

Report to:	Cabinet	Date: 16 July 2024
Subject:	Finance Update Report – 2024/25 Outturn Position	
Report of	Cabinet Member for Finance and Transformation	

Summary

This report provides an update to Cabinet on the council's final outturn position across the General Fund revenue and capital budgets, Housing Revenue Account (HRA) and DSG (Dedicated Schools Grant).

The 2024/25 General Fund outturn position is an overspend of £4.365m, which represents 1.94% of the net revenue budget. This compares to the last report to Cabinet at Quarter 3 which forecast an overspend of £2.660m. There have been fluctuations to forecasts since Quarter 3, which are outlined in the body of the report. The 2024/25 budget contained approved savings to be delivered totalling £6.354m, of which £5.957m (93.88%) has been delivered. Those savings not achieved in this financial year will be delivered in 2025/26.

The increase in the overspend has directly impacted on reserves and the budget stabilisation reserve is no longer sufficient to support the forecast funding gap past 2026/27, however, work continues on the zero-based budget review of all services to identify budget proposals which will reduce the funding gap and reliance on reserves in future years.

The outturn position on the capital programme is slippage of £19.360m against the £79.174m approved delivery programme. The slippage will initially be carried forward for delivery in 2025/26, but the intention is to carry out a fundamental review of the deliverability of the 2025/26 capital programme and make recommendations to Cabinet regarding re-profiling in the first (Q1) financial performance update to Cabinet in September.

The outturn position on the Housing Revenue Account (HRA) and Dedicated Schools Grant (DSG) are also provided in the body of the report.

Recommendation(s)

1. Cabinet is asked to:

- Note the 2024/25 revenue outturn position of a £4.365m overspend (1.94%) against a net budget of £224.480m.
- Note the General Fund and Earmarked Reserves balance at 31 March 2025 of £63.684m.
- Note the overall 2024/25 capital programme outturn position of £59.814m, (76%) compared to the overall 2024/25 capital programme budget of £79.174m.
- Approve the in-year capital slippage of £19.360m being initially transferred into 2025/26 to enable an in-year review of the deliverability of the capital programme to be undertaken and the programme re-profiled accordingly.
- Note the 2024/25 outturn position for the Housing Revenue Account (HRA).
- Note the 2024/25 outturn position for the Dedicated Schools Grant (DSG).

Reasons for recommendation(s)

2. To note the final financial outturn position for 2024/25 subject to external audit.

Alternative options considered and rejected

3. N/A

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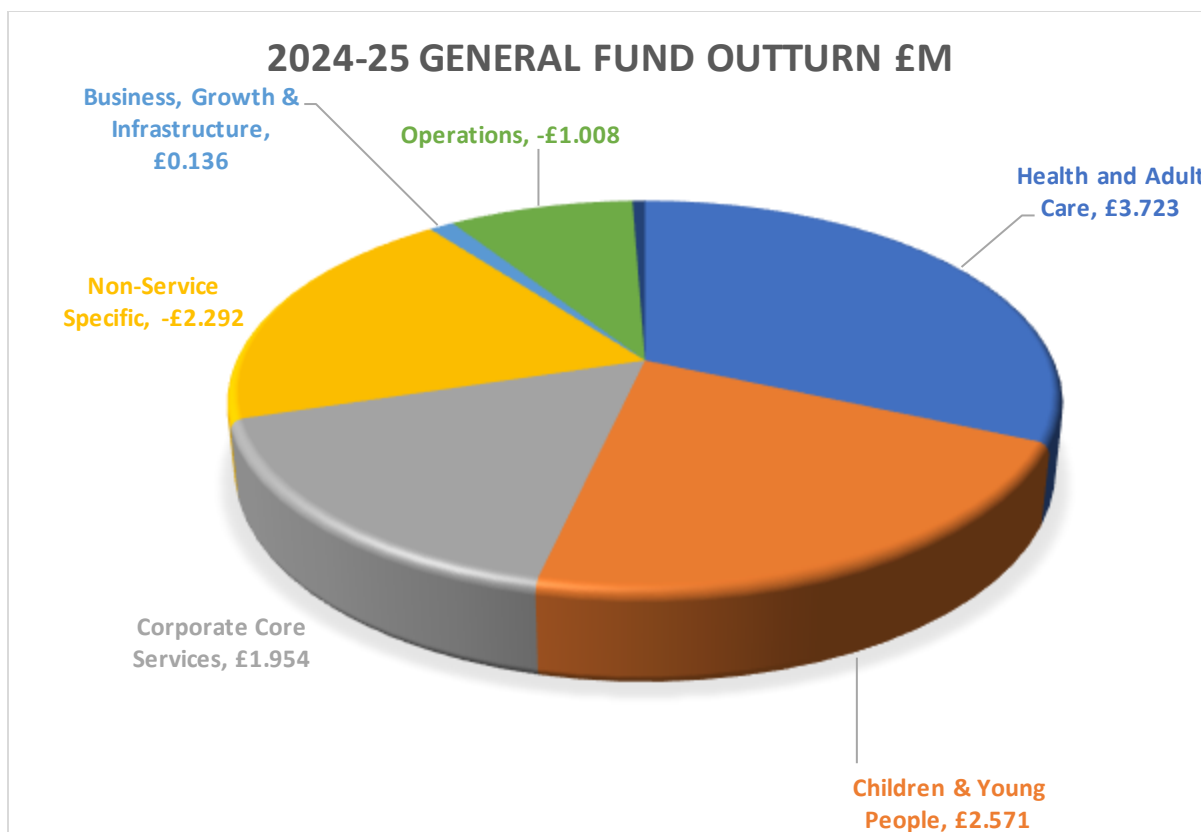
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Background

2024/25 Revenue Outturn

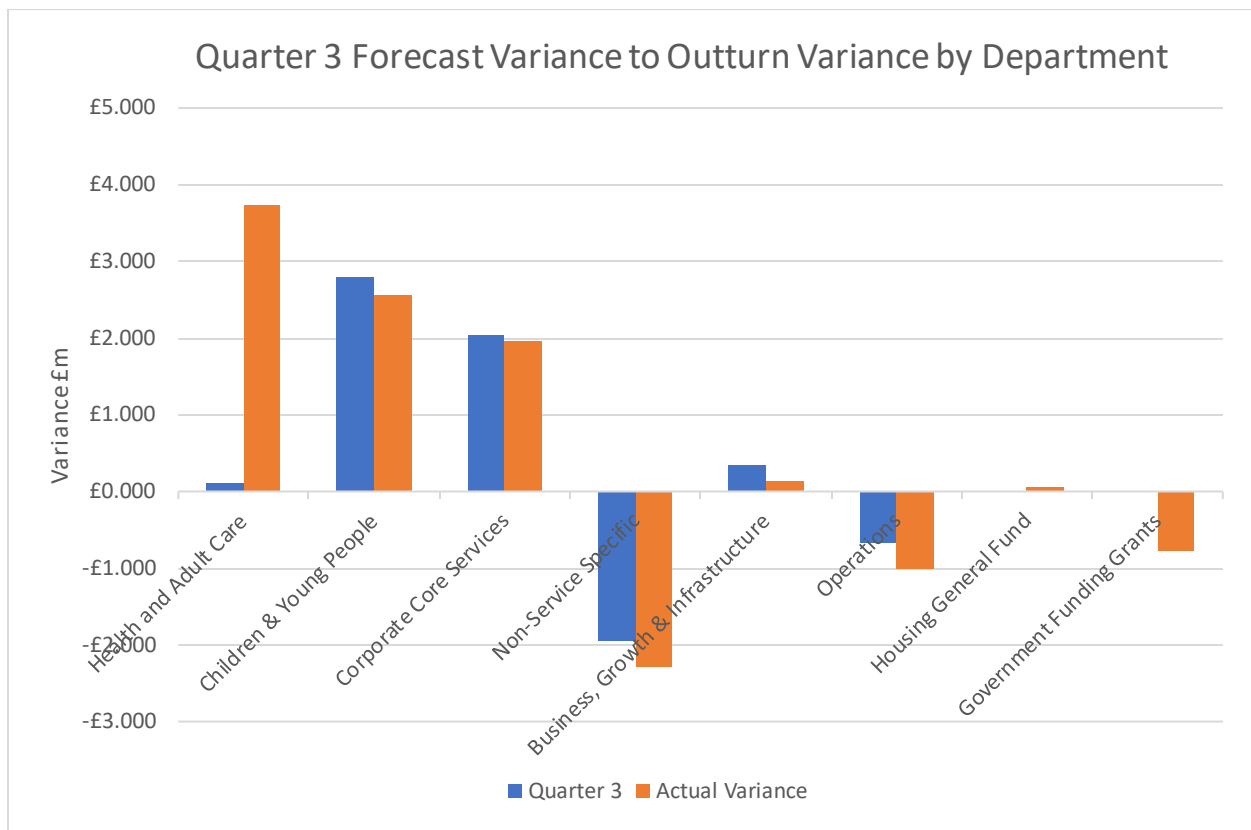
4. The 2024/25 general fund revenue outturn position was an overspend of £4.365m (subject to audit) which represents a variance of 1.94% compared to the overall revenue budget of £224.480m. The final outturn is £1.705m higher than the forecast outturn position at quarter 3 which was reported to Cabinet in March and represents an additional call on reserves.

2024/25 Indicative Outturn	Revised Budget £m	Actual £m	Actual to Budget Variance £m
<u>Directorate:</u>			
Health & Adult Care	£90.091	£93.814	£3.723
Children & Young People	£57.553	£60.124	£2.571
Corporate Core Services	£28.070	£30.024	£1.954
Non-Service Specific	£30.819	£28.527	(£2.292)
Business, Growth & Infrastructure	£0.580	£0.716	£0.136
Operations	£17.446	£16.438	(£1.008)
Housing General Fund	(£0.079)	(£0.011)	£0.068
NET REVENUE BUDGET	£224.480	£229.632	£5.152
<u>Funding:</u>			
Council Tax	(£110.198)	(£110.198)	£0.000
Business Rates	(£71.282)	(£71.282)	£0.000
Government Funding Grants	(£29.851)	(£30.638)	(£0.787)
FUNDING	(£211.331)	(£212.118)	(£0.787)
<u>Use of Reserves:</u>			
Budget Stabilisation Reserve	(£13.149)	(£13.149)	£0.000
USE OF RESERVES	(£13.149)	(£13.149)	£0.000
BUDGET POSITION	£0.000	£4.365	£4.365



5. The quarterly forecast positions and the actual outturn position can be seen in the table below:

2024-25 Revenue Outturn	Revised Budget £m	Quarter 1 Variance £m	Quarter 2 Variance £m	Quarter 3 Variance £m	Actual Variance £m
<u>Department:</u>					
Health & Adult Care	£90.091	£1.233	£0.937	£0.107	£3.723
Children & Young People	£57.553	£1.915	£2.924	£2.789	£2.571
Corporate Core Services	£28.070	£0.381	£1.460	£2.044	£1.954
Non-Service Specific	£30.819	(£0.752)	(£1.535)	(£1.959)	(£2.292)
Business, Growth & Infrastructure	£0.580	£0.034	£0.063	£0.347	£0.136
Operations	£17.446	(£0.191)	(£0.839)	(£0.668)	(£1.008)
Housing General Fund	(£0.079)	£0.000	£0.000	£0.000	£0.068
Directorate Total	£224.480	£2.620	£3.010	£2.660	£5.152
<u>Funding:</u>					
Council Tax	(£110.198)	£0.000	£0.000	£0.000	£0.000
Business Rates	(£71.282)	£0.000	£0.000	£0.000	£0.000
Government Funding Grants	(£29.851)	£0.000	£0.000	£0.000	(£0.787)
Funding	(£211.331)	£0.000	£0.000	£0.000	(£0.787)
<u>Use of Reserves:</u>					
Budget Stabilisation Reserve	(£13.149)	£0.000	£0.000	£0.000	£0.000
USE OF RESERVES	(£13.149)	£0.000	£0.000	£0.000	£0.000
GENERAL FUND	£0.000	£2.620	£3.010	£2.660	£4.365



Details of the significant variances include:

Health and Adult Care: (£3.723m overspend overall)

- The Care in the Community budget overspent by £5.558m. (10.01%). This is the both the largest proportion of the Health and Adult Care budget and the budget area subject to most volatility. The overspend is £4.448m higher than the forecast position at Q3 and reflects both the impact of an increase in demand, and the complexity of the individuals being supported, in the final quarter but also a data quality issue with regard to the recording of income for joint funded packages of care in the Controcc social care payments system which is integrated with the LiquidLogic case management system.

The data quality issue was identified as part of the year-end reconciliation process and effectively led to expenditure being netted off and understated by c.£4m. Work is being undertaken to address the underlying issues with regard to the configuration of the systems and to ensure staff are re-trained with regard to the recording of information correctly into LiquidLogic and Controcc and to develop better reporting functionality and improvements to the budget monitoring process to ensure that any discrepancies or issues are identified and addressed at the earliest opportunity. This improvement work is being overseen by the Finance Board.

c.£5.2m of the overspend is likely to be recurrent and not factored into the current MTFS. Work has already begun in the current financial year to

identify mitigations to address some of the financial impact in 2025/26 through A programme of work is underway focussing on maximising independence, a home first approach aiming to both prevent admission and increase discharge and identifying opportunities to build capacity to manage demand and deliver savings. There also offsetting underspends in other service areas particularly in non-service specific which are also recurrent in nature and will mitigate some of the recurrent pressure on the Adult Social Care budget.

- The Commissioning & Procurement budget underspent by £0.076m in part due to a one-off refund regarding NHU Continuing Healthcare funded packages.
- The Adult Social Care Operations budget underspent by £1.447m, the main driver is the ongoing challenges with recruitment leading to staffing vacancies within the Assessment and Care Management, Integrated Neighbourhood Team (INT), Reviewing Team and Community Mental Health Team staffing budgets.
- The Public Health budget underspent by £0.226m, due to:
 - Staffing Budget underspend.
 - One-off contract underspend for Sexual Health Services.
 - Reduction in Substance Misuse prescribing costs.
 - One-off contract underspend for Substance Misuse.

Children and Young People: (£2.571m overspend overall)

- Children's residential placements including Children with Disabilities overspent by £3.980m, of which £2.450m is in relation to demand with placements increasing from the 38 included in the 2024/25 budget to 47 at outturn; and £1.450m is due to an 11% increase in the average weekly unit cost of the placements. A total of £5.731m has been included in the 2025/26 budget to meet demand and inflation increases and it is anticipated that this should be sufficient to fund this pressure and estimated in-year increases in the current financial year, however the area will be subject to ongoing detailed review as part of the monthly monitoring process in line with the materiality and volatility inherent in this budget area.
- Home to School Transport overspent by £0.361m, in part due to the delayed achievement of the SEND transport savings of £0.275m which is expected to be achieved in full in 2025/26.
- There were costs of £0.240m which were not able to be charged to Dedicated Schools Grant resulting in an overspend within Education and Inclusion. This shortfall has been addressed in the MTFS and 2025/26 budget.

- Staffing and agency costs have a net overall underspend of £0.768m due to ongoing vacancies and difficulties with recruitment.
- Early Breaks has an underspend of £0.350m due to a reduction in overall demand.
- Additional grants totalling £0.521m have been received in year covering committed expenditure and helping to offset the overall overspend. The grant income has been applied in line with the relevant grant conditions.

Corporate Core Services: (£1.954m overspend overall)

- Housing Needs and Options has overspent by £1.176m (208.25%) in relation to overnight accommodation which is in line with the quarter three forecast position. This service has had an additional £1.100m of budget allocated for 2025/26 as part of the MTFS process to address the pressure and is another material and volatile budget area that will be kept under close review in the current financial year.
- There is an overspend of £1.152m resulting from an increased net contribution to the Insurance Reserve and Provision to reflect an updated valuation of the level of reserve and provision required to meet future claims and risks.
- Legal & Democratic Services has an underspend of £747k (12.30%) due to:
 - Member Allowance underspends £0.145m
 - Additional income from HRA £0.143m
 - Additional fee income £0.208m
 - Elections costs recovery for the municipal and Mayoral elections £0.174m
- The Corporate Core Executive Director service has overspent by £225k (3.11%) due to:
 - DDAT infrastructure and contract overspends (£1.113m) of which the ongoing costs have been included within the 2025/26 budget; offset by staffing underspends (£0.458m)
 - Partnerships and PSR staffing underspend (£0.189m) and overachieved contributions. (£0.134m)
 - Emergency Response & Resilience overachieved income (£0.097m)

Non-Service Specific: (£2.292m) underspend

- The underspend primarily related to lower than anticipated borrowing being undertaken through the re-phasing of, and subsequent slippage on, the capital programme alongside increased returns on investments including the airport dividend (£0.898m received, £0.498m over budget).

Business Growth and Infrastructure: (£0.136m overspend)

- The main reasons for the overspend were lower than budgeted incomes in Development Management (Planning) and the Longfield Centre in Prestwich.

Operations: (£1.008m underspend overall)

- Wellness has underspent by £0.571m due to overachievement of income targets alongside reduced costs on utilities and staffing. This reflects the work undertaken by the service to reduce the level of council subsidy to the leisure service.
 - Street Scene has underspent by £0.412m due to reduced street lighting energy costs due to a combination of volume reductions due to efficiencies in relation to LED infrastructure improvements and unit price reductions. The impact of this has been factored into the 2025/26 budget but will be kept under close review given the volatility in energy prices.
 - Various staffing areas have underspent across the services by a net £0.365m due to vacancies and organisational redesign enabling early delivery of the agreed 2025/26 staffing budget reductions.
 - Markets have overspent by £0.404m; income has underachieved due to the Market Hall closure and repairs and maintenance costs offset in part with reduced running costs. This has been addressed in the 2025/26 budget.
6. Whilst demand and inflationary pressures across council services have been built into the MTFS and 2025/26 budget, they were based on the information available at the time. As such there are both potential risks, and opportunities, relating to income and demand fluctuations fluctuating from the current assumptions. Work is being undertaken over the summer to carry out a review of all budgets with a Zero-Based Budget process, in part informed by the outturn position and review, to both identify savings to address the current c.£10 forecast funding gap and also build updated evidence-based budgets for 2026/27. This process will assess and identify areas of opportunity to reduce budgets alongside linking budgets to the strategic aims, objective and priorities of the Council. The ZBB may also identify services areas with structural budget pressures or where evidence-based investment could deliver cost reductions overall.

Savings

7. The council's performance against the approved savings proposals can be seen in the table below with overall 93.88% of agreed savings being delivered. The RAG rating indicates if the proposal is fully not achieved (red),

underachieved (amber), or already complete (blue). There are currently 15 schemes which are complete totalling £5.825m, two schemes which is currently rated amber with a forecast underachievement of £0.288m, with one scheme currently rated red at £0.150m underachievement.

Savings Proposal	Directorate	RAG Rating	Target (£000s)	Outturn (£000s)	Variance (£000s)
Review of Working Age Adults' Costs Against a Robust National Toolkit	HAC	C	(£700)	(£700)	£0
Development of Wider Learning Disabilities Strategy for Age 14-25 Cohort	HAC	C	(£180)	(£180)	£0
Residents Transitioning to Alternative Packages	HAC	C	(£375)	(£375)	£0
Enforce S22 of Care Act	HAC	C	(£336)	(£336)	£0
Reduce Public Health Staffing	HAC	C	(£033)	(£033)	£0
Consolidation of Community Bed Capacity	HAC	C	(£1,627)	(£1,627)	£0
Support at Home Budget - part of £500k HRA element - service ended	HAC	C	(£150)	(£150)	£0
Increase Fees and Charges through Financial Assessments - ensuring service users get all benefits available and pay their contribution. (Client Income)	HAC	C	(£684)	(£684)	£0
Remove Bad Debt Provision - realignment	HAC	C	(£200)	(£200)	£0
Children's Short Breaks & Personal Budgets	CYP	C	(£100)	(£100)	£0
SEND Transport	CYP	A	(£345)	(£70)	£275
Direct Payment Audits	CYP	C	(£100)	(£150)	(£50)
Capitalisation of Salaries through Capital Receipts	BGI	C	(£150)	(£150)	£0
Increase in Planning Fees	BGI	R	(£150)	£0	£150
Additional '3 days unpaid leave' Income	NSS/CCS	C	(£090)	(£90)	£000
Integration of Housing Services	NSS/CCS	C	(£1,000)	(£1,000)	£000
Additional Workforce Savings	NSS/CCS	A	(£25)	(£12)	£13
Service Reviews within the Corporate Core - Incl capitalisation of salaries 25/26	CCS	C	(£100)	(£100)	£0
TOTAL SAVINGS PROPOSALS FEBRUARY 2024			(£6,345)	(£5,957)	£388

- SEND transport – £245k of this target cannot be implemented before

September 2025, however, £70k of the remaining £100k target is forecast to be achieved via a migration to personal budgets rather than direct taxi fares. This is expected to be achieved in full in 2025/26.

- Increase in planning fees – as is common with this budget area, the income from planning fees can fluctuate year-to-year, due to being dependent upon the number of planning applications received.
- The HAC 2024/25 savings programme was delivered in full, however, demand pressures on the Community Care budget (increase in client numbers and increased costs of care packages) has offset the savings achieved during 2024/25. A programme of work is underway focussing on maximising independence, a home first approach aiming to both prevent admission and increase discharge and identifying opportunities to build capacity to manage demand and deliver savings.

Reserves

8. In accordance with statutory regulations and CIPFA Guidance, the levels of balances and reserves are reviewed during the budget process to ensure that they are currently sufficient, and that they will remain adequate over the medium-term.
9. The table below shows the opening balance on reserves from the 31 March 2024 compared to the actual year-end balance on reserves in the unaudited 2024/25 statement of accounts.
10. Overall, the position on general fund and earmarked reserves reduced by £26.730m.
11. The significant movements include:
 - Budget Stabilisation which includes the budgeted use of reserves of £13.149m and the outturn position of £4.365m.
 - Budget Stabilisation Funding which is utilised to smooth the impact of the deficit on Business Rates and surplus on Council Tax.
 - Insurance Reserve utilisation in relation to a combination of settlement of claims and rebalancing the position on reserves and provisions as advised by the actuary.
 - Directorate Reserves have increased by contributions to reserves for future planned activities.

GENERAL FUND RESERVES SUMMARY			Balance at 31 March 2024 £m	Balance at 31 March 2025 £m	Variance £m
General Fund			(£10.000)	(£10.000)	£0.000
Directorate Reserves			(£3.225)	(£4.013)	(£0.788)
Corporate Reserves	Investment	Invest to Save	(£1.519)	(£1.958)	(£0.439)
Corporate Reserves	Investment	Regeneration	£0.000	(£0.020)	(£0.020)
Corporate Reserves	Investment	Transformation	(£0.838)	(£0.838)	£0.000
Corporate Reserves	Risk	Volatility/Demand	£0.000	£0.000	£0.000
Corporate Reserves	Risk	Insurance	(£4.664)	(£3.109)	£1.555
Corporate Reserves	Risk	DSG	(£6.000)	(£6.000)	£0.000
Corporate Reserves	Stabilisation	Net Budget	(£43.341)	(£25.707)	£17.634
Corporate Reserves	Stabilisation	Funding	(£7.193)	(£3.338)	£3.855
Corporate Reserves			(£63.555)	(£40.970)	£22.585
External Funding			(£13.634)	(£8.701)	£4.933
GF Reserves Balance excluding Statute & Ring-Fenced Reserves			(£90.414)	(£63.684)	£26.730

12. The Secretary of State in his Written Ministerial Statement to parliament on 5 February 2024 in presenting the Final 2024/25 Local Government Finance Settlement,

“asks authorities to continue to consider how they can use their reserves to maintain services over this and the next financial year, recognising that not all reserves can be reallocated, and that the ability to meet spending pressures from reserves will vary between authorities.”

The continuing use of reserves to balance the budget however presents an unsustainable position and, as such, the Council continues to work to reduce the reliance on the use of reserves and to stabilise the Council's finances over the medium-term. As it currently stands the value of the Budget Stabilisation reserve is sufficient to meet the forecast funding gap in 2026/27, but not in 2027/28, however the financial strategy remains to identify budget proposals through the ZBB review work which will reduce the gap in 2026/27 and enable a budget to be set without recourse to reserves in the medium-term.

2024/25 Capital Outturn

13. The Capital Programme is set on a three-year rolling basis and the programme for 2024/2025 to 2026/2027 was approved by Budget Council in February 2024, as follows:

2024/25	£146.928m
2025/26	£75.665m

2026/27 £21.701m

14. At the 16 July 2024 Cabinet meeting, a further £23.419m of slippage from 2023/24 was added to the 2024/25 programme, to increase the 2024/25 Capital Programme to £170.347m.
15. Throughout the year, project managers have continued to review their respective capital schemes and have provided scheme updates and re-phased schemes into future years of the Capital Programme to match the anticipated timing of spend, as a result of more up to date information becoming available.
16. In February and March 2025, a Revised Programme and forecast of £79.174m was reported to Council and Cabinet. The table below shows the 2024/25 Capital Programme outturn position of £59.814m (subject to audit), that equals 76% of the revised capital programme total of £79.174m.
17. The main variances of the £19.360m underspend include:
 - £4.067m Schools grant allocations.
 - £14.443m across Radcliffe Regeneration Levelling-Up scheme, Bury Regeneration Levelling-Up scheme and Prestwich Village Regeneration.
 - £2.447m HRA Capital Programme.
 - £3.958m within Highways, including Highways Planned Maintenance Programme; Highway Structures; Street Lighting and Traffic Management schemes; Active Travel schemes.
 - £1.638m Housing including Disabled Facilities.
 - (£7.194m) Approved In-Principle schemes to 2025/26 per quarter 3 report.
18. The £59.814m capital schemes during 2024/25 have delivered the following: -
 - £21.018m of ongoing Regeneration projects: Radcliffe Hub is at an advanced stage, Bury Flexi Hall and Prestwich Travel Hub have begun on site.
 - £18.225m on Housing, including £15.210m on the Council Housing Stock, empty properties, rough sleepers and housing developments.
 - £9.810m of Highways maintenance and Active Travel Schemes.
 - £3.8m on Sports and Leisure, improvements to open spaces and new 3G football pitches.
 - £3.434m on Schools, condition and modernisation as well as basic needs provision.
 - £1.456m of Property schemes, including Bury Market and rationalisation of the Corporate Estate.
 - £1.522m improving and renewing Digital Communication technologies the Council employs to deliver its services.

Capital Expenditure by Theme	2024/25 Revised Programme	Actual Spend at Outturn	Actual Spend at Outturn	(Under) / Over spend at Outturn	Proposed Slippage to 2025/26
	£m	£m	%	£m	£m
Regeneration and Economic Growth	£35.460	£21.018	59%	(£14.442)	£14.442
Open Spaces	£1.576	£0.978	62%	(£0.598)	£0.598
Sports and Leisure	£3.245	£2.868	87%	(£0.377)	£0.377
Operational Fleet	£0.412	£0.367	89%	(£0.045)	£0.045
ICT and Digital	£0.775	£1.523	127%	£0.748	(£0.748)
Highways	£13.769	£9.811	69%	(£3.958)	£3.958
Children and Young People	£7.501	£3.434	46%	(£4.067)	£4.067
Property	£1.168	£1.457	91%	£0.289	(£0.289)
Older People	£0.057	£0.057	100%	£0.000	£0.000
Housing GF	£4.653	£2.401	52%	(£2.252)	£2.252
Housing HRA	£17.657	£15.824	90%	(£1.833)	£1.833
Climate Change	£0.095	£0.076	80%	(£0.019)	£0.019
Approved In Principle schemes from 2025/26	(£7.194)	£0.000	0%	£7.194	(£7.194)
TOTAL EXPENDITURE	£79.174	£59.814	76%	(£19.360)	£19.360
Financing the Capital Programme					
Prudential Borrowing	£28.660	£11.124	39%	(£17.536)	£17.536
External Funding	£37.197	£32.716	88%	(£4.481)	£4.481
Capital Receipts	£5.429	£7.740	143%	£2.311	(£2.311)
General Fund Revenue Contribution to Capital Outlay	£0.558	£0.833	149%	£0.275	(£0.275)
Housing Revenue Account Major Repairs Reserve	£7.330	£7.401	101%	£0.071	(£0.071)
TOTAL FINANCING	£79.174	£59.814	76%	(£19.360)	£19.360

19. The slippage has been caused by a number of factors including some delays in procurement and contract awards, unexpected issues being identified during both design and construction phases which have delayed the delivery of some schemes and recruitment challenges which have impacted on the capacity to deliver.
20. It is proposed that the slippage of £19.360m on schemes is initially carried forward into the 2025/26 Capital Programme, that will increase the 2025/26 Capital Programme from £120.736m approved at February 2025 Budget Council to £140.096m, which includes an overall borrowing requirement of £61.783m. The intention is to carry out a fundamental review of the deliverability of the 2025/26 capital programme and make recommendations to Cabinet with regard to re-profiling in the first (Q1) financial performance update

to Cabinet in September. The initial impact of the carry forward is set out in the table below.

Capital Expenditure by Theme	2025/26 Programme £m	Proposed Slippage to 2025/26 £m	2025/26 Revised Capital Programme £m
Regeneration and Economic Growth	£46.640	£14.442	£61.082
Open Spaces	£0.000	£0.598	£0.598
Sports and Leisure	£0.000	£0.377	£0.377
Operational Fleet	£0.000	£0.045	£0.045
ICT and Digital	£0.000	(£0.748)	(£0.748)
Highways	£28.395	£3.958	£32.353
Children and Young People	£9.787	£4.067	£13.854
Property	£2.697	(£0.289)	£2.408
Older People	£0.000	£0.000	£0.000
Housing GF	£3.652	£2.252	£5.904
Housing HRA	£29.522	£1.833	£31.355
Climate Change	£0.043	£0.019	£0.062
Approved In Principle schemes from 2025/26	£0.000	(£7.194)	(£7.194)
TOTAL EXPENDITURE	£120.736	£19.360	£140.096
Financing the Capital Programme			
Prudential Borrowing	£51.480	£17.536	£69.016
External Funding	£52.048	£4.481	£56.529
Capital Receipts	£9.864	(£2.311)	£7.553
General Fund Revenue Contribution to Capital Outlay	£0.014	(£0.275)	(£0.261)
Housing Revenue Account Major Repairs Reserve	£7.330	(£0.071)	£7.259
TOTAL FINANCING	£120.736	£19.360	£140.096

Collection Fund Outturn Position

- The increasing prominence of council tax and business rates funding council services means that the collection fund is closely monitored on an ongoing basis. The outturn position on the collection fund is an in-year surplus of £6.150m, with a residual deficit brought forward from 2023/24 of £5.466m. (This is the difference between the statutory estimated deficit as at 15 January 2023 and the outturn position.) This brings the overall forecast to a net surplus of £0.684m. The Council's share of the surplus is £0.539m and Greater Manchester Combined Authority's share is £0.146m (for police and fire and rescue services).

22. The proportionate shares for Business Rates and Council Tax mean that greater Manchester Combined Authority have a 1% share of Business Rates and a 16% share of Council Tax, whereas the Council have a 99% share of Business Rates and 84% share of Council Tax.
23. The main movements which are resulting in the surplus position of £0.684m (Bury share £539m) are shown below.

2024/25 Surplus/(Deficit) on Collection Fund	Council Tax	NNDR	TOTAL
	£m	£m	£m
2023/24 Surplus/(Deficit) Balance b/f	£0.630	(£6.096)	(£5.466)
2024/25			
Income	£134.140	£47.137	£181.277
Contributions towards Previous Year's Deficit:			
Bury MBC	£0.000	£5.361	£5.361
Police and Crime Commissioner	£0.000		£0.000
General Mayoral - Fire and Rescue Service	£0.000	£0.054	£0.054
Total Income	£134.140	£52.552	£186.692
Precepts and Demands on Collection Fund:			
Bury MBC	(£110.199)	(£45.950)	(£156.149)
Police and Crime Commissioner	(£14.714)		(£14.714)
General Mayoral - Fire and Rescue Service	(£6.484)	(£0.464)	(£6.948)
Disregards: Renewable Energy		£0.000	£0.000
Cost of Collection		(£0.234)	(£0.234)
Transitional Protection Payments		£0.078	£0.078
Impairment of Debts/Appeals:			
Write-offs of Uncollectable Amounts	(£0.070)	(£0.055)	(£0.124)
Increase/(Decrease) in the Allowance for Impairment of Arrears	(£1.513)	£0.080	(£1.432)
Increase/(Decrease) in the Allowance for Impairment of Appeals		(£0.145)	(£0.145)

Contributions towards Previous Year's Surplus:			
Bury MBC	(£0.732)	£0.000	(£0.732)
Police and Crime Commissioner	(£0.097)		(£0.097)
General Mayoral - Fire and Rescue Service	(£0.043)	£0.000	(£0.043)
Total Expenditure	(£133.853)	(£46.690)	(£180.542)
2024/25 In-Year Surplus/(Deficit)	£0.287	£5.863	£6.150
Surplus/(Deficit) as at 31.03.2025	£0.918	(£0.233)	£0.684

Share of the 2024/25 Surplus/(Deficit)	Council Tax £m	NNDR £m	TOTAL £m
Bury MBC	£0.770	(£0.231)	£0.539
Police and Crime Commissioner	£0.103		£0.103
General Mayoral - Fire and Rescue Service	£0.045	(£0.002)	£0.043
Surplus/(Deficit) as at 31.03.2025	£0.918	(£0.233)	£0.684

24. Work has been undertaken to reduce the arrears for both Council Tax and Business Rates which has resulted in a reduced requirement for allowance for impairment of debt. The performance for arrears reduction is a 10.91% reduction for Council Tax and a 10.59% reduction for Business Rates.
25. Alongside improving the collection of arrears, there has been significant work undertaken to improve the collection rate for in year debt. The trend for collection over the past 7 years can be seen below. It is important to note that collection was impacted during and in the period after the COVID pandemic due to the prevailing economic conditions.

Collection Rates	Council Tax %	NNDR %
2024/25 Actual collection rate	95.59	96.55
2024/25 Target collection rate	96.00	95.00
2023/24	95.25	93.88
2022/23	94.99	92.73
2021/22	95.77	93.73
2020/21	96.01	87.63
2019/20	96.39	95.37
2018/19	96.49	96.23
2017/18	96.62	96.04

26. Both the reduced arrears and improved collection in year have resulted in a reduction in the required contribution to the allowance for impairment.

Housing Revenue Account Outturn position

27. The table below shows the overall pre audit outturn position on the HRA for 2024-25, which is for an underspend of £0.201m, which is an improvement of £1.495m from the position reported at the end of Quarter 3.

HRA INCOME AND EXPENDITURE STATEMENT	2024/25 Revised Budget (Q04)	2024/25 OUTTURN		
		Actual	Variance	
	£m	£m	£m	%
INCOME				
Dwelling Rents	(£36.759)	(£36.745)	£0.014	99.96%
Non-dwelling Rents	(£0.204)	(£0.229)	(£0.025)	112.25%
Other Charges for Services and Facilities	(£1.376)	(£1.151)	£0.225	83.65%
Contributions Towards Expenditure	(£0.161)	(£1.219)	(£1.058)	757.14%
Total Income	(£38.500)	(£39.344)	(£0.844)	102.19%
EXPENDITURE				
Repairs and Maintenance	£8.160	£9.335	£1.175	114.40%
Supervision and Management	£10.632	£9.945	(£0.687)	93.54%
Special Services	£1.431	£1.328	(£0.103)	92.80%
Rents, Rates, Taxes, and Other Charges	£0.038	£0.183	£0.145	481.58%
Depreciation of Non-Current Assets	£7.330	£7.414	£0.084	101.15%
Debt Management Expenses	£0.045	£0.025	(£0.020)	55.56%
Movement in Provision for Bad Debts	£0.525	£0.335	(£0.190)	63.81%
Total Expenditure	£28.161	£28.565	£0.404	101.43%
HRA Services' Share of Corporate and Democratic Core	£0.400	£0.418	£0.018	104.50%
Net Income or Expenditure of HRA Services	(£9.939)	(£10.361)	(£0.422)	104.25%
Interest Payable and Similar Charges	£4.500	£4.570	£0.070	101.56%
Interest and investment income	(£0.800)	(£0.649)	£0.151	81.13%
(Surplus) or Deficit for the Year on HRA Services	(£6.239)	(£6.440)	(£0.201)	103.22%
APPROPRIATIONS				
Reversal of Depreciation	(£7.330)	(£7.414)	(£0.084)	
Transfer to the Major Repairs Reserve	£7.330	£7.414	£0.084	
Repayment of Arranged Loans	£0.204	£0.204	£0.000	100.00%
Capital Expenditure Funded by the HRA	£0.000	£0.000	£0.000	0.00%
Total Appropriations	£0.204	£0.204	£0.000	100.00%

28. The final outturn underspend position will increase the overall in-year contribution to the HRA Reserve. Details of the significant variances include:

- Service Charges £0.225m under-recovery as previously forecast. This shortfall mainly relates to Sheltered Services charges.
- Repairs and Maintenance £1.175m which reflects both increased service demands and rising costs, the main pressures were:
Disrepairs – there has been a national trend seeing increasing numbers of disrepair claims being made. The overspend of £0.276m was made up of £0.150m overspend on legal costs and £0.126m on compensation payments and professional fees.
£0.286m overspend related to agency costs, due to difficulties in recruiting into permanent posts.
£0.307m overspend related to a shortfall in anticipated income from additional charges on capital works, previously claimed by STH, but no longer required
£0.095m relating to cost pressures within the Assets section.
- Supervision and Management has an underspend of £0.687m which relates to the following services:
Consultancy costs underspend £0.134m.
Underspend of £0.245m due to vacancy savings and an underspend in legal costs and supporting costs for the Neighbourhood service and Business Assurance service.
On the creation of the integrated budgets there had been a duplication in the budgeting for various Insurances which resulted in a saving £0.247m.
- Special Services have underspent by £0.103m made up of minor variances under £0.100m:
- Allowance for Bad debts £0.190m underspend. The contribution to the Bad Debt Allowance required is less than budgeted for. This is due to a smaller than anticipated overall increase in the level of arrears and a much smaller amount of debt being written off in year, amounting to less than £0.080m compared to £0.178m in the previous year.
- Interest and Investment Income underachieved by £0.151m. 2024/25 saw a number of cuts in the Bank of England base rate, which reduced the earning potential of cash sums held and invested by the Council.
- External Interest Charges £0.070m. Pressure caused by increased interest charges on HRA debt held, which has been impacted by the move away from direct revenue financing of the capital plan to a combination of increased prudential borrowing, use of capital receipts and Government grants.

29. The revised HRA Capital Programme including slippage from 2023/24 is £17.657m as detailed in the table below. The final actual spend was £15.824m requiring £1.833m of slippage into 2025/26.

CAPITAL PROGRAMME	2024/25 Revised Budget	2024/25 OUTTURN Variance		
	£m	Actual £m	£m	%
CAPITAL EXPENDITURE				
Major Works & Imps	£13.819	£6.109	(£7.710)	44.21%
Other Capital Spend	£3.838	£9.715	£5.877	253.10%
New Build Development Costs	£0.000	£0.000	£0.000	0.00%
Demolition Costs	£0.000	£0.000	£0.000	0.00%
Other Fixed Assets	£0.000	£0.000	£0.000	0.00%
Total Capital Expenditure	£17.657	£15.824	(£1.833)	89.62%
CAPITAL FINANCING				
Prudential Borrowing	(£3.919)	(£2.402)	£1.517	61.29%
External Funding	(£3.285)	(£3.394)	(£0.109)	103.32%
Capital Receipts	(£3.123)	(£2.627)	£0.496	84.12%
HRA Direct Revenue Financing	(£0.000)	£0.000	£0.000	0.00%
HRA Major Repairs Reserve	(£7.330)	(£7.401)	(£0.071)	100.97%
Total Capital Financing	(£17.657)	(£15.824)	£1.833	89.62%
Total Capital Programme	£0.000	£0.000	£0.000	

30. The HRA Reserve movements are detailed in the table below.

MOVEMENT on the HRA RESERVE	2024/25 Revised Budget	2024/25 Actual (OUTTURN)	
	£m	£m	£m
Balance on the HRA at the End of the Previous Reporting Period	(£10.511)	(£10.511)	£0.000
(Surplus) or Deficit for the Year on the HRA Income and Expenditure Statement	(£6.239)	(£6.440)	(£0.201)
Appropriations	£0.204	£0.204	£0.000
Net (Increase) or Decrease before Transfers to or from Reserves	(£6.035)	(£6.236)	(£0.201)
Transfers to/(from) Earmarked Reserves	£0.000	£0.000	£0.000
(Increase) or Decrease in Year on the HRA	(£6.035)	(£6.236)	(£0.201)
Balance on the HRA at the End of the Current Reporting Period	(£16.546)	(£16.747)	(£0.201)

Dedicated Schools Grant Outturn position

31. The DSG is broken down into 4 components and Bury's allocations and pre-audit outturn position for 2024-25 are as follows: -

	Allocation £m	Outturn Variance £m
Schools Block	£157.600	(£0.042)
Central Services Block	£1.100	(£0.097)
Early Years Block	£22.700	(£0.873)
High Needs Block	£47.400	£1.595
TOTAL	£228.800	£0.582

32. The Schools Block and Early Years Block are almost entirely passported to schools and early years providers. The Central Services Block is used to fund central services funded by Bury. There is little variance in this area. The major risk to the Council is the High Needs Block. (HNB)

33. The HNB spending and allocations are subject to numerous funding regulations. These regulations are described in full within the DFE High Needs Funding Guidance and the link is given below:

[High needs funding: 2024 to 2025 operational guide - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/high-needs-funding-guidance-2024-to-2025-operational-guide)

34. The HNB covers Special Educational Needs (SEN) funding for pupils aged 0 to 25 irrespective of which setting they attend. The broad headings for the HNB 2024/25 budget and outturn position are shown below:

HNB Category	24- 25 Budget £m	24- 25 Outturn £m
Specials Schools and Pupil Referral Unit (PRU)	£19.800	£19.110
Resourced Provision within Mainstream Schools (RP)	£3.000	£1.870
Early Years Funding	£0.000	£0.000
SEN Funding within Mainstream Funding (EHCP's)	£8.200	£9.764
Independent (Out Borough) Special Schools	£12.300	£14.749
Post 16 Commissioned Places	£1.800	£1.787
Alternative Provision	£1.700	£1.642
SEN Support Services	£2.200	£1.667
Expenditure Relating to Recovery Plan	£0.400	£0.416
Import/export of students	£1.200	£1.194
Total Expenditure	£50.600	£52.200
Financed by:-		
High Needs Block Allocation	(£46.600)	(£47.578)
Recoupment from other LA's	(£0.500)	(£0.405)
School Block Transfer	(£0.800)	(£1.735)
Health Service Contribution	(£1.600)	(£0.899)
DFE Safety Valve Income	(£1.000)	(£1.000)
Total Income	(£50.500)	(£51.620)

Balance	£0.100	£0.582
DEFICT b/f	£18.500	£18.459
DEFICT c/f		£19.041

35. The DSG deficit at the beginning of the 2024/25 financial year was £18.459m, during the year, the service has worked on making savings where possible, whilst continuing to face increasing demand which is a national pressure. The pre-audit 2024/25 DSG deficit position is £19.041m, an increase of £0.582m
36. Bury is within the Safety Valve Programme which means the Council must work with the DfE around how the deficit is managed, and a revised DSG recovery plan has been agreed with the Department of Education (DfE). Under this arrangement the DfE has provided additional funding of £26m (over the length of the agreement up to 2028/29). £4m of this is due over the next 4 years and is at risk if the conditions of the plan cannot be met.
37. There remain significant challenges for Project Safety Valve (PSV) as the service continues to see increases in both demand and in unit costs. The work on PSV workstreams and reducing expenditure in future years is paramount in ensuring a balanced position in the High needs Block and a reduction in the carried forward DSG deficit position.
38. The deficit is ring fenced and carried forward within Bury's accounts. This is permissible under the statutory override arrangements. The recent Spending Review published stated:
- “To make the system more inclusive and improve outcomes for all children and young people, the government will reform the current Special Educational Needs and Disabilities (SEND) system. Details of the government's intended approach to SEND reform will be set out in a Schools White Paper in the autumn”. It will also “set out further details on supporting local authorities as we transition to a reformed system as part of the local government funding reform consultation”.*
39. Due to the quantum of the national DSG deficit, it was always unlikely that the override would be removed without transitional arrangements being put into place to avoid pushing councils towards issuing S114 notices. It has now been confirmed that the statutory override will be extended until 2027/28.
40. The majority of LA's are now facing serious budgetary pressures and deficits which have been building over a number of years due to: -
- The HNB allocations not being increased for the rises in pupil numbers.
 - The percentage of pupils with SEN needs has been increasing but has not been reflected within allocations.
 - The HNB becoming responsible for 19- to 25-year-olds without any additional funding.

- LA's own provision being at full capacity meaning there is more reliance on expensive independent special school's fees.
- Inflationary pressures being greater than the increase's in HNB funding.

Schools Balances

41. Schools Balances brought forward from 2023/24 totalled £2.555m. At the end of the 2024/25 financial year, Schools Balances totalled £2.484, a total reduction of £0.071m. These numbers do not include academies that the Local Authority does not report on.

42. The outturn position is split as follows:

	2024/25 Closing School Balances £m
Nursery	£0.082
Primary	£0.025
Secondary	£1.370
Special	£1.007
TOTAL	£2.484

43. The number of schools which are in a deficit position has reduced from 17 at the end of 2023-24 to 12 at the end of the 2024-25 financial year.

44. Schools are required to adhere to their budget limits, but in the event of an unplanned deficit occurring this will be deducted from the following year's budget share. Schools that aren't able to produce a balanced budget for 2025/26 can request approval to set a deficit budget by submitting a deficit recovery management plan to the Executive Director of Children and Young People. The deficit should normally be recovered within two to three years.

45. Of the 12 schools ending 2024/25 with a deficit, there are currently 10 schools that cannot currently set a balanced budget for 2025/26:

- 4 already have an approved deficit recovery plan.
- 4 plans are currently being reviewed by Finance staff before submission for approval.
- 2 have not yet submitted a deficit recovery plan for approval.

46. Discussions are ongoing with the schools that have not yet submitted a recovery plan.

Links with the Corporate Priorities:

47. Financial management is a key part of the council's overall governance and control arrangements and the close monitoring of agreed income and expenditure; revised forecasts of future budget pressures and opportunities; and regular reporting of these issues underpin the council's three clear corporate priorities as set out in the Let's Do It Strategy that will deliver financial sustainability for the Council.

Equality Impact and Considerations:

48. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:
A public authority must, in the exercise of its functions, have due regard to the need to:
- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
49. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.

Environmental Impact and Considerations:

50. This is a finance update report as such there are no environmental impacts associated with this report.

Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
The Council has insufficient funds to support its expenditure.	Regular reporting and tight budgetary control by budget holders support the

	Council in managing the overall financial risks and financial planning for the Council.
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Legal Implications:

51. This report provides Members with details of the outturn position, there are no specific legal considerations in this report

Financial Implications:

52. The financial implications are included within the Report.

Appendices:

Background papers:

Please list any background documents to this report and include a hyperlink where possible.

[The Council's Revenue Budget and Medium Term Financial Plan](#)

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

Term	Meaning
MTFF	Medium Term Financial Forecast
LGFS	Local Government Finance Settlement
CIPFA	Chartered Institute of Public Finance and Accountancy
PSV	Project Safety Valve
DfE	Department for Education

Report to:	Overview and Scrutiny - 6th February 2025 Cabinet - 12th February 2025 Council - 19th February 2025	Date: 06 February 2025 / 12 th February and 19 th February.
Subject:	Capital Strategy 2025/26 to 2027/28	
Report of	Cabinet Member of Finance and Transformation	

EXECUTIVE SUMMARY

The Capital Strategy forms part of the Council's strategic and financial planning framework and provides a framework within which the investment plans will be delivered. The Capital Strategy 2025/26 to 2027/28 has been prepared to cover a 3-year period and is set out within this report.

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

- A high-level, long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services.
- An overview of how the associated risk is managed.
- The proposed capital programme 2025/26 to 2027/28.
- Financing the capital programme.

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

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

RECOMMENDATION(S)

That Overview & Scrutiny:

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

That Cabinet:

- Approve and commend the capital strategy to Council.

1. BACKGROUND

Capital Strategy

- 1.1 The aim of the Capital Strategy is to ensure that all elected members fully understand the overall long-term policy objectives and resulting Capital strategy implications, governance procedures and risk appetite.
- 1.2 The Strategy is intended to give a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview on how associated risk is managed and implications for future sustainability.
- 1.3 Decisions made for 2025/26 on capital and treasury management will have financial consequences for the Council for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.
- 1.4 The Strategy considers the Council's long-term aspirations considering corporate objectives, affordability criteria and available resources to guide capital investment decisions.
- 1.5 The current Strategy has been prepared for the period 2025/26 to 2027/28 but recognises that capital decisions are often for the longer term. However, longer term spending plans are more uncertain as funding streams, legislative changes, government policy, and the economic climate can influence plans.
- 1.6 To demonstrate that the Council takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, this Strategy sets out the governance process around investment decisions and considers the risk, reward, and impact on the achievement of priority outcomes.
- 1.7 The Council ensures that all its capital investment plans, and borrowing are prudent and sustainable. In doing so this takes account of the Council's arrangements for the repayment of debt (including through MRP/repayment of loans fund) and consideration of risk, impact, and potential impact, on the Council's overall fiscal sustainability. While indicators are required to be set over a minimum three-year rolling period, they are aligned to the Strategy and Asset Management plans showing sustainability over the longer asset life period.

2. CAPITAL RESOURCES

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

Capital Financing Requirement (CFR)	2024-25 Estimate £m	2025-26 Forecast £m	2026-27 Forecast £m	2027-28 Forecast £m
CFR - GF	£220.459	£257.725	£258.707	£255.031
CFR - HRA	£122.931	£133.974	£133.760	£133.541
CFR - Policy/Non-Financial Investments	£63.932	£63.432	£62.915	£62.382
CFR Balance	£407.322	£455.131	£455.382	£450.954
Movement in CFR	£23.811	£47.808	£0.252	(£4.428)
Financing Requirement	£28.660	£51.481	£4.400	£0.000
Minimum Revenue Provision (MRP) / Loans Fund Repayments	(£4.850)	(£3.672)	(£4.148)	(£4.428)
Voluntary Revenue Provision (VRP)	£0.000	£0.000	£0.000	£0.000
Movement in CFR	£23.811	£47.808	£0.252	(£4.428)

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

2.5 Central Government Allocations and External Grants and Contributions

- 2.5.1 Some capital projects are financed through allocations received directly from the Government Departments or external grants and contributions, which are mostly specific to projects and cannot be used for other purposes.
- 2.5.2 Examples of these would include the allocations for schools, highway maintenance or disabled facilities grants from Central Government.
- 2.5.3 Some of the new funds being made available by the Government are subject to competitive bidding rounds and to maximise the opportunity that these present, the Council needs to ensure it has the required resources to develop these bids.
- 2.5.4 Grants from external organisations are a valuable source of capital finance for the Council and have enabled the Council to realise a substantial number of Capital developments in the past that would otherwise have been unable to progress.
- 2.5.5 The Council will continue to explore cost effective opportunities for grants from external bodies. However, support through grants cannot be accurately predicted and therefore the Council recognises that it cannot depend on this source entirely. The Council will also ensure that withdrawal plans are prepared in the case of on-going projects funded through external support, in the event of the support being withdrawn.

2.6 Capital Receipts

- 2.6.1 The Council generates capital resources through the sale of surplus land and buildings. The Cabinet, at its November 2020 meeting, approved an accelerated land disposal programme aimed at generating significant capital receipts for the Borough of Bury and reducing the ongoing costs related to the maintenance of its surplus property portfolio.

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

Table 1: Estimates of Capital Receipts in £ millions

Confidence Level	Adjustment Factor	2024-25 £m	2025-26 £m	2026-27 £m
High	80%	£0.000	£0.560	£0.812
Medium	65%	£0.000	£4.799	£2.054
Low	33%	£0.000	£0.000	£0.000
Complete	100%	£2.306	£0.000	£0.000
TOTAL Estimated Receipts		£2.306	£5.359	£2.866

- 2.6.3 For prudence it is recommended that only those values of high confidence or already complete are taken forward and recognised as a funding source for the capital programme.
- 2.6.4 The Council holds its General Capital Receipts corporately, to reflect its commitment to a priority-led approach to the allocation of resources and continue to maintain a policy of not ring-fencing the use of capital receipts to fund new investment in specific schemes or service areas. However, it does recognise that exceptionally there will be instances in which it will be necessary to earmark receipts to schemes, as reflected in the Capital Receipts Strategy approved by Capital Board in June 2023.
- 2.6.5 The receipts generated from the sales of Right to Buy and other general Housing receipts will be retained for re-investment in the Council's housing provision.

2.7 Borrowing

- 2.7.1 From 1 April 2004 Authorities have had the discretion to borrow in line with the CIPFA Prudential Code, which is known as 'Unsupported Borrowing.'
- 2.7.2 The Council can make use of the opportunity for the Prudential Borrowing where it is most cost effective and if its capital investment plans are affordable, sustainable, and prudent. It hence makes a choice on whether revenue resources are used to fund direct service delivery or reserved to finance costs of borrowing for capital investment.
- 2.7.3 The Council will consider the use of unsupported borrowing in three specific circumstances:
- 1) Strategic investment – where strategic investment to support the Borough's economy is required, subject to a detailed business case.
 - 2) Invest to save schemes - where pump priming assistance is required but overall, costs are met from additional revenue/capital income or savings generated by the scheme. Pump priming can be funded from unsupported borrowing or from slippage/internal resources.
 - 3) Discretionary unsupported schemes - where the related expenditure meets with Council ambitions/priorities at service level and would not be able to proceed through another funding source. Any such schemes must be specifically approved by the Cabinet or Council and be supported by a detailed business case.

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

2.8 Revenue Contributions and Reserves

- 2.8.1 The Council can also use revenue resources to fund capital projects, although revenue budgets have come under increased pressure over recent years and the ability to use revenue is restricted.
- 2.8.2 The proposed Capital Programme requires borrowing and the cost of borrowing to support the 2025/26 programme has been factored into the 2025/26 budget. Any requirements beyond this will need to be factored into the Medium-Term Financial Strategy (MTFS). The Council may also finance capital schemes from S106 monies or earmarked reserves.

2.9 Joint Ventures

- 2.9.1 The Council is currently undertaking significant regeneration activity in both Bury and Prestwich Town Centres, for which the Authority has engaged with national developers as Joint Venture partners for the Mill Gate Shopping Centre and Prestwich Village.
- 2.9.2 These programmes will deliver significant housing growth in addition to enhanced business rates income, whilst safeguarding the sustainability and vitality of each town centre.
- 2.9.3 Bruntwood and Bury Council acquired the Mill Gate shopping centre as part of wider regeneration plans that to overhaul Bury town centre. The shopping centre is being redeveloped into a mixed-use scheme, blending retail, leisure, hospitality, workspace, residential and public realm and community spaces.
- 2.9.4 The Council and Muse are working together on regeneration schemes for Prestwich Village including a community hub, a new village square, retail, leisure facilities and new homes.
- 2.9.5 The Capital Programme includes £19.3m investment into Prestwich village over the next two years ending 2025/26. The Joint Venture partners are considering the funding strategies for the development, alongside development design and phasing arrangements.

3. CAPITAL EXPENDITURE AND FINANCING PROPOSALS

- 3.1 Capital expenditure is where the Council spends money on assets, such as property or vehicles, which will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets.
- 3.2 In 2025/26 the Council is planning capital expenditure of £120.736m, as summarised in the table below:

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

	2024/25 forecast £m	2025/26 budget £m	2026/27 budget £m	2027/28 budget £m
General Fund services	£61.517	£91.214	£28.650	£2.500
Council Housing (HRA)	£17.657	£29.522	£15.858	£18.638
Capital Investments	£0.000	£0.000	£0.000	£0.000
TOTAL	£79.174	£120.736	£44.508	£21.138

- 3.3 The Council's 2025/26 to 2027/28 proposed capital investment is further detailed in Appendix 1. The proposed programme takes account of the latest monitoring position on the 2024/25 capital programme including any identified rephasing that has been agreed for carry forward into the 2025/26 and 2026/27 financial years.
- 3.4 The proposed Capital Programme is focused on some main themes that align to the Council's objectives and outcomes including:
- Regeneration and Economic Growth (key areas within the borough).
 - Highways.
 - Children and Young People (including schools).
 - Property.
 - Housing (General Fund and Housing Revenue Account).
 - Climate change (including carbon neutrality).
- 3.5 The 2024/25 revised capital budget is £79.174m compared to the original budget set in February 2024 which amounted to £135.540m. The following schemes are proposed to have some of their 2024/25 budget rephased into 2025/26 and 2026/27:

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

Capital Theme	Rephasing to 2025/26 £m	Rephasing to 2026/27 £m
Regeneration and Economic Growth	£8.054	£3.400
Highways	£6.656	£10.452
Children and Young People	£9.015	£10.300
Property	£1.818	£0.000
Housing General Fund	£1.218	£0.000
Housing HRA	£9.219	£0.000
Climate Change	£0.027	£0.000
Grand Total	£36.007	£24.152

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

- 3.7 During the year it is likely that further government funding allocations will be announced, or new initiatives identified and put forward for approval. The Council can elect to fund these from other sources, including capital receipts, other partners' contributions, or reserves. The phasing of expenditure as more detailed implementation plans is drawn up is considered a normal feature of the capital programme.
- 3.8 The capital programme position will continue to be closely monitored during the financial year and all the latest information in respect of funding allocations will be presented to Members in future reports.

4. ONGOING SCHEMES

Given the Council's financial challenges over the planning period as set out in its Medium-Term Financial Strategy, the major focus of the next few years will be to deliver schemes already approved by Council for which funding has already been identified and agreed. These are set out in Appendix 1 to this report.

5. NEW SCHEMES

- 5.1 Although most of the schemes set out in the Council's capital programme are projects that have already been agreed, with funding identified and the financial implications included in the draft budget for 2025/26 (and the Medium-Term Financial Strategy), officers have identified a few additional projects which are recommended for inclusion in the programme given their importance either to the achievement of priorities included in the Corporate Plan (Let's Do It!) or because of urgent works required to address health and safety issues and other risks to service delivery:

NEW CAPITAL BIDS	2025/26 budget £m	2026/27 budget £m	2027/28 budget £m
Essential health and safety - Ramsbottom Pool & Fitness Centre	£0.030	£0.070	£0.000
Essential maintenance and compliance Castle Leisure Centre	£0.240	£0.325	£0.250
Grounds Maintenance - Boroughwide Infrastructure Repairs	£0.050	£0.050	£0.050
Stores - Road Improvement Works	£0.050	£0.000	£0.000
TOTAL NEW BIDS	£0.370	£0.445	£0.300

6. CAPITAL SCHEMES APPROVED IN PRINCIPLE

- 6.1 It is recommended that the Council endorses the medium-term schemes included in the Capital Strategy for 2025/26 to 2027/28 as set out in Appendix 1. The longer-term aspirations that the Council has for the communities it serves are ambitious and rely on the Council applying the resources at its disposal in ways which deliver the greatest impact. Those resources include capital resources which will be targeted at capital expenditure that has the greatest prospect of delivering the Council's aspirations set out in its Corporate Plan (Let's Do it!). The Council is developing a range of longer-term capital expenditure proposals aimed at meeting these plans, some of which have partial funding, but the majority of which are currently unfunded. The schedule of these schemes is set out below for noting at this stage:

NEW CAPITAL BIDS – APPROVED IN PRINCIPLE BUT NOT INCLUDED IN THE CAPITAL PROGRAMME	2025/26 budget £m	2026/27 budget £m	2027/28 budget £m
Housing Development – First Phase New Housing	£0.309	£0.300	£0.300
Cycling and Walking Routes – Disabled and Pedestrian Works	£0.085	£0.000	£0.000
ICT Projects	£1.530	£1.500	£1.500
Parks & Green Spaces Strategy	£0.860	£0.160	£0.050
Leisure Centre H&S – Island Lodge	£0.451	£0.000	£0.000
Springwater Park – Phase 2	£1.595	£0.000	£0.000
Flood Repair & Defence	£0.033	£0.000	£0.000
Climate Change	£0.047	£0.000	£0.000
Corporate Estate	£2.000	£2.000	£2.000
Cemetery Upgrade	£0.029	£0.000	£0.000
Bradley Fold	£0.218	£0.000	£0.000
Town Hall	£0.135	£0.000	£0.000
Libraries	£0.072	£0.000	£0.000
Bury Market Refurbishment	£0.043	£0.000	£0.000
Radcliffe Enterprise Centre	£3.049	£0.000	£0.000
Ramsbottom Regeneration	£0.052	£0.000	£0.000
Older People	£0.127	£0.000	£0.000
Other Development Schemes - OP	£1.339	£0.310	£0.250
Other Development Schemes - BGI	£0.174	£0.000	£0.000
TOTAL APPROVED IN PRINCIPLE	£12.149	£4.270	£4.100

- 6.2 For the purposes of capital planning, it is proposed that these schemes are treated as 'pipeline' projects which will be formally incorporated into the programme on receipt of detailed delivery plans and evaluation through the Council's agreed policies for incepting additional schemes into the capital programme which are overseen by the Finance Board.

7. FUNDING THE CAPITAL PROGRAMME

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

Table 4: Capital expenditure and financing in £ millions

CAPITAL PROGRAMME	2024/25 Forecast Outturn £m	2025/26 Proposed Programme £m	2026/27 Proposed Programme £m	2027/28 Proposed Programme £m
Capital Expenditure by Theme				
Regeneration and Economic Growth	£35.402	£46.640	£3.400	£0.000
Highways	£13.769	£28.395	£12.450	£0.000
Children and Young People	£7.488	£9.787	£10.300	£0.000
Property	£0.234	£2.697	£0.000	£0.000
Housing GF	£4.529	£3.652	£2.500	£2.500
Climate Change	£0.095	£0.043	£0.000	£0.000
SUBTOTAL EXPENDITURE GF	£61.517	£91.214	£28.650	£2.500
Housing HRA	£17.657	£29.522	£15.858	£18.638
TOTAL COUNCIL EXPENDITURE	£79.174	£120.736	£44.508	£21.138
Financing the Capital Programme				
Prudential Borrowing	£28.660	£51.481	£4.400	£0.000
External Funding	£37.197	£52.048	£24.250	£2.500
Capital Receipts	£5.429	£9.864	£0.058	£0.068
General Fund RCCO	£0.558	£0.014	£0.000	£0.000
Housing Revenue Account DRF/MRR	£7.330	£7.330	£15.800	£18.570
TOTAL FINANCING	£79.174	£120.736	£44.508	£21.138

- 7.2 It is proposed that the new schemes be funded through a combination of external grants and allocations, capital receipts and borrowing. The borrowing costs have been reflected in the Council's Treasury Management Strategy for 2025/26 - 2027/28.

8. PRIORITISING, MANAGING, MONITORING, REPORTING AND EVALUATING THE CAPITAL PROGRAMME

8.1 Prioritising Capital Resources

- 8.1.1 It has long been demonstrated that the demands for capital investment tend to exceed available resources. To alleviate this, a robust mechanism is in place to assess schemes against key criteria and assist in decision prioritisation for the use of capital resources.
- 8.1.2 There is a cross departmental multi-disciplinary team in place which has formed a Capital Programme Board to review the capital gateway processes. This includes a review of governance and the approval and monitoring of capital schemes. The process will ensure wider ownership of the monitoring of the capital programme and will include progress updates on each scheme against forecast outcomes as well as risk monitoring.
- 8.1.3 This framework prioritises the capital investment for the Council's Capital Programme. By using this prioritisation process on an annual basis to decide the Capital programme for the following year, it allows the review of the whole three-year rolling capital programme. This review of schemes allows the addition, withdrawal or deferral of capital investment ensuring available capital resources are focused on corporate priorities.

- 8.1.4 Reviewing the Capital Programme is an on-going process and in the past several years the available resources have been reducing constantly due to newly identified funding requirements and a slowdown in available assets suitable for disposal as surplus to business needs. A full review of the capital programme has been carried out which has provided greater insight and transparency of the programme. This means that the Council can be more effective in its monitoring and scrutiny.
- 8.1.5 As part of the gateway process, resource requirements including specialist support will be assessed. Ensuring that sufficient resources are available across the organisation to support the delivery of the capital programme is key to its delivery and the Capital Programme Team will explore and capture the dependencies of each project for teams to be able to plan resources accordingly.

8.2 Monitoring and Reporting on the Capital Programme

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

9. COMMERCIAL ACTIVITIES

- 9.1 The Council can invest in property or other commercial activities purely or mainly for financial gain, however local authorities must not borrow to invest primarily for financial returns. Investment assets bought primarily for financial return (previously known as investment assets bought primarily for yield) are assets that serve no direct policy purpose but are held primarily to generate an income.
- 9.2 The Council has made an equity investment in Manchester Airport Car Park (1) Limited, (along with the other nine Greater Manchester District Councils). The Council's investment is to provide car parking facilities at Manchester Airport. The Council holds 3 Class C ordinary shares. The Council also has a 3.22% shareholding in Manchester Airport Holdings Limited (MAHL).
- 9.3 The proposed capital programme for 2025 to 2028 does not include any investment of this nature, thus ensuring the ability to borrow from the Public Works Loan Board (PWLb) for its capital plan is maintained over the next three years.
- 9.4 The Council will continue to observe the guidance and updates from the Ministry of Housing, Communities and Local Government, and HM Treasury that refers to the non-financial yield bearing investments.

10. RISK MANAGEMENT

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

- 10.1.1 There is a risk that capital receipts are not realised to the level anticipated in the calculation of resources available to fund the capital programme. This is a major risk and is one that has impacted on past programmes. To mitigate this risk, it is recommended that schemes reliant (in large part or entirely) on capital receipts do not begin until there is a high degree of certainty that the relevant receipts will materialise.
- 10.1.2 Changes in the Bank of England Base Rate and their impact on the Council's cost of borrowing can affect the financing of the capital programme. The Council's budget for 2025/26 includes forecasts of interest rate changes during the year and based on the best information available from the Council's financial advisors, Arlingclose, provides sufficient resources to fund the proposed programme of works. Planning for Prudential Borrowing can be affected by rises in interest rates making the borrowing option less attractive as a funding option and putting at risk longer term large capital schemes.
- 10.1.3 A normal feature of any large capital programme is that schemes may need re-profiling from one year to the next. The risk is mitigated by slipping corresponding resources between years and for the Council is not considered to be a particular issue in terms of the overall delivery of the programme. The new capital gateway processes agreed in 2024 will further improve the profiling of expenditure and the delivery of schemes in line with expectations.
- 10.1.4 Scheme cost increases can occur due to a range of factors and sometimes cannot be mitigated without impacting other schemes in the programmed or future years' resources. This risk is mitigated by using sound costing techniques, effective project management and monitoring schemes using a risk assessment approach.
- 10.1.5 Delivery of the programme and ensuring sufficient capacity is available are risks. As part of the new gateway processes, resource requirements for delivery are fully assessed and incorporated in the detailed plans. This includes ensuring appropriate specialist skills and requirements are identified and that arrangements are in place for these to be sourced.
- 10.1.6 Government grant funding is key to delivering the Council's aspirations and longer-term ambitions. As changes or reductions to government grant funding may adversely affect the delivery of the capital programme, the funding available for capital investment is closely monitored and included in reports to Cabinet throughout the year.

11. KNOWLEDGE and SKILLS

- 11.1 The Capital Programme and the Treasury Management function are both managed by teams of professionally qualified accountants with considerable experience of local government finance. Officers maintain and develop their skills and knowledge through programmes such as Continuous Professional Development and by attending various courses and conferences held by CIPFA and other sector experts on an ongoing basis.

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

REFERENCES and IMPLICATIONS

Links with the Corporate Priorities:

The strategic imperatives of the Let's Do It! Strategy, to deliver economic growth faster than the national average are facilitated by this capital programme which is supporting the economic regeneration of our Borough and the building and development of new schools and educational places.

This Capital budget provides the resources to maintain the Council's strategic leadership of the LETS's Do IT! Strategy, including the specific delivery priorities for 2025/26 and beyond which are described in the Corporate Plan.

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

Equality Impact and Considerations:

2. *Not applicable*

Environmental Impact and Considerations:

1. *The Council is working towards becoming a carbon neutral organisation by 2038. All*
2. *Capital building projects are developed with carbon impacts fully taken into consideration.*

Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
The Council's capital resources are not managed effectively.	The capital programme and the gateway process ensure that all available resources are identified and that, where borrowing is required, the costs are reflected in the Council's revenue strategy.
The Council's capital resources are not targeted to priorities and outcomes and the benefit of the investment across the Borough is not maximised.	The approach ensures that schemes can be developed and prioritised throughout the year and that appropriate monitoring arrangements are in place.

Legal Implications:

This report forms the suite of reports with Members need to consider when setting the Council's budget. Members need to give due regard to the setting of the capital budget when undertaking the budget setting process.

The Council must set the budget in accordance with the provisions of the Local Government Finance Act 1992 and approval of a balanced budget each year is a statutory responsibility of the Council.

The Council is required by the Local Government Finance Act 1992 to make specific estimates of gross revenue expenditure and anticipated income leading to the calculation of the Council tax requirement and it must be sufficient to meet the Council's legal and financial commitments to ensure the proper discharge of its statutory duties and lead to a balanced budget. In setting the budget the Council has a duty to ensure that it continues to meet its statutory duties.

Financial Implications:

The financial implications are detailed within the report.

Appendices:

Appendix 1 Capital budget.

Background papers:

2024/25 Q2 Finance Position

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

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

Report Author and Contact Details:

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APPENDIX 1	2025/26 Capital Programme				2026/27 Capital Programme				2027/28 Capital Programme	
	Prior Year Approvals £m	Proposed Programme Updates £m	New Capital Programme & Bids £m	Revised Programme £m	Approved Programme FEB24 £m	Proposed Programme Updates £m	New Capital Programme & Bids £m	Revised Programme £m	New Capital Programme & Bids £m	Revised Programme £m
Capital Expenditure by Theme										
Regeneration and Economic Growth	£39.012	£7.628	£0.000	£46.640	£0.000	£3.400	£0.000	£3.400	£0.000	£0.000
Highways	£15.328	£12.417	£0.650	£28.395	£1.998	£10.452	£0.000	£12.450	£0.000	£0.000
Children and Young People	£1.070	£8.717	£0.000	£9.787	£0.000	£10.300	£0.000	£10.300	£0.000	£0.000
Property	£0.000	£2.697	£0.000	£2.697	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000
Housing General Fund	£2.100	£1.152	£0.400	£3.652	£2.100	£0.000	£0.400	£2.500	£2.500	£2.500
Climate Change	£0.000	£0.043	£0.000	£0.043	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000
Housing Revenue Account (HRA)	£14.605	£9.219	£5.698	£29.522	£17.103	(£1.245)	£0.000	£15.858	£18.638	£18.638
TOTAL EXPENDITURE	£72.115	£41.873	£6.748	£120.736	£21.201	£22.907	£0.400	£44.508	£21.138	£21.138
Financing the Capital Programme										
Prudential Borrowing	£41.896	£6.978	£2.606	£51.480	£0.000	£4.400	£0.000	£4.400	£0.000	£0.000
External Funding	£15.614	£32.292	£4.142	£52.048	£4.098	£19.752	£0.400	£24.250	£2.500	£2.500
Capital Receipts	£7.275	£2.589	£0.000	£9.864	£0.058	£0.000	£0.000	£0.058	£0.068	£0.068
General Fund Revenue contribution (RCCO)	£0.000	£0.014	£0.000	£0.014	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000
Housing Revenue Account Direct Revenue Financing, Major Repairs Reserve (DRF / MRR)	£7.330	£0.000	£0.000	£7.330	£17.045	(£1.245)	£0.000	£15.800	£18.570	£18.570
TOTAL FINANCING	£72.115	£41.873	£6.748	£120.736	£21.201	£22.907	£0.400	£44.508	£21.138	£21.138

Classification:	Decision Type:
Open	Key

Report to:	Overview & Scrutiny: 6 February 2025 Cabinet: 12 February 2025 Council: 19 February 2025	Date: 19 February 2025
Subject:	2025-26 Treasury Management Strategy	
Report of	Cabinet Member for Finance and Transformation	

Summary

1. Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

Recommendation(s)

2. The Cabinet is requested to consider, comment as appropriate, on the proposed strategy for 2025/26, and is requested to endorse the recommendations outlined below, for approval by Council
 - The Treasury Management Strategy including the associated Prudential Indicators and Annual Investment Strategy.
 - The Treasury Management Policy Statement.
 - The Minimum Revenue Provision (MRP) Policy Statement.
3. The Council is requested to agree at its meeting on 19 February 2025 the following:
 - To approve the Treasury Management Strategy including the associated Prudential Indicators and Annual Investment Strategy.
 - To approve the Treasury Management Policy Statement.
 - To approve the Minimum Revenue Provision (MRP) Policy Statement.

Reasons for recommendation(s)

4. As a requirement of Local Government Act 2003, the DLUHC investment guidance (2018), the DLUHC MRP guidance 2018, the 2021 CIPFA Treasury Management Code and the CIPFA Prudential Code.

Alternative options considered and rejected

5. Not applicable.

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Links with the Corporate Priorities:

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

Equality Impact and Considerations:

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

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

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

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

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

Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
There are significant risks in the financial position both in the current and future financial years.	Regular monitoring and reporting ensures that any changes in the financial position are quickly identified and action can be taken to manage the overall position. The medium-term financial strategy takes account of any in-year changes in

Financial sustainability is critical and the report sets out the Council's plans to ensure sufficient funds are available for investment in the borough while maintaining a balanced budget over the medium-term planning period.	funding or demand and ensures the Council has a longer-term view of finances for future years.
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Legal Implications:

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

Financial Implications:

The financial implications are set out in the report.

Introduction

1. Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.
2. Treasury risk management is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which requires Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
3. The Council invests its money for three broad purposes:
 - because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments),
 - to support local public services by lending to or buying shares in other organisations (service investments), and
 - to earn investment income (known as commercial investments where this is the main purpose).
4. This investment strategy meets the requirements of statutory guidance issued by the government in January 2018 and focuses on the second of these categories.
5. The statutory guidance defines investments as "all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios."
6. The Council interprets this to exclude (a) trade receivables which meet the accounting definition of financial assets but are not investments in the everyday sense of the word and (b) property held partially to generate a profit but primarily for the provision of local public services. This aligns the Council's definition of an investment with that in the 2021 edition of the CIPFA Prudential Code, a more recent piece of statutory guidance.
7. In accordance with the guidance the Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals. This includes:
 - An Annual Management Treasury Strategy, covering the Prudential and Treasury Indicators.
 - A mid-year treasury management review.
 - An annual treasury outturn report.

External Context

Economic background:

8. The Chancellor of the Exchequer delivered her Autumn Budget at the end of October. Based on the plans announced, the Office for Budget Responsibility reported they would provide a short-term boost to GDP growth before weakening it further out and push inflation higher over the medium-term. This change to the economic and inflation outlook caused financial markets to readjust expectations of Bank of England (BoE) Bank Rate and gilt yields higher. The Council's treasury management advisor, Arlingclose, also revised its interest rate forecast upwards in November, with Bank Rate expected to eventually fall to 3.75%.
9. The impact on the UK from the government's Autumn Budget, slower than expected interest rate cuts, and a short-term boost to but modestly weaker economic growth over the medium term, together with the impact from President Trump's second term in office and uncertainties around US domestic and foreign policy, will be major influences on the Council's treasury management strategy for 2025/26.
10. The Bank of England's (BoE) Monetary Policy Committee (MPC) held Bank Rate at 4.75% at its December 2024 meeting, having reduced it to that level in November and following a previous 25bp cut from the 5.25% peak at the August MPC meeting. At the December meeting, six Committee members voted to maintain Bank Rate at 4.75% while three members preferred to reduce it to 4.50%.
11. The November quarterly Monetary Policy Report (MPR) expected Gross Domestic Product (GDP) growth to pick up to around 1.75% (four-quarter GDP) in the early period of the BoE's forecast horizon before falling back. The impact from the Budget pushes GDP higher in 2025 than was expected in the previous MPR, before becoming weaker. Current GDP growth was shown to be zero (0.0%) between July and September 2024 and 0.4% between April and June 2024, a further downward revision from the 0.5% rate previously reported by the Office for National Statistics (ONS).
12. ONS figures reported the annual Consumer Price Index (CPI) inflation rate at 2.6% in November 2024, up from 2.3% in the previous month and in line with expectations. Core CPI also rose, but by more than expected, to 3.6% against a forecast of 3.5% and 3.3% in the previous month. The outlook for CPI inflation in the November MPR showed it rising above the MPC's 2% target from 2024 into 2025 and reaching around 2.75% by the middle of calendar 2025. This represents a modest near-term increase due to the ongoing impacts from higher interest rates, the Autumn Budget, and a projected margin of economic slack. Over the medium-term, once these pressures ease, inflation is expected to stabilise around the 2% target.
13. The labour market appears to be easing slowly, but the data still require treating with some caution. The latest figures reported the unemployment rate rose to 4.3% in the three months to October 2024 and economic inactivity fell to 21.7%.

Pay growth for the same period was reported at 5.2% for both regular earnings (excluding bonuses) and for total earnings. Looking ahead, the BoE MPR showed the unemployment rate is expected to increase modestly, rising to around 4.5%, the assumed medium-term equilibrium unemployment rate, by the end of the forecast horizon.

14. The US Federal Reserve has continued cutting interest rates, bringing down the Fed Funds Rate by 0.25% at its December 2024 monetary policy meeting to a range of 4.25%-4.50%, marking the third consecutive reduction. Further interest rate cuts are expected, but uncertainties around the potential inflationary impact of incoming President Trump's policies may muddy the waters in terms of the pace and magnitude of further rate reductions. Moreover, the US economy continues to expand at a decent pace, rising at an (upwardly revised) annual rate of 3.1% in the third quarter of 2024, and inflation remains elevated suggesting that monetary policy may need to remain more restrictive in the coming months than had previously been anticipated.
15. Euro zone inflation rose above the European Central Bank (ECB) 2% target in November 2024, hitting 2.2% as was widely expected and a further increase from 2% in the previous month. Despite the rise, the ECB continued its rate cutting cycle and reduced its three key policy rates by 0.25% in December. Inflation is expected to rise further in the short term but then fall back towards the 2% target during 2025, with the ECB remaining committed to maintaining rates at levels consistent with bringing inflation to target, but without suggesting a specific path.

Credit Update

16. Credit Default Swap (CDS) prices typically followed a general trend downwards during 2024, reflecting a relatively more stable financial period compared to the previous year. Improved credit conditions in 2024 have also led to greater convergence in CDS prices between ringfenced (retail) and non-ringfenced (investment) banking entities again.
17. Higher interest rates can lead to a deterioration in banks' asset quality through increased loan defaults and volatility in the value of capital investments. Fortunately, the rapid interest rate hikes during this monetary tightening cycle, while putting some strain on households and corporate borrowers, has not caused a rise in defaults, and banks have fared better than expected to date, buoyed by strong capital positions. Low unemployment and robust wage growth have also limited the number of problem loans, all of which are positive in terms of creditworthiness.
18. Moreover, while a potential easing of US financial regulations under the Trump Presidency may aid their banks' competitiveness compared to institutions in the UK and other regions, it is unlikely there will be any material impact on the underlying creditworthiness of the institutions on the counterparty list maintained by Arlingclose, the Council's treasury adviser.
19. Overall, the institutions on Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum

duration remain under constant review and will continue to reflect economic conditions and the credit outlook during financial year 2025/26.

Interest rate forecast (December 2024)

20. The Council's treasury management advisor Arlingclose expects the Bank of England's MPC will continue reducing Bank Rate through 2025, taking it to around 3.75% by the end of the 2025/26 financial year. The effect from the Autumn Budget on economic growth and inflation has reduced previous expectations in terms of the pace of rate cuts as well as pushing up the rate at the end of the loosening cycle.
21. Arlingclose expects long-term gilt yields to remain broadly at current levels on average (amid continued volatility), but to end the forecast period modestly lower compared to now. Yields will continue remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will be short-term volatility due to economic and (geo)political uncertainty and events.
22. A more detailed economic and interest rate forecast provided by Arlingclose is in Appendix A.
23. For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate/yield of 4.33%, and that new long-term loans will be borrowed at an average rate of 5.00%.

Local Context and Capital Prudential Indicators

24. At 31st March 2024 the Council's underlying need to borrow for capital purposes, as measured by the Capital Financing Requirement (CFR), was £383.511m, while balance sheet resources, which are the underlying resources available for investment, was £129.332m.
25. As at 31st March 2024 the Council had £262.429m of external borrowing and £8.250m of internal investments.
26. Appendix B provides a more detailed breakdown of the treasury borrowing and investing position.
27. In setting a balanced budget the Council must calculate its budget requirement for each financial year and include the revenue costs that come from capital expenditure and financing decision. Under the Local Government Act 2003 and the Prudential Code the Council must consider what is affordable, prudent and sustainable.
28. The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in prudential indicators, which are designed to assist members in their overview

and consideration of capital expenditure plans both in terms of affordability and prudence. The key capital prudential indicators are shown below and are reported quarterly to Cabinet through the Performance Monitoring process.

Capital Expenditure and Financing:

29. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing. The Prudential Code recommends that total debt should be lower than its highest forecast CFR over the next three years. The table below shows that the Council expects to comply with this recommendation during 2025/26. Forecast changes in these sums are also shown.

Balance Sheet Summary and Forecast	2023-24 Actual £m	2024-25 Estimate £m	2025-26 Forecast £m	2026-27 Forecast £m	2027-28 Forecast £m
Capital Financing Requirement	£383.511	£407.322	£455.131	£455.382	£450.954
Less: External Borrowing	(£262.429)	(£322.268)	(£373.749)	(£378.149)	(£378.149)
Under/(Over) Borrowing	£121.082	£85.054	£81.382	£77.234	£72.805
Balance Sheet Resources	(£129.332)	(£95.054)	(£91.382)	(£87.234)	(£82.805)
Treasury Investments	£8.250	£10.000	£10.000	£10.000	£10.000
TOTAL	£0.000	£0.000	£0.000	£0.000	£0.000

30. Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. In 2025/26, the Budget set for planned capital expenditure is £120.736m.
28. All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (including internal borrowing).

29. The table below summaries the capital expenditure and financing.

CAPITAL PROGRAMME 2023-24 to 2027-28	2023-24 Actual £m	2024-25 Estimate £m	2025-26 Forecast £m	2026-27 Forecast £m	2027-28 Forecast £m
Non-HRA	£35.744	£61.517	£91.214	£28.650	£2.500
HRA	£16.572	£17.657	£29.522	£15.858	£18.638
Policy/Non-Financial Investments	£0.628	£0.000	£0.000	£0.000	£0.000
Total Capital Expenditure	£52.944	£79.174	£120.736	£44.508	£21.138
Resourced By:					
External Funding	£22.295	£37.197	£52.048	£24.250	£2.500
Capital Receipts	£2.649	£5.429	£9.864	£0.058	£0.068
General Fund RCCO	£0.488	£0.558	£0.014	£0.000	£0.000
Housing Revenue Account DRF/MRR	£12.600	£7.330	£7.330	£15.800	£18.570
Total Resourced By	£38.032	£50.514	£69.255	£40.108	£21.138
Financing Requirement	£14.912	£28.660	£51.481	£4.400	£0.000

30. The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP payments and capital receipts used to replace debt. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows.

Capital Financing Requirement (CFR)	2023-24 Actual £m	2024-25 Estimate £m	2025-26 Forecast £m	2026-27 Forecast £m	2027-28 Forecast £m
CFR - GF	£198.502	£220.459	£257.725	£258.707	£255.031
CFR - HRA	£119.216	£122.931	£133.974	£133.760	£133.541
CFR - Policy/Non-Financial Investments	£65.793	£63.932	£63.432	£62.915	£62.382
CFR Balance	£383.511	£407.322	£455.131	£455.382	£450.954
Movement in CFR	£12.381	£23.811	£47.808	£0.252	(£4.428)
Movement in CFR					
Financing Requirement	£14.912	£28.660	£51.481	£4.400	£0.000
Minimum Revenue Provision (MRP) / Loans Fund Repayments	(£2.531)	(£4.850)	(£3.672)	(£4.148)	(£4.428)
Voluntary Revenue Provision (VRP)	£0.000	£0.000	£0.000	£0.000	£0.000
Movement in CFR	£12.381	£23.811	£47.808	£0.252	(£4.428)

31. Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive capital receipts of £2.306m in the current financial year and £5.359m in the coming financial year as follows.

Capital receipts	2024-25 Estimate £m	2025-26 Forecast £m
Asset sales	£2.306	£5.359
Total	£2.306	£5.359

32. Projected levels of the Council's total outstanding debt, compared with the CFR is shown below. Statutory guidance is that debt should remain below the CFR, except in the short-term. As can be seen from the table below, the Council expects to comply with this in the medium to longer term.

Actual External Debt against Capital Borrowing Need	2023-24 Actual £m	2024-25 Estimate £m	2025-26 Forecast £m	2026-27 Forecast £m	2027-28 Forecast £m
<u>External Debt:</u>					
Debt at 1 April	£243.629	£262.429	£322.268	£373.749	£378.149
Expected Change in Debt +/-	£18.000	£59.839	£51.481	£4.400	£0.000
Actual Gross Debt at 31 March	£262.429	£322.268	£373.749	£378.149	£378.149
Capital Financing Requirement (CFR)	£383.511	£407.322	£455.131	£455.382	£450.954
Under/(Over) Borrowing	£121.082	£85.054	£81.382	£77.234	£72.805

33. Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP payments are charged to revenue. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. The amount funded from Council Tax, business rates and general government grants. This indicator identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream.

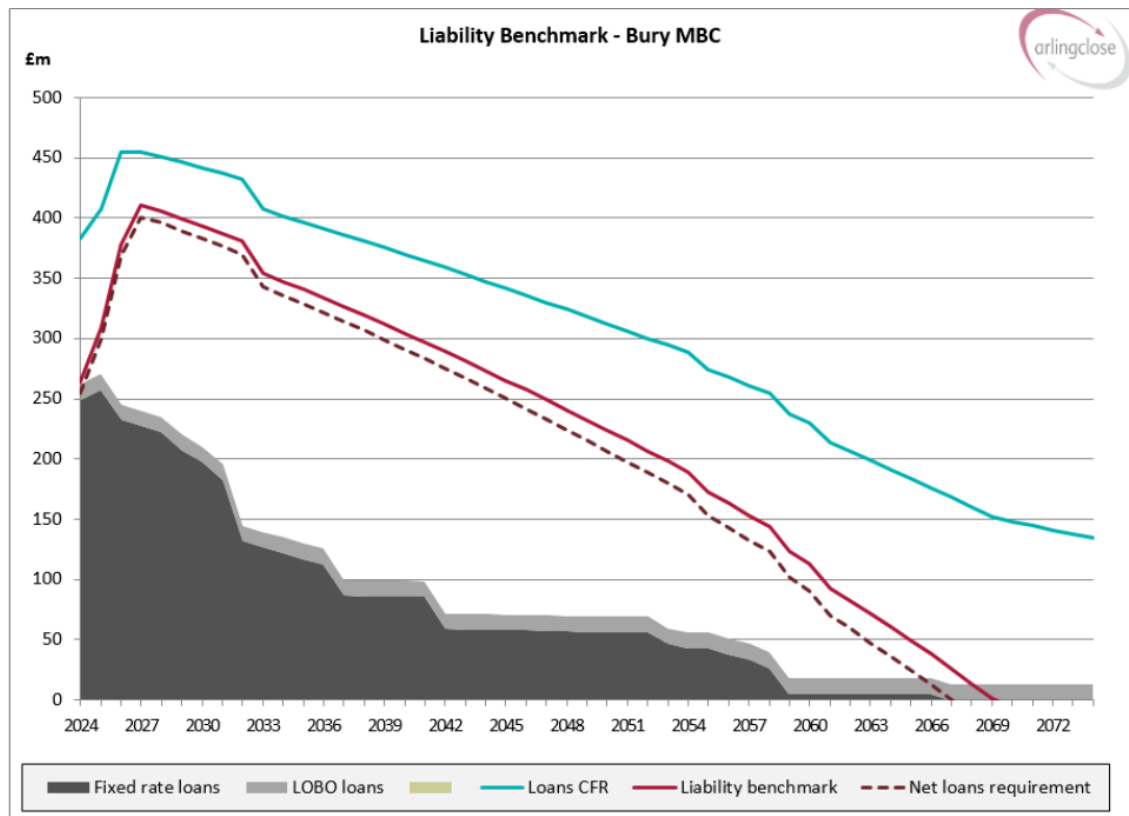
Ratio of Financing Costs to Net Revenue Stream	2023-24 Actual £m	2024-25 Estimate £m	2025-26 Forecast £m	2026-27 Forecast £m	2027-28 Forecast £m
GF	1.18%	3.00%	3.58%	3.40%	3.05%
HRA	11.58%	12.43%	13.66%	13.27%	12.90%

Liability benchmark

34. The Liability Benchmark is now a mandatory indicator that must be reviewed and presented as required under the Prudential Code. It compares actual borrowing against a benchmark, which is calculated showing the lowest level of borrowing required to keep investments at a minimum level. The result then represents the minimum amount of borrowing an authority must undertake to fund their capital expenditure.

35. The benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Prudential Indicator: Liability Benchmark	2023-24 Actual £m	2024-25 Estimate £m	2025-26 Forecast £m	2026-27 Forecast £m	2027-28 Forecast £m
Loans CFR	£383.511	£407.322	£455.131	£455.382	£450.954
Less: Balance Sheet Resources	(£129.332)	(£107.900)	(£86.900)	(£55.000)	(£55.000)
Net Loans Requirement	£254.179	£299.422	£368.231	£400.382	£395.954
Plus: Liquidity Allowance	£10.000	£10.000	£10.000	£10.000	£10.000
Liability Benchmark	£264.179	£309.422	£378.231	£410.382	£405.954



Borrowing Strategy

36. Due to decisions taken in the past, the Council is currently projected to have £322.268m borrowing as at the end of March 2025 at an average interest rate of 3.94% and £10m treasury investments at an average rate of 4.33%, projected as at the end of March 2025.
37. The total borrowing requirement at the end of 2025/26 is forecast to be £407.322m (equivalent to the CFR). liability. The Council's aim is to both repay maturing debt, and where possible some of the existing debt when opportunities to do this arise. The Council also considers new borrowing where it can be shown to be prudent and financially beneficial to do so. In 2024/25 £13.088m maturing external debt was repaid. £15m is currently forecast to be repaid in 2025/26, which are maturing market loans.
38. The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.
39. Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. Short-term interest rates are currently higher than in the recent past, but are expected to fall in the coming year and it is therefore likely to be more cost effective over the medium-term to either use internal resources, or to borrow short-term loans instead. The risks of this approach will be managed by keeping the Council's interest rate exposure within the limit set in the treasury management prudential indicators, see below.
40. By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal / short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2025/26 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
41. The Council has previously raised the majority of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans.

42. Alternatively, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
43. In addition, the Council may borrow short-term loans to cover unplanned cash flow shortages

Limits to Borrowing Activity

44. The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit. It is calculated with regard to the Council’s capital expenditure and financing plans.

The Operational Boundary

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

Operational Boundary	2023-24 Actual £m	2024-25 Estimate £m	2025-26 Forecast £m	2026-27 Forecast £m	2027-28 Forecast £m
Borrowing	£383.511	£408.959	£466.465	£469.486	£467.658
Other Long-term Liabilities	£0.010	£0.010	£0.010	£0.010	£0.010
Total	£383.521	£408.969	£466.475	£469.496	£467.668

The Authorised Limit for external debt

46. A further prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Full Council. It reflects the level of external debt which, while not necessarily desired, could be afforded in the short term, but is not sustainable in the longer term.
47. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils’ plans, or those of a specific council, although this power has not yet been exercised.

Authorised Limit	2023-24 Actual £m	2024-25 Estimate £m	2025-26 Forecast £m	2026-27 Forecast £m	2027-28 Forecast £m
Borrowing	£393.511	£418.959	£476.465	£479.486	£477.658
Other Long-term Liabilities	£0.010	£0.010	£0.010	£0.010	£0.010
Total	£393.521	£418.969	£476.475	£479.496	£477.668

Sources of Borrowing and Portfolio Implications

48. The approved sources of long-term and short-term borrowing are:
- HM Treasury's Public Works Loan Board (PWLB) lending facility.
 - UK Infrastructure Bank Ltd
 - UK local authorities and any other UK public sector body
 - any institution approved for investments (see below)
 - any other bank or building society authorised to operate in the UK
 - UK public and private sector pension funds
 - capital market bond investors
 - retail investors via a regulated peer-to-peer platform
 - UK Municipal Bonds Agency plc and other special purpose companies created to enable local Council bond issues
49. Capital finance may also be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
- leasing
 - hire purchase
 - Private Finance Initiative
 - sale and leaseback
 - similar asset-based finance.
48. The Council continues to investigate other sources of finance, such as local Council loans, the UK Municipal Bonds Agency and bank loans, that may be available at more favourable rates. The UK Municipal Bonds Agency is a more complicated source of finance so any decision to borrow from this source will be the subject of a separate report to Audit and Governance Committee.
49. The Council holds £13.000 million of Lender's Option Borrower's Option (LOBO) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBO's have options during 2025/26, and with interest rates having risen recently, there is now a good chance that lenders will exercise their options. If they do, we will take the option to repay LOBO loans to reduce refinancing risk in later years.
50. Short-term and variable rate loans leave the council exposed to the risk of short-term interest rate rises and are therefore subject to interest rate exposure limits in the treasury management indicators below.

Debt Rescheduling

51. The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Some bank lenders may also be prepared to negotiate premature redemption terms. Due to cashflow implications some loans matured may be replaced with new loans, or they may be repaid without replacement, particularly where this is expected to lead to an overall saving or reduction in risk.

52. Borrowing and rescheduling activity will be reported to Council in the Annual Treasury Management Report, the Mid Year Report and any other treasury management reports presented.

Treasury Investment Strategy

53. The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's treasury investment balance has ranged between £0.860m and £32.250m and similar levels are expected to be maintained in the forthcoming year.
54. The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.
55. As demonstrated by the liability benchmark above, the Council expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and boost investment income.
56. Market conditions have changed rapidly during 2024/25 with interest rates rising quickly and peaking at 5.25% in August 2024. The Council has predominantly invested with High Street banks and where opportunities arose for higher rates has invested in short term MMF's.
57. The CIPFA Code does not permit local authorities to both borrow and invest long-term for cash flow management. But the Council may make long-term investments for treasury risk management purposes, including to manage interest rate risk by investing sums borrowed in advance for the capital programme for up to three years; to manage inflation risk by investing usable reserves in instruments whose value rises with inflation; and to manage price risk by adding diversification to the strategic pooled fund portfolio.
58. Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Council's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN

Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

59. Under the IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.
60. The Council may invest its surplus funds with any of the counterparty types in the table below, subject to the cash limits (per counterparty), the time limits shown and the Responsible Investment Policy incorporated as part of the Treasury Management Policies.

Approved Investment Counterparties

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

58. The Table above should be read in conjunction with the notes below:

- **Credit Rating:**

Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than [A-]. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account. For entities without published credit ratings, investments may be made either where external advice indicates the entity to be of similar credit quality.

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

- **Government:**

Sterling-denominated investments with or explicitly guaranteed by the UK Government, including the Debt Management Account Deposit Facility, treasury bills and gilts. These are deemed to be zero credit risk due to the government's ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

- **Local Authorities and Other Government Entities**

Loans to, and bonds and bills issued or guaranteed by, other national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk.

- **Secured Investments**

Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds, secured deposits and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

- **Banks and Building Societies Unsecured:**

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

- **Registered Providers (unsecured):**

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

- **Money market funds:**

Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times

- **Other investments:**

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

- **Operational bank accounts:**

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

Responsible Investment Policy, Environmental, Social and Governance Considerations (ESG)

59. The Code requires local authorities to consider their counterparty policies in light of ESG information, while recognising that there is not a developed approach to ESG for public sector organisations and not expecting authorities to use real-time ESG scoring / criteria for individual investments.
60. ESG issues are wide-ranging and non-standardised, however the Council aims to be a responsible investor and will consider ESG issues when investing. The Council has a Climate Action Change Strategy and Plan, and more details can be found at the link below:

[Bury's Climate Action Strategy and Action Plan - Bury Council](#)

Risk assessment and credit ratings:

61. Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
 - no new investments will be made,
 - any existing investments that can be recalled or sold at no cost will be,
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

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

Other information on the security of investments:

63. The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council’s treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.
64. Reputational aspects: The Council is aware that investment with certain counterparties, while considered secure from a purely financial perspective, may leave it open to criticism, valid or otherwise, that may affect its public reputation, and this risk will therefore be taken into account when making investment decisions.
65. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022, this is not generally reflected in credit ratings but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council’s cash balances, then the surplus will be deposited with the UK Government or with other local authorities. This will cause a reduction in the level of investment income earned but will protect the principal sum invested.

Investment Limits

66. The Council holds general revenue reserves which would be available to cover investment losses. However, to limit this risk, in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £25.0 million.

Liquidity management:

67. The Council uses cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.
68. The Council will spread its liquid cash over at least two providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

Treasury Management Indicators

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

Credit Risk Indicator	Target
Portfolio average credit rating	A

71. Liquidity: The Authority will adopt a voluntary measure of its exposure to liquidity risk in 2025-26, by monitoring the amount of cash available to meet unexpected payments within a rolling month period, without additional borrowing.

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

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

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

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

Service Investments: Loans

74. The definition of investments in the Treasury Management Code now covers all the financial assets of the Authority as well as other non-financial assets which the Council holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).
75. Investment Guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG) and Welsh Government also includes within the definition of investments all such assets held partially or wholly for financial return.
76. The Authority also held such investments in:

Non-Financial Investments	2023/24	2024/25
	£m	£m
Manchester Airport Loan	£29.366	£29.366
Bury MBC Townside Fields Loan	£7.257	£5.747
Six Town Housing Loan	£2.822	£2.694
Bury Bruntwood (Millgate) LLP Loan	£20.099	£20.099
The Prestwich Regeneration (LLP) Loan	£0.628	£0.628
Debt Managed for Probation Services	£0.011	£0.010
Total	£60.183	£58.544

77. These investments are forecast to generate £4.4m of investment income in 2024/25 for the Authority after taking account of direct costs, representing a rate of return of 6.68%.

Service Investments: Shares

78. The Council holds 3.22% shares in Manchester Airport Holdings Ltd (MAHL), the shareholding is a strategic investment and not held for trading and therefore the Council has opted to designate it as fair value through Other Comprehensive Income. This would mean that there is no impact on the revenue budget and the decision to designate to fair value through other comprehensive income is irrevocable. Any gains or losses on the valuation of the shareholding will therefore be transferred to a Financial Instruments Revaluation Reserve.
79. The fair value of the Council's interest in the company at 31st March 2024 is shown below:

Investments in Equity Instruments Designated at Fair Value through Other Comprehensive Income	Nominal	Fair Value
	£000s	£000s
Manchester Airport Shares	£10,214	£46,300
Manchester Airport Car Park (1) Limited	£5,610	£4,400
Total	£15,824	£50,700

Related Matters

80. The CIPFA Code requires the Authority to include the following in its treasury management strategy.
81. Financial derivatives: Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment). Combined authorities should refer to section 113A of the Local Democracy, Economic Development and Construction Act 2009 instead
82. The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
83. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

84. In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.
85. Housing Revenue Account: on 1st April 2012, the Authority notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/credited to the respective revenue account.
86. Where the value of the HRA loans pool is below the HRA capital financing requirement, interest on this “under-borrowing” will be charged to the HRA at the Council’s average rate of short-term borrowing. Interest on any “over-borrowing” above the HRA capital financing requirement, and on balances in the HRA, its earmarked reserves and the major repairs reserve will be credited to the HRA at the Council’s average interest rate on treasury investments excluding strategic pooled funds and REITS, adjusted for credit risk.

Financial Implications

87. The budget for investment income in 2025/26 is £0.612m. The budget for debt interest paid in 2025/26 is £12.836. If actual levels of investments and borrowing, or actual interest rates, differ from that forecast, performance against budget will be correspondingly different. Split into General Fund and HRA budgets if applicable.

Other Options Considered

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

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain

Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Treasury Management Policy Statement

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

- The Council defines its treasury management activities as the management of the Council's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications.
- The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

Treasury Management Scheme of Delegation

90. The Council's Treasury Management Scheme of Delegation is approved by Full Council annually as part of the overall Treasury Management Strategy, it was last approved by Council at its meeting of February 2024 and there are no proposals for any amendments to the current scheme, which is set out below:

1. Delegation and Responsibility

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

Director of Finance (S151 Officer)	Overall supervision of Treasury Management function and cash flow. Regular reviews of Treasury Management Strategy and monitor performance.
Accountancy Manager (Treasury & Capital)	Manage and undertake day to day Treasury Management Activities in accordance with Treasury Strategy and Policy Statement.
Accountant (Treasury & Capital)	Deputise for Accountancy Manager in their duties as required.

2. Treasury Management Scheme of Delegation

Full Council

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

Boards/Committees/Council/Responsible Body

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

Body/Person(s) with Responsibility for Scrutiny

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

3. The Treasury Management Role of the Director of Finance (Section 151 Officer)

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

- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.

Functions:

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

Minimum Revenue Provision (MRP) Policy Statement

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

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

Appendix A – Arlingclose Economic & Interest Rate Forecast – December 2024

Underlying assumptions:

- As expected, the Monetary Policy Committee (MPC) held Bank Rate at 4.75% in December, although, with a 6-3 voting split and obvious concerns about economic growth, presented a much more dovish stance than had been expected given recent inflationary data.
- The Budget measures remain a concern for policymakers, for both growth and inflation. Additional government spending will boost demand in a constrained supply environment, while pushing up direct costs for employers. The short to medium-term inflationary effects will promote caution amongst policymakers.
- UK GDP recovered well in H1 2024 from technical recession, but underlying growth has petered out as the year has progressed. While government spending should boost GDP growth in 2025, private sector activity appears to be waning, partly due to Budget measures.
- Private sector wage growth and services inflation remain elevated; wage growth picked up sharply in October. The increase in employers' NICs, minimum and public sector wage levels could have wide ranging impacts on private sector employment demand and costs, but the near-term impact will likely be inflationary as these additional costs get passed to consumers.
- CPI inflation rates have risen due to higher energy prices and less favorable base effects. The current CPI rate of 2.6% could rise further in Q1 2025. The Bank of England (BoE) estimates the CPI rate at 2.7% by year end 2025 and to remain over target in 2026.
- The MPC re-emphasised that monetary policy will be eased gradually. Despite recent inflation-related data moving upwards or surprising to the upside, the minutes suggested a significant minority of policymakers are at least as worried about the flatlining UK economy.
- US government bond yields have risen following strong US data and uncertainty about the effects of Donald Trump's policies on the US economy, particularly in terms of inflation and monetary policy. The Federal Reserve pared back its expectations for rate cuts in light of these issues. Higher US yields are also pushing up UK gilt yields, a relationship that will be maintained unless monetary policy in the UK and US diverges.

Forecast:

- In line with our forecast, Bank Rate was held at 4.75% in December.
- The MPC will reduce Bank Rate in a gradual manner. We see a rate cut in February 2025, followed by a cut alongside every Monetary Policy Report publication, to a low of 3.75%.

- Long-term gilt yields have risen to reflect both UK and US economic, monetary and fiscal policy expectations, and increases in bond supply. Volatility will remain elevated as the market digests incoming data for clues around the impact of policy changes.
- This uncertainty may also necessitate more frequent changes to our forecast than has been the case recently.
- The risks around the forecasts lie to the upside over the next 12 months but are broadly balanced in the medium term.

	Current	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
Official Bank Rate													
Upside risk	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Central Case	4.75	4.50	4.25	4.00	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Downside risk	0.00	-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
3-month money market rate													
Upside risk	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Central Case	4.90	4.60	4.35	4.10	3.90	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85
Downside risk	0.00	-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
5yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Central Case	4.34	4.30	4.20	4.10	4.00	3.90	3.90	3.95	4.00	4.05	4.05	4.05	4.05
Downside risk	0.00	-0.50	-0.60	-0.65	-0.65	-0.70	-0.70	-0.75	-0.75	-0.80	-0.80	-0.80	-0.80
10yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Central Case	4.56	4.55	4.45	4.30	4.20	4.20	4.20	4.20	4.25	4.25	4.25	4.25	4.25
Downside risk	0.00	-0.50	-0.60	-0.65	-0.65	-0.70	-0.70	-0.75	-0.75	-0.80	-0.80	-0.80	-0.80
20yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Central Case	5.05	5.00	4.90	4.80	4.70	4.65	4.65	4.65	4.65	4.65	4.65	4.65	4.65
Downside risk	0.00	-0.50	-0.60	-0.65	-0.65	-0.70	-0.70	-0.75	-0.75	-0.80	-0.80	-0.80	-0.80
50yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Central Case	4.52	4.70	4.60	4.50	4.40	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35
Downside risk	0.00	-0.50	-0.60	-0.65	-0.65	-0.70	-0.70	-0.75	-0.75	-0.80	-0.80	-0.80	-0.80

PWLB Standard Rate = Gilt yield + 1.00%

PWLB Certainty Rate = Gilt yield + 0.80%

PWLB HRA Rate = Gilt yield + 0.40%

National Wealth Fund (NWF) Rate = Gilt yield + 0.40%

Appendix B – Existing Investment & Debt Portfolio Position

Existing Investment & Debt Portfolio Position	31.03.2024		31.03.2025	
	Actual Portfolio £m	Average Rate %	Actual Portfolio £m	Average Rate %
<u>Treasury Investments:</u>				
The UK Government	£0.000	0.00%	£0.000	0.00%
Local Authorities	£0.000	0.00%	£0.000	0.00%
Other Government Entities	£0.000	0.00%	£0.000	0.00%
Secured Investments	£0.000	0.00%	£0.000	0.00%
Banks (unsecured)	£8.000	4.93%	£8.000	4.33%
Building Societies (unsecured)	£0.000	0.00%	£0.000	0.00%
Registered providers (unsecured)	£0.000	0.00%	£0.000	0.00%
Money Market Funds	£0.000	0.00%	£0.000	0.00%
Other Investments	£0.250	4.50%	£0.250	4.50%
Total Treasury Investments	£8.250	4.92%	£8.250	4.34%
<u>External Borrowing:</u>				
Public Works Loan Board	(£227.129)	3.87%	(£222.470)	
Local Authorities	(£17.300)	3.39%	(£25.000)	
LOBO Loans from Banks	(£13.000)	4.23%	(£13.000)	
Other Loans	(£5.000)	3.30%	(£5.000)	
Total Gross External Debt	(£262.429)	3.85%	(£265.470)	3.94%
Net Investment/(Debt)	(£254.179)		(£257.220)	

Report to:	Overview & Scrutiny Committee Cabinet Council	Date:	6 February 2025 12 February 2025 19 February 2025
Subject:	The Council's 2025/26 Revenue Budget and Medium-Term Financial Strategy (MTFS) for 2026/27 through to 2027/28		
Report of	Cabinet Member for Finance and Transformation		

Summary

1. This report sets out the key elements of the 2025/26 budget proposals and the framework for the longer-term Medium Term Financial Strategy (MTFS) 2026/27 to 2027/28. It makes available the latest financial information that will underpin the 2025/26 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 2025/26 Council Tax at Full Council on the 19 February 2025.
2. This report reflects the Government's Provisional 2025/26 Local Government Finance Settlement published in December 2024. 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
 - Treasury Management Strategy 2025/26
 - Capital Strategy 2025/26 to 2027/28
 - The Dedicated Schools Grant and the schools' budget 2025/26
4. To present to members the 2025/26 budget and the updated budget position over the three years to 2027/28, comprising:
 - Refreshed budget assumptions and funding movements.
 - Revenue budget proposals.
5. To inform members of the updated budget gap of £28.822m for the three years 2025/26 to 2027/28 before applying any of the offsetting revenue budget proposals, comprising:
 - 2025/26 £14.118m
 - 2026/27 £9.603m
 - 2027/28 £5.101m

6. To present a draft set of budget proposals totalling £17.251m, which are in line with the Council's strategy to close the budget gap over the medium-term.
7. To inform members of the remaining budget gap of £11.571m, comprising:
 - 2025/26 £5.858m
 - 2026/27 £3.754m
 - 2027/28 £1.959m
8. To inform members of the forecast reserves position over the three years 2025/26 to 2027/28.

Role of Overview and Scrutiny Committee in the budget process

9. Under the Council's Constitution, the Overview and Scrutiny Committee is required to advise and consider the Cabinet's budget Council Tax proposals and report to Cabinet on the outcome of its deliberations before the matter is referred to Council.
10. 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.
11. 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 budget and budget setting in subsequent years. These issues are set out in the Financial Context and Background section below.

Recommendation(s)

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 commend to Council the following:

12. Approve the Medium-Term Financial Strategy to 2027/28 and the assumptions regarding resources and spending requirements.
13. Approve the Council Tax base for Bury Council for 2025/26 of 58,697.86 Band D equivalent dwellings, this is the basis on which the Council Tax funding has been calculated (Appendix 1).
14. Approve the net revenue budget of £238.256m for 2025/26.

15. Approve the Council Tax requirement of £118.296m and the increase in Council Tax in 2025/26 of 2.99% in terms of General Council Tax and a further 2% for the Adult Social Care precept for 2025/26 (Appendix 1).
16. Approve the budget assumptions of £23.210m in 2025/26.
17. Approve the new revenue budget proposal relating to residents parking permits pricing structure for consultation and referred to Council for their consideration.
18. Note the remaining budget gap of £11.571m over the medium-term to 2027/28.
19. Approve the use of £5.858m of reserves from the budget stabilisation reserve for 2025/26.
20. Note the forecast position on reserves over the medium-term to 2027/28.
21. 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.
22. Approve the Capital Strategy and the Programme for 2025/26 – 2027/28 (Appendix 3).
23. Approve the Dedicated Schools Grant budget for 2025/26 at £253.097m and approve the allocations between the four funding blocks as set out in Appendix 4 of this report.
 - The Schools and Academies 20205/26 funding unit values as recommended by Schools Forum and detailed at Annex 1 to appendix 4.
 - Approve the 2025/26 hourly rates for all early year's providers as follows:
 - i. £5.48 per hour for 3- and 4-year-olds.
 - ii. £7.88 per hour for 2-year olds.
 - iii. £10.50 per hour for under 2's.
24. Note the Equality Impact Assessment for the budget report (Appendix 5).
25. Note the Chief Finance Officer (Director of Finance) statement on the robustness of estimates and adequacy of financial reserves in setting the budget (Appendix 6).

Reasons for recommendation(s)

26. The Council has a legal requirement annually to set a balanced budget and Council Tax and where necessary undertake consultation with the public, businesses, stakeholders and internally with staff and through Overview & Scrutiny Committee.

Alternative options considered and rejected

27. The current assumption within the 2025/26 budget and medium term is for an ongoing 4.99% annual Council Tax increase (2.99% general precept and 2% adult social care precept).
28. An alternative option could be made to increase its 'relevant basic amount of council tax' above the levels set out in the Provisional 2025/26 Local Government Finance Settlement published in December 2024 of 4.99%, but this would require holding a local referendum and a majority vote.
29. A 1% increase or decrease in Council Tax is the equivalent to c.£1.1m

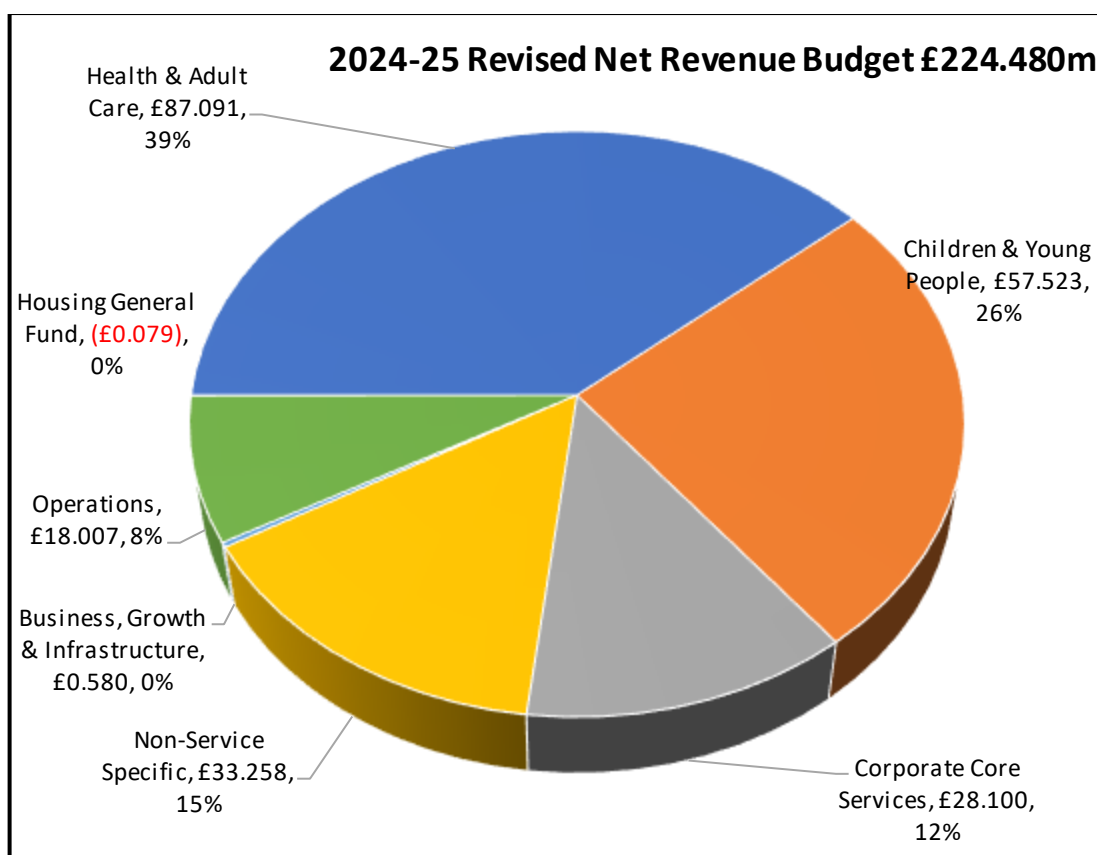
Report Author and Contact Details:

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Department: Corporate Core Department
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Background

2024/25 Base Budget

30. The budget report presented to Budget Council on 21 February 2024 set out the Council's budget requirement for the 2024/25 financial year and provided details on the Council's reserves position. This process is in accordance with statutory requirements and proper accounting practices.
31. Council approved a net revenue budget of £209.608m for 2024/25, which included an approved use of reserves of £15.131m held within the Non-Service Specific Directorate, to address the structural funding deficit and balance the revenue budget.
32. Following updates to the 2024/25 Local Government Finance Settlement, a further review of fees & charges and a representation of the budget, Council on 17 July 2024 approved an updated net revenue budget of £224.480m and a £1.982m reduction in the use of reserves from £15.131m to £13.149m
33. The graph below shows the representation of the net revenue budget of £224.480m by Directorate.



34. A further analysis of the net revenue budget by type of expenditure & income shows the main areas of budget spend being staffing, demand & contracts and sales fees & charges, as shown in the table below:

Budget Group	Inc/Exp	Budget Control Group	Revised Budget £m
Net Budget	Exp	Staff & Related Expenses	£114.066
Net Budget	Exp	Demand & Contractual	£155.620
Net Budget	Exp	Other Expenditure	£11.226
SERVICE EXPENDITURE TOTAL			£280.912
Net Budget	Inc	Government Grants	(£6.785)
Net Budget	Inc	Other Grants & Contributions	(£23.968)
Net Budget	Inc	Sales, Fees & Charges	(£38.153)
Net Budget	Inc	Other Income	(£3.537)
SERVICE INCOME TOTAL			(£72.443)
SERVICE RECHARGES TOTAL			(£20.294)
SERVICE RESERVES TOTAL			(£0.180)
Net Budget		Housing Benefit	(£0.136)
Net Budget		Precepts & Levies	£27.934
Net Budget		Treasury & Capital Financing Costs	£5.830
Net Budget		Provisions & Contingency	£2.857
OTHER EXPENDITURE & INCOME ITEMS TOTAL			£36.485
NET REVENUE BUDGET TOTAL			£224.480
Funding		Council Tax	(£110.199)
Funding		NNDR	(£71.282)
Funding		Funding Grants	(£29.850)
FUNDING TOTAL			(£211.331)
CORPORATE RESERVES TOTAL			(£13.149)
GENERAL FUND TOTAL			£0.000

2024/25 Q2 Forecast Outturn Position

35. Delivery of the 2024/25 budget is critical to maintaining the Council's future MTFS position and budget proposals, as emerging and recurrent additional demand and cost pressures will increase the budget gap position.
36. The 2024/25 quarter 2 position presented to 4 December 2024 Cabinet showed projected forecast £3.011m overspend (1.34%) against the net revenue budget of £224.480m, as shown in the table below.
37. The three main areas contributing to the £3.011m overspend are:
- Adults: the Care in the Community budget is forecast to overspend by £1.722m (3.50%).
 - Children's: Home-to-School Transport is forecast to overspend by £0.654m (20.34%) and the Children Looked After (CLA) external placements budget is forecast to overspend by £4.070m (27.96%).
 - Corporate Core Services: Homelessness overnight accommodation is forecast to overspend by £1.043m (195.32%).

38. However, two main areas are contributing towards reducing the overall overspend:
- Treasury Management: is forecast to underspend by £1.568m (64.62%) due to higher rates of interest on investments and through re-profiling the capital programme an underspend on borrowing costs.
 - Operations: Facilities Management is forecast to underspend by £0.573m (20.97%) and due to a mix of reduced energy process and LED lighting efficiencies Street Lighting is forecast to underspend by £0.316m (5.99%).
39. The overspending service areas make-up a significant and increasing proportion of the revenue budget reflecting the additional demand for, and cost of, the services being commissioned, which are national issues and not unique to Bury.

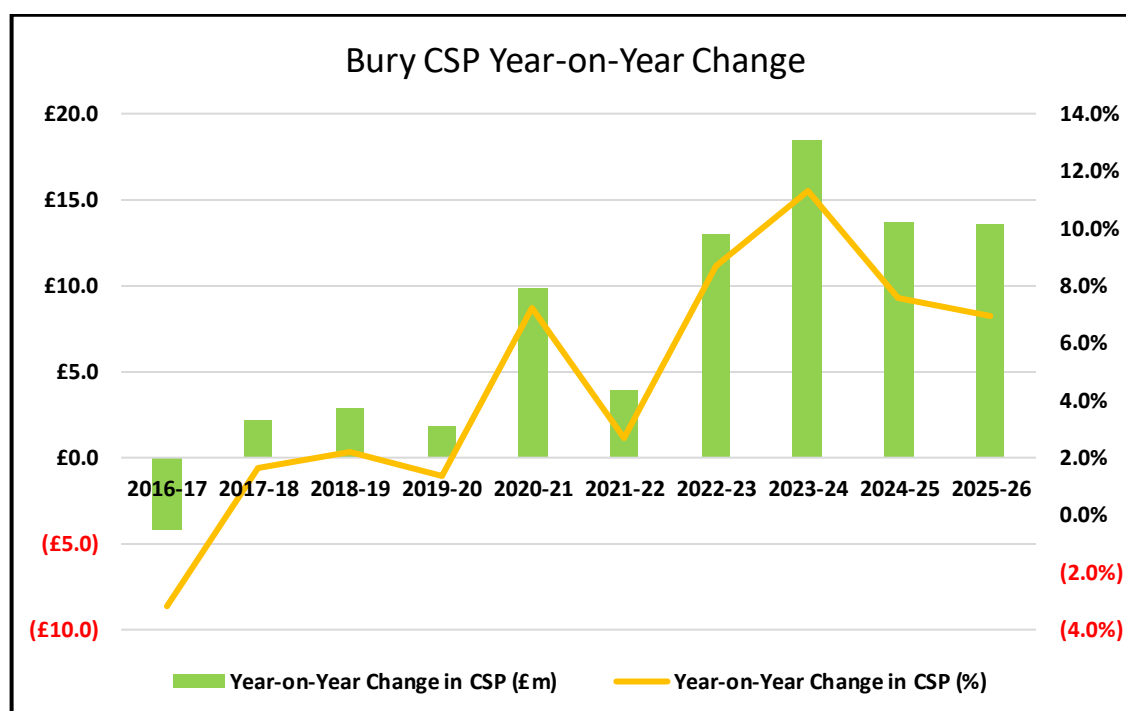
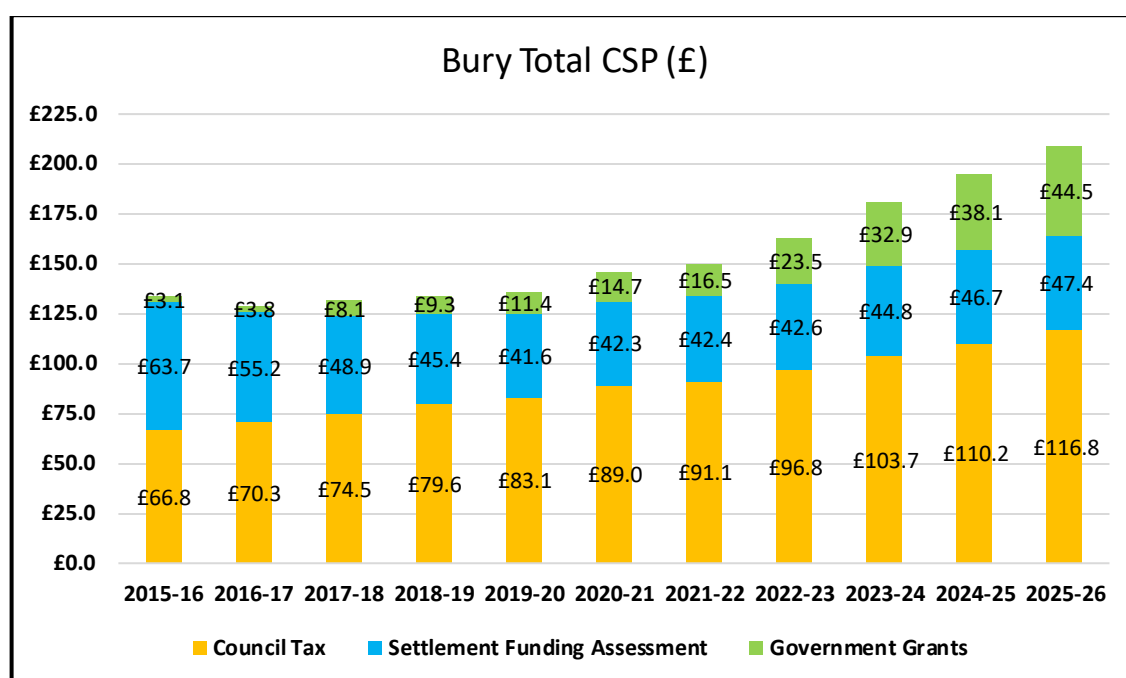
2024/25 Q2 Forecast Outturn	Revised Budget £m	Forecast Outturn £m	Forecast Variance £m	Forecast Variance %
<u>Directorate:</u>				
Health & Adult Care	£86.518	£87.455	£0.937	1.08%
Children & Young People	£56.761	£59.686	£2.925	5.15%
Corporate Core Services	£26.864	£28.324	£1.460	5.43%
Non-Service Specific	£36.948	£35.413	(£1.535)	(4.15%)
Business, Growth & Infrastructure	£0.492	£0.555	£0.063	12.80%
Operations	£16.976	£16.137	(£0.839)	(4.94%)
Housing General Fund	(£0.079)	(£0.079)	£0.000	0.00%
NET REVENUE BUDGET	£224.480	£227.491	£3.011	1.34%
<u>Funding:</u>				
Council Tax	(£110.198)	(£110.198)	£0.000	0.00%
Business Rates	(£71.282)	(£71.282)	£0.000	0.00%
Government Funding Grants	(£29.851)	(£29.851)	£0.000	0.00%
FUNDING	(£211.331)	(£211.331)	£0.000	0.00%
<u>Use of Reserves:</u>				
Budget Stabilisation Reserve	(£13.149)	(£13.149)	£0.000	0.00%
USE OF RESERVES	(£13.149)	(£13.149)	£0.000	0.00%
BUDGET POSITION	£0.000	£3.011	£3.011	1.34%

Financial Overview

Local Government Finance Settlement (LGFS)

40. To provide funding certainty and allow councils to plan ahead, in December 2015 the Government offered councils a four-year funding settlement for the period 2016/17 to 2019/20. Over the six years since of 2020/21 to 2025/26 the Government has limited this to one-year only settlements, that makes it extremely difficult for councils to forecast future funding levels with any certainty and strategically forward plan.
41. Core Spending Power (CSP) is a measure of the resources available to local authorities to fund service delivery. It sets out the money that has been made available to local authorities through the LGFS.

42. The graph below sets out the figures for local authority Core Spending Power (CSP) from 2015/16 through to 2025/26. [Note figures for 2015/16 have been adjusted to ensure a consistent measure of local authority income over time].



Statistics

43. The tables below provide a geographical analysis of both Council Tax & Core Spending Power (CSP) by population & number of dwellings over Greater Manchester authorities.

Council Tax Requirement 2024-25						
GM Districts	Council Tax Requirement (CTR) (excl. local precepts) £m	Rank	Council Tax Base (CTB) for Council Tax Setting Purposes	Rank	Ave Band D (2 Adult equivalent) Council Tax (excl. local precepts)	Rank
Bolton	£141.750	5	80,001	4	£1,771.84	7
Bury	£110.199	10	57,409	10	£1,919.55	5
Manchester	£229.259	1	134,938	1	£1,699.00	8
Oldham	£116.155	8	59,380	8	£1,956.13	3
Rochdale	£114.718	9	58,500	9	£1,960.99	2
Salford	£150.008	4	76,722	6	£1,955.21	4
Stockport	£194.568	2	98,397	2	£1,977.39	1
Tameside	£117.867	7	64,723	7	£1,821.12	6
Trafford	£127.109	6	79,362	5	£1,601.63	9
Wigan	£152.077	3	97,900	3	£1,553.39	10

LGFS 2025-26						
GM Districts	2025-26 Core Spending Power (CSP) £m	Rank	Population Mid 2023	Rank	Dwellings as at Sept 2024	Rank
Bolton	£335.767	4	302,383	3	125,437	5
Bury	£208.685	10	195,476	10	83,428	10
Manchester	£718.186	1	579,917	1	237,488	1
Oldham	£291.682	6	246,130	6	96,505	8
Rochdale	£285.122	7	229,756	9	95,789	9
Salford	£358.394	3	284,106	5	130,012	4
Stockport	£321.631	5	299,545	4	130,901	3
Tameside	£277.787	8	234,666	8	103,248	6
Trafford	£227.736	9	237,480	7	102,091	7
Wigan	£359.393	2	339,174	2	150,288	2

Analysis of CTR & CSP by Population & Dwelling								
GM Districts	2024-25 CTR (per head) £	Rank	2024-25 CTR (per dwelling) £	Rank	2025-26 CSP (per head) £	Rank	2025-26 CSP (per dwelling) £	Rank
Bolton	£468.78	8	£1,130.05	8	£1,110.40	6	£2,676.78	6
Bury	£563.75	2	£1,320.89	2	£1,067.58	8	£2,501.38	7
Manchester	£395.33	10	£965.35	10	£1,238.43	3	£3,024.09	1
Oldham	£471.93	7	£1,203.62	4	£1,185.07	4	£3,022.46	2
Rochdale	£499.30	6	£1,197.61	5	£1,240.98	2	£2,976.57	3
Salford	£528.00	4	£1,153.80	6	£1,261.48	1	£2,756.62	4
Stockport	£649.55	1	£1,486.38	1	£1,073.73	7	£2,457.06	8
Tameside	£502.28	5	£1,141.60	7	£1,183.75	5	£2,690.48	5
Trafford	£535.24	3	£1,245.05	3	£958.97	10	£2,230.72	10
Wigan	£448.37	9	£1,011.90	9	£1,059.61	9	£2,391.36	9

Average	£506.25		£1,185.62		£1,138.00		£2,672.75	
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44. Core Spending Power (CSP): Bury receives the 8th lowest funding per head of population across the Greater Manchester authorities based on Core Spending Power (CSP) at a rate of £1,067.58 for 2025/26 compared to a GM Average of £1,138.00.
45. If Bury received the average funding per head as its GM neighbours, it would benefit from an additional £13.766m per annum.

2025/26 LGFS

46. Whilst the new Government is committed to returning to multi-year settlements, on 18 December 2024 Government published a one-year Provisional 2025/26 Local Government Finance Settlement, with a longer-term (probably 3 year) settlement due to be in place from 2026/27 which is likely to be accompanied by changes to the funding system for local government including the long delayed new fair funding formula.
47. The Provisional 2025/26 Local Government Finance Settlement included additional funding for Bury which has assisted in closing the budget gap by £5.929m in 2025/26, the improvement over the three years 2025/26 to 2027/28 is assumed to be £4.458m.
48. The key headlines are as follows:
 - Core Spending power will increase by an average of 6% nationally including council tax increases in 2025-26, for Bury the provisional increase is 6.97%
 - Council Tax general 'relevant basic amount' limit set at 2.99%
 - Council Tax Adult Social Care Precept set at 2%
 - A new one-off Recovery Grant of £600m nationally has been allocated using the Index of Multiple Deprivation (IMD), 2023 population and share of the council tax taxbase, Bury's allocation in 2025/26 is £2.488m
 - The Social Care Grant has increased by £880m nationally, £200m higher than indicated in the Policy Statement issued in November 2024. This has led to an increase in funding over previous assumptions of £1.331m for Bury in 2025/26.
 - A new Children's Social Care Prevention grant was announced and distributed using an interim children's relative needs-based formula, Bury's allocation in 2025/26 is £0.783m.
 - The Extended Producer Responsibility Grant was announced with the funding guaranteed by government for the 2025/26 financial year at £1.548m for Bury. For 2026/27 and future years, the funding will be provided via DEFRA based on actual income collected net of allowable costs.
49. The government is committed to the long-awaited local authority funding reform which aims to realign funding nationally in line with the recognised need for services whilst giving due consideration to a council's ability to raise revenue via council tax, business rates and fees and charges.

50. The tables below show an analysis across GM authorities & nationally of the Deprivation Indices which the government used as part of the formulae in determining the Recovery Grant allocations.

Indices of Multiple Deprivation & Recovery Grant Analysis						
GM Districts	2019 Index Multiple Deprivation: Average Score	GM Rank	National Rank (of 317)	2025/26 Recovery Grant Allocations	GM Rank	National Rank (of 317)
Bolton	30.691	6	34	£9.196	3	23
Bury	23.682	8	95	£2.488	8	66
Manchester	40.005	1	6	£19.658	1	4
Oldham	33.155	4	19	£8.010	4	28
Rochdale	34.415	2	15	£7.815	5	30
Salford	34.210	3	18	£9.725	2	18
Stockport	20.826	9	130	£0.000	9	161
Tameside	31.374	5	28	£7.602	6	31
Trafford	16.088	10	191	£0.000	9	161
Wigan	25.713	7	75	£7.045	7	33
Average	29.016			£7.154		

51. This may give an indication on how future funding settlements will be awarded, highlighting Bury would unlikely benefit significantly from the local authority funding reform. However, the formula underpinning the reform is likely to be much more complex and include additional data, and as such the funding for 2026/27 and future years remains very uncertain in terms of both quantum and its distribution.
52. The core assumption for the years 2026/27 to 2027/28 is broadly a 'rollover' settlement with funding levels broadly in line with the current position.

Budget Process

2025/26 Budget Approach

53. The vision for Bury 2030 is built upon conversations with communities and with a simple goal for Bury to:

Stand out as a place that is achieving faster economic growth than the national average, with lower than national average levels of deprivation.

Our ambition is that by 2030, the borough of Bury will have made the fastest improvement in reducing levels of deprivation than any other post-industrial northern locality.

Progress to achieving the ambition for Bury 2030 will be measured by tracking seven core outcome measures of:

- 1) Improved quality of life.
- 2) Improved early years development.
- 3) Improved educational attainment.
- 4) Increased adult skill levels and employability.
- 5) Inclusive economic growth.
- 6) Carbon neutrality by 2038.
- 7) Improved digital connectivity.

54. The Let's Do It! strategy of:

Let's ... All work together with a common approach.

Do it! ... Deliver on our plans for community and economic development where we all play a part.

Sets out four clear principles that will drive everything the Council does of

- 1) **Local** neighbourhoods.
- 2) An **Enterprising** spirit.
- 3) Delivering **Together**.
- 4) A **Strengths-based** approach.

55. Rolling two-year delivery plans will be produced with a clear set of priorities to create the conditions for change. The current 2024/25 Corporate Plan sets out the vision for a council that is financially sound, delivers its statutory responsibilities and contributes to the Borough's LET'S Do It! outcomes.

56. Three core strategic priorities for 2024/25 were proposed, delivery of which will also secure financial stability. The priorities overlay the "business as usual" departmental functions which are described separately in service planning documents.

The three core strategic priorities for 2024/25 are defined as follows:

- 1) **Sustainable Inclusive Growth** – Further delivery of sustainable housing, the levelling up programmes, strategic regeneration along with the Local Plan, Northern Gateway Masterplan and our continued commitment to carbon neutrality.
- 2) **Improving Children's Lives** – This priority details Educational Improvement including the three A's (Attainment, Attendance and Academisation) and the continued delivery of the SEND and Social Care improvement plans.
- 3) **Tackling Inequalities** – Since the pandemic our inequalities have widened and therefore this continues to be a key priority in 2024/25 including a review of the wider determinants of health: work, housing anti-poverty, tackling behaviours that lead to poor outcomes, system wide prevention and targeted interventions within our neighbourhoods.

57. The connection between these priorities of the Corporate Plan and the MTFS have been illustrated through the increased demand data for Children's Social Care, SEND, Adult Social Care and Housing, all of which have placed in year pressures on the budget as reflected in the current in-year forecast outturn position outlined earlier in the report. Work will continue to look at how these areas continue to be re-focused to reduce and support the budget strategy.

Budget Movements: Assumptions & Funding

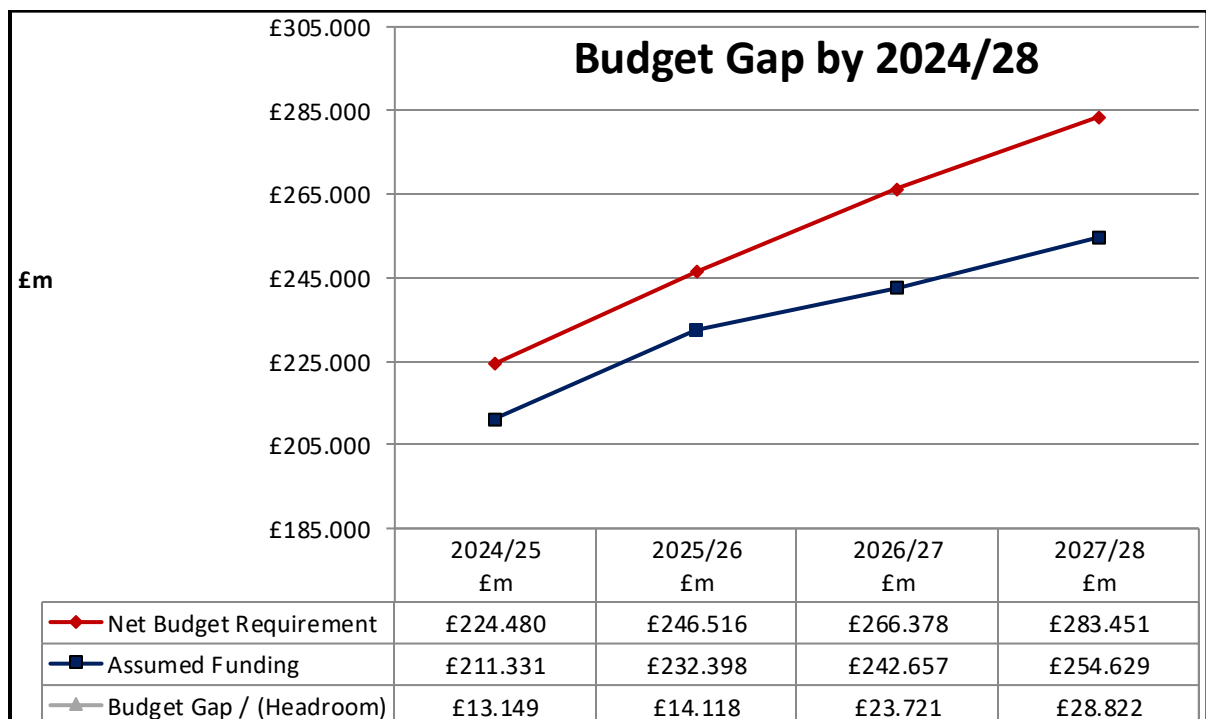
58. The MTFS position reported to Cabinet on 6 November 2024 showed an overall budget gap of £23.443m in 2025/26, rising to £34.918m by 2027/28. Since November, a review of the MTFS budget assumptions and assumed funding has been undertaken in light of the Provisional Local Government Finance Settlement.
59. The table below summarises the budget movements since November 2024, to show the budget gap position for the three-years 2025/26 to 2027/28 of £28.822m, a net decrease of £6.096m before savings proposals are included.

Table 1. 2025/26 - 2027/28 Budget Movements Summary	Feb-25		
	2025/26 £m	2026/27 £m	2027/28 £m
BUDGET GAP [JULY 2024]	£23.591	£4.327	£0.000
<u>Budget Assumptions Movements:</u>			
Revision of Pay Award (inc vacancies) Assumptions	(£6.600)	(£1.100)	£2.100
Revision of the Capital Financing Assumptions	(£1.750)	£0.750	£0.250
Update Adults Inflation (incl. RLW) & Demand Assumptions	£1.417	£1.459	£7.428
Update Children's Staffing Establishment	£1.616	(£0.577)	£0.000
Update Children's Inflation (incl. RLW) & Demand Assumptions	£4.961	£0.436	£4.911
Update Other Inflation & Demand Assumptions	£1.888	(£0.051)	£0.750
Update Sales, Fees & Charges Assumptions	£0.727	£0.100	£0.000
NIC contractual inflation	£2.065	£0.034	£0.034
NIC Compensation Grant Expenditure	£1.625	£0.000	£0.000
Update of Children's grant income budgets	(£0.521)	£0.000	£0.000
Insertion of Homelessness Demand Assumptions	£1.100	£0.100	£0.100
Update Waste Levy precept	(£0.282)	£0.000	£0.000
Waste Levy Returns - one off	(£1.300)	£1.300	£0.000
Pensions	£0.000	(£1.600)	£0.000
Flexible use of Capital Receipts	(£2.000)	£2.000	£0.000
Corporate budgets	£1.402	£1.622	£1.500
Extended Producer Responsibility for packaging - GMCA share for Bury	(£1.482)	£1.482	£0.000
NET BUDGET	£2.866	£5.955	£17.073
<u>Funding Movements:</u>			
Insertion of 2027/28 Taxbase	£0.000	£0.000	(£0.924)
Insertion of 2027/28 Council Tax	£0.000	£0.000	(£6.200)
Update Collection Fund Collection Rate & Arrears	(£3.822)	(£2.161)	£0.000
Insertion of 2027/28 Funding Grants	£0.000	£0.000	(£1.688)
Extended Producer Responsibility Grant including GMCA Share	(£1.548)	£0.387	£0.387

Provisional Settlement Grant update	(£1.630)	(£0.477)	(£1.283)
Provisional Settlement Recovery Grant	(£2.489)	£2.489	£0.000
Provisional Settlement Children's Social Care Prevention Grant	(£0.783)	(£0.016)	(£0.016)
NIC's Compensation grant	(£1.625)	£0.000	£0.000
Council Tax Base update	£0.769	£0.515	(£0.882)
Business Rates update	(£1.747)	(£1.816)	(£1.418)
Update of Collection Fund Prior-Year Estimated Surplus/Deficit	£0.536	£0.400	£0.052
ASSUMED FUNDING	(£12.339)	(£0.679)	(£11.972)
BUDGET GAP	£14.118	£9.603	£5.101
CUMULATIVE BUDGET GAP	£14.118	£23.721	£28.822

60. The chart below shows the budget gap of £28.882m over the three years 2025/26 to 2027/28, whilst Council on 21 February 2024 approved a budget, updated on 17 July 2024, this is supported by £13.149m use of reserves.

61. The chart below excludes the use of reserves, to demonstrate that the net revenue budget and future cost & demand pressures to deliver services exceeds the current level of funding provided by Government to the Council.



Budget Assumptions

62. Budget assumptions increase by £62.959m over the three years 2025/26 to 2027/28, significant items include:

- **Pay Award:** has been reduced from 4% for 2025/26 and 2% for 2026/27 to 3% for 2025/26 and 2% for both 2026/27 & 2027/28, to reflect both the downward movement in inflation & revised inflation forecasts, since the last MTFS update.

- **National Insurance Contributions:** £2.065m contractual inflation increase for Adult & Childrens' Social Care providers in relation to the government announced changes in both the threshold at which National insurance contributions become payable and employer contribution rates.
- **Capital Financing:** the re-phasing of the capital programme, agreed at the September Cabinet meeting, has been factored into a revised borrowing profile and impact on forecast revenue capital financing costs.
- **Real Living Wage:** 5% uplift for 2025/26 as confirmed by the Living Wage Foundation, and 5% for both 2026/27 & 2027/28.
- **Adults Community Care Budget:** inflation increase of 2% for all three years and demand growth of £0.8m (1.07%) for 2025/26, £1.3m (1.70%) for 2026/27 & £1.8m (2.31%) for 2027/28.
- **Adults Transition Budget:** demand growth of £1.5m (238.00%) for 2025/26, £2.4m (111.00%) for 2026/27 & £0.8m (19%) for 2027/28.
- **Children Looked After Budgets:** inflation (8%), demand growth (8%) and catchup of £7.1m for 2025/26, £2.1m for 2026/27 & £4.9m for 2027/28.
- **Flexible Use of Capital Receipts:** Traditionally, the use of capital receipts (income derived from the sale of long-term assets) has been restricted to funding capital expenditure or the repayment of debt. However, from 1 April 2016 the Government introduced the flexibility for capital receipts to be used to fund revenue expenditure which meets certain criteria, primarily to generate ongoing revenue savings or improvements in the quality of service provision. This flexibility continues in 2025/26, and the medium-term financial strategy includes £2m of capital receipts to support the revenue budget in 2025/26 and another £1m to support further investment to be identified during the year which will support additional activity focused on addressing the remaining structural deficit and which will be reported through to Cabinet through the quarterly finance reporting. The £2m of capital receipts in 2025/26 will be applied to Children's Social Care (£1.2m) Health and Adult Care (£0.4m) and enabling services across the Corporate Core (£0.4m).

The £3m does not cover all the costs of identified transformation activity but makes a contribution to those costs. These receipts could be applied to the capital programme and therefore the impact is to effectively reduce flexibility within the capital programme.

- **Sales Fees and Charges:** Discretionary fees and charges have been uplifted by the appropriate inflationary factor.

Funding

63. Assumed funding increases by £43.298m over the three years 2025/26 to 2027/28, significant items include:

- **Council Tax Base:** 0.75% increase for growth in all three years and increases in the collection rate of 1.5% 2025/26 and 0.5% for 2026/27. The collection rate increase represents an ambitious improvement target for the service with every additional 1% collected equating to an additional c.£1m of income and will therefore be closely monitored.
- **Council Tax Relevant Basic Amount:** on-going assumption that government will keep the referendum limit at the current 2.99% over the three years.
- **Council Tax Social Care Precept:** on-going assumption that government will continue with the social care precept of 2% over the three years.
- **Collection Fund (Surplus)/Deficit:** assumed increase in the collection of arrears and reduction in the arrears provision.
- **Government Funding Grants:** on-going assumption the existing quota & level of grants provided by government continue over the three years, with inflation uplift applied to specific grants.

Summary

64. A subjective breakdown of the updated £28.822m budget gap is shown in the table below:

Table 2. 2025/26 - 2027/28 Budget Estimates	Feb-25		
	2025/26 £m	2026/27 £m	2027/28 £m
Net Budget b/fwd	£224.480	£246.516	£266.378
Prior Year Budget Assumptions: Pay Award	(£1.900)	£0.000	£0.000
Net Budget b/fwd	£222.580	£246.516	£266.378
<u>Budget Assumptions:</u>			
Pay Award	£2.960	£2.164	£2.100
Pay Base Movements	£3.314	(£1.612)	£0.000
Employee Vacancy/Scale Factor	(£1.500)	£0.000	£0.000
Agency Staff	£0.000	(£0.530)	£0.000
Contractual Inflation	£7.362	£5.110	£4.481
Real Living Wage	£3.351	£3.519	£3.695
General Inflation	£0.174	£0.191	£0.200
Demand/Volume/Activity Base Movements	£10.448	£3.933	£4.847
Grants, Contributions & Income Recovery	(£0.715)	(£0.786)	£0.000
Sales, Fees & Charges Levels	(£0.035)	£0.100	£0.000
Recharges HRA, School, Capital & Internal	(£0.218)	(£0.114)	£0.000
Service Reserve Movements	£0.000	£0.000	£0.000
Housing Benefit	£0.000	£0.000	£0.000
Precepts & Levies	(£1.969)	£3.868	£0.000
Treasury & Capital	(£1.086)	£3.429	£0.250
Provisions & Contingency	£1.024	£1.504	£1.500

Other	£2.000	£0.000	£0.000
Total Budget Assumptions	£25.110	£20.776	£17.073
Approved Budget Proposals:			
Savings Proposals	(£3.074)	(£0.914)	£0.000
Policy Proposals	£1.900	£0.000	£0.000
Total Approved Budget Proposals	(£1.174)	(£0.914)	£0.000
NET BUDGET	£246.516	£266.378	£283.451
Assumed Funding:			
Council Tax	(£118.296)	(£126.016)	(£134.022)
Business Rates	(£73.813)	(£77.003)	(£78.421)
Prior Year Collection Fund (Surplus)/Deficit	(£0.786)	(£1.047)	(£0.995)
Government Funding Grants	(£39.503)	(£38.591)	(£41.191)
ASSUMED FUNDING	(£232.398)	(£242.657)	(£254.629)
ANNUAL INCREMENTAL BUDGET GAP	£14.118	£9.603	£5.101
CUMULATIVE BUDGET GAP	£14.118	£23.721	£28.822

Budget Proposals

Budget Proposals

65. Since February 2024 Budget Council, the Council has undertaken the following activities to identify further budget proposals to close the budget gap:
- Further detailed analysis & review of existing budgets.
 - Held service budget review & challenge sessions.
 - Establishment of a Programme Management Office to support the production and delivery of budget savings.
 - Implementation of a new gateway process to performance monitor existing budget proposals and the development of new budget proposals.
 - Commencement of benchmarking & positioning exercise against Greater Manchester authorities and nearest neighbours.
66. The table below shows a summary of the budget proposals generated through the new gateway process and the impact of reducing the budget gap, a full listing of the draft budget proposals is provided in Appendix 1.

Table 5. 2025/26 - 2027/28 Budget Proposals Summary	Feb-25		
	2025/26 £m	2026/27 £m	2027/28 £m
BUDGET GAP [FEB 2025]	£14.118	£9.603	£5.101
Draft Budget Proposals:			
Draft Budget Proposals (Operational Decision)	(£8.060)	(£5.514)	(£2.152)
Draft Budget Proposals (Policy Decision) for consultation Nov	(£0.055)	(£0.335)	(£0.209)

Draft Budget Proposals (Policy Decision) for consultation Feb	(£0.145)	£0.000	£0.000
Total Draft Budget Proposals	(£8.260)	(£5.849)	(£2.361)
<u>Budget Proposals to be Developed:</u>			
Budget Proposals to be Developed	£0.000	£0.000	(£0.781)
Total Budget Proposals to be Developed	£0.000	£0.000	(£0.781)
ANNUAL INCREMENTAL BUDGET GAP	£5.858	£3.754	£1.959
CUMULATIVE BUDGET GAP	£5.858	£9.612	£11.571

67. The above table shows that by taking forward the draft budget proposals of £16.470m and the £0.781m of reprofiled budget savings proposals, the budget gap will reduce by £17.251m, from £28.822m to £11.571.

Budget & Staff Consultation

68. To identify additional savings that will support the delivery for a financially sustainable position, all services have been reviewed and this has initially resulted in the identification of savings totalling £16.470m. These are either for management action (£15.726m) that are within delegated powers for officer decisions and so can be immediately progressed and those that require Cabinet approval (£0.744m) and are subject to the overall budget consultation. Of this total, £0.599m were subject to consultation following the November 2024 MTFS update and £0.145m are new policy proposals requiring Cabinet approval and consultation in February.
69. Consultation took place from 11 November to 23 December 2024 in relation to budget setting principals and 2 policy proposals. 282 responses were received – 75% of these were residents, 12% staff members, 8% other public sector organisations, 4% Bury businesses and 1% other. The main headlines of the responses are:
- 86% of respondents strongly agreed or agreed that they were “aware of the need for the council to change the way it delivers it’s services”
 - 65% accepted that budget reductions have to be made by the council.
 - Over half of respondents agreed with the first five budget setting principles, however 49% disagreed about doing more to raise income from council tax.
 - There were a mixed range of responses to the car parking policy proposal with the majority not in favour of introducing charges for all off street car parking and would rather charges were introduced in those areas of greatest demand, with concerns raised around the potential impact on businesses and town centre trade.
 - The street lighting proposal responses raised some concerns around potential anti-social behaviour, particularly how this may impact on parks and pathways. Others supported the proposals pointing to positive benefits to wildlife and the environment and light outside homes being currently too bright. Only 27% of respondents said that they felt the council didn’t have the

right approach to identifying the appropriate streets for the scheme as asset out in the criteria.

Following consideration of the budget responses officers are not recommending any amendments to the budget proposals detailed in the November Cabinet report.

70. A number of previously agreed savings proposals totalling £0.781m have also been re-profiled for delivery in 2027/28 with detailed delivery plans in the process of being developed.

Management Actions

71. A considerable proportion of savings have been identified as management actions rather than policy decisions and are not expected to have a negative impact on service delivery. These savings total £15.726m. The most significant element of this relates to adult social care at £6.505m with the continuation and extension of measures designed to enhance health and social care delivery by developing a more robust strengths-based, person-centred care model. This will continue to focus on empowering individuals and improving care quality to maximise independence wherever possible and use benchmarking information to focus on areas of relatively higher cost.
72. The next largest savings are £4.158m of savings linked to mitigating the increasing costs of children's social care through keeping families together wherever possible and appropriate and meeting care needs in the most cost-effective way possible with the creation of council-owned Residential Children's Homes covered in a separate Cabinet report.
73. There are savings of £1.303m over the MTFS period linked to the upgrade of the Unit 4 finance system expected to be implemented by April 2026. This represents a major transformation programme for both finance and the wider council and require upfront capital investment with a detailed separate Cabinet report to confirm the level of overall investment required and outlining the anticipated benefits. The timeframes for implementation are necessarily challenging and in advance of the detailed Cabinet report initial investment of c.£250k has been required from earmarked reserves to continue with phase 1 of the programme which will be dedicated to laying the groundwork for the successful migration to the Unit4 ERP system in the cloud. The focus will be on mobilisation, technical preparation, and initiating the key transformation projects that will drive the broader changes within the council's operations.
74. There are also savings of £1.300m planned in relation to a reduction in third party contract spend with efficiencies targeted at a 2% reduction over the 3 year period covered by the MTFS. This will involve improved alignment of strategic commissioning and procurement to ensure future contracts deliver the right outcomes in the most cost-effective way, along with a more consistent approach to contract management across the council.

75. Work has also been undertaken to take out vacant posts in the staffing establishment that are no longer required (£464k) and savings also identified through the Organisational Delivery Model Review (existing Voluntary Exits Policy) (£312k), relating to senior managers, in line with approved organisation design principles. There are several savings which will improve the cost-effectiveness of service delivery either through reducing cost without impacting negatively on service outcomes or through generating additional income.

Policy Decisions

76. There are 2 savings proposals (Car Park Charges and Light Reduction – Trim and Dim) totalling £0.599m which Cabinet approved in November 2024, and for which consultation has been completed that require Council approval.
77. There is also 1 new savings proposal (Review of Residents Parking Permits pricing structure) which will be subject to a specific consultation process with the outcome of the consultation to be presented back to Cabinet in the new financial year. The detail of this proposal is set out in Appendix 7. Should the proposal not proceed following the outcome of the consultation the loss of forecast income would be offset by an additional contribution from reserves in 2025/26 and the MTFS updated accordingly for later years.
78. Further details on these 3 proposals are attached as appendices to the report and the figures presented within the revised MTFS are on the assumption that they will be agreed. The residents parking permits proposal will be subject to a specific consultation process with the outcome reported to Cabinet in the new financial year. Should the proposal then not be agreed the shortfall in income would be offset from an increased contribution to the budget from the budget stabilisation reserve.

2025/26 Budget & 2026-28 MTFS Position

Budget Summary

79. A summary of all the movements to the November 2024 budget gap of £34.918m to the updated budget gap of £11.571m, is shown in the table below:

Table 6. 2025/26 - 2027/28 Draft Budget Summary	Feb-25		
	2025/26 £m	2026/27 £m	2027/28 £m
BUDGET GAP [NOVEMBER 2024]	£22.343	£4.814	£6.661
<u>Net Budget:</u>			
Budget Assumption Movements	£0.292	£3.307	£1.600
Draft Budget Proposals	(£8.260)	(£5.849)	(£2.361)
Budget Proposals to be Developed	£0.000	£0.000	(£0.781)

TOTAL NET BUDGET MOVEMENTS	(£7.968)	(£2.542)	(£1.542)
Assumed Funding:			
Funding Movements	(£8.517)	£1.482	(£3.160)
TOTAL ASSUMED FUNDING MOVEMENTS	(£8.517)	£1.482	(£3.160)
ANNUAL INCREMENTAL BUDGET GAP	£5.858	£3.754	£1.959
CUMULATIVE BUDGET GAP	£5.858	£9.612	£11.571

Budget Table

80. Based on the current budget assumptions and proposals and assumed funding, the 2025/26 net revenue budget would increase by £13.776m (6.1%), from £224.480m to £238.256m, as shown in the table below:

Table 7. 2025/26 - 2027/28 MTFS Summary	Dec-25		
	2025/26 £m	2026/27 £m	2027/28 £m
Directorate:			
Health & Adult Care	£93.201	£100.637	£107.447
Children & Young People	£64.830	£64.330	£69.717
Corporate Core Services	£30.121	£29.639	£29.752
Non-Service Specific	£30.361	£37.225	£38.518
Business, Growth & Infrastructure	£1.110	£1.360	£1.189
Operations	£18.712	£19.157	£19.656
Housing General Fund	(£0.079)	(£0.079)	(£0.079)
NET BUDGET	£238.256	£252.269	£266.200
Assumed Funding:			
Council Tax	(£118.296)	(£126.016)	(£134.022)
Business Rates	(£73.813)	(£77.003)	(£78.421)
Prior Year Collection Fund (Surplus)/Deficit	(£0.786)	(£1.047)	(£0.995)
Government Funding Grants	(£39.503)	(£38.591)	(£41.191)
ASSUMED FUNDING	(£232.398)	(£242.657)	(£254.629)
ANNUAL INCREMENTAL BUDGET GAP	£5.858	£3.754	£1.959
CUMULATIVE BUDGET GAP	£5.858	£9.612	£11.571

Sensitivities, Risks & Opportunities

Sensitivity

81. A sensitivity of the significant budget assumptions & funding items is shown in the table below:

Sensitivity Analysis	Potential Full Year impact of 1% movement £m
Council Tax (level, taxbase and collection rates)	+/- £1.183
Funding Grants	+/- £0.374
Pay Award	+/- £0.740
Real Living Wage	+/- £0.588
Adults Community Care: inflation and demand growth	+/- £1.296
Adults Transition Budget: demand growth	+/- £0.188
Children Looked After Budget: inflation and demand growth	+/- £0.897
Treasury & Capital Financing Costs	+/- £1.028

Risks & Opportunities

82. Legislation requires that annually the Council sets a balanced and robust budget, which is sufficient to meet its legal obligations, and then its aspirations. This requires all plans to be costed, forecasts and estimates to be checked for reasonableness, and risks to be assessed across the many varied services the Council provides. This also includes an assessment for emergencies, severe weather and other service and strategic risks.
83. Robustness does not guarantee that all possible eventualities are identified, or that all budget estimates are precise. Actual income and expenditure will likely vary from the approved budget, but in the round, these will offset one another, and the approved budget will be sufficient to meet overall expenditure requirements.
84. In exercising their statutory duty the Director of Finance, in conjunction with the Executive Leadership Team, will take all matters and issues into consideration and will make a reasoned assessment of whether the budget is sufficient and robust. The Director of Finance will ensure that the minimum reserve level is maintained to ensure the Council can meet its legal obligations.
85. The Council faces various financial risks including:
 - The ability to deliver savings at agreed values and within agreed timescales.
 - Potential legal challenges to decisions.
 - Fees & charges income differing to assumptions.
 - Variations to external funding and grant allocations.
 - Demographic pressures.
 - Inflation & interest rates differing to assumptions.
 - Business Rates: potential costs of backdated appeals.
 - Variations to external levies & contracts.
 - Future changes to legislation.
 - Failure of Project Safety Valve to comply with the management plan.
 - Schools academisations deficits.
 - The significant financial challenge currently being faced by the NHS locally.

86. In reviewing its medium-term financial plans, the Council is also guided by its financial advisers, Arlingclose. The following is a summary of their advice for the planning period that have been reflected in the MTFS.

- The Bank of England (BoE)'s Monetary Policy Committee (MPC) held Bank Rate at 4.75% in December 2024, although, with a 6-3 voting split and obvious concerns about economic growth, this represented a more dovish stance than had been expected given recent inflationary data.
- The National Budget measures remain a concern for policymakers, for both growth and inflation. Additional government spending will boost demand in a constrained supply environment, while pushing up direct costs for employers, including local authorities. The short to medium-term inflationary effects will promote caution amongst policymakers.
- UK GDP recovered well in the first half of 2024 from technical recession, but underlying growth petered out as the year has progressed. While government spending should boost GDP growth in 2025, private sector activity appears to be waning, partly due to these Budget measures.
- Private sector wage growth and services inflation remain elevated; wage growth picked up sharply in October 2024. The increase in employers' NICs, minimum and public sector wage levels could have wide ranging impacts on private sector employment demand and costs, but the near-term impact will likely be inflationary as these additional costs get passed to consumers.
- CPI inflation rates have risen due to higher energy prices and less favourable base effects. The current CPI rate of 2.5% could rise further in Q1 2025. The BoE estimates the CPI rate at 2.7% by year end 2025 and to remain over target in 2026.
- The MPC re-emphasised that monetary policy will be eased gradually. Despite recent inflation-related data moving upwards or surprising to the upside, the minutes suggested a significant minority of policymakers are at least as worried about the flatlining UK economy.
- US government bond yields have risen following strong US data and uncertainty about the effects of Donald Trump's policies on the US economy, particularly in terms of inflation and monetary policy. The Federal Reserve pared back its expectations for rate cuts in light of these issues. Higher US yields are also pushing up UK gilt yields, a relationship that will be maintained unless monetary policy in the UK and US diverges.

87. In addition, the following are forecast future fiscal events that might impact the Council's medium-term financial planning.

- It is anticipated that the MPC will reduce Bank Rate in a gradual manner with a rate cut in February 2025, followed by a cut alongside every Monetary Policy Report publication, to a low of 3.75%.
- Long-term gilt yields have already risen to reflect both UK and US economic, monetary and fiscal policy expectations, and increases in bond supply.

Volatility will remain elevated as the market digests incoming data for clues around the impact of policy changes.

- This uncertainty may also necessitate more frequent changes to forecasts than has been the case recently.
- The risks around the forecasts lie to the upside over the next 12 months but are broadly balanced in the medium term.

Reserves & Balances

Reserve Forecast

88. In accordance with statutory regulations and CIPFA guidance, the levels of balances and reserves are reviewed during the budget process to ensure that they are currently sufficient, and that they will remain adequate over the medium term.
89. The Council's historic & medium-term approach involves using reserves to support the budget position while savings are being realised. The in-year assumption is that £13.149m of reserves will be required to enable the Council to achieve a balanced budget.
90. The table below shows a summary of the reserves following a strategic review with the creation of investment reserves to support the Council deliver future invest-to-save, regeneration & growth and transformation projects that will be required to deliver future budget proposals and close the budget gap of £11.571m.

GENERAL FUND RESERVES SUMMARY			Balance at 31 March 2024 £m	Actual Transfers (In) / Out 2024/25 £m	Forecast Transfers (In) / Out 2024/25 £m	Balance at 31 March 2025 £m	Forecast Transfers (In) / Out 2025/26 £m	Balance at 31 March 2026 £m	Forecast Transfers (In) / Out 2026/27 £m	Balance at 31 March 2027 £m	Forecast Transfers (In) / Out 2027/28 £m	Balance at 31 March 2028 £m
General Fund			(£10.000)	£0.000	£0.000	(£10.000)	£0.000	(£10.000)	£0.000	(£10.000)	£0.000	(£10.000)
Directorate Reserves	HAC		(£1.193)	£0.000	£1.151	(£0.042)	£0.034	(£0.008)	£0.000	(£0.008)	£0.000	(£0.008)
Directorate Reserves	CYP		(£0.351)	£0.084	(£0.344)	(£0.611)	£0.610	(£0.001)	£0.000	(£0.001)	£0.000	(£0.001)
Directorate Reserves	CCS		(£1.177)	(£0.211)	£0.302	(£1.086)	£0.299	(£0.787)	£0.046	(£0.741)	£0.000	(£0.741)
Directorate Reserves	BGI		(£0.450)	(£0.274)	£0.724	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000	£0.000
Directorate Reserves	OPS		£0.000	(£0.020)	(£0.014)	(£0.034)	£0.000	(£0.034)	£0.000	(£0.034)	£0.000	(£0.034)
Directorate Reserves	HGF		£0.000	£0.000	(£0.002)	(£0.002)	£0.000	(£0.002)	£0.000	(£0.002)	£0.000	(£0.002)
Directorate Reserves	Trading Accounts		(£0.054)	£0.000	£0.000	(£0.054)	£0.000	(£0.054)	£0.000	(£0.054)	£0.000	(£0.054)
Directorate Reserves			(£3.225)	(£0.421)	£1.817	(£1.829)	£0.943	(£0.886)	£0.046	(£0.840)	£0.000	(£0.840)
Corporate Reserves	Investment	Invest to Save	(£1.519)	(£0.369)	£0.741	(£1.147)	£0.147	(£1.000)	£0.000	(£1.000)	£0.000	(£1.000)
Corporate Reserves	Investment	Regeneration	£0.000	£0.116	(£1.116)	(£1.000)	£0.000	(£1.000)	£0.000	(£1.000)	£0.000	(£1.000)
Corporate Reserves	Investment	Transformation	(£0.838)	£0.000	(£3.662)	(£4.500)	£0.000	(£4.500)	£0.000	(£4.500)	£0.000	(£4.500)
Corporate Reserves	Risk	Volatility/Demand	£0.000	£0.000	(£2.000)	(£2.000)	£0.000	(£2.000)	£0.000	(£2.000)	£0.000	(£2.000)
Corporate Reserves	Risk	Insurance	(£4.664)	£0.000	£0.273	(£4.391)	£0.000	(£4.391)	£0.000	(£4.391)	£0.000	(£4.391)
Corporate Reserves	Risk	DSG	(£6.000)	£0.000	£0.000	(£6.000)	£0.000	(£6.000)	£6.000	£0.000	£0.000	£0.000
Corporate Reserves	Stabilisation	Net Budget	(£48.111)	£0.854	£19.845	(£27.412)	£6.191	(£21.221)	£0.020	(£21.201)	£0.000	(£21.201)
Corporate Reserves	Stabilisation	Funding	(£7.193)	£0.000	£5.193	(£2.000)	£0.000	(£2.000)	£0.000	(£2.000)	£0.000	(£2.000)
Corporate Reserves			(£68.325)	£0.601	£19.274	(£48.450)	£6.338	(£42.112)	£6.020	(£36.092)	£0.000	(£36.092)
External Funding			(£13.634)	£0.000	£5.585	(£8.049)	£3.997	(£4.052)	£2.486	(£1.566)	£0.000	(£1.566)
Earmarked Balances Sub-Total			(£85.184)	£0.180	£26.676	(£58.328)	£11.278	(£47.050)	£8.552	(£38.498)	£0.000	(£38.498)
Schools Reserves			(£3.043)	£0.000	£0.000	(£3.043)	£0.000	(£3.043)	£0.000	(£3.043)	£0.000	(£3.043)
S106 Commuted Sums			(£6.162)	(£0.154)	£0.000	(£6.316)	£0.000	(£6.316)	£0.000	(£6.316)	£0.000	(£6.316)
Earmarked Reserves Total			(£94.389)	£0.026	£26.676	(£67.687)	£11.278	(£56.409)	£8.552	(£47.857)	£0.000	(£47.857)
GF RESERVES TOTAL			(£104.389)	£0.026	£26.676	(£77.687)	£11.278	(£66.409)	£8.552	(£57.857)	£0.000	(£57.857)

91. The table below shows an illustration of utilising reserves to fund the remaining budget gap for each of the three years 2025/26 (£5.858m), 2026/27 (£9.612m) & 2027/28 (£11.571m). There are currently sufficient levels of reserves over the medium-term, however there remains a risk around any potential unforeseen future events including in-year overspends that would have an adverse impact on the level of reserve balances.

Projected Balance of General Fund Reserves Balances	Balance at 31 March 2024	Balance at 31 March 2025	Balance at 31 March 2026	Balance at 31 March 2027	Balance at 31 March 2028
	£m	£m	£m	£m	£m
Projected GF Reserves Balance	(£104.389)	(£77.687)	(£66.409)	(£48.245)	(£36.674)
General Fund	£10.000	£10.000	£10.000	£10.000	£10.000
Schools Reserves	£3.043	£3.043	£3.043	£3.043	£3.043
S106 Commuted Sums	£6.162	£6.316	£6.316	£6.316	£6.316
GF Reserves excl. Statute & Ring-Fenced	(£85.184)	(£58.328)	(£47.050)	(£28.886)	(£17.315)

92. To continue to reduce the dependence on reserves and address the structural funding shortfall, it is essential that further savings, efficiencies or income generation are identified over the three-year MTFS period 2025/26 to 2027/28 to stabilise the Council's finances over the medium-term.

Chief Finance Officer – Assurance Statement

93. Under S25 of the Local Government Act 2003 the S151 officer is required to produce a report for Members that comments on the robustness of the estimates and the adequacy of the reserves that the Council holds:
94. The assurance statement is attached in full as Appendix 6
95. In summary the Chief Finance Officer can give members assurance that the estimates contained within the budget are sufficiently robust and that an adequate level of reserves exist to meet known challenges and commitments.
96. As with most upper tier councils in the country there is considerable uncertainty over future finances especially given the growing demand for its services in some key areas and this is an area that will require focussed attention over the next few years. The Council has set up a strategic finance board with the responsibility of monitoring delivery of the in-year revenue budget and development of the medium-term financial strategy.

Budget Timeline & Workplan

Timelines

97. The current timelines for 2025/26 budget setting is shown in the table below:

Report	Committee Meeting	Date
2025-26 Budget Report	Budget Overview & Scrutiny Committee	6 February 2025
	Budget Cabinet	12 February 2025
	Budget Council	19 February 2025

Future Workplan

98. The work which has taken place over the last few months have significantly reduced the 2025/26 budget gap from £19.458m in the November 2024 MTFS update to £5.858m currently. As part of the ongoing improved financial strategy, the S151 officer will chair a monthly strategic finance board with the responsibility for monitoring the in-year revenue budget and updating the medium-term financial strategy, including the development of budget proposals for the 2026/27 budget.

99. There will be a detailed budget timetable agreed setting out the approach, workstreams and timelines supporting production of proposals to address the structural funding gap to enable a balanced budget to be set without recourse to reserves over the current medium-term strategy which is framed over the four themes of:

1) Income:

This includes ensuring that the strategic development activity is fully reflected in increased funding levels, all sales, fees and charges are reviewed to ensure they cover the full cost of service delivery, review of all grants and the applications of capital receipts to support transformation expenditure within the revenue budget in line with permitted flexibilities.

2) Non-Statutory Service Transformation:

This includes looking at the scope for becoming more cost-effective and efficient in our service delivery models including opportunities for automation and process improvement with a good example being the transformation work linked to the upgrade of Unit 4 which will come to a future Cabinet meeting and has £1.653m of efficiency savings linked to it over the four-year period of 2025/26 to 2028/29. This will be supported by the identification of the current cost of all non-statutory services currently being provided and options for cost reductions.

3) Contain Growth / Demand Pressures:

A significant proportion of the forecast funding gap is the result of ongoing increasing demand, and the cost of meeting that demand, particularly Children's and Adults Social Care. Whilst these are national issues and pressures not unique to Bury, focused activity is being undertaken to look at our current demand pressures and growth assumptions and develop proposals for how they can be further mitigated supported by a detailed analysis of our budgets and benchmarking information.

The largest area of spend within the council relates to our contractual expenditure which reflects some of the largest social care contracts but also contracts across all service areas. An approach is being developed which will be focused on the financial and service benefits of improving the alignment of strategic commissioning and procurement across the council along with embedding consistent and effective contract management arrangements.

4) Health and Care:

Whilst a significant focus on containing growth and demand in theme 3 above will necessarily be focused on Adults and Children's Social Care, a growing proportion of the council's budget is covering these areas, and a focused programme of activity is underway to identify additional proposals designed to reduce the council's overall cost of care from the assumptions outlined currently within the MTFS. This will necessarily look at both the actual cost of services being commissioned and the approach required to accelerate a shift to lower cost models of support.

Links with the Corporate Priorities:

100. The links to the LET's Do It Strategy are included in the body of the report.

Equality Impact and Considerations:

101. In considering the budget for 2025/26 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 light of all other relevant considerations such as economic and practical considerations.

102. 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, Children Looked After and care leavers, military veterans and reservists and the socio-economically disadvantaged.

103. The policy savings proposal included in the 2025/26 budget has a specific Equality Impact Assessment included within the template.
104. An overarching Equality Impact Analysis considering the budget as a whole, including the impact of the proposed raise in Council Tax, has been developed and is included within the appendices to this Budget Report.
105. The Equality Impact Analysis has highlighted likely negative impacts for residents with specific characteristics and circumstances. These impacts have been reduced through several factors including a favourable economic outlook in some circumstances, current and ongoing support, additional actions around communication, evolution of support systems and a commitment to protect the most vulnerable as much as possible. No statutory service provision will be affected by the proposals within the budget.
106. Although there is likely to be negative impacts arising from the budget proposals these impacts are expected to be low given the mitigating factors to reduce the impacts.
107. EIA is to be kept under review as the budget proposals are progressed
-

Environmental Impact and Considerations:

108. The Council is working towards becoming a carbon neutral organisation by 2038. A number of the savings proposals will contribute to the reduction of the organisations carbon footprint including the reduction in the size of the estate and streetlight dimming.
-

Assessment and Mitigation of Risk:

109. The risks identified within this report are set out within the relevant sections above and included in the Chief Finance Officer statement.
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Legal Implications:

1. In accordance with legislation (Local Government Finance Act 1992 as amended by Localism Act 2011) the Council must set annually a balanced budget, this must be completed by 1st March 2025. It must set Council tax for each category of dwellings in the Council Tax area.
2. The Council is required by 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 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.

4. Under Local Government Act 1999: The Council needs to consider best value arrangements, to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. 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, where it appears to the Director that expenditure will exceed the resources available to it the Officer has a duty to report this to the Council.

5. Consultation has taken place regarding the budget proposals and outcomes are considered within the body of this report. An additional proposal has come forward in relation to Residents Parking Permits (as set out in Appendix 7) it is proposed that consultation will take place on this proposal in line with the Council's duties, the outcomes of the consultation will be considered at a later stage by Cabinet. Who will determine whether this proposal proceeds.

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 eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under the Equality Act 2010. An equality impact assessment is appended to this report. 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.

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. Where reliance is placed on the power to charge for discretionary services (Section 93 of the Local Government Act 2003), any charges must be set so that when the charges are taken as a whole no surpluses are made (i.e. the power is limited to cost recovery). In relation to certain activities which are subject to authorisation by the Council (e.g. licences), the Provision of Services Regulations 2009 prevent the recovery of charges in excess of the cost of the procedures and formalities under the scheme of authorisation, (i.e. the Council is permitted to recover costs only), and such costs must also be reasonable and proportionate.

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:

(a) they are present at a meeting of the Council, the Executive, or a committee and at the time of the meeting an amount of council tax is payable by them and has remained unpaid for at least two months, and

(b) any budget or council tax calculation, or recommendation or decision which might affect the making of any such calculation, is the subject of consideration at the meeting.

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.

Financial Implications:

110. The financial implications are as outlined in the report

Appendices:

Appendix	Description
1	Council Tax 2025/26 and Statutory Calculations
2	Treasury Management Strategy 2025/26
3	Capital Strategy 2025/26 – 2027/28
4	Dedicated Schools Grant 2025/26
5	Equality Impact Assessment
6	Chief Finance Officer Statement
7	2025/26 – 2027/28 Budget Proposals

Background papers:

111. 6 November 2024 Cabinet: Draft 2025/26 Revenue Budget and Medium-Term Financial Strategy (MTFS) for 2026/27 to 2027/28.

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

Term	Meaning
MTFS	Medium Term Financial Strategy
LGFS	Local Government Finance Settlement
DSG	Dedicated Schools Grant
MRP	Minimum Revenue Provision
CSP	Core Spending Power
GDP	Gross Domestic Product
NIC's	National Insurance Contributions
CPI	Consumer Price Inflation
MPC	Monetary Policy Committee
CIPFA	Chartered Institute of Public Finance & Accountancy

APPENDIX 1

Appendix 1. 2025/26 - 2027/28 Budget Proposals		Feb-25		
		2025/26 £m	2026/27 £m	2027/28 £m
<u>Draft Budget Proposals (Operational Decision):</u>				
HAC Strategic Workforce Review	HAC	(£0.010)	(£0.061)	£0.000
CYP Strategic Workforce Review	CYP	£0.000	£0.000	£0.000
CCS Strategic Workforce Review	CCS	(£0.186)	£0.000	£0.000
BGI Strategic Workforce Review	BGI	(£0.062)	£0.000	£0.000
OPS Strategic Workforce Review	OPS	(£0.145)	£0.000	£0.000
Adults Commissioning Review	HAC	(£1.000)	(£1.000)	(£1.000)
Single Handed Care Trial	HAC	(£0.200)	(£0.200)	(£0.200)
Personal Budget Review	HAC	(£0.250)	(£0.250)	£0.000
Direct Payment Reassessment to Include Therapy	HAC	(£0.050)	£0.000	£0.000
Discharge to Assess Reviews by Therapy	HAC	(£0.050)	£0.000	£0.000
Neighbourhood Housing Support	HAC	(£0.050)	£0.000	£0.000
ASC Community Care budget realignment	HAC	(£1.680)	£0.000	£0.000
Dividend income from Persona - one-off in 25/26	HAC	(£0.350)	£0.350	£0.000
Persona - remodel of supported living hours	HAC	(£0.330)	£0.000	£0.000
Persona - employability	HAC	£0.000	(£0.050)	(£0.090)
Persona - Willow Street (6 flats for decant from dispersed accommodation)	HAC	£0.000	(£0.100)	£0.000
Maximising charges for Deferred Payments	HAC	(£0.005)	£0.000	£0.000
Foster Carers	CYP	(£0.250)	(£0.100)	£0.000
Family Safeguarding Model	CYP	(£0.100)	(£0.050)	£0.000
Edge of Care	CYP	(£0.494)	(£0.106)	£0.000
Creation of Council-Owned Residential Children's Homes	CYP	£0.000	(£0.400)	£0.000
Therapeutic support team for Children in Care	CYP	(£0.195)	£0.000	£0.000
Reconnect - step down from residential care	CYP	(£0.571)	(£1.892)	£0.000
IT Supplier Review [Digital]	CCS	(£0.065)	(£0.050)	£0.000
IT Licence Review [Digital]	CCS	(£0.050)	(£0.025)	£0.000
Unit 4 Reimplementation & Transformation Review	CCS	(£0.100)	(£0.853)	(£0.350)
Revenues and Benefits Structure Review	CCS	(£0.317)	£0.000	£0.000
Contact Centre Review [Digital]	CCS	(£0.100)	(£0.100)	£0.000
Corporate Core Structures including homelessness and housing options review and integration of communities	CCS	(£0.328)	(£0.122)	£0.000
Fleet Function Review	OPS	(£0.070)	£0.000	£0.000
Car Park Tariff Review	OPS	(£0.074)	£0.000	(£0.062)
Stores Function Review	OPS	£0.000	(£0.050)	£0.000
Explore Advertising opportunities on highway network	OPS	(£0.050)	(£0.050)	£0.000
Private Sector Housing - Capitalise salaries	OPS	(£0.100)	£0.000	£0.000
Public Protection / Licensing Budget Realignment	OPS	(£0.016)	£0.000	£0.000
Private Sector Rented - Enforcement HMO Licensing	OPS	(£0.005)	£0.000	£0.000
Salary Sacrifice Review	NSS	(£0.050)	£0.000	£0.000
Organisation Delivery Model Review	NSS	(£0.257)	(£0.055)	£0.000
Contract Efficiencies	NSS	(£0.500)	(£0.350)	(£0.450)
Total Draft Budget Proposals (Operational Decision)		(£8.060)	(£5.514)	(£2.152)
<u>Draft Budget Proposals (Policy Decision):</u>				
Car Park Charges Review	OPS	(£0.055)	(£0.126)	£0.000
Light Reduction - Trim and Dim	OPS	£0.000	(£0.209)	(£0.209)
Review Residents Permits pricing structure	OPS	(£0.145)	£0.000	£0.000
Total Draft Budget Proposals (Policy Decision)		(£0.200)	(£0.335)	(£0.209)
TOTAL DRAFT BUDGET PROPOSALS		(£8.260)	(£5.849)	(£2.361)

Report to:	Overview & Scrutiny Committee Cabinet Council	Date: 6 February 2025 12 February 2025 19 February 2025
Subject:	Annual HRA Budget 2025/26 & Rent Setting	
Report of	Cabinet Member for Finance and Transformation	

1. Summary

This report sets out the budget for the Housing Revenue Account (HRA) for 2025/26 and forms part of the Council's budget setting process for 2025/26.

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

2. Recommendation(s)

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

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

- Approve the 2025/26 budget for the Housing Revenue Account
- Agree rents to be increased for 2025/26 by 2.7% which is the Government's maximum allowable increase being September CPI (Consumer Price Index) 1.7% plus 1% with effect from 7th April 2025.
- Shared ownership rents to be increased by 2.7% in line with the provision which is set out within shared ownership agreements with effect from 7th April 2025.
- Approve an increase in Garage rents by CPI as at September 2023 CPI + 1% 2.7%.
- Approve an increase in Sheltered Management and Support Charges by CPI + 1% 2.7%.
- Approve an increase in Service and Amenity Charges by CPI+ 1% 2.7%
- Approve an increase in Support and Heating charges by CPI+ 1% 2.7%
- Approve an increase in Furnished Tenancy charges by CPI+ 1% 2.7%

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

In accordance with the Rent Standard, where an affordable rent property is re-let to a new or transferring tenant the rent level be set by reference to 80% of the market rent (including service charges where applicable) for a similar property at the time of letting or the formula rent for the property, whichever is the greater.

3.0 Reasons for recommendation(s)

- 3.1 The Housing Revenue Account (HRA) is the 'landlord account' recording the revenue expenditure and income relating to the authority's own housing stock. The HRA is a ring-fenced account which means the authority does not have any discretion to transfer sums out of the HRA, or to support the HRA with contributions from the General Fund, there are certain circumstances where transfers are permitted or prescribed but these are exceptions.
- 3.2 The government introduced a self-financing funding system in 2012 whereby the HRA now retains its rental income locally and uses this to provide for management, maintenance, and major works to the housing stock and to service the debt finance upon which the HRA is based.
- 3.3 In April 2022, following Cabinet approval, Springs became a Self-Financing Tenant Management Organisation, the first in the Northwest. Owing to loss of stock through the Right to Buy sales (1), Springs TMO are currently managing 284 properties. Springs Tenant Management Organisation was formed to manage council homes on a self-financing arrangement. This means that the TMO retains the rents collected from the homes and uses this to pay for the management and maintenance of their properties under local arrangements. The value of the rents collected and passed over to Springs TMO is shown as a management fee cost to the HRA (neutral effect on the HRA).
- 3.4 The financial year 2023/24 reported RTB sales at 34, significantly lower than original projections, impacted somewhat by the increase in mortgage rates over the period and the cost of living crisis in general. The current level of activity on Right to Buy (RTB) for the HRA for 2024/25 shows actual sales of 34 to the end of month 8 with the possibility of a further 20 sales to the end of the financial year, a total year estimate therefore revised to 54 (originally 60).

The new government's Autumn budget announced significant changes to the current Right to Buy legislation. The first change is to reduce the maximum discount for any sale to the level that it was pre-2012. For Bury Council this will be £26,000 – the 2024-25 maximum was previously £102,400 or up to 70% of the value of the property. Secondary legislation to make the change came from 21st November 2024, with anyone getting their application in prior to this protecting their right to the higher discount. This has resulted in a significant influx of applications during that window of opportunity and ahead of the deadline. The estimate for 2025/26 sales based on applications received is therefore anticipated to be in the region of 107. This is based on an expected completion rate of about 40% of the applications received in the final three weeks before the cut-off date of 21st November 2024.

A consultation on Right to Buy policy in general was also announced and closed on 15 January 2025. This will determine the basis for eligibility for future Right to Buys sales in terms of number of years of tenancy, percentages allowed as discount in addition to the cap and also the type of property that will be eligible for sale.

The changes suggested by the consultation do not remove the policy completely but are likely to make it more difficult for a tenant to achieve eligibility, or certainly it would be over a longer period of tenancy. The level of sales from 2026-27 is estimated to reduce to 10 per annum.

Additionally, whilst mortgage rates have increased during the year 2024, rates are expected to decline in 2025. The extent and pace of the reduction will, however, depend on several factors. Current projections indicate that the MPC will cut rates by 0.25% each quarter until mid-2025. However, forecasts suggest that rates may only drop to around 3.5% by early 2026. This serves to reinforce the expectation that the majority of applications received will convert to a sale during the forthcoming year/years.

Whilst maintaining social housing for local people and similarly maintaining rental income for the HRA, the reduction in sales will see a marked reduction in capital receipts. A proportion of the capital receipts from sales of houses can be used to fund the cost of maintaining the existing stock. The remainder must be used to provide for replacement homes for those sold. The government announced that Councils would be able to retain all of the receipts, rather than pay an amount back to the Treasury. As a result of the combination of changes, it is likely that the majority of the capital receipts received from sales will need to be used for replacement homes, or returned to the Treasury with interest at 4% above the base rate (currently 4.75%). This will put more pressure on the funding of the work to existing stock than in previous years.

- 3.5 The HRA is expected to have an average stock of 83 affordable rent dwellings plus 5 shared ownership dwellings in 2025/26.
- 3.6 This report is written based on the Council's existing housing stock. Due to the HRA being a ring-fenced account, any surplus or deficit on the HRA is carried forward into the next financial year and is known as the working balance. Section 8 of this report assesses the minimum level of balances to be held.
- 3.7 Whilst this report relates to approving the annual budget for the HRA, a 30-year Housing Revenue Account Business Plan is being prepared to ensure a robust and balanced plan which addresses income, expenditure, and capital investment in the housing stock. The HRA Business Plan will be produced for adoption by the Council in Q1 of the 2025/26 financial year. The strategy will provide a comprehensive overview of the Council's housing stock, demand, levels of RTB sales, stock investment requirements including carbon reduction measures. It will plot costs and options for ensuring the Council's legal responsibilities as a landlord are met together with investment in future ambitions whilst ensuring that the HRA remains in credit, and hopefully above its desired minimum working balance and can service its loans over the life of the business plan.

4.0 Rent Levels 2025/26

- 4.1 The Government's National Social Rent Policy, which came into effect from 1st April 2020, set out that social and affordable rents may increase annually by up to a maximum of CPI plus 1%, until 1 April 2024. With an election during 2024, and a need for consultation to implement a change in rent policy, in April 2024, the previous Government announced an extension to the existing Rent Policy. This means that rents can rise by a maximum of CPI + 1% in 2025-26.
- 4.2 The Government and the Regulator of Social Housing (RSH) confirmed that this formula would be used for the 2025/26 financial year and that CPI is to be based on September 2024. This was confirmed by the Autumn Budget on 30 October 2024. The Council, as a Registered Provider of Social Housing, is regulated and must adhere to the Rent Standard, which includes the same stipulation on social rent increases. Shared Ownership rents are not covered by the Rent Standard and as such the rent increase that should be applied should be that set out in the terms of the lease agreement with the shared owners.
- 4.3 The basis for annual rent increases is the September Consumer Price Inflation (CPI) + 1%. In September 24 CPI was 1.7% meaning the maximum rent increase projected for April 2025 should be 2.7%. It was also announced that benefits to claimants would rise by the amount of inflation in April 2025.
- 4.4 At the Autumn Budget, the new Government also announced a consultation which would seek to set future rent increases for a minimum of 5 years from April 2026 at CPI + 1%. The consultation closed on 23 December 2024. The Government have asked for views on CPI+ 1% increases over a longer period, e.g. up to 10 years. It should be noted that the rent increase suggested sits alongside an expectation that landlords will achieve standards that meet the

increased regulatory requirements for the Consumer Standard, adhere to the strict guidelines implemented as part of Awaab's Law, deliver up to 1.5 million new homes in 5 years, implement a new level of Decent Homes Standard (to be consulted upon in 2025), and to meet the energy efficiency targets for all homes within Government timescales. The original self-financing debt taken on in 2012 assumed that rents would always rise by CPI + 1% and did not assume the additional responsibilities that have been introduced. Rents will therefore be stretched further than expected putting pressure on the HRA.

4.5 At the time of writing, the Government have confirmed:

- the formula (or target) for social rents to rise by CPI + 1% for 2025/26 with CPI to be based upon the September 2024 CPI figure of 1.7%
- social rents can be re-let on change of tenancy at the new formula rent (or target rent).
- affordable rents to be tested against the constraint of 80% of market rent on re-let.
- rents for new development to be set at formula rent or up to 80% of market rent.
- rents are likely to be allowed to rise by a maximum of CPI + 1% from April 2026 for at least 5 years

The 2025/26 financial year reverts back to what is known as a "52 week rent year" this means that there will be 52 Mondays in the financial year. Monday is the day rent falls due each week. In 2024/25 there were 53 Mondays.

4.6 Whilst rents are chargeable over 52 weeks, for tenants in social housing (social and affordable), the Council allows two "non-collection weeks" per annum. This means that the total annual rent is collected over a lesser number of weeks per annum, so the 50-week rent is higher than the 52-week equivalent. In 2024/25, the 53 weeks of rent was collected over 50 weeks allowing three "non-collection weeks".

4.7 The table below sets out the 2024/25 average rent per tenure and property type based on stock on 20 January 2025, together with the indicative 2025/26 rent based on the increases proposed. This includes the Springs TMO stock. Please note that sales of stock via Right to Buy and rents moving to formula rent on re-let during the year can change the averages slightly in year.

Maximum Increase Rate Allowed 2025/26 – Recommended

Tenure Type	No/ of Units @ 20/01/2025	Average 50 wk. rent (53 weeks collected over 50 weeks 2024/25)	Average 50 wk. rent (52 weeks collected over 50) 2024/25	Increase rate allowed	Average 50 wk. rent (52 weeks collected over 50) 2025/26
Social	7,596	£95.79	£93.98	2.7%	£96.52
Affordable (inc service charges)	83	£200.84	£197.05	2.7%	£202.37
Shared Ownership (monthly charges converted to 50 weeks)	5	£47.86	£47.86	2.7%	£49.15

4.8 The table above shows increases on a 50-week comparable basis of the proposed rent increase of 2.7% applied to the rents of all current HRA Social Rent Formula dwellings.

4.9 It should be noted that the formula rents for social rented properties will all automatically be increased by 2.7% for 2025/26. This will maintain the gap between formula rent and actual rent for any properties where there has not been a change in tenancy during the time period since the gap was established. The Council currently has a policy to re-let properties at formula rent as they become vacant. Affordable rent properties must be re-let at no more than 80% of the market rent including service charges at the date of re-let. Without this policy, the loss in rent will be permanent and cumulative over time.

5.0 Other charges

5.1 There are currently 252 HRA owned garages (of which 119 are currently let).

In 2024/25, a 53-week rent year, garages are being charged at the rate of £9.32 per week (50 weeks). The 52-week equivalent rent charged in 24/25 would have been £9.14.

It is proposed that the charge is increased by 2.7% from April in line with September CPI; this results in a weekly increase of £0.25 giving a rate of £9.39 per week (over 50 weeks for a 52-week year).

6.0 Sheltered and Other Tenancy Charges Sheltered Management and Support Charges

6.1 The management and provision of Sheltered support services are provided by Adult Care Services for which they receive payment from the Housing Revenue Account. The service has been reviewed and the decision to stop the Support element with effect from December 2023 was taken. A charge of £358k from Health & Adult Care Services is no longer payable by the HRA however, there is also a loss of income previously payable by the tenants using the service of £123k leading to a net saving of £235k in the HRA

6.2 Sheltered Management charges are set to ensure that the costs of the services provided are recovered from those receiving them. It is proposed that the weekly charges per unit (on a 50-

week basis) are increased for 2025/26 by 2.7% and the current and proposed charges are detailed below.

	Current Charge (50 weeks) £	Proposed Charge 2025/26 (50 weeks in a 52 week year) £
Sheltered schemes (other than Extra Care)	14.67	15.06
Extra Care schemes (Falcon House/Griffin House)	28.17	28.93

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

- 6.3 The Extra Care Sheltered Scheme, covering the Falcon House and Griffin House schemes, has different support charges which reflect different levels of support offered dependent on the assessed needs of the individual tenants; this support is provided by the Health & Adult Care service within the Council.

Service and Amenity Charge

- 6.4 The Service and Amenity Charges were increased by 10.1% for 2023/24. It is proposed that the current charges are increased by 2.7% in line with CPI from the first rent week in April 2025. The true costs of delivering services should be passed onto tenants, therefore service charges should be increased to ensure services break even.

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

	Current Charge (50 Weeks) £	Proposed Charge 2025/26 (50 weeks in a 52 week year) £
Clarks hill	22.77	23.39
Elms Close	2.67	2.74
Falcon House	13.29	13.65
Griffin House	12.90	13.25
Harwood House	26.89	27.62
Moorfield	29.55	30.35
Mosses House	23.46	24.09
Stanhope Court	11.90	12.22
Taylor House	26.37	27.08
Top O'th Fields 1	25.44	26.13
Waverley Place	27.95	28.71
Wellington House	37.81	38.83

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

Net impact of changes in Sheltered Charges and rent reductions

- 6.7 Appendix 2 details the total Sheltered Management, and Amenity Charges for each scheme; this shows weekly increases ranging between £0.07 and £1.02.

Support Heating Charges

- 6.8 Heating charges are only levied at Sheltered schemes where there is a communal heating system with no separate metering of individual consumption; the aim of the charges is to recover the actual energy costs incurred at each scheme.
- 6.9 At the Council meeting in February 2024, charges were increased by CPI% only without the addition of the 1%. It is proposed that for the year 25/26 an increase of CPI + 1% is applied of 2.7%. The charges will increase by £0.38, £0.31, and £0.26 respectively by scheme.

The charges are based on expected contract prices and estimated levels of consumption. New boiler systems have been installed at both Clarks Hill and Harwood House., Heat metering systems have still not been installed, therefore a weekly heating charge will be required.

The current and proposed charges per unit per week, (exclusive of VAT), are:

	Current Charge (50 Weeks) £	Proposed Charge (50 weeks in a 52 week year) £	Proposed Increase %
Taylor House	13.95	14.33	2.7%
Harwood House	11.42	11.73	2.7%
Clarks Hill	9.80	10.06	2.7%

Heating Charges are not eligible for Housing Benefit, however, many Sheltered Tenants will be eligible for Winter Fuel Payments; for winter 2024/25. This is an annual tax-free payment for households that include someone born on or before 23 September 1958 (for 2024-25) and, from 2024 onwards, receive Pension Credit, Universal Credit, Income Support, income-based Jobseeker's Allowance or income-related Employment and Support Allowance. The rate for this was between £200 and £300 per household and is assessed upon application

Furnished Tenancies Charges

- 6.10 A Furnished Tenancy Scheme was introduced during 2005/06. The scheme provides furniture packages for which an additional weekly charge is payable.
- 6.11 We currently have 233 live furnished tenancies. Of the live tenancies we have 153 x 1 bed, 60 x 2 bed, and 16 x 3 bed properties. We have a limited number of 235 furnished tenancies so there is currently capacity for a further 2.
- 6.12 There will be a review of the packages offered and tenancies available under the scheme to determine whether a wider range of options may have a positive impact on tenancy sustainment; any proposed changes to the current scheme will be subject to appropriate consultation and approval.
- 6.13 Furnished Tenancy charges are eligible for Housing Benefit purposes and therefore benefits should be payable to accepted claimants. The introduction of Universal Credit and direct

payments means that there is an increased risk of non-payment of these charges.

6.14 Increases in charges to cover inflation in the costs of the scheme e.g., costs of replacement furniture and fittings are normally implemented from the first rent week in April of each year.

6.15 The current and proposed charges per unit per week are:

	Current Charge (50 Weeks) £	Proposed Charge £ (50 weeks in a 52 week year)	Proposed Increase %
1 Bed Property	17.09	17.55	2.7%
2 Bed Property	20.12	20.67	2.7%
3 Bed Property	23.16	23.79	2.7%

Fernhill Caravan Site Pitch Fees

6.16 The Fernhill Caravan Site has been managed by Six Town Housing since 2014/15 for which they receive a separately determined Management Fee. This management service has been provided by the Council with effect from February 2024. Whilst income from residents and payment of the Management Fee are accounted for in the General Fund not the Housing Revenue Account, it is felt appropriate to consider increases in the charges under these agreements alongside those of HRA rents and charges.

6.17 The site is now fully operational and rents will be increased in line with other housing rents at 2.7%.

6.18 Residents at the site are currently charged a weekly pitch fee. The weekly charge for water was removed after refurbishment of the site on the basis that these charges are payable directly by the tenant to the provider. The charges are levied on a 52-week basis with no non-collection weeks.

	Current Charge	Proposed Charge	Increase %
Double Plot – pitch fee	95.20	97.77	2.7%

7.0 Housing Revenue Account Performance Voids

7.1 The latest figures for rent lost on empty properties over the period to date 24/25 is 1.09%. This is slightly higher than the budgeted level of 1% meaning an increased loss of approx. ££37,160

7.2 The level of void loss for 2025/26 has been assumed at 1%. Recent performance will need to be improved slightly if this target is to be met. If the target is not achieved, then there would be a reduction in rental income to the HRA.

Rent Arrears

7.3 The opening arrears and current levels for 2024/25 are shown in the following table.

The figures reflect the fact that there have been no write-offs during 2024/25; however, this position could change before the end of March 2025. All write offs are in accordance with the Corporate Debt Write Off Policy as approved by the then Executive.

Provision Position – As of December 2024			
	Opening Balance 2024/25	Current Balance December 2024	Increase/ (Reduction)
	£m	£m	£m
Current Arrears	1.627	1.653	0.026
Former Tenant Arrears	0.589	.720	0.131
Write Offs	0.000	0.000	0.000
Total	2.216	2.373	0.157

7.4 Authorities are required to make suitable provision, in accordance with proper accounting practices, to cover the write-off of rent and service charge arrears.

7.5 The Bad Debt Provision for rent arrears, which is held on the Authority's Balance Sheet, stood at £2.216m at the beginning of this financial year. The requirement for the year is calculated with reference to the type of arrears and the amount outstanding on each individual case.

7.6 The estimated increase required in 2024/25 for additional contributions to the provision is £524,900 (1.41% of gross rent)., Rent arrears are volatile and with increasing numbers of Universal Credit cases it can be difficult to determine what the position at the end of the financial year will be.

7.7 The 2025/26 estimates allow for additional contributions to the provision, totalling £583,600 which is 1.57% of the gross rent. It should be noted that a bad debt provision is simply the assumption that a proportion of the rent may not eventually be collected. The debt will remain collectable and not written off until every avenue to collect has been exhausted. However, as far as the balance in the HRA reserve is concerned the amount forecast as a provision is assumed to be a loss of revenue. This is a prudent approach and is required by CIPFA.

7.8 Accounts raised are subject to established recovery procedures with reminders/final notices being routinely issued and accounts passed to collection agencies (for debts under £750) where payment is not received, or instalment arrangements agreed. Billing and recovery arrangements will be continually reviewed to ensure effective recovery.

Rechargeable Repairs

7.9 The amount due from tenants for rechargeable repairs currently stands at £151,540 of which £149,952 is debt over 1 year old. No accounts have been written to date in the current year, however £17,506 of accounts have been identified as potential write-offs which should be actioned prior to the year end.

7.10 Accounts raised are subject to established recovery procedures with reminders/final notices being routinely issued and accounts passed to collection agencies (for debts under £750) where payment is not received, or instalment arrangements agreed. Billing and recovery arrangements will be continually reviewed to ensure effective recovery.

8.0. 2025/26 Housing Revenue Account (HRA), HRA Capital Resources and the HRA Working Balance

2025/26 Housing Revenue Account

- 8.1 The Housing Revenue Account Estimates are set out in Appendix 1.
- 8.2 Significant impacts on the HRA for the coming year will include the increased number of RTB sales arising from the change in Government policy, the cost of achieving and reporting upon the Consumer Standard, meeting Government targets on energy efficiency and a new Decent Homes Standard, whilst aiming to deliver development and replacement homes for Bury.
- 8.3 Interest rates on new loans remain above those rates seen before the cost-of-living crisis and treasury advisers expect these to stay higher for longer to control inflation. Interest rates affect the HRA if there is a requirement to borrow for investment, development or refinancing of existing loans.
- 8.4 From a regulatory perspective, the Regulator of Social Housing now has powers to regulate Councils under the Consumer Standard. Councils are required to have staff with relevant housing qualifications, have a mechanism by which tenants can report issues with their homes, and this needs to be monitored and reported upon. Councils are also going to be measured on how they perform in terms of responding to tenant communication in a timely manner and to resolve the issues. On 9th January 2024, DLUHC launched a consultation which looks at proposals for the implementation of Awaab's Law, as introduced by the Social Housing (Regulation) Act 2023 (Clause 42 'Social housing leases: remedying hazards'). It proposes new legal requirements for social landlords to investigate hazards within 14 days, start fixing within a further seven days, and make emergency repairs within 24 hours. Those landlords who fail can be taken to court where they may be ordered to pay compensation for tenants consultation completed on 5 March 2024.

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

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

Whilst the consultation was undertaken by the previous government, the new government has committed to introduce Awaab's Law in the social rented sector and to extend it to the private rented sector. It has not yet confirmed how or when the requirements will be introduced. While we wait for the government to issue a response to the consultation, we're still engaging with officials to push for an effective and workable implementation of Awaab's Law that is focused on delivering improved outcomes for residents.

- 8.5 The detailed Housing Revenue Account shown in Appendix 1 assumes that the proposals within this report for increases/decreases to rents and other charges are approved.

HRA Capital Resources

- 8.6 Self-financing within the HRA means that major works to the housing stock are now funded primarily from rental income, capital grants, capital receipts and/or borrowing. The identification and timing of future major works are key factors in the development of the 30 Year HRA Business Plan.
- 8.7 Investment needs to be undertaken on a sustainable basis and in line with the Council's overarching Housing Strategy.

8.8 There is an ongoing piece of work being undertaken to fully understand the stock condition and advise a 5-year Capital Programme profiled on stock condition which is affordable within existing resources to cover:

- Compliance
- Elemental Repairs
- Planned and Programmed Work
- Refurbishment / renewal of existing stock
- Environmental Improvements
- New Homes

8.9 Opening balances of capital reserves at 1 April 2024 for use to fund the HRA capital programme were:

Non 1-4-1 RTB Capital Receipts	£1.016m
RTB receipts for replacement homes (1-4-1)	£3.020m

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

8.10 The capital programme for 2024-25 is expected to outturn at £16.705m for the works to existing properties and £952,000 for purchases of properties available on the market which have been funded by a combination of grant, S106 commuted sums and HRA reserves.

8.11 The total capital programme for 2024/25 including acquisitions of properties is proposed at £17.657m. This will be funded as follows:

Housing Grant	£785,000
Retained RTB receipts	£0
Other useable RTB receipts	£3,123,000
Wave 3 Grant for Carbon Reduction	£2,500,000
Major Repairs Reserve	£7,330,000
Borrowing	£3,919,000
Total	£17,657,000

8.12 Capital works to existing properties that were planned to be carried out in 2024-25 have been delayed, and therefore the budgets need to be carried forwards into 2025-26. The slippage required is £9.219m.

8.13 The proposed new capital requirements for existing stock maintenance are £17.21m and covers a range of projects including internal components such as bathrooms, kitchens and heating; external components such as windows, doors, pointing, roofing and rainwater goods; communal areas; garages; carbon reduction; asbestos and fire remedial works and major adaptations.

8.14 Retained Right to Buy Receipts can be used in 2025/26 to purchase properties that are available from developers. The receipts can fund the purchases at 100% of the cost. It is proposed to spend £3.02m on purchasing a number of properties for rent in the HRA. The number will be determined by the cost from developers and subject to options appraisals and Cabinet approval.

8.15 The total capital programme for 2025/26 including acquisitions of properties is proposed at £29.522m. This will be funded as follows:

Housing Grant	£72,000
Retained RTB receipts	£3,020,000
Other useable RTB receipts	£4,828,000
Wave 3 Grant for Carbon Reduction	£3,020,000
Major Repairs Reserve	£7,330,000
Borrowing	£11,252,000
Total	£29,522,000

Given the uncertainties surrounding the various consultations on rent, Right to Buy sales and the Decent Homes Standard, it is proposed that the HRA revenue balance should not be used to contribute to the capital programme in 2024/25 and 2025/26. This will mean that borrowing is required as shown above, but the risk of taking the HRA below its minimum balances is minimised during this time.

The HRA Working Balance

- 8.16 The HRA needs to maintain a certain level of balances in order to finance occurrences that cannot be predicted and to mitigate material inaccuracies in the assumptions underlying the budget.
- 8.17 There is no statutory definition of the minimum level however as part of a longer-term approach to HRA finances the Council established a Golden Rule regarding the minimum level of HRA balances and it was agreed that the HRA balances should not be allowed to fall below £100 per property, recognising that the actual minimum level of balances to be retained still needs to be reviewed each year based on a risk assessment of the major issues that could affect the financial position of the HRA.
- 8.18 The level of recommended minimum balances for the HRA for 2024/25, was £1.591m. Housing Authorities use several benchmarks to determine the correct level. For Bury's HRA the calculations would be:

	£m
£200 per property (Housing Finance Act 1989 based on 7,687 properties)	1.537
5% of dwelling rental income	1.859
5% of gross expenditure (excl. transfers to MRR)	1.292
Average of the 3 options	1.563

- 8.19 As the results of the three options are wide ranging, it would be prudent to keep the minimum working balance under review each year. For 2025/26, it is recommended that the council increases the minimum working balance to £1.623m being just above the average of the options and a 2% increase on 2024/25.
- 8.20 The working balance brought forward at 01 April 2024 was £10.511m. The forecast opening balance as at 01 April 2025 is £16.545m. The movement during the 2025/26 financial year is expected to be £3.79m resulting in a closing balance at 31 March 2026 of £20.335m. This is still comfortably above the minimum working balance as calculated above but as noted is being maintained to cover a range of as yet unknown outcomes of consultation which could significantly affect the HRA.

Housing Management Fee

8.21 The current Management Agreement between Six Town Housing and the Council ended in February 2024 and there has therefore been no management fee payable 2024/25 and no management fee payable for future years. All STH employees transferred to Bury Council, and the council will incur the costs directly and charge them into the HRA. The cost of the staff and other associated non-staffing budgets, together with central support costs have been included in a new housing service structure within the HRA budget.

Links with the Corporate Priorities:

Provision of social housing is a core function and a key corporate priority to support the provision of affordable housing for residents in the Borough.

Equality Impact and Considerations:

A full Equality Impact assessment has been completed. The analysis has highlighted likely negative impacts for residents with specific characteristics and circumstances. These impacts have been reduced through a number of factors including a favourable economic outlook in some circumstances, current and ongoing support and commitments to addressing housing needs for specific characteristics through wider initiatives and covenants.

No statutory service provision will be affected by these proposals.

EIA is to be kept under review as the budget proposals are progressed

Environmental Impact and Considerations:

The Council is working towards becoming a carbon neutral organisation by 2038. Six Town Housing are working on a number of decarbonisation programmes across the housing estate to reduce the carbon footprint. This is an ongoing project.

Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
The capped rents do not recover the costs if they rise at a higher level of inflation which will put pressure on the Housing Revenue Account.	The budgets will be monitored closely throughout the year, action may be required to reduce costs and limit expenditure.
Increased risk of non-payment of rents, escalating bad debts.	Close monitoring of outstanding debt, ensure tenancy and welfare support offered to Tenants at the appropriate time.

Legal Implications:**Housing Revenue Account and Rents**

The Local Government & Housing Act 1989 Part VI sets a statutory regime for housing finance. The Council must formulate proposals in respect of HRA income and expenditure for the financial year which on the best assumptions and estimates that the Council is able to make at the time to ensure that the HRA does not show a debit balance.

The Council is required to keep the HRA in accordance with proper practice. The Council has a general duty to review the rents of its houses from time to time and in fixing rents the Council must have regard, in particular, to the principle that the rents of dwellings of any class or description should bear broadly the same proportion to private sector market rents as the rents of dwellings of

any other class or description.

The review of the rents is a Cabinet function and is undertaken with regard to the provisions of Part VI of the 1989 Act which governs housing finance and housing subsidy. Rents for council houses are a credit to the HRA and outgoings a debit. The HRA continues to be a ring-fenced account, this means that it must, in general, balance on a year-to-year basis, so that the costs of running the Housing Service, which include debt charges, administration costs and maintenance expenditure must be met from HRA income. The Council has the responsibility to determine a strategy that is designed to ensure that the HRA is balanced.

Financial Implications:

The financial implications are included within the report.

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

Term	Meaning
HRA	Housing Revenue Account
STH	Six Town Housing
TMO	Tenants Management Organisation
RTB	Right to buy

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	Forecast	Budget
HRA Income and Expenditure Statement	2024/25 £000's	2025/26 £000's
Income		
Dwelling Rents (gross)	(37,189)	(37,102)
Void Losses	430	371
Non-Dwelling Rents	(204)	(209)
Charges for Services and Facilities	(1,242)	(1,276)
Contributions towards expenditure	(208)	(160)
Total Income	(38,413)	(38,376)
Expenditure		
Repairs and Maintenance	8,073	8,705
Supervision and Management	12,063	13,369
Rents, Rates, taxes & other charges	38	200
Depreciation and Impairment of Property, Plant & Equipment	7,330	7,330
Revaluation (gains) / losses on non-current assets	-	-
Debt management costs	45	45
Increased Provision for Bad & Doubtful Debts	525	584
Total Expenditure	28,074	30,233
Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement	(10,339)	(8,143)
HRA services share of Corporate and Democratic Core	400	400
Net Cost of HRA Services	(9,939)	(7,743)
Interest Charges	4,500	4,695
(Surplus)/Deficit in Year on HRA Services	(5,439)	(3,048)
Repayment of Arranged Loans	204	209
RCCO		
(Surplus) / Deficit for the Year	(5,235)	(2,839)
Movement on the HRA Statement	2024/25 £000's	2025/26 £000's
Opening Balance	(10,510)	(16,546)
(Surplus) or Deficit for the year on the HRA Income and Expenditure Statement	(5,235)	(2,839)
RTB Receipts for Replacement Homes Interest	(187)	(232)
Other RTB Receipts Interest	(23)	-
Operating Account Interest	(591)	(719)
Adjustments between accounting basis and funding basis under statute		
Increase before transfers to/from reserves	(16,546)	(20,336)
Transfers to/(from) Earmarked Reserves	-	
Closing Balance	(16,546)	(20,336)

Sheltered Support and Amenity ChargesCurrent charges 2024/25 and proposed charges 2025/26

Scheme	Management Charge		Amenity Charge	Total Charges	Proposed Management Charge		Proposed Amenity Charge	Total Proposed Charges
	2024/25 £		2024/25 £	2023/24 £	2025/26 £		2025/26 £	2025/26 £
Increase (%)	7.7%		7.7%		2.7%		2.7%	
Beech Close	14.67			14.67	15.06			15.06
Chelsea Avenue	14.67			14.67	15.06			15.06
Clarks Hill	14.67		22.77	37.44	15.06		23.39	38.45
Elms Close	14.67		2.67	17.34	15.06		2.74	17.80
Falcon House	28.17		13.29	41.46	28.93		13.65	42.58
Griffin Close	14.67			14.67	15.06			15.06
Griffin House	28.17		12.90	41.07	28.93		13.25	42.18
Hampson Fold	14.67			14.67	15.06			15.06
Harwood House	14.67		26.89	41.56	15.06		27.62	42.68
Limegrove	14.67			14.67	15.06			15.06
Maple Grove	14.67			14.67	15.06			15.06
Moorfield	14.67		29.55	44.22	15.06		30.35	45.41
Mosses House	14.67		23.46	38.13	15.06		24.09	39.15
Stanhope Court	14.67		11.90	26.57	15.06		12.22	27.28
Taylor House	14.67		26.37	41.04	15.06		27.08	42.14
Top o'the Fields 1	14.67		25.44	40.11	15.06		26.13	41.19
Top o'the Fields 2 (Welcomb Walk)	14.67			14.67	15.06			15.06
Waverley Place	14.67		27.95	42.62	15.06		38.71	53.77
Wellington House	14.67		37.81	52.48	15.06		38.83	53.89

HOUSING REVENUE ACCOUNT - RISK ASSESSMENT

Risk Event	Impact	Risk Level	Likelihood	Max. Impact	Min. Provision
				£m	£m
Increased stock loss - level exceeds the provision made in the estimates	The loss of a property costs the HRA approx. £4.5k in lost rental income in a full year. A loss of 107 properties in the year would cost around £480k	M 50%	Budget 2025/26 assumes 107 sales. Provisions are made for 107 and due to the housing market conditions i.e., interest rates on mortgages and the cost of living, 23/24 has seen a downturn in applications for RtB and the budget for 24/25 has been reduced to reflect this.	0.480	0.480
Higher level of void (empty) properties - increase loss of rental income	A 1.0% increase in void loss costs the HRA c£300k in a full year.	M 50%	Budget 2025/26 assumes 1% void rental loss. The expectation with the slowdown of the housing market is void rates will remain steady. The current rate of void at the time of writing is 1.09% (Dec 2024)	0.300	0.300
Increase in arrears level	Rental income is accounted for in the HRA on a rents receivable basis rather than the actual rents received. An increase in arrears could impact on the level of contribution required to the bad debt provision.	H 80%	Budget 2025/26 This allows for contributions of £584k to the Bad Debt Provision. This is based on 1.457% of the gross rent. This level reflects the current economic climate.	0.584	0.584
				1.364	1.364

Classification:

Open

Decision Type:

Non-Key

Report to:	Cabinet	Date: 20 September 2025
Subject:	2025-26 Q1 Finance Position	
Report of	Cabinet Member for Finance and Transformation	

Summary

1. To present to members the 2025/26 forecast revenue outturn position as at 30 June 2025.
2. To present to members the 2025/26 forecast savings position as at 30 June 2025.
3. To present to members the 2025/26 forecast capital outturn position as at 30 June 2025.
4. To present to members the 2025/26 forecast Collection Fund position as at 30 June 2025.
5. To present to members the updated 2025/26 forecast for the Housing Revenue Account (HRA) position as at 30 June 2025
6. To report the Prudential Indicators as at quarter 1.

Recommendation(s)

7. Cabinet is asked to:
 1. Note the 2025/26 forecast revenue outturn position as at 30 June 25 of a £4.148m overspend (1.74%) against a net budget of £238.257m.
 2. Note the 2025/26 forecast savings position as at 30 June 2025 of a forecast underachievement of £0.441m (-3.9%) against an agreed target of £11.344m.
 3. Approve the in-year updates to the capital programme, revising the capital delivery programme for 2025/26 to £132.095m which will form the basis for future in-year monitoring and reporting of performance.
 4. Note the 2025/26 forecast Collection Fund Position as at 30 June 2025 of a surplus of £1.627m of which £1.563m relates to Bury's share.
 5. Note the Prudential Indicators as at quarter 1.

Reasons for recommendation(s)

8. To update members on the Council's budgetary position and actions taken or being taken to ensure budgetary targets are achieved.
9. This report is in accordance with the Council's financial procedure regulations.

Alternative options considered and rejected

10. N/A

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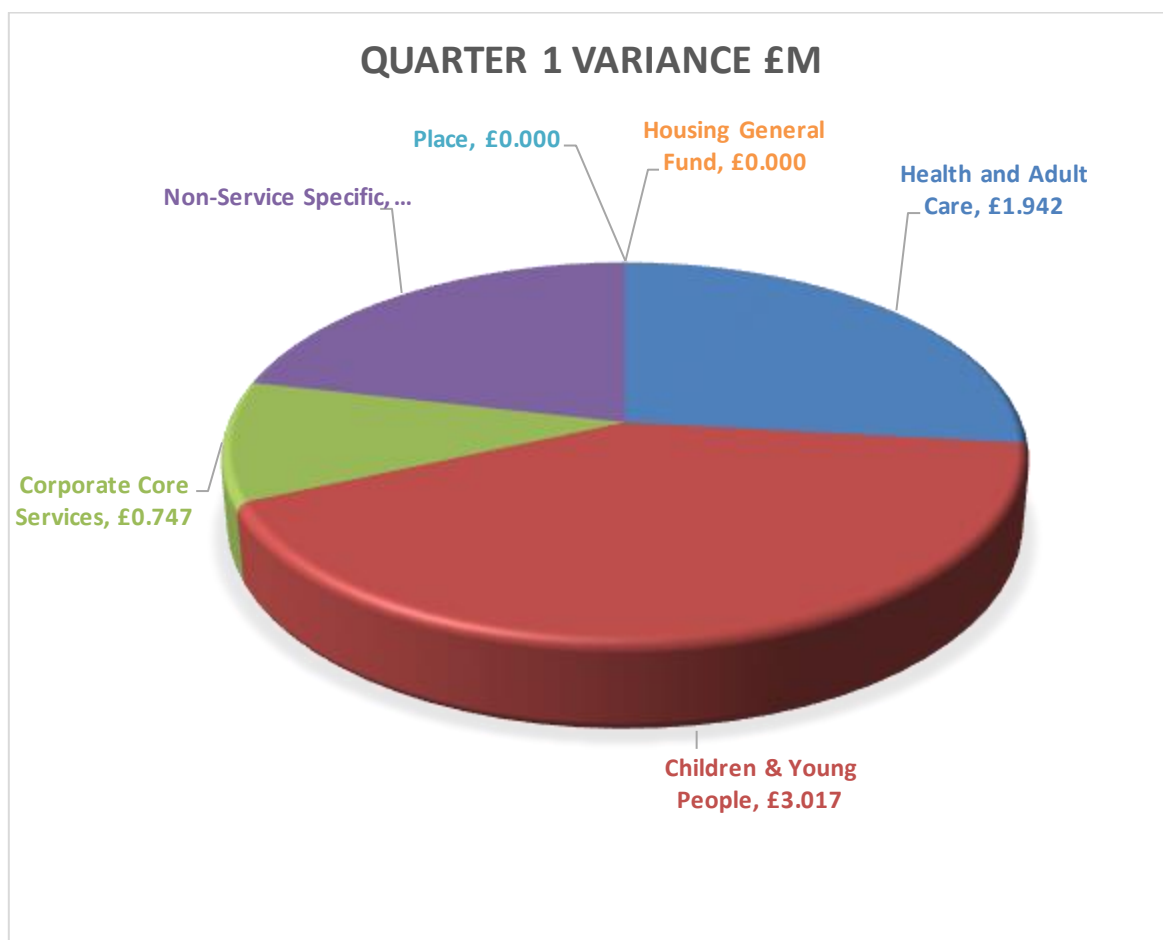
Background

2025/26 Quarter 1 Forecast Outturn Position

11. The 2025/26 general fund revenue month 3 forecast outturn position shows an overspend of £4.148m which represents a variance of 1.74% compared to the overall net revenue budget of £238.257m. The forecast is based on expenditure and activity levels at Quarter 1, with assumptions made with regard to forecast changes over the rest of the year with the future demand and cost of adult and children's social care services being inherently difficult to predict.
12. The variance is in addition to an approved contribution from reserves of £5.858m to address the structural funding gap in the current year revenue budget set at February Council. Whilst the forecast variance remains a relatively small proportion of the budget, officers are continuing to work on cost reduction measures targeted at delivering as close to a balanced position as possible, as any overspend at year-end would necessarily become an additional call on reserves.

2025/26 Quarter 1 Forecast Outturn	Revised Budget £m	Q1 Forecast Outturn £m	Q1 Forecast Variance £m
<u>Directorate:</u>			
Health and Adult Care	£97.154	£99.096	£1.942
Children & Young People	£64.532	£67.549	£3.017
Corporate Core Services	£30.618	£31.365	£0.747
Non-Service Specific	£31.522	£29.965	-£1.557
Place	£14.509	£14.509	£0.000
Housing General Fund	(£0.079)	(£0.079)	£0.000

NET REVENUE BUDGET	£238.257	£242.405	£4.148
<u>Funding:</u>			
Council Tax	(£119.350)	(£110.198)	£0.000
Business Rates	(£73.546)	(£71.282)	£0.000
Government Funding Grants	(£39.503)	(£39.503)	£0.000
FUNDING	(£232.398)	(£220.983)	£0.000
<u>Use of Reserves:</u>			
Budget Stabilisation Reserve	(£5.858)	(£5.858)	£0.000
USE OF RESERVES	(£05.858)	(£05.858)	£0.000
BUDGET POSITION	£0.000	£15.564	£4.148



13. Details of the significant variances include:

Health and Adult Care:

The 2025/26 Health and Adult Care (HAC) Directorate budget is forecast to overspend by £1.942m at Month 3, this forecast assumes that £4.000m of care package savings will be achieved by the end of this financial year.

HAC Directorate Service Area	Budget	Forecast	Month 3 Variance
	£m	£m	£m
Adult Social Care Operations	£8.890	£8.354	-£0.537
Care in the Community	£62.098	£64.684	£2.586
Commissioning & Procurement	£10.006	£10.051	£0.045
Departmental Support Services	£2.194	£2.212	£0.018
Sub Total	£83.188	£85.300	£2.112
Public Health	£10.712	£10.757	£0.045
Sub Total	£10.712	£10.757	£0.045
Wellness	£2.669	£2.454	-£0.215
Arts & Museums	£0.585	£0.585	£0.000
Sub Total	£3.254	£3.039	-£0.215
Total	£97.154	£99.096	£1.942

- The Care in the Community budget is forecast to overspend by £2.586m (4.2%).

The service settings driving the overspend are Supported Living, Direct payments and Home Care. The forecast also assumes that £4.000m of previously agreed care package savings will be achieved by March 31, 2026.

A programme of work supported by an organisation (Impower) that specialises in transforming public services is underway to address the additional c£4m budget pressure that was noted at Cabinet in July as part of the 2024/25 outturn report. The overall objective of the transformational work is to:

- Co-produce multiple trajectories to explore potential cost avoidance and savings opportunities.
- Deliver an intervention to increase efficiency and capacity in Reablement, enabling increased use of Reablement for Hospital Discharge.
- Deliver an intervention to undertake targeted reviews in Mental Health, with wrap around support and impact tracking.
- Review work to date on embedding a strengths-based approach, deliver an intervention to trial next steps for embedding in one community team and develop a full roll out plan.

Based on the analysis and work undertaken to date the current forecast prudently assumes that this work will deliver c£2m of in-year savings with the full-year impact of those savings fully addressing the £4m additional budget pressure by 2026/27. This area will remain under detailed review and progress updates provided to future Cabinet meetings in the quarterly reports.

System Data Quality

A material data quality issue was identified on Controcc (integrated with LiquidLogic) regarding Joint Funded Care Packages as part of the 2024/25 year-end reconciliation

process and effectively led to expenditure being netted off and understated by c£4m.

Work is being undertaken to address the underlying issues with regard to the configuration of the systems and to ensure staff are re-trained with regard to the recording of information correctly into LiquidLogic and Controcc and to develop better reporting functionality and improvements to the budget monitoring process to ensure that any discrepancies or issues are identified and addressed at the earliest opportunity. This improvement work is being overseen by the Finance Board.

- The Adult Social Care Operations budget is forecast to underspend by £0.537m. (6%). The main drivers of the underspend are staffing vacancies within the following teams:
 - Assessment and Care Management Team
 - Integrated Neighbourhood Teams
 - Choices for Living Well
 - Community Mental Health Team
 - Older People Mental health team

The ASC workforce retention strategy continues to recruit Social Workers in Operational teams thereby strengthening focus on delivery of care package savings. However, recruiting to vacant posts remains a challenge and therefore affects the ability to deliver services to their full capacity.

- The Commissioning and Procurement budget is forecast to overspend by £0.045m (0.5%) and is largely driven by an additional contribution to the BISP Safeguarding Board.
- The Departmental Support Services budget is forecast to overspend by £0.018m (0.8%) and is largely driven by a pressure on the vacancy factor budget.
- The Public Health budget is forecast to overspend by £0.045m (0.4%) and is driven by a pressure on the vacancy factor budget.
- The Wellness budget is forecast to underspend by £0.215m (£8.1%). The underspend is the net impact of the closure of the Radcliffe Leisure centre and staffing vacancies across the Leisure budget portfolio partially offset by a vacancy budget pressure within the Wellness service.
- Arts and Museums are forecast to be broadly on budget.

Children and Young People:

The Children and Young People directorate is forecast to overspend by £3.017m (4.7%).

- The Safeguarding and Social Care service is forecast to overspend by £2.698m (5.5%) due to residential placement numbers and unit costs continuing to exceed the

budgeted amount despite demand growth being built into the 2025/26 budget as the savings approved in relation to the stepping down of 7 placements has not yet been achieved. The service are progressing work on a number of fronts targeting delivery of a net reduction in residential placements that would reduce the forecast overspend position and potentially deliver better outcomes at lower cost for a number of children. Given the inherent financial risks in this service area, which is a national issue affecting all local authorities with social care responsibilities, it will remain under detailed review overseen by the Finance Board and updates provided to Cabinet as part of the quarterly reporting cycle. The pressures are partially being offset by a reduction in the Children with Disabilities residential placements and vacancy savings.

- Within Education and Inclusion, Home to School Transport is forecast to overspend by £0.440m due to increased pupil numbers (£0.310m) and increased costs of the provision (£0.130m).
- Childrens commissioning service is forecast to overspend by £0.181m due to staffing variances following the expansion of the commissioning team which have not yet been fully offset by anticipated reductions in third party social care spend.
- There are offsetting underspends of around £0.200m on Childrens Services Management.

Corporate Core Services

The Corporate Core Services department is forecast to overspend by £0.747m (2.44%)

- People and Inclusion (HR) are forecasting an overspend of £0.238m (9.3%). This is primarily due to a historic shortfall in the 'education buy-back' budget totalling £0.285m (35.22%), which has widened as more maintained schools convert to academy status, reducing income and is partially offset by some small underspends.
- Finance is forecasting an overspend of £0.880m (7.7%) mainly due to the increased costs of insurance premiums. The procurement and resulting contract award wasn't finalised until after the 2025/26 budget was set and this will be reflected in the revised MTFS later this year.
- Legal & Democratic Services is forecast to underspend by £0.489m (8.5%) mainly driven by a fallow year in Municipal Elections (£0.358m) and small forecast underspends on staffing and member expenses.

Non-Service Specific

The Non-Service Specific Department is forecast to underspend by £1.557m (5%)

mainly in relation to higher than budgeted income from treasury investments alongside reduced borrowing costs reflecting the reprofiled capital programme.

Department of Place:

The Place department is forecast to be on budget overall with a number of offsetting individual variances below £0.100m.

Staffing costs

14. Included within the Departmental forecast positions are variances in relation to staffing and agency costs as seen in the table below. Within the net staffing / agency underspend is the achievement of the vacancy factor, 3 days unpaid leave and purchase of annual leave schemes totalling £3.521m.

2025/26 Quarter 1 Forecast	Staffing/Agency Budget £m	Staffing/Agency forecast	Staffing/Agency Variance	Vacancy / leave savings target achieved £m
<u>Directorate:</u>				
Health and Adult Care	£29.033	£28.306	-£0.728	-£1.012
Children & Young People	£88.237	£87.428	-£0.808	-£0.514
Corporate Core Services	£27.607	£27.436	-£0.171	-£1.148
Non-Service Specific	£3.190	£3.190	£0.000	£0.000
Place	£22.459	£22.542	£0.084	-£0.848
Housing General Fund	£0.000	£0.000	£0.000	£0.000
NET REVENUE BUDGET	£170.526	£168.903	-£1.623	-£3.521

The net forecast underspend relating to staffing after agency costs and the achievement of the agreed savings in relation to the vacancy factor and additional leave schemes is £1.623m.

Savings position

15. The table below show the forecast position for the savings proposals which have been approved at February 2025 along with the pre-approved February 2023 savings which come into force during 2025/26. The forecast is an underachievement of £0.441m. The main reason for the underachievement is delayed implementation of restructures and other activities required to enable delivery of the agreed savings. Work is being undertaken, overseen by the Finance Board, to identify ways that the current estimated delays in savings delivery can

be reduced and in identify mitigations to reduce the in-year financial impact. With the exception of the Therapeutic Support team saving, services are mitigating the delay in savings delivery within their existing budgets and are not forecasting significant overspends in their areas. It is anticipated that delayed savings will be fully achieved in full by 2026/27.

2025/26 Budget Proposals	Directorate	Feb 2025 Target	Quarter 1 Forecast	Quarter 1 Forecast Variance (over)/underachievement
		2025/26 £m	£m	£m
<u>Draft Budget Proposals (Operational Decision):</u>				
HAC Strategic Workforce Review	HAC	(£0.010)	(£0.010)	£0.000
CYP Strategic Workforce Review	CYP	£0.000	£0.000	£0.000
CCS Strategic Workforce Review	CCS	(£0.186)	(£0.186)	£0.000
BGI Strategic Workforce Review	BGI	(£0.062)	(£0.062)	£0.000
OPS Strategic Workforce Review	OPS	(£0.145)	(£0.145)	£0.000
Adults Commissioning Review	HAC	(£1.000)	(£1.000)	£0.000
Single Handed Care Trial	HAC	(£0.200)	(£0.200)	£0.000
Personal Budget Review	HAC	(£0.250)	(£0.250)	£0.000
Direct Payment Reassessment to Include Therapy	HAC	(£0.050)	(£0.050)	£0.000
Discharge to Assess Reviews by Therapy	HAC	(£0.050)	(£0.050)	£0.000
Neighbourhood Housing Support	HAC	(£0.050)	(£0.050)	£0.000
ASC Community Care budget realignment	HAC	(£1.680)	(£1.680)	£0.000
Dividend income from Persona - one-off in 25/26	HAC	(£0.350)	(£0.350)	£0.000
Persona - remodel of supported living hours	HAC	(£0.330)	(£0.330)	£0.000
Persona - employability	HAC	£0.000	£0.000	£0.000
Persona - Willow Street (6 flats for decant from dispersed accommodation)	HAC	£0.000	£0.000	£0.000
Maximising charges for Deferred Payments	HAC	(£0.005)	(£0.005)	£0.000
Foster Carers	CYP	(£0.250)	(£0.250)	£0.000
Family Safeguarding Model	CYP	(£0.100)	(£0.100)	£0.000
Edge of Care	CYP	(£0.494)	(£0.494)	£0.000
Creation of Council-Owned Residential Children's Homes	CYP	£0.000	£0.000	£0.000
Therapeutic support team for Children in Care	CYP	(£0.195)	(£0.095)	£0.100
Reconnect - step down from residential care	CYP	(£0.571)	(£0.571)	£0.000
IT Supplier Review [Digital]	CCS	(£0.065)	(£0.065)	£0.000
IT licence Review [Digital]	CCS	(£0.050)	(£0.050)	£0.000
Unit 4 Reimplementation & Transformation Review	CCS	(£0.100)	(£0.100)	£0.000
Revenues and Benefits Structure Review	CCS	(£0.317)	(£0.181)	£0.136
Contact Centre Review [Digital]	CCS	(£0.100)	£0.000	£0.100
Corporate Core Structures including homelessness and housing options review and integration of communities	CCS	(£0.328)	(£0.328)	£0.000
Fleet Function Review	OPS	(£0.070)	(£0.070)	£0.000
Car Park Tariff Review	OPS	(£0.074)	(£0.074)	£0.000
Stores Function Review	OPS	£0.000	£0.000	£0.000

Explore Advertising opportunities on highway network	OPS	(£0.050)	£0.000	£0.050
Private Sector Housing - Capitalises salaries	OPS	(£0.100)	(£0.100)	£0.000
Public Protection / Licensing Budget Realignment	OPS	(£0.016)	(£0.016)	£0.000
Private Sector Rented - Enforcement HMO Licensing	OPS	(£0.005)	(£0.005)	£0.000
Salary Sacrifice Review	NSS	(£0.050)	(£0.050)	£0.000
Organisation Delivery Model Review	NSS	(£0.257)	(£0.257)	£0.000
Contract Efficiencies	NSS	(£0.500)	(£0.500)	£0.000
Total Budget Proposals (Operational Decision)		(£8.060)	(£7.674)	£0.386
Budget Proposals (Policy Decision):				
Car Park Charges Review	OPS	(£0.055)	£0.000	£0.055
Light Reduction - Trim and Dim	OPS	£0.000		£0.000
Review Residents Permits pricing structure	OPS	(£0.145)	(£0.145)	£0.000
Total Budget Proposals (Policy Decision)		(£0.200)	(£0.145)	£0.055
TOTAL FEB 2025 APPROVED BUDGET PROPOSALS		(£8.260)	(£7.819)	£0.441
Saving Already Agreed - Development of Wider Learning Disabilities Strategy for Age 14-25 Cohort	01. HAC	(£0.180)	(£0.180)	£0.000
Progressing the Edge of Care Service Review	02. CYP	(£0.506)	(£0.506)	£0.000
Service Reviews within the Corporate Core	03. CCS	(£0.388)	(£0.388)	£0.000
TOTAL FEB 2023 APPROVED PROPOSALS		(£1.074)	(£1.074)	£0.000
Integration of Housing	04. NSS	(£2.000)	(£2.000)	£0.000
TOTAL FEB 2024 APPROVED PROPOSALS		(£2.000)	(£2.000)	£0.000
TOTAL APPROVED PROPOSALS		(£11.334)	(£10.893)	£0.441

2025/26 Forecast Capital Outturn

16. The Capital Programme is set on a three-year rolling basis and the programme for 2025/2026 to 2027/2028 was approved by Budget Council in February 2025, as follows:

2025/26	£133.255m
2026/27	£49.223m
2027/28	£25.538m

17. At the 9 July 2025 Cabinet meeting, a further £19.360m of slippage from 2024/25 was added to the 2025/26 programme, to increase the 2025/26 Capital Programme to £152.615m, with an overall borrowing requirement of £61.310m.

Capital Programme	2025/26		
	Approved Programme £m	Slippage from 2024/25 £m	Revised Programme £m
Capital Expenditure by Theme			
Regeneration and Economic Growth	£46.640	£9.724	£56.364
Highways	£28.395	£3.982	£32.377
Open Spaces / Sports and Leisure	£0.000	£0.000	£0.000
Children and Young People	£9.787	£4.067	£13.854
Property	£2.697	£0.070	£2.767
Housing General Fund	£3.652	£1.490	£5.142
Climate Change	£0.043	£0.019	£0.062
ICT	£0.000	£0.000	£0.000
Sub-total GF In-Progress	£91.214	£19.352	£110.566
Approved In-Principle	£12.149	£0.000	£12.149
New Capital Bids	£0.370	£0.000	£0.370
Sub-total GF Approved In-Principle	£12.519	£0.000	£12.519
TOTAL GF	£103.733	£19.352	£123.085
TOTAL HRA	£29.522	£0.008	£29.530
TOTAL COUNCIL EXPENDITURE	£133.255	£19.360	£152.615
Financing the Capital Programme			
Prudential Borrowing	£50.296	£11.014	£61.310
External Funding	£49.427	£8.307	£57.734
Capital Receipts	£3.971	£0.006	£3.977
General Fund RCCO	£0.039	£0.025	£0.064
TOTAL GF	£103.733	£19.352	£123.085
Prudential Borrowing	£11.252	£0.008	£11.260
External Funding	£3.092	£0.000	£3.092
Capital Receipts	£7.848	£0.000	£7.848
Housing Revenue Account DRF/MRR	£7.330	£0.000	£7.330
TOTAL HRA	£29.522	£0.008	£29.530
TOTAL COUNCIL FINANCING	£133.255	£19.360	£152.615

18. In the budget report there was a total of £12.519m of Approved in Principle schemes included within the Capital Programme. These are effectively 'pipeline' projects to be formally incorporated into the programme on receipt of detailed delivery plans and evaluation through the Council's agreed policies for incepting additional schemes into the capital programme which are overseen by the Finance Board. To date £2.129m have now been included within the Revised In-Progress Capital Programme. There remains £10.390m of Approved in Principle schemes not yet agreed to incorporate into the In-Progress Programme and progress on these through the financial year will be reported in future Cabinet updates.
19. As a result of in year reviews conducted during Quarter 1, it is proposed that the 2025/26 Capital Programme is revised down by £20.520m from £152.615m to £132.095m. This is higher than the value of the capital

programme delivered in previous years but reflects a significant volume of anticipated spend on the key regeneration schemes that are in progress this financial year.

20. The overall revised programme includes:

- updates in line with Cabinet approved new schemes (£2.537m),
- proposed in-year programme updates £7.035m to adjust for funding announcements which were received after the February 2025 Council budget meeting for which approval is sought,
- proposed reprofiling of schemes from 2025/26 into 2026/27, (£30.092m) for which approval is sought.
- Approved in Principle schemes now included in the capital programme (£2.129m) for which approval is sought.

21. The majority of the programme update relates to:

- Children and Young People – an increase of £7.883m to reflect the government's (Department for Education) grant funded Basic and High Need Capital allocations and the School Condition allocation.

22. The proposed reprofiling of £30.092m is to take account of revised best forecasts of planned timeframes for expenditure to occur over the life of the approved Capital Programme.

23. The reduction of the proposed General Fund Capital Programme to £102.565m reduces the in-year borrowing requirement by £1.898m, from £61.310m to £59.412m.

24. These adjustments will be used to update the Council's Medium-Term Financial Strategy. The need to borrow less than originally forecast will have an impact on future budget planning.

25. The proposed changes can be seen on the table at Appendix A.

26. This revised capital programme will be used to monitor performance during 2025/26.

27. The table below shows expenditure of £16.523m (13%) of the revised programme of £132.095m has been expended at 30 June 2025. Although at Quarter 1 no year-end variances are anticipated by project managers for the in-progress schemes, some slippage at year end is a normal feature of the capital programme and a final figure will be established and reported to Cabinet at the Outturn stage of the financial year.

28. The figures set out in the table represent the project managers' current forecast of expenditure to be achieved by the end of the financial year.

Capital Programme at Q1	2025/26				
	Proposed Revised Programme £m	Actual Spend at Q01 £m	Actual Spend at Q01 %	Forecast Spend for Year at Q01 £m	(Under) / Over Spend at Q01 £m
Capital Expenditure by Theme					
Regeneration and Economic Growth	£56.307	£11.406	20.26%	£56.307	£0.000
Highways	£19.002	£1.480	7.79%	£19.002	£0.000
Open Spaces / Sports and Leisure	£0.698	£0.565	80.95%	£0.698	£0.000
Children and Young People	£6.752	£0.240	3.55%	£6.752	£0.000
Property	£3.121	£1.470	47.10%	£3.121	£0.000
Housing General Fund	£2.851	£0.178	6.24%	£2.851	£0.000
Climate Change	£0.040	£0.016	40.00%	£0.040	£0.000
ICT	£3.404	£0.290	8.52%	£3.404	£0.000
Sub-total GF In-Progress	£92.175	£15.645	16.97%	£92.175	£0.000
Approved In-Principle	£10.020	£0.000	0.00%	£0.000	(£10.020)
New Capital Bids	£0.370	£0.000	0.00%	£0.000	(£0.370)
Sub-total GF Approved In-Principle	£10.390	£0.000	0.00%	£0.000	(£10.390)
TOTAL GF	£102.565	£15.645	15.25%	£92.175	(£10.390)
TOTAL HRA	£29.530	£0.878	3.00%	£29.530	£0.000
TOTAL COUNCIL EXPENDITURE	£132.095	£16.523	12.51%	£121.705	(£10.390)
Financing the Capital Programme					
Prudential Borrowing	£59.412			£50.471	(£8.941)
External Funding	£36.950			£35.842	(£1.108)
Capital Receipts	£6.114			£5.798	(£0.316)
General Fund RCCO	£0.089			£0.064	(£0.025)
TOTAL GF	£102.565			£92.175	(£10.390)
Prudential Borrowing	£11.260			£11.260	£0.000
External Funding	£3.092			£3.092	£0.000
Capital Receipts	£7.848			£7.848	£0.000
Housing Revenue Account DRF/MRR	£7.330			£7.330	£0.000
TOTAL HRA	£29.530			£29.530	£0.000
TOTAL COUNCIL FINANCING	£132.095			£121.705	(£10.390)

29. A Zero-Based Budgeting exercise is taking place during Quarter 2 where a deep dive review of the capital schemes is being undertaken to align them to corporate priorities and capacity and where necessary, to rephase schemes into future years of the Capital Programme to match the anticipated timing of spend.
30. The nature of capital expenditure, dependent of many factors outside Council's control, cumulated with several large, complex schemes in the programme will necessitate further scrutiny on the level of spend that can be achieved during the current year, with further revisions expected by year-end.
31. The Council's Finance Team will continue to meet with project managers to establish expected spending for the remainder of the year.

32. Any additional amendments will be presented to Cabinet for approval in a future report and any impact of current year's achieved versus forecasted expenditure will be reflected in future years' programmes.

Prudential Indicators

33. The affordability, sustainability and prudence of the capital programme is measured through Council's Prudential Indicators (PI). The quarter one forecasts show that we remain without our prescribed limits.
34. The current forecasts for the Prudential Indicators, compared to those included in the February 2025 budget report are shown in Appendix B.

2025/26 Collection Fund Forecast

35. The increasing prominence of council tax and business rates funding council services means that the collection fund is closely monitored on an ongoing basis. The current forecast position on the collection fund is an in-year surplus of £0.943m, with a residual surplus brought forward from 2024/25 of £0.684m. (This is the difference between the statutory estimated deficit as at 15 January 2024 and the outturn position.) This brings the overall forecast to a surplus of £1.627m. The Council's share of the surplus is £1.563m and Greater Manchester Combined Authority's share is £0.064m (for police and fire and rescue services).
36. The proportionate shares for Business Rates and Council Tax mean that Greater Manchester Combined Authority have a 1% share of Business Rates and a 16% share of Council Tax, whereas the Council have a 99% share of the Business Rates and 84% share of Council Tax
37. The main movements during the year which are resulting in a forecast surplus position of £1.627m (Bury share £1.563m) are shown below.

2025/26 Surplus/(Deficit) on Collection Fund	Council Tax £m	NNDR £m	TOTAL £m
2024/25 Surplus/(Deficit) Balance b/f	£0.918	(£0.233)	£0.684
<u>2025/26</u>			
Income	£141.589	£52.539	£194.129
Contributions towards Previous Year's Deficit:			
Bury MBC	£0.000	£0.268	£0.268
Police and Crime Commissioner	£0.000		£0.000
General Mayoral - Fire and Rescue Service	£0.000	£0.003	£0.003
Total Income	£141.589	£52.810	£194.400

Precepts and Demands on Collection Fund:			
Bury MBC	(£118.296)	(£49.770)	(£168.065)
Police and Crime Commissioner	(£15.866)		(£15.866)
General Mayoral - Fire and Rescue Service	(£7.569)	(£0.503)	(£8.072)
Disregards: Renewable Energy		£0.000	£0.000
Cost of Collection		(£0.235)	(£0.235)
Transitional Protection Payments		£0.146	£0.146
Impairment of Debts/ Appeals:			
Write-offs of Uncollectable Amounts	(£0.000)	£0.000	(£0.000)
Increase/(Decrease) in the Allowance for Impairment of Arrears	£0.793	£0.939	£1.732
Increase/(Decrease) in the Allowance for Impairment of Appeals		(£1.839)	(£1.839)
Contributions towards Previous Year's Surplus:			
Bury MBC	(£1.054)	£0.000	(£1.054)
Police and Crime Commissioner	(£0.141)		(£0.141)
General Mayoral - Fire and Rescue Service	(£0.062)	£0.000	(£0.062)
Total Expenditure	(£142.195)	(£51.262)	(£193.457)
2026-26 In-Year Surplus/(Deficit)	(£0.606)	£1.548	£0.943
Surplus/(Deficit) as at 30.06.2025	£0.312	£1.315	£1.627

Share of the 2025/26 Surplus/(Deficit)	Council Tax £m	NNDR £m	TOTAL £m
Bury MBC	£0.262	£1.302	£1.563
Police and Crime Commissioner	£0.035		£0.035
General Mayoral - Fire and Rescue Service	£0.015	£0.013	£0.029
Surplus/(Deficit) as at 31.03.2025	£0.312	£1.315	£1.627

38. The prior year outturn position was less than the forecast and as such this has had an impact on the in-year surplus figure, reducing it by £0.302m.
39. Work is ongoing to reduce arrears for both Council Tax and Business Rates which will result in reduced requirements for allowance for impairment of debt.
40. Alongside improving collection of arrears, the aim is to improve the collection rate for in year debt. The trend of collection rates over the past 8 years can be seen below. It is important to note that collection was impacted during and in the period after the COVID pandemic due to the prevailing economic conditions.
41. Work is ongoing to reduce arrears for both Council Tax and Business Rates which will result in reduced requirements for allowance for impairment of debt.
42. Alongside improving collection of arrears, the aim is to improve the collection rate for in year debt. The trend of collection rates over the past 8 years can be seen below. It is important to note that collection was impacted during and in the period after the COVID pandemic due to the prevailing economic conditions.

Collection Rates	Council Tax %	NNDR %
2025/26 Target collection rate	97.50	97.00
2024/25	95.59	96.55
2023/24	95.25	93.88

2022/23	94.99	92.73
2021/22	95.77	93.73
2020/21	96.01	87.63
2019/20	96.39	95.37
2018/19	96.49	96.23
2017/18	96.62	96.04

43. Both the reducing arrears and improved forecast collection in year have resulted in a reduction in the required contribution to the allowance for impairment.
44. Business Rates allowance for impairment for appeals is forecast to be reduced in year.

Housing Revenue Account Position

45. The HRA is forecasting to overspend by £0.839m as at Quarter 1. This variance to budget relates mainly to restructure and reduced service charge income issues within the service and will be subject to further review throughout the year. The table below demonstrates the variances.

HRA INCOME AND EXPENDITURE STATEMENT	2025/26 Original Budget	2025/26 Forecast Outturn	Variance
	£m	£m	£m
INCOME			
Dwelling Rents	(£36.731)	(£36.731)	£0.000
Non-dwelling Rents	(£0.209)	(£0.206)	£0.004
Other Charges for Services and Facilities	(£1.276)	(£1.100)	£0.176
Contributions Towards Expenditure	(£0.100)	(£0.100)	£0.000
Total Income	(£38.316)	(£38.137)	£0.179
EXPENDITURE			
Repairs and Maintenance	£8.648	£9.255	£0.607
Supervision and Management	£11.921	£11.889	(£0.032)
Special Services	£1.444	£1.429	(£0.015)
Rents, Rates, Taxes, and Other Charges	£0.200	£0.200	£0.000
Depreciation of Non-Current Assets	£7.330	£7.330	£0.000
Debt Management Expenses	£0.045	£0.045	£0.000
Movement in Provision for Bad Debts	£0.584	£0.584	£0.000
Total Expenditure	£30.171	£30.731	£0.560
HRA Services' Share of Corporate and Democratic Core	£0.400	£0.400	£0.000
Net Income or Expenditure of HRA Services	(£7.745)	(£7.005)	£0.739
Interest Payable and Similar Charges	£4.695	£4.695	£0.000
Interest and investment income	(£0.950)	(£0.850)	£0.100
(Surplus) or Deficit for the Year on HRA Services	(£3.999)	(£3.160)	£0.840

APPROPRIATIONS			
Reversal of Depreciation	(£7.330)	(£7.330)	£0.000
Transfer to the Major Repairs Reserve	£7.330	£7.330	£0.000
Repayment of Arranged Loans	£0.209	£0.209	£0.000
Capital Expenditure Funded by the HRA	£0.000	£0.000	£0.000
Total Appropriations	£0.209	£0.209	£0.000

46. The main variance relates to the Housing Property Services Restructure of which the part year impact in 25/26 is forecast to be £0.606m (7%) with full year future estimated impact of £0.979m and is anticipated to be implemented by October 2025. This will be factored into future years budgets from 2026/27 onwards as part of the overall 30-year HRA business plan.
47. Service charge income relating to Leaseholder Services is forecast to under-recover by £0.176m (13.8%). Further work is ongoing to determine the cause of the shortfall and any remedial actions necessary.
48. Interest and Investment Income is forecast to under achieve the income target by £0.100m (10.5%) and is likely due to both the budget being increased for 25/26 by £0.150m but also due to national and global economic factors. The situation will be monitored closely.
49. There are small offsetting variances in Supervision and Management and Special Services under £0.100m.
50. The HRA Capital Programme for 2025/26 is £29.530m as shown in the table below and is currently not reporting any variance.
51. Negotiations are underway with developers in relation to the HRA New Build project. It is planned to purchase 10 properties subject to build completion.
52. There is a risk that delivery of the project may slip into 2026/27, this will be closely monitored, and an update will be provided for the quarter 2 report. This project is funded from right to buy receipts and as such, any re-profiling will not impact on the need for borrowing during 2025/26.

CAPITAL PROGRAMME	2025/26 Original Budget £m	2025/26 Forecast Outturn £m	Variance £m
CAPITAL EXPENDITURE			
Major Works & Imps	£26.530	£26.530	£0.000
Other Capital Spend	£0.000	£0.000	£0.000
New Build Development Costs	£3.000	£3.000	£0.000
Demolition Costs	£0.000	£0.000	£0.000
Other Fixed Assets	£0.000	£0.000	£0.000
Total Capital Expenditure	£29.530	£29.530	£0.000

CAPITAL FINANCING			
Prudential Borrowing	(£11.260)	(£11.260)	£0.000
External Funding	(£3.092)	(£3.092)	£0.000
Capital Receipts	(£7.848)	(£7.848)	£0.000
HRA Direct Revenue Financing	£0.000	£0.000	£0.000
HRA Major Repairs Reserve	(£7.330)	(£7.330)	£0.000
Total Capital Financing	(£29.530)	(£29.530)	£0.000
Total Capital Programme	£0.000	£0.000	£0.000

53. The HRA Reserve movements are detailed in the table below.

MOVEMENT on the HRA RESERVE	2025/26 Original Budget	2025/26 Forecast Outturn	Variance
	£m	£m	£m
Balance on the HRA at the End of the Previous Reporting Period	(£15.867)	(£15.867)	£0.000
(Surplus) or Deficit for the Year on the HRA Income and Expenditure Statement	(£3.999)	(£3.160)	£0.840
Appropriations	£0.209	£0.209	£0.000
Net (Increase) or Decrease before Transfers to or from Reserves	(£3.790)	(£2.951)	£0.840
Transfers to/(from) Earmarked Reserves	£0.000	£0.000	£0.000
(Increase) or Decrease in Year on the HRA	(£3.790)	(£2.951)	£0.840
Balance on the HRA at the End of the Current Reporting Period	(£19.657)	(£18.818)	£0.840

Links with the Corporate Priorities:

1. Financial management is a key part of the council's overall governance and control arrangements and the close monitoring of agreed income and expenditure; revised forecasts of future budget pressures and opportunities; and regular reporting of these issues underpin the council's three clear corporate priorities as set out in the Let's Do It Strategy that will deliver financial sustainability for the Council.

Equality Impact and Considerations:

2. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:
 - A public authority must, in the exercise of its functions, have due regard to the need to:
 - a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
3. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations and demonstrate that we are paying 'due regard' in our decisionmaking in the design of

policies and in the delivery of services.

Environmental Impact and Considerations:

4. This is a finance update report as such there are no environmental impacts associated with this report.

Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
The Council has insufficient funds to support its expenditure.	Regular reporting and tight budgetary control by budget holders support the Council in managing the overall financial risks and financial planning for the Council.

Legal Implications:

5. This report is an updating report to Cabinet on the financial position at the end of Quarter 1.

Financial Implications:

6. The financial implications are set out within the Report.

Appendices:

- A. Capital Proposed Revised Programme table
- B. Prudential Indicator quarter one update

Background papers:

[The Council's Revenue Budget and Medium-Term Financial Plan 2025/26](#)

[Appendix 3 - 2025-26 to 2027-28 Capital Strategy](#)

[2024-25 Financial Outturn Report](#)

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

Term	Meaning
HRA	Housing Revenue Account
NNDR	National Non-Domestic Rates

Appendix A – Capital proposed Revised Programme

Capital Programme at Q01	2025/26					2026/27				2027/28
	Revised Programme (Incl. Slippage) £m	2025/26 Cabinet Approved New Schemes £m	Proposed In-Year Programme Updates £m	Proposed Re-Phasing to 2026/27 £m	Proposed Revised Programme £m	Approved Programme £m	2025/26 Cabinet Approved New Schemes £m	Proposed Re-Phasing from 2025/26 £m	Proposed Revised Programme £m	Approved Programme £m
Capital Expenditure by Theme										
Regeneration and Economic Growth	£56.364	£0.000	£0.254	(£0.311)	£56.307	£3.400	£0.000	£0.311	£3.711	£0.000
Highways	£32.377	£0.000	(£1.771)	(£11.604)	£19.002	£12.450	£0.000	£11.604	£24.054	£0.000
Open Spaces / Sports and Leisure	£0.000	£0.000	£0.698	£0.000	£0.698	£0.360	£0.000	£0.000	£0.360	£0.250
Children and Young People	£13.854	£0.000	£7.884	(£14.986)	£6.752	£10.300	£0.000	£14.986	£25.286	£0.000
Property	£2.767	£0.655	£0.286	(£0.587)	£3.121	£0.000	£0.000	£0.587	£0.587	£0.000
Housing General Fund	£5.142	£0.000	£0.291	(£2.582)	£2.851	£2.800	£0.000	£2.582	£5.382	£2.800
Climate Change	£0.062	£0.000	£0.000	(£0.022)	£0.040	£0.000	£0.000	£0.022	£0.022	£0.000
ICT	£0.000	£1.882	£1.522	£0.000	£3.404	£1.500	£1.240	£0.000	£2.740	£1.500
Sub-total GF In-Progress	£110.566	£2.537	£9.164	(£30.092)	£92.175	£30.810	£1.240	£30.092	£59.983	£4.550
Approved In-Principle	£12.149	£0.000	(£2.129)	£0.000	£10.020	£2.770	£0.000	£0.000	£2.770	£2.600
New Capital Bids	£0.370	£0.000	£0.000	£0.000	£0.370	£0.445	£0.000	£0.000	£0.445	£0.300
Sub-total GF Approved In-Principle	£12.519	£0.000	(£2.129)	£0.000	£10.390	£3.215	£0.000	£0.000	£3.215	£2.900
TOTAL GF	£123.085	£2.537	£7.035	(£30.092)	£102.565	£34.025	£1.240	£30.092	£65.357	£7.450
TOTAL HRA	£29.530	£0.000	£0.000	£0.000	£29.530	£15.858	£0.000	£0.000	£15.858	£18.638
TOTAL COUNCIL EXPENDITURE	£152.615	£2.537	£7.035	(£30.092)	£132.095	£49.883	£1.240	£30.092	£81.215	£26.088
Financing the Capital Programme										
Prudential Borrowing	£61.310	£0.040	(£1.938)	£0.000	£59.412	£8.275	£0.000	£0.000	£8.275	£3.450
External Funding	£57.734	£0.590	£8.718	(£30.092)	£36.950	£24.250	£0.000	£30.092	£54.342	£2.500
Capital Receipts	£3.977	£1.882	£0.255	£0.000	£6.114	£1.500	£1.240	£0.000	£2.740	£1.500
General Fund RCCO	£0.064	£0.025	£0.000	£0.000	£0.089	£0.000	£0.000	£0.000	£0.000	£0.000
TOTAL GF	£123.085	£2.537	£7.035	(£30.092)	£102.565	£34.025	£1.240	£30.092	£65.357	£7.450
Prudential Borrowing	£11.260	£0.000	£0.000	£0.000	£11.260	£0.000	£0.000	£0.000	£0.000	£0.000
External Funding	£3.092	£0.000	£0.000	£0.000	£3.092	£0.000	£0.000	£0.000	£0.000	£0.000
Capital Receipts	£7.848	£0.000	£0.000	£0.000	£7.848	£2.032	£0.000	£0.000	£2.032	£0.000
Housing Revenue Account DRF/MRR	£7.330	£0.000	£0.000	£0.000	£7.330	£13.826	£0.000	£0.000	£13.826	£18.638
TOTAL HRA	£29.530	£0.000	£0.000	£0.000	£29.530	£15.858	£0.000	£0.000	£15.858	£18.638
TOTAL COUNCIL FINANCING	£152.615	£2.537	£7.035	(£30.092)	£132.095	£49.883	£1.240	£30.092	£81.215	£26.088

Appendix B - Prudential Indicator quarter one update.

Treasury Management Activities Compliance

The Chief Finance Officer reports that all treasury management activities undertaken during the first quarter of 2025/26 complied fully with the principles in the Treasury Management Code and the Council's approved Treasury Management Strategy at the February 2025 Council meeting. Compliance with specific investment limits is demonstrated in table 1 below.

Table 1: Investment Limits

	2025-26	30.06.25	2025-26	Complied?
	Maximum	Actual	Limit	Yes/No
UK Government	Unlimited	£0 million	Unlimited	Yes
UK Local Authorities & Other Government Entities – except Local Authorities subject to a Section 114 notice	£20 million	£5 million	£20 million	Yes
UK Banks (Unsecured)	£25 million	£15.09 million	£25 million	Yes
UK Building Societies (Unsecured)	£20 million	£0 million	£20 million	Yes
Registered Providers (Unsecured)	£20 million	£0 million	£20 million	Yes

Treasury Management Prudential Indicators

As required by the 2021 CIPFA Treasury Management Code, the Authority monitors and measures the following treasury management prudential indicators.

Compliance with the Authorised Limit and Operational Boundary for external debt is demonstrated in table 2 below.

Table 2: Debt and the Authorised Limit and Operational Boundary

	Debt at 30.06.25 £m	2025/26 Operational Boundary £m	2025-26 Authorised Limit £m	Complied? Yes/No
Borrowing	£293.978	£466.465	£476.465	YES
Other Long-term Liabilities	£0.000	£0.010	£0.010	YES
Total	£293.978	£466.475	£476.475	

Table 3: Actual financing costs as a proportion of net revenue stream

Financing costs as a proportion of net revenue stream	2025/26
	£m
Non - HRA	3.58%
HRA	13.66%

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

Table 4: Liability Benchmark

This indicator compares the Authority's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £10m required to manage day-to-day cash flow.

	Actual	Forecasts		£m						
Position at 31 March	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Loans CFR	391.3	437.6	437.9	433.5	429.0	424.4	419.7	414.9	390.0	384.4
External borrowing	-295.3	-270.4	-240.0	-235.1	-220.2	-210.3	-195.4	-144.5	-139.6	-134.7
Internal (over) borrowing	96.1	167.2	197.9	198.4	208.8	214.1	224.3	270.4	250.4	249.7
Balance sheet resources	-113.6	-92.1	-71.2	-39.3	-39.3	-40.5	-41.7	-43.0	-44.3	-45.6
Investments (new borrowing)	17.5	-75.2	-126.8	-159.1	-169.5	-173.6	-182.5	-227.4	-206.1	-204.1
Treasury investments	17.5	10.0	10.0	10.0	10.0	10.3	10.5	10.8	11.0	11.3
New borrowing	0.0	85.2	136.8	169.1	179.5	183.8	193.1	238.2	217.1	215.4
Net loans requirement	277.8	345.6	366.8	394.2	389.7	383.9	378.0	371.9	345.7	338.8
Liquidity allowance	10.0	10.0	10.0	10.0	10.0	10.3	10.5	10.8	11.0	11.3
Liability benchmark	287.8	355.6	376.8	404.2	399.7	394.2	388.5	382.7	356.7	350.1

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

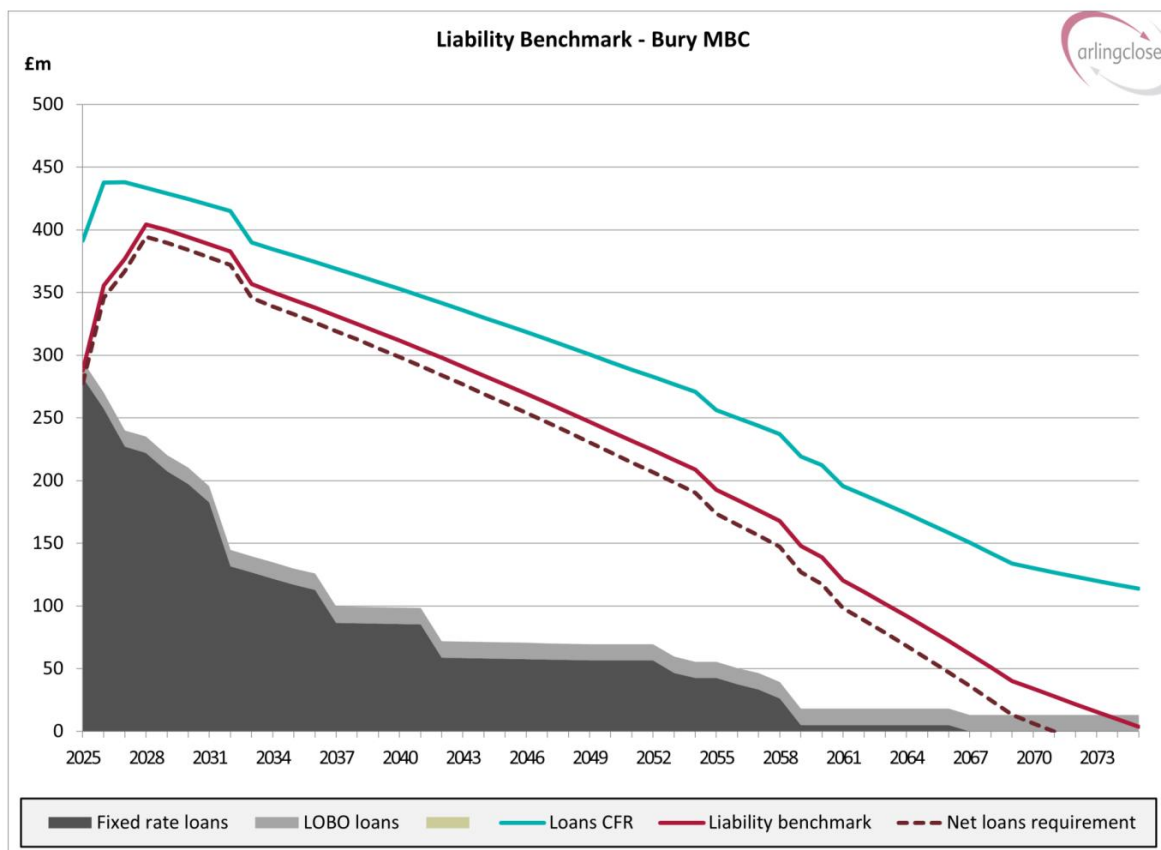


Table 5: Maturity Structure of Borrowing

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

	Upper Limit	Lower Limit	30.06.25 Actual £m	Complied?
Under 12 months	50%	0%	23.72	YES
12 months and within 24 months	50%	0%	20.55	YES
24 months and within 5 years	50%	0%	15.00	YES
5 years and within 10 years	60%	0%	65.09	YES
10 years and within 15 years	70%	0%	67.25	YES
15 years and over	80%	0%	102.38	YES