

**Lynne Ridsdale  
Chief Executive**

*Our Ref* JG  
*Your Ref* C/JG  
*Date* 13 February 2024  
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**TO: All Members of Council**

**Councillors :** A Arif, S Arif, N Bayley, R Bernstein, D Berry, C Birchmore, C Boles, A Booth, N Boroda, R Brown, C Cummins, L Dean, D Duncalfe, U Farooq, E FitzGerald, N Frith, I Gartside, R Gold, D Green, J Grimshaw, S Haroon, J Harris, M Hayes, K Hussain, B Ibrahim, J Lancaster, G Marsden, J Mason, L McBriar, G McGill, C Morris, E Moss, E O'Brien, T Pilkington, A Quinn, D Quinn, T Rafiq, I Rizvi, M Rubinstein, J Rydeheard, L Ryder, L Smith, M Smith, G Staples-Jones, T Tariq, S Thorpe, D Vernon, S Walmsley, M Walsh, M Whitby and Y Wright

Dear Member/Colleague

**Council**

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

|                             |   |
|-----------------------------|---|
| <b>Date:</b>                | Wednesday, 21 February 2024   |
| <b>Place:</b>               | Council Chamber, Bury Town Hall   |
| <b>Time:</b>                | 7.00 pm   |
| <b>Briefing Facilities:</b> | If 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**

The Agenda for the meeting is attached.

The Agenda and Reports are available on the Council's Intranet for Councillors and Officers and also on the Council's Website at [www.bury.gov.uk](http://www.bury.gov.uk)

**Yours sincerely**

A handwritten signature in black ink, appearing to read 'Widdale', is written on a light blue rectangular background.

**Chief Executive**

**(Note: Members are reminded that under Section 106 of the Local Government Finance Act 1992, if a Member of a Local Authority has not paid Council Tax for at least two months and, even if an arrangement has been entered into to pay arrears, then at any meeting where consideration is given to matters relating to, or which might affect the calculation of Council Tax, that Member must declare the fact that he/she is in arrears and must not vote on the matter).**

## **AGENDA**

### **1 APOLOGIES FOR ABSENCE**

### **2 DECLARATIONS OF INTEREST**

Members of the Council are requested to declare any interests which they have in any items or issues before the Council for determination.

### **3 MAYORAL COMMUNICATIONS AND ANNOUNCEMENTS**

To receive communications from the Mayor and any announcements by the Leader of the Council or the Chief Executive on matters of interest to the Council.

### **4 MINUTES (Pages 5 - 14)**

Minutes attached.

### **5 PUBLIC QUESTION TIME (Pages 15 - 18)**

To answer questions from members of the public, notice of which has been given, on any matter relevant to the Council's Budget. If time permits, further questions will be invited from members of the public present.

### **6 RECOMMENDATIONS OF CABINET AND COUNCIL COMMITTEES**

#### **a BURY COUNCIL FINANCE - FUTURE LEADERSHIP ARRANGEMENTS (Pages 19 - 26)**

Report attached.

#### **b HOUSING REVENUE ACCOUNT BUDGET REPORT (Pages 27 - 44)**

Report attached.

#### **c THE COUNCIL'S REVENUE BUDGET AND MEDIUM TERM FINANCIAL PLAN (Pages 45 - 156)**

Report and appendices attached.

#### **d AMENDMENTS (Pages 157 - 160)**

Conservative Amendment  
Radcliffe First Amendment

### **7 DELEGATED DECISIONS OF CABINET COMMITTEES (Pages 161 - 184)**

Attached, minutes of:  
Budget Overview and Scrutiny  
Budget JCC Corporate

Budget JCC Teachers  
Budget Cabinet – to follow.



**Minutes of: COUNCIL**

**Date of Meeting:** 17 January 2024

**Present:** The Worshipful the Mayor (Councillor S Walmsley, in the Chair)  
Councillors A Arif, S Arif, N Bayley, R Bernstein, C Birchmore, C Boles, A Booth, N Boroda, R Brown, L Dean, D Duncalfe, U Farooq, E FitzGerald, N Frith, I Gartside, R Gold, D Green, J Grimshaw, S Haroon, J Harris, M Hayes, K Hussain, B Ibrahim, J Lancaster, G Marsden, L McBriar, G McGill, C Morris, E Moss, E O'Brien, T Pilkington, A Quinn, D Quinn, T Rafiq, I Rizvi, M Rubinstein, L Ryder, J Rydeheard, L Smith, M Smith, G Staples-Jones, S Thorpe, D Vernon, S Walmsley, M Whitby and Y Wright

**Apologies for Absence** Councillors D Berry, C Cummins, J Mason, T Tariq, M Walsh

**Public Attendance:** 10 members of the public attended the meeting.

**C. 34 DECLARATIONS OF INTEREST**

There were no declarations of interest made at the meeting.

**C. 35 MINUTES**

The minutes of the meeting held on 22 November 2023 were approved and signed by the Mayor.

**C. 36 MAYORAL COMMUNICATIONS AND ANNOUNCEMENTS**

The Mayor reported to those present, duties undertaken as Bury's first citizen since the last Council meeting.

**C. 37 PUBLIC QUESTION TIME**

Notice had been received of the following 2 questions:

| Questioner      | Topic                 | Responding |
|-----------------|-----------------------|------------|
| Rebecca Jackson | Suicide prevention    | N Boroda   |
| Andrew Luxton   | Planning applications | E O'Brien  |

There were no questions raised at the meeting.

**C. 38 RECOMMENDATIONS OF CABINET AND COUNCIL COMMITTEES**

**Meeting of Locality Board 8<sup>th</sup> January 2024 – Locality Plan – Terms of Reference**

It was moved by Councillor Boroda and seconded by Councillor O'Brien and it was agreed:

Council approved the revised Locality Board Terms of Reference.

**Cabinet 10<sup>th</sup> January 2024 – Children and Young People's Directorate – Senior Management Structure**

It was moved by Councillor Boroda and seconded by Councillor O'Brien and it was agreed:

The vacant post of Director of Social Care Practice (Chief Officer Band E, £93,102-£101,596) be redesignated as Director of Social Care & Early Help, evaluated as (Chief Officer Band F, £103,767-£112,636) to reflect the

**C. 39 POLLING PLACE AND POLLING DISTRICT REVIEW JANUARY 2024**

It was moved by Councillor Rafiq and seconded by Councillor O'Brien and it was agreed that

1. The Council notes the comments received during the consultation period.
2. The Council approves the Acting Returning Officers recommendations that:
  - The use of mobile cabins for polling stations continues but is reviewed regularly by the electoral services team
  - Polling districts 1GD and 1GDA are merged together and named 1GD
  - Polling district 1HD is renamed 1HC
  - Polling district IHE is renamed IHD
3. The Council requests the Electoral Registration Officer makes the necessary amendments as outlined in Appendix A to polling districts for the publication of the revised Electoral Register.
4. Power to designate polling places in accordance with section 18 and 18B of the representation of the People Act 1983 is delegated to the Chief Executive, in their role as Returning Officer and Electoral Registration Officer in consultation with ward councillors, group leaders.

**C. 40 COUNCIL TAX SUPPORT**

It was moved by Councillor Rafiq and seconded by Councillor Gold and it

was agreed that

1. the scheme continues in its current form for the year 2024/25
2. the current disregard of all War Widow's/Widower's Pension or War Disablement Pension is continued
3. the performance of the scheme continues to be closely monitored and will be reviewed and amended as appropriate on an annual basis.

## C. 41 LEADER' STATEMENT AND CABINET QUESTION TIME

### (a) Written question (Notice given)

The Leader of the Council, Councillor E O'Brien, made a statement on the work undertaken by him since the date of the last Council meeting.

The Leader and the relevant Cabinet Members answered questions raised by Councillors on the following issues:

|   | Questioner         | Cabinet Member | Topic  |
|---|--------------------|----------------|--|
| 1 | Cllr Birchmore     | Cllr Quinn     | Pilsworth South Landfill operator            |
| 2 | Cllr Moss          | Cllr O'Brien   | Let's Fix It Together                        |
| 3 | Cllr Pilkington    | Cllr A Quinn   | Flooding                                     |
| 4 | Cllr Vernon        | Cllr A Quinn   | Pilsworth South landfill                     |
| 5 | Cllr M Smith       | Cllr Gold      | Level of cover offered by statutory services |
| 6 | Cllr Fitzgerald    | Cllr O'Brien   | Plans for Whitefield                         |
| 7 | Cllr Staples-Jones | Cllr Gold      | Let's Do It Community Fund                   |
| 8 | Cllr Dean          | Cllr Rafiq     | Sickness levels in waste management          |
| 9 | Cllr Farooq        | Cllr Gold      | Funding of councils                          |

Due to the lack of time to answer questions 10 to 19 inclusive, the Leader gave an undertaking that copies of those questions and responses will be circulated to all Councillors. The Leader also gave an undertaking to make these available on the Council Web Site.

### b) Verbal Questions

| Questioner | Cabinet Member | Topic               |
|------------|----------------|---------------------|
| Cllr Ryder | Cllr O'Brien   | Places for Everyone |
| Cllr Hayes | Cllr Quinn     | LED street lights   |

|                 |              |   |
|-----------------|--------------|---|
| Cllr McBriar    | Cllr O'Brien | Temporary traffic lights at Turton Road |
| Cllr Bayley     | Cllr L Smith | Childrens services                      |
| Cllr Green      | Cllr O'Brien | Pressures on housing services           |
| Cllr Brown      | Cllr O'Brien | Parking at Fairfield Hospital           |
| Cllr Fitzgerald | Cllr Quinn   | HS2                                     |
| Cllr Wright     | Cllr Quinn   | Street lighting                         |

**C. 41****COMBINED AUTHORITY REPORT AND QUESTIONS TO THE COUNCIL'S COMBINED AUTHORITY REPRESENTATIVES**

The Council received a report on the work of the Combined Authorities. The following questions had been received in accordance with Council Procedure Rules:

| <b>Questioner</b> | <b>Combined Authority Member</b> | <b>Topic</b>                                     |
|-------------------|----------------------------------|--|
| Cllr Moss         | Cllr Bayley                      | Tranche 2 of bus franchising                     |
| Cllr D Quinn      | Cllr Gold                        | Greater than Violence Strategy                   |
| Cllr Rydeheard    | Cllr Gold                        | GMP officers sent to suspected violent incidents |
| Cllr Rizvi        | Cllr Bayley                      | Speed camera criteria                            |
| Cllr Harris       | Cllr Gold                        | Operation Limit                                  |
| Cllr Dean         | Cllr Gold                        | FOI requests received by GMP                     |

**C. 42****NOTICES OF MOTION**

**Council considered a motion received in the names of Cllr Carol Birchmore, Cllr Donald Berry, Cllr Andrea Booth, Cllr Des Duncalfe, Cllr Glyn Marsden, Cllr James Mason, Cllr Mike Smith and Cllr Mary Walsh**

**This Council notes:-**

Houses in Multiple Occupancy (HMO) have become a significant part of the rental sector and can provide accommodation at a cheaper rate than renting a whole house or flat. This is useful for people who have limited housing choices or looking for short stay accommodation, such as migrant workers or young professionals.

Many landlords offer well maintained homes. However, there are still a number of landlords who rent sub-standard, overcrowded and potentially

dangerous accommodation to vulnerable people. Many of these are not considered as 'Large' HMO's and therefore do not require a licence.

The growth of HMO's also has an impact on the local community E.g. waste management, health and safety, social care, access to health services and property availability for first time buyers.

Licensing has largely been successful in helping to drive up standards in order that HMO's are safer places to live. All properties used as HMO's, housing five people or more in two or more households, sharing facilities come under legislation and will require a licence. The licence includes minimum room sizes (6.5sqm single person, 10.2sqm for 2 people, 4.6sqm child under 10years old) and requirements for landlords to provide adequate bins and waste storage.

Bury MBC is required to maintain a register of large HMO's. There are currently 105 such properties: 63 in Bury; 12 in Prestwich; 17 in Radcliffe; 0 in Ramsbottom; 3 in Tottington and 10 in Whitefield. Ten of the properties on the published register are out of their license period.

**This Council therefore resolves:-**

- To undertake a review of the existing Register of Houses in Multiple Occupation and ensure all properties are appropriately managed, registered, and updated on the council's register.
- To carry out inspections of property to ensure a good standard of safety and maintenance and carry out immediate enforcement of those that do not meet the standard.
- To insist that all HMO's, no matter the size, apply for and are provided with, (at the landlord's expense) enough bins to contain waste from that property.
- To safeguard children by ensuring that none are living in unsuitable HMO accommodation in our Borough.
- To expand the Article 4 Directive (remove permitted development rights), to blanket cover the Borough, to ensure that all HMO's require planning permission.
- To explore Council Tax rules available to us and where possible ensure that landlords are paying appropriate tax for their business.
- To create a register of all property in the borough, which has been wholly converted to the use of multiple occupation with shared facilities, to ensure that only excellent landlords are able to operate in our Borough.

**On being put with 44 Members voting for, 0 Members voting against and the Mayor Abstaining, the Mayor declared the motion carried.**

**Council considered a notice of motion received from Councillors: A Arif, Bayley, Boles, Boroda, Cummins, Farooq, Fitzgerald, Frith, Gold, Green, Grimshaw, Haroon, Hayes, Ibrahim, McGill, Morris, Moss, O'Brien, Pilkington, Quinn Alan, Quinn Deborah, Rafiq, Rizvi,**

**Rubinstein, Ryder, Smith Lucy Staples-Jones Gareth, Thorpe, Walmsley, Whitby.**

In 2010 60,000 people were using food banks in the UK, in 2023 2.9 million people had to use foodbanks. Over 13500 children qualify for free school meals in the Bury borough alone. Many residents are struggling with recent high inflation, high mortgage interest rates and a doubling of fuel bills in the last 2 years. The government's household support fund went part of the way to enable councils to support the worst hit residents when it was introduced in 2021. Now, the Government's Household support fund is set to end on 31st March, 2024.

This council believes that everyone is entitled to the basic physical needs, to be warm, dry, clean and fed.

This council recognises that in the last 12 months the Household support fund, (HSF) administered by Labour-ran Bury council;

- Provided free school meals in the holidays for those who need it
- Payments to those in food and fuel poverty
- Grants to our Bury food support network
- Community grants to organisations tackle the cost of living crisis
- Discretionary housing payments for those at risk of homelessness
- funded the Citizens advice bureau
- and many more projects supporting those who most needed it.

Withdrawal of this grant, at a time when council's face such financial hardship, will only leave 1000s of bury residents to struggle even more.

This council resolves to

- Continue to execute our Cost of living and Anti-poverty strategy.
- Work with communities and partners to make sure we help those most vulnerable in the borough
- Call for a reinstatement of the HSF in our boroughwide Let's fix it campaign
- write to our two local MPs asking them to support our calls to keep the HSF
- Write to the Prime Minister and the chancellor of Exchequer asking them to keep the fund in their budget in March.

**Members considered an amendment moved by Councillor Bernstein and seconded by Councillor McBriar that:**

In 2010 60,000 people were using food banks in the UK, in 2023 2.9 million people had to use foodbanks. Over 13500 children qualify for free school meals in the Bury borough alone. Many residents are struggling with recent high inflation, high mortgage interest rates and a doubling of fuel bills in

the last 2 years. The government's household support fund went part of the way to enable councils to support the worst hit residents when it was introduced in 2021. Now, the Government's Household support fund is set to end on 31st March, 2024.

This council believes that everyone is entitled to the basic physical needs, to be warm, dry, clean and fed.

This council recognises that in the last ~~12 months~~ 3 years the Household ~~support fund, (HSF) administered by Labour ran~~ provided by the ~~conservative government to local authorities generally including~~ Bury council;

- Provided free school meals in the holidays for those who need it
- Payments to those in food and fuel poverty
- Grants to our Bury food support network
- Community grants to organisations tackle the cost of living crisis
- Discretionary housing payments for those at risk of homelessness
- funded the Citizens advice bureau
- and many more projects supporting those who most needed it.

~~Withdrawal of this grant, at a time when council's face such financial hardship, will only leave 1000s of bury residents to struggle even more.~~

None continuation of this grant will require councils such as this to deliver much improved financial management if it chooses to continue to support the activities listed above

This council resolves to

- ~~Continue to execute our Cost of living and Anti-poverty strategy.~~
- Review our cost of living and anti-poverty strategy in light of the encouraging economic improvements
- Work with communities and partners to make sure we help those most vulnerable in the borough
- ~~Call for a reinstatement of the HSF in our boroughwide Let's fix it campaign~~
- ~~write to our two local MPs asking them to support our calls to keep the HSF~~
- ~~Write to the Prime Minister and the chancellor of Exchequer asking them to keep the fund in their budget in March.~~
- Write to the chancellor of the exchequer and seek his view as to whether due to the improving economic situation and local financial settlement the household support fund needs to be continued.

Members moved to vote on the amendment.

**On being put with 11 Members voting for, 34 Members voting against and the Mayor Abstaining, the Mayor declared the motion lost.**

**Members voted on the substantive motion:**

**On being put: with 34 voting for, 0 voting against, 11 including the Mayor abstaining, the motion was carried.**

**Council considered a notice of motion received from COUNCILLORS ARIF, BERNSTEIN, BROWN, DEAN, GARTSIDE, HARRIS, HUSSAIN, LANCASTER, McBRIAR, RYDEHEARD, VERNON**

The communities of Bury stand together with our friends in Ukraine.

From the darkest moments of the war we have supported the Ukrainian people as they fight against the illegal and unjustified invasion of Ukraine by Russia. This Council has been moved by the strength of feeling in this country to support Ukraine

Many people from Bury have given aid to Ukraine and have supported the humanitarian effort.

We have opened our doors to Ukrainian people through the Homes for Ukraine scheme and seen their wonderful culture first hand.

After the Second World War, the last time that Europe was ravaged by needless war, towns and communities across Europe twinned. It was done to share cultural ties and further express our shared culture and values.

We now stand with the spirit of twinning and exchanging culture across Europe, which is ever more important since the Russian full scale invasion of Ukraine and aim to forge a new twinning relationship with a town, region or city in Ukraine.

Therefore, this Council resolves that:

1. Bury resolves to seek to twin with a town, region or city in Ukraine to highlight the Council's strength of support for Ukraine.
2. The Council resolves to work with the UK Friends of Ukraine to find a suitable town, region or city in Ukraine to twin with.
3. The Council requests that officers come back to the next Full Council with a report on a formal twinning with a town in Ukraine and the next steps in a creation of a Twinning Association.

**On being put with 45 Members voting for, 0 Members voting against and the Mayor Abstaining, the Mayor declared the motion carried.**



**C. 44      SCRUTINY REVIEW REPORTS AND SPECIFIC ITEMS "CALLED IN" BY  
SCRUTINY COMMITTEES**

There were no scrutiny review reports and specific items "called in" by scrutiny committees

**C. 45      QUESTIONS ON THE WORK OF OUTSIDE BODIES OR  
PARTNERSHIPS**

There were no questions on the work of outside bodies or partnerships

**THE WORSHIPFUL THE MAYOR**

**(Notes:**    The meeting started at 7.00 pm and ended at 10.20pm)

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**Public Questions – Budget Council**

1. Could Cllr Quinn please confirm that monies received from the government under the Sustainable Transport Funding initiative can only be used for agreed sustainable transport solutions and not general road maintenance?

John Southworth

**The City Region Sustainable Transport Settlement is the monies received from central Government to help improve public transport and highway infrastructure. Monies are allocated from this fund to specific projects.**

**Greater Manchester has secured over £1 billion in the first Transport Settlement to invest in transport infrastructure, covering a five-year period from 2022 to March 2027.**

**Bury has been successful in accessing these GM funds with :**

- **£47m for the new Bury Interchange (with more to follow in the second round);**
- **Over £15 million allocated to active travel schemes in Bury, Radcliffe and Ramsbottom town centres; and**
- **Additional monies to advance our transport strategy proposals, including making improvements to existing tram stops and for a new tram stop between Radcliffe and Bury**

**In terms of the Highway, the Transport Settlement has secured £17.7 million for road maintenance in the borough.**

**As a Council, we have also been investing heavily in repairing and maintaining the highway network. We have borrowed £35m, spending £20 million in the six years to March 2023 through our Highway Investment Strategy, resurfacing over 40 km of carriageway, carrying out preventative maintenance and repairing thousands of potholes. We are investing another £10 million over the next two years as well as £5m on replacing old streetlights with new LED ones.**

2. Has the company that provides the insurance cover for Bury Market Hall honoured the claim in relation to the issue of distressed RAAC concrete being found in the roof?

**Supplementary question (if applicable)::** If the answer to this is NO - can you give the reasons for this and a time scale of when this might happen?

Karen Simpson

**The Council has approached its insurers to ask whether the issue of RAACs is covered.**

**The response from our insurers is that buildings insurance policies are generally designed to cover damage from named perils and risks such as storms floods, subsidence, fire or damage from theft. They are not intended to cover defects that may arise from the choice of building materials and therefore the remediation costs arising directly from the presence of RAAC WILL NOT be covered from our property insurance with them.**

**As a duty of disclosure, we were advised to put our insurers on notice of a potential claim, and we have done this. The circumstances as reported have been referred to their specialist RAAC team. Each individual claim will be looked at separately by the claims team as and when a claim is submitted. To date we have not submitted any supporting evidence for a claim because they have told us that RAAC is not covered. Insurers have advised that further updates will follow as and when they become available.**

3. Has the council got enough money to repair all the problems with bury market hall as the cost of the repairs I feel will be significant and get the market traders back inside the market hall

And if no what happens to the market hall traders. Is there a plan b

Jennifer Eagle-Cooper

Not in attendance

**The Council have commissioned building condition reports into the Indoor Market Hall, we are waiting for wider tests to be concluded and then the full costs and options around replacement can be properly considered.**

**Once received and examined we can begin to share this fully informed view, including the cost implications.**

**This will be done at the earliest opportunity with full consideration of the facts and professionally validated costs.**

**Whilst some capital receipts are being considered for allocation to conduct the works required until the full cost options are configured it cannot yet be confirmed that the full amount for repairs has been allocated through an agreed process.**

**Bury Market is a key driver of footfall into Bury Town centre and is an integral part of the wider Town Centre master plan, so we are fully committed to ensure the future of the wider market is protected. We do understand the concerns of affected traders who wish to resume their stalls in the inside market.**

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|                                |                              |
|--------------------------------|------------------------------|
| <b>Classification:</b><br>Open | <b>Decision Type:</b><br>Key |
|--------------------------------|------------------------------|

|                   |   |                               |
|-------------------|---|-------------------------------|
| <b>Report to:</b> | Cabinet   | <b>Date:</b> 14 February 2024 |
| <b>Subject:</b>   | Bury Council Finance - Future Leadership Arrangements |                               |
| <b>Report of</b>  | Cabinet Member for Finance and Communities            |                               |

## 1. Introduction

- 1.1 This report sets out proposals in relation to the future substantive leadership of the Council's Finance function.
- 1.2 An Interim Executive Director of Finance was appointed to lead the production of the 24/25 budget in November 2023. It was agreed at that time that recruitment of a substantive successor would begin at pace once the challenging medium-term financial plan was produced.
- 1.3 The proposals set out below have been developed with the current Interim Executive Director and tested against arrangements in place elsewhere in the sector.

## 2.0 Recommendations

That Cabinet:

1. Recommend to Council that the vacant post of Deputy Chief Finance Officer (Band E, £93k - £102k) be redesignated as Director of Finance (Band F, £104k - £113k) and redesignated as the Council's Statutory Section 151 Officer. The Director of Finance will be a direct report to the Chief Executive with the Finance function becoming part of the Corporate Core Department under the Executive Director (Strategy & Transformation).
2. Note that following this appointment the Executive Director (Finance) role will be disestablished.
3. Recommend to Council that the post of Director of People & Inclusion (Band D, £84k - £91k) be re-graded at Chief Officer Band E (£93k - £102k) to reflect the post's expanded portfolio, as set out below. Delegate authority to the Chief Executive and the Cabinet Members for Finance and Communities and HR and Corporate Affairs, in consultation with the Monitoring Officer and S151 Officer, to consider responses received from the consultation and produce a final version of the structure as set out in recommendation 5.

4. Approve the redesignation and re-evaluation of the post of Chief Accountant (Band B, £69k - £75k) to Assistant Director (Finance) (Band D £84k - £91k) as a basis for consultation. This role will take on the duties of the Deputy S151 officer.
5. Agree in principle the commencement of consultation with affected staff in relation to the changes set out in this report and to delegate authority to the Chief Executive and the Cabinet Members for Finance and Communities and HR and Corporate Affairs, in consultation with the Monitoring Officer and S151 Officer, to consider responses received from the consultation and produce a final version of the structure.

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

- 3.1 The proposal sets out the long-term plan for leadership of the Council's Finance function, following the appointment of the Interim Executive Director and within the context of the wider leadership structure within the Corporate Core.
- 3.2 In recommending options, consideration has been given to the overall leadership capacity and structure required for the function beyond the S151 role and the benefits of integrating Finance within the Corporate Core Department to ensure the full coordination of all Council back-office functions.

### **4.0 Alternative options considered and rejected.**

- 4.1 It would be possible to maintain the current finance structure and seek to recruit to existing posts on a substantive basis, however the recruitment market has not supported this structure to date.

### **5.0 Background and Context**

- 5.1 A fundamental review of the Council's Finance function took place during 2022 with implementation from January 2023. These changes addressed a range of long-standing challenges across the function and attempted to strengthen the existing structure. However, since that time, leadership of the function has seen a significant lack of stability with the former Deputy Chief Finance Officer leaving the Council in April 2023 and the Joint Executive Director of Finance departing in November 2023.
- 5.2 Whilst appropriate arrangements are now in place to cover the Executive Director role on an interim basis with experienced managers, substantive vacancies in these posts present an opportunity to reconsider the function's overall leadership model based on a number of emerging issues:
  - The need to strengthen and align the Council's Corporate Core functions (particularly IT, Finance and HR) behind a clear transformation programme, as outlined by the Corporate Peer Challenge.



- The ongoing Financial Improvement Plan in place across the Council. This includes a continued focus on getting the basics right and building skills and succession planning within the function.
- The strong expertise present through the current Interim Executive Director and the opportunity this presents to support a managed and flexible transition to substantive arrangements and nurture internal talent.
- The current challenging market for senior finance professionals and need to effectively position Bury here in pursuit of the best possible financial leadership arrangements for the long term.

## **6.0 Proposals**

### **6.1 Director of Finance**

- 6.1.1 It is proposed that the vacant post of Deputy Chief Finance Officer (Band E, £93k - £102k) be redesignated as Director of Finance (Band F, £104k - £113k).
- 6.1.2 Following this appointment the post of the Executive Director (Finance) post will be removed from the Council structure and the Director of Finance will report directly to the Chief Executive. The Finance function will, however, form part of an integrated Corporate Core Department with accountability to the Executive Director (Strategy & Transformation). The integration of Finance as part of a unified Corporate Core under a single Executive Director will support the effective delivery of the Council's ongoing transformation and ensure the organisation's key support functions are fully aligned.
- 6.1.3 The interim Executive Director will remain in post in a strategic advisory capacity to ensure an appropriate handover and understanding of the 2024/25 budget and Medium Term Financial Plan.

### **6.2 Wider Leadership of the Finance Function**

- 6.2.1 To support the appointment to the Director of Finance it is proposed that the post of Chief Accountant (Band B, £69k - £75k) be redesignated and re-evaluated as Assistant Director (Finance) (Band D £84k - £91k). The current post holder will move into this role in accordance with Council policy and will become the Council's Deputy S151 officer. The positioning and remuneration of this post has also been subject to market testing.
- 6.2.2 As well as responsibility for the Council's core accountancy and financial planning functions the proposal is that the Head of Revenues and Benefits moves to report to the Assistant Director and assumes responsibility for the Accounts Payable team. This will bring together the Council's core transactional finance functions under one head of service. The Assistant Director will also assume direct line management responsibility for the Finance Business Partners.

- 6.2.3 To ensure the Finance function has the capacity to deliver against its Improvement Plan, as part of the integration with the wider Corporate Core function responsibility for Payroll and Pensions will be transferred to the Director of People and Inclusion. This proposal should be set in the context of the imminent renewal of the Council's core HR and Payroll system and the need to ensure clear accountability and leadership of this process and system and to maximise the potential benefits to the Council.
- 6.2.4 To further provide additional capacity the finance function in this period, and as part of demonstrating the benefits of finance aligning with the Corporate Core, the Director of People and Inclusion will support the Finance Leadership team with the development of the Council's Procurement function on a temporary basis. At present, procurement is delivered through a combination of a in house staff and support through the STAR procurement service. A key priority of the Director of People & Inclusion will be to work with interim Executive Director (Finance) to agree future substantive arrangements for procurement across the Council. This will include development of the Council's approach to Social Value which will need to align with the Council's Inclusion Strategy and approach to supported employment, which are currently overseen by the Director of People & Inclusion.
- 6.2.5 To reflect the proposed changes set out above, the post of Director of People & Inclusion (Band D, £84k - £91k) has been re-evaluated to Band E (£93k - £102k). As part of this change in responsibility, the post will become a direct report to the Executive Director (Strategy & Transformation) and will continue to play a key role as part of the Council's Senior Leadership Team, working directly with Executive Directors and the Chief Executive to deliver transformation and workforce development.
- 6.2.6 Subject to the support of the recognised Trade Unions, the above changes would be subject to a period of consultation with affected post holders.
- 6.3 Current and proposed future leadership structures of the Finance function are appended.

## **7.0 Next steps**

- 7.1 Subject to approval by Council, recruitment will progress for the new Director.
- 7.2 The wider changes set out will require consultation with affected staff which will, be progressed as soon as possible, subject to agreement from the recognised Trade Unions.
- 7.3 It is anticipated that implementation of the new structural arrangements would be in place prior to 1<sup>st</sup> April 2024.

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

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

- 8.1 A change to the Finance Leadership is necessary to drive forward the improvement in the Council's financial accounting and monitoring to deliver the best for Bury. Alignment of Finance within the Corporate Core will support the delivery of the Council's overall transformation.
- 

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

- 9.1 These changes are being delivered within the Council's approved policy framework that has been subject to full equality analysis. No adverse service changes are anticipated to result from the proposals.
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## **10.0 Environmental Impact and Considerations**

N/A

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

| <b>Risk / opportunity</b>                            | <b>Mitigation</b>   |
|--|---|
| Failure to recruit to posts within the new structure | Salaries are considered as competitive within the market, and management spans of control / portfolios reasonable and coherent. |
| Instability of leadership                            | Robust arrangements in place in respect of interim cover while the new arrangements take effect.                                |

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## **7.0 Legal Implications:**

If Members are minded to agree to the recommendations a 30-day consultation will take place in accordance with legislation and the Council's consultation tool kit. The proposals will be reviewed following the consultation period. In accordance with the Localism Act 2011 the proposals set out at recommendations 1 & 3 will require Council approval.

## **8.0 Financial Implications**

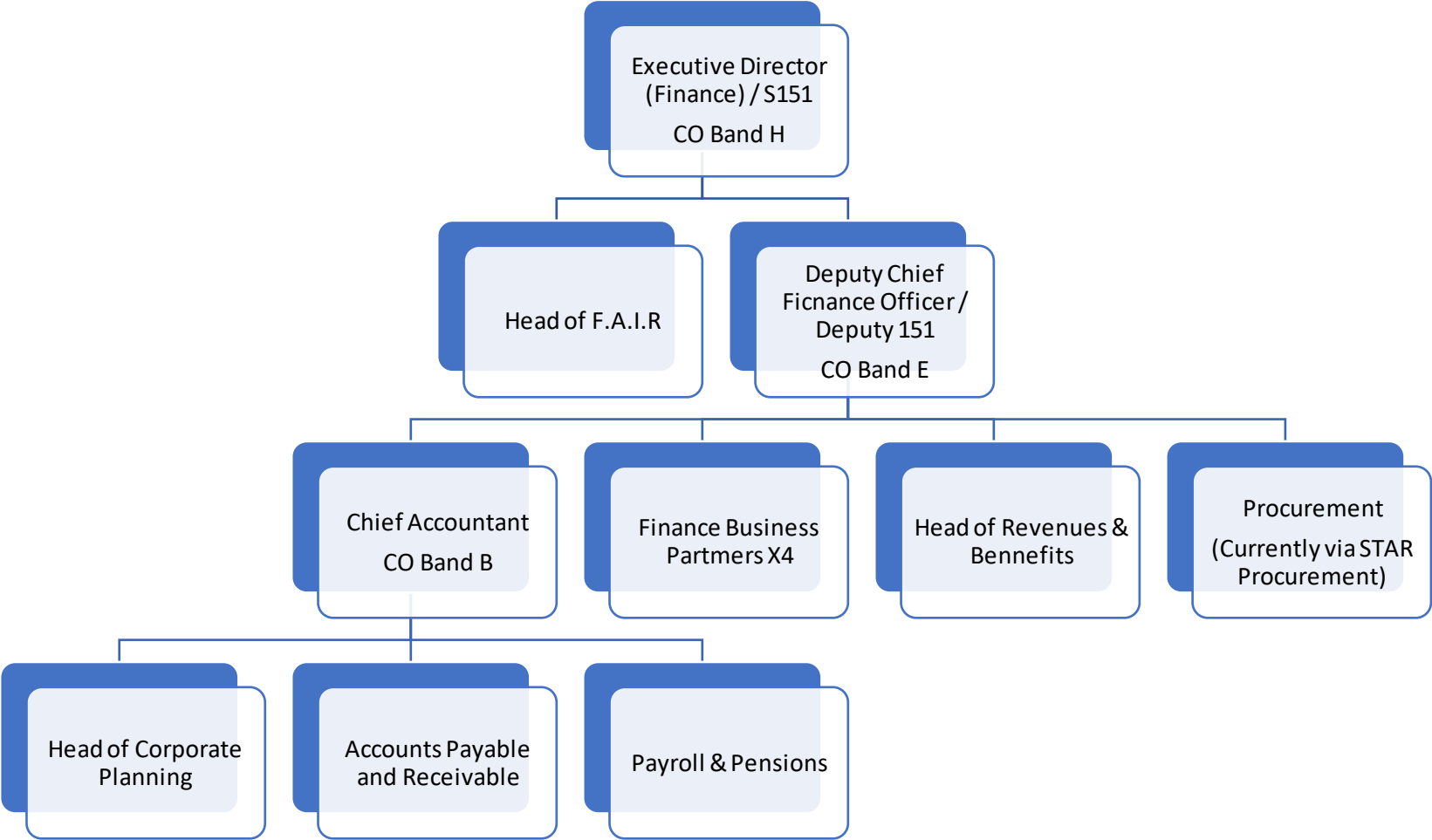
When fully in place the proposed changes would represent a saving to the Council reflecting the deletion of the Executive Director (Finance) role and the proposed changes to other posts of circa £120K.

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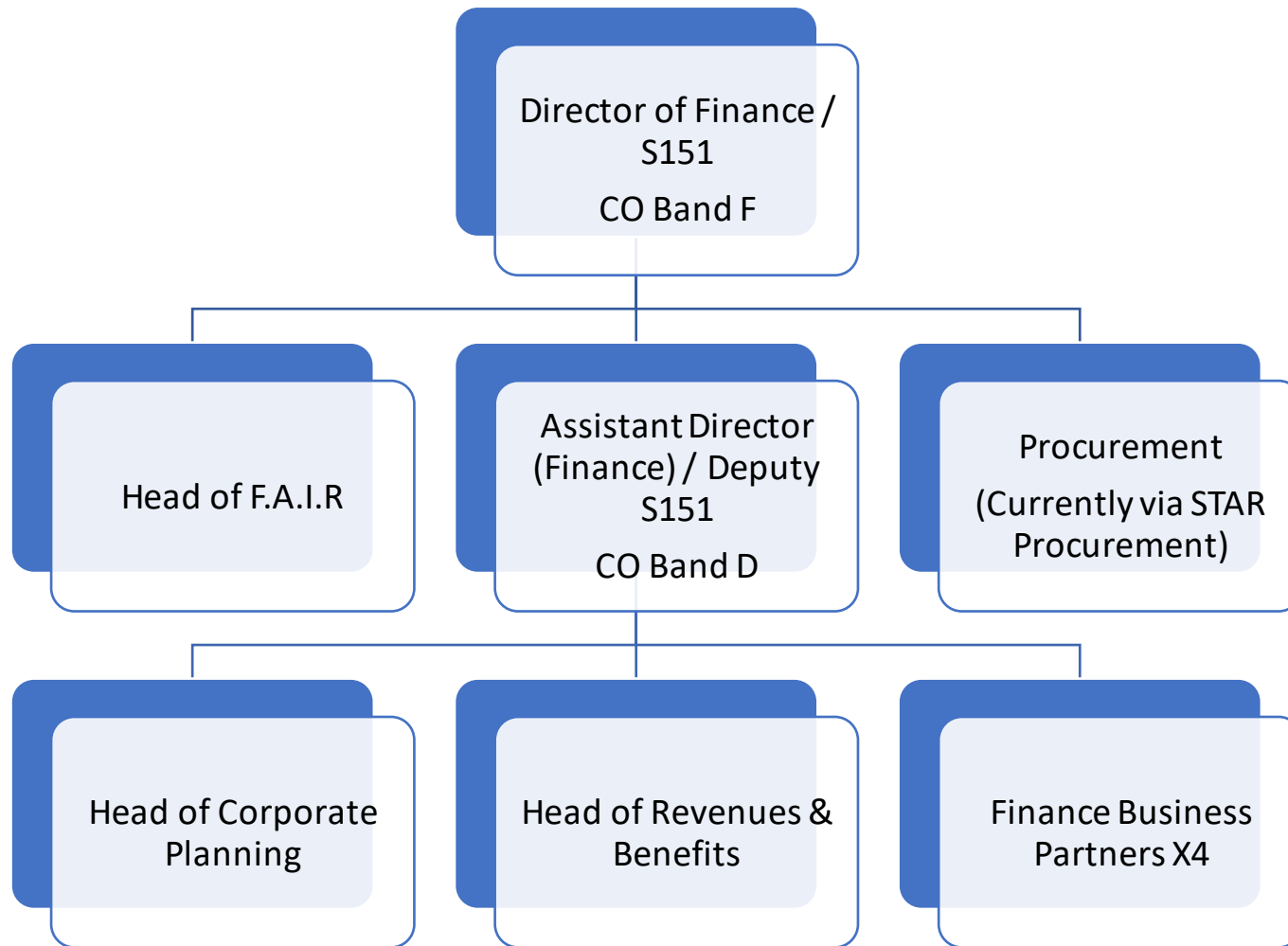
**9.0 Background papers:**

- Appendix A – Current Structure
- Appendix B – Proposed Structure

Appendix A: Current Structure



Appendix B: Proposed New Structure



|                                |                              |
|--------------------------------|------------------------------|
| <b>Classification:</b><br>Open | <b>Decision Type:</b><br>Key |
|--------------------------------|------------------------------|

|                   |   |   |
|-------------------|---|---|
| <b>Report to:</b> | Overview & Scrutiny Committee<br>Cabinet<br>Council | <b>Date:</b><br>6 February 2024<br>14 February 2024<br>21 February 2024 |
| <b>Subject:</b>   | Annual HRA Budget 2024/25 & Rent Setting            |   |
| <b>Report of</b>  | Cabinet Member for Finance and Communities          |   |

## 1. Summary

This report sets out the budget for the Housing Revenue Account (HRA) for 2024/25 and forms part of the Council's budget setting process for 2024/25.

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

The HRA will transfer back to the Council management with effect from 1<sup>st</sup> February 2024. The report sets out the budget assumptions and has been prepared based on the management costs being the same as the fee paid to Six Town Housing.

## 2. Recommendation(s)

**Overview and Scrutiny Committee** is asked to note the report and consider whether they wish to make any recommendations to Cabinet on the content of this report.

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

- Approve the 2024/25 budget for the Housing Revenue Account
- Agree rents to be increased for 2024/25 by 7.7% which is the Government's maximum allowable increase being September CPI (Consumer Price Index) 6.7% plus 1% with effect from 1<sup>st</sup> April 2024.
- Shared ownership rents to be increased by 7.7% in line with the provision which is set out within shared ownership agreements with effect from 1<sup>st</sup> April 2024.
- Approve an increase in Garage rents by CPI as at September 2023 CPI 6.7%.
- Approve an increase in Sheltered Management and Support Charges by CPI 6.7%.
- Approve an increase in Service and Amenity Charges by CPI 6.7%.
- Approve an increase in Support and Heating charges by CPI 6.7%.
- Approve an increase in Furnished Tenancy charges by CPI 6.7%.

Note that where a social rent property is re-let to a new or transferring tenant the rent level will be increased to the target rent for that property.

In accordance with the Rent Standard, 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.

## 3.1 Reasons for recommendation(s)

- 3.2 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 which means the authority does not have any 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.
- 3.3 The government introduced a self-financing funding system in 2012 whereby the HRA now retains its rental income locally and uses this to provide for management, maintenance, and major works to the housing stock and to service the debt finance upon which the HRA is based.
- 3.4 In April 2022, following Cabinet approval, Springs became a Self-Financing Tenant Management Organisation, the first in the Northwest. Owing to loss of stock through the Right to Buy sales (1), Springs TMO are currently managing 285 properties. Springs Tenant Management Organisation was formed to manage council homes on a self-financing arrangement. This means that the TMO retains the rents collected from the homes and uses this to pay for the management and maintenance of their properties under local arrangements. The value of the rents collected and passed over to Springs TMO is shown as a management fee cost to the HRA (neutral effect on the HRA).
- 3.5 With effect from 1<sup>st</sup> February 2024, the management of the housing stock, previously carried out on behalf of the council by the ALMO, Six Town Housing (STH), was brought back into council management with all staff being transferred to the council under TUPE regulations. The assumption for the 2024/25 budget is that other than inflationary increases, the cost of managing the HRA in-house will be the same as the Management Fee previously payable to STH.
- 3.6 The current level of activity on Right to Buy (RTB) the HRA for 2024/25 estimates have been revised to 34 (originally 70) right to buy (RTB) sales in 2023/24 and 40 (originally 60) in 2024/25. The number of sales during 2023/24 for the first three quarters of the year was 25. There are a further 6 properties expected to complete by 31 March 2024 and 6 more that may complete so the estimate of properties to complete is 9 bringing the total in 2023/24 to 34. The continuing higher interest rates for mortgages are likely to be a factor which is slowing the sales of properties. Lower levels of sales via RTB will mean that the level of rental income will be maintained for longer – over time this is a better prospect. The reduced number of sales will, however, provide a lower level of capital receipts which can be used to fund the capital program on a one-off basis, or reduce debt.
- 3.7 The HRA is expected to have an average stock of 81 affordable rent dwellings plus 5 shared ownership dwellings in 2024/25.
- 3.8 This report is written based on the Council's existing housing stock. Due to 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 assesses the minimum level of balances to be held.
- 3.9 Whilst this report relates to approving the annual budget for the HRA, a 30-year Housing Revenue Account Business Plan is being prepared 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 2024/25 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, and hopefully above its desired minimum working balance and can service its loans over the life of the business plan.

## 4.0 Rent Levels 2024/25

- 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 Government and Regulator of Social Housing (RSH) have confirmed that this formula will be used for the 2024/25 financial year and that CPI is to be based on September 2023 (not the lower rate in October that some commentators suggested). The Council, as a Registered Provider of Social Housing, is regulated and must adhere to the Rent Standard, which includes the same stipulation on social rent increases. It should be noted also that Shared Ownership rents are not covered by the Rent Standard and as such the rent increase that should be applied should be that set out in the terms of the lease agreement with the shared owners.
- 4.2 The basis for annual rent increases is the September Consumer Price Inflation (CPI) which in 2023 was 6.7% meaning the maximum rent increase projected for April 2024 should be 7.7%. It was also announced that benefits to claimants would rise by the amount of inflation in April 2023 and that the Local Housing Allowance (LHA) will be allowed to rise in 2024/25 for the first time since April 2020. The LHA rate has no bearing on Council rents; however, this policy recognises that resources are becoming more stretched in social housing and landlords need to be able to increase their rents accordingly.
- 4.3 The Government's agreement of the CPI +1% increase, which gives a rent increase of 0.7% above the 7% cap that was set for 2023/24, demonstrates that whilst this will have an impact on the Government's benefit bill, Registered Providers have very little room, if any to accommodate rent cuts compared to CPI +1% again in 2024/25.
- 4.4 At the time of writing, the Government have confirmed:
  - the formula (or target) for social rents to rise by CPI + 1% for 2024/25 with CPI to be based upon the September 2023 CPI figure of 6.7%.
  - social rents can be re-let on change of tenancy at the new formula rent (or target rent).
  - 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 current Rent Regime for rent increases ends on 31 March 2024 and the basis for which rents may rise in future will be subject to consultation during 2024-25. 2024-25 marks the last year that a maximum increase of CPI + 1% can be guaranteed.
- 4.5 The 2024/25 financial year is what is known as a "53 week rent year" this means that there will be 53 Mondays in the financial year rather than 52. Monday is the day rent falls due each week. Tenants will be charged the same rent for the 53<sup>rd</sup> rent week based on the normal 52-week rent. This is in line with RSH's Rent Standard. This phenomenon arises every 5 or 6 years and it is only coincidence that 2024 is a leap year.
- 4.6 For tenants in social housing (social and affordable), the Council allows two "rent free weeks" per annum. These are not free in reality; it just means that the total annual rent is collected over a lesser number of weeks per annum, so the 50-week rent is higher than the 52-week equivalent. In 2024/25, rents will continue to be collected over 50 weeks based on the 52-week rent multiplied by 53 and then divided over 50 weeks.
- 4.7 The table below sets out the 2023/24 average rent per tenure and property type based on

stock on 1 April 2023, together with the indicative 2024/25 rent based on the increases proposed. This includes 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 2024/25 – Recommended

| Tenure Type                      | No/ of Units @ 21/12/23 | Average 50 wk. rent 2023/24 | Increase rate allowed | Average 50 wk. rent with 7.7% added | Average 50 wk. rent (53 weeks collected over 50) 2024/25 |
|----------------------------------|-------------------------|-----------------------------|-----------------------|-------------------------------------|--|
| Social                           | 7,639                   | £86.95                      | 7.7%                  | £93.64                              | £95.44   |
|                                  |                         |                             |                       |                                     |  |
| Affordable (inc service charges) | 81                      | £184.99                     | 7.7%                  | £199.23                             | £203.06  |
|                                  |                         |                             |                       |                                     |  |
| Shared Ownership                 | 45                      | £49.05                      | 7.7%                  | £52.83                              | £53.85   |

- 4.8 The table above shows increases on a 50-week comparable basis of the proposed rent increase of 7.7% applied to the rents of all current HRA Social Rent Formula dwellings, together with the rate that will be charged over 50 weeks to take account of the extra rent week in 2024/25.
- 4.9 It should be noted that the formula rents for social rented properties will all automatically be increased by 7.7% for 2024/25. This will maintain the gap between formula rent and actual rent for any properties where there has not been a change in tenancy during the time period since the gap was established. 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.

## 5.0 Other charges

- 5.1 There are currently 251 HRA owned garages (of which 124 are currently let).
- 6.1 Garages are charged at the rate of £8.57per week (50 weeks). The last increase was in April 2023. It is proposed that the charge is increased by 6.7% from April in line with September CPI; this results in a weekly increase of £0.57 giving a rate of £9.14 per week (over 50 weeks for a 52 week year) which equates to £9.32/week over 50 weeks for the 53 week year.

## 6.0 Sheltered and Other Tenancy Charges Sheltered Management and Support Charges

- 6.2 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 has been reviewed and the decision to stop the Support element with effect from December 2023 was taken. 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.

- 6.3 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 2024/25 by 6.7% and the current and proposed charges are detailed below.

|   | <b>Current Charge (50 weeks)</b><br>£ | <b>Proposed Charge 2024/25 (50 weeks in a 53 week year)</b><br>£ |
|---|---------------------------------------|--|
| Sheltered schemes (other than Extra Care)       | 13.75                                 | 14.95  |
| Extra Care schemes (Falcon House/Griffin House) | 26.40                                 | 28.71  |

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

- 6.5 Following the review of the service, the Support Service has been stopped with effect from December 2023 and therefore the weekly charge of £8.33 / unit has been removed.

- 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 dependent on the assessed needs of the individual tenants; this support is provided by the Health & Adult Care service within the Council, and they will be reviewing the charges for 2024/25.

### **Service and Amenity Charge**

- 6.6. The Service and Amenity Charges were increased by 10.1% for 2023/24. It is proposed that the current charges are increased by 6.7% in line with CPI from the first rent week in April 2024. The true costs of delivering services should be passed onto tenants, therefore service charges should be increased to ensure services break even.

- 6.7. The current and proposed charges per unit per week (over 50 weeks) are shown in the table below:

|                | <b>Current Charge (50 Weeks)</b><br>£ | <b>Proposed Charge 2024/25 (50 weeks in a 53 week year)</b><br>£ |
|----------------|---------------------------------------|--|
| Clarks hill    | 21.34                                 | 23.21  |
| Elms Close     | 2.50                                  | 2.72   |
| Falcon House   | 12.46                                 | 13.55  |
| Griffin House  | 12.09                                 | 13.15  |
| Harwood House  | 25.20                                 | 27.41  |
| Moorfield      | 27.70                                 | 30.12  |
| Mosses House   | 21.98                                 | 23.91  |
| Stanhope Court | 11.15                                 | 12.13  |
| Taylor House   | 24.72                                 | 26.88  |

|                   |       |       |
|-------------------|-------|-------|
| Top O'th Fields 1 | 23.84 | 25.93 |
| Waverley Place    | 26.20 | 28.49 |
| Wellington House  | 35.44 | 38.54 |

- 6.8. 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**

- 6.9. Appendix 2 details the total Sheltered Management, Support and Amenity Charges for each scheme; this shows weekly increases, excluding the effect of removing the £8.33 Support charge, ranging between £0.92 and £4.02. Including the impact of the removal of the Support Service, the overall reductions (excluding Falcon & Griffin) range from £4.31 to £7.41.

### **Support Heating Charges**

- 6.10. 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.
- 6.11. At the Council meeting in February 2023, charges were not increased so remained at the 2022/23 levels for 2023/24. 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>Current Charge<br/>(50 Weeks)<br/>£</b> | <b>Proposed Charge<br/>(50 weeks in a 53<br/>week year)<br/>£</b> | <b>Proposed<br/>Increase<br/>%</b> |
|---------------|--|---|------------------------------------|
| Taylor House  | 13.00                                      | 14.14   | 6.7%                               |
| Clarks Hill   | 9.18                                       | 9.98  | 6.7%                               |
| Harwood House | 10.70                                      | 11.64   | 6.7%                               |

Heating Charges are not eligible for Housing Benefit however many Sheltered Tenants will be eligible for Winter Fuel Payments; for winter 2023/24, the rates for these were £500 per household for those born on or before 25 September 1957, rising to £600 per household for those born before 25 September 1943 to help pay heating bills (payments may be different depending on the household circumstances).

### **Furnished Tenancies Charges**

- 6.12. A Furnished Tenancy Scheme was introduced during 2005/06. The scheme provides furniture packages for which an additional weekly charge is payable.
- 6.13. We currently have 231 live furnished tenancies. Of the live tenancies we have 152 x 1 bed, 63 x 2 bed, and 16 x 3 bed properties. We have a limited number of 235 furnished tenancies so there is currently capacity for a further 4.
- 6.14. There will be a review of 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.

6.15. 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.

6.16. 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.

6.17. The current and proposed charges per unit per week are:

|                | <b>Current Charge (50 Weeks)</b><br>£ | <b>Proposed Charge</b><br>£<br>(50 weeks in a 53 week year) | <b>Proposed Increase</b><br>% |
|----------------|---------------------------------------|---|-------------------------------|
| 1 Bed Property | 16.02                                 | 17.42   | 6<br>7                        |
| 2 Bed Property | 18.86                                 | 20.51   | 6<br>7                        |
| 3 Bed Property | 21.71                                 | 23.61   | 6<br>7                        |

#### **Fernhill Caravan Site Pitch Fees**

6.18. The Fernhill Caravan Site has been managed by Six Town Housing since 2014/15 for which they receive a separately determined Management Fee. This management service will be provided by the Council with effect from February 2024. 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.

6.19. 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 are not any non-collection weeks. There has been no increase in the charge since April 22 as the site was closed for a major renovation. The site re-opened to residents on 2<sup>nd</sup> September 2023 with the following charges.

|                            | <b>Current Charge (To be reviewed in April 2024)</b><br>£ |
|----------------------------|---|
| Double Plot – pitch fee    | 88.39   |
| Double Plot – water charge | 10.15   |

6.20. The site was empty between July 2022 and September 2023 due to redevelopment. Residents moved back in on 02 September 2023. They returned to site on the same terms of rent but in the new Agreement this allows for revision in April 2024.

## 7.1 Housing Revenue Account Performance Voids

- 7.2 The rent lost on empty properties is projected to be 0.87% over the course of 2023/24, this is slightly lower than the budgeted level of 1% meaning a saving of approx. £29,000.
- 7.3 During the financial year 2023/24, it was noted that properties were still being returned in a state worse than they had been pre-Covid, and in need of more than wear and tear repairs. STH adopted the sector-wide Housing Ombudsman best practice during periods of void to bring the homes back to the acceptable standards including installation of hard wire electrical points, carbon monoxide detectors, fire detectors etc. The level of void loss for 2024/25 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.
- 7.4 If the target was to be bettered, then this would result in an increase in rental income to the HRA which could either be carried forward into 2024/25 or targeted during the coming financial year for service developments.

## Rent Arrears

- 7.5 The opening arrears and current levels for 2023/24 are shown in the following table.

The figures reflect the fact that there have been no write-offs during 2023/24; however, this position could change before the end of March 2023. All write offs are in accordance with the Corporate Debt Write Off Policy as approved by the then Executive.

| Provision Position – As of December 2023 |                            |                                     |                          |
|--|----------------------------|-------------------------------------|--------------------------|
|  | Opening Balance<br>2023/24 | Current Balance<br>December<br>2023 | Increase/<br>(Reduction) |
|  | £m                         | £m                                  | £m                       |
| Current Arrears                          | 1.355                      | 1,568                               | 0.213                    |
| Former Tenant Arrears                    | 0.556                      | 0.702                               | 0.144                    |
| Write Offs (Nov 2022)                    | 0.000                      | 0.000                               | 0.000                    |
| <b>Total</b>                             | <b>1.911</b>               | <b>2.270</b>                        | <b>0.357</b>             |

- 7.6 Authorities are required to make suitable provision, in accordance with proper accounting practices, to cover the write-off of rent and service charge arrears.
- 7.7 The Bad Debt Provision for rent arrears, which is held on the Authority's Balance Sheet, stood at £1.911m 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.
- 7.8 The original budget for 2023/24 allowed for additional contributions to the provision totaling £651,000 (2% of gross rent); Reviewing the arrears position at this time, it is now estimated that the additional provision required in 2023/24 may be £476,708 (approx. 1.4% of gross rent), 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 £2,269,808 at the end of 2023/24 against arrears of £2,461,626.
- 7.9 The 2024/25 estimates allow for additional contributions to the provision, totaling £525,000

which is 1.4% 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. However, as far as the balance in the HRA reserve is concerned the amount forecast as a provision is assumed to be the loss a loss of revenue. This is a prudent approach and is required by CIPFA.

As the arrears position has not been as severely impacted upon as has been estimated then a lower contribution has been proposed which will release additional resources in the HRA; however, 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 £241,474 of which £210,483 is debt over 1 year old. Of the debt over 1 year old £180,587 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 £96,838 of accounts have been identified as potential write-offs.
- 7.1. The Bad Debt Provision for rechargeable repairs, which is held on the Authority's Balance Sheet, currently stands at £139k. Considering the expected write offs, at the end of 2023/24 the provision will stand at £42k and cover around 17.5% 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 which is likely given the large reduction forecast.
- 7.11 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. 2024/25 Housing Revenue Account (HRA), HRA Capital Resources and the HRA Working Balance**

### **2024/25 Housing Revenue Account**

- 8.1 The Housing Revenue Account Estimates are set out in Appendix 1.
- 8.2 Significant impacts on the HRA for the coming year will continue initially to include higher levels of inflation than in past years. However, the Government estimates that by the end of 2024, inflation will be down to 2.8% and down to the target of 2% by the end of 2025. Interest rates on new loans remain above those rates seen before the cost-of-living crisis and treasury advisers expect these to stay higher for longer to control inflation. Interest rates affect the HRA if there is a requirement to borrow for investment, development or refinancing of existing loans.
- 8.3. From a regulatory perspective, the Regulator of Social Housing now has powers to regulate Councils under the Consumer Standard. Councils are required to have staff with relevant housing qualifications, have a mechanism by which tenants can report issues with their homes, and this needs to be monitored and reported upon. Councils are also going to be measured on how they perform in terms of responding to tenant communication in a timely manner and to resolve the issues. On 9<sup>th</sup> January 2024, DLUHC launched a consultation which looks at proposals for the implementation of Awaab's Law, as introduced by the Social



Housing (Regulation) Act 2023 (Clause 42 'Social housing leases: remedying hazards'). It proposes new legal requirements for social landlords to investigate hazards within 14 days, start fixing within a further seven days, and make emergency repairs within 24 hours. Those landlords who fail can be taken to court where they may be ordered to pay compensation for tenants.

<https://www.gov.uk/government/consultations/awaabs-law-consultation-on-timescales-for-repairs-in-the-social-rented-sector/awaabs-law-consultation-on-timescales-for-repairs-in-the-social-rented-sector>

These regulatory requirements may require investment in systems and/or resources in order to ensure that the Council meets its obligations and avoids penalties.

- 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, capital receipts 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. There is an ongoing piece of work being undertaken to fully understand the stock condition and advise 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
- 8.8. In the past, the Council has tended to set a Capital Programme based on a level of spending at around £14m per annum. This has been assumed to be affordable by being funded by the HRA revenue reserves in terms of about 50% being covered by the Major Repairs Reserve (a cash figure representative of depreciation that is taken from the HRA income each year and used to fund capital) and the balance taken from the HRA revenue account as a contribution to capital. This contribution could equally have been funded by borrowing and maintained the HRA revenue reserve. The Council could have also used capital receipts generated from RTB receipts, but in recent years these have been utilised elsewhere in the Council.
- 8.9. Opening balances of capital reserves at 1 April 2024 for use to fund the HRA capital programme were:

|  |         |
|--|---------|
| Non 1-4-1 RTB Capital Receipts             | £2.009m |
| RTB receipts for replacement homes (1-4-1) | £1.636m |

Note that the receipts for replacement homes can only be spent on developing or acquiring new housing stock in the HRA and must be returned to the Government if not used within 5 years. These receipts were generated in 2022-23 for the first time. Non 1-4-1 RTB receipts may be used for any capital purpose and are used to fund the capital programme ahead of using HRA revenue contributions or borrowing.



8.10. The HRA business plan assumes that beyond 2024/25, the 30-year profile for the requirement for investment in the Council's existing stock is based on estimates provided by the asset management team at STH. This is based on results being reported from a proportion of the surveys being undertaken. The data needs refreshing once the full survey is completed and has been reviewed. The profiled works in the plan includes annual inflation to give forecasts over 30 years of the level of investment needed.

8.11. On this basis the investment programme for 2024/25 is assumed to be £23,082m, (the HRA estimates also allow for slippage of schemes (and resources) from 2023/24 to 2024/25):

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.

In addition, there is a proposal to purchase a block of 40 units at the former Magistrates Court for an expected purchase price of £5,000,000. Full financial appraisals will be worked up and presented for approval in the new year. This purchase is expected to be partially funded by Homes England grant of 40% of the cost.

## The HRA Working Balance

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

8.13. 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.

8.14. The level of recommended minimum balances for the HRA on 31<sup>st</sup> March 2023, was £1.5m. Housing Authorities use several benchmarks to determine the correct level. For Bury's HRA the calculations would be:

|  | £m    |
|--|-------|
| £200 per property (Housing Finance Act 1989 based on 7,732 properties) | 1.546 |
| 5% of dwelling rental income   | 1.859 |
| 5% of gross expenditure (excl. transfers to MRR)                       | 1.138 |
| Average of the 3 options   | 1.514 |

8.15. 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 2024/25, it is recommended that the council increases the minimum working balance to £1.591m being just above the average of the options and 6% above the £1.5m assumed for 2023/24

8.15. The working balance brought forward at 01 April 2023 was £9.176m. The forecast opening balance as at 01 April 2024 is £10.393m and the movement during the 24/25 financial year is expected to be (£4.277m) resulting in a closing balance at 31 March 2025 of £6.116m. This is still comfortably above the minimum working balance as calculated above.

## Housing Management Fee

8.16 The current Management Agreement between Six Town Housing and the Council will end in February 2024 and there will therefore be no management fee payable 24/25 and future years. All STH employees will transfer to Bury Council, and the council will incur the costs directly and charge them into the HRA.

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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 it will be considered 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 ongoing 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.

**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                    |

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*Department: Finance*

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|   | Housing Revenue Account |                |
|---|-------------------------|----------------|
|   | 2023/24<br>£m           | 2024/25<br>£m  |
| <b>INCOME</b>   |                         |                |
| Dwelling rents  | -32.251                 | -36.812        |
| Non-dwelling rents                                    | -0.224                  | -0.204         |
| Heating charges                                       | -0.041                  |                |
| Other charges for services and facilities             | -1.063                  | -1.242         |
| Contributions towards expenditure                     | -0.040                  | -0.040         |
| <b>Total Income</b>                                   | <b>-33.619</b>          | <b>-38.298</b> |
| <b>EXPENDITURE</b>                                    |                         |                |
| Repairs and Maintenance                               | 6.865                   | 7.325          |
| General Management                                    | 6.947                   | 8.882          |
| Special Services                                      | 1.496                   | 1.622          |
| Rents, rates, taxes, and other charges                | 0.038                   | 0.038          |
| Increase in provision for bad debts                   | 0.651                   | 0.525          |
| Cost of Capital Charge                                | 4.713                   | 4.466          |
| Depreciation of fixed assets - council dwellings      | 8.500                   | 7.300          |
| Depreciation of fixed assets - other assets           | 0.030                   | 0.030          |
| Debt Management Expenses                              | 0.045                   | 0.045          |
| Contribution to/(from) Business Plan Headroom Reserve | (2.700)                 |                |
| <b>Total Expenditure</b>                              | <b>26.585</b>           | <b>30.173</b>  |
| <b>Net cost of services</b>                           | <b>-7.034</b>           | <b>-8.124</b>  |
| Amortised premia / discounts                          | 0.000                   | 0.000          |
| Interest receivable - on balances                     | -0.018                  | 0.000          |
| Interest receivable - on loans (mortgages)            | 0.000                   | 0.000          |
| <b>Net operating expenditure</b>                      | <b>-7.052</b>           | <b>-8.124</b>  |
| <b>Appropriations</b>                                 |                         |                |
| Appropriation relevant to depreciation and MRA        | 0.000                   |                |
| Repayment of Arranged Loans                           | 0.000                   | 0.000          |
| Revenue contributions to capital                      | 7.052                   | 0.204          |
|   |                         | 12.631         |
| <b>(Surplus) / Deficit</b>                            | <b>0.000</b>            | <b>4.711</b>   |
| <b>Working balance brought forward</b>                |                         | <b>10.393</b>  |
| RTB receipts for repl homes – Interest                |                         | 0.120          |
| Operating Account Interest                            |                         | 0.465          |
| <b>Working balance carried forward</b>                |                         | <b>6.116</b>   |

Sheltered Support and Amenity ChargesCurrent charges 2023/24 and proposed charges 2024/25

| Scheme                               | Management Charge | Support Charge | Amenity Charge | Total Charges | Proposed Management Charge | Proposed Support Charge | Proposed Amenity Charge | Total Proposed Charges |
|--------------------------------------|-------------------|----------------|----------------|---------------|----------------------------|-------------------------|-------------------------|------------------------|
|                                      | 2023/24 £         | 2023/24 £      | 2023/24 £      | 2023/24 £     | 2024/25 £                  | 2024/25 £               | 2024/25 £               | 2024/25 £              |
| <b>Increase (%)</b>                  | <b>10.10%</b>     | <b>0%</b>      | <b>10.10%</b>  |               | <b>6.7%</b>                | <b>Removed Dec 2023</b> | <b>6.7%</b>             |                        |
| Beech Close                          | 13.75             | 8.33           |                | 22.08         | 14.67                      |                         |                         | 14.67                  |
| Chelsea Avenue                       | 13.75             | 8.33           |                | 22.08         | 14.67                      |                         |                         | 14.67                  |
| Clarks Hill                          | 13.75             | 8.33           | 21.34          | 43.42         | 14.67                      |                         | 23.21                   | 37.88                  |
| Elms Close                           | 13.75             | 8.33           | 2.5            | 24.58         | 14.67                      |                         | 2.72                    | 17.39                  |
| Falcon House                         | 26.4              |                | 12.46          | 77.72         | 28.17                      |                         | 13.55                   | 41.72                  |
| Griffin Close                        | 13.75             | 8.33           |                | 22.08         | 14.67                      |                         |                         | 14.67                  |
| Griffin House                        | 26.4              |                | 12.09          | 38.49         | 28.17                      |                         | 13.15                   | 41.32                  |
| Hampson Fold                         | 13.75             | 8.33           |                | 22.08         | 14.67                      |                         |                         | 14.67                  |
| Harwood House                        | 13.75             | 8.33           | 25.2           | 47.28         | 14.67                      |                         | 27.41                   | 42.08                  |
| Limegrove                            | 13.75             | 8.33           |                | 22.08         | 14.67                      |                         |                         | 14.67                  |
| Maple Grove                          | 13.75             | 8.33           |                | 22.08         | 14.67                      |                         |                         | 14.67                  |
| Moorfield                            | 13.75             | 8.33           | 27.7           | 49.78         | 14.67                      |                         | 30.12                   | 44.79                  |
| Mosses House                         | 13.75             | 8.33           | 21.98          | 44.06         | 14.67                      |                         | 23.90                   | 38.57                  |
| Stanhope Court                       | 13.75             | 8.33           | 11.15          | 33.23         | 14.67                      |                         | 12.13                   | 26.80                  |
| Taylor House                         | 13.75             | 8.33           | 24.72          | 46.8          | 14.67                      |                         | 26.88                   | 41.55                  |
| Top o'the Fields 1                   | 13.75             | 8.33           | 23.84          | 45.92         | 14.67                      |                         | 25.93                   | 40.60                  |
| Top o'the Fields 2<br>(Welcomb Walk) | 13.75             | 8.33           |                | 22.08         | 14.67                      |                         |                         | 14.67                  |
| Waverley Place                       | 13.75             | 8.33           | 26.2           | 48.28         | 14.67                      |                         | 28.49                   | 43.16                  |
| Wellington House                     | 13.75             | 8.33           | 35.44          | 57.52         | 14.67                      |                         | 38.54                   | 53.21                  |

## 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. £4,375 in lost rental income in a full year. A loss of 40 properties in the year would cost around £175k   | M 50%      | Budget 2024/25 assumes 40 sales. Provisions are made for 40 and due to the housing market conditions i.e., interest rates on mortgages and the cost of living, 23/24 has seen a downturn in applications for RtB and the budget for 24/25 has been reduced to reflect this. | 0.175       | 0.175          |
| 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 2024/25 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 level  | Rental income is accounted for in the HRA on a rents receivable basis rather than the actual rents received. An increase in arrears could impact on the level of contribution required to the bad debt provision. | H 80%      | Budget 2024/2025 This allows for contributions of £525k to the Bad Debt Provision. This is based on 1.4% of the gross rent. This level reflects the current economic climate.   | 0.525       | 0.525          |
|  |   |            |   | 1.000       | 1.000          |

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|                                |                                  |
|--------------------------------|----------------------------------|
| <b>Classification:</b><br>Open | <b>Decision Type:</b><br>Non-Key |
|--------------------------------|----------------------------------|

|                   |   |   |
|-------------------|---|---|
| <b>Report to:</b> | Overview & Scrutiny Committee<br>Cabinet<br>Council                                   | <b>Date:</b><br>6 February 2024<br>14 February 2024<br>21 February 2024 |
| <b>Subject:</b>   | The Council's Budget 2024/25 and the Medium-Term Financial Strategy 2024/25 - 2026/27 |   |
| <b>Report of</b>  | Cabinet Member for Finance and Communities  |   |

#### Summary

1. This report sets out the key elements of the 2024/25 budget proposals and the framework for the longer-term Medium Term Financial Strategy (MTFS) 2024/2027. It makes available the latest financial information that will underpin the 2024/25 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 2024/25 Council Tax at Full Council on the 21 February 2024.
2. This report reflects the Government's Annual Settlement for Local Government as delivered in December 2023. It has also been produced at a time of continued unsettlement within financial forecasting due to international and national pressures. The financial tables within the report focus on a three-year period.
3. The Housing Revenue Account is a separate report on this agenda, this report is part of the suite of financial reports including:
  - Council Tax Setting
  - Capital strategy 2024/25 to 2026/27
  - Treasury Management Strategy 2024/25
  - The Dedicated Schools Grant and the schools' budget 2024/25

#### 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' three-year 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.

### **Recommendations:**

Overview and Scrutiny Committee is asked to:

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

The Cabinet is asked to approve the recommendations and commends to Council the following:

1. Approve the Medium-Term Financial Strategy for 2024/ 2025, 2026 / 2027 and the assumptions regarding resources and spending requirements.
2. Approve the Council Tax base for Bury Council for 2024/ 25 of 57,409 Band D equivalent dwellings, this is the basis on which the Council Tax funding has been calculated.
3. Approve the net revenue budget of £209.608m for 2024/2025.
4. Approve the Council tax requirement of £110.198m and the increase in Council Tax in 2024 – 25 of 2.99% in terms of General Council Tax and a further 2% for the Adult Social Care precept for 2024/2025.
5. Approve the budget assumptions £37.111m in 2024/25.
6. Approve the use of £15.131m of reserves from the budget smoothing reserve and £4.629m from the collection fund smoothing reserves.
7. Note the forecast position on reserves (paragraph 22.2).
8. Note the Chief Executive as Director of BMBC Townside Fields Limited will draw down annual dividends from the Company and annual dividends will be reflected in the MTFS.

9. Approve the recommendations set out in the Treasury Management Strategy (Appendix 2).

- to approve the Treasury Management Strategy including the associated Prudential Indicators and Annual Investment Strategy.
- to approve the Treasury Management Policy Statement.
- to approve the Minimum Revenue Provision (MRP) Policy Statement.

10. Approve the Capital Strategy and the Programme for 2024/25 - 2026/27 (Appendix 3).

11. Approve the Dedicated Schools Grant budget for 2024/2025 at £228.326m and approve the allocations between the four funding blocks as set out in appendix 4 to this report.

- The Schools and Academies 2024/25 funding unit values as recommended by Schools Forum and detailed at Annex 1 to appendix 4.
- Approve the 2024/25 hourly rates for all early year's providers as follows:
- £5.28 per hour, for 3- and 4-year-olds.
- £7.52 per hour, for 2-year-olds; and.

£10.00 per hour, for under 2s

Note the position on the Dedicated Schools Grant deficit and Project Safety Valve.

12. Cabinet to agree to the following amendments to the treatment of military compensation as set out in Appendix 7

- Excludes military compensation for Discretionary Council Tax Support calculations - These are short to mid-term additional credits made to those in receipt of Council Tax Support as a top up towards their Council Tax.
- Excludes military compensation for Discretionary Housing Payments calculations - These are short to mid-term additional payments made to those in receipt of Housing Benefit or Universal Credit as a top up towards their rent.

## **1. Background**

1.1 The purpose of the report is to provide Members with proposals for the 2024/25 Budget which then forms part of the Medium Financial Plan for the financial years 2024/25 – 2026/27.

1.2 The Plan has been developed following the announcement by the Government of the Provisional Local Government Financial Settlement (18 December 2023). A number of assumptions and estimations have been used to support the plan and are discussed in more detail later in the report.

1.3 This report and its appendices present the Council's proposed approach to setting a balanced budget for 2024/25 and the accompanying Medium-Term Financial Strategy 2024/25 - 2026/27.

- 1.4 The national financial context against which this budget has been set remains challenging and uncertain. Despite recent reductions in the rate of inflation, the Council is still addressing the impact of 11% inflation which has introduced circa £11m of cost pressures since 2022.
- 1.5 The increase in cost pressure has been exacerbated by ongoing increases in demand across all statutory services including social care for adult and children; special educational needs and support services; social housing and homelessness duties. This year, these pressures have collectively presented a 17% demand increase on the council's budget, against an income increase of just 7%. Of this 7% increase, 57% is attributable to Council Tax.
- 1.6 For Bury, these pressures come on top of systemic under funding. The Institute of Fiscal Studies published data in 2023 which highlighted Bury Council's position as in the bottom 20% worst-funded councils, ranking 122 out of 150 upper-tier English local authorities in terms of money to spend per resident. As outlined within this report, Bury Council's annual real term core spending power has been reduced by 29% since 2010/11.
- 1.7 Whilst there has been a recent increase in one off grants and fixed term funding from central government, core funding has gone down by 55% since 2010/11. Bury Council is not alone in facing this challenge, The Local Government Association has issued a response to the 2024/25 Provisional Local Government Finance Settlement stating that based on their analysis of the sector, Councils in England continue to face a funding gap of £4 billion across this year and next.
- 1.8 The scale of the financial challenge facing Bury Council has been highlighted in our LET'S Fix It Together Campaign which explains the scale of funding gap faced by Bury Council, together with the wider structural financial challenges faced across the sector including:
  - 1.9 The lack of a long term, sustainable funding policy for local government due to delays in progressing the fair funding review, first announced in 2016. Short term funding settlements for local government which prevent the development of longer-term saving strategies. Cost of living pressures which have limited growth forecasts and have impacted on the Council's ability to generate additional income.
  - 1.10 As a result of this situation the Council declared itself to be in a state of financial distress last summer and established a voluntary Finance Improvement Panel, with support from CIPFA and the LGA, to review all its financial systems and processes. As outlined within this report the work included a review of the policy on reserves; production of the recently approved Treasury Management strategy; the beginning of a zero-based budget exercise across every department and a review of the staffing structures across the finance service. The work completed to date has been endorsed by the Local Government Association in their recent Corporate Peer Challenge, the findings from which are due for publication shortly.

- 1.11 Informed by the advice of the Finance Improvement Panel the Council has reassessed the balance of earmarked and ringfenced reserves to support a balanced budget for the next three years. This work ensures the immediate viability of the Council but is not, of course, a long-term solution. Reserves can only be spent once and therefore work is now underway to identify recurring financial savings at the equivalent value across the areas set out below:
- 1.12 Workforce capacity, to identify efficiencies in staffing structures and job design Reform, by applying the public service reform principles enshrined in LET'S do it! To children's and adult's social care in particular, as well as housing services including those formerly provided by Six Town Housing Strategic financing through the strategic application of grants and ongoing efficiencies in the Treasury Management functions.

## **2. Proposals**

- 2.1 Based upon the Provisional Local Government Finance Settlement the following efficiencies are required over the next three years.

| <b>Year</b> | <b>£m</b> |
|-------------|-----------|
| 2024/25     | £15.1m    |
| 2025/26     | £10.6m    |
| 2026/27     | £4.3m     |

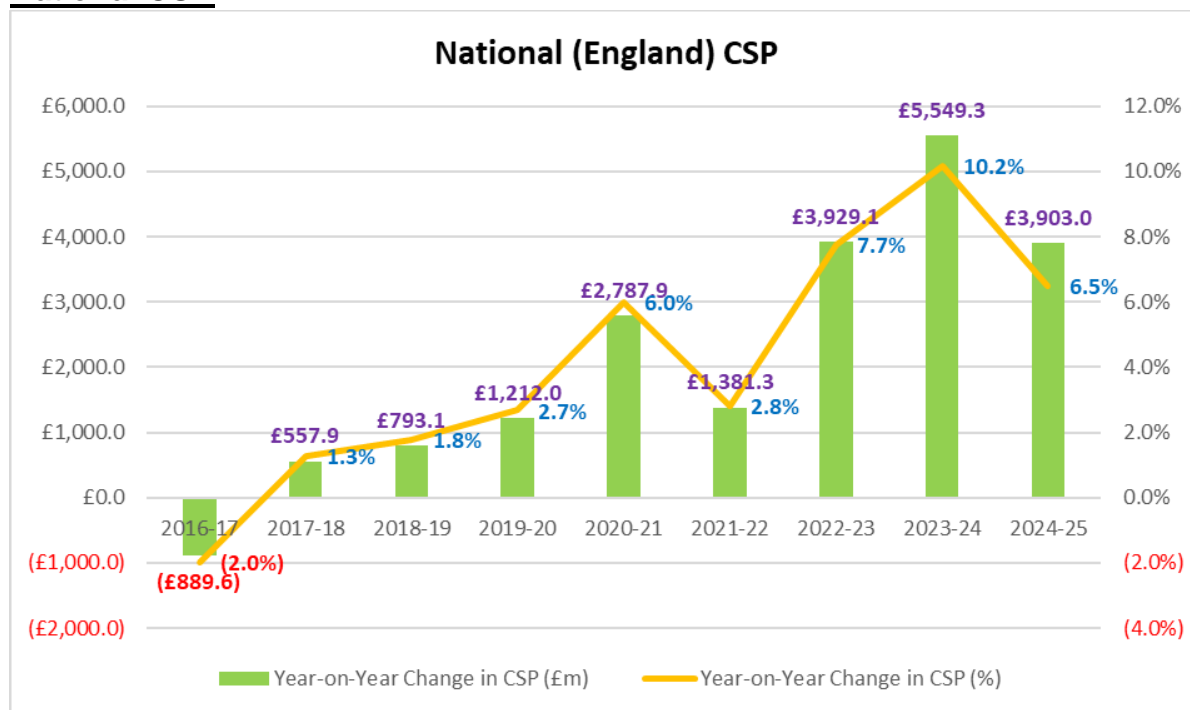
## **3. Local Government Finance Settlement**

- 3.1 The following paragraphs provide Members with headline items as announced in the December 2023 provisional settlement. Members should note that the settlement only covers the 2024/25 funding allocations. Therefore, there is uncertainty that makes anything beyond a one-year settlement difficult to assess with clarity.
- 3.2 The key headlines are as follows:
- Core Spending power increased by 6.73% Cash Terms
  - 3% limit for Council Tax
  - 2% limit for Adult Social Care precept
  - Delay in Adult Social Care reforms
  - £1bn in additional social care grants
  - Existing Social Care grants baselined
  - Reduction in Services grant
  - A further year of New Homes Bonus
  - Compensation for the business rates multiplier
  - Fair Funding Review and Business rate reset postponed in this spending review period

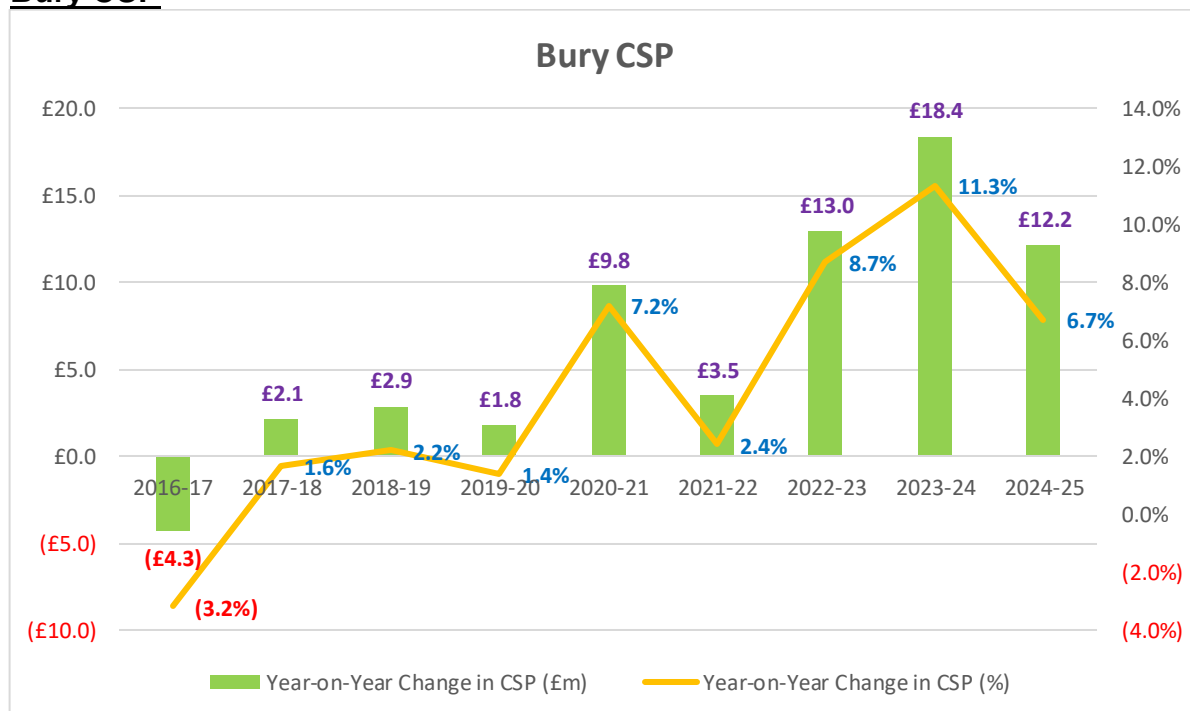
### 3.3 Core Spending Power

3.3.1 The provisional 2024/25 Local Government Finance Settlement announced an overall Core Spending Power (CSP) increase of 6.5%, for Bury the CSP increases by 6.7%.

#### National CSP



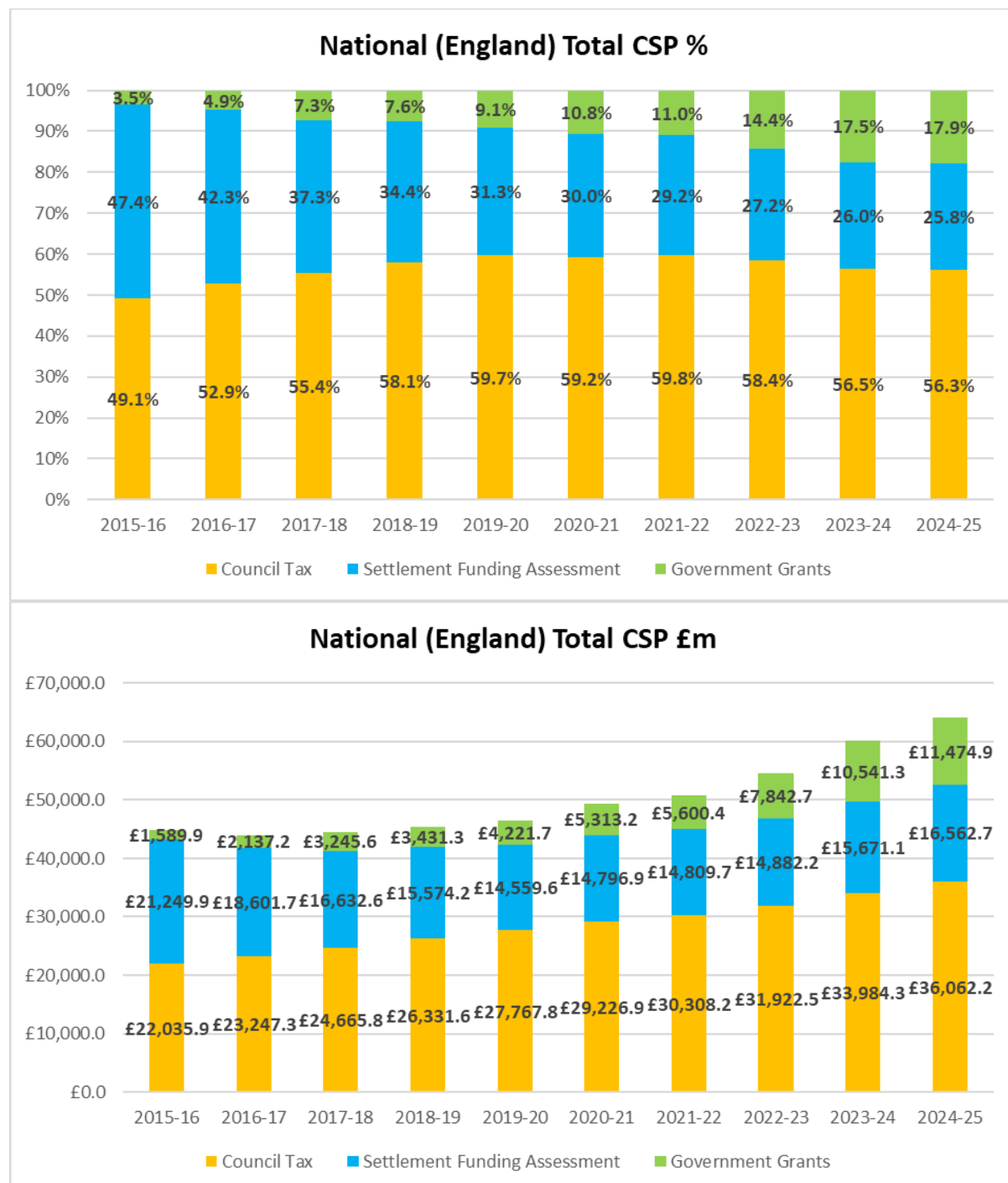
#### Bury CSP



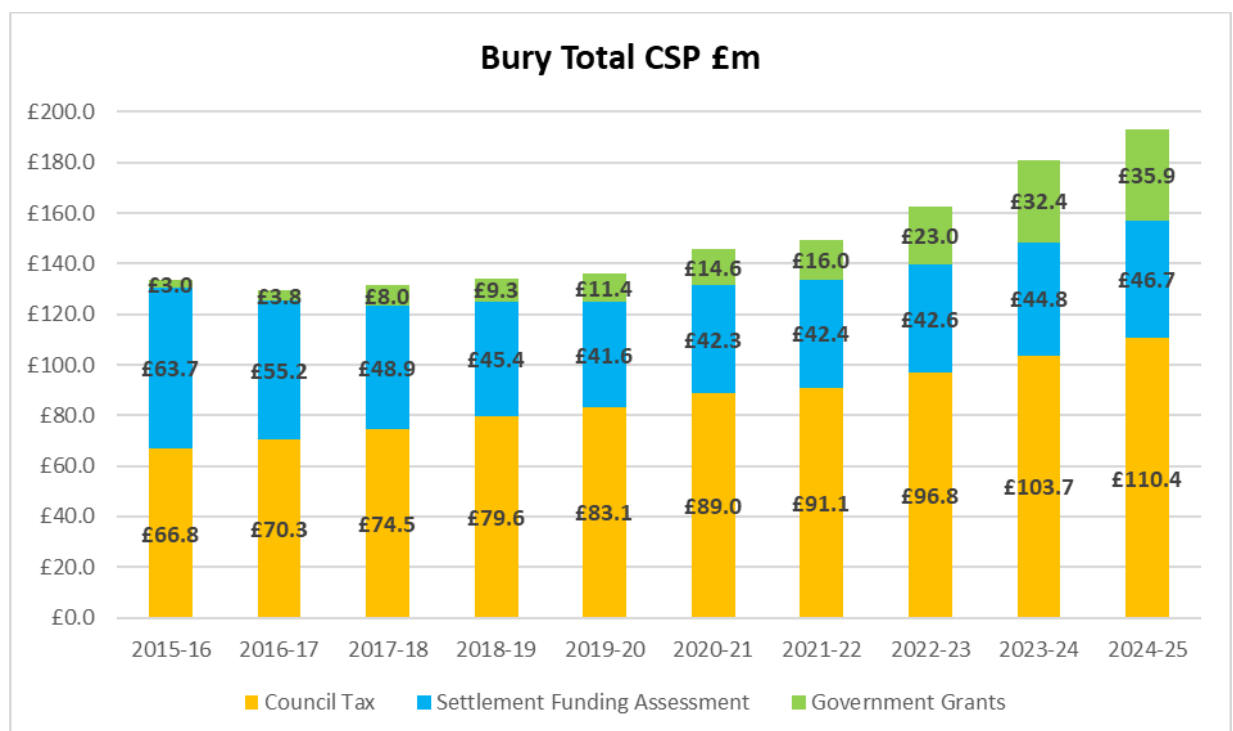
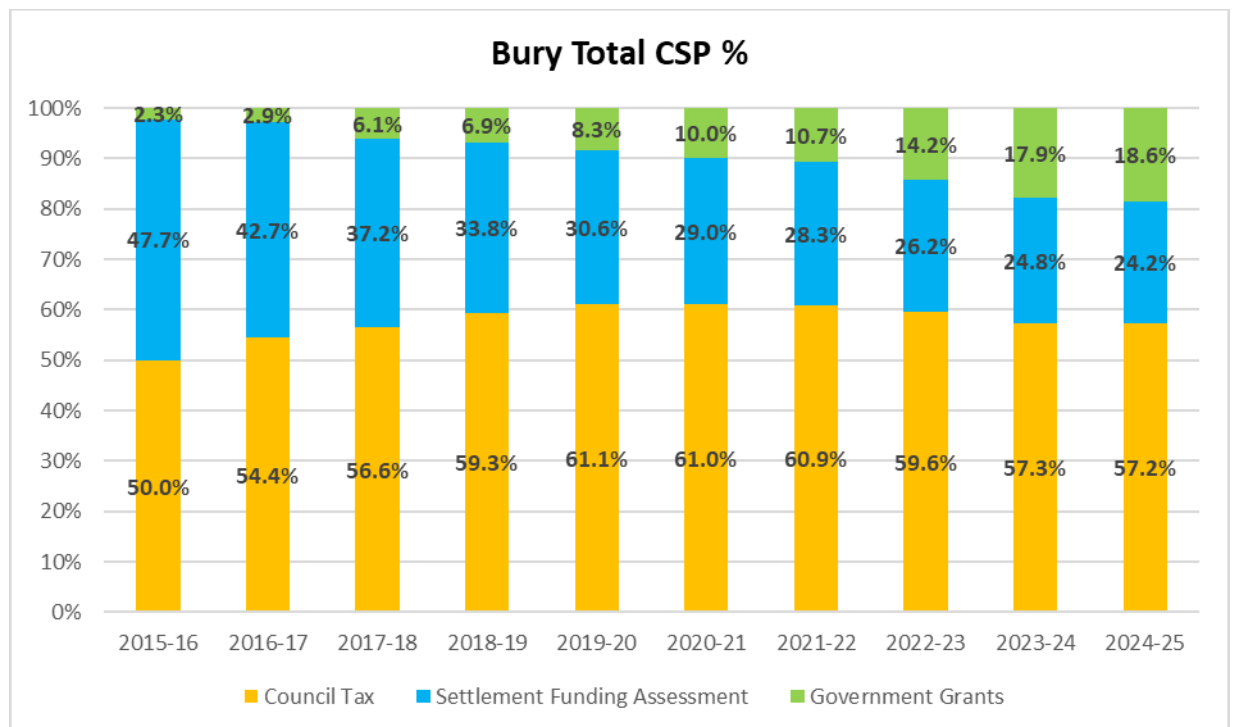
3.3.2 However, this does assume that authorities increase their Council Tax Band D by the maximum allowed and that tax bases will continue to grow based on a 5-

year average. For 2024/25, 56.3% (£36.1bn) of the overall CSP is attributable to Council Tax, for Bury, 57.2% (£110.4m) is attributable to Council Tax, therefore council tax remains increasingly important within the local government financial settlement.

### National CSP



## **Bury CSP**



### **3.4 Council Tax and Adult Social Care Precept**

3.4.1 The council tax referendum thresholds have been set as follows:



- Local Authorities: for 2024/25, the relevant basic amount of council tax is excessive if the authority's relevant basic amount of council tax for 2024/25 is 5% (comprising 2% for expenditure on adult social care, and 3% for other expenditure), or more than 5%, greater than its relevant basic amount of council tax for 2023/24.
- Police and Crime Commissioners: for 2024/25, the PCC component relevant basic amount of council tax of the Greater Manchester Combined Authority is excessive if the authority's PCC component relevant basic amount of council tax for 2024/25 is more than £13 greater than its PCC component relevant basic amount of council tax for 2023/24.  
Note: At the time of writing this report the GM Police precept for 2023/24 has not been approved.
- Fire Authorities: for 2024/25, the relevant basic amount of council tax is excessive if the authority's relevant basic amount of council tax for 2024/25 is 3%, or more than 3%, greater than its relevant basic amount of council tax for 2023/24.  
Note: GM has yet to agree any increase in the Fire precept.

3.4.2 As in previous years ministers have not set a maximum precept increase for any of the mayoral combined authorities and has also decided to defer setting any referendum principles for town and parish councils.

3.4.3 This 2024/25 budget includes a 4.99% increase in the relevant basic amount of Council Tax, that is below the council tax referendum threshold of 5% set out above.

| Council Tax  | 2024/25             | 2025/26             | 2026/27             |
|--|---------------------|---------------------|---------------------|
|  | £                   | £                   | £                   |
| Council Tax Base (Prior-Year)                          | 56,708.39           | 57,408.70           | 57,839.27           |
| <b>Council Tax Base (In-Year)</b>                      | <b>57,408.70</b>    | <b>57,839.27</b>    | <b>58,273.06</b>    |
| Council Tax Base Increase No                           | 700.31              | 430.57              | 433.79              |
| Council Tax Base Increase %                            | 1.23%               | 0.75%               | 0.75%               |
|  |                     |                     |                     |
| Council Tax Rate (Prior-Year) £                        | £1,828.31           | £1,919.55           | £2,015.33           |
| Council Tax Base (Prior-Year) £                        | £103,680,517        | £110,198,870        | £116,565,216        |
| Council Tax Base Increase (Current-Year) £             | £1,280,384          | £826,501            | £874,230            |
| <b>Council Tax Income</b>                              | <b>£104,960,900</b> | <b>£111,025,371</b> | <b>£117,439,446</b> |
|  |                     |                     |                     |
| Council Tax Rate (General Amount) %                    | 2.99%               | 2.99%               | 2.99%               |
| Council Tax Rate (General Amount) £                    | £54.67              | £57.39              | £60.26              |
| <b>Council Tax (Relevant Basic Amount) (Proposed)</b>  | <b>£3,138,534</b>   | <b>£3,319,396</b>   | <b>£3,511,535</b>   |
|  |                     |                     |                     |
| Council Tax Rate (Adult Social Care) %                 | 2.00%               | 2.00%               | 2.00%               |
| Council Tax Rate (Adult Social Care) £                 | £36.57              | £38.39              | £40.31              |
| <b>Council Tax Rate (Adult Social Care) (Proposed)</b> | <b>£2,099,436</b>   | <b>£2,220,450</b>   | <b>£2,348,987</b>   |
|  |                     |                     |                     |
| Council Tax Rate (In-Year)                             | £1,919.55           | £2,015.33           | £2,115.90           |
| <b>Council Tax Income</b>                              | <b>£110,198,870</b> | <b>£116,565,216</b> | <b>£123,299,968</b> |
|  |                     |                     |                     |

|                                      |                     |                     |                     |
|--------------------------------------|---------------------|---------------------|---------------------|
| <b>NOTE:</b>                         |                     |                     |                     |
| Council Tax                          | £103,680,517        | £110,198,870        | £116,565,216        |
| Council Tax Base (Taxbase Increase)  | £1,280,384          | £826,501            | £874,230            |
| Council Tax Rate (General Amount)    | £3,138,534          | £3,319,396          | £3,511,535          |
| Council Tax Rate (Adult Social Care) | £2,099,436          | £2,220,450          | £2,348,987          |
| <b>Council Tax Income</b>            | <b>£110,198,870</b> | <b>£116,565,216</b> | <b>£123,299,968</b> |

## 4 Council Tax Base

4.1 The Council Tax base is the equated number of properties within the Bury Borough that will provide Council Tax revenue to the Council. The forecast includes the latest available tax base. The tax base is forecast to increase by 1.23% in 2024/25 and 0.75% increase for future years.

4.1.1 In 2024/25 a tax base of 57,408 is estimated (56,708 2023/24) which generates additional Council Tax income of c.£1.28m. The tax base includes the impact of the Local Council Tax Support scheme which is funded by the Council.

4.1.2 The increase in tax base emphasises the importance of housebuilding within the Borough as the additional council tax generated is essential if the Council is to become self-sufficient in the longer term. It is anticipated that the tax base will remain steady in the next few years.

## 5. Council Tax

5.1 The Local Government Provisional Financial Settlement did continue the Government's assumption that local government will apply a basic Council Tax increase of 2.99%. The Government also assumes that local government will apply an additional 2% Adult Social Care Council Tax precept. A 1% increase in Council Tax in Bury would currently generate c.£1m of permanent funding.

5.2 Any decision not to increase the Council Tax by the full amount would result in the Council foregoing permanent funding which the Government assumes is available to the Authority when making grant allocations.

5.3 The plan currently assumes Council Tax rises but Members in their deliberations will need to consider the Government's stance on Council tax rises and the impact this will have on future funding levels for the Council. Together with the ever-increasing pressures in Social Care (full details are contained within the Risk section at para 6) particularly with reference to the current position within the Children's services budget.

5.4. [OBJ] Since April 2013 Local Authorities in England have been given delegated powers under Section 11B of The Local Government Finance Act 1992 (as amended) by The Local Government Finance Act 2012, to increase Council Tax charges for by adding up to 300% to the amount charged on some long-term empty properties. This is known as the 'Long Term Empty Premium. The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 revised the regulations effective from the 1 April 2019.

- 5.5 The Levelling-up and Regeneration Bill now allows councils to reduce the period of time from which premiums apply and allow councils to charge a premium of up to 100% on furnished/unoccupied properties, known commonly as “2nd homes” with a proposed amendment to section 11C of The Local Government Finance Act 1992. A billing authority’s first determination under these regulations must be made at least one year before the financial year to which the change relates. Therefore, to implement changes effective from 1 April 2025 a determination must be made this year. The changes are illustrated in the table below.

| <b>Current approach</b>   |                        |                       |
|---|------------------------|-----------------------|
| <b>Property unoccupied however furnished (2<sup>nd</sup> homes)</b> | <b>Premium payable</b> | <b>Overall charge</b> |
| From the date the property becomes unoccupied/furnished             | 0%                     | 100%                  |

| <b>Proposed approach effective from 1 April 2024</b>                |                        |                       |
|---|------------------------|-----------------------|
| <b>Property unoccupied however furnished (2<sup>nd</sup> homes)</b> | <b>Premium payable</b> | <b>Overall charge</b> |
| From the date the property becomes unoccupied/furnished             | 100%                   | 200%                  |

## **6 Changes to Government Funding in Base budget**

- 6.1 For 2022-23 to 2024/25 a Services Grant designed to support all services delivered by councils, distributed using local authority shares of 2013-14 Settlement Funding Assessment, adjusted for local authority restructuring where necessary. For 2022-23, the Services Grant was £822m. For 2023/24, the Services Grant distribution profile was retained with grant funding reduced to £483m. For 2024/25, this fund was worth £77m, again maintaining the same distribution profile.
- 6.2 For Bury the 2024/25 Services Grant has been reduced by £1.227m, from £1.456m in 2023/24 to £0.229m in 2024/25.
- 6.3 On the 24 January 2024 as part of the final settlement the Government announced additional funding of £600m of which £500m will be new funding for councils with adults and children's social care responsibility. Once the funding for Bury has been confirmed this will be used to offset some of the Children's pressures including Home to School Transport.

## **7 New Homes Bonus**

- 7.1 For 2016-17 to 2024/25, the New Homes Bonus position is as follows:
- The Spending Review 2015 set out the overall envelope for New Homes Bonus (NHB) payments over the period to 2019-20 as being £1,485m for 2016-17, reducing to £900m by 2019-20. £18m was made available to maintain the NHB baseline for payments in 2019-20.
  - The Spending Round 2019 maintained the overall funding at £900m in 2020-21. £7m was made available to maintain the NHB baseline for payments in 2020-21.

- Following the Spending Review 2021, 2022-23 NHB payments were made with a total funding of £556m. In 2023/24 NHB payments were made with total funding of £291m. For 2024/25, payments will be made for a total funding of £291m.

For Bury the 2024/25 New Homes Bonus has decreased by £0.033m, from £0.053m in 2023/24 to £20k in 2024/25.000

## 8 Social Care Funding

- 8.1 The provisional 2024/25 Local Government Finance Settlement announced an extra £1bn. The table below illustrates the mixture of new funding and existing funding that is attributable to social care.

| CSP: Social Care Funding                       | England         |                 |                   | Bury          |               |                   |
|--|-----------------|-----------------|-------------------|---------------|---------------|-------------------|
| Year   | 2023/24<br>£m   | 2024/25<br>£m   | Year Change<br>£m | 2023/24<br>£m | 2024/25<br>£m | Year Change<br>£m |
| Improved Better Care Fund                      | £2,139.8        | £2,139.8        | £0.0              | £7.6          | £7.6          | £0.0              |
| Social Care Grant                              | £3,852.0        | £4,544.0        | (£692.0)          | £12.6         | £14.9         | (£2.3)            |
| ASC Market Sustainability and Improvement Fund | £927.0          | £1,050.0        | (£123.0)          | £3.2          | £3.6          | (£0.4)            |
| ASC Discharge Fund                             | £300.0          | £500.0          | (£200.0)          | £1.1          | £1.8          | (£0.7)            |
| <b>CSP: Social Care Funding</b>                | <b>£7,218.8</b> | <b>£8,233.8</b> | <b>(£1,015.0)</b> | <b>£24.5</b>  | <b>£27.9</b>  | <b>(£3.4)</b>     |
| Year Change in CSP: Social Care Funding (%)    | 14.1%           |                 |                   | 13.8%         |               |                   |

- 8.2 For Bury the increase in social care funding for 2024/25 equates to £3.4m, from £24.5m in 2023/24 to £27.9m in 2024/25. The growth in funding within this area has been built into the MTFS however it has been assumed the basis of allocation remains the same.

## 9 Government Funding Grants

- 9.1 This 2024/25 budget includes a total of £28.1m of government funding grants as shown in the table below:

| Funding Grants  | 2023/24<br>£       | 2024/25<br>£       | 2025/26<br>£       | 2026/27<br>£       |
|---|--------------------|--------------------|--------------------|--------------------|
| Improved Better Care Fund                                 | £7,628,448         | £7,628,448         | £7,628,448         | £0                 |
| Social Care Grant   | £12,634,488        | £14,893,708        | £16,492,214        | £0                 |
| ASC Market Sustainability and Improvement Fund            | £3,154,546         | £3,573,110         | £3,573,110         | £0                 |
| ASC Discharge Fund  | £1,069,497         | £1,782,494         | £1,782,562         | £0                 |
| Social Care Grants (Adult & Social Care Grants Rolled-In) | £0                 | £0                 | £0                 | £31,176,000        |
| New Homes Bonus   | £52,500            | £20,300            | £0                 | £0                 |
| Services Grant  | £1,456,356         | £229,158           | £229,158           | £0                 |
| Funding Guarantee   | £0                 | £0                 | £0                 | £0                 |
| <b>Funding Grants</b>                                     | <b>£25,995,834</b> | <b>£28,127,218</b> | <b>£29,705,492</b> | <b>£31,176,000</b> |
| <b>Year % Change</b>                                      |                    | <b>8.20%</b>       | <b>5.61%</b>       | <b>4.95%</b>       |

## 10 Business Rates

- 10.1 On the 26 October the Non-Domestic Rating Act 2023 received Royal Assent, in which ahead of billing for the 2024/25 financial year, the government commenced provisions to ensure that annual increases in the small business multiplier and the national non-domestic multiplier are automatically linked to the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI). The government will be able to provide by regulations that either multiplier is indexed by a figure less than CPI, and to determine by regulations which ratepayers are entitled to the small business multiplier in England.
- 10.2 On the 22 November the Chancellor presented the Autumn Statement to Parliament, in which it announced the government will continue to make sure that support is offered to the small businesses, high street shops and independent cafes and pubs that need it most. The small business multiplier will be frozen for another year, while the 75% Retail, Hospitality & Leisure (RHL) relief will be extended for 2024/25. The standard multiplier will be uprated in line with September's CPI. These changes will take effect from 1 April 2024 in England. English Local Authorities will be fully compensated, paid via S31 grants, for the loss of income as a result of these business rates measures and will receive new burdens funding for administrative and IT costs.
- 10.3 Bury Council is a member of the Greater Manchester 100% business rates via an arrangement originally established as a pilot in 2017. The Government have confirmed in the provisional 2024/25 Local Government Finance Settlement that this will continue in 2024/25. The 100% increased Business Rates Retention Arrangements means that the Council can keep 99% of the business rates it generates with 1% being paid to GMCA Fire.
- 10.4 However, this does not provide additional funds, unless there is growth above the baseline, as part of the arrangement the Council no longer receives Public Health Grant. To protect Council's a no detriment policy was introduced by the Government to ensure that no council was worse off under the arrangement.
- 10.5 Members will recall that it has been Government intention to carry out a Fair Funding Review of Relative Needs and Resources and a Business Rate Reset of accumulated business rates growth. The 2023/24 Local Government Policy Statement published on 12 December 2022, confirmed:

*'These will not be implemented in this Spending Review period, the government remains committed to improving the local government finance landscape in the next Parliament.'*

The 2024/25 Local Government Policy Statement published on 5 December 2023, confirmed:

*'The government remains committed to improving the local government finance landscape in the next Parliament.'*

And stated, that:

*'At the 2023 to 2024 Settlement, we heard calls from the sector for stability. Now is not the time for fundamental reform, for instance implementing the Review of Relative Needs and Resources or a reset of accumulated business rates growth. This continues to be the government's position.'*

10.6 The current business rates system allows councils to retain a proportion of the growth in the local business rates tax base, however this is typically lost during a reset. This is extremely complicated as it would be examining and assessing the underlying needs of councils together with understanding growth in the business rate system. Therefore, the delayed reset makes forecasting business rate income uncertain in the future and has a high risk of reduced funding in the future. The changes following these reviews could have a significant and detrimental impact upon the future finances of the Council.

10.7 The 2024/25 budget includes a total of £71.282m from Business Rates, as shown in the table below:

| Business Rates                                 | 2023/24<br>£       | 2024/25<br>£       | 2025/26<br>£       | 2026/27<br>£       |
|--|--------------------|--------------------|--------------------|--------------------|
| Business Rates: Local Share                    | £44,413,539        | £45,949,864        | £50,498,799        | £50,996,237        |
| Business Rates: Top Up                         | £5,613,691         | £5,716,027         | £5,838,099         | £5,959,373         |
| Business Rates: Section 31 Grants              | £16,960,559        | £19,854,875        | £15,890,488        | £16,534,854        |
| Business Rates: Cost of Collection             | £233,741           | £233,878           | £233,878           | £233,878           |
| Business Rates: GMCA no detriment contribution | (£459,316)         | (£472,946)         | (£396,845)         | (£285,034)         |
| <b>Business Rates Income</b>                   | <b>£66,762,214</b> | <b>£71,281,698</b> | <b>£72,064,419</b> | <b>£73,439,309</b> |
| <b>Year % Change</b>                           |                    | <b>6.77%</b>       | <b>1.10%</b>       | <b>1.91%</b>       |

## 11. Budget and Medium-Term Plan

11.1 The Budget gap has reduced by £2.112m since that reported to Cabinet in December 2023, from £17.243m to £15.131m. The forecast gap takes account of approved savings of £5.368m. Work is underway to identify additional savings to deal with the further gap and, pending this, the gap will be funded through the use of reserves.

11.2 The Medium Term Financial Plan for future years now reports a budget gap for 2025/26 of £10.627m and 2026/27 of £4.327m bringing a cumulative three-year budget gap of £30.085m. The 2024/25 financial year is the last year in the spending review period and the reason for the settlement being one year only, as we await a new Parliament.

11.3 This Medium-Term Financial Plan has been produced to ensure effective financial planning continues to contribute to corporate priorities in line with the Let's Do It Strategy. The ongoing transformation of our services, with an emphasis on protecting our front-line services is key to the delivery of a robust financial

strategy that continues to provide and improves value for money for our residents.

11.4 The development of the MTFP has not been done in isolation as the capital strategy and Treasury Management activity are integral to the setting of a sustainable budget for the Council. Full details of these strategies are included within the appendix, but a summary is included later in this report.

11.5 Included within the budget is £0.100m for Community Grants and £0.050m for elected members discretionary budgets. The Community grants will be split into £20,000 per neighbourhood. Distribution will be determined by panels of elected members, supported by the VCFA and neighbourhood teams. Specific guidance on how to apply will be drawn up over the coming few months. Elected Member's Discretionary Budgets have been built into the budget on a permeant basis.

11.6 The following paragraphs provide members with details of the key assumptions contained within this plan:

| <b>Key Assumptions</b>     |  |
|----------------------------|--|
| <b>Pay</b>                 | Members will be aware at the time of writing this report no decision has been agreed between Employer and the Unions on the 2024/25 pay award. The MTFS has been updated for 2024/25 to provide for a 6% pay award assumption for 2024/25 and a 6% in 2025/26 then reducing to 3% in 2026/27.  |
| <b>Energy</b>              | The energy market over the past 18 months has been extremely volatile, beyond anything which the MTFS had previously accounted for. Prices are expected to reduce from April and therefore no increase has been included in the 2024/25 budget for Energy.<br>An increase has been included for 2025/26 and 2026/27 of £0.206m and £0.202m respectively. |
| <b>Government Funding</b>  | The settlement announced one year funding for 2024/25, no detailed allocations were provided for 2025/26 and 2026/27 there is no indication of funding as this will be dealt with in the next settlement period.   |
| <b>Council Tax</b>         | The MTFS assumes a Council Tax increase of the maximum 2.99% for each year of the MTFS.  |
| <b>Social Care Precept</b> | The MTFS assumes a Social Care Precept of 2% for each year of the MTFS.  |
| <b>Real Living Wage</b>    | 2024.25 10% Increase and 5% for future years.  |

11.7 An analysis of the £37.111m budget assumptions included within the Medium-Term Financial Plan is in the table below.

| Budget Assumptions Increases / (decreases) | FEB 2024           |                    |                    |
|--|--------------------|--------------------|--------------------|
|  | 2024/25<br>(£000s) | 2025/26<br>(£000s) | 2026/27<br>(£000s) |



|   |                |                |                |
|---|----------------|----------------|----------------|
| Budget Assumptions:                       |                |                |                |
| Pay Award                                 | £5,807         | £6,156         | £3,262         |
| Pay Base Movements                        | £1,713         | £53            | £35            |
| Agency Staff                              | £1,400         | £0             | £0             |
| Contractual Inflation                     | £6,558         | £5,173         | £5,160         |
| Real Living Wage                          | £6,656         | £3,733         | £3,921         |
| General Inflation                         | £428           | £174           | £191           |
| Demand/Volume/Activity Base Movements     | £13,502        | £707           | £1,080         |
| Precepts & Levies                         | £751           | £1,095         | £1,086         |
| Grants, Contributions & Income Recovery   | (£1,249)       | (£715)         | (£786)         |
| Sales, Fees & Charges Levels              | (£315)         | £0             | £0             |
| Recharges HRA, School, Capital & Internal | (£1,037)       | (£1,810)       | (£114)         |
| Service Reserve Movements                 | (£146)         | (£250)         | £0             |
| Treasury & Capital                        | £569           | £2,664         | £679           |
| Provisions & Contingency                  | £1,854         | £1,852         | £301           |
| Other                                     | £620           | £2,000         | £0             |
| <b>Total Budget Assumptions</b>           | <b>£37,111</b> | <b>£20,832</b> | <b>£14,815</b> |

11.8 Aligned to the above assumptions the following table shows a high-level view of the Medium-Term Forecast for 2024/25 – 2026/27.

### Medium Term Financial Plan 2024/25 – 2026/27

| MTFP Summary  | FEB 2024           |                    |                    |
|---|--------------------|--------------------|--------------------|
|   | 2024/25<br>(£000s) | 2025/26<br>(£000s) | 2026/27<br>(£000s) |
| <b>Net Budget b/fwd</b>                               | <b>£195,076</b>    | <b>£209,608</b>    | <b>£218,336</b>    |
| Budget Assumptions                                    | £37,111            | £20,832            | £14,815            |
| Approved Budget Proposals (Feb 2023)                  | (£5,368)           | (£3,377)           | (£908)             |
| New Policy Proposal (Feb 2024)                        | (£2,080)           | £1,900             | £0                 |
| Use of Reserves                                       | (£15,131)          | (£10,627)          | (£4,327)           |
| <b>NET BUDGET</b>                                     | <b>£209,608</b>    | <b>£218,336</b>    | <b>£227,916</b>    |
| <u>Funding:</u>                                       |                    |                    |                    |
| Council Tax   | (£110,198)         | (£116,565)         | (£123,300)         |
| Business Rates  | (£71,282)          | (£72,066)          | (£73,440)          |
| Government Funding Grants                             | (£28,128)          | (£29,705)          | (£31,176)          |
| <b>ASSUMED FUNDING</b>                                | <b>(£209,608)</b>  | <b>(£218,336)</b>  | <b>(£227,916)</b>  |
|   |                    |                    |                    |
| <b>CUMULATIVE BUDGET GAP (INCL PROPOSALS)</b>         | <b>(£15,131)</b>   | <b>(£25,758)</b>   | <b>(£4,327)</b>    |
| <b>ANNUAL INCREMENTAL BUDGET GAP (INCL PROPOSALS)</b> | <b>(£15,131)</b>   | <b>(£10,627)</b>   | <b>(£4,327)</b>    |

11.9 The additional funding announced in the Local Government Financial Settlement and the increase in Council Tax and Business Rates has helped to bridge part of the gap in our budget however there remains a budget gap for 2024/25 of £15.131m and a cumulative budget gap over the three years of £30.085m.



- 11.10 Savings proposal of £5.368m has been included within the budget for 2024/25. These savings were approved by members as part of setting the 2023/24 budget in February 2023. The Director of Finance chairs the Executive Delivery Board to agree a strategy to deliver savings to close the gap and to oversee the delivery of the budgeted savings.

| MTEP Budget Proposals Summary                       |   | FEB 2024           |                    |                    |
|---|---|--------------------|--------------------|--------------------|
|   |   | 2024/25<br>(£000s) | 2025/26<br>(£000s) | 2026/27<br>(£000s) |
|   |   |                    |                    |                    |
| HAC   | Review of Working Age Adults' Costs Against a Robust National Toolkit   | (£700)             | £0                 | £0                 |
| HAC   | Development of Wider Learning Disabilities Strategy for Age 14-25 Cohort                                      | (£180)             | (£180)             | (£220)             |
| HAC   | Residents Transitioning to Alternative Packages   | (£375)             | £0                 | £0                 |
| HAC   | Enforce S22 of Care Act   | (£336)             | £0                 | £0                 |
| HAC   | Reduce Public Health Staffing   | (£33)              | £0                 | £0                 |
| <b>Total HAC Approved Budget Proposals Feb 2023</b> |   | <b>(£1,624)</b>    | <b>(£180)</b>      | <b>(£220)</b>      |
| CYP   | Children's Short Breaks   | (£100)             | £0                 | £0                 |
| CYP   | Step Down of Very High-Cost Placements Across Children's  | (£1,200)           | £0                 | £0                 |
| CYP   | Progressing the Edge of Care Service Review   | (£506)             | (£694)             | £0                 |
| CYP   | Implementation of the Hertfordshire Family Safeguarding Model   | £0                 | (£587)             | (£588)             |
| CYP   | Accelerating Work on Children's Fostering Capacity Invest to Save   | (£121)             | (£483)             | £0                 |
| CYP   | Post 16 SEND Transport  | (£45)              | (£45)              | £0                 |
| CYP   | Reduction in Children's Budgetary Provision for Early Retirement Costs in Accordance with Demographic Changes | £0                 | £0                 | (£100)             |
| <b>Total CYP Approved Budget Proposals Feb 2023</b> |   | <b>(£1,972)</b>    | <b>(£1,809)</b>    | <b>(£688)</b>      |
| CCS   | Remove Finance Innovation and Project Team  | (£157)             | (£156)             | £0                 |
| CCS   | Service Reviews within the Corporate Core   | (£100)             | (£388)             | £0                 |
| <b>Total CCS Approved Budget Proposals Feb 2023</b> |   | <b>(£257)</b>      | <b>(£544)</b>      | <b>£0</b>          |
| BGI   | Capitalisation of Salaries through Capital Receipts   | (£150)             | £0                 | £0                 |
| BGI   | Additional Savings from Health and Housing  | (£225)             | (£344)             | £0                 |
| <b>Total BGI Approved Budget Proposals Feb 2023</b> |   | <b>(£375)</b>      | <b>(£344)</b>      | <b>£0</b>          |
| OPS   | Commercialisation Strategy for Bury Art Museum  | (£250)             | £0                 | £0                 |
| <b>Total OPS Approved Budget Proposals Feb 2023</b> |   | <b>(£250)</b>      | <b>£0</b>          | <b>£0</b>          |
| NSS   | Integration of Housing  | (£500)             | (£500)             | £0                 |
| NSS   | Additional '3 days unpaid leave' Income   | (£90)              | £0                 | £0                 |
| NSS   | Additional '3 days unpaid leave' Income   | (£300)             | £0                 | £0                 |
| <b>Total NSS Approved Budget Proposals Feb 2023</b> |   | <b>(£890)</b>      | <b>(£500)</b>      | <b>£0</b>          |
| <b>TOTAL APPROVED BUDGET PROPOSALS FEB 2023</b>     |   | <b>(£5,368)</b>    | <b>(£3,377)</b>    | <b>(£908)</b>      |

11.11 The budget proposals include a new policy proposal which is to transfer a dividend from the BMBC Townside Fields Limited for £2.080m which is a one-off of £1.9m and a recurring of £0.180m which is income generated through rental.

11.12 As part of the budget reserves have been reviewed. The use of reserves has been modelled over a three-year period to assess the worst-case scenario should savings not materialise to close the £30.085 budget gap. There are sufficient reserves to manage the budget gap however a strategy to close the gap over the three-year period needs to be developed to ensure the financial sustainability of the Council.

## **12 Capital Strategy**

12.1 When setting the Council's budget and Medium-Term Financial Plan the Treasury Management and Capital plans need to be considered as the impact of capital and investments decisions are integral part of the revenue budget. Full details of the Treasury Management Policy along with the Prudential indicators and capital strategy are included within the Appendix 3.

12.2 The impact of capital investment decisions are included within the current forecast. However wherever possible the use of internal funds (unspent balances, reserves, and provisions i.e., Cash) are utilised to minimise the impact upon revenue.

12.3 As long-term loans (PWLb) mature and require repayment, cash balances will ultimately reduce and at some point, in the future it may become necessary to replace old loans with new borrowing and consider debt re-financing.

12.4 The Council is also required to repay its debt each year via its minimum revenue provision which gradually reduces the need to borrow.

12.5 The Capital Programme which is reported within Appendix 3 is still fully funded even though resources are relatively scarce. This means that there is opportunity to use our prudential borrowing powers to invest in schemes that give a return on capital employed i.e., additional efficiencies may be generated as a result of the investment. However, the Council does not borrow for the purposes of financial return. Any borrowing will predominantly be for regeneration.

## **13 Risks and Pressures**

The construction of a medium-term plan is based upon professional judgement and a number of assumptions. However, there are always a number of risks and pressures that cannot be quantified at the time of formulating the plan. The key risks are discussed below:

### **13.1 Children's social care**

13.2 Members will be aware of the financial position facing our children's services. The most significant financial pressure within the Department remains the costs relating to our Looked after Children and specifically the cost of their residential

placements with external providers. This is a national issue and one which many local authorities are trying to manage, with this being a key driver for the department's adverse variance throughout 2023/24. This continued demand for placements is further compounded by a rise in the requirement for more complex external residential provision alongside a lack of sufficiency across the care sector resulting in expensive placements being used for longer periods. As this issue is set to continue into the new financial year, budget growth of £4.552m (excluding inflation) has been added to the medium-term financial plan for 2024/25 for residential placements including those for children with additional needs.

13.3 Alongside the growth for residential placements, there has been an increase in demand for other social care provisions such as Independent Foster Agencies and in house fostering. Whilst the demand for children's services continues to grow, a budgetary increase (excluding inflation) across a number of social care services has been included within the MTFS at £1.091m for 2024/25.

13.4 Another key driver of cost within Childrens Social Care are legal charges. As the number of cases continue to increase, so does the need for legal support. To reflect this increase in demand, a budgetary provision of £0.350m for 2024/25 has been included with the forecasts.

#### **141 School Transport (SEN)**

14.1 Linked to a growth in numbers of children with an Education and Health Care Plan (EHCP) more children are accessing transport, and this has resulted in additional cost pressures. This increase has resulted in a requirement for additional budgetary provision to be provided as part of the estimates for 2024/25. This additional growth funding covers all areas within the transport service such as school and college transport, independent travel training and bus passes, and is held in the MTFS at a value of £1.905m (excluding inflation) for 2024/25.

#### **14.2 Special Educational Needs (SEND) and other education provision**

14.3 As highlighted within the Council's revenue monitoring position for 2023/24, there has been an increase in the number and cost in services provided for educational services including SEND provision such as Personal Budgets, Direct Payments, Educational Psychology, School Crossing Patrols and School Improvement. Whilst the department continues to look at different ways to deliver necessary services, it is appropriate that additional budgetary provision be made available within the MTFS estimates to provide for these services. For 2024/25, excluding inflation, £2.528m has been provided for 2024/25.

#### **14.4 Health & Adult Care (HAC)**

14.5 **Demographic Demand Pressure** -The number of older people (the group most likely to need social care) is rising faster than the population as a whole and an increase in demand for care from working age adults is putting significant strain on the HAC budget.

- 14.6 Demand **Pressure Eroding the Impact of Savings Delivery** - The HAC directorate has delivered c.£21m of savings over the period of 2021/22 -2023/24 with a further £4.135m of savings to be delivered in 2024/25. However, the impact of rising demand on social care services is having an offsetting effect on the hard work of successfully delivering the HAC savings programme to date.
- 14.7 **Cost Pressures Linked to Social Care Workforce Recruitment & Retention** - The Council and commissioned Social Care providers are struggling to maintain staffing levels, consequently, the solution to maintain safe staff levels is a reliance on expensive Agency staff provision.
- 14.9 **Real Living Wage (RLW) Cost pressure** - The Council is formally accredited by the Real Living Wage Foundation as a RLW employer, The total cost impact of the RLW on the 2024/25 Council budget is £6.654m of which £5.504m relates to Adult Social Care budgets. If the RLW inflationary uplift continues the same trajectory, then the annual cost impact will be of a similar value in 2025/26 and beyond.
- 14.10 **Cost Pressure of Care Packages transitions from Childrens Social Care to Health & Adult Care** - The care package costs of young people who are scheduled to transition Adult Care Services in the medium term can be significant in value. Without accurate transitions costing information and pre-emptive care package planning/design the HAC directorate budget is at risk of being under resourced
- 14.11 **Social Care Provider Failure** - In addition to Social Care providers meeting the cost pressures related to paying their staff the Real Living Wage, Social Care providers are exposed to a number of inflationary pressures such as utility and food costs. If provider failure happens in a service setting where supply is low in the first instance (e.g. Nursing Dementia), then the risk of having to decant residents into expensive out of borough provision is high for the Council.
- 14.12 **Future Funding of Social Care** -The Autumn statement on November 22, 2023, made no reference about investing in social care. The additional funding announced in recent years has helped but is not enough to resolve the structural funding crisis.

In the spirit of the Council's 'Lets Fix it Together' campaign ([Let's Fix It Together](#)) and to ensure Bury can meet the social care needs of its residents whilst balancing the HAC budget there's a necessity for:

- Adequate funding in line with inflation and the demand for services
- Multi-year funding to provide certainty to be able to plan budgets
- Comprehensive fiscal reform of Adult Social Care funding

## 15 BGI Directorate

- 15.1 The Council is currently a member of two joint ventures (JVs):

**Bury Bruntwood Millgate LLP** – a 50/50 JV formed to redevelop the Millgate Shopping Centre and the surrounding areas to provide a mix of retail, commercial and residential.

**Prestwich Regeneration LLP** – a 50/50 JV with Muse to regenerate the Town Centre of Prestwich to provide community space, a travel hub, retail and commercial and residential.

15.2 The Council also has two projects funded by Levelling Up Fund monies, Bury Market & Flexi Hall, and Radcliffe Regeneration. Each of these projects was awarded £20m in Levelling Up Funds which has been matched by Bury using a mix of new capital expenditure and receipts generated from the sale of Council owned land and buildings no longer in use.

15.3 The **Future Asset Plan** is an overarching report looking a number of ways to reduce revenue expenditure, generate additional capital and revenue receipts, improve the Council's housing stock & commercial estates, and generate real growth in Council Tax and Non-Domestic Rates over the next 10 years.

## 16 Operations Department

16.1 **Energy and fuel** – Operations have been significantly impacted due to rising energy costs and this remains a budget risk to the department. It is anticipated that the contract price reduction due in April 2024 will mean that the current budget will be sufficient, however, due to the size of the contract and the complexities within it, there remains a risk around this. The cost of fuel to operate our vehicles can also vary significantly and with a large number of vehicles in operations, this is a potential budget risk.

16.2 **Building Compliance and Maintenance** – Work is ongoing to assess all council buildings to ensure they are operating in a compliant manner and that required maintenance is carried out. The lack of investment in the council estate over the years and the age of Bury Council's Leisure Centres means this is a significant area of risk. It is likely works will need to be carried out to enable buildings to continue to operate safely and this work is currently not budgeted for.

16.3 **Climate Change Impacts** – The impacts of climate change continue to be felt with the extreme weather conditions, which impact on operational services in many ways and lead to increased costs. It is not possible to project the weather conditions that will be experienced, but uncreased storms, flooding and snow and ice continue to lead to increased costs for clean ups e.g. fallen trees and to recover impacted services such as waste collection.

## 17 Schools

17.1 In 2022/23 schools' balances decreased by £3.627m to £4.731m by the end of the financial year. It is expected that there will be a further decrease in balances at the end of 2023/24.

17.2 There have been a number of emerging cost pressures for schools, like local authorities, including rising energy bills and significant inflationary increases on

pay and non-pay costs, meaning that there is a significant gap between actual cost increases and the budget uplifts received. This has resulted in a significant rise in the number of schools looking to set a deficit budget for the new academic year. Any school that has a school budget set at a deficit, must provide an action plan of how any deficit budget is to be managed and brought back in line with its budget allocation.

- 17.3 A key risk for our primary sector is falling rolls in certain areas of the borough due to reducing birth rates. Pupil numbers is the key driver for school funding and as a result action will be required to mitigate the financial impact of reduced numbers. There is a piece of work ongoing to review school places across the borough.

## **18 Dedicated Schools Grant (DSG)**

- 18.1 Bury Council entered into a Safety Valve agreement with the Department for Education (DfE) in 2021 with the original agreement aimed to eradicate the DSG deficit by the end of the 2024/25 financial year.

- 18.2 The Council has undertaken extensive work in repairing and rebuilding Special Educational Needs and Disabilities services within the borough over the last two years as part of the Safety Valve programme which has included rebuilding the Education Health and Care Plan (EHCP) team, reworking the EHCP process and launching a graduated approach. In addition, there has been extensive work to reduce the cost of provision in borough and there continues to be work on improving sufficiency in Bury.

- 18.3 The work undertaken to date has had an impact and has started to reduce the DSG deficit position, however this has been against a backdrop of unprecedented demand. This increase in demand has resulted in a necessary change in the deficit reduction profile with the Council working with the DfE to devise a revised DSG Management Plan which proposes to eradicate the deficit by the end of the 2028/29 financial year.

- 18.4 The DSG Management Plan was submitted to the DfE in October 2023. The DfE have submitted this plan for Ministerial consideration with a decision on the revised plan anticipated in the first quarter of 2024/25.

- 18.5 Further details on DSG funding can be found at Appendix 4.

## **19 Corporate Core Department**

- 19.1 The pressure included for renewal of contracts is current at estimated prices, due to the nature of the renewal process, there is a risk that the final budget requirement could be higher.

- 19.2 The coronial budget is a service which is led by Rochdale MBC for the coronial district and Bury Council has little control of the risks and volatility inherent in the service such as public enquiries (as with the recent issues of mould in social housing)

## **20 Corporate Risks**

- 20.1 Construction industry prices have risen significantly in recent months as demand for materials etc is exceeding available resources. This increased cost places additional risk on our proposed capital schemes particularly the large infrastructure projects that are currently in the pipeline. If prices continue to rise in the medium term, then a full review of the programme will be undertaken to ensure it remains affordable for the Council.
- 20.2 Interest rate risk can have a major impact upon the finance of the Council as even small increases in interest rates can impact significantly on borrowing costs. As cash becomes depleted whilst rates are high, we may look to use short-term borrowing as opposed to longer term borrowing. The borrowing position is included within Appendix 2 as it forms part of the Treasury Management policy.
- 20.3 Significant staff across the organisation are currently capitalised against major project work which is impacted by the size of the capital programme approved.
- 20.4 The budget includes a 6% increase for 2024/25 however this has not been agreed and could be more which would cause financial pressure on expenditure in 2024/25.

## **21 Academisation**

- 21.1 There has been an increase in the number of schools converting to academies in 2022/23 with another 14 conversions anticipated in the 2024/25 financial year. There is a continued risk that there will be an associated reduction in the buyback of services across the Council. The Council is reviewing the impact of this reduction with proposals and mitigations to be developed throughout the new financial year.

## **22 Financial Sustainability**

- 21.2 Members will recall that the Council is required to adopt the principles of the Financial Management Code (FM Code) developed by CIPFA. This follows a number of highly publicised financial failures within the sector and was designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability.

## **22. Reserves**

- 22.1 As part of setting the budget the S151 officer has taken account of strategic, operational, and financial risks facing the Council. Reserves and financial risks have been assessed as part of the budget setting process assessing risks facing the Council and the S151 officer has the general fund balance to be £10m to be adequate.
- 22.2 It is important that the Council has a clear policy on reserves which sets out the levels required and the purpose of holding general fund and earmarked Reserves

and the reserves policy is set out in Appendix 6. The reserves set out below have modelled the budgeted three-year deficit and as can be seen there are currently sufficient reserve to fund the deficit which is a worst-case scenario.

|   | Balance at<br>31 March<br>2024<br>£000s | Balance at<br>31 March<br>2025<br>£000s | Balance at<br>31 March<br>2026<br>£000s | Balance at<br>31 March<br>2027<br>£000s |
|---|---|---|---|---|
| <b>Balance of General Fund Reserves</b>                                     |   |   |   |   |
| <b>Projected GF Reserves Balance</b>  | <b>(£100,511)</b>                       | <b>(£80,605)</b>                        | <b>(£54,597)</b>                        | <b>(£24,512)</b>                        |
| General Fund  | £10,000                                 | £10,000                                 | £10,000                                 | £10,000                                 |
| COVID-19 Grants   | £1,955                                  | £1,955                                  | £1,955                                  | £1,955                                  |
| Schools Reserves  | £5,169                                  | £5,169                                  | £5,169                                  | £5,169                                  |
| Section 106 Commuted Sums   | £5,958                                  | £5,958                                  | £5,958                                  | £5,958                                  |
| <b>GF Reserves Balance excluding<br/>Statute &amp; Ring-Fenced Reserves</b> | <b>(£77,429)</b>                        | <b>(£57,523)</b>                        | <b>(£31,515)</b>                        | <b>(£1,430)</b>                         |

**Cumulative Use of Reserves  
included in Smoothing Reserve on  
Tracker**

|                                   |                |
|-----------------------------------|----------------|
| 2024/25 Budget Gap                | £15,131        |
| 2025/26 Budget Gap                | £25,758        |
| 2026/27 Budget Gap                | £30,085        |
| <b>Cumulative Use of Reserves</b> | <b>£70,974</b> |

## 23. Section 151 Statement on Robustness of the Council's position

23.1 A key part of the financial position for a Local Authority is the adequacy of its financial reserves. The Local Government Act 2003 (Section 25) requires me to report on the robustness of the budget and the level of financial reserves.

23.2 As section 151 Officer I need to ensure that the Council maintains a sufficient level of balances and reserves. General Balances are held as a contingency against risks not provided for in the Council's financial plans and are available to provide that one-off funding for emergencies such as local disasters etc. The level of General Balances are an important indicator of a Council's financial position as insufficient levels will place the Council at significant financial risk. The level of balances at Bury are assessed annually and the general fund level is deemed to be sufficient.

23.3 Reserves are earmarked for a specific purpose and available only once however due to the significant pressures identified within the 2023/24 financial year and through the budget setting process for 2024/25 there is a requirement to use reserves to balance the budget. This will allow time for a medium-term financial plan to be developed which will set out how the Council will close the gap over the medium term.



- 23.4 Reserves are reported fully as part of the Council's Statement of Accounts and Members will be aware that the level of reserves retained by the Council fluctuates on a year-by-year basis reserves are used.
- 23.5 Members will have seen in recent years a number of high-profile financial failures within Local Government with some issuing Section 114 notices. As part of my consideration on the robustness of the Council's Budget, balances and reserves I need to consider if a Section 114 notice is required.
- 23.6 For the benefit of Members Section 114 (2) of the Local Government Finance Act 1988 requires the Chief Finance Officer of a relevant authority to make a report under this section if it appears to him that the authority, a committee of the authority, a person holding any office or employment under the authority or a joint committee on which the authority is represented:-
- (a) has made or is about to make a decision which involves or would involve the authority incurring expenditure, which is unlawful,
  - (b) has taken or is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the authority, or
  - (c) is about to enter an item of account the entry of which is unlawful.
- 23.7 In summary – as Section 151 Officer I am required to report, following consultation with the Council's monitoring officer, to all the Council's members if I believe that expenditure is likely to exceed incoming resources (after accounting for use of reserves).
- 23.8 CIPFA guidance recommends that contact is made with Department for Levelling Up, Housing and Communities, lead members and statutory officers in advance of issuing a Section.114 report, to undertake some scenario testing and to ensure a robust action plan to address the issues raised.
- 23.9 The process for issuing a Section 114 report and the effect of it are set out in the 1988 Act. Subsection 3(A) requires the Chief Finance Officer to consult, so far as reasonably practicable, the Head of Paid Service (Chief Executive) and the Monitoring Officer. If there is disagreement or doubt, the Chief Finance Officer should ask for Opinion of Counsel to be obtained.
- 23.10 Section 115 requires Council to consider the report at a meeting where it shall decide whether it agrees or disagrees with the views contained in the report and what action (if any) it proposes to take in consequence of it. The meeting must be held no later than 21 days beginning with the day the report was sent and this decision is reserved to full Council.
- 23.11 Section 116 requires the Council to notify its external auditors of the report and the time, date, and place of the Council meeting. The external auditors also need to be informed of the outcome of the meeting as soon as practicable.
- 23.12 The Consequences of issuing a Section 114 Notice.

- 23.13 No new expenditure is permitted, with the exception of that funding statutory services, including safeguarding vulnerable people, although existing commitments and contracts will continue to be honoured.
- 23.14 Council officers must therefore carry out their duties in line with contractual obligations and to acceptable standards, while being aware of the financial situation. Any spending that is not essential or which can be postponed should not take place and essential spend will be monitored.
- 23.15 The only allowable expenditure permitted under an emergency protocol would include the following categories: ▪ existing staff payroll and pension costs ▪ expenditure on goods and services which have already been received ▪ expenditure required to deliver the Council's provision of statutory services at a minimum possible level ▪ urgent expenditure required to safeguard vulnerable citizens ▪ expenditure required through existing legal agreements and contracts ▪ expenditure funded through ring-fenced grants ▪ expenditure necessary to achieve value for money or mitigate additional in-year costs
- 23.16 The Council will have 21 days from the issue of a Section 114 notice to discuss the implications at a meeting of full Council.
- If the Council still cannot put forward a balanced budget, then external auditors are appointed who work on producing a viable budget. They will also consult with central government at this point to see if any temporary additional support could be forthcoming.
- 23.17 In relation to the proposed Budget and MTFP I am able to provide Members with the reassurance that I am proposing a balanced budget with the use of £ 15.131m of reserves. There is a medium-term budget gap of £30.085m and a longer term sustainable financial plan is key to financial sustainability and the delivery of the Let's Do It Strategy. Our success on delivering efficiencies and providing value for money has been further affirmed by our External Auditors whom in previous years have issued an unqualified VFM conclusion stating, "the Council has made proper arrangements to deliver financial sustainability in the medium term". On this basis I am confident to confirm to Members that a Section 114 Notice is not required as the Council remains in a strong financial position.

## **24 Conclusions**

- 24.1 This latest Settlement announced by the Government in December 2023 and the recent announcement regarding an increase in Social Care Grant has resulted in additional funding being granted to Local Government in 2024/25 and the continuation of a number of specific grants has been reaffirmed. However, it must be recognised that the increase in core spending power does not re-address the cuts that have been made over the past decade.
- 24.2 Again, it is difficult to say with any certainty what the future will bring for the finance of Local Government as there are still significant uncertainties that make

any accurate forecasting almost impossible especially after 204/25 which is the final year of the spending review.

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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 2024/25 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. No new specific savings proposals are included in this budget report. Where proposals agreed last year require individual Equality Impact Assessments this will be progressed in-line with individual project timelines.
4. An overarching Equality Impact Assessments considering the budget as a whole, including the impact of the proposed raise in Council Tax, has been developed and is included within the appendices to this Budget Report.

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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 2024.
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 proposal 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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Appendices:

| Appendix | Description                                    |
|----------|--|
| 1        | Council Tax 2023/24 and Statutory Calculations |
| 2        | Treasury Management Strategy 2024/25           |
| 3        | Capital Strategy 2024/25 - 2026/26             |
| 4        | Dedicated Schools Grant 2024/25                |
| 5        | Equality Impact Assessment                     |
| 6        | Reserves Policy                                |

Background paper

*Cabinet report – MTFS October 2023*

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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                               |
| HRA    | Housing Revenue Account                               |
| 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                     |

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**Formal Council Tax Resolution the Council is asked to resolve as follows:**

It is noted that the Council calculated the 2023/24 estimated surplus/deficit on the Collection Fund as £4,542,556.

It is noted that the Council calculated the 2024/25 Council Tax Base for the whole Council area as 57,408.70 (Item T in the formula Section 31B of the Local Government Finance Act 1992, as amended (the 'Act')).

**It is recommended:**

That the Council approve the Council Tax requirement for the Council's own purposes (excluding precepts) for 2024/25 as £110.198m;

That the Council agrees the calculation of the aggregate amounts for the year 2024/25 in accordance with sections 31 to 36 of the Act:

| <b>2024/25 Revenue Budget</b> |                 |
|-------------------------------|-----------------|
|                               | <b>£m</b>       |
| 2023/24 Net Budget            | £195.076        |
| Budget Assumptions            | £37.111         |
| Budget Proposals              | (£7.448)        |
| Less Planned Use of Reserves  | (15.131)        |
| <b>Net Budget</b>             | <b>£209,608</b> |
| <b>Funded By:</b>             |                 |
| Government Grants             | £28.128         |
| Business Rates                | £71.282         |
| Council Tax                   | £110.198        |
| <b>Funding</b>                | <b>£209.608</b> |

In relation to Council Tax, Council is asked to:

- Raise the Bury element of the Council tax by 4.99% of which 2.99% relates to the general precept and 2.00% relates to the adult social care levy.
- Approve the council tax requirement for the council's own purposes (excluding precepts) as £110.198m

That the following amounts be calculated by the council for the year 2024/25 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992:

£557,332,271 being the aggregate of the amounts which the council estimates for the items set out in Section 31A(2) of the Act; (This is the gross expenditure budget)

£447,133,401 being the aggregate of the amounts which the council estimates for the items set out in Section 31A 3 of the Act (The external income budgets including business rates and government grants)

£110,198,870 being the amount by which the aggregate at a) above exceeds the aggregate at b) above, calculated by the council in accordance with Section 31A (4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Ac). (Net Council Tax Requirement for the budget)

£1,919.55 being the amount at c) above, (above item R) divided by Item T calculated by the Council, in accordance with section 31B of the Act, as the relevant basic amount of its Council Tax for the year, and:

### Bury Council

| 2024/25 Council Tax by Band – Bury Council Element |           |           |           |           |           |           |           |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| A  | B         | C         | D         | E         | F         | G         | H         |
| £1,279.70  | £1,492.98 | £1,706.26 | £1,919.55 | £2,346.11 | £2,772.68 | £3,199.25 | £3,839.10 |

Being the amounts given by multiplying the amount set out at d) above by the number which, in the proportion set out in Section 5 (1) of the Act is applicable for dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation Band D, calculated by the Council in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

Note that the Police and Crime Commissioner component of the Greater Manchester Mayoral budget and the Mayoral general budget have issued precepts to the council in accordance with section 40 of the Local Government Finance Act That the following precepts be calculated for 2024/25 in accordance with Sections 31 to 36 of the Act;

### Police and Crime Commissioner

| 2024/25 Council Tax by Band – Bury Council Element |         |         |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|---------|---------|
| A  | B       | C       | D       | E       | F       | G       | H       |
| £170.86  | £199.34 | £227.82 | £256.30 | £313.25 | £370.21 | £427.16 | £512.60 |

### General Mayoral - Fire and Rescue Service

| 2024/25 Council Tax by Band – Bury Council Element |        |         |         |         |         |         |         |
|--|--------|---------|---------|---------|---------|---------|---------|
| A  | B      | C       | D       | E       | F       | G       | H       |
| £75.30   | £87.85 | £100.40 | £112.95 | £138.05 | £163.15 | £188.25 | £225.90 |

That the council, in accordance with sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2024/25 for each part of its area and for each of the categories of dwellings.

### Aggregate of Council Tax Requirements

| 2024/25 Council Tax by Band – Aggregate for all precepting authorities |           |           |           |           |           |           |           |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| A  | B         | C         | D         | E         | F         | G         | H         |
| £1,525.86  | £1,780.17 | £2,034.48 | £2,288.80 | £2,797.41 | £3,306.04 | £3,814.66 | £4,577.60 |

To determine whether the council's relevant basic amount of council tax for 2024/25 is excessive in

accordance with the principles approved under the Localism Act 2011.

|                                | 2023/24      | 2024/25      | %     |
|--------------------------------|--------------|--------------|-------|
| Council Tax Base               | 56,708.39    | 57,408.70    | 4.99% |
| Council Tax Requirement        | £103,680,517 | £110,198,870 |       |
| Relevant Amount of Council Tax | £1,828.31    | £1,919.55    |       |

The total increase of **4.99%** is not excessive as it is **within** the **4.99%** referendum limit.

The Authority is therefore not subject to a referendum.

## Other Funding

### Government Grants:

Included within the budget are several government grants totaling £28.128m that are received for specific purposes. Any variations to the level of funding will be matched by an equivalent adjustment in the budget for the respective service.

### Business Rates:

Business Rates totaling £71.282m to support the council's overall budget is itemised below. In the event the Business Rates funding is above or below this level, the variation will be managed by an adjustment to the Collection Fund Smoothing Reserve.

|  | 2024/25<br>£m  |
|--|----------------|
| Business Rates: Local Share                    | £45.950        |
| Business Rates: Top Up                         | £5.716         |
| Business Rates: Section 31 Grants              | £19.855        |
| Business Rates: Cost of Collection             | £0.234         |
| Business Rates: GMCA no detriment contribution | (£0.473)       |
| <b>Total</b>                                   | <b>£71.282</b> |

## 2023/24 Collection Fund Surplus/Deficit

The overall 2023/24 estimated surplus/deficit on Collection Fund is a deficit of £4,543m, that consists of a £0.873m surplus for Council Tax and a £5.416m deficit for Business Rates.

Bury overall share of the deficit is £4.629m, that is split £0.732m surplus from Council Tax and £5.361m deficit from Business Rates, the £4.629m deficit will be funded from the Collection Fund Smoothing Reserve.

| <b>2023/24 Estimated Surplus/(Deficit) on Collection Fund</b>  | <b>Council Tax<br/>£m</b> | <b>NNDR<br/>£m</b> | <b>TOTAL<br/>£m</b> |
|--|---------------------------|--------------------|---------------------|
| <b>2022/23 Surplus/(Deficit) Balance b/f</b>                   | <b>£0.716</b>             | <b>(£8.416)</b>    | <b>(£7.700)</b>     |
| <b>2023/24</b>   |                           |                    |                     |
| Income   | £126.845                  | £44.832            | <b>£171.677</b>     |
| <b>Contributions towards Previous Year's Deficit:</b>          |                           |                    |                     |
| Bury MBC   | £0.000                    | £2.902             | <b>£2.902</b>       |
| Police and Crime Commissioner                                  | £0.000                    |                    | <b>£0.000</b>       |
| General Mayoral - Fire and Rescue Service                      | £0.000                    | £0.029             | <b>£0.029</b>       |
| <b>Total Income</b>  | <b>£126.845</b>           | <b>£47.763</b>     | <b>£174.608</b>     |
| <b>Precepts and Demands on Collection Fund:</b>                |                           |                    |                     |
| Bury MBC   | (£103.680)                | (£44.412)          | <b>(£148.092)</b>   |
| Police and Crime Commissioner                                  | (£13.797)                 |                    | <b>(£13.797)</b>    |
| General Mayoral - Fire and Rescue Service                      | (£6.122)                  | (£0.449)           | <b>(£6.570)</b>     |
| Disregards: Renewable Energy                                   |                           | (£0.001)           | <b>(£0.001)</b>     |
| Cost of Collection   |                           | (£0.234)           | <b>(£0.234)</b>     |
| Transitional Protection Payments                               |                           | £3.009             | <b>£3.009</b>       |
| <b>Impairment of Debts/Appeals:</b>                            |                           |                    |                     |
| Write-offs of Uncollectable Amounts                            | (£0.011)                  | (£1.537)           | <b>(£1.548)</b>     |
| (Increase)/Decrease in the Allowance for Impairment of Arrears | (£0.597)                  | £0.431             | <b>(£0.166)</b>     |
| (Increase)/Decrease in the Allowance for Impairment of Appeals |                           | (£1.569)           | <b>(£1.569)</b>     |
| <b>Contributions towards Previous Year's Surplus:</b>          |                           |                    |                     |
| Bury MBC   | (£2.085)                  | £0.000             | <b>(£2.085)</b>     |
| Police and Crime Commissioner                                  | (£0.273)                  |                    | <b>(£0.273)</b>     |
| General Mayoral - Fire and Rescue Service                      | (£0.123)                  | £0.000             | <b>(£0.123)</b>     |
| <b>Total Expenditure</b>                                       | <b>(£126.688)</b>         | <b>(£44.763)</b>   | <b>(£171.451)</b>   |
| <b>2023/24 In-Year Estimated Surplus/(Deficit)</b>             | <b>£0.157</b>             | <b>£3.000</b>      | <b>£3.157</b>       |
| <b>Estimated Surplus/(Deficit) as at 31.03.2024</b>            | <b>£0.873</b>             | <b>(£5.416)</b>    | <b>(£4.543)</b>     |

| <b>Share of the 2023/24 Estimated Surplus/(Deficit)</b> | <b>Council Tax<br/>£m</b> | <b>NNDR<br/>£m</b> | <b>TOTAL<br/>£m</b> |
|---|---------------------------|--------------------|---------------------|
| Bury MBC  | £0.732                    | (£5.361)           | <b>(£4.629)</b>     |
| Police and Crime Commissioner                           | £0.097                    |                    | <b>£0.097</b>       |
| General Mayoral - Fire and Rescue Service               | £0.043                    | (£0.054)           | <b>(£0.011)</b>     |
| <b>Estimated Surplus/(Deficit) as at 31.03.2024</b>     | <b>£0.873</b>             | <b>(£5.416)</b>    | <b>(£4.543)</b>     |

## 2024/25 Council Tax Base Calculation

| Calculation of Council Tax Base 2024/25 (Based on all properties)                           |              |                  |                  |                  |                 |                 |                 |                 |               |                   |
|---|--------------|------------------|------------------|------------------|-----------------|-----------------|-----------------|-----------------|---------------|-------------------|
| Bands   | A<br>Reduced | A                | B                | C                | D               | E               | F               | G               | H             | TOTAL             |
| Total Number of Dwellings on the Valuation List   |              | 30,577.00        | 18,650.00        | 17,483.00        | 9,331.00        | 5,638.00        | 1,900.00        | 1,315.00        | 182.00        | <b>85,076.00</b>  |
| Total Number of Exempt and Disabled Relief Dwellings on the Valuation List                  | 76.00        | (948.00)         | (317.00)         | (362.00)         | (175.00)        | (112.00)        | (22.00)         | (30.00)         | (18.00)       | <b>(1,908.00)</b> |
| Less: Estimated Discounts, Exemptions and Disabled Relief                                   | (5.75)       | (3,663.25)       | (1,646.25)       | (1,216.75)       | (521.00)        | (247.00)        | (78.75)         | (49.00)         | 2.50          | <b>(7,425.25)</b> |
| <b>Total Equivalent Number of Dwellings after Discounts, Exemptions and Disabled Relief</b> | <b>70.25</b> | <b>25,965.75</b> | <b>16,686.75</b> | <b>15,904.25</b> | <b>8,635.00</b> | <b>5,279.00</b> | <b>1,799.25</b> | <b>1,236.00</b> | <b>166.50</b> | <b>75,742.75</b>  |
| Ratio to Band D (Factor Stipulated in Regulations)  | 5/9          | 6/9              | 7/9              | 8/9              | 9/9             | 11/9            | 13/9            | 15/9            | 18/9          |                   |
| <b>Band D Equivalent</b>  | <b>39.03</b> | <b>17,310.50</b> | <b>12,978.58</b> | <b>14,137.11</b> | <b>8,635.00</b> | <b>6,452.11</b> | <b>2,598.92</b> | <b>2,060.00</b> | <b>333.00</b> | <b>64,544.25</b>  |
| Reduction in Taxbase as a Result of Local Council Tax Support Scheme (LCTSS)                | (17.00)      | (5,501.66)       | (1,433.37)       | (656.97)         | (200.46)        | (89.01)         | (22.33)         | (8.40)          | (0.80)        | <b>(7,930.00)</b> |
| Band D Equivalent of Contributions in Lieu (Class O Exempt Dwellings)                       |              |                  |                  |                  | 1.80            |                 |                 |                 |               | <b>1.80</b>       |
| Other Adjustments: Band D Equivalent Forecast New Dwellings & Base Movements                |              |                  |                  |                  | 987.82          |                 |                 |                 |               | <b>987.82</b>     |

|   |       |           |           |           |          |          |          |          |        |           |
|---|-------|-----------|-----------|-----------|----------|----------|----------|----------|--------|-----------|
| Band D Equivalent after LCTSS and Other Adjustments | 29.58 | 13,642.73 | 11,863.74 | 13,553.14 | 9,424.16 | 6,343.32 | 2,566.66 | 2,046.00 | 331.40 | 59,800.73 |
| Multiplied by Estimated Collection Rate             |       |           |           |           |          |          |          |          |        | 96.00%    |
| 2024/25 BAND D EQUIVALENT COUNCIL TAX BASE          |       |           |           |           |          |          |          |          |        | 57,408.70 |

Note: 'A Reduced Band' are Band A properties that have disabled adaptations.



|                   |   |
|-------------------|---|
| <b>Report to:</b> | Overview & Scrutiny - 6 February 2024<br><br>Cabinet – 14 February 2024<br><br>Council – 21 February 2024 |
| <b>Subject:</b>   | Treasury Management Strategy 2024/25  |
| <b>Report of</b>  | Cabinet Member for Finance and Communities  |

## Summary

The report provides details of the Treasury Management Strategy incorporating The Treasury Management Policy Statement 2024/25, The Annual Investment Strategy 2024/25, The Prudential Indicators 2024/25 to 2026/27, The Minimum Revenue Provision (MRP) Policy Statement.

## Recommendation(s)

1. The Cabinet is requested to endorse the recommendations outlined below, for approval by Council.

The Council is requested to agree the following: -

- To approve the Treasury Management Strategy including the associated Prudential Indicators and Annual Investment Strategy.
- To approve the Treasury Management Policy Statement.
- To approve the Minimum Revenue Provision (MRP) Policy Statement.

## Reasons for recommendation(s)

As a requirement of Local Government Act 2003, the DLUHC investment guidance (2018), the DLUHC MRP guidance 2018, the CIPFA Treasury Management Code and the CIPFA Prudential Code.

## Alternative options considered and rejected

Not applicable.

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## Contents

### Section 1 – Overview

|   |  |           |
|---|--|-----------|
| 1.  | Background                                       | 5         |
| 2.  | Reporting Requirements                           | 6         |
| 3.  | Treasury Management Reporting                    | 7         |
| <b>Section 2 – Treasury Management Strategy for 2024/25</b> |  | <b>10</b> |
| 4.  | 2024/25 Strategy Overview                        | 10        |
| 5.  | Training   | 11        |
| 6.  | Treasury Management Consultants                  | 12        |
| 7.  | Prudential Indicators                            | 12        |
| 8.  | Minimum Revenue Provision (MRP) Policy Statement | 13        |
| 9.  | Core funds and expected investment balances      | 14        |
| 10.   | Affordability Prudential Indicators              | 14        |
| 11.   | Borrowing  | 15        |
| 12.   | Liability Benchmark                              | 18        |
| 13.   | Treasury Indicators                              | 20        |
| 14.   | Economic Background and Interest Rate Forecasts  | 20        |
| 15.   | Borrowing Strategy 2024/25                       | 22        |
| 16.   | Annual Investment Strategy                       | 27        |
| 17.   | Balanced Budget Requirement                      | 27        |
| 18.   | Financial Implications                           | 28        |
| 19.   | Other Options Considered                         | 28        |
| <b>Annex 1 – Treasury Management Policy Statement</b>       |  | <b>29</b> |
| <b>Annex 2 – Treasury Management Scheme of Delegation</b>   |  | <b>30</b> |
| <b>Annex 3 – Prudential Indicators</b>                      |  | <b>33</b> |
| <b>Annex 4 – MRP Policy Statement</b>                       |  | <b>38</b> |
| <b>Annex 5 – Investment Strategy</b>                        |  | <b>40</b> |

## 1. Background

- 1.1 The Council is required to operate a balanced budget i.e. cash raised during the year will meet cash expenditure. In pursuit of this objective, amongst other things, the Council operates a treasury management function which incorporates the management of the Council's cash flows, lending and borrowing activities and the control management and mitigation of the risks associated with these activities.
- 1.2 Borrowing facilitates the funding of the Council's capital programme. The Council's capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer term cash flow surpluses. If the right circumstances prevail, debt previously drawn may be restructured to meet Council risk or cost objectives.
- 1.3 The contribution the treasury management function makes to the Council is critical, as the balance of debt and investment operations ensure liquidity and the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will maintain the balance between the interest costs of debt and the investment income arising from cash deposits to manage the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund balance.
- 1.4 Although policy spending initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities (arising usually from capital expenditure) and are separate from the day-to-day treasury management activities.
- 1.5 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as:  
  
*"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*
- 1.6 Revised reporting has been required since 2018/19 due to revisions of the Ministry for Housing Communities and Local Government (MHCLG) (now the Department for Levelling Up, Housing and Communities (DLUHC)) Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes included the introduction of a requirement for all local authorities to have a capital strategy, to provide a longer-term focus to the capital plans, and greater reporting requirements surrounding any commercial activity undertaken under the Localism Act 2011 especially using the 'General Powers of Competence' provision. The capital strategy is being reported separately, though some key prudential indicators will be retained within this document.

## 2. Reporting Requirements

- 2.1 CIPFA revised the Prudential and Treasury Management Codes in December 2021, these updates were implemented by the Council in 2022/23. The Prudential Codes requires all local authorities to prepare an additional report, a capital strategy report note Appendix 3, which will provide the following:
- 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; and
  - the implications for future financial sustainability.
- 2.2 The aim is to ensure that all elected Members fully understand the long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.
- 2.3 The expected income, costs and contributions, debt and associated interest costs and the MRP policy are included in the Treasury Management Strategy. The Capital Strategy and Treasury Management Strategy have been reviewed to ensure compliance with the updated requirements across the two strategies.
- 2.4 Non-treasury investments are reported through the Capital Strategy. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the service and policy investments usually driven by expenditure on an asset. The capital strategy outlines:
- the corporate governance arrangements for these types of activities;
  - any service objectives relating to the investments;
  - the expected income, costs and resulting contribution;
  - the debt related to the activity and the associated interest costs;
  - the payback period (Minimum Revenue Provision (MRP) policy);
  - for non-loan type investments, the cost against the current market value; and
  - the risks associated with each activity.
- 2.5 Should a physical asset be bought for investment purposes, details of market research, advisers used (and their monitoring), ongoing costs and investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.
- 2.6 If any non-treasury investment sustains a loss this will be reported through the final accounts, outturn and audit process, including the strategy and revenue implications.
- 2.7 To demonstrate the proportionality between the treasury operations and the non-treasury operation, high-level comparators are shown throughout this strategy document.

### 3. Treasury Management Reporting

- 3.1 The Local Government Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice (Treasury Code) to set prudential and treasury indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. The Council must also have regard to the DLUHC statutory guidance, Capital finance: guidance on minimum revenue provision.
- 3.2 In pursuit of the above, the Council must produce as a minimum three treasury reports each year:
- a) Treasury Strategy, a requirement fulfilled by the production of this strategy document which includes:
    - capital plans (including prudential indicators);
    - minimum revenue provision (MRP) policy;
    - the treasury management strategy (including treasury indicators); and
    - an investment strategy.
  - b) A mid-year report which updates members on treasury progress, the capital position, the prudential indicators (and any amendments) and whether any strategies or policies require revision; and
  - c) An annual treasury outturn report (a backward-looking review).
- 3.3 Full Council approves the Treasury Management Strategy as part of the annual budget setting process. This appendix sets out the Treasury Management Strategy for 2024/25.
- 3.4 The scrutiny of the treasury management function within the Council is undertaken by Cabinet, which carries out quarterly reviews.
- 3.5 The Council is also required to comply, and its Investment Strategy is compliant with, the DLUHC investment guidance, revised in 2018.
- 3.6 This Treasury Management Strategy report complies with the revised Treasury Management Code.
- 3.7 In addition to the reporting schedule outlined above the Code requires the:
- Creation and maintenance of a treasury management policy statement which sets out the policies and objectives of the Council's treasury management activities. The Treasury Management Policy Statement is attached for reapproval as Annex 1.
  - Creation and maintenance of Treasury Management Practices (TMPs) which set out the way the Council will seek to achieve those policies and objectives; these are maintained and kept under review by officers.
  - Delegation by the Council of responsibilities for implementing and

monitoring treasury management policies and practices and for the execution and administration of treasury management decisions. The scheme of delegation is attached as Annex 2.

- The Council complies with the necessary requirements and its governance process is strengthened by its Treasury Board, which meets regularly to support the Interim Executive Director of Finance (Section 151) in the execution of their delegated powers.

## **Section 2 – Treasury Management Strategy for 2024/25**

### **4. 2024/25 Strategy Overview**

- 4.1 The Treasury Management Strategy for 2024/25 addresses capital issues including capital expenditure plans, prudential indicators, MRP and other treasury management issues such as the investment strategy and creditworthiness policy.
- 4.2 The proposed Treasury Management Strategy and Policy for the remainder of 2023/24 and for financial year 2024/25 adheres to the Council's policy on investments of "safety before returns" and investments are currently being placed with the following:
  - The Council's banker (Barclays Bank);
  - Lloyds/Bank of Scotland PLC
- 4.3 Although current investments are per above, the investment parameters permissible under the Treasury Management Strategy are much broader as outlined in the Annual Investment Strategy (Annex 5) under specified and non-specified investments. After due consideration the Interim Executive Director of Finance (Section 151) can invest in any of the instruments/strategies if satisfied that the rewards are within acceptable risk parameters.
- 4.4 The proposed Treasury Management Strategy for 2024/25 is based upon treasury officers' views on interest rates and market forecasts (supplemented by forecasts provided by the Council's treasury advisors, Arling Close Limited). The proposals in this report will assist the Council in mitigating risk in the treasury management activities and allow the borrowing necessary to finance the capital programme.
- 4.5 The strategy report covers:
  - Capital Plans and Prudential Indicators;
  - MRP;
  - Borrowing;
  - Treasury Limits for 2023/24 to 2026/27;
  - Economic Background;
  - Borrowing Strategy;
  - Debt Rescheduling;
  - Housing Revenue Account (HRA) Self Financing;
  - Annual Investment Strategy;
  - Financial Implications;
  - Balanced Budget Requirement;

- Treasury Management Policy Statement; and
- Scheme of Delegation.

- 4.6 The strategy incorporates the requirements of the Local Government Act 2003, the CIPFA Prudential Code, DLUHC MRP Guidance, the CIPFA Treasury Code and DLUHC Investment Guidance.

## **5. Training**

- 5.1 The Treasury Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training on treasury management and related issues. This especially applies to Members responsible for scrutiny, who regularly receive training.
- 5.2 All members are scheduled to receive training this financial year to be delivered by the Council's treasury management advisers. The training needs of treasury management officers are met through attendance at relevant courses, conferences and forums and are periodically reviewed and addressed as part of the Council's appraisal scheme.

## **6. Treasury Management Consultants**

- 6.1 The Council uses Arling Close Limited, as its external treasury management advisors. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, treasury advisers.
- 6.2 The Council also recognises that there is value in employing external providers of treasury management services to access specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.
- 6.3 The scope of investments within the Council's operations now includes both conventional treasury investments (the placing of residual cash from the Council's functions) and more policy/service driven investments, such as policy loans to the Joint Ventures for Regeneration. The policy investments require specialist advisers, and the Council uses Arling Close Limited and other commercial and legal advisors in relation to this activity.

## **7. Prudential Indicators**

- 7.1 The Local Government Act 2003 and supporting regulations requires the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.
- 7.2 The Council's Prudential Indicators for the period 2023/24 – 2026/27 are set out in **Annex 3** and Full Council is asked to approve these.

7.3 The benefit of the indicators are derived from monitoring them over time rather than the absolute value of each. A reporting schedule is maintained, with a mid-year report to Full Council to highlight any significant deviations from expectations. The indicators can be amended and reported to Full Council for approval at the earliest opportunity.

7.4 The indicators for later years are broad estimates since a number of factors including the level of Government support beyond 2024/25 are not firmed up. These estimates will be revised, as more accurate information becomes available.

## **8. Minimum Revenue Provision (MRP) Policy Statement**

8.1 Changes to regulations and statutory guidance on MRP was issued in February 2018 and effective from 2019/20.

8.2 The key changes were that:

- The option to calculate MRP in retrospect thereby creating a credit or a reduction in MRP for future years was closed, though the ability to reset a provision prospectively remains – any changes should use the residual CFR at that point in time;
- MRP should not be £nil in any year – unless CFR is nil or negative or a voluntary MRP is being clawed back;
- Maximum asset life is 50 years unless supported by expert opinion; and
- Where the asset life methodology (option 3) is being used, the guidance is prescriptive on the maximum number of years over which the type of expenditure can be written off – in the absence of a quantifiable asset life, 50 years is considered the default.

8.3 On 21 December 2023, the Government published a consultation on proposed changes to regulations and statutory guidance on MRP to be effective from 1 April 2024.

8.4 The Key changes being proposed are:

- Additional guidance in what should be included in the MRP Statement.
- Support to the regulatory requirement that authorities must not exclude investment assets from CFR or the determination of the MRP charge.
- A statement that an authority cannot calculate an MRP charge and then not charge that amount to revenue – this is to clarify that capital receipts cannot be used to replace a charge to revenue.
- Further explanation on the permitted use of capital receipts to reduce MRP only by reducing the overall CFR, not to replace part or all of the calculated MRP charged to revenue.
- Explanation on the new regulations relating to capital loans in that MRP need not be made with respect to capital loans provided they are not commercial capital loans and that MRP must be made with respect to



commercial capital loans. Also, what constitutes a commercial loan.

- Guidance on the requirement to include in the MRP charge an amount for any (IFRS 9: Financial Instruments) expected credit loss or actual loss with respect to a capital loan.

8.5 Whilst the proposed regulation and statutory on MRP has no impact for the Council, the MRP Policy has been updated to incorporate the proposed requirements.

8.6 Full Council is asked to approve the MRP policy statement as set out in Annex 4.

## 9 Core funds and expected investment balances

9.1 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.).

## 10 Affordability Prudential Indicators

10.1 Within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. Full Council is asked to approve the indicators as set out in Annex 3.

## 11. Borrowing

11.1 The capital expenditure plans set out in this strategy document outline service activity for the Council. The treasury management function ensures that the Council adheres to the relevant treasury codes of practice as well as organising the Council's cash flow and borrowing needs to meet the requirements of service activity. It is a statutory requirement under the Local Government Finance Act 1992, for the Council to produce a balanced budget. Section 31A and S31B requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from:

- increases in interest charges caused by increased borrowing to finance additional capital expenditure; and
- any increases in running costs from new capital projects are limited to a level which is affordable, prudent and sustainable within the projected income of the Council for the foreseeable future.

11.2 The strategy document covers the relevant treasury/prudential indicators, the current and projected debt positions and the annual investment strategy.

11.3 The Council's current treasury management portfolio position is set out in table 1A and 2B below. The overall portfolio as at the 31 March 2024 and the position at 31 December 2023 are shown below for borrowing and investments.

Table 1A: Treasury Management Portfolio

| Existing Investment & Debt Portfolio Position | 31.03.2023             |                   | 31.12.2023             |                   |
|---|------------------------|-------------------|------------------------|-------------------|
|   | Actual Portfolio<br>£m | Average Rate<br>% | Actual Portfolio<br>£m | Average Rate<br>% |
| <b><u>Treasury Investments:</u></b>           |                        |                   |                        |                   |
| The UK Government                             | £0.000                 | 0.00%             | £0.000                 | 0.00%             |
| Local Authorities                             | £0.000                 | 0.00%             | £0.000                 | 0.00%             |
| Other Government Entities                     | £0.000                 | 0.00%             | £0.000                 | 0.00%             |
| Secured Investments                           | £0.000                 | 0.00%             | £0.000                 | 0.00%             |
| Banks (unsecured)                             | £1.720                 | 100.00%           | £4.380                 | 100.00%           |
| Building Societies (unsecured)                | £0.000                 | 0.00%             | £0.000                 | 0.00%             |
| Registered providers (unsecured)              | £0.000                 | 0.00%             | £0.000                 | 0.00%             |
| Money Market Funds                            | £0.000                 | 0.00%             | £0.000                 | 0.00%             |
| Other Investments                             | £0.000                 | 0.00%             | £0.000                 | 0.00%             |
| <b>Total Treasury Investments</b>             | <b>£1.720</b>          | <b>100.00%</b>    | <b>£4.380</b>          | <b>100.00%</b>    |
| <b><u>External Borrowing:</u></b>             |                        |                   |                        |                   |
| Public Works Loan Board                       | (£162.329)             | 66.63%            | (£202.230)             | 82.03%            |
| Local Authorities                             | (£43.300)              | 17.77%            | (£26.300)              | 10.67%            |
| LOBO Loans from Banks                         | (£33.000)              | 13.55%            | (£13.000)              | 5.27%             |
| Other Loans                                   | (£5.000)               | 2.05%             | (£5.000)               | 2.03%             |
| <b>Total Gross External Debt</b>              | <b>(£243.629)</b>      | <b>100.00%</b>    | <b>(£246.530)</b>      | <b>100.00%</b>    |
|   |                        |                   |                        |                   |
| <b>Net Investment/(Debt)</b>                  | <b>(£241.909)</b>      | <b>100.00%</b>    | <b>(£242.150)</b>      | <b>100.00%</b>    |

- 11.4 The Council's projections for borrowing are summarised below. Table 1B shows the actual external debt against the underlying capital borrowing need, (the Capital Financing Requirement (CFR)), highlighting any over or under borrowing.

Table 1B: Treasury Management Portfolio

| Actual External Debt against Capital Borrowing Need | 2022-23<br>Actual<br>£m | 2023-24<br>Estimate<br>£m | 2024-25<br>Forecast<br>£m | 2025-26<br>Forecast<br>£m | 2026-27<br>Forecast<br>£m |
|---|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| <b><u>External Debt:</u></b>                        |                         |                           |                           |                           |                           |
| Debt at 1 April                                     | £220.826                | £243.629                  | £282.855                  | £327.064                  | £370.483                  |
| Expected Change in Debt +/-                         | £22.803                 | £39.226                   | £44.209                   | £43.419                   | £0.500                    |
| <b>Actual Gross Debt at 31 March</b>                | <b>£243.629</b>         | <b>£282.855</b>           | <b>£327.064</b>           | <b>£370.483</b>           | <b>£370.983</b>           |
| Capital Financing Requirement (CFR)                 | £371.120                | £386.746                  | £426.322                  | £465.981                  | £462.056                  |
| <b>Under/(Over) Borrowing</b>                       | <b>£127.491</b>         | <b>£103.891</b>           | <b>£99.258</b>            | <b>£95.498</b>            | <b>£91.073</b>            |

Note: \*\*The table shows the impact of not externally borrowing (using the Council's cash balances/ investments to internally fund underlying borrowing). This policy is under constant review.

- 11.5 Within the above figures the level of debt relating to non-treasury activities i.e. policy investment is:

Table 2: External Debt for Policy Investments (including Loans to Manchester Airport, Subsidiaries and Joint Ventures) / non-treasury investments

| External Debt for Policy/Non-Financial Investments | 2022-23<br>Actual<br>£m | 2023-24<br>Estimate<br>£m | 2024-25<br>Forecast<br>£m | 2025-26<br>Forecast<br>£m | 2026-27<br>Forecast<br>£m |
|--|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Actual debt at 31 March £m                         | £31.828                 | £31.828                   | £31.828                   | £31.828                   | £31.828                   |
| Percentage of Total External Debt %                | 13.06%                  | 11.25%                    | 9.73%                     | 8.59%                     | 8.58%                     |

- 11.6 Within the range of prudential indicators there are a number of indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2024/25 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.
- 11.7 The Interim Executive Director of Finance (Section 151) reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view considers current commitments, existing plans, and the proposals in this budget report.

## 12. Liability Benchmark

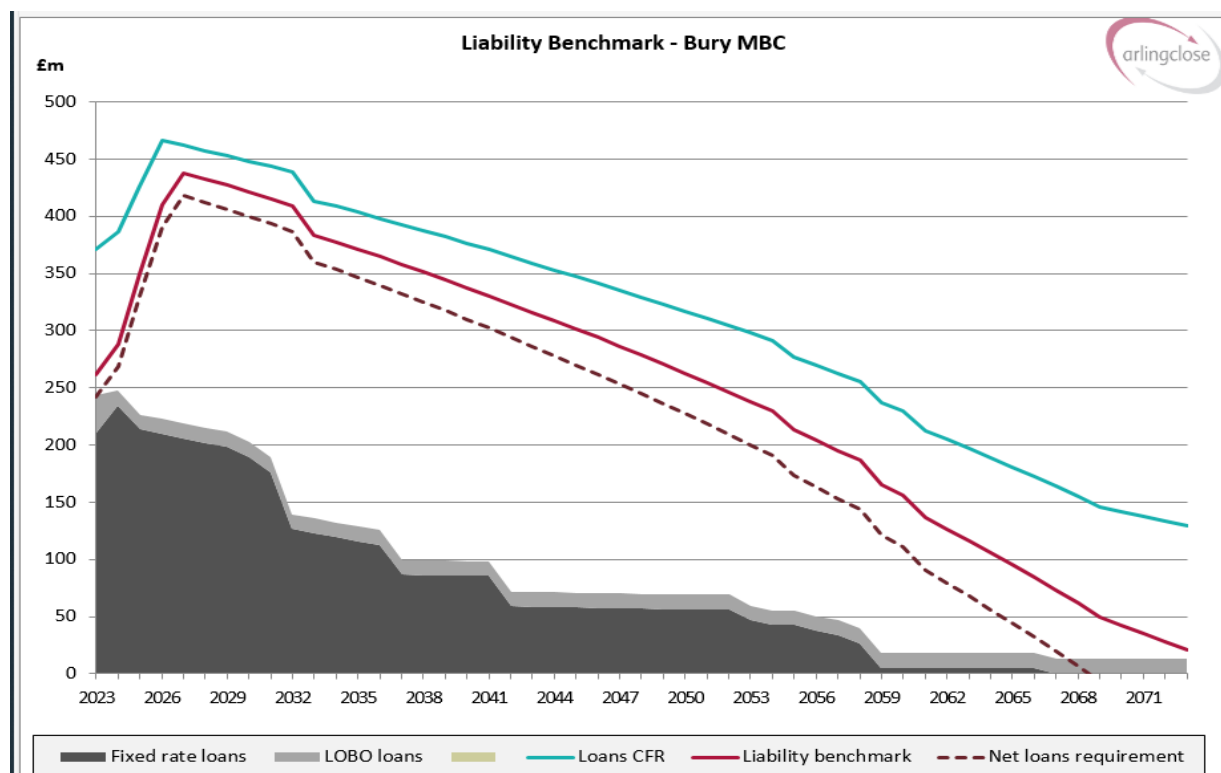
- 12.1 A new prudential indicator introduced in 2023/24 is the Liability Benchmark (LB). The Council is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the Liability Benchmark: -

1. **Existing loan debt outstanding:** existing loans that are still outstanding in future years.
2. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. **Net loans requirement:** this will show the gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.

- 12.2.1 Liability Benchmark table and chart:

|                             | Actual | Forecasts | £m     |        |        |        |        |        |
|-----------------------------|--------|-----------|--------|--------|--------|--------|--------|--------|
| Position at 31 March        | 2023   | 2024      | 2025   | 2026   | 2027   | 2028   | 2029   | 2030   |
| Loans CFR                   | 371.1  | 386.7     | 426.3  | 466.0  | 462.0  | 457.5  | 452.9  | 448.2  |
| External borrowing          | -243.6 | -247.4    | -226.5 | -222.9 | -218.7 | -215.1 | -211.5 | -202.8 |
| Internal (over) borrowing   | 127.5  | 139.3     | 199.8  | 243.1  | 243.3  | 242.4  | 241.5  | 245.4  |
| Balance sheet resources     | -129.2 | -118.1    | -96.6  | -75.7  | -43.8  | -45.3  | -46.8  | -48.4  |
| Investments (new borrowing) | 1.7    | -21.2     | -103.2 | -167.4 | -199.5 | -197.1 | -194.6 | -197.0 |
| Treasury investments        | 1.7    | 20.0      | 20.0   | 20.0   | 20.0   | 20.5   | 21.0   | 21.5   |
| New borrowing               | 0.0    | 41.2      | 123.2  | 187.4  | 219.5  | 217.6  | 215.6  | 218.5  |
| Net loans requirement       | 241.9  | 268.6     | 329.7  | 390.3  | 418.2  | 412.2  | 406.1  | 399.8  |
| Liquidity allowance         | 20.0   | 20.0      | 20.0   | 20.0   | 20.0   | 20.5   | 21.0   | 21.5   |
| Liability benchmark         | 261.9  | 288.6     | 349.7  | 410.3  | 438.2  | 432.7  | 427.1  | 421.4  |



12.2.1 For the liability benchmarking, the Council is showing an under borrowed position relative to its CFR.

## 13. Treasury Indicators

### 13.1 Treasury Limits for 2024/25 to 2026/27

13.1.1 It is a statutory duty under Section 3 of the Local Government Act 2003 and supporting regulations for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Affordable Borrowing Limit". In England and Wales, the Authorised Limit represents the legislative limit specified in the Act.

13.1.2.1 The Council must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and that the impact upon its future council tax and council rent levels is 'acceptable'.

- 13.1.2.2 Whilst termed an “Affordable Borrowing Limit”, the capital plans considered for inclusion incorporate financing by both external borrowing and other forms of liability, such as credit arrangements. The Authorised Limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years, details of the Authorised Limit are set out in Annex 3.

## 14. Economic Background and Interest Rate Forecasts

### Prospects for interest rates

- 14.1 The Council has appointed Arling Close Limited as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives their view as at 16/11/2023.

| Rate      | Dec-23<br>% | Mar-24<br>% | Jun-24<br>% | Sep-24<br>% | Dec-24<br>% | Mar-25<br>% | Mar-26<br>% |
|-----------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Bank Rate | 5.25        | 5.25        | 5.25        | 5.00        | 4.75        | 4.25        | 3.25        |
| 5yr PWLB  | 4.75        | 4.75        | 4.75        | 4.70        | 4.60        | 4.50        | 4.30        |
| 10yr PWLB | 4.75        | 4.80        | 4.80        | 4.80        | 4.80        | 4.80        | 4.60        |
| 20yr PWLB | 5.20        | 5.20        | 5.20        | 5.20        | 5.20        | 5.20        | 5.20        |
| 50yr PWLB | 4.80        | 4.85        | 4.90        | 4.90        | 4.90        | 4.90        | 4.95        |

### 14.2 Underlying assumptions:

- UK inflation and wage growth remain elevated but have eased over the past two months fuelling rate cuts expectations. Near-term rate cuts remain unlikely, although downside risks will increase as the UK economy likely slides into recession.
- The MPC’s message remains unchanged as the Committee seeks to maintain tighter financial conditions. Monetary policy will remain tight as inflation is expected to moderate to target slowly, although some wage and inflation measures are below the Bank’s last forecasts.
- Despite some deterioration in activity data, the UK economy remains resilient in the face of tighter monetary policy. Recent data has been soft but mixed; the more timely PMI figures suggest that the services sector is recovering from a weak Q3. Tighter policy will however bear down on domestic and external activity as interest rates bite.
- Employment demand is easing. Anecdotal evidence suggests slowing recruitment and pay growth, and we expect unemployment to rise further. As unemployment rises and interest rates remain high, consumer sentiment will deteriorate. Household and business spending will therefore be weak.
- Inflation will fall over the next 12 months. The path to the target will not be smooth, with higher energy prices and base effects interrupting the downtrend at times. The MPC’s attention will remain on underlying inflation measures and wage data. We believe policy rates will remain at the peak for another 10

months, or until the MPC is comfortable the risk of further 'second-round' effects has diminished.

#### 14.3 Forecast:

- The MPC held Bank Rate at 5.25% in December. We believe this is the peak for the Bank Rate.
- The MPC will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. We see rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.
- The immediate risks around Bank Rate have become more balanced, due to the weakening UK economy and dampening effects on inflation. This shifts to the downside in the short term as the economy weakens.
- Long-term gilt yields are now substantially lower. Arlingclose expects yields to be flat from here over the short-term reflecting medium term Bank Rate forecasts. Periodic volatility is likely.

### 15. Borrowing Strategy

- 15.1 The Council's strategy is to achieve a low but stable cost of finance but retaining flexibility to alter its plans as circumstances change. In this regard, the Council has maintained an under-borrowed position, this strategy is prudent when investment/borrowing interest rates were low, however, over the next two financial years of 2024-25 and 2025-26, the Capital Programme has a £87.6m borrowing requirement, that will require the Council to undertake borrowing to fund and reduce the under-borrowed position.
- 15.2 The Council has, to date, raised most of its long-term borrowing from the PWLB but will consider long-term loans from other sources to lower interest costs and reduce the over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets bought primarily for financial return; this Council will continue to avoid this activity and ensure the Council retains its access to PWLB loans.

#### 15.3 Sensitivities of the forecast

- 15.3.1 If officers' felt there was a significant risk of a sharp fall in long- and short-term interest rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowing will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered. However, if there was a significant risk of a much sharper rise in long- and short-term rates than that currently forecast, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be raised whilst interest rates are still lower than they will be in the foreseeable years ahead. The Council has, during 2023/24, raised borrowing in line with the latter strategy. All decisions and actions taken have or will be reported to Cabinet and Full Council at the earliest opportunity.

## 15.4 Financial Institutions as a source of borrowing and Types of Borrowing

### 15.4.1 Approved sources of borrowing include:

- HM Treasury's PWLB lending facility (Public Works Loan Board);
- UK Infrastructure Bank Ltd;
- Any institution approved for investments;
- Financial Institutions including Assurance and Insurance Companies and Banks authorised to operate in the UK;
- Any other UK public sector body;
- Housing Associations;
- UK private and public sector pension funds, with the exception of the Greater Manchester Pension Fund;
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues;
- Any other institution which is legally able to lend to local authorities;

### 15.4.2 A range of organisations fall within the scope of the list and a range of financial instruments may be issued to evidence the borrowing including public or privately issued bonds, negotiable bonds, commercial paper, medium term notes etc. The Interim Executive Director of Finance (Section 151) will explore all options and determine the optimal source of borrowing for the Council.

### 15.4.3 **Other sources of debt finance:** In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

15.4.3.1 Leasing – a contract outlining the terms under which one party agrees to lease/ rent a property owned by another party;

15.4.3.2 Hire purchase – financing where monthly payments are made but ownership does not occur until the last payment;

### 15.4.4 The Council will continue to borrow in respect of the following:

15.4.4.1 Maturing debt (net of MRP);

15.4.4.2 Approved unsupported (prudential) capital expenditure; and

15.4.4.3 To finance cash flow in the short term.

### 15.4.5 The type, period, rate and timing of new borrowing will be determined by the Interim Executive Director of Finance (Section 151) under delegated powers, considering the following factors:

- Expected movements in interest rates as outlined above;
- Current maturity profile;
- The impact on the medium-term financial strategy; and
- Prudential indicators and limits.

## 15.5 Treasury Management Limits on Borrowing Activity

### 15.5.1 There are three debt related treasury activity limits. The purpose of these is to restrain the activity of the treasury function within a flexibly set remit, to manage risk, yet not impose undue restraints that constrain cost reduction or

performance improvement. The indicators are:

- Maturity structure of borrowing to manage refinancing risk.

15.5.2 The proposed indicators are set out in Annex 5.

## **15.6 Policy on borrowing in advance of need**

15.6.1 The Council needs to ensure that its total debt, does not, except in the short term, exceed the total of the CFR in the preceding year i.e. 2023/24 plus the estimates of any additional CFR for the year 2024/25 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue generation purposes.

15.6.2 Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.

15.6.3 Borrowing in advance of need will ideally be limited to no more than 100% of the expected increase in borrowing need (CFR) over the three-year planning period. In determining whether borrowing will be undertaken in advance of need the Council will:

- Ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need;
- Ensure the ongoing revenue liabilities created, and the implications for the future and budgets have been considered;
- Evaluate the economic and market factors that might influence the manner and timing of any decision to borrow;
- Consider the merits and demerits of alternative forms of funding;
- Consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use; and
- Consider the pros and cons of the impact of borrowing in advance of need at attractive rates on the available cash balances the Council will hold and the risks associated with increased exposure to credit risk arising from investing this additional cash in advance of need.

## **15.7 Debt Rescheduling**

15.7.1 As short-term borrowing rates can be considerably cheaper than longer term rates, there could be potential to generate savings by switching from long term debt to short term debt. Any savings will need to be considered in the light of the size of premiums to be incurred, their short-term nature, and the likely cost of refinancing those short-term loans, once they mature, compared to the current rates of longer-term debt in the existing debt portfolio. Any such rescheduling and repayment of debt is likely to cause a shortening of the Council's maturity profile as in recent years there has been a skew towards longer dated PWLB.

15.7.2 The business case for any rescheduling will include:



- The generation of cash savings and / or discounted cash flow savings;
- Helping to fulfil the strategy outlined above; and
- Enhancing the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

15.7.3 All rescheduling will be reported to Cabinet and Full Council at the earliest meeting following its implementation.

## **15.8 Housing Revenue Account (HRA) Self Financing**

15.8.1 The housing subsidy system was dismantled and replaced by a system of self-financing of the HRA from 1 April 2012. Since then, two separate pools are operating for the management of HRA and GF debt.

15.8.2 Under the two pool approach legacy loans were notionally apportioned between the HRA and GF using the CFR split and loans since 2012 have been raised separately.

15.8.3 An equitable means of apportioning debt management expenses is in operation.

15.8.3 Until October 2018, HRA borrowing was capped by the government and the HRA needed to borrow within the parameters of its existing debt and the cap known as the headroom. In October 2018, the Government approved plans to remove the HRA borrowing cap, giving local authorities the flexibility to borrow prudentially up to levels that can be supported through their revenue streams.

## **6. Annual Investment strategy**

16.1 The annual Investment Strategy is set out in Annex 5 for approval by Full Council which covers:

- Overview including durations bands for counterparties and minimum credit ratings;
- Policy lending (non-treasury management investments);
- Investment balances / liquidity of investments; and
- Specified / unspecified investments

## **17. Balanced Budget Requirement**

17.1 The Council complies with the provisions of the Local Government Finance Act 1992 to set a balanced budget.

17.2 Budgeting for MRP requires the Council to make provision for MRP linked to the life of the assets. This makes budgeting for MRP complex and sensitive to changes in assets being financed and the amount of unsupported borrowing used.

17.3 Regulations and statutory guidance on MRP was issued in February 2018, but as stated in 8.3, on the 21 December 2023, the Government published a consultation on proposed changes to regulations and statutory guidance on

MRP to be effective from 1 April 2024.

- 17.4 Expenditure on policy loans to third parties which constitute capital loans, MRP need not be set aside. However, commercial capital loans require MRP to be set aside.
- 17.5 Repayments included in finance leases are applied as MRP. There is no requirement for the HRA to set aside MRP, although there is a requirement for depreciation to be applied.
- 17.6 Acquisition of share capital can be written off over a maximum of 20 years.

## 18. Financial Implications

- 18.1 The budget for investment income in 2024/25 is £0.084m and the budget for debt interest paid in 2024/25 is £12.415m. If actual levels of investments and borrowing, or actual interest rates, differ from those forecasts, performance against budget will be correspondingly different.

## 19. Other Options Considered

- 19.1 The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Interim Executive Director of Finance (Section 151 Officer) believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

| Alternative   | Impact on income and expenditure   | Impact on risk management   |
|---|--|---|
| Invest in a narrower range of counterparties and/or for shorter times | Interest income will be lower  | Lower chance of losses from credit related defaults, but any such losses may be greater   |
| Invest in a wider range of counterparties and/or for longer times     | Interest income will be higher   | Increased risk of losses from credit related defaults, but any such losses may be smaller   |
| Borrow additional sums at long-term fixed interest rates              | Debt interest costs will rise; this is unlikely to be offset by higher investment income | Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain            |
| Borrow short-term or variable loans instead of long-term fixed rates  | Debt interest costs will initially be lower  | Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain |
| Reduce level of borrowing   | Saving on debt interest is likely to exceed lost investment income                       | Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain            |

## Links with the Corporate Priorities:

A strong financially sustainable Council is essential to the Let's Do It Strategy.

**Equality Impact and Considerations:**

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

*A public authority must, in the exercise of its functions, have due regard to the need to -*  
*(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*

*(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*

*(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

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

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**Assessment and Mitigation of Risk:**

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

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**Legal Implications:**

*The Treasury Management Strategy form part of the suite of budget reports which will be considered by Members, full legal implications are set out in the core report.*

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**Background papers:**

*Treasury Mid-Year Report (November Council)*

## **Annex 1 – Treasury Management Policy Statement**

The Council defines the policies and objectives of its treasury management activities as follows:

- (i) The Council defines its treasury management activities as 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.
- (ii) The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications.
- (iii) The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

## **Annex 2 – Treasury Management Scheme of Delegation**

The Council's Treasury Management Scheme of Delegation is approved by Full Council annually as part of the overall Treasury Management Strategy, it was last approved by Council at its meeting of March 2021 and there are no proposals for any amendments to the current scheme, which is set out below:

### **1. Delegation and Responsibility**

The following personnel are involved on a regular basis in Treasury Management:

|  |   |
|--|---|
| Interim Executive Director of Finance (S151 Officer) | Overall supervision of Treasury Management function and cash flow. Regular reviews of Treasury Management Strategy and monitor performance. |
| Head of Corporate Planning                           | Manage and undertake day to day Treasury Management Activities in accordance with Treasury Strategy and Policy Statement.                   |
| Corporate Planning Accountant                        | Deputise for Head of Management Accountancy in their duties as required.  |

## **2. Treasury Management Scheme of Delegation**

### Full Council

- Receiving and reviewing reports on treasury management policies, practices and activities;
- Approval of/amendments to the Council's adopted clauses, treasury management policy statement; and
- Approval of annual strategy

### Boards/Committees/Council/Responsible Body

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

### Body/Person(s) with Responsibility for Scrutiny

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

## **3. The Treasury Management Role of the Interim Executive Director of Finance (Section 151 Officer)**

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.

### Functions:

- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the

- authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following (TM Code p54): -
  - Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;
  - Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;
  - Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;
  - Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;
  - Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

## 1. Capital Prudential Indicators

- 1.1 The Council's capital expenditure plans are a key driver of treasury management activity.

## 2. Capital Expenditure

- 2.1 This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

*Table 1: Capital Expenditure Forecast*

| <b>CAPITAL PROGRAMME<br/>2022-23 to 2026-27</b> | <b>2022-23<br/>Actual<br/>£m</b> | <b>2023-24<br/>Estimate<br/>£m</b> | <b>2024-25<br/>Forecast<br/>£m</b> | <b>2025-26<br/>Forecast<br/>£m</b> | <b>2026-27<br/>Forecast<br/>£m</b> |
|---|----------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Non-HRA   | £35.095                          | £50.716                            | £123.846                           | £61.060                            | £4.598                             |
| HRA   | £13.296                          | £17.118                            | £23.082                            | £14.605                            | £17.103                            |
| Policy/Non-Financial Investments                | £20.099                          | £0.000                             | £0.000                             | £0.000                             | £0.000                             |
| <b>Total Capital Expenditure</b>                | <b>£68.490</b>                   | <b>£67.835</b>                     | <b>£146.928</b>                    | <b>£75.665</b>                     | <b>£21.701</b>                     |
| Resourced By:                                   |                                  |                                    |                                    |                                    |                                    |
| External Funding                                | £17.760                          | £30.840                            | £77.001                            | £15.814                            | £4.098                             |
| Capital Receipts                                | £0.254                           | £6.526                             | £4.973                             | £3.786                             | £2.032                             |
| General Fund RCCO                               | £0.706                           | £0.912                             | £0.783                             | £0.000                             | £0.000                             |
| Housing Revenue Account DRF/MRR                 | £12.257                          | £11.400                            | £19.961                            | £12.646                            | £15.070                            |
| <b>Total Resourced By</b>                       | <b>£30.977</b>                   | <b>£49.678</b>                     | <b>£102.719</b>                    | <b>£32.246</b>                     | <b>£21.201</b>                     |
|   |                                  |                                    |                                    |                                    |                                    |
| <b>Financing Requirement</b>                    | <b>£37.513</b>                   | <b>£18.156</b>                     | <b>£44.209</b>                     | <b>£43.419</b>                     | <b>£0.500</b>                      |

- 2.2 Other long-term liabilities – the above financing need excludes other long-term liabilities, for leasing arrangements which are classified as borrowing instruments.
- 2.3 Table 1 above also outlines how the capital expenditure plans are proposed to be financed by capital or revenue resources. Any shortfall of resources results in a funding need i.e. borrowing.

## 3. The Council's Borrowing Need (the Capital Financing Requirement)

- 3.1 This prudential indicator is the Council's Capital Financing Requirement (CFR), which is the total historic unfinanced capital expenditure, a measure of the Council's underlying borrowing need. Any capital expenditure not immediately paid for, will increase the CFR. The requirement to set aside the minimum revenue provision (MRP) reduces the Council's underlying need to borrow and the ensuing CFR.
- 3.2 The CFR does not increase indefinitely, as the MRP is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used (similar to a repayment).
- 3.3 The CFR includes any other long-term liabilities (OLTL) such as finance leases

brought onto the balance sheet. Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing/financing facility and so the Council is not required to separately borrow for these schemes. The Council currently has no such schemes that forms part of the CFR.

The Council is asked to approve the CFR projections below:

*Table 3: CFR – Capital Financing Requirement*

| Capital Financing Requirement (CFR)                        | 2022-23<br>Actual<br>£m | 2023-24<br>Estimate<br>£m | 2024-25<br>Forecast<br>£m | 2025-26<br>Forecast<br>£m | 2026-27<br>Forecast<br>£m |
|--|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| CFR - GF   | £186.619                | £202.370                  | £243.807                  | £283.965                  | £280.556                  |
| CFR - HRA  | £119.216                | £119.216                  | £119.216                  | £119.216                  | £119.216                  |
| CFR - Policy/Non-Financial Investments                     | £65.285                 | £65.159                   | £63.299                   | £62.799                   | £62.284                   |
| <b>CFR Balance</b>   | <b>£371.120</b>         | <b>£386.746</b>           | <b>£426.322</b>           | <b>£465.981</b>           | <b>£462.056</b>           |
| <b>Movement in CFR</b>                                     | <b>£35.715</b>          | <b>£15.626</b>            | <b>£39.576</b>            | <b>£39.659</b>            | <b>(£3.925)</b>           |
| <b>Movement in CFR</b>                                     |                         |                           |                           |                           |                           |
| Financing Requirement                                      | £37.513                 | £18.156                   | £44.209                   | £43.419                   | £0.500                    |
| Minimum Revenue Provision (MRP) /<br>Loans Fund Repayments | (£1.798)                | (£2.530)                  | (£4.633)                  | (£3.760)                  | (£4.425)                  |
| Voluntary Revenue Provision (VRP)                          | £0.000                  | £0.000                    | £0.000                    | £0.000                    | £0.000                    |
| <b>Movement in CFR</b>                                     | <b>£35.715</b>          | <b>£15.626</b>            | <b>£39.576</b>            | <b>£39.659</b>            | <b>(£3.925)</b>           |

#### 4. International Financial Reporting Standard (IFRS) 16 Leasing

- 4.1 IFRS16 requires off balance sheet operating leases onto the balance sheet for closing of the accounts for 2024/25 deferred by CIPFA from 2021/22, although early adoption will be allowed.
- 4.2 The CFR, external debt (OLTL), authorised limit and operational boundary, have to be adjusted to allow for those leases which were previously off-balance sheet, being brought onto the balance sheet at 31 March 2024. It is not currently possible to be precise about the adjustment figures until detailed data gathering has been substantially completed. The authorised limit and operational boundary will be increased and will be reported to Cabinet and Full Council at the earliest meeting following its implementation

#### 5. Affordability Prudential Indicators

5.1.0 Actual and estimates of the ratio of financing costs to net revenue stream.

- 5.1.1 This indicator identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream.

*Table 4: Ratio of financing costs to revenue streams*

| Ratio of Financing<br>Costs to Net Revenue<br>Stream | 2022-23<br>Actual<br>£m | 2023-24<br>Estimate<br>£m | 2024-25<br>Forecast<br>£m | 2025-26<br>Forecast<br>£m | 2026-27<br>Forecast<br>£m |
|--|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| GF   | 0.59%                   | 0.78%                     | 2.82%                     | 3.90%                     | 4.07%                     |
| HRA  | 12.34%                  | 11.04%                    | 10.54%                    | 10.96%                    | 11.05%                    |



- 5.1.2 The estimates of financing costs include current commitments and the proposals in this budget report.

*Table 5: HRA Ratios*

| HRA Ratios                       | 2022-23<br>Actual<br>£m | 2023-24<br>Estimate<br>£m | 2024-25<br>Forecast<br>£m | 2025-26<br>Forecast<br>£m | 2026-27<br>Forecast<br>£m |
|----------------------------------|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| HRA Debt                         | £119.216                | £119.216                  | £119.216                  | £119.216                  | £119.216                  |
| HRA Revenues                     | (£32.781)               | (£34.976)                 | (£38.258)                 | (£38.457)                 | (£38.921)                 |
| <b>Ratio of Debt to Revenues</b> | <b>2.75 : 1</b>         | <b>2.93 : 1</b>           | <b>3.21 : 1</b>           | <b>3.23 : 1</b>           | <b>3.27 : 1</b>           |

| HRA Ratios                  | 2022-23<br>Actual<br>£m | 2023-24<br>Estimate<br>£m | 2024-25<br>Forecast<br>£m | 2025-26<br>Forecast<br>£m | 2026-27<br>Forecast<br>£m |
|-----------------------------|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| HRA Debt                    | £119.216                | £119.216                  | £119.216                  | £119.216                  | £119.216                  |
| Number of HRA Dwellings     | 7,750                   | 7,715                     | 7,718                     | 7,658                     | 7,598                     |
| <b>Debt per Dwelling £m</b> | <b>£0.015</b>           | <b>£0.015</b>             | <b>£0.015</b>             | <b>£0.016</b>             | <b>£0.016</b>             |

## 6. Treasury Indicators: Limits on Borrowing Activity

### 6.1 The Operational Boundary

- 6.1.1 This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

*Table 6: Treasury Indicators: Limits on borrowing activity*

| Operational Boundary        | 2022-23<br>Actual<br>£m | 2023-24<br>Estimate<br>£m | 2024-25<br>Forecast<br>£m | 2025-26<br>Forecast<br>£m | 2026-27<br>Forecast<br>£m |
|-----------------------------|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Borrowing                   | £371.120                | £386.746                  | £426.322                  | £465.981                  | £462.056                  |
| Other Long-term Liabilities | £0.010                  | £0.010                    | £0.010                    | £0.010                    | £0.010                    |
| <b>Total</b>                | <b>£371.130</b>         | <b>£386.756</b>           | <b>£426.332</b>           | <b>£465.991</b>           | <b>£462.066</b>           |

### 6.2 The Authorised Limit for external debt

- 6.2.1 A further prudential indicator represents a control on the maximum level of borrowing. This represents a 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 necessarily desired, could be afforded in the short term, but is not sustainable in the longer term.
- 6.2.2 This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

6.2.3 Full Council is asked to approve the following Authorised Limits:

*Table 9: Authorised Limits*

| Authorised Limit            | 2022-23<br>Actual<br>£m | 2023-24<br>Estimate<br>£m | 2024-25<br>Forecast<br>£m | 2025-26<br>Forecast<br>£m | 2026-27<br>Forecast<br>£m |
|-----------------------------|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Borrowing                   | £381.120                | £396.746                  | £436.322                  | £475.981                  | £472.056                  |
| Other Long-term Liabilities | £0.010                  | £0.010                    | £0.010                    | £0.010                    | £0.010                    |
| <b>Total</b>                | <b>£381.130</b>         | <b>£396.756</b>           | <b>£436.332</b>           | <b>£475.991</b>           | <b>£472.066</b>           |

## **Annex 4 – Minimum Revenue Provision (MRP) Policy Statement**

### **Proposed 24/25 MRP Policy:**

- For expenditure incurred before 1 April 2008 or which forms part of supported capital expenditure, the MRP policy will be:
  - Asset life method (annuity) – MRP will be based on an asset life of 50 years calculated using 2.39%.
- For expenditure incurred between 1 April 2008 and 31 March 2019 for all prudential borrowing, the MRP policy will be:
  - Asset life method (annuity) – MRP will be based on an asset life of 50 years calculated using 2.39%.
- For expenditure incurred from 1 April 2019 for all prudential borrowing, the MRP policy will be:
  - Asset life method (straight line) – For service delivery assets, MRP will be based on the estimated life of the assets.
  - Asset life method (annuity) – For regeneration, economic growth & invest-to-save schemes, MRP will be based on the estimated life of the assets.
- For capital loans to third parties, the MRP policy will be:
  - Where the principal element of the loan is being repaid in annual instalments, the capital receipts arising from the principal loan repayments will be used to reduce the CFR and directly offset the relevant MRP charge.
  - For capital loans to be repaid at the end of their term and thus no principal repayment being repaid annually, there is no requirement for MRP. The Council will undertake an annual financial assessment of the third party's ability to repay the debt, where an expected credit loss or impairment is recognised in a financial year, an MRP charge will be made to an amount at least equal to the amount recognised.
- The Authority will apply the asset life method for any expenditure capitalised under a Capitalisation Direction.
- MRP in respect of assets acquired under Finance Leases or PFI will be charged at an amount equal to the principal element of the annual repayment.
- MRP commencement, MRP will commence in the financial year following the one in which the asset becomes operational.
- For Housing Assets held within the HRA, due to the requirement to make a depreciation charge to the HRA, no further revenue charge for MRP is required.
- Capital Receipts, the Interim Executive Director of Finance (Section 151) may from time to time and when it is beneficial to the efficient financial administration of the Council, apply capital receipts to reduce the CFR and MRP will be calculated on the residual CFR.

- MRP Overpayments:
  - Under the MRP statutory guidance, any charges made in excess of the statutory MRP can be made, known as Voluntary Revenue Provision (VRP).
  - VRP can be reclaimed in later years if deemed necessary or prudent. In order for these amounts to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. The cumulative VRP overpayments made to date are £0m.
  - The Executive Director of Finance may from time to time and when it is beneficial to the efficient financial administration of the Council, make additional voluntary payments VRP. In these circumstances, the amount paid would not prejudice the existing strategy or be counter to the regulatory intent of that strategy.

The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. At the 2023-24 mid-year, the Authority's treasury investment balance has ranged between £2.2m and £21.1m. Cash balances are forecasted to reduce in the final half of 2023-24 and in the forthcoming year.

**Objectives:** The CIPFA Code requires the Authority to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Authority aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

**Strategy:** As demonstrated by the liability benchmark above, the Authority expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments such as Banks. However, it is anticipated that the Council will not have significant cash balances to invest into long durations.

**ESG policy:** Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Authority's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Authority will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

**Business models:** Under the IFRS 9 standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Authority aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

**Approved counterparties:** The Authority may invest its surplus funds with any of the counterparty types in table below, subject to the limits shown.

Treasury Investment Counterparties and Limits

| Counterparty  | Credit Rating    | Max £ limit per institution     | Maximum Maturity Period |
|---|------------------|---------------------------------|-------------------------|
| UK Government   | Any              | Unlimited                       | 50 years                |
| UK Local Authorities & Other Government Entities – except Local Authorities subject to a Section 114 notice | Any              | £20 million                     | 2 years                 |
| UK Banks (Unsecured) *  | A- Or equivalent | £25 million                     | 1 year                  |
| UK Building Societies (Unsecured) *   | A- Or equivalent | £20 million                     | 1 year                  |
| Registered Providers (Unsecured) *  | A- Or equivalent | £20 million                     | 1 year                  |
| Unrated Affiliated Bodies working capital **  | N/A              | Subject individual circumstance | N/A                     |
| Unrated Affiliated Bodies Capital Expenditure Loan **   | N/A              | Subject individual circumstance | N/A                     |

**Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

For entities without published credit ratings marked with two asterisks, i.e. investments in arm's length companies, wholly owned subsidiaries, joint ventures, may be made by the Interim Executive Director of Finance (Section 151 Officer) will have discretion to accept or reject individual institutions as counterparties based on any information which may be made available.

**Government:** Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

**Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

**Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

**Other investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.

**Operational bank accounts:** The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

**Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

**Other information on the security of investments:** The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Authority's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

**Reputational aspects:** The Authority is aware that investment with certain counterparties, while considered secure from a purely financial perspective, may leave it open to criticism, valid or otherwise, that may affect its public reputation, and this risk will therefore be taken into account when making investment decisions.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

**Investment limits:** The Authority's revenue reserves available to cover investment losses are forecast to be £100m on 31st March 2024. In order that no more than 10% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £10m. A group of entities under the same ownership will be treated as a single organisation for limit purposes.

**Liquidity management:** The Authority uses its own internal cash flow forecasting too to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium-term financial plan and cash flow forecast.

The Authority will spread its liquid cash over at least two providers (e.g. bank accounts) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

### **Treasury Management Prudential Indicators**

The Authority measures and manages its exposures to treasury management risks using the following indicators.

**Security:** The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

| Credit Risk Indicator           | Target |
|---------------------------------|--------|
| Portfolio average credit rating | A      |

*Note: the target above is the minimum rating criteria*

**Liquidity:** The Authority will adopt a voluntary measure of its exposure to liquidity risk in 2024-25, by monitoring the amount of cash available to meet unexpected payments within a rolling month period, without additional borrowing.

| Liquidity risk indicator            | Target |
|-------------------------------------|--------|
| Total cash available within 1 month | £10m   |



**Maturity structure of borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

| Refinancing rate risk indicator | Upper limit | Lower limit |
|---------------------------------|-------------|-------------|
| Under 12 months                 | 30%         | 0%          |
| 12 months and within 24 months  | 20%         | 0%          |
| 24 months and within 5 years    | 20%         | 0%          |
| 5 years and within 10 years     | 50%         | 0%          |
| 10 years and within 20 years    | 40%         | 0%          |
| 20 years and within 30 years    | 40%         | 0%          |
| 30 years and within 40 years    | 50%         | 0%          |
| Over 40 years                   | 40%         | 0%          |

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

### **Related Matters**

The CIPFA Code requires the Authority to include the following in its treasury management strategy.

**Financial derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

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|--------------------------------|----------------------------------|
| <b>Classification:</b><br>Open | <b>Decision Type:</b><br>Non-Key |
|--------------------------------|----------------------------------|

|                   |   |  |
|-------------------|---|--|
| <b>Report to:</b> | Overview and Scrutiny Committee<br>Cabinet<br>Council | 06 February 2024<br>14 February 2024<br>21 February 2024 |
| <b>Subject:</b>   | Capital Strategy 2024/25 to 2026/27                   |  |
| <b>Report of</b>  | Cabinet Member for Finance and Communities            |  |

## EXECUTIVE SUMMARY

The Capital Strategy forms part of the Council's strategic and financial planning framework and provides a framework within which the investment plans will be delivered. The Capital Strategy 2024/25 to 2026/27 has been prepared to cover a 3-year period and is set out within this report.

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

- A high-level, long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services.
- An overview of how the associated risk is managed.
- The proposed capital programme 2024/25 to 2026/27.
- Financing the capital programme.

The Capital Strategy is prepared to deliver on the objectives of the Council as set out in the Let's Do It! Strategy, and sets out the long-term capital investment objectives, capital strategy requirements, governance arrangements and risk.

This strategy links directly to the medium-term financial strategy, the treasury management strategy, the schools' capital strategy, the ICT and digital strategies and the asset management plan.

## RECOMMENDATION(S)

That Overview & Scrutiny:

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

That Cabinet:

- Approve and commend the capital strategy to Council.

## 1. BACKGROUND

Capital Strategy

- 1.1 The aim of the Capital Strategy is to ensure that all elected members fully understand the overall long-term policy objectives and resulting Capital strategy implications, governance procedures and risk appetite.
- 1.2 The Strategy is intended to give a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview on how associated risk is managed and implications for future sustainability.
- 1.3 The Strategy considers the local authority's long-term aspirations considering corporate objectives, affordability criteria and available resources to guide capital investment decisions.
- 1.4 The current Strategy has been prepared for the period 2024/25 to 2026/27 but recognises that capital decisions are often for the longer term. However, longer term spending plans are more uncertain as funding streams, legislative changes, government policy, and the economic climate can influence plans.
- 1.5 To demonstrate that the Council takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, this Strategy sets out the governance process around investment decisions and considers the risk, reward, and impact on the achievement of priority outcomes.
- 1.6 The Council ensures that all its capital investment plans, and borrowing are prudent and sustainable. In doing so this takes account of the Council's arrangements for the repayment of debt (including through MRP/repayment of loans fund) and consideration of risk, impact, and potential impact, on the Council's overall fiscal sustainability. While indicators are required to be set over a minimum three-year rolling period, they are aligned to the Strategy and Asset Management plans showing sustainability over the longer asset life period.

## 2. CAPITAL RESOURCES

- 2.1 The Council assesses the level of planned capital investment and makes a judgement about the level of capital resources which are likely to be available over the period of the programme. The main capital resources are service specific grants, third party contributions, capital receipts, lease finance and borrowing.
- 2.2 To support the ambitious programme set for the next three years, borrowing will become a key source of financing, that will result in an increase in the cost of borrowing overall and will add pressure to the revenue budget.
- 2.3 In developing the capital programme, the cost of borrowing, as a revenue cost, has been estimated and included in Council's Medium Term Financial Strategy.

| <b>Capital Financing Requirement (CFR)</b> | <b>2023-24 Estimate £m</b> | <b>2024-25 Forecast £m</b> | <b>2025-26 Forecast £m</b> | <b>2026-27 Forecast £m</b> |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| CFR - GF                                   | £202.370                   | £243.807                   | £283.965                   | £280.556                   |
| CFR - HRA                                  | £119.216                   | £119.216                   | £119.216                   | £119.216                   |

|   |                 |                 |                 |                 |
|---|-----------------|-----------------|-----------------|-----------------|
| CFR - Policy/Non-Financial Investments                    | £65.159         | £63.299         | £62.799         | £62.284         |
| <b>CFR Balance</b>  | <b>£386.746</b> | <b>£426.322</b> | <b>£465.981</b> | <b>£462.056</b> |
| <b>Movement in CFR</b>                                    | <b>£15.626</b>  | <b>£39.576</b>  | <b>£39.659</b>  | <b>(£3.925)</b> |
| Financing Requirement                                     | £18.156         | £44.209         | £43.419         | £0.500          |
| Minimum Revenue Provision (MRP)/<br>Loans Fund Repayments | (£2.530)        | (£4.633)        | (£3.760)        | (£4.425)        |
| Voluntary Revenue Provision (VRP)                         | £0.000          | £0.000          | £0.000          | £0.000          |
| <b>Movement in CFR</b>                                    | <b>£15.626</b>  | <b>£39.576</b>  | <b>£39.659</b>  | <b>(£3.925)</b> |

The Authority's MRP (minimum revenue provision statement) and loans fund policy is further set out within the Treasury Management Strategy [Appendix 3].

## 2.4 Central Government Allocations and External Grants and Contributions

2.4.1 Some capital projects are financed through 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.

2.4.2 Examples of these would include the allocations for schools, highway maintenance or disabled facilities grants from Central Government.

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

2.4.4 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.

2.4.5 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.

## 2.5 Capital Receipts

2.5.1 The Council generates capital resources through the sale of surplus land and buildings. The Cabinet, at its November 2020 meeting, approved an accelerated land disposal programme aimed at generating significant capital receipts for the Borough of Bury.

2.5.2 A summary of the anticipated capital receipts adjusted to take into consideration a risk analysis on time and value, is included in the table below:

*Table 1: Estimates of Capital Receipts in £ millions*

| Confidence Level                | Adjustment Factor |              |              |              |
|---------------------------------|-------------------|--------------|--------------|--------------|
|                                 |                   | 2023-24      | 2024-25      | 2025-26      |
| High                            | 80%               | 5.597        | 5.128        | 2.550        |
| Medium                          | 65%               | 0.111        | 2.015        | 1.864        |
| Low                             | 33%               | 0.008        | 0.558        | 0.495        |
| Complete                        | 100%              | 3.086        | 0.000        | 1.320        |
| <b>TOTAL Estimated Receipts</b> |                   | <b>8.801</b> | <b>7.701</b> | <b>6.228</b> |

2.5.3 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.

2.5.4 The Council holds its General Capital Receipts corporately, 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 schemes, as reflected in the Capital Receipts Strategy approved by Capital Board in June 2023.

2.5.5 The receipts generated from the sales of Right to Buys and other general Housing receipts will be retained for re-investment in the Council's housing provision.

## 2.6 Borrowing

2.6.1 From 1 April 2004 Authorities have had the discretion to borrow in line with the CIPFA Prudential Code, which is known as 'Unsupported Borrowing'.

2.6.2 The Council can make use of the opportunity for the Prudential Borrowing where it is most cost effective and if 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.

2.6.3 The Council will consider the use of unsupported borrowing in three specific circumstances:

- 1) Strategic investment – where strategic investment to support the Borough's economy is required, subject to a detailed business case.
- 2) 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.
- 3) Discretionary unsupported schemes - where the related expenditure meets with Council ambitions/priorities at service level 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.

The business case should explain the link between borrowing and expected asset lives, to ensure that an appropriate charge is built in the revenue budget and reflected in Council Tax and Housing Rent levels.

## 2.7 Revenue Contributions and Reserves

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 2024/25 programme has been factored into the 2024/25 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 or earmarked reserves.

## 2.8 Lease financing

The Council is currently on course to replace all its vehicles and equipment held currently on operational leases and future financing for this type of assets will be done through borrowing or other appropriate funding.

## 2.9 Joint Ventures

2.9.1 The Council is currently undertaking significant regeneration activity in both Bury and Prestwich Town Centres, for which the Authority has engaged with national developers as Joint Venture partners for the Mill Gate Shopping Centre and Prestwich Village. These programmes will deliver significant housing growth in addition to enhanced business rates income, whilst safeguarding the sustainability and vitality of each town centre.

2.9.2 The Capital Programme includes £19.3m investment into Prestwich village over the next two years ending 2025/26. The Joint Venture partners are considering the funding strategies for the development, alongside development design and phasing arrangements.

## 3.0 CAPITAL EXPENDITURE AND FINANCING PROPOSALS

3.1 Capital expenditure is where the Authority spends money on assets, such as property or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets.

3.2 In 2024/25 the Authority is planning capital expenditure of £146.928m, as summarised in the table below:

*Table 2: Prudential Indicator: Estimates of Capital Expenditure in £ millions*

|                       | <b>2023/24<br/>forecast<br/>£m</b> | <b>2024/25<br/>budget<br/>£m</b> | <b>2025/26<br/>budget<br/>£m</b> | <b>2026/27<br/>budget<br/>£m</b> |
|-----------------------|------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| General Fund services | 50.716                             | 123.846                          | 61.060                           | 4.598                            |
| Council housing (HRA) | 17.118                             | 23.082                           | 14.605                           | 17.103                           |
| Capital investments   | 0.000                              | 0.000                            | 0.000                            | 0.000                            |
| <b>TOTAL</b>          | <b>67.835</b>                      | <b>146.928</b>                   | <b>75.665</b>                    | <b>21.701</b>                    |

3.3 The Council's 2024/25 to 2026/27 proposed capital investment is further detailed in Appendix 1. The proposed programme takes account of the latest monitoring position on the 2023/24 capital programme including any identified rephasing that has been agreed for carry forward into the 2024/25 and 2025/26 financial years.

3.4 The proposed Capital Programme is focused on some main themes that align to the Council's objectives and outcomes including:

- Regeneration and Economic Growth (key areas within the borough).
- Place Shaping/Growth (strategic investment to support economic efficiency).
- Sport and Leisure.
- Highways.
- Children and Young People (including schools).
- Estate Management (investment and corporate landlord).
- Older People and Disabled Facilities Grant.
- Housing (general and housing revenue account).
- Climate change (including carbon neutrality).

3.5 The revised capital budget for 2023/24 is £72.277m, with a forecast outturn at quarter 3 of £67.835m. The following schemes are proposed to have some of their 2023/24 budget rephased into 2024/25 and 2025/26:

*Table 3: Re-phasing of Capital Expenditure to future years, in £ millions*

| <b>Capital Theme</b>                       | <b>Rephasing<br/>to 2024/25<br/>£m</b> | <b>Rephasing<br/>to 2025/26<br/>£m</b> |
|--|--|--|
| Regeneration and Economic Growth           | 46.973                                 | 6.073                                  |
| Place Shaping/Growth                       | 1.636                                  | 0.000                                  |
| Sports and Leisure                         | 2.110                                  | 1.700                                  |
| Highways                                   | 5.040                                  | 0.000                                  |
| Children and Young People                  | 19.426                                 | 0.000                                  |
| Estate Management - Investment Estate      | 0.081                                  | 0.000                                  |
| Estate Management - Corporate Landlord     | 0.656                                  | 0.850                                  |
| Older People and Disabled Facilities Grant | 1.650                                  | 0.000                                  |
| Housing General Fund                       | 0.753                                  | 0.000                                  |
| Climate Change                             | 0.172                                  | 0.000                                  |
| <b>Grand Total</b>                         | <b>78.497</b>                          | <b>8.623</b>                           |

3.6 The total capital budget for 2024/25 planned at £146.928m is funded externally, or through the HRA and major repairs reserve to a total of £97.646m and £4.973m is identified as funded by capital receipts.

3.7 During the year it is likely that further government funding allocations will be announced, or new initiatives identified and put forward for approval. The Council can elect to fund these from other sources, including capital receipts, other partners' contributions, or reserves. The Phasing of expenditure as more detailed implementation plans are drawn is considered a normal feature of the capital programme.

3.8 The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately and includes the building of new homes over the forecast period.



A stock condition survey is underway, and any resulting review of the capital requirement will be presented to Members during the year.

- 3.9 The capital programme position will be closely observed during the year and all latest information in respect of funding allocations will be presented to Members in future reports.

#### **4. ONGOING SCHEMES**

##### **4.1 Regeneration and Economic Growth - Levelling Up funded schemes.**

The Levelling Up Fund (LUF) focuses capital investment on local infrastructure by regenerating town centers, investment in cultural facilities and upgrading local transport infrastructure. It will have a visible impact on people and places and support economic recovery.

The Council has been successful in two levelling up bids for Radcliffe (£20m) and Bury (£20m). These schemes are supported by match funding from capital receipts and borrowing. The total investment included in the next two years is £43.3m for 2024/25 and £22.9m in 2025/26. The proposed capital plan takes account of unforeseen delays for the Bury scheme arising from the land assembly element, for which discussions to support an extension to the completion deadline are being held with DLUHC (Department for Levelling Up, Housing and Communities) and other stakeholders.

- 4.2 **Regeneration and Economic Growth – other schemes.** Apart from the two major LUF schemes, the capital budget contains a significant amount of regeneration works that were approved in previous years and covers sites and areas across the Council, such as the Prestwich Village or Ramsbottom Town Plan.

- 4.3 **Place Shaping/Growth.** The proposed relocation of Pennine Care Foundation Trust staff and clinics from Humphrey House will continue, alongside releasing other sites in the borough to facilitate and support future investment.

- 4.4 **Sports and Leisure.** Investment in outdoor spaces, including parks, as well as leisure facilities are assumed within the capital programme to promote healthier lifestyles and wellbeing. Some of the schemes are supported by grant funding that relieves the pressure on the council's own resources for this type of assets. The Parks strategy will continue into 2024/25.

- 4.5 **Highways.** The Council's transport capital programme includes over £60m of investment for the 5-year period up to March 2027, most of which is from the Government's City Regional Sustainable Transport Settlement (CRSTS) and allocated largely to the Greater Manchester Combined Authority through the statutory Local Transport Plan (LTP) - the Greater Manchester Transport Strategy 2040, and its supporting 5-year Delivery Plan. Other notable funding streams include the Mayor's Cycling and Walking Challenge Fund, the Active Travel Fund and the Council's own resources which are being invested in maintaining roads and other highway infrastructure through, for example, the Highways Investment Strategy and the Street Lighting Replacement Programme. Key elements of Buy's current Transport Capital Programme include:

- £15.4m funding for cycling and walking improvements in Bury, Radcliffe and Ramsbottom town centres from CRSTS.
- £0.5m from United Utilities' Green Recovery Fund to implement a Sustainable Urban Drainage Scheme as part of the active travel proposals for Radcliffe.
- £10m of the Council's own resources over the 3 years 2023/24 to 2026/27 to repair and maintain the local roads through Tranche 3 of the Highways Investment Strategy

(HIS). The Council will have invested £30m in total in road maintenance through the HIS programme by March 2027.

- £2.549m per year core funding for highway maintenance from CRSTS, with additional Pothole Funding of £0.323m in 2023/24 and a further £0.323m expected in 2024/25, meaning total investment of at least £13.4m across 2022/23 to 2026/27.
- £0.9m per year to maintain Bury's Key Route Network, a total of £4.5m CRSTS funding across 2022/23 to 2026/27. The Key Route Network is made up of some of the busiest roads in Greater Manchester.
- £9.4m for other walking and cycling improvements from the Mayor's Cycling and Walking Challenge Fund and several rounds of the Government's Active Travel Fund, with investment totalling £14.5m across 2022/23 to 2024/25, and potentially additional funding for 2024/25 and beyond.
- £1.088m to invest in improvements that will make the road network safer, with the potential for further annual allocations from the Greater Manchester Combined Authority.
- £3.4m on street lighting repairs and replacement across 2023/24 and 2024/25.
- £0.6m CRSTS funding to invest in expanding the Borough's network of publicly available Electric Vehicle Charging Points, with the potential for further funding for Bury from the £16.158m being made available to Greater Manchester's from Government's Local Electric Vehicle Infrastructure Fund.

The Council will continue to seek additional funds to deliver the investment priorities in the Bury Local Transport Strategy, and the ambitions and policies of the Greater Manchester Transport Strategy, which includes further capital investment in Bury's transport infrastructure on projects such as the new £87 million Bury Interchange, for which there is £47m in CRSTS1, with a further £37 million needed from CRSTS2.

- 4.6 **Children and Young People (including schools).** Anticipated grant income for schools related expenditure has been assumed for the funding that is known. £19.4m of the funding received in 2023/24 and brought forward from previous years is to be rephased into 2024/25. Further potential Education Capital allocations are still awaited and will be reflected in the strategy as and when the information becomes available.
- 4.7 **Estate Management.** Previously approved schemes to ensure the council's estate is not only fit for purpose but significantly improved, will continue into next two years.
- 4.8 **Older People and Disabled Facilities Grant.** The scheme will continue to assess new and existing referrals in line with DLUHC's conditions for assisting the suitability of private homeowners and reduce the pressure on social care.
- 4.9 **Housing Revenue Account (HRA).** The continuation of annual investment in the Council's properties will be based on the new 30-year Business Plan which uses the most up-to-date stock condition information available. It will also include developments and acquisitions of properties where appropriate, to replenish and increase the housing provision in the borough.  
The programme will be funded the HRA, the Major Repairs Reserve, carbon reduction grants and receipts realised from the Right to Buy scheme. The use of HRA borrowing, if required, will be subject of future approvals.
- 4.10 **Climate change.** Schemes previously approved for Waste Management and Climate Change Resilience fund are continuing into 2024/25. Larger projects aimed at carbon neutrality are underway as part of the Council's stock for social housing improvement, in the HRA programme.

## 5. NEW SCHEMES

The capital budget for 2024/25 includes £29.965m of new schemes.

- 5.1 **Highways.** £14.925m of new projects have been included for schemes related to Highways health and safety, maintenance, and other urgent works to ensure both the safety of Bury residents and the transport links within the borough.
- 5.2 **Children and Young People.**  
Planning for the delivery of the new secondary school in Radcliffe are at an advanced stage. Planning permission for the provision of a temporary modular solution to accommodate the 2024 intake, and the permanent build to be available from September 2025, have both been approved. Cabinet has previously approved financial contributions to the scheme that include a capped sum of £500k in relation to the provision of modular accommodation; an indicative sum of £1.229m in relation to the access road to the new school; and a sum of £2.446m in relation to site clearance and construction of an all-weather pitch. This latter sum only becomes payable if the Council fails to provide vacant possession by the 1st of March 2024. Plans are at an advanced stage (January 2024) to ensure that vacant possession is achieved by the agreed date. In respect of the access road, the Council has introduced a requirement for a specific junction design where the road joins Spring Lane. This will result in additional costs to be funded from the CRSTS (City Region Sustainable Transport Settlement) grant. DfE (Department for Education) are expected to provide detailed costs for the access road, including a new junction by February 2024, and this may necessitate further funding approval, either from the Children's Services Capital programme or the CRSTS grant.
- 5.3 **Estate Management - Corporate Landlord**  
An amount of £0.5m will allow reactive and planned works to the Council's estate to take place during the year.
- 5.4 **Older People and Disabled Facilities Grant**  
Disabled adaptations improve the quality and suitability of client home environments which can be effective in preventing, delaying, and reducing demand for social care and health care. The Council has included £2.1m toward grant payments to private homeowners in 2024/25.
- 5.5 **Housing Revenue Account (HRA).** Aside from the annual programme of major repairs to maintain its social housing stock, the Council has built in the HRA capital programme schemes that aim to replenish its housing provision. A £5m investment partly funded by Homes England in 2024/25 demonstrates the Council's commitment to achieving its Housing objectives.

## 6. FUNDING THE CAPITAL PROGRAMME

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Authority's own resources (revenue, reserves, and capital receipts) or debt (borrowing or leasing). The planned financing of the above expenditure is as follows:

Table 4: Capital expenditure and financing in £ millions

| Financing the Capital Programme     | 2023/24 Forecast<br>£m | 2024/25 Proposed Programme<br>£m | 2025/26 Proposed Programme<br>£m | 2026/27 Proposed Programme<br>£m |
|-------------------------------------|------------------------|----------------------------------|----------------------------------|----------------------------------|
| <b>Capital Expenditure by Theme</b> |                        |                                  |                                  |                                  |
| Regeneration and Economic Growth    | £11.117                | £51.786                          | £39.012                          | £0.000                           |
| Place Shaping/Growth                | £0.848                 | £1.986                           | £0.000                           | £0.000                           |
| Sports and Leisure                  | £3.948                 | £5.709                           | £2.000                           | £0.000                           |

|  |                |                 |                |                |
|--|----------------|-----------------|----------------|----------------|
| Operational Fleet                          | £3.735         | £0.000          | £0.000         | £0.000         |
| ICT and Digital                            | £1.945         | £0.000          | £0.000         | £0.000         |
| Highways                                   | £15.117        | £28.624         | £15.528        | £1.998         |
| Children and Young People                  | £9.064         | £26.866         | £1.070         | £0.000         |
| Estate Management - Investment Estate      | £0.070         | £0.081          | £0.000         | £0.000         |
| Estate Management - Corporate Landlord     | £2.594         | £2.388          | £1.350         | £0.500         |
| Older People and Disabled Facilities Grant | £1.595         | £3.750          | £2.100         | £2.100         |
| Housing GF                                 | £0.436         | £2.484          | £0.000         | £0.000         |
| Housing HRA                                | £17.118        | £23.082         | £14.605        | £17.103        |
| Climate Change                             | £0.247         | £0.172          | £0.000         | £0.000         |
| <b>TOTAL EXPENDITURE</b>                   | <b>£67.835</b> | <b>£146.928</b> | <b>£75.665</b> | <b>£21.701</b> |
|  |                |                 |                |                |
| <b>Funding Sources</b>                     |                |                 |                |                |
| Prudential Borrowing                       | £18.156        | £44.209         | £43.419        | £0.500         |
| External Funding                           | £30.840        | £77.001         | £15.814        | £4.098         |
| Capital Receipts                           | £6.526         | £4.973          | £3.786         | £2.032         |
| General Fund RCCO                          | £0.912         | £0.783          | £0.000         | £0.000         |
| Housing Revenue Account DRF/MRR            | £11.400        | £19.961         | £12.646        | £15.070        |
| <b>TOTAL FUNDING</b>                       | <b>£67.835</b> | <b>£146.928</b> | <b>£75.665</b> | <b>£21.701</b> |

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 Treasury Management Strategy [paragraph 2.3].

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

### Prioritising Capital Resources

- 7.1 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 assist in decision prioritisation for use of capital resources.
- 7.2 There is a cross departmental multi-disciplinary team in place which has formed a Capital Programme Board to review the capital gateway processes. This includes a review of governance and the approval and monitoring of capital schemes. The 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.
- 7.3 This framework prioritises the capital investment for the Council's 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.
- 7.4 Reviewing the Capital Programme is an on-going process and in the past several years the 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.

- 7.5 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 to its delivery and the Capital Programme Team will explore and capture the dependencies of each project for teams to be able to plan resources accordingly.

#### Monitoring and Reporting on the Capital Programme

- 7.6 The Capital Programme will be monitored regularly throughout the year by the Capital Programme Board and is reported to Cabinet on a quarterly basis.

Details of spend, potential re-profiling of the programme and any significant changes in funding assumptions, including the level of asset disposals which are always critical for the delivery of the Capital Programme will continue to be included in the quarterly and other, ad-hoc reports throughout the year to ensure Cabinet and Members are kept informed of the programme's progress and delivery.

### 8. COMMERCIAL ACTIVITIES

- 8.1 The council can invest in property or other commercial activities purely or mainly for financial gain, however local authorities must not borrow to invest primarily for financial returns. Investment assets bought primarily for financial return (previously known as investment assets bought primarily for yield) are assets that serve no direct policy purpose but are held primarily to generate an income.
- 8.2 The proposed Capital programme 2024 to 2027 does not include any investment of this nature, thus ensuring the ability to borrow from Public Works Loan Board (PWLb) for its capital plan is maintained over the next three years.
- 8.3 The Council will continue to observe the guidance and updates from DLUHC and HM Treasury that refers to the non-financial yield bearing investments.

#### Other Liabilities

Impact of newly adopted Accounting Standards:

From 1 April 2024, local authorities are required to implement a new accounting standard known as IFRS 16. This standard requires that assets previously recognised as operating leases will, in many cases, need to be accounted for on the balance sheet. Authorities will need to recognise an asset corresponding to their 'right to use' assets held under operating leases and a liability corresponding to the payments due under the relevant leases to secure use of the leased assets.

The authority does not expect its CFR to be significantly impacted by the implementation of IFRS 16, however this will be kept under review and updates will be presented to Members during 2024-25.

### 9. RISK MANAGEMENT

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

9.1.1 Capital receipts are not realised to the level anticipated. This is a major risk and is one that has impacted on past programmes. To mitigate 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.

9.1.2 Interest Rates have increased since 2022. 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.

9.1.3 Schemes need re-profiling from one year to the next. This is considered a normal feature of capital schemes and can occur for many reasons. The risk can be mitigated by slipping corresponding resources between years and is not felt to be high. The new capital gateway processes should improve the profiling of expenditure and the delivery of schemes in line with expectations.

9.1.4 Scheme costs increase. Whilst not unusual, increased costs can occur due to several factors and sometimes cannot be mitigated without impacting other schemes in the programmed or future years' resources. This risk can be reduced by using sound costing techniques, effective project management and monitoring schemes using a risk assessment approach.

9.1.5 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.

9.1.6 Government grant funding is key to delivering the Council's aspirations and longer-term ambitions as intended. As changes or reductions to government grant funding may adversely affect the delivery of the capital programme, the funding available for capital investment is closely monitored and included in reports to Cabinet throughout the year.

## **10. Knowledge and Skills**

10.1 The Capital Programme and the Treasury Management function are both managed by teams of professionally qualified accountants with considerable experience of local government finance.

Officers maintain and develop their skills and knowledge through programmes such as Continuous Professional Development and by attending various courses and conferences held by CIPFA and other sector experts on an ongoing basis.

10.2 The Interim Director of Finance, in their capacity as Section 151 Officer, has overall responsibility for ensuring the proper management of the Council's capital programme, asset portfolio and treasury management activity and follows an ongoing CPD programme.

## REFERENCES and IMPLICATIONS

### 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 Councils strategic leadership of the LETS's Do IT! Strategy, including the specific delivery priorities for 2024/25 and beyond which are described in the Corporate Plan.*

1. Delivery of the Let's Do It Strategy is dependent on resources being available. The delivery of the strategy may be affected by changes in funding and spending.

### Equality Impact and Considerations:

2. *Not applicable*

### Environmental Impact and Considerations:

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

### Assessment and Mitigation of Risk:

| Risk / opportunity  | Mitigation   |
|---|--|
| <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 ensure 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 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.

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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 2024/25 MTFS  
Quarter 3 Cabinet Monitoring Report

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

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

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

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Department: Corporate Core Finance  
E-mail: Paul.McKevitt@bury.gov.uk*



| APPENDIX 1  | 2024/25 Capital Programme |                            |                              |                   | 2025/26 Capital Programme |                            |                              |                   | 2026/27 Capital Programme    |                   |
|---|---------------------------|----------------------------|------------------------------|-------------------|---------------------------|----------------------------|------------------------------|-------------------|------------------------------|-------------------|
|   | Approved Programme FEB23  | Proposed Programme Updates | NEW Capital Programme & Bids | Revised Programme | Approved Programme FEB23  | Proposed Programme Updates | NEW Capital Programme & Bids | Revised Programme | NEW Capital Programme & Bids | Revised Programme |
|   | £m                        | £m                         | £m                           | £m                | £m                        | £m                         | £m                           | £m                | £m                           | £m                |
| <b>Capital Expenditure by Theme</b>   |                           |                            |                              |                   |                           |                            |                              |                   |                              |                   |
| Regeneration and Economic Growth  | £38.252                   | £13.534                    | £0.000                       | <b>£51.786</b>    | £0.000                    | £39.012                    | £0.000                       | <b>£39.012</b>    | £0.000                       | <b>£0.000</b>     |
| Place Shaping/Growth  | £0.350                    | £1.636                     | £0.000                       | <b>£1.986</b>     | £0.000                    | £0.000                     | £0.000                       | <b>£0.000</b>     | £0.000                       | <b>£0.000</b>     |
| Sports and Leisure  | £1.260                    | £4.449                     | £0.000                       | <b>£5.709</b>     | £0.300                    | £1.700                     | £0.000                       | <b>£2.000</b>     | £0.000                       | <b>£0.000</b>     |
| Highways  | £8.659                    | £5.040                     | £14.925                      | <b>£28.624</b>    | £6.330                    | £0.000                     | £9.198                       | <b>£15.528</b>    | £1.998                       | <b>£1.998</b>     |
| Children and Young People   | £8.500                    | £10.926                    | £7.440                       | <b>£26.866</b>    | £8.000                    | (£8.000)                   | £1.070                       | <b>£1.070</b>     | £0.000                       | <b>£0.000</b>     |
| Estate Management - Investment Estate   | £0.000                    | £0.081                     | £0.000                       | <b>£0.081</b>     | £0.000                    | £0.000                     | £0.000                       | <b>£0.000</b>     | £0.000                       | <b>£0.000</b>     |
| Estate Management - Corporate Landlord  | £2.232                    | (£0.344)                   | £0.500                       | <b>£2.388</b>     | £0.000                    | £0.850                     | £0.500                       | <b>£1.350</b>     | £0.500                       | <b>£0.500</b>     |
| Older People and Disabled Facilities Grant  | £0.000                    | £1.650                     | £2.100                       | <b>£3.750</b>     | £0.000                    | £0.000                     | £2.100                       | <b>£2.100</b>     | £2.100                       | <b>£2.100</b>     |
| Housing General Fund  | £0.000                    | £2.484                     | £0.000                       | <b>£2.484</b>     | £0.000                    | £0.000                     | £0.000                       | <b>£0.000</b>     | £0.000                       | <b>£0.000</b>     |
| Housing Revenue Account (HRA)   | £14.247                   | £3.835                     | £5.000                       | <b>£23.082</b>    | £14.000                   | £0.605                     | £0.000                       | <b>£14.605</b>    | £17.103                      | <b>£17.103</b>    |
| Climate Change  | £0.000                    | £0.172                     | £0.000                       | <b>£0.172</b>     | £0.000                    | £0.000                     | £0.000                       | <b>£0.000</b>     | £0.000                       | <b>£0.000</b>     |
| <b>TOTAL EXPENDITURE</b>  | <b>£73.500</b>            | <b>£43.463</b>             | <b>£29.965</b>               | <b>£146.928</b>   | <b>£28.630</b>            | <b>£34.167</b>             | <b>£12.868</b>               | <b>£75.665</b>    | <b>£21.701</b>               | <b>£21.701</b>    |
| <b>Financing the Capital Programme</b>  |                           |                            |                              |                   |                           |                            |                              |                   |                              |                   |
| Prudential Borrowing  | £55.330                   | (£11.621)                  | £0.500                       | <b>£44.209</b>    | £11.057                   | £31.862                    | £0.500                       | <b>£43.419</b>    | £0.500                       | <b>£0.500</b>     |
| External Funding  | £3.446                    | £47.090                    | £26.465                      | <b>£77.001</b>    | £3.446                    | £0.000                     | £12.368                      | <b>£15.814</b>    | £4.098                       | <b>£4.098</b>     |
| Capital Receipts  | £0.477                    | £3.376                     | £1.120                       | <b>£4.973</b>     | £0.127                    | £3.659                     | £0.000                       | <b>£3.786</b>     | £2.032                       | <b>£2.032</b>     |
| General Fund Revenue contribution (RCCO)  | £0.000                    | £0.783                     | £0.000                       | <b>£0.783</b>     | £0.000                    | £0.000                     | £0.000                       | <b>£0.000</b>     | £0.000                       | <b>£0.000</b>     |
| Housing Revenue Account Direct Revenue Financing, Major Repairs Reserve (DRF/MRR) | £14.247                   | £3.835                     | £1.880                       | <b>£19.961</b>    | £14.000                   | (£1.354)                   | £0.000                       | <b>£12.646</b>    | £15.070                      | <b>£15.070</b>    |
| <b>TOTAL FINANCING</b>  | <b>£73.500</b>            | <b>£43.463</b>             | <b>£29.965</b>               | <b>£146.928</b>   | <b>£28.630</b>            | <b>£34.167</b>             | <b>£12.868</b>               | <b>£75.665</b>    | <b>£21.701</b>               | <b>£21.701</b>    |

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## Dedicated Schools Grant

### 1. Executive Summary

- 1.1. The Dedicated Schools Grant (DSG) is the ringfenced grant from Government that provides each local authority with an allocation of funding for schools and services for pupils.
- 1.2. The DSG contains four blocks determined by a separate 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 the recommendations in relation to the Schools Budget for approval by Council. The detail set out in this report has been discussed and agreed by the Schools Forum at its meeting on 15 January 2024.

### 2. Recommendations:

#### 2.1. That Overview and Scrutiny:

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

#### 2.2. That Cabinet approve and commend to Council:

- The Dedicated Schools Grant budget for 2024/25 at £228.326m and approve the allocations between the four funding blocks as set out in this report.
- The Schools and Academies 2024/25 funding unit values as recommended by Schools Forum and detailed at Annex 1.
- Approve the 2024/25 hourly rates for all early years providers as follows:
  - £5.28 per hour, for 3 and 4 year olds;
  - £7.52 per hour, for 2 year olds; and.
  - £10.00 per hour, for under 2s
- Note the position on the Dedicated Schools Grant deficit and Project Safety Valve.

### 3. Background

#### Dedicated Schools Grant

- 3.1. Details on the Dedicated Schools Grant were published by Government on 19 December 2023. The allocations for Bury are set out in the following table:

| 2024 to 2025 DSG allocations, before recoupment and deductions for national non-domestic rates, and for direct funding of high needs places by Education and Skills Funding Agency (ESFA) |  |               |                               |                  |                   |                      |
|---|--|---------------|-------------------------------|------------------|-------------------|----------------------|
| Dedicated schools grant (DSG):  |  | Schools block | Central school services block | High needs block | Early years block | Total DSG allocation |
| 351   | BURY                                     | (£s)          | (£s)                          | (£s)             | (£s)              | (£s)                 |
|   | 2023-24 DSG, including additional grants | 154,929,419   | 1,037,945                     | 45,243,107       | 14,570,700        | 215,781,171          |
|   | 2024-25                                  | 157,626,868   | 1,077,628                     | 46,967,042       | 22,654,385        | 228,325,923          |
|   | Variance to 2023-24 £                    | 2,697,449     | 39,683                        | 1,723,935        | 8,083,685         | 12,544,752           |
|   | Variance to 2023-24 %                    | 1.7%          | 3.8%                          | 3.8%             | 55.5%             | 5.8%                 |

3.2. 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 now provides separate funding streams from nine months up to two years old, two-year olds and 3 and 4 year olds 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 each of the stated funding streams. 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, National Copyright Licenses and other statutory and regulatory duties.

3.3. There is limited flexibility for councils to transfer funding between the 4 blocks. For 2024/25 the Education and Skills Funding Agency (ESFA) has limited the movement from the Schools Block 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. Movements from the Central Services Block to any other block are not subject to any limit and can be made in consultation with Schools Forum.

3.4. For 2024/25, Bury's Schools' Forum approved a transfer of 0.39% from the Schools' Block to help support the pressures being faced on the High Needs Block. This equates to a £0.621m contribution to help sustain the recovery of the High Needs deficit. A transfer of 0.39% 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.

3.5. Furthermore, Schools Forum agreed on 15 January 2024, a transfer of £0.100m from the Central Services Block to the High Needs Block for 2024/25 to support with the council's deficit recovery programme on DSG.

## 4. DSG Allocation

### Schools Block National Funding Formula Allocation

- 4.1. The Schools Block Allocation for 2024/25 is £157.627m, this is an increase of £2.697m from 2023/24 (when including the Mainstream Schools Additional Grant Allocation).
- 4.2. In September 2017, the National Funding Formula (NFF) for Schools and Central Services was introduced. The 2024/25 funding factors continue to comply with the national funding formula values.
- 4.3. 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. In 2023/24, schools received additional funding through the Mainstream Schools Additional Grant however, for 2024/25 this funding has been rolled into the baseline DSG allocation.
- 4.5. In July 2023 the government announced £525 million in 2023/24 to support schools with the September 2023 teachers' pay award, with a further £900 million in 2024/25. This is in addition to schools' allocations through the schools national funding formula. For Mainstream Schools and Academies, the 2024/25 indicative allocation for Bury is £2.6m.
- 4.6. A full summary of the funding formula factors is set out at Annex 1 and these are recommended for approval by Council.

### Central School Services Block Allocation

- 4.7. The allocation of the Central School Services DSG (CSSB) block is £1.078m in 2024/25, this represents an increase of £0.040m from the 2023/24 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.
- 4.8. The planned use of this funding block in 2024/25 is:

| <b>Central Schools Services Block (CSSB)</b>      | <b>2024/25<br/>£</b> |
|---|----------------------|
| <b>Section 251 – Central Provision</b>            |                      |
| 1.4.2 Admissions                                  | 213,600              |
| 1.4.3 Schools' Forum                              | 18,300               |
| 1.4.14 National Copyright Licences                | 185,000              |
| <b>Section 251 - Former ESG Services</b>          |                      |
| 1.5.1 Education Welfare                           | 289,200              |
| 1.5.2 Asset Management                            | 99,800               |
| 1.5.3 Statutory / Regulatory inc SACRE            | 70,000               |
| <b>Other</b>                                      |                      |
| 1.4.14 Teachers Pay and Pension Grant             | 101,428              |
| Transfer to High Needs                            | 100,300              |
| <b>Total Central School Services Block (CSSB)</b> | <b>1,077,628</b>     |

### High Needs Block Allocation

- 4.9. The 2024/25 allocation for High Needs DSG is £46.967m. This represents a £1.724m increase from the 2023/24 allocation.
- 4.10. High needs funding is provided to local authorities through the high needs block of the DSG, enabling them to meet their statutory duties under the Children and Families Act 2014.

4.11. High Needs funding is based on SEND pupil numbers as of October 2023 in special and resourced provision in maintained schools and academies, and SEND pupil numbers at January 2024 in independent provision.

### Early Years Block Allocation

4.12. The Early Years Block allocation for 2024/25 is £22.654m, an increase of £8.084m from 2023/24. 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 2024 accounts for April 2024 to August 2024 (5/12ths) January 2025 accounts for September 2024 to March 2025 (7/12ths) Therefore the allocation identified in this report remains indicative.

4.13. For 2024/25, the additional funding increase relates to the free childcare offer which is to be extended so that eligible working parents in England will be able to access 30 hours of free childcare per week for 38 weeks per year from the term after their child turns 9 months to when they start school.

4.14. The initial indicative funding for 2024/25 is as follows:

| <b>DSG Early Years Block</b>                  | <b>2024/25<br/>£</b> |
|---|----------------------|
| 3&4 YO Basic Entitlement                      | 8,669,976            |
| 3&4 YO Extended Entitlement                   | 4,589,175            |
| 2-year-old disadvantaged entitlement          | 2,021,752            |
| 2-year-old entitlement for working parents    | 3,965,723            |
| Under 2s entitlement                          | 2,733,537            |
| Early Years pupil premium for 3 & 4-year-olds | 161,486              |
| Early Years pupil premium for 2-year-olds     | 87,575               |
| Early Years pupil premium for under 2s        | 4,380                |
| Disability access fund for 3 & 4-year-olds    | 123,760              |
| Disability access fund for 2-year-olds        | 32,760               |
| Disability access fund for under 2s           | 11,830               |
| Maintained Nursery Supplementary Funding      | 252,431              |
| <b>TOTAL Early Years Block</b>                | <b>22,654,385</b>    |

4.15. For 2024/25, local authorities are required to pass through at least 95% of funding for each of the following funding entitlement streams individually:

- 3 & 4 YO entitlements (no change)
- Under 2's
- 2 YO disadvantaged offer
- 2 YO working parents

Bury Council continues to meet this requirement.

4.16. The remaining up to 5% can be retained by the council to contribute to central early years functions, contingency for in year increases to early years participation in settings and an Early Years SEND Inclusion Fund. For 2024/25, the retained funding totals 3.4%, with 96.6% being passported.

4.17. In accordance with the statutory requirements, Council is required to approve the hourly rates for Early Years providers which will be applicable from 1 April 2024, as recommended by Schools Forum. These are set out in the table below:

| <b>Factor</b> | <b>2023/24<br/>Hourly<br/>Rate</b> | <b>2024/25<br/>Hourly<br/>Rate</b> | <b>Variance<br/>£</b> | <b>Increase<br/>%</b> |
|---------------|------------------------------------|------------------------------------|-----------------------|-----------------------|
|---------------|------------------------------------|------------------------------------|-----------------------|-----------------------|

|               |       |        |       |      |
|---------------|-------|--------|-------|------|
| 3&4 Year Olds | £4.74 | £5.28  | £0.54 | 11.4 |
| 2 Year Olds   | £5.62 | £7.52  | £1.90 | 33.8 |
| Under 2s      | N/A   | £10.00 | N/A   | N/A  |

The above rates include an average of £0.17 per hour for deprivation. Each child will attract deprivation funding according to the Income Deprivation affecting Children Index (IDACI). The average of £0.17 per hour covers the amounts in table below.

| IDACI Weighting | Supplement per hour |
|-----------------|---------------------|
| G               | £0.00               |
| F               | £0.18               |
| E               | £0.22               |
| D               | £0.34               |
| C               | £0.37               |
| B               | £0.40               |
| A               | £0.52               |

## 5. Dedicated Schools Grant Recovery Plan

- 5.1. Costs of high needs have exceeded the available budget for several years with the DSG deficit at the start of the 2023/24 financial year standing at £18.601m. This 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.
- 5.2. The Department for Education (DfE) established a DSG Safety Valve Programme to work with councils with the greatest deficits to develop an agreed recovery plan with Bury being one of the first five local authorities to develop an agreement with the DfE.
- 5.3. Bury entered into a formal Safety Valve agreement on 19 March 2021. This original agreement aimed to eradicate the DSG deficit by the end of the 2024/25 with the council to receive an additional £20m of revenue funding to support with its recovery programme.
- 5.4. The council has undertaken extensive work in repairing and rebuilding Special Educational Needs and Disabilities (SEND) services within the borough over the last two years as part of the Safety Valve programme which has included rebuilding the Education Health and Care Plan (EHCP) team, reworking the EHCP process and launching a graduated approach. In addition, there has been extensive work to reduce the cost of provision in borough and there continues to be work on improving sufficiency in Bury.
- 5.5. The work undertaken to date has had an impact and has started to reduce the DSG deficit position, however this has been against a backdrop of unprecedented demand. This increase in demand has resulted in a necessary change in the deficit reduction profile with the council working with the DfE to devise a revised DSG Management Plan which proposes to eradicate the deficit by the end of the 2028/29 financial year.
- 5.6. The DSG Management Plan was submitted to the DfE in October 2023. The DfE have submitted this plan for Ministerial consideration with a decision on the revised plan anticipated in the first quarter of 2024/25.

## Schools and Academies 2024/25 funding unit values

| Factor  | Sub-level  | 2023/24 | 2024/25 | Variance to 2023/24 |       | Of which = MSAG transfer | Variance excl. MSAG transfer |
|---|--|---------|---------|---------------------|-------|--------------------------|------------------------------|
|   |  | £       | £       | £                   | %     | £                        | %                            |
| Basic Entitlement   | Primary  | 3,394   | 3,562   | 168                 | 4.9%  | 119                      | 1.4%                         |
| Age Weighted Pupil Unit (AWPU)                                  | Key Stage 3  | 4,785   | 5,022   | 237                 | 5.0%  | 168                      | 1.4%                         |
|   | Key Stage 4  | 5,393   | 5,661   | 268                 | 5.0%  | 190                      | 1.4%                         |
| <b>Deprivation</b>  |  |         |         |                     |       |                          |                              |
| Free School Meals   | Primary FSM  | 480     | 490     | 10                  | 2.1%  | 0                        | 2.1%                         |
|   | Secondary FSM  | 480     | 490     | 10                  | 2.1%  | 0                        | 2.1%                         |
| Free School Meals - Ever 6                                      | Primary FSM 6  | 705     | 820     | 115                 | 16.3% | 104                      | 1.6%                         |
|   | Secondary FSM 6                                      | 1,030   | 1,200   | 170                 | 16.5% | 152                      | 1.7%                         |
| Income Deprivation Affecting Children Indices (IDACI) Primary   | IDACI F  | 230     | 235     | 5                   | 2.2%  | 0                        | 2.2%                         |
|   | IDACI E  | 280     | 285     | 5                   | 1.8%  | 0                        | 1.8%                         |
|   | IDACI D  | 440     | 445     | 5                   | 1.1%  | 0                        | 1.1%                         |
|   | IDACI C  | 480     | 485     | 5                   | 1.0%  | 0                        | 1.0%                         |
|   | IDACI B  | 510     | 515     | 5                   | 1.0%  | 0                        | 1.0%                         |
|   | IDACI A  | 670     | 680     | 10                  | 1.5%  | 0                        | 1.5%                         |
| Income Deprivation Affecting Children Indices (IDACI) Secondary | IDACI F  | 335     | 340     | 5                   | 1.5%  | 0                        | 1.5%                         |
|   | IDACI E  | 445     | 450     | 5                   | 1.1%  | 0                        | 1.1%                         |
|   | IDACI D  | 620     | 630     | 10                  | 1.6%  | 0                        | 1.6%                         |
|   | IDACI C  | 680     | 690     | 10                  | 1.5%  | 0                        | 1.5%                         |
|   | IDACI B  | 730     | 740     | 10                  | 1.4%  | 0                        | 1.4%                         |
|   | IDACI A  | 930     | 945     | 15                  | 1.6%  | 0                        | 1.6%                         |
| <b>Additional Education Needs Factors</b>                       |  |         |         |                     |       |                          |                              |
| English as an Additional Language (EAL)                         | EAL 3 Years Primary                                  | 580     | 590     | 10                  | 1.7%  | 0                        | 1.7%                         |
|   | EAL 3 Years Secondary                                | 1,565   | 1,585   | 20                  | 1.3%  | 0                        | 1.3%                         |
| Mobility  | Pupils starting school outside normal entry          | 945     | 960     | 15                  | 1.6%  | 0                        | 1.6%                         |
|   |  | 1,360   | 1,380   | 20                  | 1.5%  | 0                        | 1.5%                         |
| Low cost, high incidence SEN                                    | Low Attainment Primary (below expected EYFS)         | 1,155   | 1,170   | 15                  | 1.3%  | 0                        | 1.3%                         |
|   | Pupils not achieving (KS2 level 4 English and Maths) | 1,750   | 1,775   | 25                  | 1.4%  | 0                        | 1.4%                         |



| School-Led Factors               |                              |         |         |       |      |       |      |
|----------------------------------|------------------------------|---------|---------|-------|------|-------|------|
| Lump Sum                         | Primary                      | 128,000 | 134,400 | 6,400 | 5.0% | 4,510 | 1.5% |
|                                  | Secondary                    | 128,000 | 134,400 | 6,400 | 5.0% | 4,510 | 1.5% |
| Split Site                       | Basic Eligibility            |         | 53,700  |       |      |       |      |
|                                  | Distance Eligibility Minimum |         | 0       |       |      |       |      |
|                                  | Distance Eligibility Maximum |         | 26,900  |       |      |       |      |
|                                  |                              |         |         |       |      |       |      |
| Minimum Per Pupil Funding Levels | MFL - Primary                | 4,405   | 4,610   | 205   | 4.7% |       |      |
|                                  | MFL - Secondary              | 5,715   | 5,995   | 280   | 4.9% |       |      |

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## 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.

| SECTION 1 – RESPONSIBILITY AND ACCOUNTABILITY             |   |
|---|---|
| 1.1 Name of policy/ project/ decision                     | The Council's Budget 2024/25 and the Medium-Term Financial Strategy 2024/25 - 2026/27                     |
| 1.2 Lead for policy/ project/ decision                    | Clare Williams  |
| 1.3 Committee/Board signing off policy/ project/ decision | Full Council  |
| 1.4 Author of Equality Analysis                           | Name: Clare Williams<br>Role: Deputy Chief Finance Officer<br>Contact details: Clare.Williams@bury.gov.uk |
| 1.5 Date EA completed                                     | 29/01/24  |
| 1.6 Quality Assurance                                     | Name: Lee Cawley<br>Role: Equality, Diversity and Inclusion Manager                                       |
| 1.7 Date QA completed                                     | 30/01/2024  |
| 1.8 Departmental recording                                | Reference:<br>Date  |
| 1.9 Next review date                                      | 30/03/24  |

## 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 2024/25 financial year in an unprecedented period of economic uncertainty. In order to set a balanced budget, savings proposals totalling £5.368m were agreed in 2023 for delivery and impact in relation to the 24/25 budget and additional Council Tax and Business Rates income of £11.038m 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 three years the Council has provided 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
- 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
- Investing in Childrens Services including support to our Looked After Children and care experienced young people.

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.

|  |   |
|--|---|
| <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 2024/25 and Medium-Term Financial Strategy 2024/25 - 2026/27 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> |
|--|---|

### SECTION 3 – ESTABLISHING RELEVANCE TO EQUALITY & HUMAN RIGHTS

Please outline the relevance of the activity/ policy to the Public Sector Equality Duty

| General Public Sector Equality Duties   | Relevance (Yes/No) | Rationale behind relevance decision   |
|---|--------------------|---|
| <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.

### SECTION 4 – EQUALITIES DATA

| Protected characteristic          | Outcome sought   | Base data   | Data gaps (to include in Section 8 log)              |
|-----------------------------------|--|---|--|
| <b>4.1</b> Age                    | To avoid negative differential impact in relation to any of the below 13 | <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> </ul> | EIAs in relation to individual budget proposals will |
| <b>4.2</b> Disability             |  |   |  |
| <b>4.3</b> Gender                 |  |   |  |
| <b>4.4</b> Pregnancy or Maternity |  |   |  |

|  |   |   |                                    |
|--|---|---|------------------------------------|
| 4.5 Race                                       | protected characteristics as a result of the delivery of the Council's 2024/25 budget | <ul style="list-style-type: none"> <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 362 Looked After Children in our system and support 180 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> <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 borough's 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> </ul> | examine specific data as required. |
| 4.6 Religion and belief                        |   |   |                                    |
| 4.7 Sexual Orientation                         |   |   |                                    |
| 4.8 Marriage or Civil Partnership              |   |   |                                    |
| 4.9 Gender Reassignment                        |   |   |                                    |
| 4.10 Carers                                    |   |   |                                    |
| 4.11 Looked After Children and Care Leavers    |   |   |                                    |
| 4.12 Armed Forces personnel including veterans |   |   |                                    |
| 4.13 Socio-economically vulnerable             |   |   |                                    |

|  |  |  |  |
|--|--|--|--|
|  |  | <ul style="list-style-type: none"> <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> |  |
|--|--|--|--|

## SECTION 5 – STAKEHOLDERS AND ENGAGEMENT

|  | Internal Stakeholders  | External Stakeholders                                      |
|--|--|--|
| 5.1 Identify stakeholders  | Staff, Members and Trade Unions  | Bury residents and key partners                            |
| 5.2 Engagement undertaken  | Discussions through staff meetings and briefings and Corporate JCC   | There was no engagement with Bury residents on the budget. |
| 5.3 Outcomes of engagement   | Limited direct feedback has been received through the internal consultation channels.                                  |  |
| 5.4 Outstanding actions following engagement<br>(include in Section 8 log) | Where individual changes require specific consultation, this will be progressed in line with the Council's HR Policies |  |

## 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) |
|----------------------------|---|--|
| 6.1 Age                    | <p>No new specific savings proposals are included in this budget report. Where proposals agreed last year require individual EQIAs this will be progressed in-line with individual project timelines.</p> <p>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> |  |
| 6.2 Disability             |   |  |
| 6.3 Gender                 |   |  |
| 6.4 Pregnancy or Maternity |   |  |
| 6.5 Race                   |   |  |

|   |   |
|---|---|
| <b>6.6 Religion and belief</b>  | <p>Whilst there is the <i>potential</i> for disproportionate negative impacts on protected groups in the above areas, the proposal specific EQIAs 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.</p> <p>Overall, the scale of budget reductions required across the Council represents a risk of negative impact on protected groups which will need to be closely managed and monitored throughout the implementation process.</p> <p>It is recognised that the proposed council tax increase is required for the council to meet its statutory duties and requirements. There is a risk of this having a negative impact on the socio-economically vulnerable and, by extension, other characteristics where there is an accepted link to socio-economic vulnerability specifically, younger and older people, disabled people, people who are from ethnic minorities, care leavers and veterans. The same is also true in relation to the proposed rent increases for tenants of the council's housing stock which are required for the council to meet its statutory duties and requirements as landlord.</p> <p>The Council's cost of living support (LET'S Manage Tough Times Together) and wider work to support the most vulnerable residents through our Neighbourhood Teams and overarching delivery of the LET'S Do It! Strategy will provide support to mitigate this impact insofar as is reasonably possible. – Individuals and families may need further individually tailored support with paying rent and council tax which will be considered on a case-by-case basis through relevant support mechanisms.</p> |
| <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>   |   |
| <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> |   |

## 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>  |  |                                  |                                       |
|   |  |                                  |                                       |
| <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 | When Activities are taking place |                                       |
| <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 | When Activities are taking place |  |
| <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 | When Activities are taking place |  |

## SECTION 8 - REVIEW

| Review Milestone   | Lead        | Due Date  | Comments (and sign off when complete) |
|--|-------------|---|---------------------------------------|
| Delivery of proposal specific EIAs   | EDI Manager | April 2024  |                                       |
| Quarterly review of progress to Executive Team and Cabined Member for HR & Corporate Affairs | EDI Manager | July 2024<br>October 2024<br>January 2025<br>April 2025 |                                       |

**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/<br>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          |   |

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## APPENDIX 6

### Bury Council

#### Reserves Policy 2024-25

##### General Fund

The level of the General Fund Reserve will be no less than 5% of the Council's net revenue budget excluding the Dedicated Schools' Grant. It should reflect the overall financial environment and the key financial risks faced by the Council.

The amount held in the General Fund Reserve will be reviewed at least annually. In reviewing the level, Cabinet will take advice from the Executive Director of Finance S151 Officer.

##### Earmarked Reserves

Earmarked reserves are typically held for the reasons set out below.

- Insurance earmarked reserves – to meet the estimated cost of future claims not covered by insurance policies.
- External Funding reserve – These funds are held where funding has been allocated to the Council for a specific purpose and will be held until services have a plan to spend the reserve.
- Budget Smoothing Reserve – This reserve is to support the Council to manage the budget and any unforeseen financial pressures which may occur during the year.
- Collection Fund Smoothing Reserve – This reserve was set up during 2020 to manage fluctuations between years on the collection fund.
- DSG Deficit Reserve – The Government agreed a Statutory Override for a deficit reserve to be held to allow time for the DSG financial pressures to be managed. This Override will be in place until 31 March 2026.
- Schools Reserves – These are held within Bury Councils reserves for specific use by schools.
- S106 Reserve – These reserves are received from developers and held for a specific purpose.

The use of reserves can be used as a one off to balance the budget whilst longer term plans are developed however, they should not be used on an on-going basis to balance the budget.

##### Schools' Earmarked Funds

Schools' balances are held for two main reasons. Firstly, as a contingency against financial risks and secondly, to save to meet planned commitments in future years. Decisions on these funds are taken by individual schools.

Every school is required to produce a statement explaining the purpose of the reserve, together with a plan describing when the reserves will be used.

### **Safety Valve Reserve**

The Council provides a range of services for children with special needs funded from the High Needs block of the Dedicated Schools Grant (DSG). The DSG is funded entirely by the Department for Education (DfE). In recent years many local authorities, of which Bury is one, have found that the High Needs block has not been sufficient to meet the cost of providing services to children and young people with special needs. In response to this pressure the DfE and Department for Levelling Up, Housing and Communities (DLUHC) have permitted local authorities, for a specified period, to ring-fence the overspending on the High Needs budget and carry it on their balance sheet from one financial year to the next as a 'negative reserve'. This can only be a temporary measure as it goes against the fundamental principles of accounting, not least the matching principle which requires that income and any expenditure related to it should be met in the same reporting period.

It follows that the DfE needed to help local authorities both to balance their High Needs budget in-year and to repay the deficit accumulated in previous years. The DfE established the Safety Valve programme for this purpose and Bury Council has actively participated in this programme since its inception in 2020-21.

The Council signed a Safety Valve Agreement with the DfE in which it agreed to implement measures designed to achieve an in-year balanced budget for the High Needs block. As part of the Agreement, the Council also made a commitment to contribute £6m from the General Fund towards the repayment of the cumulative deficit which is projected to rise to £18.5m by 31 March 2024. The Council will set aside an earmarked reserve to provide for the outstanding contribution from the General Fund in 2024-25.

### **Insurance Fund Reserve**

An insurance fund reserve shall be held for the purpose of self-insurance and for taking action to manage the Council's insurance liabilities and reduce risk. The Council is advised on the size of its insurance fund provision and its separate insurance fund reserve by Gallaher's. The insurance fund provision covers potential or contingent liabilities. The insurance fund reserve covers the potential cost of insurance claims in excess of the amount provided for in the Insurance Fund provision.

### **Monitoring Policy**

The level of earmarked reserves and balances will be monitored monthly throughout the year. Reports on the use of reserves will be provided to Members on a regular basis.

|                                |                                  |
|--------------------------------|----------------------------------|
| <b>Classification:</b><br>Open | <b>Decision Type:</b><br>Non-Key |
|--------------------------------|----------------------------------|

|                   |   |  |
|-------------------|---|--|
| <b>Report to:</b> | Cabinet<br>Council  | <b>Date:</b> 14 February 2024<br><b>Date:</b> 21 February 2024 |
| <b>Subject:</b>   | TREATMENT OF ARMED FORCES COMPENSATION IN THE ASSESSMENT OF DISCRETIONARY SUPPORT |  |
| <b>Report of</b>  | Cabinet Member for Finance and Communities  |  |

### Summary

1. This recommendation is brought forward following a call by the Royal British Legion to exclude military compensation payments when assessing discretion support. On 9<sup>th</sup> January Council agreed to the continuation and amendments to the Council Tax support scheme, this report recommends additions to the scheme to exclude military compensation payments from the assessment of the housing benefit and council tax support.

### Recommendation(s)

Cabinet to agree and commend to Council that the Council tax support scheme –

- Excludes military compensation for Discretionary Council Tax Support calculations - These are short to mid-term additional credits made to those in receipt of Council Tax Support as a top up towards their Council Tax.

Cabinet to also agree and commend to Council that the Council's Discretionary Housing Payment Policy -

- Excludes military compensation for Discretionary Housing Payments calculations - These are short to mid-term additional payments made to those in receipt of Housing Benefit or Universal Credit as a top up towards their rent.

### Reasons for recommendation(s)

2. This will provide the Council with a greater range of options to further support the borough's veterans and ensure those veterans suffering hardship or who find themselves in adverse circumstances can access financial help without compensation payments having a material impact on the level of support available to them.

### **Alternative options considered and rejected**

7. We could not provide for this exclusion in the scheme and leave as is. This option has been rejected.

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

*Name: Chris Brown*

*Position: Head of Revenues and Benefits*

*Department: Finance*

*E-mail: [chris.brown@bury.gov.uk](mailto:chris.brown@bury.gov.uk)*

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### **Background**

8. Armed Forces personnel and bereaved spouses are able to access compensation from the Ministry of Defence where they sustain an injury or suffer illness whilst in active service. These awards are categorised under:
- Payments made under the Armed Forces Compensation Scheme
  - Payments made under the War Pensions Scheme
  - Service Invalidating Pension or Service Attributable Pension paid under the Armed Forces Pension Scheme.
9. The size of the payments are dependant on the severity of injury, and are generally included within the assessment of means tested benefits.

### **Discretionary support**

10. Discretionary Housing Payments are centrally funded by government with an allocation received by the Local Authority each year.
11. Whilst there are some central eligibility criteria, it is for each Local Authority to devise their own scheme to best suit the needs of their residents with awards generally being made on a short to mid-term basis and of varying value dependant on the circumstances of the applicant and the reason for application.
12. Discretionary Council Tax Support is locally funded through the Council's Council Tax Support scheme, and it is for each Local Authority to ensure discretionary funding is available to further support eligible residents in hardship.
13. Awards are made via a direct credit to the applicant's Council Tax account in order to reduce their liability and therefore amount they need to pay, with the size of the credit again dependant on circumstances and the reason for application.
14. For both schemes, an assessment of the applicant's full income and expenditure is considered to determine affordability of Rent and/or Council Tax.

15. Military Compensation Payments will therefore have a material effect on the level of award that can be made to an Armed Forces veteran seeking discretionary support.

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**Links with the Corporate Priorities:**

This policy supports our local community particularly those who are experiencing hardship. This relates to both the local and strengths-based elements of the Bury 2030 strategy in order to support our residents from getting into debt.

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**Equality Impact and Considerations:**

No differential Impact has been identified.

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**Environmental Impact and Considerations:**

None

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**Assessment and Mitigation of Risk:**

| Risk / opportunity   | Mitigation   |
|--|--|
| The Cost of Living crisis has increased the number of eligible claimants for both schemes. | The number of veterans in receipt of compensation payments and also seeking access to discretionary support is not anticipated to have a significant impact on discretionary budgets or the Council's ability to use these funding streams to support the wider eligible population of the borough. Earlier identification of welfare need through changes to the Council Tax collection process, will also allow a more pro-active approach to welfare. |

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**Legal Implications**

Section 13A of the Local Government Finance Act 1992 (“the 1992 Act”) and as amended by The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2022 requires each billing authority in England to make a scheme specifying the reductions which are to apply to amounts of council tax payable by persons, or classes of person, whom the billing authority considers are in financial need. This must be decided by 11<sup>th</sup> March the preceding financial year.

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**Financial Implications:**

It is important that the Council uses all of its powers and discretions to support its most vulnerable residents, and this is more important during times of economic difficulty. The local council tax support scheme seeks to help those who are struggling financially and who are still liable for council tax.

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**Background papers:**

*Council report – CT discretionary scheme 9<sup>th</sup> January 2024 -*  
<https://councildecisions.bury.gov.uk/documents/s38224/FINAL%20CTS%20Report%202024-25.pdf>

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

| Term | Meaning |
|------|---------|
|      |         |



**Conservative Group Budget Amendment 2024/25****Proposed change in budget allocation:**

£6.6 million Real Living Wage Increase not implemented

**TOTAL AVAILABLE £6.6 Million**

**Conservative Group Proposals**

0% increase in Council Tax (cost £3.588 million)

0% increase in Social Care Precept (cost £2.4 million)

Additional Grit Bin Fund (£10k) grit bin cost £170 each from caseworker enquiry

Reintroduction of Caddy Liners (75K)

Free Swimming Feasibility Study for Pensioners and Primary School Students (£75k)

Bury Six Town Amenity Fund (£300K £50k for each Township)

**Total proposals £6,448,000**

Note:

1. Proposal to implement 0% Council Tax and 0% Social Care Precept would be via a rebate scheme to manage implementation
2. £152,000 into Reserves

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| <b>Radcliffe First Group Budget Amendment 2024</b>   |                    |
|--|--------------------|
| One FTE Licensing Officer for fixed one year term    | £54,000.00         |
| 10% reduction in pest control cost                   | £27,000.00         |
| Reduce backlog on tree maintenance                   | £100,000.00        |
| Quarterly Skip placement in Township hotspots        | £15,200.00         |
| One off Borough wide bin service to landfill         | £150,000.00        |
| Scheme to protect park entrances from off road bikes | £50,000.00         |
|  |                    |
| <b>Total Cost</b>                                    | <b>£396,200.00</b> |

| <b>Funded Through</b>                                 |                    |
|---|--------------------|
| Disestablishment of Executive Director (Finance) Post | £75,000            |
| Use of Reserves                                       | £321,200.00        |
| <b>Total</b>  | <b>£396,200.00</b> |

### **FTE Licensing Officer**

To explore the options around the HMO scheme approved at January Council.

### **Reduction in pest control costs**

Encourage the use of Council Resource to map and clear vermin hotspots.

### **Tree maintenance backlog**

The increasing frequency of storms in the UK leave our tree teams firefighting rather than supplying preventative maintenance.

### **Skip Placement**

This relatively low cost scheme was both popular and successful in reducing fly tipping incidents when last available.

### **Incorrect waste service**

To create a new start point for waste management and clear areas of unemptied domestic waste bins.

### **Park Entrances**

A fund to protect Park and Walking networks from off road Motorcycle access.

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**Minutes of:** **CORPORATE JOINT CONSULTATIVE COMMITTEE**

**Date of Meeting:** 7 February 2024

**Present:** Councillor T Rafiq (in the Chair)  
Councillors R Bernstein, C Birchmore, D Green, M Hayes,  
J Lancaster, E Moss, E O'Brien, A Quinn and R Gold

**Trade Union attendance:** A Beesley, E Entwistle, P Hewitt, K Mather, D Sharples and J Thomson

**Also in attendance:** S Bagley, P Braithwaite, J Dennis, P McKeivitt, S McVaigh, L Ridsdale and K Waterhouse

**Apologies for Absence:** S Allen

### **36 APOLOGIES FOR ABSENCE**

Apologies were received from Shirley Allen, who had to step down from the Committee. Members thanked Shirley for her tenure as both Vice Chair and Chair and sent good wishes to her.

### **37 MINUTES OF THE PREVIOUS MEETING**

**It was agreed:**

That the minutes of the last meeting held 6 December 2023 be approved as a correct record.

### **38 MATTERS ARISING**

It was noted that:

- A special briefing for STH staff had taken place to provide assurance regarding Tax concerns;
- STH launch presentation was shared with Councillors;
- Future reports in relation to use of external expertise will include a start date; and
- Union Side officers to speak with Facilities Management outside of the meeting with regards to movement of staff from 6 Knowsley Place.

### **39 HOUSING REVENUE ACCOUNT BUDGET REPORT**

Paul McKeivitt, Interim Executive Director (Finance) presented the report which established the Housing Revenue Account budget for 2024/25. It proposed an increase in rent levels of 7.7% (which was the Government's maximum allowable increase being September CPI (Consumer Price Index) 6.7% plus 1%) with effect from 1st April 2024, an increase in shared ownership rents by 7.7%, and an increase for other charges and rents by 6.7% (in line with CPI as at September 2023). Members discussed the report, agreeing that any increase in rent would be a challenge for residents and a range of support mechanisms were in place for those who needed them.

Members noted that the report set out budget assumptions, including management costs being the same as the fee paid to Six Town Housing. In response to questions it was noted that the STH owned properties were not subject to Right To Buy and were outside the HRA.

Options for these properties would be reviewed in the coming months, but it was noted that this was a relatively small stock holding (104, compared with c. 7000 in the HRA).

With regards to STH governance, it was noted that a Board of Council Officers had been appointed who would ensure services to the properties and compliance with regulatory matters, and that a full review of all properties was being carried out. This Board would be overseen by the Housing Advisory Board, membership of which would include independent members, Councillors, and tenant representatives.

With regards to the rent increase for residents in social housing, Members clarified context that approximately one third of claimants would have their rent covered by housing benefit, though it was agreed that this context did not minimise their experiences.

**It was agreed:**

That the report be noted.

## **40 THE COUNCIL'S REVENUE BUDGET AND THE MEDIUM TERM FINANCIAL STRATEGY**

Councillor Richard Gold, Cabinet Member for Finance and Communities, presented the Council's 2024/25 budget proposals and the framework for the longer-term Medium Term Financial Strategy (MTFS) 2024/2027. The report also set out the process that will lead to the agreement of the budget and the setting of the 2024/25 Council Tax at Full Council on the 21 February 2024. The full suite of documents presented also included:

- Council Tax Setting
- Capital strategy 2024/25 to 2026/27
- Treasury Management Strategy 2024/25
- The Dedicated Schools Grant and the schools' budget 2024/25

Councillor Gold spoke on the challenging times and the changes made in Bury over the last 12 months, including the work of the Financial Improvement Panel and the associated financial improvement plan. It was agreed that, long term, reserves could not be relied on but that the 3 year position was more positive.

It was noted that the Budget gap had reduced since December, from £17.243m to £15.131m (this took) account of approved savings of £5.368m). Work was underway to identify additional savings to deal with the further gap and, pending this, the gap will be funded through the use of reserves. Councillor Gold advised that c1.7m had also been announced from the government to help reduce the use of reserves.

An increase of 2.99% to Council Tax was being proposed along with a 2% adult social care precept, and the Medium Term Financial Plan reported a budget gap for 2025/26 of £10.627m and 2026/27 of £4.327m, bringing a cumulative three-year budget gap of £30.085m. Finally, Councillor Gold advised that the Real Living Wage was retained and the Union Side voiced their respect and thanks for this ongoing provision.

In response to questions, it was noted that premiums for unoccupied furnished properties (known commonly as second homes) would be implemented from 2025, after a consultation exercise. This wasn't anticipated to bring in much revenue for Bury, but it was noted that a firm and comprehensive strategy was in place addressing empty homes.

**It was agreed:**

That the report be noted.

**41 SIX TOWN HOUSING UPDATE**

Kate Waterhouse, Executive Director (Strategy & Transformation), gave a verbal update regarding the integration of Six Town Housing (STH) into the Council, which had formally taken place on 1 February 2024. This had been a 'lift and shift' arrangement, with STH staff sitting as one team within the Corporate Core reporting to the Interim Director of Housing Operations. This post was in place for 6 months to manage the integration of the team including the Operational Development programme underway.

In terms of governance, comprehensive arrangements were in place. The previous STH Board had been disestablished and the interim Chief Executive had left. The new Housing Advisory Board was being constituted to ensure all arrangements were in place before 1 April, after which time the Regulator for Social Housing could visit and inspect.

The improvement plan was still underway, with weekly updates being provided from the team, and a full stock survey would be completed by the end of March. In response to questions it was noted that this survey focussed on the properties themselves, but a wider programme of neighbourhood working and an integrated Council team was being mobilised to address known issues including the quality of environment on estates. Officers advised that Disabled Adaptations was another priority area to ensure properties were being utilised effectively for those with complex health needs.

Union Side reps reported that members on both sides had raised initial concerns, but that no issues had been raised since the formal integration. It was noted that responses had been positive so far, and Kate advised that work would continue to maintain this and deliver on staff expectations.

Councillor O'Brien advised that the new Housing Advisory Group would be chaired by Councillor Clare Cummins, the Cabinet Member for Housing Services. A programme of training and support for Board Members was being put together to ensure they were up to speed with new regulations and challenges faced, and this would benefit from meetings with Housing staff. He advised that social housing was an important part of what the Council did, and asked Union Members to maintain the dialogue with elected Members to ensure issues were being raised.

**It was agreed:**

That the update be noted.

**42 DATE AND TIME OF NEXT MEETING**

It was noted that the next meeting was scheduled to take place on Wednesday, 27 March 2024 at 5.00pm, but there was a possibility this might be rearranged.

**COUNCILLOR T RAFIQ**  
**Chair**

**(Note: The meeting started at 4.00 pm and ended at 4.45 pm)**

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**Minutes of:** **JOINT CONSULTATIVE COMMITTEE FOR TEACHERS**

**Date of Meeting:** 7 February 2024

**Present:** Councillors G McGill, R Bernstein, D Berry, L McBriar, S Thorpe and D Duncalfe

Teachers Side – D Quayle (Chair), C Ainsley (NASUWT), J Burns (NASUWT), K Hopwood (NASUWT), H Chadwick (NAHT), Helena Thom (NEU), P Evans (NEU)

**Also in attendance:** Councillor Gold – Cabinet Member for Finance and Communities, Simon Bagley – Head of Human Resources, Paul Cooke – Strategic Lead (School System), Claire William – Interim Deputy Director of Finance, Kelly Barnett – Democratic Services

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

**Apologies for Absence:** Jeanette Richards – Executive Director of Children’s Services, Stephen Holden – Interim Director of Education and Skills

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**69 APOLOGIES OF ABSENCE**

Apologies of absence are listed above.

**70 DECLARATIONS OF INTEREST**

Councillor McGill declared a personal interest in all matters under consideration in view of his wife holding a role as an NEU Trade Union representative in Rochdale.

**71 THE COUNCIL'S REVENUE BUDGET AND THE MEDIUM-TERM FINANCIAL STRATEGY**

Councillor Gold, Cabinet Member for Finance and Communities provided an overview of The Council’s revenue budget and the medium-term financial strategy report provided within the agenda pack. Councillor Gold explained that the report sets out the Council’s 3-year financial plan and that the plan was completed before the government issued additional settlement monies of £1.7M. Councillor Gold advised of a budget gap in the financial year 2024/25 of £15.1M and in the financial year 2026/27 of £4.3M and explained that there was enough in the reserve monies to cover these gaps.

In relation to questions raised regarding the council tax increase, Councillor Gold reported that he is reluctant to raise council tax and reported that along with the council tax increase, Bury Council would also have to make savings to ensure a balanced budget. Councillor Gold highlighted that Bury is one of the worst funded Council’s (in the bottom 20%). A member highlighted that council tax makes up 45% of the budget and this income has been a significant part of the budget since 2010.

In relation to questions raised around the mitigations in place to protect Bury children and the education system, Councillor Gold explained that he has increased the Children's Services budget by 37% this financial year, to help with additional demands and make improvements. Councillor Gold highlighted areas where additional budget had been allocated which included SEN, school transport and fostering provision. Councillor Thorpe reported that the increase in the Children's Services budget has been due to extreme inflation, strengthening mental health services, recruiting more social workers to provide a consistent service and a response to a high demand of Education Health Care Plans. Councillor Thorpe thanked Councillor Gold and finance colleagues for being able to provide a balanced budget.

In relation to a question raised regarding Project Safety Valve, Councillor Gold reported that the Council has submitted a request to the DfE to consider an extension to the DSG management plan until the end of the financial year 2028/29, using £6M of Council monies to clear the deficit. The Council is waiting to hear if this proposal has been accepted.

In relation to a question around a S141 notice, Councillor Gold reported that Bury would not be submitting a S141 notice, as they have completed extensive work in relation to reserve monies, which means the budget can be balanced. Councillor Gold highlighted the work involved in balancing the budgets, which included an Independent Financial Improvement Panel.

In relation to a question around the impact of academisation on service level agreements delivered by the Council. Paul Cooke reported that there are a number of off-traded services that academy schools continue to buy, but other services for which they make their own arrangements. A review was currently being undertaken to assess the impact of an increasing number of Academy conversions on Council services.

In relation to questions raised around academy schools' finances, Councillor Gold reported that if an academy school was struggling financially, he would expect the academy trust to work with the DfE to find a solution. Paul Cooke explained that the Council has statutory duties in relation to the provision of places in the event of academy failure and would need to ensure that there are alternative arrangements in place for the children but highlighted that both maintained schools and Academy Trusts are facing financial challenges. Paul Cooke explained that whilst there is an opportunity for residential growth in the borough, the issue of falling roles is already being experienced by some schools, including academies, and this is impacting on their budgets. Paul Cooke explained that the Council does not have responsibility for funding to academies, but the Council does have an interest in ensuring that, as with maintained schools, academies are sustainable.

In relation to a question around opening new schools, when schools across the borough have falling rolls, Paul Cooke advised that the high school being developed in Radcliffe is a unique situation, as the Radcliffe area does not have its own secondary school and there is residential development taking place on brownfield sites in the Radcliffe area. There are also two special schools being developed which are required to meet the increasing demand for specialist SEN provision in Bury.

**It was agreed:**

1. The report be noted.

## **72 ANNUAL HOUSING REVENUE BUDGET REPORT 2024-2025**

Councillor Gold provided an overview of the Annual Housing Revenue Budget Report 2024-25 provided within the agenda pack. Councillor Gold reported that the HRA budget is separate to the revenue account and that this budget is in a stable position.

### **It was agreed:**

1. The report be noted.

## **73 URGENT BUSINESS**

Paul Cooke, Strategic Lead (Schools System) provided an update on the risk assessment work being carried out in relation to violent students. The Inclusion Team is currently producing a model risk assessment template that will be agreed with professional associations and trade unions before being issued to schools.

**D Quayle**  
**Chair**

**(Note: The meeting started at 6.00 pm and ended at 6.45 pm)**

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**Minutes of: OVERVIEW AND SCRUTINY COMMITTEE**

**Date of Meeting:** 6 February 2024

**Present:** Councillor D Vernon (in the Chair)  
Councillors R Bernstein, C Birchmore, N Bayley, D Green,  
T Pilkington, G Marsden, E Moss, M Rubinstein and S Haroon

**Also in attendance:** Councillor Boles (Chair, Children and Young People Scrutiny Committee), Councillor FitzGerald (Chair, Health Scrutiny Committee), Councillor R Gold (Cabinet Member for Finance and Communities) and Councillor E O'Brien (Leader and Cabinet Member Strategic Growth) Lynne Ridsdale, Chief Executive, Kate Waterhouse, Executive Director, Paul McKevitt, Interim Executive Director (Finance), Simon Peet, Chief Accountant, Jacqui Dennis, Monitoring Officer and Chloe Ashworth, Democratic Services.

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

**Apologies for Absence:** Councillor A Arif

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**OSC.1 APOLOGIES**

Apologies were received from Councillor Arif, Councillor Haroon attended as a substitute.

**OSC.2 DECLARATIONS OF INTEREST**

There were no declarations of interest.

**OSC.3 PUBLIC QUESTION TIME**

There were no public questions.

**OSC.4 MEMBER QUESTION TIME**

There were no Member questions.

**OSC.5 MINUTES**

That the minutes of the meeting held on 09<sup>th</sup> January 2024 be approved as a correct record and signed by the Chair.

**OSC.6 HOUSING REVENUE ACCOUNT BUDGET REPORT**

Councillor Gold Cabinet Member for Finance and Communities attended the meeting supported by Officers, to provide an update on the Council's Housing Revenue Account Budget Report. An accompanying report had been circulated in advance of the meeting and provided the following information:

- Proposed rent level and proposed increase for Council Housing, Dwelling and Garage rents, Sheltered Support, Management, Service and Heating charges and Furnished Tenancy charges.

In discussing the report the following issues and questions were raised:

Members discussed the proposed rent increases and the effects this could have on individuals and Council arrears. Members were informed that Social housing rents are not pegged to the Local Housing Allowance and there is no requirement to do so. Social Rents are calculated by reference to a formula rent for each property as set out in the RSH Rent Std in accordance with the Government's Policy Statement on Rents for Social Housing 2022. The average 50- week rent in 23/24 is £86.95 (£83.60 for a 52-week equivalent) across all property groupings and for 24/25 that will increase to £90.04 (52 week).

Members requested a breakdown of type of property and what the increase in rent will be to be circulated following the meeting.

Members raised concerns regarding the impact the increase may have on vulnerable residents and the additional debt that may be incurred. Members were advised the Council is mindful of the impact on residents, and therefore provisions have been increased for bad debt, rent arrears are tracked and monitored and the council aims to work closely with residents to provide any additional support required. Further discussions took place regarding the rent increase for residents in social housing. Members were informed that around one third of the claimants would have their rent covered by housing benefit.

Members requested that the local housing allowance indicative figure is circulated following the meeting.

Members requester further information be provided following the meeting regarding more properties being returned to the Council needing work following tenants leaving and if the 1% target is from Six Town Housing or set by the Council.

Kate Waterhouse, Executive Director advised that there is a current stock condition survey of council housing taking place and due to be complete by the end of March 2024.

Members sought assurances that the rent increase will provide improved repairs and services for residents.

It was agreed:

1. The Overview and Scrutiny Committee note the report.
2. Members note the rent increase proposed.

## **OSC.7 THE COUNCIL'S REVENUE BUDGET AND THE MEDIUM TERM FINANCIAL STRATEGY**

Councillor Gold Cabinet Member for Finance and Communities attended the meeting supported by Officers, to provide an update on the Council's revenue budget and the

medium term financial strategy. An accompanying report had been circulated in advance of the meeting and provided details of the following:

1. The key elements of the 2024/25 budget proposals and the framework for the longer-term Medium Term Financial Strategy (MTFS) 2024/2027
2. The latest financial information that will underpin the 2024/25 budget and the Medium Term Financial Strategy.
3. The process that will lead to the agreement of the budget and the setting of the 2024/25 Council Tax at Full Council on the 21 February 2024.

The report is part of a suite of financial reports including:

- Council Tax Setting
- Capital strategy 2024/25 to 2026/27
- Treasury Management Strategy 2024/25
- The Dedicated Schools Grant and the schools' budget 2024/25

Members were informed that on the 05<sup>th</sup> February 2024 more funds were announced by the government but the council is awaiting formal notification and the terms of the funding.

In discussing the report the following issues and questions were raised:

Members raised questions regarding the justification of some of the key assumptions within the report. In response members were advised that the assumptions are based on inflation projections based on information provided by our financial advisors. The Childrens budget has been constructed this year using a zero based budgeting approach and reflects the spend profile of the Directorate. A brief discussion took place regarding the Children and Young People pressures and plans to support the directorate with the budget.

Discussions took place regarding the NHS deficit and impacts this could have on the Councils budget. Members were informed that we are operating as a system and connect NHS pressures with the Councils budget. Work to support the system is surrounding innovation, reform and the transformation of elective care. Members also discussed the impact of budget deficits with relation to children and adolescent mental health services.

Discussions took place regarding Project Safety Valve monies, members noted that this runs out in 2025. Members were informed that we have placed a submission for the funds to be renewed and the budget is based on this being accepted. If the submission is not accepted it will be a financial risk for the Council.

Discussions took place regarding the allocation of funds towards road improvements. Members were advised that this is made up within the capital programme and there will be an increase on last year's figure. This figure will be for road improvements and highway maintenance such as active travel, additional highways resurfacing and micro asphalt surfacing.

Members requested confirmation following the meeting of the figure for energy assumptions.

Members held discussions regarding council tax banding and the addition of large extensions. Members were advised that council tax of enhanced properties is not reviewed until if/when the property is sold. If a property makes significant changes to the dwelling such as a complete rebuild or split into multiple units it can be reviewed. Members wished for information regarding the methodology for payment of Council Tax on Houses of Multiple Occupants to be circulated following the meeting.

The Committee sought assurance regarding the reliability of external funding. In response members were advised over £75million of the external funding is coming from the government or government backed organisations; £27m from Department for Education, £17m Levelling Up and £19m from the Greater Manchester Combined Authority. So the council is confident, if funding is delayed then we would delay the schemes therefore financial risk is low.

Members welcomed the approach taken in the budget setting report but sought assurances on changes required to deliver the savings. These approaches are in line with our corporate strategy and strategic use of financing, treasury management and strategic application of grants and funding.

Members requested the figure for the all-weather pitch be circulated to members following the meeting.

Members sought confirmation that the council is confident that a section 114 notice is not required. Members were advised that work took place over summer 2023 and investments were made to bring in expertise to undertake a fundamental review of financial management procedures and the reserves strategy. During the last year work on treasury management and updates presented throughout the last year have shown improvements and provided confidence to set the current budget.

Discussions took place regarding the Financial Improvement Panel. Members were informed that if the Council can achieve an improved position by Quarter 1 2024/25 the panel could be stood down.

Members discussed the borrowing strategy and changes to interest rates. Members were advised of planned borrowing and how this will be aligned with planned interest rates. Members were advised that the council borrows from the public works lend board which allows the Council to borrow at a slightly lower rate than the bank rate.

Committee members wished to place on record thanks to officers for the work conducted to produce the budget.

It was agreed:

1. The reports be noted

## **OSC.8 URGENT BUSINESS**

There was no urgent business.



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

**(Note: The meeting started at 7.00 pm and ended at 8.46 pm)**

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**Minutes of:** CABINET

**Date of Meeting:** 14 February 2024

**Present:** Councillor E O'Brien (in the Chair)  
Councillors N Boroda, C Cummins, R Gold, C Morris, A Quinn,  
T Rafiq and L Smith

**Also in attendance:** Councillors R Bernstein and M Smith

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

**Apologies for Absence:** None received.

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**CA.119 APOLOGIES FOR ABSENCE**

Apologies for lateness were received from Councillor Charlotte Morris.

**CA.120 DECLARATIONS OF INTEREST**

Councillor Charlotte Morris declared an interest in respect of 11 – Simister Island Development Consent Order owing to her employment by National Highways, and undertook to not participate in the discussion or vote for that item.

**CA.121 PUBLIC QUESTION TIME**

The following question was submitted in advance of the meeting by a member of the public, Karen Simpson:

Further to my question posed in the last Council Meeting regarding the clause in the lease that states we are entitled to Quiet Enjoyment – which to date has not been answered as Charlotte Morris said she needed to 'gen up' on the terminology as she was not familiar with it, and I haven't heard anything since.

Would you now agree that you have indeed broken the terms of the lease in light of the findings that there has been a known fault with the Market Hall roof, since 1984? And that a special coating had to be applied every 5 years, yet no evidence can be found of this being done?

For info - Quiet Enjoyment is a clause in all our leases - broadly speaking, it entitles us to conduct our businesses without interruption or interference.

Responding, Councillor Morris reported that this question focussed on whether this constituted a break in the lease, and the straight answer was no. The Quiet Enjoyment clause had been looked into, it was a standard part of leases of this nature and meant that the trader has the right to use and occupy their stall in normal circumstances. However, these were not normal circumstances; when RAAC was confirmed in October an immediate decision was needed to close the market hall and constituted special circumstances. Legal advice had been sought and this was the Council's position.

Councillor Morris advised that the Council was continuing to do all it could to support people. This had been a very difficult situation for everybody; it had been a difficult but

necessary decision by the Council and we want to do our best by the traders. More clarity on the long-term picture was expected in the coming weeks, with final results of testing awaited, at which point timescales for reopening will be understood and communicated.

A further supplementary question was submitted:

So, to clarify you are saying that even though it's come to light that this issue has been known by the Council as a body since 1984, you are not responsible for what's happening now?

Councillor Eamonn O'Brien responded that no, this was not what the Council was saying about the issue of the roof. Most roofs will require regular maintenance but the Council were not aware that RAAC was used in the construction of the Market Hall until this was confirmed on Thursday 26 October 2023 following the outcome of a survey conducted by external specialist building surveyors.

Ms Simpson added that a fault in the roof was identified in 1984 and a special costing should have been applied every 5 years (and was not done so).

Councillor O'Brien advised that the position of the Council was that they don't accept this was the case without further research into the context and confirming the details involved. If there was a fault in 1984, that may be entirely separate from the problems faced today and more clarification was needed.

Councillor Morris added that she understood and appreciated frustrations, but the Council didn't know RAAC was present until October last year and couldn't change the situation now. More research would be done into the 1984 issue but it didn't change the position we were in now in relation to RAAC and this closure.

The following question was submitted at the meeting by a member of the public, Gary Simpson:

It is now mid-February, the time Council officials said we would be fully debriefed on the findings of the various investigations taking place on the market roof. No meeting has been called to relay this information – where are the results?

Responding, Councillor Morris reported that we had received the main condition survey part done but there were final details that needed to come through with regards to testing of the materials. This had to be done in a laboratory by a third party and the Council had no control over their timescales, which were longer than initially quoted. Once that work was complete a full briefing would take place.

The following question was submitted at the meeting by a member of the public, Steve Maloney:

1979 was the last time the Bury Market roof was coated; in 1984 it came to a Council meeting that they didn't have funds available (£10,000) and was to be considered at the following meeting which we do not have records for. As far as I'm aware, the

maintenance in place was to be recoated every 5 years. In light of the findings that the fault with the roof was established in 1984 and last treated in 1979, the fact that no evidence has been found that the RAAC was either or checked treated in the intervening years, would you agree that you have failed in your duty of care to both the traders and the public and, as such, a clear case of negligence can be established?

Responding, Councillor Morris reported that there was obviously a lot of historic details coming to light about what did or didn't happen in the maintenance of the roof, and it was important for us to understand that. She advised that, to her understanding, the current position was that even if all the maintenance had been carried out, the simple presence of RAAC would still have required the closure of the Market Hall. Councillor Morris advised that she appreciated the need to get the facts right on historic records, but the presence of RAAC made it hazardous and dangerous.

With regards to whether RAAC would be dangerous if coated, Councillor O'Brien advised that it was something that would be clarified through the ongoing investigations. He asked traders to continue sharing information with officers and with Councillors, and reiterated that information would be shared as soon as it was available.

#### **CA.122 MEMBER QUESTION TIME**

There were no Member questions.

#### **CA.123 MINUTES**

##### **It was agreed:**

That the minutes of the meeting held on 10 January 2024 be approved as a correct record.

#### **CA.124 HOUSING REVENUE ACCOUNT BUDGET REPORT**

Councillor Richard Gold, Cabinet Member for Finance and Communities, presented the report which established the Housing Revenue Account budget for 2024/25. It proposed an increase in rent levels of 7.7% (which was the Government's maximum allowable increase being September CPI (Consumer Price Index) 6.7% plus 1%) with effect from 1st April 2024, an increase in shared ownership rents by 7.7%, and an increase for other charges and rents by 6.7% (in line with CPI as at September 2023). It was noted that this report had been considered by Overview and Scrutiny Committee as well as Union meetings.

In response to questions it was noted that hardship funds were in place to support tenants on housing benefits and universal credit. These differed based on whether funds were paid to the tenant or the landlord, and the Council was working with tenants to help them according to their circumstances.

##### **Decision:**

Cabinet approved the following and commended it to the Council:

- Approved the 2024/25 budget for the Housing Revenue Account

- Agreed rents to be increased for 2024/25 by 7.7% which is the Government's maximum allowable increase being September CPI (Consumer Price Index) 6.7% plus 1% with effect from 1st April 2024.
- Agreed that shared ownership rents to be increased by 7.7% in line with the provision which is set out within shared ownership agreements with effect from 1st April 2024.
- Approved an increase in Garage rents by CPI as at September 2023 CPI 6.7%.
- Approved an increase in Sheltered Management and Support Charges by CPI 6.7%.
- Approved an increase in Service and Amenity Charges by CPI 6.7%.
- Approved an increase in Support and Heating charges by CPI 6.7%.
- Approved an increase in Furnished Tenancy charges by CPI 6.7%.

Noted that where a social rent property is re-let to a new or transferring tenant the rent level will be increased to the target rent for that property.

Noted that, in accordance with the Rent Standard, 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.

**Reasons for the decision:**

To progress the Council's budget setting process to achieve an approved and balanced budget.

**Other options considered and rejected:**

None.

**CA.125 THE COUNCIL'S REVENUE BUDGET AND THE MEDIUM TERM FINANCIAL STRATEGY**

Councillor Richard Gold, Cabinet Member for Finance and Communities, presented the Council's 2024/25 budget proposals and the framework for the longer-term Medium Term Financial Strategy (MTFS) 2024/2027. The report also set out the process that will lead to the agreement of the budget and the setting of the 2024/25 Council Tax at Full Council on the 21 February 2024.

The full suite of documents presented also included:

- Council Tax Setting
- Capital strategy 2024/25 to 2026/27
- Treasury Management Strategy 2024/25
- The Dedicated Schools Grant and the schools' budget 2024/25

It was noted that this had been considered by Overview and Scrutiny Committee as well as Union meetings.

An increase of 2.99% to Council Tax was being proposed along with a 2% adult social care precept, and the Medium Term Financial Plan reported a budget gap for 2025/26 of £10.627m and 2026/27 of £4.327m, bringing a cumulative three-year budget gap of £30.085m.

Councillor Gold advised that a recommendation regarding the treatment of military compensation was in response to the British Legion campaign, but also added discretionary housing support in addition to their proposals.

Members noted the challenging times and the changes made in Bury over the last 12 months, including the work of the Financial Improvement Panel and the associated financial improvement plan. It was noted that the Budget gap had reduced since December, from £17.243m to £15.131m (this took) account of approved savings of £5.368m). Work was underway to identify additional savings to deal with the further gap and, pending this, the gap will be funded through the use of reserves. Councillor Gold advised that c1.7m had also been announced from the government, which had not been in time to be included in these papers but would be reflected in Quarter 1 reports.

Members discussed the core spending power of the Council noting that although it was very slightly higher than the national average, Bury had been in the lowest 20% for funding and had received 17% increase in demand as well as £11m inflationary costs, which outstripped spending power. With regards to previous savings targets, 93% of these had been achieved and a plan to substantially reduce the remaining 7% would be received in Quarter 1. Officers advised that once previous savings targets had been delivered, work in Children's Services would continue to address budget concerns before work on the Council's balance sheet would begin to release assets where possible.

#### **Decision:**

Cabinet approved the recommendations and commended them to Council:

1. Approved the Medium-Term Financial Strategy for 2024/ 2025, 2026 / 2027 and the assumptions regarding resources and spending requirements.
2. Approved the Council Tax base for Bury Council for 2024/ 25 of 57,409 Band D equivalent dwellings, this is the basis on which the Council Tax funding has been calculated.
3. Approved the net revenue budget of £209.608m for 2024/2025.
4. Approved the Council tax requirement of £110.198m and the increase in Council Tax in 2024 – 25 of 2.99% in terms of General Council Tax and a further 2% for the Adult Social Care precept for 2024/2025.
5. Approved the budget assumptions £37.111m in 2024/25.
6. Approved the use of £15.131m of reserves from the budget smoothing reserve and £4.629m from the collection fund smoothing reserves.
7. Noted the forecast position on reserves (paragraph 22.2).
8. Noted the Chief Executive as Director of BMBC Townside Fields Limited will draw down annual dividends from the Company and annual dividends will be reflected in the MTFS.
9. Approved the recommendations set out in the Treasury Management Strategy (Appendix 2):
  - Approved the Treasury Management Strategy including the associated Prudential Indicators and Annual Investment Strategy.
  - Approved the Treasury Management Policy Statement.
  - Approved the Minimum Revenue Provision (MRP) Policy Statement.
10. Approved the Capital Strategy and the Programme for 2024/25 - 2026/27 (Appendix 3).

11. Approved the Dedicated Schools Grant budget for 2024/2025 at £228.326m and approve the allocations between the four funding blocks as set out in appendix 4 to this report:
  - The Schools and Academies 2024/25 funding unit values as recommended by Schools Forum and detailed at Annex 1 to appendix 4.
  - Approved the 2024/25 hourly rates for all early year's providers as follows:
    - £5.28 per hour, for 3- and 4-year-olds.
    - £7.52 per hour, for 2-year-olds; and.
    - £10.00 per hour, for under 2s
12. Noted the position on the Dedicated Schools Grant deficit and Project Safety Valve.
13. Agreed to the following amendments to the treatment of military compensation as set out in Appendix 7:
  - Exclude military compensation for Discretionary Council Tax Support calculations - These are short to mid-term additional credits made to those in receipt of Council Tax Support as a top up towards their Council Tax.
  - Exclude military compensation for Discretionary Housing Payments calculations - These are short to mid-term additional payments made to those in receipt of Housing Benefit or Universal Credit as a top up towards their rent.

**Reasons for the decision:**

To progress the Council's budget setting process to achieve an approved and balanced budget.

**Other options considered and rejected:**

None, setting the budget is a statutory responsibility.

**CA.126 QUARTER THREE CORPORATE PLAN PERFORMANCE REPORT 2023/24**

Councillor Tahir Rafiq, Cabinet Member for Corporate Affairs and HR, presented the performance and delivery monitoring report for Quarter Three against the Corporate Plan for 2023/24. It contained full updates in terms of both the delivery against the priorities set out in the Corporate Plan and associated key performance indicators. A RAG rating and percentage completion had been introduced against each objective, and Members thanked officers for the improvement in these reports.

**Decision:**

Cabinet noted the update on progress against performance and delivery and the priorities for action against key metrics and timescales.

**Reasons for the decision:**

N/A

**Other options considered and rejected:**

N/A

**CA.127 REPORT BY THE LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN (21 011 785 / 23 005 479 / 22 011 825)**



Councillor Lucy Smith, Cabinet Member for Children and Young People, presented the report which set out the findings by the Local Government & Social Care Ombudsman (LGO) made against the Council following the Council's failure to comply with agreed recommendations following two earlier investigations, and the action now taken by the Council to demonstrate that it has complied with those recommendations. Members noted that this complaint related to the Council's failure to provide appropriate free transport and repeated failure to remedy the situation within agreed timescales.

In response to questions relating to this item and the subsequent item, Councillor Lucy Smith gave assurances that these related to historic complaints and since this time stronger policies and processes had been introduced which clarified staffing leads. It was also noted that the Monitoring Officer was meeting on a three-monthly basis with the LGO which would ensure issues like this would not reoccur.

**Decision:**

Cabinet noted the recommendations made by the Local Government & Social Care Ombudsman, specifically the concerns expressed about the Council's failure to implement remedies within a reasonable timeframe.

**Reasons for the decision:**

The Council must consider the report and confirm within three months the action it has taken or proposes to take. The Council should consider the report at its full Council, Cabinet or other appropriately delegated committee of elected members and we will require evidence of this. (Local Government Act 1974, section 31(2), as amended).

**Other options considered and rejected:**

None.

**CA.128 REPORT BY THE LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN (23 006 024)**

Councillor Lucy Smith, Cabinet Member for Children and Young People, presented the report which set out the findings by the Local Government & Social Care Ombudsman (LGO) made against the Council following the Council's failure to comply with agreed recommendations following an earlier LGO investigation, and the action now taken by the Council to demonstrate that it has complied with those recommendations. Members noted that this complaint related to the Council failing to act properly when a child was out of education causing injustice, and the subsequent remedy not being carried out in agreed timescales.

**Decision:**

Cabinet noted the recommendations made by the Local Government & Social Care Ombudsman, specifically the concerns expressed about the Council's failure to implement remedies within a reasonable timeframe.

**Reasons for the decision:**

A requirement stipulated by the Local Government and Social Care Ombudsman is that a copy of its report is considered by the Council at its full Council, Cabinet or other appropriately delegated committee of elected members in accordance with the Local Government Act 1974, section 31(2), as amended.

**Other options considered and rejected:**

None.

**CA.129 SIMISTER ISLAND DEVELOPMENT CONSENT ORDER**

*Councillor Charlotte Morris declared an interest in this item and did not participate in the discussion or vote on the decision.*

Councillor Eamonn O'Brien, Leader and Cabinet Member for Strategic Growth, presented the report which detailed a National Highways scheme to undertake a major infrastructure development to improve Junction 18 of the M60 (Simister Island) and widen to five lanes of the M60 between Junction 17 and Junction 18 to facilitate smoother flows of traffic along the connecting motorways. This was a "Nationally Significant Infrastructure Project" (NSIP) which meant that planning consent for the scheme is determined by the Secretary of State through an application process known as a Development Consent Order (DCO). Members noted that the Council will not decide whether the scheme goes ahead but will automatically be an "Interested Party" and was required to provide evidence within prescribed timetables and, as such, the report recommended appropriate delegations to facilitate this.

**Decision:**

Cabinet delegated authority to the Executive Director (Growth), in consultation with the Monitoring Officer and Cabinet Member for Strategic Growth, to respond to all consultations and engagement as part of the Simister Island Development Consent Order application process.

**Reasons for the decision:**

Without delegated authority it is unlikely that the Council will be able to effectively engage with the DCO process. If responses are not submitted in accordance with the statutory timescales, they cannot be taken into account. Without the requested delegation in place, this could result in a recommendation made to the Secretary of State which does not fully take account of impacts upon Bury.

**Other options considered and rejected:**

- Not to delegate authority. This is not recommended for the reasons set out above.
- Not to participate in the DCO process. This is not recommended for the reasons set out above.

**CA.130 BURY COUNCIL FINANCE - FUTURE LEADERSHIP ARRANGEMENTS**

Councillor Richard Gold, Cabinet Member for Finance and Communities, presented the report which set out proposals in relation to the future substantive leadership of the Council's Finance function. Members noted it would strengthen the structure of senior finance officers whilst maintaining relevant expertise and ensuring subject matter experts were in place. Proposals had been market tested and similar structures were in place at other Councils. Members discussed the proposals and noted the cross-party support.

**Decision:**

Cabinet:

1. Recommended to Council that the vacant post of Deputy Chief Finance Officer (Band E, £93k - £102k) be redesignated as Director of Finance (Band F, £104k - £113k) and redesignated as the Council's Statutory Section 151 Officer. The Director of Finance will be a direct report to the Chief Executive with the Finance function becoming part of the Corporate Core Department under the Executive Director (Strategy & Transformation).
2. Noted that following this appointment the Executive Director (Finance) role will be disestablished.
3. Recommended to Council that the post of Director of People & Inclusion (Band D, £84k - £91k) be re-graded at Chief Officer Band E (£93k - £102k) to reflect the post's expanded portfolio, as set out below. Delegate authority to the Chief Executive and the Cabinet Members for Finance and Communities and HR and Corporate Affairs, in consultation with the Monitoring Officer and S151 Officer, to consider responses received from the consultation and produce a final version of the structure as set out in recommendation 5.
4. Approved the redesignation and re-evaluation of the post of Chief Accountant (Band B, £69k - £75k) to Assistant Director (Finance) (Band D £84k - £91k) as a basis for consultation. This role will take on the duties of the Deputy S151 officer.
5. Agreed in principle the commencement of consultation with affected staff in relation to the changes set out in this report and to delegate authority to the Chief Executive and the Cabinet Members for Finance and Communities and HR and Corporate Affairs, in consultation with the Monitoring Officer and S151 Officer, to consider responses received from the consultation and produce a final version of the structure.

**Reasons for the decision:**

The proposal sets out the long-term plan for leadership of the Council's Finance function, following the appointment of the Interim Executive Director and within the context of the wider leadership structure within the Corporate Core. In recommending options, consideration has been given to the overall leadership capacity and structure required for the function beyond the S151 role and the benefits of integrating Finance within the Corporate Core Department to ensure the full coordination of all Council back-office functions.

**Other options considered and rejected:**

It would be possible to maintain the current finance structure and seek to recruit to existing posts on a substantive basis, however the recruitment market has not supported this structure to date.

**CA.131 APPOINTMENTS UPDATE**

Councillor Tahir Rafiq, Cabinet Member for Corporate Affairs and HR, presented the report which set out changes to appointments since the Council meeting in May 2023 regarding the new Housing Advisory Board, other appointments and vacancies.

**Decision:**

Cabinet noted the appointments and amendments to appointments made since the Annual Meeting of Council as set out in the report.

**Reasons for the decision:**

N/A

**Other options considered and rejected:**

N/A

**CA.132 MINUTES OF ASSOCIATION OF GREATER MANCHESTER AUTHORITIES /  
GREATER MANCHESTER COMBINED AUTHORITY**

**It was agreed:**

That the minutes of the Greater Manchester Combined Authority meeting held on 15 December 2023 be noted.

**COUNCILLOR E O'BRIEN**  
**Chair**

**(Note: The meeting started at 6.00 pm and ended at 7.02 pm)**