

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

**This meeting
may be filmed.***



**Central
Bedfordshire**

please ask for Rebecca Preen
direct line 0300 300 4193
date 11 September 2014

NOTICE OF MEETING

CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE

Date & Time

Tuesday, 23 September 2014 10.00 a.m.

Venue at

Room 15, Priory House, Monks Walk, Shefford

Richard Carr
Chief Executive

To: The Chairman and Members of the CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE:

Cllrs P A Duckett (Chairman), Miss A Sparrow (Vice-Chairman),
Mrs C F Chapman MBE, Mrs B Coleman, Dr R Egan, R W Johnstone,
Mrs M Mustoe, N Warren and T Woodward

Named Substitutes:

C C Gomm, J Murray, B Saunders, J A G Saunders and A M Turner]

All other Members of the Council - on request

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

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AGENDA

1. **Apologies for Absence**

Apologies for absence and notification of substitute members

2. **Minutes**

To approve as a correct record the Minutes of the meeting of the Corporate Resources Overview and Scrutiny Committee held on 29 July 2014 and to note actions taken since that meeting.

3. **Members' Interests**

To receive from Members any declarations of interest and of any political whip in relation to any agenda item.

4. **Chairman's Announcements and Communications**

To receive any announcements from the Chairman and any matters of communication.

5. **Petitions**

To receive petitions from members of the public in accordance with the Public Participation Procedure as set out in Annex 2 of Part A4 of the Constitution.

6. **Questions, Statements or Deputations**

To receive any questions, statements or deputations from members of the public in accordance with the Public Participation Procedure as set out in Annex 1 of part A4 of the Constitution.

7. **Call-In**

To consider any decision of the Executive referred to this Committee for review in accordance with Procedure Rule 10.10 of Part D2.

8. **Requested Items**

To consider any items referred to the Committee at the request of a Member under Procedure Rule 3.1 of Part D2 of the Constitution.

Reports

Item	Subject	Page Nos.
9	Executive Member Update To receive a brief verbal update from the Deputy Leader and Executive Member for Corporate Resources.	* Verbal
10	Asset Management Strategy To consider and comment upon the Asset Management Strategy	* To Follow
11	Budget Strategy and Medium Term Financial Plan To consider the framework and process for the 2015-16 Budget	* 13 - 26
12	Q1 Budget Monitoring To receive the Q1 Budget Monitoring reports for the Revenue, Capital and Housing Revenue Account.	* 27 - 34
13	Work Programme 2014/15 & Executive Forward Plan The report provides Members with details of the currently drafted Committee work programme and the latest Executive Forward Plan.	* 35 - 40

CENTRAL BEDFORDSHIRE COUNCIL

At a meeting of the **CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE** held in Room 15, Priory House, Monks Walk, Shefford on Tuesday, 29 July 2014.

PRESENT

Cllr P A Duckett (Chairman)
Cllr Miss A Sparrow (Vice-Chairman)

Cllrs Mrs B Coleman
Mrs M Mustoe

Cllrs N Warren

Apologies for Absence: Cllrs Mrs C F Chapman MBE
Dr R Egan
R W Johnstone
T Woodward

Substitutes: Cllrs B Saunders (In place of Mrs C F Chapman MBE)

Members in Attendance: Cllrs J G Jamieson Leader of the Council and
Chairman of the Executive
D Jones
M R Jones Deputy Leader and Executive
Member for Corporate Resources

Officers in Attendance: Mrs P Everitt Scrutiny Policy Adviser
Mr G Muskett Head of Revenues & Benefits
Mrs R Preen Scrutiny Policy Advisor
Mrs G Stanton Chief Communications Officer
Mr C Warboys Chief Finance Officer

Others in
Attendance

CR/14/12. **Minutes**

RESOLVED That the Minutes of the meeting of the Corporate Resources Overview and Scrutiny Committee held on 24 June 2014 be confirmed and signed by the Chairman as a correct record.

CR/14/13. **Members' Interests**

None.

CR/14/14. **Chairman's Announcements and Communications**

The Chairman announced there would be a briefing relating to the Asset Management Strategy comprising of all OSC Members.

CR/14/15. **Petitions**

None.

CR/14/16. **Questions, Statements or Deputations**

None.

CR/14/17. **Call-In**

None.

CR/14/18. **Requested Items**

None.

CR/14/19. **Executive Member Update**

The Executive Member for Corporate Services provided the Committee with an update regarding the following:-

- Despite the 10% increase in workload in Revenues and Benefits, the service had maintained performance levels.
- Council Tax collection was on target although Business Rate collection was slightly below target. This was predominantly due to changes in the way payments were occurring.
- Residents had been able to pay their Council Tax over a period of 12 months for some time, Business Rate payers could now also pay over 12 months. As time goes on the collection rate would rise.

In addition to the update the Executive Member and chairman thanked the Revenues and Benefits department for their hard work.

CR/14/20. **NNDR Discretionary Relief Policy**

The Head of Revenues and Benefits delivered a presentation on the Non Domestic Rates Discretionary Relief Policy and provided the Committee with an update regarding the following:-

- The department were currently in the process of reviewing arrangements for awarding rate relief prior to a public consultation.
- The existing regime had been in place since 1990, it was explained that although the authority had been operating a Discretionary Relief Policy, it had never been formally endorsed by Members. The plan would go out to consultation in August 2014 and subsequently be ratified by the Executive.
- The uniform approach was required due to historical slight differences between the North and South of Central Bedfordshire.
- The local authority had a vested interest in collecting Business Rates as we now retain some of the money ourselves.

- The next steps were to consult in the summer, following which a detailed paper would be brought forward to the OSC in September 2014 prior to Executive in January 2015. If the proposal was endorsed the Council would write to all recipients with the new rate relief amounts they were entitled to.

In response to the presentation and the further clarification provided, the Committee discussed the following issues in detail:-

- The degree of effort made by the department to inform businesses of possibility of rate relief. The Head of Revenues and Benefits explained that a detailed leaflet was sent with every bill and that the information contained therein provides full information regarding rate relief. The new national relief introduced in April 2014 targeted the High Street, shops and retailers, was initially a 12 month initiative. It was anticipated however that this assistance would continue.
- The checks that were made to ensure charities were genuine and so qualified for relief. The Head of Revenues and Benefits explained that information was rigorously checked and the Council would visit premises if there were any suspicions with regards to authenticity.
- Whether charities were informed of the relief they may be entitled to. The Head of Revenues and Benefits confirmed that most charities were very knowledgeable about entitlement. If however the team saw information on an organisation which appeared to have obvious charity status they would be proactive and send the relevant form to them. It was better to calculate the correct entitlement and offer the relief they should be receiving straight away rather than charge too much and then have to recalculate several months down the line.
- Whether local charities affiliated with national bodies were treated as an individual unit or their revenue would be 'pooled'. The Head of Revenues and Benefits confirmed that local charities would be treated as separate units and their individual circumstances looked at respectively.
- Whether farms were classed as rural businesses. The Head of Revenues and Benefits confirmed this was not the case and that agricultural farms were exempt from paying business rates.
- Concerns regarding rural employment and the business being located near to where a person lived and the impact that had upon the local area. The Head of Revenues and Benefits explained that the department would look at the number of employees who work in the rural location and use their discretion where necessary.
- Concerns regarding charities being penalised by having to spend their reserves before qualifying for rate relief. The Head of Revenues and Benefits confirmed the Council would look at the last audited accounts. The Chief Finance Officer confirmed that close dialogue would be undertaken with charities in this situation by asking why they had possible reserves and what they needed them for. The Council would work with them to obtain the correct outcome for them.

RECOMMENDED that the NNDR Discretionary Relief Policy be fully supported by the Committee.

CR/14/21. **Fees and Charges Task Force**

It was proposed that the Fees and Charges would be reviewed by Members of all O&S Committees. The main changes were that the policy had previously referred to 'Members', it would now refer specifically to O&S, Executive and Full Council respectively. The main basis of the policy remained the same and it did not cover Service Level Agreements with other public sector bodies. The Deputy Leader and Executive Member asked Members to support the proposal of one OSC reviewing the Fees and charges schedule.

RECOMMENDED that the policy is approved by the Executive and the preferred approach was for Fees and Charges to be scrutinised by one OSC involving all Members.

CR/14/22. **Revenue, Capital and Housing Revenue Account Outturn 2013/14**

The Chief Finance Officer delivered a presentation on Revenue, Capital and Housing Revenue Account Outturn 2013/14 and in particular highlighted the following:-

- The caveat that the information contained within the report was subject to audit.
- The pressure of taking on additional court work in particular for Children's Services.
- Large savings had been achieved on assets, a one off benefit from farm estates had also been received.
- A large receipt of income had been received at the end of the financial year from Central Government which had not been expected.
- £800k was being set aside to deal with Deprivation of Liberty assessments. It was explained that the rules around this had changed, more assessments would need to be carried out creating a budget pressure. Setting aside this sum of money would enable the Council to plan for this.
- Children would be supported up until the age of 25 instead of 19, additional funds were required to offset the increase in work this would generate.

In response to the presentation and further clarification provided, a Member asked for details regarding the age changes to Children's Services. It was explained that this was due to recent changes to the Children's and Families Act. The Act has been designed to support Looked After Children and their transition to adulthood. More details Would be made available to the SCHH O&S Committee in due course.

Members were also informed that the Right to Buy scheme had an impact and that a significant uptake had been noted but not one which would impact upon the Housing Revenue Account business plan.

The Chairman expressed concerns with regards to revenue generated by the Right to Buy scheme and the cost to replace the units sold, namely in that houses on the scheme sold very cheaply compared to the open market and the cost to replace them would barely be covered.

NOTED the presentation

CR/14/23. **Work Programme 2014/15 & Executive Forward Plan**

The Committee considered its current Work Programme and the latest Executive Forward Plan and noted that the Corporate Property Assets Disposal and Acquisitions Protocols had been removed from the Work programme.

RECOMMENDED that the Corporate Resources OSC Work Programme be amended as outlined above

(Note: The meeting commenced at 10.00 a.m. and concluded at 11.15 a.m.)

Chairman.....

Date.....

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Meeting: Corporate Resources Overview and Scrutiny Committee
Date: 23rd September 2014
Subject: Budget Strategy and Medium Term Financial Plan
Report of: Cllr Maurice Jones, Deputy Leader and Executive Member for Corporate Resources
Summary: The report proposes the medium term financial planning framework for 2015-16 through 2018-19

Advising Officer: Charles Warboys, Chief Finance Officer and s151 Officer
Contact Officer: Charles Warboys, Chief Finance Officer and s151 Officer
Public/Exempt: Public
Wards Affected: All
Function of: Council

CORPORATE IMPLICATIONS

Council Priorities:

1. 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.

Financial:

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

Legal:

3. None

Risk Management:

4. None.

Staffing (including Trades Unions):

5. Any staffing reductions will be carried out in accordance with the Council's Managing Change Policy and in consultation with the Trades Unions.

Equalities/Human Rights:

6. Equality Impact Assessments will be carried out prior to the allocation of the 2015/16 budgets.

Public Health

7. None.

Community Safety:

8. None

Sustainability:

9. None.

Procurement:

10. None.

Overview and Scrutiny:

RECOMMENDATION(S):

The Committee to:

1. **Consider and comment on the attached Executive report and associated appendices which was reviewed by the Executive on the 19th August 2014**

Appendices

Appendix A: Executive Budget Strategy and Medium Term Financial Plan

Appendix A: Executive Budget Strategy and Medium Term Financial Plan

Meeting: Executive
Date: 19 August 2014
Subject: Budget Strategy and Medium Term Financial Plan
Report of: Cllr Maurice Jones, Deputy Leader and Executive Member for Corporate Resources
Summary: The report proposes the medium term financial planning framework for 2015-16 through 2018-19

Advising Officer: Charles Warboys, Chief Finance Officer and s151 Officer
 Contact Officer: Charles Warboys, Chief Finance Officer and s151 Officer
 Public/Exempt: Public
 Wards Affected: All
 Function of: Executive
 Key Decision: Yes
 Reason for urgency/ exemption from call-in (if appropriate): N/a

CORPORATE IMPLICATIONS

Council Priorities:

The action supports all of the Council's priorities. A sound understanding of the financial climate, a robust plan for the medium term and proper awareness and mitigation of risks are key to enable the Council to further its objectives for the community.

Financial:

1. The planning process takes place against the background of the June 2013 Spending Review (which covered the period to 2015-16 only) and whilst the national economy shows some positive signs, there is no indication of any relaxation of the Government's austerity measures.

The Spending Review announcement revealed further cuts to the Department for Communities and Local Government (DCLG) budgets of some 10%. It is not yet clear exactly how this will be apportioned to individual local authorities. Coupled with this is the forthcoming General Election, scheduled for 7 May 2015. This means that incoming resources (Formula Funding and other grants) for the last three years of the Medium Term Financial Plan (MTFP) are highly uncertain.

Legal:

2. Nothing specifically arising from this report, but the Council is required to set a balanced budget and to undertake consultation on its proposals. See also Equalities and Consultation sections below.

Risk Management:

3. The state of the UK and world economies and other global economic influences will continue to have an effect on growth and their full impact remains uncertain at this time.

Prudent estimates of known factors will be built into the Medium Term Financial Plan (MTFP), along with reasonable estimates where no firm data exists.

Staffing (including Trades Unions):

4. None arising directly from this report.

Equalities/Human Rights:

5. To ensure that any decision does not unfairly discriminate, public authorities must be rigorous in reporting to Members the outcome of an equality impact assessment and their legal duties.

Public authorities must ensure that decisions are made in a way which minimises unfairness and without a disproportionately negative effect on people from different ethnic groups, disabled people, women and men. It is important that Councillors are aware of this duty before they take a decision. When decisions are made, decision makers must have access to the relevant data, including the results of equality impact assessment, and of consultation and involvement, to ensure they reach an informed decision.

Public Health

6. None arising directly from this report.

Community Safety:

7. None arising directly from this report.

Sustainability:

8. None arising directly from this report.

Procurement:

9. None arising directly from this report.

Overview and Scrutiny:

10. This report will be considered by the Corporate Resources OSC at their meeting on 23rd September 2014.

RECOMMENDATION(S):

The Executive is asked to:

1. recognise the risks and uncertainty including those arising from the 2015 General Election and the likelihood of further austerity measures in the years following;
2. endorse the proposed framework for the updating of the Medium Term Financial Plan and the preparation of a Budget for 2015/16; and
3. endorse the timetable for the consultation process

Reason for Recommendation(s): To put in place a framework to meet the financial challenges faced by Central Bedfordshire Council over the medium term.

Executive Summary

11. This report starts the formal process that leads to the setting of a budget and Council Tax rate in February 2015. It sets a framework for the 2015-16 Budget and MTFP with updated planning assumptions. It also considers the impact of changes in Local Government financing and how these may be addressed.
12. The report also sets out proposals for consultation.

Introduction

13. This report sets out the framework for preparing the Council's 2015-16 Budget and the annual updating of the MTFP, so that it covers the period to 2018/19.
14. The process and timetable for setting the budget and updating the MTFP up to its approval by Council on 26 February 2015 is also included in this report for consideration.

Policy

15. The Council's constitution and related financial procedures set out the process for budget setting. In addition, the Council is required to undertake a public consultation exercise on its budget proposals.

Background

16. The Budget for 2014/15, which was agreed by Council in February 2014, was set in an environment of tough economic conditions and the continuation of Government public spending reductions, factors which continue into the present budget setting round. The MTFP identified a budget 'gap' (that is, a requirement for further savings as yet unspecified) of some £5.8 million for 2015/16 and £7.3 million over the following 2 years to 2017/18.

The Spending Review announced in 2013 provided an indicative financial settlement for 2015/16 but not beyond, in recognition that a General Election will take place in May 2015. This means that there will be significant uncertainty for the last three years of the MTFP.

The MTFP will need to address this through making reasonable and prudent estimates in the absence of confirmed data. Since there is every indication that funding to local authorities will be further reduced, the Council will be required to make further efforts to find savings through service efficiencies in order to avoid service reductions.

Issues

17. The financial plan will address the following issues:
- (a) the priorities of the Council and more specifically the outcomes it wants to achieve over the medium term under those priorities and the allocation of resources to deliver them;
 - (b) changes to the MTFP (revised economic, financial and demographic assumptions and facts);
 - (c) the Revenue Budget for 2015-16 , including the required level of general fund reserves.
 - (d) the Capital Programme for 2015-16 through to 2018-19;
 - (e) the outcome of the budget consultation process .

MTFP as per 2014/15 Budget Report

18. The Council agreed an MTFP on 20 February 2014 which took account of the economic conditions and continuing austerity measures by Government in allocating funding for local authorities.
19. The key figures from this current MTFP are shown in the table below:

Medium Term Financial Plan	2014/15	2015/16	2016/17	2017/18
	£m	£m	£m	£m
Resources				
Formula Grant	36.9	28.4	27.4	27.4
Council Tax Freeze Grants	1.3	2.6	2.6	2.6
Retained Business Rates	28.1	29.4	30.2	32.3
Council Tax	119.6	119.9	120.7	121.4
Total Resources	185.9	180.3	180.9	183.7
Planned Revenue Budget				
Opening Base Revenue	370.7	367.7	362.1	362.7
Expenditure				
Net inflation	2.6	2.7	2.7	2.7
Pressures	11.8	4.9	5.3	5.1
Base Income	(181.8)	(181.8)	(181.8)	(181.8)
Total Planned Spend Before Savings	203.3	193.5	188.3	188.7
Efficiency Savings	(17.4)	(7.4)	(4.5)	(0.6)
Efficiency Savings to be allocated	-	(5.8)	(2.9)	(4.4)
Total Planned Spend After Savings	185.9	180.3	180.9	183.7

20. This Plan enables the Council to achieve and maintain a sustainable level of General Fund reserves over the life of the MTFP. The level of General Fund Reserves at 31 March 2014 was £15.1m (subject to audit), after a £0.9m contribution to reserves in 2013/14.
21. A minimum prudent level of reserves, based on assumptions contained in the agreed MTFP is a range between £11.5m and £25m. This takes into account the Council's expenditure levels, increasing risk profile and investment plans. The strategy for maintaining reserves is set out in paragraph 33 and the minimum prudent level will be reviewed as part of the final budget setting process, to reflect changes such as the transfer of 7 Care Homes brought back into Council operations, implications of the Children & Families Act, Care Act, Better Care Fund and integration with the NHS.

Current economic outlook

22. The prospects for the UK economy are improving but the recovery is not yet fully established, with the country experiencing a period of relatively slow growth since the recession. In addition, the UK's credit rating was downgraded from AAA to AA+ by some credit scoring agencies (Standard & Poor's rating remains at AAA). With the continued reductions in public sector spending, growth rates are expected to remain low in the short to medium term. For households, therefore, the picture continues to look challenging, with low wage rises and comparatively low mortgage approvals.

23. The financial situation in Europe seems to be improving. Euro area financial system stress has remained moderate over the last half-year, according to the new Financial Stability Review of the European Central Bank (ECB) released at the end of May 2014. Investor concerns regarding the global financial crisis have continued to diminish, amid on-going action to address “legacy” risks of past crises for both banks and sovereign nations. Euro area banks have accelerated the clean-up and strengthening of their balance sheets since the third quarter of 2013, when discussions about the ECB’s comprehensive assessment intensified. Sovereign risk has improved with the implementation of fiscal consolidation and structural reforms, although progress has been uneven.
24. UK inflation has remained reasonably flat over the past year and stands at 1.9% (CPI) and 2.6% (RPI) – both July 2014 figures. Inflation is now below the Government target of 2% although a strain remains on household finances at a time of static or falling real wages.
25. The Bank of England has revised its interest forward guidance policy.
- Outlining the Bank's revised policy, the Governor of the Bank of England said the Bank would now be looking at a wider range of indicators, including wages, productivity and spare capacity within the economy.
- Official interest rates remain at the all time low of 0.5% and are expected to remain so until at least Spring 2015 according to the Bank.
- Longer term, rates are then projected to rise to 2% by early 2017. Beyond 2017, the message from the Bank is that 'even when the economy has returned to normal... the appropriate level of Bank rate is likely to be materially below the 5% level set on average by the [Bank] prior to the crisis'.
26. The UK jobs market continued to improve in the three months to April 2014, although the rate of wage increases slowed sharply. Official figures show that the number of people out of work fell by 161,000 to 2.16 million over the period, (Office for National Statistics).
- This brings the unemployment rate down to 6.6%.

Strategic and Directorate plans

27. The Council’s high level priorities are set out in its Medium Term Plan, which identifies specific service outcomes by each Directorate. These defined priorities will become the driver behind the financial assumptions within the MTFP. They will also determine where the efficiencies are to be found and identify cost pressures.

Areas of focus

28. Although still at an early stage of the process for identifying further efficiencies, a number of areas have been identified, which build on the four year efficiencies programme outlined in the 2014/15 MTFP. These include areas for efficiencies such as moving from institutional investment to personal solutions, and review of contract and tendering arrangements. These will be kept under review as the overall funding parameters become clearer.

Consultation and Communication

29. There is a 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 which will include three phases of activity.

30. The first will seek feedback from the community on local priorities and the core principles of our medium term financial plan. This feedback will be gathered via a residents' survey which will be distributed to all households via the autumn edition of News Central. Simultaneously a representative group of residents will be invited to respond to the survey in order that Members can understand reactions from the public in general and a sample which reflects the broader community in terms of age, gender and other demographic characteristics.

This feedback will be presented to Members to inform the development of the draft budget.

31. Once the budget has been prepared (following the Chancellor's Autumn Statement which is expected in December), the draft budget report will be extensively promoted to the community including local business, the media, the equalities forum and other stakeholder groups in order to elicit further feedback on the proposals within it. Feedback from this phase of activity will feed into the Executive and Full Council consideration of the budget in February 2015.

The final phase of activity will be to feedback to the community and stakeholders, the decisions of the Council through a range of communication channels and activities including the conventional leaflet together with social media, our website and face to face opportunities.

Budget Assumptions

32. The current MTFP as agreed at Council in February 2014 includes a number of assumptions that will need to be reviewed and revised as appropriate for the new MTFP. The key factors are detailed in the paragraphs below. The Plan will also be extended a year to include projections for 2018-19.

33. The MTFP included an assumption that reserves would exceed the minimum prudent level at 31 March 2014 and that there will be no further material transfers to General Fund Reserves. General Fund Reserve stood at £15.1m at 31 March 2014 (subject to audit) and will be kept under constant review to ensure that there is adequate protection against adverse risks from economic, financial and other factors.

34. In December 2013 central Government set out an indicative provisional settlement for 2015/16 alongside the 2014/15 settlement, which indicated an £8.5m reduction in this Council's Revenue Support Grant. There is an expectation that the final settlement should align closely with the provisional amounts though nothing will be confirmed until the final settlement announcement (likely to be in late December 2014). For future years the Formula Grant has been assumed to reduce by a further 3.5% in 2016/17.
35. Since the Spending Review only covered one year, and given the forthcoming General Election in May 2015, information for the remaining years is much less predictable.
36. The current MTFP assumes some growth in business rates or NNDR receipts beyond the amount assumed in the provisional settlement for 2015/16. More detailed modelling of projected NNDR receipts is currently underway and will inform the MTFP process.
37. Inflation levels for the current MTFP are set at the rates detailed in the table below:

Table 2 – Current MTFP inflation assumptions

	2015-16 and future years
Employees:	
Pay	1.0%
Increments	0.0%
NI	0.0%
Prices	2.0%
Contracts	2.0%
Income	2.0%

38. These inflation factors will be subject to review, including taking account of new economic data and supplier contract terms.
39. A number of known service pressures have been included in the MTFP, such as those arising from increased demand for care services and an ageing population, pensions strain and capital financing. Other pressures will emerge as the budget process develops. This will in turn increase the level of savings required.

40. For 2013/14 the Council was in receipt of one Council Tax Freeze Grant of 2.5% of Council Tax income (worth £3.2m) and another of 1% of Council Tax income (worth £1.3m). The first of these was to be a four-year grant which was originally due to end in 2014/15. The second was a two-year grant also originally due to end in 2014/15. These grants have now been extended as described in the Spending Review section below.
41. Following legislative changes taking effect on 1 April 2012, the Council now 'self finances' the Housing Revenue Account. Central Bedfordshire now retains all rental income from its housing stock, whilst in return, on 1 April 2012, the Council received an allocation of the national housing debt. The Current MTFP includes rental income of £29 – £32m for each of the three years to 2017/18, fully offset by revenue and capital spending, and debt repayment costs.
42. The baseline for the 2015/16 Budget will be the 2014/15 Budget. At this stage it is anticipated that the final outturn for the year will be close to Budget overall.

Spending Review 2013

43. Central Government carried out a Spending Review last year and announced the results on 26 June 2013. This will have some significant impacts on our budget assumptions, not all of which can be fully determined until the autumn statement and its impact on Departmental spending expected in December 2014 are made clear. The key issues are described below.
44. The Spending Review unusually covers 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. A provisional Settlement had already been announced for 2015/16 and there have been no indications so far that there will be any major changes on final settlement.
45. The "Departmental Expenditure Limit" (DEL) for DCLG has been cut by 10% for 2015/16. This will therefore necessarily be passed down to local authorities in some form, though how this affects the formula funding model on a council by council basis is unknown at present.
46. Funding for the Education Services Grant is likely to be cut by 20% from 2015/16. This grant replaced LACSEG in 2013/14, at the same time reducing income for CBC from £5.8m to £3.0m in that year. The grant is a per-pupil amount paid for maintained schools only, and reduces as schools convert to academies. The rate of conversions in 2013/14 resulted in a reduction of funding for CBC of around £0.3m. 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. The balance will continue to reduce if schools continue to convert to academies.
47. The announcement included a 1% cap on public sector pay rises. This is in line with present MTFP assumptions, though nationally, the public sector unions are challenging this which has already resulted in industrial action.

48. A further two-year Council Tax Freeze Grant at 1% of Council Tax revenues will also be available for those Councils freezing Council Tax in 2014/15, and an additional 1% in 2016/17 for those freezing Council Tax in 2015/16.

Subsequent to the Spending Review announcement, Government confirmed that both of the original Freeze Grants and any new Grants in 2014/15 and 2015/16 will be 'baselined' into the Formula Grant and will therefore constitute continuing funding.

49. April 2013 saw the beginning of a number of welfare reforms (e.g. benefit cap, under occupancy subsidy). The full impact of these has yet to be seen but the Council has responded well to the increased workload whilst maintaining service levels to claimants. The number of claimants for Council Tax Support has reduced from 17,000 to 15,600 between April 2013 and July 2014.

Funding for the Local Welfare provision is likely to be removed from 2015/16 onwards. The Council has been able to create an earmarked reserve to continue to fund this service in 2015/16, but thereafter there will be an additional budget pressure.

50. There were also various other announcements covering health and social care pooled budgets, the transfer of the Independent Living Fund to local authorities, investment in the roads network, extension of the Troubled Families programme and introduction of a new Schools Formula from 2015/16. The impact of these will be assessed as far as possible within this MTFP.

51. A major change for the Council is the impact of the Care Act 2014 which came onto the statute books on 14 May 2014. It sets out a new framework of local authority duties in relation to the arrangement and funding of social care, along with a number of changes to the regulation of social care providers. It will have a very significant impact on local authorities and the market for social care. These impacts will need to be reflected in the MTFP.

Budget process - Revenue

52. The budget process will deliver alignment of the revenue and capital budgets, with a detailed review of the capital programme leading to a realistic budget over the planning timeframe.
53. Budgets will be built up during August / mid-September. This will include a full assessment of pressures and efficiencies which will then be the subject of formal review at Overview and Scrutiny meetings during January 2015. Following this process there will be further adjustments as required, leading to the preparation of a Final Budget Report with a balanced budget.

The four Overview and Scrutiny Committees are scheduled to jointly receive a high level presentation on the MTFP at the 21 October 2014 Corporate Resources O&S Committee meeting and scrutiny of the draft budget will take place at each O&S Committee separately in January 2015. The timetable allows for comments and recommendations from Scrutiny to be incorporated into the final Budget proposals.

The attached budget timetable (Appendix 1), sets out the timescales for all the above activities.

Budget process – Fees & Charges

54. For the 2015/16 budget process, Council approval to Fee & Charges price increases will be accelerated to November 2014 Council rather than February 2015.
55. In addition, it is proposed to introduce price increases from 1st January 2015 rather than 1st April where possible.

Timetable

57. The key milestones for setting the 2014/15 budget are:
 - September – All O&S Committees to review proposed Fees & Charges increases.
 - 14 October – Executive Fees & Charges Report
 - 27 November – Council approves Fees & Charges price increases.
 - 16 December – Corporate Resources Overview & Scrutiny, with all O&S Committees to review high level MTFP.
 - 13 January 2014 – Executive Draft Budget Report;
 - January 2015 – Overview & Scrutiny of draft budget;
 - 10 February 2015 – Executive Budget Recommendations;
 - 26 February 2015 – Council approves Budget.

Appendices:

Appendix 1 – Budget timetable

Background Papers:

None



Corporate Resources Overview & Scrutiny Committee Financial Results for Q1 2014/15 23rd September 2014

Q1 2014/15 General Fund Revenue

- The Forecast outturn position as at June 2014 is over budget by £0.7m.
- Main forecast overspend is in Children's Services, forecast to overspend by £1.0m mainly due to:
 - £303k pressure from increased Special Guardianship Orders (30 New cases 2013/14 @ average cost £160 week not factored into MTFP, additional 4 since April).
 - £365k increased Independent Fostering and Adoption costs above budget provision.
 - £212k Increase in Market Rate Supplements across Social Worker posts to retain current workforce offset by £16k savings across Children With Disabilities, and Intake & Family Support.
- Social Care, Health & Housing are forecasting an overspend of £0.5m but with significant risks identified.
- Improvement and Customer Services are forecasting to achieve budget but have flagged up £0.8m of risks.
- Corporate costs are forecast to underspend by £0.7m as a result of less interest payable and increased contribution from the HRA.

Q1 2014/15 General Fund Revenue

Year to Date

YTD Spend is £0.97 ahead of budget (of which £0.8m is Schools and HRA). Underlying directorate spend is £0.17m ahead of budget.

Reserves

The full year forecast position includes £2.9m proposed use of general fund earmarked reserve. £0.85m SCHH, £0.78m Children's Services, £1.05m Community Services, £0.72m Regeneration & Business Support.

Risks and Upsides

Risks quantified to date are £3.6m and opportunities quantified to date are £0.2m. The net risk identified is £3.4m.

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Q1 2014/15 Revenue Year to Date & Forecast Outturn

Table 1

Directorate	Year to Date - June P3			Full Year		
	Budget £m	Actual £m	Variance £m	Budget £m	Outturn £m	Variance £m
SCHH	15.8	16.1	0.4	62.9	63.4	0.5
Childrens Services	11.4	11.4	(0.0)	44.8	45.8	1.0
Community Services	8.9	8.9	0.0	36.7	36.5	(0.2)
Regeneration	0.4	0.6	0.2	5.1	5.1	0.0
Public Health	(1.0)	(1.0)	(0.1)	0.0	0.0	0.0
Improvement & Corporate Services	5.4	5.6	0.2	21.6	21.6	0.0
Corporate Resources	1.3	1.0	(0.2)	5.0	5.0	0.0
Corporate Costs	2.1	1.8	(0.3)	9.9	9.2	(0.7)
Total Exc HRA	44.2	44.4	0.2	186.0	186.7	0.7
Schools	0.0	0.2	0.2	0.0	0.0	0.0
HRA	0.0	0.6	0.6	0.0	0.0	0.0
Total	44.2	45.2	1.0	186.0	186.7	0.7

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

Q1 2014/15 Capital Position

Key points to note:

- The capital budget (including deferred spend) for 2014/15 excluding HRA is £116.8m (£70.3m net). The main issues to note are:
- Gross forecast is to spend £111.7m vs. budget of £116.8m. The variance of £5.1m is a result of proposed deferred spend to 2015/16 of £9.4m and overspend of £4.3m.
- Additional grant has been received and therefore expenditure for Schools within Children's Services will be greater than budget. The forecast within Children's Services reflects the funding available, almost all of which is externally funded.
- Gross spend to date is £19.7m, below budget by £6.7m.
- Profiled budgets are still being worked on and so the YTD position may not be fully reflective of the underlying position.
- £87.4m (75%) of the gross budget relates to 20 of the top value schemes. £82.6m (74%) of the gross spend forecast relates to these schemes.
- Forecast capital receipts are £1.45m compared to budget of £7.45m. Year to date is £23k.

Q1 2014/15 Capital Outturn

Table 2

Month: June 2014	Gross Year to Date			Gross Year			Variance Explanation		
	Budget	Actual	Variance	Approved Budget	Forecast Outturn	Forecast Variance	Forecast % of Budget	Deferred Spend to 15/16	(Under) / Overspend
Director	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000
Social Care Health and Housing	2,050	525	(1,525)	8,198	8,226	28	0 %	0	28
Children's Services	3,000	2,967	(33)	25,684	30,140	4,456	17 %	0	4,456
Community Services	16,952	14,823	(2,129)	67,809	58,984	(8,825)	(13)%	(8,676)	(149)
Regeneration and Business Support	852	0	(852)	3,409	3,409	0	0 %	0	0
Improvement and Corporate Services	3,565	1,380	(2,185)	11,671	10,946	(725)	(6)%	(725)	0
TOTAL EXCLUDING HRA	26,419	19,695	(6,724)	116,771	111,705	(5,066)	(4)%	(9,401)	4,335

This gross position reflects the level of activity to deliver the Councils capital programme.

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

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Q1 2014/15 HRA Revenue / Capital

The revenue forecast is a year end surplus of £6.684m compared to a budgeted surplus of £6.191m, an improvement of £0.493m.

This is driven by an increase in income of £0.656m, offset by a forecast increased expenditure for Housing Management of £0.178m.

The forecast position for the HRA capital programme is to spend to budget, this includes deferred works on Priory View from 2013/14.

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 £10.575m will be spent, funded from the Extra Care Development Reserve.

The 2014/15 budget for the HRA anticipates a contribution to the Extra Care 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 £6.684m, an improvement of £0.493m. This equates to a predicted total reserve balance of £16.819m as at 31 March 2014.

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Meeting: Corporate Resources Overview & Scrutiny Committee
Date: 23 September 2014
Subject: Work Programme 2014 – 2015 & Executive Forward Plan
Report of: Chief Executive
Summary: The report provides Members with details of the currently drafted Committee work programme and the latest Executive Forward Plan.

Contact Officer: Rebecca Preen, Scrutiny Officer
Public/Exempt: Public
Wards Affected: All
Function of: Council

CORPORATE IMPLICATIONS

Council Priorities:

The work programme of the Corporate Resources Overview & Scrutiny Committee will contribute indirectly to all 5 Council priorities. Whilst there are no direct implications arising from this report the implications of proposals will be details in full in each report submitted to the Committee.

RECOMMENDATION(S):

1. **that the Corporate Resources Overview & Scrutiny Committee**
 - (a) **considers and approves the work programme attached, subject to any further amendments it may wish to make;**
 - (b) **considers the Executive Forward Plan; and**
 - (c) **considers whether it wishes to add any further items to the work programme and/or establish any Task Forces to assist it in reviewing specific items.**

Overview and Scrutiny Work Programme

1. Attached is the currently drafted work programme for the Committee.
2. The Committee is now requested to consider the work programme attached and amend or add to it as necessary.

Overview and Scrutiny Task Forces

3. In addition to consideration of the work programme, Members may also wish to consider how each item will be reviewed i.e. by the Committee itself (over one or a number of Committee meetings) or by establishing a Member Task Force to review an item in greater depth and report back its findings.

Executive Forward Plan

4. Listed below are those items relating specifically to this Committee's terms of reference contained in the latest version of the Executive's Forward Plan to ensure Members are fully aware of the key issues Executive Members will be taking decisions upon in the coming months. The full Executive Forward Plan can be viewed on the Council's website at the link at the end of this report.

Ref	Issue	Indicative Exec Meeting date
1.	Corporate Asset Management Strategy - To seek approval of a refreshed strategy for corporate asset management covering the period 2014 to 2016	14 October 2014
2.	To approve the Fees and Charges Policy.	14 October 2014
3.	Stratton Business Park Phases 4 & 5 – to consider the land Disposals and Development Opportunities for Stratton Park Phases 4 & 5	14 October 2014
4.	Electricity and Gas Supply Contracts - To consider and approve the approach to the Council's energy contracts for the period post October 2016.	9 December 2014
5.	West of A1 Stotfold - Approval to dispose of land including selection of appropriate methodology.	9 December 2014
6.	NNDR Discretionary Relief Policy - To approve the NNDR Discretionary Relief Policy.	13 January 2015
Non Key Decisions		
7.	Quarter 1 Performance Report	14 October 2014
8.	Medium Term Financial Plan Fees and Charges	14 October 2014
9.	Council Tax Support Scheme	9 December 2014
10.	Quarter 2 Budget Monitoring	9 December 2014
11.	Quarter 2 Performance Report	13 January 2015
12.	Draft Budget 2015/16	13 January 2015
13.	Budget 2015/16	10 February 2015
14.	Treasury Management Strategy	10 February 2015
15.	Quarter 3 Budget Monitoring	10 February 2015
16.	To consider the quarter 3 performance report.	31 March 2015

Conclusion

- 5 Members are requested to consider and agree the attached work programme, subject to any further amendments/additions they may wish to make and highlight those items within it where they may wish to establish a Task Force to assist the Committee in its work. This will allow officers to plan accordingly but will not preclude further items being added during the course of the year if Members so wish and capacity exists.

Appendix – Corporate Resources Overview and Scrutiny Work Programme.

Background reports:

Executive Forward Plan (can be viewed at any time on the Council's website) at the following **link**:- <http://www.centralbedfordshire.gov.uk/modgov/mgListPlans.aspx?RPId=577&RD=0>

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Appendix A: Corporate Resources OSC Work Programme (2014/15)

OSC Date	Report Title	Description
21 October 2014	Council Tax Support Scheme	To consider the Council Tax Support scheme
16 December 2014	NNDR Discretionary Relief Policy	To receive a report on NNDR Discretionary Relief Policy
27 January 2015	Draft Budget 2015/16	To consider the draft budget for 2015/16
27 January 2015	Quarter 2 Budget Monitoring	To receive the quarter 2 budget monitoring reports for the revenue, capital and housing revenue account
27 January 2015	Treasury Management Strategy	To consider the Treasury Management Strategy
17 March 2015	Quarter 3 Budget Monitoring	To receive the quarter 3 budget monitoring reports for the revenue, capital and housing revenue account
17 March 2015	Provision of recruitment services for temporary agency staff	To receive details on the new contract in the first three months of implementation
16 June 2015	Quarter 3 Performance Monitoring	To receive the quarter 3 performance monitoring reports

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