



| Classification | Item No. |
|----------------|----------|
| Open           |          |

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|--|---|
| <b>Meeting:</b>                        | Overview and Scrutiny<br>Cabinet  |
| <b>Meeting date:</b>                   | Overview and Scrutiny – 8 February 2022<br>Cabinet - 16 February 2022                 |
| <b>Title of report:</b>                | The Council's Budget 2022/23 and the Medium Term Financial Strategy 2022/23 - 2025/26 |
| <b>Report by:</b>                      | Leader of the Council and Cabinet Member for Finance and Growth                       |
| <b>Decision Type:</b>                  | <b>Non Key Decision</b>   |
| <b>Ward(s) to which report relates</b> | <b>All</b>  |

## Executive Summary:

This report sets out the key elements of the 2022/23 budget proposals and the framework for the longer-term Medium Term Financial Strategy (MTFS) 2022 – 2026. It makes available the latest financial information that will underpin the 2022/23 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 2022/23 Council Tax on 23 February 2022.

As the Government's Spending Review in 2021 was for a single year, and significant changes to Local Government funding are expected in 2023/24 with the implementation of the Fair Funding Review, the financial tables within the report focus on the 2022/23 budget position.

The information presented in this report is structured over the following areas:

- i) The financial context within which the budget and the MTFS will be agreed.
- ii) The summary revenue budget position 2021/22.
- iii) Developing the Medium Term Financial Strategy.
- iv) The options proposed to deliver a balanced budget in 2022/23.
- v) The robustness of the budget and the adequacy of reserves.
- vi) The residual financial risks and uncertainties.
- vii) The financial framework.

In setting the budget, the Housing Revenue Account, the Dedicated Schools budget and the Capital Programme have been taken into consideration. Separate reports for these are set out elsewhere on this agenda.

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

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

In considering the budget proposals, the Committee can challenge how the budget has been constructed. It may wish to probe the assumptions that lie behind the budget strategy, what are the main savings proposals, how will any growth be funded, and has an appropriate level of reserves been set. This scrutiny needs to build on the work of the Committee over the previous year in its budget monitoring activity. The Committee will also need to maintain a 'big picture' view of the financial pressures affecting the Council and understand how these might impact on existing budgets and budget setting in subsequent years.

### **Recommendations**

Overview and Scrutiny Committee is asked to

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

That Cabinet:

- a. Approves the Medium Term Financial Strategy and the assumptions regarding resources and spending requirements.
- b. Notes the Council Tax base of the equivalent of 55,611 band D equivalent dwellings on which the Council Tax funding has been calculated.
- c. Approves the net revenue budget of £177.483m for 2022/23
- d. Approves the increase in Council Tax of 1.94% and the inclusion of a 1% social care levy.
- e. Approves the recurrent changes to expenditure or reductions in income of £17.191m in 2022/23.
- f. Approves the budget reductions and additional income of £5.892m for the 2022/23 financial year.
- g. Approves the use of reserves of £14.355m in 2022/23.
- h. Approves the transfer of £0.683m into reserves with regards to the funding of social care reforms.
- i. Delegates authority to the Executive Director of Finance and the Chief Executive to agree the use of the social care reserve and the Children and Young Peoples Reserve established in 2021/22 in consultation with the Cabinet Member for Finance.
- j. Approves the transfer of £2.996m into a smoothing reserve.
- k. Approves the transfer of £1.388m into a Business Rates Risk
- l. Notes the forecast position on reserves as set out in section 6 of this report.
- m. Notes the Departmental cash limits as set out at Appendix 5.
- n. Notes the significant financial risks for funding, income and demand pressures in future years and for the continued impact of Covid-19 on the strategy.
- o. Recommendation that Council to approve and adopt the budget for 2022/23.



# 1 FINANCIAL CONTEXT AND BACKGROUND

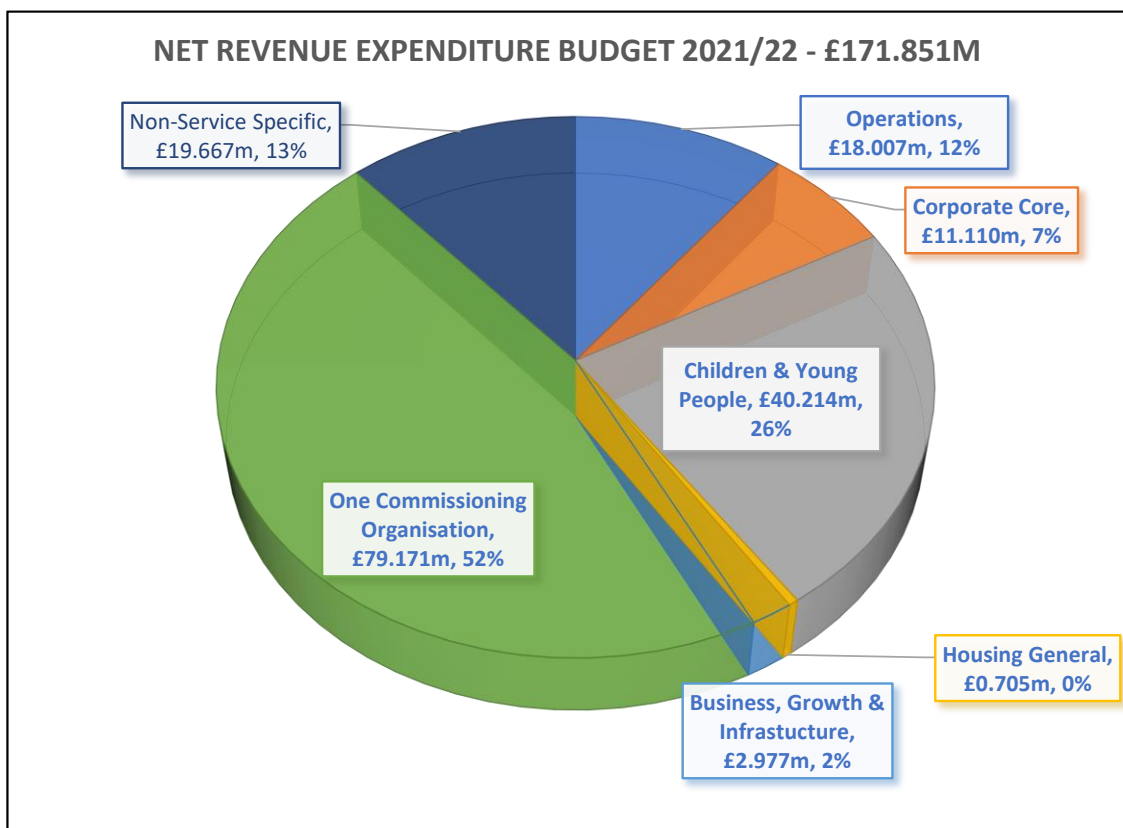
- 1.1 When the Council, at its meeting on 24 February 2021, set the budget for 2021/22, the context in which financial planning was being undertaken was perhaps the most complex and difficult of recent times. This year's challenge is no different. Uncertainties around Government policy and funding through the Comprehensive Spending Review, Local Government Finance Settlement, the Fair Funding Review, the Business Rates Retention Review still exist. Similarly, notwithstanding Government policy, funding relating to social care remains unclear. Furthermore, the continued impact of the Covid-19 pandemic adds greater uncertainty and financial risk for some time to come.
- 1.2 The economic reality is fast changing and challenging and the extent of how long the effects of the pandemic will continue cannot be predicted with any great certainty, although there are encouraging signs with Plan B restrictions being lifted. It is however inevitable that it will bring additional pressures in demand for the services provided by the Council and our partners. The significant financial impact of Covid-19 cannot be understated, and as the economic impacts of the pandemic are still being felt, the potential for this impact to continue into 2022/23 and beyond is one which the Council needs to consider and plan for. In response to this, the Council developed a planning approach called the "3Rs" which set out 15 priorities across three strategic themes:
- Response - fulfilling the Council's role as a Category 1 emergency responder and Bury Clinical Commissioning Group's leadership in the role in the health system.
  - Recovery – leading the civil contingencies recovery phase to restore the social, health and economic impacts of Covid-19.
  - Renewal – visionary changes to "build back better" in the Borough.
- 1.3 Over recent months, the Council has been reviewing and reporting on its financial position, and at its meeting on 13 October 2021, the Cabinet received a financial planning document, the Medium Term Financial Strategy Refresh 2022/23 – 2025/26, within which the 2022/23 financial assumptions were updated and refreshed, which would form the basis of the budget for future years. In providing this update, it was recognised that there were still some significant uncertainties, particularly with the funding assumptions for future years which remain unknown largely due to the fact that Local Authorities continue to work with one year only settlements. Since then, the Local Government Finance Settlement has been announced, which is again for one year only. The budget proposals therefore have regard to the Settlement and the guidance given to date.
- 1.4 The Council at its meeting on 17 March 2021, agreed the Let's Do It Strategy, following a period of consultation in October 2020. The Let's Do It Strategy proposes an ambitious reform agenda to improve outcomes for people in Bury through the following principles:
- i. A local, place-based approach to working with communities to improve social, environmental, health and economic outcomes.
  - ii. Harnessing the enterprise of local people and businesses to drive economic growth, and ensuring every resident has the opportunity to connect to the opportunity of this growth through their skills, networks and scope for meaningful work.
  - iii. A new collaborative approach to delivering together with communities, to share ownership of issues and opportunity and combine all resources.
  - iv. A strengths-based approach to public service delivery, to build on the resources people have to solve issues and target resources on the gaps rather than taking a deficit-based view.

1.5 Underpinning the Let's Do It Strategy is the Council's Transformation Strategy, which was agreed by the Cabinet on 21 July 2021, to deliver the following:

- v. internal improvements across core key functions within the Council including digital-first customer contact and transactions; modernised estate and IT/Digital infrastructure.
- vi. Workforce skills, culture and leadership capabilities to deliver the vision of the Let's Do It Strategy outcomes.
- vii. Public service reform to support more integrated working practice and enhanced partnership working in order to reduce demand.

1.6 It is within this context, and underpinned by the Council's Capital Strategy, that the Council's approach to setting the 2022/23 budget has been developed. Over recent months, Cabinet has considered how the Council's budget may be reshaped and transformed to deliver the services and outcomes that the Council needs but with re-engineered costs. The outcome of this work forms the basis for the rest of the report. This is because inflation and demand are outstripping national funding increases. The Council is also looking to use all funding flexibilities at its disposal and therefore is proposing to adopt a flexible use of capital receipts strategy. A further paper on this proposal is included on the agenda.

1.7 In understanding the budget proposals, and to provide context, it is useful to understand the financial envelope within which the Council operates. The net controllable Council budget for the current financial year, 2021/22, (excluding schools) is £171.851m and the allocation of the budget across the services is set out below:



1.8 Since 2010, the Government has reduced the funding for Local Government as part of its efforts to reduce the fiscal deficit and as part of austerity measures. This has resulted in the need for significant savings over recent years.

1.9 Alongside reductions in funding, Local Authorities have had to deal with growth in demand for key services, most notably adults and children's social care, and this demand is expected to

continue. Other pressures have also been faced including higher national insurance contributions, inflationary pressures on goods and services, the apprentice levy and the national living wage. The Council also has priorities that require capital investment and the revenue requirements to fund these are included in the strategy.

- 1.10 On 1 September 2021 Cabinet agreed to uplift the pay structure to reflect Real Living Wage values. In November 2021 the Council was formally recognised by the Real Living Wage Foundation as an accredited employer. In doing so, the Council committed to increase the funding for all its commissioned services so that its providers could also pay the Real Living Wage to their staff. Whilst this decision has financial implications it directly improves the pay of thousands of Bury residents whose earnings are amongst the lowest within the Borough.

## 2 FORECAST OUTTURN POSITION 2021/22

- 2.1 It is important that the current year's budget position is taken into consideration and that any trends and information available are reflected on. Monitoring at the end of the third quarter, December 2021, shows that the Council is forecasting a small underspend of £1.281m. Whilst overall this is a positive position, there are a number of significant risks within the budget and still three months of the year remaining. Table 1 below provides a summary of the forecast position based on information available at the end of December 2021.

**Table 1**

| Department                          | Approved Budget | Revised Budget | Forecast at 2021/22 Q3 | (Under) /Over Spend |
|-------------------------------------|-----------------|----------------|------------------------|---------------------|
|                                     | £m              | £m             | £m                     | £m                  |
| One Commissioning Organisation      | 79.171          | 79.171         | 77.996                 | (1.175)             |
| Children and Young People           | 40.214          | 40.061         | 41.831                 | 1.770               |
| Operations                          | 18.007          | 17.983         | 17.883                 | (0.100)             |
| Corporate Core                      | 11.110          | 11.607         | 11.468                 | (0.139)             |
| Business, Growth and Infrastructure | 2.977           | 2.727          | 2.731                  | 0.004               |
| Housing General Fund                | 0.705           | 0.705          | 1.288                  | 0.583               |
| Non-Service Specific                | 19.667          | 19.599         | 17.374                 | (2.191)             |
| <b>TOTAL</b>                        | <b>171.851</b>  | <b>171.851</b> | <b>170.571</b>         | <b>(1.281)</b>      |

- 2.2 The budget remains under regular review by the Chief Executive and the Executive Team and is reported on a quarterly basis to the Cabinet. The potential for the position to change as a result of the increasing pressures in children's and adults' services remains a risk and will continue to be managed and monitored carefully for the remainder of the year. A separate report on the Council's financial position at the end of December 2021 is on this agenda.

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

- 3.1 The Council continues to work with a one year only Local Government Finance Settlement. The anticipated 3-year funding settlement for Local Authorities and the outcome of the Fair Funding Review and Business Rates Retention Scheme have been delayed further as a result

of the Covid-19 pandemic. The pandemic itself has also placed significant pressure on the Council's financial position, both now and in future financial years, and the uncertainty that all of this presents and continues to present is a key risk in the strategy overall.

- 3.2 Such significant uncertainty must be considered in deciding the Council Tax increase as part of the budget setting process. Within this context, the Council needs to achieve a balance of ambition, prudence and resilience in setting its Medium Term Financial Strategy.
- 3.3 The Council's forecast revenue resource prior to the provisional Local Government Settlement was £167.699m, as reported to Cabinet on 13 October 2021, as part of a report on the Medium Term Financial Strategy Refresh 2022/23 – 2025/26.
- 3.4 The 2022/23 Local Government Finance Settlement was announced on 16 December 2021. The settlement confirmed the following amounts:
- Continuation of the Social Care grant, which can be used to support both Adults and Children's social care. The value of which is a continuation of the 2021/22 value of £0.9265m and a further £2.145m giving a total value of £3.071m.
  - £0.683m of the above Social Care Grant relates to funding provided to support Social Care reforms to the way people pay for care. It is therefore proposed that this funding will be transferred to a reserve to ensure availability when the costs of implementing these reforms are known.
  - Increased Better Care Fund of £0.223m
  - Social Care market sustainability and fair cost of care grant of £0.551m. There has been no confirmation that this funding will be in place for future years therefore it is included as a non-recurrent source of funding in the MTFS.
  - Continuation of the Lower Tier Services grant of £0.266m, again there has been no confirmation that this funding will be in place for future years therefore it is included as a non-recurrent source of funding in the MTFS.
  - A one off non-recurrent services grant of £2.482m which includes an allowance for the employers increase in national insurance. The employers national insurance increase is a recurrent cost and there is therefore a risk by Government including this within the non recurrent services grant for 2022/23 that this will not be funded recurrently. Costs are circa £0.500m per annum.
- 3.5 The Government has also stated that it will seek to find a new consensus for broader reforms for Local Government including the Fair Funding Review and the Business Rates Retention Scheme when the post-Covid-19 future is clearer. For planning purposes, no changes have been assumed at this stage.
- 3.6 The settlement is largely a 'roll over' settlement with some inflationary increases and specific increases for social care and one-off monies to reflect additional costs of the Covid-19 pandemic. The settlement has been highlighted by the Government as providing a 6.9% increase to Local Authorities. The increase in Spending Power does however include income from locally raised Council Tax, which can be raised by up to 2% without a local referendum, and the Adult Social Care Levy of up to 1%, both of which are subject to local decision making.
- 3.7 The Council's forecast revenue resource after the provisional Local Government Settlement announcement is **£177.483m**, an increase of £9.854m. However,

£0.683m of this increase is related to Social Care grant funding recommended for transfer to reserves (para 3.4 b) and £0.750m relates to the removal of Council Tax discount on second homes and empty properties and is included within the Council's savings proposals. The increase after these adjustments is therefore **£8.421m**.

- 3.8 The Council must ensure it has a robust base and is also holding sufficient reserves to mitigate against planned or unplanned expenditure and other risks. Reserves can only be spent once, and therefore a strategy that does not rely on the one-off use of reserves to support, was a key feature on which previous budgets have been based. The impact of the pandemic has, however, meant that reserves are needed to support some of the anticipated short term financial impacts on the Council. This is in line with the Council's strategy.
- 3.9 The Council's financial strategy for 2022/23 through to 2024/25 assumes that:
- viii. There will be a 1.94% annual increase in Council tax for each financial year.
  - ix. There will be no impact of the anticipated Fair Funding and Business Rates Retention Schemes.
  - x. The Better Care Fund, the main element of the Improved Better Care Fund and other longstanding Government grants continue to be received at their current levels over the medium term.
  - xi. The new Social Care market sustainability and fair cost of care grant, the Lower Tier Services grant and the new Services grant are assumed as non-recurrent one-year only grants for 2022/23.
- 3.10 Table 2 sets out the base revenue funding forecasts for 2022/23 both pre and post settlement. This figure assumes a 1.94% general Council Tax increase and a 1% increase for the Social Care levy. The setting of the Council Tax precept is a decision for Full Council after taking advice from officers and information available at that time.

**Table 2**

| <b>Revenue Resource Forecast 2022/23</b> |                                |                               |
|--|--------------------------------|-------------------------------|
|  | <b>Pre-settlement estimate</b> | <b>Post-settlement update</b> |
|  | <b>£m</b>                      | <b>£m</b>                     |
| <b>Resource funding streams</b>          |                                |                               |
| Improved Better Care Fund                | 7.405                          | 7.628                         |
| Social Care Grant                        | 4.770                          | 7.841                         |
|  |                                |                               |
| Additional Social Care grant             | 0.000                          | 0.000                         |
| New Homes Bonus                          | 0.035                          | 0.047                         |
| Independent Living Fund                  | 0.293                          | 0.293                         |
| LCTS Admin Grant                         | 0.250                          | 0.250                         |
| Housing Benefit Admin Grant              | 0.512                          | 0.517                         |
| Lower Tier Services Grant                | 0.000                          | 0.266                         |
| Services Grant                           | 0.000                          | 2.482                         |
| Market Sustainability                    | 0.000                          | 0.551                         |
| <b>Sub Total</b>                         | <b>13.265</b>                  | <b>19.875</b>                 |
|  |                                |                               |
| Council Tax                              | 94.542                         | 96.399                        |



|  |                |                |
|--|----------------|----------------|
| Business Rates   | 59.821         | 61.209         |
| <b>Sub Total</b>   | <b>154.364</b> | <b>157.608</b> |
|  |                |                |
| <b>Total Revenue Resource forecast</b>                     | <b>167.629</b> | <b>177.483</b> |
| <b>Additional revenue resource funding post settlement</b> |                | <b>9.854</b>   |

### Adjustments

|  |  |              |
|--|--|--------------|
| Social Care reform funding recommended to be transferred to reserves (paragraph 4.4 b) |  | (0.683)      |
| Removal of Council Tax 2nd home and empty properties discount shown under savings      |  | (0.750)      |
| <b>Revised additional revenue resource funding post settlement</b>                     |  | <b>8.421</b> |

### **Council Tax and Business Rates**

- 3.11 Incorporated in the resource forecasts is an assumption that the Council Tax increases available to the Council as part of the Local Government Finance Settlement are taken. Not only does this approach ensure the Council's financial sustainability over the medium term, it is also assumed in the Government's estimates of the funding available to Local Authorities.
- 3.12 Collection rates for both Council Tax and Business Rates were significantly impacted during 2020/21 and assumptions have been made for future years. The collection fund reported a deficit position as a result of Covid-19 and new accounting arrangements were approved that enabled Council's to spread the impact on the 2020/21 deficit over 3 financial years. The spread of the deficit is included in the funding assumptions. The calculation of the Council Tax base 2022/23 is set out in Appendix 1.
- 3.13 The 2022/23 provisional Local Government Finance Settlement announcement in December 2021 confirmed that the 100% Business Rates Retention pilot will continue in 2022/23 for the original five regions which includes the Greater Manchester area. Therefore, existing arrangements will continue with no change to these arrangements taking place for 2022/23. The Greater Manchester Combined Authority (GMCA) has produced a budget for the utilisation of the GMCA element from Districts which had previously been agreed at 50%. This is based upon existing commitments but could allow for a return to Districts of £6.5m. The value for Bury is still to be determined, subject to the final approval of the budget.
- 3.14 The Mayoral precept being proposed to the February Combined Authority budget setting meeting is £5 for the fire precept and £7 for Mayoral non-fire precept resulting in a £12 increase for a Band D property. The equivalent increases for Band B and C properties are £9.33 and £10.67 respectively.
- 3.15 Following completion of the Business Rates NNDR1 return on 31 January 2022, and review of the calculation methodology and assumptions contained, the amount of Business Rates income forecast to be received in 2022/23 is £1.388m greater than originally forecast. This amount is recommended to be transferred to a Business Rates risk reserve as the impact of the covid pandemic is still being felt and there is still uncertainty in the medium term impact with regards to Business Rates collection.

### **Adult Social Care Levy**

- 3.16 In addition to taking the 1.94% increase in Council Tax income, the Council has a further option of implementing a 1% adult social care levy. This report includes the assumption that the adult social care levy will be implemented. The raising of 1% adult social care precept delivers £0.941m of increased income, which not only benefits the 2022/23 financial year, but then forms part of the recurrent tax base. The policy has changed in 2022/23, in that if the precept is not levied in the financial year in which it is applicable, there is no retrospective ability to raise it in future years.

#### **4 DEVELOPING THE MEDIUM TERM FINANCIAL STRATEGY AND THE 2022/23 BUDGET**

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

- Delivers investment in projects and programmes that will support the ambitions and objectives set out in the Let's Do It Strategy.
- Reflects the "3Rs" planning approach to delivering the Council's emergency response whilst also maintaining focus on strategic outcomes.
- Delivers the long-term financial sustainability of services and the Council as a whole.
- Ensures financial resilience in the medium term.
- Continues to drive forward the implementation of the Council's Transformation Strategy agreed by Cabinet on 21 July 2021, to ensure core services, infrastructure and resources are used flexibly and effectively to meet future challenges and deliver for residents, businesses and communities.

##### **Permanent Spending Need**

- 4.1 The additional permanent allocations proposed total **£17.191m** for 2022/23 and are set out in Appendix 2 to the report and are summarised in Table 3. The key areas are as follows:

##### **Pay Inflation (£4.407m)**

- 4.3 A pay freeze was assumed in 2021/22 based on Government announcements and its intention to freeze public sector pay. However, a pay award for 2021/22 is highly likely, therefore provision has been made for this impact, details of which are in the Quarter three monitoring report on this agenda. This is in addition to the existing assumption, as reported to Council on 24 February 2021, of 2% per annum for future years of the strategy. Furthermore, the additional cost of increased National Insurance, often referred to as the Social Care levy, has been included.

##### **Contractual Inflation (£9.344m).**

- 4.4 The Council has a range of contracts to which there is a contractual commitment to increase by an inflationary amount each year.
- 4.5 Furthermore, the Council is accredited as being a Real Living Wage employer and is committed to paying both its own lowest paid staff, most of whom live in the Borough, at least the value of the Real Living Wage, which is higher than the National Minimum Wage and National Living Wage. This commitment extends to working with other employers in the Borough across public and private sectors to encourage them to do the same. This budget provision is to enable all of our commissioned services providers to pay their employees the real living wage.

##### **Demand (£4.843m)**

- 4.6 The Council is experiencing increases in demand for some services. The main areas are:
- Adult social care, including the number of people accessing services as well as an increase in the complexity of need.
  - Costs of children transitioning to adult services.

- Additional costs associated with the full municipal elections in May 2022.
- Realignment of ICT costs previously funded from Capital.
- Additional capacity within ICT and Legal Services.

### Reprofiled Savings (£2.873m)

- 4.7 The majority of this figure relates to a reprofiling of the delivery of savings to be derived from the Transformation programme in 2022/23 to future years. This followed a refresh of the Transformation Programme which was approved by Cabinet on 15th December 2021.
- 4.8 The balance relates to historic procurement related savings which are considered to be undeliverable in the long-term, which has been substituted with additional income to be secured through a review of Single Person Discounts, and therefore an offsetting increase in Council Tax income.

### Budget Realignment (£0.188m)

- 4.9 The Council has a number of funding streams available from which services are funded. A review of costs and where they are charged to has been carried out, which has established that some realignment is required.
- 4.10 In addition, there were four budget amendments approved by Council on 24 February 2021 totalling £1.971m, and this adjustment is the impact of these schemes and therefore this funding requirement being non-recurrent and for 2021/22 only.

### Reversal of Income Losses funded last year (£4.088m)

- 4.11 The Covid-19 pandemic impacted significantly on the Council's income assumptions. The 2021/22 budget included funding to offset the short-term impact of these income losses. The 2022/23 income budgets have now been reintroduced in line with updated income projections.

### Summary Spending Position

- 4.12 Bringing all of these elements together indicates that the Council has a spending need of £197.297m in 2022/23. A breakdown of this is shown in the following Table, 3.

**Table 3**

| <b>Summary Forecast Spending Requirement</b>       | <b>2022/23<br/>£m</b> |
|--|-----------------------|
| <b>Spending Requirement Brought Forward</b>        | <b>193.332</b>        |
| Pay Inflation                                      | 4.407                 |
| Contractual Inflation                              | 9.344                 |
| Demand   | 4.843                 |
| Reprofiled Savings                                 | 2.873                 |
| Budget Realignment                                 | (0.188)               |
| Reversal of Income losses                          | (4.088)               |
| <b>Sub Total</b>                                   | <b>17.191</b>         |
| <b>TOTAL FORECAST ONGOING SPENDING REQUIREMENT</b> | <b>210.523</b>        |

## 5 PROPOSALS FOR BALANCING THE BUDGET

### Forecast spending requirement

- 5.1 As can be seen in Table 3 above, there is an initial forecast spending requirement of £210.523m. However, savings and efficiencies agreed through previous year's budget setting totalling £19.739m, detailed in Appendix 3, reduce this figure to **£190.784m**. It should be noted that this figure is the total of the recurrent benefit of the 2021/22 schemes and the previously approved schemes. Where schemes have slipped, with the exception of transformation schemes which have been rephased, alternative proposals and mitigations have been put in place to ensure full delivery of the pre-approved values.

### Forecast funding resource and resulting budget shortfall

- 5.2 Prior to the Local Government Financial Settlement, the forecast funding resource estimate was £167.629m. In addition, Council on 24 February 2021 approved the use of £14.355m of reserves as well as approving a contribution to reserves, following the amendment, agreed by Council at that meeting of £1.129m. These sources of funding total £180.855m leaving a budget shortfall of **£9.929m** prior to the settlement.

### Savings proposals and updated budget shortfall

- 5.3 Savings options totalling £5.610m for 2022/23 have been developed and full details are set out in Appendices 4 and 5 of this report. All of the options have been subject to a corporate assurance process to ensure they are deliverable. The Council is recommended to approve these options. This brings the budget shortfall down to **£4.037m** for 2022/23.

### Additional funding resource post settlement and resulting budget surplus

- 5.4 As detailed in Table 2, adjustments to the Council's forecast resources post-settlement for 2022/23 result in an increase of £8.421m from the pre-settlement estimate. This additional funding results in a surplus position of **(£4.385m)**.

### Recommendation to additional Business Rates income to risk reserve

- 5.5 As detailed in paragraph 3.14 the forecast additional Business Rates income following completion of the January NNDR1 return of £1.338m is recommended to be transferred to a business rates risk reserve. This transfer reduces the surplus position to **(£2.996m)**.

### Recommendation to transfer budget surplus to smoothing reserve

- 5.6 It is therefore recommended that an amount of **£2.996m** be transferred to reserves to be used to smooth the financial gap in 2023/24, when the financial gap is significantly higher. It is essential that this transfer to reserves is made as the Council has previously committed to the use of £14.355m of reserves in 2022/23 and this amount needs to be replenished to ensure continued financial sustainability. It will be a key requirement of the ongoing financial strategy to rebuild the Council's reserves in order to protect the Council from future risk and to rebuild resilience should the economy not recover from the pandemic in the same timeframe as currently planned within the existing financial modelling. The eradication of the Dedicated Schools Grant historic deficit will also play a significant part in increasing the Council's resilience by not negating existing usable reserves.

5.7 Table 4 below brings together the financials of the above paragraphs.

**Table 4**

| <b>Forecast Financial Gap 2022/23</b>                      | <b>2022/23</b> |
|--|----------------|
|  | <b>£m</b>      |
| Forecast Spending Requirement (Table 3)                    | 210.523        |
| Savings agreed in previous years (Appendix 3)              | (19.739)       |
| <b>Forecast Spending Requirement after savings</b>         | <b>190.784</b> |
|  |                |
| Forecast Resources before settlement                       | (167.629)      |
| Planned Use of Reserves, approved at February 2021 Council | (14.355)       |
| February 2021 Labour Amendment - contribution to reserves  | 1.129          |
| <b>Funding Shortfall / (Surplus)</b>                       | <b>9.929</b>   |
| Fees & Charges Inflationary Income                         | (0.282)        |
| Savings Proposals *  | (5.610)        |
| <b>Funding Shortfall / (Surplus)</b>                       | <b>4.037</b>   |
|  |                |
| Post settlement funding adjustment, see Table 1            | (8.421)        |
| <b>Funding Shortfall / (Surplus)</b>                       | <b>(4.384)</b> |
|  |                |
| Contribution to Business Rates Risk Reserve                | 1.388          |
| <b>Funding Shortfall / (Surplus)</b>                       | <b>(2.996)</b> |
|  |                |
| Contribution to Smoothing Reserve                          | 2.996          |
| <b>Funding Shortfall / (Surplus)</b>                       | <b>0.000</b>   |

\* NB: £0.750m of the savings figure relates to the removal of Council Tax second home and empty property discounts and will therefore be included in the actual budget as additional Council Tax income.

### **Savings Proposals**

5.8 A number of savings/income generation proposals have been developed for 2022/23 as summarised in the table below.

| <b>Department</b>                | <b>Proposal Description</b>               | <b>Proposed Budget Reduction</b> |
|----------------------------------|---|----------------------------------|
|                                  |   | <b>2022/23</b>                   |
|                                  |   | <b>£m</b>                        |
| <b>New Efficiencies Proposed</b> |   |                                  |
| Finance                          | Vacancy Factor                            | -1.200                           |
| Finance                          | Unpaid leave- budget realignment          | -0.100                           |
| Corporate Core                   | Adult Learning                            | -0.050                           |
| Corporate Core                   | Corporate Security and Call- Out Services | -0.200                           |
|                                  |   |                                  |
| Children and Young People        | Children's Personal Budgets               | - 0.150                          |
| Children and Young People        | Children's Short Breaks                   | -0.150                           |
| Children and Young People        | Children's External Placements            | -0.200                           |

|                                |   |        |
|--------------------------------|---|--------|
| Children and Young People      | Further Education Early retirements/pensions                | -0.100 |
| Children and Young People      | Children's Early Help                                       | -0.100 |
| Operations                     | Trade waste income  | -0.020 |
| Operations                     | Pest control increased income and efficiencies              | -0.017 |
| Operations                     | Public Protection increased income                          | -0.020 |
| Operations                     | Traded services review - caretaking and cleaning in schools | -0.084 |
| Operations                     | Traded services review - schools catering                   | -0.100 |
| Operations                     | Change provision of waste caddy liners                      | -0.050 |
| Operations                     | Modernise utility billing                                   | -0.050 |
| Operations                     | Merge equipment stores                                      | -0.040 |
| Operations                     | Leisure and Wellness Programmes – increased efficiency      | -0.212 |
| Operations                     | Increase Recycling and Minimise Waste                       | -0.050 |
| Operations                     | Review of Persona Transport Services                        | -0.100 |
| Operations                     | Removal of vacancies, job redesign                          | -0.143 |
| One Commissioning Organisation | Release half demographic growth                             | -0.500 |
| One Commissioning Organisation | CCG recurrent pick up of IMC and rapid response             | -1.224 |

A summary of the above proposals is set out below by Department, with the detailed savings proformas attached at Appendix 4.

### **Finance Department**

- 5.9 It is proposed, in common with many organisations, to introduce a vacancy factor on all organisational pay budgets. These would be set at departmental level and result from slippage and delays in recruitment when a vacancy arises. A 2% vacancy factor based upon 21/22 pay budgets would be £1.600m. However, it is recognised that some essential posts need to be filled immediately and therefore an organisational vacancy factor of £1.200m is proposed.
- 5.10 Council at its meeting on 19 January 2022 approved the removal of Council tax discounts on empty properties to bring it in line with other GM authorities.
- 5.11 There are no staffing impacts associated with either of the above proposals.

### **Corporate Core**

- 5.12 The Council previously adopted a scheme of officers taking unpaid leave as a savings proposal. This proposal realigns the budget with the current income and increases the income budget by a further £0.100m.
- 5.13 A review of staffing requirements in adult education will release savings of £0.050m.
- 5.14 A review and consolidation of all Council security and call out services will deliver savings of £0.200m. This review will encompass the control room at Bradley Fold,

Carelink services and building portering services. The review could affect seven posts.

### **Children and Young People Department**

- 5.15 A review of and audit of all children's personal budgets, which will include an annual review of assessed need in conjunction with partners such as the CCG, will result in the recovery of unspent funds. There are currently 114 personal budgets in place and this review will deliver £0.150m of savings against an annual budget of £0.870m.
- 5.16 A review of the short break service and its budget is proposed which seeks to maximise partner contributions, working with health to introduce the Ealing model, which is a positive behaviour support model, supporting families on the edge of care and it is anticipated to deliver savings of £0.150m.
- 5.17 A proposal to reduce expenditure within the external placement budget is planned, by reviewing the number of children in high-cost residential children's home placements and Independent Foster Agency (IFA) placements, where appropriate and safe to do so, with an increased focus on recruitment of Bury Foster Carers and increasing the number of children placed with approved Bury Foster Carers. This will include reviewing and transferring children already placed in short-term IFA placements into Bury foster care places, where possible. In addition, a review of the role of the Complex Care Panel and pooling budgets is proposed, to ensure that health and education contribute to high-cost placements where therapy and educational support and intervention are provided. This will deliver £0.200m of savings.
- 5.18 These savings can be achieved whilst still meeting the assessed needs of the children and young people in the Borough.
- 5.19 The Children and Young People Department holds a budget of £1.200m for the former pension liabilities of teachers within Further Education. This is a historic liability which dating back the 1990s. A review of the budget has identified that it is over provided for and an immediate saving of £0.100m can be delivered from a budget realignment.
- 5.20 A review of funding arrangements and efficiencies will deliver a reduction of £0.100m in Early Help with no change to the service provided. This is as a consequence of better utilisation of the grant and reviewing what baseline spend can be recovered more appropriately from specific grants.
- 5.21 There are no staffing impacts associated with either of the above proposals.

### **Operations Department**

- 5.22 There are a number of schemes within the Operations Department that relate to minor increases in income from increased volume of rechargeable work totalling £0.057m which include:
- Trade waste services £0.020m.
  - Pest control £0.017m.
  - Public protection £0.020m.
- 5.23 There are a number of proposals to review current traded services totalling £0.184m which include:
- Caretaking and cleaning £0.084m
  - School catering £0.100m

- 5.25 It is proposed to adjust the distribution of food waste caddy liners to one roll of 52 liners per year, rather than replacement on demand. Larger households will be targeted for extra rolls when needed. This proposal will achieve a saving of £0.050m.
- 5.26 A review of the current utility billing process is proposed, which will remove inefficiencies and modernise processing through an automated system, whilst consolidating energy budgets will save £0.050m.
- 5.27 It is proposed to consolidate the two equipment stores into a single store at Bradley Fold including a restructure to an integrated team which will deliver £0.040m in 2022/23. There are three staff that could be affected by the proposal.
- 5.28 The Council's Transformation Strategy underpins the budget savings in Leisure and Wellness through the introduction of technology which will deliver an improved customer service. Channel shift in areas such as bookings, consolidating several management information systems, increased membership and a review of programmes and opening hours across Leisure Centres will contribute to savings of £0.212m. There are a number of elements which make up this proposal but there are 2 posts directly affected by the channel shift work.
- 5.29 It is proposed to increase visibility and focus on recycling to deliver an overall reduction of 4% on the volume of waste. Moving 4% of waste from the grey bin to the co-mingled bin and moving 1% of waste from the grey bin to the bio waste bin, would combine to see a saving of £0.255m, whilst increasing recycling and reducing waste going to landfill.
- 5.30 Efficiencies in how we deliver the Persona travel to include vehicles and routes and fuel of £0.100m have also been identified.
- 5.31 It is proposed to delete a small number of vacant posts, job redesign and charging posts to capital schemes which will generate £0.143m.

### **One Commissioning Organisation**

- 5.31 The budget for 2022/23 currently includes £1.000m for demographic growth. In addition, a further £0.524m is included for those individuals who transition from children's to adults' services. Therefore, based upon funding already included for children transitioning to adult services, inflationary budget increases and current numbers, it has been determined the demographic growth can be reduced by £0.500m and that £0.500m is sufficient to meet the needs of the service. The service is also looking to expand its use of assistive technology, the shared lives service and various housing schemes for those with complex needs in order to better meet residents needs in the Borough.
- 5.32 As part of transformation and the Better Care Fund, the Clinical Commissioning Group (CCG) fund a number of adult social care services and make a contribution to the protection of social care. There is a commitment from the CCG via the Better Care Fund to fund the balance of the Intermediate Care and Rapid Response Teams in recognition of the impact the withdrawal or reduction of these services would have on primary, community and acute pathways within health.
- 5.33 There are no staffing impacts associated with either of the above proposals.

### **Workforce Implications**

- 5.34 A central part of the Council's Transformation Strategy is focused on developing the capability, capacity and culture of the workforce to drive delivery of the Corporate Plan and the Council's leadership of the Let's Do It strategy. – This will require a significant change to ways of working across the Council and will be a key focus for the organisation during 2022/23.

The specific workforce implications of the savings proposals set out above are



included within the detail of each departments' proposals. The intention will be to avoid the loss of jobs wherever possible and the Council is committed to working in partnership with the recognised Trade Unions and delivering any and all workforce changes in accordance with the agreed approach to consultation and engagement.

Wherever possible, workforce savings have been put forward which make savings by agreement, e.g. voluntary unpaid leave, as well as through the productive management of attrition via the application of a vacancy factor which reduces costs. Design work to date has identified a direct impact of the proposals set out above of around 10 posts. It should be noted, however, that this number may grow as detailed design work continues and is in addition to the potential workforce implications of the Transformation Strategy savings already agreed.

The 2023/24 budget will likely have a more significant workforce impact and it will be essential that work on this commences early to fully engage staff in the process.

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

- 5.35 The budget assumes 5% inflationary increases in a number of the Council's fees and charges. This equates to £0.282m
- 5.36 The Council, like all other GM Authorities, has an investment in the Manchester Airport Group. The budget for the income has been reintroduced, as the interest is contractually due. However, the dividend is not forecast to be received within this financial strategy until 2025/26. This will be kept under regular review and updates will be provided to the Cabinet as more information becomes available.

### **Cash Limits**

- 5.37 The proposed cash limits for each Department are set out at Appendix 5.

## **6 RESERVES**

- 6.1 As reported in the 2021/22 budget report considered by Council on 24 February 2021, the Covid-19 pandemic and the short-term impact on income, means that the Council is proposing to use some of the earmarked and general reserves to manage the financial position in 2022/23. Following the recommendation to use the balance of the spending review monies as a smoothing reserve the nett value is now £11.338m, rather than the original value of £14.355m. It should be noted that this proposed approach creates a significant dependency on reserves and regular monitoring and mitigating actions will be needed should there be any other emerging issues or risks that need to be managed.

## **7 ROBUSTNESS OF THE BUDGET AND THE ADEQUACY OF RESERVES**

- 7.1 Section 25 of the Local Government Act 2003 requires that, in giving consideration to budget proposals, Members must have regard to the advice of the Council's Executive Director of Finance, on the robustness of the estimates and the adequacy of the Council's reserves.
- 7.2 The basis on which the budget has been prepared, as in previous years, relies on the forecast of activity and the impact of changes in policy previously agreed by the Council. These forecasts are kept under review as part of the budget monitoring process and actions identified to address financial risks arising from the changes in the forecast as they occur.
- 7.3 The Council holds reserves for a number of reasons:
- To enable the Council to manage variations in the demand for services which cause in year budget pressures.
  - To fund specific projects or identified demands in the budget.
  - To enable the Council to deal with unexpected events such as flooding or destruction of a major asset.
- 7.4 Setting an appropriate level of reserves is a matter of judgement taking into account:
- The level of risk evident within the budget as set out above.
  - A judgement on the effectiveness of budgetary control within the organisation.
  - The degree to which funds have already been set aside for specific purposes which will reduce the need for general reserves.
- 7.5 Based on the budget proposals set out in this report and taking account of the current forecast out turn position, the Council will see a reduction in its general reserves from a projected £24.430m at the end of 2021/22 to £16.955m at the end of 2022/23. Fiscal and risk management reserves will also reduce from a projected £31.870m at the end of 2021/22 to £30.504m at the end of 2022/23. In 2019/20 the Council undertook a review of the balance within its collection fund, which allowed for a transfer to general reserves of £15.8m. This substantially increased the Council's reserves and has proved invaluable in supporting the Council's financial position during the pandemic and in future years while the economy is recovering from the pandemic.
- 7.6 The robustness and resilience of reserves is key and will be monitored on an ongoing basis.
- 7.7 As part of the budget setting process, the Executive Director of Finance who is also the Council's Section 151 statutory officer is required to assess the adequacy of the Council's reserves in light of risks both known and unknown at that time. If it is the Executive Director of Finance's opinion that reserves are

not adequate, and are below an adequate level to reflect the risks, and therefore the setting of a balanced budget was at risk, then further statutory responsibilities under Section 114 of the Local Government Finance Act exist. A formal report to Council would have to be issued. Based upon the current position, the position on reserves is sufficient. However, this is reliant upon tight budgetary control and the continuous monitoring of all budgets and awareness of risks which may impact upon the Councils financial position. Both the Executive team and the Cabinet receive regular reports throughout the year and should the position change which means there is a requirement to consider a S114 notice a report will be issued to the Cabinet and the Council.

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

**Table 6**

| <b>Forecast Position on Reserves</b> | <b>Closing<br/>31/04/21</b> | <b>Closing<br/>31/03/22</b> | <b>Closing<br/>31/03/23</b> | <b>Closing<br/>31/03/24</b> |
|--------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| General Reserves                     | 30.881                      | 24.430                      | 16.955                      | 16.955                      |
| Corporate Reserves                   | 8.832                       | 13.497                      | 13.497                      | 13.497                      |
| Transformation Reserve               | 5.196                       | 3.646                       | 2.196                       | 2.196                       |
| Departmental Reserves                | 3.512                       | 3.512                       | 3.512                       | 3.512                       |
| Fiscal and Risk Management Reserves  | 37.096                      | 31.870                      | 30.504                      | 30.504                      |
| External/Grant Funded Reserves       | 39.787                      | 0.000                       | 0.683                       | 0.000                       |
| Capital Reserves                     | 3.306                       | 3.306                       | 3.306                       | 3.306                       |
| <b>Total</b>                         | <b>128.610</b>              | <b>80.261</b>               | <b>70.653</b>               | <b>69.970</b>               |

| <b>Dedicated Schools Grant Reserves</b> | <b>Closing<br/>31/04/21</b> | <b>Closing<br/>31/03/22</b> | <b>Closing<br/>31/03/23</b> | <b>Closing<br/>31/03/24</b> |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| DSG Reserve - School Balances           | 8.846                       | 8.846                       | 8.846                       | 8.846                       |
| DSG Reserve - High Needs                | (21.407)                    | (22.172)                    | (15.942)                    | (9.708)                     |
| <b>Total DSG Reserves</b>               | <b>(12.561)</b>             | <b>(13.326)</b>             | <b>(7.096)</b>              | <b>(0.862)</b>              |

7.9 The closing balance at 31/03/2022 includes the assumptions that; at Quarter 3 Cabinet approve the establishment of a £3m children and young people's reserve to support the funding requirements identified as a consequence of the actions required following the OFSTED report and a £1m reserve for the balance required to meet the employers pay award offer of 1.75%; and that these amounts are not required before financial year end.

7.10 With regards to the Dedicated Schools Grant there are two elements.

- Schools' balances which consist of the year end balances held by individual schools.
- High Needs, this relates to the forecast deficit on the High Needs element of the DSG and Bury Council are working as part of Project Safety Valve to remove the deficit by the end of the 2024/25 financial

year. The forecast figures included in the above table relate to the latest Department for Education advice in January 2022.

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

**Table 7**

| <b>Financial Risk in the MTFS</b> |                                   |
|-----------------------------------|-----------------------------------|
|                                   | <b>Potential Full Year Impact</b> |
|                                   | <b>£m</b>                         |
| Pay (1%)                          | 0.851                             |
| Price inflation (1%)              | 1.500                             |
| Council Tax Collection Rate       | 1.014                             |
| Business Rates Collection Rate    | 0.505                             |

- 7.12 Other key risks that will need to be factored and reflected in the ongoing monitoring throughout the year include:
- The economic uncertainty resulting from Covid-19. The impact of the pandemic is already emerging through increased demand and loss of income but the wider economic impact on the ability of businesses to survive and/or pay business rates will be a key factor.
  - The future of grants, particularly those in relation to social care, is unknown. Social Care grants, including the Improved Better Care Fund, equate to £15.469m in 2022/23. A 1% change in these is £1.547m;
  - Pay awards have not yet been finalised. The pay bill is driven by the national pay agreement and changes above that assumed in the MTFS will need to be managed as a risk in year.
  - The lack of a long-term national strategy to fund the increasing costs of social care is a significant risk. The ability for Councils to continue to try and manage demand within their existing budgets is not sustainable and is placing increasing risk on Councils.
  - The deficit on the High Needs Dedicated Schools Grant that is currently forecast to be £22m by the end of the 2021/22 financial year. The Council continues to work with the Department for Education on a recovery plan as part of the Safety Valve project.

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

## **8 FINANCIAL FRAMEWORK**

- 8.1 The Council has previously adopted four 'Golden Rules' as part of its long-term approach to financial management and overall financial framework. These 'Golden Rules' are as follows:

- The level of General Fund balances retained by the Council to meet unexpected changes in the budget or to fund events that cannot be foreseen will be based on an assessment of the risks faced by the Council.
- Use of one-off options to support the on-going revenue budget must be in the short term only and supported by a robust strategy to address underlying pressures in the Council's cost base.
- Prudential borrowing can be undertaken to support capital spending relating to regeneration/growth initiatives and commercialisation/transformation of Council services. All proposals to be subject to robust business cases assessing prudence, sustainability and affordability.
- Pressures and savings will be assessed on a 3 year, rather than a one year basis through a revised medium term financial strategy.

These rules continue to be met within this financial strategy.

### **Capital Strategy**

- 8.2 The Capital Strategy is prepared in accordance with the latest Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential and Treasury Management Codes of Practice. The strategy provides a framework within which the Council's capital investment plans will be delivered. These plans are driven by the Council's objectives and are linked to the development of the Bury 2030 strategy.
- 8.3 The proposed Capital Strategy and programme 2022/23 – 2024/25 also takes the essential elements of previous year's strategies and programmes and moves them forward to the forthcoming year. Capital spending is a key determinant of future revenue commitments, and the capital programme and revenue budget are interlinked and have been developed as integrated strategies.
- 8.4 The ability for the Council to deliver its ambitions relating to capital will to some extent be affected by the Council's ability to afford the borrowing costs associated with this. The Council does have an ambitious regeneration programme which has benefitted from the two successful levelling up bids in Bury and Radcliffe. However, the regeneration is spread across the borough with further schemes in the Town Centre and Prestwich. A closer alignment of the revenue and capital budget is currently being developed and it is anticipated that the financial strategy in future years will be a fully integrated one that includes revenue, capital and growth and investment strategies. The co-dependency and inter dependencies of the strategies is becoming more evident as the Council set out its longer-term plan and ambitions in both the Bury 2030 Strategy and the Corporate Plan.
- 8.5 The Secretary of State for Housing, Communities and Local Government, issued guidance with regards to the financial years beginning 1st April 2016 to 1st April 2021 that allowed Local Authorities dispensation to use capital receipts to support revenue transformation projects and expenditure that would deliver long term and future savings. This guidance has since been extended for a further 3 years and is now available for financial years that begin 1st April 2022, 2023 and 2024.
- 8.6 The guidance sets out examples of qualifying expenditure which includes "funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation" and it is for this purpose that the Council is proposing to use Capital Receipts in 2022/23.

- 8.7 However, in order to utilise this dispensation, the authority must approve in advance of the financial year a strategy stating that it intends to do so and what those capital receipts will be used for. To that end a report titled “The Flexible use of Capital Receipts Strategy 2022/23” is also on this agenda.

### **Treasury Management Strategy**

- 8.8 The Treasury Management Strategy is prepared in accordance with the CIPFA Prudential and Treasury Management Codes of Practice. The strategy sets out the Council’s approach to managing investments, cash flows, money market and capital market transactions. The strategy provides a framework for the effective control of risks associated with these activities.
- 8.9 The Treasury Management Strategy for 2022/23 reflects the Council’s capital expenditure plans as set out in the capital strategy. The strategy also sets out the position in relation to the prudential indicators arising from the Council’s capital expenditure plans. As well as borrowing and investment strategies, the Treasury Management strategy also covers the current treasury position, economic outlook and interest rates forecasts, risk and creditworthiness. Finally, the strategy also includes the Council’s policy on borrowing in advance of need and the Minimum Revenue Provision (MRP) policy statement. No changes to the MRP policy or the treasury management strategy are proposed.

### **Housing Revenue Account**

- 8.10 A separate Housing Revenue Account report has been prepared for presentation to Cabinet and is set out as a separate report on this agenda. This report sets out the recommended dwelling and non-dwelling rents and service charge increase to be applied from April 2022. The report is a key element of the Council’s overall Medium Term Financial Strategy.

### **Dedicated Schools Grant**

- 8.11 A separate report on the Dedicated Schools Grant (DSG) is set out elsewhere on this agenda. This report sets the schools budget for 2022/23 and also the hourly rates for the early years education. The report also sets out the position the DSG deficit relating to high needs and information on the recovery plan and the Department for Education’s Safety Valve Project, which the Council is currently part of.

### **Local Taxation and Benefits Discretionary Policies**

- 8.12 Annually the Council reviews and updates policies covering discretionary Council Tax discounts, discretionary Business Rates Relief, local welfare provision and discretionary housing payments. These policies provide support to local businesses and some of the poorest and most vulnerable residents within the Borough. These policies operate within a legislative framework determined by various Local Government Acts of Parliament. During 2020/21, the welfare policies were updated and criteria expanded to reflect new and emerging groups of residents within the Borough in need of welfare support.

### **Counter Fraud and Corruption**

- 8.13 The Council has a series of refreshed policies and procedures to support the provision of an appropriate counter fraud service to minimise fraud and to investigate potential fraud and corruption. The Accounts and Audit Regulations 2015 state that the Council must have measures in place ‘to enable the prevention and detection of inaccuracies and fraud’. In this context fraud also refers to cases of bribery and corruption. The budget proposals contained in this report rely on effective processes for mitigating the risk of financial loss from fraud,

bribery and corruption. Fraud measures required to meet the requirements of DLUHC for the business grants that have been provided to support businesses affected by the pandemic have been complied with and the Council is continuing to be part of the national groups and datasharing arrangements.

### **CIPFA Financial Management Code**

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

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

## **9 OTHER RISKS/OPPORTUNITIES**

### **NHS System Funding**

9.1 Funding of the local NHS system is changing and the financial regime and framework which will operate within Greater Manchester is yet to be finalised. There is the potential for this to impact on the Council's budget particularly reflecting the relationship with the pooled fund and integrated care and commissioning. In recognition of the co-dependency of outcomes from NHS spend in the borough with Council spend, and the alignment of strategic vision. Work is ongoing to understand the 2022/23 financial allocation to the locality and the financial regime in the NHS, and the opportunity to jointly invest and benefit from system wide health and care transformation will continue to be pursued.

### **Traded Services**

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

## 10 CONSULTATION

- 10.1 The Council commenced a budget conversation with residents in November 2021. At this time the only savings proposal which required consultation was the removal of Council tax discounts on empty properties.
- 10.2 As described in “workforce implications” further consultation with the Trades Unions on the detail of options that have a potential impact on staffing will be followed in accordance with Council procedures.

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### **Community impact/ Contribution to the Let’s Do It Strategy**

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.

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 2022/23 which are described in the Council and CCG Corporate Plan, also on this agenda.

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### **Equality Impact and considerations:**

In considering the budget for 2020/21 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.

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 joint Inclusion Strategy with the CCG. Inclusive growth is at the heart of the Council’s focus on Renewal (Building Back better).

The Council’s commitment to inclusion extends beyond the nine legally protected characteristics and also encompass carers, Looked After Children and care leavers, military veterans and reservists and the socio-economically disadvantaged.

The Council will make use of its use its Equality Assessment framework to undertake full and thorough analysis of all budget proposals which may impact service models or delivery to residents in advance of their progression. Workforce changes will take place within the Council’s established framework for change and employment policies which have been developed with equality and inclusion considerations at their core.

At this stage, no negative equality impacts have been identified in relation to the proposals included within this report. The following proposals will however be subject to further Equality Analysis prior to their implementation:

- Corporate Core – Adult Learning review
- Corporate Core – Corporate Security and Call Out Services
- Children & Young People – Short Breaks
- Children & Young People – External Placements
- Operations - Traded services review - caretaking and cleaning in schools
- Operations - Traded services review - schools catering
- Operations - Merge equipment stores



- Operations - Leisure and Wellness Programmes – increased efficiency
- Operations - Review of Persona Transport Services
- Operations – Commercial Services Restructure

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## Assessment of Risk:

The following risks apply to the decision:

| Risk / opportunity   | Mitigation   |
|--|--|
| The Council has a statutory duty to set a legal budget for the following financial year. This report sets out an approach that enables this to be achieved within the required timescales. | The report sets out an approach for setting the 2022/23 budget taking into account all known factors and includes an assessment of risk. |
| Financial considerations are not reflected in decision making.   | The financial outlook for the Council provides a financial framework which will support effective decision making.                       |

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## Consultation:

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

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

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

### Consultation

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

Members will note that the Council has engaged in a public consultation as part of the 2022/23 budget process as set out earlier at paragraph 11 of the report under the heading "Consultation". In considering this matter, Members must genuinely and conscientiously consider the feedback from this and have proper regard to it when making any decision in relation to the subject matter of that consultation.

### Employee and Trade Union Consultation

The report recognises that notwithstanding efforts to reduce impacts on staff resulting from the level of funding cuts imposed, there may be staff reductions during the financial year 2022/24. The Council will consult with Trade Unions about the 2022/23 budget proposals and the likely impact on staff, if posts become at risk of redundancy.

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### **Legal Implications:**

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 budget must be fixed by 11 March. 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 in order to ensure the proper discharge of its statutory duties and lead to a balanced budget. In setting the budget the Council has a duty to ensure that it continues to meet its statutory duties.

The provisions of section 25, 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.

Section 28 of the Local Government Act 2003 imposes a duty on the Council to monitor the financial position must be closely monitored and in particular, 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.

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):

1. Consultation must be at a time when proposals are at a formative stage.
2. The proposer must give sufficient reasons for its proposals to allow consultees to understand them and respond to them properly.
3. Consulters must give sufficient time for responses to be made and considered.
4. 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.

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.

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:

1. eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010,
2. advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
3. foster good relations between persons who share a relevant protected characteristic and persons who do not share it Any decision made in the exercise of any function is potentially open to challenge if the duty has been disregarded.

The duty applies both to Council when setting the budget and to Cabinet when considering particular decisions.

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).

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 2022/23 published in December 2021, announced that a referendum must be held if Council tax for general spend is to be increased by 2% or more. Council tax for general spending requires a referendum if it rises by 2% or more alongside a maximum 1% adult social care precept.

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.

The review of the rents is a Cabinet function and is undertaken with due regard to the provisions of Part VI of the 1989 Act which governs housing finance and housing subsidy. Rents for Council houses are a credit to the housing revenue account and outgoings a debit. The Council is under a duty to prevent a debit balance on the housing revenue account which is ring-fenced. There are restrictions in the way in which the account can be operated. Members are referred to the separate Housing Revenue Account report, this report must comply with these accounting requirements. All proposals should comply with its duty to prevent a debit balance arising on the Housing Revenue Account.

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

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

In relation to certain activities which are subject to authorisation by the Council (e.g. licences), the Provision of Services Regulations 2009 prevent the recovery of

charges in excess of the cost of the procedures and formalities under the scheme of authorisation, (i.e. the Council is permitted to recover costs only), and such costs must also be reasonable and proportionate.

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

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).

Members should be aware of the provisions of Section 106 of the Local Government Finance Act 1992, which applies to members where -

(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

(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.

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.

## **Financial Implications:**

The financial implications are included within the report.

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

Sam Evans

Executive Director of Finance (S151 Officer)

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## **Background papers:**

### **List of Appendices**

**Appendix 1 – Calculation of the Council Tax Base**

**Appendix 2 – Spending allocations**

**Appendix 3 - Existing savings previously agreed**

**Appendix 4 – Savings proposals for 2022/23**

**Appendix 5 – Departmental Cash Limits**

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

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

| <b>Calculation of Council Tax Base 2022/23 (Based on all properties)</b>  |                |               |               |               |              |              |              |              |            |               |
|---|----------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|------------|---------------|
| <b>Bands</b>  | <b>A</b>       | <b>A</b>      | <b>B</b>      | <b>C</b>      | <b>D</b>     | <b>E</b>     | <b>F</b>     | <b>G</b>     | <b>H</b>   | <b>TOTAL</b>  |
|   | <b>Reduced</b> |               |               |               |              |              |              |              |            |               |
| Total Number of Dwellings on the valuation list   | 0              | 30,412        | 18,602        | 17,318        | 9,218        | 5,553        | 1,868        | 1,286        | 186        | 84,443        |
| Total Number of Exempt and Disabled Relief dwellings on the Valuation List  | 59             | 13            | 21            | -28           | -13          | -32          | 12           | -13          | -19        | 0             |
| Less: estimated discounts, exemptions and disabled relief   | 3              | 4,521         | 1,862         | 1,384         | 622          | 267          | 96           | 56           | -4         | 8,808         |
| Total Equivalent number of dwellings after discounts, exemptions and disabled relief  | 56             | 25,904        | 16,761        | 15,905        | 8,583        | 5,254        | 1,784        | 1,217        | 171        | 75,635        |
| Factor stipulated in regulations  | 5/9            | 6/9           | 7/9           | 8/9           | 9/9          | 11/9         | 13/9         | 15/9         | 18/9       | 0.00          |
| Band D equivalent   | 31             | 17,270        | 13,036        | 14,138        | 8,583        | 6,421        | 2,576        | 2,028        | 341        | 64,426        |
| Net effect of Local Council Tax Support Scheme (LCTSS) and other adjustments  | 8              | 4,095         | 1,291         | 710           | 252          | 110          | 36           | 14           | 0          | 6,516         |
| Additional Net Dwellings in 2022/23 based on known regeneration with the Borough and reductions in levels of discounts and exemptions |                |               |               |               |              |              |              |              |            | 322           |
| Total after LCTSS and Other Adjustments   | 2              | 13,174        | 11,745        | 13,429        | 8,336        | 6,311        | 2,540        | 2,014        | 341        | 58,232        |
| Multiplied by estimated collection rate   | 0.955          | 0.955         | 0.955         | 0.955         | 0.955        | 0.955        | 0.955        | 0.955        | 0.955      | 0.955         |
| <b>BAND D EQUIVALENTS</b>   | <b>22</b>      | <b>12,581</b> | <b>11,217</b> | <b>12,824</b> | <b>7,957</b> | <b>6,027</b> | <b>2,426</b> | <b>1,923</b> | <b>326</b> | <b>55,611</b> |

|   |                |
|---|----------------|
| Band D Equivalent assuming 1.94% increase               | £1,724.49      |
| Total Tax Yield £'000                                   | £95,901.23     |
| Band D Equivalent assuming 1% Adult Social Care Precept | £1,741.41      |
| <b>Tax Yield including ASC Precept £'000</b>            | <b>£96,842</b> |

Note A Reduced are band A properties that have disabled adaptations

## Appendix 2 – Spending Allocations

| <b>Proposed Permanent Spending Allocations to Budget 2022/23</b> |  |                |
|--|--|----------------|
| <b>Department</b>  | <b>Description</b>   | <b>2022/23</b> |
| <b>Pay Inflation</b>   |  |                |
| All  | Pay Inflation  | 3.878          |
| All  | National Insurance Increase (Health & Social Care levy)          | 0.530          |
| <b>TOTAL</b>   |  | <b>4.407</b>   |
| <b>Contractual Inflation</b>                                     |  |                |
| Corporate  | Utilities  | 0.580          |
| Corporate  | Rent/Rates   | 0.040          |
| Corporate  | ICT Contracts  | 0.025          |
| Children and Young People  | Residential Care   | 0.261          |
| Children and Young People  | Living Wage  | 0.817          |
| Children and Young People  | Fostering and Leaving Care inflation                             | 0.540          |
| Children and Young People  | Support Packages and Direct Payments                             | 0.097          |
| Children and Young People  | Premature Retirement Costs                                       | 0.012          |
| Children and Young People  | Provider National Insurance Increase (Health & Social Care levy) | 0.097          |
| Operations   | Living Wage  | 0.057          |
| One Commissioning Organisation                                   | Community Care and Other Contracts                               | 1.144          |
| One Commissioning Organisation                                   | Persona Contract   | 0.225          |
| One Commissioning Organisation                                   | Other contractual inflation                                      | 0.395          |
| One Commissioning Organisation                                   | Living Wage  | 4.370          |
| One Commissioning Organisation                                   | Provider National Insurance Increase (Health & Social Care levy) | 0.675          |
| Non Service Specific   | GM Waste Levy charge   | 0.009          |
| <b>TOTAL</b>   |  | <b>9.344</b>   |

| <b>Proposed Permanent Spending Allocations to Budget 2022/23</b> |                                     |                |
|--|-------------------------------------|----------------|
| <b>Department</b>  | <b>Description</b>                  | <b>2022/23</b> |
|  |                                     | <b>£m</b>      |
| <b><i>Demand</i></b>   |                                     |                |
| Finance – Revenues and Benefits                                  | Debt Collection Costs               | 0.050          |
| Corporate Core   | ICT Capital/Reserves Fall out       | 1.794          |
| Corporate Core   | Municipal Election 2022 costs       | 0.235          |
| Corporate Core   | Legal capacity requirements         | 0.350          |
| Corporate Core   | ICT capacity requirement            | 0.890          |
| One Commissioning Organisation                                   | Adults Demographics                 | 1.000          |
| One Commissioning Organisation                                   | Transition from Children’s Services | 0.524          |
| <b>TOTAL</b>   |                                     | <b>4.843</b>   |

| <b>Proposed Permanent Spending Allocations to Budget 2022/23</b> |  |                |
|--|--|----------------|
| <b>Department</b>  | <b>Description</b>   | <b>2022/23</b> |
|  |  | <b>£m</b>      |
| <b>Reprofiled Savings</b>  |  |                |
| Non-Service Specific   | Procurement/Discretionary spend savings - all services *     | 0.950          |
| Non-Service Specific   | Transformation Savings reprofiling per Dec 21 Cabinet report | 1.963          |
| One Commissioning Organisation                                   | Packages of Care (overachievement)                           | -0.040         |
| <b>TOTAL</b>   |  | <b>2.873</b>   |

\* £0.650m of the reprofiled procurement/discretionary spend saving has been substituted with increased Council Tax income relating to the review of Single Person Discounts



| <b>Proposed Permanent Spending Allocations to Budget 2022/23</b> |   |                |
|--|---|----------------|
| <b>Department</b>  | <b>Description</b>  | <b>2022/23</b> |
|  |   | <b>£m</b>      |
| <b>Budget Re-Alignment</b>                                       |   |                |
| Housing General Fund   | Housing Subsidy budget/bad debt re-alignment                          | 0.583          |
| Corporate Core   | Reversal of one-off funding   | -0.740         |
| Children and Young People  | Reversal of one-off funding   | -0.577         |
| Business Growth & Infrastructure                                 | Reversal of one-off funding   | -0.060         |
| Operations   | Reversal of one-off funding   | -0.594         |
| Non-Service Specific   | Borrowing Requirement to fund the capital programme approved Feb 2021 | 1.000          |
| Non-Service Specific   | Removal of Persona dividend income budget                             | 0.200          |
| <b>TOTAL</b>   |   | <b>-0.188</b>  |
|  |   |                |
| <b>Income Losses</b>   |   |                |
| Non-Service Specific   | Airport Loan Interest - reinstatement of income budget                | -3.549         |
| Operations   | Income Loss - partial reinstatement of income budget                  | -0.539         |
| <b>TOTAL</b>   |   | <b>-4.088</b>  |
|  |   |                |
| <b>GRAND TOTAL</b>   |   | <b>17.191</b>  |

Appendix 3 – Existing Savings previously agreed

| Department  | Proposal Description   | Proposed Budget Reduction |               |                                  | EIA Required | Consultation Required |
|---|--|---------------------------|---------------|----------------------------------|--------------|-----------------------|
|   |  | 2021/22                   | 2022/23       | Previously Agreed budget savings |              |                       |
|   |  | £m                        | £m            | £m                               |              |                       |
| <b>Full Year Effect of Previously Agreed Efficiencies</b> |  |                           |               |                                  |              |                       |
|   |  |                           |               |                                  |              |                       |
| Children and Young People                                 | <b>Early Help Model</b><br>Co-ordinated and streamlined management of buildings and increase in usage of the facilities. | -0.034                    | 0.000         | <b>-0.034</b>                    | Yes          | Yes                   |
| Operations  | <b>Procurement Review of Contracts</b><br>Review of supplier contracts across the service.                               | -0.083                    | 0.000         | <b>-0.083</b>                    | No           | No                    |
| All Services  | <b>Supplier Review of Contracts</b><br>Review of supplier contracts across the council                                   | -0.300                    | -0.265        | <b>-0.565</b>                    | No           | No                    |
| Operations  | Review of Highway Fees   | -0.050                    | -0.070        | <b>-0.120</b>                    | Yes          | No                    |
| <b>Sub total Efficiencies approved February 2020</b>      |  | <b>-0.467</b>             | <b>-0.335</b> | <b>-0.802</b>                    |              |                       |
| Children and Young People                                 | Removal of budget for vacant posts and reduced travel and expense costs.   | -0.696                    | 0.309         | <b>-0.387</b>                    | No           | No                    |
| Children and Young People                                 | Contract Reviews for services provided by external agencies  | -0.220                    | -0.100        | <b>-0.320</b>                    | No           | No                    |
| Children and Young People                                 | Reduced transport costs as a result of fewer out of borough placements.  | -0.300                    | -0.120        | <b>-0.420</b>                    | No           | No                    |
| Public Health   | Reduced cost of external contract relating to substance misuse services  | -0.040                    | 0.000         | <b>-0.040</b>                    | No           | No                    |
| Corporate   | Reduce budget for contributions to the pension fund  | -0.075                    | 0.000         | <b>-0.075</b>                    | No           | No                    |

| Department                               | Proposal Description   | Proposed Budget Reduction |         |                                  | EIA Required | Consultation Required |
|--|--|---------------------------|---------|----------------------------------|--------------|-----------------------|
|  |  | 2021/22                   | 2022/23 | Previously Agreed budget savings |              |                       |
|  |  | £m                        | £m      | £m                               |              |                       |
| Corporate                                | Reduce central Apprentice Levy to reflect previously agreed internal funding mechanism                 | -0.239                    | 0.000   | <b>-0.239</b>                    | No           | No                    |
| Corporate                                | Reduce central Apprenticeship Corporate budget to reflect previously agreed internal funding mechanism | -0.530                    | 0.000   | <b>-0.530</b>                    | No           | No                    |
| Corporate                                | Reduce Corporate Management Initiatives budget in line with expenditure                                | -0.200                    | 0.000   | <b>-0.200</b>                    | No           | No                    |
| Corporate                                | Reduce Bury MBC Townside Fields budget in line with expenditure  | -0.058                    | 0.000   | <b>-0.058</b>                    | No           | No                    |
| Corporate                                | Reduce Car Leases Salary Sacrifice scheme in line with expenditure                                     | -0.025                    | 0.000   | <b>-0.025</b>                    | No           | No                    |
| Operations                               | Remove vehicle and equipment leasing costs to reflect approved borrowing through the capital programme | -0.170                    | -0.300  | <b>-0.470</b>                    | No           | No                    |
| Business, Growth and Infrastructure      | Assumed growth in the Council Tax base as a result of the investment in regeneration and housing       | 0.000                     | 0.000   | <b>0.000</b>                     | No           | No                    |
| All                                      | Transformation Agenda  | -1.500                    | -3.500  | <b>-5.000</b>                    | Yes*         | Yes*                  |
| One Commissioning Organisation (MTFS001) | Innovative Commissioning   | -1.050                    | -1.750  | <b>-2.800</b>                    | Yes          | Yes                   |
| One Commissioning Organisation (MTFS002) | Personalisation and Transformation   | 0.000                     | -1.000  | <b>-1.000</b>                    | No           | Yes                   |

| Department  | Proposal Description                               | Proposed Budget Reduction |                |                                  | EIA Required | Consultation Required |
|---|--|---------------------------|----------------|----------------------------------|--------------|-----------------------|
|   |  | 2021/22                   | 2022/23        | Previously Agreed budget savings |              |                       |
|   |  | £m                        | £m             | £m                               |              |                       |
| One Commissioning Organisation (MTFS003)                                  | Development of Assistive Technology                | 0.000                     | -0.500         | -0.500                           | Yes          | Yes                   |
| One Commissioning Organisation (MTFS004)                                  | Improved Housing Options                           | 0.000                     | -0.050         | -0.050                           | No           | Yes                   |
| One Commissioning Organisation (MTFS005)                                  | Effective and Efficient Commissioning              | -1.487                    | -1.780         | -3.267                           | No           | Yes                   |
| One Commissioning Organisation (MTFS006)                                  | Review of Care Packages                            | -0.797                    | -2.055         | -2.852                           | No           | Yes                   |
| Operations (MTFS007)  | Closure of Civic Centres                           | -0.132                    | 0.000          | -0.132                           | Yes          | No                    |
| Operations (MTFS008)  | Review of Waste Services and Fleet Rationalisation | -0.237                    | -0.025         | -0.262                           | No           | No                    |
| Operations (MTFS009)  | Street Light Dimming                               | -0.020                    | -0.010         | -0.030                           | Yes          | No                    |
| Finance (MTFS010)   | Closure of Prestwich Cash Office                   | -0.030                    | 0.000          | -0.030                           | No           | Yes                   |
| Corporate Core (MTFS011)  | Housing  | -0.250                    | 0.000          | -0.250                           | No           | Yes                   |
| <b>Sub total Efficiencies approved February 2021</b>                      |  | <b>-8.056</b>             | <b>-10.881</b> | <b>-18.937</b>                   |              |                       |
| <b>Total of Efficiencies &amp; Budget reductions agreed February 2021</b> |  | <b>-8.523</b>             | <b>-11.216</b> | <b>-19.739</b>                   |              |                       |

**Appendix 4 – Savings Proposals 2022/23 - to follow**

Appendix 5 – Department Cash Limits

| Departmental Cash Limits 2022/23 (reconciliation of 2021/22 Budget and starting point for 2022/23) |                         |                                |                |                                  |               |                      |                      |                |
|--|-------------------------|--------------------------------|----------------|----------------------------------|---------------|----------------------|----------------------|----------------|
|  | Children & Young People | One Commissioning Organisation | Corporate Core | Business Growth & Infrastructure | Operations    | Non-Service Specific | Housing General Fund | Total          |
|  | £m                      | £m                             | £m             | £m                               | £m            | £m                   | £m                   | £m             |
| Spending Requirement in February 2021 report   | 46.564                  | 84.828                         | 14.580         | 3.593                            | 18.688        | 21.296               | 0.553                | 190.102        |
| Approved Amendment adjustment to Spending Requirement  | 0.646                   | 1.052                          | 0.878          | 0.060                            | 0.594         |                      |                      | 3.230          |
| <b>Sub-total</b>   | <b>47.210</b>           | <b>85.880</b>                  | <b>15.458</b>  | <b>3.653</b>                     | <b>19.282</b> | <b>21.296</b>        | <b>0.553</b>         | <b>193.332</b> |
| Savings approved in February 20 report   | (0.034)                 |                                |                |                                  | (0.133)       | (0.300)              |                      | (0.467)        |
| Savings approved in February 21 report   | (1.216)                 | (3.374)                        | (1.407)        |                                  | (0.559)       | (1.500)              |                      | (8.056)        |
| Use of Reserves for 2021/22 in February 21 report  |                         |                                |                |                                  |               | (12.332)             |                      | (12.332)       |
| Approved Amendment adjustment to Use of Reserves for 2020/21                                       |                         |                                |                |                                  |               | (0.626)              |                      | (0.626)        |
| <b>2021/22 Approved Budget</b>   | <b>45.960</b>           | <b>82.506</b>                  | <b>14.051</b>  | <b>3.653</b>                     | <b>18.590</b> | <b>6.538</b>         | <b>0.553</b>         | <b>171.851</b> |

| Departmental Cash Limits 2022/23                                       |                         |                                |                |                                  |                |                      |                      |               |
|--|-------------------------|--------------------------------|----------------|----------------------------------|----------------|----------------------|----------------------|---------------|
|  | Children & Young People | One Commissioning Organisation | Corporate Core | Business Growth & Infrastructure | Operations     | Non-Service Specific | Housing General Fund | Total         |
|  | £m                      | £m                             | £m             | £m                               | £m             | £m                   | £m                   | £m            |
| Previously Agreed budget changes:-                                     |                         |                                |                |                                  |                |                      |                      |               |
| Add back 2021/22 one off Use of Reserves from Feb 21 budget            |                         |                                |                |                                  |                | 12.332               |                      | 12.332        |
| Add back 2021/22 one off Use of Reserves from Feb 21 agreed amendments |                         |                                |                |                                  |                | 0.626                |                      | 0.626         |
| Deduct Additional Savings approved February 2020 for 2022/23           |                         |                                |                |                                  | (0.070)        | (0.265)              |                      | (0.335)       |
| Deduct Additional Savings approved February 2021 for 2022/23           | 0.089                   | (7.135)                        | 0.000          |                                  | (0.335)        | (3.500)              |                      | (10.881)      |
| <b>Previously Agreed budget changes:-</b>                              | <b>0.089</b>            | <b>(7.135)</b>                 | <b>0.000</b>   | <b>0.000</b>                     | <b>(0.405)</b> | <b>9.193</b>         | <b>0.000</b>         | <b>1.742</b>  |
| Additional Budget Requirement:-  |                         |                                |                |                                  |                |                      |                      |               |
| Pay Inflation  | 0.762                   | 0.976                          | 0.878          | 0.202                            | 1.028          | 0.033                |                      | 3.878         |
| National Insurance increase / Health & Social Care Levy 1.25%          | 0.109                   | 0.110                          | 0.125          | 0.029                            | 0.150          | 0.005                |                      | 0.530         |
| Contractual Inflation  | 1.823                   | 6.809                          | 0.645          | 0.000                            | 0.057          | 0.009                |                      | 9.343         |
| Demand   | 0.000                   | 1.524                          | 3.319          | 0.000                            | 0.000          | 0.000                |                      | 4.843         |
| Reprofiled Savings   |                         | (0.040)                        |                |                                  |                | 2.913                |                      | 2.873         |
| Budget Re-alignment  | (0.577)                 |                                | (0.740)        | (0.060)                          | (0.594)        | 1.200                | 0.583                | (0.188)       |
| Income losses  |                         |                                |                |                                  | (0.539)        | (3.549)              |                      | (4.088)       |
| <b>Additional Budget Requirement:-</b>                                 | <b>2.207</b>            | <b>2.244</b>                   | <b>4.227p</b>  | <b>0.171</b>                     | <b>(0.232)</b> | <b>(2.889)</b>       | <b>0.583</b>         | <b>17.191</b> |

| Directorate Cash Limits 2022/23                           |                         |                                |                |                                  |                |                      |              |                |
|---|-------------------------|--------------------------------|----------------|----------------------------------|----------------|----------------------|--------------|----------------|
|   | Children & Young People | One Commissioning Organisation | Corporate Core | Business Growth & Infrastructure | Operations     | Non-Service Specific | HGF          | Total          |
|   | £m                      | £m                             | £m             | £m                               | £m             | £m                   | £m           | £m             |
| Use of Reserves for 2022/23 in February 21 report         |                         |                                |                |                                  |                | (14.355)             |              | (14.355)       |
| Contribution to reserves for 2022/23 per labour amendment |                         |                                |                |                                  |                | 1.129                |              | 1.129          |
| Contribution to Social Care Grant Reserve                 |                         | 0.683                          |                |                                  |                |                      |              | 0.683          |
| Contribution to Business Rates risk reserve               |                         |                                |                |                                  |                | 1.388                |              | 1.388          |
| Contribution to Smoothing Reserve                         |                         |                                |                |                                  |                | 2.996                |              | 2.996          |
| <b>Net use of reserves:-</b>                              | <b>0.000</b>            | <b>0.683</b>                   | <b>0.000</b>   | <b>0.000</b>                     | <b>0.000</b>   | <b>(8.842)</b>       | <b>0.000</b> | <b>(8.159)</b> |
|   |                         |                                |                |                                  |                |                      |              |                |
| <b>Savings Proposals</b>                                  | <b>(0.700)</b>          | <b>(1.724)</b>                 | <b>(0.250)</b> |                                  | <b>(1.168)</b> | <b>(1.300)</b>       |              | <b>(5.142)</b> |
|   |                         |                                |                |                                  |                |                      |              |                |
| <b>2022/23 Budget</b>                                     | <b>47.556</b>           | <b>76.573</b>                  | <b>18.028</b>  | <b>3.824</b>                     | <b>16.784</b>  | <b>2.701</b>         | <b>1.136</b> | <b>177.483</b> |

NB: The savings figures of £5.142m excludes the £0.750m saving relating to additional Council Tax income which will be shown in the budget as additional income



