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

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

### Summary

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

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

4. Under the Council's Constitution, the Overview and Scrutiny Committee is required to advise and consider the Cabinet's budget and Council Tax

proposals and report to Cabinet on the outcome of its deliberations before the matter is referred to Council.

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

### **Recommendations:**

Overview and Scrutiny Committee is asked to:

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

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

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

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

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

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

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

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

£10.00 per hour, for under 2s

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

## **1. Background**

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

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

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

1.4 The national financial context against which this budget has been set remains challenging and uncertain. Despite recent reductions in the rate of inflation, the Council is still addressing the impact of 11% inflation which has introduced circa £11m of cost pressures since 2022.

1.5 The increase in cost pressure has been exacerbated by ongoing increases in demand across all statutory services including social care for adult and children; special educational needs and support services; social housing and homelessness duties. This year, these pressures have collectively presented a 17% demand increase on the council's budget, against an income increase of just 7%. Of this 7% increase, 57% is attributable to Council Tax.

- 1.6 For Bury, these pressures come on top of systemic under funding. The Institute of Fiscal Studies published data in 2023 which highlighted Bury Council's position as in the bottom 20% worst-funded councils, ranking 122 out of 150 upper-tier English local authorities in terms of money to spend per resident. As outlined within this report, Bury Council's annual real term core spending power has been reduced by 29% since 2010/11.
- 1.7 Whilst there has been a recent increase in one off grants and fixed term funding from central government, core funding has gone down by 55% since 2010/11. Bury Council is not alone in facing this challenge, The Local Government Association has issued a response to the 2024/25 Provisional Local Government Finance Settlement stating that based on their analysis of the sector, Councils in England continue to face a funding gap of £4 billion across this year and next.
- 1.8 The scale of the financial challenge facing Bury Council has been highlighted in our LET'S Fix It Together Campaign which explains the scale of funding gap faced by Bury Council, together with the wider structural financial challenges faced across the sector including:
  - 1.9 The lack of a long term, sustainable funding policy for local government due to delays in progressing the fair funding review, first announced in 2016. Short term funding settlements for local government which prevent the development of longer-term saving strategies. Cost of living pressures which have limited growth forecasts and have impacted on the Council's ability to generate additional income.
  - 1.10 As a result of this situation the Council declared itself to be in a state of financial distress last summer and established a voluntary Finance Improvement Panel, with support from CIPFA and the LGA, to review all its financial systems and processes. As outlined within this report the work included a review of the policy on reserves; production of the recently approved Treasury Management strategy; the beginning of a zero-based budget exercise across every department and a review of the staffing structures across the finance service. The work completed to date has been endorsed by the Local Government Association in their recent Corporate Peer Challenge, the findings from which are due for publication shortly.
  - 1.11 Informed by the advice of the Finance Improvement Panel the Council has reassessed the balance of earmarked and ringfenced reserves to support a balanced budget for the next three years. This work ensures the immediate viability of the Council but is not, of course, a long-term solution. Reserves can only be spent once and therefore work is now underway to identify recurring financial savings at the equivalent value across the areas set out below:
    - 1.12 Workforce capacity, to identify efficiencies in staffing structures and job design Reform, by applying the public service reform principles enshrined in

LET'S do it! To children's and adult's social care in particular, as well as housing services including those formerly provided by Six Town Housing Strategic financing through the strategic application of grants and ongoing efficiencies in the Treasury Management functions.

## 2. Proposals

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

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

## 3. Local Government Finance Settlement

3.1 The following paragraphs provide Members with headline items as announced in the December 2023 provisional settlement. Members should note that the settlement only covers the 2024/25 funding allocations. Therefore, there is uncertainty that makes anything beyond a one-year settlement difficult to assess with clarity.

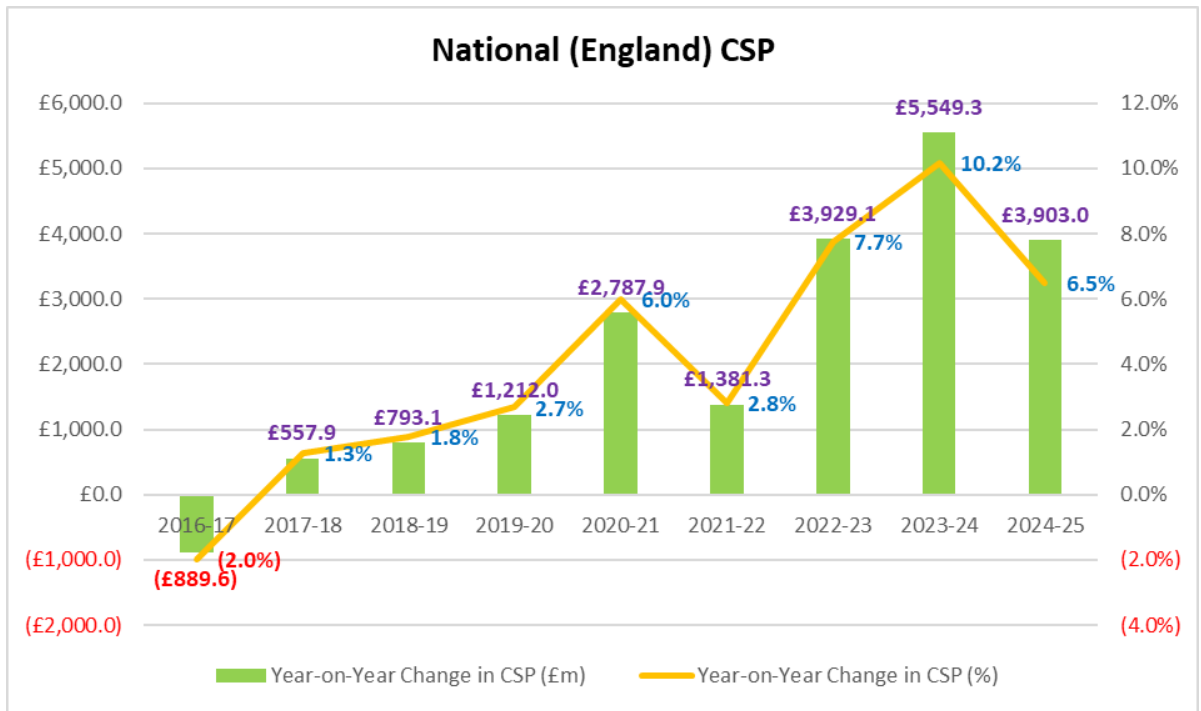
3.2 The key headlines are as follows:

- Core Spending power increased by 6.73% Cash Terms
- 3% limit for Council Tax
- 2% limit for Adult Social Care precept
- Delay in Adult Social Care reforms
- £1bn in additional social care grants
- Existing Social Care grants baselined
- Reduction in Services grant
- A further year of New Homes Bonus
- Compensation for the business rates multiplier
- Fair Funding Review and Business rate reset postponed in this spending review period

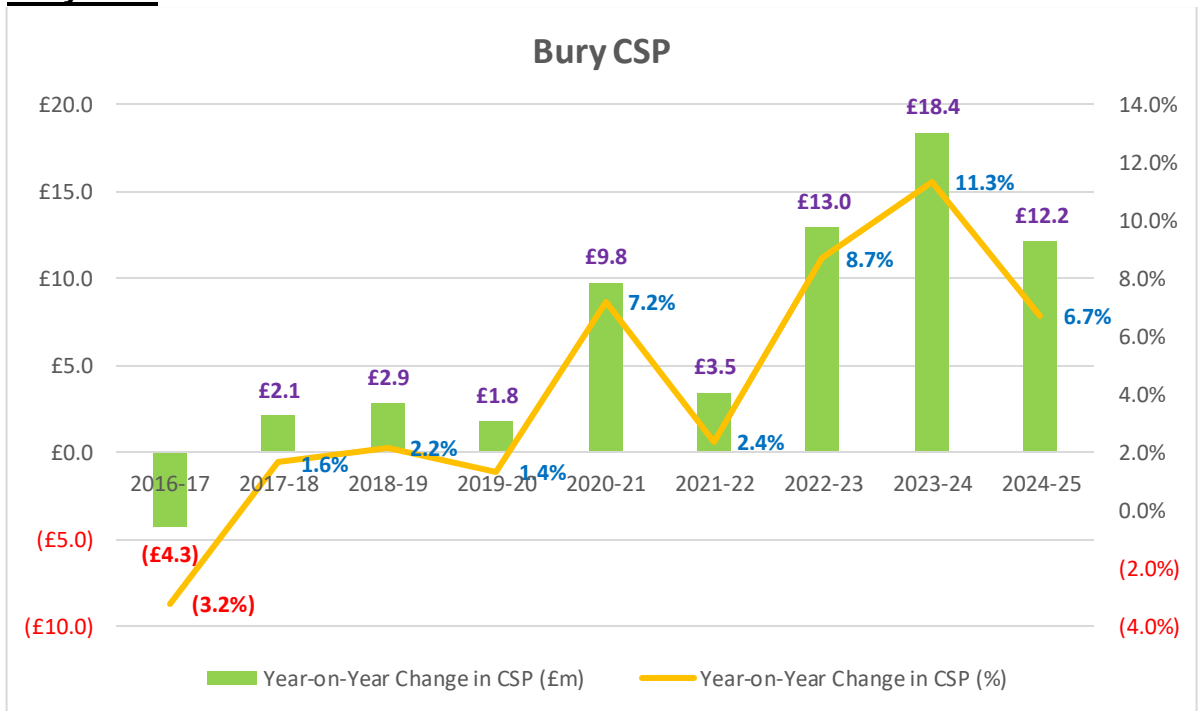
### 3.3 Core Spending Power

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

#### **National CSP**



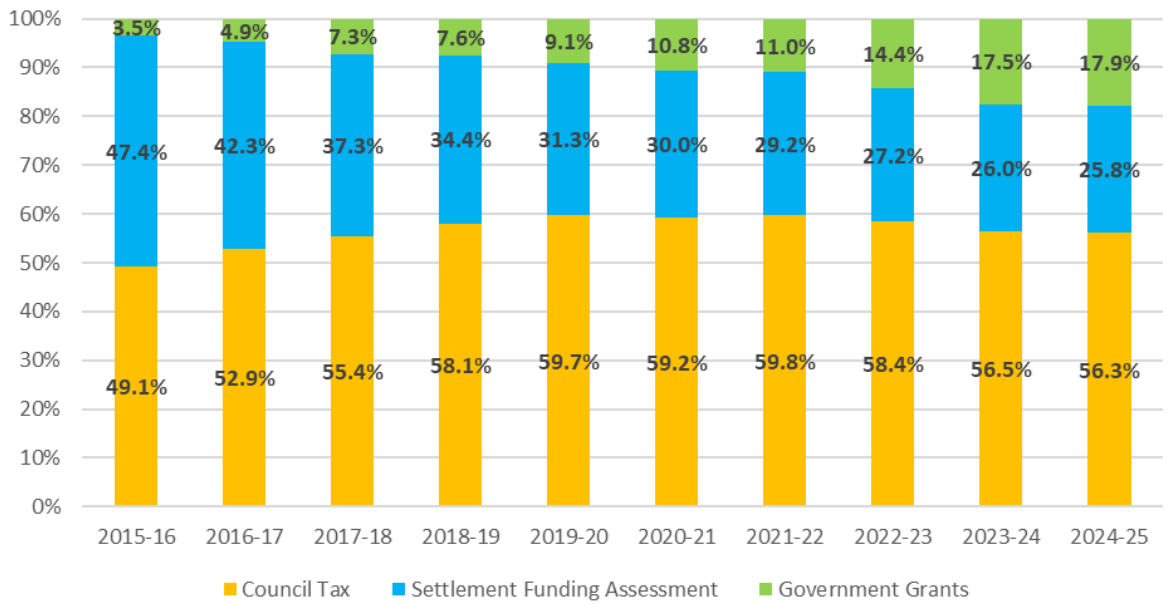
### Bury CSP



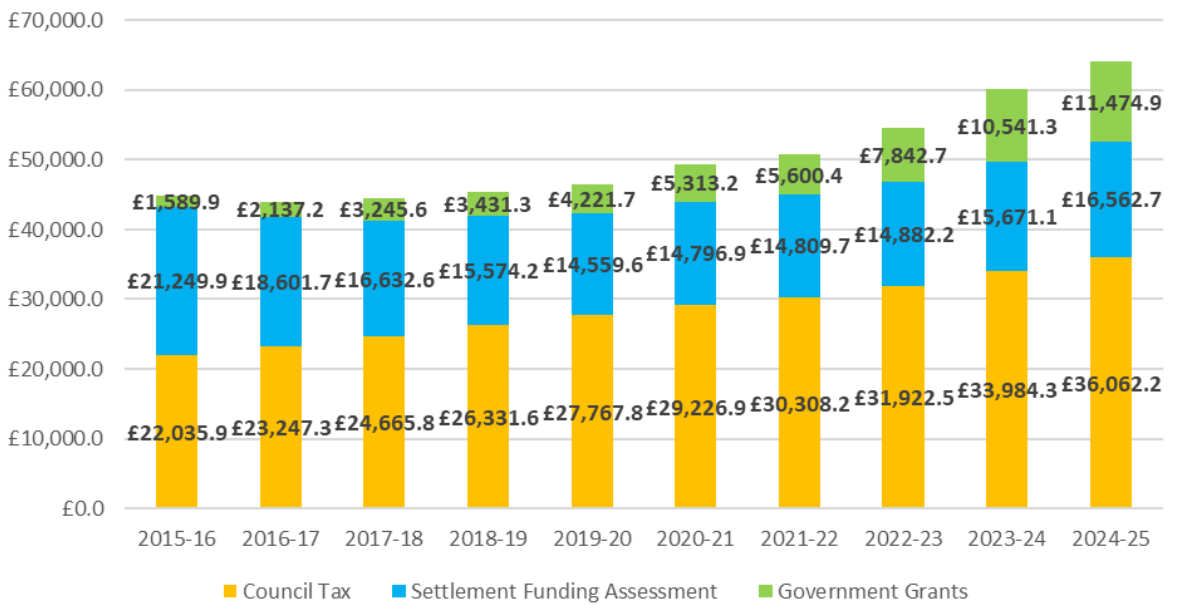
3.3.2 However, this does assume that authorities increase their Council Tax Band D by the maximum allowed and that tax bases will continue to grow based on a 5-year average. For 2024/25, 56.3% (£36.1bn) of the overall CSP is attributable to Council Tax, for Bury, 57.2% (£110.4m) is attributable to Council Tax, therefore council tax remains increasingly important within the local government financial settlement.

### National CSP

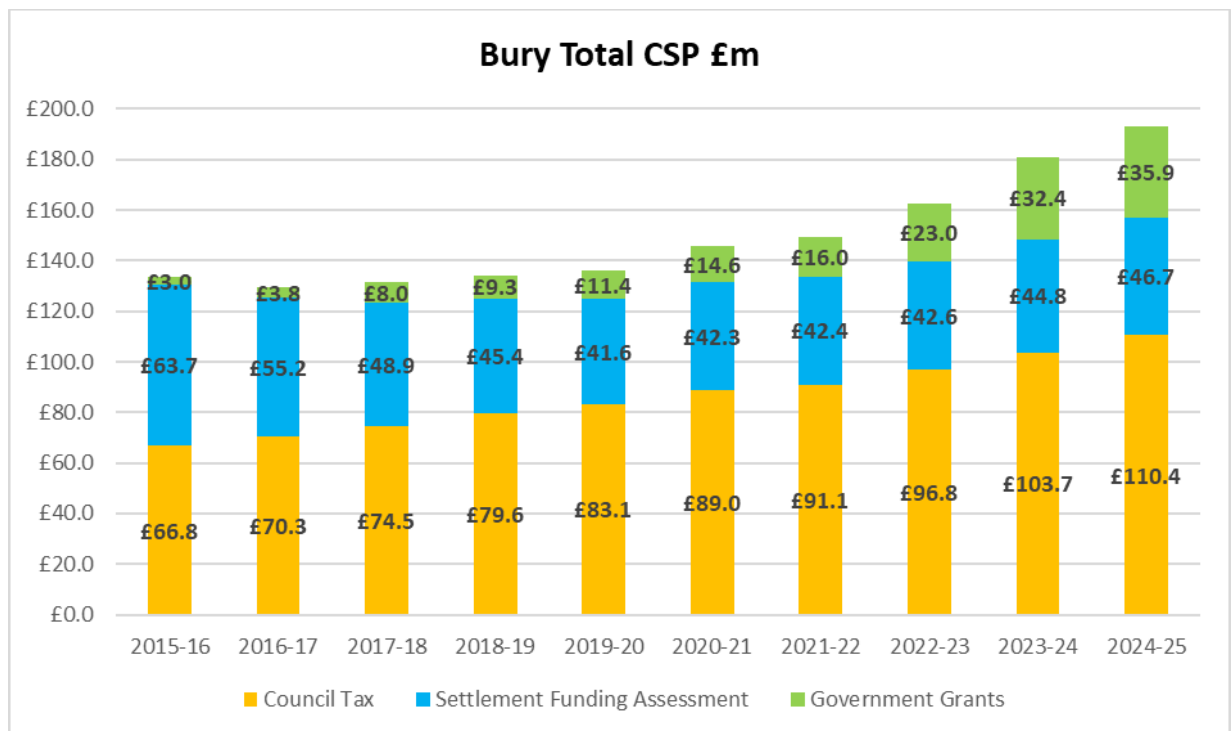
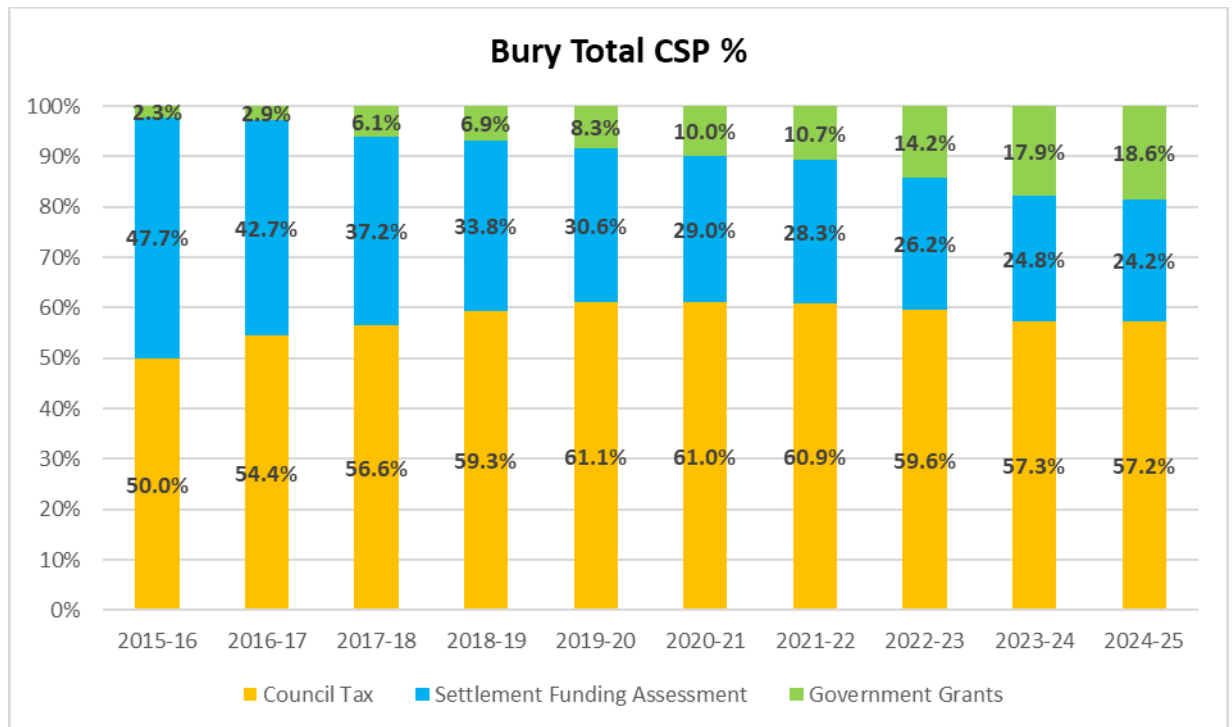
### National (England) Total CSP %



### National (England) Total CSP £m



## Bury CSP



### 3.4 Council Tax and Adult Social Care Precept

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



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

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

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

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

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

## 4 Council Tax Base

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

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

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

## 5. Council Tax

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

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

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

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

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

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

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

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

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

## **7 New Homes Bonus**

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

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

For Bury the 2024/25 New Homes Bonus has decreased by £0.033m, from £0.053m in 2023/24 to £20k in 2024/25.00

## 8 Social Care Funding

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

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

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

## 9 Government Funding Grants

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

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

## 10 Business Rates

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

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

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

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

And stated, that:

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

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

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

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

## 11. Budget and Medium-Term Plan

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

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

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

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

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

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

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

| <b>Key Assumptions</b>     |  |
|----------------------------|--|
| <b>Pay</b>                 | Members will be aware at the time of writing this report no decision has been agreed between Employer and the Unions on the 2024/25 pay award. The MTFP has been updated for 2024/25 to provide for a 6% pay award assumption for 2024/25 and a 6% in 2025/26 then reducing to 3% in 2026/27.  |
| <b>Energy</b>              | The energy market over the past 18 months has been extremely volatile, beyond anything which the MTFP had previously accounted for. Prices are expected to reduce from April and therefore no increase has been included in the 2024/25 budget for Energy. An increase has been included for 2025/26 and 2026/27 of £0.206m and £20.200m respectively. |
| <b>Government Funding</b>  | The settlement announced one year funding for 2024/25, no detailed allocations were provided for 2025/26 and 2026/27 there is no indication of funding as this will be dealt with in the next settlement period.   |
| <b>Council Tax</b>         | The MTFP assumes a Council Tax increase of the maximum 2.99% for each year of the MTFP.  |
| <b>Social Care Precept</b> | The MTFP assumes a Social Care Precept of 2% for each year of the MTFP.  |
| <b>Real Living Wage</b>    | 2024.25 10% Increase and 5% for future years.  |

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

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

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

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

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

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

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



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

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

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

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

## **12 Capital Strategy**

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

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

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

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

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

## **13 Risks and Pressures**

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

### **13.1 Childrens social care**

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

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

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

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

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

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

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

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

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

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

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

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

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

## 15 BGI Directorate

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

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

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

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

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

## 16 Operations Department

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

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

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

## 17 Schools

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

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

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

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

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

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

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

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

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

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

## **19 Corporate Core Department**

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

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

## **202 Corporate Risks**

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

## **21 Academisation**

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

## **22 Financial Sustainability**

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

## **22. Reserves**

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

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

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

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

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

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

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

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

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



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

- 23.13 No new expenditure is permitted, with the exception of that funding statutory services, including safeguarding vulnerable people, although existing commitments and contracts will continue to be honoured.
- 23.14 Council officers must therefore carry out their duties in line with contractual obligations and to acceptable standards, while being aware of the financial situation. Any spending that is not essential or which can be postponed should not take place and essential spend will be monitored.
- 23.15 The only allowable expenditure permitted under an emergency protocol would include the following categories: ▪ existing staff payroll and pension costs ▪ expenditure on goods and services which have already been received ▪ expenditure required to deliver the Council's provision of statutory services at a minimum possible level ▪ urgent expenditure required to safeguard vulnerable citizens ▪ expenditure required through existing legal agreements and contracts ▪ expenditure funded through ring-fenced grants ▪ expenditure necessary to achieve value for money or mitigate additional in-year costs
- 23.16 The Council will have 21 days from the issue of a Section 114 notice to discuss the implications at a meeting of full Council.

If the Council still cannot put forward a balanced budget, then external auditors are appointed who work on producing a viable budget. They will also consult with central government at this point to see if any temporary additional support could be forthcoming.

- 23.17 In relation to the proposed Budget and MTFP I am able to provide Members with the reassurance that I am proposing a balanced budget with the use of £ 15.131m of reserves. There is a medium-term budget gap of £30.085m and a longer term sustainable financial plan is key to financial sustainability and the delivery of the Let's Do It Strategy. Our success on delivering efficiencies and providing value for money has been further affirmed by our External Auditors whom in previous years have issued an unqualified VFM conclusion stating, "the Council has made proper arrangements to deliver financial sustainability in the medium term". On this basis I am confident to confirm to Members that a Section 114 Notice is not required as the Council remains in a strong financial position.

## **24 Conclusions**

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

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

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#### Links with the Corporate Priorities:

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

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#### Equality Impact and Considerations:

1. In considering the budget for 2024/25 the Council must also consider its ongoing duties under the Equality Act 2010 to have due regard to the need to eliminate discrimination and advance equality of opportunity between all irrespective of whether they fall into a protected category such as race, gender, religion, etc. Having due regard to these duties does not mean that the Council has an absolute obligation to eliminate discrimination but that it must consider how its decisions will contribute towards meeting the duties in the light of all other relevant circumstances such as economic and practical considerations.
2. Beyond the Council's legal obligations, the Authority has made a strategic commitment to inclusion as a key priority through both the LET'S Do It! Strategy and local Inclusion Strategy and defined Equality Objectives. The Council's commitment to inclusion extends beyond the nine legally protected characteristics and encompasses carers, Looked After Children and care leavers, military veterans, and reservists and the socio-economically disadvantaged.
3. An initial overarching Equality Impact Assessment of the Council's Budget for 2024/25 and the Medium-Term Financial Strategy has been undertaken and is appended below. This assessment has taken account of base data on the Bury population (including the latest data from the 2021 Census), the results of both the public and workforce consultation exercises on the budget and the detailed budget templates developed over recent weeks and months. This assessment confirms the Council's overarching commitment to mitigate any differential impact of the budget on protected groups insofar as is possible and in accordance with its statutory obligations and local strategic commitments.
4. In many cases there will be a need to ensure more detailed

consideration of equality as proposals move to implementation, and the need for individual Equality Impact Assessments in relation to 22 of the 38 budget proposals has been identified. Initial analysis suggests there are a small number of these proposals where there is a particular risk of differential impact in relation to protected characteristics and these will need to be fully considered on a case- by-case basis.

5. The Council's Equality, Diversity and Inclusion Manager and Director of People and Inclusion will work closely with the Executive Team and Cabinet Member for HR and Corporate Affairs to ensure individual EIAs are developed as appropriate and mitigating actions to address potential disproportionate implications are taken as necessary.

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#### Environmental Impact and Considerations:

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

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#### Assessment and Mitigation of Risk:

1. The risks identified within this report and set out within the relevant sections above.

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#### Legal Implications:

1. The Council must set the budget in accordance with the provisions of the Local Government Finance Act 1992. S30 of the Act states that it is an obligation to set Council tax for categories of dwellings, s31A sets out that the Council has a statutory responsibility to set a balanced budget. The budget must be fixed by 11 March 2024.
2. The Council is required by the Local Government Finance Act 1992 to make specific estimates of gross revenue expenditure and anticipated income leading to the calculation of the Council tax requirement and it must be sufficient to meet the Council's legal and financial commitments to ensure the proper discharge of its statutory duties and lead to a balanced budget. In setting the budget the Council has a duty to ensure that it continues to meet its statutory duties.
3. The provisions of Section 25 of the Local Government Act 2003 require that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the Executive Director of Finance (S.151 officer) as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. The Council

has a statutory duty to have regard to the Executive Director of Finance's report when making decisions about the calculations.

4. Section 28 of the Local Government Act 2003 imposes a duty on the Council to monitor the financial position must be closely monitored and, members must satisfy themselves that sufficient mechanisms are in place to ensure the delivery of savings as well as to ensure that any new expenditure is contained within the available resources. Under s144 of the Local Government Finance Act 2003 where it appears to the Executive Director that expenditure will exceed the resources available to it the Officer has a duty to report this to the Council.
5. Further legal advice will be sought for specific proposals during the implementation phase which may need a specific consultation process. The consultation process, including the Council's consideration of the responses, is required to comply with the following overarching obligations (unless detailed statutory rules supplant these):
  - Consultation must be at a time when proposals are at a formative stage.
  - The proposer must give sufficient reasons for its proposals to allow consultees to understand them and respond to them properly.
  - Consulters must give sufficient time for responses to be made and considered.
  - Responses must be conscientiously taken into account in finalising the decision. Members must have adequate evidence on which to base their decisions on the level of quality at which services should be provided.
6. Where a service is provided pursuant to a statutory duty, it would not be lawful to fail to discharge it properly or abandon it, and where there is discretion as to how it is to be discharged, that discretion should be exercised reasonably. The report sets out the relevant considerations for Members to consider during their deliberations and Members are reminded of the need to ignore irrelevant considerations. Members have a duty to seek to ensure that the Council acts lawfully. Members must not come to a decision which no reasonable authority could come to; balancing the nature, quality, and level of services which they consider should be provided, against the costs of providing such services.
7. There is a particular requirement to take into consideration the Council's fiduciary duty and the public sector equality duty in coming to its decision. The public sector equality duty is that a public authority must, in the exercise of its functions, have due regard to the need to:

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

operated. Members are referred to the separate Housing Revenue Account report, this report must comply with these accounting requirements. All proposal should comply with its duty to prevent a debit balance arising on the Housing Revenue Account.

17. Each proposal to make or increase charges must comply with the statutory framework (including primary and secondary legislation and any statutory guidance issued) relating to the activity in respect of which charges are being levied, including any limitations on levels of charges.
18. Where reliance is placed on the power to charge for discretionary services (Section 93 of the Local Government Act 2003), any charges must be set so that when the charges are taken as a whole no surpluses are made (i.e. the power is limited to cost recovery).
19. In relation to certain activities which are subject to authorisation by the Council (e.g. licences), the Provision of Services Regulations 2009 prevent the recovery of charges in excess of the cost of the procedures and formalities under the scheme of authorisation, (i.e. the Council is permitted to recover costs only), and such costs must also be reasonable and proportionate.
20. Where activities are being undertaken for which charges are being made with the intention of producing surplus income, it is necessary to consider whether that activity is material and would amount to "commercial trading". For commercial trading, the Council must develop a business case and establish an arms' length company to undertake that activity (in accordance with the general trading power under Section 95 Local Government Act 2003) or identify another statutory power for a particular trading activity.
21. In accordance with s 33(2) of the Localism Act 2011 the Monitoring Officer intends to grant dispensations to all members to allow members to participate in and vote on the setting of the Council Tax or a precept (and matters directly related to such decisions including the budget calculations).
22. Members should be aware of the provisions of Section 106 of the Local Government Finance Act 1992, which applies to members where:
  - 23.(a) they are present at a meeting of the Council, the Executive, or a committee and at the time of the meeting an amount of council tax is payable by them and has remained unpaid for at least two months, and
  - 24.(b) any budget or council tax calculation, or recommendation or

decision which might affect the making of any such calculation, is the subject of consideration at the meeting.

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

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Financial Implications:

2. The financial implications are included within the Report.

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Appendices:

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

Background paper

*Cabinet report – MTFS October 2023*

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Report Author and Contact Details:

Name: Paul McKeivitt  
Position: Interim Executive Director of Finance (S151 Officer)  
Department: Finance  
E-mail: [paul.mckevitt@bury.gov.uk](mailto:paul.mckevitt@bury.gov.uk)

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

| Term   | Meaning   |
|--------|---|
| CIPFA  | Chartered Institute of Public Finance and Accountancy |
| DfE    | Department for Education                              |
| DLUHC  | Department for Levelling Up, Housing and Communities  |
| DSG    | Dedicated Schools Grant                               |
| HRA    | Housing Revenue Account                               |
| IFA    | Independent Fostering Agency                          |
| GM     | Greater Manchester                                    |
| LCTS   | Local Council Tax Support                             |
| MBC    | Metropolitan Borough Council                          |
| MTFS   | Medium Term Financial Strategy                        |
| NHS    | National Health Service                               |
| OCO    | One Commissioning Organisation                        |
| OFSTED | Office for Standards in Education                     |