below shows the 2017/18 Gross revenue budget income sources (note this is mainly grant income and does not include RSG, Council Tax etc.)

**Figure 3 – Estimated 2017/18 Gross budget income sources**



### Fees and Charges

- 113. For the majority of services there will be a 1% increase for 2017. Fees & Charges for 2017 were subject to a separate report which was approved by Council in November 2016.
- 114. New prices for Social Care Health & Housing are due to be taken to Council in February 2017, as changes take effect from April 2017 in line with benefits changes.

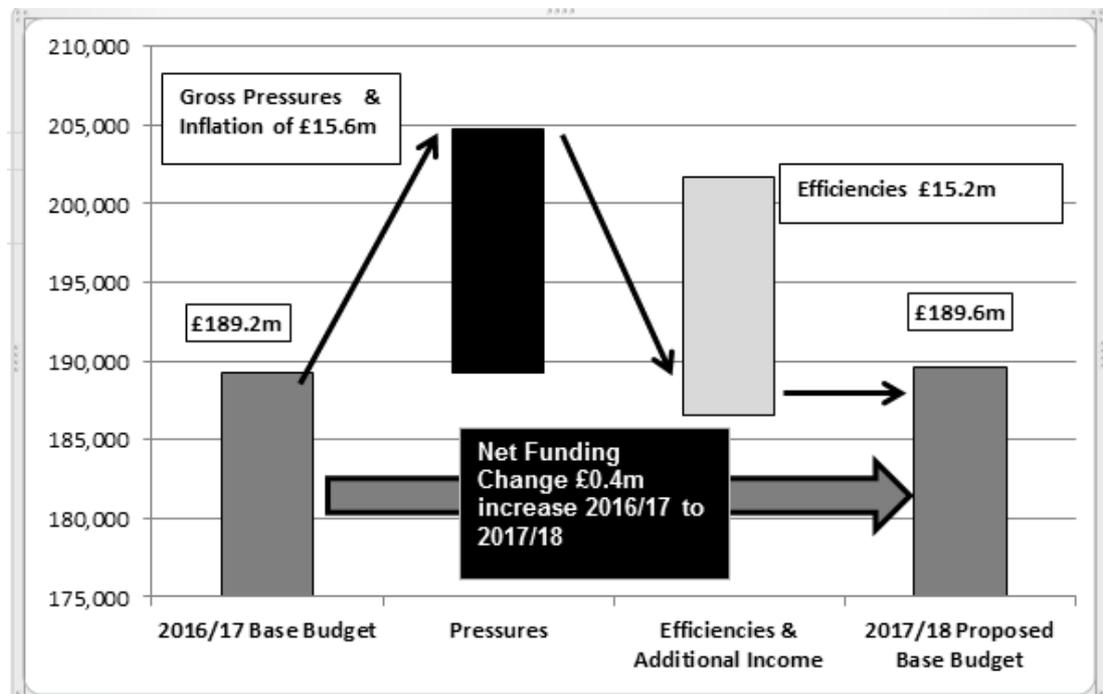
### Grants

- 115. A detailed analysis of grant income will be provided as an appendix to the final budget report due to Council in February 2017.

### Expenditure Budget Detail

- 116. Figure 4 below which excludes the Adult Social Care changes announced in the Provisional Local Government Financial Settlement reflects the change in Council's cost base.

**Figure 4 Summary of changes to CBC's Net Expenditure Budget 2016/17 to 2017/18**



(Notes – Any minor rounding differences are due to linking to detailed spreadsheets.)

- 117. The information in figure 4, above, is broken down by Directorate in table 4 below.

**Table 4 2017/18 Net Expenditure Budget breakdown by Directorate**

Medium Term Financial Plan	Net Base Expenditure Budget	Inflation	Unavoidable Cost Pressures	Efficiencies	Net Base Expenditure Budget 2017/18
	£m	£m	£m	£m	£m
Social Care, Health & Housing	69.3	1.0	7.3	(4.1)	73.5
Children's Services	36.4	0.2	1.7	(2.3)	36.0
Community Services	47.4	0.9	0.7	(3.6)	45.5
Regeneration and Business Support	5.1	0.1	0.0	(0.6)	4.6
Public Health	0.0	0.0	1.0	(1.0)	0.0
Chief Executive's Team	7.4	0.1	0.4	(0.9)	6.9
Resources	11.7	0.1	0.3	(1.4)	10.7
Capital Financing Costs	13.9	0.0	0.7	0.0	14.6
Corporate Costs	(2.2)	0.0	1.1	(1.3)	(2.4)
<b>Total</b>	<b>189.1</b>	<b>2.4</b>	<b>13.2</b>	<b>(15.2)</b>	<b>189.5</b>

### Efficiencies

118. £44.3M of the £46.5M of efficiencies during the period of the MTFP have been identified and in addition there are budget gaps of £3.9M between 2018/19 and 2020/21. The efficiencies are shown at Appendices D(i) and D(ii). A summary of these is shown below in Table 5 and Table 6.
119. Paragraph 18 highlighted the key themes identified within the budget strategy. The themes encapsulate the Council's approach to delivering efficiencies whilst maintaining the outcomes from services delivered. Table 5 below groups the efficiencies by these themes.

**Table 5 Medium Term Financial Plan Efficiencies by Category**

Ref	Category	2017/18	2018/19	2019/20	2020/21	Total
		£m	£m	£m	£m	£m
A	Delivering operating efficiencies	(7.9)	(4.5)	(4.3)	(1.9)	(18.7)
B	Determining the Council's offer	(2.1)	(1.6)	(1.5)	(3.8)	(9.0)
C	Withdrawing services	(0.4)	(0.1)	(0.7)	0.0	(1.3)
D	Intervening early to reduce demand	(2.7)	(3.1)	(3.0)	(2.0)	(10.9)
E	Generating Income	(2.0)	(1.4)	(2.4)	(0.8)	(6.6)
<b>Total</b>		<b>(15.2)</b>	<b>(10.7)</b>	<b>(11.9)</b>	<b>(8.6)</b>	<b>(46.5)</b>

120. These are included within the Directorate efficiencies as detailed in Appendix D (ii).
121. Table 6 below shows the breakdown of allocated efficiencies by Directorate.

**Table 6 Efficiencies by Directorate 2017/18 to 2020/21**

Efficiencies	2017/18	2018/19	2019/20	2020/21	Total
	£m	£m	£m	£m	£m
Social Care, Health & Housing :					
Identified	(4.1)	(3.7)	(5.0)	(3.0)	<b>(15.8)</b>
Yet to be identified	0.0	0.0	0.0	(2.2)	<b>(2.2)</b>
Children's Services	(2.3)	(1.7)	(2.0)	(1.8)	<b>(7.9)</b>
Community Services	(3.6)	(2.3)	(2.0)	(0.9)	<b>(8.8)</b>
Regeneration and Business Support	(0.6)	(0.2)	(0.4)	(0.2)	<b>(1.4)</b>
Public Health	(1.0)	(0.8)	(0.7)	(0.2)	<b>(2.8)</b>
Chief Executives Team	(0.9)	(0.3)	(0.2)	0.0	<b>(1.4)</b>
Resources	(1.4)	(0.7)	(0.5)	(0.1)	<b>(2.7)</b>
Corporate Costs	(1.3)	(1.1)	(1.1)	(0.1)	<b>(3.5)</b>
<b>Total</b>	<b>(15.2)</b>	<b>(10.7)</b>	<b>(11.9)</b>	<b>(8.6)</b>	<b>(46.6)</b>

(Note – Any minor rounding differences are due to linking to detailed spreadsheets. For more detail see the Pressures and Efficiencies appendices).

### Pressures

122. A full breakdown of cost pressures is provided at Appendix C with the major items relating to:

- Increased demand for care services from an ageing population £7.7M;
- Reduced reliance on NHB £6.9M;
- Increased demand for adult disability services £6.2M;
- Impact of legislative changes £5.0M;
- Potential impact of funding changes £4.3M;
- Financing costs of the Capital Programme £3.8M;
- Impact of the changes to Council responsibilities as part of 100% Retained NNDR £2.0M.

**Table 7 Pressures by Directorate 2017/18 to 2020/21**

	2017/18	2018/19	2019/20	2020/21	Total
Pressures	£m	£m	£m	£m	£m
Social Care, Health & Housing	7.3	4.3	4.4	5.3	21.3
Children's Services	1.7	0.6	0.0	0	2.3
Community Services	0.7	0.3	0	0.3	1.3
Regeneration and Business Support	0.0	0.0	0.0	0.0	0.0
Public Health	1.0	0.8	0.7	0.2	2.8
Chief Executives Team	0.4	0.0	0.0	0.0	0.4
Resources	0.3	0.2	0.2	0.0	0.7
Corporate Costs	1.8	1.8	8.1	12.9	24.6
<b>Total</b>	<b>13.2</b>	<b>8.0</b>	<b>13.5</b>	<b>18.7</b>	<b>53.4</b>

(Note – Any minor rounding differences are due to linking to detailed spreadsheets. For more detail see the Pressures and Efficiencies appendices).

### **Reserves**

123. One of the key budget objectives is to maintain General Fund reserves to at least a risk assessed prudent minimum level. The anticipated outturn for 2016/17 indicates a General Fund reserve position of £15.5M and so the previously identified minimum prudent level of £11.2M has been achieved. Reserve levels need to take account of the continued reductions in funding levels and significant future pressures across all forms of social care services in particular.
124. The reserves policy will be updated to ensure it accounts for these risk factors and will be presented with the final Budget report. The draft budget also includes a contingency element of £2.1M.
125. The assessment of the appropriate level of reserves is continually kept under review. See appendix G.

### **Risk Management**

126. All budget proposals incorporate a degree of risk. Whilst the Council has a good track record of delivering the required budget savings to date, the following are highlighted as key risks within the proposals:
  - Demand: The wider impact of the current economic climate on local residents is placing further demands on the Council's services, at a time when the Council needs to reduce spending due to constraints on public expenditure.

- Reputation: If stakeholder engagement is not managed effectively, the need for the Council to take difficult decisions in response to the contraction of public expenditure will not be understood.
- Delivery: The delivery of the agreed savings proposals, including those which cut across more than one Directorate will need to be effectively managed to ensure they are realised in practice. Many require major organisational change programmes.
- Increases in the number of children and older people in care.
- Ability to achieve £15.2M savings in 2017/18 and £46.5M in total over plan period.
- Ability to collect the budgeted levels of Council Tax and Business Rates.
- Impact of Universal Credit.
- Inflationary pressures greater than assumed.
- Impact of economic volatility due to Brexit and other global developments.
- Changes to interest rates.
- Financial stability of the Health system.
- School conversions to Academies reducing Business rates.
- Risk of school deficits and redundancy costs falling to the Council.
- Uncertainty around the continuation of New Homes Bonus.
- Uncertainty over new responsibilities transferred to Local Government.
- Government announced changes to the National Living Wage commencing from April 2016. This will have significant implications for local authority costs and in particular, the care market. The Council has included estimated cost pressures in all years of the MTFP.

**2017/18 Capital Programme**

127. The draft Capital Programme is not included within this draft Budget report as it is subject to a separate report to Executive on this Agenda. However by way of context, the key figures within the draft Capital Programme Report 2017/18 are reflected below.

**Table 8 2017/18 Capital Programme Budget (Excluding HRA)**

Gross Expenditure	External Funding	Net Expenditure
£m	£m	£m
68.9	(32.4)	36.5

**Table 9 2017/18 Capital Programme Funding (Excluding HRA)**

Funding Source	2017/18
	£m
Gross Expenditure Budget	68.9
External Funding	(32.4)
<b>Net Expenditure Budget</b>	<b>36.5</b>
Funded by :	
Capital Receipts	(12.0)
Borrowing	(24.5)
<b>Total Funding</b>	<b>(36.5)</b>

**Table 10 2017/18 Capital Programme Revenue Implications (Excluding HRA)**

Minimum Revenue Provision	Interest	Total Revenue Implications
£m	£m	£m
9.0	5.6	<b>14.6</b>

128. Table 11 below shows the change in draft Capital Programme Revenue implications.

**Table 11 Capital Programme Revenue Implications (Excluding HRA)**

Year	Opening Position	Movements			Closing Position
		Interest Charges	MRP	Total Change	
	£m	£m	£m	£m	£m
2017/18	13.9	(0.3)	1.0	0.7	14.6
2018/19	14.6	0.2	0.6	0.8	15.4
2019/20	15.4	0.7	0.5	1.2	16.6
2020/21	16.6	0.8	0.3	1.1	17.7

Note: the opening position is as per the 2016/17 MTFP.

129. Minimum Revenue Provision (MRP) is the minimum amount which must be charged to the revenue account each year and set aside as provision for repaying the principal element of external loans and meeting other credit liabilities. Interest is the estimated cost of borrowing to fund the Capital Programme.

**Timetable Milestones**

130. The key milestones in the timetable for Council to agree its budget in February 2017 are set out in Table 12 below:

**Table 12 Timetable Milestones**

Date	Body	Outcome
Early January 2017	Public	Draft Budget papers made available to Public and Public Consultation commences
10 January 2017	Executive	Considers Draft Budget
12 January 2017	Sustainable Communities Overview & Scrutiny	Consideration of efficiencies and savings and draft budget proposals
17 January 2017	Children's Services Overview & Scrutiny	
23 January 2017	Social Care, Health & Housing Overview & Scrutiny	

24 January 2017	Corporate Resources Overview & Scrutiny	
7 February 2017	Executive	Recommends Final Budget
23 February 2017	Council	Approves Budget
28 February 2017	Council	Reserve Council Meeting in case of delay in receiving notification of other precepts.

### Next Steps

- 131. A period of public consultation will commence from 4 January 2017.
- 132. Overview and Scrutiny Committees will consider the draft budget proposals in their January 2017 cycle of meetings and comments will be included in the final Budget report to be presented to Council at its February 2017 meeting.

### Corporate Implications

#### Legal Implications

- 133. The Local Government Finance Act 1992 stipulates that the Council must set an amount of council tax payable for the financial year 2017/18 by 11 March 2017. Before calculating the level of council tax payable, the Council must consult representatives of non-domestic ratepayers in its area.
- 134. The Council's Constitution requires the Executive to publish a timetable for making proposals to the Council in respect of the Budget. The timetable was set out in the Budget Framework report to Executive on the 2nd August 2016.
- 135. There are statutory requirements in relation to consultation with users of the services the Council provides, employees and employee representatives. Where there are issues arising from budget proposals which require such consultation, the Council complies with these requirements.
- 136. Appendix F provides details of the statutory duties relating to specific budget proposals.

#### Risk

- 137. Covered in paragraph 126.

#### Financial Implications

- 138. The financial implications of the draft Budget 2017/18 and Medium Term Financial Plan are set out in the report.

## **Equalities Implications**

139. Where appropriate, Equalities Impact Assessments will be carried out for proposals that impact on people or groups with protected characteristics.

## **Appendices**

Appendix A - Budget Consultation (not required with the draft budget, but will accompany the final Budget Report in February).

Appendix B (i)	MTFP Four year Summary
Appendix B (ii)	Directorate Priorities
Appendix C(i)	Pressures Summary
Appendix C(ii)	Pressures by Directorate
Appendix D (i)	Efficiencies Summary
Appendix D (ii)	Efficiencies by Directorate
Appendix D (iii)	Efficiencies by Category
Appendix E	2017/18 Budget Diagram
Appendix F	Statutory Requirements of Budget Proposals
Appendix G	Reserves Policy

## **Background Papers**

- (i) Budget Strategy - Executive, August 2016

**Appendix B (i) Medium Term Financial Plan 2017/18 to 2020/21**

Medium Term Financial Plan	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000
<b>Funding</b>				
Revenue Support Grant (RSG)	10,599	4,683	0	0
Council Tax Freeze Grant	0	0	0	0
Retained Business Rates	34,311	36,442	37,719	41,183
Council Tax	143,002	145,990	153,969	162,385
Transitional Funding	2,226	0	0	0
Use of / (Contribution) to reserves	(948)	(635)	(1,500)	(1,616)
Renewable Energy NNDR Income	391	395	399	403
<b>Total Funding</b>	<b>189,581</b>	<b>186,875</b>	<b>190,588</b>	<b>202,355</b>
<b>Growth (%)</b>		<b>-1.45%</b>	<b>1.95%</b>	<b>5.81%</b>
<b>Planned Revenue Budget</b>				
Base Revenue Budget Expenditure	379,273	379,662	379,414	381,158
Net Inflation	2,362	2,509	2,565	2,624
Pressures	13,221	7,975	13,519	18,713
Base Income	(190,081)	(190,081)	(190,081)	(190,081)
<b>Total Planned Spending before savings</b>	<b>204,775</b>	<b>200,065</b>	<b>205,417</b>	<b>212,414</b>
<b>Growth before Savings (%)</b>		<b>-2.35%</b>	<b>2.61%</b>	<b>3.29%</b>
Efficiency Savings	(15,194)	(10,732)	(11,882)	(8,644)
Closure of Prior Year Gap	-	0	(2,458)	(489)
<b>Total Planned spending after savings</b>	<b>189,581</b>	<b>189,333</b>	<b>191,077</b>	<b>203,280</b>
<b>Growth after Savings (%)</b>		<b>-0.13%</b>	<b>0.91%</b>	<b>6.00%</b>
<b>Budget Gap / (Surplus)</b>	<b>0</b>	<b>2,458</b>	<b>489</b>	<b>925</b>

This page is intentionally left blank

## **Appendix B(ii)**

**The future priorities and resourcing strategies for each Directorate are outlined below:**

### **Children's Services**

1. The Service is committed to ensuring that happy children live in Central Bedfordshire. Happy children are confident, safe, healthy and achieve great outcomes in their education.
2. The Service also works closely with partners to ensure that all children are well supported.
3. The Service has embarked on an ambitious programme of transformation to ensure that demand for services is managed effectively and that support is available when a need is identified, reducing the requirement for statutory services and providing good support to vulnerable children and their families.

### **Regeneration & Business Support**

4. The core purpose of the Directorate is to enable growth to create a place of national and international significance, where people choose to live, work and visit, and a location where companies choose to invest.
5. In order to achieve these goals the Directorate will:
  - Enable and drive quality sustainable development and growth in Central Bedfordshire.
  - Stimulate the regeneration and renewal of our market towns.
  - Deliver growth infrastructure (employment skills, economic, digital and environmental).

### **Social Care, Health & Housing**

6. The Directorate approach is to move investment from institutional to personal solutions. Modernisation continues across Adult Social Care and Housing Services, to prevent crisis, keep people safe and offer an improved customer experience, enabling people to live independently for longer.
7. The Directorate is responding to demographic pressures, constrained housing supply, increasing demand (including complexity of need e.g. dementia) and major legislative and other change programmes such as the Better Care Fund (April 2015) and the Care Act 2014 (phase one April 2015) and other welfare reform changes.

8. In addressing these pressures and ambitions, the Directorate will
- First and foremost – protect vulnerable people, keep them safe and respond to crises including homelessness, abuse and neglect.
  - Assist residents (including carers) who require care and support, irrespective of their financial means.
  - Deliver the right accommodation in the right places, to enable people to live independently.
  - Increase its focus on prevention, information and advice (including residents having the opportunity to self serve).
  - Continue the journey towards the integration of health and social care, so that residents can access as much of the help and support they may need as possible, closer to where they live, and reducing the need for people to resort to hospitals.
  - Customer Services will continue to respond to residents' contacts via phone, web, mail, and face to face, and aims to extend the range of services that can be accessed by customers on line.

### **Community Services**

9. The Service aims to deliver excellent universal services which are fundamental to the Council's vision of making Central Bedfordshire a great place to live and work.
10. As demand for services increases and resources remain constrained, Community Services will:
- Drive efficiencies from procurement and supplier engagement.
  - Invest in services in order to reduce running costs and create opportunities to generate income.
  - Strengthen commercialisation, particularly developing the experience and skills of staff.
  - Set clear and transparent policies for what services the Council will provide
  - Make the best use of the Council's property assets.

- Ensure that employees of the Council are able to do their best work by creating an environment that supports flexible, mobile and paperless working.

## Resources

11. The Resources Directorate provides specialist support to the whole of the Council through a range of different expertise and services. The Directorate provides the Council with Finance, Legal, HR and Governance services, the latter including Democratic and Committee Services and Coroner's and Registration support.

12. In addressing the resource challenges for the coming period, the Directorate will:

- Continue to provide financial and HR support and budgetary advice to the Council, with increasing focus on financial modelling and planning of the major changes the Council is introducing.
- Continue to review internal processes and procedures to ensure that they are fit for purpose and add value, including how financial transactions are managed across the Council.
- Provide financial and commercial advice to Directorates to assist them in delivering their efficiency plans.
- Further develop the digitisation of its customer facing services, such as e-claim benefit application forms to improve efficiency and customer experience and promoting customer self service, for example on-line setting up of direct debit payments.
- Ensure that its shared legal service, via LGSS Law Ltd, continues to offer excellent service and reduced costs to the Council.
- Develop the main SAP Finance and HR systems to deliver maximum efficiency of working and provide better support to all Directorates.
- Develop and embed a new approach to workforce planning and development that ensures the Council has the right mix of skills and aptitudes to deliver the ambitions of the Council.
- Embed a framework that promotes a culture and environment enabling our employees to do their 'best work'.
- Ensure support provided to Members is efficient and encourages the move towards paperless working whilst supporting Members in their role as community leaders.

- Continue to deliver a high level of customer satisfaction via the Coroner's and Registration services, assisting customers to self serve wherever possible.

### **Chief Executive's Team**

13. The Chief Executives Team comprises the Information Technology and Communications teams. It provides support to all Directorates within the Council including leading on digitisation which is a key theme across all of the Directorate Plans.

### **Public Health**

14. The Public Health service supports residents to make the right lifestyle choices for their health by either directly commissioning services, influencing and advising on commissioning decisions of partners or through directly providing services. It is evidence based in its approach. It understands population needs and closely monitors its health to improve outcomes.

To deliver its goals the Service will:

- Increase cross-directorate working to increase productivity.
- Work closely with the Bedfordshire Clinical Commissioning Group to identify and meet the needs of the population and improve consistency.
- Continue to embed prevention and early intervention.
- Commission and monitor services for effectiveness and efficiency.

## Appendix C(i) - Pressures Summary

	2017/18 £'000s	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s	Total £'000s
Social Care Health & Housing	7,287	4,300	4,428	5,269	21,284
Children's Services	1,661	625	-	-	2,286
Community Services	736	256	62	285	1,339
Regeneration and Business Support	-	-	-	-	-
Public Health	999	764	739	249	2,751
Chief Executives Team	413	-	-	-	413
Resources	321	218	200	-	739
<b>Sub-total</b>	<b>11,417</b>	<b>6,163</b>	<b>5,429</b>	<b>5,803</b>	<b>28,812</b>
Corporate Costs	1,804	1,812	8,090	12,910	24,616
<b>Total</b>	<b>13,221</b>	<b>7,975</b>	<b>13,519</b>	<b>18,713</b>	<b>53,428</b>

This page is intentionally left blank

**Appendix C (ii) - Pressures Detailed List**

Directorate	Reference	Details of pressure	Implications/ Impact	2017/18	2018/19	2019/20	2020/21	Total	Comments
				£'000s	£'000s	£'000s	£'000s	£'000s	
Children's Services	CSP171801	CWD		365	-	-	-	365	There have been an additional five out of area placements made since the budget build took place for 2016/17. There are currently no in-house beds available. Longer term plans arising from the recommendations of the SEND Vision and the CWD provision review are currently addressing the sufficiency issues. Out of area placements are made as a last resort when a high level of short break provisions can no longer meet the need and safeguard the child and/or their family, or appropriate in-house provision is not available
Children's Services	CSP171802	Corporate Parenting		200	-	-	-	200	This relates to pressures resulting from higher forecasting of internal foster carer recruitment than has proved practicable.
Children's Services	CSP171803	Corporate Parenting	CAMHS	28	-	-	-	28	Extra amount required for the CAMHS contract. This was identified as a shortfall in 2017/17
Children's Services	CSP171804	Corporate Parenting	St Christopher's	133	-	-	-	133	Extra amount required for the St. Christopher's contract. This was identified as a shortfall in 2016/17
Children's Services	CSP171805	Corporate Parenting	IRO	60	-	-	-	60	In order to maintain safe caseload levels across the IRO team this post was not able to be deleted.
Children's Services	CSP171806	ESG		875	625	-	-	1,500	This pressure related to the current uncertainty around the future of ESG. We await central government's decision. Worse case scenario would result in this budget pressure.
<b>Children's Services</b>				<b>1,661</b>	<b>625</b>	<b>-</b>	<b>-</b>	<b>2,286</b>	
SCHH	ASC1	Increased demand on care packages for Older People	More intensive support packages needed, unavoidable public financial support where residential care customers' income falls below the self funding threshold	1,910	1,671	1,866	2,237	7,684	People living longer with more complex needs, 85+ population increasing by more than 4% year-on-year

Directorate	Reference	Details of pressure	Implications/ Impact	2017/18	2018/19	2019/20	2020/21	Total	Comments
				£'000s	£'000s	£'000s	£'000s	£'000s	
SCHH	ASC2	Increased demand on care packages for People with a Learning Disability	Demand management approach to young people aged 14-17 to ensure appropriate and cost effective services are identified to support them (and their families) in adulthood	1,382	1,595	1,696	1,555	6,228	Funding within Adult Social Care for eligible transitions customers from Children's Services, mid life transitions customers (ageing carers)
SCHH	ASC6	Increased cost of service delivery due to legislative changes	Addresses risk around market sustainability, recognises rising cost of wages within the care sector and the need to fund a "fair cost of care"	1,094	1,234	1,171	1,477	4,976	Funding to address phased implementation of National Living Wage
SCHH	ASC7	Increased demand due to Homelessness	No impact as a variety of cost effective solutions have been implemented to deliver more affordable temporary accommodation	(100)	(200)	(305)	-	(605)	Phased repayment of prior years' pressure funding increased for temporary accommodation costs
SCHH	ASC8	Increase resources for the Let's Rent scheme		55	-	-	-	55	
SCHH	ASC 9	2016/17 underlying overspend	Residential homes for older people, pay budget shortfall.	500	-	-	-	500	Underlying base budget shortfall
SCHH	ASC10	2016/17 underlying overspend	Learning Disabilities Transfer supported living schemes - care and support hours shortfall	200	-	-	-	200	Underlying base budget shortfall
SCHH	ASC11	2016/17 underlying overspend	Placements and packages for OlderPeople	1,200	-	-	-	1,200	Underlying base budget shortfall
SCHH	ASC12	2016/17 underlying overspend	Placements and packages for People with Physical Disabilities	300	-	-	-	300	Underlying base budget shortfall
SCHH	EA104	Use of earmarked reserve to support development of Independent Living schemes	In this financial year (2016/17) earmarked reserves have been used to support efficiency targets in relation to the directorate budget	470	-	-	-	470	Technical adjustment to reflect full use of reserve. The entries in 2017/18 effectively add money back in to the base.
SCHH	EA110	Utilisation of earmarked reserves to meet Deprivation of Liberty Safeguarding (DoLS) pressures	In this financial year (2016/17) earmarked reserves have been used to support efficiency targets in relation to DoLS	276	-	-	-	276	Technical adjustment to reflect full use of reserve. The entries in 2017/18 effectively add money back in to the base
<b>Social Care, Health &amp; Housing</b>				<b>7,287</b>	<b>4,300</b>	<b>4,428</b>	<b>5,269</b>	<b>21,284</b>	
Community Services	SC1	<b>WASTE</b> - Landfill tax uplift		13	14	14	15	56	A small amount of residual waste will continue to be sent to landfill, however this pressure has reduced due to new residual waste treatment and disposal contracts.

Directorate	Reference	Details of pressure	Implications/ Impact	2017/18	2018/19	2019/20	2020/21	Total	Comments
				£'000s	£'000s	£'000s	£'000s	£'000s	
Community Services	SC4	<b>WASTE</b> - Increase in waste collection costs as a result of increase in housing growth.		15	15	15	15	60	Housing growth impacts on waste management costs - the pressure reflects the expected number of new homes.
Community Services	SC5	<b>WASTE</b> - Treatment of Residual waste		206	-	-	-	206	Additional costs of new treatment contracts
Community Services	SC6	<b>WASTE</b> - Additional cost of bulking and haulage in the south		200	-	-	-	200	Waste from south central Bedfordshire will need to be bulked
Community Services	SC7	<b>WASTE</b> - Increase in waste disposal costs due to housing growth		113	101	78	70	362	Figures based on housing completion numbers
Community Services	SC8	<b>COMMUNITY SAFETY</b> - Gypsy and traveller resource		-	-	-	50	50	To cover cost of Gypsy & Traveller liaison officer - currently funded from reserves
Community Services	SC9	<b>ASSETS</b> - PFI	Private Finance Initiative (PFI)	38	38	38	38	152	Inflationary increase on contracted payments for Schools PFI contract
Community Services	SC10	<b>ASSETS</b> - Mailroom budget pressure	Postage volumes and the cost of postage have increased beyond the budget provision.	(33)	(33)	(34)	-	(100)	Mitigating action required across the Council to reduce pressure to zero over period of plan
Community Services	SC17	<b>HIGHWAYS</b> - Change to new highways contract format		(150)	-	-	-	(150)	Reversal of previous pressure relating to new Highways contract
Community Services	SC18	<b>LEISURE</b> - Technical costs of Dunstable Leisure Centre		144	142	(286)	-	-	Anticipated revenue cost of closing Dunstable Leisure Centre for rebuild
Community Services	CS1718E041	<b>WASTE</b> - Excess Pressure in Waste	Excess Pressure for 16/17 Disposal not required	(125)	-	-	-	(125)	16/17 and 17/18 pressure for transfer no longer required although most taken up by additional disposal and direct delivery costs.
Community Services	CS1718P006	Transport - mainstream		146	146	146	58	496	Based on forecasted projected pupil numbers
Community Services	CS1718P007	Transport - SEN		(39)	(117)	91	39	(26)	Based on forecasted projected pupil numbers
Community Services	CS1718P001	<b>LEISURE &amp; TRANSPORT STRATEGY</b> - capitalised salaries shortfall		31	-	-	-	31	net pressure of Leisure and Transport Strategy

Directorate	Reference	Details of pressure	Implications/ Impact	2017/18	2018/19	2019/20	2020/21	Total	Comments
				£'000s	£'000s	£'000s	£'000s	£'000s	
Community Services	CS1718P002	<b>ASSETS</b> - Repairs and maintenance		50	(50)	-	-	-	Detailed review and consideration of the ability to further control repairs and maintenance spend through various means such as e, capturing some more significant planned remedial works under CRP and generating and utilising data more effectively through the development of the TF Cloud Asset Management System.
Community Services	CS1718P003	<b>HIGHWAYS</b> - additional gritting route on A5 and Woodside link		12	-	-	-	12	New service demand
Community Services	CS1718P004	<b>COMMUNITY SAFETY</b> - MARAC grant		15	-	-	-	15	grant income ceases
Community Services	CS1718P005	<b>WASTE</b> - Reduced Recyclate income	result of increasing contamination	100	-	-	-	100	Based on current forecasts of income
<b>Community Services</b>				<b>736</b>	<b>256</b>	<b>62</b>	<b>285</b>	<b>1,339</b>	
Resources	CRP - 1617-01	Revenues & Benefits	Reduction in Housing Benefit Admin grant.	200	200	200	-	600	This grant has been reduced each year. Figures are estimates as precise details have not yet been announced.
Resources	ICSP-1718-01	Mortuary/pathology services	Increase in mortuary and pathology costs at the Luton & Dunstable Hospital- from 16/17	51	-	-	-	51	CBC share (42% of £121k)
Resources	ICSP-1718-02	Mortuary/pathology services	Additional cost of Police Coroner's Officers transferring to CBC from 16/17	65	-	-	-	65	CBC share (42% of £155k). Follows a change in administrative arrangements effecting the transfer to local authorities from Police.
Resources	ICSP-1718-03	Insurance Premium Tax (As per Autumn Statement)	Impact of increase from 9.5% to 10% in October 2016 and increase to 12% in June 2017.	5	18	-	-	23	
<b>Resources</b>				<b>321</b>	<b>218</b>	<b>200</b>	<b>-</b>	<b>739</b>	
Public Health	PH2	Movement in Public Health Grant		999	764	639	249	2,651	
Public Health		Income Generation		-	-	100	-	100	Reversal of existing income generation efficiency
<b>Public Health</b>				<b>999</b>	<b>764</b>	<b>739</b>	<b>249</b>	<b>2,751</b>	

Directorate	Reference	Details of pressure	Implications/ Impact	2017/18	2018/19	2019/20	2020/21	Total	Comments
				£'000s	£'000s	£'000s	£'000s	£'000s	
Corporate Costs	CCP- 1617-01	Corporate Costs	Capital Financing - Minimum Revenue Provision	1,000	630	480	330	2,440	Figures reflect the revenue costs of the proposed Capital Programme.
Corporate Costs	CCP- 1617-02	Corporate Costs	Capital Financing - Interest Payable	(313)	170	730	770	1,357	Figures reflect the revenue costs of the proposed Capital Programme.
Corporate Costs	CCP- 1617-04	Employer's Pension Contribution	Past Service Pension Costs.	1,125	825	826	-	2,776	Employer's Pension Contribution.
Corporate Costs	CCP- 1617-05	Finance Cost Adjustment		(116)	-	-	-	(116)	Adjustment to early redemption premia relating to past Council borrowings.
Corporate Costs	CCP- 1617-07	National Living Wage	Internal Staffing Impact	158	187	259	382	986	National policy change. This cost will eventually be allocated across all appropriate Directorates.
Corporate Costs	CCP- 1617-08	Digitisation	Reversal of a 2016/17 Pressure (one off)	(500)	-	-	-	(500)	
Corporate Costs	CCP- 1617-11	Potential impact of funding changes		-	-	1,989	2,288	4,277	
Corporate Costs	CCP- 1617-12	Inflationary impact		-	-	1,006	1,010	2,016	
Corporate Costs	CCP- 1617-13	Reduced reliance on New Homes Bonus		-	-	2,300	4,600	6,900	
Corporate Costs	CCP- 1617-14	Transfer of new responsibilities funding		-	-	-	1,930	1,930	
Corporate Costs	CCP- 1617-15	Revaluation 2017- potential shortfall in provision for appeals		-	-	500	1,600	2,100	
Corporate Costs	CCP- 1617-09	Apprenticeships Levy		450	-	-	-	450	Change in legislation. Levy will be based on the Council's payroll figure.
<b>Corporate Costs</b>				<b>1,804</b>	<b>1,812</b>	<b>8,090</b>	<b>12,910</b>	<b>24,616</b>	
Chief Executives Team	ICSP-1718-04	IT- Software Support and Maintenance current in year pressures		413	-	-	-	413	
<b>Chief Executives Team</b>				<b>413</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>413</b>	
<b>Total</b>				<b>13,221</b>	<b>7,975</b>	<b>13,519</b>	<b>18,713</b>	<b>53,428</b>	

This page is intentionally left blank

**Appendix D(i) - Efficiencies Summary**

	<b>2017/18 £'000s</b>	<b>2018/19 £'000s</b>	<b>2019/20 £'000s</b>	<b>2020/21 £'000s</b>	<b>Total £'000s</b>
Social Care Health & Housing	(4,050)	(3,682)	(4,969)	(5,269)	(17,970)
Children's Services	(2,348)	(1,734)	(2,025)	(1,838)	(7,945)
Community Services	(3,591)	(2,337)	(1,980)	(850)	(8,758)
Regeneration and Business Support	(553)	(225)	(435)	(225)	(1,438)
Public Health	(1,001)	(764)	(739)	(249)	(2,753)
Chief Executives Team	(940)	(265)	(169)	-	(1,374)
Resources	(1,439)	(654)	(493)	(142)	(2,729)
<b>Sub-total</b>	<b>(13,922)</b>	<b>(9,660)</b>	<b>(10,811)</b>	<b>(8,573)</b>	<b>(42,966)</b>
Corporate Costs	(1,272)	(1,071)	(1,071)	(71)	(3,486)
<b>Total</b>	<b>(15,194)</b>	<b>(10,732)</b>	<b>(11,882)</b>	<b>(8,644)</b>	<b>(46,452)</b>

This page is intentionally left blank

**Appendix D(ii) - Efficiencies by Directorate**

Directorate	Category	Reference	Details of efficiency	Implications/ Impact	2017/18 £'000s	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s	Total £'000s	Comments
Chief Executives Team	A	ICSE - 1617-03	Dir ICS	Merge common functions	(100)	(100)	-	-	(200)	removed from MTFP (ref ICSE-1718-03)
Chief Executives Team	A	ICSE - 1617-14	Communications & Insight	Service delivery review	(91)	-	-	-	(91)	Restructure being scoped
Chief Executives Team	A	ICSE - 1617-16	IT	Service delivery review	(30)	-	-	-	(30)	
Chief Executives Team	A	ICSE - 1617-17	ICS	Review directorate arrangements	-	-	(100)	-	(100)	brought forward to 17/18 (ref ICSE-1718-01)
Chief Executives Team	A	ICSE - 1617-20	Working Smarter	Working Smarter	(2)	-	(9)	-	(11)	
Chief Executives Team	A	ICSE-1718-01	Dir ICS	Bring forward Dir ICS Efficiency	(100)	-	100	-	-	- £100k b/fwd ref ICSE - 1617-17
Chief Executives Team	A	ICSE-1718-02	Dir ICS	Additional efficiency for Dir ICS removal	(100)	-	-	-	(100)	
Chief Executives Team	A	ICSE-1718-03	Dir ICS	Remove Merging common functions efficiency already in MTFP	200	100	-	-	300	£300k over 3 years 16/17 to 18/19 - ICSE - 1617-03. Original efficiency was predicated on reviewing common functions across directorate. This is now included as part of a wider strategic review and the outcome of the MTFP workstreams.
Chief Executives Team	A	ICSE-1718-04	IT - Savings as a result of workplace changes	Savings against PSN, networks and data centre.	(213)	-	-	-	(213)	
Chief Executives Team	A	ICSE-1718-05	IT - Licensing costs	Savings against software portal	(60)	-	-	-	(60)	
Chief Executives Team	A	ICSE-1718-06	IT - Licensing costs	Savings against SAP licensing costs following upgrade.	(100)	(100)	-	-	(200)	
Chief Executives Team	A	ICSE-1718-07	IT - Licensing costs	Review of systems. Improve or decommission as appropriate	(170)	-	-	-	(170)	
Chief Executives Team	A	ICSE-1718-08	IT - Staffing	Review of staff structure.	(147)	-	-	-	(147)	Additional to existing £30k Service delivery review (ICSE - 1617-16)
Chief Executives Team	A	ICSE-1718-09	IT - Savings from social care systems	Potential savings from moving to a forward looking social care solution shared with our peer service organisations.	-	-	(160)	-	(160)	
Chief Executives Team	A	Innovation Initiatives2- Shared Services	Commercial Review of Communications		-	(165)	-	-	(165)	Communications
Chief Executives Team	A	ICSE - 1617-07	Procurement	Central Purchasing Hub	(26)	-	-	-	(26)	
<b>Chief Executives Team</b>					<b>(940)</b>	<b>(265)</b>	<b>(169)</b>	<b>-</b>	<b>(1,374)</b>	
Children's Services	D	CSE1509	Looked After Children Residential Placements - Existing Efficiency 2014/15 reviewed and rephrased	Fewer children in external placements	(156)	-	-	-	(156)	This efficiency is particularly focused on fewer children being placed in residential placements, which are often based across the UK. It also requires the recruitment of more in-house foster carers, so that for the reducing number of children who do require care will not be placed in residential homes.
Children's Services	D	CSE1511	Foster Fee Scheme efficiency for 2014/15 reviewed in line with latest target for in-house carers / Independent Fostering Agencies (IFAs)	More in-house foster carers recruited and a reduction to use of Independent Fostering Agencies (IFA's)	(196)	(199)	-	-	(395)	This efficiency is dependant on successfully recruiting and retaining more in-house foster carers, which are financially more efficient, in order that fewer Independent Fostering Agency placements will be required. This equates to approx. 8 IFA placements being transferred to in house placements, per annum.
Children's Services	E	CSE1601	Education Services	Music Service	(18)	-	-	-	(18)	Reduction to Council contribution to Music Services. Costs will be covered by increasing music lesson fees by 1%

Appendix D(ii) - Efficiencies by Directorate

Directorate	Category	Reference	Details of efficiency	Implications/ Impact	2017/18 £'000s	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s	Total £'000s	Comments
Children's Services	E	CSE1602	Education Services	Income Generation	(39)	-	-	-	(39)	We are marketing education services to schools for example governance reviews and are confident we can achieve this income target
Children's Services	A	CSE1603	Education Services	Staffing Review	(54)	-	(52)	-	(106)	We are rightsizing staffing to ensure we deliver the LA statutory education duties
Children's Services	A	CSE1605	Academy of Social Work and Early Intervention: review staffing and reduce costs	Review Terms and Conditions of staff to reflect working arrangements(16/17); Reduce venue costs and the staffing delivering the Assessed and Supported Year in Employment programme (18/19), reduce staffing (19/20).	(135)	-	-	-	(135)	As the social worker workforce stabilises it is likely that the recruitment of two cohorts of newly qualified social workers each year will no longer be needed. Service to be reshaped to reflect this. CSE1605 2018/19 and 2019/20 brought forward to 2017/18
Children's Services	D	CSE1607	Children's Commissioning: review arrangements to ensure the service continues to deliver improved efficiency and outcomes	Identify opportunities for joint commissioning , review staffing and increase income generation	(45)	-	-	-	(45)	The reduction in staff over the next 2 years reflects the changing demand for commissioning activity across the directorate.
Children's Services	E	CSE1608	Generating additional income through the Academy of Social Work and Early Intervention	Compensatory savings from across other areas of the directorate will have to be delivered if income target not achieved.	(115)	-	-	-	(115)	Our Academy needs to remain financially viable or the Council could be at risk of not meeting its legal duty to ensure sufficient child care for parents. We are mitigating this risk by developing the local market to fill the gap in provision. We also rely on the Academy to support our social worker recruitment and retention strategy. CSE1608 2018/19 brought forward to 17/18
Children's Services	B	CSE1609	Reduction to funding for the Voluntary and Community Services Infrastructure Organisations.	Reduction in funding to Infrastructure organisations that provide information, advice and training support to voluntary and community organisations.	(23)	(22)	(21)	-	(66)	We will work with the sector to explore new ways of working and support voluntary and community organisations to access alternative sources of funding.
Children's Services	B	CSE1618	Emergency one off provisions required across Children's Services Operations	This service will be provided in house	(200)	(100)	-	-	(300)	Specialist one to one work with children and their families, along with Protective Behaviours has been externally commissioned until now. This work will now be taken on by our Children's Services staff
Children's Services	D	CSE1620	Looked After Children Placements	Reduced payments to Foster Carers	(24)	-	-	-	(24)	The framework has been revised, reducing the sums paid to Independent Foster Carers, and this follows through from 2016/17. Has been agreed with Foster Carers
Children's Services	A	CSE1624	Intake and Assessment -Operations	Assessed and Supported Year in Employment (AYSE) Mitigation	(126)	(63)	-	-	(189)	We have fewer AYSE's (Assisted Year in Social Work Employment) now due to our successful recruitment campaign so less support from agency social workers is required. Agency social workers cover 10% of each AYSE caseload for the first 12 months
Children's Services	D	CSE1629	Restructure Court Teams	Moving from 3 court teams to two.	-	(392)	-	-	(392)	This efficiency depends on a reduction in children requiring statutory services and therefore a reduction in court work, enabling us to rightsize the team and ensure we have the right team structure in place to move forwards with less court work.
Children's Services	D	CSE1629	Refocusing and alignment of early intervention monies to support the new model of integrated early intervention - including Children's Centres, youth support services, partners provision	Transformation in working practices will result in a different cultural approach across the system, and restructuring across our current teams.	(81)	(188)	(449)	-	(718)	Working with health and police partners we will deliver early intervention services in a different way to ensure they are child and family centred and locality based where possible. Teams will be integrated, multi disciplinary and include more mixed skills sets. Reproviding the service will allow better allocation of resource according to need.
Children's Services	D	CSE1629	Looked After Children Placements	This efficiency depends on our demand management strategy reducing the numbers of children in care	(200)	(300)	(480)	-	(980)	By working on demand management, and ensuring appropriate Early Intervention Reduction it is anticipated that there will be a reduction in the number of LAC placements
Children's Services	B	Operations	Residual Children's Society Money	This service will be provided in house	(100)	100	-	-	-	The direct work with children from this contract has been carried out by their social workers. This is now appropriate as we have sufficient permanent staff to carry out this role
Children's Services	A	Operations	Decommission	We will spot purchase this provision if required	(71)	-	-	-	(71)	Specialist foster care or an alternative residential placement is more suitable for our current cohort of children.
Children's Services	D	Operations	Supported Lodgings Scheme for YP in semi-ind. Accom. - phased -bal in 18/19 - Corp Parenting	Fewer young people in supported lodgings	(109)	(109)	-	-	(218)	By increasing the diversity of CBC fostering offers there will be less need for unregulated placements for aged 16 and 17 looked after children or care leavers, where there is less support for some young people.
Children's Services	A	Operations	Continued freeze on perm. Foster Carer assessors - Corp Parenting	No impact on service	(30)	-	-	-	(30)	Spot Purchasing will be carried out on an as needs basis to carry out Foster Care Assessments.

**Appendix D(ii) - Efficiencies by Directorate**

Directorate	Category	Reference	Details of efficiency	Implications/ Impact	2017/18 £'000s	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s	Total £'000s	Comments
Children's Services	D	Operations	Reduction in Supervised Contact Corporate Parenting	No impact on service	-	(90)	-	-	(90)	As the number of looked after children decreases, the demand for supervised contact should be reduced accordingly.
Children's Services	A	Operations	Removal of Admin Post Family Support & Professional Standards	A focus on planning and prioritisation will ensure no disruption to the service	(73)	-	-	-	(73)	As a result of restructuring and examining vacant posts these 2 posts are unoccupied and are no longer required.
Children's Services	A	Operations	Remove 1 SW post Family Support	As numbers of Looked After Children reduce there is less demand for family support	-	(52)	-	-	(52)	We are right sizing staffing as demand reduces
Children's Services	D	Operations	Remove 1 Independent Reviewing Officer post professional standards	As numbers of Looked After Children reduce there is less demand for Independent Reviewing Officer time	-	(70)	-	-	(70)	We are right sizing staffing as demand reduces
Children's Services	D	Operations	Remove Practice Manager - Corp parenting	Three managers posts will reduce to two	(81)	-	-	-	(81)	There are currently 3 Practice Managers in the Corporate Parenting Service. A review of the service going forward will ensure that the remaining 2 Practice managers are deployed appropriate across the service.
Children's Services	D	Operations	Remove Participation Officer (p)/CWD	Children will still be supported to participate	-	(16)	-	-	(16)	The planning for this area of work will ensure that by the time this efficiency needs to be delivered we will have a Business as Usual model of participation at a sustainable level within the service.
Children's Services	D	Operations	Redesign Family Support	Redesign teams to facilitate locality, multi-agency working	-	-	(322)	-	(322)	In order for the redesign to take place in a safe way, the demand on service will need to be reduced by strengthening the Early Help offer across the system.
Children's Services	D	Operations	Redesign Assessment Team	Redesign teams to facilitate locality, multi-agency working	-	-	-	(310)	(310)	A redesign during the final year of the MTFP, when our demand management strategy will have reduced demand for existing levels of assessment
Children's Services	A	Operations	Remove a Head of Service	Redesign teams to facilitate locality, multi-agency working	-	-	(93)	-	(93)	This depends on our demand management strategy effectively reduced the numbers of children in care
Children's Services	A	Commissioning and Partnerships	End Subscription to Research In Practice	Individuals responsible for sourcing research articles	(10)	-	-	-	(10)	No access to Research in Practice publications. This can be mitigated by spot purchasing publications as needed
Children's Services	D	Commissioning and Partnerships	Restructure Commissioning and Performance	The team will be remodelled to reflect a different approach to commissioning across the council.	(119)	-	(27)	-	(146)	As the team will be smaller some support will be available through sharing part of an apprentice with the Partnerships and Community Engagement Team.
Children's Services	A	Commissioning and Partnerships	Partnerships and Community Engagement	Reduce operational budget by 50%	(12)	-	-	-	(12)	This funding is used for conferences and events outside the Children's Services directorate and to commission ad hoc pieces of work to develop strategies and coordinate partnerships. Reducing this budget will mean there is no flexibility to respond to new or ad hoc activities/requests.
Children's Services	E	Commissioning and Partnerships	Commissioning and Performance	Selling census checks to schools (Learning Performance Team)	(6)	-	-	-	(6)	Risk that schools might not buy services from the Council
Children's Services	E	Commissioning and Partnerships	Academy	Use more of the income centrally received for ASYEs to offset core costs	(30)	-	-	-	(30)	Retaining more of the income centrally for managing ASYEs to support the work of the central team may impact on development opportunities for ASYEs.
Children's Services	A	Commissioning and Partnerships	Academy	Reduce Practice Educator Role to 4 days a week	(12)	-	-	-	(12)	Practice Educator role reducing to 4 days a week unlikely to see a significant impact as pressure to recruit ASYEs should reduce gradually.
Children's Services	A	Commissioning and Partnerships	Youth Support Service	Efficiencies in buildings/property budget	-	(15)	-	-	(15)	The service will work with Assets to reduce the running costs of the youth centres and work with partners/community organisations as part of an asset transfer strategy

Appendix D(ii) - Efficiencies by Directorate

Directorate	Category	Reference	Details of efficiency	Implications/ Impact	2017/18 £'000s	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s	Total £'000s	Comments
Children's Services	A	Commissioning and Partnerships	Youth Support Service	Deletion of post - Contact & Engagement Officer (no longer required to tract 18+)	(24)	-	-	-	(24)	Reduction in capacity to track and support approx. 190 NEET/unknown young people. The post will no longer be needed following changes in government requirements about tracking young people aged over 18.
Children's Services	B	Commissioning and Partnerships	Academy	20% reduction in funding to voluntary sector representation	-	(11)	-	-	(11)	As we streamline governance there will be fewer meetings requiring voluntary sector representation
Children's Services	B	Commissioning and Partnerships	Partnerships and Community Engagement	Reduce VCS grant	-	-	-	(17)	(17)	VCS infrastructure grants will be removed. No external support to increase volunteering, support communities doing more, or manager community facilities
Children's Services	B	Commissioning and Partnerships	Partnerships and Community Engagement	Reduce grants to Citizens' Advice by £19k (6%) and use of community engagement reserve of £10k	-	-	-	(29)	(29)	We are working with Citizen's Advice to mitigate this risk.
Children's Services	A	Education Services	Remove all core budget from commissioning school improvement and school intervention	The Teaching School is now recharging schools	(66)	-	-	-	(66)	This will reduce what can be commissioned by the Local Authority in terms of school to school support, which means there is more reliance on schools choosing to spend their budget on this. To prepare for this we have increased the charges to schools, and decreased the commission values so that the Teaching Schools are recharging to schools. We are awaiting communication/clarification from the DfE regarding the future role of Local Authorities in School Improvement, what services are identified to be funded from the new Central Services Block of the DSG and what the value of this might be. This will determine future service delivery. This could impact on our ability to be a successful Academy Sponsor.
Children's Services	E	Education Services	Generate more income from schools contribution more to intervention packages	More pressure on schools to contribute	(15)	-	-	-	(15)	Risk that schools requiring intervention do not engage, which impacts on pupil outcomes and Ofsted outcomes, and therefore reputational risk to Council. Mitigation Implementing increased charges to schools for support from 2016. Encourage academisation where appropriate
Children's Services	E	Education Services	Access and Inclusion	Charge all schools for Attendance Officer function. Discretionary service	-	(64)	-	-	(64)	Not all schools might buy back which would impact on income target and limit the impact we can have on school attendance and therefore outcomes. This could be mitigated if Localities top sliced and chose to buy into a shared Attendance officer with an amended role to target the poorest attendance. This will be modelled through locally meetings as an option but this decision rests with schools.
Children's Services	A	Education Services	Access and Inclusion	Expectation that more schools are academies and we won't need to carry out some existing functions	-	-	(59)	(25)	(84)	Risk schools do not academise and this function is still required.
Children's Services	A	Operations / Commissioning & Partnerships	Shared PA	There should be no impact on service	-	-	(27)	-	(27)	With the remodelling of senior management it will be possible to reduce PA support by one post
Children's Services	A	Education Services	Restructure Music Service Management	There should be no impact on service	-	(63)	-	-	(63)	
Children's Services	A	Education Services	Review use of DSG for posts dealing with SEND (Youth/LAC)	There should be no impact on service	(100)	-	-	-	(100)	High Needs Block is forecast to fully spend in 2016/2017 due mainly to rises in pupils requiring specialist places in and out of area so there is no capacity to fund additional posts from High Needs Block. Schools Forum are reviewing all High Needs Spend/forecast spend. High Needs Block second phase consultation expected imminently (currently due 'Autumn' 2016)
Children's Services	A	Children Services	Restructure Senior Management	This will result in a reduction in management capacity	-	-	(120)	-	(120)	As the service is redesigned the senior management structure will need to align
Children's Services	C	Operations	End remaining Speech And Language Therapy & parenting support contracts not taken out in 16/17	Children will access support through other pathways	-	-	(240)	-	(240)	A contract review will seek to explore alternative delivery mechanisms for speech and language therapy and parenting support currently delivered through these contracts.
Children's Services	D	Operations	Remove 2 Intervention Workers Assessment	There will be an increased focus on Early Intervention, delivered by multi-agency teams	-	-	-	(60)	(60)	This efficiency depends on our development of effective multi-agency teams, working in localities, securing early intervention for children requiring complex Child In Need Plans and Child Protection in 2020/21 so these posts will be in place to deliver a support offer to vulnerable children and their families.
Children's Services	D	Operations	Reduce Intervention Service - phased	There will be an increased focus on Early Intervention, delivered by multi-agency teams	-	-	-	(439)	(439)	This efficiency depends on our development of effective multi-agency teams, working in localities, securing early intervention for children requiring complex Child In Need Plans and Child Protection in 2020/21 so these posts will not be required. However, different roles will be in place to deliver a support offer to vulnerable children and their families, with a mixed skills set

Appendix D(ii) - Efficiencies by Directorate

Directorate	Category	Reference	Details of efficiency	Implications/ Impact	2017/18 £'000s	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s	Total £'000s	Comments
Children's Services	D	Operations	Restructure Early Help Plus	There will be an increased focus on Early Intervention, delivered by multi-agency teams	-	-	-	(120)	(120)	This efficiency depends on our development of effective multi-agency teams, working in localities, securing early intervention for children requiring complex Child In Need Plans and Child Protection in 2020/21 so these posts will not be required. However, different roles will be in place to deliver a support offer to vulnerable children and their families, with a mixed skills set
Children's Services	D	Operations	Restructure Early Help Plus	There will be an increased focus on Early Intervention, delivered by multi-agency teams	-	-	-	(182)	(182)	This efficiency depends on our development of effective multi-agency teams, working in localities, securing early intervention for children requiring complex Child In Need Plans and Child Protection in 2020/21 so these posts will not be required. However, different roles will be in place to deliver a support offer to vulnerable children and their families, with a mixed skills set
Children's Services	D	Operations	Restructure Young Peoples Support Team	There will be an increased focus on Early Intervention, delivered by multi-agency teams	-	-	-	(297)	(297)	This efficiency depends on our development of effective multi-agency teams, working in localities, securing early intervention for children requiring complex Child In Need Plans and Child Protection in 2020/21 so these posts will not be required. However, different roles will be in place to deliver a support offer to vulnerable children and their families, with a mixed skills set
Children's Services	A	Commissioning and Partnerships	Youth Support Services	Seconded youth worker	-	-	(33)	-	(33)	The post will be removed to coincide with a new commissioning model for targeted youth support. It is not anticipated to have an adverse effect on the numbers of children supported.
Children's Services	D	Commissioning and Partnerships	Youth Support Services	There will be an increased focus on Early Intervention, delivered by multi-agency teams	-	-	(20)	(59)	(79)	Developing a new model of targeted youth support (including YOS) by working with key stakeholders in localities on an evidence based model of need
Children's Services	A	Innovation Initiatives 2- Commissioning	Advocacy	We are exploring better commissioning arrangements for advocacy services in partnership with Adult Services	(7)	-	-	-	(7)	This will be a saving through more efficient commissioning
Children's Services	A	Innovation Initiatives 2- Income from Assets	Children's Home & Assessment Centre	A business case is being produced to explore the implications	-	-	-	(300)	(300)	The concept of delivering an in house assessment centre and Children's Home may deliver efficiencies due to reducing the need for more expensive external placements.
Children's Services	A	Innovation Initiatives 6- Commissioning	Domiciliary Care	We are exploring better commissioning arrangements for domiciliary care in partnership with Adult Services	-	(80)	(82)	-	(162)	This may be an efficiency delivered through more efficient commissioning
Children's Services	A	ICSE - 1617-07	Procurement	Central Purchasing Hub	(71)	-	-	-	(71)	
<b>Children's Services</b>					<b>(2,348)</b>	<b>(1,734)</b>	<b>(2,025)</b>	<b>(1,838)</b>	<b>(7,945)</b>	
Community Services	A	SC358	Biffa contract negotiations	Will not hinder ability to meet statutory duties	(25)	-	-	-	(25)	Reduced costs of waste collection contracts following negotiation
Community Services	A	SC450	working smarter	Internal impact	-	(46)	5	-	(41)	Savings from property included in the 'Working Smarter' project whose costs are accounted for in Assets
Community Services	A	SC456	Salary capitalisation	Include in cost plan for Development Team	(10)	-	-	-	(10)	Effective resource management and tracking allowing capitalisation of staff costs when working on development Projects in accordance with accounting principles.
Community Services	E	SC457	Estates - Additional rental income from Investment portfolio	New lettings	(10)	(10)	(10)	-	(30)	Increased revenue generation from existing commercial estate through improvements to stock leading to reduced voids.
Community Services	A	SC461	Capital - Energy Savings from energy efficiency capital works	Internal impact	(30)	(30)	(30)	(30)	(120)	Impact of capital investment programme to reduce energy costs through the combined effect of energy efficiency measures (reducing energy use) and energy generation measures. Requires the continued capital investment in the Energy Efficiency Programme.
Community Services	A	SC462	Assets - Staff costs	Internal impact	(20)	(20)	-	-	(40)	Staffing efficiencies resulting from the reorganisation of the Assets Team.
Community Services	A	SC471	Service Manager reduction	workload impact - need to review processes	(40)	-	-	-	(40)	Loss of 1 service manager post
Community Services	E	SC473	Develop additional off-street car parking - based on approx. 274 spaces	Income generation	-	(100)	(100)	-	(200)	Parking studies suggest opportunities exist to develop additional revenue streams from new car parking provision in Leighton Buzzard and Biggleswade.
Community Services	A	SC478	reduction in contributions by leisure services	Discretionary funding, other funding sources available	(6)	(8)	-	-	(14)	End of funding to FA partnership and reduction of contribution (in line with partners) of Team Beds and Luton

**Appendix D(ii) - Efficiencies by Directorate**

Directorate	Category	Reference	Details of efficiency	Implications/ Impact	2017/18 £'000s	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s	Total £'000s	Comments
Community Services	A	SC480	Staff - countryside	Internal impact	(50)	-	-	-	(50)	Requires review of site management and agreement reached on alternative site management
Community Services	B	SC483	Countryside site savings	Changes to contractual arrangements	(15)	(6)	-	-	(21)	£6k Swiss Garden as surrender of the lease, £15k net reduction on other sites
Community Services	B	SC486	Standardised opening hours in libraries	Public consultation completed and being considered. Will not hinder ability to meet statutory duties	(53)	-	-	-	(53)	Review of staffed opening hours to offer manned library service during times shown to be in demand - greater use of buildings by community at other times
Community Services	A	SC487	staffing changes - libraries	Internal impact. Will not hinder ability to meet statutory duties	-	(85)	-	-	(85)	Restructure of management
Community Services	A	SC491	More Efficient running of services from business unit	Internal Savings related to Passenger Transport. Will not hinder ability to meet statutory duties	(75)	(50)	-	-	(125)	Part of saving dependant on implementation of new IT system
Community Services	B	SC492	Public Transport Savings from Passenger Transport Strategy	Routes may no longer be commercial and Dial a ride not funded Review of funding and adoption of assessment process in line with statutory requirements to be agreed by Full Council on 17 November 2017.	(215)	(100)	(100)	-	(415)	Dependant on adoption of Passenger Transport Strategy (some may need to be kept to support Community Transport)
Community Services	A	SC493	More efficient use of Fleet by Adult Social Care	SCHH have agreed to annual review. Will not hinder ability to deliver statutory service	(57)	-	-	-	(57)	Dependant on outcome of Passenger Transport Strategy
Community Services	A	SC494	Outsourcing of client transport team roles and responsibilities	Internal impact, will not hinder ability to deliver statutory service	(150)	-	-	-	(150)	Potential for saving from economies of scale
Community Services	A	SC498	Provision joint Bedfordshire Trading Standards Unit	Internal impact, will not hinder ability to deliver statutory service	(40)	-	-	-	(40)	Indicative - requires suitable willing partner to share services
Community Services	A	SC500	Provision of Bedfordshire Emergency Planning Unit	Internal impact, will not hinder ability to deliver statutory service	(10)	-	-	-	(10)	Indicative - requires suitable willing partner to share services
Community Services	A	SC501	Provision of Joint Bedfordshire Environmental Health & Licencing Unit	Internal impact, will not hinder ability to deliver statutory service	-	(50)	-	-	(50)	Indicative - requires suitable willing partner to share services
Community Services	E	SC503	Income from charging of new transport model	Internal impact, will generate income in relation to driving standards assessments	-	(20)	(10)	-	(30)	Revenue from new transport model.
Community Services	A	SC504	Capitalisation of posts from the major projects team	Internal Impact. Dependant on pressure to establish major projects team	(100)	-	-	-	(100)	Capitalisation of new transport Majors team salary - dependant on successful bids for new schemes
Community Services	E	SC505	Increased Section 38 income	Contributions from Developers	(25)	-	-	-	(25)	Increased income from Section 38 debt over the medium term.
Community Services	A	SC508	New waste collection and street cleansing contract	2017/18 tender process. Will not hinder ability to meet statutory duties	-	-	(300)	-	(300)	Estimated saving from retender
Community Services	D	SC509	Demand Management	Research & implementation post or other investment	(50)	(50)	-	-	(100)	Ongoing impact of demand management in waste
Community Services	A	SC513	Management review -staff costs	Internal impact	(72)	-	-	-	(72)	Review of senior directorate management
Community Services	A	SC514	savings from depot based services	Internal impact, will not hinder ability to deliver statutory service	-	(80)	-	-	(80)	Saving in passenger transport operations through standardised operating procedures
Community Services	B	SC517	Transport - walking assessments policy reviews	The Passenger Transport Strategy deals with safe walking assessments. The methodology and prioritisation has been agreed by MRG 01/10/15	(100)	(100)	(50)	-	(250)	Impact of work following Transport Strategy on Home to School Transport costs
Community Services	A	SC519	Dunstable Library & Leisure Centre	No impact on service delivery	-	(66)	-	-	(66)	Maintenance cost savings following provision of new Library in Dunstable

**Appendix D(ii) - Efficiencies by Directorate**

Directorate	Category	Reference	Details of efficiency	Implications/ Impact	2017/18 £'000s	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s	Total £'000s	Comments
Community Services	A	SC518	Efficiencies from Special Educational Needs (SEN) Transport	A new procurement process will be put in place to deliver efficiencies for Home to School Transport. Internal impact, statutory requirements will continue to be met	(70)	(30)	(180)	-	(280)	Impact of work following Transport Strategy on Home to School Transport costs
Community Services	E	SC374	LEISURE - Dunstable Leisure Centre	No statutory requirements	-	(50)	(200)	(150)	(400)	Increased income from rebuilt Leisure Centre
Community Services	E	SC251/SC254	LEISURE - New leisure management contract	No statutory requirements	9	(136)	(62)	-	(189)	Looking at contract in total - and early figures excludes profit share.
Community Services	E	CS1718E001	ASSETS - income from commercial properties	No statutory requirements	(20)	-	-	-	(20)	Increased revenue generation from existing commercial estate through improvements to stock leading to reduced voids.
Community Services	E	CS1718E002	ASSETS - income from new commercial properties	No statutory requirements	-	-	(60)	(100)	(160)	Income from new commercial property - assumes development of remaining plot at Stratton Phase 5 by CBC for revenue generation rather than sale. Capital for the development will need to be included in the capital MTFP.
Community Services	A	CS1718E003	ASSETS - offsite printing	No statutory requirements	(40)	(10)	(10)	(10)	(70)	Savings to be achieved through the move to offsite printing in conjunction with working with service areas to facilitate a year on year reduction in demand and costs.
Community Services	A	CS1718E004	ASSETS - Watling House rental income or revenue saving	No statutory requirements	-	-	(200)	(200)	(400)	Revenue generation achieved from Watling House through the leasing of excess office space or reduced maintenance costs if site released.
Community Services	A	CS1718E005	ASSETS - in-house web casting	Internal impact	(5)	(25)	-	-	(30)	Saving generated through the use of in-house support to web cast meetings rather than using an external supplier. This meets statutory requirement and will be phased in as the current contract expires.
Community Services	A	CS1718E006	ASSETS - rates - following appeals	No statutory requirements	(53)	-	-	-	(53)	The proposed savings are a budget reduction to match actual rates being paid - this is made up from farms; Priory House; Watling House; Vernon Place; Bedford Square etc.
Community Services	A	CS1718E007	ASSETS - Kingsland centre running costs	No statutory requirements	-	-	(133)	-	(133)	Saving in building maintenance and management costs as a result of the successful delivery of the Legacy Project which would take over this site.
Community Services	A	CS1718E008	ASSETS - closure of Heathfield	No statutory requirements	-	(40)	-	-	(40)	Savings on annual revenue running costs through the closure of this asset.
Community Services	A	CS1718E009	ASSETS - retender of all FM contracts	No statutory requirements	(27)	(110)	-	-	(137)	Retender of contracts to generate efficiencies
Community Services	A	CS1718E010	ASSETS - new operating model & full review of service	No statutory requirements	(100)	(100)	-	-	(200)	To be confirmed.
Community Services	A	CS1718E011	ASSETS - corporate landlord	No statutory requirements	-	(60)	-	-	(60)	Savings generated through the greater efficiencies of managing the whole estate centrally. Likely savings include staffing costs and economies of scale improvements on service contracts.
Community Services	E	CS1718E012	LEISURE - profit share	based on 15/16. No statutory requirements	(95)	-	-	-	(95)	not reinvesting in facilities from profit share
Community Services	B	CS1718E013	LEISURE - countryside grounds maintenance	No statutory requirements	(39)	-	-	-	(39)	Reduction in frequency of operations to maintain sites
Community Services	B	CS1718E014	LEISURE - grounds maintenance	No statutory requirements	(6)	-	-	-	(6)	Leisure management contract
Community Services	A	CS1718E016	LEISURE - Creasey Park Rates	No statutory requirements	(4)	-	-	-	(4)	Budget not needed as leased site
Community Services	A	CS1718E017	LEISURE - repairs and maintenance of leisure centres	Less maintenance. Will not impact upon statutory duties in relation to health and safety	(20)	-	-	-	(20)	Reduction in leisure repairs and maintenance
Community Services	B	CS1718E018	LEISURE- P3 Programme	Stops partnership funding and brings service in house. Offer remains the same	(11)	-	-	-	(11)	Volunteer led healthy walk programme managed by Beds Rural Communities Charity and Greensand Trust.

**Appendix D(ii) - Efficiencies by Directorate**

Directorate	Category	Reference	Details of efficiency	Implications/ Impact	2017/18 £'000s	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s	Total £'000s	Comments
Community Services	C	CS1718E019	<b>HIGHWAYS CONTRACTS</b> - removal of school crossing patrols on zebra crossings	Discretionary service	(10)	-	-	-	(10)	Potential to reduce service where suitable safe crossings have been provided
Community Services	E	CS1718E020	<b>HIGHWAYS CONTRACTS</b> - adoption of ADEPT for commuted sums	Changes to contractual arrangements	(100)	(100)	(100)	-	(300)	Introduce industry standard charging, phased over 3 years
Community Services	E	CS1718E021	<b>HIGHWAYS CONTRACTS</b> - additional income from NWSRA	Changes to contractual arrangements	(35)	-	-	-	(35)	Increased income based on current performance of permitting system introduced in 2016
Community Services	E	CS1718E022	<b>PUBLIC PROTECTION</b> - Regulatory services	Enabling CBC specialists to work for other local authorities. Income generation Internal impact, will not hinder ability to deliver statutory service.	(120)	(200)	(200)	(200)	(720)	Incrementally increase income so that it would cover the costs of trading standards and environmental health provision for CBC. Is dependant on allowing carry over of £200k from 16/17 to allow retention of skills within the organisation and engage another NNO and Licensing Enforcement Officer
Community Services	B	CS1718E023	<b>EDUCATIONAL TRANSPORT</b> - home to school transport to nearest school	Proposal that school transport will only be provided to nearest school. Parental preference for other options would result in parent being liable for transport costs, unless another entitlement can be applied. Will be subject to future consultation in line with statutory requirements.	-	(50)	(25)	-	(75)	Subject to detailed modelling.
Community Services	B	CS1718E024	<b>EDUCATIONAL TRANSPORT</b> - mileage payments for parents in receipt of mobility allowance	Will be subject to future consultation in line with statutory requirements	(400)	(200)	-	-	(600)	Based on % of number of blue badges issued to under16's in CBC and the ability to replace current offer with mileage payments.
Community Services	B	CS1718E025	<b>EDUCATIONAL TRANSPORT</b> - charging for post 16 SEN students	Will be subject to future consultation in line with statutory requirements	(11)	-	-	-	(11)	Based on current numbers and full recovery of costs
Community Services	B	CS1718E026	<b>EDUCATIONAL TRANSPORT</b> - increase concessionary fare cost to pupils	Applies to spare seats available after all the entitled pupils have been offered their seats. Proposal in line with statutory requirements would form part of annual fees and charges setting process	(55)	-	-	-	(55)	Based on current numbers and full recovery of costs
Community Services	A	CS1718E027	<b>EDUCATIONAL TRANSPORT</b> - payment and assistance to school with minibuses to provide transport	In line with statutory requirements	(100)	(50)	-	-	(150)	Based on 10 schools and looking at average costs for a minibus running a current routes we could achieve savings of £150,000. Some risk as appetite from schools not fully determined.
Community Services	E	CS1718E028	<b>PASSENGER TRANSPORT SERVICES</b> - open driving standards offer to other LA applicants	Internal impact, will generate income in relation to driving standards assessments	(30)	-	-	-	(30)	DSA are no longer undertaking assessments for hackney and private hire drivers , we are currently able to fill this gap
Community Services	E	CS1718E029	<b>PASSENGER TRANSPORT SERVICES</b> - non emergency passenger transport	Internal impact, will generate income in relation to non emergency hospital transport	-	(40)	(40)	(40)	(120)	Development of a commercial offer for patient transport using our own fleet
Community Services	E	CS1718E030	<b>PASSENGER TRANSPORT SERVICES</b> - advertising space on bus shelters and fleet	Internal impact, will generate income	(7)	-	-	-	(7)	Review of present arrangements
Community Services	A	CS1718E031	<b>PASSENGER TRANSPORT SERVICES</b> - concessionary fares	No impact on service, proposal relates to Department for Transport calculator use instead of current single pot allocation.	(210)	-	-	-	(210)	Based on move to DFT calculator
Community Services	A	CS1718E032	<b>COMMUNITY SAFETY</b> - review of growing CCTV	In line with statutory requirements	-	(100)	(20)	(20)	(140)	Dependant on replacement of existing hardware (capital bid) and developing a commercial offer to other public bodies
Community Services	A	CS1718E033	<b>COMMUNITY SAFETY</b> - Domestic Abuse Refuge Play Worker	In line with statutory requirements	(30)	-	-	-	(30)	New refuge service provider will fully provide this as part of contract from 1/4/17 at no additional cost
Community Services	E	CS1718E034	<b>PARKING</b> - income from 35 additional spaces at Steppingley Rd	Income generation	(25)	-	-	-	(25)	Income from additional space once work has been completed to remove redundant structures

Appendix D(ii) - Efficiencies by Directorate

Directorate	Category	Reference	Details of efficiency	Implications/ Impact	2017/18 £'000s	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s	Total £'000s	Comments
Community Services	E	CS1718E035	<b>PARKING</b> - charging for Westfield Rd Car park	Income generation	-	-	(35)	-	(35)	linked to CS1718E004, estimated at average income per space based on CBC car park actuals in sept 2016: linked to the future of Watling House
Community Services	E	CS1718E036	<b>PARKING</b> - Effect of previous increase in fees and charges	Income generation	(165)	-	-	-	(165)	includes car parking income (based on income in first 4 months of 2016/17)
Community Services	C	CS1718E037	<b>WASTE</b> - Reduction of HWRC Opening hours	Reduce opening by 2 days a week from Oct 17. In line with statutory requirements	-	(70)	(70)	-	(140)	Closure of HWRCs on two midweek days
Community Services	A	CS1718E038	<b>WASTE</b> - Food Waste Bags	Additional savings from change to poly bags	(20)	-	-	-	(20)	Additional saving from changes already made
Community Services	A	CS1718E039	<b>WASTE</b> - Excess Indexation from 16/17 not required	Internal impact	(150)	-	-	-	(150)	Lower than anticipated inflation in 16/17
Community Services	A	CS1718E040	<b>WASTE</b> - New Disposal Contracts Savings	Savings on street sweepings and glass disposal. In line with statutory requirements	(65)	-	-	-	(65)	Savings from new contract let in 2016
Community Services	A	CS1718E041	<b>WASTE</b> - Food Waste Disposal	Savings from Diverting additional food waste from residual via 16/17 comms campaign. In line with statutory requirements	(20)	-	-	-	(20)	Additional demand management savings
Community Services	A	CS1718E042	<b>WASTE</b> - New Disposal Contract savings	Additional 10kt to main contractor In line with statutory requirements	-	(180)	-	-	(180)	Capacity to take waste at AC increases by 10kt in 18/19 (pressure for 17/18 shown separately below).
Community Services	E	CS1718E044	<b>TRANSPORT STRATEGY</b> - section 106 contribution from HRN2	Internal impact	(60)	60	-	-	-	contribution to transport model costs - expenditure incurred in 2016/17
Community Services	A	CS1718E045	<b>DIRECTORATE</b> - car mileage	Internal saving	(17)	-	-	-	(17)	Reduced travel costs by assets and leisure staff
Community Services	D	Innovation Initiatives 1-Waste	Social marketing	Objective to mitigate risk of missing recycling targets	10	-	-	-	10	Community Services
Community Services	D	Innovation Initiatives 2-Waste	15% Increase in Household Recycling	Objective to mitigate risk of missing recycling targets	(275)	(25)	-	-	(300)	Community Services
Community Services	E	Innovation Initiatives 1- Income from Assets	Crematorium	Current lack of provision in Central Bedfordshire area	-	-	(50)	(100)	(150)	Revenue generation from a Crematorium facility delivered within Central Bedfordshire.
Community Services	A	ICSE - 1617-07	Procurement	Central Purchasing Hub	(62)	-	-	-	(62)	
<b>Community Services</b>					<b>(3,591)</b>	<b>(2,337)</b>	<b>(1,980)</b>	<b>(850)</b>	<b>(8,758)</b>	
Corporate Costs	A	CCE- 1617-03	Premature Retirement	Pension costs (teachers and non teachers) early retirement- assumed 2.5% reduction p.a.	(71)	(71)	(71)	(71)	(285)	Reduction in costs relating to historic early retirements.
Corporate Costs	A	CCE- 1617-04	Contingency & Reserves	Reduction in budget to support income analysis and capital programme control	(201)	-	-	-	(201)	Release of reserve set aside in 2016/17 to fund support of service transformation. (Base budget reduction.)
Corporate Costs	A	Innovation Initiatives 1-Recruitment	Vacancy Management & Agency		(1,000)	(1,000)	(1,000)	-	(3,000)	Rigorous approach to all vacancies and recruitment opportunities. Will eventually be re-allocated back to Directorates.
<b>Corporate Costs</b>					<b>(1,272)</b>	<b>(1,071)</b>	<b>(1,071)</b>	<b>(71)</b>	<b>(3,486)</b>	
Public Health	E	PH5	Income generation	Minimal Impact on Service Provision	(50)	-	(100)	-	(150)	

Appendix D(ii) - Efficiencies by Directorate

Directorate	Category	Reference	Details of efficiency	Implications/ Impact	2017/18 £'000s	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s	Total £'000s	Comments
Public Health	A	PH6	Innovation Fund - Drug & Alcohol	Use Strategic Reserve to fund Innovation	(25)	-	-	-	(25)	Greater use of online interventions to lower costs
Public Health	A	PH7	Healthy Child Programme re-procurement	To be managed through reprocurement	(282)	-	-	-	(282)	6.2 % (equivalent to Central government reduction to grant) on CBC element access to health and wellbeing services via health visitors and school nurses
Public Health	A	PH8	Vacancy Rate Factor 5%	Minimal Impact on Service Provision	(38)	-	-	-	(38)	
Public Health	A	PH9	Sexual Health re-procurement efficiencies	Minimal Impact on Service Provision	(37)	-	-	-	(37)	Review of Service Level Agreements
Public Health	A	PH10	Re-prioritisation	Economies of Scale	(90)	-	-	-	(90)	Staffing Review
Public Health	A	PH11	Further re-alignment of priorities	Economies of Scale	-	(160)	-	-	(160)	Staffing Review
Public Health	A	PH12	Re-define stop smoking offer	Using Digitalisation, greater use of phone and online services	-	-	(62)	-	(62)	Equivalent to 10% on budget
Public Health	C	PH13	Aspire Neuro Linguistic Programming	Stopping service provision	-	(65)	-	-	(65)	programme focused on personal development and self esteem
Public Health	C	PH14	Re-focus healthcheck programme	Deliver to high risk groups only	-	(250)	-	-	(250)	assessed on likely risk of cardio-vascular disease estimated initially from parameters such as age, blood pressure, cholesterol & Body Mass Index
Public Health	C	PH15	Adult weight management	Stopping service provision	-	-	(209)	-	(209)	residents will be signposted to other types of weight loss support
Public Health	C	PH16	Healthchecks	Stopping service provision	-	-	(255)	-	(255)	Deliver to high risk groups only
Public Health	C	PH17	Health Checks	Stopping service provision	(277)	250	67	-	40	Timing change of existing Healthcheck efficiency
Public Health	A	PH18	0-19 Healthy Child Programme	To be managed through reprocurement	-	(396)	-	-	(396)	access to health and wellbeing services via health visitors and school nurses
Public Health	A	PH19	Sexual Health	New payment structure/review of provision	(90)	-	-	-	(90)	Review of Service Level Agreements
Public Health	A	PH20	Drugs & Alcohol	Reduced Access to Services	(35)	-	(180)	(180)	(395)	Greater use of online interventions to lower costs
Public Health	A	PH21	Stop Smoking (Shared)	Low Impact on Service Provision and using digitalisation	(75)	(96)	-	-	(171)	greater use of phone and online services
Public Health	A	PH22	Stop Smoking (CBC)	Low Impact on Service Provision and using digitalisation	-	(47)	-	-	(47)	greater use of phone and online services
Public Health	A	PH23	Additional 5% on Sexual Health	Reduced Access to Services	-	-	-	(69)	(69)	move away from primary prevention towards treatment
Public Health	A	ICSE - 1617-07	Procurement	Central Purchasing Hub	(2)	-	-	-	(2)	
<b>Public Health</b>					<b>(1,001)</b>	<b>(764)</b>	<b>(739)</b>	<b>(249)</b>	<b>(2,753)</b>	
Regeneration	E	SC151	Community Infrastructure Levy (CIL) administration fee		-	-	(25)	(25)	(50)	Administrative fee levied as part of the charge
Regeneration	A	SC154	Reduce development plan consultancy budget		-	150	(190)	(40)	(80)	A reduction in need for use of external consultancy services as a result of progress / delivery of the Local Plan
Regeneration	E	RG401	Increase development management income		(205)	(227)	(170)	(100)	(702)	The additional income is based on both the position with the Local Plan and the submission of details expected for major developments
Regeneration	A	RG403	Electronic processes	Reduced printing costs	(25)	(25)	-	-	(50)	To enable online processing of planning applications rather than paper applications. The delivery of this is reliant on the role out of BOX Document Management
Regeneration	E	RG404	Building control / Abion	To ensure we meet the requirements of the Building Act and Building Regulations and the Building (Local Authority) charges regulations all of which will need to be considered and complied with in respect of service delivery.	(30)	(55)	(50)	-	(135)	Review of the operation of both service areas.

Appendix D(ii) - Efficiencies by Directorate

Directorate	Category	Reference	Details of efficiency	Implications/ Impact	2017/18 £'000s	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s	Total £'000s	Comments
Regeneration	A	RG405	Working Smarter	As processes are reviewed and applications are able to be accessed online (i.e. mobile working devices available to planning/ building control staff) there will be increased agile working which will reduce the need for costs such as books/ journals and printing and stationary	-	(18)	-	-	(18)	Part of Working Smarter programme to reduce spend on office accommodation.
Regeneration	A	RG1718E01	Directorate Wide Restructure	A full restructure of R&B is planned to account for changing objectives and requirements, and along with integration of services will enable a reduction in the number of Heads of Service and wider management team.	(150)	(20)	-	-	(170)	Reduction in management team capacity , integration of strategic transport , increase focus on commercialism and place delivery.
Regeneration	A	RG1718E02	Employee related costs	This includes employee related costs such as car allowances and mileage, furniture and equipment, conference expenses, subscriptions and medical fees/ costs - all of which are expected to reduce as staff numbers reduce.	(50)	(30)	-	-	(80)	Reduction in costs associated with re-structure.
Regeneration	A	RG1718E03	Other	This includes efficiencies in professional services and consultancy.	(16)	-	-	-	(16)	Efficiencies identified following review of spend against budget lines in 15/16 and up to period 5 in 16/17.
Regeneration	A	RG1718E04	Professional services		(45)	-	-	-	(45)	Further reduction in commissioning of professional experts
Regeneration	E	RG1718E05	Planning Performance Agreements income / staffing offset	Reduction in salary costs	-	-	-	(60)	(60)	A result of direct funding of posts through Planning Performance Agreements income
Regeneration	A	Innovation Initiatives3 - Shared Services	Ensuring Internal Services are Utilised		-	-	-	-	-	Regeneration share in efficiencies as a result of sharing services
Regeneration	A	ICSE - 1617-07	Procurement	Central Purchasing Hub	(32)	-	-	-	(32)	Saving associated with procurement efficiencies
<b>Regeneration &amp; Business Support</b>					<b>(553)</b>	<b>(225)</b>	<b>(435)</b>	<b>(225)</b>	<b>(1,438)</b>	
Resources	A	CRE - 1617-01	Financial Performance & Support	Staff Savings through streamlining processes, and overhead reduction.	(20)	-	-	-	(20)	
Resources	A	CRE - 1617-02	Financial Control	Achieving efficiencies in end to end processes	9	8	-	-	17	End of Banking contract free period
Resources	E	CRE - 1617-03, CRE-1718-08	Revenues & Benefits	Increase in recovery of overpaid Housing Benefit	(121)	(70)	(90)	-	(281)	Additional Real Time Information now being received from DWP enables more overpayments to be identified.
Resources	A	CRE - 1617-04	Revenues & Benefits	Risk Based Verification processing efficiency	(45)	-	-	-	(45)	The proposal is to achieve staffing reductions through more efficient processes, including e-forms.
Resources	A	CRE - 1617-07	Insurance Management	Process Improvement	(18)	-	-	-	(18)	More efficient arrangements for management of Insurance.
Resources	A	CRE - 1617-09	Audit	Misc. overhead cost reductions	(8)	-	-	-	(8)	Reduction in Internal Audit overheads.
Resources	E	CRE - 1617-13	Revenues & Benefits	Revenues and Benefits external income generation	-	(30)	(30)	-	(60)	Proposal to provide chargeable services to other local authorities.
Resources	A	CRE-1718-01	Financial Performance & Support	Senior management restructure	(121)	-	-	-	(121)	
Resources	A	CRE-1718-02	Financial Performance & Support	Process improvements through new systems and technology	-	-	-	(50)	(50)	Dependent on new main accounting system.
Resources	A	CRE-1718-03	Financial Control	Payments Processing Efficiencies	(5)	(20)	-	-	(25)	Changes to contractual arrangements in terms of electronic payments to the Council.
Resources	A	CRE-1718-04	Financial Control	Contribution to Insurance Reserve	(100)	(120)	(120)	-	(340)	Actuarial review of self insurance reserves indicates scope to reduce the annual contribution. Subject to Actuarial review in 2018.
Resources	A	CRE-1718-05	Revenues & Benefits	Offsite printing of Council tax bills and benefits letters.	(10)	-	-	-	(10)	
Resources	A	CRE-1718-06	Revenues & Benefits	Channel Shift (moving from telephone to e-forms)	(25)	-	-	-	(25)	

Appendix D(ii) - Efficiencies by Directorate

Directorate	Category	Reference	Details of efficiency	Implications/ Impact	2017/18 £'000s	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s	Total £'000s	Comments
Resources	A	CRE-1718-07	Revenues & Benefits	Recovery of debt collection costs	(125)	-	-	-	(125)	Additional income from court costs for unpaid Council Tax and Business rates following increased focus on dealing with the collection of the outstanding costs
Resources	E	Innovation Initiatives1- Shared Services	Internal Enforcement Agents & Corporate Debt Team	Income generation	(20)	(40)	(80)	-	(140)	Revenues & Benefits. Potential to bring part of the service in-house.
Resources	A	ICSE - 1617-11 , ICSE-1718-14	Democratic Services	Review of management arrangements.	(35)	(40)	-	-	(75)	
Resources	A	ICSE - 1617-19	Human Resources	Service delivery review	(152)	-	-	-	(152)	Reduction of various overhead budgets and review of management structure
Resources	A	ICSE-1718-10	Reduction in Organisation Development & Member Development work	Targeted delivery of development programme	(100)	-	-	-	(100)	
Resources	A	ICSE-1718-11	Reduction in Lord Lieutenant costs	Review how support is provided to Lord Lieutenant.	(35)	-	-	-	(35)	
Resources	A	ICSE-1718-12	Administrative support to the Coroner	Review how support is provided to the Coroner and focus on aspects of pathology services.	(15)	-	-	-	(15)	CBC share only (42% of £37k)
Resources	A	ICSE-1718-13	Land charges	Maximising the benefit of digitisation in relation to Local Land Charges	(15)	-	-	-	(15)	Implementing some existing software.
Resources	E	ICSE-1718-15	Land charges	Recognise additional Local Land Charge income potential	(100)	-	-	-	(100)	
Resources	A	ICSE-1718-18	Legal Services	Additional savings as per LGSS business case	(75)	(61)	(54)	(13)	(203)	Operating efficiencies
Resources	A	ICSE-1718-19	Legal Services	Future potential dividend as per LGSS business case	-	(35)	(10)	(10)	(56)	Benefit arising from being part owner of LGSS Law Ltd.
Resources	A	ICSE-1718-20	Legal Services	Additional savings on existing Legal Services Budget	(131)	-	-	-	(131)	Dependent on historic external income levels (S106/S38 largely) being maintained.
Resources	A	ICSE-1718-22	Reducing reliance on hard copy agenda papers	Savings against courier service following removal of printed committee reports	-	(5)	-	-	(5)	
Resources	E	Innovation Initiatives 1,2,3 -Financial Transactions	Use of Purchasing Cards		(56)	(91)	(109)	(69)	(325)	Finance
Resources	A	Innovation Initiatives 1- Learning & Development	Needs Based Budget Process		(100)	(150)	-	-	(250)	Review of existing budgets
Resources	A	ICSE - 1617-07	Procurement	Central Purchasing Hub	(16)	-	-	-	(16)	
<b>Resources</b>					<b>(1,439)</b>	<b>(654)</b>	<b>(493)</b>	<b>(142)</b>	<b>(2,729)</b>	
SCHH	D	EA46	Continue the development of a joint approach with the health service to deliver an improved care and respite service which will have a more positive outcome for Older People	Improved outcomes for OP customers by working closer with Health	(500)	(500)	(500)	-	(1,500)	Ensuring appropriate contributions from both Health and Social Care for packages of care
SCHH	D	EA73	Deliver savings within Private Sector Housing & Housing Needs by better use of ICT and further income generation activity	More efficient use of ICT and staff resources	(46)	(44)	(42)	-	(132)	
SCHH	E	EA98	Housing Private Business Initiative	Income generation by utilising existing housing service expertise/ experience i.e. Private Rental Income and charging for other services	(300)	-	-	-	(300)	Extending service across other tenures
SCHH	E	EA106	Increased income from Care Fees	Continue to improve income collection arrangements	(210)	(210)	(210)	-	(630)	Relies on the Government's "Triple Lock" for basic state pension - guaranteeing minimum annual increase of 2.5%.
SCHH	B	EA112	Better use of Assistive Technology	To utilise Assistive Technology as an integral part of the care management assessment as evidenced in their Care and Support Plan that will be proportionate and asset based	(100)	(100)	(100)	-	(300)	Invest to save, targeted review of packages requiring more than one carer, improve telecare offer

**Appendix D(ii) - Efficiencies by Directorate**

Directorate	Category	Reference	Details of efficiency	Implications/ Impact	2017/18 £'000s	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s	Total £'000s	Comments
SCHH	D	EA115	Right sizing care packages for Adults with a Learning Disability	Improved outcomes for LD customers by working closer with Health	(250)	(250)	(250)	-	(750)	Looking to reduce high cost care packages by providing care as close to home as possible
SCHH	B	EA118	Reshape the Voluntary & Community Sector offer	Reduced financial support to some voluntary sector organisations	(150)	(50)	(50)	-	(250)	Be reinvesting in voluntary sector organisations to deliver the Council objective around community resilience
SCHH	A	EA121	Review of SCH&H directorate management arrangements	Reduced management capacity	(100)	(180)	(100)	-	(380)	
SCHH	B	1	Developing Learning Disability Services	Modernising and improving outcomes for LD customers. Will involve re-shaping the market.	(300)	(500)	(750)	(1,000)	(2,550)	Follow on from Draft Learning Disability Market Position Statement - review current services and alternatives. Develop relationship with market to deliver more local, cost effective care and support.
SCHH	C	2	Workchoice	Affects a number of employees with Learning Disabilities in sheltered employment who may need significant support to move into open employment	(142)	-	-	-	(142)	Previous Govt subsidy significantly reduced, expensive scheme to supervise and hence proposed closure of the scheme
SCHH	D	3	Substance Misuse	Risk of increase demand at a time when budget is reduced	(30)	-	-	-	(30)	Other support through Public Health contracts has successfully moderated demand for specialist support packages
SCHH	A	4	Older Person Packages	We will continue to invest in preventative solutions and reablement to promote customer independence	(200)	-	-	-	(200)	Increased use of therapists to support Reablement Plans, training Reablement staff - maximising customers' independence
SCHH	D	5	Target Best Practice	Ongoing proportionate and right sizing of packages to ensure customer's needs are appropriately met.	(351)	(351)	-	-	(702)	Bespoke independent team to target customers in receipt of services, asset based approach
SCHH	A	6	Skills mix	Need to ensure there is sufficient capacity for complex/specialist assessments	(100)	-	-	-	(100)	Review of assessment teams' skills mix, change culture and practice including preparedness for integration
SCHH	D	7	Modernising / Transforming Care	Implementation of the Older Persons Market Position Statement likely to lead to changes in care and accommodation services to be provided	(60)	(529)	(855)	(569)	(2,013)	Continuation of investment from institutional to personal solutions through the modernisation of services for Older People and People with Learning Disabilities
SCHH	A	8	Asset Based Approach/Self Service (incls Digitisation)	Investment in systems needed to deliver change. Customers & staff need to be receptive to accessing self assessment and services via the website	-	-	(250)	(250)	(500)	Revised Customer Pathway, increased self service, more agile workforce
SCHH	A	9	Local Authority Trading Company	Potential local concern from providers to LATC and need to renegotiate pay and conditions of staff affected	-	-	(250)	(500)	(750)	Alternative delivery model for in-house care services
SCHH	B	10	Clarifying the Social Care Offer for new customers	The Council will continue to meet the assessed care needs of customers though the outcome may be a care home offer rather than continuing to be cared for at home and will offer potential for customers/families to contribute to the costs of remaining at home	(25)	(50)	(100)	(200)	(375)	
SCHH	B	11	Review the Carers Offer	To review the current support offer for carers with the intention of bringing investment in line with other Local Authorities	(25)	(75)	-	-	(100)	
SCHH	E	12	Better Care Fund	Future funding allocations could change; negotiation required with CCG	-	-	(619)	-	(619)	Increased BCF allocation
SCHH	A	13	Service Delivery	review duplication of staffing roles	(146)	(146)	(146)	(146)	(584)	Review functions to identify duplication, opportunities to centralise functions, remove non-core functions. Likely reduction of staff by 60-80 FTE.
SCHH	B	14	Right sizing the care packages on offer	We will continue to invest in preventative solutions and reablement to promote customer independence	(296)	(296)	(296)	(296)	(1,184)	Further package savings over and above existing efficiencies
SCHH	D	HGFE171801	Intensive Property Management (system resilience/demand management)	Use of HRA stock to reduce demand for supported services in General Fund	(95)	(33)	(73)	-	(201)	Maximising the impact of the HRA and General Fund costs

Appendix D(ii) - Efficiencies by Directorate

Directorate	Category	Reference	Details of efficiency	Implications/ Impact	2017/18 £'000s	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s	Total £'000s	Comments
SCHH	B	HGFE171802	Supported Housing reduced cost	Further contract and in house savings resulting from integration of service	-	-	-	(73)	(73)	
SCHH	A	HGFE171803	Improve quality of housing advice: including new media (e.g. YouTube) – reduce staff cost.	Staff reductions resulting from digitisation and/or providing services in a different way. Services provided are statutory so no ability to reduce service provision	(40)	(40)	-	-	(80)	
SCHH	A	HGFE171804	Efficiencies related to the management of the General Fund capital programmes	Increase in fee income and/or possible staff reduction - providing the service for less or where possible with additional income	(47)	-	-	-	(47)	Generate income from Housing Loans
SCHH	B	18	Further efficiencies yet to be identified		-	-	-	(2,235)	(2,235)	
SCHH	E	ICSE - 1617-02	Customer Services	CS Staff multitasking to carry out JCP work.	(50)	-	-	-	(50)	Will be met by other efficiencies
SCHH	A	ICSE - 1617-15	Customer Services	Reductions in call centre as a result of channel shift	-	(150)	(75)	-	(225)	
SCHH	A	ICSE - 1617-18	Customer Services	Review of face to face	(250)	-	-	-	(250)	Dependent on closing four centres
SCHH	A	ICSE - 1617-07	Procurement	General Procurement Savings ICS	-	(50)	-	-	(50)	
SCHH	A	ICSE - 1617-13	Procurement	Central Purchasing Hub	-	(300)	(300)	-	(600)	Service based savings to be determined and agreed
SCHH	A	ICSE-1718-16	Additional Commensura efficiency savings	Procurement rebate as a result of usage of Comensura	(250)	-	-	-	(250)	Based on current levels of activity
SCHH	A	ICSE-1718-17	Central Purchasing Hub	Existing efficiency ICSE-1617-13 reviewed following more detailed work.	(56)	172	172	-	288	Predicted savings recalculated following more detailed business case analysis.
SCHH	A	ICSE-1718-21	Re-profile of ICSE - 1617-18 - Reprofilling of contact centre savings.		175	-	(175)	-	-	£75k of original £250k deliverable 17/18, balance to be delivered in 20/21
SCHH	A	Innovation Initiatives 1-Commissioning	Advocacy	Reduced financial support to some voluntary sector organisations	(12)	-	-	-	(12)	SCHH
SCHH	A	Innovation Initiatives 7-Commissioning	Strategic Commissioning Team	Reduced capacity to deliver new Commissioning intentions	(50)	-	-	-	(50)	SCHH - review of LA wide management arrangements
SCHH	A	ICSE - 1617-07	Procurement	Central Purchasing Hub	(44)	-	-	-	(44)	
<b>Social Care, Health &amp; Housing</b>					<b>(4,050)</b>	<b>(3,682)</b>	<b>(4,969)</b>	<b>(5,269)</b>	<b>(17,970)</b>	

<b>Total</b>					<b>(15,194)</b>	<b>(10,732)</b>	<b>(11,882)</b>	<b>(8,644)</b>	<b>(46,452)</b>	
--------------	--	--	--	--	-----------------	-----------------	-----------------	----------------	-----------------	--

### Appendix D (iii) - Efficiencies by Category

#### Category Summary

Ref	Category	2017/18	2018/19	2019/20	2020/21	Total
		£000s	£000s	£000s	£000s	£000s
A	Delivering operating efficiencies	(7,935)	(4,509)	(4,315)	(1,915)	(18,673)
B	Determining the Council's offer	(2,124)	(1,560)	(1,492)	(3,850)	(9,026)
C	Withdrawing services	(429)	(135)	(707)	-	(1,271)
D	Intervening early to reduce demand	(2,658)	(3,146)	(3,018)	(2,036)	(10,858)
E	Generating Income	(2,048)	(1,382)	(2,350)	(844)	(6,624)
<b>Total</b>		<b>(15,194)</b>	<b>(10,732)</b>	<b>(11,882)</b>	<b>(8,644)</b>	<b>(46,452)</b>

#### Social Care, Health and Housing

Ref	Category	2017/18	2018/19	2019/20	2020/21	Total
		£000s	£000s	£000s	£000s	£000s
A	Delivering operating efficiencies	(1,120)	(694)	(1,124)	(896)	(3,834)
B	Determining the Council's offer	(896)	(1,071)	(1,296)	(3,804)	(7,067)
C	Withdrawing services	(142)	-	-	-	(142)
D	Intervening early to reduce demand	(1,332)	(1,707)	(1,720)	(569)	(5,328)
E	Generating Income	(560)	(210)	(829)	-	(1,599)
<b>Total</b>		<b>(4,050)</b>	<b>(3,682)</b>	<b>(4,969)</b>	<b>(5,269)</b>	<b>(17,970)</b>

#### Children's Services

Ref	Category	2017/18	2018/19	2019/20	2020/21	Total
		£000s	£000s	£000s	£000s	£000s
A	Delivering operating efficiencies	(791)	(273)	(466)	(325)	(1,855)
B	Determining the Council's offer	(323)	(33)	(21)	(46)	(423)
C	Withdrawing services	-	-	(240)	-	(240)
D	Intervening early to reduce demand	(1,011)	(1,364)	(1,298)	(1,467)	(5,140)
E	Generating Income	(223)	(64)	-	-	(287)
<b>Total</b>		<b>(2,348)</b>	<b>(1,734)</b>	<b>(2,025)</b>	<b>(1,838)</b>	<b>(7,945)</b>

#### Community Services

Ref	Category	2017/18	2018/19	2019/20	2020/21	Total
		£000s	£000s	£000s	£000s	£000s
A	Delivering operating efficiencies	(1,678)	(1,140)	(868)	(260)	(3,946)
B	Determining the Council's offer	(905)	(456)	(175)	-	(1,536)
C	Withdrawing services	(10)	(70)	(70)	-	(150)
D	Intervening early to reduce demand	(315)	(75)	-	-	(390)
E	Generating Income	(683)	(596)	(867)	(590)	(2,736)
<b>Total</b>		<b>(3,591)</b>	<b>(2,337)</b>	<b>(1,980)</b>	<b>(850)</b>	<b>(8,758)</b>

### Regeneration and Business Support

Ref	Category	2017/18	2018/19	2019/20	2020/21	Total
		£000s	£000s	£000s	£000s	£000s
A	Delivering operating efficiencies	(318)	57	(190)	(40)	(491)
B	Determining the Council's offer	-	-	-	-	-
C	Withdrawing services	-	-	-	-	-
D	Intervening early to reduce demand	-	-	-	-	-
E	Generating Income	(235)	(282)	(245)	(185)	(947)
<b>Total</b>		<b>(553)</b>	<b>(225)</b>	<b>(435)</b>	<b>(225)</b>	<b>(1,438)</b>

### Public Health

Ref	Category	2017/18	2018/19	2019/20	2020/21	Total
		£000s	£000s	£000s	£000s	£000s
A	Delivering operating efficiencies	(674)	(699)	(242)	(249)	(1,864)
B	Determining the Council's offer	-	-	-	-	-
C	Withdrawing services	(277)	(65)	(397)	-	(739)
D	Intervening early to reduce demand	-	-	-	-	-
E	Generating Income	(50)	-	(100)	-	(150)
<b>Total</b>		<b>(1,001)</b>	<b>(764)</b>	<b>(739)</b>	<b>(249)</b>	<b>(2,753)</b>

### Chief Executives Team

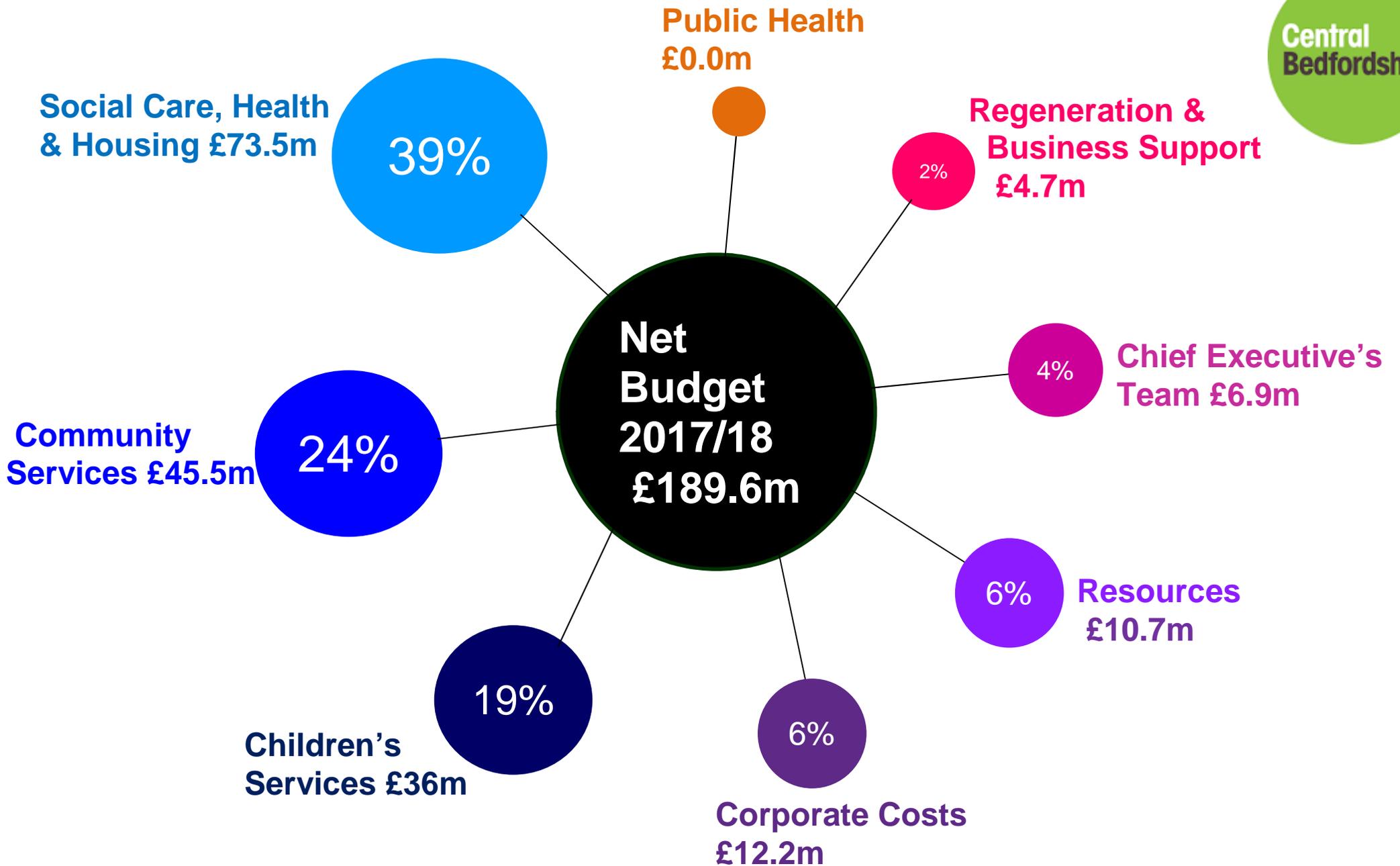
Ref	Category	2017/18	2018/19	2019/20	2020/21	Total
		£000s	£000s	£000s	£000s	£000s
A	Delivering operating efficiencies	(940)	(265)	(169)	-	(1,374)
B	Determining the Council's offer	-	-	-	-	-
C	Withdrawing services	-	-	-	-	-
D	Intervening early to reduce demand	-	-	-	-	-
E	Generating Income	-	-	-	-	-
<b>Total</b>		<b>(940)</b>	<b>(265)</b>	<b>(169)</b>	<b>-</b>	<b>(1,374)</b>

### Resources

Ref	Category	2017/18	2018/19	2019/20	2020/21	Total
		£000s	£000s	£000s	£000s	£000s
A	Delivering operating efficiencies	(1,142)	(423)	(184)	(73)	(1,823)
B	Determining the Council's offer	-	-	-	-	-
C	Withdrawing services	-	-	-	-	-
D	Intervening early to reduce demand	-	-	-	-	-
E	Generating Income	(297)	(231)	(309)	(69)	(906)
<b>Total</b>		<b>(1,439)</b>	<b>(654)</b>	<b>(493)</b>	<b>(142)</b>	<b>(2,729)</b>

### Corporate Costs

Ref	Category	2017/18	2018/19	2019/20	2020/21	Total
		£000s	£000s	£000s	£000s	£000s
A	Delivering operating efficiencies	(1,272)	(1,071)	(1,071)	(71)	(3,486)
B	Determining the Council's offer	-	-	-	-	-
C	Withdrawing services	-	-	-	-	-
D	Intervening early to reduce demand	-	-	-	-	-
E	Generating Income	-	-	-	-	-
<b>Total</b>		<b>(1,272)</b>	<b>(1,071)</b>	<b>(1,071)</b>	<b>(71)</b>	<b>(3,486)</b>



This page is intentionally left blank

## Appendix F - Statutory Requirements – Social Care, Health and Housing

### The Care Act 2014

#### Care and Support Statutory Guidance – Department of Health

<http://www.gov.uk/government/publications/care-act-statutory-guidance/care-and-support-statutory-guidance>

#### Section 1 Promoting Wellbeing

Local authorities must promote wellbeing when carrying out any of their care and support functions in respect of a person. This may sometimes be referred to as “the wellbeing principle” because it is a guiding principle that puts wellbeing at the heart of care and support.

The wellbeing principle applies in all cases where a local authority is carrying out a care and support function, or making a decision, in relation to a person. It applies equally to adults with care and support needs and their carers.

In some specific circumstances, it also applies to children, their carers and to young carers when they are subject to transition assessments (see chapter 16 on transition to adult care and support).

Wellbeing” is a broad concept, and it is described as relating to the following areas in particular:

- personal dignity (including treatment of the individual with respect);
- physical and mental health and emotional wellbeing;
- protection from abuse and neglect;
- control by the individual over day-to-day life (including over care and support provided and the way it is provided);
- participation in work, education, training or recreation;
- social and economic wellbeing;
- domestic, family and personal;
- suitability of living accommodation;
- the individual’s contribution to society.

All the above should be considered of equal importance when considering “wellbeing” in the round

Promoting wellbeing involves actively seeking improvements in the aspects of wellbeing set out above when carrying out a care and support function in relation to an individual at any stage of the process from the provision of information and advice to reviewing a care and support plan.

Wellbeing covers an intentionally broad range of the aspects of a person’s life and will encompass a wide variety of specific considerations depending on the individual.

A local authority can promote a person’s wellbeing in many ways. How this happens will depend on the circumstances, including the person’s needs, goals and wishes, and how these impact on their wellbeing. There is no set approach – a local authority should consider each case on its own merits, consider what the person wants to achieve, and how the action which the local authority is taking may affect the wellbeing of the individual.

The Act therefore signifies a shift from existing duties on local authorities to provide particular services, to the concept of ‘meeting needs’. This is the core legal entitlement for adults to care and

support, establishing one clear and consistent set of duties and power for all people who need care and support.

The concept of ‘meeting needs’ recognises that everyone’s needs are different and personal to them. Local authorities must consider how to meet each person’s specific needs rather than simply considering what service they will fit into. The concept of meeting needs also recognises that modern care and support can be provided in any number of ways, with new models emerging all the time, rather than the previous legislation which focuses primarily on traditional models of residential and domiciliary care.

Whenever a local authority carries out any care and support functions relating to an individual, it must act to promote wellbeing – and it should consider all of the aspects above in looking at how to meet a person’s needs and support them to achieve their desired outcomes. However, in individual cases, it is likely that some aspects of wellbeing will be more relevant to the person than others. For example, for some people the ability to engage in work or education will be a more important outcome than for others, and in these cases “promoting their wellbeing” effectively may mean taking particular consideration of this aspect. Local authorities should adopt a flexible approach that allows for a focus on which aspects of wellbeing matter most to the individual concerned.

The principle of promoting wellbeing should be embedded through the local authority care and support system, but how the local authority promotes wellbeing in practice will depend on the particular function being performed. During the assessment process, for instance, the local authority should explicitly consider the most relevant aspects of wellbeing to the individual concerned, and assess how their needs impact on them. Taking this approach will allow for the assessment to identify how care and support, or other services or resources in the local community, could help the person to achieve their outcomes. During care and support planning, when agreeing how needs are to be met, promoting the person’s wellbeing may mean making decisions about particular types or locations of care (for instance, to be closer to family).

The wellbeing principle applies equally to those who do not have eligible needs but come into contact with the system in some other way (for example, via an assessment that does not lead to ongoing care and support) as it does to those who go on to receive care and support, and have an ongoing relationship with the local authority. It should inform the delivery of universal services which are provided to all people in the local population, as well as being considered when meeting eligible needs. Although the wellbeing principle applies specifically when the local authority performs an activity or task, or makes a decision, in relation to a person, the principle should also be considered by the local authority when it undertakes broader, strategic functions, such as planning, which are not in relation to one individual. As such, “wellbeing” should be seen as the common theme around which care and support is built at local and national level.

## Key Principles and Standards

There are a number of key principles and standards which local authorities must have regard to when carrying out the same activities or functions:

- (a) **the importance of beginning with the assumption that the individual is best-placed to judge the individual’s wellbeing.** Building on the principles of the Mental Capacity Act, the local authority should assume that the person themselves knows best their own outcomes, goals and wellbeing. Local authorities should not make assumptions as to what matters most to the person;
- (b) **the individual’s views, wishes, feelings and beliefs.** Considering the person’s views and wishes is critical to a person-centred system. Local authorities should not ignore or downplay the importance of a person’s own opinions in relation to their life and their care. Where particular views, feelings or beliefs (including religious beliefs) impact on the choices that a person may wish to make about their care, these should be taken into account. This is especially important where a

person has expressed views in the past, but no longer has capacity to make decisions themselves;

**(c) the importance of preventing or delaying the development of needs for care and support and the importance of reducing needs that already exist.** At every interaction with a person, a local authority should consider whether or how the person's needs could be reduced or other needs could be delayed from arising. Effective interventions at the right time can stop needs from escalating, and help people maintain their independence for longer;

**(d) the need to ensure that decisions are made having regard to all the individual's circumstances** (and are not based only on their age or appearance, any condition they have, or any aspect of their behaviour which might lead others to make unjustified assumptions about their wellbeing). Local authorities should not make judgments based on preconceptions about the person's circumstances, but should in every case work to understand their individual needs and goals;

**(e) the importance of the individual participating as fully as possible in decisions** about them and being provided with the information and support necessary to enable the individual to participate. Care and support should be personal, and local authorities should not make decisions from which the person is excluded;

**(f) the importance of achieving a balance between the individual's wellbeing and that of any friends or relatives who are involved in caring for the individual.** People should be considered in the context of their families and support networks, not just as isolated individuals with needs. Local authorities should take into account the impact of an individual's need on those who support them, and take steps to help others access information or support;

**(g) the need to protect people from abuse and neglect.** In any activity which a local authority undertakes, it should consider how to ensure that the person is and remains protected from abuse or neglect. This is not confined only to safeguarding issues, but should be a general principle applied in every case;

**(h) the need to ensure that any restriction on the individual's rights or freedom of action that is involved in the exercise of the function is kept to the minimum necessary** for achieving the purpose for which the function is being exercised. Where the local authority has to take actions which restrict rights or freedoms, they should ensure that the course followed is the least restrictive necessary.

## **Independent living**

Although not mentioned specifically in the way that "wellbeing" is defined, the concept of "independent living" is a core part of the wellbeing principle. Section 1 of the Care Act includes matters such as individual's control of their day-to-day life, suitability of living accommodation, contribution to society – and crucially, requires local authorities to consider each person's views, wishes, feelings and beliefs.

The wellbeing principle is intended to cover the key components of independent living, as expressed in the UN Convention on the Rights of People with Disabilities<sup>1</sup> (in particular, Article 19 of the Convention). Supporting people to live as independently as possible, for as long as possible, is a guiding principle of the Care Act.

Promoting wellbeing is not always about local authorities meeting needs directly. It will be just as important for them to put in place a system where people have the information they need to take control of their care and support and choose the options that are right for them.

Control also means the ability to move from one area to another or from children's services to the adult system without fear of suddenly losing care and support. The Care Act ensures that people will be able to move to a different area without suddenly losing their care and support and provides clarity about who will be responsible for care and support in different situations.

## **Section 2. Preventing, reducing or delaying needs**

It is critical to the vision in the Care Act that the care and support system works to actively promote wellbeing and independence, and does not just wait to respond when people reach a crisis point. To meet the challenges of the future, it will be vital that the care and support system intervenes early to support individuals, helps people retain or regain their skills and confidence, and prevents need or delays deterioration wherever possible.

The local authority's responsibilities for prevention apply to all adults, including:

- people who do not have any current needs for care and support;
- adults with needs for care and support, whether their needs are eligible and/or met by the local authority or not (see chapter 6);
- carers, including those who may be about to take on a caring role or who do not currently have any needs for support, and those with needs for support which may not be being met by the local authority or other organisation.

The term "prevention" or "preventative" measures can cover many different types of support, services, facilities or other resources. There is no one definition for what constitutes preventative activity and this can range from wide-scale whole-population measures aimed at promoting health, to more targeted, individual interventions aimed at improving skills or functioning for one person or a particular group or lessening the impact of caring on a carer's health and wellbeing.

"Prevention" is often broken down into three general approaches – primary, secondary and tertiary prevention.

### **Primary prevention/promoting wellbeing**

These are aimed at individuals who have no current particular health or care and support needs. These are services, facilities or resources provided or arranged that may help an individual avoid developing needs for care and support, or help a carer avoid developing support needs by maintaining independence and good health and promoting wellbeing. They are generally universal (i.e. available to all) services, which may include, but are not limited to interventions and advice that:

- provide universal access to good quality information;
- support safer neighbourhoods;
- promote healthy and active lifestyles (e.g. exercise classes);
- reduce loneliness or isolation (e.g. befriending schemes or community activities) or,
- encourage early discussions in families or groups about potential changes in the future, e.g. conversations about potential care arrangements or suitable accommodation should a family member become ill or disabled.

### **Reduce: secondary prevention/early intervention**

These are more targeted interventions aimed at individuals who have an increased risk of developing needs, where the provision of services, resources or facilities may help slow down or reduce any further deterioration or prevent other needs from developing. Some early support can help stop a person's life tipping into crisis, for example helping someone with a learning disability with moderate needs manage their money, or a few hours support to help a family carer who is caring for their son or daughter with a learning disability and behaviour that challenges at home.

Early intervention could also include a fall prevention clinic, adaptations to housing to improve accessibility or provide greater assistance, handyman services, short term provision of

wheelchairs or telecare services. In order to identify those individuals most likely to benefit from such targeted services, local authorities may undertake screening or casefinding, for instance to identify individuals at risk of developing specific health conditions or experiencing certain events (such as strokes, or falls), or those that have needs for care and support which are not currently met by the local authority. Targeted interventions should also include approaches to identifying carers, including those who are taking on new caring responsibilities. Carers can also benefit from support to help them develop the knowledge and skills to care effectively and look after their own health and wellbeing.

### **Delay: tertiary prevention**

These are interventions aimed at minimising the effect of disability or deterioration for people with established or complex health conditions, (including progressive conditions, such as dementia), supporting people to regain skills and manage or reduce need where possible. Tertiary prevention could include, for example the rehabilitation of people who are severely sight impaired. Local authorities must provide or arrange services, resources or facilities that maximise independence for those already with such needs, for example, interventions such as rehabilitation/reablement services, e.g. community equipment services and adaptations and the use of joint case-management for people with complex needs.

Tertiary prevention services could also include helping improve the lives of carers by enabling them to continue to have a life of their own alongside caring, for example through respite care, peer support groups like dementia cafés, or emotional support or stress management classes which can provide essential opportunities to share learning and coping tips with others. This can help develop mechanisms to cope with stress associated with caring and help carers develop an awareness of their own physical and mental health needs.

### **Developing a local approach to preventative support**

Whilst local authorities may choose to provide some types of preventative support themselves, others may be more effectively provided in partnership with other local partners. . A local authority's commissioning strategy for prevention should consider the different commissioning routes available, and the benefits presented by each. This could include connecting to other key areas of local preventative activity outside care, including housing, planning and public health.

In developing a local approach to prevention, the local authority must take steps to identify and understand both the current and future demand for preventative support, and the supply in terms of services, facilities and other resources available.

Local authorities must consider the importance of identifying the services, facilities and resources that are already available in their area, which could support people to prevent, reduce or delay needs, and which could form part of the overall local approach to preventative activity.

### **Section 3 Information and advice**

Local authorities must: *“establish and maintain a service for providing people in its area with information and advice relating to care and support for adults and support for carers”*.

The local authority has an active and critical role in the provision of information and advice and must take an active role. To fulfil its duty under section 4 of the Act, a local authority is likely to need to go further than providing information and advice directly (though direct provision will be important) by working to ensure the coherence, sufficiency, availability and accessibility of information and advice relating to care and support across the local authority area. Importantly, this duty to establish and maintain an information and advice service relates to the whole

population of the local authority area, not just those with care and support needs or in some other way already known to the system.

#### **Section 4 Market shaping and commissioning of adult care and support**

The Care Act places new duties on local authorities to facilitate and shape their market for adult care and support as a whole, so that it meets the needs of all people in their area who need care and support, whether arranged or funded by the state, by the individual themselves, or in other ways. The ambition is for local authorities to influence and drive the pace of change for their whole market, leading to a sustainable and diverse range of care and support providers, continuously improving quality and choice, and delivering better, innovative and cost-effective outcomes that promote the wellbeing of people who need care and support.

#### **Section 5 Managing provider failure and other service interruptions**

The possibility of interruptions to care and support services causes uncertainty and anxiety for people receiving services, their carers, family and friends. The guidance explains how the Care Act makes provision to ensure that, in such circumstances, the care and support needs of those receiving the service continue to be met. It describes local authorities' powers and duties when services are at risk of interruption in general and, in particular, when the interruption is because a provider's business has failed. It provides guidance to local authorities on the exercise of those powers and the discharge of those duties.

#### **Section 6 Assessment - Eligibility**

The national eligibility criteria set a minimum threshold for adult care and support needs and carer support needs which local authorities must meet. All local authorities must comply with this national threshold. Authorities can also decide to meet needs that are not deemed to be eligible if they chose to do so.

The eligibility threshold for adults with care and support needs is set out in the Care and Support (Eligibility Criteria) Regulations 2014 (the 'Eligibility Regulations'). The threshold is based on identifying how a person's needs affect their ability to achieve relevant outcomes, and how this impacts on their wellbeing.

In considering whether an adult with care and support needs has eligible needs, local authorities must consider whether:

- The adult's needs arise from or are related to a physical or mental impairment or illness.
- As a result of the adult's needs the adult is unable to achieve two or more of the specified outcomes (which are described in the guidance).
- As a consequence of being unable to achieve these outcomes there is, or there is likely to be, a significant impact on the adult's wellbeing.

An adult's needs are only eligible where they meet all three of these conditions

Carers can be eligible for support in their own right. The national eligibility threshold for carers is also set out in the Care and Support (Eligibility Criteria) Regulations 2014. The threshold is based on the impact a carer's needs for support has on their wellbeing.

In considering whether a carer has eligible needs, local authorities must consider whether:

- the needs arise as a consequence of providing necessary care for an adult;
- the effect of the carer's needs is that any of the circumstances specified in the Eligibility Regulations apply to the carer; and

- as a consequence of that fact there is, or there is likely to be, a significant impact on the carer's wellbeing.

A carer's needs are only eligible where they meet all three of these conditions

## **Section 7 Independent Advocacy**

There are duties to arrange an independent advocate for all adults, as part of their own assessment and care planning and care reviews and to those in their role as carers. It also applies to children who are approaching the transition to adult care and support, when a child's needs assessment is carried out, and when a young carer's assessment is undertaken. Section 72 of the Act provides that Regulations may be made for appeals against local authority decisions made under Part 1 of the Act and includes reference to the provision of independent advocacy

There is also a separate duty to arrange an independent advocate for adults who are subject to a safeguarding enquiry or Safeguarding Adults Review (SAR).

Local authorities must arrange an independent advocate if two conditions are met. That if an independent advocate were not provided then the person would have substantial difficulty in being fully involved in these processes and second, there is no appropriate individual available to support and represent the person's wishes who is not paid or professionally engaged in providing care or treatment to the person or their carer. The role of the independent advocate is to support and represent the person and to facilitate their involvement in the key processes and interactions with the local authority and other organisations as required for the safeguarding enquiry or SAR.

Everyone should have access to information and advice on care and support and keeping safe from abuse or neglect (see chapter 3). Prior to making contact with the local authority, there may be some people who require independent advocacy to access that information and advice. Local authorities will need to consider such needs in ensuring that the information and advice service is accessible.

## **Section 8 Charging and financial assessment**

The Care Act provides a single legal framework for charging for care and support under sections 14 and 17. It enables a local authority to decide whether or not to charge a person when it is arranging to meet a person's care and support needs or a carer's support needs.

Where a local authority arranges care and support to meet a person's needs, it may charge the adult, except where the local authority is required to arrange care and support free of charge. The new framework is intended to make charging fairer and more clearly understood by everyone. The overarching principle is that people should only be required to pay what they can afford. People will be entitled to financial support based on a means-test and some will be entitled to free care.

## **Part 7 of the Housing Act 1996**

The homelessness legislation places a general duty on housing authorities to ensure that advice and information about homelessness, and preventing homelessness, is available to everyone in their district free of charge. The legislation also requires authorities to assist individuals and families who are homeless or threatened with homelessness and apply for help.

**Summary Social Care , Health and Housing Statutory Requirements and Budget Proposals**

<p><b>Care Act 2014</b></p>	<p>EA46 development of a joint approach with health service to deliver an improved care and reablement service  EA104 development of Independent Living schemes  EA106 Increased income from Care Fees  EA112 Better use of Assistive Technology  EA113 new delivery models for supporting Adults with a Learning Disability  EA115 Right sizing care packages for Adults with a Learning Disability  1 Developing Learning Disability Services  2 Workchoice  3 Substance Misuse  4 Older Person Packages  5 Target Best Practice  6 Skills mix  7 Modernising / Transforming Care  8 Asset Based Approach/Self Service (incl's Digitisation)  10 Clarifying the Social Care Offer for new customers  11 Review the Carers Offer  14 Package Savings  17 Further Service Delivery Savings  18 Further Package Savings</p>
<p><b>Housing Act 1996</b></p>	<p>HGFE171803 Improve quality of housing advice</p>

## Statutory Requirements Children's Services

### The Children Act 1989 guidance and regulations – June 2015 Department for Education

<http://www.gov.uk/government/publications/children-act-1989-care-planning-placement-and-case-review>

### The UN Convention and the European Convention on Human Rights

The United Nations Convention on the Rights of the Child (UNCRC) is an international human rights treaty to which the UK is a signatory, which grants all children and young people aged 17 and under a comprehensive set of rights. These include the right to:

- special protection measures and assistance;
- access to services such as education and health care;
- develop their personality, abilities and talents to the fullest potential;
- grow up in an environment of happiness, love and understanding; and
- be informed about and participate in achieving their rights in an accessible and active manner.

The Human Rights Act 1998 gives further effect in UK law to the rights and freedoms contained in the European Convention on Human Rights (ECHR).

### The Children Act 1989

#### Key Principles

A key principle of the 1989 Act is that children are best looked after within their families, with their parents playing a full part in their lives, unless compulsory intervention in family life is necessary. That principle is reflected in:

- the concept of parental responsibility;
- the ability of unmarried fathers to share that responsibility by agreement with the mother, by joint registration at birth or by court order;
- the local authority's functions to provide services which support children and their families;
- the local authority's duty to return a looked after child to his/her family unless this is against his/her interests; and
- the local authority's duty, unless it is not reasonably practicable or consistent with his/her welfare, to endeavour to promote contact between a looked after child and his/her parents or others.

#### Principles in relation to children and their families

Good social care practice recognises the following principles when working with children and their families:

- Time is a crucial element in work with children and should be reckoned in days and months rather than years.
- Parents should be expected and enabled to retain their responsibilities and to remain as closely involved as is consistent with their child's welfare, even if that child cannot live at home either temporarily or permanently.
- If children have to live apart from their family, both they and their parents should be given adequate information and helped to consider alternatives and contribute to the making of an informed choice about the most appropriate form of care.

- Continuity of relationships is important and attachments should be respected, sustained and developed.
- A change of home, carer, social worker or school almost always carries some risk to a child's development and welfare.
- All children need to develop their own identity, including self-confidence and a sense of self-worth.

These principles reflect the intention in the 1989 Act, that parents should be encouraged to exercise their responsibility for their child's welfare in a constructive way and that where compulsory intervention in the family is necessary it should, where possible, support rather than undermine the parental role. The 1989 Act places a strong emphasis on the local authority working in partnership with parents when undertaking their statutory functions.

### **The child's wishes and feelings**

Section 22(4) of the 1989 Act, consistent with Article 12 of the UNCRC, provides that, before making any decision with respect to a child whom the local authority are looking after or proposing to look after, the authority must, so far as reasonably practicable, ascertain the wishes and feelings of the child. Section 22(5) provides that, in making any decision in relation to the child, it should give due consideration to those wishes and feelings, having regard to the child's age and understanding. Children should feel that they are active participants and engaged in the process when adults are trying to solve problems and make decisions about them. When plans are being made for the child's future, s/he is likely to feel less fearful if s/he understands what is happening and has been listened to from the beginning.

The functions (including powers and duties) of local authorities in relation to children who are looked after by them are set out in the 1989 Act as principally amended by the Children (Leaving Care) Act 2000, the Adoption and Children Act 2002 and the Children and Young Persons Act 2008, and the associated Regulations and guidance in relation to those functions.

Section 22(3) of the 1989 Act sets out the general duty of the local authority looking after a child to safeguard and promote the welfare of the child. This duty underpins all activity by the local authority in relation to looked after children.

### **Section 17 – Provision of Services for Children in Need**

Section 17(1) of the 1989 Act imposes on local authorities a general duty to safeguard and promote the welfare of children in their area who are in need by providing a range and level of services appropriate to those children's needs. A child 'in need' includes a disabled child (section 17(11)). 'For the purpose principally of facilitating the discharge of' that general duty, every local authority 'shall have the specific duties and powers set out in Part 1 of Schedule 2' to the 1989 Act (section 17(2)).

A child in need is defined under the Children Act 1989 as a child who is unlikely to achieve or maintain a satisfactory level of health or development, or their health and development will be significantly impaired, without the provision of services; or a child who is disabled. In these cases, assessments by a social worker are carried out under section 17 of the Children Act 1989.

Children in need may be assessed under section 17 of the Children Act 1989, in relation to their special educational needs, disabilities, or as a carer, or because they have committed a crime. The process for assessment should also be used for children whose parents are in prison and for asylum seeking children. The definition will include any child or young person under the age of 18.

The services provided by a Local Authority under this section may include providing accommodation, giving assistance in kind, or in exceptional circumstances, in cash.

## **Section 47 – Duty to Investigate**

Where there is reasonable cause to suspect that a child is suffering, or likely to suffer, significant harm, the local authority is required under s47 of the Children Act 1989 to make enquiries, to enable it to decide whether it should take any action to safeguard and promote the welfare of the child.

The Children Act 1989 places a statutory duty on health, education and other services to help the local authority carry out its social services functions under Part 3 of the Children Act 1989 and section 47 enquiries. All agencies then have a duty to assist and provide information in support of child protection enquiries.

## **Section 44 – Emergency Protection Powers**

The court may make an emergency protection order under section 44 of the Children Act 1989, if it is satisfied that there is reasonable cause to believe that a child is likely to suffer significant harm if the child:

- is not removed to different accommodation provided by the applicant; or
- does not remain in the place in which the child is then being accommodated.

Where the applicant is the local authority, an emergency protection order (EPO) may also be made if enquiries (for example, made under section 47) are being frustrated by access to the child being unreasonably refused to a person authorised to seek access, and the applicant has reasonable cause to believe that access is needed as a matter of urgency. An emergency protection order gives authority to remove a child, and place the child under the protection of the applicant.

## **Section 20 - Co-operative Agreement Into Care**

Some children in need may require accommodation because there is no one who has parental responsibility for them, because they are lost or abandoned or because the person who has been caring for them is prevented from providing them with suitable accommodation or care.

Under section 20 of the Children Act 1989, the local authority has a duty to accommodate such children in need in their area. An Accommodated Child is looked after under Section 20 of the Children Act. This is a voluntarily arranged, co-operative agreement, between the local authority and the parents (or the young person if they are aged over 16). The parents retain full parental responsibility.

## **Section 31 - Care Orders**

Under section 31 of the Children Act 1989, the local authority or any authorised person can apply to the court for a child or young person to become the subject of a care order. Once a care order is made, the local authority obtains parental responsibility in addition to the other parental responsibility holders. Following an application under section 31A, where a child is the subject of a care order, the local authority, as a corporate parent, must assess the child's needs and draw up a care plan which sets out the services which will be provided to meet the child's identified needs.

Both children under Section 20 and those under Section 31 are deemed 'Looked After Children' (LAC).

## **Independent Reviewing Officer (IRO)**

Section 25B sets out the functions of IROs to improve care planning and secure better outcomes for looked after children. IROs have responsibility for monitoring the performance by the local

authority of their functions in relation to a child's case, as well as specific duties in relation to the review function. There are now two clear and separate aspects to the function of the IRO:

- chairing the child's review; and
- monitoring the child's case on an ongoing basis including whether any safeguarding issues arise.

The intention is to enable the IRO to have an effective and independent oversight of the child's case to ensure that the care plan represents an effective response to the assessed needs of the child and that progress is being made towards achieving the identified outcomes.

The responsibilities of the IRO include:

- ensuring that care plans for looked after children are based on a detailed and informed assessment, are up to date, effective and provide a real and genuine response to each child's needs;
- identifying any gaps in the assessment process or provision of service;
- offering a safeguard to prevent any 'drift' in care planning and the delivery of services;
- monitoring the activity of the local authority acting as a good corporate parent in taking all reasonable steps to ensure that care plans have given proper consideration and weight to the child's current views, wishes and feelings and that the child fully understands the implications of any changes to their care plan; and
- making sure that the child understands how an advocate could help and his/her entitlement to one.

As part of the monitoring function, the IRO also has a duty to monitor the performance of the local authority's function as a corporate parent and to identify any areas of poor practice. This should include identifying patterns of concerns emerging not just around individual children but also more generally in the collective experience of their looked after children. Where these more general concerns around service delivery are identified, the IRO should immediately alert senior managers to these concerns.

### **Contact arrangements for a child looked after under a care order**

Where a child is in care, specific requirements are placed on the local authority in relation to the refusal of contact, departure from the terms of an order made under section 34 and notification, variation or supervision of contact arrangements made under a section 34 order.

The responsible authority must allow reasonable contact with a child's parents, any guardian and any other person with whom s/he was living under a court order immediately before the care order was made, provided that contact is consistent with the LA's duty to safeguard and promote the welfare of the child

### **Section 26A of the Children Act 1989 was inserted by section 119 of the Adoption and Children Act 2002. The Advocacy Services and Representations Procedure (Children)(Amendment) Regulations 2004**

#### **Advocacy**

All local authorities with social services responsibilities should ensure that advocacy services are provided for children and young people making or intending to make a complaint under section 24D or section 26 of the Children Act 1989.

## Section 10 Co-operation to improve well-being

(1) Each children's services authority in England must make arrangements to promote co-operation between—

- (a) the authority;
- (b) each of the authority's relevant partners; and
- (c) such other persons or bodies as the authority consider appropriate, being persons or bodies of any nature who exercise functions or are engaged in activities in relation to children in the authority's area.

(2) The arrangements are to be made with a view to improving the well-being of children in the authority's area so far as relating to—

- (a) physical and mental health and emotional well-being;
- (b) protection from harm and neglect;
- (c) education, training and recreation;
- (d) the contribution made by them to society;
- (e) social and economic well-being.

(3) In making arrangements under this section a children's services authority in England must have regard to the importance of parents and other persons caring for children in improving the well-being of children.

Section 11(2) of the 2004 Act imposes a duty to make arrangements for ensuring that when exercising any function in a way which affects a child are discharged having regard to the need to safeguard and promote the welfare of children.

---

## Childcare Act 2006

The Childcare Act 2006 imposes **general duties upon a local authority in relation to the well-being of young children**. By section 1(1) an "English local authority must (a) improve the well-being of young children in their area and (b) reduce inequalities between young children in their area in relation to the matters mentioned in sub-section (2)..."

By section 3, specific duties are imposed in relation to early childhood services. By section 3(2) those are to "...make arrangements to secure that early childhood services in [a local authority's] area are provided in an integrated manner which is calculated to – (a) facilitate access to those services, and (b) maximise the benefit of those services to parents, prospective parents and young children".

By section 5A it is provided that:

"(1) Arrangements made by an English local authority under section 3(2) must, so far as is reasonably practicable, **include arrangements for sufficient provision for children's centres** to meet local need.

(2) "Local need" is the need of parents, prospective parents and young children in the authority's area."

By Section 5D it is provided that:-

"(1) An English local authority must secure that such consultation as they think appropriate is carried out -

- (a) before making arrangements under section 3(2) for the provision of a children's centre;
- (b) before any significant change is made in the services provided through a relevant children's centre;
- (c) before anything is done that would result in a relevant children's centre ceasing to be a children's centre."

Section 5A of the 2006 Act is augmented by statutory guidance published by the Secretary of State. It seeks to emphasise that local authorities should ensure that a network of children's centres is accessible to all families with young children in their area; that children's centres and their services are within reasonable reach of all families with young children in urban and rural areas, taking into account distance and availability of transport; and that opening times and availability of services meet the needs of families in their area.

### **Section 6 Duty to secure sufficient childcare for working parents**

(1) An English local authority must secure, so far as is reasonably practicable, that the provision of childcare (whether or not by them) is sufficient to meet the requirements of parents in their area who require childcare in order to enable them—

- (a) to take up, or remain in, work, or
  - (b) to undertake education or training which could reasonably be expected to assist them to obtain work.
- (2) In determining for the purposes of subsection (1) whether the provision of childcare is sufficient to meet those requirements, a local authority—
- (a) must have regard to the needs of parents in their area for—
    - (i) the provision of childcare in respect of which the child care element of working tax credit is payable, and
    - (ii) the provision of childcare which is suitable for disabled children, and
  - (b) may have regard to any childcare which they expect to be available outside their area.

---

## **Child Poverty Act 2010**

### **21 Co-operation to reduce child poverty in local area**

- (1) Each responsible local authority must make arrangements to promote cooperation between—
- (a) the authority;
  - (b) each of its partner authorities; and
  - (c) such other persons or bodies as the authority thinks fit.
- (2) The arrangements are to be made with a view to reducing, and mitigating the effects of, child poverty in the responsible local authority's area.

---

## **Working together to safeguard children 2015 – HM Government**

<http://www.gov.uk/government/publications/working-together-to-safeguard-children--2>

### **Early help**

Providing early help is more effective in promoting the welfare of children than reacting later. Early help means providing support as soon as a problem emerges, at any point in a child's life, from the

foundation years through to the teenage years. Early help can also prevent further problems arising, for example, if it is provided as part of a support plan where a child has returned home to their family from care.

Effective early help relies upon local agencies working together to:

- identify children and families who would benefit from early help;
- undertake an assessment of the need for early help; and
- provide targeted early help services to address the assessed needs of a child and their family which focuses on activity to significantly improve the outcomes for the child. Local authorities, under section 10 of the Children Act 2004, have a responsibility to promote inter-agency cooperation to improve the welfare of children

### **Identifying children and families who would benefit from early help**

Local agencies should have in place effective ways to identify emerging problems and potential unmet needs for individual children and families. This requires all professionals, including those in universal services and those providing services to adults with children, to understand their role in identifying emerging problems and to share information with other professionals to support early identification and assessment.

Professionals should, in particular, be alert to the potential need for early help for a child who:

- is disabled and has specific additional needs;
- has special educational needs;
- is a young carer;
- is showing signs of engaging in anti-social or criminal behaviour;
- is in a family circumstance presenting challenges for the child, such as substance abuse, adult mental health problems and domestic violence;
- has returned home to their family from care; and/or
- is showing early signs of abuse and/or neglect.

### **Provision of effective early help services**

The early help assessment carried out for an individual child and their family should be clear about the action to be taken and services to be provided (including any relevant timescales for the assessment) and aim to ensure that early help services are coordinated and not delivered in a piecemeal way.

Local areas should have a range of effective, evidence-based services in place to address assessed needs early. The early help on offer should draw upon the local assessment of need and the latest evidence of the effectiveness of early help and early intervention programmes. In addition to high quality support in universal services, specific local early help services will typically include family and parenting programmes, assistance with health issues and help for problems relating to drugs, alcohol and domestic violence. Services may also focus on improving family functioning and building the family's own capability to solve problems; this should be done within a structured, evidence-based framework involving regular review to ensure that real progress is being made. Some of these services may be delivered to parents but should always be evaluated to demonstrate the impact they are having on the outcomes for the child.

## **Education and Inspections Act 2006**

### **EDUCATION FUNCTIONS OF LOCAL AUTHORITIES**

#### **1 Duties in relation to high standards and the fulfilment of potential**

For section 13A of EA 1996 substitute — “**13A Duty to promote high standards and the fulfilment of potential**

(1) A local education authority shall ensure that their functions relating to the provision of education to which this section applies are (so far as they are capable of being so exercised) exercised by the authority with a view to—

- (a) promoting high standards,
- (b) in the case of a local education authority in England, ensuring fair access to educational opportunity, and
- (c) promoting the fulfilment by every child concerned of his educational potential.

(2) This section applies to education for—

- (a) children of compulsory school age (whether at school or otherwise); and
- (b) children under or over that age who are registered as pupils at schools maintained by the authority, and in subsection (1) “functions” means functions of whatever nature.

(3) In this section “child” means a person under the age of 20.”

**2 Duties in relation to diversity and choice**

In section 14 of EA 1996 (functions of local education authorities in relation to the provision of primary and secondary education) after subsection (3) insert—

“(3A) A local education authority in England shall exercise their functions under this section with a view to—

- (a) securing diversity in the provision of schools, and
- (b) increasing opportunities for parental choice.”

**3 Duty to consider parental representations**

After section 14 of EA 1996 insert— “**14A Duty of local education authority to consider parental representations**

(1) Where a local education authority in England receive any representation from a parent of a qualifying child as to the exercise by the authority of their functions under section 14, the authority shall—

- (a) consider the representation and what action (if any) to take in response to it, and
- (b) within a reasonable time provide the parent with a statement setting out—
  - (i) any action which the authority propose to take in response to the representation, or
  - (ii) where the authority are of the opinion that no such action is necessary, their reasons for being of that opinion.

**4 Duty to identify children not receiving education**

(1) In Chapter 2 of Part 6 of EA 1996 (school attendance) before the cross-heading preceding section 437 insert— “*Children not receiving suitable education*

**436A Duty to make arrangements to identify children not receiving education**

(1) A local education authority must make arrangements to enable them to establish (so far as it is possible to do so) the identities of children in their area who are of compulsory school age but—

- (a) are not registered pupils at a school, and
- (b) are not receiving suitable education otherwise than at a school.

(2) In exercising their functions under this section a local education authority must have regard to any guidance given from time to time by the Secretary of State.

(3) In this Chapter, “suitable education”, in relation to a child, means efficient full-time education suitable to his age, ability and aptitude and to any special educational needs he may have.”

## **5 School improvement partners**

(1) A local education authority in England must appoint, in relation to each maintained school which they maintain, a person (to be known as a school improvement partner) to provide advice to the governing body and head teacher of the school with a view to improving standards at the school.

## **6 Functions in respect of youth work, recreation etc**

(1) Before section 508 of EA 1996 (functions of LEA in respect of facilities for recreation and social and physical training), and immediately after the crossheading which precedes that section, insert— **“507A LEAs in England: functions in respect of recreational and training facilities for children under 13**

(1) A local education authority in England must secure that the facilities for primary and secondary education provided for their area include adequate facilities for recreation and social and physical training for children who have not attained the age of 13.

(2) For the purposes of subsection (1) a local education authority may—

(a) establish, maintain and manage, or assist the establishment, maintenance and management of—

(i) camps, holiday classes, playing fields, play centres, and

(ii) other places, including playgrounds, gymnasiums and swimming baths not appropriated to any school or other educational institution, at which facilities for recreation and social and physical training are available for persons receiving primary or secondary education;

(b) organise games, expeditions and other activities for such persons; and

(c) defray, or contribute towards, the expenses of such games, expeditions and other activities.

(3) When making arrangements for the provision of facilities or the organisation of activities in the exercise of their powers under subsection (2), a local education authority must, in particular, have regard to the expediency of co-operating with any voluntary societies or bodies whose objects include the provision of facilities or the organisation of activities of a similar character.

## **507B LEAs in England: functions in respect of leisure-time activities etc for persons aged 13 to 19 and certain persons aged 20 to 24**

(1) A local education authority in England must, so far as reasonably practicable, secure for qualifying young persons in the authority’s area access to—

(a) sufficient educational leisure-time activities which are for the improvement of their well-being, and sufficient facilities for such activities; and

(b) sufficient recreational leisure-time activities which are for the improvement of their well-being, and sufficient facilities for such activities.

(8) For the purposes of subsection (7)(a) a local education authority must consult such persons as the authority think appropriate as to whether it is expedient for the proposed action to be taken by another person.

(9) In exercising their functions under this section a local education authority must—

(a) take steps to ascertain the views of qualifying young persons in the authority's area about—

(i) positive leisure-time activities, and facilities for such activities, in the authority's area;

(ii) the need for any additional such activities and facilities;

and

(iii) access to such activities and facilities; and

(b) secure that the views of qualifying young persons in the authority's area are taken into account.

(10) A local education authority in England must—

(a) publicise information about positive leisure-time activities, and facilities for such activities, in the authority's area, and

(b) keep the information publicised under paragraph (a) up to date.

(11) A local education authority may charge in respect of anything provided by the authority under this section where the provision is to a qualifying young person (whether or not in the authority's area).

(12) In exercising their functions under this section a local education authority must have regard to any guidance given from time to time by the Secretary of State.

(13) In this section— “recreation” includes physical training (and “recreational” is to be construed accordingly); “sufficient”, in relation to activities or facilities, means sufficient having regard to quantity; “well-being”, in relation to a person, means his well-being so far as relating to—

(a) physical and mental health and emotional well-being;

(b) protection from harm and neglect;

(c) education, training and recreation;

(d) the contribution made by him to society;

(e) social and economic well-being.”

## **60 Warning notice by local education authority**

(1) A maintained school is by virtue of this section eligible for intervention if—

(a) the local education authority have given the governing body a warning notice in accordance with subsection (2),

(b) the period beginning with the day on which the warning notice is given and ending with the fifteenth working day following that day (“the initial period”) has expired,

(c) either the governing body made no representations under subsection (7) to the Chief Inspector against the warning notice during the initial period or the Chief Inspector has confirmed the warning notice under subsection (8),

(d) the governing body have failed to comply, or secure compliance, with the notice to the authority's satisfaction by the end of the compliance period (as defined by subsection (10)), and

(e) the authority have given reasonable notice in writing to the governing body that they propose to exercise their powers under any one or more of sections 63 to 66 (whether or not the notice is combined with a notice under section 62(2A)(c) of SSFA 1998).

(2) A local education authority may give a warning notice to the governing body of a maintained school where the authority are satisfied—

- (a) that the standards of performance of pupils at the school are unacceptably low, and are likely to remain so unless the authority exercise their powers under this Part, or
- (b) that there has been a serious breakdown in the way the school is managed or governed which is prejudicing, or likely to prejudice, such standards of performance, or
- (c) that the safety of pupils or staff of the school is threatened (whether by a breakdown of discipline or otherwise).

(3) For the purposes of subsection (2)(a) the standards of performance of pupils at a school are low if they are low by reference to any one or more of the following—

- (a) the standards that the pupils might in all the circumstances reasonably be expected to attain,
- (b) where relevant, the standards previously attained by them, or
- (c) the standards attained by pupils at comparable schools.

### **63 Power of LEA to require governing body to enter into arrangements**

(1) If at any time a maintained school is eligible for intervention, then (subject to subsection (3)) the local education authority may, with a view to improving the performance of the school, give the governing body of the school a notice requiring the governing body—

- (a) to enter into a contract or other arrangement with a specified person (who may be the governing body of another school) for the provision to the governing body of specified services of an advisory nature,
- (b) to make specified arrangements authorised by section 26 of EA 2002 (collaboration between schools) with the governing body of such other school as may be specified,
- (c) to make specified arrangements authorised by regulations under section 166 of this Act (collaboration arrangements: maintained schools and further education bodies) with a further education body within the meaning of that section, or
- (d) to take specified steps for the purpose of creating or joining a federation, as defined by section 24(2) of EA 2002.

### **64 Power of LEA etc. to appoint additional governors**

(1) If at any time a maintained school is eligible for intervention, then (subject to subsection (2)) the local education authority may appoint such number of additional governors as they think fit.

### **76 LEAs in England: duty to promote sustainable modes of travel etc**

After section 508 of EA 1996 insert— **“508A LEAs in England: duty to promote sustainable modes of travel etc**

- (1) A local education authority in England must—
  - (a) prepare for each academic year a document containing their strategy to promote the use of sustainable modes of travel to meet the school travel needs of their area (“a sustainable modes of travel strategy”),
  - (b) publish the strategy in such manner and by such time as may be prescribed, and
  - (c) promote the use of sustainable modes of travel to meet the school travel needs of their area.

CHILDREN AND YOUNG PEOPLE IN ENGLAND WITH SPECIAL EDUCATIONAL NEEDS OR DISABILITIES

*Local authority functions: general principles*

**19 Local authority functions: supporting and involving children and young people**

In exercising a function under this Part in the case of a child or young person, a local authority in England must have regard to the following matters in particular—

- (a) the views, wishes and feelings of the child and his or her parent, or the young person;
- (b) the importance of the child and his or her parent, or the young person, participating as fully as possible in decisions relating to the exercise of the function concerned;
- (c) the importance of the child and his or her parent, or the young person, being provided with the information and support necessary to enable participation in those decisions;
- (d) the need to support the child and his or her parent, or the young person, in order to facilitate the development of the child or young person and to help him or her achieve the best possible educational and other outcomes.

**22 Identifying children and young people with special educational needs and disabilities**

A local authority in England must exercise its functions with a view to securing that it identifies—

- (a) all the children and young people in its area who have or may have special educational needs, and
- (b) all the children and young people in its area who have a disability

**24 When a local authority is responsible for a child or young person**

(1) A local authority in England is responsible for a child or young person if he or she is in the authority's area and has been—

- (a) identified by the authority as someone who has or may have special educational needs, or
- (b) brought to the authority's attention by any person as someone who has or may have special educational needs.

**25 Promoting integration**

(1) A local authority in England must exercise its functions under this Part with a view to ensuring the integration of educational provision and training provision with health care provision and social care provision, where it thinks that this would—

- (a) promote the well-being of children or young people in its area who have special educational needs or a disability, or
- (b) improve the quality of special educational provision—
  - (i) made in its area for children or young people who have special educational needs, or
  - (ii) made outside its area for children or young people for whom it is responsible who have special educational needs.

(2) The reference in subsection (1) to the well-being of children and young people is to their well-being so far as relating to—

- (a) physical and mental health and emotional well-being;
- (b) protection from abuse and neglect;

- (c) control by them over their day-to-day lives;
- (d) participation in education, training or recreation;
- (e) social and economic well-being;
- (f) domestic, family and personal relationships;
- (g) the contribution made by them to society.

## **26 Joint commissioning arrangements**

(1) A local authority in England and its partner commissioning bodies must make arrangements (“joint commissioning arrangements”) about the education, health and care provision to be secured for—

- (a) children and young people for whom the authority is responsible who have special educational needs, and
- (b) children and young people in the authority’s area who have a disability.

## **27 Duty to keep education and care provision under review**

(1) A local authority in England must keep under review—

- (a) the educational provision, training provision and social care provision made in its area for children and young people who have special educational needs or a disability, and
- (b) the educational provision, training provision and social care provision made outside its area for—
  - (i) children and young people for whom it is responsible who have special educational needs, and
  - (ii) children and young people in its area who have a disability.

(2) The authority must consider the extent to which the provision referred to in subsection (1)(a) and (b) is sufficient to meet the educational needs, training needs and social care needs of the children and young people concerned.

## **96 Young carers**

(1) In the Children Act 1989, after section 17 insert— **“17ZA Young carers’ needs assessments: England**

(1) A local authority in England must assess whether a young carer within their area has needs for support and, if so, what those needs are, if—

- (a) it appears to the authority that the young carer may have needs for support, or
- (b) the authority receive a request from the young carer or a parent of the young carer to assess the young carer’s needs for support.

(7) A young carer’s needs assessment must include an assessment of whether it is appropriate for the young carer to provide, or continue to provide, care for the person in question, in the light of the young carer’s needs for support, other needs and wishes.

(8) A local authority, in carrying out a young carer’s needs assessment, must have regard to—

- (a) the extent to which the young carer is participating in or wishes to participate in education, training or recreation, and
- (b) the extent to which the young carer works or wishes to work.

## **97 Parent carers**

(1) In the Children Act 1989, after section 17ZC (as inserted by section 96) insert— “17ZD Parent carers’ needs assessments: England

(1) A local authority in England must, if the conditions in subsections (3) and (4) are met, assess whether a parent carer within their area has needs for support and, if so, what those needs are.

(2) In this Part “parent carer” means a person aged 18 or over who provides or intends to provide care for a disabled child for whom the person has parental responsibility.

(3) The first condition is that—

- (a) it appears to the authority that the parent carer may have needs for support, or
- (b) the authority receive a request from the parent carer to assess the parent carer’s needs for support.

(4) The second condition is that the local authority are satisfied that the disabled child cared for and the disabled child’s family are persons for whom they may provide or arrange for the provision of services under section 17.

## Education and Adoption Act 2016

### Section 6: Interaction between intervention powers

Section 6 amends provisions in the Education and Inspections Act 2006 that stop a local authority from appointing additional governors of a maintained school where, in specified circumstances, the Secretary of State has exercised the power to appoint additional governors.

Instead, local authorities will be required to notify the Secretary of State before they exercise powers to require a governing body of a maintained school to enter into arrangements, to appoint additional governors or to suspend a governing body’s right to a delegated budget.

### Section 10: Duty to facilitate conversion

Section 10 provides that where a school is subject to an academy order the governing body and its relevant local authority must work towards the school’s successful conversion into an academy by taking all reasonable steps necessary.

### Section 3 of the Local Government Act 1999 (‘the 1999 Act’)

Section 3(1) of the 1999 Act imposes a duty on a local authority to ‘make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness’.

Section 3(2) requires a local authority to **consult various people** ‘for the purpose of’ deciding how to fulfil the duty imposed by section 3(1). In deciding how to fulfil that duty, and in making decisions about consultation, a local authority must have regard to guidance issued by Secretary of State.

The statutory guidance is short. It is aimed specifically at, and ‘sets out clear expectations for’ councils which are ‘considering changing funding to local voluntary or community groups’. Paragraph 7 of the guidance says that ‘**Authorities should seek to avoid passing on disproportionate reductions – by not passing on larger reductions to the voluntary and community sector and small businesses as a whole than they take on**’.

Overarching Framework	Work Area	Useful Documents
<b>Care Planning, Placement, and Case Review Regulations and statutory guidance</b>	<b>Social care standards and guidance</b>	<ul style="list-style-type: none"> <li>- <a href="#">Children Act 1989: care planning, placement and case review</a></li> <li>- <a href="#">Children Act 1989: court orders</a></li> <li>- <a href="#">Directors of children's services: roles and responsibilities</a></li> <li>- <a href="#">Children's social care: getting the best from complaints</a></li> <li>- <a href="#">Information sharing for practitioners and managers</a></li> </ul>
<b>Care Planning</b>	<b>Health and wellbeing</b>	<ul style="list-style-type: none"> <li>- <a href="#">Promoting the health and wellbeing of looked-after children</a></li> <li>- <a href="#">Care of unaccompanied and trafficked children</a></li> <li>- <a href="#">Children who run away or go missing from home or care</a></li> <li>- <a href="#">Working together to safeguard children</a></li> </ul>
	<b>Support in education</b>	<ul style="list-style-type: none"> <li>- <a href="#">Promoting the education of looked-after children</a></li> <li>- <a href="#">Designated teacher for looked-after children</a></li> <li>- <a href="#">SEND: guide for social care professionals</a></li> </ul>
	<b>Financial support</b>	<ul style="list-style-type: none"> <li>- <a href="#">Pupil premium: virtual school heads' responsibilities</a></li> <li>- <a href="#">Junior individual saving accounts for looked-after children</a></li> </ul>
<b>Placements</b>	<b>Accommodation</b>	<ul style="list-style-type: none"> <li>- <a href="#">Children's homes regulations amendments 2014</a></li> <li>- <a href="#">Provision of accommodation for 16 and 17 year olds who may be homeless and/or require accommodation</a></li> <li>- <a href="#">Securing sufficient accommodation for looked-after children</a></li> </ul>
	<b>Friends and family care</b>	<ul style="list-style-type: none"> <li>- <a href="#">Children Act 1989: family and friends care</a></li> </ul>
	<b>Special guardianship</b>	<ul style="list-style-type: none"> <li>- <a href="#">Special guardianship guidance</a></li> </ul>
	<b>Social care standards and guidance</b>	<ul style="list-style-type: none"> <li>- <a href="#">Placement of looked-after children in EU member states</a></li> </ul>
<b>Adoption Fostering Children's Homes</b>	<b>National Minimum Standards</b>	<ul style="list-style-type: none"> <li>- <a href="#">Children's homes: national minimum standards</a></li> <li>- <a href="#">Adoption: national minimum standards</a></li> <li>- <a href="#">Fostering services: national minimum standards</a></li> </ul>
	<b>Regulations</b>	<ul style="list-style-type: none"> <li>- <a href="#">The Fostering Services (England) Regulations 2011</a></li> <li>- <a href="#">The Children's Homes (England) Regulations 2015</a></li> </ul>
<b>Case Review</b>	<b>Advocacy</b>	<ul style="list-style-type: none"> <li>- <a href="#">Advocacy services for children and young people</a></li> <li>- <a href="#">Independent reviewing officers' handbook</a></li> <li>- <a href="#">Supporting looked-after children with communication needs</a></li> </ul>
	<b>Social care standards and guidance</b>	<ul style="list-style-type: none"> <li>- <a href="#">Children's social care: getting the best from complaints</a></li> </ul>
<b>Ceasing to be looked after</b>	<b>Care leavers and former looked-after children</b>	<ul style="list-style-type: none"> <li>- <a href="#">Children Act 1989: transition to adulthood for care leavers</a></li> <li>- <a href="#">Care leaver strategy</a></li> </ul>
<b>Short breaks</b>	<b>Short break care</b>	<ul style="list-style-type: none"> <li>- <a href="#">Short breaks for disabled children</a></li> </ul>
<b>Case records</b>	<b>Records</b>	<ul style="list-style-type: none"> <li>- <a href="#">Data protection Act 1998</a></li> </ul>
<b>Arrangements in youth justice system</b>	<b>Youth Justice</b>	<ul style="list-style-type: none"> <li>- <a href="#">Children Act 1989: former looked-after children in custody</a></li> </ul>

**Summary Children’s Services Statutory Requirements and Budget Proposals**

<p><b>Children Act 1989</b></p>	<p>CSE1618 Emergency one off provisions  CSE1629 Restructure Court Teams  CSE1629 Refocusing and alignment of early intervention monies  CSE1629 Looked After Children Placements  Supported Lodgings Scheme  Reduction in Supervised Contact Corporate Parenting  Remove 1 SW post Family Support  Remove 1 Independent Reviewing Officer  Remove Practice Manager - Corp parenting  Remove Participation Officer  Redesign Family Support  Redesign Assessment Team  End remaining Speech And Language Therapy &amp; parenting support  Remove 2 Intervention Workers Assessment  Reduce Intervention Service  Restructure Early Help Plus  Restructure Young Peoples Support Team  Advocacy</p>
<p><b>Children Act 2004</b></p>	<p>CSE1629 Refocusing and alignment of early intervention monies  Redesign Family Support  End remaining Speech And Language Therapy &amp; parenting support  Remove 2 Intervention Workers Assessment  Reduce Intervention Service  Restructure Early Help Plus  Restructure Young Peoples Support Team</p>
<p><b>Childcare Act 2006</b></p>	<p>CSE1608 additional income through the Academy of Social Work and Early Intervention  CSE1629 Refocusing and alignment of early intervention monies  Redesign Family Support  End remaining Speech And Language Therapy &amp; parenting support  Remove 2 Intervention Workers Assessment  Reduce Intervention Service  Restructure Early Help Plus  Restructure Young Peoples Support Team</p>
<p><b>Child Poverty Act 2010</b></p>	<p>CSE1629 Refocusing and alignment of early intervention monies  End remaining Speech And Language Therapy &amp; parenting support</p>
<p><b>Working together 2015</b></p>	<p>CSE1629 Refocusing and alignment of early intervention monies  Redesign Family Support  End remaining Speech And Language Therapy &amp; parenting support  Remove 2 Intervention Workers Assessment  Reduce Intervention Service  Restructure Early Help Plus  Restructure Young Peoples Support Team</p>
<p><b>Education and Inspections Act 2006 and</b></p>	<p>CSE1603 Education Services Staffing Review  CSE1629 Refocusing and alignment of early intervention monies  Remove all core budget from commissioning school improvement and</p>

<p><b>anticipated white paper</b></p>	<p>school intervention Generate more income from schools contribution more to intervention packages Youth Support Services seconded youth worker Youth Support Services increased focus on Early Intervention</p>
<p><b>Children and Families Act 2014</b></p>	<p>Review use of DSG for posts dealing with SEND (Youth/LAC)</p>
<p><b>Education and Adoption Act 2016</b></p>	<p>Remove all core budget from commissioning school improvement and school intervention Generate more income from schools contribution more to intervention packages</p>
<p><b>Local Government Act 1999</b></p>	<p>CSE1609 Reduction to funding for the Voluntary and Community Services Infrastructure Organisations Residual Children's Society Money Academy reduction in funding to voluntary sector Partnerships &amp; Community Engagement Reduce VCS grant Partnerships &amp; Community Engagement Reduce grants to Citizens' Advice Advocacy</p>

## Statutory Requirements - Community Services

**Transport** - The Transport Acts 1985 and 2008,

### **Section 57 Passenger Transport Areas, Authorities and Executives.**

9A General functions of Passenger Transport Authorities and Executives.

(1) It shall be the duty of the Authority for any passenger transport area to formulate from time to time general policies with respect to the descriptions of public passenger transport services they consider it appropriate for the Executive for their area to secure for the purpose of meeting any public transport requirements within their area which in the view of the Authority would not be met apart from any action taken by the Executive for that purpose.

(2) The Authority shall seek and have regard to the advice of the Executive for their area in formulating their policies under subsection (1) of this section.

(3) It shall be the duty of the Executive for any passenger transport area to secure the provision of such public passenger transport services as they consider it appropriate to secure for meeting any public transport requirements within their area in accordance with policies formulated by the Authority for their area under subsection (1) of this section.

(4) The Executive shall have power to enter into an agreement providing for service subsidies for the purpose of securing the provision of any service under subsection (3) of this section; but their power to do so—

(a) shall be exercisable only where the service in question would not be provided without subsidy; and

(b) is subject to sections 89 to 92 of the Transport Act 1985 (tendering for local services, etc.).

(5) Where it appears to the Authority for any passenger transport area that it would be appropriate for the Executive for that area to take any measures for the purpose of or in connection with promoting, so far as relates to that area—

(a) the availability of public passenger transport services other than subsidised services and the operation of such services, in conjunction with each other and with any available subsidised services, so as to meet any public transport requirements the Authority consider it appropriate to meet; or

(b) the convenience of the public (including persons who are elderly or disabled) in using all available public passenger transport services (whether subsidised or not);

the Authority may from time to time formulate general policies with respect to the description of such measures to be taken by the Executive for that area, and the Executive shall take such measures for the purpose or in the connection mentioned above as appear to them to be appropriate for carrying out those policies.

(6) It shall be the duty—

(a) of the Authority for any passenger transport area, in formulating any such policies; and

(b) of the Executive for any passenger transport area, in carrying out any such policies; so to conduct themselves as not to inhibit competition between persons providing or seeking to provide public passenger transport services in their area.

(7) It shall be the duty both of the Authority and of the Executive for any passenger transport area, in exercising or performing any of their functions under the preceding provisions of this section, to have regard to the transport needs of members of the public who are elderly or disabled.

### **The Travel Concessions (Eligibility) Act 2002**

The Council has a duty as a Travel Concession Authorities (TCA) under the Transport Act 2000 and the Travel Concessions (Eligibility) Act 2002 to issue statutory travel concession permits, on request and without charge, to older people on public passenger transport (until 31 March 2010 this was defined as aged 60, but is now tied to the date at which a woman of the applicant's age would be eligible to receive a state pension) and disabled people. Originally applying to travel within the Council's area, from April 2008 this was extended to apply to travel throughout England.

### **School Transport**

**Section 508B of the Education Act 1996** requires local authorities to make such school travel arrangements as they consider necessary for children within their area, for the purpose of facilitating the attendance of persons (not of sixth form age) receiving education or training at an institution. **Such arrangements must be provided free of charge.**

“Statutory walking distance” is two miles for children aged under eight, and three miles for children aged eight and over. The measurement of the “statutory walking distance” is not necessarily the shortest distance by road. It is measured by the shortest route along which a child, accompanied as necessary, may walk with reasonable safety. As such, the route measured may include footpaths, bridleways, and other pathways, as well as recognised roads.

**Section 508C** of the Act gives local authorities discretionary powers to make school travel arrangements for other children not covered by section 508B. **Such transport does not have to be provided free of charge.**

Examples of other bodies or persons making travel arrangements might include: a parent consenting to use of their car in return for a mileage allowance; a school, or group of schools reaching an agreement with a local authority to provide transport in minibuses owned by the school; or a transport authority providing free passes for all children on public transport.

Subsection (4) of 508B and 508C of the Act list some of the travel and transport arrangements that may be made. These might include: provision of a seat on a bus or minibus provided by the local authority; provision of a seat in a taxi where more individualised arrangements are necessary; and provision of a pass for a public service bus, or other means of public transport.

On condition that the relevant parental consent has been obtained by the local authority, a number of allowances and other arrangements might be considered to meet the local authority duty relating to travel arrangements. Examples include:

- a mileage allowance paid to a parent driving their “eligible child” to school in lieu of the local authority making arrangements for a taxi to transport the child;
- a cycling allowance paid by the local authority where the parent agreed for their child to cycle to and from school instead of catching a bus for, say a three mile journey; and
- local authority provision of an escort to enable a child with SEN to walk a short distance to school in reasonable safety, instead of making arrangements for a taxi to take them to and from school.

Some children with SEN and/or a disability may, by reason of their SEN and/or disability, be unable to walk even relatively short distances to school. Similarly, children with a mobility problem caused, for example, by a temporary medical condition such as a broken leg, may also be unable to walk to school.

Where such children attend a qualifying school, which is within “statutory walking distance”, and no suitable arrangements have been made by the Local Authority for enabling them to become a registered pupil at a qualifying school nearer to their home, they will be “eligible children”. This means that local authorities must make suitable travel arrangements for children with SEN, a disability, or mobility problem (including temporary medical conditions) if their SEN, disability, or mobility problem means that they could not reasonably be expected to walk to the school (or other place where they might be receiving education under section 19(1) of the Act.

Where children live within “statutory walking distance” of their nearest qualifying school (or other place where education is provided under section 19(1)), local authorities will be under a duty to make travel arrangements where the nature of the route is such that a child can not reasonably be expected to walk (accompanied as necessary) in reasonable safety.

### **SEND Code of Practice 2015**

Transport can be an important factor in the support for children and young people with SEN or disabilities. The Local Offer **must** include information about arrangements for transport provision, including for those up to age 25 with an EHC plan, and this should include local authorities’ policy statements.

Local authorities **must** ensure that suitable travel arrangements are made where necessary to facilitate an eligible child’s attendance at school.

Local authorities **must** publish a transport policy statement each year setting out the travel arrangements they will make to support young people aged 16-19 and learners with learning difficulties and/or disabilities (LDD) aged up to 25, to access further education. This should include any arrangements for free or subsidised transport

### **Post 16**

The Education Act 1996 and the Apprenticeship, Skills, Children and Learning Act (2009) a local authority has a statutory responsibility to consider how it will assist learners to access the appropriate post 16 provision. Through the Education and Skills Act 2008, from 2014 the age of participation has been raised so that young people will be required to stay in education or training until their 18th birthday.

## **Libraries**

### **Section 7(1) of the Public Libraries and Museums Act 1964 (“the 1964 Act”)**

Section 7 of the 1964 Act imposes a statutory duty on library authorities to “provide a comprehensive and efficient library service” to everyone who lives, works or attends full time education in the library area. The duty is contained in Section 7(1) which provides as follows:-

“(1) It shall be the duty of every library authority to provide a comprehensive and efficient library service for all persons desiring to make use thereof ...

Provided that although a library authority shall have power to make facilities for the borrowing of books and other materials available to any person it shall not by virtue of this subsection be under a duty to make such facilities available to persons other than those whose residence or place of work is within the library area of the authority or who are undergoing full time education within that area”.

Section 7(2) provides further statutory instruction as to the factors which a library authority must take into account in order to fulfil its duty under Section 7(1):

“(2) In fulfilling its duty under the preceding subsection, a library authority shall in particular have regard to the desirability:

- (a) of securing, by the keeping of adequate stocks, by arrangements with other library authorities, and by any other appropriate means, that facilities are available for the borrowing of, or reference to, books and other printed matter, and pictures, gramophone records, films and other materials, sufficient in number, range and quality to meet the general requirements and any special requirements both of adults and children; and
- (b) of encouraging both adults and children to make full use of the library service, and of providing advice as to its use and of making available such bibliographical and other information as may be required by persons using it; and
- (c) of securing, in relation to any matter concerning the functions both of the library authority as such and any other authority whose functions are exercisable within the library area, that there is full co-operation between the persons engaged in carrying out those functions”.

The expression “library service” is not defined nor are the concepts “comprehensive” and “efficient”. Library facilities are referred to but not defined but they are clearly not the same as library premises which are defined (in Section 8(7)).

Section 9(1) confers a power on a library authority to contribute towards the expenses of “any other person” providing “library facilities for the public” and Section 20 empowers local authorities to generate revenue by allowing library premises to be used for holding meetings, performances and the like in return for payment.

---

## **Public Protection Various**

Trading Standards, Environmental Health and Licensing provide statutory public protection in relation to a wide range of environmental and health issues – such as air quality, noise, health and safety, protecting the food chain, alcohol, fair trading and consumer protection matters, animal welfare and from businesses and rogue traders who unwittingly or deliberately breach acceptable standards set down in legislation.

---

## **Community Safety:**

### **Crime and Disorder Act 1998**

Section 6 Formulation and implementation of strategies.

(1)The responsible authorities for a local government area shall, in accordance with the provisions of section 5 above and this section, formulate and implement, for each relevant period,

- (i) a strategy for the reduction of crime and disorder in the area
- 

## **Waste**

**Waste collection** – Waste collection authorities are obliged to arrange collection of household waste under section 45 of the Environmental Protection Act.

**Street cleansing** - CBC is a principle litter authority who has responsibility for keeping land and highways clean and free of litter as far as is practicable as specified in sections 86 and 89 of the Environmental Protection Act 1990.

**HWRC** – The Environmental Protection Act 1990 section 51 require all waste disposal authorities to provide at least one location where residents can dispose of their household waste.

**Food waste** – There is no obligation to collect food waste separately, but it contributes towards the national 50% recycling rate by 2020 and reduction in biodegradable waste sent to landfill as required of each member state under the Landfill Directive 2008.

**Grounds maintenance** – The Highways Act 1980 places an obligation on the local Highway authority to protect the highway to allow the public to enjoy it (section 130).

---

## Highways

### The Highways Act 1980

Section 41 imposes a duty on the authority who are for the time being the highway authority for a highway maintainable at the public expense to maintain the highway.

### The Road Traffic Act 1984

Section 26 states that (1) Arrangements may be made by the appropriate authority for the patrolling of places where children cross roads on their way to or from school, or from one part of a school to another, by persons appointed by or on behalf of the appropriate authority, other than constables.

---

## Best Value

### Section 3 of the Local Government Act 1999

Section 3(1) of the 1999 Act imposes a duty on a local authority to 'make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness'.

Section 3(2) requires a local authority to **consult various people** 'for the purpose of' deciding how to fulfil the duty imposed by section 3(1). In deciding how to fulfil that duty, and in making decisions about consultation, a local authority must have regard to guidance issued by Secretary of State.

The statutory guidance is short. It is aimed specifically at, and 'sets out clear expectations for' councils which are 'considering changing funding to local voluntary or community groups'. Paragraph 7 of the guidance says that '**Authorities should seek to avoid passing on disproportionate reductions – by not passing on larger reductions to the voluntary and community sector and small businesses as a whole than they take on**'.

---

**Summary Community Services Statutory Requirements and Budget Proposals**

Transport Acts 1985 and 2008	SC491 More Efficient running of services from business unit SC492 Savings from Passenger Transport Strategy SC493 More efficient use of Fleet by Adult Social Care SC494 Outsourcing of client transport team roles/responsibilities SC503 Income from charging of new transport model CS1718E028 open driving standards offer to other LA applicants CS1718E029 non emergency passenger transport CS1718E030 advertising space on bus shelters and fleet
Travel Concessions (Eligibility) Act 2002	CS1718E031 concessionary fares
Section 508B of the Education Act 1996	SC517 Transport walking assessments policy reviews SC518 Efficiencies from Special Educational Needs (SEN) Transport CS1718E023 home to school transport to nearest school CS1718E024 mileage payments for parents in receipt of mobility allowance CS1718E026 increase concessionary fare cost to pupils CS1718E027 payment and assistance to school with minibuses to provide transport
Education Act 1996 and the Apprenticeship, Skills, Children and Learning Act (2009)	CS1718E025 charging for post 16 SEN students
Section 7(1) of the Public Libraries and Museums Act 1964 ("the 1964 Act")	SC486 Standardised opening hours in libraries SC 487 Staffing changes libraries
Public Protection Various	SC498 Provision joint Bedfordshire Trading Standards Unit SC500 Provision of Bedfordshire Emergency Planning Unit SC501 Provision of Joint Bedfordshire Environmental Health & Licensing Unit CS1718E022 Regulatory services
Crime and Disorder Act 1998	CS1718E032 review of growing CCTV CS1718E033 Domestic Abuse Refuge Play Worker
Section 45 of the Environmental Protection Act.	SC358 Biffa Contract Negotiations CS1718E042 New Disposal Contract savings Innovation Initiatives 1-Waste Social marketing Innovation Initiatives 2-Waste 15% Increase in Household Recycling
Sections 86 and 89 of the Environmental Protection Act 1990.	SC508 New waste collection and street cleansing contract CS1718E040 New Disposal Contracts Savings
Section 51 Environmental Protection Act 1990	CS1718E037 Reduction of HWRC Opening hours
Landfill Directive 2008	CS1718E038 Food Waste Bags CS1718E041 Food Waste Disposal
The Highways Act 1980	CS1718E020 adoption of ADEPT for commuted sums CS1718E021 additional income from NWSRA
The Road Traffic Act 1984	CS1718E019 removal of school crossing patrols on zebra crossings
Section 3 of the Local Government Act 1999	SC478 reduction in contributions by leisure services

## **Statutory Requirements – Resources**

### **Local Government Act 1972**

Section 151 of the Local Government Act requires local authorities to make arrangements for the proper administration of their financial affairs and secure that one of their officers has responsibility for the administration of those affairs”.

### **Local Government Finance Act 1988**

Section 113 requires the responsible officer under Section 151 of the 1972 Act to be a member of a specified accountancy body.

Section 114 requires a report to all the Authority’s members to be made by that officer, in consultation with the Council’s Monitoring Officer, if there is, or is likely to be unlawful expenditure or an unbalanced budget.

Section 114(7) requires authorities in England and Wales to provide their CFO (CFO) with ‘such staff, accommodation and other resources as are in his opinion sufficient to allow his duties under this section (ie s114) to be performed’.

### **Local Government Finance Act 1992**

Section 1—(l) As regards the financial year beginning in 1993 and subsequent financial years, each billing authority shall, in accordance with this Part, levy and collect a tax, to be called council tax, which shall be payable in respect of dwellings situated in its area.

Sections 32 and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

### **Local Government Act 2003**

Emphasises the importance of sound and effective financial management. In relation to capital financing there is a statutory requirement for each local authority to set and arrange their affairs to remain within prudential limits for borrowing and capital investment.

### **General Governance Requirements - Chartered Institute of Public Finance and Accounting (CIPFA)**

- Establish a medium term business and financial planning process to deliver the authority’s strategic objectives, including:
  - a medium term financial strategy to ensure sustainable finances;
  - a robust annual budget process that ensures financial balance; and
  - a monitoring process that enables this to be delivered.
- Ensure that these are subject to regular review to confirm the continuing relevance of assumptions used.
- Ensure that professional advice on matters that have financial implications is available and recorded well in advance of decision making and used appropriately.
- Ensuring that budget calculations are robust and reserves adequate, in line with CIPFA’s guidance.

- Ensure that those making decisions are provided with information that is fit for purpose – relevant, timely and giving clear explanations of financial issues and their implications.
- Ensure that timely, accurate and impartial financial advice and information is provided to assist in decision making and to ensure that the authority meets its policy and service objectives and provides effective stewardship of public money and value for money in its use.
- Ensure that the authority maintains a prudential financial framework; keeps its commitments in balance with available resources; monitors income and expenditure levels to ensure that this balance is maintained and takes corrective action when necessary.
- Ensure that advice is provided on the levels of reserves and balances in line with good practice guidance
- Ensure compliance with CIPFA's Code on a Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code.
- Ensure that appropriate management accounting systems, functions and controls are in place so that finances are kept under review on a regular basis. These systems, functions and controls should apply consistently to all activities including partnerships arrangements, outsourcing or where the authority is acting in an enabling role.
- Ensure the provision of clear, well presented, timely, complete and accurate information and reports to budget managers and senior officers on the budgetary and financial performance of the authority.

### **Social Security Administration Act 1992**

An Act to consolidate certain enactments relating to the administration of social security and related matters.

### **Social Security Administration (Fraud) Act 1997**

An Act to amend the law relating to social security offences and to make other amendments of the law relating to the administration of social security.

**The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 made under section 13 and 105 of the Local Government Act 2000 before the Localism Act 2011 inserted the new Part 1A, remain in force until revoked pursuant to the Interpretation Act 1978.**

The Localism Act includes a 'general power of competence' It gives councils more freedom to work together with others in new ways to drive down costs.

### **The Tribunals Courts and Enforcement Act 2007**

The Tribunals Courts and Enforcement Act 2007 and regulations aim to introduce a new legislative regime that is simple to understand and which is applied consistently across all debt types. The Act introduces the term "Enforcement Agent" (EA), which is in effect the new term for Certificated Bailiffs. Only a certificated EA may take control of goods. There is a new certification procedure, which, whilst similar to the previous regime, includes new requirements for training & competency and the application process has been modernised. A certificate will be required for all forms of enforcement action. A new, revised complaints process will be introduced as part of the reforms.

An Enforcement Agent is an individual authorised under s46 of the Tribunals Courts and Enforcement Act 2007, who acts on behalf of Local Authorities or Magistrates' Courts enforcing unpaid council tax and non-domestic rate liability orders, warrants for unpaid penalty charge notices and warrants for unpaid Court fines.

### **Statutory Instrument 2008 No 907 The Bedfordshire (Structural Changes) Order 2008;**

The Order provides for the establishment, on 1st April 2009, of a single tier of local government for the borough of Bedford and a single tier of local government for the remainder of the county of Bedfordshire (articles 3 to 5).

Lord-Lieutenants are the personal representatives of the Sovereign in their areas. They co-ordinate Royal visits and liaise with the Royal Households on a range of matters. Lord-Lieutenants are unpaid and bear certain office-related costs themselves.

### **Coroners and Justice Act 2009**

The relevant authority for a coroner has to balance the level of staffing need, as advised by the Coroner, with both the efficiency and outcomes of the service.

### **Statutory Instrument 2008 No 3248 The Local Authorities (England) (Charges for Property Searches) Regulations 2008;**

#### **Charges for access to property records**

5.—(1) This regulation applies where a local authority grants access to property records to a person (including to another local authority).

(2) The authority may impose a charge on that person for granting such access if it makes or proposes to make an internal recharge (analogous to a charge) for internal transactions.

(3) The charges and recharges made under this regulation must be calculated in accordance with regulations 6 and 7.

#### **Calculation of charges for access to property records**

6.—(1) This regulation and regulation 7 make provision for the charges and internal recharges made under regulation 5(2) to be no more than the costs to the local authority of granting access to property records.

(2) Subject to paragraph (3), each charge or recharge (the “unit charge”) for access to property records made during a financial year must be calculated by—

(a) dividing a reasonable estimate of the likely total costs to the local authority in granting access to property records (and performing internal transactions) during the financial year; by

(b) a reasonable estimate of the number of requests for access to property records likely to be received (from another person or different departments of the authority) over that same financial year.

(3) A local authority must take all reasonable steps to ensure that over the course of any period of three consecutive financial years, the total income (including notional income from internal transactions) from such charges and recharges does not exceed the total costs of granting access to property records.

(4) Where under paragraph (2), a local authority makes an overestimate or underestimate of the unit charge for a financial year, it must take this into account in determining the unit charge for the following financial year.

(5) Each unit charge made during a financial year must be the same amount and must be applied on equal terms, regardless of whether it is made in relation to granting access to property records or internal transactions (although multiple unit charges may be made in respect of multiple

requests for access or multiple transactions).

**Interpretation of costs under regulation 6(1)**

7.—(1) In regulation 6(1), “costs” means any costs to the local authority (including related salary costs and the costs of the creation and maintenance of records) reasonably incurred in connection with complying with a request for access to property records.

(2) In regulation 6(1), “costs” does not include—

- (a) such costs as the local authority incurs in granting access to free statutory information; or
- (b) such costs to the authority as are directly referable to the maintenance of free statutory information.

**Summary Resources Statutory Requirements and Budget Proposals**

<b>Local Government Act 1972</b>	CRE - 1617-01 Financial Performance & Support CRE - 1617-02 Financial Control
<b>Local Government Finance Act 1988</b>	CRE - 1617-01 Financial Performance & Support CRE - 1617-02 Financial Control
<b>Local Government Finance Act 1992</b>	CRE-1718-07 Recovery of debt collection costs
<b>Local Government Act 2003</b>	CRE - 1617-01 Financial Performance & Support CRE - 1617-02 Financial Control
<b>Social Security Administration Act 1992</b>	CRE - 1617-03, CRE-1718-08 recovery of overpaid Housing Benefit
<b>Social Security Administration (Fraud) Act 1997</b>	CRE - 1617-04 Risk Based Verification processing efficiency
<b>Localism Act 2011</b>	CRE - 1617-13 external income generation
<b>The Tribunals Courts and Enforcement Act 2007</b>	Innovation Initiatives1 Internal Enforcement Agents
<b>Statutory Instrument 2008 No 907 The Bedfordshire (Structural Changes) Order 2008;</b>	ICSE-1718-11 Reduction in Lord Lieutenant costs
<b>Coroners and Justice Act 2009</b>	ICSE-1718-12 Administrative support to the Coroner
<b>Statutory Instrument 2008 No 3248 The Local Authorities (England) (Charges for Property Searches) Regulations 2008;</b>	ICSE-1718-13 Maximising the benefit of digitisation in relation to Local Land Charges ICSE-1718-15 Recognise additional Local Land Charge income potential

## Statutory Requirements – Public Health

### Health and Social Care Act 2012

The Act conferred new duties on local authorities to improve public health. Local authorities have a duty to take such steps as they consider appropriate for improving the health of the people in their areas. Local authorities also inherited responsibility for a range of public health services previously provided by the NHS including most sexual health services and services to address drug or alcohol misuse. Section 12 of the Act lists some of the steps to improve public health that local authorities and the Secretary of State are able to take, including:

- carrying out research into health improvement, providing information and advice (for example giving information to the public about healthy eating and exercise);
- providing facilities for the prevention or treatment of illness (such as smoking cessation clinics);
- providing financial incentives to encourage individuals to adopt healthier lifestyles (for instance by giving rewards to people for stopping smoking during pregnancy); and,
- providing assistance to help individuals minimise risks to health arising from their accommodation or environment (for example a local authority may wish to improve poor housing where this impacts on health).

Subsection 12(4) of the 2012 Act gives local authorities powers to make grants or lend money to organisations or individuals in order to improve public health; it is for the local authority to determine the appropriate terms of such grants or loans.

**Regulations made under Section 6C of the NHS Act 2006** require local authorities to take particular steps in exercise of their public health functions, or aspects of the Secretary of State's public health functions.

**Part 2 of the Local Authorities (Public Health Functions and Entry to Premises by Local Healthwatch Representatives) Regulations 2013 (SI 2013/351)** makes provision for the steps to be taken by local authorities in exercising their public health functions. In particular:

- **Regulation 3** requires local authorities to provide for the **weighing and measuring** of certain children in their area (including age and school type).
- **Regulations 4 and 5** relate to the duties of local authorities to provide or make arrangements to provide **for health checks** for eligible people (depending upon age and health status). The regulations specify the type of information to be recorded. Local authorities must also provide information about dementia to older people.
- **Regulation 6** requires local authorities to provide, or make arrangements to secure the provision of open access **sexual health** services in their area. HIV treatment and care, abortion, vasectomy and sterilisation services will continue to be commissioned by the NHS.
- **Regulation 7** creates a duty on local authorities to provide or make arrangements to secure the provision of a **public health advice service**, in relation to their powers and duties to commission health services, to any Clinical Commissioning Groups (CCGs) in their area. The matters covered by the advice service is to be kept under review and should be agreed between local authorities and CCGs
- **Regulation 8** imposes a duty on local authorities to provide **information and advice** to certain persons and bodies within their area in order to promote the preparation of, or participation in, health protection arrangements against threats to the health of the local population, including infectious disease, environmental hazards and extreme weather events.

## **Duty to have regard to guidance: Public Health Outcomes Framework**

Section 31 of the 2012 Act<sup>10</sup> requires local authorities to have regard to guidance from the Secretary of State when exercising their public health functions; in particular this power requires local authorities to have regard to the Department of Health's Public Health Outcomes Framework (PHOF). A public health outcomes framework for England sets out the Government's overarching vision for public health, the desired outcomes and the indicators that will be used to measure improvements to and protection of health. Improving outcomes and supporting transparency, provides a summary technical specifications of public health indicators.

Section 237 of the 2012 Act also requires local authorities to comply with National Institute for Health and Care Excellence (NICE) recommendations to fund treatments under their public health functions.

## **Responsibility for sexual health services**

### **Local authorities commission:**

- comprehensive sexual health services including most contraceptive services and all prescribing costs, but excluding GP additionally-provided contraception
- sexually transmitted infections (STI) testing and treatment, chlamydia screening and HIV testing
- specialist services, including young people's sexual health, teenage pregnancy services, outreach, HIV prevention, sexual health promotion, services in schools, college and pharmacies

One of the aims of transferring public health responsibilities to local authorities was to better integrate health and social care services and other activities that affect health such as housing and maintenance of public spaces.

A public health grant has been provided to:

- improve significantly the health and wellbeing of local populations
- carry out health protection functions delegated from the Secretary of State
- reduce health inequalities across the life course, including within hard to reach groups
- ensure the provision of population healthcare advice

## **Guidance to support the commissioning of the Healthy Child Programme 0-19: Health Visiting and School Nursing services Public Health England**

The guidance is designed to support local authorities in commissioning 'public health services for children and young people' and in particular delivering the Healthy Child Programme 0-5 (Health Visitors) and 5-19 (School Nurses). The Healthy Child Programme aims to bring together health, education and other key partners to deliver an effective programme for prevention and support.

The Programme (0-19) aims to:

- help parents develop and sustain a strong bond with children
- encourage care that keeps children healthy and safe
- protect children from serious disease, through screening and immunisation
- reduce childhood obesity by promoting healthy eating and physical activity
- identify health issues early, so support can be provided in a timely manner
- ensure children are prepared for / supported in all child care, early years and education settings and especially supported to be 'ready for to learn at two and ready for school by five

The core public health offer for all children includes:

- child health surveillance (including infant physical examination) and development reviews

- child health protection, immunisation and screening
- information, advice and support for children, young people and families
- early intervention and targeted support for families with additional needs
- health promotion and prevention by the multi-disciplinary team
- defined support in early years and education settings for children with additional and complex health needs
- additional or targeted public health nursing support as identified in the Joint Strategic Needs Assessment, e.g. support for looked after children, young carers, or children of military families

**Summary Public Health Statutory Requirements and Budget Proposals**

<p><b>Health and Social Care Act 2012</b></p>	<p>PH6 Innovation Fund Drug and alcohol          PH9 Sexual Health re-procurement efficiencies          PH12 Re-define stop smoking offer          PH13 Aspire NLP          PH15 Adult weight management          PH19 Sexual Health          PH21 Stop Smoking (Shared)          PH22 Stop Smoking (CBC)          PH20 drug and Alcohol          PH23 Additional 5% on Sexual Health</p>
<p><b>Part 2 of the Local Authorities (Public Health Functions and Entry to Premises by Local Healthwatch Representatives) Regulations 2013 (SI 2013/351)</b></p>	<p>PH9 Sexual Health re-procurement efficiencies          PH14 Re-focus healthcheck programme          PH16 Healthchecks          PH17 Healthchecks          PH19 Sexual Health          PH23 Additional 5% on Sexual Health</p>
<p><b>Guidance to support the Commissioning of the Healthy Child Programme 0-19</b></p>	<p>PH7 Healthy Child Programme          PH18 0-19 Healthy Child Programme</p>

## Statutory Requirements –Regeneration

### Local Government Act (2000)

Power of 'community well-being' gave LAs strategic leadership role for Local Economic Development

### Community Infrastructure Levy Regulations 2010

The Community Infrastructure Levy is a planning charge, introduced by the Planning Act 2008 as a tool for local authorities in England and Wales to help deliver infrastructure to support the development of their area. Most new development which creates net additional floor space of 100 square metres or more, or creates a new dwelling, is potentially liable for the levy.

### Localism Act 2011

The Community Infrastructure Levy includes the additional costs, besides infrastructure costs, that development places on an area and the money raised can be used to fund the improvement, replacement, operation or maintenance of infrastructure as well as its provision. The Act specifies how planning decisions can be legally enforced and allows planning authorities to decline to process planning applications which include any region affected by a planning enforcement notice.

### Building Act 1984

Regulations with respect to the design and construction of buildings and the provision of services, fittings and equipment in or in connection with buildings. The regulations made under the Act have been periodically updated, rewritten or consolidated, with the latest and current version being the Building Regulations 2010.

### The Building Regulations 2010

The regulations cover the construction and extension of buildings. Building regulation approval may also be needed for alteration projects, including:

- replacing fuse boxes and connected electrics
- installing a bathroom that will involve plumbing
- changing electrics near a bath or shower
- putting in a fixed air-conditioning system
- replacing windows and doors
- replacing roof coverings on pitched and flat roofs
- installing or replace a heating system
- adding extra radiators to a heating system

### The Building (Local Authority) Charges Regulations

Authorisation to fix and recover charges by way of a scheme

3.—(1) A local authority are authorised by means of a scheme made under these Regulations (a "charging scheme") to—

(a) fix such charges as they may determine, from time to time and in accordance with these Regulations, for or in connection with the performance of their functions relating to building regulations; and

(b) recover those charges, to the extent provided for by these Regulations, from relevant persons

---

**Summary Regeneration Statutory Requirements and Budget Proposals**

<b>Community Infrastructure Levy Regulations 2010</b>	SC151 administration fee
<b>Local Government Act (2000) Localism Act 2011</b>	RG401 Increase development management income
<b>Building Act 1984 Building Act 1984 The Building (Local Authority) Charges Regulations</b>	RG404 Building Control Review of Service

---

## **Robustness of Estimates and Adequacy of Reserves (Incorporating the Reserves Policy)**

### **Background**

- 1) Since coming into being on 1 April 2009 Central Bedfordshire has made annual improvements to the corporate budget process. This has enabled a greater insight into trends over time as the amount of robust historical information continues to grow.
- 2) Past experience, combined with an assessment of future risks and opportunities, provides a sound basis for determining the robustness of estimates and appropriate levels of reserves for existing services.
- 3) However, the Budget for 2017/18 and current MTFP is set against a rapidly changing environment for local government. Consultation is currently underway on changes to the New Homes Bonus system, the Retained Business Rates (NNDR) system and also the way in which education is funded will be subject to significant change over the MTFP period.
- 4) This means that there is a greater degree of financial uncertainty for the Council than has been the case for a number of years, and consequently a greater degree of estimation in the Budget and MTFP numbers. Whilst currently relatively well placed to accommodate these changes, the Council will nevertheless have to maintain adequate reserves to respond to unforeseen impacts.

### **Robustness of Estimates**

#### **Overall Approach**

- 5) The 2017/18 Budget setting process formally commenced with the approval of the process and Budget Strategy at the Executive meeting on 2 August 2016. The Strategy assessed the assumptions in the existing Medium Term Financial Plan (MTFP), approved by Council in February 2016, in light of the continued challenging economic situation and the Government's commitment to reduce overall public spending.
- 6) The 2017/18 Budget process was based on a refinement of the process undertaken for 2016/17. This included a series of reviews at Assistant Director (AD) level at an early stage during the process.
- 7) Also as part of the MTFP process for 2017/18 – 2020/21 in developing the strategy for efficiencies over the next four years, the Council developed both a thematic approach and also a focus on key specific issues. These are covered in detail in the main Budget report.

- 8) These reviews involved each AD making a presentation to senior management which:
  - provided an overview of the service;
  - split the budget into activities and explained the basis for the total budget for each activity;
  - identified pressures and efficiencies, both existing in the previous MTFP and new items and;
  - outlined potential options for further savings;
- 9) As a result, the budget process allowed for full consideration of where savings could be made. Relevant Portfolio Holders were involved in each of the Directorate reviews to provide direction on political priorities.
- 10) The baseline position for the budget reviews was the 2016/17 agreed budget.
- 11) This process allowed for savings proposals to be developed across the late summer and early autumn. During January 2017 all Overview & Scrutiny committees will review the Draft Revenue Budget, including savings proposals and pressures, the Draft Capital Programme and the Draft Landlord Services Business Plan (Housing Revenue Account).
- 12) The latest position is being presented to the Executive, together with the Draft Budget and the most up to date information on funding available at that time, on the 10 January 2017. Public consultation will commence with the residents of Central Bedfordshire on the 4<sup>th</sup> January 2017. Staff have also had the opportunity to input into the savings proposals as they have been assessed within Directorates.
- 13) The Chancellor of the Exchequer delivered the Autumn Statement on the 23 November 2016 with the subsequent announcement of the Finance Settlement expected on or around the 15<sup>th</sup> December.
- 14) Although in line with the timetable of last year, these late announcements meant there is little time in which to assess and incorporate changes to assumptions following the Settlement.
- 15) The implications arising from last years Settlement and the November 2016 Autumn Statement are covered in detail in the Budget report.

### **Budget Assumptions**

- 16) The headline assumptions within the Budget cover the levels of funding received and inflationary pressures, as well as the consideration of Directorate pressures and efficiencies outlined above. All of this has been considered in the context of the national economic conditions, and those specifically relating to Central Bedfordshire.

Funding sources

- 17) The main funding sources are Revenue Support Grant (RSG), Retained Business Rates (NNDR), specific grants and Council Tax.
- 18) The Local Government Financial Settlement repeated the '4-block model' and used the floor damping methodology introduced for 2011/12, which groups authorities into four separate floor bands.
- 19) Last years Settlement provided figures for the next four years with an offer to councils of a four year settlement should they wish to take advantage of that. CBC successfully applied, so the MTFP currently assumes that those figures remain valid. **We await the Financial settlement in December 2016 to confirm that.** It is expected that this applies to the RSG element only. This will give some certainty over the medium term, but RSG is due cease for CBC in 2019/20.
- 20) New Homes Bonus (NHB) amounts for future years of the MTFP are subject to further assessment, and consultation on NNDR changes is commenced in summer 2016. To date, there has been no response from DCLG on these consultations. The proposed changes are likely to result in significant funding reductions.
- 21) This potential volatility adds uncertainty to financial estimates and makes long term planning more difficult. An appendix to the Final Budget report in February 2017 will set out the funding anticipated to be received from various sources, showing year on year movements to each source.
- 22) In line with currently announced intentions, Central Bedfordshire is expecting to continue to benefit significantly from the New Homes Bonus for the next two years.
- 23) However, in light of this uncertainty, the MTFP takes the prudent approach of capping the level of grant assumed to be received at the 2014/15 level (£6.95M). Where any additional amounts are received, these will be held in a reserve that will be used to fund costs incurred as a result of growth and to mitigate budget pressures. Thereafter, the MTFP assume the loss of NHB funding over the final two years of the MTFP.
- 24) Historically, CBC had frozen Council Tax, however, the Financial Settlement last year was based on an assumption by Government that all upper tier local authorities would increase Council Tax by 2% as an adult social care precept (ringfenced) and a further 1.75% general Council Tax increase to make up for the reduction to RSG. This change in Policy now forms the basis of the new MTFP and the budget consultation due to commence in January 2017 will reflect this.
- 25) The Council Tax Freeze Grants from Central Government provided for previous years has now been rolled into the RSG baseline and so is lost

as RSG is removed. The same treatment has been applied to the Care Act funding of £1.2M

- 26) Central Bedfordshire has, since 2013/14, been able to keep a portion of National Non-Domestic Rates (NNDR) income under the Business Rates retention scheme. The MTFP takes a prudent approach to recognising NNDR growth over and above the Government's baseline estimate, based on modelling of planning data and anticipated business expansion.
- 27) The financial estimates are complicated by a series of grants received from Government to compensate for nationally imposed restrictions and discounts (reliefs). Prudent assumptions relating to the value of these grants in future years have been made.
- 28) The Council's plans for NNDR are backed up by detailed working based on known development activity. However, the Business Rates Revaluation due in 2017 and also the NNDR consultation add significant risks to this funding source.

Inflation

- 29) The key assumptions are set out in the main body of the report and cover pay award and non pay inflation.
- 30) The outlook for the economy is continuing to give rise to general pay restraint and for this reason a 1% increase only is provided for in 2017/18 and 2018/19. Provision has been made in the latter years of the MTFP for a more general impact of inflation being higher than the specific provisions made above. All pay awards are subject to national negotiations.
- 31) Last year the Government introduced a National Living Wage from April 2016 with the aim to achieve a minimum hourly rate of £9 by 2020. The Autumn Statement in November 2016 increased the rate for 2017/18 by £0.30 to £7.50. This will put further pressure on Council costs.
- 32) Following the practice adopted the previous year, a general percentage uplift on non-pay items was not allocated for 2016/17. Instead, specific inflation was provided only on a case-by-case basis where contractual conditions or similar factors necessitated an uplift. This ensures that inflation provisions are better targeted to the right areas.
- 33) The November 2016 Quarterly Inflation Report issued by the Bank of England advised that inflation is projected to rise above the 2% target within the next twelve months, and the fall in sterling since the EU referendum suggests inflation could reach 2.7% in 2018. The most recent official figures showed that inflation is running at 0.9%.
- 34) The Bank does not expect inflation to return to its 2% target until 2020.

- 35) The Bank increased its prediction for economic growth from 0.8% to 1.4% 2017, but cut the 2018 forecast from 1.8% to 1.5% (note the 2016 Autumn Statement cites growth of 1.4% for 2018 picking up to 1.7% the following year).
- 36) The Council's treasury management advisers, Arlingclose Ltd, do not expect the Bank of England to raise its base rate from its current level of 0.25% over the next three years given the weakness of global growth and a low risk of inflation.

Service Expenditure

- 37) The robustness of estimates for each of the Directorates has been considered during the budget setting process, with an assessment of the general robustness of service budgets as well as the impact of pressures, growth and efficiencies.
- 38) The Base Budget build provides assurance that budget and activity are aligned and that budgets are at the correct level for 1 April 2017. A core part of the budget strategy has been to ensure that additional resources are allocated to those areas experiencing continuing pressures. These are detailed in the body of the report.
- 39) There is an Efficiencies Implementation Group in place, chaired by the Director of Resources (and s151 Officer), which will oversee the delivery of all efficiencies; ensuring plans are in place to secure the required savings. This is a continuation of previous years' practice which has successfully overseen the delivery of significant savings. Nevertheless, continued delivery of further savings year on year, including £14.6M of savings in 2017/18, is a significant challenge.
- 40) This successful track record demonstrates a sound corporate approach to the delivery of budgeted savings and gives a measure of confidence that the 2017/18 Budget is realistic and achievable. Nevertheless each year it becomes harder to deliver savings whilst maintaining service levels and there will be significant challenges to be faced in the years ahead.
- 41) The Revenue budget for 2017/18 also includes a contingency of £2.1M which should help to mitigate any unforeseen pressures, or risks that might materialise.
- 42) Expected capital receipts exceeds the budgeted amount in order to allow for the fact that not all disposals will be completed in the full year. If realised, these will also help to reduce the Council's need to borrow to fund the Capital Programme.

Risk Assessment

- 43) The above assessment of the robustness of estimates has identified a number of risks in the budget.
- 44) The Efficiencies Implementation Group chaired by the Director of Resources (and s151 Officer), risk assesses all planned efficiencies using a Red/Amber/Green status at the beginning of each year and tracks their achievement throughout the year. In the event of any shortfall against an efficiency, a compensatory saving is sought.
- 45) Risks and opportunities are also tracked monthly as part of budget monitoring and migrating action taken where necessary.

## General Fund Balances and Reserves Analysis

<b>Background</b>	
1.1	The s151 Officer has a statutory duty under Section 25 of the Local Government Finance Act 2003 to comment annually on the adequacy of the Council's General Fund (GF) Reserves. This is reported as part of the annual budget papers to Executive and Full Council and the analysis within this document supports the s151 Officer's opinion.
1.2	<p>The purpose of General Fund reserves are to act as:</p> <ul style="list-style-type: none"> <li>• A working balance to help cushion the impact of volatility in net expenditure or income across financial years*.</li> <li>• To smooth the flow of funds e.g. when faced with funding cuts a GF Reserve enables the Council to draw down on reserves whilst a permanent efficiency saving is implemented.</li> <li>• A contingency to cushion the impact of unexpected events or emergencies;</li> <li>• A means of building up funds to meet known or predicted requirements. Funds can also be set aside in the form of specific earmarked reserves, which are accounted for separately but legally form part of the General Fund balance.</li> </ul> <p>* This ability of reserves to react to volatility in income or expenditure is different from the availability of physical cash. The Council can maintain low liquidity balances, as set out in its Treasury Management Strategy, as it has sufficient and immediate access to debt finance.</p>
1.3	When considering whether the level of General Fund reserves is both adequate and necessary, the s151 Officer considers the strategic, operational and financial risks facing the Council and balances this against utilising the maximum resources available to the Council to achieve its objectives and ensuring that current resources are used to the benefit of the current tax payer.
1.4	<p>The Chartered Institute of Public Finance and Accountancy (CIPFA) released a Local Authority Accounting Panel (LAAP) Bulletin 99 (July 2014) outlining key areas to consider when assessing the adequacy of reserves including:</p> <ul style="list-style-type: none"> <li>• The robustness of the financial planning process (including treatment of inflation and interest rates, estimates of locally raised income and timing of capital receipts)</li> <li>• How the Council manages demand led service pressures</li> <li>• The treatment of planned savings / productivity gains</li> <li>• The financial risks inherent in any major capital project, outsourcing arrangements or significant new funding changes</li> <li>• The strength of the financial monitoring and reporting processes</li> <li>• Cash flow management and the need for short term borrowing</li> <li>• The availability of reserves, Government grants and other funds</li> </ul>

	<p>to deal with major contingencies</p> <ul style="list-style-type: none"> <li>• The general financial climate to which the Council is subject and its previous record in budget and financial management.</li> </ul>
1.5	<p>In November 2013 the Audit Commission stated that: <i>“Reserves are an essential part of councils’ strategic, financial and risk management. Councils hold reserves either as a contingency fund in the event of unforeseen circumstances, such as unexpected demand for services or a shortfall in income, or to smooth the impact of planned spending requirements over time, for example, setting aside funds for staff redundancies or to invest in large-scale capital projects. Our 2012 report on councils’ decision making on reserves encouraged councils to:</i></p> <ul style="list-style-type: none"> <li>• <i>examine routinely how much they hold in reserves, and the purposes for which reserves are held; and</i></li> <li>• <i>ensure their decisions on reserves are clearly explained to local taxpayers to promote accountability.”</i></li> </ul>
1.6	<p>The analysis in Table 1 examines the Council’s balances against the criteria outlined in LAAP Bulletin 99 and is based on the Council’s procedures and structures. However, the assessment necessarily includes an element of subjectivity and, in acknowledgement of this, incorporates a range of possible balances. The calculated range for recommended general fund balances remains at £11.5M to £25M. The upper end of the range includes the maximum unallocated balances the Council could justify holding, and if balances were at this level, the s151 Officer may recommend that plans were developed to use balances to enhance the Council’s expenditure plans in the current year.</p>
1.7	<p>The expected GF reserve closing balance for 2016/17 is £15.5M which is 4% of gross income and within the recommended range. Additionally it is expected that £30.3M will be set aside as General Fund earmarked reserves for specific identified purposes (October 2016 forecast). Appropriate use of these reserves is included within the budget estimates presented, although in some cases the use may span more than one year. As an emergency measure these earmarked reserves could provide additional resilience, and therefore assist as a mitigation of risk to the Council.</p>
1.8	<p>Monitoring of both general and earmarked reserves takes place every month, to ensure these are correctly identified and are being used appropriately. The creation of new earmarked reserves, and transfers to and from reserves, are subject to approval by Executive as part of the final budget outturn position for the year. The reserves position is therefore transparent to all Members.</p>

**Table 1 Assessment of Required General Fund Reserve Balances**

Area of Risk	Details	Minimum	Maximum
<p>The general financial climate to which the Council is subject</p>	<p>Local Government will see sustained reductions in Central Government Funding beyond 2017/18.</p> <p>As part of the Financial Settlement for 2016/17, councils were made an offer of a four year settlement subject to certain conditions. CBC applied for this offer which was accepted. We await the Financial Settlement in December 2016 to confirm the figures but it is likely that this will only apply to the RSG element of the settlement.</p> <p>The MTFP has been updated against a background of significant challenges. On the 23rd June 2016, the United Kingdom (UK) voted to leave the European Union (EU). At the time of this report, the required process to trigger the UK leaving the EU (Article 50 of the Treaty on European Union) has not been invoked although the Government has issued a statement that it will start the formal process by March 2017.</p> <p>Once Article 50 is invoked, the exit process is expected to last for up to two years although the political and economic ramifications will probably be felt for many years.</p> <p>Locally, Central Bedfordshire Council has included identified Central Government funding reductions within its Medium Term Financial Plan (MTFP).</p> <p>Though more slowly than in previous years, Schools continue to convert to Academy status placing them outside the Council's control. Education Support Grant funding is provided to Councils on a per pupil basis and is reduced with every Academy conversion. This Grant is expected to be removed over two years (2017/18 and 2018/19) and the anticipated reduction is built into the MTFP.</p> <p>In addition, there are financial risks to the Council as a result of decision taken by schools to change their age range from a three tier system to a two tier system. This could result in the Council having to pick up significant redundancy costs and deficits from schools that close as a result.</p>	<p>£2M</p>	<p>£4M</p>
<p>The overall financial standing of the authority</p>	<p>From commencing with reserves of £5.1M on 31 March 2010, Central Bedfordshire Council has steadily increased reserves to £15.5M as at 31 March 2016, which is 4% of gross income. This reflects continuous improvement in the financial strength of the Council.</p>	<p>£0M</p>	<p>£1M</p>

	<p>Additionally the Council at 31 March 2016 had £28.4M in General Fund earmarked reserves set aside for specific purposes. <b>A balanced budget has been set for 2017/18.</b></p>		
<p>Estimates of level of locally raised income</p>	<p>In 2013/14 the administration of Council Tax Support Scheme was localised with a 10% reduction in funding and National Non-Domestic Rates (NNDR) moved to a retention system, where Councils keep an element of business rates raised.</p> <p>Retention of an element of Business Rates by Councils means the organisation would benefit from higher Rates income than expected, but also suffer the consequences if Business Rates income was to reduce. The Government has introduced a safety net payment to prevent excessive losses and a levy on gains and Central Bedfordshire Council would be funded for NNDR losses above £2.2M in a financial year and would have to pay 24% of their share of any gains above their baseline funding as a levy back to Central Government.</p> <p>The new NNDR retention system requires Councils to determine a provision for NNDR appeals in future years, where individuals may successfully challenge their NNDR rating. Councils have had to set this provision which directly affects NNDR income and necessarily involves an element of subjectivity.</p> <p>Both NNDR and Council Tax income forecasts are based on the estimation of property bandings and rateable properties by valuation professionals in each respective area.</p> <p>As noted in the Budget report, there is a risk that NNDR could be impacted by both the NNDR consultation and the Rebasing of Rateable Value in 2017.</p>	<p>£1M</p>	<p>£3M</p>
<p>The treatment of planned efficiency savings/productivity gains</p>	<p><b>The Council has set a balanced budget for 2017/18 which includes £14.6M of efficiencies. A further £31.2M of efficiencies are required over the subsequent 3 years to achieve the Medium Term Financial Plan (MTFP).</b></p> <p>The Council has a successful track record of achieving efficiency savings. Efficiencies are monitored in the Council by the Efficiencies Implementation Group (EIG) chaired by the Chief Finance Officer.</p>	<p>£1M</p>	<p>£2M</p>
<p>The treatment of inflation and interest rates</p>	<p>Limited inflation has currently been included in the 2017/18 budget and price inflation has remained low. However, there do remain specific risks in relation to contracts and fuel.</p>	<p>£2M</p>	<p>£3M</p>

	<p>The November 2016 Quarterly Inflation Report issued by the Bank of England advised that inflation is projected to rise above the 2% target within the next twelve months, and the fall in sterling since the referendum suggests inflation could reach 2.7% in 2018. The most recent official figures showed that inflation is running at 0.9%.</p> <p>Low interest rates have been in place for a number of years, with the Bank of England base rate at 0.25%, resulting in the Council receiving low returns on its investments, which has been factored into the budget.</p> <p>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.</p> <p>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.</p> <p>An increase in interest rates would therefore have a direct and immediate cost on variable borrowing. Where amounts which have been internally borrowed are required to be spent, external borrowing may be required at that time to fund these and this would be at a cost to the organisation at that time depending on the rate of interest.</p> <p>The Council has a significant Capital Programme which forecasts £104M of borrowing over the next 4 years. At present the MTFP has calculated revenue implications on current interest rates and debt taken out on a short term basis. If interest rates were to increase, the revenue implications of this debt would increase when borrowing or refinancing the debt in future years.</p>		
<p>The financial risk inherent in any major outsourcing / insourcing arrangements</p>	<p>The Council has a number of high value contracts with external providers. The largest of these are contracts for: waste management, highways, passenger transport, social care for residential and nursing care provision, temporary accommodation, agency staff and grounds maintenance.</p> <p>Some of these suppliers are reliant on private finance linked to asset values for their viability. In the current financial climate this poses an increased risk of service failure to the Council.</p>	<p>£1M</p>	<p>£2M</p>

	The Council has also engaged with a supplier to run its leisure centres, in a contract which creates a residual risk to be managed by the Council.		
The treatment of demand led pressures	<p>There are significant social and economic drivers of change within Central Bedfordshire across the medium term and beyond, particularly Central Bedfordshire's population has increased at a faster rate than nationally at 17.3% since the 2001 census and a further 7.6% increase is forecast between 2015 and 2021.</p> <p>Population growth will be highest in the 90 + age group, 38% growth by 2021. Significant growth is also anticipated in the 85+ age group of 33% and 65 + age group of 18%.</p> <p>The Council has a robust Medium Term Financial Plan (MTFP) process embedded across the organisation. Through this process, reasonable assumptions about demand and funding pressures have been made and a prudent view of volatile areas has been taken. All known pressures across the Council are included as funded items in the MTFP, with additional funding in future years linked to forecast demand. The budget contingency is largely to take account of potential demand led pressures on key expenditure and income streams.</p>	£1M	£2M
The financial risks inherent in any major capital developments	<p>The Capital Programme includes expenditure over the next 4 years of over £309M with substantial investment in schools places, enhanced waste disposal facilities and the Woodside Link. A further £30M of expenditure is on the capital reserve list, to be included in the main programme if the project can be accommodated within the Council's financing constraints. There is also expected to be significant investment through the Housing Revenue Account.</p> <p>Increased capital activity and development will result in a corresponding increase in financial risk.</p>	£0.5M	£1.5M
Estimates of the level and timing of capital receipts	Capital Receipts are forecast to be £40.0M over the next four years, based on a schedule of land and properties that have been identified for disposal and form an important source of financing for the capital programme. If disposals are lower than projected then alternative options to achieve disposals or compensatory improvements to asset utilisation will be considered.	£2M	£3M
The availability of reserves, Government grants and other funds to deal with major	In the event of a major emergency it is possible that aside from general reserves, Central Government may provide funding to support the Council via the Belwin scheme. However Councils will only be able to access this funding if they have already spent 0.2% of their	£0M	£0.5M

contingencies and the adequacy of provisions	budget on repairs and thus may incur direct costs as a result.		
The Council's capacity to manage in year budget pressures, and its strategy for managing both demand and service delivery in the longer term	There is a well-developed monthly budget monitoring process in place, ensuring adverse variations are identified promptly by service managers. The monthly challenge and review process ensures the early identification and resolution of issues. Additionally the 2017/18 budget includes a £2.1M contingency to potentially support any in year issues.	£0M	£1M
Miscellaneous	<p>There are a number of risks that face the Council which have a low likelihood of occurring but would have a high impact if the risk was actualised. This includes risks of substantial flooding, disease outbreak or a serious service failure for example in Children's Services or Adult Social Care. There is also the risk of widespread ICT failure. The Council has strong internal mechanisms for identifying, monitoring and reporting risks on a regular basis.</p> <p>Recent changes in legislation have brought about new community rights and alternative methods of delivering services traditionally provided by the Council. This has led to more and different supply chain partnerships being entered into, sharing risks across private, public and voluntary organisations.</p> <p>The Council may also face from time to time potential legal actions. Funds in excess of budgetary provision may be required to defend the Council against such actions.</p>	£1M	£2M
<b>Total</b>		<b>£11.5M</b>	<b>£25M</b>

This page is intentionally left blank

Central Bedfordshire Council

EXECUTIVE

10 January 2017

---

**DRAFT CAPITAL PROGRAMME 2017/18 TO 2020/21**

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

Advising Officer: Charles Warboys, Director of Resources and Section 151  
Officer  
([charles.warboys@centralbedfordshire.gov.uk](mailto:charles.warboys@centralbedfordshire.gov.uk))

Contact Officer: Ralph Gould, Head of Financial Control  
([ralph.gould@centralbedfordshire.gov.uk](mailto:ralph.gould@centralbedfordshire.gov.uk))

**This report relates to a non-Key Decision**

---

1. The purpose of this report is to seek Member approval for a Capital Programme for the Medium Term Financial Plan (MTFP) period 2017/18 to 2020/21 to facilitate effective financial management and planning.
2. The report proposes the draft Capital Programme for the four years from 1 April 2017. It excludes the Housing Revenue Account (HRA) which is subject to a separate report.

**RECOMMENDATION**

**The Executive is asked to:**

1. **approve the draft Capital Programme for 2017/18 to 2020/21 for consultation with Overview and Scrutiny Committees and other interested parties.**

**Overview and Scrutiny Comments/Recommendations**

3. Overview and Scrutiny Committees will consider the budget proposals in their January 2017 cycle of meetings and comments will be included in the final Budget report to be presented to Council at its February 2017 meeting.

## **Background**

4. The Council's Capital Programme has been reviewed during the current financial year and there have been a number of changes to profiles, reductions and additions.
5. The Capital Programme continues to be dominated by a few large schemes including the requirement to provide New School Places, M1/A421 Junction 13 – Milton Keynes Magna Park, M1/A6 Phase 1 and 2, Highways Structural Maintenance, Dunstable Leisure Centre and Library, and Broadband infrastructure.
6. A driving principle underlying Capital Programme development has always been to minimise the revenue impact in future years arising from interest payments and the Minimum Revenue Provision (MRP) or alternatively, to identify future revenue resources to facilitate borrowing for capital purposes in a sustainable and prudent manner.

## **Capital Budget Strategy**

7. From the Council's five-year plan there are a number of broad outcomes which capital investment plays a role in delivering:
  - Improved town centres and facilities
  - Great quality, appropriate and affordable housing
  - Great infrastructure including transport and broadband
  - Improved roads and pavements, parks and leisure
  - Educational success
  - Allowing people to live independently or in suitable specialist accommodation
  - Operational efficiency.
8. In order to deliver those outcomes and in common with the General Fund Revenue MTFP, the Capital Programme was built up thematically as follows:
9. Theme 1 - Replacing and renewing operational assets:

Buildings, roads, IT systems and streetlights etc. have a finite life and the Council needs to have a programme to maintain, improve and replace assets used for operational delivery.

The Council also needs to ensure that the Capital Programme is checked for relevance, statutory compliance, value for money and opportunities to deliver efficiencies at the point of renewal but also recognise that there will be a base level of need to keep services running.

10. Theme 2 - Investing to save:

Capital investment can be the key that unlocks new income streams and capital receipts or helps manage demand:

Managing demand, through the Managing the Needs of Older People (MANOP) programme for instance, is key to the Council's strategic thinking to contain costs and offer better outcomes.

Upfront investment in some assets can either trigger improved income generation opportunities, as in CCTV or enhance the value of assets prior to sale, as in work to prepare for disposal of sites such as Thorn Turn.

11. Theme 3 - Capturing the benefits of growth for all:

Growth brings opportunities to deliver new capital infrastructure alongside additional revenue through Council Tax, NNDR and the New Homes Bonus. Growth is often the trigger to access Government funding for key infrastructure.

CBC needs to ensure it is capturing the full benefits of being a Council that supports growth, and critically that these are benefits for both new and existing communities.

This is key to CBC's investment plans for school places, transport and new leisure facilities.

12. Theme 4 - Protecting and enhancing Central Bedfordshire:

As custodians of the public realm and significant landowners, CBC has a role to play in ensuring the environment which makes Central Bedfordshire such an attractive place to live, work and invest is protected.

An increasing population creates additional pressure on urban and rural open spaces and this requires continued capital investment to maintain, such as bridges on public footpaths but beyond this there are opportunities to improve existing facilities such as Houghton Hall Park.

13. Theme 5 - Responding to new opportunities:

As an effective and resilient authority CBC is in a position to respond to change proactively and to investigate and take opportunities.

Examples include the provision and delivery of Health Care hubs; working with health providers to create a more seamless service. This has been put into practice, at a modest scale but further opportunities in Dunstable and Biggleswade are being investigated.

New opportunities to make the most of our assets, whether it is a rural exception site for key worker housing or building our own care homes also warrant investigation.

14. Also, as part of the MTFP process for 2017/18 – 2020/21 the Council focussed on a number of specific issues and used an internal resource which was released for three months on secondment to undertake a series of reviews. Those reviews (known as the MTFP Workstreams) covered nine areas. One of those was Income from Assets, the outputs of which are captured in the Capital Programme. Specifically, two projects are proposed as part of this workstream; a) build a Crematorium, and b) build a Children's Home and Assessment Centre. Both of these schemes may deliver financial benefits to General Fund revenue, and would only be pursued if such benefits are identified.
15. The Capital Budget proposed in this report reduces revenue liabilities against those previously identified in the MTFP for 2016/17 to 2019/20. The reduction is partly due to revised cost of borrowing assumptions identified within the Interest Rates section of this report. Risks of revenue budget pressures remain, largely those associated with the realisation of capital receipts (delays would increase the overall borrowing requirement), and the timing of movements in interest rates (if increases occur earlier than assumed then interest liabilities will be greater than estimated). Any capital overspends or shortfalls in capital receipts which cannot be mitigated would result in a revenue pressure as additional borrowing would be necessary.
16. A summary of the proposed Capital Programme has been included in Appendix A and Appendix B which shows a breakdown by individual schemes. Particular attention is drawn to schemes that require the use of the Council's own resources, i.e., capital receipts or unsupported borrowing, as it is these schemes that create future revenue liabilities.
17. Capital receipts projections for the 2017/18 to 2020/21 period have been reviewed. These represent a key source of funding for the Capital Programme over the MTFP period without which the affordability and sustainability of the Capital Programme could be at risk.
18. The Housing Revenue Account (HRA) Capital Programme is included as part of a separate report to the Executive and is therefore excluded from this report.

**Summary of draft Capital Programme 2017/18 to 2020/21**

19. Capital investment is required to ensure the delivery of the Council's priorities but the programme needs to be both affordable and sustainable. Capital expenditure that is not financed through existing capital resources (e.g., grants, developer contributions and capital receipts) will reduce revenue resources available for other services over the longer term by incurring additional capital financing costs.
20. Table 1 below shows a summary of the draft Capital Programme reflecting revisions in year and a planning assumption of varied slippage in programme spend across the years. Expenditure and income in each year has been adjusted by an overall estimate of slippage in the Capital Programme for the purposes of calculating the revenue implications. Based on current monitoring of the 2016/17 Capital Programme an overall slippage to 2017/18 of 30% has been assumed followed by 20% to 2018/19 and 15% per annum thereafter. The assumed slippage profile reflects the fact that a number of high value schemes are expected to complete in 2017/18 and the proposed programmes for later years are reducing in overall value. A reconciliation to the MTFP, excluding slippage, is provided in Appendix C. The detailed draft programme is presented in Appendices A and B.

**Table 1 – 2017/18 to 2020/21 Draft Medium Term Financial Plan Capital Programme (assuming annual programme slippage)**

	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Gross Expenditure	94,931	90,983	96,834	57,940
Funded by:				
Grants/Contributions	(42,997)	(46,440)	(63,522)	(43,350)
Capital Receipts	(12,000)	(10,000)	(10,000)	(8,000)
Borrowing	(39,934)	(34,543)	(23,312)	(6,590)
<b>Total Funding</b>	<b>(94,931)</b>	<b>(90,983)</b>	<b>(96,834)</b>	<b>(57,940)</b>

21. By including an overall slippage assumption for the capital schemes there is recognition that dependencies within the Capital Programme exist (for example on third parties, including external funders) and often, as a result, capital schemes are deferred from one year to the next as delivery is delayed.

### Financing of the Capital Programme

22. The revenue financing costs of the proposed Capital Programme, including what has been previously built into the previous MTFP are:

**Table 2 – 2017/18 to 2020/21 Annual Revenue Implications of proposed Capital Programme compared to Previous MTFP**

	<b>2017/18 £000</b>	<b>2018/19 £000</b>	<b>2019/20 £000</b>	<b>2020/21 £000</b>
Previous MTFP	16,150	17,736	19,103	-
Additional Charge / (Reduction) to original MTFP	(1,580)	(2,366)	(2,523)	-
<b>Revised MTFP</b>	<b>14,570</b>	<b>15,370</b>	<b>16,580</b>	<b>17,680</b>
Year on Year Increase in the revenue consequences of the proposed programme		800	1,210	1,100

Estimated revenue costs are lower than the previous base budget for 2017/18 to 2019/20 reflecting updated assumptions in respect of the timing of interest rate movements and amendments to the draft Capital Programme.

23. Table 2 sets out the draft position over the medium term. Although there is less certainty in determining future spend and financing, the table shows that the Capital Programme will continue to produce cost pressures without further generation of new capital receipts and external grants and contributions.

### Interest Rates

24. Since inception the Council, (excluding HRA refinancing), has borrowed internally from its own cash balances to fund the Capital Programme, as opposed to taking on debt from the Public Works Loan Board (PWLB), a Central Government lending facility, or financial markets. Cash balances derive from the Council's reserves, grants received in advance and amounts due to creditors. As at 31<sup>st</sup> March 2016, the Council had borrowed £122.0M from its own balances to fund capital expenditure. Where required by the actual cash flow position, the Council obtains short term borrowing from other public authorities.

25. Revenue implications of the Capital Programme have been calculated on the assumption that any borrowing, required by actual cash flows, will be obtained on a short term basis taking advantage of current low interest rates. Council borrowing has traditionally been obtained from the PWLB for longer periods. However in the current market, public authorities are lending to each other at rates below the PWLB rate for short term periods and the inclusion of these rates coupled with revised assumptions in respect of future increases in UK base rates has lowered the projected revenue implications of the Capital Programme over the previous MTFP 2016/17 to 2019/20 period.
26. The rate of interest assumed is important in determining revenue implications of borrowing arising from the Capital Programme. Importantly, the assumed borrowing costs over the period of the MTFP are particularly sensitive to any unexpected increases in interest rates. Table 3 below demonstrates the impact on the MTFP of interest rates above those assumed in the Plan.

**Table 3 – 2017/18 to 2020/21 Additional costs over the MTFP period of an unexpected increase in the Interest Rate**

	<b>2017/18</b> <b>£000</b>	<b>2018/19</b> <b>£000</b>	<b>2019/20</b> <b>£000</b>	<b>2020/21</b> <b>£000</b>
1% point higher	1,120	1,430	1,620	1,710
2% points higher	2,240	2,860	3,240	3,420

27. There is a risk that interest rates may be higher than current rates when it comes to refinancing debt taken out on a short term basis. This would lead to higher revenue implications arising from the draft Capital Programme over the longer term, within and beyond the current MTFP period.
28. The Council's treasury management advisers, Arlingclose Ltd, do not expect the Bank of England to raise its Base Rate from its current level of 0.25% over the next three years.
29. The Council's MTFP assumes variable interest rate forecasts as follows:

	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Rate %	0.50%	0.50%	0.50%	0.63%

This forecast includes a 0.1% prudent allowance for uncertainty above the assumptions provided by Arlingclose Ltd.

30. Taking into account the assumptions on borrowing over the MTFP period, and the mix of fixed and variable rate borrowing, the weighted average interest rates for the MTFP period are as follows:

	2017/18	2018/19	2019/20	2020/21
Weighted average interest rate on borrowing %	2.50%	2.28%	2.38%	2.60%

31. The Council reviews and approves annually its Treasury Management Strategy and monitors financial markets on an on-going basis. It is possible that, based on market conditions, the Council may choose to borrow at a fixed rate of interest to reduce exposure to variable debt. However, medium term fixed interest rates are higher than variable rates and any decision to fix debt in the short term would adversely impact revenue implications within the MTFP period.

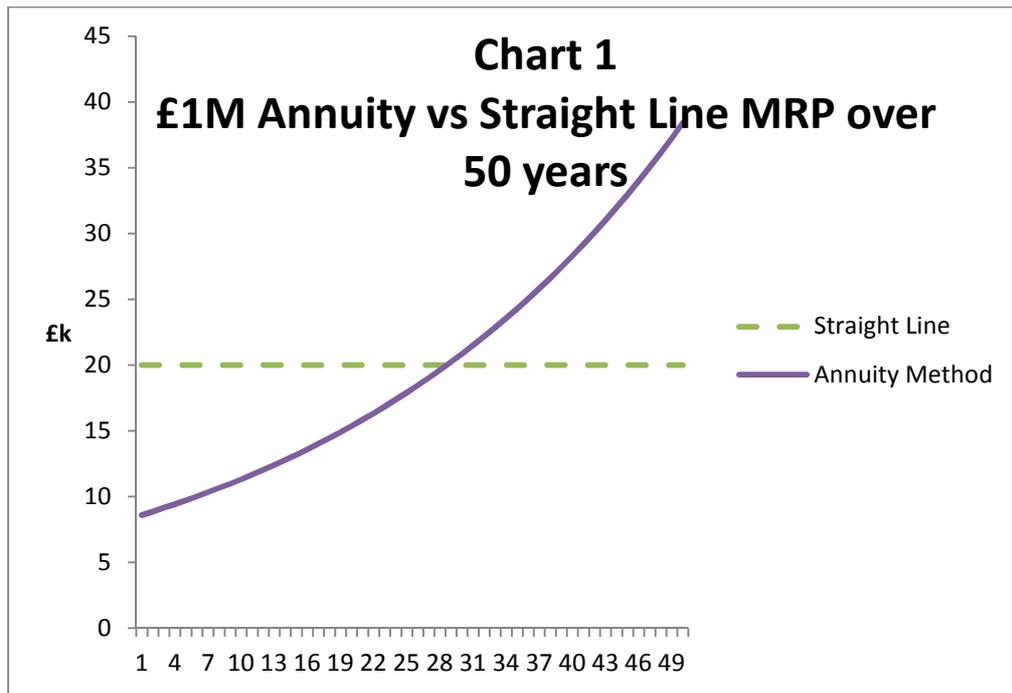
**Minimum Revenue Provision (MRP)**

32. Regulations 27 and 28 of the Local Authorities (Capital Finance and Accounting) Regulations 2008 require Local Authorities to set aside a prudent amount annually from revenue towards the Council’s Capital Financing Requirement (CFR).
33. DCLG guidance outlines different options that local authorities can use to calculate a prudent provision. The method used by the Council for the MTFP period is to spread MRP over 10 years, 30 years or 50 years depending on the approximate useful economic life of the asset upon which expenditure is being incurred.

Example Asset Category	MRP Life (years)
Land and buildings	50
Highways, roads, bridges	30
IT systems/equipment, fleet	10

The MRP is spread over the useful economic life on an annuity basis.

34. The annuity method means that the principal sum used to finance the asset is repaid slowly in earlier years and more rapidly in later years, demonstrated graphically overleaf, in a similar manner to which principal is repaid on a repayment mortgage. This method reflects assets deteriorating more rapidly in later years than earlier years and ties in with asset management planning. The annuity method also enables MRP financing of the draft capital programme to be minimised over the medium term, but with significantly higher MRP costs in future years beyond the current MTFP period. The Council will need to ensure that these costs are sustainable in the long term.



**Capital Receipts**

- 35. The medium term forecast includes substantial new capital receipts. The generation and timing of new capital receipts is critical to the Capital Programme over the medium term and represent a specific risk as to its sustainability and affordability.
- 36. The Council has historically not achieved approved estimates for capital receipts within the MTFP.
- 37. Any shortfalls in capital receipts over the MTFP period will lead to increased revenue costs from the Capital Programme where the borrowing requirement increases as a result of any shortfall in receipts, unless capital projects are themselves delayed or re-phased.

38. **Table 4 – Capital Receipts movement between previous MTFP and current MTFP**

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	Total £000
Previous MTFP Capital Receipts	9,500	7,500	6,000	-	23,000
Revised MTFP Capital Receipts	12,000	10,000	10,000	8,000	40,000
<b>Total Change Increase/ (Decrease) in Capital Receipts</b>	<b>2,500</b>	<b>2,500</b>	<b>4,000</b>	<b>8,000</b>	<b>17,000</b>

**Reserve List**

- 39. Appendix B includes a list of reserve schemes, which the Council may progress if the revenue impacts can be accommodated within the revenue budget.
  
- 40. Approval of Reserve List schemes which require Council resources would be required by the Executive, following the production of outline and detailed business cases and confirmation from the Chief Finance Officer and the Executive Member for Corporate Resources that the schemes can be incorporated without exceeding the revenue budget for the financial year.
  
- 41. The total capital costs of schemes on the Reserve List are set out in Table 5. Inclusion of any of the Reserve List schemes without removing the equivalent amount of net expenditure from the Capital Programme would increase the impact on revenue over the MTFP period.

**Table 5 – Net Capital Cost of Total Reserve List Schemes 2017/18 to 2020/21**

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	Total £000
Net Capital Cost of Reserve List Schemes	7,747	7,520	4,120	626	20,013

**Major Capital Schemes**

**New School Places - £71M gross (£15M net) expenditure over the MTFP period**

- 42. The New Schools Places 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.

**M1/A421 Junction 13 - Milton Keynes Magna Park - £21M gross (£3M net) expenditure over the MTFP period**

43. The Council is improving the A421 between Junction 13 of the M1 and Magna Park in Milton Keynes. This involves dualling the remaining section of single carriageway road in order to remove this bottleneck in an important east –west route. This scheme will be largely funded through Department of Transport grants with the remaining cost met by Central Bedfordshire Council and Milton Keynes Council according to a cost sharing agreement which has been adopted by both Councils.

**M1/A6 Phase 1 and 2 - £56M gross (net nil) expenditure over the MTFP period**

44. The proposed M1-A6 Link is a new 4.4km long dual 2-lane carriageway link between the M1 in the west (at a new M1 Junction 11a to be open in Spring 2017) and the A6 in the east, to effectively form a northern bypass for Luton and open up land for the potential development of up to 4,000 dwellings, up to 60 hectares of employment land, and provision of a new sub-regional rail freight interchange. It is anticipated that this scheme will be largely funded through developer contributions and Department of Transport grant.

**Highways Structural Maintenance - £24M gross (£8M net) expenditure over the MTFP period**

45. This is the expenditure on highway resurfacing works, rebuilding, surface dressing and reconstruction. The Council receives a Government grant to cover the majority these costs and the level of this grant is dependant on using an asset management approach to maintenance.

**Dunstable Leisure Centre and Library - £19M gross (£16M net) expenditure over the MTFP period**

46. The current Dunstable Leisure Centre and Library buildings are reaching the end of their lives and are becoming increasingly expensive and difficult to maintain. The Council is taking the opportunity to invest in a new building that combines these services, provides a leisure and library offer that is fit for the future and acts as a catalyst for future investment in the centre of Dunstable. This work will trigger the release and redevelopment of further sites in Dunstable which will, in turn, add further to the creation of a more vibrant town centre.

**Broadband - £11M gross (£2M net) expenditure over the MTFP period**

47. Funding for the next phase of delivery of the successful broadband programme, which has already supported over 16,000 premises. £3M of external funding secured to match the £2M Council contribution are being invested to accelerate rollout and extend superfast broadband availability, bringing coverage to over 97% by 2018/19.

**Reason for Decision**

48. To approve the Council's Capital Programme for the MTFP period 2017/18 to 2020/21 to facilitate effective financial management and planning.

**Council Priorities**

49. As a key part of the Council's overall financial plan the Capital Programme supports the delivery of all the organisation's priorities.

**Corporate Implications**

**Legal Implications**

50. The Capital Programme forms part of the Council's budget as defined in the Constitution. It includes funding that is required to enable the authority to discharge its statutory obligations and failure to approve the Capital Programme may therefore have implications on the Council's ability to comply with these obligations.
51. The Local Government Act 2003 (as amended) emphasises the importance of sound and effective financial management. In relation to capital financing, there is a statutory requirement for each local authority to set and arrange their affairs to remain within prudential limits for borrowing and capital investment. There is a statutory duty on the Chief Finance Officer to report to the Council, at the time the Budget is considered and the council tax set, on the robustness of the budget estimates and the adequacy of financial reserves. This is contained in Appendix G of the Revenue Budget report.

**Financial Implications**

52. As a component of the Council's Medium Term Financial Plan (MTFP) the financial implications of the proposed changes to the Capital Programme are set out within the body of the report.

### **Risk Management**

53. The financial implications of the proposed changes to the Capital Programme are set out within the body of the report.

### **Equalities Implications**

54. Where appropriate, Equalities Impact Assessments will be carried out for individual proposals.

### **Implications for Work Programming**

55. There are no work programming implications to this report.

### **Conclusion and next steps**

56. A period of public consultation will commence from January 2017. A more detailed explanation of the Council's approach to the budget consultation is contained in the Revenue Budget paper also on this agenda (see paragraphs 61 - 69)
57. Overview and Scrutiny Committees will consider the budget proposals in their January 2017 cycle of meetings and comments will be included in the final Budget report to be presented to Council at its February 2017 meeting.

### **Appendices**

Appendix A – Summary of changes against previous MTFP  
Appendix B – Full Capital Programme 2017/18 to 2020/21 and Reserve List  
Appendix C – Reconciliation of Capital MTFP to MTFP with slippage included

### **Background papers**

None.

This page is intentionally left blank

Appendix A - Capital Programme Summary of changes

Existing 2016-17 Capital MTFP

Directorate	2017/18 Capital Budget			2018/19 Capital Budget			2019/20 Capital Budget			2020/21 Capital Budget			Total Budget 2017/18 - 2020/21		
	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000
Children's Services	28,032	(27,432)	600	20,213	(19,613)	600	18,022	(14,034)	3,988	0	0	0	66,267	(61,079)	5,188
Community Services	38,079	(22,739)	15,340	36,205	(8,987)	27,218	20,226	(12,087)	8,139	0	0	0	94,510	(43,813)	50,697
ICS	4,500	0	4,500	3,500	0	3,500	3,000	0	3,000	0	0	0	11,000	0	11,000
Regeneration & Business Support	12,678	(6,407)	6,271	3,668	(2,465)	1,203	1,762	(725)	1,037	0	0	0	18,108	(9,597)	8,511
Social Care, Health & Housing	5,400	(778)	4,622	2,950	(778)	2,172	2,900	(778)	2,122	0	0	0	11,250	(2,334)	8,916
<b>Total</b>	<b>88,689</b>	<b>(57,356)</b>	<b>31,333</b>	<b>66,536</b>	<b>(31,843)</b>	<b>34,693</b>	<b>45,910</b>	<b>(27,624)</b>	<b>18,286</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>201,135</b>	<b>(116,823)</b>	<b>84,312</b>

Revised 2017-18 MTFP

Directorate	2017/18 Capital Budget			2018/19 Capital Budget			2019/20 Capital Budget			2020/21 Capital Budget			Total Budget 2017/18 - 2020/21		
	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000
Children's Services	13,084	(12,544)	540	16,061	(15,021)	1,040	42,026	(24,872)	17,154	14,106	(13,566)	540	85,277	(66,003)	19,274
Community Services	31,604	(10,493)	21,111	52,665	(18,689)	33,976	18,215	(9,842)	8,373	15,180	(8,577)	6,603	117,664	(47,601)	70,063
Chief Executive Team	3,500	0	3,500	3,500	0	3,500	3,000	0	3,000	3,000	0	3,000	13,000	0	13,000
Regeneration & Business Support	15,350	(8,604)	6,746	13,142	(12,519)	623	32,183	(30,944)	1,239	16,181	(16,355)	(174)	76,856	(68,422)	8,434
Social Care, Health & Housing	5,400	(778)	4,622	5,450	(778)	4,672	2,472	(778)	1,694	2,422	(778)	1,644	15,744	(3,112)	12,632
<b>Total</b>	<b>68,938</b>	<b>(32,419)</b>	<b>36,519</b>	<b>90,818</b>	<b>(47,007)</b>	<b>43,811</b>	<b>97,896</b>	<b>(66,436)</b>	<b>31,460</b>	<b>50,889</b>	<b>(39,276)</b>	<b>11,613</b>	<b>308,541</b>	<b>(185,138)</b>	<b>123,403</b>

Change

Directorate	2017/18 Capital Budget			2018/19 Capital Budget			2019/20 Capital Budget			2020/21 Capital Budget			Total Budget 2017/18 - 2020/21		
	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000
Children's Services	(14,948)	14,888	(60)	(4,152)	4,592	440	24,004	(10,838)	13,166	14,106	(13,566)	540	19,010	(4,924)	14,086
Community Services	(6,475)	12,246	5,771	16,460	(9,702)	6,758	(2,011)	2,245	234	15,180	(8,577)	6,603	23,154	(3,788)	19,366
Chief Executive Team	(1,000)	0	(1,000)	0	0	0	0	0	0	3,000	0	3,000	2,000	0	2,000
Regeneration & Business Support	2,672	(2,197)	475	9,474	(10,054)	(580)	30,421	(30,219)	202	16,181	(16,355)	(174)	58,748	(58,825)	(77)
Social Care, Health & Housing	0	0	0	2,500	0	2,500	(428)	0	(428)	2,422	(778)	1,644	4,494	(778)	3,716
<b>Total</b>	<b>(19,751)</b>	<b>24,937</b>	<b>5,186</b>	<b>24,282</b>	<b>(15,164)</b>	<b>9,118</b>	<b>51,986</b>	<b>(38,812)</b>	<b>13,174</b>	<b>50,889</b>	<b>(39,276)</b>	<b>11,613</b>	<b>107,406</b>	<b>(68,315)</b>	<b>39,091</b>

This page is intentionally left blank

Appendix B - Capital Programme Summary by Category

Directorate	2017/18 Capital Budget			2018/19 Capital Budget			2019/20 Capital Budget			2020/21 Capital Budget			Total Budget 2017/18 - 2020/21		
	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000
A - Replacing and renewing operational assets	28,428	(11,545)	16,883	49,720	(21,736)	27,984	23,373	(12,580)	10,793	19,746	(7,789)	11,957	121,267	(53,650)	67,617
B - Investing to save through managing demand or generating income	14,497	(3,778)	10,719	18,020	(8,778)	9,242	33,492	(30,778)	2,714	18,267	(17,133)	1,134	84,276	(60,467)	23,809
C - Capturing the benefits of growth	24,492	(16,793)	7,699	20,690	(16,390)	4,300	38,629	(23,075)	15,554	12,126	(14,354)	(2,228)	95,937	(70,612)	25,325
D - Protecting and enhancing Central Bedfordshire	1,521	(303)	1,218	1,888	(103)	1,785	902	(3)	899	750	0	750	5,061	(409)	4,652
E - Responding to new opportunities	0	0	0	500	0	500	1,500	0	1,500	0	0	0	2,000	0	2,000
<b>Total</b>	<b>68,938</b>	<b>(32,419)</b>	<b>36,519</b>	<b>90,818</b>	<b>(47,007)</b>	<b>43,811</b>	<b>97,896</b>	<b>(66,436)</b>	<b>31,460</b>	<b>50,889</b>	<b>(39,276)</b>	<b>11,613</b>	<b>308,541</b>	<b>(185,138)</b>	<b>123,403</b>

Appendix B - Capital Programme

Directorate	Category	Category Description	Scheme Title	2017/18 Capital Budget			2018/19 Capital Budget			2019/20 Capital Budget			2020/21 Capital Budget			Total Budget 2017/18 - 2020/21		
				Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000
Children's Services	C	Capturing the benefits of growth	New School Places	10,094	(10,094)	0	12,571	(12,571)	0	37,536	(22,422)	15,114	11,116	(11,116)	0	71,317	(56,203)	15,114
Children's Services	A	Replacing and renewing operational assets	Schools Capital Maintenance	2,000	(2,000)	0	2,000	(2,000)	0	2,000	(2,000)	0	2,000	(2,000)	0	8,000	(8,000)	0
Children's Services	A	Replacing and renewing operational assets	Schools Devolved Formula Capital	450	(450)	0	450	(450)	0	450	(450)	0	450	(450)	0	1,800	(1,800)	0
Children's Services	A	Replacing and renewing operational assets	Temporary Accommodation	360	0	360	360	0	360	360	0	360	360	0	360	1,440	0	1,440
Children's Services	D	Protecting and enhancing Central Bedfordshire	Schools Access Initiative	180	0	180	180	0	180	180	0	180	180	0	180	720	0	720
Children's Services	E	Responding to new opportunities	Children's Home and Assessment Centre	0	0	0	500	0	500	1,500	0	1,500	0	0	0	2,000	0	2,000
Community Services	A	Replacing and renewing operational assets	Highways Structural Maintenance Block	6,020	(4,296)	1,724	6,020	(4,109)	1,911	6,020	(3,959)	2,061	6,020	(3,959)	2,061	24,080	(16,323)	7,757
Community Services	A	Replacing and renewing operational assets	Library and Leisure Centre renewal in Dunstable	4,684	(419)	4,265	13,285	0	13,285	913	(2,000)	(1,087)	0	0	0	18,882	(2,419)	16,463
Community Services	C	Capturing the benefits of growth	Woodside Link	3,558	(1,095)	2,463	152	(300)	(148)	0	0	0	1,010	(3,238)	(2,228)	4,720	(4,633)	87
Community Services	A	Replacing and renewing operational assets	A421-M1 Junction 13- Milton Keynes Magna Park	3,000	(3,000)	0	15,757	(12,797)	2,960	2,500	(2,500)	0	0	0	0	21,257	(18,297)	2,960
Community Services	A	Replacing and renewing operational assets	CBC Built Asset Improvement Programme	2,000	0	2,000	2,000	0	2,000	2,000	0	2,000	1,550	0	1,550	7,550	0	7,550
Community Services	B	Investing to save through managing demand or generating income	Crematorium	2,000	0	2,000	3,000	0	3,000	0	0	0	0	0	0	5,000	0	5,000
Community Services	A	Replacing and renewing operational assets	Highways Planned Maintenance	1,540	0	1,540	1,540	0	1,540	1,540	0	1,540	1,540	0	1,540	6,160	0	6,160
Community Services	A	Replacing and renewing operational assets	Highways Integrated Schemes	1,365	(1,365)	0	1,365	(1,365)	0	1,365	(1,365)	0	1,365	(1,365)	0	5,460	(5,460)	0
Community Services	B	Investing to save through managing demand or generating income	Biggleswade Property Regeneration	1,000	0	1,000	1,000	0	1,000	0	0	0	0	0	0	2,000	0	2,000
Community Services	B	Investing to save through managing demand or generating income	New Car Parks	650	0	650	650	0	650	0	0	0	0	0	0	1,300	0	1,300
Community Services	B	Investing to save through managing demand or generating income	Enhancement work to prepare for disposals	641	0	641	750	0	750	750	0	750	750	0	750	2,891	0	2,891
Community Services	B	Investing to save through managing demand or generating income	Westbury Phase 2 Industrial units (income generation)	625	0	625	0	0	0	0	0	0	0	0	0	625	0	625
Community Services	A	Replacing and renewing operational assets	Highways Bridge Assessment and Maintenance	600	0	600	600	0	600	600	0	600	600	0	600	2,400	0	2,400
Community Services	A	Replacing and renewing operational assets	Highways Street Lighting	500	0	500	500	0	500	400	0	400	400	0	400	1,800	0	1,800
Community Services	A	Replacing and renewing operational assets	Fleet replacement programme	500	0	500	0	0	0	0	0	0	0	0	0	500	0	500

Directorate	Category	Category Description	Scheme Title	2017/18 Capital Budget			2018/19 Capital Budget			2019/20 Capital Budget			2020/21 Capital Budget			Total Budget 2017/18 - 2020/21		
				Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000
Community Services	A	Replacing and renewing operational assets	Highways Flooding & Drainage	400	0	400	400	0	400	400	0	400	400	0	400	1,600	0	1,600
Community Services	B	Investing to save through managing demand or generating income	CCTV	360	0	360	200	0	200	0	0	0	0	0	0	560	0	560
Community Services	A	Replacing and renewing operational assets	Waste & Recycling Containers - Provision of Replacement bins & containers.	309	(15)	294	323	(15)	308	340	(15)	325	360	(15)	345	1,332	(60)	1,272
Community Services	B	Investing to save through managing demand or generating income	Energy Efficiency Improvements	300	0	300	300	0	300	300	0	300	300	0	300	1,200	0	1,200
Community Services	D	Protecting and enhancing Central Bedfordshire	Sundon / Bluewater Landfill Sites	300	(300)	0	100	(100)	0	100	0	100	0	0	0	500	(400)	100
Community Services	A	Replacing and renewing operational assets	Farm Compliance Work	270	0	270	270	0	270	135	0	135	135	0	135	810	0	810
Community Services	A	Replacing and renewing operational assets	Leisure Centre Stock Condition/Asset Management Plan	250	0	250	200	0	200	200	0	200	150	0	150	800	0	800
Community Services	D	Protecting and enhancing Central Bedfordshire	Outdoor Access and Countryside Works	245	0	245	245	0	245	245	0	245	245	0	245	980	0	980
Community Services	D	Responding to new opportunities	Rights of Way Network - Structural Renewal and Improvement Works	155	0	155	155	0	155	155	0	155	155	0	155	620	0	620
Community Services	A	Replacing and renewing operational assets	Co-ordinated replacement of street furniture as a result of vehicle damage	150	0	150	150	0	150	150	0	150	150	0	150	600	0	600
Community Services	D	Protecting and enhancing Central Bedfordshire	Pix Brook Flood Alleviation	80	0	80	950	0	950	50	0	50	0	0	0	1,080	0	1,080
Community Services	D	Protecting and enhancing Central Bedfordshire	match funding for HRA schemes to alleviate parking problems	50	0	50	50	0	50	50	0	50	50	0	50	200	0	200
Community Services	A	Replacing and renewing operational assets	additional gritting vehicle due to A5 and Woodside routes	30	0	30	0	0	0	0	0	0	0	0	0	30	0	30
Community Services	D	Protecting and enhancing Central Bedfordshire	Houghton Hall Urban County Park	21	(3)	18	3	(3)	0	2	(3)	(1)	0	0	0	26	(9)	17
Community Services	B	Investing to save through managing demand or generating income	LITC contract renegotiation	1	0	1	0	0	0	0	0	0	0	0	0	1	0	1
Community Services	B	Investing to save through managing demand or generating income	Stratton 5 new industrial units for revenue	0	0	0	2,700	0	2,700	0	0	0	0	0	0	2,700	0	2,700
Chief Executive Team	A	Replacing and renewing operational assets	IT	3,500	0	3,500	3,500	0	3,500	3,000	0	3,000	3,000	0	3,000	13,000	0	13,000
Regeneration	B	Investing to save through managing demand or generating income	M1-A6 Phase 1 and 2	4,520	(1,500)	3,020	6,520	(8,000)	(1,480)	30,020	(30,000)	20	14,795	(16,355)	(1,560)	55,855	(55,855)	0
Regeneration	A	Replacing and renewing operational assets	East West Rail (Western Section)	500	0	500	1,000	(1,000)	0	1,000	(291)	709	1,266	0	1,266	3,766	(1,291)	2,475
Regeneration	C	Capturing the benefits of growth	Dunstable A5/M1 Link Road Strategic Infrastructure	20	0	20	10	0	10	0	0	0	0	0	0	30	0	30
Regeneration	D	Protecting and enhancing Central Bedfordshire	Strategic infrastructure schemes	20	0	20	85	0	85	0	0	0	0	0	0	105	0	105
Regeneration	C	Capturing the benefits of growth	Strategic infrastructure schemes	150	0	150	0	0	0	0	0	0	0	0	0	150	0	150

Directorate	Category	Category Description	Scheme Title	2017/18 Capital Budget			2018/19 Capital Budget			2019/20 Capital Budget			2020/21 Capital Budget			Total Budget 2017/18 - 2020/21		
				Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000
Regeneration	D	Protecting and enhancing Central Bedfordshire	HGV SS & Road Reclassification	250	0	250	0	0	0	0	0	0	0	0	0	250	0	250
Regeneration	C	Capturing the benefits of growth	Broadband	4,579	(4,491)	88	5,407	(3,519)	1,888	1,043	(653)	390	0	0	0	11,029	(8,663)	2,366
Regeneration	C	Capturing the benefits of growth	Market Towns	3,591	(1,113)	2,478	0	0	0	0	0	0	0	0	0	3,591	(1,113)	2,478
Regeneration	D	Protecting and enhancing Central Bedfordshire	Land Drainage Flood defence	120	0	120	120	0	120	120	0	120	120	0	120	480	0	480
Regeneration	B	Investing to save through managing demand or generating income	Dunstable Highway De-Trunking and Redevelopment	1,500	(1,500)	0	0	0	0	0	0	0	0	0	0	1,500	(1,500)	0
Regeneration	D	Protecting and enhancing Central Bedfordshire	Dunstable Highway/High Street Feasibility	100	0	100	0	0	0	0	0	0	0	0	0	100	0	100
SCH & H	B	Investing to save through managing demand or generating income	Disabled Facilities Grants Scheme	2,390	(668)	1,722	2,390	(668)	1,722	1,912	(668)	1,244	1,912	(668)	1,244	8,604	(2,672)	5,932
SCH & H	B	Investing to save through managing demand or generating income	Empty Homes	210	(10)	200	210	(10)	200	210	(10)	200	210	(10)	200	840	(40)	800
SCH & H	B	Investing to save through managing demand or generating income	Renewal Assistance	300	(100)	200	300	(100)	200	300	(100)	200	300	(100)	200	1,200	(400)	800
SCH & H	C	Capturing the benefits of growth	MANOP: Non-HRA Extra Care Schemes	2,500	0	2,500	2,550	0	2,550	50	0	50	0	0	0	5,100	0	5,100
<b>Total (Excluding HRA)</b>				<b>68,938</b>	<b>(32,419)</b>	<b>36,519</b>	<b>90,818</b>	<b>(47,007)</b>	<b>43,811</b>	<b>97,896</b>	<b>(66,436)</b>	<b>31,460</b>	<b>50,889</b>	<b>(39,276)</b>	<b>11,613</b>	<b>308,541</b>	<b>(185,138)</b>	<b>123,403</b>

Appendix B - Capital Programme Reserve List

Directorate	Scheme Title	2017/18 Capital Budget			2018/19 Capital Budget			2019/20 Capital Budget			2020/21 Capital Budget			Total Budget 2017/18 - 2020/21		
		Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000
Community Services	Footway Programme	1,000	0	1,000	1,000	0	1,000	0	0	0	0	0	0	2,000	0	2,000
Community Services	Carriageway Surface Dressing Programme	2,000	0	2,000	2,000	0	2,000	0	0	0	0	0	0	4,000	0	4,000
Community Services	Outdoor Access and Countryside Works	100	0	100	100	0	100	100	0	100	0	0	0	300	0	300
Community Services	Leisure Strategy - delivery with stakeholders	250	0	250	200	0	200	0	0	0	0	0	0	450	0	450
Community Services	CAROL safety car	50	0	50	0	0	0	0	0	0	0	0	0	50	0	50
Community Services	New Camera Sites	100	0	100	100	0	100	100	0	100	100	0	100	400	0	400
Community Services	Street Lighting							100		100	100		100	200	0	200
Regeneration	Commercial Centre - Market Square Biggleswade	500	0	500	800	0	800		0	0	0	0	0	1,300	0	1,300
Regeneration	A507 Upgrade works	0	0	0	0	0	0	1,000	0	1,000	10,000	(10,000)	0	11,000	(10,000)	1,000
Regeneration	Dunstable Highway De-Trunking and Redevelopment	1,500	0	1,500	0	0	0	0	0	0	0	0	0	1,500	0	1,500
Regeneration	Dunstable High Street - additional to existing scheme	0	0	0	3,000	0	3,000	2,500	0	2,500	106	0	106	5,606	0	5,606
Regeneration	Fitwick Transport Interchange	1,450	(337)	1,113	0	0	0	0	0	0	0	0	0	1,450	(337)	1,113
Regeneration	Market Towns	812	0	812	0	0	0	0	0	0	0	0	0	812	0	812
Childrens Services	Temporary Accommodation	40	0	40	40	0	40	40	0	40	40	0	40	160	0	160
Childrens Services	Schools Access Initiative	20	0	20	20	0	20	20	0	20	20	0	20	80	0	80
SCH & H	Empty Homes	200	0	200	200	0	200	200	0	200	200	0	200	800	0	800
SCH & H	Integrated Care/Health Hub - Dunstable	1	0	1	0	0	0	0	0	0	0	0	0	1	0	1
SCH & H	Integrated Care/Health Hub - Biggleswade	1	0	1	0	0	0	0	0	0	0	0	0	1	0	1
SCH & H	Disabled Facilities Grants Scheme	60	0	60	60	0	60	60	0	60	60	0	60	240	0	240
<b>Total</b>		<b>8,084</b>	<b>(337)</b>	<b>7,747</b>	<b>7,520</b>	<b>0</b>	<b>7,520</b>	<b>4,120</b>	<b>0</b>	<b>4,120</b>	<b>10,626</b>	<b>(10,000)</b>	<b>626</b>	<b>30,350</b>	<b>(10,337)</b>	<b>20,013</b>

This page is intentionally left blank



This page is intentionally left blank

Central Bedfordshire Council

EXECUTIVE

10 January 2017

---

**DRAFT BUDGET FOR THE HOUSING REVENUE ACCOUNT  
(LANDLORD BUSINESS PLAN)**

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

**This report relates to a non-Key Decision**

---

**Purpose of this report**

1. The report sets out the Draft Housing Revenue Account (HRA) Landlord Business Plan Budget for 2017/18, with proposals that respond to legislative changes; make best use of the investment potential; account for the rent reduction; and align to the debt strategy in the context of long term Business Planning.

**RECOMMENDATIONS**

**The Executive is asked to approve the Draft HRA budget proposals for 2017/18, as set out in the report, as the basis for consultation with Overview and Scrutiny Committees and more broadly, through public consultation.**

**Executive Summary**

2. The Council's Housing Revenue Account remains in a strong financial position, as we approach the end of the fifth financial year since the introduction of Self Financing. Reserves of circa £20M are predicted for the 2016/17 financial year end. Having completed a large scale, mixed use Independent Living development at Priory View there is confidence and ambition to deliver further new build schemes which, directly and through chains of moves, meet local housing need. As well as helping to regenerate communities and promote economic growth, the HRA is assisting the Council's General Fund (GF) to make efficiency savings through an invest to save approach, that responds to housing demand pressures and demographic change.

3. The HRA continues to operate against a backdrop of uncertainty and potential challenges to the Business Plan. Government legislation requires a further 3 years of social rent reductions. A void levy is also being applied by Government, although this will not be implemented until 2018/19. The extension of Local Housing Allowance (LHA) to the social sector could impact on the ability to fully recoup rent via Housing Benefit in certain circumstances. These risks are being managed, mainly through a robust approach to business planning.
4. The HRA Business Plan has been reviewed, to fully reflect current economic indicators, such as debt interest rates, thereby ensuring that assumptions within the General Fund MTFP – Medium Term Financial Plan – are applied consistently to the HRA. Revenue efficiencies in 2017/18 of £0.750M have been identified to mitigate the effect of reduced income. Reserves are being maintained to address the requirement to pay a 'Voids levy', which in effect re-opens the Self Financing settlement.
5. Taking a strategic and balanced approach to long term investment, there is commitment to repay the Self Financing debt of £165M. To date there have been no principal repayments, but previous reports have set out that debt repayment would commence from 2017/18. It is proposed to maintain this approach by repaying £9.73M over the 4 years between 2017/18 and 2020/21, with the entire debt being repaid within the 30 year Business Plan period. Adopting this strategy reduces the risk from refinancing at a potentially higher rate of interest than the HRA Business Plan is currently benefiting from.
6. The Sheltered Housing Review identified several schemes that need to be modernised, or entirely renewed. There is commitment to delivering the outcomes from the review and resources have been identified to enhance the existing stock and estates, with a value of £11.5M over 6 years. This represents additional funding above that required to maintain the stock in good condition, estimated at £36.7M.
7. As in previous years, it is proposed to focus investment on delivering Independent Living solutions, to address demographic pressures and enable efficiencies to General Fund (GF) Social Care budgets. Houghton Regis Central (estimated at a build cost of £34M), is the main programme within the HRA Investment Plan; incorporating 168 apartments for older people; a strong retail offer; re-ablement suites; a Community Hub and improved heritage offer, complementary to the Houghton Hall Park project. It will also be possible to regenerate the Croft Green and Crescent Court Sheltered schemes, increasing the number of apartments overall.

8. There are increasing homelessness pressures, which are impacting upon GF temporary accommodation (TA) budgets. The approach being taken is to create “system resilience” for the future, establishing flexible provision across Central Bedfordshire, to be managed intensively as either TA and/or supported housing; thereby to enable the Council to avoid the high level of costs that is seen in other local authority areas. Aligned to this approach is an increased focus on cost reduction and maximising income through a modernisation approach that includes technologically enabled services and business process re-engineering.

### **Budget Objectives**

9. The primary objectives of the 2017/18 Budget have been:
  - i. Reflect the financial implications of the rent reduction and make provision through Reserve balances for the impact of a prospective void sale levy from Government;
  - ii. Review long term assumptions concerning inflation on rental income and revenue expenditures, setting these in the Business Plan at the estimated CPI+1% from year 4 for rental income, and year 5 for revenue expenditures. Debt interest rates have been assumed at 3.5% from year 5 (based on the latest longer term forecasts);
  - iii. Taking into account the items above, produce a sustainable Business Plan which enables the Housing Service to achieve the objectives within the Housing Asset Management Strategy (HAMS), maintaining investment in the existing stock, yet expanding the new build programme and promoting regeneration;
  - iv. Maintain a realistic level of expenditure on management services including tenancy support to vulnerable people within our community;
  - v. Maintain HRA Balances at £2.0M, with a further contingency of £0.2M in the Major Repairs Reserve (MRR), this additional contingency being immediately available to address one off emergencies such as the provision of temporary accommodation and repairs required in the event of fire or other major incident;
  - vi. A continuing commitment to a value for money approach; underpinned by strong performance, delivering reduced unit costs, increased income and enhanced business efficiency; mainly through technologically enabled services and business process review.

10. The Budget is based upon a range of economic, financial, operational and external assumptions that are presented separately in Appendix D.

### **Background**

11. The HRA Budget balances priorities to maintain the existing assets with opportunities for new investment. A similar balance is sought between the Council's strategic priorities, as well as tenant aspirations for improvement. In developing a draft HRA Budget, the strategy is benefits optimisation, thereby to achieve "win, win" solutions that have tenant support, whilst being aligned to the Council's strategic priorities.
12. The HRA Budget for 2017/18 sits within the context of the thirty year Business Plan and so strikes a balance between current and future expenditure and income. The Business Plan includes annual budgets for the HRA Capital and Revenue programmes, incorporating management and maintenance costs and sums set aside for capital investment, both in the existing stock and new build. The Capital programme is financed from revenue contributions, Reserves, and capital receipts retained after housing pooling. An explanation of the pooling system is given under External Assumptions in Appendix D.
13. The brought forward balance of unapplied Capital Receipts was £2.996M as at 1 April 2016. The brought forward balances for other HRA reserves was £19.452M as at 1 April 2016, split between contingencies of £2.2M, an Independent Living Development Reserve of £9.004M and a Strategic Reserve of £8.248M.
14. By not repaying principal debt in the first 5 years following the self-financing settlement (2012), the Council has been able to use annual surpluses to build substantial reserves, which leave it in a better position to address challenges posed by the recent legislative changes.
15. The Council has also been able to embark upon a major investment strategy, supported by the use of Right to Buy (RTB) receipts, that addresses the aspirations of existing tenants whilst expanding our offer to residents across the whole of Central Bedfordshire. This strategy is tied to an exacting timeline, given that RTB receipts are subject to an agreement with Government to replace homes sold through the Right to Buy with new homes. It is important that the Council maintains momentum to deliver or, if necessary, to acquire new homes as part of the approach to create system resilience across Central Bedfordshire.

### Self Financing Loan Portfolio and Debt Strategy

16. **Table 1** below shows the constituent loans and interest rates applicable in 2016/17:

Loan Type	Amount £M	Maturity Date	Rate %	Annual interest payment £M
Fixed	20.000	2024	2.70	0.540
Fixed	20.000	2026	2.92	0.584
Fixed	20.000	2028	3.08	0.616
Fixed	20.000	2030	3.21	0.642
Fixed	20.000	2032	3.30	0.660
Fixed	20.000	2034	3.37	0.674
Variable	44.995	2022	0.57 (variable)	0.258
<b>TOTAL</b>	<b>164.995</b>		<b>2.41 (average)</b>	<b>3.974</b>

17. All loans have been taken on a maturity (interest only) basis. This approach enables money to be released, for investment purposes, in the early years of the Plan, without the need for principal debt repayments. The Council has saved a significant sum in the current financial year by taking 27% of its debt portfolio on a variable basis, as that rate has been confirmed at an average of 0.57% for the year. This is considerably lower than any of the fixed rate debt.
18. The current expectation in financial markets is for rates to remain very low in the short to medium term (1 to 4 years), and for longer term debt (30 years) to be available for the Council to borrow at an average rate of 3.5%. However, interest rates are difficult to predict. Due to the size of the variable proportion of the debt, relatively minor increases in rates could have a significant impact, for example a 1% increase in the variable interest rate would incur an additional £0.450M cost per year.
19. It is worth considering the risk of interest rate increases when the Council comes to refinance some or all of the £120M of fixed rate debt that matures from 2024. It is unlikely that the Council will achieve the preferential interest rates available at the time of the Self Financing settlement. The Business Plan anticipates a gradual increase in the average interest rate so that by 2021/22 the average rate is 3.5%, and that this rate continues throughout the rest of the 30 year period.
20. As a means to reinforce the longer term viability of the HRA Business Plan, it is proposed to commence principal debt repayment in 2017/18, with an intention to make annual repayments such that by 2021 £9.73M of the self financing debt is repaid. The current prediction is for full debt repayment after 27 years, which is the year 2043/44.

21. In order to avoid early redemption penalties, debt repayments in the period to 2022 will be made from the variable rate portion (£44.995M).

### **Housing Investment Plan**

22. The HRA Business Plan allows the Council to have flexibility as to whether it repays debt in the early years of the plan; or chooses to invest its surpluses, in the existing stock or new build. The debt strategy proposed above is designed to enable full debt repayment within the 30 year horizon of the Plan, taking into account prudent estimations of interest rates; inflation on expenditure and income; Right to Buy (RtB) sales; sales of shared ownership and outright sales; whilst also delivering annual surpluses for continued investment.
23. The HRA is forecast to have sufficient funds available to undertake approximately £46M of additional investment, over and above that required to maintain the stock in good condition (circa £37M), in the next 6 years. A substantial portion is likely to be receipts from sales and/or investment by the HCA – Homes and Communities Agency. The Investment Plan is a 6 year budget projection for the HRA Capital programme The Tenant Investment Panel (TIP) has been consulted on the Plan, to ensure they are supportive of the proposed split of funding between stock protection and future investment.
24. Whilst recent stock condition surveys give assurance that our portfolio of Council housing is generally in good condition, there are areas where the stock would benefit from modernisation, or improvement. The Sheltered Housing Review, undertaken in partnership with tenants, has revealed that several schemes require additional investment and therefore, a total of £1.369M has been provisionally allocated within the Investment Plan over 6 years.
25. There are opportunities to improve car parking on many estates and to enhance the estates including communal green spaces surrounding blocks. A programme to improve the efficiency of lighting in communal areas, including the installation of Passive Infra Red (PIR) sensors to save energy, is due to complete in 2017/18. This will save tenants on their service charges and by reducing electricity usage will also reduce impact on the environment. £1.723M of expenditure is earmarked against these 3 projects over the 6 year period.
26. Other significant areas of spend within the Stock Protection programme are Kitchen and Bathroom replacement (£5.829M), Central Heating installations (£4.744M), Aids and Adaptations to properties to help sustain tenancies (£2.681M), and an Energy Conservation programme (£2.586M) which will significantly improve thermal insulation at many of the Council's least thermally efficient homes. A programme of window replacements (£1.297M) will involve updating older windows with units that provide improved levels of thermal and noise insulation.

In total £24.093M is set aside for Stock Protection over 4 years, rising to £36.672M over the 6 year Investment Plan period.

27. Construction work at Croft Green, Dunstable, is due to commence in the Spring of 2017, with completion due in Autumn 2018. The project will involve demolishing an outdated block of bedsit flats and replacing it with a high quality facility built to modern accommodation standards with adaptable communal spaces. 9 units will be replaced with 24 and the scheme will provide a central facility for the use of tenants of other schemes. The proposed budget in the Investment Plan is £2.720M, before slippage of circa £2M from 2016/17.
28. The Sheltered Housing Review identified several schemes that require modernisation. It is proposed that the next sheltered project to be redeveloped would be the Crescent Court site. Crescent Court is a 21 unit Sheltered scheme, built in the 1960s, that is no longer fit for purpose but is situated on a large site in an excellent location in Toddington, close to local amenities and services. At the time of last year's budget report it was not expected that this project would commence before 2020, but careful examination of cash flows within the Business Plan demonstrate that, subject to HCA funding, work to bring forward a proposal could commence in the next financial year.
29. Initial design work suggests that a modern, well designed facility with excellent communal space and facilities could increase capacity to 45 units. Latest estimates point to a total cost of circa £9.5M, a proportion of which (£1.35M) may be financed by a grant from the Homes and Communities Agency (HCA), subject to approval of a bid made in September 2016. It is proposed to further assist the financing of the scheme by offering 24 apartments for shared ownership, with 21 homes for affordable rent. Recent marketing of the 31 shared units at Priory View suggests there is a great demand for shared ownership, with an average purchase percentage of circa 65%. This approach enables a proportion of the build cost, potentially £3.5M, to be recycled quickly enabling continued and sustained investment in future years.
30. Over the 4 years of the MTFP the proposed investment in schemes relating to existing HRA stock, over and above that defined as Stock Protection, amounts to £11.218M, and over 6 years it totals £11.49M. The Plan seeks to balance improvements and regeneration of existing stock with other Council objectives, in particular enhancing Central Bedfordshire by providing new homes, especially homes that will help to protect and improve the lives of more vulnerable people in the community and respond to the challenges posed by demographic changes and increasing homelessness pressures, which translate into demand for temporary accommodation on an emergency basis.

31. The Priory View Independent Living development in Dunstable, which opened in April 2016, demonstrates the potential for HRA investment to extend the Council's portfolio of housing, mitigate the effect of Right to Buy (RtB) sales on the Business Plan, and address the under provision of Independent Living accommodation for older people, which is both a local and national issue as a result of demographic change.
32. The HRA Budget report from last year approved a proposal in principle to bring forward a new Independent Living scheme at Houghton Regis. This is an more ambitious project than Priory View, as the site available is central to Houghton Regis and could deliver 168 apartments with at least 6 retail units; two re-ablement suites; a community hub and an improved heritage offer, aligned to the Houghton Hall Park project.
33. Last year the Investment Plan made provision for a net spend (after potential HCA funding) of £29.476M. After a process of consultation, adjustments to the design, and a thorough costing assessment, it is proposed to increase this provision to £30M net. A bid for £4.26M of funding from the HCA was made in September 2016. The Business Plan has been modelled on the basis of a significant proportion (71, or 42%) of the apartments being made available for shared ownership. For the first time in the history of the Council's HRA it is proposed to build units for outright sale, offering 26 apartments (15%) on this basis.
34. On the basis of a projected £34.26M total scheme cost, the financing of the project is potentially: £4.26M of HCA funding, £17M sales receipts and £13M financed by the HRA over the long term. These are prudent sales value assumptions and could be improved, depending on house price inflation over the next four years. A key learning point from Priory View is to maintain quality, to properly allow for Whole Life Building Costs, as well as to achieve the optimum sales and rental values.
35. The advantage of this approach is that a large proportion of the initial cost of the scheme can be recycled (enabling continued investment in future years), with current estimates (which will vary depending upon actual valuations and percentages purchased at the time) suggesting circa £17M of the net cost of £30M could be recycled in this way. These sales receipts are at the heart of the Housing Investment Plan approach, forming an intrinsic part of the Business Plan over the 30 year period; and without them the Council would not be able to pursue all of the programmes referred to in this report. The approach to HRA investment is strategic, balanced and makes best use of resources.
36. A further opportunity has emerged on HRA land in Windsor Drive, Houghton Regis, where there is the potential to develop a 20 unit, 3 storey supported bedsit accommodation scheme that can be used for a variety of client groups, for example single homeless entitled to emergency temporary accommodation, and let on an affordable rent basis. The estimated build cost is circa £2.2M, a proportion of which (£0.6M) may be financed by a grant from the HCA, subject to approval of the bid made in September.

37. During 2016/17 the Council has budgeted £2.11M for the purchase of properties in the private sector, with spend of £2.015M achieved and 7 properties purchased across the Council area. Purchasing properties in this way has several advantages. The purchase can be part funded (30%) by the use of RtB receipts retained for one for one replacement (see Appendix D). After any necessary conversion the properties can very quickly be used to supply accommodation for vulnerable clients presenting as homeless, thereby saving General Fund expenditure on costly temporary accommodation where only a proportion of the rent would be paid for by Housing Benefit. Purchasing properties in this way also offsets some of the reduction in stock occurring as a result of RtB. It is proposed that this programme should continue, with £1M over 4 years and £1.75M over 6 years.
38. There is a continuing, albeit modest, provision related to other site developments, totalling £0.288M over 4 years and £1.144M over a 6 year period. This relates to redevelopment of the garage blocks, and for other renewal schemes that would enable the remodelling of stock that no longer meets the needs of prospective tenants, such as bedsits, or improvements to HRA shops with flats above them. Schemes will be analysed with a view to bringing forward those that are most viable, or deliver the greatest community benefit, to a design and planning stage, with an open minded approach to delivery which could involve onward sale. In addition, provision has been for a small scale development (2 units) at Havelock Road in Biggleswade, on land transferred from the General Fund in 2016/17, at a cost of £0.2M.
39. Over the MTFP period, the amount proposed to fund new build and regeneration is £33.1M, and £34.7M over the 6 year Investment Plan period, inclusive of £30M provisionally allocated to Houghton Regis Central. When combined with proposals for spend on stock protection and new funding for existing stock, the programme totals £68.4M over 4 years and £82.9M over 6 years. At a time of significant housing pressures, where housing supply is constrained, this level of investment will enhance and increase the housing stock, whilst being aligned to and supporting the achievement of all of the Council's strategic priorities.

### Housing Revenue Account Business Plan & Reserves

40. **Table 2** below shows a summary of the Plan for the period of the Council's MTFP.

£M	2017/18	2018/19	2019/20	2020/21
Income	(28.6)	(28.4)	(28.3)	(29.0)
Spending on Revenue	15.6	15.6	15.5	15.5
Direct Revenue Financing*	2.3	2.0	0.0	0.0
Debt costs (interest)	3.9	3.9	3.9	4.0
Debt repayment (principal)	1.5	1.6	2.8	3.8
Efficiency Savings	(0.8)	(0.5)	(0.3)	(0.2)
Contribution to ILDR**	5.8	3.1	2.4	4.9
Contribution to SR***	0.3	2.7	4.0	1.0
<b>Net Balance</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

\* Financing of Capital programme by Revenue

\*\* Independent Living Development Reserve

\*\*\* Strategic Reserve

41. **Table 3** below shows a summary of the balances forecast to be available in Reserves as at 1 April 2017, together with transfers to and from Reserves over the period of the MTFP.

£M	2017/18	2018/19	2019/20	2020/21
<i>Independent Living Development</i>				
Balance b/fwd	13.8	17.6	9.7	3.1
Contributions to Reserve	5.8	3.1	2.4	4.9
Allocations from Reserve	(2.0)	(11.0)	(9.0)	(8.0)
<b>Balance c/fwd</b>	<b>17.6</b>	<b>9.7</b>	<b>3.1</b>	<b>0.0</b>
<i>Strategic</i>				
Balance b/fwd	3.7	2.0	1.2	2.8
Contributions to Reserve	0.3	2.7	4.0	1.0
Allocations from Reserve	(2.0)	(3.5)	(2.4)	(0.9)
<b>Balance c/fwd</b>	<b>2.0</b>	<b>1.2</b>	<b>2.8</b>	<b>2.9</b>
<i>Major Repairs</i>				
<b>Balance c/fwd</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
<i>HRA Balances</i>				
<b>Balance c/fwd</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>
<b>TOTAL c/fwd</b>	<b>21.8</b>	<b>13.1</b>	<b>8.1</b>	<b>5.1</b>

## HRA Debt

42. The HRA Business turnover, or annual rent debit (before void loss), was £30.575M in 2015/16 (£30.370M in 2014/15). Total current and former tenant arrears were £0.910M at the year end (£0.926M in 2014/15), with current arrears at £0.428M or 1.40% of the annual rent debit (£0.5M or 1.7% at March 2015). The figure of 1.40% is a 0.4% positive variance against a target of 1.8%, which has decreased from a target of 2% in 2014/15. Former tenant arrears (FTA) were £0.482M, or 1.58% of the annual rent debit, against a target of 1.0% (£0.426M or 1.45% at March 2015).
43. A significant proportion of the current tenant arrears (£0.263M or 61%) was less than 8 weeks old, and generally relates to minor timing issues between rents becoming due and payments being made. With the background of welfare reform, the Housing Operations Team have implemented a pro-active approach to managing the impact on rent arrears, known as Tenancy Sustainment. This includes early intervention; 'Right-sizing' where appropriate; 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.
44. Relationships with other Registered Providers of social housing 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. Since 2015 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.
45. 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. The current approach to FTA debt has resulted in recovery in the previous 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. This performance is strong compared with other Registered Providers.

46. Importantly, arrears will only become a cost to the HRA when they are written off, or when additional provision is made to allow for the possibility of bad debts being written off. The provision has been increased steadily since 2013/14 to allow for the potential threats posed by Welfare Reform, increasing from £0.380M to £0.541M at year end 2015/16. However, the efficiency savings related to the Tenancy Sustainment approach and strong performance generally, has resulted in this provision being only partially utilised during the last 3 years, with £0.064M written off in 2013/14, £0.051M in 2014/15, and only £0.015M in 2015/16. As result, the contribution to the provision in 2015/16 was only £0.042M, a saving on the budget of £0.119M of £0.077M.

### **Business Efficiency and System Resilience**

47. As well as financial uncertainties relating to interest rates, inflation on rents and expenditures, and the financial implications of Government legislation, there are risks to the Business Plan posed by potential problems with labour supply and supply chains within the Construction and Repairs/Maintenance sector. The Housing Service is reliant upon construction/maintenance contractors for repairs and capital works, and with such an ambitious new build programme the prevailing market conditions for these skills is a key element to achieving those aims.
48. A significant component of the efficiency programme identified for the HRA relates to the Repairs service, with a view to creating a new Repairs Delivery model by bringing together several contracts in late 2018, whilst considering a range of delivery options. The starting point is to implement a 'self serve' customer interface using First Touch apps aligned to 'end to end' system integration between contractor and Council systems, all of which is in progress.
49. By late 2018, the aim is to create a Repairs Delivery model that is better able to respond to the problems within the labour market, so as to retain a sustainable, skilled workforce, in terms of maintenance and repair type operations. The project is therefore 'two-stage'. Initially, to create a lean, fit for purpose, mainly self service customer interface across all repairs type operations; aligned to the creation of a sustainable model to deliver high quality repairs and servicing. This will be developed through an Options Appraisal process, to include the potential for a Joint Venture model, offering the Council greater control; the aim being to improve the sustainability of the workforce, whilst partnering with Repairs contractors to benefit from their expertise.
50. Complementing this approach is the continued investment in learning and development, to support successful and sustained recruitment across the Housing Service. The Housing Service benefits from strength in depth, particularly at Team Leader and Manager level, with managers who are bringing through new, well trained talent.

There is succession planning and a commitment to provide employment opportunities for those aged 18-24 (through the apprentice programme), increasingly across a range of skills levels. There is an increasing focus on tenancy sustainment; a capable, experienced work force will be able to get closer to the customer, achieving great results.

51. The Council has reacted to increasing homelessness demand by allocating properties within the HRA for temporary accommodation (TA) usage. It has actively purchased properties in the private sector, throughout the Council area, converting them into social housing for single person households and also to be used as supported housing for vulnerable persons, as part of the Independent Living offer. Up to November 2016, 8 properties have been purchased for this intent, with further purchases proposed before the year end.
52. The strategic approach is to create 'System Resilience', which will enable the Council to avoid the high level of costs relating to temporary accommodation that is being seen in other local authority areas. As part of the approach, the Housing Service is creating an Intensive Property Management Team (within the HRA) that will manage all of the properties and rooms that are used for TA on a 'hotel-style' basis, in part to maximise income; but more importantly, to avoid cost at the level seen in neighbouring local authorities.
53. Over time, it is envisaged that this provision will increase to circa 250 units (homes, single rooms, shared accommodation). The use of this 'circa 250 units' will function flexibly, as both TA and accommodation based supported housing, the main aim being to avoid cost to the system. Whilst management and maintenance costs are significantly higher for this type of accommodation, the greater concentration of tenancies will also generate additional income for the HRA.
54. More importantly, this approach directly facilitates the Housing General Fund (GF) efficiencies, to reduce TA Budget provision over a three year period. As part of last year's MTFP process it was agreed to reverse out the additional budget provision that was allocated in the GF for TA, in response to the large increase in demand seen in 2014-15 and 2015-16. The measures implemented by the Housing Service will enable this to occur, thanks to a joined up approach across the Housing Service, between the HRA and Housing Solutions (GF) where benefits are achieved as a direct result of a clear pathway through the Service, as well as 'end to end' system resilience.
55. At the point of first contact with customers, whether our own tenants or customers presenting in housing need or homeless, the approach is 'prevention' led, whether through tenancy sustainment; or actions that extend the client's existing housing arrangement. This includes greater use of modern media methods (such as YouTube videos); and a focus on the outcome in each case, avoiding distraction, with a philosophy that "...every penny, every minute and every action counts...".

56. This mind-set will help to eliminate waste by achieving the right result, on a first time basis. This is being achieved through a comprehensive modernisation approach that includes review and re-engineering of business processes to eliminate waste and ensure the housing system is 'fit for purpose'. A sustained approach to efficiency and re-investment, in particular to create 'system resilience', is imperative.
57. Efficiency in this context is not simply about doing more for less, but about the effective management of our stock and our staff resources; which unlike many Registered Landlords, includes significant investment in Tenancy Support and accommodation based support models. For example, the Housing Service has created a 'Children's Offer' using a first property for Unaccompanied Asylum Seeker Children, aged under 18 years, which includes support and is a progression model towards permanent settled accommodation.
58. In order to maximise the best use of our properties, there is a strategy to incentivise "Rightsizing" that encourages tenants who are under occupying properties to vacate larger homes and move to properties that will be easier to manage for them and more appropriate for their needs. In turn this frees up accommodation for those on the Housing Register. Priory View is a good example of this scenario where residents have freed up either Council or non Council properties. This approach is vital during a period in which supply is constrained and where demand for accommodation has outstripped supply.
59. The Independent Living model is therefore much more than just schemes like Priory View, or Houghton Regis Central, although these projects will provide solutions to help address the demographic pressure and a growing older population. The flexible model of circa 250 units (homes and rooms) will provide supported housing to a range of vulnerable client groups. In addition, the progression model through the system will in time become the default approach. This will be aided through the Council's Tenancy Strategy, which introduced Introductory and Fixed Term Tenancies in 2013 where previously the Council had offered open ended, secure, tenancies.
60. The latest MTFP includes efficiency savings for General Fund Housing Budgets of £1.633M (equivalent to 45%). £0.605M of this efficiency relates to reduced spend on temporary accommodation, with a further £0.3M related to generating income via business initiatives, £0.25M arising from a reduction in Supported Housing funding, and £0.201M from savings connected to intensive property management. This can only be achieved as a result of a joined up approach within a single Housing service, and as one Council, to avoid cost as well as to generate income. Put simply, reducing cost on front line Homelessness could result in more cost elsewhere – 'cost shunt'. So, our approach is always to function as a single Housing Service, operating within a 'one council' joined up approach.

61. There are risks and uncertainties in the economic environment. The strategy being proposed, choosing expansion rather than contraction, does involve an additional dimension to core activities that will require new skill sets and pose its own challenges. The approach will take time to develop. However, taking this direction will see cost in the GF being avoided and reduced as the HRA expands and enhances its asset base, whilst at the same time expanding and developing the skills of staff who will deliver a wider range of accommodation options and also new services. There are risks, however these risks are being managed.
62. The Housing Service is changing perceptions of what council housing is – and what is offered – aligned to the Council's core social purpose. Both the HRA and Housing General Fund includes income/surplus targets, with the first GF target of £0.1M being on track to be achieved in 2016/17. The second GF target for new income/surplus in 2017/18 is set at a further £0.3M; and whilst this target is considered a 'stretch' target (and ambitious in the short term), the Housing Service will identify short term compensatory savings, so as to mitigate the impact – yet remain focused upon bringing forward new income streams. This approach is aligned to an efficiency strategy where the main saving is cost avoidance through effective demand management.

### **Rent reduction and Service Charges**

63. Rental and service charge income are the main funding sources for the HRA. The Business Plan has been adapted to accommodate the 1% reduction in rent for the first 3 years of the MTFP, in accordance with legislation. The former Chancellor announced that after the 4 years of rent reductions, which commenced in 2016/17, the guidance will return to CPI + 1%. However, the rent reduction has led to increased caution surrounding the longer term future of rent setting. The assumptions within the HRA Business Plan are prudent, assuming that future increases are 2% from year 4 to 30, equivalent to CPI at 1% plus 1%.
64. The policy interrupts the journey towards all tenants paying a rent for their home that is determined by a 'formula'. This approach to rent setting had already been diluted for 2015/16 as all rents increased by CPI+1%, regardless of whether a tenant was on the formula or the lower, transitional rent. However re-lets continue to be made at formula rent, with approximately 36% of tenants now paying a rent determined by the 'formula'. Still, national Rent Policy is unclear.
65. Approximately 37% of all the Council's tenancies are funded entirely by Housing Benefit. This group will gain no benefit from rent reduction. Whilst other tenants will benefit, this will lead to a widening of the gap between Council and Private Rented Sector (PRS) rents, where supply has not kept pace with demand and rent increases over the next 3 years are likely.

Council rents are approximately 50% of private sector rents (depending on property size), but by 2020 it is likely that the gap between private sector and Council rents will have increased further.

66. It is proposed that rents are set in line with Government statute, a reduction of 1% for Central Bedfordshire Council tenants, for 2017/18. The proposed rent reduction will result in an average decrease per week of £1.09 from the 2016/17 average weekly rent of £109.68 to £108.59. At a time of significant investment in the Housing stock, amounting to £68M over the MTFP, the current level of rent and the proposed reduction represent excellent value for money for tenants.
67. The Housing Service undertook a full review of charging during 2013, to determine whether the level of service charges for communal services recouped the actual cost of providing those services. The review found that in total there was a shortfall of £0.149M annually between what was charged and the cost. From 2014/15 the Council started to close this gap, limited to a maximum increase of £1.10 per week for each tenant's total communal service charges.
68. This protection is limited to existing tenants. The true cost is charged for all new tenancies, including those who are already Council tenants but are transferring to another Council property. This approach has succeeded in reducing the shortfall to £0.055M, as at the beginning of the financial year 2016/17. However, as the base data for actual costs relates to 2012/13 another full review has now been undertaken to assess the current gap, based on the actual cost for the year 2015/16.
69. The revised actual cost data has been used to calculate the current difference between what the Council is paying and the tenant is being charged, so that service charges can be adjusted in 2017/18. However, it is proposed that the policy of limiting the maximum increase to £1.10 per week will continue. Provided this approach is approved for 2017/18, it is estimated that the gap between the cost to the Council and the amount recouped will drop to circa £0.026M, which represents a considerable improvement from the position in 2013/14.

### **Sale of High Value Void Properties, Pay to Stay and changes to LHA**

70. Government has announced the extension of RtB to Housing Association tenants. This involves offering qualifying Housing Associations tenants a discount, which may be funded via the sale of high value void properties by stock retained Authorities. The legislation does not force Authorities to sell their high value voids, but does make provision for Government to calculate "...the market value of the authority's interest in any high value housing that is likely to become vacant during the year..." and collect this payment less allowable costs, the nature of which will be set out once a determination is made.

71. During 2016/17 a limited pilot of the scheme took place. Government have decided to expand this pilot in 2107/18 and will fund the cost of Housing Association discounts during this period. Therefore, the Council will not now be required to make any payments in relation to the Sale of High Value Voids in 2017/18. However this policy still represents a significant long term risk as it is unknown how many Housing Association tenants will execute the RtB each year, and therefore the sum that will be required from each stock retained authority. At this point, the formula that will be used to make future determinations is unknown, so the amounts that may be due from Central Bedfordshire are also unknown. As with any estimation of future activity, the actual void rate and financial value of voids will differ from the calculation made by Government.
72. The Council will need to consider its strategy in relation to this legislation. Even if sufficient high value voids materialise, to enable sales income to cover the amounts that will be due, it may not necessarily be the best option to sell some or all of the properties concerned, as they may provide a better longer term return to the Business Plan than the value of the capital receipt. Given this uncertain context, the Business Plan has been constructed to ensure that sufficient funds are available in Reserves to offset the risk that income from void sales will not equal or exceed the amount determined by Government as due from Central Bedfordshire Council.
73. The Government established powers in the Housing and Planning Act 2016 to require local authorities to set higher rents for higher income council tenants (households earning over £40,000 a year in London and £31,000 a year in the rest of the country). The extra income was to be transferred to Government to assist with deficit reduction. This policy is known as "Pay to Stay". In a statement on 21 November 2016 the Minister of State for Housing and Planning announced that Government have decided not to proceed with this policy; the Council will therefore not be required to implement it.
74. In the Autumn Statement of November 2015 the Chancellor announced that Local Housing Allowance (LHA) caps would apply to social housing from April 2018, for tenancies that commenced after April 2016. The effect would be to limit housing benefit payments to LHA rates for Council tenancies. Whilst the vast majority of Council rents are well below LHA levels, newly built properties are generally charged an affordable rent which would generally exceed the LHA rate.
75. The Council's new build programme mainly comprises supported accommodation for older/vulnerable tenants, for example Priory View or Houghton Regis Central. A further announcement in September 2016 indicated that the policy would not be applied to supported accommodation until April 2019, at which point Government will bring in a new funding model which will "*...ensure the supported housing sector continues to be funded at current levels...*".

This is an important assurance from Government which will devolve funding to English local authorities to provide additional top-up funding to Providers, from a 'ring fenced pot'. This should ensure that vulnerable people continue to be supported, avoiding the cost of more expensive options.

76. There is a fear within the Housing sector that the top up fund will not fully compensate social housing providers for the differential between LHA and the affordable rent. A consultation is currently underway (concluding February 2017) concerning the future funding of supported housing. This area is being monitored; and the Council will seek to influence the Government's thinking, thereby to ensure sustained, long term commitment to supported housing, as being more cost effective than alternative options.

### **HRA Capital Programme**

77. The Draft 2017/18 – 2020/21 HRA detailed Capital programme is attached at Appendix C. The programme is expected to be financed by Homes and Communities Agency grant funding; contributions from retained rentals (revenue contributions), capital receipts from Right to Buy (RtB); capital receipts from shared ownership and outright sales, as well as land sales, and contributions from Reserves. A breakdown of financing is shown in Appendix A. The overall position on financing within the Housing Revenue Account is increasingly varied.

### **Engagement with Overview & Scrutiny Committees and Tenants**

78. The draft HRA Budget report will be presented to the Social Care, Health & Housing Committee on 23 January 2016 and Corporate Resources Committee on 24 January 2016. Consultation with the Tenant Investment Panel (TIP) over the Investment Plan occurred during the autumn of 2016, with full tenant approval of all project lines.
79. Tenant involvement in the budget process has been greater than in previous years. Tenants were keen to be informed of the legislative changes and the impact on the Investment Plan, and then to have an influence over the revisions required. The draft Budget and Investment Plan will be presented to the Way Forward Panel, Sheltered Tenants Action Group (STAG) and TIP on 10 January 2017.
80. Feedback from these tenant groups will appear in the final budget report, as will all comments received from stakeholders engaged with during the consultation on the Draft HRA Budget.

### **Council Priorities**

81. The proposed actions support the Council's priority to enhance Central Bedfordshire by providing great resident services, managing growth effectively and balancing regeneration aims with growth, through investment to promote economic benefit, employment and renewal. At the same time, improvements are focused on enhancing the wellbeing of the more vulnerable members of the community.
82. The Housing Service approach clearly demonstrates and supports the journey towards being a more efficient and responsive council.

### **Corporate Implications**

#### **Legal Implications**

83. The Budget sets out the resources that are required to enable the authority to discharge its statutory obligations as a Housing Authority.

#### **Financial Implications**

84. These are set out within the report. The HRA Business Plan shows that rental income will exceed the anticipated costs of managing the stock over 30 years, which will provide annual surpluses that will create opportunities for new investment, whilst repaying debt (£165M).

#### **Equalities Implications**

85. There are no Human rights or equality implications arising directly from this report, although the re-provision and re-modelling of sheltered and general needs housing would be subject to Equalities Assessment.

#### **Risk Management**

86. In considering the budget proposals, it is necessary to take account of the associated risks and in particular the budget planning assumptions contained within Appendix D attached. Any changes to these could impact on the financial position of the HRA Business Plan.
87. Given the sudden and unexpected change in rent policy announced in the Emergency Budget of July 2015, there can be little long term certainty in terms of Government rent policy. Whilst latest guidance indicates that rent setting may return to CPI+1% from 2020, rental income in the Business Plan has been assumed to rise at 2% per year from year 4 to year 30, equivalent to CPI at 1% + 1%. Whilst this has the potential to be understated over the longer term, this cautious approach reflects current uncertainty, and will be reviewed on an annual basis along with all the assumptions in Appendix D.

88. The opening balances on Reserves, over and above the contingency of £2.2M, are predicted to be £17.5M as at 1 April 2017, with contributions from Reserves amounting to only £4M to fund investment in the year 2017/18. The estimated balance in Reserves, excluding contingency, as at 31 March 2018, is £19.6M. Whilst most of this amount is provisionally earmarked for the schemes proposed in the future years of the Investment Plan, it could (if required) be diverted to address shortfalls in amounts due to Government in relation to the void levy, or to repay debt if the interest rate environment changed.
89. Another key risk is in relation to the HRA Debt Strategy. The current average rate of interest on HRA debt is 2.41%. Increases to interest rates would have an immediate effect on the variable rate loans, and could have an impact on refinancing costs for the fixed rate loans that mature from 2024. Close monitoring of financial market conditions, allied to a consideration of principal debt repayment, is required to deliver a debt strategy that will support the HRA Business Plan.
90. There are risks that relate to income collection, arising from Welfare Reform, in particular the spare room subsidy and introduction of Universal Credit. The mitigation of the impact of the spare room subsidy is a proactive approach being taken to enable tenants to move. During the current year, 7 new tenancies have been created through enabling Mutual Exchanges and Transfers, so that people are able to secure accommodation that they can afford to occupy in the long term. The Council is committed to being responsive; customer focussed; and supporting community self reliance through provision of a high quality housing management service that mitigates risk in this area.
91. The Housing Service is informing tenants of Benefit changes; allocating additional staff resources to controlling arrears and supporting tenants to manage their income. The Housing Service performs well on income collection and re-letting properties. The Housing Service is getting closer to customers, having established the approach known as "tenancy sustainment". Whilst this approach incurs higher revenue costs, the approach is a benefit to tenants and saves money to the whole system, benefitting the Council as well as the Health system.
92. There is a further risk that future Right to Buy (RtB) sales will reach levels that adversely affect the Business Plan, by significantly reducing income streams. The government is committed to helping those tenants with an aspiration to own their own home and, to further this aim, the discounts available under RtB were increased in April 2012.
93. The current maximum discount is £77,900, and this rises each year in line with inflation. From July 2014 the maximum percentage discount for tenants living in houses increased from 60% to 70%, to provide parity with those purchasing their own flats, and from May 2015 the qualifying period for the RtB was dropped from 5 to 3 years.

94. Whilst there has been an increase in RtB sales since April 2012, with 33 sales in 2015/16 and 15 in the financial year up to the end of October 2016, this represents a small percentage of the stock of approximately 5,200 rented homes. For further information, see Appendix D.
95. In terms of strategic direction, it is imperative that the replacement of homes sold through Right to Buy is maintained through an ambitious new build and/or acquisition programme that maintains 'pace'. Were the stock level (circa 5,500 including Leasehold managed properties) to reduce substantially, the Business Plan (and all that we are able to do) would need to contract. Therefore, the pace of progress (new build or acquisitions) must be maintained; to avoid the immediate risk of having to repay RtB receipts to Government, or the risk of having to contract.

### **Community Safety**

96. The options set out in the report provide opportunities to work with community safety partners to ensure the best outcomes. There is a pro-active approach to casework as well as close monitoring of performance, which ensures Anti Social Behaviour is well managed by the Housing Service.

### **Sustainability**

97. Investment in the housing stock and specifically the proposed mixed tenure, mixed use Independent Living scheme in Houghton Regis will contribute to regeneration across Central Bedfordshire and provide wider economic benefits and employment; as well as significant town centre impact. The investment in Crescent Court, Toddington supports the sustainability of the village.

### **Conclusion**

98. It is forecast that the HRA will have a total of £19.644M in its Reserves as at 31 March 2017, comprising £13.778M in the Independent Living Development Reserve, £3.666M in the Strategic Reserve, and £2.200M of contingencies. In addition it is forecast that £4.896M will be available for capital investment from unapplied Capital Receipts.
99. The Priory View Independent Living scheme demonstrates the opportunities afforded to the Council under Self Financing. Several more large scale developments are planned, generating approximately 260 homes over the MTFP period. This portfolio of investment will help regenerate communities; promote economic growth; and provide good quality housing for our more vulnerable residents.

100. Government legislation has been designed to facilitate a reduction in the Housing Benefits bill and extend the RtB to Housing Association tenants, the latter being funded mainly from the sale of high value void local authority properties. This has had both a quantifiable impact (in terms of the rent reduction), and an impact that is harder to assess (pending future determinations related to the sale of high value voids).
101. This has been addressed through close examination of both the Revenue Account and the Investment Plan. The resulting strategy balances a prudent approach to risk against the opportunities that continue to exist, thanks in part to the careful management of resources both before and after the introduction of Self Financing.
102. Careful monitoring of the impact of the legislative changes will be required and a strategy will be considered to address the challenges posed, in particular by the potential sale of high value voids. In the meantime – until more is known – it is proposed to maintain significant Reserves that could be used to develop life changing facilities and properties, such as those proposed at Houghton Regis Central. In the short term they are available to address unknown financial liabilities.
103. A balance is always to be struck between maintaining the stock in good condition, delivering new homes, regeneration projects, and making progress towards repayment of the self financing debt, so that future generations are not constrained by debt servicing costs. The current Business Plan continues the commitment to debt repayment, commencing in 2017/18 with a view to full debt repayment by 2044.
104. Not only is the Housing Service seeking to expand its stock but it is also embarking on new areas of business activity, principally an Intensive Property Management approach that will co-ordinate lettings across a stock of properties, the intent being to address homelessness pressures. This shows no sign of abating and poses a threat to General Fund revenue budgets. At the same time, the Housing Service will identify cost savings and reconfigure business processes to drive out waste and avoid failure demand.
105. As a modern business and complete Housing Service, operating in the self financing era, the Council has good reason to be confident, whilst proactively managing uncertainty and risk. The Housing Service is providing a contemporary and responsive customer offer (known as Independent Living). The teams perform well; and they are ambitious, as they seek to innovate and develop new business opportunities, thereby to mitigate the impact of changes to Government Policy; the rent reduction; and to avoid General Fund cost. The Council's Housing offer is aligned to the Council's core social purpose and affords tight grip and close management of the local housing system.

### **Next Steps**

106. A period of public consultation will commence from January 2017.
107. Overview and Scrutiny Committees will consider the Budget proposals in their January 2017 cycle of meetings and comments will be included in the final Budget report to be presented to Council at its February 2017 meeting.

### **Appendices**

The following Appendices are attached:

- i. Appendix A: 30 year forecast of Housing Service capital and revenue expenditure; and also income, which is the summary of the Landlord Business Plan
- ii. Appendix B: Summary of the Business Plan for the period 2017-2023
- iii. Appendix C: 2017/18 – 2020/21 Housing Revenue Account (HRA) detailed Capital programme
- iv. Appendix D: HRA Budget Assumptions

### **Background Papers**

The following background papers, not previously available to the public, were taken into account and are available on the Council's website:

None

This page is intentionally left blank

LANDLORD BUSINESS PLAN

Revenue Account	2017/18 £'000s	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	2024/25 £'000s	2025/26 £'000s	2026/27 £'000s	2027-47 £'000s	TOTAL £'000s
<b>Income</b>	<b>(28,639)</b>	<b>(28,457)</b>	<b>(28,372)</b>	<b>(29,009)</b>	<b>(29,588)</b>	<b>(30,179)</b>	<b>(30,782)</b>	<b>(31,397)</b>	<b>(32,024)</b>	<b>(32,664)</b>	<b>(809,355)</b>	<b>(1,110,466)</b>
<b>Expenditure</b>												
Housing Operations	7,638	7,787	7,729	7,713	7,745	7,772	7,796	7,815	7,831	7,841	149,107	
Financial Inclusion	459	420	461	502	512	522	533	543	554	565	14,010	
Housing Investment	112	72	77	82	83	85	87	88	90	92	2,278	
Corporate Services	2,063	2,008	2,008	2,008	2,048	2,089	2,131	2,173	2,217	2,261	56,033	
Maintenance	5,084	5,047	5,052	4,977	5,047	5,025	5,000	4,973	4,943	4,910	85,865	
Debt Related Costs	119	103	88	73	74	76	77	79	80	82	2,035	
Direct Revenue Financing	2,327	2,070	0	0	1,560	3,243	3,257	4,875	4,900	5,416	176,198	
Landlord Service Efficiency Programme	(750)	(481)	(321)	(246)	(255)	(264)	(273)	(282)	(292)	(302)	(8,851)	
<b>Total Expenditure</b>	<b>17,051</b>	<b>17,025</b>	<b>15,094</b>	<b>15,109</b>	<b>16,814</b>	<b>18,548</b>	<b>18,607</b>	<b>20,265</b>	<b>20,323</b>	<b>20,865</b>	<b>476,675</b>	<b>656,376</b>
<b>Net Operating Expenditure</b>	<b>(11,588)</b>	<b>(11,432)</b>	<b>(13,278)</b>	<b>(13,900)</b>	<b>(12,774)</b>	<b>(11,631)</b>	<b>(12,175)</b>	<b>(11,132)</b>	<b>(11,702)</b>	<b>(11,799)</b>	<b>(332,680)</b>	<b>(454,090)</b>
Interest payments	3,941	3,934	3,926	3,958	5,434	5,301	5,156	4,995	4,866	4,723	46,603	92,837
Debt Repayment	1,460	1,580	2,850	3,840	3,808	4,130	4,618	3,688	4,086	4,176	130,758	164,995
<b>Net surplus</b>	<b>(6,187)</b>	<b>(5,918)</b>	<b>(6,503)</b>	<b>(6,101)</b>	<b>(3,531)</b>	<b>(2,200)</b>	<b>(2,400)</b>	<b>(2,450)</b>	<b>(2,750)</b>	<b>(2,900)</b>	<b>(155,319)</b>	<b>(196,259)</b>
<b>Memorandum</b>												
<b>Debt Repayment Profile</b>												
Capital Financing Requirement (CFR) b/fwd	164,995	163,535	161,955	159,105	155,264	151,456	147,326	142,708	139,020	134,934	130,758	
Increase in CFR (int/ext borrowing)	0	0	0	0	0	0	0	0	0	0	0	
Reduction in CFR (principal repayment)	(1,460)	(1,580)	(2,850)	(3,840)	(3,808)	(4,130)	(4,618)	(3,688)	(4,086)	(4,176)	(130,758)	
<b>CFR c/fwd</b>	<b>163,535</b>	<b>161,955</b>	<b>159,105</b>	<b>155,264</b>	<b>151,456</b>	<b>147,326</b>	<b>142,708</b>	<b>139,020</b>	<b>134,934</b>	<b>130,758</b>	<b>0</b>	
<b>Independent Living Development Reserve</b>												
Balance Brought Forward	(13,778)	(17,574)	(9,707)	(3,111)	0	0	0	0	0	0	0	
Contribution to Reserve (from Net Surplus)	(5,796)	(3,133)	(2,404)	(4,889)	0	0	0	0	0	0	0	(16,222)
Contribution from Reserve (to fund expenditure)	2,000	11,000	9,000	8,000	0	0	0	0	0	0	0	
<b>Balance Carried Forward</b>	<b>(17,574)</b>	<b>(9,707)</b>	<b>(3,111)</b>	<b>0</b>								
<b>Strategic Reserve</b>												
Balance Brought Forward	(3,666)	(2,051)	(1,347)	(3,038)	(3,396)	(6,601)	(6,973)	(6,517)	(6,011)	(5,701)	(5,433)	
Contribution to Reserve (from Net Surplus)	(391)	(2,785)	(4,099)	(1,212)	(3,531)	(2,200)	(2,400)	(2,450)	(2,750)	(2,900)	(89,879)	(114,597)
Contribution from Reserve (to fund expenditure)	2,006	3,489	2,408	854	326	1,828	2,856	2,956	3,060	3,168	91,536	
<b>Balance Carried Forward</b>	<b>(2,051)</b>	<b>(1,347)</b>	<b>(3,038)</b>	<b>(3,396)</b>	<b>(6,601)</b>	<b>(6,973)</b>	<b>(6,517)</b>	<b>(6,011)</b>	<b>(5,701)</b>	<b>(5,433)</b>	<b>(3,776)</b>	
<b>Major Repairs Reserve</b>												
Balance Brought Forward	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	
Contribution to Reserve (from Net Surplus)	0	0	0	0	0	0	0	0	0	0	0	0
Contribution from Reserve (to fund expenditure)	0	0	0	0	0	0	0	0	0	0	0	0
<b>Balance Carried Forward</b>	<b>(200)</b>	<b>0</b>										
<b>HRA Balances</b>												
Balance Brought Forward	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	
Contribution (to)/from Reserve	0	0	0	(0)	0	0	0	0	0	0	(65,440)	(65,440)
<b>Balanced Carried Forward</b>	<b>(2,000)</b>	<b>(67,440)</b>										
												<b>(196,259)</b>
<b>Unapplied HRA Capital Receipts</b>												
Unapplied Capital Receipts b/fwd	(4,896)	(2,896)	(136)	(422)	(7,619)	(3,719)	(2,319)	(919)	(919)	(919)	(919)	
Contribution (to) Capital Receipts	(2,000)	(2,000)	(10,500)	(13,500)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(22,000)
Use of Capital Receipts	4,000	4,760	10,214	6,303	5,000	2,500	2,500	1,100	1,100	1,100	22,000	
<b>Unapplied Capital Receipts c/fwd</b>	<b>(2,896)</b>	<b>(136)</b>	<b>(422)</b>	<b>(7,619)</b>	<b>(3,719)</b>	<b>(2,319)</b>	<b>(919)</b>	<b>(919)</b>	<b>(919)</b>	<b>(919)</b>	<b>(919)</b>	
<b>Capital Programme</b>												
Independent Living Development	2,000	11,000	9,000	8,000	0	0	0	0	0	0	0	30,000
Stock Protection & Other New Build/Regeneration	8,333	10,319	12,622	7,157	6,886	7,571	8,613	8,931	9,060	9,684	289,734	378,910
<b>Total Capital programme</b>	<b>10,333</b>	<b>21,319</b>	<b>21,622</b>	<b>15,157</b>	<b>6,886</b>	<b>7,571</b>	<b>8,613</b>	<b>8,931</b>	<b>9,060</b>	<b>9,684</b>	<b>289,734</b>	<b>408,910</b>
<b>Financed by:</b>												
Capital Receipts	4,000	4,760	10,214	6,303	5,000	2,500	2,500	1,100	1,100	1,100	22,000	60,577
Revenue Contributions	2,327	2,070	0	0	1,560	3,243	3,257	4,875	4,900	5,416	176,198	203,846
Contributions from Reserves	4,006	14,489	11,408	8,854	326	1,828	2,856	2,956	3,060	3,168	91,536	144,487
<b>Total Capital programme</b>	<b>10,333</b>	<b>21,319</b>	<b>21,622</b>	<b>15,157</b>	<b>6,886</b>	<b>7,571</b>	<b>8,613</b>	<b>8,931</b>	<b>9,060</b>	<b>9,684</b>	<b>289,734</b>	<b>408,910</b>

This page is intentionally left blank

LANDLORD BUSINESS PLAN

<u>Revenue Account</u>	2017/18 £'000s	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	TOTAL £'000s
<b>Income</b>	<b>(28,639)</b>	<b>(28,457)</b>	<b>(28,372)</b>	<b>(29,009)</b>	<b>(29,588)</b>	<b>(30,179)</b>	<b>(174,244)</b>
<b>Expenditure</b>	<b>17,051</b>	<b>17,025</b>	<b>15,094</b>	<b>15,109</b>	<b>16,814</b>	<b>18,548</b>	<b>99,642</b>
<b>Net Operating Expenditure</b>	<b>(11,588)</b>	<b>(11,432)</b>	<b>(13,278)</b>	<b>(13,900)</b>	<b>(12,774)</b>	<b>(11,631)</b>	<b>(74,603)</b>
Interest payments	3,941	3,934	3,926	3,958	5,434	5,301	26,494
Debt Repayment	1,460	1,580	2,850	3,840	3,808	4,130	17,669
<b>Net surplus</b>	<b>(6,187)</b>	<b>(5,918)</b>	<b>(6,503)</b>	<b>(6,101)</b>	<b>(3,531)</b>	<b>(2,200)</b>	<b>(30,440)</b>
<b>Memorandum</b>							
<b><u>Independent Living Development Reserve</u></b>							
<b>Balance Brought Forward</b>	<b>(13,778)</b>	<b>(17,574)</b>	<b>(9,707)</b>	<b>(3,111)</b>	<b>0</b>	<b>0</b>	
Contribution to Reserve (from Net Surplus)	(5,796)	(3,133)	(2,404)	(4,889)	0	0	(16,222)
Contribution from Reserve (to fund expenditure)	2,000	11,000	9,000	8,000	0	0	
<b>Balance Carried Forward</b>	<b>(17,574)</b>	<b>(9,707)</b>	<b>(3,111)</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b><u>Strategic Reserve</u></b>							
<b>Balance Brought Forward</b>	<b>(3,666)</b>	<b>(2,051)</b>	<b>(1,347)</b>	<b>(3,038)</b>	<b>(3,396)</b>	<b>(6,601)</b>	
Contribution to Reserve (from Net Surplus)	(391)	(2,785)	(4,099)	(1,212)	(3,531)	(2,200)	(14,218)
Contribution from Reserve (to fund expenditure)	2,006	3,489	2,408	854	326	1,828	
<b>Balance Carried Forward</b>	<b>(2,051)</b>	<b>(1,347)</b>	<b>(3,038)</b>	<b>(3,396)</b>	<b>(6,601)</b>	<b>(6,973)</b>	
<b><u>Major Repairs Reserve</u></b>							
<b>Balance Carried Forward</b>	<b>(200)</b>	<b>(200)</b>	<b>(200)</b>	<b>(200)</b>	<b>(200)</b>	<b>(200)</b>	
<b><u>HRA Balances</u></b>							
<b>Balanced Carried Forward</b>	<b>(2,000)</b>	<b>(2,000)</b>	<b>(2,000)</b>	<b>(2,000)</b>	<b>(2,000)</b>	<b>(2,000)</b>	
							<b>(30,440)</b>
<b><u>Unapplied HRA Capital Receipts</u></b>							
<b>Unapplied Capital Receipts b/fwd</b>	<b>(4,896)</b>	<b>(2,896)</b>	<b>(136)</b>	<b>(422)</b>	<b>(7,619)</b>	<b>(3,719)</b>	
Contribution (to) Capital Receipts	(2,000)	(2,000)	(10,500)	(13,500)	(1,100)	(1,100)	(30,200)
Use of Capital Receipts	4,000	4,760	10,214	6,303	5,000	2,500	
<b>Unapplied Capital Receipts c/fwd</b>	<b>(2,896)</b>	<b>(136)</b>	<b>(422)</b>	<b>(7,619)</b>	<b>(3,719)</b>	<b>(2,319)</b>	
<b><u>Capital Programme</u></b>							
Independent Living Development	2,000	11,000	9,000	8,000	0	0	30,000
Stock Protection & Other New Build/Regeneration	8,333	10,319	12,622	7,157	6,886	7,571	52,888
<b>Total Capital programme</b>	<b>10,333</b>	<b>21,319</b>	<b>21,622</b>	<b>15,157</b>	<b>6,886</b>	<b>7,571</b>	<b>82,888</b>
<b>Financed by:</b>							
Capital Receipts	4,000	4,760	10,214	6,303	5,000	2,500	32,777
Revenue Contributions	2,327	2,070	0	0	1,560	3,243	9,200
Contributions from Reserves	4,006	14,489	11,408	8,854	326	1,828	40,911
<b>Total Capital programme</b>	<b>10,333</b>	<b>21,319</b>	<b>21,622</b>	<b>15,157</b>	<b>6,886</b>	<b>7,571</b>	<b>82,888</b>

This page is intentionally left blank

Housing Revenue Account (HRA) Capital Schemes

**Stock Protection**

Directorate	Scheme Title	2017/18 Capital Budget			2018/19 Capital Budget			2019/20 Capital Budget			2020/21 Capital Budget			Total Budget 2017/18 - 2020/21		
		Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000
HRA	General Enhancements	105		105	107		107	109		109	111		111	432	0	432
HRA	Garage Refurbishment	111		111	115		115	120		120	126		126	472	0	472
HRA	Paths & Fences Siteworks	110		110	112		112	114		114	117		117	453	0	453
HRA	Estate & Green Space Improvements	205		205	214		214	224		224	237		237	880	0	880
HRA	Energy Conservation	450		450	459		459	499		499	527		527	1935	0	1935
HRA	Roof Replacement	555		555	566		566	577		577	589		589	2287	0	2287
HRA	Central Heating Installation	738		738	724		724	739		739	807		807	3008	0	3008
HRA	Rewiring	233		233	240		240	260		260	287		287	1020	0	1020
HRA	Kitchens and Bathrooms	777		777	882		882	1042		1042	1065		1065	3766	0	3766
HRA	Central Heating communal	26		26	28		28	29		29	31		31	114	0	114
HRA	Door Replacement	290		290	296		296	302		302	308		308	1196	0	1196
HRA	Lift Replacement	0		0	0		0	62		62	64		64	126	0	126
HRA	Structural Repairs	200		200	204		204	208		208	212		212	824	0	824
HRA	Aids and Adaptations	425		425	434		434	442		442	451		451	1752	0	1752
HRA	Capitalised Salaries	510		510	520		520	531		531	541		541	2102	0	2102
HRA	Asbestos Management	234		234	245		245	260		260	276		276	1015	0	1015
HRA	Drainage and Water Supply	36		36	39		39	42		42	45		45	162	0	162
HRA	Fire Safety & Alarm Systems	104		104	108		108	52		52	53		53	317	0	317
HRA	Assisted Living Technology	13		13	51		51	52		52	53		53	169	0	169
HRA	Communal/PIR Lighting	40		40	0		0	0		0	0		0	40	0	40
HRA	New Windows	138		138	141		141	211		211	218		218	708	0	708
HRA	Targeted Door Replacement	6		6	6		6	6		6	6		6	24	0	24
HRA	Parking Schemes	120		120	50		50	50		50	50		50	270	0	270
HRA	Investment Panel Programme	50		50	50		50	50		50	50		50	200	0	200
HRA	Sheltered Housing Refurbishment	0		0	300		300	256		256	265		265	821	0	821
Subtotal - Stock Protection		5476	0	5476	5891	0	5891	6237	0	6237	6489	0	6489	24093	0	24093

**Future Investment**

HRA	Stock Remodelling	130		130	130		130	30		30	79		79	369	0	369
HRA	Houghton Regis Central	4130	-2130	2000	11000		11000	9000		9000	10130	-2130	8000	34260	-4260	30000
HRA	Crescent Court	313		313	2502	-675	1827	5700		5700	964	-675	289	9479	-1350	8129
HRA	Windsor Drive	158		158	1409	-300	1109	665	-300	365	0		0	2232	-600	1632
HRA	Site Development	86		86	112		112	40		40	50		50	288	0	288
HRA	Havelock Road	200		200			0			0			0	200	0	200
HRA	Croft Green	1720		1720	1000		1000	0		0			0	2720	0	2720
HRA	New Build & Acquisitions	250		250	250		250	250		250	250		250	1000	0	1000
<b>Subtotal - Future Investment</b>		<b>6987</b>	<b>-2130</b>	<b>4857</b>	<b>16403</b>	<b>-975</b>	<b>15428</b>	<b>15685</b>	<b>-300</b>	<b>15385</b>	<b>11473</b>	<b>-2805</b>	<b>8668</b>	<b>50548</b>	<b>-6210</b>	<b>44338</b>
<b>Subtotal - Stock Protection</b>		<b>5476</b>	<b>0</b>	<b>5476</b>	<b>5891</b>	<b>0</b>	<b>5891</b>	<b>6237</b>	<b>0</b>	<b>6237</b>	<b>6489</b>	<b>0</b>	<b>6489</b>	<b>24093</b>	<b>0</b>	<b>24093</b>
<b>Grand Total</b>		<b>12463</b>	<b>-2130</b>	<b>10333</b>	<b>22294</b>	<b>-975</b>	<b>21319</b>	<b>21922</b>	<b>-300</b>	<b>21622</b>	<b>17962</b>	<b>-2805</b>	<b>15157</b>	<b>74641</b>	<b>-6210</b>	<b>68431</b>

## APPENDIX D

### **BUDGET ASSUMPTIONS: HRA BUDGET**

The budget is based upon, and includes, the following key assumptions:

#### **Economic**

- i. For 2017/18, inflation of 1% on pay, inflation on supplies and services where contractually agreed, -1% on rental income in line with the latest Government legislation, and 1% on other (services) income;
- ii. Inflation of 1% on pay, inflation on supplies and services where contractually agreed, and 1% on other (services) income, up until 2020/21, with 2% increases in income and expenditure in the following years of the Landlord Business Plan;
- iii. Inflation of -1% on rental income up until 2019/20, with a 2% increase in rental income in the following years
- iv. An average interest rate on debt of 2.39% in 2017/18, 2.41% in 2018/19, 2.42% in 2019/20 and 2.49% for 2020/21. This reflects the known average interest on fixed rate loans and forecasts for variable interest rates used in the Council's Treasury Management Strategy. From 2021/22 an average interest rate of 3.5% is assumed.

#### **Financial**

- i. HRA Balances to remain at approximately £2M until such time as the debt is repaid, thereby reducing debt related costs rather than building up unnecessary levels of reserves;
- ii. Surpluses that remain after revenue expenditure, capital expenditure, principal debt repayment and debt interest costs are to be allocated to the earmarked reserve for Independent Living Development (ILDR) and the Strategic Reserve (SR). The SR is then available to support the Business Plan, e.g. for further investment;
- iii. 1% allowance for voids in the calculation of rental income over the Plan period. Voids performance is upper quartile, demonstrating the financial value of tenancy sustainment and reduction in re-let periods.
- iv. An Efficiency Programme that is set out within the Landlord Business Plan Summary, which identifies a saving of £0.750M against the cost of the Housing Service in 2017/18, and projects year on year savings over the life of the plan; and

- v. A prudent approach to treasury management with a debt profile balanced between an element of variable rate loans and fixed rate loans in accordance with the Council's Treasury Management Strategy.

### **Operational**

- i. The plans for stock investment are in line with the stock condition survey data over a 30 year period;
- ii. The delivery of the priorities set out in the Housing Asset Management Strategy (HAMS); and
- iii. A continuing improvement in the Council's offer to tenants and leaseholders, as well as delivery of estate improvements and wider regeneration aims.

### **External – Changes to Right to Buy**

- i. Potential loss of income arising from an increased number of Right to Buy (RtB) sales will not adversely affect the Landlord Service Business Plan.
- ii. New RtB discounts and proposals for re-investing the capital receipts came into effect from April 2012, with revisions in July 2014, which increase the maximum discount available to tenants from £0.034M to their current level of £0.078M. Further changes in May 2015 mean that tenants can execute their RtB after 3 years, as opposed to 5 years.
- iii. Central Government have increased the discounts in order to incentivise tenants to exercise their Right to Buy; it is the intention to replace each property sold in this way with a new build property.
- iv. The self-financing settlement was based on the average level of RtB sales in the 4 preceding financial years, and therefore did not take into account the changes to discounts.
- v. Government have altered the Housing Pooling regulations to compensate Local Authorities for this change, so that the proportion of debt attributable to those extra properties sold by RtB, as a result of the increased discount, is deducted from the sale receipt prior to the calculation of the amount to be transferred (or "pooled").
- vi. The calculation of pooling also takes into account the receipts for the Council and Government as modelled into the self-financing calculations. The residual (or "surplus") receipt, after the allowance for debt attributable and receipts modelled in the self-financing settlement, is retained by the Council, under the strict condition that the Council facilitates new social housing on a one for one basis for each property sold.

- vii. For the additional properties sold as a result of increased discounts there is a resultant loss of rental income, which affects the 30 year cash flows in the Business Plan. However there will also be a reduction in expenditure on each of these properties, which will vary depending upon the archetype and condition of each property.
- viii. In the majority of cases, each property will add a financial value to the Business Plan so there is a loss experienced as a result of the extra RtB sales. The compensation for debt attributable to each property mitigates this loss, providing funds that can either be used for debt repayment or capital investment (with no requirement to fund one for one replacements).
- ix. As at the second quarter of 2016/17 the Council has useable HRA capital receipts of £7.461M, of which £2.817M is reserved for investment in one for one replacements. The Council has 3 years from the retention of these monies (assessed on a quarterly basis) until it is required under legislation to spend them on new build, with the receipt comprising 30% of the total expenditure. Receipts cannot be matched against schemes in receipt of Homes and Communities Agency (HCA) funding. The Future Investment capital programme is reviewed regularly to assess which schemes the receipts will be matched against, and at what time.
- x. Careful monitoring of RtB sales will be required. Current projections suggest that these will not have a material impact on the Business Plan, particularly if the number of new build properties exceeds the properties sold. If annual RtB sales were to make up a significant percentage of the Housing Stock, such that it diminished by 10% or more (approximately 500 units) over the period to 31 March 2021, then this would pose a threat to the surpluses predicted both in the medium and longer term.
- xi. If a high rate of sales continued into the medium term the viability of the Council's HRA Business Plan could be called into question as unit costs would be likely to increase.

### **Other**

- i. Future governments will not re-open the debt settlement and increase the amount payable. The Government retained the power to re-open the settlement, and in many respects the legislative changes referred to in the main report amount to a re-opening of the settlement, as they impact significantly on the basis of the self financing calculation (e.g. assumptions for rent increases).

This page is intentionally left blank