

## TRAFFORD COUNCIL

**Report to:** Executive  
**Date:** 24 June 2019  
**Report for:** Information  
**Report of:** The Executive Member for Finance and Investment and the Corporate Director of Finance and Systems

### Report Title:

Budget Monitoring 2018/19 – Period 12 (April 2018 to March 2019).

### Summary:

The purpose of this report is to inform Members of the 2018/19 draft outturn figures relating to both Revenue and Capital budgets, the level of General and Service Reserves. It also summarises the final unaudited position for Council Tax and Business Rates within the Collection Fund

### Recommendation(s)

#### **It is recommended that the Executive:**

- a) note the report and the outturn position showing a budget underspend of £1.783m, which will be transferred to the Budget Support Reserve;
- b) note the creation of a new earmarked reserve of £1.5m to support an improvement plan in Children's services, following the recent 'inadequate' report from Ofsted;
- c) note and agree the other changes to reserves as detailed in paragraph 8 and Appendix 2.

### Contact person for access to background papers and further information:

David Muggeridge, Finance Manager, Financial Accounting Extension: 4534

Background Papers: None

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	Revenue and Capital expenditure to be contained within available resources in 2018/19.
Legal Implications:	None arising out of this report
Equality/Diversity Implications	None arising out of this report
Sustainability Implications	None arising out of this report
Resource Implications e.g. Staffing / ICT / Assets	Not applicable

Risk Management Implications	Not applicable
Health & Wellbeing Implications	Not applicable
Health and Safety Implications	Not applicable

## REVENUE BUDGET

### Budget Monitoring - Financial Results

1. Based on the pre-audit outturn for the year, the Council will underspend its budget by £1.783m, comprising a net underspend on service and corporate budgets of £0.154m and additional funding of £1.629m. This is an overall favourable movement of £0.531m since last period.

### Service Expenditure Summary Position

2. The pre-audited service revenue outturn position shows an underspend figure of £0.154m. This compares to a period 10 underspend of £0.443m.
3. The adverse movement of £0.289m is made up of a number of movements since period 10 and is explained below, with more detail given in Table 2:

### Funding Summary Position

4. Additional funding from business rates, particularly from Section 31 grants and a saving on the level of tariff payments, has been generated of £1.629m, a favourable movement of £0.820m since period 10.
5. Detailed below in Table 1 is a summary breakdown of the service and funding variances against budget, with Table 2 providing a more detailed explanation of the variances:

<b>Table 1: Budget Monitoring results by Service</b>	<b>2018/19 * Revised Budget (£000's)</b>	<b>Un- audited Outturn (£000's)</b>	<b>Variance (£000's)</b>	<b>Percent- age</b>
Children's Services	32,336	32,952	616	1.90%
Adult Services	47,976	48,117	141	0.29%
Public Health	12,228	12,245	17	0.14%
Place	23,844	22,911	(933)	(3.91)%
People	2,742	2,642	(100)	(3.65)%
Finance & Systems	6,993	6,540	(453)	(6.48)%
Governance & Community Strategy	7,433	7,444	11	0.15%
<b>Total Directorate Budgets</b>	<b>133,552</b>	<b>132,851</b>	<b>(701)</b>	<b>(0.52)%</b>
Council-wide budgets	30,694	31,241	547	1.78%
<b>Net Service Expenditure variance</b>	<b>164,246</b>	<b>164,092</b>	<b>(154)</b>	<b>(0.09)%</b>

<b>Funding</b>				
Business Rates (see para. 14)	(67,619)	(69,248)	(1,629)	(2.41)%
Council Tax (see para. 10)	(94,497)	(94,497)	-	
Reserves	(1,630)	(1,630)	-	
Collection Fund surplus	(500)	(500)	-	
<b>Funding variance</b>	<b>(164,246)</b>	<b>(165,875)</b>	<b>(1,629)</b>	<b>(2.41)%</b>
<b>Net Revenue Outturn variance</b>	<b>0</b>	<b>(1,783)</b>	<b>(1,783)</b>	
<b>Dedicated Schools Grant</b>	<b>128,624</b>	<b>127,248</b>	<b>(1,376)</b>	<b>(1.07)%</b>

\* There have been no budget virements since the Period 10 Budget Monitoring Report.

## Main variances, changes to budget assumptions and key risks

6. The main variances contributing to the net service expenditure underspend of £0.154m and the adverse movement of £0.289m are highlighted below:

Table 2: Main variances	Forecast Variance (£000's)	Explanation/Risks
Children's Services	616	<p><b>Outturn variance £616k adverse, a £293k favourable movement since P10:</b></p> <ul style="list-style-type: none"> <li>➤ £0.957m above budget in children's placements; a favourable movement of £55k. (Note 1);</li> <li>➤ £0.405m additional home to school transport costs; a favourable movement of £7k (Note 2);</li> <li>➤ £0.746m underspends relating to staff vacancies (£388k), additional grant income (£104k) and running cost savings (£254k); a favourable movement of £231k. (Note 3).</li> </ul> <p><b><u>Note 1</u></b> The outturn position is a gross overspend of £1.212m across children's placements which is partially offset by a one off underspend of £0.255m on the Regional Adoption Agency (Adoption Counts).</p> <p>The favourable movement of £55k is mainly due to £106k additional asylum seeker grant offset by net increases across children's placements of £51k.</p> <p>The number of children in care as at the end of March was 419, an increase of 13 from that last reported at the end of January.</p> <p>As at 31/03/19 £1.548m of savings has been achieved via the planned de-escalation of Children's placements, against a target of £0.900m.</p> <p>The service continues to make the most cost effective decisions for children entering care without compromising on outcomes and safety. The priority is using family based care as the preferred option.</p> <p><b><u>Note 2</u></b> The Home to School Transport (Trafford Travel Co-ordination Unit) service continues to experience high demand.</p> <p>The overspend on transport runs at the year-end amounts to £405k. There are a number of new and expanded "runs" which have resulted in higher contractor costs for commissioned transport. The</p>

		<p>Service continues to promote independent travel training for young people and car mileage payments to parents as a package of flexible travel assistance solutions for families; this helps reduce demand for transport.</p> <p><b>Note 3</b> The favourable movement of £231k is mainly due to one off underspends in relation to commissioned services of £167k and the remaining £64k due to minor variances.</p>
Adult Services	141	<p><b>Outturn variance £141k adverse, a £520k favourable movement since P10:</b></p> <ul style="list-style-type: none"> <li>➤ £986k adverse variance in the Adults Client Budget; an adverse movement of £166k (Note 1)</li> <li>➤ £339k reduction in costs due to vacancies and one off savings in running costs; a favourable movement of £180k (Note 2)</li> <li>➤ £506k reduction in costs due to a review of the Adult Social Care bad debt provision; a favourable movement of £506k. (Note 3)</li> </ul> <p><b>Note 1</b> The main area of volatility across adults is in the client budget.</p> <p>The market continues to be complex and there is a significant challenge for the service to procure care at framework prices. At the end of the financial year £2.680m has been spent on care exceeding framework prices an increase of £77k from period 10. This is over and above the amount that was anticipated when setting the budget hence the £986k overspend on Adults client costs.</p> <p>The remaining movement of £89k relates to the net change in demand for services.</p> <p>The service continues with its initiatives to reduce these cost pressures by:</p> <ul style="list-style-type: none"> <li>• Increasing the number of providers of the Stabilise and Make Safe service (SaMS), ensuring that clients can increase/maintain their independence and reduce demand for residential/nursing and homecare services;</li> <li>• exploring alternative contracting arrangements;</li> <li>• increasing the use of technology.</li> </ul> <p>Within the 2018/19 budget there was a savings target</p>

		<p>of £2.620m. This has been overachieved by £227k, mainly due to the Stabilise and Make Safe (SaMS) programme.</p> <p>During the 2018/19 financial year additional funding of £946k was received for winter pressures and this allocation has been spent in full. The funding has enabled additional:-</p> <ul style="list-style-type: none"> <li>• placement capacity in residential and nursing settings;</li> <li>• homecare packages;</li> <li>• reablement through discharge to assess beds;</li> <li>• resource to tackle delayed discharges from hospital.</li> </ul> <p><b><u>Note 2</u></b> The favourable movement of £180k is predominantly due to an underspend on client aids and equipment due to additional equipment purchases falling within the capitalisation policy than previously anticipated.</p> <p><b><u>Note 3</u></b> An in-depth review of Adult Social care debts has been carried out as at 31/03/2019 and following completion the bad debt provision has been reduced by £301k. This is as a result of the council's 95% debt recovery rate and its strong performance in recovering amounts subject to litigation. In addition to this the budgeted contribution to the provision for 2018/19 is also not required, resulting in a further £205k underspend.</p>
Public Health	17	<p><b>Outturn variance £17k adverse, a £219k favourable movement since P10:</b></p> <p>The service has been under significant pressure this year to reduce its expenditure by £700k. This being the risk share agreement in place as a result of the overspend on the community services contract by Pennine Care NHS Foundation Trust (over £1.8m).</p> <p>The service has therefore reduced expenditure in other areas of its budget by £683k to mitigate as far as possible this pressure in the financial year. Many of the expenditure areas that have been reduced are in relation to preventive services and are one off savings.</p> <p>The service continues to review this position for 2019/20.</p>

Place	(933)	<p><b>Outturn variance £933k favourable, a £58k adverse movement since P8</b></p> <ul style="list-style-type: none"> <li>➤ one-off business rate refunds (net of fees) relating to Sale Waterside and Trafford Town Hall of £949k;</li> <li>➤ staff cost underspend from vacancies of £514k, which is £320k in excess of the savings target and equates to approximately 9.6% of the overall staffing budget. The underspend has increased by £16k since period 10. Efforts are continuing to fill vacant posts and a number of services are also in the process of restructuring;</li> <li>➤ net surplus income from property rents, car park income and other fees of £83k. This is £110k less than period 10, and in particular includes for a reduction in the Stretford Mall backrent for 2017 and 2018 notified from the managing agents in March;</li> <li>➤ partly offset by a net budget pressure in running costs of £420k across all services, a favourable movement of £35k since period 10, including: <ul style="list-style-type: none"> <li>➤ £196k from waste management disposal costs relating to an increase in trade/bulky waste and fees for bulking of other waste;</li> <li>➤ a permanent increase in business rates of £87k relating to a number of Car Parks, offset by one-off business rate refunds (net of fees) of £222k;</li> <li>➤ one-off running costs of £122k for surplus properties awaiting disposal;</li> <li>➤ other one-off costs of £237k across a number of services, including rates, utilities, property maintenance.</li> </ul> </li> <li>➤ Note – The Planning service has an underspend of £222k from staff vacancies and additional income which is ring fenced for re-investment in the service in line with government regulations resulting in a neutral impact on the final outturn. The underspend has been carried forward to 2019/20 through reserves accordingly.</li> </ul> <p><b>Period movement £58k net adverse:</b></p> <ul style="list-style-type: none"> <li>➤ Stretford Mall backrent adverse movement £342k (as above);</li> <li>➤ Additional income from Station House</li> </ul>
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		<p>backrent £100k (one-off), garden waste charges £52k (one-off), road access permits £19k, outdoor media advertising £20k and day to day lettings £23k;</p> <ul style="list-style-type: none"> <li>➤ Waste disposal costs have reduced by £65k;</li> <li>➤ Growth and Regulatory services favourable movement of £86k across a number of areas;</li> <li>➤ Increased utility costs £31k;</li> <li>➤ other minor net adverse movements £50k.</li> </ul>
People	(100)	<p><b>Outturn variance £100k favourable, a £190k favourable movement since P10:</b></p> <ul style="list-style-type: none"> <li>➤ Staff costs are underspent by £218k due to vacancies during the year, which is 4.4% of the staffing budget. This is £28k in excess of the savings target.</li> <li>➤ There is a one-off additional cost associated with the changes to the Council's Executive Management structure of £101k;</li> <li>➤ Additional income above budget mainly from traded services of £176k. There is a trading loss at Flixton House of £39k due to redevelopment works, now complete. Other running costs are £37k underspent;</li> <li>➤ the favourable movement of £190k since the period 10 report mainly relates to additional trading surpluses from catering/cleaning and Human Resources £112k, increase in the staff underspend £53k, and other net movements including general running costs £25k across a number of services.</li> </ul>
Finance & Systems	(453)	<p><b>Outturn variance £453k favourable, a £265k favourable movement since P10:</b></p> <ul style="list-style-type: none"> <li>➤ Staff costs are underspent by £400k due to vacancies during the year, which is 5.5% of the staffing budget. This is £117k in excess of the savings target. The main areas of vacancies are Exchequer services, where staff turnover is traditionally high, and ICT, which reflects the current difficulties in recruiting to this service and a pending restructure.</li> <li>➤ net underspend on running costs of £285k which is mainly from lower ICT maintenance contracts and a reduction in billing costs for Council tax (e.g. reduced printing, postages etc.).</li> </ul>

		<ul style="list-style-type: none"> <li>➤ Income is £51k above budget including £22k from ICT SLA's with schools and also from Exchequer grants received/confirmed in February/March.</li> <li>➤ the favourable movement of £265k since the period 10 report relates mainly to the reduction in Exchequer running costs above, plus £53k of additional income and £19k from staff vacancies.</li> </ul>
Governance & Community Strategy	11	<p><b>Outturn variance £11k adverse, a £70k favourable movement since P10:</b></p> <ul style="list-style-type: none"> <li>➤ Staff costs are underspent by £431k due to vacancies during the year, which is 6.4% of the staffing budget. This is £171k in excess of the savings target. The main areas of vacancies are in Legal Services, which reflects challenges in recruitment for this sector, and the Access Trafford contact centre, where staff turnover is traditionally high.</li> <li>➤ net running costs above budget of £36k, including demand led legal costs;</li> <li>➤ a shortfall of £228k compared to budget, relating to trading activity at Sale Waterside Arts Centre;</li> <li>➤ surplus income of £82k, including additional SLA income in Legal Services;</li> <li>➤ the favourable movement of £70k since the period 10 report relates to staff vacancies £30k, additional net SLA income, mainly Legal Services £40k.</li> </ul>
Council-wide budgets	547	<p><b>Outturn variance £0.547m adverse, a £1.788m adverse movement since P10:</b></p> <p>The overall variance is a result of a mix of savings on corporate budgets including Treasury Management, additional income from our Investment Strategy and the release of a number of Council Wide contingencies and provisions. These net savings total £0.953m, an adverse movement of £0.288m since period 10. In addition there have also been some significant contributions to reserves (see below) of £1.5m since period 10:-</p> <ul style="list-style-type: none"> <li>➤ £472k additional net income generated from the Investment Strategy. This is a favourable movement of £27k since the last report;</li> <li>➤ Treasury Management savings of £307k mainly relating to a significant debt</li> </ul>

		<p>restructuring exercise in the year. This is extra to the additional MAG dividend of £2.038m which has already been transferred to the MAG Dividend Reserve as previously reported.</p> <ul style="list-style-type: none"> <li>➤ Release of contingency budgets of £294k, a minor favourable movement of £5k since the last report;</li> <li>➤ The net Housing Benefit budget (payments made, less subsidy and overpayment recovery) is below budget by £196k, largely as a result of reduced subsidy and lower collection rates of prior years' housing benefit overpayments as more claimants move to Universal Credit. This is an adverse movement of £406k since Period 10;</li> <li>➤ The Government recently announced additional grant resources in 2018/19 and 2019/20 to cover costs which may arise following Brexit. Unitary councils are expected to receive £210k over the two years. The exact details of the grant are yet to be determined so in the meantime these funds have been transferred to an earmarked reserve, resulting in a neutral impact on the 2018/19 outturn position.</li> <li>➤ Other net savings of £76k across a number of budgets.</li> </ul> <p><b>Reserve Transfers</b></p> <p>An amount of £1.5m is recommended to be transferred to a newly created reserve to support:-</p> <ul style="list-style-type: none"> <li>• New investment in Children's Services will be necessary following the recent Ofsted inspection; it is recommended that £1.5m is transferred to a specific reserve to cover additional expenditure requirements in 2019/20 with any ongoing costs built into future budget plans.</li> </ul> <p>Use of the reserves will be closely monitored and reported to Executive during the course of 2019/20.</p>
<b>Funding</b>	(1,629)	See paragraph 14 below.
<b>Dedicated Schools Grant</b>	(1,376)	<b>High Needs Block:</b> In year underspend caused by the award of additional grant to support high needs expenditure, savings in special school place funding due to an

		<p>increase in out of borough pupils in Trafford schools and a saving on early years budgets.</p> <p>This underspend will be transferred to the central DSG reserve to give an end of year balance of £2.305m; an element of this is ringfenced in respect of de-delegated sums from the school's budget with the remainder able to support future pressures within the high needs block.</p>
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## MTFP Savings and increased income

7. The 2018/19 budget is based on the achievement of permanent base budget savings and increased income of £9.97m (see para. 1 above). The draft forecast outturn shows that £10.489m (105.1%) of the savings target have been achieved giving a surplus of £0.506m.

<b>Table 3 – Transformation &amp; Business as Usual Projects</b>	<b>Savings Target £</b>	<b>Savings Achieved £</b>	<b>Surplus \ (shortfall) £</b>
<b>Original Target Agreed at Budget Council February 2018</b>	<b>9,973,000</b>	10,488,890	<b>515,890</b>
Add savings in 2018/19 brought forward from the 2017/18 programme:-	10,000	0	<b>(10,000)</b>
<b>Adjusted Target</b>	<b>9,983,000</b>	<b>10,488,890</b>	<b>505,890</b>
Of which:-			
Transformation Projects	3,746,000	4,620,890	874,890
Business As Usual	6,237,000	5,868,000	(369,000)

Those projects in exception are listed in Appendix 1.

## RESERVES

8. The Council's usable reserves at 31st March 2019 are £72.34m, a reduction of £2.67m over the year.

<b>Table 4 - Usable Reserves</b>	<b>2017/18 £m</b>	<b>2018/19 £m</b>	<b>Change £m</b>
Specific	6.82	8.16	1.34
Smoothing	9.60	15.19	5.59
Business Rate Growth Pilot Reserve	6.69	8.78	2.09
Budget Support	5.33	5.48	0.15
Service C/fwd	4.56	3.23	(1.33)
Airport Investment Reserve	4.96	0.00	(4.96)
NDR Deficit/Levy	5.26	1.59	(3.67)
<b>Earmarked Reserves</b>	<b>43.22</b>	<b>42.43</b>	<b>(0.79)</b>
General Reserve	6.00	7.00	1.00
Capital Related Reserves	17.48	12.29	(5.19)
School Related Reserves	8.31	10.62	2.31
<b>Total Usable Reserves</b>	<b>75.01</b>	<b>72.34</b>	<b>(2.67)</b>

Details of all reserve movements is shown in Appendix 2 with the major changes as follows:-

- Increase in the general reserve from £6m to £7m met from a transfer from Insurance Reserves, as referred to in the budget report for 2019/20 and agreed by Executive in February 2019
  - Increase in the MAG Group Dividend smoothing reserve of £2m from the additional dividend received in year, this will be used to cushion the revenue impact of any downturn in airport dividend and previously agreed by Executive
  - Increase in the Business Rate Smoothing Reserve £2.5m from redistribution of unutilised monies from the 2017/18 Business Rate Growth Pilot, less planned £0.4m to support the 2018/19 budget, as previously agreed by Executive.
  - A new reserve of £1.5m for investment in Children's Services following the recent Ofsted inspection, referred to in this report.
  - An increase in the Transformation Fund Reserve of £2.2m from Trafford's share of match funding yet to be drawn down
  - Increase in the Interest Rate Smoothing Reserve £0.98m, mainly due to timing differences on debt repayment
  - Increase in the Asset Investment Strategy Risk Reserve £0.2m
  - Reduction in capital related reserves £5.2m, used in the application of financing capital expenditure in 2018/19.
  - Reduction in the Airport Investment Reserve of £5.0m as a result of the full advance being made to Manchester Airport for the new loan facility.
  - A High Needs Support Reserve of £0.58m has been created to meet the potential demand related to Children with higher needs.
  - A net increase in Budget Support Reserve of £0.2m, consisting of £1.6m application to support the 2018/19 budget as agreed by Executive in February 2018, plus the transfer of the in-year budget surplus of £1.8m, as per para.9 below.
  - An increase in the Major Projects and DSG Reserve of £0.6m financed from the transfer of other earmarked reserves to cover the potential abortive and risk costs of major projects and to cover schools with deficits who transfer to academy status.
9. The outturn position affords the opportunity to replenish reserves and therefore rather than retain the underspend of £1.8m in the General Reserve or service earmarked reserves it is proposed that this amount be transferred to the Budget Support Reserve to provide cushion for future years budgets.

## **COLLECTION FUND**

### **Council Tax**

10. The 2018/19 surplus on the Council Tax element of the Collection Fund is shared between the Council (84%), the Police & Crime Commissioner for GM (12%) and GM Fire & Rescue Authority (4%). The total surplus brought forward as at 1 April 2018 was £2.18m of which the Council's share was £1.82m. A figure of £0.593m was planned to be released to support the 2018/19 budget, of which Trafford's share was £0.5m.

11. During the year there was a surplus on the Collection Fund of £84k, however backdated valuations of £113k reduced this to a small deficit of £29k. Better than expected collection rates relating to historic debt contributed over £0.63m, resulting in a total in-year surplus of £0.6m.
12. As at 31 March 2019 the accumulated balance on the Collection Fund was £2.18m consisting of the balance brought forward of £2.18m less agreed application of £0.593m plus the in year surplus of £0.6m. The Council's share of this is £1.80m, and is planned to support the 2019/20 and 2020/21 budget.
13. Council Tax collection rate as at 31<sup>st</sup> March 2019 was 98.1%, which has met our target for the year.

### **Business Rates**

14. The 2018/19 budget included anticipated growth in retained business rates and related S31 grants of £9.89m. During the year there was significant volatility in the rating system as a result of building demolitions, refurbishments and appeals relating to major infrastructure projects. Demolitions and refurbishments saw a reduction in total Rateable Value of £7.5m which equated to approximately £3.6m in reduced income, some significant historic appeals were settled during the year which were met from our existing appeals provision. The award of mandatory and discretionary reliefs over those budgeted resulted in a further reduction in income of £1.4m. A general review of the remaining appeals provision resulted in an amount of £4m being released due to major appeals being dismissed by the VOA during the year. The net effect of the above resulted in a net deficit on the Collection Fund of £1.05m, of which the Council's share is £1.04m.
15. The deficit on the Collection Fund has been offset by a number of positive movements relating to business rates items within the General Fund; these include a favourable adjustment in our Tariff payment of £0.86m relating to 2017/18, additional Section 31 Grants associated with Small Business Rate Relief including an adjustment relating to 2017/18 totalling £0.93m and a lower No Detriment Payment of £0.07m to Greater Manchester Combined Authority due to the lower growth. The net impact of the General Fund items is a £1.85m surplus, however an amount of £1.04m has been transferred to a separate reserve to meet the Council's share of the Collection Fund deficit mentioned above, resulting in an overall net surplus of £0.82m for the financial year. The table in Appendix 3 shows the components of the above in detail.
16. As previously reported, in addition to the core rates budget, a one off receipt of £3.31m is due from Greater Manchester Combined Authority which represents Trafford's share of unutilised monies from the 2017/18 Business Rates Growth Pilot contributions. A figure of £2.5m has been transferred to the Business Rates Growth Pilot Reserve to smooth any volatility in future year's business rates, as those being experienced in the current year. This has left a net surplus of £0.81m which has been used to partially offset the in-year budget pressures.

17. Business Rates collection rate as at 31<sup>st</sup> March 2019 was 98.65% compared to a targeted collection rate of 97.8%.

### Transformation Fund

18. The Trafford locality was awarded £22m in October 2017 from the Greater Manchester (GM) £450m Transformation Fund delegated to Greater Manchester Heath & Social Care Partnership (GMHSCP) by NHS England.
19. Over the four years of the fund, costs were estimated to be £52m funded from GMHSCP (£22m), match funding (£10.6m) and associated benefits (£19.4m). The expected cumulative benefits over the 4 years were expected to be £72m with annual on going net benefits in 2020/21 of £15m as set out in the table below:

Establishment	Expenditure Over the 4 Years £m	Funding of Expenditure				Annual Recurrent Benefits by 20/21 £m	Annual Recurrent Net Costs by 20/21 £m	Net Recurrent Benefits by 20/21 £m
		GMHSCP £m	Match funding £m	Benefits £m	Total £m			
Council	15.9	6.2	6.0	3.7	15.9	7.7	3.3	4.4
CCG	34.4	14.1	4.6	15.7	34.4	18.0	7.4	10.6
Joint	1.7	1.7			1.7			
<b>Total</b>	<b>52.0</b>	<b>22.0</b>	<b>10.6</b>	<b>19.4</b>	<b>52.0</b>	<b>25.7</b>	<b>10.7</b>	<b>15.0</b>

20. The table below sets out the position for the 2 years to the 31<sup>st</sup> March 2019 for each organisation:

Organisation	Expenditure				Funded by			Overall Benefit		
	Revised Budget £'000	Actual £'000	Variance £,000	Cfwd £'000	GMHSCP £'000	Match Funding £'000	Total £'000	Target £'000	Actual £'000	Variance £'000
<b>Council</b>	7,807	5,486	(2,321)	528	3,317	2,169	5,486	8,649	8,695	46
<b>CCG</b>	14,234	7,090	(7,144)	2,302	3,776	3,314	7,090	10,284	2,796	(7,488)
<b>Joint</b>	1,221	429	(792)	792	429	0	429	0	0	0
<b>Total</b>	<b>23,262</b>	<b>13,005</b>	<b>(10,257)</b>	<b>3,622</b>	<b>7,522</b>	<b>5,483</b>	<b>13,005</b>	<b>18,933</b>	<b>11,491</b>	<b>(7,442)</b>

21. There is an underspend of £10.3m as at the 31st March 2019, of which £3.6m will be carried forward. Not all of this was to be funded by transformation fund/match funding; £6.7m was to be met from recycled benefits.
22. The reasons for the underspend are mainly as a result of delays in the implementation of some schemes whilst options or requirements are fully scoped out (e.g. homecare), or evaluated to consider roll out on a wider scale. There has also

been a cessation in other schemes (e.g. provider development work stream) which have been reviewed. Approval has been given to re-purpose these monies and work is underway on a schedule of schemes that this will cover. An update on this will be provided in the first monitoring report for 2019/20.

23. The cumulative benefits to be realised from these schemes was £18.9m. However due to delays mentioned above and some schemes not achieving their anticipated benefits the forecast is £11.5m; an underachievement of £7.4m. The Council is on target to deliver their overall benefits with the underachievement being attached to CCG schemes. The impact of under achieving on benefits is that underspends in expenditure which were to be met by recycled benefits cannot be carried forward and the organisation has to find alternative means of bridging the gap, be it through one-off funds which may require repaying back the following year or alternative savings.

## CAPITAL PROGRAMME

24. Capital expenditure for 2018/19 amounted to £103.16m as summarised in the following table:-

<b>Table 6 - Capital Investment Programme 2018/19</b>	<b>Revised Budget £m</b>	<b>2018/19 Expenditure £m</b>	<b>Variance £m</b>
<b>Service Analysis:</b>			
Children's Services	13.96	6.65	(7.31)
Adult Social Care	2.59	2.70	0.11
Place	64.16	34.56	(29.60)
Governance & Community Strategy	1.97	0.83	(1.14)
Finance & Systems	1.93	0.34	(1.59)
<b>General Programme Total</b>	<b>84.61</b>	<b>45.08</b>	<b>(39.53) (*)</b>
Asset Investment Fund	256.31	58.08	(198.23)
<b>Total Programme</b>	<b>340.92</b>	<b>103.16</b>	<b>(237.76)</b>

(\*) The underspend against budget has been anticipated during the course of the year and referenced in previous monitoring reports. The major reasons for this relate mainly to a re-profiling of the budgets for the investment in the leisure strategy and elements of the schools basic need programme, with more detail provided at Paragraph 31.

## GENERAL CAPITAL PROGRAMME

25. The major areas of investment included :

### **School Improvements - £6.65m:-**

- Expansion & Basic Need Works - £4.04m
- Capital Maintenance & Access works - £1.78m
- SEND and Healthy Pupils Funding works - £0.43m
- Improvements via Devolved Formula Capital - £0.40m

**Adult Social Services - £2.70m:-**

- Disabled Facilities Grants - £2.54m
- Assistive Technology / Aids & adaptations - £0.16m

**Major works on Public & Operational Buildings - £1.67m**

- Public Building Repairs & DDA Improvements - £1.39m
- Broadheath Community Centre - £0.28m

**Regeneration Projects - £14.36m**

- Lancashire CCC - New hotel development - £0.10m
- Altrincham and Stretford Town Centre - £0.21m
- Altrincham Library & Community Facility - £1.91m
- Town centres business grants - £0.10m
- Flixton House refurbishment - £0.76m
- Manchester Airport – Strategic Investment - £11.28m

**Highway & Transport Related Improvements - £17.52m**

- Integrated Transport Improvements - £2.06m
- Metrolink extension contribution - £5.00m
- Altrincham Interchange contribution - £0.65m
- Highway Structural Maintenance (inc. Bridges) - £9.26m
- Street Lighting Programme - £0.55m

**Sport, Recreation & Culture and Recycling - £1.82m**

- Improvements to parks, open spaces and play areas - £0.27m
- Sport & Leisure Centre developments – £1.03m
- Waste collection and recycling Initiatives - £0.15m
- Additional Burial Land - £0.37m

**ICT and CCTV Investment £ 0.36m**

- CRM Upgrade - £0.20m
- CCTV – Cameras and monitoring desk improvements - £0.01m
- Range of ICT initiatives - £0.15m

**Financing of General Capital Expenditure**

26. The expenditure was financed predominantly from grants and external contributions, supplemented by receipts derived from the sale of surplus assets and a small level of specific reserves and borrowing. The actual levels applied are shown below:

<b>Table 7 :Financing of Capital Investment Expenditure 2018/19</b>	<b>Budget £m</b>	<b>Actual £m</b>
<b>Internal Resources</b>		
Capital Receipts	14.29	6.12
Specific Reserves & Revenue	13.05	10.19
Borrowing	29.50	6.96
<b>Sub-Total</b>	<b>56.84</b>	<b>23.27</b>
<b>External Resources</b>		
Grants & Contributions	27.77	21.81
<b>Total Programme</b>	<b>84.61</b>	<b>45.08</b>

27. Sufficient capital resources will be available to cover all the expenditure re-profiled from 2018/19 to future years. No grants and contributions are at risk of clawback and will therefore be available in later years.

### Performance against budget and explanation of major variances

28. The original budget for 2018/19 was approved at £54.12m in February 2018 but this has subsequently been revised during the year for new grant approvals and other changes approved by the Executive resulting in a revised budget of £84.61m as at Period 10.
29. Final expenditure of £45.08m represents an overall variance of £39.53m. Capital expenditure by its nature can be “lumpy” and difficult to project and in a good number of situations the Council does not have total control on when the expenditure will be incurred. An explanation of the variations by service area is shown in Appendix 4.
30. The level of capital investment expenditure equates to 53% of the revised budget and a summary of the major variances is shown below.

<b>Table 8: Actual Capital Expenditure compared to Revised budget 2018/19</b>	<b>£m</b>
<b>Revised Budget (P10)</b>	84.61
Actual	45.08
<b>Variance</b>	<b>(39.53)</b>
<b>Explained By:-</b>	
Re-profiling to future years	(39.08)
Acceleration	0.37
Additional	0.95
Savings	(1.77)
<b>Total</b>	<b>(39.53)</b>

31. Whilst the revised budget was approved at £84.61m the expected outturn for the year has been reported to Executive as part of the regular monitor reports.
32. There has been a significant level of net re-profiling of £38.71m and detail at an individual scheme level is shown in Appendix 5. To a large extent this can be explained by a number of key areas:-
- a) Leisure Strategy Programme – an element of rephasing on the Urmston leisure centre refurbishment scheme which is now on-site and re-profiling of the budgets in respect of the rebuild schemes planned for Altrincham and Stretford.
  - b) Schools maintenance and expansion works – the size of the programme of works for the basic need schemes (provision of extra primary school places), means that any reprogramming will result in significant budget rephasing.
33. During 2018/19 additional expenditure of £0.95m has been incurred on a number of projects of which £0.60m has been financed from specific resources. These include to :

- a) £170k relating to the new depot facilities at Tatton House which has been funded by reserve,
  - b) £370k of highway works relating to the new of Carrington Relief Road which is to be funded by grant from Homes England and TfGM due in 2019/20.
  - c) £26k of highways works relating to cycleways and pedestrian facilities funded by TfGM grant.
  - d) £21k of highway works has been done under S278 of the Highways Act,
  - e) £13k of parks infrastructure works funded by S106 contributions
34. A further £351k of additional costs across a range of schemes have been incurred on schemes supported by Trafford resources and these can be financed by savings on other schemes (See para 12).
35. Total savings of £1.77m have been achieved, albeit £0.77m is on schemes supported by ring-fenced resources. A number of savings have been identified on schemes totalling £1.00m supported by Trafford resources as detailed in Appendix 6. The first call on these savings is to cover in-year overspends of £351k; the balance of £646k will be made available in 2019/20 to support new capital expenditure required on highway infrastructure safety improvements at key sites across the borough.

#### **ASSET INVESTMENT FUND**

36. The Council's Investment Strategy was approved by the Executive in July 2017 when approval was given to increase the Asset Investment Fund to £300m, supported by prudential borrowing, to support the approach. By the end of 2018/19 ten transactions have been agreed by the Investment Management Board at a total capital cost of £175.50m.
37. This investment has provided a net benefit to support the revenue budget in 2018/19 of £1.67m, which is £472k above the budgeted target for the year.

<b>Table 9 : Asset Investment Fund</b>	<b>2017/18 £m</b>	<b>2018/19 £m</b>	<b>Commitment £m</b>	<b>Total £m</b>
<b>Total Investment Fund</b>				<b>300.00</b>
<b>Cost</b>				
K Site, Stretford:-				
Equity in Trafford Bruntwood LLP	0.62	8.48	3.15	12.25
Development Loan to Bruntwood	0.62	8.48	3.15	12.25
Sonova House, Warrington	12.17			12.17
DSG, Preston	17.39			17.39
Grafton Centre incl. Travelodge Hotel, Altrincham	10.84			10.84
Provision of debt financing for residential development	3.13	(3.13)		0
Trafford Magistrates Court		4.07		4.07
The Fort, Wigan		13.93		13.93
Sainsbury's, Altrincham		25.59		25.59
Brown Street, Hale		0.66	5.55	6.21
The Crescent, Salford			60.80	60.80
<b>Total investments</b>	<b>44.77</b>	<b>58.08</b>	<b>72.65</b>	<b>175.50</b>
<b>Balance available (*)</b>				<b>124.50</b>

(\*) The amount available is £224.5m based on approval by Council in February 2019 to increase the Fund by a further £100m

### Prudential Indicators and Local Indicators

38. The Council is required to maintain these indicators which are designed to show that its capital expenditure plans are prudent, affordable and sustainable. Detailed in Appendix 7 are the actual capital programme related indicators agreed in February 2018, and updated in February 2019. No indicators were breached in 2018/19.

### Issues / Risks

39. The main risk in the area of the capital programme is the timely delivery of the programme and this situation will continue to be closely monitored and any issues will be reported as and when they arise.

**Recommendations**

**40. It is recommended that the Executive:**

- a) note the report and the outturn position showing a budget underspend of £1.783m, which will be transferred to the Budget Support Reserve;
- b) note the creation of a new earmarked reserve of £1.5m to support an improvement plan in Children’s services, following the recent ‘inadequate’ report from Ofsted;
- c) note and agree the other changes to reserves as detailed in paragraph 8 and Appendix 2.

**Other Options**

Not Applicable

**Consultation**

Not Applicable

**Reasons for Recommendation**

Not Applicable

**Finance Officer Clearance**      ...GB.....  
**Legal Officer Clearance**      .....DS.....



**CORPORATE DIRECTOR’S SIGNATURE** .....

<b>Transformation &amp; Business as Usual Projects in exception</b>	<b>Total savings to be achieved 2018/19 £</b>	<b>Total achieved 2018/19 £</b>	<b>Variance £</b>	<b>Reason for variance</b>
Continuation Children's Programme	900,000	1,548,382	648,382	The service continues to exceed expectations and is achieving further savings, most notably from high cost external residential placements ceasing.
Reshaping Continuation Adults Programme	1,479,000	1,280,067	(198,933)	Underachievement due to the reshaping programme being in it's fifth year of operation. Many care packages are at the optimum level. There has been significant savings made in the last few months from CHC.
Single Handed Care	141,000	1,173	(139,827)	The project commenced in January after lengthy delays. Savings have not been achieved due to the complexities of the agreed process with internal and external providers. The project will continue into 19/20 and the remainder of the savings target is expected to be achieved.
Stabilise and Make Safe (SAMS) 2018/19 - moving from 11 - 14 average completions p/w	200,000	765,268	565,268	SAMS has performed above expectations, costs of SAMS have been reduced and the output continues to be strong.
<b>Sub-total Transformation</b>			<b>874,890</b>	

<b>Transformation &amp; Business as Usual Projects in exception</b>	<b>Total savings to be achieved 2018/19 £</b>	<b>Total achieved 2018/19 £</b>	<b>Variance £</b>	<b>Reason for variance</b>
CCTV New Trading Model	20,000	1,000	(19,000)	Technical issues with the new operating model had reduced the ability to generate income from business development earlier in the year. The ongoing capital investment in systems and infrastructure is also expected to improve the position from April 2019.
Waterside Arts Centre	100,000	0	(100,000)	Ongoing capital investment in the facility and further business development is anticipated to improve the position later in the year to enable a sustainable financial position to be achieved from 2019/20.
Review of PFI contract	250,000	0	(250,000)	Negotiations are continuing with the PFI provider to secure savings, however savings in the accounting for financing costs on the PFI scheme have been achieved in Treasury Management.
<b>Sub-total Business as usual</b>			<b>(369,000)</b>	
<b>Total</b>			<b>505,890</b>	

## Appendix 2

Trafford Council Reserves Movement 2018 to 2019	Balance 31.3.18	Spend/ (income) 2018/19	Transfer to/from reserves 2018/19	Balance 31.3.19
<b>Earmarked Reserves:</b>				
<b>Specific Reserves</b>				
Insurance Reserve	(2,683)	(187)	1,000	(1,870)
Economic Development Reserves	(1,042)	198	0	(844)
Libraries and Customer Services Reserve	(156)	50	0	(106)
Transformation Reserve	(197)	197	0	0
Civic Vehicle Replacement	(23)	(9)	0	(32)
Voluntary Sector Grants Reserve	(148)	(73)	0	(221)
Community Safety Reserve	(378)	42	0	(336)
Employment Rationalisation Reserve	(1,610)	166	0	(1,444)
LAA Performance Reward Grant Reserve	(113)	(2)	0	(115)
STAR Procurement Reserve	(317)	(394)	0	(711)
Prepaid Revenue Grants Reserve	(154)	154	0	0
Major Projects and DSG Academy Transfer Reserve	0	89	(698)	(609)
Sports Partnership Reserve	0	(145)	0	(145)
Planning income reserve	0	(221)	0	(221)
Children Action Fund Reserve	0	(1,500)	0	(1,500)
<b>Total Specific Reserves</b>	<b>(6,821)</b>	<b>(1,635)</b>	<b>302</b>	<b>(8,154)</b>
<b>Smoothing Reserves</b>				
Elections Reserve	(324)	77	0	(247)
Interest Rate Reserve	(311)	(980)	0	(1,291)
Waste Levy Reserve	(1,470)	396	0	(1,074)
Winter Maintenance Reserve	(120)	0	0	(120)
Exchequer Services Reserve	(324)	139	0	(185)
One Trafford Partnership	(2,249)	143	0	(2,106)
Transformation Fund Reserves	(2,885)	(2,212)	0	(5,097)
Housing Benefit Overpayments Reserve	(427)	0	0	(427)
Legal Services Reserve	0	22	(200)	(178)
Local Search Litigation Costs Reserve	(250)	150	0	(100)
Strategic Investment Property Risk Reserve	0	(189)	0	(189)
High Needs Support Reserve	0	(572)	0	(572)
Leisure Centre Redevelopment Risk Reserve	0	(150)	0	(150)
Manchester Airport Group Dividend Reserve	(1,245)	(2,038)	0	(3,283)

<b>EU Exit Funding Reserve</b>	0	(105)	0	(105)
<b>Member ICT Reserve</b>	0	(70)	0	(70)
<b>Total Smoothing Reserves</b>	<b>(9,605)</b>	<b>(5,389)</b>	<b>(200)</b>	<b>(15,194)</b>
<b>Other Earmarked Reserves</b>				
<b>Business Rates Reserve</b>	(6,689)	(2,087)	0	(8,776)
<b>Budget Support Reserve</b>	(5,331)	(152)	0	(5,483)
<b>Directorate Service Carry Forward</b>	(4,557)	429	898	(3,230)
<b>Airport Investment Reserve</b>	(4,962)	4,962	0	0
<b>NDR Deficit Reserve</b>	(5,256)	3,666	0	(1,590)
<b>Total Earmarked Reserves</b>	<b>(43,221)</b>	<b>(206)</b>	<b>1,000</b>	<b>(42,427)</b>
<b>Other Reserves</b>				
<b>General Fund Reserve</b>	(6,000)	0	(1,000)	(7,000)
<b>Capital Related Reserves</b>	(17,483)	5,190	0	(12,293)
<b>Balances held by schools under a scheme of delegation</b>	(7,331)	(923)	0	(8,254)
<b>Dedicated Schools Grant (DSG)</b>	(929)	(1,376)	0	(2,305)
<b>Synthetic Pitch Replacement Reserve</b>	(48)	(15)	0	(63)
<b>Total Other Reserves</b>	<b>(31,791)</b>	<b>2,876</b>	<b>(1,000)</b>	<b>(29,915)</b>
<b>Total Usable Reserves</b>	<b>(75,012)</b>	<b>2,670</b>	<b>0</b>	<b>(72,342)</b>

### Appendix 3

	Budget 50% £	Budget 100% 2018/19 £	Actual 50% £	Actual 100% 2018/19 £	Variance £	Comment
Rateable Value	(380,344,256)	(380,344,256)	(372,829,876)	(372,829,876)	7,514,380	Reduction in Rateable Value due to demolitions and refurb resulted in a loss of income of £3.6m
Gross Rates Payable	(182,565,243)	(182,565,243)	(172,307,219)	(172,307,219)	10,258,024	In addition to the reduction in Rateable Value, £6.4m was repaid due to appeals. Total loss in rates of £10.3m
Transitional Adjustments and Mandatory & Discretionary Reliefs	15,865,758	15,865,758	17,311,993	17,311,993	1,446,235	Increase in Reliefs (Small Business Rate Relief) resulted in lower income of £1.4m (partially offset by increase in Section 31 compensation grants)
<b>NET RATES PAYABLE</b>	<b>(166,699,485)</b>	<b>(166,699,485)</b>	<b>(154,995,226)</b>	<b>(154,995,226)</b>	<b>11,704,259</b>	
Accounting Adjustments (Appeals & BDP) & Cost of Collection	12,636,373	12,636,373	1,983,113	1,983,113	(10,653,260)	Budgeted contribution of £10m for appeals relating to 18/19 has been offset by a contribution of £6.4m to meet costs of historic appeals settled in year, plus a further £4m reduction in total appeals following a reassessment of the provision
<b>NNDR Collection Fund Income</b>	<b>(154,063,112)</b>	<b>(154,063,112)</b>	<b>(153,012,113)</b>	<b>(153,012,113)</b>	<b>1,050,999</b>	<b>Net impact of above lines resulted in a deficit on the Collection Fund of £1.05m</b>

	Budget 50% £	Budget 100% 2018/19 £	Actual 50% £	Actual 100% £	Variance £	Comment
Local Share	(75,490,925)	(152,522,480)	(74,975,935)	(151,481,992)	1,040,488	Trafford Shares (99%) of the Collection Fund Defiict
Tariff	36,901,771	87,609,184	36,476,832	86,750,634	(858,550)	Reduction in Tariff due to prior year adjustment
<b>Retained Business Rates</b>	<b>(38,589,154)</b>	<b>(64,913,296)</b>	<b>(38,499,103)</b>	<b>(64,731,358)</b>	<b>181,938</b>	<b>Overall impact on Retained Business Rates £181k shortfall</b>
<b>Baseline Funding Level</b>	<b>(35,031,471)</b>	<b>(57,725,323)</b>	<b>(35,031,471)</b>	<b>(57,725,323)</b>		
Growth	(3,557,683)	(7,187,973)	(3,467,632)	(7,006,035)	181,938	Shortfall in Retained Rates (as above)
SAICA Renewable Energy	(80,952)	(80,952)	(80,952)	(80,952)	0	
Section 31 Compensation Grants	(3,748,522)	(7,299,897)	(4,277,504)	(7,825,031)	(525,134)	Benefit from additional Section 31 Grants relating to Small Business Rates Relief plus one off from adjustment from 17/18
GM Pool Levy	3,250,289	0	3,176,098	0	0	
GM Pool Levy Rebate at 33%	(1,083,430)	0	(1,058,699)	0	0	
<b>Growth/(Decline) to Baseline</b>	<b>(5,220,298)</b>	<b>(14,568,822)</b>	<b>(5,708,689)</b>	<b>(14,912,018)</b>	<b>(343,196)</b>	
GM Pilot 'No Detriment' Over Payment	0	9,349,607	0	9,203,328	(146,279)	Lower No Detriment payment as a result of lower rates income
GM Pilot 'No Detriment Rebate at 50%	0	(4,674,804)	0	(4,601,664)	73,140	Lower rebate from above
Grant adjustments from 17/18	0	0	0	(394,974)	(394,974)	SBRR one off from adjustment from 17/18
Renewable Energy Disregard prior year adjustment	0	0	0	(9,651)	(9,651)	Adjustment relating to 17/18
<b>Business Rates Benefit</b>	<b>(5,220,298)</b>	<b>(9,894,019)</b>	<b>(5,708,689)</b>	<b>(10,714,979)</b>	<b>(820,960)</b>	

**CAPITAL OUTTURN 2018/19**

The Council spent £103.16m on capital schemes last year. A summary analysis of this by Directorate is shown below, together with further detail on re-profiling, acceleration, overspending and savings.

				← Variance Explained By →			
<b>General Programme</b>	<b>Budget 2018/19</b>	<b>Outturn 2018/19</b>	<b>Variance</b>	<b>Re-Profiling</b>	<b>Acceleration</b>	<b>Add'n Expend</b>	<b>Saving</b>
<b>Directorate</b>	£m	£m	£m	£m	£m	£m	£m
Children' s Services	13.95	6.65	(7.30)	7.41	(0.12)	(0.01)	0.02
Adult Social Care	2.59	2.69	0.10	0.06		(0.18)	0.01
Place	64.17	34.57	(29.60)	29.41	(0.25)	(0.76)	1.20
Governance & Community Strategy	1.97	0.83	(1.14)	1.12			0.03
Finance & Systems	1.93	0.34	(1.59)	1.08			0.51
<b>General Programme Total</b>	<b>84.61</b>	<b>45.08</b>	<b>(39.53)</b>	<b>39.08</b>	<b>(0.37)</b>	<b>(0.95)</b>	<b>1.77</b>
Capital Investment Fund	256.31	58.08	(198.23)	198.23			
<b>Total Programme</b>	<b>340.92</b>	<b>103.16</b>	<b>(237.76)</b>	<b>237.31</b>	<b>(0.37)</b>	<b>(0.95)</b>	<b>1.77</b>

Note : Savings column includes £769k of un-available underspends

## Appendix 5

An analysis of major areas of re-profiling for the General Capital Programme

	Budget 2018/19	Actual	Variance	Percentage	Net Reprofiling
	£m	£m	£m		£m
<b>Children's Services</b>					
<b>Schools</b>	<b>13.51</b>	<b>6.65</b>	<b>(6.86)</b>	<b>49%</b>	<b>6.85</b>
- Basic Need : Expansion schemes	7.84	4.04	(3.80)		3.80
- Maintenance Programme	3.72	1.76	(1.96)		1.96
- Devolved Formula Capital	1.35	0.40	(0.95)		0.95
- Other Schemes	0.60	0.45	(0.15)		0.14
<b>Children's Social Care Services</b>	<b>0.44</b>	<b>0.00</b>	<b>(0.44)</b>	<b>0%</b>	<b>0.44</b>
- Foster Carers – Accommodation Improvements	0.28	0.00	(0.28)		0.28
- Other Schemes	0.16	0.00	(0.16)		0.16
<b>Total</b>	<b>13.95</b>	<b>6.65</b>	<b>(7.30)</b>	<b>48%</b>	<b>7.29</b>
<b>Adult Social Care</b>					
Adults Social Care Services	2.59	2.69	0.10	104%	0.06
<b>Total</b>	<b>2.59</b>	<b>2.69</b>	<b>0.10</b>	<b>104%</b>	<b>0.06</b>
<b>Place</b>					
<b>Corporate Landlord</b>	<b>2.22</b>	<b>1.67</b>	<b>(0.55)</b>	<b>75%</b>	<b>0.71</b>
- DDA Programme	0.23	0.09	(0.14)		0.13
- Public Building Repair Programme	1.59	1.07	(0.52)		0.52
- Other Schemes	0.40	0.51	0.11		0.06
<b>Regeneration &amp; Strategic Planning</b>	<b>16.02</b>	<b>13.60</b>	<b>(2.42)</b>	<b>85%</b>	<b>2.59</b>
- Manchester Airport - Investment	11.28	11.28	0.00		0.00
- Altrincham – Library / Community Facility	1.74	1.91	0.17		0.00
- Altair Development	1.14	0.01	(1.13)		1.13

- Altrincham & Stretford Public Realm	0.93	0.21	(0.72)		0.72
- 9/11 Market Street, Altrincham	0.24	0.00	(0.24)		0.24
- Other Schemes	0.69	0.19	(0.50)		0.50
<b>Leisure &amp; Sports</b>	<b>20.33</b>	<b>1.03</b>	<b>(19.30)</b>	<b>5%</b>	<b>19.27</b>
- Urmston Leisure Centre	6.73	0.56	(6.17)		6.17
- Altrincham Leisure Centre	13.03	0.14	(12.89)		12.89
- Other Schemes	0.57	0.33	(0.24)		0.21
<b>Housing Services</b>	<b>0.35</b>	<b>0.01</b>	<b>(0.34)</b>	<b>3%</b>	<b>0.26</b>
<b>Highways</b>	<b>22.99</b>	<b>17.46</b>	<b>(5.53)</b>	<b>76%</b>	<b>5.16</b>
- Traffic & Transport	9.64	7.71	(1.93)		1.18
- Structural Maintenance Programme	12.07	9.11	(2.96)		2.96
- Bridges Programme	1.28	0.26	(1.02)		1.02
- Other Schemes	0.00	0.38	0.38		0.00
<b>Bereavement Services</b>	<b>0.56</b>	<b>0.37</b>	<b>(0.19)</b>	<b>66%</b>	<b>0.05</b>
<b>Environmental Services &amp; Greenspace</b>	<b>1.52</b>	<b>0.41</b>	<b>(1.11)</b>	<b>27%</b>	<b>0.99</b>
- Parks & Play Areas – Infrastructure	0.81	0.25	(0.56)		0.56
- Trio Bins – “Re-cycling on the Go”	0.18	0.05	(0.13)		0.13
- Other Schemes	0.53	0.11	(0.42)		0.30
<b>Parking Services</b>	<b>0.18</b>	<b>0.02</b>	<b>(0.16)</b>	<b>11%</b>	<b>0.13</b>
<b>Total</b>	<b>64.17</b>	<b>34.57</b>	<b>(29.60)</b>	<b>54%</b>	<b>29.16</b>
<b>Governance &amp; Community Strategy</b>					
Partnerships & Communities	1.97	0.83	(1.14)	42%	1.12
<b>Finance &amp; Systems</b>					
Information Technology	1.93	0.34	(1.59)	18%	1.08
<b>General Capital Programme Total</b>	<b>84.61</b>	<b>45.08</b>	<b>(39.53)</b>	<b>53%</b>	<b>38.71</b>

## CAPITAL PROGRAMME 2018/19- Overspends and savings

Overspends	£000's	Financed by
Relocation of Depot Facilities	170	Reserve contribution
Carrington Relief Road	370	Grant
Highways related schemes	18	TfGM Grant
Highways - S278 works	21	S.278 contributions
Parks infrastructure works – John Leigh Park	12	S.106 contributions
Partington Day Nursery	9	Grant
Altrincham – Library / Community Facility	172	Capital receipts
Disabled Facilities Grants	179	Capital receipts
<b>Total Overspends</b>	<b>951</b>	
Savings		
Cycle City Ambition Programme (*)	220	TfGM grant
Residents Parking Schemes (*)	417	Developer contributions
Altrincham Interchange (*)	104	Developer contributions
Other minor savings (*)	28	S.106 contributions
CRM Project	509	Capital receipts
Additional Burial Land	138	Capital receipts
New Recycling Bins	106	Capital receipts
Highways related schemes	120	Capital receipts
Housing Grants	83	Capital receipts
ICT Projects	27	Capital receipts
Assistive Technology	14	Capital receipts
<b>Total</b>	<b>1,766</b>	

## Note:

Of the £1.77m of savings an element (\*) was financed from specific ring-fenced resources totalling £769k. The balance of £1.0m is from savings on schemes financed from capital receipts; the first call is to meet overspends of £351k identified above, leaving a balance of £646k available to support highway infrastructure safety improvements at key sites in 2019/20.

## Appendix 7

### Prudential Indicators – 2018/19

The figures below show the Council's actual prudential indicators for 2018/19 and estimates for the following three years.

Capital Prudential Indicators	2018/19 Estimate £m	2018/19 Actual £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
<b>Capital Expenditure:</b>					
General Programme	83.80	45.08	67.93	32.99	11.36
Investment Strategy	256.31	58.08	100.00	0.00	0.00
<b>Capital expenditure</b> - the table above shows the capital expenditure incurred in 2018/19 and the estimated expenditure to be incurred for following three years.					
<b>Capital Financing Requirement as at 31 March</b>	473.49	251.56	547.77	546.48	532.66
<b>Capital Financing Requirement (CFR)</b> - this reflects the estimated need to borrow for capital investment (i.e. the anticipated level of capital expenditure not financed from capital grants and contributions, revenue or capital receipts).					
<b>Financing Cost to Net Revenue Stream</b>	5.6%	5.0%	4.5%	6.3%	6.3%
<b>Financing costs to net revenue stream</b> - this indicator shows the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the Council's net revenue stream. The movement from 2019/20 to 2020/21 reflects a change to the Minimum Revenue Provision calculation in respect of the completion of Investment Fund Reserve.					
<b>Incremental Impact on Band D Council Tax (£)</b>	£0.00	£0.00	£0.00	£0.00	£0.00
<b>Incremental impact on band D council tax</b> – reflects the incremental impact on the Council Tax arising from new borrowing undertaken in order to finance the capital investment decisions taken by the Council during the budget cycle. The figures above reflect that any additional borrowing is supported by revenue savings or external support.					

<b>Local Indicators for the Asset Investment Strategy</b>	<b>2018/19 Estimate</b> £m	<b>2018/19 Actual</b> £m	<b>2019/20 Estimate</b> £m	<b>2020/21 Estimate</b> £m	<b>2021/22 Estimate</b> £m
<b>Gross Commercial Income</b>	5.19	5.19	8.09	8.26	5.21
<b>Gross Commercial Income</b> – this is the total estimated level of income to be received from the acquisitions of commercial property and provision of senior debt finance and is required to support new debt costs associated the transactions, with any balance supporting the overall revenue budget.					
<b>Net Commercial Income Stream</b>	1.37	1.67	2.41	2.68	0.75
<b>Net Commercial Income Stream</b> – this is the estimated level of income net of any borrowing and other costs to be received from the acquisitions of commercial property and provision of senior debt finance.					
<b>External Interest Cost</b>	(1.32)	(1.38)	(3.04)	(2.93)	(2.10)
<b>External Interest Cost</b> – this is the interest cost of the new debt required to cover the capital cost of the new commercial activity.					
<b>Minimum Revenue Provision (2.0% = 50 years)</b>	(0.95)	(0.95)	(1.33)	(1.33)	(1.33)
<b>Minimum Revenue Provision</b> - this is the amount of income set aside as a provision for the repayment of the debt, required to cover the capital cost of the new commercial activity.					
<b>Risk Reserve</b>	(0.10)	(0.19)	(1.07)	(1.07)	(0.79)
<b>Risk Reserve</b> - this is the amount of income set aside to reserve as contingency in the event of a reduction in commercial income levels.					
<b>Gross Commercial Income as proportion of Net Budget</b>	3.16%	3.16%	4.78%	4.57%	2.73%
<b>Gross Commercial Income as proportion of Net Budget</b> – this illustrates the proportion of the net budget which is supported by the new commercial income streams.					

