

# AGENDA FOR OVERVIEW AND SCRUTINY COMMITTEE



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

**Councillors :** R Bernstein, C Birchmore, A Arif, N Bayley,  
N Boroda, D Green, N Jones, K Peel, T Pilkington,  
D Vernon (Chair) and M Walsh

Dear Member/Colleague

## **Overview and Scrutiny Committee**

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

<b>Date:</b>	Thursday, 9 February 2023
<b>Place:</b>	Council Chamber, Bury Town Hall
<b>Time:</b>	7.00 pm
<b>Briefing Facilities:</b>	If Opposition Members and Co-opted Members require briefing on any particular item on the Agenda, the appropriate Director/Senior Officer originating the related report should be contacted.
<b>Notes:</b>	

## **AGENDA**

### **1 APOLOGIES**

### **2 DECLARATIONS OF INTEREST**

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

### **3 MINUTES** *(Pages 5 - 8)*

The minutes from the meeting held on 12<sup>th</sup> January 2023 are attached for approval.

### **4 MATTERS ARISING**

### **5 PUBLIC QUESTION TIME**

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

### **6 MEMBER QUESTION TIME**

A period of up to 15 minutes will be allocated for questions and supplementary questions from members of the Council who are not members of the committee. This period may be varied at the discretion of the chair.

### **7 THE COUNCIL'S FINANCIAL POSITION AS AT 31 DECEMBER 2022** *(Pages 9 - 36)*

A report from the Councillor Gold, Cabinet Member for Finance and Communities is attached.

### **8 HOUSING REVENUE REPORT** *(Pages 37 - 54)*

A report from the Councillor Gold, Cabinet Member for Finance and Communities is attached.

### **9 BUDGET REPORTS** *(Pages 55 - 164)*

A report from the Councillor Gold, Cabinet Member for Finance and Communities is attached.

- The Council's Budget 2023/24 and the Medium Term Financial Strategy 2023/24 - 2026/27 (Appendix 4 attached)
- The Dedicated Schools Grant and setting the Schools Budget 2023- 24
- Capital Strategy and Capital programme 2023/24
- Flexible use of Capital Receipts Strategy 2023/24
- Treasury Management Strategy and Prudential Indicators 2023/24

**a**      **APPENDICES TO BUDGET REPORT** *(Pages 165 - 318)*

**10**      **URGENT BUSINESS**

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

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**Minutes of:** **OVERVIEW AND SCRUTINY COMMITTEE**

**Date of Meeting:** 12 January 2023

**Present:** Councillor D Vernon (in the Chair)  
Councillors R Bernstein, C Birchmore, N Bayley, N Boroda,  
D Green, N Jones and T Pilkington

**Also in attendance:** Councillor C Cummins (Cabinet Member, Housing Services)  
and Councillor A Quinn (Cabinet Member Environment, Climate  
Change and Operations)  
Phil Cole, Head of Homelessness & Housing Options  
Neil Long, Assistant Director of Operations  
Jacqui Dennis, Director of Law and Democratic Services  
Chloe Ashworth, Senior Scrutiny Officer

**Public Attendance:** One member of the public was present at the meeting.

**Apologies for Absence:** Councillor A Arif and Councillor M Walsh

#### **OSC.1 APOLOGIES**

Apologies are noted above.

#### **OSC.2 DECLARATIONS OF INTEREST**

There were no declarations of interest.

#### **OSC.3 MINUTES**

It was agreed:

1. The minutes of the meeting held on 01<sup>st</sup> November 2022 be approved.

#### **OSC.4 MATTERS ARISING**

There were no matters arising.

#### **OSC.5 PUBLIC QUESTION TIME**

Notice had been received of 1 question.

<b>Questioner</b>	<b>Topic</b>	<b>Responding</b>
Mr. Steven Wright	Prestwich Regeneration	Councillor Quinn

#### **OSC.6 MEMBER QUESTION TIME**

There were no member questions.

#### **OSC.7 HOMELESSNESS STRATEGY UPDATE**

Councillor Cummins provided an overview of the report. The Council has a statutory duty to support people that are homeless in the Borough and the Council must have an updated and robust Homelessness Strategy to clearly demonstrate how we will meet the required statutory duties and obligations for homelessness in the Borough. Over the past decade Bury has seen a gradual increase in homeless cases within the Borough with greater increases over the past 5 years. In 2020 a new Housing Strategy was agreed for the Borough of Bury which included a commitment to end rough sleeping by 2024.

The new Homelessness Strategy has been co-produced with the Bury Homelessness Partnership to deliver this, by applying the Borough-Wide 'Lets Do it' ethos of prevention, early intervention and the targeting of public service resources.

A member asked what efforts Bury Council has put into consulting private landlords and what plans for future consultations do they have. In response Councillor Cummins advised that initiatives to work better with private landlords will be considered and the team has recently added to the Private Sector team to develop better relationships with landlords. In addition, Phil Cole, Head of Homelessness & Housing Options advised we have over 1000 voids in the private rented sector, and we need to access these properties for the benefit of those who do not have a permanent home. Phil Cole also advised that information had today been published stating that the rental market across Bury is the most expensive in Greater Manchester which does highlight an issue around affordability.

Phil Cole, Head of Homelessness & Housing Options, referenced a recent report from Greater Manchester Combined Authority which showed the difference between Local housing allowance (LHA) rents and Market rents (PRS) for a one-bedroom flat is 46% in cost. Bury's challenge is greater than other authorities as Bury's map is smaller than many other districts.

A member questioned what Bury Council is doing to bring the 1000 empty properties in the Borough back into use. In reply, Phil Cole, Head of Homelessness & Housing Options advised we have an empty housing officer and £1million to bring those back into use and currently around 35 have been brought back into use. Phil Cole further advised that the funding is set into two parts, the deal up funding which is working with landlords and also support for landlords such as repairs service and free management service offers, both of which are being considered.

Councillor Cummins as Cabinet Member gave assurances to the committee that she is confident we can eradicate rough sleeping in the borough by 2025.

Questions took place regarding temporary accommodation. In response members were advised that we use over one hundred supported properties with wrap around support to improve lives and sustain their tenancy in the future. Part of Bury's offer is that all Greater Manchester Boroughs try to work together. We are the only Greater Manchester Authority that does not use bed and breakfast and this has helped Bury secure funding as we are seen as performing well. As of today, there are no known rough sleepers and we have met our target however, this can change quickly.

Discussions also took place regarding the impact of an increase in Asylum Seekers and providing appropriate accommodation.

In addition, targeted work is taking place on helping families to manage debt.

In conclusion Councillor Cummins advised she is confident the service will continue with their good work through communication, resolving issues promptly and having a good relationship

with the homeless partnership board and will report back to the Overview and Scrutiny Committee in a years' time.

It was agreed:

1. An update on the progress of the Homelessness Strategy to be brought back to committee in one year's time

## **OSC.8 TACKLING FUEL POVERTY**

Councillor Cummins provided an overview of the tackling fuel poverty report. On the 19 January 2022 a full Council meeting debated a notice of motion in relation to fuel poverty. In response to the Cost-of-Living Crisis the Council has established an Anti-Poverty Steering Group consisting of members from organisations whose remit includes activity relevant to influencing the poverty agenda. The Council is taking positive action towards targeted advice and assistance, through the installation of retrofit measures via grant funding and the Councils capital investment programme to improve energy standards, reduce energy bills and keep residents warm.

A member raised concerns regarding elderly residents slipping into fuel poverty and how to work with residents to keep them warm but not scare people. In response the Committee was advised people known to the Council who will be in fuel poverty have had offers put to them. However, support to people in the private rented sector is difficult so work is taking place with the older health team in Bury and packs have been sent out to support and reassure residents.

Discussions took place regarding the targeted approach to Chesham Fold Estate. Members were advised that 32.9% were living in fuel poverty and work started with retrofit of properties.

A Discussion took place regarding the tragic event in Rochdale with regards to a damp property, members sought assurance on what we are doing and our approach to ensure similar cases never occur in Bury. Members were advised we have conducted a deep dive into any damp or mould reports. The Council is being proactive to ensure any cases are resolved and work is being done to investigate and work with people to support a reduction in cases.

It was agreed:

1. Councillor Cummins and Phil Cole be thanked for their update and the services continual hard work on tackling fuel poverty and reducing homelessness.

## **OSC.9 HIGHWAYS MAINTENANCE AND LGA PEER REVIEW PROGRESS UPDATE**

Councillor Quinn provided an overview of the Highways Maintenance and LGA Peer Review Progress Update. Earlier this year the Council initiated a Local Government Association (LGA) Peer Review of highway maintenance to understand whether the level of existing investment gave the Council value for money and at the beginning of June the LGA Peer Review took place. The scope of this review was to look at the following elements of work:

- Highways resurfacing programme.
- Highways preventative maintenance programme.
- Highways inspections.
- Highways Asset Management Policy; and
- Strategic asset management and longer-term planning.

Members asked about the effects of climate change and what the recent weather had on highway maintenance. Councillor Quinn advised that by 2050 we are expecting 59% more rainfall and the current drains will not be able to cope. We have a higher change of being flooded by rainfall than river flooding and so we need sustainable drainage and regular cleaning of the drains when rain is expected. Impacts that make it worse is drives instead of grass and artificial grass which do not support the absorption of rainfall.

Members asked questions regarding surface dressings and resurfacing. The Committee was informed that surface dressings last around 10 years, however the longer you leave it the worse it deteriorates. The decisions to surface dress or resurface are left down to the engineers to decide what is the best option as they are the experts in this. Members were informed that surface dressing is six times cheaper so early intervention is the preference.

A member asked if work can be done to help Councillors educate the community on the effects of people parking on pavements and the deterioration this causes. Councillor Quinn advised that he would be happy to sit down with members to discuss the methodology for the roads that require surface dressing or resurfacing prior to a Council meeting to help members communicate this to public enquiries.

In conclusion Councillor Quinn advised that the service does need more money to get more engineers and do more roads, however it is acknowledged this is a national problem and he has confidence in team delivering.

It was agreed:

1. That members thanked Neil Long and Councillor Quinn for their work and update and acknowledge the challenges anticipated going forward.

### **OSC.10 URGENT BUSINESS**

There was no urgent business.

**COUNCILLOR D VERNON**  
**Chair**

**(Note: The meeting started at 7.05 pm and ended at 9.30 pm)**



<b>Classification:</b> Open	<b>Decision Type:</b> Non-Key
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<b>Report to:</b>	Overview and Scrutiny Committee - 9 <sup>th</sup> February 2023 Cabinet - 15 <sup>th</sup> February 2023	
<b>Subject:</b>	Quarter Three monitoring report	
<b>Report of</b>	Cabinet Member for Finance and Communities	

### 1. Summary

This report outlines the forecast financial position of the Council at the end of 2022/23 based on the information known at the end of the third quarter, 31st December 2022. The report sets out the position for both revenue and capital and provides an analysis of the variances, both under and overspending.

### 2. Recommendations

- 1) To note the forecast overspend of £3.959m within the revenue budgets at Quarter Three and the need for Directorates to continue to work with their finance managers to maintain tight budgetary control and to ensure services work within their budgets;
- 2) To note the position on the Dedicated Schools Grant, Collection Fund and the Housing Revenue Account;
- 3) To note the transfer of £1.5m from the Utilities reserve which has been allocated to Non Service Specific and therefore already reflected in the position. This will be allocated across the services as part of month 10.
- 4) To approve the roll forward of the previously identified reserve of £567k for free school meals during school holidays which was not required in 2021/22 or 2022/23 as a consequence of the Council receiving the Household Support fund monies which provided for free school meals during school holidays;
- 5) To approve the additions of £0.600m and reductions of £0.475m to the capital programme;
- 6) To note the capital budget underspend and approve this as rephasing into future financial years. The exact figure to be updated at Outturn.

### 3. Reasons for recommendations:

To ensure the Council's budgetary targets are achieved.

This report is in accordance with the Council's financial procedure regulations.

### 4. Alternative options considered and rejected

None

## 5. PURPOSE OF THE REPORT

This report outlines the forecast financial position of the Council at the end of 2022/23 based on the information known at the end of the third quarter, 31<sup>st</sup> December 2022. The report sets out the position for both revenue and capital and provides an analysis of the variances.

## 6. BACKGROUND

These are unprecedented times for LA budgets with huge volatility and uncertainty affecting all LAs. We expect to have ongoing resource gaps caused by inflation on all costs, additional services, additional demand on existing services and reductions in income.

There are a number of overspends identified within this report at quarter three and finance colleagues are working with Directorates to identify mitigating actions.

## 7. FINANCIAL OVERVIEW – REVENUE

The forecast out turn position is set out in Table 1 below and shows a forecast overspend at quarter 3 of £3.959m. Where budgets are overspending work is taking place to identify mitigating actions to bring budgets back into line.

**Table 1**

Directorate	Approved Budget	Forecast	(Under)/ OverSpend
	£m	£m	£m
Business, Growth, and Infrastructure	3.269	3.347	0.078
Children and Young People	45.910	52.361	6.452
Corporate Core	14.872	14.281	(0.591)
Corporate Core – Finance	5.169	5.481	0.312
Housing General Fund	1.288	1.288	0
Non-Service Specific	6.349	(0.815)	(7.164)
One Commissioning Organisation	80.781	82.215	1.434
Department Of Operations	19.846	23.283	3.437
<b>TOTAL</b>	<b>177.484</b>	<b>181.442</b>	<b>3.959</b>

Within the Children and Young People financial forecast we have utilized £1.5m of the reserve that was created at the end of 2021/22 with the balance of £2m being retained to fund the family safeguarding model in 2023/24 and 2024/25.

The 2023/24 Budget report also on this agenda and going forward to Council on the 22<sup>nd</sup> February for approval proposes that the return of the waste disposal reserve of circa £2m in 2023/24 is set

aside to create a reserve to fund the first two years of the family safeguarding model. If this is approved this will allow for the release of the remaining £2m from the current children's reserve to reduce the 2022/23 forecast overspend. This will be reported in future reports.

## **7A - Directorate -Business Growth and Infrastructure**

**Table 1**

<b>2022/23 Forecast Revenue Position – as at 31st December 2022</b>			
<b>Directorate</b>	<b>Revised Budget</b>	<b>Forecast</b>	<b>(Under) / Over Spend</b>
<b>Business, Growth &amp; Infrastructure</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Business Growth Management Team	1.391	1.687	0.296
Planning & Development Control	1.619	1.568	(0.051)
Property Management	(0.895)	(0.945)	(0.050)
Housing Service	1.154	1.037	(0.117)
<b>TOTAL</b>	<b>3.269</b>	<b>3.347</b>	<b>0.078</b>

### **Financial Position**

Overall, the projected outturn for the Department of Business Growth and Infrastructure is a £0.078m overspend, an increase of £0.306m from the M6 forecast of (£0.228m). This reflects the pay award now being incurred which was higher than budgeted and an in depth review of all budgets which has identified circa £0.2m of property holding costs which are not recovered through property rental income. Significant work has been undertaken in year to charge staff costs where appropriate against externally funded capital projects and capital receipts. This is part of the savings strategy going forward for BGI and a number of Council services.

### **New emerging issues :**

#### **Accommodation / Homelessness**

Increased demand for the number of supported housing units that is not fully covered by Housing Benefit income. This has added £0.15m of net cost to a service that was expected to be fully funded. This pressure is likely to continue into 2023/4 unless compensating additional income is identified. Potential increasing demand on Homelessness and other Housing support services brought about by the cost-of-living crisis.

#### **Mitigations**

Further periods of vacancies due to the difficulty in recruiting and retaining staff, are creating greater employee costs savings than forecast which can offset some of the emerging in-year issues but will not be a long-term solution.

Increase in charge out rates to certain funding streams to include an element of overhead recovery to create a contingency for other issues.

Review of amounts held in current BGI reserves and potential uses.

Potential overachievement of income budgets in some property areas to offset costs.

Ensure a robust process is in place to bill and collect income across all commercial properties as efficiently as possible.

Review of grant funding received in year and held in reserves against current and future demand and required outputs.

## **7B - One Commissioning Organisation**

Table 2

2022/23 Forecast Revenue Position – as at 31st December 2022			
Directorate	Revised Budget	Forecast	(Under)/Overspend
One Commissioning Organisation	£m	£m	£m
Adult Social Care Operations	7.798	7.172	(0.626)
Care in the Community	43.305	44.932	1.627
Commissioning & Procurement	14.954	16.225	1.271
Departmental Support Services	3.789	3.140	(0.649)
Workforce Modernisation	0.078	0.078	0
Public Health	10.857	10.668	(0.189)
<b>TOTAL</b>	<b>80.781</b>	<b>82.215</b>	<b>1.434</b>

## **Financial Position**

The OCO budget is forecast to overspend by £1.434m which is a £0.486m improvement on the position reported at Quarter 2.

### **Adult Social Care Operations – £0.626m underspend**

The Adult Social Care Operations budget is forecasting a £0.626m underspend which is in line with the position reported at Quarter 2. The underspend is due to staffing vacancies across a range of Operational services.

Recruitment and retention remains a challenge nationally but the workforce retention strategy continues to recruit Social Workers and previous vacancies in operational teams thereby strengthening focus on delivery of care package savings. However, vacancies for care support workers in the Intermediate care services remain a challenge which is affecting the ability to deliver services to their full capacity.

### **Care in the Community – £1.627m overspend**

The Care in the Community budget is forecast to overspend by £1.627m this is a £0.926m improvement on the position reported at Quarter 2. The improvement is due to staff deploying a continuous strength-



based approach with regards to commissioning care packages and an improving savings position regarding care package reviews

The £1.627m overspend is driven by a combination of challenges in delivering savings specific to the review of client care packages and the pressure of facing new 'in year' demand for care.

The pressure from supporting hospital discharges is significant, the use of care home and home care placements to facilitate hospital discharge is now twice the level prior to the pandemic. The increase in care home and home care activity is causing a recurrent pressure in the care budget and consequently £2.572m of additional one-off resource has been built into the care budget to support prompt discharge from hospital, the funding is analysed below

Funding Source		(£m)
NHS Greater Manchester ICB - Bury Locality		1.225
ASC Discharge Fund (£500m National Allocation)	NHS Greater Manchester ICB - Bury Locality	0.667
	Local Authority Direct Grant	0.680
Total		2.572

The Care in the Community forecast also includes a £3.471m saving achieved to date regarding Care Package budgets (albeit partially offset by £1.436m of new demand pressures as a result of care package reviews) and a £0.912m commitment regarding savings anticipated for the remainder of the financial year (i.e., savings from care package reviews not yet achieved but are expected to be achieved by March 31, 2023).

### **Commissioning & Procurement - £1.271m overspend**

The Commissioning and Procurement Budget is forecast to overspend by £1.271m which is a £0.568m worsening of the position reported at Quarter 2. The increase in overspend since Quarter 2 is due to the impact of the 2022/23 Persona Pay Award.

The main drivers of the £1.271m overspend is a shortfall regarding the 2022/23 Persona contract savings target and the unfunded pressure regarding the Persona 2022/23 pay award

To enable Persona to deliver the savings shortfall, a series of transformation programmes and restructures have been agreed which are in line with Persona's strategic intent and a reprofiled savings plan has been agreed between the OCO directorate & Persona Executive teams.

### **Departmental Support Services - £0.649m underspend**

The Departmental Support Services budget is forecasting a £0.649m underspend which is in line with the position reported at Quarter 2. The underspend is the result of the decision to deploy the 5.66% uplift to the 22/23 Better Care Fund budget allocation to mitigate in year OCO budgetary pressures. This budget has been put forward as a saving for 2023/24.

### **Public Health/Substance Misuse – £0.189m underspend**

The Public Health/Substance Misuse Budget is forecasting a £0.189m underspend which is a c.£0.1m improvement on the position reported at Quarter 2 and is due to contract savings (recurrent) identified within Substance Misuse.

The £0.189m is due to a salary underspend following the delayed implementation of the Public Health team restructuring and the substance misuse contract savings.

### **Use of OCO Reserves**

The forecast use of reserves is £2.729m of which £1.911m has been deployed to date. The deployment of Adult Social Care reserves is supporting legacy demand costs as a result of clients who were rapidly discharged from hospital during the Pandemic who continue to receive a package of care. Public Health reserves are being targeted at several schemes, including; home safety equipment, promoting good mental health and tackling congenital heart disease inequalities. The forecast use of reserves and current deployment is analysed below.

Area	Forecast Use of Reserves (£m)	Actual use of Reserves to date (£m)
Adult Social Care	2.339	1.787
Public Health	0.391	0.124
<b>Total</b>	<b>2.729</b>	<b>1.911</b>

### **Mitigations**

The OCO Directorate is undertaking several actions to mitigate and reduce the £1.599m savings shortfall and the overall OCO Directorate overspend position reported at Quarter 3:

- Continuous dialogue with Persona to ensure the reprofiled contract savings are delivered
- Ongoing reviews of existing care packages
- Continue the roll out of the new workforce retention strategy which will strengthen the focus on delivery of care package savings
- Robustly applying the strength-based ethos with regards to commissioning care packages.
- Continuous data quality review of the Adult Social Care Finance module (Controcc) used to derive the Care in the Community outturn forecast.

### **7C - Children and Young People**

**Table 3**

<b>2021/22 Forecast Revenue Position – as at 31<sup>st</sup> December 2022</b>			
	<b>Revised Budget</b>	<b>Forecast</b>	<b>(Under)/Over Spend</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Children's Commissioning	0.798	0.740	(0.058)
Early Help & School Readiness	2.558	2.230	(0.328)
Education & Inclusion	17.203	19.256	2.118
Social Care & Safeguarding	25.351	30.135	4.784
<b>TOTAL</b>	<b>45.910</b>	<b>52.362</b>	<b>6.451</b>

Children and Young People are forecast to over-spend by £6.451m, after utilising £1.5m of the reserve created at the end of the last financial year. (£1m in Interim managed social worker packages, £0.5m on Curriculum Language Access Service) This leaves £2m of reserves to fund the Family Safeguarding Model implementation in 2023/24 and 2024/25.

The 2023/24 Budget report also on this agenda and going forward to Council on the 22<sup>nd</sup> February for approval proposes that the return of the waste disposal reserve of circa £2m in 2023/24 is set aside to create a reserve to fund the first two years of the family safeguarding model. If this is approved this will allow for the release of the remaining £2m from the current children's reserve to reduce the 2022/23 forecast overspend. This will be reported in future reports.

There is further defined action within the service to remove the remaining overspend. This will continue into 2023/24 including:

- Ongoing permanent recruitment to reduce reliance on agency workers. A cohort of c20 international recruits will reduce the agency pay bill by c£1m by Q1; further recruitment will continue to be actively pursued
- Removal of the temporary managed teams in by the end of March 2023 as new structures are populated
- Pursuit of a "Grow your own" strategy of workforce development by upskilling Advanced Practitioners in order that they can coach and develop apprentice recruits and newly qualified social workers

### **Financial Position**

- Education & Inclusion - £2.117m forecast overspend

The main reasons for this forecast overspend are:

- SEN Transport is forecast to over-spend by £1.521m in total which is split £1.153m pre-16 and £0.368m post 16. For school-aged children, using the average cost of a taxi per year per child, the budget is sufficient to transport circa 250 children. The actual number of Bury children eligible for home to school transport is circa 500 and rising. Similarly, for post-16 young people, the budget assumes a much smaller number of young people who are transported to college. The department is trying to mitigate this by promoting personal budgets and travel training. Along with other relevant Council departments, there is also ongoing work to understand if there are opportunities with using the Council's existing fleet rather than hiring minibuses and taxis.
- Short Breaks are forecast to overspend by £0.300m. This is the result of a saving to the Dedicated Schools Grant agreed by the PSV Programme Board which has removed the £0.300m DSG contribution to this service.
- School Improvement is forecast to overspend by £0.135m. This is due to a reduction in grants which was not reflected in the budget at the start of the year. This is a new permanent pressure.
- This forecast overspend has increased by just over £1m since the quarter 2 report. This is due to the school improvement (£0.135m) and short breaks (£0.300m) forecasts being newly-reported in this report. Transport costs of (£0.600m) were also mapping incorrectly to the DSG and this has now been corrected.
- Social Care & Safeguarding - £4.784m forecast overspend

Corporate Parenting is forecast to be £2.922m overspent, due to increased costs of placements for young people and high dependency on Agency Staff. A more detailed breakdown is as follows:

The residential budget is forecast to be overspent by £1.723m, due to the complexity of cases and

additional staffing required for young people in homes. High care costs are due to increased fees charged by providers. Challenging market conditions mean councils are finding it difficult to find appropriate places for children as they are increasingly provided by the private sector and children's needs have become more complex. Although we are caring for less children than last year residential costs on average have increased by 39%. The Placement Panel meets each week to discuss the various cases to ensure the best placement for the child and to consider stepping down to other accommodation such as independent living placements.

- £0.218m on Independent Fostering Agencies, this is due to the increased number of children being cared for in this area of 10% and higher costs of approximately 4%. A business case is currently being prepared to encourage recruitment and retention of in-house foster carers, which should mitigate this overspending in future years.
- Fostering services have forecast a £0.436m overspend, these additional costs include agency staff £0.137m and additional spending on Special Guardianship of £0.393m.
- Care & Support services are also estimated to overspend by £0.260m due to high dependency on agency staff.
- Through care costs have increased by £0.320m due to additional housing costs, this is in part due to stepping down from residential placements so increased costs here but considerably less than residential placement.
- Safeguarding is forecasting a £1.993M overspent

Due to heavy reliance on agency workers (interim Safeguarding and Initial Response teams) and additional hours needed to meet demand pressures. The forecast in quarter 2 showed an anticipated overspend of £2.7m offset by the use of £2.6m of reserves, however the use of reserves has been reduced to £1m. This aligns with the recommendation of the July Cabinet paper which identified £2m of the reserve to fund the first two years of the family safeguarding model.

## **7D - Operations Directorate**

**Table 4**

<b>2022/23 Forecast Revenue Position – as at 31st December 2022</b>			
<b>Department of Operations</b>	<b>Approved Budget</b>	<b>Forecast</b>	<b>Forecast (Under)/Overspend</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Wellness Operations	3.041	3.781	0.739
Engineers (including Car Parking)	(0.321)	(0.037)	0.290
Street Scene	5.084	6.094	1.014
Commercial Services	(0.631)	0.448	0.960
Waste, Transport and Stores	6.280	6.467	0.127
Operations Senior Management	4.556	4.794	0.238
Health & Environmental Protection	1.597	1.553	(0.049)
Corporate Landlord	0.239	0.355	0.116
<b>TOTAL</b>	<b>19.846</b>	<b>23.455</b>	<b>3.437</b>

Directorate are forecasting an overspend of £3.437m, a significant cause of this overspend is fuel and energy inflation, which represents £1.788m of the total overspend. There will be income from the Utilities Reserve to partially offset this overspend and an exercise will be undertaken as part of month 10 monitoring to allocate this out from non service specific to departments on a proportionate basis.

- Wellness Operations - £0.739m forecast overspend

There are an additional £0.600m of energy costs in leisure centres and libraries, £0.500m and £0.100m respectively. Within leisure centres, income is also projected to be £0.205m lower than budgeted but leisure centres are looking to improve usage by implementing new booking systems and marketing the services.

- Street Scene - £1.014m forecast overspend

The overspend comprises of additional electricity costs of £0.750m on street lighting. Also £0.195m additional costs are projected on grounds maintenance, due to fuel, sickness which requires agency cover and energy.

- Commercial Services - £0.960m forecast overspend

The overspend includes £0.252m overspend on catering in relation to reduced income reflecting a lower take up for the service and the impact of the pay award over and above that included in the SLA. Fee income from the hiring out of civic halls is also £0.188m lower than budgeted which is offset by £0.065m use of reserves. Market income is projected to under-recover due to reduced occupancy within Market Parade and Market Hall £0.250m. Escalating energy costs within the Market have resulted in additional costs of £0.250m.

- Waste, Transport and Stores - £0.127m forecast overspend

The cost of fuel inflation is leading to an overspend of £0.140m and staffing overspends of £0.200m across both Waste and Transport. The service had hired an additional three refuse collection vehicles, costing £0.084m whilst it awaits new vehicles. The hired vehicles have now all been returned. Offsetting this, there are underspends of £0.130m in Supply Chain Services (Stores) due to increased income achievement, and use of reserves of £0.078m

## **7E - Corporate Core and Finance Directorate**

Table 5

<b>2022/23 Forecast Revenue Position – as at 31 December 2022</b>			
<b>Directorate</b>	<b>Approved Budget</b>	<b>Forecast</b>	<b>(Under)/Over Spend</b>
<b>Corporate Core</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Corporate Core	14.872	14.281	(0.591)
Corporate Core Finance	5.169	5.481	0.312
<b>TOTAL</b>	<b>20.040</b>	<b>19.762</b>	<b>(0.278)</b>

The Corporate Core budget (including Finance) is forecast to underspend by £0.278m.

- Corporate Core Services – (£0.591m) forecast underspend

There is a forecast underspend of (£0.714m) largely due to the holding of vacancies within ICT following the additional investments as part of this year's budget setting whilst the review is undertaken as to the future target operating model. This is offset by a number of smaller overspends.

- Corporate Core Finance - £0.312m forecast overspend

There is a forecast overspend due to interim staff usage whilst implementation of the approved restructure is undertaken, unachieved income and non-staffing costs. It is anticipated that implementation will be complete by the end of 2022/23. The overspend is offset by an underspend within the Non-Service Specific department corporate capacity budget. A further review will be undertaken of the new burdens funding as part of month 10 to see if further costs can be charged against this grant.

### **7F - Housing General Fund – Nil variance**

The Housing General Fund is on budget overall as the budget was realigned as part of the 2022/23 budget setting. Whilst the economic pressures may well cause an increase in housing benefit claimants, this would be offset by an increased subsidy payment. There may be a need to increase the expected credit loss that is provided for as claimants with overpayments may not be in a position to repay at the same rate. This would create an overspend as an increased contribution to the provision would be required, this will be reviewed as part of the year end processes.

### **7G - Non Service Specific**

Table 6

2022/23 Forecast Revenue Position – as at 31 December 2022			
Non-Service Specific	Approved Budget	Forecast	(Under) / Over spend
	£m	£m	£m
Accumulated Absences	1.362	1.362	0.000
CAR Lease Salary Sacrifice	(0.025)	(0.025)	0.000
Chief Executive	0.264	0.210	(0.054)
Corporate Management	1.610	1.262	(0.348)
Cost of Borrowing	6.238	0.595	(5.643)
Disaster Expenses	0.011	0.011	0.000
Environment Agency	0.100	0.108	0.008
Pension Service Costs	(20.843)	(20.843)	0.000
GMWDA levy	12.831	12.621	(0.210)

Passenger Transport Levy	13.650	12.887	(0.763)
Town of Culture	0.090	0.090	0.000
Townside Fields	(0.058)	(0.058)	0.000
Provisions / Reserves	(8.881)	(9.035)	(0.154)
<b>TOTAL</b>	<b>6.349</b>	<b>(0.815)</b>	<b>(7.164)</b>

The department of Non-Service Specific expenditure is projected to underspend by £7.164m.

- Corporate Management – (£0.348m) forecast underspend

The Corporate Management underspend has reduced from (£0.495m) in Quarter 2 due to increased subscription costs incurred. An element of this budget has been given up recurrently as part of the future years savings.

- Cost of Borrowing – (£5.643m) forecast underspend

The Cost of Borrowing budget underspend is broadly in line with the quarter 2 position (£5.685m) and is as a consequence of the rephasing of the capital programme and funding of the capital programme via a combination of external grants and borrowing.

- Greater Manchester Waste Disposal Levy (GMWDA) - (£0.210m) forecast underspend

The GMWDA Levy is now showing an underspend from a nil variance at Quarter 2 resulting from additional rebate income from the Waste Authority in the 3<sup>rd</sup> quarter.

- Passenger Transport Levy – (£0.763m) forecast underspend

We have been informed by GMCA that the recurrent increase for 2023/24 will be 3% with a further 1% non recurrent increase due to the current inflationary pressures. The uplift and any recurrent underspend on this budget has been reviewed as part of the budget setting process.

- Provisions/Reserves - (£0.154m) forecast underspend

The Provisions/Reserves position from Quarter 2 has changed from a forecast underspend of (£0.209m). This is due to the budget movement at Month 9 from Non-Service Specific to all services for the effect of the 2022/23 pay award with the net overspend of £1.6m now showing in Non-Service Specific rather than departments. A transfer from the Utilities Reserve has also been recorded here of £1.5m which in part offsets the overspend on the pay award. Work has been undertaken to identify where it is needed most and will be allocated to services.



## 8. Delivery of the Savings Plan

Planned savings of £15.733m were approved by Council in February 2022 for the 2022/23 financial year. In addition, there were £0.384m of 2021/22 savings which were undelivered and therefore carried over to the current financial year. The total savings requirement for the current financial year therefore being £16.117m, split across Council departments as shown in the tables below.

**Table 7**

<b>2022/23 Savings Delivery</b>	<b>Savings £m</b>	<b>Forecast £m</b>	<b>Variance £m</b>
Transformation	3.037	2.022	(1.015)
Council Wide	1.565	1.565	0
Corporate Core	0.110	0.110	0
Children & Young People	0.611	0.291	(0.320)
One Commissioning Organisation	9.019	7.420	(1.599)
Operations Department	1.391	0.950	(0.441)
<b>TOTAL</b>	<b>15.733</b>	<b>12.357</b>	<b>(3.331)</b>

<b>2021/22 Savings Delivery (carried forward)</b>	<b>Savings £m</b>	<b>Forecast £m</b>	<b>Variance £m</b>
Council wide (Transformation) *	0.184	0.184	0
Business, Growth & Infrastructure	0.200	0.200	0
<b>TOTAL</b>	<b>0.384</b>	<b>0.384</b>	<b>0</b>

\* 2021/22 transformation savings reprofiled through a Cabinet report in December 2021 from £1.500m to £0.184m

### • Transformation

The table below shows the breakdown of transformation savings across the 3 programme areas. An update report on the transformation programme was presented at December Cabinet providing further detail at project level.

As at month 9 we can identify £2.022m of forecast delivery and work is ongoing to fully identify further mitigations.

<b>2022/23</b>	<b>Target £m</b>	<b>Forecast £m</b>	<b>Variance £m</b>
Once	0.780	0.532	0.248
Well	1.865	1.450	0.415
Flexibly	0.392	0.040	0.352
<b>TOTAL</b>	<b>3.037</b>	<b>2.022</b>	<b>1.015</b>

The largest area of non-delivery is in relation to procurement. December Cabinet approved the removal of the procurement savings from the transformation programme as it was recognized that departments had already secured contract savings within their own programmes and that to include again here was a double count. This leaves a shortfall in the savings for this financial year of £0.500m but is corrected



through budget setting going forward. Admin buildings rationalisation is another significant area of slippage.

- **One Commissioning Organisation**

The £9.019m 2022/23 OCO savings programme is forecast to deliver £7.420m (82%) of savings which is a saving shortfall of £1.599m. To date £6.567m of savings have been delivered, which is 73% of the full year saving target.

In addition to delivering an expected 82% of the 2022/23 OCO savings programme a further £0.182m of additional savings are expected to be achieved as part of the OCO directorates in year additional savings initiatives and consequently takes the total savings forecast to be delivered by the OCO directorate to £7.601m.

- **Operations**

The £1.391m 2022/23 Operations Department savings programme is forecast to deliver £0.950m (68%) of savings which is a saving shortfall of £0.441m. Work is ongoing to try and mitigate this variance.

- **Core**

The security and call out services savings target of £0.200m has now been split between Corporate Core £0.060m, Operations £0.100m and OCO £0.040m and these will be monitored separately within each directorate.

The Corporate Core security savings is forecast to underachieve in 2022/23 by £0.038m due to delays in implementation but will be delivered in full in 2023/24. This has been mitigated in year by increased income achievement in the service and overall reductions in costs.

Table 8

2022/23 MTFS SAVINGS AS AGREED BY COUNCIL					
Year Approved	Dept	Proposal Description	Saving £m	Forecast £m	Variance £m
Feb 2022	ALL	Vacancy Factor	1.200	1.200	0.000
Feb 2022	ALL	Unpaid leave - budget realignment	0.100	0.100	0.000
Feb 2021	ALL	Supplier Review of Contracts	0.265	0.265	0.000
Feb 2021	ALL	Transformation Agenda	3.037	2.021	(1.016)
	<b>ALL</b>	<b>Sub-Total</b>	<b>3.586</b>	<b>3.648</b>	<b>(1.016)</b>
Feb 2022	CORE	Adult Learning	0.050	0.050	0.000
Feb 2022	CORE	Corporate Security & Call Out Services	0.060	0.060	0.000
		<b>Sub-Total</b>	<b>0.110</b>	<b>0.110</b>	<b>0.000</b>
Feb 2022	CYP	Children's Personal Budgets	0.150	0.150	0.000
Feb 2022	CYP	Children's Short Breaks	0.150	0.150	0.000
Feb 2022	CYP	Children's External Placements	0.200	0.000	(0.200)
Feb 2022	CYP	Further Education early retirements/pensions	0.100	0.100	0.000
Feb 2022	CYP	Children's Early Help	0.100	0.100	0.000
Feb 2021	CYP	Removal of budget for vacant posts and reduced travel and expense costs	-0.309	-0.309	0.000
Feb 2021	CYP	Contract Reviews for services provided by external agencies	0.100	0.100	0.000
Feb 2021	CYP	Reduced transport costs as a result of fewer out of borough placements	0.120	0.000	(0.120)
	<b>CYP</b>	<b>Sub-Total</b>	<b>0.611</b>	<b>0.291</b>	<b>(0.320)</b>
Feb 2021	OCO	Review of Care Packages	2.055	1.820	(0.235)
Feb 2021	OCO	Innovative Commissioning (Persona & Transitions Planning)	1.600	1.085	(0.515)
Feb 2021	OCO	Adult Social Care Personalisation and Transformation	1.000	1.000	0.000
Feb 2021	OCO	Development of Assistive Technology	0.500	0.250	(0.250)
Feb 2021	OCO	Improved Housing Options for People with Disabilities	0.050	0.050	0.000
Feb 2021	OCO	Effective and Efficient Commissioning	1.950	1.421	(0.529)
Feb 2022	OCO	Release half demographic growth	0.500	0.500	0.000
Feb 2022	OCO	CCG recurrent pick up of	1.224	1.224	0.000

		IMC and rapid response			
2022/23 (In year)	OCO	Recommissioning of an LD Service	0.100	0.030	(0.070)
Feb 2022	OCO	OCO element of Corporate Security & Call Out Services	0.040	0.040	0.000
	<b>OCO</b>	<b>Sub-Total</b>	<b>9.019</b>	<b>7.420</b>	<b>(1.599)</b>
<b>2022/23 MTFS SAVINGS AS AGREED BY COUNCIL</b>					
<b>Year Approved</b>	<b>Dept</b>	<b>Proposal Description</b>	<b>Saving £m</b>	<b>Forecast £m</b>	<b>Variance £m</b>
Feb 2022	OPS	Trade Waste Income	0.020	0.014	(0.006)
Feb 2022	OPS	Pest control increased income and efficiencies	0.017	0.005	(0.012)
Feb 2022	OPS	Public protection - Income Generation and Budget Rationalisation	0.020	0.020	0.000
Feb 2022	OPS	Traded Services Review – Caretaking and Cleaning	0.084	0.000	(0.084)
Feb 2022	OPS	Traded Services Review – Schools Catering	0.100	0.000	(0.100)
Feb 2022	OPS	Change provision of waste caddy liners	0.050	0.050	0.000
Feb 2022	OPS	Leisure & Wellness Programmes - increased efficiency	0.212	0.140	(0.072)
Feb 2022	OPS	Increase Recycling and Minimise Waste	0.050	0.055	0.005
Feb 2022	OPS	Review of Persona Transport Services	0.100	0.100	0.000
Feb 2022	OPS	Removal of Vacancies, job redesign	0.143	0.139	(0.004)
Feb 2022	OPS	Modernise Utility Billing	0.050	0.017	(0.033)
Feb 2022	OPS	Merge Equipment Stores	0.040	0.030	(0.010)
Feb 2021	OPS	Review of Highway Fees	0.070	0.070	0.000
Feb 2021	OPS	Remove vehicle and equipment leasing costs to reflect approved borrowing through the capital programme	0.300	0.300	0.000
Feb 2021	OPS	Review of Waste Services and Fleet Rationalisation	0.025	0.000	(0.025)
Feb 2021	OPS	Street Light Dimming	0.010	0.010	0.000
Feb 2022	OPS	OPS element of Corporate Security & Call Out Services	0.100	0.000	(0.100)
	<b>OPS</b>	<b>Sub-Total</b>	<b>1.391</b>	<b>0.950</b>	<b>(0.441)</b>
		<b>TOTAL DELIVERY AGAINST 2022/23 MTFS SAVINGS</b>	<b>15.733</b>	<b>12.357</b>	<b>(3.376)</b>

PREVIOUS YEARS MTFS SAVINGS CARRIED FORWARD AS NOT DELIVERED IN 2021/22					
Prior Yr Saving	Dept	Proposal Description	Saving £m	Forecast £m	Variance £m
Prev Year	ALL	Transformation	0.184	0.184	0.000
Prev Year	BGI	Restructure Stretch Savings Target	0.200	0.200	0.000
<b>Total</b>			<b>0.384</b>	<b>0.384</b>	<b>0.00</b>

## 9. Reserves

At the end of 2021/22 the council's total usable reserves, excluding Schools, were £124.745m (a reduction of £1.369m from those previously reported due to an audit adjustment regarding a bad debt write off). It should be noted that a significant proportion of these are earmarked.

At Quarter 3 a number of transfers to and from reserves are expected to take place during the financial year, some of which were approved through the budget setting process and others which were always anticipated throughout the year.

Approved transfers to reserves at budget setting totaled £6.197m:

- £1.129m to General Fund
- £2.997m smoothing reserve
- £0.683m social care reform
- £1.388m business rates risk
- Additional transfers to reserves during 2022/23 totaled £0.587m, giving a total proposed transfer to reserves of £6.784m.

Forecast transfers from reserves during 2022/23 total £40.564m, the larger of the values are noted below:

- £14.355m supporting the 2022/23 revenue budget which was approved as part of budget setting
- £1.5m relating to the Children's reserve supporting Ofsted related improvements as described earlier in this report, £2m is expected to be carried forward to fund the first year and the 2<sup>nd</sup> year of the family safeguarding model
- £1.450m expected use of the Transformation Reserve
- £4.691m full utilisation of and repayment of unused business related Covid 19 related grants which have previously been reported
- £2m realignment from the health and OCO pooled fund
- £1.5m utilities reserve to support in year pressures
- £1.4m contribution to the pay award which is significantly above the 2% originally budgeted. The costs of this were as expected at £3m which has resulted in a pressure of £1.6m over and above the budget and the net overspend resulting from this is showing in Non-Service Specific at Quarter 3.
- £8.7m transfer for business rates grants

<b>Forecast of Council Reserves at 31 March 2023</b>				
	<b>31/03/22</b>	<b>In</b>	<b>Out</b>	<b>31/03/23</b>
General Reserves	23.816	1.129	(8.605)	16.341
Directorate Risk Reserves	9.257	0.040	(6.737)	2.560
Volatility and Fiscal Risk	37.675	4.384	(6.328)	35.730
<b>Total Management of Risk Reserves</b>	<b>70.748</b>	<b>5.553</b>	<b>(21.670)</b>	<b>54.631</b>
COVID-19 Related Grants	4.691		(4.691)	0
Corporate Priorities	11.375	0.683	(2.229)	9.829
Transformation & Capacity Reserve*	6.424		(1.450)	4.974

External Funding/Grants	19.427	0.148	(10.483)	9.091
Other Earmarked Reserves	12.080	0.400	(0.041)	12.439
<b>Total Earmarked Reserves</b>	<b>53.996</b>	<b>1.231</b>	<b>(18.826)</b>	<b>36.334</b>

<b>Total Council Reserves (excluding Schools)</b>	<b>124.745</b>	<b>6.784</b>	<b>(40.564)</b>	<b>90.965</b>
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- Adjusted to reflect the writing off of historic debt

As part of the Medium Term Financial Strategy a full review of all reserves has been undertaken to determine which historic reserves are no longer needed and can be consolidated to be utilized and used as part of smoothing the delivery of the savings programme.

## **10. OTHER BUDGETS**

### **• Schools**

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 and Early Years Finance (England) Regulations 2020. The Schools Budget includes funding for a range of educational and support services provided on an authority wide basis as well as Individual Schools Budgets (ISB). The Schools' Forum recommends the allocation of funding to schools and academies through the application of the funding formula.

The DSG has 4 main blocks:

<b>Block</b>	<b>2022/23 Budget £m</b>
Schools	143.041
High Needs	39.427
Early Years	13.486
Central Support Services	0.991
<b>TOTAL</b>	<b>196.945</b>

In addition to the DSG, schools and academies also receive external funding from grants including:

<b>Estimated External Funding 2022/23</b>	<b>£m</b>
DSG Additional Supplementary Grant	5.683
Pupil Premium Grant	9.327
Universal Infant Free School Meals Grant	2.206
Primary PE and Sport	1.045
Covid-19 Recovery, Workforce, Vaccination	2.149
Devolved Formula Capital	0.805
High Needs Capital	3.781
<b>TOTAL</b>	<b>24.996</b>

Given the scale of Bury's DSG deficit, which accumulated to over £27m by the end of 2020/21, the Council has entered into a formal agreement 'Safety Valve' with the DfE.

In the latest report to DfE during June to September 2022 there has been increased demand resulting in an increase in the cost of Out of Borough spend from £9.996m to £13.442m. Independent and Non-Maintained Special School (INMSS) placements comprise the majority of the increase, with an additional 29 placements on roll between December 2021 and September 2022.

The major issue with increased demand is the lack of capacity within Bury, forcing the borough to place a significant number of individuals in the INMSS sector. In addition, fee levels are rising as these schools look to pass on cost increases. There has also been an increase in Alternative Provision (AP) spend due to the increase in severity, particularly the number of children and young people not able to attend mainstream schools as a result of anxiety.

The delivery of £2.9m of savings achieved to date has been offset by this significant and unanticipated increased demand which has put pressure on the budget. A revised plan to deliver £1.394m of additional savings has been agreed with the DfE. These savings will be very challenging to deliver but the Council recognise they are necessary to ensure Bury stays within the planned budget.

The service will continue to monitor, with the support and help of DfE, all budgets, the contributions to the deficit reduction are significantly reduced and at present the Council are forecasting a remaining deficit of £20.6m at the end of this financial year.

### **11. COLLECTION FUND**

The increasing prominence of council tax and business rates in helping fund council services means that the collection fund is monitored on an ongoing basis. The current forecast position is an in-year surplus of £1.873m with a residual deficit brought forward from 2021/22 of £2.324m. (This is the difference between the statutory estimated deficit as at 15th January 22 and the outturn position) This brings the overall forecast net deficit to £0.450m. The council's share of the deficit is £0.818m and the Greater Manchester Combined Authority's share is a surplus of £0.367m (for police and fire and rescue services).

The proportionate shares for Business Rates and Council Tax mean that Greater Manchester Combined Authority have a 1% share of the Business Rates deficit and a 16% share of the Council Tax surplus resulting in a net surplus, whereas the Council have a 99% share of the Business Rates deficit and a 84% share of the Council Tax surplus resulting in a net deficit.

Due to the impact on the Council's ability to collect both Council Tax and Business Rates, an important change to Collection Fund accounting was introduced for 2020/21, which (with the exception of the £24.899m Government grant funded Business Rate reliefs) gave the ability to smooth the impact of COVID related deficits over three financial years, thus reducing the impact on the revenue budget.

The Council's 2021/22 and 2022/23 budgets were prepared using this new facility and the year 3 impact is included within the deficit brought forward figure in the table below.



The current economic volatility may have an impact on the ability to collect both Council Tax and Business Rates liabilities and this will continue to be closely monitored.

**Table 12**

<b>2022/23 Collection Fund Forecast Position as at 31 December 22</b>			
	<b>Council Tax</b>	<b>Business Rates</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Balance Brought Forward surplus (+) / deficit (-)	4.902	(14.348)	(9.446)
Prior Year estimated surplus (+) / deficit (-) repaid in year	(5.364)	12.486	7.123
Estimated Surplus (+) /Deficit (-) for the year	2.943	(1.070)	1.873
<b>Balance Carried Forward surplus (+) / deficit (-)</b>	<b>2.481</b>	<b>(2.931)</b>	<b>(0.450)</b>
<b><i>Distributed:</i></b>			
Bury Council	2.085	(2.902)	(0.818)
GMCA – Police and Crime Commissioner	0.273	0.000	0.273
GMCA – Mayoral / Fire and Rescue Service	0.123	(0.029)	0.094
<b>Total 2022/23</b>	<b>2.481</b>	<b>(2.931)</b>	<b>(0.450)</b>

**12. HOUSING REVENUE ACCOUNT**

The Housing Revenue Account (HRA) is forecasting an operating deficit of £0.217m; further information is set out in the table below.

**Table 13**

<b>2022/23 Forecast Revenue Out Turn Position - as at 31<sup>st</sup> December 2022</b>			
Housing Revenue Account	Approved Budget	Forecast Outturn	Forecast (Under)/Over Spend
	£m	£m	£m
Income			
Dwelling Rents	(31.568)	(31.568)	0
Non-Dwelling Rents	(0.203)	(0.203)	0
Other Charges	(1.048)	(1.048)	0
<b>Total Income</b>	<b>(32.819)</b>	<b>(32.819)</b>	<b>0</b>
Expenditure			
Repairs and Maintenance	6.902	6.868	(0.034)
General Management	7.38	7.38	0
Special Services	1.401	1.401	0
Rents, Rates and Other Charges	0.036	0.036	0
Increase in Bad Debts Provision	0.51	0.51	0
Capital Charge	4.713	4.713	0
Depreciation	7.472	7.472	0
Debt Management Expenses	0.045	0.045	0
Contribution to/(from) reserves	(3.749)	(3.749)	0
<b>Total Expenditure</b>	<b>24.71</b>	<b>24.676</b>	<b>(0.034)</b>
<b>Net Cost of Services</b>	<b>(8.109)</b>	<b>(8.143)</b>	<b>(0.034)</b>
Interest receivable	(0.018)	(0.018)	0
Principal Repayments	0	0	0
Revenue Contributions to Capital	7.91	7.944	0.034
<b>Sub Total</b>	<b>7.892</b>	<b>7.926</b>	<b>0.034</b>
<b>Operating (Surplus)/Deficit</b>	<b>(0.217)</b>	<b>(0.217)</b>	<b>0</b>

In reviewing the in-year financial position, it is useful to consider some of the other aspects of performance regarding the Housing Revenue Account. These are still to some degree being affected by the financial impacts resulting from the pandemic; this makes forecasting with any certainty very difficult.

The total draw on HRA reserves is forecast to be £3.749m, against an opening balance of £9.842m. This means that forecast HRA reserves as at 31 March 2023 are £6.093m.

The draw on HRA reserves, is in the context of a £3.098m saving in the reserve requirement in the previous financial year (see report Financial Outturn Position 2021- 22).

**13. CAPITAL PROGRAMME**

Capital Programme 2022/23	Approved Budget 2022/23 £m	Approved Budget at Quarter 2 2022/23 £m	Proposed amendments at Quarter 3 2022/23 £m	Final proposed Budget 2022/23 £m
Capital Programme 2022/23	150.506	60.924	20.224	81.148
Funded By:				
External Funding and Contributions	72.424	24.671	3.029	27.700
Use of Capital Receipts	0.405	0.074	0.269	0.343
Prudential Borrowing	58.729	21.099	15.669	36.768
General Fund and Reserves	1.456	0.049	1.257	1.306
Housing Revenue Account	9.295	6.835		6.835
Major Repairs Reserve	8.196	8.196		8.196
<b>TOTAL</b>	<b>150.505</b>	<b>60.924</b>	<b>20.224</b>	<b>81.148</b>

The latest approved capital budget presented to Cabinet at Quarter2 for 2022/23 totaled £60.924m.

- Proposed amendments to budget at Quarter 3**

A total of £0.125m increase in the budget from additional resources is proposed in quarter 3. External grants and reserve contributions of £0.600m have been secured in the past three months and these have increased the value of schemes in the programme; Cabinet are requested to approve the additions for the year, detailed in the table below.

Grants secured:	£m
KRN (City Region Sustainable Transport)	0.100
Waste and Transport	0.500
<b>Total additional grant funding</b>	<b>0.600</b>

- The Key Route Network (KRN) element of the City Region Sustainable Transport Settlement (CRSTS) from the Department of Transport for Bury was finalized by Greater Manchester Combined Authority (GMCA) at £1m, an additional £0.100m to the initial announcement.
- Cabinet approved last financial year a revenue contribution from the Waste Levy reserve to support the acquisition of specialist refuse and street cleaning vehicles of £0.500m which have been delivered this financial year.

Since the Quarter2 report a further reduction to this year's programme was identified, for two schemes that were principally supported by the Council's discretionary resources and not proceeding as originally approved. The proposed reductions to the programme are detailed as:

Reduction to programme:	Financed by	£m
Tackling Fly-Tipping Orig.Alloc.2020-21	borrowing	0.100
7 Whittaker Street demolition	borrowing	0.375
<b>Total programme reduction</b>		<b>0.475</b>

- The budget approved for the Tackling Fly-tipping will be spent in revenue due to the nature of the spend involved, resulting in a reduction in the capital budget.
- The estimate built in the Original approved budget for the Demolition of 7 Whittaker Street was in excess of the actual costs, resulting in a reduction to the capital budget and the call on borrowing.
- In addition to this there is a further £20.099m that should have been included in the Quarter 2 report in relation to the Prudential Borrowing and Loan to the Bury Bruntwood Joint Venture for the acquisition of the Millgate Estate.

#### **14. EXPENDITURE AND FORECAST 2022/23**

Capital Theme	Proposed Revised Budget	Forecast	Expenditure to December
	2022/23	2022/23	2022/23
	£m	£m	£m
Regeneration	33.507	32.621	27.780
Place Shaping / Growth	2.028	1.943	0.388
Sport and Leisure	2.998	2.667	1.682
Operational Fleet	3.524	3.051	1.480
ICT	1.756	2.198	2.073
Highways	11.753	10.517	6.325
Children and Young People	5.76	3.278	1.202
Estate Management - Investment Estate:	0.095	0.095	0.005
Estate Management - Corporate Landlord:	1.924	1.073	0.833
One Commissioning Organisation	1.608	1.106	0.650
Housing	14.867	14.704	4.653
Climate Change	1.828	1.783	1.528
<b>Total Capital Programme</b>	<b>81.148</b>	<b>75.037</b>	<b>48.599</b>

At Month 9 of the year, capital expenditure totaled £48.6m. Although expenditure appears to be low for this stage in the delivery and given the size of the programme, budget managers have reported they are confident the final expenditure to be as forecasted. The delivery of the capital programme continues to be affected by reduced capacity in services, although significant progress has been made to reduce the impact of staff turnover for the year. At the time of this report, £75.037m is forecast to be spent by the end of the financial year against a total budget of £81.148m. The revised budget was arrived at after the proposed amendments and the earlier re-phasing of the programme into future years at quarter 2 and contains a variance of £6.111m underspend. Services have indicated that most of this underspend will be required to continue schemes into the next financial year and a formal request to carry forward balances will be made to Cabinet at Outturn. During quarter 4 further work will be undertaken with departments to develop more accurate forecasting models for future years' programmes.

## 15. FINANCING

The total current capital programme is fully financed as per resources approved at the Council February Budget meeting and subsequent Cabinet meetings.

Funding the (proposed) Revised Capital Programme 2022/23	
	£m
Capital Programme 2022/23	81.148
<b>Funded By:</b>	
External Funding and Contributions	27.700
Use of Capital Receipts	0.343
Prudential Borrowing	36.768
General Fund and Reserves	1.306
Housing Revenue Account	6.835
Major Repairs Reserve	8.196
<b>TOTAL</b>	<b>81.148</b>

Grants from external resources are monitored during the year against original approval notifications to ensure they are received for the schemes allocated to this type of funding.

Capital Receipts from disposals of Council's surplus assets can only be reinvested as they are realised. Separate reports to Cabinet contain information on available planned, and proposed receipts to fund future capital spend.

Financing of borrowing costs for the programme supported by Prudential borrowing has been built into the Council's revenue budget.

General Fund and reserves represent amounts set aside that are restricted to finance expenditure of a capital nature.

Funding from the Housing Revenue Account, in part made up by the depreciation figure applied in year to the Council's Housing Stock, is also restricted to finance expenditure that will maintain and improve the social housing stock.

## 16. NEXT STEPS AND CONCLUSION

The financial position requires ongoing scrutiny and careful monitoring in order for the Council to recover its financial position and achieve its medium-term financial strategy.

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### Links with the Corporate Priorities:

A strong financially sustainable Council is essential to the delivery of the Let's do it Strategy.

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**Assessment and Mitigation of Risk:**

<b>Risk / opportunity</b>	<b>Mitigation</b>
The council has insufficient funds to support its expenditure.	Regular reporting and tight budgetary control by budget holders supports the Council in managing the overall financial risks and financial planning for the Council.

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**Legal Implications:**

There are no legal implications however it is good governance to receive regular updating reports this is in line with our financial framework as set out in the Council constitution.

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**Financial Implications:**

The financial implications are set out in this report

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<b>Classification:</b> Open	<b>Decision Type:</b> Key
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<b>Report to:</b>	Overview & Scrutiny – 9 <sup>th</sup> February 2023 Cabinet – 15 <sup>th</sup> February	<b>Date:</b> 15 February 2023
<b>Subject:</b>	Annual HRA Budget 2023/24 & Rent Setting	
<b>Report of</b>	Cabinet Member for Finance and Communities	

## 1. Summary

This report forms part of a suite of documents relating to the Council's budget setting process for 2023/24.

It establishes the Housing Revenue Account budget for 2023/24.

It proposes the rent levels for Council Housing for Dwelling and Garage rents, Sheltered Support, Management, Service and Heating charges and Furnished Tenancy charges.

The report establishes the Management Fee paid to Six Town Housing for 2023/24

## 2. Recommendation(s)

**Cabinet is asked to approve and commend the following to Council -**

### HRA Budget

- 2.1 Approve the 2023/24 budget for the Housing Revenue Account.
- 2.2 Approve a 3% reduction for the Management Fee to Six Town Housing for 2023/24.

### Rent Setting

- 2.3 For 2023/24 individual social and affordable rents be set at the Governments rent cap of 7% with effect from 3<sup>rd</sup> April 2023.
- 2.4 For 2023/24 shared ownership rents be voluntarily limited to an increase of 7% with effect from 3<sup>rd</sup> April 2023.
- 2.5 Approve an increase in Garage rents by (Consumer Price Inflation as at September 2022) CPI 10.1%
- 2.6 Approve an increase in Sheltered Management and Support Charges by CPI 10.1%
- 2.7 Approve an increase in Service and Amenity Charges by CPI 10.1%
- 2.8 Approve an increase in Support and Heating charges by CPI 10.1%
- 2.9 Approve an increase in Furnished Tenancy charges by CPI 10.1%

- 2.10 Note that where a social rent property is re-let to a new or transferring tenant the rent level be increased to the target rent for that property.
- 2.11 Note that for 2023/24 and onwards, where an affordable rent property is re-let to a new or transferring tenant the rent level be set by reference to 80% of the market rent (including service charges where applicable) for a similar property at the time of letting or the formula rent for the property, whichever is the greater.

### **3.0 Reasons for recommendation(s)**

- 3.1 The Housing Revenue Account (HRA) is the 'landlord account' recording the revenue expenditure and income relating to the authority's own housing stock. The HRA is a ring-fenced account i.e., the authority does not have any general discretion to transfer sums out of the HRA, or to support the HRA with contributions from the General Fund, (there are certain circumstances where transfers are permitted or prescribed but these are exceptions).
- 3.2 From April 2012 the government introduced a self-financing funding system whereby the HRA now retains its rental income locally and uses this to provide for management, maintenance, and major works to the housing stock. In April 2005 Six Town Housing was established as an Arm's Length Management Organisation (ALMO) to manage and maintain the authority's housing stock and related assets. The 2020 Management Agreement between Six Town Housing and Bury Council on 1<sup>st</sup> April 2020, details the responsibilities that are delegated to the ALMO.
- 3.3 In April 2022, following Cabinet approval, Springs became a Self-Financing Tenant Management Organisation, the first in the North West. Owing to loss of stock through Right to Buy sales, Springs TMO are currently managing 286 properties (previously 290 properties). Springs Tenant Management Organisation was formed to manage council homes on a self-financing arrangement. This means that the TMO retain the rents from the homes and use this to pay for the management and maintenance of their properties under local arrangements.
- 3.4 The Council agrees the level of Management Fee payable from the Housing Revenue Account to Six Town Housing for the provision of the delegated responsibilities; the fee paid for 2022/23 is £13,058,600. It is proposed that, due to pressures on the HRA which are identified later in this report, this fee is reduced by 3% for 2023/24, creating a saving of £391,758 and resulting in a management fee for 2023/24 of £12,666,842.
- 3.5 For 2023/24 the current level of activity on Right to Buy (RTB) the HRA estimates have been prepared on is 70 right to buy (RTB) sales in 2022/23 and 60 in 2023/24. The number of sales during 2022/23 for the first three quarters of the year were 48. The increase in interest rates for mortgages is likely to be a factor which is slowing the sales of properties. If the level of sales is above or below these figures this will result in less or more rental income to the HRA than has

been assumed. It will also affect the level of RTB capital receipts that will be received which are used to partly fund the Capital Programme.

- 3.6 For 2023/24 the HRA is expected to have an average stock of 81 affordable rent dwellings plus 5 shared ownership dwellings. (Note that there were 7 shared ownership homes at the start of 2022/23 but 2 have fully stair-cased out during the year). Stair-casing means that a shared owner will pay the Council to allow them to own a larger share of their home and thus pay a smaller rent for the share they don't own. In these specific cases, the shared owners of the two properties have decided to buy the Council's full share of the value of their property and own the freehold of the property in their own right. The HRA has received a capital receipt in respect of the shared owners increasing their share to full ownership, but the rent is lost.
- 3.7 This report is written based on the Council's existing housing stock. As a result of the HRA being a ring-fenced account, any surplus or deficit on the HRA is carried forward into the next financial year and is known as the working balance. Section 8 of this report contains an assessment of the minimum level of balances to be held.
- 3.8 Whilst this report concerns itself with approving the annual budget for the HRA, a 30-year Housing Revenue Account Business Plan is in development to ensure a robust and balanced plan which addresses income, expenditure, and capital investment in the housing stock. The HRA Business Plan will be produced for adoption by the Council in Q1 of the 2023/24 financial year. The strategy will provide a comprehensive overview of the Council's housing stock, demand, levels of RTB sales, stock investment requirements including carbon reduction measures. It will plot costs and options for ensuring the Council's legal responsibilities as a landlord are met together with investment in future ambitions whilst ensuring that the HRA remains in credit over the life of the business plan.

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#### **4.0 Rent Levels 2023/24**

- 4.1 The Government's National Social Rent Policy, which came into effect from 1st April 2020, set out that social and affordable rents may increase annually by up to a maximum of CPI plus 1%, until 1 April 2024. The Council, as a Registered Provider of Housing is regulated and must adhere to the Rent Standard, which includes the same stipulation on social rent increases.
- 4.2 The basis for annual rent increases is the September Consumer Price Inflation (CPI) which in 2022 was 10.1% meaning the maximum rent increase projected for April 2022 should be **11.1%**. The Government conducted a consultation on rent increases with all Registered Providers, which closed on 12<sup>th</sup> October 2022. This asked for comment on the effects on social housing business plans of either a 3%, 5% or 7% ceiling on rent increases for 2023/24 in the event that September CPI was above the rate of increase on average earnings. On 17<sup>th</sup> November 2022, the Chancellor of the Exchequer announced

in the Autumn Statement that the increases in actual social housing rents – including social and affordable based rents would have a ceiling of a 7% rise for 2023/24. It was also announced that benefits to claimants would rise by the amount of inflation in April 2023 and that the Local Housing Allowance would be frozen for a further year.

- 4.3 Documents provided by the Government to accompany the Autumn Statement confirm that the 7% restriction is a change to the National Social Rent Policy for one year only and that increases for the following year will be a maximum of CPI + 1%. The document also provides an exemption from the ceiling for supported housing providers, including local authorities, to allow rents for supported housing to rise by up to 11.1%.
- 4.4 There is no official Direction on rents published at the time of writing, but the draft Direction issued as part of the consultation in October, provided for:
- the formula for social rents to rise by CPI + 1% for 2023/24 (not to be limited by the ceiling);
  - social rents can be re-let on change of tenancy at the new formula rent (or target rent if flexibility applies);
  - affordable rents to be tested against the constraint of 80% of market rent on re-let
  - rents for new development to be set at formula rent or up to 80% of market rent.

The rent ceiling policy is designed to protect existing social housing users rather than future ones.

It is assumed that the draft Direction provisions will apply.

The Government has also written to all providers asking them to consider voluntarily limiting increases for shared ownership rents to 7%. These rents are not within the Rent Standard and are usually contractually agreed on purchase of the share, so a change cannot apply without agreement of the landlord.

Bury's rents are currently collected on a 50-week basis with 2 non-collection weeks in December.

- 4.5 The table below sets out the 2022/23 average rent per tenure and property type based on stock at 1 April 2022, together with the indicative 2023/24 rent based on the increases proposed. This excludes the Springs TMO stock. Please note that sales of stock via Right to Buy and rents moving to formula rent on re-let during the year can change the averages slightly in year.

**(Maximum Increase Rate Allowed 2023/24)**

Tenure Type	Property Type	No/ of Units @ 1/4/22	Average 50 wk rent 2022/23	Increase rate allowed	Average 50 wk rent 2023/24
Social	General Needs	6,997	£81.50	7%	£87.21
Social	Sheltered	448	£73.42	11.1%	£81.57
Affordable (inc service charges)	General Needs	21	£107.22	7%	£114.72
Affordable (inc service charges)	Sheltered	60	£195.67	11.1%	£217.39
Shared Ownership	N/A	7	£34.42	7% (vol)	£36.83

The following table shows the difference between the current and proposed rents based on an increase of 7% applied to the rents of all current HRA Social Rent Formula dwellings.

**(Recommended Increase Rate 2023/24)**

Tenure Type	Property Type	No/ of Units @ 1/4/22	Average 50 wk rent 2022/23	Increase rate allowed	Average 50 wk rent 2023/24
Social	General Needs	6,997	£81.50	7%	£87.21
Social	Sheltered	448	£73.42	7%	£78.56
Affordable (inc service charges)	General Needs	21	£107.22	7%	£114.73
Affordable (inc service charges)	Sheltered	60	£195.67	7%	£209.37
Shared Ownership	N/A	7	£34.42	7% (vol)	£36.83

\*The rents shown in the tables are all on a 50-week basis.

4.6 It should be noted that the formula rents for social rented properties will all automatically be increased by 11.1% for 2023/24, setting a gap between the actual rent and the formula rent once again for all social rent properties. The Council currently has a policy to re-let properties at formula rent as they become vacant. Affordable rent properties must be re-let at no more than 80% of the market rent including service charges at the date of re-let. Without this policy, the loss in rent will be permanent and cumulative over time. It remains to be seen whether the Government will introduce a phased route to convergence to the formula rent in future years to compensate for this reduction in income.

In 2022/23, the Council took the decision to set rent increases from 1 April 2022 at 4.1%, which was the maximum allowed for that year and kept rents in line with the increase in the formula rent. This decision has protected the rental income for the HRA against an even greater loss.

As the rent increase (even with a ceiling) is significantly higher than the previous year this briefing paper has been produced to advise the Council of the options and implications for rent rises.

Based on the figures above, a comparison of rent increases shows that almost **£100,000** per annum would be lost by setting all rents to increase by 7% rather than allowing the sheltered stock to increase as allowed at 11.1%.

4.7 The table below sets out the scenarios and the impact of setting a cap on sheltered housing at 7% rather than the allowable 11.1%:

**Based on 1 April 2022 Stock (excluding Springs TMO)**

Type	Units	22-23 50 wk rent	23-24 rent at max	23-24 rent at 7%	Total rent per annum 22-23	Total rent per annum 23-24 (max)	Total rent per annum 23-24 (7%)
Social GN	6997	81.50	87.21	87.21	28,512,775.00	30,510,418.50	30,510,418.50
Social Sheltered	448	73.42	81.57	78.56	1,644,608.00	1,827,168.00	1,759,744.00
Affordable GN	21	107.22	114.72	114.73	112,581.00	120,456.00	120,466.50
Affordable Sheltered	60	195.67	217.39	209.37	587,010.00	652,170.00	628,110.00
Shared Ownership	7	34.42	36.83	36.83	12,047.00	12,890.50	12,890.50
					<b>30,869,021.00</b>	<b>33,123,103.00</b>	<b>33,031,629.50</b>
Annual Increase from 22-23						<b>2,254,082.00</b>	<b>2,162,608.50</b>
Annual Decrease from maximum 23-24 rent						-	<b>91,473.50</b>

The rent cap imposed on Council's during 2023/24 has had a detrimental impact across all tenures of approximately £1.260m over the 50-week period.

## 5.0 Other charges

- 5.1 There are currently 252 HRA owned garages (of which 131 are currently let). Garages are charged for at the rate of £7.78 per week (50 weeks). The last increase was in April 2022. It is proposed that the charge is increased by 10.1% from April in line with September CPI; this results in a weekly increase of £0.79 giving a rate of £8.57 per week (over 50 weeks).

## 6.0 Sheltered and Other Tenancy Charges

### Sheltered Management and Support Charges

- 6.1 The management and provision of Sheltered support services are provided by Adult Care Services for which they receive payment from the Housing Revenue Account. The service is currently subject to a review and will be changed to resemble that ordinarily found in other sheltered housing schemes across Greater Manchester. This will reduce the cost of the service and deliver a saving.  
A service provided by Six Town Housing will continue to operate within sheltered housing and no changes are planned to the sheltered housing management charges.
- 6.2 Sheltered Management charges are set to ensure that the costs of the services provided are recovered from those receiving them. It is proposed that the weekly charges per unit (on a 50-week basis) are increased for 2023/24 by 10.1% and the current and proposed charges are detailed below.

	Current Charge  £	Proposed Charge 2023/24  £
Sheltered schemes (other than Extra Care)	12.49	13.75
Extra Care schemes (Falcon House/Griffin House)	23.98	26.40

- 6.3 These charges will be eligible for Housing Benefit and Universal Credit purposes, and it is expected that benefits will be payable to accepted claimants.
- 6.4 Following the review of the charging structure and the introduction of the Sheltered Management charge the standard weekly Support Charge per unit was reduced to £8.33 (on a 50-week basis) for 2012/13 and has remained at this level since then. Charges for support costs are not eligible for Housing Benefit but instead a subsidy is paid for eligible tenants from a locally administered Supporting People 'fund'; which is essentially ASC base budget that also funds other supported accommodation in the Borough.
- 6.5 It is proposed that this charge remains unchanged for 2023/24. This charge applies at all Sheltered schemes other than the Extra Care schemes at Falcon House and Griffin House.
- 6.6 The Extra Care Sheltered Scheme, covering the Falcon House and Griffin House schemes, has different support charges which reflect different levels of support offered dependant on the assessed needs of the individual tenants; this support is provided by the One Commissioning Organisation, and they will be reviewing the charges for 2023/24.

### **Service and Amenity Charge**

- 6.7 The Service and Amenity Charges were increased by 4.1% for 2022/23. It is proposed that the current charges are increased by 10.1% in line with CPI from the first rent week in April 2023. The true costs of delivering services should be passed onto tenants, therefore service charges should be increased to ensure services break even.
- 6.8 The current and proposed charges per unit per week (over 50 weeks) are shown in the table below:

	<b>Current Charge</b>	<b>Proposed Charge 2023/24</b>
	<b>£</b>	<b>£</b>
Clarkshill	19.38	21.34
Elms Close	2.27	2.50
Falcon House	11.32	12.46
Griffin House	10.98	12.09
Harwood House	22.89	25.20
Moorfield	25.16	27.70
Mosses House	19.96	21.98
Stanhope Court	10.13	11.15
Taylor House	22.45	24.72
Top O'th Fields 1	21.65	23.84
Waverley Place	23.80	26.20
Wellington House	32.19	35.44



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

### **Net impact of changes in Sheltered Charges and rent reductions**

- 6.10 Appendix 2 details the total Sheltered Management, Support and Amenity Charges for each scheme; this shows weekly increases ranging between £1.26 and £4.51.

### **Support Heating Charges**

- 6.11 Heating charges are only levied at Sheltered schemes where there is a communal heating system with no separate metering of individual consumption; the aim of the charges is to recover the actual energy costs incurred at each scheme.
- 6.12 At the Council meeting in February 2022, charges were not increased so remained at the 2021/22 levels for 2022/23. The charges are based on expected contract prices and estimated levels of consumption. New boiler systems have been installed at both Clarks Hill and Harwood House. Due to the urgency of the work, heat metering systems have not been installed yet therefore a weekly heating charge will still be required.

The current and proposed charges per unit per week, (exclusive of VAT), are:

	<b>Present Charge £</b>	<b>Proposed Charge £</b>	<b>Proposed Increase %</b>	Heating Charges are not eligible for Housing Benefit however
Taylor House	11.88	13.08	10.1	
Clarks Hill	8.34	9.18	10.1	
Harwood House	9.72	10.70	10.1	

many Sheltered Tenants will be eligible for Winter Fuel Payments; for winter 2022/23, the rates for these were £250 per household for those born on or before 26 September 1956, rising to £600 per household to help pay heating bills (payments may be different depending on the household circumstances).

### **Furnished Tenancies Charges**

- 6.13 A Furnished Tenancy Scheme was introduced during 2005/06. The scheme provides furniture packages for which an additional weekly charge is payable.
- 6.14 We currently have 216 live furnished tenancies and 5 voids. Of the live tenancies we have 142 1 bed, 59 2 bed, and 15 3 bed properties. We have a limited number of 235 furnished tenancies so there is currently capacity for a further 14.
- 6.15 Six Town Housing, who manage the furnished tenancies, will be reviewing the packages offered and tenancies available under the scheme to determine whether a wider range of options may have a positive impact on tenancy sustainment; any proposed changes to the current scheme will be subject to appropriate consultation and approval.



6.16 Furnished Tenancy charges are eligible for Housing Benefit purposes and therefore benefits should be payable to accepted claimants. The introduction of Universal Credit and direct payments means that there is an increased risk of non-payment of these charges.

6.17 Increases in charges to cover inflation in the costs of the scheme e.g., costs of replacement furniture and fittings are normally implemented from the first rent week in April of each year.

6.18 The current and proposed charges per unit per week are:

	Present Charge £	Proposed Charge £	Proposed Increase %	Fernhill Caravan Site Pitch Fees
1 Bed Property	14.55	16.02	10.1	6.19
2 Bed Property	17.13	18.86	10.1	
3 Bed Property	19.72	21.71	10.1	

Management of the Fernhill Caravan Site passed over to Six Town Housing in 2014/15 for which they receive a separately determined Management Fee. Whilst income from residents and payment of the Management Fee are accounted for in the General Fund not the Housing Revenue Account it is felt appropriate to consider increases in the charges under these agreements alongside those of HRA rents and charges.

6.20 Residents at the site are currently charged a weekly pitch fee and a weekly charge for water; these charges are payable on a 52-week basis i.e., there aren't any non-collection weeks. At the Council meeting in February 2022 charges were increased by 4.1% (September 2021 CPI plus 1%); the current charges are:

	Current Charge (To be reviewed in April 2024) £
Single Plot – pitch fee	64.86
Double Plot – pitch fee	88.39
Single Plot – water charge	7.31
Double Plot – water charge	10.15

6.21 The site has been empty since July 2022 due to redevelopment, practical completion is being given as 31st July 2023. Residents are currently placed at another site during this redevelopment. When they return to site, they are going back on the same terms of rent but in the new Agreement this allows for revision in April 2024.

## 7.0 Housing Revenue Account Performance

### Voids

7.1 The rent lost on empty properties is projected to be 1.07% over the course of 2022/23; this will mean a reduction in rent income of approximately £22k as the original budget allowed for a void level of 1%.

7.2 During the financial year 2022/23 when the nation was recovering from the after effects of Covid, it was noted that properties were returned in a state worse than normal, and in need of more than wear and tear repairs. STH adopted the sector-wide Housing Ombudsman best practice, during periods of void to make homes right including installation of hard wire electrical points, carbon monoxide detectors, fire detectors etc. The level of void loss for 2023/24 has been assumed at 1%; recent performance will need to be maintained if this target is to be met. If the target is not achieved, then there would be a reduction in rental income to the HRA.

7.3 If the target was to be bettered, then this would result in an increase in rental income to the HRA which could either be carried forward into 2024/25 or targeted during the coming financial year for service developments.

### Rent Arrears

7.4 The opening arrears and current levels for 2022/23 are shown in the following table. The figures reflect the fact that £109,939 of Former Tenant Arrears have been written off during 2022/23; it is anticipated that a further £30,000 could be written off before the end of March. All write offs are in accordance with the Corporate Debt Write Off Policy as approved by the then Executive.

Arrears Position – As at December 2022			
	Opening Balance 2022/23	Current Balance December 2022	Increase/ (Reduction)
	£m	£m	£m
Current Arrears	1.456	1.441	(0.015)
Former Tenant Arrears	0.596	0.613	0.017
Write Offs (Nov 2022)	-	(0.110)	(0.110)
<b>Total</b>	<b>2.052</b>	<b>1.944</b>	<b>(0.108)</b>

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

7.6 The Bad Debt Provision for rent arrears, which is held on the Authority's Balance Sheet, stood at £1,774,257 at the beginning of this financial year. The requirement for the year is calculated with reference to the type of arrears and the amount outstanding on each individual case.

7.7 The original budget for 2022/23 allowed for additional contributions to the provision totalling £510,200; £191,400 for uncollectable debts and £318,800 for the impact of benefit reforms. Reviewing the arrears position at this time, it is now estimated that the additional provision required in 2022/23 may be £305,772. However, rent arrears are volatile and with increasing numbers of Universal Credit cases it can be difficult to determine what the position at the end of the financial year will be. Based upon current information this suggests that the Provision will stand at £1,899,800 at the end of 2022/23 against arrears of £2,077,300.

- 7.8 The 2023/24 estimates allow for additional contributions to the provision, totalling £651,341 which is 2% of the gross rent. It should be noted that a bad debt provision is simply the assumption that a proportion of the rent may not eventually be collected. The debt will remain collectable and not written off until every avenue to collect has been exhausted.
- 7.9 If the arrears position is not as severely impacted upon as has been estimated then a lower contribution may be required which would release additional resources in the HRA; conversely if the arrears position should deteriorate more significantly then additional contributions to the Bad Debt Provision could be required and these would need to be found from the HRA balances. The position is kept under regular review.

### **Rechargeable Repairs**

- 7.10 The amount due from tenants for rechargeable repairs currently stands at £222,000 of which £198,000 is debt over 1 year old. Of the debt over 1 year old £187,500, appears to be static debt i.e., there have been no payments received at all. No accounts have been written to date in the current year however £12,000 of accounts have been identified as potential write offs.
- 7.11 The Bad Debt Provision for rechargeable repairs, which is held on the Authority's Balance Sheet, currently stands at £150,000. Taking into account the expected write offs, at the end of 2022/23 the provision will stand at £138,000 and cover around 62% of the expected outstanding debt. The pandemic and resulting operating restrictions has impacted on the level of rechargeable repairs being carried out as well as the billing and recovery of these works; it is very difficult at present to estimate what the position will be at the year end or for the coming financial year however the HRA has sufficient resources to provide additional contributions to the Bad Debt Provision should this prove necessary.
- 7.12 Accounts raised are subject to established recovery procedures with reminders/final notices being routinely issued and accounts passed to collection agencies (for debts under £750) where payment is not received, or instalment arrangements agreed. Billing and recovery arrangements will be continually reviewed to ensure effective recovery.

## **8.0 2023/24 Housing Revenue Account (HRA), HRA Capital Resources and the HRA Working Balance**

### **2023/24 Housing Revenue Account**

- 8.1 The Housing Revenue Account Estimates are set out in Appendix 1.
- 8.2 One of the most significant impacts on the HRA for the coming year and in future years will be the cost-of-living crisis, energy bill inflationary pressures and the impacts that the Covid 19 pandemic has had on the country. This along with other key factors, are factored into the determination of the HRA working balance.
- 8.3 Other areas worthy of note that have not been covered in other sections of this

report are:

- The Housing Revenue Account pays a Management Fee to Six Town Housing to provide the services delegated under the ALMO Management Agreement. The level of this Management Fee for 2023/24 is subject to negotiation under the Management Agreement. In light of the identified pressures on the HRA it is recommended that for the financial year 2023/24, the Management Fee is reduced by 3% creating a saving of £391,758 and resulting in a management fee for 2023/24 of £12,666,842.
- Springs Tenant Management Cooperative (TMO) has established itself as a self-financing, tenant management Organisation from April 2022. The impact of the 7% rent cap will result in £47,783 loss of income to Springs TMO in rental income and efficiency savings will be required.
- No adjustments have been made to the HRA estimates for 2023/24 in this regard.

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

## **HRA Capital Resources**

8.5 Self-financing within the HRA means that major works to the housing stock are now funded primarily from rental income, capital grants and/or borrowing. The identification and timing of future major works are key factors in the development of the 30 Year HRA Business Plan.

8.6 Investment needs to be undertaken on a sustainable basis and in line with the Council's overarching Housing Strategy.

8.7 For the years 2018/19 to 2020/21 an annual investment of £9.830m was approved, in line with the Asset Management Strategy for the Public Housing stock 2018-21. This level of resources was maintained in 2022/23 whilst longer term investment strategies were being assessed.

8.8 A piece of work is required to fully understand the stock condition and develop a 5-year Capital Programme profiled on stock condition which is affordable within existing resources to cover.

- Compliance
- Elemental Repairs
- Planned and Programmed Work
- Refurbishment / renewal of existing stock
- Environmental Improvements
- New Homes

8.9 On this basis the investment programme for 2023/24 is assumed to be £16.782m, (the HRA estimates also allow for slippage of schemes (and resources) from 2022/23 to 2023/24):

The Major Works resources will provide for specific capital schemes and

general capital expenditure such as essential renewals (arising when properties become vacant) and structural works.

### **The HRA Working Balance**

8.10 The HRA needs to maintain a certain level of balances in order to finance occurrences that cannot be predicted and to mitigate against material inaccuracies in the assumptions underlying the budget.

8.11 There is no statutory definition of the minimum level however as part of a longer-term approach to HRA finances the Council established a Golden Rule regarding the minimum level of HRA balances and it was agreed that the HRA balances should not be allowed to fall below £100 per property, recognising that the actual minimum level of balances to be retained still needs to be reviewed each year based on a risk assessment of the major issues that could affect the financial position of the HRA.

8.12 The level of recommended minimum balances for the HRA at 31<sup>st</sup> March 2022, was £1.3m. There are a number of benchmarks that Housing Authorities use to determine the correct level. For Bury's HRA the calculations would be:

	£m
£200 per property (Housing Finance Act 1989 recommended £150 based on 7,431 properties)	1.486
5% of dwelling rental income	1.613
5% of gross expenditure (excl. transfers to MRR)	1.240
Average of the 3 options	1.446

8.13 As the results of the three options are wide ranging, it would be prudent to keep the minimum working balance under review each year. For 2023/24, it is recommended that the council increases the minimum working balance to £1.5m being just above the average of the options.

8.14 In line with 2022/23 there is a proposed contribution from the business headroom reserve. The balance on this reserve as at 31<sup>st</sup> March 2022 was £9.8m. Therefore, this reserve is not going to be sustainable if contributions of this magnitude continue.

### **Housing Management Fee**

8.15 The current Management Agreement between Six Town Housing (STH) and the Council was approved in April 2020 and allows for an annual negotiation of the Management Fee which is payable from the HRA to STH in respect of its management and repairs responsibility. In light of the identified pressures on the HRA it is recommended that for the financial year 2023/24, the Management Fee is reduced by 3% creating a saving of £391,758 and resulting in a management fee for 2023/24 of £12,666,842. STH have agreed to absorb inflationary rises and other costs pending a further strategic review of the fee levels during 2023/24. There was no reduction in the management

fee in 2022/23 or following the transfer of properties to Springs Tenant Management Cooperative.

- 8.16 In addition to the Management Fee, a further £16.782m capital will be made available to STH in respect of the agreed planned maintenance and improvement programme.

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### Links with the Corporate Priorities:

Provision of social housing is a core function and a key corporate priority to support the provision of affordable housing for residents in the Borough.

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### Equality Impact and Considerations:

A full Equality Impact assessment is underway, and the assessment will be taken in to account before applying any increased charges to Tenants.

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### Environmental Impact and Considerations:

The Council is working towards becoming a carbon neutral organisation by 2038. Six Town Housing are working on a number of decarbonisation programmes across the housing estate to reduce the carbon footprint. This is an on going project.

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### Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
The capped rents do not recover the costs if they rise at a higher level of inflation which will put pressure on the Housing Revenue Account.	The budgets will be monitored closely throughout the year, action may be required to reduce costs and limit expenditure.
Increased risk of non-payment of rents, escalating bad debts.	Close monitoring of outstanding debt, ensure tenancy and welfare support offered to Tenants at the appropriate time.

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### Legal Implications:

### Housing Revenue Account and Rents

The Local Government & Housing Act 1989 Part VI sets a statutory regime for housing finance. The Council must formulate proposals in respect of HRA income and expenditure for the financial year which on the best assumptions and estimates that the Council is able to make at the time to ensure that the HRA does not show a debit balance.

The Council is required to keep the HRA in accordance with proper practice. The Council has a general duty to review the rents of its houses from time to time and in fixing rents the Council must have regard, in particular, to the principle that the rents of dwellings of any class or description should bear broadly the same proportion to private sector market rents as the rents of dwellings of any other class or description.

The review of the rents is a Cabinet function and is undertaken with regard to the provisions of Part VI of the 1989 Act which governs housing finance and housing subsidy. Rents for council houses are a credit to the HRA and outgoings a debit. The HRA continues to be a ring-fenced account, this means that it must, in general, balance on a year-to-year basis, so that the costs of running the Housing Service, which include debt charges, administration costs and maintenance expenditure must be met from HRA income. The Council has the responsibility to determine a strategy that is designed to ensure that the HRA is balanced.

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### Financial Implications:

The financial implications are included within the report

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### Appendices:

*Please list any appended documents.*

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### Background papers:

*Please list any background documents to this report and include a hyperlink where possible.*

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

Term	Meaning
HRA	Housing Revenue Account
STH	Six Town Housing
TMO	Tenants Management Organisation
RTB	Right to buy

Appendix 1

	Housing Revenue Account	
	2022/23 £m	2023/24 £m

<b>INCOME</b>		
Dwelling rents	31.568	32.251
Non-dwelling rents	0.203	0.224
Heating charges	0.037	0.041
Other charges for services and facilities	0.971	1.063
Contributions towards expenditure	0.040	0.040
<b>Total Income</b>	<b>32.819</b>	<b>33.619</b>
<b>EXPENDITURE</b>		
Repairs and Maintenance	6.902	6.865
General Management	7.380	7.164
Special Services	1.401	1.496
Rents, rates, taxes and other charges	0.036	0.038
Increase in provision for bad debts	0.510	0.651
Cost of Capital Charge	4.713	4.713
Depreciation of fixed assets - council dwellings	7.442	8.500
Depreciation of fixed assets - other assets	0.030	0.030
Debt Management Expenses	0.045	0.045
Contribution to/(from) Business Plan Headroom Reserve	-3.749	-2.917
<b>Total Expenditure</b>	<b>24.710</b>	<b>26.585</b>
<b>Net cost of services</b>	<b>-8.109</b>	<b>-7.034</b>
Amortised premia / discounts	0.000	0.000
Interest receivable - on balances	-0.018	-0.018
Interest receivable - on loans (mortgages)	0.000	0.000
<b>Net operating expenditure</b>	<b>-8.127</b>	<b>-7.052</b>
<b>Appropriations</b>		
Appropriation relevant to depreciation and MRA	0.000	0.000
Housing set aside (Principal repayments on new developments)	0.000	0.000
Revenue contributions to capital	7.910	7.052
<b>(Surplus) / Deficit</b>	<b>-0.217</b>	<b>0.000</b>
<b>Working balance brought forward</b>	<b>-1.083</b>	<b>-1.300</b>
<b>Working balance carried forward</b>	<b>-1.300</b>	<b>-1.500</b>



## Current charges 2022/23 and proposed charges 2023/24

Scheme	Management Charge 2022/23	Support Charge 2022/23	Amenity Charge 2022/23	Total Charges 2022/23	Proposed Management Charge 2023/24	Proposed Support Charge 2023/24	Proposed Amenity Charge 2023/24	Total Proposed Charges 2023/24	Increase over current charges
	£	£	£	£	£	£	£	£	£
	4.10%	0%	4.10%		10.1%	0%	10.1%		
Beech Close	12.49	8.33		<b>20.82</b>	13.75	8.33		<b>22.08</b>	<b>1.26</b>
Chelsea Avenue	12.49	8.33		<b>20.82</b>	13.75	8.33		<b>22.08</b>	<b>1.26</b>
Clarkshill	12.49	8.33	19.38	<b>40.2</b>	13.75	8.33	21.34	<b>43.42</b>	<b>3.22</b>
Elms Close	12.49	8.33	2.27	<b>23.09</b>	13.75	8.33	2.50	<b>24.58</b>	<b>1.49</b>
Falcon House	23.98	0	11.32	<b>35.3</b>	26.40	0	12.46	<b>38.86</b>	<b>3.56</b>
Griffin Close	12.49	8.33		<b>20.82</b>	13.75	8.33		<b>22.08</b>	<b>1.26</b>
Griffin House	23.98	0	10.98	<b>34.96</b>	26.40	0	12.09	<b>38.49</b>	<b>3.53</b>
Hampson Fold	12.49	8.33		<b>20.82</b>	13.75	8.33		<b>22.08</b>	<b>1.26</b>
Harwood House	12.49	8.33	21.99	<b>42.81</b>	13.75	8.33	25.20	<b>47.28</b>	<b>4.47</b>
Limegrove	12.49	8.33		<b>20.82</b>	13.75	8.33		<b>22.08</b>	<b>1.26</b>
Maple Grove	12.49	8.33		<b>20.82</b>	13.75	8.33		<b>22.08</b>	<b>1.26</b>
Moorfield	12.49	8.33	25.16	<b>45.98</b>	13.75	8.33	27.70	<b>49.78</b>	<b>3.80</b>
Mosses House	12.49	8.33	19.96	<b>40.78</b>	13.75	8.33	21.98	<b>44.06</b>	<b>3.28</b>
Stanhope Court	12.49	8.33	10.13	<b>30.95</b>	13.75	8.33	11.15	<b>33.23</b>	<b>2.28</b>
Taylor House	12.49	8.33	22.45	<b>43.27</b>	13.75	8.33	24.72	<b>46.80</b>	<b>3.53</b>
Top O'th Fields 1	12.49	8.33	21.65	<b>42.47</b>	13.75	8.33	23.84	<b>45.92</b>	<b>3.45</b>
T O'th F 2 (Welcomb Walk)	12.49	8.33		<b>20.82</b>	13.75	8.33		<b>22.08</b>	<b>1.26</b>
Waverley Place	12.49	8.33	23.8	<b>44.62</b>	13.75	8.33	26.20	<b>48.28</b>	<b>3.66</b>
Wellington House	12.49	8.33	32.19	<b>53.01</b>	13.75	8.33	35.44	<b>57.52</b>	<b>4.51</b>

## HOUSING REVENUE ACCOUNT - RISK ASSESSMENT

Risk Event	Impact	Risk Level	Likelihood	Max. Impact	Min. Provision
				£m	£m
Increased stock loss - level exceeds the provision made in the estimates	The loss of a property costs the HRA approx. £4,100 in lost rental income in a full year. A loss of 60 properties throughout the year would cost around £246k.	M 50%	Budget 2023/24 assumes 60 sales. Provisions are made for 60 and due to the housing market conditions i.e., interest rates on mortgages and cost of living there is expected to be a downturn in applications for RTB.	0.246	0.246
Higher level of void (empty) properties - increase loss of rental income	A 1.0% increase in void loss costs the HRA c£300k in a full year.	M 50%	Budget 2022/23 assumes 1% void rental loss. The expectation with the slowdown of the housing market is void rates will remain steady. The current rate of void at the time of writing is 1.07% (Dec 2022)	0.300	0.300
Increase in arrears levels	Rental income is accounted for in the HRA on a rents receivable basis rather than actual rent received. However an increase in arrears could impact on the level of contribution required to the Bad Debt Provision.	H 80%	Budget 2023/2024 This allows for contributions of £651k to the Bad Debt Provision. This is based on 2% of the gross rent; the level of arrears has been affected by current economic conditions and the cost-of-living crisis.	0.651	0.651
				1.197	1.197



<b>Classification:</b> Open	<b>Decision Type:</b> Non-Key
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<b>Report to:</b>	Overview & Scrutiny Committee Cabinet	<b>Date:</b> 9 February 2023 15 February 2023
<b>Subject:</b>	The Council's Budget 2023/24 and the Medium Term Financial Strategy 2024/25 - 2025/26	
<b>Report of</b>	Cabinet Member for Finance and Communities	

### Summary

1. This report sets out the key elements of the 2023/24 budget proposals and the framework for the longer-term Medium Term Financial Strategy (MTFS) 2023/2026. It makes available the latest financial information that will underpin the 2023/24 budget and the MTFS. The report also sets out the process that will lead to the agreement of the budget and the setting of the 2023/24 Council Tax at Full Council on the 22 February 2023.
2. This report reflects the Government's Annual Settlement for Local Government as delivered in December 2022 and the associated two-year policy statement. It has also been produced at a time of continued unsettlement within financial forecasting due to international and national pressures. As such the financial tables within the report focus on the 2023/24 budget position, with a less in-depth forecast for the two years beyond.
3. The Housing Revenue Account is a separate report on this agenda, this report is part of the suite of financial reports including:
  - Capital strategy 2023/24 to 2025/26
  - Flexible Use of Capital Receipts Strategy 2023/24
  - Treasury Management Strategy 2023 –24
  - The Dedicated Schools Grant and the schools budget 2023 –24

### Role of Overview and Scrutiny Committee in budget process

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

5. In considering the budget proposals, the Committee can challenge how the budget has been constructed. It may wish to probe the assumptions that lie behind the budget strategy, what are the main savings proposals, how will any growth be funded, and has an appropriate level of reserves been set.
6. The Committee will also need to maintain a 'big picture' view of the financial pressures affecting the Council and understand how these might impact on existing budgets and budget setting in subsequent years. These issues are set out in the Financial Context and Background section below.

### **Recommendation(s)**

Overview and Scrutiny Committee is asked to:

- Note the report.
- Consider whether they wish to make any recommendations to Cabinet on the content of this report.

The Cabinet is asked to:

1. Approve the Medium-Term Financial Strategy and the assumptions regarding resources and spending requirements.
2. Note the Council Tax base is the equivalent of 56,708 Band D dwellings, this is the basis on which the Council Tax funding has been calculated.
3. Approve the net revenue budget of £210.813m for 2023/24.
4. Approve an increase in Council Tax of 2.99% in terms of General Council Tax and a further 2% for the Adult Social Care Precept in each of the 2023/24 and 2024/25 financial years.
5. Approve, subject to statutory regulations and legislation with regard to any guidance issued by the Secretary of State, to implement a 100% Council Tax premium on 2nd homes and to amend the timing of the premium on empty and unoccupied properties with effect from April 2024.
6. Approve the recurrent changes to expenditure of £16.852m in 2023/24.
7. Approve the non-recurrent changes to expenditure of £3.618m in 2023/24.
8. Approve the proposed savings and additional income of £22.545m for the 2023/24 financial year.
9. Approve the use of reserves of £4.802m in 2023/24.
10. Approve the transfer of £1.912m into reserves with regards to the funding of social care reforms.
11. Note the forecast position on reserves.
12. Approve the flexible use of Capital receipts strategy 2023/24 as set out in Appendix 2.
13. Approve the Treasury Management Strategy as set out in Appendix 2
14. Approve the recommendations to Council as set out relating to the Dedicated Schools Grant and setting the schools budget.
15. Note the Departmental cash limits as set out at Appendix 5.

16. Approve the commencement of consultation in respect of options set out in paragraph 101 of this report.
17. Recommend that Council approve and adopt the budget for 2023/24.

## **1. FINANCIAL CONTEXT AND BACKGROUND**

1.1 This budget is brought forward in an extremely difficult context. Since 2019 the Council has been managing through a pandemic, with the associated resource challenges across increased costs, additional demand and reduced income. A strategic decision was made to apply reserves to manage the short-term impacts caused by Covid, including the use of one-off monies provided by central government to mitigate the impact of the pandemic. Although this provision concludes this year, the challenges of the national economic context have increased and as such this budget has to respond to the significant worsening of the Council's financial position. Specific pressures include:

- Sharp increases in energy costs as a result of the war in Ukraine, and the impact on operating council services in particular the Leisure Centres.
- Inflation in the UK at a 40 year high which is feeding into additional pressures on contract values, staff pay and utility costs for the Council. The Bank of England has, however, issued an improved forecast with a prediction that inflation will decrease below 10% after March 2023, by the end of 2023 be between 5-6% and then below 2% in the first half of 2024.
- Ongoing increases in demand for many services, particularly in children and adults social care and more widely across urgent, elective and primary care. As an integrated system this places more demand on council services.
- A need for investment in children's services to support the social care improvement journey, to address the Dedicated Schools Grant deficit and to "pump prime" longer term efficiencies.
- National shortages of labour are also increasing workforce costs, particularly within services for children.
- UK interest rates are now at their highest level for 14 years which will feed into higher costs for Council borrowing.
- Increases in costs caused by the disruption of supply chains during Covid.

1.2 On the 19<sup>th</sup> October 2022, the Council's Cabinet received a financial planning document, the Medium-Term Financial Strategy Refresh, within which the 2023/24 financial assumptions were updated in this context. Since then, the Local Government Finance Settlement has been announced for one year only, although with planning indications for up to two years. In light of this, the Council can only set a one-year budget. The settlement, winter funding and additional step-down funding announcements all make increased provision for adult social care, but again these are short term provisions.

1.3 The scale of immediate macroeconomic challenges faced by the Council and uncertainty of the national position require a long-term approach to resources.

However, forward financial planning remains difficult in the context of a one-year settlement and short-term funding announcements. This budget has therefore been developed as a one-year position, but in the context of the Borough's strategy, LET'S Do It!, to 2030 which, from a financial perspective, aims to drive growth to widen and deepen the tax base and tackle deprivation to reduce the demand on council services (particularly social care).

1.4 The LET'S Do It! strategy directs the Council's Corporate Plan comprises:

- A focus on "Local" services delivered by joined-up public services which manage demand through integration and the appropriate engagement of the voluntary and community sector.
- Pursuing income and reducing costs through the "Enterprise" of economic development and internal transformation, particularly digital technologies.
- Delivering change "Together" with local people, through consultation and co-design.
- Taking a "Strengths-based" approach to service provision which draws on the resources of residents to manage their lives independently as far as possible and allows the Council to prevent, reduce and delay the costs of its interventions.

## **2. FORECAST OUTTURN POSITION FOR 2022/23**

2.1 It is important that the current year's budget position is taken into consideration and that any trends and information available are reflected on. Monitoring at the end of the third quarter, December 2022, shows that the Council is forecasting a deficit of £3.959m. The pressures in children's services and those caused by rising utilities costs have been regularly reported to Cabinet. The table below provides a summary of the forecast position based on information available at the end of December 2022.

Directorate	Approved Budget	Forecast	(Under)/ OverSpend
	£m	£m	£m
Business, Growth, and Infrastructure	3.269	3.347	0.078
Children and Young People	45.910	52.361	6.451
Corporate Core	14.872	14.281	(0.591)
Corporate Core – Finance	5.169	5.481	0.312
Housing General Fund	1.288	1.288	0
Non-Service Specific	6.349	(0.815)	(7.164)
One Commissioning Organisation	80.781	82.215	1.434
Operations	19.846	23.283	3.437
<b>TOTAL</b>	<b>177.484</b>	<b>181.441</b>	<b>3.958</b>

- 2.2 The budget remains under regular review by the Executive Team and is reported on a quarterly basis to Cabinet. The potential for the position to change because of the increasing pressures in children's and adults' services remains a risk and will continue to be managed and monitored carefully for the remainder of the year. A separate report on the Council's financial position at the end of December 2022 is on this agenda.

### 3. REVENUE RESOURCE REQUIREMENT AND THE LOCAL GOVERNMENT FINANCE SETTLEMENT

- 3.1 The Council continues to work with a one year only Local Government Finance Settlement, although this year the Government announced a two-year policy statement which did give an indication on which grants will continue for 2024/25, and the deferral of the business rates reset until at least the 2025/26 financial year.
- 3.2 The Council's forecast revenue resource prior to the provisional Local Government Settlement was £176.078m for 2023/24, as reported to Cabinet on 19 October 2022 within the Medium-Term Financial Strategy Refresh.
- 3.3 The 2023/24 Local Government Finance Settlement was announced on 19 December 2022. The settlement confirmed the following amounts:

- Continuation of the additional Social Care grant, which can be used to support both Adults and Children's social care. The value of which has increased from the 2022/23 value of £3.071m to a value of £4.793m. This will continue into 2024/25 but there is no confirmation of any funding beyond this and therefore has been treated as non-recurrent for these two years.
- £0.288m of the above Social Care Grant relates to funding for independent living fund packages that we previously received separate funding for but has now been consolidated into the above. This funding will need to be allocated to the respective budget.
- Continuation of the Improved Better Care Fund Grant at a value of £7.628m and the original Social Care Grant at a value of £7.841m. Both of which were already built into the MTFS.
- Social Care market sustainability continues at an increased value from the £0.551m received for 2022/23 to £1.912m for 2023/24. It is being given as additional monies to make tangible improvements to adult social care, and, in particular, to address discharge delays, social care waiting times, low fee rates, workforce pressures and to promote technological innovation in the sector therefore it is proposed to hold as a ringfenced reserve which will require a business case to justify how the expenditure meets these criteria.
- There is also a further non recurrent Adult Social Care grant of £1.069m which is specifically to address delayed transfers of care from hospitals. This must form part of the Better Care Fund and therefore will have matching expenditure. There are conditions and criteria in respect of outcomes attached to this grant.
- The Lower Tier Services grant which was £0.266m, in 2022/23 has ceased, along with the Local Council Tax Support Admin Grant of £0.250m. At the present time the Council has not received confirmation of the Housing Benefit Admin Grant (previously £0.512m) therefore this has not been included in the current projections resulting in a reduction of £1.055m for these three grants.
- The non-recurrent services grant which was £2.482m in 2022/23 has been confirmed again but this is reduced to £1.399m the removal of the allowance for the employers increases in national insurance, the value of which was circa £0.500m per annum. There was a further reduction because of redistributing funds between this and the Supporting Families programme.
- A further year of the New Homes Bonus Grant which is subject to achievement of certain targets of £0.053m.

3.4 The increase in Spending Power within this short-term budget includes income from locally raised Council Tax, which following the Autumn Statement can be



raised by up to 3% without a local referendum, and the Adult Social Care Levy of up to 2%, both of which are subject to local decision making and have been included within these figures.

- 3.5 The Council's forecast revenue resource after the Local Government Settlement announcement is £192.186m, an increase of £16.108m. This includes increases in Council tax, business rates and Government grants. However, £3.269m of the increase in grants is related to Social Care funding which is needed to match already committed expenditure, in the case of discharge funding and independent living fund or is recommended for transfer to reserves until the criteria and outcomes for spend is known. The only grant assumed to be continuing into 2024/25 from above is the Social Care grant which after the impact of the loss of the three grants identified above gives a one-year benefit of £3.450m in 2024/25. The ASC market sustainability grant may also continue but is subject to confirmation and therefore has not been included in the assumptions for 2024/25.
- 3.6 The Council must ensure it has a robust financial strategy and is also holding sufficient reserves to mitigate against planned or unplanned expenditure and other risks. The impact of the pandemic meant that reserves were needed to support some of the anticipated short term financial impacts on the Council in the last two financial years. This was in line with the Council's financial strategy. This budget has been produced on the basis that savings and efficiencies have been identified to close the full gap recurrently, but this may take up to four years in some cases for the schemes to deliver in full and therefore the use of reserves and the non-recurrent grants identified above will be needed to smooth the position.
- 3.7 The Council's financial strategy for 2023/24 through to 2024/25 assumes that:
- There will be a 2.99% annual increase in Council tax for each financial year.
  - The Council will also further increase Council tax by the 2% Adult Social Care Precept for each of these two financial years.
  - The Better Care Fund, the main element of the Improved Better Care Fund and other longstanding Government grants continue to be received at their current levels over the medium term.
  - The new Social Care grant is assumed for two years. The market sustainability, discharge and the Services grant are assumed as non-recurrent one-year only grants for 2023/24.
- 3.8 The table below sets out the base revenue funding forecasts for 2023/24 both pre and post settlement. The pre settlement figure is as per the October Cabinet report. The setting of the Council Tax precept is a

decision for Council after taking advice from officers and information available at that time.

Revenue Resource Forecast 2023/24		
	Pre-settlement estimate	Post-settlement update
	£m	£m
<b>Resource funding streams</b>		
Improved Better Care Fund	7.628	7.628
Social Care Grant	7.841	7.841
Additional Social Care grant	0.0	4.793
New Homes Bonus	0.0	0.053
Independent Living Fund now part of Social Care Grant	0.0	0.0
LCTS Admin Grant	0.250	0.0
Housing Benefit Admin Grant	0.512	0.0
Lower Tier Services Grant	0.293	0.0
Services Grant assumed non recurrent	0.0	1.399
Market Sustainability assumed non recurrent	0.0	1.912
ASC Discharge	0.0	1.069
<b>Sub Total</b>	<b>16.524</b>	<b>24.695</b>
Council Tax	100.158	103.680
Business Rates	59.396	63.811
<b>Sub Total</b>	<b>159.554</b>	<b>167.491</b>
<b>Total Revenue Resource forecast</b>	<b>176.078</b>	<b>192.186</b>
<b>Additional revenue resource funding post settlement</b>		<b>16.108</b>
<b><u>Adjustments</u></b>		
Social Care market sustainability funding recommended to be transferred to reserves		(1.912)
<b>Revised additional revenue resource funding post settlement</b>		<b>14.196</b>

### 3.9 Council Tax and Business Rates

- 3.10 The proposal is to increase Council tax rates to the maximum rate of 2.99% now permitted by Government. This increase is incorporated in the resource forecasts. Not only does this approach ensure the Council's financial sustainability over the

medium term, it is also assumed in the Government's estimates of the funding available to Local Authorities.

3.11 The calculation of the Council Tax base for 2023/24 is set out in Appendix 1.

3.12 The 2022/23 Local Government Finance Settlement announcement in December 2021 confirmed that the 100% Business Rates Retention pilot will continue in 2022/23 for the original five regions which includes the Greater Manchester area. Therefore, existing arrangements will continue with no change to these arrangements taking place for 2023/24. The Greater Manchester Combined Authority (GMCA) has produced a budget for the utilisation of the GMCA element from districts which for 2023/24 is proposed to continue at 25%.

3.13 The business rate income comes in through several sources:

	<b>2023/24</b>
	<b>£m</b>
Business Rates: Local Share	(41.745)
Business Rates: Top Up	(5.695)
Business Rates: Section 31 Grants	(17.255)
Business Rates: GMCA no detriment contribution	0.884
<b>Total</b>	<b>(63.811)</b>

3.14 The Mayoral precept increase being proposed to the February Combined Authority budget setting meeting is £5 for the fire precept and no increase for Mayoral non-fire precept resulting in a £5 increase for a Band D property. The police and crime precept is a proposed increase of £15.

3.15 The Government is currently bringing forward the Levelling-up and Regeneration Bill which will give Billing Authorities further flexibility to charge a council tax premium of 100% on 2nd homes and to bring forward the time period under which a premium can be charged on long-term empty properties from 2 years to 1 year. This may affect approximately 660 properties in Bury. The proposed bill confirms that these amendments have effect for financial years beginning on or after 1 April 2024 and it is further stated within the Bill that it does not matter if this period begins before the proposed section comes into force.

3.16 To bring these changes into effect for the financial year beginning on 1 April 2024 a Council Resolution must be made prior to 1st April 2023 with notice of that resolution published in at least one local paper before the end of the period of 21 days beginning with the date of that resolution.

### **3.17 Adult Social Care Levy**

In addition to an increase of 2.99% in Council Tax income, the Council has a further option of implementing a 2% adult social care levy. This report recommends that the adult social care levy will be applied to Council Tax rates. The raising of 2% adult social care precept delivers £1.978m of increased income, which not only benefits the 2023/24 financial year, but then forms part of the recurrent tax base. This is assumed in both the 2023/24 financial year and the 2024/25 financial year within these figures in order to support the setting of a balanced budget.

## **4. DEVELOPING THE MEDIUM-TERM FINANCIAL STRATEGY AND THE 2023/24 BUDGET**

### **4.1 Permanent Spending Need**

The October Cabinet paper identified several cost pressures and spend requirements totalling £14.936m, £14.376m of these were increased costs and £0.560m was reduced revenue resources. These have been further updated following Cabinet decisions since October which have committed further spend. This has resulted in the gap increasing by £1.916m. The cost pressures totalling £16.852m are summarised in the table below. These are proposed as additional permanent allocations and are set out in detail at Appendix 2.

### **4.2 Pay Inflation £6.857m**

The Council has historically budgeted for pay inflation at 2%. The national pay settlements for 2022/23 agreed a flat increase of £1,925 across all pay points for staff on NJC and JNC Chief Officer terms and Conditions. This equated to a 7.1% increase in the Council's pay budget. (The uplift percentage was differential across all pay points). For 2023/24 the same approach has been taken as part of budget setting. The £6.857m is the recurrent impact of the 2022/23 pay award over and above the previously budgeted 2% and the impact of a 2023/24 pay award at a similar level.

### **4.3 Utilities Inflation £1m**

Utilities budgets have significantly overspent in 2022/23 due to the rising costs of gas and electricity. The overspend in 2023/24 is expected to be circa £1.500m after the utilisation of the £1.500m reserve. However, the Council has undertaken actions which will start to reduce spend on utilities over time. These include the rationalisation of administrative buildings which will continue during 2023/24, decarbonisation works in our most energy inefficient buildings and an

education campaign amongst staff on how they can reduce energy consumption within Council buildings and at home.

This, however, remains an area of significant volatility and risk. Both the financial position here and progress of work to reduce costs will be closely monitored and updates provided to Cabinet as necessary.

#### **4.4 Children & Young People's Investment £3.327m**

Investment of over £6.3m has been made in Children's Services this year, in the context of the social care improvement journey and following an LGA finance review.

Two restructures have been supported to significantly increase capacity across children's social care and education, with associated investment of £3.327m. One-off resources of £3m and additional repurposing of existing reserves was approved by Council as part of the 2022/23 budget, to support improvement which will also ultimately reduce costs.

Despite this, the department is forecasting a significant overspend as described in the latest budget monitoring report. The overspend largely relates to temporary and additional staffing costs because of the restructure and agreement to increase capacity, due to a heavy reliance on agency staffing and temporary externally managed teams. The additional pressures should reduce as permanent recruitment and wider improvement activity progresses, however there is a major dependency on the timely implementation of the education restructure and correct alignment of DSG funding.

The budget is therefore developed on the basis that Children's Services can deliver within its budget and, further, to make a longer-term contribution to reduced costs through investment in new delivery models which will reduce demand. To increase in-borough fostering; reductions in expensive residential placements and preventing children moving into care through the family safeguarding model. To allow time for the benefits of the improvement work to be achieved, most associated savings have been deferred to 2024/25 onwards.

#### **4.5 Increased Levies £1.12m**

Within the October Cabinet report a value of £1.12m was included as the information that was available at the time for the 2023/24 recurrent uplifts in the waste disposal and transport levies which are administered by the Greater Manchester Combined Authority. These figures have been maintained within

this report for consistency. However, following review of these budgets by the GMCA and the ten GM Authorities both proposed recurrent increases have been reduced for 2023/24. This reduces this pressure by £0.52m and is included within the strategic finance proposals. There is however, a non-recurrent increase in the transport levy of 1% which for Bury is £129k which will be offset by Bury's share of a return from a waste disposal reserve held by the GMCA of £0.162m.

#### **4.6 Unachieved Procurement Savings £1m**

The transformation report presented to December Cabinet identified that £1m of procurement savings which were to be delivered £0.50m in 2022/23 and a further £0.50m in 2023/24 were a duplicate of savings that were already being delivered within Departmental savings through contract negotiations and commissioning reviews. They were therefore deemed unachievable over and above what was already being delivered. Work is ongoing to review all contracts when they come up for renewal and as part of the review of the contracts register where there are multiple suppliers for similar supplies and services to determine if further savings can be achieved.

#### **4.7 Other Sundry Changes (£0.244m)**

This is the net impact of funding the increase in members allowances approved after the 2022/23 budget was set and those that were presented to January 2023 Council, offset by the saving from the removal of the NI levy.

#### **4.8 Impact of Real Living Wage £3.504m**

The Council has committed to pay not only its directly employed staff the Real Living Wage, but to ensure commissioned provider staff working for Bury are also paid at this rate by April 2023. The real living wage hourly rate increased to £10.90 per hour in September 2022, with accredited organisations having until May 2023 to pay staff at this rate. This is higher than previously estimated. Consequently, the cost of social care commissioned services have increased significantly. This £3.504m investment is in addition to the initial costs of £5.487m commitment by the Council to paying the Real Living Wage over the first five years of agreed by Cabinet in September 2021. These costs are significant, particularly in the wider financial context. However, the benefits of the Council's investment here is critical to our overall LET'S Do It! ambition and commitment to leading by example in the provision of Good Work. Analysis in December 2022 demonstrated the Council's Real Living Wage commitment has directly increased the wages of around 5,000 Bury workers with, beyond this, 16 local employers now also achieving Real Living Wage accredited status following the Council's example.

## 5. SUMMARY SPENDING POSITION

### 5.1 Non-Recurrent Spending Requirements

The table below outlines the non-recurrent spending requirements which are either one off for 2023/24 or are required for 2023/24 and 2024/25 but no longer.

Summary Forecast Spending Requirement	2023/24	2024/25
	£m	£m
1% Non-Recurrent transport levy	0.129	0.00
Children's Safeguarding Model	1.000	1.000
Utilities Contingency	1.000	0.00
Flexi Hall market office decant and loss of market car park income	0.420	0.420
ASC discharge matched expenditure	1.069	0.00
<b>TOTAL NON-RECURRENT CHANGES TO EXPENDITURE</b>	<b>3.618</b>	<b>1.420</b>

### 5.2 Recurrent Spending Requirements

Bringing together the recurrent and non-recurrent spending requirements indicates that the Council has a net revenue budget requirement of £210.813m in 2023/24.

Summary Forecast Spending Requirement	2023/24
	£m
<b>SPENDING REQUIREMENT BROUGHT FORWARD</b>	<b>190.343</b>
<b>Recurrent Spending Requirements</b>	
Pay Inflation	6.857
Utilities Inflation	1.000
Children's and Young Peoples Investment	3.327
Increased Levies	1.120
Unachieved Procurement Savings	1.000
Other Sundry Changes (net impact)	(0.244)
Impact of Real Living Wage	3.504
Independent Living Fund previously separately funded now inc. ASC grant	0.288
<b>RECURRENT CHANGES TO EXPENDITURE</b>	<b>16.852</b>
<b>TOTAL FORECAST ONGOING SPENDING REQUIREMENT</b>	<b>207.195</b>
<b>NON-RECURRENT CHANGES TO EXPENDITURE</b>	<b>3.618</b>
<b>TOTAL NET REVENUE BUDGET REQUIRED</b>	<b>210.813</b>

## **6. PROPOSALS FOR BALANCING THE BUDGET**

### **6.1 Forecast spending requirement**

As can be seen in the tables above, there is an initial forecast spending requirement of £210.813m in 2023/24.

### **6.2 Forecast funding resource and resulting budget shortfall**

It should be noted that due to the funding settlement being a one-year settlement and the receipt of non-recurrent grants the revenue resource for the 2023/24 and 2024/25 financial years is higher than in future years.

The recurrent position i.e., the on-going position without the non-recurrent grants is a recurrent gap of £31.395m, hence why savings programmes, efficiencies and additional income has been identified to close the full recurrent gap.

### **6.3 Savings proposals and updated budget shortfall**

6.3.1 Savings proposals totalling £24.261m and additional Council Tax and business Rates income of £7.134m have been brought forward to balance the budget. As far as possible, proposals have been developed around and to align with the LET'S framework of demand management; transformation; collaborative delivery and pursuit of income and growth. These options total around 66% of the total reductions and involve:

- **Efficiencies from strategic financial management** including appropriate use of cost capitalisation and external grants.
- **Increases to fees, charges and recharges**, aligned to inflation values. This includes uplifts to Council Tax and Business Rates and, following consultation feedback, a commercialisation model for Bury Art Museum.
- A strategy to **reduce the cost of high-cost social care placements** in children's services; for working-age adults and an all-age disability strategy. Proposals are also made to invest in the Shared Lives service for adults and a strategy will also come forward to increase the number of in-borough foster placements for children.
- **Transformation and innovation** within services, to prevent demand and reduce costs through transformation, including the increased use of assistive technology. These proposals include implementation of the Hertfordshire family safeguarding model and progressing the edge of care service, which were reported within the July Cabinet reports on children's services. A community wellness offer is proposed and ongoing development of models of care within adult social care.



- **Investment will be made in supported and specialist housing** to reduce the costs of residential provision over the next three years. The Care Act will also be implemented fully to remove the cost of the Support at Home service.

6.3.2 In addition, **workforce costs will be reduced** by £0.700m over the next two years through a reduction of workforce related costs, including an increase in voluntary unpaid leave uptake for all staff and a saving in Chief Officer costs.

6.3.3 Despite this work, the scale of budget reductions required mean that not all savings can be achieved through strategic alignment. In parallel, it has been necessary to review all non-statutory services and to make some risk-based reductions in provision. This includes over £1m of reductions within functions in corporate core services, finance, the Public Health function and the Operations department. A reduction in grants to the voluntary and community sector was proposed but has been withdrawn in this budget period, pending a fuller review of Council investment in the sector

A template with the detail of each option is appended to this report. The schedule of proposals is below.

6.3.4 As stated elsewhere in this report not all of these savings will be deliverable from 1 April, given the scale of reductions required and extent of some of the service and delivery changes required. These proposals therefore close the recurrent 2023/24 budget gap but will require the utilisation of reserves to smooth the position until all savings and revenue delivers in full.

6.3.5 The table below identifies the schemes by department including the phasing of delivery. It is recognised that utilisation of reserves will be required each year to close the gap.

	<b>Total</b>				
	<b>£m</b>	<b>23/4</b>	<b>24/5</b>	<b>25/6</b>	<b>26/7</b>
Strategic Financial Management	6.404	6.304	6.304	6.304	6.404
One Commissioning Organisation	5.045	3.054	4.645	4.825	5.045
Public Health	0.192	0.159	0.192	0.192	0.192
Business, Growth and Infrastructure	0.650	0.500	0.650	0.650	0.650
Housing	2.533	0.964	1.689	2.533	2.533
Operational Services	1.336	1.336	1.336	1.336	1.336
Children and Young People	4.759	0.390	2.362	4.171	4.759
Finance	1.313	1.000	1.157	1.313	1.313
Corporate Core	2.029	0.901	1.641	2.029	2.029
<b>Total</b>	<b>24.261</b>	<b>14.608</b>	<b>19.976</b>	<b>23.353</b>	<b>24.261</b>
Additional Revenue from Council Tax and Business Rates	7.134	7.937	9.313	6.734	7.134
<b>Sub Total</b>	<b>31.395</b>	<b>22.545</b>	<b>29.289</b>	<b>30.087</b>	<b>31.395</b>

#### 6.4 Non Recurrent Resources in Year

In common with a number of non-recurrent expenditure items in year there are also some non-recurrent items of revenue resource in year in addition to the government grants which were issued as part of the spending review. The Greater Manchester Combined Authority will be further distributing to the ten GM authorities a refund from the waste disposal reserves of £0.129m which will be used to offset the 1% non-recurrent increase in the transport levy and £2m which it is proposed is used to fund the investment in the children's family safeguarding model that was approved at Cabinet in July 2022, £1m will be required in 2023/24 with the further £1m being required in 2024/25.

#### 6.5 Additional funding resource post settlement and resulting budget position

The table below identifies the proposed 2023/24 budget position which is balanced in year using reserves.

	<b>2023/24</b>
<b>Spending Requirement</b>	210.813
<b>Funded By</b>	
Council Tax	103.680
Business Rates	63.811
Government Grants	24.695
ASC market sustainability funded transferred to reserves	(1.912)
<b>Revenue Resource Forecast</b>	<b>190.274</b>
Savings Identified to be delivered in 2023/24	14.608
Waste Reserves return from GMCA	1.129
Use of reserves to smooth the in-year savings delivery	4.802
<b>Total Sources of Funding</b>	<b>210.813</b>

## 6.6 Workforce Implications

6.6.1 The Council employs circa. 1,936 Full Time Equivalent staff (excluding those directly employed within schools) and spends in the region of £85m a year on its employees, which represents around a third of the organisational expenditure.

6.6.2 The Council's workforce is central to the delivery of our LET'S Do It! vision for Bury, driving forward work to reduce deprivation and drive economic growth. In support of this, a significant programme of work to strengthen workforce engagement, capability and capacity is underway, aligned to the LET'S Do It! principles.

6.6.3 The October Medium Term Financial Strategy refresh highlighted three potential areas of direct workforce impact from the Council's emerging budget proposals at the time of writing:

- A proposal to maximise savings through the voluntary purchase of unpaid annual leave, with a target of £0.600m in savings.
- A £0.100m reduction in the Council's costs associated with Chief Officers.
- The potential for around 75 redundancies across departments as a direct result of the delivery of the budget reductions required.

6.6.4 Between October and January, the Council formally consulted staff for a period of 90 days on both the overarching budget proposals and, where relevant, on those specific changes under consideration. This process included all-staff broadcast communications and online briefings and Departmental and Service specific engagement opportunities in those areas of most significant likely impact. This process saw a very limited level of

response from staff. Where responses did emerge, they related largely either to specific proposals (such as the proposals around Bury Art Museum) or wider efficiency suggestions (such as around potential procurement savings options or energy efficiency measures). These suggestions have been shared with relevant service leads for consideration.

6.6.5 Whilst the final budget proposals included in this report include the same three areas of direct staffing impact, the detail here has evolved over the last three months as proposals have developed.

- Work to maximise savings through the voluntary purchase of unpaid annual leave has generated circa. £0.150m of savings for 2023/24. The Council will seek to further savings, to £0.300m, by adopting an 'opt out' approach for all staff. (The detail of this proposal is included within the budget template appended). To meet the remaining £0.300m savings target for the 2024/25 financial year further workforce efficiencies will need to be identified.
- There remains a commitment to deliver £0.100m reduction in the Council's costs associated with Chief Officers, with this target included in proposals for 2024/25.
- The potential number of redundancies across departments as a direct result of the delivery of the budget reductions has reduced from 75 to 36 as a result of the detailed design work on budget proposals and strict vacancy management over the last three months. The Council remains committed to further reducing this number and avoiding compulsory redundancies wherever possible.

6.6.6 Throughout the budget delivery process there will be a continued focus on staff engagement and support to wellbeing, recognising both the impact of these changes on individuals and the anxiety this may cause as well as the workforce's continued work and commitment in support of Bury people.

## **6.7 Fees and Charges and Other Income**

A full review of fees and charges has been undertaken by all heads of service in conjunction with finance. Fees and charges have been increased by differential percentage points and identified within the savings above is an additional £1.000m of income. The increase in fees and charges across all services is more than £1.000m in total but in some areas this results in the achievement of income budgets that had been impacted by the pandemic and where yet to fully recover.

## **6.8 Cash Limits**

The proposed cash limits for each department are set out in Appendix 5.

## **7. RESERVES**

- 7.1 The October paper referenced that when the Council set its budget for 2019/20 it agreed to end a reliance on reserves and to move to a position of contributing to reserves in future years. This was achieved in 2020/21 when the Council added £10.000m to general reserves and created a further £5.800m Transformation Reserve from a review of the Collection Fund.
- 7.2 However, the 2021/22 budget had to respond to the extreme financial challenges of the Covid 19 pandemic and planned use of reserves formed part of the MTFS in both 2020/21 and a further £14.355m in 2022/23. It is recognised that due to the size of the financial gap in 2023/24 not all the savings will be delivered in the first year and that reserves will be required to smooth the financial position until delivery of the full recurrent value is achieved in 2026/27.
- 7.3 Reserves are also an appropriate source of funding for one off non- recurrent items of spend which cannot be funded from departmental budgets.
- 7.4 The table above identifies a requirement to use £4.802m of reserves in 2023/24 to close the in-year budget gap. Without further non recurrent grants there is a further requirement of £4.285m in 2024/25 and £0.908m in 2025/26

## **8. ROBUSTNESS OF THE BUDGET AND THE ADEQUACY OF RESERVES**

- 8.1 Section 25 of the Local Government Act 2003 requires that, in considering budget proposals, Members must have regard to the advice of the Council's Executive Director of Finance, on the robustness of the estimates and the adequacy of the Council's reserves.
- 8.2 The basis on which the budget has been prepared, as in previous years, relies on the forecast of activity and the impact of changes in policy previously agreed by the Council. These forecasts are kept under review as part of the budget monitoring process and actions identified to address financial risks arising from the changes in the forecast as they occur.
- 8.3 The Council holds reserves for several reasons:

- To enable the Council to manage variations in the demand for services which cause in year budget pressures.
- To fund specific projects or identified demands in the budget.
- To enable the Council to deal with unexpected events such as flooding or destruction of a major asset.

8.4 Setting an appropriate level of reserves is a matter of judgement considering:

- The level of risk evident within the budget as set out above.
- A judgement on the effectiveness of budgetary control within the organisation.
- The degree to which funds have already been set aside for specific purposes which will reduce the need for general reserves.
- The robustness and resilience of reserves is key and will be monitored on an ongoing basis.

8.5 As part of the budget setting process, the Executive Director of Finance who is also the Council's Section 151 statutory officer is required to assess the adequacy of the Council's reserves given risks both known and unknown at that time. If it is the Executive Director of Finance's opinion 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 Section 114 of the Local Government Finance Act exist. A formal report to Council would have to be issued.

8.6 Based upon the current position, the position on reserves is sufficient but very tight. The CIPFA financial resilience good practice says that general reserves of between 5 and 10% of annual revenue budgets should be held as a buffer. Based upon a spending need of circa £210m for 2023/24 this would suggest a buffer of between £10.5m and £21m should be held.

8.7 The sufficiency of the current reserves is reliant upon stringent budgetary control and the continuous monitoring of all budgets and awareness of risks which may impact upon the Councils financial position. Both the Executive Team and the Cabinet receive regular reports throughout the year. Should the position change which means there is a requirement to consider a S114 notice, a report will be issued to the Cabinet and the Council.

8.8 A forecast of reserves has been carried out and is set out in the table below. Whilst the total reserves balance is in excess of the CIPFA recommended value for resilience there are only the general reserves that are not earmarked or ringfenced for specific purposes.

<b>Forecast of Council Reserves at 31 March</b>	<b>31/03/22</b>	<b>31/03/23</b>	<b>31/03/24</b>
General Reserves	23.816	16.341	11.629
Directorate Risk Reserves	9.257	2.560	2.560
Volatility and Fiscal Risk	37.675	35.730	35.730
<b>Total Management of Risk Reserves</b>	<b>70.748</b>	<b>54.631</b>	<b>49.919</b>
COVID-19 Related Grants	4.691	0	0
Corporate Priorities	11.375	7.829	6.500
Transformation & Capacity Reserve*	6.424	4.974	2.000
External Funding/Grants	19.427	9.091	4.000
Other Earmarked Reserves	12.080	12.439	10.000
<b>Total Earmarked Reserves</b>	<b>53.996</b>	<b>34.334</b>	<b>22.500</b>
<b>Total Council Reserves (excluding Schools)</b>	<b>124.745</b>	<b>88.965</b>	<b>72.419</b>

<b>Dedicated Schools Grant Reserves</b>	<b>Closing 31/03/22</b>	<b>Closing 31/03/23</b>	<b>Closing 31/03/24</b>
DSG Reserve - School Balances	8.358	2.000	0.000
DSG Reserve - High Needs	(21.214)	(20.607)	(18.553)
<b>Total DSG Reserves</b>	<b>(12.856)</b>	<b>(18.607)</b>	<b>(18.553)</b>

8.9 The closing balance at 31/03/2023 includes the recommendation that; as part of this report Cabinet and Council approve the establishment of a £2.000m Children and Young People's reserve to support the Family Safeguarding Model, which will result in the balance of the existing reserve being released during 2022/23 to partially offset the spend incurred on the managed teams and agency staff that is contributing to the significant overspend. The balance at 31/03/2024 assumes there will still be £1.000m of the newly created reserve for the Family Safeguarding Model to carry forward for use into 2024/25.

8.10 With regards to the Dedicated Schools Grant there are two elements:

- Schools' balances which consist of the year end balances held by individual schools.

- High Needs, this relates to the forecast deficit on the High Needs element of the DSG and Bury Council are working as part of Project Safety Valve to remove the deficit. The original agreement was by the end of the 2025/26 financial year, but this timeframe has now slipped and the current forecast estimates there will still be a remaining deficit at this time of £6.483m. The forecast figures included in the above table relate to the latest Department for Education return in January 2023. There is a risk that the DfE will not accept this revised forecast,

8.11 The overall forecast position shows that the Council will have sufficient financial resilience in the short term, subject to the delivery of the proposals above. There are however several key risks that should they crystallise in any of the financial years would likely create further pressure on the reserves position. The table below sets out the scale of a small variance in the assumptions made, showing the potential of both a positive and negative movement of 1% across the main areas within the MTFS.

<b>Financial Risk in the MTFS</b>	
	<b>Potential Full Year Impact</b>
	<b>£m</b>
Pay (1%)	1.132
Price inflation (1%)	1.878
Council Tax Collection Rate	1.041
Business Rates Collection Rate	0.402

## **9 Risks and Opportunities**

- 9.1 The pressures on utilities budgets still remains a risk. The budget has been increased by £1.000m recurrently and a further £1.000m is held as a contingency. However, as reported within this report the overspend in 2023/24 is expected to be circa £1.500m after the utilisation of the £1.500m reserve and costs remain volatile. Therefore, it is imperative that all actions are taken to mitigate this but costs within our leisure services remains a concern.
- 9.2 During 2023/24 £6.6m has been spent on high cost managed teams and premium agency staff costs, £2.3m of this has been mitigated due to vacancies but permanent staff in post would not be as expensive as the premium rates charged by agencies. The restructure was approved by Cabinet in July 2022 and is fully funded within this budget. However, recruitment and the filling of the permanent establishment remains an ongoing challenge. Children's services both social care and SEND are on an improvement journey and budgets both within the general fund and DSG are under pressure.



## **10. NHS System Funding**

- 10.1 The new NHS system architecture came into place from 1<sup>st</sup> July 2022. This has impacted upon the budgets that are within the direct control of the locality. The NHS continues to be under increasing pressure both operationally and financially and the GM Health and Care system continues to work collaboratively to address these issues which impact upon our residents. However, these are challenging times for the whole of the public sector and increased waiting times and the deteriorating health of residents both in the community and upon discharge from hospitals is impacting upon social care demand. Work continues to explore every opportunity to jointly invest and benefit from system wide health and care transformation.
- 10.2 Due to the challenges identified within this report, additional budgetary control processes to monitor the delivery of savings and in-year expenditure will be put in place. Effectiveness of budgetary control is a combination of systems and processes, as well as the risk environment within which the Council is operating. It therefore remains an essential requirement that the Council continues to ensure that processes are effective in maintaining a grip on in year expenditure and that there is a clear focus on delivering a balanced and sustainable budget, without the unplanned use of reserves.

## **11. Capital Strategy**

- 11.1 The Capital Strategy is prepared in accordance with the latest Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential and Treasury Management Codes of Practice. The strategy provides a framework within which the Council's capital investment plans will be delivered. These plans are driven by the Council's objectives and are linked to the delivery of the Bury LET'S Do It! strategy.
- 11.2 The proposed Capital Strategy and programme 2023/24 – 2024/25 also takes the essential elements of previous year's strategies and programmes and moves them forward to the forthcoming year. Capital spending is a key determinant of future revenue commitments, and the capital programme and revenue budget are interlinked and have been developed as integrated strategies.
- 11.3 The ability for the Council to deliver its ambitions relating to capital will to some extent be affected by the Council's ability to afford the borrowing costs associated with this. Further alignment of the revenue and capital budget is currently being developed and it is anticipated that the financial strategy in future years will be a fully integrated one that includes revenue, capital and growth and investment strategies. The co-dependency and inter dependencies of the strategies is becoming more evident as the Council sets out its longer-

term plan and ambitions in both the Bury LET'S Do It! strategy and the Corporate Plan.

- 11.4 In 2015, the then Secretary of State for Housing, Communities and Local Government, issued guidance with regards to the financial years beginning 1st April 2016 to 1st April 2021 that allowed Local Authorities dispensation to use capital receipts to support revenue transformation projects and expenditure that would deliver long term and future savings. This guidance was then extended for a further 3 years and is now available for financial years of 1st April 2022, 2023 and 2024.
- 11.5 The guidance sets out examples of qualifying expenditure which includes “funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation” and it is for this purpose that the Council is proposing to use Capital Receipts in 2023/24.
- 11.6 However, to utilise this dispensation, the authority must approve in advance of the financial year a strategy stating that it intends to do so and what those capital receipts will be used for. To that end a report titled “The Flexible use of Capital Receipts Strategy 2023/24” is also on this agenda.

## **12. Treasury Management Strategy**

The Treasury Management Strategy is prepared in accordance with the CIPFA Prudential and Treasury Management Codes of Practice. The strategy sets out the Council's approach to managing investments, cash flows, money market and capital market transactions. The strategy provides a framework for the effective control of risks associated with these activities.

The Treasury Management Strategy for 2023/24 reflects the Council's capital expenditure plans as set out in the capital strategy. The strategy also sets out the position in relation to the prudential indicators arising from the Council's capital expenditure plans. As well as borrowing and investment strategies, the Treasury Management strategy also covers the current treasury position, economic outlook and interest rates forecasts, risk, and creditworthiness. Finally, the strategy also includes the Council's policy on borrowing in advance of need and the Minimum Revenue Provision (MRP) policy statement. No changes to the MRP policy or the treasury management strategy are proposed.

**13. Housing Revenue Account**

A separate Housing Revenue Account report has been prepared for presentation to Cabinet and is set out as a separate report on this agenda. This report sets out the recommended dwelling and non-dwelling rents and service charge increases to be applied from April 2023. The report is a key element of the Council's overall Medium Term Financial Strategy.

**14. Dedicated Schools Grant**

A separate report on the Dedicated Schools Grant (DSG) is set out elsewhere on this agenda. This report sets the schools budget for 2023/24 and the hourly rates for the early years education. The report also sets out the position on the DSG deficit relating to high needs and information on the recovery plan and the Department for Education's Safety Valve Project, which the Council is currently part of.

**15. Local Taxation and Benefits Discretionary Policies**

Annually the Council reviews and updates policies covering discretionary Council Tax discounts, discretionary Business Rates Relief, local welfare provision and discretionary housing payments. These policies provide support to local businesses and some of the poorest and most vulnerable residents within the Borough. These policies operate within a legislative framework determined by various Local Government Acts of Parliament.

**16. Counter Fraud and Corruption**

The Accounts and Audit Regulations 2015 state that the Council must have measures in place 'to enable the prevention and detection of inaccuracies and fraud'. In this context fraud also refers to cases of bribery and corruption. The budget proposals contained in this report rely on effective processes for mitigating the risk of financial loss from fraud, bribery and corruption.

**17. CIPFA Financial Management Code**

CIPFA's Financial Management Code was published in October 2019 with an effective date of 1 April 2021. The objectives of the code are 'to support good practice in financial management and to assist Local Authorities in demonstrating their financial sustainability'. The code is based upon a series of principles which will be supported by specific standards of practice which CIPFA consider necessary for a strong foundation. The foundation being the ability to:

- Financially manage the short, medium and long-term finances of a Local Authority.
- Manage financial resilience to meet foreseen demands on services.
- Financially manage unexpected shocks in their financial circumstances.

## **18. CONSULTATION**

18.1 The Council commenced a budget conversation with residents in August 2022. Over 300 residents were engaged in qualitative research to understand their perceptions about the Council budget and priority services to protect. From this analysis, an indicative ranking of the perception of the most to least valued priority services was produced:

- 1.1. Protecting vulnerable people
- 1.2. Roads
- 1.3. Housing
- 1.4. Clean & green
- 1.5. Education
- 1.6. Support to businesses and the voluntary sector
- 1.7. Climate & environmental health
- 1.8. Culture

18.2 Between October and December 2022, a further and more detailed consultation with the public was undertaken around the specific proposals being made by the Council to reduce budgets. Consultation involved a communications campaign to raise awareness of the proposals, how funding is spent, how the Council is funded, pressures and reasons for the shortfall. Digital, social media, flyers and PR channels were used to promote the consultation. In total, 124 responses were received via the One Community portal.

18.3 Of those who responded, approximately two thirds agreed that Council Tax should be raised to contribute to balancing the budget. There was also a high degree of understanding that inflation and the cost of living has added to an already difficult situation.

18.4 In response to the proposed savings as described under the five headings of Strategic Finance, high-cost social care reductions, Maximising income, Service reviews and Transformation models, the majority of responses indicated that the options were “about right” or did not go far enough. This suggests that the plans were seen as acceptable and in the right areas based on the previous feedback from the public.

18.5 In terms of the LET’S principles, over half of those replying to this consultation felt that they were clear on their role in helping to reduce demand which is important with regards to the sustainability of provision. Of more concern

regarding working Together, nearly two thirds of respondents felt unable to influence the way the Council spends its money and less than half felt they could agree with the statement “I believe the Council is doing its best under difficult circumstances”.

- 18.6 A larger number of separate replies were provided specifically in response to the option to reduce Bury Art Museum by £0.250m. A summary of the replies is appended with the template (No 37), the majority of which signalled the public value of the facility and strong support for a more commercial model to underwrite its costs, including through applications for national funding, public donations and a programme of ticketed, commercial events. In response to this feedback, it is proposed that a commercialisation strategy for the museum is developed and that the savings from new arrangements are deferred to year two, to allow time for such a fundraising model to be established.
- 18.7 As described in “workforce implications” further consultation with the Trade Unions on the detail of options that have a potential impact on staffing will be followed in accordance with Council procedures.
- 18.8 Further consultation will be required on the specific savings proposals set out in the attached templates. Specific proposals relating to changes to the warden service and aligning medication reminders to our Care Act duties as set out in templates 9 and 19 will be carried out in accordance with statutory requirements, this will include consultation with service users and staff providing these services. The results of this consultation will be evaluated and proposals will be reviewed in light of these outcomes.

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#### **Links with the Corporate Priorities:**

1. The strategic imperatives of the LET'S Do It! Strategy, to prevent demand and deliver early intervention to reduce the costs, will be essential to the Council's ability to maintain a balanced budget.
2. This budget provides the resources to maintain the Council's strategic leadership of the LET'S Do It! Strategy, including the specific delivery priorities for 2023/24 which are described in the Corporate Plan.

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#### **Equality Impact and Considerations:**

1. In considering the budget for 2023/24 the Council must also consider its ongoing duties under the Equality Act 2010 to have due regard to the need to eliminate discrimination and advance equality of opportunity between all irrespective of whether they fall into a protected category such as race, gender, religion, etc. Having due regard to these duties does not mean that the Council has an absolute obligation to eliminate discrimination but that it

must consider how its decisions will contribute towards meeting the duties in the light of all other relevant circumstances such as economic and practical considerations.

2. Beyond the Council's legal obligations, the Authority has made a strategic commitment to inclusion as a key priority through both the LET'S Do It! Strategy and local Inclusion Strategy and defined Equality Objectives. The Council's commitment to inclusion extends beyond the nine legally protected characteristics and encompasses carers, Looked After Children and care leavers, military veterans and reservists and the socio-economically disadvantaged.
3. An initial overarching Equality Impact Assessment of the Council's Budget for 2023/24 and the Medium Term Financial Strategy has been undertaken and is appended below. This assessment has taken account of base data on the Bury population (including the latest data from the 2021 Census), the results of both the public and workforce consultation exercises on the budget and the detailed budget templates developed over recent weeks and months. This assessment confirms the Council's overarching commitment to mitigate any differential impact of the budget on protected groups insofar as is possible and in accordance with its statutory obligations and local strategic commitments.
4. In many cases there will be a need to ensure more detailed consideration of equality as proposals move to implementation, and the need for individual Equality Impact Assessments in relation to 22 of the 38 budget proposals has been identified. Initial analysis suggests there are a small number of these proposals where there is a particular risk of differential impact in relation to protected characteristics and these will need to be fully considered on a case-by-case basis.
5. The Council's Equality, Diversity and Inclusion Manager and Director of People and Inclusion will work closely with the Executive Team and Cabinet Member for HR and Corporate Affairs to ensure individual EIAs are developed as appropriate and mitigating actions to address potential disproportionate implications are taken as necessary.

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#### **Environmental Impact and Considerations:**

1. The Council is working towards becoming a carbon neutral organisation by 2038. A number of these budget proposals will reduce the organisations carbon footprint.

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#### **Assessment and Mitigation of Risk:**

1. The risks identified within this report and set out within the relevant sections above.
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### **Legal Implications:**

1. The Council must set the budget in accordance with the provisions of the Local Government Finance Act 1992. S30 of the Act states that it is an obligation to set Council tax for categories of dwellings, s31A sets out that the Council has a statutory responsibility to set a balanced budget. The budget must be fixed by 11 March 2023.
2. The Council is required by the Local Government Finance Act 1992 to make specific estimates of gross revenue expenditure and anticipated income leading to the calculation of the Council tax requirement and it must be sufficient to meet the Council's legal and financial commitments to ensure the proper discharge of its statutory duties and lead to a balanced budget. In setting the budget the Council has a duty to ensure that it continues to meet its statutory duties.
3. The provisions of Section 25 of the Local Government Act 2003 require that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the Executive Director of Finance (S.151 officer) as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. The Council has a statutory duty to have regard to the Executive Director of Finance's report when making decisions about the calculations.
4. Section 28 of the Local Government Act 2003 imposes a duty on the Council to monitor the financial position must be closely monitored and, members must satisfy themselves that sufficient mechanisms are in place to ensure the delivery of savings as well as to ensure that any new expenditure is contained within the available resources. Under s144 of the Local Government Finance Act 2003 where it appears to the Executive Director that expenditure will exceed the resources available to it the Officer has a duty to report this to the Council.
5. Further legal advice will be sought for specific proposals during the implementation phase which may need a specific consultation process. The consultation process, including the Council's consideration of the responses, is required to comply with the following overarching obligations (unless detailed statutory rules supplant these):
  - Consultation must be at a time when proposals are at a formative stage.
  - The proposer must give sufficient reasons for its proposals to allow consultees to understand them and respond to them properly.
  - Consulters must give sufficient time for responses to be made and considered.
  - Responses must be conscientiously taken into account in finalising the decision. Members must have adequate evidence on which to base their decisions on the level of quality at which services should be provided.
6. Where a service is provided pursuant to a statutory duty, it would not be lawful to fail to discharge it properly or abandon it, and where there is discretion as

to how it is to be discharged, that discretion should be exercised reasonably. The report sets out the relevant considerations for Members to consider during their deliberations and Members are reminded of the need to ignore irrelevant considerations. Members have a duty to seek to ensure that the Council acts lawfully. Members must not come to a decision which no reasonable authority could come to; balancing the nature, quality and level of services which they consider should be provided, against the costs of providing such services.

7. There is a particular requirement to take into consideration the Council's fiduciary duty and the public sector equality duty in coming to its decision. The public sector equality duty is that a public authority must, in the exercise of its functions, have due regard to the need to:
8. Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010,
9. Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it,
10. Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
11. Any decision made in the exercise of any function is potentially open to challenge if the duty has been disregarded.
12. The duty applies both to Council when setting the budget and to Cabinet when considering particular decisions.
13. The Local Government Act 2003 establishes a system to regulate the capital expenditure and borrowing of the Council. The heart of the prudential borrowing system is the duty imposed upon authorities to determine and keep under review how much money they can afford to borrow. The Local Authorities (Capital Financing and Accounting) Regulations 2003 (as amended) specify the prudential code for capital finance to which the Council must have regard in setting and reviewing their affordable borrowing limits (sections 3 and 5 of the 2003 Act).
14. The Localism Act 2011 provides for a Council tax referendum to be held if an authority increases its relevant basic amount of Council tax in excess of principles determined by the Secretary of State. The Local Government Finance Settlement for 2023/24 published in December 2022, announced that Council tax could rise by 3% before the need to hold a referendum and Councils could apply a Adult Social care levy of up to 2%.
15. The Local Government & Housing Act 1989 Part VI sets a statutory regime for housing finance. The Council has a general duty to review the rents of its houses from time to time and in fixing rents the Council must have regard to the principle that the rents of dwellings of any class or description should bear broadly the same proportion to private sector market rents as the rents of dwellings of any other class or description.



16. The review of the rents is a Cabinet function and is undertaken with due regard to the provisions of Part VI of the 1989 Act which governs housing finance and housing subsidy. Rents for Council houses are a credit to the housing revenue account and outgoings a debit. The Council is under a duty to prevent a debit balance on the housing revenue account which is ring-fenced. There are restrictions in the way in which the account can be operated. Members are referred to the separate Housing Revenue Account report, this report must comply with these accounting requirements. All proposals should comply with its duty to prevent a debit balance arising on the Housing Revenue Account.
17. Each proposal to make or increase charges must comply with the statutory framework (including primary and secondary legislation and any statutory guidance issued) relating to the activity in respect of which charges are being levied, including any limitations on levels of charges.
18. Where reliance is placed on the power to charge for discretionary services (Section 93 of the Local Government Act 2003), any charges must be set so that when the charges are taken as a whole no surpluses are made (i.e. the power is limited to cost recovery).
19. In relation to certain activities which are subject to authorisation by the Council (e.g. licences), the Provision of Services Regulations 2009 prevent the recovery of charges in excess of the cost of the procedures and formalities under the scheme of authorisation, (i.e. the Council is permitted to recover costs only), and such costs must also be reasonable and proportionate.
20. Where activities are being undertaken for which charges are being made with the intention of producing surplus income, it is necessary to consider whether that activity is material and would amount to "commercial trading". For commercial trading, the Council must develop a business case and establish an arms' length company to undertake that activity (in accordance with the general trading power under Section 95 Local Government Act 2003) or identify another statutory power for a particular trading activity.
21. In accordance with s 33(2) of the Localism Act 2011 the Monitoring Officer intends to grant dispensations to all members to allow members to participate in and vote on the setting of the Council Tax or a precept (and matters directly related to such decisions including the budget calculations).
22. Members should be aware of the provisions of Section 106 of the Local Government Finance Act 1992, which applies to members where:
23. (a) they are present at a meeting of the Council, the Executive or a Committee and at the time of the meeting an amount of council tax is payable by them and has remained unpaid for at least two months, and
24. (b) any budget or council tax calculation, or recommendation or decision which might affect the making of any such calculation, is the subject of consideration at the meeting.

25. In these circumstances, any such members shall at the meeting and as soon as practicable after its commencement disclose the fact that Section 106 applies to them and shall not vote on any question concerning the matter. It should be noted that such members are not debarred from speaking on these matters. Failure to comply with these requirements constitutes a criminal offence, unless any such members can prove they did not know that Section 106 applied to them at the time of the meeting or that the matter in question was the subject of consideration at the meeting.

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**Financial Implications:**

2. The financial implications are included within the Report.

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**Background papers:**

*Cabinet report – MTFS October 2022*

***List of Appendices***

*Appendix 1 – Calculation of the Council Tax Base*

*Appendix 2 – Spending allocations*

*Appendix 3 - Existing savings previously agreed*

*Appendix 4 A – Savings proposals for 2023/24*

*Appendix 4B – Templates for Savings proposals*

*Appendix 5 – Departmental Cash Limits*

*Appendix 6 – Equality Impact Assessment*

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

Term	Meaning
CIPFA	Chartered Institute of Public Finance and Accountancy
DfE	Department for Education
DLUHC	Department for Levelling Up, Housing and Communities
DSG	Dedicated Schools Grant
EDI	Electronic Data Interchange
HRA	Housing Revenue Account
ICES	Integrated Community Equipment Services
ICT	Information Communication Technology
IFA	Independent Fostering Agency
GM	Greater Manchester
LCTS	Local Council Tax Support
MBC	Metropolitan Borough Council
MTFS	Medium Term Financial Strategy
NHS	National Health Service
OCO	One Commissioning Organisation
OFSTED	Office for Standards in Education

## Appendix 1

Calculation of Council Tax Base 2023/24 (Based on all properties)										
Bands	A Reduced	A	B	C	D	E	F	G	H	TOTAL
Total Number of Dwellings on the valuation list	0.00	30,508.00	18,616.00	17,401.00	9,262.00	5,604.00	1,883.00	1,300.00	184.00	84,758.00
Total Number of Exempt and Disabled Relief dwellings on the Valuation List	60.00	17.00	27.00	-33.00	-18.00	-34.00	11.00	-12.00	-18.00	0.00
Less: estimated discounts, exemptions and disabled relief	63.50	4,004.25	1,768.25	1,223.25	548.25	217.50	95.25	44.25	-20.50	7,944.00
Total Equivalent number of dwellings after discounts, exemptions and disabled relief	-3.50	26,520.75	16,874.75	16,144.75	8,695.75	5,352.50	1,798.75	1,243.75	186.50	76,814.00
Factor stipulated in regulations	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	0.00
Band D equivalent	-1.94	17,680.50	13,124.81	14,350.89	8,695.75	6,541.94	2,598.19	2,072.92	373.00	65,436.06
Net effect of Local Council Tax Support Scheme (LCTSS) and other adjustments	8.77	3,799.06	1,172.76	623.36	211.46	104.71	36.04	18.26	1.60	5,976.02
Additional Net Dwellings in 2023/24 based on known regeneration with the Borough										174.000
Total after LCTSS and Other Adjustments	-10.71	13,881.44	11,952.04	13,727.53	8,484.29	6,437.23	2,562.16	2,054.66	371.40	59,634.04
Multiplied by estimated collection rate	0.951	0.951	0.951	0.951	0.951	0.951	0.951	0.951	0.951	0.951
<b>BAND D EQUIVALENTS</b>	<b>-10.19</b>	<b>13,200.41</b>	<b>11,365.68</b>	<b>13,054.06</b>	<b>8,068.05</b>	<b>6,121.42</b>	<b>2,436.46</b>	<b>1,953.85</b>	<b>353.18</b>	<b>56,708.39</b>
										<b>2.99%</b>
					Band D Equivalent assuming 2.99% increase					£1,793.48
					<b>Total Tax Yield £'000</b>					<b>£101,705</b>
										<b>2%</b>
					Band D Equivalent assuming 2% Adult Social Care Precept					<b>£1,828.31</b>
					<b>Tax Yield including ASC Precept £'000</b>					<b>£103,680</b>

Note A Reduced are band A properties that have disabled adaptations.

## Appendix 2 – Spending Allocations

Previously Agreed Permanent Spending Allocations to Budget 2023/24		
Directorate	Description	2023/24
		£m
<b>Pay Inflation</b>		
All	Pay Inflation	1.945
All	National Insurance Increase (Health & Social Care levy)	0.011
<b>TOTAL</b>		<b>1.956</b>
<b>Contractual Inflation</b>		
Corporate Core	Utilities	0.083
Corporate Core	Rent/Rates	0.042
Corporate Core	ICT Contracts	0.026
Children and Young People	Residential Care	0.276
Children and Young People	Living Wage	0.454
Children and Young People	External Fostering Placements	0.214
Children and Young People	Fostering, Adoption and Leaving Care Allowances	0.270
Children and Young People	Leaving Care inflation	0.085
Children and Young People	Support Packages and Direct Payments	0.105
Children and Young People	Premature Retirement Costs	0.012
Children and Young People	Provider National Insurance Increase (Health & Social Care levy)	0.002
Operations	Living Wage	0.052
One Commissioning Organisation	Community Care and Other Contracts	1.167
One Commissioning Organisation	Persona Contract	0.229
One Commissioning Organisation	Other contractual inflation	0.275
One Commissioning Organisation	Living Wage	2.899
One Commissioning Organisation	Provider National Insurance Increase (Health & Social Care levy)	0.014
Housing	Housing Contracts	0.050
Non Service Specific	GM Waste Levy charge	0.023
Non Service Specific	GM Passenger Transport Levy	0.198
<b>TOTAL</b>		<b>6.476</b>



Previously Agreed Permanent Spending Allocations to Budget 2023/24		
Directorate	Description	2023/24
		£m
<b><i>Demand</i></b>		
Corporate Core	Debt Collection Costs	0.050
Corporate Core	ICT Capital/Reserves Fall out	-0.060
Corporate Core	Municipal Election 2022 costs	-0.235
One Commissioning Organisation	Adults Demographics	1.000
One Commissioning Organisation	Transition from Children's Services	0.398
<b>TOTAL</b>		<b>1.153</b>
<b>Reprofiled Savings</b>		
Non Service Specific	Transformation Savings reprofiling per Dec 21 Cabinet report	-1.900
<b>TOTAL</b>		<b>-1.900</b>

Previously Agreed Permanent Spending Allocations to Budget 2023/24		
Directorate	Description	2023/24
		£m
<b>Income Losses</b>		
Operations	Income Loss - partial reinstatement of income budget	-0.538
<b>TOTAL</b>		<b>-0.538</b>
<b>GRAND TOTAL</b>		<b>7.147</b>

Proposed Permanent Spending Allocations to Budget 2023/24		
Directorate	Description	2023/24 £m
<b>Pay Inflation</b>		
All	Pay Inflation	6.857
All	National Insurance Increase (Health & Social Care levy)	-0.540
<b>TOTAL</b>		<b>6.317</b>
<b>Contractual Inflation</b>		
Non Service Specific	Utilities Inflation	1.000
Non Service Specific	Utilities non recurrent contingency	1.000
Corporate Core	Members Expenses	0.296
One Commissioning Organisation	Living Wage	3.504
Non Service Specific	GM Passenger Transport & Waste Levy	1.120
Non Service Specific	GM Passenger Transport Levy	0.129
<b>TOTAL</b>		<b>7.049</b>
<b>Demand</b>		
Children and Young People	Investment in structure	3.327
Children and Young People	Children's Safeguarding Model - non recurrent	1.000
One Commissioning Organisation	ASC discharge matched expenditure - non recurrent	1.069
Operations	Flexi Hall market office decant	0.120
<b>TOTAL</b>		<b>5.516</b>
<b>Reprofiled Savings</b>		
Non Service Specific	Procurement removal of savings	1.000
<b>TOTAL</b>		<b>1.000</b>
<b>Budget Re-Alignment</b>		
One Commissioning Organisation	Independent Living Fund previously separately funded now incl in ASC grant	0.288
<b>TOTAL</b>		<b>0.288</b>
<b>Income Losses</b>		
Operations	Flexi Hall loss of market car park	0.300
<b>TOTAL</b>		<b>0.300</b>
<b>GRAND TOTAL</b>		<b>20.470</b>



### Appendix 3 – Existing Savings Previously Agreed

Directorate	Proposal Description	2023/24
		£m
Business, Growth and Infrastructure	Assumed growth in the Council Tax base as a result of the investment in regeneration and housing	(0.500)
One Commissioning Organisation	Innovative Commissioning	(0.200)
One Commissioning Organisation	Personalisation and Transformation	(1.000)
One Commissioning Organisation	Improved Housing Options	(0.050)
One Commissioning Organisation	Effective and Efficient Commissioning	(0.100)
One Commissioning Organisation	Review of Care Packages	(0.611)
<b>TOTAL OF PREVIOUSLY AGREED SAVINGS</b>		<b>(2.461)</b>

## Appendix 4A - Savings Proposals for 2023/24

Directorate	Proposal Description	2023/24	2024/25	2025/26	2026/27
		£m	£m	£m	£m
All	Technical review of individual non-allocated budget lines	0.688	0.688	0.688	0.688
All	Increase in vacancy factor	0.414	0.414	0.414	0.414
All	Reduced Employers Pension contribution	0.300	0.300	0.300	0.300
All	Review of fees & charges	1.000	1.000	1.000	1.000
All	Workforce costs	0.310	0.700	0.700	0.700
Children & Young People	Early Help	0.066	0.066	0.066	0.066
Children & Young People	Multi-disciplinary early help	0.124	0.124	0.124	0.124
Children & Young People	Children's short breaks & personal budgets	0.200	0.300	0.300	0.300
Children & Young People	Step down of very high-cost placements across children's	-	1.200	1.200	1.200
Children & Young People	Progressing the edge of care service review	-	0.506	1.200	1.200
Children & Young People	Implementation of the Hertfordshire family safeguarding model	-	-	0.587	1.175
Children & Young People	Accelerating work on children's fostering capacity invest to save	-	0.121	0.604	0.604
Children & Young People	Post 16 SEND transport	-	0.045	0.090	0.090
Children & Young People	Reduction in Children's budgetary provision for early retirement costs, in accordance with demographic changes	0.100	0.100	0.100	0.200
Children & Young People	Outcome of CYP restructure	0.217	0.217	0.217	0.217

One Commissioning Organisation	Invest to save - Housing complex care	0.281	0.281	0.281	0.281
One Commissioning Organisation	Invest to save - Shared lives	0.011	0.011	0.011	0.011
One Commissioning Organisation	Invest to save - Assistive technology	0.342	0.342	0.342	0.342
One Commissioning Organisation	Review of working age adults' costs against a robust national toolkit.	1.000	1.700	1.700	1.700
One Commissioning Organisation	Development of wider learning disabilities strategy for age 14-25 cohort	0.120	0.300	0.480	0.700
One Commissioning Organisation	Residents transitioning to alternative packages	0.375	0.750	0.750	0.750
One Commissioning Organisation	Staying Well Service	0.375	0.375	0.375	0.375
One Commissioning Organisation	Enforce S22 of Care Act	0.300	0.636	0.636	0.636
One Commissioning Organisation	Review utilisation of Disabled Facilities Grant	0.250	0.250	0.250	0.250
One Commissioning Organisation	Remove non allocated ASC budget	0.100	0.100	0.100	0.100
One Commissioning Organisation	Remove ASC demographic growth	1.000	1.000	1.000	1.000
One Commissioning Organisation	Better Care Fund 2022/23 inflation	0.631	0.631	0.631	0.631
One Commissioning Organisation	Better Care Fund 2023/24 inflation	0.742	0.742	0.742	0.742
One Commissioning Organisation	Reduction in contract value for homeless prevention service for people with complex needs	0.074	0.074	0.074	0.074
Public Health	Reduce public health staffing	0.159	0.192	0.192	0.192
Operations	Wellness Service business case	0.577	0.577	0.577	0.577
Operations	Capitalisation of staff salaries in Operational Services - Engineers	0.189	0.189	0.189	0.189

Operations	Equipment Store changes in Ops and OCO	0.070	0.070	0.070	0.070
Operations	Continuation of LED street lighting implementation	0.300	0.300	0.300	0.300
Operations	Growth in vehicle maintenance provision to additional customers	0.100	0.100	0.100	0.100
Operations	Operational services process re-engineering	0.100	0.100	0.100	0.100
Business Growth and Infrastructure	Capitalisation of BGI spend on Regeneration	0.200	0.200	0.200	0.200
Business Growth and Infrastructure	Capitalisation of salaries through capital receipts	0.050	0.200	0.200	0.200
Business Growth and Infrastructure	Commercial Asset Management	0.250	0.250	0.250	0.250
Business Growth and Infrastructure	Millgate Coupon	0.250	0.250	0.250	0.250
Housing	Homeless Prevention Grant	0.464	0.464	0.464	0.464
Housing	Additional savings from Health and Housing	-	0.225	0.569	0.569
Housing	Efficiency savings and removal of duplication in the provision of housing services	0.500	1.000	1.500	1.500
Corporate Core Finance	Removal of 50% of apprentice posts from the finance structure	0.150	0.150	0.150	0.150
Corporate Core Finance	Remove finance innovation and project team	-	0.157	0.313	0.313
Corporate Core	Service reviews within the Corporate Core	0.591	0.691	1.079	1.079
Corporate Core	Commercialisation strategy for Bury Art Museum	-	0.250	0.250	0.250
Non-Service Specific	Technical review by finance of all revenue costs of capital, and other technical accounting entries	1.118	1.118	1.118	1.118
Non-Service Specific	Reduction in proposed waste levy uplift	0.172	0.172	0.172	0.172

Non-Service Specific	Reduction in proposed transport levy uplift	0.348	0.348	0.348	0.348
<b>TOTAL OF SAVINGS Proposals for 2023/24</b>		<b>14.608</b>	<b>19.976</b>	<b>23.353</b>	<b>24.261</b>

## Appendix 5 – Departmental Cash Limits

Directorate Cash Limits 2023/24 (reconciliation of 2022/23 Budget and starting point for 2023/24)								
	Children and Young People	One Commissioning Organisation	Corporate Core	Business Growth & Infrastructure	Operations	Non Service Specific	HGF	Total
	£m	£m	£m	£m	£m	£m	£m	£m
<b>2022/23 Approved Budget</b>	<b>41.306</b>	<b>79.561</b>	<b>15.790</b>	<b>2.936</b>	<b>16.064</b>	<b>20.538</b>	<b>1.288</b>	<b>177.483</b>
Internal re-allocations including IAS 19/CAR / TOV	5.083	1.066	1.329	0.347	2.986	(10.811)	0.000	(0.000)
<b>2022/23 Original Budget after internal adjustments</b>	<b>46.390</b>	<b>80.627</b>	<b>17.119</b>	<b>3.283</b>	<b>19.050</b>	<b>9.727</b>	<b>1.288</b>	<b>177.483</b>
2022/23 in year internal re-allocations	(0.479)	0.154	2.921	(0.014)	0.796	(3.378)	0.000	0.000
<b>2022/23 Revised Budget</b>	<b>45.910</b>	<b>80.781</b>	<b>20.040</b>	<b>3.269</b>	<b>19.846</b>	<b>6.349</b>	<b>1.288</b>	<b>177.483</b>
Directorate Cash Limits 2023/24								
	Children and Young People	One Commissioning Organisation	Corporate Core	Business Growth & Infrastructure	Operations	Non Service Specific	HGF	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Add back 2022/23 Feb 22 Labour amendment	0.000	0.000	(0.331)	0.250	(0.315)	0.396	0.000	0.000
<b>Previously Agreed Costs (Feb 22)</b>								
Pay Inflation	0.020	0.113	0.058	0.011	0.050	1.690	0.000	1.942
National Insurance increase / Health & Social Care Levy 1.25% removal	0.002	0.002	0.003	0.001	0.003	0.000	0.000	0.011
Contractual Inflation	1.437	4.584	0.151	0.000	0.052	0.271	0.000	6.495
Demand	0.000	1.398	(0.245)	0.000	0.000	0.000	0.000	1.153

Reprofiled Savings	0.000	0.000	0.000	0.000	0.000	(1.900)	0.000	(1.900)
Income losses	0.000	0.000	0.000	0.000	(0.538)	0.000	0.000	(0.538)
<b>Previously Agreed Savings (Feb 22)</b>								
Innovative Commissioning	0.000	(0.200)	0.000	0.000	0.000	0.000	0.000	(0.200)
Personalisation and Transformation	0.000	(1.000)	0.000	0.000	0.000	0.000	0.000	(1.000)
Improved Housing Options	0.000	(0.050)	0.000	0.000	0.000	0.000	0.000	(0.050)
Effective and Efficient Commissioning	0.000	(0.100)	0.000	0.000	0.000	0.000	0.000	(0.100)
Review of Care Packages	0.000	(0.611)	0.000	0.000	0.000	0.000	0.000	(0.611)
Assumed growth in the Council Tax base as a result of the investment in regeneration and housing	0.000	0.000	0.000	0.000	0.000	(0.500)	0.000	(0.500)
<b>Reverse use of reserves from Feb 22</b>	0.000	0.000	0.000	0.000	0.000	8.159	0.000	8.159
<b>Previously Agreed budget changes:-</b>	<b>1.460</b>	<b>4.136</b>	<b>(0.034)</b>	<b>0.012</b>	<b>(0.433)</b>	<b>7.720</b>	<b>0.000</b>	<b>12.860</b>
<b>Additional Budget Requirement:-</b>								
Pay Inflation	0.442	0.644	0.867	0.187	0.860	3.857	0.000	6.857
National Insurance increase / Health & Social Care Levy 1.25% removal	(0.112)	(0.112)	(0.128)	(0.030)	(0.153)	(0.005)	0.000	(0.540)
Contractual Inflation	0.000	3.504	0.296	0.000	0.000	3.249	0.000	7.049
Demand	4.327	1.069	0.000	0.000	0.120	0.000	0.000	5.516
Reprofiled Savings	0.000	0.000	0.000	0.000	0.000	1.000	0.000	1.000
Budget Re-alignment	0.000	0.288	0.000	0.000	0.000	0.000	0.000	0.288
Income losses	0.000	0.000	0.000	0.000	0.300	0.000	0.000	0.300

<b>Additional Budget Requirement:-</b>	<b>4.657</b>	<b>5.393</b>	<b>1.035</b>	<b>0.157</b>	<b>1.127</b>	<b>8.101</b>	<b>0.000</b>	<b>20.470</b>
<b>Total Additional Budget Requirement:-</b>	<b>6.117</b>	<b>9.529</b>	<b>1.001</b>	<b>0.169</b>	<b>0.694</b>	<b>15.821</b>	<b>0.000</b>	<b>33.330</b>
<b>Directorate Cash Limits 2023/24</b>								
	<b>Children &amp; Young People</b>	<b>One Commissioning Organisation</b>	<b>Corporate Core</b>	<b>Business Growth &amp; Infrastructure</b>	<b>Operations</b>	<b>Non-Service Specific</b>	<b>HGF</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Savings Proposals for Departments	(0.707)	(6.377)	(0.741)	(1.714)	(0.719)	0.000	0.000	(10.258)
Technical review by finance of all revenue costs of capital, including depreciation, interest etc and other technical accounting entries	0.000	0.000	0.000	0.000	0.000	(1.118)	0.000	(1.118)
Vacancy Factor	(0.113)	(0.070)	(0.106)	(0.018)	(0.106)	(0.001)	0.000	(0.414)
Technical review of individual non-allocated budget lines identified by finance in conjunction with budget holders	(0.023)	0.000	(0.331)	(0.022)	(0.007)	(0.305)	0.000	(0.688)
Reduced Employers Pension contribution	(0.063)	(0.061)	(0.076)	(0.017)	(0.083)	0.000	0.000	(0.300)
Review of fees & charges	0.000	0.000	(0.309)	(0.080)	(0.611)	0.000	0.000	(1.000)
Changes to staff terms and Conditions	0.000	0.000	0.000	0.000	0.000	(0.310)	0.000	(0.310)
Reduction in proposed waste and transport levy uplift	0.000	0.000	0.000	0.000	0.000	(0.520)	0.000	(0.520)
<b>Savings Proposals</b>	<b>(0.906)</b>	<b>(6.508)</b>	<b>(1.563)</b>	<b>(1.851)</b>	<b>(1.526)</b>	<b>(2.255)</b>	<b>0.000</b>	<b>(14.608)</b>
Planned Use of Reserves for 2023/24 in February 23 report	0.000	0.000	0.000	0.000	0.000	(4.802)	0.000	(4.802)
Waste Reserves return from GMCA	0.000	0.000	0.000	0.000	0.000	(1.129)	0.000	(1.129)



<b>Net use of reserves:-</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>(5.931)</b>	<b>0.000</b>	<b>(5.931)</b>
<b>2023/24 Budget</b>	<b>51.121</b>	<b>83.802</b>	<b>19.478</b>	<b>1.587</b>	<b>19.013</b>	<b>13.985</b>	<b>1.288</b>	<b>190.274</b>
<u>Funded By</u>								
Council Tax								(103.680)
Business Rates								(63.811)
Government Grants								(24.695)
ASC market sustainability funded transferred to reserves								1.912
<b>Total funding 2023/24</b>								<b>(190.274)</b>

## Appendix 6 – Equality Impact Assessment

### EQUALITY ANALYSIS

This Equality Analysis considers the effect of Bury Council activity on different groups protected from discrimination under the Equality Act 2010 as well as those additional groups reflected in Bury Council's Equality Strategy 2020-2024. This is to consider if there are any unintended consequences for some groups from key changes made by a public body and their contractor partners organisations and to consider if the activity will be fully effective for all protected groups. It involves using equality information and the results of engagement with protected groups and others, to manage risk and to understand the actual or potential effect of activity, including any adverse impacts on those affected by the change under consideration.

<b>SECTION 1 – RESPONSIBILITY AND ACCOUNTABILITY</b>	
<b>1.1</b> Name of policy/ project/ decision	The Council's Budget 2023/24 and the Medium-Term Financial Strategy 2024/25 - 2025/26
<b>1.2</b> Lead for policy/ project/ decision	Sam McVaigh
<b>1.3</b> Committee/Board signing off policy/ project/ decision	Full Council
<b>1.4</b> Author of Equality Analysis	Name: Sam McVaigh Role: Director of People & Inclusion Contact details: <a href="mailto:s.mcvaigh@bury.gov.uk">s.mcvaigh@bury.gov.uk</a>
<b>1.5</b> Date EA completed	19/01/23

1.6 Quality Assurance	Name: Adiba Charlesworth Role: Equality Diversity and Inclusion Manager Contact details: <a href="mailto:a.charlesworth@bury.gov.uk">a.charlesworth@bury.gov.uk</a>
1.7 Date QA completed	23/01/23
1.8 Departmental recording	Reference: <i>Corporate001: 23/24budget</i> Date: 23/01/23
1.9 Next review date	30/03/23

## SECTION 2 – AIMS AND OUTCOMES OF POLICY / PROJECT

### 2.1 Detail of policy/ decision being sought

The Medium-Term Financial Strategy (MTFS) is the Council's multi-year financial plan and control framework to align resources to the spending priorities set out in the corporate plan and Borough vision: LET'S Do It! - As part of this the Council is seeking to set a budget for the 2023/24 financial year in an unprecedented period of economic uncertainty. In order to set a balanced budget, savings proposals totaling £24.261m and additional Council Tax and Business Rates income of £7.134m have been brought forward for consideration.

The LET'S Do It! Strategy for 2030 provides the strategic framework for the Council's use of resources through the vision to:

- Build on the strengths that already exist in our communities, breaking down barriers for people and between agencies and services to give people the ability to be independent.
- Deliver in partnership, locally whenever possible and through a digitally inclusive approach
- Drive economic growth to improve outcomes for local people; reduce the demand on public services and increase income to the Council.

From a budget planning perspective, the application of the LET'S Do It! strategy is an opportunity to:

- Empower local people and organisations to seek self-help and community-based support rather than immediately engaging with statutory services. - Over the last two years the Council has made available over £750,000 in funding to establish and support the development of local community groups. The scale of community potential is now evident through the anti-poverty response, for example, with over 80 organisations active in providing cost of living support and the emergence of the Bury Community Support Network
- Tackle health inequalities through a comprehensive local Wellness offer.
- Take a stronger focus on prevention and harnessing community capacity, which has been at the heart of the adult social care transformation, through which £20m of savings have been achieved since 2019/20
- Drive innovation such as through the internal transformation strategy which is now enabling digital-first, more efficient processes, user self service

	<ul style="list-style-type: none"> <li>Deliver inclusive growth through regeneration in order to reduce deprivation and therefore demand on expensive reactive Council and other public services. Growth also creates the potential for increased income from council tax and business rates receipts, through delivery of a pipeline of brownfield-first housing and new locations for business.</li> </ul> <p>As far as possible budget savings options have been developed which are consistent with the LET'S principles. However, given the sheer scale of savings required this is not universally the case and, in some instances, proposals simply relate to reduced controllable spend through a reduction in non-statutory service provision. However, in the delivery of all budget proposals the Council will be cognisant of its statutory obligations in relation to inclusion, as per the Equality Act 2010 and Public Sector Equality Duty, and its local commitment as set out in the LET'S Do It! Strategy and Bury Council Inclusion Strategy and Equality Objectives 2020-24. This overarching EIA sets out the Council's approach to considering and addressing any potential equality implications of the budget and defines where more detailed proposal-specific EIAs will be undertaken.</p>
<b>2.2</b> What are the intended outcomes of this?	<p>The outcomes intended are to ensure that, through the Council's Budget for 2023/24 and Medium Term Financial Strategy 2024/25 - 2025/26 the Authority:</p> <ol style="list-style-type: none"> <li>1) Pays due regard to the need to eliminate discrimination and advance equality of opportunity between all</li> <li>2) Insofar as is possible, supports delivery of its stated Equality Objectives, Inclusion Strategy and the overarching commitment to inclusive growth as set out within the LET'S Do It! Strategy</li> </ol>

<b>SECTION 3 – ESTABLISHING RELEVANCE TO EQUALITY &amp; HUMAN RIGHTS</b>		
Please outline the relevance of the activity/ policy to the Public Sector Equality Duty		
<b>General Public Sector Equality Duties</b>	<b>Relevance (Yes/No)</b>	<b>Rationale behind relevance decision</b>
<b>3.1</b> To eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by Equality Act 2010	Yes	We are seeking to create budget proposals which do not discriminate against people protected by the Equality Act 2010 and Bury Council Inclusion Strategy 2020-2024. Where potential disproportionate impacts exist we are seeking to mitigate these
<b>3.2</b> To advance equality of opportunity between people who share a protected characteristic and those who do not.	Yes	We are seeking to create budget proposals which do not detract from the Council's overarching commitment to advance equality of opportunity for people protected by the Equality Act 2010 and Bury Council Inclusion Strategy 2020-2024. Where this is the case we are seeking to mitigate these
<b>3.3</b> To foster good relations between people who share a protected characteristic and those who do not	Yes	We are seeking to create a budget proposal that does not hinder the relationships people who share protected characteristics and those who do not. Where this is the case we are seeking to mitigate this

**3.4** Please outline the considerations taken, including any mitigations, to ensure activity is not detrimental to the Human Rights of any individual affected by the decision being sought.

Consideration will be given to the FREDA principles of Human Rights as part of individual EIAs. Initial analysis does not identify any major areas for concern, subject to the implementation of individual proposals in a way which accords with the relevant specific statutory duties and obligations.

<b>SECTION 4 – EQUALITIES DATA</b>			
<b>Protected characteristic</b>	<b>Outcome sought</b>	<b>Base data</b>	<b>Data gaps (to include in Section 8 log)</b>
<b>4.1</b> Age <b>4.2</b> Disability <b>4.3</b> Gender <b>4.4</b> Pregnancy or Maternity <b>4.5</b> Race <b>4.6</b> Religion and belief <b>4.7</b> Sexual Orientation <b>4.8</b> Marriage or Civil Partnership <b>4.9</b> Gender Reassignment <b>4.10</b> Carers <b>4.11</b> Looked After Children and Care Leavers <b>4.12</b> Armed Forces personnel including veterans <b>4.13</b> Socio-economically vulnerable	To avoid negative differential impact in relation to any of the below 13 protected characteristics as a result of the delivery of the Council's 2023/24 budget	<p>The <a href="#">2021 Census</a> provides the most up-to-date baseline position in terms of equality data in relation to the borough across the characteristics of:</p> <ul style="list-style-type: none"> <li>• Age</li> <li>• Disability</li> <li>• Sex</li> <li>• Race (The 2021 census measures "Ethnicity")</li> <li>• Religion and Belief</li> <li>• Sexual Orientation</li> <li>• Marriage and Civil Partnership (The 2021 census measures "Legal partnership status")</li> <li>• Gender Reassignment (The 2021 census measures "gender identity")</li> <li>• Armed Forces Personnel</li> <li>• Unpaid carers</li> <li>• Socio-economically vulnerable (The 2021 census measures "Households by deprivation dimensions")</li> </ul> <p>To supplement this, the Council's own data provides information on Looked After Children and Care Leavers. We currently have 370 Looked After Children in our system and support 148 Care Leavers. – Demographic data in relation to this cohort is available to support individual EIAs as required.</p> <p>Key census headlines in terms of inclusion include:</p>	EIAs in relation to individual budget proposals will examine specific data as required.

		<ul style="list-style-type: none"> <li>• Bury's population increased by around 8,800 between the last two censuses (about 5%), to just under 195,000 in 2021.</li> <li>• The number of people aged 50 to 64 years rose by just under 3,600 (an increase of 10.3%).</li> <li>• In the latest census, around 166,500 Bury residents said they were born in England. This represented 86% compared to 89% in 2011.</li> <li>• Pakistan was the next most represented for just under 6,000 Bury residents (3% compared to 2% in 2011).</li> <li>• In 2021, 11% of Bury residents identified their ethnic group within the "Asian, Asian British or Asian Welsh" category, up from 7% in 2011, higher than the rate for the NW (8%) and England (10%).</li> <li>• The percentage of people who identified their ethnic group within the "Other" category increased from 1% in 2011 to 2% in 2021.</li> <li>• 94% of people in Bury speak English as their main language (compared to 82% in Manchester).</li> <li>• 5% of households in the borough have multiple main languages spoken at home.</li> <li>• Based on responses 3% of the boroughs populations are armed forces veterans, circa 5,000 people (highest areas had over 10%).</li> <li>• 91% of people in Bury described themselves as straight or heterosexual, compared to 89% nationally.</li> <li>• 4,362 people in Bury identified as a sexual orientation other than heterosexual, 3% of respondents.</li> <li>• In 2021, 29% of Bury residents reported having "No religion", up from 19% in 2011, while 10% described themselves as Muslim (up from 6.% the decade before). Jewish numbers stayed the same at 6% of the borough's population overall.</li> <li>• 52.5% of households in Bury fall under the "Household Deprivation" category in the census.</li> </ul>	
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## SECTION 5 – STAKEHOLDERS AND ENGAGEMENT

	Internal Stakeholders	External Stakeholders
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<b>5.1 Identify stakeholders</b>	Staff, Members and Trade Unions	Bury residents and key partners
<b>5.2 Engagement undertaken</b>	A period of 90 days consultation on the overarching budget strategy has been undertaken, closing on 22 <sup>nd</sup> January, including direct engagement in individual service areas affected.	A questionnaire was developed and hosted on-line on 'One Community', the council's engagement and consultation portal (hard copies were available on request) Consultation commenced on 20 <sup>th</sup> October 2022 and closed eight weeks later on 15 <sup>th</sup> December 2022. The consultation was publicised via the press and social media. 124 responses were received via One Community. A much larger response than a similar budget consultation undertaken in 2020 which only received 18 responses. Specific consultation was undertaken around a number of individual proposals, including those related to Bury Art Museum.
<b>5.3 Outcomes of engagement</b>	Limited direct feedback has been received through the internal consultation channels. – A number of staff contributed directly to the public consultation.	The full details of the consultation are included in the main budget report. Demographic information collected by the consultation shows a range of different characteristics were represented across the respondents. However, that the profile of respondents was not fully representative of the profile of the borough. We will endeavor to strengthen the diversity of respondents in future consultation activities.
<b>5.4 Outstanding actions following engagement</b> (include in Section 8 log)	Where individual changes require specific consultation, this will be progressed in line with the Council's HR Policies	Where individual changes require specific consultation, this will be progressed.

## SECTION 6 – CONCLUSION OF IMPACT

Please outline whether the activity/ policy has a positive or negative effect on any groups of people with protected inclusion characteristics

Protected Characteristic	Positive/ Neutral Negative/	Impact (include reference to data/ engagement)
<b>6.1 Age</b>	A total of 38 individual proposals form the Council's Budget 2023/24 and the Medium-Term Financial Strategy 2024/25 - 2025/26. A number of these (16) do not change Council policy or practice and are not relevant in terms of equality analysis. However, for the remaining 22 there are potential equality considerations which must be assessed on an	

<b>6.2 Disability</b>	<p>individual basis through proposal-specific Equality Impact Assessments. - Appendix A sets out a schedule of these proposals including lead officers, a broad timeline for action and an indicative high-level summary of potential impacts. Given the complexity and scale of the budget changes required it is challenging to provide an overall analysis of potential impact. As outlined above, inclusion is a central theme of the Council's LET'S Do It! strategy and, in providing a budget which, to a significant extent, aligns with this vision. Officers have sought to mitigate the impact on protected groups in the borough.</p> <p>A number of budget proposals have potentially positive implications in relation to inclusion, for example:</p> <ul style="list-style-type: none"> <li>• Implementation of the Hertfordshire family safeguarding model should provide an improved model of support to both Children and Adults with a number of protected characteristics, including disability and socio-economic disadvantage</li> <li>• Investment in Assistive Technology should also see positive implications through providing a better range of support options to enable independence for disabled residents.</li> <li>• The development of a wellness service business case, providing a service which is more tailored to the wellbeing needs of Bury's diverse communities.</li> </ul>
<b>6.3 Gender</b>	
<b>6.4 Pregnancy or Maternity</b>	
<b>6.5 Race</b>	
<b>6.6 Religion and belief</b>	
<b>6.7 Sexual Orientation</b>	
<b>6.8 Marriage or Civil Partnership</b>	
<b>6.9 Gender Reassignment</b>	
<b>6.10 Carers</b>	
<b>6.11 Looked After Children and Care Leavers</b>	
<b>6.12 Armed Forces personnel including veterans</b>	<p>There are also a range of proposals which relate to changes in the delivery model for care packages to Adults and Children. These changes should not represent a reduction in service level and it will be important that proper consideration is given to the equality aspects of these changes to mitigate any differential implications insofar as is possible in the way they are implemented. This will include changes such as:</p> <ul style="list-style-type: none"> <li>• The review of working age adults' costs against a robust national toolkit.</li> <li>• Residents transitioning to alternative packages of care in the OCO</li> <li>• Children's External placements / Step down of very high-cost placements across children's</li> </ul>
<b>6.13 Socio-economically vulnerable</b>	
<b>6.14 Overall impact - What will the likely overall effect of your activity be on equality, including consideration on intersectionality?</b>	
	<p>Initial high-level analysis suggests 5 proposals where there are potential disproportionate negative impacts on protected groups which need particular thought:</p> <ul style="list-style-type: none"> <li>• Enforce S22 of Care Act, only provide assistance with medication when part of a care package - Changes need to be managed to address potential differential impact in relation to disability and age</li> <li>• Better utilization of the Housing Revenue Account - Changes to the sheltered housing service need to be managed to address potential differential impact in relation to disability and age</li> <li>• Continuation of LED street Lighting implementation – Officers will need to ensure approach to continued implementation takes account of any impact on disabled residents</li> <li>• Post 16 SEND transport – There is a potential differential impact in relation to disability which needs consideration</li> <li>• Review of fees and charges. – There is a potential differential impact in relation to socio-economic disadvantage which needs consideration</li> </ul>



Whilst there is the *potential* for disproportionate negative impacts on protected groups in the above areas, the proposal specific EIAs will need to explore these in more detail and, wherever possible, seek to mitigate this in accordance with the Council's obligations under the Public Sector Equality Duty.

Overall the scale of budget reductions required across the Council represents a significant risk of negative impact on protected groups which will need to be closely managed and monitored throughout the implementation process.

## SECTION 7 – ACTION LOG

Action Identified	Lead	Due Date	Comments and Sign off (when complete)
<b>7.1 Actions to address gaps identified in section 4</b>			
Through the state of the borough report we will continue to monitor outcomes of those in the borough, including in relation to Protected Characteristics.	Helen Smith	April 2023	
<b>7.2 Actions to address gaps identified in section 5</b>			
Individual consultations will be conducted as and when required linked to specific budget EIAs. Consultations will be share widely to ensure meaningful engagement,	Individual leads/ EDI Manager to oversee	April 2024	
<b>7.3 Mitigations to address negative impacts identified in section 6</b>			
Managed in individual EIAs. Delivery of which will be overseen by the EDI manager and reported on to the Council's Executive Team and Cabinet Member for HR and Corporate Affairs	Individual leads / EDI Manager to oversee	April 2024	
<b>7.4 Opportunities to further inclusion (equality, diversity and human rights) including to advance opportunities and engagements across protected characteristics</b>			
Managed in individual EIAs. Delivery of which will be overseen by the EDI manager and reported on to the Council's Executive Team and Cabinet Member for HR and Corporate Affairs	Individual leads / EDI Manager to oversee	April 2024	

## SECTION 8 - REVIEW

Review Milestone	Lead	Due Date	Comments (and sign off when complete)
Delivery of all 22-proposal specific EIAs	EDI Manager	April 2023	
Quarterly review of progress to Executive Team and Cabined Member for HR & Corporate Affairs	EDI Manager	July 2023 October 2023	



		January 2024 April 2024	
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Please make sure that every section of the Equality Analysis has been fully completed. The author of the EA should then seek Quality Assurance sign off and departmental recording.

SECTION 9 – QUALITY ASSURANCE		
Consideration	Yes/ No	Rationale and details of further actions required
Have all section been completed fully?	Y	
Has the duty to eliminate unlawful discrimination, harassment, victimization and other conducted prohibited by the PSED and Equalities Act been considered and acted upon?	Y	
Has the duty to advance equality of opportunity between people who share a protected characteristic and those who do not been considered and acted upon	Y	
Has the duty to foster good relations between people who share a protected characteristic and those who do not, been consider and acted upon	Y	
Has the action log fully detailed any required activity to address gaps in data, insight and/or engagement in relation to inclusion impact?	Y	
Have clear and robust reviewing arrangements been set out?	Y	
Are there any further comments to be made in relation to this EA	N	

#### APPENDIX – Budget EIA Schedule

Ref No.	Scheme	Description	High-Level Impact Summary	EIA Deadline
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2	Invest to save - Housing complex care	Ongoing programme to reduce the cost of supporting people in supported living by offering them different types of accommodation.	Change in service provision with a focus on disability. – EIA to provide assurance that new offer, though different, does not pose a differential and negative impact.	April 2023
3	Invest to save - Shared lives	Growing a service that does, in effect, "adult fostering".	Change in service provision with a focus on disability. – EIA to provide assurance that new offer, though different, does not pose a differential and negative impact.	April 2023
4	Invest to save - Assistive technology (TEC)	A new service offer which will enable people to access technologies (e.g. monitoring devices and aids) in order to reduce reliance on traditional care and support.	Change in service provision with a focus on disability. – EIA to provide assurance that new offer, though different, does not pose a differential and negative impact. Potential for a positive impact here.	April 2023
5	Review of working age adults' costs against a robust national toolkit.	Review of care packages for a defined cohort of Adult Social Care customers.	Change in service provision with a focus on disability and age. – EIA to provide assurance that new offer, though different, does not pose a differential and negative impact.	April 2023
6	Development of wider learning disabilities transition service for age 14-25 cohort	Change the way we support older children/younger adults, improve the transition experience between services	Change in service provision with a focus on disability and age. – EIA to provide assurance that new offer, though different, does not pose a differential and negative impact.	April 2023
7	Enforce S22 of Care Act, only provide assistance with medication when part of a care package	The council has no legal duty to provide care and support assistance solely for medication and therefore we will be reviewing packages of care and where care is provided for this purpose solely, it will no longer be provided by the Council.	Change in service provision with a focus on disability. – Potential for negative impact here which will need to be considered in detail through the proposal-specific EIA	April 2023 Requires public consultation

8	Wellness Service business case	Leisure centres cost (NHS and Sport England) suggest reconfiguration of leisure centres to smaller and separately set up community wellness initiatives. Our Wellness team is in operations and is commissioned by Public Health. The plan is to grow and reshape the Wellness team.	Potential impact on all protected characteristics. - Potential for a positive impact here.	EIA to be developed iteratively as part of development beginning in April 2023
9	Review with BGI of all Peppercorn/Free lease arrangements including utilities provided	Review on whether increasing rent on council owned properties is possible.	Potential impact on VCSE groups supporting people with protected characteristics which will need consideration through the EIA	April 2023
11	Better utilization of the Housing Revenue Account	As part of this proposal, withdrawal of the Support at Home Wardens Service may have equality implications.	Change in service provision with a focus on disability and the socio-economically vulnerable. – Potential for negative impact here which will need to be considered in detail through the proposal-specific EIA	April 2023
12	Additional savings from Health and Housing beyond the £431k already built into the MTFS	Increase in specialist housing for working aged adults -	Impact on socio-economically vulnerable people, people with disabilities and older people. - Potential for a positive impact here.	April 2023 – Shared EIA with proposal 2.
13	Continuation of LED street Lighting implementation	Energy and financial savings by continuing the transition to LED Street Lighting.	Potential impact on people with disabilities – Potential for negative impact here which will need to be considered in detail through the proposal-specific EIA	April 2023
14	Post 16 SEND transport	Cutting payments for transport for young SEND people over 16	Impact on young people and people with disabilities and, potentially, on socio-economically vulnerable people – Potential for negative impact here which will need to be considered in detail through the proposal-specific EIA	April 2024
15	Children's External placements / Step down of very high-cost placements across children's (24 high cost	Reduce the volume of children supported in residential care.	Change in service provision for young people - EIA to provide assurance that new offer, though different, does not pose a differential and negative impact	April 2024

	placements non DSG funded)			
16	Children's short breaks & personal budgets	Change In service model and policy in this area.	Change in service provision for young people - EIA to provide assurance that new offer, though different, does not pose a differential and negative impact	April 2023
17	Progressing the edge of care service review	Avoid Children going into care - working with children different. It'll be putting extra support in	Change in service provision for young people - EIA to provide assurance that new offer, though different, does not pose a differential and negative impact	April 2024
18	Implementation of the Hertfordshire family safeguarding model	Aim; Fewer families ultimately require social care intervention - change in how we deliver the service.	Change in service provision for young people - EIA to provide assurance that new offer, though different, does not pose a differential and negative impact - Potential for a positive impact here.	EIA to be delivered as part of development. Due April 2024
19	Accelerating work on children's fostering capacity invest to save	Increase in Bury based foster carer provision.	Change in service provision for young people - EIA to provide assurance that new offer, though different, does not pose a differential and negative impact - Potential for a positive impact here.	April 2024
20	Review of fees & charges	Council-wide review of all commercial fees and charges.	Potential impact on socio-economically vulnerable people – Potential for negative impact here which will need to be considered in detail through the proposal-specific EIA	April 2023
21	Changes to staff terms and Conditions	Combination of restructure of chief officers (100k), voluntary purchase of additional annual leave (£300k) and other reductions to staffing costs	Impact on staff – EIA will need to ensure changes are delivered in an equitable way across the different demographics within the workforce.	April 2023
22	Options appraisal of Bury Art Museum	Restructure and commercialisation.	Change in service model – potential socioeconomic impact.	April 2023



<b>Classification</b> Open	<b>Item No.</b>
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<b>Meeting:</b>	Overview and Scrutiny 9 <sup>th</sup> February 2023 Cabinet 15 <sup>th</sup> February 2023
<b>Title of report:</b>	The Dedicated Schools Grant and setting the Schools Budget 2023-24
<b>Report by:</b>	Cabinet Member for Finance and Communities
<b>Decision Type:</b>	Key Decision
<b>Ward(s) to which report relates</b>	All

## 1. Executive Summary:

The Dedicated Schools Grant (DSG) is the ring-fenced grant from Government that provides each local authority with an allocation of funding for schools and services for pupils.

The DSG contains four blocks determined by a separate national funding formula which calculates the total funding due to Local Authorities. In considering how the DSG is allocated it is necessary to consider each block separately. This report sets out recommendations in relation to the Schools Budget for approval by Cabinet. The details set out in the report has been discussed, and agreed by the Schools Forum at its meeting on the 17<sup>th</sup> January 2023.

## 2. Recommendations

### That Overview & Scrutiny:

- Note content of this report
- Consider whether they wish to make any recommendations to Cabinet on the content of this report

### That Cabinet approve and commend to Council:

- Approve the Dedicated Schools Grant Budget for 2023/24 at £210.431m, and approve the allocations between the four funding blocks as set out in this report;
- Approve the Schools and Academies 2023/24 funding unit values as recommended by Schools' Forum and detailed at Appendix 1;
- Note that, following the autumn statement, Bury mainstream schools will be receiving an additional grant with an indicative value of £5.1m to help with pay and energy cost rises. This will be paid in addition to the DSG in two instalments during the year in the summer term and autumn terms. The formula is determined by the DfE and there is no local discretion.
- Note the position and risks associated with Project Safety Valve and the recovery of the Dedicated Schools Grant deficit within the timeframe agreed by DfE
- Approve the 2023/24 hourly rates for all early years providers as follows:
  - £4.74 per hour for 3 and 4 year olds, and:
  - £5.62 per hour for 2 year olds.

## 3. Background

### Dedicated Schools Grant

A three-year settlement, for the years 2022/23, 2023/24, and 2024/25, was announced in 2021. This announcement included an annual cash increase of £7 billion nationally by 2024/25 when compared with 2021/22. The government has published school and high needs funding for 2023/24, the second year of the three-year funding settlement. This includes a change following the 2022 autumn statement, which further increased school funding in 2023/24.

For schools this means that the minimum per primary school pupil amount has increased from £4,265 in 2022/23 to £4,405 in 2023/24. The Secondary school pupil amount has increased from £5,525 in 2022/23 to £5,715 in 2023/24.

The allocations for Bury are set out in the following table.

<b>Dedicated Schools Grant</b>	<b>2022/2 3</b>	<b>2023/2 4</b>	<b>Increase/ (Decrease) £m's</b>
	<b>£m</b>	<b>£m</b>	
Schools Block	147.202	149.832	2.630
Central Schools Services Block	0.991	1.038	0.047
Early Years Block	13.486	14.552	1.066
High Needs Block	40.930	45.009	4.079
<b>Total DSG</b>	<b>202.609</b>	<b>210.431</b>	<b>7.822</b>

The 4 blocks that make up the DSG are:

- ***The Schools Block***

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

- ***The High Needs Block***

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

- ***The Early Years Block***

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

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

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

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

There is limited flexibility for councils to transfer funding between the 4 blocks. For 2023/24 the Education and Skills Funding Agency (ESFA) has limited the movement between blocks to 0.5% of the total Schools Block allocation but only with the agreement of the Schools' Forum. Any proposed increase on this is subject to approval by the Secretary of State.

For 2023/24, Bury's Schools' Forum approved a transfer of 0.35% from the Schools' Block to help support the pressures being faced on the High Needs Block. This equates to a £0.521m contribution to help sustain the recovery of the High Needs deficit. A transfer of 0.35% was recommended and approved on the basis that in order to transfer 0.5% this would not have left sufficient funding within the schools block to meet the national funding formula. This decision can only be made on an annual basis and will be reviewed again next year.

#### 4. DSG Allocation

##### **Schools Block National Funding Formula Allocation**

- 4.1. The Schools Block allocation for 2023/24 is £149.832m. This is an increase of £2.629m from the 2022/23 allocation.
- 4.2. In September 2017, the National Funding Formula (NFF) for Schools and Central Schools Services was introduced. The 2023/24 funding factors continue to comply with the national funding formula values
- 4.3. The Schools Forum has considered the allocation of the Schools Block and have made their recommendations. These have been applied to the formula used to determine individual school allocations and ensure full compliance with statutory requirements.
- 4.4. It should be noted that the funding increase to the Schools Block included the transfer of the Teachers Pay and Pension Grants into the DSG from 2021/22. To ensure schools can continue to meet the cost of increased pay and pensions for teachers, the schools' delegated budgets are enhanced through an increase to the per-pupil Basic Entitlement funding.
- 4.5. A full summary of the funding formula factors is set out at Appendix 1 and these are recommended for approval by Cabinet.
- 4.6. In addition to the Schools Block funding, additional external funding is available directly for schools and academies. It should be noted that these are estimated figures, based on 2022/23 actuals and are subject to pupil census and other data updates. A summary is set out in the following table.

<b>Estimated external Funding available to schools and academies in 2023/24</b>	
	<b>£m</b>
Mainstream Schools Additional Grant	5.118
Pupil Premium Grant	9.485
Universal Infant Free School Meals Grant	2.148
Primary PE and Sport	1.179
Covid Recovery Premium/ School Led Tutoring	1.630
Devolved Formula Capital	0.809
<b>TOTAL</b>	<b>20.369</b>



## 5. Early Years Block National Funding Formula Allocation

5.1. The Early Years Block allocation for 2023/24 is £14.552m which includes funding recognition for inflation and cost pressures in Early Years. The Early Years Block will be adjusted in-year in respect to fluctuations in Early Years participation. The final funding allocation is based on two sets of January census data: January 2023 accounts for April 2023 to August 2023 (5/12ths) January 2024 accounts for September 2023 to March 2024 (7/12ths) Therefore the allocation identified in this report remains indicative.

DSG Early Years Block	2023-24 Indicative
3&4 year old Basic Entitlement	£8,073,865
3&4 year old Extended Entitlement	£4,159,587
2 year old Funding	£1,863,735
Early Years Pupil Premium	£157,889
Disability Access Fund	£86,112
Maintained Nursery Supplementary Funding	£211,014
<b>TOTAL</b>	<b>£14,552,202</b>

5.2 Early Years funding to providers is based on hourly rates for eligible 2, 3 and 4 year olds accessing their entitlement to free early education. The hourly funding rate applied to 3 and 4 year olds must also meet a minimum level of an average across all providers.

5.3 Up to 5% of the funding for 3 and 4 year olds may be retained by the Council to contribute to central early years functions, contingency for in-year increases to early years pupil participation in settings and for Early Years SEND Inclusion Fund. Based upon the proposed hourly rate the pass through rate is 96.7%

5.4 The 2 year-old funding rate allocated is higher in order to contribute to funding the greater staffing ratios required and associated costs of supporting 2 year-old children.

5.5 The Early Years block for 2023/24 continues to include the Maintained Nursery School (MNS) funding protection which is allocated as an additional lump sum outside of the universal hourly rates used.

5.6 In accordance with the statutory requirements Council is required to approve these hourly rates applicable with effect from 1 April 2023, as recommended by Schools' Forum. These are set out in the tables below.

Factor	2022-23 Hourly Rate	2023-24 Hourly Rate	Variance £	Increase %
3 & 4 Year Olds	£4.46	£4.74	£0.28	6.3%
2 Year Olds	£5.56	£5.62	£0.06	1.1%

5.7 Early Years settings may also receive additional funding for eligible pupils through the Early Years Pupil Premium Grant (EYPPG) at £0.62 per hour, and/or Disability Access Fund (DAF) at £828 lump sum per eligible child which has increased from £800 in 2022/23.

## 6 High Needs DSG Budget Allocation

The 2023/24 allocation for High Needs DSG is £45.009m. This represents a £4.078m increase from the 2022/23 allocation.

High Needs funding is based on SEND pupil numbers as of October 2022 in special and resourced provision in maintained schools and academies, and SEND pupil numbers at January 2023 in independent provision.

Of the total allocation of £45.009m, the ESFA will allocate £1.092m direct to Further Education (FE) establishments for high needs places. The funding remaining for the Council to manage is therefore £43.917m to fund all in-borough and out-borough provision and specialist support delivering SEND and inclusion priorities. From the £43.917m the ESFA will also allocate £3.394m direct to Bury's Academies with specialist places, leaving £40.523m.

It should be noted that the funding increase to the High Needs Block also included the transfer of the Teachers Pay and Pension Grants into the DSG from 2021/22. To ensure Bury's Special Schools and Pupil Referral Unit (PRU) can continue to meet the cost of increased pay and pensions for teachers, the statutory place funding was increased by £660 to £10,660 per place from April 2021.

## 7 Central Schools Services Block (CSSB) DSG Budget Allocation

The allocation of the Central School Services DSG (CSSB) block is £1.038m in 2023/24, this represents an increase of £0.047m from the 2022/23 allocation. The use of the CSSB is determined by the Schools Forum based upon proposals from the Council in respect to funding ongoing responsibilities and central functions undertaken on behalf of schools and academies.

It should be noted that the funding increase to the CSSB also included the transfer of the Teachers Pay and Pension Grants into the DSG from 2021/22. This is to meet the cost of increased pay and pensions for centrally employed teachers.

The planned use of this funding block in 2023/24 is:

Item	Value (£m)
Safeguarding in Schools Officer	0.050
Admissions	0.206
Schools Forum	0.018
National Copyright Licences	0.168
Education Welfare	0.279
Asset Management	0.096
Statutory / Regulatory inc SACRE	0.067
Teachers Pay and Pension	0.154
<b>Total</b>	<b>1.038</b>

## 8 Dedicated Schools Grant Recovery Plan

Costs of high needs have exceeded the available budget for several years and the position on the DSG reserve the cumulative forecast deficit at the end of 2022/23 is currently £20.607m. The deficit has accrued for a number of reasons including increasing volumes of pupils receiving Education, Health and Care Plans (EHCPs), increasing complex needs, increasing costs of provision, increased numbers of pupils in out of borough placements, as well as investment made into in-borough inclusion.

The DfE want to ensure that DSG deficits are recovered and have set up a DSG Safety Valve Project team to work with the Councils with the greatest deficits to develop an agreed recovery plan.

Bury is one of the first five Local Authorities to work with the Department for Education (DfE) in respect to developing and agreeing a recovery plan.

Bury subsequently agreed to enter into the formal Safety Valve agreement and work with the DfE on recovering the deficit in full. The formal agreement was signed by all parties and published by the DfE on 19 March 2021 and the agreement was ratified by Cabinet at the meeting of 24 March 2021. The original plan was to fully recover the deficit by the end of 2025/26 and the latest submission shows that at the end of 2025/26 based on current projections there will be a remaining deficit of £6.483m. There is a risk that the DfE will not accept this revised forecast.

A transformation plan aimed at recovering the position has since been developed and, approved by the Secretary of State in March 2021. This agreement has provided Bury with an additional £20m revenue DSG and an additional £3.781m High Needs capital allocation to contribute to developing in-borough provision and places to help reduce cost pressures of expensive out-of- Borough placements.

Bury has also secured approval for two Special Free Schools to address in borough sufficiency and capacity of SEND places, specifically for Autistic Spectrum Disorder (ASD) and Social Emotional Mental Health (SEMH). Bury currently has a lack of sufficient provision to meet the needs and prevalence of these cohorts and this results in increased high-cost out of Borough placements

An application has also now been submitted for a further Free Special School, designated for KS1/2 SCLN/ASC, responding to the continued and increasing demand pressures.

The transformation plan has involved intensive input from SEND and Finance colleagues and has been completed in accordance with the DfE timeframes and reporting requirements. The original January 2020 plan was refreshed and re-submitted to the DfE in December 2021 in order to ensure the most up to date priorities and progress of SEND transformation is reported to the DfE as per their assurance requirements and to ensure continued financial support from the DfE.

The DfE have acknowledged the considerable progress made since producing an ambitious action plan that includes a robust, comprehensive, and manageable delivery plan incorporating key milestones and performance indicators. All concerned recognise the significant financial challenges that are being driven by the increased numbers of Education Health Care Plans and the current lack of sufficiency in the Borough.

The DfE recognised the Council needed additional support to recover the deficit in full and undertake the extensive transformation required. Within the Safety Valve programme revenue funding agreement there is recognition of the additional capacity required to deliver Bury's SEND transformation and deficit recovery priorities, with £4m included to support increased capacity within SEND, Finance and data including systems developments and Programme Management. The DfE also committed their support by providing Bury with additional advice, support and guidance from their own specialist colleagues covering SEND and Finance, as well as helping Bury to learn from best practice being developed across the other Safety Valve participants.

## 9 Community impact / Contribution to the Let's Do It Strategy

Delivery of the Let's Do It Strategy is dependent upon resources being available.

The funding of the Education provision within the borough has the potential to support key ambitions of the Let's do it strategy:

- A better future for the children of the borough
- A better quality of life
- A better future for the children of the borough
- A chance to feel more part of the borough
- Building a fairer society that leaves no-one behind

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### Equality Impact and considerations:

*Equality impacts will be considered when any funds are moved between blocks where there may be an impact on an individual or group of individuals.*

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### Assessment of Risk:

The following risks apply to the decision:

Risk / opportunity	Mitigation
The Council has a statutory requirement to set its annual budget before 11 March 2023. Failure to approve the budget would mean that schools and early years providers do not have their funding allocations agreed for 2023/24.	All proposals have been approved with the Schools Forum and are based on the latest financial information.

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### **Consultation:**

The School's Forum has been consulted on the proposals set out in the report and the recommendations were approved at the meeting on the 17<sup>th</sup> January 2023.

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### **Legal Implications:**

The Dedicated Schools Grant (DSG) is payable to Local Authorities under S14 of the Education Act 2002, guidance is issued annually. The Executive Director of Finance (s151 officer) is required to report on the deployment of the DSG as required by the Accounts and Audit (England) Regulations 2015. The Secretary of State has the right to recover the grant if there is evidence the Local Authority has failed to comply with the conditions of the grant.

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### **Financial Implications:**

The financial implications are set out in the report.

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### **Report Author and Contact Details:**

Sam Evans

Executive Director of Finance

[Sam.Evans@Bury.gov.uk](mailto:Sam.Evans@Bury.gov.uk)

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### **Background papers:**

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

Term	Meaning
DSG	Dedicated Schools Grant
SEND	Special Educational Needs and Development
DFE	Department for Education
SCLN	Speech Communication and Language Needs
ASC	Average Size Class

**Appendix 1**

Factor	Sub-level	2022-23 NFF Values	2023-24 NFF Values	Increase £	Increase %
Basic Entitlement Age Weighted Pupil Unit (AWPU)	Primary	£3,217	£3,394	£177	5.5%
	Key Stage 3	£4,536	£4,785	£249	5.5%
	Key Stage 4	£5,112	£5,393	£281	5.5%
Deprivation Factors					
Free School Meals	Primary	£470	£480	£10	2.1%
	Secondary	£470	£480	£10	2.1%
Free School Meals - Ever 6	Primary	£590	£705	£115	19.5%
	Secondary	£865	£1,030	£165	19.1%
Income Deprivation Affecting Children Indices (IDACI) Primary	IDACI F	£220	£230	£10	4.5%
	IDACI E	£270	£280	£10	3.7%
	IDACI D	£420	£440	£20	4.8%
	IDACI C	£460	£480	£20	4.3%
	IDACI B	£490	£510	£20	4.1%
	IDACI A	£640	£670	£30	4.7%
Income Deprivation Affecting Children Indices (IDACI) Secondary	IDACI F	£320	£335	£15	4.7%
	IDACI E	£425	£445	£20	4.7%
	IDACI D	£595	£620	£25	4.2%
	IDACI C	£650	£680	£30	4.6%
	IDACI B	£700	£730	£30	4.3%
	IDACI A	£890	£930	£40	4.5%
Additional Educational Needs Factors					
English as an Additional Language (EAL)	Primary	£565	£580	£15	2.7%
	Secondary	£1,530	£1,565	£35	2.3%
Low Prior Attainment	Primary	£1,130	£1,155	£25	2.2%
	Secondary	£1,710	£1,750	£40	2.3%
Mobility	Primary	£925	£945	£20	2.2%
	Secondary	£1,330	£1,360	£30	2.3%
School Factors					
Lump Sum	Primary	£121,300	£128,000	£6,700	5.5%
	Secondary	£121,300	£128,000	£6,700	5.5%
Minimum per pupil funding levels	Primary	£4,265	£4,405	£140	3.3%
	Secondary	£5,525	£5,715	£190	3.4%

<b>Report to:</b>	Overview and Scrutiny – 9 <sup>th</sup> February 2023  Cabinet – 15 <sup>th</sup> February	
<b>Subject:</b>	Capital Strategy 2023/24 to 2025/26	
<b>Report of</b>	Cabinet Member for Finance and Communities	

### Executive Summary

In line with good practice, the Capital Strategy forms part of the Council's strategic and financial planning and provides a framework within which the investment plans will be delivered. The Capital Strategy 2023/24 to 2025/26 has been prepared to cover a 3-year period. It is anticipated that this will be extended to a 5-year time frame in line with the Council's medium term financial strategy. The current strategy recognises the uncertainty in relation to funding in future years.

The format of the Capital Strategy reflects the Prudential and Treasury Management Codes issued by CIPFA in 2017 which require Councils to prepare a Capital Strategy and include specific information within it. The strategy in order to comply with the code includes:

- A high-level, long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services.
- An overview of how the associated risk is managed.
- The proposed capital programme 2023/24 to 2025/26.
- Financing of the capital programme.

The Capital Strategy is prepared to ensure Members are fully aware of the overall long term capital investment objectives, capital strategy requirements, governance arrangements and risk appetite.

The strategy cannot be viewed in isolation and links directly to the medium- term financial strategy and the treasury management strategy.

### Recommendation(s)

#### That Overview & Scrutiny:

- Note the content of this report.
- Consider whether they wish to make any recommendations to Cabinet on the content of this report.

#### That Cabinet:

- Approve and commend the capital strategy to Council.

## 1. Background

### **CAPITAL STRATEGY**

The Council is committed to an integrated approach that develops a Capital Programme to reflect the priorities with an organisation-wide approach rather than being determined by individual services. This approach aims to ensure our scarce resources are used in the most effective way and support our corporate priorities as set out in the *Let's Do It Strategy*:

- A local, place-based approach to working with communities to improve social, environmental, health and economic outcomes.
- Harnessing the enterprise of local people and businesses to drive economic growth, and ensuring every resident has the opportunity to connect to the opportunity of this growth through their skills, networks and scope for meaningful work.
- A new collaborative approach to delivering together with communities, to share ownership of issues and opportunity and combine all resources
- A strengths-based approach to public service delivery, to build on the resources people have to solve issues and target resources on the gaps rather than taking a deficit-based view.

### **CAPITAL RESOURCES**

When assessing the level of planned capital investment to undertake, we make a judgement about the level of capital resources that are likely to be available over the period of the programme. Our main capital resources are service specific grants, third party contributions, capital receipts, lease, finance and borrowing.

Historically, the Capital programme required any additional by the Council. This is no longer considered a sustainable position borrowing is likely to be a key source of funding for new schemes in the future. There are revenue consequences of this, as the Council must incorporate the associated borrowing costs and minimum revenue provision in its revenue budget. Any further opportunities for grant funding that may emerge from central Government will be maximised as part of the overall approach. In developing the capital programme, any revenue costs needed to support potential borrowing have been identified and reflected in the Council's Medium Term Financial Strategy.

The new funds being made available by the Government are subject to competitive bidding rounds and to maximise the opportunity that these present, the Council needs to ensure it has the required resources to develop these bids.

## **2. CENTRAL GOVERNMENT ALLOCATIONS AND EXTERNAL GRANTS AND CONTRIBUTIONS**

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

### **Capital Receipts**

- 2.4** The Council generates capital resources through the sale of surplus land and buildings. The Cabinet, at its meeting on 24 November 2020, approved an accelerated land disposal programme aimed at generating significant capital receipts for the Borough. Subsequently a number of phases have been approved by the Cabinet: Phase 1 on 24 March 2021, Phase 2 on 30 June 2021 and Phase 3 on 13 October 2021.
- 2.5** The completion of the programme will generate significant receipts over a 3-year period which can be used to support the Council's capital ambitions.
- 2.6** Colleagues in the Business Growth and Infrastructure Department have undertaken work to try and identify when these capital receipts will be achieved and also to adjust the anticipated values by undertaking risk analysis based upon if the disposal is on track, or if there is a risk to the anticipated timeframe or value of capital receipt. A summary of the anticipated capital receipts is included in the table below

<b>Confidence Level</b>	<b>Adjustment Factor</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>
High	80%	2,360,001	0	414,718
Medium	65%	4,949,750	3,412,500	0
Low	33%	363,000	664,950	0
Complete	100%	639,826	127,087	127,087
<b>TOTAL Estimated Receipts</b>		<b>8,312,577</b>	<b>4,204,537</b>	<b>541,805</b>

- 2.7** For prudence it is recommended that only those values of high confidence or already complete are taken forward and recognised as a funding source for the capital programme or ring fenced as part of the flexible use of capital receipts each year. The receipts are kept under

review and as more are realised a decision can be made at that time as to whether they should be used to fund the capital programme or be used as part of the flexible use of capital receipts to fund transformation.

- 2.8** The Council will continue to pool both Housing and General Capital Receipts to reflect its commitment to a priority-led approach to the allocation of resources and continue to maintain a policy of not ring-fencing the use of capital receipts to fund new investment in specific schemes or service areas. However, it does recognise that exceptionally there will be instances in which it will be necessary to earmark receipts to particular schemes, and if earmarking is necessary, then a report will be taken to the Cabinet for consideration of the specific circumstances.
- 2.9** From April 2016 the Government introduced the flexibility for capital receipts to be used to fund revenue expenditure which meets certain criteria. To meet the qualifying criteria the revenue expenditure needs to relate to activity which is designed to generate ongoing revenue savings or to transform a service which results in revenue savings on improvements in the quality of service provision. Local Authorities are only able to use capital receipts from the sale of property, plant and equipment received in the years in which this flexibility is offered. They may not use the existing stock of capital receipts to finance the revenue costs of service reform. There is a separate report at Appendix 2 setting out how the Council proposes to use capital receipts to fund transformation in 2023/24.

## **BORROWING**

- 2.10** From 1 April 2004 Authorities have had the discretion to borrow in line with the CIPFA Prudential Code, which is known as 'Unsupported Borrowing'.
- 2.11** The Council can make use of the opportunity for the Prudential Borrowing where it is most cost effective and as long as its capital investment plans are affordable, sustainable and prudent. It hence makes a choice on whether revenue resources are used to fund direct service delivery or reserved to finance costs of borrowing for capital investment.
- 2.12** The Council will consider the use of unsupported borrowing in three particular circumstances:
- Discretionary unsupported schemes - where individual services can meet the full borrowing, and other revenue costs from within existing resources and where the related expenditure meets with Council ambitions/priorities and would not be able to proceed through another funding source. Any such schemes must be specifically approved by the Cabinet or Council and be supported by a detailed Business Case.
  - Invest to save schemes - where pump priming assistance is required but overall, costs are met from additional revenue/capital income or savings generated by the scheme. Pump priming can be funded from unsupported borrowing or from slippage/internal resources.
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- Strategic investment – where strategic investment to support the Borough's economy is required, subject to a detailed business case and Cabinet approval.

## **REVENUE CONTRIBUTIONS AND RESERVES**

- 2.13** The Council can also use revenue resources to fund capital projects, although revenue budgets have come under increased pressure over recent years and the ability to use revenue is restricted. The proposed Capital Programme requires borrowing and the cost of borrowing to support the 2023/24 programme has been factored into the 2023/24 budget. Any requirements beyond this will need to be factored into the Medium Term Financial Strategy (MTFS). The Council may also finance capital schemes from S106 monies.

## **LEASE FINANCING**

- 2.14** The Council has traditionally used funding by way of leases to mainly acquire or use vehicles and grounds maintenance equipment where the revenue budget did not allow for a full capital repayment. Before determining whether to proceed with a lease arrangement there must be a robust business case accompanying any consideration of this type of arrangement.
- 2.15** The Council is currently part way through a programme to replace all of its vehicles and equipment held on operational leases. A strategy to cover replacement was agreed as part of the 2020/21 capital programme the phasing of which is over several financial years. The replacement strategy continues into 2023/24.

## **JOINT VENTURES**

- 2.16** The Council is currently engaged in significant regeneration activity in Both Bury and Prestwich Town Centres, for which the Authority has procured Joint Venture partners. Both arrangements were completed in 2022, and the respective teams are currently developing plans for large scale regeneration over the medium to long term. The Council is currently engaged in significant regeneration activity in Both Bury and Prestwich Town Centres, for which the Authority has procured Joint Venture partners. Both arrangements were completed in 2022, and the respective teams are currently developing plans for large scale regeneration over the medium to long term.
- 2.17** **Prestwich Village Regeneration (Your Prestwich)** - This programme is a Joint Venture between Bury Council and Muse Developments. The development is focused on creating a people first place that promotes health and wellbeing by improving the public realm and adding green infrastructure to the site. The project plans currently consist of creating a community hub building, a travel hub, a village square, residential, retail and commercial space. The project is currently in an early-stage public conversation to present and collect feedback on a draft masterplan.
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- 2.18 Bury Millgate** - This programme will bring about transformation of the Mill Gate shopping centre and associated estate. It is a joint venture with Bruntwood Group and will provide improvements to public realm, housing and retail alongside other commercial and leisure uses.
- 2.19** At present, material allocations have not been made in the Council's capital programme to fund these programmes. This is because the programmes are currently in the very early stages of development and the Joint Venture partners are considering a number of specific funding strategies for the development, alongside development design and phasing arrangements. Each programme team is engaging widely with a variety of stakeholders to set the strategy for each programme of work and will return to decision makers later in the year with emerging plans and development appraisals.

### **3 CAPITAL SPEND PROPOSALS**

- 3.1** The Council's 2023/24 to 2025/26 capital programme is set out at Appendix 1. The proposed programme takes account of the latest monitoring position on the 2022/23 capital programme including any identified rephasing that has been agreed for carry forward into the 2023/24 financial year. Several new schemes reflecting the priorities are proposed and are included in the draft programme.
- 3.2** The proposed Capital Programme is focused on some main themes that align to the Council's objectives and outcomes including:
- Regeneration of key areas within the borough
  - Strategic Investment to support economic growth
  - Sport and Leisure
  - Operational Fleet
  - Housing
  - Highways
  - Children and Young People, including schools
  - Carbon Neutrality
  - Estate Management

The capital budget for 2022/23 is £81.148m, with a forecast outturn at quarter 3 of £75.037m, therefore, it is anticipated there will be further rephasing requested once the outturn is known. The following schemes have already had some of their 2022/23 budget rephased into 2023/24:

### **4 LEVELLING UP FUND SCHEMES**

The Council was successful in two levelling up bids for Radcliffe (£20m) and Bury (£20m). These schemes are both supported by an element of match funding from both capital receipts and borrowing. The total investment being £65.8m included in this capital plan which may be subject to change as detailed plans are developed.

- 4.1** The Levelling Up Fund (LUF) was announced as part of the 2020 spending review, it focuses capital investment on local infrastructure by regenerating town centres, investment in cultural facilities and upgrading local transport
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infrastructure. It will have a visible impact on people and places and support economic recovery.

4.2 The Bury project comprises a number of inter-related and coordinated elements that will collectively regenerate Bury town centre and support the prosperity of Bury Market. The works consist of three main elements consisting of market improvement works, new Flexi-Hall and public realm improvements.

4.3 The Radcliffe project comprises several inter-related and coordinated elements that will collectively regenerate Radcliffe town centre acting as a catalyst for further redevelopment and investment in support of strategic growth aspirations for the town. The project includes the development of a new build wellness and civic hub, refurbishment of the market basement and market chambers building and improved public realm. Within the funding contribution from the Council £5m of capital receipts was assumed from the disposals of Whittaker Street, Green Street and School Street. Current estimates for these three schemes are that they will now realise £3.094m, a shortfall of £1.906m.

**Regeneration.** As part of the 2022/23 capital budget a significant amount of regeneration works were approved covering all major sites and areas across the Council. In addition, the Council has committed to the Radcliffe Strategic Regeneration Framework (SRF) which requires significant funding over a 3- year period. Other key areas of regeneration across the Borough include Prestwich Town Centre and Bury Town Centre.

**Replacement of the vehicle fleet.** This is the continuation of the programme that was agreed as part of the 2020/21 capital programme. A vehicle replacement strategy was approved by Cabinet in July 2020 and the procurement of the vehicles is anticipated to take place over a 3-year period although delays related to the Covid 19 pandemic has slowed the pace of this scheme.

**Highways.** Continued investment in highways services and phasing of the works that have previously been approved. A Highways Strategy was approved by Cabinet in September 2020 and showed that the funds available would be spent over 3 financial years. The draft capital programme reflects the latest position on the agreed Highways Strategy.

**Cycle Ways.** The Council has been provided with grant funded income from the Greater Manchester Combined Authority to support greater use of cycle ways and to promote greater use. The funds are to be phased over several financial years to reflect the spending profile.

**Education and Schools.** Anticipated grant income for schools related expenditure has been assumed for the funding that is known. £15m of the funding received in 2022/23 is to be rephased into 2023/24. Further potential Education Capital allocations are still awaited and will be reflected in the strategy as and when the information becomes available.

**Sports and Leisure.** Investment in external sites, including parks, as well as leisure facilities is assumed within the capital programme to promote healthier lifestyles and wellbeing. Some of the schemes are grant funded. A parks strategy (Phase 1) was approved by Cabinet in December 2020 which continues into 2023/24.

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## **5. NEW SCHEMES**

5.1 The capital budget for 2023/24 includes: £20.154m of new schemes

**Housing Revenue Account (HRA).** The continuation of annual investment in properties of circa £14m is assumed to maintain the housing stock and meet statutory compliance requirements. This follows the existing programme of works and is funded from the HRA, the Major Repairs Reserve and carbon reduction grants where applicable and grant is secured.

**Operations.** £0.65m of new projects have been included for schemes related to health and safety, maintenance and other urgent works to ensure both the safety of Bury residents and protect income streams for the Council mainly relating to leisure centres.

**Street Lighting Energy Savings – Dimming.** £1.4m over two years to upgrade older infrastructure with modern, energy saving options.

**Children and Young People.** £2m in 2023/24 will enable the continuation of local SEND resourced provision to reduce the need to send pupils out of borough, at a significant cost to the Council. The capital programme includes a total of £18m across three years for a new primary special school. A bid to the DfE for funding to support the new school has been submitted which if successful will negate or reduce the need for Council's resources.

Discussions are ongoing with the DfE in relation to the opening of the new secondary school in Radcliffe and the date of the first intake. Delays have been experienced with the procurement of a developer which may necessitate a modular solution to allow for the first year 7 in take in September 2024. If this was to be needed the Council is in discussion with the DfE with regards to making a financial contribution of 50% of the costs of the modular solution. The total costs of which are estimated to be between £0.800m to £1.000m. The Council would cap its contribution at £0.500m to avoid the risk of inflationary pressures. This would likely be funded from capital receipts should there be capital receipts available in 2024/25 or unused from 2023/24. However, using the criteria above there are no capital receipts in 2024/25 identified as being of high certainty or delivered which are of sufficient value and therefore, at this point this is identified as requiring capital borrowing. This situation will be kept under constant review

An Onside Youth Zone in Bury to be delivered over the next three years is proposed, subject to a further report to Cabinet in March 2023 with the view that external funding and grants will be secured to fund the capital contribution to the scheme.

**Business Growth and Infrastructure.** £1.45m to facilitate the relocation of Pennine Care Foundation Trust staff and clinics from Humphrey House. There is a separate report on the February Cabinet in relation to this. This will be funded by £1.1m use of capital receipts in 2023/24 and a further £0.350m in 2024/25 or 2025/26 when Pennine Care take floors three and four. This will necessitate the carry-over of capital receipts generated in 2023/24 to facilitate.

5.2 Total budget in 2023/24 is planned at £127.072m, of which, £66.717m is funded externally or through the HRA or major repairs reserve and £3.875m is identified as funded through the use of capital receipts.

The position is however likely to evolve as:

- There may be further government funding allocations announced prior to the start of 2023/24. As noted above we are still awaiting the outcome of a bid to DfE for funding of the new special school. If this is supported this funding will replace the ask of the Council's funding in the capital programme.
- It is likely that new initiatives will be announced later in the financial year. The Council may identify other funding sources, including capital receipts, to finance additional capital expenditure.
- Phasing of the expenditure as more detailed implementation plans evolve.

5.3 The capital programme position will be kept under review and any new information in respect of funding allocations will be presented to Members in future reports.

## **6 Funding the Capital Programme**

<b>Financing the Capital Programme 2023/24</b>	
	<b>£m</b>
Prudential Borrowing	54.973
External Funding	51.165
Capital Receipts	3.875
General Fund Reserves	1.507
Housing Revenue Account / Major Repairs Reserve	15.552
<b>Total</b>	<b>127.072</b>

The Council must ensure that appropriate funding arrangement are in place, and this is monitored as part of the Treasury Management arrangements. It is proposed that the new schemes be funded through a combination of external grants and allocations, capital receipts and borrowing. The borrowing costs have been reflected in the Council's Medium Term Financial Strategy. Funding assumptions beyond 2023/24 are reflective of proposed investment for future years and confirmed external funding.

## **7 PRIORITISING, MANAGING, MONITORING, REPORTING AND EVALUATING THE CAPITAL PROGRAMME**

### **Prioritising Capital Resources**

- It has long been demonstrated that the demands for capital investment tend to exceed available resources. To alleviate this, a robust mechanism is in place to assess schemes against key criteria and strategic priorities, to assist in decision making around the prioritisation of capital resources.

- There is a cross departmental multi-disciplinary team in place which has formed a Capital Project team to review the existing capital gateway processes. This will include a review of governance and the approval and monitoring of capital schemes. This process will ensure wider ownership of the monitoring of the capital programme and will include progress updates on each scheme against forecast outcomes as well as risk monitoring.
  - The proposal, once the processes are embedded will ensure the scrutiny of capital schemes through the Capital Board and using the RAG rating scheme will focus on any flagged as red/high risk. This will allow oversight of any barriers to scheme delivery and allow them to be unblocked.
  - Preparation of the Capital Programme is undertaken in two stages. Firstly, scheme bids are submitted by each directorate and placed into the following categories:
    - 100% funded schemes.
    - Discretionary schemes (Invest to Save and Strategic Investment).  
Discretionary schemes to support priorities and outcomes.
  - The second stage involves assessing the extent of any resources that are available to fund new, discretionary schemes and then assessing the extent to which schemes reflect the Councils strategic priorities, generate revenue savings/costs and lever in additional external resources. A review of the current capital programme is also essential at this time to understand resources previously approved that may no longer be required or can be transferred into future years.
  - The framework is for the prioritisation of capital investment for the Capital Programme. By using this prioritisation process on an annual basis to decide the Capital programme for the following year, it allows the review of the whole three-year rolling capital programme. This review of schemes allows the addition, withdrawal or deferral of capital investment ensuring available capital resources are focused on corporate priorities.
  - Reviewing the Capital Programme is an on-going process and in the past several years available resources have been reducing constantly due to new identified funding requirements and a slowdown in available suitable for disposal surplus assets. A full review of the capital programme has been carried out which has provided greater insight and transparency of the programme. This means that the Council can be more effective in its monitoring and scrutiny.
  - As part of the gateway process, resource requirements including specialist support will be assessed. Ensuring that sufficient resources are available across the organisation to support the delivery of the capital programme is key and the Capital Programme Team will explore and capture the delivery dependencies of each project so teams can plan resources accordingly.
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## **8 MONITORING AND REPORTING ON THE CAPITAL PROGRAMME**

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

## **9 RISK MANAGEMENT**

There are some inherent risks in the Capital Strategy. These include:

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

The strategic imperatives of the LET'S Do It! Strategy, to deliver economic growth faster than the national average are facilitated by this capital programme which is supporting the economic regeneration of our Borough and the building and development of new schools and educational places.

This capital budget provides the resources to maintain the Council's strategic leadership of the LET'S Do It! Strategy, including the specific delivery priorities for 2023/24 and beyond which are described in the Corporate Plan.

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### **Equality Impact and Considerations:**

Not applicable

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### **Environmental Impact and Considerations:**

The Council is working towards becoming a carbon neutral organisation by 2038. All capital build projects are developed with carbon impacts fully taken into consideration.

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### **Assessment and Mitigation of Risk:**

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

### **Legal Implications**

This report forms the suite of reports with Members need to consider when setting the Council's budget. Members need to give due regard to the setting of the capital budget when undertaking the budget setting process.

The Council must set the budget in accordance with the provisions of the Local Government Finance Act 1992 and approval of a balanced budget each year is a statutory responsibility of the Council.

The Council is required by the Local Government Finance Act 1992 to make specific estimates of gross revenue expenditure and anticipated income leading to the calculation

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of the Council tax requirement and it must be sufficient to meet the Council's legal and financial commitments in order to ensure the proper discharge of its statutory duties and lead to a balanced budget. In setting the budget the Council has a duty to ensure that it continues to meet its statutory duties.

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### **Financial Implications:**

The financial implications are detailed within the report.

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### **Appendices:**

*Appendix 1 – Capital budget*

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### **Background papers:**

*Please list any background documents to this report and include a hyperlink where possible.*

The Council Budget 2023/24 MTFS

Quarter 3 Cabinet Monitoring Report

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

Term	Meaning
CIPFA	Charter Institute of Public Finance and Accountancy
JV	Joint Venture
DFE	Department for Education
HRA	Housing Revenue Account
SEND	Special Educational Needs and Development

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Draft Capital Programme						
	Slippage brought forward	Prior Year Commitments	New schemes 2023/24	Total 2023/24	2024/25	2025/26
	£m	£m	£m	£m	£m	£m
<b>Regeneration and Economic Growth</b>						
Radcliffe Hub	19.019	8.361	0.000	27.380	8.517	0.000
Radcliffe Enterprise Centre Design Development	0.000	0.000	0.121	0.121	0.246	0.000
Radcliffe Hub - FF&E	0.000	0.000	0.000	0.000	1.125	0.000
Radcliffe Enterprise Centre	0.000	0.000	0.000	0.000	4.700	0.000
CRSTS: Radcliffe SOBC	0.000	0.000	1.380	1.380	0.000	0.000
Prestwich	3.276	5.086	0.000	8.362	11.092	0.000
Ramsbottom	0.272	0.000	0.000	0.272	0.000	0.000
Bury Flexi Hall	21.499	4.012	0.000	25.511	12.072	0.000
Commercial Sites Regeneration	0.000	0.500	0.000	0.500	0.500	0.000
<b>Sub Total</b>	<b>44.066</b>	<b>17.959</b>	<b>1.501</b>	<b>63.526</b>	<b>38.252</b>	<b>0.000</b>
<b>Place Shaping/Growth</b>	<b>2.011</b>	<b>0.030</b>	<b>0.050</b>	<b>2.091</b>	<b>0.380</b>	<b>0.000</b>
<b>Sports and Leisure</b>	<b>2.812</b>	<b>1.450</b>	<b>0.330</b>	<b>4.592</b>	<b>0.700</b>	<b>0.300</b>
<b>Operational Fleet</b>	<b>1.469</b>	<b>2.000</b>	<b>0.000</b>	<b>3.469</b>	<b>0.000</b>	<b>0.000</b>
<b>ICT and Digital</b>	<b>0.798</b>	<b>0.060</b>	<b>0.000</b>	<b>0.858</b>	<b>0.000</b>	<b>0.000</b>
<b>Highways</b>						
Cycle and Walking Routes	2.011	0.000	0.000	2.011	0.000	0.000
Highways	1.338	3.453	0.000	4.791	3.453	2.884
Street Lighting	2.000	-1.000	0.730	1.730	1.730	0.000
Traffic Calming and Improvement	0.538	0.000	0.000	0.538	0.000	0.000
City Region Sustainable Transport Core Maintenance	0.000	2.546	0.000	2.546	2.546	2.546
City Region Sustainable Transport Strategic Maintenance	0.000	0.000	0.900	0.900	0.900	0.900
Road Safety	0.200	0.000	0.000	0.200	0.000	0.000
<b>Sub Total</b>	<b>6.087</b>	<b>4.999</b>	<b>1.630</b>	<b>12.716</b>	<b>8.629</b>	<b>6.330</b>
<b>Children and Young People</b>						
Children and Young People All Schools	14.028	0.000	0.000	14.028	0.000	0.000
Children and Young People - New Special School	0.000	0.000	2.000	2.000	8.000	8.000
Children and Young People - Star Academy	0.000	0.000	0.000	0.000	0.500	0.000
<b>Sub Total</b>	<b>14.028</b>	<b>0.000</b>	<b>2.000</b>	<b>16.028</b>	<b>8.500</b>	<b>8.000</b>
<b>Estate Management - Investment Estate</b>	<b>0.085</b>	<b>0.000</b>	<b>0.000</b>	<b>0.085</b>	<b>0.000</b>	<b>0.000</b>
<b>Estate Management - Corporate Landlord</b>						
Fernhill Gypsy and Traveller Site	1.566	0.000	0.000	1.566	0.000	0.000
Springwater Park	0.750	1.100	0.000	1.850	0.032	0.000
Muslim Burial Extension	0.025	0.000	0.000	0.025	0.000	0.000
Welfare Facilities and Emergency Building Repairs	0.255	0.800	0.320	1.375	2.760	0.000
<b>Sub Total</b>	<b>2.596</b>	<b>1.900</b>	<b>0.320</b>	<b>4.816</b>	<b>2.792</b>	<b>0.000</b>
<b>One Commissioning and Disabled Facilities Grant</b>						
Older People	0.223	0.000	0.000	0.223	0.000	0.000
Disabled Facilities Grant	0.487	0.000	0.000	0.487	0.000	0.000
<b>Sub Total</b>	<b>0.710</b>	<b>0.000</b>	<b>0.000</b>	<b>0.710</b>	<b>0.000</b>	<b>0.000</b>
<b>Housing Public Sector</b>	<b>2.459</b>	<b>0.000</b>	<b>13.523</b>	<b>15.982</b>	<b>13.447</b>	<b>13.200</b>
Disabled Facilities Adaptations	0.000	0.000	0.800	0.800	0.800	0.800
Empty Property Strategy	0.368	0.000	0.000	0.368	0.000	0.000
Housing Development	0.811	0.000	0.000	0.811	0.000	0.000
<b>Sub Total</b>	<b>3.638</b>	<b>0.000</b>	<b>14.323</b>	<b>17.961</b>	<b>14.247</b>	<b>14.000</b>
<b>Climate Change</b>	<b>0.220</b>	<b>0.000</b>	<b>0.000</b>	<b>0.220</b>	<b>0.000</b>	<b>0.000</b>
<b>TOTAL</b>	<b>78.520</b>	<b>28.398</b>	<b>20.154</b>	<b>127.072</b>	<b>73.500</b>	<b>28.630</b>



<b>Classification:</b> Open	<b>Decision Type:</b> Key
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<b>Report to:</b>	Overview & Scrutiny – 9 <sup>th</sup> February 2023 Cabinet – 15 <sup>th</sup> February 2023	
<b>Subject:</b>	Flexible Use of Capital Receipts Strategy 2023/24	
<b>Report of</b>	Cabinet Member for Finance and Communities	

### Summary

The Secretary of State for Housing, Communities and Local Government issued guidance with effect from the 1<sup>st</sup> April 2016 that allowed Local Authorities dispensation to use capital receipts to support revenue transformation projects and expenditure that would deliver long term and future savings. However, in order to do so the authority must approve in advance of the financial year a strategy stating that it intends to do so and what those capital receipts will be used for.

### Recommendation(s)

Overview and Scrutiny Committee is asked to:

- Note the report.
- Consider whether they wish to make any recommendations to Cabinet on the content of this report.

Cabinet is asked to approve and commend to Council

- The Flexible use of Capital Receipts Strategy 2023/24.

### Reasons for recommendation(s)

The strategy needs to be approved in advance of the financial year and offers the Council greater flexibility over its use of resources.

### Alternative options considered and rejected

The Council could choose not to adopt this strategy and continue to retain all capital receipts for future capital expenditure but this strategy offers greater flexibility of the Council's resources to support transformation and deliver future revenue savings.

## **1. Background**

The proposals within this Flexible use of Capital Receipts Strategy have been prepared based on a capitalisation direction issued by the Secretary of State under Sections 16(2)(b) and 20 of the Local Government Act 2003: Treatment of Costs as Capital Expenditure.

## **2. The Direction**

- 2.1 The Direction issued by the Secretary of State under Sections 16(2)(b) of the Local Government Act in relation to the flexible use of capital receipts specifies that Local Authorities can treat revenue expenditure as capital which:

“is incurred by the Authority that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners”.

“is properly incurred by the Authority for the financial years that begin on 1 April 2016 to 1 April 2021.” This has since been extended for a further 3 years and is now available for financial years that begin 1<sup>st</sup> April 2022, 2023 and 2024”.

- 2.2 It is a condition of the Secretary of State’s direction that the flexible use of capital receipts in accordance with the direction only applies to capital receipts which have been received in the years to which the direction applies.
- 2.3 When applying the direction, Authorities are required to have regard to Guidance on Flexible Use of Capital Receipts issued by the Secretary of state under Section 15(1)(a) of the Act.
- 2.4 In using the flexibility, the Council will have due regard to the requirements of the Prudential Code and to the CIPFA Local Authority Accounting Code of Practice.
- 2.5 The Council is also required to prepare a Flexible use of Capital Receipts Strategy before the start of the year to be approved by the Council – this is that Strategy

## **3 The Council’s Proposals**

The Guidance sets out examples of qualifying expenditure which includes “funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation” and it is for this purpose that the Council is proposing to use Capital Receipts in 2023/24. In line with this Strategy and the Council’s overall Financial Strategies, the following areas are proposals for the use of this directive but it should be noted that each will be considered at the time at which they arise in terms of the best use of the capital receipt in terms of offering greatest return.

- Subject to the approval of another report on this agenda to fund a contribution to the costs of the refurbishment of 3 Knowsley Place to accommodate the move of Pennine Care Foundation Trust. This will facilitate the Council disposing of Humphrey House which requires significant capital investment and does not meet energy efficiency

standards, thereby incurring significant energy costs. This will also release a prime brownfield site in the Town Centre. The scheme was originally proposed for within the 2022/23 financial year.

- There are also a number of opportunities within the property and estates portfolio for significant savings in future years. Work is ongoing to determine the resource requirements to realise these savings which may require ICT enabled transformation focusing on process automation, operational efficiency and improved data quality.
- Work is also ongoing to rationalise the Council's administrative estate but it is recognised that in order to do this additional capacity and resource may be required to support with professional fees, survey costs and costs associated with the relocation of staff, which may also include a small team of staff to support this work.
- As part of the Council's wider savings proposals to close the 2023/24 financial gap a number of service reviews and restructures will be undertaken. It is recognised that costs associated with such reviews are permissible under this direction and may be considered at the time.

It is recognised that some of the Council's capital receipts have already been earmarked as match funding for the levelling up fund schemes but this does not apply to all of those which will be achieved through the accelerated land disposal programme. Therefore, this strategy only applies to those receipts that have not been earmarked as funding for any other proposed capital expenditure and therefore there is no anticipated additional impact on the Council's prudential indicators as set out in the Council's Treasury Management Strategy. The use of capital receipts as match funding for the levelling up schemes is included within the Council's capital programme report which is also on this agenda.

#### **4 2023/2024 Revenue Budget**

To support the significant and continued reconfiguration of the Council's Services to deliver the improvement and efficiencies set out in the Council's budget for 2023/24, it proposed that some of the associated one-off costs are funded from capital receipts. The legitimacy of this use will be determined by the Executive Director of Finance who is the Council's S151 Officer in order to ensure that they meet the requirements set out by the Secretary of State.

It should be noted that the Council is not relying upon the flexible use of capital receipts in order to balance its revenue budget in 2023/24 and will assess at the time of the receipt whether the receipt offers better value for money to support transformation or in order to support the capital programme and thereby reduce borrowing. This will be dependent upon both the Councils revenue position at the time and the cost of borrowing.

#### **5 The Prudential Code**

The Council has due regard to the requirements of the Prudential Code and the

impact on its prudential indicators from the application of this Flexible Use of Capital Receipts Strategy. The latest Treasury management report for the Council identifies that Bury is currently under borrowed and the use of these capital receipts in this way will not negatively impact this position.

The Council will also have due regard to the Local Authority Accounting Code of Practice when determining and including the entries required from undertaking and funding this scheme within the 2023/24 Statement of Accounts.

## **6 Monitoring the Strategy**

Implementation of this Strategy will be monitored as part of regular financial reporting arrangements and any schemes funded from the flexible use of capital receipts will be included within the quarterly financial monitoring updates to Cabinet.

### **Links with the Corporate Priorities:**

The “Enterprise” principle of the *Let's do it!* Strategy commits to driving innovation and transformation as an enabler of change. The flexible use of capital receipts will allow for resources to be accessed to enable transformation and change within the Council's existing resource envelope

### **Equality Impact and Considerations:**

There are no equality implications associated with the principle of flexible use of receipts. As such an equality assessment (EA) has not been completed at this stage. An EA will, however, be undertaken for every proposal to use these funds to ensure that there is no disadvantage to any group and the Council takes every opportunity to further equality of opportunity

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### **Environmental Impact and Considerations:**

There are no direct environmental impacts from the implementation of this strategy but the individual disposals which generate the capital receipts or the projects which utilise those capital receipts may have an environmental impact

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### **Assessment and Mitigation of Risk:**

<b>Risk / opportunity</b>	<b>Mitigation</b>
No risks have been identified	

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### **Legal Implications:**

Capital receipts can only be used for specific purposes, and these are set out in Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 made under Section 11 of the Local Government Act 2003. The main permitted purpose is to fund capital expenditure and the use of capital receipts to support revenue expenditure is not permitted by the regulations.

The Secretary of State for Communities and Local Government issued guidance in March 2016 under section 15 (1) (a) of the 2003 Act, giving local authorities greater freedoms as to how capital receipts can be used to finance expenditure. This allows for the following expenditure to be treated as capital, “expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners.”

The guidance requires authorities to prepare, publish and maintain a Flexible Use of Capital Receipts Strategy with the initial strategy being effective from 1st April 2016 with future Strategies included within future Annual Budget documents.

There is no prescribed format for the Strategy, the underlying principle is to support local authorities to deliver more efficient and sustainable services by extending the use of capital receipts to support the revenue costs of reform projects. It should include a list of each project which plans to make use of the capital receipts flexibility, together with the expected savings that the project will realise. The Strategy should also include the impact of this flexibility on the affordability of borrowing by including updated Prudential Indicators.

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### **Financial Implications:**

The financial implications are included within the body of this report. This flexibility will allow for the use of capital receipts from the accelerated land disposal programme to be used to support transformation expenditure if required but each decision will be judged at the time as to which route offers best value for money.

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### **Appendices:**

*There are no appended documents*

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### **Background papers:**

*Please list any background documents to this report and include a hyperlink where possible.*

Government guidance on flexible use of capital receipts:

<https://www.gov.uk/government/publications/final-guidance-on-flexible-use-of-capital-receipts/guidance-on-the-flexible-use-of-capital-receipts-updated>

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

Term	Meaning
ICT	Information Communication Technology

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<b>Classification</b>	<b>Item No.</b>
<b>Open</b>	

<b>Meeting:</b>	Overview & Scrutiny – 9th February 2023 Cabinet – 15th February 2023
<b>Title of report:</b>	Treasury Strategy 2023-24
<b>Report by:</b>	Cabinet Member for Finance and Communities
<b>Decision Type:</b>	<b>Non-Key Decision</b>
<b>Ward(s) to which report relates</b>	All

## 1. Executive Summary:

- 1.1 This report presents the Council's 2023-24 Treasury Management Strategy. The Treasury Management Strategy is a plan to manage cash, borrowing and investments. This plan is set in the context of the Council's Capital Programme, General Fund Medium Term Financial Strategy, Collection Fund and Balance Sheet.
- 1.2 The Capital Programme is the most important determinant of the Council's cash requirements. Under statute, the Council can only borrow long-term to fund its Capital Programme.
- 1.3 As the most important determinant of the cash demand, the Capital Programme also impacts most on the quantitative ratios, measuring projections of future treasury management activity. These quantitative ratios are called Treasury and Prudential Indicators. They are set out in the report and are standardised measures used across all Local Authorities.
- 1.4 The Treasury and Prudential Indicators shown in this report summarise key parts of the Council's Treasury Strategy and should be considered alongside the analysis of risks and other commentary.
- 1.5 The Treasury Management Strategy is the first of three reports in each financial year to manage risks associated with the Treasury Management function. In addition to the Strategy, there will be a mid-year progress report, with the final report showing the Outturn position.
- 1.6 The reports form part of the statutory regulation of Treasury Management activity, to assist in the management of financial risks. It is the role of Cabinet to scrutinise these reports and the identified risks, prior to recommending them to Full Council.

## 2. Recommendation(s)

Cabinet is asked to approve the 2023-24 Treasury Management Strategy and recommend its approval by Council.

## 3. Key considerations

### Overview

3.1 The Council's 2023-24 Treasury Management Strategy covers:

- Treasury Management definition
- Treasury Management Regulation
- The Capital Prudential Indicators
- Minimum Revenue Provision (MRP)
- Borrowing
- Treasury Indicators
- Prospects for Interest Rates
- Annual Investment Strategy

## 4. Definition

4.1 The Local Government accounting organisation (CIPFA) defines treasury management as:

4.2 *"The management of the local authority's borrowing, investments and cash flows, including 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."*

4.3 Optimum performance is within the context of the priorities set out by CIPFA. These priorities, starting with the most important are security, liquidity and yield. It is absolutely not the role of Local Government Treasury functions to maximise yield regardless of the risk of capital loss.

4.4 Commercial initiatives and loans to third parties are classed as non-treasury activities. However, they will impact on the Treasury Management and Prudential Indicators shown in this report.

## 5. Treasury Management Regulation

5.1 Due to the financial risks, the Treasury Management function in Local Government is highly regulated. This includes:

- The Treasury Management Code
- The Prudential Code for Capital Finance in Local Authorities
- Part 1 of the Local Government Act 2003
- The CIPFA Financial Management Code of Practice.

## 6. The Capital Prudential Indicators 2023/24 – 2025/26

6.1 The Capital Prudential Indicators are standardised ratios measuring the Capital Programme, which drive treasury management activity.

6.2 The Capital Prudential Indicators are detailed below:

*Prudential Indicator 1 (A): Capital Expenditure*

6.3 Table 1 is a summary of the Council's capital expenditure plans. There is a separate report on this agenda detailing the future years capital programme and budget for approval.

Capital expenditure	2021/22	2022/23	2023/24	2024/25	2025/26
£m	Actual	Forecast Spend	Estimate	Estimate	Estimate
Non-HRA	32.120	60.334	110.290	59.253	14.630
HRA	13.616	14.703	16.782	14.247	14.000
<b>Total</b>	<b>45.736</b>	<b>75.037</b>	<b>127.072</b>	<b>73.500</b>	<b>28.630</b>
<i>Source: Capital Strategy and Housing Revenue Account</i>					

*Prudential Indicator 1 (B): Capital Financing*

- 6.4 Table 2 summarises how the capital expenditure plans are being financed by capital and revenue resources:

Financing of capital expenditure	2021/22	2022/23	2023/24	2024/25	2025/26
£m	Actual	Forecast Spend	Estimate	Estimate	Estimate
<b>Net financing need for the year (Prudential Borrowing)</b>	<b>17.141</b>	<b>36.148</b>	<b>54.973</b>	<b>55.330</b>	<b>11.057</b>
External Funding	15.258	23.641	51.165	3.446	3.446
Capital Receipts	0.613	0.108	3.875	0.477	0.127
General Fund Reserves	0.306	1.429	1.507	0.000	0.000
Housing Revenue Account/Housing Revenue Account Reserve	12.418	13.711	15.552	14.247	14.000
<b>Total</b>	<b>45.736</b>	<b>75.037</b>	<b>127.072</b>	<b>73.500</b>	<b>28.630</b>
<i>Source: Capital Strategy 2023-24 &amp; Quarter 3 Cabinet monitoring report</i>					

*Prudential Indicator 2: The Capital Financing Requirement*

- 6.5 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is a measure of the Council's indebtedness for a capital purpose. Any capital expenditure which is not financed in year, generates a net financing need for the year. The Council repays a proportion of the General Fund CFR each year out of the revenue budget. This repayment is called the Minimum Revenue Provision (MRP).
- 6.6 The Housing Capital Financing Requirement is projected to remain the same from 2021-22 to 2025-26. This is because the Council does not finance any of its housing spend from borrowing. Also, the balance on the Housing CFR, unlike the General Fund CFR does not have to be repaid.
- 6.7 The CFR and MRP projections are based on the Council's Capital Programme. This programme prudently shows the availability of grant funding only when fully confirmed. In practice the CFR and MRP are likely to be lower due to additional grant funding. However, if required, the Council would use previous MRP overpayments to reduce the 2023-24 MRP cost\* by £1m (See 7, Minimum Revenue Provision Statement Explanation).

6.8 The Council is asked to approve the CFR projections shown in the tables below:

£m	2021/22	2022/23	2023/24	2024/25	2025/26
	Actual	Estimate	Estimate	Estimate	Estimate
<b>Capital Financing Requirement</b>					
Non-HRA	174.242	207.423	258.232	308.050	311.506
Housing	118.784	118.784	118.784	118.784	118.784
<b>Total CFR</b>	293.026	326.207	377.016	426.835	430.290
<b>Movement in CFR</b>	<b>14.539</b>	<b>33.181</b>	<b>50.809</b>	<b>49.819</b>	<b>3.455</b>
<b>Movement in CFR represented by</b>					
Net financing need for the year (above)	17.141	36.148	54.974	55.330	11.057
Less MRP/VRP and other financing movements	-2.602	-2.967	-4.165	-5.511	-7.602
<b>Movement in CFR</b>	<b>14.539</b>	<b>33.181</b>	<b>50.809</b>	<b>49.819</b>	<b>3.455</b>

(\*£4.165 less £1m is £3.165m)

*Prudential Indicator 2b: External Borrowing*

6.9 The indicator below illustrates that the external borrowing requirement driven by the Capital Programme is equal to the net financing need shown in the above tables.

External borrowing £m	2021/22	2022/23	2023/24	2024/25	2025/26
	Actual	Estimate	Estimate	Estimate	Estimate
Treasury Management (Capital Financing Need)	17.141	36.148	54.974	55.330	11.057

*Prudential Indicator 3: Liability Benchmark*

6.10 A new Prudential indicator included in the 2023-24 Treasury Strategy is the Liability Benchmark (LB). The components to this indicator are:

- Existing loan debt outstanding – loans already taken out.
- Loans CFR – projection of the Capital Financing Requirement.
- Net loans requirement – loan requirements due to short-term, non-capital cash requirements plus existing loans and loans for capital borrowing (Loans CFR)
- Liability benchmark – the net loan requirement plus a cushion for short-term and unexpected liquidity requirements.

6.11 The liability benchmark indicator measures the overall cash demand pressures to increase borrowing. The indicator will increase between 2021/22 and 2025/26.

External borrowing £m	2021/22	2022/23	023/24	2024/25	2025/26
	Actual	Estimate	Estimate	Estimate	Estimate
Existing loan debt outstanding	220.826	226.634	207.826	202.826	200.526
Projection Capital Financing Requirement.	14.539	33.181	50.809	49.819	3.455
Net loans requirement	5.808	33.181	120.259	185.919	193.675
Liability benchmark	25.808	53.181	140.259	205.919	213.675

*Prudential Indicator 4: Core Funds and Expected Investment Balances*

Prudential Indicator 4 shows the Council's core funds as cash reserves alongside its working capital position. The working capital position reduces the Council's core funds: the Council has significant long-term debtors, but has cash owing, these balances reduce cash in the bank account.

The working capital position reduces the Council's core funds, which are further reduced to allow for a liquidity buffer. However, overall, the Council's core funds will still reduce external borrowing and interest costs.

Year End Resources	2021/22	2022/23	2023/24	2024/25	2025/26
£m	Actual	Estimate	Estimate	Estimate	Estimate
Fund balances / reserves	141.966	124.504	113.663	111.663	109.663
Capital receipts	6.967	6.859	2.984	2.984	2.984
Provisions	8.500	8.500	8.500	8.500	8.500
Other	-57.660*	-57.660	-57.660	-57.660	-57.660
<b>Total core funds</b>	<b>99.773</b>	<b>82.203</b>	<b>67.487</b>	<b>65.487</b>	<b>63.487</b>
Liability Adjustment	<b>20.000</b>	<b>20.000</b>	<b>20.000</b>	<b>20.000</b>	<b>20.000</b>
(Under)/over borrowing	-74.773	-57.203	-42.487	-40.487	-38.487
<b>Expected investments</b>	5.000	5.000	5.000	5.000	5.000

(\*Includes adjustment for working capital)

## 7. Minimum Revenue Provision (MRP) Policy Statement Explanation

7.1 Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, where the Authority has financed capital expenditure by borrowing it is required to make a provision each year through a revenue charge (MRP).

7.2 The Council is recommended to approve the following MRP Statement for the year 2023/24. This statement is the same as in the current 2022/23 financial year.

- MRP for supported financing will be calculated using 2.39% over 50 years under the annuity method of calculating MRP.
- The Asset Life method of calculating repayment provision will be used for prudential borrowing.



- The Executive Director of Finance may from time to time and when it is beneficial to the efficient financial administration of the Council, vary the amounts charged as MRP in the year by making additional and voluntary payments of MRP. In these circumstances, the amount paid would not prejudice the existing strategy or be counter to the regulatory intent of that strategy.
- These options provide for a reduction in the borrowing need over the asset's life.
- There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made.
- MRP Overpayments – A change introduced by the revised MHCLG MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision (VRP) or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. The cumulative value of the over payments to date is £2.789m.

## 8. Borrowing

8.1 The Council's Capital Programme sets out the future investment, which will provide long-term benefit to residents. The overall treasury management portfolio as of 31 March 2022 and the current January 2023 position are shown below for both borrowing and investments:

TREASURY PORTFOLIO		
	£m	£m
	31.3.22	20.01.23
<b>Treasury investments</b>		
Local authorities	14.000	0.000
Banks	0.000	4.810
DMADF (H.M Treasury)	0.000	0.000
Money Market Funds	0.000	0.000
Certificates of Deposit	0.000	0.000
<b>TOTAL MANAGED EXTERNALLY</b>	<b>14.000</b>	<b>4.810</b>
Bond Funds		
Property Funds		
<b>Total managed externally</b>	<b>0.000</b>	<b>0.000</b>
<b>Total treasury investments</b>		
<b>Treasury external borrowing</b>		
Local Authorities	17.300	26.300
PWLB	153.695	150.503
Market Loans	16.828	16.828
LOBOs	33.003	33.003
<b>Total external borrowing</b>	<b>220.826</b>	<b>226.634</b>
<b>Net treasury investments / (borrowing)</b>	<b>6.34%</b>	<b>2.12%</b>

8.2 The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement – CFR), highlighting any over or under borrowing. Please see the forward borrowing projections in the table below:

£m	2021/22		2022/23		2023/24		2024/25		2025/26	
	Actual	£m	Estimate	£m	Estimate	£m	Estimate	£m	Estimate	£m
<b>External Debt</b>										
Debt at 1 April	206.016		220.826		254.008		304.816		354.635	
Debt Repayments	-5.000		-13.000		-5.000		-2.300		0.000	
Replacement Loans	19.810		13.000		5.000		2.300		0.000	
Unsupported borrowing (Prudential)			33.181		50.809		49.819		3.455	
Debt at 31 March	<b>220.826</b>		<b>254.008</b>		<b>304.816</b>		<b>354.635</b>		<b>358.090</b>	
Net change	<b>14.810</b>		<b>33.181</b>		<b>50.809</b>		<b>49.819</b>		<b>3.455</b>	

## 9. Treasury Indicators: Limits to Borrowing Activity

9.1 The Operational Boundary is a treasury indicator. This is the limit beyond which external debt is not normally expected to exceed. It is set at the same level as the Council's projected external borrowing. It is less than the CFR, as the Council uses its core funds and earmarked reserves to reduce borrowing levels and associated costs.

Operational boundary	2022/23	2023/24	2024/25	2025/26
	Estimate £m	Estimate £m	Estimate £m	Estimate £m
<b>Borrowing</b>	269.004	334.529	386.348	391.804
<b>Other long term liabilities</b>	0.010	0.010	0.010	0.010
<b>Total</b>	<b>269.014</b>	<b>334.539</b>	<b>386.358</b>	<b>391.814</b>

9.2 The Authorised Limit for external debt is a treasury indicator. This is a key treasury indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Full Council. It reflects the level of external debt which, while not desired, could be afforded in the short-term, but is not sustainable in the longer-term.

9.3 The Authorised Limit is set at a level of £10m above the Operational Boundary.

9.4 The Authority is asked to approve the following Authorised Limits.

	2022/23	2023/24	2024/25	2025/26
Authorised limit	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m
<b>Borrowing</b>	279.004	344.529	396.348	401.804
<b>Other long term liabilities</b>	0.010	0.010	0.010	0.010
<b>Total</b>	<b>279.014</b>	<b>344.539</b>	<b>396.358</b>	<b>401.814</b>

## 10. Prospects for Interest Rates (Link Group Treasury Advisors)

10.1 The Authority has appointed Link Group as its treasury advisor and part of their service is to assist the Authority to formulate a view on interest rates. Link provided the following forecasts on 19.12.22. These are forecasts for certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View	19.12.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
<b>BANK RATE</b>	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.20	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.30	4.40	4.40	4.30	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.30
25 yr PWLB	4.60	4.60	4.60	4.50	4.40	4.20	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.30	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.30	3.20	3.20

10.2 Central forecast for interest rates were updated on 19 December and reflected a view that the Monetary Policy Committee would be keen to further demonstrate its anti-inflation credentials by delivering a succession of rate increases. Bank Rate stands at 3.5% currently but is expected to reach a peak of 4.5% in the first half of 2023.

10.3 The CPI measure of inflation appears to have peaked at 11.1% in Q4 2022 (currently 10.7%). Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market.

10.4 Regarding the plan to sell £10bn of gilts back into the market each quarter (Quantitative Tightening), this has started and will focus on the short, medium and longer end of the curve in equal measure.

10.5 In the upcoming months, forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but the on-going conflict between Russia and Ukraine. (More recently, the heightened tensions between China/Taiwan/US also have the potential to have a wider and negative economic impact.

10.6 On the positive side, consumers are still estimated to be sitting on over £160bn of excess savings following the pandemic which should cushion some of the impact of the above

challenges. However, most of those are held by more affluent people whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

## 11. PWLB RATES

- The yield curve movements have become less volatile of late and PWLB 5 to 50 years Certainty Rates are, generally, in the range of 4.10% to 4.80%.

### 11.1 The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is to the downside.

### 11.2 Downside risks to current forecasts for UK gilt yields and PWLB rates include: -

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, rising gilt yields).
- **The Bank of England** acts too quickly, or too far, over the next year to raise Bank Rate and causes UK economic growth and increases in inflation.
- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in addressing significant remaining issues.
- **Geopolitical risks**, for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows.
- **Upside risks to current forecasts for UK gilt yields and PWLB rates: -**
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly and for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than currently projected or even necessitates a further series of increases in Bank Rate.
- **The Government** acts too quickly to cut taxes and/or increases expenditure in light of the cost-of-living squeeze.
- **The pound weakens** because of a lack of confidence in the UK Government's fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Longer term **US treasury yields** rise strongly and pull gilt yields up higher than currently forecast.
- Projected **gilt issuance, inclusive of natural maturities and Quantitative tightening**, could be too much for the markets to comfortably digest without higher yields consequently. (Quantitative tightening is when the Bank England sells the Government Bonds it owns back into the market. This increases bond sellers relative to the number of buyers in the market, forcing increased yields on Government Bonds to increase their attractiveness to buyers. The overall effect of the increase in yields and the mechanism by which the Bank of England sells Government bonds is to reduce the money supply).

**11.3 Borrowing advice:** The long-term (beyond 10 years) forecast for Bank Rate stands at 2.5%. As all PWLB certainty rates are currently above this level, borrowing strategies will need to be reviewed in that context. Better value can generally be obtained at the shorter end of the curve and short-dated fixed LA to LA monies should be considered. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove

attractive whilst the market waits for inflation, and therein gilt yields, to drop back later in 2023.

- 11.4 Suggested budgeted earnings rates for investments up to three months' duration in each financial year are rounded to the nearest 10bps as follows: -

Average earnings in each year	
2022/23 (remainder)	4.00%
2023/24	4.40%
2024/25	3.30%
2025/26	2.60%
2026/27	2.50%
Years 6 to 10	2.80%
Years 10+	2.80%

- 11.5 As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

- 11.6 interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps. Continuous monitoring takes place and forecasts are updated as and when appropriate.

## 12. Borrowing Strategy

- 12.1 The Authority is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Authority's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. That is, Bank Rate increases over the remainder of 2022 and the first half of 2023.

- 12.2 Against this background and the risks within the economic forecast, caution will be adopted with the 2023/24 treasury operations. The Director of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.*
- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

- 12.3 Any decisions will be reported to the appropriate decision-making body at the next available opportunity.

- 12.4 Currently interest rates are forecast by Link Group to peak at around 4.4% in the financial year and fall gradually to 2.5% in 2026-27. An interest rate of 2.5% is the likely rate when the Bank of England achieves its mandating of 2% inflation.

12.5 The above interest rate forecast suggests a borrowing strategy in which new borrowing is restricted to short maturity periods. This would enable the Council to refinance borrowing at lower interest rates, if interest rates peak during the next financial year, per the current Link Group Forecast. The borrowing strategy is kept under review by the Section 151 Officer.

### 13 Policy on Borrowing in Advance of Need

13.1 The Authority will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Authority can ensure the security of such funds.

### 14 Rescheduling

14.1 The Council has no plans to reschedule its debt portfolio. The external debt projections assume that maturing debt will be refinanced. Specific decisions around this will be taken in accordance with the borrowing strategy set out above.

### 15 Approved Sources of Long and Short-term Borrowing.

15.1 approved Sources of Long- and Short-term Borrowing

<u>On Balance Sheet</u>	<u>Fixed</u>	<u>Variable</u>
<u>PWLB</u>	●	●
<u>Municipal bond agency</u>	●	●
<u>Local authorities</u>	●	●
<u>Banks</u>	●	●
<u>Pension funds</u>	●	●
<u>Insurance companies</u>	●	●
 <u>Market (long-term)</u>	 ●	 ●
<u>Market (temporary)</u>	●	●
<u>Market (LOBOs)</u>	●	●
<u>Stock issues</u>	●	●
 <u>Local temporary</u>	 ●	 ●
<u>Local Bonds</u>	●	
<u>Local authority bills</u> ●	●	●

<u>Overdraft</u>		●
<u>Negotiable Bonds</u>	●	●
<u>Internal (capital receipts &amp; revenue balances)</u>	●	●
<u>Commercial Paper</u>	●	
<u>Medium Term Notes</u>	●	
<u>Finance leases</u>	●	●

## 16 Annual Investment Strategy

### 16.1 Investment policy – management of risk

The Department of Levelling Up, Housing and Communities (DLUHC – formerly MHCLG) and CIPFA have extended the meaning of “investments” to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report).

### 16.2 The Council’s investment policy has regard to the following:-

- DLUHC’s Guidance on Local Government Investments (“the Guidance”)
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (“the Code”).
- CIPFA Treasury Management Guidance Notes 2018.

### 16.3 The Council’s investment priorities will be security first, portfolio liquidity second and then yield (return). 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. However, where appropriate (from an internal as well as external perspective), the Council will also consider the value available in periods up to 12 months with high credit rated financial institutions, as well as wider range fund options.

### 16.4 The above guidance from the DLUHC and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means:-

- Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.
- **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with it’s advisors to maintain a monitor on market pricing such as “**credit default swaps**” and overlay that information on top of the credit ratings.



- **Other information sources** used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in appendix 2 under the categories of “specified” and “non-specified” investments.
- **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.
- **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.
- **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 15.2.
- This authority will set a limit for the amount of its investments which are invested for **longer than 365 days** (see paragraph 15.2)
- Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating** (see Appendix 3)
- This authority has engaged **external consultants** (see paragraph 10.1), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
- All investments will be denominated in **sterling**.
- As a result of the change in accounting standards for 2020/21 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the Ministry of Housing, Communities and Local Government, [MHCLG], concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31.3.23.)

16.5 However, this authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investments performance (see paragraph 15.1). Regular monitoring of investment performance will be carried out during the year.

16.6 The above criteria are unchanged from 2022/23.

## 17 Creditworthiness policy

17.1 This Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;

- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

17.2 This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

- Yellow 5 years
- Dark Pink 5 years for Ultra Short Dated Bond Funds with a credit score of 1.25
- Light Pink 5 years for Ultra Short Dated Bond Funds with a credit score of 1.5
- Purple 2 years
- Blue 1 year (nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

17.3 The Link Asset Services' creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

17.4 Typically, the minimum credit ratings criteria the Council use will be a Short-Term rating (Fitch or equivalents) of F1 and a Long-Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

17.5 All credit ratings will be monitored weekly. The Council is alerted to changes to ratings of all three agencies through its use of the Link Asset Services' creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

- 17.6 Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on any external support for banks to help support its decision making process.

	Colour (and long-term rating where applicable)	Time Limit
Banks *	yellow	5 yrs
Banks	purple	2 yrs
Banks	orange	1 yr
Banks – part nationalised	blue	1 yr
Banks	red	6 mths
Banks	green	100 days
Banks	No colour	Not to be used
Limit 3 category – Council’s banker (where “No Colour”)		1 day
DMADF	UK sovereign rating	6 months
Local authorities	n/a	5 yrs
Housing associations	Colour bands	As per colour band
	Fund rating	Time Limit
Money Market Funds CNAV	AAA	liquid
Money Market Funds LVNAV	AAA	liquid
Money Market Funds VNAV	AAA	liquid
Ultra-Short Dated Bond Funds with a credit score of 1.25	Dark pink / AAA	liquid
Ultra-Short Dated Bond Funds with a credit score of 1.50	Light pink / AAA	liquid

- 17.7 Significant levels of downgrades to Short – and long – Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. However, as economies are beginning to reopen, there have been some instances of previous lowering of Outlooks being reversed.
- 17.8 **Credit Default Swap (CDS) prices** - Although bank CDS prices, (these are market indicators of credit risk), spiked upwards at the end of March / early April 2020 due to the heightened market uncertainty and ensuing liquidity crisis that affected financial markets, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness

service to local authorities and the Council has access to this information via its Link-provided Passport portal.

- 17.9 **Other limits** - The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch Ratings (or equivalent from other agencies if Fitch does not provide). The list of counterparties will be added to, or deducted from, by officers should ratings change in accordance with this policy.

## 18 Investment Strategy

- 18.1 **In-house funds.** Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

- 18.2 **Investment returns expectations.** The current forecast includes a forecast for Bank Rate to reach 4.5% in Q2 2023.

- 18.3 As noted above the suggested budgeted investment earnings rates for returns on investments placed for periods up to three months during each financial year, (based on a first increase in Bank rate in quarter 2 of 2022), are as follows:

Year	Average earnings in each year
2022/23	4.00%
2023/24	4.40%
2024/25	3.30%
2025/26	2.60%
2026/27	2.50%
Years 6 to 10	2.80%
Years 10+	2.80%

- 18.4 For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short – dated deposits, (overnight to 100 days), in order to benefit from the compounding of interest.

## 9 Environmental, Social and Governance Strategy

- 9.1 The Council is currently developing an Environmental, Social and Governance Strategy. However, the Council does not invest in equities directly.

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### Community impact/links with Community Strategy

The Treasury Management Strategy sets the cash management strategy for the authority, which underpins the Capital Programme and the Revenue Budget.

### Equality Impact and considerations:

Equality Analysis	<i>Treasury Report does not impact on resource allocation.</i>

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### Assessment of Risk:

The following risks apply to the decision:

Risk / opportunity	Mitigation
The Council borrows or invests money at too high or too low an interest rate and doesn't achieve best value	Use of specialist advisors

**Consultation:** There are no requirements to consult on the content of this report

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### Legal Implications:

The Treasury Management Strategy, Minimum Revenue Provision Policy and Annual Investment Strategy set out the Council's policies for managing its investments which includes giving priority to security and liquidity. It is effectively the management of the

Council's 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. The Local Government Act 2003 (the Act) and supporting regulations require the Council to 'have regard to' the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code and to set Prudential and Treasury Indicators to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

The Council also has an obligation to comply with the Ministry for Housing, Communities and Local Government (MHCLG) Guidance under section 15(1)(a). The Act requires the Council to set out its Treasury Management Strategy at the start of each new financial year and to prepare an Annual Investment Strategy. This report sets out the Council's policy for maintaining capital security whilst managing its investments and for giving priority to the security and liquidity of those investments. The borrowing strategy aims to minimise the revenue cost of debt whilst securing the Council from revenue pressures in the event of interest rate volatility.

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**Financial Implications:**

All financial implications are covered within the report.

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**Report Author and Contact Details:**

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

Term	Meaning
Capital Financing Requirement (CFR)	The Council's cumulative borrowing balance for a capital purpose.
Minimum Revenue Provision (MRP)	The repayment of the Capital Financing Requirement allocated between current and future financial years. The repayments are generally aligned with the service benefit derived by the Council from the use of the land and buildings purchased from the original borrowing. The Minimum Revenue Provision Policy statement sets how the repayments are calculated.
Prudential Borrowing	This is where a Council externally borrows for a capital purpose in accordance with the regulations – the Prudential Code. A capital purpose is where the borrowing is used to finance land, buildings or plant, which delivers service benefit to the Council lasting more than one year
Prudential Code	The CIPFA Code of Practice on financing capital expenditure. The key principle is that Councils' can borrow to finance capital expenditure but should determine the appropriate level of borrowing according to their ability to repay the debt. This is in contrast to the regulation prior to the Prudential Code, where Central Government set a borrowing ceiling for each Local Authority.
Prudential Indicators	These are standardised ratios measuring the Council's borrowing and its ability to repay. The Indicators are standardised by CIPFA and must be produced by all Local Authorities alongside its strategies.
Public Works Loan Board (PWLB)	A department of the Treasury which provides loans to Local Authority when they make a determination to borrow for a capital purpose.
Treasury Management	The management of the local authority's borrowing, investments and cash flows, including 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.
Voluntary Repayment Provision	This is similar to minimum revenue provision, where the Council repays some of its Capital

	Financing Requirement. However, it is an additional voluntary payment in addition to the Minimum Revenue Provision. For example, the Council might receive some unexpected funding and decided to use this to pay off debt.
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<b>Reference</b>	
<b>Executive Director</b>	Sam Evans
<b>Cabinet Member</b>	Cllr. Richard Gold

**Section A**

<b>Service Area</b>	All Service Areas with fees and charges
<b>Budget Option Description</b>	Review of all fees and charges for the financial year 23/24 ensuring that any increase covers the cost of inflation and ensure that the impact on Bury residents is not adverse.

<b>Budget Reduction Proposal – Detail and Objectives</b>
<p>Fees and charges set by Bury Council have undergone a review by the respective Heads of Service and Finance to ensure they reflect not only the cost of inflation but to ensure that the impact on Bury residents is not adverse. Fees and charges have been benchmarked to other Greater Manchester Authorities ensuring they are in line with other Local Authorities.</p> <p>Consultation has been taken with services to identify the appropriate levels of increase and each increase has been considered on a case-by-case basis.</p> <p>Several services are subject to statutory increases, and these are set externally and not by the Council so are out with this review. Examples include Licensing, such as application for premises license and variations fees.</p> <p>Fees for New Roads and Street Works are set by GMRAPs (TfGM (Transport for Greater Manchester)) for all GM (Greater Manchester) authorities, and therefore are also outside of this review.</p> <p>Penalty charges are included but are set by legislation. They are the same across GM authorities</p> <p>Adult Social Care costs have been excluded from the proposed increase due to the majority being means tested and an increase would have negligible impact.</p> <p>Analysis of all Fees and Charges Budgets has been undertaken and whilst the increase in the fees and charges range from 5% to 15% only budgets that can support an increase in budget has been included. If specific budgets are currently underachieving this has been taken into context in the setting of a new budget.</p> <p>The following is the proposed budget increases by Department as a consequence of the proposed increase in fees and charges</p>

Directorate	£
Business, Growth & Infrastructure	80,000
Corporate Core	309,00
Department of operations	611,000
Total	1,000,000

Proposed increase in charges, the detail for every individual charge will be communicated through the appropriate mechanisms as the list is too extensive to include here

Service	Fee	Proposed average Increase
Waste management	Commercial Waste	Between 5% - 15%
Parks	Hire of facilities, allotments, car boot sales land hire, Fishing permits and Peel Tower entry	10%
Environmental Health	Sampling, visits general Fees and Charges	Between 5% - 10%
Trading Standards	Testing & Stamping Weighing & Measuring Equipment, Hourly charge for Business Advice	15%
Pest Control	Domestic and commercial insect and rodent control	10%
Leisure Services	Session fees, discount cards, memberships, facility hire for dry and wet activities	10%
Bereavement Services	Rights of Burial, memorial charges,	10%
Libraries	Photocopying, printing, hire charges, fines, room hire, IT charges and archives	Between 5% - 15%
Engineers	Permits, Traffic orders and miscellaneous fees	Between 5% - 15%
Licencing	Animal welfare, Zoo, Piercers, street trading and miscellaneous.	Between 5% - 15%
Markets	Trader fees	10%
Building Control	Domestic Work	10%
Development Control	Pre-application advice, planning fees and advice	15%
Legal	Legal advice and licences	Between 5% - 15%
Registrars	Attendance at ceremonies & citizenship	10%

Private Rented Sector	Houses in multiple occupation licences, enforcement action costs and officer time	10%	
Elections & Land Charges	Enquiries on decisions, other matters, land search fees	10%	

	2023/24	2024/25
Increase in income range (£)	£1m	Inflation dependant
Staffing Reduction (FTE)	None	None

Is the proposal One-Off or Ongoing?	Ongoing and to be reviewed annually
<b>Property</b>	
None	
<b>Service Delivery</b>	
Service delivery will continue. Increases in fees and charges are reviewed to ensure that increases do not adversely impact on demand.	
<b>Organisation (Including Other Directorates/Services)</b>	
Increases in fees and charges will need to be communicated. All services with fees and charges, except for schools, will be affected. Statutory fees and charges are included in the review, but not able to be altered.	
<b>Workforce – Number of posts likely to be affected.</b>	
None	
<b>Communities and Service Users</b>	
Service delivery will continue. Increases in fees and charges are reviewed to ensure that increases do not impact on demand or the community in an adverse way.	
<b>Other Partner Organisations</b>	
This is a council wide review.	

## Section C

### Key Risks and Mitigations

Risks	Mitigations
Increases in fees and charges will reduce demand	Heads of Service are to review all proposed fees and charges to ensure the community is not adversely affected or demand in the service drops.
Increased income of over 10% due to inflation will not be realised as cost to provide the service increases	Other efficiencies in service delivery will need to be considered by the specific departments to ensure that cost to provide the service remains viable.

### Key Delivery Milestones

*Include timescales for procurement, commissioning changes etc.*

Milestone	Timeline
<ul style="list-style-type: none"> <li>Once approved, all fee's need to be increased as per individual factors</li> </ul>	<ul style="list-style-type: none"> <li>On a case-by-case basis after approval, with all being implemented by April 2023</li> </ul>

## Section D

Consultation Required?	Consultation is required as part of the budget
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	Start Date	End Date
Staff		
Trade Unions		
Public	Oct 2022	Dec 2022
Service User	Oct 2022	Dec 2022
Other		

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**Section E**

***Financial Implications and Investment Requirements***

<b>Investment requirements – Revenue and Capital</b>
None although changes will need to be made to websites and systems

<b>Finance Comments – Will the proposal deliver the savings and within the agreed timescales?</b>
Yes – Review of increased charges to realise increased income to be included.

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<b>Reference</b>	
<b>Executive Director</b>	Lynne Ridsdale
<b>Cabinet Member</b>	Cllrs Rafiq

**Section A**

<b>Service Area</b>	Council Wide
<b>Budget Option Description</b>	Workforce Costs

**Budget Reduction Proposal – Detail and Objectives**

The scale of budget gap forecast for 2023/24 exceeds the extent of potential options which are congruent with organisation strategy. As such it is necessary to bring forward additional options which may not be strategically aligned but represent the opportunity to make savings through reduction in non-statutory services. This template sets out the detailed work and approach to progressing two such options as set out within the October MTFS refresh:

1. Additional unpaid leave (£600K)
2. A review of the Council's Chief Officer Structure (£100k)

*Additional Unpaid leave**Background*

The Council historically operated a system of 3 days mandatory unpaid leave to support its budget position between 2011 and 2019. When this scheme ceased in 2019 those staff who wished to were enabled to continue to opt-in to access this, with an additional voluntary scheme introduced enabling staff to purchase up to a further 10 days leave each year, subject to managers approval. Savings targets for these schemes continue to be built into the current budget:

	Budget Savings Target	Staff uptake in 2022/23	2022/23 Projected Saving	Variance from target
3 Days Unpaid Leave	£170k	1,213	£234k	+£64K
Additional Leave Purchase	£14k	114	£74	+£60k
<b>TOTAL</b>	<b>£184k</b>	<b>1,327</b>	<b>£308k</b>	<b>+£124k</b>

As per the above table, in year we are projected to overachieve on the budget target across these schemes by £124k.

*Work to maximise uptake*

Officers have worked to further enhance uptake of the voluntary leave purchase scheme over recent months, working towards a £600k savings target, which is based on an assumed 3 days of unpaid leave being taken by all staff.

This work has been supported by a significant internal communications campaign and a streamlined and simplified application process.

Whilst the level of savings through the remaining staff participating in the original scheme will diminish over time, as staff leave and withdraw, analysis also suggests the target here could safely be increased taking account of turnover patterns.

	Initial Savings Target	Staff uptake projected for 2023/24	2023/24 Projected Savings	Projected additional budgeable savings
3 Days Unpaid Leave	£170k	1,019	£190k	+£20k
Additional Leave Purchase	£14k	250	£140k	+£126k
<b>TOTAL</b>	<b>£184k</b>	<b>1,269</b>	<b>£340k</b>	<b>+£146k</b>

Based on the above, and assuming additional in-year take-up through the ongoing communications campaign a further **saving of £150k through unpaid leave can safely be built into the 2023/24 with a very low risk delivery rating. A potential stretch target of £200k would also be reasonable.**

#### *Going further*

Whilst it may be possible to slightly improve on this £150k through additional communications, promotion and incentives within current policy (to say £200k) this falls well below the original target of £600k in savings.

One option to enhance uptake here would be to move to an 'opt out' approach, with staff automatically enrolled to access 3 days unpaid leave but given the option to opt out of this arrangement if they wish to do so.

This approach would be applied to those who are not currently enrolled in the original scheme and, for those who have voluntarily purchased 3 days or more leave already this year, would not increase the number of leave days they are accessing unpaid in 2023/24. The intention would be to apply this on the same basis as the original scheme i.e. that staff are enrolled on an ongoing basis but free to withdraw at any time. Going forward new staff would also be automatically enrolled into the scheme from their start date with the option to withdraw included in the new starters process. – The total potential additional savings from this approach would be £367k

There are several areas of the Council where it would not make financial sense to opt staff into this scheme. Where, for example, staff require cover during any absence and such cover would be more costly (i.e. waste) or those funded by income or specific grants where no saving would be realised by additional leave (i.e. School Catering). – Staff in these areas would retain access to the voluntary additional leave purchase scheme but would reduce the total potential savings through the 'opt in' approach by £48k.

The table below summarises those areas proposed to be excluded from this approach:

Team	Total number of employees
Pupil Escorts	56
School Crossing	20
Adult Learning Service	34
Caretaking and Cleaning Services	197
Catering Services	248
Waste Management	103
Sheltered Services and Carelink	49
Sensory Support Service	23
Choices for Living Well - Killelea	125
Emergency, resilience and response	24
Curriculum Language Access Service	32
	<b>911</b>

Excluding the above areas, taking account of staff already accessing unpaid leave, this would take the total additional potential savings to £319k. A 50% 'opt out' rate has been assumed meaning a projected further £160k of savings through the opt-out approach.

Moving to an 'opt out' approach poses a number of practical and potential legal risks which are explored further below. However, given the scale of budget challenge facing the Council this option, on balance, is proposed to be progressed.

#### *A review of the Council's Chief Officer Structure*



The 2022/23 budget includes a savings target of £200k from a review and rationalisation of the Council's Chief Officer structure. £138k will be achieved towards this target in-year, with the reminder to be achieved in 2023/24.

A further £100k saving is proposed for inclusion in this budget. This will be profiled for delivery in 2024/25 and will be incorporated into work by the incoming Chief Executive to review the Council's senior structure.

#### Bridging the gap

As set out above, clear plans are in place which will deliver circa. £400k of the £700k savings proposed through workforce costs.

A number of options have been considered to bridge this gap including:

- Moving the application of unpaid leave to a mandatory model, most likely through the termination and re-engagement of staff
- Increasing the level of automatically opted in days from 3 to 5
- A further cut in Chief Officer staffing
- Adjustments to the Council working week and hence associated staff costs.

These options have, at this stage, been rejected as the potential impact on service delivery and staff morale and productivity which are seen as disproportionate to the savings value.

It is important that considerations here are set in the context of the Council's overall employee terms and conditions package which, similar to many other local authorities, has seen changes to enable savings in a number of areas over the past decade, including movement to the payment of overtime at plain-time only and a more stringent approach to sick pay.

The 2021/22 budget included £360k in savings from a review of discretionary workforce spend. This target was achieved through a detailed review of all non-salary payments to staff, such as allowances and on-call payments. Over the past year significant analysis was also conducted in relation to organisational management layers and spans of control which, whilst not identifying significant savings opportunities, has identified a number of lines of enquiry for further potential analysis.

The proposal is to seek to achieve the remaining £290k savings through further work to promote uptake of unpaid additional leave and, potentially a continuation of the discretionary workforce spend review and further organisational design analysis. – These savings are scheduled for delivery by 2024/25.

#### Overall Savings Proposals

	TOTAL savings	23/24	24/25
Review of current '3 days unpaid leave' income target	£20k	£20k	
Additional unpaid leave – voluntary purchase	£130k	£130k	
Additional unpaid leave – Opt out approach	£160k	£160k	
Chief Officers Savings	£100k		£100k
Additional workforce savings	£290k		£290k
<b>TOTAL</b>	<b>£700k</b>	<b>£310k</b>	<b>£390k</b>

**Section B*****What impact does the proposal have on:***

<b>Property</b>
None
<b>Service Delivery</b>
Through the exclusion of areas where additional leave would require cover through either overtime or agency staff the intention is to minimise the impact on delivery in key operational service areas. – However, additional leave will, by definition, reduce workforce capacity which will pose a challenge to service delivery. This risk will be mitigated by prioritisation and structured performance management arrangements across services.
<b>Organisation (Including Other Directorates/Services)</b>
Management of this programme will require increased work across HR and Payroll functions.
<b>Workforce – Number of posts likely to be affected.</b>
This proposal will affect the full workforce, as described above.
<b>Communities and Service Users</b>
No
<b>Other Partner Organisations</b>
No

**Section C****Key Risks and Mitigations**

<b>Risks</b>	<b>Mitigations</b>
The 'opt out' approach receives legal challenge on the basis of an unlawful deduction from wages	Initial legal advice has suggested a number of measures to mitigate this risk, principally through ensuring the robustness of staff communications and simplicity of the approach to opting out. – Also, it will be important that any individuals who feel they have been inappropriately opted in have a route to raise this and issues to be corrected.
The 'opt out' approach negatively affects staff morale or industrial relations	This risk will be mitigated by strong and open communications with staff and the trade unions and an emphasis on the Council's wider employment offer and support alongside clarity that opting-out requires no form of justification or approval.
The assumed 50% 'opt out' projection is not accurate and a lower level of savings are delivered	Ongoing monitoring will be key to understanding the position here. However, it is not possible to fully mitigate this risk.
Additional leave negatively impacts service delivery	Through the exclusion of key operational areas and the wider focus on prioritisation and performance management this risk will be mitigated.
A reduction in the Chief Officer structure affects the Council's capacity to deliver on its key objectives	The Chief Executive will carefully consider how any reduction is managed with reference to the Council's operational and strategic priorities

The additional savings Gap cannot be met	Focused work will begin on this area from May 2023 with a view to developing a clear and risk assessed plan of action by October. – There is considerable risk here. However, analysis of both the organisational structure and key areas of spend provides some initial confidence in relation to deliverability.
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**Key Delivery Milestones:**

Milestone	Timeline
S188 meeting to agree proposed approach and progress staff communications	27 February 2023
Communications to all affected staff, including opt-out process	27 February 2023
Ongoing communications and staff briefing	March 2023
New processes agreed for new starters and annual management of the process	March 2023
Opt-out deadline and application of 3 days unpaid leave to staff as applicable	30 March 2023
Ongoing monitoring of savings against budget	From April 2023
Review of Chief Officer structure to generate 2024/24 savings progressed.	September-December 2023

**Section D**

Consultation Required?	Yes – for Chief Officer review
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**Equality Impact**

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

Disabled people	This process will need to be carefully managed (in particular the employee communications and practical opt-out arrangements) to mitigate any negative impact on protected groups.
Particular Ethnic Groups	
Men or Women (including impacts due to pregnancy/maternity)	
People who are married or in a civil partnership	
People of particular sexual orientation	
People who are proposing to undergo, undergoing or undergone a process or part of a process of gender assignment	
People on low incomes	
People in particular age groups	
Groups with particular faiths and beliefs	

EIA Required?	Yes
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**Section E: Financial Implications and Investment Requirements**

<b>Investment requirements – Revenue and Capital</b>
No

<b>Finance Comments – Will the proposal deliver the savings and within the agreed timescales?</b>
Yes

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<b>Reference</b>	
<b>Executive Director</b>	Paul Lakin
<b>Cabinet Member</b>	Cllr O'Brien

## Section A

<b>Service Area</b>	BGI
<b>Budget Option Description</b>	Capitalisation of BGI spend on Regeneration

### Budget Reduction Proposal – Detail and Objectives

In accordance with financial regulations, the revenue cost of salaries of staff who are directly involved in delivery of active capital projects will be recharged to the associated capital budgetary provision

Capitalisation of project management staff has already been assumed as part of the 2022-23 budget process. The salaries of support and management staff time to these projects will also now be capitalised with a particular focus on recharges to:

- UK Shared Prosperity Fund (UKSPF)
- City Region Strategic Transport Settlement (CRSTS)

Revenue recovery through capitalisation will be managed on a timesheet basis and monitored quarterly

	2023/24	2024/25	2025/26
Budget Reduction (£m)	£0.200m		
Staffing Reduction (FTE)	N/a		

## Section B

*What impact does the proposal have on:*

<b>Property</b>
Among other resources, staff from within the Land and Property function will be deployed to assist in delivery of capital projects instead of recruitment of dedicated resource/consultancy. This will require prioritisation of work within the team.
<b>Service Delivery</b>
Charging of additional staff time or Council overhead to capital projects will need to be balanced against the capital available for project delivery/construction and therefore should primarily be built into externally funded rather than Council funded projects.
<b>Organisation (Including Other Directorates/Services)</b>
Will necessitate the prioritisation of staff resources to deliver the highest value of land parcels and premises within the Accelerated Land Disposal Programme (required to deliver capital receipts).
<b>Workforce – Number of posts likely to be affected.</b>
None
<b>Communities and Service Users</b>

None
<b>Other Partner Organisations</b>
None

## Section C

### Key Risks and Mitigations

Risks	Mitigations
Capital budgets are under considerable pressure at present due to unprecedented construction material and labour price inflation. Further capitalisation may result in project overspends which may require further capital funds/scope change/project closure.	Proactive capital monitoring of each major project and use of value engineering where appropriate.  Additional capital may be required to fund overspends should value engineering be unsuccessful.
Use of internal staff to deliver externally funded or capital activity will reduce operational capacity in BG&I operational services.	Reduction in non-value adding activity through job management.  Extension of delivery timescales for operational activity.
Focus on capitalisation gain will lead to reduced job security and recruitment and retention challenges within project management teams.  This may result in project delivery issues which may result in grant clawback.	None.
SORP permissibility of management time capitalisation.	Finance confirm robust rationale for capitalisation of management time – assuming time recording is in place.

### Key Delivery Milestones

*Include timescales for procurement, commissioning changes etc.*

Milestone	Timeline
Capitalisation will require journaling of salary costs against capital expenditure codes on a monthly or quarterly basis	Quarterly reports

## Section D

Consultation Required?	No consultation required
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	Start Date	End Date
Staff		
Trade Unions		
Public		
Service User		
Other		

### Equality Impact

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

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

<b>EIA Required?</b>	<b>No EIA required</b>
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## **Section E**

### ***Financial Implications and Investment Requirements***

<b>Investment requirements – Revenue and Capital</b>
None

<b>Finance Comments – Will the proposal deliver the savings and within the agreed timescales?</b>
Sufficient external capital programmes and grants have been secured within 2022/23 to manage this and there is no reason to expect this not to be the case in 2023/24 and future years but this will require careful in year monitoring and close scrutiny of all future bids to ensure every opportunity is maximised

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<b>Reference</b>	
<b>Executive Director</b>	Paul Lakin
<b>Cabinet Member</b>	Cllr O'Brien

## Section A

<b>Service Area</b>	BGI
<b>Budget Option Description</b>	Commercial Asset Management

### Budget Reduction Proposal – Detail and Objectives

The Council's Major Projects Division manage the Council's commercial and other land assets through the Land & Property Service.

The Service will shortly commission an asset management planning and review process; the aim of which will be to identify additional income opportunities from commercial assets. The process will also identify loss making assets or high cost / low margin activity.

The asset planning process will be the subject of a separate bid for flexible use of capital receipts or transformation funding. This will be submitted for approval in February 2023.

Following completion of this exercise, officers will prioritise activity and assets which will increase commercial income through:

- Rent review
- Asset disposal/mothballing
- Income growth through strategic investment
- Cost avoidance/reduction.

The Land & Property Service was prevented from engaging in commercial rent review processes during the pandemic and there is a backlog of this activity and therefore potential for increased rental income.

The Council's commercial activities bring in revenue income of approximately £3.6m per annum. The proposed saving of £250k is based on a targeted net increase in income/reduced expenditure which equates to 7% of net annual income. It is felt that this should be achievable, this will require the team to prioritise this activity and subject to the success of the afore mentioned bid for flexible use of capital receipts or transformation funds.

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Budget Reduction (£m)	£0.250m		
Staffing Reduction (FTE)	N/a		

## Section B

***What impact does the proposal have on:***

### Property

The review will revise rent levels where possible. Income maximisation activity may result in asset disposal or capital investment (subject to approval).

<b>Service Delivery</b>
<p>The Land &amp; Property Service are currently engaged in wider activity focused on:</p> <ul style="list-style-type: none"> <li>• Maximising capital income through the Accelerated Land Disposal Programme (ALDP).</li> <li>• Supporting Capital Project delivery (Regen/Schools/Housing).</li> <li>• Supporting Brownfield Housing Delivery.</li> </ul> <p>These activities contribute directly to other budgeted savings associated with increases in Council Tax and Treasury Management.</p> <p>The Service is also carrying a number of vacancies and is capitalising staff resource to capital projects in order to deliver other BGI savings for which there is a resultant FTE reduction.</p> <p>This activity will require significant resource and will require complex planning to ensure it is completed effectively.</p>
<b>Organisation (Including Other Directorates/Services)</b>
Prioritisation of staff resources in order to deliver a number of key priorities for both the Department and the organisation including the Accelerated Land Disposal Programme (required to deliver capital receipts).
<b>Workforce – Number of posts likely to be affected.</b>
None
<b>Communities and Service Users</b>
None
<b>Other Partner Organisations</b>
None

## Section C

### Key Risks and Mitigations

Risks	Mitigations
The savings proposal is an estimate, based on the best available information. Full information on income maximisation potential/cost avoidance will not be known until asset management planning activity is complete.	Early procurement of Asset Management Plan work package.
Availability of Land & Property surveyor resource.	Ongoing recruitment activity associated with hard to fill posts.
Risk to other council savings: – The Land and Property Service is currently engaging in activity to underpin Council Tax income increases (Brownfield housing Programme) and will provide capital receipts under the ALDP to bring in funds	Ongoing recruitment activity associated with hard to fill posts.

used by other services for savings via flexible use of capital receipts. Should this initiative provide resourcing challenges for the Service, there is likely to be an effect on activity associated with the wider Council's savings programme.	
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### Key Delivery Milestones

*Include timescales for procurement, commissioning changes etc.*

Milestone	Timeline
Procurement of Asset Management Planning consultancy package	February – March 2023

### Section D

Consultation Required?	No consultation required
------------------------	--------------------------

	Start Date	End Date
Staff		
Trade Unions		
Public		
Service User		
Other		

### Equality Impact

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

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

EIA Required?	No EIA required
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### Section E

*Financial Implications and Investment Requirements*

Investment requirements – Revenue and Capital

Investment will be required for the asset management planning and review system. This will be a non-recurrent costs and subject to a bid for use of flexible use of capital receipts or the transformation funds

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

This work has not yet started but there is an opportunity as this work has not been undertaken since before the pandemic to potentially recover prior years monies in 2023/24 which should compensate for any slippage in the scheme not starting on the 1<sup>st</sup> April but this will require careful negotiation and may also need the support of finance and legal colleagues

<b>Reference</b>	
<b>Executive Director</b>	Paul Lakin
<b>Cabinet Member</b>	CLlr O'Brien

## Section A

<b>Service Area</b>	BGI
<b>Budget Option Description</b>	Additional Salary Capitalisation generated through capital receipts

### Budget Reduction Proposal – Detail and Objectives

The Council's Major Projects Division manage the Council's commercial and other land assets through the Land & Property Service.

The Land & Property Service are currently in the process of disposing of Council land assets to generate capital receipts to support the overall capital programme. This capital will underpin investment priorities for the Council alongside the flexible use of capital receipts process – required to generate the wider corporate savings.

The table below presents the estimated receipts available. Given current instability with the macro economy, the estimates have been adjusted down to account for financial and temporal risk.

Financial Year	Est. Capital Receipts
2022-23	£3,740,500
2023-24	£8,962,577
2024-25	£4,854,537
2025-26	£1,841,805
2026+	£3,312,000
<b>TOTAL</b>	<b>£22,711,419</b>

Of the £22.7m highlighted above, **£1.3m is already secured**/complete. However, it should be noted as per the Capital report a number of these capital receipts are already committed to fund capital projects

The Service is able to capitalise costs associated with the disposal up to 4% of the capital receipt. This will allow further capitalisation of direct labour and direct disposal charges.

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Budget Reduction (£m)	£0.050m	£0.200m	
Staffing Reduction (FTE)	N/a	N/a	

## Section B

***What impact does the proposal have on:***

<b>Property</b>
The proposal is contingent on the disposal of council owned land assets. These disposals have previously been approved by Elected Members via the ALDP.

<b>Service Delivery</b>
<p>The Land &amp; Property Service are currently engaged in wider activity focused on:</p> <ul style="list-style-type: none"> <li>• Income Maximization / Cost reduction – Commercial Assets.</li> <li>• Supporting Capital Project delivery (Regen/Schools/Housing).</li> <li>• Supporting Brownfield Housing Delivery.</li> </ul> <p>These activities contribute directly to other budgeted savings associated with increases in Council Tax and Treasury Management.</p> <p>The Service is also carrying a number of vacancies and is capitalising staff resource to capital projects in order to deliver other BGI savings for which there is a resultant FTE reduction.</p>
<b>Organisation (Including Other Directorates/Services)</b>
<b>Workforce – Number of posts likely to be affected.</b>
None
<b>Communities and Service Users</b>
None
<b>Other Partner Organisations</b>
None

## Section C

### Key Risks and Mitigations

Risks	Mitigations
Land receipts are heavily dependent on the health of the wider economy.	Effective marketing and promotion of land opportunities. Early engagement with the market.

### Key Delivery Milestones

*Include timescales for procurement, commissioning changes etc.*

Milestone	Timeline
In line with previously agreed ALDP.	

## Section D

Consultation Required?	No consultation required
------------------------	--------------------------

	Start Date	End Date
Staff		
Trade Unions		

Public		
Service User		
Other		

### Equality Impact

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

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

<b>EIA Required?</b>	<b>No EIA required</b>
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## Section E

### ***Financial Implications and Investment Requirements***

<b>Investment requirements – Revenue and Capital</b>
None

<b>Finance Comments – Will the proposal deliver the savings and within the agreed timescales?</b>
This will require careful monitoring as the Cabinet has recently received a number of reports where the capital receipt achieved was lower than originally anticipated. The Capital strategy report also identifies a number of schemes where the capital receipts from a number of disposals are already committed in order to fund capital schemes and reduce overall borrowing costs.

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<b>Reference</b>	
<b>Executive Director</b>	Lynne Ridsdale
<b>Cabinet Member</b>	Cllrs Rafiq, Gold & Morris

## Section A

<b>Service Area</b>	Corporate Core
<b>Budget Option Description</b>	Service Reviews within the Corporate Core

**Budget Reduction Proposal – Detail and Objectives**

The scale of budget gap forecast for 2023/24 exceeds the extent of potential options which are congruent with organisation strategy. As such it is necessary to bring forward additional options which may not be strategically aligned but represent the opportunity to make savings through reduction in non-statutory services. This template makes proposals for such options from the Department of Corporate Core Services.

The Corporate Core fulfils the majority of “back office” functions within the Council, a number of which are statutory (e.g. community safety and performance reporting); organisation critical e.g. HR, IT and Legal Services or externally funded, e.g. Adult Learning. The Department was created in 2019/20 in direct response to LGA feedback about the need to invest in strategic corporate capabilities and to ensure these operate in a way which connects to the community voice.

Budget reductions totalling c£1.079m are proposed through this proposal the context of a total budget of c£15m.

In developing these proposals, a focus has been given to:

- Ensuring organisational critical services are maintained at a minimal standard (both statutory services and functions crucial to our organisational ambition)
- Minimising the impact on jobs and taking fortuitous opportunities through the deletion of vacancies / recharges elsewhere wherever possible.

The proposals, by Service Area include:

1. **IT capacity review** (£300K in 25/26) – Delivered from a reduction in operating costs enabled by service improvements through the new structure and operating model currently being finalised and increased capitalisation of project costs.
2. **Reduce HR and OD capacity** (£250K across 23/24 and 24/25) – Including delivery of a review of the Council's Occupational Health Unit and EAP provision, which is already underway, and a review of the HR operating model with the potential impact on circa. 5 jobs.
3. **Legal Services** (£175K in 23/24) – Through the capitalisation of legal costs associated with supporting the delivery of Bury's capital regeneration works.
4. **Business Support** (£130k in 23/24) – Through a review of service capacity and savings opportunities enabled by the new central service. The majority of this will relate to the deletion of vacancies with a potential impact on circa. 2 jobs.
5. **Performance** (£88k in 25/26) – A reduction in capacity enabled by the delivery of system improvements and automation, with a potential impact on 3 roles.
6. **Communications and engagement** (£81k in 23/24) – Reductions in service through a review of all functions, with potential impact on 2 roles.
7. **Delivery Unit** (£55k) – Reductions within the Council's Delivery Unit through alternative funding options for Project Management support.

A more detailed breakdown of proposals including savings by year and potential FTE implications. – Savings will be delivered through 7 connected projects each led by a member of the Corporate Core management team.

Service	Lead	Total	23/24	24/25	25/26	26/27	Indicative FTE Impact
IT	KW	£300k	0	0	£300k	0	0
HR	SM	£250k	£150k	£100k	0	0	5
Legal	JD	£175k	£175k	0	0	0	0
Business Support	SM	£130k	£130k	0	0	0	2
Performance	KW	£88k	0	0	£88k	0	3
Communications and Engagement	KJ	£81k	£81k	0	0	0	2
Delivery Unit	KW	£55k	£55k	0	0	0	0
<b>TOTAL</b>		<b>£1.079m</b>	£591k	£100k	£388k	0	12

**Section B*****What impact does the proposal have on:***

<b>Property</b>
None
<b>Service Delivery</b>
Reduction in support to Council delivery services may have a knock-on impact on service delivery. This will pose a significant challenge in the context of the current scale of priorities being supported across the Corporate Core and will require a compromise / reduction in relation to some priority areas of work which will need to be managed in partnership with deliver departments.
<b>Organisation (Including Other Directorates/Services)</b>
<p>Internal impacts will be:</p> <ul style="list-style-type: none"> <li>- Reduced strategic HR capability – culture improvement journey diminished</li> <li>- Reduced strategic communications and engagement capability. May impact on delivery for other council departments</li> <li>- Reduced performance capability through reduction in analyst capacity</li> <li>- Where there is a lead for specific external communications and engagement activities an alternative may be required. Expertise likely to diminish</li> <li>- Reduced capacity for Project Manager may impact on some delivery</li> <li>- Reduced business support may impact other Council functions</li> </ul>
<b>Workforce – Number of posts likely to be affected.</b>
C12 posts at risk of redundancy
<b>Communities and Service Users</b>
None
<b>Other Partner Organisations</b>
None

### Section C

#### Key Risks and Mitigations

Risks	Mitigations
Increased burden on council managers and reduction in quality of provision as a result of diminished capacity within HR, Business Support, communications and engagement. Greater associated risk of external challenge and cost and dependency on external support in exceptional circumstances. Risk of staff retention	<p>Management development programme to begin this spring will strengthen core management skills based</p> <p>Investment in systems automation and improvement</p> <p>Investment in communications and engagement templates to automate production</p>
Insufficient skills and capacity to maintain the systems and processes established within the Core to respond to LGA advice (i.e. strategic HR; corporate performance and planning framework; project office support and community engagement)	<p>Corporate performance planning cycle maintained at strategic level on reduced basis</p> <p>Annual business planning exercise to be managed within the context of available resources</p>
Staff engagement and retention reduces	Senior managers accountable for maintaining engagement processes within their department
Failure to respond to external advice about safe resourcing requirements for IT delivery. Greater risk of cyber attack; data loss and transformation journey compromised	<p>IT capabilities prioritised; risk register updated.</p> <p>Savings profiled for later in the budget cycle</p>
Systems will not be developed to ensure that legal services activity is captured in a timely manner	Senior lead accountable for establishment of systems with finance lead.

#### Key Delivery Milestones:

Milestone	Timeline
Overarching consultation with workforce – 90 days; S188 notice served	October 22 – January 23
Service specific consultation (23/24 savings) – 30 days	March 2023
Budgets reduced for 23/24 savings	April 2023
Capitalisation and recharges in place	April 2023
Post-consultation decision on 23/24 service reviews	April 2023
Full implementation of new structural arrangements for 23/24 (staff notice served)	July 2023
Detailed design for future year savings progressed	October 2023

**Section D**

Consultation Required?	Yes – consultation with staff will take place in-line with the Council's agreed consultation toolkit. Wider engagement will take place on proposed changes across the organisation as needed.
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**Equality Impact**

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

Disabled people	No – Changes will take place in line with then Council's agreed policy framework and workforce change procedures which have been subject to equality analysis.
Particular Ethnic Groups	
Men or Women (including impacts due to pregnancy/maternity)	
People who are married or in a civil partnership	
People of particular sexual orientation	
People who are proposing to undergo, undergoing or undergone a process or part of a process of gender assignment	
People on low incomes	
People in particular age groups	
Groups with particular faiths and beliefs	

<b>EIA Required?</b>	No – Changes will take place in line with then Council's agreed policy framework and workforce change procedures which have been subject to equality analysis.
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**Section E: Financial Implications and Investment Requirements**

<b>Investment requirements – Revenue and Capital</b>
One-off funding for redundancy costs may be required.

<b>Finance Comments – Will the proposal deliver the savings and within the agreed timescales?</b>

<b>Reference</b>	
<b>Executive Director</b>	Lynne Ridsdale
<b>Cabinet Member</b>	Cllr Morris

**Section A**

<b>Service Area</b>	Corporate Core
<b>Budget Option Description</b>	Options appraisal of Bury Art Museum & TIC

**Budget Reduction Proposal – Detail and Objectives**

Bury Council recognises the important role that culture plays in community and economic development. Through the leadership of the Arts and Museum service the Council became the first GM Town of Culture in 2019; the museum site will be included in the culture quarter of the Bury town centre masterplan and the scope for a significantly expanded events offer is central to regeneration plans in Radcliffe and Bury through the new public hub / flexi hall buildings.

Independent advice on a potential borough culture strategy was sought and partners have been engaged during the autumn to bring it to a conclusion. The intention is to bring forward a proposal for Council approval in March 2023

The Council's Art Museum is presently central to the borough cultural co-ordination and a much-loved asset. The service operates with a small team comprised of a manager, curator; assistant curator, operations officer and a small number of Visitor Assistants. In addition, the service provides a Tourist Information Service which, by operating from the front desk of Fusiliers' Museum, also host the reception to the Fusiliers Museum.

In the context of the council's budget position options to underwrite the museum costs have been considered over the last 8 weeks, including addressing the disrepair of the listed building from which it operates and the fact that visitor numbers have, regrettably, reduced and not yet recovered post Covid and a long-standing income target remains outstanding.

The options appraisal has been informed by feedback from over 500 survey responses and 37 stakeholder replies from organisations and interest groups. Detailed analysis of the results is below this template but focusses largely on support for greater commercialisation including suggestions for a "friends" group; to pursue voluntary donations and host charged-for, ticketed events. The overwhelming message from the public who have responded is that it is not necessary financially to close the site as cost contributions will be achievable.

In the context of further analysis and consultation feedback, final proposals are to:

- Invest in professional technical advice to submit a high-quality MEND application to the Arts Council for repairs to the building. This process is now underway
- Review staffing costs to make a small reduction in the service cost base
- Pursue voluntary income through installation of a digital, voluntary donation point
- Implement ticketed events during 2023 as part of service planning which will address the historic £20 000 income target and explore scope to increase income in future to contribute towards costs
- Invest UKSPF funding in leadership and fundraising capacity across the Bury arts sector, including the museum, to provide the capacity to develop and implement a commercialisation model which will address pressures within the art museum and for other partners. This will include pursuing external grant funding from partners such as the Arts Council and Heritage Lottery Fund, as well as income from donations and optional ticketed events available to the public
- Commit to a feasibility study to engage an external partner to develop and operate some of the museum space for external event hire, particularly weddings, in order to achieve a rolling revenue income line and enhance the events offer within Bury Town Centre

	2023/24	2024/25
Budget Reduction (£m)	£0.050m	£0.200m
Staffing Reduction (FTE)	2-3	0

## Section B

***What impact does the proposal have on:***

<b>Property</b>
<p>The property disrepair will be addressed through external investment, subject to a successful MEND application.</p> <p>A feasibility of the engagement of an external operator to further develop the site for external events hire will also be explored.</p>
<b>Service Delivery</b>
<p>The proposal is to maintain current service delivery and develop the offer to include additional, ticketed events to secure additional income</p>
<b>Organisation (Including Other Directorates/Services)</b>
<p>BGI capacity required to support the architectural assessment for MEND application; to progress a feasibility study for events use and a major dependency on Bury town centre masterplan.</p> <p>Any changes to the building will impact of Bury Museum and Archive service which also operate from the site</p>
<b>Workforce – Number of posts likely to be affected.</b>
<p>Efficiencies sought from staffing structure – potential reduction of 2-3 posts, subject to a detailed service review and consultation exercise</p>
<b>Communities and Service Users</b>
<p>Dependency of public engagement with ticketed events and contributions to a voluntary donation point</p>
<b>Other Partner Organisations</b>
<p>Fusiliers' museum affected by any changes to reception support</p>

## Section C

### Key Risks and Mitigations

Risks	Mitigations
Community opposition to any reductions or changes	<ul style="list-style-type: none"> <li>Community consultation</li> </ul>
Arts council funding withdrawn for museum roof on basis of any change in use	<ul style="list-style-type: none"> <li>MEND application now underway; engagement with Arts Council contact</li> </ul>
BGI capacity to include museum within Masterplan programme	<ul style="list-style-type: none"> <li>Site formally included in culture quarter proposals</li> </ul>
Ability to engage meaningfully with Arts Council/deliver change, outside of directly impacted staff group	<ul style="list-style-type: none"> <li>Dedicated leadership proposed, funded by UKSPF</li> </ul>
Insufficient income from commercialisation model secured	<ul style="list-style-type: none"> <li>Savings deferred to year 2 to give time for commercialisation model to be developed and values confirmed. Option revisited in 2024/25 if assumptions not achieved</li> </ul>

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

Milestone	Timeline
Temporary leadership and fundraising capacity established Donation point installed Income strategy for existing target in place	April 2023
Service review & c£50 000 savings identified	June 2023
Feasibility study of operator for event hire; outline business case determined	June 2023
Income strategy developed	July 2023
Evaluation to inform 2024/25 budget	October 2023

#### Section D

Consultation Required?	Complete
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	Start Date	End Date
Staff		
Trade Unions		
Public		
Service User		
Other		

#### Equality Impact

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

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

EIA Required?	No
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#### Section E: *Financial Implications and Investment Requirements*

Investment requirements – Revenue and Capital
MEND application requires investment provided for from existing funds Feasibility study for future events space to be funded from UKSPF funds

Finance Comments – Will the proposal deliver the savings and within the agreed timescales?
Delivery: 50k by summer 2023 – service restructure / voluntary donations

## **Bury Art Museum Consultation Report**

### **Methodology**

Consultation commenced on 7th November 2022 and closed six weeks later, on 19th December 2022. The questionnaire was developed and hosted on-line on 'One Community', the council's engagement and consultation portal (hard copies were available on request and from reception points in the Art Museum and Fusiliers Museum.

523 responses were received on-line via One Community with a further 37 email/letters/testimonies received to the dedicated engagement inbox.

The consultation was promoted via:

- Council Social media accounts
- Press releases
- One community newsletter
- The Bury Directory
- Art Museum newsletter
- Hub weekly newsletters
- Direct engagement with stakeholders e.g. funders, schools, exhibitors, other cultural venues both in Greater Manchester, Nationally and Internationally, community group users of the museum spaces, local arts and cultural groups, groups that the Art Museum work in partnership/collaboration with.
- Two events at the Art Gallery at which the consultation was actively promoted.
- Community groups newsletters

The survey was open to all and therefore respondents were self-selecting, meaning that results should be viewed as indicative of the wider population rather than representative.

All percentages have been rounded up to the nearest whole number.

All free text responses received from the on-line survey have been grouped into themes along with those from emails/letter/testimonies.

The overall view from respondents both on-line and those who sent it email/letters/testimonies was to keep the art museum open, as it is an asset to Bury, it plays a central part of the cultural offer and history of the town and is also a valued place to view art, both by local residents, those visiting from across Greater Manchester and from across the country.

Respondents did also have many positive and imaginative ideas as to how the 250k savings needed from the museum could be generated, which was mainly through greater commercialism, working in partnership and considering other funding streams and income generation schemes, as well as ideas generally about how the spaces and building could be used to its advantage, whilst maintaining the art collection and allowing the public to see it in person.

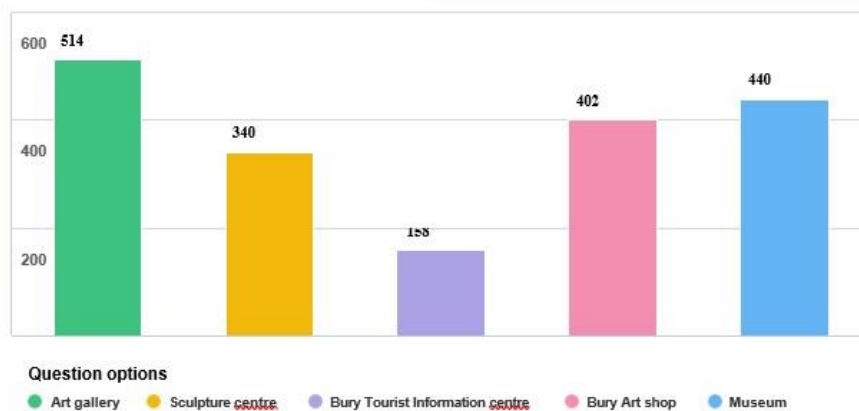
The survey received responses across all demographics (see graphs below) but no real differences in opinion was found.

### **Bury Art Museum Consultation Findings**

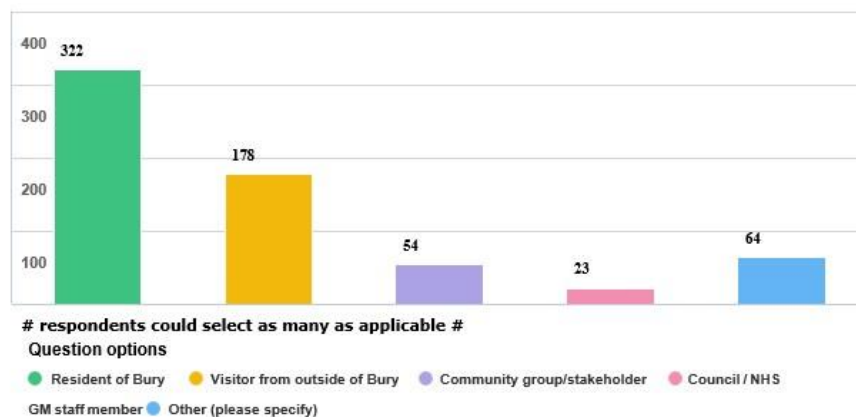


**Question: What if any, have you used in the last 12 months? (Please tick all that apply)**

Within the last 12 months 514 respondents stated that they had visited the Art Gallery, with a further 440 visiting the Museum, 402 visiting the shop, 340 attending the sculpture centre and 158 people accessing the tourist Information centre.



**Question: How are you responding to this consultation?**



As the graph shows, the largest group of respondents were residents of Bury (322), whilst 178 respondents visited from outside of Bury. 54 people were responding as part of a community group or as a stakeholder and 23 staff members of the Council/NHS GM responded. 64 people responded as 'other'.

'Other' responses came from:

- Exhibitors/artists – 32 respondents
- Bury College lecturer/teacher in Art – 6
- Local business owner – 3
- Volunteer at Bury Art Gallery – 3
- Museum professional - 2

## On-line open-ended results

Respondents were next asked a series of questions that asked for their comments and thoughts. For each question all comments have been grouped into themes.

**Question: Do you have any suggestions as to how the Council could make the £250k savings required from the Art Museum?**

518 comments were made to this question. The comments have been themed as below, along with a small number of the comments.

The largest number of comments that were received related to the art gallery being more commercial, with suggestions such as hosting weddings, charging for entry, loaning out pieces of art, being a film location, musical events, hire out for private events. Repurposing the space (for corporate events, community use, events) partnership delivery, and alternative ways of funding were also suggested by large number of respondents. Digitisation of collections was put forward but mainly to complement the physical presence of the collections rather than replace them.

**Greater commercialism**

The largest number of comments that were received related to the art gallery being more commercial, with suggestions such as hosting weddings, charging for entry, loaning out pieces of art, being a film location, musical events, hire out for private events.

*'hire out building for private events when shut - filming, weddings, conferences., concerts. It's a beautiful building and so should be of interest'*

*'increase the profile of the shop - why no online shopfront? Could be a great shop window for local contemporary artists generating commission'*

*'I'd like to see greater commercialisation, what about more music events, alcohol licence (with local brewers such as brewsmith, brightside etc), local artists selling events etc, dining experience with guided tours, dating events,*

*more art courses, perhaps in the evening oil, acrylic, drawing etc. Charge for this'*

*'More options for events. There's loads of demand for parent and baby stuff, and being such an accessible venue could create a great opportunity. A kid safe/friendly play space would definitely encourage us to come more'*

*'Greater commercialisation*

*Use of historic buildings for filming, weddings, functions etc'*

**Repurposing of space**

*'Rent the unique gallery spaces for private parties, weddings, corporate events, conferences, craft fairs, music events'*

*'By using the museum space for ticketed, paid performances and events'*

*'Use the space as a training space for other public service groups to use, rather than buy space commercially from outside the council. There are excellent examples of this in other museums regionally and nationally. Ideal for NHS/Education training groups'*

**Partnership delivery**

*'By working with schools and other community projects to educate future generations to develop an understanding and love of the arts. Encourage established artist to share their skills within the museum'*

*'Partnership delivery would be a preferred method - more support from the wider cultural sector in GM'*

*'partnership delivery, could this be linked with Fusilliers Museum next door. Can there be any partnership with other museums/galleries in GM - Lowery/Imperial War Museum exhibitions from other GM/North West organisations'*

### **Alternative ways to raise funds**

*'Start a membership scheme? Annual subscription in return a couple of member events (talks/tours) and cafe/shop discount'*

*'Legacy scheme / Bury supporters group / Event hire / greater commercialisation, prints on demand, art collection / virtual supporters or adoption scheme'*

*'Friends of scheme'*

*'Crowdfunding for repairs'*

### **Digitisation**

*'Expanded digital provision may support the art museum, if this can generate income, and it can be done without reducing the existing offer'*

*'Use of digital media'*

*'Expanded digital provision might be a valuable asset and a way of drawing more people to the museum'*

### **Question: How would any change to current arrangements impact on you/your group?**

509 comments were received to this question. Comments received fell in to three main themes as below.

### **Impact on Bury**

*'Bury would cease to become an attractive place to live, and investment would surely shrink if Bury Art Museum's service was to diminish under the wishes of the council'*

*'If this gallery were to close or change too much, I feel the cultural heart would be stripped from the Town...it would be devastating'*

*'It would be a tragedy for Bury to lose it's only art based cultural space'*

*'It would take away from the community massively. Cultural landmarks like this are the backbone of any town and not having it there would have severe negative repercussions on family days out, tourism and myself as an artist'*

*'I visit monthly and bring visitors here, any closure would impact on the attractiveness for me/ my visitors coming to the town centre'*

*'I am an artist and professor of art and daughter to two young girls - your change would mean a bury would win the race to the bottom of culture - well done - seriously it would affect me in that bury would not be visited by me my family nor any of my friends and associates - again own goal'*

*'It will take away a reason to visit Bury and enjoy (and spend money) in the rest of town's amenities. It makes me wonder whether Bury values its history and culture, which are well manifested by the Museum'*

*'Would not visit anymore'*

*'The museum provides a vital cultural hub at the heart of the community, and I would visit Bury considerably less were it not there'*

*'The Art Museum puts on exhibitions that I have travelled to Bury to see. While in Bury, I spend money in local shops. The closure of the Art Museum would remove my reason for visiting Bury town centre'*

*'The art gallery is a real asset to our community and it's removal would significantly impact many people's likelihood of visiting Bury and therefore engaging with other services and spending money in our shops and businesses'*

### **Impact on local artist/exhibitors**

*'Precious opportunities for local artists to exhibit and sell art work be lost'*

*'I have exhibited with the Museum as part of the Text Festivals. It would be a huge loss if this place were no longer available. I have donated time and work to the Museum'*

*'If the gallery closed We would not get a chance to Have our annual exhibition and it is an important event for Bury Art Society'*

*'Without Bury Art Gallery, I'd have not shown my first major work. This work demanded 50 people, who had never been to Bury before, going to participate as well as enjoy the exhibition and Bury's other offering's before and after. So to answer the question, new artists would not have a space in Greater Manchester, and Bury would cease to have any cultural connection to the county'*

### **Educational impact**

*'Bury is small. It helped me through my entire art career and time at university to see such a nice gallery in this small town. In doing so attracts more people, and makes it a proper culture hub and hotspot. You'll push people away, therefore effecting like-mindless and culture of the North!'*

*'The community would be without an internationally-reaching art museum and Sculpture Centre, artworks by world-renowned artists such as JMW Turner, community events and workshops, and no provision for the thousands of school children that come throu The removal of a local art museum will negatively impact the educational remit of the local area. It will be a big blow to children and schools in the area gh its doors year upon year as part of the educational offer'*

*'The gallery and museum offer my children and their friends a chance to engage with art and historical artefacts. Hands on workshops enable them to interact with history in a way a text book can't do. Being surrounded by changing exhibitions both in the sculpture centre and gallery challenges them to think about the world in ways they wouldn't otherwise be exposed to. Art helps children think critically - take inspiration away and you risk taking away the spark which leads to new exciting ways of thinking and as a result, progress'*

*'I work at Bury College Art department, and we have links with the Bury Creatives team and often do things in collaboration with this team. We also use the Gallery as a valuable local resource to show our students artwork in person as often they have never visited a gallery'*

*before. If the gallery were to close or reduce its provision or opening hours, this would impact us'*

### **Question: If the Council withdraws the museum, how could the public access it's art collection?**

485 comments were received to this question. The comments fell in to two main themes; it wouldn't be able to be viewed and located to other venues.

Digitisation was mentioned but in the main was commented on to complement the physical collection not replace it.

#### **Don't think it would be able to be viewed**

*'The collection is important and needs to be both cared for and accessible to the public and the current gallery is the best way of doing this'*

*'There is no real way of enabling the population to access the collection'*

*'I suspect the public wouldn't be able to access the collection and it would be lost forever'*

*'The public will not be able to access the art collection. It will be a great loss to Bury. I work in the town and do not live there but I think the town centre has a great deal to offer and the museum is in an important part of that. If lost, it will not be regained'*

*'There is no substitute for seeing the collections at first hand'*

*'Withdrawing the museum would be in conflict with taking into account the Deed of Gift and the obligations for care and repair of the collection. Bury's residents have a right to access their public art collection. It is also important that wherever anyone lives in the country (be that London or Bury) that one can access public collections of significant art. Removing access from communities that are already disadvantaged will result in lowered aspirations and opportunities for creative development and town regeneration'*

#### **Located to other venues/galleries**

*'Loan of artwork to other locations?'*

*'Safely display in already public spaces like the bus station'*

*'Move all art collection to another free to access museum'*

*'Share to neighbouring venues'*

*'The collection would need to be moved to an alternative location or housed, conserved and displayed within the current building in a scaled down form'*

*'Display the physical collection around Bury in other public and prominent buildings on rotation. Then everyone might get to see it'*

#### **Digitalisation**

People did suggest digitalisation may be an option but generally thought it should complement not replace being able to see the collection in person

*'Art UK or similar digital platform'*

You would need to invest in a digitisation programme that includes high resolution photography of the collection items, full cataloguing of the items, delivery of the catalogue

and associated images online, all of which is likely to cost as much as, if not more than, the £250K you are seeking to save by closing the Art Museum. 629 of your artworks are already in the digital public domain via Art UK, you could build on this by discussing with Art UK whether there is potential for further digitisation of your collection.

Digital access is an option but looking at art on screen is no replacement for being in the space.

**Question: Any other comments?**

378 comments were received. The comments received reiterated comments to the previous three open ended questions. With the majority of comments stressing the need to keep the art gallery open and as it is now and stating what a loss it would be to Bury as a place if it were to close. Respondents also commented again on how the 250k could be generate as they had done in previous questions.

Below are examples of comments received to this final open ended question.

*'Please think much more imaginatively about this problem. I fully understand you can't financially support this, but think and get the right person in to help with a very small team for a period and you should be provided with a legacy that means you don't have to worry about this issue again'*

*'Withdrawal of funding and removing staff from Bury Art gallery and museum/ Tourist information centre would fundamentally change the outlook of Bury within the North West: far from building on the reputation as town of culture this is now being destroyed. All the opportunities provided to school children, youth groups, vulnerable adults, residents, workers and visitors to Bury would be lost. Closing Bury Art Museum would be a huge loss both locally and nationally as access to the import collection of art would be lost'*

*'The council have a great asset in the gallery. The museum has regained its full registration lost after the sale of the Lowry painting and this should not be jeopardised again. The museum provides a cultural beacon at a time when few other cultural options exist. It is unreasonable to say that the building could remain the heart of the cultural quarter and taking away its function as a respected (registered) museum and art gallery. It is a creative space Because it is a fully functional gallery. The gallery's engagement with the public, for children and adults is already excellent, providing a service which supports school curriculum at all levels. Their engagement also supports adults, not just artists and creatives but provides an unofficial mental health and wellness service. The council should encourage and further build on this. Above all, the council need to retain the skill set of the museum team who already provide these services which other museums have to buy in'*

*'Just generally horrified that anyone's considering shutting an art museum'*

*'Think it would be unforgivable if the museum were closed. The town would lose a valuable asset which would speed up the decline of the town centre and lose tourists and visitors'*

Respondents were then asked a series of questions about themselves. The tables below show the responses received.

**Question: Which age bracket do you fit in to?**

Age bracket	number of respondents and %
18 or under	2 (0.4%)
19-24	17 (3%)
25-34	60 (11%)
35-44	115 (22%)
45-54	95 (18%)

55-64	128 (24%)
65+	118 (22%)

As the table shows, the largest number of respondents were over the age of 35, but relatively evenly split between 35 and 65+ years. The younger age groups were still positively represented.

**Question: What is your gender?**

Gender	Number of respondents and %
Female	346 (65%)
Male	186 (35%)

65% of responses were received from females, with 35% from males.

**Question: What is your religion?**

Religion	Number of respondents and %
No religion	301 (59%)
Christian	171 (33%)
Jewish	10 (2%)
Muslim	6 (1%)
Buddhist	4 (1%)
Hindu	1 (0%)
Other	20 (4%)

The largest number of respondents to the survey (59%) stated that they had 'no religion' with a further (33%) stating that they were Christians. Other religions were represented in the responses.

**Question: Do you have a disability?**

No	452 (86%)
Yes	73 (14%)

86% of respondents did not have a disability, however 73 respondents (14%) had a disability.

**Question: What is your Ethnicity?**

Ethnicity	Number of respondents and %
White (English, Welsh, Scottish)	433 (83%)
Other White	33 (6%)
White Irish	15 (3%)
African	11 (2%)
Other Mixed Race	7 (1%)
White and Black African	6 (1%)
Indian	2 (0.4%)
Pakistani	2 (0.4%)
White and Black Caribbean	1 (0.2%)

Chinese	1 (0.2%)
Other Asian	1 (0.2%)
Arab	1 (0.2%)
White and Asian	1 (0.2%)

The largest number of respondents were 'White' (83%) however responses were received from many different ethnic groups.



<b>Reference</b>	
<b>Executive Director</b>	Jeanette Richards
<b>Cabinet Member</b>	CLlr Lucy Smith

## Section A

<b>Service Area</b>	Social Care & Safeguarding
<b>Budget Option Description</b>	Children's External placements / Step down of very high-cost placements across childrens

### Budget Reduction Proposal – Detail and Objectives

This proposal is to reduce expenditure by reviewing the number of children in high-cost residential children home placements and Independent Foster Agency (IFA) placements where appropriate and safe to do so.

Actions to deliver this savings are as follows:

- Review the role of the complex care panel and procurement activity as part of a wider transformation programme and pool budgets to ensure that health and education contribute to high-cost placements where therapy and educational support and intervention are provided.
- Increased focus on the recruitment of supported lodging hosts and stepping down young people from residential provision when appropriate into a semi-independent and supported lodging provision.
- Continuing focus on recruitment of foster carers/Supported Lodging hosts and a review of the permanence and recruitment strategy.

	2023/24	2024/25	2025/26
Budget Reduction (£m)	0	£1.200	0
Staffing Reduction (FTE)	0	0	0

## Section B

*What impact does the proposal have on:*

<b>Property</b>
N/A
<b>Service Delivery</b>
Complex Care Panel processes for multi-agency placements will need to be reviewed to support and also review practices to ensure that there is a proactive approach to sharing budgets and also reviewing the packages agreed at panel.
<b>Organisation (Including Other Directorates/Services)</b>
N/A

<b>Workforce – Number of posts likely to be affected.</b>
N/A
<b>Communities and Service Users</b>

Other Partner Organisations
N/A

## Section C

### Key Risks and Mitigations

Risks	Mitigations
Insufficient Bury Foster Care placements	Investment in foster care strategy to be brought forward
No in-house residential children's home provision, reliant on commissioned services.	Step children and young people into foster care or semi-independent provision when appropriate to do so. Medium term strategy to develop council residential care provision

### Key Delivery Milestones

*Include timescales for procurement, commissioning changes etc.*

Milestone	Timeline
Phase 1. Initial desk top review of top high cost out of area placements and provide an options appraisal in relation to each child	By January 2024
Phase 2. Review of single funded packages at children's social care budget placement panel	By January 2024
Phase 3. Review of Complex Care Panel processes and new TOR developed	By January 2024
Phase 4. Review of jointly funded packages at complex care panel	February 2024 onwards

## Section D

Consultation Required?	No
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	Start Date	End Date
Staff		
Trade Unions		
Public		
Service User		
Other		

### Equality Impact

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

Disabled people	No
Particular Ethnic Groups	No
Men or Women (including impacts due to pregnancy/maternity)	No
People who are married or in a civil partnership	No
People of particular sexual orientation	No

People who are proposing to undergo, undergoing or undergone a process or part of a process of gender assignment	No
People on low incomes	No
People in particular age groups	Yes
Groups with particular faiths and beliefs	No
<b>EIA Required?</b>	<b>Yes</b>

## Section E

### *Financial Implications and Investment Requirements*

Investment requirements – Revenue and Capital
None

Finance Comments – Will the proposal deliver the savings and within the agreed timescales?
The reduction and review of the high cost residential and independent foster care placements will secure the saving on the budget from 2024/25

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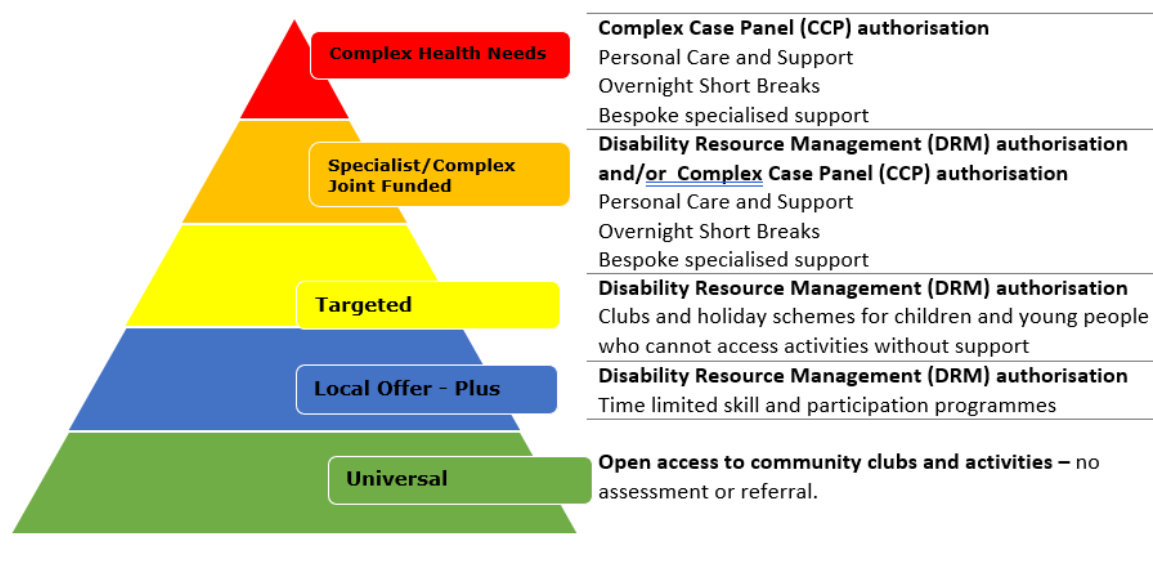
<b>Reference</b>	
<b>Executive Director</b>	Isobel Booler
<b>Cabinet Member</b>	CLlr Lucy Smith

## Section A

<b>Service Area</b>	Children, Young People & Skills
<b>Budget Option Description</b>	Children's short breaks and Personal Budgets

### Budget Reduction Proposal – Detail and Objectives

Burys's short break offer is based on the following model that was developed in consultation with parents



The allocation of Personal Budget sit within the top 2 zones of this model.

There is a separate saving proposal that related to the bottom 3 short break offer. We are mindful that to reduce the level spend on the personal budget allocation we do need to increase the offer within the targeted, local offer and universal

In regard to savings for 2023/24 the service will extend the 2022/23 review of all personal budget plans in place either as a direct payment to the family on a payment card or through a broker arrangement.

We are seeking to the view of all packages that are funded within the Specialist and complex zone to seek to realign the spend to the correct funding sources. Whether that we health via CHC assessment and or social care via Section 17

We have reviewed the top 15 costing packages and identified that the short break offer are being access to support provision of care rather than offering respite so that the calibration of that funding need to be reconsidered which will be done via the Complex Care Panel

We care currently auditing short break packages is appropriate according to the assessed levels of need, and to quality assure the plans to ensure the best potential outcomes for the child/young people are being achieved and recorded. This work will be enhance with the development of the Short break team as set out within the Phase 1 of the children's service restructure

We already have a proactive approach to reconcile all plans to bank accounts and recover any unspent funding which is part of the current saving work.

To ensure families are aware that the award and level of personal budget will be subject to review dependent to their ongoing assessed needs and is not in perpetuity.

To work with Bury2gether to develop policy and processes for personal budgets and ensure that families are engaging through the Local Offer.

To work with health and education to have a system wide process for personal budgets that is fair and transparent

We have commissioned a joint piece of work with the Council for Disabled Children review our short breaks policy and the assessment process and formation need/packages

Clarification around Continuing Health Care Assessment to ensure that we are seeking the relevant joint funding arrangements for support packages where there is a health component

	2023/34	2024/25	2025/26
Budget Reduction (£k)	0.200	0.300	
Staffing Reduction (FTE)	0		

## Section B

***What impact does the proposal have on:***

### Property

N/A

### Service Delivery

There will be updated awareness training for social workers and family support workers so that families are encouraged to use personal budgets in support of independence.

Rigorous budgetary control measures and brokerage are in place to ensure a robust system of management.

For example, for those social care assessed short break personal budgets issued in 21/22, the auditing of accounts has begun with early funds recouped from account holders in August and September. The timeline for all non-evidenced/non-used funds to be returned to the local authority following audit is the end of October. It is estimated that this final amount will be circa £115,000. The reasons which families give as to why they were unable to use their support are: Covid related as unable to take up activities, and now post Covid, PA recruitment has become more difficult as time goes on.

Audit and reconciliation will be undertaken by the commissioning team.



<b>Organisation (Including Other Directorates/Services)</b>
N/A
<b>Workforce – Number of posts likely to be affected.</b>
None
<b>Communities and Service Users</b>
Bury2gether; families; Children with SEND; Children with Disabilities

**Other Partner Organisations**

N/A

**Section C****Key Risks and Mitigations**

<b>Risks</b>	<b>Mitigations</b>
Parental perception	Co- produce with Bury2gether and co-design personal budget policy which is a statutory obligation to co-produce
Lack of awareness of the policy and processes for personal budgets which impacts on the volumes of complaints	Ensure that the personal budget policy and criteria are up to date and are clear to families on the Local Offer

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

<b>Milestone</b>	<b>Timeline</b>
Extend review and continued Reduction of Personal Budget costs:	2022/23 onwards
Review current personal budget plans and identify where other funders to contribute	April 23
Ask health to screen proposed cases for funding eligibility and then submit to panel for agreement	April 23
Audit payments mid year	Sept 23
End of year reconciliation	April 24

**Section D**

Consultation Required?	Yes
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	<b>Start Date</b>	<b>End Date</b>
Staff		
Trade Unions		
Public	March 2023	March 2023
Service User		
Other		

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

Disabled people	Yes
Particular Ethnic Groups	No
Men or Women (including impacts due to pregnancy/maternity)	No
People who are married or in a civil partnership	No

People of particular sexual orientation	No
People who are proposing to undergo, undergoing or undergone a process or part of a process of gender assignment	No
People on low incomes	No
People in particular age groups	No
Groups with particular faiths and beliefs	No
<b>EIA Required?</b>	<b>Yes</b>

## Section E

### *Financial Implications and Investment Requirements*

Investment requirements – Revenue and Capital
None

Finance Comments – Will the proposal deliver the savings and within the agreed timescales?
The review and reduction to personal budget allocations / clawback of unused funding will secure the saving on the budget from 2023/24

<b>Reference</b>	
<b>Executive Director</b>	Jeanette Richards
<b>Cabinet Member</b>	CLlr Lucy Smith

## Section A

<b>Service Area</b>	Children, Young People & Skills
<b>Budget Option Description</b>	Early Help

### Budget Reduction Proposal – Detail and Objectives

This proposal is to review the current structures within early help and span of officers and managers with an expected saving of £66k.

	<b>2023/24</b>		
Budget Reduction (£m)	£0.066		
Staffing Reduction (FTE)	1		

## Section B

*What impact does the proposal have on:*

<b>Property</b>
N/A
<b>Service Delivery</b>
<p>The early help teams provide the support at neighbourhood level to families and to other lead partners to address concerns with families before they escalate and so try to reduce referral into specialist services</p> <p>Early help is a requirement and will be key to the overall improvement journey for children and reduce costs associated with children accessing more expensive social care services</p> <p>Early Help is inspected as part of the regulatory Ofsted framework. A review of the structures and realignment of some roles is estimated to meet a saving of £66k</p>
<b>Organisation (Including Other Directorates/Services)</b>
N/A
<b>Workforce – Number of posts likely to be affected.</b>
Three
<b>Communities and Service Users</b>
All young people age 11 – 18 (or 25) across Bury



Other Partner Organisations
N/A

## Section C

### Key Risks and Mitigations

Risks	Mitigations
Any disestablishment of posts associated with this reduction will place staff at risk of redundancy. There are associated costs with this as well as reputational issues especially at a time when children's services is currently subject to an improvement order.	Any staff affected will be able to access redeployment and there are other opportunities for staff to apply for alternative posts including two team manager posts that will be available, as well as a manager for the new Family Group Conference.

### Key Delivery Milestones

*Include timescales for procurement, commissioning changes etc.*

Milestone	Timeline
New structure paper written	January 2023
Consultation with any staff effected	February 2023
New structure implemented	April 2023

## Section D

Consultation Required?	Yes
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	Start Date	End Date
Staff	February	March
Trade Unions	December	March
Public		
Service User		
Other		

### Equality Impact

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

Disabled people	No
Particular Ethnic Groups	No

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



## Section E

### *Financial Implications and Investment Requirements*

Investment requirements – Revenue and Capital
None

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

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<b>Reference</b>	
<b>Executive Director</b>	Jeanette Richards
<b>Cabinet Member</b>	Cllr Lucy Smith

## Section A

<b>Service Area</b>	Social Care & Safeguarding
<b>Budget Option Description</b>	Edge of Care review

### Budget Reduction Proposal – Detail and Objectives

Edge of Care work requires a clear, prompt, and skilled intervention with families to avoid unnecessary care entry or to facilitate a timely return home/within family networks from short-term care episodes. The service remit and criteria, referral and access to this resource must be clearly defined and easily accessible for the system at the right level to capitalise on timely response that in most cases could help families remain together where safe and possible to do so.

To support implementing the Edge of Care service, there needs to be greater clarity about what services are available to support families at the right level and safeguarding responsibilities need to be shared within the partnership network. Step-up and step-down processes need to be fluid and focused on intervention at the right level (i.e., after an intense, short term family focused intervention on edge of care at Level 5, the family could be stepped down for some youth mentoring work if that would help with maintaining the improved family functioning in the long term).

Family Group Conferencing (FGC) has a role in supporting with early family disfunction/prevent escalation into Level 5 services and need for specialist Edge of Care intervention, in line with services being delivered at the right level. This would ensure access to Edge of Care services as a last possible intervention before care entry, and not as the go-to service before any other intervention is tried.

Feedback from our Sector Led Improvement Partner (SLIP) Essex County Council advises of a need for protected space to develop a specific skillset and carry out specialist, intensive change work.

The proposed model works with the whole family together and uses a clear methodology for intervention (Solution Focused) which has tended to promote sustainable change faster without necessarily a need for separate work.

We will implement the following:

- Preventative work aiming to keep families together within Early Help and FGC.
- A closer analysis of the data around the unplanned care entry cohorts (i.e. pre-teens, adolescents and 16/17 year olds) to better understand trends and factors impacting on families and reasons for care entry.
- The Edge of Care service will be a secondary service sitting within Level 5. We will implement a service that is flexible, adaptive and prompt in offering a planned, specialist whole family intervention as opposed to reactive crisis support.
- Clear remit and referral criteria for the service will be developed along with clear referral and decision pathway – decision making will be via a resource allocation panel with oversight at Practice Director level.
- Referrals will come in via the allocated SW (IRT, CIN, Safeguarding, SGO teams) at point of parents and young people's relationship breaking down or of an unplanned short-term episode of care with a clear plan of return home where safe and possible to do so.
- The work may be stepped down to Early Help once relationships are improved and risk of care entry is reduced for additional support as needed (i.e., parenting support, 1:1 emotional support for the young person etc.).

- Once the service is established, consideration will be given to extending the offer to supporting placement stability work (for long term placements where there is a risk of placement breakdown).
- The service will hold the view that family networks are the best place for children and young people to thrive and would hold their nerve through periods of crisis within families.
- We will adopt a clear approach that fits with a BRIEF solution focused intervention model which promotes collaboration and agency within the families we support (and that would also fit with the overall family focused approach of the organisation).

This proposal will target a reduction in the looked after children cohort of 24 children, which is an approximate saving of £1.2M but will require time for the service to be established

	2023/24	2024/25	2025/26
Budget Reduction (£m)	£0m	£506k	£1.2m
Staffing Reduction (FTE)	0		

## Section B

*What impact does the proposal have on:*

<b>Property</b>
N/A
<b>Service Delivery</b>
This will improve service delivery for those families that require intensive support, complementing the Family Safeguarding model. This will build on the improvements that Bury Children Services have already made, contribute to practice that is more aligned to the rest of Greater Manchester and better serve our children and families - improving outcomes.
<b>Organisation (Including Other Directorates/Services)</b>
None
<b>Workforce – Number of posts likely to be affected.</b>
Creation of posts within Children's restructure already approved and funded from April 2023: 1 x Team Manager, 3 x social workers, 3 x family support workers
<b>Communities and Service Users</b>
Bury2gether; parents; young people; Children with SEND; Children with Disabilities

<b>Other Partner Organisations</b>
N/A

## Section C

### Key Risks and Mitigations

Risks	Mitigations
Failure to recruit	New comms and recruitment strategy implemented

### Key Delivery Milestones

*Include timescales for procurement, commissioning changes etc.*

Milestone	Timeline
Recruit team	April 2023
Complete training	May 2023
SLIP mentoring and evaluation	July 2023

## Section D

Consultation Required?	Completed
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	Start Date	End Date
Staff		
Trade Unions		
Public		
Service User		
Other		

### Equality Impact

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

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

EIA Required?	Yes
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## Section E

### Financial Implications and Investment Requirements

<b>Investment requirements – Revenue and Capital</b>
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Restructure investment already agreed and funding in place from April 2023.
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<b>Finance Comments – Will the proposal deliver the savings and within the agreed timescales?</b>
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The savings have been phased to commence in 2024/25 to allow time for the new team and ways of working to become embedded
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<b>Reference</b>	
<b>Executive Director</b>	Jeanette Richards
<b>Cabinet Member</b>	Cllr Lucy Smith

## Section A

<b>Service Area</b>	Social Care & Safeguarding
<b>Budget Option Description</b>	Family Safeguarding Implementation

### Budget Reduction Proposal – Detail and Objectives

Family Safeguarding is a whole family approach to working with children and their families that supports parents to create sustained change for themselves and their family. It is a whole system innovation that changes professional attitudes to families, with a renewed focus on the values and principles of the Children Act 1989. The approach was originally developed in Hertfordshire to work with families where there are children:

- in need, who are experiencing significant impairment to health or development as a result of needs in their family
- the subject of child protection plans, who are experiencing significant harm as a result of intra-familial abuse or neglect.
- who is the subject of family law proceedings or pre-proceedings.

With the support of the wider council and its partners we have set out a plan of transformation which is ambitious and seeks to improve the lived experience of children and therefore their outcomes during childhood and beyond, to achieve this a focus upon an effective offer of help and support to those families who face complex issues is required. Adopting a model of social work practice that is evidence based, in terms of achievable outcomes, restorative and which enables and facilitates change is a strategic priority within the plan and is central to the improvement and sustainability of improved delivery of services to our community that improve outcomes for children, particularly preventing the need for children to become looked after.

Evidential evaluation indicates improved outcomes for children and parents by successfully reducing risk of harm to children; this leads to a reduction in entry to care, and cost avoidance by those authorities that have fully implemented the model. Following implementation of this innovative practice, fewer children will be taken into care or placed on child protection plans. In evaluations, Family Safeguarding has been shown to result in up to 45% fewer children on a child protection plan and up to 30% fewer children needing to come into care. These are all improved outcomes for children and families, but they also (in times of high intervention and placement costs) have a significant impact on cost avoidance for authorities working in this way.

Data from Hertfordshire outlines an expected reduction of 26 children looked after (CLA) from year 2 on Bury's Stretch targets. Cabinet received a report in July 2022 which outlined the approach and the anticipated savings once the approach was embedded

Staff recruitment and retention is a challenge and a priority for Children's Services, with reliance upon agency staff being high at around 40%. The higher costs associated with agency staffing have driven budget pressures and the churn of staff adversely impacts effective support to children and families. Evaluation of the Family Safeguarding model suggests that there is the potential for positive impact upon the workforce: authorities reported anecdotal evidence that vacancies were more readily filled as staff were attracted by the model.

- 78% reported that they were very satisfied with their job
- 78-83% reported that the model enabled them to undertake more direct work with families.

Family Safeguarding has a proven track record in keeping more children at home safe with their parents. This not only delivers better outcomes for children and their families but also frees up Social Workers and other professionals involved to undertake work that has a greater impact for those who need it.

It should be noted that these figures do not include cost avoidance/savings in partner agencies. However, other adopters have also seen significant benefits for those organisations/agencies over and above their base business case.

	2023/24	2024/25	2025/26
Budget Reduction (£m)	£0m	0.587	1.175
Staffing Reduction (FTE)	0		

## Section B

***What impact does the proposal have on:***

<b>Property</b>
N/A
<b>Service Delivery</b>
<p>This will transform the way services are delivered to children, young people and families. We will establish co-located multi-disciplinary teams that consist of adult specialist workers collaborating with children and families' social workers, providing help and support in relation to parental problems associated with domestic abuse, substance misuse and mental ill-health.</p> <p>The adult specialist workers are employed by the relevant partnership agency in the area and receive professional supervision by a lead specialist worker or a nominated senior manager in the partner agency.</p> <p>Motivational Interviewing is used by all Family Safeguarding staff when working with families and within teams to build on strengths, encourage autonomy, provide support and encouragement, and sustain lasting change.</p> <p>A significant training programme will support this transformation.</p>
<b>Organisation (Including Other Directorates/Services)</b>
OCE/ Children's and Education
<b>Workforce – Number of posts likely to be affected.</b>
Those workers currently in the Safeguarding Teams will become part of Multi-Disciplinary Teams (MDT).
<b>Communities and Service Users</b>
Bury2gether; parents; Children with SEND; Children with Disabilities



**Other Partner Organisations**

As detailed above, the MDTs will include adult workers (from probation, substance misuse and health).

**Section C****Key Risks and Mitigations**

Risks	Mitigations
Failure to recruit to the teams – given the challenges in recruitment in these areas.	

**Key Delivery Milestones**

*Include timescales for procurement, commissioning changes etc.*

Milestone	Timeline
Establish Operational Board	February 2023
Detailed Project Plan	February 2023
Recruitment of adult workers	March-July 2023
Family Safeguarding Training delivered by Hertfordshire	Begins January 2023, rolling programme throughout 2023
Motivational Interviewing delivered by Alastair Cant Associates	January – August 2023

**Section D**

Consultation Required?	No
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	Start Date	End Date
Staff		
Trade Unions		
Public		
Service User		
Other		

**Equality Impact**

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

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

EIA Required?	No
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## Section E

### *Financial Implications and Investment Requirements*

Investment requirements – Revenue and Capital
Funding has been identified for the first 2 years of this model following which the savings will cover costs and deliver savings

Finance Comments – Will the proposal deliver the savings and within the agreed timescales?
This is a model that has been developed elsewhere and is being supported by external colleagues. Savings have been phased to start to deliver once the model is embedded but this will require careful monitoring to ensure the new practice is having an impact

<b>Reference</b>	
<b>Executive Director</b>	Jeanette Richards
<b>Cabinet Member</b>	Cllr Lucy Smith

## Section A

<b>Service Area</b>	Social Care & Safeguarding
<b>Budget Option Description</b>	Accelerating work on children's fostering capacity invest to save

### Budget Reduction Proposal – Detail and Objectives

When children cannot remain in the care of their own families, the LA needs to ensure that there are sufficient foster homes and supported lodging hosts in the Borough to meet their needs. There is an ongoing national crisis in terms of foster carer recruitment and retention and placement sufficiency for children and young people needing to be placed within foster families.

This proposal:

- embeds best practice models of support (Mockingbird) so that foster cares feel supported and want to work for Bury children
- increases our range of incentives which will support our recruitment and retention strategies

A detailed business case, including incentives and savings, will be presented to Cabinet in March 2023 for decision.

Early indications of savings which can be delivered through increased use of internal foster carers rather than independent foster carers are included below

	2023/24	2024/25	2025/26
Budget Reduction (£m)	0	£0.121	£0.604
Staffing Reduction (FTE)	0		

## Section B

***What impact does the proposal have on:***

<b>Property</b>
N/A
<b>Service Delivery</b>
The fostering service will introduce 'The Mockingbird model' originally developed by the Fostering Network. The Mockingbird model will support the service to offer some of our more traumatized children and young people homes with highly skilled and experienced carers. This will further reduce the need for residential placements for some children, supporting placement sufficiency and efficient use of Council resources
<b>Organisation (Including Other Directorates/Services)</b>
None

<b>Workforce – Number of posts likely to be affected.</b>
None
<b>Communities and Service Users</b>
Bury2gether; parents; young people; Children with SEND; Children with Disabilities

<b>Other Partner Organisations</b>
Fostering Network GMCA

## Section C

### Key Risks and Mitigations

Risks	Mitigations
Approval process for business case	Detailed report being taken to Cabinet in March 2023.

### Key Delivery Milestones

*Include timescales for procurement, commissioning changes etc.*

Milestone	Timeline
Cabinet approval for proposed changes	March 2023
Launch digital marketing campaign (with GM)	April 2023
Launch revised offer to foster carers	April 2023
Implement Mockingbird (phase 1)	Summer 2023

## Section D

Consultation Required?	Yes – with existing foster carers
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	Start Date	End Date
Staff		
Trade Unions		
Public		
Service User		
Other		

### Equality Impact

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

Disabled people	No
Particular Ethnic Groups	No
Men or Women (including impacts due to pregnancy/maternity)	No
People who are married or in a civil partnership	No
People of particular sexual orientation	No

People who are proposing to undergo, undergoing or undergone a process or part of a process of gender assignment	No
People on low incomes	No
People in particular age groups	Yes
Groups with particular faiths and beliefs	No

<b>EIA Required?</b>	<b>Yes</b>
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## Section E

### *Financial Implications and Investment Requirements*

<b>Investment requirements – Revenue and Capital</b>
Full costings will be included in the report to Cabinet in March 2023.

<b>Finance Comments – Will the proposal deliver the savings and within the agreed timescales?</b>
The full costings and savings will be within the business case presented to Cabinet in March and it is recognised that there will be no savings in 2023/24 as I will take time to recruit new internal foster carers

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<b>Reference</b>	
<b>Executive Director</b>	Jeannette Richards
<b>Cabinet Member</b>	Cllr Lucy Smith

## Section A

<b>Service Area</b>	Children, Young People & Skills
<b>Budget Option Description</b>	Multi-Disciplinary Early Help

### Budget Reduction Proposal – Detail and Objectives

The service attracts significant grant monies for a number of programmes of work. This proposal will maximise opportunities to fund substantive officers specifically working to achieve the outcomes and deliverables of those projects and programmes against the external funds. This will create an in year saving to the base budget.

	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
Budget Reduction (£m)	£0.124m		
Staffing Reduction (FTE)	0		

## Section B

*What impact does the proposal have on:*

<b>Property</b>
None
<b>Service Delivery</b>
There will be no impact to service delivery as the staff are already working in these areas
<b>Organisation (Including Other Directorates/Services)</b>
None
<b>Workforce – Number of posts likely to be affected.</b>
This will differ year on year. The value is based upon 3 staff salaries but will not impact upon the number of posts in the service just the source of funding
<b>Communities and Service Users</b>
None
<b>Other Partner Organisations</b>
None

## Section C

### Key Risks and Mitigations

Risks	Mitigations
There is no risk to this proposal	

### Key Delivery Milestones

*Include timescales for procurement, commissioning changes etc.*

Milestone	Timeline
23-24 budget	31 March 2024

## Section D

Consultation Required?	Not Required
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	Start Date	End Date
Staff		
Trade Unions		
Public		
Service User		
Other		

### Equality Impact

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

Disabled people	Not applicable as relates to staff already in post
Particular Ethnic Groups	As above
Men or Women (including impacts due to pregnancy/maternity)	As above
People who are married or in a civil partnership	As above
People of particular sexual orientation	As above
People who are proposing to undergo, undergoing or undergone a process or part of a process of gender assignment	As above
People on low incomes	As above
People in particular age groups	As above
Groups with particular faiths and beliefs	As above

EIA Required?	
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## Section E

### *Financial Implications and Investment Requirements*

Investment requirements – Revenue and Capital
None

Finance Comments – Will the proposal deliver the savings and within the agreed timescales?
This will result in one in an annual saving of £124k. The source of external funding will be reviewed annually

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<b>Reference</b>	
<b>Executive Director</b>	Isobel Booler
<b>Cabinet Member</b>	Cllr Lucy Smith

## Section A

<b>Service Area</b>	Children, Young People & Skills
<b>Budget Option Description</b>	SEN Home to School Transport

### Budget Reduction Proposal – Detail and Objectives

#### Current Position

SEN Home to School Transport currently provides travel assistance to a total of 527 children and young people in the form of transport, mileage reimbursement or a personal travel budget.

Transport is provided by external operators and the Council's internal transport service following a competitive procurement exercise. A total of 423 children and young people access transport provision to and from school, the breakdown of vehicle types in use is:

Vehicle Type	Number of Vehicles	Number of children/Young People
Saloon Car	33	40
Euro Cab / Black Cab	1	2
Private Hire Minibus*	12	37
Private Hire Minibus with Tail Lift or Ramp*	3	6 (2 children travelling in individual vehicles due to needs)
PSV Minibus**	26	154 + 1 therapy dog
PSV Minibus with Tail Lift or Ramp**	26	167
Internal Fleet – Minibus with tail lift	3	17

\* Private Hire Minibus – up to 8 seats and licenced by Bury Council's Licensing Team

\*\* Public Service Vehicles (PSV) Minibuses – 8 seats and above, regulated by the Driver and Vehicle Standards Agency

NB: Note the maximum vehicle capacity is not always utilised in order to accommodate the needs of the children and young people on the journey.

It is important to note that the base budget for SEND Transport/travel assistance has remained unchanged for a number of years despite significantly increasing demand pressures. These demand pressures are likely to continue.

Per capita, the expenditure on SEND transport in Bury is the lowest across the ten GM LA's and amongst the lowest nationally.

#### Proposal

Review policy for travel assistance for children and young people with special educational needs and disability. Consideration to be given to reducing policy to statutory minimum requirements:

- Removal of post 16 provision

- Removal of travel assistance for children under the statutory school age (5 years of age)
- Removal of transport to short breaks / respite provision
- Review of provision of transport for students on a reduced timetable (Pru) with a view to shared transport only at the beginning and end of the school day. School and parents to be responsible for requirements that differ.
- Review of personal travel budget allowance, possible introduction of a banding system based on mileage.

The proposals will ensure that the policy meets statutory minimum requirements. As a result, some service users currently in receipt of transport or travel assistance, will no longer be eligible.

It is important to note that current expenditure in respect of post-16 transport is significantly in excess of the budget provision, and therefore, whilst this proposal would reduce costs, the savings to the base budget would be much lower.

In addition, the statutory post 19 provision needs to be included in the travel policy following the outcome of a Local Government Ombudsmen investigation. This will have the effect of increasing costs in respect of the post 19 element.

Stakeholder consultation will be required to inform decisions on changes to the policy, with the outcome of that decision being presented to Cabinet for determination.

In addition to proposed changes to policy, there are a number of operational aspects that will be pursued.

Review increased use of the Council's Operational Services internal vehicle fleet.

- The Council's internal fleet currently undertake 3 routes (1 on a temporary basis) to Elms Bank High School, Millwood School and a combined route to Tottington Primary and Tottington High School.

Retender of Home to School and College Transport Contract.

- Existing framework (Dynamic Purchasing System) is due to expire 31<sup>st</sup> August 2023. It should be noted increased costs may be incurred due to the cost-of-living crisis and increase in contractor operating costs (fuel costs, energy costs, driver salary, increase in cost of vehicle parts).
- It should be noted that additional PSV minibuses with a tail lift may be required to safely accommodate wheelchair users. Depending on the size of the vehicle (standard minibus or welfare minibus) the service has been able to allocate two or three wheelchairs to a vehicle however, over the past few years the wheelchairs have increased in size resulting in limited capacity on the vehicles. Due to the length and width of some wheelchairs it is only possible to allocate one or two to a vehicle with additional seated passengers. A member of staff must be able to access the wheelchair from all sides in the case of emergency evacuation or to attend to the needs of the individual child/young person.

Ensure all alternative travel assistance offers continue to be explored during the assessment process and maximised where possible.

- Mileage Reimbursement – 55 children & young people in receipt at a cost of £94k per academic year, average of approx. £1709 per child/young person in comparison to £6137 per child/young person on transport.

- Personal Travel Budget - 49 children & young people in receipt at a cost of £68k per academic year, average of approx. £1387 per child/young person in comparison to £6137 per child/young person on transport.
- Independent Travel Training – contract in place until August 2024 with an option to extend to August 2025. The contract provides 1 full time and 2 part time (20 hours) travel trainers with a target of 15 to 20 (minimum) young people successfully complete the travel training programme per academic year.

Independent Travel Training – consideration to be given to an additional part time travel trainer at a cost of £12,030 per annum.

Review use of school owned vehicles

- A number of schools own a small number of minibuses that could be utilised to support home to school transport. Further discussions to be held with schools.

	2023/24	2024/25	2025/26
Budget Reduction (£m)	0	45	90
Staffing Reduction (FTE)	0		

## Section B

***What impact does the proposal have on:***

### Property

N/A

### Service Delivery

Review of the travel assistance policy could potentially have a negative impact for some of our most vulnerable children and young people due to:

- Removal of post 16 provision (college students aged 16 to 19) – potential saving of £400k per academic year – but the base budget is £88,800, which will be the extent of the reportable savings. However this needs to be done in line with statutory regulations with a need to consider
- Removal of travel assistance for children under the statutory school age (5 years of age) – potential saving £80k based on transport costs to Hoyle Nursery and individual children accessing transport to school provision.

The review of policy will have a positive outcome for a small number of students aged 19 plus requesting travel assistance support.

- Inclusion of consideration of post 19 provision

### Organisation (Including Other Directorates/Services)

Operations – Waste & Transport Team  
 Persona – Day Services  
 Children's Services – Children with Disabilities Team  
 EHCP Team Assessment Team

<b>Workforce – Number of posts likely to be affected.</b>
N/A
<b>Communities and Service Users</b>
Schools, Bury2gether; parents; Children with SEND; Children with Disabilities

<b>Other Partner Organisations</b>
Contractors

## Section C

### Key Risks and Mitigations

<b>Risks</b>	<b>Mitigations</b>
Lack of support in agreement to review of travel assistance policy to statutory minimum	Support required from Senior Leadership Team, Elected Members
Challenge from parents to travel policy review and consultation	Ensure that the policy is promoted and clear to families
Challenge from parents, social workers and health in relation to removal of respite transport	
Availability of internal fleet and drivers	Discussions to take place with Operational Services
Agreement with Adult Day Centres to adjust the timings that adults are transported to and from the day centres to allow the internal fleet to undertake school contract work.	Discussions to take place with Adult Care Services
Competitive cost to use the internal fleet on home to school transport, current costs are higher than external contractors and recharged to the department	Ensure competitive pricing submission in mini competition
Challenge from external contractors regarding increased use of internal fleet throughout the contract term. (The Council's internal fleet operate on a section 19 permit and do not have to meet the same requirements as Public Service Vehicle operators)	Meetings with contractors to make clear Council's current position.

### Key Delivery Milestones

***Include timescales for procurement, commissioning changes etc.***

<b>Milestone</b>	<b>Timeline</b>
Review of policy for Travel Assistance	
Implementation of revised Travel Assistance policy	

Removal of Respite/Short Breaks Transport	
Increased use of Council's internal transport fleet	September 2023 (start of new contract)

## Section D

Consultation Required?	Yes
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	Start Date	End Date
Staff		
Trade Unions		
Public		
Service User		
Other		

## Equality Impact

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

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

EIA Required?	Yes
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## Section E

### ***Financial Implications and Investment Requirements***

<b>Investment requirements – Revenue and Capital</b>
<p>Consideration to an additional part time (20 hours) independent travel trainer to enhance the independent travel training offer at a cost of £12,030 per annum. Agreement to an additional travel trainer would be an invest to save initiative, students are generally training to travel independently from year 8 or 9 and could potentially generate savings for year 9 to year 11 of their schooling, based on the average cost per head on transport 1 student successfully completing the training could generate savings up to £6k per academic year. It is expected a minimum of 3 or 4 students would complete the training in one academic year demonstrating further savings while also providing the young person with lifelong skills.</p>

<b>Finance Comments – Will the proposal deliver the savings and within the agreed timescales?</b>
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Yes
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<b>Reference</b>	
<b>Executive Director</b>	Sam Evans
<b>Cabinet Member</b>	Cllr Gold

**Section A**

<b>Service Area</b>	Finance
<b>Budget Option Description</b>	Finance innovation and project team

**Budget Reduction Proposal – Detail and Objectives**

There are a number of projects and pieces of work that are required to be undertaken by an innovation and project team which has been developed and resourced within the recent finance restructure. However, once the restructure is embedded, staff have been trained and a number of the larger projects have taken place the team will be disestablished, and innovation and projects should become part of business as usual of all the teams within finance. It is therefore proposed to remove the finance innovation and project team that will initially support self-serve, making tax digital, complete overall of debt recovery, automation of transactional processes, removal of internal processes which no longer add value and streamlining the finance ledger to improve reporting from Oct 2024.

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Budget Reduction (£k)		157k	313k
Staffing Reduction (FTE)		9	9

**Section B**

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

<b>Property</b>
n/a
<b>Service Delivery</b>
It is envisaged that by Oct 2024 significant inroads have been made into supporting departments to move more to a self-serve approach and the implementation of making tax digital thereby significantly improving the financial acumen and awareness of all budget holders and services by this time.
<b>Organisation (Including Other Directorates/Services)</b>
As above
<b>Workforce – Number of posts likely to be affected.</b>
Currently the proposed team contains 9 posts. These post (or the backfill to them) will be recruited on a fixed term to minimise any disruption.
<b>Communities and Service Users</b>
n/a
<b>Other Partner Organisations</b>
n/a

**Section C**

**Key Risks and Mitigations**

Page 246	Mitigations
There are risks that the major projects will not have been delivered by the time the team is disestablished	Establishment of a programme board and monitoring of delivery plans

### Key Delivery Milestones

*Include timescales for procurement, commissioning changes etc.*

Milestone	Timeline
Completion of work programme to be delivered by innovation and project team	Qtr. 2 2024/25

### Section D

Consultation Required?	Consultation will be required with the staff in post at the time
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	Start Date	End Date
Staff	Apr 24/25	30 days later
Trade Unions	Apr 24/25	30 days later
Public	N/A	
Service User	N/A	
Other	N/A	

**Financial Implications and Investment Requirements**

**Investment requirements – Revenue and Capital**

There may be potential redundancy costs at the end of this period, but it is envisaged that staff may be able to secure posts within the wider finance structure through staff turnover during the period and then be seconded into the innovation and project team

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

Yes

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<b>Reference</b>	
<b>Executive Director</b>	Liz Cook
<b>Cabinet Member</b>	Cllr C Cummins Cllr T Tariq

## Section A

<b>Service Area</b>	Housing
<b>Budget Option Description</b>	Additional savings from Health and Housing

### Budget Reduction Proposal – Detail and Objectives

Work is underway to increase the supply of specialist and supported housing in the borough, to give adult social care service users choice in provision and an alternative to expensive residential care

Savings of £0.431m from re-housing social care residents into alternative provision is already built into the Medium-Term Financial Strategy (MTFS) but further savings can be delivered by 2025/26 through additional developments

Savings derived are complex and are dependent on several factors:

- Level of need
- Number of beds/units in schemes
- Commissioning efficiencies and cost of care provider
- Reducing out of borough placements by accommodating within borough instead
- Scheme development costs and priorities for achieving future proofing, net zero
- Housing Benefit thresholds

This makes assessment complex and subject to variation, however using information from previous schemes in Bury, Greater Manchester and nationally, an average saving on care per unit per year can be estimated. To ensure prudence and deliverability the midpoint variance is used to predict savings.

For example, supporting a younger adult in outdated supported living property costs on average £47,000 a year but supporting them in a development of individual apartments can cost between £42,000 (saving of £5,000 per unit) per year and £36,000 (saving of £11,000 per unit). Having an apartment to live in rather than a shared house improves the quality of the person's life with the further benefit of being more cost effective to the public purse.

Due to the complexity of assessing savings, the saving used for predications would be £8,000 (midpoint between £5,000 - £11,000), but individual assessments of schemes indicate that the savings could be significantly higher.

Over an average scheme size of 8 units, as commonly used for learning disability, this would be an annual saving of £64,000 when people are moved out of supported living and into the new accommodation, the cost saving would continue year on year as the care model delivers ongoing savings and prevents more costly care packages and out of Borough placements.

For extra care housing a saving is not delivered for every extra unit delivered. This is because not everyone in an extra care unit requires care. For example, commonly a third of occupants are not in need of care, a third are in need of care similar to that that they would receive if they were in their

own home, therefore no saving, and a third have a higher level of care, rather than moving into a care home

For the third who no longer need to move into a care home then the annual saving would be on average £10,000 per person in care costs. However, as half of those who would have moved into care homes would have funded their own care there are no costs or savings to the public sector.

To account for this the average costs for the 1/3 would then be £5,000 per year. This is cost avoidance as these people are yet to move into a care home, remaining in an extra care setting prevents this from happening.

A series of schemes are proposed, below, to deliver savings and cost avoidance

Priority Area	2023/24	2024/25	2025/26	Total
Older People	Increase capacity by at least 57 units  Cost Avoidance £0.095m (Cost avoidance is estimated on the basis of development negates the requirement for additional care packages )		Increase capacity by at least 57 units  Cost Avoidance £0.095m	114  Cost avoidance £0.190m
Mental Health	2 x 10 unit schemes  Saving £0.160m	2 x 15 unit schemes  Saving £0.240m	2 x 18 unit schemes  Saving £0.288m	86  Saving £0.688m
Learning Disabilities and/or Autism	2 x 8 unit schemes  Saving £0.128m	1 x 16 unit scheme  Saving £0.128m	1 x 7 bed scheme  Saving £0.056m	39  Saving £0.312m
<b>TOTAL</b>	<b>£0.383m</b>	<b>£0.368m</b>	<b>£0.439m</b>	<b>£1.190m</b>

Therefore, over the next 3 years the savings are anticipated to be £1,190,000 of which £0.281m + £0.150m is already accounted for in 23/24 Adult Social Care (ASC) Innovation and Savings programme.

#### Update position- supply side delivery

Priority Affordable Homes projects	No. of AH units	Start on Site	Practical completion
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<b>Fletcher Fold, Bury Township</b> – c. 26 units for older people and older people with LD.	26	Summer 2023	March 2025
<b>Townfields Close, Bury Township</b> – c. 35 units for older people 65+	35	Summer 2023	2025
<b>Wheatfields – Whitefield</b> c.6 bungalows for older people and disabilities	6	March 2023	March 2024
<b>William Kemp Heaton</b> – c.40 including for people with LD and/or autism low- moderate needs)	18	April 2023	Sept 2024
<b>The Elms, Whitefield</b> – expected to be allocated for people with LD	24	TBC 2023	TBC 2024
<b>Willow Street, Bury Township</b> – Specialist scheme – 13 self-contained, apartments for young adults with high needs - physical and/or sensory disability or LD	13	June 23 TBC	Dec 2024
<b>Clerke St</b> – c.30 units TBC  Exploring housing options for this site working closely with ASC	30	April-June 2024	2025
<b>TOTAL</b>	<b>152</b>		

### Financial savings

	2023/24	2024/25	2025/26
Budget Reduction (£m)	0	£0.225	£0.569
Staffing Reduction (FTE)	n/a		

### Section B

***What impact does the proposal have on:***

<b>Property</b>
Availability of land and inward investment, capital programme priorities – balance of capital receipts and provision of potentially discounted land to RP's
<b>Service Delivery</b>

Positive impacts of choice for customers and reduction in high-cost placement
<b>Organisation (Including Other Directorates/Services)</b>
Capacity pressures in BGI, Finance and Legal Implementation resources in ASC – transfer of existing and new customer to new provision
<b>Workforce – Number of posts likely to be affected.</b>
n/a
<b>Communities and Service Users</b>
Additional housing provision and choice

<b>Other Partner Organisations</b>
RP providers, Homes England, GMCA

### Section C

#### Key Risks and Mitigations

Risks	Mitigations
Coordination of sites	Housing Growth Board / Regeneration Board Assessment of accelerated land programme and Brownfield site programme
Economic conditions increase in delivery costs- recession	
Increased demand preventing reductions in more costly placements and out of Borough placements	

### Key Delivery Milestones

*Include timescales for procurement, commissioning changes etc.*

Milestone	Timeline
New sites in development	Practical completion in 2024/25

### Section D

Consultation Required?	Individual sites will require formal consultation, planning & Cabinet approval.
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	Start Date	End Date
Staff		
Trade Unions		
Public		



Service User		
Other		

**Equality Impact**

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

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

<b>EIA Required yes – positive impact in provision of additional housing and support options and choices for people with additional needs to promote and maintain independent living</b>	
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**Section E*****Financial Implications and Investment Requirements***

<b>Investment requirements – Revenue and Capital</b>
Housing Growth Manager recruited and in post as of December 2022. The Housing Growth Team is place and to be part funded by released capacity within the HRA, see separate template

<b>Finance Comments – Will the proposal deliver the savings and within the agreed timescales?</b>
This scheme is already in place as a continuum of developments. Close monitoring of demand will be required and tracking of delivery in line with residents and clients moving from various accommodation types.

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<b>Reference</b>	
<b>Executive Director</b>	Liz Cook
<b>Cabinet Member</b>	Cllr C Cummins

**Section A**

<b>Service Area</b>	Housing
<b>Budget Option Description</b>	Efficiency savings and removal of duplication in the provision of housing services.

**Budget Reduction Proposal – Detail and Objectives**

This proposal aims to maximise available funding within the Housing Revenue Account (HRA) for services to council housing tenants and to direct these monies across a wider range of council housing activity.

A review has identified significant duplication between the Bury Support at Home provision, provided by the Council and jointly funded by the HRA (£350K) and General fund (£150K), and the housing related support and facilities management of Sheltered Housing services provided by STH. It is proposed to withdraw the Bury Support at Home service on the basis that housing management, tenancy support and facilities in sheltered housing will all continue to be provided by Six Town Housing.

Savings of £150K to the General Fund from these service changes will deliver an immediate efficiency. The £350K saving to the HRA will be re-directed to meet staffing costs within the Business, Growth and Infrastructure department which relate to council housing development activity. The ongoing development of council housing is a central part of the borough Housing Strategy, designed to benefit all residents including council housing tenants. This resource will ensure that the pipeline of activity for 2023/24 across general and sheltered schemes is appropriately resourced.

In future years, further efficiencies will be pursued from the HRA through a more fundamental review of housing management arrangements. This work will be informed by the Options Appraisal of future management and maintenance of Council Housing which is in progress and expected to report to Cabinet in June 2023. The options include:

- A refresh of the Management Agreement 2020
- Direct delivery of Housing Management and Maintenance of Council Housing in the Council.
- A hybrid approach involving shared services
- Stock transfer

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Budget Reduction (£m)	£350K (HRA £150K GF		

Staffing Reduction (FTE)	18 FTE	TBC	TBC
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## Section B

*What impact does the proposal have on:*

<b>Property</b>
None
<b>Service Delivery</b>
It is proposed to withdraw the Support at Home service on the basis that housing management, tenancy support and facilities in sheltered housing will all continue to be provided by Six Town Housing
<b>Organisation (Including Other Directorates/Services)</b>
Adult Social Care, Six Town Housing
<b>Workforce – Number of posts likely to be affected.</b>
<ul style="list-style-type: none"> <li>• Registered Manager also covering the Falcon and Griffin Extra Care Scheme</li> <li>• 1 full-time senior and 1 part-time senior (soon, a re-structure is looking to merge management with Falcon and Griffin Extra Care Scheme to make best use of resources)</li> <li>• 14 Support Workers (previously named wardens) on a mixture of full and part-time contracts</li> <li>• 5 domestic staff covering the purpose-built schemes (some schemes have dispersed housing but still classed as sheltered accommodation) on a mixture of full and part-time contracts. A full review of domestic hours is planned to take place soon to ensure equity across the schemes.</li> </ul> <p>Total reduction anticipated to be a maximum of 18FTE accounting for current vacancies being held in the service.</p>
<b>Communities and Service Users</b>
Bury Support at Home users will receive all future support from the STH Sheltered Housing service only

<b>Other Partner Organisations</b>
Six Town Housing Persona

## Section C

**Key Risks and Mitigations**

<b>Risks</b>	<b>Mitigations</b>
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<p><b>HRA Capacity</b></p> <p>Rent increase policy change – the CPI &amp; 1% model.</p> <p>Government has imposed a 7% rent increase against the rent strategy of CPI + 1%</p> <p>The imposition of the rent cap 2023/24 onwards will significantly impact on the HRA resource base.</p> <p>The rent loss from formulae rent CPI&amp;1% =11.1% to the rent cap at 7% is £93,245K in 2023/24 (Rent setting decision Cabinet February 2023)</p>	<p>Development of a robust business plan to include capital and revenue and approach to treasury management / borrowing.</p>
<p><b>Increased costs of operations</b></p> <p>Economic conditions increase in delivery costs especially maintenance costs, supply chain costs</p> <p>Energy cost increases</p>	
<p>Reduction of housing related support could lead to increase in demand for social care packages.</p>	<p>The closure and fundamental reduction in service to be managed by a clear communication plan.</p>

### Key Delivery Milestones

*Include timescales for procurement, commissioning changes etc.*

Milestone	Timeline
Sheltered housing review	Implementation from April 2023.
Options appraisal for future of management and maintenance of Council Housing	Commenced – initial decision by June 2023 Implementation April 2024

### Section D

Consultation Required?	<p>Consultation required with service users of Bury Support at Home</p> <p>Redundancy consultation required with Staff and Trade Unions</p> <p>To bring housing management and maintenance functions in house a test of opinion of tenants would be required – subject to a Cabinet / Council decision</p> <p>Consultation would be required for any changes with affected Staff – formal TUPE processes. / Redundancy</p>
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	Start Date*	End Date
Staff	June 2023	End June 2023
Trade Unions	June 2023	End June 2023

Public	TBC	
Service User	June 2023	End June 2023
Other		

\*Dates relate to phase 1, Sheltered Housing Review. A timeline for the wider potential changes lined to the review of Six Town Housing will be included in the outcomes of the current options appraisal.

### Equality Impact

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

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

<b>EIA Required?</b>	<b>Yes</b>
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### Section E

#### ***Financial Implications and Investment Requirements***

<b>Investment requirements – Revenue and Capital</b>
Resource allocation for Sheltered Housing Review ASC to assess if additionality is required. Resource allocation for STH Governance review If a yes decision to close the ALMO additionality will be required in project management, HR, Finance & Legal resource required.

<b>Finance Comments – Will the proposal deliver the savings and within the agreed timescales?</b>
Yes

<b>Reference</b>	
<b>Executive Director</b>	Liz Cook
<b>Cabinet Member</b>	Cllr Gold

**Section A**

<b>Service Area</b>	Housing
<b>Budget Option Description</b>	Homelessness Prevention Grant

**Budget Reduction Proposal – Detail and Objectives**

In 2021/22 the Government combined and uplifted what was previously the Flexible Homelessness Support Grant and Homelessness Reduction Grant. In 2020/21 local authorities were provided with funding of £200m through the Flexible Homelessness Support Grant and £63m through the Homelessness Reduction Grant. In 2021/22 these two funding streams were combined and uplifted nationally by £47m to create a fund of £310m. Bury Council's allocation was £463,254

In 2022/23 the Council's allocation was an almost identical amount of £463,255

The purpose of the Homelessness Prevention Grant is to give local authorities control and flexibility in managing homelessness pressures and supporting those who are at risk of homelessness. We expect local authorities to use it to deliver the following priorities:

- To fully enforce the Homelessness Reduction Act and contribute to ending rough sleeping by increasing activity to prevent single homelessness
- Reduce family temporary accommodation numbers through maximising family homelessness prevention
- Eliminate the use of unsuitable bed and breakfast accommodation for families for longer than the statutory 6-week limit

Bury Council already provides support to prevent homelessness therefore this grant will be used wherever possible to fund existing interventions and support currently funded by the Council's base budget thereby reducing the base budget funding requirement by an equivalent amount.

The assumption is that the Homelessness Prevention Grant will continue at the current level of £463,255 in 2023/24 and future years.

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Budget Reduction (£m)	£0.464	£0.464	£0.464
Staffing Reduction (FTE)	0	0	0

**Section B**

***What impact does the proposal have on:***

<b>Property</b>
None
<b>Service Delivery</b>
None as existing services will continue
<b>Organisation (Including Other Directorates/Services)</b>
None as existing services will continue
<b>Workforce – Number of posts likely to be affected.</b>
None as existing services will continue
<b>Communities and Service Users</b>
None as existing services will continue
<b>Other Partner Organisations</b>
None as existing services will continue

**Section C**  
**Key Risks and Mitigations**

<b>Risks</b>	<b>Mitigations</b>
There is a risk of challenge related to additional funding provided by Government being used to fund existing services and therefore not provide the additional support intended	Bury Council already provides support to prevent homelessness and this funding allows these services to be protected from budget cuts due to the Council's projected budget gap and previous reliance on the use of reserves.
Base budget funded spend is less than the value of the grant resulting in partial delivery of the funding exchange.	Base budget spend will be monitored as part of the monthly financial monitoring with progress included in the savings monitoring appendix which is presented monthly to Execs and quarterly to Cabinet.
The HPG budget ceases or diminishes which results in a de facto redundancy situation for the homelessness service or a new revenue	A parallel review of reserves and retention of sufficient resources to manage this risk



pressure to retain this capacity through the general fund	
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**Key Delivery Milestones**

*Include timescales for procurement, commissioning changes etc.*

Milestone	Timeline
The saving will be delivered from 1 April 2023 when budgets are implemented	Monitoring will take place monthly

**Section D**

Consultation Required?	No
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	Start Date	End Date
Staff		
Trade Unions		
Public		
Service User		
Other		

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

Investment requirements – Revenue and Capital
There are no investment requirements with this proposal

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

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<b>Reference</b>	
<b>Executive Director</b>	Will Blandamer
<b>Cabinet Member</b>	Cllr Tariq

## Section A

<b>Service Area</b>	OCO/ASC/CYP
<b>Budget Option Description</b>	14 – 25 disability service redesign

### Budget Reduction Proposal – Detail and Objectives

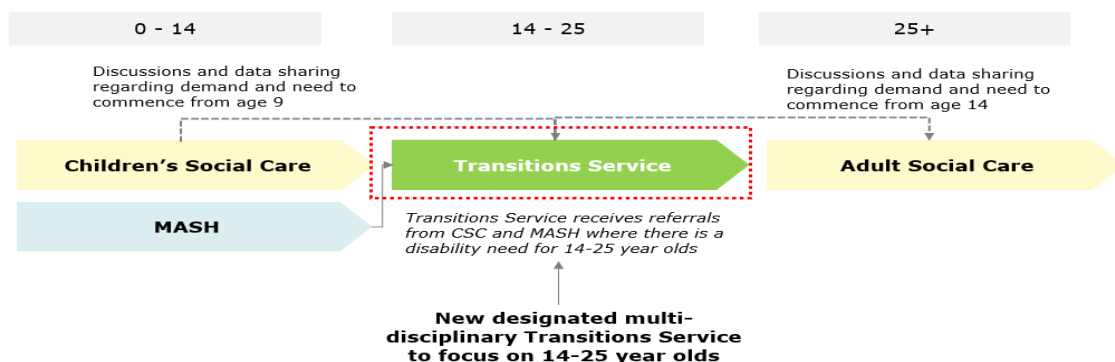
Bury Council has an ambition to drive better outcomes for residents who use care services whilst securing best value for the tax payer.

Within this context, the Council is seeking a high performing disability service for 14-25 year olds that can manage existing and projected demand, deliver financial savings and improve service quality.

Bury Council appointed EY to conduct an 8-week accelerated review of their 14-25 offering to understand the current pain points and challenges, and the potential to redesign the services to ensure improvements, deliver savings and support independence and strengths-based approaches within the transition to adulthood.

EY conducted data analysis to understand the current cohort and spend, any forthcoming demand, and high-level savings opportunities. Through 1-2-1 interviews, workshops and care package reviews EY were able to understand Bury Council's current pain points and challenges. Further utilising their relationship with the Social Care Institute for Excellence (SCIE), best practice and lessons learned from other local authorities were explored and discussed.

This analysis found that Bury Council should invest in **establishing a designated transitions service focusing on 14-25 year olds**, with a focus on preparing for adulthood to overcome their current pain points and barriers.



#### What does this mean in practice?

- **Increased focus** on supporting c14-25 year olds, by putting them **front and centre to the transitions process**, with the right level of commissioned services to meet the young person's desired outcomes and needs
- **Over-arching social care structure remains unchanged**, comprised of Children's services supporting 0-18 year olds and Adults services supporting 18+
- The creation of a **new multi-disciplinary Transitions Service to support 14-25 year olds** and enable a more seamless, outcomes focused transition into adulthood

- The new team will need to be **appropriately resourced** to meet current and projected demand and access expertise from social workers, occupational therapists, commissioning, brokerage, health colleagues and business support
- The team will bring together representatives from the above functions from **children's social care, adults social care, education, health and the voluntary and community sector**
- Referrals to be received from **CSC and front door/MASH** where it is clear there is a disability need for a 14-25 year old
- A robust '**planning for transitions**' pathway will need to be established for **children approaching 14** with robust data in place to provide the service with visibility of forthcoming demand
- Similarly, a **streamlined pathway for adults as they approach 25** will be required to support the transition into adult services, with data shared regularly to provide visibility of the level of demand and need
- **Specialised commissioned services for young people and adolescents** through a dedicated commissioning team
- There is **flexibility** on when children 'enter' and 'exit' the proposed support based on readiness.
- The role of existing key contacts/ workers through this journey will need to be further designed

This option will enable Bury Council to:

- Build on existing practice strengths
- Enable a streamlined pathway into adulthood and the potential to better manage costs and expectations without resulting in large scale change across the entire service
- Provide focused multi-disciplinary capacity for the 14-25 cohort
- Facilitate early intervention and planning presenting the opportunity to manage demand and build resilience into services during adulthood

Essential Principals for successful service delivery

- Governance will be robust, timely and involve representatives from across the pathway and multi-disciplinary teams
- Commissioning will be integrated and focused on 14-25 year olds
- Families and young people are front and centre to care and assessment planning, captured through single-multiagency assessments and transition planning commencing as early as 9 years old where appropriate
- Dedicated information and advice service support families and young people to feel informed and prepared to transition into adulthood
- The service is informed by appropriate data and reporting mechanisms to support early transition planning and forecast demand to ensure on-time assessments for young people, and maximisation of savings potential

### Resourcing Requirements

The following table illustrates the resources required, whilst some are already available from existing services those highlighted as red will be additional.

Those highlighted amber are existing roles that may be subject to restructure as the new model is delivered

Role	FTE	Description	RAG
Contact centre	N/A	• Collate referrals from the front door and allocate relevant cases to transitions team	G
Head of service (HoS) for transitions	x1	• To provide strategic leadership and management to the transitions service, including management of the overall team structure, and understanding of how transitions is impacting the whole social care system within Bury. <i>Bury Council consider wrapping this role under HoS for SEND</i>	A
Transitions team manger	x1	• Responsible for managing this social worker team and reporting into the Head of Service • <i>Bury Council consider wrapping this role under a current manager role</i>	A
Social worker – Senior practitioner	x1	• To provide high quality service in relation to aspects of the assessment and care management process, assisting the transitions team manager in supervision of the transitions team. The senior practitioner should have experience in following backgrounds: preparing for adulthood outcomes, working with occupational therapists, and approved mental health professional • <i>Bury Council consider wrapping this role under a current advanced practitioner role</i>	A
Social worker – Experienced social worker	X2	• Experienced transitions social workers to support young peoples safety and wellbeing during transitions. Due to the complex statutory element of the work incentivising experienced social workers will be key. The social workers will be responsible for review of complex cases, supporting preparation for adulthood and liaison with families. • Support commissioning with carrying out provider reviews • <i>Bury currently have x2 children's social workers and x1 adult social. The adult social worker currently carries his own work load and so is not focused wholly focused on transitions, highlighting a gap in x1 social worker</i>	R
Social worker	X1	• As above, but a less experienced social worker that can build their skills and focus on less complex cases	G
Transitions commissioning manager	X1	• A commissioning manager with experience in market management and establishing new provision whilst managing a team • Agreeing strategy for commissioning of required services e.g. tenders and framework agreement	G
Senior commissioner	X1	• Supporting the commissioning manager to identify the required services to support young people and adolescents and carrying out negotiations and contact reviews against pre-agreed contract and person centred KPIs regularly • Tendering and commissioning services that are required and ensuring access to relevant frameworks	R
Broker	X1	• Responsible for broking services for specific individual people	R
Business support	x1	• Providing Administrative Support and track expenditure on care packages and support with resolving issues with cases coming into the transitions pathway. There is currently a business support role for transitions	G
Data analyst	X1	• To ensure timely sharing of data from agencies and conduit for data across the whole system, to support reporting and demand management	R

The exact detail of the resources required within the new service will be defined when the programme starts in March. The programme requires senior programme management support full time for 1 year to deliver the restructure required.

The savings are profiled accordingly to account for this start mid year.

The cost of resources per annum is approximately **£200,000** and has been netted off the expected stretch savings possible with this investment of approximately **£700,000** over 4 years

**Without such investment in resources tactical savings** (no additional resources) of approx. **£282k** across 4 years are possible from reviews of high needs packages.

	2023/24	2024/25	2025/26	2026/27
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Budget Reduction (£m) cumulative	0.120	0.300	0.480	0.700
Staffing Reduction (FTE)	0	0	0	0

## Section B

*What impact does the proposal have on:*

<b>Property</b>
N/A
<b>Service Delivery</b>
Service changes to staff working with older children and young adults with disabilities
<b>Organisation (Including Other Directorates/Services)</b>
Bury Council CYP and ASC
<b>Workforce – Number of posts likely to be affected.</b>
No posts will be made redundant
<b>Communities and Service Users</b>
Older Children, Younger Adults and their families
<b>Other Partner Organisations</b>
NHS Bury

## Section C

### Key Risks and Mitigations

Risks	Mitigations
Either the CYP or ASC department may not support the final model designed by the programme team	The programme team will keep the departments updated and both departments will provide senior managers to act as join SRO
Users and their families may not understand the changes	Codesign with users and their families will be part of this transformation programme

### Key Delivery Milestones

*Include timescales for procurement, commissioning changes etc.*

Milestone	Timeline
Service design finalisation	By end of April 2023
Restructure and implementation	By September 2023

## Section D

Consultation Required?	No
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	Start Date	End Date
Staff		

Trade Unions		
Public		
Service User		
Other		

**Equality Impact**

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

Disabled people	X – but not adverse
Particular Ethnic Groups	
Men or Women (including impacts due to pregnancy/maternity)	
People who are married or in a civil partnership	
People of particular sexual orientation	
People who are proposing to undergo, undergoing or undergone a process or part of a process of gender assignment	
People on low incomes	
People in particular age groups	
Groups with particular faiths and beliefs	

<b>EIA Required?</b>	<b>no</b>
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**Section E*****Financial Implications and Investment Requirements***

<b>Investment requirements – Revenue and Capital</b>
£200,000 per annum as outlined above

<b>Finance Comments – Will the proposal deliver the savings and within the agreed timescales?</b>
Yes

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<b>Reference</b>	
<b>Executive Director</b>	Will Blandamer
<b>Cabinet Member</b>	Cllr Tariq

## Section A

<b>Service Area</b>	OCO
<b>Budget Option Description</b>	Enforce Section 22 of the Care Act

### Budget Reduction Proposal – Detail and Objectives

Section 22 of the Care Act 2014 states that a local authority may **not** meet people's needs by providing a service that should be provided under the NHS Act 2006 unless doing so is merely incidental or ancillary to doing something else that meets need.

This means where a person requires a reminder, or prompt or assistance to take medication the local authority may only provide a care package to do this where the carer is also meeting another need at the same time, such as personal care or assistance with food.

Where the support is only with medication the local authority is not required to provide care under the Care Act.

Where medication is the only need and there are no other eligible needs that need meeting at the same time then this is the responsibility of the NHS under the NHS Act 2006.

This policy has already been enacted by most other local authorities in England

An analysis for home care provision in Bury found a number of calls are now only for medication prompting or assistance.

The total cost of providing these calls is £636,000 per year and equals 30,000 hours of care a year or 82 hours per day across all of our care and support services that provide services to adults. These services are currently commissioned from external home care providers.

This proposal sees no new home care calls that are for medication only provided to adults with care and support needs. In addition, over 2 years all small packages of care where home care calls are for medication only and no other need is being met will be reviewed.

Where medication only support is required, adults will be encouraged to use a medication aid or to seek support from their GP or pharmacist for further advice on how to manage their medication.

This policy and programme of reviews will start following public consultation

	<b>2023/24</b>	<b>2024/25</b>
Budget Reduction (£m)	£0.300	£0.636
Staffing Reduction (FTE)	0	0

**Section B***What impact does the proposal have on:*

<b>Property</b>
None
<b>Service Delivery</b>
Service users would no longer receive a call from a carer provided by the local authority but rather use a medication aid. Where this was not possible service users would be asked to contact their GP or pharmacist for further advice.
<b>Organisation (Including Other Directorates/Services)</b>
No effect on Bury Council
<b>Workforce – Number of posts likely to be affected.</b>
0 as these services are commissioned from external providers
<b>Communities and Service Users</b>
Service users would no longer receive a call from a carer provided by the local authority but rather use a medication aid. Where this was not possible service users would be asked to contact their GP or pharmacist for further advice.
<b>Other Partner Organisations</b>
Service users would no longer receive a call from a carer provided by the local authority but rather use a medication aid. Where this was not possible service users would be asked to contact their GP or pharmacist for further advice.

**Section C****Key Risks and Mitigations**

<b>Risks</b>	<b>Mitigations</b>
Medication may be poorly managed	<p>Advice on compliance can be provided by pharmacists and general practice</p> <p>Compliance aids are readily available</p> <p>Where necessary service users can be referred to the equipment and assistive technology service</p>

**Section D**

Consultation Required?	Yes
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	<b>Start Date</b>	<b>End Date</b>
Staff	N/A	N/A
Trade Unions	N/A	N/A
Public	N/A	N/A
Service User	Feb 2023	March 2023

Other – NHS partners, providers	Feb 2023	March 2023
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**Equality Impact**

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

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

<b>EIA Required?</b>	<b>yes</b>
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**Section E*****Financial Implications and Investment Requirements***

<b>Investment requirements – Revenue and Capital</b>
None

<b>Finance Comments – Will the proposal deliver the savings and within the agreed timescales?</b>
This will require careful monitoring and scrutiny to deliver the savings in 2023/24 due to timing of commencement following consultation and any transitioning

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<b>Reference</b>	
<b>Executive Director</b>	Will Blandamer
<b>Cabinet Member</b>	CLlr Tariq

## Section A

<b>Service Area</b>	OCO
<b>Budget Option Description</b>	Disabled Facilities Grant and Housing Assistance Policy

### Budget Reduction Proposal – Detail and Objectives

Improved utilisation of Disabled Facilities Grant (DFG)

The DFG is a central government grant that the council receives each year to fund capital adaptations to people's homes so that they can live more independently.

It is currently £2m per year and increases yearly.

The most recent white paper on reforms to Adult Social Care and updated guidance on Disabled Facilities Grant encourages councils to use the Regulatory Reform Order 2002 as part of a published housing assistance policy to innovate in the provision of housing support, assistive technology and streamlining the grant process and speeding up the adaptations process.

Bury will publish a housing assistance policy and use the flexibilities contained within the regulatory reform order to release £250,000 per annum to fund innovation in the areas above.

This policy will be delivered prior to 1<sup>st</sup> April 2023 at the nearest Cabinet meeting.

	2023/24
Budget Reduction (£)	£250,000
Staffing Reduction (FTE)	0

## Section B

*What impact does the proposal have on:*

<b>Property</b>
None
<b>Service Delivery</b>
Service Delivery would not be affected
<b>Organisation (Including Other Directorates/Services)</b>
None
<b>Workforce – Number of posts likely to be affected.</b>

0
<b>Communities and Service Users</b>
No change in service provision
<b>Other Partner Organisations</b>
N/A

## Section C

### Key Risks and Mitigations

Risks	Mitigations
Cabinet may not agree housing assistance policy	Brief members in advance

### Key Delivery Milestones

*Include timescales for procurement, commissioning changes etc.*

Milestone	Timeline
A housing assistance policy must be published	March 2023

## Section D

Consultation Required?	No
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	Start Date	End Date
Staff	N/A	
Trade Unions	N/A	
Public	N/A	
Service User	N/A	
Other	N/A	

### Equality Impact

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

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

EIA Required?	no
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## Section E

### *Financial Implications and Investment Requirements*

Investment requirements – Revenue and Capital
None

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

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<b>Reference</b>	
<b>Executive Director</b>	Will Blandamer
<b>Cabinet Member</b>	Clr Tariq

## Section A

<b>Service Area</b>	OCO
<b>Budget Option Description</b>	Residents transitioning to alternative packages

### Budget Reduction Proposal – Detail and Objectives

The council's adult social care department will continue to work to ensure all Bury residents entitled to have their care package fully funded by NHS Continuing Health Care do so.

The number of Bury residents accessing this support via this fund has been historically lower than many other areas and by working closely with our partnership in our integrated system we are steadily improving the number of people who receive their care funded by the NHS instead of paying for it themselves or having it funded by council.

Over the next 3 years this will reduce the demand on the council's care budget by £750,000

	<b>23/24</b>	<b>24/25</b>
Budget Reduction (£)	£375,000	£750,000
Staffing Reduction (FTE)	0	0

## Section B

*What impact does the proposal have on:*

<b>Property</b>
None
<b>Service Delivery</b>
Service Delivery would not be affected
<b>Organisation (Including Other Directorates/Services)</b>
None
<b>Workforce – Number of posts likely to be affected.</b>
0
<b>Communities and Service Users</b>
No change in service provision
<b>Other Partner Organisations</b>

Increased demand for funding from NHS continuing Health Care fund
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## Section C

### Key Risks and Mitigations

Risks	Mitigations
The number of people found eligible does not increase meaning the council funding is not released	Numbers being found eligible will be monitored jointly with NHS partners

### Key Delivery Milestones

*Include timescales for procurement, commissioning changes etc.*

Milestone	Timeline
Identification of potential cases for review and plan delivery of reviews and commence CHC training programme for ASC staff	April – June 2023
Training of Adult Social Care staff re CHC applications/eligibility to be completed	July – Sept 2023
Ongoing progression of reviews with associated savings monitoring and quarterly report via ASC SLT	Oct 2023 onwards

## Section D

Consultation Required?	No
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	Start Date	End Date
Staff	N/A	
Trade Unions	N/A	
Public	N/A	
Service User	N/A	
Other	N/A	

### Equality Impact

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

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

EIA Required?	no
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## Section E

### *Financial Implications and Investment Requirements*

<b>Investment requirements – Revenue and Capital</b>
None

<b>Finance Comments – Will the proposal deliver the savings and within the agreed timescales?</b>
Yes

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<b>Reference</b>	
<b>Executive Director</b>	Will Blandamer
<b>Cabinet Member</b>	Cllr Tariq

## Section A

<b>Service Area</b>	OCO
<b>Budget Option Description</b>	Review of working age adults' costs against a robust national toolkit

### Budget Reduction Proposal – Detail and Objectives

Bury is already a well performing albeit high cost authority with a wide range of existing strengths, so it is well placed to get even better. Specific strengths include:

- Service, team and commissioning leadership that is value based with a focus on strengths-based approaches
- Passionate and committed staff with good knowledge of strengths-based approaches
- Co-location of NHS and the learning disability team with regular joint working
- A well led joint NHS/LA commissioning and provider relations team
- A good track record of identifying improvement and savings opportunities
- Existing high levels of satisfaction about support from the people being supported
- A good mix of use of support resources with new residential placements relatively rare

There is however evidence of scope for Bury to further improve.

National data shows that Bury:

- Learning disability gross support costs are £35 per head of population more than comparable authorities
- Support cost per person supported aged 18-64 (£28.6k) are higher than the £25.5k North West average.
- Supports 43 more people aged 18-64 relative to its population than is average for North West.
- Supports more people after assessment than is average in the North West
- Makes only limited use of short term care and support but Bury is below the average
- Has comparatively low levels of NHS funding for adults age 18-64

In addition local data shows that Bury has a high number (118) of support packages costing more than £1,800 pw as well as 160 support packages costing less than £200 pw.

Both these cohorts need careful review as the case file review found evidence that some support in Bury is:

- Not fully appropriate to meet needs - over servicing or because the support needed is not available, or
- Costs more than is necessary - over pricing.
- In particular:

- “Waking” night cover is not always justified by the recorded needs on file,
- CHC/S117 NHS funding is less than we normally see in some cases, and
- Some people aged over 65 may be better supported in Older Peoples services rather than specialist Learning Disability services

The “Progression Model” has been used to improve outcomes for people with a learning disability by improving their independence and reducing their reliance on care and support services.

The progression model is based on strength-based assessments which maximise opportunities for independence, helping service users to acquire independent living skills. This means trained workers at all levels including social workers, occupational therapists and the direct workforce, develop a plan with an individual taking small steps to independence. This may cover everything from learning to travel independently on a bus, to making a sandwich. The model has twin aims of maximising independence and making care affordable through the reduced reliance on longer term care.

The main improvement opportunities are to:

- Undertake a reassessment of all 118 packages costing more than £1,800 per week (accelerated benefits realisation project)
- Revisit all 160 low cost packages of support as part of the normal review process to check all support is still needed
- As a part of the above look to use assistive technology more often and more creatively and ensure care, support and treatment plans are outcomes focused with clear step by step plans to achieve outcomes
- Seek to increase levels of NHS continuing health care and S117 funding where appropriate
- To ensure the above have a lasting impact and to build on the recent investment in strengths based practice:
  - Introduce and embed the “Progression” © approach
  - Explore opportunities to further develop the effectiveness of MDT working

**Opportunity 1:** Reassess 118 high cost packages to (a) right size support, and (b) negotiate a fair price for the “right sized” package as there is evidence of possible “Over Servicing” or “Over Pricing” might exist.

**Opportunity 2:** Review 160 low cost packages and signpost to universal services where appropriate or redesign support creatively

**Opportunity 3:** Seek to deploy Assistive Technology (AT) more often to:

- (a) Enable greater levels of independence and increase choice and control, and
- (b) Reduce support costs where it is safe to do so.

**Opportunity 4:** Check that “Waking” night cover is always warranted by each individual’s support needs

**Opportunity 5:** Ensure Continuing Health Care (CHC), Section 117 and all other joint NHS funding is accessed where appropriate/locally agreed

**Opportunity 6:** Consider if any of the 40 people aged >65 who have specialist LD support have age related support needs that would be better met by older people's services

	2023/24	2024/25	2025/26
Budget Reduction (£m)	1.000	1.700	1.700
Staffing Reduction (FTE)	0	0	0

## Section B

*What impact does the proposal have on:*

<b>Property</b>
None
<b>Service Delivery</b>
Service for people living with disabilities would be changed to ensure independence was maximised
<b>Organisation (Including Other Directorates/Services)</b>
None
<b>Workforce – Number of posts likely to be affected.</b>
0
<b>Communities and Service Users</b>
People living with disabilities would be provided services more appropriate to their needs, increasing the user's independence, reducing the cost to the Council and potentially the cost to the user.
<b>Other Partner Organisations</b>
Joint working is required with the NHS where S117 or CHC funding may be appropriate

## Section C

### Key Risks and Mitigations

Risks	Mitigations
The number of people benefiting from improved care does not release the required savings	A transformation programme will be established to over see the improvements
Care Providers used to traditional care provision may not understand the requirements of delivering care that is developed on a progression model	Care providers will be engaged with as part of the transformation programme

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

Milestone	Timeline
Programme team to deliver high needs review and transformation in place	December 2022

**Section D**

Consultation Required?	No
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	Start Date	End Date
Staff	N/A	
Trade Unions	N/A	
Public	N/A	
Service User	N/A	
Other	N/A	

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

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

EIA Required?	yes
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**Section E*****Financial Implications and Investment Requirements***

Investment requirements – Revenue and Capital
Additional Social Work Staff to carry out reviews Support from Alder Advice Extra care services to improve independence Commissioning and Project management support Training £308,000 This has been netted off the savings as part of the invest to save modelling



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<b>Finance Comments – Will the proposal deliver the savings and within the agreed timescales?</b>
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Yes
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<b>Reference</b>	
<b>Executive Director</b>	Will Blandamer
<b>Cabinet Member</b>	Cllr Tariq

## Section A

<b>Service Area</b>	One Commissioning Organisation
<b>Budget Option Description</b>	Staying Well

### Budget Reduction Proposal – Detail and Objectives

The Staying Well team is a preventative service in Bury that carries out social prescribing and works with residents to design care plans that empower them to improve their abilities and maintain their independence

At the heart of government policy is increasing capacity in general practice and using this capacity to address inequalities. It is doing this by delivering additional funding to primary care networks to employ additional roles to perform additional functions, these are:

- Clinical pharmacists
- Pharmacy technicians
- First contact physiotherapists
- Physician's associates
- Dietitians
- Podiatrists
- Occupational therapists
- Community paramedics
- Nursing associates and trainee nursing associates
- Social prescribing link workers
- Care co-ordinators
- Health and wellbeing coaches

The Staying Well team currently provides three of these functions, as described below:

#### **Social Prescribing**

Social Prescribing Link Workers give people time and focus on what matters to the person as identified in their care and support plan. They connect people to community groups and agencies for practical and emotional support and offer a holistic approach to health and wellbeing, hence the name 'social prescribing'.

Social prescribing enables patients referred by general practice, pharmacies, multi-disciplinary teams, hospital discharge teams, allied health professionals, fire service, police, job centres, social care services, housing associations and voluntary, community and social enterprise (VCSE) organisations to get the right care for them.

Link workers typically work with people over 6-12 contacts (including phone calls and face to face meetings) over a three-month period with a typical caseload of up to 250 people, depending on the complexity of people's needs.

#### **Care co-ordinators**

Care coordinators provide extra time, capacity, and expertise to support patients in preparing for clinical conversations or in following up discussions with primary care professionals. They work closely with the GPs and other primary care colleagues within the primary care network (PCN) to identify and manage a caseload of identified patients, making sure that appropriate support is made available to them and their carers (if appropriate), and ensuring that their changing needs are addressed. They focus on the delivery of personalised care to reflect local PCN priorities, health inequalities or at risk groups of patients. They can also support PCNs in the delivery of Enhanced Health in Care Homes.

### **Health and wellbeing coaches**

Health and wellbeing coaches (HWBCs) will predominately use health coaching skills to support people to develop the knowledge, skills, and confidence to become active participants in their care so that they can reach their own health and wellbeing goals. They may also provide access to self-management education, peer support and social prescribing.

Health coaches will support people to self-identify existing issues and encourage proactive prevention of new and existing illnesses. This approach is based on using strong communication and negotiation skills and supports personal choice and positive risk taking.

They will work alongside people to coach and motivate them through multiple sessions, supporting them to identify their needs, set goals, and help them to implement their personalised health and care plan.

This proposal sees the service funded by PCN ARRS funding rather than Council revenue as has already been agreed by three of the four PCNs.

	<b>2023/24</b>	<b>2024/25</b>
Budget Reduction (£) – See above	£375,000	£375,000
Staffing Reduction (FTE)	0	0

## **Section B**

***What impact does the proposal have on:***

<b>Property</b>
None
<b>Service Delivery</b>
None
<b>Organisation (Including Other Directorates/Services)</b>

None
<b>Workforce – Number of posts likely to be affected.</b>
0
<b>Communities and Service Users</b>
None - The service will continue, funded by NHS PCNs
<b>Other Partner Organisations</b>
Primary Care Networks and General Practice Leadership Collaborative will take on the funding as has been agreed by three of the four PCNs.

### Section C Key Risks and Mitigations

Risks	Mitigations
The primary care network may not wish to take over this service but rather purchase their own staff to perform the above functions meaning the saving is not delivered	The Staying Well service comes with a established level of activity and an excellent history in delivering improved outcomes which can be evidenced
The primary care network may not wish to take over this service but rather purchase their own staff to perform the above	To deliver the saving it will be necessary to end the service if the PCN do not support this

### Key Delivery Milestones

*Include timescales for procurement, commissioning changes etc.*

Milestone	Timeline
Programme team to deliver high needs review	Q3 22/23
Transfer of Funding	April 2023

### Section D

Consultation Required?	No
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	Start Date	End Date
Staff		
Trade Unions		

Public		
Service User		
Other		

## Section E

### *Financial Implications and Investment Requirements*

Investment requirements – Revenue and Capital
None

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

<b>Reference</b>	
<b>Executive Director</b>	Donna Ball
<b>Cabinet Member</b>	Cllr Quinn

**Section A**

<b>Service Area</b>	Engineering Services
<b>Budget Option Description</b>	Capitalisation of Staff salaries

**Budget Reduction Proposal – Detail and Objectives**

Engineering Services performs a wide range of statutory duties, including being the Highway Authority for the Borough. This means that the service has a significant role to play in ensuring that development and regeneration initiatives are realised for the benefit of the entire Borough.

Bury Council is driving forward a significant growth and regeneration programme that will generate a significant number of major and complex planning applications in the coming years, including:

- Northern Gateway - one of the largest employment sites in the country that will create thousands of jobs within the Borough and bring transformational change to the Borough's economy and to the life chances of our residents;
- Strategic residential developments, that will provide much needed new and affordable homes for our growing population and facilitate strategic infrastructure investment including at Elton and Northern Gateway (Simister); and
- Large scale redevelopments and regeneration of the Borough's key town centres in Bury, Radcliffe, Prestwich, Whitefield and Ramsbottom (including strategic transport and Levelling Up projects).

These projects coincide with a considerable highways capital funding programme from both the Council's capital funding and the CRSTS funding from TfGM.

The service has the opportunity, in accordance with financial regulations, to capitalise salaries to on-going active capital projects.

The existing staff budget for Engineering Services of £1,300,699 includes £168,000 of capitalised costs in 2022/23. Analysis of work in support of the above areas of capital funded activity has identified that a further £189,000 can be capitalised from 2023/24.

	2023/24	2024/25	2025/26
Budget Reduction (£m) – See above	£0.189		
Staffing Reduction (FTE)	None		

## Section B

*What impact does the proposal have on:*

<b>Property</b>
None.
<b>Service Delivery</b>
Charging of additional staff time or Council overhead to capital projects will need to be balanced against the capital available for project delivery and therefore should primarily be built into externally funded rather than Council funded projects.
<b>Organisation (Including Other Directorates/Services)</b>
This restructure will support the priorities of both BGI and the Council.
<b>Workforce – Number of posts likely to be affected.</b>
None
<b>Communities and Service Users</b>
None
<b>Other Partner Organisations</b>
None

## Section C

### Key Risks and Mitigations

Risks	Mitigations
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Capital budgets are under considerable pressure at present due to unprecedented construction material and labour price inflation. Further capitalisation may result in project overspends which may require further capital funds/scope change/project closure.	Proactive capital monitoring of each major project and use of value engineering where appropriate.  Additional capital may be required to fund overspends should value engineering be unsuccessful.
Capital/regeneration funding ends and the posts are therefore not funded.	Currently capital funding streams are confirmed for the coming 5 years and indications from TfGM are that they are currently working on funding proposals for the 5 years after that. Regeneration schemes are Council priorities and therefore the risk of them not coming to fruition is minimal.

### Key Delivery Milestones

*Include timescales for procurement, commissioning changes etc.*

Milestone	Timeline
Capitalisation will require journaling of salary costs against capital expenditure codes on a monthly or quarterly basis	Oct 2022 – Mar 2023

### Section D

Consultation Required?	No consultation required
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	Start Date	End Date
Staff		
Trade Unions		
Public		
Service User		
Other		

### Equality Impact

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

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

<b>EIA Required?</b>	<b>No EIA required</b>
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## Section E

### *Financial Implications and Investment Requirements*

<b>Investment requirements – Revenue and Capital</b>
None

<b>Finance Comments – Will the proposal deliver the savings and within the agreed timescales?</b>
Sufficient external capital programmes and grants to manage this and there is no reason to expect this not to be the case in 2023/24 and future years but this will require careful in year monitoring and close scrutiny of all future bids to ensure every opportunity is maximised

<b>Reference</b>	
<b>Executive Director</b>	Donna Ball
<b>Cabinet Member</b>	Cllr Alan Quinn

## Section A

<b>Service Area</b>	Streetscene – Street Lighting
<b>Budget Option Description</b>	Continuation of LED street Lighting implementation

## Budget Reduction Proposal – Detail and Objectives

### Introduction

Many local authorities across the UK have already opted to reduce energy consumption and costs through remodelling and modernising street lighting. The table below is taken from an APSE Street Lighting Survey and shows the different approaches taken by local authorities with regards to energy saving methods:

	<b>Zero</b>	<b>0-10%</b>	<b>10-20%</b>	<b>20-30%</b>	<b>30-40%</b>	<b>&gt;40%</b>
Lamp switch off (eg. 2am-5am)	65.22%	26.09%	0.00%	0.00%	0.00%	8.70%
LED lighting	0.00%	0.00%	0.00%	10.0%	0.00%	90.00%
Lamp dimming	17.24%	0.00%	3.45%	6.90%	3.45%	68.97%
Reduced lighting hours	56.52%	8.70%	0.00%	0.00%	0.00%	34.78%

The table shows that replacement of Street Lighting with LEDs has been done by over **90%** of authorities and nearly **70%** are operating some form of lamp dimming.

With rising energy costs, it is essential that savings options from street lighting are further considered Bury.

### Overview of Street Lighting Energy Usage

Street lighting uses **27%** of the Council's total electricity, and accounts for **9%** of the Council's carbon emissions.

The Street Lighting energy invoice for 2021/2022 was approximately **£800k** and the estimate for 2022/2023 is **£1.7m**, an increase of **112.5%**.

### Work To Date

**Phase 1** – LED Lantern swap on side roads – This work resulted in just over **11,000** lanterns being swapped to LEDs. Despite this being around 54% of the total lighting stock, these lanterns only make up just under 15% of the total energy consumption and are not of a type which can be dimmed without further upgrades.

**Phase 2** - Swapping columns of 8 metre and above which are approaching/have passed their design life, and the replacement of columns identified as requiring replacing as part of our structural test programme – This work is well under way, with some **855** having already been replaced with LED Lanterns. This phase is still in progress, and it is anticipated that over **3,000** columns will be swapped by the end of March 2024.

### **A Way Forward**

Many local authorities across the UK have already opted to reduce energy consumption and costs through LED lanterns and dimming of street lighting.

As mentioned above, the LED lanterns replaced in Phase 1 only make up around 15% of the overall energy usage, so it is felt that the capital costs to swap out the control gear for one suitable of being trimmed/dimmed is just not cost effective.

However, just over **57%** of the total energy consumption is made up of the higher wattage old low pressure/high pressure sodium lanterns, where replacement would provide a cost-effective solution to reducing the overall energy costs. These are generally on 8 metre and above columns.

Work is already ongoing to replace some of these as part of the current column replacement programme (Phase 2) as mentioned above in “Work To Date”.

Taking the number of lanterns which will be swapped as a result of phase 2 into consideration, there are around **3,346** lanterns remaining which could still be replaced. They can be broken down as follows:

<b>Lamp Type</b>	<b>Quantity</b>
90W	969
100W	265
135W	940
150W	1,093
250W	79
	<b>3,346</b>

### **Proposal**

To replace the lanterns containing the above-mentioned lamp types with LED lanterns. As a result, they will then be capable of being dimmed by the Council's

current system, which is Philips CityTouch. This will ensure that the Council has control of all the LED lighting of this type from a single system.

The current estimated cost of replacing the above lighting, based upon lanterns costs and the current GMCA Framework rates, is **£1,330,000**.

The estimated time to complete this work is approximately **360** working days, approximately **1.75** years based on 1 crew carrying out the work. The timescales could be reduced by employing more teams to carry out the work or contracting out the replacement work. However, it should be noted that recruitment to these roles is currently difficult and interest in bidding for this work is low due to high demand for these services. If approved the service can commence the process as soon as possible to contract out / recruit for this work, in the hope that the timescales can be reduced so the savings can be realised.

### **Replacement with LED lighting**

The replacement of the columns with LED lanterns as described above will realise an estimated energy saving of **£219,987** per year (pay back of **6.6 years**).

### **Dimming of the LED lighting**

The concept of dimming street lighting was first approved by Cabinet in November 2012. The **855** lamps that have already been completed as part of phase 2 are already being dimmed by 50% between 00:00hrs and 06:00hrs with the same approach proposed for all future upgrades to LED lighting.

It should be noted that, whilst detectable with a light meter, a 50% reduction in the lighting level should not be visibly noticeable.

Once the above replacements have taken place the Council will have control of all the LED lighting of this type on the classified network from a single system and will have the capability of dimming the lighting. Dimming the lighting by 50% between 00:00hrs and 06:00hrs will provide a further saving of **£102,804** and reduce the payback period to around **4.5 years**.

The Council has not received any contact / complaints in relation the existing trials that have been conducted around the borough to dim the street lighting. The dimming of streetlights has also been adopted by a significant number of local authorities and is working effectively.

It is important to note that the Asset Management System is updated regularly and is constantly changing as result of this. As such, the figures used in this report were correct as of the 11<sup>th</sup> of August 2022.

This proposal will support our "Let's Do It" strategy principal of achieving carbon neutrality by 2038.

### **Considerations**

Some streets contain mixed column heights and, as such, may contain lantern types not covered by the proposal. To ensure this proposal will not leave a patchwork of different lamp types in a street it is recommended that all the lanterns in the street will be swapped in addition to those identified for replacement. Currently, it is estimated that swapping all lanterns in a street will add an additional 461 lanterns, at an additional cost of **£130,000** and taken a further 60 working days to complete.

**Summary of Total Costs**

- Total **Capital investment** required = **£1.46million**
- Revenue saving per year (Based on 2022/23 energy prices) **for LED replacement** = of **£219,987** (pay back of 6.6 years).
- Revenue saving per year (based on 2022/23 energy prices) **for LED replacement and dimming on the classified network, between 00:00hrs and 06:00hrs by 50%** = **£322,791** (pay back of 4.5 years).

**Timescales**

- Approximately **2** years based on 1 crew carrying out the work.
- May be possible to reduce through employment of additional crews / contracting out the work.

	2023/24	2024/25	2025/26
Budget Reduction (£m)	£0.300		
Staffing Reduction (FTE)	None		

**Section B**

***What impact does the proposal have on:***

<b>Property</b>
None.
<b>Service Delivery</b>
Reduced energy budget. Decrease in the amount of energy consumed. Decrease in the amount of Carbon produced.
<b>Organisation (Including Other Directorates/Services)</b>
None.
<b>Workforce – Number of posts likely to be affected.</b>
If work programme accelerated additional staff / contractors will be required to deliver the work.
<b>Communities and Service Users</b>

Previous trials have found that the public do not tend to notice the reduced lighting levels due to dimming, but there is potential for negative feedback.

Consideration to the impact on the Safer Streets Strategy from Central Government.

### Other Partner Organisations

None.

## Section C

### Key Risks and Mitigations

Risks	Mitigations
Time taken to complete the work and therefore delivery of the associated savings.	Existing GMCA Frameworks will be used for the work. Letting further contracts from The Chest to assist with the project. Taking on temporary staff (internal) to assist with the project.
Future energy price decrease reducing estimated savings and increasing the time in which savings will be paid back.	Without this investment the Council would have to find additional funding to cover energy costs increases. This proposal will mitigate against the increases.
There is an annual cost for the Philips City Touch system after the initial 10 year (given at time of lantern purchase) has expired.  This is estimated at around £5 per lantern. The GMCA Street Lighting Group are looking at a contract for this to reduce these costs.	It may transpire that paying an annual fee for each lantern, takes up a significant amount of any savings achieved.  The current settings of the lantern (including any dimming) will be maintained if the CityTouch subscription expires. However, remote alteration of lantern settings will no longer be available.
Delivery delays due to material shortages, etc., may extend estimated completion time.  Price increases may result in less work being carried out and thereby reducing savings.	Purchasing all the required materials at the start of the project would alleviate this and also negate any future price increases.
Energy calculations are quite complex and actual savings might be lower than estimated.	A combination of previous examples, experience, and airing on the side of caution have been used to try and ensure that as accurate an estimate as possible has been achieved.

	Savings will still be achieved, and it is possible they may be even more than estimated.
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### Key Delivery Milestones

*Include timescales for procurement, commissioning changes etc.*

Milestone	Timeline
Procure, appoint contractor, carry out works.	October 2022 to September 2024 (2 Years) or sooner if can accelerate.

### Section D

Consultation Required?	Further consultation not required as this is a continuation and extension of an existing approach. However, a full EIA will be conducted to take account of the extension in this proposal.
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	Start Date	End Date
Staff		
Trade Unions		
Public		
Service User		
Other		

### Equality Impact

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

Disabled people	TBC
Particular Ethnic Groups	TBC
Men or Women (including impacts due to pregnancy/maternity)	TBC
People who are married or in a civil partnership	TBC
People of particular sexual orientation	TBC



People who are proposing to undergo, undergoing or undergone a process or part of a process of gender assignment	TBC
People on low incomes	TBC
People in particular age groups	TBC
Groups with particular faiths and beliefs	TBC

<b>EIA Required?</b>	<b>Yes</b>
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## Section E

### *Financial Implications and Investment Requirements*

<b>Investment requirements – Revenue and Capital</b>
<p><b>Installation Costs</b></p> <p>The current estimated capital cost of replacing the above lighting, based upon current GMCA Framework rates, is <b>£1,460,000</b>.</p> <p><b>Estimated Energy Savings</b></p> <ul style="list-style-type: none"> <li>• Revenue saving per year (Based on 2022/23 energy prices) <b>for LED replacement</b> = of <b>£219,987</b> (pay back of 6.6 years).</li> <li>• Revenue saving per year (based on 2022/23 energy prices) <b>for LED replacement and dimming on the classified network, between 00:00hrs and 06:00hrs by 50%</b> = <b>£322,791</b> (pay back of 4.5 years).</li> </ul>

<b>Finance Comments – Will the proposal deliver the savings and within the agreed timescales?</b>
<p>Full savings will only be realised on completion of the project.</p> <p>It should be noted, however, that energy costs may drop during the project resulting in reduced savings and a long payback period, or increase resulting in cost avoidance and a shorter payback period.</p>

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<b>Reference</b>	
<b>Executive Director</b>	Donna Ball
<b>Cabinet Member</b>	Cllr Quinn

### Section A

<b>Service Area</b>	Waste Management and Transport
<b>Budget Option Description</b>	Growth in vehicle maintenance provision to additional customers

### Budget Reduction Proposal – Detail and Objectives

In the quest to find additional savings in 2023/24, Operations have considered further savings in terms of a more strategic, intelligence-based approach to public service reform that will deliver further efficiencies. Most local authorities no longer rely solely on “in house” operations to deliver services turning to alternative approaches. These include the use of “shared services”, between multiple local authorities and between local authorities and other public bodies; outsourcing to private or voluntary providers, and its opposite, “insourcing”; the increasing use of Local Authority Trading Companies (LATCs) to trade for profit, providing a revenue stream for the local authority; and mutuals. Whilst outsourcing was popular 20 years ago, there is increasing evidence that many Councils are insourcing their services. In 2019, APSE estimated that 77% of UK councils were planning to bring services back in-house and calculated that between 2016 and 2018, at least 220 local government contracts had been brought back into council control. 78% of local authorities believe insourcing gives them more flexibility, two-thirds say it also saves money, and more than half say it has improved the quality of the service while simplifying how it is managed.

In England and Wales, section 113 of the Local Government Act 1972 enables a local authority to enter into an agreement with another authority to place its officers at the disposal of the other authority, subject to consultation with the staff concerned and negotiation about any changes in terms and conditions. More recently, the Government published a strategy for shared services in 2018. This had three main rationales: delivering value and efficiency, convergence around processes and data, and meeting end user needs.

Other Local Authorities currently contract out some vehicle maintenance work to the private sector and we are currently in discussions to identify if our vehicle maintenance workshop could undertake this work and deliver a saving to them, whilst increasing income to the Bury vehicle maintenance workshop and admin support. Discussions are currently ongoing about the support we can provide and a saving for 2023/24 has been proposed based on the anticipated outcome of these discussions which will be concluded shortly.

	2023/24	2024/25
Budget Reduction (£m) increased income	£0.100	
Staffing Reduction (FTE)	0	0

## Section B

*What impact does the proposal have on:*

<b>Property</b>
None.
<b>Service Delivery</b>
Capability to undertake the additional workload.
<b>Organisation (Including Other Directorates/Services)</b>
None.
<b>Workforce – Number of posts likely to be affected.</b>
None – may require additional business support and an extra technician to pick up the additional work.
<b>Communities and Service Users</b>
None.

<b>Other Partner Organisations</b>
To be confirmed.

## Section C

### Key Risks and Mitigations

Risks	Mitigations
Timescale to explore, determine and execute.	Additional capacity to undertake the work.
Local Authorities and organisations are not prepared to take the option forward.	Looking to try and make the proposal financially benefit both parties. Further meetings in place to understand appetite.

The work provided from other Local Authorities not meeting the £100k.	A number of options have been supplied to other Local Authorities and organisations.
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### Key Delivery Milestones

*Include timescales for procurement, commissioning changes etc.*

Milestone	Timeline
Determine options and viability	31 December 2022
Due governance re: a decision	28 February 2023
Implementation	1 April 2023

### Section D

Consultation Required?	No
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	Start Date	End Date
Staff	TBC	TBC
Trade Unions	TBC	TBC
Public	No	No
Service User	No	No
Other	No	No

### Equality Impact

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

Disabled people	No
Particular Ethnic Groups	No
Men or Women (including impacts due to pregnancy/maternity)	No

People who are married or in a civil partnership	No
People of particular sexual orientation	No
People who are proposing to undergo, undergoing or undergone a process or part of a process of gender assignment	No
People on low incomes	No
People in particular age groups	No
Groups with particular faiths and beliefs	No

<b>EIA Required?</b>	<b>No</b>
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## Section E

### *Financial Implications and Investment Requirements*

<b>Investment requirements – Revenue and Capital</b>
None
<b>Finance Comments – Will the proposal deliver the savings and within the agreed timescales?</b>
Initial indications are that the target savings are deliverable. However, there is an element of risk here until the detail is confirmed with other local authorities.

<b>Reference</b>	
<b>Executive Director</b>	Donna Ball
<b>Cabinet Member</b>	Cllr. Tahir Rafiq

**Section A**

<b>Service Area</b>	Operations
<b>Budget Option Description</b>	Operational services process re-engineering

**Budget Reduction Proposal – Detail and Objectives**

An investigation into rationalising Operational Services to include the redesign of cleaning and caretaking functions alongside Admin Building (Porters), with a consolidation of Budgets.

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Budget Reduction (£)	£100k	£100k	£100k
Staffing Reduction (FTE)	TBC	0	0

**Section B**

***What impact does the proposal have on:***

<b>Property</b>
Caretaking and Cleaning may be reduced or redesigned alongside some soft FM functions in Admin Buildings.
<b>Service Delivery</b>
Efficiencies made within Caretaking and Cleaning and potentially Admin Buildings may see an overall reduction in the delivery of some soft FM services.
<b>Organisation (Including Other Directorates/Services)</b>
Workforce redesign within Caretaking and Cleaning Teams and Admin Buildings.
<b>Workforce – Number of posts likely to be affected.</b>

To be confirmed. (circa. 3-4)
<b>Communities and Service Users</b>
Admin building users.
<b>Other Partner Organisations</b>
None.

## Section C

### Key Risks and Mitigations

Risks	Mitigations
FM review to fund a Corporate Landlord model is taking place and there may be interdependencies that need to be considered.	Investigation into all options available will be required working with Finance, HR and the service / building managers to scope out all potential savings available and to understand how they would impact on a future Corporate Landlord model. Reduction in cleaning SLA charges would create a decrease in expenditure, but it may not be a budget saving due to the drop in income. Further work is needed as part of the project.

### Key Delivery Milestones

*Include timescales for procurement, commissioning changes etc.*

Milestone	Timeline
Submit review of the Cleaning and Caretaking structure	28/02/2023
Subsequent consultation and Union engagement	TBC
Investigation into the consolidation of budgets from Admin Buildings and Cleaning and caretaking SLAs to reduce the cost-of-service provision. Review if overheads can be absorbed into the budget.	TBC
Review the structure and soft service provision within admin buildings, and the building rationalisation process, to assess potential further savings through	TBC



rationalisation and reduction of the council's building estate.	
Review Admin building porters soft service activities and investigate potential savings through integrated porter / caretaker / cleaner, soft service activities across existing admin buildings	TBC
Review the cleaning standards across admin buildings and assess if cost reduction can be made.	TBC
Review the procurement of current soft FM service providers across existing Admin Buildings, with a view to (i) consolidation of contracts and better value for money (ii) day to day management of contracts (iii) consolidation of Budgets across Caretaking and Cleaning Teams and Admin buildings.	TBC

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## Section D

Consultation Required?	Yes
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	Start Date	End Date
Staff	Yes – March 23	
Trade Unions	Yes – March 23	
Public	N/A	
Service User	TBC	
Other		

## Equality Impact

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

Disabled people	No
Particular Ethnic Groups	No

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

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## Section E

### *Financial Implications and Investment Requirements*

<b>Investment requirements – Revenue and Capital</b>
None.

<b>Finance Comments – Will the proposal deliver the savings and within the agreed timescales?</b>
Budgets are available within these service areas which may enable saving to be delivered through a servicer review and rationalisation.

<b>Reference</b>	
<b>Executive Director</b>	Donna Ball
<b>Cabinet Member</b>	Cllr Quinn

## Section A

<b>Service Area</b>	ICES Store in OCO and Stores in Waste Management.
<b>Budget Option Description</b>	Equipment Store changes in Ops and OCO

### Budget Reduction Proposal – Detail and Objectives

The savings proposals for 22/23 and 23/24 included a two-year programme of work to integrate the following stores:

- Integrated Community Equipment Store in OCO
- Ops Store at Bradley Fold in Waste Management Service

This included consideration of the physical relocation of the ICES store to Bradley Fold and then a restructure so that there would just be one manager across the 2 teams.

Feasibility work was completed to look at options for relocating the ICES store into the Ops store at Bradley Fold. A JD was produced to recruit a project manager which was evaluated and agreed that OCO reserves would fund but we were unable to recruit. The Architects Team produced drawings and costings to a spec from both teams but the costs are prohibitive at nearly £1m to do the building work. It was decided therefore to shelve these plans until the potential wider redevelopment of Bradley Fold takes place in the future which will involve integrated arrangements with other partners which could include similar stores across the NE Sector.

The requirement to deliver £140k savings split equally over the 2 years remains. Year 1 (22/23) savings have been fully delivered through the deletion of vacancies and improved ways of working across the stores.

The £70k savings for 23/24 will be delivered via:

- Use of £40k revenue from the OCO (previously earmarked for the project manager)
- Increase in income targets of £30k from Operations as follows:

	Cost code	Increased income	
	302 OP1000 3375	£1,600	
	305 OP1000 3611	£11,100	
	307 OP10000 3635	£14,600	
	315 OP10000 3737	£2,900	

	2022/23	2023/24	2024/25
Budget Reduction (£) – See above	£30k Ops £40k OCO	£30k Ops £40k OCO	Recurrent
Staffing Reduction (FTE)	Removal of vacant posts	None	none

## Section B

*What impact does the proposal have on:*

<b>Property</b>
None now that we have shelved the integrated store proposal in the short term
<b>Service Delivery</b>
No change
<b>Organisation (Including Other Directorates/Services)</b>
no change
<b>Workforce – Number of posts likely to be affected.</b>
No change
<b>Communities and Service Users</b>
no change
<b>Other Partner Organisations</b>

## Section C

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**Key Risks and Mitigations**

Risks	Mitigations
none	

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

Milestone	Timeline
Income targets increased and vacancy deleted	April 2023

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**Section D**

Consultation Required?	none
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**Section E***Financial Implications and Investment Requirements*

Investment requirements – Revenue and Capital
None

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

Yes

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