

## **AGENDA FOR**

### **OVERVIEW AND SCRUTINY COMMITTEE**

*Contact::* Leigh Webb  
*Direct Line:* 0161 253 5399  
*E-mail:* l.m.webb@bury.gov.uk  
*Web Site:* www.bury.gov.uk

**To: All Members of Overview and Scrutiny Committee**

**Councillors** : D Bailey, S Briggs, D Cassidy, J Daly,  
I Gartside (Chair), M Hankey, T Holt, M James, E  
O'Brien, N Parnell, C Preston 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:-

<b>Date:</b>	Wednesday, 29 July 2015
<b>Place:</b>	Peel Room - Elizabethan Suite - Town Hall
<b>Time:</b>	7.00 pm
<b>Briefing Facilities:</b>	If Opposition Members and Co-opted Members require briefing on any particular item on the Agenda, the appropriate Director/Senior Officer originating the related report should be contacted.
<b>Notes:</b>	

## **AGENDA**

### **1 APOLOGIES**

### **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 OF THE MEETING HELD ON THE 9TH JUNE 2015** *(Pages 1 - 6)*

Minnutes 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 CORPORATE PLAN PROGRESS REPORT - QUARTER 4 2014-2015** *(Pages 7 - 44)*

A report from the Leader of the Council is attached.

### **6 CHILDREN'S SOCIAL CARE COMPLAINTS AND COMPLIMENTS REPORT 2014-2015** *(Pages 45 - 60)*

A report from Jane Whittam, Assistant Team Manager, Information Strategy and Commissioning, Department for Children, Young People and Culture is attached.

### **7 REVENUE AND HOUSING REVENUE ACCOUNT OUTTURN 2014/2015** *(Pages 61 - 86)*

A report from the Deputy Leader of the Council and Cabinet Member for Finance and Housing is attached.

### **8 CAPITAL OUTTURN 2014/2015** *(Pages 87 - 102)*

A report from the Deputy Leader of the Council and Cabinet Member for Finance and Housing is attached.

### **9 2014/2015 TREASURY MANAGEMENT ANNUAL REPORT** *(Pages 103 - 116)*

A report from the Deputy Leader of the Council and Cabinet Member for Finance and Housing is attached.

### **10 URGENT BUSINESS**

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

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**Minutes of: OVERVIEW AND SCRUTINY COMMITTEE**

**Date of Meeting:** 9 June 2015

**Present:** Councillor I Gartside (in the Chair);  
Councillors S Briggs; D Cassidy; T Holt; M James; M  
Hankey; N Parnell and T Tariq

**Public in attendance:** 3 members of the public were present at the meeting.

**Also in attendance:** Councillor Lewis – Cabinet Member Communities  
Councillor Heneghan – Cabinet Member for Children, Young  
People and Culture  
Councillor Simpson – Cabinet Member for Health and  
Wellbeing

**Apologies for absence:** Councillors J Daly; M James; E O'Brien; and C Preston

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#### **OSC.64 DECLARATIONS OF INTEREST**

Councillor Cassidy and Councillor Holt declared personal interests in respect of Minute.69 below, Children's Centres – Implementation Update, as Co-Chairs of the Bury East Hub.

#### **OSC.65 MINUTES**

**It was agreed:**

That the Minutes of the meeting, held on 24 March 2015, be approved as a correct record and signed by the Chair.

#### **OSC.66 PUBLIC QUESTION TIME**

Sian Crosby raised the issue of the provision of health services within Children's Centres with specific reference to Midwife Clinics in the Prestwich area. It was reported that the Council and Pennine Acute had failed to reach agreement over the issue and services were being withdrawn from the Children's Centres to be provided within GP practices.

Julie Keogh and Nadine Armitage, representing Pennine Acute, attended the meeting to respond to the issues raised and highlighted the cost implications of providing the service within Children's Centres.

Councillor Heneghan, Cabinet Member for Children, Young People and Culture, and Councillor Simpson, Cabinet Member for Health and Wellbeing explained the Council's position and referred to a series of communications with Pennine Acute aimed at resolving the issue

Councillor Heneghan reported that the Council were asking for a modest contribution towards the cost of running the buildings and stated that agreement in other areas of the Borough had been reached with Bolton Hospital Trust and Pennine Care. As a gesture of goodwill Councillor Heneghan gave an undertaking that no charges would be imposed whilst negotiations were ongoing.

The Chair, Councillor Gartside, urged representatives of the Council and Pennine Care to meet as soon as possible to ensure an early resolution to the problem.

#### **OSC.67 ADULT LEARNING STRATEGY 2015-2018**

The Cabinet Member for Communities submitted a report presenting a strategy for a direction of travel for the Council's adult learning service that is more aligned to the Team Bury priorities and the Council's Visions and Values. The strategy has a strong focus on actions that increase basic skill levels and reduce other barriers to employment. The role of learning in promoting community cohesion and reducing inequalities is also recognised.

The strategy forms part of the evidence considered by Ofsted when the service is inspected and will support future bids to the Skills Funding Agency (SFA) and other funding sources.

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

- In response to a question from Councillor Hankey, the Cabinet Member explained acknowledged the social value of adult learning but stressed the importance of the core skills subjects.
- With regard to the issue of external funding streams, Julie Kenrick, Head of Service, referred to the Brighter Futures Big Lottery initiative and a pilot project being undertaken with learners with mental health needs. It was also highlighted that efforts were made to sell bespoke services to businesses.
- In response to a question from Councillor Parnell concerning cuts to funding it was reported that potential cuts of £150k in 2015/16 were being managed across all aspects of the Adult Learning budget.
- The Chair, Councillor Gartside, suggested that the issue of corporate sponsorship be explored as a potential means of increasing revenue.

#### **It was agreed:**

That the report be noted.

#### **OSC.68 COUNCIL VISION, PURPOSE AND VALUES 2015-2020**

The Deputy Leader of the Council presented a report from the Leader setting out a plan for Bury to meet its obligations in view of the significant challenges that the Council faces in the coming years. These include staying within budget and managing the expectations of a growing (and ageing) population.

A draft “plan on a page” was circulated to Cabinet members presenting a new look plan focussing on the actions needed in each aspect of work to transform the Council’s approach to public services by 2020.

During discussion of this item Members of the Committee welcomed the concise nature of the document and highlighted a number of challenges and opportunities for the Council in the coming years including re-designing how services are delivered; potential increased revenue from business rates; and devolution across Greater Manchester.

In response to a question from Councillor Bailey, it was reported that associated performance indicators were being developed which would be publicised and monitored.

**It was agreed:**

That the report be noted.

**OSC.69 CHILDREN’S CENTRES – IMPLEMENTATION UPDATE**

Further to Minute OSC.852 of this Committee, held on 24 March 2015, Sue Reynolds, Head of Early Years and Early Help, submitted a report providing an update on the implementation of a new delivery model for Children’s Centres in the Borough.

The report set out details of the background to the consultation and subsequent recommendations agreed by Cabinet in January 2015 which focussed on the following key areas:

- Improving the health of U5’s
- Improving U’5’s school readiness
- Reducing the risk of poor parenting and mistreatment
- Promoting the economic prospects of families

It was reported that an Implementation Plan had been drafted. The report set out details of progress to date against the following key sections of the Plan:

- Agree and implement staffing structures fit for new purpose
- To increase number of 2 year olds
- To agree Hub/Spoke delivery specification
- To establish an Early Help Outreach Service
- To ensure all Children Centre buildings are safe, clean and well maintained, and ensuring safe handover where necessary of 2 year old provision
- To review Governance arrangements for new Hubs and Spokes
- To review Redvales Children Centre building, in the light of the new spoke arrangements

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

- In response to a question from Councillor Cassidy concerning the development of additional 2 year old places, Sue Reynolds explained that provision in some schools would be from September 2015 with others being January 2016 depending on the level of support required.
- With regard to the review of the Redvales building it was explained that options would be collated by the end October 2015, due to the different nature of the centre in respect of funding streams, partnership work and size.
- Councillor Parnell sought reassurances about the funding of Children's Centres going forward. Ian Chambers, Assistant Director (Learning), explained that the reduction in the number of physical buildings means the service is more sustainable. The Cabinet Member for Children, Young People and Culture highlighted the value and impact of the work of Children's Centres.
- With regard to the provision of outreach work in the north of the Borough, Sue Reynolds explained that the number of venues was growing as a result of the development of partnership venues at local churches and libraries.

**It was agreed:**

That a further progress report be submitted to this Committee in 6 months time.

**OSC.70 DEVELOPMENT OF A WORK PROGRAMME FOR 2015/2016**

Leigh Webb, Principal Democratic Services Officer, submitted a report setting out the terms of reference for the Committee along with a Work Programme Prioritisation Protocol to assist members in the development of a Work Programme for 2015/2016. The report included a brief summary of the Overview and Scrutiny structures along with the remit of the Committee, which allows for the setting up of task and finish Overview Project Groups to carry out in depth reviews into specific topics.

The report also highlighted a number of issues/topics carried over from last years programme .

**It was agreed:**

1. That the following Performance Monitoring items be included as part of this Committee's Work Programme for 2015/16:
  - Corporate Financial Monitoring Reports (Quarterly)
  - Corporate Performance Updates (Quarterly)
2. That the Children's Safeguarding Scrutiny Overview Project Groups be carried over into 2015/16

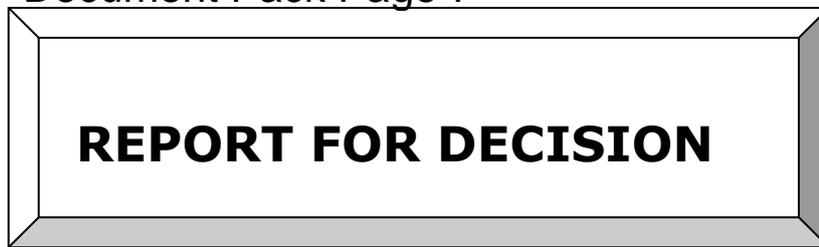
3. That the following additional issues be considered by the full Committee as part of the Work Programme for 2015/2016:

- Welfare Reform
- Children's Centres
- Civic Halls
- Recycling

**COUNCILLOR I B GARTSIDE**  
**Chair**

**(Note: The meeting started at 7pm and ended at 8.55pm)**

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<b>DECISION OF:</b>	<b>CABINET OVERVIEW AND SCRUTINY COMMITTEE</b>
<b>DATE:</b>	<b>WEDNESDAY 08 JULY 2015 WEDNESDAY 29 JULY 2015</b>
<b>SUBJECT:</b>	<b>CORPORATE PLAN PROGRESS REPORT – QUARTER 4 2014-15</b>
<b>REPORT FROM:</b>	<b>LEADER OF THE COUNCIL</b>
<b>CONTACT OFFICER:</b>	<b>Chloe McCann Assistant Improvement Advisor, Corporate Policy, Communities &amp; Wellbeing</b>
<b>TYPE OF DECISION:</b>	Non-Key Decision
<b>FREEDOM OF INFORMATION/STATUS:</b>	This paper is within the public domain
<b>SUMMARY:</b>	The Corporate Plan Progress Report outlines the progress during quarter four 2014-15 for the performance indicators and projects within the Bury Council Corporate Plan. The information is extracted from the Performance Information Management System (PIMS) and provided by the responsible services.
<b>OPTIONS &amp; RECOMMENDED OPTION</b>	Cabinet and Overview and Scrutiny Committee are asked to note and comment on the contents of the report.
<b>IMPLICATIONS:</b>	
<b>Corporate Aims/Policy Framework:</b>	Do the proposals accord with the Policy Framework? Yes
<b>Statement by the S151 Officer: Financial Implications and Risk Considerations:</b>	<p>A robust performance management framework is essential if the Council is to measure the effectiveness and value for money of the services it delivers.</p> <p>This report compliments the regular finance monitoring reports that members receive.</p> <p>It is proposed to integrate finance and performance reports further in light of the Council's Vision, Purpose &amp; Values document.</p>

SK

<b>Statement by Executive Director of Resources:</b>	There are no wider resource implications	SK
<b>Equality/Diversity implications:</b>	Yes An Equality Analysis was undertaken for the Bury Council Corporate Plan 2012-15 and it was concluded that the Plan has a positive impact by aiming to reduce poverty and inequality. This report provides a summary of the progress made.	
<b>Considered by Monitoring Officer:</b>	Yes	JH
<b>Wards Affected:</b>	All	
<b>Scrutiny Interest:</b>	Overview and Scrutiny Committee	

**TRACKING/PROCESS**

**DIRECTOR: Executive Director, ACS**

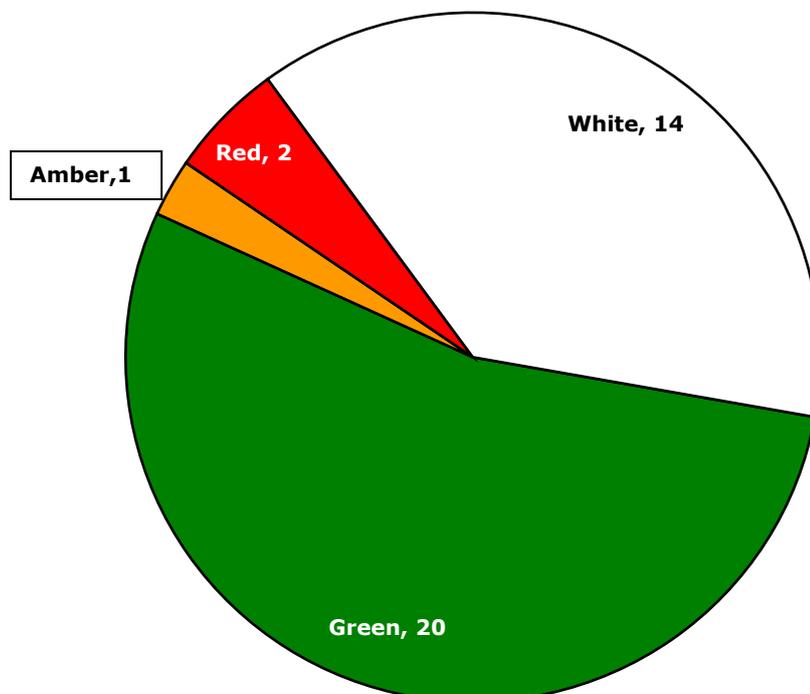
Chief Executive/ Strategic Leadership Team	Cabinet Member/Chair	Ward Members	Partners
22/06/2015			
Scrutiny Committee	Cabinet/Committee	Council	
29/07/2015	08/07/2015		

**1.0 BACKGROUND**

1.1 The Council publishes a Corporate Plan each year with performance and project updates reported to Cabinet bi-annually and Overview and Scrutiny Committee quarterly. This report outlines performance against the plan for Quarter 4 2014-15.

**2.0 SUMMARY**

2.1 There is evidence of further/continued achievement in 2014-15:



2.2 Throughout this report the definitions of the colour-coding are:

- Green – On target and/or better than 2013-14 performance
- Amber – Within 15% of achieving target or no more than 15% below 2013-14 performance
- Red – More than 15% below target or worse than we achieved in 2013-14.
- No Traffic Light – Information not available due to various reasons.

2.3 20 indicators (54.1% of the total) showed improvement on the previous year's outturn and/or exceeded target whilst a further 2.7% (the 1 indicator shown amber on the chart) is just off the pace. Given the financial situation and other challenges facing services, this level of performance is positive and demonstrates a strong commitment to service delivery in the Borough.

2.4 Areas of good performance include:

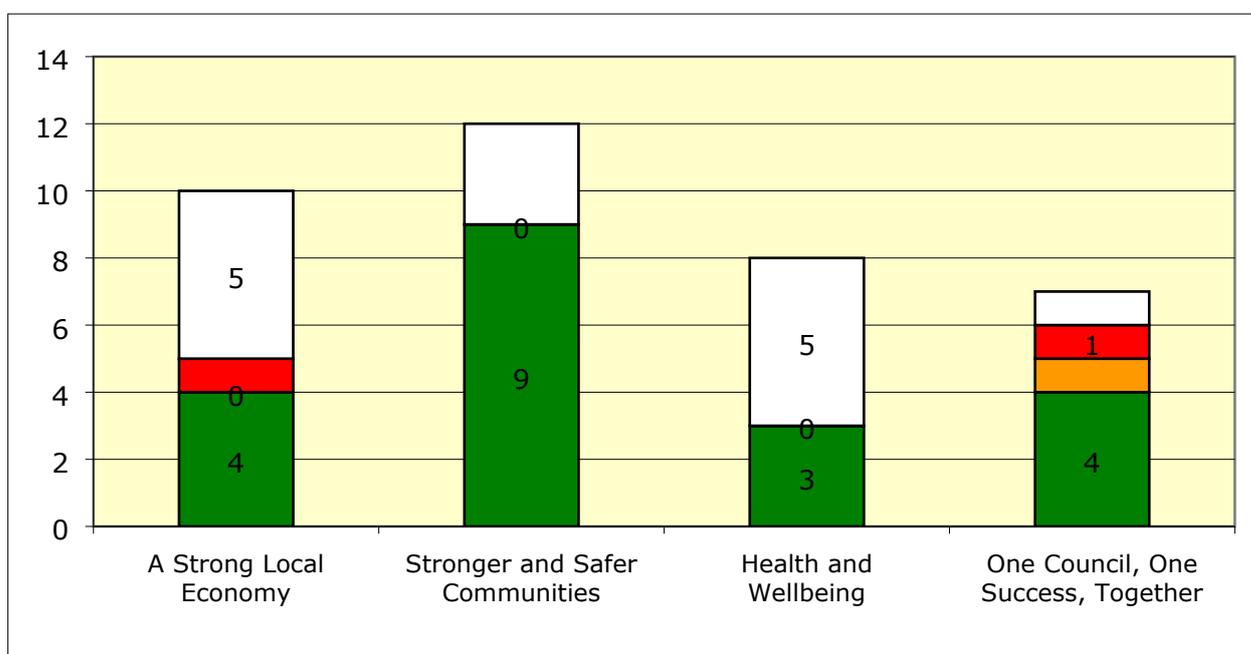
- More residents are now in employment with our rate improving from last year by 3.8 percentage points and fewer people (1.7%) claiming Job Seekers Allowance (JSA).
- Youth unemployment has also reduced with a 10.75 percentage point drop in the proportion claiming JSA.
- Recycling rates have improved upon last year by 9.33 percentage points with 46.6% of household waste being sent for reuse, recycling and composting during this financial year.
- We have achieved a total figure of 413 empty properties brought back into use so far, considerably exceeding our Target of 100.

2.5 2 areas have not performed as expected:

- The current forecasted outturn (capital) stands at £72,000 overspend against the budget. It should be noted that this is a timing issue, whereby site clearance costs have been incurred ahead of capital receipts being generated.
- The current inequality gap in the achievement of a Level 3 qualification by the age of 19 has continued to increase from 20 percentage points in the last academic year, from 18 points in the previous year.

2.6 There are 14 indicators where progress cannot be analysed. This is because no target was set, it is a new indicator or it is an annual indicator and data is not yet available. An explanation is provided against each 'White' indicator.

2.7 Analysing the results by the Council's priority outcomes, progress has been made across the four outcomes:



### 3.0 CONCLUSION AND RECOMMENDATIONS

3.1 The report provides details of the progress made at the end of quarter four 2014-15.

3.2 Overall, performance against the corporate plan is good. Out of all indicators that can be measured 86.96% are Green.

3.3 In the context of current pressures and resource limitations, efforts made to maintain performance are to be welcomed.

3.4 Cabinet are advised to view and agree the contents of the report.

**Contact Details:** - Chloe McCann Assistant Improvement Officer – Department for Communities and Wellbeing

Tel: 0161 253 5609

Email: [C.McCann@bury.gov.uk](mailto:C.McCann@bury.gov.uk)

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# One Council. One Plan.

Quarter Four 2014-15:

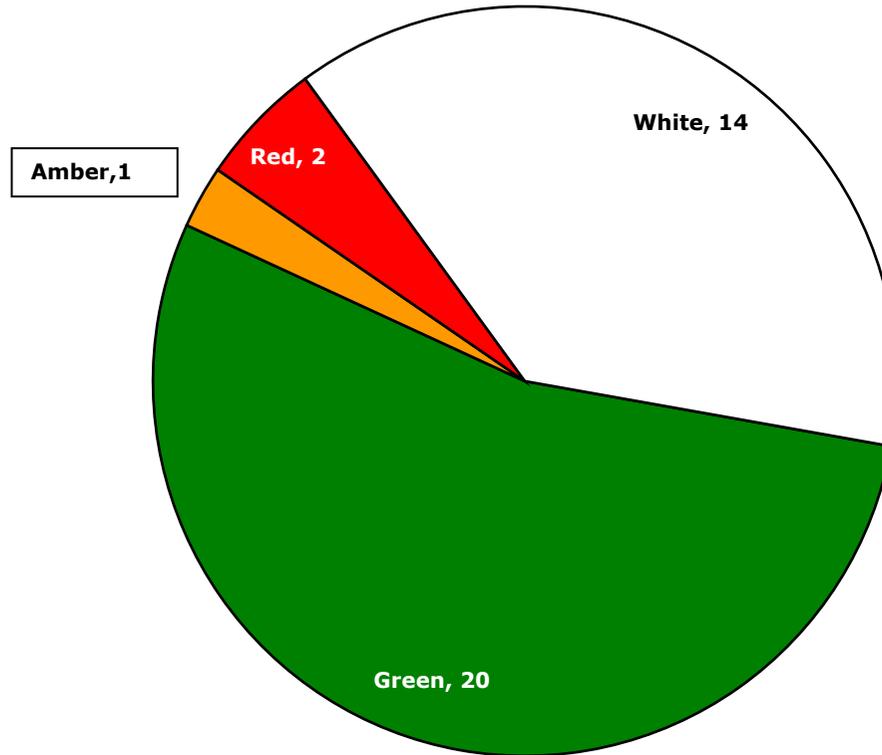
Performance & Project Update Report

## INTRODUCTION

- 1.1 This report outlines progress during quarter four 2014-15, 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).
- 1.2 There are currently 37 performance indicators from PIMS and 27 projects and this report provides a summary of the overall performance of these.
- 1.3 Where data is unavailable for quarter four 2014-15, the report provides an explanatory note.
- 1.4 Throughout this report the definitions of the colour-coding are:
  - Green – On target and/or better than 2013-14 performance
  - Amber – Within 15% of achieving target or no more than 15% below 2013-14 performance
  - Red – More than 15% below target or worse than we achieved in 2013-14.
  - 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 Grainne McClean, on Ext. 6796.*

**SUMMARY**

2.1 The Council currently reports performance against a total of 37 corporate performance indicators. The chart below shows the proportion of these performance indicators that are categorised as Red, Amber, Green and White using the criteria set out in paragraph 1.4.



A strong local economy					
Measure	Higher/ lower is better	2013/14 Baseline	2014/15 Q4	Target	Commentary
Overall employment rate for Bury (working age)  <b>CPR/NI151</b>	Higher	73.90%	77.7% (Green)	70.00%	Economic activity across Bury continues to rise, aligning with the economic recovery.
Inequality gap in the achievement of a Level 3 qualification by the age of 19.  <b>CPR/NI081/EQCRZ/14/15</b>	Lower	20%	24% (Red)	18%	Reported annually is the inequality gap at age 19 between those pupils who were/were not eligible for free school meals at age 15.  In 2014, 68% of pupils who were not eligible for Free School Meals achieved a Level 3 qualification, whilst 44% of those eligible for Free School Meals achieved a Level 3 qualification; therefore 24 percentage points gap.  The attainment gap has continued to increase from 20 percentage points in the last academic year, from 18 points in the previous year.
Percentage of 16-18 year olds by academic age who are not in education, employment or training (NEET)  <b>CPR/P/PHOF1.05</b>	Lower	5.90%	5.7% (Green)	No target set	5.7% shows a year on year improvement of 0.2%. Overall Bury's performance was better for every month from July 2014 until March 2015. Performance data between March and June 2014 was distorted by changes to data currency rules so a direct comparison could not be made with the previous year; for the

					same reason it was not possible to set a target at the beginning of the year.
Proportion of working age people on out of work benefits (JSA) <b>CPR/RR004</b>	Lower	3.1%	1.7% (Green)	No target set	This data source is no longer relevant or accurate as all new claimants are processed under Universal Credit. JSA is no longer being awarded to new claimants.
Percentage of households that experience fuel poverty <b>CPR/CWB009</b>	Lower	10.3%	Data not available (annual indicator) (White)	10.4%	2013/14 is the latest data available. Data is published annually by Public Health England and 2014/15 data is likely to be available in August 2015.
Percentage of work programme leavers that move into employment <b>CPR/RR005</b>	Higher	New indicator	Data not available (White)	5% by 2016	This is delivered locally through Working Well. Data is being collated and the programme evaluated at Greater Manchester level. Local systems are being adapted to support Working Well candidates who have complex needs and Bury is on track to meet its target by 2016.
Percentage of total JSA (Job Seekers Allowance) claimants that are made by youths (16-24) <b>CPR/RR008</b>	Lower	28.65%	17.9% (Green)	No target set	This number has reduced significantly. This may be due in part to the raising participation age (RPA) which means that school leavers aged 16 and 17 are expected to enter training, education or employment and should not be claiming benefits.

Proportion of people who entered the national careers service work programme that gained employment.  <b>CPR/RR010</b>	Higher	New indicator	Data not available (White)	No target set	This is a national programme which is currently being reviewed under the European Social Fund funding rounds. Data has not been collated under the national programme.
Proportion of people accessing the Local Support Fund that are allowed a crisis award  <b>CRP/RR019</b>	Lower	New indicator	975 (White)	No target set	The objective of the fund is to continue to help those in short-term need whilst also working towards minimising repeat applications from those with longer-term issues. There has been a steady flow of applications throughout the year. Further information is provided in the 'Local Support Fund' section of the Corporate Plan Quarter 4 2014-15 Update Report.
Proportion of crisis awards allowed that are a direct result of a sanction, suspension or disallowance of a DWP  <b>CRP/RR020</b>	Lower	New indicator	146 (White)	No target set	Customer Support and Collections Team is unable to explain the reduction in applications from customers who claimed due to receiving a penalty during Q4; this may be due to DWP internal procedures. The Team continues to educate customers about how to avoid sanctions and disallowances; it is also in regular contact with DWP to try to resolve ongoing issues and inform customers about what is required to move forward. Short-term grants are made in the interim when DWP hardship applications are unsuccessful.

## Project Updates

### **Backing Young Bury**

Backing Young Bury continues to support unemployed 18 – 24 year olds across the borough. Preventative work includes Information, Advice and Guidance (IAG) through the Backing Young Bury IAG Offer to Schools. This offer is currently being revised for academic year 2015/16. To date 13 schools have engaged and collectively 56 activities have been selected from the menu and 1,800 students have engaged. The cost to Bury Council is £6.30 per student. This activity has been funded via City Deal Funds.

Backing Young Bury is working in partnership with the Construction Group Training Association (GTA) shared apprenticeship scheme to support 6 Bury apprentices starting their apprenticeship framework on the Greater Manchester Fire and Rescue Training Centre. Further discussion will happen to increase opportunities using the Backing Young Bury Connecting Provision model via the traineeship route.

### **Local/Bury Support Fund**

April 2013 saw the introduction of Bury Support Fund to provide a local provision which is easily accessible to those who have a genuine need for short-term financial help or food help towards crisis and resettlement into the community. The overarching approach has aimed at not only alleviating immediate need but also to provide financial advice to customers in order to maximise their incomes and provide a better solution to debt or financial problems.

There appears to be an increase in applications from those whose Employment and Support Allowance has been refused and who are awaiting the result of their mandatory reconsideration before they can appeal. This can be a long process, during which time no DWP benefit will be paid. There is also an increase in those claiming Universal Credit, where a first payment will not be received for at least 5-6 weeks after the initial claim is made. In addition, there are long delays in the housing element being paid, causing some customers to use some of their personal allowances to keep on top of rent.

### **New Horizons Programme**

This programme provides support for young people aged between 19 and 25 who have learning difficulties and disabilities, and offers an opportunity to access appropriate training programmes from Bury College to meet their needs. 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. In the last year 6 Learners have taken up this opportunity, 3 each in years 1 and 2.

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.

A key benefit is that the programme runs at a local college and this minimises travel and disruption for the learners. The young people attend alongside their peers and other local learners. These factors contribute to greater integration and shared understanding amongst the college population.

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.

### **Working Well – formally Work Programme Leavers**

Two key workers are now in place in Bury working from the Town Hall and within community venues.

In Bury the latest data stands at 64 active caseloads.

Issues presented by the cohort consistent with previous reports:

- Continue to predominantly be around mental and physical health, with 45% either poorly/not managing their health.
- Issues including depression/low mood and anxiety disorders
- Poor access to transport, particularly public transport
- Lack of work experience
- Lack of skills/qualifications

The expansion of the Working Well Programme will commence in the summer 2015.

### **Business Engagement Programme**

The following key work areas on the work plan have been completed:

- Recruited a joint post with Business Growth Hub.
- Made in Bury Business Awards.
- Made In Bury Business Fair.
- Ensured Bury Council engaged actively with the Chamber of Commerce and other business networks.
- Actively promoted Business Start up Support, the Greater Manchester Business Growth Hub and all other business support

activity.

- Bury Council online information to businesses (e news letter) launch summer 2015.
- Welcome Pack/information pack for inward investors and indigenous businesses is on track to be complete in June 2015.

The next work plan is currently being updated with new key tasks.

Stronger and safer communities					
Measure	Higher/ lower is better	2013/14 Baseline	2014/15 Q4	Target	Commentary
Percentage of household waste sent for reuse, recycling and composting  <b>CPR/NI192</b>	Higher	37.27%	46.6% (Green)	45%	The target of 45% was exceeded because of the introduction of 3-weekly refuse collections and more frequent dry recycling collections from October 2014. This also prompted an increase in food waste recycling.
Residual household waste – kgs per household  <b>CPR/NI191</b>	Lower	447.85	426.19 (Green)	445.00	The outturn at Q4 exceeds the target for residual waste. This reduction is due to the introduction of 3-weekly refuse collections and increased frequency of dry recycling collections in October 2014. As a result recycling tonnages are up and residual waste tonnages are down.
Number of serious violent crimes per 1,000 population  <b>CPR/NI015/BS</b>	Lower	0.45	0.77 (Green)	0.88	For the period January – March 2015 there were 36 incidents of serious violent crime reported which equates to 0.19 per 1,000 population. For the period April 2014 – March 2015 there were 144 incidents reported which equates to 0.77 per 1,000 population
Number of serious acquisitive crimes per 1,000 population  <b>CPR/NI016/BS</b>	Lower	11.11	11.92 (Green)	12.95	For the period January – March 2015 there were 560 incidents of serious acquisitive crime reported which equates to 3.02 per 1,000 population. For the period April 2014 – March 2015 there were 2,207 incidents reported which equates to 11.92 per 1,000 population.

Assault with injury crime rate per 1,000 of the population <b>CPR/NI020/BS</b>	Lower	4.27	5.72 (Green)	6.25	For the period January - March 2015 there were 247 incidents which equates to 1.33 per 1000 population. For the period April 2014 - March 2015 there were 1059 incidents reported which equates to 5.72 per 1000 population.
Reduction in number of incidents of ASB per 1,000 population <b>CRP/BS/LI05</b>	Lower	46.12	41.41 (Green)	49.24	For the period January - March 2015 1568 incidents of ASB were reported which equates to 8.47% per 1000 population. For the period April 2014 - March 2015 7666 incidents were reported which equates to 41.41% per 1000 population. There has been a sustained decrease from June 2014, with a 12% decrease in the past 6 months and Bury being the second most reduced borough in Greater Manchester for the past 6 months.
Percentage rate of repeat incidents of domestic violence <b>CPR/NI032/EQDTZ/BS/14/15</b>	Lower	27.94%	25.51% (Green)	28%	18 repeat incidents of domestic violence and abuse (equivalent to 30%) were recorded by MARAC (Multi Agency Risk Assessment Conference for high risk victims) in Q4. Between April 2014 – March 2015, a total of 63 repeat incidents (equivalent to 25.5%) were recorded by MARAC.  Reducing repeat abuse is a key priority for the Community Safety Partnership (CSP). A full review of domestic violence and abuse is

					currently being undertaken in Bury, and a new strategy and action plan is being developed to help reduce the number of repeat incidents in the future.
Number of empty properties <b>CPR/CWB014</b>	Lower	New indicator	1684 (White)	No target set	<p>The Figure given includes second homes. Not including second homes, there are 988 empty properties. The number of empty properties in Bury, according to Council Tax records, has reduced.</p> <p>Urban Renewal sent letters to owners of all empty properties when Council Tax bills for the new financial year were sent. This generated more calls and contacts regarding bringing empty properties back into use.</p>
Number of empty properties brought back into use <b>CPR/CWB015</b>	Higher	New indicator	413 (Green)	100	<p>115 properties have been brought back into use during Q3 and Q4, bringing the total to 413. This is more than four times the original full-year target of 100.</p> <p>Urban Renewal sent letters to owners of all empty properties when Council Tax bills for the new financial year were sent. This generated more calls and contacts regarding bringing empty properties back into use.</p>
Number of homeless acceptances per 1000 households	Higher	2.5	Data not available (White)	2.40	Figure for 2013/14 is 2.5 (per 1000 households). This indicator is published

<b>CPR/P/PHOF1.15i</b>					annually by Public Health England.  2014/15 data is likely to be available in November 2015.
Number of families turned around through SCIL programme (There are national and local criteria for a family to be considered complex. A family has turned around when they no longer meet these criteria)	Higher	179	313 (Green)	No target for March 2015	The target figure of 385 to May 2015 was achieved and submitted up to the final claim. 313 families were 'turned around' by March 2015.
<b>CPR/CWB017</b>					
Proportion of people who accessed debt advice that received a debt solution <b>CPR/RR018</b>	Higher	New indicator	65.25% (White)	No target set	The Council continued to work in partnership with Bury CAB and developed a corporate debt policy which helps customers who have several debts owed to Bury Council and Six Town Housing.

## Project Updates

### **Homelessness Strategy**

Work is currently underway to refresh the Homeless Strategy and a draft document is due to be submitted to the Cabinet meeting in September 2015.

### **Corporate Debt**

Our Corporate Debt Policy has initiated a partnership approach to make sure that those who have the means to pay do pay and those individuals or families in genuine crisis receive the targeted help and support they need to prevent increasing debts, promote personal capacity and create better life chances. This approach was adopted by the council in October 2013 and has since been integrated by Six Town Housing into their working practices. So far cases have been trialled with the corporate debt approach leading to a reduction of customer debt worth over £18,000.

### **Digital Inclusion**

Bury's Digital Inclusion strategy was approved in October 2013 and gained a pledge of support from members of the Bury Wider Leadership Group (BWLG). A steering group has been established involving representatives from key partners and the third sector. As a result, digital access points and additional available support across the borough have been mapped out and a central digital hub has been developed at Customer Support and Collections and is ready to go live.

### **Supporting Communities, Improving Lives**

The purpose of the SCIL team is to implement the National Troubled Families agenda. It has identified families that meet the eligibility criteria for the project and is working to address their complex needs and dependencies. Phase 1 (from April 2012) of the programme identified 435 families and Phase 2 (from September 2012) has identified 194 families. The SCIL team has eight family co-ordinators and is currently supporting 76 families.

Some key elements of the programme are:

- Work with other partners to support families who have not had opportunities for employment - a staff member from the Department for Work and Pensions has been seconded to SCIL and the team is also working closely with Bury Employment

Support and Training (BEST). This activity aims to break down the barriers created by worklessness, including raising aspirations, mapping out ways to overcome obstacles and providing opportunities for family members to enter the labour market.

- Involvement with the Organised Crime Group (OCG) agenda - an OCG co-ordinator works within the SCIL team to focus specifically on the programme. This is a developing project and it is gaining momentum as more families are identified.
- Ongoing project with Butterstiles Primary School - Bury Council contributed towards funding for a 'nurture room' so that pastoral staff can work with families in need. A SCIL co-ordinator works with the School and staff to address wider problems which may affect pupils' families.
- Developing methods of capturing information about levels of family debt to help shape the programme.
- Awareness raising activities, including multi-agency workshops, information sessions with partner agencies, attending team meetings and general publicity.

The SCIL team has adopted a multi agency approach to supporting families and is keen to work alongside other projects to enhance the quality of life of households. The Government gave Bury a target to 'turn around' 385 families by May 2015. At the end of 2014/15, 313 families have been 'turned around'. It is a new project and, as it develops, the team hopes that more families will be able to benefit from the service.

### **Empty Properties**

These figures are solely based on Council Tax data. We have a range of tools available to bring empty properties back into use that range from an enforcement option to acquisition and more recently a leasing option.

### **Domestic Abuse Strategy**

A review of the partnership model to address Domestic Violence Abuse in the Borough has been undertaken and the findings have been presented to the Community Safety Partnership.

A refreshed Domestic Abuse Strategy and supporting action plan is currently been developed and will be presented to the Community Safety Partnership in July 2015.

Health and Wellbeing					
Measure	Higher/ lower is better	2013/14 Baseline	2014/15 Q4	Target	Commentary
Proportion of older people (aged 65 or over) who are still at home 91 days after discharge from hospital into reablement / rehabilitation services  <b>CPR/NI125/ASCOF/2B</b>	Higher	81.40%	88.97% (Green)	No target set	This indicator is now determined as part of the Short-and-Long-Term (SALT) Adult Social Care Guidance (not the ASC-CAR) and the methodology has changed slightly. This increased figure is in line with current guidance.
Rate of alcohol related admissions to hospital per 100,000 population  <b>CPR/CWB016</b>	Lower	642	Data not available (annual indicator) (White)	637	This indicator is available annually by Public Health England, 15 months after the year end. The data for 2014-15 will be available in June 2016.
Injuries due to falls in people aged 65 and over  <b>CPR/CWB018</b>	Lower	1755	Data not available (annual indicator) (White)	2011	1755 (rate per 100,000) is the figure for 2013/14 and is the latest available. The figure for 2014/15 is expected to be published in May 2016.
Proportion of carers with a completed assessment in the year  <b>CPR/CWB010</b>	Higher	New indicator	60.5 (annual indicator) (White)	No target set	2014/15 target and 2013/14 baseline data not available. Of the 919 carers that received a service (payment) 556 have received a review or assessment during this financial year. Work for the SALT adult social care (end of year return) has improved the accuracy of this indicator.
Permanent admissions of older people (aged 65 and over) to residential or nursing care homes	Lower	720.7	742.7 (White)	No target set	While this has increased from last year's figure of 720.7, that was an exceptionally low figure. Overall the trend is still going

per 100,000 population <b>CPR/ASCOF/2Ai</b>					down. This measure is now determined from the SALT.
Proportion of people using Social Care who receive Self-Directed Support <b>CPR/ASCOF/1Ci</b>	Higher	79.7%	83.5% (annual indicator) (Green)	No target set	The definition has changed this year to only include long-term services in the denominator which will have contributed to the increased percentage. New definition from the SALT Adult Social Care Guidance.
Proportion of people using Social Care who receive Direct Payments <b>CPR/ASCOF/1Cii</b>	Higher	22.8%	23.0% (annual indicator) (Green)	No target set	The definition has changed this year to only include long-term services in the denominator which will have contributed to the increased percentage. New definition from the SALT Adult Social Care Guidance.
Proportion of children's social care assessments completed within timescales <b>CPR/CYPC009</b>	Higher	New indicator	70.6% (White)	No target set	As predicted last quarter, the number of assessments authorised in Quarter 4 was fewer than the previous quarter and timescales have improved. Of 696 Child and Family assessments authorised between January and March inclusive, 560 (80.5%) were authorised within 45 days of their commencement. 2014-2015: Of 2781 assessments completed, 1962 (70.6%) were authorised within 45 days.

## Project Updates

### **Affordable Warmth**

The project work continues to work closely with other agencies, the objective is to cut fuel poverty by assisting residents to improve the energy efficiency of their homes, maximise householder income, reduce energy consumption and, where possible, help reduce the cost of energy to the consumer.

### **Retrofit Energy Efficiency Measures**

During quarter three and quarter four 216 retrofit energy efficiency measures were installed attracting over £280,000 of investment from DECC and Energy Companies.

This has saved Bury residents an estimated £45,000 annually off their energy bills, ensuring that they are more likely to heat their homes adequately and therefore alleviating health conditions that can be exacerbated from living in cold damp homes.

### **Fuel Poverty**

A project has been developed to further assist those that are in fuel poverty where current schemes were unable to help e.g. householder was in fuel poverty and unable to access funding, or where there is a shortfall in the funding that the householder is unable to meet, to enable energy efficiency measures to be installed. A total of £159,450 was made available and the scheme will run till March 2016. To date 11 vulnerable fuel poor households have been assisted.

### **Solar PV Scheme**

In quarter 4 a study began on the possibility of installing Solar PV boroughwide at no cost to the householder in partnership with Keepmoat, incorporating both social housing and private sector properties. Initial investigations propose an assumed portfolio of 1,000 suitable Six Town Housing properties (social housing) attracting £3m investment from Macquarie Bank at entirely no cost to the Council. The panels would generate 2,050,000 kWh per year, saving £139,000 off fuel bills per year. The associated Government Generation Incentives and Feed-in-Tariff would finance the capital outlay and ongoing system maintenance for the next 20 years. The option of obtaining Solar PV would then be offered to surrounding private sector properties on this rent-a-roof basis, with Bury Council promoting the scheme to encourage take-up. The private sector properties can purchase the panels instead and retain the Feed-in-Tariff themselves should they wish. This investigation will continue in the new financial year.

## **Strategy Development**

Urban Renewal took part in the consultation of the new Fuel Poverty Strategy for England in October 2014. The new Strategy was published in March 2015 which has a new vision to cut bills and increase comfort and wellbeing in the coldest low income homes and to achieve a new Statutory target to "ensure that as many fuel poor homes in England as is reasonably practicable achieve a minimum energy efficiency rating of Band C by 2030". There are also proposed interim targets of achieving Band E by 2020 and Band D by 2025. Whilst the average Standard Assessment Procedure rating in private sector properties is Band E in Bury we do not know what proportion of these are classed as fuel poor homes. Another important feature of the strategy is the new emphasis on partnership. From local authorities to the NHS, from industry to local community and the third sector, DECC have recognised that an across Government and across society approach is required to succeed in meeting these targets.

The Affordable Warmth Strategy will be converted into a new Fuel Poverty Strategy for Bury in line with this in the new financial year and we will engage all stakeholders in developing and delivering this.

The Home Energy Conservation Act requires all English LAs to report to the Secretary of State for Energy and Climate Change every 2 years from 2013 outlining the measures we deem to be practicable, cost effective and likely to result in significant improvements in the energy efficiency of residential accommodation. Measures such as taking advantage of financial assistance from central government for energy efficiency schemes to retrofit properties using area based roll out and targeting. The 2013 report was submitted and we have submitted a new report on the 31<sup>st</sup> March 2015 outlining the progress we have made since the last report and setting out what we plan to do for the next 2 years.

## **Early Help Strategy**

The Early Help Strategy has now been signed off.

A Network Event took place in March 2015 to look at some of the priority areas of work with partners, and work is underway in developing an action plan to develop some of the themes within it. This is being worked on in the Children's Trust Operational Group, and reports to the Children & Young People Trust Board.

## **Integrating Health & Social Care**

An update to be provided at the next quarter, quarter 1 2015/16.

### **Early Years New Delivery Model**

Bury Local Authority have received a FFF (Further, Faster, Funding) Grant and are using it to recruit a Project Lead who can take forward some of this work in a more co-ordinated way. The interviews for this post take place early June 2015.

### **Health and Wellbeing Strategy**

The Health and Wellbeing Strategy has now been refreshed following a priority by priority refresh over recent months. This has been complimented by a review of governance for each priority area.

The Priority Refresh reports and Governance Framework reports for all five priorities are due to be signed off at the 11<sup>th</sup> June 2015 Health & Wellbeing Board.

The final refreshed strategy including governance framework is due to be presented at the July 2015 Health & Wellbeing Board and followed by the Health Scrutiny Committee. Six sub groups of the Health & Wellbeing Board will have responsibility for bi annual updates to the board in September 2015 and March 2016 on progress against each priority.

### **SEND Reform**

The SEND reforms continue to be implemented and there have been significant developments since September 2014, including the introduction of new thresholds for Education, Health and Care assessments; the introduction of new SEN funding streams for schools and early years settings to reduce the reliance on Educational Health Care (EHC) plans; a new EHC assessment process; person centred training is being rolled out to all schools and the Local Offer has been launched and continues to develop. The transfer of statements and LDA's to EHC plans has commenced and approximately 250 will be transferred this year.

Bury has made a lot of progress in the implementation of the reforms, however there continue to be significant challenges that have to be addressed. These include joint commissioning between the LA and CCG and the identification of gaps in provision; the joint assessment of children and young adults between all agencies; the significant transitions for all children and young people with SEND and particularly those from school to college and college into adulthood; the development of personal budgets; and the ongoing involvement of young people and their families in all the changes.

From January 2016, Ofsted will be charged with inspecting LA's and CCG's in relation to the implementation of the reforms.

**Finance Summary**

Department	Budget	Outturn	Variance
	£000s	£000s	£000s
Communities & Neighbourhood - Residual	258	191	(67)
Children, Young People & Culture	40,997	42,149	1,152
Communities & Wellbeing	72,260	73,341	1,081
Resources & Residual	6,352	6,048	(304)
Non Service Specific	23,893	21,936	(1,957)
<b>TOTAL</b>	<b>143,760</b>	<b>143,665</b>	<b>(95)</b>

The underspend of **£0.095m** represents approximately **0.07%** of the total net budget of £143.760m.

<b>Performance Indicators</b>					
<b>Measure</b>	<b>Higher/ lower is better</b>	<b>2013/14 Baseline</b>	<b>2014/15 Q4</b>	<b>Target</b>	<b>Commentary</b>
Percentage Council Tax collected <b>CP/BV004</b>	Higher	96.97%	96.97% (Green)	96.5%	The last quarter saw an improvement in the comparison for last year, as more instalments are now being paid up to March which affects cash flow.
Percentage of business rates collected <b>CPR/B/BV010</b>	Higher	94.23%	95.08% (Green)	96.00%	Collection during Quarter 4 was good, with % collection being up by 3.31% on Quarter 4 for 2013/14. The target of 96% has not been reached but % collection is up by 0.85% compared to 2013/14.
Average time taken in calendar days to process Housing Benefit/Council Tax new claims. <b>CPR/B/BV078a</b>	Lower	22.6	22.6 (Green)	26	Excellent performance for quarter 4 ensuring target for the year was exceeded.
Forecast outturn (Revenue) (Council –wide) <b>CPR/406</b>	Lower		See finance summary above (Green)	No target set	£95,000 underspend against budget.
Forecast outturn (Capital) (Council –wide) <b>CPR/405</b>	Lower		See finance summary above (Red)	No target set	£72,000 overspend against budget.

<p>Number of FTE days lost due to sickness absence</p> <p><b>CPR/BV012/14/15</b></p>	Lower	9.82	9.67 (Amber)	9.20	<p>This is an improvement on last year's Q4 - which was 9.82 and a little higher than Q3 which was 9.31. Ongoing changes to managing attendance policy are continuing into Q1 of 2015/16.</p>
<p>Percentage of employees satisfied with Bury Council as an employer</p> <p><b>CPR/410</b></p>	Higher	60.4%	Data not available (annual indicator) (White)	75%	<p>The employee survey took place in May and June 2015. Responses are being collated and analysed and the results will be available at the end of Quarter 2.</p>

## Project Updates

### **Departmental Restructures**

Work has been, and will continue to be, undertaken to determine appropriate structures and working practices to meet the challenges going forward. Over the past year, the Council has approved changes to Children's Centres and the development of a LA Trading Company to manage a range of in-house social care provision. Further proposals can be expected in the coming years as the Council seeks to manage demand, address needs and maintain jobs within the resources available.

### **Partnership, Governance & Accountability**

The new streamlined architecture for Team Bury is now operational with work well underway to focus partnership bodies on the three key priorities of stronger economy, stronger and safer communities and health and well being.

Training has been provided on Outcome Based Accountability to encourage a fresh look at improving performance and to support partners to focus on those areas that will make a positive difference to local people.

### **Digital By Default**

The project has now been defined in several stages. During quarter 2, we negotiated a contact with Socitm to provide consultancy support during the lifetime of the project. This will include overseeing the development of the new website and transformation to transactional on-line services. During quarter 2, the governance and scope of the project was signed off and structures put in place to take forward the operational work. The design templates have been produced and work is proceeding with recasting the content in a test system.

### **Medium Term Financial Strategy**

The current Medium Term Financial Strategy extends to 2016/17. The strategy will be refreshed following the Chancellor's July 2015 Budget, and any subsequent funding announcements from The Department for Communities and Local Government.

**Employee Engagement Strategy**

Employee engagement is a useful measure of how satisfied employees are within their organisation. Engagement influences the performance and commitment of the workforce. Higher levels of engagement are linked to improved productivity, which in turn helps organisations deliver their outcomes. An Employee survey was conducted in May 2015 and is currently being analysed. The results will be available at the end of Quarter 2, 2015/16.

**LGA Peer Review Action Plan**

Many of the key elements within the Peer Review have been completed or have made significant progress including:

- Development of the post 2015 landscape
- Review of partnership governance (see above)
- Defining priorities and reflecting these in budgets
- Promoting investment and stimulating growth
- Stakeholder engagement

Other themes remain work in progress:

- Improvement to the website/on line services
- Developing the role of scrutiny
- Developing a corporate landlord approach

**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:

**Corporate Risk Register January 2014 – March 2015**

Ref	Risk that.....	Risk Owner	Impact (New)	Likelihood (New)	Quarter 1 Status	Quarter 2 Status	Quarter 3 Status	Quarter 4 Status Jan – Mar 15	Measures
01	The potential liability facing the Council in respect of Equal Pay significantly weakens the Council's financial position	Tracy Murphy	1	1	1	1	1	1	Risk remains low as most cases have now been settled. To remain on register till exercise complete.
									The Council received the final 2015/16 settlement information in February 2015, this was broadly as

	effectively the significant funding reductions that the Council faces.									<p>expected.</p> <p>Bury's reduction was higher than the national average, whilst funding per head is lower. Response to consultation submitted outlining this.</p> <p>Clarity about the 2016/17 settlement is unlikely to be until the Spending Review / Summer Budget later in 2015 following the General Election. MTFS to be updated at this point.</p> <p>Likelihood score raised from 3 to 4 to reflect level of uncertainty in Government funding.</p>
Ref	Risk that.....	Risk Owner	Impact (New)	Likelihood (New)	Quarter 1 Status	Quarter 2 Status	Quarter 3 Status	Quarter 4 Status	Jan - Mar 15	Measures

04	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	Steve Kenyon	4	2	8	8	8	8	New arrangements have been in place now for nearly 2 years, however, risk remains high given volatility, and influence from factors which are beyond the control of the Council (e.g. appeals).
05	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.	Alex Holland	2	2	2	2	4	4	The asset management strategy has been approved and will consider the usage and cost of all assets; taking appropriate action where necessary; e.g. invest, change of use, or disposal.

Ref	Risk that.....	Risk Owner	Impact (New)	Likelihood (New)	Quarter 1 Status	Quarter 2 Status	Quarter 3 Status	Quarter 4 Status Jan - Mar 15	Measures
08	The Council fails to manage the expectations of residents, service users & other stakeholders in light of funding reductions	Mike Owen	3	3	6	6	6	9	<p>Programme of Budget consultations has taken place throughout the borough at Township Forums. A letter from the Leader has also been sent out to inform residents about the level of uncertainty that remains with the impact of current and future financial cuts.</p> <p>Likelihood risk raised from 2 to 3 to reflect uncertainty of funding going forward.</p>

	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	Jenkins								
10	Changes resulting from the wider Welfare reform agenda impact adversely upon the public / vulnerable people.	Claire Jenkins	3	3	9	9	9	9		<p>Welfare Reform Board coordinating action plan with partner organisations (e.g. Six Town, CAB).</p> <p>Whilst impact on individuals can have significant implications, this is being mitigated where possible.</p>
Ref	Risk that.....	Risk Owner	Impact (New)	Likelihood (New)	Quarter 1 Status	Quarter 2 Status	Quarter 3 Status	Quarter 4 Status	Jan - Mar 15	Measures
	That the scale and pace of Public Sector reform									<p>The Workforce Development Plan is in place, the mutual settlement scheme has</p> <p>30</p>

	key Council Services, compounded by the loss of capacity following staff leaving the Council (420+ since 2010)								<p>been launched, and individual service workforce plans are being developed to ensure continuity / succession planning.</p> <p>Loss of capacity / experience remains a major concern.</p> <p>Risk will be closely monitored as the Council-wide restructure takes effect, and further voluntary retirements take effect.</p>
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## Scrutiny

**MEETING DATE:** 27 July 2015  
**REPORT TITLE:** Annual Social Care Complaints & Compliments Report  
2014 / 2015

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### 1.0 BACKGROUND

- The complaints report is a statutory report which details the Complaints received about Children's Social Care over the last 12 months.

### 2.0 OVERVIEW

- There has been a 20% decrease in complaints received in a year where referral rates have also dropped. There are mixed reports from other LAs; some seeing increases;
  - There has been nearly 100% increase in compliments received; the compliments received far outweigh the complaints received (114 compliments and 47 complaints);
  - This last year, we have started to record the number of informal complaints received into the complaints department; This was 70, however does not include those made directly to Social Work Teams;
  - As expected, the majority of complaints were received for the Safeguarding Team and Advice and Assessment Team;
  - Timescales for responses have continued to be improved for the fifth year running for those complaints responded to within ten working days, however timescales have slipped for those complaints responded to within twenty working days. This is due to the complexity of some complaints; 17.5% (7 complaints) were responded to outside the statutory timescales';
  - Whilst we received a number of requests for complaints to be investigated at stage 2 of the complaints procedure, we were able to resolve the majority of these without the need for a stage 2 investigation and the costs that accompany this. There has been 1 complaint which was originally responded to at the end of 2014 / 2015 which has now progressed to stage 2 in the current financial year;
  - This year, as with the previous 4 years I have reported on, we have had no complaints move to stage 3;
  - We were asked to supply information to the Ombudsman regarding three complaints, the LGO found there was no fault by the Council on two complaints but did find fault on the third and we sent an apology to the family concerned;
  - It is also pleasing that the department has continued to receive compliments from people who value the service and the staff. 114 compliments were received during the last 12 months, with a large increase seen in those received by the Safeguarding Team, and also compliments from the Judge regarding work done as part of the court process;
  - We have learnt from the complaints and procedures have been reviewed as a result of complaint investigations. Learning from complaints is shared within teams via the Quarterly Reports.
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#### Contact Details:-

Jane Whittam, Assistant Team Manager, Information  
Strategy & Commissioning

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**Children, Young People &  
Culture**



**ANNUAL SOCIAL CARE COMPLAINTS &  
COMPLIMENTS REPORT  
APRIL 2014 – MARCH 2015**

**Jane Whittam  
Assistant Team Manager - Information  
9 July 2015**

## **PURPOSE/SUMMARY:**

This report has been produced in line with the statutory requirement to update Members and provide current information in respect of complaints related to Children's Social Care Services. This report looks at the period 1 April 2014 to 31 March 2015, and will allow Members to see the extent and complexity of Children's Social Care Service's span of activity and to receive information relating to the quality of the services delivered.

Members are asked to note the content of the report and advise officers of future requirements in respect of the reporting of complaints relating to Children's Social Care Services.

## **1.0 INTRODUCTION**

- 1.1 In line with guidance from the Department for Education, Local Authorities are required to publish an Annual Complaints Report covering the council year. This report is to provide current information in respect of complaints related to Children's Social Care Services for the year 2014 / 2015.
- 1.2 As part of our continued approach to monitoring performance, the status of complaints is also reported weekly to the Children's Senior Management Team. Lessons learnt from complaints are also discussed monthly within the Children's Services Extended Managers Meeting and individual Team Meetings.

## **2.0 WHAT IS A COMPLAINT**

- 2.1 A complaint may be generally defined as 'an expression of dissatisfaction or disquiet' in relation to an individual child or young person, which requires a response. A complaint may be made by written or verbal expression.
- 2.2 Complaints principally concern service delivery issues, including the perceived standard of these services and their delivery by service providers. These recorded figures only represent a percentage of complaints received as many complaints / concerns are managed daily on an informal basis operationally and are thus, not registered formally by the complaints section.
- 2.3 The Complaints Procedure is not designed to deal with allegations of serious misconduct by staff. These situations are covered under the separate disciplinary procedures of the Council.
- 2.4 It is a legal requirement that Children's Social Care Services has a distinct complaints procedure. This statutory procedure provides the means for a child or young person to make a complaint about the actions, decisions or apparent failings of a local authority's children's social care provision. It also allows an appropriate person to act on behalf of the child or young person concerned or to make a complaint in their own right.
- 2.5 For some service users and for children and young people in particular, it is not easy to make a complaint. This can be the case when the person using the service may be apprehensive about what may happen if they do complain. It is important, therefore, that all complaints are treated seriously, in confidence, investigated and are given due attention. It is therefore the role of the Assistant Team Manager (Information) to provide a degree of

independence and support to the complainant whilst ensuring the complaint follows the statutory procedure. If a complaint is received directly from a child or young person, an automatic referral is made for advocate support to Bury Children's Rights Service, which is an independent advocacy service commissioned by Children's Social Care. Feedback to complainants about their complaint is essential.

- 2.6 A prime objective of the Complaints Procedure is to ensure the Local Authority develops a listening and learning culture where learning is fed back to children and young people who use services. Complaints present an opportunity for the Local Authority to learn why people who are using our services find them unsatisfactory, and how we can improve the services we provide.

### **3.0 THE SOCIAL CARE COMPLAINTS PROCEDURE**

- 3.1 The handling and consideration of complaints consists of three stages:-

- Stage 1: Local Resolution,
- Stage 2: Independent Investigation
- Stage 3: Review Panel

- 3.2 Local Resolution requires the Local Authority to resolve a complaint as close to the point of contact with the service user as possible (i.e. through front line management of the service). Emphasis is placed on resolving complaints under Stage 1, local resolution, because this should provide a more timely response and is user friendly. The Department strives to investigate and resolve complaints within 10 working days although the procedure allows a 20 working day time scale for more complex complaints. In most circumstances complaints are considered at Stage 1 in the first instance.

- 3.3 Where the complaint is not resolved locally, or the complainant is dissatisfied with the Local Authority's response, the complaint can be considered at Stage 2. An independent investigation is completed by a senior manager from outside the team to which the complaint refers to. This is overseen by an Independent Person from outside the Local Authority to ensure a full and fair investigation is carried out. We aim to send a response with a full report within 25 working days, although this can be extended to 65 working days.

- 3.4 Where Stage 2 of the Complaints Procedure has been concluded and the complainant is still dissatisfied, they will be eligible to request further consideration of the complaint by a Stage 3 Review Panel. The Panel does not reinvestigate the complaint or consider any substantively new issues of complaint that have not been first considered at Stage 2. The purpose of the Panel is to consider the initial complaint and, wherever possible, work towards a resolution. The Panel should be convened within 30 working days of request and its report (including any recommendations) will be sent within 5 working days following the meeting. The Department then issues its response to the complainant within a further 15 working days.

- 3.5 Where a complainant remains dissatisfied with the Local Authority's response to the Review Panel's recommendations, the complainant has the right to refer his / her complaint to the Local Government Ombudsman. The Assistant Team Manager (Information) will assist with this process as far as possible.

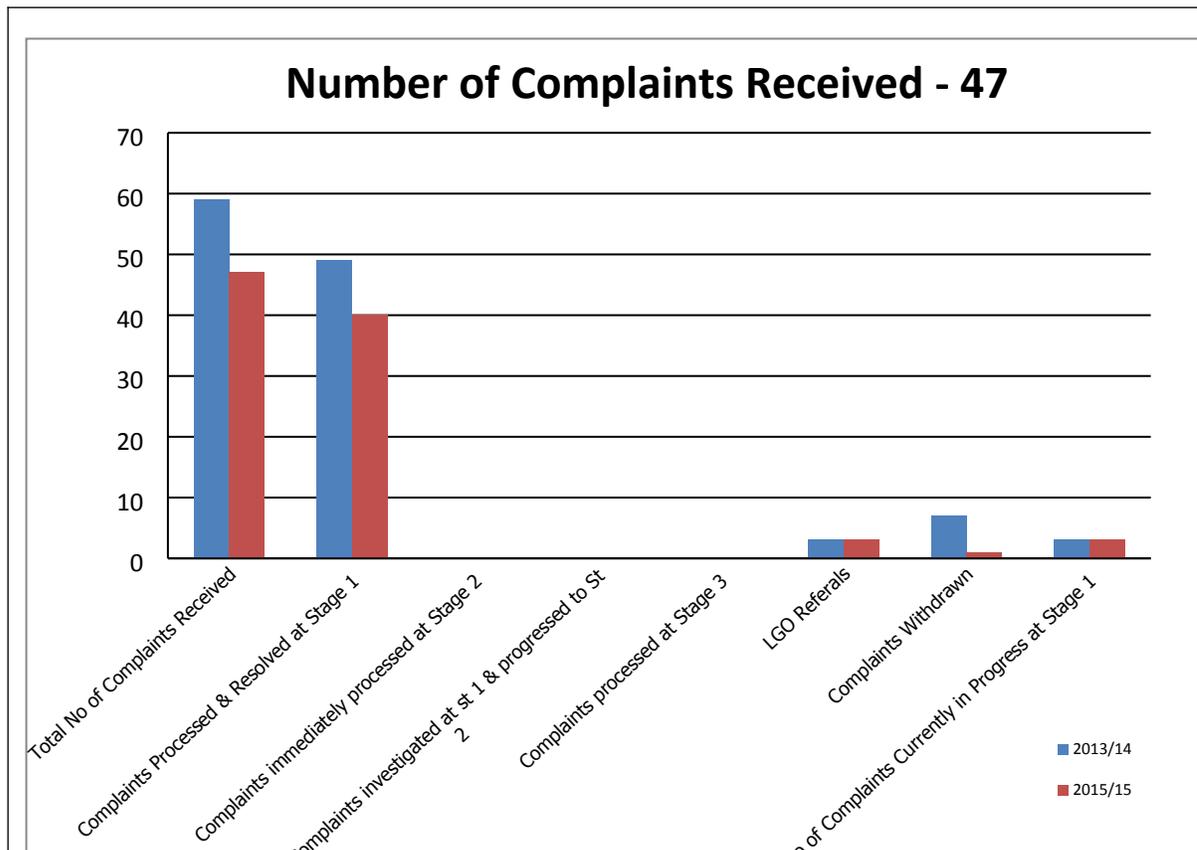
**ANALYSIS OF COMPLAINTS RECEIVED**

**All figures detailed below are from 1 April 2014 to 31 March 2015. Reference is also made to outstanding complaints or complaints which were reported as not being agreed or completed as of 31 March 2014.**

**4.0 SOCIAL CARE COMPLAINTS RECEIVED**

4.1 A total number of 47 complaints were received across all social care teams during the 2014 – 2015 financial year. This reflects a 20% decrease in the number of complaints received when compared with the 59 complaints that were received during the last financial year (April 2013 – March 2014).

4.2



4.3 Of the 47 complaints received, 3 complaints were being investigated as at March 2015, 1 complaint was withdrawn and 3 of these were enquiries from the Local Government Ombudsman. This report therefore focuses on the 40 complaints which were actually investigated at Stage 1 of the Social Care Complaints Procedure during the last financial year (April 2013 – March 2014).

4.4 In addition to the 40 complaints investigated in 2014 / 2015, 3 complaints received towards the end of 2013 / 2014 were also investigated during the 2014 / 2015 financial year. 2 of these complaints were responded to within 10 working days and 1 was responded to within 20 working days.

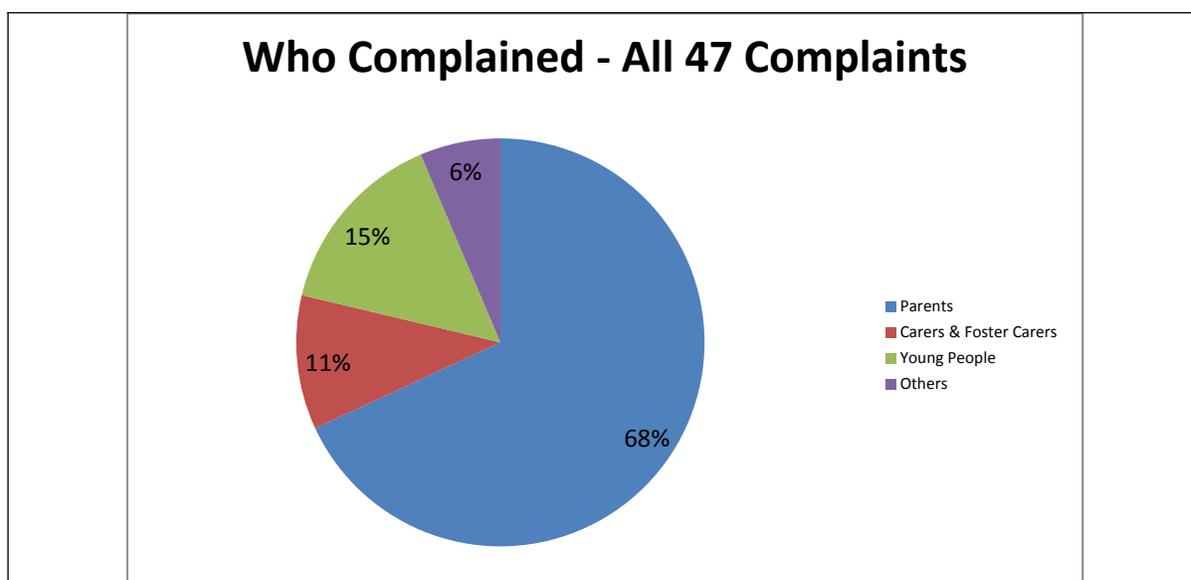
4.5 This year we have recorded the number of informal concerns / complaints

received into the Complaints Department, which have predominantly been requests for information. This does not include any informal concerns or complaints which have been raised directly with individual teams. There were 70 informal concerns / complaints logged within the Complaints Department which were resolved immediately by telephone and did not result in a formal complaint being made.

## 5.0 WHO COMPLAINED?

5.1 Over half of the complaints received were received from parents. Young people are encouraged to raise their own concerns with the assistance of advocacy from Bury Children's Rights Service. Bury Children's Social Care Services and Bury Children's Rights Service continue to work with their joint working protocol to ensure that a consistent and timely service is offered to children and young people in the care of Bury Local Authority when they raise a concern via their advocate.

5.2



## 6.0 ADVOCACY

6.1 5 complaints were made using the service of an external Advocate, which is identical to the previous financial year. The number of complaints received through Bury Children's Rights Service was 3, which remains the same as those received last year.

6.2 Concerns and complaints received from Children and Young People in Care are very important. These young people are often supported to make a complaint by Bury Children's Rights.

6.3 The advocate from Bury Children's Rights Service will initially raise the concern with the Young Person's Social Worker, and if no response is received within a timely manner, this will be referred to the Social Worker's Line Manager for a response.

6.4 Should a response not be provided within a timely manner, or if the Young Person is unhappy with the response, their advocate will assist the child or young person to make a formal complaint at Stage 1 of the Statutory

Children’s Social Care Complaints Procedure.

6.5 Over the last twelve months, the Children in Care Council have been involved in updating our Complaints Leaflet. This has been designed to be child friendly, but also inline with Corporate and Statutory requirements.

**7.0 TIMESCALES OF STAGE 1 SOCIAL CARE COMPLAINTS**

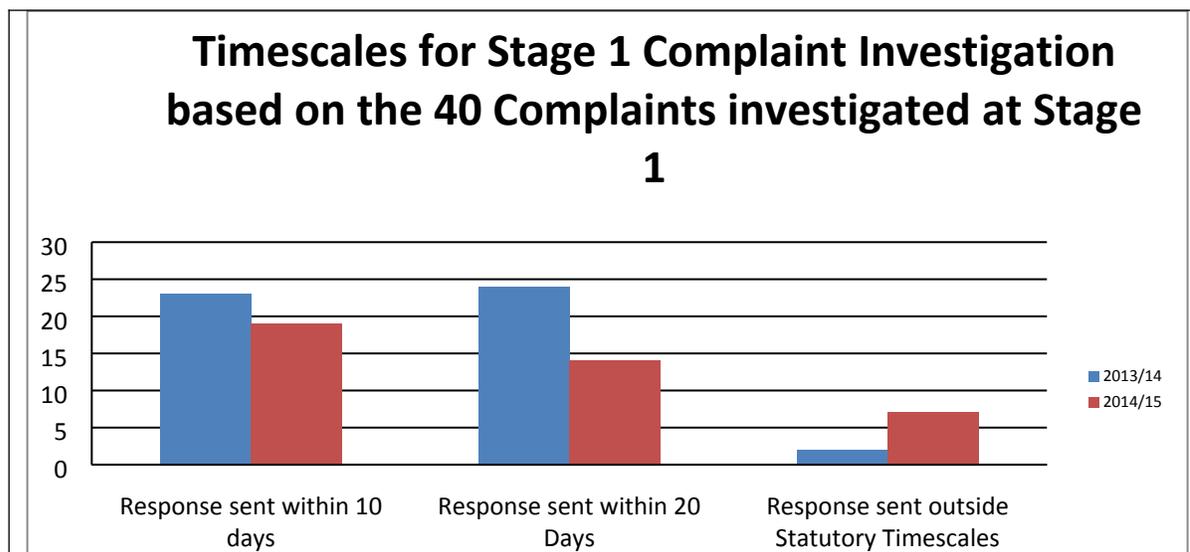
7.1 Performance Indicators show that for the fifth year running, staff have continued to make improvements to the 10 working day timescales in which we have responded to complaints compared with the figures from 2013 / 2014. Of the complaints received and investigated within 2014 / 2015, 47.5% of complaints have been dealt with within ten working days, compared with 46.94% for the same period in 2013 / 2014.

There has been a decrease in the number of complaints that have been investigated and responded to within 20 working days; a total of 82.5% which is a decrease when compared to the 95.92% responded to within the same timescale during 2013 / 2014.

Year	10 Working Days	20 Working Days
2009 / 2010	Unavailable	60%
2010 / 2011	32.72%	65.46%
2011 / 2012	36.36%	79.55%
2012 / 2013	41.86%	90.96%
2013 / 2014	46.94%	95.92%
2014 / 2015	47.50%	82.50%

7.2 Delays were agreed with the complainant for the 7 complaints which formed the 17.5% of the complaints which were dealt with outside timescales. The additional time taken along with mediation meetings has prevented 6 of these complaints being taken to stage 2. There is still one complaint that remains unresolved to the complainant’s satisfaction and there are ongoing discussions to address this.

7.3



**8.0 COMPLAINTS PER TEAM**

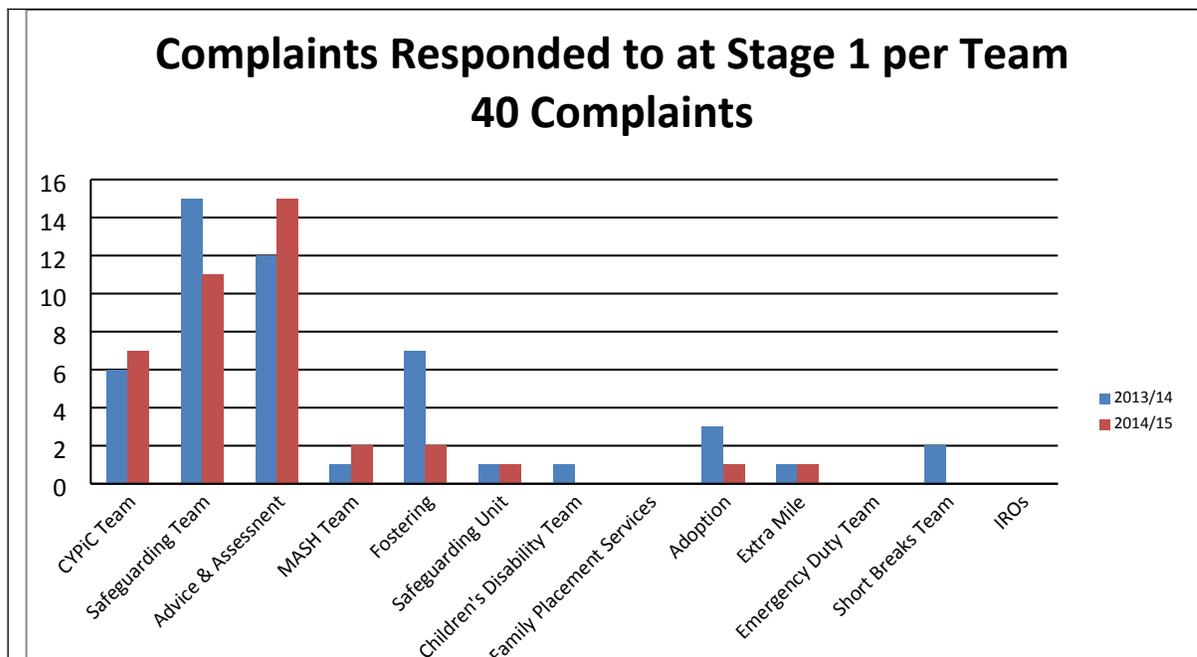
8.1 Figures show that there has been an increase in complaints which have been investigated and responded to by the Advice and Assessment Team compared with 2013/2014. This may be a combination of changes to the threshold for intervention, and the high numbers of agency staff and managers within this team. Staffing levels have now stabilised.

8.2 Neighbouring authorities have continued to note an increase in complaints over the past twelve months. Despite budget cuts and staff restrictions and restructures, it is pleasing to note that we have seen a decrease in the total number of complaints being made. Parents, carers and children are provided with complaints leaflets during visits, and are aware of how to make complaints. In both the most recent external reviews; a Safeguarding Diagnostic by the Local Government Agency and a Thematic Inspection of Early Help by Ofsted, both agencies reported on the positives of the lessons learnt from complaints.

8.3 The number of complaints received within some of the smaller social care teams (ie Fostering and Adoption) have decreased over the last financial year. With the higher numbers of cases being held within Advice and Assessment Team and Safeguarding Team, it is expected that these two teams will receive the highest number of complaints.

8.4 It should be noted that the MASH Team is a new team set up in August 2014, and complaints received by this team would previously have been recorded within the figures for the Advice and Assessment Team.

8.5

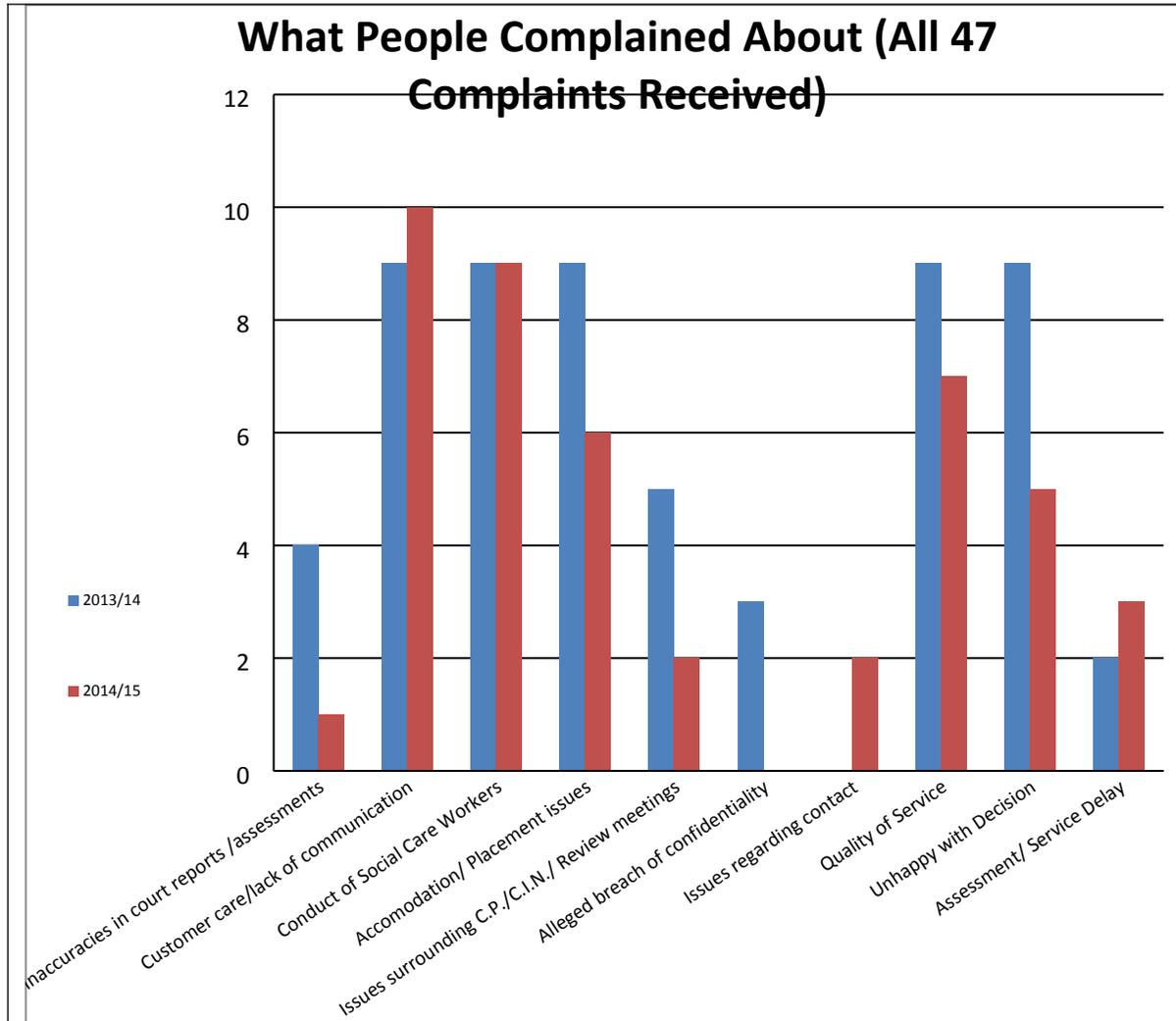


**9.0 WHAT PEOPLE COMPLAINED ABOUT**

9.1 All complaints received in respect of staff conduct have also been addressed personally by Managers on an individual basis.

9.2 The following graph shows that over the last twelve months we have been able to narrow complaints down to more specific details. There has been a very marginal increase in complaints regarding customer care / lack of communication, which may be a reflection of the number of agency staff who had been employed over the last 12 months. Recent months has seen the employment of permanent staff meaning stability within teams. There is no main pattern to the complaints received which is pleasing as it does not highlight a particular weak area within the teams / service.

9.3



**10.0 HOW WE DEALT WITH COMPLAINTS**

10.1 Each of the 40 complaints investigated at Stage 1 was investigated by the relevant Team Manager, and a response was provided to the Complainant explaining the situation or what the service intends to do as a result of the complaint. In the majority of cases, a letter of explanation or an apology was sufficient to resolve the matter.

10.2 Whilst a number of complainants were initially dissatisfied with the Stage 1 outcome, we were able to resolve the complaints without the need to progress to Stage 2 by offering meetings with the Strategic Lead for Safeguarding and the Assistant Team Manager (Information).

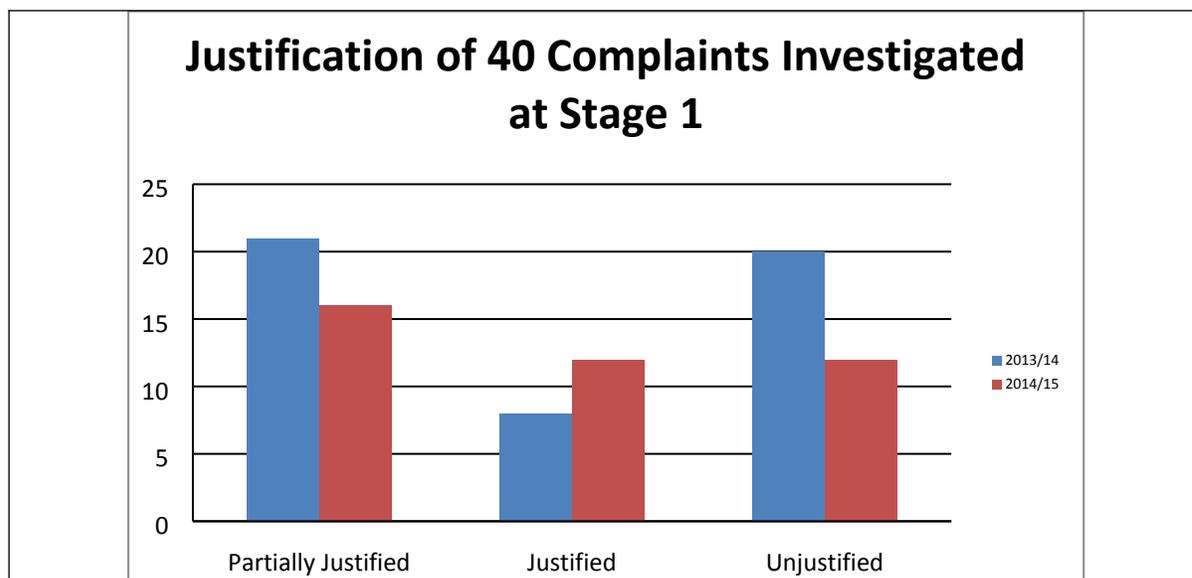
10.3 There have been 3 complaints which were received by the Local Government Ombudsman and which we were asked to supply information to support their enquiry.

10.4 The view of the Ombudsman in two of the cases was that the Council was not at fault.

10.5 With the third case, the Ombudsman, found that "there was fault by the Council when it failed to facilitate an independent advocate for Mrs F to ensure her views were considered throughout the child in need process". An apology has been sent to the family and the offer of an independent advocate was made.

10.6 There have therefore been no complaints that progressed to Stage 2 or 3 and at the end of the financial year. There was one complaint outstanding which was being considered for investigation at Stage 2.

10.7



**11.0 QUALITY ASSURANCE / BUDGET POSITION**

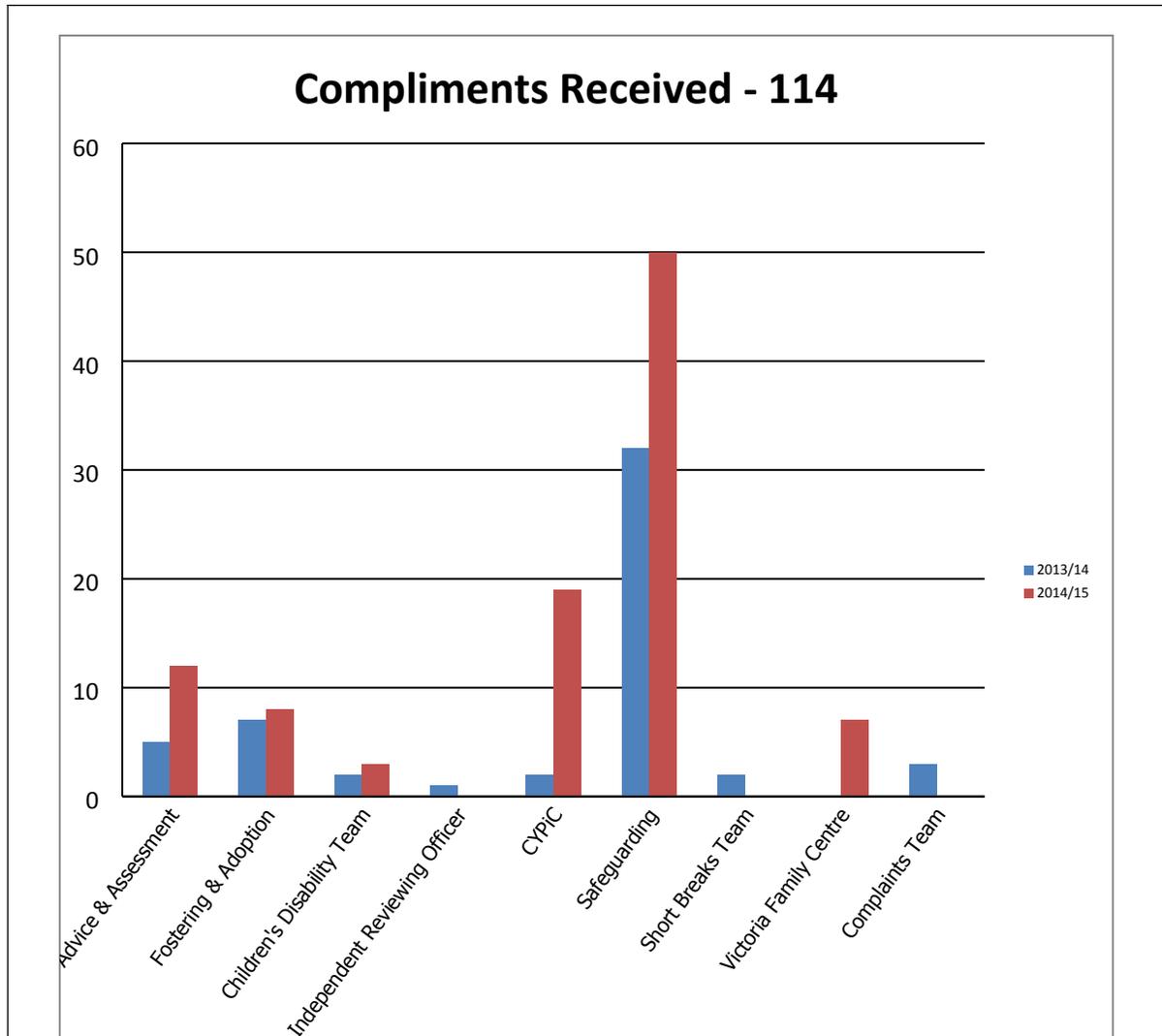
11.1 Permanent Team Managers are now familiar with carrying out complaint investigations and providing a written response; in addition quality assurance procedures have continued which have resulted in the Local Authority having been able to resolve complaints at Stage 1 of the Complaints process, sometimes with additional mediation. No Stage 2 Complaint Investigations have been carried out during the financial year, however there remains some ongoing discussion regarding one complaint which is likely to progress to stage 2 during May 2015.

11.2 We have therefore not incurred any costs for Stage 2 Complaint Investigations within the 2014/2015 financial year

**12.0 COMPLIMENTS RECEIVED**

12.1 114 compliments regarding the Children’s Social Care Teams have been received over the last twelve months, which is nearly 100% more than the 59 which were received during the last financial year.

12.2



12.3 It is pleasing to note that in addition to the reduction in complaints received by the Safeguarding Team, the number of compliments received for this team has again increased over the last financial year showing that many families do appreciate and acknowledge the longer term work carried out by this team. A considerable number of these compliments have been received from the Courts with regarding to the reports and information provided during Legal Proceedings.

**13.0 EQUAL OPPORTUNITIES MONITORING**

13.1 Whist efforts have been made to monitor the ethnic origin of the Authority's complainants; many have not returned the diversity questionnaire.

13.2 Due to the limited number of questionnaires being returned, a true and accurate reflection of the Authority's Complainants cannot be reported.

**14.0 REPEAT AND VEXATIOUS COMPLAINTS**

14.1 It should be noted that as reported in the last financial year we do still receive a small number of complaints which may be construed as either vexatious or

repeated. This is something that has also been noted by colleagues in neighbouring Authorities. This type of complaint impacts greatly on the time of both the Assistant Team Manager (Information) and Departmental Staff, and hinders the completion of other complaints.

- 14.2 The Local Government Ombudsman remains a source for advice in these situations, especially when it is clear that a Stage 2 Investigation would not provide a different outcome / resolution, and a small number of complainants were advised to contact the LGO if they remained unhappy with the Local Authority's response.

### **15.0 DEVELOPMENT OF COMPLAINT MANAGEMENT & EXPERTISE**

- 15.1 The North West Complaints Managers Group meets bi-monthly. Meetings are well attended. The network aims to raise standards for Complaint Management across Authorities. Both this group, and the Children's Subgroup continue to be a valuable source of advice and support.

### **16.0 LEARNING FROM COMPLAINTS**

- 16.1 In order to demonstrate learning from complaints and the Department's commitment to use complaints to improve standards of services, all Team Managers complete a "Lessons Learnt" form following each complaint investigation. All recommendations arising from complaints have been recorded and shared with the wider Social Care teams.

- 16.2 During the last twelve months, a report has been issued to Team Managers on a quarterly basis to ensure feedback to complaints is reported back to staff.

- 16.3 Feedback and discussion from complaints also takes place with Team Managers during the monthly Extended Manager's Meetings. This feedback is then shared with staff during Team Meetings.

- 16.3 Some complaints identify lessons learnt in dealing with an individual or family; others offer a wider learning experience

- 16.4 The recommendations which have arisen from complaints during 2014 / 2015 which have now been implemented are detailed below:

- A template for long term funding and long term placement outside Bury has been devised and agreed at Senior Management Level to ensure a consistent approach for long term funding.
- Recruitment of additional permanent social workers will reduce the number of changes to social workers involved with families.
- Work has been carried out with staff to increase their understanding of the effects on families of prolonged and confusing assessments and planning processes and the difference of prompt, thorough and collaborative work, in which the all professionals and the family fully engage.
- Specific training to be available to staff if involvement with a family necessitates it.
- Training for social workers in communicating and working with

those families that appear hard to reach.

- Social workers to ensure that all meetings are recorded and minutes are sent out to families.
- When closing cases, details of closure should be confirmed during final meetings and the decision should be recorded within minutes which are then distributed.
- Upon allocating cases, the Team Manager should consider the most appropriate gender, where possible, to work with a family, ie in examples of domestic abuse.
- To ensure that any birth parent receiving notification that their child will be adopted has the support relevant to the individual situation.
- Any young person who is moving placement in a planned way should be given a written plan with a clear timetable of what will happen and when and what, if anything, needs to be achieved to make the move go smoothly.
- LA to be clear with foster carers about expectations regarding placements and their role in implementing and supporting the young person's care plan.
- Social Workers to ensure the use of interpreters to communicate important information to individuals where English is not their first language.
- The Department needs to establish a rota which details all staff who are trained to undertake age assessments in order to avoid delay in the future. This will enable an even distribution of assessments.
- Social Workers to ensure that if a complaint is made against IFA Carers, the concerns are raised with the agency and a response is received.
- IRO to be reminded that reviews should be held at a venue where anyone with parental responsibility can attend, and if there is any reason for a parent to be barred from attending they should be seen by the IRO and sent the minutes.

## **17.0 CONCLUSIONS**

- 17.1 The Complaints process has been monitored and evaluated throughout the year to ensure that we not only meet the requirements of the statutory regulations and guidance, but those of the families we work with. Improved feedback and learning from complaints may be a factor in the reduction in complaints compared to increases seen in other Local Authorities. We are able to evidence that changes to Social Care processes have been made and also that improvements have been made to the Authority's response time to complaints.
- 17.2 There is still further scope for the timescales in which we respond to complaints to be improved and for complaints to contribute towards improvements to the services we provide.
- 17.3 To ensure that we continue to work and resolve complaints quickly and effectively, experienced Team Managers have worked with newer Team Managers in the investigation and response to complaints and procedures

have been implemented to quality assure all written responses.

- 17.4 It is essential to the smooth running of investigating and responding to complaints that delays are kept to a minimum, and that any delays in the investigation process do not add to the initial complaint. Whilst it is pleasing to note that staff have made some improvements in the completion of complaints within the ten working day timescales however the number of those responded to within the extended 20 day timescale has decreased; in addition there have been more complaints which have been of a complex nature which have been responded to outside the statutory timescales. There is therefore scope to improve the number of complaints that we respond to within the statutory timescales.
- 17.5 Strict monitoring and following up on complaint investigation continues to be a priority to ensure complaints are responded to effectively within the ten day timeframe.
- 17.6 It is pleasing to note that formal complaints have reduced this year; staff have been successful in dealing with many concerns at the first point of contact. It should also be noted that the number of compliments the service has received was 114 compared to the 47 formal complaints received. A number of these compliments were made by the Judiciary for work that had been carried out by social workers.

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**REPORT FOR DECISION**



**MEETING:** **CABINET  
OVERVIEW & SCRUTINY COMMITTEE**

**DATE:** **8 JULY 2015  
29 JULY 2015**

**SUBJECT:** **REVENUE AND HOUSING REVENUE ACCOUNT  
OUTTURN 2014/2015**

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

**CONTACT OFFICER:** **Steve Kenyon - Interim Executive Director of  
Resources and Regulation**  
**Andrew Baldwin - Head of Financial Management**

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

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

**SUMMARY:** **PURPOSE/SUMMARY:**

This report provides Members with details of:

- the revenue outturn figures in respect of the last financial year, 2014/2015, detailing any specific carry-forward requests and the proposed application of the carry-forward rules;
- major variances between the revised estimate and the outturn;
- the level of school balances;
- HRA outturn for the year;
- The minimum level of balances in the light of risk assessments

The figures in the report are consistent with the figures included within the Statement of Accounts which were approved by the Responsible Finance Officer on 5 June and will be presented to Audit Committee on 15 July 2015. The figures in this report are presented in a format consistent with the Revenue Budget approved by

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Council on 19 February 2014.

**OPTIONS &  
RECOMMENDED OPTION**

Members are asked to:

- a) Note the final outturn for 2014/15, and explanations for major variances (Appendix A, B and C);
- b) Consider the application of the cash ceiling rules (Paragraph 3.0);
- c) Endorse the recommendations of the Interim Executive Director of Resources & Regulation for the minimum level of balances in light of the review of the corporate risk assessments and the newly completed departmental risk assessments (Paragraphs 5.1 & 6.2).

**Recommended Option:**

In view of the Council's financial situation and the budget pressures faced in 2015/16 and future years it is recommended that the normal cash ceiling rules governing the carry forward of over and underspendings should be suspended and that:

- a) The final revenue outturn and HRA outturn for 2014/15 be noted along with explanations for major variances;
- b) Overspendings in the departments of Children, Young People & Culture and Communities & Wellbeing are not to be carried forward;
- c) The level of the General Fund balances be noted;
- d) The minimum level of the General Fund balance to be retained at £4.5m subject to regular review as part of the budget monitoring process.

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**IMPLICATIONS:**

**Corporate Aims/Policy Framework:**

Do the proposals accord with the Policy Framework?      Yes

**Financial Implications and Risk Considerations (statement by s151 officer):**

Revenue expenditure has been incurred in accordance with the agreed Revenue Budget.

In considering requests to carry forward underspendings Members must be mindful of the level of General Fund balances and of the current and longer term budget position.

In order to strengthen the General Fund balances in anticipation of future pressures it would be prudent to suspend the normal cash ceiling rules and to retain uncommitted underspendings centrally.

As far as overspendings are concerned, it is accepted that it would be unhelpful to carry

forward the overspendings in view of the pressures faced by services in 2015/16 and beyond.

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

There are no other resource implications.

**Equality/Diversity implications:**

No (see paragraph 9.1, page 10).

**Considered by Monitoring Officer:**

Yes. The presentation of an annual report on the Revenue and HRA Outturn is a requirement of the Council's Financial Regulations, as part of Council's Financial Procedure Rules. The report accords with the Council's Policy and Budget Framework and has been prepared in accordance with all Statutory Guidance and Codes of Practice.

**Are there any legal implications?**

No

**Wards Affected:**

All

**Scrutiny Interest:**

Overview & Scrutiny Committee

**TRACKING/PROCESS**

**DIRECTOR: STEVE KENYON**

Chief Executive/ Strategic Leadership Team	Cabinet	Ward Members	Partners
22/06/15	08/07/15		
Overview & Scrutiny Committee		Committee	Council
29/07/15			

## 1.0 BACKGROUND

- 1.1 This report details the major variances between the Revised Estimate and the Outturn in respect of the Council's Revenue and HRA budgets for 2014/15.
- 1.2 Work on the closure of the 2014/15 Accounts is complete and the Responsible Finance Officer approved the draft Statement of Accounts for 2014/15 on 5 June 2015. The figures in this report are consistent with the Statement of Accounts, though they are presented differently due to different reporting requirements required as part of CIPFA's Accounting Code of Practice.
- 1.3 The report also sets out the implications of the application of the cash ceiling rules; details of the General Fund balances position at 31<sup>st</sup> March 2015 and proposals for the continued strengthening of the budget monitoring arrangements.

## 2.0 REVENUE OUTTURN 2014/15

- 2.1 As the table shows, there was a total underspend against the Revised Estimate of **£0.095 million**.

	<b>£000's</b>
2014/2015 Revised Estimate	143,760
2014/2015 Outturn	143,665
<b>Underspend</b>	<b>(95)</b>

- 2.2 The revenue outturn and details of the major variations service by service are shown at Appendix A (pages 11 to 22) and are summarised below:

Department	Budget	Outturn	Variance
	£000s	£000s	£000s
Communities & Neighbourhood - Residual	258	191	(67)
Children, Young People & Culture	40,997	42,149	1,152
Communities & Wellbeing	72,260	73,341	1,081
Resources & Residual	6,352	6,048	(304)
Non Service Specific	23,893	21,936	(1,957)
<b>TOTAL</b>	<b>143,760</b>	<b>143,665</b>	<b>(95)</b>

- 2.3 All other things being equal, the outturn reported above will leave available General Fund balances standing at **£5.987m** at 31<sup>st</sup> March 2015. However the final level of balances will depend on decisions made around the application of the cash ceiling scheme (see section 3).

## 3.0 OPERATION OF THE CASH CEILING SCHEME

- 3.1 The cash ceiling scheme allows for under and overspendings to be carried forward into the following financial year. The Council's Financial Regulation 4.3 states:

*'Any overall underspendings at year end may be carried forward to the following year subject to assessment of the corporate financial position of the Council but in any case allowing a carry-forward of 1% of net budget or £50,000 whichever is the greater.'*

- 3.2 Normal operation of the scheme also requires all overspendings to be carried forward and it allows for certain items of underspending to be earmarked and carried forward in their entirety. **Underspendings which are carried forward are funded directly from the General Fund balances.**
- 3.3 The process for considering carry-forwards involves three distinct stages:
- (i) Cash ceilings are adjusted to reflect items of expenditure that services have no direct control over. Cash Ceiling requests are taken into account before the application of the carry-forward rules, and whilst they do not impact directly on the overall level of balances retained by the Council they do influence the calculation of the underspendings against which the 1% rule applies. In 2014/15 as part of the closure of accounts process **no requests have been received from Departments for cash ceiling adjustments** to the revised estimate.
  - (ii) Departments are asked to identify any earmarked carry forward requests that should be considered prior to the application of the '1% or £50,000 rule'. **No earmarked carry forward requests have been received.**
  - (iii) Members then consider whether to apply the '1% or £50,000' rule. Any underspendings that are carried forward will reduce the level of balances carried into the current financial year and so the application of the '1% rule' should be considered alongside the need for a responsible and prudent use of balances highlighted in the budget strategy report previously considered by Council and the Council's current financial position. In view of the budget pressures facing the Council in the short to medium term it is felt prudent to recommend that **no underspendings or overspendings are to be carried forward into 2015/16.**

## 4. SCHOOLS POSITION

- 4.1 The Dedicated Schools Grant is ring fenced and these externally provided monies can only be spent on schools and associated areas, which are specified by the Department for Education in various Statutory Instruments. In accordance with these statutory requirements, the balances of each school are carried forward into the next financial year for the benefit of the relevant school.
- 4.2 As at 31<sup>st</sup> March 2015, schools have accumulated a surplus balance of £6.724m across schools in Bury. Taking account of a deficit of £3.731m relating to Central Spend within the Schools Block and the DSG Control Account (see par. 4.8) the net level of school balances at 31<sup>st</sup> March 2015 is £2.993m. This represents a decrease of £1.115m from the opening balance of £4.108 m.
- 4.3 The DSG Control Account includes the mechanism for dealing with the deficit of Radcliffe Riverside High School following its closure at the end of the 2013/14 academic year, which was £387,000.

- 4.4 Of the other Primary and Secondary schools, only Manchester Mesivta High School is in a deficit position, which became a significant financial problem in September 2011. This led to financial delegation being withdrawn from the Governing Body with Financial Services taking over the financial management of the school. As at 31<sup>st</sup> March 2015 its carry forward deficit was £201,013, being £183,642 lower than the £384,655 deficit at the end of the 2103/14 financial year. This latter amount was 72.6% of the school’s total revenue budget, while the current deficit is 46.5% of the school’s revenue budget. The debt recovery plan agreed with the school should see the school in surplus during 2018/19.
- 4.5 The schools surplus balance of £6.724m is a decrease of approx £0.387m when compared to 31<sup>st</sup> March 2014, of which £0.140m was due to 2 Primary schools becoming enforced academies. 77 out of 80 schools with delegated budgets have surplus balances.
- 4.6 Ten schools are reporting balances, which are deemed “excessive” as defined by the “Scheme for Financing Schools” and as such will be subject to a balance control review by the Executive Director of Children, Young People & Culture who will take into account the views of the Schools Forum.
- 4.7 Any balances within the Central Spend are also carried forward into the following financial year and subsequently allocated to services and schools funded by the DSG. The deficit has increased mainly as a result of increased demand pressures for pupils with Special Educational Needs and under-funding of Post-16 Learners with Learning Difficulties and Disabilities (LLDD) by the Department for Education. With agreement of the Schools Forum and the Council the overspending should be cleared by the end of 2016/17.
- 4.8 The main variations are:

	Revised Estimate £000’s	Outturn £000’s	2014/15 Variation £000’s
2013/14 Overspending b/f	0	2,719	2,719
Radcliffe Riverside closure	312	699	387
LLDD Post-16 Provision	350	962	612
Termination of Employment	0	170	170
Independent Special Schools	3,842	5,012	1,170
Inter-authority recoupment	0	192	192
Paediatric Disability Service	0	161	161
Early Years 2 year old funding	2,899	1,581	(1,318)
School Contingencies	131	51	(80)
Additional Needs Team	885	823	(62)
LAC (Education)	180	122	(58)
Provision for Pupils with SEN	801	700	(101)
Other	4,086	4,025	(61)
<b>Total Central Spend and DSG Control A/c</b>	<b>13,486</b>	<b>17,217</b>	<b>3,731</b>

- 4.9 The Education Funding Agency (EFA) of the Department for Education provides funds for 16-19 year old pupils in Bury schools through a funding formula mechanism. These funds supported pupils at Elms Bank and St Monica’s High schools as well as pupils in independent special schools. The amount of funds provided by the EFA is insufficient to meet the needs and demand pressures of pupils and students up to the age of 25.
- 4.10 Termination of Employment costs are mainly due to early retirements and voluntary severances at Radcliffe Riverside High School, which was in its final year of operation.
- 4.11 Higher numbers of pupils attending other Local Authority and Independent Special Schools coupled with increased fees charged by these schools have meant that the budget has overspent by over £1.35 million or 35%.
- 4.12 The cost of the Aids and Adaptations provision for pupils with special educational needs has been included within the DSG rather than being charged to the local authority’s budget.
- 4.13 The level of take-up by parents of 2 year olds is lower than the funding provided by the DfE. It is anticipated that in the future it is highly unlikely that the disparity between funds and take-up will continue as there are more parents taking advantage of the 2 year old offer. It is anticipated that in the future the DfE will require local authorities to return any unused grant funding.
- 4.14 During the budget setting process it was estimated that there would be a deficit of £3 million at the end of 2014/15 and that this would be funded from the increase in DSG monies for 2015/16. The Schools Forum and the Authority agreed that the deficit could be repaid over the next 2 financial years, 2015/16 and 2016/17.
- 4.15 The overall level of school balances masks some of the trends in individual schools. Appendix B shows an analysis of movements on school balances to allow Members to consider the spread of school balances around the Borough. Schools are currently being asked to identify the committed usage of their balances. These figures will be included in the Consistent Financial Reporting return and the Section 251 Outturn Statements which are published nationally.

**5.0 GENERAL FUND BALANCES**

- 5.1 On the assumption that the recommendations made in paragraph 3.6 are approved then the level of General Fund balances will be as follows:

	£m
<b>General Fund Balance 31 March 2015</b>	<b>10.487</b>
Less : Minimum balances to be retained in 2015/16	-4.500
<b>Available balances at 1 April 2015</b>	<b>5.987</b>

- 5.2 Given potential budget pressures facing the authority in the future it is strongly recommended that the available balances are retained.

**6.0 RISK MANAGEMENT**

- 6.1 In determining the minimum level of balances, a key aspect of the assessment made by the Interim Executive Director of Resources and Regulation is the level of risk faced by the authority that may impact on the financial situation.

- 6.2 For 2015/16 the Council accepted the Interim Executive Director's recommendation that the minimum level of balances should be calculated at **£4.5m**, £0.8m above the amount indicated by the 'Golden Rules'. In coming to this recommendation the Director considered the assessment of corporate risks that had been undertaken in February 2015.
- 6.3 As a result, provision of £1.2m was made for unpredictable and demand led expenditure, £1.0m as a budget strategy risk cushion, £0.4m to cover uncertainty of income and £0.5m to cover the potential costs of minor emergencies.
- 6.4 It was also indicated that the minimum level of balances would be kept under regular review and this will happen quarterly as part of the budget and risk monitoring process. However it is felt appropriate to also consider the balances position at this stage.
- 6.5 Departmental strategic risk assessments have also been completed and at this stage there are no issues that are anticipated to impact directly on balances over and above provision that has already been made around systems, demand levels, workforce development and changing structures as a result of the corporate risk assessments. Departments will be setting out risk mitigation measures within their individual Medium Term Financial Strategies.
- 6.6 A further assessment of minimum balances will be incorporated into the Month 3 Budget Monitoring report that will be presented to Cabinet in September 2015.
- 6.7 Effective budget monitoring is vital and various risk management techniques have been applied to budget monitoring throughout the year. These include cost bridges and the traffic light process which is used to assess budgets in terms of forecast over and underspending and secondly the identification of 'hot spots' based on risk factors that are inherent in individual budget areas. Reports containing this information were provided on a regular basis to the Strategic Leadership Team, the Overview & Scrutiny Committee, the Cabinet, Audit Committee and Star Chambers.
- 6.8 The use of this methodology will continue in 2015/16 and reports will be presented to the Cabinet meetings.

### **7.0 HOUSING REVENUE ACCOUNT OUTTURN 2014/15**

- 7.1 The Housing Revenue Account (HRA) for 2014/15 is attached at Appendix C. The HRA is a ring-fenced account funded principally through Housing Rents. Any surplus or deficit is required to be carried forward between financial years. Councils cannot budget for a cumulative deficit on the HRA. In 2014/15 a contribution of £0.330m was required from the Business Plan Headroom Reserve to cover the in-year deficit and maintain the working balance at £1.000m; this contribution was £0.116m less than expected.
- 7.2 There are a number of variations that have contributed to this overall result however the variances only exceed 10% / £50k in the following areas:
- Increase in provision for bad debts – the budget contained two provisions, £0.184m for uncollectable debts and £0.100m to reflect the potential impact that welfare benefit changes could have on the level of rent arrears; the contribution for the year, 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, was £0.117m less than the budget. The reduced requirement has resulted from delays in the implementation of some welfare benefit changes whilst the effects of others have been mitigated through the actions of the Welfare Reform Group and close working with Partners in implementing the Corporate Debt Policy.

- Depreciation/impairment of fixed assets - the increased charges are reversed back out of the HRA (Appropriation relevant to impairment) so have no impact on the 'bottom line' of the account.

- 7.3 There are a number of factors that can impact on the HRA year-end balance but the main ones are normally void levels, the level of rent arrears and the levels of Right to Buy sales.
- 7.4 The rent loss due to voids for 2014/15 was on average 2.1%. The original dwelling rents budget allowed for a void level target of 1.8%. This increase in void losses equates to a reduction in rental income of £0.092m.
- 7.5 The total rent arrears at the end of 2014/15 were £0.946m, an increase of 11.3% from the start of the year when arrears totalled £0.850m.
- 7.6 The original HRA budgets assumed 42 Right to Buy sales during 2014/15 (based on the assumed level in the HRA self financing valuation). The actual number of sales in 2014/15 was 41.
- 7.7 A major element of the HRA's costs is the Management Fee paid to the authority's ALMO, Six Town Housing. As the ALMO is a wholly owned Council company it is appropriate for Cabinet to take a view on the company's financial position.
- 7.8 Six Town Housing's draft accounts for the 2014/15 financial year show that the ALMO made a surplus of **£0.612m** on a turnover of **£16.446m**, a rate of 3.7% (for 2013/14 the rate was -2.2%); the surplus for 2014/15 excludes pension adjustments made in line with FRS17 requirements.
- 7.9 Six Town Housing has developed a Reserves Policy (with input from the Council's Section 151 Officer) which determines the minimum level of balances that the company should hold and thus identify any 'free' reserves over and above this level. The use of these reserves is subject to joint decisions by Six Town Housing and the Council. The minimum level of reserves for 2014/15 was assessed to be £0.450m and the draft accounts indicate net assets (before pension liabilities) to be £2.605m.

## **8.0 OTHER ISSUES**

- 8.1 The Accounts and Audit (England) Regulations 2011 require that Councils have their Accounts approved by 30<sup>th</sup> June each year by the Council's Section 151 Officer. The unaudited accounts were approved by the Council's Section 151 Officer on 5 June and will be presented to Audit Committee members on 15 July 2015 for approval.
- 8.2 Members are also asked to note that the Accounts for 2014/15 were available for public inspection at the Town Hall for 20 working days effective **from 8 June 2015**. This matter was advertised in the local press and placed on the Council's website and the Accounts can be viewed by contacting the Interim Executive

Director of Resources & Regulation or the Head of Financial Management (details below).

## **9.0 EQUALITY AND DIVERSITY**

9.1 There are no specific equality and diversity implications.

## **10.0 FUTURE ACTIONS**

10.1 Budget monitoring reports for 2015/16 will continue to be presented to the Strategic Leadership Team on a monthly basis and on a quarterly basis to the Cabinet, Star Chambers, Overview and Scrutiny Committee and Audit Committee.

**Councillor Rishi Shori**

**Deputy Leader of the Council and Cabinet Member for Finance and Housing**

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### ***Background documents:***

*Revenue Cost Information and Finance Working Papers, 2014/15*

***For further information on the details of this report and copies of the detailed variation sheets, please contact:***

Mr S. Kenyon, Interim Executive Director of Resources & Regulation, Tel. 0161 253 6922,  
E-mail: [S.kenyon@bury.gov.uk](mailto:S.kenyon@bury.gov.uk), or

Mr A. Baldwin, Head of Financial Management, Tel. 0161 253 5034,  
E-mail: [A.Baldwin@bury.gov.uk](mailto:A.Baldwin@bury.gov.uk)

**FINAL OUTTURN 2014/15 AND EXPLANATIONS FOR VARIANCES**      **Appendix A**

	<b>2014/15 Current Budget £000's</b>	<b>2014/15 Outturn £000's</b>	<b>Variance £000's</b>	<b>Reason For Variance</b>	<b>One - Off / Ongoing</b>
<b>Directorate of Communities and Neighbourhoods (DCN) - Residual</b>					
<b>Administration &amp; Directors Accounts</b>	258	191	<b>(67)</b>	Salary savings due to staff leaving midyear - full year savings have been taken in the 2015/16 budget.	One-off
<b>Department of Children, Young People and Culture</b>					
<b>Learning - Schools</b>	<b>(65)</b>	<b>(68)</b>	<b>(3)</b>	Any underspend or overspend funded via the DSG are rolled forward into the next financial year.	
<b>Learning - Non Schools</b>	<b>16,390</b>	<b>16,062</b>	<b>(328)</b>	SEN Home to School Transport (+£0.302m) - the level of demand remains at a similar level to previous years. SEN Home to College Transport (+£0.044m) again due to increased demand from the number of students attending local colleges. Under spends on Non-SEN transport (-£0.046m) as there was lower than anticipated uptake of bus passes and Bus Escorts (-£0.063m).	Ongoing Ongoing Ongoing
				School Attendance (-£0.188m) - savings achieved due to increased penalty notice income and buy-back income.	One-off
				Youth Service (-£0.077m) - savings achieved on the property for Connexions as the service moved into 3KP.	One-off
				Childcare & Extended Services (-£0.246m) - vacancies were not filled and secondments were not covered in preparation for the service being restructured, plus efficiency savings.	One-off
				Other minor underspends (-£0.054m).	One-off
<b>Social Care &amp; Safeguarding</b>	<b>13,752</b>	<b>14,888</b>	<b>1,136</b>	Children's Disabilities Team (-£0.060m) - under spend due to changes in the funding of the Direct Payments. Family Placement (+£0.234m) - payments to carers increased above	One-off Ongoing

				<p>budget due to the recruitment of additional carers and also an increase in the number of children requiring foster care. Adoption overspent as the Adoption Reform Grant was reduced in 2014-15 and less income recouped on adoption placement fees.</p> <p>Safeguarding Unit (+£0.061m) - agency staff were brought in to cover long term sickness and to reduce social worker caseload numbers in line with Ofsted requirements.</p> <p>Advice &amp; Assessment (+£0.616m) - as above, additional agency social workers were engaged to reduce caseloads to within the Ofsted guidelines.</p> <p>Leaving Care (+£0.384m) - the impact of supporting young people until the age of 21 continues to cause the service to overspend.</p> <p>Safeguarding – External Legal Fees (-£0.103m) - fewer court cases and a reduction in the court costs.</p> <p>Early Help Team (-£0.054m) - savings on the non-covering of vacancies and long term sickness plus efficiency savings.</p> <p>CYPIC (+£0.049m) - overspend due to agency staff cover.</p> <p>Other minor overspends (+£0.09m).</p> <p>Financial Services (+£0.057M) were affected by the DCN budget adjustments and the purchase of computer software licences.</p> <p>Grant Funding &amp; Budgets earmarked for savings (-£0.987m) - prior year grant underspends and projects that ceased 'in-year'.</p> <p>Catering (-£0.285m) underspend due to over recovery of income and meal numbers.</p> <p>Cleaning (-£0.198m) savings on vacant posts and materials and equipment.</p> <p>Other underspends (-£0.036m).</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>One-off</p> <p>One-off</p> <p>Ongoing</p> <p>One-off</p> <p>One-off</p> <p>One-off</p> <p>One-off</p>
<b>Other Management Costs</b>	<b>3,889</b>	<b>2,440</b>	<b>(1,449)</b>		
<b>Strategy / Commissioning</b>	<b>896</b>	<b>924</b>	<b>28</b>	Agency cover for the Strategic Lead post and additional agency admin staff to support the MASH & CSE Teams.	One-off
<b>Departmental Wide</b>	<b>(1,227)</b>	<b>(877)</b>	<b>350</b>	Payments made to individuals taking VER and the Mutual Settlement Scheme.	One-off
<b>Children's</b>	<b>3,965</b>	<b>5,331</b>	<b>1,366</b>	Continued increase in the number of	Ongoing

<b>Agency</b>				children and complexity of support required. Remand costs have added additional pressures on this service as the funding is insufficient to cover the costs.	
<b>Libraries, Arts &amp; Museums</b>	<b>2,996</b>	<b>3,028</b>	<b>32</b>	Income targets within Arts & Museums were not met offset by savings on books, equipment and not covering vacancies.	Ongoing
<b>School Crossing Patrol</b>	<b>401</b>	<b>421</b>	<b>20</b>	Efficiencies found with the service.	Ongoing
<b>TOTAL CHILDREN, YOUNG PEOPLE &amp; CULTURE</b>	<b>40,997</b>	<b>42,149</b>	<b>1,152</b>		

**Department of Communities & Wellbeing**

<b>Operations</b>	7,718	8,094	376	<p>Killelea EPH (+£0.361m) - historical underfunding from Health and increase in carepool cover (e.g. sickness &amp; holiday) and equal pay increments.</p> <p>Reablement Service (+£0.020m) - minor variations across the service, although the variance is not material given the net Reablement budget is £2.3m.</p> <p>Older People Fieldwork (+£0.013m) - the small overspend is largely the result of service demand pressures.</p> <p>Employment Support (-£0.057m) - variance largely the result of Income generation from Bury Employment Support Team (BEST) being higher than 14/15 budget provision and a higher than forecast transfer from reserves actual.</p> <p>Mental Health South (+£0.064m) - largely due to staffing severance payments.</p> <p>Choices (+£0.110m) - overspend is the result of service demand pressures.</p> <p>Assessment &amp; Care Management (-£0.132m) - largely due to salary underspends.</p> <p>Resilience Fund (-£0.003m) - this budget is largely balanced.</p>	<p>Ongoing</p> <p>One-off</p> <p>One-Off</p> <p>One-off</p> <p>One-off</p> <p>Ongoing</p> <p>One-off</p> <p>One-off</p>
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<p><b>Workforce Modernisation</b></p>	<p>10,003</p>	<p>9,760</p>	<p>(243)</p>	<p>Shared Lives Team (-£0.004m) - minor variations across the service. This budget is largely balanced.</p> <p>Older People's Day Care (-£0.007m) - OP day care budget is largely balanced (i.e. Net Budget is c£1.1m).</p> <p>Homes for Older People (-£0.175m) - underspending on Employee Budgets.</p> <p>Woodbury (-£0.003m) - minor variations across the service. This budget is largely balanced (i.e. Net budget of c.£0.950m).</p> <p>Day Centres under 65yrs (+£0.037m) - net result of several small over/underspends at day centres.</p> <p>Learning Disability Support Team 1 (-£0.034m) - staffing underspend as a result of vacancies.</p> <p>Learning Disability Support Team 2 (-£0.027m) - variance largely due to the income received from other Local Authorities</p> <p>ACS HR Section (-£0.013m) - underspending on Employee Budgets.</p> <p>ACS Training Management (-£0.024) - underspend largely due to lower than expected Training Fee and Training cover expenditure.</p> <p>Internal Recruitment Agency (+£0.007m) - minor variations across the service. This budget is largely balanced.</p>	<p>One-off</p>
<p><b>Business Redesign</b></p>	<p>6,040</p>	<p>6,041</p>	<p>1</p>	<p>Adult Education (-£0.011) - this budget is largely balanced.</p> <p>Communities (-£0.009m) - this budget is largely balanced.</p> <p>Gateway 2 Project (+£0.019m) - overspends on Utilities budgets.</p> <p>Private Sector Leasing (-£0.016m) - underspend is largely the result of overachievement in rent and housing benefit income plus a small underspend on utility budgets.</p> <p>Afghan Project (+£0.008m) - small overspend on rents.</p> <p>Accommodation Team (-£0.067m) -</p>	<p>One-off</p> <p>One-off</p> <p>One-off</p> <p>One-off</p> <p>One-off</p> <p>One-off</p>

				<p>rental and housing benefit income actual exceeding 2014/15 budget provision.</p> <p>Sheltered Housing General &amp; Support (-£0.152m) - largely the result of underspending employee and telephone budgets.</p> <p>Falcon &amp; Griffin (+£0.040m) - variance largely a result of service demand pressures.</p> <p>Home Support Scheme (+£0.011m) - variance largely a result of service demand pressures.</p> <p>Carelink (+£0.049m) - service demand pressures and staffing pressure.</p> <p>Housing Choices (+£0.189m) - service demand pressures.</p> <p>Preventing Homelessness (-£0.089m) - the underspend reflects the impact of 2 schemes not going ahead during 2014/15 ( IDVA &amp; Mediation).</p> <p>Performance &amp; Housing Strategy (-£0.143m) - salary vacancies plus one-off additional income re Affordable Housing. This service is undergoing a restructure in 2014/15, and budgets are due to be re-aligned for the beginning of 2015/16.</p> <p>Policy &amp; Improvement (-£0.075m) - underspend on salaries due to vacancies and maternity. This service is undergoing a restructure in 2014/15, and budgets are due to be re-aligned for the beginning of 2015/16.</p> <p>Seedfield Resource Centre (+£0.089m) - overspend largely the result of rental income underachievement and rental expenditure exceeding 2014/15 budget provision.</p> <p>ICES Store (Seedfield) (+£0.118m) - overspend is largely the result of budgetary pressure on Pressures on Personal aids, Adaptations, Equipment repairs and Clinical waste.</p> <p>Home Improvement Grants (+£0.002m) - this budget is largely balanced.</p> <p>Urban Renewal Holding Account (+£0.041m) - service demand</p>	<p>One-off</p>
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				pressures.	
				Adult Care Customer Services Team (-£0.033m) - underspend on salaries, publicity and postage.	One-off
				Complaints (-£0.001m) - this budget is largely balanced.	One-off
				Asset Management (-£0.071m) - underspending on employee budgets.	One-off
				Non operational assets (+£0.102m) - service demand pressures.	One-off
<b>Finance</b>	(3,628)	(2,854)	774	ACS Senior Management (+£0.790m) - overspend largely the result of the mutual settlement agreements.	One-off
				Finance (-£0.043m) - largely the net result of staffing vacancies.	One-off
				NHS Support for Social care(+£0.027m)	One-off
<b>Commissioning &amp; Procurement - Care in the Community</b>	26,663	27,048	385	Care in the Community (+£0.385m) - demand pressures on the care in the community budgets particularly around Domiciliary Care, Residential Care and Self Directed Support Budgets.	Ongoing
<b>Commissioning &amp; Procurement - Other</b>	6,825	6,570	(255)	Head of Commissioning and Strategy (-£0.045m) - saving on dementia advisory service contract.	One-off
				Commissioning and Procurement Team (-£0.058m) - staff vacancies.	One-off
				Carers Services (-£0.219m) - ongoing savings on carers personal budgets.	One-off
				Strategic Commissioning (-£0.037m) - staffing vacancies & No call on Dementia Advisory Service Budget.	One-off
				Strategic safeguarding Team (+£0.121m) - deprivation of Liberty Safeguarding (DoLS) pressure.	Ongoing
				DAT - General (-£0.017m) - staffing vacancies.	One-off
<b>Public Health</b>	(98)	(98)	0	Public Health - the 2014/15 Public Health outturn was a balanced budget.	
<b>Ex DCN Residual</b>	18,737	18,780	43	Beverage & vending (+£0.057m) - difficulties in meeting budget target due	Ongoing

				<p>to reduced footfall, also inflation has been applied to income targets and no inflation applied to goods and services which increases the gap between budget target and achievement.</p> <p>Civic halls (+£0.138m) - Civic Hall's continue to face difficulties in achieving income targets in current market conditions. However there has been an improvement on last year's actual.</p> <p>Environmental Services (-£0.054m): lower levels of activity and an increase in fines on the Dog Warden services has resulted in an overall underspend (-£0.014m);</p> <p>No calibration of equipment or professional advice required this year on the Air Monitoring units (-£0.016m);</p> <p>Travellers (-£0.007m) additional income from removal of unauthorised travellers underspend on salaries due to maternity leave an a secondment;</p> <p>Pest Control (-£0.006m) - additional income;</p> <p>Miscellaneous (-£0.011m).</p> <p>Grounds Maintenance / Parks &amp; Countryside (-£0.003m) due to slight underspend.</p> <p>Highways Network Services (£+0.002m) due to slight overspend.</p> <p>Sports &amp; leisure (+£0.164): Closure of Radcliffe pool has resulted in an overall loss (+£0.120m); Various overspends on running costs (+£0.044m).</p> <p>Transport Services - (-£0.304m): Transport had reduced leasing cost due to more vehicles entering secondary lease period (-£0.134m); Reduction in R&amp;M resulted in an underspend (-£0.079m); Increased income from additional hires and insurance claims (-£0.115m); Underspend on training budgets (-£0.007m); Additional income from sale of vehicles (-£0.012m); Transport With Driver (+£0.030m) - Shortfall in income, Fewer Welfare runs offset by more Home to School work resulting in additional payroll Costs, offset by a reduction in Vehicle &amp; fuel costs resulted in an overall overspend; Vehicle workshop (+£0.013m) - Shortfall in income due to new vehicles,</p>	<p>Ongoing</p> <p>One-off</p> <p>One-off</p> <p>One-off</p> <p>One-off</p> <p>One-off</p> <p>One-Off</p> <p>One-off</p> <p>One-off</p> <p>One-off</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>One-off</p>
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				partly offset by savings on salaries due to vacancies.	
				Waste Management (£+0.043m) - Increase number of grits resulted in an overspend on grit salt.	Ongoing
<b>TOTAL COMMUNITIES &amp; WELLBEING</b>	<b>72,260</b>	<b>73,341</b>	<b>1,081</b>		
<b>Resources and Regulation Department</b>					
<b>Executive Director of Resources &amp; Regulation</b>					
Finance & Efficiency	2,583	2,035	(548)	Reduction in the external audit fee identified as savings in 2015/16 (-£0.137m).	One-off
				Staffing underspend due to holding of vacancies and maximising funding (-£0.156m).	Ongoing
				Coroners Court costs due to increased demands placed on the service (+£0.166m).	Ongoing
				Corporate Procurement tightening controllable expenditure, overachieved income and underspend on Healthwatch (-£0.160m).	Ongoing
				Contingency budget transferred from ex-DCN (-£0.221m).	Ongoing
				Additional income achieved (-£0.064m).	One-off
				Bank charges, credit card charges and various minor overspends (+£0.024m).	Ongoing
Human Resources	514	370	(144)	Management of vacancies in preparation for savings in 2015/16.	One-off
Legal & Democratic Services	1,805	1,716	(89)	Members Allowances and running costs underspends (-£0.111m).	Ongoing
				Underspends within Civic and Mayoral Expenses (-£0.016m).	Ongoing
				Unfunded legislative developments within Registration of Electors (+£0.058m).	Ongoing
				Municipal Elections overspend (+£0.124m).	Ongoing

Customer Support & Collections	1,510	1,348	(162)	Holding of vacancies & reduced use of locums within Legal services (-£0.099m). Press & Media vacancy (-£0.020m). Tightening of controllable expenditure and minor variances (-£0.025m). Council Tax and NNDR summons costs income under-recovery (+£0.056m). Net staffing/agency cover underspend (-£0.232). Running costs minor overspends (+0.014m).	Ongoing Ongoing One-Off Ongoing One-off One-off
ICT	(164)	(164)	0	Admin Building recharges overspend (+£0.020m). Under-recovery of printing income (+£0.017m). Reduced leasing costs (-£0.144m). Contribution to Transformation Reserve to fund agreed future development costs (+£0.107m).	Ongoing Ongoing One-off One-off
Property & Asset Management	(1,301)	(783)	518	Shortfall in rent income due to increased voids (+£0.113m). Shortfall on Millgate / Longfield income due to increased voids and permitted deductions (+£0.417m). Increased Empty Rates due to increased voids (+£0.046m). Additional income from De-Minimis Capital Receipts (-£0.049m). Savings on repairs and maintenance (-£0.063m). Shortfall on Markets Rents due to temporary closure of Radcliffe Market for refurbishment (+£0.071m). Minor Variances (-£0.017m).	Ongoing Ongoing Ongoing One-off Ongoing One-off
Mutual Settlement costs	0	165	165	Severance and legal costs associated with Mutual Settlements agreed for the department.	One-off
<b>Executive Director Resources &amp; Regulation</b>	<b>4,947</b>	<b>4,687</b>	<b>(260)</b>		
<b>DCN Residual</b>					

Engineering Services	147	500	353	<p>GMRAPS (+£0.104m) under recovered ambitious targets set on outdated data.</p> <p>Coring (+£0.031m) under recovered better compliance by the utility companies.</p> <p>Car parking under recovered (+£0.025m).</p> <p>Shortfall in Pay &amp; Display income off set by underspends on DPE contract &amp; Repairs &amp; Maintenance (+£0.124m).</p> <p>Reduced decriminalised Parking (Fines) (+£0.023m).</p> <p>Bus Lane Enforcement reduced fines (+£0.046m).</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>
Planning & Development Control	635	676	41	<p>Overspend on Development Management (+£0.095m) due to additional costs for Walmsley Village Green inquiry &amp; Fletcher Bank quarry appeal off set by surplus income for Sect 106 admin fees (-£0.011m).</p> <p>Surplus on Building Control due to staffing savings off set by shortfall in income and additional software costs (-£0.043m).</p>	<p>One-off</p> <p>One-off</p>
Environmental Services	642	620	(22)	<p>Over recovery of income for Licensing, Alcohol &amp; Entertainment off set by shortfall in income for Gambling &amp; Miscellaneous licensing. Small over recovery for Trading Standards due to savings on salaries &amp; general underspends off set by shortfall in income targets &amp; allowance for severance payments.</p>	<p>Ongoing</p>
Administrative Buildings	(39)	(103)	(64)	<p>Rate refunds (-£0.147m) for Humphrey House, Whittaker Street &amp; Athenaeum House.</p> <p>Running costs (+£0.083m) for Athenaeum House &amp; Castle Buildings plus rent increases for 3 Knowsley Place.</p>	<p>One-off</p> <p>Ongoing</p>
Architectural Services	(326)	(528)	(202)	<p>The level of charges has remained consistent however the increase in capital programmes and the ability to forward plan has resulted in increased efficiency and utilisation of resources. Increase in tender values has resulted in a proportional increase in fee recovery.</p>	<p>One-off</p>

Energy Conservation	65	82	17	Additional (+£0.009m) for actual carbon allowances purchased.	Ongoing
Bradley Fold Depot	155	141	(14)	Additional costs (+£0.008m) for carbon & energy management. General underspends on Repairs & Maintenance plus other discretionary budgets.	One-off One-off
Stores	(6)	(89)	(83)	Surplus from stock takes & fuel oncosts.	One-off
Community Safety	(214)	(281)	(67)	Additional income on Security & Alarms plus staff savings due to vacancy although the level of income is expected to remain the same this has been taken into account for saving target for 2015/16.	One-off
Economic Development	346	343	(3)	Underspends on Economic Initiatives & Bury Employment Plan off set by overspends on Radcliffe & Prestwich Works.	One-off
<b>DCN Residual</b>	<b>1,405</b>	<b>1,361</b>	<b>(44)</b>		
<b>TOTAL RESOURCES &amp; REGULATION</b>	<b>6,352</b>	<b>6,048</b>	<b>(304)</b>		
<b>Grants to Voluntary Organisations</b>	<b>1,054</b>	<b>962</b>	<b>(92)</b>	Section 48 (AGMA) grant reduced (-£0.029m).  Contingency Fund not used (-£0.047m).  Sundry grants (transport/lettings etc) lower than budget (-£0.016m).	Ongoing  One-off  One-off
<b>Non Service Specific Items</b>					
Housing	(386)	(708)	(322)	Increased net Housing Benefit subsidy (-£0.618m). Reduced Housing Benefit administration grant received (+£0.102m). Contribution to the bad debt provision (+£0.216m). Minor underspends (-£0.022m).	One-off One-off One-off One-off
Cost of Borrowing	9,085	8,338	(744)	Saving on Loan interest payable (-£0.546m). Increased investment income (-£0.074m). Other underspends (-£0.124m).	One-off One-off One-off
Passenger Transport levy	13,650	13,650	0	n/a	
Environment	92	92	0	n/a	

Agency					
National Non Domestic Rates	108	108	0	n/a	
Manchester Airport	(1,400)	(1,484)	(84)	Increased annual dividend receipt.	One-off
Chief Executive	312	312	0	n/a	
Corporate Management	745	930	185	Increased subscriptions (+£0.169m) and Professional Fees (+£0.016m).	One-off One-off
Waste Disposal Levy	12,219	12,219	0	n/a	
Provisions	2,756	1,856	(900)	Reduction in level of contributions made to provisions.	One-off
Cost of Retirement	37	37	0	n/a	
IAS19 Retirement Benefits	6,217	6,217	0	n/a	
Accumulated Absences	(2,040)	(2,040)	0	n/a	
Capital Charges / Asset Rentals	(18,556)	(18,556)	0	n/a	
<b>TOTAL NON SERVICE SPECIFIC</b>	<b>22,839</b>	<b>20,974</b>	<b>(1,865)</b>		
<b>Total Revenue Expenditure (exc. Schools)</b>	<b>143,760</b>	<b>143,665</b>	<b>(95)</b>		

## LEVEL AND MOVEMENT OF SCHOOL RESERVES

Appendix B

Overall Levels of Balances	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
School Balances at 31st March	(4,504)	(7,805)	(6,188)	(4,108)	(2,993)

## Number of Schools – Surpluses/Deficits in Percentage Terms

Table	2010/11 Number of Schools	2011/12 Number of Schools	2012/13 Number of Schools	2013/14 Number of Schools	2014/15 Number of Schools
<b>Nursery &amp; Primary</b>					
Greater than +9%	6	10	4	7	9 <sup>2</sup>
+8% to 9%	4	11	9	3	6
+5% to 8%	27	27	27	26	25
0% to 5%	25	14	23	26	20
Deficits	2	1	0	1	1
Total	64	63	63	63	61 <sup>1</sup>
<b>Secondary</b>					
Greater than +6%	4	5	4	4	1
+5% to 6%	1	3	2	1	2
0% to 5%	9	6	6	7	9
Deficits	-	-	2	2	2 <sup>3</sup>
Total	14	14	14	14	14
<b>Special &amp; PRU's <sup>4</sup></b>					
Greater than +9%	1	-	-	-	-
+8% to 9%	-	-	-	1	-
+5% to 8%	-	2	2	1	2
0% to 5%	2	1	1	1	3
Deficits	-	-	-	1	-
Total	3	3	3	4	5
Number above the original "Excessive Surplus" thresholds (Prim/Spec 8% & High 5%)	16	29	19	16	18
Number above the new "Excessive Surplus" thresholds (Prim/Spec 9% & High 6%)	11	15	8	11	10

**Number of Schools – Surpluses/Deficits in Monetary Terms**

Table	2010/11 Number of Schools	2011/12 Number of Schools	2012/13 Number of Schools	2013/14 Number of Schools	2014/15 Number of Schools
<b>Nursery &amp; Primary</b>					
<b>Deficits</b>					
£0 to £50,000	2	1	-	1	1
<b>Surpluses</b>					
£0 to £50,000	33	20	25	24	25
£50,000 to £100,000	26	31	29	26	19
£100,000 to £150,000	2	10	7	11	15
£150,000 to £200,000	1	1	2	1 <sup>2</sup>	1 <sup>2</sup>
<b>Total</b>	<b>64</b>	<b>63</b>	<b>63</b>	<b>63</b>	<b>61<sup>1</sup></b>
<b>Secondary</b>					
<b>Deficits</b>					
£0 to £200,000	-	-	1	-	-
£200,000 to £300,000	-	-	-	1 <sup>3</sup>	1
Greater than £300,000	-	-	1	1	1 <sup>3</sup>
<b>Surpluses</b>					
£0 to £50,000	2	1	-	-	-
£50,000 to £100,000	1	2	2	2	2
£100,000 to £150,000	2	1	1	-	3
£150,000 to £200,000	4	2	1	1	2
£200,000 to £250,000	3	3	2	4	4
£250,000 to £500,000	2	4	5	5	1
Greater than £500,000	-	1	1	-	-
<b>Total</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>
<b>Special &amp; PRU's <sup>4</sup></b>					
<b>Deficits</b>					
£0 to £50,000	-	-	-	1	-
<b>Surpluses</b>					
£0 to £50,000	1	1	1	1	2
£50,000 to £100,000	1	-	-	-	-
£100,000 to £150,000	-	-	-	-	-
£150,000 to £200,000	-	2	1	1	1
£200,000 to £250,000	-	-	-	-	1
Greater than £250,000	1	-	1	1	1
<b>Total</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>5</b>

**Notes**

- 1 - Two Primary Schools were converted to academies during 2013/14
- 2 - Gorsefield Primary was converted to an academy on 1<sup>st</sup> April 2015
- 3 - Radcliffe Riverside closed at the end of the 2014/15 academic year
- 4 - Pupil Referral Units became eligible for delegated budgets at the start of 2013/14

## HOUSING REVENUE ACCOUNT

## APPENDIX C

	2014/15 REVISED ESTIMATE	2014/15 OUTTURN	VARIATION FROM BUDGET
	£	£	£
<b>INCOME</b>			
Dwelling rents	30,060,100	30,118,438	(58,338)
Non-dwelling rents	220,400	221,161	(761)
Heating charges	73,800	74,217	(417)
Other charges for services and facilities	928,100	955,548	(27,448)
Contributions towards expenditure	53,900	27,429	26,471
<b>Total Income</b>	<b>31,336,300</b>	<b>31,396,793</b>	<b>(60,493)</b>
<b>EXPENDITURE</b>			
Repairs and Maintenance	6,852,500	6,840,599	(11,901)
General Management	6,932,500	7,000,381	67,881
Special Services	1,055,600	1,048,955	(6,645)
Rents, rates, taxes and other charges	90,000	107,489	17,489
Increase in provision for bad debts	284,300	167,608	(116,692)
Cost of Capital Charge	4,531,900	4,533,799	1,899
Depreciation/Impairment of fixed assets			
- council dwellings	7,361,500	20,103,600	12,742,100
Depreciation of fixed assets - other assets	41,900	42,282	382
Debt Management Expenses	40,600	33,031	(7,569)
Contrib. from Business Plan Headroom Reserv	(445,800)	(330,247)	115,553
<b>Total Expenditure</b>	<b>26,745,000</b>	<b>39,547,497</b>	<b>12,802,497</b>
<b>Net cost of services</b>	<b>(4,591,300)</b>	<b>8,150,704</b>	<b>12,742,004</b>
Amortised premia / discounts	(14,600)	(14,646)	(46)
Interest receivable - on balances	(66,200)	(66,419)	(219)
Interest receivable - on loans (mortgages)	(1,000)	(702)	298
<b>Net operating expenditure</b>	<b>(4,673,100)</b>	<b>8,068,937</b>	<b>12,742,037</b>
<b>Appropriations</b>			
Appropriation relevant to impairment	0	(12,742,200)	(12,742,200)
Revenue contributions to capital	4,673,100	4,673,263	163
<b>(Surplus) / Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Working balance brought forward</b>	<b>(1,000,000)</b>	<b>(1,000,000)</b>	<b>0</b>
<b>Working balance carried forward</b>	<b>(1,000,000)</b>	<b>(1,000,000)</b>	<b>0</b>

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<b>REPORT FOR DECISION</b>
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<b>MEETING:</b>	<b>CABINET OVERVIEW &amp; SCRUTINY COMMITTEE</b>
<b>DATE:</b>	<b>8 JULY 2015 29 JULY 2015</b>
<b>SUBJECT:</b>	<b>CAPITAL OUTTURN 2014/2015</b>
<b>REPORT FROM:</b>	<b>DEPUTY LEADER OF THE COUNCIL AND CABINET MEMBER FOR FINANCE AND HOUSING</b>
<b>CONTACT OFFICER:</b>	<b>Steve Kenyon, Interim Executive Director of Resources and Regulation</b>
<b>TYPE OF DECISION:</b>	<b>CABINET (KEY DECISION)</b>
<b>FREEDOM OF INFORMATION/STATUS:</b>	This paper is within the public domain
<b>SUMMARY:</b>	<p><b>PURPOSE/SUMMARY:</b></p> <p>This report provides Members with details of:</p> <ul style="list-style-type: none"> <li>• The capital outturn figures in respect of the last financial year 2014/15;</li> <li>• Major variances between the Revised Estimate and the Outturn;</li> <li>• The financing of the Capital Programme in 2014/15;</li> <li>• Re-profile of budgets/allocations and slippage of funding into 2015/16;</li> <li>• Details of the capital receipts realised during the year.</li> </ul>
<b>OPTIONS &amp; RECOMMENDED OPTION</b>	<p>Members are asked to:</p> <ol style="list-style-type: none"> <li>a) Note the final capital outturn for 2014/2015, and explanations for major variances (Appendix A and report)</li> <li>b) Note the financing of the Capital Programme in 2014/15 (Paragraph 3.5)</li> <li>c) Consider and recommend for approval the re-profiled/slippage requests and associated funding into 2015/2016 (Appendix B)</li> <li>d) Note the level of Capital Receipts realised in year</li> </ol>

	<p>and proposed use of the sites disposed of during the year (Appendix C).</p> <p><b>Recommended Option:</b></p> <p>To approve the recommendations set out above.</p>
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**IMPLICATIONS:**

**Corporate Aims/Policy Framework:**

The successful management of capital investment in the Borough supports the delivery of all of the Council’s Aims and Objectives.

**Financial Implications and Risk Considerations (Statement by s151 Officer):**

Capital expenditure has been incurred in accordance with the agreed Capital Programme. This links the expenditure with the objectives of the Council and the Capital Strategy. The Programme has been financed in a way that optimises to the maximum the resources available, including the prudent use of capital receipts.

**Statement by Executive Director of Resources:**

See statement by s151 officer above. The capital receipts used to fund the Programme were made available through disposal of assets in accordance with the policies specified in the Asset Management Plan.

**Equality/Diversity implications:**

No (see paragraph 8.1, page 8)

**Considered by Monitoring Officer:**

Yes. The presentation of an annual report on the Capital Outturn is a requirement of the Council’s Financial Regulations, as part of the Council’s Financial Procedure Rules. The report accords with the Council’s Policy and Budget Framework and has been prepared in accordance with all Statutory Guidance and Codes of Practice.

**Are there any legal implications?**

Yes

**Wards Affected:**

All

**Scrutiny Interest:**

Overview & Scrutiny Committee

**TRACKING/PROCESS**

**DIRECTOR: MIKE OWEN / STEVE KENYON**

Chief Executive/ Strategic Leadership Team	Cabinet Member/Chair	Ward Members	Partners
Yes	Yes		

Scrutiny Commission		Committee	Council
Overview & Scrutiny Committee			

## 1.0 BACKGROUND

- 1.1 The Capital Programme is an integral part of the Council’s financial planning and represents expenditure on schemes or assets where the Council or an approved third party will derive a long term benefit, over more than one year.
- 1.2 The funding for the Capital Programme comes from a variety of sources that include borrowing, capital grants, external contributions, revenue contributions, reserves and capital receipts. Capital receipts are received through the disposal of the Council’s assets and are detailed later in the report. Operating within statutory rules, the financing of the Programme seeks to optimise the funding resources available.
- 1.3 Since the introduction of the Prudential Code in 2004 the Council is required to finance and account for the capital expenditure on an accruals basis. The significance of this is that all capital expenditure incurred within the financial year is financed at year end, including any outstanding capital creditors and debtors that are accounted for within final figures. These are subsequently reconciled with the actual amounts that are paid out or received in the following financial year.
- 1.4 Accruals are also shown at the end of the financial year for grant funding to be claimed that support schemes started during the year and are dependant on externally provided funds.
- 1.5 The indications for supported capital allocations from the government are now made on a two to three year basis with firm indications for amounts allocated for each Authority being supplied for the following year. This means that the certainty of finances for schemes extending over one year is now greater and managers can plan, although risk aware, for longer term schemes. There is still only a limited number of capital grants that can be carried forward to fund schemes that have slipped between financial years.
- 1.6 The report also provides details of the major variances between the revised budget estimate and the outturn and gives explanations for these variances.
- 1.7 The following three appendices are attached to the report to provide Members with additional detail and support the recommendations made:
  - **Appendix A** shows a summary of the Capital Programme expenditure realised in the year against the Revised Estimate for each Department and project.

- **Appendix B** lists capital projects that have not completed by end of the financial year and are re-profiled or slipped into 2015/16 and future years, analysed by Department and category of funding source.
- **Appendix C** shows a summary of asset disposals that occurred in the year and the realised usable part of the receipt that was either expended in the year to support the funding of the programme, set aside for future capital investment or set aside for repayment of borrowing.

## 2.0 CAPITAL OUTTURN 2014/2015

### 2.1 Approved Capital Budget and Outturn

2.2 The total Capital Budget approved by **Council on 19 February 2014** with subsequent movements during the financial year 2014/15 and the final expenditure at outturn are shown in the table below:

Capital Budget 2014/15	£m	£m
<b>Original approved budget</b>		<b>24.284</b>
Value of schemes re-profiled from 2013/14 programme	16.126	
Amendments to budget in year	1.961	18.087
<b>Revised programme for 2014/15</b>		<b>42.371</b>
Value of schemes re-profiled to 2015/16		(16.546)
<b>Final Capital Programme 2014/15</b>		<b>25.825</b>
<b>Capital Outturn for 2014/15</b>		<b>25.897</b>
Variance		(0.072)

2.3 Members are reminded, for completeness and not included in the figures above, that Voluntary Aided schools in Bury receive the Capital Grant allocations from the Department for Education. The allocations are awarded directly to the schools and the expenditure funded by these amounts was accounted for by the Voluntary Aided schools' governors and **not** by the Council. In 2014/15 the grant totalled **£1.295million**.

2.4 Capital expenditure that was achieved from schemes carried out during the year totalled **£25.897million** against the final approved Programme funding (excluding the amounts for the VA schools and the re-profiled amounts) of **£25.825million**. There was an overall negative variance at the end of the year of **£0.072 million** mainly from costs associated to disposals of assets.

- 2.5 These costs are offset against the capital receipts realised from the sale of identified surplus assets in the year and represent an intrinsic part of the asset management process.

### 3.0 CAPITAL PROGRAMME FUNDING

- 3.1 The Capital Programme is funded from a variety of funding sources as specified in paragraph 1.2. The methodology used for the financing the Capital Programme is particularly important and the emphasis is placed on the optimisation of resources available.
- 3.2 The objective is to arrive at the best possible financial position for the Council at the end of the financial year and one that will have minimal effect on the Council's future financial position.
- 3.3 This is achieved through maximising the use of government funded allocations, capital grants and external contributions. The Capital Programme also relies on and uses contributions from capital receipts, reserves and the revenue budget.
- 3.4 The introduction of the Prudential regime as explained at paragraph 1.3 requires the Authority to finance its capital expenditure on an accruals basis. In 2014/15 the amount financed after accruing for all payments made or to be made for contract work, goods and services supplied by 31<sup>st</sup> March 2014 was **£25.897million.**
- 3.5 The financing of expenditure carried out during the year and reported inclusive of all accruals for the year for both expenditure and income is detailed below:

<b>Expenditure:</b>	<b>£m</b>	<b>£m</b>
Fixed assets	25.504	
Intangible assets	0.209	
Vehicle, Plant and Equipment	0.184	
<b>Total</b>		<b>25.897</b>
<b>Financed by:</b>		
Loan	0.705	
Capital Receipts	0.858	
External Grants and Contributions	9.567	
General Fund Revenue and Reserves	2.024	
Housing Revenue Account	3.975	
Major Repair Allowance	8.768	
<b>Total</b>		<b>25.897</b>

- 3.6 As a result of statutory controls over council finances the Council's ability to determine the level of its Capital Programme is limited to the level of contributions it can make to the Capital Programme from revenue and reserves and the level of unsupported borrowing that it can service in financing costs.

- 3.7 The alternative way for the Council to fund new capital projects is by way of replacing older assets with new ones through disposal of the surplus properties held in within Council's asset register. The availability of proceeds from the disposal is linked to market conditions that attach an element of risk to the final level of this type of income available each year.
- 3.8 In 2014/15 the Council financed schemes to a total value of **£0.858million** from total available capital receipts including those brought forward from previous year.
- 3.9 The Council has realised capital receipts from the sale of assets in 2014/15 of **£4.640million** in total, of which **£3.608million** can be used towards future capital investment or repayment of debt. The balance represents the payment of the share from the Right to Buys sales of **£1.032million** to Government.
- 3.9 The balance of general usable capital receipts at year end will be carried forward into 2015/2016 to ensure an amount for earmarked capital receipts that have been approved and required for imminent specific projects.
- 3.10 Effective financing implies the use of cash available in the year instead of the use of unsupported borrowing that would attract higher financing costs. This was applied to some schemes that have slipped into 2014/15 that originally had approved funding from Council's resources.
- 3.11 Accordingly, the borrowing requirement is delayed until it becomes absolutely necessary. This also ensures that a sound cash flow for the Council is maintained at all times.

#### **4.0 CAPITAL PROJECTS RE-PROFILED TO FUTURE YEARS AND SLIPPAGE OF FUNDING**

- 4.1 Explanations were given earlier in the report to the specific nature of the Capital Programme that demands budget allocations in every financial year to be continuously modified as the schemes develop. This ultimately means that the capital budget changes significantly from the original approved to final figure.
- 4.2 A direct result of the continuous change to the budget through the year is the difficulty in timing the delivery of capital schemes to the funding that is used in the budgeting process. The process accepts that capital spend is not always completed within the financial year in which the scheme is approved. Explanations for the reasons are given in the table shown in Appendix B.
- 4.3 The majority of re-profiled schemes are the major projects for which approvals were given for a longer term delivery. The report seeking approval to the Council Annual Budget meeting specified that these will be delivered over several years and the detailed design, planning and cost estimates require a considerable amount of time before they are fully quantified.
- 4.4 The total amount that was re-profiled to the next and future years was **£16.546million**, as reported above in the table at paragraph 2.2 and the details of projects are shown in Appendix B.

- 4.5 The table below shows the different elements of funding approved by full Council in February 2014 for the 2014/15 financial year that was not spent in the year. These amounts were part of the three year rolling capital programme, from 2014/15 to 2016/17 compiled and presented to Council by Operational officers of the Authority.

<b>2014/15 Capital schemes re-profiled into 2015/16</b>	<b>£m</b>	<b>£m</b>
<b>Total re-profiled</b>		<b>16.546</b>
Financed by:		
Capital grants and contributions held in reserves	9.774	
HRA Reserve	0.700	
Capital receipts / Earmarked reserves	3.639	
Loan	0.861	14.974
Capital grants and contributions receivable 2015/16	0.649	
General Fund Revenue / reserves	0.923	1.572
<b>Total</b>		<b>16.546</b>

- 4.6 The value of the schemes re-profiled into 2015/16 will be financed in the next and future years from balances carried forward as usable reserves on the Balance Sheet. As at 31<sup>st</sup> March £0.649million of the total shown above was still to be received from external resources due to timing differences and £0.923million was held in general usable reserves.
- 4.7 The amount shown as loan of £0.861million represents previous years' approvals made by Council for Invest to Save projects that are long term and will require several years to complete such as:
- Street Lighting LED Invest to Save commitment
- 4.8 There should be no further impact on Council's own resources as a result of this and all funding has been allowed for within the existing cost of borrowing.
- 4.9 The unused allocation from the Housing Revenue Account Reserve for council house repairs is transferred at year end to a reserve account and available to finance re-profiling of schemes into the 2015/16 capital expenditure.
- 4.9 The **Deputy Leader of the Council and Cabinet Member for Finance and Housing** will be requested to note and recommend for approval the carry forward of schemes and associated funding into 2015/16.
- 4.10 The Capital Programme approved by Council in February 2015 for the 2015/16 financial year will be updated with the slippage of funding as recommended and approved by Cabinet.

## **5.0 MONITORING ARRANGEMENTS**

- 5.1 The Council's Capital Programme depends on available and acquired resources that are more than often generated from a wide variety of sources and are difficult to estimate long in advance.
- 5.2 The planning, approval, spend during the year, and outturn strongly indicate the need for regular monitoring and for flexibility during the year in order to achieve the capital investment objectives as set down in the Capital Strategy.
- 5.3 At the same time an important objective is to maximise the capital resources available to the Council that support the programme and after that to ensure that the available funds are used in the most effective way.
- 5.4 In order that issues connected to the preparation and the delivery of the programme are identified at an early stage there is a senior officer level Capital Programme Management Group that meets on a monthly basis. Monitoring reports on the Capital Programme position are also included in the quarterly corporate financial management reports considered by the Strategic Leadership Team, the Deputy Leader of the Council and Cabinet Member for Finance & Housing, Cabinet and subsequently scrutinised by the Overview and Scrutiny Committee.
- 5.5 The Capital investment requirement for the Council is considered and approved over a three year rolling programme, with a longer term view for projects that go beyond this period of time.

## **6.0 RISK MANAGEMENT**

- 6.1 The successful delivery of the capital programme and the financing or funding of expenditure realised in the year bears several risks that have been identified:
- 6.2 Projected outturns throughout the year are based on the best knowledge of the Project Managers at the end of each quarter. There is a tendency for scheme estimates to change and sometimes significantly from one report to the next, as planning and works on the projects progresses. Regular budget monitoring and reporting through the Capital Programme Management Group provide the updates for the forecast and enable analysis of these changes by the officers in charge.
- 6.3 If corrective action needs to be taken this is normally done in a timely manner to ensure the flow of the programme for the year and minimise the impact on the financial resources available.
- 6.4 The management techniques applied include the traffic light process which is used to assess budgets in terms of forecast over and under spending and secondly the identification of 'hot spots' based on risk factors that are inherent in individual budget areas. Reports containing this information have been provided on a regular basis to Strategic Leadership Team, Overview and Scrutiny Committee, Cabinet, Audit Committee and Star Chambers.
- 6.5 It is envisaged that this style of reporting will be continued into the next and future financial years.

- 6.6 The availability of funding required to support the programme is partly controlled by external providers and there is always a risk that the finances required for the year are either not realised or timing issues arise. These instances are outside Council's control and could put the completion of certain projects at risk.
- 6.7 One of the significant sources of funding for the capital programme are capital receipts realised and these have reduced in recent years in size and numbers. This has, to an extent, had a negative effect on the mix and size of the capital projects that have been approved by Council.
- 6.8 The Council has taken steps to mitigate this downside effect on the programme by streamlining the number of projects approved at the beginning of the year in favour of additional approvals being considered only as resources become available.
- 6.9 Capital expenditure reliant on capital receipts is only approved and takes place when the receipt is actually realised.

### **7.0 REVIEW OF COMPLETED SCHEMES**

- 7.1 For all schemes where Council approved funding in excess of **£0.250million** a Completion Review Form is completed by Project Managers. This ensures that the monitoring process for larger schemes can be extended to evaluate, highlight and assess outcomes directly in line with the Council's aims and objectives. Explanations for variances are also included.
- 7.2 The Summary of Accounts which is published after the statement of accounts are audited and approved will show in £'000 and percentages the contribution made by the Capital Programme in the year towards Council's priorities, aims and objectives.

### **8.0 EQUALITY AND DIVERSITY**

- 8.1 There are no specific equality and diversity implications.

### **9.0 FUTURE ACTIONS**

- 9.1 See Section 5 of this report for details of the continuation of the monitoring arrangements.

**Councillor Rishi Shori**  
**Deputy Leader and Cabinet Member for Finance and Housing**

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#### ***Background documents:***

Capital Cost Tab and Financing Working Papers, 2014/2015  
Council Approved Capital Programme 2014/15, Report and Appendix1

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

Mr S. Kenyon, Interim Executive Director of Resources & Regulation  
Tel. 0161 253 6922  
E-mail: [S.kenyon@bury.gov.uk](mailto:S.kenyon@bury.gov.uk)

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Corporate Monitoring Statement 2014-15		(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Original Budget	Revised Budget	Reprofiled to Future Years (funding not yet received or held in general reserves)	Slippage to Future Years (funding received and carried forward in capital reserves or future borrowing)	Revised Estimate After Reprofile Col(2)-Col(3,4)	Outturn	Month 12 variance (Under) or Over Col(6)-Col(5)
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Children, Young People & Culture	Support Services	0	102		(7)	95	95	0
	Devolved Formula Capital	500	1,749		(1,022)	727	727	0
	New Deal for Schools Modernisation	3,926	11,570		(7,115)	4,455	4,455	0
	Access Initiative	0	62		(24)	38	38	0
	Targetted Capital Funds	0	130		(101)	30	30	0
	New Sports Hall Derby High	321	190			190	190	0
	Children Centres	0	44		(44)	0	0	0
	Free School Meal Capital Grant	356	356		(131)	225	225	0
	Early Education Fund	0	321		(291)	30	30	0
16-19 Demographic Growth Fund	274	447			447	447	0	
Libraries/Adult Education	0	104		(62)	42	42	0	
Communities & Wellbeing	Environmental Works	0	95		(78)	17	17	0
	Improving Information Management	0	32		(32)	0	0	0
	Learning Disabilities	0	485	(3)	(221)	261	261	0
	Older People	448	563			563	563	0
	Empty Property Strategy	199	604		(527)	77	77	0
	Greater Manchester Green Deal	0	55		(55)	0	0	0
	Disabled Facilities Grant	652	1,018		(182)	836	836	0
	Waste Management	0	266		(102)	164	164	0
Leisure and Parks Radcliffe Temporary Pool	0	1,154	(825)		329	329	(0)	
Resources & Regulation	Traffic Management Schemes	205	519		(442)	77	77	0
	Public Rights of Way / Disabled Pedestrian	23	40		(39)	2	2	0
	Planned Maintenance	1,233	1,583		(288)	1,295	1,295	(0)
	Bridges	445	469		(136)	332	332	0
	Street Lighting LED Invest to Save	1,046	1,594		(861)	733	733	0
	Traffic Calming and Improvement	500	659	(113)	(514)	33	33	(0)
	Planning Environmental Projects	237	865	(387)	(225)	253	253	0
	Planning Development Projects	206	358	(146)	(152)	60	60	0
	Corporate ICT Projects	0	258	(90)	(83)	85	85	(0)
	Townside Fields - Joint Venture	0	5			5	5	0
	Depot & Operational Premises	0	92			92	92	0
	Opportunity Land Purchase	0	109		(109)	0	0	0
	Demolition of the Rock Fire Station	0	94		(90)	4	4	0
	Demolition of Former Police HQ, Inwell Street	0	417		(370)	47	47	0
	Bury Market - New Toilets	0	247			247	247	0
	Radcliffe Town Centre Redevelopment	700	874		63	937	937	0
	The Rock Fire Station Redevelopment	0	4		(4)	0	0	0
	Radcliffe TC Bus Station Relocation	1,000	1,000		(902)	98	98	0
	New Leisure Centre at Knowsley Street	0	0			0	0	0
	Former Petrol Filling Station nr Murray Street	0	40	(7)		33	33	0
	Bury Open Market extension to polycarbonate roof	0	17			17	17	0
	18 Haymarket Street	0	99		(86)	13	13	0
	Tile Street Refuse Removal	0	120		(42)	78	78	0
	Acquisition of 88 Hollins Lane	0	61			61	61	0
Warthfield Demolition	0	35			35	35	0	
Property Management / Sale of Assets	0	0			0	72	72	
ELR Trust	0	23			23	23	0	
Disabled Facilities Adaptations	534	557		(63)	494	494	0	
Major Repairs Allowance Schemes	7,361	8,744			8,744	8,745	0	
HRA component modernisation	4,119	4,140		(635)	3,504	3,504	(0)	
<b>Total Bury Council controlled programme</b>		<b>24,284</b>	<b>42,371</b>	<b>(1,572)</b>	<b>(14,974)</b>	<b>25,825</b>	<b>25,897</b>	<b>72</b>

**Funding position:**

Capital Receipts	205	1,215		(429)	786	858
Capital Reserves / Earmarked Capital Receipts	0	4,734		(3,209)	1,524	1,524
General Fund Revenue/Reserves	699	1,423	(923)	0	500	500
Housing Revenue Account	0	4,675		(700)	3,975	3,975
Capital Grants/Contributions	9,780	19,990	(649)	(9,774)	9,567	9,567
Major Repair Reserve	12,014	8,768		0	8,768	8,768
Unsupported Borrowing	1,586	1,566		(861)	705	705
	<b>24,284</b>	<b>42,371</b>	<b>(1,572)</b>	<b>(14,974)</b>	<b>25,825</b>	<b>25,897</b>

**Key for budget monitoring reports**

Projected Overspend (or Income Shortfall) of		
 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 under £50,000	
 a major projected underspend (or income surplus)	more than 10% and above £50,000	

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PROGRAMME SLIPPAGE/RE-PROFILE REQUEST 2014/15 TO 2015/16

SERVICE	SCHEME	£000's	FUNDING SOURCE	COMMENTS
Department for Children, Young People & Culture	Support Services	7	Reserves	Required to complete information technology projects
	Devolved Formula	1,022	Grant	Carried forward on a three year rolling programme
	New Deal for Schools Modernisation	7,115	Grant	Ongoing
	Schools Access Initiative	24	LA Funding	Required for 2015-16
	Targeted Capital Funding New Millwood	101	Grant	Retention due to be paid 2015-16
	Children Centres	44	Grant	Ongoing
	Free School Meal Capital	131	Grant	Required for ongoing works and retentions
	Early Education Fund Two Year Olds	291	Grant	Works ongoing into 2015/16
	Libraries	42	Reserves	Residual spend required for Castle Library
	Sculpture Gallery	20	Grant	Residual expenditure funded by the Arts Council
<b>TOTAL</b>	<b>Children, Young People &amp; Culture</b>	<b>8,797</b>		
Department for Resources & Regulation	Street Lighting	861	Invest to Save borrowing	Re-profiled as part of a five year scheme
	Traffic Calming / Management Schemes	442	LA Funding	Schemes in progress - ongoing consultation with residents
	Highways Planned Network Maintenance	289	Grant	Several schemes with completions due 2015/16
	Bridges	136	Grant	Required to fund schemes ongoing into 2015/16
	A56 Prestwich Village Corridor Improvements	485	Reserves	Scheme taking place in 2015/16
	Other Traffic Improvement Schemes	180	Grant	Schemes planned for 2015/16
	Planning / Development Group	87 211	LA Funding Grant	Required to support various schemes into 2015/16. Grant relates to Radcliffe Heritage Project
	Planning / Environmental Projects	225 387	LA Funding Grant	Various schemes including 'Routes to Prestwich Metrolink' & 'Woodland Grants' approved over several years
	Corporate ICT Projects	83 90	LA Funding Reserves	Development work on 'iTrent' and 'GIS Mapping' continues in 2015/16
	Opportunity Land Purchases	109	LA Funding	Required towards purchase of new assets as opportunity arises

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	Demolition of the former Rock Fire Station	91	Capital Receipt	Scheme taking place in 2015/16
	Demolition of former Police HQ, Irwell Street	370	Capital Receipt	Scheme taking place in 2015/16
	Radcliffe Bus Station	902	LA Funding	Committed in funding agreement with Transport for Greater Manchester
	Other Property Schemes	23 53	LA Funding Reserves	Various schemes near completion
<b>TOTAL</b>	<b>Resources &amp; Regulation</b>	<b>5,024</b>		

SERVICE	SCHEME	£000's	FUNDING SOURCE	COMMENTS
<b>Department for Communities &amp; Wellbeing</b>	Environmental Works	78	Grant	Grants ring fenced to complete investigations
	Leisure Services Radcliffe Temporary Pool	826	Reserves	Works to be completed May 2015
	Learning Disabilities	220 4	LA Funding Grant	Majority of work will be undertaken in 2015/16
	Improving Information Management	32	Grant	Grant income for allocation in 2015/16
	Empty Homes Strategy	109 418	LA Funding Grant	Majority of Slippage is subject to prior approval for continuing works
	Greater Manchester Green Deal	55	LA Funding	Required to cover potential GDCF liability across Greater Manchester
	Disabled Facilities Grant	95 86	Grant LA Funding	Commitment in the system to available budget allocation
	Waste Management	53 49	Grant LA Funding	Slippage required to complete the schemes
<b>TOTAL</b>	<b>Communities &amp; Wellbeing</b>	<b>2,026</b>		
<b>Six Town Housing</b>	Housing Public Sector Programme	700	HRA Reserves	
<b>TOTAL</b>	<b>Six Town Housing</b>	<b>700</b>		
	Grants / Reserves / Contributions		12,110	
	Council Resources (Borrowing and Capital Receipts)		3,737	
	Major Repair Allowance		699	
		<b>16,546</b>	<b>16,546</b>	

**CAPITAL RECEIPTS 2014/15**

<i>Housing receipts</i>	<b>GROSS RECEIPT £</b>		<b>USABLE RECEIPT £</b>	
Balance Brought Forward from 2013/14		0		0
Council House Sales (Right to Buy) 2014/15		1,576,326		543,833
Other Housing Receipts		6,223		6,223
Total Housing		<b>1,582,549</b>		<b>550,056</b>
<i>General Asset Receipts</i>				
Balance Brought Forward from 2013/14		925,715		925,715
General asset sales 2014/15		3,057,870		3,057,870
Total General Receipts		<b>3,983,585</b>		<b>3,983,585</b>
<b>Total Capital Receipts for 2014/15</b>		<b>5,566,134</b>		<b>4,533,641</b>

<b>General Receipts detail:</b>	<b>Ward</b>	<b>Area (m2)</b>	<b>Proposed Use</b>
<b>Sale of former garage colonies:</b>			
Plumpton Drive	Moorside	1783	Residential
Westminster Avenue	Radcliffe North	876	Residential
Hewart Drive	East	796	Residential
Coleridge Avenue	Radcliffe West	1506	Residential
Holborn Avenue, Radcliffe	Radcliffe North	2067	Residential
Rufford Drive	Unsworth	43	Residential
Melrose Garden, Radcliffe	Radcliffe North	238	Residential
<b>Other general receipts:</b>			
Sale of Freehold – Fernhill Depot, Todd Street, Bury	Moorside	31662	Industrial
Deed of Grant – Land at NW side of Mill Bank & SE side of Stand Lane, Radcliffe	Radcliffe West	576	Water Easement
Land at Bolton Street, Radcliffe	Radcliffe North	443	Residential
Former Redcliffe EPH	St.Mary's	2063	Residential
Britannia & Castlefield Works, Ebury Street	Radcliffe North	1278	Residential
Part of Whittaker House	Radcliffe East	2927	Residential
Land at Ribchester Drive, Bury	Redvales	10115	Residential
Lease – Land at 25-35 Church Street West, Radcliffe	Radcliffe East	79	Water Easement
Land comprising the Beech Grove (former EPH)	Moorside	2920	Residential
88 Hollins Lane, Bury	Unsworth	555	Residential

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**MEETING:** COUNCIL  
CABINET  
OVERVIEW & SCRUTINY COMMITTEE

**DATE:** 9 SEPTEMBER 2015  
8 JULY 2015  
29 JULY 2015

**SUBJECT:** 2014/2015 TREASURY MANAGEMENT ANNUAL REPORT

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

**CONTACT OFFICER:** Steve Kenyon, Interim Executive Director of Resources and Regulation

**TYPE OF DECISION:** CABINET KEY DECISION

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

**SUMMARY:** **PURPOSE/SUMMARY:**

The Council undertakes Treasury Management Activities in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management, which requires that the Council receives an annual strategy report by 31 March for the year ahead and an annual review report of the previous year by 30 September. This report is the review of Treasury Management activities during 2014/15.

**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

**Financial Implications and Risk** As set out in the report and the comment of

<b>Considerations:</b>	the Interim Executive Director of Resources and Regulation below.
<b>Statement by Assistant Director of Resources (Finance and Efficiency):</b>	<p>This report provides information on the Council's debt, borrowing, and investment activity for the financial year ending on 31<sup>st</sup> March 2015 in conformity with the CIPFA Code of Practice for Treasury Management. The successful management of the Council's borrowing and investments is central to the Council's financial strategy, both in the short term and in ensuring a balanced debt profile over the next 25 to 60 years.</p> <p>The overall strategy for 2014/15 was to finance capital expenditure by running down cash/investment balances and using shorter term borrowing rather than more expensive long term loans. The taking out of longer term loans (1 to 10 years) to finance capital spending would only then be considered if required by the Council's underlying cash flow needs.</p> <p>Debt decreased during the year, £201.364 million at 31<sup>st</sup> March 2015 compared to £209,943 million at 31<sup>st</sup> March 2014. The average borrowing rate fell from 3.95% to 3.93% due to fall out of high coupon rate debt and new short term loans. Investments at 31 March 2015 stood at £32,332 million, compared to £44,277 million the previous year, the decrease being due to the use of cash/investment balances to repay maturing debt. The average rate of return on investments was 0.62% in 2014/15 compared to 0.78% in 2013/14.</p>
<b>Equality/Diversity implications:</b>	No - (see paragraph 8.1, page 9)
<b>Considered by Monitoring Officer:</b>	Yes. The presentation of an annual report on Treasury Management by 30 <sup>th</sup> September of the following financial year is a requirement of the Council's Financial Regulations 5.7, as part of the Council's Financial Procedure Rules and Budget and Policy framework, relating to Risk Management and Control of Resources: Treasury Management.
<b>Are there any legal implications?</b>	No
<b>Staffing/ICT/Property:</b>	There are no direct staffing, ICT or property implications arising from this report.
<b>Wards Affected:</b>	All

**Scrutiny Interest:**

Overview & Scrutiny Committee

**TRACKING/PROCESS**

**INTERIM EXECUTIVE DIRECTOR: STEVE KENYON**

Chief Executive/ Strategic Leadership Team	Cabinet	Ward Members	Partners
22/05/15	08/7/15		
Overview & Scrutiny Committee		Committee	Council
29/7/15			<b>9/9/15</b>

**1.0 INTRODUCTION**

- 1.1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council’s low risk appetite, providing adequate liquidity initially before considering investment return.
- 1.2 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. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

CIPFA defines treasury management 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."*

- 1.3 This report summarises the following:-
- Capital activity during the year;
  - Impact of this activity on the Council’s underlying indebtedness (the Capital Financing Requirement);
  - The actual prudential and treasury indicators;
  - Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
  - Summary of interest rate movements in the year;
  - Detailed debt activity; and

- Detailed investment activity.

## 2.0 THE COUNCIL'S OVERALL BORROWING NEED

- 2.1 The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2014/15 unfinanced capital expenditure, and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.
- 2.2 Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWLb] or the money markets), or utilising temporary cash resources within the Council.
- 2.3 The Council's (non HRA) underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the non-Housing Revenue Account (HRA) borrowing need (there is no statutory requirement to reduce the HRA CFR). This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.
- 2.4 The total CFR can also be reduced by:
- the application of additional capital financing resources (such as unapplied capital receipts); or
  - charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).
- 2.5 The Council's MRP Policy (as required by CLG Guidance) was approved as part of the Treasury Management Strategy Report for 2014/15 on 19/02/2014.
- 2.6 The Council's CFR for the year is shown below, and represents a key prudential indicator. It includes PFI and leasing schemes on the balance sheet, which increase the Council's borrowing need. No borrowing is actually required against these schemes as a borrowing facility is included in the contract.

<b>Capital Financing Requirement</b>	<b>2013/14 Actual £'000</b>	<b>2014/15 Estimate £'000</b>	<b>2014/15 Actual £'000</b>
<b>CFR – non HRA</b>	127,648	130,949	122,029
<b>CFR – HRA existing</b>	40,531	40,531	40,531
<b>Housing Reform Settlement</b>	78,253	78,253	78,253
<b>Total CFR</b>	<b>246,432</b>	<b>249,733</b>	<b>240,813</b>

2.7 Borrowing activity is constrained by prudential indicators for net borrowing and the CFR, and by the authorised limit. In order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2014/15) plus the estimates of any additional capital financing requirement for the current (2015/16) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2014/15. The table below highlights the Council’s gross borrowing position against the CFR. The Council has complied with this prudential indicator.

	<b>2013/14 Actual £'000</b>	<b>2014/15 Estimate £'000</b>	<b>2014/15 Actual £'000</b>
<b>Gross borrowing position</b>	209,943	201,364	201,364
<b>CFR</b>	246,432	249,733	240,813

2.8 **The authorised limit** - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2014/15 the Council has maintained gross borrowing within its authorised limit.

2.9 **The operational boundary** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

2.10 **Actual financing costs as a proportion of net revenue stream** - this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

	<b>2014/15 £'000</b>
<b>Authorised limit</b>	283,700
<b>Operational Boundary</b>	248,700
<b>CFR</b>	240,813
<b>Gross borrowing position</b>	201,364

### 3.0 TREASURY POSITION AS AT 31 March 2015

3.1 The Council's debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices. At the beginning and the end of 2014/15 the Council's treasury (excluding borrowing by PFI and finance leases) position was as follows:

	31st March 2014			31st March 2015		
	Principal		Avg. Rate	Principal		Avg. Rate
	£0	£0		£0	£0	
<b>Fixed rate funding</b>						
PWLB Bury	146,362			140,553		
PWLB Airport	4,078			3,308		
Market Bury	57,500	207,940		57,500	201,361	
<b>Variable rate funding</b>						
PWLB Bury	0			0		
Market Bury	0	0		0	0	
<b>Temporary Loans / Bonds</b>	2,003	2003		3	3	
<b>Total Debt</b>	<b>209,943</b>		<b>3.96%</b>	<b>201,364</b>		<b>3.93%</b>
<b>Total Investments</b>	<b>44,277</b>		<b>0.78%</b>	<b>32,322</b>		<b>0.62%</b>

3.2 The table below shows the maturity structure of the debt portfolio

	2013/14 Actual £'000	2014/15 Actual £'000
Under 12 months	8,579	11,853
12 months and within 24 months	11,280	16,806
24 months and within 5 years	19,078	11,698
5 years and within 10 years	14,000	4,000
10 years and within 15 years	550	550
15 years and over	156,456	156,456
<b>Total Debt</b>	<b>209,943</b>	<b>201,364</b>

3.3 All the investments held are for a period of less than one year.

## **4.0 OVERVIEW OF THE STRATEGY FOR 2014/15**

- 4.1 The strategy for 2014/15 was to finance capital expenditure by running down cash/investment balances and use short term loans at lower rates of interest than more expensive long term loans. These loans would be postponed as long as it is prudent to do so. Two PWLB loans totalling £5.8m were repaid in the year together with an Airport loan of £0.25m. In line with the strategy, these loans repayments were financed by cash or investment balances rather than replacement loans.
- 4.2 As a result of 3.1 above, the Council was able to lower the average interest rate on debt from 3.96% to 3.93%. Due to poor investment returns, the average interest rate on investments fell to 0.62% in 2014/15 compared to an average rate of 0.78% for 2013/14. The Council is seeking to redress this through its Property Investment Strategy

## **5.0 ECONOMIC REVIEW FOR 2013/14**

- 5.1 The original market expectation at the beginning of 2014/15 was for the first increase in Bank Rate to occur in quarter 1 2015 as the unemployment rate had fallen through the Bank of England's initial forward guidance target of 7%. In May, however, the Bank revised its forward guidance. A combination of very weak pay rises and inflation above the rate of pay rises meant that consumer disposable income was still being eroded and in August the Bank halved its forecast for pay inflation in 2014 from 2.5% to 1.25%. Expectations for the first increase in Bank Rate therefore started to recede as growth was still heavily dependent on consumer demand. During the second half of 2014 financial markets were caught out by a halving of the oil price and the collapse of the peg between the Swiss franc and the euro. Fears also increased considerably that the ECB was going to do too little too late to ward off the threat of deflation and recession in the Eurozone. By the end of 2014, it was clear that inflation in the UK was going to head towards zero in 2015 and possibly even turn negative. In turn, this made it clear that the MPC would have great difficulty in starting to raise Bank Rate in 2015 while inflation was around zero and so market expectations for the first increase receded back to around quarter 3 of 2016.
- 5.2 Gilt yields were on a falling trend for much of the last eight months of 2014/15 but were then pulled in different directions by increasing fears after the anti-austerity parties won power in Greece in January; developments since then have increased fears that Greece could be heading for an exit from the euro. While the direct effects of this would be manageable by the EU and ECB, it is very hard to quantify quite what the potential knock on effects would be on other countries in the Eurozone once the so called impossibility of a country leaving the EZ had been disproved. Another downward pressure on gilt yields was the announcement in January that the ECB would start a major programme of quantitative easing, purchasing EZ government and other debt in March. On the other hand, strong growth in the US caused an increase in confidence that the US was recovering from the financial crash and would be the first country to start increasing its central rate, probably by the end of 2015. The UK would be closely following it due to growth over both 2013 and 2014 and prospects for a continuation into 2015 and beyond. However, there was also an increase in concerns around political risk from the general election due in May 2015.

- 5.3 The Funding for Lending Scheme, announced in July 2012, resulted in a flood of cheap credit being made available to banks which then resulted in money market investment rates falling drastically in the second half of that year and continuing throughout 2014/15.
- 5.4 The UK coalition Government maintained its tight fiscal policy stance but recent economic growth and gilt yields led to a reduction in the forecasts for total borrowing in the March budget.
- 5.5 The EU sovereign debt crisis The EU sovereign debt crisis had subsided since 2012 until the Greek election in January 2015 sparked a resurgence of fears. While the UK and its banking system has little direct exposure to Greece, it is much more difficult to quantify quite what effects there would be if contagion from a Greek exit from the euro were to severely impact other major countries in the EZ and cause major damage to their banks.

## 6.0 BORROWING OUTTURN FOR 2014/15

- 6.1 The Council's ability to borrow is determined by the cumulative capital financing requirement (CFR). When the cumulative CFR is compared to outstanding debt the difference is the amount of headroom still available to borrow. At the end of 2014/15 debt stood at £201,364m and the CFR at £240,813m. Therefore, in theory, borrowing of £39,499m could be taken to finance past and present capital expenditure.
- 6.2 An analysis of movements at nominal values on loans during the year is shown below:

	Balance at 31/03/14 £000's	Loans raised £000's	Loans repaid £000's	Balance at 31/03/15 £000's
PWLB	146,362	0	(5,809)	140,553
Market	57,500	0	0	57,500
Temporary Loans	2,000	3,000	(5,000)	0
Other loans	3	0	0	3
<b>Bury MBC Debt</b>	<b>205,865</b>	<b>3,000</b>	<b>(10,809)</b>	<b>198,056</b>
Airport PWLB Debt	4,078	0	(770)	3,308
<b>Total Debt</b>	<b>209,943</b>	<b>3,000</b>	<b>(11,579)</b>	<b>201,364</b>

- 6.3 Due to low investment returns, no borrowing was undertaken during the year.
- 6.4 No debt rescheduling was undertaken during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.
- 6.5 In line with the strategy, the Council reduced borrowing by running down short term investments and cash balances were used to finance new capital expenditure. Therefore counterparty risk incurred on investments was minimised. This also maximised treasury management budget savings as investment rates were much lower than most new borrowing rates.

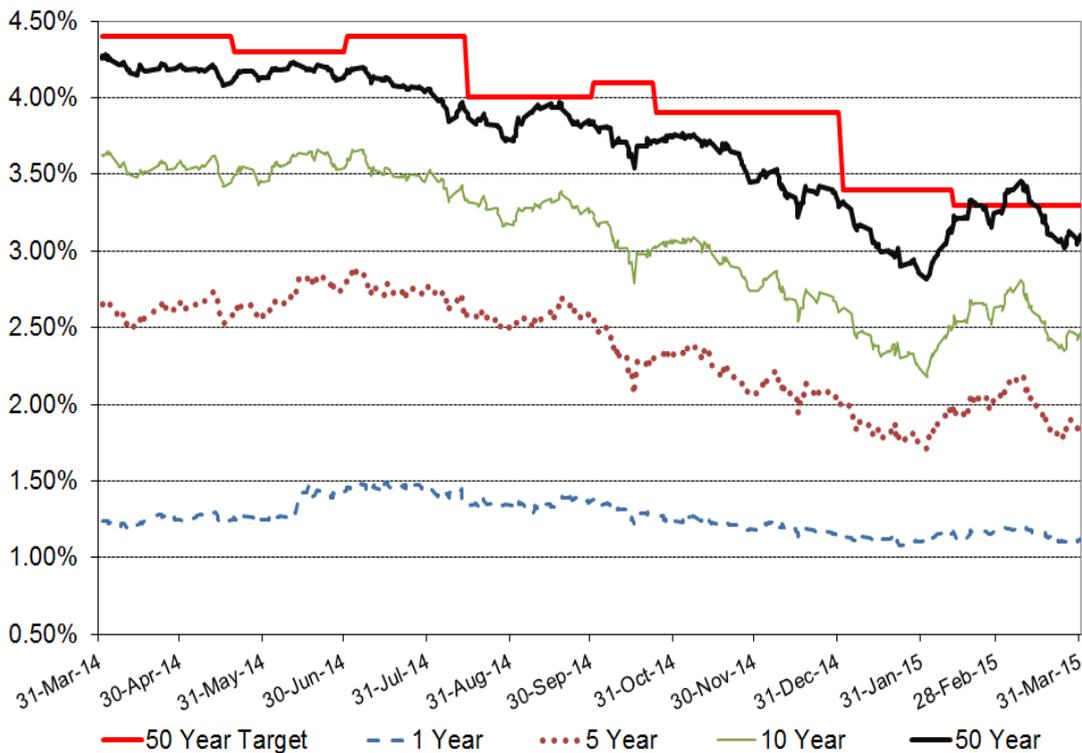
6.6 The active monitoring of the debt portfolio, the full year effect of previous rescheduling of loans, and the taking of new loans at historically low rates, have decreased the average Interest rate on the debt held over time:

Year	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>Average Interest Rate on Debt</b>	<b>5.33%</b>	<b>4.98%</b>	<b>4.81%</b>	<b>4.56%</b>	<b>4.43%</b>	<b>3.96%</b>	<b>3.96%</b>

6.7 From 2008/09 the average interest rate falls over time due to rescheduling of loans to lower interest rates and the borrowing of new loans at historically low levels.

6.8 The Council’s policy on the fall out of debt has been to establish a debt profile where the amount of debt due to be refinanced each year is stable and large scale financing in any one year avoided. Market LOBO (Lenders Option Borrower’s Option) loans are recorded in accordance with the regulations set down in the Prudential Code which states “the maturity of borrowing should be determined by reference to the earliest date on which the lender can require payment”.

6.9 PWLB certainty maturity borrowing rates - the graph below shows for a selection of maturity periods, the high and low points in rates, the average rates, spreads and individual rates at the start and the end of the financial year.



## 7.0 INVESTMENT OUTTURN FOR 2014/15

- 7.1 The Council's investment policy is governed by CLG guidance, which was been implemented in the annual investment strategy approved by the Council on 19 February 2014. This policy set out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).
- 7.2 The Council manages its investments in-house (with advice from Capita Asset Services) with the overall objective to balance risk with return and the overriding consideration being given to the security of the available funds.
- 7.3 The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.
- 7.4 The strategy recognised that the Council's funds would be mainly cash-flow driven. The Council would seek to utilise business reserve accounts and short dated deposits in order to benefit from the compounding of interest.
- 7.5 Detailed below is the result of the investment strategy undertaken by the Council.

	<b>Average Investment</b>	<b>Rate of Return</b>	<b>Benchmark Return *</b>
<b>Internally Managed</b>	£62,687,589	0.62%	0.35%

\* the benchmark return is the average 7-day London Interbank Bid (LIBID) rate sourced from Capita Asset Services

- 7.6 Investments at 31 March 2015 stood at £32.322 (£44.277m at 31 March 2014).

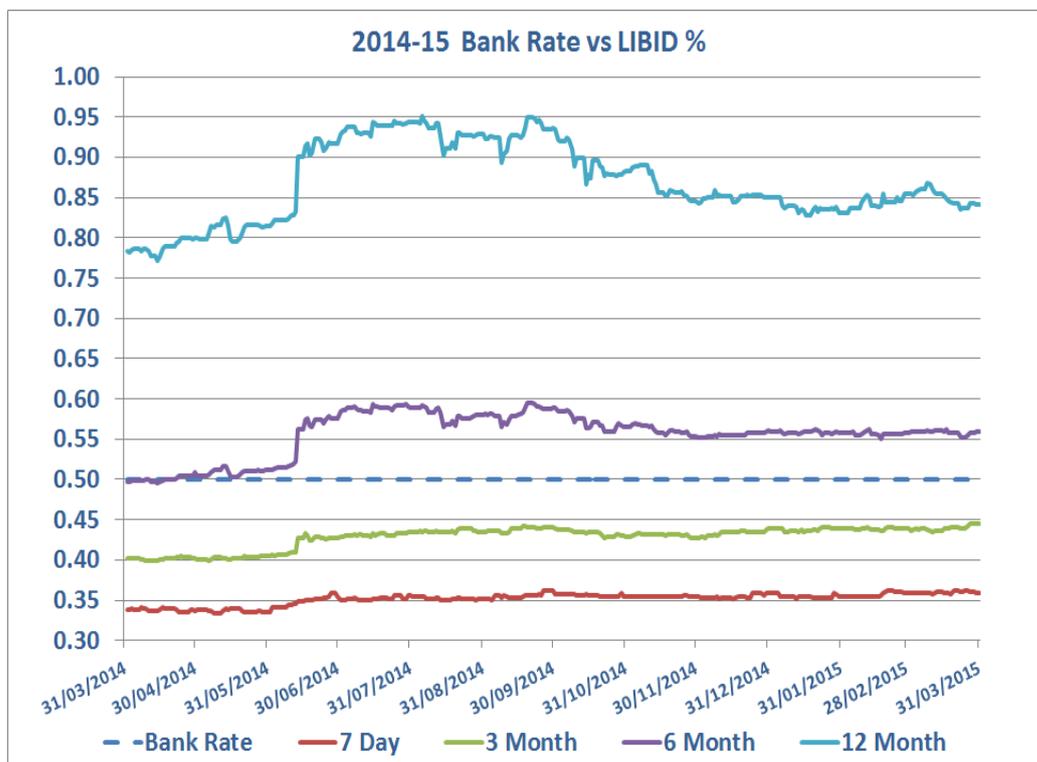
	<b>Investment at 31/03/14 £000's</b>	<b>Amount Invested in year £000's</b>	<b>Investments realised in year £000's</b>	<b>Balance at 31/03/15 £000's</b>
<b>Fixed Rate Investments</b>				
Nationwide Building Society	0	32,000	(22,000)	10,000
Bank of Scotland	19,600	14,000	(19,600)	14,000
Coventry Building Society	0	22,000	(22,000)	0
Barclays Bank	0	16,000	(10,000)	6,000
Lancashire CC	1,200	0	(1,200)	0
<b>Total - Fixed rate</b>	<b>20,800</b>	<b>84,000</b>	<b>(74,800)</b>	<b>30,000</b>
<b>Call Accounts</b>				
Barclays Bank - Flexible Interest Bearing Current Account	0	15,037	(14,115)	922
Bank of Scotland - Call Account	0	184,050	(182,650)	1,400
NATWEST bank - Call Account	23,477	93,750	(117,227)	0
<b>Total Investments</b>	<b>44,277</b>	<b>376,837</b>	<b>(388,792)</b>	<b>32,322</b>

7.7 The table below gives details of the fixed rate investments made during the year.

	Rate	Amount £000's	Start Date	End Date
Bank of Scotland	0.95%	5,000	10/04/2014	01/04/2015
Nationwide	0.47%	2,000	17/04/2014	17/07/2014
Nationwide	0.49%	8,000	12/05/2014	12/08/2014
Coventry Building Society	0.45%	5,300	03/07/2014	03/10/2014
Coventry Building Society	0.45%	4,700	07/07/2014	07/10/2014
Nationwide	0.54%	2,000	17/07/2014	17/11/2014
Barclays	0.59%	8,000	06/08/2014	06/01/2015
Nationwide	0.54%	8,000	12/08/2014	12/12/2014
Barclays	0.48%	1,000	15/08/2014	17/11/2014
Coventry Building Society	0.45%	5,000	03/10/2014	05/01/2015
Coventry Building Society	0.45%	3,000	07/10/2014	07/01/2015
Bank of Scotland	1.00%	2,000	17/11/2014	01/04/2015
Barclays	0.51%	1,000	17/11/2014	16/02/2015
Nationwide	0.66%	8,000	12/12/2014	01/04/2015
Barclays	0.61%	5,000	06/01/2015	01/04/2015
Nationwide	0.46%	2,000	06/01/2015	06/03/2015
Coventry Building Society	0.43%	4,000	07/01/2015	09/03/2015
Barclays	0.48%	1,000	16/02/2015	01/04/2015
Bank of Scotland	1.00%	5,000	27/02/2015	01/04/2015
Nationwide	0.46%	2,000	06/03/2015	01/04/2015
Bank of Scotland	1.00%	2,000	19/03/2015	01/04/2015
<b>Total</b>		<b>84,000</b>		

7.8 Total interest earned on investments in the financial year was £0.379 million compared to £0.418 million in 2013/14. This reflects the fact that investment returns were poor throughout the year. The Council is seeking to redress this through it's Property Investment Strategy.

7.9 The Bank Rate remained at it's historic low of 0.5% throughout the year; it has now remained unchanged for six years. Market expectations as to the timing of the start of monetary tightening started the year at quarter 1 2015 but then moved back to around quarter 3 2016 by the end of the year. Deposit rates remained depressed during the whole of the year, primarily due to the effects of the Funding for Lending Scheme.



**8.0 COMPLIANCE WITH TREASURY LIMITS**

8.1 During the financial year the Council operated within the treasury limits and Prudential Indicators set out the Council’s Treasury Policy Statement and annual Treasury Management Strategy Statement.

**9.0 EQUALITY AND DIVERSITY**

9.1 There are no specific equality and diversity implications.

**10.0 FUTURE ACTIONS**

10.1 Treasury Management Updates and Prudential Indicators for 2015/16 will be presented on a quarterly basis to the Cabinet and the Overview & Scrutiny Committee.

**11.0 CONCLUSION**

11.1 It is recommended that Members note the treasury management activity that has taken place during the financial year 2014/15.

**Councillor Rishi Shori**  
**Deputy Leader of the Council and Cabinet Member for Finance and Housing**

**Background documents:**

*Unaudited Final Accounts Bury MBC 2014/15*

*CIPFA Treasury Management Code of Practice in the Public Services*

*CIPFA The Prudential Code for Capital Finance in Local Authorities*

*Capita Asset Management Treasury Management Report 2014-15*

*Financial markets and economic briefing papers*

**For further information on the details of this report and copies of the detailed variation sheets, please contact:**

Mr S. Kenyon, Interim Executive Director of Resources & Regulation, Tel. 0161 253 6922, E-mail: [S.kenyon@bury.gov.uk](mailto:S.kenyon@bury.gov.uk),

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