BEDFORD BOROUGH COUNCIL **DECISION NO. 1820**

RECORD OF EXECUTIVE DECISION TAKEN BY AN EXECUTIVE MEMBER

This form **MUST** be used to record any decision taken by the Elected Mayor or an individual Executive Member (Portfolio Holder).

The form must be completed and passed to the Chief Officer responsible for Legal and Democratic Services no later than NOON on the second working day after the day on which the decision is taken. No action may be taken to implement the decision(s) recorded on this form until 7 working days have passed and the Chief Officer responsible for Legal and Democratic Services has confirmed the decision has not been called in.

1. Description of decision

(1) That the CIPFA Resilience Review report, included at Appendix A to the attached report, be received.

(2) That the findings in the CIPFA Resilience Review be acknowledged, and the Roadmap to Resilience, attached at Appendix B to the attached report, be adopted to highlight the key actions necessary to respond to the CIPFA recommendations.

(3) That, following further detailed consideration of the outcomes from the CIPFA Resilience Review, and building on the adopted Stability Plan, an overarching Improvement Plan be developed to integrate finance and change activity and to enable a Balanced Budget to be delivered in 2026/2027 and the medium term, and that this will be reported to the Executive in due course.

(4) That the cost of the CIPFA Resilience Review, of £38,500 be funded from the Council's Revenue Contingency Budget.

2. Date of decision

5 September 2025

3. Reasons for decision

The CIPFA Resilience Review sets the direction for the Authority to deliver improvements across the Council and re-set the culture of the organisation in terms of financial accountability. The roadmap to resilience needs to be put in place as its implementation will be critical to financial sustainability.

4. Alternatives considered and rejected

The alternative of not developing an Improvement Plan has been considered and rejected. The development of a Transformation Plan was a recommendation of the s151 Officer Section 25 report to Executive and Council and an outcome of the CIPFA Resilience Review report and so not to comply would be considered as a failing of governance.

5. How decision is to be funded

It is proposed to fund the cost of the Resilience Report from the Revenue Contingency Budget.

6. Conflicts of interest

Name of all Executive members who were consulted AND declared a conflict of interest.	Nature of interest	Did Standards Committee give a dispensation for that conflict of interest? (If yes, give details and date of dispensation)	Did the Chief Executive give a dispensation for that conflict of interest? (If yes, give details and the date of the dispensation).

The Mayor has been consulted on this decision

5 September 2025

Tom Wootton

Signed: ...Marc Frost...

Date: **5 September 2025**

Name of Decision Taker: **Cllr. Marc Frost**
Finance & Corporate Services Portfolio Holder

This is a public document. A copy of it must be given to the Chief Officer responsible for Legal and Democratic Services as soon as it is completed.

Date decision published: ....5 September 2025...

Date decision can be implemented if not called in: ....16September2025..

(Decision to be made exempt from call in.........NO.......)

Bedford Borough Council – Report to the Finance Portfolio Holder

Date of Report: 5 September 2025

Report by: Chief Executive and Executive Director of Resources

Subject: CIPFA RESILIENCE REVIEW

1. EXECUTIVE SUMMARY

1.1 Executive and Full Council agreed to commission the Chartered Institute of Public Finance & Accountancy (CIPFA) to carry out a Resilience Review of the Council's financial position, recognising the risks inherent in the 2025/2026 Budget and the demand pressures facing the Council. This report provides transparency of the findings by CIPFA and sets out the roadmap to deliver the changes recommended in the report.

2. RECOMMENDATIONS

2.1 **It is recommended that:**

a) The CIPFA Resilience Review report, included at Appendix A, be received.

b) The findings in the CIPFA Resilience Review be acknowledged, and the Roadmap to Resilience, attached at Appendix B, be adopted to highlight the key actions necessary to respond to the CIPFA recommendations.

c) Following further detailed consideration of the outcomes from the CIPFA Resilience Review, and building on the adopted Stability Plan, an overarching Improvement Plan is being developed to integrate finance and change activity and to enable a balanced budget to be delivered in 2026/2027 and the medium term, which will be reported to the Executive in due course.

d) The cost of the CIPFA Resilience Review, of £38,500 be funded from the Council's Revenue Contingency Budget.

3. REASON FOR RECOMMENDATIONS

3.1 The CIPFA Resilience Review sets the direction for the Authority to deliver improvements across the council and re-set the culture of the organisation in terms of financial accountability. The roadmap to resilience needs to be put in place as its implementation will be critical to financial sustainability and, following further detailed consideration of the outcomes from the CIPFA Resilience Review, and building on the adopted Stability Plan, an overarching Improvement Plan is to be developed to close the medium-term budget gap.

4. THE CURRENT POSITION

The Executive, at its meeting on 22 January 2025, and Full Council, at its meeting on 5 February 2025, agreed the Section 25 report of the Chief Finance Officer. This report set out three key recommendations:

(i) Carry out a Resilience Review during 2025/2026 in light of the diminishing level of revenue reserves.
(ii) Put in place plans to replenish the General Fund Balance to within the recommended risk assessed range within a two-year period taking into consideration the potential for further use of reserves in 2024/2025.
(iii) Develop a Transformation Plan to manage the expected reduction in Government Funding from 2026/2027

CIPFA have carried out a full review of the Council's financial arrangements including interviews with members across all political parties/groups and officers throughout the organisation. The Report has been issued to the Council for consideration.

5. DETAILS

5.1 Section 25 of the Local Government Act 2003 requires the Chief Finance Officer (s151 Officer) to make a statement on the robustness of the estimates and the adequacy of the proposed financial reserves in relation to the Council's budget calculations. In accordance with this requirement, the Executive Director of Resources (as Chief Finance Officer) reported to Executive and Council an assessment of the 2025/2026 annual revenue budget proposals in respect of:

- the robustness of the estimates made for the purposes of calculating the Council Tax requirement for this Council.
- the adequacy of financial Reserves held by the Council.

5.2 The report was submitted to Executive on 22 January 2025, and subsequently Full Council on 5 February 2025, so that it could be taken into account before taking decisions on the 2025/2026 Annual Revenue and Capital Budget proposals.

5.3 The Section 25 report highlighted a range of risks, contained in the assumptions in setting the Revenue Budget and the need to closely manage the budget given the Council is already operating with reserves below the recommended level.

5.4 The Chief Finance Officer advised the Executive, on 22 January 2025, that the Resilience Review would be conducted by CIPFA, the finance professional body. The completion of such a review would be a requirement for applying for Exceptional Financial Support (EFS), although it was not a course of action was not being considered at this point in time.

5.5 The Executive, at the meeting, supported the commissioning of a CIPFA Resilience Review to test financial projections, appraise short and medium-term financial prospects for the Council to provide an improved understanding of the Council's financial resilience and, furthermore, supported the development of a Transformation Plan, with a detailed report to be submitted to a future Executive meeting.

5.6 Council, at its budget setting meeting on 5 February 2025, also resolved that the information contained in the Chief Finance Officer Section 25 report be taken into account before decisions were taken on the 2025/2026 Annual Revenue and Capital Budget proposals. Following debate on the report, including questions to the Chief Finance Officer, Council supported the proposed Resilience Review.

CIPFA Resilience Review

5.7 CIPFA have now completed the independent review of Bedford Borough Council's financial resilience and governance systems and the detailed report is attached at **Appendix A**. The review provides a comprehensive evaluation of the Council's financial sustainability, governance practices and operational resilience following a review of the Council's policies, procedures and reporting and interviews with a range of stakeholders.

5.8 The review provides an insight in the Council's capacity to manage current financial pressures, meet statutory obligations and support its strategic priorities amid ongoing economic and social challenges. The report identifies that the Council is experiencing increasing demand pressures in adult social care, temporary housing and emerging pressures in Children Services not unlike many other local authorities. The report also identifies a number of factors that have contributed to the current position, including:

(a) The lack of an income strategy combined with differing concessions and debt management arrangements which has resulted in a significant bad debt position.

(b) Two reductions in Council Tax and the use of council tax flexibilities resulting in a reduced Council Tax yield of £24 million (£19 million after freeze grants) than could have been achieved since 2010 if a maximum Council Tax increased had been applied. When benchmarked against similar authorities however, the band D council tax is not an outlier, but below the average for all unitary authorities.

(c) During COVID-19, like many Councils, Bedford received substantial grant funding which temporarily inflated reserves. The General Fund balance increased to £17.7 million in 2021, primarily due to pandemic support. However, these were one-off grants, and once they were spent or allocated this reduced the resilience of the Council to mitigate demand pressures and the underlying structural budget gap re-emerged.

(d) Whilst the Council has maintained a track record in delivery of efficiencies, the ongoing financial challenges combined with demand pressures and continued need to deliver a high level of savings create additional risk to the delivery of a balanced budget position over the next four years. Forecasting and service demand management are mixed across the Council and work is required to ensure that services are delivered in a more coherent and consistent manner in the future.

5.9 CIPFA's assessment of the current position highlights that the Council is already in section 114 territory and requires urgent action to avoid issuing the statutory notice. CIPFA commends the Council for putting in place mitigating actions to prepare for the challenges ahead and recognised the recent efforts to address these issues including:

(a) Additional spending controls – although these controls need further refinement to manage pressures and ensure compliance across all service areas.

(b) An established process and methodology for Budget Strategy, setting, engagement and consultation.

(c) The Stability Plan has been developed by the Executive and agreed with officers to support the long-term financial sustainability of the Council.

(d) A restructure of the senior leadership team.

(e) Early presentation of an updated Medium-Term Financial Strategy, extending financial planning through to 2030.

(f) Initiation of a programme of structured asset disposals to generate capital receipts.

(g) Re-setting the budget process to provide more focus to the longer-term financial stability of the Council.

(h) Revisiting the capital programme in light of the financial challenges and to support the Stability Plan, with a requirement for full business cases and improved investment controls.

(i) The commitment to modernise the Constitution for which an external review is underway.

5.10 CIPFA conclude that, whilst the s151 Officer is taking all necessary steps to guide the Council toward achieving financial sustainability, the financial challenge faced by the Council requires a significant change in culture, together with a Finance Recovery Plan supported by a wider Improvement Programme.

5.11 The Stability Plan developed by the Executive and agreed with officers to support the long-term financial sustainability of the Council to address the challenges set out in the medium-term financial strategy with a funding gap of £33 million identified over the medium-term to 2029-2030. This plan provides the catalyst to drive change and respond to the challenges.

5.12 It is already clear that the financial challenges ahead will require the Council to work in a different way which will change the way that services are delivered, with a more commercial approach. A wider Improvement Plan is still required to reset the Council's financial position.

5.13 The Finance Recovery Plan has been developed to respond to the roadmap set out in the report. Appendix B contains a detailed schedule of recommendations from the report, the areas highlighted in the Executive Summary are set out below:

(a) Implement strengthened spending controls and activities to improve financial stability within the budget envelope with senior leadership and ownership, budget responsibility firmly sitting with directorates. This will include additional training.

(b) Review of the asset and investment portfolio to (ï) identify assets no longer supporting the corporate priorities or that are expensive to maintain, and (ii) to review rental arrangements and levels as an opportunity to increase income, eradicating any backlog of rent reviews.

(c) A review of the investment portfolio to better support cashflow management and a reduction in borrowing costs.

(d) The development of a clear and council-wide income and debt strategy, including debt management and recovery, concessions policy, fees and charges policy, including a clear and deliverable debt recovery plan and implementation of pay first options.

(e) An urgent review of the billing and collection activities to focus on increasing pay first options, direct debit active debt recovery and a more efficient and timely write-off process

(f) A comprehensive review of procurement with enhanced contract management capabilities, and thorough review of procurement to pay processes, systems and the associated controls.

(g) Building on the recently agreed Stability Plan, develop an overarching Improvement Plan to establish how the Council will maintain financial sustainability in 2025/2026 and beyond and consideration of a minimum viable council.

(h) A Digital, Technology and Data Strategy review aligned with service priorities and informed decision making. This includes a review of the functional scope and timetable for upgrade of finance systems to better align with council requirements.

(i) A review of capital commitments to reduce the impact on revenue budget.

(j) Review of all traded services.

(k) Delivery of Local Government Finance training for Members.

(l) Acceleration of the work being commissioned by Adult Social Services with a clear brief on purpose and outcomes, and to revisit the improvement plan prepared for Children Services and identify opportunities for taking some of the recommendations forward that would better support the emerging demand and cost pressures.

(m) Review, benchmark and update the Council Tax Support scheme to ensure that it is affordable and continues to support the most vulnerable residents.

(n) The establishment of improved governance arrangements include programme and project governance, clear decision-making arrangements, a review of approval limits, decision thresholds, and scheme of delegations. This will require an updated constitution and decision-making arrangements including role and purpose of scrutiny and oversight functions, number of committees and panels together with their compositions.

5.14 The Report also addresses a need to:

- Build on and bring together the stability plan, efficiency plan and MTFP to establish how the Council will maintain financial sustainability in 2025/2026 and consideration of a what a “minimum viable product council” might look like.

- Change the culture of the organisation and instil greater financial responsibility and accountability across the organisation building on the skills and commitment of the existing workforce to support an ambitious and productive team, motivated towards delivering high performance, value for money and innovative ways of working that enable transformation, deliver the changes required, and secure long-term financial sustainability.

- Whilst the finance business partnering function presents well in some services, it lacks the impact in other service areas. This leads to an inconsistent approach to business partnership which needs to be strengthened, together with the furtherance of sound and consistent financial management and support.

- Undertake a comprehensive review of the reserves position (focused on committed service and unspent grant reserves) and ensure that the reserves are aligned with the Council's strategic risk register,

- Develop an overarching Improvement Programme based on the recommendations of the CIPFA report supported by appropriate governance and oversight.

5.15 The report recommends that the recovery plan should set out further critical action needed to cut back spending where feasible and increase income. There will need to be a robust credible strategy to secure short-term and longer-term financial sustainability that shows the Council is prepared to act boldly and (where appropriate) make "politically unattractive" decisions.

5.16 The Council has already delivered most of the easily achievable savings including straightforward efficiency measures and reductions in back-office and corporate functions such as finance, procurement, and legal services. While these steps helped close previous budget gaps, simpler savings options have been exhausted, and in some cases weakened the Council's internal capacity to support financial oversight and decision-making. Rebuilding capacity in these back office corporate services is considered essential to deliver the efficiencies required and improve management practices including strengthening the Finance team to provide better oversight and financial planning.

5.16 This lack of capacity creates a more difficult financial environment going forward. CIPFA warns that delivering the level of savings required for 2025/2026 and 2026/2027 will be "extremely challenging." The scale of the projected overspend and the limited remaining scope for efficiencies means the Council must now look to more complex and potentially politically sensitive measures.

5.17 The CIPFA review also suggest early engagement with MHCLG setting out the urgent financial challenges and share proposals for recovery and exploring opportunities for support. These conversations have already commenced and MHCLG are providing support to the Authority through this transition.

6. <u>ALTERNATIVES CONSIDERED AND REJECTED</u>

6.1 The alternative of not developing an Improvement Plan has been considered and rejected. The development of a Transformation Plan was a recommendation of the s151 Officer Section 25 report to Executive and Council and an outcome of the CIPFA Resilience Review report and so not to comply would be considered as a failing of governance.

7. KEY IMPLICATIONS

7.1 Legal Issues

The Council must set a balanced budget by law. It is critical that there is a plan to achieve a more sustainable financial position by the end of this financial year and into the medium term.

The Council's constitution provides the framework for decision making and it is recognised that there is work being undertaken through the Constitution Review Group to consider this.

7.2 Policy Issues

The Improvement Plan is part of the Council's policy approach on budget making. It supports the response to the MTFS which forms part of the Council's budgetary framework set out in Article 4 Part 2 of the Constitution. Responsibilities for functions are set out in Part 3 of the Constitution.

7.3 Resource Issues

The challenging economic landscape that Local Government has faced over recent years is expected to continue and, together with the rising demand for services, particularly in relation to Adult Social Care and Temporary Accommodation and Children's Services has the effect of increasing financial uncertainty and risk.

The Council's financial resilience will depend upon being able to manage demand and taking appropriate mitigating actions, requiring a clear financial strategy and strong financial governance. Whilst the Council has maintained a good track record of delivering efficiencies, the ongoing financial challenges, and the continued need to deliver a high level of savings, creates an inherent risk to the delivery of a balanced budget position as over time they become more complex and difficult to deliver.

The delivery of the Finance Recovery Plan/Improvement Plan will need to be resourced as there are some significant work areas which need to be delivered at pace. Work is ongoing to identify the resources required.

The cost of the Resilience Review is £38,500 which is proposed to be funded from the Council's General Contingency. Under the Council's Constitution allocations from the Contingency up to £50,000 can be approved by the Portfolio Holder.

7.4 Risks

Key risks associated with the Improvement Plan are:

(i) Lack of ability to drive the changes needed: This will be addressed through the allocation of resources to drive the change and bringing in external advice and support.

(ii) Lack of capacity to deliver the Plan by Officers: The need to meet the current financial challenges has been acknowledged in the Section 25 report and is a key priority for officers. This will continue to be a focus in the current year.

(iii) Unforeseen events affecting on the Council: This is difficult to manage. However, the risk register is kept and updated and would need to be managed in the usual way.

(iv) Further demand led pressures: The Plan aims to work on some of these key areas as a priority in the current fiscal year and be supported by forecasting (rather than back casting).

7.5 Environmental Implications

It is too early at this stage to show any specific environmental implications and impacts. These will be assessed as specific proposals are developed.

7.6 Equalities Impact

This report does not include specific proposals to deliver changes to front-line services that will impact residents. Equality Impacts will be assessed as specific proposals are developed.

7.7 Impact on Families

This report does not include specific proposals to deliver changes to front-line services that will impact families.

7.8 Community Safety and Resilience

This report does not include specific proposals to deliver changes to front-line services that will on community safety and resilience.

7.9 Impact on Health and Wellbeing

This report does not include specific proposals to deliver changes to front-line services that impact on health and well-being.

8. SUMMARY OF CONSULTATIONS AND OUTCOME

8.1 The following Council units or Officers and/or other organisations have been consulted in preparing this report:

Corporate Leadership Team
Group Leaders (in relation to the CIPFA Resilience Report)

9. WARD COUNCILLOR VIEWS

9.1 The plan covers the whole Borough and so no specific Councillor views have been considered at this point.

10. CONTACTS AND REFERENCES

Report Contact Officer	*Laura Church, Chief Executive*
File Reference	*N/A*
Previous Relevant Minutes	*Minute 72 – Executive: 22 January 2025* *Minute 103 – Council: 5 February 2025* *Minute 103 – Executive: 23 April 2025 [Stability Plan]*
Background Papers	*Section 25 report presented to Executive on 22 January 2025 and Full Council on 5 February 2025*
Appendices	*Appendix A: CIPFA Resilience Review Report* *Appendix B: Financial Recovery Action Plan Road Map*

Bedford Borough Council

Financial Resilience & Governance Review

Final Report
Issue date: 29/08/2025

Table of contents

1. Executive Summary

Introduction

The Council's S151 commissioned the Chartered Institute of Public Finance and Accountancy (CIPFA) to undertake a Finance and Resilience Review for the Bedford Borough Council in March 2025. This review offers a comprehensive evaluation of the Council's financial sustainability, governance practices, and operational resilience. This review aims to provide insights into Bedford's capacity to manage current financial pressures, meet statutory obligations, and support its strategic priorities amid ongoing economic and social challenges. By examining key financial indicators, risk management processes, and decision-making frameworks, the review seeks to identify strengths, potential vulnerabilities, and opportunities for improvement. Ultimately, this assessment will serve as a foundation for enhancing the Borough's long-term financial health and ability to deliver high-quality services to its residents.

About Bedford Borough Council

Bedford Borough Council became a Unitary Authority on 1st April 2009 and provides a wide range of services for more than 189,000 residents.

Between the last two censuses (held in 2011 and 2021), the population of Bedford Borough increased by 17.6%, from just under 157,500 in 2011 to a little over 185,000 in 2021. Bedford Borough is a diverse, urban community living across 28 electoral wards.

The median age reduced from 39 to 38, which is now two years lower than the median age for England.

The number of households in Bedford Borough also increased at a rate well above the England average. The number of households increased by 17.5% from 63,812 to 74,950.

Children and young people aged 16 years and under accounted for 20.3% of the Bedford population and those ages 65 years and over 17.2% in 2023. It is estimated that there will be an addtional10,900 people aged 65 years and over by 2033.

Bedford Borough Council is one of a relatively small number of councils in England to have a directly elected mayor as its political leader, having chosen to move to directly elected mayors following a referendum in 2002. The council has been under no overall control since 1986. Since 2002 the council has been led by the directly elected Mayor of Bedford. The current mayor, elected in 2023, is Tom Wootton, a Conservative.

The Corporate plan 2024/25 – 2027/28 focuses on supporting individuals and families, promoting health and well-being, and stimulating economic growth are central to our shared vision for a prosperous future. Additionally, environmental protection has gained increasing importance as these challenges grow both nationally and locally. The Corporate Plan outlines Bedford Borough Council's role and approach to collaborating with communities, partner organisations, and businesses.

Medium Term Financial Strategy Summary Position

Over the last 10 years, the Council's core spending power has dropped – by 7% in real terms.

The Council's net budget for 2024/25 of £170 million which included a savings requirement of £6 million. The outturn is being finalised as part of the preparation of the financial statements and is expected to show an overspend for the year. The Council's net budget for 2025/26 of £177.616 million which includes a savings requirement of £10.499 Million.

The settlement funding assessment has fallen from £59.3m in 2015-2016 to £43.3m for 2025-2026

Core Spending Power for the Council has increased from £185.375 million in 2024/2025 to £194.399 million in 2025/2026, an increase of £9.025 million (representing an increase of 4.9%). This increase compares unfavourably when measured against increases in Core Spending Power in the previous three years' settlements (2022/2023 6.1%, 2023/2024 7.6%, and 2024/2025 being 6.4%).

It should be noted that the government figures also contain assumptions regarding movements in council taxbase change that may not be reflected in local outcomes. The increase in Council Tax assumed by MHCLG is based on a 2.99% increase for Core Council Tax and 2.0% for the Adult Social Care Precept.

The previous full review of the medium-term financial forecasts was incorporated within the General Fund Revenue Budget 2025/2026 report agreed at 22 January 2025 Executive. This demonstrated a forecast cumulative shortfall of £25.1 million for the period to the 2028/2029 financial year. The last agreed version of the Medium-Term Financial Strategy was considered at the 6 March 2024 Executive and Full Council on 20 March 2024 as the September 2024 update was not approved by full Council. A revised MTFS was considered by the Executive on 23 April 2025 which refreshes and advances the medium-term planning period from 2026/2027 to the 2029/2030 financial year.

The report focuses on a Central Case forecast as the basis for determining the funding gap over the medium term

Medium-term (surplus)/deficit forecasts

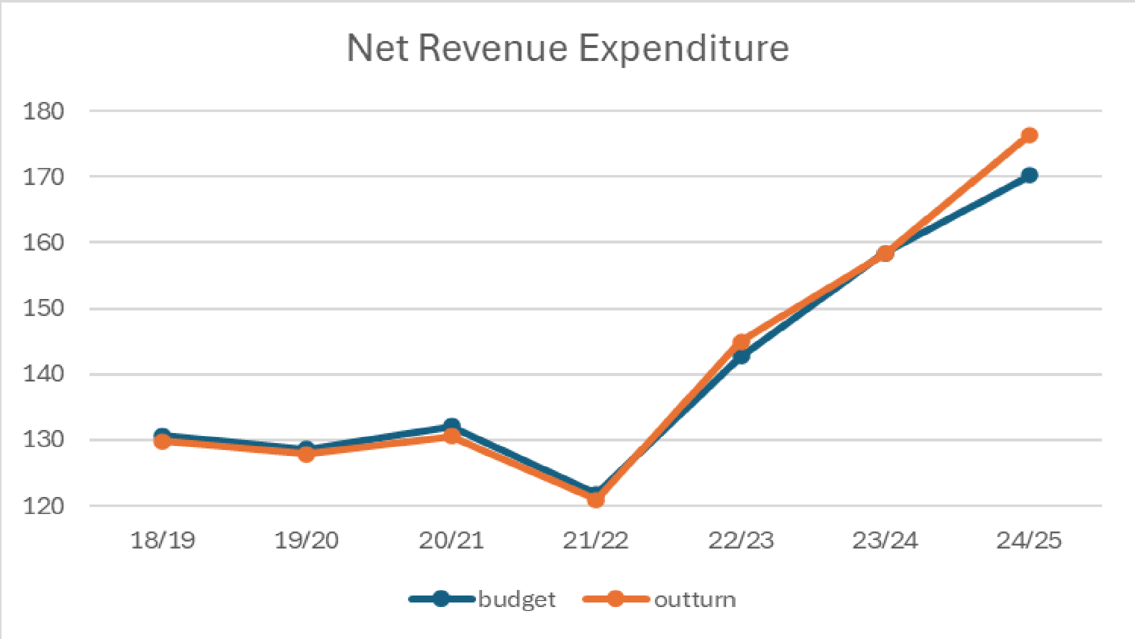
Funding Gap	2026/2027 £ million	2027/2028 £ million	2028/2029 £ million	2029/2030 £ million
Central Case – annual	17.1	9.0	1.9	5.0
Central Case – cumulative	17.1	26.1	28.0	33.0

Financial resilience

For the financial year 2024-25, Bedford's financial resilience has been tested by multiple pressures, included rising demand for services particularly for Adult Social Care and, Temporary Accommodation together with overspends in Planning and Building control and Highways and traffic operations.

While the Council has maintained a good track record in delivering efficiencies, the ongoing financial challenges combined with demand pressures and the continued need to deliver a high level of savings create additional risk to the delivery of a balances budget position over the next four years.

The council has seen a significant increase in net revenue expenditure over the last five years and this is expected to continue due to the demand pressures in social care and temporary accommodation combined with the general inflationary pressures



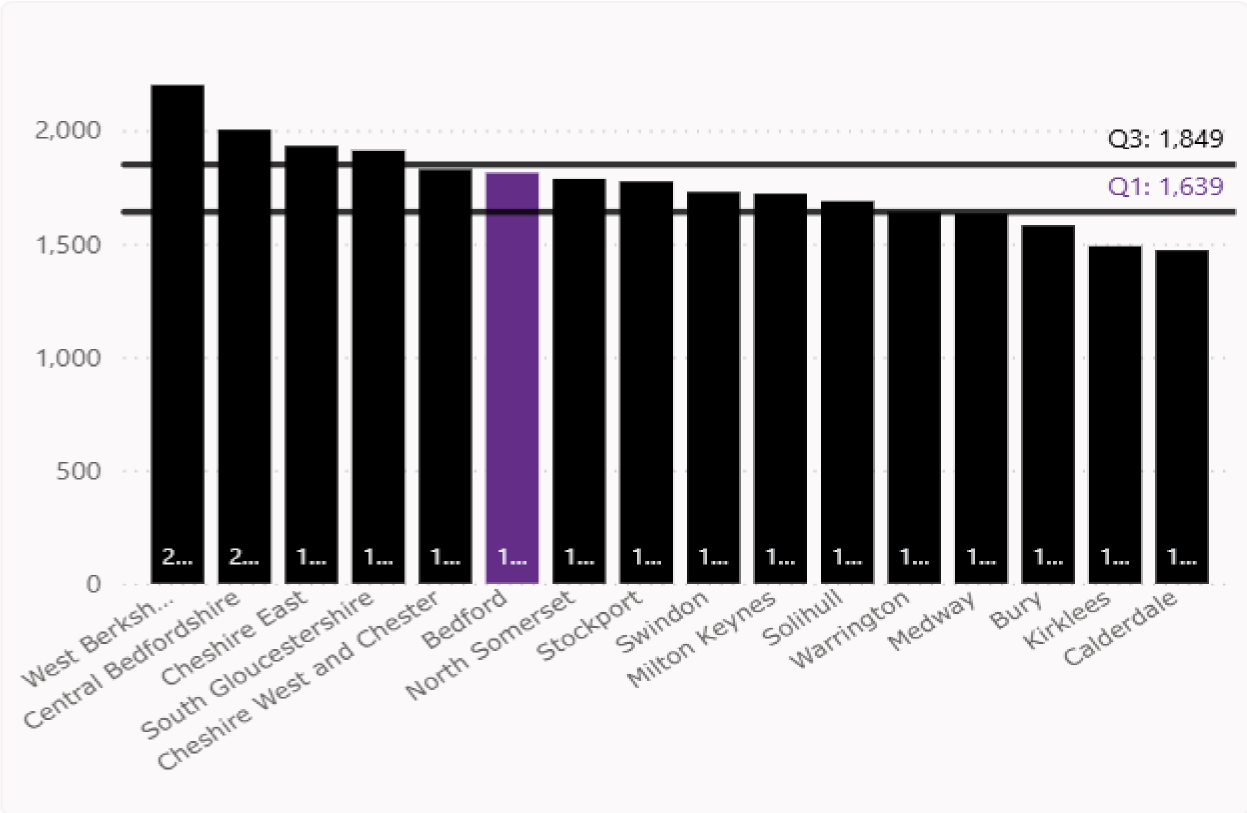
How did it the council get into this position?

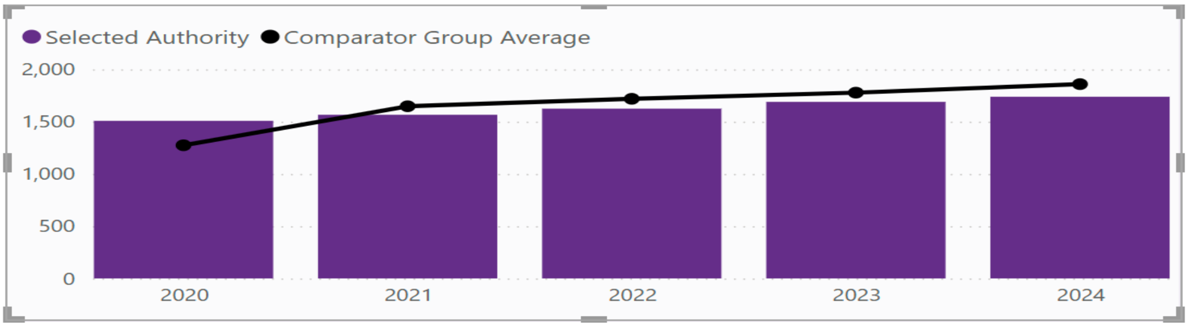
As with many authorities, there are increasing financial pressures due to increased demand and costs in adult social care, temporary housing and emerging pressures within Children Services. These pressures are not unique and are being felt by authorities across the country. Our review has also identified some specific factors which have contributed to the current position.

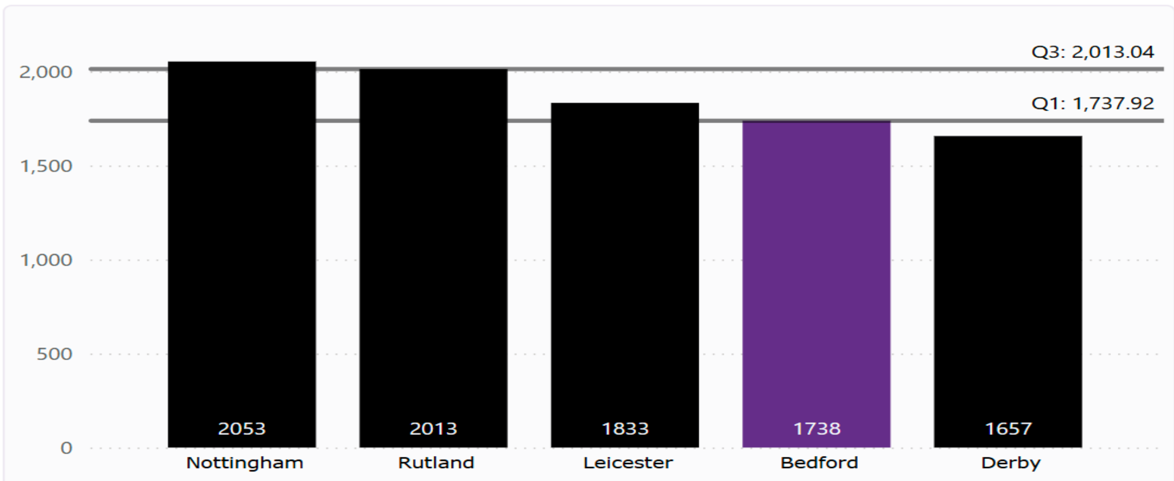
There has been a lack of income strategy combined with a differing concessions and debt management arrangements which has resulted in a significant bad debt position.

During 2012 through to 2022, there were two reductions in the band D council tax and five years of voluntary freeze which were supported in part by government grants and some years where the council did not use all the flexibility available to increase council tax. If the council had exercised all of the flexibility and not frozen the council tax, it could have had an additional £24m in council tax revenue for 2024/25. Even after adjusting for the council tax freeze grant, which was awarded for each year of the freeze and included in future settlements except for the 2012/13 grant, the 2024/25 council tax foregone would have been £19.8m. We have not assessed the impact of these decisions on any other grant funding during this period."

The 2024/25 Bedford band D council tax when benchmarked against similar authorities is not an outlier but is below similar authorities and below the average for all unitary areas (£2,248 as per MHCLG records).







The general fund reserves were stable at £17m between 2020 and 2022 and then reduced to £10.076m for 2023 and small increase at the end of 2024 to £11,183m. The outturn overspend for 2024/25 is £1.5m and will require support from the General Fund Reserve. Without any mitigations, early indications are that there could be a potential overspend of £9.4.0m for 2025/26 and this would wipe all of the general fund reserve.

Following the local elections in 2023 and the new administration taking charge, there would have a been a steep learning curve for new members and portfolio holders to get a grip of the challenges. The new administration started with an ambitious programme based on their manifesto commitments; however it recognises that the current financial position is challenging and there is a need to work within existing and available resources but still be ambitious as demonstrated by the recently agreed Stability plan.

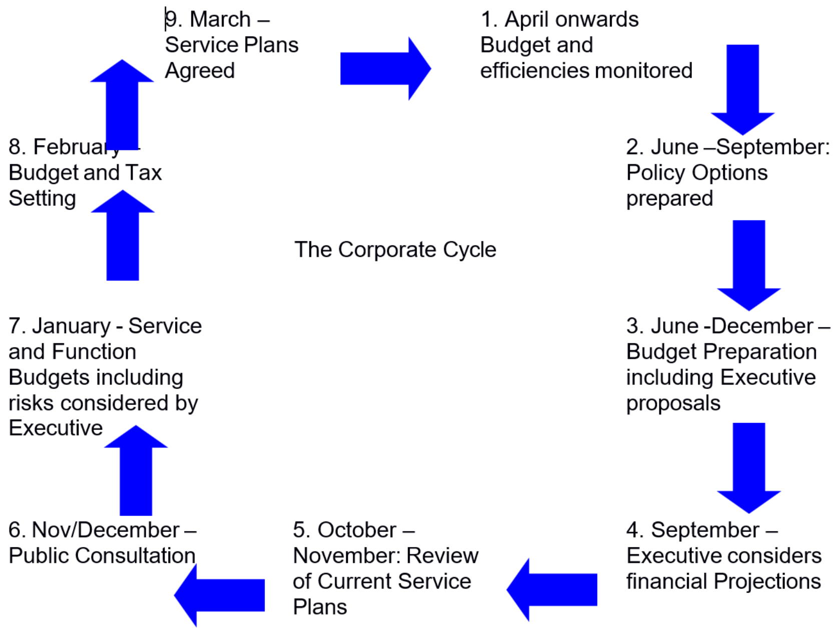
Where is the council now?

The outturn overspend for 2024/25 was £1.5m and will require support from the General Fund Reserve. Without any mitigations, early indications are that there could be a potential overspend of £9.4.0m for 2025/26 and this would wipe all of the general fund reserve. Based on this position, we believe the council is already in s114 territory and requires urgent action to avoid issuing the notice.

Additional spending controls are in place but this puts pressure on the deputy s151 for reviewing and approving all expenditure and there is lack of ownership and compliance in some service areas with these controls.

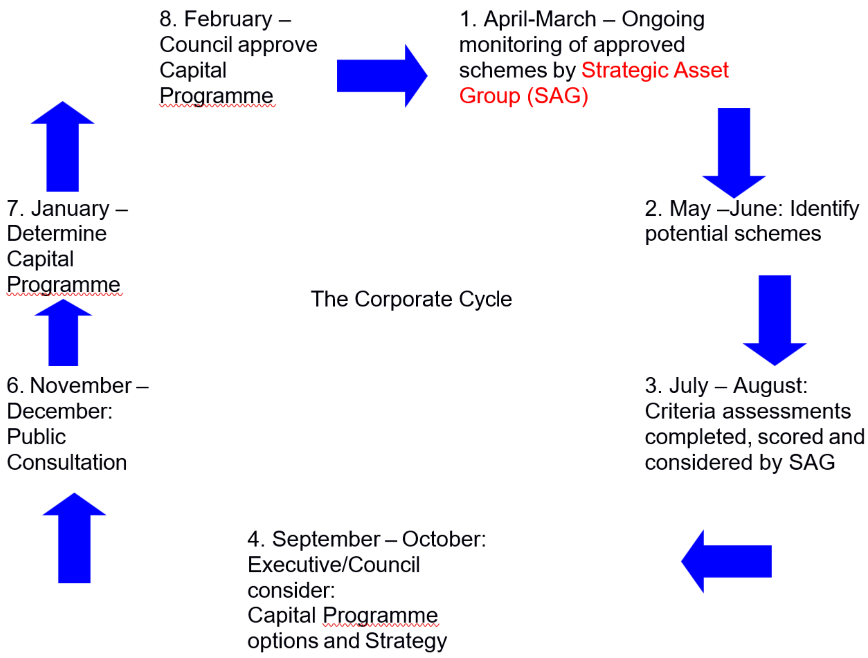
The budget for 2025/26 includes delivering savings of £10.499m and £1.135m of underachieved savings from 2024/25. Initial assessment by the council has identified that £2.024m of agreed savings are rated as RED and will require urgent recovery action. At a budget holder briefing in April, the council set out its financial position and challenges which included a potential overspend of £9.4.0m for 2025/26 if urgent mitigations are not put in place.

The council has a well set out process and methodology for Budget strategy and budget setting including engagement and consultation. The Council's financial strategy reflects the anticipated funding gap over the medium term and, as such, highlights that over the period resources are not going to be able to sustain the current level of spend. Consequently, the Council has put in place a programme of service and efficiency reviews that will look to reduce costs and better focus resources on the Council's priorities and providing an offering of core services.



The current MTFS to 2029–30 sets out a cumulative gap of £33 million over the four year period. It is recognised that further work is required to confirm the assumptions included.

Central Case	**2026/2027 £m**	**2027/2028 £m**	**2028/2029 £m**	**2029/2030 £m**
Council Tax	(131.5)	(139.4)	(148.1)	(157.3)
Business Rates	(47.7)	(49.6)	(51.6)	(53.7)
Revenue Support Grant	(8.0)	(8.1)	(8.3)	(8.5)
Total Resources	**(187.2)**	**(197.1)**	**(208.0)**	**(219.4)**
Budget Requirement Carried forward	177.6	204.2	223.2	236.0
Other Service Net Pressures	4.3	2.6	(3.6)	0.7
Legislative / Funding Changes	1.7	0.3	0.3	0.3
Demand / Demographics	10.0	5.8	6.0	7.3
Other BR Adjustments	5.1	2.5	2.6	0.0
Corporate Pressures	(1.6)	0.7	0.4	0.1
Inflation	9.3	8.5	7.1	7.9
Savings	(2.2)	(1.5)	0.0	0.0
Net Spending	**204.2**	**223.2**	**236.0**	**252.4**
Net Resource Position	**17.1**	**26.1**	**28.0**	**33.0**



The MTFS sets out the financial challenge across the medium term based on the estimates and known changes in the Council's resources and operations. For the most part this results in a budget gap to be addressed. The strategy for the delivery of efficiency savings to meet the budget gap is included in the Council's Stability Plan.

The stability plan has been developed by the executive and agreed with officers to support the long-term financial sustainability of the council to address the challenges set out in the medium-term financial strategy with a funding gap of £33m identified over the medium term to 2029-2030.

This Stability Plan outlines the Council's approach to identifying, managing and delivering the financial stability that is required. It will provide the necessary catalyst to respond to the challenges and to establish new ways of working. It also acknowledges the complexity of meeting resident and community needs.

The plan is very ambitious in terms of scope and pace which will require significant support and appropriate governance to ensure that it can achieve its ambitions. There is an opportunity to improve the relationship and working arrangements between members and officers and more specifically around roles and responsibilities in line with best practice. It will also require engagement and support from all members and senior officers to collaborate and work together for the wider benefit of the borough and its communities. Officers and Members will need to work collaboratively to map out the activities and outcomes into a clear and prioritised work programme.

The Council's stability plan presents a significant opportunity to drive efficiency and improve outcomes and is key to addressing the current financial challenges. However, its success hinges on ensuring that it is more than the sum of its parts and clearly aligned with the financial reality and organisational capacity. It will require increased partnership working and exploring new opportunities for closer working and new arrangements. Collaboration across service areas is critical to create synergies and prevent siloed efforts. By aligning transformation initiatives with broader strategic goals, the Council can maximise their collective impact, delivering meaningful and measurable benefits.

Key conclusions

We believe that the S151 officer is taking all necessary steps to guide the Council toward achieving financial sustainability in the coming years but in order for these measures to be successful, the organisation as a whole must get behind this approach too. This includes the early engagement and communications with budget holders in April setting out the challenges for this year as well as the period over the MTFP cycle.

With the council's history of no-overall control since its inception in 2009, it is important there is a better working relationship across the parties to ensure the financial wellbeing and resilience of the authority. We understand that there is a degree of co-operation between the executive and the Labour group, it will be important to engage with all parties and to work collaboratively.

The business partnering function presents well in some service areas but lacks the impact and engagement in other service areas. This leads to an inconsistent approach to business partnering and the furtherance of sound and consistent financial management and support.

Forecasting and service demand management are mixed across the Council and more work needs to be done to re-design the process flows between services to understand how services can be delivered in a more coherent and consistent way in the future, and thus at the same time, increasing predictability of demand, for example children transitioning to adult social care

The Council should be commended for undertaking a number of actions to prepare for the challenges ahead:

- A re-structure of the senior leadership team
- Early presentation of an update MTFS extended to 2030 and setting out a very challenging financial position.
- Additional restrictions on expenditure to contain in-year projected overspend.
- Stability Plan
- Initiating a programme of structured asset disposals to generate capital receipts.
- Re-setting the budget process to provide more focus to the longer term financial stability of the council
- Recognition that the capital programme will need to be revisited and revised in light of the financial challenges and to better support the stability plan.

Where does the council need to be?

We are suggesting that the Council needs to create a Finance Recovery Plan supported by a wider improvement programme starting with the budget holder briefing which took place in April and which supports the delivery of this year's budget and prepare for the challenging 2026/27 budget cycle. The Plan also needs to address capacity and expertise within Finance along with a clear set of published roles and responsibilities such that the relationship and levels of accountability between Finance and services is more clearly defined. Only then, can the Council strive for clear levels of accountability. We also propose that Council implement a refreshed Spending Control Panel to encourage discipline and compliance. This will provide an even sharper and immediate focus for the organisation in understanding that things cannot carry on as they have done and that the organisation is signalling a clear shift to the implementation of tighter and more robust fiscal discipline.

- Following on from the presentation to Budget holders in April, additional budget management training together with refreshers on procurement, contract management and decision making is put in place for all budget holders and decision makers.
- Strengthening financial controls to essential spend only including tighter controls on recruitment of temporary staff and tighter controls on contract spend and renewals.
- Maximisation of fees and charges with increases and exploring new opportunities for charging.
- Digital and data strategy aligned with service priorities and informed decision making.
- More focus on aspects of cross-cutting savings and efficiencies.
- Review all traded services for fit and income generation, does it cover costs and provide additional income/benefits?
- Levels of service debt are high and the responsibility for chasing debt is unclear and does not involve the service. It has proved difficult to obtain a complete aged debt report.
- Implementing a programme to provide more focus on the council's outstanding and aged debt portfolio.
- Income strategy supported by a Fees and Charges policy, Debt Management strategy and concessions policy focused on identifying and maximising all income opportunities supported by robust collections and recovery arrangements. The concessions policy to mitigate the impact of fees and charges for disadvantaged groups and residents. Fees and charges should be benchmarked against both near neighbours as well as comparable authorities and providers.

  The strategy to include best use of systems and technologies, pre-pay, discounts and instalment options, regular review of aged debt and more frequent cycle of write-offs.

- Benchmark our financial position against other authorities and take decisions on that basis
- Review supply contracts and introduce a new Commissioning Strategy and Procurement Strategy to improve financial performance
- Ensure that one-off funding sources (such as grants) are not used to establish or fund ongoing service commitments or expectations unless the continuation of the service delivers future savings

- Include a business case alongside major acquisitions, projects and schemes similar to the one development for Temporary Accommodation Capital expenditure
- Improve the appetite for bold and difficult decisions
- Enhanced tracking of saving and efficiency plans

How does it get there?

We recognise some of the steps already taken by the Council such as the stability plan together with the revised MTFS presented to Executive in April and the budget holder briefing clearly set out the scale of the challenge ahead. Any recovery plan developed should set out the further critical action needed to cut back spending where feasible and increase income. Such a plan also needs to address how the Council plans to mitigate the key financial challenges faced in 2025-26. Bedford needs a robust, credible strategy to secure short-term and longer-term financial sustainability that shows the Council is prepared to act boldly and (where appropriate) make "politically unattractive" decisions.

Bedford will need to:

- Implement additional controls and activities to improve financial stability and within the agreed budget envelope:
    - The authority needs to determine what assets it can sell and how it might scale back its capital programme to reduce the cost of borrowing in-year
    - A review of its investment portfolio to support better cashflow management
    - Bring forward income generating opportunities
    - Developing a plan for significant shorter-term cost reductions and maximisation of income generation (e.g., collection of outstanding debt, charging correctly for commercial property, in-year review of fees and charges, etc).
    - Reviewing capital commitments to reduce impact on revenue budget – stop, delay, mothball.
    - Identifying those assets that are no longer cost effective to maintain or can help mitigate the costs of additional borrowing.
- Building on and bringing together the stability plan, efficiency plan and the MTFP plan to establish how the Council will maintain financial sustainability in 2025-26 and beyond through consideration of a ways of working and consideration of what a 'minimum viable council' might look like. This should include:
    - Building more robust estimates of the cost and potential benefits from transformational change.

- A single and consistent MTFS process that has a clear process flow including consultations and decision making leading to the annual budget setting.
- Reviewing the assumptions around demand and inflationary pressures so that budgets can be re-baselined and thus avoiding unplanned in-year overspends from the start of the next financial year.
- Establish suitable governance arrangements to ensure the continued support and commitment of Members.
- Reaffirm the working arrangements between members and officers

- Subject to the final outturn position for 2024/25 together with the overspend risk identified for 2025/26, there is a significant possibility that the Council will fully deplete their general fund reserve by the end of the financial year. This risk will need to be actively monitored. An early discussion with MHCLG would be advisable so that any corrective measure can be put in place before the 2026/27 Budget setting.
- Local government finance training for members needs to be prioritised and actively supported, we note that only 6 members attended the training session held in 2023.
- Develop an over-arching improvement programme based on the recommendations of this report supported by appropriate governance and oversight.

The rest of the report goes into more detail in explain the position of the Council and some more detailed recommendations in the form of a roadmap that need addressing at an operational level and incorporating into a wider improvement plan,

2. Introduction

Bedford Borough Council has identified a significant threat to its financial sustainability in 2024-25 and invited CIPFA to undertake a review of its financial position and to make recommendations on what might be done to remedy the issue.

This report covers the following areas:

The key requirements (below) are similar to the reviews we have recently undertaken on behalf of DLUHC. For the purposes of this proposal, we have provided a summary of each review area as follows:

1. **FINANCIAL MANAGEMENT/SUSTAINABILITY**: An assessment of the Local Authority's financial management and management of risk, financial pressures, deliverability of savings plans and efficiency in delivering services.
2. **COMMERCIAL ASSETS/DEBT**: An assessment of the Local Authority's assets and investments including dependence on commercial income, debt costs and other risks.
3. **CAPITAL PROGRAMME/COMPANIES**: An assessment of the Local Authority's capital programme and management of related risks including arrangements with Local Authority Owned Companies.
4. **GOVERNANCE:** An assessment of the Local Authority's governance/management processes, leadership, operational culture, whether it has the appropriate governance procedures in place, and the capability and capacity to make any necessary transformation.
5. An **IMPROVEMENT PLAN**: Recommendations to provide the Local Authority with tangible actions to guide design, and implementation of an Improvement plan to address identified risks and issues. We will develop the improvement plan with you.
6. **WORKSHOPS**: The delivery of sessions aimed at engaging council members and officers, from both leadership and opposition, to enhance understanding of the financial situation. These will have a focus on building a shared commitment among budget holders to address the financial challenges and implement necessary steps for recovery.

3. Financial Management and Sustainability

The Council refreshes its Medium-Term Financial Strategy (MTFS) forecast financial assumptions three times a year. Although the Executive last considered the Strategy in September 2024 this was not approved by Full Council, therefore the current strategy dates back to March 2024. The latest approved medium-term forecasts were included within the revenue budget report approved by Full Council on 5 February 2025.

The Council operates a MTFS, Medium Term Financial Plan (MTFP) and Medium Term Financial Review (MTFR). This appears to be overly complex requiring reports to a number of different bodies for consultations and decisions.

The previous full review of the medium-term financial forecasts was incorporated within the General Fund Revenue Budget 2025/2026 report agreed at 22 January 2025 Executive. This demonstrated a forecast cumulative shortfall of £25.1 million for the period to the 2028/2029 financial year.

The Council agreed a net budget for 2025/26 of £177.616 million which includes a savings requirement of £10.499 Million. Concerns regarding the proposed budget and savings were raised by the Budget and Corporate Services Scrutiny Committee at its meeting on 23 January 2025. The section 25 report prepared by the s151 officer and included in the budget setting papers clearly set out the challenges and risks associated with the budget proposals and the need for stronger financial grip.

A revised MTFS was considered by the Executive on 23 April 2025 which refreshes and advances the medium-term planning period to from 2026/2027 to the 2029/2030 financial year. The medium-term review process is being developed, the following revisions to the existing process are currently being considered:

- The Medium-Term Financial Strategy will be reviewed on a triennial basis; this will commence in September 2025.
- A Medium-Term Financial Forecast Review will be undertaken twice-yearly; this will be undertaken as part of the annual revenue budget process and mid-year each September.
- Future projections will seek to utilise developments in available intelligence in emerging trends; it is recognised that the existing forecast models are predicated on past demographic movements.

The report focused on a central case forecast as the basis for determining the funding gap over the medium term

Medium-term (surplus)/deficit forecasts

Funding Gap	**2026/2027 £ million**	**2027/2028 £ million**	**2028/2029 £ million**	**2029/2030 £ million**
Central Case – annual	17.1	9.0	1.9	5.0
Central Case – cumulative	17.1	26.1	28.0	33.0
Pessimistic View	24.8	36.2	38.7	44.4

Bedford’s financial position

2024-25 position

At the time of our review the Council is projecting an overspend of £6.1m for the 2024/25 year up to January. The full year outturn is being finalised but is unlikely to be significantly different.

The overspend projection at the end of January 2025 was £6.1m, which includes Environment at £5.778m (£4.435m of this is for Housing services) and Adult Services at 3.135m, mitigated by £2.8m underspend in Children Services.

The Council has already identified additional pressures for 2025/26 of £9.4.0m if no mitigations are identified and implemented at the earliest opportunity.

The Council undertakes cash flow forecasting and assesses the adequacy of liquidity regularly. The current projection through to 31 March 2025 shows a negative cash position throughout the Going Concern period.

Projections in the Treasury Management Strategy Statement, approved by Full Council 2024, indicate a need for short-term in-year borrowing throughout 2024/2025 and 2025/2026 in order to sustain current long-term investments and sufficient liquidity for operational activity.

By way of further context, the General Fund Balance as of 31 March 2024 stood at £11.183 million, below the risk assessed minimum level. As reported to Full Council in March 2024 as part of the MTFS update, it is intended to increase the General Fund over the course of the MTFS period to bring it back within the risk assessed range. The Council also holds earmarked reserve balances of £19.1 million (excluding Schools, Public Health, and other ring-fenced reserves), which could be called upon if necessary.

Movement in reserves

	Balance at 31 March 2019 £'000	**Balance at 31 March 2020 £'000**	**Balance at 31 March 2021 £'000**	**Balance at 31 March 2022 £'000**	**Balance at 31 March 2023 £'000**	**Balance at 31 March 2024 £'000**
General Fund Balance	-12,859	-16,316	-17,775	-17,675	-10,076	-11,183
Earmarked General Fund Reserves	-33,365	-35,929	-55,912	-51,940	-46,835	-27,403
Total General Fund Balance	-46,224	-52,246	-73,687	-69,615	-56,909	-38,585
Capital Receipts Reserve	0	0	0	0	0	0
Capital Grants Unapplied	-9,044	-14,611	-14,438	-21,875	-20,635	-13,540
Total Usable Reserves	**-55,268**	**-66,857**	**-88,125**	**-91,491**	**-77,545**	**-52,126**

Alternative Scenarios for MTFP

The Council uses a number of scenarios when preparing the medium term financial position. The alternative scenarios reflect changes to Council Tax, Business Rates, demand/demographics, corporate pressures (including Inflation) and additional service pressures. A negative economic view increases the base budget reflecting a broader assessment of an increased net spend. The impact of the scenarios is set out in the Table below. This demonstrates the gap in resources to spend over the medium- term period and compares the scenario to the Central Case.

Outcome of Scenarios	2026/2027 £ million	2027/2028 £ million	2028/2029 £ million	2029/2030 £million
Central Case	**17.1**	**26.1**	**28.0**	**33.0**
Pessimistic View	24.8	36.2	38.7	44.4
Optimistic View	13.6	23.3	24.5	28.5

A balanced budget was set by Bedford Borough Council for 2025-26 at Full Council on 5 February 2025 shown below.

2025/26 Budgets	Base Budget	Investments and other Changes	Other/One-Off	Service Efficiencies	Net Budget
Directorate Budgets	£ million	£ million	£ million	£ million	£ million
Adults Services	70.659	3.859	0.000	(3.304)	71.214
Children's Services	50.859	0.758	0.000	(4.375)	47.242
Chief Executive, Finance & Corporate Services	23.685	0.621	0.000	(0.835)	23.471
Environment	38.261	2.533	0.000	(0.665)	40.129
Total Directorate Budgets	**183.464**	**7.771**	**0.000**	**(9.179)**	**182.056**
Financing	(4.870)	0.000	1.750	(1.320)	(4.440)
Budget Requirement	**178.594**	**7.771**	**1.750**	**(10.499)**	**177.616**
Revenue Support Grant					(7.826)
Council Tax					(125.036)
Local Business Rates					(44.754)
Total Funding					(177.616)

External pressures and demand

There is an acknowledgement of external pressures and increasing demand which is impacting on the financial position.

Demand/Demographics

Adults Services

The MTFS reflects the continued trend in growth and demand for adult social care with Adult Services continuing to see higher demand, increasing complexity of need requiring specialist and increased levels of care provision, as well as higher costs in the care market. In particular there is increased demand from:

- The number and complexity of young people with learning disabilities reaching the age of transition to adult social care (from support provided by Children's Services)

- People with increasing neuro-diverse needs and
- Rising levels of people of working age with mental health care or support needs

The potential impact of these demands is mitigated through use of in-house support and strength-based approaches, working with people by also using their own assets where possible. These services promote the use of assistive technology, early help, re-ablement, working with partners and providing equipment and adaptations to support the maintenance of independence in people's own homes. The local care market is also closely monitored to ensure services commissioned and run locally effectively meet resident's needs, in line with statutory duties under the Care Act, which is a key feature in preventing a market failure which would place additional financial pressure on the Council, as the provider of last resort.

Children's Services

Additional costs have been included to reflect the changing demands for children's care placements and costs. The Council has a statutory duty to provide care placements for children when necessary either due to complexity of need and/or where the there is significant risk of harm. The Council would be at risk of judicial review, litigation and claims for compensation if it did not provide placements that meet the identified need.

The projected increase in the cost of Direct Payments is mainly driven by increasing number of children with complex needs, resulting in additional costs to support children to stay at their home safely which helps prevent children being brought into care. The Council has a statutory duty to provide a range of services for children with special educational needs and disabilities (SEND) and Direct Payments is one of the ways in which this support can be provided.

Additionally, the Council has seen an increasing number of Children and Young People requiring and receiving Education, Health and Care Plan (EHCP) assessments and SEND support. This has increased pressure on both the Education psychologist team conducting the assessments and the SEND team but also on the High Needs Dedicated School Grant (DSG).

There is currently a statutory override in place that allows a deficit on the Dedicated Schools Grant, without which a charge would need to be made to the Council's General Fund. The MTFS is drafted on the presumption that the Government will find a solution towards dealing with (and accounting for) any deficit on the Dedicated Schools Grant and therefore is not included as a cost pressure.

Temporary Accommodation

The temporary accommodation forecast accepts an unavoidable increase in temporary accommodation in light of the following demand and supply context. Welcome developments for the wider longer-term economy and regulatory framework to improve long term standards and value in property, unfortunately may have a medium-term adverse impact in the homelessness sector. There is a national trend rise (12%) in temporary accommodation alongside evidence of shrinking affordable housing supply locally. This has been exacerbated by the private sector reaction to the Renters Reform Bill with many landlords choosing to pull out of the market and private sector market rents rising by 11% in the last year taking them above Local Housing Allowance rates. It is anticipated that the new Social Housing Regulation legislation, and upcoming Supported Housing Regulation will require significant investment from providers in their current stock to raise standards which may slow void turnaround and slow development of new social housing supply reducing opportunities to move homeless families on to settled housing.

The Bedford forecast is positioned below the national average trend increase based on the expected gains from continuing to deliver the housing action plan and the Homelessness and Rough Sleeping Strategy 2024 – 2029. Evidence from this year shows significant cost avoidance achieved under the project and a slowing of the trend increase in Bedford that sits below the national trend increase.

Temporary Accommodation acquisition strategy

The authority has implemented a Temporary Accommodation Property Acquisition Strategy that aims to build a portfolio of Council owned properties for temporary accommodation to ensure that the authority can fulfil its statutory accommodation duties under the Homelessness Reduction Act 2017 in a financially sustainable way, whilst securing long term asset value. The Council aims to place 70% of temporary accommodation clients in Council owned properties which are revenue cost neutral to alleviate the long-term pressure on temporary accommodation budgets and move into a financially sustainable position. This will remove reliance on more expensive accommodation options such as hotels and nightly rate providers which is currently a key driver of the budget pressure.

The authority has continued to see rising pressures in demand for Temporary Accommodation over the past year, whilst greater cost avoidance has been achieved through the investment in staffing and other measures put in place to reduce costs, as anticipated, it is taking time to have an impact on the budget requirement. The 2025-26 budget is based on a cohort of 800 temporary accommodation places; this will be challenging to achieve.

Other Service Pressures / Corporate Pressures

The Council faces a wide number of challenges to the provision of its services across the MTFS period. Some key examples are set out below:

A Climate Change Strategy has been approved by the Climate Change Committee. Funding for the impact arising from this strategy has been included within the MTFS, with further funding available from multiple sources, including the Mayor's Climate Change Fund reserve and revenue and capital grants identified and bid for by the services within the Environment directorate, including but not limited to Local Electric Vehicle Infrastructure (LEVI) funding and Air Quality.

The reserves position is discussed in detail later in this report. However, in light of the difficult financial position it is recognised that in order to retain financial sustainability, the level reserves to manage risk (i.e.

the general fund balance) is currently insufficient to manage the demand and funding risks that the Council is experiencing. Therefore, a minimum of £0.5 million has been included in each year of the MTFS and a total of £7m over the MTFS period up to 2028/29.

Financial Management, Risk Management and Compliance

Financial Management

Current arrangements appear to focus on reporting what is happening rather than challenging or holding budget holders to account. Self-service budget monitoring and reporting is in place so that budget holders can enter their forecasts directly onto the finance system but not all budget holders take this responsibility fully and rely on Finance business partners to prepare forecasts and upload these onto the system without review or challenge.

Monthly budget monitoring is a joint effort between finance and services managers with information available from the Council's financial system together with information from service systems. However, not all budget holders are fully engaged and take responsibility for their budgets and forecasts. For some areas, forecasts are prepared by Finance Business Partners for review and agreement by the budget holder, there appears to be no challenge or ownership of the forecast.

There is a sense that data is not a priority nor is data at the heart of decision making on a consistent basis. This has not been considered in detail but is apparent in the disconnect between data (e.g., activity data) and financials reported across several services needs to be better understood e.g., adult social care demand. There is scope for a more detailed assessment of the integration of activity and financial data.

Risk management

BCC has a clear risk management strategy and a risk management framework which includes:

- Policy statement and strategy, including governance and accountabilities
- Risk management process
- Risk management tolls and guidance to support the process
- Risk management training
- Risk assurance statement

The risk assessment for April 2025 includes Financial risk as its second highest strategic risk after People (failure to recruit and retain). It is currently rated as Medium to High and understand this was originally assessed as high. We would expect this to be rated as High in light of the current financial pressures.

The risk register is reviewed by Audit Committee periodically, providing independent assurance of corporate governance, risk management framework and associated control environment.

Deliverability of savings and transformation

The Council has a reasonably good record of delivering agreed savings with 10% underachieved for 2023/24 and 2024/25. These are mainly related to procurement, contract management and income generation.

Based on the projected overspend for 2024/25 and the risk of another overspend for 2025/26, achieving the scale of savings and efficiencies during 2025/26 will be extremely challenging and will require enhanced focus and oversight to identify risks and appropriate mitigations to minimise the risk to the general fund balance.

Over the last ten years a lot of what would be called low hanging fruit, has been identified and delivered as part of the efficiency savings to meet the MTFS funding gap. In some areas, such as procurement, finance and other corporate services, reductions have been significant and created additional pressures and inefficiencies as well as compromising the level of support that is made available to budget holders and decision makers.

The savings target for 2025/26 and the indicative target for 2026/27 are very challenging and will require a significant shift in how the council operates and delivers services. There will be opportunities to reduce this pressure if the Members are willing to make difficult decisions around charging and income generation as well as service redesign and transformation.

The Council tax support scheme is considered generous in comparison to its neighbours, we have not undertaken a detailed review but would recommend a benchmarking exercise with both near neighbours as well as comparator authorities to ensure that the scheme is consistent and supports the most vulnerable residents of the borough.

The Council has a comprehensive schedule of fees and charges but there does not appear to be a clear income strategy or a fees and charges policy which should set out opportunities for income generation across the council and how fees and charges should be calculated. This should be accompanied by a clear and council concessions policy to ensure that disadvantaged residents are not adversely affected by the fees and charge and there is consistency of application across council services.

The agreed savings for 2025/26 and any proposals for 2026/27 will need to be aligned with the recently agreed stability plan. As set out previously, the stability plan is very ambitious and will require proper resourcing and collective ownership and support. This would be an opportunity to bring together the capital investment programme, stability plan and the MTFS through a structured governance framework, establishing clear ownership and responsibilities and a reasonable timetable together with a programme management approach.

The Council needs to create a Finance Recovery Plan which supports the delivery of this year’s budget and the longer term financial viability. The Plan also needs to address a re-structure of Finance along with a clear set of published roles and responsibilities such that the relationship and levels of accountability between

Finance and services is more clearly defined. Only then, can the Council strive for clear levels of accountability. We also propose that a strengthened budget oversight and challenge session is included as part of the monthly budget monitoring and reporting cycle. This will provide an even sharper and immediate focus for the organisation in understanding that things cannot carry on as they have done and that the organisation is signalling a clear shift to the implementation tighter and more robust fiscal discipline.

Conclusion

Our key recommendations are as follows:

- Going forward, further work is needed in the short term to build a more robust 2026-27 to 2029-30 MTFP, specifically underpinned by improved demand modelling in particularly for Adults, Children and Housing services including using the worst case predictions for identifying the budget gap.
- Clear and council wide income and debt strategy supporting by robust income management and concessions policy and procedures.
- Review and benchmark the Council Tax Support scheme with near neighbours and comparator authorities and align with corporate plan priorities.
- Robust specification for the external review of Adult social care and clear, actionable deliverables.
- Core services such as Finance, legal and procurement have been adversely affected by prior savings as and should be reset to be able to provide the right level of support to the organisation.
- Budget management and budget holder training
- Review of current procurement and contract management support and training, refresher training.
- Greater engagement and oversight during development of savings proposals, tracking and reporting and aligned with budget monitoring and reporting.
- Review of approval limits, decision thresholds, scheme of delegations
- Update constitution and decision making arrangements including role and purpose of scrutiny and oversight functions, number of committees, panels and respective compositions following the review under way by the Centre for Governance and Scrutiny
- Review the decision and timetable for upgrade/replacement of finance systems to better align with council requirements
- Digital and technology strategy to better align systems, to support better information and decision making
- Review of system based controls and processes to better manage procure to pay processes and compliance.
- Review and risk assess all agreed saving proposals for deliverability covering both value and timeframe. Identify mitigations for any slippage or non- delivery.
- Review and update the Council Tax Support scheme to ensure that it continues to support the most vulnerable residents.
- Conduct a short review of the control environment, ensuring at the same time that the financial regulations are brought in line with good financial prudence and practice and that all staff (including budget managers) are made aware of the revised processes along with the implications of not following them.

4. Commercial Investments and Debt

The Council has an established investment property estate, which Bedford Borough Council took ownership of when it was formed following the local government reorganisation in 2009. A Borough Development and Regeneration Fund is also established which actively contributes to the goals set out in the Corporate Plan. The strategic priority for this Fund and the investment property estate is to generate economic growth through providing facilities and infrastructure that will enable business start-up and growth, create employment opportunities and strengthen the local economy. Financial return is also a key objective (i.e. not a subsidised provision) to generate a financial payback from investment and acquisitions. Total investment property is currently valued at £85.532 million (31 March 2024) providing a net income after all costs of £4.8 million (5.6%).

The Council has recently appointed a new director for regeneration and property and we would strongly recommend that a full in-depth review the property estate and the wider investment portfolio is undertaken to ensure that it is fully aligned with the emerging priorities and supporting the financial recovery plans.

The Council accepts higher risk on investment property than with treasury investments. The principal risk exposures include vacancy rates due to market conditions and external economic influences; potential reduction in both rental and capital values due to market changes; obsolescence due to changing demand and technological changes; and the impact of Minimum Energy Efficiency Regulations 2015.

In order that investment property remains proportionate to the size of the authority, further investment is subject to an overall maximum investment limit set out in the capital programme (Borough Development and Regeneration Fund).

	31.3.2024 Actual £m	31.3.2025 Forecast £m	31.3.2026 Forecast £m	31.3.2027 Forecast £m	31.3.2028 Forecast £m
General Fund CFR	169,423	168,318	187,215	203,175	215,134
Less: Other debt liabilities	-145	-114	-78	-38	-9
Loans CFR	**169,278**	**168,204**	**187,137**	**203,137**	**215,125**
Less: External Borrowing	-88,277	-96,580	-107,009	-136,920	-148,556
Internal (over) borrowing	**81,001**	**71,625**	**80,128**	**66,217**	**66,569**
Less: Usable Reserves	-78,193	-71,576	-71,973	-58,061	-58,413
Less: Working Capital	-36,366	-33,537	-39,343	-39,343	-39,343
Investments	**-33,558**	**-33,489**	**-31,188**	**-31,187**	**-31,187**
Loans CFR	169,278	168,204	187,137	203,137	215,125
Less: Usable reserves	-78,193	-71,576	-71,973	-58,061	-58,413
Less: Working Capital	-36,366	-33,537	-39,343	-39,343	-39,343
Plus: Liquidity allowance	10,000	10,000	10,000	10,000	10,000
Liability Benchmark (year-end)	**64,719**	**73,091**	**85,821**	**115,733**	**127,368**
External Borrowing	**88,277**	**96,580**	**107,009**	**136,920**	**148,556**

	30.06.2025 Actual Portfolio £m
External borrowing:	
Public Works Loan Board	-50,283
LOBO loans from banks Local Authority	-4,258 -38,200
Total external borrowing	**-92,741**
Other long-term liabilities:	
Finance Leases	-114
Total other long-term liabilities	**-114**
Total gross external debt	**-92,855**
Treasury investments:	
Banks/Building Societies	1
Real Estate Investment Trusts (REIT)	2,000
Money Market Funds	5
Pooled Funds:	
Equity Funds	12,000
Bond Funds	7,000
Multi-Asset Funds	4,000
Property Funds	10,000
Total treasury investments	**35,006**
Net debt	**-57,848**

- The Council's debt portfolio includes short-term borrowing from other local authorities, of just over £38.2 million. This was in addition to the longstanding PWLB and LOBO loans, one of which had been called in to be repaid by 13 January 2025.

- The spread of investments was less diverse than in other local authorities, with 88% being strategic long-term investments, and only 12% in short-term money market funds. The Council was currently the fourth highest performing council in relation to the income return on its investments, as strategic funds were currently outperforming short-term investments. The total return over the last 10-year period was three times the base rate.

Estimates of Capital Expenditure, Debt and debt financing

This indicator provides the level of gross capital expenditure that is estimated to be incurred. The estimated expenditure includes schemes where funding has already been approved.

	2024/2025 Forecast £000	2025/2026 Forecast £000	2026/2027 Forecast £000	2027/2028 Forecast £000	2028/2029 Forecast £000	2029/2030 Forecast £000	2030/2031 Forecast £000	2031/2032 Forecast £000	2032/2033 Forecast £000	2033/2034 Forecast £000
Capital Expenditure	80,686	87,813	77,958	82,827	50,568	42,744	21,264	23,343	13,147	12,760

	2024/2025 Forecast £000	2025/2026 Forecast £000	2026/2027 Forecast £000	2027/2028 Forecast £000	2028/2029 Forecast £000	2029/2030 Forecast £000	2030/2031 Forecast £000	2031/2032 Forecast £000	2032/2033 Forecast £000	2033/2034 Forecast £000
Capital Financing Requirement	168,313	187,207	203,165	215,125	222,066	215,711	211,161	207,994	196,259	192,893

Latest/Actual	2024/2025 Forecast £'000	2025/2026 Forecast £'000	2026/2027 Forecast £'000	2027/2028 Forecast £'000	2028/2029 Forecast £'000	2029/2030 Forecast £'000	2030/2031 Forecast £'000	2031/2032 Forecast £'000	2032/2033 Forecast £'000	2033/2034 Forecast £'000
Debt (including leases)	96,692	107,086	136,957	148,564	154,956	148,602	144,052	140,886	129,150	125,784
Capital Financing Requirement	168,313	187,207	203,165	215,125	222,066	215,711	211,161	207,994	196,259	192,893
Difference	-71,621	-80,121	-66,208	-66,561	-67,110	-67,109	-67,109	-67,108	-67,109	-67,108
Projected Debt	-96,692	-107,086	-136,957	-148,564	-154,956	-148,602	-144,052	-140,886	-129,150	-125,784

Latest/ Actual	2024/2025 Forecast £'000	2025/2026 Forecast £'000	2026/2027 Forecast £'000	2027/2028 Forecast £'000	2028/2029 Forecast £'000	2029/2030 Forecast £'000	2030/2031 Forecast £'000	2031/2032 Forecast £'000	2032/2033 Forecast £'000	2033/2034 Forecast £'000
Financing costs	10,236	10,937	11,345	12,389	13,843	13,990	15,878	17,628	16,988	14,058
Proportion of net revenue stream	5.2%	5.5%	5.5%	5.8%	6.5%	6.6%	7.5%	8.3%	8.0%	6.6%

Historically, the council has maintained low levels of external debt, the financing costs of projected debt is kept below 10% of the net revenue stream.

Level of Debt

The purpose of the Capital Financing Requirement (CFR) is to demonstrate that Council borrowing is undertaken to fund capital expenditure only.

Latest reporting indicates that there is full compliance with the Treasury Management Code and the Council's approved Treasury Management Strategy. It is also reported that all treasury management activities carried out during the year were fully compliant with the CIPFA Code of Practice. (Compliance has not been reviewed in detail as part of this report.)

The Council has recently changed is methodology for calculation the minimum revenue provision. Changing the calculation to Minimum Revenue Provision (MRP) to use an Annuity calculation over the life of an asset rather than a straight line basis will more closely reflect the financing of the asset that is already being done in the revenue account, as initially more interest is paid off, reflecting the financing of the asset and then as the asset matures a greater amount is set aside to replace/refurbish the asset as it nears the end of its useful life.

Asset Disposal Plan

Given the scale of the capital investment programme and the funding assumes over £114m of capital receipts over the next 5 years. This will require effective management of the property portfolio to identify assets for disposal in a timely manner.

Commercial Investment Portfolio

As stated in the 2023/24 financial statements the Council holds £119 million of investment assets. This is mostly made up of investment property portfolio.

Debt collection

At March 2024, the Council's aged debt stood at circa £52.4 million (£33.2 million) at the start of the year. Management and recovery of debt has been impacted following a review and restructure of the service including recruitment and retraining of existing staff. New processes are in place with a particular focus on ASC and increased engagement with services areas has started. The process and approvals for write-off is complex and performed as an annual activity requires member approvals. There does not appear to be any recourse to the original invoicing service for potential bad debt or non-recovery.

We have not been able to review the aged debt in detail.

There is no evidence of any benchmarking or other comparator data points. Regarding the MTFP, no savings have been identified as coming from an overall improvement in the Council's outstanding debt – this seems like a missed opportunity.

Conclusion

Our key recommendations are as follows:

- Review the asset and investment portfolio to identify those assets which are no longer supporting the corporate priorities or are expensive to maintain should be considered for disposal to fund the capital investment programme and reduce the requirement for external borrowing.
- Review the assets and estates management service to ensure that it is outcome focused and is fully aligned with the emerging priorities and financial resilience.
- Ensure that a clear and deliverable debt recovery plan is created as early as possible to drive forward the work required to deliver tangible (cashable) returns for the Council in-year and beyond into 2025-26.
- Assess the extent to which third party support and intervention could accelerate a positive financial impact on the outstanding debt portfolio.
- Explore the opportunities for refinancing the external debt portfolio to reduce costs and provide more certainty over the longer term financial planning period.

5. Capital Programme

Scale of the Capital Programme

BBC has an ambitious capital programme. The latest programme was agreed as part of the budget setting for 2025/26. The Council's long-term vision is laid out in the Council's Corporate Plan approved by Full Council on 27 November 2024. The Plan sets out four priorities:

- Supporting our families and the vulnerable
- Protecting the Environment
- Stimulating Economic Growth
- Promoting Health and Wellbeing

The Corporate Plan forms part of the Council's Policy and Strategy framework and is seen as an integral element of the "golden thread" linking the Council's Directorate Service Plans and other key documents, including its Capital Strategy. The Capital Strategy supports the achievement of the Council's vision through town centre regeneration, investment in leisure services, supporting the delivery of the primary care estate and the delivery of key infrastructure to support growth and improvement in services, and through improvements to the assets the Council owns, and the services and systems that the Council utilises.

The Executive have adopted a longer-term plan of capital investment to set out more clearly the Council's vision for the future and to facilitate improved capital scheme planning and resource profiling. The Capital Programme reflects the Administration's ambitious plans to improve the quality of life of local residents and promote Bedford as a destination through the four priorities outlined in the approved Corporate Plan.

Governance

The Council has an established Strategic Asset Group (SAG) which is comprised of the Corporate Leadership Team and senior officers representing each of the main services that have capital schemes. This group is chaired by the Chief Executive and meets monthly to review the Council's capital investment performance. The SAG ensures synergy between the Corporate Asset Plan the Capital Strategy and other relevant plans/strategies.

The SAG deploys a task and finish Group to oversee the financial cycle in relation to the Capital Strategy and Programme. This Group is chaired by the Executive Director of Resources and is comprised of senior officers representing each Directorate of the Council.

All capital bids require a robust business case to be prepared before investment decisions are made. Business cases are collated by the Finance Team who calculate the financing costs (which can be nil if the project is externally financed). The SAG Task and Finish Group challenge and review the business cases bids to ensure that investment is targeted towards corporate priorities, is affordable in both capital and revenue terms and make good business sense before making recommendations to the Executive. Executive and Full Council approve updates to the Capital Programme in January/February each year, and on an ad hoc basis when required.

In approving the annual Capital Strategy, the Council is providing a mechanism, for the Council, the Executive and its officers to review its capital investment needs and thus manage, measure and monitor progress against the Capital Programme.

In addition to SAG to assist the governance of school places capacity planning a School Places Board has been put in~~to~~ place which includes the Portfolio Holder for Children's Services. The Board is supported by officers from across the Council. The minutes of the Schools Places Board is reported to SAG to ensure there is a joined up approach to capital planning.

The Council aims to maximise capital resources from capital receipts, grants and contributions and other funding vehicles to finance the capital programme; debt has a direct impact on the revenue budget, further emphasising the need to ensure the capital proposals are prudent, sustainable and affordable. In line with Government guidance, the Council's Corporate Asset Plan requires that property assets not needed for Council services or functions should be disposed of for "best consideration". The resultant capital receipts form an element of the directly provided Council finance for the approved capital investment programme.

To ensure that capital assets continue to be of long term use, the Council has a Corporate Asset Strategy and Asset Management Plan. The Council's vision for its assets are to:

i. Manage the Council's property assets strategically as a corporate resource to ensure that statutory and priority services are delivered effectively.

ii. Support strong and healthy communities by providing the right property, in the right place to meet current and future service needs.

iii. Minimise the carbon footprint of the Council's estate and utilise the Council's property assets to reduce environmental impact.

iv. Use the Council's property assets to stimulate residential and commercial development, economic growth, town centre regeneration and to promote health and well-being.

v. Manage and maintain the Council's property assets in an effective, efficient and cost-conscious manner whilst optimising financial return and commercial opportunity and responding to our evolving needs.

vi. vi. Maximise the opportunities of working with the wider public estate and partners to support new models of service delivery and enhance Bedford as a place.

Summary Capital Programme	**2024/ 2025 £000**	**2025/ 2026 £000**	**2026/ 2027 £000**	**2027/ 2028 £000**	**Future Years £000**	**Total £000**
Gross Directorate Budgets						
Corporate Services	14,639	30,720	8,878	6,111	17,106	**77,453**
Transformation	2,438	3,687	950	0	0	**7,075**
Children's Services	51,455	25,575	4,252	13,270	0	**94,552**
Environment	72,214	87,504	39,331	20,795	36,882	**256,725**
New Strategies	4,150	12,698	24,857	3,595	12,000	**57,300**
Gross Total	**144,895**	**160,183**	**78,268**	**43,771**	**65,988**	**493,106**

Summary Capital Programme Funding	**2024/ 2025 £000**	**2025/ 2026 £000**	**2026/ 2027 £000**	**2027/ 2028 £000**	**Future Years £000**	**Total £000**
Gross Expenditure	**144,895**	**160,183**	**78,268**	**43,771**	**65,988**	**493,106**
Specific Financing	(110,391)	(74,283)	(38,654)	(23,313)	(32,650)	**(279,291)**
Net Expenditure	**34,504**	**85,900**	**39,614**	**20,458**	**33,338**	**213,814**
Unallocated CIL					(4,000)	**(4,000)**
Capital Receipts	(2,960)	(24,040)	(19,180)	(5,000)	(68,160)	**(119,340)**
Borrowing (net of capital receipts)	**31,544**	**61,860**	**20,434**	**15,458**	**(38,822)**	**90,474**

Council Companies

The council has one wholly owned company which is dormant.

Minimum Revenue Provision (MRP)

The minimum revenue provision (MRP) represents the calculated annual charge to the revenue account for the provision to repay debt incurred in respect of capital expenditure financed by borrowing or other long term credit arrangements (such as PFI).

The Council has updated its MRP strategy and moved to an annuity based method based on the life of the asset which is helpful in the short term as it reduced the revenue impact in the early years but will lead to a gradually increasing MRP charge in later years. This will require careful monitoring and oversight to manage revenue and MTFP implications

Conclusion

Our key recommendations are as follows:

- As part of a wider recovery plan and in light of the proposals regarding the development and funding of Wixams train station, review capital commitments to reduce impact on revenue budget – stop, delay, mothball. This could be facilitated as a key set of early actions and aligned with the stability plan and most recent MTFS.
- Capital projects to proceed once all funding is in place and maximise external contributions
- Focus on transformation and service redesign programmes
- Review current loan portfolio with a view to switching short term borrowing to longer term borrowing to support improve cashflow and budget planning and management.
- Regular update to MRP calculation and MTFP modelling

6. Governance and Culture

CIPFA's overall view of governance

The Council undertook a Local Government Association (LGA) Corporate Peer Challenge from 31 October to 3 November 2023, with a focus on governance and financial planning and management. The LGA has a programme of Corporate Peer Challenges for member local authorities where a team of member and officer peers from fellow local authorities will provide a "robust, strategic and credible challenge and support to councils". The Executive agreed an Action Plan in response to the LGA's recommendations and work to deliver against those actions is underway. Actions focused on governance development, budget processes, and supporting the workforce. There was a follow-up visit by the LGA, in October 2024, within 12 months of the Peer Challenge.

The assurance statements provided by the Council's senior managers as part of the follow-up visit identified the following successes but further work is ongoing and required:

- The Council has put in place a Workforce Strategy for 2022-2026 which sets out its ambition to empower and support staff to fulfil their potential and undertake their job in the best possible way, making the Council an employer of choice. Initiatives in place include an Apprenticeship Strategy, a number of Staff Networks, wellbeing initiatives, and improved staff communications.
- Recruitment, Retention and Capacity: Recruitment continued to be challenging in professional, technical and demand-led service areas. This is affecting most local authorities and continues into 2025/26. The initiatives taking place in relation to recruitment and retention are addressing some of the workforce capacity and resilience.
- The Council is also working on a number of initiatives to increase permanent staff, reducing the need for higher cost agency staff. The addition of market rate supplements to basic salary has been helpful in ongoing recruitment in some service areas.
- Improved contract management and oversight, particularly with recently retendered contracts. There has been a decrease in 'off contract spend' in some areas, particularly Children's Services. A number of governance issues and weaknesses were also identified:
- Contracts register and contract monitoring: Whilst recognising the progress that has been made, the recording of contracts and subsequent contract management remains an issue of concern. Challenges include: - the Knowledge and Information Strategy needs to be reviewed and updated to ensure adequate and effective information governance arrangements, and the Council's corporate Document Retention and Destruction Policy, and Electronic Document Retention Strategy needs to be reviewed and updated.

- Safeguarding of Assets: There are significant issues regarding maintenance of assets resulting in considerable financial investment being required. Several sites have been subject to ongoing leaks/flooding due to poor maintenance. There was a historic lack of maintenance of Leisure facilities, in particular, requiring significant investment to bring the buildings back to an acceptable standard. Following review, a more robust and transparent process for developing the repairs and renewal (R&R) programme and agreeing the budgets has been identified.
- The original Capital Asset Forum was, therefore, replaced by the new Strategic Asset Group (SAG) in February 2024.
- Ethics – Declarations of Interest: Arrangements for completing, reviewing and retaining individual officers' conflicts of interest declarations vary across the Council.

Constitution, Scheme delegation, approval limits and financial regulations.

The current constitution was prepared as part of the 2009 changes and has had some updates but there are areas that could benefit from a review and refresh to better support. As with any documents that has had regular revisions and changes it would be helpful to have a full review and refresh so that it is fit for purpose and support the organisation in better decision making, governance and transparency.

We have identified potential areas of conflict and lack of consistency in governance and decision making and the scheme of delegation is based of approval limits which are significantly lower than at comparable authorities. Example include the value for a key decision, virement limits, debt write-off limits and processes. It would benefit from clear delegations and decision making, clarity of functions, roles and responsibilities of the overview and scrutiny function and advisory panels.

Current scrutiny and oversight arrangements appear to be complex and not supporting agile decision making and transparency.

We note that the Council has commissioned a review of the constitution by the Centre for Governance and Scrutiny and supported by the Local Government Association.

Communication and engagement

Communications across the organisation to all staff and members needs to be consistent and clear about the challenging financial climate and the commitment to sustaining and strengthening the council's financial sustainability. Each service area plays a critical role in achieving this goal by maintaining rigorous cost controls and ensuring a clear understanding of spending patterns. Vigilance in monitoring expenditures, coupled with a proactive approach to identifying cost-saving opportunities, will enable the Council to safeguard resources and direct them toward our highest priorities. This is not just a finance problem for the finance team to solve.

The Council's Stability Plan provides a significant opportunity to drive efficiency and improve outcomes. However, its success hinges on ensuring that it is more than the sum of its parts. Collaboration across service areas is critical to create synergies and prevent siloed efforts. By aligning transformation initiatives with broader strategic goals, the Council can maximise their collective impact, delivering meaningful and measurable benefits. The leadership team must take an active role in ensuring these efforts are joined up, consistently evaluated, and adaptable to changing circumstances: the ability to act quickly is as important as having a consistent approach to programme planning and delivery.

To sustain financial sustainability, there needs to be an increased focus on benchmarking and value for money as these aspects are equally important. By comparing performance and costs against similar organisations, BCC can identify areas where improvements can be made, and efficiencies realised. This practice not only ensures accountability but also strengthens the Council's ability to deliver high-quality services that represent the best possible value to residents. Every member of the leadership team must champion this approach, embedding a culture of continuous improvement and fiscal responsibility throughout their areas of influence.

Financial management maturity

Overall, the organisation appears to have mixture of maturity in relation to the culture of financial management and is highly variable across service departments. Both levels of ownership and engagement with finance are varied. Several interviewees described the prevailing culture as lacking curiosity, which extends to finance and spend, understanding of cost drivers, as well as consideration of value for money. This is consistent with the inconsistency in engagement with financial risks.

Even though the council has self-service budget monitoring for budget holders to review their activities and update forecasts, forecasts are prepared by finance business partners and shared with budget holders for review and challenge. There appears to be limited or no challenge and the forecasts are not always entered on the system by budget holders.

The level of variability suggests that budget holders need additional support around accessing and understanding financial information and cost drivers in their services alongside a better understanding of the role of the Finance business partners and how they can maximise this for the organisation.

Finance function effectiveness

Feedback from finance business partners and budgets holders has been consistent that there is very good support from finance but is hampered by lack of capacity and limitations of available staff. The finance workforce profile is older and there are a high number of vacancies. There have been some new appointments which should help but a more detailed review and restructure/realignment of the finance service and offering would be highly recommended.

Corporate services have been heavily impacted in prior year saving and efficiency rounds to a level that there is significant under-capacity and existing roles and staff are stretched and focused on just delivering without the value add that professional services can provide to budget holders supporting transformation, service redesign and improving value for money.

Business cases

All capital bids require a robust business case to be prepared before investment decisions are made. Business cases are collated by the Finance Team who calculate the financing costs (which can be nil if the project is externally financed). The SAG Task and Finish Group challenge and review the business cases bids to ensure that investment is targeted towards corporate priorities, is affordable in both capital and revenue terms and make good business sense before making recommendations to the Executive. Quality of business cases have been weak and lacking the level of detail and assessment required to informed decision making.

We have reviewed the business case for investment in temporary accommodation and it is well set out with clear proposals which are linked to the corporate plan and the stability plan. The financial implications are clear and well set out. We would recommend that this is used as a template and all business cases must meet a required threshold for detail and assessment.

Alignment of the Council's financial planning with its corporate priorities

Enabling services

Overall, due to reductions in capacity through previously agreed savings, corporate functions such Finance, Procurement, Legal are stretched and there are risks that they may not be able to exercise adequate influence and financial oversight across the organisation in relation to key risks. This balance needs resetting through a strengthening of controls and adequate resourcing, supported by governance arrangements and positioning of corporate services.

In the Productivity plan there is recognition for a data strategy together with a wider digital strategy to improve productivity, performance and decision -making. This should include a review of all applications in use with a clear plan for upgrades and migrations to newer enabling technologies, increasing self-service for both residents and staff The current ERP system used by Finance is due to move to a new cloud based platform and the Council should take this opportunity to review and redesign processes and workflow to make best use to technology and improve productivity and decision support.

There have been some improvements in commissioning, but there is scope to further strengthen commissioning across the organisation to improve value for money. For example, although we have not done any detailed analysis, we understand that there are high levels of spot purchases and small procurements where there is scope for a more commercial approach. This needs to be supported by an improvement in commissioning governance, capability, better integration across the organisation and improved collaboration between services and with procurement.

The roles of commissioning, procurement and contract management needs clear definition and better co-ordinated support to the organisation and in particular those services with very high third party spend. There should be clear roadmap of how these three functions support the organisation to control, add value and better management the full cycle of requirement through to contract management.

There is an urgent need for improvement in procurement systems and processes, including addressing poor data quality and transparency, as well as integration across the purchasing lifecycle.

Contract registers are not integrated or systematically monitored to ensure that the future pipeline is strategically planned. There is generally felt to be a limited commercial focus in relation to contract management impacting on value for money.

Internal Audit

The internal audit function was last subject to an external assessment against the PSIAS in April/May 2021 and reported to Audit Committee in June 2021. In April/May 2021 an external assessment was carried out as part of a tri-party peer review process entered into with Buckinghamshire County Council, and Central Bedfordshire Council. It identified no areas of non-compliance with the standards that would affect the overall scope or operation of the internal audit activity, nor any significant areas of partial non-compliance. It made some practical and pragmatic suggestions and recommendations to improve compliance with the standards without requiring significant extra work.

In accordance with its statutory requirements, a further self-assessment against the Standards has been completed for 2023/24, using the guidance and checklist provided by CIPFA in a Local Government Application Note. Based on the results of the latest self-assessment, which have been independently validated by the Chief Officer for Finance (CIPFA qualified), it has been determined that, at the current time, the appropriate level of assurance regarding compliance is **Conforms**, with no areas of non-compliance.

Conclusion

Our key recommendations are as follows:

- Demonstrate that the Council is committed to delivering the changes required. The Council will need to further enhance the importance of securing financial sustainability into a revised corporate plan
- Ensure that senior management issue regular communications to promote the importance of robust and sound financial management alongside clear boundaries for staff to work within to ensure that levels of empowerment are increased but commensurate with increased levels of financial accountability.
- Establish appropriate governance arrangements to ensure the continued support and commitment of elected members, especially at the *interconnect* point of decision making required around the future delivery of services and the hard choices that will inevitably need to be made.
- Building on the recently agreed stability plan, establish how the Council will maintain financial sustainability in 2025-26 and beyond. This should integrate finance, change activity, and include:
  - reviewing the next level of detail on the 2025-26 savings plans to gain the assurance that the savings are deliverable.
  - Progress on delivery of savings is included within the monthly budget monitoring process and reporting.
  - A strengthened spending control panel with senior leadership and ownership
  - Build additional expertise in project management and change management to support the senior management team and the wider organisation to deliver meaningful and sustainable change initiatives, ensuring at the same time that the organisation avoids *change overload* and in the longer term, *change fatigue.*

There are a number of recommendations to improve the effectiveness of the finance function:

- Undertake a full review of the capacity and capability of the finance team but also other corporate functions to assess the capacity to deliver change especially taking forward some of the recommendations of this review focusing on the specialist areas of local government finance. The structure needs to be reviewed alongside a full review of the capacity and capability of the Finance team to support the emerging priorities and responses. The review should include a focus on development of a permanent team, progression and succession arrangements.
- There is a clear requirement for support for the S151 to bolster corporate capacity and support the transition to a balanced MTFP. Careful thought to be given to the Finance manager roles to ensure that they have the experience and autonomy to take forward the change agenda within Finance and across the organisation as a whole.

- Deploy the CIPFA Finance Competency Model in Finance (and extend to budget managers) to assess the financial awareness and relative maturity of financial matters including financial literacy and understanding. This work needs to be done in parallel with any other work being undertaken by Finance in upskilling budget managers on the Agresso system and ensuring there are clear lines of demarcation between Finance and other (service-based) roles.
- Improve support for budget holders to improve financial ownership and management of budgets across the organisation enabling more value adding support from finance business partners. Noting that this needs to be in conjunction with better resourcing and development of the FBP community.
- Publish guidance on when business cases should be created with clear support and training to be provided by the Finance team to develop a programme focused on improving the commercial culture. This will ensure that tolerances for error are managed out of the process prior to business cases being formally submitted for review and approval. Also consider a retrospective review of existing business cases including full modelling and sensitivity analysis to ensure they are fit for purpose.

It is also recommended that enabling functions are improved. Key requirements are:

- A comprehensive review of procurement to consider data and transparency, systems, overall operating model, Standing Orders and financial regulations etc. alongside the scope to enhance contract management capabilities. We understand that this is already being considered and support the need for this review.
- Undertake a review of procurement to pay systems and the associated controls
- Review of the billing and collection activities to focus on increasing pay first options, active debt recovery and a more efficient and timely write-off process.

7. Roadmap

The overriding objective of the Stability Plan is to ensure that the Council can set a balanced budget in 2026/2027 and beyond in order to:

- Continue providing residents and communities, in both urban and rural areas, with efficient, effective and responsive services
- Provide opportunities to invest in key service areas to meet demands and challenges within the Council's overall financial means
- Lead future reductions in spend through service redesign, effective commissioning and procurement, empowering communities, and working with others
- Provide financial stability by adding to general fund reserves.

We believe Bedford will need to:

1. Early engagement with MHCLG setting out the urgent financial challenges and share proposals for recovery and exploring opportunities for support.
2. Following the budget holder briefing in April, put in place a regular forum to communicate and engage with all budget holders it must *reset* and align its behaviours, culture and practices to a new way of working. Only then can the organisation achieve its *north star* in relation to financial sustainability.
3. Develop an outline recovery plan to form the basis for a more detailed plan that sets out how the Council will achieve financial sustainability in 2025-26. This should include (as a minimum):
    - Refresh and reset a spending control panel to stop any discretionary expenditure.
    - Developing a plan for significant shorter-term cost reductions and income generation.
4. Review aged debt and initiate recovery and write-off processes to clear down the debt and maximum recovery. If there is limited in-house capacity and expertise, it would be advisable to bring external specialist support. Assess the extent to which third party support and intervention could accelerate a positive financial impact on the outstanding debt portfolio.
    - Reviewing capital commitments to reduce impact on revenue budget – stop, delay, mothball. This could be facilitated as a key set of early actions through the newly established Strategy Asset Group

- Identifying those assets that are no longer cost effective to maintain or can help mitigate the costs of additional borrowing by providing more of an immediate *delivery* focus to the pipeline of asset sales
- Acceleration of the work being commissioned by Adult Social Services with a clear brief on purpose and outcomes
- Revisit the improvement plan prepared for Children Services and identify opportunities for taking some of the recommendations forward that would better support the emerging demand and cost pressures.
- Undertake a comprehensive review of the reserves position (focused on committed service and unspent grant reserves) and ensure that the reserves are aligned with the Council's strategic risk register.

5. Ensure that senior management issue regular communications to promote the importance of robust and sound financial management alongside clear boundaries for staff to work within to ensure that levels of empowerment are increased but commensurate with increased levels of financial accountability.
6. Publishing guidance on when business cases should be created with clear support and training to be provided by the Finance team to develop a programme focused on improving the commercial culture. Business cases to include full modelling and sensitivity analysis to ensure they are fit for purpose.
7. Undertake a full review of the capacity and capability of the finance team but also other corporate functions to assess the capacity to deliver change and emerging priorities and focusing on the development of a permanent team, progression and succession arrangements.
8. Introduce a more structured approach to developing and implementing savings plans integrated with finance monitoring and with continual cashflow monitoring if appropriate. Delivery of savings should be included to the corporate risk register
9. Establish appropriate governance arrangements to ensure the continued support and commitment of elected members, especially at the *interconnect* point of decision making required around the future delivery of services and the hard choices that will inevitably need to be made.
10. Reaffirm the working arrangements, roles and responsibilities and relations between members and officers.
11. Enhance the finance support provided to adults, children and environment (Housing) services to support robust analysis.

12. Ensure that a clear and deliverable debt recovery plan is created as early as possible to drive forward the work required to deliver tangible (cashable) returns for the Council in-year and beyond.
13. A comprehensive and integrated reset of the Capital Strategy needs to be developed which considers all aspects of the capital programme, financing arrangements and lifecycle revenue implications within the challenging financial environment.
14. Conduct a short review of the control environment, such that there is a well understood view of the programme of changes required within the Council's control environment. Ensuring at the same time that the financial regulations are brought in line with good financial prudence and practice and that all staff (including budget managers) are made aware of the revised processes along with the implications of not following them.
15. As part of the Council looking at its asset base more strategically and within the scope of the Strategic Asset Group, review the existing portfolio and align with the stability plan and the medium term financial plan.
16. Commence the Agresso replacement project integrated, but in parallel with the priority commitment to financial sustainability. Ensure that a programme of improvements to budget ownership and key system integration fixes is maintained and effectively communicated. As these changes become known to the point of deployment, the roles and responsibilities of Finance and budget holders needs to be recalibrated to ensure that lines of demarcation are clear.
17. Deploy the CIPFA Finance Competency Model in Finance (and extend to budget managers) to assess the financial awareness and relative maturity of financial matters including financial literacy and understanding. This work needs to be done in parallel with any other work being undertaken by Finance in upskilling budget managers on the new system and ensuring there are clear lines of demarcation between Finance and other (service-based) roles.
18. Improve support for budget holders to improve financial ownership and management of budgets across the organisation enabling more value adding support from finance business partners. Noting that this needs to be in conjunction with better resourcing and development of the FBP community.
19. Going forward, further work is needed in the short term to build a more robust 2026-27 to 2029-30 MTFP, specifically underpinned by improved demand modelling, a more nuanced approach to funding gap
20. Undertake a comprehensive review of procurement to consider data and transparency, systems, overall operating model, Standing Orders and financial regulations etc. alongside the scope to enhance contract management capabilities.

21. Overall, across services there is a relatively good understanding of cost benchmarks and comparators. However, this varies and there is scope to create a stronger basis to drive key lines of enquiry to support and challenge service costs. [benchmark challenge].

8. Workshop

For the next steps we would recommend a range of workshops focusing on the financial challenges and how these can be addressed.

- Senior leadership workshops
- Budget Holders
- Managers and staff

APPENDIX B

FINANCIAL RECOVERY PLAN ROADMAP

ACTION		DEADLINE	OWNER
FINANCIAL MANAGEMENT AND SUSTAINABILITY			
1.	Early engagement with MHCLG setting out the urgent financial challenges and share proposals for recovery and exploring opportunities for support.	31/07/2025 and ongoing	Chief Executive/Executive Director of Resources
2.	Following the budget holder briefing in April 2025, put in place a regular forum to communicate and engage with all budget holders it must *reset* and align its behaviours, culture and practices to a new way of working. Only then can the organisation achieve its *north star* in relation to financial sustainability.	Ongoing	Executive Director of Resources
3.	Undertake a full review of the capacity and capability of the finance team but also other corporate functions to assess the capacity to deliver change and emerging priorities and focusing on the development of a permanent team, progression and succession arrangements. In doing so, provide support for the S151 Officer to bolster corporate capacity and support the transition to a balanced Medium-Term Financial Plan (MTFP). Careful thought to be given to the Finance manager roles to ensure that they have the experience and autonomy to take forward the change agenda within Finance and across the organisation as a whole. In addition, enhance the finance support provided to adults, children and environment (Housing) services to support robust analysis.	31/12/2025	Executive Director of Resources/Service Director for Finance
4.	Introduce a more structured approach to developing and implementing savings plans integrated with finance monitoring and with continual cashflow monitoring if appropriate. Delivery of savings should be included to the corporate risk register.	30/09/2025	Director of Resources/ Head of Strategic Programmes
5.	Building on the recently agreed Stability Plan, to develop an outline recovery plan to form the basis for a more detailed plan that sets out how the Council will achieve financial sustainability in 2025/2026 and beyond. This should include (as a minimum):	31/09/2025	Chief Executive / Executive Director of Resources

ACTION			DEADLINE	OWNER
	(a)	Refresh and reset a strengthened spending control panel with senior officer leadership and ownership, budget responsibility firmly sitting with directors, formal recording and tracking of decisions.	21/08/2025	Chief Executive / Executive Director of Resources
	(b)	Providing greater engagement and oversight during development of savings proposals, tracking and reporting on delivery, aligned with monthly budget monitoring and reporting.	21/08/2025	Executive Director of Resources
	(c)	Developing a plan for significant shorter-term cost reductions and income generation.	30/09/2025	Chief Executive/Executive Director of Resources
	(d)	Acceleration of the work being commissioned by Adult Social Services with a clear brief on purpose and outcomes and investment needs.	31/08/2025	Executive Director of Adults Services
	(e)	Revisit the improvement plan prepared for Children Services and identify opportunities for taking some of the recommendations forward that would better support the emerging demand and cost pressures.	31/08/2025	Executive Director of Children's Services
6.	Going forward, further work is needed in the short term to build a more robust 2026/2027 to 2029/2030 MTFP, specifically underpinned by improved demand modelling (in particular for Adults, Children and Housing services including using the worst-case predictions), providing a more nuanced approach to funding gap.		31/08/2025	Executive Director of Resources / Service Director for Finance
7.	Develop a clear and council-wide income and debt strategy, including debt management and recovery, concessions policy, fees and charges policy. This includes:			
	(a)	Ensuring that a clear and deliverable debt recovery plan is created as early as possible to drive forward the work required to deliver tangible (cashable) returns for the Council in-year and beyond.	30/09/2025	Executive Director of Resources/Service Director for Finance
	(b)	Reviewing aged debt and initiate more efficient and timely recovery and write-off processes to clear down the debt and maximum recovery. If there is limited in-house capacity and expertise, it would be advisable to bring external specialist support. Assess the extent to which third party support and intervention could accelerate a positive financial impact on the outstanding debt portfolio. This includes reviewing billing and collection activities to focus on increasing pay first options	31/12/2025	Service Director for Finance

ACTION			DEADLINE	OWNER
	(c)	Undertake a comprehensive review of the reserves position (focused on committed service and unspent grant reserves) and ensure that the reserves are aligned with the Council's strategic risk register.	30/09/2025	Service Director for Finance
	(e)	Review and update the Council Tax Support scheme, benchmarked with near neighbours and comparator authorities, to ensure that it is affordable and aligns continues to support the most vulnerable residents.	15/01/2026	Service Director for Finance
	(f)	Undertake a review of procurement to pay systems and the associated controls to better manage processes and compliance.	31/12/2025	Executive Director of Resources/Service Director for Finance
	(g)	Maximisation of fees and charges with increases and exploring new opportunities for charging. Fees and charges should be benchmarked against both near neighbours as well as comparable authorities and providers. The strategy should include best use of systems and technologies, pre-pay, discounts and instalment options.	01/12/2025	Corporate Leadership Team
	(h)	Review all traded services for fit and income generation, ensuring that it cover costs and provide additional income/benefits.	31/03/2026	Service Director for Finance/Service Areas
8.	Commence the Agresso replacement project integrated, but in parallel with the priority commitment to financial sustainability. Ensure that a programme of improvements to budget ownership and key system integration fixes is maintained and effectively communicated. As these changes become known to the point of deployment, roles and responsibilities of Finance and budget holders needs to be recalibrated to ensure that lines of demarcation are clear.		31/01/2026	Service Director for Finance
9.	Ensure that senior management issue regular communications to promote the importance of robust and sound financial management alongside clear boundaries for staff to work within to ensure that levels of empowerment are increased but commensurate with increased levels of financial accountability.		Ongoing	Chief Executive/Executive Director of Resources/Head of Communications
10.	Publish guidance on when business cases should be created with clear support and training to be provided by the Finance team to develop a programme focused on improving the commercial culture. Business cases to include full modelling and sensitivity analysis to ensure they are fit for purpose.		31/03/2026	Service Director for Finance / Head of Strategic Programmes

ACTION		DEADLINE	OWNER
11.	Deploy the CIPFA Finance Competency Model in Finance (and extend to budget managers) to assess the financial awareness and relative maturity of financial matters including financial literacy and understanding. This work needs to be done in parallel with any other work being undertaken by Finance in upskilling budget managers on the new system and ensuring there are clear lines of demarcation between Finance and other (service-based) roles.	31/03/2026	Executive Director of Resources/Service Director for Finance
12.	Improve support for budget holders to improve financial ownership and management of budgets across the organisation enabling more value adding support from finance business partners including budget management and budget holder training. Noting that this needs to be in conjunction with better resourcing and development of the Finance Business Partner community.	31/03/2026	Service Director for Finance
13.	Undertake a comprehensive review of procurement and contract management support and training, with ongoing planned refresher training. This should include the consideration of data and transparency, systems, overall operating model, Standing Orders and financial regulations etc. alongside the scope to enhance contract management capabilities.	31/03/2026	Director of Resources
14.	Overall, across services there is a relatively good understanding of cost benchmarks and comparators. However, this varies and there is scope to create a stronger basis to drive key lines of enquiry to support and challenge service costs. [benchmark challenge].	31/12/2026	Director of Resources

CAPITAL PROGRAMME AND FINANCING			
15.	Develop a comprehensive and integrated reset of the Capital Strategy needs to be developed which considers all aspects of the capital programme, financing arrangements and lifecycle revenue implications within the challenging financial environment.	31/12/2025	Service Director for Finance
16.	In relation to the capital programme, as part of a wider recovery plan and in light of the proposals regarding the development and funding of Wixams train station, to:		
	(a) Review capital commitments to reduce the impact on revenue budget – stop, delay, mothball.	15/09/2025	Executive
	(b) Bring forward income generating opportunities.	Ongoing	Service Directors
	(c) Capital projects to proceed once all funding is in place and maximise external contributions.	31/12/2025	Service Director for Finance
	(d) Explore the opportunities for refinancing the external debt portfolio to reduce costs and provide more certainty over the longer-term financial planning period.	08/01/2026	Service Director for Finance
	(e) Review current loan portfolio with a view to switching short-term borrowing to longer-term borrowing to support improve cashflow and budget planning and management.	Ongoing	Service Director for Finance
	(f) Regularly update to MRP calculation and MTFP modelling.	01/04/2026	Service Director for Finance

COMMERCIAL INVESTMENTS			
17.	Identifying those assets that are no longer cost effective to maintain or can help mitigate the costs of additional borrowing by providing more of an immediate *delivery* focus to the pipeline of asset sales.	31/10/2025	Head of Regeneration, Property and Local Economy
18.	As part of the Council looking at its asset base more strategically and within the scope of the Strategic Asset Group, review the existing portfolio and align with the stability plan and the medium-term financial plan.	31/03/2026	Head of Regeneration, Property and Local Economy

19.	Review the assets and estates management service to ensure that it is outcome focused and is fully aligned with the emerging priorities and financial resilience.	31/03/2026	Head of Regeneration, Property and Local Economy

GOVERNANCE AND CULTURE			
20.	Establish appropriate governance arrangements to ensure the continued support and commitment of elected members, especially at the *interconnect* point of decision making required around the future delivery of services and the hard choices that will inevitably need to be made.	01/08/2025	Chief Executive
21.	Update constitution and decision-making arrangements including role and purpose of scrutiny and oversight functions, number of committees, panels and respective compositions following the review under way by the Centre for Governance and Scrutiny. This should include a review of approval limits, decision thresholds and scheme of delegations.	TBC	Service Director for Governance
22.	Reaffirm the working arrangements, roles and responsibilities and relations between members and officers.	31/10/2025	Chief Executive
23.	Conduct a short review of the control environment, such that there is a well understood view of the programme of changes required within the Council's control environment. Ensuring at the same time that the financial regulations are brought in line with good financial prudence and practice and that all staff (including budget managers) are made aware of the revised processes along with the implications of not following them.	31/03/2026	Service Director for Finance / Head of Audit, Insurance and Risk
24.	Undertake a digital, technology and data strategy review to better align systems with council requirements, and to support better information and decision making.	TBC	Chief Digital, Data and Technology Officer