

AGENDA FOR

OVERVIEW AND SCRUTINY COMMITTEE

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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:-

Date:	Tuesday, 13 October 2015
Place:	Peel Room - Elizabethan Suite - Town Hall
Time:	7.00 pm
Briefing Facilities:	If Opposition Members and Co-opted Members require briefing on any particular item on the Agenda, the appropriate Director/Senior Officer originating the related report should be contacted.
Notes:	

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 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.

4 MINUTES (*Pages 1 - 4*)

Minutes of the last meeting, held on 29 July 2015, are attached.

5 CORPORATE FINANCIAL MONITORING REPORT - APRIL 2015 TO JUNE 2015 (*Pages 5 - 30*)

6 WELFARE REFORM UPDATE (*Pages 31 - 40*)

A report from Claire Jenkins is attached.

7 URGENT BUSINESS

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

Minutes of: **OVERVIEW AND SCRUTINY COMMITTEE**

Date of Meeting: 29 July 2015

Present: Councillor I Gartside (in the Chair);
Councillors D Bailey; S Briggs; D Cassidy; J Daly; E
O'Brien; T Holt; M Hankey; N Parnell

Public in attendance: No members of the public were present at the meeting.

Also in attendance: Councillor Shori– Deputy Leader and Cabinet Member for Finance and Housing.

Apologies for absence: Councillors M James; T Tariq and C Preston

OSC.233 DECLARATIONS OF INTEREST

There were no declarations of interest

OSC.234 MINUTES

It was agreed:

That the Minutes of the meeting, held on 9 June 2015, be agreed as a correct record subject to the inclusion of Councillor D Bailey within the list of attendees.

OSC.235 PUBLIC QUESTION TIME

There were no members of the public present at the meeting to ask questions under this item.

OSC.236 CORPORATE PLAN PROGRESS REPORT – QUARTER 4 2014-2015

The Leader of the Council submitted a report outlining the progress made during Quarter 4 2014-2015 for the performance indicators and projects within the Bury Council Corporate Plan.

The information contained in the report has been extracted from the Performance Information Management System (PIMS) and provided by the responsible services.

It was reported a new monitoring framework was under development to track progress on the 'Vision, Purpose and Values' programme.

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

- In response to a question from Councillor Daly, concerning the Supporting Children Improving Lives Programme, an undertaking for a future report to

provide more detailed analysis of criteria used to measure the success of the programme.

- With regard to the issue of bringing empty properties back into use it the Deputy Leader of the Council referred to the positive impact of the Radcliffe Pilot Scheme which would look to be extended across the borough.
- In response to a question concerning the type of work done around fuel poverty and the amount of funding remaining from the initial allocation of £159,450, the Assistant Director, Business Re-design undertook to find out and report back.

It was agreed:

That the report be noted.

OSC.237 REVENUE AND HOUSING REVENUE ACCOUNT OUTTURN 2014/2015

The Deputy Leader and Cabinet Member for Finance and Housing submitted a report providing details of:

- 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;
- Level of school balances;
- Housing Revenue Account outturn for the year;
- 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 2015 and will be presented to Audit Committee on 15 July 2015.

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

- The Chair, Councillor Gartside, referred to the recent Airport dividend and expressed concern that the Council may be overly reliant on this funding. The Deputy Leader reported that the under spend was largely a result of prudent treasury management.
- With regard to the issue of voids within the Millgate, the Deputy Leader referred to positive recent activity and espoused the benefits to the wider economy of having as many shop units as possible filled.
- In response to a question from Councillor Daly concerning the level of school balances, the Deputy Leader explained that a review was currently underway within Children's Services to assess balances and seek justification for balances which seem excessively high.

It was agreed:

That the report be noted.

OSC.238 CAPITAL OUTTURN 2014/2015

The Deputy Leader and Cabinet Member for Finance and Housing submitted a report providing details of:

- The capital outturn figures in respect of the last financial year 2014/2015;
- Major variances between the Revised Estimate and the Outturn;
- The financing of the Capital Programme in 2014/2015;
- Re-profile of budgets/allocations and slippage of funding into 2015/2016;
- Details of the capital receipts realised during the year.

It was agreed:

That the report be noted.

OSC.239 TREASURY MANAGEMENT ANNUAL REPORT

The Deputy Leader and Cabinet Member for Finance and Housing submitted a report presenting a review of Treasury Management activities during 2014/2015.

During discussion of this item, Members of the Committee acknowledged the good performance of the Treasury Management Team. The Chair, Councillor Gartside referred to overspends within Children's Services and Adult Care Services and highlighted concerns around any reliance on treasury management to balance the budget.

In response

It was agreed:

That the report submitted be noted.

OSC.240 CHILDREN'S SERVICES ANNUAL COMPLAINTS REPORT APRIL 2013-MARCH 2014

Jane Whittam, Complaints Co-ordinator, submitted a report setting out information in respect of complaints related to Children's Services covering the period 1 April 2014 to 31 March 2015.

During discussion of this item, Members acknowledged and welcomed the decrease in complaints and the increase in the number of compliments received.

It was agreed:

That the report be noted.

COUNCILLOR I B GARTSIDE
Chair

(Note: The meeting started at 7pm and ended at 8.25pm)

NOTICE OF KEY DECISION



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

DATE: **2 SEPTEMBER 2015
13 OCTOBER 2015**

SUBJECT: **CORPORATE FINANCIAL MONITORING REPORT –
APRIL 2015 TO JUNE 2015**

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

CONTACT OFFICER: **STEVE KENYON, INTERIM EXECUTIVE DIRECTOR
OF RESOURCES & REGULATION**

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

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

SUMMARY: The report informs Members of the Council's financial position for the period April 2015 to June 2015 and projects the estimated outturn at the end of 2015/16.

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

**OPTIONS &
RECOMMENDED OPTION** Members are asked to note the financial position of the Council as at 30 June 2015 and to approve the s151 officer's assessment of the minimum level of balances.

IMPLICATIONS:

**Corporate Aims/Policy
Framework:**

Do the proposals accord with Policy Framework? Yes.

Statement by the s151 Officer:

The report has been prepared in accordance with all relevant Codes of Practice. There may be risks arising from remedial action taken to address the budget position; these will be identified by Directors at the

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

quarterly Star Chamber meetings.

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

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

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

This report is particularly significant as it informs Members of the baseline financial position from which the Council sets its 2016/17 budget.

Equality/Diversity implications:

No

Considered by Monitoring Officer:

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

Are there any legal implications?

Yes

Wards Affected:

All

Scrutiny Interest:

Overview & Scrutiny Committee

TRACKING/PROCESS

EXECUTIVE DIRECTOR: Steve Kenyon

Chief Executive/ Strategic Leadership Team	Cabinet	Overview & Scrutiny Committee	Council	Ward Members	Partners
10/08/15	02/09/15	13/10/15			

1.0 INTRODUCTION

- 1.1 This report informs Members of the forecast outturn for 2015/16 based upon current spend for the period 1 April 2015 to 30 June 2015 in respect of the revenue budget, capital budget and the Housing Revenue Account.
- 1.2 Projections are based on current trends, information, and professional judgement from service managers and finance staff.
- 1.3 The revenue budget projections highlight the fact that budget pressures do still exist in some key areas and it will be necessary to continue to examine options for improving the situation further.

2.0 BUDGET MONITORING PROCESSES

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

3.0 SUMMARY OF REVENUE BUDGET POSITION

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

Department	Budget £000	Forecast £000	Variance £000
Communities & Wellbeing	65,809	66,424	+615
Resources & Regulation	2,311	2,858	+547
Children, Young People & Culture	34,931	35,749	+818
DCN Residual	53	53	0
Non Service Specific	30,614	30,114	(500)
TOTAL	133,718	135,198	+1,480

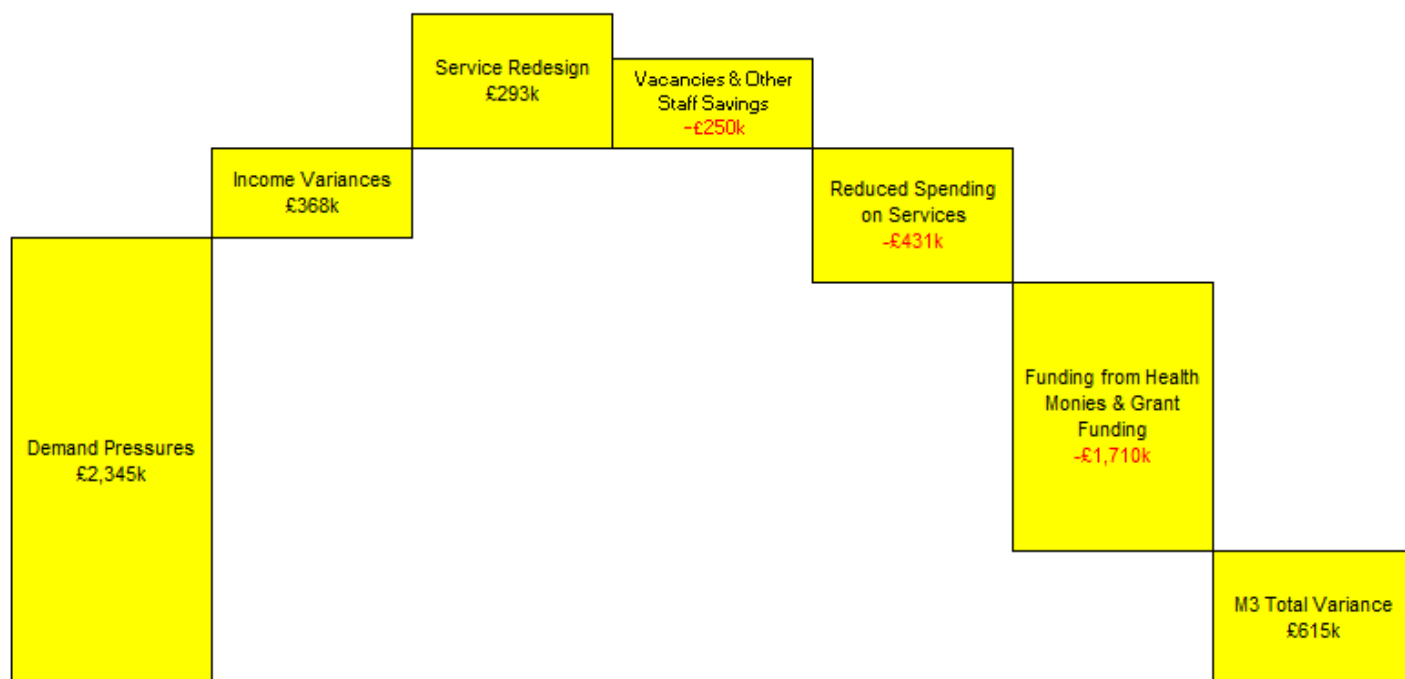
- 3.2 The projected overspend of **£1.480m** represents approximately **1.11%** of the total net budget of £133.718m.
- 3.3 Members need to be aware that financial reporting involves an element of judgement, and this particularly applies to the treatment of budget pressures. Often an area of overspending identified at this point in the year will resolve itself before the end of the year following appropriate remedial action.
- 3.4 However it is felt appropriate to alert Members to potential problems at this stage so that they can monitor the situation and take ownership of the necessary remedial action and this is the basis on which the report is written.

4.0 SERVICE SPECIFIC FINANCIAL MONITORING

4.1 COMMUNITIES AND WELLBEING

4.1.1 The current projected overspend for Communities and Wellbeing is **£0.615m**, which is 0.93% of the Department's net budget of £65.809m

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



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

Theme	Variance £'000	Reason	Action Being Taken
Demand Pressures	+2,345	Care in the Community budgets particularly around Domiciliary Care, Residential Care and Self Directed Support Budgets – £1,994k.	A range of preventative strategies continue to be introduced to manage this demand, such as reablement, triage, improved screening, 'signposting', and crisis response as well as a programme of training for front line staff around efficient support package planning. In addition, all existing high & medium cost care packages are kept under regular review.
		Killelea House and Care Management Staffing Budget - £197k (Reason–Staffing Cost Pressures).	This overspend is more than offset by a number of underspending budgets within the Operations service area. However senior management will continue to review and

Theme	Variance £'000	Reason	Action Being Taken
		<p>act accordingly regarding staffing pressure within Killelea and Care Management budgets.</p> <p>Home Support Scheme - £23k (Reason- Overspend not material, the net result of a small number of overspends).</p> <p>Finance - £33k (Reason- Overspend not material, the net result of a small number of overspends).</p> <p>Grounds Maintenance - £80k (Reason - savings not achievable as grass cutting is still required as specified by members.</p> <p>Parks - £18k (Reason - spending pressures on Health & Safety Work, rates and metered water supply).</p>	<p>This budget will continue to be monitored closely with the aim of steering the overspend back in line with 2015/16 budget provision.</p> <p>This budget will continue to be monitored closely with the aim of steering the overspend back in line with 2015/16 budget provision.</p> <p>Prudent spending is to be exercised on all discretionary budgets.</p> <p>Prudent spending is to be exercised on all discretionary budgets.</p>
Service redesign	+293	<p>A number of Budgets have yet to achieve savings target against specific schemes. As a consequence this is partly / wholly the reason for the overspends below:</p> <p>Falcon & Griffin Care Home - £38k (Reason - Savings not identified).</p> <p>Community Equipment Store - £100k (Reason - Savings not identified and overspend on equipment budgets).</p> <p>Urban Renewal Holding Account - £85k (Reason - Savings not identified).</p>	<p>An Action plan is being developed by senior management for each of the service areas, ensuring the savings targets are achieved.</p> <p>New community equipment contract may generate additional income to partly offset overspend.</p> <p>An Action plan is being developed by senior management for each of the service areas, ensuring the savings targets are achieved.</p>

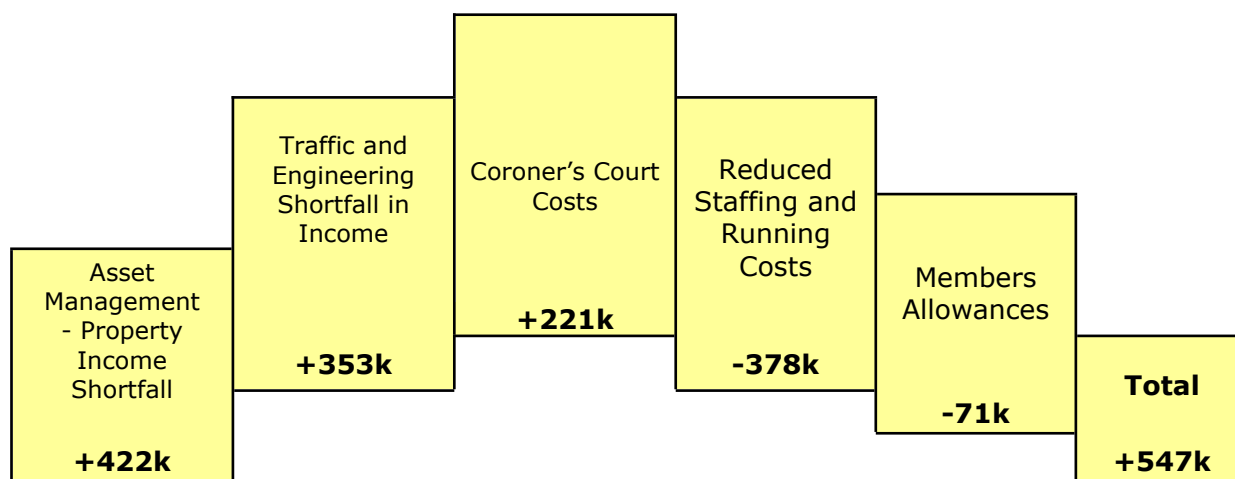
Theme	Variance £'000	Reason	Action Being Taken
		<p>Sports Development - £30k (Reason - savings not identified).</p> <p>Beverage, Cafes & Vending - £40k (Reason - Difficulty in meeting beverage service/café income target).</p>	<p>Offset by underspends if possible or use other savings transferred to reserves to offset cost pressure in short term.</p> <p>Service review has been undertaken and a restructure /actions identified to reduce costs.</p>
Income Variances	+368	<p>Workforce Development – (45k) - (Reason -Largely the result of Homes for people income budget forecast to exceed budget provision.</p> <p>Preventing Homelessness – £153k (Reason - Shortfall in income expectations).</p> <p>Civic Halls - £130k (Reason - Difficulties in achieving income targets).</p> <p>Leisure - £160k (Reason - income not meeting targets, delay in the opening of the temporary pool at Radcliffe and budget cuts).</p> <p>Transport Services (£150k) - (Reason - income forecast to exceed budget).</p> <p>Trade Waste - £120k (Reason - Shortfall on trade waste income due to reduced pricing, increased recycling requires additional bins).</p>	<p>This is a good news story for CWB and the hope is that further income can be generated from increased activity.</p> <p>Income recovery action plan is being developed by senior management team.</p> <p>Approval has been given to appoint a Marketing Events Officer to promote the service.</p> <p>Further development of the growth & implementation plan is required.</p> <p>Use to offset other overspends.</p> <p>Offset by underspends elsewhere in the service, budgets to be reviewed.</p>
Reduced Spend on Services	-431	<p>Carers services budget – £100k) - (Reason - Underspending on Carers personal budgets).</p> <p>Older People Fieldwork Team – (£82k) - (Reason - result of action to meet savings target).</p> <p>Mental Health service – (£173k) - (Reason - result of action to meet savings target).</p>	<p>Forecast underspends may be used to offset pressure within other areas of adult care service budgets.</p>

Theme	Variance £'000	Reason	Action Being Taken
		Day Centres for under 65s – (£42k) - (Reason - Transport costs within service reduced / small salary savings). Training Budget – (£10k) - (Reason - Training budget not expected to be spent in full). Other – (£24k).	
Vacancies and Other Staff Cost Savings	-250	Commissioning & Procurement – (£59k) - (Reason – Head of Service Vacant Post). Reablement Service – (£170k) - (Reason – Staffing Vacancies). Older Peoples Day Care – (£16k) - (Reason – Staffing Vacancies). Other – (5k).	Forecast underspend will be used to offset pressure within other areas of adult care service budgets
Funding from Health Monies & Grant Funding	-1,710	Funding to support the demand pressures of the Care in the Community budgets (£1,710k).	Utilisation of historic underspends from Adult Care Specific Grants and a contribution of the Health monies towards the demand pressures within Community Care.
	+615		

4.2 RESOURCES AND REGULATION

4.2.1 The Resources & Regulation Department is forecasting an overall overspend of **£0.547m**, or 23.66% of a net budget of £2.311m.

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



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

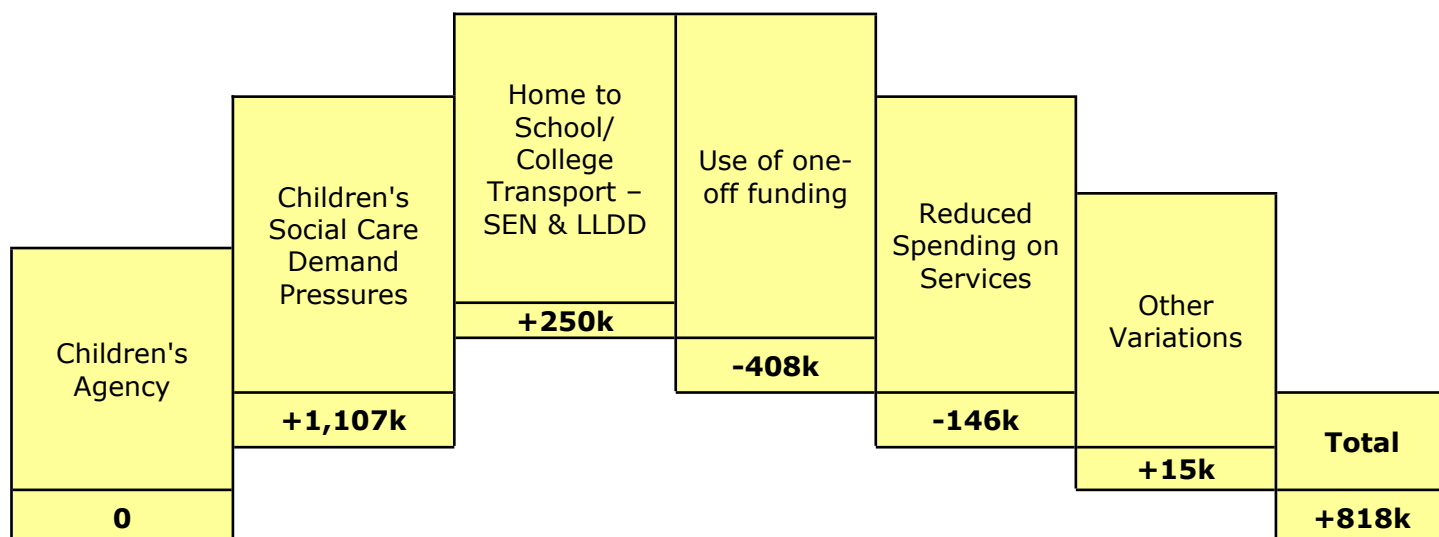
Activity	Variance £'000	Reason	Action Being Taken
Property Services	+422	<p>Shortfall in income due to reduced occupancy levels.</p> <p>Should all of the properties within the non-operational property portfolio be let, the level of current market rents is such that the income budgets would still not be achieved.</p>	<p>Although most of the units at Bradley Fold that were vacated in 2011/12 have now been re-let, rents are significantly lower than what were achieved before the economic downturn. A number of units which were previously let have now been demolished owing to their poor condition. and business cases are being looked at for redevelopment viability.</p> <p>The accounts for the Mill Gate Centre have been scrutinised in detail to ensure that all monies properly due to the Council are being paid and this will be an ongoing process.</p> <p>A report was approved by Cabinet on 3rd September 2014 which proposed the acquisition of secure property investments and the disposal of poorly performing assets. This would increase revenue income to the Council and achieve greater returns than monies currently held in other investments.</p>
Traffic & Engineering	+353	<p>Estimated shortfalls in income relating to on and off-street parking and parking fines (+£224k), Greater Manchester Road Activities Permit Scheme (GMRAPS) (+£82k), bus lane enforcement (+£47k).</p>	<p>Monitor income levels, adjust expenditure and targets where possible and review staff resources allocated to GMRAPS.</p> <p>Severance pay and management restructure delayed savings are one-offs to achieve planned savings longer term.</p>

Coroners Court Costs	+221	There are legislative changes around deaths occurring under Deprivation of Liberty Orders (DoL's) that are driving a significant increase in the volume of cases and thus costs.	Meetings being held between Coroner's Court and with DoL's Coordinators from Rochdale, Oldham and Bury Councils to assess the issue in more detail.
Reduced Staffing and Running Costs	-378	Vacant posts not filled and tightening of controllable expenditure across the department. Salaries savings in Finance & Efficiency (£143k) from Internal Audit, Accountancy and Procurement, Customer Support & Collections (£99k), Democratic Services restructure (£46k), HR (£14k), Press & Media (£27k), Licensing (£13k) Trading Standards (£30k), and minor underspends (£6k).	To be used to assist in reducing the estimated overspend within the department in 2014/15 and part included within the 2015/16 savings.
Members Allowances	-71	Reductions in the level of Special Responsibility Allowances paid to Members continue to result in this forecasted underspend.	To be used to assist in reducing the estimated overspend within the department.

4.3 CHILDREN'S, YOUNG PEOPLE AND CULTURE

4.3.1 The overall Children's, Young People & Culture budget is currently projecting an overspend of **£0.818m**, or 2.34% based on net budget of £34.931m.

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



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

Activity	Variance £'000	Reason	Action Being Taken
Demand pressures – Children's Agency Placements	0	Continuing increased demand	<p>Agresso has been reconciled with the agency placements database and projected end dates have been adjusted for Young People (mostly school leavers) who are leaving this budget.</p> <p>Mth3 Active placement comparison:- 2015/16 - 70; 2014/15 - 93; 2013/14 - 82.</p> <p>Young People who leave this budget sometimes return home or to an in-house foster placement, are placed for adoption or move into the leaving care budget.</p> <p>Prompt and regular reviews via the Complex Care Panel has led to securing better funding splits across education, Health and Social Care, further reducing the burden on this budget.</p>
Children's Social Care Demand Pressures	+1,107k		
Leaving Care	Made up of: +597	Spending on housing and further education of 19+ students who have now left our care	This budget is likely to overspend significantly on housing as the service continues to support a number of young people in high cost placements who were previously accommodated within the Children's Agency Budget. This is as a direct result of initiatives put in place and the new placements are a significant saving to the authority.

Advice & Assessment	+389		Early indications are that this budget will significantly overspend on social worker salaries pending the virement of budgets to cover the additional social workers recruited towards the end of the last financial year.
Emergency Duty Team	+31		Early indications are that this budget will overspend due to staff cover arrangements for two social workers with long term health issues.
Looked After Children	+27		The service will overspend as two agency social workers are covering vacancies; the posts have been recruited to with start dates not yet determined.
Strategic Lead	+63		The budget is under pressure as the interim Strategic Lead post is being covered by agency staff and also M Nugent has been brought back in, the increase in costs will be partially offset by a vacant post.
Home to School/College Transport – SEN & LLDD	+250	Continuing increased demand	For the past 2 financial years demand for these services has been well above the current budget level and is expected to continue. A much clearer position will be known once the academic years begin in September.
Use of External Funding	-408		Prior year grant balances being used to offset overspending elsewhere within the department.

Activity	Variance £'000	Reason	Action Being Taken
Reduced Spending on Services	-146k		
	Made Up of:		
Legal Fees	-60		Reductions in court costs
Management & Administration	-86		Vacancies in Finance and HR pending restructuring of the 2 sections
Other	+15		Mainly additional spending on developing shared services, which will provide efficiencies and budget management savings in the future

4.4 COMMUNITIES AND NEIGHBOURHOODS - RESIDUAL

4.4.1 The £53,000 budget relates to staffing costs, will be reallocated to services and is expected to break even.

4.5 NON-SERVICE SPECIFIC

4.5.1 There is a forecast net underspend of **£0.500m**, or 1.63% based on net budget of £30.614m. This relates primarily to the Council's Treasury Management activity (see Section 8.0, page 16 for further details).

5.0 CAPITAL BUDGET

5.1 Capital Programme

5.1.1 The revised estimated budget for the Capital Programme 2015/16 at the end of June is shown in the table below:

2015/16	£m
Original Capital Programme	25.690
Approved Slippage from 2014/15	16.546
In year adjustments and contributions	(0.946)
Revised Capital Allocation at Quarter 1	41.290
Estimated re-profiled projects into 2016/17	(9.272)
Revised working budget for Year at Qtr 1	32.018

5.1.2 The expenditure and funding profile for the Capital Programme together with a detailed breakdown of the Original Approved Programme, the Revised Estimate, Forecast Outturn, Actual Spend up to end of Month 3, and the estimated under/over-spend of the capital programme for 2015/16 is shown in Appendix A.

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

5.1.4 At the end of Quarter1, a total of **£9.272m** of the 2015/16 budget has been identified for re-profiling to 2016/17. Most of this amount is attributed to Children Services Projects where the schemes are funded mainly by grants from Department of Education to a total of £6.485million.

The remainder is attributable to Highways Traffic Calming schemes with a total of £0.190m and a further £2.000m on the A56 Prestwich Village Corridor Improvements.

5.2 Expenditure

5.2.1 The Forecast Outturn as at Month 3 is indicated to be **£31.999m** and Budget Managers have reported that they expect to spend up to this amount by 31 March 2016.

5.2.2 The actual expenditure after accruals realised by the end of Month 3 totals **£3.508m**.

5.2.3 The main areas to record expenditure in the first quarter are:

• Property Redevelopment Schemes	£0.326m
• Children's, Young People and Culture	£0.909m
• Leisure Schemes	£0.732m
• Housing Public Sector	£0.710m

5.3. Variances

5.3.1 Appendix A provides details of variances for each scheme based on latest available information received from budget managers and at Month 3 it shows a projected underspend for the Programme of £0.019m. This amount is the balance of several larger schemes in the programme that are in the process to finalise details and not material in relation to the size of the programme. The schemes that are forecasted to overspend are monitored and analysed by budget managers. Remedial action if required will be taken as soon as the schemes' details for expenditure and funding availability are finalised.

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

5.4 Funding

5.4.1 The funding profile included in Appendix A shows the resources available to cover the capital programme during 2015/16.

5.4.2 The principal source of funding for Capital schemes approved for the 2015/16 programme is made of external resources together with resources unspent and carried forward from previous years. The Council and Cabinet have also approved

allocations towards the Prestwich Village schemes supported by the Council's own resources of **£2.000m** for the year.

- 5.4.3 The position of the capital receipts and borrowing as at the end of Month 3 is reported below. The figures in the table show the total funding requirement for the revised estimated capital programme inclusive of potential slippage into 2016/17 and the expected resources to be supported by the Council as at the end of Quarter 1 of the year.

2015/16 Use of Council Resources for Capital Investment	£m
Revised Capital Programme allocation for the year	32.018
Use of external funding and contributions	(28.438)
Balance of programme relying on Council resources	3.580
Use of Capital receipts and earmarked reserves	3.280
Use of Prudential Borrowing (2015/16 approved schemes)	0
Use of Prudential Borrowing (2014/15 schemes brought forward)	0.298
Total Council Resources used to support the Capital Budget for Year	3.578

5.5 Capital Programme Monitoring

- 5.5.1 The programme will be monitored closely during the year by Capital Programme Monitoring Group and Management Accountancy with an aim to deliver schemes on cost and time with minimum potential slippage into 2016/17.

6.0 HOUSING REVENUE ACCOUNT

- 6.1 The Housing Revenue Account (HRA) relates to the operation of the Council's housing stock and can be viewed as a landlord account. It is required by statute to be accounted for separately within the General Fund and is therefore effectively ring-fenced.
- 6.2 The latest estimates show a projected surplus (working balance carried forward) of £1.000m at the end of 2015/16. The projected outturn shows a working balance carried forward of £1.031m. See Appendix B.
- 6.3 There are a number of variations that contribute to the projected outturn position however there are no areas where the variance exceeds 10% and £50k.
- 6.4 The two main impacts on the HRA year-end balance are normally **void levels** and the **level of rent arrears**, but levels of **Right to Buy sales** can also be a major influence on the resources available.

Voids:

The rent loss due to voids for April to June was on average 1.8% which is in line with the void target level set in the original budget. If this performance continues for the rest of the year there will be no impact from void loss on the projection of rental income in Appendix B.

Six Town Housing continues to review the voids processes and the various factors affecting demand.

Arrears:

Six Town Housing have purchased and implemented a new computerised Housing Management System which went 'live' in May 2015; data extraction and reporting from this system is currently under development therefore the arrears information which follows is based on currently available data which may be subject to change once reporting has been refined and tested.

The rent arrears at the end of June totalled £1.047m, an increase of 10.6% since the end of March. Of this total £0.427m relates to former tenants and £0.620m relates to current tenants. The increase in the number of Universal Credit cases will account for a large part of the increase in arrears.

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

Based on the performance to the end of June, projected for the full year, this provision would require an additional contribution of £0.307m to be made.

The 2015/16 HRA estimates allow for additional contributions to the provision totalling £0.488m, £0.183m for uncollectable debts and £0.305m to reflect the potential impact that welfare benefit changes could have on the level of rent arrears. Therefore there is a potential underspend of £0.183m. The projected outturn has not been amended to reflect this as the impact of increased numbers of Universal Credit cases coupled with further benefit changes needs to be assessed.

Right to Buy Sales:

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

This has resulted in an increase in the number of applications and ultimately sales. There were 40 sales in 2013/14 and this increased to 41 sales last year.

The forecast for 2015/16 was set at 50, this being an increase of 7 on the level of sales assumed for Bury in the Government's self-financing valuation.

From July 2014 the maximum Right to Buy discount increased from £75,000 to £77,000 and the maximum percentage discount on houses increased from 60% to 70% (in line with the discounts allowed on flats). The maximum discount increased in April 2015 to £77,900.

From 26th May 2015 the qualifying period for Right to Buy has been reduced from 5 years to 3 years.

These changes may increase the number of applications and sales but it is too early after the changes to quantify this.

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

- 6.5 There have been 9 sales in the period April to June. At this stage the total number of sales is not expected to differ significantly from the forecast therefore rental income projections have not been adjusted.
- 6.6 The recently published Welfare Reform and Work Bill contains provision for a 1% reduction in social housing rents for 4 years from 2016/17 which will have a significant impact on future HRA resources; the impact of this and of other changes expected in the upcoming Housing Bill will be assessed as information becomes available.

7.0 PRUDENTIAL INDICATOR MONITORING

- 7.1 It is a statutory duty for the Council to determine and keep under review the "Affordable Borrowing Limits". The authority's approved Prudential Indicators (affordability limits) for 2015/16 is outlined in the approved Treasury Management Strategy Statement.
- 7.2 The authority continues to monitor the Prudential Indicators on a quarterly basis and Appendix C shows the original estimates for 2015/16 (approved by Council on 25 February 2015) with the revised projections as at 30 June 2015. The variances can be seen in the Appendix together with explanatory notes. The Prudential Indicators were not breached during the first three months of 2015/16.

8.0 TREASURY MANAGEMENT

8.1 Investments:

- 8.1.1 At the 30th June 2015 the Council's investments totalled £47.6 million and comprised:-

Type of Investment	£ Million
Call Investments (Cash equivalents)	17.6
Fixed Investments (Short term investments)	30.0
Total	47.6

- 8.1.2 All investments were made in line with Sector's suggested credit worthiness matrices and the approved limits within the Annual Investment Strategy were not breached during the first quarter of 2015/16.
- 8.1.3 The Council has earned the following return on investments:
Quarter 1 0.64%
- 8.1.4 This figure is higher than Sector's suggested budgeted investment earnings rate for returns on investments, placed for periods up to three months in 2015/16, of 0.50%

8.2 Borrowing:

- 8.2.1 No external borrowing was undertaken in the quarter to 30th June 2015.
- 8.2.2 At 30th June 2015 the Council's debts totalled £201.364 million and comprised:-

		30th June 2015		
		Principal		Avg. Rate
		£000	£000	
Fixed rate funding				
	PWLB Bury	140,553		
	PWLB Airport	3,308		
	Market Bury	57,500	201,361	
Variable rate funding				
	PWLB Bury	0		
	Market Bury	0	0	
Temporary Loans / Bonds		3	3	
Total Debt			201,364	3.92%

8.2.3 The overall strategy for 2015/16 is to finance capital expenditure by running down cash/investment balances and taking shorter term borrowing rather than more expensive longer term loans. With the reduction of cash balances the level of short term investments will fall. Given that investment returns are likely to remain low for the financial year 2015/16, then savings will be made by running down investments and taking shorter term loans rather than more expensive long term borrowing.

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

9.0 MINIMUM LEVEL OF BALANCES

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

	£m
General Fund Balance 31 March 2015 per Accounts	10.487
Less : Minimum balances to be retained in 2015/16	-4.500
Less : Contribution towards cost of Equal Pay	-1.500
Less : Forecast overspend	-1.480
Available balances at 1 April 2015	3.007

9.2 Based on the information contained in this report, on the risk assessments that have been made at both corporate and strategic level, on the outturn position for 2015/16 and using information currently to hand on the likely achievement of savings options, it is clear that there is no reason to take the minimum level of balances above the existing level of £4.500m.

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

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

10.0 EQUALITY AND DIVERSITY

10.1 There are no specific equality and diversity implications.

11.0 FUTURE ACTIONS

- 11.1 Budget monitoring reports will continue to be presented to the Strategic Leadership Team on a monthly basis and on a quarterly basis to the Cabinet, Overview & Scrutiny Committee, and Audit Committee.
- 11.2 Star Chambers have been diarised for Quarters 1, 2 & 3 with Q1 meetings scheduled to take place in August and September 2015.

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

List of Background Papers:-

Finance Working Papers, 2015/16 held by the Interim Executive Director of Resources & Regulation.

Contact Details:-

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Bury MBC: Capital Budget Monitoring Statement

APPENDIX A

Month 3 - 2015/16

		(1) 2015/16 Original Estimate £000's	(2) Slippage £000's	(3) Adjustment s £000's	(4) Revised Estimate Before Reprofile £000's	(5) Reprofiled to Future Years £000's	(6) Revised Estimate After Reprofile Col.4-Col.5 £000's	(7) Forecast Outturn 2015/16 £000's	(8) 2015/16 Month 03 Actual £000's	(9) Month 3 Variance / (Underspen d) or Overspend Col.7-Col.6 £000's		Notes
Children, Young People & Culture	Support Services	-	7	-	7	-	7	-	12	(7)	⊖	
Children, Young People & Culture	DFES - Devolved Formula	500	1,022	(21)	1,500	(1,131)	369	372	79	2	⊕	Spend takes place over a 3yr rolling programme allocated directly to schools
Children, Young People & Culture	NDS Modernisation	4,778	7,115	(234)	11,659	(5,063)	6,596	6,662	759	66	⊖	Estimates included- to be looked at <i>duration same</i>
Children, Young People & Culture	Access Initiative	-	24	-	24	(11)	13	13	-	-	⊖	
Children, Young People & Culture	Targetted Capital Funds	-	101	-	101	-	101	101	1	-	⊖	
Children, Young People & Culture	Upgrade and remodel Radcliffe Hall	700	-	-	700	-	700	700	-	-	⊖	
Children, Young People & Culture	Children Centres	-	44	-	44	(17)	27	27	0	-	⊖	
Children, Young People & Culture	Free School Meal Capital Grant	-	131	-	131	(71)	60	60	45	-	⊖	
Children, Young People & Culture	Early Education Fund	-	291	-	291	(191)	100	100	12	-	⊖	
Children, Young People & Culture	Libraries/Adult Education	-	62	-	62	-	62	-	-	(62)	⊖	Project completed
Communities & Wellbeing	Contaminated Land	-	25	0	25	(20)	5	5	3	-	⊖	
Communities & Wellbeing	Air Quality	-	9	-	9	-	9	9	-	-	⊖	
Communities & Wellbeing	Heat Network In Bury TC	-	44	-	44	-	44	44	-	-	⊖	
Communities & Wellbeing	Improving Info.Management	-	32	-	32	-	32	-	8	(32)	⊖	
Communities & Wellbeing	Play Areas	250	-	-	250	-	250	250	-	-	⊖	
Communities & Wellbeing	Radcliffe Temporary Pool	-	825	-	825	-	825	825	732	-	⊖	
Communities & Wellbeing	Learning Disabilities	-	224	-	224	-	224	224	8	(0)	⊖	
Communities & Wellbeing	Mental Health	-	-	-	-	-	-	-	-	-	⊖	
Communities & Wellbeing	Older People	455	-	-	455	-	455	455	34	-	⊖	
Communities & Wellbeing	Empty Property Strategy	199	527	-	726	(412)	314	314	1	-	⊖	
Communities & Wellbeing	GM Green Deal and ECO Deliver Partnership	0	55	-	55	-	55	55	-	-	⊖	
Communities & Wellbeing	Disabled Facilities Grant	781	182	-	963	-	963	943	74	(20)	⊖	Reprofile remaining budget to 14/15 - low/variable referral rates and some committed/problematic high spending cases
Communities & Wellbeing	Waste Management	-	102	-	102	-	102	102	19	-	⊖	
Communities & Wellbeing	Parks	-	0	-	0	-	0	20	-	20	⊖	
Resources & Regulation	Traffic Management Schemes	275	179	-	454	(200)	254	242	2	(12)	⊖	
Resources & Regulation	Prestwich Town Centre	2,000	485	(485)	2,000	(1,990)	10	10	-	(0)	⊖	
Resources & Regulation	Planned Maintenance	1,484	289	85	1,858	-	1,858	1,920	110	62	⊖	
Resources & Regulation	Bridges	394	136	-	530	-	530	468	77	(62)	⊖	
Resources & Regulation	Transportation & Parking	-	-	-	-	-	-	-	3	-	⊖	
Resources & Regulation	Street Lighting LED Invest to Save	203	861	-	1,064	-	1,064	1,064	22	-	⊖	
Resources & Regulation	Traffic Man/Road Safety	-	442	-	442	(28)	414	426	3	12	⊖	
Resources & Regulation	Environmental Projects	60	612	40	712	(137)	575	587	185	12	⊖	
Resources & Regulation	Development Group Projects	-	299	-	299	-	299	299	38	-	⊖	
Resources & Regulation	Corporate ICT Projects	71	173	-	243	-	243	140	-	(103)	⊖	Development of software in progress
Resources & Regulation	Townside Fields - Joint Venture	-	-	-	-	-	-	-	247	-	⊖	
Resources & Regulation	Opportunity Land Purchase	-	109	-	109	-	109	109	0	-	⊖	
Resources & Regulation	Demolition of the Rock Fire Station	-	90	-	90	-	90	94	0	4	⊖	
Resources & Regulation	Inwell Street Redevelopment	-	-	-	-	-	-	53	54	53	⊖	Initial design and consultation fees only
Resources & Regulation	18 Haymarket Street	-	86	(86)	-	-	-	-	5	-	⊖	
Resources & Regulation	Demolition of Former Police HQ, Inwell Street	-	370	-	370	-	370	370	8	-	⊖	
Resources & Regulation	Tile Street Refuse Removal	-	42	239	282	-	282	282	-	-	⊖	
Resources & Regulation	Bury Market - New Toilets	-	-	-	-	-	-	-	(5)	-	⊖	
Resources & Regulation	Former Petrol Filling Station near Murray Road	-	7	-	7	-	7	-	8	(7)	⊖	
Resources & Regulation	The Rock Fire Station Redevelopment	-	4	-	4	-	4	4	3	-	⊖	
Resources & Regulation	Radcliffe TC Bus Station Relocation	1,000	902	(1,000)	902	-	902	902	3	-	⊖	
Resources & Regulation	Radcliffe Market Redevelopment	-	(63)	-	(63)	-	(63)	-	12	63	⊖	Final account awaited
Resources & Regulation	Radcliffe TC Redevelopment	-	-	-	-	-	-	5	1	5	⊖	
Resources & Regulation	New Leisure Centre at Knowsley Street	-	-	-	-	-	-	79	79	79	⊖	Initial design and consultation fees only
Resources & Regulation	Property Management / Sale of Assets	-	-	-	-	-	-	8	154	8	⊖	Offset at year end against realised sales.
Resources & Regulation	ELR Trust	-	-	12	12	-	12	12	6	-	⊖	
Housing Public Sector	Disabled Facilities Adaptations	552	63	-	615	-	615	615	65	-	⊖	
Housing Public Sector	Play Areas/St Lighting	250	-	-	250	-	250	250	-	-	⊖	
Housing Public Sector	New Energy Development Organisation (NEDO) works	-	-	503	503	-	503	503	-	-	⊖	
Housing Public Sector	Major Repairs Allowance Schemes	7,619	-	-	7,619	-	7,619	7,619	645	-	⊖	
Housing Public Sector	Major Repairs Allowance Schemes	4,119	635	-	4,754	-	4,754	4,654	-	(100)	⊖	commitment in revised estimate subject to approval.
Total Bury Council controlled programme		25,690	16,546	(946)	41,290	(9,272)	32,018	31,999	3,508	(19)		

Funding position:

Capital Receipts	-	429	-	429	(200)	229	149
Reserve / Earmarked Capital Receipts	1,013	3,210	239	4,462	(1,412)	3,050	3,033
General Fund Revenue	-	923	-	923	-	923	820
Housing Revenue Account	250	700	503	1,453	-	1,453	1,268
Capital Grants/Contributions	10,137	10,423	(118)	20,442	(6,670)	13,772	13,117
HRA/MRA Schemes	12,290	-	-	12,290	-	12,290	12,373
Supported Borrowing	-	-	-	-	-	-	-
Unsupported Borrowing	2,000	861	(1,570)	1,291	(990)	302	1,239
	-	-	-	-	-	-	-
	25,690	16,546	(946)	41,290	(9,272)	32,018	31,999

Key for budget monitoring reports

Projected Overspend (or Income Shortfall)

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



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April 2015 - June 2015

	2015/16 Original Estimate £	2015/16 Latest Estimate £	2015/16 Projected Outturn £	2015/16 Variation Over/(Under) £
INCOME				
Dwelling rents	29,981,900	29,981,900	29,981,900	0
Non-dwelling rents	219,000	219,000	219,000	0
Heating charges	70,700	70,700	71,600	(900)
Other charges for services and facilities	950,800	950,800	913,100	37,700
Contributions towards expenditure	53,900	53,900	53,900	0
Total Income	31,276,300	31,276,300	31,239,500	36,800
EXPENDITURE				
Repairs and Maintenance	0	0	0	0
General Management	773,000	773,000	803,000	30,000
Special Services	786,400	786,400	786,400	0
Rents, rates, taxes and other charges	93,200	93,200	93,200	0
Increase in provision for bad debts - uncollectable debts	183,200	183,200	183,200	0
Increase in provision for bad debts - impact of Benefit Refo	305,300	305,300	305,300	0
Cost of Capital Charge	4,531,900	4,531,900	4,533,800	1,900
Depreciation/Impairment of fixed assets - council dwelling	7,619,100	7,619,100	7,619,100	0
Depreciation of fixed assets - other assets	41,900	41,900	41,900	0
Debt Management Expenses	40,600	40,600	40,600	0
Contribution to/(from) Business Plan Headroom Reserve	(1,919,900)	(1,919,900)	(1,919,900)	0
Total Expenditure	12,454,700	12,454,700	12,486,600	31,900
Net cost of services	(18,821,600)	(18,821,600)	(18,752,900)	68,700
Amortised premia / discounts	(14,600)	(14,600)	(14,600)	0
Interest receivable - on balances	(65,400)	(65,400)	(65,400)	0
Interest receivable - on loans (mortgages)	(1,000)	(1,000)	(1,000)	0
Net operating expenditure	(18,902,600)	(18,902,600)	(18,833,900)	68,700
Appropriations				
Appropriation relevant to Impairment	0	0	0	0
Revenue contributions to capital	5,424,200	5,424,200	5,424,200	0
(Surplus) / Deficit before ALMO/SHU payments	(13,478,400)	(13,478,400)	(13,409,700)	68,700
Payments to Six Town Housing / Transfers re Strategic Housing Unit excluded from above				
Six Town Housing Management Fee	13,158,400	13,158,400	13,058,600	(99,800)
Contribution to SHU Costs	320,000	320,000	320,000	0
Total	13,478,400	13,478,400	13,378,600	(99,800)
(Surplus) / Deficit after ALMO/SHU payments	0	0	(31,100)	(31,100)
Working balance brought forward	(1,000,000)	(1,000,000)	(1,000,000)	0
Working balance carried forward	(1,000,000)	(1,000,000)	(1,031,100)	(31,100)

key for budget monitoring reports**Projected Overspend (or Income Shortfall) of**

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

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The table below shows the prudential indicators as derived from the Treasury Management Strategy Report for 2015/16 and the Original Budget for 2015/16 as approved at Council in February 2015. The Original Budget for 2015/16 is compared with the Forecast Outturn for 2015/16 as at 30th June 2015.

CAPITAL EXPENDITURE	Original Budget 2015/16 £'000	Forecast Outturn at 31 June 15 £'000	Variance	Notes
Estimate of Capital Expenditure				
Non-HRA	13,150	17,678	34.43%	
HRA existing expenditure	12,540	12,544		
TOTAL	25,690	30,222		1
Estimate of Capital Financing Requirement (CFR)				
Non-HRA	119,584	118,352	(1.03%)	
HRA existing expenditure	40,531	40,530		
HRA reform settlement	78,253	78,253		2
	238,368	237,135		3

AFFORDABILITY	Original Budget 2015/16 £'000	Forecast Outturn at 31 June 15 £'000	Variance	Notes
Estimate of incremental impact of capital investment decisions				
Increase in council tax (band D, per annum)	-£1.99	-£0.06		4
Increase in housing rent per week	£0.00	£0.00		5
Ratio of Financing Costs to net revenue stream				
Non-HRA	3.02%	3.11%	3.09%	6
HRA	13.61%	14.44%	6.09%	6
Net External Borrowing only to support the CFR in Medium Term	£'000	£'000		
Net External borrowing over medium term	196,011	196,011		7
Total CFR over Medium Term	236,865	237,135		7
Net External Borrowing < Total CFR	TRUE	TRUE		

EXTERNAL DEBT	Original Budget 2015/16 £'000	Forecast Outturn at 31 June 15 £'000	Variance	Notes
Authorised limit of external debt				
Borrowing	194,100	192,800		
Other long term liabilities	6,700	6,700		
HRA reform settlement	79,300	79,300		
TOTAL	280,100	278,800	(0.46%)	8
Operational boundary				
Borrowing	159,100	157,800		
Other long term liabilities	6,700	6,700		
HRA reform settlement	79,300	79,300		
TOTAL	245,100	243,800	(0.53%)	8

TREASURY MANAGEMENT	Original Budget 2015/16	Forecast Outturn at 31 June 15	Variance	Notes
Upper limit for fixed interest rate exposure Net principal re fixed rate borrowing / investments	140%	130%	(7.38%)	9
Upper limit for variable rate exposure Net principal re variable rate borrowing / investments	-40%	-30%	(25.75%)	9
Upper limit for total principal sums invested for > 364 days	£10 m	£10 m		10
Maturity structure of fixed rate borrowing at 30	Upper/lower limit	Actual		
Under 12 months	40% - 0%	6.54%		
12 months and within 24 months	35% - 0%	8.28%		
24 months and within 5 years	40% - 0%	5.76%		
5 years and within 10 years	50% - 0%	2.24%		
10 years and above	90% - 30%	77.18%		

Notes to the Prudential Indicators:

1. The original budget shows the approved Capital Programme expenditure of £25,690,000. The forecast outturn of £30,222,000 is higher than budget because of slippage from 2014/15.
2. Following the Government announcement to reform the system of financing Council housing, the Authority had to pay the Department for Communities and Local Government £78.253m on the 28th March 2012. The Council financed this expenditure by PWLB loans.
3. Capital Financing Requirement relates to all capital expenditure – i.e. it includes relevant capital expenditure incurred in previous years. The Capital financing requirement reflects the authority's underlying need to borrow.
4. The finance costs related to the increases in capital expenditure impact upon Council tax. The increase in Council Tax reflects the level of borrowing to be taken in 2015/16 to finance current and previous years' capital expenditure.
5. There is no direct impact of capital expenditure on housing rents as the housing rent is set according to Government formula.
6. The ratios for financing costs to net revenue stream for both General Fund and HRA have remained relatively stable.
7. To ensure that borrowing is only for a capital purpose and therefore show that the authority is being prudent this indicator compares the level of borrowing and capital financing requirement (CFR) over the medium term. The level of borrowing will always be below the CFR.
8. The authorised limit and operational boundary are consistent with the authority's plans for capital expenditure and financing. The authorised limit is the maximum amount that the authority can borrow.
9. The variable and fixed limits together look at the whole portfolio and will therefore together always show 100% exposure. Variable interest

rate limit can be positive or negative as investments under 364 days are classed as variable and are credit balances which are offset against debit variable loans. The smaller the balance of investments, the more likely the variable limit will be positive as the variable loan debit balance will be higher than the credit investment balance offset against it.

10. Principal sums invested for periods longer than 364 days have been set at £10 million. The investment balance is estimated to be cash flow driven, however if the opportunity arises that surplus investment balances are available then advantage will be taken of favourable rates.

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Welfare Reforms 2013 update

Six Town Housing update

The programme of welfare reforms introduced by the Government continue to bring new challenges and risks for tenants, Six Town Housing (STH) and Bury Council. As a result, we have seen a sharp rise in rent arrears over the last 12 months; with £154,735 of the total rent arrears owned attributable to welfare reform changes. The situation is likely to deteriorate further as more tenants migrate across to Universal Credit (UC) and become directly responsible for paying their rent.

Universal Credit

Since UC was introduced in the North West last year, we have seen a steady rise in rent arrears as tenants migrate across to the new benefit. This is despite individual UC cases being monitored and actioned on a weekly basis. A summary of the current position is given below:

	April 2015	August 2015
Number of tenants on UC	104	131
% of UC Claimants in arrears	86%	90%
Number of Managed Payment Agreements in place	50	65
Total UC arrears	£47,758	£71,973

STH is able to request a Managed Payment Arrangement (APA) from the Department of Work and Pensions if specific criteria are met. The payment is made directly to STH to cover the rent and a specified amount off the arrears.

APAs are in place for all relevant cases.

Despite the level of UC arrears, STH continues to perform well when compared to other housing organisations.

Under Occupation Charge

Until this year, STH and the Council have successfully mitigated against the Under Occupation Charge, with 'bedroom tax' arrears kept relatively low.

Unfortunately, the Discretionary Housing Payment funding allocated to Bury Council this year has been cut by £73,000. Inevitably, this cut will have an impact on tenants affected by the Under Occupation Charge and is leading to an increase in rent arrears. Bedroom Tax arrears have increased by £30,000 this year and now stand at £82,762.

Action being taken

Our work is overseen by the Welfare Reform Board and we continue to try and mitigate against the changes that have been introduced. Unfortunately, this is becoming increasingly difficult given the rollout programme. Examples of our work include:

- Raising tenant awareness through the BREAD road shows and other forums;
- Raising staff awareness through briefing sessions and providing job shadowing opportunities so that they are equipped with the necessary skills and information to provide appropriate advice;
- Learning from other housing organisations through benchmarking exercises, site visits and discussions at wider forums. The information gauged is being used to adapt our current working practices;
- Providing intensive support to a target group of UC tenants and using the learning to inform changes in working practices;
- Early identification of new tenants on UC/ applying for UC at Pre affordability interview stage; and

- Intensive monitoring of all UC cases.

New risks are emerging following further planned changes to welfare benefits as highlighted in the Queen's Speech. These particularly relate to the Total Cap in Benefits, the freeze in welfare benefits for two years and cuts in Housing Benefit for people aged between 18 and 21.

Council tax support

This devolved local scheme continues to be reviewed annually to consider whether any changes to the scheme for the next financial year are necessary.

There are no proposed changes to the 2016/17 scheme: this has not been amended until its inception in April 2013. It continues to be monitored very closely in order to ensure it remains within budget.

We remain one of the few local authorities not to have a 'top slice' (eg all claimants of CTS have to pay 20% or similar figure of their overall CTS bill) as a key feature of our scheme: this is something we have resisted to date as feedback from those authorities who have such provision indicates that this is very difficult to collect and puts customers in hardship. To date, since the scheme was introduced we have not experienced reductions in collection: indeed this has increased each year with last years outturn at 97.05%.

Bury Support Fund (ex national social fund)

This was devolved to local authority administration from April 2013. Each local authority could develop their own scheme. Funding was significantly reduced after 2 years. The current position is that due to 'carry over' of unspent grant due to careful monitoring and administration of the scheme, we have been able to continue its operation to at least 2017. This is the same approach being taken by many other authorities in order to maintain provision as long as possible and to ensure the most vulnerable customers are assisted.

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Welfare and Work Bill 2015

This was announced in the Budget on the 8th July. The changes to welfare will take effect from either April 2016 or 2017.

The changes only affect working age people: with or without children. Claimants may be affected by more than one of the changes to be introduced.

Main changes

Introduction of National Living Wage

Increase of 70p per hour from current National Minimum Wage of £6.50 to National Living Wage of £7.20 per hour.

Freeze on benefits

Most working-age benefits will be frozen for four years from April 2016 including housing benefit applicable amounts and local housing allowance levels: with provision for high rent areas. Other benefits; Jobseekers' Allowance, Employment and Support Allowance, Income Support, Child benefit, tax credits. This doesn't include Maternity Allowance, maternity pay, paternity pay and sick pay.

Benefit cap reduced

The benefit cap will be reduced; no specific date has been given for this: the bill states that this is being kept open so it can be rolled out at different times for different areas or cases.

The government will reduce the "benefit cap" from £26,000 to £20,000, except in Greater London where the cap will be £23,000. The current exemptions to the cap will continue to apply.

As well as the benefit cap for couples (£23,000 in Greater London, £20,000 outside), the respective limits for single people are £15,410 and £13,400. There is now a requirement to review the cap levels at least once in each Parliament.

The change will see a reduction in a household's Housing Benefit. Affected households will be identified by the Department for Work and Pensions.

Housing Benefit

Housing benefit backdating will be restricted to a maximum of four weeks from April 2016.

The "family premium" will be withdrawn from new HB claims from April 2016.

Tax credits income threshold reduced from £6,420 to £3,850.

The biggest change in this set of welfare reforms. This is targeted at working age people in work. Although this group may also see increases in their wages due to national living wage, in all cases the reduction in tax credits will be greater than increases in wages, leading to a net reduction in income.

The government's stated aim of these changes is to encourage people to work longer hours by removing the adverse incentives of employers paying low wages because their staff can claim enough tax credits to live on. The government assumes that this group of people will work more hours to make up the shortfall in their reduced tax credits.

In effect, this means that the income level at which tax credits can be claimed is going down. The level of earnings at which a household's tax credits award starts to be withdrawn for every extra pound earned (known as the income threshold) will be reduced from £6,420 to £3,850.

Anyone who is claiming CTS and sees a reduction in their income due to tax credit changes will potentially see an increase in their CTS. Any increase in CTS will not offset their overall reduction in income.

Reductions will be phased in during April to June 2016 as tax credit claims are renewed

Further changes

From April 2017, most welfare support provided to families will be limited to two children; subsequent children born after April 2017 will not be eligible for further support. This will apply to Housing Benefit, tax credits and UC where a new claim is made from April 2017. Households who have been in receipt of tax credits with an interruption of less than 6 months will be protected.

The government will provide £800 million of funding for Discretionary Housing Payments (DHP's) over the next 5 years.

From April 2017, the introduction of Youth Obligation for 18-21 year olds in receipt of UC. They will participate in an intensive regime of support from day one of their benefit claim and after 6 months they will be expected to apply for an apprenticeship or traineeship, gain workbased skills or go on a mandatory work placement to give them the skills they need to move into sustainable employment. Failure to do this will result in benefits not being paid.

From April 2017 the Budget will also remove the automatic entitlement to help with housing costs for new claims in Universal Credit from 18-21 year olds who are out of work. There will be some exemptions: parents whose children live with them, vulnerable groups and those who were living independently and working continuously for the preceding 6 months will be exempt from this measure. Rough estimates put this at less than 100 in Bury. It appears this will

not apply to Housing Benefit; by this time all single claimants should have been transferred across to UC (except for exempt accommodation).

From April 17, ESA cut by £30 per week for claimants seeking work: ie new claimants of Employment Support Allowance who are placed in the Work-Related Activity Group will receive the same rate as those claiming Jobseeker's Allowance. IE New claimants of ESA who are placed in the Work-related Activity Group (WRAG) will receive the same rate as those claiming Jobseeker's Allowance, alongside additional support to help them take steps back to work. They currently get an extra £29.05 for the work-related activity component but from April 2017, new claimants judged fit for work-related activity will get the same as people on JSA. That is currently £73.10 for someone over 25 or £57.90 for those under 25.

From September 2017, the provision of 30 hours of free childcare for 3 & 4 year olds will be increased. Families with 3 & 4 year olds will receive 30 hours of free childcare: an increase from the 15 hours they're currently offered. Parents who are able to work will be expected to work if they're claiming UC if they have a youngest child aged 3 or over: including single parents.

Social housing:

Provision to cut rent by 1% over 4 years

To achieve savings and bring rent increases within the social sector back into line with the private rented sector the Government will reduce rents in social housing in England by 1% a year for four years from 2016. This will reduce average rents in the social housing sector by around 12% by 2020, from the current forecast. By 2020/21 there will be an in-year housing benefit saving of £1.995bn, which translates to an in-year net saving to the taxpayer of £1.445bn by 2020/21 once the impact on local authorities is taken into account.

Pay to stay: over £30k earners (outside London) to pay a market or near market rent: likelihood is this will be tapered.

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Appendix 1 Case studies and agreed actions

Changes to tax credits

As local authorities do not administer tax credits, we are unable to provide forecasting on numbers etc who will be affected in Bury. Therefore, case studies have been outlined using a budgeting tool developed by KPMG. Changes to tax credits have been offset against known changes to the National Living Wage. The individual scenarios have been developed by Manchester City Council.

Scenario 1

Husband and wife, with four children

Mr works 38 hours per week and earns £10 per hour

Mrs works 16 hours per week and earns £6.50 per hour (minimum wage)

	2015-16	2016-17	Difference
Income			
Income Tax	£1,838.00	£1758.00	£80.00
National Insurance	£1,407.59	£1,407.59	£0.00
Child benefit	£3,213.59	£3,213.59	£0.00
Tax Credits	£8,746.02	£7,300.36	-£1,445.65
Total	£8,714.02	£7,348.36	-£1,365.65

Offsetting this reduction in tax credits against the increase in the national living wage from £6.50 to £7.20 per hour at an increase of £582.40 leaves the family worse off by approximately £783.25 from April 2016.

Scenario 2

Single parent with two children

Working 24 hours per week at minimum wage of £6.50 per hour

In receipt of tax credits

	2015-16	2016-17	Difference
Income			
Income Tax	£0.00	£0.00	£0.00
National Insurance	£168.47	£168.47	£0.00
Child benefit	£1,788.79	£1,788.79	£0.00
Tax Credits	£7,419.68	£6,105.00	-£1,314.68
Total	£9,040.00	£7,725.32	-£1,314.68

Offsetting this reduction in tax credits against the increase in the national living wage from £6.50 to £7.20 per hour at an increase of £873.60 leaves the family worse off by approximately £441.08 from April 2016.

Scenario 3

Couple with two children

Mr working 35 hours per week at £8 per hour

Mrs not working

In receipt of tax credits

	2015-16	2016-17	Difference
Income			
Income Tax	£792.00	£712.00	£80.00
National Insurance	£780.00	£780.00	£0.00
Child benefit	£1,788.79	£1,788.79	£0.00
Tax Credits	£7,547.60	£6,105.00	-£1,442.60
Total	£7,764.39	£6,401.80	-£1,362.60

This family would be worse off by approximately £1,362.60 from April 16.

Welfare Reform Board agreed actions

It is not possible for us to identify cases affected by the changes to tax credits.

Therefore it has agreed to take a partnership approach to raising awareness of the changes.

Previous exercises to raise awareness have shown limited success: most recently with single occupancy change: `bedroom tax` and the introduction of the benefit cap. The general tendency is for customers to only contact us once the changes have taken effect.

Therefore it has been agreed to develop posters encouraging customers receiving tax credits to find out how the changes may affect them. Further the intention is to equip front-line staff in the Council, CAB and Six Town Housing with information to advise customers who may be affected by the changes.

Further, we will be developing and rolling out the debt strategy across the Council, Six Town Housing and third sector partners over the next few months which will be timely in relation to these changes.