

## NOTICE OF KEY DECISION



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

**DATE:** **24 JULY, 2019  
12 SEPTEMBER, 2019**

**SUBJECT:** **CORPORATE FINANCIAL MONITORING REPORT –  
APRIL 2019 TO JUNE 2019**

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

**CONTACT OFFICER:** **GEOFF LITTLE, CHIEF EXECUTIVE  
MIKE WOODHEAD, JOINT CHIEF FINANCE  
OFFICER, BURY COUNCIL AND BURY CCG**

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**TYPE OF DECISION:** **FOR INFORMATION**

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

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**SUMMARY:** The report informs Members of the Council's financial position for the period April 2019 to June 2019 and projects the estimated outturn at the end of 2019/20.

The report also includes Prudential Indicators in accordance with CIPFA's Prudential Code.

**OPTIONS &  
RECOMMENDED OPTION** Members are asked to note the projected financial position of the Council as at 30 June 2019.

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### IMPLICATIONS:

**Corporate Aims/Policy  
Framework:**

Do the proposals accord with Policy Framework? Yes.

**Statement by the s151 Officer:**

The report has been prepared in accordance with all relevant Codes of Practice. There may be risks arising from remedial action taken to address the budget position; these will be identified by Directors at themed Budget Recovery Boards and at joint JET / Cabinet meetings.

**Statement by Joint Chief Finance Officer :**

Successful budget monitoring provides early warning of potential major overspends or underspends against budgets which Members need to be aware of.

This report draws attention to the fact that, based on prudent forecasts, several budget hotspots exist which will need remedial action.

Members and officers will be examining these areas in more detail at the joint JET / Cabinet meetings as well as at the themed Budget Recovery Boards.

**Equality/Diversity implications:**

No

**Considered by Monitoring Officer:**

The Council is required by statute to set and maintain a balanced budget. Careful management of the finances in year allows the Council to achieve this. This report provides a means for Members to carefully monitor the situation.

Budget monitoring is a requirement of the Council's Financial Regulations to which Financial Regulation B: Financial Planning 4.3. (Budget Monitoring and Control) relates.

**Are there any legal implications?**

Yes

**Wards Affected:**

All

**Scrutiny Interest:**

Overview & Scrutiny Committee

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**TRACKING/PROCESS**

**EXECUTIVE DIRECTOR: Mike Woodhead**

Chief Executive/ Joint Executive Team	Cabinet	Overview & Scrutiny Committee	Council	Ward Members	Partners
<b>22/07/19</b>	<b>24/07/19</b>	<b>12/09/19</b>			

**1.0 INTRODUCTION**

- 1.1 This report informs Members of the forecast outturn for 2019/20 based upon current spend for the period 1 April 2019 to 30 June 2019 in respect of the revenue budget, capital budget, treasury management and the CCG.
- 1.2 Projections are based on current trends, information, and professional judgement from service managers and finance staff.

- 1.3 The revenue budget projections highlight the fact that budget pressures exist in some key areas and it will be necessary to continue to maintain the high level of scrutiny, control and support around the Budget Recovery Boards (see 2.2, below) and to further develop the savings pipeline. The expectation is, of course, that each department mitigates any forecast overspend, i.e. to live within its approved financial envelope for the year. This is essential for the Council to grow general reserves and address the underlying deficits which have built up in recent years.
- 1.4 This is the last year of the three year plan approved in February 2017. Work will take place over the next 6 months on the next new three year Medium Term Financial Plan (MTFP). This will be dependent on clarity from government about local government funding in the Comprehensive Spending Review (CSR), due in the autumn.

## **2.0 BUDGET MONITORING PROCESSES**

- 2.1 Reports are presented quarterly to facilitate close monitoring of spend and implementation of action plans during the year.
- 2.2 Reports are also presented to the Joint Executive Team (JET) on a monthly basis and detailed monitoring information and forecasts are discussed with Cabinet Members on budgets within their portfolios.

Four themed Budget Recovery Boards have also been established to oversee the implementation of savings plans, to develop further pipeline schemes, to monitor additional pressures arising in year, and to identify mitigations. A Council-CCG wide system of tracking progress has been implemented and a savings tracker is updated and shared with senior managers and JET on a fortnightly basis. The four boards are:

- Health and Care
- Corporate Core
- Business Growth and Investment
- Operations and Other Council Services

Other measures include a £1,000 per transaction procurement limit, a Budget Control Group that considers requests for filling vacant posts, a review of external staff resources such as contractors and consultants.

- 2.3 It is intended that improvements will continue to be made to the budget monitoring process, building on the significant developments implemented over the past year.

## **3.0 SUMMARY OF REVENUE BUDGET POSITION**

- 3.1 The table below outlines the annual budget and forecast outturn based upon known factors and the professional views of service managers as at month 3:

<b>Department</b>	<b>Budget £000</b>	<b>Forecast £000</b>	<b>Variance £000</b>
Communities & Wellbeing	70,842	71,402	<b>560</b>
Resources & Regulation	6,957	7,086	<b>129</b>
Children, Young People & Culture	41,433	42,533	<b>1,100</b>
Business, Growth & Infrastructure	(935)	(500)	<b>435</b>
Operations	12,869	12,869	<b>0</b>
Art Gallery & Museum	565	653	<b>88</b>
Non Service Specific	7,131	5,815	<b>(1,316)</b>
<b>TOTAL</b>	<b>138,862</b>	<b>139,858</b>	<b>996</b>

3.2 The projected overspend of £0.996m represents approximately 0.7% of the total net budget of £138.862m.

3.3 An overview of the reasons for these variances are outlined in the table below; more detailed analysis is provided in section 4 of the report.

Month 3 Variance	Children, Young People & Culture	Communities & Wellbeing	Resources & Regulation	Business, Growth & Infrastructure	Art Gallery & Museum	Operations	Non Service Specific	TOTAL
Reason	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Demand Pressures	933	2,517	0	0		105		<b>3,555</b>
Delayed Achievement of Cuts Options	1,173	1,915	400	228	0	0	0	<b>3,716</b>
Non-Achievement of Cuts Options	0	0	0	0	0	0	0	<b>0</b>
Income Shortfall	0	(4)	8	133	88	0	0	<b>225</b>
Planned use of one-off funding	0	(1,920)	0	0	0	0	0	<b>(1,920)</b>
Use of other funding or earmarked/ other reserves	(884)	0	0	(495)	0	0	0	<b>(1,379)</b>
Other	(122)	(1,948)	(279)	569	0	(105)	(1,316)	<b>(3,201)</b>
<b>TOTAL</b>	<b>1,100</b>	<b>560</b>	<b>129</b>	<b>435</b>	<b>88</b>	<b>0</b>	<b>(1,316)</b>	<b>996</b>

3.4 Members need to be aware that financial reporting involves an element of judgement, and this particularly applies to the treatment of budget pressures. Often an area of overspending identified at this point in the year has been resolved before the end of the year following appropriate remedial action.

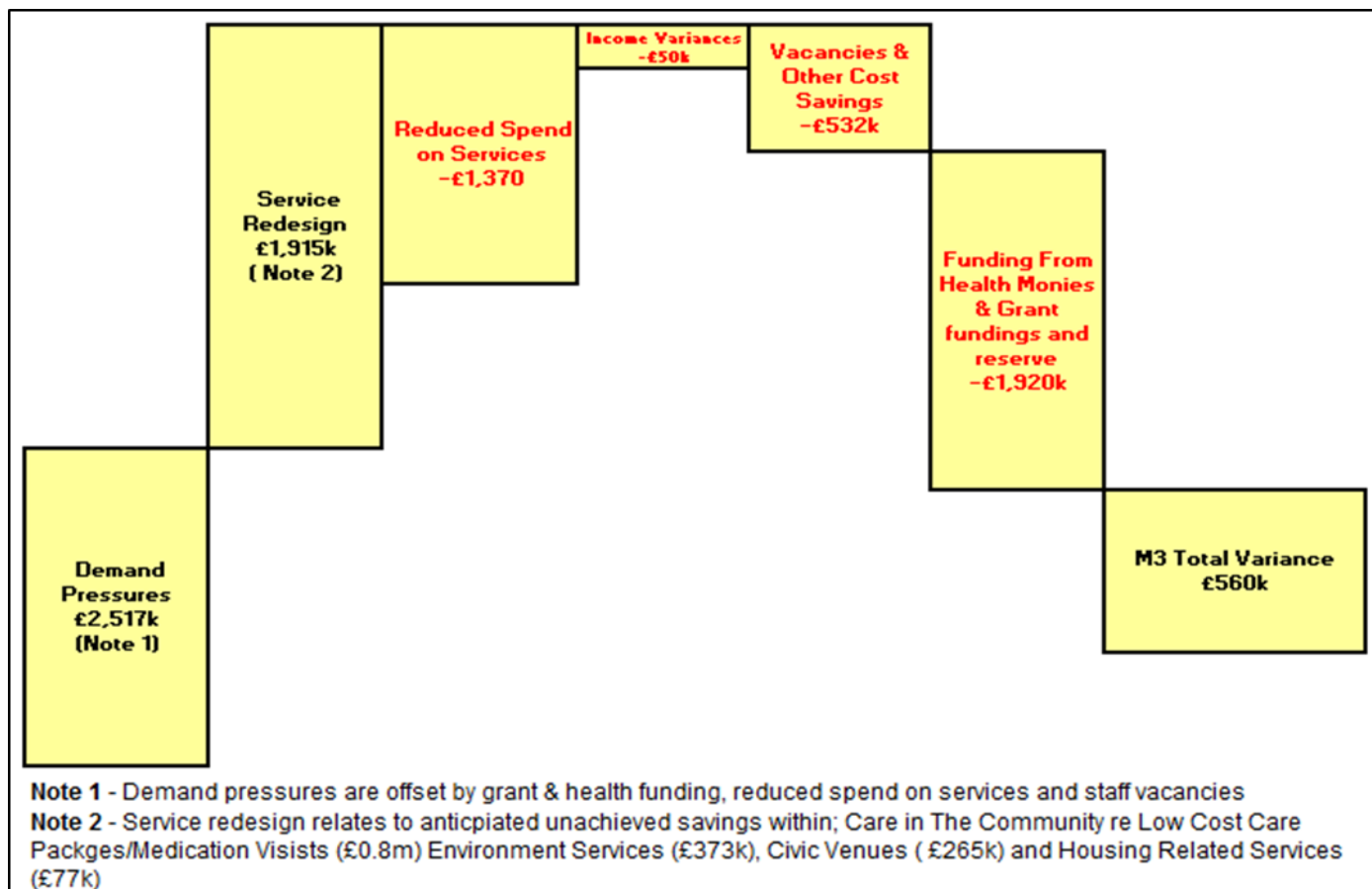
3.5 However it is felt appropriate to alert Members to potential problems at this stage so that they can continue to monitor the situation and take ownership of the necessary remedial action and this is the basis on which the report is written.

## 4.0 SERVICE SPECIFIC FINANCIAL MONITORING

### 4.1 COMMUNITIES AND WELLBEING

4.1.1 The current projected overspend for Communities and Wellbeing is **£560k**.

4.1.2 Reasons for major variations are illustrated in the chart below;



4.1.3 It should be noted that Communities and Wellbeing budget includes:

- £1.3m additional Improved Better Care (iBCF) funding
- £1.5m recognition and funding (from Council baseline) of demographic pressures
- £1.5m addition BCF contingency
- £0.4m additional CCG contributions to Public Health and Mental Health related initiatives

These latter two funding streams are a direct result of joint working and integration across the Council and the CCG.

4.1.4 Further details by service area are outlined below, along with remedial action being taken.

Theme	Variance £'000	Reason	Action Being Taken
<b>Demand Pressures</b>		<p><b><u>Commissioning &amp; Procurement Budget</u></b></p> <p><b>£170k</b> pressure regarding the completion of DoLS assessments DoLS is a statutory function (i.e. unavoidable). Attempts are ongoing to ensure costs of assessments are reduced/kept to a minimum.</p>	Commissioning & procurement budget is balanced at M3 therefore demand pressures being offset by staff vacancies and reduced spending

Theme	Variance £'000	Reason	Action Being Taken
		<p><b>£142k</b> pressure re delays in roll out of tenancy related contracts ( Supporting People)</p> <p><b><u>Finance, Customer Services &amp; Asset Management Budget</u></b></p> <p><b>£17k</b> pressure regarding Additional Costs re Appropriate Adults Scheme</p> <p><b><u>Adult Social Care Operations Budget</u></b></p> <p><b>£1,527k</b> pressure at Choices for Living Well Service</p> <p><b>£442k</b> pressure in the Integrated Community Equipment Service Budget</p> <p><b>£107k</b> pressure on Assessment &amp; Care Mgt staffing budgets</p> <p><b><u>Public Health Budget</u></b></p>	<p>Commissioning &amp; procurement budget is balanced at M3 therefore demand pressures being offset by staff vacancies and reduced spending</p> <p>Finance, Customer Services &amp; Asset Management budget is balanced at M3 therefore demand pressures being offset by staff vacancies and reduced spending</p> <p>Adult Social Care Operations budget is balanced at M3 and therefore this pressure is supported by items such as the ASC protection grant and a contributions from Health</p> <p>Adult Social Care Operations budget is balanced at M3 and therefore this pressure is supported by items such as the ASC protection grant and a contributions from Health</p> <p>Adult Social Care Operations budget is balanced at M3 and therefore this pressure is supported by items such as the ASC protection grant and a contributions from Health</p>

Theme	Variance £'000	Reason	Action Being Taken
		<p><b>£109k</b> pressure across Public Health Budget</p> <p><b><u>Workforce, Modernisation &amp; Adult Education Budget</u></b></p> <p><b>£3k</b> pressure on staffing budgets</p>	<p>Public health budget is balanced at M3 and this pressure is offset by staffing underspends and anticipated contract savings</p> <p>Workforce Modernisation &amp; Adult Education budget is balanced at M3 and this pressure is offset by staffing underspends and anticipated contract savings</p>
<b>Sub Total</b>	<b>2,517</b>		
<b>Service redesign</b> (Unachieved Savings)		<p><b>£800k</b> Care in the Community Budget re Low Cost care Package review</p> <p><b>£400k</b> Sports &amp; Leisure Service</p>	<p>This relates to the forecast unachieved saving regarding low cost care package reviews within the care in the community budge. This pressure is offset by demand management specifically a tighter grip on tactical commissioning (e.g. care panel process) within the care in the community budget</p> <p>The Sports &amp; Leisure pressure is linked to unachieved historic (not 2019/20) savings targets. The Leisure service is part of a wider Growth and Investment Review. Options include a risk assessment and review of staffing requirements in all facilities as well as an enhancement to the</p>

Theme	Variance £'000	Reason	Action Being Taken
		<p><b>£373k</b> Environmental Services</p> <p><b>£265k</b> Civic Venues</p> <p><b>£77k</b> Housing Related Services</p>	<p>service leadership to drive short and medium term changes/reviews</p> <p>This pressure is related to an historic savings target. These savings are in scope of the Public, protection, regulatory, environmental (PPRE) review which goes beyond Environmental Health. This review will be moved forward through the new council structures once agreed.</p> <p>The pressure on Civic venues is largely linked to unachieved savings and low footfall impacting income streams. A budget recovery plan is in place linked to the wider growth review of facilities and Civic venues are increasing its use to support integrated wellness</p> <p>The expectation is that this pressure will be met through further staffing budget savings.</p>
Sub Total	<b>1,915</b>		
<b>Reduced spending on services</b>		<p><u><b>Care in the Community Budget</b></u></p> <p><b>(£1,300k)</b> regarding Care in the community budget</p> <p><u><b>Commissioning &amp; Procurement Budget</b></u></p>	<p>Reduced spend (as a result of demand management) within care in the community budget is being used to offset the forecast unachieved saving regarding low cost care package reviews within the care in the community budget</p>



Theme	Variance £'000	Reason	Action Being Taken
		<p><b>(£29k)</b> regarding Telecare/Emergency Respite</p> <p><b><u>Public Health Budget</u></b></p> <p><b>(£41k)</b> regarding reduced contract expenditure</p>	<p>Reduced spend being used to offset pressures within other areas of Commissioning &amp; Procurement</p> <p>Reduced spend being used to offset pressures within other areas of Public Health</p>
<b>Sub Total</b>	<b>(1,370)</b>		
<b>Income Variances</b>		<p><b><u>Adult Social Care Operations Budget</u></b></p> <p><b>(£20k)</b> regarding additional income generated from Falcon &amp; Griffin and Redbank extra care schemes using Carelink devices.</p> <p><b>(£22k)</b> Additional Income from personal budget use of councils employment support team</p> <p><b><u>Other Miscellaneous</u></b></p> <p><b>(£8k)</b></p>	<p>Additional income being used to offset pressures within other areas of Adult Social Care Operations</p> <p>Additional income being used to offset pressures within other areas of Adult Social Care Operations</p> <p>Additional income being used to offset pressures within service areas</p>
<b>Sub Total</b>	<b>(50)</b>		
<b>Vacancies and Other Staff Cost Savings</b>		<p><b>(£284k)</b> Commissioning &amp; Procurement</p> <p><b>(£114k)</b> Adult Social Care Operations:</p> <p><b>(£67k)</b> Finance,</p>	<p>Underspend being used to offset pressures within other areas of Commissioning &amp; Procurement</p> <p>Underspend being used to offset pressures within other areas of Adult Social Care Operations:</p> <p>Underspend being used</p>

Theme	Variance £'000	Reason	Action Being Taken
		Customer Services & Asset Management	to offset pressures within other areas of Finance, Customer Services & Asset Management
		(£67k) Public Health	Underspend being used to offset pressures within other areas of Public Health
<b>Sub Total</b>	<b>(532)</b>		
<b>Funding from Health Monies ,Grant Funding and Reserves</b>		<b><u>Adult Social Care Operations Budget</u></b>	
		Adult Social Care Protection Grant (£1,327k)	This is a one off grant being used to support demand pressures within the Choices for Living Well service
		Health Funding (£593k)	One off support towards supporting the Choices for Living Well service
<b>Sub Total</b>	<b>(1,920)</b>		
<b>Total</b>	<b>560</b>		

## 4.2 RESOURCES AND REGULATION

4.2.1 The Resources & Regulation Department is forecasting an overall overspend of **£0.129m.**

4.2.2 Reasons for major variations are illustrated in the chart below;

	Net Increase in Staffing and Running Costs <b>+17k</b>	Mitigation of Delays in Implementation of Savings <b>-200k</b>		
Delays in Implementation of Savings  <b>+400k</b>			Members Allowances  <b>-88k</b>	<b>Total</b>  <b>+129k</b>

4.2.3 Reasons for major variations are illustrated in the table overleaf;

Activity	Variance £'000	Reason	Action Being Taken
<b>Delayed Implementation of Savings Targets</b>	<b>+400</b>	Within Finance and Efficiency Review (£200,000) and Customer Support & Collections (£200,000).	Revised means of achieving the targets being considered. Awaiting outcome of reviews of services.
<b>Net Increase In Staffing and Running Costs</b>	<b>+17</b>	Additional election costs from Municipal Election and Postal Voting requirements and additional staffing and land charge costs (£188,000), reduced retrospective rebate income in respect of Procurement (£43,000), legal services (£38,000) offset by increased income in Licensing (£30,000), vacancy management in Trading Standards (£22,000), additional contract income from Cleaning Services (£123,000) plus other projected increases in staffing and running costs (£33,000).	Ongoing management of the budgets in order to reduce staffing and running costs spend.
<b>Mitigation of Delays in Implementation of Savings</b>	<b>(200)</b>	Reduction in salaries within Finance (£100,000) and receipt of grant monies in Customer Support and Collections (£100,000).	Work will continue to identify other savings opportunities.
<b>Members Allowances</b>	<b>(88)</b>	Payments expected to be less than budget.	To be used to assist in reducing the estimated overspend within the department in 2019/20.

### 4.3 BUSINESS, GROWTH AND INFRASTRUCTURE

4.3.1 The Director of Business, Growth & Infrastructure is forecasting an overall overspend of **£0.435m**.

4.3.2 Reasons for major variations are illustrated in the chart below;

Delays in Implementation and Non-Achievement of Savings	Shortfall in Property Income	Net Overspends on Staffing and Running Costs and Use of Earmarked Reserves	Total
+228k	+133k	+74k	
			+435k

4.3.3 Reasons for major variations are illustrated in the table below;

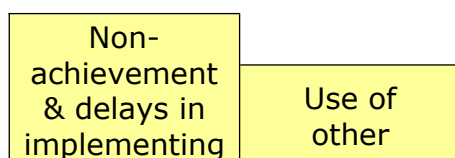
Activity	Variance £'000	Reason	Action Being Taken
<b>Delayed Implementation and Non Achievement of Savings Targets</b>	<b>+228</b>	In respect of Office Accommodation review phase 1 (£203,000) and Facilities Management Review phase 1 (£25,000).	Revised means of achieving the targets being considered. Awaiting outcome of contractor expert reviews of Facilities Management and Office Accommodation services, targeted Aug/Sept19 to establish best options.
<b>Property Services Income Shortfall</b>	<b>+133</b>	<p>Void properties for letting and rent reductions (£116,000).</p> <p>Town Centre ground rent income underachieving against budget (£17,000).</p>	<p>Restructuring of budgets as part of the creation of the Growth directorate.</p> <p>All vacant properties to be intensely marketed for letting by private sector specialist agents on an incentivised basis.</p> <p>Private sector specialists in the process of being procured to undertake all rent reviews and lease renewals to maximise income.</p> <p>Town Centre income is largely beyond the Council's control, but the income figures associated with The Mill Gate Centre and Longfield Centre will continue to be scrutinised.</p>

			Delivery strategy to be developed and implemented to sell those properties not achieving sufficient income and to build/acquire others. Such housing to be made ready for rental income and low risk commercial property, which will deliver rental growth in the future.
<b>Net Overspends on Staffing and Running Costs plus Use of Earmarked Reserves</b>	<b>+74</b>	Use of earmarked reserves (£495,000) to fund salary costs (£495,000) plus projected overspends in Admin Buildings re utilities bills (£33,000), repairs & maintenance (£17,000), rates shortfall (£79,000), cleaning SLA (£49,000), plus projected overspends in Property Services due to costs associated with empty properties (£34,000) and additional legal recharges (£55,000), plus net increases in other staffing and running costs (£22,000). These are offset by projected underspends due to additional income from investment properties (£119,000) and additional CCG rental income (£96,000) for Admin Buildings. on salaries and other running costs (£14,000).	To use underspends to assist in reducing the estimated overspend within the directorate in 2019/20 and seek to find measures to mitigate and reduce projected overspends.  Note: Staffing exiting savings and costs of severance are not factored at this stage; pending Growth structuring work. It is forecast that these saving will be fully realized in 2020/21 given the timing.

#### 4.4 CHILDREN'S AND YOUNG PEOPLE

4.4.1 The overall Children's, Young People & Culture budget is currently projecting an overspend of **£1,100m.**

4.4.2 Reasons for major variations are illustrated in the chart overleaf;



Children's Social Care Demand Pressures	Savings	funding, or earmarked /other reserves	Other Variations	Total
	1,173k	(884k)		
			(122k)	
933k				1,100k

4.4.3 Further details of the major variations are provided in the table below:

Activity	Variance £'000	Reason	Action Being Taken
Children's Social Care Demand Pressures, £933k			
Children's Residential	+173	On-going Demand pressures	This forecast overspending is based on the number of children in residential placements. There have been more additional high cost residential placements since the budget was set that have increased the forecast overspending by £173,000. The service is constantly reviewing high cost placements and has had success in lowering the cost of 4 packages in June 19 which will deliver c£400k savings. The impact of these savings is already reflected in this forecast, but work is still ongoing and could deliver further savings.
Independent Fostering Agencies	+339	On-going Demand pressures	Forecast is based on the number of children in Independent Fostering Agency placements. Transformation work is underway and gaining traction to increase the cohort of in-borough foster carers to reduce reliance on Independent Fostering Agencies.

Fostering Team	+24	Ongoing Demand pressures	Forecast overspend due to current level of demand
Adoption Service	+188	One-off	Due to sibling groups and individual children being placed for adoption with families outside of the Regional Adoption Agency creating additional costs for the Authority. Work is ongoing with an external adoption agency to re-negotiate adoption placement fees.
Safeguarding	+209	One-off	<p><b>Safeguarding Unit (+40)</b> Pathway Reviewing Officer only funded from August 19 following the re-structure, there is also long term sickness being covered by agency staff.</p> <p><b>Safeguarding (+69)</b> – Overspend mainly due to the cost of agency staff covering staff on maternity leave/secondment and vacant posts and the costs of family group conferences.</p> <p><b>Initial Response Team (+20)</b> – The service currently has 3 agency social workers covering 2 secondments and a vacancy.</p> <p><b>External Legal Fees (+80)</b> – Locum Solicitor costed until December 2019 to alleviate LA Solicitors with a view to reducing the reliance on barristers.</p> <p>For all of the above there is work around Early Help as part of GM Innovation fund - this is to try and support families at an earlier stage to reduce reliance on social care interventions.</p>

Activity	Variance £'000	Reason	Action Being Taken
Non-achievement and delays in Implementing Savings, <b>£1,173k</b>			
Statutory Regulatory	+911	Remainder of the 2016/17 and 2017/18 savings that have yet to be achieved  Probable on-going shortfall	At the beginning of 2016, it became apparent that the financial problems within the Dedicated Schools Grant meant that the 2016/17 savings option "External Funding Optimization" amounting to £900,000 would not be wholly achieved.  The shortfall in the required budget savings was treated as a generic budget saving and distributed amongst the Department.  Work is in progress to find alternative mitigations and savings options to address this.
Libraries	+91	Savings shortfall (probable one-off)	Business rates and costs relating to library buildings that are due to close are contributing to the forecast overspending. In addition there are £20,700 of budget savings still to be allocated and an AGMA payment due that is not supported by a budget.
Residual Pensions	+120	Probable One-off	The 2019/20 cut brought forward from 2018/19 not currently achieved due to variance in expected numbers.
Safeguarding Team Building Costs	+51	Savings shortfall (probable one-off)	Delays in vacating Higher Lane



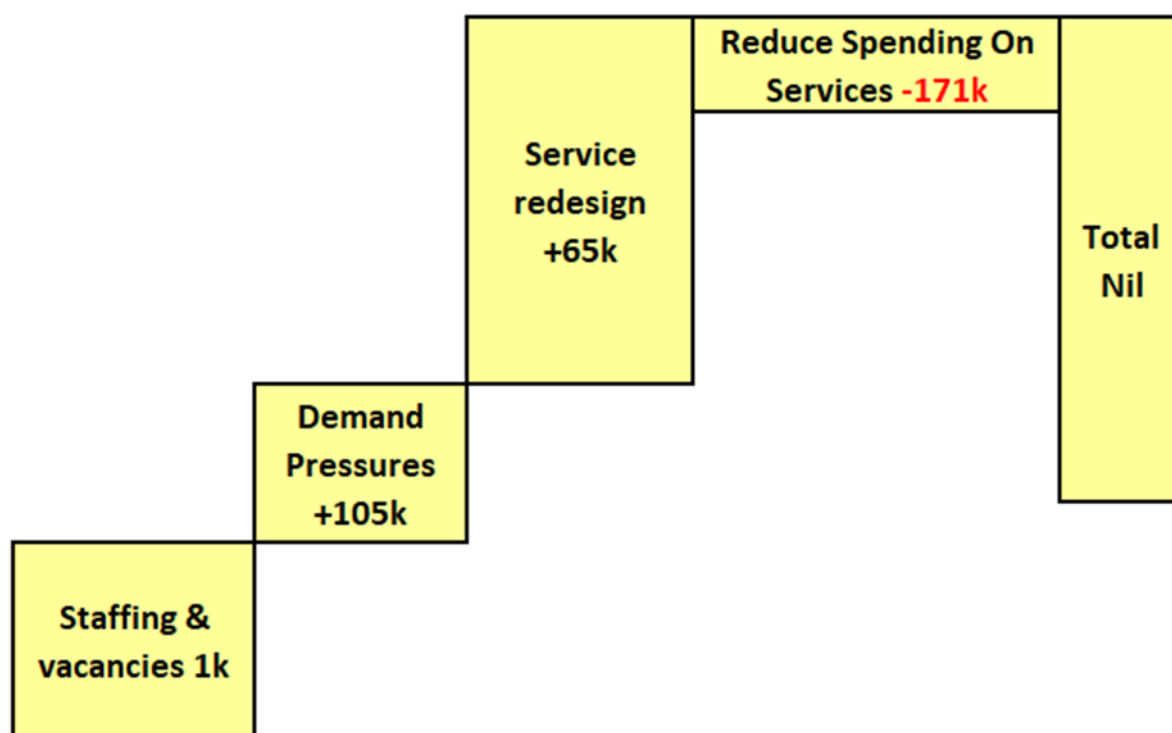
Activity	Variance £'000	Reason	Action Being Taken
Use of other Funding, ( <b>£884k</b> )			
Social Care Support Grant	(884)	Ongoing	CYP have benefitted from increased Adult Social Care Support Grant and Central Government extending the criteria to include Children's Services
Other, ( <b>£122k</b> )			
Home to School / College Transport - SEND	(30)	One-off	Salary savings offset by high demand on statutory home to college provision.
Reach Out Adolescence Support Unit	(45)	One-off	Vacant post and other savings identified due to changes in the planned delivery of the service
Support at Home	(27)	Ongoing	Savings achieved through Support work being done by the Reach Out Project
Other	(20)	One-off	Salary savings and reduced discretionary spending in a number of services throughout the department.

4.4.4 A report on the progress of the recovery plan as agreed with the Education Skills Funding Agency to address the deficit on the Dedicated Schools Grant will be included in a future report.

## 4.5 OPERATIONS

4.5.1 The Department of Operations is forecasting a balanced budget.

4.5.2 Reasons for major variations are illustrated in the chart below:



4.5.3 Reasons for major variations are illustrated in the table below;

Activity	Variance £'000	Reason	Action Being Taken
<b>Demand Pressures</b>	+105	Parking Services - Continued pressure on business rates - £44k  Winter Maintenance - Estimated overspend on Winter Maintenance based on 5 year average - £61k	<ul style="list-style-type: none"> <li>Reduce spending on non-essential expenditure where possible</li> <li>This is a reactive statutory service; however we will try and mitigate any overspends by reduced spending on non-essential expenditure where possible within Engineers</li> </ul>
<b>Sub Total</b>	<b>105k</b>		

<b>Vacancies and Other savings</b>	<b>Staff</b>	(29)	Traffic Management – saving on staffing budgets due to vacancies.	<ul style="list-style-type: none"> <li>Underspenders are being used to offset overspenders elsewhere within Engineers</li> <li>Review of agency staffing levels</li> </ul>
		+30	Street Cleaning – Agency staffing levels are higher than budget	
<b>Sub Total</b>		<b>1</b>		
<b>Service Redesign</b>		+65	<p>Waste Management – £57k balance of savings target still to be achieved; a one off £1m contribution to savings target in 2019/20 has been added to the budget to alleviate the pressure until a permanent solution has been found.</p> <p>Public Conveniences – £8k fixed cost which will continue until the assets has been disposed off</p>	<ul style="list-style-type: none"> <li>A programme of works is in place to look at options for transforming service delivery</li> <li>Reduce spending on non-essential expenditure where possible</li> </ul>
<b>Sub Total</b>		<b>+65</b>		
<b>Reduced Spending on Services</b>		(171)	Transport - reduced leasing cost due to purchase of Refuse Collection Vehicles in 2018/19	<ul style="list-style-type: none"> <li>Underspenders are being used to offset overspenders elsewhere within Engineers</li> </ul>
<b>Sub Total</b>		<b>(171)</b>		
<b>Total Operations</b>		<b>0</b>		

## 4.6 ART GALLERY & MUSEUM

4.6.1 There is a forecast net overspend of £88,000 due to the Museum Development income budget of £88,000 from prior years continuing to be unachievable.

## 4.7 NON-SERVICE SPECIFIC

4.7.1 There is a forecast net underspend of **£1.316m**. This relates primarily to forecast reduced need for provisions of and GM levies.

## 5 CLINICAL COMMISSIONING GROUP (CCG)

### Overall Financial Performance

At month 3 the CCG is reporting a balanced position. The reported position assumes the full delivery of the savings (QIPP) target of £12.5m. At month 3, £6m of the target remains unidentified with several identified schemes with a medium to high risk of delivery.

The reported net risk position at month 3, although reduced from month 2, is £6.2m. Work is focused on the identification and strengthening of savings plans, together with the identification of mitigations.

Community services successfully transferred from Pennine Care Foundation Trust (PCFT) to Salford Royal Foundation Trust (SRFT) on 1st July 2019. The transfer of services was completed safely and post transfer work to mitigate risks and emerging losses will continue.

Financial Performance		£000's				
Area	YTD Budget	YTD Actual	YTD Variance	Annual Budget	FOT	FOT Variance
<b>Allocations</b>	<b>(79,237)</b>	<b>(79,237)</b>	<b>0</b>	<b>(304,728)</b>	<b>(304,728)</b>	<b>0</b>
Acute Services	40,014	41,395	1,380	161,602	164,120	2,518
Community Health Services	7,660	7,853	193	30,522	30,574	52
Continuing Care Services	3,483	3,511	27	13,958	13,958	0
Mental Health Services	7,847	7,536	(310)	30,905	30,835	(70)
Other Programme Services	2,382	2,330	(52)	4,694	5,019	325
Primary Care Services	9,078	9,071	(6)	37,905	37,755	(150)
Primary Care Co-commissioning	6,564	6,465	(99)	27,218	27,218	0
<b>Programme Costs</b>	<b>77,028</b>	<b>78,161</b>	<b>1,133</b>	<b>306,804</b>	<b>309,479</b>	<b>2,675</b>
Running Cost	1,076	1,076	0	4,303	4,303	0
<b>Total Costs</b>	<b>78,104</b>	<b>79,237</b>	<b>1,133</b>	<b>311,107</b>	<b>313,782</b>	<b>2,675</b>
Reserves	1,133	0	(1,133)	(6,379)	(9,054)	(2,675)
<b>(Surplus)/Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Financial Performance 2019-20

### Acute Services

The overall overspend for acute services expenditure at month 3 is a £1,380k. Analysis indicates that this is driven by year to date overperformance in A&E attendances, emergency admissions and critical care at Pennine Acute (PAHT) and elective overperformance. A review of the activity data received to date, extending it to incorporate the impact of longer-term trends, together with daily information on the numbers of patients in A&E, clearly indicates significant unplanned pressures in the urgent care system.

### Mental Health Services

The CCG is reporting a forecast underspend of £70k for Mental Health Services which reflects benefits from 18/19 in respect of risk shares at PCFT. Most of the budgets are covered by block arrangements, however there remains volatility in those budgets related to the cost of individual placements for patients with complex needs.

## Primary Care Services

Primary care services are expected to perform within plan this year which includes a forecast break even position for prescribing.

## Community Services

Community services are reporting a small forecast overspend arising from Any Qualified Provider (AQP) activity. The level of risk surrounding the transfer of community services from PCFT to SRFT continues to be monitored with working to ensure that mitigation plans are in place and are being delivered. The level of stranded costs which remain in PCFT continued to be reviewed with a final level of costs expected to be agreed in month 4. Discussions are ongoing with PCFT to develop a mitigation plan to reduce these costs as soon as possible.

## QIPP Delivery

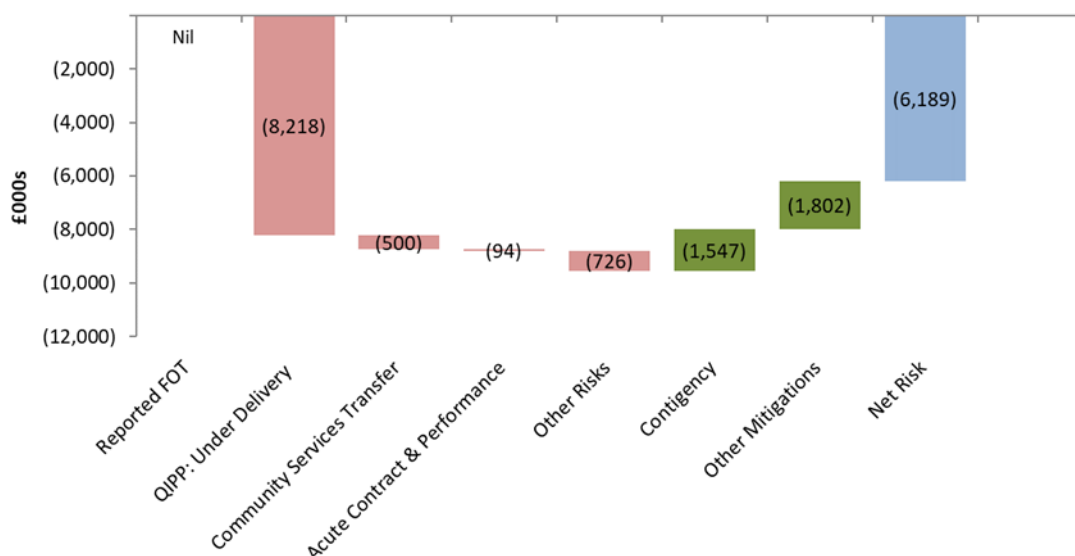
The table below summarises the QIPP delivery against target at month 3 for the CCG and Local Authority. The table shows that only £1.2m of the CCG target has been delivered or has a low risk of delivery. The current priority of the CCG is to deliver the financial savings with progress monitored on a fortnightly basis at JET. Recent 'deep dives' have been conducted on the medium and high-risk schemes with a range of actions to strengthen and secure delivery.

Table 1 – QIPP Delivery

Tracker Summary Month 3 - 24th June 2019										
Board	Directorate/ Workstream	Plan	In year (PYE)	GAP	Movement from prior report In Year	Recurrent (PYE)	Movement from prior report Recurrent	YTD	YTD % of Plan	WTE
In Year (PYE)										
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	%	WTE
		Delivered		Low risk		Medium risk		High risk		
		£'000	# of schemes	£'000	# of schemes	£'000	# of schemes	£'000	# of schemes	
Heath & Care	Urgent Care	87	87	-	-	87	-	87	0%	N/A
	Primary Care	936	936	-	-	1,314	-	86	0%	N/A
	Elective Care	1,330	1,330	-	-	700	(376)	128	1%	N/A
	Integrated Care	234	234	-	-	150	-	2	0%	N/A
	Women & Children	116	116	-	-	116	-	-	0%	N/A
	Community	-	-	-	-	-	-	-	0%	N/A
	Mental Health	976	976	-	-	976	476	-	0%	N/A
	Non programme	-	-	-	-	-	-	-	0%	N/A
	CHC	655	655	-	-	600	-	93	0%	N/A
	Medicines Optimisation	600	600	-	-	600	-	180	1%	N/A
	Non recurrent mitigations	1,547	1,547	-	-	-	-	-	0%	N/A
	Other (incl CCG Target)	6,019	-	(6,019)	-	-	-	-	0%	N/A
		12,500	6,481	(6,019)	-	4,543	100	576	13%	-
	C&YP	2,798	2,156	(642)	(93)	2,680	(1)	124	0%	-
CWB		6,624	7,146	522	400	3,891	-	4,775	19%	3,734
		9,422	9,302	(120)	307	6,571	(1)	4,899	75%	3,734
BG&I		338	110	(228)	-	220	-	-	0%	-
Commercial & Other		800	683	(117)	600	-	-	-	0%	600
Corporate Core		1,781	1,381	(400)	-	1,321	-	248	1%	-
		24,841	17,957	(6,884)	907	12,655	99	5,723	45%	-
		100%								
		25%								
		14%								
		45%								
		16%								

## Risk adjusted forecast outturn

As described within the detail sections of this report a high level of risk surrounds the achievement of the forecast outturn breakeven position. The largest risk being the risk to the delivery of the savings target. Further key risks relate to acute overperformance and the transfer of community services part way through the year to a new provider. Work is currently underway and will continue to robustly quantify and manage the total CCG exposure to risk and offsetting mitigations. The risk adjusted forecast outturn as shown in the graph below is £6.2m.



## 6.0 CAPITAL BUDGET

### 6.1 Capital Programme

6.1.1 The revised estimated budget for the Capital Programme 2019/20 at the end of June is shown in the table below:

2019/20	£m
Original Capital Programme	52.599
(Approved) Slippage from 2018/19	8.990
In year adjustments and contributions	(0.047)
<b>Revised Capital Allocation at Quarter 1</b>	61.542
Estimated re-profiled projects into 2020/21	(8.336)
<b>Revised working budget for Year at Qtr. 1</b>	<b>53.206</b>

6.1.2 The expenditure and funding profile for the Capital Programme together with a detailed breakdown of the Original Approved Programme, the Revised Estimate, Forecast Outturn, Actual Spend up to end of Month 3, and the estimated under/over-spend of the capital programme for 2019/20 is shown in Appendix A.

6.1.3 Members should note that given the complexity and size of some of the larger schemes currently in the Council's Capital Programme the information received from budget holders can vary significantly from one quarterly report to the next and should be read in this context.

6.1.4 At the end of Quarter1, a total of **£8.336m** of the 2019/20 budget has been identified for re-profiling into 2020/21. This amount is attributed to Children Services Projects where the schemes are funded by grants from Department of Education such as the Devolved Formula Capital Grant, Basic Need / School Condition and the Early Education Fund.

## **6.2 Expenditure**

6.2.1 The Forecast Outturn as at Month 3 is indicated to be **£53.9m** and Budget Managers have reported, after considering the development stages for a number of schemes in the programme, an expected outturn close to this amount by 31 March 2020.

6.2.2 Actual expenditure after accruals that was realised by the end of Month 3 totals **£4.622 m**.

6.2.3 The main areas to record expenditure for the first quarter are:

• Highways Schemes	£1.266m
• Children's, Young People and Culture	£1.438m
• Corporate ICT - Digital Transformation	£0.431m
• Housing Public Sector	£0.487m

## **6.3. Variances**

5.3.1 Appendix A provides details of variances for each scheme based on the latest available information received from budget managers.

5.3.2 A projected overspend by year end of £0.689m for the Programme is shown on Appendix A. This amount is an estimate of additional resources that may be required in the event of several Property development schemes at an early stage in their delivery completing by year end.

5.3.3 The amount is not considered material in relation to the size of the programme and it is expected to reduce as schemes progress and are finalised in year.

5.3.4 All forecasted overspends are routinely monitored and analysed by budget managers with remedial action initiated as soon as the risk is deemed to negatively affect the programme or its outcomes.

5.3.5 Brief reasons for all variances are provided in Appendix A attached with this report.

## **6.4 Funding**

6.4.1 The funding profile included in Appendix A shows the resources available to cover the capital programme during 2019/20.

5.4.2 The principal source of funding for Capital schemes approved for the 2019/20 programme is represented by external resources and Prudential borrowing.

5.4.3 In addition, slippage of ££8.9m supported by a mixed balance of resources that were approved, received and not spent in the previous financial year were carried forward to support the current programme.

5.4.4 The position of the capital receipts and borrowing as at the end of Month 3 is reported below. The figures in the table show the total funding requirement for the revised

estimated capital programme inclusive of potential slippage into 20/21 and the expected Council resources to be used to finance the Programme.

<b>2019/20 Use of Council Resources for Capital Investment</b>	<b>£m</b>
Revised Capital Programme allocation for the year	61.542
Use of external funding and contributions	(38.214)
<b>Balance of programme relying on Council resources</b>	<b>23.328</b>
Use of Capital receipts and earmarked reserves	6.253
Use of Prudential Borrowing (2019/20 approved schemes)	13.135
Use of Prudential Borrowing (2018/19 schemes brought forward)	3.940
<b>Total Council Resources used to support the Capital Budget for Year</b>	<b>23.328</b>

## 6.5 Capital Programme Monitoring

6.5.1 The programme will be monitored closely during the year by the Capital Programme Management Group (CPMG) and the Management Accountancy team with an aim to identify potential risks to delivery of schemes on cost and time. A review of the operational programme is underway and this will align schemes in the programme with the reporting timetable and target a slippage into 2020/21 of a maximum 10% of the working programme.

## 7.0 HOUSING REVENUE ACCOUNT

7.1 The Housing Revenue Account (HRA) relates to the operation of the Council's housing stock and can be viewed as a landlord account. It is required by statute to be accounted for separately within the General Fund and is therefore effectively ring-fenced.

7.2 The projected outturn shows an in year deficit of £1.6m leaving a deficit working balance carried forward of £0.579m. See Appendix B.

7.3 There are a number of variations that contribute to the projected outturn position but there is only one significant area where the variance exceeds 10% and £50k that has resulted in the projected deficit balance:

- Revenue contributions to capital – the contribution required to the costs of major works to the housing stock last year was significantly lower than the budget due to slippage on planned schemes; these resources are now required in 2019/20 to complete the 2018/19 programme. The unspent resources in 2018/19 were transferred to the Business Plan Headroom Reserve on a temporary basis and will need to be released back to the HRA to maintain its minimum level of balances.

7.4 The main impacts on the HRA year-end balance are normally **void levels**, the **level of rent arrears** and the **level of Right to Buy sales**.



***Voids:***

The rent loss due to voids for April to June was on average 1.03% which is better than the 1.1% void target level set in the original budget. If this performance was to continue for the rest of the year there would be an increase in rental income of £20k over the original budget; the projections of rental income in Appendix B have been calculated on this basis.

Six Town Housing continue to review the voids processes and the various factors affecting demand.

***Arrears:***

The rent arrears at the end of June totalled £1.721m, an increase of 3.9% since the end of March. Of the total arrears £0.707m relates to former tenants and £1.014m relates to current tenants. An estimated £0.659m of current tenant arrears are in cases where either the under occupancy charge applies or the tenants are in receipt of Universal Credit rather than Housing Benefit.

The Council is required to make a provision for potential bad debts. The contribution for the year is calculated with reference to the type of arrear, the amount outstanding on each individual case and the balance remaining in the provision following write off of debts.

Based on the performance to the end of June, projected for the full year, this provision would require an additional contribution of £0.377m to be made.

The 2019/20 HRA estimates allow for additional contributions to the provision totalling £0.478m, £0.186m for uncollectable debts and £0.292m to reflect the potential impact that welfare benefit changes could have on the level of rent arrears. Therefore there is a potential underspend of £0.101m. The projected outturn has not been amended to reflect this as rent arrears are volatile and an increase in the numbers of Universal Credit cases is expected during the current financial year.

***Right to Buy Sales:***

From April 2012 the maximum Right to Buy discount increased from £26,000 to £75,000.

This has resulted in an increase in the number of applications and ultimately sales. There were 71 sales in 2017/18, however this reduced to 55 sales last year.

The forecast for 2019/20 was set at 60, this being an increase of 15 on the level of sales assumed for Bury in the Government's self-financing valuation.

From July 2014 the maximum percentage discount on houses increased from 60% to 70% (in line with the discounts allowed on flats). The maximum discount now stands at £82,800.

From 26<sup>th</sup> May 2015 the qualifying period for Right to Buy was reduced from 5 years to 3 years.

The number of sales has a direct effect on the resources available to the HRA – the average full year rent loss for each dwelling sold is around £3,700.

There have been 5 sales in the period April to June. This is 7 less than at this point last year. However the number of applications currently proceeding is higher than at this point last year (108 compared to 81). On this information the forecast has been kept at 60 and will be reviewed again at the end of quarter 2; the projections of rental income in Appendix B have been calculated on this basis.

- 7.5 The Welfare Reform and Work Act requires a 1% reduction in social housing rents for 4 years from 2016/17 which has a significant impact on future HRA resources; it has been announced that following this period there will be a return to the previous rent policy i.e. increases of Consumer Price Inflation (CPI) plus 1% for a period of at least 5 years.

## **8.0 PRUDENTIAL INDICATOR MONITORING**

- 8.1 It is a statutory duty for the Council to determine and keep under review the "Affordable Borrowing Limits". The authority's approved Prudential Indicators (affordability limits) for 2019/20 is outlined in the approved Treasury Management Strategy Statement.
- 8.2 The authority continues to monitor the Prudential Indicators on a quarterly basis and Appendix C shows the original estimates for 2019/20 (approved by Council on 20 February 2019) with the revised projections as at 30 June, 2019. The variances can be seen in the Appendix together with explanatory notes. The Prudential Indicators were not breached during the first three months of 2019/20.

## **9.0 TREASURY MANAGEMENT**

### **9.1 Investments:**

- 9.1.1 At the 30th June 2019 the Council's investments totalled £10.8 million and comprised:-

<b>Type of Investment</b>	<b>£ Million</b>
Call Investments (Cash equivalents)	10.8
Fixed Investments (Short term investments)	0.0
<b>Total</b>	<b>10.8</b>

- 9.1.2 All investments were made in line with Link's suggested credit worthiness matrices and the approved limits within the Annual Investment Strategy were not breached during the first quarter of 2019/20.
- 9.1.3 The Council has earned the following return on investments:  
Quarter 1 0.66%
- 9.1.4 This figure is higher than Link's suggested budgeted investment earnings rate for returns on investments, placed for periods up to three months in 2019/20, of 0.57%

### **9.2 Borrowing:**

- 9.2.1 No new external borrowing has been undertaken in the quarter to 30th June 2019.

At 30th June 2019 the Council's debts totalled £192.584 million and comprised:-

					30 June 2019		
					Principal		Avg. Rate
					£000	£000	
<b>Fixed rate funding</b>							
	PWLB Bury		129,253				
	PWLB Airport		11,828				
	Market Bury		44,000	185,081			
<b>Variable rate funding</b>							
	PWLB Bury		0				
	Market Bury		0	0			
<b>Temporary Loans / Bonds</b>					7,503	7,503	
<b>Total Debt</b>						<b>192,584</b>	<b>3.95%</b>

9.2.2 The overall strategy for 2019/20 is to finance capital expenditure by running down cash/investment balances and taking shorter term borrowing rather than more expensive longer term loans. With the reduction of cash balances the level of short term investments will fall. Given that investment returns are likely to remain low for the financial year 2019/20, then savings will be made by running down investments and taking shorter term loans rather than more expensive long term borrowing.

9.2.3 It is anticipated that further borrowing will be undertaken during this financial year.

## 10.0 MINIMUM LEVEL OF BALANCES

10.1 The actual position on the General Fund balance is shown in the following table:

	£m
<b>General Fund Balance 31 March 2019 per Accounts</b>	<b>7.703</b>
Less : Minimum balances to be retained in 2019/20	(4.250)
Less : Forecast overspend at Month 3	0.996
<b>Forecast Available Balances at 31 March 2020</b>	<b>3.453</b>

10.2 Based on the information contained in this report, on the risk assessments that have been made at both corporate and strategic level, on the outturn position for 2019/20 and using information currently to hand on the likely achievement of cuts options, there is no reason at present to take the minimum level of balances above the existing level of £4.250m.

10.3 In light of the above assessment it is recommended that the minimum level of balances be retained at **£4.250m**.

10.4 Members are advised that using available balances to fund ongoing expenditure would be a breach of the Council's Golden Rules. Likewise, Members are advised that the Authority faces significant funding reductions in the future, and balances are likely to be required to fund one-off costs of service transformation.

## **11.0 EQUALITY AND DIVERSITY**

11.1 There are no specific equality and diversity implications.

## **12.0 FUTURE ACTIONS**

12.1 Budget monitoring reports continue to be presented to the Joint Executive Committee and Strategic Leadership Team on a monthly basis and on a quarterly basis to the Cabinet, Overview & Scrutiny Committee and Audit Committee.

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

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

Finance Working Papers, 2019/20 held by the Joint Chief Finance Officer, Bury Council and Bury CCG.

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