

## AGENDA FOR

## CABINET

*Contact::* Andrew Woods  
*Direct Line:* 0161 253 5134  
*E-mail:* a.p.woods@bury.gov.uk  
*Web Site:* www.bury.gov.uk

**To: All Members of Cabinet**

**Councillors** : M C Connolly (Leader) (Chair), R Shori (Deputy Leader & Cabinet Member for Health and Well Being), J Lewis (Cabinet Member for Communities and Culture), S Walmsley (Cabinet Member for Resource and Regulation), T Isherwood (Cabinet Member for Environment) and G Campbell (Cabinet Member for Children and Young People)

Dear Member/Colleague

### **Cabinet**

You are invited to attend a meeting of the Cabinet which will be held as follows:-

<b>Date:</b>	Wednesday, 3 September 2014
<b>Place:</b>	Bury Town Hall
<b>Time:</b>	6.00 pm
<b>Briefing Facilities:</b>	If Opposition Members and Co-opted Members require briefing on any particular item on the Agenda, the appropriate Director/Senior Officer originating the related report should be contacted.
<b>Notes:</b>	

## **AGENDA**

### **1 APOLOGIES FOR ABSENCE**

### **2 DECLARATIONS OF INTEREST**

Members of Cabinet are asked to consider whether they have an interest in any of the matters of the Agenda, and if so, to formally declare that interest.

### **3 PUBLIC QUESTION TIME**

Questions are invited from members of the public present at the meeting about the work of the Council and the Council's services.

Approximately 30 minutes will be set aside for Public Question Time, if required.

### **4 MINUTES** *(Pages 1 - 8)*

To approve and sign as a correct record the minutes of the last meeting held on 16 July 2014.

### **5 ALTERNATIVE SERVICES - UNDER 5'S** *(Pages 9 - 56)*

Report of the Cabinet Member for Children and Young People.

### **6 EMPTY PROPERTY ACTIVITY AND COMMUTED SUMS FUNDING** *(Pages 57 - 72)*

Report of the Deputy Leader and Cabinet Member for Health and Wellbeing

### **7 CORPORATE FINANCIAL MONITORING REPORT - APRIL 2014 TO JUNE 2014** *(Pages 73 - 100)*

Report of the Leader of Council

### **8 THE ESTATE STRATEGY (2014-2018)** *(Pages 101 - 120)*

Report of the Cabinet Member for Resources and Regulation

### **9 INVESTMENT PROPERTY ACQUISITION STRATEGY (2014 - 2018)** *(Pages 121 - 144)*

Report of the Cabinet Member for Resources and Regulation

### **10 MINUTES OF ASSOCIATION OF GREATER MANCHESTER AUTHORITIES / GREATER MANCHESTER COMBINED AUTHORITY** *(Pages 145 - 154)*

To consider the minutes of the meetings of the AGMA Executive Board and Greater Manchester Combined Authority held on 25 July 2014

**11 URGENT BUSINESS**

Any other business which by reason of special circumstances the Chair agrees may be considered as a matter of urgency.

This page is intentionally left blank

<b>Minutes of:</b>	<b>THE CABINET</b>
<b>Date of Meeting:</b>	16 July 2014
<b>Present:</b>	Councillor M Connolly (in the Chair) Councillors G Campbell, J Lewis, R Shori and S Walmsley
<b>Also present:</b>	Councillor S Southworth (Deputy Cabinet Member – Sustainable Borough)
<b>Apologies:</b>	Councillor A Isherwood
<b>Public attendance:</b>	20 members of the public were in attendance

---

### **CA.132 DECLARATIONS OF INTEREST**

Councillor Connolly declared a personal interest in any matters relating to the fact that his partner is employed by Adult Care Services. A prejudicial interest was also declared in respect of Minute Number CA.11 Future Services Options. Councillor Connolly left the meeting room during consideration of the report.

### **CA.133 PUBLIC QUESTION TIME**

A period of thirty minutes was allocated for members of the public present at the meeting to ask questions about the work or performance of the Council or Council services.

**Topic:** Brown bins

**Question:** The Zero Waste Strategy refers to all households having 4 recycling bins. Residents in Nangreaves have never received a brown bin and won't receive the full service. Will the Council provide brown bins for Nangreaves?

**Response:** The Council will look into the issue of brown bins in Nangreaves.

**Topic:** Safe storage of used nappies in grey bins

**Question:** Under the proposed 3 weekly grey bin collection, what provision does the Council have to deal with the large numbers of nappies that will be accumulated by toddler groups each day? The nappies would be stored in the grey bins for up to 3 weeks before collection. The smell from the bin could become an issue.

**Response:** The Council advises that each nappy is wrapped and placed in a bag and tightly secured to prevent odours. A Recycling and Awareness Officer will arrange a visit to the toddler group to advise staff on options for storage or whether a commercial waste collection arrangement is more appropriate.

**Topic:** Disposal of packaging

**Question:** Packaging of goods used by food retailers and companies is excessive and it is difficult to dispose of. How can we deal with it?

**Response:** Try to avoid purchasing food items with excessive packing. Suppliers must be made aware that they are part of the problem of package disposal and consumers need to apply pressure on food retailers for the

Cabinet 16 July 2014

changes to be made to the way food/goods are packaged for consumers.

**Topic:** Request for an extra bin for nappies/incontinence pads

**Question:** Could the Council provide a separate bin for nappies/incontinence pads? There may not be enough space in the grey bins where there are large families with babies. Some people have said they would put the nappies in green bins in protest.

**Response:** The use of nappies is time limited (2/3 years). Residents can apply for an additional grey bin and this will be considered on individual circumstances.

**Topic:** Side waste collection arrangements

**Question:** Is the Council aware of the problem of residual side waste that is currently being left out even before the new strategy is introduced?

**Response:** The Council will not collect side residual waste. The change to 3 weekly green and blue bins (from 4 weekly) will much reduce recyclable side waste which would only be removed where it is safe to do so. Extra blue and green bins can be provided free of charge. Areas will be visited by Recycling Awareness Officers if residual side waste is frequently left out to provide help and advice to residents.

**Topic:** Accessing recycling sites

**Question:** How do people without transport access waste disposal sites to dispose of additional waste? I don't have a car and the local waste disposal sites are in Bury and Radcliffe. This strategy is about saving money not supporting green issues. More should be done to address the food retailers that use excessive packaging. I live in a house with 4 adults. We do the best we can to recycle and the grey bin is always filled. We need more bins. Can more be done to get people to recycle? This is a short term approach to one issue that will cost more elsewhere because of the fly tipping that will take place as a result. The Council is managing austerity for the Government and putting a gloss on it.

**Response:** The Council is managing budget cuts and has suffered along with other northern councils. The Council is committed to green issues and to a Zero Waste Strategy. Following the Council's move to a 2 week bin collection there was little change in the incidence of fly tipping. The Council has excellent Area Teams that work efficiently to clear fly tipping. If you see fly tipping report it. The Council is committed to keeping the Borough 'green'. We are aware that a lot of people don't have their own transport and the Council provides a bulky waste collection service. Additional recycling green and blue bins can be provided. We are aware that 75% of household waste can be recycled. Recycling and Awareness Officers can provide help and advice to residents on ways to store waste items more efficiently in bins. We can also hold waste audits for homes. The savings being made are to the costs of placing waste into landfill. It costs Bury £28,000 per day to dispose of waste. Up to £7.3 million annually is being spent on waste treatment and disposal costs that could be avoided. There have been a lot of protesters against the Zero Waste Policy but there has been a lot more residents in favour who already recycle and use their grey bin only once each month. All the Council ask is that residents accept that recycling waste rates need to increase.

**Topic:** Provision of brown bins and biodegradable bags

**Question:** Could more brown bins be provided to homes with large gardens and could the Council provide more biodegradable bags and larger bags for pedal bins?

**Response:** Additional brown bins will not be provided. The Council is not reimbursed for brown bin waste and instead has to pay for composting this waste. The Council will provide small black kitchen caddies to help with food waste. Larger biodegradable bags can be purchased from supermarkets. If the Zero Waste Strategy is approved information leaflets will be circulated to homes during August and early September and an information pack will be circulated in mid September. The Zero Waste Strategy proposed start date would take place on Monday 6 October 2014.

**Topic:** Applying for 240 litre bins

**Question:** Can residents that have a 140 litre bins swap it for a 240 litre bin? Also will a bin be provided to new properties and to properties where occupants have moved that may not have bins?

**Response:** Residents can apply to have their 140 litre bins replaced for a 240 litre bin but we would ask residents to try the new system first as many of the 140 litre bins are used by 1 and 2 person households and should be able to manage. The 140 litre bins taken as part of a swap will be stored and reused for households applying for an additional bin. Bins are provided to new properties and for occupants who have moved to a new property without bins. There is a £30 charge for Grey 240 litre bins.

**Topic:** Assisted bin collection

**Question:** Will the assisted bin collection still be available to disabled residents under the new Zero Waste Strategy?

**Response:** The assisted bin collection service will continue. To receive this service the resident will be required to register with the Council if they have not done so already.

**Topic:** Zero Waste Strategy – impact on waste collection at flats

**Question:** Will there be any change to waste collection a flats in the Borough under the Zero Waste Strategy?

**Response:** There will be no change to the waste collection regime for flats.

#### **CA.134 MINUTES**

##### **Delegated decision:**

That the minutes of the meeting held on 11 June 2014 be approved and signed by the Chair as a correct record.

#### **CA.135 BURY COUNCIL ZERO WASTE STRATEGY AND SUSTAINABLE WASTE COLLECTION SERVICE**

The Cabinet Member (Environment) submitted a report proposing a Zero Waste Strategy for Bury. The Strategy has been developed to compliment the Greater Manchester Waste Disposal Authority's (GMWDA) Waste Management Strategy designed to protect the environment, cut back on the amount of waste generated and sharply increase recycling rates.

Cabinet 16 July 2014

The Council has to consider all options to increase the level of recycling in the Borough and has focussed on three of the ten strategic objectives, these are:

- Waste prevention;
- Following the waste hierarchy;
- Education and awareness.

The report set out the options for a new waste collection system which is set for implementation in October 2014. This system would involve making operational changes to support Bury residents with maximising recycling and minimising the amount of waste requiring treatment and disposal.

### **Delegated decisions:**

1. That approval be given to adopt Bury Council's Zero Waste Strategy, including the 10 Strategic Objectives as detailed in the report submitted.
2. That approval be given to the proposed changes to the waste collection service.
3. That approval be given to an 'invest to save' initiative to include a capital spend of up to £213,400 and one-off implementation costs of £189,700 to introduce the changes. These costs will ultimately be self-financing, but initially are to be funded from loan and reserves as detailed in Section 4 of the report submitted.

### **Reason for the decision:**

This recommendation provides a sustainable solution to increasing recycling, cutting back on waste and improving education and awareness.

### **Other option considered and rejected:**

Do nothing. The Council would not achieve recycling targets, efficiency savings or other strategic objectives and costs associated with treatment and disposal of waste would continue to rise.

## **CA.136 CAPITAL OUTTURN 2013/2014**

The Leader submitted a report providing details of:

- the Capital Outturn figures in respect of the last financial year 2013/14;
- Major variances between the revised Estimate and the Outturn;
- The financing of the Capital Programme in 2013/14;
- Re-profile of budgets/allocations and funding into 2014/15;
- Details of the capital receipts realised during the year.

### **Delegated decisions:**

1. That the final Capital Outturn for 2013/2014 and explanations for major variances (Appendix A and report) be noted.
2. That the financing of the Capital Programme in 2013/2014 (Paragraph 3.5 of the report submitted) be noted.
3. That approval be given to the re-profiled slippage requests and associated funding into 2014/2015 (Appendix B)
4. That the level of Capital Receipts realised in year be noted.



**Reason for the decision:**

The Council is required as part of the Financial Regulations to present an annual report on the Capital Outturn.

**Other options considered and rejected:**

To amend or reject the recommendations.

**CA.137 REVENUE AND HRA OUTTURN 2013/2014**

The Leader of the Council submitted a report providing details of:

- The Revenue Outturn figures in respect of the last financial year, 2013/2014, detailing specific carry-forward requests and the proposed application of the carry-forward rules;
- Major variances between the revised estimate and the outturn;
- The level of school balances;
- HRA outturn for the year;
- The minimum level of balances in the light of risk assessments.

The figures in the report are consistent with the figures included within the Statement of Accounts which were approved by the Responsible Finance Officer on 5 June 2014 and approved by the Audit Committee on 15 July 2014. The figures in this report mirror the figures in the Accounts but are in a format consistent with the Revenue Budget approved by Council on 20 February 2013.

**Delegated decisions:**

That in view of the Council's financial situation and the budget pressures faced in 2014/2015 and future years, it is recommended that the normal cash ceiling rules governing the carry forward of over and underspendings should be suspended and that:

- The final Revenue Outturn and HRA Outturn for 2013/2014 be noted along with explanations for major variances.
- Overspendings of the Children's Services, Adult Care Services and Chief Executive's departments be not carried forward.
- That the level of the General Fund balance be noted.
- That the minimum level of the General Fund balance be retained at £4.5million subject to regular review as part of the budget monitoring process.

**Reason for the decision:**

The presentation of an annual report on the Revenue and HRA Outturn is a requirement of the Council's Financial Regulations.

**Other options considered and rejected:**

To amend or reject the recommendations.

**CA.138 2013/2014 TREASURY MANAGEMENT ANNUAL REPORT**

The Leader submitted a report providing a review of Treasury Management activities during 2013/2014.

Cabinet 16 July 2014

The Council undertakes Treasury Management Activities in accordance with the Chartered Institute of public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management, which requires that the Council receives an annual strategy report by 31 March for the year ahead and an annual review report of the previous year by 30 September.

**Delegated decision:**

That the Treasury Management Annual Report 2013/2014 be noted.

**Reason for the decision:**

The Council is required to produce an annual review report in accordance with the CIPFA Code of Practice.

**Other option considered and rejected:**

To reject the recommendation.

**CA.139 RISK MANAGEMENT ANNUAL REPORT 2013/2014**

The Leader submitted a report providing details of risk management activity that has taken place during the last 12 months. The report outlined risk management policies and practices now in place and the key issues that will be addressed during the coming financial year.

**Recommendation to Council:**

1. That the progress made throughout 2013/2014 and actions taken during the current financial year be noted.
2. That support for the Council's approach to Risk Management be re-affirmed.

**Reason for the decision:**

Risk Management is an integral part of the Council's Governance and service and financial planning and is essential that robust risk management practices are put in place to safeguard the Council's assets and reputation.

**Other options considered and rejected:**

To reject the recommendation.

**CA.140 CORPORATE PLAN PROGRESS REPORT- QUARTER 4 2013/2014**

The Leader submitted a report providing an update on the progress made on corporate performance indicators within the Council's Corporate Plan up to Quarter Four 2013/2014.

**Delegated decision:**

That the report submitted be noted.

**Reason for the decision:**

The report provides an indicator of how the Council performance is progressing against the Corporate Plan.

**Other option considered and rejected:**

To reject the recommendation.

**CA.141 EXCLUSION OF PRESS AND PUBLIC**

That in accordance with Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following items of business as they involve the likely disclosure of information as detailed in the conditions of category 3.

(Note: After declaring a prejudicial interest Councillor Connolly left the meeting room at this point and took no part in consideration of the next item. Councillor Shori took the Chair for the remainder of the meeting.)

**CA.142 FUTURE SERVICES OPTIONS**

**E**

The Deputy Leader and Cabinet Member (Health and Wellbeing) submitted a report detailing the findings from initial business case analysis of a range of potential future service delivery options for adult social care related services.

**Delegated decision:**

That approval be given to seek the views of customers, staff, trade unions and stakeholders on their preferred way forward of achieving the sustainable provision of adult social care services.

**Reason for the decision:**

Seeking the views and support of stakeholders is critical to the success of any of the options.

**Other options considered and rejected:**

To amend or reject the recommendation.

(The Chair allowed consideration of this item under Urgent Business in order to commence immediate consultation with customers, staff and stakeholders as to the preferred way forward.)

**COUNCILLOR M CONNOLLY**

**Chair**

(Note: The meeting started at 6.00 pm and ended at 7:05 pm)

This page is intentionally left blank

## REPORT FOR DECISION



<b>DECISION MAKER:</b>	<b>CABINET</b>
<b>DATE:</b>	<b>WEDNESDAY 3 SEPTEMBER 2014</b>
<b>SUBJECT:</b>	<b>ALTERNATIVE SERVICES – UNDER 5’S</b>
<b>REPORT FROM:</b>	<b>CABINET MEMBER FOR CHILDREN AND YOUNG PEOPLE</b>
<b>CONTACT OFFICER:</b>	<b>IAN CHAMBERS ASSISTANT DIRECTOR (LEARNING AND CULTURE)</b>
<b>TYPE OF DECISION:</b>	<b>KEY DECISION</b>
<b>FREEDOM OF INFORMATION/STATUS:</b>	This paper is within the public domain
<b>SUMMARY:</b>	<p>A re-design of the way Bury’s Children’s Centres are currently operating to support the U5’s and their families is proposed in this report.</p> <p>Five Children’s Centre Hubs and one spoke will deliver targeted services to the most vulnerable families across Bury and will come under the direct control of the Local Authority. They will focus on delivery of:</p> <ul style="list-style-type: none"> <li>• Improved health for U5’s</li> <li>• Improved school readiness for U5’s</li> <li>• Effective early intervention in safeguarding</li> <li>• Improvements in families’ economic prospects</li> </ul> <p>Resources for the Hubs will be allocated based upon recognised need based upon the Index of Multiple Deprivation Rankings.</p> <p>The balance of staffing will be shifted from Co-ordination, management and administration to front-line outreach support with 24 additional outreach staff deployed.</p> <p>The remaining eight current Children’s Centres will be de-designated as centres and seven of the centres will be converted to provide for the delivery of the 2 year old childcare offer for the 40% most deprived families in the borough. Currently there is a substantial shortage of these places in Bury.</p>

	<p>The LA will not run the 2 year old provision but will tender it out to interested providers. There will be an initial subsidy of the rents for these centres to encourage schools or private providers to enter the market for 2 year old provision.</p> <p>The proposals will help the service meet the £820,000 savings target that has been set for it.</p> <p>A full 12 week consultation will be required with users, staff and stakeholders before implementation can commence.</p>
<p><b>OPTIONS &amp; RECOMMENDED OPTION</b></p>	<p>Cabinet is recommended to note the report and accompanying paper and the report's proposals</p> <p>Options:</p> <ol style="list-style-type: none"> <li>1. To agree that the proposals go forward for full consultation</li> <li>2. To not agree that the proposals go forward for full consultation</li> </ol> <p>Recommendation: Option 1</p>
<p><b>IMPLICATIONS:</b></p>	
<p><b>Corporate Aims/Policy Framework:</b></p>	<p>Do the proposals accord with the Policy Framework?      Yes                      No</p>
<p><b>Statement by the S151 Officer: Financial Implications and Risk Considerations:</b></p>	<p>Children's Centres were originally funded through the ring-fenced SureStart grants before being subsumed into the unringfenced Early Intervention Grant.</p> <p>The Early Intervention Grant was subsequently subject to substantial reductions of over a third of the total budget of £8 million. The largest impact of the reductions was on other services as the Council mainly protected Children's Centres from the cuts in funding.</p> <p>Although the Children's Centres have made contributions towards the Plan for Change targets, the scale of the savings requirements mean that Children's Centres can no longer be immune from the large scale budget reductions.</p> <p>The proposals in this report seek to offer a more efficient and responsive service, yet at the same time identify cost reductions which are necessary to meet reduced levels of</p>

	funding.
<b>Statement by Executive Director of Resources:</b>	
<b>Equality/Diversity implications:</b>	Yes Equality Analysis enclosed
<b>Considered by Monitoring Officer:</b>	Yes The proposals for consultation comply with the statutory requirement under Section 5D Childcare Act 2006 and with the relevant section of the Sure Start children’s centres statutory guidance.
<b>Wards Affected:</b>	All
<b>Scrutiny Interest:</b>	

**TRACKING/PROCESS**

**DIRECTOR:**

Chief Executive/ Strategic Leadership Team	Cabinet Member/Chair	Ward Members	Partners
Scrutiny Committee	Cabinet/Committee	Council	

**1.0 BACKGROUND**

- 1.1 This report outlines the proposed redesign of Children’s Centre services to ensure that improved targeted support will be available for Bury’s most vulnerable children and families. This is in line with Bury Council’s stated priorities and the direction being taken by national policies.
- 1.2 Bury currently has 14 Children’s Centres; some are organised into clusters and others are stand-alone. 9 of the Children’s Centres are operated directly by the Local Authority and 5 of the centres are commissioned to be operated by a Primary School.
- 1.3 Table 1 below shows the present configuration of centres:

<b>Children’s Centre</b>	<b>Cluster or Stand Alone</b>	<b>Current Operator</b>
Besses	Stand Alone	Ribble Drive Primary
Butterstile	Stand Alone	Butterstile Primary
Coronation Road / High Meadow / Stepping Stones	Cluster	Local Authority
Daisyfield	Stand Alone	Local Authority
Little Oaks/ Moorside	Cluster	Local Authority
Ramsbottom /Tottington	Cluster	Local Authority
Redvales	Stand Alone	Local Authority
Sedgley/Toodle Hill	Cluster	Sedgley Park Primary
Woodbank with Elton	Stand Alone	Woodbank Primary

- 1.4 Children's Centres have been tasked up to now with delivering both a universal and a targeted service. This has been as a result of a national agenda set for Children's Centres and reinforced by a very challenging Ofsted Inspection regime which graded Centres across a wide range of activities and which in particular expected Centres to provide services for the vast majority of families in their "reach" area irrespective of their needs.
- 1.5 Bury's Children's Centres have operated effectively to deliver challenging targets and have established themselves as a centre of their community for children and families. Their experience as providers of Early Help in areas of health, education, social care and work readiness has been well developed and staff expertise is strong. It has been demonstrated in particular that focussed and well managed support provided by their outreach and development workers can prevent lower levels of need escalating to a level which requires statutory intervention, can support improved school readiness and can lead to improved health outcomes for children.
- 1.6 Since 2008 the government has provided funding to the local authority for free nursery places for eligible two year olds. From September 2014, 40% of two year olds will have a legal entitlement to a free 15 hour place for 38 weeks of the year. In Bury this equates to approximately 1177 children (Department for Education target). This is an important opportunity to help develop school readiness for these children from vulnerable backgrounds.
- 1.7 As the initiative expands some authorities have reported a natural increase in places to meet demand and to some extent this has occurred in Bury. In the past few years we have had a number of new nurseries open without financial support from the authority but there still remain areas of low capacity and a clear lack of provision in parts of the borough. Estimates in July 2014 indicate a shortfall of 687 places across Bury.

## **2.0 A PROPOSED NEW DELIVERY MODEL**

### **2.1 Key Objectives**

It is proposed that Bury's Children's Centres will focus in the future on the following key objectives:

- 1) Improving health for the Under 5's measured by higher rates of breast feeding, reduced obesity in reception and improved dental hygiene
- 2) Improving child development measured by improved school readiness and an increasing proportion of children achieving good levels of development in the Early Years Foundation Stage
- 3) Reducing the risk of mistreatment or abuse of under 5's measured by reductions in the rate of family needs escalating to a level requiring statutory intervention
- 4) Improving families' economic prospects measured by reduced numbers of U5's in households on benefits. These objectives will be used to drive the allocation of resources to centre activities and will establish a "golden thread" to Council priorities.



## 2.2 Allocation of Resources in Line With Need

Evidence presented in the accompanying paper (A Proposed New Model for Children’s Centres) demonstrates the link between social deprivation and school readiness nationally and the link between social deprivation and contacts to social services for Under 5’s in Bury.

2.3 On the basis of this evidence it is proposed that the Index of Multiple Deprivation (IMD) rankings should be used to allocate resources to Children’s Centres across Bury. IMD divides every area of the country into Lower Super Output Areas (LSOA’s) of between 1000 and 1500 residents which are then ranked by percentile from the most deprived to the least deprived nationally.

2.4 The geographical pattern of need in Bury is shown for Bury’s current Children’s Centres in the Table 2 below taken from the paper:

**Table 2: Allocating resources to children’s centres in line with need**

	<b>Total reach population December 2013</b>	<b>Reach population in 40% most deprived LSOAs</b>	<b>Weights derived with respect to proportion of reach population in 40% most deprived LSOAs</b>
<b>Redvales</b>	1042	846	14%
<b>Woodbank with Elton</b>	759	303	5%
<b>Daisyfield</b>	612	218	4%
<b>Butterstile</b>	733	474	8%
<b>Besses</b>	1652	606	10%
<b>Ramsbottom/Tottington</b>	1418	103	2%
<b>Little Oaks/Moorside</b>	1816	1694	28%
<b>Sedgley/Toodle Hill</b>	1688	284	5%
<b>Radcliffe</b>	2273	1541	25%
<b>Total</b>	<b>11993</b>	<b>6069</b>	100%

2.5 This table demonstrates that the range of deprivation in Bury is substantial. The current Children’s Centres located in Bury East (Little Oaks, Moorside and Redvales) have 42% of the U5’s in Bury who live in the 40% most deprived wards nationally. Radcliffe has 25% of the U5’s, Whitefield (Besses) 10% and Prestwich (Butterstile, Sedgley and Toodle Hill) 13%. In contrast, just 11% are resident in Bury West (Daisyfield and Woodbank) or North Bury (Tottington and Ramsbottom)

2.6 It is therefore proposed to use the weightings derived from the number of children within a reach area who are under 5 and living in LSOAs which are among the 40% most deprived nationally as the basis for allocation of resources to Children’s Centre hubs.

## 3.0 CHILDREN'S CENTRE HUBS

3.1 As described in Section 1 a number of clustering arrangements for Bury Children's Centres have been in place since January 2013. In line with the measure of needs shown above it is proposed to develop these clustering arrangements to create 5 Children's Centres Hubs plus an additional spoke Children's Centre in Bury East. These Hubs would be the centres for the delivery of the targeted activities to deliver the objectives outlined in 2.1.

3.2 The 5 proposed hubs and 1 spoke are as follows:

- **Woodbank with Elton Children's Centre**, covering the reach areas of the children's centres currently operating in Tottington, Ramsbottom, Daisyfield as well as Woodbank with Elton.
- **Little Oaks Children's Centre**, covering the reach area of Moorside as well as Little Oaks.
- **Coronation Road, Radcliffe**, covering the reach areas of High Meadow and Stepping Stones as well as Coronation Road
- **Besses, Whitefield**, covering the existing reach area
- **Sedgley**, covering the reach areas of Toodle Hill, Butterstile as well as Sedgley.
- **Redvales**, a spoke Children's Centre under the management of Little Oaks

3.3 It is proposed that the hubs and spoke will be financed and managed directly by the Local Authority. This represents a shift from the current arrangements with 5 centres which are managed by Primary Schools. It is a recommended shift as the Local Authority is required to target and direct resources to the most vulnerable families in the borough.

## 3.4 Conversion of Sites to Provide Free Nursery Places for 2 Year Olds

As shown in section 1.7 the lack of supply of places for the entitlement to free nursery places for 2 year olds has been a real barrier to delivering improved opportunities for school readiness for vulnerable children. For this reason, and to build upon the strong links that already exist between Bury's Primary Schools and Children's Centres, it is proposed that Children's Centres that are no longer required as hubs would be offered as centres to be used for the delivery of the 2 year old offer.

3.5 Analysis of the current provision suggests that conversion would be appropriate at all seven sites that would no longer be a Children's Centre hub. These sites are:

- Butterstile located on Butterstile Primary site
- Daisyfield located on St Stephen's Primary site
- High Meadow located on St John's Radcliffe Primary site
- Moorside located on St John with St Mark's Primary site
- Stepping Stones located on Radcliffe Hall Primary site
- Ramsbottom located as a stand-alone building
- Toodle Hill located on Heaton Park Primary site

- 3.6 The local authority would not provide the service directly but would tender out the offer. The Tender documents would establish clear guidelines for service provision, including a minimum number of places for two year olds eligible for government funding, as well as the financial terms on which centres would be made available. It is proposed that to ensure an adequate number of bids to take over the sites, rental charges would be set below the level of full cost recovery. This has been taken into account in the financial modelling for the new service. It has been advised that Tenders can be drawn up for individual sites and schools where the centres are currently located will be encouraged to tender.
- 3.7 The DfE has provided the local authority with Start-Up funding to support the establishment of 2 year old provision as well as Capital funding to be used if any conversion costs for the buildings are incurred. Any provider who is successful in gaining the Tender for a site would be able to apply for this support.
- 3.8 Once the Hubs are established the 7 current Children's Centres listed in 3.5 would be de-designated with the DfE as Children's Centres. Tottington Children's Centre, which has not had a stand-alone building, would also be de-designated.
- 3.9 Many of the centres received capital funding from the (then) Department for Children, Schools and Families) and clawback of funding may be triggered where an asset funded wholly or partly by the Department is disposed of or no longer used to meet the aims and objectives consistent with the original grant. However with the proposal to convert the Centres to the 2 year old offer, it will sustain the use of the buildings for children and families and will contribute to a major policy initiative of the current government. Experience in other local authorities suggests that the use of clawback is very unlikely.

#### **4.0 STAFFING THE CHILDREN'S CENTRE HUBS**

- 4.1 Out of a total expenditure of £2.7 million in 2013/14 on Children's Centre provision, the attached paper shows that before a child walks through a Children's Centre door 55% of total resources have been committed to management, administration and other costs associated with running the buildings. Whilst this suited the delivery of a universal service it does not suit the delivery of a targeted service.
- 4.2 For the new Children's Centre hubs it is proposed to have one co-ordinator and one administrator for each hub. In addition there will be a programme support worker to run stay and play and other programmes at the hub. The rest of the resource for staffing will be put into the employment of outreach workers as this is the activity which best meets the needs of the target groups.

4.3 The impact of the proposed changes in staffing is shown in Table 3:

**Table 3 Changes to workforce of proposed service redesign**

	<b>Current service</b>	<b>New service</b>	<b>Change</b>
	<b>FTE</b>	<b>FTE</b>	<b>FTE</b>
<b>Centre administrator</b>	13.1	6	-7.1
<b>Centre coordinator</b>	4	0	-4.0
<b>Cluster (hub) coordinator</b>	5	5	0.0
<b>Assistant cluster coordinator</b>	5	0	-5.0
<b>Programme Support Worker</b>	0	6	6.0
<b>Development worker</b>	15.9	0	-15.9
<b>Outreach worker</b>	11.3	35	23.7
<b>Project support worker</b>	8.7	0	-8.7
<b>Administration assistant</b>	0.5	0	-0.5
<b>Crèche and sessional worker</b>	0.3	0	-0.3
<b>TOTAL</b>	<b>63.7</b>	<b>52</b>	<b>-11.7</b>

The most significant impact on staffing will be in the reduction in management and administration roles which reflects the proposed reduction in the number of sites operating as children's centres. Currently these constitute 27.6 FTE posts. It is proposed to reduce this number to 11.0 FTE. However the impact on staff will be mitigated to some degree as a number of posts are currently vacant.

- 4.4 The impact on the numbers of staff employed to work directly with customers will be positive – currently there are 36.2 FTE in a variety of front line roles, under the proposals the total will rise to 41.0 FTE (this includes 35 outreach workers and 6 programme support workers).
- 4.5 Outreach workers work with families referred by a range of professionals to provide early help. They assess need, support families and signpost appropriately to other services including programmes delivered by the children's centres themselves, or delivered by partner organisations. A recently concluded pilot study in Radcliffe has provided many recommendations to guide the future development and effectiveness of this role. With appropriate supervision and support, it is envisaged that each outreach worker could at any one time manage a caseload of around 15 families. Interventions are expected to last about six months.
- 4.6 Under the new model outreach workers will be distributed geographically across the borough in line with need. Their proposed location and number of workers is shown in Table 4:

**Table 4 Outreach workers by location**

	<b>Outreach workers</b>
<b>Woodbank with Elton hub</b>	4
<b>Redvales "spoke"</b>	5
<b>Besses hub</b>	4
<b>Little Oaks hub</b>	9
<b>Radcliffe hub</b>	8
<b>Sedgley hub</b>	5
<b>TOTAL</b>	<b><u>35</u></b>

## **5.0 COSTING THE SERVICE**

- 5.1 Total expenditure on Children's Centres in 2013/14 by the Council was £2,785,681. Provision has been funded through the Government's Early Intervention Grant which for Bury has seen a reduction in £2,868,000 since 2012/13. These proposals will help deliver a proposed savings target of £820,000 which has been set for the service.

5.2 The provisional costs for the proposed new service are shown in Table 5:

**Table 5: Cost of the new Children’s Centre Service**

	Manager	Programme Support Worker	Administrator	Outreach workers	Premises	Admin	Client & sessional	Caretaking & cleaning	Recharges	Building costs for converted sites
<b>Redvales Outreach</b>		£33,705		£147,245	£0	£0	£0	£0	£0	
<b>Woodbank with Elton Hub</b>	£44,315	£33,705	£24,533	£117,796	£11,691	£11,375	£10,688	£11,379	£5,440	
<b>Besses Hub</b>	£44,315	£33,705	£24,533	£117,796	£16,500	£12,720	£11,379	£26,059	£5,270	
<b>Little Oaks Hub</b>	£44,315	£33,705	£24,533	£265,041	£21,971	£8,426	£15,874	£7,729	£5,270	
<b>Sedgley Hub</b>	£44,315	£33,705	£24,533	£147,245	£12,377	£5,928	£7,827	£8,950	£5,270	
<b>Radcliffe Hub</b>	£44,315	£33,705	£24,533	£235,592	£13,295	£8,917	£5,562	£11,700	£5,270	
<b>Sub totals</b>	<b>£221,575</b>	<b>£202,230</b>	<b>£122,665</b>	<b>£1,030,715</b>	<b>£75,833</b>	<b>£47,366</b>	<b>£51,329</b>	<b>£65,817</b>	<b>£26,520</b>	<b>£105,000</b>
<b>TOTAL</b>	<b>£1,949,049</b>									

- Note that the Redvales “spoke” will be managed by the Little Oaks hub manager. The administration function will be covered by a new post of Redvales Business Development Officer who will be responsible for the management of all activity at the Redvales site. As a significant proportion of this activity generates income, and there is potential to increase this, it is proposed that the business development post should be self financing and not draw on the children’s centre budget.

Note that half of cost of meeting premises cost at Besses would be met through lettings income.

## **6.0 RISK MANAGEMENT**

6.1 The following risks have been identified for the proposals:

- Proposals cannot be agreed in time to achieve the level of savings required in 2015/16
- Some Children Centre Advisory boards or School Governing Bodies oppose the proposals
- Providers of nursery care cannot be secured for all the converting sites by April 2015
- Decision made to proceed with new service is challenged on the grounds that due process is not followed during consultation
- Significant public opposition to the proposals including opposition to move to a targeted rather than a universal service and/or conversion of sites to nursery provision

6.2 A full Risk assessment action plan, including key measures that will be taken to Control or mitigate the risks, is included in the accompanying paper.

## **7.0 EQUALITY AND DIVERSITY**

7.1 The new strategy for delivery of children's centres will provide positive support to the most vulnerable families in the borough as resources will be targeted to improve support to those families. The proposals to change the use of children's centres to offer two year old childcare places will have a positive impact on the 40% most vulnerable children and families. The two year old initiative will provide a service that is inclusive to all families who meet the governments' eligibility criteria regardless of ethnicity, disability, gender, race, religion or culture

7.2 The withdrawal of Children's Services as a universal provision will have a negative effect on a substantial number of children and families who have benefited from accessing universal services. In mitigation there will still be play and stay activities at the Children's Centre hubs and there will be signposting by the Children's Centres and by the Find It For Me/ Bury Local Offer website to activities and support for U5s provided by schools and the private and voluntary sector.

7.3 A full Equality Analysis is attached to this report.

## **8.0 CONSULTATION AND IMPLEMENTATION PROCESS**

8.1 Following consideration and recommendations by Cabinet a full 12 week consultation is proposed. Consultation will take place with all Children's Centre staff and union representatives, all Children's Centre users,

- Children's Centre Advisory Boards and with the Governing Bodies of schools which currently are commissioned to provide Children's Centre services. Partners involved in Children's Centre delivery including Health commissioners and providers, police and Job Centre representatives and Adult Learning providers
- Early Years voluntary and private providers

## Document Pack Page 20

- 8.2 The process of consultation will involve the use of meetings with staff and Children's Centre leaders; drop-in sessions at Children's Centres in addition to a consultation questionnaire available on-line and sent to Children's Centre users and other stakeholders.
- 8.3 The proposals will also be discussed with the wider community through an agenda item and attendance at Township Forums.
- 8.4 Following a report back to Cabinet in December 2014, a full 30 day Section 188 consultation will be organised. Confirmation of the proposals in February 2015 will be followed by a period for the implementation of the staffing proposals. Implementation of the Hub Children's Centres would be commenced from 1 April 2015.
- 8.5 Following the Cabinet decision in December 2014 tender documents will be developed and issued for the sites to be converted to provide free nursery places. With the need to complete a thorough tendering process and follow up, the need for building up-grades and adjustments and the need to obtain Ofsted approval it is likely that majority of the 2 year old provision will not start to operate until 1 September 2015.

### **9.0 CONCLUSION**

- 9.1 Children's Centres in Bury have been very effective in working with their key partners from schools, health, the police, employment and the local community to establish themselves as key centres for the delivery of support for children and families. They have delivered up -to- now both a universal and a targeted offer but have increasingly found that the challenges of this has meant that children and families most in need have not always benefited from the good service provision. As resources for Children's Centres continue to reduce due to national government funding reductions to local authorities the risk to vulnerable families gets greater.
- 9.2 This report recommends a new model for the delivery of Children's Services in Bury based upon meeting the needs of the most vulnerable first and is backed up by evidence in the background paper. By focussing the work of Children's Centres on 5 Hubs and 1 Spoke substantial savings in co-ordination, management and administration of centres can be re-cycled to support more front-line delivery in the areas of most need in Bury. The targeting of work by the Hubs on health improvement, school readiness, early help to prevent safeguarding issues and improving families' economic well being will also allow them to increase their impact in these important areas for an Under 5's development.
- 9.3 The de-designation of eight of Bury's current Children's Centres will be mitigated by the proposed continued use of seven of these centres as venues for children and families accessing childcare and support for 2 year olds. Bury has found that the demand for these places over the last two years has outstripped the supply and these new proposals for Children's Centres provides an excellent opportunity to encourage schools and other providers to enter the market and provide additional places in many areas where they are most needed.



## Document Pack Page 21

### **List of Background Papers:-**

A proposed new model for Bury's Children's Centres in 2015/16 (attached)  
Equality Analysis (attached)

### **Contact Details:-**

Ian Chambers, Assistant Director Learning and Culture  
[i.chambers@bury.gov.uk](mailto:i.chambers@bury.gov.uk)

Tel: 0161 253 5477

This page is intentionally left blank

## **A PROPOSED NEW MODEL FOR BURY'S CHILDREN CENTRES IN 2015/16**

### **1. OVERVIEW OF THE PROPOSAL**

It is proposed that the delivery of targeted support to more vulnerable families in Bury should be central to the design of the new service. This is in line with Bury Council's stated priorities and the direction of national policy and debate.

Evidence on social and economic deprivation, school readiness and contact with children's social services indicates that need varies significantly across the borough and is most highly concentrated in Radcliffe, Bury East and parts of Prestwich. It is proposed that the deployment of resources should reflect the geographical pattern of need in Bury. The method underpinning these proposals is outlined in this document.

The experience of Bury's children's centres has shown that focussed and well managed support provided by outreach workers can prevent lower levels of need escalating to a level requiring statutory intervention as well as contribute to improved development and health outcomes for children. It is proposed therefore that the allocation of resources in the new service prioritises the outreach function and commits as much funding as possible to these posts.

Six sites across Bury will provide management hubs for these workers as well as the location for the delivery of courses and activities to underpin the support provided by them to targeted families. These sites will also operate a "stay and play" service and an open door for families or individuals seeking *ad hoc* advice or support. As the new model beds in, there will be increasing opportunities for the service to bid for additional funds, for example from Public Health and the CCG, to deliver further programmes and activities in support of shared objectives around child health and well being.

It is anticipated that a more targeted, family focussed approach will support the four key objectives proposed for Bury's children's centre service. These are:

- Improved health for under 5s
- Improved child development in the early years
- Effective intervention in safeguarding
- Improvements in families economic prospects

It is proposed that the remaining seven sites which operate as dedicated children's centres convert to locations for the delivery of free nursery places for two year olds. Forecasted demand for such places in April 2015 is currently expected to exceed supply in most of the areas where these are located. Increased provision of places should ensure that a higher proportion of the borough's more vulnerable two year olds are able to access a free nursery place in April next year.

### **2. THE RATIONALE FOR TARGETING PROVISION**

The rationale for targeting resources can be made on a number of different counts. It is now well understood that an individual's life chances are substantially influenced by their first years of life and that social and economic deprivation have a negative influence. From an ethical standpoint this provides the rationale for intervening at the earliest stage to improve the circumstances of

those in greatest need. There is also a strong economic argument: early intervention may improve educational attainment and employment prospects, as well as physical and emotional health, all of which should increase the chances of individuals born into deprivation making a net contribution to the national economy, rather than representing a net cost.

The benefits can also be described at a more local level: higher rates of school readiness in Bury will benefit all children as more teaching resources in schools can be focussed earlier on learning, rather than on social and emotional development. Improvements in child health will free up resources to meet other health needs locally and a reduced number of families requiring statutory interventions should reduce the pressure on social services. More individuals in work will support the economic development of the local economy and increase Council tax revenues.

A further argument links to criticism voiced locally and nationally that children's centres have lacked focus, at least in part as a direct result of previous national policy, reinforced by OFSTED inspections. It has been said that they have been too ambitious, trying to do too much and spreading resources too thinly to effect real change. Targeting resources at those with greater needs is one way of addressing this critique. It also provides local authorities with a much clearer brief for directing the activity of children's centres and the resources allocated to them.

Finally, a targeted approach is in line with the direction of national political debate and current policy. National government has indicated that it expects local authorities to become much more active in targeting and directing resources for children's centres.

Figure 1 below proposes a hierarchy of objectives for Bury's children's centres to drive the allocation of resources and establish a "golden thread" linking local centre activities to high level goals. They draw from the set of indicators that have already been identified as targets for children's centres.

### **Figure 1: Proposed Hierarchy of Objectives for Bury's Children's Centres**

<p><b>Goal – What are the wider objectives which the service will help achieve?</b></p> <ol style="list-style-type: none"><li>1. Improved health for under 5s</li><li>2. Improved child development</li><li>3. Reduced risk of mistreatment or abuse of under 5s</li><li>4. Improvement in families' economic prospects</li></ol>
<p><b>Purpose/Outcomes – What are the intended immediate effects of the service's activities and programmes?</b></p> <ol style="list-style-type: none"><li>1. Higher rates of breast feeding Reduced obesity in reception Improved dental hygiene</li><li>2. Improved school readiness</li><li>3. Reduction in the rate of family needs escalating to a level requiring statutory involvement</li><li>4. Reduced numbers of under 5s in households on benefits</li></ol>

**Outputs – what outputs (deliverables) are to be produced to achieve the purpose?**

1. General promotion of positive health messages  
Targeted one to one advice and support  
Signposting to other specialist services  
Delivery of specific programmes to families in greater need
2. Conversion of centres into sites to deliver two year old offer  
Targeted marketing of the 2 year old offer to eligible parents  
Targeted one to one advice and support  
Signposting to other specialist services (e.g. Book Start)
3. Targeted one to one advice and support  
Signposting to other specialist services  
Delivery of specific programmes to families in greater need
4. Targeted one to one advice and support  
Signposting to other specialist services including job clubs, digital inclusion initiatives etc.

**Activities – what activities must be achieved to accomplish these outputs?**

- Outreach workers to work directly with families in need to deliver improvements across the four outcomes. The distribution of workers across the borough determined by level of need.
- A schedule of programmes to meet specific needs delivered and/or hosted by the children’s centres
- Partnership working at a local and borough level with relevant service providers to facilitate signposting and joined up service delivery

### **3. EVIDENCE OF SOCIAL AND ECONOMIC DEPRIVATION IN BURY**

Implementation of a targeted strategy at a service level requires a measure of deprivation or need to allocate resources. This is discussed in this section.

The Index of Multiple Deprivation (IMD) is one well recognised national measure of social deprivation. This uses a composite measure of deprivation for every area with a population of between 1000 and 1500 in the country (these geographical units are known as Lower Super Output Areas (LSOAs) and there are 32,844 in England). Measures are ranked by percentile, with those LSOAs falling within the range of 0% - 0.99% representing the most deprived nationally and those falling within the 99%-99.99%, the least deprived.

Another measure more specific to education are measures of school readiness. With respect to child safety, the number of contacts to social services made on behalf of under 5s provides a good indication of risk.

The latest IMD rankings by decile for Bury by LSOA are provided in Appendix 1. There are 120 LSOAs in the borough. It is notable that Bury has within its boundaries some of the most deprived areas nationally as well as some of the least deprived.

The table indicates that 53 out of Bury’s 120 LSOAs, or 44%, are among the 40% most deprived nationally – in other words the level of deprivation in Bury, as measured by the IMD, is slightly above the national average.

The relationship between deprivation and school readiness is presented in Table 1. This compares the number of reception children not school ready in the LSOAs

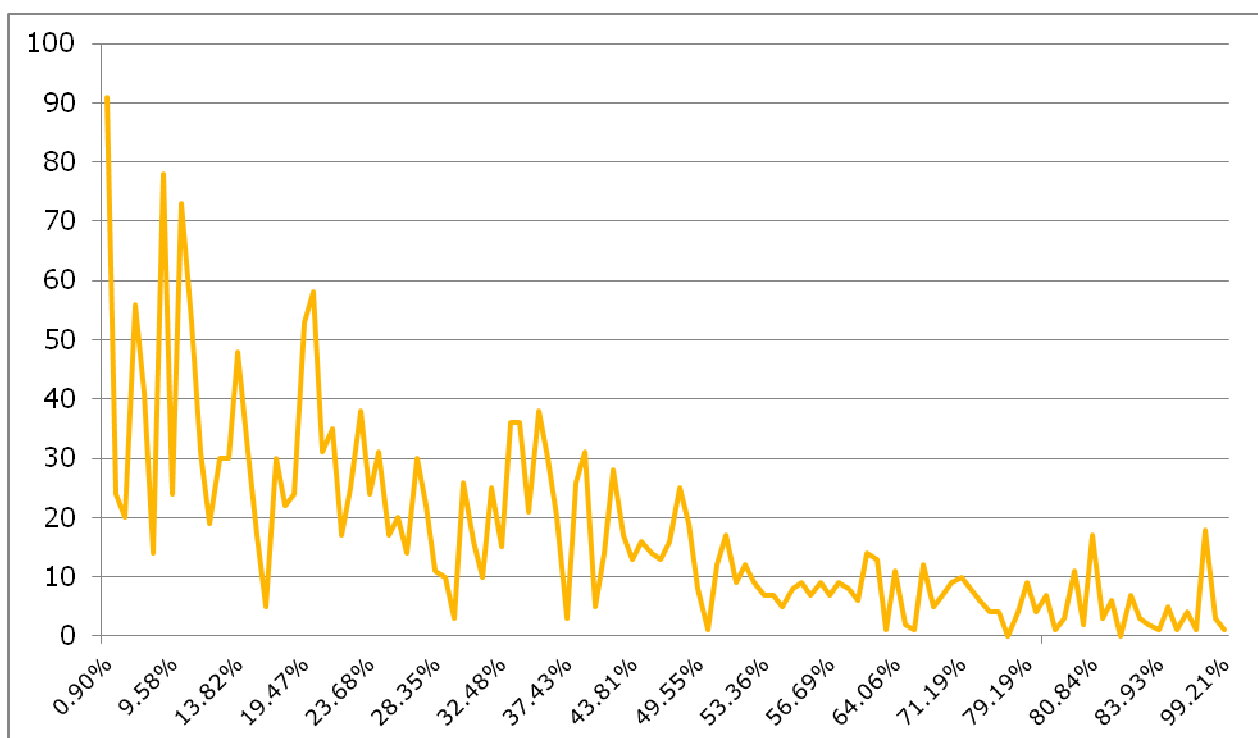
among the 20% least deprived nationally with those among the 20% most deprived. It is clear from Table 1 that deprivation has a marked impact on school readiness.

**Table 1: The relationship between deprivation and school readiness**

	% reception children not ready for school	
	2012/13	2013/14
LSOAs among the 20% least deprived nationally	13%	18%
LSOAs among the 20% most deprived nationally	38%	43%

Figure 2 presents the relationship between contacts to children’s social services and LSOA in Bury. The data indicates that in 2013/14 there were an average of 38 contacts in the LOSAs in Bury which are among the 20% most deprived nationally, compared to an average of five contacts in the LSOAs among the 20% least deprived. At the extremes, there were 91 contacts in Bury’s most deprived LSOA (which is one of the 1% most deprived LSOAs nationally) and only 1 in its least deprived (which is one of the 1% least deprived nationally).

**Figure 2: Contacts to Social Services regarding <5s by LSOA ranking 2013/14**



On the basis of this evidence, it is proposed that the IMD rankings should be used to allocate resources to children’s centres across Bury. The method proposed is to identify within each of the reach areas the number of children under 5 living in LSOAs which are among the 40% most deprived nationally. The results are used to determine weights which can then be applied to the allocation of resources. Table 3 summarises the results.

**Table 3: Allocating resources to Children’s Centres in line with need**

	Total reach population December 2013	Reach population in 40% most deprived LSOAs	Weights derived with respect to proportion of reach population in 40% most deprived LSOAs
<b>Redvales</b>	1042	846	14%
<b>Woodbank with Elton</b>	759	303	5%
<b>Daisyfield</b>	612	218	4%
<b>Butterstile</b>	733	474	8%
<b>Besses</b>	1652	606	10%
<b>Ramsbottom/Tottington</b>	1418	103	2%
<b>Little Oaks/Moorside</b>	1816	1694	28%
<b>Sedgley/Toodle Hill</b>	1688	284	5%
<b>Radcliffe</b>	2273	1541	25%
<b>Total</b>	<b>11993</b>	<b>6069</b>	<b>100%</b>

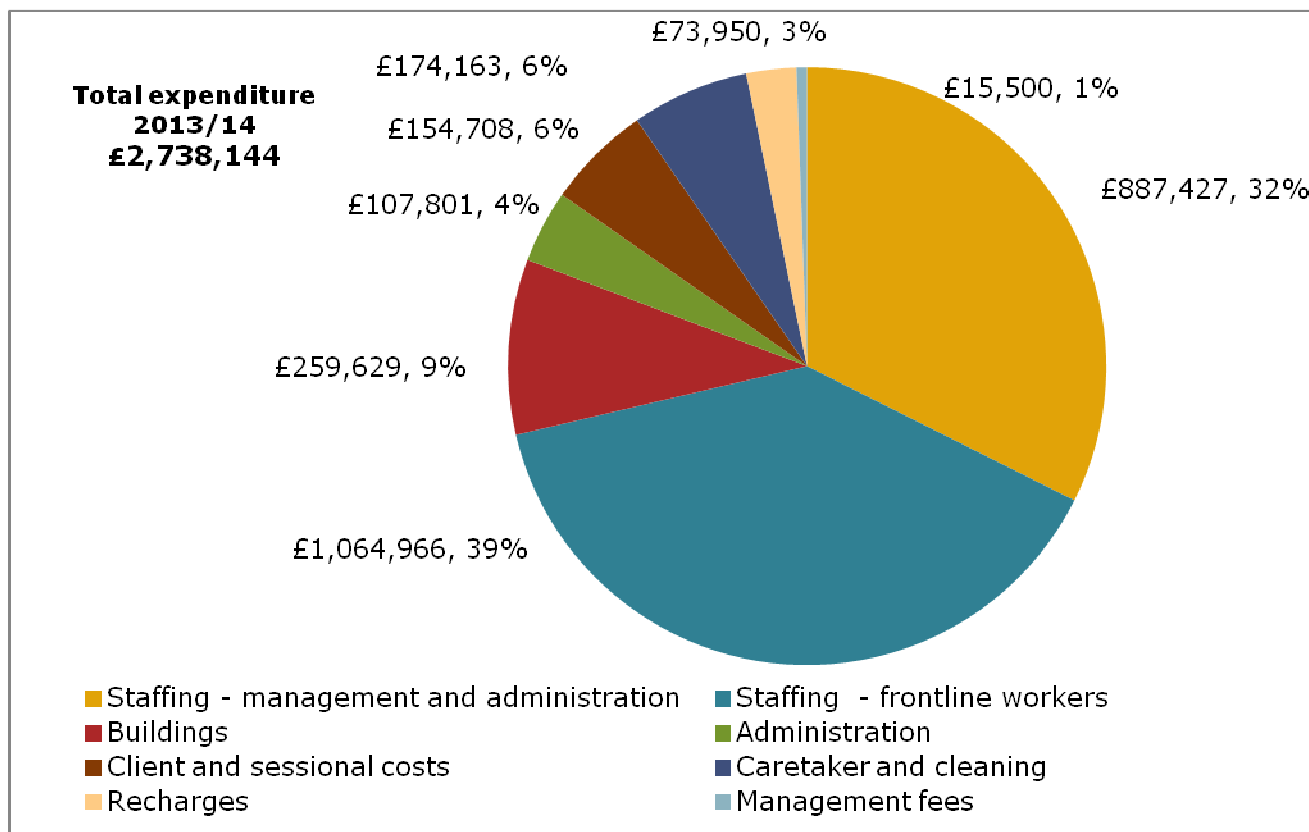
The geographical pattern of need is clear from Table 3. For example, just 11% of the under 5s in Bury who live in the 40% most deprived areas nationally are resident in the entire north and west of the borough (Ramsbottom/Tottington, Daisyfield, Woodbank with Elton) whilst 28% of these children live in the reach areas of Moorside and Little Oaks. If Redvales is added to this figure, then 42% of need as defined by this measure is concentrated in Bury East. The figure for Radcliffe is 25%, for Whitefield and Unsworth (Besses reach area) 10% and for Prestwich (Toodle Hill, Butterstile and Sedgley), 13%.

#### **4. DEFINING THE FUNCTION AND STRUCTURE OF THE NEW SERVICE**

Previous sections have defined a measure to underpin the allocation of resources geographically across the borough on the basis of need. A set of high level service objectives have also been proposed to direct the activity of the new service. In this section the proposed new service design is described after first outlining the existing allocation of spend.

Analysis of expenditure in 2013/14 indicates that resources allocated to Bury’s 14 children’s centres were used in the first instance to fund a building, an administrator and a coordinator. What remained was then used to deliver activities at the centre or fund outreach or development workers (“front line workers”). This is why £887,427 overall was spent on managers and administrators, equivalent to 32% of all expenditure on children’s centres. Figure 3 breaks down total spending for 2013/14.

**Figure 3: Children’s Centre Expenditure 2013/14**



The analysis presented in Figure 4 indicates that a service defined by a large number of buildings has very high overhead costs. Put another way, before the first child has walked through the door, 55% of total resources have been committed to management, administration and other costs associated with the operation of physical infrastructure. Whilst this may be a rational approach to resourcing a universal service, it does not fit with the proposed targeted approach.

The starting point for designing the new service has been to identify first the activity which best meets the needs of the defined target group. It is proposed that this is provided by the outreach function. The work of outreach workers already plays an important role within children’s centres. Working with families referred by a range of professionals who have identified a need for early help (in other words, at a threshold of need below that which would require consideration of statutory intervention by social services), these workers assess need, support families and signpost appropriately to other services including programmes delivered by the children’s centres themselves, or delivered by partner organisations. A recently concluded pilot study in Radcliffe has provided many recommendations to guide the future development and effectiveness of this role. With appropriate supervision and support, it is envisaged that each outreach worker could at any one time manage a caseload of around 15 families. Interventions are expected to last about six months.

The new model therefore maximises the allocation of resources to the outreach function and distributes these workers geographically across the borough in line with need. The outcome in terms of staff numbers is described below. However



to be effective, these workers require management support and supervision. Although the expectation is that they will be mobile workers, they will still require a base. In addition services and programmes need to be available locally to which families receiving support from outreach workers can be referred. These may include parenting programmes, support around dealing with domestic violence, healthy cooking programmes etc.

The provision of management resource and of local bases across the borough (which will require the commitment of administrative and infrastructure resource) has obvious implications for resource use. The approach to budgeting adopted has been to net these costs from the total available budget in 2015/16 and commit what remains to funding outreach worker posts (though as set out in more detail in Section 5, provision has to be made for some other costs, including those relating to the conversion of sites to fund free nursery places for two year olds).

### 5. THE LOCATION AND STAFFING OF THE PROPOSED CHILDREN'S CENTRE HUBS

In line with measure of need defined above, five children's centre hubs are proposed for the borough, plus an additional "spoke" at Redvales managed by the Little Oaks hub. The five proposed hubs are:

- **Woodbank with Elton Children's Centre**, covering the reach areas of the children's centres currently operating in Tottington, Ramsbottom, Daisyfield as well as Woodbank with Elton.
- **Little Oaks Children's Centre**, covering the reach area of Moorside as well as Little Oaks.
- **Coronation Road, Radcliffe**, covering the reach areas of High Meadow and Stepping Stones as well as Coronation road
- **Besses, Whitefield**, covering the existing reach area
- **Sedgley**, covering the reach areas of Toodle Hill, Butterstile as well as Sedgley.

These hubs will be financed and managed directly by the local authority. This represents a significant shift from the current decentralised model but it is in line with the need to target and direct resources at the borough's more vulnerable families.

Each hub will have a manager, whose responsibilities will include allocating early help referrals to outreach workers and managing some of these staff; a programme support worker with responsibility for operating the stay and play resource, overseeing the delivery of programmes and managing some of the outreach workers; and an administrator.

The Redvales "spoke" will be managed by the Little Oaks hub manager. There will be a Programme Support worker on site, however the administration function will be covered by a new post of Redvales Business Development Officer who will be responsible for the management of all activity at the Redvales site (which is local authority owned). As a significant proportion of this activity generates income, and there is potential to increase this, it is proposed that the business development post should be self financing and not draw on the children's centre budget.

Other expenses for each hub (buildings, including premises and maintenance; administration; caretaking and cleaning; client and sessional and recharges) are based on 2013/14 figures. There may be some opportunity to reduce these (for example, for caretaking, cleaning, maintenance and security) by negotiating one contract for the service but the potential for this remains to be established so savings have not been modelled at this stage.

Based on the above, and taking into consideration some additional expenditure to ensure the viability of converting sites for free nursery places (see Section 5.), the number of outreach workers per children centre hub is set out in Table 4.

**Table 4: Outreach workers by location**

	Outreach workers
Woodbank with Elton hub	4
Redvales "spoke"	5
Besses hub	4
Little Oaks hub	9
Radcliffe hub	8
Sedgley hub	5
<b>TOTAL</b>	<b><u>35</u></b>

**6. CONVERSION OF SITES TO PROVIDE FREE NURSERY PLACES FOR TWO YEAR OLDS**

As indicated in Section 3 above, analysis of data on school readiness by LSOA in Bury provides strong evidence of a relationship between social deprivation and the proportion of new reception children who are not ready for school.

The government’s decision to fund free nursery places for two year olds from more deprived homes already represents an important opportunity to better prepare these children for school. However in parts of the borough a lack of places has been identified as a major constraint to meeting the demand for places for these children. In these circumstances, and given the strong links already existing between many of Bury’s children’s centres and local primary schools, as well as the need to streamline the current delivery model for children’s centres, it is proposed that centres which are not required as hubs convert to sites for the delivery of the two year old offer.

The local authority would not provide the service directly but tender it out to any willing provider. Tender documents would establish clear guidelines for service provision, including a minimum number of places for two year olds eligible for government funding, as well as the financial terms on which centres would be made available. At this stage it is envisaged that to ensure an adequate number of bids to take over the sites, rental charges (to cover premises, utility, security, rates and insurance costs) would be set below the level of full cost recovery. This has been taken into account in the financial modelling for the new service.

Indications are that conversion would be appropriate at all seven sites and that a number of schools may be interested in tendering. The sites are Ramsbottom, Daisyfield, High Meadow, Moorside, Toodle Hill, Butterstile, Stepping Stones.



## 7. DELIVERING THE REQUIRED SAVINGS

Total expenditure on children's centres in 2013/14 was £2,785,681. The required saving target has been set at £820,000. Table 5 sets out expenditure on the new service for 2015/16. This is £1,949,049, which is £836,632 less than expenditure in 2013/14.

**Table 5 Cost of the new children's centre service**

	Manager	Programme Support Worker	Administrator	Outreach workers	Premises	Admin	Client & sessional	Caretaking & cleaning	Recharges	Building costs for converted sites
<b>Redvales outreach</b>		£33,705		£147,245	£0	£0	£0	£0	£0	
<b>Woodbank with Elton Hub</b>	£44,315	£33,705	£24,533	£117,796	£11,691	£11,375	£10,688	£11,379	£5,440	
<b>Besses Hub</b>	£44,315	£33,705	£24,533	£117,796	£16,500	£12,720	£11,379	£26,059	£5,270	
<b>Little Oaks Hub</b>	£44,315	£33,705	£24,533	£265,041	£21,971	£8,426	£15,874	£7,729	£5,270	
<b>Sedgley Hub</b>	£44,315	£33,705	£24,533	£147,245	£12,377	£5,928	£7,827	£8,950	£5,270	
<b>Radcliffe Hub</b>	£44,315	£33,705	£24,533	£235,592	£13,295	£8,917	£5,562	£11,700	£5,270	
<b>Sub totals</b>	<b>£221,575</b>	<b>£202,230</b>	<b>£122,665</b>	<b>£1,030,715</b>	<b>£75,833</b>	<b>£47,366</b>	<b>£51,329</b>	<b>£65,817</b>	<b>£26,520</b>	<b>£105,000</b>
<b>TOTAL</b>	<b>£1,949,049</b>									

Note that the modelling assumes:

- that most of the expenses required to run Redvales as an outreach venue would be met through income generation on the site and
- half of cost of meeting premises cost at Besses would be met through lettings income.

**APPENDIX 1: IMD RANKINGS BY DECILE FOR BURY BY LSOA (2010)**

Note that the table also indicates the children’s centre within the reach area of which the LSOA falls.

LSOA CODE	IMD SCORE	RANK OF IMD SCORE (where 1 is most deprived)	Decile	Children's Centre
E01004960	68.52	293	0.90%	Moorside
E01005004	57.68	1082	3.33%	Coronation Road
E01005024	57.29	1135	3.49%	Little Oaks
E01004979	55.41	1347	4.15%	Moorside
E01004942	55.34	1360	4.19%	Besses
E01004987	50.95	2013	6.20%	Besses
E01004957	49.94	2189	6.74%	Little Oaks
E01004996	45.49	3113	9.58%	Stepping Stones
E01005008	45.29	3148	9.69%	Stepping Stones
E01004946	45.16	3188	9.81%	Besses
E01005032	44.91	3245	9.99%	Butterstile
E01004958	43.09	3671	11.30%	Little Oaks
E01005028	41.46	4131	12.72%	Redvales
E01005030	40.89	4297	13.23%	Redvales
E01005009	40.27	4488	13.82%	Stepping Stones
E01004994	37.73	5272	16.23%	Stepping Stones
E01005026	37.59	5322	16.38%	Redvales
E01004969	36.87	5553	17.10%	Toodle Hill
E01004972	35.81	5933	18.27%	Toodle Hill
E01004980	34.90	6254	19.25%	Moorside
E01004956	34.85	6272	19.31%	Moorside
E01004959	34.70	6323	19.47%	Little Oaks
E01005013	34.61	6348	19.54%	High Meadow
E01004948	33.64	6682	20.57%	Daisyfield
E01005012	33.48	6745	20.77%	High Meadow
E01004955	32.25	7240	22.29%	Little Oaks
E01005027	32.01	7343	22.61%	Little Oaks
E01004966	31.24	7656	23.57%	Woodbank/Elton
E01005039	31.15	7693	23.68%	Sedgley
E01004941	30.12	8145	25.08%	Besses
E01005059	29.78	8290	25.52%	Redvales
E01004978	28.97	8665	26.68%	Moorside
E01004943	28.80	8755	26.95%	Besses
E01004992	27.93	9159	28.20%	Stepping Stones
E01004947	27.89	9184	28.27%	Daisyfield
E01004977	27.85	9210	28.35%	Moorside
E01005036	26.85	9699	29.86%	Butterstile
E01005034	26.65	9809	30.20%	Butterstile

LSOA CODE	IMD SCORE	RANK OF IMD SCORE (where 1 is most deprived)	Decile	Children's Centre
E01004990	25.91	10189	31.37%	Coronation Road
E01005015	25.68	10305	31.73%	Ramsbottom
E01004976	25.66	10317	31.76%	Moorside
E01005031	25.31	10493	32.30%	Butterstile
E01004954	25.21	10550	32.48%	Little Oaks
E01004986	24.51	10960	33.74%	Besses
E01005029	24.30	11098	34.17%	Redvales
E01004999	23.64	11502	35.41%	Coronation Road
E01004993	23.27	11739	36.14%	Stepping Stones
E01005003	23.21	11782	36.27%	Coronation Road
E01004964	22.87	11979	36.88%	Woodbank/Elton
E01005010	22.59	12157	37.43%	High Meadow
E01004991	21.89	12600	38.79%	Stepping Stones
E01004997	21.72	12724	39.17%	Coronation Road
E01005035	21.59	12814	39.45%	Butterstile
E01005045	20.53	13596	41.86%	Sedgley
E01004975	20.15	13887	42.75%	Toodle Hill
E01005044	20.03	13976	43.03%	Sedgley
E01004988	19.68	14229	43.81%	Besses
E01005040	19.16	14632	45.05%	Sedgley
E01004983	19.07	14693	45.23%	Besses
E01004995	18.90	14842	45.69%	Coronation Road
E01005006	18.86	14871	45.78%	Daisyfield
E01004961	18.64	15063	46.37%	Woodbank/Elton
E01005025	18.38	15266	47.00%	Redvales
E01005005	17.41	16096	49.55%	Daisyfield
E01004981	17.35	16151	49.72%	Moorside
E01004962	17.15	16325	50.26%	Woodbank/Elton
E01005054	16.42	16993	52.32%	Besses
E01005060	16.27	17114	52.69%	Redvales
E01005057	16.11	17264	53.15%	Besses
E01004998	16.03	17318	53.32%	Coronation Road
E01005041	16.00	17331	53.36%	Sedgley
E01005018	15.70	17611	54.22%	Ramsbottom
E01005023	15.43	17860	54.98%	Ramsbottom
E01005051	15.39	17892	55.08%	Tottington
E01005043	15.32	17965	55.31%	Sedgley
E01005042	15.12	18145	55.86%	Sedgley
E01004963	15.11	18157	55.90%	Woodbank/Elton
E01005002	14.82	18414	56.69%	Coronation Road
E01005014	14.81	18419	56.71%	Ramsbottom
E01004973	14.71	18520	57.02%	Toodle Hill

LSOA CODE	IMD SCORE	RANK OF IMD SCORE (where 1 is most deprived)	Decile	Children's Centre
E01005007	14.06	19176	59.04%	Besses
E01005053	13.82	19455	59.89%	Tottington
E01004944	13.20	20154	62.05%	Besses
E01005033	12.71	20728	63.81%	Butterstile
E01004945	12.63	20807	64.06%	Besses
E01005047	12.17	21336	65.69%	Tottington
E01005021	11.82	21746	66.95%	Tottington
E01005050	11.74	21844	67.25%	Tottington
E01005037	11.72	21879	67.36%	Butterstile
E01004974	11.29	22373	68.88%	Toodle Hill
E01005017	10.96	22779	70.13%	Ramsbottom
E01004970	10.68	23125	71.19%	Toodle Hill
E01004967	10.10	23891	73.55%	Woodbank/Elton
E01005055	9.99	24027	73.97%	Besses
E01004982	9.77	24340	74.93%	Moorside
E01004971	9.51	24668	75.94%	Toodle Hill
E01004965	9.36	24875	76.58%	Woodbank/Elton
E01005056	9.09	25239	77.70%	Besses
E01005016	8.71	25722	79.19%	Ramsbottom
E01004952	8.68	25761	79.31%	Daisyfield
E01004984	8.63	25808	79.45%	Besses
E01005001	8.53	25922	79.80%	Coronation Road
E01004968	8.46	26025	80.12%	Woodbank/Elton
E01005000	8.41	26096	80.34%	Coronation Road
E01005022	8.30	26225	80.74%	Ramsbottom
E01005038	8.27	26260	80.84%	Butterstile
E01005019	8.24	26299	80.96%	Ramsbottom
E01004989	7.85	26777	82.44%	Besses
E01004950	7.78	26857	82.68%	Daisyfield
E01005011	7.65	27015	83.17%	Besses
E01004951	7.58	27086	83.39%	Daisyfield
E01005052	7.48	27221	83.80%	Tottington
E01004953	7.44	27262	83.93%	Daisyfield
E01005049	7.31	27411	84.39%	Tottington
E01004949	7.15	27623	85.04%	Daisyfield
E01005058	6.88	27969	86.11%	Besses
E01005046	6.72	28161	86.70%	Tottington
E01004985	6.62	28279	87.06%	High Meadow
E01005020	4.27	30785	94.78%	Ramsbottom
E01005048	2.24	32226	99.21%	Tottington





## Appendix 2: Risk Matrix

### A NEW MODEL FOR BURY'S CHILDREN'S CENTRES - RISK ASSESSMENT ACTION PLAN

<input type="checkbox"/> Risk rating likelihood:	4: Almost Certain	3: Probable	2: Possible	1: Unlikely
<input type="checkbox"/> Risk rating impact:	4: High	3: Significant	2: Medium	1: Low

**THEME: FINANCIAL AND INTERNAL CONTROL**

Risk rating	Last Rating - Q1 2013/14		
	Likelihood	Impact	Score
	2	3	6

<b>Details of Risk</b>
Proposals can't be agreed in time to achieve savings required in 2015/16.
<b>Details of what could go wrong - Consequences?</b>
Delays in progressing proposals through required corporate and consultation processes. Tender documents not completed in time.
<b>Details of what impact this could have?</b>
Sites agreed for conversion to nursery provision to create more places for qualifying two year olds not ready by April 2015.
<b>Key Measures being taken to control the risk?</b>
Sign off by SLT/Cabinet on 18th August at the latest and by Labour group by end August. Adequate resources committed to preparation of consultation paper so that eight week consultation with CC Advisory Boards, and School Governing Bodies ready to go live by second week of September. Tender documents prepared during consultation period ready for issue once sign off process is complete.

**THEME: PARTNERSHIP/CONTRACTUAL**

Risk rating	Last Rating - Q1 2013/14		
	Likelihood	Impact	Score
	3	3	9

**Details of Risk**

Some CC Advisory Boards and/or School Governing Bodies oppose proposals

**Details of what could go wrong - Consequences?**

Delays in progressing delivery of redesigned service

**Details of what impact this could have?**

Target of conversion of sites for nursery provision by 1st April 2015 not achieved and a significant number of places for eligible two year olds are not available.

**Key Measures being taken to control the risk?**

Boards/schools which might provide greatest opposition are identified well in advance and a hearts and minds strategy designed for handling each one, involving senior council officials and local councillors.

**THEME: PARTNERSHIP/CONTRACTUAL**

Risk rating	Last Rating - Q1 2013/14		
	Likelihood	Impact	Score
	3	3	9

**Details of Risk**

Providers of nursery care cannot be secured for all converting sites by April 2015

**Details of what could go wrong - Consequences?**

Providers unable to develop a viable business model to deliver free nursery places as specified in tender documents

**Details of what impact this could have?**

Reduced supply of free nursery places for two year olds. Capital clawback - savings target not met.

**Key Measures being taken to control the risk?**

Draft tender and contractual agreements subjected to rigorous testing on the basis of financial viability. Financial support provided to cover a proportion of rental costs.

**THEME: LEGAL**

Risk rating	Last Rating - Q1 2013/14		
	Likelihood	Impact	Score
	2	2	4

**Details of Risk**

Decision made to proceed with new service challenged on grounds that due process not followed during consultation.

**Details of what could go wrong - Consequences?**

Opposition by campaigning public leads to a legal challenge and application for judicial review

**Details of what impact this could have?**

Significantly delay implementation of service change

**Key Measures being taken to control the risk?**

Legal advice so that due process is following during preparation and roll out of consultation.

**THEME: CUSTOMER / CITIZEN**

Risk rating			
	Likelihood	Impact	Score
	4	2	8

**Details of Risk**

Significant public opposition to proposals including opposition to move to a targeted rather than universal service and/or conversion of sites to nursery provision.

**Details of what could go wrong - Consequences?**

Significant and vocal public campaign across local press, social media

**Details of what impact this could have?**

Delay implementation of new service design. Bad press locally and nationally for Bury - reputational damage.

**Key Measures being taken to control the risk?**

Council's marketing and communications team is ready with a highly effective strategy to communicate the rationale for service change across all press and digital (including social) media. Councillor members provided with detailed briefing in advance of consultation and councillors directly affected are given ample opportunity to discuss issues with Council officers and leadership.





## APPENDIX 3: IMPACT ON ASSETS, WORKFORCE, CUSTOMERS AND USERS

### A.3.1 ASSETS

Children's centres currently operate on 13 dedicated sites and within one library setting (Tottington). Details about current responsibility for running the centre, as well as location and ownership are set out in Table A3.1.

From the table the following can be observed:

- **Six centres are in separate buildings owned and funded by the Local Authority on primary school sites** (Coronation Road, Stepping Stones, Daisyfield, Little Oaks, Sedgley and Woodbank with Elton). It is proposed that:
  - Coronation Road, Little Oaks, Sedgley and Woodbank with Elton become hubs in the new model and
  - Daisyfield and Stepping Stones convert to sites for the delivery of free nursery places for two year olds.
- **Five centres are school owned buildings which have been refurbished or extended and/or funded by the Local Authority** (Besses, Butterstile, High Meadow, Moorside and Toodle Hill). It is proposed that:
  - Besses operates as a hub in the new model
  - Butterstile, High Meadow, Moorside and Toodle Hill convert to sites for the delivery of free nursery places for two year olds.
- **Two centres are stand alone sites which are local authority owned** (Ramsbottom, Redvales). It is proposed that:
  - Redvales provides a "spoke" for the Little Oaks hub. It should be noted that Redvales operates as the site for a number of services for under 5s, including private nursery provision.
  - Ramsbottom converts to a site for the delivery of free nursery places for two year olds.
- **One centre is located within a library** (Tottington). It is proposed that the use of this space as a community asset is explored.
- **Five sites currently operate as outreach venues for children's centres.** Four of these are school premises which have been refurbished by the Local Authority and are located on the site of primary schools (Whitefield Primary (Besses outreach), Fairfield Primary and Springside Primary (Little Oaks/Moorside outreach) and Elton Primary (Woodbank outreach)). One outreach site at Chesham Fold (Little Oaks/Moorside outreach) are premises rented on a three year lease from Six Town Housing and refurbished by the Local Authority. It is proposed that:
  - The four rooms on revert to school use.
  - The options of Chesham Fold providing an alternative use for children are explored.

**Table A.3.1: OPERATION, LOCATION AND OWNERSHIP OF BURY'S CHILDREN'S CENTRES AND OUTREACH VENUES**

<b>Children's Centres</b>	<b>LA or school run</b>	<b>Location</b>	<b>Ownership</b>
Besses	School	Ribble Drive Primary School	Council owned; subject to a 5 year lease of part of the building to Toddlers Pre-School from 7-10 2013
Outreach venue	School	Whitefield Primary	Council owned
Butterstile	School	Butterstile Primary School	Council owned
Coronation Road	LA - Radcliffe Cluster	on the site of Radcliffe Primary School	Council owned
High Meadow	LA - Radcliffe Cluster	St John's Radcliffe	Manchester Diocese owned
Stepping Stones	LA - Radcliffe Cluster	on the site of Radcliffe Hall Primary School	Council owned
Daisyfield	LA - Ramsbottom Cluster	on the site of St Stephens Primary School	Council owned
Ramsbottom	LA - Ramsbottom Cluster	Stand alone building	Council owned
Tottington	LA - Ramsbottom Cluster	space within Tottington Library	Council owned
Little Oaks	LA - Bury East Cluster	Broad Oak High School	Council owned
Moorside	LA - Bury East Cluster	St John with St Mark Primary School	Manchester diocese owned
Outreach venue	LA - Bury East Cluster	Fairfield Primary School	Council owned
Outreach venue	LA - Bury East Cluster	Chesham Fold	Council owned subject to a 5 year lease to the Council from 18-10-2012 - the property is managed by Six Town Housing
Outreach venue	LA - Bury East Cluster	Springside Primary School	Council owned
Redvales	LA	Stand alone building with nursery provision	Council owned. Subject to 3 agreements: 1) 25 year lease Springs Tenant Management Cooperative from 23-4-2007 2) 1 year licence to John Henshaw (Community Café) from 18-9-2006 3) Lease to a private nursery - Fisherfield Nursery - dated 25-01-2006. Term has expired but tenant holding over
Sedgley	School - Prestwich Cluster	On the site of Sedgley Primary School	Council owned
Toodle Hill	School - Prestwich Cluster	On the site of Heaton Park Primary School	Council owned

Woodbank with Elton	School	on the site of Woodbank Primary School	Council owned
Outreach venue	School	Elton Primary School soon to be Academy	Council owned





Based on the above, it is not anticipated that the proposals will release any capital assets for disposal nor withdraw any of the service’s dedicated sites from their current designation as sites for the provision of services to under 5s.

### A.3.2 WORKFORCE

Table A.3.2 details the current workforce and the proposed new structure.

**Table A.3.2 Changes to workforce of proposed service redesign**

	Current service	New service	Change
	FTE	FTE	FTE
Centre administrator	13.1	6	-7.1
Centre coordinator	4	0	-4.0
Cluster (hub) coordinator	5	5	0.0
Assistant cluster coordinator	5	0	-5.0
Programme Support Worker	0	6	6.0
Development worker	15.9	0	-15.9
Outreach worker	11.3	35	23.7
Project support worker	8.7	0	-8.7
Administration assistant	0.5	0	-0.5
Crèche and sessional worker	0.3	0	-0.3
<b>TOTAL</b>	<b>63.7</b>	<b>52</b>	<b>-11.7</b>

The most significant impact on staffing will be in the reduction in management and administration roles which reflects the proposed reduction in the number of sites operating as children’s centres. Currently these constitute 27.6 FTE posts. It is proposed to reduce this number to 11.0 FTE. However the impact on staff will be mitigated to some degree as a number of posts are currently vacant.

The impact on the numbers of staff employed to work directly with customers will be positive – currently there are 36.2 FTE in a variety of front line roles, under the proposals the total will rise to 41.0 FTE (this includes 35 outreach workers and 6 programme support workers running stay and play and programmes at the hubs). Development and outreach workers are both Grade 9 so there may be opportunities for staff in development roles to assume the new outreach function, subject to appropriate training. Project support workers (currently 8.7 FTE) are at a Grade 7 so an automatic transfer to the outreach function cannot be assumed. However there may be opportunities for developing these staff with appropriate training and development if they can demonstrate relevant skills and experience.

### A.3.3 CUSTOMERS

Under the current arrangements the target customer base is pre-school children and their families. The size of this population within the reach area of each children’s centre is set out in Table A.3.3 (Figures for December 2013). The table also includes the location of the centre by township and the number of children within each reach area residing in LSOAs among the 40% most deprived nationally (MDI 2010).

**Table A.3.3: Children's Centres in Bury – location and population served**

Children's Centre	Township	Population < 5		< 5s within 40% most deprived areas	
		Number	% total Bury	Number	% of total
<b>Besses</b>	Whitefield	1,652	14%	606	37%
<b>Butterstile</b>	Prestwich	733	6%	474	65%
<b>Coronation Road</b>	Radcliffe	879	7%	260	30%
<b>Daisyfield</b>	Bury West	612	5%	218	36%
<b>High Meadow</b>	Radcliffe	542	5%	303	56%
<b>Little Oaks</b>	Bury East	858	7%	858	100%
<b>Moorside</b>	Bury East	958	8%	836	87%
<b>Ramsbottom</b>	Ramsbottom, Tottington and North Manor	739	6%	103	14%
<b>Redvales</b>	Bury East	1,042	9%	846	81%
<b>Sedgley</b>	Prestwich	1,145	10%	94	8%
<b>Stepping Stones</b>	Radcliffe	852	7%	852	100%
<b>Toodle Hill</b>	Prestwich	543	5%	190	35%
<b>Tottington</b>	Ramsbottom, Tottington and North Manor	679	6%	0	0%
<b>Woodbank with Elton</b>	Bury West	759	6%	0	0%
<b>Total</b>		<b>11,993</b>		<b>5640</b>	

All 14 centres keep records of attendance and the number of children seen each month. Based on this data, Table A.3.4 shows the average monthly attendance from April and December 2013 and as a percentage of all <5s in the reach area. This provides a measure of the service's penetration of its customer base and indicates that on average it reaches 12% each month, equivalent to 1401 children.

**Table A.3.4 Children attending each month and as % of reach population**

Children's Centre	Average number of children seen each month	as % of total in reach area
<b>Besses</b>	147	9%
<b>Butterstile</b>	76	10%
<b>Coronation Road</b>	110	13%
<b>Daisyfield</b>	81	13%
<b>High Meadow</b>	44	8%
<b>Little Oaks</b>	124	14%
<b>Moorside</b>	127	13%
<b>Ramsbottom</b>	141	19%
<b>Redvales</b>	73	7%
<b>Sedgley</b>	97	8%
<b>Stepping Stones</b>	90	11%
<b>Toodle Hill</b>	74	14%
<b>Tottington</b>	83	12%
<b>Woodbank with Elton</b>	135	18%
<b>Total</b>	<b>1401</b>	<b>12%</b>

Table A.3.5 draws on data which includes attendance by LSOA. Results are grouped by MDI decile. The table also indicates the total number of under 5s in each decile and the proportion of these children seen on average each month.

**Table A.3.5 Children seen by MDI decile**

LSOA	Number <5 seen	< 5 population by MDI decile	% < 5 population seen by MDI decile
<10%	180	1,270	14%
<20%	176	1,560	11%
<30%	193	1,586	12%
<40%	204	1,653	12%
<50%	122	1,199	10%
<60%	196	1,770	11%
<70%	66	748	9%
<80%	102	798	13%
<90%	144	1,280	11%
<100%	18	129	14%
	<b><u>1,401</u></b>	<b><u>11,993</u></b>	<b><u>12%</u></b>

As measured by rate of penetration (i.e. % <5 seen by MDI decile), Table A.3.5 does not suggest that level of deprivation is related to service uptake. However the picture is slightly different if measured by the percentage of all children seen: 51% (754/1401) of all children seen on average each month in 2013 came from the LSOAs which are among the 40% more deprived nationally.

Under the proposed new service model, families and their children will be referred via Early Help pathways. Thirty five outreach workers will support these families. Based on current practice, it is expected that each outreach worker will work with around 15 families at any one time. Interventions with each family are expected to last about six months. If it is assumed that each family has an average of two children, then the total number of children supported at any one time by the service is estimated at 1,050.

This figure is 75% of the number of children currently seen (Table A.3.5). However, as measured in terms of children from more deprived areas of the borough, the estimate indicates that the service would reach significantly more children (1,050 rather than 754, or 39% more).

It should also be considered that sites converting to locations for the delivery of free nursery provision for two year olds will also be targeting these more deprived children.



## Equality Analysis Form

The following questions will document the effect of your service or proposed policy, procedure, working practice, strategy or decision (hereafter referred to as 'policy') on equality, and demonstrate that you have paid due regard to the Public Sector Equality Duty.

### 1. RESPONSIBILITY

<b>Department</b>	Children, Young People and Culture	
<b>Service</b>	Learning and Culture – Early Years and early Help	
<b>Proposed policy</b>	Alternative Provision for U5's – Proposed new delivery model for Children's Centres	
<b>Date</b>	September 2014	
<b>Officer responsible for the 'policy' and for completing the equality analysis</b>	<b>Name</b>	Ian Chambers
	<b>Post Title</b>	AD Learning & Culture
	<b>Contact Number</b>	5720
	<b>Signature</b>	
	<b>Date</b>	11 <sup>th</sup> August 2014
<b>Equality officer consulted</b>	<b>Name</b>	Liz Trayford
	<b>Post Title</b>	Planning and Research Officer
	<b>Contact Number</b>	X5658
	<b>Signature</b>	
	<b>Date</b>	

### 2. AIMS

<b>What is the purpose of the policy/service and what is it intended to achieve?</b>	<p>For Children's Centres to move away from being a universal and targeted service to being a wholly targeted service. They will focus upon delivery of 4 key objectives:</p> <ul style="list-style-type: none"> <li>• Improved school readiness for U5's</li> <li>• Improved school readiness</li> <li>• Effective early intervention in safeguarding</li> <li>• Improvements in families' economic Prospects</li> </ul> <p>The current number of designated children's centres will be reduced from 14 to 5 Hubs and 1 spoke and resources for the remaining 6 will be allocated according to need based upon the Index of Multiple Deprivation index.</p> <p>7 of the remaining Children's Centres will be converted to deliver the free Childcare offer for 2 year olds with the 40% lowest deprivation</p>
--	---

<b>Who are the main stakeholders?</b>	All current users of Children's Centres – children and families currently accessing both universal and targeted services offered by Bury's 14 Children's Centres. Partner agencies such as Health, Job Centre Plus, Primary Schools and Police also use or access Children's Centres to help them deliver their priorities for children and families
---------------------------------------	--

### 3. ESTABLISHING RELEVANCE TO EQUALITY

**3a. Using the drop down lists below, please advise whether the policy/service has either a positive or negative effect on any groups of people with protected equality characteristics.  
If you answer yes to any question, please also explain why and how that group of people will be affected.**

Protected equality characteristic	Positive effect (Yes/No)	Negative effect (Yes/No)	Explanation
Race	No	No	
Disability	Yes	No	Children with disability will be benefit from the more targted offer from Children's Centres
Gender	No	No	
Gender reassignment	No	No	
Age	No	Yes	Children from less deprived backgrounds will find a much more limited universal offer from Children's Centres as a result of the proposals
Sexual orientation	No	No	
Religion or belief	No	No	
Caring responsibilities	Yes	No	Support for carers with young children will be increased as they will benefit from the more targeted offer by CCs
Pregnancy or maternity	Yes	No	Teenage mothers and mothers from more deprived bacground will benefit from both the CC targeted services and from the increased 2yo offer opportunities
Marriage or civil partnership	No	No	

**3b. Using the drop down lists below, please advise whether or not our policy/service has relevance to the Public Sector Equality Duty. If you answer yes to any question, please explain why.**

General Public Sector Equality Duties	Relevance (Yes/No)	Reason for the relevance
Need to eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010	No	
Need to advance equality of opportunity between people who share a protected characteristic and those who do not (eg. by removing or minimising disadvantages or meeting needs)	Yes	The increase in outreach work and related targeted work by CCs will help to readdress the disadvantages faced by certain vulnerable groups of children and families. Also by increasing provision for the free 2 year old offer those from the poorest 40% will be better able to access childcare opportunities.
Need to foster good relations between people who share a protected characteristic and those who do not (eg. by tackling prejudice or promoting understanding)	No	

**If you answered 'YES' to any of the questions in 3a and 3b**

**Go straight to Question 4**

**If you answered 'NO' to all of the questions in 3a and 3b**

**Go to Question 3c and do not answer questions 4-6**



**3c. If you have answered 'No' to all the questions in 3a and 3b please explain why you feel that your policy/service has no relevance to equality.**

n/a

**4. EQUALITY INFORMATION AND ENGAGEMENT**

**4a.** For a service plan, please list what equality information you currently have available, **OR** for a new/changed policy or practice please list what equality information you considered and engagement you have carried out in relation to it.

Please provide a link if the information is published on the web and advise when it was last updated?

(NB. Equality information can be both qualitative and quantitative. It includes knowledge of service users, satisfaction rates, compliments and complaints, the results of surveys or other engagement activities and should be broken down by equality characteristics where relevant.)

<b>Details of the equality information or engagement</b>	<b>Internet link if published</b>	<b>Date last updated</b>
The equality information is contained within the accompanying paper to the Cabinet Report entitled A Proposed New Model for Bury's Children's Centres in 2015/16	Will be part of Bury Cabinet papers for the meeting on 3 <sup>rd</sup> September 2014	August 2014

**4b.** Are there any information gaps, and if so how do you plan to tackle them?

A full consultation on the proposals will be carried out in the Autumn 2014 with all Children's Centre users, staff and stakeholders. Any outcomes from a range of engagement activities with these groups will be used to inform the final policy recommendations.

## 5. CONCLUSIONS OF THE EQUALITY ANALYSIS

<p><b>What will the likely overall effect of your policy/service plan be on equality?</b></p>	<p>The new strategy for delivery of children’s centres will provide positive support to the most vulnerable families in the borough as resources will be targeted to improve support to those families. The proposals to change the use of children’s centres to offer two year old childcare places will have a positive impact on the 40% most vulnerable children and families. The two year old initiative will provide a service that is inclusive to all families who meet the governments eligibility criteria regardless of ethnicity, disability, gender, race, religion or culture</p>
<p><b>If you identified any negative effects (see questions 3a) or discrimination what measures have you put in place to remove or mitigate them?</b></p>	<p>The withdrawal of Children’s Services as a universal provision will have a negative effect on a substantial number of children and families who have benefited from accessing universal services. In mitigation there will still be play and stay activities at the Children’s Centre hubs and there will be signposting by the Children’s Centres and by the Find It For Me website to activities and support for U5s provided by the private and voluntary sector.</p>
<p><b>Have you identified any further ways that you can advance equality of opportunity and/or foster good relations? If so, please give details.</b></p>	<p>The recent successful pilot for outreach delivery in Radcliffe has identified ways of improving outreach support across a cluster of Children’s Centres. This experience will through the Children’s Centre hubs be rolled out across the borough to enhance the way outreach workers can support families and ensure they access opportunities to improve their children’s health, school readiness, emotional resilience and the families’ own economic well-being.</p>
<p><b>What steps do you intend to take now in respect of the implementation of your policy/service plan?</b></p>	<p>If Cabinet agrees the new way of working for Children’s Centres will be consulted upon with CC users, staff and stakeholders in order to inform the implementation strategy.</p>

## 6. MONITORING AND REVIEW

**If you intend to proceed with your policy/service plan, please detail what monitoring arrangements (if appropriate) you will put in place to monitor the ongoing effects. Please also state when the policy/service plan will be reviewed.**

<p>A full QA system is in place for Children’s Centre delivery and this will be used along with the Annual Conversations held with CCs to monitor the impact of the revised way of working. Dates for review of the strategy will be identified following the full consultation and development of a final implementation plan for the proposals.</p>
---

**COPIES OF THIS EQUALITY ANALYSIS FORM SHOULD BE ATTACHED TO ANY REPORTS/SERVICE PLANS AND ALSO SENT TO THE EQUALITY INBOX ([equality@bury.gov.uk](mailto:equality@bury.gov.uk)) FOR PUBLICATION.**

This page is intentionally left blank

<b>REPORT FOR DECISION</b>
----------------------------

<b>Agenda Item</b>	
------------------------	--

<b>DECISION OF:</b>	<b>The Cabinet</b>
<b>DATE:</b>	<b>3<sup>rd</sup> September 2014</b>
<b>SUBJECT:</b>	<b>Empty property activity and Commuted Sums funding.</b>
<b>REPORT FROM:</b>	<b>Councillor Rishi Shori, Deputy Leader and Cabinet Member for Health and Well Being</b>
<b>CONTACT OFFICER:</b>	<b>Sharon Hanbury, Head of Urban Renewal</b>
<b>TYPE OF DECISION:</b>	<b>CABINET (KEY DECISION)</b>
<b>FREEDOM OF INFORMATION/STATUS:</b>	This paper is within the public domain
<b>SUMMARY:</b>	<p>This report sets out the positive progress which has been made in relation to private sector empty property activity and the Radcliffe Empty property pilot.</p> <p>It describes the proposed approach going forward and seeks approval to extend the use of previously agreed commuted sums funding for empty properties beyond the Radcliffe pilot.</p>
<b>OPTIONS &amp; RECOMMENDED OPTION</b>	<p>Option 1:</p> <p>To note progress made with the Radcliffe pilot and approve plans for extending work on empty properties to other parts of the Borough as outlined in Section 7.3 of the report.</p> <p>Option 2:</p> <p>To restrict action on empty properties to the Radcliffe pilot scheme</p> <p>Option 1 is the recommended option for the reasons set out in the report. Extending work to other parts of the Borough will enable external funding conditions to be met and optimise the use of Council resources already allocated to reduce the number of empty properties.</p>

<b>IMPLICATIONS:</b>		
<b>Corporate Framework:</b>	<b>Aims/Policy</b>	Do the proposals accord with the Policy Framework? Yes
<b>Statement by the S151 Officer: Financial Implications and Risk Considerations:</b>		The recommended option gives greater flexibility to the Council in terms of optimising external resources (HCA) and making best use of Council resources to ensure the maximum number of empty properties are brought back into use.
<b>Statement by Executive Director of Resources:</b>		
<b>Equality/Diversity implications:</b>		No (see paragraph 6.1 below)
<b>Considered by Monitoring Officer:</b>		Yes Monies secured for affordable housing through s.106 agreements/undertakings are held on trust by the Council and are ring-fenced for the particular purpose, which is governed by the agreements themselves. Any monies must be spent only in accordance with and contemplation of the terms of the agreements, otherwise the Council will be at risk of successful legal challenge. Case law also identifies that a Court will be reluctant to imply terms into s.106 agreements. Where there is any doubt or ambiguity whatsoever, legal advice should be sought.
<b>Wards Affected:</b>		All
<b>Scrutiny Interest:</b>		none

**TRACKING/PROCESS**

**DIRECTOR:**

Chief Executive/ Strategic Leadership Team	Cabinet Member/Chair	Ward Members	Partners
CWB SMT 18/8/14	1.8.14	n/a	
Scrutiny Committee	Committee	Council	

## **1.0 BACKGROUND**

- 1.1 Private sector empty properties are a significant issue nationally and locally, creating negative impacts in areas and representing a wasted resource in the face of a shortage of high quality affordable and social housing.
- 1.2 The Council has taken a focussed approach in the last 2 years and initiatives such as the Radcliffe empty property project have contributed to reducing the number of long term empty properties in Bury by 450 during that period (table 615 – vacant dwellings by local authority district: England from 2004) <https://www.gov.uk/government/statistical-data-sets/live-tables-on-dwelling-stock-including-vacants>.
- 1.3 This report outlines the successes and significant outcomes achieved so far and sets out a way forward to maximise resources from existing Council budgets and external funding opportunities.

## **2.0 ISSUES**

- 2.1 The Radcliffe pilot was established in response to growing concern with empty properties. Analysis had shown a concentration of empty properties in the Radcliffe area with particular clusters along major routes into the town. To address these issues a range of tools have been applied to the problem over the past two years including advice and information, selective enforcement, financial assistance and voluntary and compulsory acquisition with the express intent of bringing more premises back into use as affordable housing and reducing the negative impact such buildings have in the area.
- 2.2 To date, over half (57) of the 103 properties targeted have been brought back into use as follows:
  - 47 by the actions of the owners themselves – as a result of a combination of selective enforcement and persistent, strong and positive engagement by Urban Renewal
  - 6 as a result of low level financial assistance from the Council
  - 4 by Six Town Housing purchasing, improving and renting the property (through HCA funding)

A further 18 properties are going through a process to be brought back into use as follows:

  - The purchase of a further 4 properties by Six Town Housing has been agreed
  - 10 properties are under consideration for purchase
  - 4 properties are being taken through a Compulsory Purchase Order process by the Council
- 2.3 The properties purchased by Six Town Housing will be renovated and provided for affordable rent to customers on the Councils housing waiting list.
- 2.4 Appendix 1 provides examples of before and after photographs of some of the empty properties which have been dealt with, demonstrating the impacts which can be achieved.

## Document Pack Page 60

- 2.5 Whilst Radcliffe exhibited a significant concentration of units, empty properties are an issue across the Borough. Some action has been taken by the Council's Joint Commissioning Partners on housing (with support from Homes and Communities Agency (HCA) funding) which has resulted so far in 11 properties being brought back into use.
- 2.6 The HCA are so impressed with our track record on this issue that additional funding has been offered to Bury to turn around more properties. The opportunity now exists to extend the learning to other parts of the Borough whilst maintaining the focus on Radcliffe for the duration of that project.

### **3.0 FUNDING**

- 3.1 Tackling the empty property issue requires funding. Money is required to purchase empty properties where persuasion has not worked and it also underpins the use of compulsory purchase powers which may need to be exercised in more problematic cases. As the properties involved have been empty for some time, funding is also required to remedy the defects and bring the houses up to decent homes standard so that they can be let to people on the Council Housing register at affordable rent levels. Six Town Housing is the Councils' main delivery partner on this aspect, with one other housing association also delivering a small element of the programme.
- 3.2 Funding to address empty properties currently comes from four main sources:
- The reallocation of existing staffing resources within Urban Renewal to tackle this issue
  - £617,000 from accumulated Affordable Housing commuted sums. This is money received from housing developers in lieu of affordable housing on larger housing developments (as required by the Council's Affordable Housing Policy). This amount was allocated to the Radcliffe Pilot project by Cabinet in August 2012 and is sufficient to bring 30 properties back into use
  - An original funding level of £600,000 from the HCA, through their empty property programme, to enable 32 properties to be brought back into use.
  - Borrowing approval for Six Town Housing.
- 3.3 Success with the Radcliffe pilot has led to the HCA approaching the Council with an offer of a further £400,000 to increase our target by 20 properties. This approval however is subject to the properties being delivered by the end of 2014/15.

### **4.0 PROPOSALS**

- 4.1 To achieve this target, and thereby increase the level of external investment in the Borough, an element of reprogramming will be required. In essence this means:
- The Radcliffe pilot will continue to be a priority.



## Document Pack Page 61

- HCA funding will be used to acquire and improve properties in the Radcliffe pilot area (rather than the commuted sums as originally planned). With a number of properties already in the pipeline, this will be a quick win. Otherwise delivering an extra 20 properties without a head start is unlikely to be successful given the lead in time for acquisition and improvement.
- HCA funding will also be applied to eligible empty properties in other parts of the Borough if required to meet HCA targets by March 2015.
- Whilst Cabinet committed £617,000 of commuted sums to the Radcliffe pilot in August 2012, the additional HCA funding will allow most of these resources to be applied to empty properties in other parts of the Borough.

4.2 The cost to the Council of bringing more properties into use will be contained within the resources available (HCA funding and commuted sums monies).

### **5.0 RISK MANAGEMENT**

5.1 The Council has a good track record in tackling empty properties. This is being rewarded by the HCA providing additional funding whilst our ability to deliver successful outcomes provides a degree of confidence that future targets will be met.

5.2 Turning round the additional properties required by the HCA will be a challenge but carries little risk. Accepting the challenge and falling significantly short of the HCA target would have some reputational damage but no financial consequences. However as further mitigation of the risk, the Council and its partners will seek to maintain capacity and keep up the pressure on property owners to maximise the extra grant money from the HCA. Failure to meet the targets will result in the funding being allocated to other authorities.

5.3 The HCA offer does provide positive opportunities in being able to spread the commuted sums available and enables the Council to tackle the negative impacts of empty properties and reduce their number across the Borough.

### **6.0 EQUALITY AND DIVERSITY**

6.1 The Equality Analysis document relating to these proposals is attached, which indicates that there is no relevance to equality and diversity.

### **7.0 CONCLUSION AND RECOMMENDATIONS**

7.1 The Council has had considerable success in tackling empty properties through the Radcliffe empty property pilot and on a borough wide basis. Current activity has been supported by commuted sums and HCA funding. Further funding from the HCA is now available to bring more properties back into use.

7.2 Due to our success and the extra money from the HCA, the opportunity exists to build on these successes in other parts of the Borough.

7.3 Cabinet is recommended to:

- Reinforce its commitment to the Radcliffe empty property pilot scheme
- Accept the stretch targets and associated funding from the HCA to increase the number of empty properties in Bury being brought back into use
- Agree to HCA funding being applied to the Radcliffe pilot and other eligible empty properties in order to secure the required number of affordable homes by the March 2015 deadline
- Authorise the Executive Director, Communities and Well Being to investigate the potential of extending the principles developed in the Radcliffe pilot to other townships
- Approve the use of the commuted sums, agreed by Cabinet in August 2012 to the value of £617,000, in other townships across the Borough, providing the reallocation of resources does not detrimentally affect the outcomes of the Radcliffe pilot

---

### List of Background Papers:-

Equality Analysis

### Contact Details:-

*[Report Author]*

#### **Sharon Hanbury**

Head of Urban Renewal  
Communities & Wellbeing  
Town Hall  
Knowsley Street  
Bury BL9 0SW  
Tel. 0161 253 6350

e-mail: [s.m.hanbury@bury.gov.uk](mailto:s.m.hanbury@bury.gov.uk)

Or:

#### **Harry Downie**

Assistant Director of Business Re-Design & Development  
Communities & Wellbeing  
Town Hall  
Knowsley Street  
Bury BL9 0SW  
Tel. 0161 253 7570

e-mail: [h.downie@bury.gov.uk](mailto:h.downie@bury.gov.uk)

**Radcliffe Empty Property Pilot Project** - photographic case studies

206 Ainsworth Road (empty over 8 years) - before



206 Ainsworth Road - after



# Document Pack Page 64

330 Bolton Road (empty for over 15 years – pre CT records began) – before



330 Bolton Road – after



# Document Pack Page 65

20 Ulundi St (empty for 5 years) - before



20 Ulundi St - after





This page is intentionally left blank



## Equality Analysis Form

The following questions will document the effect of your service or proposed policy, procedure, working practice, strategy or decision (hereafter referred to as 'policy') on equality, and demonstrate that you have paid due regard to the Public Sector Equality Duty.

### 1. RESPONSIBILITY

<b>Department</b>	Communities & Wellbeing	
<b>Service</b>	Urban Renewal	
<b>Proposed policy</b>	Empty property activity and commuted sums funding. Empty Property Pilot Project – use of commuted sums outside of the previously agreed pilot area.	
<b>Date</b>	30 <sup>th</sup> July 2014	
<b>Officer responsible for the 'policy' and for completing the equality analysis</b>	<b>Name</b>	Sharon Hanbury
	<b>Post Title</b>	Urban Renewal Manager
	<b>Contact Number</b>	0161 253 6350
	<b>Signature</b>	
	<b>Date</b>	30 <sup>th</sup> July 2014
<b>Equality officer consulted</b>	<b>Name</b>	Mary Wood
	<b>Post Title</b>	Principal Officer - Equalities
	<b>Contact Number</b>	0161 253 6795
	<b>Signature</b>	 21/2014
	<b>Date</b>	6 <sup>th</sup> August 2014

### 2. AIMS

<b>What is the purpose of the policy/service and what is it intended to achieve?</b>	<p><b>Background</b></p> <p>The issue of empty properties has become a prominent issue both nationally and locally – not just because of the visual impact empties can have in an area but the fact they are a wasted resource. Houses are lying empty whilst housing waiting lists are rising and demand for affordable housing is high. If left unattended they can result in nuisance, attract anti-social behaviour and may lead to a spiral of decline in a neighbourhood.</p> <p>To address this issue, an empty property pilot project was agreed by the Council in 2012. The pilot is to tackle private sector empty properties in Radcliffe using a range of tools including enforcement activity, compulsory purchase, purchase by agreement, enforced sales etc and working with Registered Provider of Social Housing partners. Capital funding was initially by way of affordable housing commuted sums derived from section 106 agreements with</p>
--	---

	<p>site developers.</p> <p>The pilot project has worked well with over 50% of problematic empty properties targeted being brought back into use and a further number in the process of being dealt with.</p> <p>Further funding opportunities have arisen during the pilot project and the Council has been successful in supporting bidding for Homes and Communities Agency (HCA) funding for the purpose of addressing empty homes. Additional HCA funding is also available subject to performance and delivering stretch targets.</p> <p>The combination of availability of commuted sums and HCA funding has presented an opportunity to consider supporting extending the pilot scheme outside the boundary of Radcliffe.</p> <p><b>Proposal</b> Subject to Cabinet approval the current proposal is to utilise the previously agreed commuted sums in appropriate cases throughout the Borough whilst retaining a commitment to Radcliffe and to maximise HCA funding opportunities.</p> <p><b>Outcomes</b> If agreed then the outcomes from the current proposal would be broadly similar to those detailed previously at the time of the agreement to carry out a pilot project:</p> <ul style="list-style-type: none"> <li>• Bringing a number of empty properties back into use, tackling an underutilised resource</li> <li>• Meeting housing need and improving the housing offer in the area</li> <li>• Dealing with the significant negative impacts of empty properties</li> <li>• Increasing funding and economic benefit.</li> </ul>
<p><b>Who are the main stakeholders?</b></p>	<p>Owners of empty properties Neighbours of empty properties Bury Council Registered Providers of Social Housing Residents of the Borough.</p>



**3. ESTABLISHING RELEVANCE TO EQUALITY**

**3a. Using the drop down lists below, please advise whether the policy/service has either a positive or negative effect on any groups of people with protected equality characteristics. If you answer yes to any question, please also explain why and how that group of people will be affected.**

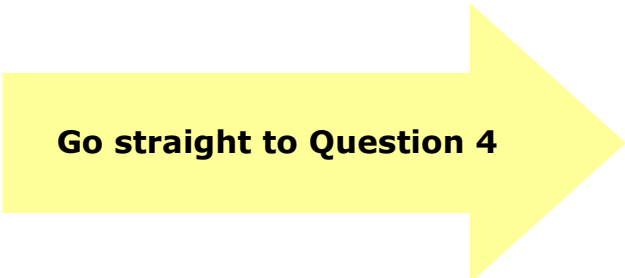
<b>Protected equality characteristic</b>	<b>Positive effect (Yes/No)</b>	<b>Negative effect (Yes/No)</b>	<b>Explanation</b>
Race	No	No	
Disability	No	No	
Gender	No	No	
Gender reassignment	No	No	
Age	No	No	
Sexual orientation	No	No	
Religion or belief	No	No	
Caring responsibilities	No	No	
Pregnancy or maternity	No	No	
Marriage or civil partnership	No	No	

**3b. Using the drop down lists below, please advise whether or not our policy/service has relevance to the Public Sector Equality Duty. If you answer yes to any question, please explain why.**

General Public Sector Equality Duties	Relevance (Yes/No)	Reason for the relevance
Need to eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010	No	
Need to advance equality of opportunity between people who share a protected characteristic and those who do not (eg. by removing or minimising disadvantages or meeting needs)	No	
Need to foster good relations between people who share a protected characteristic and those who do not (eg. by tackling prejudice or promoting understanding)	No	

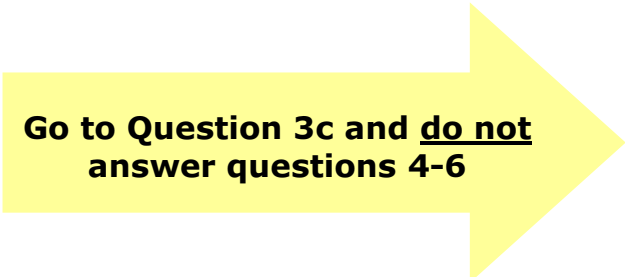
**If you answered 'YES' to any of the questions in 3a and 3b**

**Go straight to Question 4**



**If you answered 'NO' to all of the questions in 3a and 3b**

**Go to Question 3c and do not answer questions 4-6**



**3c. If you have answered 'No' to all the questions in 3a and 3b please explain why you feel that your policy/service has no relevance to equality.**

This proposal to extend the pilot project relates to the built environment only. The aim is to improve the area in which the empty properties are situated, reduce the negative impacts they are having and increase the supply of housing. Decisions on which properties require intervention will be made with reference to individual physical property evaluation.

**4. EQUALITY INFORMATION AND ENGAGEMENT**

**4a.** For a service plan, please list what equality information you currently have available, **OR** for a new/changed policy or practice please list what equality information you considered and engagement you have carried out in relation to it.

Please provide a link if the information is published on the web and advise when it was last updated?

(NB. Equality information can be both qualitative and quantitative. It includes knowledge of service users, satisfaction rates, compliments and complaints, the results of surveys or other engagement activities and should be broken down by equality characteristics where relevant.)

Details of the equality information or engagement	Internet link if published	Date last updated

**4b.** Are there any information gaps, and if so how do you plan to tackle them?

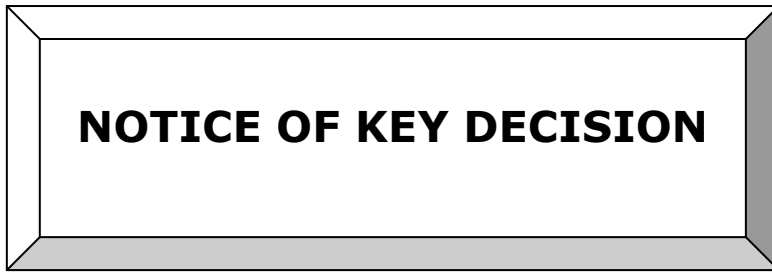
**5. CONCLUSIONS OF THE EQUALITY ANALYSIS**

<p><b>What will the likely overall effect of your policy/service plan be on equality?</b></p>	
<p><b>If you identified any negative effects (see questions 3a) or discrimination what measures have you put in place to remove or mitigate them?</b></p>	
<p><b>Have you identified any further ways that you can advance equality of opportunity and/or foster good relations? If so, please give details.</b></p>	
<p><b>What steps do you intend to take now in respect of the implementation of your policy/service plan?</b></p>	

**6. MONITORING AND REVIEW**

**If you intend to proceed with your policy/service plan, please detail what monitoring arrangements (if appropriate) you will put in place to monitor the ongoing effects. Please also state when the policy/service plan will be reviewed.**

**COPIES OF THIS EQUALITY ANALYSIS FORM SHOULD BE ATTACHED TO ANY REPORTS/SERVICE PLANS AND ALSO SENT TO THE EQUALITY INBOX ([equality@bury.gov.uk](mailto:equality@bury.gov.uk)) FOR PUBLICATION.**



<b>Agenda Item</b>	
--------------------	--

**MEETING:** CABINET  
OVERVIEW & SCRUTINY COMMITTEE

**DATE:** 3 SEPTEMBER 2014  
7 OCTOBER 2014

**SUBJECT:** CORPORATE FINANCIAL MONITORING REPORT –  
APRIL 2014 TO JUNE 2014

**REPORT FROM:** LEADER OF THE COUNCIL AND CABINET MEMBER  
FOR FINANCE

**CONTACT OFFICER:** STEVE KENYON, ASSISTANT DIRECTOR OF  
RESOURCES & REGULATION (FINANCE &  
EFFICIENCY)

**TYPE OF DECISION:** CABINET (KEY DECISION)

**FREEDOM OF INFORMATION/STATUS:** This paper is within the public domain

**SUMMARY:** The report informs Members of the Council’s financial position for the period April 2014 to June 2014 and projects the estimated outturn at the end of 2014/15.

The report also includes Prudential Indicators in accordance with CIPFA’s Prudential Code.

**OPTIONS & RECOMMENDED OPTION** Members are asked to note the financial position of the Council as at 30 June 2014, and to approve the s151 officer’s assessment of the minimum level of balances.

**IMPLICATIONS:**

**Corporate Aims/Policy Framework:** Do the proposals accord with Policy Framework? Yes.

**Statement by the s151 Officer:** The report has been prepared in accordance with all relevant Codes of Practice. There may be risks arising from remedial action taken to address the budget position;

these will be identified by Directors at the quarterly Star Chamber meetings.

**Statement by Executive Director of Resources & Regulation:**

Successful budget monitoring provides early warning of potential major overspends or underspends against budgets which Members need to be aware of.

This report draws attention to the fact that, based on the most prudent of forecasts, several budget hotspots exist which will need remedial action.

Members and officers will be examining these areas in more detail at the Star Chambers.

This report is particularly significant as it informs Members of the baseline financial position from which the Council sets its 2015/16 budget.

**Equality/Diversity implications:**

No

**Considered by Monitoring Officer:**

Budget monitoring falls within the appropriate statutory duties and powers and is a requirement of the Council's Financial Regulations to which Financial Regulation B: Financial Planning 4.3. (Budget Monitoring and Control) relates. The report has been prepared in accordance with all relevant Codes of Practice.

**Are there any legal implications?**

Yes

**Wards Affected:**

All

**Scrutiny Interest:**

Overview & Scrutiny Committee

**TRACKING/PROCESS**

**ASSISTANT DIRECTOR: Steve Kenyon**

Chief Executive/ Strategic Leadership Team	Cabinet	Overview & Scrutiny Committee	Council	Ward Members	Partners
<b>18/08/14</b>	<b>03/09/14</b>	<b>07/10/14</b>			

## 1.0 INTRODUCTION

- 1.1 This report informs Members of the forecast outturn for 2014/15, based upon current spend for the period 1 April 2014 to 30 June 2014, in respect of the revenue budget, capital budget and the Housing Revenue Account.
- 1.2 Projections are based on current trends, information, and professional judgement from service managers and finance staff.
- 1.3 The revenue budget projections highlight the fact that budget pressures do still exist in some key areas and it will be necessary to continue to examine options for improving the situation further.

## 2.0 BUDGET MONITORING PROCESSES

- 2.1 Reports will be presented quarterly to facilitate close monitoring of spend and implementation of action plans during the year.
- 2.2 Reports are also presented to the Strategic Leadership Team on a monthly basis and detailed monitoring information will also be discussed at Star Chamber meetings during the year.
- 2.3 It is intended that improvements will continue to be made to the budget monitoring process, building on the significant developments implemented over the past few years.

## 3.0 SUMMARY OF REVENUE BUDGET POSITION

### **REVENUE OUTTURN 2013/14**

- 3.1 The table below shows, there was a total underspend against the Revised Estimate of £0.406 million in 2013/14.

	<b>£000's</b>
2013/2014 Revised Estimate	148,640
2013/2014 Outturn	148,234
Underspend	<b>(406)</b>

- 3.2 Details of the major variations against budget are shown at Appendix A of the Revenue Outturn Report (pages 12 to 22): <http://councildecisions.bury.gov.uk/documents/s4034/Revenue%20Outturn%20Report%20201314.pdf>, and summarised below:

<b>Department</b>	<b>Budget £000s</b>	<b>Outturn £000s</b>	<b>Variance £000s</b>
Communities & Neighbourhood Services	39,541	39,410	<b>(131)</b>
Children's Services	47,444	47,841	<b>+397</b>
Adult Care Services	56,236	56,376	<b>+140</b>
Chief Executive's	4,926	5,286	<b>+360</b>
Non Service Specific	493	(679)	<b>(1,172)</b>
<b>TOTAL</b>	<b>148,640</b>	<b>148,234</b>	<b>(406)</b>

**QUARTER 1 FORECAST 2014/15**

3.3 The table below outlines the annual budget and forecast outturn based upon known factors and the professional views of service managers as at month 3:

Department	Budget £000	Forecast £000	Variance £000
Communities & Wellbeing	69,018	69,580	<b>+562</b>
Resources & Regulation	4,554	5,898	<b>+1,344</b>
Children, Young People & Culture	33,992	34,533	<b>+541</b>
DCN Residual	215	(170)	<b>(385)</b>
Non Service Specific	35,875	35,523	<b>(352)</b>
<b>TOTAL</b>	<b>143,654</b>	<b>145,364</b>	<b>+1,710</b>

3.4 The projected overspend of **£1.710m** represents approximately **1.19%** of the total net budget of £143.654m.

3.5 Members need to be aware that financial reporting involves an element of judgement, and this particularly applies to the treatment of budget pressures. Often an area of overspending identified at this point in the year will resolve itself before the end of the year following appropriate remedial action.

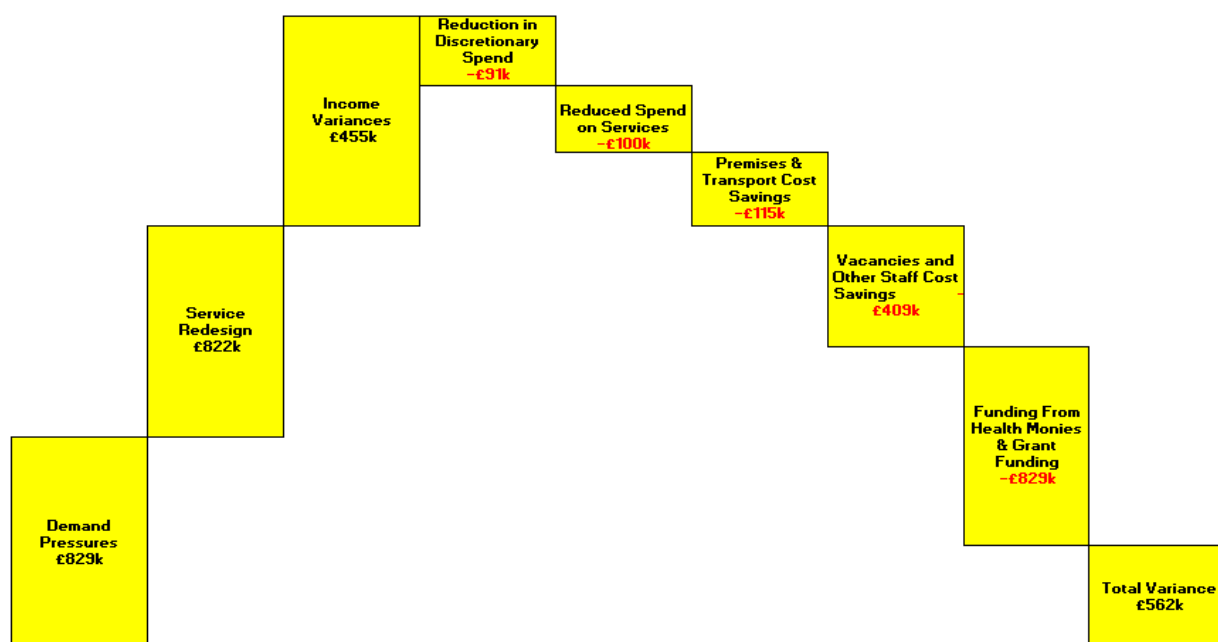
3.6 However it is felt appropriate to alert Members to potential problems at this stage so that they can monitor the situation and take ownership of the necessary remedial action and this is the basis on which the report is written.

**4.0 SERVICE SPECIFIC FINANCIAL MONITORING**

**4.1 COMMUNITIES AND WELLBEING**

4.1.1 The current projected overspend for Communities and Wellbeing is **£0.562m**, which is 0.8% of the Department’s net budget of £69.018m

4.1.2 Reasons for major variations are illustrated in the chart overleaf;





4.1.3 Further details by service area are outlined below, along with remedial action being taken.

Adult Care/ Communities & N'hoods	Cost Bridge Activity	Variance £'000	Reason	Action Being Taken
<b>Demand Pressures</b>	Adult Care	+829	Demand pressures in Care in the Community budgets particularly around Domiciliary Care, Residential Care and Self Directed Support Budgets - (+£829k)	A range of preventative strategies continue to be introduced to manage this demand, such as reablement, triage, improved screening, 'signposting', and crisis response as well as a programme of training for front line staff around efficient support package planning. In addition, all existing high & medium cost care packages are kept under regular review.
	Communities & N'hoods	0		
	<b>Sub Total</b>	<b>+829</b>		
<b>Service Redesign</b>	Adult Care	+553	A number of service areas have yet to achieve 2014/15 savings target against specific schemes:  Business and Development - £198k Commissioning Procurement & Finance - £135k Workforce -£20k Operations - £200k	An Action plan is being developed by senior management for each of the service areas, ensuring the savings target are achieved during 2014/15 at least on a temporary basis in the first instance, with longer term plans to achieve full year effect from 2015/16 onwards.
	Communities & N'hoods	+269	Current projections indicated that Civic Halls savings from self management and extra income target not likely to be achieved in full during 2014/15, although this will be monitored closely during 2014/15. (+£39k).  Delay in new Leisure Centres project (+£100k)  Leisure Trust (+£70k)  Sports Development (+£60k)	Continue to market & promote service and assess income & profitability of activities/events.  Saving expected in future years if project proceeds.  Offset by underspend on DCN contingency budget for 2014/15.  Offset by underspends if possible and/or use other savings transferred to reserves to offset cost pressure in short term.

	<b>Sub Total</b>	<b>+822</b>		
<b>Income Variances</b>	Adult Care	+8	Adult learning grant reduction (+£30k).  Internal Recruitment agency additional income expectation (-£22k).	Planned reduction in spending levels in line with the grant receivable.  This is a good news story for CWB and the hope is that further income can be generated from increased activity of the internal recruitment agency.
	Communities & N'hoods	+447	Difficulty in meeting beverage service/café income target due to reduced footfall (+£40k).  Civic Halls surplus below target (+£92k).  Shortfall on pest control income (+£25k).  Leisure income not meeting targets, including income lost during closure of Radcliffe Pool for repairs (+£274k).  Transport Services income forecast to exceed budget (-£142k).  Shortfalls on bulky waste income (+£47k) and trade waste income (+£100k).  Other variances (+£11k).	Offset as much as possible by reducing spend.  Continue to market & promote service and assess income & profitability of activities/events.  Service will be reviewed to see if deficit can be eradicated.  Offset as much as possible by reducing spend. Savings to date are shown below.  Use to offset other overspends.  Offset by underspends elsewhere in the service.
	<b>Sub Total</b>	<b>+455</b>		
<b>Reduced Discretionary Spend</b>	Adult Care	-21	The main Adult Care training budget is not expected to fully spend during 2014/15 (-£21k).	Forecast underspend may be used to offset pressure within other areas of adult care service budgets.

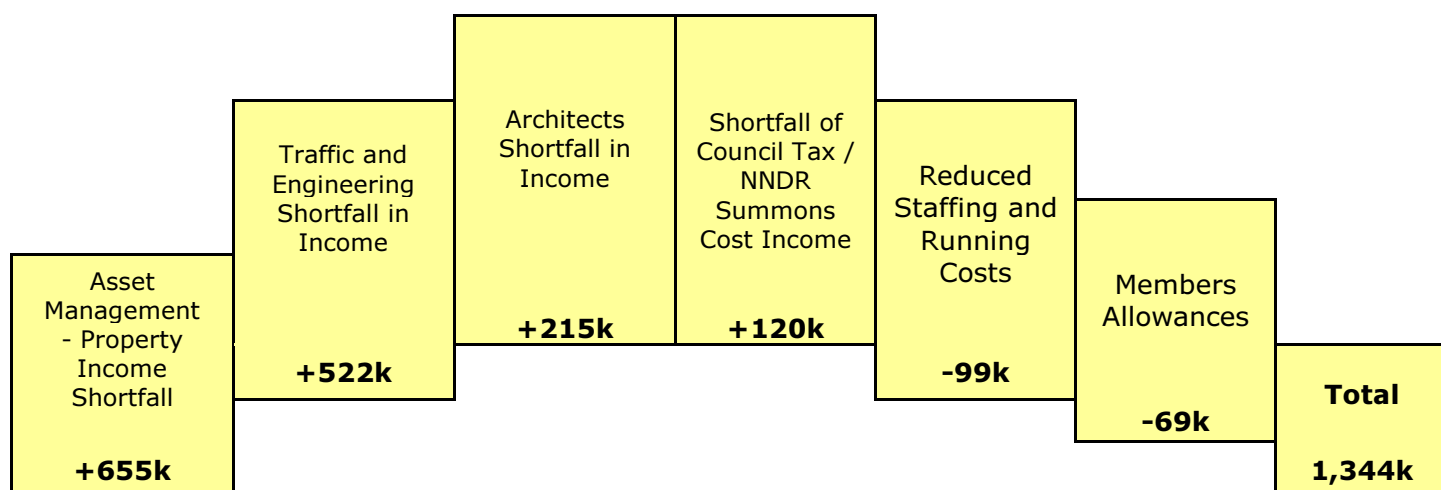
	Communities & N'hoods	-70	<p>Reduced spend at Leisure Centres (-£72k).</p> <p>Forecast underspend on caddy liners, after budget saving target taken into account (-£114k).</p> <p>Forecast overspend on budget for bulking up waste at Fernhill and costs of disposing of leaf clearance waste (+£80k).</p> <p>Forecast overspend on supplies &amp; materials in waste management/ street cleaning (+£37k).</p> <p>Other variances (-£2k).</p>	<p>Use net savings to offset overspends.</p> <p>Monitor service and review arrangements as required.</p> <p>Overspends are offset by forecast savings on staff costs.</p>
	<b>Sub Total</b>	<b>-91</b>		
<b>Reduced Spend on Services</b>	Adult Care	-100	Reduce spend activity on Carers services budget (-£100k).	Forecast underspend may be used to offset pressure within other areas of adult care service budgets.
	Communities & N'hoods	0		
	<b>Sub Total</b>	<b>-100</b>		
<b>Premises &amp; transport cost savings</b>	Adult Care	0		
	Communities & N'hoods	-115	<p>Underspends on transport repairs, hire &amp; leasing costs (-£115k) plus other minor variances.</p> <p>The figure assumes that repair costs at Radcliffe pool to be met from reserves/capital.</p>	Use savings to offset overspends.
	<b>Sub Total</b>	<b>-115</b>		
<b>Vacancies and Other Staff Cost Savings</b>	Adult Care	-138	<p>The following budgets are reporting underspends largely as a result of staffing vacancies:</p> <p>Strategic Commissioning (-£65k)                      Reablement (£-4k)                      Assessment and Care Mgt (-£10k)                      Older Peoples Day Care (-£59k)</p>	Forecast underspend will be used to offset pressure within other areas of adult care service budgets.
	Communities & N'hoods	-271	<p>Reduced spend on Leisure Centre staff during closures (-£95k).</p> <p>Transport salary savings from reduced overtime/standby, vacancies &amp; flexible retirements (-£19k).</p>	Use savings to offset overspends.

			Underspendings on waste management employee costs (-£157k).	
	<b>Sub Total</b>	<b>-409</b>		
<b>Funding from Health Monies &amp; Grant Funding</b>	Adult Care	-829	Funding to support the demand pressures of the Care in the Community budgets (-£829k).	Utilisation of historic underspends from Adult Care Specific Grants and a contribution of the Health monies towards the demand pressures within Community Care are ensuring that the net expenditure is balanced in year.
	Communities & N'hoods	0		
	<b>Sub Total</b>	<b>-829</b>		
	<b>Grand Total</b>	<b>+562</b>		

## 4.2 RESOURCES AND REGULATION

4.2.1 The Resources & Regulation Department is forecasting an overall overspend of **£1.344m**, or 29.5% of a net budget of £4.554m.

4.2.2 Reasons for major variations are illustrated in the chart below;



4.2.3 Reasons for major variations are illustrated in the table below;

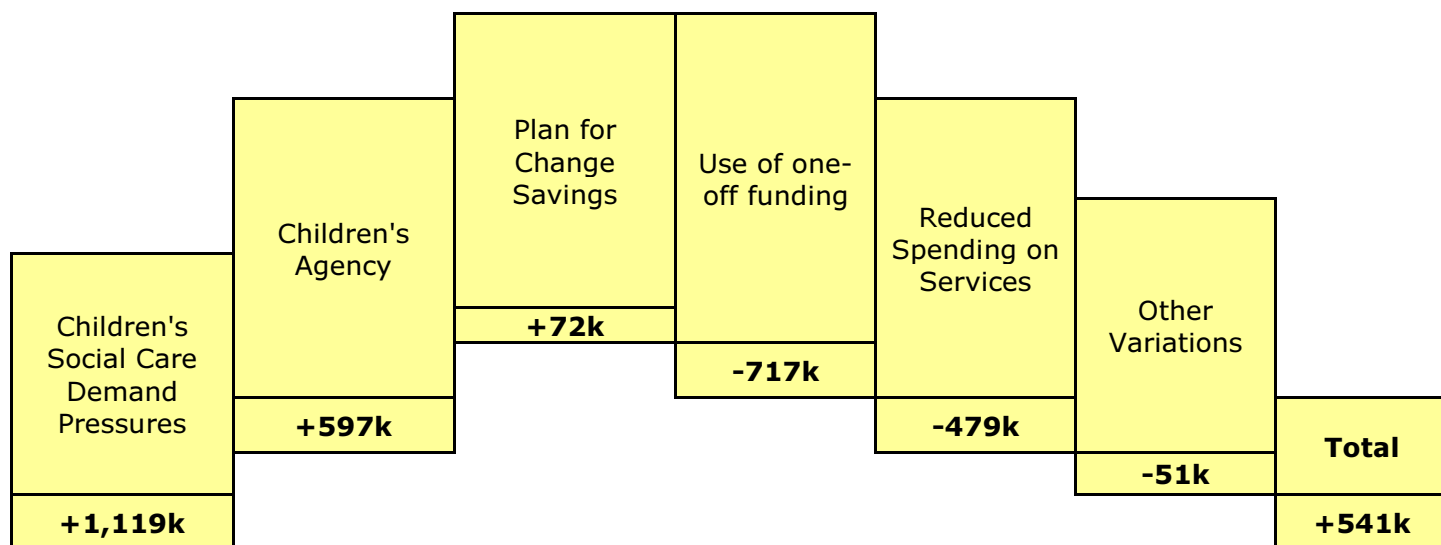
Activity	Variance £'000	Reason	Action Being Taken
Property Services	+655	<p>Shortfall in income due to reduced occupancy levels.</p> <p>Should all of the properties within the non-operational property portfolio be let, the level of current market rents is such that the income budgets would still not be achieved.</p>	<p>Although most of the units at Bradley Fold that were vacated in 2011/12 have now been re-let, rents are significantly lower than what were achieved before the economic downturn. A number of units which were previously let have now been demolished owing to their poor condition. and business cases are being looked at for redevelopment viability.</p> <p>The accounts for the Mill Gate Centre have been scrutinised in detail to ensure that all monies properly due to the Council are being paid and this will be an ongoing process.</p> <p>A report is due to be considered by Cabinet on 3<sup>rd</sup> September which proposes the acquisition of secure property investments and the disposal of poorly performing assets. This would increase revenue income to the Council and achieve greater returns than monies currently held in other investments.</p>
Traffic & Engineering	+522	<p>Estimated shortfalls in income relating to on and off-street parking and parking fines (+£294k), Greater Manchester Road Activities Permit Scheme (GMRAPS) (+£124), bus lane enforcement (+£31k), traffic management severance pay (+£17k) and delayed savings from Engineering Consultancy management restructure (+£56k).</p>	<p>Monitor income levels, adjust expenditure and targets where possible and review staff resources allocated to GMRAPS.</p> <p>Severance pay and management restructure delayed savings are one-offs to achieve planned savings longer term.</p>

Architects	+215	Estimated shortfall in income target due to the reduction in tender levels that reflect the economic climate, this reduces the overall fees chargeable for the same amount of input. There has been a reduction in large projects and increases in time charge activity limits the potential for surplus income. The projection is in line with outturn for the past few years.	Reduce spend and fee levels where possible.
Summons Costs	+120	Summons costs income for council tax and business rates are forecast to under-recover against historically over-inflated income budget targets.	Internal measures being taken to improve the income recovery rate.
Reduced Staffing and Running Costs	-99	Vacant posts not filled and tightening of controllable expenditure across the department.	To be used to assist in reducing the estimated overspend within the department.
Members Allowances	-69	Reductions in the level of Special Responsibility Allowances paid to Members continue to result in this forecasted underspend.	To be used to assist in reducing the estimated overspend within the department.

### 4.3 CHILDREN’S, YOUNG PEOPLE AND CULTURE

4.3.1 The overall Children’s, Young People & Culture budget is currently projecting an overspend of **£0.541m**, or 1.59% based on net budget of £33.992m.

4.3.2 Reasons for major variations are illustrated in the chart below;



4.3.3 Further details of the major variations are provided in the table below:

Activity	Variance £'000	Reason	Action Being Taken
Social Care Demand Pressures	+1,119		
	Made up of:		
Leaving Care	+420	Spending on housing and further education of 19+ students who have now left our care.	The overspend remains at similar levels to the previous year due to housing costs. Additional costs are expected for the void costs for properties earmarked for the HEN Project.
Advice & Assessment	+545		Overspend due to agency social workers currently forecast for the full year, 2 agency Social workers are covering sickness/maternity, 13 are above establishment and have been brought in to bring caseload numbers into line with Ofsted recommended quotas.
Safeguarding	+92		The overspend is predicted due to agency social workers covering vacancies, this could reduce if they are successful in recruiting.
Children & Young people in Care	+62		Forecast overspending of £62,000 due to an establishment shortfall, honorarium and Agency staff to cover sickness.

<p>Demand pressures - Children's Agency Placements</p>	<p>+597</p>	<p>Continuing increased Demand</p>	<p>The continuing overspend has decreased from the projected £1½+ million overspending during the corresponding period in 2013/14.</p> <p>A range of preventative strategies have been /are being introduced to try to minimise future spending, with all high and medium cost care packages being rigorously reviewed. It is estimated that during the forthcoming months this overspend will continue to reduce the cost burden on this highly volatile budget.</p> <p>It is anticipated that these strategies will result in a balanced budget in 2015/16.</p> <p>However, there is no guarantee that the total expenditure will be reduced as unknown future demand pressures could have a significant impact on the budget.</p> <p>Children, Young People &amp; Culture constantly strive to minimise the costs of each placement, which are amongst the lowest in the north-west, but it is extremely difficult to contain a budget that is subject to such significant and variable demand pressures.</p>
<p>Plan for Change Savings</p>	<p>+72</p> <p>Made up of:</p>		
<p>Libraries</p>	<p>+22</p>		<p>School library services have ceased however there are still associated service costs.</p>
<p>School Crossing Patrol</p>	<p>+50</p>		<p>Plan for Change savings 2013/14 not implemented.</p>

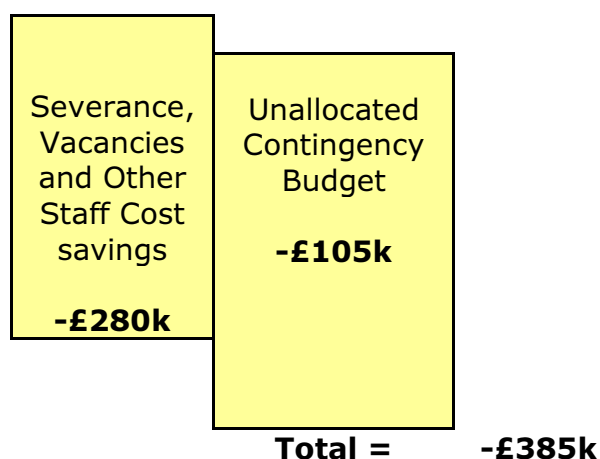


Use of previous year's monies	-717	Previous years' underspending of external grant monies brought forward	During 2012/13 Children's Services took action to reduce spending in particular areas, including many supported by external grants as well as utilising underspendings on some externally funded schemes that now no longer exist. These unspent monies were brought forward into 2014/15 and are being used to offset some of the demand pressures affecting the department.
Reduced Spending on Services	-479		
	Made up of:		
School Attendance	-65		Higher than anticipated buy-back income and penalty notice income.
Youth Service	-68		Savings identified on youth projects used to offset the shortfall on salaries.
Management & Administration	-346		Continued use of external funding.
Other	-51		Grant from Museum Development Fund has now ceased, alternative funding is being sourced but unsecured at this stage (+£55k);  General efficiencies and budget management savings (-£106k).

#### 4.4 COMMUNITIES AND NEIGHBOURHOODS - RESIDUAL

4.4.1 There is a projected underspend of £0.385m on former DCN costs against a budget of £215,000.

4.4.2 The main reasons are shown in the chart below:



4.4.3 Further details are provided in the table below;

Activity	Variance £'000	Reason	Action Being Taken
Severance vacancies and other staff cost variances.	-280	Salary savings of £80,000 in 2014/15 from approved VER/VES applications.  Provision in budget for severance costs (-£200k) currently uncommitted.	Full year impact of savings from approved VERS will be used in 2015/16 to reduce the need to make alternative cuts in services.  Budget may be required later in the year if further VER/VES applications are received and approved.
Uncommitted contingency budget	-105	Budget set aside to meet unforeseen costs. No commitments identified.	Transfer budget to other departments to offset budget pressures from delays in achieving savings.

#### 4.5 NON-SERVICE SPECIFIC

4.5.1 There is a forecast net underspend of **£0.352m**, or 0.98% based on net budget of £35.875m. This relates primarily to the Council's Treasury Management activity (see Section 8.0, page 19 for further details), increased annual subscription costs and contributions (+£130k) and a slightly higher than expected airport dividend (+£84k).

## 5.0 CAPITAL BUDGET

### 5.1 CAPITAL PROGRAMME

5.1.1 The revised estimated budget for the Capital Programme 2014/15 at the end of June is shown in the table below:

2014/15	£m
Original Capital Programme	24.284
Approved Slippage from 2013/14	16.126
In year adjustments and contributions	(0.408)
Estimated re-profiled projects into 2015/16	(9.368)
<b>Revised Budget for Year at Quarter 1</b>	<b>30.634</b>

5.1.2 The expenditure and funding profile for the Capital Programme together with a detailed breakdown of the Original Approved Programme, the Revised Estimate, Forecast Outturn, Actual Spend to end of Month 3, and the estimated under/over-spend of the capital programme for 2014/15 is shown in Appendix A.

5.1.3 Members should note that given the complexity and size of some of the larger schemes currently in the Council's Capital Programme the information received from budget holders can vary significantly from one quarterly report to the next and should be read in this context.

5.1.4 At the end of Quarter 1, a total of **£9.368m** of the 2014/15 budget has been identified for re-profiling to 2015/16. Most of this amount is attributed to Children's, Young People & Culture Services Projects where the schemes are funded mainly by grants from Department of Education to a total of £8.570m. The remainder is attributable to Highways Traffic Calming schemes with a total of £0.219m and a further £0.475m on the A56 Prestwich Village Corridor Improvements.

### 5.2 Expenditure

5.2.1 The Forecast Outturn as at Month 3 is **£28.915m** and Budget Managers have reported that they expect to spend up to this amount by 31 March 2015.

5.2.2 The actual expenditure incurred by the end of Month 3 totals **£1.968m**.

5.2.3 The main areas of expenditure in the first quarter are:

- Property Redevelopment Schemes £0.335m
- Children's, Young People and Culture £0.605m
- Older People schemes £0.134m
- Housing Public Sector £0.193m

### 5.3 Variances

5.3.1 Appendix A provides details of variances for each scheme based on latest available information received from budget managers and at Month 3 it shows a projected underspend for the Programme of £1.721m. This amount is the balance of several

larger schemes in the programme that are in the process to finalise details and not material in relation to the size of the programme and the schemes that are forecasted to overspend are monitored and analysed by budget managers. Remedial action if required will be taken as soon as the schemes' details for expenditure and funding availability are finalised.

5.3.2 Brief reasons for all variances are provided in Appendix A attached with the report.

## 5.4 Funding

5.4.1 The funding profile included in Appendix A shows the resources available to cover the capital programme during 2014/15.

5.4.2 The principal source of funding for Capital schemes approved for the 2014/15 programme consists of external resources together with resources unspent and carried forward from previous years. The Council and Cabinet have also approved a second phase of Invest to Save schemes supported by the Council's own resources of **£0.886m** for the year.

5.4.3 The position of the capital receipts and borrowing as at the end of Month 3 is reported below. The figures in the table show the total funding requirement for the revised estimated capital programme and the expected resources to be supported by the Council as at the end of Quarter 1 of the year.

<b>2014/15 Use of Council Resources for Capital Investment</b>	<b>£m</b>
Revised Capital Programme for the year	40.002
Use of external funding and contributions	34.969
<b>Balance of programme relying on Council resources</b>	<b>5.033</b>
Use of Capital receipts and earmarked reserves	0.905
Use of Prudential Borrowing (2014/15 approved Invest to Save schemes)	0.886
Use of Prudential Borrowing (2013/14 schemes brought forward)	3.242
<b>Total Council Resources used to support the Capital Budget for Year</b>	<b>5.033</b>

## 5.5 Capital Programme Monitoring

5.5.1 The programme will be monitored closely during the year by the Capital Programme Monitoring Group (CPMG) and Management Accountancy with an aim to deliver schemes on cost and on time with minimum potential slippage into 2015/16. Departmental representatives will examine and confirm any action necessary to ensure that schemes are completed within approved time and cost parameters with slippage into the following years shown at its minimum.

## 6.0 HOUSING REVENUE ACCOUNT

- 6.1 The Housing Revenue Account (HRA) relates to the operation of the Council's housing stock and can be viewed as a landlord account. It is required by statute to be accounted for separately within the General Fund and is therefore effectively ring-fenced.
- 6.2 The latest estimates show a projected surplus (working balance carried forward) of £1.000m at the end of 2014/15. The projected outturn shows a working balance carried forward of £0.811m. See Appendix B.
- 6.3 There are a number of variations that contribute to the projected outturn position however the only area where the variance exceeds 10% and £50k is Interest receivable – on balances. The projected reduction in income of £0.073m reflects the lower rate of interest achieved in the last financial year.
- 6.4 The two main impacts on the HRA year-end balance are normally **void levels** and the **level of rent arrears**, but levels of **Right to Buy sales** can also be a major influence on the resources available.

### **Voids:**

The rent loss due to voids for April to June was on average 2.26% compared to a void target level set in the original budget of 1.8%. If this level continues for the rest of the year there would be a reduction in rental income of around £0.136m; the projection of rental income in Appendix B has been calculated on this basis.

Six Town Housing have started a review looking at the voids processes and the various factors affecting demand.

### **Arrears:**

The rent arrears at the end of June totalled £0.882m, an increase of 3.7% since the end of March. Of this total £0.372m relates to former tenants and £0.510m relates to current tenants.

The Council is required to make a provision for potential bad debts. The contribution for the year is calculated with reference to the type of arrear, the amount outstanding on each individual case and the balance remaining in the provision following write off of debts.

Based on the performance to the end of June, projected for the full year, this provision would require an additional contribution of £0.200m to be made.

The 2014/15 HRA estimates allow for additional contributions to the provision totalling £0.614m, £0.184m for uncollectable debts and £0.430m to reflect the potential impact that welfare benefit changes could have on the level of rent arrears. Therefore there is a potential underspend of £0.414m. The projected outturn has not been amended to reflect this as the impact of further benefit changes needs to be assessed and the level of rent arrears is volatile.

### **Right to Buy Sales:**

From April 2012 the maximum Right to Buy discount increased from £26,000 to £75,000.

This has resulted in an increase in the number of applications and ultimately sales. There were 13 sales in 2012/13 and this increased to 40 sales last year.

The forecast for 2014/15 was set at 42, this being the level of sales assumed for Bury in the Government's self-financing valuation.

From July 2014 the maximum Right to Buy discount will increase from £75,000 to £77,000 and the maximum percentage discount on houses will increase from 60% to 70% (in line with the discounts allowed on flats). These changes may increase the number of applications and sales.

The number of sales has a direct effect on the resources available to the HRA – the average full year rent loss for each dwelling sold is around £3,800.

- 6.5 There have been 7 sales in the period April to June. The level of applications and sales is being monitored and the rental income projections will be revised at the end of the second quarter if sales are expected to exceed forecast.

## 7.0 PRUDENTIAL INDICATOR MONITORING

- 7.1 It is a statutory duty for the Council to determine and keep under review the "Affordable Borrowing Limits". The authority's approved Prudential Indicators (affordability limits) for 2014/15 is outlined in the approved Treasury Management Strategy Statement.

- 7.2 The authority continues to monitor the Prudential Indicators on a quarterly basis and Appendix C shows the original estimates for 2014/15 (approved by Council on 19 February 2014) with the revised projections as at 30 June 2014. The variances can be seen in the Appendix together with explanatory notes. The Prudential Indicators were not breached during the first three months of 2014/15.

## 8.0 TREASURY MANAGEMENT

### 8.1 Investments:

- 8.1.1 At the 30 June 2014 the Council's investments totalled £66.5 million and comprised:-

Type of Investment	£ Million
Call Investments (Cash equivalents)	35.7
Fixed Investments (Short term investments)	30.8
<b>Total</b>	<b>66.5</b>

- 8.1.2 All investments were made in line with Sector's suggested credit worthiness matrices and the approved limits within the Annual Investment Strategy were not breached during the first quarter of 2014/15.

- 8.1.3 The Council has earned the following return on investments:  
Quarter 1 0.67%

- 8.1.4 This figure is higher than Sector's suggested budgeted investment earnings rate for returns on investments, placed for periods up to three months in 2014/15, of 0.50%

## 8.2 Borrowing:

8.2.1 No external borrowing was undertaken in the quarter to 30<sup>th</sup> June 2014.

At 30 June 2014 the Council's debts totalled £217.914 million and comprised:-

	30th June 2014		
	Principal		Avg. Rate
	£000	£000	
<b>Fixed rate funding</b>			
PWLB Bury	153,862		
PWLB Airport	4,549		
Market Bury	57,500	215,911	
<b>Variable rate funding</b>			
PWLB Bury	0		
Market Bury	0	0	
<b>Temporary Loans / Bonds</b>	2,003	2,003	
<b>Total Debt</b>		<b>217,914</b>	<b>3.96%</b>

8.2.2 The overall strategy for 2014/15 is to finance capital expenditure by running down cash/investment balances and taking shorter term borrowing rather than more expensive longer term loans. With the reduction of cash balances the level of short term investments will fall. Given that investment returns are likely to remain low for the financial year 2014/15, then savings will be made by running down investments and taking shorter term loans rather than more expensive long term borrowing.

8.2.3 It is anticipated that further borrowing will be undertaken during this financial year.

## 9.0 MINIMUM LEVEL OF BALANCES

9.1 The actual position on the General Fund balance is shown in the following table:

	£m
<b>General Fund Balance 31 March 2014 per Accounts</b>	<b>11.580</b>
Less : Minimum balances to be retained in 2014/15	-4.500
Less : Contribution towards cost of Equal Pay	-1.500
Less : Forecast overspend	-1.710
<b>Available balances at 1 April 2014</b>	<b>3.870</b>

9.2 Based on the information contained in this report, on the risk assessments that have been made at both corporate and strategic level, on the outturn position for 2014/15 and using information currently to hand on the likely achievement of savings options, it is clear that there is no reason to take the minimum level of balances above the existing level of £4.500m.

9.3 In light of the above assessment it is recommended that the minimum level of balances be retained at **£4.500m**.

- 9.4 Members are advised that using available balances to fund ongoing expenditure would be a breach of the Council's Golden Rules. Likewise, Members are advised that the Authority faces significant funding reductions in the future, and balances are likely to be required to fund one-off costs of service transformation.

### **10.0 EQUALITY AND DIVERSITY**

- 10.1 There are no specific equality and diversity implications.

### **11.0 FUTURE ACTIONS**

- 11.1 Budget monitoring reports will continue to be presented to the Strategic Leadership Team on a monthly basis and on a quarterly basis to the Cabinet; Overview & Scrutiny Committee; and Audit Committee.
- 11.2 Star Chambers have been diarised for Quarters 1, 2 & 3 with Q1 meetings scheduled to take place in August 2014.

### **Councillor Mike Connolly, Leader of the Council and Cabinet Member for Finance**

---

#### **List of Background Papers:-**

Finance Working Papers, 2014/15 held by the Assistant Director of Resources & Regulation (Finance & Efficiency).

#### **Contact Details:-**

*Steve Kenyon, Assistant Director of Resources & Regulation (Finance & Efficiency), Tel. 0161 253 6922, E-mail: [S.Kenyon@bury.gov.uk](mailto:S.Kenyon@bury.gov.uk)*



# Document Pack Page 93

Month 3 - 2014/15

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)			
	2014/15 Original Estimate	Slippage	Adjust-ments	Revised Estimate Before Reprofile	Reprofiled to Future Years	Revised Estimate After Reprofile Col.4-Col.5	Forecast Outturn 2014/15	2014/15 Month 03 Actual	Month 3 Variance / (Underspend) or Overspend Col.7-Col.6		Notes	
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's			
Children, Young People & Culture	Support Services	84	-	84	-	84	84	33	-	K		
Children, Young People & Culture	DFES - Devolved Formula	500	1,250	(7)	1,743	(1,209)	534	542	105	J	Spend takes place over a 3yr rolling programme allocated directly to schools	
Children, Young People & Culture	NDS Modernisation	3,926	7,767	(78)	11,614	(7,108)	4,506	4,505	315	L		
Children, Young People & Culture	Access Initiative	-	62	-	62	(38)	24	24	0	K		
Children, Young People & Culture	Targetted Capital Funds	-	130	-	130	-	130	130	19	K		
Children, Young People & Culture	New Sports Hall - Derby	321	134	(321)	134	-	134	127	91	L		
Children, Young People & Culture	Children Centres	-	44	-	44	(34)	10	10	0	J		
Children, Young People & Culture	Free School Meal Capital Grant	356	-	-	356	(10)	346	346	6	J		
Children, Young People & Culture	Early Education Fund	-	321	-	321	(171)	150	150	-	J		
Children, Young People & Culture	16-19 Demographic Growth Fund	274	174	-	447	-	447	447	-	J		
Children, Young People & Culture	Libraries/Adult Education	-	109	-	109	-	109	109	34	J		
Communities & Wellbeing	Contaminated Land	-	31	0	32	(7)	24	24	6	(0)	J	
Communities & Wellbeing	Air Quality	-	19	-	19	(9)	10	10	7	-	J	
Communities & Wellbeing	Improving Info.Management	-	37	-	37	-	37	37	-	-	J	
Communities & Wellbeing	Learning Disabilities	-	148	-	148	-	148	148	0	(0)	J	
Communities & Wellbeing	Mental Health	-	-	-	-	-	-	-	(41)	-	K	retention only due September
Communities & Wellbeing	Older People	448	92	-	540	-	540	622	134	82	L	Contribution from reserves to be added to scheme
Communities & Wellbeing	Empty Property Strategy	198	405	-	604	-	604	251	-	(353)	L	re-profile to future years to be calculated
Communities & Wellbeing	GM Green Deal and ECO Deliver Partnership	0	1,200	-	1,200	-	1,200	-	-	(1,200)	L	review by Month9 expected
Communities & Wellbeing	Disabled Facilities Grant	652	337	-	989	-	989	989	96	(0)	K	
Communities & Wellbeing	Waste Management	-	124	-	124	-	124	124	-	-	K	
Communities & Wellbeing	Parks	-	2	-	2	-	2	2	-	(0)	K	
Communities & Wellbeing	Leisure Facilities	2	2	-	2	-	2	2	-	0	K	
Resources & Regulation	Traffic Management Schemes	205	314	-	519	(219)	300	300	-	-	K	
Resources & Regulation	Public Rights of Way	23	17	-	40	-	40	40	-	-	K	
Resources & Regulation	Planned Maintenance	1,233	105	-	1,338	-	1,338	1,336	11	(1)	K	
Resources & Regulation	Travel Plans	-	26	-	26	(26)	2	-	-	(2)	K	
Resources & Regulation	Bridges	445	32	-	477	-	477	477	76	-	K	
Resources & Regulation	Transportation & Parking	-	80	-	80	(62)	18	20	8	2	J	to be re-profiled at Mth6
Resources & Regulation	Street Lighting LED Invest to Save	1,046	528	-	1,574	-	1,574	828	-	(746)	L	may require re-profiling
Resources & Regulation	A56 Prestwich Village Corridor Improvements	500	-	-	500	(475)	25	25	2	-	K	
Resources & Regulation	Planning Environmental Projects	237	366	(2)	601	-	601	603	18	2	J	
Resources & Regulation	Development Group Projects	206	126	-	332	-	332	330	13	(2)	K	
Resources & Regulation	Corporate ICT Projects	-	140	-	140	-	140	140	-	-	K	
Resources & Regulation	Townside Fields - Joint Venture	-	5	-	5	-	5	-	274	(5)	K	
Resources & Regulation	Depot & Operational Premises	-	83	-	83	-	83	83	0	0	J	
Resources & Regulation	Opportunity Land Purchase	-	109	-	109	-	109	109	0	-	K	
Resources & Regulation	Demolition of the Rock Fire Station	-	94	-	94	-	94	94	0	-	K	
Resources & Regulation	Inwell Street Redevelopment	-	-	-	-	-	-	53	53	53	L	Longer term scheme, only fees recorded
Resources & Regulation	Bradley Fold	-	32	-	32	-	32	33	-	1	J	
Resources & Regulation	Demolition of Former Police HQ, Inwell Street	-	22	-	22	-	22	500	6	478	L	Estimate based on recent quote for works to be carried out in 14/15
Resources & Regulation	Bury Market - New Toilets	-	(13)	-	(13)	-	(13)	200	48	213	L	Contribution to budget amount expected in the year
Resources & Regulation	Radcliffe Town Centre Redevelopment	700	174	-	874	-	874	874	108	-	J	
Resources & Regulation	The Rock Fire Station Redevelopment	-	4	-	4	-	4	4	4	-	K	
Resources & Regulation	Radcliffe TC Bus Station Relocation	1,000	-	-	1,000	-	1,000	1,000	36	-	K	
Resources & Regulation	New Leisure Centre at Knowsley Street	-	-	-	-	-	-	79	79	79	L	Longer term scheme, only fees recorded
Resources & Regulation	Property Management / Sale of Assets	-	-	-	-	-	-	252	231	252	L	Offset at year end against realised sales.
Resources & Regulation	ELR Trust	-	-	-	-	-	-	-	1	-	L	
Housing Public Sector	Disabled Facilities Adaptations	534	-	-	534	-	534	557	24	23	L	
Housing Public Sector	Major Repairs Allowance Schemes	7,361	1,406	-	8,768	-	8,768	8,768	168	(0)	K	
Housing Public Sector	Major Repairs Allowance Schemes	4,119	-	-	4,119	-	4,119	3,524	-	(595)	L	
<b>Total Bury Council controlled programme</b>		<b>24,284</b>	<b>16,126</b>	<b>(408)</b>	<b>40,002</b>	<b>(9,368)</b>	<b>30,634</b>	<b>28,915</b>	<b>1,968</b>	<b>(1,719)</b>		

**Funding position:**

Capital Receipts	205	-	700	905	(219)	686	606
Reserve / Earmarked Capital Receipts	-	-	-	-	-	-	140
General Fund Revenue	699	596	-	1,295	-	1,295	1,295
Housing Revenue Account	-	-	-	-	-	-	-
Capital Grants/Contributions	9,780	10,881	(408)	20,254	(8,674)	11,580	11,580
HRA/MRA Schemes	12,014	1,406	-	13,420	-	13,420	13,420
Supported Borrowing	-	-	-	-	-	-	-
Unsupported Borrowing	1,586	3,243	(700)	4,128	(475)	3,653	1,875
	<b>24,284</b>	<b>16,126</b>	<b>(408)</b>	<b>40,002</b>	<b>(9,368)</b>	<b>30,634</b>	<b>28,915</b>

**Key for budget monitoring reports**

**Projected Overspend (or Income Shortfall)**

a major problem with the budget	more than 10% and above £50,000
a significant problem with the budget	more than 10% but less than £50,000
expenditure/income in line with budget	
a significant projected underspend (or income surplus)	more than 10% but less than £50,000
a major projected underspend (or income surplus)	more than 10% and above £50,000

J
K
L

This page is intentionally left blank

## April 2014 - June 2014 Monitor

	2014/15 Original Estimate	2014/15 Latest Estimate	2014/15 Projected Outturn	2014/15 Variation Over/(Under)
	£	£	£	£
<b>INCOME</b>				
Dwelling rents	30,187,600	30,187,600	30,075,400	112,200
Non-dwelling rents	220,800	220,800	222,100	(1,300)
Heating charges	71,600	71,600	73,700	(2,100)
Other charges for services and facilities	904,100	904,100	922,800	(18,700)
Contributions towards expenditure	53,900	53,900	53,900	0
<b>Total Income</b>	<b>31,438,000</b>	<b>31,438,000</b>	<b>31,347,900</b>	<b>90,100</b>
<b>EXPENDITURE</b>				
Repairs and Maintenance	0	0	0	0
General Management	739,100	739,100	699,800	(39,300)
Special Services	752,300	752,300	752,300	0
Rents, rates, taxes and other charges	50,000	50,000	90,000	40,000
Increase in provision for bad debts - uncollectable debts	184,400	184,400	184,400	0
Increase in provision for bad debts - impact of Benefit Reforms	430,400	430,400	430,400	0
Cost of Capital Charge	4,530,300	4,530,300	4,493,000	(37,300)
Depreciation/Impairment of fixed assets - council dwellings	7,361,500	7,361,500	7,361,500	0
Depreciation of fixed assets - other assets	40,500	40,500	41,900	1,400
Debt Management Expenses	40,700	40,700	41,000	300
Contribution to/(from) Business Plan Headroom Reserve	(358,000)	(358,000)	(358,000)	0
<b>Total Expenditure</b>	<b>13,771,200</b>	<b>13,771,200</b>	<b>13,736,300</b>	<b>(34,900)</b>
<b>Net cost of services</b>	<b>(17,666,800)</b>	<b>(17,666,800)</b>	<b>(17,611,600)</b>	<b>55,200</b>
Amortised premia / discounts	(14,600)	(14,600)	(14,600)	0
Interest receivable - on balances	(164,200)	(164,200)	(91,000)	73,200
Interest receivable - on loans (mortgages)	(1,900)	(1,900)	(1,000)	900
<b>Net operating expenditure</b>	<b>(17,847,500)</b>	<b>(17,847,500)</b>	<b>(17,718,200)</b>	<b>129,300</b>
<b>Appropriations</b>				
Appropriation relevant to Impairment	0	0	0	0
Revenue contributions to capital	4,652,500	4,652,500	4,664,500	12,000
<b>(Surplus) / Deficit before ALMO/SHU payments</b>	<b>(13,195,000)</b>	<b>(13,195,000)</b>	<b>(13,053,700)</b>	<b>141,300</b>
<b>Payments to Six Town Housing / Transfers re Strategic Housing Unit excluded from above</b>				
Six Town Housing Management Fee	12,875,000	12,875,000	12,922,500	47,500
Contribution to SHU Costs	320,000	320,000	320,000	0
<b>Total</b>	<b>13,195,000</b>	<b>13,195,000</b>	<b>13,242,500</b>	<b>47,500</b>
<b>(Surplus) / Deficit after ALMO/SHU payments</b>	<b>0</b>	<b>0</b>	<b>188,800</b>	<b>188,800</b>
<b>Working balance brought forward</b>	<b>(1,000,000)</b>	<b>(1,000,000)</b>	<b>(1,000,000)</b>	<b>0</b>
<b>Working balance carried forward</b>	<b>(1,000,000)</b>	<b>(1,000,000)</b>	<b>(811,200)</b>	<b>188,800</b>

## key for budget monitoring reports

## Projected Overspend (or Income Shortfall) of

	a major problem with the budget - more than 10% and above 50K
	a significant problem with the budget - more than 10% but less than 50K
	expenditure/income on line with budget
	a significant projected underspend (or income surplus) - more than 10% but under 50K
	a major projected underspend (or income surplus) - more than 10% and above 50K

This page is intentionally left blank

The table below shows the prudential indicators as derived from the Treasury Management Strategy Report for 2014/15 and the Original Budget for 2014/15 as approved at Council in February 2014. The Original Budget for 2014/15 is compared with the Forecast Outturn for 2014/15 as at 30<sup>th</sup> June 2014.

CAPITAL EXPENDITURE	Original Budget 2014/15	Forecast Outturn at 30 June 14	Variance	Notes
	£'000	£'000		
<b>Estimate of Capital Expenditure</b>				
Non-HRA	11,770	16,067	36.51%	1
HRA existing expenditure	7,895	12,848		
<b>TOTAL</b>	<b>19,665</b>	<b>28,915</b>		
<b>Estimate of Capital Financing Requirement (CFR)</b>				
Non-HRA	130,949	123,273	(5.86%)	2
HRA existing expenditure	40,531	40,531		
HRA reform settlement	78,253	78,253		
	<b>249,733</b>	<b>242,057</b>		3

AFFORDABILITY	Original Budget 2014/15	Forecast Outturn at 30 June 14	Variance	Notes
	£'000	£'000		
Estimate of incremental impact of capital investment decisions				
Increase in council tax (band D, per annum)	£0.08	£0.00		4
Increase in housing rent per week	£0.00	£0.00		5
Ratio of Financing Costs to net revenue stream				
Non-HRA	3.18%	3.10%	(2.53%)	6
HRA	14.18%	14.18%	0.00%	6
Net External Borrowing only to support the CFR in Medium Term	<b>£'000</b>	<b>£'000</b>		
Net External borrowing over medium term	201,361	201,361		7
Total CFR over Medium Term	242,057	242,057		7
Net External Borrowing < Total CFR	TRUE	TRUE		

EXTERNAL DEBT	Original Budget 2014/15	Forecast Outturn at 30 June 14	Variance	Notes
	£'000	£'000		
Authorised limit of external debt				
Borrowing	205,400	205,400		8
Other long term liabilities	7,000	7,000		
HRA reform settlement	79,300	79,300		
<b>TOTAL</b>	<b>291,700</b>	<b>291,700</b>	0.00%	
Operational boundary				
Borrowing	170,400	170,400		8
Other long term liabilities	7,000	7,000		
HRA reform settlement	79,300	79,300		
<b>TOTAL</b>	<b>256,700</b>	<b>256,700</b>	0.00%	

## Document Pack Page 98

TREASURY MANAGEMENT	Original Budget 2014/15	Forecast Outturn at 30 June 14	Variance	Notes
Upper limit for fixed interest rate exposure Net principal re fixed rate borrowing / investments	140%	140%	0%	9
Upper limit for variable rate exposure Net principal re variable rate borrowing / investments	-40%	-40%	0%	9
Upper limit for total principal sums invested for > 364 days	£10 m	£10 m		10
Maturity structure of fixed rate borrowing at 30 Sept 2013	Upper/lower limit	Actual		
Under 12 months	40% - 0%	7.02%		
12 months and within 24 months	35% - 0%	2.89%		
24 months and within 5 years	40% - 0%	8.29%		
5 years and within 10 years	50% - 0%	6.70%		
10 years and above	90% - 30%	75.10%		

### Notes to the Prudential Indicators:

1. The original budget shows the approved Capital Programme expenditure of £19,665,000. The forecast outturn of £28,915,000 is higher than budget because of slippage from 2013/14.
2. Following the Government announcement to reform the system of financing Council housing, the Authority had to pay the Department for Communities and Local Government £78.253m on the 28<sup>th</sup> March 2012. The Council financed this expenditure by PWLB loans.
3. Capital Financing Requirement relates to all capital expenditure – i.e. it includes relevant capital expenditure incurred in previous years. The Capital financing requirement reflects the authority's underlying need to borrow.
4. The finance costs related to the increases in capital expenditure impact upon Council tax. The increase in Council Tax reflects the level of borrowing to be taken in 2014/15 to finance current and previous years' capital expenditure.
5. There is no direct impact of capital expenditure on housing rents as the housing rent is set according to Government formula.
6. The ratios for financing costs to net revenue stream for both General Fund and HRA have remained relatively stable.
7. To ensure that borrowing is only for a capital purpose and therefore show that the authority is being prudent this indicator compares the level of borrowing and capital financing requirement (CFR) over the medium term. The level of borrowing will always be below the CFR.

8. The authorised limit and operational boundary are consistent with the authority's plans for capital expenditure and financing. The authorised limit is the maximum amount that the authority can borrow.
9. The variable and fixed limits together look at the whole portfolio and will therefore together always show 100% exposure. Variable interest rate limit can be positive or negative as investments under 364 days are classed as variable and are credit balances which are offset against debit variable loans. The smaller the balance of investments, the more likely the variable limit will be positive as the variable loan debit balance will be higher than the credit investment balance offset against it.
10. Principal sums invested for periods longer than 364 days have been set at £10 million. The investment balance is estimated to be cash flow driven, however if the opportunity arises that surplus investment balances are available then advantage will be taken of favourable rates.

This page is intentionally left blank



<b>REPORT FOR DECISION</b>
----------------------------

**MEETING:** CABINET

**DATE:** 3 SEPTEMBER 2014

**SUBJECT:** THE ESTATE STRATEGY (2014-18)

**REPORT FROM:** CABINET MEMBER FOR RESOURCES & REGULATION

**CONTACT OFFICER:** MIKE OWEN (EXECUTIVE DIRECTOR OF RESOURCES & REGULATION)  
STEVE HOPLEY (REGENERATION AND ESTATES MANAGER)

**TYPE OF DECISION:** KEY DECISION

**FREEDOM OF INFORMATION/STATUS:** FOR PUBLICATION

**SUMMARY:** The report outlines a summary of a strategy in respect to land and property held by Bury Council for non-operational purposes (The Let Estate).

The Estates Strategy sets out an overview of the existing portfolio and outlines the purposes for which the Council should hold property in the future.

It also provides a framework for assessing property assets identifying those which shall be retained and those which will be put forward for disposal.

This strategy is inherently interlinked with the Property Acquisition for Investment Strategy which appears elsewhere on the agenda for this meeting, with both strategies seeking to maximise the returns from Council investments at acceptable levels of risk.

**OPTIONS & RECOMMENDED OPTION**

**Option 1**

Members are recommended to:

- (a) Approve the Estates Strategy in the form attached.

**Option 2**

Not approve the recommendations of this report.

**Cabinet is recommended to approve Option 1.**

**IMPLICATIONS:**

- Corporate Aims/Policy Framework:** Do the proposals accord with Policy Framework?  
Yes.
- Statement by s151 Officer:** The Strategy sets out a methodology whereby the Council can obtain the optimum return from its asset base, ensuring value for money and achievement of corporate objectives.
- Statement by Executive Director of Resources and Regulation:** The proposals set out in the report are consistent with the Council's Economic Strategy
- Equality/Diversity implications:** None
- Considered by Monitoring Officer:**
- Are there any legal implications?**
- Wards Affected:** All
- Scrutiny Interest:** Overview & Scrutiny

**TRACKING/PROCESS**

**DIRECTOR: Mike Owen**

Chief Executive/ Strategic Leadership Team	Cabinet Member/Chair	Ward Members	Partners
18 August 2014	Yes		
Scrutiny Commission	Cabinet	Committee	Council
	3 September 2014		

**1.0 INTRODUCTION**

- 1.1 The Estates Strategy provides a means to effectively evaluate and manage the Council's Let Estate until 2018 and beyond.

**2.0 ESTATES STRATEGY**

- 2.1 The Council has a sizeable non-operational portfolio of land and property interests. In total there are almost 950 different property interests ranging from simple ground leases through to multiple occupied offices and business parks. However, many are held for historical reasons, the rationale for which no longer applies.
- 2.2 The overall rent roll for the Let estate is circa £3.44m p.a. (excluding income from Markets).
- 2.3 The aim of this strategy is to:

1. Assess where we are now, in terms of the strengths and weaknesses of the current portfolio;
2. Determine the size and type of portfolio that the Council should be striving to own in the future;
3. Objectively assess how the Council is to move from one to the other.

2.4 Following an objective evaluation of the let estate, all properties that meet the retention criteria will be sorted into two categories, based on their primary objective, being either held for investment, or strategic purposes. The latter would include properties required to further regeneration schemes or to assemble development sites.

2.5 All properties not satisfying the criteria will be deemed to be surplus to requirements and will be held on an interim basis pending disposal.

### **3.0 RISKS AND MITIGATION MEASURES**

3.1 Risk: Properties are sold from within the let estate and not replaced, resulting in a reduction in the revenue income available to the Council.

Mitigation: The Property Acquisition for Investment Strategy seeks to acquire replacement property assets that will provide a greater certainty of future income.

Risk: Failure to restructure the let estate property portfolio, leading to a continued decline in revenue (and associated reductions in asset value)

Mitigation Through the objective assessment of the current portfolio and proposals to restructure to achieve a higher performing alternative portfolio, the current downward trend can be stopped.

### **4.0 OPTIONS & RECOMMENDED OPTION**

4.1 Members are recommended to:

Approve the Estates Strategy in the form attached.

### **COUNCILLOR SANDRA WALMSLEY CABINET MEMBER FOR RESOURCES AND REGULATION**

---

#### **Background documents:**

Estates Strategy

#### **For further information on the details of this report, please contact:**

Mike Owen – Executive Director of Resources and Regulation

Tel: 0161 253 5002

Email: [m.a.owen@bury.gov.uk](mailto:m.a.owen@bury.gov.uk)

Steve Hopley –Regeneration and Estates Manager, Property & Asset Management division

Tel: 0161 253 5991

Email: [s.hopley@bury.gov.uk](mailto:s.hopley@bury.gov.uk)

This page is intentionally left blank

**Estates Strategy**  
**For**  
**Non-operational property**  
**2014 - 2018**

## Contents

<b>1</b>	<b>Purpose</b>	<b>3</b>
<b>2</b>	<b>Strategic mission statement</b>	<b>3</b>
<b>3</b>	<b>Background and context</b>	<b>5</b>
	Background	5
	Current portfolio	6
	Management of the Let Estate	8
<b>4.</b>	<b>Ideal portfolio</b>	<b>9</b>
<b>5</b>	<b>The Strategy</b>	<b>12</b>
	Analysis	13
	Holding policy	13
	Property management priorities	14
	Implementation and review	14

**Appendix 1 – Portfolio analysis toolkit**

**Appendix 2 - Disposals policy**

## **PURPOSE OF THE STRATEGY**

### **1.0 PURPOSE**

- 1.1 The strategy is intended to provide:
- An overview as to the non-operational land and property (the 'Let Estate') held by Bury MBC.
  - A Framework for analysing (valuing), and categorising the individual land and property assets within the Let Estate and identifying those which are no longer fit for purpose within a balanced portfolio.
  - An overview of the type of portfolio that the Council should be holding in the future.
  - Policies governing how land and property is held, evaluated, acquired and sold, in order to achieve the desired future portfolio.
- 1.2 The Strategy aims to provide a means to manage the Council's Let Estate until 2018 and beyond.
- 1.3 The Strategy is intended to be a working document that will sit alongside:
- The Investment Property Acquisition Strategy (2014-18)
  - The Corporate Asset Management Plan (adopted 2012).
- 1.4 The Strategy shall be reviewed on an annual basis in response to performance monitoring, stakeholder feedback and changes in the wider economic and political context.
- 1.5 It will also seek to raise awareness of the role of land and property as an essential resource within the Council and the need to ensure that the property interests are well balanced in terms of risk, use, investment and strategic potential.
- 1.6 Objective decision making over the target composition of the Let Estate will also be enhanced by:
- Obtaining specialist internal and external advice as and when required.

- Regular consultation with stakeholders (including Members, senior Officers, service managers and external bodies such as tenants and agencies).

## **2 STRATEGIC MISSION STATEMENT**

- 2.1 To ensure that Bury Council's non-operational land and property assets effectively contribute to the Council's corporate aims, objectives and priorities and using best practice to deliver a high quality, cost effective service.

## **3 BACKGROUND AND CONTEXT**

### **3.1 BACKGROUND**

- 3.1.1 As is the case for most large organisations, property assets play a crucial role in achieving the Council's corporate objectives. Expenditure on land and property is invariably second only to spend on staffing.
- 3.1.2 The Council effectively holds two types of property:
- The first is the property required for its own use (commonly referred to as the 'Operational Estate'). The Corporate Asset Management Plan outlines how the Council manages its operational land and property.
  - The second is property that is not occupied by the Council itself and which is instead mainly held for non-operational purposes (known often as the 'Let Estate', or sometimes as the 'Investment Estate').
- 3.1.3 This Strategy seeks to detail policy and objectives in respect of the Let Estate.
- 3.1.4 For the purposes of this Strategy, references to 'property' will also include reference to land.
- 3.1.5 Historically the Council has acquired land and properties for a wide variety of reasons. Some of those reasons remain valid whilst others have now been satisfied, are no longer relevant, or of no significant priority.



3.1.6 Buying and selling property is however a relatively slow and potentially costly process and, as such, decisions which lead to the buying, selling or where appropriate physical refurbishment of property require long term planning, careful consideration and proper assessment of detailed appraisals.

### 3.2 Current portfolio

3.2.1 The Council has a significant non-operational portfolio of land and property interests. In total there are currently almost 950 different non-operational property interests ranging from simple ground leases through to multiple occupied offices and business parks.

3.2.2 The existing portfolio for the Let Estate can be broken down into three main categories:

- Commercial and industrial properties
- High volume lettings
- Non-operational properties managed by Property and Asset Management on behalf of other Council services/departments.

Further detail on these three categories is provided below. All other properties owned by the Council comprise the Operational Estate, which is not dealt with by this Strategy.

3.2.3 The rent roll for the Let Estate is currently circa £4.48m per annum.

3.2.4 Commercial and Industrial Properties

<b>Category</b>	<b>No of properties</b>	<b>Income £,000 p.a.</b>
Industrial and Commercial Properties	102	900
Offices	27	64
Commercial and Industrial Land (including the Millgate)	176	557
Advertising Sites	15	39
Gas easements and Electricity Substations	91	5
Shops	17	175
Residential	3	9

Investment properties	3	426
Bury Market	136	881
<b>Total</b>	<b>571</b>	<b>3056</b>

## 3.2.5 High Volume Lettings

<b>Category</b>	<b>No of properties</b>	<b>Income £,000 p.a.</b>
Gardens	160	19
Grazing	18	17
Farm Businesses	3	2
Non statutory allotments	28	4
Garage colonies (Under Property and asset management Budget)	45	22
Ground rents	1	0
<b>Total</b>	<b>255</b>	<b>66</b>

## 3.2.6 Non-operational Properties Managed on Behalf of Other Services

<b>Category</b>	<b>No of properties</b>	<b>Income £,000 p.a.</b>
Leisure	37	34
Strategic Housing	4	11
(Former) Children's Services	9	202
Culture	6	170
(Former) Adult Care Services	10	144
Borough Engineers	2	1
Environmental Services	1	0
Operational services	2	618
<b>Total</b>	<b>71</b>	<b>1180</b>

3.2.7 The key objective of the Let Estate is to generate revenue that will contribute to the cost of providing other services.

3.2.8 There are of course other reasons why the Council will hold non-operational property and these are covered more fully in Section 4 below.

### **3.3 Management of the Let Estate**

- 3.3.1 The majority of the Let Estate is managed by the Council's Regeneration and Estates section within the Property and Asset Management Division.
- 3.3.2 Day to day management of the Let Estate is generally undertaken by a small team of Chartered Surveyors, supported by Centre Managers for the Bradley Fold Industrial Estate and Bury Business Centre.
- 3.3.3 As well as undertaking the day to day management of the Let Estate, the Regeneration and Estates section provides specialist property advice and skills. It is also responsible for all property based acquisitions and disposals as well as for regeneration projects.
- 3.3.4 All non-operational property negotiations and transactions relating to property used for any Council service is undertaken through, or with advice from, this team.
- 3.3.5 The size and diversity of the existing Let Estate portfolio, together with other calls upon the service, has resulted in its management being largely reactive over recent years. However, this is inefficient and not sustainable given ongoing reductions in staffing in budgets.
- 3.3.6 This Strategy is designed to ensure that a much larger proportion of future property management tasks are undertaken in a proactive and planned manner. This will provide the Council with greater certainty as to both income and expenditure, subject to the vagaries of the wider property market.
- 3.3.7 It is envisaged that the move towards greater pro-activity in property management will be achieved by the Council having a smaller (in terms of the number of properties), but more focused, portfolio and with a greater emphasis on performance.
- 3.3.8 All properties identified for disposal will be disposed in line with the Council's recently approved disposals policy.

## 4.0 Ideal portfolio

4.1 The ideal portfolio for the Let Estate would consist of a balanced range of property interests with different qualities. The following qualities of particular relevance to the Council have been identified:

- high yield
- high growth
- low management
- highly relevant .

4.3 The ideal portfolio will also support the wider objectives of the Council in a way that is sustainable, cost effective and environmentally responsible.

4.4 Outlined below is a brief synopsis of each of these elements:

### 4.5 High yield

4.5.1 The yield is, in simple terms, the financial return that is received on an investment.

4.5.2 For property that is to be held for investment purposes, the yield is most simply shown as the revenue received from the property in comparison to the capital invested in the property.

4.5.3 A high yield property will therefore give attractive returns on the capital invested.

4.5.4 Yield is invariably in direct proportion to risk, so high yielding investments also tend to be relatively risky. A balance therefore needs to be sought between the two which is compatible with the Council's wider financial strategy.

### 4.6 High Growth

4.6.1 Property is said to possess high growth if it has the potential to achieve increases in either its capital value and annual income, or both, over and above predicted market norms and other similar types of investments.

### 4.7 Low Management

4.7.1 The amount of management that each property requires, in terms of time and cost, is generally proportional to the income that the

property generates. However, low management properties will not require a significant amount of management time and cost in comparison to the income they produce.

4.7.2 The ideal property holding will have simple and predictable demands on management resources, which increases the ability to manage proactively.

4.7.3 The potential need for capital investment into properties over time also needs to be factored into the assessment. For example, properties need repairs and refurbishment, which can have a significant impact on both capital and management time.

### 4.8 **High Relevance**

4.8.1 Certain properties will enable the Council to achieve ancillary benefits and outcomes. For example, investment property may contribute to economic development, regeneration or facilitate future business growth. This category would also apply to properties situated in locations where their control has an important strategic or political dimension.

### 4.9 **A Balanced Portfolio**

4.9.1 Achieving a balance of different types of property will reduce risks that may be associated with individual property sectors. While a specific investment type might currently outperform others, nonetheless it is not wise to put all our 'eggs in one basket' if over exposure to a single risk is to be avoided. The Council's approach should therefore mirror that of investment or property funds in managing their stock portfolios in this regard.

4.9.3 The ideal portfolio would consist of a balance of properties from each of the four categories described above. However, the notion of an 'ideal portfolio' is something of an aspiration as it is very difficult to achieve and maintain in practice.

4.10 The overarching objective is to ensure that the Council holds a Let Estate which is fit for purpose. In order to achieve that objective, the Council will first need to objectively assess the characteristics of its current portfolio and then alter its composition. This would be done through releasing underperforming stock and acquiring higher performing replacement assets.

4.11 This strategy therefore needs to be read in conjunction with the Investment Property Acquisition Strategy (2014-18).

## 5 THE STRATEGY

5.1 Implementation of the Strategy is split into three stages.

- Analysis
- Holding Policy (categorisation)
- Review and reporting

### 5.2 Analysis

5.2.1 The first stage involves undertaking a property by property analysis, where each is assessed against the aspirations of the ideal portfolio as outlined in Section 4 above.

5.2.2 Appendix 1, attached to this Strategy, includes a Portfolio Analysis Toolkit which will be used to undertake these assessments.

5.2.3 The Toolkit will also be used in comparing potential acquisitions against each other and also against the existing properties in the existing Let Estate portfolio. The Investment Property Acquisition Strategy (2014-18) includes the specific criteria and processes to be applied when the Council is looking to acquire investment properties.

5.2.5 The aim of the analysis tool is to objectively establish an indexation value for each property. Initially the lowest scoring properties will be those which will be disposed of as a priority, but over time an absolute 'pass mark' will be adopted.

5.2.6 Outlined below are two examples (both theoretical) of how the may be applied in practice.

Example 1 – a new office building situated in an attractive area which has a strong record of high occupancy levels to good quality tenants on long term leases subject to upwards-only rent reviews might achieve the following score:

*Rent 6 points x Management Ease 6 points x Growth Potential 3 points x Strategic Importance 2 points x Management Cluster 3 points = 648 points.*

and would therefore be categorised as an "Investment" property (see Section 5.3.3 below).

Example 2

A run-down standalone building in an inaccessible location on the outskirts of town which is unoccupied and has no redevelopment potential might achieve the following score:

*Rent 1 point x Management Ease 2 points x Growth Potential 1 point x Strategic Importance 1 point x Management Cluster 1 point = 2 points.*

and would likely be categorised as an "Interim" property, which has no current investment or strategic qualities and would be scheduled for disposal.

### 5.3 **Categorisation**

5.3.1 Following the analysis of each property, or cluster of properties (the Chesham Industrial Estate, for example), the Council will then apply the retention criteria.

5.3.2 The criteria seek to ensure that the Council only holds those properties which provide the most advantageous financial returns against risk, or those that have true strategic value.

5.3.3 Once analysed, properties will be allocated to one of three distinct categories:

Investment	Properties held for predominantly investment purposes (i.e., for revenue generation and potential revenue/capital growth).
------------	--

Strategic	Properties held for demonstrable strategic purposes, such as economic development or regeneration. To qualify for this category, ownership of the property must be deemed a key factor in terms of achieving the strategic objectives of the Council.
-----------	---

Interim	Properties which, based on the score achieved in the analysis, are found to have no continuing investment or strategic purpose and which are therefore
---------	--

considered to be held on an interim basis prior to disposal.

5.3.4 Through applying the holding policy the Council aims to :

- Transform the nature of the existing portfolio (i.e the properties that it holds), through a programme of acquisition and disposal, towards the ideal portfolio. This however will take a number of years to achieve.
- Reduce the total number of properties owned by the Council enabling a more proactive approach to property management.

5.3.5 This will only be achieved by regular review and constantly challenging the perceived reasons for holding property

#### 5.4 **Property Management priorities**

5.4.1 Once a property has been allocated to one of the above categories it will be managed in line with that categories main purpose. Properties held as:

- Investment - will seek to maximise and maintain the revenue return and its financial value.
- Strategic - will prioritise the use of the property in delivering the strategic purpose.
- Interim - will be managed with a view to minimising ongoing expenditure and maximising the ability to sell

#### 5.5 **Implementation and Review**

5.5.1 The initial analysis and categorisation of the Let Estate in accordance will be undertaken as a rolling programme.

5.5.2 In the first year it is proposed that circa 50% of the existing portfolio will be analysis and categorised with the remainder in the year. The intention is that following the initial analysis and categorisation approximately 10-20% of the Let Estate is then reviewed each year.



- 5.5.3 Selection for the ongoing review could be determined by a number of factors. For example, properties on the fringes of a particular category could be selected for review more often and random selections could also be made. This would ensure that the Council's categorisation techniques remain objective and consistent.
- 5.5.4 It is proposed that an update report, together with any recommended changes to the Strategy, will be submitted annually to the Property Strategy Group for consideration.

## Appendix 1 Property Analysis Tool

The use of this tool will allow the performance of each property in the Let Estate to be measured, initially to provide relative comparisons with the other properties in the portfolio. Over time performance will be measured against an absolute 'pass mark'.

The indexation value of a property is calculated as:

$$A \times B \times C \times D \times E$$

Where,

### A = Rent

Scored as follows (based on the annual rental income):

- £500 or less = 1 point
- £501-1,000 = 2 points
- £1,001 - £5,000 = 3 points
- £5,001 - £10,000 = 4 points
- £10,001 - £25,000 = 5 points
- Over £25,000 = 6 points

### B = Ease of management

This takes into account both time and cost spent managing a property and the complexity of management involved.

This is a more subjective area and is based on the professional opinion of the estates managers, including aspects such as the need to review the simplicity / complexity of the title(s) to the property and the terms of any leases applicable to the property, the age and construction characteristics of the property, the nature of any occupational tenancies and any likely future issues / events.

Scored as follows:

- High levels of management time/cost = 2 points
- Average management time/cost = 4 points
- Low management time/cost = 6 points.

### **C = Growth potential**

This is based on the potential for both revenue and capital growth and will take into account factors such as location, lease terms, breaks and rent review dates and certainty of income (e.g. through the availability of security deposits or guarantees).

The growth score to be attributed to a property will look at the individual characteristics of the property that will provide growth potential in comparison to the average property in the wider property market.

Scored as follows:

- Low growth potential = 1 point
- Medium growth potential = 3 points
- High growth potential = 5 points.

### **D = Strategic importance**

This takes into account aspects such as location, political and social importance, proximity to regeneration schemes and the need to control through ownership. The score given to a particular property will be particularly guided by Council policies and the background political spectrum at the particular time of assessment.

Scored as follows:

- Low strategic importance = 1 point
- Medium strategic importance = 2 points
- High strategic importance = 3 points.

### **E = Management cluster**

Whilst this is linked to the Ease of Management score (Category B), that score relates only to the assessment of a property individually. However, when there a property forms part of a cluster of properties, such as an industrial estate, this in itself must confer an additional value to that property. Managing individual properties with a cluster would reduce the time and cost involved for each. The score to be applied for a cluster is therefore as follows:

- Stand alone property = 1 point

- Within an estate / cluster of less than 5 units which will bring management benefits = 2 points
- Within an estate / cluster of 5 or more units which will bring management benefits = 3 points.

<b>REPORT FOR DECISION</b>
----------------------------

**MEETING:** CABINET

**DATE:** 3 SEPTEMBER 2014

**SUBJECT:** INVESTMENT PROPERTY ACQUISITION STRATEGY (2014-18)

**REPORT FROM:** CABINET MEMBER FOR RESOURCES & REGULATION

**CONTACT OFFICER:** MIKE OWEN (EXECUTIVE DIRECTOR OF RESOURCES & REGULATION)  
STEVE HOPLEY (REGENERATION & ESTATES MANAGER)

---

**TYPE OF DECISION:** KEY DECISION

**FREEDOM OF INFORMATION/STATUS:** FOR PUBLICATION

---

**SUMMARY:** The Property Acquisition for Investment Strategy outlines proposals to acquire property assets for investment purposes, which will increase the financial performance of the commercial portfolio and increase revenue income to the Council as a result.

This strategy is inherently interlinked with the Estates Management Strategy that is shown elsewhere on the agenda for this meeting with both strategies seeking to maximise the returns from Council investments at acceptable levels of risk.

**OPTIONS & RECOMMENDED OPTION**

**Option 1**

Members are recommended to:

- (a) Approve Property Acquisition for Investment Strategy in the form attached.
- (b) Establish an initial investment fund utilising either prudential borrowing or existing cash investments, to fund properties to be acquired for investments which satisfy the pre-determined objective criteria and to use the net proceeds from on-going property disposals to create a rolling fund.
- (c) Establish a Member/Officer Property Appraisal Group to evaluate acquisitions for investment proposals.

- (d) Grant delegated authority to the Executive Director of Regulation and Resources in consultation with the Cabinet Member for Resources and Regulation, to consider and if appropriate approve acquisitions recommended by the Property Appraisal Group.
- (e) Require the Executive Director of Regulation and Resources to advise Cabinet on an annual basis, for information purposes, of any acquisitions made in the preceding year.

**Option 2**

Not approve the recommendations of this report.

**Cabinet is recommended to approve Option 1.**

---

**IMPLICATIONS:**

<b>Corporate Aims/Policy Framework:</b>	Do the proposals accord with Policy Framework? Yes.
<b>Statement by s151 Officer:</b>	The strategy provides a mechanism whereby the Council can enhance the yield on its investments; whilst current returns exceed market averages, opportunities are limited given current interest rate levels and the limited range of institutions the Council can safely invest with.  Moving forward with the Strategy, as specific proposals are developed, consultation will take place with the Council's external auditors (KPMG), and specialist advice (e.g. VAT) will be sought as necessary.
<b>Statement by Executive Director of Resources and Regulation:</b>	The proposals set out in the report are consistent with the Council's Economic Strategy and Asset Management Plan.
<b>Equality/Diversity implications:</b>	None
<b>Considered by Monitoring Officer:</b>	
<b>Are there any legal implications?</b>	
<b>Wards Affected:</b>	All
<b>Scrutiny Interest:</b>	Overview & Scrutiny

---

**TRACKING/PROCESS**

**DIRECTOR: Mike Owen**

Chief Executive/ Strategic Leadership Team	Cabinet Member/Chair	Ward Members	Partners
18 August 2014	Yes		
Scrutiny Committee	Cabinet	Committee	Council
	3 September 2014		

**1.0 INTRODUCTION**

1.1 The Property Acquisition Strategy is a framework designed to secure for the Council long term and sustainable income streams. This will increase our financial resilience over time, helping to address shortfalls against income targets and reducing the Council’s reliance on ever decreasing Central Government funding.

**2.0 ACQUISITION FOR INVESTMENT STRATEGY**

2.1 The main purpose of holding property as an investment is to generate income. Traditionally returns from Property have outperformed (both rental and capital growth) most other sectors and for this reason most large organisations hold property as an investment.

2.2 The income derived through the Council’s let estate property portfolio has, however, steadily diminished and is currently circa £1M less than at its peak in 2007/8.

2.3 This decrease can be attributed to the overall drop in property values and increased vacancy rates across all property types, but particularly the decline in the market attractiveness of older industrial premises.

2.4 A significant proportion of the portfolio is older property, in secondary locations and requires high levels of property management in terms of both time and resources relative to the returns that it produces.

2.5 If left as it is then the current mix of property within the portfolio potentially exposes the Council to further reductions in income.

2.6 Over the next few years its is proposed that the Council undertakes a significant property disposals programme which, in combination with acquiring more profitable replacement investment properties, will create a much stronger portfolio than currently exists.

2.7 The additional revenue income that this will generate will assist in financing front line services and protect jobs.

**3.0 RISKS AND MITIGATION MEASURES**

3.1 Risk: New investments fail to produce the required returns.

Mitigation: In assessing each Investment opportunity the Council will take advice from recognised experts within the Property Investment sector.

The Council will only acquire investments that meet the criteria contained within the strategy which will be reviewed. The criteria would be reviewed and updated on a regular basis to account for any changes in the marketplace.

Through holding a mixed portfolio of property types the Council will seek to minimise its exposure to risks within any one investment type.

## **4.0 ACCESS TO FUNDS**

- 4.1 The Council currently holds cash in a number of long, medium and short-term investment accounts. These investments form part of the Council's treasury management activities and effectively represent the cash that backs the authority's various reserves and provisions. As such these investments are not available to directly fund revenue services. At present the rate of return on investments is extremely low at around 0.7% and the rate of return is falling due to the very low levels of interest that is being paid on such accounts.
- 4.2 The Council also has the ability to borrow at considerably lower interest rates than most other borrowers.
- 4.3 In order to achieve a positive financial return the Council would need to ensure that the returns received from the property investments were in excess of the costs of borrowing the moneys and/or the existing and forecast returns on cash investments. Surpluses over and above the cost of the debt repayments can then be used by the Council in supporting vital front-line services.

## **5.0 OPTIONS & RECOMMENDED OPTION**

- 5.1 Members are recommended to:

Approve the Property Acquisition for Investment Strategy in the form attached.

Establish an initial capital fund via the use of existing long-term cash balances and/or prudential borrowing to fund properties to be acquired for investments which satisfy the pre-determined objective criteria and to use the net proceeds from property disposals to create a rolling fund.

Establish a Member/Officer Property Appraisal Group to evaluate acquisitions for Investment proposals.

Grant Delegated authority to the Executive Director of Resources and Regulation in consultation with the Cabinet Member for Resources and Regulation to consider and if appropriate approve acquisitions recommended by the Property Appraisal Group

Require the Executive Director of Resources and Regulation to advise Cabinet on an annual basis, for information purposes, of any acquisitions made in the preceding year.

**COUNCILLOR SANDRA WALMSLEY  
CABINET MEMBER FOR RESOURCES & REGULATION**

---



# Document Pack Page 125

## **Background documents:**

Property Acquisition for Investment Strategy

## **For further information on the details of this report, please contact:**

Mike Owen – Executive Director of Resources and Regulation

Tel: 0161 253 5002

Email: [m.a.owen@bury.gov.uk](mailto:m.a.owen@bury.gov.uk)

Steve Hopley – Regeneration and Estates Manager, Property & Asset Management division

Tel: 0161 253 5991

Email: [s.hopley@bury.gov.uk](mailto:s.hopley@bury.gov.uk)

This page is intentionally left blank

# **Investment Property Acquisition Strategy**

**2014 - 2018**

## **Investment Property Acquisition Strategy**

### **Index**

- 1. Purpose**
- 2. Background**
  - Estates Strategy
  - The Property Investment Market
- 3. Why Hold Property Investments?**
- 4. Key Considerations When Acquiring Property**
- 5. PWLB Borrowing**
- 6. Objectives for Property Acquisition**
- 7. Financial Implications**
- 8. Key risks**
  - Acquisition risk
  - Cost risk
  - Property market risk
- 9. Environment and Sustainability**

### **Appendix 1 – Acquisition Protocol**

- Purpose of Acquisition Protocol
- Definition of an acquisition
- Property Acquisition for the Council
- Acquisition Funds
- Investment Objectives
- Acquisition Criteria
- Process of Acquiring Property Assets
- Data Collection

**1. Purpose**

1.1 The purpose of this strategy is to set out the following:

1. The Council's objectives for acquiring property assets for investment purposes.
2. A commentary on the current economic climate, the general property market and the role of property acquisition within that, including possible risks for the Council.
3. The existing strategic framework into which asset acquisition fits.
4. Investment objectives and criteria for asset acquisition.
5. The acquisition protocol (Appendix 1).

## **2. Background**

- 2.1 Increasing pressure is being applied on the public sector to improve the strategic management and operation of their property assets and to take a more commercial approach to property investment decisions. This strategy outlines how that can be achieved.
- 2.2 The strategy relates to the acquisition of new properties for investment purposes only and should be read in conjunction with the Estates Strategy.
- 2.3 The Property Investment Market
  - 2.3.1 The UK commercial property investment market is defined as a 'mature asset class'. It has a wide range of new and established investors including institutions, pension funds, specialist property companies, charities, family trusts and individuals. In recent years, Local Authorities (directly and indirectly via pension funds) have also entered into the market.
  - 2.3.2 Returns from property can be both income driven (through the receipt of rent) and by way of appreciation of the underlying asset value (capital growth). The combination of these is known as the Total Return and this will be a consideration in assessing the attractiveness of a property for acquisition.
  - 2.3.3 Property prices and returns are a function of the property type, age and location, together with the lease structure and covenant strength of the tenant (in the case of a let property).
  - 2.3.4 Within the property investment market there is a wide spread in financial returns (known as yields) on offer, which relate to the particular characteristics of the asset in question.
  - 2.3.5 The yield represents the risk that investors associate with ensuring a long term income, including the potential for growth. For the past few years the wider property investment market has been somewhat fragile and, as a result, there has been a reduction in property values. This, in turn, has resulted in a reduction in interest from potential buyers, especially those with lower risk profiles. Investors have however sought out the most secure investments and, as confidence returns, yields are starting to fall through prices rising.
  - 2.3.6 Yields can range from 2% (low risk) for prime London property to over 20% (high risk) for dated property in secondary

locations with high vacancy rates. The oldest parts of Bradley Fold would fall into the latter category.

2.3.7 Typical yield ranges for Investment properties would be:

2-4%	prime retail.
4-7%	retail / office let to blue chip / high covenant strength tenants on with over 10 years unexpired.
7-8%	prime offices (city centres) or retail within established town centres
8-12%	prime industrial and offices in established locations
12-20%	secondary/ tertiary industrial

2.3.8 Section 4 (below) outlines the main factors that investors take into account when looking at property as an investment. It is a combination of these factors that determine the yield.

2.3.9 It is estimated that most of the Council's existing non-operational portfolio is classed within the yield range of 10-15 % (some higher) and this brings with it inherent risks.

2.3.10 In order to create a more balanced property portfolio, it is necessary to dispose of some of the higher risk/poorer performing properties and to acquire properties with a significantly lower risk, in order to redress the risk balance.

2.3.11 What should be sought by the Council are property investments which produce the highest yields possible, whilst carrying an *acceptable level of risk*. The main mitigation measure in managing risk is to target investments which are let to 'blue chip' tenants and on relatively long leases. In this way, the Council will be primarily buying a secure income stream and the buildings themselves become almost secondary considerations.

2.3.12 The risks associated with property acquisition itself are outlined later in this strategy.

### **3. Why Hold Property Investments?**

- 3.1 Property is usually described as a low to medium risk asset. Its returns invariably lie between those produced by equities and those produced by bonds. Properties leased long term to companies of good covenant strength have a lower risk of default and will produce secure income streams. Consequently their risk profile is much nearer to that of bonds than of equities.
- 3.2 If income streams from property streams exceed the cost of borrowing required to initially acquire the property, surpluses will be generated. Such surpluses can be used to assist in funding frontline services, or to pay off the capital borrowed, or a combination of the two.
- 3.3 The Council has access to capital resources at advantageous borrowing rates through the Public Works Loan Board, which increases the prospects of such surpluses being achieved.
- 3.4 The purpose of acquiring and holding property for investment purposes is primarily to generate income.
- 3.5 The Council needs to act to strengthen its funding base by building asset portfolios that provide a greater commercial return. It is envisaged that a better performing Let Estate will assist the Council in reducing its reliance on central Government grants.
- 3.6 The Council has a need to strengthen the revenues it generates from the non-operational 'Let Estate' in order to both rebuild the losses in revenues seen over the last few years and to replace the assets that are deemed surplus to requirements and disposed of.
- 3.7 Vacant sites and assets will only be considered as investments where there is a clearly identifiable value in holding the property, particularly in relation to future development – it is likely that this type of site will be rare.
- 3.8 Most investments that the Council will consider will therefore relate to property that is already occupied by way of a lease or a number of leases and therefore generates income.



#### **4 Key considerations when acquiring property as an investment**

4.1 The key considerations for the Council when acquiring property interests for investment purposes are (in order of importance):

1. *Covenant Strength* - in the case of a let property, the quality of the tenant and, more importantly, their ability to pay the rent on time and in full. This is particularly important where the Council has borrowed against the investment. It is however worth noting that the Council, as a public body, may not wish to invest in properties where the occupiers are generally seen to be undertaking business which is contrary to its corporate values.
2. *Lease length* - in the case of a let property, the unexpired length of the term of the lease is of key importance in ensuring that the landlord's revenue stream is uninterrupted. The Council will take into consideration the risks associated with a tenant vacating and the potential to attract good quality replacements tenants at acceptable rental levels.
3. *Rate of return* - the rate of return from the property (e.g. through annual rental incomes) will need to be equivalent or better to the returns that could be earned from alternate investments, such as placing monies on deposit, following adjustment for risks and potential growth.
4. *Risk* - return is one side of the coin; risk is the other. In general, the higher the sought level of return from an investment, the higher level of risk that it carries. For example, if a property is let at an attractive rent which would create a good return, it could still be risky if the tenant does not possess good covenant strength and could default at any time.
5. *Growth* - property has the potential for both revenue and capital growth. The Council will take into account that potential when assessing the strength of the investment opportunity. Property values can fall as well as rise and mechanisms to minimise revenue reductions should be identified.
6. *Sector* - information as to the sector of use of the property (e.g. office, retail, industrial, leisure) will assist

in deciding on the risks associated with specific properties and the mix of sectors within the portfolio.

7. *Building Age and Specification* - in the case of a let property, whilst the Council, as an investor, may be principally concerned with the characteristics of the tenant and lease, the age and specification of the property will also affect the ability of the Council to let or sell the property in the future. It must also be taken into consideration in respect of the cost of protecting the investment. An example of this would be the undertaking of repairs and refurbishment if the cost cannot be fully recovered from the tenant.
8. *Location* - the location of the property will ideally enable the Council to be able to undertake inspections and to deal with any management issues without the need to employ specialists or agents. In essence, whilst location is not a critical factor, preference should be given to properties located within Greater Manchester or in the wider north west of England.

4.2 In summary, the strategy for acquiring investment property assets for holding within the "Let Estate" is therefore to:

- Maximise rental income and minimise management costs to ensure the best return is generated.
- Pursue opportunities to increase returns and improve the investment value of commercial assets.
- Promote collaborative working with adjoining owners and Developers to maximise value.

## **5 PWLB borrowing**

- 5.1 Depending on the particular circumstances, the Council will fund acquisitions utilising prudential borrowing, or by releasing cash investments, or by a combination of both. It is worth noting that the borrowing of monies by local authorities is subject to the prudential borrowing regime and, in certain cases, is limited by Central Government credit controls.
- 5.2 The Council has the ability to borrow funds via the Public Works Loan Board (PWLB) both quickly and at competitive fixed rates. It also has substantial cash investments (which back up the Council's reserves and provisions).
- 5.3 This potentially places the Council ahead of many other potential bidders for investment property and this advantage should be exploited where appropriate.
- 5.4 By way of an example, the Council could borrow funds over a 20-year period at a fixed rate of 3.75% for the 20 year duration and, using those funds, the Council could purchase a modern building which is let for a long unexpired term to a tenant or tenants with strong covenant strength achieving a return of approximately 4-6%.
- 5.5 The difference between the rate of borrowing and the rate of return generated by the investment is effectively a surplus which may be used to fund front line services or pay off the capital borrowed, or a combination of both.
- 5.6 It should be remembered that the Council cannot, and will not, borrow to fund revenue expenditure, nor can it use surplus cash to fund services.

## **6 Objectives for Property Acquisition**

- 6.1 Based upon three year averages, all property purchased by the Council should achieve, *at the lowest possible risk*:
- The average benchmarked performance for that property type and location and
  - Collectively produce an annual return in excess of the cost of PWLB borrowing (interest only).

- 6.2 It is also recommended that the Council grows its portfolio slowly and incrementally, with a variety of different property assets in order to spread sector risk. This is reflective of a relatively low-risk approach to acquisition.

## **7 Financial implications**

- 7.1 This Property Acquisition Strategy is a framework designed to secure long term and sustainable income streams for the Council and to increase its financial resilience over time, so that it is less reliant on declining funding from Central Government.
- 7.2 The Council will fund acquisitions by borrowing funds from the Public Works Loan Board (PWLB) or by running down cash investments.
- 7.3 The financing costs, which will include interest and possibly principal repayments, will need to be met from the income stream generated by each investment.
- 7.4 Given the specialist nature of investment acquisitions, the Council will obtain advice from appointed agents with a proven track record in this field.
- 7.5 Other costs would include legal fees, at approximately 1.5% of the purchase price, Stamp Duty Land Tax, at 4% and Land Registry fees. Certain vendors may also request payment of the seller's advisers' costs by the buyer, although that should be resisted wherever possible.
- 7.6 Advice will be taken on a case by case basis, but the Council should be VAT neutral, especially when acquiring a going concern.
- 7.7 All of the costs described will be accounted for within each business case for an acquisition.

## **8. Key Risks**

### **8.1 Acquisition Risk**

8.1.1 The property market has, for several years, been in recession; however there are signs of increased competitive activity in the market as confidence begins to return.

8.1.2 The Council will be targeting low risk, low management investments and those which, despite the recession, have continued to remain occupied and attractive to tenants, landlords and investors.

8.1.3 Interest in this type of property investment has remained strong and the Council will often find itself as one of several potential bidders. This means that there will be instances when the Council will be unsuccessful in its bids. All concerned should be aware of this possible outcome and the potential for abortive costs (see paragraph 8.2.1 below).

8.1.4 Due to the nature of the property market, decisions may need to be taken quickly in order to put offers forward. However, offers can be made on a conditional basis and contracts for sale would not be exchanged until the usual due diligence process has been satisfactorily undertaken.

### **8.2 Cost Risk**

8.2.1 Abortive costs may be incurred in forming unsuccessful bids, or failing to reach exchange of contract as a result of due diligence undertaken. These may include feasibility studies, ground investigations, advisers' costs, legal costs, survey fees and officer time.

8.2.2 This is a risk which is inherent to the property market and should be managed at the earliest stage of each potential acquisition.

### **8.3 Property Market Risk**

8.3.1 As has been evidenced by the economic downturn, Property investment clearly carries inherent risks due to wider economic conditions beyond the immediate control of the Council. Other property related risks, such as those relating to physical defects and characteristics, can be assessed and therefore managed.

- 8.3.2 It is not uncommon for potential investment opportunities to be offered directly or via limited / targeted marketing to specific clients and those opportunities may never be advertised to the wider market. In those circumstances, the ability of the Council to act quickly is key. Increased knowledge of investment opportunities can also be achieved through adopting a proactive approach with property owners and specialist property investment agencies.
- 8.3.3 The process of due diligence being undertaken prior to completion is key to the mitigation of most property risks.

**9. Environmental and Sustainability:**

- 9.1 Whilst the main criteria in assessing the attractiveness of the investment will be in respect to financial return and risk, the Council should give due consideration to those property investments which display higher levels of environmental sustainability.

## **Appendix 1 - Acquisition Protocol**

### **Purpose**

To ensure that there is a consistency of approach involving appropriately qualified officers, the Council should adhere to a formal Acquisition Protocol.

This protocol will apply to all non-operational acquisitions of land and property for the purpose of inclusion within the Let Estate.

### **Definition of an Acquisition**

An acquisition is defined the purchase of a legal interest in land and property, (by way of freehold, leasehold or license) for strategic or investment purposes.

The Local Government Act 1972 gives the Council powers to acquire any property or rights which facilitate, or are conducive or incidental to, the discharge of any of its functions or for the benefit, improvement or development of the local area. Although not yet fully tested, the Localism Act 2011 may also provide extended powers to local authorities.

Local authorities do, however, have wider fiduciary roles and can face criticism or challenge if they do not have robust business cases for all purchases.

### **Property Acquisition by the Council**

As part of the Estates Strategy, the Council's Estates team will continually assess the mix of properties it holds and will look at its overall exposure to risk, including any over-reliance on specific property sectors. It will consider options to increase or decrease that exposure and to minimise the management time and costs of its Let Estate.

It is likely that synergies will arise from acquiring new assets which have physical proximity to existing assets (including the marriage value of merging adjoining legal interests). They may also be derived from achieving a more commercially focussed approach to the management of the entire portfolio, as outlined in the Estates Strategy.

Acquiring property can also have a regeneration investment effect and support areas of decline. However, there must be a clear and objective focus on the reasons for acquiring any property.

## **Property Acquisition Funding**

It is recommended that an earmarked capital reserve (named the Property Asset Acquisition Fund) is created to fund property acquisitions. This will be achieved and maintained through a combination of:

- (a) Releasing monies already held in other low performing investments (these would only be realised once funding was required) and transferring these monies into the fund;
- (b) Prudential borrowing/use of cash available for investment;
- (c) Replenishing the fund through ring fencing capital receipts arising from the sale of non-operational properties identified through the Estates Strategy.

The Property Asset Acquisition Fund will also need to meet the borrowing costs associated with acquisitions until such time a sustainable income stream from the asset is achieved.

## **Acquisition Criteria**

The following criteria will be considered to help make decisions as to the use of the Acquisition Fund:

Each acquisition will be looked at on its own merit and all recommendations for funding will require a supporting Business Case.

Key elements of each business case shall include:

### Investment Acquisitions

- The key financial benefits (with a projected return of at least 2% above borrowing/investment rates) n.b. initial returns may not immediately provide this level dependant on where the property is within the rent review cycle.
- Level of financial security. Acquisitions should normally be pre-let to tenants of good covenant ideally on fully repairing and insuring terms (or inclusion of full cost recovery mechanisms) with an unexpired term of at least five years.

### Strategic Acquisitions

- How the acquisition fits with current or proposed policies and assists in strengthening the Borough's economy?



- Measurable benefits attained through ownership. (This may also include consolidation of existing ownerships to enable future sales, modernisation of the Borough's business infrastructure encouraging inward investment, benefits associated with re-location and business start-up within the Borough)
- How direct intervention will expedite agreed key strategies for the Borough?
- Partnering arrangements?
- Any potential conflicts with the Economic Strategy or the strategic planning policies?

Where a proposed property acquisition demonstrates both investment and strategic value to the Council, some of the above criteria may be relaxed..

### **The Process of Acquiring Property Assets**

The Council's present approach involves the assessment of acquisition opportunities most often presented by selling agents, who bring potentially suitable properties to our attention.

Given the specialist nature of the investment properties market, it would be difficult for the Estates and Regeneration team to actively identify and evaluate suitable opportunities. Consequently the Council will appoint look to appoint external consultants to provide the specialist advice needed in each business case.

The primary role of the investment advisers will be to identify the most suitable investment opportunities and present them to the Council for consideration. It is also envisaged that, by using their market facing position, they will advise the Council on issues such as:

- The range of appropriate values for the investment
- The approach to forming offers, bidding and achieving best value
- Sector specific advice in particular risks associated with specific occupiers, sectors and locations.
- Prospects for rental growth
- Capital growth prospects and liquidity (the last two factors are particularly important, as consideration also needs to be given to what happens to assets in the future).

All acquisition proposals will be channelled through the Regeneration and Estates Manager, who would then draft an outline business case in those instances where it was felt that the investment opportunity merited further consideration. The business case for the acquisition will include an indexation score for the property in accordance with the assessment criteria set out in the Estates Strategy.

To ensure that good investments are not lost through delays in the process, it is recommended that a Property Appraisal Group which will comprise both Members and officers is established to consider recommendations in a timely manner.

Once an acquisition is approved by the Group, it is likely that the appointed advisers will also act as the Council's agents in respect to the bidding process, deal negotiation and final purchase. The agents will be given specific parameters for the terms of each purchase.

All valuations must be carried out, or verified, by a fully qualified member of the Royal Institution of Chartered Surveyors with sufficient current local knowledge of the particular market, and the skills and understanding necessary to undertake/verify the valuation competently.

All acquisitions will be carried out in accordance with rules laid down by any relevant professional bodies and laws (in particular, in compliance with all relevant Public Sector and Local Government Legislation, Statutory Instruments, Government Circulars, and existing Council procedures, policies and the Constitution).

### **Approval Process**

The Group will be chaired by the Leader of the Council, and include the Cabinet Member for Resources and Regulation, the Executive Director for Resources and Regulation and the Head of Property and Asset Management (or where appropriate nominated substitutes).

A quorum of at least 3 members of the Group will be required to conduct business.

When a property is identified as a potential investment, the Regeneration and Estates manager will submit to the Group an acquisition appraisal and recommendations.

The Group shall have delegated authority to instruct the Estates and Regeneration manager to complete negotiations (subject to existing delegation limits)

It should be recognised that, in some instances it will be necessary for the Council to make a conditional offer on acquisitions where time is limited. This will be after consultation with the Cabinet member for Resources and Regulation and in line with the agreed principles. Any final offers will be subject to approval from the Group and/or Cabinet.

This page is intentionally left blank

**ASSOCIATION OF GREATER MANCHESTER AUTHORITIES  
MINUTES OF THE EXECUTIVE BOARD HELD ON  
FRIDAY 25 JULY 2014 AT LEIGH SPORTS VILLAGE**

BOLTON COUNCIL Councillor Cliff Morris  
BURY COUNCIL Councillor Mike Connolly  
MANCHESTER CC Councillor Richard Leese  
OLDHAM COUNCIL Councillor Jim McMahon  
ROCHDALE MBC Councillor Peter Williams  
SALFORD CC Councillor David Lancaster  
STOCKPORT MBC Councillor Sue Derbyshire  
TAMESIDE MBC Councillor Kieran Quinn  
TRAFFORD COUNCIL Councillor Sean Anstee  
WIGAN COUNCIL Councillor Peter Smith (in the Chair)

**JOINT BOARDS AND OTHER MEMBERS IN ATTENDANCE**

TfGMC Councillor Andrew Fender  
GMFRSA Councillor David Acton  
Police and  
Crime Commissioner Tony Lloyd  
Interim Chief Executive Steve Mycio  
Office of the Police and  
Crime Commissioner

**OFFICERS IN ATTENDANCE**

Donna Hall GMCA Secretary  
Howard Bernstein GMCA Head of Paid Service  
Richard Paver GMCA Treasurer  
Margaret Asquith Bolton Council  
Mike Kelly Bury Council  
Geoff Little Manchester CC  
Elaine McLean Oldham Council  
Pauline Kane Rochdale MBC  
Jim Taylor Salford CC  
Eamonn Boylan Stockport MBC  
Sandra Stewart Tameside MBC  
Theresa Grant Trafford Council  
Mark Hughes Business Growth Hub  
Jon Lamonte TfGM  
Dave Newton TfGM  
Julie Connor )  
Sylvia Welsh ) Greater Manchester  
Julie Gaskell ) Integrated Support Team

**53/14 APOLOGIES**

Councillor Richard Farnell, Mayor Ian Stewart, Sean Harriss, Carolyn Wilkins, Linda Fisher and Steven Pleasant.

**54/14 DECLARATIONS OF INTEREST**

None received.

**55/14 MINUTES OF THE EXECUTVE BOARD MEETING – 27 JUNE 2014**

**RESOLVED/-**

To approve the minutes of the Annual Meeting, the monthly Executive Board and the Joint GMCA and AGMA meetings held on 27 June 2014 as a correct record.

**56/14 FORWARD PLAN OF STRATEGIC DECISIONS**

**RESOLVED/-**

To note the forward plan.

**57/14 AGMA REVENUE BUDGET MONITORING UPDATE 2014/15**

The AGMA Executive received a report presented by Richard Paver informing members of the 2014/15 forecast revenue outturn position as at the end of June 2014.

**RESOLVED/-**

1. To note the report and the current revenue outturn forecast for 2014/15 which is projecting an underspend of £43,000.
2. To note and approve the revisions to the revenue budget plan 2014/15 as identified in the report, as described in paragraph 2.1 to 2.6 of the report.
3. To note the position on reserves as highlighted in paragraph 3.1 of the report.

**58/14 EXCLUSION OF THE PRESS AND PUBLIC**

**RESOLVED/-**

That under section 100 (A)(4) of the Local Government Act 1972 the press and Public should be excluded from the meeting for the following item of business on the grounds that this involves the likely disclosure of exempt information, as set out in paragraph 3, Part 1, Schedule 12A, Local Government Act 1972 and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

**59/14 GREATER MANCHESTER PROJECT PHOENIX**

The AGMA Executive received a report from Jim Taylor, which outlined a communications strategy for project Phoenix.

**RESOLVED/-**

1. To endorse the Phoenix communications strategy as the approach to be taken across Greater Manchester.

2. To commit to cascade the communication strategy within key service areas in each of the Greater Manchester districts.
3. To agree a launch date of week commencing 15<sup>th</sup> September 2014.

Chair.

This page is intentionally left blank



**GREATER MANCHESTER COMBINED AUTHORITY  
MINUTES OF THE GREATER MANCHESTER COMBINED AUTHORITY  
MEETING HELD ON FRIDAY 25 JULY 2014 AT LEIGH SPORTS VILLAGE**

BOLTON COUNCIL Councillor Cliff Morris  
BURY COUNCIL Councillor Mike Connolly  
MANCHESTER CC Councillor Richard Leese  
OLDHAM COUNCIL Councillor Jim McMahon  
ROCHDALE MBC Councillor Peter Williams  
SALFORD CC Councillor David Lancaster  
STOCKPORT MBC Councillor Sue Derbyshire  
TAMESIDE MBC Councillor Kieran Quinn  
TRAFFORD COUNCIL Councillor Sean Anstee  
WIGAN COUNCIL Councillor Peter Smith (in the Chair)

**JOINT BOARDS AND OTHER MEMBERS IN ATTENDANCE**

TfGMC Councillor Andrew Fender  
GMFRSA Councillor David Acton  
Police and  
Crime Commissioner Tony Lloyd  
Interim Chief Executive Steve Mycio  
Office of the Police and  
Crime Commissioner

**OFFICERS IN ATTENDANCE**

Donna Hall GMCA Secretary  
Howard Bernstein GMCA Head of Paid Service  
Richard Paver GMCA Treasurer  
Margaret Asquith Bolton Council  
Mike Kelly Bury Council  
Geoff Little Manchester CC  
Elaine McLean Oldham Council  
Pauline Kane Rochdale MBC  
Jim Taylor Salford CC  
Eamonn Boylan Stockport MBC  
Sandra Stewart Tameside MBC  
Theresa Grant Trafford Council  
Mark Hughes Business Growth Hub  
Jon Lamonte TfGM  
Dave Newton TfGM  
Julie Connor )  
Sylvia Welsh ) Greater Manchester  
Julie Gaskell ) Integrated Support Team

**104/14 APOLOGIES**

Councillor Richard Farnell, Mayor Ian Stewart, Sean Harriss, Carolyn Wilkins,  
Linda Fisher and Steven Pleasant.

**105/15 DECLARATIONS OF INTEREST**

None received.

**106/14 MINUTES OF GMCA MEETING ON 27 JUNE 2014  
RESOLVED/-**

To approve the minutes of the Annual Meeting and the monthly GMCA meeting held on 27<sup>th</sup> June 2014 as a correct record.

**107/14 FORWARD PLAN OF STRATEGIC DECISIONS  
RESOLVED/-**

To note the Forward Plan.

**108/14 APPOINTMENT OF THE STRATEGIC DIRECTOR OF REFORM**

The Chair reported that following an external recruitment and interview by a members appointment panel, Andrew Lightfoot was recommended for appointment to the post of Strategic Director of Reform.

**RESOLVED/-**

That Andrew Lightfoot be appointed to the post of Strategic Director of Reform, at a salary of £130,000 per annum, subject to necessary references, noted that the the post will be employed by the GMCA.

**109/14 GMCA REVENUE BUDGET MONITORING REPORT 2014/15**

The Combined Authority received a report presented by Richard Paver informing members of the 2014/15 forecast revenue outturn position as at the end of June 2014.

**RESOLVED/-**

1. To note the contents of the report and that the latest revenue forecast for 2014/15 is currently projecting a contribution to general reserves of £102,000 arising primarily from additional income.
2. To approve the transfers from GMCA held reserves as proposed in paragraphs 1.3, 1.6 and 1.7 of the report.
3. To approve the increases to the budget as proposed in paragraphs 1.4 and 1.5 of the report.
4. To note the latest revenue forecast for TfGM currently projecting a balance budget as detailed in section 3 of the report.

## **110/14 CAPITAL BUDGET MONITORING REPORT 2014/15**

The Combined Authority received a report presented by Richard Paver updating members in relation to the Greater Manchester Combined Authority 2014/15 capital expenditure programme.

### **RESOLVED/-**

1. To note the actual expenditure as at June 2014 and the current 2014/15 forecast compared to the 2014/15 capital budget agreed by GMCA in January 2014.
2. To note that subsequent reports will be brought to the Combined Authority to approve the revised Capital Programme as a result of the recent Growth and Reform Plan (GRP) announcement.
3. To note the current position for the Growing Places Fund and Regional Growth Fund as described in paragraphs 6.1 – 6.6 of the report.
4. To note the current position for the Empty Homes Programme as described in paragraphs 6.7 – 6.9 of the report.

## **111/14 GREATER MANCHESTER GROWTH DEAL – NEXT STEPS**

The Combined Authority received a report presented by the Head of Paid Service informing members of the details of the Greater Manchester Growth Deal, announced by Government on 7 July 2014 and sets out next steps to implement the current deal and to prepare for the next round of Growth Deals, which Government has indicated will begin immediately.

### **RESOLVED/-**

1. To note the report.
2. To welcome the support for the delivery of the Greater Manchester transport major schemes programme in particular, and agree to the publication of the transport capital programme for public comment in accordance with the transparency principles of the Assurance Framework to ensure that the public and stakeholders are aware of, and can influence, the priorities being set.
3. To note that a further report on the progress of work will be brought to a future meeting of the Combined Authority.

## **112/14 GREATER MANCHESTER ROAD ACTIVITIES PERMIT SCHEME – YEAR 1 REVIEW**

The Combined Authority received a report presented by Jon Lamonte, updating members on the performance of the Greater Manchester Road Activities Permit Scheme (GMRAPS) in the first twelve months of operation.

## **RESOLVED/-**

1. To note the operational and financial performance of the scheme for the 12 months to April 2014.
2. To note the forecast position for the next twelve months of the scheme.
3. To note that, after implementing the recommended actions from this review, the scheme is forecast to reach a break even position by December 2015.
4. To approve the updated standard allowable cost reimbursement rates for Local Authorities.
5. To approve that permit fees be revised with a view to reduce scheme risks and ensure that the scheme breaks even by December 2015.
6. To approve that TfGM complete the necessary consultation and DfT approval processes on behalf of the scheme.
7. To note that TfGM will work with the Authority partners to deliver further process efficiencies, including revised procedures for the processing and approval of permits.

## **113/14 RAIL NORTH LIMITED – GOVERNANCE ARRANGEMENT**

The Combined Authority received a report setting out the proposed governance arrangements for Rail North Ltd (RNL) and the Association of Rail North Partner Authorities ("The Association") and seeking GMCA approval to become members of both bodies.

## **RESOLVED/-**

1. To note the proposed governance arrangements for Rail North Ltd (RNL) and the Association of Rail North Partner Authorities ("The Association") and to agree that GMCA should become a member of both bodies.
2. To authorise the Head of Paid Service to make the appropriate arrangements to enable GMCA to be admitted to membership.
3. To appoint Councillor Richard Leese to the Leaders' Committee of the Association and to become a director of RNL.
4. To appoint Councillor Andrew Fender as substitute member of the Leaders' Committee and alternate director of RNL.
3. To authorise the Head of Paid Service and Chief Executive of TfGM (in consultation with the Portfolio Holder for Rail North) to enter into the RNL Members Agreement on behalf of GMCA.

4. To note that a further report will be produced when the Heads of Terms for the DFT/RNL Partnership are finalised.

**114/14 NORTHERN AND TRANSPENNINE RAIL FRANCHISES:  
STAKEHOLDER CONSULTATION**

The Combined Authority received a report informing members that a stakeholder consultation process is ongoing for the new Northern and TransPennine rail franchises, which will be in operation from February 2016. This report provides an update on this process and seeks delegation for sign-off of a joint response on behalf of TfGM/GMCA. It also provides an update on the re-franchising process and the work of Rail North.

**RESOLVED/-**

1. To note the report.
2. To note the proposal that each Greater Manchester District responds separately to the consultation should they wish to.
3. To delegate approval of the response to the consultation, to be made on behalf of TfGM and GMCA, to TfGM's Chief Executive and the Head of Paid Service (GMCA), in consultation with the Chair of TfGMC and the GMCA Vice Chair and Portfolio Holder for Rail North.

**115/14 MINUTES OF AUDIT COMMITTEE MEETING - 4 JULY 2014**

**RESOLVED/-**

To note the minutes of the Audit Committee meeting held on 4 July 2014.

**116/14 MINUTES OF TRANSPORT FOR GREATER MANCHESTER  
COMMITTEE MEETING - 11 JULY 2014**

**RESOLVED/-**

To note the minutes of the meeting of the Transport for Greater Manchester Committee meeting held on 11 July 2014.

**117/14 MINUTES OF SCRUTINY POOL MEETING - 11 JULY 2014**

**RESOLVED/-**

To note the minutes of the meeting of the Scrutiny Pool meeting held on 11 July 2014.

**118/14 MINUTES OF GREATER MANCHESTER LOCAL ENTERPRISE  
PARTNERSHIP - 16 JULY 2014**

## **RESOLVED/-**

To note the meeting of the Greater Manchester Local Enterprise Partnership meeting held on 16 July 2014.

## **119/14 EXCLUSION OF PRESS AND PUBLIC**

### **RESOLVED/-**

That under section 100 (A)(4) of the Local Government Act 1972 the press and Public should be excluded from the meeting for the following item of business on the grounds that this involves the likely disclosure of exempt information, as set out in paragraph 3, Part 1, Schedule 12A, Local Government Act 1972 and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

## **120/14 GREATER MANCHESTER INVESTMENT FRAMEWORK AND CONDITIONAL PROJECT APPROVAL**

The Combined Authority received a report presented by Eamonn Boylan seeking approval for project funding applications

### **RESOLVED/-**

1. That the project funding applications detailed in the report be given conditional approval and progress to due diligence.
2. To delegate authority to the Combined Authority Treasurer and Combined Authority Monitoring Officer to review the due diligence information and, subject to their satisfactory review and agreement of the due diligence information and the overall detailed commercial terms of the transactions, to sign off any outstanding conditions, issue final approvals and complete any necessary related documentation in respect of the loans/grant as detailed in the report.

Chair