

REPORT FOR DECISION



Agenda	
Item	

MEETING:	CABINET
DATE:	28 JULY 2021
SUBJECT:	THE COUNCIL'S FINANCIAL POSITION – 2020/21 OUTTURN
REPORT FROM:	LEADER OF THE COUNCIL
CONTACT OFFICER:	SAM EVANS, Executive Director of Finance
TYPE OF DECISION:	KEY DECISION
FREEDOM OF INFORMATION/STATUS:	This paper is within the public domain
SUMMARY:	<p>This report sets out the final financial position for the Council for 2020/21. The report sets out the position for both revenue and capital and provides an analysis of the variances, both under and overspending.</p> <p>A separate report setting out the treasury management outturn position will be presented to Cabinet in September.</p>

<p>OPTIONS & RECOMMENDED OPTION</p>	<p>Cabinet is asked to:</p> <ul style="list-style-type: none"> • Note the final underspend on the revenue budget of £13.605m. It should be noted that £11.1m was always planned due to the reduced contribution to the pooled fund of £10.5m and the £567k planned contribution to the general fund. The balance is as a consequence of the very late receipt of Government funding during 2020/21 to support the financial impacts of the pandemic. • Note that the £10.5m reduced contribution to the pooled fund was agreed at the end of the last financial year, when the Council made an additional contribution to the pool of the same value as a mechanism of accessing additional funding for the CCG; • Approve the net allocation to reserves of £48.982m and note that this is factored into the out-turn position; • Note the Covid 19 reserve for future use for Covid 19 cost pressures in addressing the ongoing impacts of the pandemic on the vulnerable residents of our population and supporting Council services where there are losses of operating income • Note the final position on the collection fund; • Note the final position on reserves of £130.172m at the end of 2020/21, split £74.849m general, £67.885m earmarked and (£12.562m) schools; • Note expenditure of £27.233m on capital programmes during the year and the outcomes achieved; • Note the slippage of £13.297m on the capital programme and approve that this can be carried forward and added to the 2021/22 capital programme. • Note that the final treasury management outturn report will be presented to Cabinet in September 2021.
<p>IMPLICATIONS:</p> <p>Corporate Aims/Policy Framework:</p>	<p>The proposals accord with the Policy Framework</p>

Statement by Section 151 Officer:	The financial implications are set out in the report.
Equality/Diversity implications:	No
Considered by Monitoring Officer:	Yes
Are there any legal implications?	No
Staffing/ICT/Property:	No
Wards Affected:	All
Scrutiny Interest:	Overview and Scrutiny Committee

TRACKING/PROCESS

DIRECTOR: SAM EVANS

Joint Executive Team	Cabinet Member/Chair	Ward Members	Partners
Yes	Yes		
Scrutiny Committee	Cabinet	Committee	Council

THE COUNCIL'S FINANCIAL POSITION – 2020/21 OUTTURN

1 PURPOSE OF THE REPORT

- 1.1 This report outlines the outturn financial position of the Council at the end of 2020/21. The report sets out the position for both revenue and capital and provides an analysis of the variances, both under and overspending.
- 1.2 The report sets out the impact on the council's reserves.

2 Background

- 2.1 These are unprecedented times for LA budgets with huge volatility and uncertainty caused by Covid. This is affecting all LAs. The Government's financial support is welcome but is one-off funding which spans the 2020/21 and 2021/22 financial years. We expect to have ongoing resource gaps caused by additional services, additional demand on existing services and reductions in income. More work will be undertaken to better understand the risks as part of a review of the medium term financial strategy which will be reported in the autumn. It should be noted that the Covid financial uncertainty is on top of the pre existing uncertainties in the future of Adult Social Care funding and the Fair Funding Review.
- 2.2 Plans for the 2020/21 financial year were subject to a significant degree of external scrutiny and challenge to ensure they were deliverable. In addition to this, the reliance on one-off short term funding through reserves and also the carry forward of historic unachievable savings were addressed as part of the 2020/21 budget setting process to provide a greater degree of stability and to ensure financial plans were realistic.
- 2.3 To support budget holders and to ensure that financial governance is as strong as possible across the whole of the Council, a new financial framework was developed and implemented over the course of the year. This included new policies and updated governance arrangements including a reserves strategy, a refreshed scheme of delegation that linked to the wider constitution review and also debt management and other financial policies. Updates were provided to Cabinet throughout the year.
- 2.4 The Council's budget underspent by £13.605m. It should be noted that £11.1m was always planned due to the reduced contribution to the pooled fund of £10.5m and the £567k planned contribution to the general reserves. The balance is as a consequence of the very late receipt of Government funding during 2020/21 to support the financial impacts of the pandemic and will be used in 2021/22 to fund the ongoing impacts of the pandemic on the vulnerable residents of our population.
- 2.5 In response to the COVID-19 crisis the government has made significant funding available to Bury Council to cover additional costs that have been incurred, or income not achieved as a result of the pandemic. The funding allocations available have either been reflected in the outturn position where appropriate or

carried forward into 2021/22 via reserves in accordance with the guidance and various individual grant conditions. These funds will be available to contribute to ongoing costs in the 2021/22 financial year but will be restricted to specific eligible expenditure which meet the criteria of the individual grant conditions.

- 2.6 The outturn position for Covid-19 costs and income pressures as a consequence of loss of income on various Council functions and activities, reported an underspend against the grants received for use against Covid-19 pressures of £10.523m. This has been carried forward in a reserve for use in future years against Covid-19 pressures. When Central Government released this funding it was always anticipated that a significant proportion of this funding would be carried forward and utilised in 2021/22 due to the late timing of the receipt of the funding and the ongoing economic impact of the pandemic in the 2021/22 financial year.
- 2.7 The Council has included £5.1m of costs and the associated income that were funded through COVID-19 grant monies that were made available to the Clinical Commissioning Group in relation to the Hospital Discharge Programme. This programme operated on the basis of a retrospective claim for actual costs incurred and will continue for at least the first half of the 2021/22 financial year albeit on a reduced basis in the second quarter.
- 2.8 A one year allocation of £7.410m of government funding has been included in the 2021/22 budget; this amount will be used to offset the Covid-19 pressures. This is made up of £2.08m in local council tax support grant and £5.33m of various Covid grants.
- 2.9 In July 2020, Cabinet agreed a set of principles for managing the in-year position. These were:
- The Council will continue to spend where need exists on the COVID-19 response and all decisions will be taken under existing governance arrangements and will focus on value for money;
 - The Council will seek to maintain services as far as possible and, in doing so, minimise the loss of income;
 - The Council will seek to maximise the delivery of its savings plan;
 - The Council will
 - o Use the government grant funding in the first instance to fund additional COVID- 19 related costs and loss of income;
 - o Consider opportunities for stepping down or deferring the return of some services where resources can be deployed to emerging priorities;
 - o Consider the use of reserves as a means of funding any residual financial gap subject to the approval and governance arrangements set out in the Council's reserves strategy.
- 2.10 The continuation of the Covid pandemic and the additional measures that have been put in place, both nationally and across the Greater Manchester region, in response to this has impacted significantly on demand for services and loss of income. There remain some considerable challenges as a result of COVID-19 and the use of available funding and the impact on the financial position in 2021/22 will need continuing close monitoring.

- 2.11 In agreeing the higher than planned contribution to the pooled fund in 2019/20 of £10.5m, the CCG was able to access additional funding that could be used for the benefit of Bury residents and was offset by a lower than planned contribution in 2020/21 to the same value. At the time of agreeing the additional contribution in 2019/20 it was recognised that when the reduced contribution was made in 2020/21 this underspend would be used to replenish the reserves. This has been reflected in the council's outturn position and has been reported on throughout 2020/21.
- 2.12 A full review of the capital programme was undertaken to ensure that all schemes were being correctly recorded and this resulted in realignment and rephasing of £33.224m giving a revised capital programme of £56.835m
- 2.13 The majority of the variances on the capital programme were due to delays in delivery as a result of Covid. Funds which need to be carried forward into the next financial year have been identified and there will be ongoing work undertaken to establish whether this will fall into future years.

3 FINANCIAL OVERVIEW - REVENUE

- 3.1 In 2020/21, the Council's net revenue expenditure was £151.286m. The final out turn position is set out in Table 1 below and shows an underspend of £13.605m.

Table 1

Out Turn Position 2020/21 – As At 31 March 2021					
Directorate	Approved Budget	Revised Budget	Out Turn	(Under)/Over Spend	
	£m	£m	£m	£m	
One Commissioning Organisation	79.452	76.179	64.566	(11.613)	
Children and Young People	42.015	36.183	37.319	1.136	
Operations	16.247	15.745	22.768	7.023	
Corporate Core	14.506	10.854	11.093	0.239	
Business, Growth and Infrastructure	2.800	2.721	2.887	0.166	
Housing General Fund	0.553	0.705	1.288	0.583	
Non Service Specific	9.964	22.504	11.365	(11.139)	
TOTAL	165.537	164.891	151.286	(13.605)	

One Commissioning Organisation – Underspend £11.613m

Table 2

2020/21 Revenue Out Turn Position			
One Commissioning Organisation	Approved Budget	Outturn	Forecast (Under)/Over Spend
	£m	£m	£m
Adult Social Care Operations	7.588	6.926	(0.662)
Care in the Community	39.747	40.238	0.491
Commissioning & Procurement	17.016	16.668	(0.348)
Public Health	10.435	10.092	(0.343)
Departmental Support Services	1.687	1.447	(0.240)
Workforce Modernisation	0.078	0.044	(0.033)
GM Transformation Fund	0	0.023	0.023
Sub Total	76.551	75.438	(1.113)
Planned contribution to the pooled fund	0	(10.500)	(10.500)
Sub Total	0	(10.500)	(10.500)
Total	76.551	64.938	(11.613)

3.2 The OCO budget underspent by £11.613m. The main variances are as follows:

- **Care in the Community** - The Care in the Community budget overspent by £0.491m, however £0.234m of the Care in the Community budget overspend relates to Workforce Capacity funding grant expenditure. The Workforce grant income sits within the councils Non-Service specific directorate so when factoring in the grant the real outturn position is a £0.257m underspend. The Care in the Community budget outturn includes c£4.1m income received from the hospital discharge programme which matches the expenditure incurred and £4.9m grant income in respect of Infection Control (c.£4.3m) and Rapid Testing (c£0.6m) again which matches the expenditure incurred.
- **Adult Social Care Operations** - The Adult Social Care Operations budget underspent by £0.662m the majority of which relates to staffing budget underspends. The staffing underspends are due to vacancies which will continue to be filled during 2021/22. The ASC Operations budget outturn included c.£1m income received from the hospital discharge programme which matched the expenditure incurred.
- **Commissioning & Procurement** - The Commissioning and Procurement service underspent by £0.348m. The underspend is due to several factors:
 - Reduced Carers activity

- Change in Deprivation of Liberty Assessment Process
- Staff Vacancies
- Reduced costs re Neighbourhood support contracts which are activity based and activity across a number of areas reduced due to lockdown measures put in place during the pandemic

The Commissioning & procurement underspend includes a £153k savings underachievement against the £611k Persona contract saving target.

- **Departmental Support Services** - The Departmental Support Services budget underspent by £0.240m. The underspend is due to CCG salary recharge income which were previously not budgeted for, staffing budget underspends and an underspend on pilot project/Initiatives budgets
- **Public Health** - The Public Health Budget underspent by £0.343m. the underspend is due to staff vacancies and reduced activity across a range of contracts on none Covid Public Health functions as a consequence of the Pandemic.
- **Planned Contribution to the Pooled Fund** - Throughout 2020/21 there has been acknowledgement that the planned contribution to the pooled fund in 2020/21 will be £10.5m less than is budgeted for since an additional contribution, to the same value, was made in 2019/20 as part of a strategy to access additional funding for the CCG. The £10.5m will be refunded into general reserves.
- **Future funding of recurrent transformation schemes across the Local Care Organisation** - A £4.5m contribution from Bury CCG was received by the Council in March 2021 regarding the Strategic Commissioning Board (SCB) decision to continue to fund several transformation schemes beyond 2020/21. The decision has resulted in a continuation of management costs and staff being moved onto substantive contracts. The £4.5m has been allocated to a ringfenced reserve specifically to support the recurrent costs of the transformation schemes across the Integrated Delivery Collaborative.

Children and Young People – Overspend £1.136m

Table 3

2020/21 Revenue Out Turn Position – as at 31 March 2021			
Children and Young People Directorate	Approved Budget	Out Turn	(Under)/Over Spend
	£m	£m	£m
Education and Skills (non schools)	10.625	11.673	1.048

Children's Commissioning	1.357	1.295	(0.62)
Early Help and School Readiness	1.794	1.494	(0.300)
Social Care and Safeguarding	22.407	22.857	0.450
TOTAL	36.183	37.319	1.136

3.3 The Children and Young People Directorate overspent by £1.136m. The main variances are:

- **Education and Skills (non schools)** overspent by £1.048m largely due to Home to school transport (£0.195m), Home to college transport (£0.221m), increased SEN and Psychology agency staff to cover management caseworker capacity (0.215m), and due to savings for the Department all held on Statutory Regulatory (0.520m). These overspends were offset by vacancies in other areas, reduced pension liability, and through maximisation of grant funding to achieve efficiency savings in-year.
- **Children's Commissioning** underspent by £0.062m due to vacancies within the Children's Social Care Business Support team;
- **Early Help & School Readiness** underspent by £0.300m due to vacancies and through maximisation of external funding streams;
- **Social Care and Safeguarding** overspent by £0.450m due to increased use of agency staff to cover maternity leave/secondments and vacant posts in the Safeguarding Teams (£0.312m) and the Initial Response Team (£0.200m), increased Independent Foster Care costs (0.114m), overspend on Through Care and Supported Lodgings budgets (0.136m), and an overspend on external legal fees (£0.270m) due to a number of high cost court cases. These overspends were offset by underspends on the Children's Residential Placements and Adoption Service budgets, from vacancy savings in several areas, and from additional funding to support the growing number of Unaccompanied Asylum Seeking Children (UASC) and Care Leavers

Operations Directorate – Overspend £7.023m

Table 4

2020/21 Revenue Out Turn Position – as at 31st March 2021			
Operations	Approved Budget	Out Turn	Forecast (Under)/Over Spend
	£m	£m	£m
Wellness Operations	3.014	4.215	1.201

Engineers (including Car Parking)	(0.198)	1.289	1.487
Street Scene	4.902	5.094	0.192
Commercial Services	(0.511)	1.802	2.313
Waste, Transport and Stores	6.491	7.138	0.647
Health & Environmental Protection	1.538	1.370	(0.168)
Operations Senior Management	2.116	2.293	0.177
Corporate Landlord	(1.019)	0.156	1.175
TOTAL	16.334	23.356	7.023

3.4 The Operations Directorate returned an overspend of £7.023m mainly as a result of loss of income due to COVID-19. The government has provided some funding to offset additional pressures and loss of income in local authorities, which was held centrally within the non-service specific budget. The amount receivable in relation to Operations activities is £4.6m. The material variances within Operations are as follows:

- **Wellness Operations** – the overspend is due to:
 - Income loss in Leisure Services, offset by operational savings on staffing, energy and other overhead costs (£1.536m),
 - Increased income and staffing savings in Bereavement Services (-£0.134m)
 - Underspends on Sports Development (-£0.149m) due to lower levels of activity
- **Engineers** – the overspend is largely due to:
 - suspension of car parking charges (£1.840m) and other minor variations across the service
- **Street Scene** - the overspend is largely due to:
 - Covid related expenditure in Street Scene and Grounds Maintenance (£0.180m)
- **Commercial Services** – The overspend is due to:
 - loss of income due to closure of Civic venues (£0.466m)
 - overspend on Catering due to loss of catering income from schools (£0.881m)
 - loss of market rental income due to agreed schemes to offer rent reliefs to market traders (£1.157m)
 - extra income from increased levels of service in Cleaning and Caretaking (-£0.191m)
- **Waste & Transport** – the overspend is largely due to:
 - Reduced activity and income within the Transport Workshop (£0.116m)
 - Overspending on caddy liners and staffing in refuse collection and recycling services (£0.386m)
 - Overspend on Winter Maintenance due to number of gritting runs carried out (£0.069m)

- **Health & Environmental Protection** – the underspend is due to:
 - o General Environmental Health activities due to reduced overhead costs and managing staffing vacancies (-£0.157m)
- **Operations Senior Management**
 - o Overspend due in the main to unbudgeted spend on Consultancy Fees (£0.123m)
- **Corporate Landlord** – The Overspend is due to:
 - o Architectural Services - loss of income due to staff shortages and reduction in chargeable work to the capital programme due to Covid-19 (£0.352m)
 - o Admin Buildings - pressures on rates, cleaning and utilities budgets (£0.304m). This Cost Centre also holds a budget line of unachieved savings for various FM activities. Work is ongoing to identify where these savings can, or have been made, but is currently causing an overspend (£0.519m).

Corporate Core and Finance Directorate - Overspend £0.233m

Table 5

2020/21 Revenue Outturn Position – as at 31st March 2021			
Corporate Core and Finance	Approved Budget	Out Turn	(Under)/Over Spend
	£m	£m	£m
Corporate Core	5.301	5.097	(0.204)
Corporate Core Finance	5.987	6.424	0.437
TOTAL	11.288	11.522	0.233

3.5 Corporate Core and Finance overspend by £0.233m as a result of:

- **Corporate Core (including Adult Learning & Art Galleries & Museums – previously reported separately)** is underspent by £0.204m and is due to several factors:
 - **Corporate People Services** – the £0.751m underspend is due to vacancies, a reduction on Corporate contribution to apprentices and reductions in controllable expenditure.
 - **Legal Services** – the £0.464m overspend is due to reduced income relating to COVID 19 and additional agency costs.
 - **Communications and Engagement** – the £0.041m overspend is due to COVID costs (£0.139m) offset by underspends on staffing and minor variances.

- **Corporate Core Finance** has overspent by £0.437m due to:
 - **- Customer Support and Collections** – the £0.481m overspend is related to Summons cost income reduction due to ongoing COVID court closures (£0.175m); COVID related administration of Business Grants and backfill costs relating to the release of skilled staff to assist the Contact Centre and due to increased demand for welfare support and assistance (£0.510m); offset by new burdens funding (-£0.428m); backpay costs for recent HR decisions (£0.128m); communications costs (£0.166m) is offset by reduced court / legal costs incurred (-£0.037m) and minor variations (-£0.033m).
 - **Finance and Efficiency** – the underspend of £0.100m is in relation to one off additional income offset by additional costs for sickness cover, training, capacity and advertising costs for CFO /Deputy role.

Business, Growth and Infrastructure – Overspend £0.166m

Table 6

2020/21 Revenue Outturn Position – as at 31st March 2021			
Business, Growth and Infrastructure Directorate	Approved Budget	Out Turn	(Under)/Over Spend
	£m	£m	£m
Economic Regeneration & Capital Growth	1.180	1.488	0.308
Housing Needs & Options	1.541	1.399	(0.142)
TOTAL	2.721	2.887	0.166

3.6 The Business, Growth and Infrastructure Directorate has delivered an overspend of £0.166m, as a result of:

- **Economic Regeneration and Capital Growth** – the overspend of £0.308m which is resulting from an approved rent relief scheme to support businesses affected by COVID-19 and an increase in voids, (£0.413m) offset by an underspend on staffing pending restructure (£0.094m)
- **Housing Needs and Options** - the underspend of £0.142m is due to a temporary underspend on staffing and maximisation of the use of capital within Urban Renewal. There have also been delays to some schemes within the Preventing homelessness service.

Housing General Fund – Overspend £0.583m

Table 7

2020/21 Revenue Out Turn Position – as at 31 March 2021			
Housing General Fund	Approved Budget	Out Turn	(Under)/Over Spend
	£m	£m	£m
Housing General Fund	0.705	1.288	0.583
TOTAL	0.705	1.288	0.583

- 3.7 The Housing General Fund overspend of £0.583m is due to an increased contribution to the bad debt provision (£0.156m), net Housing Subsidy position (£0.431m) offset by minor underspends (-£0.004m).

Non Service Specific – Underspend £11.142m

Table 8

2020/21 Revenue Out Turn Position – as at 31 March 2021			
Non Service Specific	Approved Budget	Out Turn	(Under)/Over Spend
	£m	£m	£m
Accumulated Absences	(0.650)	(0.650)	0.000
Chief Executive's Office	0.382	0.400	0.018
Corporate Management	2.092	1.447	(0.645)
Cost of Borrowing	4.091	5.434	1.344
Grants/COVID-19	0.000	(19.815)	(19.815)
New Homes Bonus	(0.597)	0.000	0.597
Disaster Expenses	0.011	0.179	0.168
Environment Agency	0.100	0.104	0.004
Pension Service Costs	(4.992)	(4.992)	0.000
GMWDA Levy	13.815	13.815	0.000
Manchester Airport	(5.635)	0.000	5.635
Passenger Transport Levy	13.456	13.456	0.000
Persona Dividend	(0.200)	(0.000)	0.200
Townside Field	0.000	(0.054)	(0.054)
Car Lease Salary Sacrifice	0.000	(0.079)	(0.079)
Provisions/Reserves	0.631	2.118	1.486
TOTAL	22.504	11.363	(11.142)

3.8 The Non Service Specific budget has delivered an underspend of £11.142m due to:

- **Manchester airport** – loss of dividend (£5.635m) due to the impact of COVID-19 on the travel industry;
- **Environment Agency** – slightly higher levy than expected (£0.004m);
- **Grants/COVID-19** – reflects the receipt of additional grant offset by expenditure within other departments
- **New Homes Bonus** - a budget imbalance relating to the New Homes Bonus
- **Chief Executive's** – slight overspend due to increased professional fees (+£0.018m)
- **Corporate Management** – lower than expected expenditure on initiative's (-£0.645m)
- **Cost of Borrowing** – Additional contribution to Airport Equalisation reserve offset by reductions in investment income (+£1.434)
- **Disaster expenses** – Additional expenditure due to storm damages (+£0.168m)
- **Persona Dividend** – loss of dividend (£0.200m) due to the impact of COVID-19
- **Townside fields** - Additional income due to administration of accounts (+£0.054m)
- **Car lease Salary Sacrifice** – Additional income due to increased leases of electric vehicles (+£0.079m)
- **Provisions / Reserves** - Additional contribution to Airport Equalisation reserve offset by reductions in investment income (+£1.486)

4 Delivery of the Savings Plan

4.1 Planned savings of £4.162m are included in the 2020/21 revenue budget. Of these £2.549m have been delivered with the remaining £1.613m not achieved. A summary of the savings is set out in the table below.

Table 9

Assessment of Savings in the 2020/21 Budget				
Directorate	Description	2020/21 Target £m	2020/21 Saving Achieved £m	Saving Un-Deliverable in 2020/21 £m
One Commissioning Organisation	Persona Contract	0.611	0.458	0.153
One Commissioning Organisation	Supporting People Review	0.177	0.250	(0.073)
One Commissioning Organisation	Debt Recovery	0.100	0.000	0.100
Children and Young People	School Improvement Service	0.330	0.188	0.142
Children and Young People	Early Help Model	0.102	0.173	(0.071)
Children and Young People	Procurement review of Contracts	0.100	0.133	(0.033)

Operations	Procurement Review of Contracts	0.085	0.000	0.085
Operations	Corporate Landlord	0.585	0.066	0.519
Operations	Architects Service Review	0.200	0.000	0.200
Corporate	Contract Management	0.300	0.000	0.300
Corporate	Discretionary payments	0.350	0.000	0.350
One Commissioning Organisation	Provider Fees Review	1.107	1.216	(0.109)
Operations	Re-Wilding Grass Verges	0.065	0.065	0.000
Operations	Review of Highways Fees	0.050	0.000	0.050
Total		4.162	2.549	1.613

4.2 In recognition of the fact that some of the savings in the OCO were 'at risk' a re-evaluation was carried out and alternative savings were approved by Cabinet in November 2020. Consequently, a further £0.297m of in year stretch savings were achieved resulting in an overall net savings overachievement of £0.091m. Details are set out in the table below:

Table 10

OCO Directorate Savings				
Description	Original Savings Target	Projected Savings Achievable	Agreed Alternative Savings	Surplus/ Shortfall on Savings
	£m	£m	£m	£m
Persona Contract	0.611	(0.458)	0.000	0.153
Supporting People	0.177	(0.250)	0.000	(0.073)
Debt Recovery	0.100	(0.000)	0.000	0.100
Provider Fees Review	1.107	(1.216)	0.000	(0.109)
Care Packages Review (See Note 1)	0.844	(0.709)	0.000	0.135
Learning Disability/Mental Health	0.000	0.000	(0.200)	(0.200)
Carers	0.000	0.000	(0.093)	(0.093)
Advocacy	0.000	0.000	(0.004)	(0.004)
TOTAL	2.839	(2.633)	(0.297)	(0.091)

Note 1: Unachieved saving target brought forward from 2019/20

4.3 The overall unachieved level of savings for 2020/21 was £1.522m.

5 Reserves

- 5.1 At the end of 2019/20 the council's useable reserves were £51.063m, these have increased to £74.849m at the end of 2020/21. Reserves have increased largely as a consequence of the benefit from the review undertaken in 2019/20 which released £10m from the collection fund and the decision made as part of budget setting to create a £5.8m transformation reserve.
- 5.2 In addition to this, the Council has applied reserves totalling £79.118m in year. These are included in the out turn position set out in the report and Cabinet is asked to note the use of these reserves.

Table 11

Analysis of Reserves at 31 March 2021	
	£M
General Reserves	34.241
Directorate Risk Reserves	3.512
Volatility and Fiscal Risk	37.096
Total Management of Risk Reserves	74.849
COVID-19 Related Grants	10.523
Corporate Priorities	14.013
External Funding/Grants	43.349
Total Earmarked Reserves	67.885
TOTAL COUNCIL RESERVES	142.734
School Reserves	
Individual School Budgets	8.845
DSG Central Reserve	(21.407)
TOTAL SCHOOL BUDGETS	(12.562)
TOTAL RESERVES	130.172

- 5.3 The level of reserves has increased over the year and are available to support the Council in managing the financial risks going forward. Some significant grants were received at the end of the financial year relating to COVID-19 and are therefore fully committed and will be fully utilised in 2021/22. Monitoring of

reserves will be a key part of the overall financial strategy to manage the impact of COVID-19 in 2021/22 and future years.

6 OTHER BUDGETS

Schools Budget

- 6.1 The maintained schools delegated budgets reserve increased to £8.845m by the end of the year with an in-year increase of £0.377m. Further information is set out in the table below:

Table 12

Phase	Number of Schools	Balance B/F 1 April 2020	In-Year Movement 2020/21	Balance C/F 31 March 2021
		£m	£m	£m
Nursery	1	0.034	0.046	0.080
Primary	48	2.627	1.402	4.029
Secondary	8	1.584	1.789	3.373
Special	3	0.674	0.689	1.363
TOTAL	60	4.919	3.926	8.845

- 6.2 As part of the National Funding Formula (NFF) an additional £14.5 billion funding for education, Bury's schools and academies saw an increase of £12.157 million to their delegated budgets for 2020/21 when compared to 2019/20. Schools and academies delegated funding will increase further as part of the NFF settlements for 2021/22 and 2022/23.
- 6.3 During the year the Council has seen a decrease in the number of schools that have reported an end of year deficit with the number decreasing from 8 to 3. The total value of these deficits is £0.050m compared to £0.548m total deficits for 2019/20. 2 of the schools have set budget plans for 2021/22, approved by their Governing Body's, which demonstrate full recovery of their deficits carried forward within 1 year, however 1 of the schools requires a longer-term recovery period which is currently subject to review.
- 6.4 A total of 29 schools have excessive balances at the end of the financial year compared to 13 the previous year. The maximum permitted surplus thresholds are 9% for nursery, primary and special schools and 6% for secondary schools. The total value of the excessive balances has increased from £0.745m at 2019/20 to over £2.699m at 2020/21. In compliance with the approved Scheme for Financing Schools provision for Controls on Surplus Balances, all of these schools' surplus balances will be scrutinised by Schools' Forum in order to ensure plans are in place to spend accumulated surpluses on children in school now.
- 6.5 In total, 78% of schools saw an increase in their end of year position and 22% saw a decrease. Monitoring of school budgets takes place throughout the year and

will be kept under review especially where any deficit recovery plans are in place. A significant increase in funding was awarded to schools for 2021/22 and therefore it is anticipated that the overall position at an individual schools level will improve even further during 2021/22.

- 6.6 The deficit on the non-schools element of the Dedicated Schools Grant (DSG) increased by £1.340m from £20.067m at the end of 2020/21 to £21.407m. The increase being due mainly to in-year high-cost placements at both in-borough and out-borough special school provision, plus increased volumes of Education Health and Care Plans (EHCPs) and the associated high costs of EHCP top-up funding for Bury's mainstream schools and academies
- 6.7 From 2019/20 the Department for Education (DfE) required all councils to complete a recovery plan should their overspend on the DSG exceed 1%. During 2020/21 the DfE introduced the 'Safety Valve' approach to target the Local Authorities with the greatest proportionate DSG deficits, of which Bury was in the top 5 nationally. The Council welcomed this intervention and have an agreed 5 year recovery plan to ensure, with additional funding provided by the DfE as part of the Safety Valve agreement, that the deficit will be fully recovered by the end of 2024/25.
- 6.8 The main reasons for the in-year overspend in 2020/21 are:
- Increased numbers of Education and Health Care Plans and associated SEND EHCP top up funding to all mainstream schools and academies
 - Increased capacity and associated costs of schools' banded assessments at Bury's special school provision
 - Increased volumes of placements to high-cost out of borough provision, including independent Alternative Provision

These 3 pressures are included as priorities to review and address through Bury's SEND transformation as part of the Safety Valve DSG deficit recovery agreement with the DfE

- 6.9 In accordance to the agreed recovery and profiled into the 5 year plan, the SEND transformation is expected to reduce the number of high-cost SEND placements out of borough by stemming the flow and having more in borough placements. The 5 year timeline is required in order to ensure the sufficiency and capacity of places can be developed and delivered and to ensure all schools have enhanced inclusion provision and support which will prevent children requiring to be placed in expensive independent placements.

7 COLLECTION FUND

- 7.1 The increasing prominence of council tax and business rates in helping fund council services means that the collection fund is monitored on an ongoing basis. The outturn position is an in year deficit of £28.995m which is offset by a small surplus brought forward from 2019/20 of £0.255m bringing the overall outturn deficit to £28.740m. The council's share of the deficit is £28.362m and the

Greater Manchester Combined Authority's share is £0.377m (for police and fire and rescue services).

- 7.2 The deficit on the collection fund is Covid related as a result of government mandated reliefs for retail and nursery establishments for which the Council has received increased compensatory grants of £24.899m which will partially mitigate this.
- 7.3 The government also introduced the Taxation Income Guarantee scheme (TIG) to alleviate some of the impact of COVID on loss of income in the collection fund and for Bury this will be £2.474m
- 7.4 The compensatory grant and TIG amounts are held in reserves and will be released in 2021/22 to contribute towards the repayment of the council's share of the deficit as required in the regulations.
- 7.5 Due to the impact on the Council's ability to collect both Council Tax and Business Rates, an important change to Collection Fund accounting was introduced for 2020/21, which (with the exception of the £24.899m Government grant funded Business Rate reliefs) gives the ability to smooth the impact of COVID related deficits over three financial years, thus reducing the impact on the revenue budget. The Council's 2021/22 budget and future years budget estimates have been prepared using this new facility.

Table 13

2020/21 Collection Fund Outturn Position			
	Council Tax	Business Rates	Total
	£m	£m	£m
Balance Brought Forward	(8.888)	(8,602)	(17,490)
Prior Year estimated surplus released in year	8.912	8.323	17.235
(Surplus)/Deficit for the year	0.576	28.419	28.995
Balance Carried Forward	0.599	28.140	28.740
<i>Distributed:</i>			
Bury Council	(0.503)	(27.859)	(28.362)
GMCA– Police and Crime Commissioner	(0.065)	0.000	(0.065)
GMCA– Fire and Rescue Service	(0.031)	(0.281)	(0.312)
Total 2020/21 Deficit	(0.599)	(28.140)	(28.740)

8. HOUSING REVENUE ACCOUNT

8.1 The Housing Revenue Account (HRA) delivered a surplus of £2.019m and further information is set out in table 12 below.

Table 14

2020/21 Revenue Out Turn Position – as at 31 March 2021			
Housing Revenue Account	Approved Budget	Out Turn	(Under)/Over Spend
	£m	£m	£m
<i>Income</i>			
Dwelling Rents	(29.963)	(29.896)	0.067
Non-Dwelling Rents	(0.194)	(0.170)	0.024
Other Charges	(1.036)	(1.008)	0.028
Total Income	(31.193)	(31.074)	0.119
<i>Expenditure</i>			
Repairs and Maintenance	7.039	6.866	(0.173)
General Management	7.452	7.377	(0.075)
Special Services	1.366	1.344	(0.022)
Rents, Rates and Other Charges	0.060	0.028	(0.032)
Increase in Bad Debts Provision	0.484	0.236	(0.248)
Capital Charge	4.632	4.650	0.018
Depreciation	8.587	7.326	(1.261)
Debt Management Expenses	0.041	0.039	(0.002)
Contribution to/(from) reserves	(1.925)	0	1.925
Total Expenditure	27.736	27.866	0.130
Net Cost of Services	(3.457)	(3.208)	0.249
Interest receivable	(0.067)	(0.016)	0.051
Principal Repayments	0.192	0	(0.192)

Revenue Contributions to Capital	3.322	1.195	(2.127)
Sub Total	3.447	1.179	(2.268)
Operating (Surplus)/Deficit	(0.010)	(2.029)	(2.019)

8.2 There are a number of variations that have contributed to this overall result however the main reasons are:

- **Depreciation** – the calculation method was reviewed in 2019/20 resulting in a reduction in the charge for the current and future years. As the depreciation charge is ultimately used to fund capital programme expenditure this has been taken into account in the calculation of the Revenue Contributions to Capital requirement for the year. (see note below).
- **Contribution to/(from) reserves** – the budget assumed that £1.925m would need to be contributed from HRA balances (Business Plan Headroom Reserve) to ensure the HRA returned an in-year operating surplus. This contribution was not required in 2020/21, primarily as a result of the reduced funding required for capital programme works (see note below); the unused £1.925m remains in the HRA balances for use in 2021/22 or future years.
- **Revenue contributions to capital** – Given the reduced depreciation charge, the contribution to fund capital works would have been expected to increase by £1.229m to £4.551m. However, slippage on planned schemes within the capital programme, primarily as a result of the operating restrictions resulting from the pandemic, has resulted in only £1.195m being required. Subject to Council approval it is anticipated that an additional £1.464m contribution will be required in 2021/22 to complete the 2020/21 programme; this is in addition to the slippage already identified and included in the 2021/22 approved HRA budget.

8.3 There are a number of factors that can impact on the HRA year-end balance with the main ones being void levels, the level of rent arrears and the levels of Right to Buy sales. These have all to some degree been affected by the operating restrictions and financial impacts resulting from the pandemic.

- **Void**s The rent loss due to voids for 2020/21 was on average 1.18%. The original dwelling rents budget allowed for a void level target of 1%. This increase in void losses equates to a reduction in rental income due of £0.055m.
- **Arrears** The rent arrears at the end of 2020/21 totalled £2.050m, a reduction of 1% from the start of the year when arrears totalled £2.075m. Of the total arrears £0.818m relates to former tenants and £1.232m relates to current tenants. An estimated £0.921m of current tenant arrears are in cases where either the under occupancy charge applies or the tenants are in receipt of Universal Credit rather than Housing Benefit; this is an increase of £0.044m.
- **Right to Buy Sales** The original HRA budgets assumed 60 Right to Buy sales during 2020/21. The actual number of sales in 2020/21 was 28; this

reduction reflects that the valuation service was suspended for a number of months due to the pandemic rather than a reduction in the number of applications being received.

- 8.4 A major element of the HRA's costs is the Management Fee paid to the authority's ALMO, Six Town Housing. As the ALMO is a wholly owned Council company it is appropriate for Cabinet to take a view on the company's financial position.
- 8.5 Six Town Housing's draft accounts for the 2020/21 financial year show that the ALMO made a surplus of **£0.924m** on a turnover of **£20.167m**, a rate of 4.6% (for 2019/2020 the rate was 2.2%); the surplus for 2020/21 excludes pension adjustments made in line with FRS102 requirements.
- 8.6 Six Town Housing have developed a Reserves Policy (with input from the Council's section 151 Officer) which determines the minimum level of balances that the company should hold; the minimum level for 2020/21 was assessed to be £1.144m and the draft accounts indicate cash and short term deposits totalling £2.528m at the end of 2020/21. The use of reserves is subject to the terms of the Management Agreement between Six Town Housing and the Council.

9 CAPITAL PROGRAMME

- 9.1 The Council's capital programme was revised at Month 9 to £40.159m, after an agreed rephasing of £36.828m into the following financial year 2021/22.
- 9.2 The re-phased element of 2020/21 was included in the new year 2021/22 total programme and approved by the full Council on the 24th of February, to a total of £57.281m.
- 9.3 Full details on the revised final Capital programme for 2020/21 are set out in Appendix 1 and a summary of the key elements are as follows:

- ***Expenditure 2020/21 at Outturn***

- 9.4 At the end of March 2021, a total of £27.229m of capital expenditure was achieved against the revised total of £40.525m and forecast of £38.056m, as provided at Month 9.

The ongoing impact of the Covid pandemic was felt throughout the last quarter of the financial year and the ability to achieve the expected forecast expenditure continued to be impeded by this.

- ***Carry Forward***

- 9.5 Of the total expenditure on the capital programme £27.229m was delivered by the Council's services; in addition to this the strategic investments with the airport grew by £13.417m during the year.

Overall, the £27.229m achieved expenditure is lower than anticipated at Month 9, however this needs to be considered in the wider context of the Covid pandemic. Delivery of the capital programme has been significantly affected by the Covid pandemic and the closure of many services and external organisations which work with the Council on the capital programme. Additionally, resources that would have been delivering capital schemes and projects have been diverted to other areas as part of the Council's emergency response to the pandemic.

- **Variances**

- 9.6 The majority of the variances in the capital programme are due to unforeseen delays in delivery, mainly arising as consequence of Covid. At year end, the remaining budget of £13.297m is requested to be carried forward into the next financial year. This is necessary to enable schemes that started during 2020/21 to be finalised and delivery of these to be achieved in 2021/22. Ongoing work is taking place to establish whether any of the carried forward funds will fall into future years. The outcome of this work will be reflected in the capital programme for 2021/22 report at Quarter1.

- **Financing**

- 9.7 As well as approving the revised spending in the capital programme, the council must also ensure it has sufficient funds available to meet its capital loan repayments in each financial year. Funding has been built into the Council's revenue budget and a full funding model is also being developed and will be reported on quarterly.

Table 15

Funding the Revised Capital Programme 2020/21	
	£m
Capital Programme 2020/21	27.229
Funded By:	
External Funding and Contributions	(8.926)
Use of Capital Receipts	(1.605)
Prudential Borrowing	(0.082)
General Fund and Reserves	(8.607)
Housing Revenue Account	(1.195)
Major Repairs Reserve	(7.326)
TOTAL	(27.229)

- **New Schemes**

- 9.8 Since the budget meeting in February, the Council has been successful in securing a grant for 'decarbonising the public estate'. This is part of a wider GM bid and a total of £8.5m was awarded for low carbon measures to be introduced in Bury Council's public buildings.

A report was submitted to Cabinet on the 24th March 2021 to present details of the award moneys and proposed schemes that will help achieve the Council's ambition to be carbon neutral by 2038 and generate ongoing revenue savings.

- 9.9 In delivering the capital programme in 2020/21 the Council has:

- commenced work on major regeneration projects within the Townships;
- undertaken ICT projects including the Full Fibre Network;
- proceeded with the vehicle replacement strategy;
- maintained and improved the highways infrastructure across the borough;
- adapted residents homes to make them more accessible;
- invested in modernisation of school buildings;
- repaired flood damage to 3G pitch;
- refurbished Bury market.

- 9.10 New Capital Gateway processes are currently being implemented for the 2021/22 financial year that will review new schemes against corporate priorities and the Council's capital strategy and embed effective monitoring and reporting arrangements. The new gateway process will ensure that:

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

- 9.11 A review and update of the Council's capital strategy is also being carried out and will be presented to Cabinet later in the year. This is particularly important in light of the work on the Bury2030 strategy and the COVID-19 pandemic and will ensure that the capital strategy is aligned to the future outcomes and objectives of the Council.

- 9.12 A significant amount of regeneration works is planned into the Council's capital programme and covers all major sites and areas across the Council. This work includes funding brought forward from the 2019/20 financial year. In addition to this, the Council has committed to the Radcliffe Generation Strategic Framework which requires significant funding over a 3-year period. This is likely to total £30m phased over 3 years and has been built into the programme from 2021/22. Separate governance arrangements including a Committee has been set up to

oversee the Radcliffe SRF. Other key areas of generation across the borough include Prestwich Town Centre and the Bury Town Centre Masterplan.

- 9.13 The treasury management out turn report will be presented to Cabinet in September 2021 as it is in the process of being finalised alongside the finalisation of the statement of accounts.

10 FUTURE YEARS

- 10.1 Effective financial planning is key to the sustainability and operation of all local authorities. The development of the council's medium term financial strategy shows that there is a significant financial challenge in future years. The COVID-19 pandemic poses significant, and potentially unprecedented financial risk for the future. With uncertainty over government funding, the delay in the key funding review and implementation plans including the CSR, fair funding review and business rates retention review, the Council needs to be more than ever financially resilient and to deliver on its plans including its savings plans.

11 FINANCIAL IMPLICATIONS

- 11.1 The financial implications are set out in the report.

12 LEGAL IMPLICATIONS

- 12.1 There are no legal implications arising from the report.

13 ASSOCIATED RISKS

- 13.1 The content of the report supports the Council in managing the overall financial risks and financial planning for the Council.

14 NEXT STEPS AND CONCLUSION

- 14.1 The financial position for 2020/21 will be considered in the context of the financial plans and the medium term financial strategy for future years.

Appendix 1

Capital Theme	Revised Budget	Outturn	Carry Forward to
Capital Scheme	2020/21	2020/21	2021/22
	£m	£m	£m
Radcliffe Regeneration			
Radcliffe Market Chambers	0.010	0.000	0.010
Radcliffe Library Refurbishment	(0.020)	(0.005)	(0.015)
Radcliffe Regeneration	0.200	0.172	0.028
Radcliffe Regeneration Action Plan	0.116	0.001	0.115
Sub Total Radcliffe Regeneration	0.306	0.169	0.138
Prestwich Regeneration			
Strategic Acquisition	0.300	0.000	0.300
Prestwich Urban Village	0.200	0.064	0.136
Prestwich Regeneration	1.200	0.072	1.128
Sub Total Prestwich Regeneration	1.700	0.136	1.564
Ramsbottom Regeneration			
Upper Floor Development	0.200	0.000	0.200
Ramsbottom Market Chambers	0.000	0.057	(0.057)
Sub Total Ramsbottom Regeneration	0.200	0.057	0.143
Bury Regeneration			
Bury Market/Wider Market Area	0.020	0.015	0.005
Bury Business centre	0.000	0.015	(0.015)
Elizabethan Suite Update	0.080	0.000	0.080
Bury Town Centre Masterplan Civic Centre Phase 1	1.385	0.025	1.360
Sub Total Bury Regeneration	1.485	0.054	1.431
Commercial Sites Regeneration			
Commercial Sites (Bradley Fold) Regeneration	0.000	0.023	(0.023)
Sub Total Commercial Sites Regeneration	0.000	0.023	(0.023)
Refurbishment of Bury Market			
Refurbishment of Bury Market	0.206	0.246	(0.040)
Sub Total Refurbishment of Bury Market	0.206	0.246	(0.040)
TOTAL - Regeneration	3.897	0.684	3.213
Place Shaping / Growth			
Radcliffe	0.043	0.072	(0.029)
Whitefield	0.029	0.021	0.008
Place shaping / Growth programme	0.235	0.000	0.235

Other Development Schemes	0.493	0.498	(0.005)
TOTAL - Place Shaping / Growth	0.800	0.592	0.208
Sport And Leisure			
Parks and Green Space Strategy	0.439	0.070	0.370
Play Area Strategy	0.204	0.027	0.178
Outdoor Gyms	0.120	0.000	0.120
Access, Infrastructure and Quality Parks	0.300	0.072	0.228
Grass Pitch Vert Draining	0.010	0.025	(0.015)
Leisure Gym Equipment Upgrade	0.500	0.252	0.248
Bury Athletics Track	0.100	0.023	0.077
Flood Repair 3 G Pitch	0.366	0.319	0.047
3G Pitch Bury Radcliffe	0.000	0.031	(0.031)
3G Pitch at Goshen	0.669	0.000	0.669
Sustainable Tennis Strategy	0.046	0.120	(0.074)
Flood Repair and Defence	0.385	1.746	(1.361)
Environmental Works	0.044	0.013	0.031
Parks	0.089	0.003	0.086
TOTAL - Sport and Leisure	3.272	2.699	0.573
Operational Fleet			
Vehicle Replacement Strategy	2.500	0.417	2.083
Grounds Maintenance Equipment	0.070	0.026	0.044
TOTAL - Operational Fleet	2.570	0.443	2.128
ICT			
ICT Projects	2.100	2.133	(0.033)
GM Full Fibre Project	0.469	1.201	(0.732)
TOTAL - ICT	2.569	3.334	(0.765)
Highways			
Cycling and Walking Routes Mayors Challenge	3.010	0.265	2.745
Growth Deal	0.711	0.000	0.711
Mobile Speed Signs	0.035	0.000	0.035
Full Fibre Infrastructure	0.520	0.000	0.520
Weather Station and Road Surface Temperature Sensors	0.030	0.023	0.008
Street Lighting	1.260	0.900	0.360
Traffic Calming and improvement	0.119	0.246	(0.127)
Traffic Management Schemes	0.127	0.000	0.127
Public Rights of Way	0.058	0.000	0.058
Highways Planned Maintenance	0.210	3.072	(2.862)
Pothole Fund	1.991	0.094	1.897
Bridges	0.050	0.089	(0.039)
TOTAL - Highways	8.121	4.689	3.424

Children and Young People			
Controcc Software	0.000	0.019	(0.019)
NDS Modernisation Including New Pupil Places	3.030	3.041	(0.011)
Devolved Formula Capital	0.304	0.423	(0.119)
Targeted Capital Funding	0.000	0.121	(0.121)
Special Provision Grant	0.296	0.299	(0.003)
Condition Related Schemes – Schools	0.000	0.011	(0.011)
TOTAL - Children and Young People	3.630	3.916	(0.286)
Estate Management - Investment Estate:			
Demolition of Former Fire Station Bury	0.340	0.213	0.127
Former Prezzo, Lytham	0.000	0.050	(0.050)
TOTAL - Estate Management - Investment Estate:	0.340	0.263	0.077
Estate Management - Corporate Landlord:			
Fernhill Gypsy and Traveller Site	0.360	0.000	0.360
Bradley Fold Welfare Facilities	0.250	0.060	0.190
Leisure Health and Safety Improvements	0.369	0.049	0.320
LED Lighting Installation	0.236	0.023	0.213
Seedfield Health and Safety	0.025	0.000	0.025
Bury Cemetery Upgrade of Welfare Facilities	0.010	0.003	0.008
Hoyles park Pavilion Demolition and Clarence Park Skateboard Park removal	0.000	0.007	(0.007)
Springwater Park Land Slip	0.000	0.021	(0.021)
Coroner's Service	0.366	0.353	0.014
TOTAL - Estate Management - Corporate Landlord:	1.616	0.516	1.101
Communities and Wellbeing			
Older People	0.079	0.092	(0.013)
Disabled Facilities Grant	1.452	0.699	0.753
Neighbourhood Working	0.242	0.024	0.218
Planning Other Schemes	0.077	0.000	0.077
Environmental Works	0.067	0.000	0.067
TOTAL - Communities and Wellbeing	2.283	1.167	1.116
Housing			
Housing HRA	9.592	7.265	2.327
HRA Disabled Facilities Adaptations	0.609	0.466	0.143
Empty Property Strategy	0.273	0.069	0.204
Next Steps Accommodation Programme	0.000	0.137	(0.137)
Housing Development	1.000	1.260	(0.260)
TOTAL - Housing	11.474	9.196	2.278

<i>Climate Change</i>			
Community Climate Capital Fund	0.187	0.000	0.187
Climate Change Resilience Fund	0.060	0.000	0.060
Electric Charging Points	0.000	0.000	0.000
Glysophate Alternative Equipment	0.050	0.000	0.050
Waste Management	0.014	0.046	(0.032)
Fly-Tipping	0.008	0.037	(0.029)
<i>TOTAL - Climate Change</i>	0.319	0.083	0.236
Total Capital Programme	40.525	27.229	13.296