

AGENDA FOR

OVERVIEW AND SCRUTINY COMMITTEE

Contact:: Leigh Webb
Direct Line: 0161 253 5133
E-mail: l.webb@bury.gov.uk
Web Site: www.bury.gov.uk

To: All Members of Overview and Scrutiny Committee

Councillors : R Caserta (Chair), T Cummings, R Gold, J Harris, K Leach, B Mortenson, M Powell, S Smith, Susan Southworth, D.Vernon, 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:-

Date:	Wednesday, 10 February 2021
Place:	Virtual – MS Teams
Time:	6.30 pm
Briefing Facilities:	If Opposition Members and Co-opted Members require briefing on any particular item on the Agenda, the appropriate Director/Senior Officer originating the related report should be contacted.
Notes:	

AGENDA

1 APOLOGIES

2 DECLARATIONS OF INTEREST

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

3 MINUTES *(Pages 5 - 10)*

To approve the minutes of the last meeting, held on 26 January 2021.

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 the meeting. Questions must be submitted in advance to democratic.services@bury.gov.uk no later than 12 noon on Monday 8th February.

5 BUDGET MONITORING QUARTER 3 2020/21 *(Pages 11 - 48)*

A report from Leader of the Council and Cabinet Member for Finance and Growth.

6 THE COUNCIL'S BUDGET 2021/22 AND THE MEDIUM TERM FINANCIAL STRATEGY 2021/22 - 2024/25 *(Pages 49 - 116)*

A report from Leader of the Council and Cabinet Member for Finance and Growth.

7 DEDICATED SCHOOLS GRANT AND SETTING THE SCHOOLS BUDGET 2021-22 *(Pages 117 - 128)*

A report from Leader of the Council and Cabinet Member for Finance and Growth

8 CAPITAL BUDGET 2021/22 *(Pages 129 - 144)*

A report from the Leader of the Council and Cabinet Member for Finance and Growth.

9 HOUSING REVENUE ACCOUNT *(Pages 145 - 166)*

A report from the Leader of the Council and Cabinet Member for Finance and Growth.

10 DATE OF NEXT MEETING & ITEMS FOR CONSIDERATION

Members are asked to agree items for consideration at the next meeting

and consider a change of date as a result of the upcoming period of purdah.

11 URGENT BUSINESS

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

This page is intentionally left blank

Minutes of: **OVERVIEW AND SCRUTINY COMMITTEE**

Date of Meeting: 26 January 2021

Present: Councillor R Caserta (in the Chair)
Councillors T Cummings, R Gold, J Harris, K Leach, B
Mortenson, M Powell, S Smith, S Southworth, D Vernon,
R Walker, C Walsh

Also in Attendance: Councillor O'Brien – Leader of the Council and Cabinet
Member for Finance and Growth
Councillor Rafiq – Cabinet Member for Corporate Affairs and
HR
Councillor D Jones – Cabinet Member for Communities and
Emergency Planning
Lynne Ridsdale, Executive Director – Corporate Core &
Deputy Chief Executive
Lisa Kitto - Deputy Chief Finance Officer
Paul Lakin, Director of Economic Regeneration & Capital
Growth

Public Attendance: There were no members of the public were present at the meeting.

Apologies for Absence:

OSC.01 DECLARATIONS OF INTEREST

Councillors D Jones and D Vernon declared personal interests in item 9, GM Police Representative Update, as retired Police Officers with Greater Manchester Police.

OSC.02 PUBLIC QUESTION TIME

A question had been submitted in advance of the meeting by Mr Smith Lawrence relating to the Regeneration Update.

The Leader of the Council responded that there were no plans to slow the bringing forward of brownfield sites for development and reported on progress in respect of development plans in the borough. Reference was made to the Accelerated Land sales report submitted to Cabinet in November 2020.

In response to a supplementary question relating to the building of social housing on Bury MBC land, the Leader highlighted that the issues raised are addressed through the Council's Housing Strategy. Reference was made to previous and existing partnership and joint venture projects. An undertaking was given that as any future plans come forward, these plans will be fully discussed at Cabinet.

OSC.03 MINUTES

It was agreed:

That the minutes of the last meeting, held on 10 December 2020, be approved as a correct record.

OSC.04 MATTERS ARISING

In respect of Minute 06 of the last meeting, an update was provided on the Bellwin Scheme. The Leader reported that approval was still awaited from Government. With regard to the issue of design and discovery analysis it was reported that this work is underway through an agent. An undertaking was given to provide an update when a response is received.

In respect of Minute 09 of the last meeting, Agile working, Councillor Walker requested a timeline with regard to the promised further consideration by the Committee.

OSC.05 BURY 2030 UPDATE

Councillor Rafiq, Cabinet Member for Corporate Affairs and HR, provided an update on the progress of the development of the Bury 2030 Strategy, stressing the important role for all residents and Elected Members. The Council has led the development of the strategy with the consultation due to be completed at the end of January.

The Committee received a presentation setting out an update on Bury 2030 which included further context since the start of the consultation period relating to the current economic situation, the government's levelling up agenda; GMSF developments; and NHS re-organisation consultations. The presentation provided a summary of consultation feedback and the proposed final approach as a result of the responses received to date. It was reported that the Strategy would be finalised in early February 2021 with approval sought through the formal decision-making structures of the Council and partners. Outcome measures will be determined and look to be enabled through the Council, its partners and local Councillors.

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

- With regard to the role of ward Councillors it was explained that the role will be re-designed going forward, recognising that it cannot be a one size fits all process and must be designed with Members. It was acknowledged that a defined role had not been able to be fully developed due to the emergency response.
- In response to questions concerning the future beyond the GMSF, the Leader explained that any future plans of GM Council's, excluding Stockport, would have to go through formal decision-making procedures.
- With regard to proposed changes in respect of Clinical Commissioning

Groups, the Leader explained that proposals were part of a national NHS re-organisation.

- In response to questions around the delivery of the strategy it was reported that there would be a detailed programme plan with timeline to allow for outcomes to be monitored. Contributions to the delivery of Bury 2030 will also be reflected in partner organisations strategies.
- Councillor Rafiq confirmed that issues, structures and staffing for the community hubs will be examined in due course.
- With regard to outcome measures, the Deputy Chief Executive referred to the evaluation measures set out in the report previously presented to Cabinet.
- In response to a question concerning the Uplands development, it was confirmed that the site was listed as a priority based on information provided by NHS property services.

It was agreed:

That the update be noted.

OSC.06 CORPORATE PLAN – UPDATE

The Committee received a report and presentation providing an update in respect of the Corporate Plan 2020-22. The Plan sets out key themes, principles and deliverables to support the Borough as it recovers from the local impact of the Covid-19 pandemic and looks to build a brighter future for residents, communities and businesses. The foundations from which new relationships, responsibilities and outcomes will emerge to support delivery of the Bury 2030 Strategy were outlined within the plan.

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

- With regard to the issue of targets it was explained that a series of delivery plans, targets and outcomes, through the lens of Bury 2030, were in place along with developing key performance indicators. An undertaking was given to bring these to a future meeting.
- Councillor Susan Southworth highlighted the issue of long term Covid and suggested this would require a flexible approach to working patterns and practices going forward. The Chair suggested this matter be picked up as part of a planned update on the issue of agile working.
- With regard to the issue of District Parking Charges, the Leader explained that these are charges levied within other townships. It was explained that the idea had been looked at from a carbon neutral perspective but will not be pursued.

- The Chair suggested it would be useful to breakdown calls received by type as a means of managing staff resource to meet demands. Furthermore, the Chair raised the issue of the new Office 365 system as a means of monitoring staff activity.

It was agreed:

1. The report be noted.
2. That the Committee be kept regularly appraised in relation to the development of Agile Working, with updates to include the issues raised as part of the discussion set out above.

OSC.07 COVID RELATED GRANTS UPDATE

The Committee received a report from the Leader of the Council and Cabinet Member for Finance and Growth setting out the position in relation to grants received and how they have been utilised. It was reported that the position on grants is fast changing with new announcements being made in response to different stages of the pandemic.

In response to questions from the Chair, the Leader clarified that whilst government funding was welcome, it was not sufficient to fill the gap to meet all funding pressures, including from income losses where only 75% of some fees, charges and collection funds could be re-imbursed.

During discussion of this item, the Leader explained how funding from the different schemes set out in the report had been applied to the provision of free school meals.

It was agreed:

The report be noted.

OSC.08 GREATER MANCHESTER POLICE REPRESENTATIVE UPDATE

Councillor David Jones attended the meeting in his capacity as the Council's representative on the Greater Manchester Police, Crime, Fire and Rescue Panel. Councillor Jones provided the Committee with a verbal update following a recent inspection by Her Majesty's Inspectorate for Policing which had highlighted serious failings around crime recording and the protection of vulnerable people.

Councillor Jones outlined the role of the Police, Crime, Fire and Rescue Panel in relation to scrutinising Greater Manchester Police and gave an overview in respect of the briefings they had received on the issue. An improvement plan had been drawn up which includes a new complaints line and improvements to the crime recording unit. It was reported that a further meeting of the Panel was scheduled for 29 January.

During discussion of this item, Members raised concerns about the level of oversight and scrutiny of the performance of Greater Manchester Police.

It was agreed:

The report be noted.

OSC.09 REGENERATION UPDATE

The Leader of the Council gave a presentation to the committee providing an overview of regeneration and growth aspects within the borough. The presentation set out details of the delivery of specific regeneration schemes within townships, including an update on the work across Greater Manchester and the One Public Estate programme.

It was agreed:

That the update be noted.

COUNCILLOR R CASERTA
Chair

(Note: The meeting started at 6.30pm and ended at 9.15pm)

This page is intentionally left blank



Classification	Item No.
Open / Closed	

Meeting:	Overview and Scrutiny
Meeting date:	10 February 2021
Title of report:	The Council's Financial Position as at 31 December 2020
Report by:	Leader of the Council and Cabinet Member for Finance and Growth
Decision Type:	Non- Key Decision
Ward(s) to which report relates	All

Executive Summary:

- 1.1 This report outlines the forecast financial position of the council at the end of 2020/21 based on the information known at the end of the third quarter, 31 December 2020. The report sets out the position for both revenue and capital and provides an analysis of the variances, both under and overspending. The report also sets out the performance on the treasury management activity, including investments and borrowing, against the agreed prudential indicators.
- 1.2 This is the third report of the financial year and reflects demand and the financial impact of Covid at that time. The continuation of the Covid pandemic and the additional measures that have been put in place, both nationally and across the Greater Manchester region, in response to this may impact further on demand for services and loss of income. There does therefore remain some significant challenges to forecasting as a result of COVID-19 and the financial position will continue to be closely monitored throughout the year.
- 1.3 In response to the COVID-19 crisis the government has made available £102.558m to Bury Council to cover additional costs that will be incurred as a result of specific grant criteria. The funding allocations that were made available have been reflected in the forecast out-turn and a full summary is set out at Appendix 1. It should be noted that the information set out in Appendix 1 reflects all grants received up to 18 January 2021.
- 1.4 Since the end of December, the Government has announced further funding and it is anticipated that these grants will be offset additional spending requirements to meet the grant conditions.

- 1.5 Progress on the capital programme has been slower than anticipated due to the impact of Covid. The forecast position is set out in the report and will inform the budget considerations that are being considered as part of the budget setting process for the 2021/22 financial year.
- 1.6 The treasury management activity for the mid-year position has previously been reported to Cabinet in November and is set out at Appendix 4 for completeness.

Recommendation(s)

Overview and Scrutiny Committee is asked to consider the report as part of the budget scrutiny process.

Key considerations

Background

- 2.1 The council is forecasting an underspend of £0.053m which is an improvement on the position at the end of September by £6.983m although this is largely due to additional funding that has been made available to local authorities and a return of some of the waste levy from the Greater Manchester Combined Authority. Based on the financial return to the Ministry of Housing, Communities and Local Government (MHCLG) in December the Council has incurred additional expenditure of £23.1m and income losses of £23.6m. This is being managed within the in-year position.
- 2.2 In October 2020 the government announced a further £1bn additional support for local authorities (£3.324m for Bury) and this, together with recently announced grant income to compensate for losses on sales, fees and charges grant (£1.9m) has reduced the overspend previously reported at the end of September. Additional grant to compensate for income losses in the last quarter of the year are anticipated but have yet to be confirmed and could improve the position however there is also the potential for increased demand for some services as a result of the continuation of the national lockdown. Monitoring will therefore continue for the remainder of the financial year.
- 2.3 The government has announced significant funding streams for local authorities since the start of the pandemic. Whilst welcome, the piecemeal approach to funding is impacting on the Council's ability to plan and forecast accurately. Funding trackers have been established to ensure that all income received is captured and that appropriate decision-making arrangements are in place.
- 2.4 In July 2020, Cabinet agreed a set of principles for managing the in-year gap and budget holders need to ensure these are being applied to ensure that as much as possible is being done to manage downwards the forecast overspend. These are:
 - The Council will continue to spend where need exists on the COVID-19 response and all decisions will be taken under existing governance arrangements and will focus on value for money;
 - The Council will seek to maintain services as far as possible and, in doing so, minimise the loss of income;
 - The Council will seek to maximise the delivery of its savings plan;
 - The Council will
 - Use the government grant funding in the first instance to fund additional COVID-19 related costs and loss of income;
 - Consider opportunities for stepping down or deferring the return of some services where resources can be deployed to emerging priorities;
 - Consider the use of reserves as a means of funding any residual financial gap subject to the approval and governance arrangements set out in the Council's reserves strategy.

- 2.5 Budget holders have operated within these principles and, in response to this, some revised efficiency options were agreed in November to offset the non-deliver of options. The principles have been effective in minimising as much as possible the financial impact of Covid.
- 2.6 Within the Council's 2020/21 budget there was an expectation that savings of £4.162m would be delivered. The ability to deliver these in the context of Covid is continually being assessed and a total of £2.728m is deemed to be at risk although replacement options and stretched targets from the OCO Directorate have reduced this risk to £2.455m. This is an improvement of the position previously reported. The impact of this has already been factored into the monitoring position.
- 2.7 The Council has factored in £5m of funding from COVID-19 grant monies that have been made available to Clinical Commissioning Groups to reflect the increased costs resulting from Covid and which meet the criteria for the funding.
- 2.8 The planned contribution to the pooled fund in 2020/21 will be £10.5m less than is budgeted for due. This is due to the fact that an additional contribution, to the same value, was made in 2019/20 as part of a strategy to access additional funding for the CCG. This has been reflected in the council's reserves position as set out later in the report and the funding has been confirmed by the CCG.
- 2.9 Some of the losses faced by the Council directly relate to schools and the Council's relationship with schools. The opportunity to revisit the Council's position on schools and also mitigating some of the risk needs to be considered as part of the in-year position and also for the council's medium term financial strategy.

3 FINANCIAL OVERVIEW - REVENUE

- 3.1 The forecast out turn position is set out in Table 1 below and shows a forecast underspend of £0.053m representing an almost break-even position on the council's net revenue budget. The forecast reflects the fact that additional funding has been received from the government in response to the increase in costs and loss of income directly attributable to the Covid pandemic. As we enter the final quarter of the financial year there may be additional costs related to the continuation of the pandemic and the new national lockdown, all of which are being carefully monitored and will be reported on later in the year. These additional costs and also the potential for additional lost income will have an impact on the overall financial position and will be kept under careful review.

Table 1

Forecast Out Turn Position 2020/21 – As At 31 December 2020					
Directorate	Approved Budget	Revised Budget	Forecast Out Turn	Forecast (Under)/Over Spend	Change from Sept 2020
	£m	£m	£m	£m	£m
One Commissioning Organisation	79.452	79.498	79.385	(0.113)	0.608
Children and Young People	41.778	41.778	43.255	1.477	0.238
Operations	16.247	16.247	24.059	7.811	0.027
Corporate Core	13.520	13.473	13.680	0.207	(0.297)
Business, Growth and Infrastructure	2.800	3.397	3.777	0.380	(0.026)
Arts and Museum	0.577	0.697	0.719	0.022	(0.010)
Housing General Fund	0.553	0.553	1.116	0.563	0.000
Non Service Specific	9.964	9.247	(1.153)	(10.400)	(7.523)
TOTAL	164.891	164.891	164.838	(0.053)	(6.983)
Funded By:					
Government Grants	25.718	25.718	25.718	0.000	0.000
Council Tax	89.020	89.020	89.020	0.000	0.000
Business Rates	50.153	50.153	50.153	0.000	0.000
TOTAL	164.891	164.891	164.891	0.000	0.000

Details on individual services are set out in the next section of the report.

One Commissioning Organisation – Forecast Underspend £0.113m

Table 2

2020/21 Forecast Revenue Out Turn Position – as at 31 December 2020			
One Commissioning Organisation	Approved Budget	Forecast Out Turn	Forecast (Under)/Over Spend
	£m	£m	£m
Adult Social Care Operations	7.616	7.426	(0.190)
Care in the Community	39.640	39.702	0.062
Commissioning & Procurement	17.121	17.089	(0.032)
Public Health	10.435	10.433	(0.002)
Departmental Support Services	4.607	4.655	0.048
Workforce Modernisation	0.078	0.078	0
TOTAL	79.498	79.385	(0.113)

3.2 The OCO budget is forecast to underspend by £0.113m which is a £0.608m worsening of the position reported at the end of September when the Directorate was forecasting an underspend of £0.721m. The main variances are as follows:

- **The Care in the Community** budget is projecting an overspend of £0.062m. The forecast includes c.£4.1m of Health Covid monies to offset Covid related expenditure. The position has worsened by £0.315m since September and is the direct result of increased client activity regarding Direct Payments, Supported Living and Complex Care at Home service settings. There has been a significant increase in expenditure within the younger adult's cohort which has offset the benefits achieved through care home deflections within the older adult's cohort. Targeting the younger adults' cohort will be a key area of focus for the financial strategy.
- **Adult Social Care Operations** is projecting a £0.190m underspend which is £0.319m lower than the underspend reported in September and reflects additional staffing costs required to support additional demand with the service.
- **Commissioning and Procurement** is forecasting an underspend of £0.032m which is a £0.062m improvement since September and is due to reduced Deprivation of Liberty Safeguards (DoLS) activity and underspending on staffing budgets.
- **The Departmental Support Service** budget is forecasting a £0.048m overspend which is a £0.035m increase since September and is due to a projected overspend on staffing budgets.

Children and Young People – Forecast Overspend £1.477

Table 3

2020/21 Forecast Revenue Out Turn Position – as at 31 December 2020			
Children and Young People Directorate	Approved Budget	Forecast Out Turn	Forecast (Under)/Over Spend
	£m	£m	£m
Children's Commissioning	1.357	1.286	(0.071)
Early Help & School Readiness	1.800	1.571	(0.229)
Education & Inclusion	16.241	17.329	1.088
Social Care & Safeguarding	22,381	23.069	0.688
TOTAL	41.778	43.255	1.477

3.3 The Children and Young People's Directorate is forecast to overspend by £1.477m due to:

- **Children's Commissioning** The predicted underspend of £0.071m is largely due to staff vacancies within the Social Care Admin team.
- **Early Help & School Readiness** The forecast underspend has increased to £0.229m reflecting the receipt of some external income and also some vacancies within the Early Help Locality Teams and Children's Domestic Violence Team.
- **Education & Inclusion** The forecast overspend of £1.088m is mainly due to increased demand on School Transport (£0.623m), increased costs on packages of care for children with disabilities (£0.107m) and the non-achievement of savings (£0.295) for which alternatives are currently being pursued.
- **Social Care & Safeguarding** – the forecast overspend of £0.688m reflects increased agency costs to cover maternity leave and other vacancies (£0.525m), external legal fees (£0.192m) for court related activity, increased demand for foster care agency placements (£0.118m) and Through Care Support Costs (£0.116m) offset by underspends on Corporate Parenting (-£0.048m) and children's residential placements (-£0.221m).

Operations Directorate – Forecast Overspend 7.811m

Table 4

2020/21 Forecast Revenue Out Turn Position – as at 31 December 2020			
Operations	Approved Budget	Forecast Out Turn	Forecast (Under)/Over Spend
	£m	£m	£m
Wellness Operations	2.990	4.535	1.545
Engineers (including Car Parking)	(0.206)	1.616	1.823
Street Scene	4.877	4.922	0.045
Commercial Services	(0.513)	1.887	2.399
Waste, Transport and Stores	6.541	7.168	0.626
Health & Environmental Protection	1.565	1.539	(0.026)
Operations Senior Management	2.051	2.173	0.123
Corporate Landlord	(1.058)	219	1.277
TOTAL	16.247	24.059	7.811

3.4 The Operations Directorate is forecasting an overspend of £7.811m mainly as a result of loss of income due COVID-19. Grant income to provide support for loss of income is expected but has not been reflected in these figures. The Directorate has recently restructured and the budgets have been adjusted to reflect this. The material variances within Operations are as follows:

- **Health & Environmental Protection** – the projected underspend is due to licensing due to the temporary deferral of licensing charges (£0.026m) more than offset by savings from vacancies within Trading Standards (-£0.036m) and general overheads in Environmental Health (-£0.026m).
- **Engineers** – the overspend largely due to suspension of car parking charges (£1.782m) and other minor variations across the service.
- **Waste & Transport** - the overspend is largely due to reduced activity and income within the Transport Workshop (£0.130m), reduced demand and potential bad debts in Trade Waste services (£0.095m), overspending on staffing and caddy liners in refuse collection and recycling services (£0.258m), projected overspend on Winter Maintenance (£0.090m), increased income from Stores (-£0.53m)

- **Street Scene** - the overspend is largely due to Pest Control loss of income as only emergency works being undertaken in April and May (£0.045m).
- **Wellness Operations** – the overspend is due to income loss in the Leisure Services (£1.772m) and Loss of lettings income in libraries (£0.066m), partially offset by savings in Sports Development (-£0.093m) and Wellness / Lifestyle services (-£0.098m) and extra income in Bereavement Services (-£0.100m).
- **Commercial Services** – The overspend is due to loss of income in civic centres (£0.480m), an overspend on Catering due to loss of catering income from schools (£0.895m) and loss of market rental income due to agreed schemes to offer rent reliefs to market traders (£1.054m); there is an underspend on Cleaning and Caretaking due to increased demand (-£0.170m).
- **Corporate Landlord** – The Overspend is due to loss of income due to staff shortages, a reduction in chargeable work to the capital programme due to Covid19 (£0.438m) and an outstanding unachieved savings target (£0.033m) in Architects Service; pressures on rates, cleaning and utilities budgets (£0.287m) on admin buildings and unachieved savings on the corporate landlord model (£0.519m).

Corporate Core and Finance- Forecast Overspend £0.207m

Table 5

2020/21 Forecast Revenue Out Turn Position – as at 31 December 2020			
Corporate Core and Finance	Approved Budget	Forecast Out Turn	Forecast (Under)/Over Spend
	£m	£m	£m
Corporate Core	3.568	3.414	(0.153)
Adult Learning	0.099	0.099	0.000
Corporate Core Finance	9.806	10.167	0.361
TOTAL	13.473	13.680	0.207

3.5 Corporate Core and Finance is forecasting an overspend of £0.207m which is an improvement on the previously reported position and is as a result of:-

- **Corporate People Services** – the £0.439m underspend is due to vacancies and a reduction on the corporate contribution to apprentices.
- **Legal Services** – the £0.257m overspend is due to reduced income relating to COVID 19 and additional agency costs.
- **ICT** - the overspend of £0.084m relates to a one-off backdated contract charge on telephony and additional COVID costs.
- **Communications and Engagement** – the overspend of £0.046m is due to additional costs to support the communications team during Covid and to cover staff absences offset by vacancy.
- **Corporate Core Finance - Customer Support and Collections** – the £0.315m overspend is due to Reduction in summons income due to the closure of courts (£0.206m) and increased staffing costs (£0.100m) due to Covid activity and the cost of regrading.
- **Finance and Efficiency** – one off additional cost for sickness cover, training, capacity (£0.029m) and advertising costs for CFO role (£0.016m)

Business, Growth and Infrastructure – Forecast Overspend £0.380m**Table 6**

2020/21 Forecast Revenue Out Turn Position – as at 31 December 2020			
Business, Growth and Infrastructure Directorate	Approved Budget	Forecast Out Turn	Forecast (Under)/Over Spend
	£m	£m	£m
Economic Regeneration & Capital Growth	1.811	2,294	0.483
Housing Needs & Options	1.586	1.484	(0.102)
TOTAL	3.397	3.777	0.380

3.6 The Business, Growth and Infrastructure Directorate is forecasting an overspend of £0.380m, an improvement of the previously reported position as a result of:

- **Economic Regeneration and Capital Growth** – the overspend of £0.483m which is resulting from an approved rent relief scheme to support businesses affected by COVID-19 and an increase in voids.
- **Housing Needs and Options** - the underspend of £0.102m is due to the vacant Head of Service post within Urban Renewal plus secondment arrangements.

Art Gallery and Museum – Forecast Overspend £0.022m**Table 7**

2020/21 Forecast Revenue Out Turn Position – as at 31 December 2020			
Art Gallery and Museum	Approved Budget	Forecast Out Turn	Forecast (Under)/Over Spend
	£m	£m	£m
Art Gallery and Museum	0.697	0.719	0.022
TOTAL	0.697	0.719	0.022

3.7 The Art Gallery and Museum is forecast to overspend by £0.022m due to loss of income as a result of the service being closed and is an improvement on the previously reported position.

Housing General Fund –Forecast Overspend £0.563m**Table 8**

2020/21 Forecast Revenue Out Turn Position – as at 31 December 2020			
Housing General Fund	Approved Budget	Forecast Out Turn	Forecast (Under)/Over Spend
	£m	£m	£m
Housing General Fund	0.553	1.116	0.563
TOTAL	0.553	1.116	0.563

3.8 The Housing General Fund is forecast to overspend by £0.563m due to assumed required contribution to the bad debt provision and the projected net Housing Subsidy position.

Table 9

2020/21 Forecast Revenue Out Turn Position – as at 31 December 2020			
Non Service Specific	Approved Budget	Forecast Out Turn	Forecast (Under)/Over Spend
	£m	£m	£m
Accumulated Absences	1.120	1.120	0.000
Chief Executive's Office	0.377	0.377	0.000
Corporate Management	1.730	1.730	0.000
Cost of Borrowing	4.978	6.649	1.671
Grants/COVID-19	(0.597)	(16.287)	(15.690)
Disaster Expenses	0.011	0.011	0.000
Environment Agency	0.100	0.104	0.004
FRS17 Costs	(19.962)	(19.962)	0.000
GMWDA Levy	13.763	12.191	(1.572)
Manchester Airport	(5.635)	0.000	5.635
Ethical Lettings Agency	0.040	0.040	0.000
Passenger Transport Levy	13.456	13.010	(0.447)
Persona Dividend	(0.200)	(0.200)	0.000
Town of Culture	0.050	0.050	0.000
Provisions/Reserves	0.014	0.014	0.000
TOTAL	9.247	(1.153)	(10.400)

3.9 The Non Service Specific budget is forecasting an underspend of £10.400m due to:

- **Manchester airport** – loss of dividend (£5.635m) and loan interest repayment (£2.256m) due to the impact of COVID-19 on the travel industry;
- **Passenger Transport Levy** – levy is forecast to be lower than anticipated (-£0.447m);
- **Waste Levy**: A refund in the waste levy (-£1.572m)
- **Environment Agency** – slightly higher levy than expected (£0.004m);
- **Grants/COVID-19** – reflects the receipt of additional grant offset by expenditure within other departments and a budget imbalance relating to the New Homes Bonus (-£15.690m).

4 DELIVERY OF THE SAVINGS PLAN

4.1 Planned savings of £4.162m are included in the 2020/21 revenue budget. Of these £1.434m is considered delivered with the remaining £2.728m at risk. Work is currently underway with Directorates to establish whether savings can be delivered in the remainder of the year and, if not, whether any other compensating savings can be identified. A summary of the savings is set out in the table below.

Table 10

Assessment of Savings in the 2020/21 Budget			
Directorate	Description	Amount £m	Assessment
One Commissioning Organisation	Persona Contract	0.611	Amber
One Commissioning Organisation	Supporting People Review	0.177	Green
One Commissioning Organisation	Debt Recovery	0.100	Red
Children and Young People	School Improvement Service	0.330	Amber
Children and Young People	Early Help Model	0.102	Amber
Children and Young People	Procurement review of Contracts	0.100	Amber
Operations	Procurement Review of Contracts	0.085	Green
Operations	Corporate Landlord	0.585	Red

Assessment of Savings in the 2020/21 Budget (continued)			
Directorate	Description	Amount £m	Assessment
Operations	Architects Service Review	0.200	Red
Corporate	Contract Management	0.300	Amber
Corporate	Discretionary payments	0.350	Amber
One Commissioning Organisation	Provider Fees Review	1.107	Green
Operations	Re-Wilding Grass Verges	0.065	Green
Operations	Review of Highways Fees	0.050	Red
Total		4.162	

- 4.3 In recognition of the fact that some of the savings in the OCO are 'at risk' a re-evaluation has been carried out and alternative savings were approved by Cabinet in November 2020. Details are set out in the table below:

Table 11

Revised OCO Savings				
Description	Original Savings Target	Projected Savings Achievable	Agreed Alternative Savings	Shortfall on Savings
	£m	£m	£m	£m
Persona Contract	0.611	(0.458)		0.153
Supporting People	0.177	(0.250)		(0.073)
Debt Recovery	0.100	(0.000)		0.100
Provider Fees Review	1.107	(1.216)		(0.109)
Care Packages	0.844	(0.366)		0.478
Learning Disability/Mental Health	0.000	0.000	(0.200)	(0.200)
Carers	0.000	0.000	(0.069)	(0.069)
Advocacy	0.000	0.000	(0.004)	(0.004)
TOTAL	2.839	(2.290)	(0.273)	0.276

- 4.4 The overall risk of the efficiency savings is reduced to £2.455m for the 2020/21 financial year and the new savings have been reflected in the monitoring position.

5 RESERVES

- 5.1 The forecast position on reserves is set out at Appendix 2 and takes account of the planned contribution to reserves that were agreed as part of the 2020/21 budget and the release of funding from the collection fund that was also agreed. It is forecast that the Council will hold £75.312m in reserves of which £26.814m is general reserves. The offset of the DSG deficit of £25.544m leaves net reserves of £49.768m. Use of reserves is likely to be part of the Council's financial strategy in the short term to mitigate against some of the short-term financial impacts of Covid and an ever increasing focus on the reserves is needed to ensure they are as robust and as resilient as possible.

6 OTHER BUDGETS

Schools

- 6.1 The council's expenditure on schools is funded primarily by the Dedicated Schools Grant (DSG). The DSG is ringfenced and can only be spent on schools related activity as set out in the Schools Finance (England) Regulations 2019. The Schools Budget includes funding for a range of educational and support services provided on an authority wide basis as well as individual Schools Budget. The Schools Forum oversee the allocation of funding to schools and the application of the funding formula. The DSG has 4 main blocks:

Table 12

Block	2020/21 Budget
	£m
Schools	129.940
High Needs	33.209
Early Years	13.782
Central Support Services	0.774
TOTAL	177.705

- 6.2 Since the budget was set, schools and academies have also received further significant external funding of £25.004m, including new funding to support schools with the additional cost pressures arising from Covid. Details of the funding received are set out in the table below. Further information regarding funding received for Covid related purposes is set out in Appendix 1.

Table 13

Estimated External Income	
Grant	£m
Pupil Premium Grant	9.108
Universal Infant Free Schools Meals Grant	2.369
Primary PE and Sport	1.147
Year 7 Catch Up Grant	0.195
Teacher's pay Grant	1.473
Teacher's Pension Grant	4.909
Devolved Formula capital	0.742
Covid Exceptional Cost Reimbursement Scheme	2.366
Covid Catch-Up Premium	2.695
TOTAL	25.004

- 6.3 At the end of 2019/20 there was a deficit on the Dedicated Schools Grant (DSG) of £20.067m and this is forecast to increase to £25.544m by the end of the current financial year. This remains a significant financial risk to the Council as the deficit is currently offset by the Council's reserves. A statutory override to these arrangements has been proposed nationally however the legislative change needed has not been enacted and therefore the liability remains with the Council.
- 6.4 The main reason for the forecast increase in the deficit by the end of the financial year is due to:
- Inclusion Partnerships and SEMH Hubs (£0.360m)
 - Paediatric Disability (£0.150m)
 - SEND Preparation for Employment (£0.040m)
 - SEND EHCP top up funding to comply with statutory finance and SEND requirements, including increased volumes (£2.300m)
 - Increased capacity at Bury's special school provision (£1.600m)
- 6.5 The Council has been identified as one of the Local Authorities across the country with one of the highest DSG deficits and the Council is currently working with the DfE as part of the Safety Valve Project. To support the Council, some additional grant funding may be made available however the quantum and the conditions of any potential grant are not yet known. An introductory meeting between the DfE 'Safety Valve Funding team' and Bury took place on 17 December 2020. Key lines of enquiry were discussed and follow up meetings will take place through to February 2021 at which stage an agreement on the DSG recovery will be reached. Updates on progress will be reported to Cabinet as part of the quarterly monitoring process.

Collection Fund

- 6.6 The increasing prominence of council tax and business rates in helping fund council services means that the collection fund is monitored on an ongoing basis. The Council is forecasting an

Document Pack Page 21

in year deficit of £28.085m which is offset by a small surplus brought forward from 2019/20 of £0.255m bringing the overall forecast deficit to £27.830m. The council's share of the deficit is £27.317m and the Greater Manchester Combined Authority's share is £0.513m (for police and fire and rescue services). The tables below show the forecast outturn position for the collection fund and the share of balances of the forecast position.

Table 14

Forecast Position on the 2020/21 Collection Fund			
	Council Tax	Business Rates	Total
	£m	£m	£m
Balance Brought Forward	0.024	(0.279)	(0.255)
(Surplus)/Deficit for the year	1.577	26.508	28.085
Balance Carried Forward	1.601	26.228	27.830
Distributed:			
Bury Council	(1.351)	(25.966)	(27.317)
GMCA – Police and Crime Commissioner	(0.175)	0.000	(0.175)
GMCA – Fire and Rescue Service	(0.076)	(0.262)	(0.338)
Total 2020/21 Deficit	(1.601)	(26.228)	(27.830)

- 6.7 The deficit on the collection fund is Covid related as a result of government mandated reliefs for retail and nursery establishments for which the Council has received compensatory grants of £24.881m of which £0.249m relate to the fire and rescue service. New accounting treatment arrangements have been published which means that the remaining deficit of £2.949m (of which Bury's share is £2.436m) can be spread over the next 3 financial years. The allocation of the deficit is set out in the table below and will be reflected in the budget for future years.

Table 15

Allocation of the 2020/21 Deficit over 3 Financial Years			
	Council Tax	Business Rates	Total
	£m	£m	£m
Bury Council Deficit Share 2020/21	(1.351)	(25.966)	(27.317)
Less S31 Grants Received		24.632	24.632
Net Deficit 2020/21			(2.685)
Allocation of deficit over 3 years:			
2021/22 Allocation	0.465	0.260	0.725
2022/23 Allocation	0.443	0.537	0.980
2023/24 Allocation	0.443	0.537	0.980
Total Allocation over 3 years	1.351	1.334	2.685

- 6.8 The Greater Manchester Combined Authority area continues to pilot 100% business rates retention. The pilot was first implemented on 1 April 2017. The purpose of the pilot is to develop and trial approaches to manage risk and reward in a local government finance system that includes full devolution of business rates revenues. Whilst the pilot is in place, a no detriment policy is in operation under which the government guarantees that the level of business rates income/grant that a council receives can be no less than it would have been if it was not in the pilot area. The council has so far gained from being a member of pilot scheme.

7 BUSINESS GRANTS

- 7.1 In response to Covid, the government announced a grants scheme for small businesses within the retail, leisure and hospitality sectors. Funding allocations were made to Councils based on information from the valuation office. Bury received £42.920m of which up to 5% of the grants paid out would be available for a discretionary scheme.

Document Pack Page 22

- 7.2 The council was responsible for administering the scheme until it closed at the end of September. In total, £41.769m was paid out to 3,727 business across the borough. The detail of these grants was reported to Cabinet in November. Since then, the Government has announced several new grants (Local Restrictions Support Grant and the Additional Restrictions Grant). These grants are currently being issued on an ongoing basis and progress will be reported as part of future monitoring reports.

8 HOUSING REVENUE ACCOUNT

- 8.1 The Housing Revenue Account (HRA) is forecasting a surplus of £2.914m and further information is set out in the table below.

Table 16

2020/21 Forecast Revenue Out Turn Position – as at 31 Dec 2020			
Housing Revenue Account	Approved Budget	Forecast Out Turn	Forecast (Under)/Over Spend
	£m	£m	£m
Income			
Dwelling Rents	(29.963)	(29.960)	0.003
Non-Dwelling Rents	(0.194)	(0.175)	0.019
Other Charges	(1.036)	(1.003)	0.033
Total Income	(31.193)	31.138	0.055
Expenditure			
Repairs and Maintenance	7.039	6.902	(0.137)
General Management	7.452	7.376	(0.076)
Special Services	1.366	1.380	0.014
Rents, Rates and Other Charges	0.060	0.059	(0.001)
Increase in Bad Debts Provision	0.484	0.455	(0.029)
Capital Charge	4.632	4.632	-
Depreciation	8.587	7.326	(1.261)
Debt Management Expenses	0.041	0.041	-
Contribution to/(from) reserves	(1.925)	1.925	-
Total Expenditure	27.736	26.246	(1.490)
Net Cost of Services	(3.457)	4.892	(1.435)
Interest receivable	(0.067)	(0.083)	(0.016)
Principal Repayments	0.192	0.192	-
Revenue Contributions to Capital	3.322	1.859	(1.463)
Sub Total	3.447	1.968	(1.479)
Operating (Surplus)/Deficit	(0.010)	(2.924)	(2.914)

- 8.2 The main reasons for the forecast surplus are:

- **Depreciation** – the calculation method was reviewed in 2019/20 resulting in a reduction in the charge for future years. As the depreciation charge is ultimately used to fund capital programme expenditure this reduction has been taken into account in the forecast Revenue Contributions to Capital (see note below).
- **Revenue contributions to capital** – the change shows the net effect of schemes brought forward from 2019/20 and anticipated slippage in the programme for the current year; it is forecast that £4.208m of resources will need to be released back from the HRA balances (Business Plan Headroom Reserve) in 2021/22 to complete the 2020/21 programme.

- 8.3 As well as looking at the in-year financial position, it is useful to consider some of the other aspects of performance regarding the Housing Revenue Account. These have all to some degree been affected by the operating restrictions and financial impacts resulting from the pandemic; this makes forecasting with any certainty very difficult.

- **Voids** The rent loss due to voids for April to December was on average 1.16% which is worse than the 1% void target level set in the original budget. If this performance continues, there will be a reduction in rental income of £0.049m over the original budget. Six Town Housing continue to review the voids processes and the various factors affecting demand.
- **Arrears** The rent arrears at the end of December totalled £2.229m, an increase of 7.4% since the end of March. Of the total arrears £0.927m relates to former tenants and £1.302m relates to current tenants. An estimated £0.982m of current tenant arrears are in cases where either the under-occupancy charge applies or the tenants are in receipt of Universal Credit rather than Housing Benefit; this is an increase of £0.105m from the start of the year reflecting the increase in the number of tenants claiming Universal Credit and the impact this can have on the arrears position with payments received for a number of weeks, in arrears and sometimes with delays.
- **Bad Debts** The Council is required to make a provision for potential bad debts. The contribution for the year is calculated with reference to the type of arrear, the amount outstanding on each individual case and the balance remaining in the provision following write off of debts.

The forecast increase in the required contribution to the Bad Debt Provision is based on an assessment of the arrears at the end of December and the potential change in arrears for the remainder of this financial year. This is very much an estimate based on current trends and expectations and is being closely monitored.

- **Right to Buy Sales** The forecast for 2020/21 was set at 60, this being an increase of 15 on the level of sales assumed for Bury in the Government's self-financing valuation. There have been 24 sales in the period April to December which is 14 less than at this point last year. The number of applications currently proceeding is higher than at this point last year (116 compared to 92); around half of the current applications are awaiting Right to Buy valuations before they can proceed. The valuation service, which was suspended at lockdown in March, has been resumed through an external provider. Given the current situation it is difficult to forecast how many applications will actually proceed to completion however it is felt unlikely that the sales will exceed 40 by the end of the financial year; the projections of rental income have been calculated on this basis.

9 CAPITAL PROGRAMME

- 9.1 The Council's capital programme is currently £53.274m and reflects the fact that Cabinet agreed, at its meeting in November, rephasing of £36.828m be carried forward into the next financial year. Cabinet also agreed to reduce/remove two schemes following a review. These schemes reduced the programme by a further £0.488m giving a revised capital programme brought forward of £53.274m.
- 9.2 Full details on the Capital programme are set out in Appendix 3 and a summary of the key elements are as follows:

Carry Forward

- 9.3 Expenditure on the capital programme is £26.554m of which £13.403m relates to the strategic investments with the airport. Expenditure is lower than anticipated however this needs to be considered in the wider context of the Covid pandemic. Delivery of the capital programme has been significantly affected by the Covid pandemic and the closure of many services. Additionally, resources that would have been delivering capital schemes and projects have been diverted to other areas as part of the Council's emergency response to the pandemic.

Projected Expenditure 2020/21

Document Pack Page 24

- 9.4 As it stands, £27.812m is forecast to be spent in the last quarter of the financial year and it is likely that some of this will need to be carried forward into 2021/22. This will be addressed as part of the year end closure process. The ongoing impact of the Covid pandemic the ability to forecast expenditure with any great certainty is reduced and therefore the situation will be kept under careful review.

Variances

- 9.5 The majority of the variances on the capital programme are due to delays in delivery as a result of Covid. For now, funds that need to be carried forward into the next financial year have been identified and more work will be undertaken to establish whether any of this will fall into future years. The outcome of this work is reflected in the draft capital programme for 2021/22 - 2022/23.

Financing

- 9.6 As well as approving the revised spending in the capital programme, the council must also ensure it has sufficient funds available to meet its capital payments in each financial year. Funding has been built into the Council's revenue budget and a full funding model is also being developed and will be reported on quarterly.

Review of the Programme

- 9.7 A full review of the capital programme has been underway to ensure that all schemes are being correctly recorded and recorded. This intensive piece of work, which is almost complete, has cleansed the programme and budgets now largely reflect the actual position. The work is being brought to a conclusion and there may be some more changes that emerge. The revised budget, subject to the approval of the re-phasing for Quarter 3, reflects the outcome of this work. This important piece of work will ensure greater transparency and accountability in the future. It has however meant that some budgets have been realigned and Cabinet is asked to approve an adjustment to the rephasing of £3.603m which when applied gives a revised capital programme of £56.835m.

Potential New Schemes

- 9.8 The Council has submitted a grant application for 'decarbonising the public estate'. This is part of a wider GM bid and, if successful, a total of £8.5m could be awarded. Tight grant conditions are likely to be part of the funding award including the need for contracts to be in place by the end of the current financial year. Arrangements are in place with GMCA procurement and also the Council's in-house procurement team to ensure that the necessary arrangements can be in place to meet the grant terms. Approval to add the scheme to the capital programme is however needed and it is recommended that approval be delegated to Executive Director of Operations and the Council's S151 Officer in consultation with the Cabinet Member for Environment and Climate Change and the Cabinet Member for Finance and Growth.

Risks

- 9.9 Storm Ciara has resulted in some residual damage caused by flooding, the extent of which has only become clear over recent months. Independent assessment of the damage has been carried out and it is anticipated that a total of £6.4m will be needed to carry out the work required. Given the significant financial cost the Council has sought assistance through the government's Bellwin scheme.
- 9.10 The Bellwin Scheme is a scheme made available to Local Authorities to provide emergency financial assistance to meet uninsured costs incurred with the aftermath of an emergency in their area. At the time of the storm, the scheme was not made available to the Council as it was not deemed to have reached the threshold. Following the submission of a claim, the Council has received a response from MHCLG stating that the council is not eligible for any support under the scheme. This is disappointing and further representations are being made. The costs of Storm Ciara are currently being managed within the Council's capital programme and, in the event of no support being provided from MHCLG, will need to be met from borrowing or from the Council's insurance provision. Updates will be provided throughout the year.

10 TREASURY MANAGEMENT MID-YEAR REVIEW

- 10.1 The Treasury Management mid-year review report is attached at Appendix 4. To comply with the CIPFA Code and the Council's Treasury Management Strategy, the Council is required to report on its treasury management activity throughout the year. The report sets out the latest economic impact and shows the Council's performance against the agreed prudential indicators. This report is provided for information only as it has previously been reported to Cabinet in November 2020.
- 10.2 There are no performance issues and the Council is operating within its financial limits and boundaries as set out in the strategy.

11 FUTURE YEARS

- 11.1 The impact of COVID-19 is having a significant impact on the council's financial position and its ability to deliver capital schemes within the anticipated timescales. Grants from the government have helped managed the position in year but there is a longer-term impact of Covid that will need to be managed without any certainty of additional funding. This risk has been factored into the Council's medium term financial strategy. A continuing process of updating the MTFS will ensure that any new or increase in trends will be identified quickly so that remedial action can be taken.

Community impact / Contribution to the Bury 2030 Strategy

Delivery of the Bury 2030 strategy is dependent on resources being available. The delivery of the strategy may be impacted by changes in funding and spending.

Equality Impact and considerations:

24. *Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:*
- A public authority must, in the exercise of its functions, have due regard to the need to -*
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*
25. *The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.*

Assessment of Risk:

The following risks apply to the decision:

Risk / opportunity	Mitigation
There are significant risks in the financial position both in the current and future financial years. Financial sustainability is critical and the report sets out areas of concern that need to be addressed.	Regular monitoring and reporting ensures that any changes in the financial position are quickly identified and action can be taken to manage the overall position.
Delays in delivering projects within the capital programme provide an opportunity to review projects and align to the changing position that has arisen due to Covid and to ensure that projects align to the Bury 2030 strategy.	The longer term medium financial strategy takes accounts of any in-year changes in funding and demand and ensures the Council has a longer term view for future years.

Consultation:

There are no consultation requirements arising from this report.

Legal Implications:

Local authorities must make proper arrangement for the administration of their financial affairs and produce a balanced, robust budget for forthcoming years. This should be consistent with the Council's work plans and strategies and any identified budget gap. This report sets out the current anticipated position and the impact in terms of revenue and capital, in particular of the impact of Covid 19. This will assist Cabinet in formulating proposals to submit to Council in 2021, for the Council budget and council tax calculations for 2021/22.

Financial Implications:

The financial implications are set out in the report. The continuation of the Covid pandemic has impacted significantly on both the revenue and capital budgets across the whole of the Council and needs to be carefully monitored. The in-year position will be reflected in an updated medium term financial strategy and will inform the budget setting process for the 2021/22 financial year.

Report Author and Contact Details:

Lisa Kitto

Interim Director of Financial Transformation (S151 Officer)

Background papers:

The Council's Financial Position as at June 2020

The Council's Financial Position as at 30 September 2020

Document Pack Page 27

Revenue Budget 2020/21 and Medium Term Financial Strategy 2020/21 – 2024/25

Capital Strategy and Capital Programme 2021 – 2022/23

Treasury Management Strategy and Prudential Indicators 2020/21

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning

Analysis of Grants Received 2020/21 as a result of COVID -19			
Description	Amount (£m)	Additional Costs	Detail
Business Rates Grants	42.920	Grant payments of £10k and £25k to eligible business and funding for a discretionary scheme.	The scheme is now closed.
Local Restrictions Support Grant Closed (Addendum & Sector)	7.532	Funding to support businesses legally required to close during a national lockdown and those legally closed since March (e.g. nightclubs)	New Allocation received January 2021
Local Restrictions Support Grant (Closed)	0.376	Funding to support businesses in Tier 3 and 4 areas legally required to close	
Local Restrictions Support Grant (Open)	1.618	Funding to support businesses that remain open but who are severely impacted by the restrictions	
Christmas Support Payment – Wet-pubs	0.083	Funding to support wet-led pubs where tier 3 restrictions imposed	
National Lockdown Top-Up Grant Jan-Feb 2021	9.036	One-off top-up grant for retail, hospitality and leisure businesses closed in national lockdown Jan-Feb 2021	
Additional Restrictions Grant (ARG)	5.738	One-off funding of approx. £20/head of population for business support activities, primarily in the form of discretionary grants during restrictions in November and January	Top Up received January 2021.
New Burdens (Revenues and benefits) for the administration of the business rates grants.	0.170	New costs to support the administration of grants to businesses and increase in welfare and benefit claimants.	Decision made and funding used to increase capacity in the revenues and benefits team.
New Burdens – Administration of Retail, Leisure and Hospitality Grants	0.076	New costs to support the administration of grants to businesses and increase in welfare and benefit claimants.	Top Up Received January 2021
Sub Total	67.549		

Analysis of Grants Received 2020/21 as a result of COVID -19			
Description	Amount (£m)	Additional Costs	Detail
Sales Fees & Charges compensation scheme 1 st round	1.912	No additional costs. This grant is un-ringfenced and is available to support the Council to meet additional costs and loss of income as a result of COVID-19.	
Sub Total	1.912		
COVID-19 Tranche 2	5.253	No additional costs. This grant is un-ringfenced and is available to support the Council to meet additional costs and loss of income as a result of COVID-19.	
COVID-19 Tranche 1	5.364	No additional costs. This grant was received in 2019/20 and is un-ringfenced and is available to support the Council to meet additional costs and loss of income as a result of COVID-19.	
COVID-19 Tranche 3	1.699	No additional costs. This grant is un-ringfenced and is available to support the Council to meet additional costs and loss of income as a result of COVID-19.	
COVID-19 Tranche 4	3.324	No additional costs. This grant is un-ringfenced and is available to support the Council to meet additional costs and loss of income as a result of COVID-19.	
Sub Total	15.640		
Hardship Relief Fund	1.880	Criteria on how this should be allocated was provided by government. Majority to be used to fund £150 credit on council tax bills to working age residents eligible for local council tax support scheme. Remainder allocated to hardship and welfare schemes.	Currently held within the Collection Fund as most of the costs will be incurred within the fund.
DEFRA Food and Essentials Hardship Grant	0.229	Allocated to wider food offer to support vulnerable people and FSM provision at October half term, and to support those suffering from hardship as a result of self-isolation. Working with Bury Community Support Network to identify vulnerable group and to target support.	

Analysis of Grants Received 2020/21 as a result of COVID -19			
Description	Amount (£m)	Additional Costs	Detail
Self-Isolation Grant	0.171	Grant payments to eligible claimants who are self-isolating	Government Criteria
Self Isolation Grant Top Up	0.124	To Up Grant	Received January 2021
Next Steps Accommodation Programme	0.081		
COVID Winter Grant scheme	0.619	To support families/vulnerable households particularly with food, energy and water bills to the end of March. Is being utilised to fund free school meals since Christmas holidays and for the remainder of the financial year.	
Sub Total	3.104		
Re-Opening High Streets	0.169	New costs will be incurred. Monitoring assumes that the grant will be offset fully by new additional costs.	This grant will be paid in arrears on qualifying expenditure.
Sub Total	0.169		
Infection Control Tranche 1	2.396	New Costs will be incurred. Monitoring assumes that the grant will be offset fully by new additional costs.	All of the grant received has been allocated to care home and other organisations as specified in the grant criteria.
Infection Control Tranche 2	1.934	New Costs will be incurred. Monitoring assumes that the grant will be offset fully by new additional costs.	All of the grant received has been allocated to care home and other organisations as specified in the grant criteria.
Sub Total	4.330		
Test and Trace	1.084	New Costs. Monitoring assumes that the grant will be offset fully by new additional costs.	Additional costs will be reflected within the OCO department
Test and Trace Enhanced Support	0.150	Monitoring assumes that new costs will be incurred. Focus on communications and approval for additional support obtained.	Report approved.
COVID Marshall Funding	0.104	Monitoring assumes that new costs will be incurred.	Report approved via Emergency Powers Group.

Analysis of Grants Received 2020/21 as a result of COVID -19

Description	Amount (£m)	Additional Costs	Detail
Test, Track & Contain grant	1.528	Allocation of resource has been submitted to MHCLG.	Additional costs will be reflected within the OCO department
Clinically Extremely Vulnerable (CEV) funding	0.142	Monitoring assumes that the grant will be offset fully by new additional costs.	Additional costs will be reflected within the OCO department
Contain Outbreak Management Fund	0.767	Monitoring assumes that the grant will be offset fully by new additional costs.	Funding received for January 2021
Contain and Outbreak Management	0.767	Monitoring assumes that the grant will be offset fully by new additional costs	Funding received for February 2021
Sub Total	4.542		
Wellbeing for Education Grant	0.030	Allocated to Schools	Non-ringfenced grant to better equip education settings to support wellbeing and psychological recovery as they return to full time education.
Covid catch-Up Premium	2.367	Allocated to Schools	Additional funding to help children catch up on lost learning and reach expected curriculum levels during the 2020/21 academic year. It should be noted that £0.875m of the funding was received by the council to be passported to academies. Funding will be received in 3 tranches (Autumn, Spring and Summer terms).
Covid Exceptional Cost Re-Imbursement Scheme	2.645	Allocated to Schools	Reimbursement scheme to allow schools to reclaim any exceptional costs incurred during lockdown from March – July 2020 in relation to premises, cleaning and free school meals plus other costs that are subject to DfE scrutiny and validation. Of the funding allocated £0.660m is for academies.
Sub Total	5.312		
TOTAL	102.558		

The Council is also assuming £5m grant funding made available to CCGs to cover health related costs. Further grant to offset the loss on sales, fees and charges income is anticipated although the value of the grant is not known.

Forecast Position on Reserves at 31 March 2021				
	Balance as at 1 April 2020	Planned use of Reserves	In Year Underspend (including future known grants)	Forecast Balance as at 31 March 2021
	£M	£M	£M	
General Reserves	6.989	19.772	0.053	26.814
Directorate Risk Reserves	0.992	(0.250)		0.742
Volatility and Fiscal Risk	34.174	(4.000)		30.174
Total Management of Risk Reserves	42.155	15.522	0.053	57.730
Corporate Priorities	7.794	3.800		11.594
External Funding/Grants	20.794	(14.806)		5.988
Total Earmarked Reserves	28.588	(11.006)	0.000	17.582
TOTAL COUNCIL RESERVES	70.743	4.516	0.053	75.312
School Reserves				
DSG Central Reserve	(20.067)	(5.477)		(25.544)
TOTAL SCHOOL RESERVES	(20.067)	(5.447)	0.000	(25.544)
TOTAL NET RESERVES	50.676	(0.961)	0.053	49.768

Capital Monitoring 2020/21 – as at 31 December 2020							
	Revised Budget 2020/21 (After Adjustments)	Approved Rephasing from Mth 6	Proposed additional Rephasing at Mth 9	Revised Budget at month 9	Actual Expenditure	Forecast Outturn	Forecast (Under)/Over Spend
	£m	£m	m	£m	£m	£m	
Radcliffe Regeneration							
Radcliffe Town Centre	0.000	(0.100)	0.100	0.000	0.000	0.000	0.000
Radcliffe Market Chambers	0.100	(0.100)	0.010	0.010	0.000	0.010	0.000
Radcliffe Library Refurbishment	(0.020)	0.012	(0.012)	(0.020)	(0.005)	0.000	0.020
Radcliffe Regeneration	0.300	(0.037)	(0.063)	0.200	0.000	0.200	0.000
Radcliffe Regeneration Action Plan	0.231	(0.232)	0.117	0.116	0.000	0.116	0.000
Radcliffe Hub Pre-Development	0.729	0.000	(0.729)	0.000	(0.001)	0.000	0.000
Radcliffe Leisure – Design etc	0.250	0.000	(0.250)	0.000	0.000	0.000	0.000
Radcliffe Programme Management	0.200	0.000	(0.200)	0.000	0.000	0.000	0.000
Sub Total Radcliffe Regeneration	1.790	(0.457)	(1.027)	0.306	(0.006)	0.326	0.020
Prestwich Regeneration							
Public Services Hub	0.075	(0.050)	(0.025)	0.000	0.000	0.000	0.000
Strategic Acquisition	0.300	(0.300)	0.300	0.300	0.000	0.300	0.000
Prestwich Urban Village	0.200	0.292	(0.292)	0.200	(0.008)	0.200	0.000
Prestwich Regeneration	1.200	0.000	0.000	1.200	0.000	1.200	0.000
Sub Total Prestwich Regeneration	1.775	(0.058)	(0.017)	1.700	(0.008)	1.700	0.000
Ramsbottom Regeneration							
Ramsbottom Town Plan	0.180	(0.200)	0.020	0.000	0.000	0.000	0.000
Upper Floor Development	0.200	(0.200)	0.200	0.200	0.000	0.000	(0.200)
Ramsbottom Market Chambers	0.120	0.000	(0.120)	0.000	0.000	0.000	0.000
Sub Total Ramsbottom Regeneration	0.500	(0.400)	0.100	0.200	0.000	0.000	(0.200)
Bury Regeneration							
Bury Market	0.050	(0.050)	0.020	0.020	0.000	0.020	0.000
Bury Business centre	0.050	(0.050)	0.000	0.000	0.000	0.000	0.000
Elizabethan Suite Update	0.080	(0.080)	0.080	0.080	0.000	0.000	(0.080)
Bury Civic Centre – Phase 1	1.385	(1.801)	1.801	1.385	0.000	0.000	(1.385)
Sub Total Bury Regeneration	1.565	(1.981)	1.901	1.485	0.000	0.020	(1.465)

Capital Monitoring 2020/21 – as at 31 December 2020							
	Revised Budget 2020/21	Approved Rephasing from Mth 6	Proposed additional Rephasing at Mth 9	Revised Budget at month 9	Actual Expenditure	Forecast Outturn	Forecast (Under)/Over Spend
	£m	£m	m	£m	£m	£m £m	
Commercial Sites Regeneration							
Commercial Sites Regeneration	0.300	(0.200)	(0.100)	0.000	0.000	0.000	0.000
Chamber Hall Phase 2	0.100	0.000	(0.100)	0.000	0.000	0.000	0.000
Sub Total Commercial Sites Regeneration	0.400	(0.200)	(0.200)	0.000	0.000	0.000	0.000
Refurbishment of Bury Market							
Refurbishment of Bury Market	0.206	(0.686)	0.686	0.206	0.096	0.206	0.000
Sub Total Refurbishment of Bury Market	0.206	(0.686)	0.686	0.206	0.096	0.206	0.000
TOTAL - Regeneration	6.236	(3.782)	1.443	3.897	0.082	2.252	(1.645)
Place Shaping / Growth							
Prestwich	0.000	(0.249)	0.249	0.000	0.000	0.002	0.002
Radcliffe	0.120	(0.420)	0.343	0.043	0.047	0.043	0.000
Whitefield	0.100	(0.099)	0.028	0.029	0.001	0.029	0.000
Place shaping / Growth programme	0.235	(2.715)	2.715	0.235	0.000	0.235	0.000
Other Development Schemes	1.243	0.313	(1.063)	0.493	0.643	0.316	(0.177)
TOTAL - Place Shaping / Growth	1.698	(3.170)	2.272	0.800	0.691	0.625	(0.175)
Sport And Leisure							
Parks and Green Space Strategy	0.439	(0.361)	0.361	0.439	0.029	0.501	0.062
Play Area Strategy	0.250	0.001	(0.047)	0.204	0.000	0.200	(0.004)
Outdoor Gyms	0.120	(0.120)	0.120	0.120	0.000	0.120	0.000
Access, Infrastructure and Quality – Parks	0.300	(0.080)	0.080	0.300	0.032	0.187	(0.113)
Grass Pitch Vert Draining	0.010	(0.010)	0.010	0.010	0.000	0.010	0.000
Leisure Gym Equipment Upgrade	0.500	0.000	0.000	0.500	0.000	0.500	0.000
Bury Athletics Track	0.100	(0.094)	0.094	0.100	0.000	0.035	(0.065)
Flood Repair – 3 G Pitch	0.366	(0.564)	0.564	0.366	0.319	0.048	(0.318)
3G Pitch – Bury Radcliffe	0.400	(0.210)	(0.190)	0.000	0.000	0.000	0.000
3G Pitch at Goshen	0.669	(0.669)	0.669	0.669	0.000	0.000	(0.669)

Capital Monitoring 2020/21 – as at 31 December 2020							
	Revised Budget 2020/21	Approved Rephasing from Mth 6	Proposed additional Rephasing at Mth 9	Revised Budget at month 9	Actual Expenditure	Forecast Outturn	Forecast (Under)/Over Spend
	£m	£m	m	£m	£m	£m £m	
Sustainable Tennis Strategy	0.246	0.046	(0.246)	0.046	0.000	0.200	0.154
Match Fund Football Grants	0.150	(0.150)	0.000	0.000	0.000	0.000	0.000
Non-Turf Cricket Pitch	0.000	(0.072)	0.072	0.000	0.000	0.000	0.000
Flood Repair and Defence	0.386	(0.173)	0.172	0.385	0.751	0.012	(0.373)
Environmental Works	0.044	(0.035)	0.035	0.044	0.008	0.045	0.001
Parks	0.188	(0.005)	(0.094)	0.089	0.003	0.141	0.052
TOTAL - Sport And Leisure	4.168	(2.496)	1.600	3.272	1.142	1.999	(1.273)
Operational Fleet							
Vehicle Replacement Strategy	6.760	(2.760)	(1.500)	2.500	0.027	2.500	0.000
Grounds Maintenance Equipment	0.240	(0.170)	0.000	0.070	0.026	0.120	0.050
TOTAL - Operational Fleet	7.000	(2.930)	(1.500)	2.570	0.053	2.620	0.050
ICT							
ICT Projects	5.884	(3.784)	0.000	2.100	1.382	2.194	0.094
Improving Information Management	0.057	(0.057)	0.000	0.000	0.000	0.000	0.000
GM Full Fibre Project	0.469	(0.001)	0.001	0.469	0.639	0.469	0.000
TOTAL - ICT	6.410	(3.842)	0.001	2.569	2.021	2.663	0.094
Highways							
Highways Investment Strategy – Tranche 2	4.000	0.000	(4.000)	0.000	0.000	0.000	0.000
Cycling and Walking Routes – Mayors Challenge	3.035	(3.067)	3.042	3.010	0.060	0.010	(3.000)
Growth Deal	0.711	(0.711)	0.711	0.711	0.000	0.711	0.000
Mobile Speed Signs	0.035	0.000	0.000	0.035	0.000	0.000	(0.035)
Full Fibre Infrastructure	0.520	(0.520)	0.520	0.520	0.000	0.520	0.000
Weather Station and Road Surface Temperature Sensors	0.060	0.030	(0.060)	0.030	0.022	0.030	0.000
Street Lighting	1.288	(0.473)	0.445	1.260	0.497	1.260	0.000
Traffic Calming and improvement	0.239	(0.559)	0.439	0.119	0.145	0.119	0.000

Capital Monitoring 2020/21 – as at 31 December 2020							
	Revised Budget 2020/21	Approved Rephasing from Mth 6	Proposed additional Rephasing at Mth 9	Revised Budget at month 9	Actual Expenditure	Forecast Outturn	Forecast (Under)/Over Spend
	£m	£m	m	£m	£m	£m £m	
Traffic Management Schemes	0.127	(0.087)	0.087	0.127	0.000	0.127	0.000
Public Rights of Way	0.058	(0.053)	0.053	0.058	0.000	0.058	0.000
Highways Planned Maintenance	2.689	0.000	(2.479)	0.210	1.936	2.716	2.506
Pothole Fund	2.679	(0.367)	(0.321)	1.991	0.000	2.107	0.116
Bridges	0.072	0.002	(0.024)	0.050	0.089	0.050	0.000
TOTAL - Highways	15.513	(5.805)	(1.587)	8.121	2.749	7.708	(0.413)
Children and Young People							
NDS Modernisation Including New Pupil Places	10.596	(6.960)	(0.606)	3.030	2.319	3.034	0.004
Devolved Formula Capital	1.239	(0.537)	(0.398)	0.304	0.313	0.315	0.011
Targeted Capital Funding	(0.130)	(0.001)	0.131	0.000	(0.106)	0.000	0.000
Special Provision Grant	0.513	(0.022)	(0.195)	0.296	0.295	0.297	0.001
TOTAL - Children and Young People	12.218	(7.520)	(1.068)	3.630	2.821	3.646	0.016
Estate Management – Investment Estate:							
Demolition of Former Fire Station – Bury	0.340	(0.300)	0.300	0.340	0.209	0.340	0.000
177 & 179 The Rock	0.005	(0.005)	0.000	0.000	0.000	0.005	0.005
Portland and Chesham industrial Estate	0.010	(0.010)	0.000	0.000	0.000	0.010	0.010
Former Prezzo, Lytham	0.055	(0.055)	0.000	0.000	0.000	0.055	0.055
Black Manor Street	0.050	(0.050)	0.000	0.000	0.000	0.050	0.050
Tile Street	0.050	(0.050)	0.000	0.000	0.000	0.050	0.050
St Mary's Place	0.030	(0.030)	0.000	0.000	0.000	0.030	0.030
TOTAL - Estate Management – Investment Estate:	0.540	(0.500)	0.300	0.340	0.209	0.540	0.200
Estate Management - Corporate Landlord:							
Fernhill Gypsy and Traveller Site	0.720	(0.360)	0.000	0.360	0.000	0.360	0.000
Bradley Fold Welfare Facilities	0.650	0.005	(0.405)	0.250	0.006	0.840	0.590
Leisure Health and Safety Improvements	0.369	(0.246)	0.246	0.369	0.028	0.517	0.148

Capital Monitoring 2020/21 – as at 31 December 2020							
	Revised Budget 2020/21	Approved Rephasing from Mth 6	Proposed additional Rephasing at Mth 9	Revised Budget at month 9	Actual Expenditure	Forecast Outturn	Forecast (Under)/Over Spend
	£m	£m	m	£m	£m	£m £m	
LED Lighting Installation	0.236	0.040	(0.040)	0.236	0.006	0.234	(0.002)
Seedfield – Health and Safety	0.050	(0.025)	0.000	0.025	0.000	0.025	0.000
Bury Cemetery Upgrade of Welfare Facilities	0.050	(0.015)	(0.025)	0.010	0.002	0.035	0.025
Hoyles park Pavilion Demolition and Clarence Park Skateboard Park removal	0.050	(0.040)	(0.010)	0.000	0.007	0.033	0.033
TOTAL - Estate Management - Corporate Landlord:	2.125	(0.641)	(0.234)	1.250	0.049	2.044	0.794
Communities and Wellbeing							
Older People	0.384	(0.305)	0.000	0.079	0.082	0.001	(0.078)
Disabled Facilities Grant	1.452	(1.274)	1.274	1.452	0.307	1.452	0.000
Neighbourhood Working	0.242	(0.228)	0.228	0.242	0.024	0.242	0.000
Planning – Other Schemes	0.077	(0.065)	0.065	0.077	0.000	0.012	(0.065)
Other Development Schemes	0.027	(0.027)	0.000	0.000	0.000	0.000	0.000
Environmental Works	0.067	(0.067)	0.067	0.067	0.000	0.067	0.000
TOTAL - Communities and Wellbeing	2.249	(1.966)	1.634	1.917	0.413	1.774	(0.143)
Housing							
Electric Vehicle Trials	0.000	(0.075)	0.075	0.000	0.000	0.000	0.000
Housing – HRA	12.686	(3.094)	0.000	9.592	1.734	9.422	(0.170)
HRA – Disabled Facilities Adaptations	0.716	(0.107)	0.000	0.609	0.233	0.609	0.000
Empty Property Strategy	0.273	(0.273)	0.273	0.273	0.001	0.000	(0.273)
Next Steps Accommodation Programme	0.000	0.000	0.000	0.000	0.044	0.000	0.000
Housing Development	1.000	0.100	(0.100)	1.000	0.895	0.999	(0.001)
TOTAL - Housing	14.675	(3.449)	0.248	11.474	2.907	11.030	(0.444)
Climate Change							
Community Climate Capital Fund	0.187	(0.593)	0.593	0.187	0.000	0.194	0.007
Climate Change Resilience Fund	0.200	(0.140)	0.000	0.060	0.000	0.260	0.200

Capital Monitoring 2020/21 – as at 31 December 2020							
	Revised Budget 2020/21	Approved Rephasing from Mth 6	Proposed additional Rephasing at Mth 9	Proposed Revised Budget at month 9	Actual Expenditure	Forecast Outturn	Forecast (Under)/Over Spend
	£m	£m	m	£m	£m	£m £m	
Electric Charging Points	0.040	(0.040)	0.000	0.000	0.000	0.040	0.040
Glysophate Alternative Equipment	0.050	0.000	0.000	0.050	0.000	0.100	0.050
Waste Management	0.014	0.055	(0.055)	0.014	0.014	0.083	0.069
Fly-Tipping	0.060	(0.008)	(0.044)	0.008	0.000	0.112	0.104
TOTAL - Climate Change	0.551	(0.726)	0.494	0.319	0.014	0.789	0.470
Total (Capital)	73.383	(36.827)	3.603	40.159	13.151	37.690	(2.469)
Strategic Airport Investment	3.726	0.000	0.000	3.726	3.726	3.726	0.000
Strategic Airport Investment	12.950	0.000	0.000	12.950	9.677	12.950	0.000
Total – Strategic Investment	16.676	0.000	0.000	16.676	13.403	16.676	0.000
Grand Total	90.059	(36.827)	3.603	56.835	26.554	54.366	(2.469)

Treasury Management Mid-Year Review 2020/21

1.0 BACKGROUND

1.1 In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. As from 2020/21, all authorities have been required to prepare a Capital Strategy which is to provide the following:-

- A high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services,
- An overview of how the associated risk is managed,
- The implications for future financial sustainability.

A report setting out our Capital Strategy will be taken to Council before 31st March 2021.

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

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

1.4 Accordingly, treasury management is defined as:- "The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".

1.5 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017). The primary requirements of the Code are as follows:

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

- 1.6** This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

An economic update for the 2020/21 financial year to 30 September 2020;
 A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
 The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
 A review of the Council's investment portfolio for 2020/21
 A review of the Council's borrowing strategy for 2020/21
 A review of any debt rescheduling undertaken during 2020/21
 A review of compliance with Treasury and Prudential Limits for 2020/21

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

2.0 ECONOMIC UP-DATE (from Treasury Advisors)

2.1 Economic Performance to date

- 2.1.1** The Bank of England's Monetary Policy Committee kept Bank Rate unchanged on 6th August. It also kept unchanged the level of quantitative easing at £745bn.

The fall in **GDP** in the first half of 2020 was revised from 28% to 23% (subsequently revised to -21.8%). This is still one of the largest falls in output of any developed nation. However, it is only to be expected as the UK economy is heavily skewed towards consumer-facing services – an area which was particularly vulnerable to being damaged by lockdown. The peak in the **unemployment rate** was revised down from 9% in Q2 to 7½% by Q4 2020.

- 2.1.2** It was forecast that there would be excess demand in the economy by Q3 2022 causing CPI **inflation** to rise above the 2% target in Q3 2022, (based on market interest rate expectations for a further loosening in policy). Nevertheless, even if the Bank were to leave policy unchanged, inflation was still projected to be above 2% in 2023.

- 2.1.3** In conclusion, the MPC acknowledged that the “medium-term projections were a less informative guide than usual” and the minutes had multiple references to **downside risks**, which were judged to persist both in the short and medium term. In addition, Brexit uncertainties ahead of the year-end deadline are likely to be a drag on recovery.

2.2 Interest rate Forecasts and Outlook

- 2.2.1** The Council's treasury advisor, Link Asset Services, has provided the following forecast on 11th August 2020.

Link Group Interest Rate View 11.8.20										
	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month average earnings	0.05	0.05	0.05	0.05	0.05	-	-	-	-	-
6 month average earnings	0.10	0.10	0.10	0.10	0.10	-	-	-	-	-
12 month average earnings	0.15	0.15	0.15	0.15	0.15	-	-	-	-	-
5yr PWLB Rate	1.90	2.00	2.00	2.00	2.00	2.00	2.10	2.10	2.10	2.10
10yr PWLB Rate	2.10	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.30
25yr PWLB Rate	2.50	2.50	2.50	2.60	2.60	2.60	2.70	2.70	2.70	2.70
50yr PWLB Rate	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.50	2.50

The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank

Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its meeting on 6th August (and the subsequent September meeting), although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected within the forecast horizon ending on 31st March 2023 as economic recovery is expected to be only gradual and, therefore, prolonged.

- 2.2.2 The overall balance of risks to economic growth in the UK is probably relatively even, but is subject to major uncertainty due to the virus. There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, could impact gilt yields, (and so PWLB rates), in the UK.

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

- 3.1 The Treasury Management Strategy Statement (TMSS) for 2020/21 was approved by the Council on 26 February 2020.
- 3.2 There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.

4.0 THE COUNCIL'S CAPITAL POSITION (PRUDENTIAL INDICATORS)

This part of the report is structured to update:

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

4.1 Prudential Indicator for Capital Expenditure

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

Capital Expenditure	2020/21 Original Estimate £m	2020/21 Revised Estimate £m
Non-HRA	43.546	75.915
HRA	9.830	14.675
Total	53.376	90.590

The increase of the revised estimate over the original estimate is due to slippage from 2019/20 of £18.373m with approved in year adjustments of £18.841m.

4.2 Changes to the Financing of the Capital Programme

The table below shows the main strategy elements of the capital expenditure plans. The borrowing requirement shown will increase the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Capital Expenditure	2020/21 Original Estimate £m	2020/21 Revised Estimate £m
Total capital expenditure	53,376	90,590
Financed by:		
Capital receipts	609	1,389
Capital grants	14,978	41,416
Revenue	9,830	14,675
Total financing	25,417	57,480
Borrowing requirement	27,959	33,110

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

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

	2020/21 Original Estimate £m	2020/21 Revised Estimate £m
Prudential Indicator - Capital Financing Requirement		
CFR – non HRA	168.481	169.866
CFR – HRA existing	40.531	40.531
Housing Reform Settlement	78.253	78.253
Total CFR	287.266	288.651

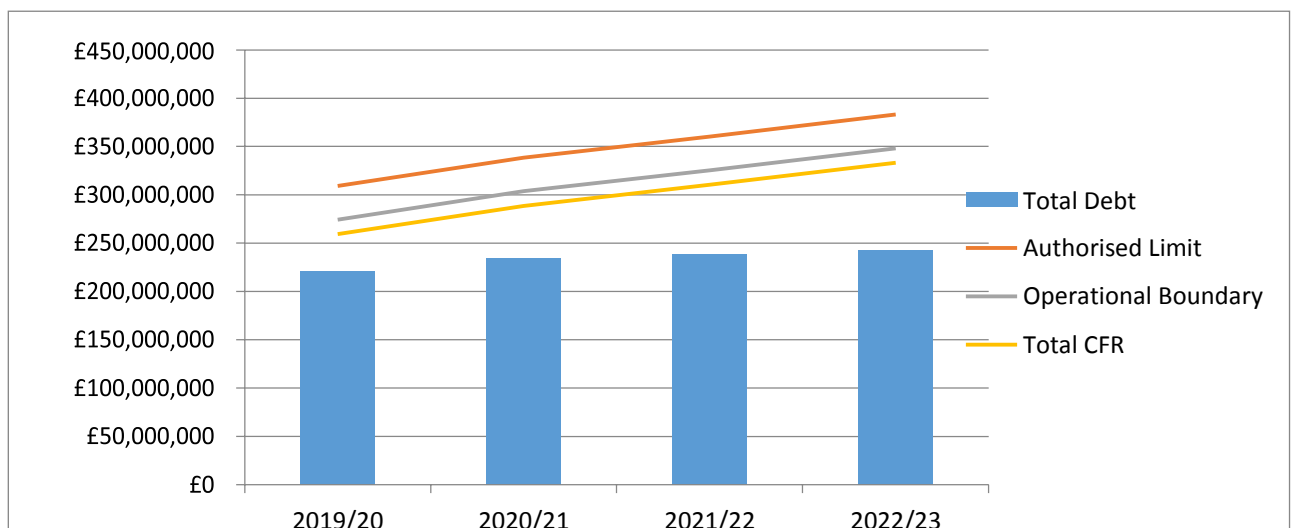
Prudential Indicator - External Debt / the Operational Boundary		
Borrowing	269.300	298.700
Other long term liabilities	5.000	5.000
Total	274.300	303.700

4.4 Limits to Borrowing Activity

- 4.4.1 The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2019/20 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.
- 4.4.2 A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Authorised Limit for External Debt	2020/21 Original Indicator £m	2020/21 Revised Indicator £m
Borrowing	304.300	333.700
Other long term liabilities	5.000	5.000
Total	309.300	338.700

- 4.4.3 The chart below shows the projected trend of the Council's Prudential Indicators.



5 INVESTMENT PORTFOLIO 2020/21

- 5.1 The Treasury Management Strategy Statement (TMSS) for 2020/21, which includes the Annual Investment Strategy, was approved by the Council on 26th February 2020. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:

- Security of capital
- Liquidity
- Yield

The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions, using the Link suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

- 5.2 As shown by the interest rate forecasts in section 2, it is now impossible to earn the level of interest rates commonly seen in previous decades as all investment rates are barely above zero now that Bank Rate is at 0.10%, while some entities, including more recently the Debt Management Account Deposit Facility (DMADF), are offering negative rates of return in some shorter time periods. Given this risk environment and the fact that increases in Bank Rate are unlikely to occur before the end of the current forecast horizon of 31st March 2023, investment returns are expected to remain low.
- 5.3 The Council held £27.7m of investments as at 30 September 2020 (£29.4m at 31 March 2020) and the investment portfolio yield for the first six months of the year is 0.14% against a 3 month benchmark of 0.05%.

The investments held as at 30 September 2020 were:-

Type of Investment	£ m
Call Investments (Cash equivalents)	27.7
Fixed Investments (Short term investments)	0.0
Total	27.7

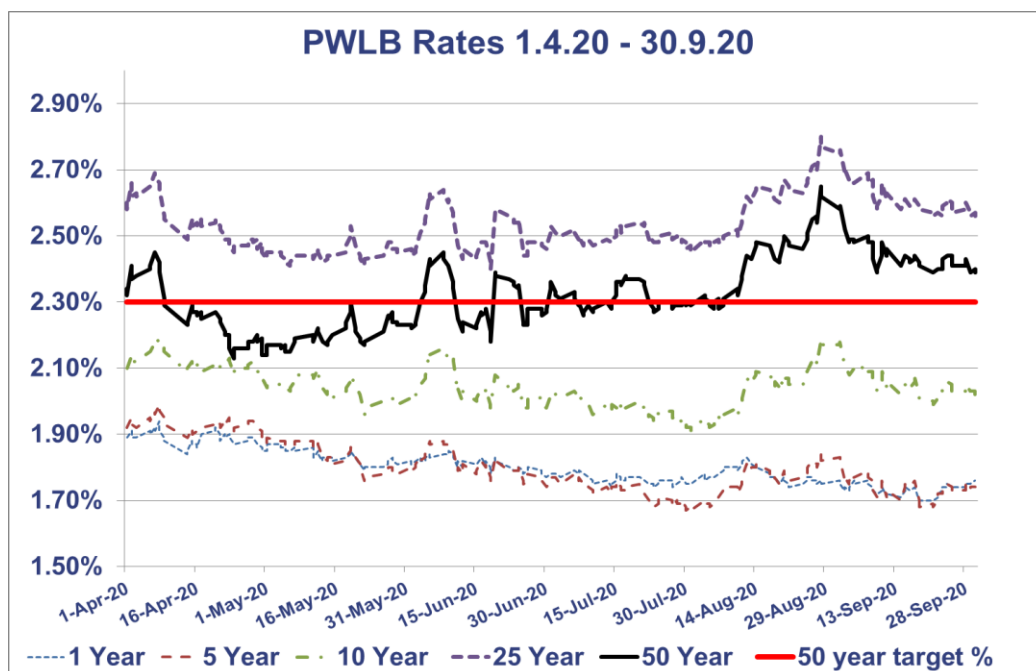
- 5.4 The Director Of Financial Transformation confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2020/21.
- 5.5 The Council's budgeted investment return for 2020/21 is £0.1m, and performance for the year to date is in line with the budget.
- 5.6 The Cabinet have approved a "Property Investment Strategy" which aims to increase investment income by investing in property rather than investing with financial institutions where returns are low at present. Additional borrowing may need to be undertaken to finance property acquisitions; each investment will be subject to a robust business case and also non-financial factors (e.g. ethical stance) will be considered.

6.0 BORROWING

- 6.1** The Council's capital financing requirement (CFR) for 2020/21 is £288.7m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. The table below shows the Council has borrowings of £207.2m and has utilised £81.4m of cash flow funds in lieu of borrowing. This is a prudent and cost effective approach in the current economic climate but will require ongoing monitoring in the event that upside risk to gilt yields prevail.

		1st April 2020			30 September 2020		
		Principal		Avg. Rate	Principal		Avg. Rate
		£M	£M		£M	£M	
Fixed rate funding							
	PWLB Bury	134.071			134.102		
	PWLB Airport	11.828			11.828		
	Market Bury	49.272	195.171		51.300	197.230	
Variable rate funding							
	PWLB Bury	0			0		
	Market Bury	0	0		0	0	
Temporary Loans / Bonds		21.003	21.003		10.003	10.003	
Total Debt		216.174 3.70%			207.233 3.70%		
Capital Financing Requirement			259.304			288.651	
Over/ (under) borrowing			(43.130)			(81.418)	
Total Investments			29.410 0.62%			27.660 0.14%	
Net Debt			186.764		179.573		

- 6.2** External borrowing of £2.3m has been undertaken from the market during the first 6 months of 2020/21. 1 loan was taken to take advantage of low interest rates. Additional external borrowing will be required during the remainder of this financial year.
- 6.3** The graph below shows the movement in PWLB certainty rates for the first six months of the year to 30.09.20.



	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.70%	1.67%	1.91%	2.40%	2.13%
Date	18/09/2020	30/07/2020	31/07/2020	18/06/2020	24/04/2020
High	1.94%	1.99%	2.19%	2.80%	2.65%
Date	08/04/2020	08/04/2020	08/04/2020	28/08/2020	28/08/2020
Average	1.80%	1.80%	2.04%	2.54%	2.33%

7.0 DEBT RESCHEDULING

- 7.1 Debt rescheduling opportunities have been very limited in the current economic climate given the consequent structure of interest rates, and following the increase in the margin added to gilt yields which has impacted PWLB new borrowing rates since October 2010. No debt rescheduling was undertaken during the first six months of 2020/21.

This page is intentionally left blank



Classification	Item No.
Open	

Meeting:	Overview and Scrutiny Committee
Meeting date:	10 February 2021
Title of report:	The Council's Budget 2021/22 and the Medium Term Financial Strategy 2021/22 - 2024/25
Report by:	Leader of the Council and Cabinet Member for Finance and Growth
Decision Type:	Non Key Decision
Ward(s) to which report relates	All

Executive Summary:

- 1.1 This report sets out the key elements of the 2020/21 budget proposals and the framework for the longer term Medium Term Financial Strategy (MTFS) 2020 – 2025. It makes available the latest financial information that will underpin the 2020/21 budget and the MTFS. The report also sets out the process that will lead to the agreement of the budget and the setting of the 2020/21 Council tax on 24 February 2021.
- 1.2 The information presented in this report is structured over the following areas:
 - The financial context within which the budget and the MTFS will be agreed
 - The summary revenue budget position 2019/20
 - Developing the Medium Term Financial Strategy
 - The options proposed to deliver a balanced budget in 2020/21
 - The robustness of the budget and the adequacy of reserves
 - The residual financial risks and uncertainties
 - The financial framework

- 1.3 In setting the budget, consideration of the Housing Revenue Account and the Schools budget have been taken. Separate reports for these are set out elsewhere on the agenda.

Role of Overview and Scrutiny Committee in budget process

- 1.4 Under the Council's Constitution, the Overview and Scrutiny Committee is required to advise and consider the Cabinet's budget and Council Tax proposals and report to cabinet on the outcome of its deliberations before the matter is referred to Council.
- 1.5 In considering the budget proposals, the committee can challenge how the budget has been constructed. It may wish to probe the assumptions that lie behind the budget strategy, what are the main savings proposals, how will any growth be funded, and has an appropriate level of reserves been set. This scrutiny needs to build on the work of the committee over the previous year in its budget monitoring activity. The Committee will also need to maintain a 'big picture' view of the financial pressures affecting the Council and understand how these might impact on existing budgets and budget setting in subsequent years.

Recommendation(s)

That:

- **Overview and Scrutiny comment on the budget proposals set out in the report as part of the consultation process prior to the budget being set by Full Council on 24 February 2021.**

Key considerations

Background

2 FINANCIAL CONTEXT AND BACKGROUND

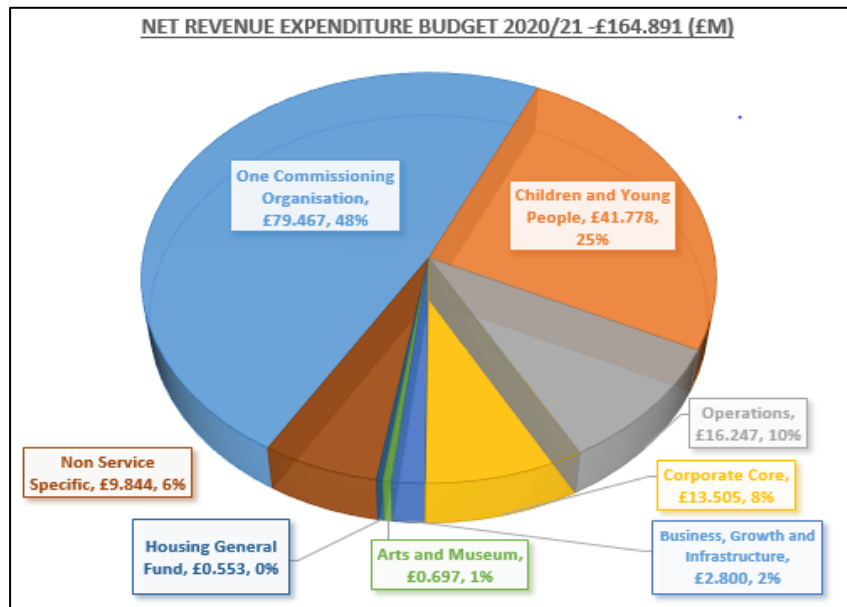
- 2.1 This year the context in which financial planning is being undertaken is perhaps the most complex and difficult of recent times. When the Council's 2020/21 budget was set uncertainties around Government policy and funding through the Comprehensive Spending Review, Local Government Finance Settlement, the Fairer Funding Review, the Business Rates Retention Review and potentially other major reforms including Social Care funding existed. Whilst a challenging situation in its own right, the emergence and impact of the Covid-19 pandemic has greater even greater uncertainty and financial risk for some time to come.
- 2.2 The economic reality is fast changing and challenging and the extent of how long the effects of the pandemic will continue cannot be predicted with any great certainty. It is however inevitable that it will bring additional pressures in demand for the services provided by the Council and our partners. The significant financial impact of Covid-19 cannot be understated and as the economic impact of Waves 1 and 2 are still unfolding the potential for an even greater impact beyond is one which the Council needs to consider and plan for. In response to this, the Council has developed a plan for living with Covid-19 as part of a two year corporate plan. This corporate plans aligns to the first two years of the proposed budget strategy.
- 2.3 Over recent months the Council has been reviewing and reporting on its financial position and in November 2020 Cabinet received a financial planning document and financial framework within which its 2021/22 budget was to be developed and which

would form the basis of the budget for future years. In providing a framework, it was recognised that there were still some significant uncertainties, particularly with the funding assumptions for future years which remain unknown largely due to the fact that Local Authorities continue to work with one year only settlements. Since then the Local Government Finance Settlement has been announced. Some of the granularity on the settlement is still emerging and the strategy is being updated as new information emerges. The detail set out in the report is based on the most up to date position but may change before the final budget is presented to Full Council on 24 February.

- 2.4 In October 2020, the Council launched a public consultation on the Bury 2030 strategy and it is essential that the budget planning aligns to the vision and priorities set out in the strategy. The final Bury 2030 strategy proposes an ambitious reform agenda to improve outcomes for people in Bury through the following principles:
- A local, place-based approach to working with communities to improve social, environmental, health and economic outcomes
 - Harnessing the enterprise of local people and businesses to drive economic growth, and ensuring every resident has the opportunity to connect to the opportunity of this growth through their skills, networks and scope for meaningful work
 - A new collaborative approach to delivering together with communities, to share ownership of issues and opportunity and combine all resources
 - A strengths-based approach to public service delivery, to build on the resources people have to solve issues and target resources on the gaps rather than taking a deficit-based view
- 2.5 Underpinning the strategy is a commitment to internal transformation, the objectives for which include:
- the need to drive internal improvements across core key functions within the partnership such as organisation strategy; programme delivery and IT/Digital infrastructure;
 - a requirement to develop the internal capabilities to deliver vision of Bury 2030 outcomes;
 - public service reform to support more integrated working practice and enhanced partnership working in order to reduce demand.
- 2.6 It is within this context and underpinned by the Council's capital strategy that the Council's approach to setting the 2020/21 budget has been developed. Over recent months Cabinet and the Executive Team has been involved in detailed discussions on how the Council's budget may be reshaped and transformed to deliver the services and outcomes that we need but within a reduced cost and funding envelope. The outcome of this work forms the basis for the rest of the report. The One Commission Organisation and Pooled Budget with Bury CCG has been central to the work on budget options and to our single response to Covid-19. The largest proportion of savings proposed so far in the budget process are with the Health and Social Care partnership as set out in section 5 of this report.
- 2.7 The Council's 2020/21 budget was set to remove ongoing reliance on short term and one-off reserves funding, 'rebalance' budgets to where the funding was needed, remove historic savings targets that were unachievable and these were replaced with savings options that had been robustly challenged and were considered achievable at that time. At the same time the Council's reserves were starting to be replenished

and funding to support the wider transformation of the Council was available. The 2020/21 financial year, whilst challenging, was considered to be deliverable and has been significantly affected by Covid and this is likely to impact for some time to come.

- 2.8 In understanding the budget proposals it is useful to understand the financial envelope within which the Council operates. The net controllable budget for the Council (excluding schools) is £164.891m and the allocation of the budget across the services is set out below:



- 2.9 Since 2010 the Government has reduced the funding for Local Government as part of its efforts to reduce the fiscal deficit and as part of austerity measures. This has resulted in the need for significant savings over recent years.
- 2.10 Alongside reductions in funding, Local Authorities have had to deal with growth in demand for key services, most notably adults and children's social care and this demand is expected to continue. Other pressures have also been faced including higher national insurance contributions, inflationary pressures on goods and services, the apprentice levy and the National Living Wage. The Council also has priorities that require capital investment and the revenue requirements to fund these are included in the strategy.
- 2.11 The cost to the Council of the Covid-19 pandemic and the expected ongoing financial pressures have also added to the savings requirement for 2021/22 and beyond. The Government has provided one-off funding throughout 2020/21 to help Local Authorities manage the in-year position and impact of Covid. This funding has largely covered the cost in year but is however one-off and the longer-term impacts of Covid currently need to be managed within the financial strategy.

Local Government Finance Settlement

- 2.12 The Council continues to work with a one year only Local Government Finance Settlement. The anticipated 3-year funding settlement for Local Authorities and the outcome of the Fair Funding Review and Business Rates Retention Scheme have been delayed further as a result of the Covid pandemic. The pandemic itself has also placed significant pressure on the Council's financial position both now and in

future financial years and the uncertainty that all of this presents and continues to present is a key risk in the strategy overall.

- 2.13 Such significant uncertainty must be considered in deciding the Council Tax increase position as part of the budget setting process. Within this context, the council needs to achieve a balance of ambition, prudence and resilience in setting its medium term financial strategy.
- 2.14 The 2020/21 Local Government Finance Settlement was announced on 17 December 2020. The settlement confirmed the following national amounts:
- proposals for Council Tax referendum limits for 2020/21 and the option to extend the Adults Social Care levy;
 - The continuation of the existing £2.5bn of existing Social Care grants into 2020/21 including the Improved Better Care Funding, Winter Pressures Grant and Social Care Support Grant;
 - Additional funding of £300m for social care;
 - £670m for a Local Council Tax Support grant to fund authorities for the expected increase in local council tax support in 2021/22;
 - £1.55bn Covid funding to fund expenditure and income losses to the middle of 2021/22;
 - £750m for rough sleepers of which £165m relates to the Troubled Families programme;
 - £4bn levelling up fund focusing on town centre regeneration and culture. This is capital monies for which Local Authorities can bid for in the future.
 - £622m allocations of the New Homes Bonus;
 - £11m Lower Tier Services Grant Allocation;
 - Confirmation of the Dedicated Schools Grant in line with the previously announced 3 year settlement;
- 2.15 The Government has also stated that it will seek to find a new consensus for broader reforms for local government including the Fair Funding Review and the Business Rates Retention Scheme when the post-COVID future is clearer. For planning purposes, no changes in have been assumed.
- 2.16 The settlement is largely a 'roll over' settlement with some inflationary increases and specific increases for social care and one-off monies to reflect additional costs of the Covid-19 pandemic. The settlement has been highlighted by the government as providing a 4.5% increase to local authorities. The largest proportion of the Spending Power increase is however from locally raised council tax which is the subject t local decision making.
- 2.17 The council must ensure it has a robust base and also holding sufficient reserves to mitigate against planned or unplanned expenditure and other risks. Reserves can only be spent once and therefore a strategy that does not rely on the one-off use of reserves to support was a key feature on which the 2020/21 budget was based. The impact of the pandemic has however meant that reserves are needed to support some of the anticipated short term financial impacts on the council. This is in line with the Council's strategy.
- 2.18 Table 1 sets out the base revenue forecasts through to 2024/25. By 2024/25 the council is estimated to have £176.360m revenue resource. These figures assume a 2% council tax increase in each year. An increase for the social care levy is not

assumed in the figures however would generate a further £2.2m in 2021/22 if the full 3% increase was applied. The setting of the council tax precept is one for full council after taking advice from officers and information available at that time.

2.19 The assumptions underpinning the figures in Table 1 below are:

- 2% annual increase in council tax for each financial year
- No impact of the anticipated Fair Funding and Business Rates Retention Schemes;
- The Better Care Fund, the main element of the Improved Better Care Fund and other longstanding government grants continue to be received at their current levels over the medium term.
- The new Social Care Grant is assumed as one-year only grant for 2021/22.

Table 1

Revenue Resource Forecasts 2021/22 – 2024/25				
	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m
Council Tax	87.992	91.975	96.094	99.501
Business Rates	59.204	60.551	62.073	63.649
Better Care Grant and core i-BCF	7.405	7.405	7.405	7.405
Lower Tier Grant	0.252	0.000	0.000	0.000
Social Care Grants	4.770	4.770	4.770	4.770
New Homes Bonus	0.253	0.035	0.000	0.000
Covid-19 Grant	5.330	0.000	0.000	0.000
Local Council tax Support Grant	2.080	0.000	0.000	0.000
New Social Care Grant	0.926	0.000	0.000	0.000
Other Government Grants	1.035	1.035	1.035	1.035
TOTAL	169.247	165.771	171.377	176.360

Council Tax and Business Rates

2.20 Incorporated in the resource forecasts is an assumption that the council tax increases available to the council as part of the Local Government Finance Settlement are taken. Not only does this approach ensure the council's financial sustainability over the medium term, it is also assumed in the Governments estimates of the funding available to local authorities. At this stage the Adults Social Care levy is not included although there is an assumption from government that it will be taken by Local Authorities.

2.21 Collection rates for both Council Tax and Business Rates have been significantly impacted during 2020/21 and assumptions have been made for future years. The collection fund is forecasting a deficit position as a result of Covid and new accounting arrangements have been approved that enables Council's to spread the impact on the 2020/21 deficit over 3 financial years. The spread of the deficit is included in the funding assumptions. The calculation of the Council Tax base 2020/21 is set out in Appendix 1.

- 2.22 Assumptions for future years have been made on the latest available information and reflect lower collection rates than have been assumed in previous years. There is a risk that the actual collection rates may be lower still than that assumed – the ending of the government's furlough arrangements and the ability of our businesses to recover economically are likely to be significant factors in collection rates. The full impact is only likely to emerge during the year and the position will be closely monitored.
- 2.23 The provisional Local Government Finance Settlement set out the maximum level of council tax that can be raised in 2020/21. SR2020 committed the Government to allowing a 2% increase in the core council tax and an extension to the ability to raise a further 3% adult social care levy.

Adult Social Care Levy

- 2.24 In addition to taking the maximum increase in council tax income, the council has a further option of extending the adult social care levy for a further year. No assumptions on the adults social care levy have been assumed in the financial information set out in the report. The 3% adults social care levy would generate an additional £2.2m of funding in 2021/22 and this would also be available in future years as recurring income.

3 FORECAST OUTTURN POSITION 2020/21

- 3.1 It is important that the current year's position is taken into consideration and that any trends and information available are reflected on. Monitoring at the end of the third quarter, December 2020, shows that the council is forecasting a small underspend of £0.053m which is broadly a break-even position. Whilst overall this is a positive position there are a number of significant risks within the budget that are currently being offset by short term government grant funding which is not guaranteed beyond the current financial year. This remains a significant risk for future years. Table 2 below provides a summary of the forecast position based on information available at the end of December 2020.

Table 2

2020/21 Forecast Revenue Out Turn Position – as at 31 December 2020			
Directorate	Approved Budget	Forecast Out Turn	Forecast (Under)/Over Spend
	£m	£m	£m
One Commissioning Organisation	79.498	79.385	(0.113)
Children and Young People	41.778	43.255	1.477
Operations	16.247	24.059	7.812
Corporate Core	13.473	13.680	0.207
Business, Growth and Infrastructure	3.397	3.777	0.380
Arts and Museum	0.697	0.719	0.022
Housing General Fund	0.553	1.116	0.563
Non Service Specific	9.247	(1.153)	(10.400)
TOTAL	164.891	164.838	(0.053)

- 3.2 The budget remains under regular review by the Chief Executive and the Executive Team and is reported on a quarterly basis to Cabinet. The potential for the position to change as a result of the Covid pandemic remains a risk and will continue to be managed and monitored carefully for the remainder of the year. A separate report on the Council's financial position at the end of December 2020 is set out as a separate report to the Committee. The main variances in Table 2 reflect loss of income in the Operations Directorate and additional grant income received from the government which is shown in the Non-Service specific line.

4 DEVELOPING THE MEDIUM TERM FINANCIAL STRATEGY AND THE 2020/21 BUDGET

- 4.1 The spending needs of the council have been developed alongside the resource forecasting. In developing spending need, consideration has been given to ensuring the budget:

- delivers investment in projects and programmes that will support the ambitions and objectives set out in the Bury 2030 plan;
- reflects the response and recovery to the Covid pandemic;
- delivers the long-term financial sustainability of services and the council as a whole;
- ensures financial resilience in the medium term;
- continues to drive forward the implementation of the council's change agenda to ensure core services, infrastructure and resources can be used flexibly and effectively to meet future challenges and deliver for residents, businesses and communities.

Permanent Spending Need

- 4.2 The additional permanent allocations proposed total £45.119m over the 4 year period and are set out in Appendix 2 to the report and are summarised in Table 3. It is important to note that the allocations for 2022/23 onwards are only indicative and will be updated and refreshed at regular intervals. The key areas are:

Decisions made in-year and full year effect (£2.115m in 2021/22)

- 4.3 During the year, some decisions have been made that have a permanent impact on the Council's budget. This includes a decision made earlier in the year to provide a loan to Manchester Airport Group which is a key strategic investment for the Council. Additionally, some decisions were made in the 2020/21 budget that have a full year effect in 2021/22 including the funding of the approved capital programme and increase in corporate capacity.

Pay Inflation (£0.250m in 2020/21)

- 4.4 A pay freeze has been assumed in 2021/22 and this is based on government announcements and its intention to freeze public sector pay. A 'catch up' element to reflect the higher than budgeted for pay award from April 2020 has however been factored in. The pay bill is driven by the national pay agreement and is therefore outside of the control of the council. Should the government announce a pay award, the cost of this will have to be managed within service budgets in 2021/2. Pay awards of 2% per annum have been assumed for all later years of the strategy.

Contractual Inflation (£4.125m in 2020/21)

- 4.5 The council has a range of contracts to which there is a contractual commitment to increase by an inflationary amount each year. This has been built into the budget and includes the increases in the national living wage that needs to be reflected in payments to care providers.

Demand (£4.361m in 2020/21)

- 4.6 The council is experiencing increases in demand for some services as a result of demographic change. The main areas are:
- Adult social care including the number of people accessing services as well as an increase in the complexity of need;
 - Placements for the support for children who are looked after, at risk and children with disabilities;
 - Costs of children transitioning to adults services;
 - realignment of costs previously funded from the Dedicated Schools Grant.

Fall Out of Time Limited Funding (£0.723m)

- 4.7 Some adult social care services have been funded from time limited resources over the past few years included health transformation funding. As there remains a strong alignment with the council's key objectives and outcomes it is proposed that the funding for these services is put on a sustainable basis going forward.

Unachieved Savings (£1.110m)

- 4.8 The recent monitoring is showing that a significant number of savings agreed in previous financial years are not considered to be deliverable. It is not considered prudent or sustainable for services to carry forward savings targets that realistically cannot be achieved and it is proposed that these be added back into the budget. Some of the unachieved savings in 2020/21 directly relate to Covid however those relating to the Corporate Landlord model and the Architects Service are considered to be undeliverable in the long term. There may be an opportunity for some costs to be reduced over time as part of the transformation programme.

Budget Realignment (£2.295m)

- 4.9 The Council has a number of funding streams available from which services are funded. A review of costs and where they are charged to has been carried out and has established that some realignment is required.

Borrowing to Support the Capital Programme (£2m over 2021/22 and 2022/23)

- 4.10 The council's capital strategy and draft capital programme has been developed. Delivering the capital programme will require investment that can only be supported through borrowing. A total of £2m has been built into the financial strategy to support the borrowing costs needed to deliver the priority projects identified including the Radcliffe Strategic Framework and the Council's regeneration ambitions. This approach is considered prudent and ensures that the council has a sustainable basis on which its capital programme is built.

Income Losses (£9.233m in 2021/22)

- 4.11 The Covid pandemic has impacted significantly on the Council's income assumptions. This includes the dividend and loan repayment interest that the Council receives from its investment in Manchester Airport Group and also income

from car parking and leisure services. For planning purposes, it is assumed that all income losses will be short term and will be recovered by the 2023/24 financial year. This is a planning assumption and will be kept under review.

Summary Spending Position

- 4.12 Bringing all of these elements together indicates that the council has a spending need of £190.102m in 2020/21 increasing to £210.010m in 2024/25. A breakdown of this is shown in the Table 3.

Table 3

Summary Forecast Spending Requirement 2021/22 – 2024/25				
	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m
Budget/Spending Requirement Brought Forward	164.891	190.102	199.865	200.484
Decisions Made in Year and full year effect	2.115	0.000	0.000	0.000
Pay Inflation	0.250	1.865	1.870	1.904
Contractual Inflation	4.125	5.771	5.988	6.254
Demand	4.361	1.534	1.448	1.362
Fall-Out of Time Limited Funding	0.723	0.132	0.007	0.007
Unachieved Savings	1.110	0.000	0.000	0.000
Budget Re-alignment	2.295	0.000	0.000	0.000
Borrowing to Support Capital Programme	1.000	1.000	0.000	0.000
Income Losses	9.233	(0.539)	(8.694)	0.000
Sub Total	25.211	9.763	0.619	9.526
TOTAL FORECAST ONGOING SPENDING REQUIREMENT	190.102	199.865	200.484	210.010

5 PROPOSALS FOR BALANCING THE BUDGET

- 5.1 Comparing the forecast resources to the forecast spending needs shows that there is a funding gap that needs to be addressed. The gap in 2021/22 is £20.388m and is significantly higher than previously anticipated due to Covid. Some of the gap is resulting from increased demand that will have a long-term impact and some of it relates to a short-term income loss. To avoid unnecessary long term budget reductions, a balanced approach using a combination of budget reductions and the use of one-off reserves is proposed.
- 5.2 Savings options totalling £8.056m for 2021/22 increasing to £21.298m by 2024/25 have been developed and full details are set out in the Appendix 3 and 4 to the report. All of the options have been subject to a corporate assurance process to ensure they are deliverable. Cabinet are recommended to approve these options. In addition to the budget option, planned use of reserves of £12.332m is proposed in 2021/22.
- 5.3 In the longer term a further planned use of reserves totalling £14.355m is proposed with an ongoing savings requirement of £10.950m remaining in the last 2 financial years. The position will change over time as the MTFS is updated to reflect changes

in demand, legislation and funding frameworks and will be reported to Cabinet at regular intervals. A summary of the financial gap is set out in Table 4 below.

Table 4

Forecast Financial Gap 2021/22 - 2024-25				
	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m
Forecast Spending Requirement	190.102	199.865	200.484	210.010
Savings from prior years	(0.467)	(0.802)	(0.802)	(0.802)
Savings from 20/21 process in future years	0.000	(8.056)	(18.937)	(21.398)
Forecast Resources	(169.247)	(165.771)	(171.377)	(176.359)
FUNDING SHORTFALL/(SURPLUS)	20.388	25.236	9.368	11.450
Efficiency Proposals	(4.053)	(3.711)	(0.500)	(0.500)
Service Reduction Proposals	(4.003)	(7.170)	(1.961)	0.000
Planned Use of Reserves	(12.332)	(14.355)	0.000	0.000
Sub Total	(20.388)	(25.236)	(2.461)	(0.500)
CUMULATIVE SHORTFALL/(SURPLUS)	0.000	0.000	6.907	10.950
IN YEAR SHORTFALL/(SURPLUS)			6.907	4.043

Efficiency Proposals

- 5.4 Appendix 3 sets out the detail on efficiency options totalling £4.053m in 2021/22 which increase to £8.764m in 2024/25. These options are deemed to have no impact on service delivery and the majority of which reflect budget reductions to reflect actual expenditure. Others include a review of contracts with external providers and additional income growth as a result of the Council's investment in the economic regeneration and housing agenda. A removal of staffing budgets to reflect staffing in the Children and Young People's Directorate is also included. Efficiency savings will be challenged and reviewed throughout the lifetime of the strategy.

Transformation

- 5.5 When the Council's budget for 2020/21 was set in February 2020, the need for transformation was central to the strategy going forward and, in recognition of this, a one-off fund of £5.8m was created to support transformation with the expectation that long term, recurring savings would be delivered. In managing the gap, it is proposed that a total of £5m ongoing savings be delivered through transformation in the first two financial years and the fund will be used to provide capacity to drive the agenda forward and make long term change.
- 5.6 Transformation projects will be pursued that improve service outcomes and can deliver efficiency savings as well. Initial areas of focus are set out in Table 5 below:

Table 5

Transformation Workstream	Proposed savings option
Leadership	Agile Working model – improvement in staff productivity and reduction in Council owned and occupied buildings and operating costs. This will also create carbon

Transformation Workstream	Proposed savings option
	reductions.
Process	A council Customer service strategy - channel shift opportunity to extend the Council's reach to communities and secure economies of scale by streamlining all customer contact into a coherent corporate function
	<p>A joint business support review to establish a modern and cost-effective service which reduces cost through:</p> <ul style="list-style-type: none"> • Simplified and standardised support process, enabled by MS Teams collaborative tools • An expectation of user self-service through digital capabilities via i-Trent and MS Teams and corporate behaviours such as open diaries • An agile working model which removes the need to arrange and manage meeting rooms • Paperless meetings without the need for printing, postage and filing
Workforce	Management efficiencies within the Council through consistent and efficient spans of management control and organisational hierarchy

5.7 The options above are expected to make a significant contribution to the £5m target but more options are likely to be required to balance the budget over the next two years. Work is underway to engage a partner to lead a piece of “Design and Discovery” analysis, as follows:

- Assess the Council's costs, resources and delivery arrangements against sector best practice generally and public service reform in particular. Deliverables from the initial discovery phase during this financial year will be required as follows:
 - A future operating model proposed based on strength based, community first principles.
 - Cost and use of resources analysis using benchmarks from across local government and other appropriate comparators.
 - Financial modelling using a range of techniques to reassess current allocation.
 - Proposal of a series of further potential budget options to reduce costs and maintain / improve outcomes.

5.8 As part of the Council's relationship with Microsoft a piece of digital design and discovery analysis is also underway, without additional cost, to assess systems requirements and opportunity across the strands of:

- The Bury 2030 Strategy and Corporate Plan.
- Customer services related to the specific budget option proposed.
- Data expectations and potential.

5.9 The output of this analysis will be advice on the digital journey including an indication of timescale and business-case based investment requirements.

- 5.10 In developing the transformation plan, it is essential that the rigour and the governance is in place to ensure that the plan remains on track and that overall cost of the business is reduced. To enable this to happen, a Delivery Unit was established in the September 2020 Cabinet report, comprised of a small team of programme and project managers which operate within the Corporate Core but work organisation-wide to establish and deliver all budget options and corporate transformation activity as a single programme of work. This Unit will create:
- an overarching programme plan for all transformation activity including all corporate budget savings options;
 - a consistent delivery methodology;
 - regular update reports to Members;
 - corporate “check and challenge” of proposed options to ensure a consistent approach to such issues as stakeholder consultation;
 - risk management and the use of resources to ensure, for example, that savings in one part of the organisation do not create costs in another.
- 5.11 The Delivery Unit will be directed by the Corporate Core Leadership team, specifically the Deputy Chief Executive (Corporate Core); the Executive Director Financial Transformation and the Chief Information Officer, supported by wider members of the Corporate Core Management Team. The Transformation Strategy will be included within the Leader’s portfolio and regular updates provided to Cabinet.

Budget Reductions

- 5.12 A set of budget reductions are set out in Appendix 4 and are summarised as follows:

Transformation and Innovative Commissioning

- 5.13 The Council seeks to commission services for adults and children in a way that secures the transformation and innovation in the way those services are delivered. The Council will work with providers to engage differently with people – recognising and building on people’s strengths, connecting people to communities and ensuring all care is outcome focused. The Council’s vision for Learning Disabilities (LD) services in Bury is an all-age service, which would remove the need for transitions providing one smooth pathway for customers. It is recognised that current practice to support people through the transitions process could be better therefore we are focussing on transitions planning, in particular those young people transitioning to adult’s services in the coming 24 months. We will work jointly with Persona to reshape the existing provision, transforming services and developing new ways of working to realise efficiencies, and in some cases, this may mean the reduction or closure of services.
- 5.14 The Council will focus on those transitioning from Children and Young Peoples services at an earlier age, ideally 13/14 years, this will enable more appropriate support of the individual and their family to be put in place. This will better manage expectations of the transitions process and potential reduction in support packages preventing less upset and chaos for those involved.
- 5.15 The Council will need to prevent out of borough placements where possible, therefore we will work collaboratively with partners to improve our local offer i.e. education, housing, respite thus allowing individuals to remain part of their community and improve equity for all Bury customers. Achieving this will realise

savings in reduction in care package values relevant to aspired outcomes that are more suitable, encourage independence, choice and control for our young adults.

Adult Social Care Personalisation and Transformation

- 5.16 The Council will be moving from our traditional approach of social care assessment and support planning to a more personalised approach, recognising the strength of our residents and ensuring community, family and carer support options are fully explored before providing additional support. The support provided will focus on how we enable the person to achieve their outcomes rather than providing or doing it for or to them. There is extensive research to show working this way delivers outcomes for people and reduces demand and a transformation programme is being developed.

Development of Assistive Technology

- 5.17 Assistive Technologies is a range of equipment designed to prompt and assist people with everyday activities which have become difficult. They support people to stay safe and independent in their own home for as long as possible. Often called personalised technology because it is not about the technology, but the people and how providers can enhance lives. Solutions include anything from telecare equipment and environmental controls, to mobile technology and communication aids. The gadgets and equipment selected will meet someone's daily needs, whether at home, out and about in the community or at work.
- 5.18 A review of other local authorities has highlighted opportunities that not only deliver better outcomes for people and services but also significant savings. The initial findings suggest the amount of savings is dependent on a number of factors, willingness to invest to save, dedicated leadership/ team, innovation to continually develop, buy in from health and social care staff and an appetite to mainstream Assistive Tech across Social Care.

Improved Housing Options for people with disabilities

- 5.19 The links between housing and social have never been more important and these are set out in the draft Housing Strategy approved by Cabinet for consultation on 14 October 2020. It is our intention to better utilise properties available, ensure they are of good quality, value for money, fit for purpose for the intended client groups and used in the best way possible. To achieve this involves improving existing stock and exploring new ways to develop local specialist housing options.

To enable us to achieve this the Council needs to;

- Increase our shared lives scheme to deal with increased demand for the service that will come from a range of customers including reducing those in supported living.
- Develop the aspirational 'own front door' concept of a number of individual self-contained units as currently many people live in accommodation with shared facilities i.e. kitchens, bathrooms. With onsite support available 24/7, the costs of sharing support arrangement will realise savings and provide better quality of life for customers.
- Reconfigure and/or realign current specialist housing stock to reduce increasing voids costs to the council and providers. Develop connections between housing and social care system to provide improved accommodation options in borough.

- Reduce number of high cost out of borough placements through increasing adequate local accommodation opportunities.
- Decommission empty properties/spaces that have financial implications and work with providers to better use their available stock to prevent (where possible) market destabilisation.

Effective and Efficient Commissioning of Adult Care Services

- 5.20 A number of areas have been prioritised to strengthening our approach to the effective commissioning of adult care services: -
- Working with Bury CCG to review and refine the operation of the Continuing Health care arrangements,
 - More effective and efficient payment of Care at Home,
 - Continuation of the work in respect of effective market management of care services in borough ensuring the right mix of services available to reflect future demand and transformed services
 - More effective management of personal budgets
- 5.21 The proposals in adult social care are in line with the transformation programmes articulated in the Locality plan for Health and Care 2019-2024 which highlighted the potential of a health and care system wide gap in funding and the scale of the transformation required by the health and care system as a whole. The implementation of the proposals will be managed as part of the health and care recovery and transformation programme and specifically the community programme of work.

Packages of Care Reviews

- 5.22 Extensive research shows there are better outcomes for people when done 'with' the person rather than 'to' or 'for' the person. Alongside the transformation Bury is leading a programme of workforce development that will bring about:
- Strength and asset based approach
 - Personalised conversations
 - New quality assurance framework
 - Providing social care with the tools and information to work differently
- 5.23 This workforce development will ultimately lead to behavioural change of the social care workforce that overtime will reduce the reliance on traditional care.
- 5.24 Service delivery will continue with a different vision and new ways of working, considering alternative options for people, in most cases better options. This may result in some packages of care being reduced following a review process. In these instances best interest outcomes will be considered whilst ensuring statutory requirements are met. This work is not about irrationally removing support packages but rather developing alternative options that may not have been available at the point of assessment due to new ways of transformational working.

Operations

Civic Venues

- 5.25 The Council operates a number of civic venues some of which operate at a loss and are also in need of significant investment in future years. It is proposed that the civic venues do not reopen and in doing so, this will generate an ongoing saving as well as avoid the cost of future capital investment. Future opportunities or the venues will be considered as part of regeneration plans.

Waste Review and Vehicle Rationalisation

- 5.26 This will involve continuation of the vehicle rationalisation programme, optimising waste collection rounds and street cleansing litter rounds as well as looking at opportunities to increase household waste recycling rates beyond 60% through:
- A comprehensive, sustained communications campaign which would require recruitment of additional staff and ongoing engagement with residents.
 - Potential to enforce recycling, involving residents who do not put 'the right stuff in the right bin'.
 - Collection of a wider range of recyclables e.g. plastic pots, tubs and trays; textiles; batteries; small Waste Electrical and Electronic Equipment.
 - Promotion of home composting, with an offer of subsidised compost bins to residents.

Dimming of Street Lights

- 5.27 A street lighting column replacement programme is already underway in Bury. As a result of this programme, approximately 3,500 street lighting columns across Bury will be equipped with energy efficient LED lanterns which are able to be dimmed.
- 5.28 It is proposed to dim these lanterns between 00:00hrs and 06:00hrs, which will realise a reduction in carbon output and energy consumption in the region of 80 tonnes and £40,000 per annum respectively, therefore supporting a lower carbon economy, greater resilience to climate change and cleaner growth.
- 5.29 The proposed dimmed lighting levels will remain in line with the current British Standard Specification whilst providing adequate levels of lighting on the highway. It is important to note that the public will notice very little change in lighting quality from streetlights being dimmed. A number of pilots have already taken place across Bury, with no negative feedback being received.
- 5.30 If implemented, the changes will enable the Council to reduce light pollution, and its negative effects on residents' sleep patterns, certain nocturnal animals, plant species and people's enjoyment of the night sky.

Children and Young People

- 5.31 Wider transformation of the children and young people's service is envisaged and to support this a further diagnostic piece of work which will commence towards the end of the year to consider what opportunities may be available in the future. This piece of work will focus on a whole system analysis to ensure that practice in family support and prevention is robust in all areas of service delivery and is front loaded to ensure that the best evidence-based interventions are available at the earliest opportunity without unnecessary reference to referral and thresholds. Avoiding escalation to costly care options, particularly out of borough placements, is the most effective way to reduce spending. The analysis will provide modelling and close monitoring of the relationship between early help in the form of locality, and settings-based family work

in close alignment with all locality-based delivery partners and reduction in the need for statutory intervention. This is in line with the neighbourhood model of the public service integration proposed in the Bury 2030 strategy. The analysis will provide for a challenging comprehensive narrative to be developed and shared, which will raise expectations for families from their Council, their schools and their health services, particularly in respect of inclusivity, co-production and family self-efficacy. This requires a whole system focus on some agreed principles and ways of working, including focusing money where it has most impact, ensuring most work with families is undertaken in community settings, empowering communities to act to prevent escalation to statutory services and reducing dependency on costly and sometimes ineffective provision. It requires helping people to receive and exit statutory services when needed as rapidly as possible.

- 5.33 The Council has made a good start on this journey with its commitment to Early Help and locality-based working and has made some progress in reducing the number of school placements in out of borough Independent Non Maintained Sector. Additionally, the Council is engaging with the Department of Education who are working with local authorities with significant deficit balances on their Dedicated Schools Grant. The opportunity to consider the relationship between funding and expenditure will be explored at the time. In the meantime, the Council continues to manage its relationship with increasingly autonomous schools, maintaining a focus on its statutory and strategic role in promoting high quality education, skills and training and ensuring that the needs of the most vulnerable children and those with additional needs are met.
- 5.33 The Children & Young People Directorate will work on joint strategies such as the All-Age Learning Disabilities Strategy referenced below, making sure that opportunities to work as a whole system are maximised.

6 RESERVES

- 6.1 The proposals for the 2021/22 budget creates a reliance on one-off reserves. When the 2020/21 budget was set the reliance on one-off reserves was removed and an ongoing planned contribution to reserves of £0.567m was built in. At the same time the surplus on the collection fund was released and £10m applied to the general reserves in order to boost financial resilience. A review of provisions and reserves was also carried out as part of the 2019/20 closure process and reserves aligned to strategic risks. As a final measure, a reserves strategy that has introduced greater governance, transparency and controls over the use of reserves was approved by Cabinet in July 2020.
- 6.2 This approach has served the Council well and has ensured that as much financial resilience as possible has been factored into the strategy. The Covid pandemic and the short-term impact on income means that the Council is proposing to use some of the earmarked and general reserves to manage the position both in 2021/22 and 2022/23. In total this amounts to £26.687m. Whilst the position for 2022/23 is likely to change the proposed approach creates a significant dependency on reserves and regular monitoring and mitigating actions will be needed should there be any other emerging issues or risks that need to be managed.

7 ROBUSTNESS OF THE BUDGET AND THE ADEQUACY OF RESERVES

- 7.1 Section 25 of the Local Government Act 2003 requires that, in giving consideration to budget proposals, members must have regard to the advice of the council's Chief

Finance Officer on the robustness of the estimates and the adequacy of the council's reserves.

- 7.2 The basis on which the budget has been prepared, as in previous years, relies on the forecast of activity and the impact of changes in policy previously agreed by the council. These forecasts are kept under review as part of the budget monitoring process and actions identified to address financial risks arising from the changes in the forecast as they occur.
- 7.3 The council holds reserves for a number of reasons:
- To enable the council to manage variations in the demand for services which cause in year budget pressures.
 - To fund specific projects or identified demands in the budget.
 - To enable the council to deal with unexpected events such as flooding or destruction of a major asset.
- 7.4 Setting an appropriate level of reserves is a matter of judgement taking into account:
- The level of risk evident within the budget as set out above.
 - A judgement on the effectiveness of budgetary control within the organisation; and;
 - The degree to which funds have already been set aside for specific purposes which will reduced the need for general reserves.
- 7.5 Based on the budget proposals set out in the report and taking account of the current forecast out turn position, the council will see a reduction in its general reserves from a projected £26.814m at the end of 2020/21 to £23.149m at the end of 2021/22. The projected reserves position takes into account:
- One-off release from the collection fund 2019/20 (£10m)
 - Higher than budgeted contrition to the pooled fund in 2020/21 by the Clinical Commissioning Group to offset the lower than budgeted contribution in 2019/20 that was met from the Council's general reserves (£10.5m);
 - Planned annual contribution to reserves from 2020/21 onwards (£0.567m).
- 7.6 The Covid pandemic and the impact on income means that reserves will be needed to balance the budget in at least the first 2 years of the financial strategy. The robustness and resilience of reserves is key and will be monitored on an ongoing basis.
- 7.7 As part of the budget setting process, the Council's S151 statutory officer is required to assess the adequacy of the Council's reserves in light of risks both known and unknown at that time. If it is the S151's opinion that that reserves are not adequate and are below an adequate level to reflect the risks and therefore the setting of a balanced budget was at risk then further statutory responsibilities under S114 of the Local Government Finance Act exist and a formal report to Council would have to be issued.
- 7.8 The Ministry of Housing, Communities and Local Government (MHCLG) are liaising with all local authorities to identify those at risk of a S114 and to establish what exceptional support could be given. Based on what is known, Bury's reserves remain adequate for the 2021/22 financial year although it is recognised that the situation will

need to be carefully monitored during the year and as part of the development of the 2022/23 budget and beyond.

7.9 A forecast of reserves has been carried out and is set out in Table 6 below.

Table 6

Forecast Position on Reserves - Assumes all ongoing savings delivered				
	2019/20	2020/21	2021/22	2022/23
General Reserves	6.989	26.814	23.149	16.955
Corporate Reserves	7.794	6.794	5.794	4.794
Transformation Reserve	0.000	4.800	2.300	0.000
Directorate Reserves	0.992	0.742	0.492	0.242
Fiscal and Risk Management Reserves	34.174	30.174	22.074	14.480
External/Grant Funded Reserves	17.522	2.716	1.216	0.000
Capital Reserves	3.272	3.272	0.000	0.000
Sub Total	70.743	75.312	55.025	36.471
DSG Reserve	(20.067)	(25.544)	(25.607)	(24.991)
TOTAL FORECAST RESERVES	50.676	49.768	29.4187	11.480

7.10 The overall forecast position shows that the Council should have sufficient financial resilience in the short term. There are however a number of key risks that should they crystallise in an of the financial year are likely to created further pressure on the reserves position and therefore it is ever more important that reserves now become a permanent feature of the monitoring reports to Cabinet on a quarterly basis. Table 7 below sets out the scale of a small variance in the assumptions made, showing the potential of both a positive and negative movement of 1% across the main areas within the MTFS.

Table 7

Financial Risk in the MTFS	
	Potential Full Year Impact
	£m
Pay (1%)	0.986
Price inflation (1%)	1.500
Council Tax Collection Rate	0.879
Business Rates Collection Rate	0.592

7.11 Other key risks that will need to be factored and reflected in the ongoing monitoring throughout the year include:

- the economic uncertainty resulting from Covid and the potential impact of Brexit. The impact of the pandemic is already emerging through increased demand and loss of income but the wider economic impact on the ability of businesses to survive and/or pay business rates will be a key factor. Demand for welfare services when the furlough and other support schemes available come to an end is also likely;

- the financial regime within which the Clinical Commissioning Groups operate is uncertain and unknown. The relationship of health and social care funding through the pooled fund and transformation funding is a central part of the Council's budget;
- the future of grants, particularly those in relation to social care, is unknown. Social Care grants, including the Better Care Fund, equate to £9.2m in 2021/22. A 1% change in these is £0.920m;
- pay awards have not yet been finalised. The pay bill is driven by the national pay agreement and changes above and that assumed in the MTFS will need to be managed as a risk in year;
- the lack of a long-term national strategy to fund the increasing costs of social care is a significant risk. The ability for councils to continue to try and manage demand within their existing budgets is not sustainable and is placing increasing risk on councils.
- The deficit on the Dedicated schools Grant that is currently forecast to be £25m by the end of the 2020/21 financial year and which is currently offset by the Council's reserves. The Council is currently working with the Department for education on a recovery plan as part of the Safety Valve project and it is anticipated that some of the financial pressure will be reduced as an outcome of this work.

7.12 Budgetary control processes are in place to manage in year expenditure. Effectiveness of budgetary control is a combination of systems and processes as well as the risk environment within which the council is operating. It therefore remains an essential requirement that the council continues to ensure that processes are effective in maintaining a grip on in year expenditure and also that there is a clear focus on delivering a balanced and sustainable budget.

7.13 In response to the Covid pandemic, the Council introduced some accounting principles intended to provide greater financial grip in responding to the financial impact of the pandemic. The principles agreed are still in place and are as follows:

- The Council will continue to spend where need exists on the COVID-19 response and all decisions will be taken under existing governance arrangements and will focus on value for money;
- The Council will seek to maintain services as far as possible and, in doing so, minimise the loss of income;
- The Council will seek to maximise the delivery of its savings plan;
- The Council will:
 - Use the government grant funding in the first instance to fund additional COVID-19 related costs and loss of income;
 - Consider opportunities for stepping down or deferring the return of some services where resources can be deployed to emerging priorities;
 - Consider the use of reserves as a means of funding any residual financial gap subject to the approval and governance arrangements set out in the Council's reserves strategy.

8 FINANCIAL FRAMEWORK

- 8.1 The Council has previously adopted four 'Golden Rules' as part of its long-term approach to financial management and overall financial framework and these have been met in the current financial year. These 'Golden Rules' are as follows:
- The level of General Fund balances retained by the council to meet unexpected changes in the budget or to fund events that cannot be foreseen will be based on an assessment of the risks faced by the council.
 - Use of one-off options to support the on-going revenue budget must be in the short term only and supported by a robust strategy to address underlying pressures in the council's cost base.
 - Prudential borrowing can be undertaken to support capital spending relating to regeneration/growth initiatives and commercialisation/transformation of council services. All proposals to be subject to robust business cases assessing prudence, sustainability and affordability.
 - Pressures and savings will be assessed on a 3 year, rather than a one year basis through a revised medium term financial strategy.

Capital Strategy

- 8.2 The Capital Strategy is prepared in accordance with the latest Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential and Treasury Management Codes of Practice. The strategy provides a framework within which the Council's capital investment plans will be delivered. These plans are driven by the Council's objectives and are linked to the development of the Bury 2030 strategy.
- 8.3 The proposed capital strategy and programme 2021/22 – 2023/24 also takes the essential elements of previous year's strategies and programmes and moves them forward to the forthcoming year. Capital spending is a key determinant of future revenue commitments and the capital programme and revenue budget are interlinked and have been developed as integrated strategies.
- 8.4 The ability for the Council to deliver its ambitions relating to capital will to some extent be affected by the Council's ability to afford the borrowing costs associate with this. A closer alignment of the revenue and capital budget is currently being developed and it is anticipated that the financial strategy in future years will be a fully integrated one that includes revenue, capital and growth and investment strategies. The co-dependency and inter dependencies of the strategies is becoming more evident as the Council set out its longer-term plan and ambitions in both the Bury 2030 Strategy and the Corporate Plan.

Treasury Management Strategy

- 8.5 The treasury management strategy is prepared in accordance with the CIPFA Prudential and Treasury Management Codes of Practice. The strategy sets out the councils approach to managing investments, cash flows, money market and capital market transactions. The strategy provides a framework for the effective control of risks associated with these activities.
- 8.6 The Treasury Management strategy for 2020/21 reflects the council's capital expenditure plans as set out in the capital strategy. The strategy also sets out the position in relation to the prudential indicators arising from the council's capital expenditure plans. As well as borrowing and investment strategies, the Treasury Management strategy also covers the current treasury position, economic outlook and interest rates forecasts, risk and creditworthiness. Finally the strategy also

includes the council's policy on borrowing in advance of need and the Minimum Revenue Provision (MRP) policy statement. No changes to the MRP policy or the treasury management strategy are proposed although some updates will be made and the strategy for 2021/22 will be presented to Full Council in March 2021.

Housing Revenue Account

- 8.7 A separate Housing Revenue Account report has been prepared for presentation to Cabinet and is set out as a separate report on the agenda. This report sets out the recommended dwelling and non-dwelling rents and service charge increase to be applied from April 2021. The report is a key element of the council's overall medium term financial strategy.

Dedicated Schools Grant

- 8.8 A separate report on the Dedicated Schools Grant (DSG) is set out elsewhere on the agenda. This report sets the schools budget for 2021/22 and also the hourly rates for the early years education. The report also sets out the position the DSG deficit relating to high needs and information on the recovery plan and the DfE's Safety Valve Project which the Council is currently part of.

Local Taxation and Benefits Discretionary Policies

- 8.9 Annually the council reviews and updates policies covering discretionary council tax discounts, discretionary business rates relief, local welfare provision and discretionary housing payments. These policies provide support to local businesses and some of the poorest and most vulnerable residents within the borough. These policies operate within a legislative framework determined by various Local Government Acts of Parliament. During 2020/21, the welfare policies have been updated and criteria expanded to reflect new and emerging groups of residents within the borough in need of welfare support. Some one-off grant funding has been provided to support our most vulnerable residents and it is likely that demand for support will continue to grow, particularly as the economic impact of the pandemic unfolds and some of the temporary support mechanisms come to an end include mortgage and debt holidays, furlough etc. The financial impact of these policies is currently being managed within the financial strategy, but more costs may need to be built in should demand continue to grow.

Counter Fraud and Corruption

- 8.10 The Council has a series of refreshed policies and procedures to support the provision of an appropriate counter fraud service to minimise fraud and to investigate potential fraud and corruption. The Accounts and Audit Regulations 2015 state that the Council must have measures in place 'to enable the prevention and detection of inaccuracies and fraud'. In this context fraud also refers to cases of bribery and corruption. The budget proposals contained in this report rely on effective processes for mitigating the risk of financial loss from fraud, bribery and corruption. Fraud measures required to meet the requirements of MHCLG for the business grants that have been provided to support businesses affected by the pandemic have been complied with and the Council is continuing to be part of the national groups and data sharing arrangements.

CIPFA Financial Management Code

- 8.11 CIPFA's Financial Management Code was published in October 2019. The objectives of the code are 'to support good practice in financial management and to assist Local Authorities in demonstrating their financial sustainability'. The code is based upon a series of principles which will be supported by specific standards of practice which CIPFA consider necessary for a strong foundation. The foundation being the ability to:
- Financially manage the short, medium and long-term finances of a Local Authority
 - Manage financial resilience to meet foreseen demands on services
 - Financially manage unexpected shocks in their financial circumstances
- 8.12 Local Authorities are expected to comply with the requirements of the code by 1 April 2020 as a shadow year and full compliance from 1 April 2021. The Code will therefore provide Local Authorities with a platform for good financial management throughout 2020/21. Work is underway within the finance service to ensure compliance with the Code and an update will be provided to the Audit Committee. It is fully expected that the Council will be fully compliant with the code by 2021/22.

9 OTHER RISKS/OPPORTUNITIES

CCG Funding

- 9.1 Funding of the Clinical Commissioning Groups remains uncertain and the financial regime and framework has yet to be agreed. There is the potential for this to impact on the Council's budget particularly reflecting the relationship with the pooled fund and integrated care and commissioning. In recognition of the co-dependency of outcomes from NHS spend in the borough with Council spend, and the alignment of strategic vision, a proportion of council budget operates as an 'integrated' budget with Bury CCG, including a proportion that is formally pooled. Work is ongoing to understand the 2021/22 financial allocation to the CCG and the financial regime in the NHS, and the opportunity to jointly invest and benefit from system wide health and care transformation will continue to be pursued.

Traded Services

- 9.2 There are a number of traded services across the council that are failing to meet their income targets largely due to reduced demand, some of which relate to the academisation of schools. A review of traded services and options for financial sustainability will be brought forward during the year. No increase to income budgets have been assumed and any proposed increases in fees and charges will help to reduce the income shortfall. Any under recovery of income in the current financial year will be managed as a risk.

10 CONSULTATION

- 10.1 The council commenced a budget conversation in November 2020 and this is continuing until mid-February 2021. Engagement with key stakeholders on the Bury 2030 strategy and priorities for the council, has also provided an opportunity for future resourcing and the allocation of spending to be considered. The findings of this engagement has been factored into the budget setting process. Where required individual consultation on proposals will be carried out prior to implementation and this is set out in the individual budget proposals set out at Appendix 4.

- 10.2 As proposals are developed for implementation, detailed consultation with relevant stakeholders including trade unions will be undertaken. For efficiency options this includes consultations with staff and trade unions.

Community impact / Contribution to the Bury 2030 Strategy

Delivery of the Bury 2030 strategy is dependent upon resources being available. The delivery of the strategy may be impacted by changes in funding and spending.

Equality Impact and considerations:

24. *Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:*

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

25. *The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.*

Equalities Duty

In considering the budget for 2021/22, Members must consider the Public Sector Equality Duty under s149 Equality Act 2010. The Council must, when exercising its functions, have due regard to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited by the Equality Act and to advance equality of opportunity and foster good relations between those who share a 'protected characteristic' under the Act and those who do not share a protected characteristic. A 'protected characteristic' is defined in the Act as age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. Marriage and civil partnership are also protected characteristics for the purposes of the duty to eliminate discrimination. Members must consider how the decision will contribute to meeting these duties in light of other relevant circumstances such as economic and practical considerations.

Assessment of Risk:

The following risks apply to the decision:

Risk / opportunity	Mitigation
<p>The Council has a statutory duty to set a legal budget for the following financial year. This report sets out an approach that enables this to be achieved within the required timescales.</p> <p>Financial considerations are not reflected in decision making.</p>	<p>The report sets out an approach for setting the 2021/22 budget taking into account all known factors and includes an assessment of risk.</p> <p>The financial outlook for the Council provides a financial framework which will support effective decision making.</p>

Consultation:

Role of Overview and Scrutiny committee in budget process

Under the Council's Constitution, the Overview and Scrutiny Committee is required to advise and consider the cabinet's budget and council tax proposals and report to cabinet on the outcome of its deliberations before the matter is referred to council.

In considering the budget proposals, the committee can challenge how the budget has been constructed. It may wish to probe the assumptions that lie behind the budget strategy, ie is the approach incremental or is it starting from a base budget, what are the main savings proposals, how will any growth be funded, are the financial implications of proposals from departments or committees built into the overall budget and has an appropriate level of reserves been set. This scrutiny needs to build on the work of the committee over the previous year in its budget monitoring activity and the work it will have done in evaluating performance and value for money. The Committee will also need to maintain a 'big picture' view of the financial pressures affecting the council and understand how these might impact on existing budgets and budget setting in subsequent years.

Consultation

Some of the proposed savings will be subject to separate decision making processes (either by Officers, Cabinet or Council). Some of the proposed savings require a consultation process to be undertaken and the product of consultation (together with the equality analysis) must be conscientiously taken into account in finalising any decisions.

Members will note that the Council has engaged in a public consultation as part of the 2021/22 budget process as set out earlier at paragraph 10 of the report under the heading "Consultation". In considering this matter, Members must genuinely and conscientiously consider the feedback from this and have proper regard to it when making any decision in relation to the subject matter of that consultation. Members should carefully consider the results of the consultation as set out in Appendix 1.

Employee and Trade Union Consultation

The report recognises that notwithstanding efforts to reduce impacts on staff resulting from the level of funding cuts imposed, there may be staff reductions during the financial year 2021/22. Since the Budget Strategy Report was approved last year engagement has been ongoing with the Trade Unions to discuss budget saving implications. The Council will

consult with Trade Unions about the 2021/22 budget proposals and the likely impact on staff, if posts become at risk of redundancy.

Legal Implications:

The Local Government Finance Act 1992 (LGFA 1992) requires the Council to set a balanced budget, including the level of the Council tax. This means that income from all sources must meet all proposed expenditure. Best estimates must be employed to identify all anticipated expenditure and resources.

The approval of the Council's Budget and Council Tax, and the adoption of a final strategy for the control of the Council's borrowing or capital expenditure are matters reserved, by law, to full Council. However, the Cabinet has responsibility for preparing, revising and submitting to Council estimates of the various amounts which must be aggregated in making the calculations required in order to set the budget and the Council tax; and may make recommendations on the borrowing and capital expenditure strategy.

The Council must decide every year how much income they are going to raise from Council Tax. This decision must be based on a budget that sets out estimates of what the Council plans to spend on services. As the Council Tax must be set at the start of the financial year and cannot be increased during the year, consideration must be given to risks and uncertainties, and allowances made in funds for contingencies and reserves.

The budget and the Council Tax must be set by 11th March in the preceding financial year. A failure to comply with the time limit will leave the Council open to challenge by way of judicial review.

When the Council is considering its budget, it must have regard to the Section 151 Officer's report on the robustness of the estimates and the adequacy of the reserves in the budget proposals (section 25 of the Local Government Act 2003). This ensures that Members make their decision on the basis of authoritative advice. Members should provide clear reasons if they disagree with the professional advice of the Section 151 Officer.

Capital Expenditure

The Local Government Act 2003 establishes a system to regulate the capital expenditure and borrowing of the Council. The heart of the prudential borrowing system is the duty imposed upon authorities to determine and keep under review how much money they can afford to borrow. The Local Authorities (Capital Financing and Accounting) Regulations 2003 (as amended) specify the prudential code for capital finance to which the council must have regard in setting and reviewing their affordable borrowing limits (sections 3 and 5 of the 2003 Act).

Cap on Council tax Rises

The Localism Act 2011 provides for a council tax referendum to be held if an authority increases its relevant basic amount of council tax in excess of principles determined by the Secretary of State. The Local Government Finance Settlement for 2021/22 published in December 2020, announced that a referendum must be held if council tax for general spend is to be increased by 2% or more. Council tax for general spending requires a referendum if it rises by 2% or more alongside a maximum 3% adult social care precept.

Housing Revenue Account and Rents

The Local Government & Housing Act 1989 Part VI sets a statutory regime for housing finance. The Council has a general duty to review the rents of its houses from time to time and in fixing rents the Council must have regard, in particular, to the principle that the rents of dwellings of any class or description should bear broadly the same proportion to private sector market rents as the rents of dwellings of any other class or description. The review of the rents is a Cabinet function and is undertaken with regard to the provisions of Part VI of the 1989 Act which governs housing finance and housing subsidy. Rents for council houses are a credit to the HRA and outgoings a debit. The Council is under a duty to prevent a debit balance on the HRA which is ring-fenced. There are restrictions in the way in which the account can be operated and the proposals in this report must comply with these accounting requirements to ensure that the rent should be set so as to ensure that the Council is able to comply with its duty to prevent a debit balance arising on the HRA.

Charging

Each proposal to make or increase charges must comply with the statutory framework (including primary and secondary legislation and any statutory guidance issued) relating to the activity in respect of which charges are being levied, including any limitations on levels of charges.

Where reliance is placed on the power to charge for discretionary services (Section 93 of the Local Government Act 2003), any charges must be set so that when the charges are taken as a whole no surpluses are made (i.e. the power is limited to cost recovery).

In relation to certain activities which are subject to authorisation by the Council (e.g. licences), the Provision of Services Regulations 2009 prevent the recovery of charges in excess of the cost of the procedures and formalities under the scheme of authorisation, (i.e. the Council is permitted to recover costs only), and such costs must also be reasonable and proportionate.

Where activities are being undertaken for which charges are being made with the intention of producing surplus income, it is necessary to consider whether that activity is material and would amount to “commercial trading”. For commercial trading, the Council must develop a business case and establish an arms’ length company to undertake that activity (in accordance with the general trading power under Section 95 Local Government Act 2003), or identify another statutory power for a particular trading activity.

General

Section 106 of the Local Government Finance Act 1992 bars a councillor from voting on the Council’s budget if he or she has an outstanding council tax debt of over two months. If a councillor is present at any meeting at which relevant matters are discussed, he or she must disclose that section 106 applies and may not vote. Failure to comply is a criminal offence

All decisions taken by or on behalf of the Council must:

- Be within the legal powers of the Council and of the body or person exercising powers on behalf of the Council.
- Comply with any procedural requirement imposed by law.
- Be undertaken in accordance with procedural requirements imposed by the Council e.g. procedure rules.
- Be fully and properly informed.
- Be properly motivated (i.e. for an appropriate, good and relevant reason).

- Be taken having regard to the Council's fiduciary duty to its taxpayers as elected members are trustees of the public interest and of its statutory purposes for which public powers are conferred on them. This general duty requires the Council to act prudently and in good faith in the interests of those to whom the duty is owed.
- Otherwise, be reasonable and proper in all the circumstances

Financial Implications:

Report Author and Contact Details:

Lisa Kitto

Interim Director of Financial Transformation (S151 Officer)

Background papers:

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning

Appendix 1

Calculation of Council Tax Base 2021/22 (Based on all properties)										
Bands	A Reduced	A	B	C	D	E	F	G	H	TOTAL
Total Number of Dwellings on the valuation list	0.00	30,366.00	18,565.00	17,304.00	9,185.00	5,496.00	1,853.00	1,275.00	178.00	84,222.00
Total Number of Exempt and Disabled Relief dwellings on the Valuation List	51.00	19.00	15.00	-25.00	-10.00	-31.00	10.00	-8.00	-21.00	0.00
Less: estimated discounts, exemptions and disabled relief	2.50	4,815.50	2,051.25	1,502.75	682.75	281.75	104.75	62.25	-3.00	9,500.50
Total Equivalent number of dwellings after discounts, exemptions and disabled relief	48.50	25,569.50	16,528.75	15,776.25	8,492.25	5,183.25	1,758.25	1,204.75	160.00	74,721.50
Factor stipulated in regulations	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	0.00
Band D equivalent	26.94	17,046.33	12,855.69	14,023.33	8,492.25	6,335.08	2,539.69	2,007.92	320.00	63,647.25
Net effect of Local Council Tax Support Scheme (LCTSS) and other adjustments	7.55	4,165.42	1,338.86	738.85	263.55	118.68	37.04	16.01	0.31	6,686.27
Additional Net Dwellings in 2020/21 based on known regeneration with the Borough and reductions in levels of discounts and exemptions										0.00
Total after LCTSS and Other Adjustments	19.40	12,880.91	11,516.84	13,284.48	8,228.70	6,216.41	2,502.65	1,991.90	319.69	56,960.98
Multiplied by estimated collection rate	0.945	0.945	0.945	0.945	0.945	0.945	0.945	0.945	0.945	
BAND D EQUIVALENTS	18.33	12,172.46	10,883.41	12,553.84	7,776.13	5,874.50	2,365.01	1,882.35	302.11	53,828.13

Band D Equivalent assuming 1.94% increase	£1,643.31
Total Tax Yield £'000	£88,456.39

Appendix 2

Proposed Permanent Spending Allocations to Budget 2021/22 (Indicative 2022/23 - 2024/25)					
Directorate	Description	2021/22	2022/23	2023/24	2024/25
		£m	£m	£m	£m
Decisions Already Made					
Corporate	Employee Assistance Programme	0.015	0.000	0.000	0.000
Non-Service Specific	Borrowing Costs – Strategic Investment	1.100	0.000	0.000	0.000
Non-Service Specific	Borrowing to Support 2020/21 Capital Programme	0.500	0.000	0.000	0.000
Non-Service Specific	Corporate Capacity	0.500	0.000	0.000	0.000
TOTAL		2.115	0.000	0.000	0.000
Pay Inflation					
All	Pay Inflation	0.250	1.865	1.870	1.904
TOTAL		0.250	1.865	1.870	1.904
Contractual Inflation					
Corporate	Utilities	0.077	0.080	0.083	0.086
Corporate	Rent/Rates	0.039	0.040	0.042	0.043
Corporate	ICT Contracts	0.024	0.025	0.026	0.027
Children and Young People	Residential Care (including living wage)	0.597	0.626	0.663	0.700
Children and Young People	External Fostering Placements	0.178	0.188	0.200	0.212
Children and Young People	Fostering, Adoption and Leaving Care Allowances	0.329	0.347	0.367	0.389
Children and Young People	Support Packages and Direct Payments	0.093	0.097	0.102	0.106
Children and Young People	Premature Retirement Costs	0.011	0.012	0.012	0.012
One Commissioning Organisation	Community Care and Other Contracts	1.395	1.424	1.452	1.481
One Commissioning Organisation	Persona Contract	0.277	0.287	0.300	0.310
One Commissioning Organisation	Residential care (Including living wage)	0.911	2.399	2.493	2.638
Housing	Housing Contracts	0.000	0.050	0.050	0.050
Non Service Specific	GM transport Authority	0.194	0.196	0.198	0.200
TOTAL		4.125	5.771	5.988	6.253

Proposed Permanent Spending Allocations to Budget 2021/22 (Indicative 2022/23 - 2024/25)					
Directorate	Description	2021/22	2022/23	2023/24	2024/25
		£m	£m	£m	£m
<i>Demand</i>					
Finance	Debt Collection Costs	0.050	0.050	0.050	0.050
Business, Growth and Infrastructure	Executive Post	0.175	0.000	0.000	0.000
Business, Growth and Infrastructure	New Homes Bonus Grant Adjustment	0.597	0.000	0.000	0.000
Corporate	Legal Costs	0.300	0.000	0.000	0.000
Corporate	Moderation	0.120	0.000	0.000	0.000
Children and Young People	Foster Placements	0.039	0.000	0.000	0.000
Children and Young People	Home to School Transport	0.441	0.000	0.000	0.000
Children and Young People	Increase in Looked After Children Placements	0.452	0.000	0.000	0.000
Children and Young People	Special Guardianship Orders	0.020	0.000	0.000	0.000
One Commissioning Organisation	Care in the Community	0.827	0.000	0.000	0.000
One Commissioning Organisation	Adults Demographics	1.000	0.960	1.000	1.000
One Commissioning Organisation	Transition from Children's Services	0.259	0.524	0.398	0.312
Operations	Winter Maintenance	0.082	0.000	0.000	0.000
TOTAL		4.361	1.534	1.448	1.362
<i>Fall Out of Time Limited Funding</i>					
One Commissioning Organisation	Transformation Funding	0.723	0.132	0.007	0.007
TOTAL		0.723	0.132	0.007	0.007

Proposed Permanent Spending Allocations to Budget 2021/22 (Indicative 2022/23 - 2024/25)					
Directorate	Description	2021/22	2022/23	2023/24	2024/25
		£m	£m	£m	£m
Unachieved Savings					
Operations	Corporate Landlord	0.585	0.000	0.000	0.000
Operations	Architects	0.525	0.000	0.000	0.000
TOTAL		1.110	0.000	0.000	0.000
Budget Re-Alignment					
Children and Young	Costs previously charged to the Dedicated Schools Grant	2.295	0.000	0.000	0.000
TOTAL		2.295	0.000	0.000	0.000
Capital Programme					
Non-Service Specific	Borrowing Requirement to fund the capital programme	1.000	1.000	0.000	0.000
TOTAL		1.000	1.000	0.000	0.000
Income Losses					
Non-Service Specific	Airport Dividend	5.900	0.000	(5.900)	0.000
Non-Service Specific	Airport Loan Interest	2.256	0.000	(2.256)	0.000
Operations	Income Loss	1.077	(0.539)	(0.539)	0.000
TOTAL		9.233	(0.539)	(8.695)	0.000
GRAND TOTAL		25.211	9.763	0.619	9.526

Directorate	Proposal Description	Proposed Budget Reduction			EIA Required	Consultation Required
		2021/22	2021/22	2022/23		
		£m	£m	£m		
Full Year Effect of Previously Agreed Efficiencies						
Children and Young People	Early Help Model Co-ordinated and streamlined management of buildings and increase in usage of the facilities.	(0.034)	0.000	0.000	Yes	Yes
Operations	Procurement Review of Contracts Review of supplier contracts across the service.	(0.083)	0.000	0.000	No	No
All Services	Supplier Review of Contracts Review of supplier contracts across the council	(0.300)	(0.265)	0.000	No	No
Operations	Review of Highway Fees	(0.050)	(0.070)	0.000	Yes	No
TOTAL		(0.467)	(0.335)	0.000		
New Efficiencies Proposed						
Children and Young People	Removal of budget for vacant posts and reduced travel and expense costs.	(0.696)	0.309	0.000	No	No
Children and Young People	Contract Reviews for services provided by external agencies	(0.220)	(0.100)	0.000	No	No
Children and Young People	Reduced transport costs as a result of fewer out of borough placements.	(0.300)	(0.120)	0.000	No	No
Public Health	Reduced cost of external contract relating to substance misuse services	(0.040)	0.000	0.000	No	No
Corporate	Reduce budget for contributions to the pension fund	(0.075)	0.000	0.000	No	No
Corporate	Reduce central Apprentice Levy to reflect previously agreed internal funding mechanism	(0.239)	0.000	0.000	No	No
Corporate	Reduce central Apprenticeship Corporate budget to reflect previously agreed internal funding mechanism	(0.530)	0.000	0.000	No	No

Directorate	Proposal Description	Proposed Budget Reduction			EIA Required	Consultation Required
		2021/22	2022/23	2023/24		
		£m	£m	£m		
Corporate	Reduce Corporate Management Initiatives budget in line with expenditure	(0.200)	0.000	0.000	No	No
Corporate	Reduce Bury MBC Townside Fields budge in line with expenditure	(0.058)	0.000	0.000	No	No
Corporate	Reduce Car Leases Salary Sacrifice scheme in line with expenditure	(0.025)	0.000	0.000	No	No
Operations	Remove vehicle and equipment leasing costs to reflect approved borrowing through the capital programme	(0.170)	(0.300)	0.000	No	No
Business, Growth and Infrastructure	Assumed growth in the Council Tax base as a result of the investment in regeneration and housing	0.000	0.000	(0.500)	No	No
All	Transformation Agenda	(1.500)	(3.500)	0.000	Yes*	Yes*
TOTAL		(4.053)	(3.711)	(0.500)		
Proposed Budget Reductions						
One Commissioning Organisation (MTFS001)	Innovative Commissioning	1.050	1.750	0.200	Yes	Yes
One Commissioning Organisation (MTFS002)	Personalisation and Transformation	0.000	1.000	1.000	No	Yes
One Commissioning Organisation (MTFS003)	Development of Assistive Technology	0.000	0.500	0.000	Yes	Yes
One Commissioning Organisation (MTFS004)	Improved Housing Options	0.000	0.050	0.050	No	Yes
One Commissioning Organisation (MTFS005)	Effective and Efficient Commissioning	1.487	1.780	0.100	No	Yes
One Commissioning Organisation (MTFS006)	Review of Care Packages	0.797	2.055	0.611	No	Yes
Operations (MTFS007)	Closure of Civic Centres	0.132	0.000	0.000	Yes	No

Directorate	Proposal Description	Proposed Budget Reduction			EIA Required	Consultation Required
		2021/22	2022/23	2023/24		
		£m	£m	£m		
Operations (MTFS008)	Review of Waste Services and Fleet Rationalisation	0.237	0.025	0.000	No	No
Operations (MTFS009)	Street Light Dimming	0.020	0.010	0.000	Yes	No
Finance (MTFS010)	Closure of Prestwich Cash Office	0.030	0.000	0.000	No	Yes
Corporate Core (MTFS011)	Housing	0.250	0.000	0.000	No	Yes
TOTAL		4.003	7.170	1.961		

*It is envisaged that consultation and EIA maybe required for some aspects of the transformation agenda. As yet the detail is not known but these will be a consideration as transformation savings options are put forward.

Reference	MTFS001
Executive Director	Will Blandamer
Cabinet Member	Cllr Andrea Simpson

Section A

Service Area	OCO – Adult Social Care
Budget Option Description	Innovative Commissioning

Budget Reduction Proposal – Detail and Objectives

We currently commission a significant number of services for adults with social care needs across all customer groups. The current budget for care packages for clients with Learning Disabilities in Bury is £16,584,400.00. In 2019/20 we supported 605 people with LD in Bury, to date this year we are supporting 556 people. In addition, £12,393,409 is spent with Persona, the Council's own trading company, which also provides social care to customers across a range of customer groups.

Our vision for Learning Disabilities (LD) services in Bury is an all-age service, which would remove the need for transitions providing one smooth pathway for customers. To do this we will work differently recognising people's strengths, ensuring all care is outcome focused, so all customers are aware that it's individual first not their disability. It is recognised that current practice to support people through the transitions process could be better therefore we are focussing on transitions planning, in particular those young people transitioning to adult's services in the coming 24 months.

We will focus on those transitioning from Children and Young Peoples services at an earlier age, ideally 13/14 years, this will enable more appropriate support of the individual and their family to be put in place. This will better manage expectations of the transitions process and potential reduction in support packages preventing less upset and chaos for those involved.

We need to prevent out of borough placements where possible, therefore we will work collaboratively with partners to improve our local offer i.e. education, housing, respite thus allowing individuals to remain part of their community and improve equity for all Bury customers. Achieving this will realise savings in reduction in care package values relevant to aspired outcomes that are more suitable, encourage independence, choice and control for our young adults.

We will jointly reshape the existing Persona provision, transforming services and developing new ways of working to realise efficiencies, and in some cases, it will mean the potential reduction or closure of services;

We will also undertake a review of contracts in shared accommodation to analyse shared hours in a given property and comparing this to the hours described in individual customer support plans, removing any duplication with no detriment to service delivery.

In all initiatives, this is not solely about savings however working differently around the person to ensure, independence, rich social connections, links to the community and innovative solutions centred on the person.

	2021/22	2022/23	2023/24
	£m	£m	£m
Budget Reduction (£)	1.050	1.750	0.200
Council Staffing Reduction (FTE)	0	0	0

Is the proposal One-Off or Ongoing?	Ongoing
Which Budget Principle does the option relate	Demand Reduction & Internal

to?	Transformation
-----	----------------

Section B

What impact does the proposal have. Set out any impacts (positive and negative) on performance and costs

Property
No property impacts.
Service Delivery
There should not be any impact on service delivery within the Council, but there is potential impact on wider partners.
Organisation (Including Other Directorates/Services)
Local Authority Provider Relationship Team to undertake review of core hours Local Authority LD social care team – assisting core hours review Providers – where there will be a reduction in funding
Workforce – Number of posts likely to be affected.
Potential job reductions within the social care provider market, including Persona
Communities and Service Users
Service users should still have outcomes met in line with their individual support plan
Other Partner Organisations
External providers and Persona

Section C**Key Risks and Mitigations**

Risks	Mitigations
Staff capacity to undertake the reviews and negotiations needed	<ul style="list-style-type: none"> • Team managers to manage workload and priorities based on capacity • Flag up challenges/ issues to senior management
Savings are not achievable or are swallowed up by new demand	<ul style="list-style-type: none"> • The figures offered are realistic figures based on benchmarking and previous reviews; • Work Programme in place and monthly monitoring to be undertaken of savings and new demand
Service uses negatively impacted by change in service offer	<ul style="list-style-type: none"> • Consideration and advice on alternative, suitable services; • A communications & engagement plan to be developed; • Appropriate consultation and engagement to be undertaken as required. • Clear, consistent messaging around all

	savings and transformation.
--	-----------------------------

Key Delivery Milestones*Include timescales for procurement, commissioning changes etc.*

Milestone	Timeline
Individual plans worked up for each saving element and confirmed	December 2020
Matrix review and liaison with providers starts	October/ November 2020
Governance in place to review on a monthly basis progress and barriers	November 2020
Feedback on any concerns, challenges or barriers to savings along with any alternative budget options	January 2021

Section D

Consultation Required?	Yes
------------------------	-----

	Start Date	End Date
Staff		
Trade Unions		
Public		
Service User		
Other		

Equality Impact*Is there potential for the proposed budget reduction to have a disproportionate/ adverse impact on any of the following?*

Disabled people	Yes
Particular Ethnic Groups	No
Men or Women (including impacts due to pregnancy/maternity)	No
People who are married or in a civil partnership	No
People of particular sexual orientation	No
People who are proposing to undergo, undergoing or undergone a process or part of a process of gender assignment	No
People on low incomes	No
People in particular age groups	No
Groups with particular faiths and beliefs	No

EIA Required?	Yes
---------------	-----

Section E: Financial Implications and Investment Requirements

Investment requirements – Revenue and Capital
None, other than costs already factored into workforce development and the reviewing

team capacity			
Finance Comments – Will the proposal deliver the savings and within the agreed timescales?			
Signed Executive Director		Cabinet Member Signature	
Signed Finance		Name and Date	

Reference	MTFS002
Executive Director	Will Blandamer
Cabinet Member	Cllr Andrea Simpson

Section A

Service Area	OCO Adult Care Services
Budget Option Description	Personalisation and Transformation

Budget Reduction Proposal – Detail and Objectives

There are currently 2,017 people in Bury receiving some form of care package via the Integrated Neighbourhood Teams.

The spending forecast in year according to protocol is as follows (please note this excludes out of borough placements):

Integrated Neighbourhood Team	Spend	Percentage of overall INT spend	Number of clients	Average spend per person
Bury East	£6,063,361.13	26%	432	£14,036
Bury West	£5,956,544.57	26%	468	£12,728
Bury North	£4,306,492.06	19%	359	£11,996
Prestwich	£3,964,605.57	17%	321	£12,351
Whitefield	£2,640,485.21	12%	250	£10,561
Total:	£22,931,488.54			

In Bury, data shows we are good at giving people information and advice and deflecting people away from the front door in terms of social care services, in line with prevention strategies. However, at the point of social care assessment we have a higher conversion rate into long term care of 12%, compared to GM neighbours where the average is only 7%. This demonstrates that Bury is not as effective as other areas in using community, asset-based approaches to support social care needs. Therefore, our social care teams need to work towards reducing the level of conversion from assessment into long term care.

Given the current level of spend across the INTs it is suggested that a savings target of £1,000,000 in 2021/22 and a further £1,000,000 in 2022/23 is distributed across the five INTs, this should be done proportionately based on spend therefore the suggested split is:

- Bury East £260,000 (26%)
- Bury West £260,000 (26%)
- Bury North £190,000 (19%)
- Prestwich £170,000 (17%)
- Whitefield £120,000 (12%)

We will be moving from our traditional approach of social care assessment and support planning to a more personalised approach, recognising the strength of our residents and ensuring community, family and carer support options are fully explored before providing additional support. The support provided will focus on how we enable the person to achieve their outcomes rather than providing or doing it for or to them. There is extensive research to show working this way delivers outcomes for people and reduces demand. Alongside the transformation and savings work the Principal Social Worker in Bury will lead a programme of workforce development that will bring about:

- Strength and asset-based approach
- Ethnographic thinking
- Personalised conversations

- New quality assurance framework
- Providing social care with the tools and information to work differently

This workforce development will ultimately lead to behavioural change of the social care workforce that over time will reduce the reliance on traditional care. This programme of development will be rolled out across the coming 12 months, it should be recognised that this will take some time to bed in and will need constant reinforcing from management.

Given there is work underway to change social care in Bury, it would be reasonable to cement this with a savings target. Having a realistic savings target will focus the mind of social care staff to understand this way of working is not tokenistic but a transformational change to working practice.

	2021/22	2022/23	2023/24
	£m	£m	£m
Budget Reduction (£)	0.000	1.000	1.000
Staffing Reduction (FTE)	0	0	0

Is the proposal One-Off or Ongoing?	Ongoing
Which Budget Principle does the option relate to?	Demand Reduction & Internal Transformation

Section B

What impact does the proposal have. Set out any impacts (positive and negative) on performance and costs

Property
No impacts – this saving element is about new ways of working with customers in Bury and reviewing existing care packages of care.
Service Delivery
Service delivery will continue with a different vision and new ways of working, considering alternative options for people, in most cases better options. This may result in some packages of care being reduced following a review process.
Organisation (Including Other Directorates/Services)
INT teams – undertaking new assessments and reviews Providers – negotiating care and support innovatively Wider VCF sector in terms of reviewing the support they can offer to work with clients with low level support needs.
Workforce – Number of posts likely to be affected.
No impacts – this saving element is about new ways of working and reviewing packages of care.
Communities and Service Users
Positive impacts on communities and service users in that the work will be undertaken in a person-centred way, a move of social care practice towards more personalised conversation and strength and asset based working. Supporting clients to live independently with choice and control. Also where possible designing/ redesigning services in co-production and involving people with LD their family and carers at every opportunity.

Other Partner Organisations
None

Section C:Key Risks and Mitigations

Risks	Mitigations
Staff capacity to deliver savings	<ul style="list-style-type: none"> • INT staff to understand the new ways of working, workforce development plan in place • Savings and progress would need to be monitored monthly to ensure on track and undertake any remedial actions
Savings are not achievable	<ul style="list-style-type: none"> • Clear work programme in place describing how savings will be achieved. • Monthly reporting on progress to savings targets, flagging up any issues or concerns
New assessments do not meet the expectations of customers	<ul style="list-style-type: none"> • Clear communication throughout the process, move towards personalised and strength asset-based conversations. Ensuring all work remains Care Act compliant.
Increased demand for services	<ul style="list-style-type: none"> • Using data we have projected demand and needs, working with providers to help shape the market place to meet the current and future needs.

Key Delivery Milestones

Include timescales for procurement, commissioning changes etc.

Milestone	Timeline
Individual plans worked up for each saving element (Team managers would need to devise a bespoke plan for their team)	December 2020
Governance in place to review on a monthly basis progress and barriers	November 2020
Feedback on any concerns, challenges or barriers to savings along with any alternative budget options	January 2021

Section D

Consultation Required?	No
------------------------	----

	Start Date	End Date
Staff		
Trade Unions		
Public		
Service User		
Other		

Equality Impact

Is there potential for the proposed budget reduction to have a disproportionate/ adverse impact on any of the following?

Disabled people	Yes
Particular Ethnic Groups	No
Men or Women (including impacts due to pregnancy/maternity)	No
People who are married or in a civil partnership	No
People of particular sexual orientation	No
People who are proposing to undergo, undergoing or undergone a process or part of a process of gender assignment	No

People on low incomes	No
People in particular age groups	Yes
Groups with particular faiths and beliefs	No

EIA Required?	Yes
----------------------	------------

Section E: *Financial Implications and Investment Requirements*

Investment requirements – Revenue and Capital			
None, other than costs already factored into workforce development and the reviewing team capacity			
Finance Comments – Will the proposal deliver the savings and within the agreed timescales?			
Signed Executive Director		Cabinet Member Signature	
Signed Finance		Name and Date	

Reference	MTFS003
Executive Director	Will Blandamer
Cabinet Member	Cllr Andrea Simpson

Section A

Service Area	OCO Adult Social Care
Budget Option Description	Assistive Technology: Pushing the boundaries in Bury

Budget Reduction Proposal – Detail and Objectives

Assistive Technologies (AT) is a range of equipment designed to prompt and assist people with everyday activities which have become difficult. They support people to stay safe and independent in their own home for as long as possible. Often called personalised technology because it is not about the technology, but the people and how technology can enhance lives. Solutions include anything from telecare equipment and environmental controls, to mobile technology and communication aids. The gadgets and equipment selected will meet someone's daily needs, whether at home, out and about in the community or at work.

Whilst Bury has a long-standing telecare support service in place known as 'Carelink', there is evidence in other areas of the country, including Nottingham, Liverpool Southend, Knowsley and Hampshire that further use of AT can support customers with social care needs, and generate savings from social care budgets.

Potential savings for Bury Council have been estimated as £500,000 based on the savings generated in other areas of the country.

	2021/22	2022/23	2023/24
	£m	£m	£m
Budget Reduction (£)	0.000	0.500	0.000
Staffing Reduction (FTE)	0	0	0

Is the proposal One-Off or Ongoing?	Ongoing
Which Budget Principle does the option relate to?	Internal Transformation and demand management

Section B: What impact does the proposal have. Set out any impacts (positive & negative) on performance and costs

Property
Potential positive impact in innovatively adapting properties in Bury using AT.
Service Delivery
Service delivery will continue with a different vision and alternative AT options for people, in most cases better options. This may result in some packages of care being reduced following a review process. This work is not focused on removing support, rather considering alternative options that may not have been available at the point of the original assessment due to new ways of transformational working.
Organisation (Including Other Directorates/Services)
Health and Social Care, potential care providers, housing providers and AT providers.
Workforce – Number of posts likely to be affected.
No impacts
Communities and Service Users

Positive impacts on communities and service users in that the work will be undertaken in a person-centred way, a move of social care practice towards more personalised alternative AT support. Supporting clients to live independently with wider choice and control. Also where possible designing/ redesigning services in co-production.

Other Partner Organisations

None

Section C: Key Risks and Mitigations

Risks	Mitigations
Savings are not achievable	<ul style="list-style-type: none"> Clear work programme in place describing how savings will be achieved. Monthly reporting on progress to savings targets, flagging up any issues or concerns
Reviews reduce or remove care that is not accepted by service user, family or carer	<ul style="list-style-type: none"> Clear communication throughout the process, move towards personalised and strength asset based conversations. Ensuring all work remains care act compliant.

Key Delivery Milestones

Milestone	Timeline
Put forward as idea	Oct 2020
Individual plans worked up for each saving element	December 2020
Governance in place to review on a monthly basis progress and barriers	November 2020
Feedback on any concerns, challenges or barriers to savings	January 2021

Section D

Consultation Required?	Yes – around future AT developments and ideas	
	Start Date	End Date
Staff		
Trade Unions		
Public		
Service User		
Other		

Equality Impact: Is there potential for the proposed budget reduction to have a disproportionate/ adverse impact on any of the following?

Disabled people	Yes
Particular Ethnic Groups	No
Men or Women (including impacts due to pregnancy/maternity)	No
People who are married or in a civil partnership	No
People of particular sexual orientation	No
People who are proposing to undergo, undergoing or undergone a process or part of a process of gender assignment	No
People on low incomes	No
People in particular age groups	Yes
Groups with particular faiths and beliefs	No

EIA Required?	yes
---------------	-----

Section E: Financial Implications and Investment Requirements

Investment requirements – Revenue and Capital
AT development will likely need investment of: <ul style="list-style-type: none"> Resource/ capacity of a team to lead and drive work Potential capital costs in buying equipment/ Technology to trial
Finance Comments – Will the proposal deliver the savings and within the agreed timescales?

Signed Executive Director		Signed Cabinet Member	
Signed Finance		Name and Date	

Reference	MTFS004
Executive Director	Will Blandamer
Cabinet Member	Cllr Andrea Simpson

Section A

Service Area	OCO Adult Social Care
Budget Option Description	Improved Housing Options

Budget Reduction Proposal – Detail and Objectives

The links between housing and social care have never been more important. The contribution of housing to the ambitions of social care is well understood, although in practice, housing and social care have often existed in silos.

It is important when the authority has properties to utilise, that they are of good quality, value for money, fit for purpose of intended client groups and are used well.

Empty spaces in properties for social care customers have financial implications, especially when we have high cost out of borough placements that can be adequately accommodated and supported in the borough.

In order to ensure that housing options for social care customers are effectively managed, a number of steps have been implemented:

- Reinstating the Living Options Group (LOG), to manage housing needs of social care customers;
- Void management programme established;
- Reconfigure or realign current housing stock
- Review current Service Level Agreements with housing providers ensuring value for money
- Work with providers to ensure quality homes for the future
- Monitoring of provider housing provision in contractual arrangements

The savings attached to the void management programme may appear low however, the voids management programme is an enabler to wider system savings.

A monthly highlight report will capture (using the LOG tracker) the outcomes/ outputs of the LOG and wider work. This will include any direct savings, cost avoidance and or other efficiencies.

	2021/22	2022/23	2023/24
	£m	£m	£m
Budget Reduction (£)	0.000	0.050	0.050
Staffing Reduction (FTE)	0	0	0

Is the proposal One-Off or Ongoing?	Ongoing process to manage Voids better
Which Budget Principle does the option relate to?	Demand Reduction & Internal Transformation

Section B

What impact does the proposal have. Set out any impacts (positive and negative) on performance and costs

Property

As part of the LOG work there may be a requirement to de-commission or repurpose unsuitable property in Bury for our department's cohorts.

Service Delivery
Service delivery will continue with a different vision, new ways of working and trying to find alternative options for people, in most cases better options. This may result in some existing placements being changed following a review process. In these instances, best interest outcomes will be considered whilst ensuring statutory requirements are met.
Organisation (Including Other Directorates/Services)
Social Work Teams Childrens Services especially in respect of transitions Housing colleagues Persona
Workforce – Number of posts likely to be affected.
No impacts – this saving element is about managing voids better.
Communities and Service Users
Positive impacts on communities and service users in that the work will be undertaken in a person-centred way, a move of social care practice towards more personalised conversation and strength and asset based working. Supporting clients to live independently with choice and control in their community.
Other Partner Organisations
Wider housing providers

Section C

Key Risks and Mitigations

Risks	Mitigations
Staff capacity to deliver savings for placement reviews	<ul style="list-style-type: none"> Social care teams would need to commit to this work, with managers managing workload appropriately The LOG group will speed up discussions and decisions
Savings are not achievable	<ul style="list-style-type: none"> Clear work programme in place describing how savings will be achieved. Monthly reporting on progress to savings targets, flagging up any issues or concerns
Reviews reduce or remove placements that is not accepted by service user, family or carer	<ul style="list-style-type: none"> Clear communication throughout the process, move towards personalised and strength asset-based conversations. Ensuring all work remains care act compliant.
Social Care Development of workforce take longer than planned, this element of savings is highly reliant on the social care workforce undertaking new assessments and reviews in a different way	<ul style="list-style-type: none"> Quality assurance framework developed along with training and development support for workforce.
Increased demand	<ul style="list-style-type: none"> Using data we have projected demand and needs, working with providers to help shape the market place to meet the current and future needs.

Key Delivery Milestones: *Include timescales for procurement, commissioning changes etc.*

Milestone	Timeline
------------------	-----------------

List of voids – priority for review	October 2020
Individual plans worked up for each saving element	December 2020
Governance in place to review on a monthly basis progress and barriers	November 2020
Feedback on any concerns, challenges or barriers to savings along with any alternative budget options	January 2021

Section D

Consultation Required?	No
------------------------	----

	Start Date	End Date
Staff		
Trade Unions		
Public		
Service User		
Other		

Equality Impact

Is there potential for the proposed budget reduction to have a disproportionate/ adverse impact on any of the following?

Disabled people	Yes
Particular Ethnic Groups	No
Men or Women (including impacts due to pregnancy/maternity)	No
People who are married or in a civil partnership	No
People of particular sexual orientation	No
People who are proposing to undergo, undergoing or undergone a process or part of a process of gender assignment	No
People on low incomes	No
People in particular age groups	No
Groups with particular faiths and beliefs	No

EIA Required?	Yes
---------------	-----

Section E: Financial Implications and Investment Requirements

Investment requirements – Revenue and Capital
None currently known

Finance Comments – Will the proposal deliver the savings and within the agreed timescales?			
Signed Executive Director		Cabinet Member Signature	
Signed Finance		Name and Date	

Reference	MTFS005
Executive Director	Will Blandamer
Cabinet Member	Cllr Andrea Simpson

Section A

Service Area	OCO – Adult Social Care
Budget Option Description	Effective and Efficient Commissioning

Budget Reduction Proposal – Detail and Objectives

Commissioning services for adults with social care needs costs the council approximately £55m per year, working with a large number of providers, with whom we have positive relationships. A number of key approaches are adopted to ensure effective commissioning which generate financial efficiencies.

The focus of high quality, effective and innovative commissioning is on people, health and wellbeing, achieving good outcomes with using evidence, local knowledge, skills and resources to best effect. This means working in partnership across the health and social care system to promote health and wellbeing and prevent, as far as is possible, the need for health and social care.

Every person using health and social care services deserves the highest quality care and support, and the maximum opportunity to influence how that support is arranged and managed. Effective commissioning plays a central role in driving up quality, enabling people to meaningfully direct their own care, facilitating integrated service delivery and making effective use of available resources.

Commissioning is the Councils cyclical activity to assess the needs of the local population for care and support services, then designing, delivering, monitoring and evaluating those services to ensure person-centred and outcomes-focused delivery. In addition, good commissioning ensures a vibrant, diverse and sustainable market to deliver positive outcomes for people and communities, actively encouraging and promoting investment and innovation in the market in partnership care providers.

A number of areas have been prioritised to consider and test our approach to deliver effective and innovative commissioning:-

- More effective and efficient payment of Care at Home,
- Continuation of the work in respect of effective Market management in borough
- More effective management of personal budgets
- Working with Bury CCG to review and refine the operation of the Continuing Health Care arrangements.

	2021/22	2022/23	2023/24
	£m	£m	£m
Budget Reduction (£)	1.487	1.780	0.100
Council Staffing Reduction (FTE)	0	0	0

Is the proposal One-Off or Ongoing?	Ongoing
-------------------------------------	---------

Which Budget Principle does the option relate to?	Demand Reduction & Internal Transformation
---	--

Section B

What impact does the proposal have. Set out any impacts (positive and negative) on performance and costs

Property
No property impacts.
Service Delivery
There should not be any impact on service delivery within the Council, but there is potential impact on wider partners.
Organisation (Including Other Directorates/Services)
No impact
Workforce – Number of posts likely to be affected.
If we spend less within the social care market, there may be potential job reductions within the social care provider market
Communities and Service Users
Service users should still have outcomes met in line with their individual support plan
Other Partner Organisations
External providers and Persona

Section C**Key Risks and Mitigations**

Risks	Mitigations
Savings are not achievable or are swallowed up by new demand	<ul style="list-style-type: none"> The figures offered are realistic figures based on benchmarking; Work Programme in place and monthly monitoring to be undertaken of savings and new demand

Key Delivery Milestones

Include timescales for procurement, commissioning changes etc.

Milestone	Timeline
Individual plans worked up for each saving element and confirmed	December 2020
Fee setting process and liaison with providers starts	October/ November 2020
Governance in place to review on a monthly basis progress and barriers	November 2020
Feedback on any concerns, challenges or barriers	January 2021

to savings along with any alternative budget options	
--	--

Section D

Consultation Required?	No
------------------------	----

	Start Date	End Date
Staff		
Trade Unions		
Public		
Service User		
Other		

Equality Impact

Is there potential for the proposed budget reduction to have a disproportionate/ adverse impact on any of the following?

Disabled people	Yes
Particular Ethnic Groups	No
Men or Women (including impacts due to pregnancy/maternity)	No
People who are married or in a civil partnership	No
People of particular sexual orientation	No
People who are proposing to undergo, undergoing or undergone a process or part of a process of gender assignment	No
People on low incomes	No
People in particular age groups	Yes
Groups with particular faiths and beliefs	No

EIA Required?	Yes
----------------------	------------

Section E***Financial Implications and Investment Requirements***

Investment requirements – Revenue and Capital
No investment requirement

Finance Comments – Will the proposal deliver the savings and within the agreed timescales?

Signed Executive Director		Cabinet Member Signature	
Signed Finance		Name and Date	

Reference	MTFS006
Executive Director	Will Blandamer
Cabinet Member	Cllr Andrea Simpson

Section A

Service Area	OCO Adult Social Care
Budget Option Description	Review of Care Packages

Budget Reduction Proposal – Detail and Objectives

The council spends £55m on packages of support for people with social care needs.

Care packages should be regularly reviewed to understand if a person's needs and outcomes aspired have changed also to consider if possible new support mechanisms and alternative options for people may have evolved.

Therefore, we will be undertaking a large-scale review programme of those people in Bury who receive a care package or placement of care, across all care needs, (Learning Disabilities, Physical Disabilities, Mental Health and Older People). This will ensure the care offered is:

- Right for the person
- Takes advantage of all available mechanisms of support
- Is person centred
- Identifies and builds on people's strengths
- Promotes prevention and independence and as far as possible supports integration with health
- Provides parity across all customers and involves family and carers.

For some this may mean a change or a reduction in care packages, in these instances best interest outcomes will be considered whilst ensuring statutory requirements are met.

Reviewing placements will generate efficiencies and will focus on:

- Reducing high-cost placements/care packages, replacing with alternative and more cost-efficient services and support
- Where possible bringing clients that are out of borough back in borough
- Considering where the VCF sector and community groups should or could offer support (in particular for lower-level needs such as befriending, peer support, life skills etc.). These services and support are more person centred and often cheaper than traditional support packages.
- Consideration if social prescribing is an option for individuals, in particular new clients coming through
- Ensure packages of care only meet the outcomes required from assessment and therefore are care act compliant.
- Ensure the consideration of the family and carers roles and how they can play in actively supporting the individual (if willing and able to do so). Making sure to link the carer up to available carer services.
- Guarantee all care conversations are personalised with a strength and asset-based focus.

	2021/22	2022/23	2023/24
	£m	£m	£m
Budget Reduction (£)	0.797	2.055	0.611
Staffing Reduction (FTE)	0	0	0

Is the proposal One-Off or Ongoing?	Ongoing
Which Budget Principle does the option relate to?	Demand Reduction& Internal Transformation

Section B

What impact does the proposal have. Set out any impacts (positive and negative) on performance and costs

Property
No impact
Service Delivery
Service delivery will continue with a different vision around all age thinking and alternative options for people, in most cases better options. This may result in some packages of care being reduced following a review process. This work is not focused on removing support rather considering alternative options that may not have been available at the point of assessment due to new ways of transformational working.
Organisation (Including Other Directorates/Services)
Ensuring reviews are prioritised
Workforce – Number of posts likely to be affected.
No impacts – this saving element is about reviewing care placements.
Communities and Service Users
Positive impacts on communities and service users in that the work will be undertaken in a person-centred way, a move of social care practice towards more personalised conversation and strength and asset-based working. Supporting clients to live independently with choice and control. Also, where possible designing/ redesigning services in co-production and involving their family and carers at every opportunity.
Other Partner Organisations

Section C**Key Risks and Mitigations**

Risks	Mitigations
Savings are not achievable	<ul style="list-style-type: none"> • Clear work programme in place describing how savings will be achieved. • Monthly reporting on progress to savings targets, flagging up any issues or concerns
Clients out of borough cannot be brought in borough as there is no provision to meet their needs.	<ul style="list-style-type: none"> • Use this learning to develop future service to prevent those going out of borough in future • Working with providers in particular

	<p>persona to see is reshaping service provision could be undertaken to meet needs in various ways.</p> <ul style="list-style-type: none"> Consider developing more home front door provision for the future cohort of clients
Reviews change, reduce or remove care that is not accepted by service user, family or carer	<ul style="list-style-type: none"> Clear communication throughout the process, move towards personalised and strength asset-based conversations. Ensuring all work remains care act compliant.
Social Care Development of workforce take longer than planned, this element of savings is highly reliant on the social care workforce undertaking new assessments and reviews in a different way	<ul style="list-style-type: none"> Quality assurance framework developed along with training and development support for workforce.
Increased demand for some services	<ul style="list-style-type: none"> Using data we have projected demand and needs, working with providers to help shape the market place to meet the current and future needs.
Shared Lives scheme does not recruit enough carers for long term care	<ul style="list-style-type: none"> Persona have a recruitment drive and PR work planned Consider other providers if not suitable to sit with persona

Key Delivery Milestones

Include timescales for procurement, commissioning changes etc.

Milestone	Timeline
Individual plans worked up for each saving element	December 2020
List of high cost placement (over £50k in Supported Living) – priority for review	November/ December 2020
Governance in place to review on a monthly basis progress and barriers	November 2020
Feedback on any concerns, challenges or barriers to savings along with any alternative budget options	January 2021
Review phase starts	March 2021

Section D

Consultation Required?	No
------------------------	----

	Start Date	End Date
Staff		
Trade Unions		
Public		
Service User		
Other		

Equality Impact

Is there potential for the proposed budget reduction to have a disproportionate/ adverse impact on any of the following?

Disabled people	Yes
Particular Ethnic Groups	No
Men or Women (including impacts due to pregnancy/maternity)	No
People who are married or in a civil partnership	No
People of particular sexual orientation	No
People who are proposing to undergo, undergoing or undergone a process or part of a process of gender assignment	No
People on low incomes	No
People in particular age groups	No
Groups with particular faiths and beliefs	No

EIA Required?	Yes
----------------------	------------

Section E

Financial Implications and Investment Requirements

Investment requirements – Revenue and Capital
No investment requirement

Finance Comments – Will the proposal deliver the savings and within the agreed timescales?			
Signed Executive Director		Cabinet Member Signature	
Signed Finance		Name and Date	

Reference	MTFS007
Executive Director	Donna Ball
Cabinet Member	Cllr. David Jones

Section A

Service Area	Commercial Services
Budget Option Description	Closure of Civic Venues

Budget Reduction Proposal – Detail and Objectives

The Civic Venues within Bury consist of The Elizabethan Suite, based at Bury Town Hall, The Longfield Suite, Prestwich and Ramsbottom Civic Hall. Due to the COVID19 emergency, all Civic Venues have been closed until January 2021 with a proposed review in October / November 2020.

Prior to Covid the Civic Venues required a high level of subsidy (£515k per annum). Despite the best efforts from the Civics Team the level of subsidy has remained for many years and the worsening financial position of the Council means that a subsidised Civics Service can't be sustained. In addition, the Civic Venues struggle to remain competitive with private operators in the area.

Covid will have a further direct impact on Civics. The post-COVID income level is very unlikely to return to pre-COVID levels until late 2021 or beyond. This is due to issues of venue capacity caused by social distancing, and potential further local lockdown measures. Operating costs continue to increase causing the continued loss within the service. It is unlikely that many of the regular events within the Longfield Suite and Ramsbottom Civic Hall will return, creating a larger budget variance and traded loss.

The Longfield Suite is in a poor state of repair and requires large investment to return it to an operational state but is also involved in the wider regeneration plan for Prestwich. The Elizabethan Suite is also in need of major investment due to long term cuts in maintenance budgets.

Ramsbottom Civic Hall is currently being considered for a COVID testing centre with a view to continue this until March 2021.

At present all Civic Venue staff are continuing to be redeployed to the Community Hubs, assisting the Markets team with stewarding and supporting the Waterfold COVID testing site. This arrangement will need to be reviewed following a decision in respect of the potential closure of the Civic Halls.

Due to the continued increasing costs to operate the Venues and historic overspend of the service, it is proposed to close all three Venues permanently and hand the management of the sites to the Estates Team or the Administration Buildings Team to maintain the maintenance and health and safety requirements. Full savings will not be achieved until the existing Civics buildings are either disposed of, redeveloped or the asset transferred.

	2021/22	2022/23	2023/24
	£m	£m	£m
Budget Reduction (£)	0.132	0.000	0.000
Staffing Reduction (FTE)	11.5		
Is the proposal One-Off or Ongoing?	Ongoing		
Which Budget Principle does the option	Internal Transformation		

relate to?	
------------	--

Section B

What impact does the proposal have. Set out any impacts (positive and negative) on performance and costs

Property

Closed buildings to be handed to estates as part of the wider estate work. Sale of sites could create additional capital for investment into new development areas with a view to generate income to contribute to the overall budget.

Service Delivery

The Service would be closed resulting in no Civic Venue offering within Bury.

Organisation (Including Other Directorates/Services)

Options to be considered and determined.

Workforce – Number of posts likely to be affected.

11.5 FTE permanent staff and 50 casual members of staff. (Reduction in casual staff does not create any saving as the expenditure is covered by event income).

Communities and Service Users

It may be feasible for some events to be driven to the Private sector, and other similar offerings across Bury.

Closure of Ramsbottom Civic Hall would impact directly on the Friends of Ramsbottom Civic Hall (FORCH).

Other Partner Organisations

Section C

Key Risks and Mitigations

Risks	Mitigations
Ongoing Income loss / current impact of COVID	Full closure. Any deposits currently held by the Service would need to be returned.
Liability of current state of buildings (Corporate Landlord) / carbon agenda (Climate targets 2030)	Closed buildings to be handed to estates as part of the wider estate work. Sale of sites could create additional capital for investment into new development areas with a view to generate income to contribute to the overall budget.
Civic Functionality / community impact	It may be feasible for some events to be driven to the Private sector, and other similar offerings across Bury.

Friends of Ramsbottom Civic Hall (FORCH)	Closure of Ramsbottom Civic Hall would impact directly on the Friends of Ramsbottom Civic Hall (FORCH).
Timescale to dispose of buildings.	Ensure plans re: disposal are a priority.

Key Delivery Milestones*Include timescales for procurement, commissioning changes etc.*

Milestone	Timeline
Cabinet Decision	November 2020

Section D

Consultation Required?	Yes
------------------------	-----

	Start Date	End Date
Staff	November / December 2020	March 2021
Trade Unions	November / December 2020	March 2021
Public	December 2020	March 2021
Service User	December 2020	March 2021
Other		

Equality Impact*Is there potential for the proposed budget reduction to have a disproportionate/ adverse impact on any of the following?*

Disabled people	None
Particular Ethnic Groups	None
Men or Women (including impacts due to pregnancy/maternity)	None
People who are married or in a civil partnership	None
People of particular sexual orientation	None
People who are proposing to undergo, undergoing or undergone a process or part of a process of gender assignment	None
People on low incomes	None
People in particular age groups	None
Groups with particular faiths and beliefs	None

EIA Required?	No
---------------	----

Section E

Financial Implications and Investment Requirements

Investment requirements – Revenue and Capital

Ongoing costs associated with retaining the buildings until they are disposed of.

Finance Comments – Will the proposal deliver the savings and within the agreed timescales?

Assumption is that all activity will cease and therefore the budget can be removed.
Allowance has been made for budget to be transferred to manage the buildings.

Timing of savings is dependent on relevant HR processes being completed such that there is no call on the service to pay staff from 1st April 2021.

**Signed Executive
Director**

**Cabinet Member
Signature**

Signed Finance

Name and Date

Reference MTF5008

Executive Director

Cabinet Member

Section A

Service Area	Waste & Transport
Budget Option Description	Review of Waste Services – Fleet Rationalisation

Budget Reduction Proposal – Detail and Objectives

The following options will be given due consideration:-

Review of Waste Services

A range of options to be considered including: -

- Balancing of waste collection rounds
- Street cleansing litter bin rounds and sweeping schedules
- Waste collection service redesign i.e. consideration to 4 over 5 day working, commercial waste review etc
- Review of food caddy liners.

(Please note these options do not include reducing the frequency of waste collections).

Increasing household waste recycling rate

Via the public re-using and recycling, there is a direct positive link with the carbon and climate agenda, where significant carbon savings can be achieved. Options to be considered to achieve a recycling rate well above 60% which could significantly reduce disposal costs/GMWDA levy contribution, include: -

- A comprehensive, sustained communications campaign which would require recruitment of additional staff and ongoing engagement with residents.
- A weekly food waste collection service. This would require a new fleet of bespoke collection vehicles and recruitment of additional operational staff.
- Collection of a wider range of recyclables e.g. plastic pots, tubs and trays; textiles; batteries; small WEEE.
- A separate weekly or fortnightly collection of absorbent hygiene products e.g. disposable nappies and incontinence pads.
- Promotion of home composting, with an offer of subsidised compost bins to residents.

Fleet rationalisation

Confidence in the ability of round optimisation to make the above savings on waste collection is undermined by the impact of COVID. From April to end of Aug this year, relative to last, grey bin tonnages are up 14%, blue bins 22%, green bins 5% and brown bins 13%. This is as a result of lockdown and more people working from home. If the move to more home working becomes permanent this will make efficiencies (in terms of less vehicles and staff required to deliver the service) more difficult to achieve.

Optimisation within the street cleansing service is an unknown, with no indication at this stage of what, if any, efficiencies can be achieved. It is hoped that vehicle requirements could be reduced in respect of mechanical sweepers.

One off forecast waste levy refund for 2020/21 is £1.852m.

Savings related to caddy liners can be achieved but any changes could lead to reduced food waste recycling rates leading to more food being placed in the residual waste stream, increasing disposal costs. Users might also use plastic bags instead and contaminate loads. Currently replacement rolls are issued via crews as these better targets the people using them.

The unfreezing of the increase in annual fees and charges will generate an increase in income from the sale of recycling bins and commercial waste services.

Fleet rationalisation – every service that identifies a requirement for new vehicle/s must produce a business case for Exec Director / Cabinet Member approval accordingly. Replacement programme is very much in its infancy, so it is not known at this stage if a saving is possible.

It is to be noted that the options cited above are just options at this stage, and engagement with the public will be undertaken.

	2021/22	2022/23
Budget Reduction (£)	0.237	0.025
Staffing Reduction (FTE)		

Is the proposal One-Off or Ongoing?	All ongoing
Which Budget Principle does the option relate to?	Carbon Neutral/Digital/Demand Reduction/Economic Growth/Internal Transformation

Section B

What impact does the proposal have. Set out any impacts (positive and negative) on performance and costs

Property
None.
Service Delivery
New ways of working. Increased efficiencies.
Organisation (Including Other Directorates/Services)
Services that require new vehicles as part of the replacement programme.
Workforce – Number of posts likely to be affected.
Workforce of circa 65 on Waste Collection and 30 on Street Cleansing. 5 Operations Managers/Supervisors. Commercial Waste Officer. All posts potentially affected. A small number of operational posts may be lost if efficiencies are realised.
Communities and Service Users
Every household in borough impacted by waste collection and street cleansing services.

Other Partner Organisations

GMCA – Waste & Resources Team

Section C**Key Risks and Mitigations**

Risks	Mitigations
Public reaction to reduced collection frequency and restricted issue of caddy liners.	Robust business case
Workforce 'buy-in'	Effective communications strategy, TU consultation.
DEFRA Resources & Waste Strategy	Any cost implications should be funded by Government.

Section D

Consultation Required?	Yes
------------------------	-----

	Start Date	End Date
Staff		
Trade Unions		
Public		
Service User		
Other		

Equality Impact

Is there potential for the proposed budget reduction to have a disproportionate/ adverse impact on any of the following?

Disabled people	
Particular Ethnic Groups	
Men or Women (including impacts due to pregnancy/maternity)	
People who are married or in a civil partnership	
People of particular sexual orientation	
People who are proposing to undergo, undergoing or undergone a process or part of a process of gender assignment	
People on low incomes	
People in particular age groups	
Groups with particular faiths and beliefs	

EIA Required?	
----------------------	--

Section E

Financial Implications and Investment Requirements

Investment requirements – Revenue and Capital

Ongoing costs associated with retaining the buildings until they are disposed of.

Finance Comments – Will the proposal deliver the savings and within the agreed timescales?

Assumption is that all activity will cease and therefore the budget can be removed.
Allowance has been made for budget to be transferred to manage the buildings.

Timing of savings is dependent on relevant HR processes being completed such that there is no call on the service to pay staff from 1st April 2021.

**Signed Executive
Director**

**Cabinet Member
Signature**

Signed Finance

Name and Date

Reference	MTFS009
Executive Director	Donna Ball
Cabinet Member	Cllr Lucy Smith

Section A

Service Area	Streetscene (Street Lighting)
Budget Option Description	Dimming Street Lighting

Budget Reduction Proposal – Detail and Objectives

Dimming of Street Lighting.

A street lighting column replacement programme is already underway in Bury. As a result of this programme, approximately 3,500 street lighting columns across Bury will be equipped with energy efficient LED lanterns which are able to be dimmed.

It is proposed to dim these lanterns between 00:00hrs and 06:00hrs, which will realise a reduction in carbon output and energy consumption in the region of 80 tonnes and £40,000 per annum respectively, therefore supporting a lower carbon economy, greater resilience to climate change and cleaner growth.

The proposed dimmed lighting levels will remain in line with the current British Standard Specification whilst providing adequate levels of lighting on the highway. It is important to note that the public will notice very little change in lighting quality from streetlights being dimmed. A number of pilots have already taken place across Bury, with no negative feedback being received.

If implemented, the changes will enable the Council to reduce light pollution, and its negative effects on residents' sleep patterns, certain nocturnal animals, plant species and people's enjoyment of the night sky.

Partner agencies (i.e., Police) are involved in the development of the proposals.

	2021/22	2022/23	2023/24
	£m	£m	£m
Budget Reduction (£)	0.020	0.010	0.000
Staffing Reduction (FTE)	0	0	0

Is the proposal One-Off or Ongoing?	Ongoing
Which Budget Principle does the option relate to?	Carbon Neutral/Digital/Demand Reduction/Economic Growth/Internal Transformation

Section B

What impact does the proposal have. Set out any impacts (positive and negative) on performance and costs

Property
No impact.

Service Delivery
Initial reduction in energy costs. However, it is to be noted that over time the savings that are forecast may diminish due to the potential of energy companies increasing their unit cost.
Organisation (Including Other Directorates/Services)
No impact.
Workforce – Number of posts likely to be affected.
No impact.
Communities and Service Users
The proposed dimmed lighting levels will remain in line with the current British Standard Specification whilst providing adequate levels of lighting on the highway.
The hours at which streetlights will be dimmed will be between 0:00hrs and 06:00hrs.
Other Partner Organisations
No impact

Section C

Key Risks and Mitigations

Risks	Mitigations
It is likely that cost savings will be eroded over time as the unit price of energy increases	Potential future investment to save to roll out dimming across entire street lighting stock, achieving further energy and carbon reductions.
Resistance is likely from elected members and the public	Community engagement and communications should highlight the carbon reduction and associated environmental benefits
Personal and transport safety	The proposed dimmed lighting levels will remain in line with the current British Standard Specification whilst providing adequate levels of lighting on the highway.

Key Delivery Milestones

Include timescales for procurement, commissioning changes etc.

Milestone	Timeline
Street lighting energy is charged as an unmetered supply which is assessed annually. Milestones will therefore be annual as submissions to our energy supplier are made.	The programme was originally programmed to be delivered over 5 years (20/21 to 24/25), however efforts are being made to deliver by 23/24.

Section D

Consultation Required?	No
------------------------	----

	Start Date	End Date
Staff		
Trade Unions		
Public		
Service User		
Other		

Equality Impact

Is there potential for the proposed budget reduction to have a disproportionate/ adverse impact on any of the following?

Disabled people	Yes (limited)
Particular Ethnic Groups	No
Men or Women (including impacts due to pregnancy/maternity)	No
People who are married or in a civil partnership	No
People of particular sexual orientation	No
People who are proposing to undergo, undergoing or undergone a process or part of a process of gender assignment	No
People on low incomes	No
People in particular age groups	Yes (limited)
Groups with particular faiths and beliefs	No

EIA Required?	Yes
---------------	-----

Section E***Financial Implications and Investment Requirements***

Investment requirements – Revenue and Capital
Proposal can be achieved with existing budgets.

Finance Comments – Will the proposal deliver the savings and within the agreed timescales?			
Timing of savings will be dependent on the programme of fitting the necessary equipment			
Signed Executive Director		Cabinet Member Signature	
Signed Finance		Name and Date	



Classification	Item No.
Open	

Meeting:	Overview and Scrutiny Committee
Meeting date:	10 February 2021
Title of report:	The Dedicated Schools Grant and setting the Schools Budget 2021-22
Report by:	Leader of the Council and Cabinet Member for Finance and Growth
Decision Type:	Non Key Decision
Ward(s) to which report relates	All

Executive Summary:

- 1.1 The Dedicated Schools Grant (DSG) is the ring-fenced grant from Government that provides each local authority with an allocation of funding for schools and services for pupils.
- 1.2 The DSG contains 4 blocks determined by a separate national funding formula which calculates the total funding due to Local Authorities. In considering how the DSG is allocated it is necessary to consider each block separately. This report sets out recommendations in relation to the Schools Budget for approval by Cabinet. The details set out in the report has been discussed, and agreed, by the Schools Forum.
- 1.3 Under the Council's Constitution, the Overview and Scrutiny Committee is required to advise and consider the Cabinet's budget and council tax proposals and report to Cabinet on the outcome of its deliberations before the matter is referred to Council.

Recommendation(s)

That:

- Overview and Scrutiny comment on the budget proposals set out in the report as part of the consultation process prior to the budget being set by Full Council on 24 February 2021;
- Overview and Scrutiny Committee note that the Schools Forum have been discussed with the Schools Forum and that the proposed approach reflects their recommendations.

Key considerations

Background

2 Dedicated Schools Grant

- 2.1 In September 2019, the Chancellor of the Exchequer presented the 2019 Spending Round (SR19) to Parliament and this included notification that, nationally, schools funding would increase by £2.6bn in 2020/21, £4.8bn in 2021/22 and £7.1bn in 2022/23. The Government also advised that the high needs funding for schools would increase by £700m nationally. This 3-year funding allocation has helped with financial planning for our schools and has remained largely unchanged and forms the basis for the 2021/22 budget to schools.
- 2.2 For schools this means that the minimum per primary school pupil amount has increased from £3,500 in 2019/20, £3,750 in 2020/21, and will increase to £4,180 for 2021/22. The Secondary minimum per pupil amount has increased from £4,800 in 2019/20, £5,000 in 2020/21, to £5,415 for 2021/22. For Bury, an additional £13.281m has been allocated over and above the 2020/21 allocation.
- 2.3 The allocations for Bury are set out in the following table.

Dedicated Schools Grant	2020/21 £m	2021/22 £m	(Increase)/ Decrease £m's
Schools Block	129.940	139.599	(9.659)
Central Schools Services Block	0.774	0.952	(0.178)
Early Years Block	13.869	14.064	(0.195)
High Needs Block	33.059	36.308	(3.249)
Total DSG	177.642	190.923	(13.281)

- 2.4 The 4 blocks that make up the DSG are:

- ***The Schools Block***

This provides funding for individual mainstream schools and academies as well as growth funding for any planned growth in schools. It is the responsibility of the Council to propose and decide any changes to the formula which is used to allocate Schools Block DSG to all primary and secondary schools. The Schools Forum is consulted on any proposed changes and informs the governing bodies of all consultations.

- ***The High Needs Block***

This provides funding for the education of pupils subject to Education, Health and Care plans from age 0-25 in a range of provision including special schools, mainstream schools, alternative provision, independent specialist provision and council centrally retained expenditure for high needs support and inclusion. It is the responsibility of the local authority to propose and decide the allocation of High Needs Funding. The Schools Forum is consulted on any proposed changes and informs the governing bodies of all consultations.

- ***The Early Years Block***

This provides funding for two-year olds, early years funding in schools and in the Private, Voluntary and Independent (PVI) sector as well as centrally retained expenditure for under 5s. Local Authorities must pass through a minimum of 95% of funding for the universal 15-hour entitlement for 3- and 4-year olds and the additional 15 hours entitlement for 3 and 4 year old children of eligible working parents directly to settings. This means that up to 5% can be retained by the Council to contribute to early years functions delivered by education services, for contingency to allow in-year funding to be provided to providers for increased early years pupil participation and for Early Years SEND inclusion funds.

It is the responsibility of the local authority to propose and decide on the allocation of early years funding. The Schools Forum and all early year's providers are consulted annually and given an opportunity to give their view on the proposals.

- ***The Central Schools Service Block***

This provides funding for the local authority to carry out central functions on behalf of pupils in both maintained schools and academies. The local authority proposes the spending allocations funded from the Central Services block but the final decision is made by the Schools Forum. Central Schools Services includes the admissions service, schools forum administration, school improvement and other statutory and regulatory duties.

2.5 There is limited flexibility for councils to transfer funding between the 4 blocks. For 2021/22 the Education and Skills Funding Agency (ESFA) has limited the movement between blocks to 0.5% of the total Schools Block allocation but only with the agreement of the Schools' Forum. Any proposed increase on this is subject to approval by the Secretary of State.

2.6 For 2021/22, Bury's Schools' Forum has unanimously approved a transfer of 0.2% from the Schools' Block to help support the pressures being faced on the High Needs Block. This equates to £0.254m contribution to help sustain the recovery of the High Needs deficit.

3 DSG Allocation

Schools Block National Funding Formula Allocation

3.1 The Schools Block allocation for 2021/22 is £139.599m. This is an increase of £9.659m from the 2020/21 allocation.

- 3.2 In September 2017, the National Funding Formula (NFF) for Schools and Central Schools Services was introduced. Following consultation with all schools and academies, Bury applied the NFF with effect from 1 April 2018 with the Secondary Schools opting to move to this immediately and Primary Schools taking a 3 year phased approach. From 2020/21, the national funding formula has been applied to all schools in Bury as previously agreed. The 2021/22 funding factors continue to comply with the national funding formula values
- 3.3 The Schools Forum has considered the allocation of the Schools Block and have made their recommendations. These have been applied to the formula used to determine individual school allocations and ensure full compliance with statutory requirements.
- 3.4 It should be noted that the funding increase to the Schools Block includes the transfer of the Teachers Pay and Pension Grants into the DSG from 2021/22. To ensure schools can continue to meet the cost of increased pay and pensions for teachers, the schools' delegated budgets are enhanced through an increase to the per-pupil Basic Entitlement funding.
- 3.5 A full summary of the funding formula factors is set out at Appendix 1 and these are recommended for approval by Cabinet.
- 3.6 In addition to the Schools Block funding, additional external funding is available directly for schools and academies. It should be noted that these are estimated figures, based on 2020/21 actuals and are subject to pupil census and other data updates. A summary is set out in the following table.

Estimated external Funding available to schools and academies in 2021/22	
	£m
Pupil Premium Grant	8.786
Universal Infant Free School Meals Grant	2.211
Primary PE and Sport	1.123
Covid Catch Up Grant – Summer Term 2021	0.986
Devolved Formula Capital	0.532
TOTAL	13.638

- 3.7 During 2020/21 schools were also provided with additional funding to support them through the coronavirus pandemic and any additional costs incurred as a result of schools' compliance to Government lockdown guidance. This included the Covid Exceptional Costs Reimbursement Scheme, Covid Catch-Up Grant (Autumn 2020 and Spring 2021), and the Workforce Fund. There is no guarantee these grants will be provided to contribute to any ongoing costs faced by schools in 2021/22.

Early Years Block National Funding Formula Allocation

- 3.8 The Early Years Block allocation for 2021/22 is £14.064m. This is an increase of £0.195m from the 2020/21 allocation.
- 3.9 Early Years funding to providers is based on hourly rates for eligible 2-, 3- and 4-year olds accessing their entitlement to free early education. The hourly funding rate applied to 3- and 4-year olds must also meet a minimum level of an average across all providers of at least £4.22 per hour.
- 3.10 The hourly rate determined must include a universal base rate and a mandatory supplement for deprivation applied to all providers. Any supplements must not be more than 10% of the total hourly rate funding to providers.

- 3.11 Up to 5% of the 3- and 4-year old funding may be retained by the Council to contribute to central early years functions, contingency for in-year increases to early years pupil participation in settings and for Early Years SEND Inclusion Fund.
- 3.12 The 2-year-old funding rate allocated is higher in order to contribute to funding the greater staffing ratios required and associated costs of supporting 2-year-old children. The 2 year old aspect does not include any mandatory supplements and is not subject to the 95% pass-through requirement.
- 3.13 The Early Years block for 2021/22 continues to include the Maintained Nursery School (MNS) funding protection which is allocated as an additional lump sum outside of the universal hourly rates used.
- 3.14 The 2021/22 hourly rates proposed ensure the full increased funding provided through the Early Years Block of 8 pence per hour for 2-year olds and 6 pence per hour for 3- and 4-year olds is allocated directly to all Early Years providers through their funding allocations based on actual numbers on roll and hours of pupil participation in their settings.
- 3.15 Bury's 3- and 4-year-old hourly rate for early years provision is higher than the minimum set out by the Government. It is however proposed that the additional allocation in the settlement, equivalent to £0.06 be added to the 2021/22 rate. In accordance with the statutory requirements Council is required to approve the hourly rates applicable with effect from 1 April 2021, as recommended by Schools' Forum. These are set out in the tables below.

Table 1

Early Years Allocation for 3- and 4-year olds - Funding Per Hour	
Factor	2021/22 Allocation Per Hour (£)
Universal rate allocated to all providers	4.14
Deprivation Supplement (average)	0.16
Central Provided Services (3%)	0.14
Total for 3 and 4 year olds	4.44

Note: The deprivation allocation above is an average and may vary to individual settings as their actual amount is determined according to the latest deprivation indices for all children on roll according to their home postcode.

Table 2

Early Years Allocation for 2-year olds - Funding Per Hour	
Factor	2021/22 Allocation Per Hour (£)
Universal rate allocated to all providers	5.36
Deprivation Supplement	n/a
Total for 2 year olds	5.36

- 3.16 Early Years settings may also receive additional funding for eligible pupils through the Early Years Pupil Premium Grant (EYPPG) at £0.53 per hour, and/or Disability Access Fund (DAF) at £615 per eligible child.

High Needs DSG Budget Allocation

- 3.17 The 2021/22 allocation for High Needs DSG is £36.308m. This represents a £3.249m increase from the 2020/21 allocation.
- 3.18 High Needs funding is based on SEND pupil numbers as of October 2020 in mainstream, special and resources provision maintained schools and academies, and SEND pupil numbers at January 2021 in independent provision.
- 3.19 Of the total allocation of £36.308m, the ESFA will allocate around £1.002m direct to Further Education (FE) establishments for high needs places. The funding remaining for the Council to manage is therefore £35.306m to fund all in-borough and out-borough provision and specialist support delivering SEND and inclusion priorities. From the £35.306m the ESFA will also allocate £2.784m direct to Bury's Academies with specialist places.
- 3.20 It should be noted that the funding increase to the High Needs Block also includes the transfer of the Teachers Pay and Pension Grants into the DSG from 2021/22. To ensure Bury's Special Schools and Pupil Referral Unit (PRU) can continue to meet the cost of increased pay and pensions for teachers, the statutory place funding has been inflated by £660 to £10,660 per place.

Central Schools Services Block (CSSB) DSG Budget Allocation

- 3.21 The allocation of the Central School Services DSG (CSSB) block is £0.952 in 2020/21, this represents an increase of £0.178m from the 2020/21 allocation. The use of the CSSB is one for the Schools Forum to decide based on proposals from the council in respect to funding ongoing responsibilities and central functions undertaken on behalf of schools and academies.
- 3.22 It should be noted that the funding increase to the CSSB also includes the transfer of the Teachers Pay and Pension Grants into the DSG from 2021/22. This is to meet the cost of increased pay and pensions for centrally employed teachers.

4 DSG HIGH NEEDS RECOVERY PLAN

- 4.1 Costs of high needs have exceeded the available budget for a number of years and the position on the DSG reserve is a cumulative deficit of £20.067m at the end of 2019/20. The deficit has accrued for a number of reasons including increasing volumes of pupils receiving Education, Health and Care Plans (EHCPs), increasing complex needs, increasing costs of provision, increased numbers of pupils in out of borough placements, as well as investment made into in-borough inclusion.
- 4.2 The DfE has announced the removal of the link between the council's general reserves and DSG deficit balances although the statutory override that is required to do so is still awaited. Until then, the DSG deficit is offset by the Council's own reserves.
- 4.3 The DfE want to ensure that DSG deficits are recovered and have set up a DSG Safety Valve Project team to work with the councils with the greatest deficits to develop an agreed recovery plan.
- 4.4 Bury has one of the largest deficits on the Dedicated Schools Grant (DSG) in the country and has been selected along with 5 other Local Authorities to work with the

Department for Education (DfE) in respect to developing and agreeing a recovery plan.

- 4.5 Bury met with the DfE Safety Valve Project team in December 2020 for an initial introduction and outline of the DfE expectations and detail about the recovery plan process and requirements.
- 4.6 A transformation plan aimed at recovering the position has been developed and, if approved by the DfE, will be presented to the Secretary of State in March 2021 at which point the outcome, including potential funding, will be known.
- 4.7 The transformation plan has involved intensive input from SEND and Finance colleagues and will be completed in accordance with the DfE timeframe by the end of January 2021 so they can scrutinise it in February prior to reaching the expected agreement and approval of the Secretary of State prior to 31 March 2021.
- 4.5 The DfE have acknowledged the considerable progress made since their initial visit in December 2020 in producing an action plan that will see the recovery of the deficit through a robust, comprehensive, and manageable delivery plan incorporating key milestones and performance indicators.
- 4.6 The DfE recognise the Council may need additional support to recover the deficit in full and they will consider how they can support Bury with increased revenue and capital funding and with any other professional expertise, advice and guidance they can provide.
- 4.7 The determination of any additional financial support is subject to acceptance of Bury's recovery plan and will be provided in this, and next financial year if confirmed.

Community impact / Contribution to the Bury 2030 Strategy

Delivery of the Bury 2030 strategy is dependent on resources being available. The delivery of the strategy may be impacted by changes in funding and spending.

Equality Impact and considerations:

24. *Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:*

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*
25. *The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations and*

demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.

Assessment of Risk:

The following risks apply to the decision:

Risk / opportunity	Mitigation
The Council has a statutory requirement to set its annual budget before 1 March 021. Failure to approve the budget would mean that schools and early years providers do not have their funding allocations for 2021/22.	All proposals have been discussed with the Schools Forum and are based on the latest financial information.

Consultation:

The Schools Forum has been consulted on the proposals set out in the report and the recommendations are supported by them.

Legal Implications:

Financial Implications:

The financial implications are set out in the report and all proposals can be delivered within the funding available.

Report Author and Contact Details:

Lisa Kitto

Interim Director of Financial Transformation (S151 Officer)

Background papers:

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning
DSG	Dedicated Schools Grant

Appendix 1

Funding Unit Values recommended to Cabinet by the Schools Forum			
Factor	Sub-level	2020/21 Per Pupil	2021/22 Per Pupil
		£	£
Basic Entitlement Age Weighted Pupil Unit (AWPU)	Primary	2,873	3,123
	Key Stage 3	4,040	4,404
	Key Stage 4	4,586	4,963

Deprivation – Amount Per Pupil			
Factor	Sub Level	2020/21 Per Pupil	2021/22 Per Pupil
		£	£
Free School Meals - Ever 6	Primary	563	575
	Secondary	819	840
Free School Meals	Primary	452	460
	Secondary	452	460
Income Deprivation Affecting Children Indices (IDACI) - Primary (Amount Per Pupil)	IDACI F	211	215
	IDACI E	251	260
	IDACI D	377	410
	IDACI C	407	445
	IDACI B	437	475
	IDACI A	603	620
Income Deprivation Affecting Children Indices (IDACI) - Secondary (Amount Per Pupil)	IDACI F	302	310
	IDACI E	407	415
	IDACI D	538	580
	IDACI C	583	630
	IDACI B	628	680
	IDACI A	845	865

Funding Unit Values recommended to Cabinet by the Schools Forum				
Factor		Sub-level	2020/21 Per Pupil	2021/22 Per Pupil
Additional Education Needs Factors – Amount Per Pupil			£	£
Low cost, high incidence SEND	Low Prior Attainment		1,071	1,095
			1,619	1,660
English as an Additional Language (EAL)	Primary		541	550
	Secondary		1,448	1,485
Mobility	Primary		880	900
	Secondary		1,257	1,290

School-Led Factors		Amount per School	
		2020/21	2021/22
		£	£
Lump Sum	Primary	120,000	117,800
	Secondary	115,023	117,800

This page is intentionally left blank

**Classification****Item No.****Open**

Meeting:	Overview and Scrutiny
Meeting date:	10 February 2021
Title of report:	Capital Strategy and Capital programme 2021/22
Report by:	Leader of the Council and Cabinet Member for Finance and Growth
Decision Type:	Non- Key Decision
Ward(s) to which report relates	All

Executive Summary:

- 1.1 In line with good practice, the Capital Strategy forms part of the Council's strategic and financial planning framework and provides a framework within which the Council's capital investment plans will be delivered. The Capital Strategy 2021/22 – 2023/24 has been prepared to cover a 3-year period initially though it is expected that this will be extended to a 5-year time frame in line with the Council's medium term financial strategy. The current approach recognises the uncertainty, especially in relation to funding in future years.
- 1.2 The format of the Capital Strategy reflects the Prudential and Treasury Management Codes issued by CIPFA in 2017 which require councils to prepare a capital strategy and include specific information within it. The strategy therefore includes:
 - A high-level, long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
 - An overview of how the associated risk is managed;
 - The implications for future sustainability
 - The proposed capital programme 2021/22 – 2023/24
 - Financing the capital programme
- 1.3 The Capital Strategy is prepared to ensure members are fully aware of the overall long term capital investment objectives, capital strategy requirements, governance arrangements and risk appetite. The strategy cannot be viewed in isolation and links directly to the medium-term financial strategy, the treasury management strategy, the school's capital strategy, the ICT and digital strategies and the asset management plan.

Recommendation(s)

That:

The Overview and Scrutiny Committee comment on the proposals set out in the report prior to the budget being set at Full Council on 24 February 2021.

Key considerations

2 BACKGROUND

Capital Strategy

- 2.1 The Council is committed to an integrated approach that develops a capital programme to reflect the priorities with an organisation-wide approach rather than being determined by individual services. This approach aims to ensure our scarce resources are used in the most effective way and support our corporate priorities as set out in the proposed Bury 2030 strategy:
- A local, place-based approach to working with communities to improve social, environmental, health and economic outcomes
 - Harnessing the enterprise of local people and businesses to drive economic growth, and ensuring every resident has the opportunity to connect to the opportunity of this growth through their skills, networks and scope for meaningful work
 - A new collaborative approach to delivering together with communities, to share ownership of issues and opportunity and combine all resources
 - A strengths-based approach to public service delivery, to build on the resources people have to solve issues and target resources on the gaps rather than taking a deficit-based view

2 CAPITAL RESOURCES

- 2.1 When assessing the level of planned capital investment to undertake we make a judgement about the level of capital resources that are likely to be available over the period of the programme. Our main capital resources are service specific grants, third party contributions, capital receipts, lease finance and borrowing.
- 2.2 Historically the Capital Programme has not required any additional borrowing by the Council. This is no longer considered a sustainable position and borrowing is likely to be a key source of funding for new schemes in the future. There are revenue consequences of this as the Council must incorporate the associated borrowing costs and minimum revenue provision in its revenue budget. At the same time, the grant funding opportunities that are emerging from central government as part of the 'Levelling Up' programme as well as other opportunities including the UK Shared Prosperity Fund and the National Home Building Fund will provide some funding opportunities and these will be maximised as part of the overall approach. In developing the capital programme, any revenue costs needed to support potential borrowing have been identified and reflected in the Council's Medium Term Financial Strategy.
- 2.3 The new funds being made available by the Government are subject to competitive bidding rounds and to maximise the opportunity that these present, the Council needs to ensure it has the required resources to develop these bids.

Central Government Allocations and External Grants and Contributions

- 2.4 Some capital projects are financed through the allocations received directly from the Government Departments or external grants and contributions which are mostly specific to projects and cannot be used for other purposes. Examples of these would include the allocations for schools, highway maintenance or Disabled Facilities grants from Central Government.
- 2.5 Grants from external organisations are a valuable source of capital finance for the Council and have enabled the Council to realise a substantial number of Capital developments in the past that would otherwise have been unable to progress.
- 2.6 The Council will continue to explore cost effective opportunities for grants from external bodies. However support through grants cannot be accurately predicted and therefore the Council recognises that it cannot depend on this source entirely. The Council will also ensure that exit strategies are prepared in the case of on-going projects funded through external support, in the event of the support being withdrawn.

Capital Receipts

- 2.7 The Council generates capital resources through the sale of surplus land and buildings. The short to medium term asset sales are forecast to be minimal and as result, the ability of the Council to fund investment from within its own funding remains limited. Cabinet has approved an accelerated land disposal programme aimed at generating significant capital receipts for the Borough. The completion of the programme will generate c£8m of receipts over a 3-year period which can be used to support the Council's capital ambitions.
- 2.8 The Council will continue to pool both Housing and General Capital Receipts to reflect its commitment to a priority-led approach to the allocation of resources and continue to maintain a policy of not ring-fencing the use of capital receipts to fund new investment in specific schemes or service areas. However, it does recognise that exceptionally there will be instances in which it will be necessary to earmark receipts to particular schemes and if earmarking is necessary then a report will be taken to the Cabinet for consideration of the specific circumstances.
- 2.9 From April 2016 the government introduced the flexibility for capital receipts to be used to fund revenue expenditure which meets certain criteria. To meet the qualifying criteria the revenue expenditure needs to relate to activity which is designed to generate ongoing revenue savings or to transform a service which results in revenue savings on improvements in the quality of service provision. Local authorities are only able to use capital receipts from the sale of property, plant and equipment received in the years in which this flexibility is offered. They may not use the existing stock of capital receipts to finance the revenue costs of service reform. There are no proposals to use capital receipts to fund transformation at this stage though it is important that the option to do so is acknowledged.

Borrowing

- 2.10 From 1 April 2004 authorities have had the discretion to borrow in line with the CIPFA Prudential Code which is known as 'Unsupported Borrowing' and outside the Government's control who will no longer support Authorities with a provision in the Revenue Budget to meet the capital financing costs that arise from this level of borrowing.
- 2.11 The Council can make use of the opportunity for the Prudential Borrowing where it is most cost effective and as long as its capital investment plans are affordable, sustainable and prudent. It hence makes a choice on whether revenue resources are used to fund direct service delivery or reserved to finance costs of borrowing for capital investment.

2.12 The Council will consider the use of unsupported borrowing in three particular circumstances:

- Discretionary unsupported Schemes – where individual services can meet the full borrowing, and other revenue costs from within existing resources and where the related expenditure meets with Council ambitions/priorities and would not be able to proceed through another funding source. Any such schemes must be specifically approved by the Cabinet or Council and be supported by a detailed Business Case.
- Invest to Save schemes – where pump priming assistance is required but overall, costs are met from additional revenue/capital income or savings generated by the scheme. Pump priming can be funded from unsupported borrowing or from slippage/internal resources. Again, the specific approval of Cabinet will be needed before any such schemes proceed.
- Strategic Investment – Where strategic investment to support the Borough's economy is required, subject to a detailed business case.

Revenue Contributions and Reserves

2.13 The Council can also use revenue resources to fund capital projects, although revenue budgets have come under increased pressure over recent years and the ability to use revenue is restricted. The proposed capital programme requires borrowing and the cost of borrowing to support the 2021/22 programme has been factored into the 2020/21 and 2022/23 budget. Any requirements beyond this will need to be factored into the MTFS. The Council may also finance some capital schemes from reserves such as S106 set asides.

Lease financing

2.14 The Council has traditionally used funding by way of leases to mainly acquire or use vehicles and grounds maintenance equipment where the revenue budget did not allow for a full capital repayment and there was a robust business case for the option of leasing to be considered.

2.15 By 2022 the Council will need to replace all of its vehicles and equipment held currently on operational leases and a strategy to cover replacement was agreed as part of the 2020/21 capital programme the phasing of which is over several financial years. The replacement strategy has been approved by Cabinet and is currently being implemented.

3 CAPITAL SPEND PROPOSALS

3.1 The Council's capital programme 2021/22 – 2023/24 is set out at Appendix 1. The proposed programme takes account of the latest monitoring position on the 2020/21 capital programme including any identified rephasing that has been agreed for carry forward into the 2021/22 financial year. A number of new schemes reflecting the Council's priorities are proposed and are included in the draft programme.

3.2 The proposed capital programme is focused on some main themes that align to the Council's objectives and outcomes including:

- Regeneration of key areas within the borough
- Strategic Investment to support economic growth
- Sport and Leisure
- Operational Fleet
- Housing
- Highways
- Children and Young People, including schools

- ICT and Digital
- Carbon Neutrality
- Estate Management

3.3 The key areas of investment proposed for 2021/22 are:

Existing Commitments

- **Replacement of the vehicle fleet.** This is the continuation of the programme that was agreed as part of the 2020/21 capital programme. A vehicle replacement strategy was approved by Cabinet in July 2020 and the procurement of the vehicles is anticipated to take place over a 3-year period. A total of £10m was approved in 2020/21 and have been phased over 3 financial years.
- **Highways** Continued investment in highways services and is a phasing of the works that have previously been approved. A Highways Strategy was approved by Cabinet in September and showed that the funds available would be spent over 3 financial years. The draft capital programme reflects the agreed Highways Strategy.
- **Cycle Ways** The council has been provided with grant funded income from the Greater Manchester Combined Authority to support greater use of cycle ways and to promote greater use. The funds are to be phased over several financial years to reflect the spending profile.
- **Education and Schools** Anticipated grant income for schools related expenditure has been assumed for the funding that is known. Capital allocations are still awaited and will be reflected in the strategy as and when the information becomes available.
- **Sports and Leisure** Investment in external sites, including parks, as well as leisure centre is assumed within the capital programme to promote healthier lifestyles and wellbeing. Some of the schemes are grant funded. A parks strategy (Phase 1) was approved by Cabinet in December 2020.
- **Housing** Use of the housing revenue account to promote housing growth has been assumed, all of which will be funded from within the HRA. The Council has also approved use of its own funding to develop the potential of 5 strategic sites and has also been awarded some Brownfield Land Fund grant which has been built into the 2020/21 capital programme.

New Schemes

- **Regeneration** A significant amount of regeneration works has been assumed covering all major sites and areas across the council. This work includes funding brought forward from the 2019/20 financial year. In addition to this, the Council has committed to the Radcliffe Generation Strategic Framework which requires significant funding over a 3-year period. This is likely to total £30m phased over 3 years. Separate governance arrangements including a Committee has been set up to oversee the Radcliffe SRF. Other key areas of generation across the borough include Prestwich Town Centre and the Bury Town Centre Masterplan.
- **Regeneration Investment Fund** there is a need to introduce an investment fund which essentially will be utilised to pump prime some investments in the regeneration areas but will be replenished as and when sites are disposed of in the future. A proposed framework for the investment fund is attached at Appendix 2 and any requests for use of the fund will be subject to appropriate

financial and non-financial due diligence. A total of £6m for the investment fund has been requested. The fund will be used to support regeneration across the whole of the borough.

- **Housing Revenue Account** The continuation of the 3-year investment in properties £9.8m is assumed. In addition to this, a further £3.142m is being added to the programme to carry out the first phase of energy efficient improvements which will move properties to at least a SAP Band C by 2035. retrofit houses as part of the carbon neutrality programme. In the first instance it is assumed that this will be met from the HRA although grant funding is expected. A further £9.8m is proposed to be added to the programme to maintain the housing stock and meet statutory compliance requirements. This is a continuation of the existing programme of works.
- **Fernhill Gypsy and Traveller Site** The Council has previously approved investment in the site, some of which will be funded from a Homes England grant. Until final confirmation is received for the grant, an allocation of £2m has been assumed in the programme.
- **Small Projects Fund** There are a number of small projects that are being developed across the Council that have been delayed to some extent by Covid. It is proposed that a sum of £2m be set aside that can be allocated throughout the year. These requests will be subject to the new gateway processes and will be submitted to Cabinet for approval.

3.4 Total budget in 2021/22 is planned at £77.269m however the position is likely to evolve as:

- There may be further government funding allocations announce prior to the start of the 2021/22 financial year particularly in relation to schools and the carbon neutral agenda;
- It is likely that new initiatives will be announced later in the financial year;
- There may be the opportunity to bid for additional funding, i.e. through the recently announced 'Levelling Up' fund;
- The council may identify other funding sources, including capital receipts, to finance additional capital expenditure;
- Phasing of the expenditure as more detailed implementation plans evolve.

3.5 Therefore the capital programme position will be kept under review and any new information about funding allocations will be presented to members in future reports.

3.6 In recent years the programme was based on fully funded schemes and a reduced call on Council's own resources through prioritisation methods that are under continuous development. This is no longer considered sustainable in light of the pressures on the council's finances and reduced reserves. Within the proposals is a requirement to fund £20m of investment through borrowing. In recognition of this, a total of £2m capital financing costs has been built into the revenue budget from 2020/21 onwards.

4 Funding the Capital Programme

4.1 The Council must ensure that appropriate funding arrangement are in place and this is monitored as part of the Treasury Management arrangements and reported to Cabinet on a quarterly basis. It is proposed that the new schemes be funded through borrowing and the borrowing costs have been reflected in the Council's medium term financial strategy. No funding assumptions for schemes beyond 2021/22 have been made.

5 PRIORITISING, MANAGING, MONITORING, REPORTING AND EVALUATING

THE CAPITAL PROGRAMME

Prioritising Capital Resources

- 5.1 It has been long demonstrated that the demands for capital investment tend to exceed available resources. To alleviate this, a robust mechanism is in place to assess schemes against key criteria and assist in decision prioritisation for use of capital resources.
- 5.2 New capital gateway processes were introduced in 2020/21 and are clustered on a thematic basis – Housing, Regeneration and Infrastructure; Children and Young People, Schools and Health and Wellbeing; ICT. It is anticipated that the thematic approach will support a cross Council approach and will remove the current silo working. The significant amount of work undertaken in 2020/21 has provided much greater transparency and understanding of the existing programme and is already proving beneficial in support more strategic discussions and developing much stronger links with the revenue strategy.
- 5.3 The scrutiny of capital schemes proposed will take place through the Gateway Groups and through the newly established Capital Board. Gateway processes to monitor, review and approve at each stage of the process have also been agreed.
- 5.4 The Council has in place a comprehensive capital bidding mechanism through which information on the strategic fit, partnership working, revenue consequences, funding profile, statutory drivers and critical success factors are collected for all schemes. The capital bidding mechanism ensures that new capital projects are appraised on a consistent basis and are aligned with the priorities set out in the Bury 2030 Strategy.
- 5.5 Preparation of the Capital Programme is undertaken in two stages. Firstly, scheme bids are placed into the following categories:
 - 100% funded schemes
 - Discretionary schemes (Invest to Save and Strategic Investment)
 - Discretionary schemes to support priorities and outcomes
- 5.6 In line with the priority-led approach previously approved by Executive it is assumed that Members will wish to support the inclusion of schemes that fall into the first category, although this assumption is tested regularly and Members are free to exercise discretion over the inclusion of any scheme (or scheme funding).
- 5.7 The second stage involves assessing the extent of any resources that are available to fund new, discretionary schemes and then using a simple quantifiable scoring model that assesses the extent to which schemes reflect our priorities, generate revenue savings/costs and lever in additional external resources.
- 5.8 The Council's priorities form the framework for the prioritisation of capital investment for the Capital Programme. By using this prioritisation process on an annual basis to decide the Capital programme for the following year, it allows the review of the whole 3 year rolling capital programme. This review of schemes allows the addition, withdrawal or deferral of capital investment resulting ensuring available capital resources are focused on corporate priorities.
- 5.9 Reviewing the Capital Programme is an on-going process and in the past several years available resources have been reducing constantly due to new identified funding requirements and a slowdown in available suitable for disposal surplus assets. A full review of the capital programme has been carried out which has provided greater insight and transparency of the programme. This means that the Council can be more effective in its monitoring and scrutiny.
- 5.10 Delivery of the capital programme and ensuring that sufficient resources are available

is key to the success of the programme. As part of the gateway process, resource requirements including specialist support will be assessed.

6 Monitoring and Reporting on the Capital Programme

- 6.1 The Capital Programme is monitored regularly throughout the year by the Gateway groups, the Capital Board and is reported to Cabinet on a quarterly basis. This report presents detail of spend, potential re-profiling of the programme and any significant changes in funding assumptions, especially the level of asset disposals which are always critical for the delivery of the Capital Programme. An enhanced focus on funding of the capital programme is to be introduced in particular capital receipts and to ensure that all funding is received.

7 RISK MANAGEMENT

- 8.1 There are some inherent risks in the Capital Strategy recommended above:

- Capital receipts are not realised to the level anticipated above. This is a major risk and is one that has impacted on past programmes. To maintain this low risk it is strongly recommended that schemes reliant on capital receipts do not begin until there is a high degree of certainty that the relevant receipt will materialise.
- Future rise in Interest Rates. Planning for Prudential Borrowing can be affected by rises in interest rates making the borrowing option less attractive as a funding option and putting at risk longer term large capital schemes.
- Schemes need re-profiling from one year to the next. This is considered a normal feature of capital schemes and can occur for a large number of reasons. The risk can be mitigated by slipping corresponding resources between years and is not felt to be high. It is expected that the new Capital Gateway processes will improve the profiling of expenditure and also the delivery of schemes in line with expectations.
- Scheme costs increase. Whilst not unusual, increased costs that can occur due to a number of factors cannot be mitigated without an impact on other schemes within the Programme or an impact on future years' resources. The risk can be reduced by the use of sound costing techniques, effective project management and monitoring schemes using a risk assessment approach.
- Delivery of the programme and ensuring sufficient capacity is available is a risk. As part of the new gateway processes, resource requirements for delivery will be fully assessed and incorporated in the detailed plans. This will include ensuring appropriate specialist skills and requirements are identified and that arrangements are in place for these to be sourced.
- Government grant funding is needed to deliver the whole of the Council's aspirations and if funding is secured the longer-term ambitions and delivery of the capital programme will be affected. The funding of the programme is continually assessed.

Community impact / Contribution to the Bury 2030 Strategy

Delivery of the Bury 2030 Strategy is dependent upon resources being available. The delivery of the strategy may be impacted by changes in funding and spending.

Equality Impact and considerations:

24. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*
25. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.

Assessment of Risk:

The following risks apply to the decision:

Risk / opportunity	Mitigation
<p>The Council's capital resources aren't managed effectively.</p> <p>The Council's capital resources aren't targeted to priorities and outcomes and the benefit of the investment across the Borough is not maximised.</p>	<p>The capital programme and the gateway process ensures that all available resources are identified and that, where borrowing is required, the costs are reflected in the Council's revenue strategy. The approach ensures that schemes can be developed and prioritised throughout the year and that appropriate monitoring arrangements are in place.</p>

Consultation:

There are no consultation requirements arising from this report.

Legal Implications:

The Council has a legal obligation to set a balanced budget and the capital considerations form part of that process.

Financial Implications:

The cost of the new schemes to the Council is £20m and will be met from borrowing. A total of £2m has been reflected in the Council's revenue budget for this. The Housing option will be met from the Housing Revenue Account and there is sufficient funding for this.

Consideration of the longer term requests relating to the Radcliffe SRF will need to be considered in the context of the MTFS. There is an opportunity to reduce the level of borrowing through the generation of capital receipts. These have not yet been factored into the plans but would be a 'first call to reduce borrowing requirements. The position for future years is only indicative and are subject to future decision making at which point the financial implications will be considered alongside the revenue budget.

Report Author and Contact Details:

Lisa Kitto

Interim Director of Financial Transformation (S151 Officer)

Background papers:

The Council's Financial Position as at 30 September 2020

Revenue Budget 2020/21 and Medium-Term Financial Strategy 2020/21

– 2024/25 Capital Strategy and Capital Programme

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning

Draft Capital Programme 2021/22							
	Slippage brought forward	Prior Year Commitments	New schemes 2021/22	Total Cost	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m	£m	£m
Regeneration and Economic Growth							
Radcliffe	1.484	0.000	16.000	17.484	17.484	10.000	10.000
Prestwich	0.075	0.000	0.000	0.075	0.075	5.000	6.000
Ramsbottom	0.300	0.000	0.000	0.300	0.300	0.000	0.000
Bury	0.080	0.000	0.000	0.080	0.080	11.000	11.000
Commercial Sites Regeneration	0.400	0.000	0.000	0.400	0.400	0.000	0.000
Sub Total	2.339	0.000	16.000	18.339	18.339	26.000	26.000
Place Shaping/Growth	0.898	0.000	0.000	0.898	0.898	0.000	0.000
Sports and Leisure	0.896	0.000	0.000	0.896	0.896	2.000	2.000
Operational Fleet	4.430	3.000	0.000	7.430	7.430	0.000	0.000
ICT and Digital	3.841	1.200	0.000	5.041	5.041	2.500	2.500
Highways							
Cycle and Walking Routes	0.025	0.000	0.000	0.025	0.025	0.000	0.000
Highways	6.269	3.500	0.000	9.769	9.769	0.000	0.000
Street Lighting	0.028	3.000	0.000	3.028	3.028	0.000	0.000

Draft Capital Programme 2021/22							
	Slippage brought forward	Prior Year Commitments	New schemes 2021/22	Total Cost	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m	£m	£m
Traffic Calming and Improvement	0.120	0.000	0.000	0.120	0.120	0.000	0.000
Pothole Fund	0.688	0.000	0.000	0.688	0.688	0.000	0.000
Other	0.262	0.000	0.000	0.262	0.262	0.000	0.000
Sub Total	7.392	6.500	0.000	13.892	13.892	0.000	0.000
Children and Young People	8.588	0.000	0.000	8.588	8.588	0.000	0.000
Estate Management – Investment Estate	0.200	0.000	0.000	0.200	0.200	0.000	0.000
Estate Management – Corporate Landlord							
Fernhill Gypsy and Traveller Site	0.360	0.000	2.400	2.760	2.760	0.000	0.000
Other	0.515	0.000	0.000	0.515	0.515	0.000	0.000
Sub Total	0.875	0.000	2.400	3.275	3.275	0.000	0.000
Communities and Wellbeing							
Older People	0.305	0.000	0.000	0.305	0.305	0.000	0.000
Disabled Facilities Grant	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other	0.030	0.000	0.000	0.030	0.030	0.000	0.000
Sub Total	0.335	0.000	0.000	0.335	0.335	0.000	0.000
Housing Public Sector							
Housing Revenue Account	3.094	0.000	9.800	12.894	12.894	9.800	9.800

Draft Capital Programme 2021/22							
	Slippage brought forward	Prior Year Commitments	New schemes 2021/22	Total Cost	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m	£m	£m
Housing Revenue Account - Decarbonisation	0.000	0.000	3.142	3.142	3.142	3.142	3.142
HRA – Disabled Facilities Grant	0.107	0.000	0.000	0.107	0.107	0.000	0.000
Sub Total	3.201	0.000	12.522	16.143	16.143	12.942	12.942
Climate Change	0.232	0.000	0.000	0.232	0.232	0.000	0.000
Small Schemes	0.000	0.000	2.000	2.000	2.000	0.000	0.000
TOTAL	33.227	10.700	33.342	77.269	77.269	43.442	43.442

Borough Wide Investment Fund

Introduction

Over the past months, the Council has taken great strides in developing a new and comprehensive approach to re-positioning Radcliffe Town Centre by strengthening its functionality and destination role; widening and deepening its business, amenity and employment base; creating new housing markets particularly for young people to live and work; and improving the access of public services to residents. This analysis takes the form of a single place framework for change - the Radcliffe SRF - which will guide interventions and investment activity over the long term and following extensive consultation with residents and stakeholders has been endorsed by the Council.

The SRF will become a fundamental part of a Borough-wide economic recovery plan positioning the Radcliffe area in the best possible way to capture its full share of available sub-regional and national public resources in the future as well as maximising private investment opportunities.

The Council has introduced new governance arrangements to promote democratic oversight over the Town Centre and a new delivery board to prepare a comprehensive project plan and to bring forward proposals for implementation. At the heart of these arrangements is a Programme Management Office which is responsible for the day to day management of the process.

One of the identified outcomes which these arrangements have been mandated to deliver is the production of an Outline Business Case which evaluates key shorter term interventions which are considered essential to create the momentum for physical and economic change - the intention is to have this Plan available by the end of this year. The focus on the fund will support the whole of the Borough and is not just relevant to Radcliffe SRF.

Why an Investment Fund?

The Investment Fund will:

- Provide a structured and disciplined approach to investment decisions which link decisions to outcomes and projects to a place-based framework and will form part of the management and monitoring arrangements.
- Promote a culture of success by addressing measurable outcomes including returns and the importance of re-cycling thus maximising the value of every £ which is spent - this can be compared with grant where every £ is spent only once.
- Facilitate third party funding (whether public or private) and advancement of the regeneration programme in the quickest possible time - equally by having the capability to act quickly at the start of the regeneration process a Fund can protect long term value which may only be attributable to longer term public investment.
- Support a Council commitment to the long-term future of the Town Centre with the potential to deliver match funding to leverage other public sector programmes.

What the Fund should not be of course is a platform for investment outside the Town Centre. Nor should its existence be a reason why other mainstream resources should not be aligned to support the long-term future of the Town Centre. The Fund will be geared to “additionality” making the interventions which are considered essential to long term transformation and change within the Town Centre.

How is Additionality Measured?

The Fund will be linked to measurable outcomes wherever appropriate as follows:

- Employment retention and creation including local employment.
- Expansion and diversification of the business base.
- Place Creation - functionality and resilience (e.g. digital), new amenities and destination facilities, public realm and safety, additional visitors and spend in the local economy.
- Housing - widening the offer with young people at the heart of the change.
- Improved access to public services supporting resident engagement and wellbeing.
- Enhanced or accelerated business rates.
- Committed or planned leveraged investment from third parties.

All investment proposals will need to demonstrate their relationship to some or all of these outcomes with clear quantified analyses produced to underpin them.

This would underpin value for money and crucially the connection of investment proposals to the place-based framework provided by the SRF.

How should Rate of Return be calculated?

The capacity to create a re-cycling capability is of course linked to return - it is considered that only in exceptional circumstances should planned investments be undertaken for a return less than 5% the minimum necessary to support re-cycling. This is the minimum return associated with the Evergreen Fund which has operated successfully in GM since 2011.

This strategy needs to be tested against the Outline Business Case for the Town Centre and how return should be measured for the different interventions – e.g. facilitating development through land acquisition, supporting the funding of development through equity or debt finance, where, if at all, enhanced business rates should be accounted for and how delivery can be promoted through joint ventures with public and private partners, including the potentially valuable partnerships which may be possible with the GM Investment Fund Team, which oversees an increasingly diverse mix of investment instruments, which are of relevance to the long term future of the Town Centre.

How should the Fund be administered?

The Investment Fund will be administered by the Council's S 151 Officer. Investment decisions should only be made by Cabinet on the basis of a Business Case which has been produced for each proposal which explains:

- a) The strategic fit with the SRF.
- b) Measurable and quantifiable outcomes linked to the additionality requirements shown above.
- c) Measurable returns directly from the investment itself or indirectly through enhanced or accelerated business rates.

Robust decision-making is often characterised by an independent scrutiny of Business Plans by retained specialist consultants and this approach will form part of the process where necessary.

This page is intentionally left blank



Meeting:	Overview and Scrutiny Committee
Meeting date:	10 February 2021
Title of report:	The Housing Revenue Account 2021/22
Report by:	Leader of the Council and Cabinet Member for Finance and Growth
Decision Type:	Non-Key Decision
Ward(s) to which report relates	All

Executive Summary:

- 1.1 The report forms part of a suite of documents relating to the Council's budget setting process for 2021/22 and sets out the proposed Housing Revenue Account for 2021/22 and proposals for Dwelling and Garage rents, Sheltered Support, Management, Amenities and Heating charges, Furnished Tenancy charges and Fernhill Caravan site tenancy charges.

Recommendation(s)

That:

Overview and Scrutiny comment on the budget proposals set out in the report as part of the consultation process prior to the budget being set by Full Council on 24 February 2021.

Key considerations

Background

- 1.1 The Housing Revenue Account (HRA) is primarily a 'landlord account', recording revenue expenditure and income relating to the authority's own housing stock.
- 1.2 The HRA is a ring-fenced account i.e. the authority does not have any general discretion to transfer sums out of the HRA, or to support the HRA with contributions from the General Fund, (there are certain circumstances where transfers are permitted or prescribed but these are exceptions).
- 1.3 From April 2012 the government introduced a self-financing funding system whereby the HRA now retains its rental income locally and uses this to provide for management, maintenance and major works to the housing stock.
- 1.4 In April 2005 Six Town Housing was established as an Arm's Length Management Organisation (ALMO) to manage and maintain the authority's housing stock and related assets. A new Management Agreement was signed between Six Town Housing and Bury Council on 1st April 2020; this details the responsibilities that are delegated to the ALMO.
- 1.5 Bury Council agrees the level of Management Fee payable from the Housing Revenue Account to Six Town Housing for the provision of the delegated responsibilities; the fee being paid for 2020/21 is £13,058,600.
- 1.6 For 2021/22 the HRA is expected to have an average stock of 7,729 social rent formula dwellings. Given the current level of activity, and the build-up of applications due to Right To Buy valuations being suspended for a number of months during the pandemic, the HRA estimates have been prepared on the basis of 40 RTB sales in 2020/21 and 80 in 2021/22. If the level of sales is above or below these figures this will result in less or more rental income to the HRA than has been assumed.
- 1.7 Funding has been secured under the Next Steps Accommodation Programme (NSAP) towards the acquisition and refurbishment of 4 properties during the current financial year. The rents for these properties will be set using the social rent formula.
- 1.8 For 2021/22 the HRA is expected to have an average stock of 84 affordable rent dwellings plus 8 shared ownership dwellings.
- 1.9 Approval has been given for the HRA to acquire 13 empty properties; at the time of writing 10 have been acquired; the intention is that the remaining 3 will be purchased as problematic empty homes are identified. These properties are let at affordable rents i.e. 80% of the assessed Market Rent on an individual property basis. The properties are being funded through a combination of Homes England grant, S106 monies and HRA reserves.
- 1.10 10 affordable rent apartments, developed on the old Radcliffe Times Building site, were acquired during 2020/21. The scheme is being funded through Homes England grant, S106 monies and HRA borrowing.
- 1.11 This report is written on the basis of the Council's existing housing stock.
- 1.12 As a result of the HRA being a ring-fenced account, any surplus or deficit on the HRA is carried forward into the next financial year and is called the working balance.

Section 5 of this report contains an assessment of the minimum level of balances to be held.

- 1.13 The implementation of the Government's Welfare Reforms will have an increasing impact on the Housing Revenue Account and on the tenants who are entitled to support with their rent and charges.
- 1.14 The introduction of the Universal Credit, which sees benefits paid directly to the majority of claimants as opposed to a simple transfer from the Council into rent accounts, is expected to have a huge impact on collection rates for rents and other charges. Currently around 45% (50% at this time last year) of tenants are in receipt of full or partial Housing Benefit with 43% (48% at this time last year) of HRA rental income coming directly from this source. This means that once the current welfare reforms have been fully implemented a further £13.1m of HRA income will have to be collected from tenants, presenting a large risk to income streams (based on the total assumed rental income for 2021/22).
- 1.15 There are currently over 2,400 tenants claiming Universal Credit.

2 RENT LEVELS 2021/22

- 2.1 In December 2000 the government issued a policy statement entitled 'The Way Forward for Housing' which proposed that rent setting in social housing should be brought onto a common system based upon relative property values and local earnings levels. The aim is that rents on similar properties in the same area should be the same no matter who is the landlord.
- 2.2 In order to achieve the objectives set out in the policy statement there is now a common formula for both Local Authority (LA) rents and those of Registered Social Landlords (RSL). Restructuring and convergence of LA and RSL rents was originally intended to be completed over 10 years i.e. April 2002 to March 2012. The target date for completion was revised by the government on more than one occasion however the government's rent policy for 2015/16 onwards assumed that convergence had been completed in 2014/15.
- 2.3 Under the current system a Target Rent is calculated for each dwelling. The target rent increases each year in line with the government's guideline.
- 2.4 In July 2015 the Chancellor of the Exchequer announced that social rents would reduce by 1% each year for the next four years. This requirement was contained within the Welfare Reform and Work Act.
- 2.5 The introduction of the self-financing system did mean that the Council had more freedom regarding the level of rents that it set (although the national rent policy continued and the calculation of the debt taken on by Bury assumed the achievement of rent convergence by 2015/16). The requirement within the Welfare Reform and Work Act to reduce rents by 1% for each of the four years from 2016/17 removed this freedom and withdrew resources on an ongoing basis from the Housing Revenue Account. The total resources lost from the HRA over the four year period is estimated to be as follows:

Estimated rental income lost over 4 year period 2016/17 – 2019/20	
	£m
Impact of 1% reduction on base rents	2.998
Impact of not applying CPI plus 1% increases	6.425
Total potential resources lost from HRA	9.411

- 2.6 The Government's *Policy Statement on Rents for Social Housing 2018*, along with the revised Rent Standard from the Regulator of Social Housing, confirmed a return to the previous rent policy i.e. weekly increases of up to Consumer Price index (CPI) plus 1% will apply from 2020/21 for a period of at least 5 years.
- 2.7 At the Council meeting in February 2020 an increase of 2.7% was approved, this being in line with the rent setting policy.
- 2.8 The CPI figure to be used is the September figure for the year prior to the increase. September 2020 CPI was 0.5% and therefore it is proposed that rents for all Social Rent Formula and Affordable Rent dwellings are increased by 1.5% from the first rent week in April 2021.
- 2.9 The policy of reletting dwellings at Target rents, which came into effect in April 2016, has resulted in 204 properties being let at target rents in the first 9 months of the current financial year; the average weekly increase in rental income for these properties is £6.06 which equates to approximately £0.062m in a full year.
- 2.10 Bury's rents are currently collected on a 50 week basis with 2 non-collection weeks in December.
- 2.11 The following table shows the difference between the current and proposed rents on the basis of an increase of 1.5% applied to the rents of all current HRA Social Rent Formula dwellings.

HRA Social Rent Formula dwellings						
TYPE	NUMBER OF BEDROOMS	VALUATION AT JAN' 1999 VALUES	RENT 2020/21	PROPOSED RENT 2021/22	INCREASE OVER ACTUAL 2020/21 RENT	
		£	£	£	£	%
Bed-sit	0	23,235	63.17	64.12	0.95	1.5
Bungalow	1	30.711	70.55	71.61	1.06	1.5
Flat	1	28,328	69.59	70.64	1.05	1.5

House	1	29,468	70.44	71.49	1.05	1.5
Bungalow	2	39,487	81.75	82.97	1.22	1.5
Flat	2	29,608	76.03	77.17	1.14	1.5
House	2	34,551	77.86	79.03	1.17	1.5
Maisonette	2	32,132	78.05	79.22	1.17	1.5
Flat	3	29,973	81.77	83.00	1.23	1.5
House	3	37,493	85.32	86.60	1.28	1.5
Maisonette	3	33,855	84.90	86.18	1.28	1.5
House	4	38,335	92.53	93.92	1.39	1.5
		32,402	76.30	77.44	1.14	1.5

The rents shown in the table are all on a 50 week basis.

- 2.12 Affordable rents for properties acquired and developed are determined on an individual property basis at 80% of the assessed Market Rent.
- 2.13 There are currently 252 HRA owned garages (of which 135 are currently let). Garages are charged for at the rate of £7.36 per week (50 weeks). The last increase was in April 2020. It is proposed that the charge is increased by 1.5% from April, in line with September CPI plus 1%; this results in a weekly increase of £0.11 giving a rate of £7.47 per week (over 50 weeks).
- 2.14 For shared ownership properties the purchasers pay a monthly rent based on the market value of the share of the property that has been retained by the Council. This rent is increased in line with the terms of the shared ownership leases and will be calculated with reference to the Retail Price Index (RPI) for February 2021.

3 SHELTERED AND OTHER TENANCY CHARGES

Sheltered Management and Support Charges

- 3.1 The management and provision of Sheltered support services are provided by Adult Care Services for which they receive payment from the Housing Revenue Account.
- 3.2 With effect from April 2008 all Sheltered tenants have been charged the same weekly charge. Charging in this way is a much fairer system as all tenants receive the same level of service.
- 3.3 Following a review of the costs of the services provided by Adult Care Services, to ensure that the costs of management and support were charged for appropriately, a Sheltered Management charge was introduced in 2012/13. This charge covers

additional housing management costs that should not be funded through Supporting People funding.

- 3.4 Sheltered Management charges are set to ensure that the costs of the services provided are recovered from those receiving them. It is proposed that the weekly charges per unit (on a 50 week basis) are increased for 2021/22 as shown below.

	Current Charge	Proposed Charge 2021/22
	£	£
Sheltered schemes (other than Extra Care)	11.82	12.00
Extra Care schemes (Falcon House/Griffin House)	22.70	23.04

- 3.5 The proposed increase is 1.5% being September CPI plus 1%; this increase is in line with the current Regulator of Social Housing Rent Standard guidance and our established policy.
- 3.6 These charges will be eligible for Housing Benefit purposes and it is expected that benefits will be payable to accepted claimants.
- 3.7 Following the review of the charging structure and the introduction of the Sheltered Management charge the standard weekly Support Charge per unit was reduced to £8.33 (on a 50 week basis) for 2012/13 and has remained at this level since then. Charges for support costs are not eligible for Housing Benefit but instead a subsidy is paid for eligible tenants from a locally administered Supporting People 'pot' that also funds other supported accommodation in the Borough.
- 3.8 It is proposed that this charge remains unchanged for 2021/22. This charge applies at all Sheltered schemes other than the Extra Care schemes at Falcon House and Griffin House.
- 3.9 The Extra Care Sheltered Scheme, covering the Falcon House and Griffin House schemes, has different support charges which reflect different levels of support offered dependant on the assessed needs of the individual tenants; this support is provided by the Department of Communities and Wellbeing and they will be reviewing the charges for 2021/22.

Sheltered Amenity Charges

- 3.10 The Sheltered Amenity Charges were increased by 2.7% for 2020/21. It is proposed that the current charges are increased by 1.5% from the first rent week in April 2021; this being September CPI plus 1% in line with current guidance and our established policy. The additional income generated will offset increased costs of providing the service, for example pay awards.
- 3.11 The current and proposed charges per unit per week (over 50 weeks) will be as shown in the table below:-

	Current Charge	Proposed Charge 2021/22
	£	£
Clarkshill	18.34	18.62
Elms Close	2.15	2.18
Falcon House	10.71	10.87
Griffin House	10.39	10.55
Harwood House	20.81	21.12
Moorfield	23.81	24.17
Mosses House	18.89	19.17
Stanhope Court	9.59	9.73
Taylor House	21.25	21.57
Top O'th Fields 1	20.49	20.80
Waverley Place	22.52	22.86
Wellington House	30.46	30.92

- 3.12 Amenity charges are eligible for Housing Benefit purposes and it is expected that benefits will be payable to accepted claimants.

Net impact of changes in Sheltered Charges and rent reductions

- 3.13 Appendix 4 details the total Sheltered Management, Support and Amenity Charges for each scheme; this shows weekly increases ranging between £0.18 and £0.64.

Sheltered Heating Charges

- 3.14 Heating charges are only levied at Sheltered schemes where there is a communal heating system with no separate metering of individual consumption; the aim of the charges is to recover the actual energy costs incurred at each scheme.
- 3.15 At the Council meeting in February of last year charges were increases by between 3% and 10% on an individual scheme basis for 2020/21. The charges are based on expected contract prices and estimated levels of consumption. On this basis it is expected that the current level of charges is sufficient to cover the expected heating costs at the schemes and therefore it is proposed that the charges remain unchanged for 2021/22.
- 3.16 The current and proposed charges per unit per week, (exclusive of VAT), are:

	Present Charge	Proposed Charge	Proposed Increase
	£	£	%
Taylor House	11.88	11.88	0
Clarks Hill	8.34	8.34	0
Harwood House	9.72	9.72	0

- 3.17 It is likely that new boilers will be installed at Clarks Hill in the near future. When this happens a new metering system will also be installed that will allow tenants to receive individual bills; at this point there will no longer be a weekly heating charge at this scheme.
- 3.18 Heating Charges are not eligible for Housing Benefit however many Sheltered Tenants will be eligible for Winter Fuel Payments; for winter 2020/21 the rates for these are £200 per household for those born on or before 5 October 1954, rising to £300 per household for those born on or before 27 September 1940 (payments may be different depending on the household circumstances).

Furnished Tenancies Charges

- 3.19 A Furnished Tenancy Scheme was introduced during 2005/06. The scheme provides furniture packages for which an additional weekly charge is payable.
- 3.20 There are currently a maximum of 235 furnished tenancies available under the scheme; 211 properties are currently let as Furnished Tenancies.
- 3.21 Six Town Housing, who manage the furnished tenancies, intend to review the packages offered and tenancies available under the scheme to determine whether a wider range of options may have a positive impact on tenancy sustainment; any proposed changes to the current scheme will be subject to appropriate consultation and approval; this review can now be carried out as the new Management Agreement with Six Town Housing has been finalised.
- 3.22 Furnished Tenancy charges are eligible for Housing Benefit purposes and therefore benefits should be payable to accepted claimants. The introduction of Universal Credit and direct payments means that there is an increased risk of non-payment of these charges.
- 3.23 Increases in charges to cover inflation in the costs of the scheme e.g. costs of replacement furniture and fittings are normally implemented from the first rent week in April of each year.
- 3.24 Pending the outcome of the review of the scheme and given that the current charges are expected to be sufficient to cover costs it is proposed that the charges remain unchanged for 2021/22.
- 3.25 The current and proposed charges per unit per week are:-
- | | |
|----------------|--------|
| 1 bed property | £14.55 |
| 2 bed property | £17.13 |
| 3 bed property | £19.72 |

Fernhill Caravan Site Pitch Fees

- 3.26 Management of the Fernhill Caravan Site passed over to Six Town Housing in 2014/15 for which they receive a separately determined Management Fee. Whilst income from residents and payment of the Management Fee are accounted for in the

General Fund not the Housing Revenue Account it is felt appropriate to consider increases in the charges under these agreements alongside those of HRA rents and charges.

- 3.27 Residents at the site are charged a weekly pitch fee and a weekly charge for water; these charges are payable on a 52 week basis i.e. there aren't any non- collection weeks.
- 3.28 At the Council meeting in February of last year charges were increased by 2.7% (September 2019 CPI plus 1%). It is proposed that the weekly charges for 2021/22 are increased by 1.5% in line with our established policy of September CPI plus 1%, therefore the current and proposed charges per plot per week are:

	Current Charge	Proposed Charge 2021/22
	£	£
Single Plot – pitch fee	61.39	62.31
Double Plot – pitch fee	83.66	84.91
Single Plot – water charge	6.92	7.02
Double Plot – water charge	9.61	9.75

4 HOUSING REVENUE ACCOUNT PERFORMANCE

- 4.1 In considering the following areas of performance it should be noted that they have all to some degree been affected by the operating restrictions and financial impacts resulting from the pandemic; this makes forecasting with any certainty very difficult.

Voids

- 4.2 The rent lost on empty properties is projected to be 1.16% over the course of 2020/21; this will mean a reduction in rent income of approximately £48,800 as the original budget allowed for a void level of 1%.
- 4.3 The level of void loss for 2021/22 has been assumed at 1%, which will be a challenging target. Recent performance will need to be maintained however this could be impacted upon by any further restrictions resulting from the pandemic. If the target is not achieved then there would be a reduction in rental income to the HRA. The assessed level of minimum HRA balances for 2021/22 allows for this possibility as discussed in section 5.
- 4.4 If the target was to be bettered then this would result in an increase in rental income to the HRA which could either be carried forward into 2022/23 or targeted during the coming financial year for service developments.
- 4.5 Appendix 3 details the loss or increase in rental income at different void levels if the 1% is not achieved in 2021/22.

Rent Arrears

- 4.6 The opening arrears and current levels for 2020/21 are shown in the following table. The figures reflect the fact that £175,700 of Former Tenant Arrears have been written off during 2020/21. All write offs are done in accordance with the Corporate Debt Write Off Policy as approved by the then Executive.

Arears Position – As at December 2020			
	Opening Balance 2020/21	Current Balance December 2020	Increase/ (Reduction)
	£m	£m	£m
Current Arrears	1.225	1.442	0.217
Former Tenant Arrears	0.850	0.780	(0.070)
Total	2.075	2.222	0.147

Authorities are required to make suitable provision, in accordance with proper accounting practices, to cover the write-off of rent and service charge arrears.

- 4.8 The Bad Debt Provision for rent arrears, which is held on the Authority's Balance Sheet, stood at £1,821,800 at the beginning of this financial year. The requirement for the year is calculated with reference to the type of arrear and the amount outstanding on each individual case.
- 4.9 The original budget for 2020/21 allowed for additional contributions to the provision totalling £484,300; £181,600 for uncollectable debts and £302,700 for the impact of benefit reforms. Looking at the arrears position, it is now estimated that the additional provision required in 2020/21 may be £453,600. However rent arrears are volatile and with increasing numbers of Universal Credit cases it can be difficult to determine what the position at the end of the financial year will be. All things being equal though this suggests that the Provision will stand at £2,099,700 at the end of 2020/21 against arrears of £2,222,400.
- 4.10 The 2021/22 estimates allow for additional contributions to the provision, totalling £491,500:
- **For uncollectable debts £184,300.** This figure represents 0.6% of the rent roll.
 - **For the impact of benefit reforms £307,200.** This figure represents 1.0% of the rent roll and has been included as an additional contribution to the Bad Debt Provision to reflect the potential impact that welfare benefit changes have on the level of rent arrears.
- 4.11 If the arrears position is not as severely impacted upon as has been estimated then a lower contribution may be required which would release additional resources in the HRA; conversely if the arrears position should deteriorate more significantly then

additional contributions to the Bad Debt Provision could be required and these would need to be found from the HRA balances. The position is kept under regular review and reported to members in the quarterly Finance and Performance Monitoring Report.

Rechargeable Repairs

- 4.12 The amount due from tenants for rechargeable repairs currently stands at around £290,000 of which £276,000 is debt over 1 year old. Of the debt over 1 year old around £206,000 appears to be static debt i.e. there have been no payments received at all. No accounts have been written off so far in the current year however £45,000 of accounts have been identified as potential write offs.
- 4.13 The Bad Debt Provision for rechargeable repairs, which is held on the Authority's Balance Sheet, currently stands at £177,000. Taking into account the expected write offs, at the end of 2020/21 the provision will stand at £132,000 and cover 54% of the expected outstanding debt. The pandemic and resulting operating restrictions has impacted on the level of rechargeable repairs being carried out as well as the billing and recovery of these works; it is very difficult at present to estimate what the position will be at the year end or for the coming financial year however the HRA has sufficient resources to provide additional contributions to the Bad Debt Provision should this prove necessary.
- 4.14 Accounts raised are subject to established recovery procedures with reminders/final notices being routinely issued and accounts passed to collection agencies (for debts under £750) where payment is not received or instalment arrangements agreed. Billing and recovery arrangements will be continually reviewed to ensure effective recovery.

5 2021/22 HOUSING REVENUE ACCOUNT (HRA), HRA CAPITAL RESOURCES AND THE HRA WORKING BALANCE

2021/22 Housing Revenue Account

- 5.1 The Housing Revenue Account Estimates are set out in Appendix 1.
- 5.1 One of the most significant impacts on the HRA for the coming year and in future years continues to be from the implementation of welfare reforms. This along with other key factors, such as void levels and the level of rent arrears, are factored into the determination of the HRA working balance.
- 5.3 Other areas worthy of note that have not been covered in other sections of this report are:
- The Housing Revenue Account pays a Management Fee to Six Town Housing to provide the services delegated under the ALMO Management Agreement. The level of this Management Fee for 2021/22 is subject to negotiation under the Management Agreement. The HRA Estimates for 2021/22 assume the Management Fee remains at the same level as for the current year i.e. £13,058,600; any changes to this figure will impact on the level of HRA balances.

- Springs Tenant Management Cooperative (TMO) are working with the Council around becoming a self-financing, tenant management organisation. The details of how this will work have yet to be finalised, however, there could be potential costs associated with setting up a new management agreement and related service level agreements. No provision has currently been made within the HRA for any additional costs that may arise.

- 5.4 The detailed Housing Revenue Account shown in Appendix 1 assumes that the proposals within this report for increases/decreases to rents and other charges are approved.

HRA Capital Resources

- 5.5 The introduction of a self-financing HRA system means that major works to the housing stock are now funded from rental income. The identification and timing of future major works are key factors in the development of the 30 Year HRA Business Plan.
- 5.6 Investment needs to be undertaken on a sustainable basis and in line with the Council's overarching Housing Strategy.
- 5.7 For the years 2018/19 to 2020/21 an annual investment of £9.830m was approved, in line with the Asset Management Strategy for the Public Housing stock 2018-21.
- 5.8 Whilst longer term investment strategies are being assessed it has been assumed that this level of resources should be made available from the HRA for capital expenditure for 2021/22.
- 5.9 These resources will provide for specific capital schemes (those for 2021/22 are listed in Appendix 4), Disabled Facilities Adaptations and general capital expenditure such as essential renewals arising when properties become vacant and structural works.
- 5.10 An additional investment of £3.142m from the HRA for 2021/22 has been assumed within the HRA estimates, this being for the commencement of the zero carbon approach for Council owned housing stock. This investment will be used for retrofit works to improve the energy efficiency ratings of properties. A stock condition survey will be undertaken during 2021/22 to assess the cost implication of achieving zero carbon by 2038.
- 5.11 The total investment programme for 2021/22 is therefore assumed to be £12.972m; the HRA estimates also allow for slippage of schemes (and resources) from 2020/21 to 2021/22.
- 5.12 Approval of the Capital Programme forms part of the consideration of the overall Council budget so should there be any change to the assumed level of resources this will impact on the amount contributed to or from the HRA Business Plan Headroom Reserve and the proposed programme.

The HRA Working Balance

- 5.13 The HRA needs to have a certain level of balances in order to finance occurrences that cannot be predicted and to mitigate against material inaccuracies in the assumptions underlying the budget.
- 5.14 The ending of the Housing Subsidy system removed the unpredictability associated with awaiting an annual determination but the introduction of a self-financing HRA has brought new risks particularly in relation to interest rate changes and any factors that impact on the level of rental income assumed.
- 5.15 There is no statutory definition of the minimum level however as part of a longer term approach to HRA finances the Council established a Golden Rule regarding the minimum level of HRA balances and it was agreed that the HRA balances should not be allowed to fall below £100 per property. However the actual minimum level of balances to be retained still needs to be reviewed each year based on a risk assessment of the major issues that could affect the financial position of the HRA.
- 5.16 Applying the above rule would require the minimum HRA working balance to be:

Financial Year	Average no. of Properties (including additions)	Balance at year end £
2020/21	7,821	0.782
2021/22	7,751	0.775
2022/23	7,691	0.769

- 5.17 Appendix 5 details a risk assessment of the major issues that could affect the financial position of the HRA, including the sensitivity of the voids and arrears targets. This shows that on a risk assessed basis, the minimum level of HRA balances shown above may not be adequate given the need to provide for the increased risks associated with the self-financing system and the implementation of welfare reforms. Therefore the Council's s151 Officer is now recommending that for 2021/22 the HRA balances should not be allowed to fall below **£1,083,000**.

Community impact / Contribution to the Bury 2030 Strategy

Delivery of the Bury 2030 strategy is dependent on resources being available. The delivery of the strategy may be impacted by changes in funding and spending.

Equality Impact and considerations:

24. *Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:*

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) *eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*

- (b) *advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
 - (c) *foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*
25. *The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.*
-

Assessment of Risk:

The following risks apply to the decision:

Risk / opportunity	Mitigation
Council has a statutory requirement to set its annual budget before 1 March 2021.	

Consultation:

Legal Implications:

Financial Implications:

The financial implications are set out in the report and all proposals can be delivered within the funding available.

Report Author and Contact Details:

Lisa Kitto

Interim Director of Financial Transformation (S151 Officer)

Background papers:

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning

	Housing Revenue Account	
	2020/21 £m	2021/22 £m
INCOME		
Dwelling rents	29.963	30.421
Non-dwelling rents	0.194	0.193
Heating charges	0.038	0.037
Other charges for services and facilities	0.935	0.949
Contributions towards expenditure	0.062	0.052
Total Income	31.193	31.653
EXPENDITURE	0.000	0.000
Repairs and Maintenance	7.039	6.902
General Management	7.452	7.324
Special Services	1.366	1.391
Rents, rates, taxes and other charges	0.060	0.045
Increase in provision for bad debts - uncollectable debts	0.182	0.184
Increase in provision for bad debts - impact of Benefit Reforms	0.303	0.307
Cost of Capital Charge	4.632	4.861
Depreciation of fixed assets - council dwellings	8.544	7.437
Depreciation of fixed assets - other assets	0.043	0.035
Debt Management Expenses	0.041	0.045
Contribution to/(from) Business Plan Headroom Reserve	-1.925	-6.853
Total Expenditure	27.736	21.679
Net cost of services	-3.457	-9.974
	0.000	0.000
Amortised premia / discounts	0.000	0.000
Interest receivable - on balances	-0.067	-0.048
Interest receivable - on loans (mortgages)	0.000	0.000
Net operating expenditure	-3.525	-10.021
	0.000	0.000
Appropriations	0.000	0.000
	0.000	0.000
Appropriation relevant to depreciation and MRA	0.000	0.000
Housing set aside (Principal repayments on new developments)	0.193	0.000
Revenue contributions to capital	3.322	9.988
	0.000	0.000
(Surplus) / Deficit	-0.010	-0.033
	0.000	0.000
Working balance brought forward	-1.040	-1.050
Working balance carried forward	-1.050	-1.083

Sheltered Support and Amenity Charges

APPENDIX 2

Current charges 2020/21 and proposed charges 2021/22

Scheme	Management Charge 2020/21	Support Charge 2020/21	Amenity Charge 2020/21	Total Charges 2020/21	Proposed Management Charge 2021/22	Proposed Support Charge 2021/22	Proposed Amenity Charge 2021/22	Total Proposed Charges 2021/22	Increase over current charges
	£	£	£	£	£	£	£	£	£
Beech Close	11.82	8.33		20.15	1.5% 12.00	0% 8.33	1.5% 	20.33	0.18
Chelsea Avenue	11.82	8.33		20.15	12.00	8.33		20.33	0.18
Clarkshill	11.82	8.33	18.34	38.49	12.00	8.33	18.62	38.95	0.46
Elms Close	11.82	8.33	2.15	22.30	12.00	8.33	2.18	22.51	0.21
Falcon House	22.70	0.00	10.71	33.41	23.04	0.00	10.87	33.91	0.50
Griffin Close	11.82	8.33		20.15	12.00	8.33		20.33	0.18
Griffin House	22.70	0.00	10.39	33.09	23.04	0.00	10.55	33.59	0.50
Hampson Fold	11.82	8.33		20.15	12.00	8.33		20.33	0.18
Harwood House	11.82	8.33	20.81	40.96	12.00	8.33	21.12	41.45	0.49
Limegrove	11.82	8.33		20.15	12.00	8.33		20.33	0.18
Maple Grove	11.82	8.33		20.15	12.00	8.33		20.33	0.18
Moorfield	11.82	8.33	23.81	43.96	12.00	8.33	24.17	44.50	0.54
Mosses House	11.82	8.33	18.89	39.04	12.00	8.33	19.17	39.50	0.46
Stanhope Court	11.82	8.33	9.59	29.74	12.00	8.33	9.73	30.06	0.32
Taylor House	11.82	8.33	21.25	41.40	12.00	8.33	21.57	41.90	0.50
Top O'th Fields 1	11.82	8.33	20.49	40.64	12.00	8.33	20.80	41.13	0.49
T O'th F 2 (Welcomb Walk)	11.82	8.33		20.15	12.00	8.33		20.33	0.18
Waverley Place	11.82	8.33	22.52	42.67	12.00	8.33	22.86	43.19	0.52
Wellington House	11.82	8.33	30.46	50.61	12.00	8.33	30.92	51.25	0.64

HRA VOID LEVEL OPTIONS - 2021/22

**NB Springs TMO has a fixed voids
allowance - currently 2%**

VOIDS	RENT LOSS	DIFFERENCE FROM ASSUMED VOIDS LEVEL (1%)
%	£m	£m
0.40	0.123	-0.184
0.50	0.154	-0.154
0.60	0.184	-0.123
0.70	0.215	-0.092
0.80	0.246	-0.061
0.90	0.276	-0.031
1.00	0.307	0.000
1.10	0.338	0.031
1.20	0.369	0.061
1.30	0.399	0.092
1.40	0.430	0.123
1.50	0.461	0.154
1.60	0.492	0.184
1.70	0.522	0.215
1.80	0.553	0.246

Proposed Specific Capital Projects 2021/22

Internal Schemes - Kitchens, bathrooms, heating

–

Taggwood/Dundee/Peel Brow

Ainsworth

Bolton Road Radcliffe Ph2

Parrenthorn (Wilton Court)

Victoria Estate Ph2

Bent Hill

External Schemes

Windows, doors etc:

Victoria Estate Ph3

Bent Hill

Roofing:

Nipper Lane

Wilton Court

The Close

–

COMMUNAL AREAS (Door Entry, Floor Coverings, Decoration, Emergency lighting)

–

Fountain Place

Wilton Court

Harwood Crescent

Charles Walk

Kestrel Drive

–

HOUSING REVENUE ACCOUNT - RISK ASSESSMENT

Risk Event	Impact	Risk Level	Likelihood	Max. Impact	Min. Provision
				£m	£m
Increased stock loss - level exceeds the provision made in the estimates	The loss of a property costs the HRA approx. £3,900 in lost rental income in a full year. A loss of 45 properties throughout the year would cost around £88k.	H 100%	Budget 2021/22 assumes 80 sales. Sales have been affected by the operating restrictions and economic effects of the pandemic making forecasting with any certainty very difficult.	0.088	0.088
Higher level of void (empty) properties - increase loss of rental income	A 0.75% increase in void loss costs the HRA £230k in a full year.	H 100%	Budget 2021/22 assumes 1% void rental loss. This would be challenging in 'normal' times but with the uncertainties of current times this target may well not be met.	0.23	0.23
Numbers of properties moving to target rents not as high as anticipated	A property moving to target rent will increase the weekly rental income by an average of £6.15.	H 100%	The numbers of properties moving to target rent will depend on how many properties become void during the year and whether their rents are already at target level (which is increasingly be the case).	0.029	0.029
-	-	-	-	-	-
Increase in arrears levels	Rental income is accounted for in the HRA on a rents receivable basis rather than actual rent received. However an increase in arrears could impact on the level of contribution required to the Bad Debt Provision.	H 100%	Budget 2021/2022 allows for contributions of £492k to the Bad Debt Provision. This is based on 1.6%; the level of arrears has been affected by the operating restrictions and economic effects of the pandemic making forecasting with any certainty very difficult.	0.307	0.307

Document Pack Page 165

Interest rates - Cost of Capital	Under self financing the risks associated with changes in interest rates impact directly on the HRA. A 0.5% increase across the assumed HRA borrowing (excluding the loans taken for self financing) would cost £206k.	L 60%	The loans taken on for self financing are long term fixed rate so the interest charges are known. However there could be an impact on the HRA if it picks up a larger share of existing higher interest rate debt or when pre self financing loans are replaced. Borrowing for new developments could be at a higher rate than when the schemes were appraised.	0.206	0.124
Capital Investment requirements - newly arising need.	Under self financing the resources for capital investment in the housing stock come directly from the HRA.	L 60%	The 2021/22 capital investment programme is determined on the basis of the resources required to maintain the stock at a Decent Homes Plus level however it is felt prudent to allow for the possibility of any unforeseen or urgent investment requirements or changes.	246	148
Increase in Management Fee paid to Six Town Housing	Six Town Housing can request additional pay and non pay costs as an addition to the Management Fee however this is subject to negotiation with the Council (it is not an automatic payment).	L 60%	The STH Management Fee has not yet been agreed for 21/22 therefore it is felt prudent to allow for a 1% increase over and above that provided for in the 21/22 budget.	0.131	0.079

Document Pack Page 166

Other HRA expenditure	There are costs and charges within the HRA that are outside of the Management Fee paid to Six Town Housing; these include payments to the Department of Communities and Wellbeing and other departments of the Council for services provided to HRA customers. If these costs were to be 2% higher than assumed then this would amount to around £47k.	M 80%	The majority of these charges are agreed in advance and as such should not vary throughout the year. However it is felt prudent to allow for the possibility that unforeseen circumstances within services outside of the HRA could have an impact on the charges made.	0.047	0.038
Springs Tenant Management Co-operative - potential progress towards self financing TMO.	As these proposals progress there may be costs that fall on the HRA associated with this.	H 100%	The 2021/22 budget does not contain any provision for these costs as the timing and extent of such costs has not yet been fully established.	0.040	0.040
-	-	-	-	247.078	148.934