

## APPENDIX A – DIRECTORATE COMMENTARY

### Social Care, Health and Housing

1. The forecast general fund position is an overspend of £2.3M.

Month: September 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
<b>Social Care Health and Housing</b>									
Director of Social Care, Health, Housing	96	96	(10)	(10)	193	213	20	-	20
Housing Management (GF)	662	651	-	(11)	1,324	1,323	(1)	-	(1)
Adult Social Care	28,726	31,148	(324)	2,098	57,352	62,170	4,818	(695)	4,123
Commissioning	5,615	5,579	(18)	(54)	11,229	10,915	(314)	(105)	(419)
Business and Performance	(3,579)	(4,279)	(120)	(820)	(7,158)	(8,284)	(1,126)	(303)	(1,429)
<b>Total Social Care and Health</b>	<b>31,520</b>	<b>33,195</b>	<b>(472)</b>	<b>1,203</b>	<b>62,940</b>	<b>66,337</b>	<b>3,397</b>	<b>(1,103)</b>	<b>2,294</b>

2. The Adult Social Care service within the directorate is showing a projected overspend of £4.1M after the use of reserves. Within this division is the risk of increases in the Older People and Physical 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 £2M.
3. Within the Older People 65+ package budgets, a projected over spend of £3.1M is forecast mainly on residential placements. This is partly offset by additional customer income which continues to exceed budget in 2014/15 by £1.3M (under Business and Performance).
4. In respect of former self funders, these continue to exert pressure on residential and nursing placements budgets. Twelve have required Council support during April to September. If this trend continued it would generate a forecast pressure of £0.185M by March 2015 that the Council will have to support. Given the current financial climate this trend is unlikely to diminish and will also need to continue to closely monitored for the rest of the year.
5. The Reablement service continues to achieve reductions in care hours and during the period April to September 2014 the service has saved 1,106 hours which is equivalent to an in year saving of £0.151M.
6. Within Learning Disabilities, additional budget of £0.8M has been provided to cover the impact of new customers in 2014/15 and the full year flowthrough effect of new customers 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. In addition, it is mainly within Learning Disabilities that the cost of Ordinary Residence (OR) transfers falls and there is a risk associated with this. The current cost of OR cases is £0.351M which exceeds the reserve of £0.281M by £0.070M. There is an additional risk associated with carer breakdown and ageing carers which results in new midlife customers and increased support costs.

8. The Commissioning service is reporting a projected underspend of £0.419M. The key variance after reserves is a projected overspend on the S75 Mental Health Agreements of £0.150M (due to an efficiency shortfall). This is offset by a projected under spend on the Dementia Quality Mark budget of £0.160M, on the pooled equipment budget of £0.110M. The balance is spread over a number of cost centres.
9. The Business and Performance division is showing a projected under spend of £1.4M the majority of which relates to a projected over achievement of customer contributions.
10. HRA is subject to a separate report.

### Children's Services

11. The full year projected outturn position for 2014/15 as at September 2014 is £0.4M over budget (£0.9M in August), this is after £1.1M budgeted use of reserves set aside at the end of the 2013/14 financial year.

Month: September 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
<b>Children's Services</b>										
Director of Children's Services	243	316	(57)	16	405	515	110	(113)	(3)	
Children's Services Operations	15,708	16,170	(377)	85	32,212	33,630	1,418	(744)	674	
Commissioning & Partnerships	1,751	1,706	(76)	(121)	4,449	4,539	90	(152)	(62)	
Joint School Commissioning Service (Transport)	3,416	3,264	-	(152)	7,780	7,717	(63)	-	(63)	
Partnerships	487	502	(33)	(18)	601	668	67	(66)	1	
School Improvement (incl Music)	1,570	1,543	-	(27)	1,260	1,260	-	-	-	
<b>Total Children's Services (ex Schools / Overheads)</b>	<b>23,175</b>	<b>23,501</b>	<b>(543)</b>	<b>(217)</b>	<b>46,707</b>	<b>48,329</b>	<b>1,622</b>	<b>(1,075)</b>	<b>547</b>	
DSG Contribution to Central Support	(359)	(360)	-	(1)	(719)	(719)	-	-	-	
ESG Contribution to Central Support	(579)	(630)	-	(51)	(1,157)	(1,260)	(103)	-	(103)	
<b>Total Children's Services (excluding Schools)</b>	<b>22,237</b>	<b>22,511</b>	<b>(543)</b>	<b>(269)</b>	<b>44,831</b>	<b>46,350</b>	<b>1,519</b>	<b>(1,075)</b>	<b>444</b>	

12. The over spend is mainly due to Fostering and Adoption (£686K) and Quality Assurance (£123K) offset by savings in other areas.

The core of the increased costs in Fostering and Adoption are a combination of increased Special Guardianship and Residential Orders (£453K), Independent Foster Agency use (£61K) and Adoption (£130K). The use of Independent Foster Agencies (IFA) are where despite best efforts referrals have not always been able to be accommodated in-house.

This is partly due to the number of sibling groups being kept together and in-house carers generally having only one spare bedroom. There are also a number of challenging teenagers with more complex and specialist needs which often necessitates an IFA placement. This changing and increasing demand will be reviewed in 2015/16 to secure efficiencies through the consortium of IFA providers where possible.

The overspend in Quality Assurance is due to an additional Review Manager being required. This is in order to fully meet the requirements in line with the recommended caseloads for an Independent Reviewing Officer as laid out in statutory guidance and the rise in number of children looked after. The service provides a statutory reviewing service to all looked after children.

13. Not currently included in the forecast are the following risks (£305K) :-

- £215K anticipated rise in SGO's (120) by March 2015.
- £50K Intake & Assessment due to the recent changes to the court process and pressure to meet the 26 week proceedings timescale. This has resulted in expensive assessments (psychological or psychiatric) and is now solely funded by Children's services. The full financial impact of these changes will be significant and the first six months have already seen an increase on last year.
- £40K Mother & baby unit forecast spend has been reduced by 50% to mitigate the directorate overspend as there has been no demand to date, however future demand could be one off and high cost.

14. The tables below reflects the increased number of looked after children and related placement costs.

	Sept 2013	Sept 2014	% increase / (decrease)
Number of LAC	285	276	(3%)
In House Placements	92	103	12%
Independent Placements	112	98	(13%)
Special Guardianship Orders	63	100	59%
Child Protection Plan	290	176	(39%)
Children in Need	1772	1387	(22%)
Number of Referrals (YTD)	1207	1135	(6%)

	Movement for 2014/15
LAC (April 271)	+5
In House Placements (April 92)	+11
Independent Placements (April 110)	-12
Special Guardianship Orders (April 85)	+15

15. Central Bedfordshire Council has been allocated £230k of The Adoption Reform Grant for 2014/15. The purpose of the grant is to provide support to Local Authorities with the implementation of the reforms. The main allocations for the grant are as follows:-

- Pilot a 'fostering for adoption' project.
- Increase legal capacity within Children Services.
- Increase Social Work capacity by 2fte to assess adopters.
- Support for Children's life story work, an important part of fostering and adoption support to ensure a successful placement.

## Community Services

16. Community Services' overall financial position is forecast to be £120k over budget after the use of earmarked reserves of £1,315k for one-off specific projects.

Month: September 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
<b>Community Services</b>									
Community Services Director	173	121	-	(52)	345	295	(50)	-	(50)
Highways Transportation	6,560	6,287	(17)	(290)	13,070	13,425	355	(313)	42
Environmental Services	11,705	12,029	(153)	171	23,301	24,431	1,130	(1,002)	128
<b>Total Community Services</b>	<b>18,438</b>	<b>18,437</b>	<b>(170)</b>	<b>(171)</b>	<b>36,716</b>	<b>38,151</b>	<b>1,435</b>	<b>(1,315)</b>	<b>120</b>

17. The overspend is due to less than budgeted parking income of ££0.3M (flagged as a risk previously) partly offset by staffing underspends.

## Regeneration and Business Support

18. Regeneration and Business Support's outturn forecast is below budget by £0.4M after the use of earmarked reserves of £0.9M for one-off specific projects.

Month: September 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
<b>Regeneration and Business Support</b>									
Director	230	205	-	(25)	461	461	-	-	-
Business Support & Skills	(90)	(121)	(112)	(143)	883	1,248	365	(311)	54
Planning	1,656	1,454	(349)	(551)	3,768	3,915	147	(616)	(469)
Programme Delivery	-	-	-	-	-	-	-	-	-
<b>Total Regeneration and Business Support</b>	<b>1,796</b>	<b>1,538</b>	<b>(461)</b>	<b>(719)</b>	<b>5,112</b>	<b>5,624</b>	<b>512</b>	<b>(927)</b>	<b>(415)</b>

19. The Planning Division is forecasting to under spend by £469K due to underspends on salaries of £98K, and consultancy costs of £76K. Also surplus income from planning activities of £293K.

## Public Health

20. Public Health forecast outturn is to achieve a balanced budget after use of reserves.

Month: September 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
<b>Public Health</b>									
Director of Public Health	(4,555)	(4,590)	-	(35)	(9,111)	(9,111)	-	-	-
Assistant Director of Public Health	4,555	4,463	-	(92)	9,111	9,076	(35)	35	-
<b>Total Public Health (Excl overheads)</b>	<b>-</b>	<b>(127)</b>	<b>-</b>	<b>(127)</b>	<b>-</b>	<b>(35)</b>	<b>(35)</b>	<b>35</b>	<b>-</b>
Contribution to Central Support	-	-	-	-	-	-	-	-	-
<b>Total Public Health</b>	<b>-</b>	<b>(127)</b>	<b>-</b>	<b>(127)</b>	<b>-</b>	<b>(35)</b>	<b>(35)</b>	<b>35</b>	<b>-</b>

## Improvement and Corporate Services

21. The directorate is currently forecasting to achieve an underspend of £0.2M as a result of an allocation of Housing Revenue Account income for Corporate overheads. This has no impact on the overall Council forecast as this was included in Corporate Costs last month.

Month: September 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
<b>Improvement and Corporate Services</b>									
Improvement and Corporate Services Leadership	124	125	-	1	247	247	-	-	-
Communications and Insight	386	458	(30)	42	771	814	43	(61)	(18)
Customer Services	982	1,075	-	93	1,963	1,928	(35)	-	(35)
Programme and Performance	210	205	(20)	(25)	419	467	48	(48)	-
Policy & strategy	83	80	-	(3)	165	165	-	-	-
Customer & Community Insight	-	-	-	-	-	-	-	-	-
Procurement	40	176	-	136	80	77	(3)	-	(3)
People	1,271	1,299	(49)	(21)	2,542	2,479	(63)	(49)	(112)
Information Technology	3,424	3,520	(33)	63	6,848	6,840	(8)	(33)	(41)
Legal & Democratic Services	1,797	1,479	(19)	(337)	3,886	3,854	(32)	-	(32)
Assets	2,277	2,307	(20)	10	4,554	4,615	61	(20)	41
<b>Total Improvement and Corporate Services</b>	<b>10,594</b>	<b>10,724</b>	<b>(171)</b>	<b>(41)</b>	<b>21,475</b>	<b>21,486</b>	<b>11</b>	<b>(211)</b>	<b>(200)</b>

22. Risks have been identified, totalling £0.486M, made up of Legal Services £0.124M, largely around staffing pressures and additional workload and court costs for Children's Services cases, net of underspends within Democratic Services; £0.087M in HR largely due to delays in achieving in year efficiencies; £0.037M in Assets, wholly as a result of Your Space 2 final moves costs which weren't budgeted, only part of which is currently mitigated by other savings; risk of £0.1M in Information Technology (IT) for an unachievable efficiency for the centralisation of other directorate service based IT staff for which compensatory savings should be identified, and £0.138M in Customer Services relating to an unachievable staff cost efficiency and other staffing budget pressures.
23. There are also opportunities of £0.15M in IT for anticipated refund from telecoms supplier following audit of charges and £0.1M in Procurement for potential agency rebate being greater than originally budgeted.

## Corporate Resources and Costs

24. The full year budget of £14.9M is made up of:

- Corporate Resources £5.0M
- Corporate Costs £9.9M

The forecast outturn is an underspend of £1.2M.

Month: September 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	
<b>Corporate Resources</b>										
Chief Executive	151	145	-	(6)	302	302	-	-	-	
Finance	2,398	2,314	(13)	(97)	5,212	4,697	(515)	431	(84)	
Housing Benefit Subsidy	(238)	(238)	-	-	(477)	(477)	-	-	-	
<b>Total Corporate Resources</b>	<b>2,311</b>	<b>2,221</b>	<b>(13)</b>	<b>(103)</b>	<b>5,037</b>	<b>4,522</b>	<b>(515)</b>	<b>431</b>	<b>(84)</b>	
<b>Corporate Costs</b>										
Debt Management	6,296	6,089	-	(207)	12,592	11,831	(761)	-	(761)	
Premature Retirement Costs	1,428	1,352	-	(76)	2,855	2,855	-	-	-	
Corporate Public Health Recharges	(316)	(303)	-	13	(631)	(631)	-	-	-	
Corporate HRA Recharges	(45)	(45)	-	-	(90)	(107)	(17)	-	(17)	
Efficiencies	255	248	-	(7)	(56)	(356)	(300)	-	(300)	
Contingency and Reserves*	(3,477)	(3,431)	-	46	(4,811)	(4,811)	-	-	-	
<b>Total Corporate Costs</b>	<b>4,141</b>	<b>3,910</b>	<b>-</b>	<b>(231)</b>	<b>9,859</b>	<b>8,781</b>	<b>(1,078)</b>	<b>-</b>	<b>(1,078)</b>	
<b>Total Corporate</b>	<b>6,452</b>	<b>6,131</b>	<b>(13)</b>	<b>(334)</b>	<b>14,896</b>	<b>13,303</b>	<b>(1,593)</b>	<b>431</b>	<b>(1,162)</b>	

25. Corporate Resources and Costs are forecast to underspend by £1.2M, consisting of a £0.76M net reduction in Financing costs, largely as a result in lower than expected borrowing following prior year underspends against the capital programme, £0.55M saving against past service pension deficit costs, and £0.03M saving against Audit, largely relating to the external audit fee. This is partly offset by an unachievable element of the Passenger Transport Review efficiency of £0.25M.

## Appendix B – Earmarked Reserves

Description	Opening Balance 2014/15 £000	Spent £000	Released £000	Technical Movements £000	Proposed Closing Balance 2014/15 £000	MEMO: Net movement before proposals	MEMO: Net movement after proposals	For Information: Description of EMR (this is the 13/14 narrative, for info)
<b>Social Care Health and Housing Reserves</b>								
Social Care Reform Grant	157	(100)			57	(100)	(100)	Reserve to fund multi year Transforming People's Lives project. Includes SWIFT/AIS implementation.
Deregistration of Care Homes	281	(281)			-	(281)	(281)	Reserve to fund costs associated with deregistering of a national care provider
LD Campus Closure	345	(55)			290	(55)	(55)	Reserve for the smoothing of double running costs resulting from reprovision of Learning Disabilities services.
Deprivation of Liberty Safeguards	881	(367)		(500)	14	(867)	(867)	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)	(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	-	-	Underspend of CCG Winter Pressures Funding
Mental Health Action Plan	115				115	-	-	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	(193)			3,312	(193)	(193)	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	-	-	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	-	-	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	-	-	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	(10)	(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	-	-	Funding has been allocated in 13/14 for the Strategic Transitions project and for the Ageing Well Project - likely to be some slippage
<b>Total Social Care, Health and Housing</b>	<b>6,692</b>	<b>(1,056)</b>	<b>-</b>	<b>(500)</b>	<b>5,136</b>	<b>(1,556)</b>	<b>(1,556)</b>	
<b>Children's Services Reserves</b>								
Fostering & Adoption	998	-208			790	(208)	(208)	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	(21)			123	(21)	(21)	LPSA Grant ring fenced
LSP Sustainable Neighbourhoods	47				47	-	-	LPSA Grant ring fenced
"Working Together" - new National Guidance	50	(25)			25	(25)	(25)	Existing Reserve held for increasing costs of LSCB due to new Government requirements.
CWD	70	(9)			61	(9)	(9)	Refurbishment of flat at Maythorn & South Hub Settlement costs, pressure for MTFP
Transformation Challenge Award	150				150	-	-	Income received March 14 Transformation Challenge Award Earmarked and carried forward
Support and Aspiration Grant	65	(63)			2	(63)	(63)	Support and Aspiration Grant Earmarked
Children's Services Unspent Grant Income	311	(311)			-	(311)	(311)	ASVE Grant Programme to train & develop newly qualified SW's £7k. Troubled Families Grant £304k Earmarked
Assets of Community Value	13				13	-	-	New Burdens Grant for Assets of Community Value Earmarked
The Central Bedfordshire Academy of Social Work and Early Intervention	118	(80)			38	(80)	(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	-	-	Development of communications and implementation materials to present whole of CBC's offer to families
<b>Total Children's Services</b>	<b>2,398</b>	<b>(834)</b>	<b>-</b>	<b>-</b>	<b>1,564</b>	<b>(834)</b>	<b>(834)</b>	
<b>Community Services Reserves</b>								
Leisure Centre Reinvestment Fund	179	(185)		140	134	(45)	(45)	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	(49)			67	(49)	(49)	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	-	-	Parking income directed to transport infrastructure improvements.
Community Safety partnership fund	226				226	-	-	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	-	-	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	(150)			87	(150)	(150)	now earmarked reserve not RIA/ GIA
Community Safety Grant	78				78	-	-	now earmarked reserve not RIA/ GIA (additional is income from probation that they handed over in 2013/14 for work in 2014/15)
Biggleswade wind farm	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)	(296)	allocation from central government received late march - part rev part capital in relation to work needed as result of bad weather
<b>Total Community Services</b>	<b>1,345</b>	<b>(680)</b>	<b>-</b>	<b>140</b>	<b>805</b>	<b>(540)</b>	<b>(540)</b>	

## Appendix B – Earmarked Reserves (Cont)

Description	Opening Balance 2014/15 £000	Spent £000	Released £000	Technical Movements £000	Proposed Closing Balance 2014/15 £000	MEMO: Net movement before proposals	MEMO: Net movement after proposals	For Information: Description of EMR (this is the 13/14 narrative, for info)
<b>Regeneration Reserves</b>	-	-	-	-	-	-	-	
Career Development framework	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	(146)	-	-	194	(146)	(146)	
Local Development Framework	365	-	-	-	365	-	-	To support the examination hearings of development strategy, gypsy and traveller and CIL, 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)	(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	-	-	
NIRAH	34	(15)	-	-	19	(15)	(15)	
Woodside connection options appraisal	50	-	-	-	50	-	-	
Business growth grants	51	(51)	-	-	-	(51)	(51)	
Flood Defence	315	(245)	-	-	70	(245)	(245)	now earmarked reserve not RIA/ GIA
Natural England	10	(10)	-	-	-	(10)	(10)	now earmarked reserve not RIA/ GIA
Building control	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	-	-	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	-	-	ringfenced grant
<b>Total Regeneration</b>	<b>1,998</b>	<b>(769)</b>	<b>-</b>	<b>-</b>	<b>1,229</b>	<b>(769)</b>	<b>(769)</b>	
<b>Public Health Reserves</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Transitional Grant Reserve	927	-	-	-	927	-	-	
Risk reserve	-	-	-	-	-	-	-	
<b>Total Public Health</b>	<b>927</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>927</b>	<b>-</b>	<b>-</b>	
<b>Improvement and Corporate Services Reserves</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Pan Public Sector Funding	28	(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	-	-	Support allocated to Customer First Revenue activities
Elections Fund	94	-	-	-	94	-	-	Build sufficient reserve over four years to run council election
Individual Electoral Registration	19	(19)	-	-	-	(19)	(19)	
Deprivation of Liberty Safeguards	-	-	-	500	500	500	500	
Assets	40	-	-	-	40	-	-	Transition - Reduce reliance on Consultants & fund transitional period in staff restructure.
ICT Webcasting	150	-	(61)	-	89	(61)	(61)	
ICS - HR (Apprentices & Graduates)	150	-	-	-	150	-	-	
<b>Total Improvement &amp; Corporate Services</b>	<b>516</b>	<b>(47)</b>	<b>(61)</b>	<b>500</b>	<b>908</b>	<b>392</b>	<b>392</b>	
<b>Finance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Housing Benefit Subsidy Audit Reserve	500	-	-	-	500	-	-	Reserve to cover outcome of Housing Benefit Subsidy audits
NNDR Discretionary Relief & NNDR Bad Debts	502	-	-	444	946	444	444	Receipt of new accounting guidance - will impact 14/15 collection fund
<b>Total Finance</b>	<b>1,002</b>	<b>-</b>	<b>-</b>	<b>444</b>	<b>1,446</b>	<b>444</b>	<b>444</b>	
<b>Corporate Reserves</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Redundancy/Restructure Reserve	2,414	(412)	-	-	2,002	(412)	(412)	Reserve to cover redundancy and actuarial costs
Insurance reserve	4,404	-	-	-	4,404	-	-	Reserve to cover insurance costs based on actuarial assessment
Welfare Reform	460	(60)	-	-	400	(60)	(60)	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	-	-	Reserve to cover authority's potential liability following historic scheme records issue
s31 NNDR Income to offset NNDR discounts	1,018	-	-	-	1,018	-	-	
Planning Decisions Legal Challenge	300	(10)	-	-	290	(10)	(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
<b>Total Corporate Reserves</b>	<b>9,797</b>	<b>(982)</b>	<b>-</b>	<b>-</b>	<b>8,815</b>	<b>(982)</b>	<b>(982)</b>	
<b>Total Earmarked Reserves (General Fund)</b>	<b>24,675</b>	<b>(4,368)</b>	<b>(61)</b>	<b>584</b>	<b>20,831</b>	<b>(3,845)</b>	<b>(3,845)</b>	



## Appendix C - Debtors

- 1 Total general CBC sales debtors (excluding house sales and grants) for September amounted to £9.1M (£10.1M in August). Of this £3.3M is less than 30 days old.

Of the Over 60 days - £4.1M is actively being chased. £0.2M have instalment arrangements in place. £0.8M is being dealt with through legal channels.

Debtors September 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	265	9%	262	9%	216	7%	83	3%	1,574	52%	627	21%	3,027	100%
Children's Services	39	10%	146	37%	62	16%	35	9%	99	25%	11	3%	392	100%
Community Services	139	9%	148	9%	43	3%	502	31%	152	9%	622	39%	1,606	100%
Regeneration	591	27%	524	24%	228	11%	66	3%	379	18%	376	17%	2,164	100%
I.C.S	175	15%	400	35%	60	5%	62	5%	309	27%	133	12%	1,139	100%
Finance	676	88%	2	0%	1	0%	11	1%	23	3%	51	7%	764	100%
Public Health	13	7%	0	0%	0	0%	0	0%	164	93%	0	0%	177	100%
Unallocated & Non Directorate	-55	45%	-5	4%	-2	2%	7	-6%	-41	34%	-25	21%	-121	100%
<b>GRAND TOTAL</b>	<b>1,843</b>	<b>20%</b>	<b>1,477</b>	<b>16%</b>	<b>608</b>	<b>7%</b>	<b>766</b>	<b>8%</b>	<b>2,659</b>	<b>29%</b>	<b>1,795</b>	<b>20%</b>	<b>9,148</b>	<b>100%</b>
<b>PREVIOUS MONTH</b>	<b>1,456</b>		<b>3,001</b>		<b>884</b>		<b>331</b>		<b>2,718</b>		<b>1,751</b>		<b>10,141</b>	

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

- SCHH debt at the end of Quarter 2 was £3.0M. Of this £1.4M is Health Service debt. Of this remaining general fund debt, £1.0M (69%) 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.
- Total debt for Children's Services is £0.4M of which £145K is over 61 days and is being actively pursued.
- Community Services total debt is £1.6M. About 52% of debt is less than three months old. All debt recovery is in accordance with Council policy.
- Regeneration total debt is £2.2M. Invoices relating to developers legal contributions to deliver planning requirements associated with new developments account for 66% of debt. About 65% of debt is less than three months old.
- Overall Corporate debt (ICS & Finance) is £1.9M. Of this there is £0.6M is over 60 days old. All debt is under active management.
- Public Health debt is £0.2M.

### 3 **Bad Debt Write Offs > £50K**

During Q2 one bad debt of £57,662.95 was written off. The debt was from February 2006 (Legacy of Beds County Council). The debt was for Residential care fees. All system reminders were sent along with standard recovery letters but received no response. The family were not acting in the customer's best interests therefore the debt was referred to external solicitors to pursue, this was a long and complex case and we have since been advised by the solicitor that there is no chance of recovery due to mental capacity of the individual involved.

The debt was fully provided for.

## Appendix D – Treasury Management

### 1. Borrowing

As at 30 September 2014 the Council's total borrowing was £308.0M. Of this amount, £294.5M 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	32.4	13.5	143.0
HRA	120.0	45.0	0.0	165.0
TOTAL	217.1	77.4	13.5	308.0

The profile of debt is split so that overall the Council has 71% Fixed PWLB debt, 25% Variable PWLB debt and 4% Fixed Market (LOBO) debt; this is shown in A1 on the Treasury Management Performance Dashboard.

A2 of the dashboard shows that the Council's average cost of borrowing at an interest rate of 2.9% is significantly lower than the 4.3% interest rate faced by other local authorities, which is mainly due to having a higher proportion of variable rate debt.

Over the next quarter the Council has £16.4M of its variable rate debt maturing which will be repaid and only replaced as cash flow dictates.

### 2. 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 fixed deposits, 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 30 September 2014.

The latest available CIPFA Treasury Management benchmarking results which cover the quarter ended 30 June 2014 compare the Council's performance against 23 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 0.89% (which is largely due to its long term investment in the UK property based 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.

As at 30 September 2014, the Council held £13.1M of its investments in call accounts and Money Market Funds (MMF) which equates to 59% of total internal investments (compared to 3% this time last year). The main reason for the percentage increase is that the cash held by the Council is lower than a year ago and a greater proportion of it therefore needs to be instantly accessible. Currently, in addition to the Lime Fund investment, the Council has deposits placed on varying interest rates ranging between 0.4% and 0.8%.

### **3. Cash Management**

The average cash balance the Council holds is considerably lower than other benchmarked authorities. The average for the Council was £57M compared to a benchmark average of £126M. The Council's long-standing strategy of holding low cash balances reduces investment counterparty risk and contains borrowing costs.

Year on year, the Council has seen its cash holdings reduce in favour of borrowing the internal balances of the HRA and the General Fund. As at 31 March 2014, the Council was internally borrowed to the tune of £92M.

Cash levels held by the Council have fallen by £34M over the year compared to this time last year, and will continue to fall over the next two quarters reflecting the seasonal pattern of the income to spend ratio.

### **4. Outlook**

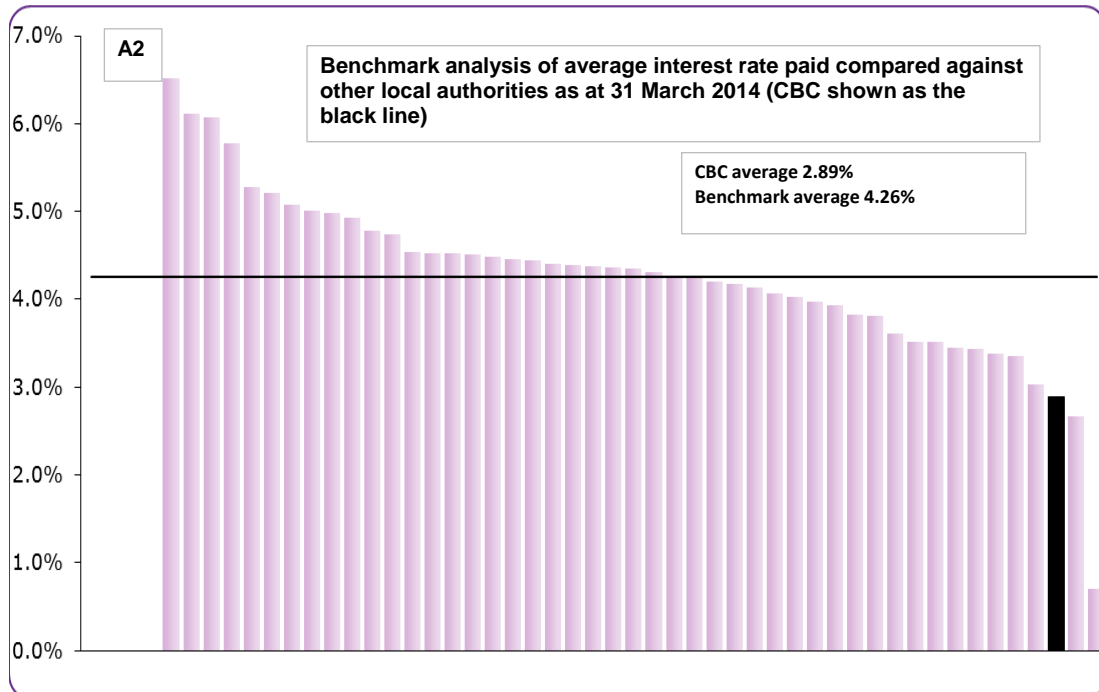
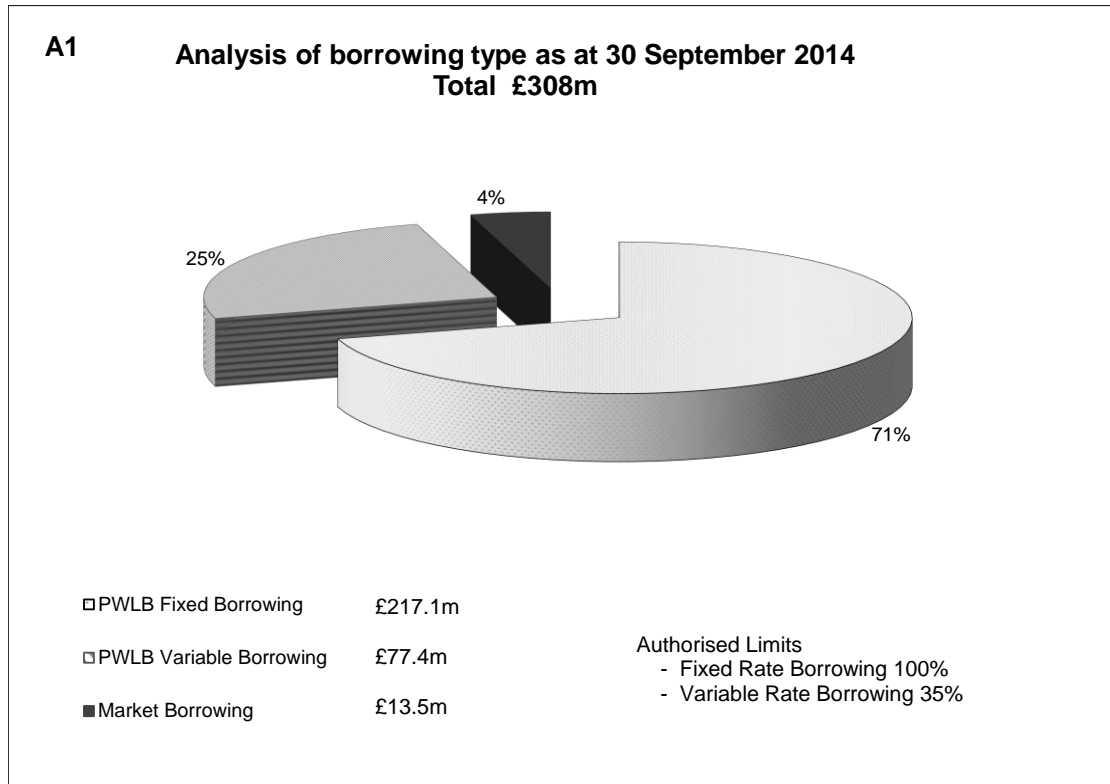
The Council's treasury advisers, Arlingclose, do not expect the Bank of England to raise its Base Rate until Quarter 3 of 2015 and the short-term return on cash investments will continue to remain at very low levels.

Over the next two quarters 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.

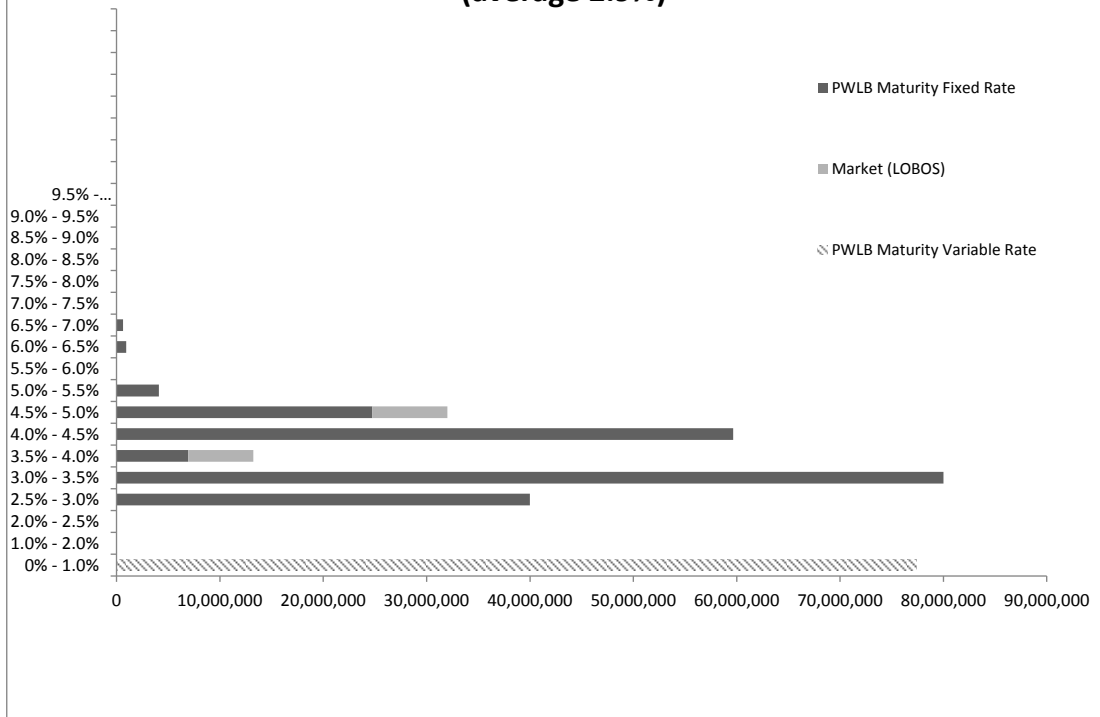
Currently, the Council is forecasted to make a saving in 2014/15 of £600K on its interest debt costs compared to budget which is partly offset by an expected under-recovery of £85K on its investment interest income budget.

## 5. Treasury Management Dashboard



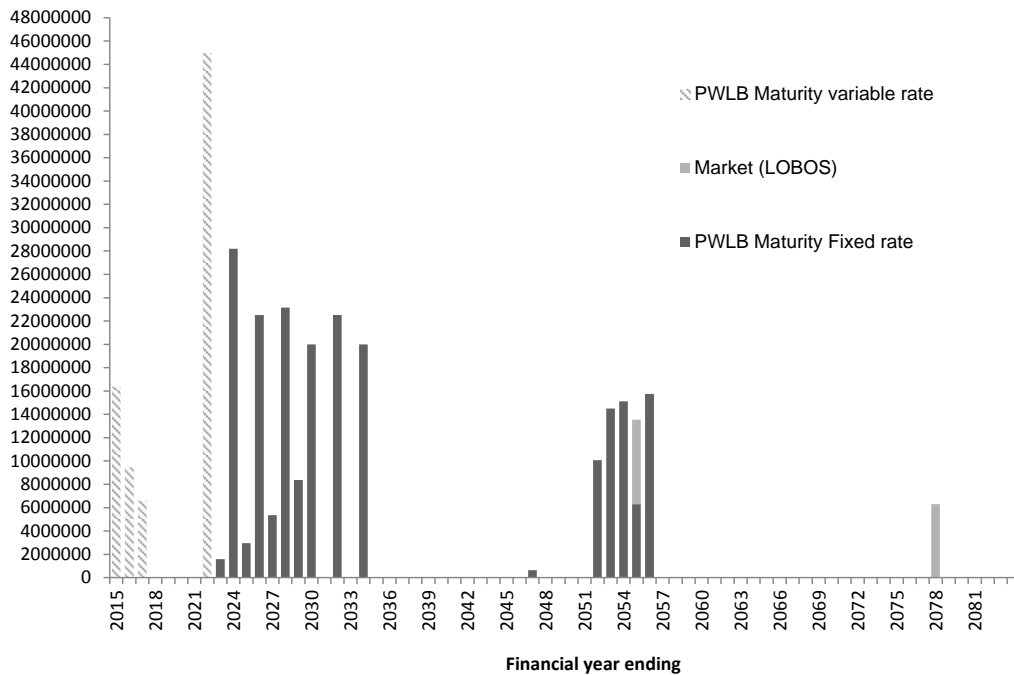
**A3**

**Analysis to show interest rate profile on debt  
(average 2.9%)**



**A4**

**Central Bedfordshire Council: Borrowing maturity profile  
as at 30 September 2014**



LOBO assumption : the loans are not called prior to maturity

**SECTION B: INVESTMENT INFORMATION**

