

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

**This meeting may
be filmed.***



**Central
Bedfordshire**

please ask for Sandra Hobbs
direct line 0300 300 5257
date 30 January 2014

NOTICE OF MEETING

EXECUTIVE

Date & Time

Tuesday, 10 February 2015 at 9.30 a.m.

Venue

Council Chamber, Priory House, Monks Walk, Shefford

Richard Carr
Chief Executive

To: The Chairman and Members of the EXECUTIVE:

Cllrs	J Jamieson	– Chairman and Leader of the Council
	M Jones	– Deputy Leader and Executive Member for Corporate Resources
	M Versallion	– Executive Member for Children's Services
	C Hegley	– Executive Member for Social Care, Health and Housing
	N Young	– Executive Member for Regeneration
	B Spurr	– Executive Member for Community Services
	Mrs P Turner MBE	– Executive Member – Partnerships
	R Stay	– Executive Member – External Affairs

All other Members of the Council - on request

MEMBERS OF THE PRESS AND PUBLIC ARE WELCOME TO ATTEND THIS MEETING

Members are requested to keep their copy of the Executive Agenda and bring it with them to Council on 26 February 2014.

***Please note that phones and other equipment may be used to film, audio record, tweet or blog from this meeting. No part of the meeting room is exempt from public filming.**

The use of arising images or recordings is not under the Council's control.

AGENDA

1. **Apologies for Absence**

To receive apologies for absence.

2. **Minutes**

To approve as a correct record, the Minutes of the meeting of the Executive held on 13 January 2015.

3. **Members' Interests**

To receive from Members any declarations of interest.

4. **Chairman's Announcements**

To receive any matters of communication from the Chairman.

5. **Petitions**

To consider petitions received in accordance with the Scheme of Public Participation set out in Annex 2 of Part A4 of the Constitution.

6. **Public Participation**

To respond to general questions and statements from members of the public in accordance with the Scheme of Public Participation set out in Appendix A of Part A4 of the Constitution.

7. **Forward Plan of Key Decisions**

To receive the Forward Plan of Key Decisions for the period

Decisions

Item	Subject	Page Nos.
8.	Budget 2015/16 and Medium Term Financial Plan The report proposes the Budget for 2015/16 and updates the Medium Term Financial Plan approved by Council in February 2014.	27 - 130
9.	Capital Programme 2015/16 to 2018/19 The report proposes the Capital Programme (excluding HRA) for the four years from 1 April 2015.	131 - 146

10.	Budget for the Housing Revenue Account (Landlord Business Plan)	147 - 186
	The report sets out the financial position of the Housing Revenue Account and the Budget for 2015/16. There are proposals concerning the debt strategy, investment potential and rent increases.	
11.	Treasury Management Strategy and Treasury Policy	187 - 222
	The report outlines the Treasury Policy and Treasury Management Strategy for 2015-16.	
12.	Plan-making Programme - the Local Development Scheme	223 - 242
	To endorse the Local Development Scheme 2015 which sets out the scope and timetable for the production of future local plans for Central Bedfordshire, including specific reference to the Development Strategy, the Gypsy and Traveller Local Plan and an Allocations Local Plan.	
13.	Improving Care Homes for Older People in Central Bedfordshire	243 - 260
	To consider the opportunity in Dunstable to improve care home provision and to authorise the commencement of consultation on the proposals contained within the report.	
14.	Silsoe Community Sports Facilities	261 - 266
	To seek a decision on the transfer of Silsoe Community Sports Facilities, comprising a community building, adult sports pitch and Multi Use Games Area (MUGA), and all future liabilities and responsibilities for them, to Silsoe Parish Council and on the transfer to CBC of a junior sports pitch for exclusive use by Silsoe CofE VC Lower School on its new site.	
15.	Roker Park, Stotfold	267 - 274
	The purpose of this report is to seek Executive approval to release the restrictive covenant on Roker Park, Stotfold in exchange for a payment by Stotfold Town Council.	
16.	Award of the Contract for the Construction of Four Homes at Creasey Park Drive, Dunstable	275 - 280
	This report recommends the award of a contract for the construction of four homes at Creasey Park Drive, Dunstable.	

17. **Award of the Roof Replacement Contract 2015 - 2018** 281 - 286

This report recommends the award of the contract for the Roof Replacement of council dwellings for 2015 – 2018.

Monitoring Matters

- | Item | Subject | Page Nos. |
|-------------|---|------------------|
| 18. | December 2014 Q3 Revenue Budget Monitoring | 287 - 308 |

The report sets out the financial position for 2014/15 as at the end of December 2014. It sets out spend to date against the profiled budget and the forecast financial outturn.

- | | | |
|-----|---|-----------|
| 19. | December 2014 Q3 Capital Budget Monitoring | 309 - 326 |
|-----|---|-----------|

The report provides information on the projected capital outturn for 2014/15 as at December 2014.

- | | | |
|-----|---|-----------|
| 20. | December 2014 Q3 Housing Revenue Account Budget Monitoring | 327 - 338 |
|-----|---|-----------|

The report provides information on the 2014/15 Housing Revenue Account (HRA) projected outturn revenue and capital position as at December 2014.

- | | |
|-----|--|
| 21. | Exclusion of the Press and Public |
|-----|--|

To consider whether to pass a resolution under section 100A of the Local Government Act 1972 to exclude the Press and Public from the meeting for the following items of business on the grounds that the consideration of the items is likely to involve the disclosure of exempt information as defined in Paragraph 3 of Part I of Schedule 12A of the Act.

Exempt Appendices

- | Item | Subject | Exempt Para. | Page Nos. |
|-------------|-----------------------------|---------------------|------------------|
| 22. | Roker Park, Stotfold | 3 | 339 - 340 |

To receive the exempt Appendix.

- | | | | |
|-----|---------------------------|---|-----------|
| 23. | Creasey Park Drive | 3 | 341 - 344 |
|-----|---------------------------|---|-----------|

To receive the exempt Appendix.

24. **Award of the Roof Replacement
Contract 2015 - 2018**

3

345 - 348

To receive the exempt Appendix.

This agenda gives notice of items to be considered in private as required by Regulations (4) and (5) of The Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012.

Details of any representations received by the Executive about why any of the above exempt decisions should be considered in public: none at the time of publication of the agenda. If representations are received they will be published separately, together with the statement given in response

CENTRAL BEDFORDSHIRE COUNCIL

At a meeting of the **EXECUTIVE** held in the Council Chamber, Priory House, Monks Walk, Shefford on Tuesday, 13 January 2015.

PRESENT

Cllr J G Jamieson (Chairman)
Cllr M R Jones (Vice-Chairman)

Executive Members:	Cllrs	C Hegley B J Spurr R C Stay	Cllrs	Mrs P E Turner MBE M A G Versallion J N Young
--------------------	-------	-----------------------------------	-------	---

Deputy Executive Members:	Cllrs	A D Brown Mrs S Clark I Dalgarno A L Dodwell	Cllrs	D J Hopkin A M Turner B Wells R D Wenham
---------------------------	-------	---	-------	---

Members in Attendance:	Cllrs	A R Bastable D Bowater Mrs G Clarke Mrs R J Drinkwater C C Gomm Mrs S A Goodchild Ms A M W Graham	Cllrs	D Jones D McVicar J Murray B Saunders A Shadbolt P Williams
------------------------	-------	---	-------	--

Officers in Attendance	Mr R Carr Mr M Coiffait Mrs S Harrison Mrs S Hobbs Mr J Longhurst Miss L McShane Mrs J Ogley Mrs G Stanton Mr C Warboys	Chief Executive Community Services Director Director of Children's Services Committee Services Officer Director of Regeneration and Business Legal Services Manager -Commercial Director of Social Care, Health and Housing Chief Communications Officer Chief Finance Officer
------------------------	---	--

E/14/91. **Minutes**

RESOLVED

that the minutes of the meeting held on 9 December 2014 be confirmed as a correct record and signed by the Chairman.

E/14/92. **Members' Interests**

None were declared.

E/14/93. **Chairman's Announcements**

The Chairman held a one minute silence in memory of those who lost their lives in the recent terrorist attacks in Paris.

E/14/94. **Petitions**

No petitions were received.

E/14/95. **Public Participation**

There was no public participation.

E/14/96. **Forward Plan of Key Decisions**

RESOLVED

that the Forward Plan of Key Decisions for the period 2 February 2015 to 29 January 2016 be noted.

E/14/97. **Draft Budget 2015/16 and Medium Term Financial Plan**

The Executive considered a report from the Deputy Leader and Executive Member for Corporate Resources that proposed the draft budget for 2015/16 and updated the Medium Term Financial Plan.

The draft budget identified the efficiencies required in the light of the ongoing reduction in funding from Government and other pressures. Efficiencies of £13.7m were identified for 2015/16 to produce a balanced budget. It was proposed that there would be no increase in the Council Tax rate for Central Bedfordshire Council.

The Community Services Director clarified that the efficiency SC373 related to public health funding to support mental health improvement through physical activity.

In response to questions, the Executive Member for Social Care, Health and Housing explained that the Council would be responsible for implementing many aspects of the Care Act 2014 and Members would receive a briefing on the associated implications.

In response to a question, the Chief Finance Officer clarified that assistance would still be provided to claimants completing an e-claim benefit application form.

Members thanked the Deputy Leader and Officers for their continued commitment to identifying more efficient and cost effective ways of working.

Reason for decision: To enable consultation on the draft budget 2015/16 and Medium Term Financial Plan 2015-2019, prior to final recommendations being made by the Executive on 10 February 2015 to Council on 26 February 2015.

RESOLVED

that the draft budget proposals for 2015/16 be approved as the basis for consultation with the Overview and Scrutiny Committees and other interested parties.

E/14/98. **Draft Capital Programme 2015/16 to 2018/19**

The Executive considered a report from the Deputy Leader and Executive Member for Corporate Resources that set out the proposed draft capital programme for 2015/16 to 2018/19. The capital programme included a number of significant projects. This included New School Places, Enhanced Waste Disposal Facilities, Flitwick Leisure Centre and the Woodside Link. The development of Dunstable Leisure Centre had also been added to the plan.

Reason for decision: To enable consultation on the draft capital programme 2015/16 to 2018/19, prior to final recommendations being made by the Executive on 10 February 2015 to Council on 26 February 2015.

RESOLVED

that the draft capital programme for 2015/16 to 2018/19 be approved as the basis for consultation.

E/14/99. **Draft Budget for the Housing Revenue Account (Landlord Service) Business Plan**

The Executive considered a report from the Deputy Leader and Executive Member for Corporate Resources and the Executive Member for Social Care, Health and Housing that set out the financial position of the Housing Revenue Account (HRA) and the draft budget for 2015/16. The report included proposals concerning the debt strategy, investment potential and rent increases.

In response to questions, the Executive Member for Social Care, Health and Housing confirmed that the development in Houghton Regis was at a very early stage and a full consultation process would be followed. It was proposed that the development would include affordable, independent living accommodation, improved retail that was complementary to other retailers in Houghton Regis, an opportunity to deliver public services in the town centre, an improved local heritage offer and the creation of a community hub. The Independent Living Scheme would provide homes for older people (aged over 55) including options for outright sale, rent and shared ownership.

Reason for decision: To enable consultation on the draft HRA budget for 2015/16 to 2018/19, prior to final recommendations being made by the Executive on 10 February 2015 to Council on 26 February 2015.

RESOLVED

1. that the HRA's debt portfolio and interest payments due in 2014/15 be noted;
2. that the intention to commence principal debt repayments from 2017/18, as approved previously by Council in February 2014, be noted;
3. that the Landlord Business Investment Plan, which proposes HRA investment throughout the Council area, be approved for consultation;
4. that the Draft HRA Revenue Budget for 2015/16 and the Landlord Business Plan summary at Appendix A and B be approved for consultation;
5. that the Draft 2015/16 to 2018/19 HRA Capital Programme at Appendix C be approved for consultation; and
6. that the draft average rent increase of 2.20% for 2015/16 be approved for consultation, in line with the national rental increase as per Government guidance.

E/14/100. **School Funding Reform: Arrangements for 2015/16**

The Executive considered a report from the Executive Member for Children's Services that provided the background to changes in the funding regulations for schools and the proposed distribution of funds for 2015/16.

The proposals had previously been subject to full consultation with all Maintained Schools and Academies in September 2014 and considered by the Schools Forum. The report provided a summary of the consultation responses received, which highlighted the broad agreement of schools to all of the proposals put forward. The report therefore set out the proposed distribution for the Dedicated Schools Grant – School Block. The final proforma needed to be submitted to the Education Funding Agency by the 20 January 2015.

Reason for decision: To enable schools' individual budgets to be issued by 27 February 2015.

RESOLVED

1. **that the responses to the School Funding Consultation 2015/16 be noted;**
2. **that the submission of the final proforma to the Education Funding Agency (EFA) by the 20 January 2015, be approved; and**
3. **that the distribution of the Dedicated Schools Grant – Schools Block for 2015/16 be approved.**

E/14/101. **National Non Domestic Rates, Discretionary Rate Relief Policy**

The Executive considered a report from the Deputy Leader and Executive Member for Corporate Resources that set out the proposed Discretionary Rate Relief (DRR) Policy. The DRR would be introduced from 1 April 2015 and a review of all current awards of relief would be undertaken before this date in order to give advanced notice to current beneficiaries of any changes to their entitlement. Any negative change in entitlement required at least one full financial year's notice to be given to the ratepayer before the relief could be reduced.

The Deputy Leader and Executive Member for Corporate Resources advised Members that the reference to Boy Scouts and Girl Guides would be amended to read the Scout Association and Girl Guiding UK.

Reason for decision: To enable the Council to have a DRR Policy that would deliver an equitable and transparent decision making process.

RESOLVED

that the National Non Domestic Rates Discretionary Rate Relief Policy be approved.

E/14/102. **Quarter 2 Performance Report**

The Executive considered a report from the Deputy Leader and Executive Member for Corporate Resources that set out the quarter 2 2014/15 performance for Central Bedfordshire Council's Medium Term Plan indicator set. The overall performance remained strong across the priorities.

Reason for decision: To ensure a rigorous approach to performance management across Central Bedfordshire Council.

RESOLVED

- 1. that the continuing good performance in Quarter 2 for the indicators being used to help monitor progress against the Medium Term Plan priorities be acknowledged; and**
- 2. that officers be requested to further investigate and resolve underperforming indicators as appropriate.**

(Note: The meeting commenced at 9.30 a.m. and concluded at 10.37 a.m.)

Chairman

Dated

**Central Bedfordshire Council
Forward Plan of Key Decisions
2 March 2015 to 29 February 2016**

- 1) During the period from **2 March 2015 to 29 February 2016**, Central Bedfordshire Council plans to make key decisions on the issues set out below. “Key decisions” relate to those decisions of the Executive which are likely:
- to result in the incurring of expenditure which is, or the making of savings which are, significant (namely £200,000 or above per annum) having regard to the budget for the service or function to which the decision relates; or
 - to be significant in terms of their effects on communities living or working in an area comprising one or more wards in the area of Central Bedfordshire.
- 2) The Forward Plan is a general guide to the key decisions to be determined by the Executive and will be updated on a monthly basis. Key decisions will be taken by the Executive as a whole. The Members of the Executive are:

Cllr James Jamieson	Leader of the Council and Chairman of the Executive
Cllr Maurice Jones	Deputy Leader and Executive Member for Corporate Resources
Cllr Mark Versallion	Executive Member for Children’s Services
Cllr Mrs Carole Hegley	Executive Member for Social Care, Health and Housing
Cllr Nigel Young	Executive Member for Regeneration
Cllr Brian Spurr	Executive Member for Community Services
Cllr Mrs Tricia Turner MBE	Executive Member for Partnerships
Cllr Richard Stay	Executive Member for External Affairs

- 3) Whilst the majority of the Executive’s business at the meetings listed in this Forward Plan will be open to the public and media organisations to attend, there will inevitably be some business to be considered that contains, for example, confidential, commercially sensitive or personal information.

This is a formal notice under the Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012 that part of the Executive meeting listed in this Forward Plan will be held in private because the agenda and reports for the meeting will contain exempt information under Part 1 of Schedule 12A to the Local Government Act 1972 (as amended) and that the public interest in withholding the information outweighs the public interest in disclosing it.

- 4) Those items identified for decision more than one month in advance may change in forthcoming Plans. Each new Plan supersedes the previous Plan. Any person who wishes to make representations to the Executive about the matter in respect of which the decision is to be

made should do so to the officer whose telephone number and e-mail address are shown in the Forward Plan. Any correspondence should be sent to the contact officer at the relevant address as shown below. General questions about the Plan such as specific dates, should be addressed to the Committee Services Manager, Priory House, Monks Walk, Chicksands, Shefford SG17 5TQ.

5) The agendas for meetings of the Executive will be published as follows:

Meeting Date	Publication of Agenda
18 March 2014	6 March 2014
22 April 2014	10 April 2014
27 May 2014	15 May 2014
15 July 2014	3 July 2014
19 August 2014	7 August 2014
14 October 2014	2 October 2014
9 December 2014	27 November 2014
13 January 2015	23 December 2014
10 February 2015	29 January 2015
31 March 2015	19 March 2015

Central Bedfordshire Council

Forward Plan of Key Decisions for the period 2 March 2015 to 29 February 2016

Key Decisions

Date of Publication: 29 January 2015

Ref No.	Issue for Key Decision by the Executive	Intended Decision	Indicative Meeting Date	Consultees and Date/Method	Documents which may be considered	Portfolio Holder and Contact officer (method of comment and closing date)
1.	Community Infrastructure Levy (CIL) Charging Schedule -	To approve for the purposes of public consultation and submission to the Secretary of State the proposed draft Community Infrastructure Levy Charging Schedule. To approve for public consultation the revised Section 106 Planning Obligations Strategy.	31 March 2015	Internal and external consultation on the Preliminary Draft Charging Schedule took place in 2013.	Report - some appendices may be exempt.	Executive Member for Regeneration Comments by 27/02/15 to Contact Officer: Richard Fox, Head of Development Planning and Housing Strategy Email: richard.fox@centralbedfordshire.gov.uk Tel: 0300 300 4105
2.	Wixams Park Master Plan Document -	To adopt the Wixams Framework Plan.	31 March 2015	Internal and external stakeholders 27 September 2013 – 8 November 2013. Public exhibition, letters and adverts etc.	Report and Framework Plan.	Executive Member for Regeneration Comments by 27/02/15 to Contact Officer: Richard Fox, Head of Development Planning and Housing Strategy Email: richard.fox@centralbedfordshire.gov.uk Tel: 0300 300 4105

Ref No.	Issue for Key Decision by the Executive	Intended Decision	Indicative Meeting Date	Consultees and Date/Method	Documents which may be considered	Portfolio Holder and Contact officer (method of comment and closing date)
3.	North Luton Framework Plan -	To adopt the North Luton Framework Plan.	31 March 2015	Internal and external stakeholders 10 November 2014 – 15 December 2014. Public exhibitions, letters, adverts and emails.	Report and Framework Plan	Executive Member for Regeneration Comments by 27/02/15 to Contact Officer: Richard Fox, Head of Development Planning and Housing Strategy Email: richard.fox@centralbedfordshire.gov.uk Tel: 0300 300 4105

Ref No.	Issue for Key Decision by the Executive	Intended Decision	Indicative Meeting Date	Consultees and Date/Method	Documents which may be considered	Portfolio Holder and Contact officer (method of comment and closing date)
4.	Central Bedfordshire Transitions Strategy for Children and Young People -	To approve the Central Bedfordshire Transitions Strategy for Children and Young People.	31 March 2015	<p>The Transition Strategy and Pathway has been developed by Prospects following an extensive, wide ranging consultation including the following stakeholders:-</p> <ul style="list-style-type: none"> • A cohort of young people across Central Bedfordshire. • A cohort of 6 young researchers. • Special Needs Action Plan (SNAP). • Other carer forums. • Various schools across Central. • Adult Social Care. • Housing Services. • Children's Services (including Education). • Bedfordshire Clinical Commissioning Group. • SEPT. • Central Bedfordshire College. • Macintyre and Aragon Housing Association. • Mencap. • Choice Support. • MIND. • PoHwer. 	Transitions Strategy and Transitions Pathway	<p>Executive Member for Social Care, Health and Housing Comments by 27/02/15 to Contact Officer: Stuart Mitchelmore, Assistant Director, Adult Social Care Email: stuart.mitchelmore@centralbedfordshire.gov.uk Tel: 0300 300 4796</p>

Ref No.	Issue for Key Decision by the Executive	Intended Decision	Indicative Meeting Date	Consultees and Date/Method	Documents which may be considered	Portfolio Holder and Contact officer (method of comment and closing date)
5.	Commissioning of New School Places in Leighton Linlade and Cranfield -	To receive a report on the commissioning of new school places in Leighton Linlade and Cranfield.	31 March 2015	<p>In relation to Leighton Linlade:</p> <ul style="list-style-type: none"> • the governing body of the schools which are the subject of proposals • families of pupils, teachers and other staff at the schools; • the governing bodies, teachers and other staff of any other school that may be affected; • families of any pupils at any other school who may be affected by the proposals including families of pupils at feeder schools; • trade unions who represent staff at the schools and representatives of trade unions of any other staff at schools who may be affected by the proposals; • Constituency MPs for the schools that are the subject of the proposals; and • the local town or parish council where the school that is the subject of the proposals is situated. <p>Consultation period between January and February 2015 including press releases, public meetings, statutory notices.</p> <p>Children's Services Overview and Scrutiny Committee on 10 March 2015.</p>	Report and outcome of the consultation.	<p>Executive Member for Children's Services</p> <p>Comments by 27/02/15 to Contact Officer:</p> <p>Karen Oellermann, Assistant Director - Commissioning & Partnerships</p> <p>Email: karen.oellermann@centralbedfordshire.gov.uk</p> <p>Tel: 0300 300 5265</p>

Ref No.	Issue for Key Decision by the Executive	Intended Decision	Indicative Meeting Date	Consultees and Date/Method	Documents which may be considered	Portfolio Holder and Contact officer (method of comment and closing date)
6.	Central Bedfordshire Council's Admission Arrangements and Co-ordinated Scheme -	To determine the Council's Admission Arrangements and co-ordinated scheme for the academic year 2016/17.	31 March 2015		Report	Executive Member for Children's Services Comments by 27/02/15 to Contact Officer: Karen Oellermann, Assistant Director - Commissioning & Partnerships Email: karen.oellermann@centralbedfordshire.gov.uk Tel: 0300 300 5265
7.	Central Bedfordshire Council Park Homes Offer -	To request the Executive to adopt the Park Homes Offer document following consultation.	31 March 2015	Initial consultation involved a Residents' Needs Assessment survey that provided over 400 responses to shape the draft Offer document. Formal consultation ran from early December for seven weeks and all Park Homes Residents and Owners were specifically invited to comment on the draft Park Homes Offer. A Residents' Forum was held in January 2015 during the consultation period.	Draft Park Homes Offer Consultation Report. Equality Impact Assessment.	Executive Member for Social Care, Health and Housing Comments by 27/02/15 to Contact Officer: Nick Costin, Head of Housing Service Email: nick.costin@centralbedfordshire.gov.uk Tel: 0300 300 5219

Ref No.	Issue for Key Decision by the Executive	Intended Decision	Indicative Meeting Date	Consultees and Date/Method	Documents which may be considered	Portfolio Holder and Contact officer (method of comment and closing date)
8.	Central Bedfordshire Council Homelessness Strategy -	To request the Executive to adopt the Homelessness Strategy following consultation.	31 March 2015	Stakeholder engagement events were held in October 2014 following development of the homelessness Review. Formal consultation ran from early December for seven weeks and known stakeholders were specifically invited to comment on the draft strategy. Members were advised about consultation through Members Information Bulletin.	Draft Homelessness Strategy. Homelessness Review. Consultation Report. Equalities Impact Assessment.	Executive Member for Social Care, Health and Housing Comments by 16/03/15 to Contact Officer: Nick Costin, Head of Housing Service Email: nick.costin@centralbedfordshire.gov.uk Tel: 0300 300 5219
9.	Local Transport Plan -	To approve the 2015/16 programme.	31 March 2015	Sustainable Communities Overview and Scrutiny Committee on 22 January 2015.	Local Transport Plan Programme	Executive Member for Community Services Comments by 27/02/15 to Contact Officer: Ben King, Transport Strategy Team Leader Email: ben.king@centralbedfordshire.gov.uk Tel: 0300 300 4824

Ref No.	Issue for Key Decision by the Executive	Intended Decision	Indicative Meeting Date	Consultees and Date/Method	Documents which may be considered	Portfolio Holder and Contact officer (method of comment and closing date)
10.	TEEP Assessment of Recycling Collection -	To seek the adoption of the TEEP (Technical, Environmental and Economical Practicability) Assessment.	31 March 2015		Report and Exempt Appendix	Executive Member for Community Services Comments by 27/02/15 to Contact Officer Tracey Harris (Waste), Head of Waste Services Email: tracey.harris2@centralbedfordshire.gov.uk Tel: 0300 300 4646
11.	Award of Contract for the Woodside Link -	To approve the award of contract for the construction of the Woodside Link.	31 March 2015	Executive – 2 October 2012. Planning Examination 8 October 2013 to 4 April 2014. Development Consent Order made by the Secretary of State on 31 September 2014, coming into force on 21 October 2014.	Report of tender bids and conclusion/recommendation of selection panel to award contract - Public Report with Exempt Appendices	Executive Member for Regeneration, Executive Member for Community Services Comments by 27/02/15 to Contact Officer: Jim Tombe, Head of Transport Strategy Email: jim.tombe@centralbedfordshire.gov.uk Tel: 0300 300 6244
12.	New 5 Year Contract for Asbestos Surveys, Testing, Sampling and Removal Encapsulation of Asbestos containing Materials -	To award the new 5 year contract for asbestos surveys, testing, sampling, removal and encapsulation of asbestos containing materials in Social Care, Health and Housing properties.	31 March 2015	All Leaseholders following Executive approval.	Report and exempt Appendix Evaluation Method and Spreadsheet	Executive Member for Social Care, Health and Housing Comments by 27/02/15 to Contact Officers: Gary Looker, Building Surveyor Email: gary.looker@centralbedfordshire.gov.uk Tel: 0300 300 5430

Ref No.	Issue for Key Decision by the Executive	Intended Decision	Indicative Meeting Date	Consultees and Date/Method	Documents which may be considered	Portfolio Holder and Contact officer (method of comment and closing date)
13.	New 7 Year Contract for External/Internal Decorations and Replacement of Fascia, Soffits and Rain Water Goods -	To award the new 7 year contract for external/internal decorations and replacement of fascia, soffits and rain water goods to Social Care, Health and Housing properties.	31 March 2015	All Leaseholders following Executive approval.	Report and Exempt Appendix. Evaluation Method and Spreadsheet.	Executive Member for Social Care, Health and Housing Comments by 27/02/15 to Contact Officers: Jonathan Rogers, Building Surveyor Email: jonathan.rogers@centralbedfordshire.gov.uk Tel: 0300 300 5431
14.	New 5 Year Contract for Bathroom Refurbishments (Disabled Adaptations) and Minor Improvement Works -	To award the new 5 year contract for bathroom refurbishment (disabled adaptations) and minor improvement works to Social Care, Health and Housing properties.	31 March 2015		Report and Exempt Appendix. Evaluation Method and Spreadsheet.	Executive Member for Social Care, Health and Housing Comments by 27/02/15 to Contact Officers: Marilyn Skeggs, Technical Surveyor Email: marilyn.skeggs@centralbedfordshire.gov.uk Tel: 0300 300 5434
15.	New 3 Year Contract for Domestic Door Replacement -	To award the new 3 year contract for domestic door replacement to Social Care, Health and Housing properties.	2 June 2015		Report and Exempt Appendix Evaluation Method and Spreadsheet.	Executive Member for Social Care, Health and Housing Comments by 01/05/15 to Contact Officers: Peter Joslin, Housing Asset Manager Email: peter.joslin@centralbedfordshire.gov.uk Tel: 0300 300 5395

Ref No.	Issue for Key Decision by the Executive	Intended Decision	Indicative Meeting Date	Consultees and Date/Method	Documents which may be considered	Portfolio Holder and Contact officer (method of comment and closing date)
16.	Totterhoe Lower School -	<p>To determine the proposed change of category of Totterhoe Lower from Community to Voluntary Controlled School.</p> <p>To determine the statutory proposal of the Governing Body of Totterhoe Community Lower School to close the school on 31 August 2015.</p> <p>To determine the linked statutory proposal of the Diocese of St. Albans to open Totterhoe Voluntary Controlled Lower School on 1 September 2015.</p>	4 August 2015		Report and outcome of the consultations.	<p>Executive Member for Children's Services</p> <p>Comments by 04/07/2015 to Contact Officer:</p> <p>Karen Oellermann, Assistant Director - Commissioning & Partnerships</p> <p>Email: karen.oellermann@centralbedfordshire.gov.uk</p> <p>Tel: 0300 300 5265</p>

NON KEY DECISIONS

Ref No.	Issue for Key Decision by the Executive	Intended Decision	Indicative Meeting Date	Consultees and Date/Method	Documents which may be considered	Portfolio Holder and Contact officer (method of comment and closing date)
17.	Community Safety Partnership Plan and Priorities for 2015-2016 -	To recommend to Council the approval of the Community Safety Partnership Plan and Priorities for 2015-16.	31 March 2015	The CSP Plan will be considered by the Community Safety Partnership and the Sustainable Communities Overview and Scrutiny Committee.	Report and Community Safety Partnership Plan 2015/16	Executive Member for Community Services Comments by 27/02/15 to Contact Officer: Joy Craven, CSP Manager Email: joy.craven@centralbedfordshire.gov.uk Tel: 0300 300 4649
18.	Quarter 3 Performance Report -	To consider the quarter 3 performance report.	31 March 2015		Report	Deputy Leader and Executive Member for Corporate Resources Comments by 27/02/15 to Contact Officer: Elaine Malarky, Head of Programmes & Performance Management Email: elaine.malarky@centralbedfordshire.gov.uk Tel: 0300 300 5517

Postal address for Contact Officers: Central Bedfordshire Council, Priory House, Monks Walk, Chicksands, Shefford SG17 5TQ

**Central Bedfordshire Council
Forward Plan of Decisions on Key Issues**

For the Municipal Year 2012/13 the Forward Plan will be published on the thirtieth day of each month or, where the thirtieth day is not a working day, the working day immediately proceeding the thirtieth day, or in February 2013 when the plan will be published on the twenty-eighth day:

Date of Publication	Period of Plan
1 April 2014	1 May 2014 – 30 April 2015
16 April 2014	1 June 2014 – 31 May 2015
4 June 2014	1 July 2014 – 30 June 2015
3 July 2014	1 August 2014 – 31 July 2015
18 July 2014	1 September 2014 – 31 August 2015
3 September 2014	1 October 2014 – 30 September 2015
23 September 2014	1 November 2014 – 31 October 2015
29 October 2014	1 December 2014 – 30 November 2015
28 November 2014	1 January 2015 – 31 December 2016
23 December 2014	1 February 2015 – 31 January 2016
18 February 2015	1 March 2015 – 29 February 2016
5 March 2015	1 April 2015 – 31 March 2016

This page is intentionally left blank

Central Bedfordshire Council

EXECUTIVE - 10 February 2015

Budget 2015/16 and Medium Term Financial Plan

Report of Cllr Maurice Jones, Deputy Leader and Executive Member for Corporate Resources (maurice.jones@centralbedfordshire.gov.uk)

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

This report relates to a Key Decision

Purpose of this report

1. The report proposes the Budget for 2015/16 and updates the Medium Term Financial Plan approved by Council in February 2014.

RECOMMENDATIONS

The Executive is asked to:

1. note the response to consultation with Overview & Scrutiny as set out in Appendix K and the response to consultation with the public and stakeholders as set out in Appendix A;
2. recommend to Council the Revenue Budget for 2015/16 and the Medium Term Financial Plan for 2015/16 to 2018/19;
3. recommend to Council the Fees & Charges relating to the Care Act Deferred Payment Scheme as detailed at paragraphs 90 -92;
4. note that there are no adjustments to the draft budget as described in paragraphs 29 - 33 of this report;
5. note the Council Tax Base as set out in Appendix G;
6. recommend to Council a Band D Council Tax (CBC element) of £1,308.33 for residents of Central Bedfordshire, representing a 0% increase on the charge for 2014/15;

7. **note that certain efficiency proposals identified in Appendix I will be subject to formal consultation and Equality Impact Assessment in the coming months and instruct the Corporate Management Team to propose alternative compensatory savings if it appears, following a review of the outcome of the consultation and Equality Impact Assessment, that any specific proposal cannot be delivered; and**
8. **agree to continue to charge individuals when the Council arranges care and support to meet an individual's needs, subject to the appropriate financial assessment taking place; any statutory exemptions; and having regard to the relevant statutory guidance (as set out in paragraphs 80 – 86). This recommendation does not extend to situations where the Council arranges to meet a carer's support needs.**

Overview and Scrutiny Comments/Recommendations

2. Overview and Scrutiny Committees considered the budget proposals in their January 2015 cycle of meetings and comments are included at Appendix K.

Issues

3. 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.
4. The Budget for 2015/16 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. £13.7m of efficiencies are identified for 2015/16 to produce a balanced budget. A further £28.4m of efficiencies are required over the subsequent three years to achieve the proposed MTFP.
5. The Capital Programme is included elsewhere on the agenda. However, the revenue implications of the Capital Programme are reflected in the proposals contained in this report.
6. A separate report in respect of the Housing Revenue Account (Landlord Services Business Plan) is also presented to this Executive.

Reasons for decision

7. To enable Council to approve the Budget 2015/16 and Medium Term Financial Plan 2015-2019.

Council Priorities

8. The Council approved the Medium Term Financial Plan (MTFP) for 2014/15 to 2017/18 in February 2014. The MTFP has been updated and extended to 2018/19 and a budget for 2015/16 prepared, reflecting further changes in funding, including the results of the Spending Review 2013 and new cost pressures and offsetting efficiencies.
9. The Council's priorities are:
 - Enhancing Central Bedfordshire – creating jobs, managing growth, protecting our countryside and enabling businesses to grow.
 - Improved educational attainment
 - Promoting health and wellbeing, and protecting the vulnerable
 - Better infrastructure – improved roads, broadband reach and transport.
 - Great universal services – bins, leisure and libraries.
 - Value for money – freezing council tax.

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

Corporate Implications

Legal Implications

10. The Local Government Finance Act 1992 stipulates that the Council must set an amount of Council Tax payable for the financial year 2015/16 by 11 March 2015. Before calculating the level of Council Tax payable, the Council must consult representatives of non-domestic ratepayers in its area.
11. 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 19th August 2014.
12. There are statutory requirements in relation to consultation with employees and employee representatives. Where there are issues arising from budget proposals which require such consultation, the Council complies with these requirements.

Risk

13. Covered in paragraph 119.

Financial Implications

14. The financial implications of the Budget and Medium Term Financial Plan are set out in the report.

Equalities Implications

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

Corporate Strategy

16. Over the past five years, the Council has generated savings of more than £70m in order to avoid increases in Council Tax whilst protecting front line services. It has achieved this by adopting a whole Council approach to robust budget management, efficiency and ensuring that the Directorate and Service priorities are clearly identified and resourced.
17. The future priorities and resourcing strategies for each Directorate are outlined below:

Children's Services

18. The Service is committed to achieve better outcomes for all Central Bedfordshire children through ensuring their care and protection and supporting school performance.
19. Demand for children's social care services is increasing and in order to meet this with the financial restrictions the Council faces, the Directorate is:
 - Working with partners to develop multi agency services, including safeguarding arrangements and locality hubs,
 - Focusing on early intervention to avoid children having to enter the care system.
 - Increasing the number of children who are cared for locally and by foster carers engaged by the Council directly rather than expensive agencies.

Regeneration & Business Support

20. The Service aims to make Central Bedfordshire a place of national and international significance where people choose to live, work and visit, and a location where companies choose to invest.
21. In order to achieve these goals it will:
 - Use its influence to sustain business growth, create jobs and increase asset values.

- Reinvigorate towns and localities to attract investment and jobs and improve lives of residents.
- Focus on prioritised programmes, which will be rigorously managed.
- Provide a 'one stop' response to businesses.

Social Care, Health & Housing (SCHH)

22. The Service is continuing to modernise adult social care and housing support to offer an improved customer experience and enable people to live independently for longer. It does so in the context of demographic pressures increasing demand 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 phase two in April 2016).
23. In addressing these pressures and ambitions, the Service will:
- Assist residents (including carers) who require care and support, irrespective of their financial means.
 - Increase its focus on prevention, information and advice.
 - 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.

Community Services

24. 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.
25. As demand for these 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 increase usage and income (e.g. Leisure).
 - Strengthen its commercialisation, particularly promoting the experience and skills of staff.
 - Bringing some services in house to enhance efficiency, such as part of the new Highways service which will lead to further efficiencies in 2016/17.

Finance

26. The Service will continue to provide financial support and budgetary advice to the Council, with increasing focus on financial modelling and planning of the major changes the Council is introducing.

Specifically, the Service will:

- Review major processes and introduce technology to provide greater efficiency.
- Introduce a Risk Based Verification process and an e-claim benefit application form to improve efficiency and service experience.
- Adapt its Treasury Management Strategy so that the potential benefits of securing shorter term borrowing from other local authorities can be realised, whilst ensuring that exposure to interest rate movements will be closely monitored.

Improvement & Corporate Services

27. Improvement and Corporate Services provide specialist support to the whole of the Council through its range of expertise, insight and technology. The service also directly responds to residents' contacts via phone, web, mail and face to face, with over 1 million customer transactions a year.

In addressing the resource challenges for the coming period, the Service will:

- Meet pressures created through increased demand, primarily from Children's Social Care, from within its own means.
- Rationalise and reduce expenditure in key areas such as IT programmes and server space.
- Gain ever increasing value from third party spend.
- Increase the revenue income we are able to achieve primarily from property and land assets and by trading some services.
- Develop mobile and integrated IT services.

Public Health

28. The Service supports residents to make the right lifestyle choices for their health by either directly commissioning services, influencing & 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.

Background to the Budget Setting Process

Draft Budget

29. In February 2014 the Council approved the 2014/15 Budget and Medium Term Financial Plan to 2017/18.
30. The draft Budget for 2015/16 included the nationally negotiated 2.2% pay rise for the majority of staff earning £14,880 and above, with higher percentage increases for those earning less than this. The proposal has now been accepted by the relevant trade unions and will cover the period April 2014 to 31st March 2016 (i.e. 2 years).
31. The Budget process for 2015/16 built on that adopted in the prior year with a series of “Head of Service Reviews” at an early stage. This process was refined following input from Senior Management across the Council and key stakeholders. Heads of Service were requested to present their budget in detail if they met one of the following criteria:
 - Facing major changes in their area.
 - Have volatile budgets, or financial analysis indicated that outturn differed markedly from the forecast as at December 2013 (applies to both revenue and capital).
 - Those who have the opportunity to influence income growth.
32. Heads of Service who did not meet these criteria instead presented at their Directorate Management Team (DMT) thus ensuring that all areas of Council activity were reviewed.
33. This year, the Capital Programme was also included in the Head of Service review process, the two (i.e. revenue and capital plans) being run concurrently for the first time. There was an increased focus on what drives costs, and the degree to which these can be controlled, together with a more rigorous approach to reviewing Pressures & Efficiencies. Focus was on the major challenges and opportunities facing the Council.

Changes since the draft budget

34. The consultation responses received to date were broadly in support of the budget proposals and consequently no changes were required to the draft budget.

Budget Context & Economic Outlook

Budget Context

35. The MTFP has been updated against a background of significant challenges. In June 2013 the Government announced the results of a new Spending Review covering the 2015/16 fiscal year only. This outlined further reductions to local government funding on top of those already made in previous announcements, including a 20% reduction in the Education Services Grant.
36. In addition to this, Central Bedfordshire, like all local authorities, is still dealing with the effects of national changes to the Welfare system introduced last year, which included:
- Replacement of Council Tax Benefit with a Local Council Tax Support scheme and then devolving responsibility for awarding Local Council Tax Support to local authorities.
 - Technical changes to Council Tax with the abolition of two classes of statutory exemption; and
 - Overhauling the system for redistributing National Non-Domestic Rates (NDR), involving allowing direct retention by councils of a portion of collected Business Rates and altering the Formula Grant distribution quantum and methodology.
37. 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 8.9% since the last census and a 12.4% increase is forecast by 2021.
 - Population growth will be highest in the 90 + age group, 74% growth by 2021. Significant growth is also anticipated in the 85+ age group of 44% and 65 + age group of 35%.
 - Continuing increased numbers and complexity of demand for Looked After Children, with additional focus partly as a result of several high profile child protection cases nationally in the last few years.

- Schools moving to Academy status and out of local authority control.
- Welfare Reform and the transfer of Local Council Tax Support to local authorities. The impacts of this are not yet fully apparent but there are increasing demands on the Revenues and Benefits team through additional workload and a rise in the non collection rate for Council tax.
- The Introduction of the Care Act and Better Care Fund will impact significantly on the activity of the Council (see paragraphs 80 to 94). An assumption has been made that this will increase grant funding but will be matched by equal expenditure, so there will be no net impact.
- 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

38. The principal objectives of the 2015/16 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.
 - Zero Council Tax increases over the MTFP period.
 - Cuts to front line services to be avoided; and commitment to efficiency as a means of delivering savings.

Spending Review 2013

39. Central Government carried out a Spending Review during 2013 and announced the results on 26 June 2013. This announcement set out indicative departmental budgets for the financial year 2015/16 and has had some significant impacts on the budget assumptions. The settlement in December 2014 was broadly in line with the indicative budget. The key issues are described below.
- The Spending Review unusually covered only one year – 2015/16, in recognition that a General Election will be held in May 2015. This means that there will be significant uncertainty for the last three years of the MTFP.

- The “Departmental Expenditure Limit” (DEL) for DCLG has been cut by 10% for 2015/16. This has been reflected in the indicative Settlement described above and is a substantial reduction compared to 2014/15.
- Funding for the Education Services Grant will be cut by 20% from 2015/16. The grant is a per-pupil amount paid to the Council to support maintained schools only, and reduces as schools convert to academies. Assuming a similar rate in 2014/15 and factoring in the 20% cut could mean that just £1.9m will be received in 2015/16 – representing a cut of 67% in three years.
- Existing Council Tax Freeze Grants will be continued as part of the baseline formula grant. An additional grant equivalent to 1% is available in 2015/16 & 2016/17 for Councils freezing Council Tax in 2015/16.

Economic Outlook

Inflation

40. In November 2014, the Bank of England warned that inflation could fall below 1% in the next six months, owing to lower food, energy and import prices, as well as feeble growth in Europe and elsewhere.
41. The Governor of the Bank of England, Mark Carney, advised that he did not expect inflation to reach the targeted rate of 2% for three years. The Bank also cut its prediction for UK economic growth in 2015 to 2.9%.
42. In the year to September 2014 the Consumer Price Index (CPI) grew by 1.2%. Housing and household services (including utility bills) accounted for a third of the rate of inflation in the year to September 2014. A fall in the cost of motor fuel and food has in part compensated for this. If these were excluded the rate of inflation would be a third higher.

Quantitative Easing

43. The Bank of England decided to maintain the quantitative easing (QE) programme at £375bn at the meeting of the Monetary Policy Committee in November 2014. The objective of this is to boost the economy by increasing the supply of money, and so stimulate growth through investment.

Economic Growth and Unemployment

44. The Bank of England's Quarterly Inflation Report for November 2014 stated that whilst expansion in UK domestic demand has continued, the outlook for global growth has weakened. Some asset and commodity prices have fallen, as have market interest rate expectations.
45. Growth is projected to be a little weaker than in August 2014. It slows slightly in the near term, settling back to around historical average rates, underpinned by a gradual pickup in demand abroad and a revival in productivity and real household income growth at home.
46. The unemployment rate continued to fall, reaching 6.0% in the three months to September. The most recent decline largely reflects fewer people participating in the labour market, with employment rising more slowly than earlier in the year. Private sector productivity growth has picked up a little, but still remains weak.
47. The number of unemployed on the Labour Force Survey measure fell by 115,000 in the three months to September 2014 to stand at 1.96m, which is the lowest level for almost six years. However, the rate of decline was down from a drop of 154,000 in the three months to August 2014.

Scottish Independence / Devolution for English Regions and the Future of Local Government Finance.

48. Following the recent referendum on Scottish Independence, an Independent Commission on Local Government Finance has been set up to review the local government funding system. The LGA and the Chartered Institute of Public Finance and Accountancy (CIPFA) has asked the Commission to recommend changes to the system which will allow local government to meet the needs of its citizens, and in particular support the delivery of five key national policy objectives: grow the economy, increase the housing supply, integrate health and social care, promote work while protecting the vulnerable, and support families and children through early intervention.
49. The Commission believes the need for reform is urgent, and sees an opportunity to establish a funding system for local government which is largely self-sufficient. This should include powers to set council tax bands locally, revalue properties regularly and raise additional revenues. These are key to ensuring public services are sustainable in an age of austerity.
50. The Commission published an interim report on Local Government Finance on the 30 October 2014. A final report is due in January 2015.

51. Against this unsettled background, it is important that the Council establishes a level of reserves which allows it to withstand unanticipated financial impacts of future developments at a local and national level.

Interest Rate Implications.

52. Interest rates remain very low, with the Bank of England Base rate fixed at 0.5% since March 2009. It is not envisaged that this will change in the immediate future with the Bank of England signalling that rates will remain on hold until the second half of 2015 at the earliest.
53. 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 40% of its borrowings in variable rate loans.
54. The Council has a long-standing strategy of holding low cash balances to reduce investment counterparty risk. It contains its borrowing costs by continuing to borrow internally from its balances to fund capital expenditure in lieu of additional external borrowing. However, external borrowing will be required from December 2014 as cash balances are expected to have been reduced to a minimum level.
55. Revenue implications of the Capital Programme have been calculated on the assumption that most new borrowing will 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, local authorities are lending to each other at rates below the PWLB for short term periods and the inclusion of these rates has lowered the projected revenue implications of the Capital Programme over 2015/16 to 2018/19.
56. The rate of interest used is important in determining the 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. The table below demonstrates the impact on the MTFP of interest rates above those assumed in the Plan.

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

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
1% Point Higher	808	1,399	1,848	2,210
2% Points Higher	1,615	2,797	3,697	4,420

57. There is a risk that interest rates may increase or 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 capital programme over the longer term, beyond the current MTFP period.
58. The Council's treasury management adviser, Arlingclose Ltd, forecasts the first rise in official interest rates in August 2015 and a gradual pace of increases thereafter, with the average for 2015/16 being around 0.75% compared to 0.50% in 2014/15.
59. The Council's MTFP assumes variable interest rate forecasts as follows:

	2015/16	2016/17	2017/18	2018/19
Rate %	0.75%	1.25%	1.5%	1.75%

60. 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. A small amount of new fixed debt has already been included within the revenue implications. 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.

Feedback from the public budget consultation

61. The Council has a responsibility to consult with residents and businesses on its budget and agreed a three phased plan of communications and engagement last summer. The first phase of activity took place in September 2014, when two market research exercises were conducted on budgetary issues. The first of these was with a representative sample of the community via an independently commissioned phone survey and the second exercise was with all households via a survey in News Central. The results of this research were reported within the Draft Budget 2015/16 and Medium Term Financial Plan report to Executive in January.
62. The second phase of activity relates to consultation on the draft budget and has centered upon proactive promotion of the proposals to the public and to key stakeholders. Conventional and digital communication channels have been used including targeted briefings for partner organisations and MPs, email updates to key customer groups including the business community and social media promotion on Facebook and Twitter.

Consultation activity has included opportunities for feedback on line, through a hard copy consultation leaflet and verbally, through a series of meetings and events including a Town and Parish Council Conference on 20th January and a Business Breakfast on 30th January.

63. Broad themes from the feedback are included in Appendix A. The consultation will run until 3rd February and any further and relevant feedback will be presented verbally to Executive.
64. Following the conclusion of the budget process for 2015/16, communication about the final decisions and implications for residents will take place through a mixture of social media, conventional media relations and a household leaflet that will be delivered with the Council Tax notices in Spring 2015.

Assumptions

65. 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. This ensures that the Council is prepared for a variety of financial situations.
66. The following assumptions have been applied in producing the Medium Term Financial Plan.

2014/15 Forecast Outturn

67. Based on current forecast this budget assumes 2014/15 outturn will be on budget.

Funding

68. Revenue Support Grant (RSG)
 - An 8% RSG reduction has been assumed in each of 2016/17 and 2017/18. A further 5% reduction has been assumed in 2018/19.
69. Council Tax Freeze Grant
 - Council Tax Freeze Grant will be received in 2015/16. This amount will be as per the 2014/15 Council tax Freeze Grant of £1.3m.
 - 2014/15 Council Tax Freeze Grant is included in the Revenue Support Grant baseline (RSG) from 2015/16, as per the DCLG summer settlement consultation.
 - Due to the uncertainty surrounding the outcome of the 2015 General Election, it is assumed that additional Council Tax Freeze Grants will not be provided in any year beyond 2015/16.

70. Council Tax

- The Council tax base for 2015/16 has grown by 2.17% as a result of housing growth within Central Bedfordshire and also a reduction in the Local Council Tax Support (LCTS).
- For future years we are assuming the tax base will increase by 0.85% per annum as a result of housing growth and also an increase of 0.1% per annum as a result of a reduction to (LCTS) claimants as fewer people claim LCTS and therefore are due to pay the full rate of Council Tax. The combined assumption is a 0.95% tax base increase per annum.
- Therefore over the MTFP period Council Tax funding is forecast to rise from £123.4m in 2015/16 to £125.7m in 2018/19.
- Zero increase in the rate of Council Tax over the Medium Term Financial Plan period. The Band D rate remains at £1,308.33 throughout the MTFP.

71. Retained Business Rates

- Business rates growth has been forecast as a result of collaboration between Finance and Regeneration. Additional business rates income of: £1.2m in 2015/16, £1.2m in 2016/17, £1.7m in 2017/18 and £1m in 2018/19 has been included in the MTFP.
- Use of a one off reserve comprising Section 31 grant income in 2013/14 is proposed in 2015/16. This has been received as compensation for the Government decision to cap NNDR increases at 2% rather than the full RPI increase due, amongst other factors.
- Anticipated specific grant income of £2.1m in 2014/15 is also proposed to be used in 2015/16. It is assumed that the same level of this grant will be received in each of the following financial years, after deducting the compensation provided due to the 2% cap on business rates increase. (Due to anticipated inflation falling below 2%).

Business Rates Review

72. The Business Rates Retention scheme introduced in 2013/14 continues to bed down. Current forecasts for this suggest that Central Bedfordshire will exceed the "Baseline Funding Level" set by Government for the year 2014/15 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 2015/16. For the remaining three years an element of growth has been added based on modelling work of future developments.

73. The Autumn Statement announced that a review of the structure of business rates will be carried out by the Government, reporting by Budget 2016. The review will be fiscally neutral and consistent with the Government's agreed financing of local authorities at national level, but it is uncertain what impact this might have on individual local authorities.

2017 Business Rates Revaluation

74. 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.
75. Business Rates will continue to be based on 2008 property values until 2017. This will impact the Medium Term Financial Plan from 2017/18, but the implications are unknown at present.

New Homes Bonus (NHB)

76. There is considerable uncertainty about the future of the NHB scheme.
- For the purpose of planning assumptions, NHB funding recognised in each financial year of the MTFP will remain at the 2014/15 budgeted level.
 - Growth above this baseline will be held in an Earmarked Reserve to be used to fund infrastructure costs incurred as a result of growth and to mitigate budget pressures. Access to the Reserve will be supported by an approved business case.
 - Under current arrangements, income will be received in each financial year of the MTFP period for properties completed two years prior. This funding continues for a rolling six year period. If there is no change to the basis of funding approximately £2.1m of additional income will be received in 2015/16.

Expenditure

77. Economic
- For all years of the MTFP inflation is allocated on a contract by contract basis.
 - Paragraph 30 details the assumptions on the pay award for 2015/16. Thereafter 1% annually is assumed.
78. Financial
- Reserves remaining at 2014/15 level of £15.1m and exceeding the previously identified minimum prudent level of £11.2m.
 - A detailed analysis of reserves is at Appendix E.

79. Contingency

- The contingency within the budget remains at £2.1 million. 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.

Care Act and Better Care Fund (BCF)

80. The Care Act 2014 will have important financial implications for the Council and some of these implications will not become evident until the Act is fully implemented and embedded. One implication identified by the Care Act 2014 guidance is that as of 1 April 2015 'Local Authorities' have a duty to arrange care and support for those with eligible needs, and a power to meet both eligible and non-eligible needs.
81. In all cases, a Local Authority has discretion to choose whether or not to charge under section 14 of the Care Act following a person's needs assessment. This represents a change to the current law, whereby the Local Authority has a duty to charge individuals for the care it provides in residential accommodation (under Part Three of the National Assistance Act 1948, subject to some exceptions and means testing) and has a power to charge individuals for the domiciliary and home care services that the Local Authority provides (subject to some exceptions and means testing).
82. Currently the Council charges for residential accommodation and also exercises its discretion to charge individuals for domiciliary and home care services. After the Care Act comes in to force, when the Council arranges any care and support (including residential care) for an individual, it will only be able to charge them if a decision is made to exercise its power under section 14 Care Act 2014. Without this decision such costs cannot be recouped by the Council once the Care Act 2014 is in force.
83. The Care and Support (Charging and Assessment of Resources) regulations 2014 provides further detail about the financial assessment under the Care Act 2014.
84. There are currently approximately 2,573 customers placed both within and outside of the Council's administrative area who are accessing care from the Council. This takes the form of the Council paying for the care packages direct to care providers. Each resident is then means-assessed and is charged or required to repay such costs to the Council.

85. The charges recovered for the same period is projected to be £11.0M. If there is to be no charge then resources dealing with financial assessments under the Care Act 2014 will not be required and the gross loss of revenue would be approximately £11.0M although it is noted that this is likely to increase in future years given the forecasted rise in care package costs for the adult social care population.
86. The budget is predicated on the Council continuing to charge for care and support services when section 14 of the Care Act 2014 comes in to force. The Council will keep under review this and any other financial implications which arise as a result of the Care Act 2014 and will need to consider this when planning for the 2016/17 budget.
87. Based on detailed modelling of the full implications of the Care Act, current estimates of the cost of the changes show that these may exceed this level of funding. The full impact of the changes on the Council's budget therefore remains uncertain at this stage.
88. For the purposes of this budget within the Directorate, it is assumed that there will be a matching increase in both grant income and expenditure, so there is no net impact on the Directorate budget.
89. However, due to this uncertainty a reserve has been created within Corporate Costs.
90. The Care Act stipulates that Local Authorities must offer the option of a deferred payment scheme to individuals if they meet certain criteria. The deferred payment scheme is intended to ensure that people should not be forced to sell their home in their lifetime to pay for their care. By taking out a deferred payment agreement, a person can 'defer; or delay paying the costs of their care and support until a later date. This means that they will not have to sell their home at a point of crisis.
91. From April 2015 the Council will be able to charge interest on deferral from inception. This is set nationally. An administration fee for setting up a deferred payment agreement can also be charged. The Council is not allowed to profit from the administration fee or interest charged to the customer.
92. The proposed fees to take effect from April 2015 are:
 - Deferred Payment Agreement Costs: £600.
 - Ongoing Costs: £150 per year. For more complicated cases, this charge could be higher as the services of the Valuation Office Agency will be used and charged at cost.

93. The Better Care Fund (previously referred to as the Integration Transformation Fund) was announced in June as part of the 2013 Spending Round. It provides an opportunity to transform local services so that people are provided with better integrated care and support. It encompasses a substantial level of funding to help local areas manage pressures and improve long term sustainability. The Fund will be an important enabler to take the integration agenda forward at scale and pace, acting as a significant catalyst for change.
94. Within CBC, the total pooled budget with the BCCG (Bedfordshire Clinical Commissioning Group) is £18.7m, of which: £4.0m (combination revenue and capital expenditure) is already in base budgets. £5.5m is already included in NHS funded grant in base budget. £9.2m is not currently in the budget so is reflected in the MTFP (both income and expenditure) for 2015/16.

Public Health 0-5 Children

95. From the 1st October 2015, responsibility for the commissioning of 0-5 year old children's public health services is transferring from NHS England to Local Government.
96. 0-5 children's public health services comprises commissioning the Healthy Child Programme including the health visiting service and Family Nurse Partnership (FNP) targeted services for teenage mothers.
97. This transfer will be fully funded by an increase to the public health grant and is £1.89m for CBC in 2015/16 (£3.8m in 2016/17). This is not expected to impact the net budget position. The final amount to be transferred was included in the finance settlement in December 2014.

Medium Term Financial Plan (MTFP)

Medium Term Financial Plan Summary

98. The key elements of the MTFP for 2015/16 to 2018/19 are shown at Appendix C. Table 1 shows a summary of this plan.

Table 1 Medium Term Financial Plan

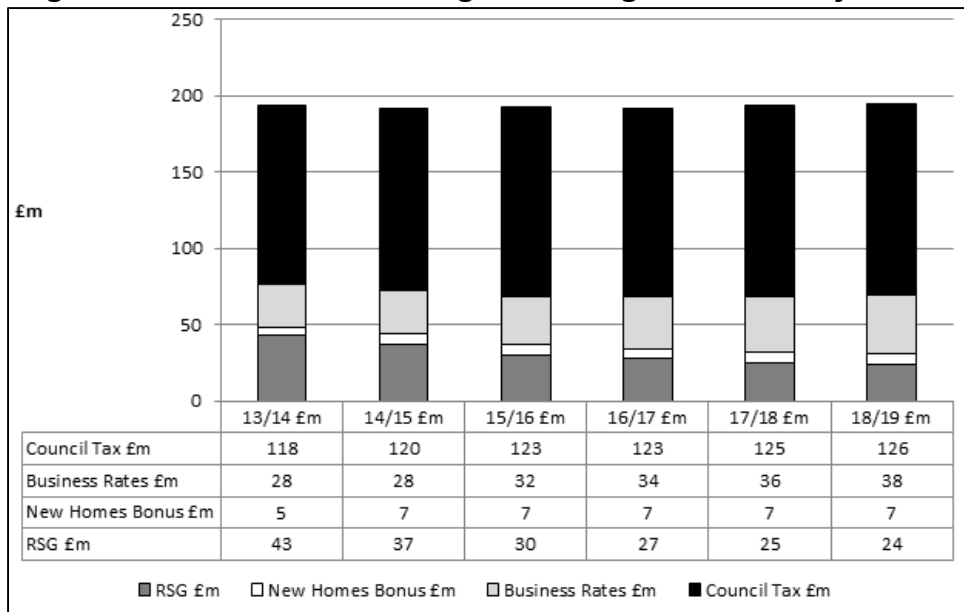
Medium Term Financial Plan	2015/16	2016/17	2017/18	2018/19
	£m	£m	£m	£m
Funding				
Revenue Support Grant	29.8	27.4	25.2	24.0
Council Tax Freeze Grant	1.3	1.3	1.3	1.3
Retained Business Rates	32.0	34.0	36.5	38.3
Council Tax	123.4	123.3	124.5	125.7
Total Funding	186.5	186.1	187.5	189.2
Revenue Budget				
Opening Base Net Revenue Budget	186.0	186.5	186.1	187.5
Inflation	2.6	2.7	2.7	2.7
Pressures	11.6	9.6	7.0	6.4
Revenue Budget before efficiencies	200.2	198.8	195.8	196.7
Efficiency Savings identified	(13.7)	(6.0)	(2.2)	(1.6)
Efficiency Savings to be allocated	0	(6.8)	(6.1)	(5.8)
Total Revenue Budget after efficiencies	186.5	186.1	187.5	189.2

99. The 2015/16 amounts are based on the Local Government Settlement issued in December 2014. Amounts for the following three years are estimates based on latest available information, and are highly dependent on the outcome of the General Election in 2015. It is likely therefore that there will be significant changes to the later years of the MTFP.

Funding Sources

100. The Council's funding from Government over the MTFP period comprises three elements:
- Revenue Support Grant (RSG).
 - Business Rates retention scheme and
 - Grants, including Ring Fenced Grants & New Homes Bonus.
101. Local Government funding sources are forecast to change significantly over the Medium Term Financial Plan period 2015/16 to 2018/19.
102. Figure 1 below shows how Central Bedfordshire Council's funding sources are forecast to change over the MTFP period, with 2013/14 and 2014/15 as comparators.

Figure 1 – CBC Revenue budget Funding Sources Projection

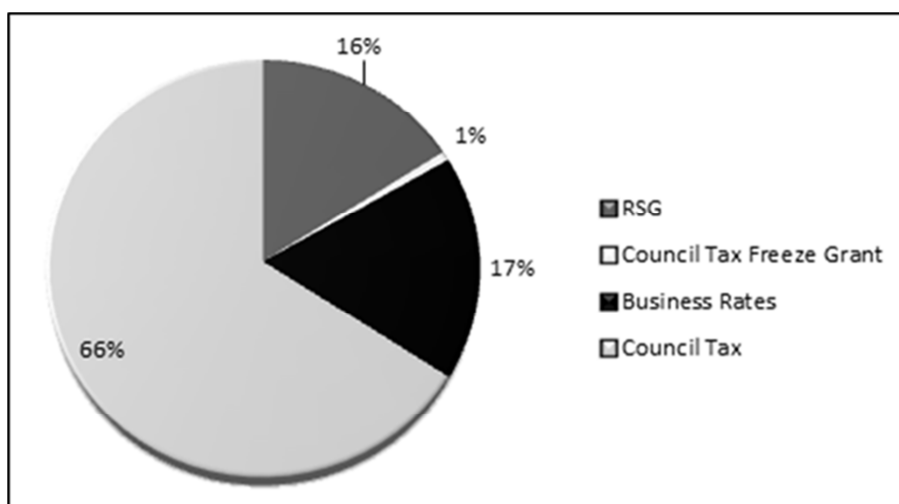


103. The above graph shows that over the MTFP period:

- Council Tax element increases from 61% of total funding in 13/14 to 64% in 2018/19.
- Business Rates Retention increases from 14% to 20%.
- New Homes Bonus is assumed to remain static.
- Revenue Support Grant decreases significantly from 22% to 12%.

104. The 2015/16 net revenue budget funding sources are shown in Figure 2.

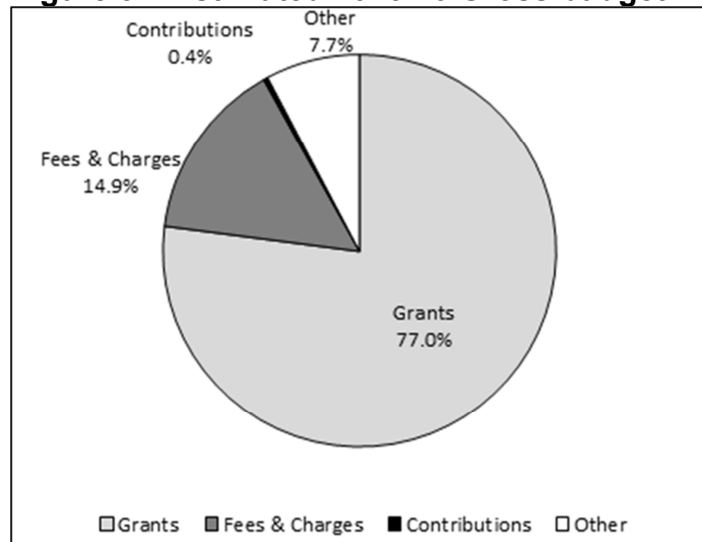
Figure 2 – 2015/16 Net Revenue budget income sources



Gross Budget Income Sources

105. Figure 3 below shows the 2015/16 Gross revenue budget income sources.

Figure 3 – Estimated 2015/16 Gross budget income sources



Fees and Charges

106. For the majority of services there will be a 2% increase for 2015/16. Fees & Charges for 2015/16 were subject to a separate report which was taken to Council in November 2014. Two new Fees that were not known about at that time relating to the Care act Deferred Payment schemes are covered in paragraphs 84 to 86.

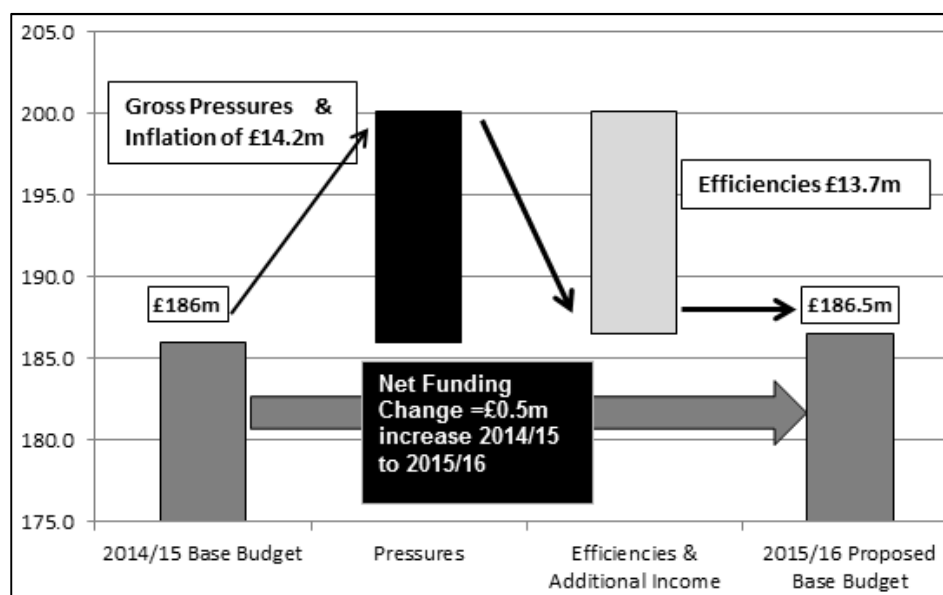
Grants

107. A detailed analysis of grant income is at Appendix F.

Expenditure Budget Detail

108. Figure 4 below reflects the change in Council's cost base.

Figure 4 Summary of changes to Central Bedfordshire Council's Net Expenditure Budget 2014/15 to 2015/16.



109. The information in figure 4, above, is broken down by Directorate in table 2 below.

Table 2 2015/16 Net Expenditure Budget breakdown by Directorate

Medium Term Financial Plan	Expenditure Budget 2014/15	Inflation	Unavoidable Cost Pressures	Efficiencies	Net Base Expenditure Budget 2015/16
	£m	£m	£m	£m	£m
Social Care, Health & Housing	62.9	0.9	6.3	(6.4)	63.7
Children's Services	44.8	0.4	1.8	(2.8)	44.2
Community Services	36.7	0.9	0.8	(2.0)	36.4
Regeneration and Business Support	5.1	0.1	0.0	(0.4)	4.8
Public Health	(0.6)	0.0	0.0	0	(0.6)
Improvement and Corporate Services	21.6	0.3	0.7	(1.7)	20.9
Corporate Resources	5.0	0.1	0.2	(0.6)	4.7
Corporate Costs	10.5	0.0	1.8	0.2	12.5
Total	186.0	2.6	11.6	(13.7)	186.5

Efficiencies

110. All of the £13.7m efficiencies have been identified and are shown at Appendices I(i) and I(ii). A summary of these is shown below in table 3 and below in table 4.

111. Certain consistent efficiency themes which impact across Directorates within the Council were used in the budget preparation and Heads of Service reviews. These were:

- A – Moving from institutional investment to personal solutions;
- B – Early Intervention and enabling independence;
- C – Review of contract and tendering arrangements;
- D – Income generation - new sources and methods;
- E – Self service through digital channels; and
- F – Rationalisation.

112. The themes encapsulate the Council’s approach to delivering efficiencies whilst maintaining the outcomes from services delivered. Table 3 below groups the efficiencies by these themes.

Table 3 Medium Term Financial Plan Efficiencies by Category

Ref	Category	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s	Total £000s
A	Moving from institutional investment to personal solutions	(1,200)	(350)	-	-	(1,550)
B	Early Intervention and enabling independence	(798)	(666)	(169)	(525)	(2,158)
C	Review of contract and tendering arrangements	(4,179)	(1,437)	(566)	(544)	(6,726)
D	Income generation - new sources and methods	(2,115)	(1,185)	(930)	(40)	(4,270)
E	Self service through digital channels	-	-	-	-	-
F	Rationalisation	(5,425)	(2,318)	(486)	(508)	(8,737)
Total		(13,717)	(5,956)	(2,151)	(1,617)	(23,441)

113. Public Health contributes £0.4m of new efficiencies in 2015/16 by supporting directorate activity. These are included within the directorate efficiencies as detailed in Appendix I (i) & (ii).

114. Table 4 below shows the breakdown of efficiencies by directorate.

Table 4 Efficiencies by Directorate 2015/16 to 2018/19

Efficiencies	2015/16	2016/17	2017/18	2018/19	Total
	£m	£m	£m	£m	£m
Social Care, Health & Housing	(6.4)	(2.1)	(0.9)	(1.1)	(10.5)
Children's Services	(2.8)	(2.0)	(0.4)	(0.3)	(5.4)
Community Services	(2.0)	(1.2)	(0.5)	(0.0)	(3.8)
Regeneration and Business Support	(0.4)	0.1	(0.1)	0	(0.3)
Public Health	0	0	0	0	0
Improvement and Corporate Services	(1.7)	(0.5)	(0.2)	(0.2)	(2.6)
Corporate Resources	(0.6)	(0.2)	(0.0)	0	(0.8)
Corporate Costs	0.2	(0.1)	0.0	0.0	0.0
Total	(13.7)	(6.0)	(2.2)	(1.6)	(23.4)

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

Pressures

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

- Increased demand for care services from an ageing population £1.8m.
- Increased demand for adult disability services £1.1m.
- Costs of Care (Ordinary Residence) £0.8m.
- Social Care Health & Housing flowthrough of 2014/15 pressures of £1m.
- Increase in number of Special Guardianship Orders £0.7m.
- 20% reduction in Education Services grant (£0.52m).

Table 5 Pressures by Directorate 2015/16 to 2018/19

Pressures	2015/16	2016/17	2017/18	2018/19	Total
	£m	£m	£m	£m	£m
Social Care, Health & Housing	6.3	4.3	3.6	3.8	18.0
Children's Services	1.8	1.1	0.6	0.5	4.0
Community Services	0.8	0.5	0.8	0.2	2.3
Regeneration and Business Support	0.0	0.0	0.0	0.0	0.0
Public Health	0.0	0.0	0.0	0.0	0.0
Improvement and Corporate Services	0.7	0.0	0.1	0.2	1.0
Corporate Resources	0.2	0.2	0.0	0.0	0.4
Corporate Costs	1.8	3.5	1.9	1.8	9.0
Total	11.6	9.6	7.0	6.4	34.7

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

Reserves

116. 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 2014/15 indicates a General Fund reserve position of £15.1m with no further planned use of General Fund reserves and so the previously identified minimum prudent level of £11.2m has been achieved.

117. The reserves policy has been updated to ensure it accounts for these risk factors and will be presented with the final budget report. The budget also includes a contingency element of £2.1m.

118. The assessment of the appropriate level of reserves is continually kept under review. The latest review is included as Appendix E. Reserve levels have taken account of the continued reductions in funding levels and significant future pressures across all forms of social care service in particular. Our current level of General Fund Reserves is within the range indicated as required, though at the lower end. The level of General Fund Reserves is kept under continual review.

Risk Management

119. 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. Some require major organisational change programmes.
 - Increases in the number of children and older people in care.
 - Ability to achieve £13.7m savings in 2015/16 and £42.1m on total over plan period.
 - Reductions in Dedicated Schools Grant (DSG) and Education Services Grant (including reductions due to academy conversions).
 - Impact of Localisation of Council Tax Support (including ability to collect) and performance on Retained Business Rates.
 - Impact of Universal Credit.
 - Inflationary pressures greater than assumed.
 - Changes to interest rates.
 - Impact of Care Act and Better Care Fund.
 - Risk of school deficits and redundancy costs falling to the Council.
 - Uncertainty around the continuation of New Homes Bonus
 - Impact on future funding following the General Election in May 2015.

2015/16 Capital Programme

120. The Capital programme is not included within this 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 Capital Programme Report 2015/16 are reflected below.

Table 6 2015/16 Capital Programme Budget (Excluding HRA)

Gross Expenditure	External Funding	Net Expenditure
£m	£m	£m
113.020	(62.744)	50.276

Table 7 2015/16 Capital Programme Funding (Excluding HRA)

Funding Source	2015/16
	£m
Gross Expenditure Budget	113.020
External Funding	(62.744)
Net Expenditure Budget	50.276
Funded by :	
Capital Receipts	(13.101)
Borrowing	(37.175)
Total Funding	(50.276)

Table 8 2015/16 Capital Programme Revenue Implications (Excluding HRA)

Minimum Revenue Provision	Interest	Total Revenue Implications
£m	£m	£m
7.434	5.986	13.420

121. Table 9 below shows the change in Capital Programme Revenue implications.

Table 9 Capital Programme Revenue Implications (Excluding HRA)

	Opening position £m	Movements			Closing Position £m
		Interest Charges £m	MRP £m	Total change £m	
2015/16	13.06	0.39	(0.03)	0.36	13.42
2016/17	13.42	1.01	1.08	2.09	15.51
2017/18	15.51	0.94	0.91	1.85	17.36
2018/19	17.36	0.72	1.06	1.78	19.14

122. 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 principle element of external loans and meeting other credit liabilities (this is the equivalent of depreciation). Interest is the estimated cost of borrowing to fund the capital programme.

Timetable Milestones

123. The timetable that has been followed for Council to agree its budget in February 2015 is set out in Table 10 below:

Table 10 Timetable Milestones

Date	Body	Outcome
23 rd December 2014	Public	Budget papers made available to Public and Public Consultation commences
13 th January 2015	Executive	Considers Draft Budget
20 th January 2015	Children's Services Overview & Scrutiny	Consideration of efficiencies and savings and draft budget proposals
22 nd January 2015	Sustainable Communities Overview & Scrutiny	
26 th January 2015	Social Care, Health & Housing Overview & Scrutiny	
27 th January 2015	Corporate Resources Overview & Scrutiny	

10 th February 2015	Executive	Recommends Final Budget
26 th February 2015	Council	Approves Budget
3 rd March 2015	Council	Reserve Council Meeting

Appendices

Appendix A	Budget Consultation
Appendix B	List of petitions
Appendix C (i)	MTEP Four year Summary
Appendix C(ii)	MTEP Annual Summary
Appendix D (i)	Budgets by Head of Service
Appendix D (ii)	Budgets by Head of Service Subjective
Appendix E	Reserves
Appendix F	Grant Income
Appendix G	Tax Base
Appendix H	Pressures
Appendix I (I)	Efficiencies by Directorate
Appendix I (ii)	Efficiencies by Category
Appendix K	Overview & Scrutiny Committee comments
Appendix L	2015/16 Budget Diagram

Background Papers

- (i) Budget Strategy - Executive, August 2014

This page is intentionally left blank

Budget Consultation

Appendix A

Budget Communications and Consultation

In order to comply with the legal requirement on the Council to consult with council tax payers and non domestic rate payers on its revenue budget and council tax options, a plan for communications and engagement has been developed.

The plan includes three phases of activity; market research, consultation and feedback.

Phase 1

The Market Research Exercise

This exercise sought feedback from the community on local priorities and attitudes towards council tax and efficiency.

The feedback was gathered through two discrete exercises.

Firstly, a survey was distributed to all households via the autumn edition of News Central. Copies of this survey were also distributed to key service outlets such as Libraries, Leisure Centres and Customer Service Centres. Members took an active role in promoting the survey through their surgeries and the exercise was highlighted in the local media and via our own website.

During the same time period a representative group of residents were invited to respond to the same questions via a telephone survey.

By conducting both exercises, it is possible to report reactions from the public in general and a sample which reflects the broader community in terms of age, gender and other demographic characteristics.

The Results:

In total some 2,500 Central Bedfordshire residents participated in the market research.

1,286 responses were received through the Budget 2015 survey that was distributed to the community in general.

A further 1,211 residents took part through a telephone survey conducted by an independent research company.

Whilst there was some variation in the results from the two exercises, there was broad consensus on attitudes to council tax, efficiency measures and community priorities.

On Council Tax, 68% of respondents to the telephone survey indicated that they would wish for a freeze, (compared to 60% of those who responded to the general survey).

22% of respondents to the telephone survey indicated that they would support an increase in council tax (compared to 27% of those who responded to the general survey) and 10% favoured a reduction in council tax (compared to 13% of respondents to the general survey).

With regard to **efficiency measures** the most support was given to the option of getting better value from our contracts (87% of phone survey respondents supported this and 80% of respondents to the general survey).

Other well supported options were sharing services across the public sector (80% support from the phone survey and 69% from the general survey) and generating income from our assets (72% from the phone survey respondents and 58% of respondents to the general survey).

Less supported efficiency options were changing eligibility criteria (supported by 35% of phone respondents and 26% of respondents to the general survey) and introducing or increasing charges (favoured by 32% of phone survey respondents and just 17% of those who responded to the general survey).

Finally, residents were invited to indicate those issues which they felt were most important in making an area a good place to live.

The most selected issues were:

- Clean streets
- Levels of crime and anti social behaviour
- Parks and open spaces
- Shopping
- Education
- Road and pavement repairs
- Sport and leisure facilities.

The least selected issues were:

- Decent/affordable housing
- Job prospects
- Libraries
- Community spirit
- Traffic congestion.

And the issues that were most frequently cited as being in need of improvement were:

- Road and pavement repairs
- Levels of crime and anti social behaviour

- Shopping
- Public transport
- Sport and leisure facilities
- Clean streets.

A detailed analysis of the full surveys was presented to the Corporate Resources Overview and Scrutiny Committee on 16th December 2014.

Phase 2

This phase of activity was launched on January 6th and has been widely promoted to stakeholders and the wider community. Consultees have been invited to give feedback via an on line (and hard copy) questionnaire.

385 responses have been received at the point at which this appendix has been prepared for publication.

The questionnaire included four questions about the Council's proposed savings options and spending plan. There was also an open field question which invited any further comments.

A further six questions related to demography.

The Sample

This second phase of work is essentially an open consultation exercise through which the whole population are given the opportunity to give their feedback. This means that the respondents will not necessarily be representative of the wider community.

The data collected on demography indicates that

Older people aged between 60-74 years were the largest group to respond to the budget consultation and views of this group are also overrepresented with 37% of respondents being between 60 to 74 years old compared to the Central Bedfordshire average of 15%

Conversely the views of younger people are underrepresented. For example nobody under 19 responded to the consultation and whilst we know that approximately 11% of our population are young working age people, only 4% of respondents to the survey were from the 20-29 years age group.

The number of respondents aged 30-39 was 13% that is equal to the Central Bedfordshire average for this age group. The number of respondents aged 40-49 was 17% that is broadly in line with the Central Bedfordshire average for this age group of 16%.

People with disabilities were somewhat underrepresented in the consultation with 10% indicating that they had a disability compared to the Central Bedfordshire average 14%.

The ethnicity profile of respondents was broadly in line with the Central Bedfordshire demographic profile of residents.

Information Sources:

Gender: 2011 Census Table KS101EW, Usual resident population

Age: Office for National Statistics, 2013 Mid Year Estimate

Disability: Office for National Statistics, 2011 Census, Table QS303EW, Long-term health problem or disability

Ethnicity: Office for National Statistics, 2011 Census, Table KS201EW, Ethnic group

The Results

In response to a question seeking views on the Council's proposed approach to **investment**:

63% of respondents agreed (either tended to agree or agreed strongly)
26% were not in agreement (either tended to disagree or strongly disagreed).
The remaining 10% refrained from commenting or suggested they did not know.

In response to a question seeking views on the Council's proposed approach to **cutting overheads and reducing running costs**:

92% of respondents were positive (either tended to agree or agreed strongly)
8% who were not in agreement (either tended to disagree or strongly disagreed).

In response to a question seeking views on the Council's proposed approach to **adopting a more commercial focus**:

91% of respondents were positive (either tended to agree or agreed strongly)
6% were not in agreement (either tended to disagree or strongly disagreed).
The remainder refrained from commenting or suggested they did not know.

In response to a question seeking views on the Council's proposed approach to **delivering services differently**:

93% of respondents were positive (either tended to agree or agreed strongly)
7% were not in agreement (either tended to disagree or strongly disagreed).

In response to the invitation to make a further comment about the budget proposals, 216 respondents chose to do so.

The most frequently cited comment related to highways, seeking improvements (x24 residents). NB a further 6 respondents suggested pavements and footpaths need to be improved.

Other relatively frequently mentioned comments included:

Prioritising care and services for older people (x11 respondents).

Reducing corporate overheads (x11 respondents).

Reduce social care and housing funding (x 10 respondents).

This page is intentionally left blank

List of Petitions

APPENDIX B

Source of Petition	Purpose / Title	Number of signatures	Date Considered by Executive	Date considered by Council	Considered by O&S

Note: ePetitions with less than 100 signatures are not required to be considered and are therefore not included above.

This page is intentionally left blank

Medium Term Financial Plan Summary 2015/16 to 2018/19

Appendix C (i)

Medium Term Financial Plan	2015/16	2016/17	2017/18	2018/19
	£'000	£'000	£'000	£'000
Funding				
Revenue Support Grant (RSG)	29,809	27,424	25,230	23,969
Council Tax Freeze Grant	1,312	1,312	1,312	1,312
Retained Business Rates	32,007	33,984	36,463	38,250
Council Tax	123,381	123,344	124,514	125,695
Total Funding	186,509	186,064	187,520	189,226
Growth (%)		-0.24%	0.78%	0.90%
Planned Revenue Budget				
Base Revenue Budget Expenditure	379,098	379,632	379,187	380,643
Net Inflation	2,608	2,660	2,714	2,714
Pressures	11,644	9,618	7,009	6,419
Base Income	(193,123)	(193,123)	(193,123)	(193,123)
Total Planned Spending before savings	200,227	198,788	195,787	196,652
Growth before Savings (%)		-0.72%	-1.53%	0.44%
Efficiency Savings	(13,717)	(5,956)	(2,151)	(1,617)
Efficiency Savings yet to be allocated	-	(6,767)	(6,116)	(5,809)
Total Planned spending after savings	186,510	186,064	187,520	189,226
Growth after Savings (%)		-0.24%	0.78%	0.90%

This page is intentionally left blank

Appendix C(ii)

CENTRAL BEDFORDSHIRE COUNCIL - Medium Term Financial Plan 2015-16 - 2018-19
Projections - 2015/16

	2015/16							
	Base Revenue Spend £'000	Cost Inflation £'000	Pressures £'000	Base Income £'000	Income Inflation £'000	Net Revenue Spend before efficiencies £'000	Efficiencies £'000	Net Budget £'000
Formula Grant								29,809
Council Tax Freeze Grants								1,312
Retained Business Rates								32,007
Council Tax								123,381
								186,509
Planned Revenue Spend								
Social Care Health & Housing	90,043	856	6,265	(27,099)	-	70,065	(6,355)	63,710
Children's Services	71,012	352	1,832	(26,181)	-	47,015	(2,774)	44,241
Community Services	48,198	926	817	(11,483)	-	38,458	(2,014)	36,444
Regeneration and Business Support	5,103	107	(40)	-	-	5,170	(390)	4,780
Public Health	11,132	-	-	(11,763)	-	(631)	-	(631)
Improvement and Corporate Services	106,947	301	690	(85,448)	-	22,490	(1,734)	20,756
Corporate Resources	4,972	62	239	-	-	5,273	(600)	4,673
Corporate Costs	15,763	4	1,841	(5,221)	-	12,387	150	12,537
	353,170	2,608	11,644	(167,195)	-	200,227	(13,717)	186,510
Housing Revenue Account	25,928	-	-	(25,928)	-	-	-	-
Schools	-	-	-	-	-	-	-	-
	379,098	2,608	11,644	(193,123)	-	200,227	(13,717)	186,510
Savings Yet to be Identified								
TOTAL								
							(0)	(0)
							(13,717)	186,509

2015/16 BUDGET BY HEADS OF SERVICE BY BUDGET BUILD

Appendix D(i)

2015/16 BUDGET BY HEADS OF SERVICE BY BUDGET BUILD		Opening BASE BUDGET			Virements and income reallocations			Inflation Pressures			Efficiencies			2015/16 NET BUDGET		
		£'000			£'000			£'000			£'000			£'000		
Social Care, Health & Housing																
5000 Director of Social Care, Health, Housing		193			-		2									195
50000 Director of Social Care Health & Housing		193			-		2									195
5150 Housing Solutions (GF)																
51500 Housing Solutions		1,565			1		16									1,479
51600 Private Sector Housing options (GF)		(237)			(1)		1									(237)
51700 Housing Management (GF)		(5)			-		-									(47)
		1,324			-		16									1,195
5200 Adult Social Care																
52000 Assistant Director Adult Social Care		81					8		394							(371)
52100 Older People and Physical Disability Mgt		294					3		-							297
52140 Older People - Day Care		534					8		-							528
52160 Enablement		1,175					26		-							1,201
52180 Older People - Assessment and Care		909					10		-							919
52185 OPPD Care Management - North		10,557					670		1,766							12,143
52190 OPPD Care Management - South		9,567					15		2,125							10,229
52300 LD and MH Management		455					4		-							394
52301 Under 65 Mental Health Packages		1,180							-							1,176
52420 Learning Disabilities - A&C		15,275					11		1,754							16,090
52440 Learning Disabilities - Direct Services		3,908					40		-							3,948
52460 Sheltered Employment		32					2		92							126
52600 Emergency Duty Team		190					5		21							216
52700 Residential Homes for Older People		3,991							-							3,724
		48,148			-		802		6,152							50,621
5300 Commissioning																
53000 Assistant Director Commissioning		(110)					1		43							(66)
53300 Contracts		2,880							16							2,455
53301 LD Transfer		4,334					0		-							4,153
53400 Housing Support Service		2,333							-							2,068
53500 Bedfordshire Drug Action Team		59					2		3							64

2015/16 BUDGET BY HEADS OF SERVICE BY BUDGET BUILD

Appendix D(i)

2015/16 BUDGET BY HEADS OF SERVICE BY BUDGET BUILD		Opening BASE BUDGET	Virements and income reallocations	Inflation	Pressures	Efficiencies	2015/16 NET BUDGET
53600 Contracting		648		4	-	(41)	611
53700 Personalisation		436		0	20	-	456
53800 Commissioning		466		5	30	(193)	308
		11,044		12	113	(1,121)	10,048
5400 Resources - SCH&H							
54000 Asst Director Resources - SCH&H		188	6	2	-	-	196
54100 Business Systems		1,080		12	-	(149)	944
54200 Partnership & Performance		961		9	-	(458)	512
		2,230	6	23	-	(607)	1,651
Total Social Care, Health and Housing		62,939	6	856	6,265	(6,355)	63,710
Childrens' Services							
4000 Director of Childrens' Services		413	(8)	5	-	(10)	400
40000 Directors Cost Centre		413	(8)	5	-	(10)	400
4100 Childrens Services Operations							
41000 AD - CSS		983	115	8	49	(29)	1,127
41200 Children in Care & Care Leavers		7,248	(30)	21	-	(687)	6,553
41210 Intake and Family Support		6,016	(30)	41	142	(209)	5,960
41300 Children with Disabilities Service Manager		3,968	(30)	25	44	(205)	3,802
41400 Quality Assurance CRS Service Manager		977	120	9	62	(1)	1,167
41500 Fostering & Adoption Service Manager		8,048	-	16	902	(539)	8,427
43300 Early Intervention / Prevention Serv Manager		4,971	(30)	23	-	(229)	4,736
		32,212	115	144	1,199	(1,898)	31,772
4200 Commissioning & Partnerships							
42000 AD - Commissioning & Partnerships		289	-	5	-	(441)	(146)
41600 Local Safeguarding Children's Board		118	-	1	-	-	119
42300 Children's Services Commissioning		381	-	4	-	-	385
43100 Youth Service		2,035	-	6	-	(110)	1,930
44400 Other School Budgets		-	-	-	-	-	-
44500 Head of Partnerships & Workforce Dev		1,386	(70)	10	-	(120)	1,206
45700 School Organisation & Capital Planning		193	-	5	-	-	198
		4,404	(70)	30	-	(671)	3,693

2015/16 BUDGET BY HEADS OF SERVICE BY BUDGET BUILD							Appendix D(i)
2015/16 BUDGET BY HEADS OF SERVICE BY BUDGET BUILD		Opening BASE BUDGET	Virements and income reallocations	Inflation	Pressures	Efficiencies	2015/16 NET BUDGET
4300 JSCS Transport		7,780	-	146	113	(25)	8,014
42350 JSCS Transport		7,780	-	146	113	(25)	8,014
4400 Partnerships		601	-	2	-	(12)	591
44000 Partnerships		601	-	2	-	(12)	591
4500 School Improvement		1,100	-	18	-	(135)	983
44300 School Improvement		113	-	0	-	-	113
45000 AD School Improvement		47	-	7	-	(23)	31
45600 Music Service		1,260	-	25	-	(158)	1,127
4950 Central DSG/YPLA		(1,876)	-	-	520	-	(1,356)
49500 Central Retained Funding / Contingency		(1,876)	-	-	520	-	(1,356)
Total Children's Services		44,793	37	352	1,832	(2,774)	44,241
Community Services							
6200 Community Services Director		319	27	3	-	-	348
62000 Community Services Director		319	27	3	-	-	348
6400 Highways Transportation		138	15	1	50	(1,001)	139
64000 AD Highways & Transportation		5,029	15	314	50	(1,001)	4,407
64001 Highways Contracts		5,859	-	102	-	(149)	5,811
64003 Passenger Transport Services		2,043	-	18	-	(157)	1,904
65003 Transport, Strategy & Countryside		13,069	15	434	50	(1,307)	12,261

2015/16 BUDGET BY HEADS OF SERVICE BY BUDGET BUILD Appendix D(i)

2015/16 BUDGET BY HEADS OF SERVICE BY BUDGET BUILD		Virements and income reallocations			2015/16 NET BUDGET		
Opening BASE BUDGET	Inflation	Pressures	Efficiencies	2015/16 NET BUDGET	Inflation	Pressures	Efficiencies
6800 Environmental Services							
63005 Libraries	2,811	20		2,830			
68000 CSPPWL Management	8	0		8			
68001 Emergency Planning	158	2		201			
68002 Public Protection	1,308	18	(186)	1,083			
68003 Community Safety	1,081	8	(30)	1,159			
68004 Waste Strategy	17,959	432	(71)	18,587			
68005 Leisure Services	584	5	(375)	215			
68006 Parking	(608)	5	(45)	(248)			
	23,301	489	(707)	23,834			
	36,689	926	(2,014)	36,444			
Total Community Services							
Regeneration and Business Support							
6100 Director							
62010 Director	255	3		272			
66000 Regeneration & Business Support Director	48	2		176			
	303	4	-	447			
6300 Business and Investment							
63000 Group Manager - Business and Investment	832	27	(30)	682			
63001 Business and Employment - Economy	36			36			
63002 Investment	116			126			
63003 External European Funding Schemes	136	1		138			
63004 Adult Skills	(91)	6	(30)	(56)			
	1,029	34	(60)	927			
6500 Planning							
65000 AD Planning	185	2		187			
65001 Development Plan & Strategic Housing	1,582	13	(100)	1,485			
65002 Development Management	966	33	(330)	679			
65004 Building Control	1,044	9		1,053			
65005 Archaeology	(9)	12		3			
	3,768	68	(330)	3,406			
	5,100	107	(40)	4,780			
Total Regeneration and Business Support							

2015/16 BUDGET BY HEADS OF SERVICE BY BUDGET BUILD **Appendix D(i)**

2015/16 BUDGET BY HEADS OF SERVICE BY BUDGET BUILD		Opening BASE BUDGET	Virements and income reallocations	Inflation	Pressures	Efficiencies	2015/16 NET BUDGET
Public Health							
8000 Director of Public Health		(9,911)	(2,071)	-	-	-	(11,982)
81000 Director of Public Health (Grant/Contrib to O/hds)		(9,911)	(2,071)	-	-	-	(11,982)
8010 Asst Director of Public Health		1,801	(237)	-	-	-	1,563
80100 AD (Shared Svcs/Mngmnt Tm/Doolittle Mill/Other)		3,077	-	-	-	-	3,077
80101 Drugs & Alcohol		3,270	2,099	-	-	-	5,368
80102 Children and Young People		1,132	210	-	-	-	1,342
80103 Adults & Older People		9,280	2,071	-	-	-	11,351
Total Public Health		(631)	-	-	-	-	(631)
Improvement and Corporate Services							
1500 Director of Improvement & Corporate Services		197	51	2	-	-	249
15000 Director of Improvement & Corporate Services		197	51	2	-	-	249
2100 Communications & Insight		82	68	2	-	(8)	143
21000 Communications		179	(45)	2	-	-	136
21100 Corporate Communications		160	(11)	1	-	-	150
21200 Media, Editorial Marketing		167	11	1	50	-	229
21300 Digital Comms		184	(24)	2	65	(50)	177
21400 Consultation & Intelligence		771	(0)	8	115	(58)	836
2200 Customer Services		1,963	-	15	(64)	108	2,022
22200 Customer Services		1,963	-	15	(64)	108	2,022
2300 Programme & Performance		371	(50)	4	-	(60)	265
23000 Programme & Performance Operations		98	-	-	-	-	98
23400 Programme & Performance Non-Operational		469	(50)	4	-	(60)	363
2500 Policy & Strategy		157	37	1	-	-	196
25000 Policy & Strategy		157	37	1	-	-	196

Appendix D(i)

2015/16 BUDGET BY HEADS OF SERVICE BY BUDGET BUILD

2015/16 BUDGET BY HEADS OF SERVICE BY BUDGET BUILD		Opening BASE BUDGET	Virements and income reallocations	Inflation	Pressures	Efficiencies	2015/16 NET BUDGET
2700 Procurement	27000 Procurement	80	5	5	-	(413)	(324)
		80	5	5	-	(413)	(324)
7300 AD People	73000 Operational HR	2,108	67	20	-	(59)	2,136
	73010 TU Facilities	74	-	1	-	-	75
	73020 Corporate Development	305	-	-	-	-	305
		2,487	67	21	-	(59)	2,516
7410 Information Technologies (IT)	74000 Head of Systems (Operations)	6,948	(123)	129	-	(713)	6,242
	74001 Chief IT Officer	0	(0)	0	-	-	0
		6,948	(123)	129	-	(713)	6,242
7500 Legal & Democratic Services	75110 Head of Legal Services	1,616	-	13	602	-	2,231
	75200 Head of Democratic Services	1,701	-	19	-	(97)	1,622
	75210 Committee Services	248	-	2	-	(5)	246
	75300 Registration & Coroner Service	321	-	7	-	-	328
		3,886	-	42	602	(102)	4,427
7600 Chief Assets Officer	76050 Chief Assets Officer	0	248	2	-	-	251
	76000 Corporate Assets	866	(168)	23	37	(246)	512
	76300 Facilities and Maintenance	3,725	(118)	50	-	(190)	3,466
		4,591	(38)	75	37	(436)	4,229
Total Improvement and Corporate Services		21,550	(51)	301	690	(1,734)	20,756
Corporate Resources	1100 Chief Executive	302	-	3	-	-	305
	11000 Chief Executive	302	-	3	-	-	305
7200 Chief Finance Officer	72000 Chief Finance Officer	97	-	2	35	-	133
	22400 Head of Revenues & Benefits	1,327	(64)	30	204	(573)	924
	72020 Financial Performance and Support	1,360	-	15	-	(7)	1,367

2015/16 BUDGET BY HEADS OF SERVICE BY BUDGET BUILD							Appendix D(i)
2015/16 BUDGET BY HEADS OF SERVICE BY BUDGET BUILD		Opening BASE BUDGET	Virements and income reallocations	Inflation	Pressures	Efficiencies	2015/16 NET BUDGET
	72010 Financial Control	1,302	-	9	-	-	1,311
	77000 Head of Audit	649	-	4	-	(20)	633
		4,734	(64)	59	239	(600)	4,368
	Total Corporate Resources	5,037	(64)	62	239	(600)	4,673
Corporate Costs							
	7800 Corporate Costs						
	78000 Corporate Costs	15,301	49	4	132	150	15,637
		15,301	49	4	132	150	15,637
	7900 Non Specific Entitlement						
	79100 Contingency & Reserves	(4,809)	-	-	1,709	-	(3,100)
		(4,809)	-	-	1,709	-	(3,100)
	Total Corporate Costs	10,492	49	4	1,841	150	12,537
Landlord Business (formerly known as HRA)							
	51000 Assistant Director Housing Service (HRA)	19,537	(575)	352	(580)	160	18,895
	51100 Housing Management (HRA)	(24,869)	(404)	(332)	319	(35)	(25,320)
	51200 Asset Management (HRA)	5,199	973	10	200	(45)	6,337
	51300 Financial Inclusion (HRA)	138	-	(30)	60	(80)	88
	Total Landlord Business (formerly known as HRA)	6	(6)	0	-	-	0
Schools							
	45500 PVI's	4,709					4,709
	30000 Nursery School Control Account	1,326					1,326
	60000 Lower School Control Account	50,942					50,942
	70000 Middle School Control Account	12,162					12,162
	80000 Upper School Control Account	9,218					9,218
	90000 Special School Control Account	6,467					6,467
	49000 School ISB Funding	(84,825)					(84,825)
	Total Schools	0	-	-	-	-	0
		185,975	0	2,608	11,644	(13,717)	186,510

This page is intentionally left blank

2015/16 BUDGET BY HEADS OF SERVICE BY EXPENDITURE TYPE							Appendix D(ii)
	Payroll related £'000	Running Costs £'000	TOTAL SPEND £'000	Sales, Fees and Charges £'000	Grants and other income £'000	TOTAL INCOME £'000	2015/16 NET BUDGET £'000
Social Care, Health & Housing							
5000 Director of Social Care, Health, Housing	220	10	230	-	(35)	(35)	195
50000 Director of Social Care Health & Housing	220	10	230	-	(35)	(35)	195
5150 Housing Solutions (GF)	1,418	776	2,194	-	(715)	(715)	1,479
51500 Housing Solutions	1	33	33	(256)	(15)	(271)	(237)
51600 Private Sector Housing options (GF)	-	203	203	(250)	-	(250)	(47)
51700 Housing Management (GF)	1,418	1,011	2,430	(605)	(730)	(1,235)	1,195
5200 Adult Social Care	971	950	1,922	(648)	(1,645)	(2,293)	(371)
52000 Assistant Director Adult Social Care	346	(48)	297	(161)	(134)	(295)	528
52100 Older People and Physical Disability Mgt	726	97	823	-	(1,138)	(1,138)	1,201
52140 Older People - Day Care	2,260	79	2,339	-	(389)	(389)	919
52160 Enablement	1,084	223	1,307	-	(393)	(393)	12,142
52180 Older People - Assessment and Care	1,276	14,985	16,261	(3,726)	(398)	(3,821)	10,229
52185 OPPD Care Management - North	1,397	12,652	14,050	(3,423)	(65)	(65)	394
52190 OPPD Care Management - South	322	137	459	-	(15)	(15)	1,176
52300 LD and MH Management	-	1,191	1,191	(15)	(727)	(2,768)	16,090
52301 Under 65 Mental Health Packages	1,132	17,726	18,858	(2,041)	(47)	(47)	3,948
52420 Learning Disabilities - A&C	4,027	(32)	3,995	(47)	(62)	(62)	126
52440 Learning Disabilities - Direct Services	188	-	188	-	(384)	(384)	216
52460 Sheltered Employment	589	11	600	(384)	-	(2,779)	3,724
52600 Emergency Duty Team	-	6,503	6,503	(2,779)	-	(18,172)	50,621
52700 Residential Homes for Older People	14,319	54,475	68,793	(13,223)	(4,949)	(18,172)	
5300 Commissioning	115	(181)	(66)	-	-	-	(66)
53000 Assistant Director Commissioning	-	5,528	5,528	(615)	(2,458)	(3,073)	2,455
53300 Contracts	2	4,153	4,155	(2)	-	(2)	4,153
53301 LD Transfer	-	2,068	2,068	-	-	-	2,068
53400 Housing Support Service	183	120	303	(123)	(116)	(239)	64
53500 Bedfordshire Drug Action Team	415	196	611	-	-	-	611
53600 Contracting	2	1,309	1,310	(204)	(651)	(855)	456
53700 Personalisation	465	(57)	408	-	(100)	(100)	308
53800 Commissioning	1,181	13,136	14,317	(944)	(3,325)	(4,269)	10,048

2015/16 BUDGET BY HEADS OF SERVICE BY EXPENDITURE TYPE							Appendix D(ii)
	Payroll related £'000	Running Costs £'000	TOTAL SPEND £'000	Sales, Fees and Charges £'000	Grants and other income £'000	TOTAL INCOME £'000	2015/16 NET BUDGET £'000
5400 Resources - SCH&H							
54000 Asst Director Resources - SCH&H	145	50	196	-	-	-	196
54100 Business Systems	1,170	(38)	1,132	(93)	(95)	(188)	944
54200 Partnership & Performance	693	17	710	-	(197)	(197)	512
	2,009	29	2,037	(93)	(293)	(386)	1,651
Total Social Care, Health and Housing	19,146	68,660	87,807	(14,765)	(9,332)	(24,097)	63,710
Childrens' Services							
4000 Director of Childrens' Services	518	46	564	-	(164)	(164)	400
40000 Directors Cost Centre	518	46	564	-	(164)	(164)	400
4100 Childrens Services Operations							
41000 AD - CSS	796	331	1,127	-	-	-	1,127
41200 Children in Care & Care Leavers	2,276	4,801	7,077	-	(524)	(524)	6,553
41210 Intake and Family Support	5,172	788	5,960	-	-	-	5,960
41300 Children with Disabilities Service Manager	2,570	1,275	3,845	(43)	-	(43)	3,802
41400 Quality Assurance CRS Service Manager	1,132	36	1,167	-	-	-	1,167
41500 Fostering & Adoption Service Manager	1,649	6,822	8,470	(43)	-	(43)	8,427
43300 Early Intervention / Prevention Serv Manager	2,520	5,246	7,766	(97)	(2,933)	(3,030)	4,736
	16,115	19,298	35,413	(184)	(3,457)	(3,640)	31,772
4200 Commissioning & Partnerships							
42000 AD - Commissioning & Partnerships	363	(305)	57	-	(204)	(204)	(146)
41600 Local Safeguarding Children's Board	106	13	119	-	-	-	119
42300 Children's Services Commissioning	353	32	385	-	-	-	385
43100 Youth Service	626	1,331	1,956	(20)	(6)	(26)	1,930
44400 Other School Budgets	-	-	-	-	-	-	-
44500 Head of Partnerships & Workforce Dev	1,016	762	1,778	(125)	(447)	(572)	1,206
45700 School Organisation & Capital Planning	510	319	829	(47)	(583)	(631)	198
	2,974	2,151	5,125	(192)	(1,240)	(1,432)	3,693
4300 JSCS Transport							
42350 JSCS Transport	134	8,110	8,244	(73)	(158)	(231)	8,014
	134	8,110	8,244	(73)	(158)	(231)	8,014

2015/16 BUDGET BY HEADS OF SERVICE BY EXPENDITURE TYPE Appendix D(ii)

	Payroll related £'000	Running Costs £'000	TOTAL SPEND £'000	Sales, Fees and Charges £'000	Grants and other income £'000	TOTAL INCOME £'000	2015/16 NET BUDGET £'000
4400 Partnerships							
44000 Partnerships	180	411	591	-	-	-	591
	180	411	591	-	-	-	591
4500 School Improvement							
44300 School Improvement	1,647	12,601	14,248	(193)	(13,072)	(13,265)	983
45000 AD School Improvement	114	-	114	-	-	-	114
45600 Music Service	676	314	991	(677)	(283)	(960)	31
	2,437	12,915	15,353	(870)	(13,355)	(14,225)	1,128
4950 Central DSG/YPLA							
49500 Central Retained Funding / Contingency	-	-	-	-	(1,356)	(1,356)	(1,356)
	-	-	-	-	(1,356)	(1,356)	(1,356)
Total Children's Services	22,358	42,933	65,290	(1,319)	(19,730)	(21,049)	44,241
Community Services							
6200 Community Services Director	322	27	348	-	-	-	348
62000 Community Services Director	322	27	348	-	-	-	348
6400 Highways Transportation							
64000 AD Highways & Transportation	139	1	139	-	-	-	139
64001 Highways Contracts	586	4,681	5,267	(845)	(15)	(860)	4,407
64003 Passenger Transport Services	1,690	4,713	6,403	(545)	(47)	(592)	5,811
65003 Transport, Strategy & Countryside	1,701	555	2,255	(46)	(304)	(350)	1,905
	4,115	9,949	14,064	(1,436)	(366)	(1,802)	12,262
6800 Environmental Services							
63005 Libraries	2,003	1,258	3,261	(431)	-	(431)	2,830
68000 CSPPWL Management	8	-	8	-	-	-	8
68001 Emergency Planning	288	24	312	(111)	-	(111)	201
68002 Public Protection	1,755	80	1,835	(632)	(120)	(752)	1,083
68003 Community Safety	894	389	1,283	(104)	(20)	(124)	1,159
68004 Waste Strategy	852	18,411	19,263	(677)	-	(677)	18,586
68005 Leisure Services	395	657	1,052	(662)	(175)	(838)	215
68006 Parking	523	462	985	(1,210)	(23)	(1,233)	(248)
	6,718	21,282	27,999	(3,827)	(339)	(4,166)	23,834
Total Community Services	11,155	31,257	42,412	(5,263)	(705)	(5,968)	36,444

2015/16 BUDGET BY HEADS OF SERVICE BY EXPENDITURE TYPE							Appendix D(ii)
	Payroll related £'000	Running Costs £'000	TOTAL SPEND £'000	Sales, Fees and Charges £'000	Grants and other income £'000	TOTAL INCOME £'000	2015/16 NET BUDGET £'000
Regeneration and Business Support							
6100 Service Development							
62010 Service Development	274	(2)	272	-	-	-	272
66000 Regeneration & Business Support Director	166	10	176	-	-	-	176
	440	8	448	-	-	-	448
6300 Economic Growth, Skills & Regeneration							
63000 AD Econ Growth, Skills & Regeneration	652	60	712	-	(30)	(30)	682
63001 Business Investment & Marketing	25	24	48	-	(12)	(12)	36
63002 Economic Dev & Physical Regeneration	0	126	126	-	-	-	126
63003 Community Regeneration & Adult Skills	107	386	493	-	(355)	(355)	138
63004 Adult Skills	567	1,160	1,726	(1)	(1,781)	(1,782)	(56)
	1,350	1,755	3,106	(1)	(2,179)	(2,179)	926
6500 Planning							
65000 AD Planning	184	3	187	-	-	-	187
65001 Development Plan & Strategic Housing	1,360	207	1,567	(42)	(41)	(83)	1,485
65002 Development Management	2,690	370	3,060	(2,297)	(85)	(2,382)	679
65004 Building Control	881	979	1,860	(736)	(71)	(807)	1,053
65005 Archaeology	1,222	418	1,640	(1,617)	(20)	(1,637)	3
	6,337	1,977	8,314	(4,692)	(216)	(4,908)	3,406
Total Regeneration and Business Support	8,127	3,740	11,867	(4,692)	(2,395)	(7,087)	4,780
Public Health							
8000 Director of Public Health							
81000 Director of Public Health (Grant/Contrib to O/hds)	-	94	94	(34)	(12,043)	(12,076)	(11,982)
	-	94	94	(34)	(12,043)	(12,076)	(11,982)
8010 Asst Director of Public Health							
80100 AD (Shared Svcs/Mngmnt Tm/Doolittle Mill/Other)	333	1,230	1,563	-	-	-	1,563
80101 Drugs & Alcohol	142	6,520	6,662	(2,293)	(1,292)	(3,585)	3,077
80102 Children and Young People	195	6,980	7,175	(1,807)	-	(1,807)	5,368
80103 Adults & Older People	422	920	1,342	-	-	-	1,342
	1,092	15,650	16,742	(4,100)	(1,292)	(5,391)	11,351
Total Public Health	1,092	15,744	16,837	(4,133)	(13,334)	(17,467)	(631)

2015/16 BUDGET BY HEADS OF SERVICE BY EXPENDITURE TYPE										Appendix D(ii)	
	Payroll related £'000	Running Costs £'000	TOTAL SPEND £'000	Sales, Fees and Charges £'000	Grants and other income £'000	TOTAL INCOME £'000	2015/16 NET BUDGET £'000				
Improvement and Corporate Services											
1500 Director of Improvement & Corporate Services	239	10	249	-	-	-	249	249			
15000 Director of Improvement & Corporate Services	239	10	249	-	-	-	249	249			
2100 Communications & Insight											
21000 Communications	235	14	249	(106)	-	(106)	143	143			
21100 Corporate Communications	128	8	136	-	-	-	136	136			
21200 Media, Editorial Marketing	133	18	150	-	-	-	150	150			
21300 Digital Comms	145	84	229	-	-	-	229	229			
21400 Consultation & Intelligence	135	42	177	-	-	-	177	177			
	775	167	942	(106)	-	(106)	836	836			
2200 Customer Services											
22200 Customer Services	2,080	88	2,168	(147)	-	(147)	2,022	2,022			
	2,080	88	2,168	(147)	-	(147)	2,022	2,022			
2300 Programme & Performance											
23000 Programme & Performance Operations	288	15	303	(38)	-	(38)	265	265			
23400 Programme & Performance Non-Operational	-	98	98	-	-	-	98	98			
	288	113	401	(38)	-	(38)	363	363			
2500 Policy & Strategy											
25000 Policy & Strategy	183	13	196	-	-	-	196	196			
	183	13	196	-	-	-	196	196			
2700 Procurement											
27000 Procurement	445	(394)	51	(375)	-	(375)	(324)	(324)			
	445	(394)	51	(375)	-	(375)	(324)	(324)			
7300 AD People											
73000 Operational HR	2,051	156	2,207	(71)	-	(71)	2,136	2,136			
73010 TU Facilities	87	-	87	(12)	-	(12)	75	75			
73020 Corporate Development	-	305	305	-	-	-	305	305			
	2,138	461	2,598	(83)	-	(83)	2,516	2,516			

2015/16 BUDGET BY HEADS OF SERVICE BY EXPENDITURE TYPE							Appendix D(ii)
	Payroll related £'000	Running Costs £'000	TOTAL SPEND £'000	Sales, Fees and Charges £'000	Grants and other income £'000	TOTAL INCOME £'000	2015/16 NET BUDGET £'000
7410 Information Technologies (IT)							
74000 Head of Systems (Operations)	3,666	4,326	7,993	(1,751)	-	(1,751)	6,242
74001 Chief IT Officer	0	-	0	-	-	-	0
	3,666	4,326	7,993	(1,751)	-	(1,751)	6,242
7500 Legal & Democratic Services							
75110 Head of Legal Services	1,773	715	2,488	(171)	(86)	(257)	2,231
75200 Head of Democratic Services	1,856	223	2,079	(451)	(6)	(457)	1,622
75210 Committee Services	239	7	246	-	-	-	246
75300 Registration & Coroner Service	694	653	1,348	(615)	(405)	(1,020)	328
	4,562	1,599	6,161	(1,237)	(496)	(1,733)	4,427
7600 Chief Assets Officer							
76050 Chief Assets Officer	420	4	424	-	(174)	(174)	251
76000 Corporate Assets	1,951	4,989	6,940	(3,529)	(2,899)	(6,428)	512
76300 Facilities and Maintenance	573	3,275	3,847	(244)	(137)	(381)	3,466
	2,944	8,268	11,212	(3,773)	(3,210)	(6,983)	4,229
Total Improvement and Corporate Services	17,321	14,651	31,971	(7,510)	(3,706)	(11,216)	20,756
Corporate Resources							
1100 Chief Executive	293	13	305	-	-	-	305
11000 Chief Executive	293	13	305	-	-	-	305
7200 Chief Finance Officer							
72000 Chief Finance Officer	199	59	258	-	(124)	(124)	133
22400 Head of Revenues & Benefits	2,930	57,468	60,399	(1,589)	(57,887)	(59,476)	923
72020 Financial Management	1,477	15	1,493	(15)	(110)	(125)	1,367
72010 Head Of Financial Strategy	851	1,626	2,477	(1,057)	(110)	(1,167)	1,311
77000 Head of Audit	411	255	666	-	(33)	(33)	633
	5,869	59,424	65,292	(2,661)	(58,264)	(60,925)	4,368
Total Corporate Resources	6,161	59,436	65,598	(2,661)	(58,264)	(60,925)	4,673

2015/16 BUDGET BY HEADS OF SERVICE BY EXPENDITURE TYPE							Appendix D(ii)
	Payroll related £'000	Running Costs £'000	TOTAL SPEND £'000	Sales, Fees and Charges £'000	Grants and other income £'000	TOTAL INCOME £'000	2015/16 NET BUDGET £'000
Corporate Costs							
7800 Corporate Costs	3,370	12,657	16,027	-	(390)	(390)	15,637
78000 Corporate Costs	3,370	12,657	16,027	-	(390)	(390)	15,637
7900 Non Specific Entitlement	-	3,847	3,847	-	(6,947)	(6,947)	(3,100)
79100 Contingency & Reserves	-	3,847	3,847	-	(6,947)	(6,947)	(3,100)
Total Corporate Costs	3,370	16,504	19,874	-	(7,337)	(7,337)	12,537
TOTAL ALL	88,730	252,926	341,656	(40,344)	(114,803)	(155,146)	186,510
MEMORANDUM ITEMS							
Landlord Business (formerly known as HRA)							
5100 Landlord Business (HRA)	507	18,509	19,016	(121)	-	(121)	18,895
51000 Assistant Director Housing Service (HRA)	2,273	1,801	4,074	(29)	(29,366)	(29,395)	(25,320)
51100 Housing Management (HRA)	1,369	5,000	6,369	(17)	(15)	(32)	6,337
51200 Asset Management (HRA)	1	240	241	-	(153)	(153)	88
51300 Financial Inclusion (HRA)	4,151	25,550	29,700	(166)	(29,534)	(29,700)	0
Schools Budgets							
45500 PVI's	-	-	-	-	4,709	4,709	4,709
30000 Nursery School Control Account	-	-	-	-	1,326	1,326	1,326
60000 Lower School Control Account	-	-	-	-	50,942	50,942	50,942
70000 Middle School Control Account	-	-	-	-	12,162	12,162	12,162
80000 Upper School Control Account	-	-	-	-	9,218	9,218	9,218
90000 Special School Control Account	-	-	-	-	6,467	6,467	6,467
49000 School ISB Funding	-	142	142	-	(84,967)	(84,967)	(84,825)
	-	142	142	-	(142)	(142)	(0)

This page is intentionally left blank

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 grows.
- 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 2015/16 and current MTFP is set against a rapidly changing environment for local government. The full financial implications of the Better Care Fund and the Care Act in particular, may only be realised post implementation. Further changes include the creation of the Single Fraud Investigation Service (transferring some, but not all, fraud investigation responsibilities to the Department for Work and Pensions) and the implementation of Universal Credit.
- 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 2015/16 Budget setting process formally commenced with the approval of the process and Budget Strategy at the Executive meeting on 19 August 2014. The Strategy assessed the assumptions in the existing Medium Term Financial Plan (MTFP), approved by Council in February 2014, in light of the continued challenging economic situation and the Coalition Government's commitment to reduce overall public spending.
- 6) The 2015/16 Budget process was based on a refinement of the process undertaken for 2014/15. This included a series of "Head of Service Reviews" at an early stage during the process. These reviews involved each Head of Service 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;
- 7) 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.
 - 8) The baseline position for the budget reviews was the 2014/15 agreed budget.
 - 9) This process allowed for savings proposals to be developed across the late summer and early autumn. During January all Overview & Scrutiny committees reviewed the Draft Revenue Budget, including savings proposals and pressures, the Draft Capital Programme and the Landlord Services Business Plan (Housing Revenue Account).
 - 10) The latest position was presented to the Executive, together with the Draft Budget and the most up to date information on funding, on 13 January. Public consultation commenced with the residents of Central Bedfordshire when the papers were published on 23 December 2014. Staff have also had the opportunity to input into the savings proposals as they have been assessed within Directorates.
 - 11) The Chancellor of the Exchequer did not deliver the Autumn Statement until 3 December with the subsequent announcement of the Finance Settlement on 18 December. Although in line with the timetable of last year, these late announcements meant there was little time in which to assess and incorporate changes to assumptions following the Settlement.
 - 12) In practice, the Settlement figure for 2015/16 was very close to the planning assumption, so that changes required for that year were minimal. Given the imminence of the General Election in May 2015, the Finance Settlement provided figures for 2015/16 only. Very substantial reductions in funding are anticipated for 2016/17 onwards, but the estimates in the MTFP have been made without any indication from Government as to how future cuts will be allocated between Government Departments, and subsequently for DCLG funding, between local authorities. For those years beyond 2015/16, this has therefore resulted in a budget shortfall where additional savings will have to be identified in order to present a balanced position. This is not new, as previous MTFPs have also not balanced over the medium term and it does not represent any immediate risk, but rather emphasises the need for further financial planning in the medium term. It also supports the requirement for holding reserves.

Budget Assumptions

- 13) The headline assumptions within the Budget concern the levels of external financial support 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

- 14) The main funding sources are Formula Grant, Retained Business Rates (NDR), specific grants and Council Tax.
- 15) 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.
- 16) As noted above, the Settlement covers only the next financial year. This naturally gives less certainty over the medium term. Amounts for future years of the MTFP may therefore be subject to significant change. There is increased risk associated with these future years given the General Election in May 2015. All the main political parties have committed to further deficit reduction, but there are differences in the proposed speed and value of the reductions required. This potential volatility adds uncertainty to financial estimates and makes long term planning more difficult. The current Coalition Government has indicated an intention to return at some stage in the future to an earlier practice of providing indicative funding for a four year period, which would provide a better basis for financial planning. Appendix F to the budget report sets out the funding anticipated to be received from various sources, showing year on year movements to each source,
- 17) In line with currently announced intentions, Central Bedfordshire will continue to benefit significantly from the New Homes Bonus over the course of the MTFP. The grant is built into the overall resources in the Budget and is predicated on tax base growth over the medium term. Clearly any slowing of growth is a risk to the Council's finances. The current Coalition Government has committed to reviewing the New Homes Bonus and Labour has announced an intention to withdraw it completely, should they form the next Government, and reallocate the funding in a different manner. 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. Where any additional amounts are received, these will be held in a reserve that will be used to fund infrastructure costs incurred as a result of growth and to mitigate budget pressures.
- 18) Council Tax is planned to be frozen again for 2015/16, although the loss of potential additional income is partially compensated by Council Tax Freeze Grants from Central Government. The Budget includes

previously announced grants, some of which have now been 'baselined' and form part of continuing funding. There is no assumption of any additional grants being received in future years.

- 19) 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. The financial estimates are complicated by a series of grants received from Government to compensate for nationally imposed restrictions in the increase of NNDR to 2%, rather than following RPI as previously indicated. Prudent assumptions relating to the value of these grants in future years have been made.

Inflation

- 20) The key assumptions are set out in the main body of the report and cover pay award, specific changes to pension arrangements and national insurance and non pay inflation.
- 21) 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 the years of the plan beyond 2015/16. All pay awards are subject to national negotiations.
- 22) Following the practice adopted the previous year, a general percentage uplift on non-pay items was not allocated for 2015/16. 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.
- 23) Price inflation has remained relatively low and declining over the last year. In September 2014 the Consumer Prices Index was just 1.2%, with warnings that it could drop below 1% in the future. Interest rates remain very low, with base rate fixed at 0.5%. Most economic commentators, including the Council's treasury management advisors, do not anticipate any increase in base rates until the autumn of 2015 at the earliest.

Service Expenditure

- 24) 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.
- 25) The Base Budget build provides assurance that budget and activity are aligned and that budgets are at the correct level for 1 April 2015. 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.

- 26) There is an Efficiencies Implementation Group in place, chaired by the Chief Finance 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 £13.7 million of savings in 2015/16, is a significant challenge.
- 27) This successful track record demonstrates a sound corporate approach to the delivery of budgeted savings and gives a measure of confidence that the 2015/16 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. This is reflected in the fact that for the years 2016/17 onwards, the MTFP continues to show that additional, as yet unspecified, savings will need to be delivered. Together with those savings that have been identified, these total £28.4m.

Risk Assessment

- 28) The above assessment of the robustness of estimates has identified a number of risks in the budget. A risk register is compiled at the start of each financial year to enable these risks to be rated (high / medium / low) and monitored monthly during the new financial year.

General Fund Balances and Reserves Analysis

Background	
1.1	The Chief Finance 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 Chief Finance Officer's opinion.
1.2	<p>The purpose of General Fund reserves are to act as:</p> <ul style="list-style-type: none"> • A working balance to help cushion the impact of volatility in net expenditure or income across financial years*. • 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. • A contingency to cushion the impact of unexpected events or emergencies;

	<ul style="list-style-type: none"> • 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. <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 access to finance.</p>
1.3	<p>When considering whether the level of General Fund reserves is both adequate and necessary, the Chief Finance 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.</p>
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"> • The robustness of the financial planning process (including treatment of inflation and interest rates, estimates of locally raised income and timing of capital receipts) • How the Council manages demand led service pressures • The treatment of planned savings / productivity gains • The financial risks inherent in any major capital project, outsourcing arrangements or significant new funding changes • The strength of the financial monitoring and reporting processes • Cash flow management and the need for short term borrowing • The availability of reserves, Government grants and other funds to deal with major contingencies • The general financial climate to which the Council is subject and its previous record in budget and financial management.
1.5	<p>In November 2013 the Audit Commission stated that:</p> <p><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"> • <i>examine routinely how much they hold in reserves, and the purposes for which reserves are held; and</i>

	<ul style="list-style-type: none"> • <i>ensure their decisions on reserves are clearly explained to local taxpayers to promote accountability.”</i>
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 is £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 Chief Finance 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 closing balance for 2014/15 is £15.1m which is 4% of gross income and within the recommended range. Additionally £27.8m has been set aside as earmarked reserves for specific identified purposes. Appropriate use of these 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 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
The general financial climate to which the Council is subject	<p>Indications are that Local Government will see sustained reductions in Central Government Funding beyond 2015/16. The Chancellor has stated the Government's aim of running a budget surplus over the next parliament. The Chancellor has committed to achieving this without increasing taxes and has indicated that ring-fencing of NHS and Schools Funding will continue. It follows that, regardless of the outcome of the General Election, Local Government may expect to face significant further cuts in future years following the general election in May 2015.</p> <p>This is against a backdrop of early signs that the UK economy is recovering, with unemployment down to 6% and continuous period on period growth. The Bank of England has maintained Quantitative Easing at £375bn and low interest rates awaiting stronger signs of recovery, particularly with the wider European economy still facing difficulties.</p> <p>Locally, Central Bedfordshire Council has included identified Central Government funding reductions within its Medium Term Financial Plan (MTFP). Grant funding accounts for approximately 77% of Council gross income. The Council will have new statutory duties for Public Health (Children 0-5 years), Care Act and Better Care Fund, which may result in additional financial implications in future.</p> <p>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. The anticipated reduction is built into the MTFP.</p>	£2m	£4m
The overall financial standing of the authority	From commencing with reserves of £5.1m on 31 March 2010, Central Bedfordshire Council has steadily increased reserves to £15.1m as at 31 March 2015, which is 4% of gross income. This reflects continuous improvement in the financial strength of the Council. Additionally the Council has £27.8m in earmarked reserves set aside for specific purposes. A balanced budget has been set for 2015/16.	£0m	£1m
Estimates of level of locally raised income	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.	£1m	£3m

	<p>The reduction in Council Tax Support Scheme funding has been built into the Medium Term Financial Plan (MTFP) of the Council. However it is not clear what long term impact the reductions in council tax support scheme and housing benefits will have on future collection rates and the ability of individuals to pay their bill. The Council currently has a bad debt provision of £2.7m against a total of £12.6m Council Tax arrears and the changes could result in higher arrears and a higher provision required to be set aside.</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. It is the first time 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>The treatment of planned efficiency savings/productivity gains</p>	<p>The Council has set a balanced budget for 2015/16 which includes £13.7m of efficiencies. A further £28.4m of efficiencies are required over the subsequent 3 years to achieve the Medium Term Financial Plan (MTFP).</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 2015/16 budget and price inflation has remained low with both RPI and CPI now below 2%. However, there do remain specific risks in relation to contracts and fuel.</p> <p>Low interest rates have been in place for a number of years, with the Bank of England base rate at 0.5%, resulting in the Council receiving low returns on its investments, which has been factored into the budget.</p>	<p>£2m</p>	<p>£3m</p>

	<p>The General Fund has externally borrowed £141m, 97% of which is from the Public Works Loan Board (PWLB) which is a Central Government loan facility. £36m of this borrowing is based on a variable rate of interest with the remainder fixed. In recent years the Council has been borrowing from internal cash balances in lieu of borrowing externally and this is currently £93.2m.</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 over £163m 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>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.</p>	<p>£1m</p>	<p>£2m</p>
<p>The treatment of demand led pressures</p>	<p>The Council faces significant population growth by 2021 with:</p> <ul style="list-style-type: none"> • a 35% increase in the over 65's population; • a 44% increase in the over 85's population ; and • a 74% increase in the over 90's population. <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</p>	<p>£1m</p>	<p>£2m</p>

	largely to take account of potential demand led pressures on key expenditure and income streams.		
The financial risks inherent in any major capital developments	The Capital Programme includes expenditure over the next 4 years of over £370m with substantial investment in schools places, enhanced waste disposal facilities and Woodside Link. A further £5.8m 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. Increased capital activity and development will result in a corresponding increase in financial risk.	£0.5m	£1.5m
Estimates of the level and timing of capital receipts	Capital Receipts are forecast to be £34.4m 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 contingencies and the adequacy of provisions	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 budget on repairs and thus may incur direct costs as a result.	£0m	£0.5m
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 2015/16 budget includes a £2.1m contingency to potentially support any in year issues.	£0m	£1m
Miscellaneous	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. Recent changes in legislation have brought about new	£1m	£2m

	<p>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> <p>The Council has funds set aside to cover insurance claims which fall within the Council's excess, based on an estimated level of future claims. Additionally Mutual Municipal Insurance (MMI) Ltd are a Local Government insurance company currently in administration but still receiving claims, particularly for mesothelioma, and where they do not have sufficient funds to cover their claims the company is able to claw back funds previously paid out to Local Authorities. In January 2014 the company clawed back 15% of amounts paid out, which amounted to £348k for Central Bedfordshire Council. It is possible that further claw backs of funds may be required in future years.</p>		
Total		£11.5m	£25m

Central Bedfordshire Major Grant Schedule

Appendix F

Grant	2014/15	2015/16	
	£'000	£'000	
Formula funding			
Formula Grant and previous Council Tax Freeze Grants rolled in	38,196	29,809	Based on announced allocation
2015/16 Council Tax Freeze Grant	1,310	1,312	Estimated based on Government announcements
<i>Sub-total</i>	<i>39,506</i>	<i>31,121</i>	
Estimated Retained Business Rates	28,141	28,934	As per latest estimates
Section 31 Grant NNDR Compensation	-	3,073	
Total Formula Funding	67,647	63,128	
<u>Social Care Health & Housing</u>			
NHS Funding Grant	3,969	-	- Based on announced allocation; part of Better Care Fund arrangements from 15/16
Local Welfare Provision	425	-	- Grant Allocation ceased
Local Reform and Community Voices DH Revenue Grant	156	117	Based on announced allocation
Independent Living Fund	-	307	Based on customers numbers and costs
Care Act Funding - Carers and Care Act Implementation	125	200	
Care Act Funding - Early Assessments	-	639	
Care Act Funding - Deferred Payments	-	350	
Reablement Grant	938	-	- Part of Better Care Fund arrangements from 2015/16
Better Care Fund	-	9,161	
<u>Children's Services</u>			
Dedicated Schools Grants (DSG include Recoupment)	183,434	190,087	Latest estimate
Education Services Grant (ESG)	2,630	2,268	Latest estimate
Pupil Premium Grant	4,063	4,110	Estimate (actual to be announced in June 15)
PE & Sports Grant	712	712	Estimate

Central Bedfordshire Major Grant Schedule

Appendix F

Grant	2014/15	2015/16	
Universal Infant Free School Meal (UIFSM)	2,252	3,860	Estimate (14/15 was only for 7 months, 15/16 will be for full 12 months, unit rates for 15/16 to be announced by DfE in due course)
Extended Rights to Free Travel	158	122	
Music Grant	283	283	Latest estimate
Asylum Seekers	333	229	Latest estimate
SEND Implementation (New Burdens) Grant	231	154	Best estimate
Troubled Families	85	479	Best estimate
School Improvement Moderation & Phonics Grant	36		Not yet announced
Assessed and Supported Year in Employment (AYSE)	20	18	Best estimate
<u>Community Services</u>			
Bikeability Cycle Training	35	35	Latest estimate
<u>Regeneration and Business Support</u>			
Skills Funding Agency	1,291	1,317	Follows Academic year
European Social Fund Grant	550	750	Latest estimate
Lead Local Flood Authorities	66	44	Based on announced allocation
<u>Corporate Resources</u>			
PFI	1,886	1,886	Same value over the life of project
NNDR Cost of Collection	316	316	Latest estimate
New Homes Bonus	6,947	6,947	As per 2014/15 , any growth will be put into a reserve.
Housing Benefit Admin Subsidy	1,164	1,050	Based on announced allocation
Community Right to Challenge	9	-	Based on announced allocation
Community Right to Bid	8	-	Based on announced allocation
<u>Public Health</u>			
PH Grant	10,149	10,149	
0-5 Transfer	-	1,893	New responsibility from 1st October 2015 (Proposed Allocation figure)
Total other funding	222,271	237,483	
TOTAL	289,918	300,611	

Appendix G

Central Beds Council - Taxbase calculation 2015-16 Summary

		Band D equivalents										1% Non collection	Band D total for parish	Rounded Band D total for parish
		Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total				
100	Amphill	67.92	274.97	678.64	625.98	590.30	553.94	212.08	18.00	3,021.83	30.22	2,991.61	2,992	
101	Arlsey	98.37	342.98	663.05	288.48	277.19	148.27	24.17	0.00	1,842.51	18.43	1,824.08	1,824	
102	Aspley Guise	17.13	20.74	226.03	88.54	119.25	209.44	287.92	67.50	1,036.55	10.37	1,026.18	1,026	
103	Aspley Heath	2.33	17.84	24.92	31.18	40.64	77.28	147.38	30.50	372.07	3.72	368.35	368	
104	Astwick	0.00	0.00	0.00	1.75	1.22	5.78	4.58	0.00	13.33	0.13	13.20	13	
105	Battlesden	0.00	0.00	0.00	4.75	6.11	1.44	6.25	2.00	20.55	0.21	20.34	20	
106	Biggleswade	286.04	1,371.77	1,570.61	1,151.08	1,127.76	354.00	67.33	5.00	5,933.59	59.34	5,874.25	5,874	
107	Blunham	9.95	14.61	69.83	51.11	100.75	72.58	110.42	10.00	439.25	4.39	434.86	435	
108	Brogborough	1.96	43.86	38.02	9.25	4.58	1.44	2.92	0.00	102.03	1.02	101.01	101	
109	Campton/Chicksands	0.00	5.77	349.55	96.73	41.25	44.78	27.92	41.50	607.50	6.08	601.42	601	
110	Clifton	70.32	62.33	250.78	201.64	279.38	183.46	115.25	5.00	1,168.16	11.68	1,156.48	1,156	
111	Clophill	8.25	11.71	139.29	105.97	163.17	162.64	133.75	2.00	726.78	7.27	719.51	720	
112	Cranfield	55.70	127.80	418.07	346.00	373.78	185.78	58.75	2.00	1,567.88	15.68	1,552.20	1,552	
113	Dunton	2.00	22.13	68.29	30.50	62.37	45.98	41.83	0.00	273.10	2.73	270.37	270	
114	Edworth	0.67	2.33	6.44	6.00	4.89	1.08	5.00	2.00	28.41	0.28	28.13	28	
115	Eversholt	1.25	6.22	33.40	21.67	34.87	38.64	56.25	10.00	202.30	2.02	200.28	200	
116	Everton	0.00	4.67	51.31	39.76	41.48	32.66	37.50	4.00	211.38	2.11	209.27	209	
117	Eyeworth	0.00	0.00	5.14	6.00	3.67	17.69	12.50	0.00	45.00	0.45	44.55	45	
118	Flitton/Greenfield	1.83	16.24	64.54	89.39	118.63	129.67	194.45	24.00	638.75	6.39	632.36	632	
119	Flitwick	82.92	774.88	1,398.52	764.80	974.12	455.00	86.67	0.00	4,536.91	45.37	4,491.54	4,492	
120	Gravenhurst	2.83	9.11	45.18	47.61	43.87	45.50	50.00	3.50	247.60	2.48	245.12	245	
121	Harlington	14.00	16.34	214.66	277.80	170.00	115.24	72.08	0.00	880.12	8.8	871.32	871	
122	Haynes	14.25	23.33	53.75	70.63	122.83	90.28	135.83	6.00	516.90	5.17	511.73	512	
123	Henlow	36.83	151.13	422.90	342.42	276.44	191.78	86.75	7.50	1,515.75	15.16	1,500.59	1,501	
124	Houghton Conquest	8.50	58.28	149.18	115.43	109.57	86.15	56.25	4.00	587.36	5.87	581.49	581	
125	Hulcote & Salford	3.50	5.24	9.17	14.25	10.39	19.05	29.17	5.50	96.27	0.96	95.31	95	
126	Husborne Crawley	1.17	1.94	27.18	29.89	8.58	12.64	17.50	7.00	105.90	1.06	104.84	105	
127	Langford	15.85	100.05	244.99	276.16	238.91	225.06	158.80	2.00	1,261.82	12.62	1,249.20	1,249	
128	Lidlington	5.77	95.78	138.19	50.52	92.97	47.64	28.42	2.00	461.29	4.61	456.68	457	
129	Marston Moretaine	46.15	327.80	395.43	379.99	399.69	123.25	75.00	1.50	1,748.81	17.49	1,731.32	1,731	
130	Maulden	38.07	81.65	156.69	125.06	327.08	305.25	214.22	10.00	1,258.02	12.58	1,245.44	1,245	
131	Meppershall	5.43	34.72	104.60	138.51	138.27	202.80	71.83	6.00	702.16	7.02	695.14	695	
132	Millbrook	1.17	0.94	9.78	15.06	10.69	5.78	12.50	5.70	61.62	0.62	61.00	61	
133	Milton Bryan	0.67	1.75	8.05	9.78	10.69	4.33	35.83	9.50	80.60	0.81	79.79	80	
134	Mogerhanger	4.69	27.18	51.80	43.96	40.38	54.25	16.67	4.00	242.93	2.43	240.50	241	

Band D equivalents											1% Non collection	Band D total for parish	Rounded Band D total for parish
Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total					
135	Northill LA	127.16	76.16	149.25	69.69	33.75	2.00	477.37	4.77	472.60	473		
136	Northill NLA	35.55	80.01	93.63	107.45	121.98	23.50	509.62	5.1	504.52	505		
137	Old Warden	22.22	19.32	26.64	20.09	30.40	5.50	134.78	1.35	133.43	133		
138	Potsgrove	0.00	2.75	2.14	2.89	6.25	6.00	20.70	0.21	20.49	20		
139	Potton	234.93	308.27	375.89	219.73	125.35	4.00	1,849.12	18.49	1,830.63	1,831		
140	Pulloxhill	76.14	48.03	73.03	124.22	119.05	3.50	454.76	4.55	450.21	450		
141	Ridgmont	15.79	31.67	25.29	23.11	19.17	6.00	155.14	1.55	153.59	154		
142	Sandy	919.88	870.56	818.05	307.51	101.57	6.00	3,913.50	39.14	3,874.36	3,874		
143	Shefford	251.49	549.46	652.72	272.91	84.58	0.00	2,330.82	23.31	2,307.51	2,308		
144	Shillington	14.18	156.40	143.45	174.42	87.50	15.50	812.78	8.13	804.65	805		
145	Silsoe	30.45	146.55	218.67	235.53	211.25	12.00	1,075.04	10.75	1,064.29	1,064		
146	Southill	14.97	53.86	97.56	110.54	49.17	6.00	468.01	4.68	463.33	463		
147	Steppingley	3.34	26.25	9.78	16.25	40.00	2.00	105.57	1.06	104.51	105		
148	Stondon	89.72	194.06	119.41	221.19	107.92	7.00	962.61	9.63	952.98	953		
149	Stotfold	310.70	686.70	659.22	298.19	96.37	0.00	3,034.03	30.34	3,003.69	3,004		
150	Sutton	7.51	23.24	20.47	28.89	34.58	4.00	128.61	1.29	127.32	127		
151	Tempsford	13.38	44.04	43.36	33.58	46.67	4.00	233.03	2.33	230.70	231		
152	Tingrith	0.78	6.00	4.58	14.44	45.83	5.50	90.13	0.9	89.23	89		
153	Westoning	6.96	166.57	100.74	147.35	209.58	24.50	863.58	8.64	854.94	855		
154	Woburn	5.83	108.65	54.82	57.06	92.92	13.50	435.20	4.35	430.85	431		
155	Wrestlingworth & Cockayne Hatley	2.50	60.23	97.92	55.16	66.67	4.00	332.76	3.33	329.43	329		
156	Fairfield	0.00	164.71	277.97	126.75	212.92	0.00	1,152.69	11.53	1,141.16	1,141		
AE	Barton Le Clay	54.83	507.88	340.17	297.93	200.00	8.00	1,948.44	19.48	1,928.96	1,929		
BW	Billington	0.00	19.03	19.25	15.53	62.92	6.00	175.04	1.75	173.29	173		
CE	Caddington	25.08	372.56	313.18	223.82	89.17	4.00	1,463.32	14.63	1,448.69	1,449		
DW	Chalgrave	5.64	39.73	24.58	33.94	63.75	4.00	208.08	2.08	206.00	206		
EE	Dunstable	833.82	3,431.46	1,369.87	597.08	274.32	3.00	11,902.16	119.02	11,783.14	11,783		
FW	Eaton Bray	50.08	184.16	181.40	312.36	260.83	6.00	1,145.53	11.46	1,134.07	1,134		
GW	Eggington	3.11	5.28	25.97	20.60	36.67	6.00	122.26	1.22	121.04	121		
HW	Heath & Reach	35.62	124.42	95.28	137.94	76.67	26.00	622.16	6.22	615.94	616		
JW	Hockliffe	43.35	128.55	72.04	18.42	15.83	8.00	372.96	3.73	369.23	369		
KW	Houghton Regis	2,171.17	1,062.01	258.07	76.21	27.92	5.00	4,510.64	45.11	4,465.53	4,466		
LE	Hyde	1.00	39.10	33.02	21.31	22.92	8.00	163.73	1.64	162.09	162		
ME	Kensworth	14.37	119.24	140.52	95.61	107.08	26.00	598.17	5.98	592.19	592		
NW	Leighton-Linslade	496.76	4,054.54	2,467.09	1,043.25	405.88	26.50	13,573.84	135.74	13,438.10	13,438		
PW	Stanbridge	1.17	9.96	98.10	99.13	87.50	2.00	341.10	3.41	337.69	338		
QE	Streatley	0.67	226.76	126.54	87.89	66.67	6.00	689.07	6.89	682.18	682		

		Band D equivalents												
		Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total	1% Non collection	Band D total for parish	Rounded Band D total for parish	
RE	Studham	4.17	3.89	18.92	54.38	53.42	155.58	333.75	13.00	637.11	6.37	630.74	631	
SE	Sundon	5.43	20.22	64.50	16.00	19.18	28.53	13.33	2.00	169.19	1.69	167.50	168	
TW	Tilsworth	2.79	10.18	27.67	24.82	22.40	29.13	36.60	4.00	157.59	1.58	156.01	156	
UE	Toddington	32.11	105.27	436.62	306.63	384.83	272.28	238.40	9.50	1,785.64	17.86	1,767.78	1,768	
VE	Totternhoe	36.16	13.59	101.19	58.50	100.99	111.73	72.92	2.00	497.08	4.97	492.11	492	
WW	Whipsnade	50.67	1.36	2.44	11.00	8.25	23.11	99.58	29.00	225.41	2.25	223.16	223	
XE	Chalton	1.33	3.80	33.40	71.79	61.42	28.17	31.67	0.00	231.58	2.32	229.26	229	
YE	Slip End	109.99	10.69	106.02	218.20	144.20	94.25	18.33	0.00	701.68	7.02	694.66	695	
		3,581.70	12,728.83	23,279.59	19,253.38	16,815.70	10,741.30	7,279.96	656.20	94,336.66	943.42	93,393.24	93,392	

This page is intentionally left blank

Central Bedfordshire Council
Medium Term Financial Plan 2015-16

Pressures

Appendix H

Directorate	2015/16 £'000s	2016/17 £'000s	2017/18 £'000s	2018/19 £'000s	Total £'000s
Social Care, Health & Housing	6,265	4,299	3,630	3,800	17,994
Children's Services	1,832	1,080	587	503	4,002
Community Services	817	481	842	155	2,295
Regeneration and Business Support	(40)	-	-	-	(40)
Public Health	-	-	-	-	-
Improvement and Corporate Services	690	38	96	175	999
Corporate Resources	239	196	-	-	435
Sub-total	9,803	6,094	5,155	4,633	25,685
Corporate Costs	1,841	3,524	1,854	1,786	9,005
Total	11,644	9,618	7,009	6,419	34,690

**Central Bedfordshire Council
Medium Term Financial Plan 2015-16**

Pressures

Appendix H

Directorate	Reference	Details of pressure	Implications/ Impact	2015/16				2016/17				2017/18				2018/19				Total £'000s	Comments
				£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s		
Children's Services	CSP1410	Children with Disabilities	This is additional pressures for funding health provision	44	0	0	0	0	0	0	0	0	0	0	0	0	0	0	44	Historically health have funded therapies for some children who used to have respite in a health resource. The young people have gradually transferred to adult services and the funding has stopped. This is held as a future risk and it is hoped that this finance can be identified in health grants.	
Children's Services	CSP1413	Transport	Due to rise in population number there is a risk we will not meet the statutory duties to provide eligible children with transport to School.	113	161	137	0	0	0	0	0	0	0	0	0	0	0	0	411	Pressure included to reflect demographic growth as demonstrated through the School Organisation Plan. Pressure calculated based on current % of pupils who are entitled to free transport being projected forwards with demographic growth and based on known average cost per child for mainstream routes. Pressure based on increased demand, especially for specialist transport and current market pressures (not enough providers, especially in the South).	
Children's Services	CSP1420	Education Services Grant	20% reduction in grant. Latest Government announcement.	520	0	0	0	0	0	0	0	0	0	0	0	0	0	0	520	Education Services Grant is intended to pay for central education functions delivered by the Council.	
Children's Services	CSP1501	New Market Rate Supplement Scheme	Required in order to recruit and retain good quality social workers	253	0	0	0	0	0	0	0	0	0	0	0	0	0	253	Essential that front line teams retain good quality social workers. More permanent staff leads to reduced agency worker costs		
Children's Services	CSP1502	Increasing use of family based care through Special Guardianship Orders	Increase likely to continue to put pressure on this area of the budget	661	200	200	200	200	200	200	200	200	200	200	200	200	200	1,261	Expected No of SGOs March 15 120, average cost £720 per month, increase of 24 per year anticipated phased (50% increase held on risk 15/16).		
Children's Services	CSP1503	Increasing payments of Adoption Allowances due to Increase In Adoption	Increase likely to continue put pressure on this area of the budget	44	94	94	94	94	94	94	94	94	94	94	94	94	94	326	Expected No of AA March 15 35, average cost per £950 month, increase of 12 per year anticipated phased (50% increase held on risk 15/16).		
Children's Services	CSP1504	Foster Care Allowance - Existing Pressure 2014/15 reduced to align with number of expected in-house Foster carers and extended 2016/16 to 2018/19	This realignment will support the recruitment of more in house foster carers and reduce reliance on more expensive external foster carers.	47	56	63	70	63	70	63	70	63	70	63	70	63	70	236	Review annual increase of Allowances. This is an allowance to pay for the needs of the child. It is separate from the foster fee.		
Children's Services	CSP1505	Foster Fee Scheme - Existing Pressure 2015/16 to 2017/18 reduced to align with repensing of expected new in-house Foster carers and extended into 2018/19	This realignment will support recruitment and sustain improvement of number of in house foster carers and reduce reliance on more expensive external foster care.	150	569	85	85	85	85	85	85	85	85	85	85	85	85	889	Repensing of expected cost of new in-house foster carers		
Children's Services	CSP1506	Partnerships - grant funding ending is resulting in staff cost pressures	Funding needs to be maintained to retain service delivery	0	0	8	54	8	54	8	54	8	54	8	54	8	54	62	This team externally funded and the pressure emerges 2018/19.		
Total: Children's Services				1,832	1,080	587	503	587	503	587	503	587	503	587	503	587	503	4,002			
SCHH	ASC1	Ageing Population - increased demand on purchasing budgets		1,810	1,883	1,910	0	1,883	1,910	1,910	0	1,910	1,910	1,910	0	1,910	0	0	5,603	Ageing Population - increased demand on purchasing budgets	
SCHH	ASC2	Transitions from Children to Adults with Learning Disabilities		1,128	1,128	1,490	0	1,128	1,490	1,490	0	1,490	1,490	1,490	0	1,490	0	0	3,746	Care Package costs where Children with Learning Disabilities move into Adult Services	
SCHH	ASC3	Ordinary Residence		848	330	0	0	330	0	0	0	0	0	0	0	0	0	0	1,178	Ordinary Residence	
SCHH	ASC1	Ageing Population - increased demand on purchasing budgets		0	0	0	1,910	0	0	0	0	0	0	0	0	0	0	0	1,910	Ageing Population - increased demand on purchasing budgets	

**Central Bedfordshire Council
Medium Term Financial Plan 2015-16**

Pressures

Appendix H

Directorate	Reference	Details of pressure	Implications/ Impact	2015/16	2016/17	2017/18	2018/19	Total	Comments
				£'000s	£'000s	£'000s	£'000s	£'000s	
SCHH	ASC2	Transitions from Children to Adults with Disabilities		0	0	0	1,490	1,490	Care Package costs where Children with Learning Disabilities move into Adult Services
SCHH		Increased demand for care packages to support Older People		1,000	0	0	0	1,000	Ageing Population - increased demand on purchasing budgets
SCHH	New 1	Deprivation of Liberty Safeguarding (DoLS) assessments		394	394	0	0	788	Recent High Court judgement has led to a significant increase in the number of assessments
SCHH	New 2	Children moving into Adult Services		143	0	0	0	143	Shortfall in funding in 2013/14 for Children moving into Adult Services
SCHH	New 3	Mid-Life Transitions in Learning Disability		400	400	400	400	1,600	Adult Care needs in Learning Disabilities have become more complex and costly in middle age
SCHH	New 4	Employment Support Service		92	0	0	0	92	National changes in the Employment Support scheme has increased costs to the Council
SCHH	New 6	Increased cost of Respite Care for Adult with a Learning Disability		256	(86)	(170)	0	0	Out of area care package placements
SCHH	New 7	Increased demands on the Emergency Duty Team (EDT)		21	0	0	0	21	EDT provides services to three Councils and this represents the Central Bedfordshire share
SCHH	New 10	Increased demand for Transport for Adults with a Learning Disability		80	0	0	0	80	
SCHH	New 13	Support for the Carers Lounge in the Luton & Dunstable Hospital		20	0	0	0	20	Contribution for Central Bedfordshire patients
SCHH	New 14	Increase support of Information & Advice for customers with a Learning Disability		30	0	0	0	30	Production of easy read materials
SCHH	New 16	Targeted resources to support the delivery of the Prevention agenda		43	0	0	0	43	To be funded by the Care Act implementation grant
SCHH	New 17	Local Welfare Provision		0	250	0	0	250	Resources to support the Welfare Reforms
Total: Social Care, Health & Housing				6,265	4,299	3,630	3,800	17,994	
Community Services	SC100	Landfill tax uplift		23	21	18	20	82	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.
Community Services	SC103	Operational costs to support the guided busway.		50	50	0	0	100	Year on year increase of maintenance costs (including winter maintenance) of the busway
Community Services	SC106	Highways contract retendering resource.		0	(50)	0	0	(50)	Specialist advice and capacity required to procure a new highways maintenance contract for 1 April 2016.
Community Services	SC109	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.

Central Bedfordshire Council
Medium Term Financial Plan 2015-16

Pressures

Appendix H

Directorate	Reference	Details of pressure	Implications/ Impact	2015/16				2016/17				2017/18				2018/19				Total £'000s	Comments
				£'000s				£'000s				£'000s				£'000s					
Community Services	SC111	Replacement of external funding for Domestic Abuse Multi Agency Risk Assessment Conference (MARAC) Coordinator and Independent Domestic Abuse Violence Advice Service (IDVA).		100	0	0	0	0	0	0	0	0	0	0	0	0	100	IDVA provide advice to high risk victims of domestic abuse through MARAC. Existing funding for the MARAC Coordinator and IDVA service ceases in 2015/16. This pressure ensures services for high risk victims continue.			
Community Services	SC203	Food waste roll out in the south		0	0	0	0	389	0	0	0	0	0	0	0	389					
Community Services	SC204	Residual treatment of waste		65	93	5	0	0	0	0	0	0	0	0	0	163	Additional costs of new treatment contracts				
Community Services	SC205	Additional cost of bulking and haulage in the south		0	265	265	0	0	0	0	0	0	0	0	0	530	Waste from south central Bedfordshire will need to be bulked				
Community Services	SC301	Increase in waste disposal costs due to housing growth		64	87	100	120	0	0	0	0	0	0	0	0	371	Figures based on housing completion numbers				
Community Services	SC302	Gypsy and traveller resource		0	0	50	0	0	0	0	0	0	0	0	50	To cover cost of G&T liaison officer.					
Community Services	SC303	Car park income		400	0	0	0	0	0	0	0	0	0	0	400	Realigning of income budget to reflect income received over last few years - assumes all car parks fully operational					
Community Services	SC304	Recycle income		100	0	0	0	0	0	0	0	0	0	0	100	Estimated income has declined due to falls in tonnage and more stringent acceptance policy by the contractor					
Total: Community Services				817	481	842	155	0	0	0	0	0	0	0	2,295						
Regeneration	RG350	Adult Skills Income		60	0	0	0	0	0	0	0	0	0	0	60	Alignment of budget to reflect reduced funding					
Regeneration	SC101	New Local Plan for Central Bedfordshire		(100)	0	0	0	0	0	0	0	0	0	0	(100)						
Total: Regeneration & Business Support				(40)	0	0	0	0	0	0	0	0	0	0	(40)						
Corporate Resources	CRP-1516-01	Revenues & Benefits	Reduction in Housing Benefit Admin grant (Including single fraud investigation service)	92	196	0	0	0	0	0	0	0	0	0	0	288					
Corporate Resources	CRP-1516-02	Chief Finance Officer	Funding of Finance continuous improvement	35	0	0	0	0	0	0	0	0	0	0	0	35					
Corporate Resources	CRP-1516-03	Revenues & Benefits	3 Staff to increase Council Tax arrears recovery	90	0	0	0	0	0	0	0	0	0	0	0	90					
Corporate Resources	CRP-1516-04	Revenues & Benefits	Reduction in Local Council Tax Support Administration Subsidy	22	0	0	0	0	0	0	0	0	0	0	22						
Total: Corporate Resources				239	196	0	0	0	0	0	0	0	0	0	435						
Corporate Costs	CCP-1415-01	Corporate Costs	Employer's Pension Contribution	0	238	0	0	0	0	0	0	0	0	0	0	238					
Corporate Costs	CCP-1415-02	Corporate Costs	Capital Financing - Minimum Revenue Provision	390	1,002	944	723	0	0	0	0	0	0	0	0	3,059					
Corporate Costs	CCP-1415-03	Corporate Costs	Capital Financing - Interest Payable	(31)	1,084	910	1,063	0	0	0	0	0	0	0	0	3,026					
Corporate Costs	CCP-1415-04	Corporate Costs	Capital Financing - Interest Receivable	200	0	0	0	0	0	0	0	0	0	0	0	200					
Corporate Costs	CCP-1415-08	Corporate Costs	Customer First	(427)	0	0	0	0	0	0	0	0	0	0	0	(427)					
Corporate Costs	CCP-1516-01	Corporate Costs	Withdrawal of Pension Contracted Out Employer's National Insurance Rebate (3.4%)	0	1,200	0	0	0	0	0	0	0	0	0	0	1,200					
Corporate Costs	CCP-1516-02	Corporate Costs	Requirement to make additional provision for redundancy / restructuring costs.	500	0	0	0	0	0	0	0	0	0	0	0	500					
Corporate Costs	Corporate Costs	Corporate Costs	Latest pay inflation Estimate	200	0	0	0	0	0	0	0	0	0	0	0	200					
Corporate Costs	CCP-1516-03	Corporate Costs	To fund additional work to support income analysis and generation, and to support cost control of the capital programme	250	0	0	0	0	0	0	0	0	0	0	0	250					

**Central Bedfordshire Council
Medium Term Financial Plan 2015-16**

Pressures

Appendix H

Directorate	Reference	Details of pressure	Implications/ Impact	2015/16	2016/17	2017/18	2018/19	Total	Comments
				£'000s	£'000s	£'000s	£'000s	£'000s	
Corporate Costs	CCP-1516-04	Corporate Costs	Uncertainty surrounds the funding for the Care Act. Provision created to offset any potential shortfall.	759	0	0	0	759	
Total: Corporate Costs				1,841	3,524	1,854	1,786	9,005	
ICS	PR-RES-ASS-08	Assets	PFI - School PFI contract and budget transferred to Assets by Children's Services in line with creating a single property budget for all CBC assets within Assets.	37	0	0	0	37	
ICS	EFF-P&O-POL-01	Policy	PeopC11: Potential to capitalise one member of Community Insight staff for Web Strategy work (one off)	50	0	0	0	50	
ICS	ICSP-1415-05	Cust Serv	Customer Services - Additional Fixed Term Cust Services staffing (Your Space 2 (YS2) Related)	(135)	0	0	0	(135)	
ICS	ICSP-1516-01	Assets	PFI	0	38	38	38	114	
ICS	ICSP-1516-02	Comms	Webcasting annual license / hosting	50	0	0	0	50	
ICS	ICSP-1516-03	Comms	Mosaic license	15	0	0	0	15	
ICS	ICSP-1516-04	Cust Serv	Pressure relating to matching establishment to business as usual staffing requirements	71	0	0	0	71	
ICS	ICSP-1516-05	L&D - Democratic	Reduction in LLC income budget to move to a break even position	0	0	58	137	195	
ICS	ICSP-1516-06	L&D - Legal	Staffing Pressure	334	0	0	0	334	
ICS	ICSP-1516-07	L&D - Legal	Clr Code of Conduct Investigations	50	0	0	0	50	
ICS	ICSP-1516-08	L&D - Legal	Additional Legal pressure as a result of Children's Cases	218	-	0	0	218	
Total: Improvement & Corporate Services				690	38	96	175	999	
Total				11,644	9,618	7,009	6,419	34,690	

This page is intentionally left blank

Appendix I (i)

Efficiencies by Category

Category Summary

TOTAL - All Directorates

Ref	Category	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s	Total £000s
A	Moving from institutional investment to personal solutions	(1,200)	(350)	-	-	(1,550)
B	Early Intervention and enabling independence	(798)	(666)	(169)	(525)	(2,158)
C	Review of contract and tendering arrangements	(4,179)	(1,437)	(566)	(544)	(6,726)
D	Income generation - new sources and methods	(2,115)	(1,185)	(930)	(40)	(4,270)
E	Self service through digital channels	-	-	-	-	-
F	Rationalisation	(5,425)	(2,318)	(486)	(508)	(8,737)
Total		(13,717)	(5,956)	(2,151)	(1,617)	(23,441)

Social Care, Health and Housing

Ref	Category	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s	Total £000s
A	Moving from institutional investment to personal solutions	(1,200)	(350)	-	-	(1,550)
B	Early Intervention and enabling independence	(798)	(666)	(169)	(525)	(2,158)
C	Review of contract and tendering arrangements	(1,400)	(210)	(210)	(210)	(2,030)
D	Income generation - new sources and methods	(1,115)	(100)	(300)	-	(1,515)
E	Self service through digital channels	-	-	-	-	-
F	Rationalisation	(1,842)	(777)	(230)	(408)	(3,257)
Total		(6,355)	(2,103)	(909)	(1,143)	(10,510)

Children's Services

Ref	Category	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s	Total £000s
A	Moving from institutional investment to personal solutions	-	-	-	-	-
B	Early Intervention and enabling independence	-	-	-	-	-
C	Review of contract and tendering arrangements	(1,301)	(1,192)	(281)	(284)	(3,058)
D	Income generation - new sources and methods	(363)	-	-	-	(363)
E	Self service through digital channels	-	-	-	-	-
F	Rationalisation	(1,110)	(762)	(156)	-	(2,028)
Total		(2,774)	(1,954)	(437)	(284)	(5,449)

Appendix I (i)

Efficiencies by Category

Category Summary

Community Services

Ref	Category	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s	Total £000s
A	Moving from institutional investment to personal solutions	-	-	-	-	-
B	Early Intervention and enabling independence	-	-	-	-	-
C	Review of contract and tendering arrangements	(556)	(25)	(25)	-	(606)
D	Income generation - new sources and methods	(365)	(910)	(460)	(40)	(1,775)
E	Self service through digital channels	-	-	-	-	-
F	Rationalisation	(1,093)	(302)	-	-	(1,395)
Total		(2,014)	(1,237)	(485)	(40)	(3,776)

Regeneration and Business Support

Ref	Category	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s	Total £000s
A	Moving from institutional investment to personal solutions	-	-	-	-	-
B	Early Intervention and enabling independence	-	-	-	-	-
C	Review of contract and tendering arrangements	-	-	-	-	-
D	Income generation - new sources and methods	(185)	(20)	(85)	-	(290)
E	Self service through digital channels	-	-	-	-	-
F	Rationalisation	(205)	150	-	-	(55)
Total		(390)	130	(85)	-	(345)

Public Health

Ref	Category	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s	Total £000s
A	Moving from institutional investment to personal solutions	-	-	-	-	-
B	Early Intervention and enabling independence	-	-	-	-	-
C	Review of contract and tendering arrangements	-	-	-	-	-
D	Income generation - new sources and methods	-	-	-	-	-
E	Self service through digital channels	-	-	-	-	-
F	Rationalisation	-	-	-	-	-
Total		-	-	-	-	-

Appendix I (i)

Efficiencies by Category

Category Summary

Improvement and Corporate Services

Ref	Category	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s	Total £000s
A	Moving from institutional investment to personal solutions	-	-	-	-	-
B	Early Intervention and enabling independence	-	-	-	-	-
C	Review of contract and tendering arrangements	(1,052)	(10)	(50)	(50)	(1,162)
D	Income generation - new sources and methods	(17)	(105)	(50)	-	(172)
E	Self service through digital channels	-	-	-	-	-
F	Rationalisation	(666)	(377)	(100)	(100)	(1,243)
Total		(1,734)	(492)	(200)	(150)	(2,576)

Corporate Resources

Ref	Category	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s	Total £000s
A	Moving from institutional investment to personal solutions	-	-	-	-	-
B	Early Intervention and enabling independence	-	-	-	-	-
C	Review of contract and tendering arrangements	(20)	-	-	-	(20)
D	Income generation - new sources and methods	(70)	(50)	(35)	-	(155)
E	Self service through digital channels	-	-	-	-	-
F	Rationalisation	(510)	(120)	-	-	(630)
Total		(600)	(170)	(35)	-	(805)

Corporate Costs

Ref	Category	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s	Total £000s
A	Moving from institutional investment to personal solutions	-	-	-	-	-
B	Early Intervention and enabling independence	-	-	-	-	-
C	Review of contract and tendering arrangements	150	-	-	-	150
D	Income generation - new sources and methods	-	-	-	-	-
E	Self service through digital channels	-	-	-	-	-
F	Rationalisation	-	(130)	-	-	(130)
Total		150	(130)	-	-	20

This page is intentionally left blank

**Central Bedfordshire Council
Medium Term Financial Plan 2015-16**

Efficiencies by Directorate

Appendix I (ii)

Directorate	2015/16 £'000s	2016/17 £'000s	2017/18 £'000s	2018/19 £'000s	Total £'000s
Social Care Health & Housing	(6,355)	(2,103)	(909)	(1,143)	(10,510)
Children's Services	(2,774)	(1,954)	(437)	(284)	(5,449)
Community Services	(2,014)	(1,237)	(485)	(40)	(3,776)
Regeneration and Business Support	(390)	130	(85)	-	(345)
Public Health	-	-	-	-	-
Improvement and Corporate Services	(1,734)	(492)	(200)	(150)	(2,576)
Corporate Resources	(600)	(170)	(35)	-	(805)
Sub-total	(13,867)	(5,826)	(2,151)	(1,617)	(23,461)
Corporate Costs	150	(130)	-	-	20
Total	(13,717)	(5,956)	(2,151)	(1,617)	(23,441)

Central Bedfordshire Council
Medium Term Financial Plan 2015-16

Efficiencies by Directorate

Appendix I (ii)

Directorate	Category	Reference	Details of efficiency	Implications/ Impact	2015/16 £'000s	2016/17 £'000s	2017/18 £'000s	2018/19 £'000s	Total £'000s	Comments
Children's Services	C	CSE3	Special Educational Needs	Increased buy back from Schools for specific services	(100)	-	-	-	(100)	Increase in income generation from Schools specifically access & inclusion and SEN services
Children's Services	F	CSE02	Children with Disabilities	Efficiencies have been made with no impact to service delivery	(190)	-	-	-	(190)	Sustainable efficiencies moving forward
Children's Services	F	CSE04	Partnerships & Workforce Remodelling	Training and workforce development team develop more e-learning opportunities	(40)	-	-	-	(40)	Efficiency 2014/15 - The development of enhanced blended learning opportunities at all levels with e-learning will lead to less reliance on the delivery of face-to-face generic workforce learning opportunities that are core funded. Marketing this offer more widely will increase take up.
Children's Services	C	CSE06	Transport CWD	Rationalising existing transport for children with disabilities	(10)	-	-	-	(10)	This follows on from the realignment of Ivel Valley. Part of the improvements from the disability review.
Children's Services	F	CSE08	Partnerships	This is a planned realignment in partnership funding through external grants.	(12)	(18)	-	-	(30)	These savings can be achieved through further efficiencies in the team's contracts and operational costs.
Children's Services	F	CSE1401	Children in Care and Intake and Assessment	Reduction to Agency costs for social workers due to greater numbers of permanent social workers	(76)	-	-	-	(76)	Accelerating the existing recruitment drive could yield 10% reduction in current agency costs, in addition, a further 10% reduction forecast, however this is a high risk target in the light of national pressures.
Children's Services	C	CSE1406	Transport - Walking assessments policy reviews	This saving will not be achievable unless walking assessments are carried out.	-	(573)	-	-	(573)	This efficiency assumes that the walking assessments will not take place until 2015 and will inform the 2016/17 efficiencies.
Children's Services	C	CSE1501	Youth Offending Service	This efficiency has been identified as we have not drawn down all of the funding set aside for this contract achieving a saving of circa. £100k in each of the past two years. However, expenditure is demanded and could change significantly if the number of remand orders increase.	(100)	-	-	-	(100)	Shared Service with Bedford Borough Council.
Children's Services	F	CSE1502	Review of Leadership	Senior Manager undertaking additional responsibilities	(75)	-	-	-	(75)	Review of vacant management posts.
Children's Services	D	CSE1503	Recalculated Council contribution to Music Services	Continued successful marketing of Service	(23)	-	-	-	(23)	Increased income through selling services.
Children's Services	D	CSE1504	Reduced costs through fewer maintained Schools requiring intervention	Risk if more maintained Schools fall into an Ofsted category or require intervention	(35)	-	-	-	(35)	Successful implementation of intervention strategies has led to improved maintained Schools and Ofsted outcomes.
Children's Services	F	CSE1506	Alignment of Staffing Structure	Improved service delivery	(15)	-	-	-	(15)	Increased operation capacity in front line services.
Children's Services	C	CSE1507	Commissioned Contracts	A wide variety of contracts exist within Children's Services. All contracts will be reviewed to see where efficiencies can be made without compromising the service provided.	(346)	-	-	-	(346)	Review of all CS Commissioned Contracts looking for alternative commissioning arrangements. Specific target on services that have not been recommissioned in last 12 months. Negotiation with IFA providers re new tariffs and about developing local response to improving breadth and quality of provision for children with challenging behaviours and/ or sibling groups.
Children's Services	F	CSE1508	Early Help	Efficiencies for 16/17 have been identified across the early help services to ensure no negative impact to service delivery	-	(300)	-	-	(300)	A programme of efficiencies to be produced to be ready for 16/17 implementation
Children's Services	F	CSE1509	Looked After Children Residential Placements - Existing Efficiency 2014/15 reviewed and rephased	Fewer children in external placements	(426)	(444)	(156)	-	(1,026)	This is particularly focused on the nature and type of placement for children looked after. Reduction 5 agency residential placements phased through 15/16. Further reduction of 1 placement 16/17 and 17/18
Children's Services	C	CSE1510	St Christopher's	Reduced cost of contract for in-house residential placement.	(235)	-	-	-	(235)	The price of the St Christopher's Contract for in house residential placements has been renegotiated resulting in a saving part 14/15, full year affect 15/16
Children's Services	C	CSE1511	Foster Fee Scheme efficiency for 2014/15 reviewed and reduced in line with latest target for in-house carers	More in-house foster carers recruited	(500)	(619)	(281)	(284)	(1,664)	Profile of expected new in house foster carers reviewed and rephased. (25 during 15/16, 10 during 16/17, 5 during 17/18)
Children's Services	F	CSE1512	Review of Programme Management service delivery	More efficient programme management	(10)	-	-	-	(10)	Realignment of Programme Management costs
Children's Services	F	CSE1513	20% Agency Budget Reduction in Operations	As more permanent staff are recruited there will be a reduction in agency staff	(188)	-	-	-	(188)	This is a 20% reduction on existing agency budgets based on the on-going recruitment, retention and AYSE programme

Central Bedfordshire Council
Medium Term Financial Plan 2015-16

Efficiencies by Directorate

Appendix I (ii)

Directorate	Category	Reference	Details of efficiency	Implications/ Impact	2015/16 £'000s	2016/17 £'000s	2017/18 £'000s	2018/19 £'000s	Total £'000s	Comments
Children's Services	F	CSE1514	20% Reduction Consultancy use across Children Services	As more permanent staff are recruited there will be a reduction in the number of consultants used.	(58)	-	-	-	(58)	This is a 20% reduction in existing consultancy budgets
Children's Services	D	CSE1515	Use of DSG for High Need support in Early Years settings	No impact to Children	(40)	-	-	-	(40)	This is a review of the school and early years finance regulations and ability to apply DSG funding to services
Children's Services	F	CSE1516	Partnerships and Commissioning business support	More efficient service delivery	(20)	-	-	-	(20)	Partnerships and Commissioning realignment of costs
Children's Services	D	CSE1517	Partnerships and Workforce increased income target	Increased income generation achieved by provision of training courses to third parties.	(80)	-	-	-	(80)	Partnerships and Workforce increased income target
Children's Services	D	CSE1518	Public Health Funding – Young people at risk of teenage pregnancy, tier 2 drugs & alcohol and healthy under 5s programme.	This is existing spend that can be funded from the public health grant and meets the required criteria to do so.	(185)	-	-	-	(185)	Public Health Funding secured against relevant programmes
Children's Services	C	CSE1519	Youth Clubs more efficient delivery	No negative impact on front line services	(10)	-	-	-	(10)	Efficiency in running costs of 6 youth clubs.
Total: Children's Services					(2,774)	(1,954)	(437)	(284)	(5,449)	
SCHH	F	EA32	Harmonise Housing Needs with Private Sector Housing	Reduce operational cost of the two services to deliver a more efficient and joined up service	(50)	-	-	-	(50)	
SCHH	C	EA44	Continue to renegotiate high cost Learning Disability and Physical Disability residential placements and other changes to block purchasing for these groups.	May result in opposition from current providers. No impact on the quality of care to customers.	(100)	-	-	-	(100)	
SCHH	A	EA46	Continue the development of a joint approach with the health service to deliver an improved care and reablement service which will have a more positive outcome for customers	Improved outcomes for some customers who will be diverted from requiring social care support and therefore will enjoy an improved quality of life.	(600)	(350)	-	-	(950)	
SCHH	F	EA48	Business Process Re-engineering of procurement, brokerage and customer finance functions	More efficient use of ICT and staff resources.	(50)	-	-	-	(50)	
SCHH	A	EA51	Continue to reduce the usage of residential care	We will continue to invest money in preventative solutions and reablement to support more people but reduce expenditure on residential care. This may be adversely impaired by the number of people funding their own care whose capital is depleted to the point at which they are eligible for financial support from the local authority.	(600)	-	-	-	(600)	
SCHH	C	EA55	Seek further efficiencies from Mental Health services	Reduce administration and management costs within the current contract for Mental Health by 5%.	(150)	-	-	-	(150)	
SCHH	B	EA61	Continue to extend the Reablement service to all customers with domiciliary care packages	Improved outcomes for some customers who will be diverted from requiring social care support and therefore will enjoy an improved quality of life.	(350)	(250)	-	-	(600)	
SCHH	B	EA64	Extra Care Housing Scheme 1, HRA Capital investment to achieve revenue savings	Project Management capacity and agreed investment as part of HRA Self Financing	(70)	(210)	-	-	(280)	
SCHH	B	EA65	Extra Care Scheme 2, Capital investment to achieve revenue savings	Strategic Business Case agreed over the reposition of accommodation need for Older people	(50)	(150)	-	-	(200)	
SCHH	F	EA69	Reduce delays of Financial Assessments	Continue to improve income collection arrangements	-	-	-	-	0	
SCHH	D	EA70	Continue to increase contributions to support the strategic workforce training programme		-	-	-	-	0	

Central Bedfordshire Council
Medium Term Financial Plan 2015-16

Efficiencies by Directorate

Appendix I (ii)

Directorate	Category	Reference	Details of efficiency	Implications/ Impact	2015/16 £'000s	2016/17 £'000s	2017/18 £'000s	2018/19 £'000s	Total £'000s	Comments
SCHH	F	EA73	Deliver savings within PSH & Housing Needs by better use of ICT and further income generation activity	More efficient use of ICT and staff resources.	(42)	(23)	-	-	(65)	
SCHH	F	New 1	Direct Services for Adults with a Learning Disability		(65)	-	-	-	(65)	Reduce the operational costs of Direct Services for adults with a Learning Disability
SCHH	C	New 2	Reduction in care packages for Adults with a Learning Disability		(700)	-	-	-	(700)	Looking to reduce high cost care packages by providing care as close to home as possible
SCHH	F	New 3	Older People Care Management Team		(102)	-	-	-	(102)	Reduce operational costs of the Older People Care Management Teams
SCHH	F	New 5	Reviewing offer to Carers in preparation for the Care Act		(100)	-	-	-	(100)	Reviewing opportunities to mainstream support activity for carers
SCHH	B	New 6	Maximise investment in Reablement		(328)	-	-	-	(328)	Increase productivity of the wider Reablement services
SCHH	F	New 7	Reviewing Care Packages to support proportional, targeted and focused care need		(300)	(400)	-	-	(700)	Maintaining oversight through a funding panel and timely targeting of reviews
SCHH	F	New 8	Reduction in operational costs in Day Services		(13)	-	-	-	(13)	Exploring opportunities to provide day care services for Older People and People with Learning Disabilities using a common base
SCHH	C	New 9	Continue to maximise use of contracts for Supported Housing		(150)	-	-	-	(150)	
SCHH	D	New 11	Mental Health Contract to be funded by Public Health grant		(87)	-	-	-	(87)	
SCHH	F	New 12	Visual Impairment & Hearing Services		(31)	-	-	-	(31)	Mainstream support to adults with Visual Impairment and Hearing needs into Care Management Teams
SCHH	D	New 13	Additional fee income from Gypsy and Traveller Sites		(42)	-	-	-	(42)	Due to the re-opening of the Timberlands site
SCHH	F	New 14	Change business processes in Housing Solutions		(11)	-	-	-	(11)	Reduction of printing and stationary costs as move towards paperless office and officer
SCHH	D	New 16	Housing Private Business Initiative		-	(100)	(300)	-	(400)	This initiative will look to generate GF income by utilising existing housing service expertise/ experience i.e. Private Rental Income and charging for other services.
SCHH	C	New 17	Inflation on Older People Care Homes		(90)	-	-	-	(90)	Reduced requirement of contract inflation due to transfer of seven Older People Care Homes back to the Council
SCHH	B	New 18	Extra Care Housing Scheme 3 – Ivel Valley		-	(56)	(169)	-	(225)	Reduction in expenditure in care package costs in the General Fund as a result of Extra Care development
SCHH	B	New 19	Extra Care Housing Scheme 4 – West Mid Beds		-	-	-	(225)	(225)	Reduction in expenditure in care package costs in the General Fund as a result of Extra Care development
SCHH	B	New 20	Extra Care Housing Scheme 5 – Chiltern Vale		-	-	-	(300)	(300)	Reduction in expenditure in care package costs in the General Fund as a result of Extra Care development
SCHH	F	New 21	Investment in Extra Care schemes as an alternative to the use of Residential Care		(115)	(115)	-	-	(230)	Support increased demand for care packages as each Extra Care scheme develop
SCHH	F	New 22	Use of earmarked reserve to support development of Extra Care schemes		(648)	30	470	-	(148)	Reduction in expenditure in care package costs in the General Fund as a result of Extra Care development
SCHH	F	New 24	Reduction in Training Budget		(110)	-	-	-	(110)	More focussed and targeting of training resources

Central Bedfordshire Council
Medium Term Financial Plan 2015-16

Efficiencies by Directorate

Appendix I (ii)

Directorate	Category	Reference	Details of efficiency	Implications/ Impact	2015/16 £'000s	2016/17 £'000s	2017/18 £'000s	2018/19 £'000s	Total £'000s	Comments
SCHH	C	New 27	Increased income from Care Fees		(210)	(210)	(210)	(210)	(840)	Increase income for Care Fees in line with the Governments 'Triple Lock' agreement
SCHH	D	New 28	Use of Care Act Implementation Grant		(871)	-	-	-	(871)	Covering existing staffing costs to enable implementation of the Care Act changes
SCHH	D	New 30	Housing Support Contracts to be funded by Public Health Grant		(115)	-	-	-	(115)	
SCHH	F	New 29	Transforming Care & Support		(205)	(269)	(700)	(408)	(1,582)	Next phase of the move of investment from institutional to more Personal Solutions
Total: Social Care, Health & Housing					(6,355)	(2,103)	(909)	(1,143)	(10,510)	
Community Services	C	SC5	Negotiate further efficiencies with highways contractor	Investment of additional £4m capital spend results in savings.	(100)	-	-	-	(100)	Negotiate further efficiencies with highways contractor
Community Services	F	SC8	Revenue savings from implementation of Street Lighting Strategy	Project to ensure structural integrity of Street Lights through replacement of life expired columns and replacement of lanterns with low maintenance energy types. Revenue maintenance and energy costs reduced.	(75)	(70)	-	-	(145)	Revenue savings from implementation of Street Lighting Strategy
Community Services	F	SC153	Local sustainable transport expenditure to be funded from grant following successful bid to Central Government.		50	-	-	-	50	This is a reversal of grant that has now come to an end
Community Services	F	SC158	Countryside sites - wider provision of services to provide increased income and revised maintenance regime		(98)	(70)	-	-	(168)	Countryside sites - wider provision of services to provide increased income and revised maintenance regime
Community Services	F	SC166	CCTV	Integrate CCTV into Council ICT infrastructure	-	(15)	-	-	(15)	CCTV will use existing CBC infrastructure leading to line rental savings
Community Services	F	SC171	Reduction in shared library hub back office costs		(30)	(85)	-	-	(115)	Reduction in shared library hub back office costs
Community Services	F	SC172	Review of Library link and housebound service		(35)	-	-	-	(35)	Review of Library link and housebound service
Community Services	D	SC173	Additional libraries income and Leighton Buzzard theatre		(10)	(13)	-	-	(23)	Additional libraries income and Leighton Buzzard theatre
Community Services	F	SC250	Integration and reconfiguration of community services		(53)	(27)	-	-	(80)	Integration and configuration of community services: staff restructures
Community Services	D	SC251	Increased income from leisure contracts		(130)	(90)	(60)	(40)	(320)	Year on year increases in income from leisure contracts (over and above £45k in previous MTFP) - this is existing contracts and includes FLC
Community Services	D	SC253	Increase range of fees and charges (and income generated)		(100)	(50)	-	-	(150)	Fees and charges
Community Services	D	SC254	New leisure management contract		-	(757)	-	-	(757)	New leisure management contract
Community Services	F	SC255	Review of bus subsidy		(71)	-	-	-	(71)	Review of bus subsidy: rationalisation of routes supported
Community Services	F	SC350	Replacement of equipment in leisure centres to be funded from capital		(100)	-	-	-	(100)	Releases transfer to reserves
Community Services	F	SC351	Reduction in repairs and maintenance for leisure centres		(50)	(10)	-	-	(60)	Reflects capital investment in the centres

Central Bedfordshire Council
Medium Term Financial Plan 2015-16

Efficiencies by Directorate

Appendix I (ii)

Directorate	Category	Reference	Details of efficiency	Implications/ Impact	2015/16 £'000s	2016/17 £'000s	2017/18 £'000s	2018/19 £'000s	Total £'000s	Comments
Community Services	F	SC352	Removal of out of hours public protection service		(22)	-	-	-	(22)	The emergency planning duty first contact service remains, but routine noise services will end
Community Services	F	SC353	Public protection - non salary budgets		(39)	-	-	-	(39)	Miscellaneous small saving
Community Services	D	SC354	Public protection - income		(2)	-	-	-	(2)	Additional income
Community Services	C	SC355	Pest control		(9)	-	-	-	(9)	Reduction in charges to the authority
Community Services	C	SC356	Food waste disposal costs		(20)	-	-	-	(20)	Reduced costs of extended contract
Community Services	F	SC357	Food bags north		-	(25)	-	-	(25)	Needs investment by contractor for them to process revised material hence occurring in 16/17
Community Services	C	SC358	Biffa contract negotiations		(42)	(25)	(25)	-	(92)	Reduced costs of waste collection contracts following negotiation
Community Services	C	SC359	Highways contract savings		(345)	-	-	-	(345)	Reduced costs of highways contracts following negotiation
Community Services	F	SC360	Highways non-salary savings		(2)	-	-	-	(2)	Miscellaneous budget reductions
Community Services	F	SC361	Reduce printing bus timetables		(25)	-	-	-	(25)	Greater access of timetables through new technology
Community Services	F	SC362	Passenger transport Services non-salary budgets		(13)	-	-	-	(13)	
Community Services	C	SC363	Fleet - leasing		(40)	-	-	-	(40)	Reduced costs through improved fleet processes
Community Services	F	SC364	Inflation		(241)	-	-	-	(241)	Contractual inflation not required
Community Services	F	SC365	Countryside access - non salary savings		(29)	-	-	-	(29)	
Community Services	F	SC366	CAS restructure		(80)	-	-	-	(80)	Staff restructure
Community Services	F	SC367	Traffic management		(20)	-	-	-	(20)	More structured approach to traffic management
Community Services	F	SC368	Traffic management		(100)	-	-	-	(100)	Capitalisation of engineering element of traffic management schemes - met from within existing capital budgets
Community Services	F	SC369	Salary saving	community safety	(30)	-	-	-	(30)	No impact on posts
Community Services	F	SC370	Reconfiguration of Public protection		(30)	-	-	-	(30)	Salary saving from restructure
Community Services	D	SC371	Fees and charges - effect of increase	highways	(3)	-	-	-	(3)	
Community Services	D	SC372	New permit scheme for utility contractors		(100)	-	-	-	(100)	Additional income from utility contractors working on the highway
Community Services	D	SC373	Public Health Funding to support mental health improvement through physical activity		(20)	-	-	-	(20)	
Community Services	D	SC374	Dunstable Leisure Centre		-	(400)	(485)	(40)	(400)	
Total: Community Services					(2,014)	(1,237)	(485)	(40)	(3,776)	
Regeneration	D	SC151	Community Infrastructure Levy (CIL) administration fee		-	(25)	(25)	-	(50)	Administrative fee levied as part of the charge
Regeneration	F	SC154	Reduce development plan consultancy budget		-	150	-	-	150	
Regeneration	D	SC174	Business support & regeneration - private sector contributions		(30)	(10)	-	-	(40)	

Central Bedfordshire Council
Medium Term Financial Plan 2015-16

Efficiencies by Directorate

Appendix I (ii)

Directorate	Category	Reference	Details of efficiency	Implications/ Impact	2015/16 £'000s	2016/17 £'000s	2017/18 £'000s	2018/19 £'000s	Total £'000s	Comments
Regeneration	D	SC175	Recovery of additional adult and community learning back office costs from external grant		(30)	(60)	(60)	-	(150)	
Regeneration	D	RG300	reviewing of charging regime		(50)	-	-	-	(50)	This covers all income within the directorate
Regeneration	F	RG301	non salary budget rationalisation		(105)	-	-	-	(105)	
Regeneration	F	RG302	salary budget rationalisation		(100)	-	-	-	(100)	Salary reduction as part of the management rationalisation
Regeneration	D	RG303	Planning Application Income		(75)	75	-	-	0	
Total: Regeneration					(390)	130	(85)	-	(345)	
Corporate Resources	F	CRE-1516-02	Financial Performance & Support	Staff Savings through streamlining processes.	(7)	(35)	-	-	(42)	Financial Performance & Support
Corporate Resources	F	CRE-1516-03	Financial Control	Achieving efficiencies in end to end processes	-	(25)	-	-	(25)	Financial Control
Corporate Resources	C	CRE-1516-04	Audit	Savings in External Audit Fees	(20)	-	-	-	(20)	Audit
Corporate Resources	F	CRE-1516-05	Revenues & Benefits	Removal of 2 Investigation Officer posts due to Central Government changes in fraud investigations	(60)	-	-	-	(60)	Revenues & Benefits
Corporate Resources	D	CRE-1516-06	Revenues & Benefits	Increase in recovery of overpaid Housing Benefit	(70)	(50)	(35)	-	(155)	Revenues & Benefits
Corporate Resources	F	CRE-1516-07	Revenues & Benefits	Risk Based Verification processing efficiency	-	(30)	-	-	(30)	Revenues & Benefits
Corporate Resources	F	CRE-1516-08	Revenues & Benefits	Civica Revenues Module Savings	-	(30)	-	-	(30)	Revenues & Benefits
Corporate Resources	F	CRE-1516-09	Revenues & Benefits	NDR Technical Items - Bad debt & discretionary reliefs accounted for in the Collection Fund.	(443)	-	-	-	(443)	Revenues & Benefits
Total: Corporate Resources					(600)	(170)	(35)	-	(805)	
Corporate Costs	C	OCE-1516-01	Gross Cutting Eff	Passenger Transport Review (PTR) Unachievable efficiency	150	-	-	-	150	Gross Cutting Eff
Corporate Costs	F	OCE-1516-02	Corporatisation and unifying services		-	(130)	-	-	(130)	
Total: Corporate Costs					150	(130)	-	-	20	
ICS	F	EFF-RES-ASS-02	Assets	Reduce revenue staffing costs - more accurate recording and allocation of profession and project management costs to Lifecycle and Capital Build projects	(16)	-	-	-	(16)	Assets
ICS	D	EFF-RES-ASS-03	Assets	Increased income generation - achieve by increasing: rents for commercial and farm properties; and occupancy levels for commercial properties from 87% to 90%.	(30)	-	-	-	(30)	Assets
ICS	C	EFF-RES-ASS-06	Assets	Review and reletting of Facilities Management contracts e.g. consumables.	(35)	-	-	-	(35)	Assets
ICS	F	CCE05 now Assets	Assets	Following Your Space 2 (YS2) programme, the authority will exit Technology House by 31 March 2014, achieving the savings in 2014/15. The 2015/16 savings are dependent on the exit from other satellite buildings.	(200)	-	-	-	(200)	Assets

Central Bedfordshire Council
Medium Term Financial Plan 2015-16

Efficiencies by Directorate

Appendix I (ii)

Directorate	Category	Reference	Details of efficiency	Implications/ Impact	2015/16 £'000s	2016/17 £'000s	2017/18 £'000s	2018/19 £'000s	Total £'000s	Comments
ICS	F	ICSE-1415-10	Assets	Assets - Delay in achieving full Tech House savings resulting from continued occupation of Tech House by Contact Centre	(55)	-	-	-	(55)	Assets
ICS	D	EFF-P&O-COMM-03	Comms	Increase in News Central income	(5)	(5)	-	-	(10)	Comms
ICS	C	EFF-P&O-COMM-04	Comms	Reduction in print and distribution costs for News Central	(6)	-	-	-	(6)	Comms
ICS	F	EFF-RES-ICT-06	IT	Transfer of adjusted budget (i.e. net of the % saving) to budget holders with retained central administration of contract and invoice payments.	(20)	(20)	-	-	(40)	IT
ICS	F	EFF-RES-ICT-07	IT	Transfer of adjusted budget (i.e. net of the % saving) to budget holders with retained central administration of contract and invoice payments.	(20)	(20)	-	-	(40)	IT
ICS	C	EFF-RES-ICT-09	IT	Re tender for a combined Corporate and school voice and data network	(140)	-	-	-	(140)	IT
ICS	D	EFF-RES-ICT-10	IT	Admin Charge generation for running the schools network	(39)	-	-	-	(39)	IT
ICS	F	EFF-P&O-L&D-06	L&D	Reduction in Education Appeals Costs	-	-	-	-	0	L&D
ICS	F	EFF-P&O-L&D-09	L&D	Savings due to Registration Service's move from Pilgrim House to Amphill Court House	-	(30)	-	-	(30)	L&D
ICS	F	EFF-P&O-POL-03	Policy	PeopCH: removal of Previous Efficiency Adjustment	(50)	-	-	-	(50)	Policy
ICS	F	EFF-RES-PERF-03	Programme & Performance	Review of P&PM team structure following introduction of new performance reporting system.	(55)	-	-	-	(55)	Programme & Performance
ICS	D	ICSE-1516-01	Assets	Additional external income	(100)	(100)	-	-	(200)	Assets
ICS	D	ICSE-1516-02	Comms	Unachievable part efficiency from 14/15 - income from advertising	50	-	-	-	50	Comms
ICS	F	ICSE-1516-03	Comms	Rationalisation of Communications	(47)	-	-	-	(47)	Comms
ICS	D	ICSE-1516-05	Cust Serv	Delay in Customer Services Staff multitasking to carry out JCP work.	50	-	(50)	-	0	Cust Serv
ICS	D	ICSE-1516-06	Cust Serv	Removal of previous efficiency on staff capitalisation to reduce to business as usual realistic level	58	-	-	-	58	Cust Serv
ICS	F	ICSE-1516-07	Dir ICS	Merge common functions	-	(100)	(100)	(100)	(300)	
ICS	F	ICSE-1516-10	HR	Compensatory savings following restructure	(59)	-	-	-	(59)	HR
ICS	C	ICSE-1516-13	IT	Reprofile Mobile Savings - EFF-RES-ICT-06	(20)	20	-	-	0	IT
ICS	C	ICSE-1516-14	IT	Reprofile Fixed lines Savings - EFF-RES-ICT-07	(21)	20	-	-	(1)	IT
ICS	C	ICSE-1516-16	IT	NGN Data Network Cost Reduction	(71)	-	-	-	(71)	IT
ICS	C	ICSE-1516-17	IT	NGN Voice Cost Reduction	(94)	-	-	-	(94)	IT
ICS	F	ICSE-1516-20	IT	Review of Management and IT structures	-	(151)	-	-	(151)	IT
ICS	F	ICSE-1516-21	IT	Minimal Consultancy Prof Serv BAU	-	(50)	-	-	(50)	IT
ICS	F	ICSE-1516-22	IT	Removal of budgeted Finders Fees	(39)	-	-	-	(39)	IT

Central Bedfordshire Council
Medium Term Financial Plan 2015-16

Efficiencies by Directorate

Appendix I (ii)

Directorate	Category	Reference	Details of efficiency	Implications/ Impact	2015/16 £'000s	2016/17 £'000s	2017/18 £'000s	2018/19 £'000s	Total £'000s	Comments
ICS	C	ICSE-1516-23	IT	Application reduction ICS/ Corporate Systems	(250)	-	-	-	(250)	IT
ICS	F	ICSE-1516-25	L&D - Democratic	Savings against staffing costs for service	(24)	-	-	-	(24)	L&D - Democratic
ICS	F	ICSE-1516-26	L&D - Democratic	Pension scheme not available to Members from May 15	(48)	(6)	-	-	(54)	L&D - Democratic
ICS	F	ICSE-1516-27	L&D - Democratic	Appendix E payments time ending	(10)	-	-	-	(10)	L&D - Democratic
ICS	C	ICSE-1516-28	L&D - Democratic	Reduction in Printing Costs	(15)	-	-	-	(15)	L&D - Democratic
ICS	F	ICSE-1516-29	L&D - Committee Services	Staff cost savings	(5)	-	-	-	(5)	L&D - Committee Services
ICS	F	ICSE-1516-33	Procurement	Staff cost savings against budget	(13)	-	-	-	(13)	Procurement
ICS	C	ICSE-1516-34	Procurement	General Procurement Savings ICS	(50)	(50)	(50)	(50)	(200)	Procurement
ICS	C	ICSE-1516-35	Procurement	Procurement Savings ICS externally sourced Legal services	(50)	-	-	-	(50)	Procurement
ICS	C	ICSE-1516-36	Procurement	Additional Procurement Savings - Comensura contract	(300)	-	-	-	(300)	Procurement
ICS	F	ICSE-1516-37	Prog & Perf	Reduction of car mileage re: Appendix E	(5)	-	-	-	(5)	Prog & Perf
Total: Improvement & Corporate Services					(1,734)	(492)	(200)	(150)	(2,576)	
Total					(13,717)	(5,956)	(2,151)	(1,617)	(23,441)	

This page is intentionally left blank

Appendix K

Subject: Overview and Scrutiny Committee comments on the draft Budget 2015/16 and Medium Term Financial Plan 2015-2019 and Capital Programme

Summary: This briefing provides Members with the comments of the Overview and Scrutiny Committees (OSCs) during their consideration of the above reports during January 2015. These Minutes are presently draft until they are approved by the Committees at future meetings.

Children's Services Overview and Scrutiny Committee

1. The Committee received a report that outlined the Council's draft Budget for 2015/16, Medium Term Financial Plan and Capital Programme and also set out the efficiencies and pressures faced by the directorate. In light of the report and the further clarification provided by the Executive Member the Committee discussed the following issues in detail:-
 - Whether a £253k pressure relating to the new market rate supplement scheme (CSP 1501) for 2015/16 should be a continued pressure in future years. In response the Executive Member advised that with the success of the Social Worker Academy and the good progress made to retain social workers within the directorate, he was confident this was a realistic forecast. In addition the Committee were informed that careful monitoring of vacancies rates would continue in this volatile market. A Member raised concerns regarding the high number of agency social workers employed by the Council and the need to support social workers who continue to be hounded by the media as a group. The Assistant Director, Children's Services advised that the Directorate had been successful in reducing the number of temporary social worker staff, some of whom had been with the Council for a number of years. The Council had also featured in an LGA best practice article for its work in this area and would continue to profile and raise awareness of the excellent results achieved by the Council's social workers.
 - Whether the new responsibility for the commissioning of 0-5 year old children's public health services could be funded by the increase to the public health grant. The Executive Member commented that negotiation meetings on funding continued to be held to ensure this service would be fully met by the transferred fund.
 - Whether the pressures predicted in the Executive report were expected to change significantly during the year. The Executive Member commented that close monitoring of the pressures would be maintained throughout the year.
 - That all ward members engage in negotiations for Section 106 monies in their area to be directed towards Education and specifically new school places to fund the deficit of £2m. The Executive Member for Children's Services advised he would continue to lobby the Secretary of State about this particular gap in funding.

RECOMMENDED that the Council's draft Budget for 2015/16, Medium Term Financial Plan and Capital Programme 2015/16 – 2018/19 be endorsed.

Sustainable Communities Overview and Scrutiny Committee

2. The Committee received the report, which outlined the Council's Draft Budget for 2015/16, Medium Term Financial Plan and Capital Programme and also set out the efficiencies and pressures that faced the Directorate.

RECOMMENDED that the proposals be endorsed and supported by the Committee

Social Care, Health and Housing Overview and Scrutiny Committee

3. The Committee received a presentation that outlined the Council's draft Budget for 2015/16, Medium Term Financial Plan and Capital Programme and also set out the efficiencies and pressures faced by the directorate, in particular the implications of the Care Act and introduction of the Better Care Fund. The Committee also received an presentation that outlined the Public Health Revenue Budget, which had £11.4m of ring fenced grant for 2015/2016 and 2016/2017. Of note was the re-commissioning of the Drugs and Alcohol contract.
4. In light of the report and the further clarification provided by the Executive Member the Committee discussed the following issues in detail:-
 - Concern that the rationalisation of contracts to draw efficiencies would result in job cuts. The Assistant Director Resources advised that the Care Act would create a greater demand for services and it was not presently envisioned there would be any impact on jobs.
 - Whether costs in association with the transition of Children to Adults were realistic. The Assistant Director Resources advised that 98 customers with learning disabilities were looked after outside of Central Bedfordshire and had expensive care packages. An effort to find suitable care within Central Bedfordshire was a priority.
 - Whether the forecast for the demand in Social Care service and assumptions made were accurate. The Assistant Director explained the Joint Strategic Needs Assessment (JSNA) and Swift system data had been used to inform the assumptions and anticipate demand.
 - Whether provision had been made to support carers. The Committee was advised that carers' plans would be prepared in case of a crisis and efforts to maximise support and information at the right time was also planned. However it was difficult to accurately predict demand.

Appendix K

- Whether the ring fenced Public Health grant could be used to support efficiencies identified elsewhere in the Council's budget. The Head of Public Health Finance advised that subject to assurances that use of the Public Health Grant benefited the population's health, it could be used for this purpose.
- Whether Health Checks and early intervention advice was making a difference to services. The Head of Public Health Finance advised that investment in IT software would enable monitoring of data and early intervention advice delivered at GP surgeries. Public Health would consider other providers to deliver this important service.

RECOMMENDED that the Council's draft Budget for 2015/16, Medium Term Financial Plan and Capital Programme 2015/16 – 2018/19 in relation to Social Care Health and Housing be endorsed.

Corporate Resources Overview and Scrutiny Committee

5. In light of the presentation and the Executive report received at the meeting, Members discussed concerns regarding reduced funding for education and how the shortfall would be addressed along with perceived cuts to customer services and front line services. The Executive Member responded to these queries by explaining that although there was a highlighted shortfall in one aspect of educational funding, the budget presented had to be balanced and so this had been mitigated by ensuring all areas were funded. The Chief Finance Officer explained that the part of the educational grant reflecting a shortfall related to the school support grant, the overall grant paid directly to schools, per capita had increased.
6. The Director for Improvement and Corporate Services responded that there was not a cut in Customer Services but there had been a previous plan to work alongside the Job Centre Plus and combine certain services. This had not been possible due to certain constraints and so there was a delay in Customer Service staff delivering on this, therefore detailed within the report was a delay in efficiency savings.
7. The Executive Member also responded to a query regarding timescales for Parking Bays to be granted by explaining that due to required changes on the Highway, there could be lengthy timescales involved when dealing with this issue.

RECOMMENDED that the Revenue Budget be endorsed by the Committee.

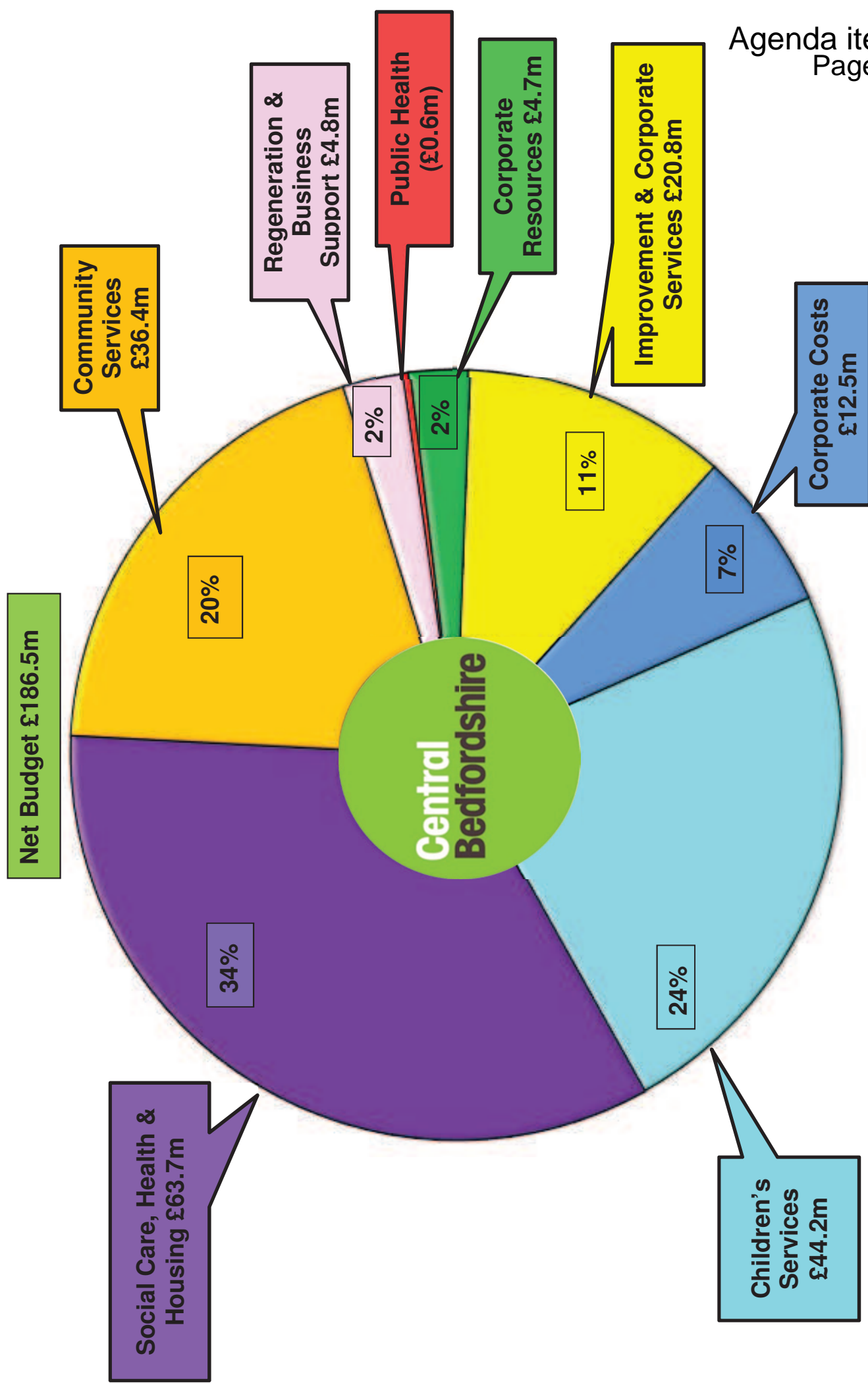
(Cllr Egan asked for her dissent to be noted and Cllr Murray abstained from voting).

Appendix K

8. The Chief Finance Officer introduced the Capital Programme and explained that the Annuity method used effectively matched depreciation against asset lives. In response to a query the Executive Member for Corporate Resources explained the difference between the gross and net expenditure listed.
9. Concerns were raised by a Member of the Committee that regeneration schemes in Houghton Regis and Dunstable, whilst welcome, meant that housing could still be unaffordable for those who currently lived there and asked that the Executive consider this as a potential issue.

RECOMMENDED that the Capital Programme be endorsed by the Committee.

(Cllrs Egan and Murray abstained from voting).



This page is intentionally left blank

Central Bedfordshire Council

EXECUTIVE - 10 February 2015

CAPITAL PROGRAMME 2015/16 TO 2018/19

Report of Cllr Maurice Jones, Deputy Leader and Executive Member for Corporate Resources (maurice.jones@centralbedfordshire.gov.uk)

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

This report relates to a non-Key Decision

Purpose of this report

1. The report proposes the Capital Programme (excluding HRA) for the four years from 1 April 2015.

RECOMMENDATIONS

The Executive is asked to:

1. **recommend to Council the Capital Programme for 2015/16 to 2018/19.**

Overview and Scrutiny Comments/Recommendations

2. Overview and Scrutiny Committees considered the Capital Programme in their January 2015 cycle of meetings and comments are included at Appendix K of the Revenue Budget report.

Background Information

3. 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.
4. The Capital Programme continues to be dominated by a few large projects including the requirement to provide Schools Places, Enhanced Waste Disposal Facilities, Flitwick Leisure Centre and the Woodside Link. The development of Dunstable Leisure Centre has also been added to the Medium Term Financial Plan.

5. A driving principle underlying capital investment has always been to minimise the revenue impact over the period of the MTFP 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.
6. The Capital Budget proposed in this report reduces revenue liabilities against those previously earmarked in the Medium Term Financial Plan (MTFP) for 2015-2018. The reduction is due to revised borrowing assumptions discussed within the Interest Rates section of this report. Risks associated with the realisation of capital receipts, the movement of interest rates and future programmes/liabilities could adversely impact future revenue financing.
7. A summary of the proposed Capital Programme has been included in Appendix A and Appendix B shows 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 financing liabilities.
8. Capital receipt projections for the 2015/16 to 2018/19 period have been reviewed in year. 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.
9. 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.

Changes to Draft Capital Programme 2015/16 to 2018/19

10. **Highways**
On the 23rd December 2014 the Department of Transport announced that additional funding would be made available to English Councils for a six year period to tackle potholes. As a result the Council's Highways Maintenance allocation is higher in each financial year of the MTFP period than previously anticipated: £957k in 15/16, £586k in 16/17, £462k in 17/18 and £86k in 2018/19. The Council's contribution, which is funded by borrowing, to the Highways Structural Maintenance block scheme has been reduced by a corresponding amount in each year.
11. **Disabled Facilities Grant**
Since the draft report, additional external funding has been provided for the Disabled Facilities Grant scheme, as a result of an increase to the Council's grant allocation and client contributions. External funding for the scheme has therefore increased for each year of the MTFP period: £200k in 2015/16, £80k in 2016/17, £80k in 2017/18 and £80k in 2018/19.

Summary of Capital Programme 2015/16 to 2018/19

12. 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 over the longer term by incurring additional capital financing costs.
13. The table below shows a summary of the Capital Programme reflecting revisions in year and a planning assumption of 20% per annum slippage in programme spend. The detailed programme is presented in Appendices A and B.

Table 1 – 2015/19 Medium Term Financial Plan Capital Programme (excluding HRA and assuming 20% annual programme slippage)

	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000
Gross Expenditure	113,770	117,162	85,006	54,432
Funded by:				
Grants/Contributions	(59,496)	(57,741)	(38,888)	(18,910)
Capital Receipts	(13,101)	(10,186)	(9,606)	(1,500)
Borrowing	(41,173)	(49,235)	(36,512)	(34,022)
Total Funding	(113,770)	(117,162)	(85,006)	(54,432)

Expenditure and income in each year is reduced by 20% to exclude slippage and increased by 20% deferred from the previous year. A reconciliation to the MTFP excluding slippage is provided in Appendix C.

14. By including an assumption of 20% of capital schemes being deferred, there is recognition that dependencies within the Capital Programme exist (for example on third parties, including external funders) and often capital schemes are deferred from one year to the next as delivery is delayed.

Financing of the Capital Programme

15. The full financing cost of the proposed Capital Programme, including what has been built into the base revenue budget are:

Table 2 – 2015/19 Annual Revenue Implications of proposed Capital Programme compared to Previous MTFP

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Previous MTFP	14,315	16,013	17,439	-
Additional Charge / (Reduction)	(895)	(507)	(79)	-
Revised MTFP	13,420	15,506	17,360	19,146
Year on Year Increase		2,086	1,854	1,786

Estimated revenue costs are lower than the previous base budget over 2015-2018. 2018/19 was not included in the previous Medium Term Financial Plan.

16. The table above sets out the 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

17. Since inception the Council, (excluding Housing Revenue Account (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 support the Council's reserves, grants received in advance and amounts due to creditors. As at 31 March 2014 the Council had borrowed £93.2m from its own balances to fund capital expenditure. However, external borrowing is anticipated from December 2014 as cash balances are expected to have been reduced to a minimum level.
18. Revenue implications of the Capital Programme have been calculated on the assumption that most borrowing will be taken 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, local authorities are lending to each other at rates below the PWLB rate for short term periods and the inclusion of these rates has lowered the projected revenue implications of the Capital Programme over 2015-17.
19. 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. The table below demonstrates the impact on the MTFP of interest rates above those assumed in the Plan.

Table 3 – 2015/19 Additional costs over the Medium Term Financial Plan period of an unexpected increase in the Interest Rate

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
1% point higher	805	1,385	1,816	2,158
2% points higher	1,610	2,770	3,632	4,316

20. There is a risk that interest rates may increase or 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 Capital Programme over the longer term, beyond the current Medium Term Financial Plan period.
21. 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. A small amount of new fixed debt has already been included within the revenue implications. 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 Medium Term Financial Plan Period.

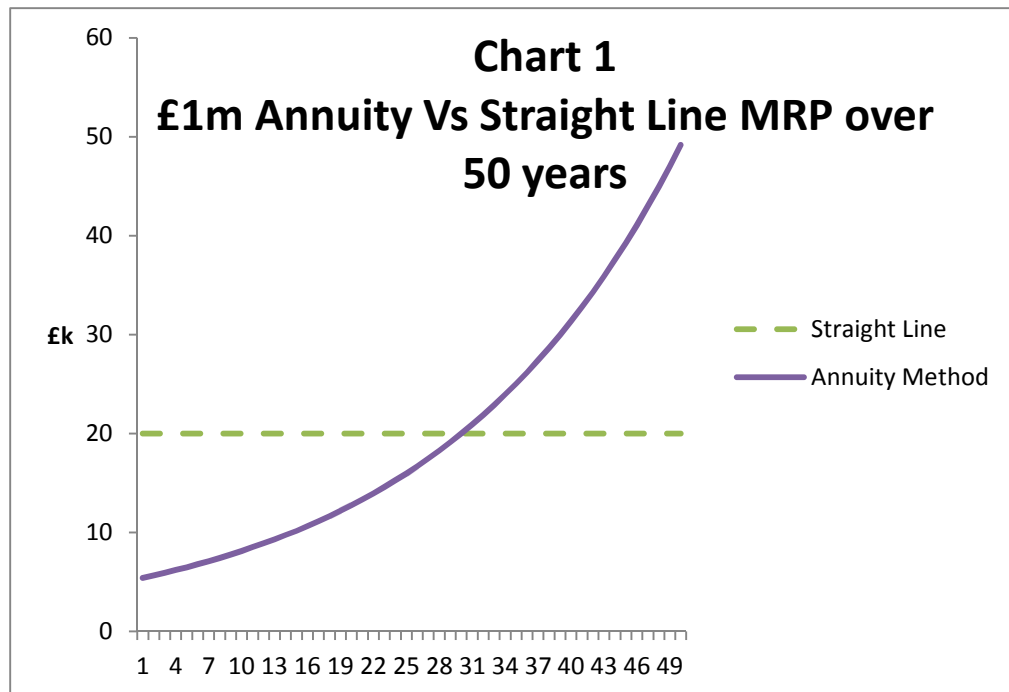
Minimum Revenue Provision (MRP)

22. 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).
23. DCLG guidance outlines different options Councils can use to calculate a prudent provision. The method used by the Council for the Medium Term Financial Plan 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
Land and Buildings	50
Highways, Roads, Bridges	30
IT Systems/Equipment, Fleet	10

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

24. 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 below, in a similar manner to which principal is repaid on a mortgage. This 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 Capital Programme to be minimised over the medium term, with higher MRP costs in future years beyond the current Medium Term Financial Plan period.



Capital Receipts

25. 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.
26. The Council has historically not achieved approved estimates for capital receipt within the Medium Term Financial Plan. Currently £1.3m of capital receipts are forecast for 2014/15 compared to an approved estimate of £7.5m.
27. Any shortfalls in capital receipts over the MTFP period will lead to increased revenue costs from the Capital Programme.

Table 4 –Capital Receipts movement between previous MTFP and current MTFP

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Original Estimates 13/14	(11,200)	(8,845)	(5,850)	-
Proposed estimates 14/15	(13,101)	(10,186)	(9,606)	(1,500)
Total Change	(1,901)	(1,341)	(3,756)	(1,500)

Reserve List

28. Appendix B includes a list of reserve schemes, which the Council may progress if the revenue impacts can be accommodated within the revenue budget.
29. 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.
30. The total costs of schemes on the reserve list are set out below. 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 medium term financial plan period.

Table 5 – Net Cost of Total Reserve List Schemes 2015/19

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	Total £000
Total Net Cost of Reserve List Schemes	3,150	2,425	90	85	5,750

Major Capital Schemes

School Places

31. A separate report was submitted to the Executive on 9 December 2014 refreshing the schools places programme. The Medium Term Financial Plan includes £106.8m to be spent on school places of which £67.3m is to be funded externally and £39.5m from council resources (i.e. borrowing). The figures for years 2-4 of the MTFP will be subject to further review as the details of Government grants and other funding becomes available.

32. The Executive report approved the extension of Roecroft Community Lower School from 300 places to 450 places by 1 September 2015. Commencement of consultations with the governing bodies of Leedon Community Lower School and Clipstone Brook Community Lower School for expanding the provision of school places within the same timescales was also approved.
33. The Council's school organisation plan for 2014-2019 has been published on the Council's website:
http://www.centralbedfordshire.gov.uk/Images/School%20Organisation%20Plan%202014_tcm6-58059.pdf#False

The Plan indicates specific pressure on places over the next five year period in each of the school place planning areas in Central Bedfordshire with need over the next two years in Stotfold, Shefford, Leighton Buzzard, Ampthill, Biggleswade, Cranfield and Silsoe to be met through new school place projects that have already received Executive approval or will be subject of reports in early 2015.

M1/A421 Junction 13 - Milton Keynes Magna Park

34. The Capital Programme includes a proposed upgrade to the existing A421, to a dual carriageway, between the section of Eagle Farm Roundabout and the M1 Junction13. Central Bedfordshire Council was successful in securing £1m from the Local Transport Board for a feasibility study and advanced work and £22.5m of Local Growth Area Funding from 2015 with a minimal net impact on the Council. The scheme is a joint Central Bedfordshire Council and Milton Keynes project.
35. The topographical work was undertaken in September 2014 and the feasibility report is expected in a draft form by end December 2014 and final March 2015. It is expected that planning, CPO, design and tender process will take place during 2015/16

Enhanced Waste Disposal Facility

36. The Enhanced Waste Disposal Facility line in the MTFP refers to the provision of a waste park at Thorn Turn near Dunstable. This will provide a Waste Transfer Station (WTS), a new Household Waste Recycling Centre (HWRC) to replace the Dunstable site at Frenches Avenue and also a 5,000t capacity Salt Barn.
37. The Project is currently in the Design stage, the Council having engaged Atkins to provide design and planning advice. A feasibility study has just been undertaken and a Detailed Business Case is currently being finalised for approval. The Project was presented to the Executive on 9 December 2014 and delegated authority to award a construction contract was approved.

Woodside Link

38. The Capital Programme includes expenditure of £24m on the Woodside Link Road over 2015 – 2019 (total project cost £42m). It is anticipated that this will be fully externally funded with £20m of this expected over the MTFP period. The Secretary of State granted development consent for the project on 30 September 2014 and the tender process is currently underway with the PQQ process completed. Construction is expected to commence in early 2015.

Flitwick Leisure Centre

39. The redevelopment of Flitwick Leisure Centre is in progress and the 2013/14 Medium Term Financial Plan included total project expenditure of £12.4m to be partially funded by £2.5m of capital receipts.
40. On 14 October 2014 Executive approved the increased gross expenditure budget of £12.4m to £14.7m with £2m of the increase funded by a new grant from Sport England, the remainder to be met by virements within existing Leisure Centre approved capital budgets.

Dunstable Leisure Centre

41. The redevelopment of Dunstable Leisure Centre is anticipated to have a net cost of £13m over 2015-2018. There is an associated income stream built into the MTFP from 2017/18. The figures have been included in the Medium Term Financial Plan in Appendix B.

Council Priorities

42. 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

43. 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.
44. 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.

Financial Implications

45. 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.

Equalities Implications

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

Background Papers

47. None

Appendices

Appendices:

Appendix A – Summary of changes against previous MTFP.

Appendix B – Full Capital Programme 2015-19 and Reserve list.

Appendix C – Reconciliation of detailed Capital MTFP to MTFP with slippage included

Appendix A - Revised Programme

Movement between 2014/15 Capital MTFP and 2015/16 Capital MTFP

Existing (2014/15 Capital MTFP)

Directorate Name	2015/16 Capital Budget			2016/17 Capital Budget			2017/18 Capital Budget			2018/19 Capital Budget			Total Budget 2015/16 - 2017/18		
	Gross Expenditure	External Funding	Net Expenditure	Gross Expenditure	External Funding	Net Expenditure	Gross Expenditure	External Funding	Net Expenditure	Gross Expenditure	External Funding	Net Expenditure	Gross Expenditure	External Funding	Net Expenditure
Children's Services	34,277	(33,677)	600	26,976	(25,293)	1,683	16,008	(15,408)	600	0	0	0	77,261	(74,378)	2,883
Community Services	42,310	(6,292)	36,018	25,579	(7,610)	17,969	15,003	(5,010)	9,993	0	0	0	82,892	(18,912)	63,980
Regeneration & Business Support	25,025	(17,080)	7,945	11,108	(2,855)	8,253	5,874	(7,023)	(1,149)	0	0	0	42,007	(26,958)	15,049
Corporate Resources	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ICS	5,295	0	5,295	4,700	0	4,700	6,300	0	6,300	0	0	0	16,295	0	16,295
Adult Social Care Health & Housing	5,111	(2,404)	2,707	4,650	(1,763)	2,887	2,900	(638)	2,262	0	0	0	12,661	(4,805)	7,856
Total	112,018	(59,453)	52,565	73,013	(37,521)	35,492	46,085	(28,079)	18,006	0	0	0	231,116	(125,053)	106,063

Revised (2015/16 Capital MTFP)

Directorate Name	2015/16 Capital Budget			2016/17 Capital Budget			2017/18 Capital Budget			2018/19 Capital Budget			Total Budget 2015/16 - 2018/19		
	Gross Expenditure	External Funding	Net Expenditure	Gross Expenditure	External Funding	Net Expenditure	Gross Expenditure	External Funding	Net Expenditure	Gross Expenditure	External Funding	Net Expenditure	Gross Expenditure	External Funding	Net Expenditure
Children's Services	31,311	(28,601)	2,710	28,109	(20,511)	7,598	38,033	(19,448)	18,585	20,275	(8,187)	12,088	117,728	(76,747)	40,981
Community Services	62,476	(29,340)	33,136	69,165	(27,310)	41,855	24,436	(12,111)	12,325	20,038	(6,111)	13,927	176,115	(74,872)	101,243
Regeneration & Business Support	2,619	(1,899)	720	10,608	(7,051)	3,557	5,898	(2,210)	3,688	100	0	100	19,225	(11,160)	8,065
Corporate Resources	45	0	45	0	0	0	0	0	0	0	0	0	45	0	45
ICS	11,458	(300)	11,158	5,890	0	5,890	5,441	0	5,441	5,550	0	5,550	28,339	(300)	28,039
Adult Social Care Health & Housing	5,111	(2,604)	2,507	4,425	(1,618)	2,807	2,900	(718)	2,182	2,900	(718)	2,182	15,336	(5,658)	9,678
Total	113,020	(62,744)	50,276	118,197	(56,490)	61,707	76,708	(34,487)	42,221	48,863	(15,016)	33,847	356,788	(168,737)	188,051

Change

Directorate Name	2015/16 Capital Budget			2016/17 Capital Budget			2017/18 Capital Budget			2018/19 Capital Budget			Total Budget 2015/16 - 2018/19		
	Gross Expenditure	External Funding	Net Expenditure	Gross Expenditure	External Funding	Net Expenditure	Gross Expenditure	External Funding	Net Expenditure	Gross Expenditure	External Funding	Net Expenditure	Gross Expenditure	External Funding	Net Expenditure
Children's Services	(2,966)	5,076	2,110	1,133	4,782	5,915	22,025	(4,040)	17,985	20,275	(8,187)	12,088	40,467	(2,369)	38,098
Community Services	20,166	(23,048)	(2,882)	43,586	(19,700)	23,886	9,433	(7,101)	2,332	20,038	(6,111)	13,927	93,223	(55,960)	37,263
Regeneration & Business Support	(22,406)	15,181	(7,225)	(500)	(4,196)	(4,696)	24	4,813	4,837	100	0	100	(22,782)	15,798	(6,984)
Corporate Resources	45	0	45	0	0	0	0	0	0	0	0	0	45	0	45
ICS	6,163	(300)	5,863	1,190	0	1,190	(859)	0	(859)	5,550	0	5,550	12,044	(300)	11,744
Adult Social Care Health & Housing	0	(200)	(200)	(225)	145	(80)	0	(80)	(80)	2,900	(718)	2,182	2,675	(853)	1,822
Total	1,002	(3,291)	(2,289)	45,184	(18,969)	26,215	30,623	(6,408)	24,215	48,863	(15,016)	33,847	125,672	(43,684)	81,988

Appendix B - Revised Programme

Directorate	Scheme Title	2015/16 Capital Budget			2016/17 Capital Budget			2017/18 Capital Budget			2018/19 Capital Budget			Total Budget 2015/16 - 2018/19		
		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	New School Places	28,151	(26,041)	2,110	25,359	(18,061)	7,298	35,283	(16,999)	18,285	17,975	(6,187)	11,788	106,768	(67,287)	39,482
Children's Services	Schools Capital Maintenance	2,100	(2,100)	0	2,000	(2,000)	0	2,000	(2,000)	0	2,000	(2,000)	0	8,100	(8,100)	0
Children's Services	Schools Devolved Formula Capital	460	(460)	0	450	(450)	0	450	(450)	0	450	0	0	1,360	(1,360)	0
Children's Services	Temporary Accommodation	400	0	400	200	0	200	200	0	200	200	0	200	1,000	0	1,000
Children's Services	Schools Access Initiative	200	(4,457)	200	100	0	100	100	0	100	100	0	100	500	0	500
Community Services	Highways Structural Maintenance Block	7,350	2,893	2,893	7,350	(4,086)	3,264	7,350	(3,962)	3,388	7,350	(3,586)	3,764	29,400	(16,091)	13,309
Community Services	Highways Fixed Cost Services (Lump Sums)	1,871	0	1,871	1,400	0	1,400	1,400	0	1,400	1,400	0	1,400	6,071	0	6,071
Community Services	Additional Local Highways Maintenance Funding	1,000	0	1,000	500	0	500	500	0	500	500	0	500	2,500	0	2,500
Community Services	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	Highways Planned Maintenance	870	0	870	870	0	870	870	0	870	870	0	870	3,480	0	3,480
Community Services	Highways Street Lighting (Efficiency)	1,163	0	1,163	500	0	500	500	0	500	500	0	500	2,663	0	2,663
Community Services	Highways Street Lighting Maintenance Backlog	750	0	750	0	0	0	0	0	0	0	0	0	750	0	750
Community Services	Highways Bridge Assessment and Maintenance	750	0	750	750	0	750	600	0	600	600	0	600	2,700	0	2,700
Community Services	Stratton Street Railway/Bridge	2,290	0	2,290	0	0	0	0	0	0	0	0	0	2,290	0	2,290
Community Services	West street Car park, Leighton Buzzard	360	0	360	0	0	0	0	0	0	0	0	0	360	0	360
Community Services	Fleet replacement programme	250	0	250	250	0	250	250	0	250	250	0	250	1,000	0	1,000
Community Services	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	Highways Flooding & Drainage	340	0	340	340	0	340	340	0	340	340	0	340	1,360	0	1,360
Community Services	Waste & Recycling Containers - Provision of Replacement bins & containers.	276	(10)	266	290	(10)	280	304	(10)	294	318	(10)	308	1,188	(40)	1,148
Community Services	Sundon/ Bluewater Landfill Sites	84	(84)	0	400	(400)	0	400	(400)	0	289	0	289	1,173	(594)	589
Community Services	Waste Infrastructure Grant	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Community Services	HWRC Redevelopment	4,500	0	4,500	1,400	0	1,400	0	0	0	0	0	0	5,900	0	5,900
Community Services	Thorn Turn Waste Park	4,500	0	4,500	7,100	0	7,100	7,100	0	7,100	7,100	0	7,100	11,600	0	11,600
Community Services	Leisure Strategy - delivery with stakeholders	300	0	300	300	0	300	0	0	0	0	0	0	600	0	600
Community Services	Library and Leisure Centre renewal in Dunstable	613	0	613	12,863	0	12,863	600	(1,000)	(400)	0	0	0	14,076	(1,000)	13,076
Community Services	Filtwick Leisure Centre redevelopment	8,747	(1,320)	7,427	0	(2,530)	(2,530)	0	0	0	0	0	0	8,747	(3,850)	4,897
Community Services	Leisure Centre Stock Condition/Asset Management Plan	500	0	500	350	0	350	250	0	250	250	0	250	1,350	0	1,350
Community Services	CCTV	40	0	40	40	0	40	0	0	0	0	0	0	40	0	40
Community Services	East West Rail (Western Section)	40	0	40	40	0	40	2,560	0	2,560	0	0	0	2,640	0	2,640
Community Services	Luton Dunstable Busway	2,000	0	2,000	2,000	0	2,000	0	0	0	0	0	0	4,000	0	4,000
Community Services	Rights of Way Network and Countryside and Heritage Sites - Structural Renewal and Improvement Works	275	0	275	275	0	275	275	0	275	275	0	275	1,100	0	1,100
Community Services	Outdoor Access and Greenspace Improvement Projects	350	(125)	225	350	(125)	225	350	(125)	225	350	(125)	225	1,400	(500)	900
Community Services	Houghton Hall Park PAP Renaissance and Renewal	1,377	(1,081)	296	889	(794)	95	62	(49)	13	36	(25)	11	2,364	(1,949)	415
Community Services	Woodside Link	5,938	(13,000)	(7,062)	11,000	(4,000)	7,000	3,000	(3,000)	0	4,000	0	4,000	23,938	(20,000)	3,938
Community Services	Dunstable A5/M1 Link Road Strategic Infrastructure	20	0	20	20	0	20	20	0	20	10	0	10	70	0	70
Community Services	Swiss Garden Heritage Lottery Fund Project	58	0	58	58	0	58	0	0	0	0	0	116	0	116	
Community Services	Biggleswade Transport Interchange	200	(148)	52	0	0	0	0	0	0	0	0	200	(148)	52	
Community Services	Leighton Buzzard Transport Interchange	200	0	200	0	0	0	0	0	0	0	0	200	0	200	
Community Services	A1 South Roundabout (Biggleswade)	309	0	309	0	0	0	0	0	0	0	0	309	0	309	
Community Services	Depot - South	2,300	0	2,300	1,700	0	1,700	0	0	0	0	0	4,000	0	4,000	
Community Services	Depot and salt barn - North	1,725	0	1,725	1,625	0	1,625	0	0	0	0	0	3,350	0	3,350	
Community Services	New highways contract mobilization	750	0	750	250	0	250	0	0	0	0	0	750	0	750	
Community Services	Tree backlog	250	0	250	250	0	250	0	0	0	0	0	500	0	500	
Community Services	Strategic infrastructure schemes	145	0	145	160	0	160	170	0	170	1,085	(1,000)	85	1,560	(1,000)	560

Appendix B - Revised Programme

Directorate	Scheme Title	2015/16 Capital Budget				2016/17 Capital Budget				2017/18 Capital Budget				2018/19 Capital Budget				Total Budget 2015/16 - 2018/19			
		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	A421 Mt Junction 13 - Milton Keynes Magna Park	7,020	(7,000)	20	14,020	(14,000)	20	2,520	(2,500)	20	0	0	0	23,560	(23,500)	60					
Community Services	Safety Camera upgrades - replacement of wet film to digital	250	0	250	500	0	500	500	0	500	0	0	0	1,250	(750)	0					
Community Services	LSTF	750	(750)	0	0	0	0	0	0	0	0	0	0	750	(750)	0					
Community Services	Grove Theatre access road	350	0	350	0	0	0	0	0	0	0	0	0	350	0	350					
Community Services	Estate parking improvements - match funded by HRA	100	0	100	100	0	100	100	0	100	0	100	100	400	0	400					
ICS	CBC Corporate Property Rolling Programme	2,000	0	2,000	2,000	0	2,000	2,000	0	2,000	0	2,000	2,000	8,000	0	8,000					
ICS	Health & Safety Rolling Programme	400	0	400	400	0	400	400	0	400	0	400	400	1,600	0	1,600					
ICS	Stratton Park Phase 5 Infrastructure	2,000	0	2,000	0	0	0	0	0	0	0	0	0	2,000	0	2,000					
ICS	Energy Efficiency Measures / Carbon Reduction Improvements	300	0	300	300	0	300	400	0	400	0	400	400	1,400	0	1,400					
ICS	Enhancement work to prepare for disposals	750	0	750	690	0	690	641	0	641	0	750	750	2,831	0	2,831					
ICS	Ivel Medical Centre	409	(300)	109	0	0	0	0	0	0	0	0	409	(300)	109						
ICS	Stratton PH4 Access	160	0	160	0	0	0	0	0	0	0	0	160	0	160						
ICS	Strategic Acquisitions	500	0	500	500	0	500	500	0	500	0	500	500	2,000	0	2,000					
ICS	Office Rationalisation (Assets and IT elements)	500	0	500	0	0	0	0	0	0	0	0	0	500	0	500					
ICS	Equipment for webcasting	10	0	10	0	0	0	0	0	0	0	0	0	10	0	10					
ICS	IT Strategic Investment	1,000	0	1,000	1,000	0	1,000	1,000	0	1,000	0	1,000	1,000	4,000	0	4,000					
ICS	IT Infrastructure Rolling Programme	500	0	500	500	0	500	500	0	500	0	500	500	2,000	0	2,000					
ICS	Customer First (Care Act Implementation)	445	0	445	0	0	0	0	0	0	0	0	0	445	0	445					
ICS	PSN Phase 3	500	0	500	0	0	0	0	0	0	0	0	0	500	0	500					
ICS	Network Upgrade (Security)	250	0	250	0	0	0	0	0	0	0	0	0	250	0	250					
ICS	EDMS Rollout	500	0	500	0	0	0	0	0	0	0	0	0	500	0	500					
ICS	Applications Architecture Phase 3	500	0	500	0	0	0	0	0	0	0	0	0	500	0	500					
ICS	SAN Replacement	0	0	0	500	0	500	0	0	0	0	0	0	500	0	500					
ICS	SAP Enhancements	200	0	200	0	0	0	0	0	0	0	0	0	200	0	200					
ICS	Purchase Card Industry Scheme Compliance - Systems & Security Investment	350	0	350	0	0	0	0	0	0	0	0	0	350	0	350					
ICS	IT - Website redesign and improved accessibility, including improved search tool	184	0	184	0	0	0	0	0	0	0	0	0	184	0	184					
Corp Res	Civica Revenue Module	45	0	45	0	0	0	0	0	0	0	0	0	45	0	45					
Regeneration	F10 (next generation broadband project)	0	0	0	3,805	(3,780)	25	3,815	(1,740)	2,075	0	0	0	7,620	(5,520)	2,100					
Regeneration	Local Broadband Infrastructure	1,899	(1,899)	0	4,073	(3,271)	802	668	(470)	198	0	0	0	6,640	(5,640)	1,000					
Regeneration	Land Drainage Work (Non Highways)	60	0	60	60	0	60	60	0	60	0	60	60	240	0	240					
Regeneration	Flood defence strategy schemes	150	0	150	0	0	0	0	0	0	0	0	0	150	0	150					
Regeneration	Market Towns Programme	435	0	435	2,620	0	2,620	1,305	0	1,305	0	0	0	4,360	0	4,360					
Regeneration	Developments tie promotion	75	0	75	50	0	50	50	0	50	0	40	40	215	0	215					
SCH & H	Disabled Facilities Grants Scheme	2,500	(768)	1,712	2,500	(668)	1,832	2,500	(668)	1,832	1,832	1,832	2,500	(668)	1,832	10,000	(2,792)	7,208			
SCH & H	Empty Homes	200	0	200	200	0	200	200	0	200	0	200	200	800	0	800					
SCH & H	Renewal Assistance	150	(50)	100	150	(50)	100	200	(50)	150	200	200	200	700	(200)	500					
SCH & H	Review of Accommodation/Day Support, "New Approaches to Outcome"	941	(941)	0	0	0	0	0	0	0	0	0	0	941	(941)	0					
SCH & H	Additional Gypsy and Traveller Sites	1,320	(825)	495	1,575	(900)	675	0	0	0	0	0	0	2,895	(1,725)	1,170					

Appendix B - Revised Programme

SUMMARY

Directorate Name	2015/16 Capital Budget			2016/17 Capital Budget			2017/18 Capital Budget			2018/19 Capital Budget			Total Budget 2015/16 - 2018/19		
	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	31,311	(28,601)	2,710	28,109	(20,511)	7,598	38,033	(19,448)	18,585	20,275	(8,187)	12,088	117,728	(76,747)	40,981
Community Services	62,476	(29,340)	33,136	69,165	(27,310)	41,855	24,436	(12,111)	12,325	20,038	(6,111)	13,927	176,115	(74,872)	101,243
Regeneration & Business Support	2,619	(1,899)	720	10,608	(7,051)	3,557	5,898	(2,210)	3,688	100	0	100	19,225	(11,160)	8,065
Corporate Resources	45	0	45	0	0	0	0	0	0	0	0	0	45	0	45
ICS	11,458	(300)	11,158	5,890	0	5,890	5,441	0	5,441	5,550	0	5,550	28,339	(300)	28,039
Adult Social Care Health & Housing	5,111	(2,604)	2,507	4,425	(1,618)	2,807	2,900	(718)	2,182	2,900	(718)	2,182	15,336	(5,658)	9,678
Total	113,020	(62,744)	50,276	118,197	(56,490)	61,707	76,708	(34,487)	42,221	48,963	(15,016)	33,847	356,788	(168,737)	188,051

Detailed Reserve List

Directorate	Scheme Title	2015/16 Capital Budget			2016/17 Capital Budget			2017/18 Capital Budget			2018/19 Capital Budget			Total Budget 2015/16 - 2018/19		
		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	Replacement food waste collection vehicles for north			0	0	350			0	0	0	0	0	0	0	350
Community Services	Collection vehicles/containers for South food roll out	150	0	150					0	0	0	0	0	0	0	150
ICS	CBC Corporate Property Rolling Programme	1,650	0	1,650	2,000	0	2,000	0	0	0	0	0	0	0	0	3,650
ICS	Dunstable Medical Centre	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ICS	Project Monarch	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ICS	Biggleswade Campus	300	0	300	0	0	0	0	0	0	0	0	0	0	0	300
Regeneration	ML - A6	30	0	30	40	0	40	50	0	50	60	60	60	180	0	180
Regeneration	Improved east west route	15	0	15	20	0	20	20	0	20	25	25	25	80	0	80
Regeneration	flitwick interchange	5	0	5	15	0	15	20	0	20	0	20	0	40	0	40
Corporate Resources	Invest to Save Schemes	1,000	0	1,000										1,000	0	1,000
HRA	match-fund parking proposals															
	Totals	3,150	0	3,150	2,425	0	2,425	90	0	90	85	85	85	5,750	0	5,750

Appendix C - Reconciliation of MTFP to slippage inclusive MTFP used for calculating Revenue Implications

	MTFP and forecast slippage 2015-2019					
	2014/15	2015/16	2016/17	2017/18	2018/19	
	£000	£000	£000	£000	£000	£000
-	116,771	113,020	118,197	76,708	48,863	
Gross Expenditure		90,416	94,558	61,366	39,090	
Slip 20% to next year		23,354	22,604	23,639	15,342	
Total Gross Expenditure		113,770	117,162	85,006	54,432	
Funded by:						
Grants/Contributions	(46,504)	(62,744)	(56,490)	(34,487)	(15,016)	
Slip 20% to next year		(50,195)	(45,192)	(27,590)	(12,013)	
Slip 20% from last year		(9,301)	(12,549)	(11,298)	(6,897)	
Total Grants/Contributions		(59,496)	(57,741)	(38,888)	(18,910)	
Capital Receipts		(13,101)	(10,186)	(9,606)	(1,500)	
Borrowing		(41,173)	(49,235)	(36,512)	(34,022)	
Total Funding		(113,770)	(117,162)	(85,006)	(54,432)	

This page is intentionally left blank

Central Bedfordshire Council

EXECUTIVE - 10 February 2015

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

Report of Cllr Maurice Jones, Deputy Leader and Executive Member for Corporate Resources (maurice.jones@centralbedfordshire.gov.uk) and Cllr Mrs Carole Hegley, Executive Member for Social Care, Health and Housing (carole.hegley@centralbedfordshire.gov.uk)

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

This report relates to a Non Key Decision

Purpose of this report

1. The report sets out the financial position of the Housing Revenue Account (HRA) and the Budget for 2015/16. There are proposals concerning the debt strategy, investment potential and rent increases.

RECOMMENDATIONS

The Executive is asked to recommend to Council to approve the HRA budget proposals for 2015/16, as follows:

1. note the HRA's debt portfolio and interest payments due in 2014/15;
2. note the intention to commence principal debt repayments from 2017/18, as approved previously by Council in February 2014;
3. approve the Landlord Business Investment Plan, which proposes HRA investment throughout the Council area;
4. approve development of the Independent Living scheme in Houghton Regis, to enable the creation of a high quality, mixed tenure development that will incorporate approximately 170 homes for older people, as well as strengthening the retail and community offer for the Town Centre;
5. approve the HRA Revenue Budget for 2015/16 and the Landlord Business Plan summary at Appendix A and B;

- 6. approve the 2015/16 to 2018/19 HRA Capital Programme at Appendix C; and**
- 7. approve the average rent increase of 2.20% for 2015/16 in line with the national rental increase as per Government guidance.**

Executive Summary

2. The predicted annual surpluses can be used for debt repayment, or to invest in the stock itself. Alternatively, the focus for investment could be new build homes as part of local regeneration schemes or to respond to demographic change. The strategic intent is a balanced approach towards investment and debt repayment. In line with this, it is proposed to commence the repayment of principal debt from 2017/18, such that by 2020/21 an estimated £10m of repayment could occur.
3. Flexibility has been built into this approach, such that if interest rates were to increase, for a sustained period, resources could be diverted to repay additional debt. The Business Plan indicates full debt repayment is achievable by 2040, based on a long term approach that continues to balance debt repayment and investment, taking into consideration likely longer term interest rate increases.
4. Following consultation with tenants a number of additional capital programmes have been identified to enhance the existing stock and estates, with a value of £24m over 6 years. This represents additional funding above that required to maintain the stock in a good condition, estimated at £42m over the same period.
5. Forecasts in the Landlord Business Plan indicate that over the 6 years to 2020/21 a further £41m is available, for new build and regeneration. Proposals for the use of these funds have been developed jointly with tenants, and include the conclusion of the Priory View Independent Living scheme, provision for an additional scheme at Houghton Regis, regeneration of 10 garage sites and other renewal schemes.
6. Whilst the majority of the Council's stock of housing is concentrated in the southern part of Central Bedfordshire, there is no impediment to the Council building new homes in the northern and eastern parts of this area. It is envisaged that the Housing Service will operate as a landlord within the whole area and not just the southern area.
7. With this in mind, there is a strategic commitment to build some new homes in the north and east of Central Bedfordshire, commencing in 2015/16. Work is underway to start on site to build new homes in the Ivel Valley or West Mid Beds locality during 2015.

The approach will be gradual, in light of the strategic priority to complete and implement the Sheltered Housing Review (SHR), which will require sufficient resources to be in place up to 2020 to ensure all schemes are modernised to an agreed standard.

8. The renewal of the Croft Green scheme, including provision of 23 new homes, is a model for the modernisation of other sheltered schemes. Once the SHR is complete, the Investment Plan will be re-balanced so that in the medium to longer term, the Landlord Business does operate, build homes and provide high quality services across the whole of Central Bedfordshire.
9. It is proposed to use part of the monies set aside for new build and regeneration to create a second Independent Living scheme in Houghton Regis, at a site already owned by the Council and incorporating the existing Red House Court scheme.
10. The budget proposes to increase tenants' rents by an average of 2.20%, in line with Government rent guidance, whilst also making provision of £0.200m specifically to tackle hardship and facilitate moves to smaller properties. This is the second lowest average increase over the last 12 years. When considered in the context of the proposals for enhancements, regeneration, and new housing provision this modest increase ensures that tenants will continue to benefit from great Council services at an affordable cost.

Budget Objectives

11. The primary objectives of the 2015/16 Budget have been:
 - i. Produce a sustainable 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;
 - ii. Maintain a realistic level of expenditure on management services including tenancy support to vulnerable people within our community;
 - iii. Provide for debt related interest costs based on a prudent estimation of interest rate charges;
 - iv. Maintain HRA Balances at £2.0m, with a further contingency of £0.2m in the Major Repairs Reserve (MRR);
 - v. A continuing commitment to a value for money approach as a means to reduce unit costs, increase income and maximise business efficiency.
12. The budget is based upon a range of economic, financial, operational and external assumptions that are presented separately in Appendix D.

Introduction

13. The HRA Budget balances priorities for maintaining 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 an HRA Budget, the aim is to achieve "win, win" (and where possible "win, win, win") solutions that have tenant support and are aligned to the Council's strategic priorities.
14. The HRA Budget for 2015/16 sits within the context of the thirty year Business Plan and so strikes a balance between current and future investment. The Business Plan includes annual budgets for the HRA Capital programme, balancing investment in the existing stock and sums set aside for new build. The Capital programme is financed from revenue contributions, use of Reserves, and capital receipts retained after housing pooling.
15. The brought forward balance of unapplied Capital Receipts was £2.346m on 1 April 2014. The brought forward balances for other HRA reserves was £20.710m at 1 April 2014, split between contingencies of £2.2m, an Independent Living Development Reserve of £12.116m and a Strategic Reserve of £6.394m.
16. By not repaying principal debt in the first 5 years following the self-financing settlement (April 2012), the Council can use its annual surpluses to build substantial reserves to support a major investment strategy that addresses the aspirations of existing tenants whilst expanding our offer to other residents across the whole area.

Self Financing Loan Portfolio and Debt Strategy

17. **Table 1** below shows the constituent loans and interest rates applicable in 2014/15:

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	0.66 (variable)	0.299
TOTAL	164.995		2.43 (average)	4.015

18. 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 0.66% for the year. This is considerably lower than any of the fixed rate debt.
19. The current expectation in financial markets is for rates to remain low in the short to medium term (1 to 3 years). 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 2% increase in the variable interest rate would incur an additional £0.900m cost per year.
20. It is worth considering the risk of increasing interest rates when the Council comes to refinance some or all of the £120m of fixed rate debt that matures from 2024 onwards. It is unlikely that the Council will achieve the preferential interest rates that were available at the time of the Self Financing settlement. The Business Plan takes a prudent view of this risk, anticipating a gradual increase in the average interest rate so that by 2023/24 an average of 5% is estimated.
21. As a means to reinforce the longer term viability of the Landlord Business Plan, it is proposed to commence principal debt repayment in 2017/18, with an intention to make annual repayments such that by 2021 approximately £10m of the self financing debt is repaid. Even allowing for an average interest cost of 5% from 2023/24, the Business Plan currently predicts complete debt repayment after 25 years, which is the financial year 2039/40. The Business Plan is in a strong position.
22. In order to avoid early redemption penalties, debt repayments that occur in the period to 2022 would be made from the variable rate proportion (£44.995m).

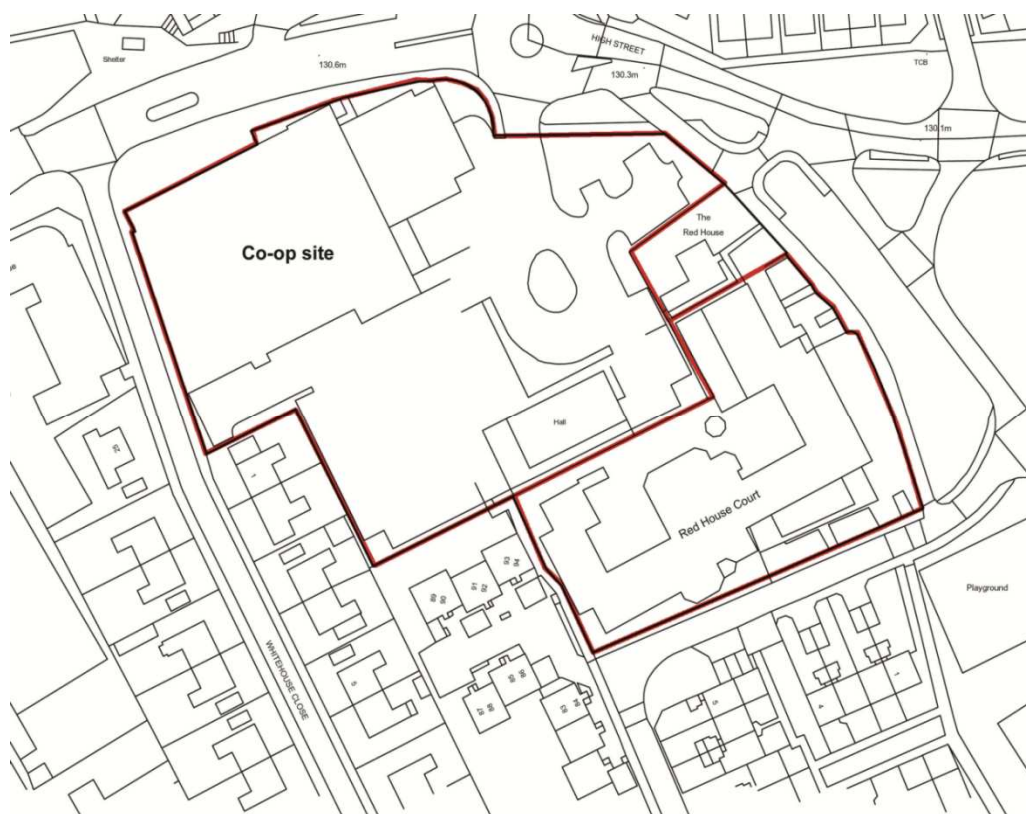
Landlord Business Investment Plan

23. The 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 well within the 30 year horizon of the Plan, taking into account prudent estimations of interest rates, inflation on expenditure and income, and Right to Buy (RtB) sales, whilst also delivering annual surpluses for investment.

24. In taking this approach, the HRA is forecast to have sufficient funds available to undertake £65m of additional investment, over and above that required to maintain the stock in good condition (circa £42m), in the next 6 years. During 2014/15 a Tenant Investment Panel (TIP) was created, to engage with tenants on the future investment potential so that their priorities are taken into account.
25. Whilst a recent stock condition survey confirmed that our stock is generally in good condition, there are inevitably areas where the stock would benefit from additional investment, modernisation, or other improvements. For example, several sheltered schemes are in need of modernisation, there are insufficient car parking spaces on many estates, and there are also opportunities to enhance the many communal green spaces surrounding tenant properties. Lighting in communal areas would benefit from updating, including the installation of Passive Infra Red (PIR) sensors to save energy.
26. The Investment Plan seeks to address the issues at sheltered schemes, with new Capital projects identified for Sheltered Housing Refurbishment and Re-provision, and the remodelling of the Croft Green scheme. The Investment Plan also identifies specific new capital projects to deliver enhanced green spaces, communal and PIR lighting, parking scheme improvements, and targeted door replacements for vulnerable tenants.
27. In addition to these proposals, the Investment Plan incorporates an annual provision, starting at £0.100m in 2015/16, for a tenant led programme to address tenant aspirations that are either outside of the current programme, or to bring forward works planned for the future. Over the 4 years of the Medium Term Financial Plan (MTFP) the proposed additional investment in existing stock amounts to £13.432m, and over 6 years it totals £24.149m.
28. The Plan seeks to balance improvements to 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 meet the challenges posed by demographic changes that are predicted to occur over future years. For example, accessible homes.
29. The Priory View Independent Living development in the centre of Dunstable illustrates the potential for HRA investment to extend the HRA's portfolio, mitigate the effect of RtB sales, and address the current under provision of Independent Living accommodation, which is both a local and national issue. The plan includes the provision of £4.125m to finance the completion of this project in 2015/16.

Mixed tenure, Independent Living scheme in Houghton Regis

30. The Council is working with Registered Providers (RPs) to enable the delivery of circa 600 units of affordable Independent Living accommodation by 2020, incorporating at least one scheme in each locality across Central Bedfordshire. Priory View will contribute 83 homes towards this goal, whilst Aldwyck Housing Association is delivering Greenfields in Leighton Buzzard.
31. However, it is unlikely that the remainder of the target will be achieved solely through partnerships with RPs. The Investment Plan includes £26.050m over the MTFP for the Housing Service to deliver a second Independent Living scheme in Houghton Regis. This scheme would provide homes for older people (aged over 55) including options for outright sale, rent and shared ownership.
32. This proposal is at an early stage, outlined here so that an engagement and consultation process can commence in taking forward the design and development process. The strategic intent is clear and therefore a substantial resource is proposed within the HRA Budget to deliver a mixed tenure, mixed use scheme.
33. The site envisaged is the whole area occupied by the vacant former Co Op site, the Red House and Red House Court (RHC). The red line boundary for the whole area of the proposed site is shown in **figure 1** below, the site being central to the town centre, adjoining the Green.



34. The re-development of this site is proposed in the context of the Sheltered Housing Review. Good progress is being made with the Review, indeed the Planning application for 23 homes and community benefits at Croft Green, Dunstable received approval in December 2014. The Review is an opportunity to consider the long term future of RHC, working closely with STAG (Sheltered Tenants Action Group) and residents. The Red House and also RHC are occupied and therefore the residents have been informed on a 'first to know' basis.
35. The former Co Op site is vacant and will return to the Council's full control. This presents an opportunity to be creative for the whole area and to optimise what can be achieved with limited resources. By achieving a solution across both sites, the Council is able to minimise disruption for residents of RHC (and potentially avert any anxiety), through re-development on a phased basis. This approach would provide alternative accommodation of a much higher standard quite literally on the doorstep of RHC itself.
36. Alternative sites for re-provision of RHC are limited. The proposal would involve two stages, with construction initially taking place on the Co Op site, to allow the current RHC residents to move to new Independent Living apartments, with much better facilities. The re-provision of the RHC scheme would provide a much higher quality offer in terms of the quality of accommodation and the facilities available.
37. This would enable the existing building (RHC) to be demolished, to then provide homes and new facilities on the existing site, as an integrated whole site development. It should be emphasised that these proposals are at an early stage and there has been only limited discussion with residents or local stakeholders, to influence the initial ideas.
38. In line with the principles of the Sheltered Housing Review, the offer to older people is being expanded and greatly improved. That offer is not just accommodation and facilities. In proposing a comprehensive mixed use scheme, there is opportunity to re-configure, re-provide and improve day opportunities for older people.
39. There is an under supply of suitable, accessible homes for older people in the Houghton Regis area. Providing attractive, accessible homes for older people creates an opportunity for people to downsize, so making larger family homes available in the Houghton Regis area to meet housing need. This type of "win, win" approach is well established within the Housing Service, as the best approach to optimise value and benefits.

40. At this early stage, the principles being examined are as follows –
 1. A mixed tenure development of circa 170 homes for older people
 2. An improved retail offer, complimentary to other retailers in Houghton Regis town centre
 3. An opportunity to deliver public services in the town centre
 4. An improved local heritage offer
 5. Creation of a community hub using space flexibly, complimentary to other community space/facilities within Houghton Regis. This would include provision of day opportunities for older people.
41. The proposed development is described as 'mixed use'. Further work is required to establish the specific uses (activities etc) that should be facilitated or contained within the proposed development. Options will be examined, once the built form, style (modern or traditional) and concept for the scale/mass of the building has been established. This will be consistent with the adopted master-plan, the Conservation area and take account of site constraints and economic viability.
42. This building will be a local landmark, to define and invigorate the town centre street scene. Therefore, a building as striking as Priory View is envisaged for this site. Whilst no thought has been given to the design and visual concept for a building, the principle of delivering high quality development is well established.
43. There is opportunity to work closely with the Houghton Regis Heritage Society, to consider how best to configure the Red House within and in relation to the overall re-development. No assumptions are made at this early stage, with regard to the options available, given that the Red House is currently occupied. Consideration will be given to ideas and options, following the appointment of an architect and discussion with the current tenants.
44. The proposal for circa 170 mixed tenure homes underpins MTFP efficiency savings, whilst also securing a significant expansion of the Council's housing stock on one site. In effect, the Housing Service is able to deliver a substantial number of new homes, efficiently, so making best use of resource to meet housing need.
45. The Council's reputation for bringing forward exciting and vibrant developments should be enhanced by the proposed development of a landmark building that will be comparable, but on a larger scale, to Priory View, in Dunstable.

46. In the context of growth proposals for land to the north of Houghton Regis, the opportunity to improve the town centre will ensure the sustainability of new development, enabling people to live in the town centre itself and to benefit from access to services, shops, local amenities and to enjoy the better offer being proposed for Houghton Regis, as much as for older people to benefit from Independent Living.

Garage sites and other opportunities to build new homes

47. The Council's stock includes 75 garage blocks. Many of these blocks are under occupied, often because the garages are too small for modern cars; also tenants prefer to park directly outside their homes.
48. The Investment Plan targets 10 of these sites for redevelopment over the MTFP, with plans to deliver 33 new homes incorporating a mixture of outright sale/shared ownership and affordable housing. The units for sale will help to recycle the monies invested in the developments, whilst the affordable housing will yield rental incomes and offset the potential impact of RtB sales.
49. Further to this programme of regeneration, the Investment Plan has made provision for an additional £1.125m to be made available for other Renewal schemes, over the period of the MTFP. Proposals that are being considered include the remodelling of stock that no longer meets the demand of prospective tenants, such as bedsits, or improvements to HRA shops with flats above them.
50. The Investment Plan can be used to enhance communities throughout Central Bedfordshire. As part of a more detailed and refined Capital programme it is proposed to identify and quantify a strategic commitment to the northern and eastern part of the Council area, such that £1.625m is allocated over the MTFP period, and a total of £2.625m is provisionally set aside for this purpose over the next 6 years. Once the Sheltered Housing Review is complete, the Investment Plan will be re-balanced so that in the medium to longer term, the Landlord Business does operate, build homes and provide high quality services across the whole of Central Bedfordshire.
51. These regeneration schemes will help to increase affordable housing supply throughout the Council area, and improve the estates currently within the HRA portfolio, thereby enhancing communities for the betterment of all residents. Over the 4 years of the MTFP the proposed investment for new build and regeneration amounts to £34.930m, and over 6 years it totals £36.718m.
52. The planned programme of investment represents a significant expansion in the type and extent of development activity. To date the increase in workload has been met by some additional internal capacity (comprised of 2 Development Managers) and the use of consultancy services.

Whilst specialist advice will continue to be required for bespoke pieces of work, it is important to strengthen the Development Team so that the new homes programme is established at a level that can be sustained, delivered to a high standard and is cost effective. Indeed, there are likely to be savings achieved by increasing the internal resources within the Development Team, so as to avoid the use of technical consultancy.

53. The Investment Plan has breadth and substance. The Council has set an ambitious and challenging development programme over the next 6 years. It is proposed therefore to increase capacity within the Housing Asset Management Team, with 3 new roles proposed at a total annual cost of £0.143m.

Landlord Business Plan & Reserves

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

£M	2015/16	2016/17	2017/18	2018/19
Income	(29.6)	(30.7)	(31.7)	(32.8)
Spending on Revenue	13.8	14.5	14.5	14.3
Direct Revenue Financing*	5.3	4.9	6.3	4.0
Debt costs (interest)	4.2	4.4	4.5	4.6
Debt repayment (principal)	0	0	1.4	1.5
Efficiency Savings	(0.2)	(0.1)	(0.1)	(0.0)
Contribution to ILDR**	6.5	6.2	4.8	3.5
Contribution to SR***	0.0	0.8	0.3	4.9
Net Balance	0.0	0.0	0.0	0.0

* Financing of Capital programme by Revenue

** Independent Living Development Reserve

*** Strategic Reserve

55. **Table 3** below shows a summary of the balances predicted to be available in Reserves as at 1 April 2015, together with transfers to and from Reserves over the period of the MTFP.

£M	2015/16	2016/17	2017/18	2018/19
<i>Independent Living Development</i>				
Balance b/fwd	9.2	11.5	4.7	0.0
Contributions to Reserve	6.5	6.2	4.8	3.5
Contributions from Reserve	(4.2)	(13.0)	(9.5)	(3.5)
Balance c/fwd	11.5	4.7	0.0	0.0

<i>Strategic</i>				
Balance b/fwd	5.3	1.5	0.3	0.4
Contributions to Reserve	0.0	0.8	0.3	4.9
Contributions from Reserve	(3.8)	(2.0)	(0.2)	(5.3)
Balance c/fwd	1.5	0.3	0.4	0.0
<i>Major Repairs</i>				
Balance c/fwd	0.2	0.2	0.2	0.2
<i>HRA Balances</i>				
Balance c/fwd	2.0	2.0	2.0	2.0
TOTAL c/fwd	15.2	7.2	2.6	2.2

Efficiency and Value for Money

56. Benchmarking analysis, undertaken on an annual basis, has provided activity-based comparisons with other providers on cost, quality and performance. This exercise has produced options for efficiency savings across the service.
57. The analysis provided by benchmarking has assisted the Housing Service to identify the areas where budgets are higher relative to other stock retained authorities. The benchmarking work has been a tool to point to areas where the Service can look to improve. This has enabled efficiencies in recent years in staffing, greatly reduced void periods, increased income and reduced repair costs.
58. The 2014/15 HRA efficiency programme is on target to deliver £0.395m of savings. A further efficiency programme has been designed, incorporating £0.160m of savings in 2015/16, with savings identified throughout the Plan.
59. Since 2011 the Council has been re-letting properties at formula rent, such that at the current time 30% of tenancies are on the formula rent. The gradual increase in properties at this rent level will augment rental income by approximately £0.025m per year. Further information on rents is given below.
60. The Housing Service undertook a full review of charging during 2013, to determine whether the current level of service charges recouped the actual cost of providing those services. The review found that in total there was a shortfall of £0.149m annually between what is charged and the cost. From 2014/15 the Council has started to close this gap, limited to a maximum increase of £1.10 per week.
61. 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. (The increased charge is included in the property advertisement on the Choice Based Lettings site.) It is proposed to continue this process in 2015/16, leading to additional income of £0.035m for 2015/16.

62. Further efficiency saving targets for 2015/16 include improved tenancy sustainment (£0.080m), leading to reduced void loss, and improvements in the lead time for gas servicing and the subsequent maintenance cycle (£0.030m).

Rent increase

63. Income from rents and service charges is the main revenue funding for the HRA. The Business Plan assumes that rents will rise in line with inflation. For the last 12 years the policy of rent convergence aimed to move social housing rents to a position where the rents for similar properties in the same area are the same, whether managed by a Local Authority or a Housing Association.
64. The Policy uses a formula to determine rent levels, which includes three main factors – property size, market value and local earnings – to determine the rent. Council rents, and also the rents of Aragon Housing Association (mainly the stock of the former Mid Beds District Council), are typically below the level of rent which the formula determines as the prescribed rent level in Central Bedfordshire, but under rent convergence the gap was closing.
65. Under rent convergence, rents increased by the Retail Prices Index (RPI) + 0.5% + a contribution to close the gap (where it exists) to the formula rent. This is limited to a maximum individual increase of RPI + 0.5% + £2 per week. In July 2013 the Department for Communities and Local Government (DCLG) announced that rent convergence will cease in 2015/16. Going forward, until 2024/25, all rents will increase by the Consumer Prices Index (CPI) + 1%.
66. Generally, the movement from RPI + 0.5% to CPI + 1% is not likely to result in a significant decrease or increase in rental income, as historically CPI has been approximately 0.5% below RPI. However inflation was particularly low in September 2014, the month used for the calculation, with RPI at 2.3% and CPI at only 1.2%. The switch from RPI to CPI has therefore resulted in a 0.6% lower increase to rents for 2015/16, equivalent to approximately £0.160m.
67. Approximately 70% of the Council's stock will not achieve formula rent by 2015/16, and the removal of rent convergence means this gap will not automatically reduce at the beginning of each rent year. This will have a revenue implication for the Business Plan, which is estimated to be £0.6m per annum. The value of this reduction in income will diminish over time because the Council re-lets properties to new tenants at the level of the formula rent.
68. Currently, Council rents are approximately 55% of current private sector market rents, which is affordable and within limits eligible for Housing Benefit.

69. In January 2014 the Corporate Resources Overview and Scrutiny Committee requested that further work be undertaken to consider concerns over a perception of inequity in rents, to determine whether tenants – in particular sheltered tenants – are being asked to pay an unfair level of rent. This exercise has now been undertaken and the review is presented at Appendix E.
70. There are nearly 700 sheltered tenancies amongst the Council's stock of housing, the majority of whom will be entitled to a state pension. Many (38%) are protected from the rent increase as they are on full Housing Benefit.
71. For those sheltered tenants who completely self-fund (20%) or partially fund (42%) their rent, the percentage rent increase will be lower than the increase to their state pension. This takes effect at the same time (April 2015) and will be 2.5% as a result of the Government's "triple lock" policy, which guarantees to raise pensions annually either in line with wages, inflation, or 2.5%.
72. Since 2013 a provision has been made in the budget, specifically to be able to support tenants who experience hardship. This resource has been used to provide financial advice and tackle debt and money management problems. It is also used to enable individual solutions to be achieved, for example to facilitate moves that enable tenants to downsize to smaller sized accommodation. This provision is budgeted at £0.200m for 2015/16.
73. It is proposed that rents are set in line with the Government's recommended rent increase of 2.20% for Central Bedfordshire Council tenants, for 2015/16. The proposed rent increase will result in an average increase per week of £2.38 from the 2014/15 average weekly rent of £108.17 to £110.55.
74. The Landlord Business Plan assumes an average annual increase to rents of 3.5%, in line with historical trends for inflation. This year's proposed increase of 2.2% is equivalent to an average of £67 less per property per annum when compared to the assumed level of rent increase. At a time of significant investment in the Council's Housing stock, amounting to £80m over the course of the MTFP, the current level of rent and proposed increase represent excellent value for money for our tenants.

HRA Capital Programme

75. The 2015/16 – 2018/19 Housing Revenue Account (HRA) detailed Capital programme is attached at Appendix C. The capital programme is financed by capital receipts from Right to Buy (RtB) and land sales, contributions from retained rentals (revenue contributions), and contributions from Reserves. A breakdown of this financing is shown at the bottom of Appendix A.

Engagement with Overview & Scrutiny Committees and Tenants

76. The draft HRA budget report was presented to the Social Care, Health & Housing and Corporate Resources Overview & Scrutiny committees during January 2015. Comments from these meetings are reported in appendix F.
77. The Investment Plan was presented to the Tenant Investment Panel (TIP) in November 2014, for their consideration. A more detailed presentation to this group, which included details of the new Independent Living proposal for Houghton Regis, occurred on 9 January 2015. A week later, the Budget and Investment Plan were presented to a joint meeting of the TIP, Way Forward Panel, Tenant Scrutiny Panel, and Sheltered Tenants Action Group (STAG).
78. Tenants discussed the recommendations from this report, commenting on the proposals for debt repayment, the revenue budget, the Investment Plan and capital programmes, and the proposed rent increase. The recommendations were unanimously approved, and in particular the Investment Plan was commended for the balance that has been struck between investment in the existing stock and new build/regeneration schemes. The inclusion of a number of programmes that addressed specific tenant aspirations raised at the TIP meetings was also noted and appreciated. Overall, the approach to developing the HRA Budget has been collaborative and consensus has been reached on the basis of common purpose, to make the best use of resources and achieve a balanced programme of investment.
79. The Independent Living proposal was greeted with great enthusiasm, though tenants stressed the importance of striking the correct balance as far as the tenure mix is concerned. This feedback will be taken into consideration and existing tenants at RHC, together with the tenant groups, will be involved in determining the balance of affordable rented, shared ownership and outright sale at the site.
80. Tenants agreed that it was right to become a landlord for the whole area and to expand the Investment Plan into the entire Council area. They felt that the amounts currently proposed for this investment were around the right level to provide important additional social housing to these localities whilst still concentrating the majority of resources in the areas of existing Council housing.
81. The proposal for the rent increase was approved, and was agreed to represent value for money in the context of the revenue and capital investment that is proposed over the next 6 years. In particular, tenants said that the delivery of new homes was important and the increase in rent was justified to ensure resources are in place to deliver planned investment.

Council Priorities

82. The proposed actions support the Council's priority to enhance Central Bedfordshire by 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 living conditions of the more vulnerable members of the community.

Corporate Implications

Legal Implications

83. The budget sets out the resources that are required to enable the authority to discharge its statutory obligations.

Financial Implications

84. These are set out within the report. In summary, the Business Plan shows that rental income will exceed the anticipated costs of managing the stock over the 30 year period, which will provide annual surpluses that will create opportunities for new investment, whilst repaying self-financing 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 Landlord Business Plan.
87. The main risk is in relation to the HRA Debt Strategy. The current average rate of interest on HRA debt is 2.43%. 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 Landlord Business Plan.
88. There are risks that relate to income collection, arising from Welfare Reform, in particular the spare room subsidy. The mitigation of those risks is a proactive approach being taken to enable tenants to move.

During the current year, 58 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. It is the Council's commitment to being customer focussed, supporting community self reliance and providing a high quality housing management service that is the primary mitigation of risk in this area.

89. The Housing Service is informing tenants of Benefit changes and allocating additional staff resources to monitoring and controlling arrears and supporting tenants to manage their income. It is apparent that the Housing Service is getting closer to customers, as a result of welfare reform and being able to resolve problems.
90. 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 Right to Buy were increased in April 2012. From July 2014 the maximum percentage discount for tenants living in houses increased from 60% to 70%.
91. This brought the maximum percentage discount for houses in line with the maximum for flats. At the same time the maximum cash discount was raised from £75,000 to £77,000, increasing annually in line with the Consumer Prices Index (CPI) from the previous September. Another proposed incentive is a reduction in the qualifying period from 5 to 3 years (subject to legislation).
92. Whilst there has been an increase in RtB sales since April 2012, with 30 sales in 2013/14 and 18 in the financial year up to the end of December 2014, this represents a small percentage of the stock of approximately 5,200 homes. For further information, see Appendix D.

Community Safety

93. The options set out in the report provide opportunities to work with community safety partners to ensure the best outcomes.

Sustainability

94. 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.

Conclusion and next Steps

95. It is forecast that the HRA will have a total of £16.713m in its Reserves as at 31 March 2015, comprising £9.177m in the Independent Living Development Reserve, £5.336m in the Strategic Reserve, and £2.200m of contingencies. In addition it is forecast that £3.146m will be available for capital investment from unapplied Capital Receipts.
96. As a result of the flexible debt strategy, the Council has an opportunity to increase the resources available to deliver its Council wide objectives by deferring debt repayments. It is proposed to defer debt repayments until 2017/18, whilst monitoring closely all fluctuations in interest rate costs.
97. A balance is to be struck between investing in improvements to the existing stock, developing Independent Living and other new build and regeneration projects, and making progress towards repayment of the self financing debt, so that future generations are not constrained by debt servicing costs.
98. Consultation with tenants, in particular the newly created Tenant Investment Panel (TIP), has helped to shape a balanced approach, and engagement will continue to evolve, in the hope that greater numbers will wish to influence the investment decisions going forward. In its first year the Tenant Investment Panel has supported in principle an ambitious programme of increased investment over the next 6 years, incorporating £65m of investment over and above that required to maintain the existing stock.
99. The PRIORITY View development is due to be completed during 2015/16, offering 83 affordable, modern and aspirational homes to some of the more vulnerable members of the community. Provision within the budget has been made to deliver another, larger Independent Living Scheme by 2018/19. The Investment Plan will be used to benefit all wards in Central Bedfordshire and to address the need for regeneration and the growing demand for affordable housing.
100. The Landlord Business begins a new phase, there being consensus and support for the principle that the landlord operations, investment and new development should benefit the whole of Central Bedfordshire and all residents within the area.

Appendices

101. 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 2015-2021
- iii. Appendix C: 2015/16 – 2018/19 Housing Revenue Account (HRA) detailed Capital programme
- iv. Appendix D: HRA Budget Assumptions
- v. Appendix E: Review into the Fairness of the Rent Restructuring System
- vi. Appendix F: Comments from the Overview and Scrutiny Committees.

Background Papers

102. 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	2015/16 £'000s	2016/17 £'000s	2017/18 £'000s	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	2024/25 £'000s	2025-45 £'000s	TOTAL £'000s
Income	(29,633)	(30,679)	(31,725)	(32,806)	(33,951)	(35,136)	(36,362)	(37,631)	(38,945)	(40,304)	(1,178,764)	(1,525,938)
Expenditure												
Housing Management	5,182	5,294	5,242	5,230	5,395	5,559	5,728	5,902	6,080	6,264	173,589	
Financial Inclusion	280	200	200	200	207	214	222	230	238	246	7,196	
Asset Management	1,134	1,146	1,123	1,100	1,138	1,178	1,219	1,262	1,306	1,352	39,565	
Corporate Services	1,710	1,710	1,710	1,710	1,770	1,832	1,896	1,962	2,031	2,102	61,525	
Maintenance	5,392	6,007	6,077	5,894	5,816	5,970	6,158	6,369	6,587	6,813	198,037	
Debt Related Costs	119	119	119	119	123	127	132	136	141	146	4,278	
Direct Revenue Financing	5,302	4,904	6,270	4,014	4,878	7,154	6,937	7,213	7,501	7,797	237,301	
Landlord Service Efficiency Programme	(160)	(105)	(65)	(35)	(50)	(52)	(54)	(55)	(57)	(59)	(1,738)	
Total Expenditure	18,959	19,274	20,675	18,232	19,277	21,983	22,238	23,018	23,827	24,661	719,754	931,897
Net Operating Expenditure	(10,675)	(11,405)	(11,050)	(14,575)	(14,674)	(13,153)	(14,124)	(14,613)	(15,118)	(15,644)	(459,011)	(594,041)
Interest payments	4,166	4,391	4,503	4,575	4,752	5,251	6,211	6,074	7,399	7,254	68,958	123,534
Debt Repayment	0	0	1,460	1,575	2,849	3,840	3,413	3,881	2,899	3,401	141,677	164,995
Net surplus	(6,509)	(7,014)	(5,087)	(8,425)	(7,073)	(4,063)	(4,500)	(4,658)	(4,821)	(4,989)	(248,375)	(305,512)
Memorandum												
Debt Repayment Profile												
Capital Financing Requirement (CFR) b/fwd	164,995	164,995	164,995	163,535	161,960	159,111	155,271	151,858	147,977	145,078	141,677	
Increase in CFR (int/ext borrowing)	0	0	0	0	0	0	0	0	0	0	0	
Reduction in CFR (principal repayment)	0	(0)	(1,460)	(1,575)	(2,849)	(3,840)	(3,413)	(3,881)	(2,899)	(3,401)	(141,677)	
CFR c/fwd	164,995	164,995	163,535	161,960	159,111	155,271	151,858	147,977	145,078	141,677	0	
Independent Living Development Reserve												
Balance Brought Forward	(9,177)	(11,511)	(4,687)	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	
Contribution to Reserve (from Net Surplus)	(6,509)	(6,176)	(4,813)	(3,501)	0	0	0	0	0	0	0	(20,998)
Contribution from Reserve (to fund expenditure)	4,175	13,000	9,500	3,500	0	0	0	0	0	0	0	
Balance Carried Forward	(11,511)	(4,687)	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	
Strategic Reserve												
Balance Brought Forward	(5,336)	(1,468)	(300)	(400)	0	(1,624)	(161)	(3,068)	(6,093)	(9,243)	(12,502)	
Contribution to Reserve (from Net Surplus)	0	(838)	(274)	(4,924)	(7,073)	(4,063)	(4,500)	(4,658)	(4,821)	(4,989)	(146,032)	(182,171)
Contribution from Reserve (to fund expenditure)	3,868	2,006	174	5,324	5,449	5,526	1,593	1,632	1,671	1,730	32,160	
Balance Carried Forward	(1,468)	(300)	(400)	0	(1,624)	(161)	(3,068)	(6,093)	(9,243)	(12,502)	(126,374)	
Major Repairs Reserve												
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
Balance Carried Forward	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	0
HRA Balances												
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	(102,343)	(102,343)
Balanced Carried Forward	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(104,343)	
												(305,512)
Unapplied HRA Capital Receipts												
Unapplied Capital Receipts b/fwd	(3,146)	(3,046)	(1,846)	0	(200)	(200)	(200)	(200)	(200)	(200)	(200)	
Contribution (to) Capital Receipts	(3,500)	(3,800)	(2,654)	(4,700)	(3,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(20,000)	
Use of Capital Receipts	3,600	5,000	4,500	4,500	3,000	1,000	1,000	1,000	1,000	1,000	20,000	
Unapplied Capital Receipts c/fwd	(3,046)	(1,846)	0	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	
Capital Programme												
Existing HRA Programme	12,770	11,910	10,944	13,838	13,327	13,680	9,530	9,845	10,172	10,527	289,461	406,004
Independent Living Development	4,175	13,000	9,500	3,500	0	0	0	0	0	0	0	30,175
Total Capital programme	16,945	24,910	20,444	17,338	13,327	13,680	9,530	9,845	10,172	10,527	289,461	436,179
Financed by:												
Capital Receipts	3,600	5,000	4,500	4,500	3,000	1,000	1,000	1,000	1,000	1,000	20,000	45,600
Revenue Contributions	5,302	4,904	6,270	4,014	4,878	7,154	6,937	7,213	7,501	7,797	237,301	299,271
Contributions from Reserves	8,043	15,006	9,674	8,824	5,449	5,526	1,593	1,632	1,671	1,730	32,160	91,308
Total Capital programme	16,945	24,910	20,444	17,338	13,327	13,680	9,530	9,845	10,172	10,527	289,461	436,179

This page is intentionally left blank

LANDLORD BUSINESS PLAN

<u>Revenue Account</u>	2015/16 £'000s	2016/17 £'000s	2017/18 £'000s	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s	TOTAL £'000s
Income	(29,633)	(30,679)	(31,725)	(32,806)	(33,951)	(35,136)	(193,931)
Expenditure	18,959	19,274	20,675	18,232	19,277	21,983	118,399
Net Operating Expenditure	(10,675)	(11,405)	(11,050)	(14,575)	(14,674)	(13,153)	(75,531)
Interest payments	4,166	4,391	4,503	4,575	4,752	5,251	27,638
Debt Repayment	0	0	1,460	1,575	2,849	3,840	9,724
Net surplus	(6,509)	(7,014)	(5,087)	(8,425)	(7,073)	(4,063)	(38,170)
<u>Memorandum</u>							
<u>Independent Living Development Reserve</u>							
Balance Brought Forward	(9,177)	(11,511)	(4,687)	0	(0)	(0)	
Contribution to Reserve (from Net Surplus)	(6,509)	(6,176)	(4,813)	(3,501)	0	0	(20,998)
Contribution from Reserve (to fund expenditure)	4,175	13,000	9,500	3,500	0	0	
Balance Carried Forward	(11,511)	(4,687)	0	(0)	(0)	(0)	
<u>Strategic Reserve</u>							
Balance Brought Forward	(5,336)	(1,468)	(300)	(400)	0	(1,624)	
Contribution to Reserve (from Net Surplus)	0	(838)	(274)	(4,924)	(7,073)	(4,063)	(17,172)
Contribution from Reserve (to fund expenditure)	3,868	2,006	174	5,324	5,449	5,526	
Balance Carried Forward	(1,468)	(300)	(400)	0	(1,624)	(161)	
<u>Major Repairs Reserve</u>							
Balance Carried Forward	(200)	(200)	(200)	(200)	(200)	(200)	
<u>HRA Balances</u>							
Balanced Carried Forward	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	
							(38,170)
<u>Unapplied HRA Capital Receipts</u>							
Unapplied Capital Receipts b/fwd	(3,146)	(3,046)	(1,846)	0	(200)	(200)	
Contribution (to) Capital Receipts	(3,500)	(3,800)	(2,654)	(4,700)	(3,000)	(1,000)	(18,654)
Use of Capital Receipts	3,600	5,000	4,500	4,500	3,000	1,000	
Unapplied Capital Receipts c/fwd	(3,046)	(1,846)	0	(200)	(200)	(200)	
<u>Capital Programme</u>							
Existing HRA Programme	12,770	11,910	10,944	13,838	13,327	13,680	76,469
Independent Living Development	4,175	13,000	9,500	3,500	0	0	30,175
Total Capital programme	16,945	24,910	20,444	17,338	13,327	13,680	106,644
<u>Financed by:</u>							
Capital Receipts	3,600	5,000	4,500	4,500	3,000	1,000	21,600
Revenue Contributions	5,302	4,904	6,270	4,014	4,878	7,154	32,522
Contributions from Reserves	8,043	15,006	9,674	8,824	5,449	5,526	52,522
Total Capital programme	16,945	24,910	20,444	17,338	13,327	13,680	106,644

This page is intentionally left blank

Capital Programme

Central Bedfordshire Council
Medium Term Financial Plan 2015-16

Housing Revenue Account (HRA) Capital Schemes

Stock Protection

Directorate	Scheme Title	2015/16 Capital Budget			2016/17 Capital Budget			2017/18 Capital Budget			2018/19 Capital Budget			Total Budget 2015/16 - 2018/19		
		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	111		111	120		120	130		130	466		466
HRA	Garage Refurbishment	31		31	32		32	33		33	34		34	130		130
HRA	Paths & Fences Siteworks	150		150	160		160	175		175	195		195	680		680
HRA	Estate Improvements	265		265	271		271	280		280	290		290	1106		1106
HRA	Energy Conservation	812		812	818		818	830		830	859		859	3319		3319
HRA	Roof Replacement	550		550	505		505	510		510	515		515	2080		2080
HRA	Central Heating	1040		1040	1050		1050	1060		1060	1070		1070	4220		4220
HRA	Installation	375		375	382		382	399		399	413		413	1569		1569
HRA	Rewiring	1202		1202	1231		1231	1247		1247	1371		1371	5051		5051
HRA	Kitchens and Bathrooms	78		78	25		25	26		26	27		27	156		156
HRA	Central Heating communal	286		286	292		292	302		302	313		313	1193		1193
HRA	Door Replacement	50		50	52		52	54		54	56		56	212		212
HRA	Lift Replacement	259		259	265		265	168		168	174		174	866		866
HRA	Structural Repairs	550		550	500		500	450		450	450		450	1950		1950
HRA	Aids and Adaptations	500		500	510		510	520		520	530		530	2060		2060
HRA	Capitalised Salaries	360		360	370		370	290		290	300		300	1320		1320
HRA	Asbestos Management	50		50	55		55	60		60	65		65	230		230
HRA	Drainage and Water Supply	100		100	102		102	104		104	106		106	412		412
HRA	Fire Safety & Alarm Systems	65		65	65		65	65		65	0		0	130		130
HRA	Assisted Living Technology															
	Subtotal - Stock Protection	6828	0	6828	6796	0	6796	6628	0	6628	6898	0	6898	27150	0	27150

Future Investment

Directorate	Scheme Title	2015/16 Capital Budget			2016/17 Capital Budget			2017/18 Capital Budget			2018/19 Capital Budget			Total Budget 2015/16 - 2018/19		
		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	Green Space Improvement	100		100	105		105	110		110	115		115	430		430
HRA	Stock Remodelling	200		200	205		205	260		260	277		277	942		942
HRA	Parking Schemes	125		125	130		130	135		135	140		140	530		530
HRA	Investment Panel Programme	100		100	103		103	106		106	110		110	419		419
HRA	Sheltered Housing Reprovision	0		0	0		0	0		0	4100		4100	4100		4100
HRA	Mixed Tenure Independent Living Scheme, Houghton Regis	50		50	15000	-2000	13000	11500	-2000	9500	3500		3500	30050	-4000	26050
HRA	Communal/PIR Lighting	700		700	700		700	0		0	0		0	1400		1400
HRA	Targeted Door Replacement	75		75	77		77	80		80	84		84	316		316
HRA	Garage Site Assembly	174		174	174		174	174		174	374		374	896		896
HRA	Greasey Park New Homes	600		600	0		0	0		0	0		0	600		600
HRA	Garage Site Development	318		318	1305		1305	2121		2121	890		890	4634		4634
HRA	Croft Green	3000		3000	1000		1000	0		0	0		0	4000		4000
HRA	Sheltered Housing Refurbishment	300		300	315		315	330		330	350		350	1295		1295
HRA	Priory View	4977	-852	4125	0		0	0		0	0		0	4977	-852	4125
HRA	New Homes, North Central Bedfordshire	125		125	500		500	500		500	500		500	1625		1625
HRA	Major Renewal Schemes	125		125	500		500	500		500	0		0	1125		1125
	Subtotal - Future Investment	10969	-852	10117	20114	-2000	18114	15816	-2000	13816	10440	0	10440	57339	-4852	52487
	Subtotal - Stock Protection	6828	0	6828	6796	0	6796	6628	0	6628	6898	0	6898	27150	0	27150
	Grand Total	17797	-852	16945	26910	-2000	24910	22444	-2000	20444	17338	0	17338	84489	-4852	79637

APPENDIX D

BUDGET ASSUMPTIONS: HRA BUDGET

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

Economic

- i. For 2015/16, inflation of 1% on pay, inflation on supplies and services where contractually agreed, 2.20% on rental income in line with the latest Government guidance, and 2% on other income;
- ii. Inflation of 1% on pay, inflation on supplies and services where contractually agreed, and 2% on other income, up until 2018/19, with 3.5% in the following years;
- iii. Inflation of 3.5% on rental income for future years (forecast of the Consumer Prices Index + 1%)
- iv. An average interest rate on debt of 2.52% in 2015/16, 2.66% in 2016/17, 2.73% in 2017/18 and 2.80% for 2018/19. This reflects the known average interest on fixed rate loans and forecasts for variable interest rates used in the Council's Treasury Management Strategy.

Financial

- i. HRA Balances to remain at approximately £2.000m 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 Extra Care Development (ECDR) and the Strategic Reserve (SR). The SR is then available to support the Business Plan, e.g. for further investment;
- iii. 1.6% allowance for voids in the calculation of rental income over the Plan period. Voids performance is improving which has enabled the Housing Service to achieve an efficiency saving during 2014/15.
- iv. An Efficiency Programme that is set out within the Landlord Business Plan Summary, which identifies a saving of £0.160m against the cost of the Housing Service in 2015/16, 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 £0.077m.
- iii. Central Government have increased the discounts in order to incentivise tenants to exercise their Right to Buy, as 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 amount 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 2014/15 the Council has useable HRA capital receipts of £2.895m, of which £1.253m is reserved for investment in one for one replacements
- 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. However if annual RtB sales were to make up a significant percentage of the Housing Stock , such that it diminished by 10% or more over the period to 31 March 2019, then this would pose a threat to the surpluses predicted both in the medium and longer term.
- 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.

APPENDIX E

REVIEW INTO THE FAIRNESS OF RENTS AT CENTRAL BEDFORDSHIRE COUNCIL TENANCIES

Background

Prior to the rent increase in April 2014, an exercise was undertaken to compare the level of proposed rent for 2014-15 to comparable rents in the private rented sector (market rents). A briefing note was prepared that included a specific analysis of Sheltered tenant rents compared to average market rents. This analysis was presented to the meeting of the Corporate Resources Overview and Scrutiny Committee that took place in January 2014.

The Committee requested that further work be undertaken to address concerns over a perception of inequity in rents, to determine whether tenants – in particular Sheltered tenants – are being asked to pay an unfair level of rent.

Rent Restructuring

Current rent levels are entirely the result of the Council's adherence, and the legacy authority of South Bedfordshire District Council's adherence, to the Government policy of rent restructuring. Any consideration of fairness must therefore look carefully at the origins and aims of that policy.

By the end of the last century a significant gap had emerged between the rents being charged for social housing provided by Housing Associations and the rents being charged by Local Authorities. At the beginning of this century, proposals emerged for a change to the way that social rents were calculated.

The Government's policy was initially set out in the December 2000 policy statement, "Quality and Choice: A Decent Home for All - The Way Forward for Housing". This was followed in March 2001 by a publication called "Guide to Social Rent Reforms", which sets out the details underpinning the ministerial statement. This guide is available at:

www.gov.uk/government/uploads/system/uploads/attachment_data/file/7836/139187.pdf

The policy statement reiterated Ministers' objectives for social rent setting that were originally set out in the Housing Green Paper, published in April 2000. These included:

- that social rents should remain affordable in the long term;
- that social rents should be fairer and less confusing for tenants;
- that there should be a closer link between rents and the qualities which tenants value in properties; and

- that unjustifiable differences between the rents set by local authorities and by registered social landlords should be removed.

The main objectives of the new policy were to keep social rents at affordable levels without compromising the financial health of the providers of the social housing. Ministers concluded that rent setting should take the following variables into account: property values (relative to national average), local earnings (relative to national average) and the bedroom size of each property.

Property values provide a relatively simple, transparent way of reflecting the relative attractiveness of properties to tenants. Local earnings moderate the impact of property values on rent levels, ensuring that rents reflect local incomes and are affordable. Property size helps to ensure a sensible pattern of rent differentials between properties with different numbers of bedrooms.

The guide goes on to state that:

“Ministers believe that the approach which they are proposing strikes an appropriate balance between the different policy objectives and that, once fully implemented, it will provide a system of social rents that is both more coherent and fairer to tenants.”

Under rent restructuring, for each and every property an individual formula rent is calculated, using the criteria above. Each year, rents are increased on the basis of the previous year's rent + Retail Prices Index (RPI) + 0.5%. Where properties are below the formula rent a maximum additional incremental rise of up to £2 per week is allowed, so that social rents become harmonised between Local Authorities and Housing Associations.

The government's aim in 2002 was for social rents to be harmonised by 2012, so that tenants would be paying the formula rent for their property, which would be identical for their type of property in their area regardless of whether they were the tenant of a Housing Association or Local Authority. In reality, due to the size of the average gap between Central Bedfordshire Council tenants' rent and the formula rent, and the £2 per week limit to the incremental rise, only 30% of the Council's homes have achieved this level.

This means that at the current time the rent at approximately 3,600 Council properties is lower than the appropriate social rent should be for their properties according to the Government formula, and they have benefitted from this situation for 12 years. The average difference between the formula rent and the current (transitional) rent is £3.10 (48 week charging basis), equating to a saving of approximately £150 per year.

In July 2013 the Department for Communities and Local Government (DCLG) announced that rent convergence will cease in 2015/16. Going forward, until 2024/25, all rents will increase by the Consumer Prices Index (CPI) + 1%. As a result of this change, the current tenancies identified above that have not

yet achieved the formula rent will no longer incur an incremental rise and will continue to pay a lower level of rent for at least 10 years.

Government guidelines advise authorities to relet properties (to non existing tenants) at the formula rent, and the Council has adopted this approach since 2011. However, where an existing tenant moves to another Council property they are charged the transitional, not formula rent. In this way existing tenants are not discouraged from moving to more appropriate accommodation (for example down sizing), whilst new tenants are aware of the rent they will be required to pay when the property is advertised.

The approach to rent setting prior to 2002

Councils and other Registered Providers were given greater freedom to set rents in the period prior to rent restructuring, resulting in a widening disparity between rent levels, to the benefit of Council tenants but the detriment of those in Housing Association properties.

The Council's approach to rent setting involved a points system, where points were awarded dependent on the improvements that each individual property had recently received. For example, if a property received a new kitchen or bathroom it would accrue more points, and the higher the final point score the higher the rent would be.

Whilst this system attempted to be equitable to tenants, based on the relative standards of their properties, it could be argued that tenants were paying a surcharge for refurbishment work that their previous rent payments had financed. Meanwhile the improvements in question would not necessarily increase the property value, nor would earnings necessarily be rising sufficiently to enable tenants to finance the increase in rent.

Just as rents are inextricably linked to property values in the private rented sector, there is a good justification for this to form part of the calculation for rents in the social rented sector, alongside a weighting for relative earnings and property size. This provides a more balanced approach to the setting of a social rent, which together with the provision of an incremental increase, has enabled an element of harmonisation across the sector.

The previous approach still has a limited influence and impact on current rents. Properties that benefitted from a significant amount of improvement work just prior to the change in rent setting methodology would have been on a higher rent than neighbouring, identical properties that did not receive this work until after the new rent regime was introduced.

The initial calculation of their new rent in 2002 would have used their current rent as a starting point, before applying RPI + 0.5% + an increment no higher than £2. As neighbouring properties would have had a range of rents being charged at this point, minor disparities have continued since that date (until formula rents are achieved). In the majority of cases these properties are still

paying less than the formula rent, but potentially more than their neighbouring properties, even though they could be in identical condition.

Affordability relative to the private rented sector

The average monthly rent for tenants is £432.60 (£99.83 per week), for the 2014-15 rent year. A comparison of Council rents to private rented market rents is shown in table 1, broken down by bedroom size.

Table 1: Comparison of average CBC rents to current average market rents (all tenancy types) (analysis undertaken Dec 13)

Bed Size	Average Monthly Rent 14-15	Advertised market rents							
		Sandy/ Bedford BRMA		Dunstable/ Luton/ Houghton Regis BRMA		Leighton Buzzard/ Milton Keynes BRMA		Arlesey/ Stevenage & North Herts. BRMA	
		Rental	%	Rental	%	Rental	%	Rental	%
1 bed	£379	£540	70	£515	74	£520	73	£465	82
2 bed	£431	£605	71	£745	58	£695	62	£590	73
3 bed	£467	£825	57	£970	48	£945	49	£700	67
4 bed	£504	£1,300	39	£1,520	33	£1,615	31	£1,025	49
Weighted Average	£433			£778					

With one exception, the Council's properties are all located within the Dunstable/ Houghton Regis/Leighton Buzzard BRMAs (Broad Rental Market Areas), so rents lie in the region of 31-74% of current market rents.

In order to fine tune this analysis, a weighted average can be used to show how Council rents compare to market rents. In this method the average takes into account the proportion of tenancies at each bedroom size, so that a realistic comparison can be made with the BRMA data above. This reveals that the average Council rent is £433, whereas a current comparable market rent is £778. In percentage terms this means that the rent paid by our tenants is 56% of the equivalent market rent.

The average monthly rent for sheltered tenants is £383.07 (£88.40 per week), for the 2014-15 rent year. A comparison of Council rents for Sheltered tenants compared to private rented market rents is shown in table 2, broken down by bedroom size.

Table 2: Comparison of sheltered rents to current average market rents (all tenancy types) (analysis undertaken Dec 13)

Bed Size	Average Monthly Rent 14-15	Advertised market rents							
		Sandy/ Bedford BRMA		Dunstable/ Luton/ Houghton Regis BRMA		Leighton Buzzard/ Milton Keynes BRMA		Arlesey/ Stevenage & North Herts. BRMA	
		Rental	%	Rental	%	Rental	%	Rental	%
1 bed	£378	£540	70	£515	73	£520	73	£465	81
2 bed	£421	£605	70	£745	57	£695	61	£590	71
Weighted Average	£383			£540					

As the Council's Sheltered schemes are all located within the Dunstable/ Houghton Regis/Leighton Buzzard BRMAs, proposed rents would lie in the region of 57-73% of current market rents.

However as the majority of Sheltered tenants (610 out of 687) occupy 1 bedroom properties a weighted average reveals that on average they are paying £383 per month compared to a market rent of £540. In percentage terms this means that the rent paid by Sheltered tenants would be 71% of the equivalent market rent.

Rents at Sheltered properties are closer to market rents largely because they are predominantly for 1 bed properties at the lower end of the rent spectrum. 1 bed properties will always attract the lowest rents, particularly in the market rented sector. It is important to note that the comparison above is between Council Sheltered and all private rented tenancy types, the majority of which will not be Sheltered. Demand for 1 bedroom non Sheltered accommodation in the private rented sector will be low, as it will be unsuitable for families.

Element of rents funded by Housing Benefit

Out of approximately 5,100 current tenancies, the rent due at 37% was funded entirely by Housing Benefit, so the calculation of the rent has no impact on their financial wellbeing. At a further 29% the rent is partially funded by Housing Benefit, so only a proportion of the rent has to be met from the tenant's income. This leaves 34% of tenants who entirely fund their rent.

Local Housing Allowance (LHA) is used to put a maximum cap on the amount of Housing Benefit payable at private rented properties. Whilst it is not currently used to restrict Housing Benefit due on Council tenancies it is worth noting that rents at each property in the Council's stock are all significantly below the Local Housing Allowance (LHA) rates for the Council's BRMAs.

Table 3: Proportion of tenancies that are funded by Housing Benefit – all tenancy types

	Total	%	1 Bed	2 Bed	3 Bed	4 Bed+
All accounts	5105		1453	1509	2004	139
Full Self Financed	1755	34.4	295	494	905	61
Full HB	1864	36.5	729	587	515	33
Partial Payers	1486	29.1	429	428	584	45
Full & Partial Hb	3350	65.6	1158	1015	1099	78

When we consider Sheltered tenancies in isolation, the proportion who are funded entirely by Housing Benefit is similar (38%) but a significantly higher proportion are on partial benefit (42%), leaving only 20% who are required to self-fund the total amount of their rent.

Table 4: Proportion of tenancies that are funded by Housing Benefit – Sheltered tenancies

Sheltered	Total	%	1 Bed	2 Bed	3 Bed	4 Bed+
Sheltered Accounts	676		594	82		
Full Self Financed	134	19.8	112	22		
Full HB	259	38.3	227	32		
Partial Payers	283	41.9	255	28	0	0
Full & Partial Hb	542	80.2	482	60	0	0

2015/16 Proposed increase of 2.2% - the context for Sheltered tenants

There are nearly 700 Sheltered tenancies amongst the Council's stock of housing, the majority of whom will be entitled to a state pension. Many (38%) are protected from the rent increase as they are on full Housing Benefit.

For those Sheltered tenants who completely self-fund (20%) or partially fund (42%) their rent, the percentage rent increase will be lower than the increase to their state pension. This takes effect at the same time (April 2015) and will be 2.5% as a result of the Government's "triple lock" policy, which guarantees to raise pensions annually either in line with wages, inflation, or 2.5%.

Conclusions

Overall Council rents are affordable, being on average 56% of equivalent market rents and well within Housing Benefit limits. Indeed, the majority of Council properties are provided at rent levels that are below the formula rent level and provide better value for money than do most Housing Association properties.

Whilst affordability relative to the private rented sector represents an important benchmark, individual affordability will be dependent upon individual circumstances and income. Housing Benefit is available to assist those tenants who do not have sufficient resources to fully fund their rent payments.

The rent at over a third of all tenancies is fully funded by Housing Benefit, so these tenants are unaffected by the cost of their rent. A further proportion, just under a third, receives partial assistance with their rent payments from Housing Benefit, assisting vulnerable tenants on lower incomes

The current system for calculating rents is based on a national standard endorsed by Central Government and designed to be affordable whilst allowing social landlords to generate sufficient income to maintain and improve their stock of social housing. The movement away from rent convergence from 2015/16 will ensure that the majority of tenants continue to benefit from rents below this national standard, for at least the next 10 years.

This page is intentionally left blank

Subject: Draft Housing Revenue Account Budget 2015/16

Summary: This note provides Members with the comments of the Corporate Resources and Social Care, Health and Housing Overview and Scrutiny Committees during their consideration of the above report in January 2015. These Minutes are presently draft until they are approved by the Committees at future meetings.

Social Care, Health and Housing Overview and Scrutiny Committee

1. In light of the report and presentation, Members of the Committee discussed proposals to build Council Housing in the north of Central Bedfordshire in addition to schemes provided by Aragon Housing Association. Members also welcomed the proposal to redevelop a site in Houghton Regis, which had been well received by residents.

RECOMMENDED that the Housing Revenue Account Budget and Investment Plan for 2015/16 – 2021 be endorsed.

Corporate Resources Overview and Scrutiny Committee

2. Councillor Egan declared a pecuniary interest at the outset of this item and prior to leaving the meeting raised comments with regards to the proposed increases to rent.
3. After delivering her statement to the Committee Cllr Egan left the Chamber and it was clarified that the Council could not increase rents by more than the Consumer Prices Index (CPI) +1% and that the proposed increases were in line with Central Government recommendations and adhered with guidelines. It was also noted that the Tenant Panel had been consulted and ratified the proposals.

RECOMMENDED that the Housing Revenue Account (Landlord Service) Business Plan be endorsed by the Committee.

(Cllr Murray abstained from voting).

This page is intentionally left blank

Central Bedfordshire Council

EXECUTIVE - 10 February 2015

Treasury Management Strategy and Treasury Policy

Report of Cllr Maurice Jones, Deputy Leader and Executive Member for Corporate Resources (maurice.jones@centralbedfordshire.gov.uk)

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

This report relates to a Key Decision

Purpose of this report

1. Central Bedfordshire Council agrees its Treasury Management Strategy annually and, as a minimum every three years, the Treasury Management Policy. This is in line with the CIPFA *Treasury Management in the Public Services: Code of Practice (2011 Edition)* and the CIPFA *Prudential Code for Capital Finance in Local Authorities (2011 Edition)*.

RECOMMENDATIONS

The Executive is asked to:-

1. **recommend to Council to approve the Treasury Management Policy, Treasury Management Strategy Statement and Prudential Indicators for 2015/16.**

Overview and Scrutiny Comments/Recommendations

2. This report went to Corporate Resources Overview and Scrutiny Committee on 27 January 2015.

Issues

3. The Council's TMSS has been underpinned by the adoption of CIPFA's Code of Practice, which includes the requirement for determining a treasury strategy covering the likely financing and investment activity for the forthcoming financial year.
4. An updated Treasury Management Policy Statement is attached in Appendix A; this was revised February 2012 and is subject to review every three years. A revised Treasury Management Strategy Statement (TMSS) is attached in Appendix B with the updated Prudential Indicators (PIs) in Appendix C.

5. The Code requires the TMSS for the year to be approved by Council, and it will be submitted for approval on 26 February 2015. Local arrangements require the Corporate Resources Overview and Scrutiny Committee to scrutinise the proposed revised strategy on an annual basis. Both the Policy and the Strategy documents are presented to the Executive for recommendation to Council.
6. This report summarises the changes to the Treasury Management Policy and the TMSS as a result of continuous review with our external advisers, Arlingclose Ltd.

Treasury Management Policy

7. It is the Council's responsibility to approve a Treasury Management Policy Statement on a periodic basis. This Policy will be reviewed every three years or whenever legislative, regulatory or best practice changes materially impact the effectiveness of the current Policy. This is the triennial review since the Treasury Management Policy Statement was adopted by Council in February 2012.
8. The Treasury Management Policy sets out the objectives and the regulatory requirements of the Council's treasury management function.
9. The principal objectives of this Treasury Management Policy Statement are to provide a framework within which:
 - i) risks which might affect the Council's ability to fulfil its responsibilities or which might jeopardise its financial security, can be identified;
 - ii) borrowing costs can be minimised whilst ensuring the long term security and stability of the Council's financial position; and
 - iii) Investment returns can be safely maximised and capital values maintained.
10. Section 4.2 of the Treasury Management Policy Statement (Appendix A) now also refers to the inclusion of a policy on the use of financial derivatives and a policy on apportioning interest to the Housing Revenue Account (HRA) in the TMSS.

Treasury Management Strategy Statement

11. CIPFA's *Treasury Management in the Public Services: Code of Practice (2011 Edition)* and their *Prudential Code for Capital Finance in Local Authorities (2011 Edition)* require local authorities to determine the TMSS on an annual basis.

12. The TMSS is included in Appendix B, and comprises three main components:
 - i) the 'External Context', drafted by the Council's external treasury advisers, Arlingclose Ltd. This is important as the rate at which the Council can borrow and the return it will obtain on cash balances are linked to the performance of the wider UK and global economy.
 - ii) a Borrowing Strategy, including the approved sources of long term and short term borrowing.
 - iii) an Investment Strategy, including the type of institutions the Council is able to place its cash with and the limits with each type of institution.
13. The TMSS also includes other items that the Council is required by CIPFA and the Department for Communities and Local Government (CLG) to include as part of its strategy, including the Council's policy on the use of financial derivatives, interest charges between the HRA and the General Fund and borrowing in advance of need.
14. The main changes to the TMSS for 2015/16 are:
 - a lower minimum credit rating criteria for acceptable investment counterparties from A- (or Moody's equivalent of A3) to BBB+ (or Moody's equivalent of Baa1), which was approved by Council at the meeting on 27 November 2014. This change allows the Council flexibility to continue to invest with the major UK banks and building societies in the event of further downgrades in credit ratings arising from the UK implementing the final bail-in provisions of the EU Bank Recovery and Resolution Directive. This implementation is planned to commence in January 2015, a year ahead of most other European countries.
 - an increase to the non-specified cash limit for total investment rated below a credit rating of A- (or Moody's equivalent of A3) from £15m to £30m in recognition of a lower minimum credit rating criteria as outlined above, which was approved by Council at the meeting on 27 November 2014.
 - a reduction in the investment counterparty limit for any single organisation (or group of organisations under the same ownership) from £15m to £7m in order to manage credit risk, which was approved by Council at the meeting on 27 November 2014.
 - an increase to the short-term fixed rate maturity borrowing limit from 20% to 30% of overall debt to facilitate an increased use of short term debt in line with the strategy for new borrowing. The intention is to minimise the revenue cost of debt, whilst acknowledging the latest market forecasts on interest rates.

- the PIs below have been updated in line with the latest draft Capital Programme.

Prudential Indicators

15. The CIPFA *Prudential Code for Capital Finance in Local Authorities (2011 Edition)* requires performance against specified key indicators to be measured and reported on a regular basis. The purpose of these indicators is to demonstrate prudence, affordability and sustainability.
16. An explanation of PIs is included in Appendix C. Key objectives of the indicators are to:
 - ensure borrowing is less than the Council's Capital Financing Requirement (CFR), demonstrating that all long term borrowing has been undertaken for capital purposes in line with the Prudential Code;
 - set the Council's authorised and operational borrowing limits;
 - show the percentage of the revenue budget required to be spent on financing borrowing; and
 - show the incremental impact of new capital investment decisions on Council Tax and housing rent levels.
17. PIs are monitored throughout the year and reported to Members at Council mid-year and at the end of the financial year, in line with the best practice requirements outlined in the CIPFA Treasury Management Code of Practice.
18. Appendix C also includes a statement of the Council's Minimum Revenue Provision (MRP) policy, used to calculate the amount the Council is annually required to set aside towards repaying its CFR.

Reason for decision

19. The reason for the decision is to put an effective treasury management framework in place for the Council.

Council Priorities

20. Effective management of the Council's financial resources and the associated risks is a cornerstone to the delivery of the Council's priorities.

Corporate Implications

21. The approved strategy aims to manage the risks to the Council's finances from instability in financial markets.

Legal Implications

22. The Council's treasury management activities are regulated by statute, professional codes and official guidance. The Local Government Act 2003 (the Act) provides the powers to borrow and invest as well as providing controls and limits. Under the Act, Communities and Local Government has issued Guidance on Local Government Investments (revised March 2010) to structure and regulate the Council's investment activities. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 – Statutory Instrument (SI) 3146 (plus subsequent amendments), develops the controls and powers within the Act. The SI requires the Council to undertake any borrowing activity with regard to the CIPFA *Prudential Code for Capital Finance in Local Authorities (2011 Edition)*. The SI also requires the Council to operate the overall treasury function with regard to the CIPFA *Treasury Management in the Public Services: Code of Practice (2011 Edition)* (the Code of Practice).

CIPFA revised the Code of Practice in November 2011 to reflect developments in financial markets and the introduction of the Localism Act for English local authorities.

Financial Implications

23. The Council's Treasury Management Strategy Statement (TMSS) and Prudential Indicators (PIs) are derived from the Medium Term Financial Plan (MTFP). The TMSS and PIs are explained within the body of this report.
24. Treasury management is defined by the Chartered Institute of Public Finance and Accountancy's (CIPFA) *Treasury Management in the Public Services: Code of Practice (2011 Edition)* as: 'The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'

Equalities Implications

25. There are no equalities implications arising from this report.

Conclusion and next Steps

26. There are no equalities implications arising from this report.

Appendices

27. Appendix A – Treasury Management Policy
Appendix B – Treasury Management Strategy Statement
Appendix C – Prudential Indicators and MRP Statement

Background Papers

28. None

This page is intentionally left blank

Appendix A – Treasury Management Policy Statement for 2015/16, 2016/17 and 2017/18

1. Introduction

In accordance with the Chartered Institute of Public Finance & Accountancy (CIPFA) *Treasury Management in the Public Services: Code of Practice (2011 Edition)*, this Council defines the policies and objectives of its treasury management activities as follows:

- 1.1 Treasury management is:
'The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'
- 1.2 This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council, and any financial instruments entered into to manage these risks.
- 1.3 This Council acknowledges that effective treasury management will provide support towards the achievement of its Medium Term Financial Plan (MTFP). It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.
- 1.4 The Chief Finance Officer will maintain suitable Treasury Management Practices (TMPs), setting out the manner in which this Council will seek to achieve its treasury management policies and objectives and how it will manage and control those activities.
- 1.5 The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt.
- 1.6 The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Council's investments followed by the yield earned on investments remain important but are secondary considerations.

2. Objectives

2.1 The principal objectives of this Treasury Management Policy Statement are to provide a framework within which:

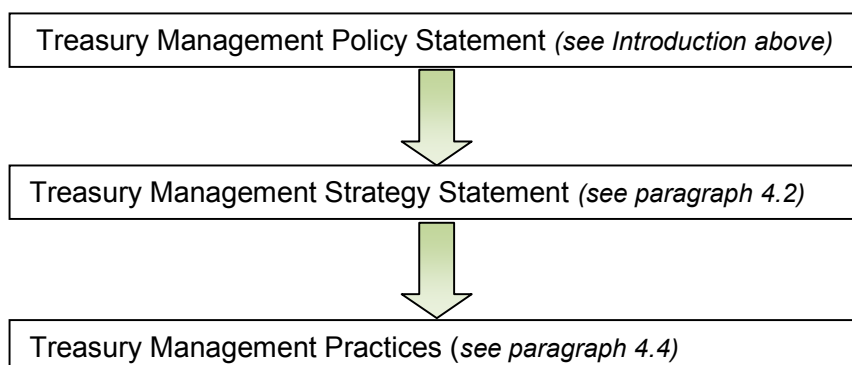
- i) risks which might affect the Council's ability to fulfil its responsibilities or which might jeopardise its financial security, can be identified and managed
- ii) borrowing costs can be minimised whilst ensuring the long term security and stability of the Council's financial position
- iii) investment returns can be safely maximised and capital values maintained.

3. Review Period

3.1 It is the Council's responsibility to approve a Treasury Management Policy Statement on a periodic basis. This Policy will be reviewed every three years or whenever legislative, regulatory or best practice changes materially impact the effectiveness of the current Policy. In the absence of changes, the next scheduled date for review is therefore January 2018.

4. Documentation

4.1 This document forms part of a suite of treasury documents intended to govern and regulate treasury management activity. The hierarchy of documents is set out below and the role of each is explained.



4.2 The annual Treasury Management Strategy Statement integrates with the Prudential Indicators set and will include the following:

- links to capital financing and treasury management Prudential Indicators for the current and forthcoming financial year
- a strategy for financing new borrowing requirements (if any) and refinancing maturing borrowing (if any) over the next year and for the restructuring of debt
- an Investment Strategy for the forthcoming year (*see paragraph 4.3*)
- the interest rate outlook against which the treasury activities are likely to be undertaken
- a policy on the use of financial derivatives
- a policy on apportioning interest to the Housing Revenue Account (HRA).

4.3 Based on the Department for Communities and Local Government (CLG) Guidance on Investments, the Council will produce as part of its annual Treasury Management Strategy Statement (TMSS), an Investment Strategy that sets out:

- the objectives, policies and strategy for managing its investments
- the determination of which Specified and Non Specified Investments the Council will utilise during the forthcoming financial year based on the Council's economic and investment outlook and the expected level of investment balances
- the limits for the use of Non-Specified Investments.

4.4 The Treasury Management Practices set out the detailed procedures behind the Treasury Management Policy including the manner in which the Council will seek to achieve the policy objectives, describing how it will manage and control the activities listed below:

- risk management
- performance measurement
- decision-making and analysis
- approved instruments, methods and techniques
- organisation, clarity and segregation of responsibilities, and dealing arrangements
- reporting requirements and management information arrangements
- budgeting, accounting and audit arrangements
- cash and cash flow management
- anti money laundering procedures
- staff training and qualifications
- use of external service providers
- corporate governance.

5. Basis of Policy

5.1 The Council will adhere to the regulatory framework set out in the following documents:

- a) CIPFA - Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (2011 Edition)
- b) CIPFA - The Prudential Code for Capital Finance in Local Authorities (2011 Edition)
- c) the Council's Constitution, Code of Financial Governance and the Scheme of Officer Delegations.

- 5.2 Copies of the documents listed above are available from the Chief Finance Officer, if required. The Council will be bound by the requirements of any successor documents to those listed above unless a subsequent review of this Policy deems them no longer to be appropriate.
- 5.3 In arriving at treasury management decisions, due cognisance will be taken of written and verbal advice provided by the Council's treasury advisers, Arlingclose Ltd, but neither the Council nor its officers will be bound by such advice.
- 5.4 The Chief Finance Officer will only transact with brokers, funders and counterparties who have accepted the principles set out in the current Bank of England's 'Non Investment Products Code (NIPS Code)' (<http://www.bankofengland.co.uk/markets/forex/fxjsc/nipscode.pdf>).

6. Reporting of Treasury Management Activities

- 6.1 The CIPFA Code of Practice requires the Chief Finance Officer to produce for adoption by Council:
- an annual TMSS which will set out the borrowing and investment strategy to be pursued in the coming year, along with the associated Prudential Indicators in compliance with the CIPFA *Prudential Code for Capital Finance in Local Authorities (2011 Edition)*
 - a mid-year review
 - an annual report on the performance of the treasury management function. This will cover the effects of the decisions taken and the transactions executed in the past year, and any circumstances of non-compliance with the Council's Treasury Management Policy Statement and Treasury Management Practices (TMPs).
- 6.2 Annually, the Corporate Resources Overview & Scrutiny Committee considers the proposed TMSS and receives quarterly treasury management performance information as part of the budget monitoring process.

This page is intentionally left blank

Appendix B - Treasury Management Strategy Statement (TMSS) 2015/16

Introduction

In a Council meeting on the 29th November 2012 the Council adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice (2011 Edition)* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year.

In addition, the Department for Communities and Local Government (CLG) issued revised *Guidance on Local Authority Investments* in March 2010 that requires the Council to approve an investment strategy before the start of each financial year.

This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the CLG Guidance.

The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Council's treasury management strategy.

External Context

Economic background: There is momentum in the UK economy, with a continued period of growth through domestically-driven activity and strong household consumption. There are signs that growth is becoming more balanced. The greater contribution from business investment should support continued, albeit slower, expansion of GDP. However, inflationary pressure is benign and is likely to remain low in the short-term. There have been large falls in unemployment but levels of part-time working, self-employment and underemployment are significant and nominal earnings growth remains weak.

The Monetary Policy Committee (MPC) meets on a monthly basis to set the Bank of England's Base Rate, which is used to control the level of inflation. The MPC aims for a target Consumer Price Index (CPI) inflation rate of 2.0%, within a range of plus or minus 1.0%, i.e., between 1.0% and 3.0%. The MPC's focus is on both the degree of spare capacity in the economy and the rate at which this will be used up, factors prompting some debate on the Committee. Despite two MPC members having voted for a 0.25% increase in rates at each of the monthly meetings since August 2014, some Committee members have become more concerned that the economic outlook is less optimistic than at the time of the *August Inflation Report*.

Credit outlook: The transposition of two European Union directives into UK legislation in the coming months will place the burden of rescuing failing EU banks disproportionately onto unsecured local authority investors. The *Bank Recovery and Resolution Directive* promotes the interests of individuals and small businesses covered by the Financial Services Compensation Scheme and similar European schemes, while the recast *Deposit Guarantee Schemes Directive* includes large companies into these schemes. The combined effect of these two changes is to leave public authorities and financial organisations (including pension funds) as the only senior creditors likely to incur losses in a failing bank after July 2015.

The continued global economic recovery has led to a general improvement in credit conditions since last year. This is evidenced by a fall in the credit default swap spreads of banks and companies around the world. However, due to the above legislative changes, the credit risk associated with making unsecured bank deposits will increase relative to the risk of other investment options available to the Council.

Interest rate forecast: The Council's treasury management adviser, Arlingclose Ltd, forecasts the first rise in official interest rates in August 2015 and a series of gradual increases thereafter, with the average Base Rate for 2015/16 being around 0.75%. Arlingclose Ltd believes the normalised level of the Base Rate post-crisis will range between 2.5% and 3.5%. The risk to the upside (i.e., interest rates being higher) is weighted more towards the end of the forecast horizon. On the downside, Eurozone weakness and the threat of deflation have increased the risks to the durability of UK growth. If the negative indicators from the Eurozone become more entrenched, the Bank of England will likely defer rate rises to later in the year. Arlingclose Ltd projects gilt yields on an upward path in the medium term, taking the forecast average 10 year Public Works Loan Board (PWLB) loan rate for 2015/16 to 3.40%.

A more detailed economic and interest rate forecast provided by Arlingclose Ltd is attached at Schedule 1.

Local Context

At 31st October 2014, the Council held £305.4m of borrowing and £18.6m of investments. This is set out in further detail at *Schedule 2*. Forecast changes in these sums are shown in the balance sheet analysis in Table 1 below.

Table 1: Balance Sheet Summary and Forecast

	31/3/14 Actual £m	31/3/15 Estimate £m	31/3/16 Estimate £m	31/3/17 Estimate £m	31/3/18 Estimate £m
General Fund CFR	254.1	296.2	330.9	372.4	400.1
HRA CFR	164.1	165.0	165.0	165.0	164.0
Total CFR	418.2	461.2	495.9	537.4	564.1
Less: Other long-term liabilities *	(16.8)	(16.3)	(15.7)	(15.3)	(14.6)
Borrowing CFR	401.4	444.9	480.2	522.1	549.5
Less: External borrowing **	308.0	291.6	282.2	275.6	274.6
Internal borrowing	93.4	153.3	198.0	246.5	274.9
Less: Usable reserves	103.1	98.7	94.3	83.5	76.5
Less: Working capital	24.7	25.0	25.0	25.0	25.0
Investments (or new borrowing)	34.4	(29.6)***	(78.7)	(138.0)	(173.4)

* PFI liabilities that form part of the Council's debt

** shows only loans to which the Council is committed and excludes optional refinancing

*** Forecast borrowing is based on the full Capital Programme being achieved. The capital budget, however, assumes that 20% of the Capital Programme will be deferred to the next financial year.

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves are the underlying resources available for investment. However, usable reserves include schools balances, those specific to the Housing Revenue Account (HRA) and other earmarked reserves. The usable General Fund reserves balance as at 31st March 2014 was £15.1m.

The Council has an increasing CFR due to the Capital Programme and continues to adhere to its long-standing strategy of holding low cash balances to reduce investment counterparty risk and contain its borrowing costs by utilising cash balances in lieu of borrowing externally. The balance sheet forecast in table 1 shows that the Council cannot fund future capital borrowing requirements by internally borrowing from its own cash balances going forward and will have to externally borrow from December 2014 as cash balances are expected to have been reduced to a minimum level.

CIPFA's *Prudential Code for Capital Finance in Local Authorities (2011 Edition)* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Council expects to comply with this recommendation during 2015/16.

Borrowing Strategy

At 31st October 2014, the Council held external borrowing of £305.4m and naturally maturing debt means that this would fall to £291.6m by the end of the 2014/15 financial year if no new borrowing was taken out. However, the balance sheet forecast in table 1 shows that the Council expects to take out new borrowing of around £30.0m in 2014/15 to finance its Capital Programme.

The primary objective when borrowing money is to strike an appropriate balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

Given the significant reductions in public expenditure and in particular local government funding, the borrowing strategy continues to address the key issue of affordability without compromising the longer term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term fixed rate loans instead.

By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal borrowing and short-term fixed rate loan finance will be monitored regularly against the potential for incurring additional costs when long-term borrowing rates are forecast to rise. Arlingclose Ltd will assist with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council considers borrowing additional sums at long-term fixed rates in 2015/16 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

In addition, the Council may take out short-term fixed rate loans (normally for up to one to three months) to cover unexpected cash flow shortages.

The approved sources of long-term and short-term borrowing are:

- the PWLB
- UK local authorities
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- UK public and private sector pension funds
- special purpose companies created to enable joint local authority bond issues
- capital market bond investors.

The Council and its predecessors raised the majority of the long-term borrowing from the PWLB. The Council plans to maintain minimum cash levels for operational purposes and source its borrowing needs from other local authorities on a short-term fixed rate rolling basis at around (or even below) the prevailing Base Rate in order to achieve significant revenue cost savings in the short term, over the more traditional route of borrowing long term from the PWLB.

The revenue implications of the capital programme over 2015/16 to 2018/19 have been calculated on the assumption that most new borrowing will be taken on a short-term fixed rate basis taking advantage of current low interest rates. This borrowing strategy assumes that interest rates will continue to remain low for longer than previously envisaged, in line with advice from Arlingclose Ltd who forecast the first rise in official interest rates in August 2015 and a series of gradual increases thereafter, with the average Base Rate for 2015/16 being around 0.75%. The average forecast Base Rates for 2016/17, 2017/18 and 2018/19 are 1.25%, 1.50% and 1.75% respectively.

There is a risk that interest rates may increase or 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, beyond the current Medium Term Financial Plan (MTFP) period. However, interest rate risk is preferable to credit risk which is minimised through the use of short-term fixed rate borrowing to enable the Council to maintain minimum operational cash balances.

The Council holds £13.5m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBOS have options during 2015/16, and although the Council understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Council will take the option to repay LOBO loans at no cost if it has the opportunity to do so.

Short-term fixed rate and variable rate loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the limits on the exposure to variable interest rates and short-term fixed rates in the treasury management indicators below.

Debt Rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Some bank lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, where this is expected to lead to an overall saving or reduction in risk.

Investment Strategy

At 31st October 2014, the Council held £13.7m of invested funds, (excluding externally invested funds) representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's investment balance has ranged between £12m and £64m. The Council plans to maintain minimum cash levels for operational purposes and therefore significantly lower levels are expected to be maintained in the forthcoming year.

Both the CIPFA Code and the CLG Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

Given the increasing risk and continued low returns from short-term unsecured bank deposits, the Council aims to effectively manage this risk by maintaining minimum cash levels for operational purposes.

The Council may invest its surplus funds with any of the counterparties in Table 2 below:

Table 2: Approved Investment Counterparties

Counterparty	
Banks and other organisations and securities whose lowest published long-term credit rating from Fitch, Moody's and Standard & Poor's is:	AAA
	AA+
	AA
	AA-
	A+
	A
	A-
	BBB+
UK Central Government (irrespective of credit rating)	
UK Local Authorities (irrespective of credit rating)	
Money market funds and other pooled funds	

In addition, the Council may invest with organisations and pooled funds without credit ratings, following an external credit assessment and advice from the treasury management adviser, Arlingclose Ltd.

Current Account Bank: The Council's current accounts are held with NatWest which is currently rated at the minimum BBB+ (or Moody's equivalent of Baa1) rating in Table 2. Should the credit ratings fall below BBB+, the Council may continue to deposit surplus cash with NatWest providing that any investments can be withdrawn on the next working day, and that the bank maintains a credit rating no lower than BBB- (or Moody's equivalent of Baa3) which is the lowest investment grade rating.

Registered Providers: Formerly known as Housing Associations, Registered Providers of Social Housing are tightly regulated by the Homes and Communities Agency and retain a high likelihood of receiving Government support if needed. The Council will consider investing with unrated Registered Providers with adequate credit safeguards, subject to receiving independent advice.

Building Societies: The Council takes additional comfort from the building societies' regulatory framework and insolvency regime where, in the unlikely event of a building society liquidation, the Council's deposits would be paid out in preference to retail depositors. The Council will therefore consider investing with unrated building societies where independent credit analysis shows them to be suitably creditworthy. The Government has announced plans to amend the building society insolvency regime alongside its plans for wide ranging banking reform, and any investments in lower rated and unrated building societies will therefore be kept under continuous review.

Money Market Funds: These funds are pooled investment vehicles consisting of money market deposits and similar instruments. They have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager. Fees of between 0.10% and 0.20% per annum are deducted from the interest paid to the Council. Funds that offer same-day liquidity and aim for a constant net asset value will be used as an alternative to instant access bank accounts.

Other Pooled Funds: These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. They offer enhanced returns over the longer term, but are potentially more volatile in the shorter term, and their performance and continued suitability in meeting the Council's investment objectives need be monitored regularly. The Council has one pooled fund, inherited from one of the legacy councils (The Lime Fund). This continues to be a sound investment and is monitored regularly with our treasury management adviser, Arlingclose Ltd. There are no plans currently to invest further in pooled funds.

Other Organisations: The Council may also invest cash with other organisations, for example by making loans to small businesses. Because of the higher perceived risk of unrated businesses, such investments may provide considerably higher rates of return. They will however only be made following a favourable external credit assessment and on the specific advice of the Council's treasury management adviser, Arlingclose Ltd.

Externally Managed Funds: these are managed on a discretionary basis by a fund manager. The manager has scope to add value through the use of the investments listed in table 2 and must operate within the same limits. Performance is monitored and measured against the benchmark set for the fund, prevailing economic conditions and investment opportunities.

Risk Assessment and Credit Ratings: The Council uses long-term credit ratings from the three main rating agencies Fitch Ratings, Moody's Investors Service and Standard & Poor's Financial Services to assess the risk of investment default. The lowest available counterparty credit rating will be used to determine credit quality, unless an investment-specific rating is available. Credit ratings are obtained and monitored by the Council's treasury adviser, Arlingclose Ltd, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made; and
- consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a BBB+ rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other Information on the Security of Investments: The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council’s cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

Specified Investments: The CLG Guidance defines specified investments as those:

- denominated in pound sterling
- due to be repaid within 12 months of arrangement
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government,
 - a UK local authority, parish council or community council, or
 - a body or investment scheme of “high credit quality”.

The Council defines “high credit quality” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher.

Non-specified Investments: Any investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long term investments, i.e., those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition of high credit quality. Limits on non-specified investments are shown in Table 3 below.

Table 3: Non-Specified Investment Limits

	Cash limit
Total long term investments	£10m
Total investments without credit ratings or rated below A-	£30m
Total investments in foreign countries rated below AA+ by individual country	£10m

Investment Limits: The Council's general revenue reserves available to cover investment losses are forecast to be £15.1m on 31st March 2015. In order that no more than £7m of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £7m. A group of banks under the same ownership will be treated as a single organisation for limit purposes.

Table 4: Investment Limits

	Cash limit
Any single organisation, except the UK Central Government	£7m each
UK Central Government	unlimited
UK Local Authorities	unlimited
Any group of organisations under the same ownership	£7m per group
Any group of pooled funds under the same management	£10m per manger
Negotiable instruments held in a broker's nominee account	£10m per broker
Foreign countries	£10m per country
Registered Providers	£10m in total
Unsecured investments with Building Societies	£10m in total
Loans to small businesses	£10m in total
Money Market Funds	70% in total

Liquidity management: Cash flow forecasting is used to determine the maximum period for which funds may prudently be committed. Limits on long term investments are set by reference to the Council's Medium Term Financial Plan and cash flow forecast.

Interest Rate Exposures: This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable interest rate exposures, expressed as the proportion of net principal borrowed will be:

Table 5: Limits on Fixed and Variable Rate Exposures

	2015/16	2016/17	2017/18
	%	%	%
Upper limit on fixed rate exposure	100	100	100
Upper limit for variable rate exposure	40	40	40

The Council is exposed to risk in terms of its exposure to 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 40% of its borrowings in variable rate loans.

Maturity Structure of Borrowing: This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Upper Limit %	Lower Limit %
Under 12 months	30	0
12 months - 24 months	20	0
24 months - 5 years	60	0
5 years - 10 years	100	0
10 years - 20 years	100	0
20 years - 30 years	100	0
30 years - 40 years	100	0
40 years - 50 years	100	0
50 years and above	100	0

The increased 30% upper limit for 'Under 12 months' will accommodate the Council's borrowing strategy of taking most of its new borrowing on a short-term fixed rate basis to take advantage of current low interest rates. Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment, e.g., LOBO option dates (on which the lender can require payment) are treated as potential repayment dates.

Principal Sums Invested for Periods Longer than 364 days: The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end will be:

	2015/16	2016/17	2017/18
Limit on principal invested beyond year end	£10m	£10m	£10m

Other Items

There are a number of additional items that the Council is obliged by CIPFA and CLG to include in its Treasury Management Strategy Statement.

Policy on Use of Financial Derivatives: Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g., interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g., LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e., those that are not embedded into a loan or investment).

The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

Policy on Apportioning Interest to the HRA: The Council has adopted a two pooled approach and all the costs/income arising from long-term loans (e.g., premiums and discounts on early redemption) will be either charged from or credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured and interest transferred between the General Fund and HRA at the Council's average interest rate on investments, adjusted for credit risk.

Investment Training: The needs of the Council's treasury management staff for training in investment management are assessed regularly as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.

Staff regularly attend training courses, seminars and conferences provided by Arlingclose Ltd and CIPFA. Relevant staff are also encouraged to study professional qualifications from CIPFA, the Association of Corporate Treasurers and other appropriate organisations.

Investment Advisers: Arlingclose Ltd is the appointed treasury management advisers providing specific advice on investment, debt and capital finance issues.

Investment of Money Borrowed in Advance of Need: The Council may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Council’s overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit of £533.4m million. The maximum period between borrowing and expenditure is expected to be two years, although the Council is not required to link particular loans with particular items of expenditure.

Other Options Considered

The CLG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Financial Officer believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower risk of losses from credit related defaults, but any such losses will be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses will be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs will be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long term costs will be less certain

Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income. Unable to deliver the full Capital Programme.	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs will be less certain
---------------------------	--	---

Schedule 1 – Arlingclose Economic & Interest Rate Forecast

(drafted by Arlingclose Ltd, October 2014)

Underlying assumptions:

- The UK economic recovery has continued. Household consumption remains a significant driver, but there are signs that growth is becoming more balanced. The greater contribution from business investment should support continued, albeit slower, expansion of GDP throughout this year.
- We expect consumption growth to slow, given softening housing market activity, the muted outlook for wage growth and slower employment growth. The subdued global environment suggests there is little prospect of a significant contribution from external demand.
- Inflationary pressure is currently low and is likely to remain so in the short-term. Despite a correction in the appreciation of Sterling against the US dollar, imported inflation remains limited. We expect commodity prices will remain subdued given the weak outlook for global growth.
- The MPC's focus is on both the degree of spare capacity in the economy and the rate at which this will be used up, factors prompting some debate on the Committee.
- Nominal earnings growth remains weak and below inflation, despite large falls in unemployment, which poses a dilemma for the MPC. Our view is that spare capacity remains extensive. The levels of part-time, self-employment and underemployment are significant and indicate capacity within the employed workforce, in addition to the still large unemployed pool. Productivity growth can therefore remain weak in the short term without creating undue inflationary pressure.
- However, we also expect employment growth to slow as economic growth decelerates. This is likely to boost productivity, which will bear down on unit labour costs and inflationary pressure.
- In addition to the lack of wage and inflationary pressures, policymakers are evidently concerned about the bleak prospects for the Eurozone. These factors will maintain the dovish stance of the MPC in the medium term.
- The continuing repair of public and private sector balance sheets leave them sensitive to higher interest rates. The MPC clearly believes the appropriate level for the Base Rate for the post-crisis UK economy is significantly lower than the previous norm. We would suggest this is between 2.5% and 3.5%.

- While the ECB is likely to introduce outright Quantitative Easing (QE), fears for the Eurozone are likely to maintain a safe haven bid for UK government debt, keeping gilt yields artificially low in the short term.
- The probability of potential upside risks crystallising have waned a little over the past two months. The primary upside risk is a swifter recovery in the Eurozone.

Forecast:

- Arlingclose Ltd continues to forecast the first rise in official interest rates in Q3 2015; general market sentiment is now close to this forecast. There is momentum in the economy, but inflationary pressure is benign and external risks have increased, reducing the likelihood of immediate monetary tightening.
- We project a slow rise in the Base Rate. The pace of interest rate rises will be gradual and the extent of rises limited; we believe the normalised level of Base Rate post-crisis to range between 2.5% and 3.5%.
- The short run path for gilt yields is flatter due to the deteriorating Eurozone situation. We project gilt yields on an upward path in the medium term.

	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Official Bank Rate													
Upside risk				0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.50	0.50	0.75	0.75	1.00	1.00	1.25	1.25	1.50	1.50	1.75	1.75	1.75
Downside risk			0.25	0.25	0.50	0.50	0.75	0.75	1.00	1.00	1.00	1.00	1.00
3-month LIBID rate													
Upside risk	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.60	0.75	0.90	1.05	1.20	1.35	1.50	1.60	1.70	1.80	1.90	2.00	2.10
Downside risk	0.15	0.20	0.30	0.40	0.55	0.65	0.75	0.85	-0.95	-0.95	-0.95	-0.95	-1.00
1-yr LIBID rate													
Upside risk	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	1.00	1.05	1.20	1.35	1.50	1.65	1.80	1.95	2.10	2.20	2.30	2.40	2.50
Downside risk	-0.15	-0.20	-0.30	-0.50	-0.55	-0.60	-0.65	-0.70	-0.75	-0.80	-0.80	-0.80	-0.80
5-yr gilt yield													
Upside risk	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55	0.55
Arlingclose Central Case	1.45	1.60	1.75	1.90	2.00	2.15	2.25	2.35	2.45	2.50	2.55	2.60	2.60
Downside risk	-0.35	-0.35	-0.35	-0.40	-0.45	-0.50	-0.55	-0.60	-0.65	-0.70	-0.70	-0.70	-0.70
10-yr gilt yield													
Upside risk	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55	0.55
Arlingclose Central Case	2.00	2.10	2.20	2.30	2.40	2.50	2.60	2.70	2.75	2.80	2.85	2.90	2.95
Downside risk	-0.35	-0.35	-0.35	-0.40	-0.45	-0.50	-0.55	-0.55	-0.55	-0.60	-0.60	-0.60	-0.60
20-yr gilt yield													
Upside risk	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55	0.55
Arlingclose Central Case	2.55	2.65	2.75	2.85	2.95	3.00	3.05	3.10	3.15	3.20	3.25	3.30	3.30
Downside risk	-0.35	-0.35	-0.35	-0.40	-0.45	-0.50	-0.50	-0.55	-0.55	-0.60	-0.60	-0.60	-0.60
50-yr gilt yield													
Upside risk	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55	0.55
Arlingclose Central Case	2.65	2.70	2.80	2.90	3.00	3.05	3.10	3.15	3.20	3.25	3.30	3.55	3.60
Downside risk	-0.35	-0.35	-0.35	-0.40	-0.45	-0.50	-0.55	-0.55	-0.55	-0.60	-0.60	-0.60	-0.60

Schedule 2 – Existing Investment & Debt Portfolio Position

	31/10/14 Actual Portfolio £m
External Borrowing:	
PWLB – Fixed Rate	217.0
PWLB – Variable Rate	74.9
LOBO Loans	13.5
Total External Borrowing	305.4
Other Long Term Liabilities:	
PFI	16.8
Total Gross External Debt	322.2
Investments:	
<i>Managed in-house</i>	
Short-term investments	13.7
Pooled Funds (<i>Lime Fund</i>)	4.9
Total Investments	18.6
Net Debt	303.6

Appendix C – Prudential Indicators and MRP Statement 2015/16

The Local Government Act 2003 requires the Council to have regard to the Chartered Institute of Public Finance and Accountancy's *Prudential Code for Capital Finance in Local Authorities (2011 Edition)* (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

Estimates of Capital Expenditure

The Council's planned capital expenditure and financing can be summarised as follows.

Capital Expenditure and Financing	2014/15 Revised £m	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m
General Fund	93.4	113.8	117.2	85.0
HRA	18.8	16.9	24.9	20.5
Total Expenditure	112.2	130.7	142.1	105.5
Capital Receipts	(8.2)	(16.7)	(15.2)	(14.1)
Government Grants	(37.2)	(58.6)	(57.0)	(38.3)
Reserves	(12.2)	(8.0)	(15.0)	(9.7)
Revenue	(5.8)	(5.3)	(4.9)	(6.3)
Borrowing	(48.8)	(42.1)	(50.0)	(37.1)
Total Financing	(112.2)	(130.7)	(142.1)	(105.5)

Estimates of Capital Financing Requirement

The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose.

Capital Financing Requirement	31/03/15 Revised £m	31/03/16 Estimate £m	31/03/17 Estimate £m	31/03/18 Estimate £m
General Fund	296.2	330.9	372.4	400.1
HRA	165.0	165.0	165.0	164.0
Total CFR	461.2	495.9	537.4	564.1

The CFR is forecast to rise by £102.9m over the next three years as capital expenditure financed by debt outweighs resources put aside for debt repayment.

Gross Debt and the Capital Financing Requirement

This is a key indicator of prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years.

Debt	31/03/15 Revised £m	31/03/16 Estimate £m	31/03/17 Estimate £m	31/03/18 Estimate £m
Borrowing	321.6	363.7	413.7	449.8
PFI liabilities	16.3	15.7	15.3	14.6
Total Debt	337.9	379.4	429.0	464.4

Total debt is expected to remain below the CFR during the forecast period.

Operational Boundary for External Debt

The Operational Boundary is based on the Council's estimate of most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Council's estimates of capital expenditure, the CFR and cash flow requirements, and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance leases, Private Finance Initiative (PFI) and other liabilities that are not borrowing but form part of the Council's debt.

Operational Boundary	2014/15 Revised £m	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m
Borrowing	466.5	502.2	544.7	572.5
Other long-term liabilities	19.3	18.7	18.3	17.6
Total Debt	485.8	520.9	563.0	590.1

Authorised Limit for External Debt

The Authorised Limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe at any given point during each financial year. The Authorised Limit provides headroom over and above the Operational Boundary for unusual cash movements. More specifically, the Authorised Limit for External Debt is a total of £12.5m higher in each financial year when compared to the Operational Boundary figure, being £10.0m higher on the 'Borrowing' line and £2.5m higher on the 'Other long-term liabilities' line.

Authorised Limit	2014/15 Revised £m	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m
Borrowing	476.5	512.2	554.7	582.5
Other long-term liabilities	21.8	21.2	20.8	20.1
Total Debt	498.3	533.4	575.5	602.6

Ratio of Financing Costs to Net Revenue Stream

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2014/15 Revised %	2015/16 Estimate %	2016/17 Estimate %	2017/18 Estimate %
General Fund	6.4	7.1	8.2	9.1
HRA	12.5	12.2	11.8	11.4

It measures the proportion of the revenue budget that is required to meet the ongoing financing costs of past capital expenditure which was funded from borrowing. Future year estimates incorporate the additional financing costs of planned capital expenditure to be funded from borrowing. It is important that the total capital investment of the Council remains within sustainable limits. However, the level of capital investment that can be supported will be a matter for local decision.

The prudential indicators are designed to support and record local decision making in a manner that is publicly accountable. They are not designed to be comparable performance indicators. Nonetheless, it is interesting to note that Central Bedfordshire's Ratio of Financing Costs to Net Revenue Stream (General Fund) is currently broadly consistent with its nearest local authority neighbours:

	2014/15
Milton Keynes	11.1%
Northamptonshire	10.2%
Luton	10.0%
Cambridgeshire	9.7%
Central Bedfordshire	6.4%
Buckinghamshire	6.0%
Bedford Borough	5.5%
Hertfordshire	1.4%

Central Bedfordshire's ratio is expected to increase relative to its peers given the Council's significant commitment to capital investment over the next few years.

Incremental Impact of Capital Investment Decisions

This is an indicator of affordability that shows the incremental impact of new capital investment decisions on Council Tax and housing rent levels.

Incremental Impact of Capital Investment Decisions	2015/16 Estimate £	2016/17 Estimate £	2017/18 Estimate £
General Fund - increase in annual band D Council Tax	15.78	18.76	14.85
HRA - increase in average weekly rents	0.25	0.32	0.49

Adoption of the CIPFA Treasury Management Code

The Council adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice (2011 Edition)* at its Council meeting on 29th November 2012.

Housing Revenue Account (HRA) Debt

The purpose of this limit is to report the level of debt imposed on the Council at the time of the implementation of self-financing by the Department for Communities and Local Government (CLG).

	2014/15 Revised £m	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m
HRA	165.0	165.0	165.0	164.0

Annual Minimum Revenue Provision Statement 2015/16

Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Council to have regard to the Department for Communities and Local Government's *Guidance on Minimum Revenue Provision* (the CLG Guidance) most recently issued in 2012.

The broad aim of the CLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The CLG Guidance requires the Council to approve an Annual MRP Statement each year, and recommends four options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance.

The method used by the Council for the Medium Term Financial Plan (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. MRP is spread over the useful economic life on an annuity basis. The annuity method enables MRP financing of the draft capital programme to be minimised over the medium term, with higher MRP costs in future years beyond the current MTFP period.

At a more detailed level, for capital expenditure incurred before 1st April 2008 MRP will be determined in accordance with the former regulations that applied on 31st March 2008 incorporating an 'Adjustment A' as defined in the former regulations. For capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure on an annuity basis with an annual interest rate of 4% for certain assets and spreading the provision across the useful economic life of others, starting in the year after the asset becomes operational. For example, capital expenditure incurred during 2015/16 will not be subject to an MRP charge until 2016/17.

For assets acquired by finance leases or the Private Finance Initiative, the MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability. No MRP will be charged in respect of assets held within the Housing Revenue Account.

The calculation is reviewed annually by the Council's external auditors as part of the audit of the Statement of Accounts.

Central Bedfordshire Council

EXECUTIVE - 10 February 2015

Plan-making Programme - the Local Development Scheme

Report of Cllr Nigel Young, Executive Member for Regeneration
(nigel.young@centralbedfordshire.gov.uk)

Advising Officers: Jason Longhurst, Director of Regeneration and Business
(jason.longhurst@centralbedfordshire.gov.uk) and Sally Chapman,
Development Plan Process Manager
(sally.chapman@centralbedfordshire.gov.uk)

This report relates to a Key Decision

Purpose of this report

1. The report proposes that Members endorse the Local Development Scheme 2015 which sets out the scope and timetable for the production of future local plans for Central Bedfordshire, including specific reference to the Development Strategy, the Gypsy and Traveller Local Plan and an Allocations Local Plan. These documents will refresh, update and roll forward the planning policy framework in Central Bedfordshire.

RECOMMENDATIONS

The Executive is asked to:

1. **support the preparation of the three Local Plans (Development Strategy, Gypsy and Traveller Local Plan and Allocations Local Plan) and other associated documents; and**
2. **note the amendment to the Gypsy & Traveller Local Plan Timetable and agree the attached programme of plan-making which sets out the formal Local Development Scheme for the whole of Central Bedfordshire.**

Overview and Scrutiny Comments/Recommendations

2. The Plan-making Programme was considered by Sustainable Communities Overview and Scrutiny on the 22 January 2015 who endorsed and recommended to Executive to support the preparation of the Local Plans, other documents; to note the amendment to the Gypsy & Traveller Local Plan; and to agree the attached programme of plan-making. Members accepted that there would be minor text changes to the Plan- Making Programme between the Overview and Scrutiny meeting and Executive.

Background

3. In terms of planning policy there remains a separate statutory framework between the northern and southern parts of Central Bedfordshire, derived from the arrangements of the legacy authorities. In the northern part of Central Bedfordshire, formerly Mid Bedfordshire District, there is an adopted Core Strategy and Development Management Policies Development Plan Document and a Site Allocations Development Plan Document. In the southern part, previously South Bedfordshire District, there is the South Beds Local Plan Review 2004.
4. Before 1 April 2012, formal responsibility for planning policy making was with the Luton and South Bedfordshire Joint Committee. Following the withdrawal of the Joint Core Strategy in July 2011 and dissolution of the Joint Committee, Central Bedfordshire has been preparing the Development Strategy, a single plan covering the whole of Central Bedfordshire. Similarly, the Gypsy and Traveller Local Plan, and the Allocations Local Plan will also cover the whole area.
5. The previous Plan-Making Programme, endorsed by Executive on the 22 April 2014, needs to be amended as it is now out of date due to the changes in the Gypsy & Traveller Local Plan timetable.

Gypsy and Traveller Local Plan

6. This document has been delayed from its original programme following its formal withdrawal from examination by Council on the 11 September 2014.
7. The new programme is set out in the Plan-Making Programme 2015. The key stages are:
 - a. 'Call for sites' June to July 2015.
 - b. Initial Draft of document and all sites consultation October/November 2015.
 - c. Pre-Submission Draft consultation September/October 2016.
 - d. Submit for Examination June 2017.
 - e. Examination Hearings October 2017.
 - f. Adoption February 2018.

8. This delay will result in a proportion of previously allocated expenditure falling in 2016/17 instead of 2014/15.

Development Strategy & Allocations Local Plan

9. The programmes for these documents remain unchanged from the 2014 Plan-making Programme.

Reasons for decision

10. To enable the programme of plan-making to be progressed.

Council Priorities

11. The Plan-Making Programme - Local Development Scheme is the project plan which sets out the timetable for planning documents which are integral to the delivery of three of the Council's priorities
 - Enhancing Central Bedfordshire – creating jobs, managing growth, protecting our countryside and enabling businesses to grow.
 - Promote health and wellbeing and protecting the vulnerable.
 - Better infrastructure – improved roads, broadband reach and transport.

Corporate Implications

Legal Implications

12. Planning is a statutory function under various Acts including the Planning and Compensation Act 2004 and Localism Act 2011. Once adopted the documents included within the plan-making programme will form part of the statutory Development Plan and will be the basis for consideration of planning applications. Until this happens the existing adopted documents will continue to set the planning framework.

Financial Implications

13. The scale of the Council's investment in Local Plans should be seen in the context of the scale of new investment in Central Bedfordshire, including commercial and business investment, infrastructure investment and investment in new homes and services that they will enable. In addition, the New Homes Bonus Scheme seeks to provide a powerful local incentive to support the development of new homes. A Development Strategy document will also enable a Community Infrastructure Levy (CIL) to be produced that will help leverage funding for new infrastructure to support development. Grant income from government is available to help resource Neighbourhood Planning.

14. The first phase of the Development Strategy has been completed. The next phase is Examination, covering the Programme Officer and the Planning Inspectorate's costs. The Allocations Local Plan work in 2014/15 will mainly involve officer time and can be met within existing budgets. The Examination should take place in 2016/17. The Gypsy and Traveller Local Plan was withdrawn and the process will need to begin again.
15. The current budget includes an efficiency saving of £150,000. There is a further budget reduction of £100,000 and £150,000 in 2015/16 and 2016/17 respectively.
16. Producing Local Plans is a statutory requirement and the Medium Term Financial Plan takes into account the requirements both to prepare them and conduct examination hearings into their soundness. The service will continue to look at the most cost effective ways of preparing the documents.

Risk Management

17. The process of producing a Development Strategy and other planning policy documents is long and complex. High quality project management and risk management skills will be required. Project teams are in place to oversee the work and risk management is part of the process of management. A risk assessment, along with mitigating actions is contained within the Plan Making Programme.

Equalities Implications

18. Central Bedfordshire Council has a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age disability, gender re-assignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
19. The main documents set out in the Local Development Scheme are each subjected to an Equality Impact Assessment.

Public Health Implications

20. The Development Strategy could have a number of benefits in terms of public health and wellbeing. There is a specific section of the document that seeks to summarise the interactions between strategic planning and public health. These include promoting healthy lifestyles through enabling walking and cycling and through appropriate leisure and open space provision. Health infrastructure and securing appropriate developer contributions towards such provision are also important aspects, in association with the Community Infrastructure Levy (CIL).

Community Safety Implications

21. The Council has a statutory duty to do all that it reasonably can to address community safety across all of its functions. Plan-making has an indirect influence on community safety, setting out policy to deliver appropriate provision of community infrastructure and to ensure that individual development proposals take account of community safety issues.

Sustainability Implications

22. Sustainable development is at the heart of all the strategic and local planning documents produced. All Local Plans are subject to a specific Sustainability Appraisal/Strategic Environmental Assessment (SA/SEA) in order to comply with the relevant regulatory requirements.

Conclusion and next Steps

23. Members are asked to recommend that Executive agrees the plan-making programme (final version attached at Appendix A) and endorses the production of the three Local Plans.

Appendices

Appendix A: Plan-Making programme – a Local Development Scheme for Central Bedfordshire

Background Papers

None

This page is intentionally left blank

Central
Bedfordshire

great
prospects

A plan-making programme for Central Bedfordshire 2015

Local Development Scheme for Central Bedfordshire

A great place to live and work

1. Introduction

- 1.1. The Planning and Compulsory Purchase Act 2004 requires each local planning authority to produce a Local Development Scheme (LDS), which is essentially a work programme for the preparation of new planning policy documents. This plan-making Programme represents the LDS for Central Bedfordshire.
- 1.2. This document covers the whole administrative area of Central Bedfordshire. It is the starting point for the community and other stakeholders in order to find out which planning policy documents the Council intends to produce, and the timescale for their preparation.

2. About the area

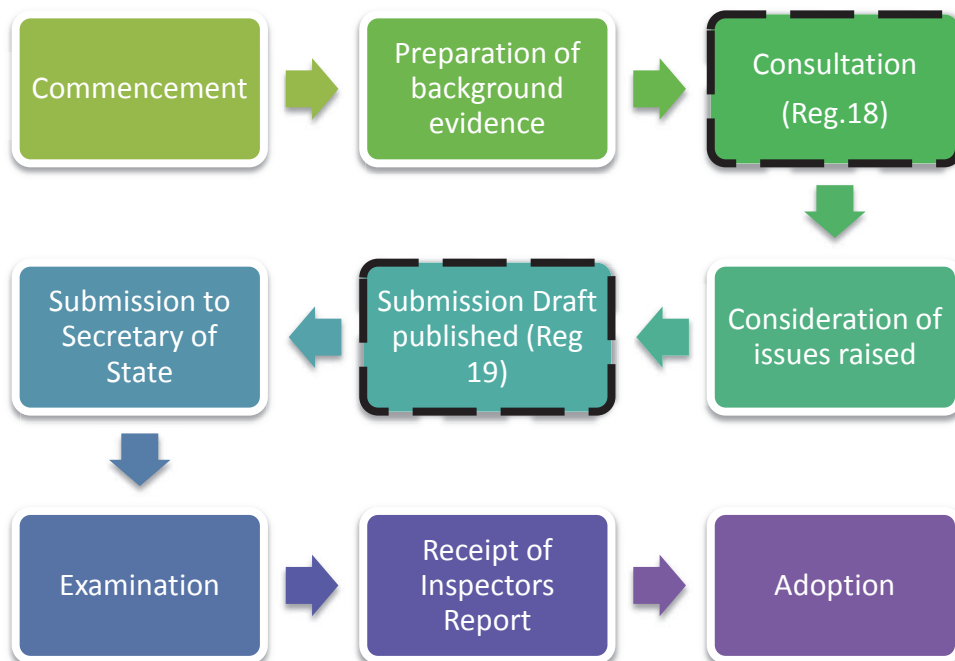
- 2.1. Central Bedfordshire is a varied area containing a mixture of rural countryside, attractive villages, and small to medium sized towns. It is well connected, being traversed by the M1, A1, A5 and A6 as well as several railways. London Luton Airport is also in close proximity.
- 2.2. Much of the rural area is of high landscape and biodiversity value with extensive tracts of high-grade agricultural land. The Chilterns Area of Outstanding Natural Beauty covers part of the area while much land in the south of Central Bedfordshire outside of the main towns and villages is designated as Green Belt.

3. Policy Framework and the requirement for a new Plan-making Programme

- 3.1. Following the formation of Central Bedfordshire Council as a unitary authority in April 2009, three separate Local Development Frameworks were progressed; one covering the area formerly administered by Mid Beds District Council and one covering Luton and the area formerly administered by South Beds District Council and one for minerals and waste development covering the whole of Central Bedfordshire, Bedford Borough and Luton Borough.
- 3.2. The withdrawal of the joint Luton and South Bedfordshire Core Strategy in 2011 meant that the opportunity has arisen to consolidate two of the separate frameworks into one. In the interim, the Development Plan for the former Mid Beds area will consist of the existing adopted Core Strategy and Development Management Policies DPD and Site Allocations DPD. For the former South Beds area, it will consist of the saved Structure Plan and Local Plan policies. It will also consist of the Adopted Minerals and Waste Local Plan (Jan 2014) and the remaining Saved Policies of the M&W Local Plan 2005.
- 3.3. The Localism Act 2011 has changed the nature and process of planning policy. It introduces a change in terminology from Local Development

Framework to Local Plan and introduces the new system of Neighbourhood Planning.

- 3.4. In March 2012, the government published the National Planning Policy Framework (NPPF) which replaces almost all existing national planning policy and guidance. The principles of the Local Development Framework (LDF) system remain, but the emphasis in the NPPF is now on each local planning authority (LPA) producing an up to date Local Plan for its area. This can comprise existing adopted development plan documents under the LDF system, or can involve the production of new Local Plan documents, depending on the local context. Existing development plan documents can be reviewed in whole or in part to respond flexibly to changing circumstances.
- 3.5. The NPPF requires Local Plan policies to be up to date to ensure that local planning authorities are well placed in relation to the new presumption in favour of sustainable development. Where policies are out of date or silent on an issue, it may be difficult for the council to use its planning powers to secure the best outcome from proposed development schemes. The Council's Development Strategy will provide such an up to date Local Plan for the area.
- 3.6. The procedure for preparation and review of Local Plans is set out in the Town and Country Planning (Local Planning) (England) Regulations 2012.



4. **Project Management**

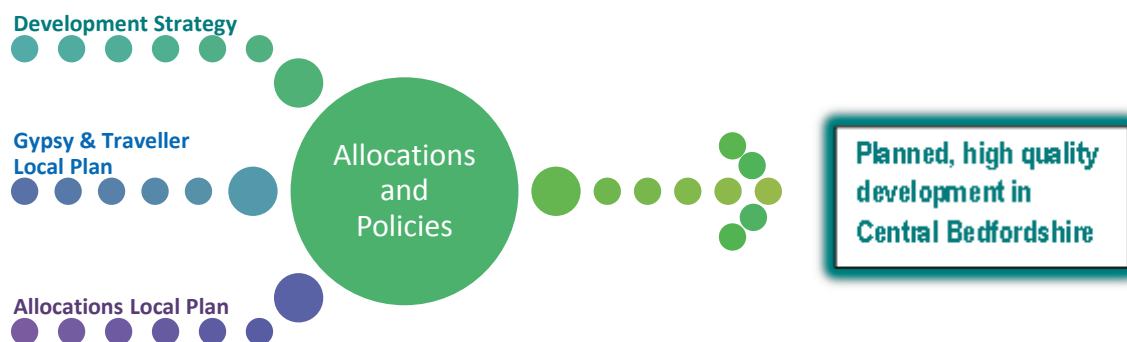
- 4.1. In order to ensure that the preparation of policy documents is undertaken in a focussed and coherent manner, a project management approach is being taken to the coordination of the work.

4.2. The Gantt Chart at Figure 1 identifies how Local Plan documents will be prepared and when key milestones are expected to be met. Following the Planning Act 2008, it is no longer necessary to include details of proposed Supplementary Planning Documents and other planning documents within an LDS, so only Local Plans are shown in Figure 1.

4.3. The project management approach enables the undertaking of clear and accurate monitoring which will inform the Annual Monitoring Report (AMR). This process will feed into the regular review of the Plan-making Programme and ensure that it continues to be relevant and up-to-date.

5. Proposed Local Plan Documents

5.1. This Programme focuses solely on the preparation of three Local Plan documents: the Central Bedfordshire Development Strategy Local Plan, the Allocations Local Plan and the Gypsy and Traveller Local Plan. Together, the three documents will present a range of allocations and policies resulting in high quality development in Central Bedfordshire.



5.2. In preparing these policy documents, the Council will have regard to a number of different strategies. These include the Sustainable Community Strategy (SCS) and others covering topic areas such as education, health, social inclusion, waste, biodiversity, recycling and environmental protection, local housing strategies and transport plans.

5.3. In order to inform the preparation of policy documents, the Council has undertaken a large number of background technical studies. These will be refreshed and updated periodically as necessary. In addition, all Local Plans are subjected to Strategic Environmental Assessment and Sustainability Appraisal as well as an Equalities Impact Assessment.

5.4. The Council will seek to work closely with neighbouring authorities under the Duty to Co-operate on the preparation of policy documents. Technical studies maybe undertaken jointly where this is deemed to be appropriate.

Table 1: Central Bedfordshire Development Strategy

Central Bedfordshire Development Strategy	
Role and content	To set out the vision, strategic objectives and spatial strategy for the area up to 2031 and the policies for achieving the strategic vision. This will entail an assessment of general development needs together with the consideration of any necessary Green Belt reviews. It will also incorporate a review of the remaining saved policies from the Minerals and Waste Local Plan as they relate to the Central Bedfordshire area. The identification of strategic-scale development sites will also be considered.
Status	Local Plan
Chain of conformity	General conformity with national planning guidance
Geographic coverage	The entire administrative area of Central Bedfordshire
Projected timetable and milestones	
Commencement (including SA Scoping Report)	September 2011
Evidence Gathering	October 2011 – April 2012
Formal consultation (Regulation 18)	May – June 2012
Consideration of consultation responses and produce revised Plan	July – November 2012
Publication stage (Regulation 19)	December 2012 – February 2013 June – August 2014
Submission to Secretary of State	October 2014
Examination Hearings	February/March 2015
Receipt of Draft Inspector's Report	May 2015*
Adoption	July 2015*
Arrangements for production	
Management arrangements	Decisions will be taken by Central Bedfordshire Council's Executive. Day to day management of process by Head of Development Planning and Housing Strategy.
Resources required	Officers from the Development Planning team with input as necessary from other teams and departments. Consultants may be used for specific aspects of the work.
Stakeholder and Community Involvement	The SCI sets out the standard mechanisms for community involvement. This Local Plan will be prepared in light of the views of the community and other stakeholders
Monitoring and review mechanisms	Monitored on an annual basis as part of the Annual Monitoring Report.

* If consultation on modifications is required, this may add 2-3 months to the timetable after the Examination hearings

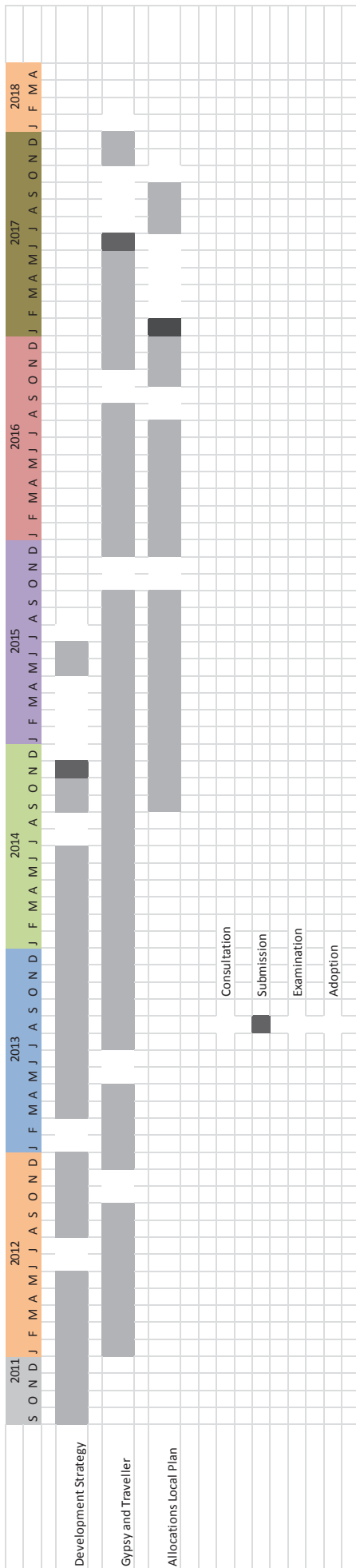
Table 2: Central Bedfordshire Local Plan: Allocations Plan

Allocations Local Plan	
Role and content	To review boundaries such as Green Belt, Settlement Envelopes etc, allocate non-strategic sites for development across a range of uses for the period up to 2031 and to provide standards for development
Status	Local Plan
Chain of conformity	General conformity with national planning guidance
Geographic coverage	The entire administrative area of Central Bedfordshire
Projected timetable and milestones	
Commencement (including SA Scoping Report)	September 2014
Scoping and evidence gathering	September 2014 – September 2015
Formal consultation (Regulation 18)	October - November 2015
Consideration of consultation responses and produce revised Plan	December 2015 – April 2016
Publication stage (Regulation 19)	May – June 2016
Submission to Secretary of State	September 2016
Examination Hearings	January 2017
Receipt of Draft Inspector's Report	April 2017
Adoption	July 2017
Arrangements for production	
Management arrangements	Decisions will be taken by CBC Executive. Day to day management of process by Head of Development Planning and Housing Strategy.
Resources required	Officers from the Development Planning team with input as necessary from other teams and departments. Consultants may be used some aspects of work.
Stakeholder and Community Involvement	The SCI sets out the standard mechanisms for community involvement. This Local Plan will be prepared in light of the views of the community and other stakeholders
Monitoring and review mechanisms	Monitored on an annual basis as part of the Annual Monitoring Report.

Table 3: Gypsy and Traveller Local Plan

Gypsy and Traveller Local Plan	
Role and content	To identify the Councils approach to the provision of Gypsy and Traveller pitches and sites, including the allocation of new sites if required.
Status	Local Plan
Chain of conformity	General conformity national planning guidance
Geographic coverage	The entire administrative area of Central Bedfordshire
Projected timetable and milestones	
Commencement (including SA Scoping Report)	January 2012
Evidence Gathering	June-July 2015
Formal consultation (Regulation 18)	October - November 2015
Consideration of consultation responses and produce revised Plan	December 2015 – July 2016
Publication stage (Regulation 19)	September-October 2016
Submission to Secretary of State	June 2017
Examination Hearings	October 2017
Receipt of Draft Inspector's Report	December 2017
Adoption	February 2018
Arrangements for production	
Management arrangements	Decisions will be taken by CBC Executive. Day to day management of process by Head of Development Planning and Housing Strategy.
Resources required	Officers from the Development Planning team with input as necessary from other teams and departments. Consultants may be used for some aspects of work.
Stakeholder and Community Involvement	The SCI sets out the standard mechanisms for community involvement. This Local Plan will be prepared in light of the views of the community and other stakeholders
Monitoring and review mechanisms	Monitored on an annual basis as part of the Annual Monitoring Report.

Figure 1: Timeline for plan preparation



6. Other Documents

6.1. Other documents will be published to complement and add detail to the Local Plan documents the table below sets out a range of documents, but is not exhaustive.

Table 4: Other documents

Document	Purpose	Status
Policies Map	To illustrate geographically the adopted policies and proposals within adopted Local Plans and Neighbourhood Plans	A new Policies Map will be published every time a Local Plan or Neighbourhood Plan is adopted.
Statement of Community Involvement	This document sets out the standards and approach to involving the community and stakeholders in the production of policy documents and in the Development Management process.	The current SCI was adopted in October 2012
Authority Monitoring Report	To assess progress in preparing planning documents and monitor progress in planning policies, housing, employment and other development.	Each Monitoring Report covers the period from April to March and will be published each year
Design for Central Bedfordshire: A Guide for Development	A document which gives detailed design principles to ensure that all development in the area is of high quality in the broadest sense.	An adopted Technical Guidance Document is in place.
Community Infrastructure Levy (CIL) Charging Schedule	To set out the standard levy which the local authority will be applying to some developments and to define the infrastructure projects, which it is intended to fund.	The CIL Charging Schedule is being produced.

<p>Planning Obligations Strategy</p>	<p>To set out the requirements and direct the allocation and spending of money raised through development.</p>	<p>A Supplementary Planning Document for each of the former districts, Mid Bedfordshire and South Bedfordshire has been adopted. A new document will be prepared in conjunction with CIL.</p>
<p>Neighbourhood Plans</p>	<p>Parish and Town Councils can opt to produce a Neighbourhood Plan or Neighbourhood Development Order to provide for development in their parish.</p>	<p>If a Neighbourhood Plan is successful at Examination and passes a local referendum, CBC will make the document part of the development plan.</p>
<p>Masterplans, Development Briefs and Framework Plans</p>	<p>To provide more details for the guidance of development on allocated sites</p>	<p>To be produced, usually by the developer, as sites begin to come forward.</p>
<p>Housing Supplementary Planning Document</p>	<p>To set out the Council's position on type and tenure of housing.</p>	<p>SPD currently being produced.</p>
<p>Environmental Enhancement Strategy</p>	<p>To provide a cohesive guide to the approach the Council wishes to take on environmental matters through a compendium of existing and new documents and guidance. This includes:</p> <ul style="list-style-type: none"> - Guidance for Renewables, Sustainable Urban Drainage systems (SUDs) and any other guides relating to the environment - Refreshed Landscape Character Assessment - Studies linking environment to health and economic benefits - Resource efficiency (energy and water) studies and toolkits. - Renewables capacity study. 	<p>Will be produced as a series of documents. Some of the associated documents will hold status as being endorsed as Technical Guidance to inform planning decisions and some as SPD.</p>

7. Risk Assessment

7.1. An analysis has been completed of the principal tasks associated with undertaking the preparation of planning policy documents. These risks, listed in Table 5 below, have been taken into consideration in devising this Programme and will be closely monitored.

Table 5: Key risks and mitigation measures

Key Risks/Owner	Action to Mitigate Risk and Comments	Risk Level
Challenging time-scales for preparing policy documents	<p>1. Careful project management and regular review</p> <p>2. If necessary, adjustment of Programme through annual review. Prioritisation of other work</p> <p>Uncertainty factors remain – e.g. the level of representations submitted on documents, time taken in public examination and reporting time, or if new issues arise requiring other documents to be prepared or the diversion of staff.</p> <p>Other factors identified in this assessment may also lead to delay to the timescales.</p> <p>There is no real slack in the timetable.</p>	Medium
Premature planning applications for sites resulting in staff being redeployed to deal with time-consuming appeals	<p>1. Regular monitoring and review of progress with a view to delivery on schedule</p> <p>2. If necessary, allocate relevant officer(s) and/or appeals consultants.</p>	High
Too few staff, staff turnover, level of experience of staff and strong reliance on consultants	<p>1. Scope for flexible use of staff from other teams is limited</p> <p>2. Recruit additional staff</p> <p>Current difficulties in recruiting experienced staff</p>	Medium
Previously developed sites not being redeveloped because of lack of investment in essential infrastructure	<p>Continue to exert pressure on government, Highways Agency and other bodies to ensure that essential infrastructure is in place and other blockages to development are removed to facilitate delivery.</p> <p>Current market downturn affects all development in the short term.</p>	High

Financial resources	Regular budget monitoring.	Medium
Capacity of Planning Inspectorate (PINS) and other agencies to support the preparation of documents	Provide early warning to PINS and other agencies of timescales and requirements and develop good relationships with agencies through consultation.	Medium
Ensuring 'Soundness' of documents	Through preparing a good evidence base, good dialogue with the community/stakeholders in line with the SCI, regular liaison with Counsel and CLG.	Low
Legal Challenge	Through ensuring preparation of 'sound' documents.	Low

- 7.2. Plan-making bodies must prepare an Authority Monitoring Report (AMR) to assess their implementation of the plan-making, and the extent to which plan policies are being achieved. Such review will assess progress against targets and milestones in the Programme, with appropriate action being taken in the light of findings.
- 7.3. Changes to the Plan-making Programme will be reported in the AMR with complete revisions to the Programme only made where necessary.

Glossary

Development Plan: the Local Plan Documents together with any adopted Neighbourhood Plans constitute the statutory development plan.

Local Development Framework (LDF): a portfolio of documents – it consists of Development Plan Documents, Supplementary Planning Documents, a Statement of Community Involvement, the Local Development Scheme and Annual Monitoring Reports

Local Plan: The formal document that sets out the planning policy in an area. May be more than one volume.

Development Plan Documents (DPD): a name given to a range of policy plans that are subject to independent examination, and are shown geographically on an adopted Proposals Map (discussed below).

Site Allocations: allocations of sites for specific or mixed uses or developments to be contained in Local Plan documents. Policies will identify any specific requirements for individual proposals.

Development Management Policies: these constitute a suite of criteria-based policies which are required to ensure that all development within an area meets the spatial vision and objectives set out in the Core Strategy. They may be included in any Local Plan or form a standalone document.

Policies Map: the adopted policies map illustrates on a base map at a registered scale all the policies contained in Local Plan documents, together with any saved policies. It must be revised as each new Local Plan or Neighbourhood Plan is adopted, and it should always reflect the up-to-date planning strategy for the area. Proposals for changes to the adopted policies map accompany submitted local plan documents in the form of a submission policies map.

Supplementary Planning Documents (SPD): provide supplementary information in respect of the policies in Local Plan documents or a saved policy. They do not form part of the Development Plan and are not subject to independent examination.

Authority Monitoring Report (AMR): An annual public report to be produced by local authorities to assess their progress on implementation of the LDS and the effectiveness of the Local Plans in terms of policy achievement.

Sustainability Appraisal (SA): a tool for appraising policies to ensure they reflect sustainable development objectives (i.e. social, environmental and economic factors) and required in the Act to be undertaken for all Local Plans

This process incorporates the requirements of the Strategic Environmental Assessment Directive 2001/42/EC on the assessment of the effects of certain plans and programmes on the environment.

Examination: a local planning authority must submit a Local Plan for independent examination to the Secretary of State, publish a notice and invite representations, to be made within a specified period of at least six weeks.

Neighbourhood Planning: In CBC the bodies who can produce neighbourhood plans are Town and Parish Councils. There are two types of documents that can be produced. Neighbourhood Plans which may allocate land for development and/or include policies against which planning applications are judged and Neighbourhood Development Orders which can grant planning permission for a specific type of development.

Central Bedfordshire Council

EXECUTIVE - 10 February 2015

IMPROVING CARE HOMES FOR OLDER PEOPLE IN CENTRAL BEDFORDSHIRE

Report of Cllr Carole Hegley, Executive Member for Social Care, Health and Housing (carole.hegley@centralbedfordshire.gov.uk)

Advising Officers: Julie Ogley, Director of Social Care, Health and Housing (julie.ogley@centralbedfordshire.gov.uk) and Tim Hoyle, MANOP Head of Service (tim.hoyle@centralbedfordshire.gov.uk)

This report relates to a Key Decision

Purpose of this report

1. For the Executive to consider the opportunity in Dunstable to improve care home provision and to authorise the commencement of consultation on the proposals contained within this report.

RECOMMENDATIONS

The Executive is asked to:

1. **recognise and respond to the opportunities to improve care home provision for older people in the Dunstable by authorising the commencement of formal consultation on proposals for the future of the home as set out in paragraphs 26 to 36 of this report; and**
2. **request that a report is submitted to a future meeting of the Executive advising of the outcome of the consultation and making recommendations about the future of Caddington Hall.**

Overview and Scrutiny Comments

2. It is proposed that the outcome of the consultation process set out in this report will be reported to a future meeting on Social Care, Health and Housing Overview and Scrutiny Committee prior to a decision being made by the Executive on the future of Caddington Hall.

Background

3. In common with other council areas and the nation as a whole, Central Bedfordshire's population of older people is set to grow much more rapidly than the overall population. This is particularly true of the group of people aged 85 and over.
4. When asked older people consistently say that their preference is to remain living independently in their own home for as long as possible and the Council aims to support this as much as it can.
5. The vast majority of people will continue to live in ordinary housing throughout their lives, supported by informal carers (such as relatives and friends) and 'paid for' carers sourced privately or commissioned by the Council. Additionally, in recent years the Council has developed extra care housing schemes that are able to deliver a high level of flexible care options to support residents as and when they need it.
6. However, even with the provision of extra care housing, for a small proportion of older people the best place in which their needs can be met is in a care home¹ setting. In recent years increased expectations of the facilities in care homes have led to changes in the physical and environmental standards which new care homes need to meet.
7. The Council's response to these twin challenges of an increase in population of older people and rising expectations is necessarily set within the financial constraints within which the public sector operates.
8. In response to the challenges set out above the Council has undertaken the following:
 - a. Increased the availability of home care services in response to increasing demand and the desire by older people to remain in their own homes for as long as possible.
 - b. Developed both domiciliary and residential reablement services that assist older people to regain independent living skills which allow them to remain living at home even after a spell in hospital.
 - c. Commenced the development of extra care housing schemes for independent living in Dunstable (Priory View) and Leighton Buzzard (Greenfields) and is planning deliver a further four schemes of this type over the next six years.

¹ In this report the term 'care home' is used to describe all types of regulated care home for older people. These homes can be divided into those which provide nursing care – which are referred to as 'nursing homes' and those which do not which are referred to as 'residential homes'.

9. The final challenge in this programme is the reconfiguration of care home provision for older people to deliver higher standards. This is the most challenging as such changes inevitably mean a degree of disruption to the lives of residents of the homes affected.
10. In November 2012 the Executive considered a report and approved an overall approach in relation to the Council's homes as part of a wider strategy for managing and contracting with the care home market. This set out the principles of a phased transition away from the homes whilst maintaining existing capacity in the market as a whole. It also set out the approach to stimulate the independent sector market to provide this capacity rather than the Council delivering it directly.
11. Following this the Director of Social Care, Health and Housing held meetings with residents, relatives and staff at the homes setting out the overall approach and indicating the possibility that the homes could be reprovided. This intention was reiterated to residents, relatives and staff when a further round of meetings was held prior to the ending of the contract with BUPA in 2014.
12. Further information underlying the approach is set out in Appendix A.

Care homes provision in the Dunstable area (Chiltern Vale locality)

13. Two new care homes are currently under construction in Dunstable:
 - a. A 75-place home at Dukeminster Court, Dunstable to be owned and operated by Quantum Care is nearing completion and is due to open in early March 2015.
 - b. A 66-place home at The Gateway, London Rd, Dunstable is being developed by LNT Construction. An operator for the building has yet to be agreed by the developer and current indications are that the home will open in February or March 2016.
14. As these are new build homes they will comply with expected standards of provision. These mandate minimum room sizes, en suite bathroom facilities and sufficient communal space per resident. This is significantly better than the standards of accommodation in the Council's homes, which were all built prior to the introduction of the current regulations.
15. Once these homes are completed the care home capacity in the locality will meet the forecast demand and it is therefore unlikely that any further new care homes will be constructed in the area in the next five years.

16. Quantum Care is a 'not for profit' operator based in Hertfordshire. The organisation is part of the Council's framework agreement for residential care homes and during informal discussions has indicated that it would be prepared to make up to 26 of its places at Dukeminster Court available to the Council within the rates and terms of the agreement.
17. LNT Construction is part of a commercial group that both develops and operates care homes. Based in Yorkshire it operates 39 homes under the trading name of Ideal Care Homes and is currently constructing five homes at various locations in England.
18. The Council has two homes serving Chiltern Vale – Caddington Hall in Markyate, Hertfordshire, close to the Central Bedfordshire border and Greenacre in Brewers Hill Rd, Dunstable. Both homes have capacity for 42 residents.
19. In the Chiltern Vale locality there are nine other care homes that provide places to the Council and they currently have 30 vacancies.
20. Caddington Hall has 20 of its 42 places vacant. The reduction in occupancy occurred when the home was subject to the 'serious concerns'² process and was unable to admit new residents. This process has now been concluded but it remains with a high level of vacancies. A significant factor in this is the home's isolated location as this makes it a difficult place for relatives to get to by public transport.
21. Greenacre has three vacancies. It has 31 permanent residents and also has eight places allocated for a short term residential rehabilitation 'step-up step-down' facility. The home also has a small day care facility, providing for a maximum of 8 customers a day.
22. The imminent opening of Dukeminster Court provides an opportunity to enhance the care home provision through the closure of one of the two homes. The uncertainty around the timescale and operator for the home at The Gateway indicates that it would not be appropriate to place reliance on this being a solution at this time but that this is considered further at the point where an operator is known and opening is imminent.
23. Whilst Greenacre is located closer to Dukeminster Court than Caddington Hall a number of factors would indicate that Dukeminster Court could be a viable and attractive alternative option for current Caddington Hall residents and those who will be seeking a place in a care home in the future. These factors are:

² This process involves CQC and the Council where there are concerns about the quality of care being offered by a home. It seeks to address those concerns and restore the quality of care to an acceptable level.

- a. Caddington Hall has a large number of vacancies and therefore all of the residents there could choose to go to Dukeminster Court. This would not be the case for Greenacre which has 32 permanent residents.
 - b. The physical condition of Caddington Hall is such that it is the one that is in most need of investment if its operational life is to be extended.
 - c. Greenacre has the 'Step Up Step Down' residential reablement service and day centre facility which would need to be reviewed and their future determined.
 - d. The majority of the current residents at Caddington Hall previously lived in Dunstable and have relatives there. Future demand for care home places is likely also to originate from the populations of Dunstable and Houghton Regis. It would therefore result in care home facilities being better located overall – near to relatives and accessible via public transport.
24. Notwithstanding the availability of places at Dukeminster Court and elsewhere in Chiltern Vale, residents having a choice of homes within a reasonable distance means that, in the case of Caddington Hall, homes within Hertfordshire and Luton may be options. Council officers will therefore liaise with local providers of care homes and also with their counterparts in Luton and Hertfordshire to establish which homes would be in a position to offer places that fulfil the Council's criteria.
25. Therefore the summary of the proposed offer to residents of Caddington Hall is:
- a. The Council is proposing to close the home and find suitable alternative accommodation for the existing residents.
 - b. Residents will be given a choice of homes to move to within a reasonable distance. These choices would be of homes which offer a good quality of care, modern physical and environmental standards and fee rates that are in line with the Council's fee structure or the host Local Authority rates.
 - c. One of the options available to all residents would be to move to Dukeminster Court so any of them wishing to stay as a group could do so.
 - d. Any resident who wished to move further away (for example to be closer to a relative) would be assisted to do so.

This is set out in more detail in Appendix B.

Consulting with residents, relatives, staff and other stakeholders

26. The proposals set out require a detailed programme of communication, engagement and consultation. The phases of this process and timescales are likely to be as set out below.
27. An initial series of meetings will be organised with residents, relatives and staff to explain the background to the consultation, the timescales and how they can be involved. It is planned to hold these meetings to coincide with the publication of this report.
28. Following this there will be a 12-week consultation period which is planned to commence on 18 February 2015 and end on 12 May 2015. During this period all those affected will be provided with written details of the proposals along with other options and asked their views. A series of events to do this will take place during the consultation period and will facilitate residents and their relatives to input into the process in a way that best suits them. This could be through an individual consultation, as part of a small group, or as part of a larger group. Independent advocacy support will be available for all who need it. Consultation will take place in an atmosphere that aims to provide residents, their representatives and/or their relatives with support and reassurance.
29. The proposals will also be publicised, published on the Council's website and made available to stakeholders and relevant organisations for their feedback. These would include the Older Person's Reference Group (OPRG) and Age UK. Individual members of the public would also be able to comment on the proposals.
30. As well as setting out the detail of the Council's preferred option the proposal document will identify other options considered in the development of the proposals and the reasons why they are not preferred. Consultees will also be able to propose alternatives and these will be considered.
31. Although not directly affected, residents, relatives and staff at the other homes would be advised about the overarching approach and the progress of the consultation through the existing communications channels, such as regular residents meetings and staff meetings. They will also be able to respond to the proposals.
32. Whilst there would be direct communication with the care home providers that could be in a position to offer places to the residents of Caddington Hall, there would also be engagement with the wider group of care home providers to advise them of the proposals and seek their feedback.

33. Where possible questions and options that arise during the consultation period will be responded to during the period and further feedback sought.
34. During the consultation period the Council will seek to obtain the views of residents (and their representatives and/or relatives) about the proposals and also their own preferences as this will help to focus in on preferred options. However it will be emphasised to residents (and their representatives) that they are not being asked to make any personal decision about their future during the consultation.
35. All consultation feedback will be collated. Where questions are raised during the consultation period these will be responded to if possible in the time frame. The aim is to be as transparent and responsive as possible so feedback will be made public whilst preserving individual confidentiality.
36. The response to the consultation will be used to compile a report for the Executive with recommendations about the future of the home. This report will be considered by the Social Care Health and Housing Overview and Scrutiny Committee prior to consideration by the Executive. It is envisaged that these meetings would take place in June 2015.
37. If the Executive determines that the alternative care offers should be pursued and that a home should close then work would commence with the existing residents, their relatives and advocates to make a decision about their future home. This activity would be supported and managed by the Council and would include the following:
 - a. Social work, Mental Capacity Act and medical assessment of each resident.
 - b. Discussion with each resident, any representative they have, their relatives and any advocate about their preferences.
 - c. Identification of suitable alternative homes, along with information about the homes and number of vacancies.
 - d. Matching of resident's needs and preferences with the choices available.
 - e. Visits to potential alternative homes and/or 'virtual visits'.
 - f. Individual decisions about preferred home.
 - g. Arranging and implementing transfers.

38. Research has shown the importance of conducting the activities above sensitively and at a pace that the residents are comfortable with but without any undue delay.
39. It is envisaged that staff in the home concerned would be available to go with residents to their new home and help them settle in over the course of their first few days there. It may be also possible to make reciprocal arrangements (where staff members from the new home(s) spend time getting to know the residents prior to them moving). This would be explored further depending on the outcome of the consultation and decisions made.
40. If the best practice approach set out above is followed in relation to the consultation, assessment and transfer of residents then it is possible to undertake such changes without detriment or undue distress for those concerned.

Reason/s for decision

41. To ensure that prior to making a decision about the future of the home, the Executive will have as much information as possible about the options available and the views of interested parties.

Council Priorities

42. The actions proposed in this report support the Council's priority to promote health and well being and protect the vulnerable.

Corporate Implications

43. Whilst the welfare of the residents of the homes is the Council's highest priority, it will also be important to have regard to the needs of the staff who will be affected by these proposals.
44. At the point where formal consultation commences with staff and their representatives the Council will state its understanding of the position with regard to TUPE and the consequences for the staff affected.

Legal Implications

45. If the recommendations in this report are approved, it is imperative that the consultation complies with government guidance and case law otherwise the Council is at risk of challenge through the complaints procedure, by way of judicial review or other challenge.
46. The Council must ensure that the Care Act 2014 is considered (where appropriate) and adhered to when making decisions relating to the provision of care after 1st April 2015.

47. The Council will need to consider employment law issues, including TUPE, in respect of staff at the homes.
48. If residents are to move, then the Council will need to ensure that it complies with the relevant law relating to the making of decisions in respect of individual residents and that the appropriate deprivation of liberty safeguards are in place.

Financial Implications

49. There are no financial implications arising from the decision to commence consultation. The costs associated with this process will be met from existing budgets. The financial issues arising from the outcome of the consultation and recommendation(s) will be addressed in a future report.

Equalities Implications

50. Central Bedfordshire Council has a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The Act requires public bodies to:
 - a. Remove or minimise disadvantages suffered by people.
 - b. Take steps to meet the needs of people from protected groups.
 - c. Encourage people to participate in public life or other activities where participation is low.
51. Public bodies must be able to demonstrate that consideration of this legal duty has been engaged during all stages of the decision making process from beginning to end and that decision makers are aware of their legal obligations. Decision making must be exercised “in substance, with rigour and with an open mind.”
52. In coming to a decision the Council will undertake an equality impact assessment and will demonstrate consideration of:
 - a. a well researched business case relating to the proposal, including appropriate financial and statistical analysis.
 - b. the range of possible options that have been investigated.
 - c. the findings of consultation (group and individual) with residents (including advocates where necessary), their relatives and other stakeholders. The consultation process will highlight the Council’s preferred option and will outline alternative options that have been

considered.

- d. the findings of previous individual care assessments considering impairments, support needs and cultural / social requirements.
 - e. adverse impacts and ways in which these can be mitigated or minimized.
53. The above findings will all be reported accurately to decision makers.
54. Case law relating to requirements of the Human Rights Act indicates that before taking a decision to close a care home, the effect on the residents must be investigated. A public body must ensure that any consultation investigates the potential effect of the closure on the residents' emotional, psychological and physical health and must comply with its obligations under the Human Rights Act 1998.
55. It should also be borne in mind that that a decision which potentially restricts a human right does not necessarily mean that it will be incompatible with the Human Rights Act 1998. Public bodies also need to take into account other general interests of the community. Some rights can therefore be restricted where it is necessary and proportionate to do so in order to achieve a legitimate aim. Provided a restriction of such a right has a legitimate aim and the restriction itself does not go any further than necessary to protect this aim, then it is likely that it will be compatible with the Act. In this way the Act recognises that there are certain situations where a public body is allowed to restrict individual rights in the best interests of the wider community.

Appendices

- Appendix A: Background Information on Care Homes for Older People in Central Bedfordshire
- Appendix B: The offer to existing care home residents when closure is proposed.

Background Papers

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

- a. Supply and demand gap analysis for Care Homes and Extra Care in the wider context of older people's accommodation and care.

Appendix A

Background Information on Care Homes for Older People in Central Bedfordshire

Regulatory and historical context

1. The care home market is a mixed economy with homes being provided by 'not for profit' organisations, commercial operations and local authorities. Organisations range from those operating a single home to those who operate nationally (or even internationally) and have homes that in total have thousands of places. Prior to the late 1980's local authorities were significant providers of care homes but since then the trend has been for councils to move out of providing care directly and focusing on commissioning activity so that care was delivered by other providers.
2. Previously the required standards of accommodation and care in care homes were set out in the Care Standards Act 2000, Care Homes Regulations 2001 and the National Minimum Standards for Care Homes for Older People (published by the Secretary of State for Health under section 23(1) of the Care Standards Act 2000). However, very few homes built prior to the introduction of these standards were compliant and, acknowledging the cost and logistical difficulties that achieving physical compliance would entail, there was no compulsion for existing homes to comply. However the knowledge that all new homes would need to provide a higher standard of accommodation led many homes (and their parent organisations) to embark on investment programmes that would ultimately lead to full compliance.
3. The required standards of accommodation and care in care homes is now set out in the Health and Social Care Act 2008, the Health and Social Care Act 2008 (Regulated Activities) Regulations 2010 and the Care Quality Commission (Registration) Regulations 2009. Care homes are inspected and regulated against these standards by the Care Quality Commission (CQC) who can order improvements to be made or even require a home to close. The outcomes of inspections are available as public documents.
4. The Council's predecessor authority, Bedfordshire County Council (BCC), built thirteen care homes for older people during the 1960's and 1970's. The delivery of care within these homes was contracted out to BUPA in 1998. Following the Local Government reorganisation in Bedfordshire in 2009, the ownership of seven of the homes transferred to Central Bedfordshire Council and BUPA continued to provide the care. In 2014 BUPA gave the Council notice that they intended to withdraw from the contract and on 1st August 2014 and from this date the responsibility for the delivery of care in the homes was transferred to the Council.
5. The homes referred to in paragraph 4 are:
 - a. Serving the Chiltern Vale locality:
 - i. Caddington Hall, Markyate, Herts

- ii. Greenacre, Dunstable
 - b. Serving the Ivel Valley locality:
 - i. Abbotsbury, Biggleswade
 - ii. Allison House, Sandy
 - iii. The Birches, Shefford
 - c. Serving the Leighton Buzzard locality:
 - i. Westlands, Leighton Buzzard
 - d. Serving the West Mid Beds locality:
 - i. Ferndale, Flitwick
6. Due to the age of the buildings, the homes do not meet the standards set out in the 2001 Regulations the National Minimum Standards or the current standards in respect of room sizes and the provision of en-suite bathrooms. The challenges faced by the Council (and its predecessor) in dealing with the physical standards in its care homes have been acknowledged since the 2001 regulations came into force on 1st April 2002.

Analysis of Care Home Supply and Demand in Central Bedfordshire

7. Fundamental to the Council's approach to the challenge faced by the seven homes is their contribution to capacity in the care home market in Central Bedfordshire.
8. Estimates of the numbers of care home places required can be calculated using a ratio of places to the population of people over 75 set out in the study "More Choice, Greater Voice".¹
9. Central Bedfordshire currently has 1,214 care home places of which the seven homes contribute 249 (21%) places. Of those 1,214 the Council takes up 655 (54%) with people it places and funds, the remainder being taken up by people who place themselves and contract directly with the homes as individuals ('self-funders'), people whose places are funded by NHS and people placed by other local authorities. In addition at any one time the Council is also funding about 196 older people in care homes outside Central Bedfordshire.
10. Since 2009 considerable work has been undertaken to assess the capacity within the sector. A full analysis based on current and forecast population levels can be found in the background papers. Alongside the development of extra care housing to provide an attractive and appropriate alternative to entering a care home, the analysis concluded that, whilst there are some differences across Central Bedfordshire, in the period to 2020 it will be

¹ More Choice, Greater Voice: a toolkit for producing a strategy for accommodation with care for older people. Published by the Housing Learning and Improvement Network at the Care Services Improvement Partnership at the Department of Health and the Department of Communities and Local Government. February 2008

necessary to maintain the existing care home capacity.

11. The variation across Central Bedfordshire arises as the Chiltern Vale and Leighton Buzzard localities have or are developing sufficient capacity to meet current and forecast demand, whilst the West Mid Beds and Ivel Valley localities have less capacity than forecast demand.
12. Whilst forecasting is important it is essential to acknowledge that it is only part of the overall picture because there is considerable movement across administrative boundaries that can affect both demand and supply. For example, people outside of the area may choose to live or be placed within the Central Bedfordshire area and *vice versa*.
13. In addition to forecasting demand, the Council monitors the development of new capacity and any changes to existing capacity in the sector. After a long period where no new care home capacity was being developed there are currently three new homes under construction, four homes with planning consent and consent being sought for a further three homes.
14. This change to the market conditions presents the Council with an opportunity to plan and deliver the improvements to living conditions for the current and future residents of the seven homes.
15. Alongside the responsibility the Council has for its own care homes, the Care Act 2014 sets out duties and responsibilities to manage the care market in the local authority's area. This requires the Council to work with providers of all types of care services to ensure there is an adequate supply and that this is of an acceptable quality.
16. In its role as commissioner of care services in 2012 the Council implemented a framework agreement with providers of care homes which set fee rates and incentivised homes to improve the quality of care and develop the facilities to meet the needs of people with dementia. This agreement includes the regular appraisal of the quality of care in each home and categorises this into bands of 'Excellent', 'Good', 'Adequate' and 'Poor', it also includes Dementia Care Accreditation.

The Council's Approach

17. In response to drivers and analysis set out above, the approach being taken for the period to the end of 2020 can be summarised as:
 - a. The continued development and enhancement of home care and reablement services.
 - b. The development of further independent living schemes for older people.

- c. Maintenance of the overall existing number of care home places in care homes.
 - d. Within the maintenance of overall capacity seek to transfer the provision of places from the Council's seven homes to alternative homes that meet modern standards.
18. As new care home development in England and Wales is currently being delivered almost exclusively by the independent sector, the logical approach is that the provision of additional and replacement capacity will be led by the market. Only in the situation where the market was failing to provide a solution would the Council need to intervene, and in such cases the degree of intervention would be at the minimum level necessary to secure a solution.
19. Taken together these responses seek to address the challenges of an ageing population whilst improving the quality and range of services available to older people resulting in better health and an improved quality of life.
20. However, it is acknowledged that changes in the provision of the service provided by a care home which may result in the closure of a care home will undoubtedly be unsettling for those involved and it will be important to ensure that the needs of those affected the most are taken into account and remain at the forefront of the decision making and any subsequent change process.
21. To this end it is proposed that an offer of an improved residential care is provided to affected residents based on the following principles:
- a. **Choice:** residents will be able to choose a placement in an alternative home provided that this is within a reasonable distance from their current home. We would also respect the wishes of residents who may wish to move as a group. Should a resident prefer to move to a different area to be close to a relative or to move as a group with their existing friends, the Council would try to accommodate this if at all possible.
 - b. **Quality:** new and alternative placements would only be offered in homes offers an improved experience for each individual, in terms of the physical and environmental standards, and which can also meet their care needs.
 - c. **Value:** new and alternative placements will be at rates which are affordable for both the resident and the Council.
 - d. **Minimal disruption:** the change to accommodation arrangement for residents would only require a single move in order to ease the process of change.

Other Options Available

22. In coming to its preferred approach consideration has been given to the options set out below:
 - a. Do nothing.
 - b. A programme of refurbishment and/or remodelling of the existing homes.
 - c. A programme of rebuilding of homes on existing sites.
 - d. Provide the places in replacement care homes, the development and/or running of which is undertaken directly by Central Bedfordshire Council (as opposed to other organisations).

23. There are a number of reasons why the 'do nothing' option is not recommended at this time:
 - a. The continued provision of care in homes that do not meet modern standards would mean that older people who currently use our homes and those who use them in the future would have a poorer quality of life than otherwise.
 - b. The existing buildings would need significant investment to extend their useful lives by more than a few years.
 - c. In the Council's role of managing the market it may be problematic for the Council to seek to improve standards elsewhere in the market if it had taken the decision not to improve its own services.
 - d. It would represent a missed opportunity when new care homes are being built and there is capacity within the market to provide alternative placements to residents in the seven homes. When this opportunity arises it will not remain indefinitely.

24. The Council has explored options for adaptation to meet the current standards and concluded that in none of the homes would this be a preferred solution as:
 - a. Refurbishment or remodelling to meet the current standards would result in a reduction in capacity of the homes which would mean that it would not be a complete solution and would also impact on the economic viability of the homes.
 - b. Refurbishment and remodelling could prove just as disruptive to residents as re-provision.

25. The Council has explored the option of rebuilding homes on the existing sites concluded that in none of the homes would this be a preferred solution as:
 - a. Some of the sites are not large enough to accommodate a home to modern standards.
 - b. Rebuilding on site would in most cases require the closure of a home and the transfer of residents to allow for demolition and rebuilding.
 - c. One or two homes may have enough space on the site for a building to be contracted whilst residents remained 'in situ' but the noise and mess caused by construction would be disruptive and the outcome may be a building that is not well located within its site.
26. An alternative to being 'market-lead' is the Council itself funding and delivering the reprovision, albeit on different sites to the current homes. This option is not favoured at this stage as the independent market appears to be in the position to deliver new care homes without direct intervention or subsidy by the Council.
27. Whilst these options are not considered to be preferred as an approach to the homes as a whole, at the point where the reprovision of a specific home is being consulted on, these and any other appropriate options will need to be further reviewed and analysed as part of the consultation process.

Appendix B

The offer to existing care home residents when closure is proposed

The approach of each consultation and the details of the offer to existing residents will be tailored to local circumstances and individual needs, but the principles are:

- a. Residents would be accommodated in a home that offers a good quality of care^{1,2}.
- b. Residents would be accommodated in a home that meets modern physical and environmental standards as set out in Health and Social Care Act 2008 (Regulated Activities) Regulations 2010 and the Care Quality Commission (Registration) Regulations 2009.
- c. Residents would be accommodated in a home that can meet their assessed needs.
- d. Residents would be accommodated in a home at fee rates within the range paid by the Local Authority whose area the homes are in.
- e. Residents would be accommodated in a home that is a reasonable distance from their current home.
- f. Residents who expressed the wish to move as a group would be accommodated where possible.

In conjunction with the core offer set out above, resident's individual wishes and circumstances would be further taken into account where at all possible. Examples of this would include:

- a. Where a resident wished to moved to a different location to be close to a relative.
- b. Where a resident wished to move to another type of accommodation.

¹ This is defined as 'Excellent' or 'Good' under the terms of the Council's Framework Agreement or the equivalent under the CQC assessment standards.

² New homes will be assessed as soon as practicable. Those which have yet to be assessed will be judged based on other homes of a similar type operated by the same organisation

This page is intentionally left blank

Central Bedfordshire Council

EXECUTIVE - 10 February 2015

Silsoe Community Sports Facilities

Report of Cllr Maurice Jones, Deputy Leader and Executive Member for Corporate Resources (maurice.jones@centralbedfordshire.gov.uk)

Advising Officers: Peter Fraser, Head of Partnerships, Community Engagement and Youth Support.
(peter.fraser@centralbedfordshire.gov.uk)

This report relates to a Key Decision

Purpose of this report

1. To seek a decision on the transfer of Silsoe Community Sports Facilities, comprising a community building, adult sports pitch and Multi Use Games Area (MUGA), and all future liabilities and responsibilities for them, to Silsoe Parish Council.
2. To seek a decision on the transfer to Central Bedfordshire Council of a junior sports pitch for exclusive use by Silsoe CofE VC Lower School on its new site.

RECOMMENDATIONS

The Executive is asked to:

1. **authorise the transfer of the Silsoe Community Sports Facilities, comprising a community building, adult sports pitch and a Multi Use Games Area (MUGA), and all future liabilities and responsibilities for them, to Silsoe Parish Council;**
2. **agree to request the developer, Bloor Homes, to impose a restrictive covenant on the land limiting its use for leisure and community purposes; and**
3. **approve the transfer to Central Bedfordshire Council of a junior sports pitch for exclusive use by Silsoe CofE VC Lower School.**

Overview and Scrutiny Comments/Recommendations

3. The decision must be taken at the Executive on 10 February and cannot be delayed until the meeting on 31 March 2015 due to the imminent completion and transfer of the building from the developer Bloor Homes.

Background

4. The Silsoe Community Building was completed at the end of January 2015 and is part of the Barton Road development providing 380 dwellings. The Section 106 Agreement for the development requires the developer, Bloor Homes, to provide community sports facilities comprising a community building, a Multi Use Games Area (MUGA) and two outdoor sports pitches; an adult pitch and a junior sized football pitch. The Community Building will be offered to Central Bedfordshire Council (CBC) to accept on its own behalf or on behalf of another public authority e.g. Silsoe Parish Council (SPC).
5. Permission to build the Community Building and MUGA was granted to Bloor Homes by CBC in April 2012. Officers have worked alongside SPC for the last 18 months to realise the development of a building that now far exceeds the original specification. The building now comprises:
 - A gym
 - A main hall for income generating social functions - marked out with two badminton courts
 - A lounge, kitchen and bar area
 - A fitness studio.
 - Changing rooms dedicated to the sports pitches
 - Car parking and garden area.
6. The two pitches must include a junior sized football pitch for the exclusive use of the school at all times, not just during school hours.
7. The S106 Agreement requires that all of the facilities should be transferred simultaneously. However, the building has been completed in advance of the MUGA and sports pitches and the developer is seeking to transfer the building ahead of the MUGA and pitches being available. It is anticipated that these will not be ready for inspection and transfer until the summer 2015.
8. The developer must also pay three annual commuted sums totalling £135,000 for the maintenance and operation of the facilities. The first sum is payable 12 months after commencement of use.

Options for the transfer, ownership and management of the Community Building, the MUGA and the sports pitches

9. Options for the future ownership and management of the Community Sports Facilities have been considered by officers from Partnerships and Community Engagement, School Organisation, Assets, Planning, Legal and Leisure services and are set out briefly in paragraphs 12 – 14 below.
10. The options have been considered in the context of the S106 legal agreement; discussions that took place between SPC and Mid Bedfordshire District Council, prior to the creation of CBC, as well as the principles in the Community Engagement Strategy: to enhance the role of Town and Parish Councils; enable more services to be delivered locally; and enhance local communities.
11. Each of the options for transfer require CBC to accept the Offer Notice; subject to the facilities being completed to an adoptable standard. An initial inspection of the Community Building was made by the Assets team on 23 January 2015.
12. **Option 1: SPC holds the freehold and is responsible for the community sports facilities comprising the community building, MUGA and an adult sports pitch.** Under this arrangement SPC would have full responsibility for all of these facilities. It is likely that SPC would seek to appoint an operator to run the facilities on a day to day basis.
13. **Option 2: CBC holds the freehold and enters into a direct contract with Stevenage Leisure to manage the day to day operations of the site.** Although this would require a new lease to be granted by CBC to Stevenage Leisure, this could be negotiated in conjunction with the contract already in place.
14. **Option 3: CBC does not accept the offer of the building either on its own or on behalf of SPC.** The developer is obliged to find a Management Company or prepare a Management Plan describing management arrangements acceptable to CBC. This option is not recommended as it would impact significantly on the relationship with SPC and the developer and our credibility with regard to future developments and S106 Agreements.

Recommended decision

15. Option 1 is the recommended option. CBC would offer its support and advice to SPC to assist in appointing a suitable operator to manage the facilities on a day to day basis.

16. The junior pitch, sited adjacent to the new Silsoe Lower School, should be accepted by CBC on its own behalf in order for CBC to fulfil its statutory responsibility to provide a playing field to the school. It should be noted that the junior pitch will be fenced for safeguarding purposes.

Reason/s for decision

17. The working assumption, based on the history of discussions between Cranfield University, SPC and Mid Bedfordshire District Council was that the Community Sports Facilities and associated pitches and MUGA would be owned and managed by SPC; who have set up a Community Trust for the purpose of providing the strategic direction and governance arrangements for the operation of the facilities.
18. SPC's expectation has always been to own and manage the facilities in the spirit of the legacy that Cranfield University wished to leave to the residents of Silsoe. SPC has contributed significant amounts of time and skill throughout the past 18 months (and the past 8 years) to ensure the development brings forward facilities that significantly enhance the village as a sustainable community and a focal point for existing and new residents of the village.

Timescales

19. The S106 Agreement provides for the Community Sports Facilities to be 'offered' to CBC, which CBC may accept on its own behalf or on behalf of another statutory or public authority (which may include the Parish Council). CBC was served notice on 12 January 2015 to inspect the community building. No notice has yet been received for the MUGA or sports pitches. CBC carried out an initial inspection of the community building on 23 January 2015 to decide whether it is of an adoptable standard, and will need to carry out inspections of the MUGA and sports pitches. After this the developer has up to 3 months to issue an Offer Notice. CBC then has 6 months from receipt of the offer to accept (or not) the building and a further 2 months after that within which to effect the transfer.

Council Priorities

20. The preferred option described above meets the Council priorities listed below:-
 - *enhancing your local community – creating jobs, managing growth, protecting our countryside and enabling businesses to grow.*

Accepting and transferring the community sports facilities to SPC is an appropriate means to enhance Silsoe; enabling it to be used as a village asset and a focal point for new and existing residents, thereby helping to create a sustainable community.

- *promote health and wellbeing and protect the vulnerable*

SPC plans to operate the Community Building as a community hub for the delivery of other services such as health clinics.

- *Value for money and great universal services*

Whilst the leisure offer to the residents of Silsoe and surrounding villages is significantly enhanced this is achieved at no cost or liability to CBC.

Corporate Implications

21. In respect of the need to provide support to SPC to help them appoint a suitable operator, some CBC staff time may be required in the short term.

Legal Implications

22. The offer, transfer and ongoing liabilities for the Community Sports Facilities will be governed by the Section 106 Agreement.

Financial Implications

23. If in the future SPC wish CBC to accept a transfer from them of any of the Community Sports Facilities there could be stamp duty land tax costs to CBC.
24. The commuted sum (£135,000) over 3 years will be held by CBC and available to SPC and CBC to assist the operation and maintenance of the sports facilities (the community building, pitches and MUGA).
25. There are no ongoing costs (capital or revenue) to CBC.

Equalities Implications

26. Central Bedfordshire Council has a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The development of Silsoe Community Building and the proposal to transfer it and 2 sports pitches and a Multi Use Games Area to Silsoe Parish Council will create a variety of positive opportunities for the community. The provision of ongoing support from CBC to Silsoe Parish Council will enable them to deliver a viable facility which meets the needs of all local residents and the wider community.

Conclusion and next Steps

27. The new development in Silsoe will double the size of the village. SPC's aspiration is that the new Community Sports Facilities will provide a focal point for new and existing residents to come together and encourage community cohesion. To support this, SPC feels strongly that the new facilities, especially the community building, needs to be seen to be a village asset that thrives on local resident volunteer input. As such an acceptance and transfer of ownership on behalf of SPC is appropriate.
28. CBC will continue to work with the developer and SPC to conclude the transfer. CBC will offer support to SPC to identify and appoint a suitable operator.

Appendices

29. None

Background Papers

30. None

Central Bedfordshire Council

EXECUTIVE - 10 February 2015

Roker Park, Stotfold

Report of Cllr Maurice Jones, Deputy Leader and Executive Member for Corporate Resources (maurice.jones@centralbedfordshire.gov.uk)

Advising Officers: Deb Broadbent-Clarke, Director of Improvement and Corporate Services (deb.broadbent-clarke@centralbedfordshire.gov.uk) or David Cox, Chief Assets Officer, David.Cox@centralbedfordshire.gov.uk

This report relates to a Key Decision

Purpose of the Report

1. The purpose of this report is to seek Executive approval to release the restrictive covenant on Roker Park, Stotfold in exchange for a payment by Stotfold Town Council. This will enable Stotfold Town Council to realise the value of the asset in order to facilitate the development of a community facility which is Stotfold Football Club. It will also enable Stotfold Town Council to repay an outstanding loan to Central Bedfordshire Council.

RECOMMENDATIONS

The Executive is asked to:

1. **release the restrictive covenant on Roker Park, Stotfold in order to facilitate the creation of new football and other community facilities in Stotfold in exchange for a payment of the sum shown in Appendix B as a consideration towards the value of the restrictive covenant; and**
2. **agree that the land shown at Appendix A on Arlesey Road, Stotfold be leased to Stotfold Town Council for 99 years at a peppercorn rent for use as a football ground with new stadium and playing fields for community use, subject to a provision allowing Stotfold Town Council to sublet part to the football club and a break clause after 10 years in favour of Central Bedfordshire Council subject to notice and relocation of the football club, stadium and playing fields.**

Overview and Scrutiny Comments/Recommendations

2. This matter has not been considered by Overview and Scrutiny.

History and other considerations

3. Roker Park is an area of land owned by Stotfold Town Council. Central Bedfordshire Council has the benefit of a restrictive covenant which prevents Stotfold Town Council from building residential properties on the land. The restrictive covenant states the land can only be used for playing fields / leisure purposes.
4. Stotfold Football Club, which currently occupies Roker Park under a lease, has an urgent need to expand and build a new football ground which meets Football Association requirements and will provide demonstrable community benefit.
5. Stotfold Football Club is sponsored by Stotfold Motor Centre, incorporated within 'Saunders Garage Limited'. Central Bedfordshire Council's local Member, Councillor John Saunders has family connections with the owner of Saunders Garage Limited but there will be no direct legal relationship between Central Bedfordshire Council and Stotfold Football Club.
6. To achieve the aims set out in paragraph 4 above, Stotfold Town Council has made a number of attempts over the years to secure sufficient funds to enable it build a new stadium but without success.
7. Stotfold Town Council was granted a loan by Mid Beds District Council and this liability was inherited by Central Bedfordshire Council.
8. This matter was first considered by Central Bedfordshire Council's Executive on 27 November 2013. The Executive agreed to release the restrictive covenant on Roker Park in exchange for a share of the net proceeds of the sale of Roker Park for residential development, with Central Bedfordshire Council giving a further £500k towards the building of a new football ground. The agreement was also predicated on the repayment of the outstanding loan.
9. At that time, it was anticipated that the 'net' sum received by Central Bedfordshire Council, including the loan repayment, would be around £1.2m. However, the Executive decisions from November 2013 were never enacted, because Stotfold Town Council stated that it was not possible to build a new football ground for the amount of money they would have left over from this arrangement.

The current proposal

10. More recently, a local developer has offered Stotfold Town Council a Partnership Financial Offer where they will acquire Roker Park and in return, subject to planning permission being granted, will build a new football stadium for Stotfold Town Council on CBC owned land at Arlesey Road.
11. Stotfold Town Council has confirmed to CBC that if the recommendations made in this report are agreed by the Executive, they will be able to facilitate the building of a new football stadium on the land at Arlesey Road, in addition to repaying an outstanding loan.
12. Stotfold Town Council has further confirmed its commitment to facilitate and promote general community benefit from the development
13. Stotfold Town Council has therefore requested Central Bedfordshire Council to release the restrictive covenant on Roker Park and at the same time grant a lease to them on 24 acres of land at Arlesey Road for 99 years at a peppercorn rent to allow development of the new facilities.
14. It is further understood that this offer means that Stotfold Town Council will repay the outstanding loan to Central Bedfordshire Council..

Best value from the sale of the asset

15. Central Bedfordshire Council has a legal duty to achieve best value from the sale of an asset (in this case a restrictive covenant), or else obtain the Secretary of State's approval in the event that the undervalue exceeds £2m.
16. A valuation of Roker Park was obtained in June 2014 from the District Valuer . An independent assessment of the value of a restrictive covenant has also been obtained. This values the covenant at between 33% to 50% of the land value.
17. Consideration of the restrictive covenant's value is shown at Appendix B and this shows that under this proposal, the payment from Stotfold Council will be marginally outside the lower end of this scale.
18. However, The Local Government Act 1972 General Disposal Consent (England) allows a Council to accept a payment which falls outside an acceptable valuation provided the following apply:
 - a. the local authority considers that the purpose for which the land is to be disposed of is likely to contribute to the achievement of any one or more of the following objects in respect of the whole or any part of its area, or of all or any persons resident or present in its area;

- i. the promotion or improvement of economic well-being;
 - ii. the promotion or improvement of social well-being;
 - iii. the promotion or improvement of environmental well-being; and
 - b. the difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed £2m.
19. Taking into consideration the time Stotfold Town Council have been trying to provide new football stadium and community facilities, the pressure from the FA to improve the stadium used by Stotfold Football Club and the general economic situation, the option proposed by the developer and the payment for releasing the restrictive covenant is seen as the most viable way forward.

Reason/s for decision

20. To support the long standing aspiration of Stotfold Town Council to provide improved football and community facilities in Stotfold.
21. To secure repayment of the outstanding loan and consideration in respect of the release of the restricted covenant.
22. This report proposes that Central Bedfordshire Council disposes of the asset that is the subject of the restrictive covenant for less than the best consideration and relies on the powers set out in clause 16.

Corporate Implications

Council Priorities

23. The proposal supports the following Council priorities:-
 - enhancing your local community – creating jobs, managing growth,
 - promotes health and well being
 - taking the action outlined in this report would facilitate the delivery of elements of the Council's Leisure Strategy.

Legal Implications

24. Legal implications have been addressed within the body of the report.
25. Additionally due to the complexities of the arrangements to release the restrictive covenant on Roker Park, a mechanism is required to secure payment from Stotfold Town Council. CBC's lawyers will need to agree an appropriate legal mechanism to ensure the consideration for the restrictive covenant is paid to this Council simultaneously with a commitment from STC to procure the construction of the new stadium on the Arlesey Road site.

Financial Implications

26. Financial implications have been addressed within the body of the report.

Equalities Implications

27. CBC has a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
28. The proposal is not likely to have an adverse impact on equality of opportunity, due to the provision of a new football ground and playing fields for the benefit of all sections of the local community.

Public Health

29. The new football ground and associated grass playing fields / pitches will promote sport and leisure activities within the community which will contribute to public health and wellbeing in the area.

Community Safety

30. Under section 17 of the Crime and Disorder Act we have a duty to do all that is reasonable to reduce crime and disorder in our area. The provision of grass playing fields/pitches at Arlesey Road and the sale of Roker Park for residential development will make a positive contribution.

Risk Management

31. Although there is uncertainty, both of the amount of the capital receipt from the sale of Roker Park and the total construction costs for development of the new football facility in Arlesey Road, there is no financial risk to the Council arising from the scheme.

Conclusion and next steps

32. In terms of conclusions the recommendations are put forward as a means of assisting Stotfold Town Council achieve their long-held ambition to improve football and leisure facilities in the town.
33. In the event that Stotfold Town Council cannot secure agreement from a developer that the developer will construct the new football stadium to an agreed standard or for any reason the current proposals between STC and the developer fail to become legally binding within a reasonable period of time (to be determined by CBC) the present recommendations and subsequent decision will be withdrawn.

Appendices

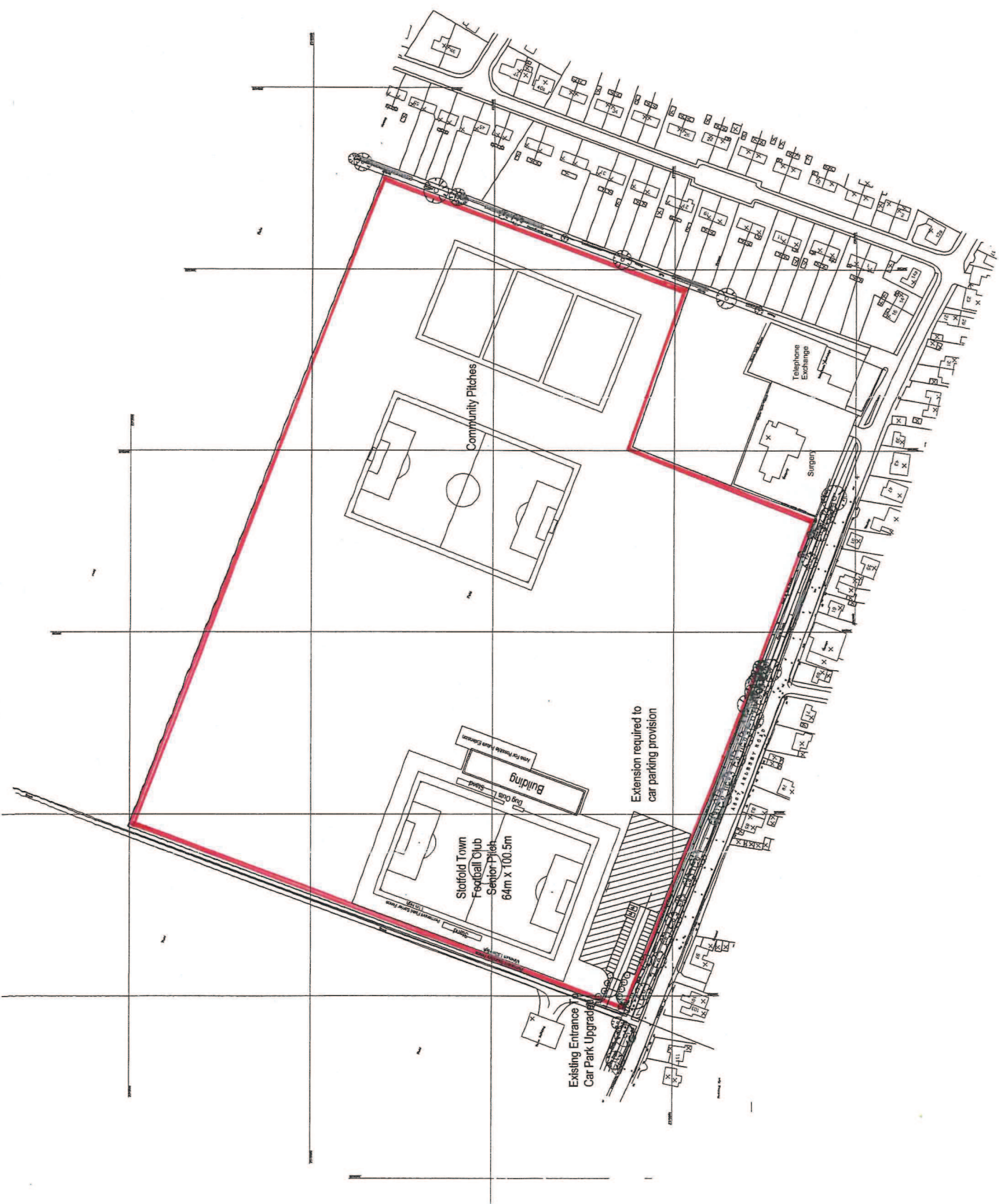
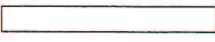
Appendix A – Plan of the land

Appendix B – Best Value from the Sale of the Asset - Exempt

Background Papers

None

It is a condition of approval that the proposed development be carried out in accordance with the approved plans and specifications. Any variation to the approved plans and specifications must be approved in writing by the Council. The Council reserves the right to require the applicant to provide a guarantee to cover the cost of any remedial work required to bring the site back to its original condition. The Council also reserves the right to require the applicant to provide a guarantee to cover the cost of any remedial work required to bring the site back to its original condition. The Council also reserves the right to require the applicant to provide a guarantee to cover the cost of any remedial work required to bring the site back to its original condition.



REV | DATE | COMMENT | DRAWN | CHECKED

E3 ARCHITECTS

I: 01509 810610
F: 01509 211610
WWW.E3.CO.UK

Stotfield Football Facility, Ambley Road,
Stotfield, S65 4HE
Stotfield Town Council
Site Layout
DISCUSSION

20200 | G2 | S1-90

This page is intentionally left blank

Central Bedfordshire Council

EXECUTIVE - 10 February 2014

AWARD OF CONTRACT FOR THE CONSTRUCTION OF FOUR HOMES AT CREASEY PARK DRIVE, DUNSTABLE

Report of Cllr Carole Hegley, Executive Member for Social Care, Health and Housing (carole.hegley@centralbedfordshire.gov.uk)

Advising Officers: Julie Ogley, Director Social Care, Health and Housing (julie.ogley@centralbedfordshire.gov.uk) and John Holman, Head of Asset Management (john.holman@centralbedfordshire.gov.uk).

This report relates to a Key Decision

Purpose of this report

1. This report recommends the award of a contract for the construction of four homes at Creasey Park Drive, Dunstable. This contract award will be dependent on the conclusion of successful financial negotiations with the preferred contractor. This will be one of a series of developments across the area and the first time the Council has developed new homes in around 40 years. The aim is to build new homes in the right areas to meet the housing demand from local people.

RECOMMENDATIONS

The Executive is asked to:

1. **to delegate to the Director of Social Care, Health and Housing, in consultation with the Executive Member for Social Care, Health and Housing, the decision to award the contract for the construction of four homes at Creasey Park Drive, Dunstable. The awarding of a contract will be subject to satisfactory negotiations on financial costs with Contactor A.**

Issues

2. Priority 4 of the Housing Asset Management Strategy (HAMS) includes the development of new homes. The HAMS also identified a need to maximise the use of the Council's garage blocks, including redevelopment.

3. A draft Garage Strategy has been prepared and will be consulted upon shortly. This identifies thirty sites for possible re-development. The first site that has been identified for re-development is Creasey Park Drive, Dunstable. This site has satisfactory access from the public highway and there are no garage owners or tenants to be re-located as the garages were demolished several years ago.
4. Tenant and resident engagement was undertaken over the summer of 2014 on the development proposals for the site. The views obtained through this engagement informed the design of the scheme. The development will include four new homes comprising two two-bedroom bungalows, one adapted for the disabled and two two-bedroom flats. It is proposed that the bungalows will be available for affordable rent and the flats for shared ownership.
5. During the summer of 2014 the construction opportunity was advertised on the Council's website, the Luton and Dunstable Herald and Post, Leighton Buzzard Observer, Milton Keynes Citizen and Luton News and Dunstable Gazette. Given the small scale of the project it was considered that a national advertisement would be unlikely to attract a larger contractor. By extensive advertising locally it was also hoped that the opportunity to maximise the Central Bedfordshire pound would be realised.
6. A planning application for the scheme was submitted in November 2014 and a decision is due on the 26 January 2014. A verbal update will be given at the meeting on the outcome of the planning decision. This paper is written in anticipation that planning permission will be granted. The Design and Access Statement for the planning application is attached as a background paper.

Reasons for decision

7. The tender is in excess of the estimate. It is proposed to enter into negotiations with the preferred contractor in an attempt to bring it within budget.
8. This proposed development helps to meet the objectives set out in the Housing Asset Management Strategy (HAMS) and emergent Garage Strategy. This development will help meet housing need in Central Bedfordshire. The disabled unit will meet a specific need that will directly benefit the General Fund.
9. The site is a vacant brownfield site within an urban area. The re-use of sites such as these reduces the need to develop greenfield sites within Central Bedfordshire and helps to improve the appearance of the area, reducing the risk of anti social behaviour.

Council Priorities

10. The proposed development supports the following Council priorities:
 - a. Enhancing the local community, creating jobs, managing growth, protecting the countryside and enabling businesses to grow. The development will contribute to the delivery of this priority through regenerating a fenced off garage site. Through advertising locally this increases the opportunity for local businesses and job creation.
 - b. Promote health and well being and protect the vulnerable. The development will contribute to delivering this priority through providing housing for the elderly and disabled.
 - c. Better infrastructure, improved roads, broadband reach and transport. The development will contribute to delivering this priority through improving to the highway in the surrounding area.

Corporate Implications

Procurement

11. The contract has been tendered in accordance with the Council's Corporate Procurement Rules.

Legal Implications

12. The form of the contract is Joint Contracts Tribunal (JCT) - Design & Build there has been input from legal services during the procurement process on the form of this contract.

Financial Implications

13. The preferred bid is currently higher than the amount set out in the approved Housing Revenue Account (HRA) annual budget programme. It is proposed to negotiate with the preferred contractor. If these negotiations are successful in bringing the value down to within the budgeted amount then a contract will be awarded. It is proposed that a £136,000 contribution will be made from Right to Buy receipts. The potential to use any commuted sums from s106 planning agreements will be investigated.
14. Funding is from the Housing Revenue Account and is included in the Landlord Services Business Plan. Financial checks on the contractors were undertaken at the pre-qualification stage.
15. The development will provide a capital receipt to the HRA when the shared ownership units are sold and the ongoing rent from the properties is included.

Equalities Implications

16. Public authorities have a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age, disability, gender re-assignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
17. At the pre-qualification stage it was established whether the organisation has an equality and diversity policy and whether they had been involved in any cases of unlawful discrimination. At the invitation to tender stage the contractors were asked to expand upon how they will promote equal opportunities during the contract. As part of the framework tender evaluation process contractors were required to demonstrate their Equalities Policy and procedures and incorporate this commitment within their method statements. This was taken into account during the evaluation of the tenders.
18. The two bungalows are to be designated as housing for older persons. One of these will be fully adapted for disabled use. All the properties are to be designed to Lifetime Home standards.

Risk Management

19. The Design and Access Statement (attached) sets the approach taken to “de-risk” the scheme and ensure that the Council’s priorities are met. The following ongoing risks have been identified:
 - a. *Value for money* – there are indications that the construction industry is facing rising labour costs and materials shortages. This is resulting in rising construction costs. This has been mitigated through the running of a competitive tender process.
 - b. *Capacity to deliver* – There is a risk that given the scale of the project there could be challenges with getting contractors to deliver high specification dwellings. This has been mitigated through the running of a rigorous tender process. In order to assist the Council EC Harris have provided technical expertise to support the process. They will be acting as employers agent in the next stages.
 - c. *Delays in completion* – There have been rigorous project management processes put in place to mitigate this risk. In addition there will be financial penalties put in place for delays in completion.

Public Health

20. The new homes to be developed are high quality homes that will result in an improved housing stock. These properties will directly benefit those that are in housing need and on the Council's housing register.

Sustainability

21. The properties will be built to high quality design and sustainability standards. The homes are designed with gardens and to fit in with the local surroundings. They will not overlook existing homes. The properties will provide for social needs within Dunstable through providing accessible affordable housing.
22. The proposed procurement strategy has maximised the opportunity for local businesses to become involved in the project. The tenders received all came within close proximity to the Central Bedfordshire area.
23. The dwellings have been designed in accordance with and will be constructed in accordance with:
 - a. Secured by Design
 - b. Code for Sustainable Homes Level 4
 - c. Lifetime Homes
 - d. Housing Quality Indicators

Procurement

24. The Contract has been tendered in accordance with the Council's Corporate Procurement Rules. The chosen route to market provides value for money as the prices have been competitively tendered and benchmarked against current prices. The Council received four submissions at the pre-qualification questionnaire stage. These questionnaires were evaluated and all four contractors were invited to tender. Of the four invited to tender two of these contractors chose to submit a proposal. The reason given by those who chose to not submit a proposal was due to their current workload. The evaluation of the tenders can be seen at Appendix A.

Community Safety

25. This development will contribute towards the Council's Community Safety aims of reducing crime, disorder and anti social behaviour and also reducing the fear of crime. The site is a vacant brownfield site that has the potential to attract anti-social behaviour. Through the development of the site natural surveillance will be brought to the area.

The principles of “Secured by Design” have been followed in the design of the site. The design rationale has been informed by the site context and the needs of future occupants of the houses. This has resulted in a layout that promotes a public front and private back approach which improves security of the public realm. Improvements to the public lighting surrounding the site are proposed”.

Conclusion and next Steps

26. The next step is to enter into negotiation with Contractor A with a view to bring the tender within budget.
27. The homes should be ready for occupation in autumn 2015.

Appendices

28. The evaluation of the proposals received for Creasey Park Drive, Dunstable is attached at Appendix A. The appendix is exempt under category number 3 “information relating to the financial or business affairs of any particular person (including the authority holding that information)”.

Background Papers

29. Creasey Park Drive - Design and Access Statement is attached.

Central Bedfordshire Council

EXECUTIVE - 10 February 2015

AWARD OF THE ROOF REPLACEMENT CONTRACT 2015 - 2018

Report of Cllr Carole Hegley, Executive Member for Social Care, Health and Housing (carole.hegley@centralbedfordshire.gov.uk)

Advising Officers: Julie Ogley, Director of Social Care, Health and Housing (julie.ogley@centralbedfordshire.gov.uk) and John Holman, Head of Asset Management (john.holman@centralbedfordshire.gov.uk)

This report relates to a Key Decision

1. This report recommends the award of the contract for the Roof Replacement of council dwellings for 2015 – 2018. This contract will help meet priority 6 of the Housing Asset Management Strategy, i.e. to ensure the housing stock is kept in good repair and meets tenants' current and future expectations.

RECOMMENDATIONS

The Executive is asked to:

1. **award the Housing Roof Replacement Contract to Contractor C.**

Overview and Scrutiny

2. This issue has not been considered by Overview and Scrutiny.

Issues

3. This report outlines the outcome of the tendering of the Housing Service Roof Replacement Contract. This contract was procured using standard contract documentation (JCT Measured Term Contract).
4. The new contract allows for the renewal of pitch roof coverings and flat roof replacement in different forms.

Reasons for decision

5. This contract will help to meet priority 6 of the Housing Asset Management Strategy (HAMS) to ensure the housing stock is kept in good repair and meets tenants' current and future expectations. This contract will allow the Council's Housing Services to continue the Roof Replacement programme during 2015 – 2018.
6. The existing contract for Roof Replacement ends in March 2015 and the Council is required to enter into new contract arrangements that will commence from April 2015.

Council Priorities

7. The actions support the Council priorities by:
 - a. Making a positive contribution towards employment and training initiatives that will benefit the community within Central Bedfordshire by providing local employment opportunities.
 - b. Generating efficiencies and value for money through economies of scale, supply chain management and improved working practices.

Corporate Implications

Procurement

8. The contract has been tendered in accordance with the Council's Corporate Procurement Rules.

Sustainability

9. Recycling targets will be agreed at contract award with the contractor with a bespoke Site Waste Management Plan and utilise the SMART Waste online system to develop a waste forecast. In line with the Council's Housing Asset Management Strategy, contractors will be expected to demonstrate the same level of commitment to environmental sustainability as the Council.
10. Contractors will use Forest Stewardship Council certified timber products, use local business suppliers to reduce transport and recycle/re-use of materials wherever possible be expected to ensure any waste from programmes is minimised. The Contractor is committed to the *WRAP voluntary agreement to halve waste to landfill. Where necessary the contract will allow to the increasing of loft insulation to current standards.
*Worldwide Responsible Accredited Production (WRAP)

Legal Implications

11. Standard contract documentation JCT measured term contract, with schedule of rates for the roofing works.

Financial Implications

12. The Housing Revenue Account (HRA) annual programme indicates budgetary provision for Roof Replacements of £550,000 in 2015/16, £505,000 in 2016/17 and £510,000 in 2017/18. The contract is initially for a three year period with a further two years extension possible subject to satisfactory performance review at the Council's discretion. The above budgetary allowances are included in the Housing Services Business Plan, which reflect the average spend on roof replacement in recent years. Whilst this budget provision is available within the Housing Service Business Plan, there is no obligation within the contract to spend a minimum sum with the chosen contractor. The Council has the flexibility to adapt its strategy to meet its current priorities without financial loss. The contract evaluation is based upon an equal 80% price and 20% quality assessment to help ensure value for money from the contract.

Equalities Implications

13. Equality and diversity are key issues for all directorates within Central Bedfordshire Council. As part of the tender evaluation contractors' demonstrated their compliance with the Corporate Equalities Policy and incorporate this commitment within their method statements. As part of ongoing contract monitoring arrangements the Council will check that statutory service delivery and employment requirements relating to equality are met.

Risk Management

14. The following risks have been identified:
 - Failure to deliver the roof replacement programme programme.
 - Failure to effectively utilise the 2015-18 budget provision for the purpose intended.
 - Failure to deliver value for money.
 - Failure to deliver the Housing Strategy (i.e. to ensure that the housing stock is kept in good repair and meets tenants' needs and expectations) and other council priorities.

The Contract

15. This is a three year contract with a two years extension and subject to performance and annual review.

16. The Contract employs standard commercial terms following the JCT Form of Measured Term Contract supported by a priced bespoke schedule of rates.
17. Using this type of contract, the contractor is paid for the measured area of the roof construction replaced. The contractor is responsible for all associated design.
18. Variation orders are agreed for any adjustment to the original works using pre-priced rates before the contractor is paid any additional or reduced sums.

Tender Evaluation

19. A contract advert was placed on the 9 June 2014 in an appropriate trade magazine Roofing Today, local newspapers and on the CBC website.
20. Eight pre qualification questionnaires were received on the 4 July 2014 and six contractors were shortlisted.
21. One contractor declined to tender, five tenders were received by the closing date and therefore evaluated.
22. The Standard Award Criteria Evaluation Model is a points system based upon 80% of the points being awarded for financial submissions and 20% of the points being awarded for quality method statement submissions/site visit. The criteria for assessment of quality covered the following specific areas: Environment; Equalities, Health & Safety, Insurances & Data Handling, Method of Delivery of the service, Resources to be allocated, Business Continuity, Quality control and Performance Management (KPI's), Customer Care and Social Values.
23. A joint evaluation panel made up of officers and tenants was established to evaluate all tender bids. The information provided in the quality method statements was reviewed. The outcome of the evaluation was to recommend a contractor who met quality and financial criteria, and provided the most economically advantageous tender.

Conclusion and next Steps

24. The conclusion of the report is for the Executive to approve Contractor C for the Housing Roof Replacement contract. The next step if Contractor C is approved; for housing to prepare the contract and award the works.

Appendices

25. Appendix A is attached. The appendix is exempt under category number 3 “information relating to the financial or business affairs of any particular person (including the authority holding that information)”.
26. Appendix A – Exempt report Award of the Housing Roof Replacement Contracts 2015 -2018.

Background Papers

27. 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

Central Bedfordshire Council

EXECUTIVE - 10 February 2015

December 2014 Q3 Revenue Budget Monitoring

Report of Cllr Maurice Jones, Deputy Leader and Executive Member for Corporate Resources (maurice.jones@centralbedfordshire.gov.uk)

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

This report relates to a Non Key Decision

Purpose of this report:

1. The report sets out the financial position for 2014/15 as at the end of December 2014. It sets out spend to date against the profiled budget and the forecast financial outturn. It excludes the Housing Revenue Account which is subject to a separate report.

RECOMMENDATIONS

The Executive is asked to:

1. **consider the Revenue forecast position which is currently to overspend budget by £0.5m; and**
2. **request officers to continue with their efforts to achieve a minimum balanced outturn or an underspend.**

Issues

2. The forecast outturn position as at December 2014 is an overspend of £0.5M.
3. The Year to Date (YTD) spend is £1.2M below budget.
4. Risks and opportunities indicate a net risk of £0.21M.
5. December non current debt (i.e. debt that is more than 14 days from date of invoice) excluding House sales and Grants is £7.4M (£7.8M November). All debt is under active management.

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

Directorate	Year to Date - December P9			Full Year		
	Budget	Actual	Variance	Budget	Forecast	Variance
	£m	£m	£m	£m	£m	£m
SCHH	47.2	48.3	1.1	62.9	64.6	1.7
Childrens Services	32.8	32.8	0.0	44.7	44.6	(0.1)
Community Services	27.3	27.3	0.0	36.7	36.9	0.2
Regeneration	3.2	2.4	(0.8)	5.1	4.5	(0.6)
Public Health	0.0	(0.3)	(0.3)	0.0	0.0	0.0
Improvement & Corporate Services	16.0	16.0	(0.1)	21.5	21.4	(0.2)
Corporate Resources	3.5	3.1	(0.3)	5.0	4.8	(0.3)
Corporate Costs	6.2	5.4	(0.9)	10.0	9.7	(0.3)
Total Excl Landlord Business	136.2	135.0	(1.2)	186.0	186.5	0.5
Schools	0.0	0.5	0.5	0.0	0.0	0.0
Landlord Business	0.0	0.0	0.0	0.0	0.0	0.0
Total	136.2	135.5	(0.7)	186.0	186.5	0.5

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

Earmarked Reserves (Appendix B)

7. The opening balance of General Fund Earmarked Reserves (EMR) is £24.7M (Excluding HRA and Schools). The current position proposes the planned use of £4.7M EMR (used to offset expenditure), proposed transfer to EMR of £0.8M (£0.1M budgeted, the creation of a new proposed Business Rates Retention reserve for £0.4M due to technical accounting changes and £0.3M Public Health which is ringfenced) and a release of £0.1M (no longer required). This results in a forecast closing position of £20.7M. See Appendix B for details of which EMR have been used.

General Reserves

8. The opening position for 2014/15 is £15.1M. There are no further uses or contributions planned for 2014/15.

RISKS AND OPPORTUNITIES

9. Directorate risks & opportunities indicate a risk to the outturn of £0.21M.

10. The main risks identified greater than £0.05M are:

- £0.15M Possible impact of winter maintenance.
- £0.07M Possible claw back of European Skills Funding.
- £0.14M Withdrawal of Health funding for 65+ day centre.
- £0.20M Possible increase in the Insurance Reserve following Actuarial review.

Total £0.56M

11. The main opportunities identified greater than £0.05M are:

- £0.20M Higher Housing Benefit recovery
- £0.15M Increased Income in ICS

Total £0.35M

Council Priorities

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

Corporate Implications

Legal Implications

13. None

Financial Implications

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

Equalities Implications

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

Conclusion and next Steps

16. The recommended actions are to facilitate effective financial management and planning.

Appendices

Appendix A – Detailed Directorate Commentary

Appendix B – Earmarked Reserves

Appendix C – Debt Management

Appendix D – Treasury Management

This page is intentionally left blank

APPENDIX A1 – DIRECTORATE COMMENTARY

Social Care, Health and Housing

1. The directorate General Fund projected outturn position at Quarter 3 is an overspend of £1.7M after the use of reserves.

Month: December 2014	Year to date				Year				
	Budget	Actual	Use of Reserves	Variance	Approved Budget	Forecast Outturn	Forecast Variance	Proposed use of Earmarked reserves	Forecast Variance after use of earmarked reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Social Care Health and Housing									
Director of Social Care, Health, Housing	144	181	(23)	14	193	209	16	-	16
Housing Solutions (GF)	993	1,090	(73)	24	1,324	1,378	54	(73)	(19)
Adult Social Care	43,039	46,459	(742)	2,678	57,352	62,342	4,990	(1,140)	3,850
Commissioning	8,422	8,239	(45)	(228)	11,229	10,789	(440)	(105)	(545)
Business and Performance	(5,407)	(6,520)	(270)	(1,383)	(7,210)	(8,404)	(1,194)	(385)	(1,579)
Total Social Care and Health	47,191	49,449	(1,153)	1,105	62,888	66,314	3,426	(1,703)	1,723

2. The Year to date (YTD) spend of £49.5M indicates a forecast full year outturn spend of £66M which is £0.3M less than the current forecast position.
3. The Adult Social Care service is forecast to overspend by £3.8M after the use of reserves. Within this division is the risk of increases in the Older People, Physical and Learning Disability package costs. People are living longer and the costs of dementia are on the increase. Demographic pressure of £1.5M has been built into the budget to reflect this, however, efficiency targets for this area total just over £2.0M.
4. Within the Older People 65+ package budgets, a projected over spend of £3.3M is forecast mainly on residential placements. This pressure was offset by non-recurring underspends in 2013/14 and also by additional customer income which continues to exceed budget in 2014/15 by £1.4M. There is also a projected overspend on external home care packages reflecting increased customer numbers together with increased weekly costs as need becomes more complex as customers live longer.
5. In respect of former self funders, these continue to exert pressure on residential and nursing placements budgets. Ten have required council support during April to December. If this trend continued it would generate a forecast pressure of £0.187M by March 2015 (with a £0.348M full year cost) that the Council has to support.
6. Within Learning Disabilities, the current position is a projected overspend after use of reserves of £1.5M. Additional budget of £0.8M has been provided to cover the impact of new transitions in 2014/15 and the full year effect of new transitions in 2013/14 but there continues to be uncertainty around the costs of children transferring into Adult Social Care. Challenging efficiency targets have also been set for this area amounting to £1.3M.
7. The Learning Disability service is experiencing increasing costs due to family carer breakdown as 42% of customers with a Learning Disability are supported by carers who are 65+ years old. In addition the service is having to use more expensive out of county respite care due to lack of provision in the Council area.

8. The earmarked reserve supporting the addition costs of Ordinary Residence has been fully utilised and there is a risk of additional costs as more providers deregister services within the Central Bedfordshire area.
9. The Commissioning service is reporting a projected under spend of £545K. The key variance after reserves is a projected overspend on the S75 Mental Health Agreements of £114K (due to an efficiency shortfall). This is offset by projected underspends of £160K on the Dementia Quality Mark budget (slower than anticipated take up of the scheme), £66K on the equipment pooled budget and £189K on the Learning Disability Transfer budget.
10. The Resources division is showing a projected under spend of £1.6M the majority of which relates to a projected over achievement of customer contributions (volume related).
11. The forecast does include the recently announced Winter Pressures funding from the government of £325K. This grant funding has been made available to create additional Adult Social Care capacity to support more timely discharge from the local hospitals, all of which needs to be spent by 31 March 2015.
12. HRA is subject to a separate report.

Children's Services

13. The full year forecast outturn position for 2014/15 as at December 2014 is £56K under budget. This is after £1.143M use of reserves set aside at the end of the 2013/14 financial year.

Month: December 2014	Year to date				Year				
	Budget	Actual	Use of Reserves	Variance	Approved Budget	Forecast Outturn	Forecast Variance	Proposed use of Earmarked reserves	Forecast Variance after use of earmarked reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Children's Services									
Director of Children's Services	328	411	(75)	8	410	489	79	(113)	(34)
Children's Services Operations	23,681	24,588	(379)	528	32,207	33,563	1,356	(674)	682
Commissioning & Partnerships	2,640	2,673	(153)	(120)	4,439	4,536	97	(296)	(199)
Joint School Commissioning Service (Transport)	5,541	5,224	-	(317)	7,640	7,280	(360)	-	(360)
Partnerships	543	580	(40)	(3)	601	657	56	(60)	(4)
School Improvement (incl Music)	1,484	1,485	-	1	1,260	1,222	(38)	-	(38)
Total Children's Services (ex Schools / Overheads)	34,217	34,961	(647)	97	46,557	47,747	1,190	(1,143)	47
DSG Contribution to Central Support	(539)	(539)	-	-	(719)	(719)	-	-	-
ESG Contribution to Central Support	(868)	(945)	-	(77)	(1,157)	(1,260)	(103)	-	(103)
Total Children's Services (excluding Schools)	32,810	33,477	(647)	20	44,681	45,768	1,087	(1,143)	(56)

14. The underspend is mainly due to savings in Transport (£360K), Children with Disabilities (£218K) and the Education Services Grant (£103K) offsetting pressures in Fostering and Adoption (£594K) and Intake & Family Support (£166K).

The increased costs in Fostering and Adoption (£594K) relate to increased Special Guardianship Orders (£402K), Residential Orders (£93K) and Adoption costs. Intake & Family Support (£166K) have increased agency costs to cover vacant substantive posts.

15. The tables below reflects the increased number of looked after children.

	Dec 2013	Dec 2014	% increase / (decrease)
Number of LAC made up of:	276	264	(4%)
In House Foster Placements	86	104	21%
Independent Foster Placements	109	91	(17%)
Residential Homes & Schools (both in & out of County)	29	20	(31%)
Semi - Independent Living	15	12	(20%)
Placed for Adoption/ with Parents	23	21	(8%)
Children with Disabilities (CWD)	8	4	(50%)
Unaccompanied Asylum Seeking Children	5	10	200%
Secure Accommodation, Young Offenders & NHS	1	2	200%
Non care placements for which we have responsibilities:			
Special Guardianship Orders	76	106	39%
Residential Orders	44	45	2%
Other information:			
Child Protection Plan	264	174	(34%)
Children in Need	1,562	1,385	(11%)
Number of Referrals (YTD)	1,982	1,767	(11%)

	Movement for 2014/15 YTD
LAC (April 271)	-7
In House Placements (April 92)	12
Independent Placements (April 110)	-19
Special Guardianship Orders (April 85)	+21

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

	Staff FTE	No. of Perm	Vacant	No. of Agency	% of Agency	% change month
Children in Care & Care Leavers	55.0	30	3	22	40%	+3%
Intake & Family Support	115.9	69.75	14.30	31.81	27%	-5%
CWD	57.29	44.07	9.82	3.4	6%	-2%
Quality Assurance	23.27	15.86	1.00	6.41	28%	-1%
Fostering & Adoption	41.8	31.4	1.57	8.83	21%	+11%
Early Intervention & Prevention	65.79	52.19	11.6	2.0	3%	+3%
Total	359.0	243.3	41.3	74.5	21%	+3%

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

Community Services

17. Community Services' forecast outturn is £188K over budget after the use of earmarked reserves of £1.175M for one-off specific projects.

Month: December 2014	Year to date				Year					
	Director	Budget	Actual	Use of Reserves	Variance	Approved Budget	Forecast Outturn	Forecast Variance	Proposed use of Earmarked reserves	Forecast Variance after use of earmarked reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Community Services										
Community Services Director	259	197	-	(62)	345	285	(60)	-	(60)	
Highways Transportation	9,560	9,868	(257)	51	13,085	13,534	449	(318)	131	
Environmental Services	17,433	17,877	(411)	33	23,301	24,275	974	(857)	117	
Total Community Services	27,252	27,942	(668)	22	36,731	38,094	1,363	(1,175)	188	

18. Highways and Transport has a projected £131K overspend mainly arising from use of agency staff in passenger transport services.
19. Environmental Service is forecasting an overspend of £117K, mainly due to less than budgeted parking income, offset by underspends in Libraries and Community Safety staff costs.

Regeneration and Business Support

20. Regeneration and Business Support's forecast outturn is £613K below budget after the use of earmarked reserves of £567K for one-off specific projects.

Month: December 2014	Year to date				Year				
Director	Budget	Actual	Use of Reserves	Variance	Approved Budget	Forecast Outturn	Forecast Variance	Proposed use of Earmarked reserves	Forecast Variance after use of earmarked reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Regeneration and Business Support									
Director	346	315	-	(31)	461	461	-	-	-
Business Support & Skills	228	277	(125)	(76)	883	1,140	257	(144)	113
Planning	2,661	2,336	(375)	(700)	3,752	3,449	(303)	(423)	(726)
Programme Delivery	-	-	-	-	-	-	-	-	-
Total Regeneration and Business Support	3,235	2,928	(500)	(807)	5,096	5,050	(46)	(567)	(613)

21. The main area of underspend is the Planning Division which is forecasting to underspend by £726K. This is due to underspends on staffing of £148K, consultancy costs of £116K and additional income from planning activities of £473K.

Public Health

22. Public Health forecast outturn is to achieve a balanced budget after proposed reserves. The Public Health grant is currently ringfenced so any under/overspend results in a movement against the carried forward reserve from 2013/14.

The forecast before reserves is an underspend of £284K, a combination of BBC, Shared Service and CBC activities.

Month: December 2014	Year to date				Year				
Director	Budget	Actual	Use of Reserves	Variance	Approved Budget	Forecast Outturn	Forecast Variance	Proposed use of Earmarked reserves	Forecast Variance after use of earmarked reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Public Health									
Director of Public Health	(7,093)	(7,150)	-	(57)	(9,458)	(9,458)	-	-	-
Assistant Director of Public Health	7,093	6,820	-	(273)	9,458	9,174	(284)	284	-
Total Public Health (Excl overheads)	-	(330)	-	(330)	-	(284)	(284)	284	-

Improvement and Corporate Services (ICS)

23. The directorate is currently forecasting an underspend of £168K, largely as a result of expected additional HRA recharges of £200K (income to ICS).

Month: December 2014	Year to date				Year				
Director	Budget	Actual	Use of Reserves	Variance	Approved Budget	Forecast Outturn	Forecast Variance	Proposed use of Earmarked reserves	Forecast Variance after use of earmarked reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Improvement and Corporate Services									
Improvement and Corporate Services Leadership	185	192	-	7	247	250	3	-	3
Communications and Insight	573	708	(70)	65	764	880	116	(114)	2
Customer Services	1,473	1,567	(5)	89	1,963	2,088	125	(5)	120
Programme and Performance	320	284	(20)	(56)	427	422	(5)	(48)	(53)
Policy & strategy	130	127	-	(3)	173	154	(19)	-	(19)
Customer & Community Insight	-	-	-	-	-	-	-	-	-
Procurement	60	419	-	359	80	175	95	-	95
People	1,906	1,865	(112)	(153)	2,542	2,544	2	(124)	(122)
Information Technology	5,136	5,143	(33)	(26)	6,848	6,706	(142)	(33)	(175)
Legal & Democratic Services	2,788	2,529	(19)	(278)	3,886	3,777	(109)	95	(14)
Assets	3,448	3,424	(38)	(62)	4,597	4,630	33	(38)	(5)
Total Improvement and Corporate Services	16,019	16,258	(297)	(58)	21,527	21,626	99	(267)	(168)

24. Human Resources is forecast to underspend by £122K largely due to higher than budgeted recharges to HRA (£112K) & savings resulting from managed delays recruiting to vacancies. These savings have been partly reduced by a delay in savings associated with Trade Union Facilities which will be achieved but to a different timescale (£27K).
25. IT are forecast to underspend by £175K, mainly due to a net refund from Virgin Media generated through payments audit (£220K), higher than budgeted recharges to HRA (£41K), savings in IT training costs (£34K) & other IT budgets (£37K). These savings have been slightly reduced by a pressure on Schools Network service as a result of higher than budgeted network costs (£92K) and lower than budgeted income from Schools & Academies (£63K).

Corporate Resources and Costs

26. The full year budget of £15.0M is made up of:

- Corporate Resources £5.0M
- Corporate Costs £10.0M

The forecast outturn is an underspend of £576K.

Month: December 2014	Year to date				Year				
Director	Budget	Actual	Use of Reserves	Variance	Approved Budget	Forecast Outturn	Forecast Variance	Proposed use of Earmarked reserves	Forecast Variance after use of earmarked reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Corporate Resources									
Chief Executive	227	217	-	(10)	302	302	-	-	-
Finance	3,598	3,152	283	(163)	5,212	4,712	(500)	431	(69)
Housing Benefit Subsidy	(358)	(508)	-	(150)	(477)	(677)	(200)	-	(200)
Total Corporate Resources	3,467	2,861	283	(323)	5,037	4,337	(700)	431	(269)
Corporate Costs									
Debt Management	9,444	8,799	-	(645)	12,592	11,652	(940)	-	(940)
Premature Retirement Costs	2,141	2,070	-	(71)	2,855	2,801	(54)	-	(54)
Corporate Public Health Recharges	(473)	(454)	-	19	(631)	(631)	-	-	-
Corporate HRA Recharges	(68)	(80)	-	(12)	(90)	(107)	(17)	-	(17)
Efficiencies	383	(68)	-	(451)	94	(206)	(300)	-	(300)
Contingency and Reserves*	(5,212)	(4,912)	-	300	(4,811)	(3,807)	1,004	-	1,004
Total Corporate Costs	6,215	5,355	-	(860)	10,009	9,702	(307)	-	(307)
Total	9,682	8,216	283	(1,183)	15,046	14,039	(1,007)	431	(576)

27. Corporate Resources

Within Revenues and Benefits, there is a forecast underspend of £345K largely resulting from an expected increase in recovered Housing Benefit overpayments. There are also some forecast savings on staffing and professional services due to an expected review of Single Person Discounts now to be completed next financial year. Internal Audit are forecast to underspend by £62K, largely as a result of savings against external audit costs. This is offset by an overspend in Financial Control of £186K largely as a result of a pressure in insurance following a below budgeted uptake of insurance buy back from schools and academies.

Corporate Costs

- 28 Debt management costs are forecast to be £940K lower than budgeted, largely as a result of lower borrowing and Minimum Revenue Provision costs following prior year underspends against the Capital Programme. The cash position continues to be tightly managed to reduce borrowing costs further.
29. Efficiencies includes a reduced requirement for the superannuation past service deficit, a saving of £550K is included in the forecast. An unachievable element of the Passenger Transport Review efficiency is also forecast at £250K resulting in a net £300K underspend in Cross Cutting Efficiencies.
30. Contingency & Reserves is forecast to overspend by £1.0M. Following a ruling in the "Isle of Wight" case, it has been determined that VAT is payable on off street car parking charges. Due to the prompt and full disclosure of this issue to Her Majesties Revenue & Customs (HMRC), the Council has not incurred any penalty charges. The cost has been accounted for within Corporate Costs for all the prior year charges (£779K), with the current year element allocated to Community Services (£108K). The proposed Budget for 2015/16 has been adjusted to reflect the change.

There is also a pressure of £223K in Contingency relating to an adjustment for the Capital Redistribution Grant receipt in advance from 2013/14.

Appendix B – Earmarked Reserves

Description	Opening Balance 2014/15 £000	Spent £000	Released £000	Technical Movements £000	Balance before new transfers £000	New Proposed transfers	Proposed Closing Balance 2014/15 £000	MEMO: Net movement after proposals	For Information: Description of EMR (this is the 13/14 narrative, for info)
Social Care Health and Housing Reserves									
Social Care Reform Grant	157	(157)			-		-	(157)	Reserve to fund multi year Transforming People's Lives project. Includes SWIFT/AIS implementation.
Deregistration of Care Homes	281	(281)			-		-	(281)	Reserve to fund costs associated with deregistering of a national care provider
LD Campus Closure	345	(345)			-		-	(345)	Reserve for the smoothing of double running costs resulting from reversion of Learning Disabilities services.
Deprivation of Liberty Safeguards	881	(381)		(500)	-		-	(881)	Grant given in 12/13 to implement Deprivation of Liberty assessments in hospitals - roll forward of unused balance. Further £500k addition proposed re Supreme Court ruling in April 2014
Winter Pressure 12/13	50	(50)			-		-	(50)	12/13 Winter Pressures grant and Falls Prevention Pilot health funding carry forward of unspent balance net of expenditure met from 10/11 & 11/12 grant reserve
Winter Pressure 13/14	103				103		103	-	Underspend of CCG Winter Pressures Funding
Mental Health Action Plan	115	(55)			60		60	(55)	To fund improvements identified in the Mental Health Improvement Plan to be jointly delivered with SEPT. Reserve to cover possible S117 repayments
Outcome Based Commissioning	3,505	(218)			3,287		3,287	(218)	To fund costs associated with Residential Futures Programme and also the 2014-15 costs associated with the BUPA homes (includes property maintenance)
Step Up /Step Down	490				490		490	-	To be used to fund the Step-up/Step Down unit at Greenacres - unspent grant monies from 2011/12
NHS Grant 2013/14 - Better Care Fund	280				280		280	-	13/14 NHS Grant - projects not completed by 31st March 14. Agreed with NHS Commissioning Board to be applied to Better Care Fund programme in 14/15 to fund development of joint delivery plan, reporting and governance arrangements.
Welfare Reform - local welfare provision grant	340				340		340	-	New reserve for unspent local welfare provision grant and Housing Solutions underspend. Linked to the development of a credit union in Central Beds
Zero Base Review grant	59	(10)			49		49	(10)	Grant awarded in 13/14 to develop new performance and financial reporting - report development resource not available until 2014/15
NHS Grant - Strategic Transitions Project underspend	86	(86)			-		-	(86)	Funding has been allocated in 13/14 for the Strategic Transitions project and for the Ageing Well Project - likely to be some slippage
Total Social Care, Health and Housing	6,692	(1,583)	-	(500)	4,609	-	4,609	(2,083)	
Children's Services Reserves									
Fostering & Adoption	998	(419)			579		579	(419)	As per MTFP £499k x 2 years Fostering Fee Scheme
Childrens Homes Co-location	232	(116)			116		116	(116)	As per MTFP £116k x 2 years Children Centres
Performance Reward Grant	144				144		144	-	LPSA Grant ring fenced
LSP Sustainable Neighbourhoods	47				47		47	-	LPSA Grant ring fenced
"Working Together" - new National Guidance	50	(39)			11		11	(39)	Existing Reserve held for increasing costs of LSCB due to new Government requirements.
CWD	70	(39)			32		32	(39)	Refurbishment of flat at Maythorn & South Hub Settlement costs, pressure for MTFP
Transformation Challenge Award	150	(95)			55		55	(95)	Income received March 14 Transformation Challenge Award Earmarked and carried forward
Support and Aspiration Grant	65	(58)			7		7	(58)	Support and Aspiration Grant Earmarked
Children's Services Unspent Grant Income	311	(107)			204		204	(107)	ASYE Grant Programme to train & develop newly qualified SW's £7k, Troubled Families Grant £304k Earmarked
Assets of Community Value	13				13		13	-	New Burdens Grant for Assets of Community Value Earmarked
The Central Bedfordshire Academy of Social Work and Early Intervention	118	(80)			38		38	(80)	Additional Practice Educator to support an increased cohort of newly qualified social workers, project support and leadership qualification funding
Children's & Families Act	200				200		200	-	Development of communications and implementation materials to present whole of CBC's offer to families
Total Children's Services	2,398	(953)	-	-	1,445	-	1,445	(953)	
Community Services Reserves									
Leisure Centre Reinvestment Fund	179	-			179		179	-	Contractual requirement for share of profits from leisure contracts in North area for the reinvestment in building and worn out equipment. The reserve does hold a one off of £26k for an insurable risk assessment fund which in 13/14 is being funded by the base budget
Integrated consumer protection	116	(25)			91		91	(25)	This money is being held to assist with additional costs associated with protection of consumers either through specialist investigation costs or costs for legal proceedings. Without these monies specialist investigations will be extremely limited which may result in the inability to achieve a successful outcome in relation to consumer protection
Transport Fund	125				125		125	-	Parking income directed to transport infrastructure improvements.
Community Safety partnership fund	100	(6)			94		94	(6)	Contributions from community safety partners, Home Office (IOM), and money held on behalf of HMCS relating to cash seizures.
Bedford & Luton Resilience Forum	65				65		65	-	Contributions from partners with CBC acting as treasurer to Forum and arising from subscriptions made by each of the partnership organisations to fund work undertaken by BLLRF.
Financial Investigation Unit	237	(171)			66		66	(171)	now earmarked reserve not RIA/ GIA
Community Safety Grant	204	(85)			119		119	(85)	now earmarked reserve not RIA/ GIA (additional is income from probation that they had over in 2013/14 for work in 2014/15)
Biggleswade wind farm	23				23		23	-	ringfenced income
countryside access grant								-	Linslade Wood income for Phone Masts and Grant of Easement for Shefford - both Ring fenced income
flood recovery - highways	296	(296)			-		-	(296)	allocation from central government received late march - part rev part capital in relation to work needed as result of bad weather
Total Community Services	1,345	(583)	-	-	762	-	762	(583)	

Appendix B – Earmarked Reserves (Cont)

Description	Opening Balance 2014/15 £000	Spent £000	Released £000	Technical Movements £000	Balance before new transfers £000	New Proposed transfers	Proposed Closing Balance 2014/15 £000	MEMO: Net movement after proposals	For Information: Description of EMR (this is the 13/14 narrative, for info)
Regeneration Reserves	-				-		-	-	
Career Development framework	33				33		33	-	This reserve is to fund 2 two year planning trainee 'apprenticeship' posts in partnership with Westminster University. These posts sit in Development Management division.
External Funded Regeneration reserve	340	(30)			310		310	(30)	
Local Development Framework	365	(7)			358		358	(7)	To support the examination hearings of development strategy, gypsy and traveller and CL, which had been due to take place in 2013/14. The 2014/15 budget had been reduced in the MTFP process to reflect this.
Pre-application service development	302	(302)			-		-	(302)	This reserve is used to resource and support Planning Performance Agreements specifically enabling external technical expertise to be secured to deliver against the milestones set out in the signed agreements. PPAs are entered into by Developers for an assured level of service and bring income into the Authority. Failure to deliver the levels of service set out in the agreement will result in reductions in income levels from PPAs and loss of reputational issues for the Council
Minerals and Waste partnership funds	104				104		104	-	
NIRAH	34	(15)			19		19	(15)	
Woodside connection options appraisal	50				50		50	-	
Business growth grants	51				51		51	-	
Flood Defence	315	(45)			270		270	(45)	now earmarked reserve not RIA/ GIA
Natural England	10	(10)			-		-	(10)	now earmarked reserve not RIA/ GIA
Building control	205				205		205	-	Previously this has been treated as a receipt in advance - however as building control is a trading account it needs to be treated as an earmarked reserve
Unauthorised Development	159				159		159	-	Previously this has been set up as a provision but the correct treatment is as an earmarked reserve.
Broadband	-				-		-	-	To support the second phase of the broadband project for additional coverage within the area as match funding is required
arts and theatre review	-				-		-	-	
neighbourhood planning grant	30				30		30	-	ringfenced grant
Total Regeneration	1,998	(409)			1,589		1,589	(409)	
Public Health Reserves									
Transitional Grant Reserve	927				927	284	1,211	284	
Risk reserve	-				-		-	-	
Total Public Health	927				927	284	1,211	284	
Improvement and Corporate Services Reserves									
Pan Public Sector Funding	28	(28)			-		-	(28)	Partnership Funding to facilitate the successful delivery of the Implementation of Total Place in Luton and Bedfordshire through Projects.
Customer First	35				35		35	-	Support allocated to Customer First Revenue activities
Elections Fund	94				94	95	189	95	Build sufficient reserve over four years to run council election
Individual Electoral Registration	19				19		19	-	
Deprivation of Liberty Safeguards	-			500	500		500	500	
Assets	40				40		40	-	Transition - Reduce reliance on Consultants & fund transitional period in staff restructure.
ICT Webcasting	150	(30)	(70)		50		50	(100)	
ICS - HR (Apprentices & Graduates)	150	(12)			138		138	(12)	
Total Improvement & Corporate Services	516	(70)	(70)	500	876	95	971	455	
Finance									
Housing Benefit Subsidy Audit Reserve	500				500		500	-	Reserve to cover outcome of Housing Benefit Subsidy audits
NNDR Discretionary Relief & NNDR Bad Debts	502				502	444	946	444	Receipt of new accounting guidance - will impact 14/15 collection fund
Total Finance	1,002				1,002	444	1,446	444	
Corporate Reserves									
Redundancy/Restructure Reserve	2,414	(581)			1,833		1,833	(581)	Reserve to cover redundancy and actuarial costs
Insurance reserve	4,404				4,404		4,404	-	Reserve to cover insurance costs based on actuarial assessment
Welfare Reform	460	(74)			386		386	(74)	The Government has introduced a range of changes to benefits and other welfare payments, with effect from 1 April 2013. This includes abolition of Council Tax Benefit, replaced with a localised Council Tax Support system and the Under Occupancy Charge for those benefit claimants deemed to be occupying a greater number of bedrooms than is required. There have also been changes in the transfer of the former Social Welfare Fund payments to local authorities. The Council has budgeted for these changes but is aware that the full implications and the impact on vulnerable groups of people has yet to be fully understood. This Earmarked Reserve has been created to provide scope to support any additional initiatives which the Council may wish to take as the position develops during the financial year.
Teachers Pensions	201				201		201	-	Reserve to cover authority's potential liability following historic scheme records issue
s31 NNDR Income to offset NNDR discounts	1,018				1,018		1,018	-	
Planning Decisions Legal Challenge	300	(10)			290		290	(10)	
Weed Spraying	200	(100)			100		100	(100)	Great Places in Central Bedfordshire
Grass Cutting	200	(100)			100		100	(100)	Great Places in Central Bedfordshire
Additional street cleansing / deep cleansing, footpath clearance, spot weed control, graffiti removal / painting, emergency 'streetscene'	300	(150)			150		150	(150)	Great Places in Central Bedfordshire
Street sweeping	130	(65)			65		65	(65)	Great Places in Central Bedfordshire
Town Centre jet wash	100	(50)			50		50	(50)	Great Places in Central Bedfordshire
Road Marking Line renewal	70	(35)			35		35	(35)	Great Places in Central Bedfordshire
Total Corporate Reserves	9,797	(1,165)			8,632		8,632	(1,165)	
Total Earmarked Reserves (General Fund)	24,675	(4,763)	(70)		19,842	823	20,665	(4,010)	

Appendix C - Debtors

- Total general CBC sales debtors for December amounted to £7.5M (£9.1M in November). Of this £2.6M is less than 30 days old.

Of the £3.9M Over 60 days – £2.9M is actively being chased. £0.2M have instalment arrangements in place. £0.4M is being dealt with through legal channels. The balance is under investigation.

The less than 14 days debt is unusually low this period due to the Christmas and New Year holiday period.

Debtors December 2014														
DIRECTORATE	1 to 14 Days		15 to 30 Days		31 to 60 Days		61 to 90 Days		91 to 365 days		1 year and over		Total Debt	
	£k	%	£k	%	£k	%	£k	%	£k	%	£k	%	£k	%
Social Care Health & Housing	25	1%	373	15%	455	18%	146	6%	726	29%	821	32%	2,546	100%
Children's Services	0	0%	131	59%	45	20%	7	3%	33	15%	5	2%	221	100%
Community Services	0	0%	271	20%	199	15%	82	6%	399	29%	413	30%	1,364	100%
Regeneration	13	1%	1,490	60%	333	13%	111	4%	299	12%	241	10%	2,487	100%
I.C.S	16	3%	218	38%	12	2%	31	5%	159	27%	144	25%	580	100%
Finance	4	3%	4	3%	34	23%	29	19%	10	7%	68	46%	149	100%
Public Health	0	0%	16	8%	0	0%	0	0%	4	2%	172	90%	192	100%
Unallocated & Non Directorate	0	0%	-4	6%	-22	34%	-2	3%	-16	25%	-21	32%	-65	100%
GRAND TOTAL	58	1%	2,499	33%	1,056	14%	404	5%	1,614	22%	1,843	25%	7,474	100%
PREVIOUS MONTH	1,279		1,717		1,747		468		1,941		1,952		9,104	

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

- SCHH debt at the end of Quarter 3 was £2.5M of which £0.2M is HRA related (reported separately in the HRA report). Of the £2.3M General Fund debt, £1.2M is Health Service debt. Of the remaining general debt of £1.1M, £903K (81%) is more than 60 days old. Of this, all is under active management (with solicitors, payable by instalments etc). with none under query or scheduled to be written off.
- Health Service debt at the end of Quarter 3 was £1.2M of which £700K or 53% is more than 60 days. All debts are under active management.
- Total debt for Children's Services is £200K of which £45K is over 61 days and is being actively pursued.
- Community Services total debt is £1.4M. About 65% of debt is over 61 days. All debt recovery is in accordance with Council policy.
- Regeneration total debt at the end of December was £2.5M. Invoices relating to developers legal contributions to deliver planning requirements associated with new developments account for 76% of debt. About 78% of debt is less than three months old (of which 70% relates to developer legal contributions). All debt recovery is in accordance with Council
- Overall Corporate debt (ICS & Finance) is £730K. Of this there is £440K is over 60 days old. All debt is under active management.

- Public Health debt is £192K most of which is over one year old. The debt is prior to the transfer of Public Health and is under investigation.

3. Q3 Bad Debts Write Off

SUMMARY Q3 Oct – Dec 2014

WRITE OFF	NUMBER	VALUE
£0 - £5,000	41	£ 8,126.99
£5,000 - £10,000	2	£ 15,293.30
£10,000 - £50,000	2	£ 31,801.36
>£50,000	0	£ -
TOTAL	45	£ 55,221.65

(£10,824.23 of which relates to legacy authority debt)

Appendix D – Treasury Management

Borrowing

- As at 31 December 2014 the Council's total borrowing was £291.6M. Of this amount, £278.1M was with the Public Works Loan Board (PWLB) and £13.5M was Market Debt. The table below shows the split between the General fund and HRA.

	PWLB Fixed £m	PWLB Variable £m	Market (LOBO) £m	Total £m
General Fund	97.1	16.0	13.5	126.6
HRA	120.0	45.0	0.0	165.0
TOTAL	217.1	61.0	13.5	291.6

The profile of debt is split so that overall the Council has 74% Fixed PWLB debt, 21% Variable PWLB debt and 5% Fixed Market (LOBO) debt; this is shown in A1 on the Treasury Management Performance Dashboard.

Based on annual benchmark analysis conducted by the Chartered Institute of Public Finance and Accountancy (CIPFA), A2 of the dashboard shows that at an average interest rate of 2.9% as at 31 March 2014 the Council's cost of borrowing is significantly lower than the 4.3% interest rate faced by other local authorities, which is mainly due to a higher proportion of variable rate debt.

During the last quarter the Council repaid £16.4M of its variable rate debt which reached maturity. The average rate on this variable rate debt on maturity had been 0.7% and its repayment has had the effect of increasing the Council's cost of borrowing to an average interest rate of 3.1% as at 31 December 2014 – see A3 of the dashboard.

In line with the Council's borrowing strategy, new debt of up to £30M may need to be taken out over the next quarter as cash flow dictates on a short term fixed interest rate of around 0.5%. As a result, the average interest rate paid on the Council's total debt portfolio is likely to decrease over the next quarter.

Investments

- When investing, the Council gives priority to security and liquidity and aims to achieve a yield commensurate with these principles. To diversify its investment portfolio, the Council continues to invest in a range of funds such as notice accounts, call accounts and Money Market Funds as well as using a number of different financial institutions. B1 of the dashboard shows the breakdown by investment counterparty as at 31 December 2014. It is important to note that as cash investments are maintained at minimum levels for operational purposes, the long term investment in the UK property based Lime Fund now represents a higher proportion of total investments even though the cash amount invested in it has not changed.

3. The latest available CIPFA Treasury Management benchmarking results which cover the quarter ended 30 September 2014 compare the Council's performance against 22 other local authorities. B2 of the dashboard shows that the Council's average rate of return on investments of 1.06% is higher than the benchmarked local authority average of 0.81% (which is largely due to the Lime Fund).

The Council holds its investments in highly liquid form to readily recall funds when these are required, such as to fund the Council's capital expenditure programme. B3 of the dashboard shows the maturity portfolio of the Council's investments.

4. As at 31 December 2014, the Council held £2.2M of its total cash investments in call accounts and Money Market Funds (MMF) which equates to 27%, and notice has been given to recall £5.6M or 67% of total cash investments from UK banks to cover expenditure in February 2015. Currently, in addition to the Lime Fund investment, the Council has deposits placed on varying interest rates ranging between 0.4% and 0.8%.

Cash Management

5. The average cash balance the Council holds is considerably lower than other benchmarked authorities. The 12-month rolling average cash balance for the Council was £49M compared to a benchmark average of £125M. This reflects the Council's long-standing strategy of holding low cash balances to reduce investment counterparty risk and contain its borrowing costs by utilising internal cash balances in lieu of borrowing externally.
6. As at 31 March 2014, the Council was internally borrowed to the tune of £92M.

Cash levels held by the Council have fallen by £37M over the year compared to this time last year.

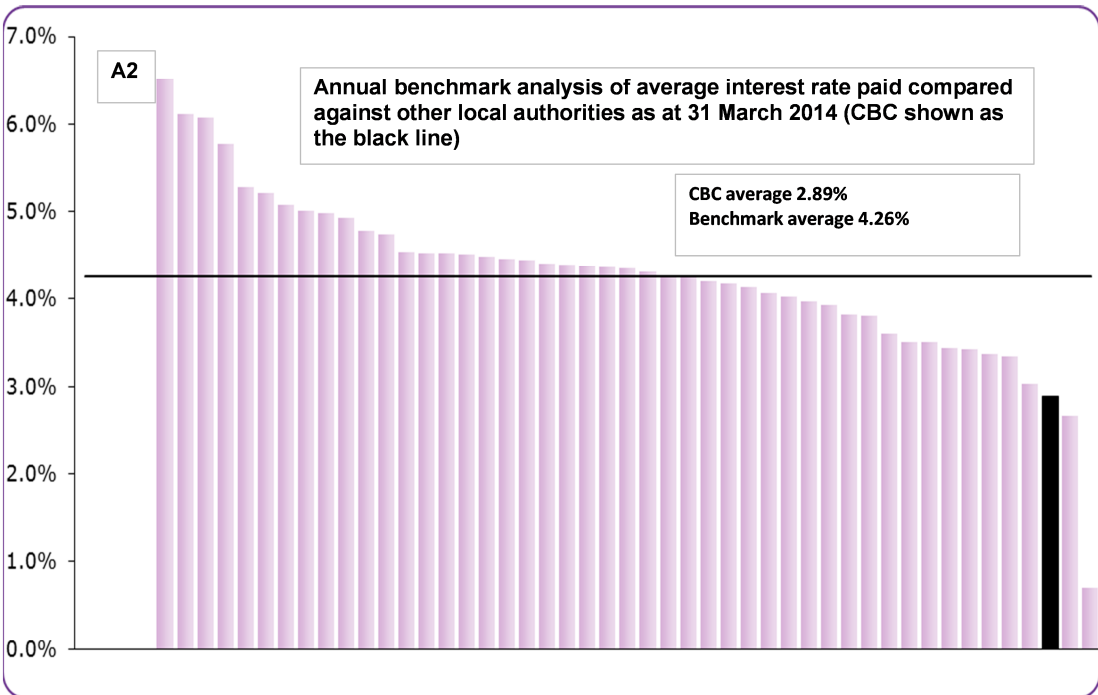
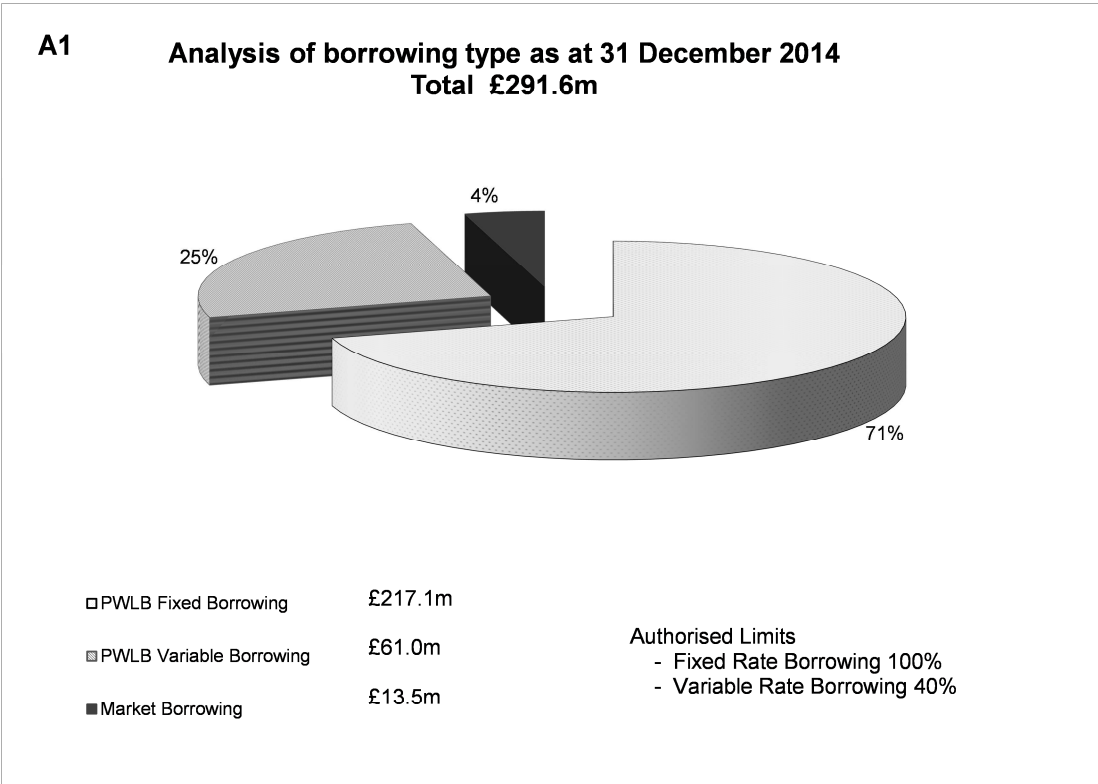
Outlook

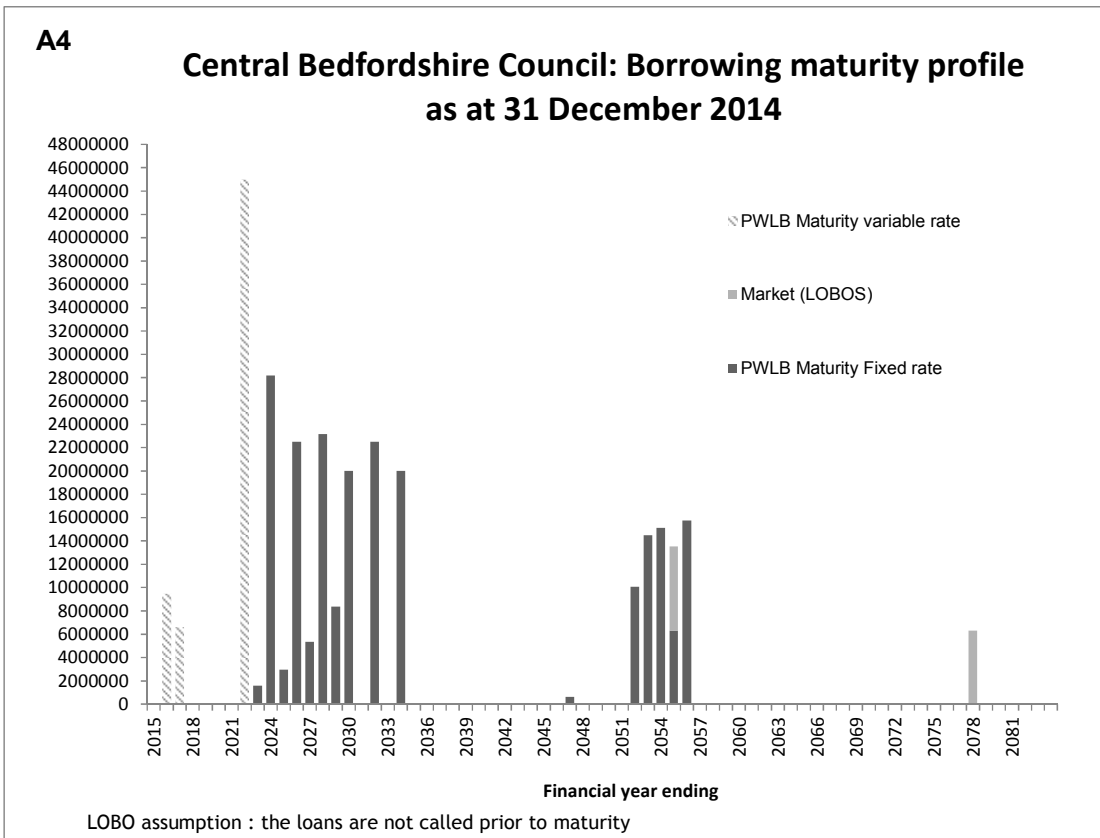
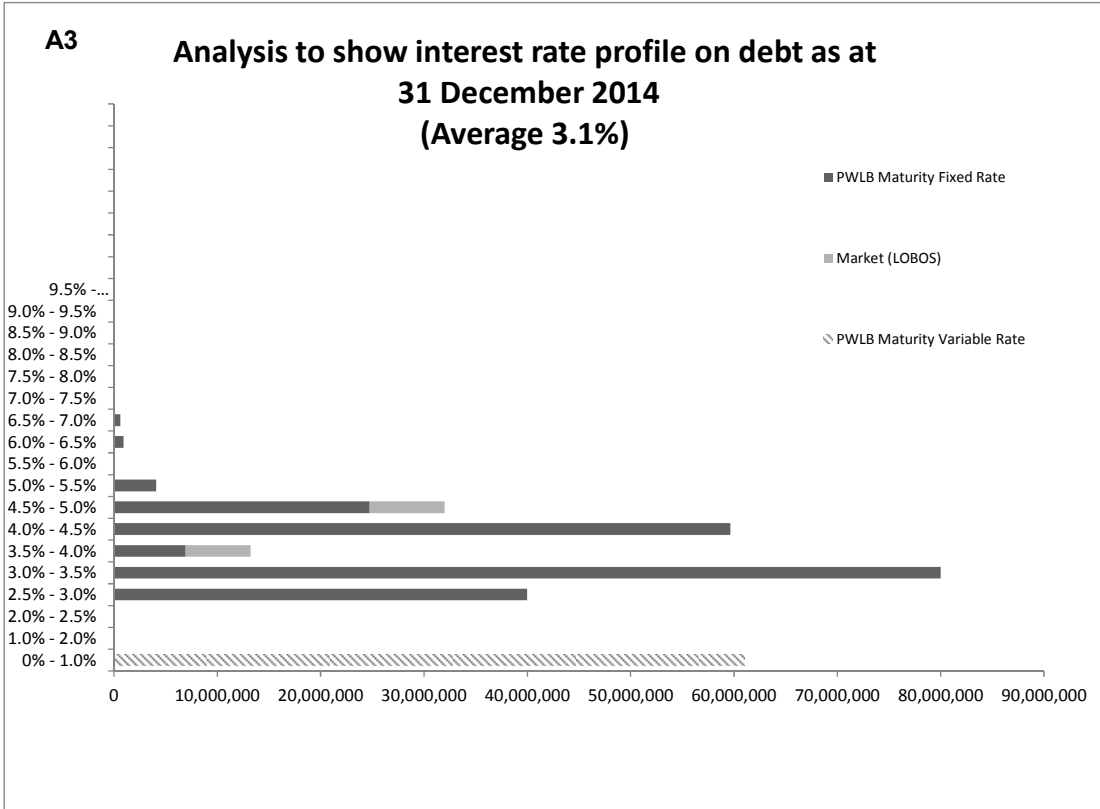
7. The Council's treasury advisers, Arlingclose, do not expect the Bank of England to raise its Base Rate until Quarter 3 of 2015 and the short-term return on cash investments will continue to remain at very low levels.

Over the next quarter the Council plans to maintain minimum cash levels for operational purposes and source its borrowing needs from other local authorities on a short-term rolling basis in order to achieve significant revenue cost savings over the more traditional route of borrowing long term from the PWLB. This borrowing strategy assumes that interest rates will continue to remain low for longer than previously envisaged.

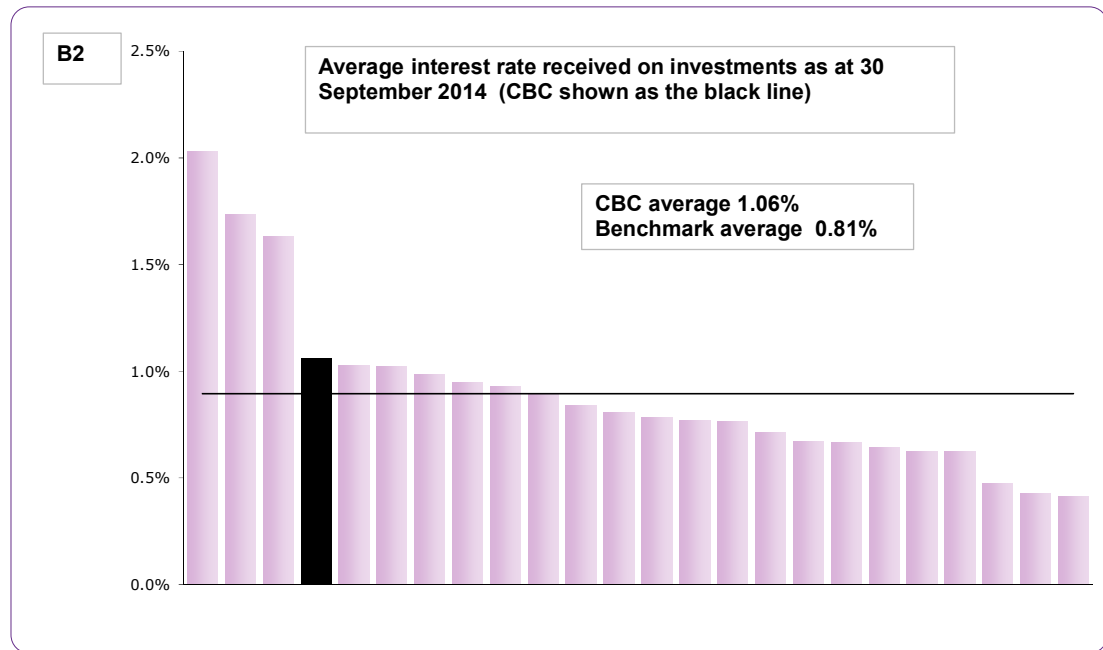
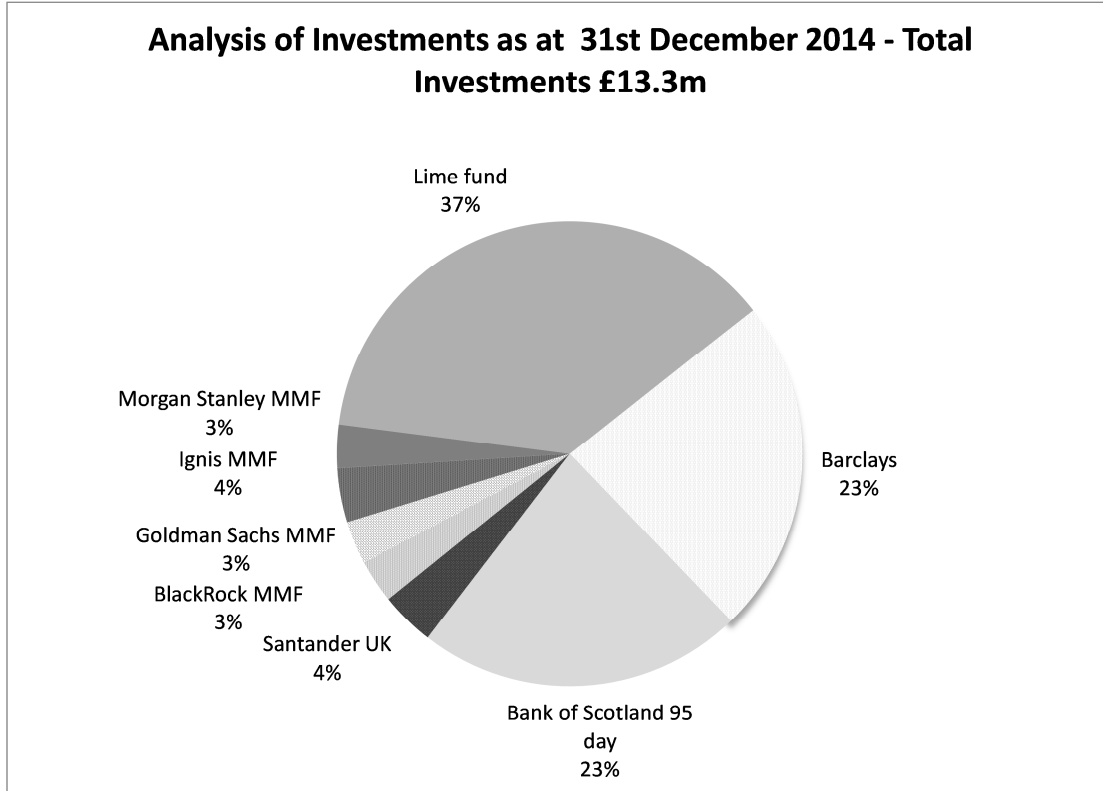
However, the Council will continue to monitor long term rates with a view to fixing a portion of its borrowing if rates are favourable.

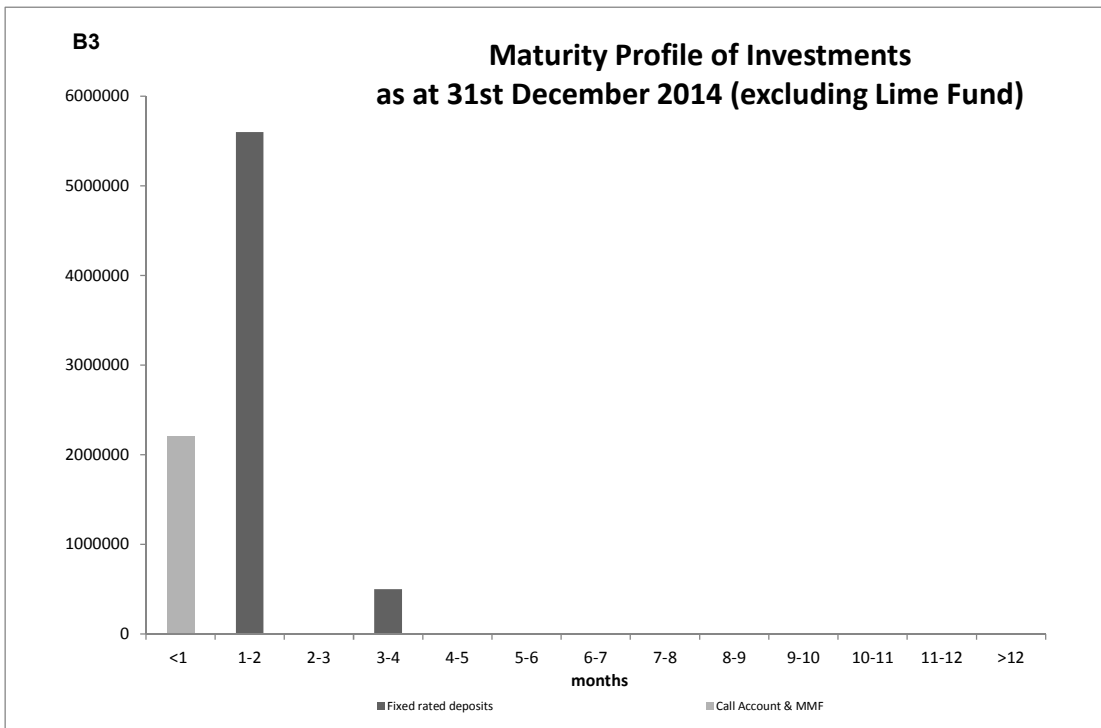
Currently, the Council is forecasted to make a saving in 2014/15 of £680K on its interest debt costs compared to budget which is partly offset by an expected under-recovery of £85K on its investment interest income budget.





B1





This page is intentionally left blank

Central Bedfordshire Council

EXECUTIVE - 10 February 2015

December 2014 Q3 Capital Budget Monitoring

Report of Cllr Maurice Jones, Deputy Leader and Executive Member for Corporate Resources (cllr.maurice.jones@centralbedfordshire.gov.uk)

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

This report relates to a Non Key Decision

Purpose of this report

1. The report provides information on the projected capital outturn for 2014/15 as at December 2014. It excludes the Housing Revenue Account which is subject to a separate report.

RECOMMENDATIONS

The Executive is asked to:

1. Consider the overall forecast position which is to spend £91.9 vs. budget of £116.8m.
2. Request officers to examine their forecast spend to determine how realistic the proposals are to defer spend into 2015/16.

Issues

2. Gross forecast is to spend £91.9M (£95.1M in November) compared to a budget of £116.8M. A detailed analysis is included at Appendix A.
3. The variance of £24.9M includes proposed deferred spend of £20.4M mainly on Transport/Waste schemes, and spend below budget of £4.5M mainly relating to Waste (£7.6M), mainly offset by spend above budget on Schools of £2.0M (due to timing of Grants).
4. An analysis of the main schemes (variance > £0.5M) that are proposed to be deferred and spend below/above budget is included at Appendix B.
5. The spend above budget in Children's Services relates to grants for Schools capital which are received after the capital budget is agreed by Council. The forecast within Children's Services reflects the funding available, the majority of the spending is externally funded.

6. Gross spend to date is £60.3M, below budget by £9.1M (spend last year to period 9) was £48M, below budget by £3.9M).
7. £87.4M (75%) of the gross budget relates to 20 of the top value schemes. £68.6M (75%) of the gross spend forecast relates to these schemes.
8. Year to date capital receipts are £644K compared to budget of £7.45M. The forecast is £1.404M which includes the transfer of a property to the HRA (£0.21M).
9. A summary of the position is in the table below.

Directorate	Year to Date P9			Full Year 2014/15			Year to Date P9			Full Year 2014/15		
	Gross Budget £m	Gross Actual £m	Gross Variance £m	Gross Budget £m	Gross Forecast Outturn £m	Gross Variance £m	Net Budget £m	Net Actual £m	Net Variance £m	Net Budget £m	Net Forecast Outturn £m	Net Variance £m
CS	18.9	18.8	(0.0)	25.7	27.7	2.0	0.4	0.3	(0.1)	0.6	0.6	0.0
Community Service	37.6	32.2	(5.4)	67.8	45.6	(22.3)	27.3	25.2	(2.1)	53.9	32.4	(21.6)
Improvement & Corporate Improvement	7.2	5.7	(1.6)	11.7	10.1	(1.6)	7.2	5.7	(1.6)	11.7	10.1	(1.6)
Regeneration	0.9	0.4	(0.6)	3.4	2.2	(1.2)	0.6	(0.6)	(1.2)	1.4	0.3	(0.8)
ASCHH	4.8	3.2	(1.6)	8.2	6.3	(1.9)	1.5	1.7	0.2	2.7	1.9	(0.8)
Total Exc HRA	69.5	60.3	(9.1)	116.8	91.9	(24.9)	37.1	32.3	(4.8)	70.3	45.3	(25.0)

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

Reasons for decision

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

Council Priorities

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

Corporate Implications

Legal Implications

12. None

Financial Implications

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

Equalities Implications

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

Conclusion and next Steps

15. The budget for 2014/15 (including proposed deferred spend) is significantly higher than the levels of gross spend achieved over the past years (£72.3M in 2013/14 and £64.4M in 2012/13). The forecast as at December 2014 is to spend £91.9M. Year to date spend last year was £48M compared to £60.3M this year.
16. The run rate of spend in 2015/16 strongly indicates that spend this year will be significantly greater than in previous years.

Appendices

- Appendix A – Detailed Directorate Commentary
- Appendix B – Scheme with Material Variances

This page is intentionally left blank

Appendix A

DIRECTORATE COMMENTARY

Social Care Health and Housing

- 1 The full year forecast is below gross budget by £1.9M and net budget by £0.8M. The net position is primarily due to deferred spend for the Review of Accommodation/Day Support project (all externally funded) and unspent Disabled Facilities Grant budget.

The table below highlights the areas of spend

SCHH Full Year Gross Budget and Forecast					
Scheme Categories	Gross Budget £k	Gross Forecast £k	Variance £k	Deferred Spend £k	Over / (Under) spend £k
NHS Campus Closure	3,073	3,271	198	0	198
Disabled Facilities Grants Scheme	2,700	2,100	(600)	0	(600)
Timberlands and Chiltern View Gypsy and Traveller Sites	324	324	0	0	0
Additional Gypsy and Traveller Sites	240	10	(230)	(230)	0
Review of Accommodation/Day Support	1,089	0	(1,089)	(1,089)	0
Adult Social Care ICT Projects	300	0	(300)	(300)	0
Empty Homes	300	200	(100)	0	(100)
Renewal Assistance	172	375	203	0	203
Total	8,198	6,280	(1,918)	(1,619)	(299)
% of Budget		76.6%			

SCHH Full Year Net Budget and Forecast					
Scheme Categories	Net Budget £k	Net Forecast £k	Variance £k	Deferred Spend £k	Over / (Under) spend £k
NHS Campus Closure	0	0	0	0	0
Disabled Facilities Grants Scheme	2,112	1,390	(722)	0	(722)
Timberlands and Chiltern View Gypsy and Traveller Sites	79	80	1	0	1
Additional Gypsy and Traveller Sites	90	10	(80)	(80)	0
Review of Accommodation/Day Support	0	0	0	0	0
Adult Social Care ICT Projects	0	0	0	0	0
Empty Homes	300	170	(130)	0	(130)
Renewal Assistance	122	250	128	0	128
Total	2,703	1,900	(803)	(80)	(723)
% of Budget		70.3%			

2. The Review of Accommodation/Day Support project Detailed plans to improve residential and day care services are still subject to consultation and Executive approval. This includes spend relating to the capital maintenance requirements of the seven homes which transferred back to the Authority in August 2014 – work is underway to identify and prioritise these. It is expected that spend will be deferred to 2015/16.

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

4. Information on the types of DFGs and the number completed are reported on a quarterly basis. The table below provides details for the third quarter of 2014/15.

Type of adaptation	Total Q1	Total Q2	Total Q3	Year to Date 2014/15	Q1 to Q3 2013-14	funded by HRA) 2014/15	funded by General Fund 2014/15
Level access shower/wet room	32	26	43	101	121	19	82
Straight stair lift	16	6	7	29	24	5	24
Curved stair lift	5	7	4	16	17	-	16
Toilet alterations	5	9	15	29	12	3	26
Access ramps	7	7	8	21	17	2	19
Dropped kerb and hard standing	0	1	1	2	0	0	2
Wheelchair/step lift	2	1	2	5	0	1	4
Through Floor lift	0	1	3	4	2	-	4
Major extension	2	2	5	9	13	1	8
Kitchen alterations	1	3	1	5	8	1	4
Access alterations (doors etc)	9	15	7	31	26	3	28
Other	7	5	7	19	28	1	18
Total	86	83	106	275	229	37	238

Children's Services

The table below highlights the areas of spend

Children's Services Full Year Gross Budget and Forecast					
Scheme Categories	Gross Budget	Gross Forecast	Variance	Deferred Spend	Over / (Under) spend
	£k	£k	£k	£k	£k
CS Commissioning & Partnerships	24,559	26,953	2,394	0	2,394
CS Operations	986	724	(262)	0	(262)
Partnerships	139	30	(109)	0	(109)
Total	25,684	27,707	2,023	-	2,023

% of Budget **107.9%**

Children's Services Full Year Net Budget and Forecast					
Scheme Categories	Net Budget	Net Forecast	Variance	Deferred Spend	Over / (Under) spend
	£k	£k	£k	£k	£k
CS Commissioning & Partnerships	600	600	0	0	0
CS Operations	0	0	0	0	0
Partnerships	0	0	0	0	0
Total	600	600	-	-	0

% of Budget **100.0%**

5. The forecast expenditure outturn position for 2014/15 is £27.7M, £2.0M above the original Council's Capital Programme approved in February 2015. The variance is mainly due to the original programme being based on the Council's School Organisation Plan of September 2013, which used the latest validated data available for forecasting at that point, which was from early 2012. (School census, Health Services and housing trajectories). This also reflected the need for a £1.0M Council contribution to New School Places (NSP) in 2016/17 (2014/15 MTFP).
6. The detailed capital business cases subsequently submitted and approved at the end of January 2014 were updated and based on data from early 2013 and the latest DfE announcement on its basic need allocations through to 2016/17. The business case for NSP identified a further requirement for Council contributions to the programme in 2015/16 of £2M and an increased 2016/17 contribution of £6M. The Council's Capital Programme was not updated to reflect this and remained at the position based on data from early 2012.
7. The Council's School Organisation Plan and NSP programme have now been subject to its 2014 review and refresh and the detail reported in December 2014 to Council's Executive, as is now the established procedure for this programme. The latest data has enabled confirmation of a number of localised growth forecasts that can now be seen to be sustained, rather than temporary increases in demographic pressures.

This requirement for further permanent provision has led to the addition of specific projects to the Council's New school Places programme from 2017/18 and beyond in Leighton Linlade (additional lower and middle places required) and in Stotfold and Arlesey (additional middle and upper places required).

8. With fixed levels of DfE Basic Need Grant through to 2016/17 and demographic increases attributable to housing and population growth, it is likely that the financial impact of the additional school places will require significant additional funding by the Council through borrowing or use of its own capital reserves. The refreshed forecasts and financial impact have informed an update to the Council's 2015/16 – 2018/19 Capital MTFP which has confirmed the Council's contributions required of:

- £2M in 2015/16
- £7M in 2016/17
- £18M in 2017/18
- £12M in 2018/19.

Community Services

9. The Community Services capital programme in 2014/15 is made up of 69 schemes which include large groupings of projects that relate to Environmental Services, Libraries, Leisure and Transport.

10. The forecast outturn is £45.6M, below budget by £22.3M.

£15.9M of the variance is proposed slippage of which £12.2M relates to Transport Schemes. Within that £8.2M of the transport variance relates to the Woodside Link scheme as the start of the tender process for the main contract award for road construction was delayed until the end of November 2014 to better accommodate developer needs and to provide a better "fit" with external funding. The completion date is not impacted.

The table below highlights the areas of spend

Community Services Full Year Gross Budget and Forecast					
Scheme Categories	Gross Budget £k	Gross Forecast £k	Variance £k	Deferred Spend £k	Over / (Under) spend £k
Environmental Services	12,544	2,064	(10,480)	(3,045)	(7,435)
Libraries	167	0	(167)	(167)	0
Leisure	9,856	9,601	(255)	(486)	231
Transport	45,242	33,892	(11,350)	(12,231)	881
Total	67,809	45,557	(22,252)	(15,929)	(6,323)
% of Budget	67.2%				

Community Services Full Year Net Budget and Forecast					
Scheme Categories	Net Budget £k	Net Forecast £k	Variance £k	Deferred Spend £k	Over / (Under) spend £k
Environmental Services	11,421	1,550	(9,871)	(2,298)	(7,573)
Libraries	167	0	(167)	(167)	0
Leisure	9,256	8,469	(787)	(800)	13
Transport	33,077	22,338	(10,739)	(10,744)	5
Total	53,921	32,357	(21,564)	(14,009)	(7,555)
% of Budget	60.0%				

11. £2.0M of the deferred spend relates to the Luton Dunstable busway which has been pushed forward into next year as the final payment for the construction has still to be agreed. The scheme itself has been completed and is fully operational.
12. £9.6M of the waste underspend relates to the Council changing its approach to the procurement of a long-term waste management solution. At this time alternative waste disposal solutions are being explored by developing new and existing facilities. £7.6M of the £9.6M is no longer required and so will not be spent, the remaining £2.0M has been deferred to 2015/16.
13. The leisure underspend is in relation to the work planned for Dunstable library and leisure centre for which the feasibility study is being undertaken.
14. **Highways and Transport**

Activity completed so far includes:

- a) This year's structural maintenance programme is progressing well with 32.9km of roads and 5.9km of footways resurfaced to date, against a full year target of 39.2km of roads and 6.2km of footways and we are on programme to complete this work in February 2015. The Area Teams have continued utilising the successful Cat1/Cat2 initiative whereby defects are repaired at the same time. The Jetpatcher has been employed and has repaired over 6000 potholes in 204 roads.

- b) 23 Integrated Transport schemes have been implemented including Stotfold Town Centre improvement, traffic calming schemes at Clifton, Henlow and Slip End. There have been zebra crossings installed at Brewers Hill Road, Dunstable and Hitchin Road, Shefford. Cycling improvements have been made at Flitwick Road, Ampthill and University Way, Cranfield. A variety of signage and lining improvements have been made including those at Northill, Old Warden and Barton.
- c) Speed cameras have been implemented at Soulbury Road, Leighton Buzzard and Dead Mans Cross (on the A600).
- d) The A1 Biggleswade southern roundabout has been substantially completed and is currently in the defects correction period.
- e) Stratton Street Railway Bridge, Biggleswade continues to progress with the contractor now selected. Track possessions are booked with Network Rail for Christmas 2015. The following structures have been strengthened or replaced; Ouzel Bridge, Leighton Linlade, Waterloo Bridge, Arlesey, Church End Culvert, Eversholt, Ford Bridge, Stotfold.
- f) 7 drainage improvement schemes have been delivered including Grovebury Road, Leighton Buzzard, Daubeney Close, Harlington and Brook End, Eversholt.

15. Local Sustainable Transport

The final phase of programmed LSTF works within Dunstable and Houghton Regis is underway with schemes under construction on Dog Kennel Path (installation of CCTV and access improvements); Brewers Hill Road (shared path provision); Capron Road (busway cycle path gateway improvements), Beech Road (shared path provision), Grove Gardens (National Cycle Network 6 gateway improvements), College Drive (landscaping works); Drury Lane (shared path provision), Sundon Road (landscaping works), Hammersmith Gardens (shared path provision).

16. Passenger Transport

Passenger Transport are working with Procurement to set up a new Fleet vehicle procurement framework which is due to be in place by January 2015. Routewise Integration with SAP has not been completed because of the delay in receiving information from Tribal (the software developer) and work has been undertaken to ensure go live in April 2015.

17. **Transport Strategy**

Woodside Link:

Detailed design is now complete and the scheme went out to tender December 2014 with return due February 2015. Advanced works are underway to divert overhead high voltage electric cables underground. Further works to clear and protect the site started on site on 21 January 2015 to clear and protect the site before the main civil engineering work start in May 2015. Completion is expected in 2016/2017.

Luton Dunstable Busway:

Negotiations are ongoing to settle the final account with the contractor. The scheme has now been operational for over a year and, as is usual with all larger schemes, is now subject to claims under the Land Compensation Act 1973. These are being submitted to Luton Borough Council as lead authority on the scheme.

East West Rail - Western Section:

Network Rail are currently looking at options for the closure of the level crossings as priority advanced works between Bicester and Bedford. The hourly Bedford to Oxford service (with a stop at Ridgmont) is expected to be in service by March 2019. Electrification of the Marston Vale line including rail infrastructure enhancements is likely in the 2020/21 period as part of the wider Midland Mainline Electrification programme.

Biggleswade Transport Interchange

An outline design for the interchange has been produced following a detailed survey of the site. It provides 4 bus stops and 1 bus stand and is supported by all internal partners. Negotiations have commenced with Network Rail regarding the acquisition or lease of the required land. Detailed design is now underway with a planning application submission in 2015 and expected delivery in 2016.

Leighton Buzzard Transport Interchange

Land Searches have been undertaken to determine the land ownership within the station forecourt. Assets will undertake the negotiation process to acquire this land. There has been a recent planning application by the land owners to turn the derelict land into a public car park, discussions are now taking place with Network Rail to determine their preference with regards to this but it would have major implications for any Interchange facilities. There is a meeting between CBC and Network Rail in February 2015 to discuss the whole project.

18. **Countryside Access**

After completing development work, a Parks for People bid for £2.2M of funding towards the restoration and improvement of Houghton Hall Park in Houghton Regis has been successful with work on this project due to commence in Spring 2015.

The construction of an extension to the car park at Houghton Hall Park has been completed. The extended car park will be jointly used by Whitbreads bringing in income to financially sustain the park.

£100K was paid to the Shuttleworth Trust as match funding towards the delivery of the £2.6M Stage 2 Heritage Lottery funded improvements to the Swiss Garden.

Outdoor Access and Greenspace Improvement Projects: achievements have been delivered including completion of the bridleway road crossings at Stoke Road and Soulbury Road, Leighton Buzzard and completion of the new Biggleswade cycle path to the west of the A1.

19. Leisure

The Leisure Capital Programme is well underway with significant improvements now being enjoyed by the public including improvements to Tiddenfoot Leisure Centre, new football facilities at Flitwick and Stotfold and the reopening of the swimming pool at Houghton Regis Leisure Centre. The remainder of the programme of investment at Saxon Pool and Houghton Regis Leisure Centre is on track for completion within this financial year.

Flitwick Leisure Centre redevelopment started on site 18 November 2015 and the foundations are near completion in readiness for the steel frame.

At Dunstable Leisure Centre, investment was considered as part of the Draft Capital Programme by Executive in January 2015 and should budget be approved by Council in February, then the redevelopment of the leisure centre and library will proceed with a view to completion in 2017.

20. Libraries

Leighton Buzzard Library and Theatre will be closed from 1-10 February for refurbishment of the bar and box office and the installation of modern theatre lighting. The tender for the lighting contract has been awarded.

The tender for work on Biggleswade, Flitwick, Ampthill and Potton Libraries will be finalised in January.

21. Environmental Services - Waste

Waste Infrastructure Grant

This scheme has been moved to the 2015/16 financial year during the recent MTFP Capital Budget planning.

Sundon Landfill Restoration

The soil element of the restoration is progressing with over half of the area completed and seeding underway. Procurements for grass cutting, fencing and tree planting will commence this financial year.

Enhanced Waste Solution

This work consists of two projects; HWRC remodelling and facilities at Thorn Turn, Both Projects are currently in the detailed design phase with the HWRC project currently further ahead of Thorn Turn, hence the greater spend this financial year. For both projects the bulk of the costs are attributable to construction and the majority of construction costs will occur in 2015/16.

As our waste solution has developed a reduction in spend of £7.6M is forecast vs. budget.

Regeneration & Business Support

22. The forecast outturn is a variance to budget of £1.2M (gross), of which £1.0M is proposed to be deferred to 2015/16. The main projects with proposed deferred spend are Dunstable Town Centre Regeneration Phase 2 (£0.55M) and Cranfield Technology park at £0.3M.

The table below highlights the areas of spend

Regeneration & Business Support Full Year Gross Budget and Forecast					
Scheme Categories	Gross Budget £k	Gross Forecast £k	Variance £k	Deferred Spend £k	Over / (Under) spend £k
Local Broadband Infrastructure	1,748	1,899	151	0	151
Dunstable Town Centre Regeneration Phase 2	684	30	(654)	(550)	(104)
Local Flood Defence Scheme	466	275	(191)	0	(191)
Other	511	30	(481)	(481)	0
Total	3,409	2,234	(1,175)	(1,031)	(144)
% of Budget		65.5%			

Regeneration & Business Support Full Year Net Budget and Forecast					
Scheme Categories	Net Budget £k	Net Forecast £k	Variance £k	Deferred Spend £k	Over / (Under) spend £k
Local Broadband Infrastructure	11	0	(11)	0	(11)
Dunstable Town Centre Regeneration Phase 2	684	30	(654)	(550)	(104)
Local Flood Defence Scheme	466	275	(191)	0	(191)
Other	211	30	(181)	(481)	300
Total	1,372	335	(1,037)	(1,031)	(6)
% of Budget		24.4%			

23. **Local Flood Defence**

The following schemes are complete or nearing completion

- Removal of vegetation on CBC land adjacent to the Clipstone Brook, Leighton Buzzard (£21K).
- Prevention of erosion on the River Ivel at Biggleswade (£27.5K).
- Improved drainage at Rushmere Park near Stockgrove (£45K).
- Prevention of highway flooding at Grovebury Road, Leighton Buzzard (£100K).
- Installation of a footbridge at Pix Brook, Arlesey (£22K).

24. **Dunstable Town Centre Regeneration Phase 2 (Acquisition of Dorchester Close properties).**

Compensation payments are due to be paid out for all properties purchased to date. There is one remaining property and negotiations continue on this.

25. **Broadband**

The Broadband project is the Regeneration and Business Directorate's largest capital project. Following a slow start the project is now spending to profile, with significant acceleration planned for Q4 of 2014/15. To the end of P9 just over £325K capital has been spent and over 4,000 premises in Central Bedfordshire have received superfast broadband infrastructure. This covers parts of Ampthill and Cranfield. A total of 21 cabinets has also been installed. In total the project has enabled almost 10,000 premises to receive superfast broadband across Central Bedfordshire, Milton Keynes and Bedford, with Central Bedfordshire Council being the accountable body for the project.

It is anticipated that just under £1.9M will be spent by the end of 2014/15. In the coming months areas set to receive superfast broadband include Leighton Buzzard, Dunstable, Pottton and Whipsnade. Details on the superfast broadband project roll out and phasing can be found at: www.centralbedfordshire.gov.uk/broadband.

Improvement & Corporate Services

26. The overall forecast outturn for ICS Capital is below budget by £1.6M. Proposed deferred spend is £1.8M

The table below highlights the areas of spend

Improvement & Corporate Services Full Year Gross Budget and Forecast					
Scheme Categories	Gross/Net	Gross/Net	Variance	Deferred Spend	Over / (Under) spend
	Budget	Forecast			
	£k	£k			
Assets	7,905	6,733	(1,172)	(1,172)	0
Information Assets	3,528	3,160	(368)	(622)	254
Others	238	225	(13)	0	(13)
Total	11,671	10,118	(1,553)	(1,794)	241

% of Budget

86.7%

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

27. **Assets**

The current net capital programme for Assets is £7.9M. The major projects are 2014/15 Corporate Property Rolling Programme (£1.5M), 2013/14 Corporate Property Rolling Programme spend deferred from 2013/14 (£1.29M), Ivel Medical Centre spend deferred from 2013/14 (£1.0M), Stratton Phase 4 Access (£750K), Acquisition of land in Leighton Buzzard (£640K), and Local Development Framework (LDF) related costs (£640K).

28. The forecast outturn position for Assets is currently £6.733M. It is expected that there will be deferral of spend to 2015/16 of £382K for the Ivel Medical Centre due to the delay in finalising the terms of the agreement of the lease in particular the personal liabilities of the doctors as tenant. There is also £590K of costs for Stratton Phase 4 expected to be incurred in 2015/16.

This is due to reconsideration of the approach to deal with the requirements of the existing occupants, infrastructure and future marketing of the site. Progress on the Thorn Turn project is dependent upon the re-design of the site and so costs of £150K have also been deferred. There has been a slight delay in the delivery of the TFCloud Asset system causing a slippage of £50K.

29. **IT**

The current net capital programme for IT is £3.528M. The major projects are 2014/15 ICT Strategic Investment (£342K), Customer First Phase 2 (£622K), PSN Re-Architecture Phase 2 (£500K) & IT Infrastructure Rolling Programme 2014/15 (£500K). The forecast outturn position for IT is currently expected to be an underspend of £368K against budget

30. Of the £3.528M budget in IT there is £622K of cost expected to be incurred in future financial years. Delays to the Customer First Phase 1 project have resulted in a subsequent delay to the Customer First Phase 2 project and so the capital budget for Phase 2 will be deferred to 2015/16.

31. There is a £256K overspend on the PSN Re-Architecture and Compliance projects, due to XP replacement work required (as per Business Case) and requirement to bring additional applications into the Blue Network; Cabinet Office requirements on the PSN project have changed since the early stages of this project.
32. **Other ICS Projects**
These are currently forecast to be broadly on budget.

CAPITAL RECEIPTS

33. The overall budget for Capital receipts is £7.450M. The current forecast is £1.404M based on the latest update from the disposals list. The sale of Chiltern Lodge completed in December (£265K receipt). The Duck Lane Conveniences, Woburn (£250K receipt) remain a challenging disposal due to the boundary dispute with the neighbour. The land Registration adjudication process is still being followed in order to resolve this, alongside a negotiated settlement. Preparations for the auction sale of Kennel Farm House (£225K receipt) in late February 2015 are progressing well.
34. The burial ground sale at Flitwick (£49K receipt) is also challenging due to Flitwick's Town Council's requirements to alter the terms of the sale during the drafting of sale documentation.
35. The Trunk Road Service Area deposit (£10K receipt) has been delayed but it will still be received before year end. The sale of land adjacent Maulden Rd Ind. Est. (£10K receipt) is now unlikely to proceed and the grant of rights at Sunderland Rd Sandy is being brought forward as a replacement sale. Work continues to identify disposals of outlying parcels of land and redundant/underutilised buildings on the Farm Estate.

CONCLUSION

36. The budget for 2014/15 (including proposed deferred spend) is significantly higher than the levels of gross spend achieved over the past years (£72.3M in 2013/14 and £64.4M in 2012/13). The forecast as at December 2014 is to spend £91.9M. Year to date spend last year was £48M compared to £60.3M this year.
The run rate of spend in 2015/16 strongly indicates that spend this year will be significantly greater than in previous years.

Appendix B – Variances >£0.5M

Directorate	Sub Type	Scheme Title	Total 2014/15 Budget			Full Year Forecast as at P9			Variance			Slippage to 2015/16			(Under)/ Over Spend			
			Gross Expenditure £'000	External Funding £'000	Net Expenditure £'000	Gross Expenditure FOO £'000	External Funding FOO £'000	Net Expenditure FOO £'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		Schools Capital Maintenance	3,368	(3,368)	0	4,200	(4,200)	0	832	(832)	0	0	0	0	0	832	(832)	0
Children's Services		New School Places	20,201	(20,201)	0	21,079	(21,079)	0	878	(878)	0	0	0	0	0	878	(878)	0
Children's Services		Universal Infant Free School Meals	0	0	0	524	(524)	0	524	(524)	0	0	0	0	0	524	(524)	0
Community Services	Leisure	Leisure Strategy Implementation Invest to Save Project	2,683	0	2,683	1,667	(153)	1,514	(1,016)	(153)	(1,169)	1,017	50	1,067	1	(103)	(102)	
Community Services	Transport	Luton Dunstable Busway	1,960	0	1,960	0	0	0	(1,960)	0	(1,960)	1,960	0	1,960	0	0	0	
Community Services	Transport	Section 278 Schemes	0	0	0	500	(500)	0	500	(500)	0	0	0	0	0	500	(500)	0
Community Services	Transport	Woodside Link	16,062	(3,372)	12,690	7,845	(3,309)	4,536	(8,217)	63	(8,154)	8,217	(63)	8,154	0	0	0	
Community Services	Environmental services	Enhanced Waste Disposal Facilities (includes BEaR)	10,000	0	10,000	425	0	425	(9,575)	0	(9,575)	2,000	0	2,000	(7,575)	0	(7,575)	
Improvement & Assets Corporate Services	Improvement & IT	Stratton Phase 4 Access	750	0	750	160	0	160	(590)	0	(590)	590	0	590	0	0	0	
Corporate Services	Improvement & IT	Customer First Phase 2	622	0	622	0	0	0	(622)	0	(622)	622	0	622	0	0	0	
Corporate Services	Regeneration	Dunstable Town Centre Regeneration Phase 2	684	0	684	30	0	30	(654)	0	(654)	550	0	550	(104)	0	(104)	
Social Care, Health & Housing	Regeneration	Disabled Facilities Grants Scheme	2,700	(588)	2,112	2,100	(710)	1,390	(600)	(122)	(722)	0	0	0	(600)	(122)	(722)	
Social Care, Health & Housing	Review of Accommodation/Day Support, "New Approaches to Outcome"	Review of Accommodation/Day Support, "New Approaches to Outcome"	1,089	(1,089)	0	0	0	0	(1,089)	1,089	0	1,089	(1,089)	0	0	0	0	

This page is intentionally left blank

Central Bedfordshire Council

EXECUTIVE - 10 February 2015

December 2014 Q3 Housing Revenue Account Budget Monitoring

Report of Cllr Carole Hegley, Executive Member for Social Care, Health and Housing (carole.hegley@centralbedfordshire.gov.uk) and Cllr Maurice Jones, Deputy Leader and Executive Member for Corporate Resources (maurice.jones@centralbedfordshire.gov.uk)

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

This report relates to a Non Key Decision.

Purpose of this report

1. The report provides information on the 2014/15 Housing Revenue Account (HRA) projected outturn revenue and capital position as at December 2014.

RECOMMENDATIONS

The Executive is asked to note:

1. that the Revenue forecast position is to achieve a balanced budget with a contribution to HRA Reserves of £6.735M, thus strengthening the Council's ability to invest and improve its stock of Council Houses;
2. that the Capital forecast position indicates an outturn of £14.157M, an under spend of £3.963M, which includes deferred works from 2013/14 relating to Priory View of £2.503M; and
3. that Right to Buy sales will be monitored for the possible impact on predicted surpluses in the medium to longer term.

Issues

2. The revenue forecast position as at the end of December 2014 projects a year end surplus of £6.735M compared to a budgeted surplus of £6.191M, an improvement of £0.544M.

3. The key positive variances are, forecast reduced expenditure from Direct Revenue Financing of £691K, additional income of £39K and a £32K reduction in Housing Management costs; these are offset by a forecast increase in expenditure within Asset Management of £129K and an increase in Corporate Resources of £84K.
4. The average interest on Self Financing debt has been confirmed for the year at 2.43% delivering an outturn for interest repayment of £4.015M, £7K higher than forecast. The Council has saved a significant sum in the current financial year by taking 27% of its debt portfolio on a variable basis. The variable average has been confirmed at 0.66% for the year; this is considerably lower than any of the fixed rate debt.
5. The forecast position for the HRA capital programme indicates an under spend of £3.963M. This includes deferred works on Priory View from 2013/14 (£2.503M).
6. Galliford Try Partnerships commenced work on site at the Priory View Extra Care Development in April 2014 with an estimated completion date of Autumn 2015. It is predicted that in 2014/15 £7.481M will be spent, funded from the Independent Living Development Reserve.
7. The 2014/15 budget for the HRA anticipates a contribution to the Independent Living Development Reserve of £5.182M and a contribution to the Strategic Reserve of £1.009M. The year end forecast suggests a contribution to reserves of £6.735M, an improvement of £544K. This equates to a predicted total reserve balance of £19.964M.

Council Priorities

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

Corporate Implications

Legal Implications

9. None

Financial Implications

10. The financial implications are contained in the report.

Equalities Implications

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

Conclusion and next Steps

12. The report presents the 2014/15 HRA financial position as at the end of December 2014. It sets out spend to date against the profiled revenue and capital budgets, the forecast financial outturn, and provides explanations for any variations. This report enables the Executive to consider the overall financial position of the HRA.

Appendices

Appendix A – Housing Revenue Account Detailed Commentary

This page is intentionally left blank

Appendix A

HRA REVENUE ACCOUNT

1. The HRA annual expenditure budget is £22.389M and income budget is £28.580M, which allows a contribution of £6.191M to reserves to present a net budget of zero. A subjective breakdown of budget, year to date position and forecast outturn is shown in Table 1 below.
2. The year to date position indicates a reduction in Direct Revenue Financing of £518K offset by a number of minor variances to present a net year to date surplus of £428K.
3. Housing Management is reporting a positive year to date variance of £76K. The variance is mostly due to reduced expenditure of £88K within Supported Housing and Telecare. This is forecast to present savings within Housing Management of £32K.
4. Due to the restructure of Asset Management, there has been additional redundancy related spend of £108K. This has resulted in a year to date increased spend of £84K. In addition it is unlikely that the Managed Vacancy Factor of £63K will be achieved resulting in an outturn of £129K above budget.
5. Early pressures of increased demand and higher tender rates resulted in maintenance spend being ahead of profile during the early part of the year. Spend is currently £57K above budget; this remains a sensitive area however seasonal trends are forecast to result in maintenance works exceeding annual budget by only £2K.

Table 1

	2014/15 Budget	Budget YTD	Actual YTD	Variance YTD	Full Year Forecast	Variance Full Year Forecast to Budget
	£m	£m	£m	£m	£m	£m
Total Income	(28.580)	(21.435)	(21.459)	(0.024)	(28.619)	(0.039)
Housing Management	4.642	3.482	3.406	(0.076)	4.610	(0.032)
Financial Inclusion	0.220	0.165	0.146	(0.019)	0.220	0
Asset Management	1.045	0.784	0.868	0.084	1.174	0.129
Corporate Resources	1.610	1.208	1.271	0.063	1.694	0.084
Maintenance	4.473	3.355	3.412	0.057	4.471	(0.002)
Debt related costs	0.119	0.089	0.089	0	0.119	0
Direct Revenue Financing	6.667	5.000	4.482	(0.518)	5.976	(0.691)
Efficiency Programme	(0.395)	(0.296)	(0.296)	0.000	(0.395)	0
Interest repayment	4.008	3.006	3.011	0.005	4.015	0.007
Principal repayment	0	0	0	0	0	0
TOTAL Expenditure	22.389	16.793	16.389	(0.404)	21.884	(0.505)
Surplus	(6.191)	(4.642)	^ (5.070)	^ (0.428)	(6.735)	(0.544)
Contribution to / (from) reserve (actioned at year end)	6.191	4.642	^5.070	^0.428	6.735	0.544
Net Expenditure	0	0	0	0	0	0
^ Included for balancing and illustrative purposes only						

HRA CAPITAL PROGRAMME

6. The HRA Capital Programme reports a year to date reduced spend against profile of £2.666M, with a forecast year end outturn of £14.157M against a budget of £18.120M. The budget includes deferred works of £2.503M from 2013/14 relating to the Priory View development.
7. The Priory View development accounts for £2.982M of reduced spend to date. Construction of Priory View is progressing well, but the original cash flow forecast has been revised recently to reflect the actual work undertaken to date and the latest timetable for the remaining works. This has resulted in a forecast outturn of £7.481M, with £3.272M being slipped into 2015/16. The contractors are confident that the project will be completed by September 2015.

8. The Kitchen and Bathroom programme is currently £101K less than profile, however the contract is progressing well and is forecast to outturn on budget.
9. There is increased spend to date on Paths and Fences (£194K), Roof Replacement (£251K) and Asbestos Management (£105K) as a result of additional demand identified during the year. The higher spend will result in an outturn in these areas being above budget, however these are offset by savings in other areas resulting in a net saving on the HRA capital programme of £691K.
10. A more robust approach to Occupational Therapy assessments combined with a proactive approach to effectively managing adapted properties by successfully matching people to suitable accommodation, has resulted in a reduction in demand for Aids and Adaptations. The forecast outturn for Aids and Adaptations is an under spend of £355K.
11. A draft garage strategy has been prepared and circulated to the Housing Management Team for comment and is being revised following these comments. This will be followed by internal and external consultation. The strategy categorises sites into development, to be retained and uneconomic sites. A planning application was submitted in November 2014 for the first build of 4 new homes at Creasey Park Drive, Dunstable. This will deliver a mix of shared ownership and social rent, with completion planned for the autumn of 2015. Contractor procurement to build the scheme is currently underway. Mid term interviews have been held with those contractors invited to tender and the deadline for receiving responses from the contractors is 16 January 2015.
12. Other sites, primarily garage (and some recently identified infill) sites are being evaluated in detail, following the initial options appraisal. Following the consultation on the strategy the next steps will be the buy back of privately owned garages and demolition of some of the Council's empty garages, in preparation for future development.

Scheme Title	Approved Budget 2014/15	Full Year Forecast	Variance	Slippage to 2015/16	(Under) /over spend	Monthly Budget Monitoring December 2014		
	Net Expenditure	Net Expenditure	Net Expenditure	Net Slippage	Net Expenditure	Profiled YTD Net Expenditure	Actual YTD Net Expenditure	Variance Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Enhancements	100	70	(30)	0	(30)	63	49	(14)
Garage Redurbishment	31	15	(16)	0	(16)	10	15	5
Paths & Fences Siteworks	80	250	170	0	170	37	231	194
Estate Improvements	250	275	25	0	25	183	274	91
Energy Conservation	800	800	0	0	0	458	327	(131)
Roof Replacement	250	600	350	0	350	250	501	251
Central Heating Installation	1,000	900	(100)	0	(100)	747	597	(150)
Rewiring	372	372	0	0	0	279	250	(29)
Kitchens and Bathrooms	1,099	1,099	0	0	0	745	644	(101)
Central Heating communal	77	77	0	0	0	25	2	(23)
Secure Door Entry	281	281	0	0	0	207	251	44
Structural Repairs	156	250	94	0	94	147	207	60
Aids and Adaptations	905	550	(355)	0	(355)	295	287	(8)
Capitalised Salaries	357	357	0	0	0	270	284	14
Asbestos Management	150	250	100	0	100	117	222	105
Stock Remodelling	1,000	400	(600)	0	(600)	139	221	82
Drainage & Water Supply	51	30	(21)	0	(21)	24	25	1
Plasticisation	0	0	0	0	0	0	0	0
Stock Refurbishment	408	100	(308)	0	(308)	75	0	(75)
Sheltered Housing Re provision	10,753	7,481	(3,272)	(3,272)	0	6,942	3,960	(2,982)
HRA	18,120	14,157	(3,963)	(3,272)	(691)	11,013	8,347	(2,666)

13. Architects have been appointed to complete designs on refurbishing the Croft Green sheltered scheme. The planning application was considered by the Central Bedfordshire Planning Committee on the 17th December 2014 and approved. The proposed scheme was supported by existing residents at a consultation exercise. Project management support has been engaged from PRP Project Services to take the project to practical completion. Options appraisals are to be drawn up for 4 other schemes that offer potential development opportunities, but will need the support of residents, and will form the basis of a larger development programme to improve the Landlord's housing offer for older people.
14. Savills have been appointed to undertake feasibility and options study review for three potential regeneration sites within Dunstable. The draft report was received in December 2014.
15. Amey Construction have been engaged to provide parking options in two areas where parking is particularly difficult.
16. The challenges in bringing forward some of the projects identified above are forecast to result in an under spend of £908K within the Stock Refurbishment and Stock Remodelling programmes.

HRA EFFICIENCY PROGRAMME

17. Since 2010 the Housing service has been using Housemark to provide a benchmarking service. The analysis provided has assisted in identifying the areas where HRA budgets are higher relative to other stock retained authorities.
18. The HRA revenue budget for 2014/15 was reduced by £395K, as part of the Council's efficiency programme. The Housing Service has made savings in its external decorations contract costs and generated more income from the Lifeline service. Further revenue savings will be achieved from additional capitalisation of staff time within Asset Management.
19. The HRA is forecast to fully achieve its efficiency target for 2014/15.

HRA ARREARS.

20. Table 3 shows a breakdown of the HRA Debt position at the end of December. Total tenant debt amounted to £1.022M compared to £1.076M at the end of November 2014. Current tenant arrears are £605K or 2.12% (£701K or 2.44% in December 2013) of the annual rent debit of £28.538M, whilst former tenant arrears are at 1.46% with a balance of £417K against a target of 1% (1.36% with a balance of £389K at December 2013).
21. The recovery of former tenant arrears has recently transferred to the income management teams. A full review of current procedures is underway to seek improvements in performance.
22. Performance with regard to the recovery of outstanding arrears and increase in rental income has remained high, due to the focus and consistency of the approach taken to help and support our customers who are facing difficulties in paying their rent. Alongside this work from the income management team there has been a drive to increase the number of tenants paying by direct debit, which has had a positive impact on the collection of rental income. Overall this focused work is outlining an encouraging picture for another successful year.
23. There are currently £191K of non tenant arrears (£123K December), which comprises the following: rents at shops owned by the HRA, service charges and ground rent relating to leaseholders who purchased flats via the Right to Buy scheme, and property damage relating to existing and former tenants.

Table 3

Debt Analysis - Tenant Arrears							
Description of debt	0-4 weeks	4-8 weeks	8-13 weeks	13-52 weeks	Over 1 yr	TOTAL	
	£M	£M	£M	£M	£M	£M	
Current Tenant	0.183	0.160	0.124	0.138	0	0.605	
Former Tenant						0.417	
						1.022	
Debt Analysis - Other Arrears							
Description of debt	From 15 to 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 365 days	Over 1 yr but not over 2 yrs	Over 2 yrs	TOTAL
	£M	£M	£M	£M	£M	£M	£M
Shops	0.033	(0.001)	0	0.005	0	0.006	0.043
Leaseholders	0.016	(0.001)	0.004	(0.002)	0.011	0.032	0.060
Void recoveries	0	0	0.001	0.010	0.016	0.022	0.049
Misc recoveries	0.010	(0.004)	0.002	0.004	0.005	0.022	0.039
	0.059	(0.006)	0.007	0.017	0.032	0.082	0.191

PROMPT PAYMENT INDICATOR

24. The performance target for payment to suppliers, where there is no dispute over the amount invoiced, is 90% of invoices paid within 30 days of invoice receipt date. The HRA performance for December was 73% of 217 invoices paid on time (November 83% of 130). 37 out of 58 late invoices relate to low value utility bills averaging £390, In the remainder of cases the disputed invoice process should have been used more rigorously.
25. Actions are being implemented to improve this aspect of the service but have not yet taken effect. There is a Self Billing project in progress to automate payment of invoices. This project is progressing well and will significantly improve timescales for making payment.

HRA CAPITAL RECEIPTS

26. New Right to Buy (RtB) discounts and proposals for re-investing the capital receipts came into effect from April 2012. From July 2014 the maximum discount available increased to 70% or £77K on all property types.
27. Up to the end of November 2014, 43 RtB applications were received with 18 properties being sold, compared to 40 Applications and 19 sales over the same period in 2013/14. It is currently projected that the number of RtB sales will be between 25 and 30 for the year, resulting in a residual receipt for the year of approximately £1.5M.
28. As a result of the changes to housing pooling the council has a balance at the end of December of useable capital receipts of £3.373M (balance bought forward from 2013/14 £2.346M), of which £1.406M is reserved for investment in new social housing. The Council has entered into an agreement with the Secretary of State to invest these receipts in new social housing. The use of these receipts is restricted to schemes that do not receive Homes and Communities Agency (HCA) funding.
29. The retained receipt can represent no more than 30% of the cost of the replacement properties, so the Council is committed to spend at least £4.685M on new build by 31 December 2017.

30. The Priory View project has been awarded £1.703M from the HCA, therefore the retained receipts from RtB sales reserved for new build cannot be used on this scheme.
31. The HRA's Budget proposals for the period of the Medium Term Financial Plan (MTFP) propose significant investment in new build (in excess of £6.2M by 31 December 2017, excluding spend on Priory View).
32. Current projections suggest RtB sales will not have a negative impact on the Business Plan, particularly if the number of new build properties exceeds the properties sold. However if annual RtB sales were to make up a significant percentage of the Housing Stock, such that it diminished by 10% (equivalent to approximately 500 properties) or more over the period to 31 March 2018, then this would pose a threat to the surpluses predicted both in the medium and longer term

RESERVES

33. The total reserves available as at year end 2013/14 were £20.710M, comprising £2.0M in HRA Balances, £12.116M in the Independent Living Development Reserve, £6.394M in the Strategic Reserve and £200K in the Major Repairs Reserve.
34. The current position indicates a year end balance in reserves of £19.964M. HRA Balances are projected to remain at a contingency level of £2.0M, with the Independent Living Development Reserve decreasing to £11.370M, the Strategic reserve remaining at £6.394M, and the Major Repairs Reserve (MRR) remaining at £200K.
35. In total this equates to a forecast contribution to reserves for the year of £6.735M, offset by spend from reserves of £7.481M to result in a net decrease of £0.746M.
36. An Investment Strategy has been formulated, that sets out proposals for the use of the reserves that are forecast to materialise in the short to medium term. This strategy will be referred to in the HRA Budget Report that will go before Council in February 2015.

Table 4

Reserves Month: December 2014

Description	Opening Balance 2014/15	Spend against reserves	Release of reserves	Proposed transfer to Reserves	Proposed Closing Balance 2014/15
	£000	£000	£000	£000	£000
HRA Balances	2,000	-	-	-	2,000
Independent Living Development Reserve	12,116	(7,481)	-	6,735	11,370
Strategic Reserve	6,394	-	-	-	6,394
Major Repairs (HRA)	200	-	-	-	200
	20,710	(7,481)	-	6,735	19,964

Net Revenue Position Full Analysis

Month: December 2014	Year to date				Year				
Director	Budget	Actual	Use of Reserves	Variance	Approved Budget	Provisional Outturn	Variance	Transfers to/(from) reserves	Variance after use of earmarked reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Assistant Director Housing Service	14,652	14,728	-	76	19,535	19,571	36	-	36
Housing Management (HRA)	(18,686)	(18,915)	-	(229)	(24,915)	(25,029)	(114)	-	(114)
Asset Management (HRA)	3,932	4,060	-	128	5,243	5,331	88	-	88
Financial Inclusion	102	71	-	(31)	137	127	(10)	-	(10)
Total	0	(56)	0	(56)	0	0	0	0	0

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank