

AGENDA FOR

OVERVIEW AND SCRUTINY COMMITTEE

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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:	Thursday, 10 December 2020
Place:	Virtual meeting via Microsoft 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:	https://www.mycouncil.tv/burycouncil/

AGENDA

1 APOLOGIES

2 DECLARATIONS OF INTEREST

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

3 PUBLIC QUESTION TIME

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

4 MINUTES *(Pages 3 - 16)*

The minutes of the meeting held on the 16th September 2020 are attached.

The minutes of the call-in meeting held on the 2nd November 2020 are attached.

5 COVID 19 UPDATE

6 INITIAL BUDGET UPDATE *(Pages 17 - 78)*

7 EDUCATION PERFORMANCE UPDATE *(Pages 79 - 90)*

Report attached.

8 AGILE WORKING *(Pages 91 - 96)*

Report attached.

9 URGENT BUSINESS

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

Minutes of: OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting: 16 September 2020

Present: Councillor R Caserta (in the Chair)
Councillors T Cummings, R Gold, J Harris, M Powell, S Smith,
Susan Southworth, D.Vernon, R Walker and C Walsh

Also in attendance: L Jones, L Kitto, J Kramer, Cllr E O'Brien, L Ridsdale, M Rosenthal, Cllr T Tamoor, J Witkowski & C Woodhouse

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

Apologies for Absence: Councillor K Leach and Councillor B Mortenson

OSC.202 APOLOGIES

Apologies for absence were submitted from Councillor Karen Leach and Councillor Beth Mortenson.

OSC.203 DECLARATIONS OF INTEREST

Councillor Gold and Councillor Walker declared an interest in item 6 as they sit on the Greater Manchester Transport Committee.

Councillor Walsh declared a personal interest in item 9 as she was employed in the education sector within a local school.

Councillor Stella Smith and Councillor Harris declared an interest in item 9 as they are governors at a local school.

OSC.204 PUBLIC QUESTION TIME

There were no members of the public present virtually to ask questions and no had been pre submitted to the committee under this item.

OSC.205 MINUTES

That the Minutes of the last meeting held on 14th July be approved as a correct record and signed by the Chair.

OSC.206 COMBINED AUTHORITIES UPDATE

Councillor Eamonn O'Brien, Leader and Cabinet Member for Regeneration presented a report giving the Overview and Scrutiny Committee an update on the activity of the Greater Manchester Combined Authority and associated bodies.

The Combined Authority meets on a regular basis and the main focus had been on Covid recently, although there were other important pieces of work which can impact upon Bury.

Councillor Harris commented on the Greater Manchester Spatial Framework timescales and a timeline of dates in the autumn was reported which would enable scrutiny of the framework. Documents would be released prior to consultation of the strategy so residents can view the plans and engage with the Council.

Councillor Stella Smith commented on the GM Health Authority was there a vacancy for another representative from Bury to attend. It was reported that there was a vacancy and an update from the health and social care partnership could be updated at the health scrutiny committee.

Councillor Powell asked about homelessness and plans in place when hotels will not be offered at the end of the Covid support schemes. It was reported that there were more rough sleepers than previously thought and accommodation of 25 beds a night was currently available although this would be increased to 30.

Councillor Harris asked if the adult education budget had been increased and it was reported that it had been amended to enable it to do different things.

The Chair reported on the target figures for Wi-Fi and 5G across Greater Manchester and the Leader would confirm if the 25% figure quoted for fibre optic across GM was the ambition.

The Chair also enquired about the GM Clean Air Plan along with charges and it was reported that a congestion charge would only impact on certain commercial vehicles.

The Chair felt that more details should be provided on the Mayor's Cycling and Walking Challenge Fund and this could be discussed at a future meeting of the committee later in the year.

It was agreed:

That the committee noted the report and that further updates on the Combined Authority were provided to future meetings.

OSC.207 COVID RESPONSE AND RECOVERY

Lesley Jones, Director of Public Health provided the committee with a presentation on the latest Covid response and recovery programme.

The Key Messages were provided to the committee on the shared position of the Council and Bury CCG.

The presentation provided the latest information on Covid-19 in Bury and what the data and intelligence was informing us.

There was a need for local action across Bury as cases were geographically spread across all 17 wards in the borough.

- Bury now had one of the highest coronavirus infection rates in England, falling within the top 20 areas. Rates of new confirmed cases of COVID-19

were rising in Bury along with other areas of Greater Manchester and other parts of England.

- Household transmission remains an important source of new infections as people spread the virus they caught in the community to their families. Those aged 18 – 39 account for around half of the new cases in Bury and the percentage of positive tests had also increased.

Other information reported to the committee included looking at the Bury and Greater Manchester coordinated response and what additional support does Bury require.

A sustained and coordinated action was required to address some of the challenges ahead in delivering Bury's action plan.

Councillor Gold questioned if annual flu vaccinations would be impacted upon this year due to Covid. It was reported that no problems had been identified although flu jabs would have to be conducted and administered in a Covid safe environment.

Councillor Walker commented on the hospital admission figures and it was reported that admission rates due to Covid were expected to rise significantly.

Councillor Walsh added of the long term health impacts of contracting Covid which certain age groups may not fully understand until full research had been analysed.

Members and senior officers commented on the hard work that staff had undertaken and the need to look out for stress and burnout within the second wave of Covid. Lynne Ridsdale provided information on support available to staff and the wellbeing packages in place.

Councillor Vernon asked if there was an impact on routine NHS surgeries and the Chair discussed when a vaccine may be available as until this was rolled out there could be further health risks of suicides linked to unemployment.

It was acknowledged that there are other risks unconnected to contracting Covid but were impacted upon because of the pandemic such as patients missing treatments and the impact on mental health.

It was agreed:

That the contents of the presentation and report be noted.

OSC.208 NEW BUDGET/FINANCIAL UPDATES AND AMENDMENTS DUE TO COVID

Councillor Eamonn O'Brien, Leader and Cabinet Member for Regeneration presented a report outlining the key financial information and significant updates affecting the Council's financial position in 2020/21 and the impact on the Council's medium term financial strategy.

This year, the context in which financial planning was to be undertaken would be the most complex and difficult of recent times.

Document Pack Page 6

Overview and Scrutiny Committee, 16 September 2020

The significant financial impact of Covid cannot be underestimated and this was likely to be felt over the medium and longer term just as much as the shorter term. Government funding has been provided in the short term but any funding longer term was uncertain and the need to plan now for the future was ever more important.

The following scenarios had been calculated and regardless of the planning, there was significant inherent risk in any modelling particularly with the current economic uncertainties and anticipated changes in accounting rules for the collection fund.

- Optimistic – This assumes a minimal recession and a return to previous levels by April 2021.
- Mid-Range – This assumes a short lived recession lasting up to one year with a one-year gradual recovery;
- Pessimistic – Medium term recession lasting the whole of the 5 year MTFS period with some minimal recovery from year 3 onwards.

Councillor Walker stressed the need for continued funding in essential services such as street lighting and asked if the government would provide continued finance for capital schemes. It was stated that whilst savings would need to be made health and safety would still be a priority in relation to the impact on public services.

Councillor Vernon asked about the collection fund impact on the financial strategy and what plans are in place to improve the amount of business rates and council tax income. It was reported that this would be looked at later in the year and due to Covid it was anticipated to be 5% lower than the previous year. Letters offering support and relief arrangements would be sent out in relation to payment collections.

Lisa Kitto, Deputy Chief Finance Officer provided the committee with further financial details in relation to government grants and the anticipated reduction with council tax and business rates.

Members commented if further financial help would be received from the government and it as reported that further submissions were being worked on and the whole of Greater Manchester was compiling information to support further bids. It was hoped that by the end of November more information may be available to communicate.

Further discussions took place on the loss of council tax collection and the impact upon budgets.

The Chair drew attention to the 2021-22 budget setting timetable in the report and asked about the consideration of savings options and it was reported that this was in relation to potential service restructures.

Councillor Vernon reported that car parking charges had been reintroduced in Bury but the machines were not ready resulting in lost revenue. It was confirmed that was the case and a small financial loss would have occurred on those days.

It was agreed:

That the update be noted.

OSC.209 PERFORMANCE IN SCHOOLS

Councillor Tamoor Tariq, Cabinet Member for Children, Young People and Skills presented a report to the Overview and Scrutiny Committee on the work being undertaken on performance in schools as a response to Covid 19.

Before providing information on the report, Councillor Tariq passed on his and the committee's condolences to Head teacher Mr Ian Young who had suffered a family bereavement of his child earlier in the week.

The Covid 19 pandemic had resulted in a reset of the entire strategic programme for school improvement with all the associated safeguarding, intervention and Schools-led arrangements.

The planning framework from educational professionals would continue to change and evolve as the national and the local situation changes.

Information was provided on the Covid Catch-Up Grant of £2.4 million to schools and the National Tuition Scheme to aid with support.

Future items that Overview and Scrutiny may wish to consider could include:

- Attendance
- Performance monitoring
- Policy development
- future activity
- risk assessment

The report provided information on the school improvement agenda, distance and virtual learning along with a performance of Bury Schools in 2020.

The Chair commented on the recovery curriculum and other members of the committee raised concerns that they had not seen this document. Julien Kramer stated he would forward on a report (Recovering the Education System in Bury under Covid 19- Utilising HMI Expertise and Capacity) for other Members of the committee to view the information.

The Chair enquired about school inspections and it was reported that visits were not taking place during the autumn term to January 2021 due to covid and visitor rules in school.

Councillor Walsh talked about how primary and secondary school leaders were support the creating of online resources that teachers can readily access in a lockdown situation. It was reported that there was local expertise involved along with national support for distance learning online platforms. The Chair questioned

Document Pack Page 8

Overview and Scrutiny Committee, 16 September 2020

why this had not been worked on earlier in the year during the spring lockdown and had concerns about the consistency of resources across the authority.

Councillor Susan Southworth had visited a school in her role as a governor and felt that a review would be needed in a couple of months' time to see how protocols were working as schools had only been back since early September.

Councillor Walsh added on record that head teachers and the local authority were doing an amazing job and all the plans in place can change on a daily basis.

Councillor Walker asked about attendance figures and what percentage of pupils were receiving continuity of learning in schools as any cases meant a bubble or class may be off for 14 days.

The Chair asked about the government scheme to provide laptops to disadvantaged children and was the usage monitored. It was reported that around 850 laptops had been received in two batches and Bury was the first across Greater Manchester to distribute these. Julian Kramer added that no data was available at present and a new scheme had been made available and the Council would again be applying to obtain more IT equipment for children.

The Chair discussed results and the report attached to the agenda stated at this point figures for Bury were non-reportable. It was stated that there had been some discrepancies between school data and there had been a number of appeals.

The Chair asked did all schools in the borough open for children of key workers and it was reported that apart from one private school who had their own policies, the rest remained open until the summer holidays.

In summing up the report, the Covid 19 pandemic has presented significant challenges to the Council and its schools whilst school leaders should be applauded for the manner in which they have responded. Throughout the lockdown, schools have continued to support their pupils in many ways and endeavouring to minimise the impact on their learning.

The disruption to the lives of pupils, seen most in respect of examination and assessment, would have an impact and the focus of the current academic year was on re-setting the education system in Bury, and ensuring that schools support pupils in catching up for lost time.

Looking at examination outcomes and Ofsted judgements would continue to be important, but current context means the focus is very much on recovery and how the Council and its schools can work together to achieve this.

It was agreed:

That the update be noted.

OSC.210 BURY 2030 TIMELINE

The Deputy Chief Executive, Lynne Ridsdale provided the meeting with a verbal summary on the Bury 2030 strategy.

The 10 year plan was for the whole of the borough with the objective to work across the Council and other public service partners to create a team Bury.

Work had been undertaken to capture all voices for representation in the strategy and the Council would lead on the consultation aspect which included voluntary groups, community organisations and the faith sector.

The aims include improving life expectancy for the area along with economic growth.

The strategy had been delayed due to Covid work and documents would be compiled at the end of the month with public consultations to take place at the end of year with a launch for early 2021.

Member briefings would be held and views would be welcome.

It was agreed:

That the update be noted.

OSC.211 LGO ANNUAL REVIEW LETTER 2019- 2020

Janet Witkowski, Interim Monitoring Office and Council Solicitor presented a report setting out findings and recommendations of the Local Government and Social Care Ombudsman.

The Council receives an Annual Report summarising all complaints dealt with by the Local Government and Social Care Ombudsman.

The Annual Review letter provided a summary of statistics on the Complaints and enquiries received made to the Local Government Ombudsman about the Council to the year ending 31 March 2020 and decisions made.

The letter and data was attached to the agenda as Appendix A. The number of complaints and enquiries received for this year as compared to last has increased slightly.

The complaints received by the Ombudsman about the Council in 2019/20 were split across services and detailed in as Appendix B of the report.

Appendix C to provided details of the six decisions upheld and the required actions by the Council to remedy these.

It was agreed:

That the contents of the report be noted.

OSC.212 OVERVIEW AND SCRUTINY COMMITTEE WORK PLAN 2020-2021

Marie Rosenthal, Strategic Advisor reported on proposals for the work of the Overview and Scrutiny Committee for the remainder of the year.

The Overview and Scrutiny Committee needed to agree a balanced work programme which included pre decision scrutiny, policy development and review, investigative scrutiny, holding the executive to account, and performance monitoring.

The work programme needed to take account of relevant factors such as: the work programmes of the executive and other committees, strategic priorities and risks, audit and regulatory reports and recommendations, single-integrated plan and partners strategic priorities and relevant community issues.

A reworked work plan was set out at Appendix 1 and this was based on meetings the Chair had held with the Chair of Health Scrutiny and officers over the last few weeks.

Members provided various comments on the future of scrutiny and the proposed work plan along with the joint working with Health Scrutiny on the Covid 19 crisis.

It was agreed:

That the Chair would discuss future proposals with the Strategic Advisor.

OSC.213 URGENT BUSINESS

No other business was reported.

COUNCILLOR R CASERTA
Chair

(Note: The meeting started at 6.30pm and ended at 9.20pm)

Minutes of: OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting: 2nd November 2020

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

Also in Attendance: G Little, L Kitto, J Summerscales, J Witkowski &
Councillors E O'Brien, R Cathcart and C Cummings

Public Attendance: 3 members of the public were present virtually at the meeting.

OSC.1 APOLOGIES

There were no apologies for absence.

OSC.2 DECLARATIONS OF INTEREST

Councillor Susan Southworth declared an interest in the first call in item, public consultation on the draft housing strategy as she was the Deputy Cabinet Member for Housing. Councillor Susan Southworth would leave the virtual meeting during discussion of this agenda item.

OSC.3 PUBLIC QUESTION TIME

There were three members of the public present virtually to ask questions.

The Chair stated he would split the public question time into two sections, so the questions would proceed the debate on the different call in topics.

Jane Price asked a question on the draft housing strategy:-

The consultation document states that there will be flood prevention work, additional infrastructure for drains, roads, new bike paths and a school. Where are the detailed plans and costings for these? And why is there no mention of what happens to the wildlife living in the Bury areas (Walshaw). This is labelled brown belt but it is not, it has been natural grazing land for many years, why was it not classified as green belt?

Plans for estates were previously passed, for example in Ramsbottom stating they would do all these things and they did not happen. Planners, builders and councils go ahead and run out of money as they did not plan properly and undercut costs to get planning agreed in the first place. Then the real requirements and infrastructure are not completed leaving locals with thousands of additional houses and cars and the fallout of incompetent planning. Where is your detail, money and research into how to carry out the infrastructure changes needed?

Why was planning permission for a one storey building driving range previously turned down for Walshaw as this land was classed as key to the local environment

and community? How can you justify destroying it now with so many old industrial areas around Manchester which need redeveloping?

The Chair felt that parts of the questions were not directly related to the call in topic and advised that the member of the public be informed on how to submit a question to the relevant committee outside of this meeting.

Stephen Cleur, a member of the keep Bury green group asked a question on the draft housing strategy:-

The survey had only interacted with a very small percentage of the whole population and would it be possible to delay the consultation for a further six weeks.

Mr Grant Hutchinson who was not present virtually, had submitted a question before the meeting but the Chair would not accept this as it was not directly related to the call in item.

OSC.4 CALL IN OF CABINET DECISION- PUBLIC CONSULTATION ON THE DRAFT HOUSING STRATEGY

The Scrutiny Committee considered a called-in decision of the Cabinet meeting held on the 14th October 2020 in accordance with the Council Constitution.

The Cabinet had made the following decision:

Delegated decision

Cabinet agrees to:

1. Acknowledge the work to date on developing the draft Housing Strategy.
2. Approve the draft Housing Strategy at Appendix 1 for public consultation for a period of six weeks.
3. Note that a further report will be produced with the final draft Housing Strategy, that has taken into account the results and feedback from the consultation.

Reasons for the decision:

Although there is no requirement for a Housing Strategy, it is best practice and provides for consideration of associated duties such as homelessness provision. The Council has undertaken an assessment of housing need within the borough. This report presents the new housing strategy based upon that assessment, which ties into other strategies including the Council's overarching 2030 Strategy.

A call-in notice had been submitted by Councillor Harris setting out the reasons for the call-in of the decision.

The reasons were set out below:

- There is inadequate information as to how the consultation methodology will reflect the views of all residents within the stated time frame. The proposed consultation methodology is inadequate to fully reach all residents.

The Chair welcomed the Cabinet Member for Housing Services, Councillor Cummings to the meeting and she responded to the public questions and reported that the piece of land at Walshaw was included in the GMSF which would be presented at an upcoming Cabinet meeting on the 11th November.

Dr Carol Birchmore who was present at the meeting to ask a public question was invited by Councillor Harris, to provide some background information on how data was collected for research methodology. She explained how surveys were carried out in her professional role at Manchester University.

Councillor Cummings explained that the draft strategy set out the scale of the challenge facing the Borough on housing issues such as driving up quality, improving health and wellbeing, affordability, attracting and retaining skills along with climate change.

The last full assessment of housing need and demand in the Borough was undertaken in 2011. The changes within the housing market since then, together with the expected growth in population and household formation required an update to the housing profile; therefore in January 2020, Campbell Tickell in partnership with arc4, were appointed to support the Council to deliver a Housing Needs and Demand Assessment, which informs the new draft Housing Strategy.

The final version of the Housing Strategy would include an implementation plan, which would be reviewed regularly to ensure that it is up to date in terms of available and committed resources.

Councillor Walker questioned if now was a good time to consult during the Covid 19 pandemic as certain groups were not meeting such as the faith alliance network. Also no displays could be promoted in locations such as local libraries or the Town Hall reception area.

Councillor Harris suggested the use of leaflets and posters in supermarkets and GP surgeries and to put the consultation on hold. A letter should be sent to every household with a reply service enclosed.

It was reported that people can obtain hard copies of the consultation documents upon request and there was a dedicated phone line to deal with enquiries. The costs of letters to all homes in the borough would have to be investigated.

Councillor Vernon questioned if the GMSF should be approved first before the housing strategy but it was explained that this was just the consultation stage of the process. It was stated that whilst it was aligned to the GMSF the housing strategy was a different piece of work.

It was agreed:

That, having considered the points raised in the Notice of Call-in, this Committee does not offer any comments to the Cabinet in respect of Minute CA.08 Public Consultation on the Draft Housing Strategy.

OSC.5 CALL IN OF CABINET DECISION- TERMS OF REFERENCE FOR THE RADCLIFFE REGENERATION DELIVERY BOARD

The Scrutiny Committee considered a called-in decision of the Cabinet meeting held on the 14th October 2020 in accordance with the Council Constitution.

The Cabinet had made the following decision:

Delegated decision

Cabinet agrees to:

Approve the Terms of Reference for the Radcliffe Regeneration Delivery Board as detailed in the report.

Reasons for the decision:

It is important that there are clear roles and responsibilities for oversight and delivery of the Radcliffe SRF. Each structure for governance including the RRDB needs clear terms of reference and division of responsibilities to enable the delivery of the SRF and other regeneration initiatives that may emerge over time.

A call-in notice had been submitted by Councillor Caserta setting out the reasons for the call-in of the decision.

The reasons were set out below:

- It is unclear how the members of the board was established. It is unclear on the size and scope of the budget available. It is unclear on the responsibilities of the board. There needs to be a more detailed description of the aims and objectives.

As mentioned previously in the meeting, the Chair had split the public question time item and dealt with the public questions related to the agenda item at this stage of the meeting.

Carol Birchmore asked a question on the Radcliffe Regeneration Delivery Board:-

At a recent meeting regarding the 2020 draft of the GMSF I questioned the Head of Strategic Planning and Development at Bury Council about the choice of the Elton Reservoir site. He replied that the site was chosen because of its infrastructure. When I refuted this saying it was well known that there was a severe lack of decent infrastructure in Radcliffe it was pointed out that Radcliffe was currently the subject of a Strategic Regeneration Framework (SRF). At a recent webinar the public were informed that investment in the SRF was not dependent on Radcliffe being included in the GMSF and that the two issues were entirely separate. It was recently reported on Facebook by the chair of the SRF that Radcliffe will be receiving an investment of £100 million over the next decade but failed to say where this investment would come from. I therefore would like to know if investment in the SRF will only come about if the residents of Radcliffe accept another 3,500 homes built on their greenbelt and is long overdue investment in Radcliffe only now being considered in order to get Bury's GMSF plan through?

A Supplementary question was asked:-

Is it not questionable that the individual in charge of trying to push through one of the largest proposed greenbelt developments (Elton Reservoir) in the plans of all 10 authorities making up the GMCA is also in charge of decisions about spending of public money in Radcliffe?

Gareth Staple-Jones asked a question on the Radcliffe Regeneration Delivery Board:-

Will the council please declare whether funding for the Radcliffe regeneration project has been ring fenced and protected amidst a climate of cuts from Bury MBC?

Over the last 50 years there has been a chronic lack of investment in Radcliffe compared to other towns in the borough - given recent statements from the council leader regarding the council's budget after the COVID-19 pandemic it has become a concern of Radcliffe residents that funding will now, yet again be scrapped for Radcliffe.

A Supplementary question was asked:-

Can the councillor/officer in question specifically declare what funds will be protected and what quantities will be available for the project?

The Chair welcomed the Leader and Cabinet Member for Finance and Growth, Councillor Eamonn O'Brien to the meeting and he responded to the public questions and reported that following Cabinet's endorsement of the Radcliffe Strategic Regeneration Framework (SRF) the Council had been moving to implement the SRF as a priority. This was not dependent on the GMSF and a budget had been allocated towards this project.

Councillor O'Brien informed the committee that a report to Cabinet in September 2020 set out a governance framework to deliver the proposals within the Radcliffe SRF. It asked that a clear terms of reference and division of responsibilities was produced for each of the delivery agencies.

This report proposed a terms of reference for the Radcliffe Regeneration Delivery Board (the Board), the body which will provide strategic direction, and oversight of the SRF's proposals.

The SRF was now in the preliminary stages of its delivery phase. As such, it was a critical time to establish a robust governance framework, with strong remits and clearly marked parameters, to ensure a sturdy platform was built from which prompt delivery can come.

The Radcliffe Regeneration Delivery Board would be chaired by Sir Howard Bernstein and would coordinate the strategic direction, delivery, oversight and monitoring of the SRF's projects.

Councillor Susan Southworth had some concerns with the make-up of the board and the lack of females included on it and would welcome outside bodies being contacted to be included.

The highest standard of membership was hoped to be met although right representation was important to get the wider views of all in Radcliffe.

The Chair asked about wider public engagement on the board and it was stated that with Council Members sitting on the board, they had been elected by the public to represent local residents.

Councillor Harris questioned if Sir Howard Bernstein would have conflict of interest given his other advisory work. It was stated that he would chair the board but receive no financial benefit of any payments.

Councillor Powell commented on cross party representation on the board. It was reported that the MP for Bury South had a place on the board.

The Chair enquired about what criteria had been sought for the chairmanship of the board and had there been any other candidates. It was acknowledged that Sir Bernstein was very experienced and a well-known name which could draw attention and investment into the plan with his range of contacts along with his local knowledge of the area.

A discussion took place on Deloitte LLP who had been appointed in February 2020 to prepare the (SRF) for Radcliffe.

The Chief Executive, Geoff Little provided the committee with a brief summary of the key projects for Radcliffe which included improved health and leisure facilities, housing and a new education establishment.

It was agreed:

That, having considered the points raised in the Notice of Call-in, this Committee does not offer any comments to the Cabinet in respect of Minute CA.10 Terms of Reference for the Radcliffe Regeneration Delivery Board.

OSC.6 URGENT BUSINESS

No other business was reported.

COUNCILLOR R CASERTA
Chair

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



Classification	Item No.
Open / Closed	

Meeting:	Cabinet
Meeting date:	24 November 2020
Title of report:	The Council's Financial Position as at 30 September 2020
Report by:	Leader of the Council and Cabinet Member for Finance and Growth
Decision Type:	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 second quarter (30 September 2020). The reports 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 second 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 £3.7bn to Local Authorities nationally and some additional specific grants have been made available to provide funding 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.
- 1.4 Since the end of September the Government has announced further funding however the final allocations at a local level have not been issued. Where possible, an estimate of these has been made however are subject to change.

- 1.5 Progress on the capital programme has been slower than anticipated, some of this 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 is reported and all activity has been carried out within the agreed parameters and prudential indicators as set out in the Council's treasury management strategy.

Recommendation(s)

That:

- **Note the forecast overspend of £6.931m on the revenue budget and that recently announced additional funding in relation to Covid is likely to reduce the forecast overspend to £1.707m;**
- **Note the significant uncertainties that exist, in particular Wave 2, and that there is likely to be further changes before the end of the financial year;**
- **Note the position on the Dedicated Schools Grant, Collection Fund and the Housing Revenue Account;**
- **Note the savings of £0.262m on the schemes to be funded from allocations from reserves and how these funds will remain in general reserves**
- **Note the Council has made 3,727 grant payments to business across the Borough totalling £41.769m and that this scheme is now closed;**
- **Note forecast position on the capital programme and:**
 - **Approve that £4.028m be added to the 2020/21 capital programme to reflect the additional funding received for schemes;**
 - **Approve that £36.828m be carried forward into the 2021/22 financial year**
 - **Schemes totalling £0.488m be reduced/removed from the programme as set out in the report and that the reserves funding allocated for these purposes will remain with the general reserve;**
 - **Note the revised capital programme of £56.977m once all amendments have been taken into consideration;**
 - **The overspend on the Kay Street Bridge scheme and the Angouleme Way Roadworks be met from a reallocation of DfT and Growth Deal funding as set out in the report;**
 - **Note the risk of the Storm Ciara damage and that the potential cost of £6.4m may need to be managed within the capital programme should the Bellwin claim not be successful;**
- **Note the mid year report on the treasury management activity and that the Council has not breached any of the prudential indicators set at the beginning of the financial year.**

Key considerations

Background

- 2.1 The council is forecasting an overspend of £6.931m which is an improvement on the position at the end of June by £0.593m 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 (£3.271m) offset by an underlying increase in costs (£2.678m).
- 2.2 In October the government announced a further £1bn additional support for local authorities (£3.324m for Bury) and this, together with anticipated grant income to compensate for losses on sales, fees and charges grant (up to £1.9m) the overspend is forecast to reduce to £1.707m. This however assumes that there is no further movement in the underlying cost

base as a result of Covid Wave 2 and the local restrictions that have been imposed as part of the national and Greater Manchester response to the pandemic.

- 2.3 In July, 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.
- 2.4 The Council has operated with in these principles and, in response to this, some revised efficiency options are set out later in the report to replace some efficiencies agreed in February that are no longer considered deliverable as a result of Covid.
- 2.5 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 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 £2.273m. This is a worsening of the position previously reported. The impact of this has already been factored into the monitoring position.
- 2.6 The Council has factored in £4.8m of costs that are to be funded through COVID-19 grant monies that have been made available to Clinical Commissioning Groups. The position beyond September still remains unclear and there is the potential for an adverse impact on the council's in year position that will need to be managed. Funding is likely to be made available through the Greater Manchester Health and Social Care Partnership though the exact level is not known.
- 2.7 The planned contribution to the pooled fund in 2020/21 will be £10.5m less than is budgeted for 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.
- 2.8 A tracker of all grants income is in place and details are set out at Appendix 1. Where grants are to fund new requirements, it has been assumed that additional expenditure to the grant level will be incurred.
- 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.
- 2.10 The Council's ability to deliver against the capital programme has been reduced due to Covid and the response that has been needed to deal with the impact of the pandemic. The proposed carry forward and re-phasing of the capital budget will enable the council to focus

on what is considered to be deliverable in the current financial year and the longer term re-phasing will be considered as part of the development of the 2021/22 capital programme. The opportunity to manage current risks, such as Storm Ciara, will be factored in to any future rephrasing.

3 FINANCIAL OVERVIEW - REVENUE

- 3.1 The forecast out turn position is set out in Table 1 below and shows a forecast overspend of £6.931m, representing 4.20% of the council's net revenue budget. The forecast is based on trends and information in the first half of the financial year and therefore will change as trends and assumptions crystallise. Assuming no further change, the overspend will reduce to c£1.7m, (1%), should the assumed additional funding be received from government.

Table 1

Forecast Out Turn Position 2020/21 – As At 30 September 2020					
Directorate	Approved Budget	Revised Budget	Forecast Out Turn	Forecast (Under)/Over Spend	Change to June 2020
	£m	£m	£m	£m	£m
One Commissioning Organisation	79.452	79.467	78.746	(0.721)	(0.888)
Children and Young People	41.778	41.778	43.018	1.240	0.364
Operations	16.247	16.247	24.031	7.784	1.203
Corporate Core	13.520	13.505	14.009	0.504	0.315
Business, Growth and Infrastructure	2.800	2.800	3.206	0.406	(0.153)
Arts and Museum	0.577	0.697	0.729	0.032	(0.030)
Housing General Fund	0.553	0.553	1.116	0.563	0.000
Non Service Specific	9.964	9.844	6.967	(2.877)	(1.404)
TOTAL	164.891	164.891	171.822	6.931	(0.593)
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

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

One Commissioning Organisation – Forecast Underspend £0.721m

Table 2

2020/21 Forecast Revenue Out Turn Position – as at 30 September 2020			
One Commissioning Organisation	Approved Budget	Forecast Out Turn	Forecast (Under)/Over Spend
	£m	£m	£m
Adult Social Care Operations	7.616	7.108	(0.509)
Care in the Community	39.640	39.387	(0.253)
Commissioning & Procurement	17.090	171.120	0.030
Public Health	10.435	10.435	(0.002)
Departmental Support Services	4.607	4.621	0.017
Workforce Modernisation	0.078	0.078	0.000
TOTAL	79.467	78.746	(0.721)

3.3 The OCO budget is forecast to underspend by £0.721m which is an improvement of the position at the end of August when the Directorate was forecasting an overspend of £0.329m.

3.4 The main variances are as follows:

- **Care in the Community** is projecting an underspend of £0.253m and includes c£3.8m of Health Covid monies to offset Covid related expenditure. Care home deflection activity and reduced home care expenditure in recent months has seen a c.£2m net cost reduction in Older People expenditure activity which if viewed in isolation would result in the underspend position being much higher. However, in the same period there has been a significant increase in expenditure within the younger adult's cohort which has largely offset the older people reductions. This will be a key area of focus for the financial strategy.
- **Adult Social Care Operations** is projecting a £0.509m underspend due to underspends on staffing budgets within services that are undergoing transformation. The forecast assumes £1m of NHS Health Covid funding to offset Covid related health expenditure.
- **Commissioning and Procurement** is forecasting an overspend of £0.030m due to an under achievement of the in-year saving on the Persona contract offset by an underspend on salaries due to vacancies within the service.

Children and Young People – Forecast Overspend £1.239m

Table 3

2020/21 Forecast Revenue Out Turn Position – as at 30 September 2020			
Children and Young People Directorate	Approved Budget	Forecast Out Turn	Forecast (Under)/Over Spend
	£m	£m	£m
Children's Commissioning	1.357	1.299	(0.057)
Early Help & School Readiness	1.755	1.702	(0.053)
Education & Inclusion	16.285	17.258	0.973
Social Care & Safeguarding	22,381	222.759	0.378
TOTAL	41.778	43.018	1.239

3.5 The Children and Young People's Directorate is forecast to overspend by £1.239m due to:

- **Children's Commissioning** The predicted underspend of £0.057m is largely due to 4 vacancies within the Social Care Admin team and a member of staff seconded to another service.
- **Early Help & School Readiness** is forecast to underspend by £0.053m due to a vacant Early Help worker post within the Locality Teams.
- **Education & Inclusion** The forecast overspend of £0.973m is 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 (£0.202) for which alternatives are currently being pursued.
- **Social Care & Safeguarding** – the forecast overspend of £0.378m includes Corporate Parenting (£0.162m) due to an increase in the number of Looked After Children (LAC), delays in discharging/stepping down of care, an increase in care leavers (£0.116m), agency costs to cover sickness and vacancies in safeguarding (£0.339m) as well as

additional building costs due to delays in vacating Higher Lane (£0.052m) and increased external legal fees in relation to two high-cost court cases (£0.142m). These overspends are offset by additional tripartite funding on residential placements (-£0.306m).

Operations Directorate – Forecast Overspend £7.784m

Table 4

2020/21 Forecast Revenue Out Turn Position – as at 30 September 2020			
Operations	Approved Budget	Forecast Out Turn	Forecast (Under)/Over Spend
	£m	£m	£m
Wellness Operations	2.992	4.932	1.942
Engineers (including Car Parking)	(0.206)	1.781	1.987
Street Scene	4.875	5.077	0.200
Commercial Services	(0.307)	1.668	2.040
Waste, Transport and Stores	6.541	6.840	0.298
Health & Environmental Protection	1.565	1.589	0.024
Operations Senior Management	1.911	1.905	(0.006)
Corporate Landlord	(1.124)	0.239	1.298
TOTAL	16.247	24.031	7.784

3.6 The Operations Directorate is forecasting an overspend of £7.784m 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 overspend is due to licensing due to the temporary deferral of licensing charges (£0.060m) offset by savings from vacancies within Trading Standards (-£0.036m);
- **Engineers** – the overspend largely due to suspension of car parking charges (£1.941m) and other minor variations across the service;
- **Street Scene** - the overspend is largely due to Pest Control loss of income as only emergency works being undertaken in April and May (£0.100m), minor variations across Highways and reduced income in Grounds Maintenance services (0.030m)
- **Wellness Operations** – the overspend is due to income loss in the Leisure Services (£1.875m) and Loss of lettings income in libraries (£0.074m);
- **Commercial Services** – The overspend is due to loss of income in civic centres (£0.566m), an overspend on Catering due to loss of catering income from schools (£0.697m) and loss of market rental income due to agreed schemes to offer rent reliefs to market traders (£0.778m);
- **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 (£0.469m) and an outstanding unachieved savings target (£0.033m) in Architects Service; pressures on rates, cleaning and utilities budgets (£0.277m) on admin buildings and unachieved savings on the corporate landlord model (£0.519m).

Corporate Core and Finance– Forecast Overspend £0.504m

Table 5

2020/21 Forecast Revenue Out Turn Position – as at 30 September 2020			
Corporate Core and Finance	Approved Budget	Forecast Out Turn	Forecast (Under)/Over Spend
	£m	£m	£m
Corporate Core	3.600	3.798	0.198
Adult Learning	0.099	0.099	0.000
Corporate Core Finance	9.806	10.112	0.305
TOTAL	13.505	14.009	0.504

3.7 Corporate Core and Finance is forecasting an overspend of £0.504m which is a slight improvement on the period 4 position and is as a result of:-

- **Legal Services** – the overspend is due to reduced income relating to COVID 19 and additional agency costs (£0.198m);
- **Corporate Procurement** - a reduction in income from contract management (£0.017m);
- **Communications and Engagement** – additional costs to support the communications team during Covid and to cover staff absences;
- **Customer Support and Collections** - Reduction in summons income due to the closure of courts (£0.206m) and increased staffing costs (£0.100m) due to Covid activity and regradings.

Business, Growth and Infrastructure – Forecast Overspend £0.406m

Table 6

2020/21 Forecast Revenue Out Turn Position – as at 30 September 2020			
Business, Growth and Infrastructure Directorate	Approved Budget	Forecast Out Turn	Forecast (Under)/Over Spend
	£m	£m	£m
Economic Regeneration & Capital Growth	1.214	1.620	0.406
Housing Needs & Options	1.586	1.586	0.000
TOTAL	2.800	3.206	0.406

3.8 The Business, Growth and Infrastructure Directorate is forecasting an overspend of £0.406m as a result of:

- Property Income losses (£0.400m) some of which is resulting from an approved rent relief scheme to support businesses affected by COVID-19;

Art Gallery and Museum – Forecast Overspend £0.032m

Table 7

2020/21 Forecast Revenue Out Turn Position – as at 30 September 2020			
Art Gallery and Museum	Approved Budget	Forecast Out Turn	Forecast (Under)/Over Spend
	£m	£m	£m
Art Gallery and Museum	0.697	0.729	0.032
TOTAL	0.697	0.729	0.032

3.9 The Art Gallery and Museum is forecast to overspend by £0.032m 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 30 September 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

3.10 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.

Non Service Specific – Forecast Underspend £2.877m**Table 9**

2020/21 Forecast Revenue Out Turn Position – as at 30 September 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	7.234	2.256
Grants/COVID-19	0.000	(8.752)	(8.752)
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	(0.446)
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	9.844	6.967	(2.877)

3.11 The Non Specific Service budget is forecasting an underspend of £2.877m 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 (-£0.446m);
- **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 (-£9.352m). (The infection control grant income has been reflected in the OCO position from period 4 onwards)

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
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	

- 4.2 In addition to the above, care package reviews were expected to reduce the financial impact of increasing demand in adult social care. A further budget pressure of £0.478m is anticipated. This may no longer be achievable due to COVID-19.
- 4.3 The latest information shows a worsening of the position and that a significant number of savings will not be delivered in the current financial year. Covid has clearly played a part however the ability for the council to deliver savings. This is however likely to be an area of political focus given the work undertaken last year by Grant Thornton and the assurances previously provided that these were deliverable. It is proposed that Executive Directors provide information on why savings cannot be achieved.
- 4.4 In recognition of the fact that some of the savings in the OCO are 'at risk' a re-evaluation has been carried out and proposed alternative savings have been identified to offset the majority of the shortfall. Some of the current planned savings options are also projected to deliver more than is budgeted for. Work is underway to identify options to cover the outstanding amount (£0.276m). Details are set out in the table below:

Table 11

Revised OCO Savings				
Description	Original Savings Target	Projected Shortfall/ (Surplus)	Proposed 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

- 4.5 A summary of the revised efficiency savings, subject to the approval of Cabinet, are:
- **Learning Disability/Mental Health** A review redesign and transformation of both commissioned and internal services and processes
 - **Carers** – A new model to support carers over the age of 18, however the new framework has a significantly stronger emphasis on partnership working, in particular developing relations between young carer’s services and adult carer’s services, along with other partnerships across key services and sectors
 - **Advocacy** – Retendering of a commissioned service
- 4.6 The overall risk of the efficiency savings is reduced to £2.273m 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. Whilst the position may appear not to have moved significantly, the cumulative movement masks the fact that over £26m has been added to reserves this year through the collection fund and the lower contribution to the pooled fund. When this is taken into account, c£30m of reserves have been used.
- 5.2 The Council’s new reserves policy was agreed at Cabinet in July and is now being applied. Planned allocations from reserves have been reviewed and the following savings are considered achievable due to opportunities presented through partnership working and the availability of grant funding that have reduced the overall cost to the Council. The overall saving of £0.262k will therefore remain in general reserves:
- Tree Planting– reduced by £0.250m
 - Win a bike scheme - £0.005m
 - Increased cycling proficiency - £0.007

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 2017. 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.
- 6.2 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

- 6.3 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

- 6.4 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 £24.531m by the end of the current financial year. This is a significant risk to the council and one which needs to be kept under careful review as any deficit on the DSG reserve is currently offset by the council's general and earmarked reserves. Whilst the DfE has announced that DSG deficits will no longer be offset against Council reserves, the required changes to legislation have not been made. Until then, the position on the reserve remains a significant financial risk to the Council.
- 6.5 The Council has been identified as one of the Local Authorities across the country with one of the highest DSG deficits and has been invited to take part in discussions with the DfE with the aim of 'agreeing a package of support and report that will help the Council bring your DSG deficit under control and ultimately, to eliminate it'. 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. A date has been set for 17 December for an introductory meeting. Updates on progress will be reported to Cabinet as part of the quarterly monitoring process.
- 6.6 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 (£0.36m)
 - Paediatric Disability (£0.15m)
 - SEND Preparation for Employment (£0.04m)
 - SEND EHCP top up funding to comply with statutory finance and SEND requirements, including increased volumes (£2.3m)
 - Increased capacity at Bury's special school provision (£1.6m)

Collection Fund

- 6.7 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	1.646	26.647	28.293
Balance Carried Forward	1.670	26.367	28.038
Distributed:			
Bury Council	(1.409)	(26.104)	(27.512)
GMCA – Police and Crime Commissioner	(0.182)	0.000	(0.182)
GMCA – Fire and Rescue Service	(0.079)	(0.263)	(0.343)
Total	(1.670)	(26.367)	(28.038)
Section 31 Grants Received		26.061	26.061
TOTAL	(1.670)	(0.306)	(1.976)

- 6.8 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. A forecast in year deficit of £28.293m means that the projected year end collection fund position (council tax and business rates), taking into account the brought forward surplus, is a projected deficit of £28.038m of which the council's share is £27.512m and the Greater Manchester Combined Authority's share is £0.565m (for police and fire and rescue services).
- 6.9 The accounting treatment for the collection fund currently means that a deficit is required to be declared although these largely relate to additional business rates reliefs announced as a result of Covid (Extended Retail Relief and Nursery Relief). These reliefs are funded via Section 31 grant which will be used to repay a significant proportion of the deficit in future years. The expected Section 31 grant on the latest forecast is £26.061m which leaves a net deficit of £1.976m which can now be phased over 3 financial years. The exact timing of the repayment of the Section 31 grant and the re-phasing is still unknown and will be confirmed when guidance on the re-phasing of the deficit over 3 years is issued.
- 6.10 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.

BUSINESS GRANTS

- 6.11 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.
- 6.12 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 leaving a small surplus of £1.151m which, based on current guidance, will be recovered by central government. It should be noted that the Council is only able to pay to those businesses that met the government's grant criteria and therefore there is no other alternative way of utilising this funding. A summary of the grants paid are set out in the table below.

Table 15

Analysis of Covid Business Grants Scheme				
	£10k Grants	£25k Grants	Discretionary Grants	TOTAL
Number Paid	3,056	366	305	3,727
Value Paid (£m)	30.560	9.150	2.059	41.769
Total Paid	39.710		2.059	41.769
Grant Available	(40.865)		(2.055)	(42.920)
Surplus (To be repaid)	(1.155)		0.004	(1.151)

- 6.13 From the analysis it should be noted that the discretionary grant fund was overspent by £4,000. This cannot be offset against the main grant allocation and will therefore, subject to the approval of Cabinet, be met from corporate reserves.

HOUSING REVENUE ACCOUNT

- 6.14 The Housing Revenue Account (HRA) is forecasting a surplus of £1.075m and further information is set out in the table 12 below.

Table 16

2020/21 Forecast Revenue Out Turn Position – as at 30 Sept 2020			
Housing Revenue Account	Approved Budget	Forecast Out Turn	Forecast (Under)/Over Spend
	£m	£m	£m
Income			
Dwelling Rents	(29.963)	(29.907)	0.056
Non-Dwelling Rents	(0.194)	(0.191)	0.003
Other Charges	(1.036)	(1.032)	0.004
Total Income	(31.193)	(31.130)	0.063
Expenditure			
Repairs and Maintenance	7.039	6.902	(0.137)
General Management	7.452	7.350	(0.102)
Special Services	1.366	1.365	(0.001)
Rents, Rates and Other Charges	0.060	0.059	(0.001)
Increase in Bad Debts Provision	0.484	0.742	0.258
Capital Charge	4.632	4.632	-
Depreciation	8.587	7.362	(1.225)
Debt Management Expenses	0.041	0.041	-
Contribution to/(from) reserves	(1.925)	(1.925)	-
Total Expenditure	27.736	26.528	(1.208)
Net Cost of Services	(3.457)	(4.602)	(1.145)
Interest receivable	(0.067)	(0.063)	0.004
Principal Repayments	0.192	0.193	0.001
Revenue Contributions to Capital	3.322	3.387	0.065
Sub Total	3.447	3.517	0.070
Operating (Surplus)/Deficit	(0.010)	(1.085)	(1.075)

- 6.15 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 £2.681m 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.

6.16 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 September was on average 1.21% 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 £0.064m 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 September totalled £2.415m, an increase of 16.4% since the end of March. Of the total arrears £0.889m relates to former tenants and £1.526m relates to current tenants. An estimated £1.106m 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 £0.229m 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 September 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 21 sales in the period April to September which is 4 less than at this point last year. The number of applications currently proceeding is higher than at this point last year (111 compared to 101); 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 recently been resumed through an external provider. Given the current situation it is difficult to forecast how many applications will actually proceed to completion therefore the sales forecast has been kept at 60 and will be reviewed again at the end of quarter 3; the projections of rental income have been calculated on this basis.

7 CAPITAL PROGRAMME

7.1 The Council's capital programme is set at £86.562m including schemes rolled forward from the 2019/20 financial year. New schemes totalling £4.028m are recommended to be added to the programme in year, all of which are fully funded from external sources. The new schemes are set out below and, subject to approval, will increase the 2020/21 capital programme to £90.590m. Full Council approval is not required. However for governance purposes, these schemes need to be reflected in the capital programme so they can be monitored and reported on.

Table 17

Additions to the 2020/21 Capital Programme		
Project	£m	Reason
2020/21 Revised Capital programme	86.562	
Highways Planned Maintenance	0.049	Additional grant funding
Pothole Fund	1.523	Additional DfT funding via GMCA
Manchester Mesivita	0.008	Grant
Goshen Flood Work	0.511	Grant funding from the Football Foundation
Special Provision Grant	0.195	Additional Grant
Basic Need Grant (Schools)	(0.250)	Actual Grant lower than anticipated
School Condition Grant	1.202	Additional Grant
School Condition Grant	0.790	Additional Grant
Sub Total	4.028	
Revised 2020/21 Capital Programme	90.590	

7.2 Full details on the Capital programme are set out in Appendix 3 and a summary of the key elements are as follows:

- **Carry Forward**

7.3 Expenditure on the capital programme is £20.148m 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.

7.4 The Council recognises that the Covid pandemic has impacted in many different ways and has taken the opportunity to review its capital programme to ensure the programme remains focused on priorities, is realistic in terms of what can be delivered in the current financial year and enables schemes to continue in future years should they still be a priority. In considering the schemes we have identified those that are grant funded to ensure that the opportunity to bring in external income to the borough is not lost even if schemes have been delayed. The outcome of the review is as follows:

Project	Current Budget £m	Proposed Budget £m
Schemes Recommended for Deletion		
Electric Vehicle Trials	0.075	0.000
Schemes Recommended to Reduce		
Community Climate Fund	0.600	0.187
TOTAL	0.675	0.187

7.5 It is proposed that the capital programme for 2020/21 be reduced by £0.488m. All of the proposals were to be funded from general reserves and this funding will therefore no longer be needed to be drawn down.

- **Projected Expenditure 2020/21**

- 7.6 As it stands, £16.680m is forecast to be spent in the last half of the financial year. This includes the expenditure on the parks and green spaces strategy that is set out elsewhere on the agenda. Given 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. Further updates will be considered by Cabinet prior to the setting of the 2021/22 capital programme at Full Council in February.

Variances

- 7.7 The majority of the variances on the capital programme are due to delays in delivery as a result of Covid and it is proposed that these funds, totalling £36.828m, be carried forward and the programme rephased to reflect when expenditure is likely to be incurred. 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 will be reported to Cabinet in January 20201 when the Quarter 3 monitoring is produced.
- 7.8 Some variances have however emerged and approval is sought to meet the additional costs as follows:
- expenditure on Kay Street Bridge which is currently forecast to exceed the budget provision by £0.675m due to additional construction costs as a result of unforeseen issues when the building work was commissioned. In order to fund this, it is proposed that DfT monies included in the 2020/21 be reallocated for this purpose.
 - tendered costs for Angouleme Way/Market Street and Wash Lane/M66 Jnc2) are £175k higher than anticipated. To fund this it is proposed that some of the funding within the Growth Deal 2 scheme allocated to the Prestwich High Street Scheme be reallocated for this purpose.
 - Given the significant slippage on the capital programme it is not envisaged that this reallocation of funding to address emerging issues will have a significant impact on the wider programme.

Financing

- 7.9 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. The table below shows how the planned and forecast capital expenditure is to be financed.

Table 17

Financing of the 2020/21 Capital Programme as at 30 September 2020	
	£m
Revised Capital Programme as at Q1	86.562
New Schemes to be added	4.028
Revised Capital Programme	90.590
Funded By:	
External Funding and Contributions	41.416
Use of Capital Receipts	1.389
Revenue	14.675
Prudential Borrowing	33.110
TOTAL	90.590

- 7.10 The Capital Programme will continue to be monitored closely for the remainder of the year. New Capital Gateway processes have been developed and are being introduced in

November 2020. These processes will embed effective monitoring and reporting arrangements. It is envisaged that the new gateway process will ensure that:

- schemes are prioritised and presented to members for consideration at appropriate times during the year
- schemes are a strategic fit with corporate priorities
- adequate resources are identified at the start of the process to ensure sufficient capacity is available to deliver the projects within anticipated timescales
- effective monitoring is carried out so that any slippage or delays can be considered and reported
- effective project management practices are embedded for all projects

7.11 A review and update of the council's capital strategy is underway and will be concluded during 2020/21 for consideration and approval by Cabinet and Full Council. This is particularly important in light of the work on the Bury2030 strategy and will ensure that the capital strategy is aligned to the future outcomes and objectives of the council.

Risks

7.12 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 is seeking assistance through the government's Bellwin scheme.

7.13 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. Discussions with MHCLG have established that a claim may be accepted and funding made available. This is currently being progressed. In the event of a claim not being successful, the cost will fall to the Council and will need to be considered as part of the overall capital programme for the current and future financial years.

8 TREASURY MANAGEMENT MID-YEAR REVIEW

8.1 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.

8.2 There are no performance issues and the Council is operating within its financial limits and boundaries as set out in the strategy.

9 FUTURE YEARS

9.1 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. With Covid Wave 2 and further restrictions being imposed it is expected that further financial pressures will be felt and that these will impact not only in the current financial year but in future financial years. 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.

9.2 The ability to forecast with any great accuracy continues to be more difficult now than at any point previously. Not only is the length and the extent of the Covid a huge risk but the

uncertainty around future funding caused by a delayed Comprehensive Spending Review (CSR) and a one year settlement rather than the anticipated 3 year settlement adds further risk and complication. Reliance on scenario planning and reviewing and updating future plans as developments and trends emerge will be a feature of budget planning for some time to come.

- 9.3 The council is currently refreshing its MTFs and is in the process of identifying options that will manage the financial gap in future years. Delivery of these is essential to ensure longer term sustainability. In the short term, the need to protect reserves as much as possible to help mitigate against the significant financial challenges anticipated, in particular over the next 2 financial years, is recommended.

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
<p>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.</p> <p>Delays in delivering projects within the capital programme provide an opportunity to review projects and align to the changing position that has</p>	<p>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.</p> <p>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</p>

arisen due to Covid and to ensure that projects align to the Bury 2030 strategy.	years.
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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:

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Interim Director of Financial Transformation (S151 Officer)

Background papers:

The Council's Financial Position as at June 2020

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
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.	£1.1m of the total allocation of £5.364m was utilised within the 19/20 financial year. The balance will be utilised to offset additional costs / income losses across all services. The grant is being monitored and reflected in the forecast position of the non-service specific budget.
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.	The grant will be utilised to offset additional costs / income losses across all services. The grant is being monitored and reflected in the forecast position of the non-service specific budget.
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.	The grant will be utilised to offset additional costs / income losses across all services. The grant is being monitored and reflected in the forecast position of the non-service specific budget.
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.
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.	
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.
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
DEFRA Food and Essentials Hardship Grant	0.229	Monitoring assumes that new costs will be incurred.	
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.
Test and Trace Enhanced Support	0.150	Monitoring assumes that new costs will be incurred.	Report being prepared
COVID Marshall Funding	0.104	Monitoring assumes that new costs will be incurred.	Report being prepared
Self Isolation Grant	0.171	Grant payments to eligible claimants who are self-isolating	Decision made. Scheme is operating in line with national guidance.
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.
TOTAL	63.523		
Further announcements of funding to support local authorities who have suffered income losses have been announced. Of the additional £1bn funding announced, Bury will receive £3.324m and it is expected that up to a further £1.9m compensation grant for losses on sales, fees and charges will be received. The Council is also assuming £4.8m grant funding made available to CCGs to cover health related costs.			

Analysis of Grants Received 2020/21 by schools as a result of COVID -19			
Description	Amount (£m)	Additional Costs	Detail
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.
TOTAL	5.312		

Forecast Position on Reserves at 31 March 2021				
	Balance as at 1 April 2020	Planned use of Reserves	In Year Overspend (including future known grants)	Forecast Balance as at 31 March 2021
	£M	£M	£M	
General Reserves	6.989	19.277	(1.700)	24.566
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	15.027	(6.931)	55.482
Corporate Priorities	7.794	4.550		12.344
External Funding/Grants	20.794	(14.806)		5.988
Total Earmarked Reserves	28.588	(10.256)	0.000	18.332
TOTAL COUNCIL RESERVES	70.743	4.771	(1.700)	73.814
School Reserves				
DSG Central Reserve	(20.067)	(4.464)		(24.531)
TOTAL SCHOOL RESERVES	(20.067)	(4.464)	0.000	(24.531)
TOTAL NET RESERVES	50.676	0.307	(1.700)	49.283

	2020/21 Budget	Slippage Brought Forward	Approved Adjustments	Revised Budget	Actual Expenditure as at 30 September 2020	Forecast Expenditure 2020/21	Proposed Rephasing to future years
	£m	£m	£m	£m	£m	£m	£m
Radcliffe Regeneration:							
Radcliffe Town Centre	0.100	0.000	0.000	0.100	0.000	0.000	0.100
Radcliffe Market Chambers	0.100	0.000	0.000	0.100	0.000	0.000	0.100
Radcliffe Library Refurbishment	0.000	-0.020	0.000	-0.020	-0.008	-0.008	-0.012
Radcliffe Regeneration	0.300	0.000	0.000	0.300	0.000	0.263	0.037
Radcliffe Regeneration Action Plan	0.000	0.231	0.000	0.231	-0.002	-0.002	0.233
Sub Total	0.500	0.211	0.000	0.711	-0.010	0.253	0.458
Prestwich Regeneration:							
Public Services Hub	0.050	0.000	0.000	0.050	0.000	0.000	0.050
Strategic Acquisition – Longfield	0.300	0.000	0.000	0.300	0.000	0.000	0.300
Prestwich Urban Village	0.200	0.000	0.000	0.200	-0.008	0.492	-0.292
Sub Total	0.550	0.000	0.000	0.550	-0.008	0.492	0.058
Ramsbottom Regeneration:							
Ramsbottom Town Plan	0.200	0.000	0.000	0.200	0.000	0.000	0.200
Upper Floor Development	0.200	0.000	0.000	0.200	0.000	0.000	0.200
Sub Total	0.400	0.000	0.000	0.400	0.000	0.000	0.400
Bury Regeneration							
Bury Market	0.050	0.000	0.000	0.050	0.000	0.000	0.050
Bury Business centre	0.050	0.000	0.000	0.050	0.000	0.000	0.050

	2020/21 Budget	Slippage Brought Forward	Approved Adjustments	Revised Budget	Actual Expenditure as at 30 September 2020	Forecast Out Turn	Proposed Rephasing to future years
	£m	£m	£m	£m	£m	£m	£m
Elizabethan Suite Update	0.080	0.000	0.000	0.080	0.000	0.000	0.080
Bury Civic Centre – Phase 1	1.800	0.000	0.000	1.800	0.000	-0.001	1.801
Sub Total	1.980	0.000	0.000	1.980	0.000	-0.001	1.981
Bradley Fold Regeneration	0.200	0.000	0.000	0.200	0.000	0.000	0.200
Refurbishment of Bury Market	0.900	-0.008	0.000	0.892	0.000	0.206	0.686
TOTAL - REGENERATION	4.530	0.203	0.000	4.733	-0.018	0.950	3.783
Place Shaping/Growth:							
Prestwich	0.000	0.249	0.000	0.249	0.000	0.000	0.249
Radcliffe	0.000	0.420	0.000	0.420	0.000	0.000	0.420
Whitefield	0.000	0.100	0.000	0.100	0.001	0.001	0.099
Place Shaping/Growth Programme	0.000	2.715	0.000	2.715	0.000	0.000	2.715
Other Development Schemes	0.000	0.138	0.000	0.138	0.478	0.450	-0.312
TOTAL – PLACE SHAPING/GROWTH	0.000	3.623	0.000	3.623	0.479	0.451	3.172
Sport and Leisure:							
Parks and Green Space Strategy	0.800	0.000	0.000	0.800	0.030	0.439	0.361
Play Area Strategy	0.250	0.000	0.000	0.250	0.001	0.251	-0.001
Outdoor Gyms	0.120	0.000	0.000	0.120	0.000	0.000	0.120
Access, Infrastructure and Quality – Parks	0.300	0.000	0.000	0.300	0.000	0.220	0.080
Grass Pitch Vert Draining	0.010	0.000	0.000	0.010	0.000	0.000	0.010
Leisure Gym Equipment Upgrade	0.500	0.000	0.000	0.500	0.257	0.500	0.000
Bury Athletics Track	0.100	0.000	0.000	0.100	0.000	0.006	0.094
Flood Repair – 3 G Pitch	0.000	0.105	0.511	0.616	0.000	0.052	0.564
3G Pitch – Bury Radcliffe	0.040	0.000	0.000	0.040	0.000	0.000	0.040
3G Pitch at Goshen	0.669	0.000	0.000	0.669	0.000	0.000	0.669

	2020/21 Budget	Slippage Brought Forward	Approved Adjustments	Revised Budget	Actual Expenditure as at 30 September 2020	Forecast Out Turn	Proposed Rephasing to future years
	£m	£m	£m	£m	£m	£m	£m
Sustainable Tennis Strategy	0.180	0.000	0.000	0.180	0.000	0.226	-0.046
Radcliffe FC Facilities	0.170	0.000	0.000	0.170	0.000	0.000	0.170
Match Fund Football Grants	0.150	0.000	0.000	0.150	0.000	0.000	0.150
Non Turf Cricket Pitch	0.072	0.000	0.000	0.072	0.000	0.000	0.072
Flood Repair and Defence	0.000	0.568	0.000	0.568	0.385	0.395	0.172
Environmental Works	0.000	0.084	0.000	0.084	0.003	0.078	0.005
Parks	0.000	0.142	0.000	0.142	0.000	0.137	0.005
TOTAL – SPORT AND LEISURE	3.361	0.898	0.511	4.770	0.677	2.305	2.465
Operational Fleet::							
Vehicle Replacement Strategy	6.760	0.000	0.000	6.760	0.000	4.000	2.760
Grounds Maintenance Equipment	0.240	0.000	0.000	0.240	0.017	0.070	0.170
TOTAL – OPERATIONAL FLEET	7.000	0.000	0.000	7.000	0.017	4.070	2.930
ICT:							
ICT Projects	5.015	0.869	0.000	5.884	1.106	2.100	3.784
Improving Information Management	0.000	0.057	0.000	0.057	0.000	0.000	0.057
GM Full Fibre Project	0.000	0.469	0.000	0.469	0.468	0.468	0.001
TOTAL – ICT	5.015	1.395	0.000	6.410	1.574	2.568	3.843
Highways:							
Highways Investment Strategy – Tranche 2	4.000	0.000	0.000	4.000	0.000	4.000	0.000
Cycling and Walking Routes – Mayors Challenge	3.000	0.102	0.000	3.102	0.025	0.035	3.067
Growth Deal	0.711	0.000	0.000	0.711	0.000	0.000	0.711
Mobile Speed Signs	0.035	0.000	0.000	0.035	0.000	0.000	0.035

	2020/21 Budget	Slippage Brought Forward	Approved Adjustments	Revised Budget	Actual Expenditure as at 30 September 2020	Forecast Out Turn	Proposed Rephasing to future years
	£m	£m	£m	£m	£m	£m	£m
Full Fibre Infrastructure	0.520	0.000	0.000	0.520	0.000	0.000	0.520
Weather Station and Road Surface Temperature Sensors	0.030	0.000	0.000	0.030	0.000	0.030	0.000
Street Lighting	2.000	-0.239	0.000	1.761	0.029	1.289	0.473
Traffic Calming and improvement	0.517	0.281	0.000	0.798	0.119	0.239	0.559
Traffic Management Schemes	0.000	0.127	0.000	0.127	0.000	0.075	0.052
Public Rights of Way	0.000	0.058	0.000	0.058	0.000	0.005	0.053
Highways Planned Maintenance	0.000	2.640	0.049	2.689	1.026	2.689	0.000
Pothole Fund	0.000	0.000	1.523	1.523	0.000	1.156	0.367
Bridges	0.000	0.050	0.000	0.050	0.022	0.052	-0.002
TOTAL – HIGHWAYS	10.813	3.019	1.572	15.404	1.221	9.570	5.835
<i>Children and Young People (including Schools):</i>							
NDS Modernisation	6.995	1.121	1.742	9.858	1.110	4.026	5.832
DFE Formula Capital	0.327	0.555	0.008	0.890	0.253	0.353	0.537
Targeted Capital Funds	0.000	-0.130	0.000	-0.130	-0.131	-0.131	0.001
Special Provision Grant	0.000	0.320	0.195	0.515	0.078	0.494	0.022
Radcliffe School	0.378	0.000	0.000	0.378	0.000	0.000	0.378
Condition Related Schemes – Schools	0.500	0.000	0.000	0.500	0.000	0.000	0.500
Schools Sustainability Schemes	0.250	0.000	0.000	0.250	0.000	0.000	0.250
TOTAL – CHILDREN AND YOUNG PEOPLE	8.450	1.866	1.945	12.261	1.309	4.741	7.520
<i>Estate Management – Investment Estate:</i>							
Demolition of Former Fire Station – Bury	0.300	0.000	0.000	0.300	0.000	0.000	0.300

	2020/21 Budget	Slippage Brought Forward	Approved Adjustments	Revised Budget	Actual Expenditure as at 30 September 2020	Forecast Out Turn	Proposed Rephasing to future years
	£m	£m	£m	£m	£m	£m	£m
177 & 179 The Rock	0.005	0.000	0.000	0.005	0.000	0.000	0.005
Portland and Chesham industrial Estate	0.010	0.000	0.000	0.010	0.000	0.000	0.010
Former Prezzo, Lytham	0.055	0.000	0.000	0.055	0.000	0.000	0.055
Black Manor Street	0.050	0.000	0.000	0.050	0.000	0.000	0.050
Tile Street	0.050	0.000	0.000	0.050	0.000	0.000	0.050
St Mary's Place	0.030	0.000	0.000	0.030	0.000	0.000	0.030
TOTAL – ESTATE MANAGEMENT INVESTMENT ESTATE	0.500	0.000	0.000	0.500	0.000	0.000	0.500
<i>Estate Management - Corporate Landlord:</i>							
Fernhill Gypsy and Traveller Site	0.360	0.000	0.000	0.360	0.000	0.000	0.360
Bradley Fold Welfare Facilities	0.200	0.000	0.000	0.200	0.123	0.205	-0.005
Bradley Fold Depot – Essential Maintenance	0.220	0.000	0.000	0.220	0.000	0.220	0.000
Leisure Health and Safety Improvements	0.188	0.000	0.000	0.188	0.000	0.120	0.068
Leisure Health and Safety Improvements 19/20	0.181	0.000	0.000	0.181	0.000	0.003	0.178
LED Lighting Installation	0.011	0.000	0.000	0.011	0.000	0.051	-0.040
Seedfield – Health and Safety	0.025	0.000	0.000	0.025	0.000	0.000	0.025
Bury Cemetery Upgrade of Welfare Facilities	0.025	0.000	0.000	0.025	0.000	0.010	0.015
Hoyles park Pavilion Demolition and Clarence Park Skateboard Park removal	0.040	0.000	0.000	0.040	0.000	0.000	0.040
TOTAL – ESTATE MANAGEMENT CORPORATE LANDLORD	1.250	0.000	0.000	1.250	0.123	0.610	0.640
<i>One Commissioning Organisation:</i>							
Older People	0.588	-0.204	0.000	0.384	0.080	0.079	0.305
Disabled Facilities Grant	0.855	0.597	0.000	1.452	0.179	0.179	1.274

	2020/21 Budget	Slippage Brought Forward	Approved Adjustments	Revised Budget	Actual Expenditure as at 30 September 2020	Forecast Out Turn	Proposed Rephasing to future years
	£m	£m	£m	£m	£m	£m	£m
Neighbourhood Working	0.000	0.242	0.000	0.242	0.014	0.014	0.228
Planning – Other Schemes	0.065	0.012	0.000	0.077	0.000	0.012	0.065
Other Development Schemes	0.027	0.000	0.000	0.027	0.000	0.000	0.027
Environmental Works	0.067	0.000	0.000	0.067	0.000	0.000	0.067
TOTAL – COMMUNITIES AND WELLBEING	1.602	0.647	0.000	2.249	0.272	0.283	1.966
Electric Vehicle Trials	0.075	0.000	0.000	0.075	0.000	0.000	0.075
Housing – HRA	9.280	3.406	0.000	12.686	0.171	9.592	3.094
HRA – Disabled Facilities Adaptations	0.550	0.166	0.000	0.716	0.000	0.609	0.107
Empty Property Strategy	0.000	0.273	0.000	0.273	0.000	0.000	0.273
Next Steps Accommodation Programme	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Housing Development	0.000	1.000	0.000	1.000	0.921	1.100	-0.100
TOTAL – HOUSING	9.905	4.845	0.000	14.750	1.091	11.301	3.448
Climate Change:							
Community Climate Capital Fund	0.600	0.000	0.000	0.600	0.000	0.007	0.593
Climate Change Resilience Fund	0.200	0.000	0.000	0.200	0.000	0.060	0.140
Electric Charging Points	0.040	0.000	0.000	0.040	0.000	0.000	0.040
Glysophate Alternative Equipment	0.050	0.000	0.000	0.050	0.000	0.050	0.000
Waste Management	0.000	0.014	0.000	0.014	0.000	0.069	-0.055
Fly-Tipping	0.060	0.000	0.000	0.060	0.000	0.052	0.008
TOTAL – CLIMATE CHANGE	0.950	0.014	0.000	0.964	0.000	0.238	0.726
Strategic Airport Investment	0.000	1.863	1.863	3.726	3.726	3.726	0.000
Strategic Airport Investment	0.000	0.000	12.950	12.950	9.677	12.950	0.000
TOTAL – STRATEGIC INVESTMENT	0.000	1.863	14.813	16.676	13.403	16.676	0.000
TOTAL	53.376	18.373	18.841	90.590	20.148	53.763	36.828

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	2020/21
	Original Estimate	Revised Estimate
	£m	£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

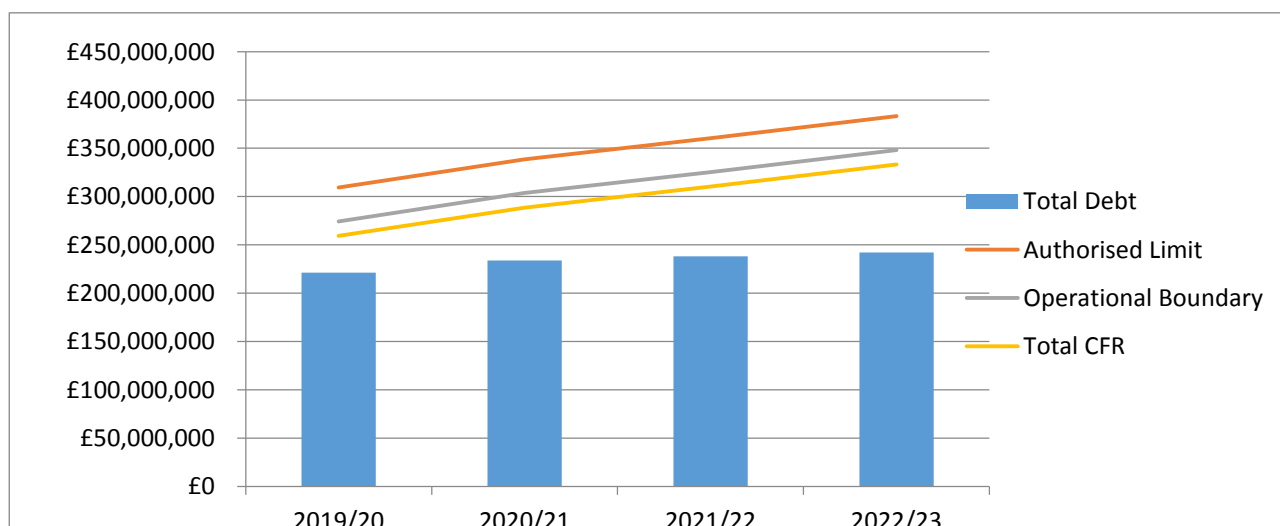
4.4 Limits to Borrowing Activity

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	2020/21
	Original Indicator	Revised Indicator
	£m	£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.

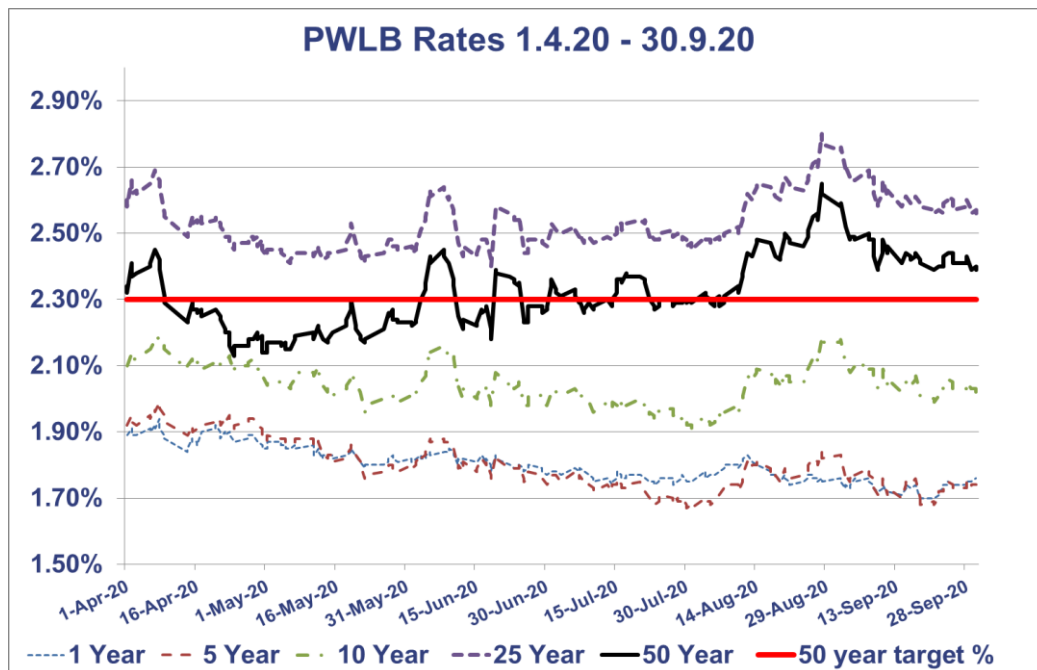
6.0 BORROWING

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.	Principal		Avg.
	£M	£M	Rate	£M	£M	Rate
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.

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Classification	Item No.
Open	

Meeting:	CABINET
Meeting date:	24 November 2020
Title of report:	Setting the 2021/22 Budget
Report by:	Leader of the Council and Cabinet Member for Finance and Growth
Decision Type:	Key Decision
Ward(s) to which report relates	All

Executive Summary

1 INTRODUCTION

- 1.1 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 existed. Whilst a challenging situation in it's own right, this was without the emergence and impact of the Covid-19 pandemic, which will continue to have a significant financial impact on our own finances and on the wider economic position of our borough and our region, for some time to come.
- 1.2 The economic reality is fast changing and challenging and the extent of how long this will last cannot be predicted with any great certainty but will inevitably bring additional pressures in demand for the services provided by the Council and our partners. The significant financial impact of Covid-19 cannot be underestimated and as the economic impact of Wave 1 is still unfolding the potential for an even greater impact of Wave 2 and beyond is one which the Council needs to consider and plan for. In response to this, the Council has developed a six month plan for living with Covid as part of a two year corporate plan that is recommended for approval elsewhere on the agenda.

- 1.3 Over recent months the Council has been reviewing and reporting on its financial position and in October 2020 Cabinet received a financial planning document and financial framework within which its 2021/22 budget would 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 delay in the Comprehensive Spending Review, the outcome of which is not likely to be known until early to mid-December. What is known is that whatever the outcome of the CSR, the Council is likely to be facing a significant financial challenge going forward and processes need to be put in place to be able to deal with this now in order to meet our statutory requirements around budget setting.
- 1.4 In October 2020, the Council launched a public consultation on the Bury 2030 strategy and it is essential that our budget planning aligns to the vision and priorities set out in the strategy. The priorities are organised around the five themes of the local industrial strategy:
- **Healthy People:** We want to improve health and well-being by working with communities and residents to ensure that all people have a good start and enjoy a healthy, safe and fulfilling life.
 - **Thriving, green Places:** All six towns should be thriving and sustainable and by 2030 we will have delivered key regeneration opportunities within our town centres. Everyone will be living in a high-quality carbon-neutral environment by 2038.
 - **Co-designed Ideas:** We will routinely harness the voices and creativity of all our residents in developing future plans; celebrate the diversity of our community and offer an 'opportunity guarantee' for everyone who wants to develop through volunteering or needs specific support to get back to playing a fulfilling role in the community.
 - **Future-proofed Infrastructure:** All people and businesses in the Borough will have access to modern well-managed infrastructure including excellent housing, transport and superfast broadband as part of a new 'digital first' norm.
 - **Inclusive Business Growth:** Our Borough will have a thriving local economy which will be recovered from the impacts of Covid-19 and from which all residents can benefit through a first-class all-age skills offer, high quality local jobs and targeted support for people experiencing hardship, including those who are working.
- 1.5 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.
- 1.6 It is within this context that the Council's approach to setting the 2020/21 budget has been developed. Over recent months 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. 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.

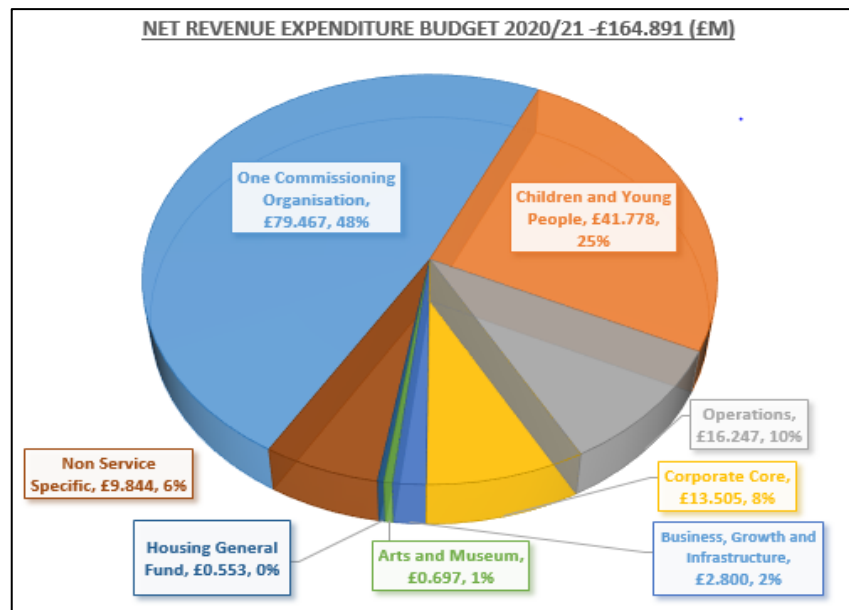
Recommendations

To:

- **Approve the 2021/22 to 2024/25 medium term financial and budget strategy including the savings proposals for the purposes of a conversation with the public, key stakeholders and staff to inform the final budget proposals to Full Council in February and that these proposals will be presented to the Overview and Scrutiny Committee as part of the process;**
- **Note the significant uncertainty in funding and that the MTFs will be updated and reviewed in light of the announcements anticipated in December 2020;**
- **Note the budget gap of £64.093m over the 4 years of which £31.243m relates to 2021/22 prior to any proposed savings and the proposed use of reserves;**
- **Note the residual gap of £15.280m over the 4 year period should all savings proposals and use of reserves be ultimately accepted and that a gap of £4.194m remains by the end of the second year of the strategy (2022/23) and that further work is underway to identify further options;**
- **Note the planned work on transformation and that a saving of £5m, the key themes of which are described in the report, are expected to generate savings of £5m to contribute towards the savings target;**
- **Note the projected position on the Council's reserves and the intention to bring forward proposals to generate one-off income that can be utilised to supplement reserves and reduce the 'run rate', i.e. capital receipts;**
- **Note the further work underway on the Council's capital programme and to prioritise projects that can deliver better outcomes and reduce the revenue funding requirements;**
- **Note that the initial proposals as a conversation prompt will be considered by the Strategic Commissioning Board in December alongside emergent clarity on the CCG financial position for 2021/22 and in the context of the commitment to the pooled budget for health and care between the Council and the CCG.**

2 FINANCIAL CONTEXT AND BACKGROUND

- 2.1 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. This unfortunately is no longer the reality.
- 2.2 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:



- 2.3 Since 2010 the Government has reduced the funding for Local Government as part of its efforts to reduce the fiscal deficit and has been the longest sustained squeeze on public spending on record.
- 2.4 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.
- 2.5 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.
- 2.6 On 21 July 2020 the Chancellor announced a Comprehensive Spending Review (CSR) for the autumn which was to inform government departmental totals. The consultation period has now ended and the outcome is awaited. Due to the unprecedented uncertainty it is now known that a one year only settlement will be announced. The Spending Review is expected ‘in the last weeks of November with the CSR two to three weeks later’. This means that the outcome of the CSR is unlikely to be known until mid-December and at that point a further review of the Council’s financial position will be needed to inform the final budget proposals in February.
- 2.7 The Council is however unable to wait until the funding allocations are known and planning assumptions have been updated and refreshed. This work will continue throughout the remainder of the year until the budget is set in February 2021. The outcome of the refresh has:
- Determined the likely levels of resources available over the medium term;
 - Determined the level of spending priority commitments arising from the Covid-19 recovery plan and the Council’s ambitions over the medium term;
 - Developed and considered options to deliver budget reductions that can be evaluated alongside spending priorities.

Updated Resource Forecast

An updated position on forecast resources is set out in the table below:

Revised Resources Forecast – November 2020						
	2021/22			2022/23	2023/24	2024/25
	Original	Revised Nov	Net Reduction / (Increase)	Net Reduction / (Increase)	Net Reduction / (Increase)	Net Reduction / (Increase)
	£m	£m	£m	£m	£m	£m
Total Resource Forecast	167.446	160.435	7.008	4.397	1.269	(0.764)
Analysis:						
Improved Better Care Fund	7.405	7.405	0.000	0.000	0.000	0.000
Social Care Grant	1.395	1.395	0.000	0.000	0.000	0.000
New Homes Bonus	0.235	0.235	0.000	0.000	0.000	0.000
Social Care £1bn	3.375	3.375	0.000	0.000	0.000	0.000
NHS Funding/Contribution	0.400	0.000	0.400	0.400	0.400	0.400
Independent Living Fund	0.291	0.291	0.000	0.000	0.000	0.000
LCTS Admin Grant	0.230	0.230	0.000	0.000	0.000	0.000
Housing Benefit Admin Grant	0.520	0.520	0.000	0.000	0.000	0.000
Sub Total	13.851	13.451	0.400	0.400	0.400	0.400
Council Tax	90.747	87.987	2.760	0.559	(1.766)	(3.368)
Business Rates	62.846	58.997	3.848	3.439	2.635	2.205
Sub Total	153.593	146.9841	6.609	3.997	0.869	(1.164)
TOTAL	167.446	160.435	7.009	4.397	1.269	(0.764)

2.8 The calculation of resources assumes:

- **Continuation of grants at 2020/21 levels** – There is currently no information on the level of grants for 2021/22 and future years and therefore it has been assumed that these will continue at existing levels;
- **Council tax increase of 2% per annum** – This is subject to political decision making however was included in the MTFs when it was set in February 2020. A 1% change in council tax is equivalent to £0.8m;
- **Collection Rates for council tax and business rates** – This is currently an extremely volatile situation and continues to be significantly impacted by Covid-19 and the wider economic impact on our residents and businesses. Currently a reduction in council tax collection from the previously assumed 96.5% to 94.5% has been reflected in the figures (this reflects an improvement in the last two months of the current financial year). Similar assumptions have been made on business rates though there is a risk that these are artificially high and are being masked by the additional S31 grants received from the government;

- **Council Tax Growth** – A review of empty properties and current growth has identified £1.257m that can be built into the baseline for 2021/22. In addition to this, a further 1% in the council tax growth has been assumed generating a further anticipated £3.294m over the subsequent financial years. This has now been built into the base;
- **Rephasing of 2020/21 collection fund deficit over 3 financial years** – The final accounting regulations have now been released however councils have been advised that they can phase the 2020/21 impact over 3 financial years. For Bury this is £1.976m applied equally over the 3 years. This is the new cost for Bury after taking account of S31 grants (£26m) that were made available to local authorities in 2020/21 to cover the cost of the business rates holiday for eligible businesses in the retail, hospitality and leisure sectors.

Refresh of Savings Plan

2.9 When the 2020/21 budget was set in February 2020 a total of £4.162m savings were reflected in the budget. Some of these savings were expected to increase over the next financial years increasing to £4.629m in 2021/22 and £4.964m in 2022/23. In July, Cabinet agreed that where savings were not considered deliverable, alternative efficiencies should be identified where possible. Some alternative areas of efficiency have been identified and approved by Cabinet as replacements for those that are not achievable. Two savings have however emerged as unachievable:

- Corporate Landlord (£0.585m). Savings on the corporate landlord model are not currently deliverable as initially anticipated however work on the one public estate, the corporate facilities management function, the consolidation of the council's properties and a move towards agile working as part of the wider transformation programme will deliver savings. It is proposed that savings will be generated in future years to offset this proposal through a reduction in the Council's estate, creation of public service hubs and sharing of premises with partners;
- Architects Service (£0.525m). Savings on staff have been reflected in previous budget rounds however the associated income loss has not been addressed which has created an undeliverable pressure on the service.

It is proposed that these be added back into the forecast.

Update and Refresh of Demand Assumptions

2.10 Some demand assumptions had already been reflected in the MTFs when the 2020/21 budget was set however an assessment of current demand trends and other known factors suggest that a further £11.684m in ongoing costs is required over the next 4 years of which £9.725m is required in the first two financial years. The impact of Covid-19 has been reflected in demand and is a key driver for a higher than anticipated increase particularly in the early years of the strategy. Of the £3.188m demand pressures in 2020/21, £1.980m is Covid-19 related (adults social care, looked after children placements, home to school transport and legal costs), the remainder reflecting changes in demand/demographics etc.

A summary is set out in the table below and a full analysis at Appendix A.

Analysis of Cost Pressures Reflected in the MTFS				
	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m
Previously Agreed Costs	1.115	0.000	0.000	0.000
Pay Award	0.250	0.000	0.000	0.000
Inflation	0.239	0.613	0.591	0.658
Demand	3.188	0.324	0.398	0.312
DSG Related Costs	2.295	0.000	0.000	0.000
Fall Out of Time Limited Funding	0.600	0.000	0.000	0.000
Undeliverable Savings from previous years	1.110	0.000	0.000	0.000
TOTAL	8.798	0.937	0.989	0.970

2.11 In addition to reviewing demand, a review of income assumptions has also been carried out:

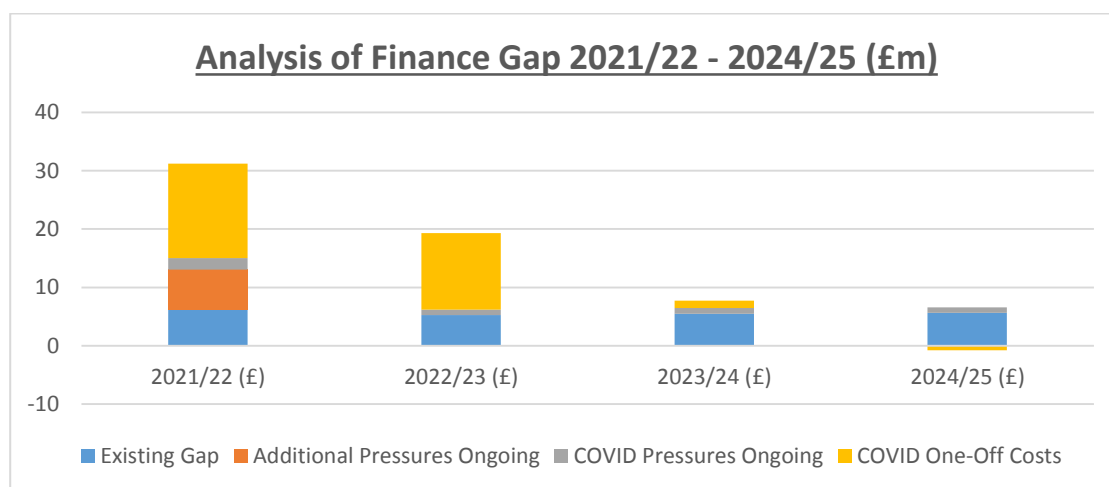
- The Council has a strategic investment in the Manchester Airport Group and has budgeted income within the financial strategy of £5.9m. In line with the principles of the mid-range scenario it has been assumed that the dividend will not be paid in the 2021/22 and 2022/23 financial years after which it will recover in full;
- The Council has previously provided strategic investment loans to Manchester Airport the interest payment for which is received in twice yearly instalments. These loan repayments are not forecast to be payable in the 2021/22 and 2022/23 financial years and it is therefore considered prudent that provision for these be made in the Council's strategy equivalent to £2.256m per annum;
- It has also been assumed that some of the income losses relating to car parking, leisure etc. will not recover to current budget levels for the same period of time. Both of these are shown as one-off losses to be met from reserves as they are directly related to Covid-19.

3 REVISED POSITION

3.1 The table below sets out the revised position in light of the MTFS update and is split between those costs that are deemed to be one-off and those that are deemed to be ongoing.

Updated MTFS Position November 2020				
	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m
Original Gap (Ongoing)	6.203	5.269	5.472	5.616
Additional Cost Pressures (Ongoing)	8.798	0.937	0.989	0.970
Annual Revised Gap (Ongoing)	15.001	6.206	6.461	6.586
Cumulative Revised Gap (Ongoing)	15.001	21.207	27.668	34.254
One-Off Funding Shortfall	7.009	4.397	1.269	(0.763)
Income Loss	9.233	8.694	0.000	0.000
Annual Short Term Funding Shortfall	16.242	13.091	1.269	(0.763)
Cumulative Short Term Funding Shortfall	16.242	29.333	30.602	29.839
Annual Gap (One-Off and Ongoing)	31.243	19.297	7.730	5.823
Cumulative Gap (One-Off and Ongoing)		50.540	58.270	64.093

- 3.2 In total £64.093m of savings are forecast to be required over the next 4 financial years which is an improvement on the previously forecast position largely due to improved forecast position on the collection fund and council tax base.



4 MANAGING THE GAP

- 4.1 To manage the gap, Cabinet agreed that this would be a combination of reserves, budget reductions and efficiencies through transformation. Based on the current position, it is not unrealistic to assume that the one-off losses can be met from one-off reserves and the remainder through budget reductions and transformation. In the broadest terms this means that £34.2m of savings are required on an ongoing basis over the next 4 years, of which £21.2m is required in the first two financial years. The call on reserves over the 4 years is forecast to be £29.9m of which £29.3m is required in the first two financial years.
- 4.2 Bury’s reserves have been historically low however a review of the collection fund in the last financial year, and a commitment to make planned contributions to general reserves, was an opportunity to see reserves grow in the short term. Due to the position outlined above the call on reserves is now likely to be significant and must be reviewed as an integral part of budget monitoring and through the development of the strategy. With this in mind the focus of the savings delivery plans is on the first two financial years in order to demonstrate financial sustainability and resilience in the longer term.
- 4.3 The options developed to date are set out below and are summarised at Appendix B. In total these total £6.437m in 2021/22 increasing to £13.974m in 2023/24. The proposed options include:

Children and Young People (£1.125m)

- 4.4 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.

- 4.5 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.
- 4.6 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.

One Commissioning Organisation

Transformation and Innovative Commissioning - All Age Disability Integration (£3m)

- 4.7 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 peoples 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.
- 4.8 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.
- 4.9 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.

Adult Social Care Personalisation and Transformation (£2m)

- 4.10 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

Development of Assistive Technology (£0.500m)

- 4.11 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.
- 4.12 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 (£0.1m)

- 4.13 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 we need 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 realised 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 Innovative Commissioning (£3.387m)

- 4.14 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.
- 4.15 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.
- 4.16 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.
- 4.17 A number of areas have been prioritised to consider and test our approach to deliver effective and innovative commissioning:-
- Increased contribution from health into the pooled budget,
 - 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
- 4.18 The proposals in adult social care are with the grain of 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 of £86m of which £27m was identified as associated with in scope local authority services. 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 (£3.462m)

- 4.19 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
 - Ethnographic thinking
 - Personalised conversations
 - New quality assurance framework
 - Providing social care with the tools and information to work differently

- 4.20 This workforce development will ultimately lead to behavioural change of the social care workforce that overtime will reduce the reliance on traditional care.
- 4.21 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 focused on removing support irrationally, rather considering alternative options that may not have been available at the point of assessment due to new ways of transformational working.

Operations

Civic Venues (£0.132m)

- 4.22 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. Closure of the venues is proposed and will generate an ongoing saving as well as avoid the cost of future capital investment.

Waste Review and Vehicle Rationalisation (£0.237m)

- 4.23 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 the issue of fines to 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 (£0.030m)

- 4.24 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.
- 4.25 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.
- 4.26 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 street lights being dimmed. A number of pilots have already taken place across Bury, with no negative feedback being received.
- 4.27 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.

5 TRANSFORMATION

- 5.1 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 fund of £5.8m was created to support transformation with the expectation that long term savings would be delivered. In managing the gap, it is proposed that a total of £5m 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 .
- 5.2 Transformation projects will be pursued that improve service outcomes and can deliver efficiency savings as well. Initial areas of focus are set out below:

Transformation Workstream	Proposed savings option
Leadership	Agile Working model – improvement in staff productivity and reduction in Council owned and occupied buildings and operating costs
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
	A joint business support review to establish a modern and cost effective service which reduces cost through: <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

- 5.3 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 sector 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.
- 5.4 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:

- Executive priorities, with reference to the Bury 2030 Strategy and Corporate Plan.
- Customer services, related to the specific budget option proposed.
- Data expectations and potential.

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

5.6 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.

5.7 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.

6 OVERALL POSITION

6.1 The table below sets out the position taking into account the options and shows that overall there is a shortfall of £15.280m over the 4 year period with a gap outstanding of £4.194m at the end of the first two years which is the area of focus.

Updated MTFS Position November 2020				
	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m
Annual Revised Gap (Ongoing)	15.001	6.206	6.461	6.586
Annual Short Term Funding Shortfall	16.242	13.091	1.269	(0.763)
Total Shortfall	31.243	19.297	7.730	5.823
Planned Use of Reserves	(16.242)	(13.091)	(1.269)	0.763
Proposed Budget Options	(6.437)	(5.576)	(1.961)	0.000
Transformation	(1.500)	(3.500)	0.000	0.000
Remaining Gap	7.064	(2.870)	4.500	6.586
Cumulative Gap	7.064	4.194	8.694	15.280

6.2 Clearly there is still some more progress to be made and the Executive Team is currently looking at other options that can be used to bridge the gap. The outcome of this work will

be reported in subsequent reports to Cabinet. Phasing of savings between the first two financial years is challenging due to the lead in time for some savings to be delivered. As it stands, the gap in 2021/22 is £7.064m and if not addressed would fall to reserves which will place greater pressure on the reserves position which, as previously recognised, is an integral and critical strand to the overall strategy and long term sustainability of the Council.

7 RESERVES

- 7.1 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.
- 7.2 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.
- 7.3 To illustrate this further, the forecast position on the Council's reserves is set out in the table below and assumes that all ongoing savings will be identified and delivered:

Forecast Position on Reserves - Assumes all ongoing savings delivered				
	2019/20	2020/21	2021/22	2022/23
General Reserves	6.989	24.566	15.911	10.407
Corporate Reserves	7.794	7.544	7.294	7.044
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	13.974
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	73.814	49.287	31.667
DSG Reserve	(20.067)	(24.531)	(24.231)	(22.431)
TOTAL FORECAST RESERVES	50.676	49.283	25.056	9.236

- 7.4 The DSG reserve deficit is significant and, in line with the current legislation, is offset against the Council's reserves. It is anticipated that a statutory override will be announced shortly to remove the link between the DSG deficit and the Council's reserves however until this is issued the reserve is shown as part of the overall position on reserves.
- 7.5 It is clear that the impact in the first two financial years of the financial strategy, 2021/22 and 2022/23, is significant and this has to be the immediate focus for planning purposes in order to ensure financial sustainability and resilience in future years.
- 7.6 Clearly to be financially resilient and sustainable the Council needs to deliver significant savings in the short and medium term. It is a statutory requirement that councils are able to deliver a balanced budget each financial year and based on the current information this

may not be possible beyond the 2022/23 financial year or earlier if ongoing cashable savings are not delivered.

- 7.7 Building back reserves through one-off monies, including capital receipts, are currently being developed which, if successful, will reduce the run rate' on reserves and contribute to the longer term sustainability. Proposals on how these may be achieved will be presented to Cabinet for consideration in due course.

8 CHALLENGE AND SCRUTINY

- 8.1 A challenge and scrutiny process has been built into the MTFS development and will include:
- o Enhanced scrutiny and assessment of spending/savings proposals for consideration. This will be carried out by the Executive Team;
 - o Independent evidence will be used to challenge the extent of savings including cost comparisons, commerciality and the financial viability of services and benchmarking information;
 - o Opportunity for scrutiny through the Council's Overview and Scrutiny process.
- 8.2 An outline timetable is set out below.

Budget Setting Timetable		
Consideration of Savings Options	November	Cabinet
Capital Programme Update	November	Cabinet
Quarter 2 Monitoring Position	November	Cabinet
Budget Scrutiny	November	Scrutiny
Capital Programme Proposals	January	Cabinet
Final Proposals for Consideration	January	Cabinet
Budget Scrutiny	January	Scrutiny
Budget Finalised and set	February	Council

- 8.3 A key programme of change and delivery will emerge from the approach outlined and it is essential that capacity is available to fully support the process. Project management support will be secured in order to ensure the plans are properly defined, are on track and that escalations are made when necessary. These costs will be met from the transformation fund and from the corporate capacity budget that was reflected in the 2020/21 budget on an ongoing basis.
- 8.4 Challenge and scrutiny on the proposals and implementation will also need to be considered in the operation of the pooled budget between council and CCG - recognising both opportunities for shared investment in demand reduction, and unintended financial consequences of service reductions being seen as additional costs to the pool.

8 Risks and Opportunities

- 9.1 There still remain significant risks within the budget including the potential changes to the funding for Clinical Commissioning Groups and future funding arrangements. The financial regime in which Bury Clinical Commissioning Group operates is subject to clarification in national guidance. This guidance is still awaited.
- 9.2 There is also significant risks of changes in the funding settlement from government, the fact that a one year only settlement will be received and therefore make longer term planning more difficult. Other risks include the wider economic impact on our communities that could see demand for services increase and income collection,

particularly council tax and business rates, reduce and the loss of income from the airport as a result of Covid-19.

- 9.3 Other risks and opportunities are set out later in the report and reflect on potential changes to assumptions made in the model relating to pay awards, inflation, borrowing costs etc. are set out below:

Sensitivity Analysis Risks and Opportunities		
		£m
Fair Funding and Review of Business Rates	+/- 1% change	0.600
Council Tax	+1 1% change	0.800
Pay Inflation	+/- 1% change	1.000
Price Inflation	+/- 1% change	0.500
Capital Financing Borrowing	£5m of investment	0.400

- 9.4 Any delay in the delivery of savings will place greater pressure on reserves and the profiling of savings to ensure more can be brought forward for the first year of the strategy needs to be considered as a mitigating action.
- 9.5 The opportunity to leverage long term savings through better utilisation and prioritisation of the capital programme is being reviewed alongside the development of the capital programme for 2021/22 onwards.
- 9.6 The pace at which change within the organisation can happen is also a risk and plans will need to be developed to ensure there are the skills in place and that any emerging issues are quickly identified and mitigations put in place.

10 Recommendations

- 10.1 Cabinet is asked to:

- Approve the 2021/22 to 2024/25 medium term financial and budget strategy including the savings proposals for the purposes of a conversation with the public, key stakeholders and staff to inform the final budget proposals to Full Council in February and that these proposals will be presented to the Overview and Scrutiny Committee as part of the process;
- Note the significant uncertainty in funding and that the MTFs will be updated and reviewed in light of the announcements anticipated in December 2020;
- Note the budget gap of £64.093m over the 4 years of which £31.243m relates to 2021/22 prior to any proposed savings and the proposed use of reserves;
- Note the residual gap of £15.280m over the 4 year period should all savings proposals and use of reserves be ultimately accepted and that a gap of £4.194m remains by the end of the second year of the strategy (2022/23) and that further work is underway to identify further options;
- Note the planned work on transformation and that a saving of £5m, the key themes of which are described in the report, are expected to generate savings of £5m to contribute towards the savings target;
- Note the projected position on the Council's reserves and the intention to bring forward proposals to generate one-off income that can be utilised to supplement reserves and reduce the 'run rate', i.e. capital receipts;
- Note the further work underway on the Council's capital programme and to prioritise projects that can deliver better outcomes and reduce the revenue funding requirements;

- Note that the initial proposals as a conversation prompt will be considered by the Strategic Commissioning Board in December alongside emergent clarity on the CCG financial position for 2021/22 and in the context of the commitment to the pooled budget for health and care between the Council and the CCG.

Community impact

There are no community impacts arising from this report at this stage. As the budget process continues, the impacts on our communities will be considered and reported.

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 proposed strategy is intended to reflect the known financial position and to reflect emerging changes in funding and costs over the next 4 years to enable the Council to understand its financial position and long term financial resilience and sustainability.	The development and refresh of the medium term financial strategy ensures the Council has an up to date position and assessment of its finances and has an overarching strategy for delivering and managing the funding gap.

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Consultation:

The Council is legally required to consult on service changes or reductions. Some options, which are clearly indicated, will therefore require a period of formal consultation. Others will not diminish overall levels of provision and therefore do not require community consultation.

As a matter of good practice the Council is entering into a period of structured conversation with the community about the financial position and plans to mitigate it. The conversation is an inextricable part of the 2030 strategy and therefore the consultation materials already published include the opportunity to feedback about use of resources. The community will be reminded of this process next week when the cabinet report is considered. All staff will be briefed on proposals being put forward this week, when papers are published.

The budget conversation will continue until January 2020 when a final report will be presented to the Cabinet including key messages of feedback and the CSR position from government. At this stage final decisions will be taken about the basis of budget proposals to be taken to full council for agreement.

A period of 30 days formal consultation will be allowed before any decisions are taken for those options that involve statutory service change and are legally subject to this requirement.

The Strategic Commissioning Board will consider both the Council proposals and the emergent national context for the Clinical Commissioning Group and ensure that the issue of interdependence are identified and considered.

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 the income from all sources must meet the 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. This Report is an important step in ensuring the Cabinet are able to provide these estimate before February 2021.

Local authorities 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 as outlined in the Report.

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. This Report will assist in that regard.

Financial Implications:

The proposed approach will support the Council in its statutory duty to deliver a balanced budget for the 2021/22 financial year. The report sets out some options for managing the financial gap or future years and proposed use of reserves to support the strategy on a one-off basis to assist with the impact of Covid. Failure to act will mean that that the Council's long term financial sustainability and resilience will be at risk.

Report Author and Contact Details:

Lisa Kitto
Interim Director of Financial Transformation

Background papers:

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

Approach to developing the Medium Term Financial Strategy 2020/21 – 2024/25

The Council's Financial Position 2020/21 – As at 30 June 2020

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

Term	Meaning
MTFS	Medium Term Financial Strategy
CSR	Comprehensive Spending Review
DSG	Dedicated Schools Grant
MHCLG	Ministry for Housing, Communities and Local Government
DFE	Department for Education

Appendix A

Analysis of Cost Pressures Reflected in the MTFS				
	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m
Previously Agreed				
Employee Assistance Programme	0.015	0.000	0.000	0.000
Borrowing Costs – Strategic Investments	1.100	0.000	0.000	0.000
Sub Total	1.115	0.000	0.000	0.000
Pay				
Pay Award 2020/21 Catch Up (2.75%)	0.250	0.000	0.000	0.000
Sub Total	0.250	0.000	0.000	0.000
Inflation				
Residential Care Living Wage Adjustment	-0.135	0.024	0.028	0.032
External Foster Placements	0.006	0.046	0.051	0.055
Fostering, Adoption and Leaving Care Allowances	-0.058	0.030	0.031	0.035
Support Packages and Direct Payments (CYP)	-0.022	0.002	0.002	0.001
Premature Retirement Costs (CYP)	-0.018	-0.013	-0.012	-0.014
Community Care Contract	0.219	0.205	0.175	0.162
Residential Care	0.247	0.319	0.315	0.387
Sub Total	0.239	0.613	0.591	0.658
Demand				
External Legal provision (CYP)	0.150	0.000	0.000	0.000
Home to School Transport	0.441	0.000	0.000	0.000
Increase in Looked After Children	0.452	0.000	0.000	0.000
Care in the Community – Covid Increase	0.937	0.000	0.000	0.000
Transition from Children’s Services	0.259	0.324	0.398	0.312
Winter Maintenance	0.082	0.000	0.000	0.000
Legal Services	0.150	0.000	0.000	0.000
New Homes Bonus Adjustment	0.597	0.000	0.000	0.000
Moderations	0.120	0.000	0.000	0.000
Sub Total	3.188	0.324	0.398	0.312
Costs Previously Funded from DSG				
SEN Team	0.255	0.000	0.000	0.000
16-19 Team	0.056	0.000	0.000	0.000
LAC Education (Virtual Headteacher)	0.200	0.000	0.000	0.000
Connexions Bury	0.315	0.000	0.000	0.000
Youth Service general	0.234	0.000	0.000	0.000
Oasis Team (Early Help)	0.495	0.000	0.000	0.000
CAMHS	0.233	0.000	0.000	0.000
Victoria Family Centre	0.507	0.000	0.000	0.000
Sub Total	2.295	0.000	0.000	0.000
Fall out of Time Limited Funding				
Reablement	0.600	0.000	0.000	0.000
Sub Total	0.600	0.000	0.000	0.000
Unachievable Savings				
Corporate Landlord Model	0.585	0.000	0.000	0.000
Architects Review	0.525	0.000	0.000	0.000
Sub Total	1.110	0.000	0.000	0.000
TOTAL	8.798	0.937	0.989	0.970

Appendix B

Analysis of Budget Options (2021/22 – 2045/25)					
Directorate	Description	2021/22	2022/23	2023/24	2024/25
		£m	£m	£m	£m
Children and Young People	Deletion of vacancies	0.694	(0.309)	0.000	0.000
Children and Young People	Contract Reviews	0.120	0.000	0.000	0.000
Children and Young People	Review of Placements	0.300	0.120	0.000	0.000
Children and Young People	Review of Children's centres	0.100	0.100	0.000	0.100
	Sub Total	1.214	(0.089)	0.000	0.000
One Commissioning Organisation	Innovative Commissioning	1.050	1.750	0.200	0.000
One Commissioning Organisation	Personalisation and Transformation	0.000	1.000	1.000	0.000
One Commissioning Organisation	Development of Assistive Technology	0.000	0.500	0.000	0.000
One Commissioning Organisation	Improved Housing Options	0.000	0.050	0.050	0.000
One Commissioning Organisation	Effective and Innovative Commissioning	2.987	0.300	0.100	0.000
One Commissioning Organisation	Review of Care Packages	0.797	2.055	0.611	0.000
	Sub Total	4.834	5.655	1.961	0.000
Operations	Closure of Civic Venues	0.132	0.000	0.000	0.000
Operations	Review of Waste Services/Fleet Rationalisation	0.237	0.000	0.000	0.000
Operations	Street Light Dimming	0.020	0.010	0.000	0.000
	Sub Total	0.389	0.010	0.000	0.000
TOTAL BUDGET OPTIONS		6.437	5.576	1.961	0.000



Classification	Item No.
Open / Closed	

Meeting:	Overview & Scrutiny
Meeting date:	10 th December 2020
Title of report:	Children Young People & Culture – Impact of Covid
Report by:	Julien Kramer, Interim Director Education and Inclusion
Decision Type:	Council/Key Decision/Non Key Decision (<i>delete as appropriate</i>)
Ward(s) to which report relates	All.

Executive Summary:

This paper focusses on the main areas where we believe that the virus pandemic and response has adversely impacted on the lived day to day experiences of Bury children and young people; their educational outcomes and life chances. Despite the best efforts of parents, carers, teachers and all professionals and help providers, the pandemic has created daily uncertainty and confusion about the future for our young,

We are honest about the limits of our understanding of a dynamic and rapidly changing situation. We propose strategies to manage and mitigate impact and recognise that we need to keep a close watching brief on the effects of socio economic changes which we know can trigger stress reactions and feelings of helplessness and despair which impact the abilities of adults to respond to the needs of children and young people.

1. Well-being.

Covid and all its associated constraints and pressures is affecting pupil, staff and parental well-being.

- Real concerns about mental health of pupils and students, school-based assessments and wellbeing strategies.
- A focus on staff well-being; heads conference, weekly briefings, strong pastoral support.
- A Governor conference planned which is dedicated to supporting pupil and staff well-being - awareness raising, regular briefings, pastoral support to governors.

2. Educational Attainment.

Major loss of education and learning opportunities will significantly delay or inhibit the progress of our pupils and students.

- Loss of learning and attainment; Re-setting performance indicators, re-basing the service supports, re-drafting all the policy and documentation.
- Restricted opportunities for progression; Assessment with remedial and recovery strategies. Support from HMI, and from Teaching Schools Alliance.
- Multiplier effect of these on our most vulnerable pupils and students. Detailed and targeted support, regular data monitoring, provision of laptops, distance learning. School meal vouchers. College bursaries.
- Robust and continuing service re-set programme; Lean Service Review.
- The attendance of children in care to Bury is monitored and responded to by the Virtual School for LAC. Watching brief as to school application of pupil premium to mitigate impact.
- Work/training opportunities for care leavers - For young people aged 16/18 years – currently 70% EET. However, it is those 19 plus where a 50% EET rate is of concern. We know this cohort already struggle to compete with non-care experienced peers who will be chasing the same limited opportunities.
- 85 applications from parents to electively home educate their children (EHE) since September 2020 - 35 related to disruption to education. Some parents report having enjoyed home schooling their children during lockdown and wanting to continue. We now have 241 EHE children compared to 170 at the same time last year.
- A backlog of assessments due to increased demand is compounded by difficulties in undertaking prescribed home assessments. RAG rating to identify the most vulnerable children to ensure that any safeguarding concerns are prioritised.

3. Early Years

Closure of all settings. Key worker support for vulnerable children. Watching brief for impact on school readiness and levels of development measures (GLD). For some children the gap in access to early-years provision will not have been met through parent support and may have a significant impact on later outcomes

4. Early Help

Early Help Locality Teams were launched in October 2019 so did not have long to embed prior to lockdown in March. To date, 37 Bury schools are signed up to our 'Team Around' approach.

- Two centres have remained open for staff to operate from, with virtual 'Team Around' meetings to identify families needing support, as well as making links with local businesses who could offer support to families.
- Prior to lockdown, the locality teams would have supported a number of families with practical food parcels approximately twice a week. Since July (13 weeks) we provided 268 parcels supporting 672 children. Whilst some of this increase will be linked to anxiety and families caring for vulnerable children, this may also indicate increases in financial hardship and food poverty.
- Demand steadily decreased from when restrictions were slightly lifted but we will continue to monitor whether there is further increase following grater restrictions form the 5th November. We need to triangulate data through DWP to review increase in benefit applications etc.

5. Integrated Youth Service

The detached youth work offer has been intensified to engage young people who were meeting in larger groups during lockdown.

- Since August we have carried out 220 hours additional detached work.
- We have worked in partnership with Police and Early Break and sought to advise and raise awareness. This has placed pressure on the team in terms of the increase in work which whilst currently is off set by the reduction in face to face work.
- As we emerge form lockdown there is likely to remain a need for detached youth work, alongside some increase in direct work. We were just working through this balance when tier 3 was announced.

6. Safeguarding and Protection

We are concerned about the Social Isolation for Children in Bury's care and Care Leavers, in particular those young people who may be estranged from their family, living in semi-independence or in their own tenancies. We have put the following mitigation in place:

- increased contact to young people albeit virtually initially
- Risk assessments of young people continue to ensure those deemed most in need received a direct visit.
- Social Care CAMHS support continues; a' drop in' being provided on a virtual platform, one to one intervention to support emotional and mental health, virtual groups through WhatsApp and Zoom provide opportunities for discussions, support, debates and activities.
- Links to support available continues to be promoted by workers and through the Bury Directory, Care Leaver Offer and Fostering Facebook pages.

However, we know that there is a disproportionate impact in terms of mental health and life advancement on children and young people who have suffered trauma and adversity in childhood and adolescence.

Young people with limited funds/resources may struggle to purchase basic provisions. This was particularly evident at the beginning of the pandemic with

people panic buying and then those young people on a limited budget who would usually purchase value brands were unable to do so. The following mitigation was put in place:

- Food and hygiene parcels were distributed.
- Additional shopping vouchers were provided to care leavers due to limited provisions in the stores. Food poverty remains a concern that is monitored with increased contact and relationships with young people.
- Specific financial grants were made to help support families of disabled children

The New Kershaw Centre drop in for young people has not been available and this is a loss of provision, particularly for our care leavers who would use the centre to shower, undertake laundry, cook and use computers.

Court Delays were a concern in respect of progressing plans for permanence within families for children; sometimes delayed due to parents exercising their right to a face to face hearing in respect of their children. The Judiciary supported such a position, paying due diligence in respect of Human Rights.

- Out of the 18 children impacted by delay, 7 have a plan for adoption. Hearings have now been timetabled since the Court system re-opening at the end of summer 2020.
- There have been no delays in protecting children via emergency or urgent legal order.
- During the early lock down there were 70 virtual supervised parental contact arrangements undertaken by Bury's Supervised Contact Team per week. Contact has now moved to a hybrid approach with all children subject to care proceedings being offered at least one direct contact per week (subject to risk assessment) and also physical contact between babies and their mothers (also subject to risk assessment).
- All Child Protection visits continue to be face to face ensuring that our most vulnerable children are seen in person by their social workers.
- Multi-agency meetings such as Child Protection Core Groups have been held within timescale and facilitated by Microsoft Teams.

LAC sufficiency/foster carer availability; we used some of the freedom & flexibilities in terms of changing foster carer approval categories and allowing carers to be able to call upon their own support networks to look after children. These flexibilities ended in September and we are currently awaiting confirmation as to whether the government will permit the reintroduction of flexibilities.

7. Life Chances

We are clear that pupil and student life chances are impacted. Bury has established firm links with the Greater Manchester Youth Network (GMYN);

- GMYN have been helping care experienced young people aged 13-25 in Greater Manchester since 2012.

- Direct visits were re-established over the summer period (maintaining a social distance). The programme provides weekly activities that are designed to be fun but challenging experiences that build social skills, encourage health and positive wellbeing, develop self-esteem and provide skills for the future.
- GMYN began the employability programme in June; they had already begun to work with some of our young people in Bury in respect of employability with support delivered via weekly online sessions. Once furloughed staff returned to the programme they had more capacity to offer tailored one to one support.
- It remains a concern that the Care Leavers in particular who have limited life chances and EET opportunities may be further adversely affected by the pandemic.
- Normal work programmes are massively disrupted; we are resetting the school improvement agenda.
- Distance learning offers limited consolation; we are auditing what works.
- Traditional assessment and external examination is not appropriate; we are challenging DfE through Heads principals and via GM with member and officer support.

8. Emerging Vulnerabilities and Strategies

A range of issues and challenges have emerged as children and young people have returned to their setting/school in September. We are concerned in particular with the following:

- Cohorts of newly identified vulnerable children and young people, often seen in those who have social communication difficulties and/or social, emotional and mental health needs (SEMH). These new vulnerabilities have been attributed to a range of factors during COVID, including social isolation, lack of structure and certainty, bereavement, morbid features of COVID, anxiety, loss of self-confidence and motivation.
- We have provided guidance and information to schools, Inclusion and EP Helpline as well as outreach inclusion services to schools and individual children. Working with local specialists and Salford Educational Psychology Service, we are implementing the national 'Wellbeing Return to Education' programme in Bury.

Existing vulnerable groups of children and young people, particularly those with social communication needs have faced additional difficulties with many developing new vulnerabilities as described above. The social work team specialising in supporting disabled children have identified that:

- Children whose parents are self-isolating are not receiving support from school, support providers, and social care, apart from virtually by agreement.
- Home from Home carers are not available at present.
- The voice of the child is not being captured as effectively due to less direct work.
- Fewer children are having support in the community from formal and informal networks of support.
- Staff who are self-isolating are unable to make home visits

- Parents and carers of disabled children are disproportionately impacted by loss of support when they are already disproportionately impacted by low income and family breakdown

All ongoing and emerging themes and concerns are discussed on a weekly basis and feed into the weekly vulnerable CYP group.

- Increased demand on the Inclusion Service by schools and parents. Since September, there has been an increase in the number of children who are being monitored by the Primary Inclusion Leads (38 cases recorded, the week prior to half term). These cases are predominately those where there is a risk of placement breakdown. This may lead to increased numbers of children being supported by Alternative Provision in the short term. We are providing targeted support and intervention for schools and children along with access to helplines and information, Wellbeing Return to Education support for schools.
- In respect of children and young people with EHCPs, we have seen a sharp decline in meeting 20 week statutory deadlines for statutory Education, Health and Care Plans (EHCP) (from 79.9% in January to a cumulative figure for this year of 34% by September). Some of this can be directly attributed to COVID and Bury has applied for exemptions to timescales where appropriate. Please note that the COVID temporary relaxation. The statutory timescales ended on 25th September 2020 and therefore no further exceptions can be applied.
- We have increased the number of Special Educational Needs (SEN) caseworkers from x 3 FTE to x 7 FTE and remodelled SEN activity. All schools and parents now have a named SEN Caseworker who has caseload responsibility. All EHC processes are in the process of being refined to ensure efficiency and effectiveness.
- The ending of the temporary COVID legislation relating to relaxation of provision in EHCPs from 31 July 31 means that the legislation reverted back and all provision in EHCPs is expected to be delivered. It is challenging for schools and the LA to ensure that for children with EHCPs, all provision in the EHCP is being delivered. There is a risk that not all provision will be delivered when children are at home. The vulnerable CYP group tracks and monitors this cohort of children and young people, but it is dependent on the data and intelligence available.
- Overall increased demand for SEN services from schools and parents. The service has received 24 requests for EHC needs assessments in September (historically, September is a very low month for requests as children are settling into school and schools are applying the graduated response). The inference to this increase is that children and young people are presenting with extreme vulnerabilities upon return to school, impacting on their ability to access learning and wellbeing.
- For some children and young people with multiple vulnerabilities, going back to school in September provided a much needed routine and structure that was missing. However, the impact of the prevalence of COVID and subsequent self-isolation process has been counterproductive as children are 'in and out' of school. This is creating increased anxiety amongst children with additional needs and causing instability of school placement.

- It is difficult to accurately track and monitor the attendance levels of vulnerable children and young people in settings and schools due to the dynamic nature of the spread of COVID, and the lack of a single data collection system. We have established a multi-agency group who are tracking children and young people and 'RAG' rating their support needs. This group meets weekly, building intelligence and data. However, because we do not have a single data collection system to gather this information, it is dependent on multiple sources (often leading to schools receiving multiple requests for information and data). Work is progressing to address this issue.
- Children and young people who require Aerosol Generated Procedures (AGP) (eg nebulisation), require specific arrangements to be made in school due to COVID. This has proved difficult, particularly where the physical constraints of the school building prevent the ability to carry out AGP safely. For some children with AGP, they have remained at home and the situation has impacted on their return to school. Schools are working hard to ensure that children who require AGP receive their education whilst at home, with outreach from school, online learning and resource packs being provided.
- Pressure on all services and systems impacts on the ability to work proactively (early intervention) and to deliver effective multi agency working (in some areas multi agency working has improved e.g. SEND/CwD). The vulnerable CYP group is supporting this work, but more is needed to support children and young people at the earliest stage.
- Wider impact of parental wellbeing due to reduction in family finances. Examples where parents need to return to work for economic reasons and are prevented from doing so due to children and young people not being in school and/or self-isolating. Weekly meetings are being held at the special schools (CWD and SEN Team) to identify the support needs of the child and family and where necessary, multi -agency meetings are being held.
- Parents remain concerned about the safety of children in school and some remain reluctant to send them – particularly those children and young people who were previously being shielded. There has been a very small increase in the number of parents whose children have EHCPs who are now electively home educating their children (3 in September). Parents reported that they have enjoyed their children being at home and that for some children, not being in school has reduced the pressure and relieved their stress and anxiety. However, it is anticipated that the number of parents requesting EHE may increase across the academic year and information from parents via the CWD team supports this. A monthly SEND & Inclusion parental newsletter is published, providing updated information on services offering support for children and young people during COVID.

9. Funding

Throughout the pandemic there has been great cause for concern in respect to the adverse financial impacts being faced by the Local Authority, educational establishments, children and young people, and families. There has been some support through various Government grants however the ongoing costs being faced continue to impact. The areas of continuing concern include:

- Early Years Private, Voluntary and Independent (PVI) and Childminders are being supported by the Local Authority in the protected deployment of the Early Years Dedicated Schools Grant (DSG) for free early education entitlements of 15 or 30 hours where eligible. These providers continue to be signposted to Government Covid Business Support grants, HMRC Furlough, and Discretionary grant support.
- Schools and Academies Exceptional Cost Reimbursement Scheme has not reimbursed all establishments to date for cost claimed prior to July 2020. The outstanding claims are currently subject to DfE scrutiny and validation.
- Schools and Academies are presently not able to claim for any ongoing costs, incurred as a result of their compliance to Covid-19 measures. This includes not being able to claim for staff cover and ongoing cleaning requirements.
- Schools, academies and Early years settings are not allowed to claim for any income losses, from cessation of lettings, before and after school clubs or charges to parents for early years hours attended above the funded free entitlements.
- Schools and Academies have been allocated a Covid-19 Catch-up Premium for the new academic year 2020/21 to help them contribute to the costs of additional teaching and learning, including tutoring, for pupils catching up on their lost curriculum attainment. The grant is being paid in three instalments over the academic year.
- Free School Meals funding for vulnerable pupils was not provided to cover the October half-term. The Government have subsequently announced as part of a national £400m package of support, that Free School Meals vouchers will be covered for holidays from Christmas 2020 to Christmas 2021, including Easter / Summer 2021.
- Any increased costs faced by Children's Service are being separately monitored and coded in the financial system. Monthly expenditure and income returns are being submitted to MHCLG as part of the overall Local Authority claim for grant support. Any grant received is being held at Local Authority level and not directly credited to each Department, thus impacting on monthly budget monitoring forecasting overspends.

10. Conclusions

Covid 19 represents a life-changing and life threatening challenge to pupils, students, staff, and parents. This challenge sits within the wider and seismic challenge to the life of Bury.

- The situation remains dynamic; and our response continues to be flexible
- The costs are, to life, well-being, attainment and life chances- our responses must continue to be robust and show resilience.
- The financial impact is significant- our thinking, planning and management of resources, spend patterns and our controls must all remain sharply focussed.
- In addition to our own pupils, there is impact on workforce further down-stream eg. social work student practice placements have been postponed, impacting on the supply chain qualified practitioners, long term effects on workers with COVID related vulnerabilities.
- New and adapted ways of working, what to keep, what to stop when and how to support constant change.

Recommendation(s)

That:

- We implement a single data collection system for tracking and monitoring attendance of all CYP including those with EHCPs and at SEN Support level.
- We strengthen early intervention support/pathways to schools – reducing demand on EHC needs assessments
- We recognise schools need to give time for children to settle and readjust.
- We work to further develop data in terms of single score card across the Childrens Landscape; this is specific to some of the work re EH and School Attendance which impacts our ability to monitor the impact and response and direct resources as effectively as possible.

Key considerations

Background

The proposal

Other alternative options considered

Community impact/links with Community Strategy

Equality Impact and considerations:

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.*

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.

Equality Analysis	<i>Please provide a written explanation of the outcome(s) of</i>
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	<i>either conducting an initial or full EA.</i>
<p>This report concerns the entitlement to education. It recognises that prolonged absence from school poses challenges to young peoples’ health, well-being and their educational entitlement.</p> <p>There is an issue of equity on access- as the impact of the pandemic is random between schools; and it is differential between regions, North and South.</p> <p>The potential impact on young peoples life chances is considered.</p> <p>The position of vulnerable young people is felt to be particularly difficult. We identify a range of strategies to mitigate this risk.</p>	

**Please note: Approval of a cabinet report is paused when the ‘Equality/Diversity implications’ section is left blank and approval will only be considered when this section is completed.*

Assessment of Risk:

The following risks apply to the decision:

Risk / opportunity	Mitigation
To young people’s health To their well-being. To their education . To their life chances.	. A range of health -led initiatives. A focus on well-being. Strategies to re-set the service and its supports. A forensic review of Skills development, access pathways and opportunities.

Consultation:

Legal Implications:

To be completed by the Council’s Monitoring Officer

Financial Implications:

To be completed by the Council's Section 151 Officer

**Report Author and Contact Details: Julien Kramer, Interim Director
Education and Inclusion.**

Background papers:

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

Term	Meaning

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Let's do it Flexibly

Bury Council and CCG flexible working model

Update to Overview & Scrutiny, December 2020

Why?

- Council estate:
 - Much of the office space is poor quality and not fit for reoccupation
 - Town Hall not widely usable as office space on health and safety grounds. Need to decant c.200 staff with immediate effect
- wider strategic direction:
 - Internal corporate **transformation** programme: *Let's do it* Key principles: dynamic, "can-do" and agile approach to delivery
 - **Inclusion Strategy**: flexible working is a key lever for a representative workforce
 - New Asset Management Board leading review of whole public service – flexible working is key to achieving space requirements/ reducing **cost**
 - Opportunity for **eco-leadership** by reducing staff travel & large-scale FM

Why now?

- Large-scale **digital** delivery validated – c1,000 remote log-ons every day
- Budget pressures – c£5m transformation
- Immediate solution required for Town Hall (Health & Safety)
- All offices are currently **vacated** – major logistical challenge completed; significant cost to return
- Office space requires adaptation to be **COVID secure** – facilities management costs which increase with occupancy
- Current **learning** from emergency:
 - Reported staff support for remote working 20% want to continue working from home every day; 68% want to continue partially working from home
 - Need more focus on managing information/Confidentiality
 - Staff isolation a risk: need to maintain engagement & relationships
 - Boundaries to be maintained: hours & time of work at home

Immediate Position agreed by Cabinet (15/10/20)

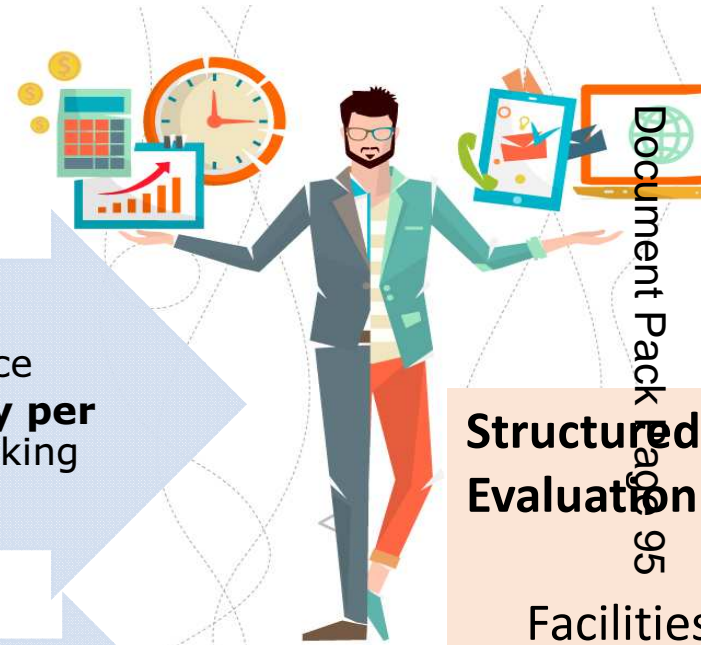
All office-based staff working from home during the emergency, unless by agreed exception

Upgraded, shared office space in place & managed by FM helpdesk (c150 seats)

Strategy agreed by Cabinet 15/20/20:

1. Town Hall will not be available for office use other than the ground and 50% of first floor
2. principle of the agile working model agreed
3. Agile pilot in the Town Hall and 3 Knowsley Place, at a maximum occupancy of 50%, when infection levels allow

Let's do it Flexibly Proposed final model



Estate subject to review;
reduction & improvement

- All office space closed & re-provided where practicable as shared (zoned) , bookable space
- All staff to normally work **minimum of 1 day per week at home**, up to maximum of 80% working time (4/5 days for full time)

Staff **feedback**: 20% want to continue working from home every day; 68% want to partially work from home
- better work/life balance; less commuting; more control

- Up to **80% of working time may be home-based**
- Working patterns determined individually; to suit both sides & subject to **review** & change
- Investment in equipment for home workers
- Commuting time to be re-invested for **wellbeing**

Staff **Wellbeing**:
2% can't/don't want to work from home, including front-line staff
Concerns: isolation; working hours & boundaries

- Minimum of **1 day per week / 20% working time in the office**: engagement; management & support
- Desks available in allocated **office space for everyone who needs it**; Risk-assessed access to permanent base
- **Weekly 121 for all staff: Work & Wellbeing**
- Some estate savings reinvested in **wellbeing offer for all staff**: mental. Physical & emotional health

Structured Evaluation

Document Pack Page 95

Facilities costs
Productivity time
Staff attendance
Staff engagement
Inclusion diversity
Carbon reduction

Outline pilot delivery plan from 2021

Senior Responsible Owner: Deputy Chief Exec

Overall programme & Delivery Reporting; Equality Assessment & evaluation

Communications & Engagement

Stakeholder engagement: Staff; Members & Customers. Staff Champions?

Finance

Capital investment & Revenue costs and savings tracker

Manager/service planning

121 staff engagement, planning & performance management

Office clear out; pack up; disposal; storage

Estates

Office space modelling & zones: Desks and Meeting Space & booking systems

Buildings management: evacuation; disposal; remedial works

Facilities management of estate incl health & Safety and Building cleaning

Workforce

Develop & consult Home and Agile Working Policy & toolkit and workforce wellbeing strategy

ICT/Digital

Computers & connections; telephony & office facilities