
Meeting: Executive
Date: 21 July 2009
Subject: Implications of Legacy Outturn for Central Bedfordshire
Report of: Portfolio holder for Corporate Resources
Summary: The report gives an assessment on the implications for Central Bedfordshire from the emerging outturn positions at the three legacy authorities.

Advising Officer: Clive Heaphy, Director of Corporate Resources
Contact Officer: Matt Bowmer, Assistant Director Financial Services
Public/Exempt: Public
Wards Affected: All
Function of: Executive
Key Decision: Yes
Reason for urgency/
Exemption from call-in
(if appropriate): N/A

RECOMMENDATIONS:

Executive is recommended to:

- a) Note the implications for Central Bedfordshire from the emerging outturn positions at the three legacy authorities.
- b) Agree the proposed transfers to earmarked reserves set out in Agenda items 8, 9 and 10.
- c) Undertake a review of earmarked reserves.
- d) Assess the impact of service under and overspends on Central Bedfordshire's revenue position.
- e) Agree the approval of ICT capital expenditure of £3.6m as set out in Agenda Item 9.
- f) Agree the set aside of usable capital receipts as set out in Agenda Item 9
- g) Undertake a review of slippage on legacy capital programmes to assess the impact on Central Bedfordshire Capital Programme.

Reason for Recommendations: For Members to be aware of the impact that the 2008/09 outturn position of Mid Beds and South Beds Districts and Bedfordshire County Council has on the finance of Central Beds Council and also to make them aware of the on going work.

1. **Introduction**

2. This report assesses the headline figures from the Outturn reports for the three legacy authorities: Mid Beds, South Beds and Bedfordshire County Council and identifies the further work necessary to understand the full financial picture.

3. **General Fund Balances and Earmarked Reserves**

General Fund Balances

4. The outturn position for the three authorities is broadly as assumed in the Central Bedfordshire Medium Term Financial Plan agreed at Council in February. At that time the opening General Fund Balances for Central Bedfordshire were assumed to be £14.960m. The closing General Fund Balances of Mid Beds, South Beds and the Central Bedfordshire share of the Bedfordshire County Council are set out in the table below and total £15.194m.

	Legacy Totals	Central Beds Share
	£m	£m
Mid Beds	4.967	4.967
South Beds	1.667	1.667
Bedfordshire County Council	14.266	8.560
		15.194

5. It should be noted that the Mid Beds figure includes the previously earmarked Interest Rate Equalisation Reserve. This has been allowed for in the construction of the Central Beds base budget for 2009/10. Mid Beds also maintains a Housing Benefit Equalisation Reserve as part of their earmarked reserves and this will be considered alongside the review of earmarked reserves below. The County Balances have been shared on Council Tax base at this point.
6. The fact that this figure is as expected is of great significance given that that these balances are required to cover the Central Bedfordshire Transition costs, and that the Central Bedfordshire General Fund balances are expected to be only £2.8m at end of 2009/10. This is considerably less than the £4.680m minimum level identified from a formal risk assessment.

Earmarked Reserves

7. The earmarked balances for the three authorities are set out below

	Legacy Totals
	£m
Mid Beds	3.993
South Beds	3.989
Bedfordshire County Council	16.709

8. The Mid and South Beds balances will naturally form the initial earmarked reserves of Central Bedfordshire. The £16.709m County Balances, however, are to be shared between Central Bedfordshire and Bedford Borough. Work can certainly commence on the ex district earmarked reserves to assess whether they should continue to be held as earmarked reserves or become part of General Fund Balances. The same exercise will need to be undertaken on the County figures but will be subject in some instances to negotiation with the Borough which is unlikely to be signed off until the early autumn when the opinion has been given on the accounts. Given the forecast position on Central Bedfordshire's General Fund Balances this is a highly important piece of work and will be presented to the Executive in September. The above figures do exclude school reserves which are attributable to individual schools.

9. **Service Under/Overspends**

10. There has been some movement in under and overspends reported by all three legacy authorities. The forecast spend of these authorities had contributed to the work in constructing Central Bedfordshire's first budget. The Finance Managers will analyse these figure with a view to support budget monitoring in the current year.

11. **Capital Outturn/Slippage**

12. There has been significant capital slippage from the legacy authorities' 2008/09 programmes. Total slippage for the three authorities is set out in the table below.

	Legacy Totals
	£m
Mid Beds	0.707
South Beds	1.587
Bedfordshire County Council	3.120

13. The County slippage is £21.4m but £18.3m will be met from specific grants and contribution, this work is still to be undertaken on the ex district slippage. The Central Beds Capital Programme will need to be reviewed in light of these figures. The approved programme has assumed a level of slippage from the legacy authorities but this was based on forecasts at the end of the third quarter of 2008/09

14. **Other Issues**

15. A key strand of the Central Bedfordshire Medium Term Financial Plan concerned the Minimum Revenue Provision, the amount put aside annually to repay debt. This is a complicated calculation based on the Capital Financing Requirement. To reduce the pressure on the Central Bedfordshire Budget this requirement was reduced by assuming that Mid Beds would set aside a proportion of its capital receipts. This set aside has been included in the recommendations arising from the Mid Beds Outturn report.

CORPORATE IMPLICATIONS

Council Priorities:

N/A

Financial:

There is clarity on the General Fund Balances which are broadly as assumed on the Medium Term Financial Plan. However, further work is required to assess the impact of service under and overspends on Central Bedfordshire budget monitoring, the level of earmarked reserves required and the impact of slippage on the capital programme.

Legal:

None

Risk Management:

None

Staffing (including Trades Unions):

None

Equalities/Human Rights:

None

Community Development/Safety:

None

Sustainability:

None

Appendices:

None

Background Papers (open to public inspection):

None