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AGENDA FOR

OVERVIEW AND SCRUTINY COMMITTEE

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To: All Members of Overview and Scrutiny Committee

Councillors : S Carter, D Cassidy, A Cummings, J Daly,
L Fitzwalter, M Hankey (Chair), P Heneghan, M James,
S Nuttall, D O'Hanlon and T Tariq

Dear Member/Colleague

Overview and Scrutiny Committee

You are invited to attend a meeting of the Overview and Scrutiny Committee which will be held as follows:-

Date:	Wednesday, 4 December 2013
Place:	Peel Room, Bury Town Hall
Time:	7.00 pm
Briefing Facilities:	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.
Notes:	A pre meeting for Committee Members will be held at 6.30pm in the Irwell Room.

AGENDA

1 APOLOGIES

2 DECLARATIONS OF INTEREST

Members of the Overview and Scrutiny Committee are asked to consider whether they have an interest in any matters on the agenda and, if so, to formally declare that interest.

3 MINUTES *(Pages 1 - 4)*

The Minutes of the last meeting, held on 8 October 2013, are attached.

4 PUBLIC QUESTION TIME

A period of 30 minutes has been set aside for members of the public to ask questions on matters considered at the last meeting and set out in the minutes or on the agenda for tonight's meeting.

5 PLAN FOR CHANGE 3

A presentation will be given at the meeting.

6 CORPORATE PLAN PROGRESS REPORT QUARTER 2 2013-2014 *(Pages 5 - 28)*

A report from the Leader of the Council is attached.

7 CORPORATE FINANCIAL MONITORING REPORT - APRIL TO SEPTEMBER 2013 *(Pages 29 - 58)*

A report from the Deputy Leader and Cabinet Member for Finance and Corporate Affairs is attached.

8 TREASURY MANAGEMENT STRATEGY MID-YEAR REVIEW *(Pages 59 - 68)*

A report from the Deputy Leader and Cabinet Member for Finance and Corporate Affairs is attached.

9 URGENT BUSINESS

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

Minutes of: OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting: 8 October 2013

Present: Councillor M Hankey(in the Chair);
Councillors D Cassidy; A J Cummings; J Daly; L Fitzwalter;
P Heneghan; S Nuttall; and T Tariq

Public in attendance: 1 member of the public was present at the meeting.

Also in attendance: Councillor Southworth– Deputy Cabinet Member for Environment.

Apologies for absence: Councillor Carter, Councillor James and Councillor O’Hanlon

OSC.416 DECLARATIONS OF INTEREST

Councillor Heneghan declared a personal and prejudicial interest in Minute OSC.421 below, Children’s Services Annual Complaints Report as the Deputy Cabinet Member for Children and Families and took no part in discussions on this item.

OSC.417 PUBLIC QUESTION TIME

There were no questions asked by members of the public present at the meeting.

OSC.418 MINUTES

It was agreed:

That the Minutes of the meeting, held on 4 September 2013, be approved as a correct record and signed by the Chair.

OSC.419 RECYCLING REVIEW – UPDATE

Further to Minute OSC.893(2) of the meeting of this Committee held on 26 March 2013, Councillor Southworth, Deputy Cabinet Member for the Environment, attended the meeting to provide an update on progress in respect of the following recommendations:

- i. That this Group recognises and congratulates the hard work that has been undertaken by the Council Employees across the authority and the residents of the Borough to reduce the amount of residual waste being sent to landfill and to increase the amount of waste being recycled.

- ii. That Ward Councillors are encouraged to become 'Recycling Champions' in their areas by promoting recycling wherever possible and work with the Waste Management Section to identify solutions for specific areas.
- iii. That, to assist with ongoing work in relation to contaminated bins, all new bins are numbered by the Council before being delivered to properties and households where the bins are not numbered are encouraged to do so.
- iv. That the use of enforcement in relation to contaminated bins be considered – this would only be as a last resort and for repeat offenders.
- v. That all waste operatives are regularly reminded to use the software correctly as this may assist to reduce the number of complaints received and the number of missed collections.
- vi. That Members should receive regular reports setting out targets versus actuals and highlighting where improvements need to be made and how this can be done.
- vii. That the possibility of carrying out specific exception reporting or analytical research is considered to look at trends and highlight where improvements can be made.
- viii. That complaints relating to missed bin collections are monitored by area to highlight any patterns.
- ix. That something similar to the interactive games that were used on the visit to the recycling centre should be developed locally to be rolled out to schools across the borough. This would help to educate the young people within the borough who would then pass this on to the rest of their families.
- x. That all Councillors are encouraged to attend a visit to the Customer Contact Centre.
- xi. That all funding opportunities in relation to the promotion of recycling are researched and applied for.

Questions and comments were invited and the following issues were raised:

- Members of the Committee referred to the plans to enhance the Educational and Regulatory Team through the appointment of 8 new posts. The role of the new staff was explained and it was reported that the 2 year pilot scheme had been approved as an invest to save opportunity, with posts ultimately funded through savings achieved from diverting waste from landfill.
- With regard to the issue of enforcement, the Head of Waste Management stressed that the issuing of Fixed Penalty Notices would be a last resort and efforts would continue to educate and engage with residents in order to encourage increased levels of recycling. Councillor Cummings requested that future updates include examples of enforcement actions by other Authorities, with an analysis of whether they had been successful.

- Councillor Fitzwalter highlighted the importance of maximizing recycling from schools and other commercial waste streams.
- Councillor Nuttall referred to the difficulties of recycling certain products due to the packaging and highlighted that manufacturers should be encouraged to package products in materials that are readily recyclable.

It was agreed:

1. That this Committee acknowledges the good progress made implementing the recommendations from the Recycling Overview Project Group.
2. That a further update report be submitted before the end of the Municipal Year.

OSC.420 CORPORATE PLAN PROGRESS REPORT – QUARTER 1 2013-2014

The Leader of the Council submitted a report outlining the progress made on the Corporate Plan during quarter one (2013-2014) for the corporate performance indicators and projects within the Bury Council Corporate Plan.

During discussion of this item an undertaking was given to provide Members with a detailed definition in respect of the indicator relating to the supply of housing sites.

It was agreed:

That Officers be thanked for the good performance highlighted in the report and a further update be submitted at the end of Quarter 2, 2013/14.

OSC.421 CHILDREN'S SERVICES ANNUAL COMPLAINTS REPORT APRIL 2012-MARCH 2013

Jane Whittam, Complaints Co-ordinator, submitted a report setting out information in respect of complaints related to Children's Services covering the period 1 April 2012 to 31 March 2013.

It was agreed:

That the report be noted.

OSC.422 WELFARE REFORM

Claire Jenkins, Head of Customer Support & Collections, submitted a report providing a summary of the impact of recent Welfare Reforms on the residents of Bury along with details of the actions being taken by the Council and its partners in relation to the reforms. A number of associated policies were appended to the report, namely, the Corporate Debt Policy; Discretionary Housing Payments Scheme; and the Poverty Strategy.

The report set out details of the main changes along with the actions taken in respect of the following specific areas of welfare reform:

- Under Occupancy Charge/Bedroom Tax
- Council tax Support

- Social fund
- Benefit Cap

Further to the report, a number of case studies were submitted which highlighted the Corporate approach being undertaken to manage debt and support customers.

Questions and comments were invited from Members of the Committee and the following issues were raised:

- In response to a question about the effect of a more aggressive sanctions regime with regard to benefits, it was explained that approximately 50% of customers accessing the Bury Support Fund was due to an element of sanction being imposed.
- With regard to the initial estimate in respect of the number of families affected by the benefit cap, it was reported that the number had reduced from 90 families to 34. The reason for this reduction was due to the fact that the original estimate did not take account of families with disabled children.
- During discussion of this item, Claire Jenkins highlighted the work of the Welfare Reform Board; the wider partnership approach being undertaken to support customers; and the importance of early engagement.
- Members of the Committee recognised the intensive support being offered to customers but highlighted the resource implications of providing this level of support. Officers acknowledged the importance of ensuring that financial outcomes were tracked to allow the effects of the interventions to be monitored.
- During discussion of this item Members of the Committee commented on the excellent work undertaken by Officers to support customers affected by the welfare reforms.

It was agreed:

That a further report, including an update on the Case Studies, be submitted to the March meeting of this Committee.

COUNCILLOR M HANKEY
Chair

(Note: The meeting started at 7.00 pm and ended at 8.55pm)

One Council. One Plan.

Quarter Two 2013-14:

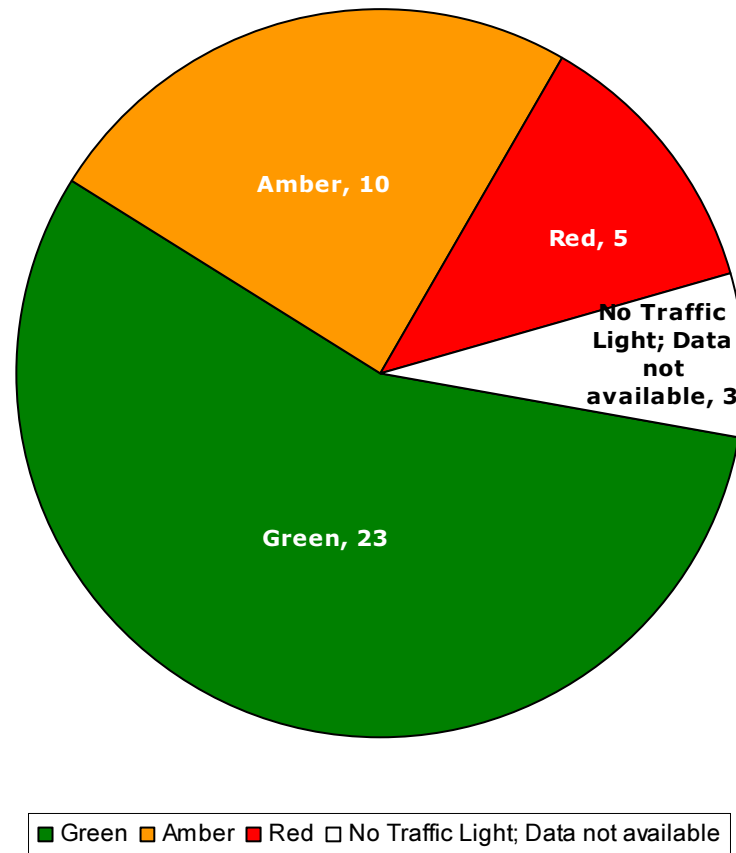
Progress Report

INTRODUCTION

- 1.1 This report outlines progress during quarter two of 2013-14 for the corporate performance indicators and projects within the Bury Council Corporate Plan. The information provided is extracted from the Performance Information Management System (PIMS) and the responsible services.
- 1.2 There are currently 53 performance indicators from PIMS and 25 projects within the Corporate Plan. This report provides a summary of the overall performance of all indicators and projects.
- 1.3 Where data are unavailable for Quarter 2 2013-14, the report provides the latest inputted data from previous quarters.
- 1.4 Throughout this report the definitions of the colour-coding are:
 - Green – On target and/or better than 2012-13 performance
 - Amber – Within 15% of achieving target or within 15% of 2012-13 performance
 - Red – Below target or worse than we achieved in 2012-13.
 - No Traffic Light – Information not available due to various reasons.
- 1.5 The detail of this corporate performance report can be viewed or downloaded on the corporate performance information monitoring system (PIMS). If you require copies of the reports or need training on the operation of the monitoring system; *please contact Benjamin Imafidon on Ext 6592.*

SUMMARY

2.1 Overall the council currently reports performance against a total of 53 corporate performance indicators. For quarter 2, outcomes for 41 of these indicators were collected as some indicators are reported annually. The chart below shows the percentage of these performance indicators that are categorised as Red, Amber and Green using the criteria set out in paragraph 1.4.



Reducing Poverty and Its Effects

Current Performance

Performance Indicators

Measure	Higher/ lower is better	2012/13 Baseline	2013/14 Q2	Target	Commentary
Overall employment rate for Bury (working age)	Higher	75.2%	76.4% (Green)	70%	Employment rate in Bury is currently 76.4% and 67.5% in Greater Manchester with a difference of 8.9%. Higher % difference between Greater Manchester and Bury = better performance.
Working age people on out of work benefits (percentage difference between Bury and Greater Manchester)	Higher	2%	1.8% (Green)	1.6%	The gap has reduced from 2% but is still above target. More work using available funding sources and partnership work is underway to maintain the target gap of at least 1.6%.
Percentage of working age people claiming out of work benefits in the worst performing neighbourhoods	Lower	Not available	Not available	32%	Unable to obtain data at lower super output area level.
Proportion of population aged 19-64 for males and 19-59 for females qualified to at least Level 2 or higher.	Higher	Not available	Not available	70%	Unable to provide data, statistics do not get recorded by Skills Funding Agency and not readily available. This is to be reviewed.
Proportion of children in poverty	Lower	18.31	Not available	21.09	This is an annual indicator and will be reported at year end. The Q4 outcome is from 2010.
Achievement gap between pupils eligible for free school meals and their peers achieving the expected level at Key Stage 2	Lower	16%	18.2% (Amber)	15%	This gap has increased by 0.6% from last year but these results are still provisional and subject to change. National results for comparisons will be available in Q3. New

					more challenging assessments have also been introduced.
Inequality gap in the achievement of a Level 3 qualification by the age of 19	Lower	18%	Not available	28%	This is an annual indicator and will be reported at year end.
Achievement gap between pupils eligible for free school meals and their peers achieving the expected level at Key Stage 4	Lower	23.2%	Not available	22%	Results will be available by Q3.
Percentage of 16-18 year olds by academic age who are not in education, employment or training (NEET)	Lower	5.5%	6.1% (Green)	6.4%	This figure is from quarter 1. Quarter 2 national data has not yet become available from the Department for Education.

Project Updates

Poverty Strategy

During quarter 2 a sub group has been established to determine what performance information will help us to understand the prevalence and direction of travel of poverty in Bury and to coordinate the work required to refresh the poverty strategy for 2014/15. Activity this quarter that has contributed towards the outcomes of the strategy includes; partnership work with the National Careers Service to provide additional support to 50 customers, draft policy for awarding Discretionary Housing Payments, production of the Health & Wellbeing Strategy and 1,522 learners taking part in courses that supported employability through Bury's Adult Learning Centre. A team has been established to contact all customers affected by the Under-Occupancy charge with the aim of investigating appropriate solutions. This is a joint initiative between Bury Council and Six Town Housing Next quarter will see the launch of our credit union and further work to better understand food poverty in Bury through collating local statistics and information.

Homelessness Strategy

The refresh of the Homelessness Strategy is progressing well. Consultation on the draft documents is expected later this year. The draft Housing Strategy 2013/23 has received Cabinet approval to go out to consultation. Once finalised (schedule for early 2014) this document will be a key influence over all other housing strategies in the borough. The Housing Education and New Opportunities (HEN) Project commenced in February. The successes of the project from February '13 of the 52 customers that have been through the project are :

- 10 have gained employment
- 16 have completed voluntary work
- 4 have enrolled into college

- 20 have been for interviews
- 3 have undertaken further training
- 52% have undergone health screening.

We are one of the first Greater Manchester Authorities to be discharging our homeless duty into private sector accommodation.

A new provider has begun working with rough sleepers focusing on a street rescue model so that no rough sleeper experiences a second night on the streets. The new service will be launched in November 2013.

Affordable Warmth

The action plan is currently under review awaiting the development of the UK Fuel Poverty Strategy which is due to be published later this year. However there is continued delivery of the strategy's key aims with internal and external partners including:

Bury Healthy Homes Scheme 2012/13

4 training sessions have been booked for November on energy related topics for frontline staff, to equip them with recognising fuel poverty with vulnerable Bury residents who may need assistance keeping warm and well this winter. Unfortunately it has been announced by the Department of Health that there will not be any funding provided via this route going forward.

Collective GM Energy Switching Scheme

An evaluation of the scheme has been undertaken and will be shortly considered by GMCA Wider Leadership Team. If a third auction is to be held this will be in 2014 and is likely to take a different approach to the first 2 auctions.

GM ECO Toasty Scheme 2013/14

Bury is working with Carillion, one of the AGMA partners procured for delivering this scheme in 2013/14. The scheme has now been promoted in 4 priority target areas; Bury East, Moorside, Radcliffe East and West and Redvales. To the end of August there have been 67 referrals, 31 assessments and 3 boiler replacements installed by Carillion. Whilst these figures look low we are ranked first across GM for the number of referrals made in the context of the percentage number of total households in the borough, second for enquiries and fourth for number of installs. It is recognised that more promotional activity is required to increase the number of installs. Therefore Bury Light Night promotion is planned in October alongside a Ramsbottom full day blitz campaign. Carillion have procured the services of Groundwork to assist with these events and other general community promotional activity.

In general Urban Renewal continues to work closely with the GM Energy Advice Service by way of attendance at meetings and their involvement in the above schemes.

Backing Young Bury

The Connecting Provision Activity is an innovative model using all locally funded provision and shaping it into one offer for young people who are the furthest from securing employment. This model works with those young people who have the greatest barriers in order to gain the biggest impact in the community as well as the biggest savings in the future. It includes, Troubled Families, Sportivate, ESF Complex Families, Adult Learning Provision, Work Programme Providers and Jobcentre Plus. By working with priority groups Bury Council is able to draw down Youth Contract and GM Commitment Grants to recycle into further activity.

The second cohort has now completed their Traineeship/7 weeks work experience. 9 young people have been offered a 6 month temporary contract with Bury Council out of the 12 that started this programme.

The next cohort will commence in January 2013. The next cohort will be fully aligned to Bury Council's SCIL – Supporting Communities – Improving Lives criteria.

The model will be replicated externally and align to free childcare provision for two year olds. Bury Council will work with registered Childcare providers to offer supported traineeships for unemployed residents with an interest in this work area.

Council Tax Support Scheme

The new Council Tax Support scheme was introduced in Bury on 1st April 2013. The funding the council receives from the Government has been reduced by 10%. Whilst councils were free to design their own schemes the Government regulated that pensioners could not be worse off after 1st April.

The main feature of Bury's scheme is a restriction on the maximum amount of support a household can receive to the Council Tax amount charged for a Band B property. This measure affected 800 residents. Early indications are that collection rates for residents affected by the new scheme are similar to other charge payers.

It is worth noting that the Council Support caseload is changing all the time, with households coming off benefits and others making new claims. Therefore reductions in support may only be experienced for a short time.

Local Social Fund Replacement (*Bury Support Fund*)

3 months in and the Bury Support Fund now has a clearer understanding of what customers are requesting and what are the general issues for our customers. We are still continuing to re-educate past 'Social Fund' applicants who have had an expectation that the fund is still accessible for the same purposes.

The Support Fund has settled in well and are receiving positive comments from the organisations assisting customers with claims, particularly around the simplicity of claiming and the speed with which claims are processed.

We are continuing to look at the scheme to see if we can offer additional support to people either by adding to what we already do or starting new strands of support.

At a recent meeting with other GM authorities it is clear that we are not the only team finding that requests for support because of DWP sanctions are on the increase, this is something we are monitoring closely.

The CAB Support Fund Adviser has been receiving referrals for assistance. All staff members have been asked to always consider offering this service to customers who are struggling financially.

Supporting our most vulnerable residents

Current Performance

Performance Indicators

Measure	Higher/ lower is better	2012/13 Baseline	2013/14 Q2	Target	Commentary
Percentage achieving independence: older people through rehabilitation/intermediate care	Higher	93.5%	82.1% (Green)	80%	Due to preventative services, less people were admitted to rehabilitation/intermediate care.
Adults with learning disabilities in settled accommodation	Higher	85.7%	85.9% (Green)	80%	Overachieving on this target.
Adults with learning disabilities in employment	Higher	40%	38% (Green)	35%	Whilst we are ahead of target at quarter 2, the jobs market can fluctuate throughout the year.
Number of households living in temporary accommodation	Lower	12	8 (Green)	10	The numbers in temporary accommodation has not been below 10 since October 2012. The numbers in temporary accommodation has been decreasing since April 2013.
Percentage of social care assessments completed within 28 days	Higher	83.6%	91.8% (Green)	78%	Overachieving on this target.
Percentage of social care	Higher	77.5%	84.6% (Green)	60%	Overachieving on this target.

packages in place 28 days after assessment			(Green)		
Social Care clients receiving Self Directed Support (Direct payments and individual budgets)	Higher	30.7%	58.1% (Green)	55%	Overachieving on this target.
Carers receiving needs assessment or review and a specific carer's service, or advice and information	Higher	16.6%	10.5% (Red)	25%	Under target at quarter 2. This has been raised with team managers and plans are in place to increase this outcome in the third quarter.
The percentage of children and young people in care adopted during the year who were placed for adoption within 12 months of the decision that they should be placed for adoption, and who remained in that placement on adoption.	Higher	77.3%	80% (Green)	80%	Extra Protocol monitoring showed that in quarter 2, two children were adopted, both of whom were placed within 12 months of the decision. Year to date: 4 out of 5 (80%).
Percentage of children becoming the subject of Child Protection Plan for a second or subsequent time	Lower	12.3%	25.6% (Red)	17%	Of the 90 Bury plans that commenced between July and September inclusive, 23 (25.6%) are repeats. Year to Date: 160 new plans, of which 41 (25.6%) were repeats. The monthly average of new plans (27) remains higher than previous years (2012-2013 had a monthly average of 16). Unfortunately, the number of repeat plans in 2013-2014 to date has also increased and to a greater degree (partly because both Q1 and Q2 saw large families subject to repeat plans). As a result, our current YTD figure falls in the "Investigate urgently" PAF A3 band (24% or above).
The percentage of children and young people in care achieving 5 A*-C GCSEs (or equivalent) at	Higher	13.6%	19.2% (Green)	N/A	Of the qualifying 26 children, 5 (19.2%) achieved 5 A*-C GCSEs including English and Maths. The cohort had a high SEN

key stage 4 (including English & Maths)					characteristic : 26% with Statements and a total of 57% on the SEN Code of Practice, receiving additional support and resources.
Percentage gap between pupils with Special Educational Needs and their peers achieving 5 A*-C GCSEs including English and Maths	Lower	49.2%	Not available	44%	This is an annual indicator and will be reported at quarter 3.
Key Stage 2 attainment for Black and minority ethnic groups: Pakistani Heritage	Lower	4.7%	4.3% (Green)	3%	The gap for level 4+ reading, writing and maths has decreased from 6% to 4.3% showing improvement.
Key Stage 2 attainment for Black and minority ethnic groups: Mixed White and Black Caribbean	Lower	-10.9%	8.7% (Red)	5%	These results are provisional. Due to more challenging assessments the gap has increased. National comparisons will be available in Q3. Care has to be taken when looking at these figures because of the small cohort size of 29 pupils out of 2,061 for year 6.
Key Stage 2 attainment for Black and minority ethnic groups: White Other	Lower	9.4%	13.9% (Red)	9%	Due to more challenging assessments this gap has increased by 4.5%. The aim is to reach the 2012 outcome again. National data for comparison will be available in Q3.
Percentage of pupils permanently excluded from school in the year	Lower	0.17%	0.11% (Green)	0.22%	Schools have continued to work hard over the last academic year to reduce the number of permanent exclusions. This has improved again from the previous academic year.

Project Updates

Supporting Communities, Improving Lives

Following a review of progress and subsequent conversations with the Department for Communities and Local Government (DCLG) team who are funding the programme, work continues to refresh the data, strengthen the governance framework and accelerate work with families that meet the criteria. The national team has expressed satisfaction with progress to date. The service is now working directly with families and we are seeing positive outcomes which will be reported in October to DCLG.

Extra Care Housing

Two bids were submitted to the Homes & Communities Agency (HCA) for the Care & Support Specialised Housing Fund. The results of these bids were announced in July 2013. The bid by St Vincent's Housing Association to develop a scheme on Danesmoor Road has been successful; a significant achievement considering the large number of bids in the region. Unfortunately, the Six Town Housing bid to develop a larger scheme, similar to Red Bank in Radcliffe was unsuccessful at this stage. Officers from the Council and Six Town Housing will continue to work together to ensure this scheme is well placed to pick any 'slippage' funding from the HCA and to explore alternative ways of financing this much-needed scheme.

Red Bank in Radcliffe continues to operate successfully. Falcon and Griffin flats remain popular after the improvement work carried out there.

Housing Allocation Policy

The new allocations policy has been implemented and in operation since the beginning of May 2013. The numbers on the waiting list have reduced to 2672 and we are now able to meet housing needs more effectively by direct letting properties.

Day Opportunities

Progress continues to be made in respect of the Clarence Park development. Due to some issues with land gradients the final building plan has been revised, however work is still on track to be undertaken during quarters 3 & 4. A café provider event has also been held this quarter to give potentially interested parties the opportunity to visit the site and find out more about the vision for the community café facility, and we are now in the process of developing the formal tender documentation for the café element of the new service.

Great Places have now started work to demolish the existing Hazelhurst and Whittle Pike buildings in Ramsbottom in preparation for the new development that is proposed for the site. Great Places have indicated that the new day service facility will be available for Day Services to use from December 2014. The interim Day Service base located at Ramsbottom Leisure Centre has been very successful, particularly in respect of customer's health and use of the facilities on site - we now have customers from this new group accessing the swimming pool every day of the week, which has significantly improved a number of individuals' health and fitness levels.

Unfortunately, the phase 2 Library proposals to co locate Day Services and Library Services in the south of Bury were not agreed to proceed, therefore work is continuing in the south of the borough to identify alternative core base facilities in the Radcliffe, Whitefield and Prestwich areas to enable the continuation of day service modernisation and offer services more locally to where people with more complex needs live in these areas. Discussions have already taken place in respect of a potential opportunity for a new core base facility in Radcliffe.

The proposal to relocate the existing Seedfield Day Centre and review the service offer has also been taken forward during Q2. It has now been confirmed that the new service will be located in Castle Leisure Centre and the minor works required to adapt the space to more appropriately meet the needs of Day Service customers is due to take place during Q3, with a view to the existing customer group moving across to this new venue from January 2014.

Early Intervention Strategy (now Early Help Strategy)

The Working Together to Safeguard Children - (a guide to inter-agency working to safeguard and promote the welfare of children) refers to the importance of local authorities providing targeted early help services to address the assessed needs of a child and their family which focuses on activity to significantly improve the outcomes for the child. Following a restructure of an existing team earlier this year a new Early Help Team has been recruited, to start work late October 2013.

A multi-agency safeguarding hub (MASH) has been established, and will be based within the police station. It will have a key role as the 'front-door' providing effective and efficient triage for referrers. In many cases the work may then be directed to the Early Help Panel. The multi-agency Early Help panel has now been established and will be the forum for discussing and agreeing outline Early Help Plans.

New Horizons Programme

The New Horizons programme at Bury College took its first cohort of learners with complex needs in September 2011. These young people on leaving a specialist school at 19 would previously have gone outside of the borough to take up an educational place at a specialist college. The pilot was for five young people with learning difficulties and disabilities and they completed their programme of learning in July 2013 with many positive outcomes.

Learners improved their communication and independent living skills, their numeracy and literacy skills as well as increasing their confidence levels through the programme. Without exception, positive feedback was given by all parents and carers of learners on the programme.

The New Horizons programme is also linked to other service providers in the borough to provide continued support to learners, including local leisure and transport facilities.

Making Bury a better place to live					
Current Performance					
Performance Indicators					
Measure	Higher/ lower is better	2012/13 Baseline	2013/14 Q2	Target	Commentary
Visits in person to Galleries/Museum per 1,000 population	Higher	235.01	121.58 (Green)	241	In the second quarter there were 10,207 visitors, giving a figure of 121.58 per thousand population. This is a cumulative indicator and currently based on mid 2011 population figures. The figure per thousand population at this stage last year was 103.58, so has improved since this point last year.
Percentage of household waste sent for re use, recycling and composting	Higher	44.85%	46% (Green)	44%	This figure is estimated. Performance for Q2 2012/13 was 46.59%, showing a very small variance. It is apparent that recycling performance has reached a plateau in the absence of new initiatives.
Residual household waste - kgs per household	Lower	450.5kg	237.12kg (Amber)	445kg	This figure is estimated. Performance for Q2 2012/13 was 230.32kg, this small variance is difficult to account for.
The percentage of urban and countryside parks, based on the ISPAL definition, that have achieved "green flag" status	Higher	85.71%	Not available	85.71%	This is an annual indicator and will be reported at year end. All parks have been mystery shopped.
Percentage of adults participating in at least 30 minutes moderate intensity sport and active recreation on three or more days a week	Higher	23.6%	23.6% (Amber)	25.5%	Annual data reported in Q3 APS7 (Active People Survey) mid to late October 13.
Number of serious violent crimes per 1,000 population	Lower	0.52	0.21 (Green)	0.88	This is a cumulative indicator. 21 incidents of serious violent crime were reported

					during July – September which equates to 0.11 per 1,000 population. 40 incidents have been reported from April – September this year which equates to 0.21 per 1,000 population.
Number of serious acquisitive crimes per 1,000 population	Lower	11.43	5.15 (Green)	12.95	This is a cumulative indicator. 486 incidents were recorded during July – September which equates to 2.62 per 1,000 population. 955 incidents have been reported from April – September this year which equates to 5.15 per 1,000 population.
Assault with injury crime rate per 1,000 of the population	Lower	5.78	3.28 (Amber)	6.25	This is a cumulative indicator. 203 incidents were reported during July – September which equates to 1.09 per 1000 population. 419 incidents have been reported for the period April – September this year which equates to 3.28 per 1,000 population.
Reduction in the number of incidents of anti-social behaviour as measured by the National Codes for Incidences (NICL)	Lower	44.52	25.96 (Amber)	46.2	This is a cumulative indicator. 2566 incidents were reported during July – September which equates to 13.86 per 1,000 population. 4,807 incidents have been reported from April – September which equates to 25.96 per 1,000 population.
Percentage rate of repeat incidents of domestic violence	Lower	29.26%	28.57% (Green)	40%	14 repeat incidents of domestic violence were reported during July – September. 28 repeat incidents have been reported April – September this year. The full year target is set at 26 – 40% for an established MARAC.
Number of first-time entrants (FTEs) to the Youth Justice system aged 10-17 (Rate per 100,000)	Lower	637	Not available	536.95	This is an annual indicator and will be reported at year end. The target set reflects the England average.
Prevalence of breastfeeding at 6 to 8 weeks	Higher	40.95%	37.6% (Amber)	42.8%	This figure is from quarter 1. There has been a delay getting the Q2 data to Public

					Health and CCG from Pennine Care as they are undertaking a data quality audit of all their returns and requests. Q2 data should become available in November 2013.
Rate of alcohol-related hospital admissions per 100,000 population (DSR)	Lower	2067	Not available	1879	Data currently unavailable to Public Health Team due to development of new data warehouse at Greater Manchester Commissioning Support Unit (GMCSU).
Percentage of the local authority principal road networks ('A' roads) where structural maintenance should be considered	Lower	3%	Not available	10%	This is an annual indicator and will be reported at year end.
Percentage of the local authority non principal classified road networks ('B' and 'C' roads) where structural maintenance should be considered	Lower	3%	Not available	10%	This is an annual indicator and will be reported at year end.
Increased number of tourist visitors (STEAM)	Higher	5,404,130	Not available	5,315,516	This is an annual indicator and will be reported at quarter 3.
Supply of ready to develop housing sites	Higher	100%	Not available	100%	This is an annual indicator and will be reported at year end.
CO2 reduction from local authority operations	Higher	9%	9% (Amber)	16%	Results for 2012/13 showed a 9% reduction in emissions against a target of 13%. The dull wet summer and long prolonged winter increased our energy use and restricted our carbon reduction process.
Visits in person to libraries per thousand population	Higher	5,384	Not available	5,300	This is an annual indicator and will be reported at quarter 3.

Project Updates

Health Reform

The **Health and Wellbeing Strategy** has now been approved. The strategy sets out Bury's vision for improving Health & Well-Being in the Borough. It makes four underpinning principles and identifies five cross-cutting priorities to help achieve this.

Bury Council and Bury CCG have an equal and joint duty to prepare a **Joint Strategic Needs Assessment**, through the Health and Wellbeing Board. The JSNA is a strategic assessment of current and future health and social care needs of the local community to inform planning and evidence-based commissioning priorities principally of the local authority, CCG and NHS England in order to improve the public's health and reduce inequalities. Following a procurement exercise, Linxs were commissioned to undertake the JSNA refresh.

The refreshed document is intended to review more up-to-date datasets to:

- Provide analyses of data to show the health and wellbeing status of local communities.
- Define where inequalities exist.
- Highlight key findings based on the information and evidence collected.
- Identify changes that have occurred and what these changes mean for Bury.
- Identify areas for further analysis and exploration

The refreshed JSNA was ratified by the Board for onward consultation.

Bury's Integrated Care Plan will be considered by the Health and Wellbeing Board on the 14th November 2013. The plan outlines how the Council and the CCG aim to design, develop and implement a new model of integrated care for the people of Bury.

The Shadow Healthwatch Board has now been formed and meets fortnightly, the first meeting 'in public' will be in November 2013. Healthwatch Bury will be a social enterprise and will take the model of a community interest company and expects to be fully incorporated by February 2013. Currently advertising for an Operations Manager.

Increase recycling, reuse and composting

Food waste recycling from school kitchens and Council buildings continues to be rolled out, as do on-street recycling bins. Recycling performance is largely stabilised at the moment, in the absence of significant new initiatives. Garden waste tonnages began to fall in September. Quarter 2 has seen an increase in the number of school kitchens recycling their food and dry waste by 9, bringing the total to 57. Recycling in schools itself has also increased and we now have 43 schools recycling food waste to various degrees (outside of the kitchen) and 50 recycling dry waste.

New health and social care partnership with Bury Football Club

This quarter saw a number of new initiatives be introduced successfully and a proportion of existing projects strengthen their delivery. Ability Counts (disabled football) is continuing to be sustained, achieving 12 attendees on average per session. The Nifty Fifty programme has achieved sustainability and is still running smoothly 6 months after funding ceased. Memory Lane (dementia) is averaging 10 participants per session with painting, model making and quizzes now incorporated into this programme. Buggy Baby Boot Camp has three new sessions incorporated under its delivery plan, with these being funded by the Bury Council and Sport England initiative 'I Will If You Will'. Bury FC Tea Dances are now established with 35 over 50's attending every month on average. Drop a Shirt Size is underway with 11 men signed up to the programme. The Afterschool & Breakfast Programme is still steady at 6 schools, providing a of variety activities including football. Summer Holiday Provision was a huge success with 6 weeks of football and 3 weeks of multi sports delivered over the six week summer holidays to an average of 100 children every day.

Empty properties

- Homes and Communities Agency (HCA) funding for empty properties

Together with our partners; Six Town Housing and St Vincent's Housing Association, as part of Rounds 1 and 2 HCA funding, 27 residential properties will be brought back into use for affordable rent. In addition, 1 commercial premise will be converted to 10 residential units for affordable rent.

- Radcliffe Empty Property Pilot

5 Business cases have now been completed and are awaiting sign off. The next stage involves negotiation with property owners. Urban Renewal are planning their second year of the scheme. The Local Economic Benefit report has now been produced which sets out how local supply chains and employment/training opportunities are being developed/managed as part of this project.

- Empty property grants

The first of the 6 grants in Radcliffe has been successfully completed. Surveys on the other 5 have been carried out and are progressing through the grants process.

Registry Office Annual Performance Report

The annual performance report was completed for 2012/13 and demonstrated good performance (95% and above) for registering births and deaths within the timescales set. Bury Registry Office received 100% customer satisfaction through their survey responses. Key performance indicators for quarter 2 show that this good performance has continued into 2013/14 as most outcomes reflect or exceed national and regional performance.

Investment in LED (light emitting diode) lighting

A total of 593 have already been installed and a total of 1081 designed. Additional new units are scheduled to be delivered at a rate of 200 per fortnight commencing 17/10/13 up to Christmas 2013 (1000 total). The first trial of column extensions has been carried out on Haig Road, Bury with 3 columns being converted from 5m to 6m.

Streetsafe Strategy

Following the formal publication of Notices, approval has been given to implement the first eleven 20mph schemes. Work has commenced on the first six sites (one in each of the Borough's six townships) which include three "20mph zones" and three "20mph speed limit schemes". A total of 16 schemes have now successfully passed through the informal consultation stage.

The Road Safety Team in partnership with Greater Manchester Police have launched a "Safer Schools Parking Banner Scheme" which specifically targets inappropriate parking activity outside schools at opening/closing times and highlights the dangers of parking on zigzag "School Keep Clear" markings. Initially 36 out of the Borough's 64 primary schools have signed up to take part in this initiative and banners have been delivered to the first nine schools for installation.

Further details on all "StreetSafe" projects have been published on the Council's StreetSafe website at www.bury.gov.uk/streetsafe

Remodelling of the library service

At the July 10th 2013 Cabinet meeting the phase 2 proposals regarding the remodelling of the Library Service were discussed and a way forward was agreed. Community hubs are still important both for the Library Service and the Council, but they will now be progressed more widely during the roll-out of the corporate Asset Management Strategy. To achieve the required £570,000 savings in 2014/2015, the Library Service will restructure, with a reduction in the staffing establishment and in sundry budgets. RFID (Radio Frequency Identification), a system whereby customers can self serve for the loaning of resources and paying fines, is currently being installed for phase 1 (Bury Library), whilst for phase 2 (7 further libraries) RFID is being formally discussed with staff.

Developing visitor attractions and economic development opportunities

1) Plans to develop a railway halt at Burrs Country Park have taken a step forward as work to divert an existing footpath has commenced. The diversion is an essential part of a wider project which would see a direct link established between the attractions at Burrs, The East Lancashire Railway, Bury town centre and the Irwell Valley and result in an enhanced visitor offer. The changes to the footpath will also allow an extension to the existing Burrs Caravan Club site which will add 20 additional pitches. Detailed plans for the Halts design are currently being drawn up. Funding sources to be identified.

2) Visit Bury website. Work is underway on a visitor website for the borough. This will increase Bury's online presence and support the area's visitor economy.

3) Phase 2 of the Radcliffe Tower Heritage project is underway. More information about the project can be found at www.radcliffeheritage.co.uk/

Adoption of the Local Plan Core Strategy

Consultation on the Publication Core Strategy took place from 2nd August to 13th September 2013. The Council intend to submit the Core Strategy to the Secretary of State in December 2013, together with the supporting evidence base and representations received. The examination is scheduled for March 2014 and adoption in September 2014, subject to the outcome of the Examination.

One Council, One Success, Together

Current Performance

Finance Summary

Department	Budget £000	Forecast £000	Variance £000
Adult Care Services	53,047	53,188	+141
Chief Executives	4,438	5,071	+633
Children's Services	32,189	32,777	+588
Communities & Neighbourhoods	36,315	36,476	+161
Non-Service Specific	22,618	21,791	-827
TOTAL	148,607	149,303	+696

The quarter 2 forecasted over spend of **£0.696m** represents approximately **0.47%** of the total net budget of £148.607m.

Performance Indicators

Measure	Higher/ lower is better	2012/13 Baseline	2013/14 Q2	Target	Commentary
Percentage Council Tax collected	Higher	97.33%	56.26% (Green)	96.5%	Slightly down on last year's percentage but this is to be expected with the changes to Council Tax Support meaning a significant amount more money is to be collected. Cash collected is up on last year.
Percentage of business rates collected	Higher	93.93%	58.40% (Amber)	96%	Collection during quarter 2 has been steady and is just under target.

Average time taken in calendar days to process Housing Benefit/Council Tax new claims and change events	Lower	23.67	22.97 (Green)	26	Performance has remained very good for quarter 2.
Forecast outturn (Revenue) (council -wide) (£million)	Lower	-£0.093	+£0.696 (Amber)	£0	Forecasted overspend of £0.696m.
Forecast outturn (Capital) (council -wide) (£million)	Lower	£0	-£0.20 (Green)	£0	Forecasted underspend of £0.020m.
Governance issues reported (council - wide)	Lower	0	0 (Green)	0	No governance issues have been reported.
Number of FTE days lost due to sickness absence	Lower	9.42	9.51 (Amber)	9.2	The actual figure has increased since last quarter and also in comparison to quarter 2 last year. We aim to reduce this outcome to be within target.
Percentage of employees satisfied with Bury Council as an employer	Higher	Not available	Not available	75%	There has been no full survey this year to measure this. Although we have run 6 engagers surveys this specific question is only asked on the three yearly survey.
Percentage staff turnover (council - wide)	Lower	2.80%	6.10% (Red)	No target	This has increased since Q1 when it was 2.06. Last year in the same quarter it was 5.15.

Project Updates

Plan for Change

Initial work is underway to identify £2.2 million additional savings on top of the £7.4 million already identified in 14/15. Documentation is currently being prepared for consultation in quarter three, reflecting the priorities identified by residents in the Choices Consultation in 2011.

Accommodation Review

Athenaeum House and Castle Buildings have now been vacated and staff successfully relocated to 3 Knowsley Place and the Town Hall respectively. A post project review is currently being undertaken, to learn lessons from the recent moves, and this is being combined with use audits to determine the scope for the further rationalisation of accommodation.

People Strategy

- The new structure for the HR and OD Team has been in place since July 2013 (incorporating Departmental HR for Chief Executive's Department, Employee Relations, Emergency Planning, Business Support, Management Support, Health and Safety,

Learning and Development, HR Information Systems, Policy Development, Equality and Diversity, Recruitment and Contracts and Workforce Planning)

- The Public Health Team has transferred to the council and HR issues have been supported
- The car allowance and car parking review has taken place and will be fully implemented on 1st October 2013
- Our Bury Behaviours have been approved and supported by SLT and Cabinet. They have now been launched and are currently being rolled out across departments. We are also piloting a new style Employee Review in some areas
- We continue to promote the importance of health and safety through our promotions
- We have started our project to look at Digital Inclusion
- We have taken on 3 graduates as part of Backing Young Bury in addition to our apprentices
- We are working closely with Children's Services to continue to deliver their Management Development Programme
- We have reviewed our Redeployment Policy and Smoking Policy and have launched a new Mobile Data Policy
- We have produced a leaflet and a flowchart for our Managing Attendance Policy to make it more user friendly
- We are delivering the Plan for Change support package.

Risk

Risk management is a systematic approach to assessing risks and opportunities surrounding achievement of core strategic, departmental and operational objectives. The council has a well established approach to risk management which assesses the likelihood and potential impact of a wide range of risks & opportunities. Risk Registers are compiled for all activities and projects, and are subject to review on a quarterly basis. Risk Registers are reported to all levels of management, and to elected members.

The following risks / opportunities have been identified that the council faces in meeting its own priorities and in contributing towards the council's corporate priorities and community ambitions:

Ref	Risk Event	Risk Owner	Impact (New)	Likelihood (New)	Quarter 1 Status	Quarter 2 Status	Quarter 3 Status	Quarter 4 Status	Measures
1	The <u>potential</u> liability facing the Council in respect of Equal Pay significantly weakens the Council's financial position	Mike Owen / Guy Berry	2	1	2	2			Risk substantially addressed as most cases have now been settled. To remain on register till exercise complete.
2	There is no robust financial strategy or change management strategy to address effectively the significant funding reductions that the Council faces over the next 3 years and beyond in order to ensure there is a sustainable and balanced budget	Steve Kenyon	4	2	6	8			Impact score raised from 3 to 4 in light of funding announcements of Summer 2013. Risk mitigated as balanced budget is in place for 2013/14, and significant savings options have been identified for 2014/15.
3	The budget strategy fails to address the Council's priorities	Mike Owen/Steve	4	2	6	8			Impact score raised from 3 to 4 in light of funding announcements of

	and emerging issues, e.g. demographic and legislative changes	Kenyon						Summer 2013. Income pressures largely addressed in 2013/14 budget. Demand pressures remain a risk and will be monitored / managed through Star Chamber process.
4	The budget strategy does not reflect, or respond to, national policy developments, e.g. Council Tax Support scheme and changes to the Business Rates regime	Mike Owen/Steve Kenyon	4	3	12	12		Risk remains high given volatility of Business Rates and Council Tax Support scheme. Monitoring arrangements in place.
5	The Council's asset base is not operated to its maximum effect to deliver efficiency savings and ensure priorities are fulfilled. Ineffective use of assets presents both a financial and a performance risk.	Mike Owen	2	2	6	4		Asset Management Plan now in place; risk reduced to reflect progress made in respect of office moves over summer of 2013.
6	The Council needs to be prepared for the impact of the Localism Act; this presents both opportunities, e.g. power of competency & community right to challenge	Jayne Hammond			2	Risk Removed		A process for dealing with applications has been approved by Cabinet; none received to date. Option remains for risk to be reintroduced should the need arise.
7	The amount of money received from the NHS to manage public health is insufficient to meet the	Pat Jones-Greenhalgh	2	2	6	4		Risk impact reduced as Public Health funding gives greater certainty; risk remains around performance of

	performance outcomes expected by Government								contracts inherited from PCT.
8	The Council fails to manage the expectations of residents, service users & other stakeholders in light of funding reductions	Mike Owen	3	2	3	6			Impact score raised from 2 to 3 in light of funding announcements of Summer 2013. Widespread consultation took place re: Budget / Plan for Change, and is now in train for 2014/15 top up savings.
09	The Government's changes to Council Tax Benefit impact adversely upon the Public / Vulnerable People. Also budgetary risk to the Council in the event of claimant numbers rise	Mike Owen	3	3	9	9			Impact on residents being managed through Welfare Reform Board. Budgetary impact to be assessed through monthly monitoring process.
10	Changes resulting from the wider Welfare reform agenda impact adversely upon the public / vulnerable people.	Mike Owen	3	3	9	9			Welfare Reform Board coordinating action plan with partner organizations (e.g. Six Town, CAB)
11	That the scale and pace of change impacts adversely upon key Council Services, and organisational capacity due to the loss of staff (420+ since 2010)	Mike Kelly	4	3	8	12			Workforce Development Plan now in place and individual service workforce plans being developed to ensure continuity / succession planning.



Agenda Item	
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MEETING: CABINET
OVERVIEW & SCRUTINY COMMITTEE

DATE: 27 NOVEMBER 2013
4 DECEMBER 2013

SUBJECT: CORPORATE FINANCIAL MONITORING REPORT –
APRIL 2013 TO SEPTEMBER 2013

REPORT FROM: DEPUTY LEADER OF THE COUNCIL AND CABINET
MEMBER FOR FINANCE & CORPORATE AFFAIRS

CONTACT OFFICER: STEVE KENYON, ASSISTANT DIRECTOR OF
RESOURCES (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 to September 2013 and projects the likely outturn at the end of 2013/14.

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 September 2013, 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:

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 2014/15 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
11/11/13	27/11/13	4/12/13			

1.0 INTRODUCTION

- 1.1 This report informs Members of the forecast outturn for 2013/14, based upon current spend for the period to September 2013, 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 are 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. 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

- 3.1 The table below outlines the annual budget and forecast outturn based upon known factors and the professional views of service managers as at month 6:

Department	Budget £000	Forecast £000	Variance £000
Adult Care Services	53,047	53,188	+141
Chief Executives	4,438	5,071	+633
Children's Services	32,189	32,777	+588
Communities & Neighbourhoods	36,315	36,476	+161
Non-Service Specific	22,618	21,791	-827
TOTAL	148,607	149,303	+696

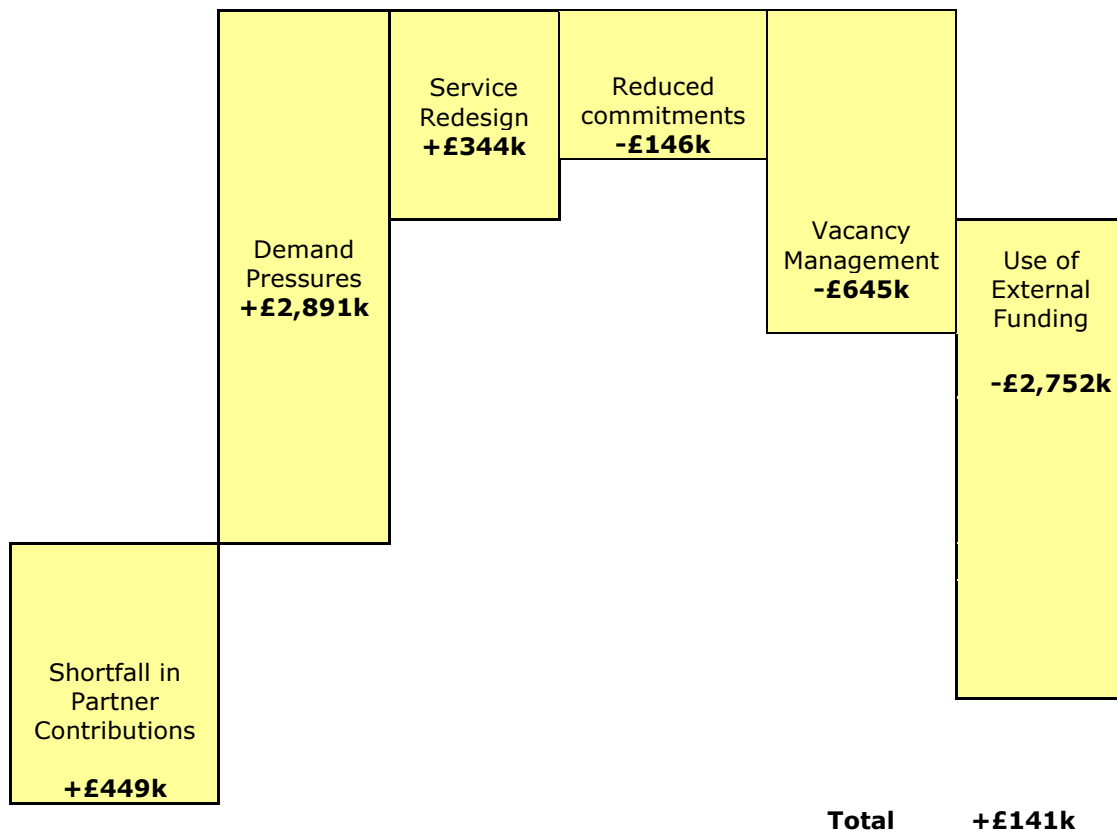
- 3.2 The projected overspend of **£0.696m** represents approximately **0.47%** of the total net budget of £148.607m.
- 3.3 Members need to be aware that financial reporting involves an element of judgement, and this particularly applies to the treatment of budget pressures. Often an area of overspending identified at this point in the year will resolve itself before the end of the year following appropriate remedial action.
- 3.4 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 ADULT CARE SERVICES

4.1.1 The current projected overspend for Adult Care Services is **£0.141m**, which is 0.27% of the Department’s net budget of £53.047m. This is a similar position to the outturn position for 2012/13, which was £0.103m overspent.

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



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

Activity	Variance £'000	Reason	Action Being Taken
Shortfall in partner contributions	+449	Partner funding	A number of the services being reviewed will depend on contributions from Health and other partners to continue or increase. The rationale for this is that the outcomes from those services are significantly linked with health outcomes and therefore jointly or fully funded by Health. Negotiations are ongoing, still to be finalised.
Care in the Community:	+2,891 in total	Demand Pressures,	A range of preventative strategies continue to be introduced to manage

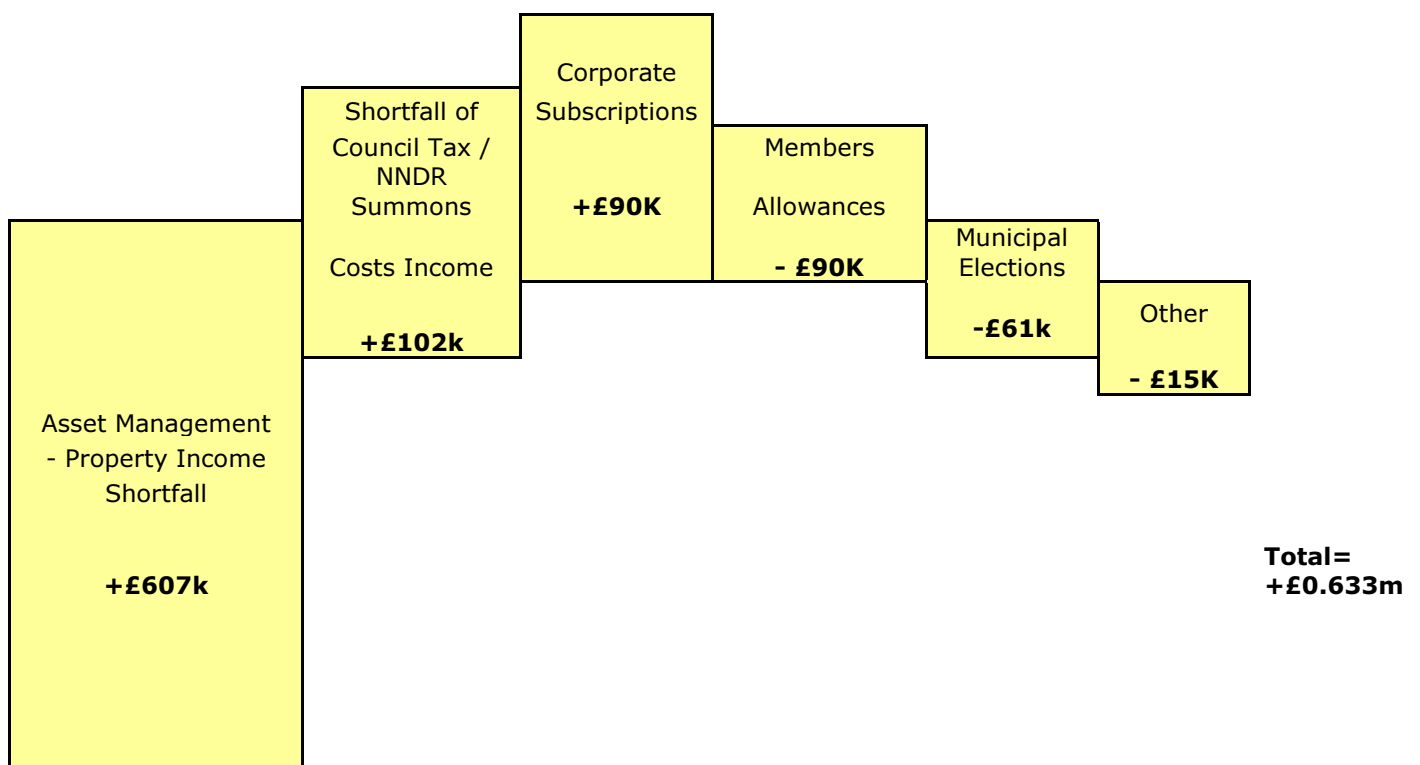
<p>Older People</p> <p>Adults with Physical Disabilities</p> <p>Adults with Learning Disabilities</p> <p>Adults with Mental Health needs</p> <p>Adults with Substance Misuse needs</p>	<p>broken down as:</p> <p>+989</p> <p>+1,036</p> <p>+611</p> <p>+271</p> <p>-16</p>	<p>especially re: personal budgets/ supported living numbers (residential care numbers are reducing)</p>	<p>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. Adult Care's Procurement Team efficiencies contribute significantly to keeping spending levels down. Non-recurring health funding is being used in initiatives that should help to reduce the rate of increase of demand, which will be monitored as part of the evaluation process. However, the full benefits of these measures will not appear until future years. 2013/14 shortfall being met by offsetting savings in other service areas.</p>
<p>Strategic Housing Unit</p>	<p>+108</p>	<p>Historical shortfall in Partner Contribution</p>	<p>Options for addressing this are still under evaluation and should be implemented during 2013/14, to become effective during 2014/15.</p>
<p>Service redesign options</p>	<p>+236</p>	<p>Income shortfall; service redesigns not fully implemented during 2013/14</p>	<p>A full service review is underway for the Integrated Community Equipment Store, which will determine its future operating structure. The pressure in relation to Seedfield will remain until the full corporate review is completed. In the meantime, the overspend will be met temporarily from other areas.</p>
<p>Reduced commitments</p>	<p>-146k</p>	<p>Reduced commitments</p>	<p>There are a number of areas where current projections of social care support are under budget, an example of this is the take up of carers personal budgets. In future this commitment will be used to offset the carers support provided from within the community care budget.</p>
<p>Staff Vacancies</p>	<p>-645k</p>	<p>Vacancy Management</p>	<p>Combination of gradual recruitment into services recently subject to major restructures, and deliberate holding back in recruiting into non-front line vacancies. There is no correlation between vacancy levels in services and sickness rates.</p>

Use of Health monies and grant funding	-2,752k	Funding from health monies and grant funding	<p>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. Future actions around service redesign and invest to save initiatives will ensure that there is reduced reliance in future on grants and short term solutions to the ongoing issue of demand management.</p> <p>The Government has recognised that the reforms within the Health Service will impact significantly upon the activity of Adult Social Care, and future funding is earmarked to be transferred into Adult Social Care from 2015/16 to meet these future demands. We do not yet know the local figures.</p>
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4.2 CHIEF EXECUTIVE’S DEPARTMENT

4.2.1 The Chief Executive’s Department is forecasting an overall overspend of **£0.633m**, or 14.3% of a net budget of £4.438m.

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



4.2.3 Property Services remains the most significant pressure facing the Department, offset by other savings, as follows;

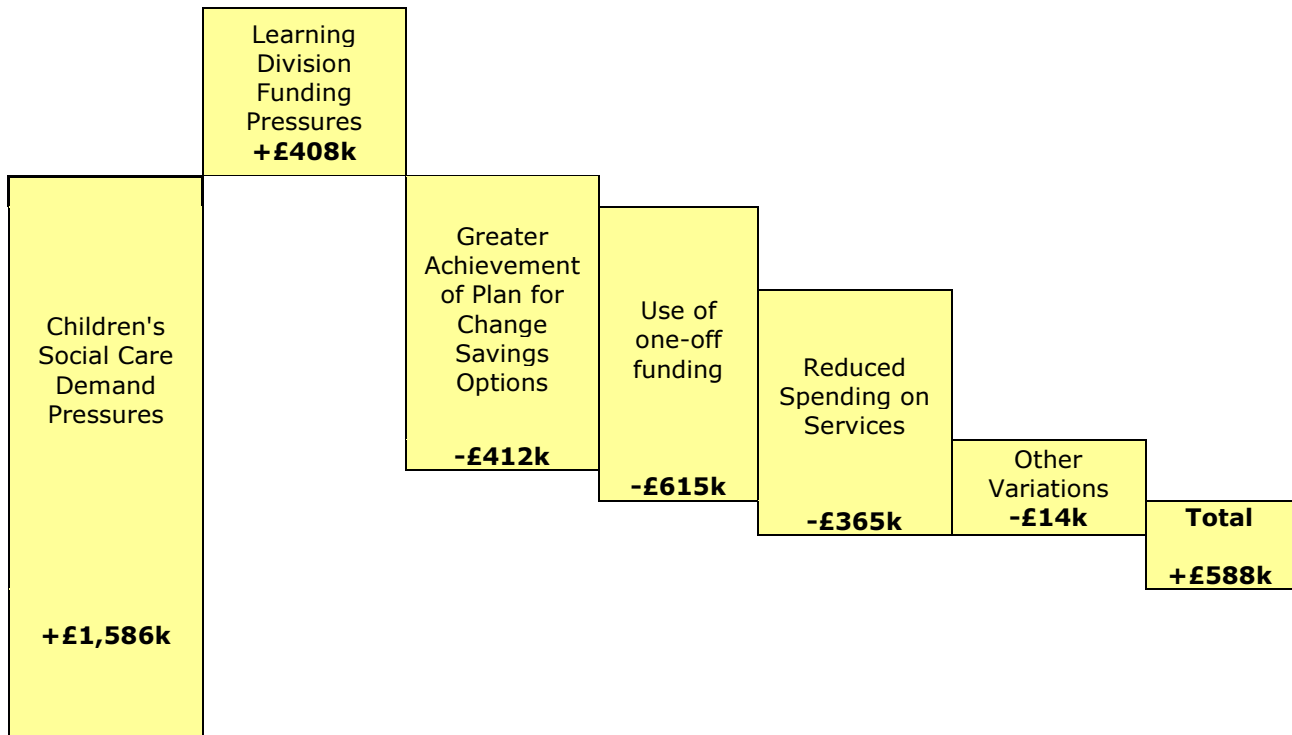
Activity	Variance £'000	Reason	Action Being Taken
Property Services	+607	Shortfall in income due to reduced occupancy levels.	Although most of the units at Bradley Fold that were vacated in 2011/12 have now been re-let, rents are significantly lower than what were achieved before the economic downturn. A number of units which were previously let are in the process of being demolished owing to their poor condition. A business case for the construction of new accommodation is being developed. 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.
Corporate Subscriptions	+90	Payments to AGMA are forecast to overspend by £90,000 in 2013/14 (compared with £70,000 in 2012/13). The increase of £20,000 is mainly due to the "Public Sector Reform" element of the subscription.	Monitoring of the value obtained to the Council from the AGMA subscription compared with the cost.
Summons Costs	+102	Summons costs income for council tax and business rates are forecast to under-recover against historically high income budget targets.	Internal measures being taken to improve the income recovery rate.
Members Allowances	-90	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.
Municipal Elections	-61	No local elections in 2013, a 'fallow' year.	Currently reviewing the underspend to reduce budgets in years that we have local elections.

Other Variations	-15	Various minor underspends	To be used to assist in reducing the estimated overspend within the department.
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4.3 CHILDREN’S SERVICES

4.3.1 The Children’s Services budget is currently projecting an overspend of **£0.588m**, or 1.83% based on net budget of £32.189m.

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
<p>Social Care Demand Pressures</p> <p>Leaving Care</p> <p>Demand pressures - Children's Agency Placements</p>	<p>+1,586</p> <p>Made up of:</p> <p>+440</p> <p>+1,146</p>	<p>Spending on housing and further education of 19+ students who have now left our care</p> <p>Continuing increased Demand</p>	<p>Spending on housing for children with complex needs and those living in semi-independent placements has increased by £485,000. The semi-independent placements cost between £40,000 and £50,000 each for a full year.</p> <p>The continuing overspend has decreased from the projected £2million+ overspending during the corresponding period in 2012/13.</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>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's Services 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>

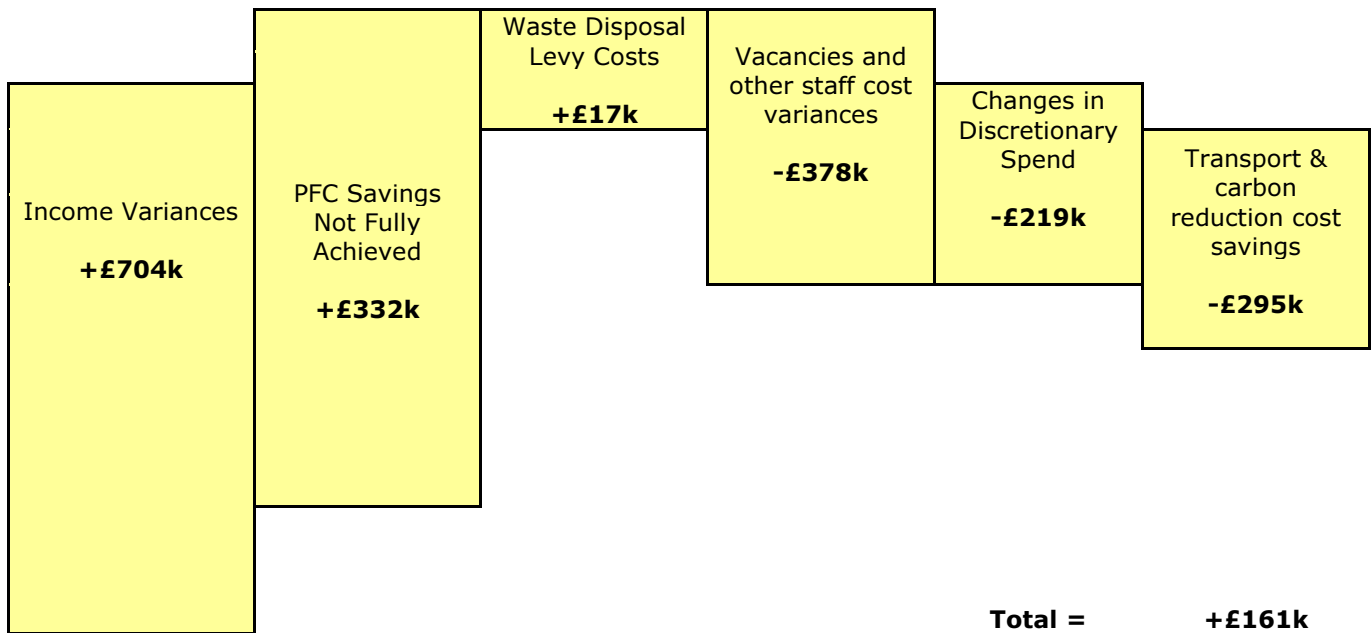
Activity	Variance £'000	Reason	Action Being Taken
<p>Learning Division Funding Pressures</p> <p>SEN Home to School Transport</p> <p>SEN Home to College Transport</p> <p>Youth Service</p>	<p>+408</p> <p>Made up of:</p> <p>+221</p> <p>+117</p> <p>+70</p>	<p>Increased demand and slow take-up of a new service</p> <p>Increased demand and loss of external funding</p> <p>There is an ongoing shortfall on the salary budget, an increase in the rates bill and computer software licences.</p>	<p>Increased numbers of pupils with more complex needs require individual bespoke transport provision.</p> <p>Increased numbers of students are attending local colleges on a daily basis, rather than attending residential provision in other areas, thereby increasing transport costs paid for by the authority. Any savings in education costs benefit the Dedicated Schools Grant.</p> <p>In addition, specific external funding became unavailable in the previous financial year</p> <p>The 2013/14 overspending is being funded by savings from elsewhere within the Learning Division (see below)</p>
Strategic Management	-412	Further maximisation of external grant funding as part of the Plan for Change arrangements	Financial arrangements have been put in place to ensure adequate funding is made available for children and young people with Special Educational Needs.

Activity	Variance £'000	Reason	Action Being Taken
Use of Previous Year's Monies	-615	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 2013/14 and are being used to offset some of the demand pressures afflicting the department.
Reduced Spending on Services	-365		
	Made up of:		
Connexions	-42	Underspend due to maternity leave not being covered.	The reduced spending is being used to contribute to the forecasted overspending in the Youth Service
School Attendance	-40	Increased income and staff changes	Projecting an underspending as a result of penalty notice income, additional buy-back of service by schools and a member of staff reducing their working hours.
Early Years including Children's Centres	-150	Non-filling of staff vacancies and reduced spending	The forecast underspend is based on 2012/13 spending levels and will require Early Years and associated children's centres to maintain this level of spending.
Various other services	-133	Non-filling of staff vacancies and reduced spending	To be used to assist in reducing the estimated overspend within the department.
Other Variations	-14	Various minor underspends	To be used to assist in reducing the estimated overspend within the department.

4.4 COMMUNITIES AND NEIGHBOURHOODS

4.4.1 The department is currently projecting an overspend of **£0.161m**, or 0.44% of the latest net expenditure budget of £36.315m.

4.4.2 Reasons for major variations are illustrated in the chart below



4.4.3 Further details of the variances are provided in the table below;

Activity	Variance £'000	Reason	Action Being Taken
Income variances	+704	Grant funding of arts salaries (£26k). Library income shortfalls £87k. Shortfall in pest control & licensing income, net of one-off income re scrap metal licences £33k. Planning & Building regulations income shortfall reduced to £22k following receipt of income for a number of major applications. Parking & enforcement income shortfall increased to £227k, offset by refund re Millgate car park	Use to offset overspends. Reduce spend levels (see below); Review level of service provision required by schools in light of reduced buy-back. Review costs & fees; offset by other savings. Budget adjustment of £137k in 2013/14; limit expenditure. Use one-off refund and other reductions in spend to limit impact on overall budget

		<p>(£103k).</p> <p>Shortfall on s38 and other highways income £34k.</p> <p>Reduced income at leisure centres and Civic Halls £162k.</p> <p>Shortfalls on income for bulky waste £47k and trade waste £169k income.</p> <p>Emergency & security service exceeding surplus targets (£30k).</p> <p>Other income variances on trading services & depot £82k.</p>	<p>position.</p> <p>Monitor income levels and adjust expenditure & targets where possible.</p> <p>Continue to market & promote services, assess income from events and costs incurred. Use other underspends to meet shortfall.</p> <p>Offset by spend reductions (see below).</p> <p>Maintain income levels & control spend.</p> <p>Will reduce when Fernhill operations relocate to Bradley Fold & surplus premises are disposed of. Ongoing monitoring of the achievement of income levels and progress on completion of works assumed in budget forecasts; implementation of measures to improve efficiency.</p> <p>Offset by underspends elsewhere in the department.</p>
<p>PFC savings not fully achieved</p>	<p>+332</p>	<p>Libraries - phase 1 staff savings not fully implemented £36k.</p> <p>Highways - delay in staffing changes £11k and management restructure £30k; unlikely to achieve school crossing patrol income target £50k.</p> <p>Shortfall on income from highways permits (GMRAPS) and coring £105k.</p> <p>Destination management - £40k from rescheduled introduction of proposals.</p> <p>Planning £9k from delays in implementing the planned changes.</p>	<p>Offset by savings from vacancies and meet full PFC target in phase 2.</p> <p>Bring forward proposals to meet savings targets as early as possible; use savings from vacancies to reduce overspend.</p> <p>Monitor income levels following implementation and review resources allocated to GMRAPS.</p> <p>Introduction of changes now underway.</p> <p>Currently consulting on staff changes to make this saving.</p> <p>Monitor income levels and</p>

		<p>Shortfall on revised income target at CLC café £10k.</p> <p>Parks/grounds maintenance £41k from delays in implementing the planned changes.</p>	<p>review options for improving net income.</p> <p>Introduction of changes now underway; restrict other expenditure to offset overspend.</p>
Increases in waste disposal levy costs	+17	Forecast extra waste disposal levy charges - residual & recycling waste tonnage not achieving targets. The overspend has reduced significantly from month 3 following a reduction in the tonnages of household, trade and street cleaning waste, but there is still a shortfall from targets for glasses/cans/bottles and paper.	Continue to promote recycling activity, including regulatory activity as approved by Cabinet in Sept ; reduce residual waste by introducing recycling bins for litter and encourage recycling for commercial waste customers & school kitchens.
Severance, vacancies and other staff cost variances	-378	<p>One off severance costs £202k, partly offset by provision in budget for severance costs (£200k).</p> <p>Library posts held vacant in preparation for PFC savings (£126k).</p> <p>Grounds Maintenance staff cost over budget £35k due to cover for sickness.</p> <p>Salary savings in Environment (£30k) and Planning (£38k). Underspendings on Waste Management employees (£84k), and Transport services staff costs & overtime (£49k).</p> <p>Savings on staff costs/overtime in Architectural Practice (£19k).</p> <p>Underspend on management & administration staffing (£42k).</p> <p>Other minor variances (£27k).</p>	<p>Spend is one-off to achieve planned savings longer term.</p> <p>Use savings to offset overspends.</p> <p>Reduction in spend on grounds & other areas to minimise impact.</p> <p>Use savings to reduce net loss of income.</p> <p>Reduces pressure from reduced income levels.</p> <p>Reduced overheads chargeable to front line and trading services.</p>
Reduced discretionary spend	-219	<p>Adult Learning - overspends on exam fees, utility costs and supplies £33k.</p> <p>Underspend on library supplies to offset income shortfall (£23k).</p> <p>Additional costs for AGMA units £27k.</p>	Partly offset by salary savings.

		<p>Increase in cost of parking enforcement contract (based on RPI) £25k. Saving on traffic management costs (£20k).</p> <p>Underspend on caddy liners (£182k). Contribution to set up costs £71k for recycling improvement plan approved at Cabinet Sept 2013. Increase in anticipated leaf clear costs following recent tender £55k Amended forecast of bulking up charges for garden waste (£52k).</p> <p>Underspends on supplies for grounds maintenance operations (£50k).</p> <p>Reduced office supplies & expenses (£27k) and underspend on unallocated budgets in DCN contingency account (£111k).</p> <p>Other minor variances £35k, including potential planning enquiry costs.</p>	<p>Currently working with other authorities on new framework for contract renewal from April 2014.</p> <p>Use savings to offset overspends.</p>
<p>Premises, transport & CRC cost savings</p>	<p>-295</p>	<p>Car parks underspend on rates and surface water drainage costs (£43k).</p> <p>Waste management transport & fuel costs exceeding budget £38k.</p> <p>Cost of CRC allowances below budget provision (£103k).</p> <p>Updated estimate of part year saving from vacating Castle Buildings & Athenaeum House as part of office accommodation moves (£72k).</p> <p>Part year savings from Fernhill move to Bradley Fold (£35k). Underspends on transport repairs, hire & leasing costs (£104k). Other variances £24k.</p>	<p>Use savings to offset overspends.</p>

4.4 NON-SERVICE SPECIFIC

4.5.1 There is a forecast net underspend of **£0.827m**, or 3.66% based on net budget of £22.618m. This relates primarily to the Council's Treasury Management activity (see section 8.0, page 20 for further details) and an increased dividend of £400,000 due to the revaluation of Manchester Airport on the acquisition of Stansted Airport.

5.0 CAPITAL BUDGET

5.1 Capital Programme

5.1.1 The revised budget and the estimated working budget for the Capital Programme 2013/14 at Q2 is shown in the table below:

2013/14	£m
Original Capital Programme	16.483
Approved Slippage from 2012/13	13.772
In year additions and other contributions	6.583
Revised Budget for Year 2013/14	36.838
Re-profiled projects into 2014/15	(11.928)
Estimated working Budget for Year at Quarter 2	24.910

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 up to end of Month 6 and the estimated under/over-spend of the capital programme for 2013/14 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 2 a total of **£11.928m** of the 2013/14 Revised Budget has been identified for re-profiling into the 2014/15:

Re-profiled schemes 2013/14	£m	Funding source
Chief Executive: Radcliffe TC redevelopment, Opportunity purchases	0.324	Council loan
Children Services: Modernisation, Devolved formula Capital	9.738	Grant
Adult Care Services: Mental Health, Empty Properties	0.360	Council loan / Grant
Adult Care Services: GM Green Deal and Eco Deliver Partnership	1.200	Council loan
Communities and Neighbourhoods: Traffic management and parking	0.306	Grant / Capital Receipts
Total re-profiled schemes at Quarter 2	11.928	

5.1.5 This position may change by the end of next quarter and throughout the rest of the year as more information on the details of the actual progress of the schemes becomes available.

5.2 Expenditure

5.2.1 The Forecast Outturn as at Month 6 is **£24.890m** and Budget Managers have reported that they expect to spend up to this amount by 31 March 2014.

5.2.2 The actual expenditure realised by the end of Month 6 is reported at a total of **£6.252m**.

5.2.3 The main areas of spend in the first quarter relate to:

- Property Redevelopment Schemes - £0.608m
- Children's Services - £2.288m
- Planning Schemes - £0.240m
- Highways Schemes - £0.464m
- Leisure Services Projects - £0.125m
- Disabled Facilities grants private sector - £0.218m
- Housing Public Sector schemes - £0.951m
- Disabled Facilities Adaptations public sector - £0.208m

5.3 Variances

5.3.1 Appendix A gives details of variances for each scheme based on latest available information and at Month 6 it shows a minimal projected underspend from the final working estimate for the year of **£0.020m**. The individual variances within this figure are mostly made out of timing differences and it is expected that they will be resolved as the programme progresses into the second half of the financial year.

5.3.2 Brief reasons for all variances are also provided in Appendix A.

5.4 Funding

5.4.1 The funding profile included in Appendix A shows the resources available to cover the capital programme during 2013/14.

5.4.2 The principal source of funding for Capital schemes approved for the 2013/14 programme is from in year external grants and contributions. External resources were also carried forward from previous years and available to finance re-profiled schemes.

5.4.3 The Council and Cabinet have approved Invest to Save schemes that are supported by the Council's own resources of **£2.5m** for the year and Corporate Redevelopment Projects that rely on future capital receipts of **£1.9m**.

5.4.4 The updated position for capital receipts and borrowing required to support the programme at the end of Month 6 is reported below. The figures in the table show the funding requirement for the total revised capital programme and the expected resources from the Council at the end of Quarter 2 of the year.

2013/14 Use of Council Resources for Capital Investment	£m
Revised Capital Programme for the year	36.838
Less external funding and contributions	(30.214)
Balance of programme relying on Council resources funded by	6.624
Use of Capital receipts	0.762
Use of Prudential Borrowing for 2013/14 approved Invest to Save schemes	2.866
Use of Prudential Borrowing for schemes approved in 2013/14 from Capital receipts (not realised by March 2014)	1.382
Use of Prudential Borrowing for the 2012/13 schemes re-profiled and brought forward	1.614
Total Council Resources to be used to support the Capital Budget for Year	6.624

5.4.5 The actual amount of Council resources required to fund the estimated working budget and achieved expenditure at 31st March 2014 will be reduced with the re-profiled schemes into 2014/15.

5.4.6 At Quarter 2 of 2013/14 the total capital receipts needed to finance the programme is estimated at £0.286m and Prudential borrowing at £4.372m.

5.5 Capital Programme Monitoring

5.5.1 The programme will continue to be monitored closely during the second half of the year to ensure that schemes completed by the end of the financial year are delivered per agreed time and costs and to minimise the slippage into 2014/15. Departmental representatives will examine and confirm any action necessary to ensure that effective use of resources and successful completion of schemes is achieved.

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 2013/14. The projected outturn shows a working balance carried forward of £0.927m. See Appendix B.

6.3 There are a number of variations that contribute to the projected outturn position however there are no areas where the variance exceeds 10% and £50k.

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 September was on average 1.83% 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 £0.009m; the projection of rental income in Appendix B has been calculated on this basis.

Six Town Housing have established a 'Voids Team' which brings together existing staff to focus on improving performance.

Arrears:

The rent arrears at the end of September totalled £0.898m, an increase of 10.1% since the end of March. Of this total £0.290m relates to former tenants and £0.608m 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.

The 2013/14 HRA estimates contain two provisions, £0.181m for uncollectable debts and £0.422m to reflect the potential impact that welfare benefit changes could have on the level of rent arrears.

The assessment of the impact of benefit changes is ongoing and the method of calculating the contribution required is being reviewed therefore the projected outturn has not been amended at this stage.

Right to Buy Sales:

Sales of dwellings declined significantly in recent years, from a peak of 243 in 2003/04 to only 7 sales in 2009/10. There were 18 sales in 2010/11, 12 in 2011/12 and 13 last year.

The forecast for 2013/14 was set at 37, this being the level of sales assumed for Bury in the Government's self-financing valuation.

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

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 £3,700.

- 6.5 There have been 19 sales in the period April to September and it is now expected that the total number of sales for 2013/14 will be at or near the level forecast. The level of applications and sales continues to be monitored and the rental income projections will be revised at the end of the third quarter if sales are expected to significantly vary from the 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 2013/14 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 2013/14 (approved by Council on 20 February 2013) with the revised projections as at 30th September 2013. The variances can be seen in the Appendix together with explanatory notes. The Prudential Indicators were not breached during the first three months of 2013/14.

8.0 TREASURY MANAGEMENT

8.1 Investments:

At the 30th September 2013 the Council's investments totalled £48.2 million and comprised:-

Type of Investment	£ Million
Call Investments (Cash equivalents)	38.6
Fixed Investments (Short term investments)	9.6
Total	48.2

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 2013/14.

The Council has earned the following return on investments:

Quarter 1	0.95%
Quarter 2	0.83%

This figure is higher than Sector's suggested budgeted investment earnings rate for returns on investments, placed for periods up to three months in 2013/14, of 0.50%

8.2 Borrowing:

- 8.2.1 No new external borrowing was undertaken in the quarter to 30th September 2013. At 30th September 2013 the Council's debts totalled £209.694 million and comprised:-

	30 th September 2013		
	Principal		Avg. Rate
	£'000	£'000	
Fixed rate			
PWLB Bury	153,862		
PWLB Airport	4,829		
Market Bury	46,000	204,691	
Variable rate funding			
PWLB Bury	0		
Market Bury	0	0	
Temporary Loans / Bonds	5,003	5,003	
Total Debt		209,694	4.43%

- 8.2.2 The overall strategy for 2013/14 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 2013/14, 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
General Fund Balance 31 March 2013 per Accounts	10.730
Less : Minimum balances to be retained in 2013/14	-4.400
Less : Contribution towards cost of Equal Pay	-1.500
Less : Forecast overspend	-0.696
Available balances at 1 April 2013	4.134

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 2013/14 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 £4.400m.

9.3 In light of the above assessment it is recommended that the minimum level of balances be retained at **£4.400m**.

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 Q1 Star Chamber meetings have already taken place. Star Chambers have been diarised for Quarters 2 & 3 with Q2 meetings scheduled to take place throughout November 2013.

Councillor John Smith, Deputy Leader of the Council and Cabinet Member for Finance & Corporate Affairs

List of Background Papers:-

Finance Working Papers, 2013/14 held by the Assistant Director of Resources (Finance & Efficiency).

Contact Details:-

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Month 6 - 2013/14		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	Direction of Travel	Notes
		2013/14 Original Approved	Revised Capital Budget	Reprofiled to Future Years	Revised Budget for year	Forecast Outturn 2013/14	Month 06 Actual	Year End Variance / (Underspend) or Overspend Col.5-Col.4	Month 6 Variance / (Underspend) or Overspend Col.6-Col.5		
		£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's		
1) SCHEMES DELIVERED WITHIN THE FINANCIAL YEAR 2013/14											
Chief Executive	Opportunity Land Purchase	-	114	(114)	-	0	0	0	-	J	
Chief Executive	Demolition of Former Police HQ, Irwell Street	300	300		300	312	312	12	-	J	Awaiting additional budget allocation
Chief Executive	Acquisition of former Fire Station	-	5	-	5	5	5	-	-	K	
Chief Executive	Demolition of the Rock Fire Station	-	131		131	131	60	-	(71)	K	Corporate project funded by capital receipt
Chief Executive	Bury Market - New Toilets		9		9	9	9	0	-	J	
Chief Executive	Bradley Fold		127		127	127	70	-	(57)	K	
Chief Executive	Irwell Street Redevelopment		-		-	50	32	50	(18)	J	Fees expenditure only
Chief Executive	Corporate ICT Projects	300	300		300	300	-	-	(300)	K	
Adult Care Services	Older People	439	1,229	-	1,229	1,329	351	99	(978)	J	Project progressing
Adult Care Services	Learning Disabilities	-	151	-	151	151	2	-	(149)	K	
Adult Care Services	Mental Health	-	950	(150)	800	800	-	-	(800)	K	
Adult Care Services	Improving Info.Management	-	212	-	212	212	-	-	(212)	K	
Adult Care Services	Empty Property Strategy	199	425	(210)	215	215	10	-	(205)	J	
Adult Care Services	Disabled Facilities Grant	620	1,082	-	1,082	1,082	218	-	(864)	J	
Adult Care Services / Urban Ren	GM Green Deal and ECO Deliver Partnership	1,200	1,200	(1,200)	-	-	-	-	-	K	
Children's Services	Support Services		24	-	24	28	28	4	-	J	
Children's Services	NDS Modernisation		10,541	(7,812)	2,729	2,724	1,056	(5)	(1,669)	L	
Children's Services	Access Initiative	-	77	(58)	19	19	12	-	(7)	J	
Children's Services	Derby High School Sport Hall - Council Capital Pr	1,295	1,250	-	1,250	1,000	(11)	(250)	(1,011)	L	In progress
Children's Services	Short Break Allocation		179		179	179	101	-	(78)	K	
Children's Services	Early Education Fund		324	(300)	24	24	-	-	(24)	J	
Children's Services	16-19 Demographic Growth Fund		274	(174)	100	100	-	-	(100)	J	
DCN - Arts, Libraries & Adult Lea	Radio Frequency ID		221	-	221	221	27	-	(194)	K	
DCN - Highways	Highway Network Services	2,529	2,530	-	2,530	2,530	237	-	(2,294)	K	
DCN - Highways	Bridges	475	470	-	470	472	157	2	(315)	J	
DCN - Highways	Transportation & Parking	106	380	(28)	351	351	58	-	(294)	K	
DCN - Highways	Traffic Man't/Road Safety	250	466	(266)	200	200	13	-	(187)	K	
DCN - Planning	Development Group Projects	295	256	-	256	256	18	-	(238)	K	
DCN - Planning	ELR Trust	-	-	-	-	-	1	-	1	K	
DCN - Planning	Environmental Projects	320	653	(12)	641	483	215	(158)	(268)	L	HLF Bid supported by balance
DCN - Leisure	Parks	-	2	-	2	2	-	-	(2)	K	
DCN - Leisure	Leisure and Sport Facilities		299	-	299	295	125	(4)	(170)	L	
DCN - Environmental Works	Contaminated Land	-	51	-	51	51	20	-	(31)	K	
DCN - Environmental Works	Air Quality	-	10	-	10	10	-	-	(10)	K	
DCN - Environmental Works	Salix energy efficiency scheme replacement boiler		62	-	62	62	-	-	(62)	K	
DCN - Other	Re-cycling Initiative Extension	-	127	-	127	127	40	-	(87)	K	
DCN - Other	Waste Infrastructure Grant	-	54	-	54	54	-	-	(54)	K	
DCN - Operational Services	Operational Depots Rationalisation	228	634		634	634	223	-	(411)	K	
Six Town Housing / Adult Care	Disabled Facilities Adaptations	515	515	-	515	715	208	200	(507)	K	STH to adjust budget
Six Town Housing - Public Secto	Major Repairs Allowance Schemes	7,113	7,817	-	7,817	7,511	951	(306)	(6,560)	L	
IN YEAR SCHEMES SUBTOTAL		16,183	33,451	(10,323)	23,128	22,773	4,546	(355)	(18,227)		

2) LONGER TERM SCHEMES DELIVERED OVER SEVERAL FINANCIAL YEARS

Chief Executive	Townside Fields - Joint Venture	-	5	-	5	5	274	-	269	K	Budget allocation under review by Property Services.
Chief Executive	Radcliffe Town Centre Redevelopment	300	300	(210)	90	158	50	68	(108)	J	
Chief Executive	The Rock Fire Station Redevelopment	-	4	-	4	4	-	-	(4)	K	
Chief Executive	New Leisure Centre at Knowsley Street	-	-	-	-	71	71	71	-	J	Fees expenditure only
Chief Executive	Sale of Assets	-	-	-	-	210	211	210	0	K	Offset at year end against realised sales.
Children's Services	DFES - Devolved Formula	-	2,118	(1,325)	793	793	396	-	(397)	K	
Children's Services	Targetted Capital Funds	-	611	(51)	560	560	371	-	(189)	K	
Children's Services	Children Centres	-	44	(19)	25	25	-	-	(25)	K	
Children's Services	Extended Schools	-	285	-	285	285	336	-	51	K	
DCN - Environmental Svces	Pimhole Renewal Area	-	-	-	-	-	(9)	-	(9)	K	
Planning	Kirklees Trail - Wolfold	-	21	-	21	6	6	(14)	-	L	
LONGER TERM SCHEMES SUBTOTAL		300	3,386	(1,604)	1,782	2,117	1,706	335	(411)		
Total Bury MBC controlled programme		16,483	36,838	(11,928)	24,910	24,890	6,252	(20)	(18,638)		

Funding position:

Capital Receipts	1,940	762	(476)	286	696
Reserve / Earmarked Capital Receipts	499	566	(104)	462	462
General Fund Revenue	305	260	-	260	9
Housing Revenue Account	-	-	-	-	-
Capital Grants/Contributions	3,558	21,013	(9,858)	11,155	11,081
HRA/MRA Schemes	7,628	8,313	-	8,313	8,208
Supported Borrowing / Other Loans	-	62	-	62	62
Unsupported Borrowing	2,554	5,862	(1,490)	4,372	4,372
	16,483	36,838	(11,928)	24,910	24,890

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

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April 2013 - September 2013 Monitor

	2013/14 Original Estimate	2013/14 Latest Estimate	2013/14 Projected Outturn	2013/14 Variation Over/(Under)
	£	£	£	£
INCOME				
Dwelling rents	29,603,900	29,603,900	29,616,645	(12,745)
Non-dwelling rents	219,300	219,300	220,737	(1,437)
Heating charges	73,400	73,400	73,919	(519)
Other charges for services and facilities	887,800	887,800	880,568	7,232
Contributions towards expenditure	54,600	54,600	54,600	0
Total Income	30,839,000	30,839,000	30,846,468	(7,468)
EXPENDITURE				
Repairs and Maintenance	0	0	0	0
General Management	773,500	773,500	723,057	(50,443)
Special Services	732,600	732,600	732,301	(299)
Rents, rates, taxes and other charges	88,100	88,100	80,100	(8,000)
Increase in provision for bad debts - uncollectable debts	180,900	180,900	180,900	0
Increase in provision for bad debts - impact of Benefit Reforms	422,100	422,100	422,100	0
Cost of Capital Charge	4,593,200	4,593,200	4,704,769	111,569
Depreciation/Impairment of fixed assets - council dwellings	7,112,500	7,112,500	7,112,500	0
Depreciation of fixed assets - other assets	38,800	38,800	40,463	1,663
Debt Management Expenses	45,400	45,400	45,400	0
Contribution to Business Plan Headroom Reserve	3,689,400	3,689,400	3,689,400	0
Total Expenditure	17,676,500	17,676,500	17,730,990	54,490
Net cost of services	(13,162,500)	(13,162,500)	(13,115,478)	47,022
Amortised premia / discounts	(14,600)	(14,600)	(14,600)	0
Interest receivable - on balances	(150,200)	(150,200)	(150,200)	0
Interest receivable - on loans (mortgages)	(2,600)	(2,600)	(1,900)	700
Net operating expenditure	(13,329,900)	(13,329,900)	(13,282,178)	47,722
Appropriations				
Appropriation relevant to Impairment	0	0	0	0
Appropriation relevant to depreciation and MRA	(38,800)	(38,800)	0	38,800
Revenue contributions to capital	515,400	515,400	515,400	0
(Surplus) / Deficit before ALMO/SHU payments	(12,853,300)	(12,853,300)	(12,766,778)	86,522
Payments to Six Town Housing / Transfers re Strategic Housing Unit excluded from above				
Six Town Housing Management Fee	12,718,600	12,718,600	12,718,600	0
Contribution to SHU Costs	320,000	320,000	320,000	0
Total	13,038,600	13,038,600	13,038,600	0
(Surplus) / Deficit after ALMO/SHU payments	185,300	185,300	271,822	86,522
Working balance brought forward	(1,185,300)	(1,185,300)	(1,198,461)	(13,161)
Working balance carried forward	(1,000,000)	(1,000,000)	(926,639)	73,361

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

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Prudential Indicator Monitoring Month 6 2013/14

Appendix C

The table below shows the prudential indicators as derived from the Treasury Management Strategy Report for 2013/14 and the Original Budget for 2013/14 as approved at Council in February 2013. The Original Budget for 2013/14 is compared with the Forecast Outturn for 2013/14 as at 30th September 2013.

CAPITAL EXPENDITURE	Original Budget	Forecast Outturn	Variance	Notes
	2013/14	at 30 Sept 13		
	£'000	£'000		
Estimate of Capital Expenditure				
Non-HRA	8,855	16,664	88.19%	1
HRA existing expenditure	7,628	8,226		1
TOTAL	16,483	24,890		
Estimate of Capital Financing Requirement (CFR)				
Non-HRA	129,764	129,514	(0.19%)	3
HRA existing expenditure	40,107	40,531		3
HRA reform settlement	78,253	78,253		3
	248,124	248,298		

AFFORDABILITY	Original Budget	Forecast Outturn at	variance	Notes
	2013/14	30 Sept 13		
	£'000	£'000		
Estimate of incremental impact of capital investment decisions				
Increase in council tax (band D, per annum)	£0.85	£0.00	100.00%	4
Increase in housing rent per week	£0.00	£0.00		5
Ratio of Financing Costs to net revenue stream				
Non-HRA	2.95%	2.94%	(0.19%)	6
HRA	14.81%	14.81%	0.00%	6
Net External Borrowing only to support the CFR in Medium Term	£'000	£'000		
Net External borrowing over medium term	206,621	207,940		7
Total CFR over Medium Term	248,124	248,298		7
Net External Borrowing < Total CFR	TRUE	TRUE		

EXTERNAL DEBT	Original Budget	Forecast Outturn at	variance	Notes
	2013/14	30 Sept 13		
	£'000	£'000		
Authorised limit of external debt				
Borrowing	214,500	214,500		
Other long term liabilities	7,400	7,400		
HRA reform settlement	79,300	79,300		
TOTAL	301,200	301,200		8
Operational boundary				

Borrowing	189,400	189,400	8
Other long term liabilities	7,300	7,300	
HRA reform settlement	79,300	79,300	
TOTAL	276,000	276,000	

TREASURY MANAGEMENT	Original Budget 2013/14	Forecast Outturn at 30 Sept 13	variance	Notes
Upper limit for fixed interest rate exposure Net principal re fixed rate borrowing / investments	140%	140%		9
Upper limit for variable rate exposure Net principal re variable rate borrowing / investments	-40%	-40%		9
Upper limit for total principal sums invested for longer than 364 days	£10m	£10m		10
Maturity structure of fixed rate borrowing at 30 Sept 2013	Upper/lower limit	Actual		
Under 12 months	40% - 0%	7.19%		
12 months and within 24 months	35% - 0%	2.96%		
24 months and within 5 years	40% - 0%	6.04%		
5 years and within 10 years	50% - 0%	6.86%		
10 years and above	90% - 30%	76.94%		

Notes to the Prudential Indicators:

1. The original budget shows the approved Capital Programme expenditure of £16,483,000. The forecast outturn of £24,890,000 is higher than budget because of slippage from 2012/13.
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 28th 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 2013/14 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.

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REPORT FOR DECISION

Agenda Item	
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DECISION OF:	CABINET OVERVIEW & SCRUTINY COMMITTEE COUNCIL
DATE:	27 NOVEMBER 2013 4 DECEMBER 2013 11 DECEMBER 2013
SUBJECT:	TREASURY MANAGEMENT STRATEGY – MID YEAR REVIEW 2013/14
REPORT FROM:	CABINET MEMBER FOR FINANCE & CORPORATE AFFAIRS
CONTACT OFFICER:	STEPHEN KENYON, ASSISTANT DIRECTOR OF RESOURCES (FINANCE AND EFFICIENCY)
TYPE OF DECISION:	COUNCIL
FREEDOM OF INFORMATION/STATUS:	The report is within the public domain
SUMMARY:	<p>This mid-year report has been prepared in compliance with CIPFA's Code of Practice, and covers the following:</p> <ul style="list-style-type: none"> • An economic update for the 2013/14 financial year to 30 September 2013 • A review of the Treasury Management Strategy Statement and Annual Investment Strategy • The Council's capital expenditure (prudential indicators) • A review of the Council's investment portfolio for 2013/14 • A review of the Council's borrowing strategy for 2013/14 • A review of any debt rescheduling undertaken during 2013/14 • A review of compliance with Treasury and Prudential Limits for 2013/14

OPTIONS & RECOMMENDED OPTION	It is recommended that, in accordance with CIPFA's Code of Practice on Treasury Management, the report be noted.
IMPLICATIONS:	
Corporate Aims/Policy Framework:	Do the proposals accord with the Policy Framework? Yes
Statement by the S151 Officer: Financial Implications and Risk Considerations:	Treasury Management is an integral part of the Council's financial framework and it is essential that the correct strategy is adopted in order to ensure that best value is obtained from the Council's resources and that assets are safeguarded.
Statement by Executive Director of Resources:	There are no additional resource implications. Treasury management activities so far have produced a projected underspending for the year of £0.934m. This will help to support other areas of the Council's budget that are under pressure from user demand or economic conditions.
Equality/Diversity implications:	No
Considered by Monitoring Officer:	Yes
Wards Affected:	All
Scrutiny Interest:	Overview & Scrutiny Committee

TRACKING/PROCESS

DIRECTOR: STEVE KENYON

Chief Executive/ Strategic Leadership Team	Cabinet Member/Chair	Ward Members	Partners
No	Yes	N/a	N/a
Scrutiny Commission		Committee	Council
Overview & Scrutiny Committee		Cabinet 27/11/13	11/12/13

1.0 BACKGROUND

- 1.1 The Council operates a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

As a consequence treasury management is defined as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".

- 1.2 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management was adopted by this Council on 24 February 2010.

The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
3. Receipt by the full council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a **Mid-year Review Report** and an Annual Report (stewardship report) covering activities during the previous year.
4. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
5. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is: Overview & Scrutiny Committee.

- 1.3 This report fulfils the requirement to produce a mid-year review.

2.0 ECONOMIC UP-DATE

2.1 Economic Performance to date

- 2.1.1 During 2013/14 economic indicators suggested that the economy is gradually recovering, albeit from a low level. After avoiding recession in the first quarter of 2013, with a 0.3% quarterly expansion, the economy grew 0.7% in Q2.

There have been signs of increases in household spending in the summer, with a pick-up in retail sales, mortgages, house prices and new car registrations.

2.1.2 The strengthening in economic growth appears to have been reflected in the labour market, with employment rising at a modest pace. Pay growth also increased slightly in April, by 1.0%; well below the rate of inflation causing continuing pressure on household's disposable income.

2.1.3 The Bank of England extended its Funding for Lending Scheme (FLS) into 2015 and sharpened the incentives for banks to extend more business funding, particularly to small and medium size enterprises. To date, the mortgage market still appears to have been the biggest beneficiary from the scheme, with mortgage interest rates falling further to new lows. Mortgage approvals by high street banks have risen as have house prices, although they are still well down from the boom years pre 2008.

2.1.4 Turning to the fiscal situation, the public borrowing figures continued to be distorted by a number of one-off factors. On an underlying basis, borrowing in Q2 looked to be broadly in line with last year's figures, highlighting the Government's difficulty in reducing borrowing while economic growth was relatively lacklustre. The 2013 Spending Review, covering only 2015/16, made no changes to the headline Government spending plan, and monetary policy was unchanged in advance of the new Bank of England Governor, Mark Carney, arriving. Bank Rate remains at 0.5% and quantitative easing also stayed at £375bn. In August, the MPC provided forward guidance that Bank Rate is unlikely to change until unemployment first falls to 7%, which was not expected until mid 2016. However, 7% is only a point at which the MPC would review Bank Rate, not necessarily take action to change it. The three month to July average rate was 7.7%.

2.1.5 CPI inflation (MPC target of 2.0%), fell marginally from a peak of 2.9% in June to 2.7% in September. The Bank of England expects inflation to fall back to 2.0% in 2015.

2.1.6 Tensions in the Eurozone eased over the second quarter, but there remained a number of triggers for a renewed flare-up. Economic survey data improved consistently over the first half of the year, pointing to a return to growth in Q2, so ending six quarters of Eurozone recession.

2.2 **Outlook for the next six months of 2013/14**

2.2.1 Economic forecasting remains difficult with so many external influences weighing on the UK. Volatility in bond yields is likely during 2013/14 as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, and safer bonds. Downside risks to UK gilt yields and PwLB rates include:

- A return to weak economic growth in the US, UK and China causing major disappointment to investor and market expectations
- The potential for a significant increase in negative reactions of populaces in Eurozone countries against austerity programmes, especially in countries with very high unemployment rates e.g. Greece and Spain, which face huge challenges in engineering economic growth to correct their budget deficits on a sustainable basis.
- The Italian political situation is frail and unstable: the coalition government fell on 29 September
- Problems in other Eurozone heavily indebted countries (e.g. Cyprus and Portugal) could also generate safe haven flows into UK gilts.

- Monetary policy action failing to stimulate sustainable growth in western economies, especially the Eurozone and Japan.
- Weak growth or recession in the UK’s main trading partners - the EU and US, depressing economic recovery in the UK.
- Geopolitical risks e.g. Syria, Iran, North Korea, which could trigger safe haven flows back into bonds.

2.2.2 Upside risks to UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- UK inflation being significantly higher than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.
- Increased investor confidence that sustainable robust world economic growth is expected, together with a reduction or end of QE operations in the US, causing a further flow of funds out of bonds into equities.
- A reversal of Sterling’s safe-haven status on a sustainable improvement in financial stresses in the Eurozone.
- In the longer term - a reversal of QE in the UK; this could initially be implemented by allowing gilts held by the Bank to mature without reinvesting in new purchases, followed later by outright sale of gilts currently held.
- Further downgrading by credit rating agencies of the creditworthiness and credit rating of UK Government debt, consequent upon repeated failure to achieve fiscal correction targets and sustained recovery of economic growth, causing the ratio of total Government debt to GDP to rise to levels that provoke major concern.

2.2.3 The overall balance of risks to economic recovery in the UK is now weighted to the upside . However, only time will tell just how long this period of strong economic growth will last, and it remains exposed to vulnerabilities in a number of key areas. The longer run trend is for gilt yields and PWLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. Near-term, there is some residual risk of further QE if there is a dip in strong growth or if the MPC were to decide to take action to combat the market’s expectations of an early first increase in Bank Rate. If the MPC does takes action to do more QE in order to reverse the rapid increase in market rates, especially in gilt yields and interest rates up to 10 years, such action could cause gilt yields and PWLB rates over the next year or two to significantly undershoot the forecasts in the table below. The tension in the US over passing a federal budget for the new financial year starting on 1 October and raising the debt ceiling in mid October could also see bond yields temporarily dip until agreement is reached between the opposing Republican and Democrat sides. Conversely, the eventual start of tapering by the Fed will cause bond yields to rise.

2.2.4 Capita Asset Service’s (formerly Sector) Interest Rate Forecast

	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Bank rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%
5yr PWLB rate	2.50%	2.50%	2.50%	2.60%	2.70%	2.70%	2.80%	2.80%	2.90%	3.00%	3.20%	3.30%	3.50%	3.60%	3.70%
10yr PWLB rate	3.70%	3.70%	3.70%	3.70%	3.80%	3.80%	3.90%	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	4.60%
25yr PWLB rate	4.40%	4.40%	4.40%	4.40%	4.50%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.10%	5.10%	5.20%
50yr PWLB rate	4.50%	4.40%	4.40%	4.40%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%	5.20%	5.20%	5.30%

The Capita Assets Services forecasts above are for PwLB certainty rates.

Capita Assets Services take the view that the unemployment rate is not likely to come down as quickly as the financial markets are currently expecting and that the current MPC view is more realistic. The prospects for any increase in Bank Rate before 2016 are therefore seen as being limited. However, some forecasters are forecasting that the Bank of England is too optimistic as to when the 7% level will be reached and so do not expect the first increase in Bank Rate until spring 2017.

3.0 TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY UP-DATE

The Treasury Management Strategy Statement (TMSS) for 2013/14 was approved by the Council on 20 February 2013.

There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.

4.0 THE COUNCIL'S CAPITAL POSITION (PRUDENTIAL INDICATORS)

This part of the report is structured to update:

- The Council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

4.1 Prudential Indicator for Capital Expenditure

This table shows the revised estimates for capital expenditure and the changes since the capital programme was agreed at the Budget

Capital Expenditure	2013/14 Original Estimate £m	2013/14 Revised Estimate £m
Non HRA	8,855	16,664*
HRA	7,628	8,226
Total	16,483	24,890

Note* - Increase due to approved slippage.

4.2 Changes to the Prudential Indicators for the Capital Financing Requirement, External Debt and the Operational Boundary

The table shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period. This is termed the Operational Boundary.

	2013/14 Original Estimate £m	2013/14 Revised Estimate £m
Prudential Indicator - Capital Financing Requirement (CFR)		
CFR – non HRA	129,764	129,514
CFR – HRA	40,107	40,531
Housing Reform Settlement	78,253	78,253
Total CFR	248,124	248,298
Prudential Indicator – External Debt / the Operational Boundary		
Borrowing	189,400	189,400
Other long term liabilities	7,300	7,300
HRA Settlement	79,300	79,300
Total	276,000	276,000

4.3 Limits to Borrowing Activity

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2013/14 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

The Assistant Director of Resources reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator.

A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Authorised limit for external debt	2013/14 Original Indicator	2013/14 Revised Indicator
Borrowing	293,800	293,800
Other long term liabilities	7,400	7,400
Total	301,200	301,200

5.0 INVESTMENT PORTFOLIO 2013/14

5.1 In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As set out in Section 3, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades. Indeed, the introduction of the Funding for Lending scheme has reduced market investment rates even further. The potential for a prolonging of the Eurozone sovereign debt crisis, and its impact

on banks, prompts a low risk and short term strategy. Given this risk environment, investment returns are likely to remain low.

- 5.2 The Council held £48.2m of investments as at 30 September 2013 (£18.6m at 31 March 2013) and the investment portfolio yield for the first six months of the year is 0.89% against Sector's suggested investment earnings rate for returns on investments placed, for periods up to three months in 2013/14, of 0.50%.

Type of Investment	£ million
Call Investments (Cash Equivalents)	38.6
- NatWest £34.7m	
- Bank of Scotland £3.9m	
Fixed Investments (Short Term)	9.6
- Bank of Scotland £9.6m	
Total	48.2

- 5.3 The Assistant Director of Resources confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2013/14.
- 5.4 The Council's budgeted investment return for 2013/14 is £1m, and performance for the year to date is in line with the budget.
- 5.5 The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

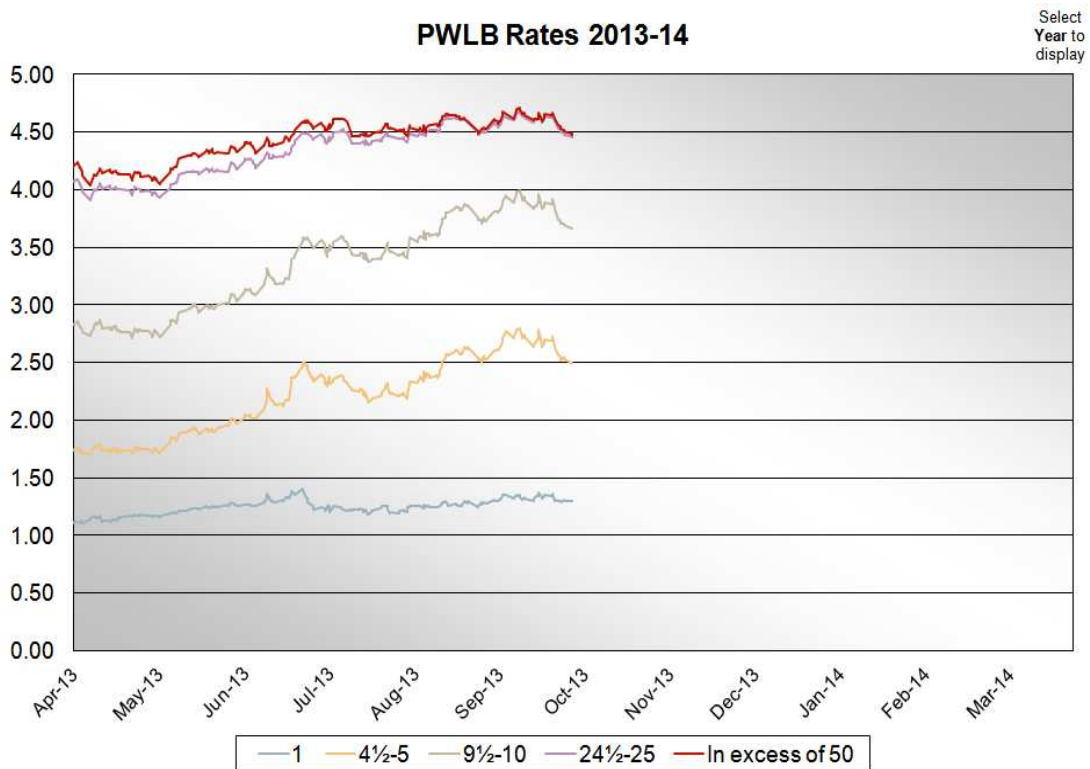
6.0 BORROWING

- 6.1 The Council's capital financing requirement (CFR) for 2013/14 is £248.3m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. The table below shows the Council has borrowings of £209.7m and has utilised £38.6m of cash flow funds in lieu of borrowing. This is a prudent and cost effective approach in the current economic climate but will require ongoing monitoring in the event that upside risk to gilt yields prevail.

	30 th September 2013			Forecast 31 st March 2014		
	Principal		Avg. Rate	Principal		Avg. Rate
	£'000	£'000		£'000	£'000	
Fixed rate						
PWLB Bury	153,862			146,362		
PWLB Airport	4,829			4,078		
Market Bury	46,000	204,691		57,500	207,940	
Variable rate funding						
PWLB Bury	0			0		
Market Bury	0	0		0	0	
Temporary Loans / Bonds	5,003	5,003		2,003	2,003	
Total Debt		209,694	4.43%		209,943	4.15%

Lender	Rate	Amount	Start Date	End Date
Buckinghamshire County Council	1.13%	£5m	05/04/13	05/07/16
Humberside Fire Authority	0.39%	£2m	15/07/13	14/07/14
West Midlands Police	0.68%	£2m	08/08/13	24/07/16
Total		£9m		

6.3 The graph below shows the movement in PWLB rates for the first six months of the year to 30.09.13:



7.0 CO-OP BANK

7.1 Earlier this year the Co-op Bank, the Council’s bankers, saw its credit rating downgraded. Whilst advice, and our own analysis, suggested that there was no increased risk as a result of this it was felt prudent to ensure that any overnight cash balances were reduced to an absolute minimum and this remains the policy. The authority holds no longer-term investments with the bank.

7.2 The Co-op have now announced that they intend to withdraw from the local government banking sector in 2015. Whilst this is disappointing, because the Co-op offers an ethical banking service that is in line with the Council’s ethos, there is no immediate impact or risk to the Council and, co-incidentally, this date coincides with the end of our current contract with the Bank.

7.3 The authority will now begin to work with the Bank and with colleagues from other authorities that use the Co-op to look carefully at options for the way forward. Of course when a major player withdraws from the market then there is the danger that the reduced level of competition can lead to increased costs and so we will be looking at all procurement options including the pros and cons of tendering jointly with other councils.

8.0 DEBT RESCHEDULING

8.1 Debt rescheduling opportunities have been limited in the current economic climate and consequent structure of interest rates. No debt rescheduling was undertaken during the first six months of 2013/14.

Councillor John Smith

Deputy Leader and Cabinet Member for Finance and Corporate Affairs

List of Background Papers:- None

Contact Details:- Stephen Kenyon, Assistant Director of Resources, Tel 0161 253 5237; E-mail s.kenyon@bury.gov.uk