

## AGENDA FOR

### OVERVIEW AND SCRUTINY COMMITTEE

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*Date:* 8 July 2019

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

**Councillors:** R Caserta (Chair), T Cummings, J Harris,  
N Jones, K Leach, B Mortenson, M Powell, L Smith,  
S Smith, Susan Southworth, R Walker and C Walsh

Dear Member/Colleague

#### **Overview and Scrutiny Committee**

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

<b>Date:</b>	Tuesday, 16 July 2019
<b>Place:</b>	Meeting Rooms A & B - Town Hall
<b>Time:</b>	7.00 pm
<b>Briefing Facilities:</b>	If Opposition Members and Co-opted Members require briefing on any particular item on the Agenda, the appropriate Director/Senior Officer originating the related report should be contacted.
<b>Notes:</b>	

## **AGENDA**

### **1 APOLOGIES**

### **2 DECLARATIONS OF INTEREST**

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

### **3 MINUTES OF THE LAST MEETING** *(Pages 1 - 6)*

The Minutes of the Meeting held on 4 June 2019 are attached

### **4 PUBLIC QUESTION TIME**

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

### **5 TREASURY MANAGEMENT ANNUAL REPORT 2018/19** *(Pages 7 - 18)*

Report from the Cabinet Member for Finance and Housing is attached

### **6 CAPITAL OUTTURN 2018/2019** *(Pages 19 - 32)*

Report from the Cabinet Member for Finance and Housing is attached  
Appendix A attached  
Appendix B Attached

### **7 REVENUE AND HRA OUTTURN 2018/19** *(Pages 33 - 58)*

Report from the Cabinet Member for Finance and Housing is attached

### **8 CORPORATE CORE PROGRESS REPORT** *(Pages 59 - 64)*

A report from Councillor Jane Black – Cabinet Member Corporate Affairs and HR is attached.

### **9 MAYOR'S CHALLENGE FUND UPDATE** *(Pages 65 - 70)*

Report from Councillor Alan Quinn, Cabinet Member – Environment is attached.

### **10 EDUCATION PERFORMANCE -UPDATE**

A presentation will be given at the Meeting.

### **11 URGENT BUSINESS**

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

**Minutes of: OVERVIEW AND SCRUTINY COMMITTEE**

**Date of Meeting:** 4 June 2019

**Present:** Councillor R Caserta (in the Chair)  
Councillors T Cummings, J Harris, N Jones, M Powell, L Smith, S Smith, Susan Southworth, R Walker and C Walsh

**Also in attendance:** Andrew Baldwin, Head of Financial Management  
Dave Brown, Director of Operations  
Karen Dolton, Executive Director – Children’s Services  
Paul Lakin, Director of Economic Regeneration and Capital Growth

**Public Attendance:** No members of the public were present at the meeting.

**Apologies for Absence:** Councillor K Leach and Councillor B Mortenson

#### **OSC.21 DECLARATIONS OF INTEREST**

There were no declarations of interest made at the meeting.

#### **OSC.22 MINUTES**

**It was agreed:**

That the Minutes of the last meeting held on 4 April 2019 be approved as a correct record and signed by the Chair.

#### **OSC.23 PUBLIC QUESTION TIME**

There were no members of the public present at the meeting

#### **OSC.24 DEVELOPMENT OF A WORK PROGRAMME 2019-2020**

Councillor Caserta welcomed Andrew Baldwin, Head of Financial Management, Dave Brown, Director of Operations, Karen Dolton, Executive Director – Children’s Services and Paul Lakin, Director of Economic Regeneration to the meeting. It was explained that the Overview and Scrutiny Committee would be setting their work programme for the Municipal Year and in order to do this had invited the Officers to assist with this.

Andrew Baldwin provided a copy of the Corporate Core workshop slides and the Management Action Plan for the forthcoming year. Andrew explained that the development of the Corporate Core would bring together and integrate support services from across the Council and the CCG, where possible, to one point of contact and in doing so would help the Council to gain more capacity, resilience and harness the knowledge and experience that staff have developed over the years within their own departments. Being part of the Corporate Core, staff will still be empowered to retain the relationships that they have built up and to be responsive to the needs of their customers within their respective functions. Benefits for the committee include one point of reference for each of the corporate

core services to provide an easier and more accessible overview for the committee.

A Corporate Core workshop has been held which has identified 12 potential work streams. Each work stream will have a lead officer, a Project Board and Project Plan. The lead officer will report back to a Corporate Core Transformation Board each week from mid-June with the first cut programme plan being produced by end July. The delivery strands for each work stream were explained as: Budget, Service Strategy, Customer, Infrastructure, Information and Systems, Policy and Process and Structure.

Andrew ran through the Corporate Core Management Action Plan for the forthcoming year and explained that each of the areas contained in the plan could be scrutinised separately by the Committee as and when requested. Andrew highlighted some of these areas as examples including Corporate Core Progress reports and corporate plan and community strategy development and roll out. He also reported that the Committee would receive the budget and finance reports throughout the year as in previous years.

Councillor Caserta referred to the Corporate Core project and asked whether a financial savings target had been set in relation to it.

Andrew explained that the baseline information was currently being brought together and once this had been completed a progress report would be produced which could be brought back to Overview and Scrutiny Committee and these would contain the objectives for each of the work streams.

Councillor Walker referred to the ongoing review of traded services and asked whether the Committee could receive an update of this work including a breakdown of each of the services concerned. Andrew said this was scheduled for Quarter 3 in the Management Action plan.

Councillor Stella Smith explained that for the last Municipal Year the Committee had requested a finance update at each meeting and asked whether this could continue. Andrew confirmed that a brief budget update, including progress against savings targets, would be provided at each meeting in addition to the regular finance reports.

The following work areas were agreed following Andrew's presentation:-

- Brief budget update to be provided at each meeting including progress against savings targets; these to be provided as well as the regular reports i.e. budget report in February; quarterly budget monitoring reports; year-end outturn reports; Treasury Management mid-year strategy
- Traded Services review – by late autumn – what is in scope; objectives of the review
- Tangible targets to be set, including any financial / savings targets, for each of the workstreams – for the 16 July meeting if possible
- The Corporate Core Management Action Plan to inform the O&S work plan for the year – therefore, progress reports to be brought to the meeting for each of the areas within the management action plan.

Karen Dolton, Executive Director of Children's Services explained that a 90 day consultation had been carried out with regards to restructuring of the staff across the Directorate.

Work was being carried out to reduce the number of children in care with an early help delivery model. Innovation money had been received from Greater Manchester and the Stockport Family Model was being implemented.

Roll out of Integrated Early Help Model which includes the implementation of the LAC strategy to increase numbers of in house foster carers, enhanced care leavers offer and the best social work model to provide the best quality support.

Karen also explained that work was being carried out in relation to school improvement across the borough and inclusion to reduce permanent exclusions. Social and emotional mental health support was being rolled out across schools which included a workshop to which all schools in Bury had been invited to participate.

Barclays had been working with a number of Bury pupils in relation to life changes, this work included business mentoring and CV support.

There were two more Ofsted inspections due within the coming months, the first being a focused visit within the next six weeks and a full inspection possibly in September.

The following work areas were agreed following Karen's presentation:-

- Performance in schools report – July
- SEND Update - September
- Looked after Children – Early Intervention update - September
- Exclusions update - January
- Adult Learning Service Advisory Group Annual Report - January

Dave Brown, Director of Operations reported that a review of the waste in-house service was being carried out looking at redesign of in-house services and the development of an options appraisal.

The £10m phase 1 highway capital programme was now in its final year and a new code of practice for highway maintenance and clearance of pothole backlog was being implemented.

Further investment in highways would be carried out following phase 1 which will involve preventative maintenance and plot the life cycle of individual roads.

The Street Lighting column replacement scheme was continuing to be delivered.

A review of the car parking enforcement contract was due to be carried out with a view to retendering, this would be looking at more intelligence based operation which would produce more efficient enforcement.

Bradley Fold depot had recently been affected by a fire and a refurbishment programme was being carried out to repair the damage. Bids had been submitted to the Mayor's Challenge Fund to provide 15 crossing points across the borough and a replacement bridge for which business cases had been approved by TfGM.

It was also explained that future schemes were in the process of being prepared so that when opportunities for bidding were open the plans would already be in place to be submitted.

Councillor Stella Smith referred to the review of the in house waste services and asked whether this would incorporate the issues around the use of agency staff. Dave confirmed that use of agency staff would be part of the review.

Councillor Harris referred to bidding opportunities and asked whether enough work was being done to make sure that the Council submitted as many bids as possible. Councillor Harris suggested that an officer could be employed to carry out this work.

The following work areas were agreed following Dave's presentation:-

- Corporate Core build – include if possible a post or ½ post for someone to search and bid for grants and external funding for the Council
- Highway Capital Programme update.
- Next Highway Capital Programme report
- Waste Collection Strategy update

Paul Lakin representing the Business Growth & Infrastructure Directorate reported that there were a number of current and new big projects that the Committee may want to receive reports and updates on. There were:-

- Chamberhall
- Radcliffe Regeneration
- Bradley Fold Trading Estate
- Prestwich Town Centre
- Bury Interchange redevelopment
- Development of a Bolton University Campus in Bury Town Centre
- Possible development of brownfield sites across the town centres.

Councillor Stella Smith referred to the old Police and Fire Station sites in Bury Town Centre and asked that ward Councillors be consulted with regards to future development of the sites. Paul confirmed that this would be the case.

Councillor Walker referred to redevelopment of the interchange and asked that consideration be given to the market when drawing up a scheme.

Councillor Nick Jones referred to the work that was being carried out in relation to housing needs across the borough and the work that was being carried out in

relation to this. Councillor Jones asked that Christine Fallon Director of Housing, Growth and Infrastructure and Paul Patterson, Executive Director, Business, Growth and Infrastructure attend a future meeting to update the Committee on the work being carried out in relation to housing development.

The following work areas were agreed following Paul's presentation:-

- Update on economic development projects – September 2019
- Update on housing development projects – November 2019

Members of the Committee were asked for comments and issues in relation to anything that had not been covered within the presentations and the following points were raised:-

Councillor Susan Southworth referred to the Safeguarding Overview Project Group and explained that the members of the group needed to commit to attend all four of the meetings as the work was of such importance. Councillor Southworth explained that the group met four times throughout the year and could be flexible with start times and locations to accommodate the members.

Councillor Southworth explained that there was 1 Labour vacancy on the group for this Municipal Year and asked that this was filled as soon as possible.

Councillor Harris asked for the Clean Air Plan to be included on the forward plan for the year.

Councillor Lucy Smith referred to the work of the voluntary sector and asked that a report be received in relation to this.

It was suggested that Corporate Performance Reports and reports relating to the work of the Combined Authority should continue to be included on the forward plan.

The Committee was scheduled to meet on the following dates:

16 July 2019  
12 September 2019  
21 November 2019  
23 January 2020  
11 February 2020  
31 March 2020

It was also explained that the committee could Call-in decisions if they felt it necessary and establish working/sub groups to carry out detailed pieces of work.

### **It was agreed:**

That the work programme of the Overview and Scrutiny Committee would include:-

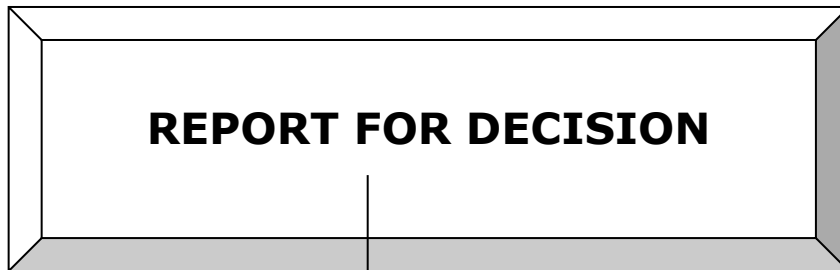
- Brief budget update to be provided at each meeting including progress against savings targets; these to be provided as well as the regular reports i.e. budget report in February; quarterly budget monitoring reports; year-end outturn reports; Treasury Management mid-year strategy
- Traded Services review – by late autumn – what is in scope; objectives of the review
- Tangible targets to be set, including any financial / savings targets, for each of the workstreams – for the 16 July meeting if possible
- The Corporate Core Management Action Plan to inform the O&S work plan for the year – therefore, progress reports to be brought to the meeting for each of the areas within the management action plan
- Performance in schools report – July
- SEND Update - July
- Looked after Children – Early Intervention update - September
- School Exclusions update - January
- Adult Learning Service Advisory Group Annual Report - January
- Corporate core build – include if possible a post or ½ post for someone to search and bid for grants and external funding for the Council
- Highway Capital Programme update.
- Next Highway Capital Programme report
- Waste Collection Strategy update
- Update on Economic Development projects – September 2019
- Update on housing development projects – November 2019
- Clean Air Strategy
- 3rd Sector Volunteering/Community Safety
- Corporate Performance updates

A forward plan will be produced in consultation with the Members which will set out the work of the Overview and Scrutiny Committee for the 2019/2020 Municipal Year.

**COUNCILLOR Caserta**  
**Chair**

**(Note: The meeting started at 7.00 pm and ended at 9.10 pm)**





<b>Agenda Item</b>	
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**MEETING:** **CABINET  
OVERVIEW & SCRUTINY COMMITTEE**

**DATE:** **26 JUNE 2019  
9 JULY 2019**

**SUBJECT:** **TREASURY MANAGEMENT ANNUAL REPORT  
2018/19**

**REPORT FROM:** **CABINET MEMBER FOR FINANCE AND HOUSING**

**CONTACT OFFICER:** **MIKE WOODHEAD, CHIEF FINANCE OFFICER**

**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 2018/19.

**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 ASSISTANT  
DIRECTOR (FINANCE):**

This report provides information on the Council's debt, borrowing, and investment

activity for the financial year ending on 31<sup>st</sup> March 2019 in conformity with the CIPFA Code of Practice for Treasury Management. The successful management of the Council's borrowing and investments is central to the Council's financial strategy, both in the short term and in ensuring a balanced debt profile over the next 25 to 60 years.

The overall strategy for 2019/20 was to finance capital expenditure by running down cash/investment balances and using shorter term borrowing rather than more expensive long term loans. The taking out of longer term loans (1 to 10 years) to finance capital spending would only then be considered if required by the Council's underlying cash flow needs.

Debt decreased slightly during the year, £202,584 million at 31<sup>st</sup> March 2019 compared to £194,510 million at 31<sup>st</sup> March 2018. The average borrowing rate dropped slightly from 3.96% to 3.95%. Investments at 31 March 2019 stood at £14,760 million, compared to £21,250 million the previous year, the decrease being due to the use of cash/investment balances to repay maturing debt. The average rate of return on investments was 0.66% in 2018/19 compared to 0.24% in 2017/18.

<b>Equality/Diversity implications:</b>	No - (see paragraph 8.1, page 9)
<b>Considered by Monitoring Officer:</b>	Yes. The presentation of an annual report on Treasury Management by 30 <sup>th</sup> September of the following financial year is a requirement of the Council's Financial Regulations 5.7, as part of the Council's Financial Procedure Rules and Budget and Policy framework, relating to Risk Management and Control of Resources: Treasury Management.
<b>Are there any legal implications?</b>	No
<b>Staffing/ICT/Property:</b>	There are no direct staffing, ICT or property implications arising from this report.
<b>Wards Affected:</b>	All
<b>Scrutiny Interest:</b>	Overview & Scrutiny Committee

Chief Executive/ Strategic Leadership Team	Cabinet	Ward Members	Partners
10/6/19	26/6/19		
Overview & Scrutiny Committee		Committee	Council
16/7/19			

## 1.0 INTRODUCTION

- 1.1 The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2017/18. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

During 2018/19 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 21/02/2018)
- a mid-year (minimum) treasury update report (Council 28/11/2018)
- an annual review following the end of the year describing the activity compared to the strategy (this report)

- 1.2 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.
- 1.3 This Council confirms that it has complied with the requirement under the Code to give scrutiny to all of the above treasury management reports by the Overview & Scrutiny Committee, before they were reported to the full council.

## 2.0 THE COUNCIL'S CAPITAL EXPENDITURE AND FINANCING

- 2.1 The Council undertakes capital expenditure on long-term assets. These activities may either be:
- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need: or
  - If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.
- 2.2 The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

	<b>2017/18 Actual £'000</b>	<b>2018/19 Estimate £'000</b>	<b>2018/19 Actual £'000</b>
<b>Capital expenditure</b>	27,471	24,518	35,348
<b>Financed in Year</b>	-26,113	-23,690	-32,397
<b>Unfinanced Capital Expenditure</b>	<b>1,358</b>	<b>828</b>	<b>2,951</b>

### 3.0 THE COUNCIL'S OVERALL BORROWING NEED

- 3.1 The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR).
- 3.2 **Gross borrowing and the CFR** – 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 (2017/18), plus the estimates of any additional capital financing requirement for the current (2018/19) and next two financial years. This essentially means that the council is not borrowing to support revenue expenditure. This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2018/19. The Council has complied with this prudential indicator.

<b>Capital Financing Requirement</b>	<b>2017/18 Actual £'000</b>	<b>2018/19 Estimate £'000</b>	<b>2018/19 Actual £'000</b>
<b>CFR – non HRA</b>	128,293	124,704	131,244
<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>247,077</b>	<b>243,489</b>	<b>250,028</b>

- 3.3 **The authorised limit** – this 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 2018/19 the Council has maintained gross borrowing within its authorised limit.
- 3.4 **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 are acceptable subject to the authorised limit not being breached.
- 3.4 **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>2018/19 £'000</b>
<b>Authorised limit</b>	300,000
<b>Maximum gross borrowing position</b>	202,584
<b>Operational Boundary</b>	265,000
<b>Average gross borrowing position</b>	187,648
<b>Financing costs as a proportion of net revenue stream:-</b>	
<b>Non - HRA</b>	2.82%
<b>HRA</b>	14.74%

#### 4.0 THE COUNCIL'S OVERALL TREASURY POSITION AS AT 31 MARCH 2019

4.1 At the beginning and the end of 2018/19 the Council's treasury (excluding borrowing by PFI and finance leases) position was as follows:

	<b>Balance at 31/03/18</b>			<b>Balance at 31/03/19</b>		
	<b>General Fund £'000</b>	<b>HRA £'000</b>	<b>Total £'000</b>	<b>General Fund £'000</b>	<b>HRA £'000</b>	<b>Total £'000</b>
<b>Total Debt</b>	75,726	118,784	194,510	83,800	118,784	202,584
<b>CFR</b>	128,293	118,784	247,077	131,244	118,784	250,028
<b>Over / (under) borrowing</b>	<b>(52,567)</b>	<b>0</b>	<b>(52,567)</b>	<b>(47,444)</b>	<b>0</b>	<b>(47,444)</b>
<b>Total Investments</b>			21,250			14,760
<b>Net Debt</b>			<b>173,260</b>			<b>187,824</b>

	<b>Balance at 31/03/18</b>		<b>Balance at 31/03/19</b>	
	<b>Average Rate / Return</b>	<b>Average Life of Debt (years)</b>	<b>Average Rate / Return</b>	<b>Average Life of Debt (years)</b>
<b>Debt</b>	3.96%	26	3.95%	28
<b>Investments</b>	0.24%		0.66%	

4.2 The maturity structure of the debt portfolio was as follows:

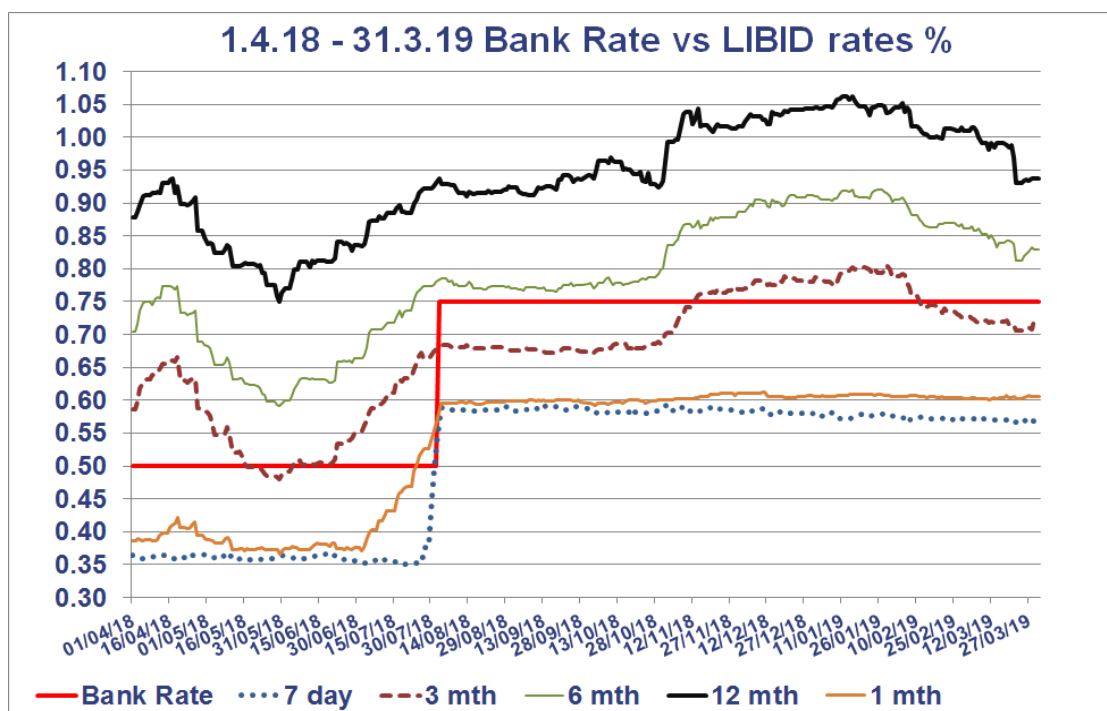
<b>Maturity structure of fixed rate borrowing during 2018/19</b>	<b>2017/18 Actual £'000</b>	<b>2017/18 Actual %</b>	<b>2018/19 Actual £'000</b>	<b>2018/19 Actual %</b>
Under 12 months	4,712	2.39%	19,034	9.32%
12 months and within 24 months	16,503	8.36%	1,000	0.49%
24 months and within 5 years	16,000	8.11%	8,000	3.92%
5 years and within 10 years	3,550	1.80%	550	0.27%
10 years and within 15 years	26,000	13.17%	26,000	12.73%
15 years and over	130,624	66.18%	149,626	73.27%
<b>Total Debt</b>	<b>197,389</b>	<b>1.00</b>	<b>204,209</b>	<b>1.00</b>

4.3 All investments within the investment portfolio have a maturity date within 1 year.

## 5.0 THE STRATEGY FOR 2018/19

### 5.1 Investment strategy and control of interest rate risk

- 5.1.1 Investment returns remained low during 2018/19. The expectation for interest rates within the Treasury Management Strategy for 2018/19 was that Bank Rate would rise from 0.50% to 0.75%. At the start of 2018/19, and after UK GDP growth had proved weak in the first few months of 2018, the expectation for the timing of this increase was pushed back from May to August 2018. Investment interest rates were therefore on a gently rising trend in the first half of the year after April, in anticipation that the MPC would raise Bank Rate in August. This happened at the MPC meeting on 2 August 2018. It was not expected that the MPC would raise Bank Rate again during 2018/19 in view of the fact that the UK was entering into a time of major uncertainty with Brexit due in March 2019.
- 5.1.2 Investment rates were little changed during August to October but rose sharply after the MPC meeting of 1<sup>st</sup> November 2018, anticipated building inflationary pressures, particularly from rising wages. However, weak GDP growth data after December, plus increasing concerns generated by Brexit, resulted in investment rates falling back again.



- 5.1.3 Continued uncertainty in the aftermath of the 2008 financial crisis has promoted a cautious approach whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

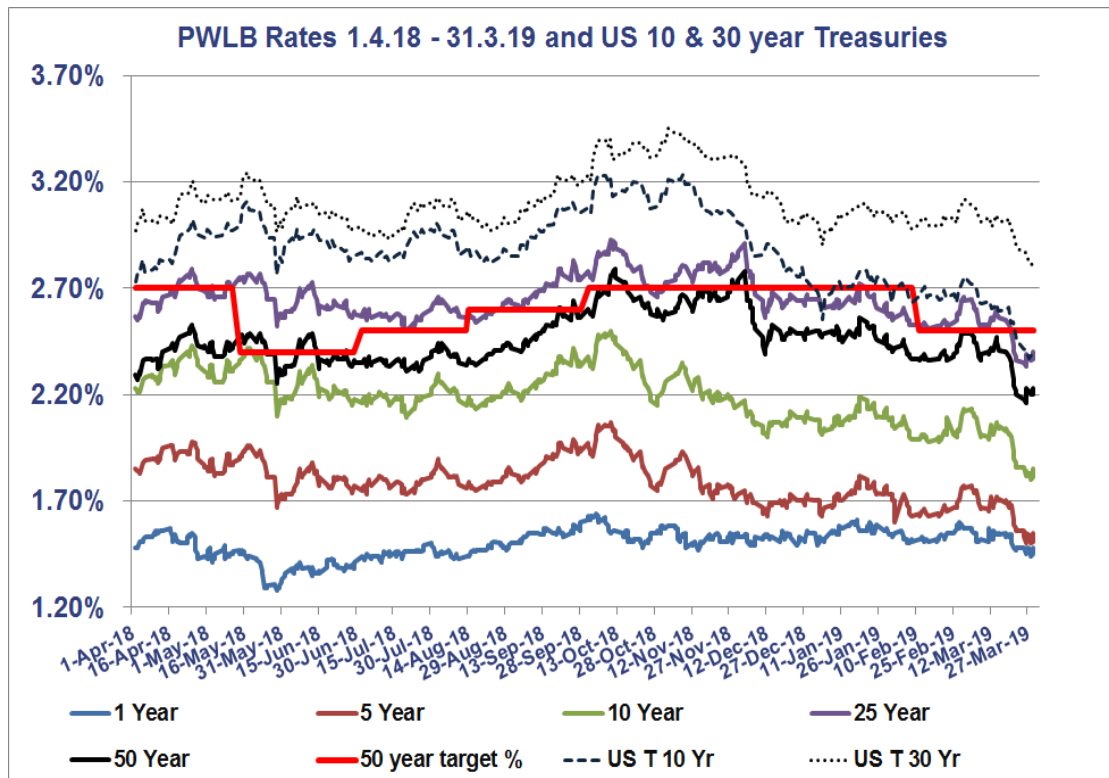
### 5.2 Borrowing strategy and control of interest rate risk

- 5.2.1 During 2018/19 the Council maintained an under-borrowed position. This meant that the capital borrowing need, the capital Financing Requirement (CFR), was

not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were low and minimizing counterparty risk on placing investments also needed to be considered.

- 5.2.2 A cost of carry remained during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances; this would have incurred a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns.
- 5.2.3 The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when this authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.
- 5.2.4 Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Assistant Director (Finance) therefore monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principals to manage interest rate risks:
- If it had been felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase in risks around relapse into recession or of risks of deflation), then long term borrowings would have been postponed, and potential rescheduling from fixed rate funding into short term borrowing would have been considered.
  - If it had been felt that there was a significant risk of a much sharper RISE in long and short term rates than initially expected, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USE and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position would have been re-appraised. Most likely, fixed rate funding would have been drawn whilst interest rates were lower than they were projected to be in the next few year.
- 5.2.5 Interest rate forecasts expected only gradual rises in medium and longer term fixed borrowing rates during 2018/19 and the two subsequent financial years. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period.

Link Asset Services Interest Rate View													
12.2.18													
	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate	0.50%	0.75%	0.75%	1.00%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.50%
5yr PWLB Rate	1.90%	2.00%	2.10%	2.10%	2.20%	2.30%	2.30%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%
10yr PWLB Rate	2.50%	2.50%	2.60%	2.70%	2.70%	2.80%	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%
25yr PWLB Rate	2.80%	2.90%	3.00%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.60%	2.70%	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%



5.2.6 Since PWLB rates peaked during October 2018, most PWLB rates have been on a general downward trend, though longer term rates did spike upwards again during December, and, (apart from the 1 year rate), reached lows for the year at the end of March. There was a significant level of correlation between movements in US Treasury yields and UK gilt yields – which determine PWLB rates. The Fed in America increased the Fed Rate four times in 2018, making nine increases in all in this cycle, to reach 2.25% - 2.50% in December. However, it had been giving forward guidance that rates could go up to nearly 3.50%. These rates increases and guidance caused Treasury yields to also move up. However financial markets considered by December 2018, that the Fed had gone too far, and discounted its expectations of further increases. Since then, the Fed had gone too far, and discounted its expectations of further increases. Since then, the Fed has also come round to the view that there are probably going to be no more increases in this cycle. The issue now is how many cuts in the Fed Rate there will be and how soon, in order to support economic growth in the US. Weak growth now also looks to be the outlook for china and the EU so this will mean that world growth as a whole will be weak. Treasury yields have therefore fallen sharply during 2019 and gilt yields / PWLB rates have also fallen.



## 6.0 BORROWING OUTTURN FOR 2018/19

- 6.1 An analysis of movements at nominal values on loans during the year is shown below:

	Balance at 31/03/18 £000's	Loans raised £000's	Loans repaid £000's	Balance at 31/03/19 £000's
PWLB	131,453	7,800	0	139,253
Market	60,500	0	(16,500)	44,000
Temporary Loans	2,000	11,100	(5,600)	7,500
Other loans	3	0	0	3
<b>Bury MBC Debt</b>	<b>193,956</b>	<b>18,900</b>	<b>(22,100)</b>	<b>190,756</b>
Airport PWLB Debt	554	11,278	(4)	11,828
<b>Total Debt</b>	<b>194,510</b>	<b>30,178</b>	<b>(22,104)</b>	<b>202,584</b>

- 6.2 Loans were raised to fund the net unfinanced capital expenditure and naturally maturing debt.
- 6.3 The Council has not borrowed more than, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed.
- 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 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	2014/15	2015/16	2016/17	2017/18	2018/19
<b>Average Interest Rate on Debt</b>	<b>3.96%</b>	<b>3.95%</b>	<b>3.96%</b>	<b>3.96%</b>	<b>3.95%</b>

## 7.0 INVESTMENT OUTTURN FOR 2018/19

- 7.1 The Council's investment policy is governed by MHCLG guidance, which was been implemented in the annual investment strategy approved by the Council on 21 February 2018. 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 Link 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 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>	£15,236,681	0.66%	0.57%

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

- 7.5 Investments at 31 March 2019 stood at £14,760m (£21,250m at 31 March 2018).

	<b>Investment at 31/03/18 £000's</b>	<b>Amount Invested in year £000's</b>	<b>Investments realised in year £000's</b>	<b>Balance at 31/03/19 £000's</b>
<b>Fixed Rate Investments</b>				
GMCA	0	5,000	0	5,000
<b>Total - Fixed rate</b>	<b>0</b>	<b>5,000</b>	<b>0</b>	<b>5,000</b>
<b>Notice Accounts</b>				
Barclays Bank - 32 day Notice account	3,000	0	(2,000)	1,000
Barclays Bank - 95 day Notice account	5,500	0	(5,250)	250
Santander - 92 day Notice account	0	5,100	(4,000)	1,100
<b>Total - Notice accounts</b>	<b>8,500</b>	<b>5,100</b>	<b>(11,250)</b>	<b>2,350</b>
<b>Call Accounts</b>				
Barclays Bank - Flexible Interest Bearing Current Account	200	170,235	(163,375)	7,060
Bank of Scotland - Call Account	12,550	145,250	(157,450)	350
<b>Total Investments</b>	<b>21,250</b>	<b>325,585</b>	<b>(332,075)</b>	<b>14,760</b>

- 7.5 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>
GMCA	65.00%	5,000	21/03/2019	18/04/2019
<b>Total</b>		<b>5,000</b>		

## 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 2019/20 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 2018/19.

**Councillor Eamon O'Brien**  
**Cabinet Member for Finance and Housing**

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

*Unaudited Final Accounts Bury MBC 2018/19*

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

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

*Treasury Management Report 2018-19*

*Financial markets and economic briefing papers*

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

Mr M. Woodhead, Chief Finance Officer

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## REPORT FOR DECISION



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

**MEETING:** CABINET  
OVERVIEW & SCRUTINY COMMITTEE

**DATE:** 25 JUNE 2019  
16 JULY 2019

**SUBJECT:** CAPITAL OUTTURN 2018/19

**REPORT FROM:** CABINET MEMBER FOR FINANCE AND HOUSING

**CONTACT OFFICER:** MIKE WOODHEAD, CHIEF FINANCE OFFICER

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

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

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

This report provides Members with details of:

- The capital outturn figures in respect of the last financial year 2018/19;
- Major variances between the Revised Estimate and the Outturn;
- The financing of the Capital Programme in 2018/19;
- Slippage of funding into 2019/2020;

**OPTIONS & RECOMMENDED OPTION**

Members are asked to:

- Note the final capital outturn for 2018/2019, and explanations for major variances (Appendix A and report)
- Note the financing of the Capital Programme in 2018/19 (Paragraph 3.5)
- Consider and recommend for approval the slippage requests and associated funding into 2019/2020 (Appendix B)

**Recommended Option:**

To approve the recommendations set out above.

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**IMPLICATIONS:****Corporate Aims/Policy Framework:**

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

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

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

**Statement by ASSISTANT DIRECTOR (FINANCE):**

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 10)

**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

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**TRACKING/PROCESS    Chief Finance Officer: Mike Woodhead**

Chief Executive/ Strategic Leadership Team	Cabinet Member/Chair	Ward Members	Partners
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10/6/19	25/6/19		
Overview & Scrutiny Committee		Committee	Council
16/7/19			

## 1.0 BACKGROUND

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

- **Appendix A** shows a summary of the Capital Programme expenditure realised in the year against the Revised Estimate for each Department and project.
- **Appendix B** lists capital projects that have not completed by end of the financial year and are slipped into 2019/20 and future years, analysed by Department and category of funding source.

## 2.0 CAPITAL OUTTURN 2018/2019

### 2.1 Approved Capital Budget and Outturn

- 2.2 The total Capital Budget approved by Council on 21 February 2018 with subsequent movements during the financial year 2018/19 and the final expenditure at outturn are shown in the table below:

Capital Budget 2018/19	£m	£m
<b>Original approved budget</b>		<b>25.368</b>
Value of schemes re-profiled from 2017/18 programme	<b>28.398</b>	
<b>AMENDMENTS TO BUDGET IN YEAR INCLUDING A REVIEW OF PROGRAMME INTO 2019/20 OF £15.004M</b>	<b>(9.428)</b>	
		18.970
REVISED PROGRAMME FOR 2018/19		<b>44.338</b>
<b>VALUE OF SCHEMES SLIPPED TO 2019/20</b>		(8.990)
Final Capital Programme 2018/19		<b>35.348</b>
<b>CAPITAL OUTTURN FOR 2018/19</b>		<b>35.348</b>
Variance		0.000



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 2018/19 this grant totalled £1.395m.

2.4 Capital expenditure that was achieved from schemes carried out during the year totalled £35.438m against the final approved Programme funding (excluding the amounts for the VA schools and the re-profiled amounts) of £35.438m.

### 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, borrowing, 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 2018/19 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 2019 was £35.438m.

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	34.042	
Intangible assets	1.075	
Vehicle, Plant and Equipment	0.231	
<b>Total</b>		<b>35.348</b>
<b>Financed by:</b>		
Loan through the HRA	6.517	
Capital Receipts	1.749	

External Grants and Contributions	15.003	
General Fund Revenue and Reserves	1.071	
Housing Revenue Account	1.917	
Major Repair Allowance	9.091	
<b>Total</b>		<b>35.348</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 2018/19 the Council financed schemes to a total value of £1.749m 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 2018/19 of £3.558m in total, of which £2.254m 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 £1.304m to Government.
- 3.10 The balance of general usable capital receipts at year end will be carried forward into 2019/2020 to ensure an amount for earmarked capital receipts that have been approved and required for committed and specific projects.
- 3.11 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 2018/19 and that originally had approved funding from Council's resources.
- 3.12 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 INTO 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 necessarily completed within the financial year in which the scheme is approved. Explanations for the reasons are given in the table shown in Appendix B.
- 4.3 The majority of re-profiled schemes are the major projects for which approvals were given towards 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 slipped to the next and future years was £8.990m, as reported above in the table at paragraph 2.2 and the details of projects are shown in Appendix B.
- 4.5 The table below shows the different elements of funding approved by full Council in February 2018 for the 2018/19 financial year that was not spent in the year. These amounts were part of the three year rolling capital programme, from 2017/18 to 2019/20 compiled and presented to Council by Operational services of the Authority.

<b>2018/19 Capital schemes slipped into 2019/20</b>	<b>£m</b>	<b>£m</b>
<b>Total re-profiled</b>		<b>8.990</b>
Financed by:		
Capital grants and contributions held in reserves	0	
MRA Reserve	1.926	
Capital receipts / Earmarked reserves	2.762	
Loan	5.759	
Capital grants and contributions receivable 2019/20	(1.457)	
<b>Total</b>		<b>8.990</b>

- 4.6 The value of the schemes re-profiled into 2019/20 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 £3.231m was held in general usable reserves.

- 4.7 A small amount of the grants and contributions carried forward, of £0.309m, was conditionally received to schemes being completed by a certain date or scope. The Council will ensure that all conditions to finance the agreed capital projects are complied with.
- 4.8 The amount shown as loan of £5.759m represents previous years' together with new approvals made by the Council for Invest to Save projects and affordable housing schemes that are long term and will require several years to complete, listed as:
- Housing, Care schemes and empty properties
  - Prestwich Village remodelling
  - Highways maintenance and improvement schemes (2017 to 2020)
- 4.9 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.
- 4.10 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 2018/19 capital expenditure.
- 4.11 The Cabinet Member for Finance and Housing will be requested to note and recommend for approval the carry forward of schemes and associated funding into 2018/19.
- 4.12 The Capital Programme approved by Council in February 2019 for the 2019/20 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 programme are identified at an early stage there is a senior officer level Capital Programme Management Group that meets at least four times per year. 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 £0.250m 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 Eamon O'Brien**

**Cabinet Member for Finance and Housing**

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

Capital Cost Tab and Financing Working Papers, 2018/2019

Council Approved Capital Programme 2018/19, Report and Appendix1

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

Mr M. Woodhead, Chief Finance Officer

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Corporate Monitoring Statement 2017-18		(1) Original Budget £000's	(2) Revised Budget £000's	(3) Slippage to Future Years (funding received £000's	(4) Revised Estimate After Reprofile Col(2)- £000's	(5) Outturn £000's	(6) Month 12 variance (Under) or Over Col(6)- £000's
Children, Young People & Culture	Devolved Formula Capital	461	1,171	(662)	509	509	0
	New Deal for Schools Modernisation	6,243	7,972	(728)	7,244	7,244	(0)
	Access Initiative	0	0	0	0	0	0
	Targetted Capital Funds	0	(76)	80	4	4	(0)
	Free School Meal Capital Grant	0	0	0	0	0	0
	Early Education Fund	0	44	(8)	36	36	0
	Protecting Play Fields	0	10	0	10	10	0
	Healthy Pupils Condition Fund	0	67	(16)	51	51	(0)
Totals		6,703	9,188	(1,335)	7,853	7,853	(0)
Communities & Wellbeing	Environmental Works	0	182	(120)	62	62	0
	Leisure Services	0	283	(17)	266	266	0
	Improving Info.Management	0	80	(57)	23	23	0
	Social Care Single Capital Pot / Older people	455	(18)	0	(18)	(18)	0
	Urban Renewal	968	5,879	(225)	5,654	5,654	0
	Waste Management	0	27	(27)	0	0	0
	Civic Halls	0	36	(36)	0	0	0
	Economic Development	600	0	130	130	130	0
Totals		2,023	6,470	(352)	6,118	6,118	0
Resources & Regulation	Flood Repair & Defence	0	151	(86)	65	65	(0)
	Street Lighting LED Invest to Save	0	358	(1)	357	373	16
	Traffic Management Schemes	0	132	(73)	59	59	0
	Public Rights of Way	0	89	(86)	3	3	0
	Planned Maintenance	5,629	9,734	(3,632)	6,102	6,086	(16)
	Policy	0	34	(33)	1	1	0
	Bridges	0	119	(68)	51	51	0
	Traffic Calming and Improvement	0	1,320	(794)	526	526	0
	Planning Schemes	13	261	22	283	283	0
	Corporate ICT Projects	1,170	1,834	(367)	1,467	1,467	0
	Property Development	0	1,710	(262)	1,448	1,448	0
	Property Management	0	5	0	5	5	0
Totals		6,812	15,746	(5,377)	10,369	10,369	1
Housing Public Sector	Housing programme Major works (HRA funded)	9,830	12,933	(1,926)	11,008	11,008	0
Totals		9,830	12,933	(1,926)	11,008	11,008	0
Total Bury Council controlled programme		25,368	44,338	(8,990)	35,348	35,348	1

Funding position:						
Capital Receipts	1,700	2,589	(1,102)	1,487	1,487	0
Capital Reserves / Earmarked Capital Receipts	70	1,922	(1,660)	262	262	0
General Fund Revenue/Reserves	0	1,071	0	1,071	1,071	0
Capital Grants/Contributions	10,018	13,547	1,456	15,003	15,003	0
Housing Revenue Account	0	517	1,400	1,917	1,917	0
HRA/MRA Schemes	9,830	12,416	(3,325)	9,091	9,091	0
Unsupported Borrowing (approved 18/19)	3,750	2,260	0	2,260	2,260	0
Unsupported Borrowing older schemes		10,015	(5,759)	4,256	4,257	-1
	25,368	44,338	(8,990)	35,348	35,348	

Key for budget monitoring reports		
Projected Overspend (or Income Shortfall) of		
a major problem with the budget	more than 10% and above £50,000	
a significant problem with the budget	more than 10% but less than £50,000	
expenditure/income in line with budget		
a significant projected underspend (or income surplus)	more than 10% but under £50,000	
a major projected underspend (or income surplus)	more than 10% and above £50,000	

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**PROGRAMME SLIPPAGE/RE-PROFILE REQUEST 2018/19 TO 2019/20**

SERVICE	SCHEME	£000's	FUNDING SOURCE	COMMENTS
<b>Department for Children, Young People and Culture</b>	Devolved Formula	662	Grant	Three year rolling programme.
	New Deal for Schools Modernisation	(372) 1,001	Grant School Contribn.	Required for continued works against School Condition and Basic Need
	Targeted Capital Funding – New Millwood	(80)	Grant	Retentions
	Early Education Fund	9	Grant	On-going/future works.
	Healthy Pupils Condition Funds	16	School Contribution	Works scheduled to complete in 2019/20
<b>TOTAL</b>	<b>Children, Young People &amp; Culture</b>	<b>1,335</b>		
<b>Department for Communities &amp; Wellbeing</b>	Environmental Works	31 57 32	Grant Revenue LA Funding	Works on several environmental nuisance projects continuing into 2019/20.
	Leisure / Parks	17	LA Funding	Schemes not complete.
	IT	57	Grant	On-going investment in IT
	Empty Homes Strategy	370 6	S106 Grant	Albion Street scheme likely to continue to 2020/21.
	Urban Renewal – Housing Development	(246) 91 4	LA Funding HRA Brwg. S106	Funding expected from future capital receipts and approved HRA Borrowing.
	Waste Management	27	Grant	Allocation required to purchase new bins as part of waste review
	Civic Halls	36	LA Funding	Elizabethan Suite Kitchen Refurbishment – On-going work
	Economic Development	(130)	LA Funding	Overspend will be off-set by approved allocation for 2019/20
<b>TOTAL</b>	<b>Communities &amp; Wellbeing</b>	<b>352</b>		

SERVICE	SCHEME	£000's	FUNDING SOURCE	COMMENTS
Department for Resources and Regulation	Flood Repair & Damage	86	Grant	On-going flood work.
	Street Lighting	1	LA Funding	On-going project
	Traffic Management Schemes	73	Capital Receipt	On-going schemes
	Public Rights of Way	85	Grant	On-going development
	Highways Planned Network Maintenance	2,335 11 1,286	Grant Reserve LA Funding	Numerous schemes to complete works 2019/20
	Policy	33	Grant	Work to commence 2019/20
	Bridges	67	Grant	On-going projects
	A56 Prestwich Village Corridor Improvements	667	LA Funding	Final payments due 2019/20
	Other Traffic Improvement Schemes	127	Grant	On-going projects
	Planning / Development Group (Radcliffe Regeneration)	(22)	LA Funding	Negative slippage relates to early spend against allocation approved for 2019/20
	Corporate - ICT	366	LA Funding	Work on two large schemes has been rescheduled to commence in 2019/20.
	ICES Move from Seedfield to Bridge Street	196	LA Funding	Project is just past the tender stage.
	Other Property Development	1 25	LA Funding External Funding	Various on-going project. Spend to continue into 19/20
	Regeneration Projects	40	LA Funding	
<b>TOTAL</b>	<b>Resources &amp; Regulation</b>	<b>5,377</b>		
<b>HRA</b>	Major Repairs	1,926	HRA Funding	Additional work and discovery of asbestos delayed schemes finishing as planned. Majority of slippage will be complete by end of May.
<b>TOTAL</b>	<b>Housing Public Sector</b>	<b>1,926</b>		
<b>TOTAL</b>	<b>TOTAL SLIPPAGE / RE-PROFILED VALUE</b>	<b>8,990</b>		



Agenda Item	
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## REPORT FOR DECISION

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

**DATE:** **25 JUNE 2019  
16 JULY 2019**

**SUBJECT:** **REVENUE AND HRA OUTTURN 2018/19**

**REPORT FROM:** **CABINET MEMBER FOR FINANCE AND HOUSING**

**CONTACT OFFICER:** **MIKE WOODHEAD, CHIEF FINANCE OFFICER**  
**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 (2018/2019) detailing the proposed application of the carry-forward rules;
- major variances between the revised estimate and the outturn;
- the level of school balances;
- HRA outturn for the year;
- The minimum level of balances in the light of risk assessments.

The figures in the report are consistent with the figures included within the Statement of Accounts which were approved by the Responsible Finance Officer on 31 May and will be presented to Audit Committee on 11 July, 2019. The figures in this report are presented in a format consistent with the Revenue Budget approved by Council on 21 February 2018.

**OPTIONS &  
RECOMMENDED OPTION**

Members are asked to:

- a) Note the final outturn for 2018/19, and explanations for major variances (Appendix A, B and C);
- b) Endorse the recommendations of the Section 151 Officer for the minimum level of balances in light of the review of the corporate risk assessment (Sections 3 & 4).
- c) Consider the application of the cash ceiling rules (Paragraph 5.0);

**Recommended Option:**

It is recommended that;

- a) The final revenue outturn and HRA outturn for 2018/19 be noted along with explanations for major variances;
- b) Overspendings in the departments of Children and Young People, Communities & Wellbeing, Business, Growth & Infrastructure, Operations, Resources and Regulation and Art Gallery & Museum are not to be carried forward;
- c) The level of the General Fund balances be noted;
- d) The minimum level of the General Fund balance calculated at £4.250m for 2019/20 is subject to regular review as part of the budget monitoring process.

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**IMPLICATIONS:**

**Corporate Aims/Policy Framework:**

Do the proposals accord with the Policy Framework? Yes

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

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

It is accepted that it would be unhelpful to carry forward the overspendings in view of the pressures faced by services in 2019/20 and beyond.

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

There are no wider resource implications.

**Equality/Diversity implications:**

No (see paragraph 9.1, page 10).

**Considered by Monitoring Officer:**

Yes. The presentation of an annual report on the Revenue and HRA Outturn is a requirement of the Council's Financial Regulations, as part of Council's Financial Procedure Rules. The report accords with the

Council's Policy and Budget Framework and has been prepared in accordance with all Statutory Guidance and Codes of Practice.

**Are there any legal implications?** No

**Wards Affected:** All

**Scrutiny Interest:** Overview & Scrutiny Committee

## TRACKING/PROCESS

**DIRECTOR: MIKE WOODHEAD**

Chief Executive/ Joint Executive Team	Cabinet	Ward Members	Partners
10/06/19	25/06/19		
Overview & Scrutiny Committee		Committee	Council
16/07/19			

## 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 2018/19.
- 1.2 Work on the closure of the 2018/19 Accounts is complete and the Responsible Finance Officer approved the draft Statement of Accounts for 2018/19 on 31 May 2019. The figures in this report are consistent with the Statement of Accounts, though they are presented differently due to different reporting requirements required as part of CIPFA's Accounting Code of Practice.
- 1.3 The report also sets out the implications of the application of the cash ceiling rules; details of the General Fund balances position at 31<sup>st</sup> March 2019 and proposals for the continued strengthening of the budget monitoring arrangements.

## 2.0 REVENUE OUTTURN 2018/19

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

Department	Budget £000	Forecast £000	Variance £000
Communities & Wellbeing	70,301	71,825	<b>+1,524</b>
Resources & Regulation	6,241	6,890	<b>+649</b>
Children, Young People & Culture	46,017	51,055	<b>+5,038</b>
Business, Growth & Infrastructure	(1,284)	717	<b>+2,001</b>
Operations	14,039	15,724	<b>+1,685</b>
Art Gallery & Museum	439	515	<b>+76</b>
Non Service Specific	(548)	(8,864)	<b>(8,316)</b>
<b>TOTAL</b>	<b>135,205</b>	<b>137,862</b>	<b>+2,657</b>
Planned Contribution to General Fund	<b>2,811</b>	<b>2,811</b>	<b>-</b>
<b>TOTAL OUTTURN</b>	<b>138,016</b>	<b>140,673</b>	<b>+2,657</b>

2.2 However, an overview of the reasons for this variance is outlined in the table below:

Final Outturn Variance	Children, Young People & Culture	Communities & Wellbeing	Resources & Regulation	Business, Growth & Infrastructure	Art Gallery & Museum	Operations	Non Service Specific	<b>TOTAL</b>
Reason	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Demand Pressures	4,283	7,613	0	0	0	224	498	<b>12,618</b>
Delayed Achievement of Cuts Options	100	6,460	282	550	0	1,093	0	<b>8,485</b>
Non-Achievement of Cuts Options	243	15	0	298	0	0	0	<b>556</b>
Income Shortfall	0	409	364	1,389	95	656	0	<b>2,913</b>
Planned use of one-off funding	(121)	(1,502)	0	0	0	0	(2,371)	<b>(3,994)</b>
Use of Earmarked Reserves	0	(2,917)	(290)	(538)	0	(79)	0	<b>(3,824)</b>
Other	533	(8,554)	293	302	(19)	(209)	(6,443)	<b>(14,097)</b>
<b>TOTAL</b>	<b>5,038</b>	<b>1,524</b>	<b>649</b>	<b>2,001</b>	<b>76</b>	<b>1,685</b>	<b>(8,316)</b>	<b>2,657</b>

2.3 All other things being equal, the outturn reported above will leave available General Fund balances standing at **£3.453m** at 31<sup>st</sup> March 2019 (see par. 3.1).

### 3.0 GENERAL FUND BALANCES

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

	£m
<b>General Fund Balance 31 March 2018</b>	<b>7.549</b>
Less : 2018/19 Year End Overspend	-2.657
Plus: Planned contribution to General Fund balances	+2.811
<b>General Fund Balance 31 March 2019</b>	<b>7.703</b>
Less : Minimum balances to be retained in 2019/20	-4.250
<b>Available balances at 1 April 2019</b>	<b>3.453</b>

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

#### **4.0 RISK MANAGEMENT**

- 4.1 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.
- 4.2 For 2018/19 the Council accepted the Interim Executive Director's recommendation that the minimum level of balances should be kept at **£4.250m.**
- 4.3 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.
- 4.4 A further assessment of minimum balances will be incorporated into the Month 3 Budget Monitoring report that will be presented to Cabinet in July 2019.
- 4.5 Effective budget monitoring is vital and various risk management techniques have been applied to budget monitoring throughout the year. These include the establishment of the Budget Recovery Group and Savings Delivery Group as well as regular monitoring of savings targets through savings trackers. The cost bridges and variance analysis continue to be produced each quarter as well as regular updates of the departmental savings trackers. Reports containing this information were provided on a regular basis to the Joint Executive Team, the Overview & Scrutiny Committee, the Cabinet, Audit Committee and Joint JET / Cabinet meetings.
- 4.6 The use of this methodology will continue in 2019/20 and reports will continue to be presented to the Cabinet meetings and those others listed above.

#### **5.0 OPERATION OF THE CASH CEILING SCHEME**

- 5.1 The cash ceiling scheme allows for under and overspendings to be carried forward into the following financial year. The Council's Financial Regulation 4.3 states:
- "Chief Officers are responsible for ensuring that any overall overspendings at year end are recovered in the following year. Any overall underspending at year end may be carried forward to the following year subject to assessment of the corporate financial position of the Council but in any case allowing a carry-forward of 1% of net budget or £50,000 whichever is the greater."*
- 5.2 As such, normal operation of the scheme requires all overspendings to be carried forward and it allows for certain items of underspending to be earmarked and carried forward in their entirety. Underspendings which are carried forward are funded directly from the General Fund balances. **There were no departmental underspendings in 2018/19.**
- 5.3 Members must, therefore, consider whether to apply the overspendings rule. Any overspend that is carried forward will reduce the budget available for that department by the amount of the overspend. Considering the level of savings that need to be achieved in the short and medium term as well as the ongoing budget pressures facing the Council it is felt prudent to recommend that **no overspendings are to be carried forward into 2019/20.**

## 6.0 SCHOOLS POSITION

6.1 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 (DfE) 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.  
N.B. school Governing Bodies are the decision-makers for their delegated budgets, over which the local authority has very little management powers.

6.2 The overall level of school balances and associated spending as at 31<sup>st</sup> March 2019 is a deficit of £9.678m, which represents an increase of £3.368m from the opening deficit balance of £6.310m.

This is summarised in the table below with details of previous years for comparison where it can be seen that the level of schools' balances was greater than the level of overspending within the Central Spend part of the DSG Control Account.

DSG Central Spend & Control Account								
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	Totals
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>DSG Control Account - deficit b/f</b>	105	664	2,695	4,514	6,004	6,954	11,103	
<b>DSG in-year summary variation</b>	664	2,031	1,819	1,490	950	4,149	3,528	
<b>Totals c/f</b>	<b>769</b>	<b>2,695</b>	<b>4,514</b>	<b>6,004</b>	<b>6,954</b>	<b>11,103</b>	<b>14,631</b>	
<b>Main Spending &amp; Budget Variations</b>								
<b>DSG Control Account - deficit b/f</b>	105							<b>105</b>
DfE Underfunding - Post 16 Provision	n/a	822	612	673	366	449	524	<b>3,446</b>
SEN/Inclusion (incl in-year Top-ups)	226	518	278	-318	-423	1,213	1,107	<b>2,601</b>
SEND Inclusion Partnerships	0	0	0	0	0	0	259	<b>259</b>
Special Schools (LA & Independent)	48	328	1,362	1,528	460	990	1,338	<b>6,054</b>
Sickness Insurance Scheme write-off	n/a	n/a	n/a	n/a	n/a	884	0	<b>884</b>
Supply cover	147	222	n/a	n/a	n/a	n/a	0	<b>369</b>
Termination of Employment	138	100	170	99	29	248	0	<b>784</b>
Early Years	n/a	n/a	-648	-492	-182	-2	87	<b>-1,237</b>
Other central spend inc PPG	n/a	41	45	n/a	700	367	213	<b>1,366</b>
<b>Total Variations</b>	<b>664</b>	<b>2,031</b>	<b>1,819</b>	<b>1,490</b>	<b>950</b>	<b>4,149</b>	<b>3,528</b>	<b>14,631</b>
<b>School Balances</b>	<b>-6,852</b>	<b>-6,662</b>	<b>-6,724</b>	<b>-6,786</b>	<b>-4,955</b>	<b>-4,793</b>	<b>-4,953</b>	
<b>NET DSG Position</b>	<b>-6,083</b>	<b>-3,967</b>	<b>-2,210</b>	<b>-782</b>	<b>1,999</b>	<b>6,310</b>	<b>9,678</b>	

6.3 The main variations within the Central Spend and the DSG Control Account are:

- The large increases in Central Spend since 2013/14 are as a consequence of the transfer of responsibilities for post-16 students with Learning Difficulties and Disabilities attending Sixth Form and FE colleges. The level of funding made available by the Education Funding Agency's predecessor was insufficient to meet the demand pressures of these students.
- Higher numbers of pupils attending other Local Authority and Independent Special Schools coupled with increased fees charged by these schools means that the budget



continues to overspend, despite a budget increase to match the previous years' spending levels.

- There are a number of Education and Health Care plans that occur after the budget has been set at the start of the financial year. These require funding and in some cases "top-up" funding for those pupils with more complex needs.
- Increased funding has been required to support the greater revenue funding requirements for expanding local Special school provision.
- Additional resource has been targeted for developing inclusion across the borough with Primary and Secondary Inclusion Partnerships being developed. This additional cost is already making a return on investment which will be measured through cost avoidance of reduced exclusions, reduced out of borough high cost placements, enhanced commissioning of alternative provision and much more to be outlined in a separate budget tracking and deficit recovery paper.
- The Insurance Scheme ceased to be offered as a traded service to schools at the end of the 2016/17 financial year as it has been in deficit for 5 years. During the 3 month cessation period several schools submitted claims that increased the level of the deficit above the 2016/17 premiums and these were unrecoverable in 2018/19. Consequently the remnant amount has been transferred off the Balance Sheet to the DSG Revenue Account. The recovery plan is to clear the deficit from the additional monies being provided by the National Funding Formula over the next few years.

- 6.4 2016/17 was the first year where the deficit within the DSG Control Account is greater than the level of school balances, and the 2017/18 Revenue Out-turn stated that "significant action will need to be taken to reduce the amount of deficit".
- 6.5 It is recognised that it is difficult to implement an in-year change as school budgets have already been determined and cannot be changed during the current financial year.
- 6.6 Consequently plans will be in place to recover the amount of the deficit over the next few financial years and will coincide with the full implementation of the National Funding Formula that began in 2018/19.
- 6.7 Although there was an intention to "pay-off" the accumulated deficit as at the end of 2018/19 within 3 to 4 years, the current pressures and spending levels are much greater than in previous years, which inevitably will significantly delay getting the DSG Control Account back into a balanced position.
- 6.8 As part of the control of Deficit DSG balances nationally the DfE have recently introduced requirements on all Local Authorities with a cumulative DSG deficit of greater than 1% at the end of 2018/19 to submit a deficit recovery plan for their consideration and for them to offer support (non-financial) where necessary. Bury has been in dialogue with DfE officials over the last 18 months regarding the accumulating deficit and have already agreed a 5 year recovery plan in principle.
- 6.9 This recovery plan is subject to agreement with Schools' Forum and is drafted as follows:

Year	2019/20	2020/21	2021/22	2022/23	2023/24	Totals
	£m	£m	£m	£m	£m	£m
Schools Mandatory Cost Threshold (1 <sup>st</sup> £6,000)	-1.8	-1.8	-1.8	-1.8	-1.8	-9.0
SEN Support & Inclusion – reduced out of borough placements	-0.2	-1.0	-1.0	-1.0	-1.0	-4.2
SEN Support & Inclusion – Annual Service Efficiencies / Savings	-0.12	-0.12	-0.12	-0.12	-0.12	-0.6
DSG Schools Block Transfer	-0.9	0.0	0.0	0.0	0.0	-0.9
Additional High Needs Funding	-0.45	-0.45	0.0	0.0	0.0	-0.9
<b>TOTAL RECOVERY *</b>	<b>-3.47</b>	<b>-3.37</b>	<b>-2.92</b>	<b>-2.92</b>	<b>-2.92</b>	<b>-15.6</b>

6.10 School balances as at 31<sup>st</sup> March 2019 were in surplus by £4.956 million. In total, excluding those schools that converted to academy status during 2018/19, this represents a net increase of £0.309 million from the opening balance of £4.647 million once the adjustment of academy balances is taken into account.

Of the 71 local authority schools:

- 63% of schools increased the level of their surpluses during 2018/19, i.e. underspent their annual budget allocation, in total by over £674,000;
- 12 of Bury schools each increased their school's surplus by over £50,000 during 2018/19;
- 4 of these schools each increased their school's surplus by more than £100,000 during 2018/19;
- 62 out of 71 schools with delegated budgets had surplus balances at the end of the 2018/19 financial year, which is only 2 more than at the end of the previous financial year;
- 9 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 and Young People, who will take into account the views of the Schools Forum. This is a decrease from the 11 schools that had reportable balances in the previous financial year. 4 schools have been above the relevant reportable threshold for 2 successive years, while 2 schools have been above the reportable threshold for 3 successive years. Of the 9 schools in a deficit position, at least 7 will be resolved during 2018/19 as the deficits will be cleared or the schools will no longer be part of the local authority.

N.B. Any school requiring to set an overall deficit budget (after taking all funding, income and balances into account) can only do so after making a formal request for consideration to a deficit position by the Executive Director of Children & Young People and will only be allowed with prior approval and a robust recovery plan and acceptable timeframe.

6.11 Whilst there are fewer schools in deficit compared to the previous year there is a growing concern around the escalating value of deficits which has increased from £0.513 million to £0.878 million in 2018/19. A real issue comes particularly from schools in deficit who have been judged to be at 'Special Measures' in Ofsted inspection outcomes and who are subsequently required to become 'Sponsored' academies i.e. other bodies take over the school. In these circumstances, should the schools affected not manage to recover any deficit in full prior to academy conversion, the deficit may be left for the remaining Maintained schools to pay. Appropriate measures will be implemented on schools in this position in order to

attempt to safeguard the overall financial position of the Dedicated Schools Grant and Maintained schools.

- 6.12 It should be noted that any school in deficit that chooses voluntarily to convert to academy status will take the deficit with them and the LA will be recompensed by the Education and Skills Funding Agency (ESFA).
- 6.13 Appendix B shows an analysis of movements on school balances to allow Members to consider the spread of school balances around the Borough.

### **7.0 HOUSING REVENUE ACCOUNT OUTTURN 2018/19**

- 7.1 The Housing Revenue Account (HRA) for 2018/19 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 2018/19 a contribution of £0.422m was made to the Business Plan Headroom Reserve; this maintains the working balance at £1.030m; this contribution was £1.756m more than expected (as a contribution of £1.714m from the reserve was the budgeted figure).
- 7.2 There are a number of variations that have contributed to this overall result however the variances only exceed 10% and £50k in the following areas:
- Increase in provision for bad debts – the budget contained two provisions, £0.178m for uncollectable debts and £0.295m 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 £0.115m less than the budget. The reduced requirement has resulted in part from the slower implementation of some welfare benefit changes. The actions of the Welfare Reform Group and close working with partners in implementing the Anti-Poverty Strategy continue to contribute to the result.
  - 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; only the depreciation charges of £7.933m remain.
  - Revenue contributions to capital – the contributions required to the costs of major works to the housing stock (and other HRA assets) are significantly lower than the budget due to significant slippage on planned schemes. Subject to Council approval it is anticipated that these resources will be required in 2019/20 to complete the 2018/19 programme, therefore the underspend will only sit in the Business Plan Headroom Reserve on a temporary basis rather than being available for other purposes.
- 7.3 There are a number of factors that can impact on the HRA year-end balance but the main ones are normally void levels, the level of rent arrears and the levels of Right to Buy sales.
- 7.4 The rent loss due to voids for 2018/19 was on average 1.14%. The original dwelling rents budget allowed for a void level target of 1.2%. This reduction in void losses equates to an increase in rental income due of £0.018m.
- 7.5 The total rent arrears at the end of 2018/19 were £1.656m, an increase of 14.9% from the start of the year when arrears totalled £1.441m.

- 7.6 The original HRA budgets assumed 60 Right to Buy sales during 2018/19. The actual number of sales in 2018/19 was 55.
- 7.7 A major element of the HRA's costs is the Management Fee paid to the authority's ALMO, Six Town Housing. As the ALMO is a wholly owned Council company it is appropriate for Cabinet to take a view on the company's financial position.
- 7.8 Six Town Housing's draft accounts for the 2018/19 financial year show that the ALMO made a surplus of £0.250m on a turnover of £20.156m, a rate of 1.2% (for 2017/18 the rate was 1.5%); the surplus for 2018/19 excludes pension adjustments made in line with FRS102 requirements.
- 7.9 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; the minimum level for 2018/19 was assessed to be £1.053m and the draft accounts indicate cash and short term deposits totalling £3.438m at the end of 2018/19. The use of reserves is subject to joint decisions by Six Town Housing and the Council.

### **8.0 OTHER ISSUES**

- 8.1 The Accounts and Audit Regulations 2015 require that Councils have their Accounts approved by 31 May each year by the Council's Section 151 Officer. The unaudited accounts were approved by the Council's Section 151 Officer on 31 May. They will be presented to Audit Committee members on 11 July 2019 for approval.
- 8.2 Members are also asked to note that the Accounts for 2018/19 were available for public inspection at the Town Hall for 30 working days effective from 3 June 2019. This matter was advertised in the local press and placed on the Council's website and the Accounts can be viewed by contacting the Head of Financial Management (details below).

### **9.0 EQUALITY AND DIVERSITY**

- 9.1 There are no specific equality and diversity implications.

### **10.0 FUTURE ACTIONS**

- 10.1 Budget monitoring reports for 2019/20 will continue to be presented to the Joint Executive Team on a monthly basis and on a quarterly basis to the Cabinet, Joint JET / Cabinet, Overview and Scrutiny Committee and Audit Committee.

**Councillor Eamonn O'Brien**  
**Cabinet Member for Finance and Housing**

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

*Revenue Cost Information and Finance Working Papers, 2018/19*

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

Mr M. Woodhead, Chief Finance Officer, Tel. 0161 253 7659, E-mail: [mike.woodhead@nhs.net](mailto:mike.woodhead@nhs.net), or  
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## FINAL OUTTURN 2018/19 AND EXPLANATIONS FOR VARIANCES

## Appendix A

	2018/19 Current Budget	2018/19 Outturn	Variance	Reason For Variance	One – Off / Ongoing
	£000's	£000's	£000's		
<b>Department of Children, Young People and Culture</b>					
Learning – Schools	0	0	0	Any underspend or overspend funded via the DSG are rolled forward into the next financial year.	
Learning – Non Schools	12,016	12,010	(6)	<p>School Improvement Service (-£0.021m) - Underspend due to spending restrictions pending the departmental restructure.</p> <p>School Transport (Including Bus Escorts, SEN and Non-SEN) (-£0.047m) Funding from the DSG identified for SEN transport and underspends on bus escorts due to staff vacancies. Home to College Transport (+£0.036m) - due to increased demand from the number of students attending local colleges.</p> <p>Education Psychology Service – Over spend (+£0.037m) due to a severance payment made during the year.</p> <p>Other minor underspends (-£0.011m).</p>	<p>One-off</p> <p>One-off</p> <p>One-off</p> <p>One-off</p>
Social Care & Safeguarding	20,012	24,166	4,154	<p>Childcare and Early Years (-£0.017m) – spending restrictions and the deferred implementation of the proposed structure has led to the non-filling of vacant posts.</p> <p>Safeguarding Unit (+£0.045m) - agency staff were brought in to cover a vacant Business Manager post and long term sickness.</p> <p>CAMHS (-£0.024m) – savings achieved on delaying the filling of vacant posts. One post covered by Pennine Care NHS Trust.</p> <p>Safeguarding Teams (+£0.214m) - The overspend is largely due to agency staff covering 5 vacant posts, a long term sickness and maternity cover. There has been a marked increase in Interpretation and translation cost (£40k in total) and the Not-Looked-After children discretionary payments overspent by £40k, which include payments to prevent homelessness, support for benefits</p>	<p>One-off</p> <p>One-off</p> <p>One-off</p> <p>Ongoing</p>

				<p>withdrawn and payments to friends and family.</p> <p>Initial Response Team (+£0.064m) – Agency staff cover for a social work acting up into a Team Manager post and long-term sickness cover. Increased demand for discretionary payments for children not looked after and interpretation costs, mileage and car parking.</p> <p>Emergency Duty Team (+£0.122m) – The service struggled to recruit to vacant posts and is therefore reliant on agency staff to cover the statutory hours required.</p> <p>Safeguarding – Higher Lane Building Costs (+£0.062m) – The budget was cut based on the building being vacated in September 2018 which did not take place.</p> <p>Safeguarding – External Legal Fees (+£0.119m) – The trend nationally has been for increased use of proceedings and Bury Council appears to be following that same trajectory. Our internal Legal Team have appointed a locum barrister which should reduce the reliance on the use of external barristers in the future.</p> <p>CSE – Child Sexual Exploitation Team (+£0.052m) – The over spend is a result of the 12 month secondment of a team manager and a child and family worker additional to the establishment.</p> <p>Children’s Disabilities Team (+£0.078m) –the budget continues to support a number of children with highly complex needs, increasing pressure on the Direct Payments and Commissioned Services budgets.</p> <p>Children’s Domestic Violence (-£0.068m) – Savings were achieved as this new team was not fully staffed for the whole financial year.</p> <p>The Reach Out Adolescent Support Unit (-£0.101m) – underspend relates to changes in the planned delivery of the service and vacancies.</p> <p>Fostering Team (+£0.168m) There has been an increase in costs for children placed with foster carers, family &amp; friends and special guardianship orders. The Community Parent fee was increase from</p>	<p>One-off</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>One-off</p> <p>One-off</p> <p>One-off</p>
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				<p>January 2019 to encourage people to foster with Bury rather than other authorities or IFA's.</p> <p>Adoption Service (+£0.020m) - a number of children were placed outside of the Regional Adoption Agency that attract placement fees, this was offset by savings on salaries and adoption allowances.</p> <p>Children's Residential Care (+£2.238m) - The service is largely demand led and continues to support a number of complex and high cost cases. The demand remains volatile, with changes to placements occurring each month. There were 45 children in residential care at the end of March.</p> <p>Independent Foster Agency - (+£0.849m) - Like Children's Residential placements, Independent Foster Care is high cost and demand led and a shortage of suitable foster care placements can result in children being placed with IFA's. There were 55 children placed with IFA's at the end of March.</p> <p>Through Care Support (+£0.529m) - the impact of supporting young people until the age of 21 continues to cause the service to overspend.</p> <p>YJB Remand (-£0.015m) - the number of remand bed nights used was lower than the funding received in-year.</p> <p>Connexions (-£0.121m) - Savings achieved on salaries and the use of one-off grants.</p> <p>Other minor underspends (+£0.06m).</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>
Other Management Costs	2,561	2,677	116	<p>Strategic Management (+£0.045m) - the overspend is a result of the remainder of the 2016-17 and 2017-18 budget savings that have yet to be achieved.</p> <p>Teachers Pensions (+£0.066m) - Part of the 2019-20 cut was brought forward into 2018-19, however the reduction in demand has not been in line with the cut.</p>	<p>Ongoing</p> <p>One-off</p>
Strategy / Commissioning	2,441	2,449	8	An overspend on Social Care Admin was offset by savings on the CYP Partnership fund due to a secondments and salary savings on the PPC Team and Strategic Support.	One-off
Departmental Wide	6,881	7,494	613	IAS19 pension costs and Mutual Settlement and Voluntary Early Retirement costs (+£0.613m).	One-off

Libraries	2,106	2,259	153	Libraries (+£0.152m) – Delays in transferring libraries to community groups led to additional building maintenance costs, business rates were higher than anticipated for a number of buildings and there was a reduction in the contribution from Adult Learning for the use of library space. There was also an overspend on Archives Service due to a payment to AGMA for holding county records. Of the £1.0m cuts over the last 2 financial years the service was unable to achieve £21,400.	One-off
<b>TOTAL CHILDREN, YOUNG PEOPLE &amp; CULTURE</b>	<b>46,017</b>	<b>51,055</b>	<b>5,038</b>		
<b>Department of Communities &amp; Wellbeing</b>					
<b>Adult Social Care Operations</b>	<b>4,573</b>	<b>4,262</b>	<b>(311)</b>	The underspend within ASC operations is largely due to delays in staff recruitment. It is anticipated that remaining vacant posts will be appointed to during 2019/20 and as a consequence this underspend should be viewed as one off.	One off
<b>Workforce Modernisation</b>	<b>914</b>	<b>984</b>	<b>70</b>	The overspend relates to a combination of a shortfall in the budget provision for rent at the Bury Adult Learning Centre , a reduction from the Skills Funding Agency Grant and an unachieved savings target.	On-going
<b>Housing Related Services</b>	<b>1,075</b>	<b>747</b>	<b>(328)</b>	The Housing related services underspend largely relates to additional income received from the asylum seekers contract held with SERCO and a delay in implementing several preventing homelessness schemes.	One-off
<b>Finance, Customer Services &amp; Asset Management</b>	<b>3,106</b>	<b>2,882</b>	<b>(224)</b>	The underspend is due to a £224k underspend within the Better Care Fund budget. The underspend is being used to offset in year pressures within the councils' Care in the Community budget which is in line with the BCF plan with regards to the Protection of Social care provision.	One off
<b>Commissioning &amp; Procurement - Care in the Community</b>	<b>30,578</b>	<b>31,978</b>	<b>1,400</b>	The overspend is due to the ongoing demand pressures within the Care in the Community budget. Current projections suggest there is a recurrent £1.5m demographic pressure on this service. During 2018/19 this service received support of £4.8m from the Improved Better Care Fund and departmental reserves. There is an ongoing review of high and low cost care packages and a shift to reduce the level of residential	On-going



				care activity towards an asset based approach to care by placing people's skills, interests, community resources (i.e. assets) alongside their needs to improve care and value for money. In addition the ASC operational workforce will adopt a business focussed approach when designing care packages with regard to the financial impact to council budgets.	
<b>Commissioning &amp; Procurement - Other</b>	<b>16,059</b>	<b>15,716</b>	<b>(343)</b>	Underspend on staffing budgets due to vacancies and secondments, also savings against Supporting People contracts and Emergency respite care.	One off
<b>Public Health</b>	<b>9,983</b>	<b>9,983</b>	<b>0</b>	The Public Health budget is balanced, however there was a £1.4m call on reserves during 2018/19 which was used to fund time bound projects, one off support towards the public health savings programme and the impact of the reduction to the notional grant figure (all agreed as part of the Public Health reserves plan).	On-going
<b>Neighbourhood and Leisure</b>	<b>4,279</b>	<b>5,538</b>	<b>1,259</b>	<u>Beverage &amp; Vending (+£0.119m)</u> – Overspend due to reduced footfall/sales.	On-going
				<u>Civic Halls (+£0.235m)</u> – Civic Halls The overspend is a combination of not achieving income targets and the need to undertake essential and unforeseen repairs.	On-going
				<u>Environmental Service (+£0.371m)</u> – The overspend relates to unachieved 2017/18 savings targets. The saving target is linked to a joint Regulatory Services review across the Communities & Wellbeing Department and the Resources & Regulation Department. The next steps regarding the review are subject to guidance from the council's Joint Executive Team (JET).	On going
				<u>Communities (+£0.003m)</u> – This budget was largely balanced with only a small net overspend across several budgets.	One off
				<u>Parks &amp; Countryside (-£0.006m)</u> This budget was largely balanced with only a small net overspend across several budgets.	One off
				<u>Sports &amp; leisure (+£0.537m)</u> The Overspend relates to unachieved 2017/18 savings targets. A medium term recovery plan in place, and various options are being considered.	On going

<b>Department of Communities &amp; Wellbeing</b>	<b>70,567</b>	<b>72,090</b>	<b>1,523</b>		
<b>Resources and Regulation Department</b>					
<b>Operational Services</b>					
Bradley Fold Depot	44	35	(9)	Underspend due to change of gas supplier and reduced gas usage following a fire on the premises (-£0.009m).	One-off
Supply chain services	(96)	(273)	(177)	Higher volume of trading activity bringing additional income (-£0.196m).	One-off
				Stock write off required following the fire (+£0.019m).	One-off
Emergency Planning / Response	(566)	(488)	78	Equipment monitoring income levels not fully achieved (+£0.065m).	Ongoing
				Additional costs due to staff absence and one off costs (+£0.035m).	One-off
<b>Total Operational Services</b>	<b>(618)</b>	<b>(726)</b>	<b>(108)</b>		
<b>Central Support Services</b>					
Finance & Efficiency	3,666	3,682	16	Staffing overspend (+£0.025m).	Ongoing
				Tightening of running costs expenditure (-£0.176m).	One-off
				Contribution to the bad debt provision (+£0.136m).	Ongoing
				Net contributions to reserves/provisions (+£0.094m).	One-off
				Unachieved savings (+£0.100m).	Ongoing
				Reduced superannuation recharges from Tameside MBC (-£0.212m).	One-off
				Bank charges, credit card charges (+£0.049m).	Ongoing
Human Resources	849	901	52	Severance costs (+£0.081k).	One-off
				Reduced staffing costs due to restructure (-£0.156m).	Ongoing
				Overspends on software licences, AGMA subscription, software licences and historic Central Admin Recharge under-recovery of income (+£0.143m).	One-off

				Tightening of running costs expenditure and overachieved income (-£0.016m).	Ongoing
Legal & Democratic Services	1,057	1,125	68	Member Allowances and running costs underspends (-£0.100m).  Democratic Services overspends for local elections and 2 by-elections (+£0.328m)  Funding from Elections Smoothing Reserve & Land Charges Reserve to offset the above (-£0.245m).  Delayed implementation of savings targets (+£0.082m).  Minor variances (+£0.006m).	Ongoing  One-off  Ongoing  One-off  One-off
Trading Standards & Licensing	400	329	(71)	Over recovery of income for Licensing, Alcohol & Entertainment and Gambling (-£0.036m).  Non-recruitment of proposed Trading Standards apprentice (+£0.021m).  Tightening of running costs and minor improvement on income (-£0.014m).	Ongoing  Ongoing  Ongoing
Customer Support & Collections	1,252	1,252	0	Council Tax and NNDR summons costs income over-recovery (-£0.155m), over-recovery of Council Tax subsidy administration grant (-£0.006m).  Net staffing/agency cover underspend (-£0.233m).  Overspends on software licences and hardware (+£0.175m), court fees / solicitors/barrister (+£0.045m).  Unachieved income /savings target (+£0.192m).  Minor variances (-£0.018m).	Ongoing  One-off  Ongoing  Ongoing
ICT	(93)	(93)	(0)	Net under-recovery of printing service (+£0.034m).  Under-recovery of telephony income (+£0.038m).  Reduced leasing costs (-£0.061m).  Unfunded balance of capital project (+£0.110m) has been funded from Reserves (-£0.110m).  Minor variances (-£0.011m).	Ongoing  One-off  One-off  One-off  One-off
<b>Total Central Support Services</b>	<b>7,131</b>	<b>7,192</b>	<b>65</b>		
<b>Trading Services</b>					

Cleaning Services	10	92	82	Increased costs not passed on to schools due to Senior Management decision has led to a loss of income (+£0.167m).  Additional relief income has offset the above (-£0.085m).	One-off  One-off
Catering Services	(548)	62	610	Reduced numbers of primary school children purchasing meals has led to a net loss (+£0.271m).  Year end stock adjustment (+£0.040m) and small equipment costs (+£0.005m) due to the imminent closure of the Central Processing Unit.  Pay award not funded by increase in SLA to schools due to Senior management decision (+£0.220m).  Severance costs (+£0.074m).	Ongoing  One-off  One-off  One-off
<b>Total Trading Services</b>	<b>(538)</b>	<b>154</b>	<b>692</b>		
<b>TOTAL RESOURCES &amp; REGULATION</b>	<b>5,975</b>	<b>6,624</b>	<b>649</b>		

### Business Growth & Infrastructure Department

Business Growth Management Team	535	541	6	Staff costs have been funded from reserves leaving only minor variances (+£0.006m).	Ongoing
Assistant Director of Localities	105	153	48	Unachieved savings target (£+0.050m, various minor overspends (+£0.002m).	On-going
Planning & Development Control	521	391	(130)	Development Management have had additional IT costs re Plantech and GDPR compliance, severance costs and additional planning application income (-£0.102m).  Overspends within Building Control due to additional IT costs re Plantech and compliance with GDPR (+£0.015m).  Underspends within Strategic Planning due to vacancies / worklife balance initiatives (-£0.018m), reduced costs (-£0.025m).	One-off  One-off  One-off
Administrative Buildings	(533)	(154)	379	Overspend due to business rates (+£0.074m) and unachieved savings (+£0.266m).  Overspend on cleaning contract charges (+£0.042m), staffing, cleaning relief charges (+£0.046m), utilities	Ongoing  Ongoing

				(+£0.037m) offset by additional income (-£0.086m).	
Property & Asset Management	(2,563)	(1,131)	1,432	<p>Shortfall in rent income due to increased voids /rent reductions (+£0.247m) and property sales (+£0.283m).</p> <p>Shortfall in rent received for Town centres including Millgate (+£0.419m).</p> <p>Staffing underspend due to holding of vacancies (-£0.047m).</p> <p>Unachieved income target for Investment properties (+£0.276m).</p> <p>Unidentified savings (+£0.222m) and additional legal recharges (+£0.054m).</p> <p>Lease variation income (-£0.080m).</p> <p>Loss of income, reduced number of stalls after refurbishment at Radcliffe Market and subsequent transfer to Community Benefits society (+£0.068m).</p> <p>Loss of income for markets voids (+£0.010m) and additional business rates costs (+£0.041m) offset by savings on electricity and vacancies (-£0.061m).</p>	<p>Ongoing</p> <p>Ongoing</p> <p>One-off</p> <p>Ongoing</p> <p>Ongoing</p> <p>One-off</p> <p>Ongoing</p> <p>One-off</p>
Strategic Housing unit	1,202	1,231	29	Savings targets (+£0.100m) offset by temporary savings due to vacancies (-£0.071m).	Ongoing
Architectural Services	(732)	(406)	326	Under-recovery of income due to unachievable savings, academisation of schools, services being transferred to Persona and general reduction in engagement of the service (+£0.326m)	One-off
Energy Conservation	182	93	(89)	Reduced CRC Allowances - (scheme ends March 19).	One-off
<b>Total Executive Director of Business Growth &amp; Infrastructure</b>	<b>(1,284)</b>	<b>717</b>	<b>2,001</b>		
<b>Department of Operations</b>					
<b>Grounds Maintenance</b>	<b>1,596</b>	<b>1,780</b>	<b>184</b>	Loss of income from schools contracts and reduced S106 schemes, increased cost in building works due to H&S and vandalism.	One-off
<b>Engineers</b>	<b>6,774</b>	<b>7,112</b>	<b>338</b>	<p><u>Consultancy/Traffic Management</u> (-£0.152m) Underspend on staffing budgets due to delays in recruiting, increase in fees from capital due to a much larger capital programme.</p> <p><u>Highway Network Services (GMRAPs/ Coring)</u></p>	<p>One-off</p> <p>Ongoing</p>

				<p>(+£0.062m) Income from GMRAPS scheme is covering direct costs, The target income budget of £59.6k is unachievable. Coring Testing has been suspended pending a review.</p> <p><u>Car Parking On/Off Street (+£0.319m)</u> Income targets not being achieved.</p> <p><u>Decriminalised Parking (+£0.017m)</u> Slight shortfall in income generated, to cover the contract price.</p> <p><u>Bus Lane Enforcement (+£0.074m)</u> Compliance is high and therefore has a direct impact on income which has significantly diminished.</p> <p><u>Highways Network Services (+£0.018m)</u> Increase cost of disposal, materials were bulked off site prior to changes in contaminated waste legislation.</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>One-off</p>
<b>Winter maintenance</b>	<b>269</b>	<b>344</b>	<b>75</b>	Reactive service.	On going
<b>Transport</b>	<b>803</b>	<b>784</b>	<b>(19)</b>	Reduction in prudential borrowing.	On going
<b>Waste Management</b>	<b>4,597</b>	<b>5,704</b>	<b>1,107</b>	<p><u>Recycling/Waste Management (+£1.093m).</u> The 2016/17 saving target was £600k of which £255k has been found. The remaining £345k from 16/17 plus the 2017/18 target of £230k and a further £650k for 2018/19 means there is £1.2m of savings still to achieve.</p> <p>Plan/Options to address the pressure:</p> <ol style="list-style-type: none"> <li>1. Ongoing service performance and staffing review will create a further £250k saving.</li> <li>2. Full range of strategic options developed for JET/Cabinet consideration.</li> </ol> <p>Continue to develop new models of working.</p> <p><u>Education Awareness (-£0.063m)</u> Underspend on salaries due to vacancies.</p> <p><u>Trade Waste (+£0.006m)</u> Minor variations across the service.</p> <p><u>Public Convenience/Street Cleaning (+£0.071m)</u> Increase staffing cost due to long term sickness.</p>	<p>On going</p> <p>One-off</p> <p>One-off</p> <p>One-off</p>

<b>TOTAL OPERATIONS</b>	<b>14,039</b>	<b>15,724</b>	<b>1,685</b>		
<b>Art Gallery &amp; Museum</b>	<b>439</b>	<b>515</b>	<b>76</b>	The Museum Development income budget from prior years is still unachievable (£95,000); offset by underspend on Arts Development (-£19,000).	Ongoing  One-off
<b>Non Service Specific Items</b>					
Grants to Voluntary Organisations	680	338	(342)	Reduced grants issued: Commissioning Fund (-£0.277m), Section 48 Grant (-£0.034m), Contingency Fund (-£0.014m), Transport grants (-£0.012m), Sundry small grants (-£0.005m).	One-off
Housing	(152)	(152)	0	Net Housing Benefit subsidy (+£0.257m); Contribution to bad debt provision (+£0.258m); Funding from Section 31 grants (-£0.524m); Reduced Housing Benefit administration grant received (+£0.018m).	One-off Ongoing Ongoing One-Off
Cost of Borrowing	4,997	2,393	(2,604)	Increased return on investments (-£0.552m), reduced loan repayments (-£0.352m), reimbursement from HMRC (-£1.531m) income & reduced external loan principal and interest repayments (-£0.169m).	One-off
Investments	(4,800)	(5,641)	(841)	Increased dividend receipts.	One-off
Chief Executive	426	426	0	N/A	One-off
Corporate Management	1,400	1,477	77	Reduced Apprenticeship levy costs (-£0.210m) and income from HRA (-£0.400m) offset by increased subscriptions (+£0.077m), professional fees (+£0.054m), & staffing costs (+£0.056m) together with increased Coroners Court costs (+£0.498m).	One-off
Capital Costs	-19,198	-19,198	0	N/A	
GMWDA Levy	6,933	6,933	0	N/A	
Accumulated Absences	-530	-530	0	N/A	
Non Service Specific grants	-868	-868	0	N/A	
FRS17 costs	-12,542	-12,542	0	N/A	
Provisions	2,559	0	(2,559)	Reduced contributions to provisions and reserves (-£2.559m).	One-off

Disaster Expenses	11	15	4	Adult Learning Centre emergency repairs.	One-off
Townside Fields	0	(60)	(60)	Additional income for provision of Unit 4 system and management costs (+£0.060m).	One-off
Car Lease salary Sacrifice Scheme	0	(29)	(29)	Additional increase of income from administration of the scheme (+£0.029m).	One-off
Poverty Strategy	90	0	(90)	Unallocated funds – carried forward to 2019/20.	One-off
Service Pressure	1,329	(544)	(1,873)	Contribution to Council wide service pressures.	One-off
Passenger Transport Levy	19,019	19,019	0	N/A	
Environment Agency	97	99	2	Increase in Levy.	On-going
<b>TOTAL NON SERVICE SPECIFIC</b>	<b>(549)</b>	<b>(8,864)</b>	<b>(8,315)</b>		
<b>Planned Contribution to General Fund Balances</b>	<b>2,811</b>	<b>2,811</b>	<b>0</b>		
<b>Total Revenue Expenditure (exc. Schools)</b>	<b>138,016</b>	<b>140,673</b>	<b>2,657</b>		



**LEVEL AND MOVEMENT OF SCHOOL RESERVES****Appendix B****Number of Schools – Surpluses/Deficits in Percentage Terms**

Table	2013/14	2014/15	2015/16	2017/18	2018/19
	Number	Number	Number	Number	Number
	of	of	of	of	of
	Schools	Schools	Schools	Schools	Schools
<b>Nursery &amp; Primary</b>					
Greater than +9%	7	9	8	6	7
+8% to 9%	3	6	4	2	8
+5% to 8%	26	25	25	17	15
0% to 5%	26	20	22	28	20
Deficits	1	1	1	7	4
Total	63	61	60	60	54
<b>Secondary</b>					
Greater than +6%	4	1	2	1	1
+5% to 6%	1	2	3	-	3
0% to 5%	7	9	7	10	6
Deficits	2	2	1	2	2
Total	14	14	13	13	12
<b>Special &amp; PRU's <sup>4</sup></b>					
Greater than +9%	-	-	1	-	1
+8% to 9%	1	-	-	-	-
+5% to 8%	1	2	2	1	1
0% to 5%	1	3	2	4	0
Deficits	1	-	-	-	3
Total	4	5	5	5	5
Number above the original "Excessive Surplus" thresholds (Prim/Spec 8% & High 5%)	16	18	18	9	20
Number above the new "Excessive Surplus" thresholds (Prim/Spec 9% & High 6%)	11	10	7	11	9

Variations in numbers of schools is due to academisation.

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

Table	2013/14 Number of Schools	2014/15 Number of Schools	2015/16 Number of Schools	2018/19 Number of Schools	2018/19 Number of Schools
<b>Nursery &amp; Primary</b>					
<b>Deficits</b>					
£0 to £10,000	-	1	1	2	2
£10,000 to £20,000	1	-	-	2	-
£20,000 to £50,000	-	-	1	3	-
Greater than £50,000	-	-	-	-	2
<b>Surpluses</b>					
£0 to £50,000	24	25	19	28	20
£50,000 to £100,000	26	19	27	18	19
£100,000 to £150,000	11	15	10	6	11
£150,000 to £200,000	2	2	3	1	-
Greater than £200,000	-	-	-	-	-
<b>Total</b>	63	61	60	60	54
<b>Secondary</b>					
<b>Deficits</b>					
£0 to £100,000	-	-	-	1	1
£100,000 to £200,000	-	-	1	1	0
£200,000 to £300,000	1	1	-	-	-
Greater than £300,000	1	1	-	-	1
<b>Surpluses</b>					
£0 to £50,000	-	-	1	2	-
£50,000 to £100,000	2	2	3	1	3
£100,000 to £150,000	-	3	-	1	1
£150,000 to £200,000	1	2	3	5	1
£200,000 to £250,000	4	4	-	1	2
£250,000 to £500,000	5	1	5	1	3
<b>Total</b>	14	14	13	13	12
<b>Special &amp; PRU's</b>					
<b>Deficits</b>					
£0 to £50,000	-	-	-	1	2
£50,000 to £100,000	-	-	-	-	1
<b>Surpluses</b>					
£0 to £50,000	2	2	1	3	-
£50,000 to £100,000	-	-	2	1	-
£100,000 to £150,000	-	-	-	-	-
£150,000 to £200,000	1	1	-	-	-
£200,000 to £250,000	-	1	1	-	-
Greater than £250,000	1	1	1	1	2
<b>Total</b>	4	5	5	5	5

## HOUSING REVENUE ACCOUNT

## APPENDIX C

	2018/19 REVISED ESTIMATE	2018/19 OUTTURN	VARIATION FROM BUDGET
	£	£	£
<b>INCOME</b>			
Dwelling rents	29,184,900	29,106,925	77,975
Non-dwelling rents	192,900	198,052	(5,152)
Heating charges	38,800	38,963	(163)
Other charges for services and facilities	965,500	977,227	(11,727)
Contributions towards expenditure	48,800	75,107	(26,307)
<b>Total Income</b>	<b>30,430,900</b>	<b>30,396,274</b>	<b>34,626</b>
<b>EXPENDITURE</b>			
Repairs and Maintenance	6,867,600	6,866,003	(1,597)
General Management	7,358,100	7,350,736	(7,364)
Special Services	1,155,500	1,164,808	9,308
Rents, rates, taxes and other charges	(75,000)	(76,843)	(1,843)
Increase in provision for bad debts	473,500	358,539	(114,961)
Cost of Capital Charge	4,686,100	4,480,643	(205,457)
Depreciation/Impairment of fixed assets - council dwellings	8,007,000	16,043,833	8,036,833
Depreciation of fixed assets - other assets	43,600	24,294	(19,306)
Debt Management Expenses	40,600	39,221	(1,379)
Contrib. to/(from) Business Plan Headroom Reserve	(1,713,900)	422,264	2,136,164
<b>Total Expenditure</b>	<b>26,843,100</b>	<b>36,673,498</b>	<b>9,830,398</b>
<b>Net cost of services</b>	<b>(3,587,800)</b>	<b>6,277,224</b>	<b>9,865,024</b>
Amortised premia / discounts	(7,700)	(7,664)	36
Interest receivable - on balances	(31,000)	(63,022)	(32,022)
Interest receivable - on loans (mortgages)	(300)	(22)	278
<b>Net operating expenditure</b>	<b>(3,626,800)</b>	<b>6,206,516</b>	<b>9,833,316</b>
<b>Appropriations</b>			
Appropriation relevant to impairment/revaluation	0	(8,134,748)	(8,134,748)
Housing Set Aside (Principal repayments)	0	0	0
Revenue contributions to capital	3,616,800	1,918,233	(1,698,567)
<b>(Surplus) / Deficit</b>	<b>(10,000)</b>	<b>(10,000)</b>	<b>0</b>
<b>Working balance brought forward</b>	<b>(1,020,000)</b>	<b>(1,020,000)</b>	<b>0</b>
<b>Working balance carried forward</b>	<b>(1,030,000)</b>	<b>(1,030,000)</b>	<b>0</b>

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**SCRUTINY REPORT**

**MEETING:** OVERVIEW AND SCRUTINY COMMITTEE

**DATE:** 16<sup>th</sup> July 2019

**SUBJECT:** Update on the Corporate Core

**REPORT FROM:** Councillor Jane Black and Lynne Ridsdale (Deputy Chief Executive, Corporate Core)

**CONTACT OFFICER:** Lynne Ridsdale (Deputy Chief Executive, Corporate Core)

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## 1.0 BACKGROUND

- 1.1 This document sets out progress on delivery of the Corporate Core following the inaugural meetings of the Corporate Core Programme Board and subsequent update to the Council's Joint Executive Team and Clinical Commissioning Group (CCG) Governing Body.
- 1.2 The Corporate Core programme aims to bring together the disparate "enabling" functions across Council departments and the CCG into a single integrated team that operates consistently, cost effectively and to provide added value to the delivery of corporate strategy.
- 1.3 The intention is to approach the formation of a Core as a programme of work within which all services will be incorporated at the same time, for restructure and reform during the course of 2019/20 and beyond. The different size and complexity of services means, however, that delivery timescales will vary across function
- 1.4 The scope of the Corporate Core includes the following functions:
- Business Support
  - Communications, Engagement and Marketing
  - Policy
  - Customer Contact
  - Human Resources/ OD
  - ICT
  - Information Governance
  - Business Intelligence/Performance Information
  - Procurement
  - Health and Safety
  - Community Safety

All of the above are ultimately led by the Deputy Chief Executive (Corporate Core). Finance is being considered using a similar approach to that outlined in

this report though is under the leadership of the Joint Chief Finance Officer.

### **2.0 DEVELOPMENT OF THE CORPORATE CORE**

- 2.1 The Programme Board is comprised of the Deputy Chief Executive (Corporate Core), Joint Chief Finance Officer and Deputy Chief Accountable Officer of the CCG with enabling support from Legal Services; Finance; Human Resources; ICT and Information Governance and is meeting weekly to progress the establishment of Core services within the financial year.
- 2.2 An initial workshop was held with the Heads of Services for these functions within the Council and CCG that are likely to fall within the Core. The output of this discussion was a co-designed programme scope which is provided at the appendix. Core services have been established on a work stream basis, with each work stream lead responsible for completing a standard Project Initiation document (PID) and supporting plan, to be overseen by the Board. This PID provides a live documentation for detailing the management of staffing, financial and outcome implications of developing and then running the core.
- 2.3 The session with heads of Service was positively received and the communication of next steps will follow. Going forward, it is proposed to support ongoing networking across the Core by:
- Weekly communications to Heads of Service following each meeting of the Programme Board, plus organisation-wide updates to all staff
  - Organised networks for work stream leads and the “enabler” strands (Finance, ICT, HR, Information Governance)
  - Potential further cross-cutting workshops / conference style events as the programme develops – the next of these has been scheduled for July 18<sup>th</sup> 2019.
- 2.4 A design principle is that the Corporate Core programme should be delivered by an integrated leadership team across the Council and CCG. The proposal is that work stream leads are nominated on a “common sense” basis according to their expertise. This leadership role is on a project-basis only and does not represent any change in structural responsibilities or to terms and conditions.
- 2.5 Original proposals included Legal Services as a work stream to be reformed. It is now assessed that the scale of work required does not necessitate a programme approach. Instead the following leadership endorsement determined that all legal work to be commissioned by legal Services only with immediate effect, to ensure the right professional advice and risk assessment is applied. This includes commissioning of CCG legal advice which will also be undertaken in future by the Council legal team.
- 2.6 Similarly, The following activities are proposed to be undertaken on a “task and finish” basis and overseen by the Corporate Core Programme Board, reporting to the Joint Executive team:
- The refresh of respective organisational risk management frameworks and development of a single, combined approach to risk management across the two organisations
  - The update of Business Continuity Plans across both organisations

- 2.7 Work stream leads will all assess the impact and opportunities of service changes on contracts with third parties including individual SLAs. This will include with Six Town Housing and Persona.
- 2.8 Progression of a number of work streams is dependent upon the estates and Facilities Management (FM) strategies, as numbers of occupied buildings have a direct bearing on demand for reception cover, ICT infrastructure, FM support/activity and business support. The dependencies are being highlighted by the Core Board to the relevant officers working on these strategies.
- 2.9 It is acknowledged that the future structure changes and service transformation agenda is significant and successful delivery will require meaningful support to staff. In addition to the regular communication described a Managing Change development session for all staff has been arranged for which priority access will be made available to staff in the future Core. Attendance has been strongly encouraged through reinforcement at JET, Senior Managers Group and in corporate communications. The session reminds staff about access to the further suite of management and personal development support and occupational health provision which is available to follow. Demand for such provision will be monitored carefully and additional resource requirements addressed as required.

### **3.0 CONCLUSION**

- 3.1 The development of the Corporate Core is an important undertaking for the council both in terms of culture and effectiveness. Bringing disparate teams together both from within the council itself but also integrating with the CCG will allow for a collection of expertise and more integrated working, whilst removing duplication and inconsistencies.
- 3.2 Whilst it is recognised the work streams will develop at different rates depending on the number of staff involved and the 'starting position' of the way functions are aligned, there is an overarching principle to move at pace.
- 3.3 The Committee are asked to note the update in progressessing the Corporate Core and indicate the frequency at which updates would be welcome.

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

None

### **Contact Details:-**

*Lynne Ridsdale, Deputy Chief Executive (Corporate Core)*  
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0161 253 5002

Executive Director sign off Date: 14/06/2019  
JET Meeting Date: 17/06/2019

**Appendix – Corporate Core Functions**

<b>Work stream</b>	<b>Scope</b>	<b>Objectives</b>
Business Support	All Council and CCG	<ul style="list-style-type: none"> <li>Determination of consistent provision of business (admin) &amp; PA provision</li> </ul>
Communications & Engagement	All Council and CCG	<ul style="list-style-type: none"> <li>Phase 1: Integrated strategic communications functions across Council &amp; CCG</li> <li>Phase 2: Internal &amp; external engagement strategy (including Social Development functions)</li> </ul>
Policy	TBC pending recruitment of Chief Information Officer	<ul style="list-style-type: none"> <li>Creation of corporate capacity to produce &amp; maintain communication policy &amp; partnerships</li> </ul>
Customer Contact	All Council and CCG (Patient Advisory Liaison Service calls component of CCG Patient Services)	<ul style="list-style-type: none"> <li>Phase 1 Single Council customer “entry point” (telephone, web &amp; receptions) incl service entry; public enquiries &amp; complaints; incorporation of Patient Services</li> <li>Phase 2: Digital Channel shift</li> <li>Phase 3: Resident engagement &amp; relationship management</li> </ul>
HR/OD	Initially Council only; extended to CCG at appropriate contract break point	<ul style="list-style-type: none"> <li>Phase 1 (by Sept 19) establishment single corporate team</li> <li>Phase 2: reform HR policy, data and systems; commissioned</li> </ul>
ICT	Council and CCG separately but under common leadership, pending Council stabilisation	<ul style="list-style-type: none"> <li>Phase 1: Council stabilisation</li> <li>Phase 2: Council &amp; CCG alignment</li> <li>phase 3: Digital transformation</li> </ul>
Information Governance	Initially Council only; extended to CCG at appropriate point	<ul style="list-style-type: none"> <li>Policy, procedures &amp; capacity for GDPR &amp; DPA compliance: FOIA; SARs; ROPA; records management</li> </ul>
Business/ Performance Information	In time Council and CCG – detail TBC pending recruitment of Chief Information Officer	<ul style="list-style-type: none"> <li>Pending the appointment of the Chief Information Officer it is proposed to establish small working groups to progress the policy and performance framework</li> </ul>
Procurement	All Council & CCG procurement excluding health & social care	<ul style="list-style-type: none"> <li>Procurement standards, governance &amp; added-value</li> <li>maintain contracts register</li> </ul>
Health & Safety	All Council & CCG	<ul style="list-style-type: none"> <li>Buildings compliance checks; first aid network; mandatory training</li> </ul>
Community Safety	TBC pending recruitment of Chief Information Officer	<ul style="list-style-type: none"> <li>Integration of operational and strategic provision into a single corporate service;</li> <li>emergency planning &amp;</li> <li>drive &amp; delivery of CSP as an integral part of the Community Strategy</li> </ul>





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**SCRUTINY REPORT**

**MEETING:** Scrutiny and Overview Committee

**DATE:** 16 July 2019

**SUBJECT:** MAYOR'S CHALLENGE FUND UPDATE

**REPORT FROM:** Councillor Alan Quinn, Cabinet Member - Environment

**CONTACT OFFICER:** David Giblin

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**INTRODUCTION**

In June 2018 the Greater Manchester Mayor's Cycling and Walking Commissioner, Chris Boardman, published 'Beelines - a walking and cycling infrastructure proposal'. It was a response to serious problems of obesity, poor air quality, and congestion in Greater Manchester – and the limited progress made in changing people's travel behaviour.

It proposed new standards in highway infrastructure and a walking/cycling network of 1,600 kilometres (1,000 miles), including 120 kilometres (75 miles) of segregated routes and 1,400 new crossings. It mapped a first draft network of routes and also reported the GM Mayor's decision to allocate £160 million to begin constructing the network. The total cost of all the proposed improvements will be over £1bn and will take many years to complete.

In order to tap into this funding stream, GM Local Authorities needed to submit pro forma application forms outlining details of their proposals. The "windows" for such submissions come around every quarter and are called tranches.

**1.0 BACKGROUND**

Upon a successful pro forma submission, the status of "initial programme entry" is awarded to the submitted scheme. This is, in essence, a green light to undertake more design work up to such a point that either the scheme is determined no longer viable subsequent to more detailed analysis and dropped or a business case is submitted containing, among other things, a value for money appraisal. Business cases such as these are appraised by a cycling team at the GMCA and approval at this stage will grant a scheme "full programme entry".

Council's incurred costs can be recovered for the period between initial and full programme entry irrespective of whether or not the scheme gains GMCA approval or is abandoned.

With full programme entry comes a commitment for the scheme to be funded from the £160m Mayor's Cycling and Walking Challenge Fund (MCF). This covers

construction costs and design/supervision fees.

The cost of the design and project management of this type of scheme is typically around 10% to 15% of the total value. As there is no spare in-house resource an external designer (Atkins) has been appointed through Transport for Greater Manchester's professional services framework.

Atkins are assisting the Council with the preparation of a cohesive walking and cycling plan for implementing the Bee Network in the borough. This includes the following key elements:-

- The identification and design of cycling upgrades in conjunction with required improvements to the highway network taking full account of existing demand, latent demand and safety considerations;
- Identifying pedestrian and public realm improvements including the opportunity for delivering filtered neighbourhoods<sup>1</sup>;
- Providing technical input to ensure the pro forma submissions secure programme entry status; and
- Producing robust business cases to enable schemes to gain full programme entry and secure the required funding.

We are also seeking to secure a programme manager resource from Transport for Greater Manchester (TfGM) who have employed additional staff to assist with delivery.

## 2.0 SCHEMES

To date, there have been 5 opportunities for bid submissions.

### Tranche 1 – List of Schemes

The MCF Tranche 1 submission bid (18 June 2018) for circa £2.2m included the introduction of new crossings to improve walking and cycling routes and road safety for vulnerable users at the following locations:

#### *New signalised Junctions*

1. A6044 Rainsough Brow/ Kersal Vale Road, Prestwich
2. Heywood Road/Rectory Lane, Prestwich
3. A667 Ringley Road/Stand Lane, Radcliffe

#### *Upgraded existing signalised junctions*

1. A56 Bury New Road/St Anns Road, Prestwich
2. A665 Bury Old Road/Heywood Road, Prestwich
3. A665 Higher Lane/Pinfold Road, Whitefield
4. A665 Higher Lane/Dales Lane, Whitefield
5. A56 Manchester Road/Sunnybank Road, Whitefield
6. A58 Angouleme Way & Manchester Road (1 arm only)
7. Junction 1 M66, Ramsbottom

#### *New Toucan crossings*

1. Higher Ainsworth Road x 2, Radcliffe

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<sup>1</sup> Filtered neighbourhoods - A neighbourhood where the movement of people is prioritised over the movement of motor vehicles. Typically this is achieved by creating cul-de-sac style access for cars but allowing through traffic for people walking and cycling. This approach creates spaces to play and socialise and enables more green areas to be created.

2. A56 Manchester Road near Gigg Lane, Bury
3. B6213 Bury Road near Darlington Close, Bury
4. B6215 Brandlesholme Road (end of Kirklees trail), Greenmount

### *Upgraded existing crossing point to a toucan*

1. Knowsley Street, Bury

Since gaining Programme Entry status, some of the schemes identified are now being pursued through other initiatives such as Local Growth Deal funding. In addition, feasibility work has led to some rationalisation of the remaining schemes, with the scope of some of them being extended and others being removed as they are not capable of delivering infrastructure to the design specification required by MCF. The schemes now being taken forward through the MCF Tranche 1 business case are as follows:-

### *Proposed new Toucan / Shared use crossings*

1. A56 Manchester Road near Gigg Lane

### *Proposed new signalised junction featuring pedestrian and cycling facilities*

1. A6044 Rainsough Brow / Kersal Vale Road, Prestwich
2. Heywood Road / Rectory Lane, Prestwich

### *Proposed upgrade of existing signalised junction for pedestrians and cyclists*

1. A665 Bury Old Road / Heywood Road, Prestwich
2. A665 Higher Lane / Pinfold Lane & Higher Lane & A665 Higher Lane & Dales Lane, Whitefield
3. The Town Hall Triangle - A58 Angouleme Way / A56 Manchester Road – junction upgrade, A58 Angouleme Way / Knowsley Street – junction upgrade & Knowsley Street Toucan conversion - Bury East

## **Tranche 5 – List of Schemes**

The MCF Tranche 5 bid for circa £3.6m included for delivering new crossings and route improvements in the Fishpool neighbourhood was submitted on the 05 April 2019. The announcement on Programme Entry status for this scheme was expected on the 28 June 2019. Initial feedback from TfGM regarding the development of the submission was very positive.

The key elements of the Fishpool Neighbourhood Bee Network scheme include two new crossing on the KRN<sup>2</sup>, two new crossings on Market Street (one on a busy route), a new crossing over the River Roch and improvements to route connections for walking and cycling. This will help to cohesively deliver the Bee Network in the Borough, connecting neighbourhoods in south Bury and achieving full permeability through Fishpool to provide access to the town centre and Pilsworth Industrial Estate by walking and cycling. It will also open the potential to connect with two strategic areas of development outlined in the Greater Manchester Spatial Framework (GMSF), Northern Gateway and Elton Reservoir. It also shows the relationships with the committed Growth Deal 2 scheme on Market Street and MCF Tranche 1 schemes on the KRN (A58 Angouleme Way and A56 Manchester Road) to demonstrate the wider network linkages.

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<sup>2</sup> Key Route Network - the name given to the collection of strategic routes within Greater Manchester. Bury's sections of the A56 and A58 fall within the KRN.

## **3.0 FUTURE OPPORTUNITIES (Tranche 6 Schemes)**

Several pro formas are currently being prepared for submission to MCF Tranche 6 on the 26 July 2019. These include:

### *Pimhole Neighbourhood Bee Network*

The key elements of the Pimhole Neighbourhood Bee Network scheme include three new crossings on the KRN (A58 Rochdale Road) and a new crossing on the B6219 Heywood Street (a busy route), and improvements to route connections for walking and cycling. This will help to cohesively deliver the Bee Network in the Borough, connecting neighbourhoods north-south in east Bury and achieving full permeability through Pimhole. This will help provide access to the town centre, Pimhole Business Park and Pilsworth Industrial Estate by walking and cycling and the potential to connect to a strategic area of development outlined in the GMSF, Northern Gateway. This scheme is located to the east of the town centre, adjacent to the MCF Tranche 5 scheme.

### *Pilsworth Bee Network*

The key elements of the Pilsworth Bee Network scheme include two new crossings on Pilsworth Road (a busy route) and a new crossing at M66 Junction 3. This will help to cohesively deliver the Bee Network in the Borough, connecting the town centre and Bury Interchange with Pilsworth Industrial Estate through increasing permeability by walking and cycling, and the potential to connect to a strategic area of development outlined in the GMSF, Northern Gateway. This is intrinsically linked to the MCF Tranche 5 scheme and provides the remaining proposed crossings to complete this comprehensive scheme.

### *Radcliffe Central Bee Network*

The key elements of the Radcliffe Central Bee Network scheme include a new crossing over the River Irwell and improvements to route connections for walking and cycling. This will help to cohesively deliver the Bee Network in the Borough, connecting Cross Lane neighbourhood to Radcliffe Metrolink stop and Radcliffe Town Centre by walking and cycling and the potential to connect to a major housing development proposed on the site of the former East Lancashire Paper Mill. This scheme could also potentially provide links to the Elton Bee Network via NCN Route 6.

### *M60 Haweswater Underpass – Bee Network Improvements*

Highways England has been working with TfGM to identify where the emerging Bee Network interfaces with the strategic road network, to develop a prioritised list of locations for bids to the Highways England Funds in Roads Period 2 (2020 to 2025). If the bid is successful, together with MCF this funding will help to upgrade the facilities at these priority locations and develop a cohesive Bee Network in Bury by addressing key severance points on the network. Highways England and Bury Council are working together to submit a proposal to upgrade Haweswater Underpass which passes beneath the M60 near J18.

### *Elton Bee Network*

The key elements of the Elton Bee Network scheme include a new crossing over the River Irwell and improvements to route connections for walking and cycling between National Cycle Network (NCN) Route 6 at Elton and Bury Town Centre. This will help to cohesively deliver the Bee Network in the Borough and improve connections to the town centre by walking and cycling, and the potential to connect to the strategic area of development outlined in the GMSF at Elton Reservoir. This scheme would interface with the MCF Tranche 1 and Tranche 5 schemes.

## **4.0 Conclusion**

Bury Council has welcomed the GM Mayor's Cycling and Walking Challenge Fund initiative and has submitted schemes worth about £6 million to date with the intention of submitting schemes in the upcoming tranche 6 bidding window approaching a further £10 million.

If all the schemes we have or will submit are able to demonstrate their viability and gain full programme entry, residents of the Borough will benefit from around £16 million worth of new cycling and walking infrastructure by mid-2022.

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

### **Contact Details:-**

David Giblin  
Head of Engineering  
Engineering Services

25 June 2019

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