

TRAFFORD BOROUGH COUNCIL

Report to: Executive
Date: 16 October 2017
Report for: Decision
Report of: Executive Member for Finance and the Chief Finance Officer

Report Title

Executive's Draft Revenue Budget Proposals 2018/19 & MTFS 2019-21

Summary

This report sets out the Executive's updated 3 year budget strategy proposals and draft revenue budget proposals for 2018/19 and Medium Term Financial Strategy (MTFS) for the period 2019-21. The report includes changes to budget assumptions, estimates and movements in funding.

The key summary of figures for the revenue budget, based on current estimates are:

- The draft overall budget movement for 2018/19 is a decrease in the net budget of £4.01 million or -2.49%, from £160.83 million to £156.82 million.
- The budget funding gap for the three years before applying any of these draft budget proposals is currently estimated to be £28.37 million comprising:
 - £20.63 million of budget pressures
 - £7.74 million of funding pressures
- This report presents a draft set of budget proposals, which in line with our three year strategy, contribute towards closing this budget funding gap by £10.12 million via a mixture of measures:
 - Income generation
 - Transformational service delivery savings
 - Additional funding and use of reserves
- It is proposed that the draft proposals contained in this report should now form the basis of consultation with members of staff and, where required, and the general public. It should therefore be noted that these proposals are therefore subject to change.
- It is also proposed that the draft proposals contained in this report are presented to the Scrutiny Committee for review and consideration.
- It should be noted that if all the budget proposals in this report are implemented there currently still remains a residual budget gap of £18.24 million, comprising:
 - £5.55 million in 2018/19,

- £5.03 million in 2019/20, and
- £7.66 million in 2020/21

Final decisions will be taken by the Executive after taking into consideration further proposals to address the gap, all relevant matters and feedback, at which time a proposed budget will be put to full Council for approval on 21st February 2018.

Recommendation(s)

It is recommended that the Executive:

- a) Approve the 2018/19 to 2020/21 proposed budget strategy, draft revenue budget and MTFS including the income and savings proposals as detailed in this report, for the purposes of consultation only (where necessary);
- b) Approve the proposal to refer the 2018/19 to 2020/21 proposed budget strategy, draft revenue budget and MTFS including the income and savings proposals as detailed in this report, to the Scrutiny Committee for their consideration;
- c) Notes the Council decision made in February 2017 to increase Council Tax of 4.99% in 2018/19 (comprising 3% adult social care precept and 1.99% general increase) and by 1.99% for 2019/20 and 2020/21;
- d) Notes the remaining budget gap for the years 2018/19, 2019/20 and 2020/21; and
- e) Notes that the draft proposals are subject to change following the completion of various consultation exercises, analysis and impact assessments, movements in core funding, specific grants, costing and robustness assessments.

Contact person for access to background papers and further information:

Name: Cllr Patrick Myers Nikki Bishop
 Extension: 4238

Background Papers – None

Relationship to Policy Framework/Corporate Priorities	Value for Money. The proposed draft budget for 2018/19 supports all key priorities and policies.
Financial	The report sets out the proposed draft budget for 2018/19

Legal Implications:	It is a statutory requirement for the Council to set and approve a balanced, robust budget and Council Tax level. Budget proposals take account of various legislative changes as they affect Council services. The Council has begun and will continue to comply with the statutory processes associated with the effect of the proposed budget on staffing levels. If the budget for a directorate is to be exceeded, which will result in a call on reserves, the Executive will need to identify the impact on reserves and when they will be replenished.
Equality/Diversity Implications	Equality Impact Assessment to be carried out supporting the budget proposals as appropriate.
Sustainability Implications	None arising out of this report.
Resource Implications e.g. Staffing / ICT / Assets	Human Resources – statutory processes have begun and any impact on staffing will be subject to consultation.
Risk Management Implications	The risks associated with each budget proposal to be carried out.
Health and Wellbeing Implications	Equality Impact Assessment to be carried out supporting the budget proposals as appropriate.
Health and Safety Implications	An impact assessment of each budget proposal to be carried out.

Other Options

In February 2017 the Council approved an overall increase to the level of council tax of 4.99% in 2018/19 comprising the increase of 3% for the ‘adult social care precept’ to be earmarked for adult social care expenditure and 1.99% general increase in the ‘relevant basic amount’.

An alternative option could be made to increase its ‘relevant basic amount of council tax’ above the levels approved in February 2017, however this would exceed the referendum limits, which would mean a local referendum was required.

Consultation

The report recommends that the draft and indicative proposals go forward for consultation (where necessary).

Reasons for Recommendation

To enable consultation with the public, businesses (s65 of the Local Government Finance Act 1992), stakeholders, staff and Scrutiny Committee to take place

Key Decision

This is a key decision currently on the Forward Plan: No

Finance Officer ClearanceNB.....

Legal Officer ClearanceDA.....

CORPORATE DIRECTOR'S SIGNATURE

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To confirm that the Financial and Legal Implications have been considered and the Executive Member has cleared the report.



TRAFFORD
COUNCIL

**Executive's
Draft Revenue Budget
Proposals 2018/19 &
2019-21 Medium Term
Financial Strategy**

16 October 2017

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**FOREWORD by the EXECUTIVE MEMBER for FINANCE
COUNCILLOR PATRICK MYERS**

Trafford has a robust economy and its population, of just over 235,000, is highly skilled / educated with 52% qualified at NVQ4 and above compared to the Greater Manchester (GM) average of 35%. The borough has the highest productivity rate per head in GM and the highest Gross Value Added (GVA) outside of Manchester producing £7 billion p.a. The number of Trafford residents in employment is 128,000 and is predicted to increase by 8% over the next 10yrs.

Trafford currently has the lowest council tax in the North West and also has the lowest council tax of any Metropolitan District in England.

Since 2010 the Council has had to bridge budgets gaps each year as a result of reduced funding and cost pressures totalling £161.47 million, of which efficiencies, income and policy choices contribute £128.38 million.

This has been no easy challenge for a low funded, low tax authority like Trafford and has only been achieved by a strong culture of financial management across all services.

The next three years will not provide any respite with the funding gap now estimated to be £28.37 million.

In recent years we have approached the budget position positively and transformed and reshaped our services. Our long term vision for the future is that:

No one will be held back and no one left behind

and our future strategy holds this at its core. A new place based strategy is under development guided by two key principles around:-

- People - The Council will help residents to help themselves and each other
- Place - To create a place where people want to live, stay, learn, work & relax

A number of key work streams will be developed over the next few years to ensure Trafford is able to meet the challenge with our partners and create a sustainable borough. The conversation we have to have with the residents of the borough, customers and partners is how we can further transform the services our communities rely on and provide them in different ways.

Since the 2017/18 budget was approved by Council on the 22nd February 2017 there have been a number of budget changes, but with marginal overall impact to the funding gap over the next three years, decreasing by £510k from £28.88 million to £28.37 million.

Budget Movements	2018/19 £'000	2019/20 £'000	2020/21 £'000	Total £'000
Budget Gap (Feb 17)	13,187	6,052	9,636	28,875
Changes to Budget Assumptions	(468)	(260)	(738)	(1,466)
Changes to Funding	1,215	(489)	230	956
Revised Funding Gap (Oct 17)	13,934	5,303	9,128	28,365

The 2018/19 revised funding gap is currently estimated at £13.93 million, at the draft budget stage, this has been partially met from a combination of the following:

- Income generation and savings amounting to £8.39 million, comprising:-
 - Income Generation:
 - New proposals which are projected to generate £2.57 million.
 - Transformational Service Delivery Savings:
 - New savings proposals amounting to £5.82 million.

Summary of the Reduction in the New Funding Gap	2018/19 £'000	2019/20 £'000	2020/21 £'000	Total £'000
New Funding Gap (Oct 17)	13,934	5,303	9,128	28,365
Income	(2,567)	(214)	0	(2,781)
Efficiencies	(5,286)	(58)	450	(4,894)
Policy	(532)	0	0	(532)
Funding & Reserves	0	0	(1,917)	(1,917)
Draft Budget Proposals	(8,385)	(272)	(1,467)	(10,124)
New Budget Gap (Oct 17)	5,549	5,031	7,661	18,241

This leaves a balance of savings or income generation opportunities still to be identified of £5.55 million before the budget for 2018/19 can be balanced and priority will be given to doing this before final budget proposals are presented to Council for approval in February 2018.

In July 2017 Council approved the creation of an Investment Fund designed to generate long term sustainable revenue income. A cross-party Investment Board is now in place to oversee the making of these investments and it is anticipated that income generated will contribute to closing the remaining budget gap.

With a budget gap for the following two years of £12.69 million, the size of the challenge remains significant. For that reason budget proposals will continually be developed, so that sufficient time is afforded to consider all budget options at an early stage.

Councillor Patrick Myers

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Executive Member for Finance

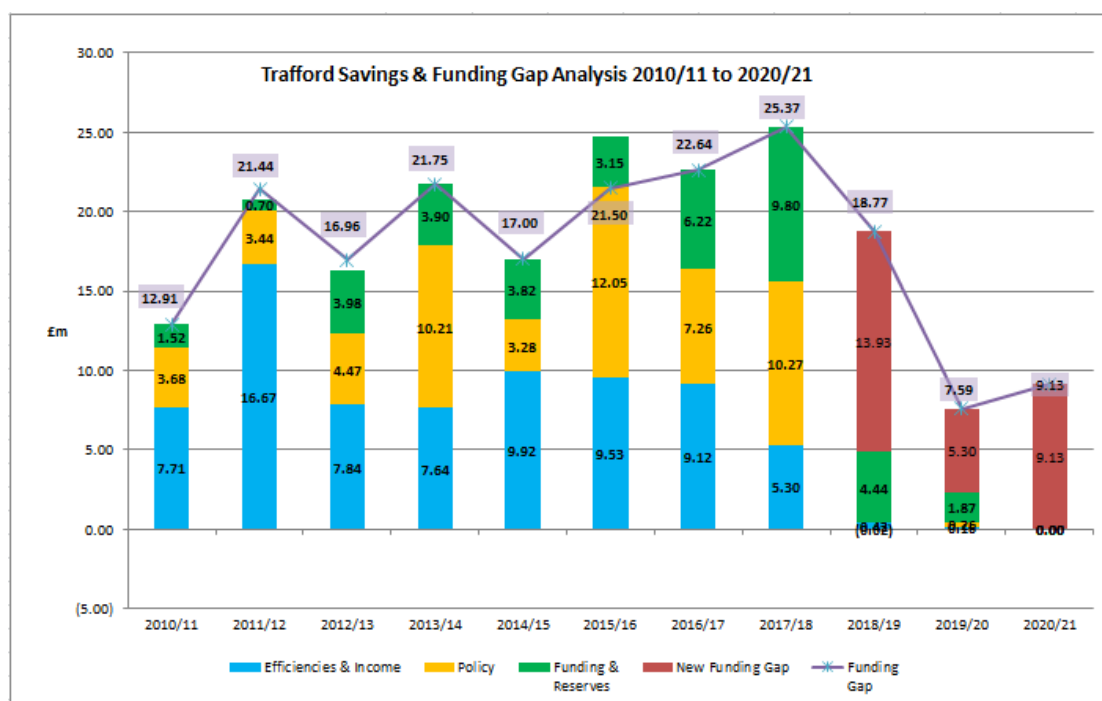
1. FINANCIAL BACKGROUND

1.1 Background

1.1.1 Since 2010 the Government has reduced the funding for Local Government and in the November 2015 Spending Review announced plans to completely phase out Revenue Support Grant (RSG) by 2020, paving the way for the implementation of 100% Business Rate Retention scheme.

1.1.2 During this period the Council has successfully delivered £112.81m of savings and the current year 2017/18 budget includes a further £15.57m of savings. These are being delivered through a mixture of income generation, in-house efficiencies and the transformation of services and service delivery.

1.1.3 Over the next three years the Council is tasked with closing a funding gap which now stands at £28.37m.



1.2 Local Government Finance Settlement

1.2.1 To provide funding certainty & stability over the period to 2020, in the December 2015 Provisional Finance Settlement the Secretary of State offered councils the option to accept a four year funding settlement for the period 2016/17 to 2019/20 on the condition that councils produce an efficiency plan.

1.2.2 On the 19th September 2016 the Executive approved that the Council accept the four year funding settlement and the publication of the Efficiency Plan. The medium term minimum funding guarantee not only safeguards the Council against further reductions but provides certainty to enable the Council to make longer term transformational and growth plans both within our organisation and in collaboration with our partners.

- 1.2.3 The 2017/18 Local Government Finance Settlement figures re-confirmed those originally offered in accepting the four year settlement and can be found in the table below:

Table 1: The Funding Offer	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Revenue Support Grant	22,989	15,276	10,303	5,299
Transitional Grant	465	458	0	0
Rural Services Delivery Grant	0	0	0	0
Total	23,454	15,734	10,303	5,299

1.3 GM & Cheshire Business Rates Pool & 100% Business Rates Retention GM Pilot

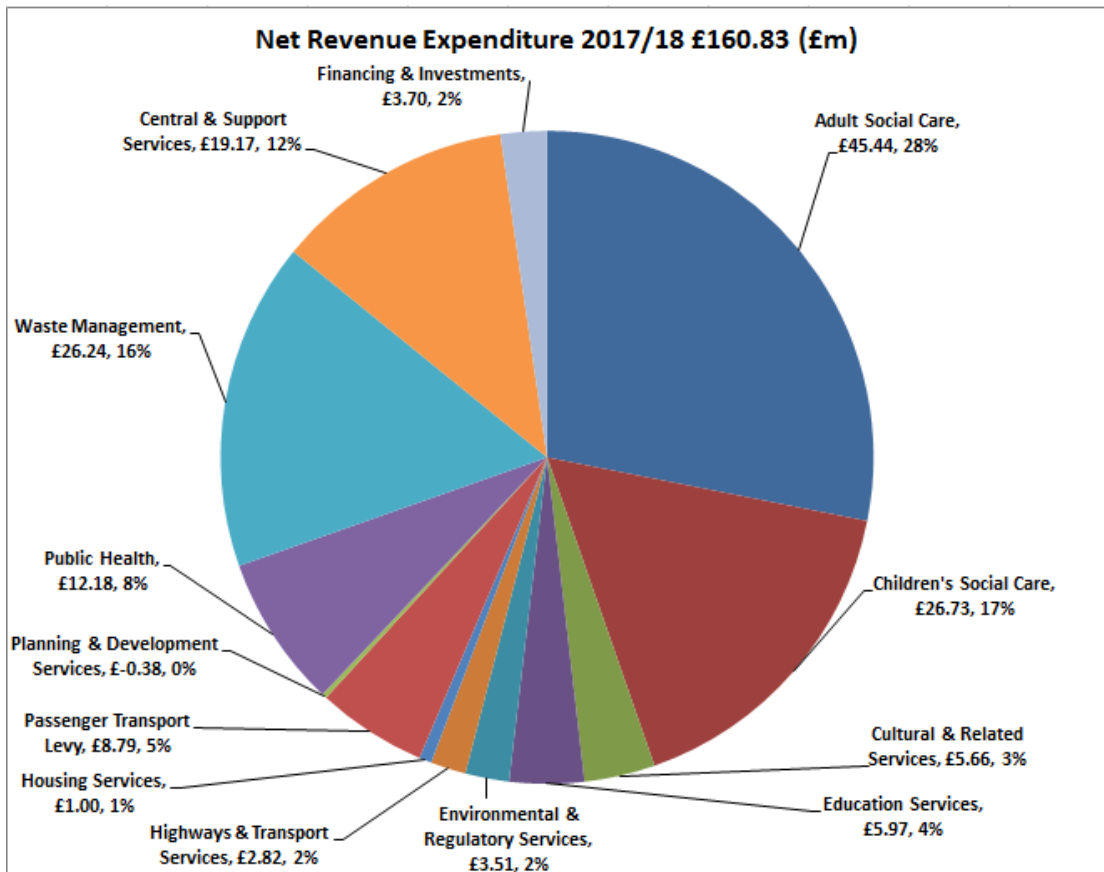
- 1.3.1 Authorities can voluntarily come together to pool their business rates, providing the potential to generate additional growth and retain any levy payments. A Pool treats authorities as a single entity for the purpose of calculating, top-ups, tariffs, levies and safety net requirements. The purpose of a Pool is not to alter individual authorities income levels but to retain some/all of any levy that might be payable to Central Government within the Pool.
- 1.3.2 From April 2015 GM and Cheshire East joined together as a Pool, Cheshire West and Chester later joined the Pool in April 2016. In prior years each authority has been required to make a decision as to whether to remain in the Pool within 28 days of the provisional Local Government Finance Settlement being published.
- 1.3.3 All twelve authorities again signed up to the Pool for 2017/18. There is an initial call on this levy in the following proportions of the levies generated by each authority: Cheshire East, Cheshire West and Chester retain 50%, Trafford retain one-third with the remainder being pooled at GM level.
- 1.3.4 In the 2015 spending review and autumn statement the government announced plans to completely phase out Revenue Support Grant by 2019/20 to pave the way for the implementation of 100% business rates retention in 2020/21.
- 1.3.5 In February 2017 the 2017/18 Local Government Finance Settlement confirmed a number of areas including GM, Liverpool City Region, West Midlands, West of England, Cornwall and the GLA will be piloting 100% Business Rates Retention from 1st April 2017.
- 1.3.6 Additionally in February 2017 the Government also published a 100% Business Rates Retention further consultation document in which it announced the intention to now introduce the new system in 2019/20, a year earlier than previously stated.

- 1.3.7 Following the 2017 general election, the Queen delivered her speech to open the new session of Parliament in June 2017 but the legislative programme did not include the Local Government Finance Bill, required to progress 100% Business Rates Retention. Government responded to this omission by stating it was still committed to delivering the manifesto pledge, to help local authorities control more money they raise locally, but gave no further details.
- 1.3.8 In September 2017 the Government published a prospectus inviting local authorities to submit proposals to pilot 100% Business Rates Retention in 2018/19 and at the same time re-confirmed the five pilots launched on 1st April 2017 will continue on in 2018/19 running alongside the new wave of pilots.
- 1.3.9 However there still remains uncertainty over how Councils will be funded from 2020, if not earlier from 2019, with the phasing out of RSG, underpinned by a yet to be defined business rate retention system and a redistribution of funding formula.

2. 2017/18 BASE BUDGET & MONITORING POSITION as at PERIOD 4 (July 17)

2.1 Base Budget 2017/18

2.1.1 The Council's current gross budget for 2017/18 is £432.94m however this includes specific funding of Dedicated Schools Grant and Housing Benefit. The Council's net controllable budget agreed by Council in February 2017 was £160.83m.



2.2 Revenue Budget Monitoring 2017/18 Period 4 (July 17)

2.2.1 Delivery of the 2017/18 budget is critical to maintaining the Council's budget proposals and future MTFs. The period 4 (July 2017) revenue budget monitoring report forecasts a small underspend of £326k as follows:

Table 2: Budget Monitoring by Service	2017/18 Revised Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)	Percentage
Children's Services	31,947	32,175	228	0.7%
Adult Services (Inc. Public Health)	58,402	59,261	859	1.5%
Economic Growth, Environment & Infrastructure	38,504	37,937	(567)	(1.5)%
Transformation & Resources	17,057	16,590	(467)	(2.7)%
Total Directorate Budgets	145,910	145,963	53	0.0%
Council-wide budgets	14,915	14,536	(379)	(2.5)%
Net Service Expenditure variance	160,825	160,499	(326)	(0.2)%
Funding				
Business Rates	(67,462)	(67,462)	-	
Council Tax	(88,630)	(88,630)	-	
Reserves	(3,058)	(3,058)	-	
Collection Fund surplus	(1,675)	(1,675)	-	
Funding variance	(160,825)	(160,825)	0	0.0%
Net Revenue Outturn variance	0	(326)	(326)	(0.2)%

2.2.2 The current in-year variations contain a number of items with those notable items listed below which has been considered in determining the budget proposals for 2017/18:

- Children's Services - delay in the implementation of some savings programme activity.
- Adult Services - increase in the cost of care reflecting the increased complexity of cases and the shrinking bed base.
- Economic Growth, Environment & Infrastructure - higher than anticipated take up of garden waste collection service.
- Transformation & Resources - staff vacancies which are in the process of being filled.
- Council-wide - final dividend received from Manchester Airport Group higher than anticipated.

3. BUDGET PROCESS 2018/19

3.1 Budget Approach 2018-21

3.1.1 In recent years the Council has had to adopt innovative approaches in order to address the significant budget pressures it faces and the Council's Reshaping Trafford approach has been further adapted for this budget process to address the gap in the budget for 2018/19 to 2020/21.

3.1.2 The long term vision for the future is that ***no one will be held back and no one left behind*** and our future strategy holds this at its core.

3.1.3 The Executive aims to shape a borough which acknowledges that it is made up of different places and enables each to flourish and be confident in their own identity. It will be a thriving borough everywhere and an attractive place to live. The key outcomes include:-

- Trafford will have thriving communities where people choose to live and which retain their own unique identity across the whole of the Borough.
- Businesses will thrive in all areas, creating sustainable employment for all working age people.
- No place will be isolated because the road network and public transport infrastructure will connect all our places.
- Young people will have access to good quality education that prepares and enables them to develop the skills they need to access good quality jobs.
- The sport, recreation and retail offer will help to define the unique nature of these places, which complements the wider offer across the borough whilst promoting healthy lifestyles and regular exercise.
- Young couples and families will want to live in these areas because they have good quality housing, access to good quality schools and they are well connected to transport links.
- People will be enabled to take full responsibility for their health and wellbeing. They will partake in regular exercise and narrow the healthy life expectancy gap, living independently within their communities.

3.1.4 As part of this work a placed based strategy has been developed based around two guiding principles which will see the Council work with partners to ensure services are delivered in the most efficient and effective manner:-

- People - The Council will help residents to help themselves and each other
- Place - To create a place where people want to live, stay, learn, work & relax

3.1.5 This strategy which continues to evolve currently has seven key interventions and the savings and income proposals in this budget report have been themed around these, albeit a number of the themes will take time to develop.

- Creating a national beacon for sports, leisure and activity for all, making Trafford a destination of choice
- Accelerate housing and economic growth
- Redesigning services
- One Trafford - being responsible, being bold, being healthy
- Optimising technology to improve lives and productivity
- Building on excellent education outcomes - developing a wider education and skills offer that better connects people to jobs
- Mersey Valley becomes a significant visitor attraction that connects the North to the South of the Borough.

3.1.6 As with previous budget rounds the Executive continued the approach of growth, charging and saving to balance its overall budget. The first two themes were a priority for the Executive as the creation of new income into the Council will avoid the equivalent amount having to be found from service budgets and thereby minimise adverse impacts on residents and businesses in the borough.

3.2 Budget & Staff Consultation

3.2.1 At this stage it is not envisaged any of the draft budget proposals contained within this report will require public consultation, however all proposals will continually be assessed as they are being developed.

3.2.2 Details on these draft budget proposals will be made available on the Council's website via the 2018/19 budget pages.

3.2.3 As employee costs form a large proportion of the Council's expenditure, any budget proposal has the potential to affect staff and will be dealt with separately and internally through routine staff consultation arrangements.

3.2.4 Additionally since the introduction of mandatory leave, the Council has worked to try and reduce the number of mandatory days that staff are required to take. In this respect, a Voluntary Additional Unpaid Leave Scheme was introduced in 2017/18 and a variation to the existing scheme of 1.5 days mandatory leave for those employees who hadn't opted to take voluntary unpaid leave.

3.2.5 Due to the successful uptake by staff of voluntary leave in 2017/18, staff had the opportunity to 'buy-back' up to 10 voluntary additional leave days for 2018/19 between July to September 2017.

3.2.6 This scheme may replace the mandatory unpaid leave for 2018/19, any variation to terms and conditions will require the Council to undertake a period of statutory collective consultation with staff.

3.3 Scrutiny Review

- 3.3.1 On 19th September 2017 the Scrutiny Committee were presented with the Council's latest Medium Term Financial Plan (MTFP), and taken through the budget assumptions, latest funding gap and the Council's approach to address the gap.
- 3.3.2 On the 15th November 2017 the Leader of the Council will give a presentation to Scrutiny Committee setting out the 2018/19 draft budget proposals contained within this report, which will enable Scrutiny members to review the budget proposals and feedback any comments in January 2018.

4. BUDGET UPDATES & PROPOSALS

4.1 This section identifies:-

- The changes since the MTFs was approved by Council in February 2017
- The revised funding gap for 2018/19 and later years.
- The draft set of budget proposals to partially close the revised funding gap.

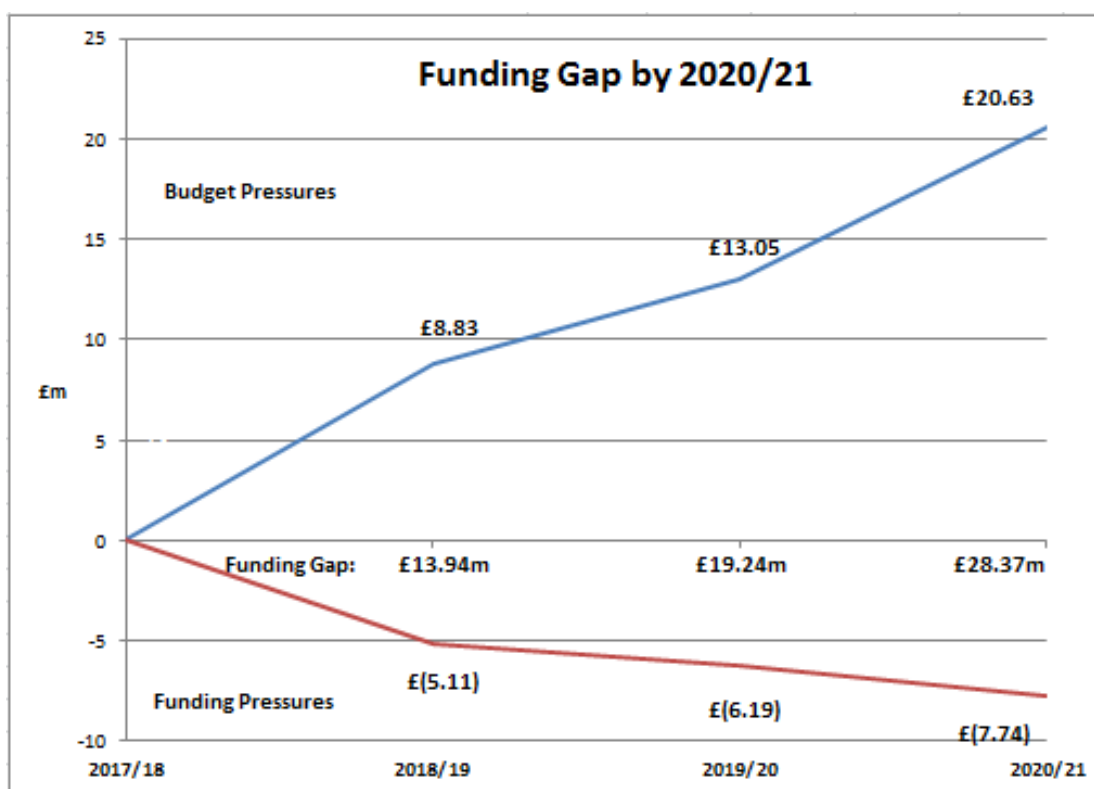
4.2 Updated Annual Funding Position

4.2.1 The MTFs position reported to Council in February 2017 Budget Report showed an overall funding gap for 2018/19 and 2019/20 of £19.24m, at the same time the 2020/21 funding gap was £9.64m. Since February there have been a few budget changes but with marginal impact to the overall funding gap over the next three years, with a decrease of £510k from £28.88 million to £28.37 million.

4.2.2 The table below summarises the budget movements which includes changes to cost pressures, investments and funding since February 2017 budget and the impact on the overall funding gap and a full detailed listing is provided in Annex B.

Table 3: Budget Movements	2018/19 (£'000)	2019/20 (£'000)	2020/21 (£'000)
FUNDING GAP (Budget Feb17)	13,187	6,052	9,636
Movements to Net Budget:			
Reinstatement of Vacancy Factors (CFW & T&R)	(568)	0	0
Reduction of DSG recharge adjustment	(100)	(100)	0
Budget Review	(120)	0	120
Regent Road Car Park Temporary Closure	320	(160)	(160)
Investment Interest & Debt Charges	0	0	(698)
Changes to Budget Assumptions	(468)	(260)	(738)
Movements to Funding:			
Tariff Adjustment (RV @ 31st March & 1617 NNDR3)	1,042	(494)	579
BRR Small Business Rates Relief 1718 +£1m	173	5	(349)
Changes to Funding	1,215	(489)	230
TOTAL BUDGET MOVEMENTS	747	(749)	(508)
REVISED FUNDING GAP (Oct17)	13,934	5,303	9,128

4.3 Updated Cost Pressures, Investment and Funding



4.3.1 Budget pressures and investment:

An overall adverse variance of £20.63m over the next three years, the main features are detailed below with a summary of budget assumptions shown in Annex A:

- Pay: includes a provision for a 1% pay award and increments.
- Inflation: relates to non-staffing budgets and includes a general allowance of 2%; plus other contractual inflation totalling £6.02m over the next three years.
- Living Wage: an allowance of £5.20m over the next three years has been provided.
- Levies: includes allowances for waste disposal, transport and Environment Agency (flood defence).
- Demography: an annual budget increase to reflect the increasing number of adults & children requiring social care of £6.00m over the next three years.
- New Income: an allowance for the Council's share of the additional funding of £1.5bn the Government is providing for the improved Better Care Fund and £2.0bn of Additional Adult Social Care Funding announced in the Spring Budget 2017.

- Expected Grant Reductions: the phasing out of the Education Services Grant, the earlier than expected reduction in New Homes Bonus to four year allocations and a reduction in the DSG recharge.
- Treasury Management: includes investment interest and borrowing costs, and also reflects the maturity of PWLB borrowing in later years.
- Other: includes allowances for other minor service pressures & contingency items.

Overall decrease in the estimate of budget pressures in 2018/19 since the February 2017 budget is £0.47m

4.3.2 It should be noted that budget pressures and assumptions are continually reviewed and updated with known changes; as such there are likely to be further movements between now and the final budget stages.

4.3.3 The potential budget pressures and risks over the coming months include:

- Pay: due to the government considering scrapping the 1% pay cap in the upcoming autumn budget – each 1% increase in the pay award is estimated to cost £0.6m
- Contractual inflation: due to RPI running at 3.70% over the past 12 months – each 1% increase in inflation would cost approximately £1m
- Waste levy: due to the inter authority agreement yet to be agreed between the authorities
- Adults and children’s social care continuing in-year budget pressures
- In-year savings pressures
- Autumn Statement 2017
- Local Government Finance Settlement

4.3.4 Funding:

An overall adverse variance of £7.74m over the next three years, the main feature being the reduction in RSG and Transitional Grant of £10.44m which is being partially offset through an increase in the Council Tax base and a growth in Business Rates as detailed below:

- Council Tax: a 0.5% allowance for the estimated increase in the Council Tax base in each of the next three years.
- Council Tax: within the Final 2017/18 Local Government Finance Settlement the Government increased the flexibility offered on the use of the ‘adult social care precept’, the original intention was for a 2% per year increase from 2017/18 up to 2019/20, in recognition of the pressures on adult social care services especially in the next two years, social care

authorities now have the flexibility to increase by up to 3% in 2017/18 or 2018/19 but still cannot exceed 6% in total over the three year period.

Note: to ensure councils are using the income from the precept they are required to publish a description of their plans which must be signed off by the Chief Finance Officer.

In February 2017 Council approved an overall increase in the level of Council Tax of:

- 1.99% general increase in the 'relevant basic amount' in the two years 2018/19 to 2019/20, and
- 3% for the 'Adult Social Care' precept in 2018/19.

This enables the Council to fully utilise the flexibility of the 'adult social care precept' being offered by government.

- Business Rates: as previously commented in section 1.3, in February 2017 the government stated it aims to introduce the new 100% business rates retention system nationally in 2019/20, with funding baselines & redistributions likely to be reset at the same time. With this announcement there is now greater uncertainty over the level of funding the Council will receive and thus the MTFP funding position for the years 2019/20 and 2020/21.
- Business Rates: as part of the 2017 revaluation an adjustment was made by Government to tariffs & top-ups based on the Rateable Value (RV) Lists as at 30th September and 2015/16 outturn figures for business rates (NNDR3 forms), a further adjustment to tariffs & top-ups is to be made on the final RV Lists as at 31st March 2017 and using the 2016/17 outturn figures to ensure that each Council's retained income is unaffected by the revaluation process.

Overall decrease in the estimate of funding in 2018/19 since the February 2017 budget is £1.22m

Therefore since the February 2017 budget the overall funding gap has increased marginally by £747k from £13.19m to £13.93m in 2018/19

4.3.5 A subjective breakdown of the revised £28.37m funding gap is provided in the table below:

Table 4: The 2018-21 Revised Funding Gap	October 2017		
Budget Forecasts	2018/19 (£'000)	2019/20 (£'000)	2020/21 (£'000)
Net Budget b/fwd	160,825	170,750	172,674
Budget Assumptions:			
Pay	933	653	857
Living Wage	1,822	1,729	1,646
Inflationary	288	293	298
Contractual Obligations	2,015	1,992	2,008
Levies	1,802	(1,597)	(331)
Demographic	2,000	2,000	2,000
Grants, Legislative & Service Transfers *	674	(2,395)	0
Loss of Income	320	(160)	(160)
Treasury Management	99	(420)	(698)
Other	367	250	1,170
Total Budget Assumptions	10,320	2,345	6,790
Approved Budget Proposals (Feb17)			
Income Generation	(335)	(510)	0
Savings Proposals	(60)	89	0
Total Approved Budget Proposals	(395)	(421)	0
Net Budget	170,750	172,674	179,464
Funding:			
Council Tax	93,517	95,855	96,334
Business Rates: Local Share	146,977	150,631	159,661
Business Rates: Tariff Payment	(89,183)	(96,914)	(110,516)
Business Rates: Assumptions, Growth, S31 Grants, GM Pilot	4,406	5,066	7,606
Funding	155,717	154,638	153,085
Movements in Reserves:			
Smoothing Reserve	1,099	(1,201)	(1,986)
Movements to/(from) Reserves	1,099	(1,201)	(1,986)
Cumulative Revised Funding Gap	13,934	19,237	28,365
Annual Revised Funding Gap	13,934	5,303	9,128

* Note: includes additional Improved Better Care Funding of £5.7m by 19/20

4.4 Closing The Revised Funding Gap

4.4.1 The table below shows the draft budget position following the latest round of budget proposals and funding updates, a full detailed listing can be found in Annex D.

Table 5: Summary of the Budget Proposals	2018/19 £'000	2019/20 £'000	2020/21 £'000
New Funding Gap (Oct 17)	13,934	5,303	9,128
Income	(2,567)	(214)	0
Efficiencies	(5,286)	(58)	450
Policy	(532)	0	0
Funding & Reserves	0	0	(1,917)
Draft Budget Proposals	(8,385)	(272)	(1,467)
New Budget Gap (Oct 17)	5,549	5,031	7,661

Since February 2017 Budget the council has undertaken the following activities to identify further proposals to close the funding gap:

- Held staff budget workshops.
- Looked into generating new business cases.
- Analysis and review of our existing budgets
- Benchmarking and positioning exercise against our nearest neighbours and the Greater Manchester authorities.
- Developed a Capital Investment Strategy

4.4.2 New Income Proposals (October 2017):

The latest round of budget proposals generated additional income proposals of £2.57m for 2018/19, to include those listed below, with a full detailed listing provided in Annex D:

- £1m additional income from existing investments.
- £641k from an additional £9m investment opportunity which is likely to be split over two financial years.
- £500k from green waste collection take-up being greater than anticipated.
- £150k from review of estates and rental income.

4.4.3 New Savings Proposals (October 2017):

The latest round of budget proposals generated new savings proposals of £5.82m in 2018/19, to include those listed below, with a full detailed listing provided in Annex D:

- £1.45m from existing adults programme covering reshaping care and SaMS (Stabilise and Make Safe)
- £1m housing benefit overpayment recovery.
- £1m T&R service budget savings.
- £900k from existing children's programme.

4.4.4 Additional Funding (October 2017):

Council Tax: although the referendum principles and the deemed 'excessive' amount are unknown until the final Local Government Finance Settlement, the Council propose to increase the level of Council Tax in 2020/21 by:

- 1.99% general increase in the 'relevant basic amount'

This assumes the Government will continue to allow Local Authorities to increase their Council Tax by less than 2% without the need to hold a referendum i.e. allow a 1.99% general increase in the 'relevant basic amount'.

4.4.5 Investment Income (October 2017):

The Council has appointed CBRE as investment advisors who have the experience of advising on appropriate investment opportunities and creating balanced property portfolios necessary to develop the Council's Investment Strategy.

The Investment Strategy is designed to move the Council into a more sustainable budget position, to enable the Council to fund projects which will deliver significant economic development and regeneration benefits for the area and/or increase the Council's income generating capacity which would maintain the provision of services in future years.

Further details can be found in section 8.3

4.5 Summary

4.5.1 A summary of the reduction in the budget gaps is shown in the table below.

Table 6: Summary of the Reduction in the Revised Funding Gap	2018/19 £'000	2019/20 £'000	2020/21 £'000
Funding Gap Before Feb17 Savings & Funding Proposals	18,026	8,343	9,636
Savings & Income programmes (Feb 17)	(395)	(421)	0
Adult Social Care Precept (3% + 0%)	(2,672)	0	0
Increase in Council Tax (general increase of 1.99%)	(1,772)	(1,870)	0
BUDGET GAP (Feb17)	13,187	6,052	9,636
Changes to Budget Assumptions	(468)	(260)	(738)
Changes to Funding	1,215	(489)	230
TOTAL BUDGET MOVEMENTS	747	(749)	(508)
REVISED FUNDING GAP (Oct17)	13,934	5,303	9,128
New Budget Proposals (Oct17)	(8,385)	(272)	450
Increase in Council Tax (general increase of 1.99%)	0	0	(1,917)
TOTAL PROPOSALS	(8,385)	(272)	(1,467)
Investment Income	TBC	TBC	TBC
NEW BUDGET GAP (Oct17)	5,549	5,031	7,661

4.5.2 Whilst a remaining budget gap of £5.549m still remains for 2018/19 this will be met in part from additional investment income generated through the Capital Investment Strategy (See Para 4.4.5), a continuing review of budget assumptions and through the identification of other savings where available.

5. 2018/19 BUDGET & 2019-21 MTFS POSITION

5.1.1 Based on current assumptions and proposals the 2018/19 net budget will decrease by £4.01m or -2.49%, from £160.83m to £156.82m.

5.1.2 Full subjective summary providing a breakdown of the 2018/19 net budget can be found in Annexes E.

Table 7: The 2018-21 Budget	October 2017		
Budget	2018/19 (£'000)	2019/20 (£'000)	2020/21 (£'000)
Service:			
Children's Services	32,356	33,576	34,653
Adult Services (incl. Public Health)	59,021	60,449	64,537
Economic Growth, Environment & Infrastructure	32,476	31,033	31,672
Transformation & Resources	16,183	16,522	17,093
Total Service Budgets	140,036	141,580	147,955
Council-wide Budgets	22,329	22,437	23,302
Net Budget	162,365	164,017	171,257
Funding:			
Council Tax	93,517	95,855	98,251
Business Rates: Local Share	146,977	150,631	159,661
Business Rates: Tariff Payment	(89,183)	(96,914)	(110,516)
Business Rates: Assumptions, Growth, S31 Grants, GM Pilot	4,406	5,066	7,606
Funding	155,717	154,638	155,002
Movement in Reserves			
Smoothing Reserve	1,099	(1,201)	(1,986)
Movement to/(from) Reserves	1,099	(1,201)	(1,986)
Cumulative Budget Gap	5,549	10,580	18,241
Annual Budget Gap	5,549	5,031	7,661

6. ROBUSTNESS, RISKS & RESERVES

6.1 Robustness and Risks

6.1.1 The law requires that 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.

6.1.2 Robustness does not guarantee that all possible eventualities are identified, or that all budget estimates are exact. Actual income and expenditure is likely to vary from the established budgets, but in the round these will compensate, and the approved budget need only be sufficient to meet overall expenditure requirements.

6.1.3 In exercising their statutory duty the Chief Finance Officer, in conjunction with the Corporate 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 Executive will ensure the minimum reserve level is maintained to ensure the Council can meet its obligations.

6.1.4 The Council faces various financial risks to include:

- The ability to deliver savings 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 growth & the 100% retention scheme pilot and potential costs with backdated appeal costs.
- Variations to external levies & contracts.
- Future changes to legislation and risk from Brexit
- An increasing level of its funding from local sources
- Devolution & integration of Health & Social Care (also an opportunity)

6.2 Reserves

6.2.1 Reserves are set aside so that future plans can be afforded or to avoid infrequent or emergency expenditure impacting on the 'normal operational budget. It is a legal requirement to set aside provisions, and a minimum level of generally available reserve and it is best practice to ensure that there are other sufficient reserves available to meet further needs to ensure an achievable and sustainable budget.

6.2.2 The Council usable reserves at 31st March 2017 stood at £65.08m, of which £30.24m relates to Earmarked revenue reserves as shown below along with their projected usage over the 3 year planning period.

Table 8: Usable Reserves	13/14 £m	14/15 £m	15/16 £m	16/17 £m	17/18 £m	18/19 £m	19/20 £m	20/21 £m
Specific	9.38	11.38	7.48	6.35	5.08	4.67	4.67	4.67
Smoothing	3.80	1.64	2.84	3.54	2.77	0.71	1.91	3.89
Budget Support	0.00	0.00	4.05	6.89	3.83	3.83	3.83	3.83
Service C/fwd	0.98	3.94	6.59	4.72	4.72	4.72	4.72	4.72
Investment Fund	0.00	0.00	0.00	2.48	4.96	7.44	9.93	9.93
NDR Deficit/Levy	15.46	6.81	(0.38)	6.26	6.26	0.00	0.00	0.00
Earmarked Reserves	29.62	23.77	20.58	30.24	27.62	21.37	25.06	27.04
General Reserve	10.98	7.87	7.89	6.00	6.00	6.00	6.00	6.00
Capital Related Reserves	27.32	30.25	17.77	20.63	19.98	16.27	16.27	16.27
School Related Reserves	13.37	10.73	9.42	8.21	8.21	8.21	8.21	8.21
Total Usable Reserves	81.29	72.62	55.66	65.08	61.81	51.85	55.54	57.52
Provisions	25.18	18.87	18.77	24.58	24.58	24.58	24.58	24.58
Total Usable Reserves & Provisions	106.47	91.49	74.43	89.66	86.39	76.43	80.12	82.10

6.2.3 General Reserve: the Council is required by law to maintain a minimum level of reserves to meet unexpected or emergency expenditure, in February 2016 Council agreed to set the minimum level of the General Fund Reserve at £6.00m and maintained this level in February 2017.

6.2.4 The Council holds other Earmarked reserves to fund both revenue and capital expenditure which are held primarily to fund known future commitments but also act as service contingencies for unexpected events and to cover future risks, which include:

- Specific: mainly consists of the Insurance Reserve to cover potential future claims as a result of past events, the Employment Rationalisation Reserve for the costs of severance and related costs of structural change over and above the revenue budget provision and Transformation Reserve.
- Smoothing: established to reduce or smooth out volatility in the revenue budget where normal operating expenditure is not always similar year-on-year, mainly to dampen variations to the Waste Levy.

- Budget Support: established in 2015/16 to provide a cushion against volatility in budget funding and the significant level of savings required over the medium term.
- Service Carry Forward: represents accumulated savings on directorate budgets in previous years. These amounts are anticipated to be utilised to support expenditure on transformational projects.
- Investment Fund: established in 2016/17 from revising the MRP policy, setting aside £9.93m between the years 2016/17 to 2019/20 and its use restricted to being deployed on sustainable income generating or 'invest to save' i.e. revenue cost saving projects.

6.2.5 The Council holds the following reserves for statutory or specific purposes only:

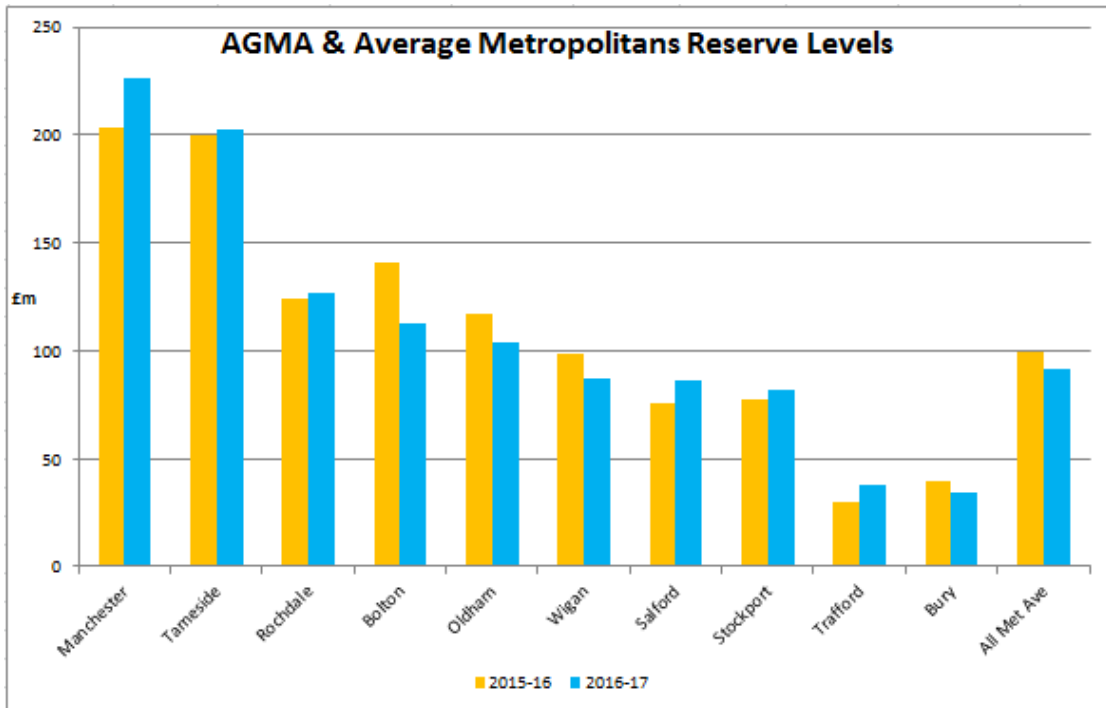
- Capital reserves: consist of capital receipts, grants and contributions which can only be used to fund capital expenditure and are all allocated to support the current capital programme
- Schools reserves: represent the carry forward balances of individual school surpluses & deficits

6.2.6 Balancing the annual budget by drawing on Earmarked reserves may be viewed as a legitimate short-term option but it is not prudent for these reserves to be deployed to finance recurrent expenditure. Holding these types of reserves is primarily to assist in cushioning the effects of financial shocks and aids resilience.

6.2.7 It should be noted that the Council has significantly lower levels of reserves than its neighbours and therefore the use of Earmarked reserves to support its budget decisions cannot be taken lightly.

6.2.8 The level of Earmarked reserves the Council holds is part reflective of the past funding levels of the council in comparison to its need to spend and as the lowest funded Council in Greater Manchester, has accumulated one of the lowest levels of Earmarked reserves.

6.2.9 Although Trafford positioning did change in 2016-17 with Earmarked reserves increasing by c.£10m, with the exception of the Investment Fund, this will mainly be required to cover the Council share of the Business Rates deficit due to be recouped in 2018-19, as a result of the higher than anticipated appeals requirement.



Data source: National Statistics: Local authority revenue expenditure and financing England: 2016 to 2017 individual local authority data - outturn: [Revenue Outturn \(RO\) 2016-17](#)

6.3 Summary

6.3.1 In determining the budget for the forthcoming year it is useful to understand the level of reserves and their role in balancing risk.

7. SCHOOLS FUNDING & BUDGETS 2018/19

7.1 Background

7.1.1 Schools are funded from ring fenced grants, the most notable of which is the Dedicated Schools Grant (DSG). This funding cannot be used for any other Council function, and essentially schools operate within their own fund with any under or over expenditures being taken forward into future years. A National Funding Formula (NFF) has been introduced for 2018/19 and the DSG can be divided into four main areas:

- Schools Block - approximately £152m which essentially funds schools' budgets. This includes approximately £64m for academies. There will be a 'soft' formula for 2 years where the NFF is used to set notional budgets for each school which will be aggregated to give the total schools block. Schools have been consulted on whether to use the NFF as provided by the ESFA or use local formulae or a mixture of both. It remains the Government's intention that a 'hard' formula will be introduced in 2020-21.
- Central Schools Services Block – approximately £1.5m. This is a new block and has been created to reflect the ongoing local authority role in education.
- High Needs Block - approximately £25m which primarily supports Special Educational Needs (SEN) expenditure. This includes £11m to fund Trafford Special Schools.
- Early Years Block - approximately £14m, which funds educational, provision for 2 to 5 year olds in both LEA Schools and Private, Voluntary and Independent (PVI) settings. This grant has been increased for the additional 15 hours of provision for 3 and 4 year olds of eligible working parents.

7.1.2 The increase in funding overall as a result of the NFF is £3.99m as follows:

Table 9: NFF Allocations	2017/18 (£m)	2018/19 (£m)	Difference (£m)
Schools	148.838	152.493	3.655
Central School Services	1.568	1.531	(0.037)
High Needs	24.752	25.127	0.375
Early Years	14.210	14.210	0
Total	189.368	193.361	3.993

7.1.3 Other grants include Pupil Premium Grant (PPG) of £6m which is intended to bridge the attainment gap for pupils in receipt of free school meals and pupils who are or have been in care. In addition to this there is the Universal Infant Free School Meals Grant £3m, 6th Form Funding £1.5m and PE and Sports Grant £600k.

- 7.1.4 The distribution of DSG for Trafford and subsequent funding amounts for individual schools are dependent upon the October census count of pupil numbers with the final distribution of DSG not known until January 2018 following the pupil census in October 2017.
- 7.1.5 At this stage as a result of the NFF DSG expenditure should be containable within the overall allocations for 2018/19.

Table 10: DSG Allocations & Budget 2018/19	£m	£m
Schools Block Budget		
Allocated to schools	152.49	152.49
High Needs Block Budget		
Special Schools	11.14	
Sensory Impairment	1.22	
Speech Therapy	0.24	
SEN	5.51	
Out of Borough	4.44	
Notional SEN Contingency	0.43	
Behaviour & Attendance	0.47	
PRU's	1.03	
Post 16 FE Colleges	0.13	
EFA High Needs Block Deduction	0.52	25.13
Early Years Block Budget	14.21	14.21
Schools Central Services	1.53	1.53
Total 2018/19 DSG Budgets		193.36
Schools Block Allocation	152.49	
Schools Central Services Block Allocation	1.53	
High Needs Block Allocation	25.13	
Early Years Block Allocation	14.21	
Total 2018/19 DSG Allocations		193.36

7.2 Summary Position 2017/18

- 7.2.1 The estimated outturn position on the DSG for 2017/18 is a total overspend of £234k. This overspend will be financed from the central DSG reserve, leaving a balance carried forward to 2018/19.

Table 11: DSG Position 2017/18	Budget £	Expected Outturn £	Difference £
School's block	88,484,925	88,569,183	84,258
High Needs Block	22,115,079	22,228,190	113,111
Early Years	14,207,132	14,243,350	36,218
Total	124,807,136	125,040,723	233,587
Reserve carried forward 16/17	724,175		
Expected reserves remaining	490,588		

8. CAPITAL PROGRAMME

8.1 Capital Investment Programme 2017-20

8.1.1 Council approved the 3 year Capital Programme for 2017-20 of £109.16m in February 2017, with £65.74m profiled to be undertaken during 2017/18.

Table 12: Capital Programme 2017-20	2017/18 £'000	2018/19 £'000	2019/20 £'000	TOTAL £'000
Service Analysis :				
Children, Families & Wellbeing	14,012	8,690	4,590	27,292
Economic Growth, Environment & Infrastructure	26,208	10,834	13,227	50,269
Transformation & Resources	10,515	983	100	11,598
Total Service Programme	50,735	20,507	17,917	89,159
Capital Investment Fund	15,000	5,000	0	20,000
TOTAL PROGRAMME	65,735	25,507	17,917	109,159

8.1.2 The £109.16m programme included:

- Highways investment of £14.4m in 2017/18, and £33.6m over the three years allowing for the replacement of 65km of carriageway, 66km of footway, contribution to the extension of the Metrolink into Trafford Park and completion of the replacement street lighting programme.
- Investment in leisure facilities of £6.5m in 2017/18, being the first phase of a £24.4m investment strategy in support of the Council's Leisure Strategy.
- Additional primary school placements, £7.3m in 2017/18, £11.3m over three years, and other investment in schools' infrastructure of £3.8m in 2016/17, £8.3m over three years.

8.2 Capital Monitoring Position as at Period 6 (Sept 17)

8.2.1 The Capital Programme is reviewed on a monthly basis and as reported in the Budget Monitoring reports to The Executive, the Capital programme has been updated and re-profiled for amounts brought forward from 2016-17, the re-phasing of the original 2017-18 programme to later years and new programmes and external contributions as follows:

Table 13: Capital Programme 2017-20	2017/18 £'000	2018/19 £'000	2019/20 £'000	TOTAL £'000
Service Analysis :				
Children, Families & Wellbeing	15,433	11,610	23,036	50,079
Economic Growth, Environment & Infrastructure	35,929	11,933	17,132	64,994
Transformation & Resources	6,211	9,952	100	16,263
Total Service Programme	57,573	33,495	40,268	131,336
Capital Investment Fund	15,000	5,000	0	20,000
TOTAL PROGRAMME	72,573	38,495	40,268	151,336

8.2.2 The T&R 2018/19 figure of £9.95m includes a further increase to the investment in leisure facilities of £4.3m on Urmston Leisure Centre of which £1.15m is to be funded through borrowing, to be approved by Council.

8.2.3 The capital programme utilises all known available capital funding sources over this period to include prudential borrowing, capital grants and contributions and capital receipts.

8.2.4 A review of the future year's programme will be undertaken and reported back to Executive in February 2018. This will involve a review of existing planned programmes against new emerging priorities including any invest to save measures required to support future revenue savings.

8.3 Capital Investment Strategy

8.3.1 At Budget Council on 22nd February 2017 an investment fund of £20m was established to support the acquisition of assets that will support local regeneration and/or yield future sustainable revenue streams for the Council and also cover borrowing costs.

8.3.2 Council on 26th July 2017 agreed an Investment Strategy to increase the investment fund, to fund projects which will deliver significant economic development and regeneration benefits for the area and/or increase the Council's income generating capacity to move the Council into a more sustainable budget position.

8.3.3 To support the Investment Strategy, Council approved an increase to the Capital Investment Programme by £280m from £20m to £300m.

Base Budget Assumptions

Base Budget Assumptions	2018/19 £m	2019/20 £m	2020/21 £m
Service Expenditure			
Pay: Inflation	1.0%	1.0%	1.0%
	£0.59	£0.59	£0.60
Pay: Pension Inflation	0.0%	0.0%	0.5%
	£0.00	£0.00	£0.26
Pay: Increments & Pension Auto-Enrolment	£0.34	£0.06	£0.00
Pay: Living Wage	£1.82	£1.73	£1.65
General Inflation: Prices	2.0%	2.0%	2.0%
	£0.29	£0.29	£0.30
Contractual Obligations: Inflation Specific e.g. energy	£2.02	£1.99	£2.01
Levies: Waste (GMWDA) Levy Increase	£1.80	(£1.60)	(£0.33)
Demographics: Children	£0.50	£0.50	£0.50
	Adults	£1.50	£1.50
Treasury Management			
Investment Rates	0.70%	0.99%	1.20%
Debt Rates	2.50%	2.50%	2.50%
Funding			
Council Tax rate increase (Adult Social Care)	3.00%	0.00%	0.00%
Council Tax rate increase (Relevant Basic Amount)	1.99%	1.99%	1.99%
Council Tax base increase	0.50%	0.50%	0.50%
Reduction in Settlement Funding Assessment	(6.79)%	(7.05)%	(8.51)%
	£(4.21)	£(4.08)	£(4.57)

Budget Movements & Proposals: Feb 2017 to Oct 2017

MOVEMENTS & PROPOSALS	2018/19	2019/20	2020/21
Funding Gap Before Feb17 Savings & Funding Proposals	18,026	8,343	9,636
Trafford Leisure Centre - Franchise Fee	(100)	(100)	0
Waterside Arts Centre - Business Development	(100)	0	0
Charging for Kerbside Garden Waste Collection	(75)	(395)	0
Sale Waterside - Sub-letting Income	(50)	0	0
CCTV New Trading Model	(10)	(15)	0
INCOME PROPOSALS (Feb17)	(335)	(510)	0
Supported Living	(250)	0	0
Mandatory Recycling	(232)	(261)	0
Review of Sale PFI contract	(50)	0	0
Business Scanning	(28)	0	0
Voluntary plus Compulsory Unpaid Leave	500	0	0
GMPF Reduced Allowance for Early Retirements	0	350	0
SAVING PROPOSALS (Feb17)	(60)	89	0
Adult Social Care Precept (3%+0%+0%)	(2,672)	0	0
Increase in Council Tax (general increase of 1.99%)	(1,772)	(1,870)	0
ADDITIONAL FUNDING (Feb17)	(4,444)	(1,870)	0
TOTAL PROPOSALS (Feb17)	(4,839)	(2,291)	0
BUDGET GAP (Feb17)	13,187	6,052	9,636
Reinstatement of Vacancy Factors (CFW & T&R)	(568)	0	0
Reduction of DSG recharge adjustment	(100)	(100)	0
Budget Review	(120)	0	120
Regent Road Car Park Temporary Closure	320	(160)	(160)
Investment Interest & Debt Charges	0	0	(698)
CHANGES TO BUDGET ASSUMPTIONS	(468)	(260)	(738)
Tariff Adjustment (RV @ 31st March & 1617 NNDR3)	1,042	(494)	579
BRR Small Business Rates Relief 1718 +£1m	173	5	(349)
CHANGES TO FUNDING	1,215	(489)	230
TOTAL BUDGET MOVEMENTS	747	(749)	(508)
REVISED FUNDING GAP (Oct17)	13,934	5,303	9,128
Additional Income from Existing Investments	(1,000)	0	0
Additional Income from £9m Investment in 1718	(641)	(214)	0
Continued Green Waste Take-up	(500)	0	0
Review of Estates & Rental Income	(150)	0	0
Extra Care Income (New Residents)	(77)	0	0
Assistive Technology Income	(69)	0	0
GM Road Access Permit Scheme Income (RAPS)	(50)	0	0

MOVEMENTS & PROPOSALS	2018/19	2019/20	2020/21
Additional Parking Income (not fees increase)	(40)	0	0
Planning Application Fees	(30)	0	0
Environmental Enforcement Income (Match Days)	(10)	0	0
NEW INCOME PROPOSALS (Oct17)	(2,567)	(214)	0
Continuation Adults Programme	(1,450)	0	0
Service Budgets Savings Target - T&R	(1,000)	0	0
Housing Benefit Overpayment Recovery	(1,000)	0	500
Continuation Children's Programme	(900)	0	0
Continuation of voluntary / mandatory leave scheme	(532)	0	0
Savings from Estate Review	(400)	0	0
Service Budget Savings Target – EGEI	(200)	0	0
SAP Maintenance Annual Fee reduction	(91)	(8)	0
Parking Services - Business Rates	(90)	0	0
Early Payment of Suppliers Discount	(50)	(50)	(50)
Building Control Income & Efficiencies	(30)	0	0
Public Protection Efficiencies	(30)	0	0
AGMA NW Evergreen	(25)	0	0
Strategic Economic Growth Team Efficiencies	(20)	0	0
NEW SAVING PROPOSALS (Oct17)	(5,818)	(58)	450
Increase in Council Tax (general increase of 1.99%)	0	0	(1,917)
ADDITIONAL FUNDING	0	0	(1,917)
INVESTMENT INCOME	TBC	TBC	TBC
TOTAL PROPOSALS (Oct17)	(8,385)	(272)	(1,467)
NEW BUDGET GAP (Oct17)	5,549	5,031	7,661

100% Business Rates Retention GM Pilot**Business Rates 'No Detriment' Calculation**

2018/19	50% £	100% PILOT £
Gross Rates Payable	182,662,281	182,662,281
Transitional Adjustments and Mandatory & Discretionary Reliefs	(15,234,091)	(15,234,091)
NET RATES PAYABLE	167,428,190	167,428,190
Accounting Adjustments (Appeals & BDP) & Cost of Collection	(11,364,168)	(11,364,168)
NNDR Income	156,064,022	156,064,022
Local Share	76,471,371	154,503,382
Tariff	(37,642,185)	(89,183,030)
Retained Business Rates	38,829,186	65,320,352
Baseline Funding Level	35,103,900	57,793,754
Growth	3,725,286	7,526,598
SAICA Renewable Energy	75,035	75,035
Section 31 Compensation Grants	2,475,967	4,810,263
GM Pool Levy	(2,803,843)	0
GM Pool Levy Rebate at 33%	933,680	0
Growth/(Decline) to Baseline	4,406,125	12,411,896
GM Pilot 'No Detriment' Over Payment	0	(8,005,771)
NO DETRIMENT GROWTH/(DECLINE) TO BASELINE	4,406,125	4,406,125

Income Proposals

Report	Port-folio	Service Area	Description of Saving	Category of Saving	2018/19 £000's	2019/20 £000's	2020/21 £000's
Oct-17	Investment	CW	Additional Income from Existing Investments	Income	(1,000)	0	0
Oct-17	Investment	CW	Additional Income from £9m Investment in 1718	Income	(641)	(214)	0
Oct-17	Highways Parks & Env Svs	EGE&I	Continued Green Waste Take-up	Income	(500)	0	0
Oct-17	Investment	EGE&I	Review of Estates & Rental Income	Income	(150)	0	0
Oct-17	Children & Families	CFW	Extra Care Income (New Residents)	Income	(77)	0	0
Oct-17	Children & Families	CFW	Assistive Technology Income	Income	(69)	0	0
Oct-17	Highways Parks & Env Svs	EGE&I	GM Road Access Permit Scheme Income (RAPS)	Income	(50)	0	0
Oct-17	Housing & Strategic Planning	EGE&I	Additional Parking Income (not fees increase)	Income	(40)	0	0
Oct-17	Housing & Strategic Planning	EGE&I	Planning Application Fees	Income	(30)	0	0
Oct-17	Highways Parks & Env Svs	EGE&I	Environmental Enforcement Income (Match Days)	Income	(10)	0	0
					(2,567)	(214)	0

Savings Proposals

Report	Port-folio	Service Area	Description of Saving	Category of Saving	2018/19 £000's	2019/20 £000's	2020/21 £000's
Oct-17	Children & Families	CFW	Continuation Adults Programme	Efficiency	(1,450)		
Oct-17	Corporate Resources	T&R	Service Budgets Savings Target - T&R	Efficiency	(1,000)	0	0
Oct-17	Corporate Resources	CW	Housing Benefit Overpayment Recovery	Efficiency	(1,000)	0	500
Oct-17	Children & Families	CFW	Continuation Children's Programme	Efficiency	(900)	0	0
Oct-17	Corporate Resources	ALL	Continuation of voluntary / mandatory leave scheme	Policy	(532)	0	0
Oct-17	Corporate Resources	CW	Potential Savings from estate review	Efficiency	(400)	0	0
Oct-17	Housing & Strategic Planning	EGE&I	Service Budget Savings Target - EGEI	Efficiency	(200)	0	0
Oct-17	Corporate Resources	T&R	SAP Maintenance Annual Fee reduction	Efficiency	(91)	(8)	0
Oct-17	Housing & Strategic Planning	EGE&I	Parking Services - Business Rates	Efficiency	(90)	0	0
Oct-17	Corporate Resources	T&R	Early Payment of Suppliers Discount	Efficiency	(50)	(50)	(50)
Oct-17	Housing & Strategic Planning	EGE&I	Building Control Income & Efficiencies	Efficiency	(30)	0	0
Oct-17	Housing & Strategic Planning	EGE&I	Public Protection Efficiencies	Efficiency	(30)	0	0
Oct-17	Corporate Resources	CW	AGMA NW Evergreen	Income	(25)	0	0

Oct-17	Housing & Strategic Planning	EGE&I	Strategic Economic Growth Team Efficiencies	Efficiency	(20)	0	0
					(5,818)	(58)	450

2018/19 Subjective (Spend) Budget Analysis

	CFW (£000's)	EGEI (£000's)	T&R (£000's)	Council- wide (£000's)	Funding & Reserves (£000's)	Total (£000's)
NET BUDGET b/fwd	90,349	38,504	17,057	14,915		160,825
Budget Assumptions:						
Pay	653	49	223	8		933
Living Wage	1,698	50	74	0		1,822
General Inflation	31	97	158	2		288
Contractual Inflation & Obligations	1,165	799	51	0		2,015
Levies	0	(5,648)	0	7,450		1,802
Demographic	2,000	0	0	0		2,000
Grants, Legislative & Service Transfers	(1,707)	0	48	2,333		674
Loss of Income	0	320	0	0		320
Treasury Management	0	0	0	99		99
Other	0	(120)	(13)	500		367
Total Budget Assumptions	3,840	(4,453)	541	10,392		10,320
Approved Budget Proposals (Feb 2017):						
Income Generation	0	(125)	(210)	0		(335)
Savings Proposals	(52)	(194)	98	88		(60)
Total Approved Budget Proposals	(52)	(319)	(112)	88		(395)
New Budget Proposals (Oct 2017):						
Income Generation	(146)	(780)	0	(1,641)		(2,567)
Savings Proposals	(2,614)	(476)	(1,303)	(1,425)		(5,818)
Total New Budget Proposals	(2,760)	(1,256)	(1,303)	(3,066)		(8,385)
NET BUDGET	91,377	32,476	16,183	22,329	0	162,365
Funding:						
Council Tax					(89,073)	(89,073)
Council Tax - 1.99% General Increase					(1,772)	(1,772)
Council Tax - 3% Adult Social Care Increase					(2,672)	(2,672)
Business Rates: Local Share					(146,977)	(146,977)
Business Rates: Tariff Payment					89,183	89,183
Business Rates: Assumptions, Growth, S31 Grants, GM Pilot					(4,406)	(4,406)
Funding Total					(155,717)	(155,717)
FUNDING					(155,717)	(155,717)
Movement in Reserves:						
Smoothing Reserve					(1,099)	(1,099)
Movement in Reserves Total					(1,099)	(1,099)
MOVEMENT IN RESERVES					(1,099)	(1,099)
BUDGET GAP						5,549