

## AGENDA FOR

## CABINET

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**To: All Members of Cabinet**

**Councillors** : R Shori (Leader and Cabinet Member for Business Engagement and Regeneration (Chair)), J Lewis (Deputy Leader and Cabinet Member for Finance and Human Resources), S Walmsley (Cabinet Member for Strategic Housing and Support Services), A Quinn (Cabinet Member for Environment), T Holt (Cabinet Member for Health & Wellbeing), S Briggs (Cabinet Member for Children and Families), T Tariq (Cabinet Member for Communities), T Pickstone (without portfolio) and I Gartside (without portfolio)

Dear Member

### Cabinet

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

<b>Date:</b>	Wednesday, 20 July 2016
<b>Place:</b>	Meeting Rooms A and B, Town Hall, Knowsley Street, Bury BL9 0SW
<b>Time:</b>	6.00 pm
<b>Briefing Facilities:</b>	If Opposition Members and Co-opted Members require briefing on any particular item on the Agenda, the appropriate Director/Senior Officer originating the related report should be contacted.
<b>Notes:</b>	

## **AGENDA**

### **1 APOLOGIES FOR ABSENCE**

### **2 DECLARATIONS OF INTEREST**

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

### **3 PUBLIC QUESTION TIME**

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

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

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

To approve as a correct record the minutes of the meeting held on 8 June 2016.

### **5 ACTION PLAN FOLLOWING OFSTED INSPECTION OF SERVICES FOR CHILDREN IN NEED OF HELP AND PROTECTION, CHILDREN LOOKED AFTER AND CARE LEAVERS AND REVIEW OF LOCAL SAFEGUARDING BOARD** *(Pages 5 - 22)*

### **6 VISION, PURPOSE AND VALUES PERFORMANCE MANAGEMENT - 2015/16 QUARTER 4** *(Pages 23 - 36)*

### **7 CAPITAL OUTTURN 2015/16** *(Pages 37 - 48)*

### **8 REVENUE AND HOUSING REVENUE ACCOUNT OUTTURN 2015/16** *(Pages 49 - 70)*

### **9 TREASURY MANAGEMENT ANNUAL REPORT 2015/16** *(Pages 71 - 82)*

### **10 URGENT BUSINESS**

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

### **11 EXCLUSION OF PRESS AND PUBLIC**

To consider passing the appropriate resolution under Section 100 (A)(4), Schedule 12(A) of the Local Government Act 1972, that the press and public be excluded from the meeting for the reason that the following business involves the disclosure of exempt information as detailed against the item.

**12 APPROVAL OF FUNDING AND OTHER MATTERS TO ENABLE THE COUNCIL TO DELIVER A NEW EXTRA CARE SCHEME, HAWORTH CLOSE, BURY** *(Pages 83 - 90)*

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<b>Minutes of:</b>	<b>THE CABINET</b>
<b>Date of Meeting:</b>	8 June 2016
<b>Present:</b>	Councillor R Shori (in the Chair) Councillors K S Briggs, I Gartside, T Holt, J Lewis, T Pickstone, A Quinn, T Tariq and S Walmsley
<b>Apologies:</b>	-
<b>Public attendance:</b>	2 members of the public were in attendance.

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**CA.26 DECLARATIONS OF INTEREST**

No declarations were made in respect of any items of business to be considered.

**CA.27 PUBLIC QUESTION TIME**

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

No questions were asked.

**CA.28 MINUTES****Delegated decision:**

That the minutes of the meeting held on 13 April 2016 be approved and signed by the Chair as a correct record.

**CA.29 PUBLIC CONSULTATION ON THE KEY PRINCIPLES FOR THE BURY LIBRARY SERVICE**

The Cabinet Member (Strategic Housing and Support Services) submitted a report regarding a proposed consultation on the Bury Library Service which will be based on on six Key Principles. The responses received could be used to provide the framework for a full review of the Bury Library Service in 2017.

The six Key Principles to be consulted on are:

1. To provide a Library Service across the borough which provide all residents with access to libraries and electronic services sufficient in number, range and quality to support reading for pleasure, lifelong learning, the development of new skills and the effective use of information.
2. To ensure that the needs of more vulnerable residents and groups protected by Equalities legislation are taken fully into account in the provision of these services.

Cabinet 8 June 2016

3. To ensure that the resources committed to the library service are used as efficiently as possible by exploring options to reduce running and maintenance costs and to share premises with Council and other services.

4. To explore options for investing in technology to improve access to the library service for example by extending opening hours, increasing our digital services and enhancing provision for those with sensory impairments.

5. To welcome the contribution that members of the community can make to the Library Service as volunteers, supporting both traditional and digital services.

6. To meet local aspirations for a network of community spaces across the borough in which the council and local communities can work together as partners in meeting local needs.

In order to gain a wide range of views on the service, contact will be made with current library service users and non-users. The consultation will include an online survey, telephone survey, public meetings and face to face contact and this will be supported by a consultancy company.

The report provided an indicative timetable for the process to be followed, including the submission of the outcome of the first consultation phase report to Cabinet in October. A second consultation would then take place with a final report to Cabinet in March 2017. Consultation would then take place with staff members during April and May 2017 with the final implementation of proposals anticipated by 1 July 2017.

In welcoming the report the Chair also acknowledged the involvement of former Councillor Paddy Heneghan, for his work in initiating a review of the Bury Library Service, as the Cabinet Member responsible.

### **Delegated decision:**

That approval be given to a consultation with all stakeholders concerning the Bury Library Service (time period - 13 June to 5 September 2016) that will focus on the six Key Principles, as detailed above, and will drive a review of the Bury Library Service.

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

Bury Council has a duty to provide a comprehensive and efficient library service and is committed to continuing this provision within the available resources.

### **Other options considered and rejected:**

To reject/ amend the recommendation.

## **CA.30 OFSTED INSPECTION OF SERVICES FOR CHILDREN IN NEED OF HELP AND PROTECTION, CHILDREN LOOKED AFTER AND CARE LEAVERS AND REVIEW OF LOCAL SAFEGUARDING BOARD**

The Cabinet Member (Children and Families) submitted a report presenting the findings of an Ofsted inspection of Bury Council Children's Services for children in need of help and protection, looked after children and care leavers. The inspection took place over a four week period during February and March 2016 and involved twelve inspectors focussing on:

- Frontline case practice
- Children and Young People's own experiences
- A greater emphasis on the outcomes and needs of the child
- Early identification and help for children, young people and their families;
- A greater emphasis than in previous inspections about how effectively partner agencies work together to protect children and young people;
- Services for LAC (Looked After Children) (including Fostering, Adoption and Care Leavers)
- A review of the LSCB (Local Safeguarding and Children Board)

The inspection found that there were no widespread or serious failings that may result in or leave children being harmed or at risk of harm. Also, the welfare of looked after children and their safeguarding is promoted.

The services to children and young people were recognised as being predominantly good and the report included eleven recommendations to assist the Council in preparing an action plan to ensure all services to children and young people are rated 'good' or 'outstanding'. The Local Safeguarding Children Board received 5 recommendations which will be used to form part of a Safeguarding Board action plan.

In welcoming the report Councillor Gartside requested that consideration be given to the creation of a Safeguarding Committee with the purpose of monitoring and addressing safeguarding issues.

### **Delegated decisions:**

1. That the report be noted.
2. That the Executive Director of Children, Young People & Culture be instructed to submit an action plan in response to the outcome of the inspection for submission to Cabinet on 20 July 2016.

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

The report demonstrates that the services to vulnerable children and young people in Bury have measurably improved over the last two years and must continue to improve.

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

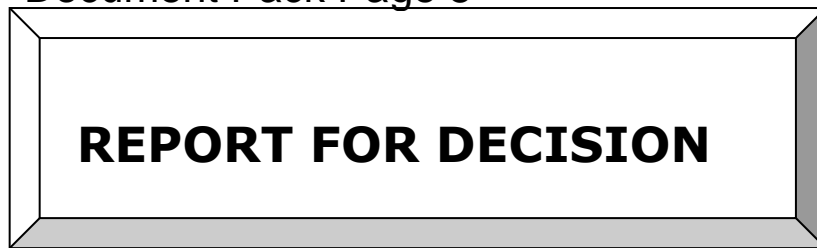
To reject the recommendation.

**COUNCILLOR R SHORI**  
**Chair**

(Note: The meeting started at 6.00pm and ended at 6.30pm.)

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<b>DECISION OF:</b>	<b>CABINET</b>
<b>DATE:</b>	<b>WEDNESDAY 20 JULY 2016</b>
<b>SUBJECT:</b>	<b>ACTION PLAN FOLLOWING THE RECOMENDATIONS OF THE OFSTED INSPECTION OF SERVICES FOR CHILDREN IN NEED OF HELP AND PROTECTION, CHILDREN LOOKED AFTER AND CARE LEAVERS AND REVIEW OF LOCAL SAFEGUARDING BOARD</b>
<b>REPORT FROM:</b>	<b>COUNCILLOR SHARON BRIGGS CABINET MEMBER FOR CHILDREN AND FAMILIES</b>
<b>CONTACT OFFICER:</b>	<b>JACKIE GOWER ASSISTANT DIRECTOR (SOCIAL CARE AND SAFEGUARDING)</b>
<b>TYPE OF DECISION:</b>	KEY
<b>FREEDOM OF INFORMATION/STATUS:</b>	This paper is in the public domain
<b>SUMMARY:</b>	<p>Ofsted inspected Children's Services over a four week period in February and March 2016 and found that children and young people in Bury are safe.</p> <p>The report highlights that services to Children and young people are predominantly good. The proposed action plan incorporates the recommendations from Ofsted which will assist the Council in ensuring all services to children and young people are good or outstanding.</p>
<b>OPTIONS &amp; RECOMMENDED OPTION</b>	<p>Cabinet are asked to approve the action plan which has been written in response to the Ofsted report and agree an allocation of £195K from reserves to fund the work in 2016/17.</p> <p>The alternative option would be to reject the action plan in whole or in part, but the Council would then be unable to</p>

	comply with Ofsted requirements.
<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>	The proposed action plan seeks "one-off" funding from reserves in 2016/17 totalling £195,000.  There is an ongoing resource requirement of £190,000 for 2017/18 and beyond.  If agreed, this will be sourced when 2017/18 budget proposals are developed by the Children, Young People & Culture Directorate.
<b>Statement by Executive Director of Resources (including Health and Safety Implications)</b>	There are no wider resource implications
<b>Equality/Diversity implications:</b>	No specific implications
<b>Considered by Monitoring Officer:</b>	Yes <span style="float: right;">JH</span>
<b>Wards Affected:</b>	ALL
<b>Scrutiny Interest:</b>	Overview and Scrutiny Committee

**TRACKING/PROCESS**

**DIRECTOR:**

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

<b>1.0</b>	<b>BACKGROUND</b>
	Ofsted carried out an inspection of Services for children in need of help and protection; children looked after and care leavers and a review of the Local Safeguarding Board from 22 February 2016 to 17 March 2016. The report detailing their findings was published on Ofsted’s website on 16 May 2016. The Report was brought to Cabinet on 8 June 2016. The Local Authority is required to submit an action plan to Ofsted within 70 working days of the publication of the report – the deadline for the response is 23 August 2016.
<b>1.1</b>	<b>The Outcome of the Inspection</b>
	The inspection found that there are no widespread or serious failings that create or leave children being harmed or at risk of harm, and found that the welfare of looked after children is safeguarding and promoted.
	The outcome in terms of grades for Bury is as follows: <ul style="list-style-type: none"> <li>• Overall Effectiveness – Requires improvement to be good</li> <li>• Children who need help and protection – good</li> <li>• Children Looked after and achieving permanence – require improvement <ul style="list-style-type: none"> <li>○ Adoption - good</li> <li>○ Experiences and progress of care leavers – requires improvement</li> </ul> </li> <li>• Leadership, Management and Governance – good</li> <li>• Effectiveness of the LSCB - good</li> </ul>
	Inspectors noted that services to vulnerable children and young people in Bury have measurably improved over the last two years and staff should be commended for their ongoing commitment. The proposed Action Plan seeks to continue to improve the services to Children and Young People.
	The Inspection report provides the Council with 11 recommendations; these form the basis of an action plan which following the agreement of Cabinet will be sent to Ofsted and the Department for Education.
	The plan identifies some areas where there is a need for additional staff resources either on a short term basis or recurrently. The “One off” cost relates to a number of additional short term posts and is £100K. The recurrent cost is £190K in a full year. Additional savings will be built into the 2017/18 budget to cover the recurrent costs from April 2017, but 6 months worth of funding is requested from reserves in 2016/17 to cover the costs of these posts. The total request of resources from reserves for the action plan is therefore £195K in 2016/17. Cabinet are asked to agree this allocation.
<b>1.2</b>	<b>Monitoring the Action Plan</b>
	Once agreed, the Action Plan will be monitored by the Departmental Management Team and the Corporate Parenting Board. In addition reports will be brought to Cabinet and Scrutiny.
	Ofsted are currently proposing to meet with senior members of Children’s Social Care early in 2017 to review the progress of the Action Plan
	Delivery of safeguarding and child protection services does not lie solely with the Council; Key partners (Health, Police, Schools) share in this work and must remain committed to the task. With the continued support of Cabinet, our staff and partners we wish to ensure ongoing commitment, and where necessary, the identification and allocation of sufficient resources to make this task deliverable and maintain the same level of progress to become good.

	<b>Contact Details:</b> Jackie Gower Assistant Director (Social Care & Safeguarding) Tel no: 0161 740 5715 Email <a href="mailto:j.gower@bury.gov.uk">j.gower@bury.gov.uk</a>

No	Recommendation	Actions	Timescale	Desired Outcomes	Lead	Cost Implications
1	Improve social work practice and management oversight of CYPIC to ensure assessments are up to date, plans specific and achievable and include timescales and contingencies.	a) Recruit agency ATM to backfill, ensuring CYPIC and Extra Mile have full management	Aug-16	Sufficient management capacity to provide appropriate level of management oversight.	SH	Agency ATM x 6 months £28,000
		b) Recruit to vacant Strategic Lead (Placement Services) post.	Dec-16			
		c) Recruit additional SW to support programme of updating assessments	Aug-16			Agency SW x 6 months £24,000
		d) Identify all CYPIC whose assessments are more than 18 months old and implement plan to update all by April 2017.	Jul-16	All CYPIC will have an assessment no more than a year old by April 2017.		
		e) Annex A list 8 to be upgraded so that includes date of last assessment.	Sep-16			
		f) IRO's to ensure during LAC reviews that all CYPIC have assessments which are current	Immediate / Ongoing			
		g) Update procedures and guidance to ensure that expectations of assessments and plans for long term CYPIC are understood. 'Roll out' practice guidance at EMM.	Sep-16	As a matter of policy and usual practice no CYPIC will have an assessment more than a year old and care plans will reflect the identified needs.		
		h) Update transfer procedures to ensure no case transfers to CYPIC without a current assessment and updated chronology. Launch at EMM.	Sep-16	Compliance with policy can be monitored by PMM		
		i) DL to deliver SMART planning training to Social Workers and PA's.	Jun-16	Improvement in the quality of care plans and pathway plans for CYPIC.		
		j) DL to undertake SMART planning training with IRO's.	Sep-16			

No	Recommendation	Actions	Timescale	Desired Outcomes	Lead	Cost Implications
		k) Bespoke audit tool to be developed to audit quality of plans.	Dec-16		DL / MP	
		l) Themed case file audit of Quality of care plans to be undertaken 6 months after training.	Apr-17	Evidence of improved quality provided to PMM April 17.		

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No	Recommendation	Actions	Timescale	Desired Outcomes	Lead	Cost Implications
2	The CPB should effectively challenge weaker outcomes for C&YP looked after and care leavers, setting ambitious targets to ensure outcomes for children and young people improve.	a) Progress against Ofsted improvement plan to be a standing item on CPB agenda.	Sep-16	CPB scrutinise and challenge progress against Ofsted Improvement plan and assist in removal of barriers.	Cllr Parnell	
		b) CYPiC Education to be a standing item on CPB agenda . Clear Education objectives to be set collaboratively between the Corporate Parenting board and the Virtual school to ensure effective challenge ,improving outcomes and improved life chances.	Sep-16	CPB drives up educational achievements of CYPiC and improve EET opportunities for Care Leavers.		
		c) Training/development programme for CPB members (elected members and officers) to support challenge function.	Programme during 2016 - 2017			
		d) Care Leaver issues to be a standing item on CPB agenda to ensure that the weaker outcomes for this group are appropriately challenged and escalated.	Sep-16			
		e) Support to be provided to ensure members of Care Leavers Forum regularly attend CPB and represent the views of Care Leavers at CPB.	Immediate / Ongoing			

No	Recommendation	Actions	Timescale	Desired Outcomes	Lead	Cost Implications
3	Ensure that all C&YP looked after and care leavers are supported to sustain education, employment or training. This should be assisted by post-16 PEPS and pathway plans being clear, relevant and prioritising important issues.	a) Service reconfiguration – moving from CYPIC and Extra Mile Teams to Through Care (14+) and Permanency Teams.	Oct-16	New model will reduce changes of social worker and better support the most vulnerable cohort of CYPIC and Care Leavers.	SH / DL	
		b) New Kershaw Centre to be developed to provide facilities for direct work and to become a central multi-agency hub for care leavers with extended opening hrs.	Oct-16	Development of a single point of contact/multi-agency hub for care leavers, with flexible hrs of access will improve the opportunities to engage the most vulnerable and hard to reach cohort.		
		c) Development of a sustainable Bury 'trainee and apprenticeship strategy' - to include ring fenced care leaver apprenticeships within the LA	Oct-16	Sustainable increase in the numbers of care leavers in employment of training. Care Leavers are recognised by the Council and partners as a priority group.		
		d) Develop and deliver updated training package for foster carers and other professionals on 'preparing young people for adult life'.	Dec-16			
		e) Improve joint working with DWP, identify direct support to reduce use of sanctions and gain agreement on early claim applications.	Jul-16			
		f) All SW's and PA's in CYPIC and Extra Mile to be trained in SMART needs assessment and SMART planning.	Sep-16	Improved quality of needs assessment and plans and consistency in expectations of quality across field work service and IRO's.		
		g) SMART planning for CYPIC and Care leavers training to be delivered to IRO's.	Sep-16	Ability to undertake themed audit of quality of assessments, care plans, pathway plans for CYPIC and Care Leavers against agreed set of standards 6 months after training.		



No	Recommendation	Actions	Timescale	Desired Outcomes	Lead	Cost Implications
		h) Bespoke audit tool to be developed to audit quality of plans and pathway plans.	Dec-16			
		i) Develop Connexions offer to CYPIC and Care Leavers.	Oct-16			
		j) Post 16 PEPs will continue to be developed to reflect the full range of options open to school leavers and provide for close scrutiny of progress markers.	Ongoing	Improved quality and relevance of post 16 PEPS contributes to improved outcomes for care leavers.	MH / VSH	

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No	Recommendation	Actions	Timescale	Desired Outcomes	Lead	Cost Implications
4	Review the suitability and outcomes for 16 – 18 yr olds who are living in semi-independent and supported accommodation and ensure best use is made of this provision	a) The LA will undertake an accommodation sufficiency review having recognised the need to increase the range of accommodation options available to care leavers locally. Particular attention will be given to increasing the availability of supported lodgings provision.	Apr-17	Increase in availability of affordable, suitable accommodation for care leavers Increased availability and range of supported accommodation and semi-independent accommodation for care leavers Robust process of ensuring accommodation is consistent with needs of individual care leavers.	SH / BJ / DL / ML	
		b) PA's will undertake Schedule 2 assessments when supporting care leavers to visit new accommodation prior to the signing of the individual tenancy agreement, providing advice, guidance and ensuring suitability.	Sep-16	More influence on the cost and quality of accommodation in this unregulated market – driving quality up and costs down.		
		c) A review of the suitability and outcomes for care leavers in semi-independent accommodation to inform future practice – this will be undertaken with the commissioning team.	Oct-16			

No	Recommendation	Actions	Timescale	Desired Outcomes	Lead	Cost Implications
5	Ensure that C&YP who have a disability and their families receive a timely and responsive service that fully meets their needs and is supported by thorough and up to date assessments and plans.	a) Recruitment of 2 temporary SW.	Jul-16	Reduced caseloads of CwD social workers enabling updating of all out of date assessments and plans and providing sufficient capacity to support the case review process.	KW / JG / ML	2 Agency SW's x 6 mo. £48,000
		b) Development of a plan to ensure that all assessments and care plans that have not been updated in the last year are updated by January 2017.	Jan-17			
		c) All C&YP with disabilities who have previously been subject of bi-annual or annual SW visits will be subject of a case review by the CwD and Safeguarding management team. Only those children whose needs are at L4 and 5 on the CoNR will remain open to the CwD social work team.	Sep-16	Sustainable reduction of social work caseloads to ensure a timely and responsive service which fully meets the needs of those CwD and their families who require a social work service – including annual updating of assessments and care plans.		
		d) A plan to 'step-down' all L3 cases to CAF or Early Help will be developed, implemented and completed by April 2017.	Apr-17			
		e) The role of the non qualified staff in the CwD social work service will be reviewed with a view to establishing a systematic relationship and interface between the CAF, Early Help and social work services.	Apr-17			
		f) There will be a review of the Direct Resource Meeting (DRM) - to establish a system of review and financial management and oversight of packages of care for the CwD who will not in the future receive their service from the	Apr-17	Systematic oversight of quality, cost and appropriateness against assessed need of packages of care to all CwD whether in receipt of a social work service or not.		

No	Recommendation	Actions	Timescale	Desired Outcomes	Lead	Cost Implications
		<p>future receive their service from the social work team. This review will be undertaken with the support of the change manager and commissioning team.</p>		<p>Systematic oversight of quality of residential provision - and that it complies with legislation and matches need.</p>		
		<p>g) Consideration will be given to the provision of independent oversight of care plans for children in receipt of overnight breaks</p>	<p>Apr-17</p>			
		<p>h) Policies, procedures and practice guidance will be developed to reflect the service developments and changes in expectations and launched through CTB and LSCB.</p>	<p>Apr-17</p>	<p>Systematic oversight of quality of residential provision - and that it complies with legislation and matches need.</p>		

No	Recommendation	Actions	Timescale	Desired Outcomes	Lead	Cost Implications
6	IRO's should improve their scrutiny of the progress made by C&YP looked after and care leavers to check that progress against plans is proceeding as it should, in particular those at KS2 and at KS4 where results require improvement	a) Separate out the IRO function from CP conference chair function.	Oct-16	Improve the quality of oversight, scrutiny and challenge by IRO's in respect of the progress of CYPIC.	MP	
		b) IRO's to introduce mid point discussions with CYPIC and social worker between statutory reviews.	Jun-16	Provide independent oversight of pathway plans of care leavers 18 -21 yrs.		
		c) IRO's to visit CYPIC at least once during the review period separately from the review meeting and record all direct and indirect contact on LLS.	Oct-16			
		d) An additional IRO post is established to ensure compliance with enhanced expectations (above) in respect of CYPIC, compliance with expectations of IRO handbook in respect of scrutiny and challenge and to respond to CSE and MFH agenda.	Jan-17			£60,000
		e) A dedicated post be established (non social work qualified) to carry out independent review of pathway plans of care leavers aged 18 – 25 yrs.	Jan-17			£40,000
		f) Workshops to be held for CSC staff and key colleagues in Education and Health Services re- role of IRO.	Dec-16	All staff and partners understand the role of the IRO in terms of scrutiny and challenge in statutory LAC reviews.		

No	Recommendation	Actions	Timescale	Desired Outcomes	Lead	Cost Implications
		g) IRO's to attend workshops on SMART assessment and SMART Care plans.		There is common understanding in the IRO service and across the service as a whole of expectations in terms of the standard and quality of assessments and care plans.		
		h) Protocol to be developed with IRO's and Managers about recording of challenge/disputes on children's case files.		Challenge and disputes are recorded on children's case files in a professional manner.		
		i) IRO's will ensure all children subject of a CP plan for neglect are assessed using GCP by the time of the 3 month CP review and that children are not removed from a plan for neglect without updating of the GCP assessment.		All children at risk consequent on neglect benefit by consistent deployment of the GCP.		

No	Recommendation	Actions	Timescale	Desired Outcomes	Lead	Cost Implications
7	Continue to support all CYPIC and Care Leavers to achieve their full academic potential in particular those at KS2 and KS4 where results require improvement	a) Work closely with all schools and settings ensuring high quality attainment data is collated on a termly basis, evidencing effective target setting and deployment of LAC PPG.	Immediate / Ongoing	Improved collaborative working leading to improved outcomes	KR / MH	
		b) Ensure PEPs are completed on a termly basis and a review of the quality assurance framework.	Immediate / Ongoing	Improved quality of PEPs to inform better planning and forensic analysis of level of support needed.	KR / MH	
		c) Ensure that KS2 and KS4 cyp are fully supported to undertake public examinations and schools are effectively challenged when disapplication is proposed.	Immediate / Ongoing	Use of the forensic prediction data to ensure robust challenge for those settings where disapplication is routine. Reprioritise allocation of LMs.	KR / MH	
		d) Ensure the new examinations framework does not unintentionally disadvantage LAC. Continue to advocate for an inclusive curriculum and more intensive support when vulnerability intensifies eg during placement moves.	ongoing and subject to review in line with new framework expectation	Closer scrutiny of year group data as facilitated by the new VS database, allowing for more accurate tracking and robust challenge.	KR / MH	
		E) Continue to ensure robust post-16 transition planning, liaising closely with Colleges leading to better informed KS5 choices.	Immediate / Ongoing	Updated cohort data available on years groups 12-14; embedded monitoring and tracking within VS.	KR / MH	

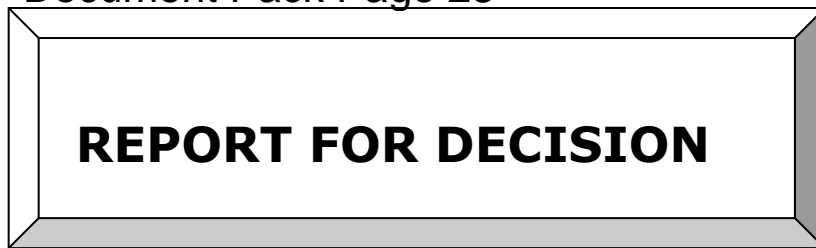
No	Recommendation	Actions	Timescale	Desired Outcomes	Lead	Cost Implications
8	Ensure all performance management information includes data and evaluative commentary on the progress of CYPIC and Care Leavers, so that managers are aware of progress in all aspects of social care services	a) Recruit to Strategic Lead Performance and Quality Assurance.	Oct-16	A Performance and QA service which reports on and evaluates progress in all aspects of social care services.	JG	In budget
		b) Recruit to vacant performance officer post.	Oct-16			In budget
		c) Establish 2 QA posts to maintain programme of case file audits.	Jan-17			£90,000
		d) Establish suite of performance information for CYPIC and Care Leavers for reporting at PMM.	Oct-16			
		e) Develop Annex A (weekly performance report) to provide more information on the progress of CYPIC and Care Leavers.	Oct-16			
9	Make every effort to minimise the number of different social workers that C&YP have so that they can establish trusting relationships with social workers over time.	a) Maintain, review and further develop recruitment and retention policies established 2014.	Jan-17	Minimisation of the number of different social workers that C&YP experience. A social work service which structurally minimises the changes in social workers necessarily experienced by C&YP and their families. A social work service which has optimal information on a timely basis on which to base service design.	JG/RW... CS/MN.. MH	
		b) Review workflow processes with a view to minimising numbers of social workers experienced by C&YP and their families (see actions against recommendation)	Jan-17		JG/RW... CS/MN.. MH	
		c) Develop QA and Performance Management Reporting on changes of social workers for C&YP and their families.	Jan-17		JG/RW... CS/MN.. MH	



**Children, Young People and Culture  
Ofsted Action Plan**

No	Recommendation	Actions	Timescale	Desired Outcomes	Lead	Cost Implications
10	Ensure that children’s social care case files include useful and clear chronologies so that current practice takes full account of the C&YP’s history	a) Training for all social workers on construction of chronologies and efficient use of LLS to maintain chronologies. b) Re-issue guidance to social work staff on use of LLS chronology c) Re-issue direction that transfer of cases between social workers and teams will not take place without an up to date and comprehensive chronology.	Sep-16  Sep-16  Dec 2016 with an audit in January 2017	High quality and up to date chronologies on every case file which are used to inform social work practice.	MB	
11	Improve the identification, assessment and support to privately fostered C&YP and their carers.	a) Use Private Fostering Week to raise awareness across the Council and with partners. PF footer to be set on council emails for the duration of PF week and beyond. b) Information leaflets to be updated and distributed to council sites and partner agencies. c) Bury Council website – link to be created regarding PF. d) BSCB PF report to be updated and focus on themes and trends specific to Bury. e) School admissions service to be updated as to their role in identification of PF arrangements. f) PF statement of purpose to be updated and revised. g) Training to be provided to social care staff in MASH, A&A and Safeguarding on the PFAAR and statutory duties associated with PF arrangements	May-16  May-16  May-16  Jun-16  Sep-16  Sep-16  Sep-16	Increase in enquiries in respect of PF arrangements and increase in no of PF arrangements identified.	SH /MD	

No	Recommendation	Actions	Timescale	Desired Outcomes	Lead	Cost Implications
		h) Training 'Whose Child' to be commissioned and provided by 'Children and Families Across Borders'.	Jun-16			
		i) Pupil on roll check to be sent to all Bury Schools to identify any C&YP not living with a close relative.	Jun-16			
		j) Schools to return a declaration statement confirming record checks and that notification of all potential PF arrangements have been referred to MASH.	Jun-16			
		k) Private education providers to be provided information regarding their duty to report PF arrangements.	May 2016 and termly			



<b>DECISION OF:</b>	<b>CABINET</b>
<b>DATE:</b>	<b>20 July 2016</b>
<b>SUBJECT:</b>	<b>Vision, Purpose and Values Performance Management – 2015/16 Quarter 4</b>
<b>REPORT FROM:</b>	<b>The Leader of the Council</b>
<b>CONTACT OFFICER:</b>	<b>Chris Woodhouse Improvement Advisor Corporate Policy, Communities and Wellbeing</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>	<b>This is the 2015/16 Quarter 4 performance report for Vision, Purpose and Values , marking the end of the first year of the VPV.</b>  <b>The report highlights the key performance of the Council across the six corporate priorities and provides an update on future development of performance management within the organisation.</b>
<b>OPTIONS &amp; RECOMMENDED OPTION</b>	Cabinet are asked to note the performance update in relation to the VPV for 2015/16.
<b>IMPLICATIONS:</b>	
<b>Corporate Aims/Policy Framework:</b>	Do the proposals accord with the Policy Framework? <b>Yes</b>
<b>Statement by the S151 Officer: Financial Implications and Risk Considerations:</b>	A robust performance management framework is essential if the Council is to measure the effectiveness and value for money of the services it delivers.  This report compliments the regular finance monitoring reports that members receive.

	It is proposed to integrate finance and performance reports further in light of the Council's Vision, Purpose & Values document.
<b>Statement by Executive Director of Resources:</b>	There are no wider resource implications
<b>Equality/Diversity implications:</b>	No This report does not impact upon the EA completed for the Vision, Purpose and Values document.
<b>Considered by Monitoring Officer:</b>	Yes Comments Potential issues are highlighted in Paragraph 4 (Risk).
<b>Wards Affected:</b>	All
<b>Scrutiny Interest:</b>	Overview and Scrutiny

JH

**TRACKING/PROCESS**

**DIRECTOR:**

Chief Executive/ Strategic Leadership Team	Executive Member/Chair	Ward Members	Partners
C&WB Management 13/06/2016			
SLT 20/06/2016			
Scrutiny Committee	Cabinet	Council	

**1.0 BACKGROUND**

- 1.1 The Council's Vision, Purpose and Values (VPV) 2015-2020 sets out the strategic direction for the Council over the forthcoming years, in particular ensuring the Council will be able 'to lead, shape and maintain a prosperous, sustainable, Bury that is fit for the future'.
- 1.2 The VPV document acknowledges that we need to change the way we work given the increasing financial pressures that the Council is facing. It indicates that the Council will have to reshape the services that we provide, focusing on our priority areas and meeting the needs of the most vulnerable. It does this by outlining six corporate priorities for the Council and a series of activities that will be undertaken to realise these.
- 1.3 This report details progress to the end of Quarter 4, 2015/16 and how this will develop in the coming quarters.

## 2.0 PERFORMANCE REPORT

- 2.1 **Appendix 1** is the performance update to the end of Quarter 4 of 2015/16.
- 2.2 There is an overall infograph highlighting key messages, followed by each of the six corporate priorities covered in turn. Areas of work detailed on the VPV document are featured, along with new developments, to show what has taken place in contributing towards these priorities.
- 2.3 Work has been undertaken in recent months to develop performance measures and indicators. With this being the first year of the VPV document and with a number of measures only being collected annually, the 'Performance' section of the report mainly includes baseline information. Future reports will provide updates with a particular focus on the trends against the performance measures, both comparing performance against previous quarters and year-on-year analysis.
- 2.4 Areas of good performance to date include:
- A high, and increasing, usage of the Bury Directory, with people are taking more ownership of their own health and wellbeing
  - The new self care programme, Help Yourself to Wellbeing, improving the lives for 100% of participants
  - Good levels of business support resulting in improved employment opportunities and the safeguarding of jobs during the Boxing Day Floods
  - A bumper year for culture and tourism in the Borough.
  - Good level of transfer of existing statements of Education, Health and Care Plans in accordance with government deadlines.
  - The roll out of components within the People Strategy.
  - Improved management communication to staff following the recent employee survey
  - Multiple sites identified for additional residential units.
  - The development of Neighbourhood working with trailblazer sites in Radcliffe and Bury East, allowing the 'department store and lawn' concept to be seen at scale.
- 2.5 There are areas in which performance has been less strong
- Further work is required on the Bury Locality Plan to bring it up the level that would see it as outlining investable propositions.
  - Progression with the partners on the development of an Integrated Commissioning Organisation
  - Programme management of the service review programmes to be tightened.
  - Work to develop outcomes has increased in scope and as such is taking slightly longer to be put in place than initially anticipated.
- 2.6 Work has been ongoing since the end of quarter 4 in these areas, with positive progress being made on these.

## 3.0 GOING FORWARD AND LEARNING FROM YEAR 1

- 3.1 A series of workshops took place during 2015/16 to look at how the VPV could be applied to deliver more effective and efficient services. These included corporate sessions and tailored work with individual services to explore how

their service could change in light of the Council's vision and financial situation. This has been supplemented by new posters being put up in strategic positions throughout Council buildings, through 'business cards' issued to all staff detailing the Council's priorities and the use of a display board by the Chief Executive's office to help communicate the VPV.

- 3.2 Work is ongoing to develop a suite of 'outcomes' with which to improve consistency in reporting what difference the activities of the Council are making. This is being considered in the light of the Neighbourhood Working approach though it will cover all work by the Council and increasingly link in with our partners.
- 3.3 The activities indicated as taking place in year 2 in the VPV will be aligned to these outcomes as part of this work, with meaningful performance measures resulting from this.

#### 4.0 **RISK**

- 4.1 There is a potential risk from people acting in an unregulated way with regards to emerging workstreams that link into the Council's priorities. While innovation and empowerment is important, this needs to be managed to ensure that we are consistent, complying with our statutory responsibilities and not exposing the Council to financial risk and legal challenge.
- 4.2 This is being mitigated by using the VPV as a base document for performance whilst engaging with officers across the organisation as to how their work fits into the wider operations of the Council and Team Bury.
- 4.3 Developments in the compiling and report of Cabinet Portfolio workplans, and the improved linkages proposed between these and the VPV will further strengthen this.

#### 5.0 **CONCLUSION**

- 5.1 This is the second performance reporting for the new Vision, Purpose and Values and marks the end of the first year of the document. Performance against the VPV is largely positive, providing a good baseline to build on for future years.

#### 6.0 **RECOMMENDATIONS**

- 6.1 Cabinet are asked to note the performance update in relation to the VPV.

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

**Council's Vision, Purpose and Values 2015-2020 (Approved by Council 01/07/2015)**

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

**Chris Woodhouse,  
Improvement Advisor, Corporate Policy, Communities and Wellbeing.  
c.woodhouse@bury.gov.uk**



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Appendix 1 : VPV Performance Infographs for 2015/16 Quarter 4

# Our Vision, Purpose and Values



Bolder, braver for a better Council

Quarter 4, 2015/16

<p><b>1</b> The people of Bury to take ownership of their own health and wellbeing</p>	<p><b>2</b> Develop business friendly policies to attract inward investment</p>	<p><b>3</b> Ensure new and affordable housing is developed</p>	<p><b>4</b> Drive forward the Council's and Greater Manchester Public Service growth and reform agenda</p>	<p><b>5</b> Ensure staff have the right skills to embrace significant organisational change</p>	<p><b>6</b> Work toward reducing reliance on government funding</p>
<p>Over <b>88,000</b> unique hits to The Bury Directory</p>	<p>Over <b>300 new jobs</b> attracted to the Borough</p>	<p><b>127</b> Affordable Housing units for homeownership granted final planning permission 2015 – 16.</p>	<p>Team Bury governance improved and Growth Plan developing</p>	<p>Delivery of the People Strategy</p>	<p>New transactional website, with over 9,000 self-service forms completed</p>
<p><b>100%</b> of those on pilot reported improved quality of life</p>	<p>Over <b>1,200</b> businesses engaged with through business fairs</p>	<p><b>GM</b> Active engaged with the development of the Greater Manchester Spatial Framework and GM Strategic Housing Assessment</p>	<p>Enabling more services to be positioned in and led by the community</p>	<p>Equality Strategy agreed</p>	<p>2 trailblazer sites for Neighbourhood Working as a new model for service delivery</p>
<p>Development of the new JSNA</p>	<p><b>400,000</b> visitors to the Borough's cultural attractions last year</p>	<p>Developments on Council owned sites</p> <p>10 priority sites identified 870 units</p>	<p>Neighbourhood Working with locality based integration</p>	<p>Employee Survey – you said, we did - improved communication from management</p>	<p>Accommodation Strategy</p> <p>Expected savings of £300,000pa</p>

The people of Bury to take ownership of their own health and wellbeing

Over **88,000** unique hits to the **The Bury directory**

Health and Wellbeing Strategy approved

**The Bury JSNA**  
Joint Strategic Needs Assessment

The Joint Strategic Needs Assessment is now live on The Bury Directory

228 - Non elective hospital admissions in people aged 65 plus per 1,000 population

The Bury Directory is the one-stop point for advice and information to support people to live as independently as possible. The site has had over 88,000 unique hits, with the average hits per month in quarter 4 at 8,845 - this was up from 4,562 in quarter 3.

The top searches have traditionally been around care homes but are becoming a wider scope, to include autism, BARDOC and supporting people at home. In quarter 4 the amount of searches around 'addiction' increased by 100%

At present 53% of people are accessing the Directory via mobile phones or tablets. This figure is increasing thanks to the success of responsive upgrades to assist mobile usage that were previously reported.

Further integration of the Directory is focusing on links to NHS Choices, Pennine Care and the 'My Health My Community' self care portal, with the use of the site as a tool for social prescribing being explored.

In terms of Bury's Department Store and Lawn concept (see Priority 4) The Bury Directory functions as the 'lawn' and the Council's website is the 'store' (see Priority 6).

A successful review of Bury's self care programme, previously known as Help Yourself to Health, has seen a refreshed programme which, when piloted, has demonstrated significant benefits to participants.

There has recently been a series of targeted training sessions to help increase employee and public engagement including specialist training with all Township Forums

Work has begun, as part of the Neighbourhood Working Programme, to map and develop outcomes through a dedicated 'Making it Happen' group. The intent is to develop a single outcome framework which harnesses the collaborative effort of agencies and communities in the pursuit of radical improvement in population outcomes.

Re-launch of self-care programme

**100%** of participants report a positive change to their life using the Quality of Life tool

Trailblazers - The 'face of neighbourhoods'.

**Over 300** Education, Health and Care Plans transferred - with no plans resulting in mediation in quarter 4

**Bury Locality Plan**  
Quarter 4 has seen further work to develop Bury's Locality Plan, as part of the health and social care devolution arrangement across Greater Manchester. Development workshops have taken place to being strengthening the investable propositions around the 41 initiatives currently in the plan. Work will progress to consider re-clustering these schemes into programmes aligned to the 'Taking Charge' Strategic Plan for Greater Manchester.

Vision	Our vision is to ensure our population is as healthy, happy and independent as possible, living with minimal intervention in their lives. This will be achieved through targeted strategies of self help, prevention and early intervention, reablement and rehabilitation. When needed, formal care and support will be designed to create a coordinated and seamless health and care system. All services will be person-centred and will build on and develop local community assets				
	Increasing the proportion of adults in contact with secondary MH services who live in stable and appropriate accommodation	Decreasing the under 75 mortality rate from cancer, cardiovascular, respiratory and liver disease	Reducing male early deaths from all causes (& inequalities between most & least deprived areas)	Reducing the number of emergency admissions for acute conditions that should not usually require hospital admission	Increasing the health-related quality of life for people with long term conditions
	COMMISSIONER REFORM / SHARING BACK OFFICE	BETTER CARE		PREVENTION	
COMMISSIONER ALIGNMENT	REDESIGNING & IMPROVING SERVICES	MOVING SERVICES CLOSER TO THE COMMUNITY	ENABLING PEOPLE TO SELF-CARE	INVESTING IN EARLY INTERVENTION & PREVENTION	



**Develop business friendly policies to attract inward investment**

Over  
**300**  
new jobs  
attracted to the Borough

Over  
**1,200**  
businesses engaged with through business fairs

**71.4%**  
Working age employment rate  
Increase of 0.5% since June 2015

**purple flag**  
for a better night out

The overall employment rate for Bury, at 71.4% is currently above the north west average (71.2%) but below the national average of 73.6%

The 2015 business fair has over 1,200 delegates with this annual event being a major opportunity for the Council to share key messages and promote income generating services.

Over 70 businesses attended each of the 4 Bury Council Business Breakfasts during the year and 15 businesses were visited by the Leader and Chief Executive.

The Bury Business Leadership Group has been launched, to develop new conversations with businesses, to share ideas and thinking, so that the Borough can continue to grow as the place to work and live in the region.

2015/16 was a successful year for tourism in the Borough:

- \*40,000 people attended Bury Light Night
- \*15,000 people attended the Chocolate Festival
- \*Bury Transport Museum had a record 44,000 visitors
- \*Bury Art Museum and Sculpture Centre had 51,927 visitors, which is up 6% on last year.

The Council's leisure facilities have received praise, with Ramsbottom and Castle Leisure Centres achieving Quest accreditation. Supported by Sport England, Quest is the UK quality scheme for sport and leisure, designed to promote high industry standards, good practice and continuous improvement focused on the customer.

Building on the success of being the only authority in Greater Manchester to have achieved 'Purple Flag' status, a new Night Time Economy Strategy has now been published.

**400,000**  
visitors  
to the Borough's cultural attractions last year

6% increase in visitors

Ramsbottom and Castle Leisure Centre Quest accredited



There was extensive proactive and timely engagement with businesses affected by the Boxing Day floods. The collective response included Building Control, Licensing, Health and Environmental Protection, Revenue and Benefits and the Growth Hub, and demonstrated a commitment to react effectively to the needs of business. Support included identifying alternative commercial properties, assisting with grant applications, general flood and business support and identifying suppliers of flood equipment and materials.

19 flood grants were made on top of 79 emergency payments.



Ensure new and affordable housing is developed

**127**  
Affordable Housing units for homeownership granted planning permission in 2015/16

**GM**  
Actively engaged with the Greater Manchester Spatial Framework

Bury Council has been actively engaged with the development of the Greater Manchester Spatial Framework and GM Strategic Housing assessment, which will help determine current supply and future requirements of form and function in terms of affordable housing in the region. Consultation took place across GM in quarters 3 and 4 on the vision and strategic objectives of the Spatial Framework, along with an initial Call for Sites, with the provisional findings of these now published by the Greater Manchester Combined Authority.

**3**  
properties brought back into use using HCA funding



To help support this in Bury, the Housing Growth and Development Group (HGDG) has been established and has become increasingly embedded during quarter 4.

Work has continued with a number of developers to secure Affordable Housing units in schemes throughout the Borough - see the bottom of this page for more information.

The Council has facilitated housing development on private sector sites including engagement with the site owners and with HCA (Homes and Communities Agency). A GM Housing Fund bid is progressing with HCA, who themselves have purchased 2 sites for a Starter Home Initiative (at old ELPM site) which is expected to be completed in June 2016.

The HGDG has facilitated housing development on Council owned sites suitable for residential development, with headline option appraisals having been conducted on a site-by-site basis. A Direct Development option is being developed whereby the Council could either directly, or in partnership, act as developer.

Work has progressed on the sale/lease of 7 Council owned sites to Registered Providers for housing development, including 5 former garage sites.

Developments on private sector sites

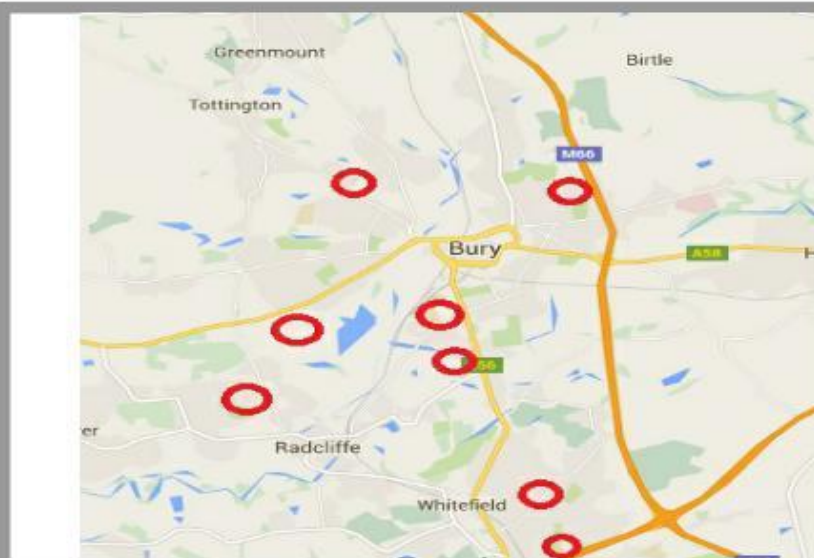
16 priority sites identified  
1,055 units

Developments on Council owned sites

10 priority sites identified  
870 units

Progressing sale/ lease of 5 former garage sites

Partnership working



Location of key Affordable Housing sites across the Borough

- Bury**  
Danesmoor Drive, Elton Wharf, Wharfside
- Radcliffe**  
Hardy's Gate, Newbridge Close, Salisbury Fields, Tudor Grange
- Tottington**  
Cedar Fold, Valley View
- Whitefield**  
Parkside Mews, Prestfield Court

Drive forward the Council's and Greater Manchester Public Service growth and reform agenda

Team Bury governance and growth plans developed further

Estates Strategy firmly established

Review to streamline meetings and decision making

Bury Safeguarding Children Board

The terms of reference for Team Bury have been refreshed as part of a clear governance and accountability process. Workshops have taken place during 2016 to help shape what the Borough will look like beyond 2020, with all key partners involved in this.

The Team Bury Strategic Estates Group is now firmly established to deliver more effective use of resources, reducing combined running costs, improving access to public services and exploring options for collaborate property and facilities management.

Work has taken place to review the number, frequency and attendance at meetings, to reduce any duplication and to work more collaboratively where possible.

With regards to Child Safeguarding, the monthly count of contacts has continued to fall, to 650 per month on average. There has been a rise in the number of Contacts being progressed to interventions below the social care threshold, particularly to the Early Help Team.

Asset mapping has commenced in the Neighbourhood Working Trailblazer sites, in line with milestones. Radcliffe and Bury East are the first areas in which this work is being carried out, with the intention to roll this out across the Borough.

Horizontal integration with our partners will look to embed the 'Department Store and Lawn' approach (see below). Work has continued to progress governance arrangements for neighbourhood working, including the development of a Locality Care Organisation in line with the Health and Social Care Devolution across Greater Manchester.

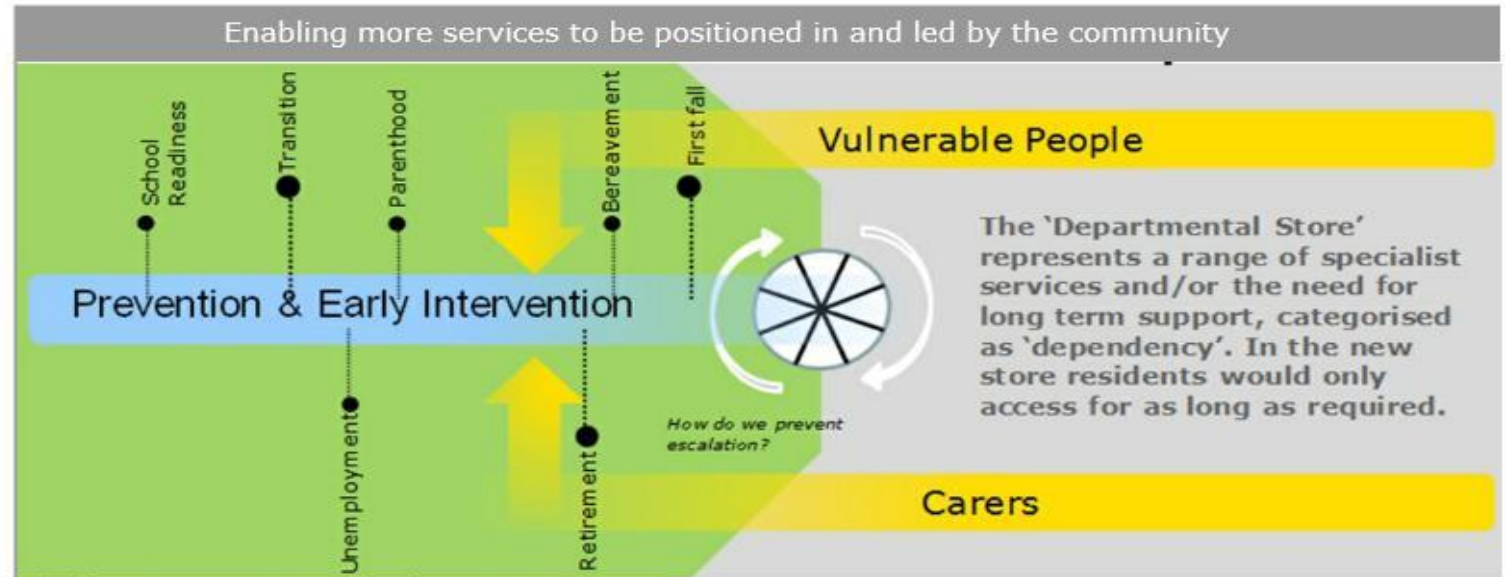
These proposals would include establishing One Commissioning Organisation with the CCG, with one pooled budget for health and social care by April 2017.

Neighbourhood Working - locality based integration

Radcliffe and Bury East trailblazer sites

Agreement to work on One Commissioning Organisation for health and care

Embracing Greater Manchester Devolution, with a Bury identity



Author: Corporate Policy, Bury Council



# Ensure staff have the right skills to embrace significant organisational change



Promotion of the People Strategy has continued in recent quarters, following feedback from joint workshops with the VPV and the further roll out of the People Charter (which can be found at the bottom of this page). A full review of progress to date is being undertaken a 'One Year On' report will be produced in summer 2016.

Elements within the overarching People Strategy continue to be developed, the Equality Strategy 2016-2020 is the latest of these to have now been approved by Cabinet.

The Coaching and Mentoring Programmes are ongoing and progress against this will be included in the People Strategy update, as will the emerging Talent Management Strategy

Recognition of those staff who go the extra mile continues through the STAR awards with recent winners including the Radcliffe Market Refurbishment Project Team, the Integrated Community Equipment Service (ICES) and Fostering Team

Action has taken place in quarter 4 to build on the findings of the recent staff survey. Although there were high scores in terms of staff feeling they understood their job role and that this made good use of the skills and abilities, there were lows on satisfaction with information from senior management (55%). As such 'Engage' has been launched as a corporate bulletin to all staff, to ensure an improved, and more consistent approach to communication. This couples with corporate and departmental briefings and each Director having a dedicated email address for people to raise questions and comment.

To address some of the concerns raised in the survey there has been the establishment of the Unwanted Behaviour Steering Group.

40 people have undertaken the mandatory element of the Leadership and Management Programme. This will be evaluated in early 2016/17 to assess whether "the employee's performance and in turn service delivery has improved"

82%

of staff are clear about that they are expected to achieve in their job role

@Director

Dedicated email addresses for improved departmental contact



Improved communication from management

**You can expect your manager to...**

- B**e fair and treat you with dignity and respect, promote an appreciation of diversity and deal with inappropriate behaviour effectively
- U**se your skills, abilities and experience. Encourage you to think creatively, challenge constructively and help you to implement ideas that add value!
- R**ealise clear, aspirational targets with you and explain how they contribute to Bury's goals
- Y**our development – help you identify and engage in appropriate learning and development and help you use your learning in your job.
- M**ake sure plans and priorities are clearly and honestly communicated and provide constructive feedback on progress
- A**ct appropriately to ensure a safe and healthy working environment
- N**urture a culture of high quality outputs from the whole team that meet legal and safety requirements
- A**ccept responsibility for their actions and be diligent and focussed in achieving goals
- G**uide you through change and view opportunities to adapt to change positively.
- E**ffectively lead the team, balancing the interests of individuals, the team and the organisation
- R**espect your confidentiality, listen to and support you

**Your manager can expect you to...**

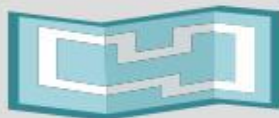
- B**e hard working to achieve goals and continually improve your own and your team's performance
- U**nderstand our vision and outcomes and take an interest in what's happening across the whole of the organisation ... don't work in silos!
- R**espect others, treat everyone with dignity and behave in a professional manner at all times
- Y**our Council ... be an ambassador for Bury Council
- C**hallenge and support each other ... don't be a bystander
- O**wn our actions ... take full responsibility and don't blame others
- U**phold the Council's values in all that we do
- N**etwork: build good relationships with the team, teams across the council and with partner organisations
- C**ustomers: forge strong links, set realistic standards ... and achieve them
- I**nspire and innovate ... look at different ways of working and be flexible and adaptable ... take calculated risks!
- L**eadership and learning happens at all levels in the organisation ... continually develop your skills and competencies

## Work toward reducing reliance on government funding

Budget for 2016/17 agreed with savings targets met



Accommodation Strategy



Expected savings of £300,000pa

The Council is now part way through the third phase of its Accommodation Strategy, which seeks to minimise the Council's property running costs, which, after staffing, is the second highest expenditure for the organisation. With existing moves underway to relocate staff from the Seedfield Centre £300,000 per annum is expected to be saved

The Property Investment Strategy is a key tool to convert capital to revenue, in which is seeks to build a balanced portfolio of property investments, with commercial property being let to 'blue chip' tenants, on long leases, with the minimum of management required. Recent acquisitions include Q Park in Bury.

In addition to contributing to the growth agenda, the delivery of regeneration schemes also increases the Business Rate and Council Tax revenue base for the Council with work in quarter 4 on developments of Chamberhall, Townside3, the former Fire Station on The Rock and a Radcliffe Town Centre foodstore.

Property Investment Strategy



£320,000pa additional revenue

Strategic portfolio of investments



There have been a series of Member Development Days with Bury Councillors, and through Team Bury Forum with partners, to keep priorities in focus and to ensure ongoing alignment with the Medium Term Financial Strategy and emerging Growth Plan.

Workstreams are ongoing to review services across the Council. Some of these have been looking at particular processes or procedures, such as around Child Safeguarding, land Sales and Right to Buy, Buy Back, whilst others have been much larger scale reviewing the entire approach to service delivery. The programme of service reviews is to be developed further in Q1 2016/17 linked to the key areas identified in the VPV document and other high risk / high cost areas.

The latter has been led through the Neighbourhood Working trailblazers (see Priority 4) and has seen Project Initiation Documents developed to manage the roll out of this new approach and the changing relationship between the Council and the residents of the Borough.

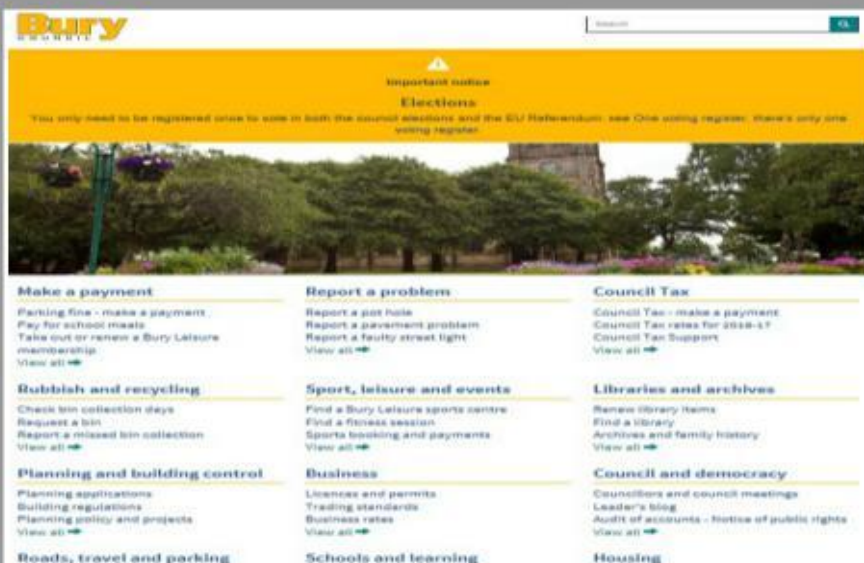
Service Reviews - Ensuring processes are streamlined.



Emerging Bury Growth Plan



2 trailblazer sites for Neighbourhood Working as a new model for service delivery



The new Council website has been developed to be more transactional, with it being made easier for residents to be able to do business with the Council.

The new site is also more responsive for mobile use so that people can make a payment, booking or alteration 'on the go' and increasingly manage their own demand in an more effective way.

There have been over 200,000 unique hits to the website, with nearly 9,000 online forms completed across 46 different self-serve functions. These figures will be used to compare performance moving into 2016/17

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<b>REPORT FOR DECISION</b>
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**MEETING:** **CABINET  
OVERVIEW & SCRUTINY COMMITTEE**

**DATE:** **20 July 2016  
31 August 2016**

**SUBJECT:** **CAPITAL OUTTURN 2015/16**

**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**

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

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

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

This report provides Members with details of:

- The capital outturn figures in respect of the last financial year 2015/16;
- Major variances between the Revised Estimate and the Outturn;
- The financing of the Capital Programme in 2015/16;
- Re-profile of budgets/allocations and slippage of funding into 2016/17;
- Details of the capital receipts realised during the year.

**OPTIONS & RECOMMENDED OPTION**

Members are asked to:

- a) Note the final capital outturn for 2015/2016, and explanations for major variances (Appendix A)
- b) Note the financing of the Capital Programme in 2015/16 (Paragraph 3.5)
- c) Consider and approve requests for re-profiling (£1.321m) and slippage (£15.694m) into

2016/17, along with the associated funding (Appendix A)

**Recommended Option:**

To approve the recommendations set out above.

**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**

**INTERIM DIRECTOR: STEVE KENYON**

Chief Executive/ Strategic Leadership Team	Cabinet Member/Chair	Ward Members	Partners
Yes	20/7/16		

Scrutiny Commission		Committee	Council
Overview & Scrutiny Committee 31/8/16			

## 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 **Appendix A** shows a summary of the Capital Programme expenditure realised in the year against the Revised Estimate for each Department and project, and projects that have not completed by end of the financial year where approval is sought to re-profiled or slip resources into 2016/17 and future years.

## 2.0 CAPITAL OUTTURN 2015/2016

### 2.1 Approved Capital Budget and Outturn

- 2.2 The total Capital Budget approved by **Council on 25 February 2015** with subsequent movements during the financial year 2015/16 and the final expenditure at outturn are shown in the table overleaf:

<b>Capital Budget 2015/16</b>	<b>£m</b>	<b>£m</b>
<b>Original approved budget</b>		<b>25.690</b>
Value of schemes re-profiled from 2014/15 programme	16.546	
Amendments to budget in year	8.164	24.710
		<b>50.400</b>
<b>Revised programme for 2015/16</b>		
Value of schemes re-profiled to 2016/17		(17.015)
<b>Final Capital Programme 2015/16</b>		<b>33.385</b>
<b>Capital Outturn for 2015/16</b>		<b>33.398</b>
Variance		(0.013)

- 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 2015/16 this grant totalled **£1.347million**.
- 2.4 Capital expenditure that was achieved from schemes carried out during the year totalled **£33.398million** against the final approved Programme funding (excluding the amounts for the VA schools and the re-profiled amounts) of **£33.385million**. There was an overall negative variance at the end of the year of **£0.013million** 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 2015/16 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 2015 was **£33.398million**.
- 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	31.969	
Intangible assets	0.132	
Vehicle, Plant and Equipment	1.297	
<b>Total</b>		<b>33.398</b>
<b>Financed by:</b>		
Loan	6.768	
Capital Receipts/earmarked reserve	1.965	
External Grants and Contributions	12.078	
General Fund Revenue and Reserves	1.883	
Housing Revenue Account	3.085	
Major Repair Allowance	7.619	
<b>Total</b>		<b>33.398</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 2015/16 the Council financed schemes to a total value of **£1.965million** 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 2015/16 of **£2.363million** in total, of which **£1.315million** 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 **£1.048million** to Government.
- 3.9 The balance of general usable capital receipts at year end will be carried forward into 2016/2017 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 2015/16 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.
- 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 **£17.015million**, as reported above in the table at paragraph 2.2 and the details of projects are shown in Appendix A.
- 4.5 The table below shows the different elements of funding approved by full Council in February 2015 for the 2015/16 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>2015/16 Capital schemes re-profiled into 2016/17</b>	<b>£m</b>	<b>£m</b>
<b>Total re-profiled</b>		<b>17.015</b>
Financed by:		
Capital grants and contributions held in reserves	9.708	
HRA Reserve	2.758	
Capital receipts / Earmarked reserves	1.403	
Loan	1.673	

Capital grants and contributions receivable 2016/17	1.321	
General Fund Revenue / reserves	0.152	
<b>Total</b>		<b>17.015</b>

- 4.6 The value of the schemes re-profiled into 2016/17 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 **£1.321m** of the total shown above was still to be received from external resources due to timing differences and **£14.021m** was held in general usable reserves.
- 4.7 The amount shown as loan of **£1.673m** represents previous years' approvals made by Council for Invest to Save projects such as:
- Street Lighting LED Invest to Save commitment
  - Prestwich Village
- 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 2016/17 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 2016/17.
- 4.10 The Capital Programme approved by Council in February 2016 for the 2016/17 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 Jane Lewis**  
**Deputy Leader and Cabinet Member for Finance and Housing**

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

Capital Cost Tab and Financing Working Papers, 2015/2016  
Council Approved Capital Programme 2015/16, Report and Appendix1

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

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Corporate Monitoring Statement 2015-16		(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Original Budget £000's	Revised Budget £000's	Reprofiled to Future Years (funding not yet received or held £000's)	Slippage to Future Years (funding received and £000's)	Revised Estimate After Reprofile Col(2)-Col(3,4) £000's	Outturn £000's	Month 12 variance (Under) or Over Col(6)- £000's
Children, Young People & Culture	Support Services	0	8	0	-	8	8	0
	Devolved Formula Capital	500	1,475	0	(815)	660	660	0
	New Deal for Schools Modernisation	4,778	12,481	0	(5,293)	7,188	7,188	0
	Access Initiative	0	24	0	(10)	15	15	0
	Targetted Capital Funds	0	101	0	(85)	16	16	0
	Upgrade and remodel Radcliffe Hall - Receipt	700	700	(96)	0	604	604	0
	Secondary PRU Extension	0	225	0	0	225	225	0
	New Sports Hall - Derby	0	(64)	0	0	(64)	(64)	0
	Children Centres	0	44	0	(18)	25	25	0
	Free School Meal Capital Grant	0	131	0	(32)	99	99	0
	Early Education Fund	0	291	0	(248)	44	44	0
	Play Field Improvement - Lowercroft	0	34	(30)	0	4	4	0
	Libraries/Adult Education	0	0	0	0	0	0	0
	Communities & Wellbeing	Environmental Works	0	110	0	(102)	8	8
Leisure Services / Play Areas		250	337	0	(118)	219	219	0
Leisure Services / Lesuire Facilities		0	1,137	(218)	0	919	919	0
Adult Care / Learning Disabilities		0	474	(14)	(4)	456	456	0
Adult Care / Improving Informantion Management		0	32	0	(32)	0	0	0
Adult Care / Older People		455	482	0	(332)	149	149	0
Urban Renewal / Empty Property Strategy & Hsg.		199	675	5	(643)	38	38	0
Urban Renewal / Mcr Road Park Lodge		0	123	0	(9)	114	114	0
Urban Renewal / Disabled Facilities Grant		781	959	0	(66)	893	893	0
Waste Management		0	440	0	(53)	387	387	(0)
Resources & Regulation		0				0		0
	Traffic Management Schemes	0	524	0	(350)	174	174	0
	Public Rights of Way & Walking Strategy	0	39	0	(37)	2	2	0
	Highways Planned Network Maintenance	1,484	2,712	(3)	(1,292)	1,417	1,417	(0)
	Bridges	394	468		(287)	182	182	(0)
	Street Lighting LED Invest to Save	203	1,070	0	(396)	674	674	0
	Traffic Calming and Improvement	2,275	2,416	(717)	(1,511)	188	185	(3)
	Planning Development Schemes	0	290	(34)	(76)	179	179	0
	ELR Trust	0	9	0	0	9	9	0
	Planning Environmental Projects	60	784	(56)	(223)	505	505	(0)
	Corporate ICT Projects	71	243	0	(81)	162	162	0
	Townside Fields - Joint Venture	0	269	0	0	269	269	0
	Opportunity Land Purchase	0	109	0	(109)	0	0	0
	Demolition of Former Police HQ, Irwell Street	0	370	(157)	0	213	213	(0)
	Radcliffe Market Redevelopment	0	(61)	0	100	38	38	(0)
	The Rock Fire Station Redevelopment	0	0	0	0	0	0	0
	Radcliffe TC Bus Station Relocation	1,000	1,054	0	(1,000)	54	54	0
	Former Petrol Filling Station nr Murray Street	0	32	0	0	32	32	(0)
	18 Haymaket Street	0	116	0	0	116	116	0
	Tile Street - site works	0	239	0	(10)	230	230	0
	12 Tithebarn Street	0	45	0	(45)	0	0	0
	The Met Theatre Refurbishment	0	0	0	250	250	250	0
	Concerto Asset Management Software	0	9	0	(9)	0	0	0
	Access to Coney Green site held for sale	0	116	0	0	116	115	(0)
	Radcliffe TC Clearance - Kwik Save	0	67	0	0	67	67	(0)
	Property Management / Sale of Assets	0	0	0	0	0	16	16
Property Investment - Acquisition	0	1,064	0	0	1,064	1,064	0	
Property Investment - Acquisition	0	2,301	0	0	2,301	2,301	0	
Property Investment - Acquisition	0	2,433	0	0	2,433	2,433	0	
ELR Trust	0				0		0	
Housing Public Sector	Disabled Facilities Adaptations	552	615	0	(75)	541	541	0
	Major Repairs Allowance Schemes	7,869	7,619	0	0	7,619	7,619	0
	HRA component modernisation	4,119	5,228	0	(2,683)	2,544	2,544	0
<b>Total Bury Council controlled programme</b>		<b>25,690</b>	<b>50,400</b>	<b>(1,321)</b>	<b>(15,694)</b>	<b>33,385</b>	<b>33,398</b>	<b>13</b>

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**REPORT FOR DECISION**



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

**DATE:** **20 JULY 2016  
31 AUGUST 2016**

**SUBJECT:** **REVENUE AND HRA OUTTURN 2015/16**

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

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

**ANDREW BALDWIN, HEAD OF FINANCIAL  
MANAGEMENT**

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

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

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

This report provides Members with details of:

- the revenue outturn figures in respect of the last financial year (2015/2016).
- 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 27 May and will be presented to Audit Committee on 19 July 2016. The figures in this report are presented in a format consistent with the Revenue Budget approved by Council on 25 February 2015.

**OPTIONS & RECOMMENDED OPTION**

Members are asked to:

- a) Note the final outturn for 2015/16, and explanations for major variances (Appendix A, B and C);
- b) 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 departmental risk assessments (Section 4).

**Recommended Option:**

It is recommended that;

- a) The final revenue outturn and HRA outturn for 2015/16 be noted along with explanations for major variances;
- b) The level of the General Fund balances be noted;
- c) The minimum level of the General Fund balance calculated at £4.250m for 2016/17 is subject to regular review as part of the budget monitoring process.

**IMPLICATIONS:**

<b>Corporate Aims/Policy Framework:</b>	Do the proposals accord with the Policy Framework?      Yes
<b>Financial Implications and Risk Considerations (statement by s151 officer):</b>	Revenue expenditure has been incurred in accordance with the agreed Revenue Budget.
<b>Statement by Interim Executive Director of Resources &amp; Regulation:</b>	There are no wider resource implications.
<b>Equality/Diversity implications:</b>	No (see paragraph 9.1, page 9).
<b>Considered by Monitoring Officer:</b>	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.
<b>Are there any legal implications?</b>	No
<b>Wards Affected:</b>	All
<b>Scrutiny Interest:</b>	Overview & Scrutiny Committee

**TRACKING/PROCESS**

**DIRECTOR: STEVE KENYON**

Chief Executive/ Strategic Leadership Team	Cabinet	Ward Members	Partners
20/06/16	20/07/16		
Overview & Scrutiny Committee		Committee	Council
31/08/16			

**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 2015/16.
- 1.2 Work on the closure of the 2015/16 Accounts is complete and the Responsible Finance Officer approved the draft Statement of Accounts for 2015/16 on 27 May 2016. 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.

**2.0 REVENUE OUTTURN 2015/16**

- 2.1 As the table shows, there was a total underspend against the Revised Estimate of **£0.061m**.

	<b>£000’s</b>
2015/2016 Revised Estimate	133,748
2015/2016 Outturn	133,687
<b>Underspend</b>	<b>(61)</b>

- 2.2 The revenue outturn and details of the major variations service by service are shown at Appendix A (pages 9 to 19) and are summarised below:

Department	Budget	Outturn	Variance
	£000s	£000s	£000s
Children, Young People & Culture	46,952	47,795	843
Communities & Wellbeing	73,472	74,119	647
Resources & Regulation	5,252	5,383	131
Non Service Specific	8,072	6,390	(1,682)
<b>TOTAL</b>	<b>133,748</b>	<b>133,687</b>	<b>(61)</b>

- 2.3 All other things being equal, the outturn reported above will leave available General Fund balances standing at **£6.321m** at 31<sup>st</sup> March 2016.

### **3.0 SCHOOLS POSITION**

- 3.1 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.
- 3.2 The level of school balances at 31<sup>st</sup> March 2016 is £0.758m. This includes a deficit of just over £6 million relating to Central Spend within the Schools Block and the DSG Control Account. In total, this represents a decrease of £2.238m from the opening balance of £2.993 m. Appendix B shows an analysis of movements on school balances to allow Members to consider the spread of school balances around the Borough.
- 3.3 Of the Primary, Secondary and Special schools, 1 Primary and 1 High school are in a deficit position, compared to the 2 High schools in the previous financial year, one of which closed during 2014/15.
- 3.4 Manchester Mesivta High School encountered significant financial problems in September 2011, which led to financial delegation being withdrawn from the Governing Body. A proposed debt recovery plan agreed with the Governors should see the school back in surplus during the second part of 2018/19.
- 3.5 As at 31<sup>st</sup> March 2016, schools have accumulated a surplus balance of £7.011m across schools in Bury. This is an increase of approx £0.25m when compared to 31<sup>st</sup> March 2015, of which £0.275 million was due to 6 Secondary schools increasing their surplus balances.
- 3.6 76 out of 78 schools with delegated budgets had surplus balances at the end of the financial year.
- 3.7 11 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. This is an increase from the 10 that had reportable balances in the previous financial year with 4 of these still being above the agreed threshold for 2 or more years. 2 Primary schools have had "excessive" balances for 4 years albeit less than £15,000 above the threshold.
- 3.8 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 main variations are:

	Revised Estimate	Out-turn	2015/16 Variation
	£000's	£000's	£000's
Behaviour Support	149	201	52
Home/Hospital Tuition	166	105	(61)
LLDD Post-16 Provision	650	1,323	673
Independent Special Schools	3,842	5,594	1,752
Paediatric Disability Service/ANTS	885	927	42
Provision for Pupils with SEN	3,118	2,654	(464)
Early Years funding	6,879	6,428	(451)
School Contingencies	317	239	(78)
DTC/TCSC	137	81	(56)
Termination of Employment	0	99	99
Other	3,202	3,184	(18)
<b>Total Central Spend</b>	<b>19,345</b>	<b>20,835</b>	<b>1,490</b>

- 3.9 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 as well as LLDD students up to the age of 25.
- 3.10 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 £1.75 million or 46%.
- 3.11 Provision for Pupils with SEN includes services whose funding arrangements have been re-aligned to the General Fund.
- 3.12 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 unlikely that the disparity between funds and take-up will continue.

#### 4.0 GENERAL FUND BALANCES

4.1 The closing position in respect of General Fund balances is as follows:

	£m
<b>General Fund Balance 31 March 2016</b>	<b>10.821</b>
Less : Minimum balances to be retained in 2016/17	-4.250
Less : Council contribution to Bellwin Scheme (Boxing Day Floods)	-0.250
<b>Available balances at 1 April 2016</b>	<b>6.321</b>

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

## **5.0 RISK MANAGEMENT**

- 5.1 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.
- 5.2 For 2016/17 the Council accepted the Interim Executive Director's recommendation that the minimum level of balances should be calculated at **£4.250**; a reduction of £0.250 million to reflect the Council's costs under the Bellwin scheme; following the Boxing Day floods.
- 5.3 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.
- 5.4 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.
- 5.5 A further assessment of minimum balances will be incorporated into the Month 3 Budget Monitoring report that will be presented to Cabinet in September 2016.
- 5.6 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.
- 5.7 The use of this methodology will continue in 2016/17 and reports will be presented to the Cabinet meetings.

## **6.0 HOUSING REVENUE ACCOUNT OUTTURN 2015/16**

- 6.1 The Housing Revenue Account (HRA) for 2015/16 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 2015/16 a contribution of £1.197m 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 £0.331m less than expected.
- 6.2 There are a number of variations that have contributed to this overall result however the variances only exceed 10% / £50,000 in the following areas:
  - Provision for bad debts – the budget contained two provisions, £0.183m for uncollectable debts and £0.306m 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 £0.172m 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.

6.3 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.

- The rent loss due to voids for 2015/16 was on average 1.64%. The original dwelling rents budget allowed for a void level target of 1.8%. This reduction in void losses equates to an increase in rental income of £0.047m.
- The total rent arrears at the end of 2015/16 were £1.156m, an increase of 22.2% from the start of the year when arrears totalled £0.946m. It is likely that an element of this is due to the impact of Welfare Reform / Universal Credit.
- The original HRA budgets assumed 50 Right to Buy sales during 2015/16. The actual number of sales in 2015/16 was 47.

6.4 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.

6.5 Six Town Housing's draft accounts for the 2015/16 financial year show that the ALMO made a deficit of £0.531m on a turnover of £17.045m, a rate of -3.1% (for 2014/15 the rate was 3.7%); the surplus for 2015/16 excludes pension adjustments made in line with FRS102 requirements.

6.6 Six Town Housing have 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 2015/16 was assessed to be £0.530m and the draft accounts indicate net assets (before pension liabilities) to be £2.477m.

## **7.0 OTHER ISSUES**

7.1 The Accounts and Audit Regulations 2015 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 27 May in readiness for the earlier statutory deadline of 31 May to be introduced for the 2017/18 accounts. They will be presented to Audit Committee members on 19 July 2016 for approval.

7.2 Members are also asked to note that the Accounts for 2015/16 were available for public inspection at the Town Hall for 30 working days effective from 3 June 2016.

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).

### **8.0 EQUALITY AND DIVERSITY**

8.1 There are no specific equality and diversity implications.

### **9.0 FUTURE ACTIONS**

9.1 Budget monitoring reports for 2016/17 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 Jane Lewis**

**Deputy Leader of the Council and Cabinet Member for Finance and Human Resources**

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

*Revenue Cost Information and Finance Working Papers, 2015/16*

***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 2015/16 AND EXPLANATIONS FOR VARIANCES**      **Appendix A**

	<b>2015/16 Current Budget £000's</b>	<b>2015/16 Outturn £000's</b>	<b>Variance £000's</b>	<b>Reason For Variance</b>	<b>One - Off / Ongoing</b>
<b>Department of Children, Young People and Culture</b>					
<b>Learning – Schools</b>	<b>(60)</b>	<b>(60)</b>	<b>0</b>	Any underspend or overspend funded via the DSG are rolled forward into the next financial year.	
<b>Learning – Non Schools</b>	<b>19,704</b>	<b>20,021</b>	<b>317</b>	<p>SEN Team (-£0.029m) - Underspend due to a staff vacancy.</p> <p>Quality &amp; Advisory Service (-£0.025m) Underspend due to a staff vacancy.</p> <p>Asset Management (-£0.027m) - lower recharges.</p> <p>SEN Home to School Transport (+£0.189m) - the level of demand has reduced from previous years; however it still exceeds the budget.</p> <p>SEN Home to College Transport (+£0.063m) again due to increased demand from the number of students attending local colleges.</p> <p>Under spends on Non-SEN transport (-£0.032m) as there was lower than anticipated uptake of bus passes and Bus Escorts (-£0.071m).</p> <p>Education Psychologists (-£0.025m) - Underspend due to a staff vacancy.</p> <p>Youth Service (+£0.417m) - The service was previously supported by the DSG, however due to increased demands on the High Needs Block this was not able to support the service this year.</p> <p>Childcare &amp; Extended Services (-£0.155m) - vacancies were not filled and secondments were not covered in preparation for the service being restructured, plus efficiency savings.</p> <p>Other minor underspends (+£0.012m).</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>One-off</p> <p>One-off</p> <p>One-off</p> <p>One-off</p> <p>One-off</p>

<b>Social Care &amp; Safeguarding</b>	<b>14,762</b>	<b>15,559</b>	<b>797</b>	<p>Children's Disabilities Team (+£0.109m) -additional pressure put on the budget due to a number of children with complex needs.</p> <p>Family Placement (-£0.267m) - payments to carers reduced. Adoption Service received £86,000 from the Government for 'Hard to Place' children and placed a number of children with Bury adopters and therefore did not incur a placement fee.</p> <p>There were also savings on Home from Home Carers.</p> <p>Safeguarding Unit (+£0.145m) - agency staff were brought in to cover vacancies and to reduce social worker caseload numbers in line with Ofsted requirements.</p> <p>Leaving Care (+£0.387m) - the impact of supporting young people until the age of 21 continues to cause the service to overspend.</p> <p>Safeguarding – External Legal Fees (-£0.106m) - fewer court cases and a reduction in the court costs.</p> <p>CAMHS (+£0.208m) Due to increased demands on the High Needs Block of the Dedicated Schools Grant in 2015-16 the grant was unable to support the costs of the service.</p> <p>Victoria Family Centre – (+£0.447m) Due to increased demands on the High Needs Block of the Dedicated Schools Grant in 2015-16 the grant was unable to support the costs of the service.</p> <p>Youth Offending Service – savings achieved to the non-replacement of staff, the service is jointly run with Rochdale (-£0.053m).</p> <p>Other minor underspends (-£0.073m).</p>	<p>One-off</p> <p>One-off</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>One-off</p> <p>One-off</p> <p>One-off</p>
<b>Other Management Costs</b>	<b>3,818</b>	<b>3,116</b>	<b>(702)</b>	<p>Strategic Management – (-£0.164m) savings on internally traded services.</p> <p>Teachers Pensions – (-£0.092m) reduced demand on the service.</p> <p>Grant Funding (-£0.056m) - prior year grant underspends and projects that ceased 'in-year'.</p> <p>Other Management costs – (+£0.073m) – costs of funding Peopletoo Ltd brought</p>	<p>One-off</p> <p>Ongoing</p> <p>One-off</p> <p>One-off</p>

				<p>in to explore joining services with other local authorities and additional internal recharges.</p> <p>Catering (-£0.292m) underspend due to over recovery of income and meal numbers.</p> <p>Cleaning (-£0.141m) savings on vacant posts and materials and equipment.</p> <p>Other underspends (-£0.030m).</p>	<p>One-off</p> <p>One-off</p>
<b>Strategy / Commissioning</b>	<b>989</b>	<b>996</b>	<b>7</b>	Savings on Social Care Admin and Training offset by the expenditure on the Change Manager post.	One-off
<b>Departmental Wide</b>	<b>627</b>	<b>803</b>	<b>176</b>	Payments made to individuals taking VER and the Mutual Settlement Scheme.	One-off
<b>Children's Agency</b>	<b>4,123</b>	<b>4,330</b>	<b>207</b>	Existing placements are constantly reviewed and challenged over cost and additional contributions from Health has led to the overall reduction in expenditure of £1.159m from 2014-15. There are still a number of complex cases funded from this budget.	Ongoing
<b>Libraries, Arts &amp; Museums</b>	<b>2,989</b>	<b>3,030</b>	<b>41</b>	Income targets within Arts & Museums were not met, offset by savings on books, equipment and not covering vacancies.	Ongoing
<b>TOTAL CHILDREN, YOUNG PEOPLE &amp; CULTURE</b>	<b>46,952</b>	<b>47,795</b>	<b>843</b>		
<b>Department of Communities &amp; Wellbeing</b>					
<b>Operations</b>	4,323	4,658	335	<p>Killelea EPH (+£0.156m) – Overspend on employee budgets.</p> <p>Reablement Service (+£0.925m) – Overspend is the result of Service demand pressures; however this overspend is largely offset by the Care Act Implementation grant located within the Finance service area.</p> <p>Older People Fieldwork (-£0.122m) – the underspend is largely the net result of underspending employee, rent and other supplies and services budgets following service redesign.</p> <p>Employment Support (-£0.074m) – The variance is largely the result of income generation from Bury Employment</p>	<p>Ongoing</p> <p>One-off</p> <p>One-off</p> <p>One-off</p>

				<p>Support Team (BEST) being higher than 15/16 budget provision. This team is self funding.</p> <p>Mental Health South (-£0.268m) – Underspend on employee budgets, following service redesign.</p> <p>Quality Assurance &amp; Service Development – (-£0.016m) – Underspend on employee budgets.</p> <p>Assessment &amp; Care Management (incl Resilience Fund and Healthier Radcliffe) (-£0.266m) – Underspend on employee budgets as a result of holding vacancies which will be difficult to sustain due to demands on the service.</p>	<p>One-off</p> <p>One-off</p> <p>One-off</p>
<b>Workforce Modernisation</b>	1,020	942	(78)	Workforce (HR/Internal Recruitment/ Training) (-£0.078m) – underspending on Employee Budgets.	One-off
<b>Business Redesign</b>	6,885	6,412	(473)	<p>Community Education (-£0.028m) – Underspend on Premises costs at Bury Adult Learning Centre.</p> <p>Communities (+£0.015m) – Overspend due to staff severance payments.</p> <p>Gateway Project (+£0.008m) – This budget is largely balanced.</p> <p>Accommodation Team (-£0.180m) – Underspend due to one off income received for accommodating asylum seekers and additional income generated from housing benefit and service charges.</p> <p>Sheltered Housing (General, Support, Amenity, Non Rechargeable and Falcon &amp; Griffin) (-£0.055m) – Underspend is largely the result of Utility budget underspends.</p> <p>Carelink (+£0.013m) – service demand pressures, to be self financing in 16/17</p> <p>Housing Choices and Preventing Homelessness (-£0.099m) – The underspend is largely the result of employee budget underspends and the 2015/16 IDVA (Independent Domestic Violence Advisors) scheme not starting.</p> <p>Policy &amp; Improvement (-£0.157m) – underspend on employee and subscriptions budgets</p> <p>Seedfield Resource Centre (+£0.063m)</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>- overspend largely the result of income underachievement and additional caretaking costs.</p> <p>ICES Store (Seedfield) (+£0.018m) - overspend is largely the result of additional lift servicing costs.</p> <p>Urban Renewal Holding Account (+£0.039m) - service demand pressures.</p> <p>Adult Care Customer Services/Customer Engagement (-£0.063m) - Underspend on employee budgets.</p> <p>Asset Management (-£0.047m) - Underspend on employee budgets.</p>	<p>One-off</p> <p>One-off</p> <p>One-off</p> <p>One-off</p>
<b>Finance</b>	2,335	1,338	(997)	<p>ACS Senior Management (-£0.044m) - Underspend on employee budgets.</p> <p>Finance (-£0.072m) - Underspend on employee budgets.</p> <p>Advocacy Contract (+£0.061m) - Service Demand Pressures.</p> <p>Care Act Implementation Grant - (-£0.942m) This underspend is being used to offset the pressure within the Reablement budget located within the Operations service area.</p>	<p>One-off</p> <p>One-off</p> <p>One-off</p>
<b>Commissioning &amp; Procurement - Care in the Community</b>	25,085	26,264	1,179	<p>Care in the Community (+£1.179m) - Demand pressures on the care in the community budgets particularly around Domiciliary Care, Residential Care and Self Directed Support Budgets.</p>	<p>Ongoing</p>
<b>Commissioning &amp; Procurement - Other</b>	16,055	16,287	232	<p>Teams within the Strategic Development Unit (-£0.106m) - Underspend on employee budgets.</p> <p>Carers Services (-£0.209m) - 2015/16 actual call on carers personal budgets was lower than expectations.</p> <p>Persona Contract (+£0.547m). This overspend is largely offset by client contribution income within the Care in the Community budgets (ie income specific to Persona provided services).</p>	<p>One-off</p> <p>Ongoing</p> <p>One-off</p>
<b>Public Health</b>	(100)	(100)	0	<p>Public Health - The 2015/16 Public Health outturn is a balanced budget.</p>	<p>Ongoing</p>
<b>Neighbourhood</b>	17,869	18,318	449	<p>Beverage &amp; vending (+£0.053m) -</p>	<p>Ongoing</p>

<p><b>and Leisure</b></p>				<p>difficulties in meeting budget target due to reduced footfall/sales, the service will be rationalised along with Civic halls</p> <p>Civic halls (+£0.198m) - Civic Halls continue to face difficulties in achieving income from larger commercial events, the closure of Radcliffe has given an opportunity to rationalise the service to help reduce the deficit</p> <p>Environmental Services (-£0.044m): Lower levels of activity on the Dog Warden services has resulted in an overall underspend (-£0.016m); Savings from a renegotiated Greater Manchester Air Quality Unit contract in the Air Monitoring units (-£0.007m); Savings around staffing cost (-0.014m) Miscellaneous (-£0.007m).</p> <p>Grounds Maintenance / Parks &amp; Countryside (+£0.096m):</p> <p>Grounds Voluntary severance (+0.034m); long term sickness cover, no reduction in grass cutting regimes, full budget savings not achieved (+0.081m); overspend on Highways grounds work (+0.006m); Parks (+£0.006m) - miscellaneous; Cemeteries (+0.015m) overspend on vaults due to inclement weather; Park Rangers (0.046m) vacant posts not filled to help offset the overspend on grounds.</p> <p>Highways Network Services (Highways/Street Lighting Maintenance) (-£0.014m) - Reduced costs on Transport.</p> <p>Sports &amp; leisure (+£0.360m): (+0.155m) savings from previous years not achieved due to longer term growth and investment plan; Approximately (+0.125m) additional expenditure at Radcliffe, old site costs, and additional new site costs e.g. higher business/water rates. Continued shortfall in income (+0.080m).</p> <p>Transport Services (-£0.100m): Transport Reduction in Repairs and Maintenance resulted in an underspend (-£0.031m); (-0.009m) saving against leasing costs and (+0.003m) various miscellaneous costs; Transport With Driver: Shortfall in income, was offset by</p>	<p>Ongoing</p> <p>One-off</p> <p>Ongoing</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>
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				underspends on staffing costs (-0.013m); reduction in fuel costs has resulted in savings (-0.020m); Vehicle workshop - (-£0.030m) - savings against salaries due to mid year start of three new recruits.  Waste Management - (-£0.026m): Savings on the publicity budget within the Education and Awareness team - (£0.026M); Trade waste (+0.101m): The service is profitable but has a challenging income target. A deficit action plan is in place to try and reduce the deficit. Some reduced prices are having an impact on the reduction of income, as well as an increase in cost for additional recycling bins; Recycling (-0.114m) Underspend on caddy liners and various underspends across the service; Refuse Collection (+0.013m) various overspends across the service.  Public Conveniences/street Cleaning (-£0.074m): Street Cleaning (-£0.050m) - Savings from vacancies and lower fuel cost; Public Conveniences (-£0.024m) - savings from repairs and maintenance and additional income.	One-off  Ongoing  One-off  One-off  One-off
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<b>TOTAL COMMUNITIES &amp; WELLBEING</b>	<b>73,472</b>	<b>74,119</b>	<b>647</b>		
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**Resources and Regulation Department**

**Executive Director of Resources & Regulation**

Finance & Efficiency	3,220	2,914	(306)	Reduction in the external audit fee identified as savings in 2015/16 (-£0.039m).  Staffing underspend due to holding of vacancies and maximising funding (-£0.158m).  Coroners Court costs due to increased demands placed on the service (+£0.303m).  Corporate Procurement tightening controllable expenditure / overachieved income (-£0.053m).  Contingency budget transferred from ex-DCN (-£0.160m).	One-off  Ongoing  Ongoing  Ongoing  Ongoing
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				Superannuation recharges to Tameside (-£0.089m).	Ongoing
				Additional income Accounts Payable achieved (-£0.124m).	One-off
				Various minor overspends (+£0.014m).	Ongoing
Human Resources	305	282	(23)	Management of vacancies in preparation for savings in 2016/17.	One-off
Legal & Democratic Services	1,508	1,510	2	Members Allowances and running costs underspends (-£0.091m).	Ongoing
				Underspends within Civic and Mayoral Expenses (-£0.010m).	Ongoing
				Democratic Services staffing underspend (-£0.048m).	One-off
				Municipal Elections overspend (+£0.073m).	Ongoing
				Use of locums and reduced income for Land & Development within Legal services (+£0.088m).	Ongoing
				Registrars severance costs (+£0.030m)	One-off
				Press & Media vacancy (-£0.035m).	Ongoing
				Tightening of controllable expenditure and minor variances (-£0.005m).	One-Off
Customer Support & Collections	1,292	1,203	(89)	Council Tax and NNDR summons costs income under-recovery (+£0.011m).	Ongoing
				Net staffing/agency cover underspend and utilisation of one-off grant funding (-£0.100m).	One-off
ICT	(2)	0	2	Under-recovery of printing income (+£0.027m).	Ongoing
				Reduced leasing costs (-£0.133m).	One-off
				Contribution to Transformation Reserve to fund agreed future development costs (+£0.106m).	One-off
Property & Asset Management	(1,866)	(1,290)	576	Shortfall in rent income due to increased voids / rent reductions offset in part by rents from investment properties (+£0.117m).	Ongoing
				Shortfall on Millgate / Longfield income due to increased voids and permitted deductions (+£0.448m).	Ongoing

				Minor Variances (+£0.011m).	One-off
<b>Executive Director Resources &amp; Regulation</b>	<b>4,457</b>	<b>4,619</b>	<b>162</b>		
<b>Localities</b>					
Engineering Services	113	669	556	<p>GMRAPS (+£0.096m) under recovered ambitious targets set on outdated data.</p> <p>Coring (+£0.067m) under recovered better compliance by the utility companies.</p> <p>Car parking under recovered (+£0.200m) - shortfall in Pay &amp; Display income &amp; contract income off set by underspends on DPE contract &amp; Repairs &amp; Maintenance.</p> <p>Bus Lane Enforcement reduced fines (+£0.050m).</p> <p>Salaries &amp; Severance (+£0.143m) Senior staff retired late into the year therefore not achieving saving target.</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>One-off</p>
Planning & Development Control	647	534	(113)	<p>Underspends within Development Management due to vacancies &amp; additional Planning Application Fees (-£0.029m).</p> <p>Underspends within Building Control due to staff vacancies / staff not being in superannuation scheme (-£0.035m).</p> <p>Underspends within Strategic Planning due to VERs &amp; reduced AGMA contributions (-£0.049m).</p>	<p>One-off</p> <p>One-off</p> <p>One-off</p>
Trading Standards & Licensing	593	476	(117)	<p>Over recovery of income for Licensing, Alcohol &amp; Entertainment off set by shortfall in income for Gambling &amp; Miscellaneous licensing. Salary savings due to VER within Licensing (-£0.041m).</p> <p>Underspend for Trading Standards due to savings on salaries &amp; general underspends off set by shortfall in income targets &amp; allowance for severance payments (-£0.076m).</p>	<p>Ongoing</p> <p>One-off</p>
Assistant Director of Localities	132	134	2		
<b>Total Localities</b>	<b>1,485</b>	<b>1,813</b>	<b>328</b>		
<b>Environment &amp; Operational</b>					

<b>Services</b>					
Administrative Buildings	(139)	(137)	2	Minor overspends.	
Architectural Services	(276)	(606)	(330)	Increased income from Children's Services & STH capital programmes.	One-off
Energy Conservation	89	91	2	Minor overspends.	
Bradley Fold Depot	20	16	(4)	Minor underspends.	
Supply Chain Services	2	(85)	(87)	Surplus from stock takes & fuel oncosts.	One-off
<b>Total Environment &amp; Operational Services</b>	<b>(690)</b>	<b>(1,049)</b>	<b>(359)</b>		
<b>TOTAL RESOURCES &amp; REGULATION</b>	<b>5,252</b>	<b>5,383</b>	<b>131</b>		
<b>Grants to Voluntary Organisations</b>	<b>833</b>	<b>833</b>	<b>0</b>	n/a	
<b>Non Service Specific Items</b>					
Housing	(469)	(764)	(295)	Increased net Housing Benefit subsidy (-£0.559m). Reduced Housing Benefit administration grant received (+£0.285m). Reduced Housing Loan account income (+£0.019m). Services for the Wider Community underspend (-£0.040m).	One-Off One-Off One-Off One-Off
Cost of Borrowing	8,575	7,044	(1,531)	Savings on Loan interest payable (-£1.531m).	One-off
Passenger Transport levy	13,406	13,406	0	n/a	
Environment Agency	92	92	0	n/a	
Investments	(1,900)	(2,150)	(250)	Increased dividend receipts.	One-off
Chief Executive	315	315	0	n/a	
Corporate Management	716	856	140	Increased subscriptions (+£0.140m).	One-off
Waste Disposal	11,470	11,724	254	Increase in waste levy	One-off

Levy					
Provisions	2,005	2,005	0	n/a	
IAS19 Retirement Benefits	(2,870)	(2,870)	0	n/a	
Accumulated Absences	1,165	1,165	0	n/a	
Capital Charges / Asset Rentals	(25,266)	(25,266)	0	n/a	
<b>TOTAL NON SERVICE SPECIFIC</b>	<b>7,239</b>	<b>5,557</b>	<b>(1,682)</b>		
<b>Total Revenue Expenditure (exc. Schools)</b>	<b>133,748</b>	<b>133,687</b>	<b>(61)</b>		

**LEVEL AND MOVEMENT OF SCHOOL RESERVES**

**Appendix B**

<b>Overall Levels of Balances</b>	<b>2011/12 £000</b>	<b>2012/13 £000</b>	<b>2013/14 £000</b>	<b>2014/15 £000</b>	<b>2015/16 £000</b>
Balances at 31st March	(7,805)	(6,188)	(4,108)	(2,993)	(758)

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

Table	2011/12 Number of Schools	2012/13 Number of Schools	2013/14 Number of Schools	2014/15 Number of Schools	2015/16 Number of Schools
<b>Nursery &amp; Primary</b>					
Greater than +9%	10	4	7	9 <sup>2</sup>	8
+8% to 9%	11	9	3	6	4
+5% to 8%	27	27	26	25	25
0% to 5%	14	23	26	20	22
Deficits	1	0	1	1	1
<b>Total</b>	<b>63</b>	<b>63</b>	<b>63<sup>1</sup></b>	<b>61</b>	<b>60</b>
<b>Secondary</b>					
Greater than +6%	5	4	4	1	2
+5% to 6%	3	2	1	2	3
0% to 5%	6	6	7	9	7
Deficits	-	2	2	2 <sup>3</sup>	1
<b>Total</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>13</b>
<b>Special &amp; PRU's <sup>4</sup></b>					
Greater than +9%	-	-	-	-	1
+8% to 9%	-	-	1	-	-
+5% to 8%	2	2	1	2	2
0% to 5%	1	1	1	3	2
Deficits	-	-	1	-	-
<b>Total</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>5</b>
Number above the original "Excessive Surplus" thresholds (Prim/Spec 8% & High 5%)	29	19	16	18	18
Number above the new "Excessive Surplus" thresholds (Prim/Spec 9% & High 6%)	15	8	11	10	11

**Notes**

- 1 - Two Primary schools were converted to academies during 2013/14
- 2 - Gorsefield Primary School was converted to an academy on 1<sup>st</sup> April 2015
- 3 - Radcliffe Riverside High School 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



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

Table	2011/12 Number of Schools	2012/13 Number of Schools	2013/14 Number of Schools	2014/15 Number of Schools	2015/16 Number of Schools
<b>Nursery &amp; Primary</b>					
<b>Deficits</b>					
£0 to £50,000	1	-	1	1	1
<b>Surpluses</b>					
£0 to £50,000	20	25	24	25	19
£50,000 to £100,000	31	29	26	19	27
£100,000 to £150,000	10	7	11	15	10
£150,000 to £200,000	1	2	1 <sup>2</sup>	1 <sup>2</sup>	3
<b>Total</b>	<b>63</b>	<b>63</b>	<b>63<sup>1</sup></b>	<b>61</b>	<b>60</b>
<b>Secondary</b>					
<b>Deficits</b>					
£0 to £200,000	-	1	-	-	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	1	-	-	-	1
£50,000 to £100,000	2	2	2	2	3
£100,000 to £150,000	1	1	-	3	-
£150,000 to £200,000	2	1	1	2	3
£200,000 to £250,000	3	2	4	4	-
£250,000 to £500,000	4	5	5	1	5
Greater than £500,000	1	1	-	-	-
<b>Total</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>13</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	2	1
£50,000 to £100,000	-	-	-	-	2
£100,000 to £150,000	-	-	-	-	-
£150,000 to £200,000	2	1	1	1	-
£200,000 to £250,000	-	-	-	1	2
Greater than £250,000	-	1	1	1	-
<b>Total</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>5</b>

**Notes**

1 - Two Primary schools were converted to academies during 2013/14

2 – Gorsefield Primary School was converted to an academy on 1<sup>st</sup> April 2015

3 - Radcliffe Riverside High School 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

	2015/16 REVISED ESTIMATE	2015/16 OUTTURN	VARIATION FROM BUDGET
	£	£	£
<b>INCOME</b>			
Dwelling rents	30,042,200	30,092,328	(50,128)
Non-dwelling rents	214,400	212,938	1,462
Heating charges	73,700	73,432	268
Other charges for services and facilities	916,600	919,140	(2,540)
Contributions towards expenditure	53,900	43,740	10,160
<b>Total Income</b>	<b>31,300,800</b>	<b>31,341,579</b>	<b>(40,779)</b>
<b>EXPENDITURE</b>			
Repairs and Maintenance	6,865,100	6,768,851	(96,249)
General Management	7,027,100	7,087,067	59,967
Special Services	1,102,100	1,092,808	(9,292)
Rents, rates, taxes and other charges	100,000	90,925	(9,075)
Increase in provision for bad debts	488,700	316,320	(172,380)
Cost of Capital Charge	4,468,000	4,432,632	(35,368)
Depreciation/Impairment of fixed assets			
- council dwellings	7,619,100	18,359,389	10,740,289
Depreciation of fixed assets - other assets	42,300	42,391	91
Debt Management Expenses	35,000	34,630	(370)
Contrib. from Business Plan Headroom Reserve	(1,527,600)	(1,196,903)	330,697
<b>Total Expenditure</b>	<b>26,219,800</b>	<b>37,028,112</b>	<b>10,808,312</b>
<b>Net cost of services</b>	<b>(5,081,000)</b>	<b>5,686,533</b>	<b>10,767,533</b>
Amortised premia / discounts	(14,600)	(14,646)	(46)
Interest receivable - on balances	(67,500)	(75,572)	(8,072)
Interest receivable - on loans (mortgages)	(700)	(455)	245
<b>Net operating expenditure</b>	<b>(5,163,800)</b>	<b>5,595,860</b>	<b>10,759,660</b>
<b>Appropriations</b>			
Appropriation relevant to impairment	0	(10,740,289)	(10,740,289)
Revenue contributions to capital	5,163,800	5,144,429	(19,371)
<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>

**REPORT FOR DECISION**



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

**DATE:** **20 JULY 2016  
31 AUGUST 2016**

**SUBJECT:** **TREASURY MANAGEMENT ANNUAL REPORT  
2015/16**

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

**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:** **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 2015/16.

**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 Considerations:**

As set out in the report and the comment of the Interim Executive Director of Resources and Regulation below.

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

This report provides information on the Council's debt, borrowing, and investment activity for the financial year ending on 31<sup>st</sup> March 2016 in accordance 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.

The overall strategy for 2015/16 was to finance capital expenditure by running down cash/investment balances and using shorter term borrowing rather than more expensive long term loans. The report highlights that **borrowing was reduced by £5 million**, and the average borrowing rate fell slightly from 3.96% to 3.95%.

Cash investments at 31 March 2016 stood at £22,600 million, compared to £32,322 million the previous year, the decrease being due to the use of cash/investment balances to repay maturing debt, and a conscious shift of balances out of financial instruments into investment property to attract a higher yield.

The average rate of return on cash investments increased from 0.71% in 2015/16 compared to 0.62% in 2014/15.

**Equality/Diversity implications:**

No - (see paragraph 8.1, page 9)

**Considered by Monitoring Officer:**

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.

**Are there any legal implications?**

No

**Staffing/ICT/Property:**

There are no direct staffing, ICT or property implications arising from this report.

**Wards Affected:**

All

**Scrutiny Interest:**

Overview & Scrutiny Committee

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**TRACKING/PROCESS**

**INTERIM EXECUTIVE DIRECTOR: STEVE KENYON**

Chief Executive/ Strategic Leadership Team	Cabinet	Ward Members	Partners
	20/7/15		
Overview & Scrutiny Committee		Committee	Council
31/8/16			

## 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. In 2015/16, the Council also invested in a number of properties to increase its overall investment yield.
- 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 2015/16 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). The Council's MRP Policy was reviewed in December 2015, generating revenue savings of £1.8 million, and again approved as part of the Annual Treasury Management Strategy (February 2016).
- 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 CFR for the year is shown below, and represents a key prudential indicator.

<b>Capital Financing Requirement</b>	<b>2014/15 Actual £'000</b>	<b>2015/16 Estimate £'000</b>	<b>2015/16 Actual £'000</b>
<b>CFR – non HRA</b>	122,029	127,894	118,473
<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>240,813</b>	<b>246,678</b>	<b>237,257</b>

- 2.6 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 (2015/16) plus the estimates of any additional capital financing requirement for the current (2016/17) 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 2015/16. The table below highlights

the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

	<b>2014/15 Actual £'000</b>	<b>2015/16 Estimate £'000</b>	<b>2015/16 Actual £'000</b>
<b>Gross borrowing position</b>	201,364	196,011	196,011
<b>CFR</b>	240,813	246,678	237,257

- 2.7 **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 2015/16 the Council has maintained gross borrowing within its authorised limit.
- 2.8 **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.
- 2.9 **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>2015/16 £'000</b>
<b>Authorised limit</b>	<b>277,300</b>
<b>Operational boundary</b>	<b>242,300</b>
<b>CFR</b>	<b>237,257</b>
<b>Gross borrowing position</b>	<b>196,011</b>

### 3.0 TREASURY POSITION AS AT 31 March 2016

- 3.1 The Council's debt and investment position is managed 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 2015/16 the Council's treasury (excluding borrowing by PFI and finance leases) position was as follows:

	31st March 2015			31st March 2016		
	Principal		Avg.	Principal		Avg.
	£0	£0	Rate	£0	£0	Rate
<b>Fixed rate funding</b>						
PWLB Bury	140,553			131,453		
PWLB Airport	3,308			2,555		
Market Bury	57,500	201,361		62,000	196,008	
<b>Variable rate funding</b>						
PWLB Bury	0			0		
Market Bury	0	0		0	0	
<b>Temporary Loans / Bonds</b>	3	3		3	3	
<b>Total Debt</b>	<b>201,364</b>		<b>3.96%</b>	<b>196,011</b>		<b>3.95%</b>
<b>Total Investments</b>	<b>32,322</b>		<b>0.62%</b>	<b>22,600</b>		<b>0.71%</b>

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

	2014/15 Actual £'000	2015/16 Actual £'000
Under 12 months	11,853	17,329
12 months and within 24 months	16,806	3,166
24 months and within 5 years	11,698	15,510
5 years and within 10 years	4,000	3,000
10 years and within 15 years	550	550
15 years and over	156,456	156,453
<b>Total Debt</b>	<b>201,364</b>	<b>196,008</b>

3.3 All the cash investments held are for a period of less than one year, however the Council has a number of high yield longer term property investments.

## 4.0 OVERVIEW OF THE STRATEGY FOR 2015/16

4.1 The strategy for 2015/16 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. One PWLB loan of £9.1m and an Airport loan of £0.18m were repaid in the year. 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 4.1 above, the Council was able to lower the average interest rate on debt from 3.96% to 3.95%. Despite poor investment returns, the average interest rate on investments increased to 0.71% in 2015/16 compared to an average rate of 0.62% for 2014/15.



## **5.0 ECONOMIC REVIEW FOR 2015/16**

- 5.1 Market expectations for the first increase in Bank Rate moved considerably during 2015/16, starting at quarter 3 2015 but soon moving back to quarter 1 2016. However, by the end of the year, market expectations had moved back radically to quarter 2 2018 due to many fears including concerns that China's economic growth could be heading towards a hard landing; the potential destabilisation of some emerging market countries particularly exposed to the Chinese economic slowdown; and the continuation of the collapse in oil prices during 2015 together with continuing Eurozone growth uncertainties.
- 5.2 The sharp volatility in equity markets during the year was reflected in sharp volatility in bond yields. However, the overall dominant trend in bond yields since July 2015 has been for yields to fall to historically low levels as forecasts for inflation have repeatedly been revised downwards and expectations of increases in central rates have been pushed back. In addition, a notable trend in the year was that several central banks introduced negative interest rates as a measure to stimulate the creation of credit and hence economic growth.
- 5.3 The ECB had announced in January 2015 that it would undertake a full blown quantitative easing programme of purchases of Eurozone government and other bonds starting in March at €60bn per month. This put downward pressure on Eurozone bond yields. There was a further increase in this programme of QE in December 2015. The anti-austerity government in Greece, elected in January 2015 eventually agreed to implement an acceptable programme of cuts to meet EU demands after causing major fears of a breakup of the Eurozone. Nevertheless, there are continuing concerns that a Greek exit has only been delayed.
- 5.4 In America, the economy has continued to grow on the back of consumer demand. The first increase in the central rate occurred in December 2015 however since then there has been a return to caution as to the speed of further increases due to concerns around the risks to world growth.
- 5.6 On the international scene, concerns have increased about the slowing of the Chinese economy and also its potential vulnerability to both the bursting of a property bubble and major exposure of its banking system to bad debts. The Japanese economy has also suffered disappointing growth in this financial year despite a huge programme of quantitative easing, while two of the major emerging market economies, Russia and Brazil, are in recession. The situations in Ukraine, and in the Middle East with ISIS, have also contributed to volatility.
- 5.7 The UK elected a majority Conservative Government in May 2015, introducing the prospect of a referendum on the UK remaining part of the EU. This has now taken place with the UK voting to leave the EU. The medium / long term economic impact of this decision is uncertain at this stage.
- 5.8 The government has maintained its tight fiscal policy stance but the more recent downturn in expectations for economic growth has made it more difficult to return the public sector net borrowing to a balanced annual position.

## **6.0 BORROWING OUTTURN FOR 2015/16**

- 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 2015/16 debt stood at £196,011m and the CFR at £237,257m. Therefore, in theory, borrowing of £41,246m 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 31/03/15 £000's	Loans raised £000's	Loans repaid £000's	Balance at 31/03/16 £000's
PWLB	140,553	0	(9,100)	131,453
Market	57,500	6,500	(2,000)	62,000
Temporary Loans	0	0	0	0
Other loans	3	0	0	3
<b>Bury MBC Debt</b>	<b>198,056</b>	<b>6,500</b>	<b>(11,100)</b>	<b>193,456</b>
Airport PWLB Debt	3,308	0	(753)	2,555
<b>Total Debt</b>	<b>201,364</b>	<b>6,500</b>	<b>(11,853)</b>	<b>196,011</b>

- 6.3 A number of shorter term loans were raised during the year, to partly replace the loans maturing.

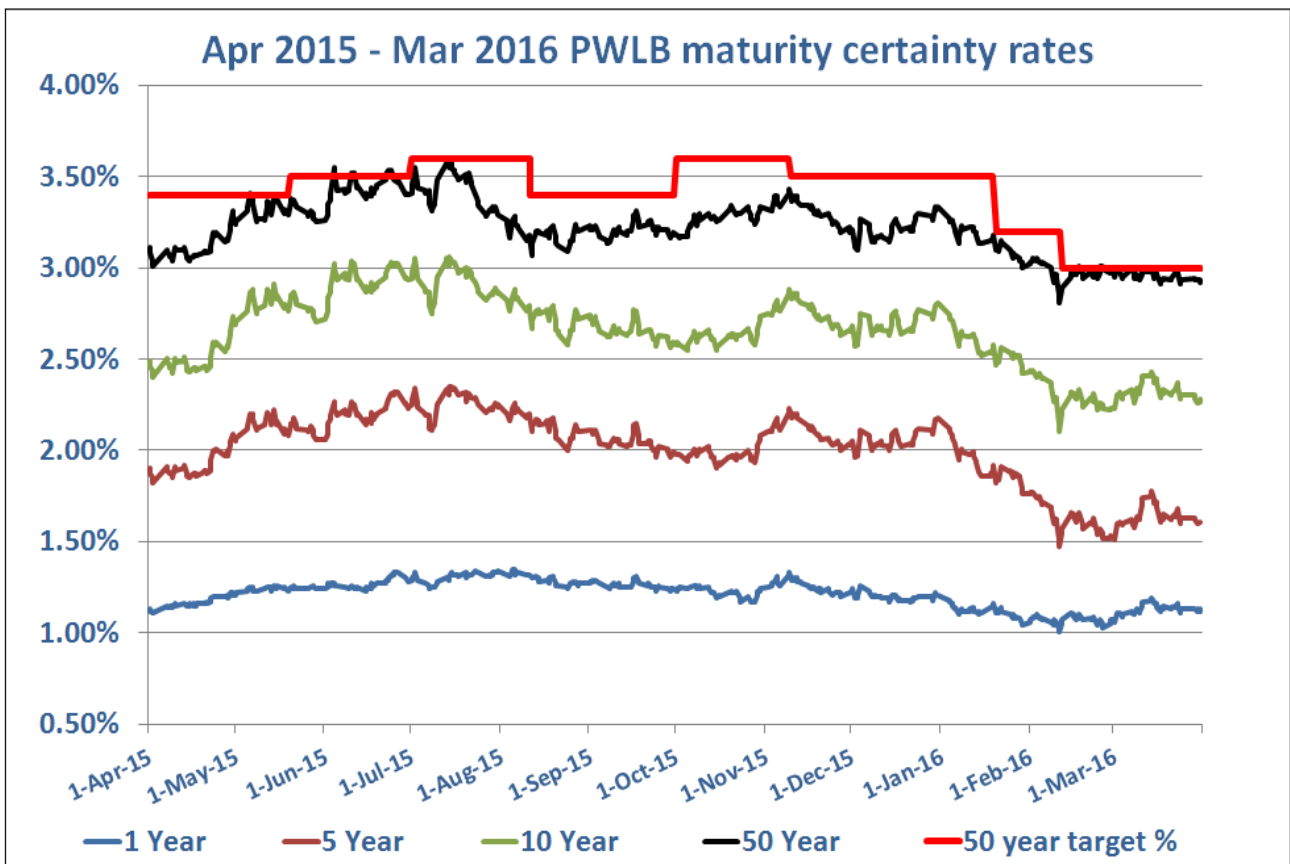
Lender	Rate	Amount £000's	Start Date	End Date
Hampshire County Council	1.50%	3,500	01/10/2015	13/11/2018
New Forest District Council	1.50%	1,000	01/10/2015	13/11/2018
Solihull MBC	0.95%	2,000	13/11/2015	15/05/2017
<b>Total</b>		<b>6,500</b>		

- 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	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
<b>Average Interest Rate on Debt</b>	<b>4.81%</b>	<b>4.56%</b>	<b>4.43%</b>	<b>3.96%</b>	<b>3.96%</b>	<b>3.95%</b>

- 6.7 From 2010/11 the average interest rate has fallen 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 2015/16

- 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 25 February 2015. 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>	£47,185,894	0.71%	0.36%

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

- 7.6 Investments at 31 March 2016 stood at £22,600 (£32.322m at 31 March 2015).

	<b>Investment at 31/03/15 £000's</b>	<b>Amount Invested in year £000's</b>	<b>Investments realised in year £000's</b>	<b>Balance at 31/03/16 £000's</b>
<b>Fixed Rate Investments</b>				
Nationwide Building Society	10,000	16,000	(23,000)	3,000
Bank of Scotland	14,000	17,000	(14,000)	17,000
Coventry Building Society	0	2,000	(2,000)	0
Barclays Bank	6,000	2,000	(8,000)	0
<b>Total - Fixed rate</b>	<b>30,000</b>	<b>37,000</b>	<b>(47,000)</b>	<b>20,000</b>
<b>Call Accounts</b>				
Barclays Bank - Flexible Interest Bearing Current Account	922	124,174	(122,496)	2,600
Bank of Scotland - Call Account	1,400	125,400	(126,800)	0
NATWEST bank - Call Account	0	24,350	(24,350)	0
<b>Total Investments</b>	<b>32,322</b>	<b>310,924</b>	<b>(320,646)</b>	<b>22,600</b>

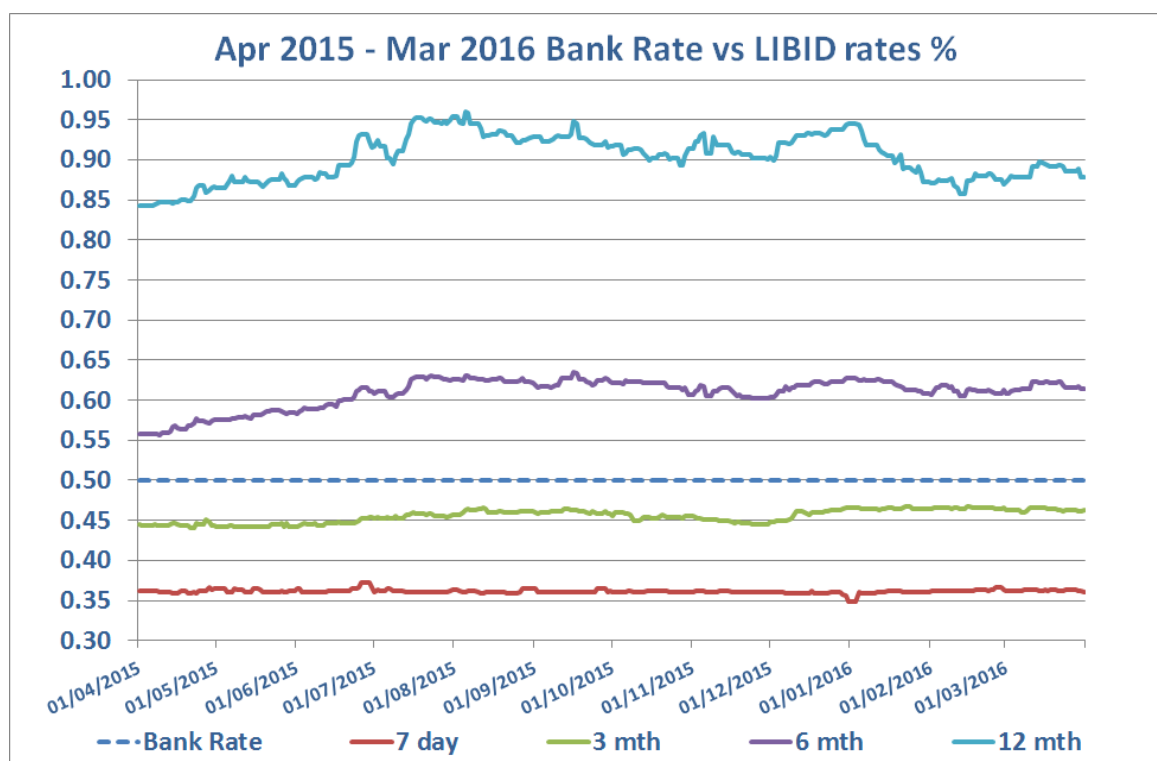
- 7.7 The table below gives details of the fixed rate investments made during the year.

	<b>Rate</b>	<b>Amount £000's</b>	<b>Start Date</b>	<b>End Date</b>
Bank of Scotland	0.95%	5,000	10/04/2014	09/04/2015
Bank of Scotland	1.00%	2,000	17/04/2014	17/11/2015
Nationwide	0.66%	8,000	12/12/2014	12/06/2015
Barclays	0.61%	5,000	06/01/2015	06/07/2015
Barclays	0.48%	1,000	16/02/2015	18/05/2015
BANK OF SCOTLAND	1.00%	5,000	27/02/2015	26/02/2016
Nationwide	0.46%	2,000	06/03/2015	06/05/2015
BANK OF SCOTLAND	1.00%	2,000	19/03/2015	17/03/2016
BANK OF SCOTLAND	1.00%	5,000	09/04/2015	07/04/2016
Nationwide	0.46%	2,000	06/05/2015	06/07/2015
Barclays	0.49%	1,000	18/05/2015	18/08/2015
Nationwide	0.50%	8,000	12/06/2015	14/09/2015

Barclays	0.53%	1,000	18/08/2015	18/11/2015
BANK OF SCOTLAND	1.05%	5,000	14/09/2015	12/09/2016
Nationwide	0.66%	3,000	14/09/2015	14/03/2016
BANK OF SCOTLAND	1.05%	5,000	30/09/2015	29/09/2016
BANK OF SCOTLAND	1.05%	2,000	17/11/2015	17/11/2016
Coventry Building Society	0.43%	2,000	15/01/2016	15/03/2016
Nationwide	0.50%	3,000	28/01/2016	28/04/2016
<b>Total</b>		<b>67,000</b>		

7.8 Total interest earned on investments in the financial year was £0.323 million compared to £0.379 million in 2014/15. This reflects the fact that investment returns were poor throughout the year. The Council is actively responding to this through it’s Property Investment Strategy.

7.9 The Bank Rate remained at its historic low of 0.5% throughout the year; it has now remained unchanged for seven years. Market expectations as to the timing of the start of monetary tightening started the year at quarter 1 2016 but then moved back to around quarter 2 2018 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 and due to the continuing weak expectations as to when Bank Rates would start rising.



**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 2016/17 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 2015/16.

**Councillor Jane Lewis**  
**Deputy Leader of the Council and Cabinet Member for Finance and Human Resources**

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

*Unaudited Final Accounts Bury MBC 2015/16*

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

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

*Treasury Management Report 2015-16*

*Financial markets and economic briefing papers*

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

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