

## TRAFFORD COUNCIL

**Report to: Executive**

**Date: 19<sup>th</sup> June 2023**

**Report for: Decision**

**Report of: Executive Portfolio holder for Finance and Governance and the  
Director of Finance and Systems**

**Report Title:**

**Budget Monitoring 2022/23 Period 12 (April 2022 to March 2023)**

### **Summary:**

The purpose of this report is to inform Members of the 2022/23 summary outturn figures relating to both Revenue and Capital budgets.

It also summarises the outturn position for Council Tax and Business Rates within the Collection Fund.

The report is divided into three parts:-

- **Part 1** – Provides at “At a Glance” high level summary of the key aspects of the budget monitoring position
- **Part 2** – An Executive Narrative of the Outturn and Outlook
- **Part 3** – A list of annexes containing specific detail on the individual directorate positions, collection fund (the position on council tax and business rates), capital programme, asset investment strategy, savings programme and schools budgets.

### **Recommendation(s)**

**It is recommended that the Executive:**

- a) note the report and the revenue outturn position showing a budget underspend of £56k, which has been transferred to the Budget Support Reserve;
- b) note the Reserves position as detailed in Section 4 and Annex 4;
- c) note the final Capital Programme outturn position as detailed in Section 6 and Annex 6.

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

David Muggeridge, Head of Financial Management      Extension: 4534

Background Papers: None

Relationship to Policy Framework/Corporate Priorities	Value for Money
Relationship to GM Policy or Strategy Framework	Expenditure is aligned to meet the priorities with the Corporate Plan which is aligned to the GM policy and strategy where required.
Financial	<p>It is the responsibility of the Executive to operate within the budgetary framework set by the Council when it agreed the budget for 2022/23 at the Council Meeting on 16 February 2022.</p> <p>Revenue and capital expenditure has been contained within available resources in 2022/23.</p>
Legal Implications:	Non 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
Carbon Reduction	Not applicable
Health & Wellbeing Implications	Not applicable
Health and Safety Implications	Not applicable

## PART 1 - At a Glance Executive Summary

In a change from previous detailed monitoring reports, this period 12 report provides an “At a Glance Executive Summary” which focuses on a high level summary of the year end outturn and significant changes from the Period 10 monitor. Supporting annexes provide detailed explanations and movements.

### At a Glance Sections

- Section 1 - Revenue Service Budget Outturn and Variance
- Section 2 - Revenue Funding Budget Outturn and Variance
- Section 3 - Collection Fund – Business Rates and Council Tax
- Section 4 - Earmarked Reserve movements
- Section 5 - Delivery of in-year savings programme
- Section 6 - Capital and Asset Investment Programme and Prudential Indicators
- Section 7 - Dedicated Schools Grant Outturn

## Total Revenue Budget 2022/2023

Approved Revenue Budget

Outturn at Period 12

**£192.57m**

**£56k Underspend**

Comprising of Underspend on Service Revenue Budgets of **£1.056m** underspend, offset by an overspend on funding budgets (Business Rates) of **£1.00m**  
(See - Section 1 Service Budgets and Section 2 Funding Budget)

Movement since Prior Period

**£85k Favourable**

## Section 1- Revenue Service Budget

### Revenue Service Budget 2022/2023

Approved Revenue Service Budget

Outturn at Period 12

**£192.57m**

**£1.056m Underspend**

Comprising of

Overspend on Directorate Budgets

Underspend on Council Wide Budgets

**£2.62m**

**£3.68m**

Movement since Prior Period

**£1.085m Favourable**

**Table 1 - At a Glance – Variance by Service Directorate**

Service Directorate	2022/2023 Budget £000	Outturn (£000's)	Full Year Variance £000	Change from Prior Period £000
Children's Services	44,978	46,074	1,096	(591)
Adult Services	57,485	56,688	(797)	334
Public Health	12,918	12,414	(504)	(240)
Place	31,317	34,674	3,357	(194)
Strategy & Resources	9,715	9,050	(665)	(60)
Finance & Systems	8,482	8,340	(142)	(135)
Governance & Community Strategy	2,724	3,003	279	(57)
<b>Total Directorate Budget/Act/Variance</b>	<b>167,619</b>	<b>170,243</b>	<b>2,624</b>	<b>(943)</b>
Council-wide budgets	24,953	21,273	(3,680)	(142)
<b>Net Service Budget/Act/Variance</b>	<b>192,572</b>	<b>191,516</b>	<b>(1,056)</b>	<b>(1,085)</b>

**Table 2 - At a Glance – Variance by cause**

<b>Directorate Budgets</b>	<b>Variance (£000's)</b>	<b>Movement from Prior Period</b>	<b>Comment Ref</b>
Children's placements	701	(585)	10
Children's Home to School	1,408	94	9
Adults demand	(139)	42	
Adults new grants (ASCDF and Ukrainian)	(620)	(13)	6
Staffing (Children's, Adults, Public Health)	(1,896)	(233)	2
Staffing (all other areas)	(1,325)	(204)	2
Strategic Property	1,495	102	8
Energy Inflation	1,276	(84)	7
Savings not met	396	95	
Other	1,328	(157)	11
<b>Directorate Budget Sub-Total</b>	<b>2,624</b>	<b>(943)</b>	
<b>Council Wide</b>			
Treasury Management	(6,971)	(366)	1
COVID contingency	(1,500)	0	3
Release of remaining general contingency	(1,674)	(1,674)	4
Bolstering of Reserves for replacement of Core Finance System	1,750	1,750	4
Inflation 22/23 pay award and 23 24 estimate	4,612	0	7
Savings not met (held in CW)	100	0	
Enhanced Pension on historic Early Retirements	(229)	(229)	5
Release of provision balances	(200)	(200)	5
Council Wide Other	432	577	11
<b>Council Wide Sub-Total</b>	<b>(3,680)</b>	<b>(142)</b>	
<b>Net Service Budgets</b>	<b>(1,056)</b>	<b>(1,085)</b>	

Further details on individual directorate positions are included at **Annex 1**.

### **Favourable Outturn Movements**

- Treasury Management – a favourable outturn of £6.97m** resulted from a favourable £4.38m from a revision to the Minimum Revenue Provision (MRP) policy as agreed at 15<sup>th</sup> February 2023 Council and from higher than expected returns on short-term investments due to increase in interest rates which resulted in a favourable £2.7m above budget. A contribution has been made towards the Interest Rate Smoothing Reserve of £500k to absorb a potential increase in borrowing costs over the short-term. **A favourable movement of £366k from Period 10.**
- Staffing budgets** across all service areas have **underspent by £3.22m**, a favourable movement of £437k since last reported. This is an area of significant underspend, largely due to difficulties in recruitment and the management controls introduced in the year.

3. **Covid contingency** - The balance of the centrally held COVID-19 contingency budget of **£1.50m was not required** during the year.
4. **Release of Remaining General Contingency of £1.67m and bolstering Finance and Systems Reserve** – a favourable movement of £1.67m at year end as a result of releasing the remaining balance of the General Contingency in full. As such the unused contingency balance of £1.67m was released at year end. This one off amount has been redirected towards the Finance and Systems Reserve to be utilised towards the impending upgrade or replacement of our core finance system.
5. **Historic Enhanced Pension and Review of Provisions – a favourable outturn of £429k** related to a yearend review of provisions and enhanced pension costs. A favourable movement of £429k since Period 10. It is likely that these areas will deliver recurrent savings and will be reflected in our budget plans for 2024/25.
6. **Additional Grants** – Expenditure has been charged up to additional grants rather than base budget relating to the Hospital Discharge Programme and Ukrainian Refugee Support, **a favourable movement at year end of £620k, a favourable movement of £13k since Period 10.**

#### **Adverse Outturn Movements**

7. **Inflation – total adverse pressure of £5.89m during the year (£1.28m Place and £4.6m Council Wide)** – local government pay award for 2022/23 £3.11m above budget (Council Wide), plus £1.28m for energy (Place). A favourable £0.08m movement since Period 10. The Inflation Risk Reserve was increased by £1.5m (Council Wide) in order to help smooth the impact of the pressure caused by the 2023/24 pay award, as agreed at Period 10.
8. **Strategic Investment Programme** – The Strategic Investment Property Portfolio has delivered a net benefit to the revenue budget in 2022/23 of £5.72m. This is **£1.50m lower** than budget (£102k adverse movement from Period 10) due to economic factors affecting some of the income particularly from the town centre investments.
9. **Home to School Transport** pressures have increased in the period by £94k **to £1.408m** due to the continued increase in demand in passenger numbers, additional costs for fuel and complexity of cases.
10. **Children’s placements - £701k** overspend a favourable movement of £585k in the period largely due to forecast placements not taking place, the release of the remaining contingency and a reduction in the actual cost of existing placements. Savings of £1.36m included in the budget have been achieved in full.
11. **Other net adverse movements of £1.76m across all areas** (£1.32m Service areas £432k Council Wide); an adverse movement of £420k since last reported. This includes pressure on delivery of some aspects of the savings programme from 2021/22 of £200k relating to estates and business rate reviews, shortfalls in income from parking £230k and pressure relating to Housing Benefit subsidy £530k. Adverse movement since Period 10 £420k largely relates to Housing Benefits subsidy losses.

## Section 2 – Revenue Funding Budget

### Revenue Funding Budget 2022/2023

Approved Revenue Funding Budget

Business Rates £68.54m

Council Tax £112.60m

Reserves £11.43m

**Total £192.57m**

Outturn at Period 12

Business Rates **£1.0m adverse**

Council Tax on budget

Reserves on budget

**£1.0m Adverse**

Uncertainty in timing of benefit from major refurbishments at Trafford Centre.

**Business Rates Risk Reserve bolstered in 2022/23 by £1.0m**

Adverse movement since prior Period

**£1.0m**

- Outlook - There is a significant risk in forecasting temporary pressures caused by delays in major refurbishments and new sites at the Trafford Centre. Will continue to be monitored in the next financial year. The Business Rate Risk Reserve will be utilised to smooth any timing issues in the delivery of benefits and has been **bolstered as part of the year end outturn by £1.0m** specifically to reflect the impact of further delays.

## Section 3 – Business Rates and Council Tax

### Business Rates and Council Tax

#### Total Budget

Business Rates £68.54m

Council Tax £112.60m

### 2022/23 Favourable Outturn is released in 2023/24 - comparison with assumptions at Period 8

#### Business Rates

Outturn £10.9m favourable

Shortfall over previous assumptions at P8  
£0.32m will be repaid in 2024/25

#### Underlying Outturn Themes

Review of historic provisions for appeals and better debt collection released **£20.5m**

Shortfall in Gross Rates, largely due to major refurbishments at Trafford Centre **-£14.0m**

Other changes, incl lower level of Covid reliefs, benefit from better sharing agreement with GMCA and bolstering of business rate risk reserve **£4.7m**

In-Year Collection Rate **98.28%**

#### Council Tax

Outturn £0.6m favourable

Improvement over previous assumptions at P8  
£0.2m will be released in 24/25

#### Underlying Outturn Themes

Shortfall due to higher level of Discounts (single person) **£0.8m**

Favourable lower level of Council Tax Support **£0.5m**

Favourable Collection Rate **£1.1m**

Adverse pressure from backdated claims **£0.2m**

In-Year Collection Rate **97.36%**

**Council Tax** – Further details in **Annex 2**,

Outlook - **no major concerns on future budget assumptions. Possible increase in Tax Base in future budget plans to reflect better cash collection.**

**Business Rates** – Further details in **Annex 3**,

Outlook - There is a significant risk in forecasting the temporary pressures caused by delays in major refurbishments, changes and new sites at the Trafford Centre. Will continue to be monitored in the new year. The Business Rate Risk Reserve will be utilised to smooth any timing issues in the delivery of benefits and has been **bolstered as part of the year end outturn by £1.0m** specifically to reflect the impact of further delays.



## Section 4 – Earmarked Reserves

### Earmarked Reserves (excluding COVID)

Opening Balance April 2022

**£69.09m**

Closing Balance March 2023

**£73.94m**

Increase in the year

**£4.85m**

The outturn position has given the Council the further opportunity to review the adequacy of reserves, particularly to address the ongoing pressures regarding the high level of inflation and providing for the replacement of the core finance system.

Earmarked Reserves – Further details in **Annex 4**, key themes.

The key movements of £4.85m include contributions to Reserves of £13.82m and contributions from Reserves of £8.97m.

Contributions to Reserves of **£13.82m** includes :-

- **£5.74m** to the Budget Support Reserve of benefit from prior years Business Rates and Council Tax surpluses which will be released to support our budget plans as previously agreed.
- **£1.75m** to the Finance and Systems Reserve for replacement of the core finance system will be due a major upgrade or full replacement in the near future.
- **£1.5m** to Inflation Risk Reserve to cover potential costs of higher inflation (pay award).
- **£0.96m** to Budget Support Reserve from surplus reserves from Greater Manchester Combined Authority.
- **£0.54m** to Interest Rate Smoothing Reserve to cover potential higher borrowing costs over the medium term.
- **£0.73m** to Leisure Centre Risk Reserve representing the underspend in 2022/23 carried forward to support trading over the medium term as the leisure investment programme progresses.
- **£1.29m** related to major long term project budgets crossing the financial year end eg Homelessness Prevention, Homes for Ukraine, held within the Economic Development Reserve, Earmarked Service Reserves and Housing Benefit Risk Reserve.
- **£1.0m** to replenish Reserves as planned following COVID (£0.5m Budget Support and £0.5m Council Tax Risk)
- **£0.06m** Favourable Outturn to Budget Support Reserve
- Other movements **£0.25m**

Contributions from reserves of **£8.97m** includes :-

- **£4.33m** from Budget Support Reserve to support the budget as planned. (note a further £7.1m has been drawn down from the COVID General Reserve for budget support as planned).

- **£0.59m** from the Budget Support to support Transformation and Change activities.
- **£0.50m** net draw down from the Business Rate Risk Reserve to smooth the impact of timing differences from the receipt of income.
- **£1.30m** from the Strategic Investment Programme Reserve to smooth a shortfall in income caused by adverse trading conditions.
- **£2.13m** from the Hospital Discharge and Adults Service Earmarked Reserves to support spending plans in these areas.

# Section 5 – Delivery of In-year savings programme

## Savings Programme 2022/2023

Savings Target

**£5.32m**

Savings Achieved

**£3.82m (72% Achieved)**

Below Target by

**£1.46m**

Further details in **Annex 5**

The largest shortfall was £1.04m from the Investment Strategy Programme largely due to economic factors affecting some of the income particularly from the town centre investments. Budget reliance from this programme has been reduced by £1.5m in our 2023/2024 budget plans. Other savings which have not been achieved will continue to be reported within the 2023/24 monitoring.

## Section 6 – Capital Programme and Prudential Indicators

### Capital Programme 2022/2023

Revised Capital  
Programme for the year  
**£58.22m**

Outturn at Period 12

**£48.87m (84% Spent)**

Underspend for the year  
**£9.35m**

Movement from Previous Period  
**£4.05m lower**

### Prudential Indicators

Capital Expenditure Indicators - all are below target due to slippage on the programme

External Debt Indicators - No limits or operational boundaries were breached in 2022/23.

Affordability Indicators - net income from commercial and service investments as % of revenue budget above target by 1% (7.9% vs 8.9%) but within budgeted income levels.

#### Further details in **Annex 6**

A budget underspend of £9.35m, a movement of £4.05m since last period, largely due to slippage on School's programmes £2.05m and Highways schemes £0.98m.

Areas of significant investment during the year included **£12.27m** School Improvements, Highways and Transport **£16.13m** (including £9.06m on Highways and Structural Maintenance), Leisure and Sport **£4.47m** (including £2.12m de-carbonisation of Leisure Centres), Regeneration Projects **£7.60m** and **£2.86m** on Public & Operational Buildings (including £2.19m de-carbonisation of Council Buildings).

The Capital Programme Board made up of both senior officers and those delivering schemes has met on a regular basis throughout the year and it has had a positive impact on the effective management of schemes. The board will be updating the 2023/24 budget accordingly which will be detailed as part of the Period 4 capital monitoring report in 2023/24.

Prudential indicators are now reported quarterly as part of the Capital monitoring report. All approved prudential indicators for Capital Expenditure and External Debt are within target.

Affordability Indicators - a new indicator has been made a requirement for Local Authorities to review net income from commercial and service investments as a percentage of the Authority's net revenue stream. Comparison done to determine reliance on income and proportionality. Actual was 8.9% against target of 7.9%. Income was higher due to pipeline income received towards the end of the year not in original projection. Actual still deemed a proportionate level.

## Asset Investment Fund

Maximum Approved Limit

**£500m**

Commitments agreed to date by Investment  
Management Board

**£311.5m**

Amount Currently Expended

**£268.4m**

These investments are forecast to generate a net benefit to the revenue budget in 2022/23 of £5.72m, a shortfall of £1.50m compared to the budget.

Key variances included a shortfall in income from new pipeline schemes £1.12m, shortfall in three joint ventures £1.31m from reduce trading income as the retail sites recover from the impact of COVID, shortfalls due to early repayment of a key developer loan £0.87m and reduced contributions to Risk Reserve.

The Risk Reserve started the year at £6.31m and £1.25m was used as part of the mitigation of the income pressures. The closing balance of £5.06m is considered to be sufficient in relation to the portfolio risks.

No new debt facilities have been approved since the previous period.

## Section 7 – Schools Related Expenditure

### Dedicated Schools Grant

Schools, Central and Early Years Blocks - **Underspend £0.71m**

High Needs Block - **Overspend £2.22m**

Total Outturn

**£1.51m Adverse**

#### DSG Reserve

Combined Deficit balance brought forward March 2022 overdrawn **£0.07m**

Combined Deficit carried forward March 2023 overdrawn **£1.48m**

Of which High Needs overdrawn **£4.10m**

Details in **Annex 7**

**Schools Related Expenditure (Dedicated Schools Grant this is a separate ring fenced account and not part of general outturn detailed above)** – There is a net overspend across all four grant blocks of £1.51m, a favourable movement of £327k from period 10. An overspend of £2.22m in the High Needs Block has been offset by underspends on the remaining blocks.

There is a brought forward overdrawn High needs block reserve of £1.99m, leaving a deficit at year end of £4.10m. Funding for HNB has increased by £3.9m in 2023/24 which is a welcome recognition that the existing funding is not sufficient. Work continues to take place on the deficit with a HNB sub-group of the funding forum which is working on a report to summarise options for longer term savings.

# PART 2 – Executive Narrative Summary of Outturn and Outlook

## Revenue Outturn Summary

### 1. There is a net pre-audit outturn underspend of £56k for the year, a favourable movement of £85k since Period 10.

- 1.1. It is fair to say that projecting the financial outturn during the year has been challenging given the level of uncertainty in the economy from the conflict within Ukraine and the continuing high levels of inflation.
- 1.2. The additional pressures caused by inflation during 2022/23 at £4.39m were significantly higher than the provisions included in the approved budget. The cost of the 2022/23 Local Government pay award at approximately 6% across the pay scale caused a pressure of £3.11m and a further £1.28m resulted from additional energy costs.
- 1.3. Given the scale of the pressures, an Inflation Risk Reserve of £3.00m was established at the end of 2021/22 to help absorb some of the inevitable inflationary pressures in 2022/23. As reported in the period budget monitoring reports, it was anticipated that the reserve would be required to cover the in-year pressures. However, following a review of the Council's debt repayment (MRP) policy at Period 10, this released £4.38m effectively negating the forecast deficit and removing the need to use the reserve.
- 1.4. The ongoing pressures regarding the prolonged high levels of inflation, which remains close to historical highs at 8.7% in the 12 months to May 2023, continues to be of particular concern in 2023 onwards. The cost of the provisional 2023/24 pay award, which has recently been rejected following a Trade Union led employee vote, will result in significant pressures against budget plans. Although energy prices are currently following a downward trajectory, the recent experience of the price hikes during 2022 is a demonstration on how volatile the world energy markets can be and assumptions should not be made that stability has returned.
- 1.5. Early work in preparing the Period 2 2023/24 budget monitoring report is highlighting service related inflationary pressures above budget in a number of areas such as Foster Care Allowances, in addition preliminary discussions with out of borough childcare providers are suggesting pressures well in excess of assumptions.
- 1.6. As reported at Period 10, it was considered prudent that the favourable service outturn is used to bolster the Inflation Risk Reserve, before the year end, in order to help smooth the impact of the pressure caused by the 2023/24 pay award. The inflation risk reserve was therefore increased by £1.50m to give a closing balance of £4.50m.
- 1.7. With regard to the net outturn position, the following issues are worthy of being highlighted along with issues to consider on their impact on future plans :-  
**Service underspends include: -**
  - **Treasury Review of Minimum Revenue Provision (MRP)** – The review of the MRP policy, which was initially proposed as a budget saving for 2023/24, and agreed at the February 2023 Budget Council, was also applied in 2022/23 and released a benefit of

£4.38m. This significant figure effectively neutralised the forecast overspend which was projected during the mid-year monitoring reports.

- **Treasury Budget** - The average interest rate at the time of setting the budget was 0.75% and increased to 4.25% by the end of the year. This saw a subsequent increase in the average investment rate, which generated additional investment income of £2.70m. Through management of the cash flow, the Council has avoided taking on any significant new debt in 2022/23, which has saved £570k of interest costs. This saving has been used to make a contribution of £500k to the Council's Interest Rate Smoothing Reserve, to mitigate against adverse borrowing or investment market conditions in future years. In addition to the MRP savings mentioned above this resulted in a net position for Treasury Management of £6.97m favourable variance to budget.
- **Staffing budgets** net underspend of £3.22m (£1.90m largely due to delays in recruiting and service redesign, in Adults Services, Children's Services and Public Health and £1.33m other services). This underspend was a significant factor in the overall favourable outturn, however it is of particular concern that posts supporting critical services should not remain vacant in the long term. As such, active recruitment and marketing campaigns continue to promote the social care career opportunities within the Council. Whilst significant underspends on staffing budgets are welcomed from a finance perspective, they should not become a recurrent theme if the recruitment exercises are successful.
- **General Contingency** – The General Contingency budget held within Council Wide at approximately £2.00m provides a sufficient buffer to absorb unforeseen circumstances and could have been called upon to meet the unbudgeted costs of inflation, had the revised MRP policy not been implemented. As such the unused contingency balance of £1.70m was released at year end.
- **Increase reserve for replacement of Core Finance of £1.75m** – the Council's Core Finance system will be due a major upgrade or full replacement within the next three years. Preliminary investigation work has commenced on options appraisal along with neighbouring authorities in the same position. Resources are constrained within the capital programme; however the favourable release of the remaining General Contingency above has allowed **£1.75m to be set aside in the Finance and Systems Reserve for the project.**
- **Historic Enhanced Pension and Review of Provisions – a favourable outturn of £432k** related to a year end review of provisions and enhanced pension costs. The Council has a budget of £2.30m towards meeting the additional costs of enhanced pension payments relating to historic organisation wide restructures. The costs of these enhancements are diminishing over time and could now be considered material enough to release as a budget saving in our future plans.
- **Additional Grants** – Expenditure has been charged up to additional grants rather than base budget relating to the Hospital Discharge Programme and Ukrainian Refugee Support, **a favourable movement at year end of £620k, a favourable movement of £13k since Period 10.**



### **Pressures include:-**

- **Inflation – total adverse pressure of £5.89m during the year (£1.28m Place and £4.61m Council Wide)** – the local government pay award for 2022/23 £3.11m above budget (Council Wide), plus £1.28m for energy (Place). A favourable £0.08m movement since Period 10. The Inflation Risk Reserve was increased by £1.50m (Council Wide) in order to help smooth the impact of the pressure caused by the 2023/24 pay award, as agreed at Period 10.
- **Strategic Investment Programme** – These investments were budgeted to generate a net revenue benefit in 2022/23 of £5.72m. The net income at year end was £4.22m leaving a shortfall of £1.50m. The overall shortfall is largely due to delays in developer loans being drawn down, delays in schemes in the pipeline and lower trading income due to wider economic fallout at retail investment sites. Our budget plans for 2023/24 include a reduction of £1.50m to remove some of the reliance on the programme.
- **Home to School Transport** pressures of £1.41m due to increases in demand and complexity of cases in the current passenger numbers during the year and additional costs for fuel. An increase of £1.30m has been added to our 2023/24 budget to address this pressure, although work continues to ensure suitable challenge and value for money is achieved.
- **Children’s placements** £701k overspend a favourable movement of £585k in the period largely due to forecast placements not now taking place, the release of the remaining contingency and a reduction in the actual cost of existing placements. Savings of £1.36m included in the budget have been achieved in full.
- **Other net adverse movements of £1.76m across all areas** (£1.32m Service areas £432k Council Wide); an adverse movement of £420k since last reported. This includes pressure on delivery of some aspects of the savings programme from 2021/22 of £200k relating to estates and business rate reviews, shortfalls in income from parking £230k and pressure relating to Housing Benefit subsidy £530k. Adverse movement since Period 10 £410k largely relates to Housing Benefits subsidy losses.

## **Revenue Budget Funding and Collection Fund**

### **1.8. Council Tax**

- 1.8.1. At Period 8, which is used for the 2023/24 budget plans, a council tax surplus of £473k was forecast, largely due to lower awards for Council Tax Support along with better than expected collection of in year and historic debt but offset by a reduction in the taxbase due to higher than expected discounts (single person discounts). The benefit from the estimated outturn will be released in 2023/24.
- 1.8.2. As a result of the economic uncertainty a Council Tax Risk Reserve was created and bolstered by £500k in line with our plans.
- 1.8.3. The year-end outturn is now £618k, of which the Council’s share is £504k and has resulted in a favourable variance above that at Period 8 of £143k (£118k Council share). This one off amount will be released in 2024/25 and will feed into the Medium Term Financial Plan to help close the budget gap in that year.

## **1.9. Business Rates**

- 1.9.1. The estimated outturn for Business Rates Collection Fund at Period 8 was a favourable £12.23m compared to budget. This was largely as a result of a one off review of the level of provisions held for historic appeals but also included a reduction in gross rates due to delays in major refurbishments at the Trafford Centre. The benefit of the estimated outturn will be released in 2023/24.
- 1.9.2. The actual outturn on the Rates Collection Fund was a favourable £11.90m and has resulted in an adverse variance of £0.33m which will need to be repaid to the Collection Fund in 2024/25.
- 1.9.3. The General Fund elements of the rates budget, which are interdependent on the Collection Fund, had an actual shortfall against budget of £2.47m. This shortfall largely related to timing issues on the release of the benefits mentioned above. The Business Rates Risk Reserve has been utilised to neutralise and smooth the impact of this pressure in 2022/23 and will be repaid in 2023/24 in line with our plans.
- 1.9.4. There was a net benefit of £1.70m from the Greater Manchester Rates Sharing agreement (no detriment payment less rebate). This has largely resulted because of the renegotiated sharing agreement, which has seen Trafford retain 75% of rates growth and was previously 50%.
- 1.9.5. The rates income has also been impacted by delays in major retail refurbishments at the Trafford Centre. As such, the Business Rates Risk Reserve has been bolstered by £1.0m to reflect the potential for further delays into 2023/24. This has resulted in an overall adverse outturn on the General Fund of £1.0m.

## **1.10. Earmarked Reserves**

- 1.10.1. A full review of all reserves was completed as part of the 2023/24 budget preparations and was reported in detail in the final budget report presented to Council in February 2023.
- 1.10.2. The year-end close down provides an opportunity for a further review of reserves to address evolving pressures and issues since the final budget report was agreed.
- 1.10.3. Earmarked Reserves, excluding COVID related, have increased by £4.85m from a balance brought forward of £69.09m to a closing balance of £73.94m.
- 1.10.4. Reductions included those which were planned, such as the use of £4.33m to support the 2022/23 budget, draw downs from various Adults Services reserves which hold resource received in advance for the Hospital Discharge Programme and Transformation Fund and separately those to support the Strategic Investment Programme. Planned increases included £5.74m to the Budget Support Reserve of benefit from prior years Business Rates and Council Tax surpluses which will be released to support our future budget plans as previously agreed.

- 1.10.5. Significant movements, which were not anticipated at the start of the year, include the top up of the Inflation Risk Reserve by £1.50m to cover the anticipated additional cost of the 2023/24 Local Government Pay Award and £1.75m held within the Finance and System Reserve for anticipated replacement costs of the core Finance system. There have been net movements of £0.5m on the Business Rates Risk Reserve which includes separate elements to address various timing issues in the release of benefits relating to 2022/23 and future uncertainty in the 2023/24 budget.

## **1.11. Outlook and Summary**

- 1.11.1. The economic uncertainty will continue to be felt for some time to come and must be managed alongside a significant budget gap of £17.1m in our Medium Term Financial Plan for 2024/25 to 2025/26.
- 1.11.2. The fact that the year-end outturn is largely neutral is due to the adoption of the revised MRP Policy which negated the inflationary impact of the pay award and energy crisis. Windfalls were also achieved due to delays and difficulties in staff recruitment and improved income due to increases in investment interest rates.
- 1.11.3. Some recurrent themes, both positive and negative, which were identified during the early monitoring report, such as the pressures in Home to School Transport, the Strategic Investment Programme and the favourable increase in investment income have been reflected to a degree in our budget plans for 2023/24. In addition, there are several underspends, such as the reduction in enhanced pension contributions, which will be reflected in our MTFP when preparing the 2024/25 budget.
- 1.11.4. However, a number of underspends, such as staffing vacancies, are largely one off in nature and cannot readily be used to reduce the recurrent budget gap, although long term vacancies are challenged during budget planning, and must continue to be.
- 1.11.5. Although inflation is showing signs of reducing, it remains to be higher than originally forecast and will continue to be an area of uncertainty for some time. Additional pressures from the 2023/24 pay award will add to the budget gap in 2024/25. The Inflation Risk Reserve has been bolstered in 2022/23 to help address the risks over the medium term.
- 1.11.6. Significant one off benefits of approximately £11.0m have been released from Business Rates and are included in our future budget plans. There remains a high degree of uncertainty in the timing of income from rates due to the ongoing major refurbishments at the Trafford Centre and the Business Rates Risk Reserve, which has been used in 2022/23 to smooth the timing of benefits, is likely to be called upon again.
- 1.11.7. The unused contingency revenue budgets were another area which were released at year end and rather than contribute to the net outturn position, an opportunity was used to bolster the Finance and Systems Reserve to be utilised towards financing the impending upgrade or replacement of our core finance system.

1.11.8. The management action undertaken during the mid-part of the year, which included a policy on vacancy management and a review of all non-essential spend, undoubtedly had a positive effect in managing our services within the budget. Although the outturn was largely neutral, the substantial budget gap faced over the medium term would indicate that the policy should remain in place for the foreseeable future.

1.11.9. The budget plans for 2024/25 are being prepared and the gap which stood at £17.10m in February 2023 for the following two years is being updated for evolving pressures such as higher inflation and themes from the 2022/23 outturn. The scale of the challenge faced means that the Council must continue to deliver its existing savings programme, identify significant permanent savings, lobby the Government to address the unfairness of the funding formula and maintain prudent financial management.

### **Recommendations**

It is recommended that the Executive:

- note the report and the revenue outturn position showing a budget underspend of £56k, which has been transferred to the Budget Support Reserve;
- note the Reserves position as detailed in Section 4 and Annex 4;
- note the final Capital Programme outturn position as detailed in Section 6 and Annex 6.

### **Other Options**

No Applicable.

### **Consultation**

Not Applicable

### **Reasons for Recommendation**

Not applicable

**Finance Officer Clearance** .....DM.....

**Legal Officer Clearance** .....DS.....

**DIRECTOR'S SIGNATURE** ...GB.....

## **PART 3 - Annexes**

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

The main variances contributing to the projected underspend of £1.056m, any changes to budget assumptions and associated key risks are highlighted below:

Table : Main variances	Forecast Variance (£000's)	Explanation/Risks
Children's Services	1,096	<p><b>Outturn variance £1.096m adverse, favourable movement of £591k.</b></p> <p>Below is the outturn position on children's placements and other budget areas.</p> <ul style="list-style-type: none"> <li>• £701k over budget on Children's placements, favourable movement of £585k (note 1);</li> <li>• £1.371m under budget on staffing, favourable movement of £125k (note 2);</li> <li>• £1.408m over budget on home to school transport, an adverse movement of £94k (note 3).</li> <li>• £358k over budget on other running costs and income across the service, adverse movement of £25k (note 4);</li> </ul> <p><b>Note 1</b> Children's placements outturn position is an overspend of £701k, a favourable movement of £585k.</p> <p>Contingency of £101k was utilised between Period 10 and 12 and was not sufficient to cover the increase in new placement costs of £169k. This has been offset by those placements no longer taking place £345k and a reduction in the actual cost of some places compared to forecasts £308k.</p> <p>The savings of £1.358m included in the budget have been achieved through a combination of work undertaken during 21/22 and its full year impact, planned and additional reductions for 22/23 and a review of funding received from health towards placements.</p> <p>The numbers of children as at the end of March compared to those at the end of January are as follows:-</p> <ul style="list-style-type: none"> <li>• children in care 353, an increase of 7</li> <li>• child protection 222, no change</li> <li>• children in need 786, a decrease of 85</li> </ul> <p><b>Note 2</b> The favourable variance in staffing is £1.371m, favourable movement of £125k and is due to delays and difficulties in recruiting. The overall position is one-off in nature as the service continued with</p>

		<p>its redesign and recruitment drive during 2022/23. The final position includes £128k set aside in the children’s reserve for particular difficulties in recruiting to the Complex Needs Team in which the recruitment of agency staff until continue to October 2023.</p> <p>The staffing savings included in the budget of £110k have been achieved this year through permanent reductions and delays in recruiting as mentioned above.</p> <p><b>Note 3</b> The overspend in Home to School Transport is £1.408m, an adverse movement of £94k due to:</p> <ul style="list-style-type: none"> <li>• the continued increase in demand with further applications being received; and</li> <li>• increases in contract prices.</li> </ul> <p><b>Note 4</b> The adverse variance in running costs and income across the service is £358k, an adverse movement of £25k as outlined below: -</p> <ul style="list-style-type: none"> <li>• £28k adverse variance on Partington &amp; Sanyu nurseries, £22k favourable movement. The variance is due to a shortfall in income overall but the favourable movement since February is due to underspends on staffing due to holding vacancies.</li> <li>• £450k adverse variance in running costs, adverse movement of £97k. The variance is due to: -</li> <li>• one off costs to support a young person in hospital £208k adverse, no movement,</li> <li>• S17 costs £353k adverse, adverse movement of £68k. S17 payments are made where, for children in need, the authority identifies the needs for these children and ensures that the family are given the appropriate support in enabling them to safeguard and promote the child’s welfare. As with placements the type of need required by each family can vary depending on the complexities. A review of all S17 payments is currently taking place to assess likely future years requirements.</li> <li>• Other costs £111k favourable, adverse movement of £29k.</li> <li>• £121k favourable variance on income and minor variances, £51k favourable movement due to higher than anticipated income received by the Education Psychology service.</li> </ul>
Adult Services	(797)	<p><b>Outturn variance £797k favourable, an adverse movement of £334k from P10.</b></p> <p>The impact of the legacy of COVID-19 and post pandemic recovery had a significant bearing on the service during 2022/23 in terms of demand with people accessing care and support demonstrating</p>

		<p>increased acuity. This impact was felt across the health and social care system. Despite the challenges and in part due to additional in year ring-fenced grants from central Government, the Adults Directorate managed to deliver within the allocated budget.</p> <p>The areas of favourable variance and pressures are outlined below:</p> <ul style="list-style-type: none"> <li>• £12k adverse variance on adult clients (Note 1), £137k adverse movement from period 10.</li> <li>• £1.162m favourable position on staffing and running costs a favourable movement of £156k. (Note 2)</li> <li>• £353k to support short term pressures on the budget for 23/24 (note 3); adverse movement of £353k.</li> </ul> <p><b>Note 1</b> Adult clients £12k adverse outturn variation.</p> <p>This budget remains high in complexity and volatility as it is in part driven by wider system pressures in health in addition to direct adult social care demands.: -</p> <ul style="list-style-type: none"> <li>• assessing the impact people experiencing long covid</li> <li>• assessing the long-term impact on people unable to access services during this period now requiring care and support</li> <li>• supporting the NHS with rapid discharges from hospitals as they deal with the backlog of patients waiting treatments</li> <li>• increased mental health support</li> <li>• an aging population within the borough and demographic pressures</li> <li>• workforce pressures across the health and social care system</li> </ul> <p><b>Packages of Care</b> – The outturn position is £139k favourable outturn, but after a shortfall in savings of £151k a net £12k adverse variance an adverse movement from P10 of £137k (Including savings).</p> <p><b>Savings</b> – The savings target for 22/23 is £219k and £68k savings have been achieved in this financial year. The savings target has therefore been under achieved by £151k an adverse movement from P10 of £95k.</p> <p><b>Discharge to Assess</b> – Between April 2020 and March 2022 national funding was available in the form of the hospital discharge fund. However, the funding ceased from April 2022 and local plans were required to sustain the operating model.</p> <p>To meet this the Council and Trafford CCG, now known as NHS Greater Manchester Integrated Care (Trafford Locality), established</p>
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		<p>a joint one-off fund to support hospital discharges during 2022/23 to enable the model to be reviewed as recurring budgets held by both organisations were not sufficient.</p> <p>The government announced additional funding with effect from 22 September 2022 for Adult Social Care to enable local authorities to continue to expediate hospital discharges, the Trafford locality received an allocation of £2.2m that enabled increased capacity in Discharge to Assess Beds and additional homecare until the 31 March 2023. The funding has been utilised in full.</p> <p>On 13 January 2023 the Government announced Discharge funding for step down care an additional £200m fund nationally resulting in additional funding for the Trafford Locality for Step down care until the 31 March 2023. Trafford has utilised £558k of this funding in the 2022/23 financial year.</p> <p><b><u>Note 2</u></b></p> <p>The outturn position for staffing and running costs is a favourable variance of £1.162m a favourable movement of £156k from P10.</p> <ul style="list-style-type: none"> <li>• £1.433m favourable variance on staffing a favourable movement of £156k from P10. The favourable variance is due to the following: - <ul style="list-style-type: none"> <li>- £201k of funding received for the Social Care workforce supporting Ukrainian refugees.</li> <li>- £148k of Adult Social Care Discharge Funding (ASCDF) for additional agency social work costs, no movement from P10.</li> <li>- £271k of ASCDF for bed-based Hospital Discharge costs, no movement from P10.</li> <li>- £813k expenditure below budget on staffing costs a favourable movement of £143k due to significant ongoing problems with recruitment and retention across the social care and commissioning workforce.</li> </ul> </li> <li>• Absorbed within the above favourable variance on staffing is an overspend in the internal supported living service of £401k and adverse movement of £20k this is partially because of staff absences and the requirement to source cover from agency and casual workers to maintain safe staffing levels. The pressure also relates to an increase in resident complexity resulting in an increase in the additional hours of support needed by some of the individuals in the service. Work to assess the cost of a safe staffing establishment aligned with individual needs of the whole cohort for 2023/24 and future years is ongoing.</li> </ul>
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		<ul style="list-style-type: none"> <li>• £211k favourable variance on client equipment due to lower than anticipated activity no movement of from P10.</li> <li>• Other minor variances £19k favourable no movement from P10.</li> <li>• The savings target on Liberty Protection Safeguards of £100k has not been achieved in this financial year due to the date of implementation which is set by central government being deferred until 2025. Alternative delivery methods have been explored to achieve this.</li> </ul> <p><b>Note 3.</b> Due to a range of short-term pressures in the service including repairs to Council owned care homes £353k of the underspend in Adult Social Care has been set aside for 2023/24 budget pressures.</p>
Public Health	(504)	<p><b>Outturn variance £504k favourable, a favourable movement of £240k from P10.</b></p> <p>This favourable position is due to staffing £113k an adverse movement of £15k from P10, £159k on activity related budgets a £107k favourable movement from P10 and £232k favourable position on contract related costs and other running costs, a favourable movement of £148k from P10.</p>
Place	3,357	<p><b>Total outturn variance £3.357m adverse, a favourable movement of £194k.</b></p> <p><b>Place Revenue Budget £1.862m adverse, a favourable movement of £296k:</b></p> <ul style="list-style-type: none"> <li>• Pressures include includes £123k relating to property costs (reduced £109k), including ongoing security costs at Trafford Town Hall, residual utility bills for properties disposed in 2021, and one-off costs associated with the PFI review of Sale Waterside.</li> <li>• There are also estates savings of £195k not achieved in the current year but are on track to be realised in 2023/24. The business rates saving of £50k has now been achieved as previously reported. There is also a £50k saving from installation of EV points which has now been rephased to 2023/24.</li> <li>• There is a shortfall in building control income of £197k (reduced by £11k), which is offset by a related underspend in staffing/running costs. Net parking income is also £415k below budgeted target (£88k increase) due to later implementation of fee changes approved by Council in February 2022, rephased opening of Regent Road car park and ongoing effects of COVID-19 on demand compared to pre-pandemic from earlier in the year.</li> <li>• Additional income above budget includes Altair £120k (unchanged) and outdoor media income £69k (increased by</li> </ul>

		<p>£46k). Net other property rent income is £3k below budget (£27k adverse movement)</p> <ul style="list-style-type: none"> <li>• Other minor movements across all services are net neutral (adverse movement of £6k).</li> <li>• There is an overall staffing underspend of £505k relating to vacancies across the year (excluding the ringfenced Planning account)(increase of £117k), which is approximately 6.7% of the staffing budget. This is offset by a Directorate-wide efficiency saving of £104k.</li> <li>• The Planning service is a ringfenced account and has a shortfall in income of £561k (reduced by £29k) which is offset by an underspend of £368k in staffing, running costs and reserve contributions (reduced by £3k). This is a net overspend of £193k for the year (£26k net favourable movement).</li> <li>• The Council continues to support trading income losses from the Trafford Leisure CIC, of which £1.189m was included in the Council’s approved 2022/23 budget. Trading for the year has been better than expected in a number of areas and also staff costs lower than planned due to vacancies and some recruitment challenges. The year end outturn is £326k and also takes account of the closure for refurbishment of Altrincham Leisure Centre from the end of December 2022. The overall underspend will be carried forward in reserve to support trading in the new financial year and over the medium term as the leisure investment programme progresses.</li> <li>• Increased costs relating to energy inflation of £1.276m, a small favourable movement of £84k since Period 10.</li> </ul> <p><b>Strategic Investment Programme £1.495m adverse, an adverse movement of £102k:</b></p> <p>The Strategic Investment Property Portfolio has delivered a net benefit to the revenue budget in 2022/23 of £5.721m. This is £1.495m lower than budgeted due to economic factors affecting some of the income particularly from the town centre investments (£102k adverse movement).</p>
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Strategy & Resources	(665)	<p><b>Total outturn variance £665k favourable, a favourable movement of £60k.</b></p> <ul style="list-style-type: none"> <li>• Staff costs are £532k less than budget across the Directorate based on actual vacancies across the whole year, which is 5.6% of the total staffing budget and £9k higher than last reported;</li> <li>• Running costs are £126k underspent, which is £30k higher than last reported, mainly related to the Modernisation team;</li> <li>• Other Income is £239k above budget, which is £22k higher than last reported. This includes £150k from the traded Music Service (reduced by £25k), £93k Bereavement Services (increase of £42k), £8k from Flixton House (reduced by £3k), £50k from staff parking (increased by £32k), £72k from SLAs in Human Resources (increased by £69k including £41k GMSS) and other income net surplus £3k (£7k favourable change). This is offset £84k from Catering and Cleaning (adverse movement of £126k including food costs and effect of strike days), a £27k shortfall in income from libraries (reduced by £4k) and £26k Waterside Arts Centre (reduced by £22k).</li> </ul> <p>These are offset by the budgeted Directorate-wide efficiency saving target of £231k, which has been achieved in full.</p>
Finance & Systems	(142)	<p><b>Total outturn variance £142k favourable, a favourable movement of £135k.</b></p> <ul style="list-style-type: none"> <li>• Staff costs are £292k less than budget across the Directorate based on vacancies for the whole year, which is 3.3% of the total staffing budget and £21k higher than last reported;</li> <li>• Running costs are underspent by £63k (favourable movement of £103k including £61k relating to lower court costs and legal fees in Exchequer Services);</li> <li>• Income is £21k below budget (reduced by £12k), which relates to ICT trading services with schools.</li> </ul> <p>These are offset by the budgeted Directorate-wide efficiency saving target of £191k.</p>

Legal and Governance	279	<p><b>Total outturn variance £279k adverse, a favourable movement of £57k.</b></p> <ul style="list-style-type: none"> <li>• Staff costs are estimated to be £4k above budget and includes for agency costs covering vacancies and service demand. This has reduced by £57k since last reported;</li> <li>• Running costs are overspent by £133k (increased by £21k) and mainly relates to legal fees associated with workload demand;</li> <li>• There is a shortfall in income of £52k compared to budget (reduced by £21k). This overall shortfall includes £32k in capital fee income (increased by £1k) which is related to staff vacancies, £3k shortfall in traded services (reduced by £17k), £26k shortfall in land charges (reduced by £6k) and £43k reduced grant income in the electoral registration service. Registrars income is £52k above budget (reduced by £1k).</li> </ul> <p>The above is offset by the budgeted Directorate-wide efficiency saving target of £90k.</p>
Council-wide	(3,680)	<p><b>Projected Outturn variance, £3.680m favourable, a favourable movement of £142k since Period 10</b></p> <p><b>Treasury Management</b></p> <p>In February 2023, the Council agreed to an update of Minimum Revenue Provision (MRP) policy to allow for the annual charge to be calculated on an annuity basis from the 1st April 2022. The effect of this is a reduced charge in year, from that budgeted, by £4.38m.</p> <p>The average interest rate at the time of setting the budget was expected to generate investment income of £433k. There were, however, successive increases in the Bank of England base rate in year, with the rate at year end being 4.25%, up from 0.75% in April 2022. This saw a subsequent increase in the average investment rate, which generated additional investment income of £2.70m.</p> <p>Through management of the cash flow, the Council has avoided taking on any significant new debt in 2022/23, which has saved £0.57m of interest costs. This saving will be used to make a contribution of £0.50m to the Council's Interest Rate Smoothing Reserve, to mitigate against adverse borrowing or investment market conditions in future years.</p> <p>Other net adverse variances against budget of £0.18m, giving a net position for Treasury Management of £6.97m favourable variance to budget.</p> <p><b>Contingencies</b></p>

		<p>The central COVID contingency of £1.500m has been released in full, as previously reported.</p> <p>£1.674m saving from releasing the remaining balance of the General Contingency in full.</p> <p>The shortfall in the 2022/23 pay award of £3.112m (no change since Period 10) previously reported has now been included within the Councilwide figure above.</p> <p><b>Contribution to Reserves</b></p> <p>The Council's Core Finance system will be due a major upgrade or full replacement within the next three years and an amount of £1.75m has been transferred to Reserves to cover the costs of this project.</p> <p>An amount of £1.5m has been transferred to the Inflation Risk Reserve (no change since Period 10) previously reported to support the 2023/24 pay award has now been included in the Councilwide figure above.</p> <p><b>Historic Enhanced Pension and Review of Provisions</b></p> <p>Savings of £429k relating to a year end review of provisions and enhanced pension costs. It is likely that these areas will deliver recurrent savings and will be reflected in our budget plans for 2024/25.</p> <p><b>GMCA Transport Levy</b></p> <p>The final GMCA Transport levy was lower than the budget agreed in February by £154k.</p> <p><b>Housing Benefit</b></p> <p>The Housing Benefit budget has an Outturn overspend (payments made, less subsidy and overpayment recovery) of £129k, an adverse movement of £38k since period 10. A late notification has indicated that there is a potential pressure of up to £400k relating to the 2020/21 and 2021/22 Subsidy claims and an equivalent amount has therefore been transferred to the Housing Benefit Overpayments Reserve to cover this. The current reserve of £500k previously set aside for this budget has not been utilised and is therefore also still available to support the budget in 2023/24.</p> <p><b>Savings Proposals</b></p> <p>The Digital Strategy saving of £100k has not been achieved in 2022/23 and has been delayed until 2023/24 in the Medium Term Financial Plan. No change since period 10.</p> <p><b>Greater Manchester Advance Pension Payment</b></p> <p>A final saving of £69k above budget from the three yearly advance pension payment, an adverse movement of £36k since period 10.</p> <p><b>Other Budgets</b></p>
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		A net adverse movement across a number of budgets of £126k
Dedicated Schools Budget	1,513	<p><b>Outturn variance £1.513m adverse, a favourable movement of £327k from Period 10.</b></p> <p><b>Schools Block (SB)</b></p> <p>There is an underspend of £584k in the Schools Block, a favourable movement of £80k. This movement is due to further growth fund applications not being required until 2023/24. This will be held in reserve and ring-fenced for future growth requirements, a falling rolls fund for schools will also be considered.</p> <p><b>Central School Services Block (CSSB)</b></p> <p>There is an underspend of £122k, a favourable movement of £62k. This movement is due to a further reduction in the utilisation of the primary targeted fund (£30k); an underspend in the School Admissions budget (£21k); and an under spend within the budgets held for Schools Funding Forum and NNDR adjustments (£11k). The £50k underspend within the primary targeted fund will be held in a reserve and ring-fenced for future requirements. The remaining £72k underspend can be used to offset the overspend within the High Needs Block.</p> <p><b>Early Years Block (EY)</b></p> <p>The EY block was overspent by £88k in 2021/22. This was due to the final funding allocation and numbers of funded children not being known until after the January census count. This overspend has been recovered in 2022/23 due to the lagged nature of the funding. There is a small overspend in 2022/23 of £1k.</p> <p><b>High Needs Block (HNB)</b></p> <p>The HNB is overspent by £2.218m, a favourable movement of £188k from P10. This is made up of a £1.32m in year overspend on the budget set and the budget set is £898k more than the grant allocation received.</p> <p>The £1.320m overspend is :</p> <ul style="list-style-type: none"> <li>• £572k Education Health Care Plans – this is an adverse movement of £91k from P10 due to 15 additional Education Health Care Plans being issued. The over spend is due to numbers rising from 906 to 949 (costing £306k) and increased complexity of need (costing £266k);</li> <li>• £144k further education placements - funding an additional 24 placements at £6k each with no additional grant. Additional funding in the current formula is not provided by central government for any increases in 19-25 year olds;</li> <li>• £532k out of borough placements - this is a favourable movement of £245k due to 19 students leaving their settings, saving £215k, and actual prices being lower than estimated saving £30k. The over spend is due to the average cost of</li> </ul>

placements rising from £24,050 to £26,368 which has cost £927k, offset by a slight reduction in demand (from 417 to 400) saving £395k.

- £427k special schools due to additional places and top-up being funded during the year at Delamere, Brentwood, and The Orchards. This is an adverse movement of £68k again due to 13 additional places being funded.
- This is offset by £355k of underspends in sensory impairment and behaviour and attendance, a favourable variance of £101k due to receipt of additional exclusion income and over PAN spend less than estimated.

There was a negative high needs block reserve brought forward of £1.992m, which would have increased to £4.210m but the application of the CSSB under spend of £72k leaves an overall HNB deficit of £4.138m.

Even though additional HNB funding of £3.9m was allocated following the autumn statement for the financial year 2023/24, it is still insufficient to keep up with increasing costs over the years. The Council is currently receiving an element of low-level support from the Department of Education (DfE) who have been able to provide some advice and guidance on helping to control the growing high needs deficit. Discussions are at the early stages to identify mitigations but this is unlikely to be in the form of additional funding at this stage. Without new interventions the high needs deficit is forecast to continue to increase and is not financially sustainable.

### DSG reserves

The overall DSG reserve shows a deficit position of £1.475m as detailed in the table below.

DSG deficit position	reserves brought forward 22/23 £'000	contribution to reserves 22/23 £'000	transfer between reserves 22/23 £'000	balance carried forward 22/23 £'000
De-delegated (SB)	(707)	96		(611)
EY	88	(87)		1
Growth Fund	(960)	(584)		(1,544)
Primary Targeted	(285)	(50)		(335)
Crucial Crew	(1)	1		0
CSSB	0	(72)	72	0
TAEP	(59)	(115)		(174)
High Needs	1,992	2,218	(72)	4,138
<b>TOTAL</b>	<b>68</b>	<b>1,407</b>		<b>1,475</b>



## Collection Fund

## Council Tax Outturn 2022/2023 Detailed

1. As at year end, there is a favourable outturn on the Council Tax element of the Collection Fund of £618k, of which the Council's share is £504k. The Fund is shared between the Council (81.4%), the Police & Crime Commissioner for GM (12.8%) and GM Fire & Rescue Authority (5.8%).
2. The table below summarises the outturn by theme as at year end. The estimated outturn surplus as at Period 8 monitor was the figure used in the preparation of the 2023/2024 budget and has therefore been used for comparison against outturn. There has been a favourable movement of £145k since period 8, of which Trafford's share of £118k will subsequently be released in 2024/2025.

Summary of Council Tax Collection Fund Movements	Period 8 Full Collection Fund £000	Period 12 Full Collection Fund £000	Movement P12 to P8 (improvement)/deterioration £000	Period 12 Trafford Share £000
<b>In Year Position</b>				
Shortfall in Tax Base	419	761	342	619
Better than expected Cash Collection (current year and historic debt)	(719)	(1,051)	(332)	(856)
Local Council Tax Support Scheme	(338)	(481)	(143)	(391)
Other Movements (Backdated discounts etc.)	165	153	(12)	124
<b>Sub-Total In Year Position</b>	<b>(473)</b>	<b>(618)</b>	<b>(145)</b>	<b>(504)</b>

3. A summary of the of key components of the outturn and impact on future years is as follows:-
  - The Tax base has dropped by £761k largely due to an increase in discounts and exemptions (e.g. single person discount) and also a delay in new developments coming online. This is a negative movement of £342k since Period 8. The recurrent pressure associated with an increase in single person discounts has partially been reflected in our budget plans for 2023/2024. The Council will continue to undertake regular checks and challenges on the legitimacy of claims for discounts throughout the year.
  - The collection of debt for both in year and prior year is better than expected and £1.05m has been released from the amount set aside for the provision for bad debt. This is a positive movement of £332k since Period 8.
  - Local Council Tax Support is lower than budget by £481k a positive movement of £143k since Period 8.

- The combined positive effect of the above, albeit largely one off in nature from the favourable collection of historic debt, gives an in year surplus of £618k, of which the Council's share is £504k.
- At Period 8 the outturn was forecast at £473k of which the Council's share was £385k and this estimated surplus was built into our budget for 2023/24. The difference between the actual outturn and estimate of £118k will be released in 2024/25 in line with regulations. This one off figure will feed into the Medium Term Financial Plan to help close the budget gap in 2024/2025.

### Collection Fund

#### Business Rates Outturn 2022/2023 Detailed

1. The Business Rates budget for 2022/23 of £68.54m and comprises Collection Fund and General Fund elements. Projecting business rates is by its nature complex and prone to variation, in addition the impact of COVID-19 relief grants added further uncertainty to the accuracy of projections during the year.
  2. In order to support businesses with the impacts of COVID-19, the Government continued to provide various rate relief packages in 2022/23 for retail and hospitality businesses. The relief has been accounted for in the Collection Fund and Council has been compensated for the loss in rates income via a Section 31 within its General Fund. The level of relief and award of grant when compared with budget, although neutral overall, has resulted in timing differences in the accounting arrangements which has required the use of the Business Rates Risk Reserve during the year.
  3. Details of the various components of the Rates budgets are shown in Annex 3(a) and a summary of the key themes is as follows :-
    - 3.1 **Collection Fund** - A favourable outturn in the Collection Fund of £11.901m which compares with £12.225m favourable at Period 8. In line with regulations, the Period 8 figure will be released from the Collection Fund in 2023/24. As the actual outturn is now £11.901m the shortfall of £0.324m will need to be repaid to the Collection Fund in 2024/25. An amount of £0.324m will be charged to the 2022/23 General Fund and transferred to a Rates Deficit Reserve for repayment in 2024/25.
- The favourable outturn in the Council's share of the Collection Fund of £11.901m consisting of
- a shortfall in gross rates of £14.05m largely due to the temporary removal of several large redevelopments at the Trafford Centre and delays in new sites being registered on the rating list. An element of backdated income relating to 2022/23 will be received in 2023/24.
  - a significant reduction in the amount of COVID reliefs, resulting in a benefit of £5.16m to the Collection Fund when compared to budget. Note the reduction in reliefs has a subsequent impact on the level of compensation grants within the General Fund, resulting in an indirect pressure against budget.
  - A benefit of £20.52m of accounting adjustments, predominantly due to the release of historic business rates appeals provision, following several large cases being dismissed by the VOA.

3.2 **General Fund** - A £1.0m adverse outturn in the General Fund, with pressures alleviated by using the Business Rate Risk Reserve to offset the indirect timing pressures caused by lower rate relief compensation grants. Plus a £1.0m top up of the Rates Risk Reserve to reflect a potential shortfall in income in 2023/24. The key themes related to the General Fund are:-

- Pressure of £4.15m caused by a lower number of rates relief compensation grants (as described above, the lower award of reliefs has resulted in a benefit within the Collection Fund, which will be released in 2023/24).
- Net benefit of £1.70m from the Greater Manchester Rates Sharing agreement (no detriment payment less rebate). This has largely resulted because of the renegotiated sharing agreement, which has seen Trafford retain 75% of rates growth.
- A benefit of £0.31m from the distribution of the National Levy surplus, as announced in the Spring 2023 budget.
- A contribution of £0.324m to the Rates Deficit Reserve as mentioned above.
- A contribution from the Business Rates Risk Reserve of £2.47m to neutralise the impact on the General Fund from the net effect of the pressures (largely the relief compensation grants). Our budget plans include for the Rates Risk Reserve to be repaid in 2024/25.
- A contribution to the Business Rates Risk Reserve of £1.0m to reflect a potential shortfall in rates income in 2023/24 due to ongoing major refurbishments at the Trafford Centre.

4. **Impact on Future Years** – Business Rates represents a significant source of income for the Council and a small change in circumstances can have a considerable impact. Many large units at the Trafford Centre continue to undergo redevelopment and this represents a challenge when forecasting and budgeting. Even sites which are known to have been completed require a formal valuation by the VOA and this is a further cause for delay, although backdated income will be due from the time the site was available for use.

The pressures caused by major refurbishments will continue to be monitored throughout the year, however this uncertainty reinforces the importance of holding a suitable balance in the Business Rate Risk Reserve to absorb any variations for unforeseen events. As such the Rates Risk Reserve has been bolstered by £1.0m to reflect the potential for further delays into 2023/24. The year-end balance in the Rates Risk Reserve is £5.44m.

**Business Rates Budget**
**Appendix 3(a)**

Business Rates	Budget 100%	Actual 100%	Variance	Comments
	2022/23 £	2022/23 £	£	
<b>Business Rates - Collection Fund</b>				
Gross Rates Payable	(183,719,154)	(169,673,121)	14,046,034	Reduction in gross rateable income due to several large retail sites undergoing refurbishment at the Trafford Centre and also the resulting footfall in neighbouring shops. These reductions are temporary and were expected to be completed in early 2022/23. In addition, a new flagship store site was not recorded on the rating list by year end despite opening in May 2022. Back dated benefits are expected to be released during 2023/24, however will cause a pressure in 2022/23 against budget which will be smoothed through the use of the Business Rate Risk Reserve.
Transitional Adjustments and Mandatory & Discretionary Reliefs	19,689,884	19,299,762	(390,122)	Minor reduction in the level of Mandatory and Discretionary reliefs from budget.
Extended Relief due to COVID-19	17,889,421	12,734,255	(5,155,166)	Reduction in income due to the award of COVID-19 reliefs (retail, hospitality and CARF). The level of reliefs awarded was lower than assumed at budget, resulting in a positive impact on the Collection Fund of £5.16m. The cost of this relief is made good by the Government via a section 31 Grant paid to the General Fund. Although as a result of the lower award of reliefs (benefit to Collection Fund), this is reflected in lower General Fund

				grants when compared with budget (pressure in General Fund).
Accounting Adjustments (Appeals & BDP) & Cost of Collection	7,026,318	(13,496,042)	(20,522,360)	Budgeted contribution of £5.1m for appeals relating to 2022/23 has been reduced by £386k. Following a substantial review of the accumulated historic provision for appeals which stood at an opening balance of £44.2m, a further £19.6m has been released due to some big cases being dismissed by the VOA or settled at a lower rate than provided. In addition, better than anticipated collection of in year and historic debt resulting in £1.333m favourable adjustment.
<b>Collection Fund Budget and Actual Income 100%</b>	<b>(139,113,532)</b>	<b>(151,135,145)</b>	<b>(12,021,613)</b>	The net impact of above lines resulted in a net surplus on the Collection Fund of £12.02m of which the Council share is £11.9m.
<b>Collection Fund Budget and Actual Income - Trafford Share 99%</b>	<b>(137,722,396)</b>	<b>(149,623,793)</b>	<b>(11,901,397)</b>	<b>This compares with a forecast at Period 8 of £12.225m.</b>
<b>Business Rates – Trafford General Fund</b>				
Local Share	(137,722,396)	(149,623,793)	(11,901,397)	Trafford's Share (99%) of the Collection Fund surplus is £11.901m. This is lower than the estimate at Period 8 of £12.225m by £0.324m. The Period 8 estimate will be distributed to the Council in 2023/24, however the shortfall will

				need to be repaid to the Collection Fund by the Council in 2024/25. A contribution of £0.324m will be made in 2022/23 to a deficit reserve to cover this repayment (see Footnote 1)
<b>Trafford's Share of Collection Fund</b>	<b>(137,722,396)</b>	<b>(149,623,793)</b>	<b>(11,901,397)</b>	
Tariff	95,022,543	95,022,543	0	in line with budget
Section 31 Compensation Grants	(29,576,763)	(25,426,652)	4,150,111	The reduction in S31 grants is due to the lower award of extended retail relief, offset by new awards under the CARF scheme. Net pressure in the General Fund of £4.15m.
SAICA Renewable Energy	(82,944)	(82,944)	0	
GM Pilot 'No Detriment' Payment	8,725,643	10,669,231	1,943,588	Increased no detriment payment as a result of the overall surplus on the Collection Fund (increase in growth to baseline).
GM Pilot 'No Detriment Rebate	(4,362,822)	(8,001,923)	(3,639,102)	Increase in the no detriment rebate due to renegotiation of the growth pilot sharing agreement with GMCA, previously set at 50%, however agreed to increase to 75% for a further year.
Distribution of National Levy Surplus		(305,423)	(305,423)	Distribution of National Levy surplus as announced in Spring Budget
Release of difference in est and act deficit 20/21 in 22/23	(1,974,000)	(1,975,820)	(1,820)	Small error in budget loading. Reduce cont to reserve below so nil effect
Move 50% to of above release to Business Rate Risk Reserve (to smooth)	987,000	988,820	1,820	See above
Estimated Covid 20/21 deficit (Gross) spread over three years	1,773,322	1,773,322	0	in line with budget

Government Support at 75% of estimated full 20/21 deficit via TIG Reserve	(1,329,991)	(1,329,991)	0	in line with budget
Release 21/22 estimated surplus	(3,784,806)	(3,784,806)	0	in line with budget
Transfer estimated rates surplus to Budget Support Reserve	3,784,806	3,784,806	0	in line with budget
Contribution to Business Rate Deficit Reserve		323,992	323,992	Contribution to Rates Deficit Reserve re over distribution of estimated 2022/23 surplus, repayable to Collection Fund in 2024/25 (see footnote 1)
Shortfall in the General Fund met from Business Rate Risk Reserve		(323,992)	(323,992)	Additional contribution from Business Rates Risk Reserve to cover shortfall in over distribution of 22/23 surplus to avoid impact on General Fund in 2022/23. (see Footnote 2).
Shortfall in the General Fund met from Business Rate Risk Reserve		(2,149,174)	(2,149,174)	Contribution from Business Rates Risk Reserve to cover impact on General Fund from lower than budgeted Section 31 Grants (see Footnote 3)
Contribution to Business Rates Risk Reserve		1,000,000	1,000,000	Bolstering the Business Rate Risk Reserve by £1m to absorb potential temporary shortfall in rates income in 23/24 due to major refurbishments at the Trafford Centre
<b>Total Budget/ Actual/ Variance</b>	<b>(68,540,408)</b>	<b>(79,441,805)</b>	<b>(10,901,397)</b>	
Benefit within the Collection Fund (footnote 1)			(11,901,397)	
Benefit within the General Fund			1,000,000	
			<b>(10,901,397)</b>	

**Footnote 1** - The surplus on the Collection Fund was estimated at £12.225m in Period 8 and in line with regulations, this figure will be released from the Collection Fund in 2023/24 and as such has been included in our budget plans. The actual benefit at year end was £11.901m which will result in an overpayment of £0.324m and will need to be repaid to the Collection Fund in 2024/25. A contribution will be made to the Rates Deficit Reserve to hold this balance until it is repaid.



**Footnote 2** - - In order to avoid the impact of the £0.324m mentioned in Footnote 1 impacting on the General Fund, a contribution will be made from the Business Rate Risk Reserve to compensate for this pressure.

**Footnote 3** - The overall impact on the General Fund is a shortfall of £2.149m largely associated with a shortfall in the level of Section 31 compensation grants, due to lower reliefs being awarded in the Collection Fund. This shortfall will be mitigated by a contribution from the Business Rate Risk Reserve as agreed at Period 8. Budget plans include for the Risk Reserve to be replenished in 2023/24.

1. A full review of all reserves was completed as part of the 2023/2024 budget preparations and was reported in detail in the final budget report presented to Council in February 2023.
2. The year end close down provides an opportunity for a further review of reserves to address evolving pressures and issues since the final budget report was agreed. As previously mentioned, the headline rate of inflation poses a significant risk for the Council. As such the Council has utilised its favourable outturn to bolster its Inflation Risk Reserve and also the Finance and Systems Reserve by £2.0m for replacement of the core finance system will be due a major upgrade or full replacement in the near future.
3. Usable reserves, excluding COVID, have increased from a balance brought forward of £69.09m to £73.94m at year end. The table below shows the movements by category with details of all reserve movements shown in Annex 4(a).

Usable Reserves	Opening Balance 1/4/2022 £m	Closing Balance 31/03/2023 £m	Change £m
Budget Support Reserve	11.65	13.51	1.86
Smoothing and Business Risk	18.85	21.94	3.09
Strategic Priority	11.60	10.77	(0.83)
Corporate	1.00	1.88	0.88
Corporate - General Reserve	9.50	9.50	0.00
Service Area Priorities	16.49	16.34	(0.15)
<b>Earmarked Reserves (exc COVID-19)</b>	<b>69.09</b>	<b>73.94</b>	<b>4.85</b>
COVID-19 Accounting Reserves	48.14	(8.41)	(56.55)
Capital Related Reserves	22.65	22.46	(0.19)
School Related Reserves	14.24	11.61	(2.63)
<b>Total Usable Reserves</b>	<b>154.12</b>	<b>99.60</b>	<b>(54.52)</b>

4. The key movements of £4.85m include contributions to Reserves of £13.82m and contributions from Reserves of £8.97m.

Contributions to Reserves of **£13.82m** includes :-

- **£5.74m** to the Budget Support Reserve of benefit from prior years Business Rates and Council Tax surpluses which will be released to support our budget plans as previously agreed.
- **£1.75m** to the Finance and Systems Reserve for replacement of the core finance system will be due a major upgrade or full replacement in the near future.

- **£1.5m** to Inflation Risk Reserve to cover potential costs of higher inflation (pay award).
- **£0.96m** to Budget Support Reserve from surplus reserves from Greater Manchester Combined Authority.
- **£0.54m** to Interest Rate Smoothing Reserve to cover potential higher borrowing costs over the medium term.
- **£0.73m** to Leisure Centre Risk Reserve representing the underspend in 2022/23 carried forward to support trading over the medium term as the leisure investment programme progresses.
- **£1.29m** related to major long term project budgets crossing the financial year end eg Homelessness Prevention, Homes for Ukraine, held within the Economic Development Reserve, Earmarked Service Reserves and Housing Benefit Risk Reserve.
- **£1.0m** to replenish Reserves as planned following COVID (£0.5m Budget Support and £0.5m Council Tax Risk)
- **£0.06m** Favourable Outturn to Budget Support Reserve
- Other movements **£0.25m**

Contributions from reserves of **£8.97m** includes :-

- **£4.33m** from Budget Support Reserve to support the budget as planned. (note a further £7.1m has been drawn down from the COVID General Reserve for budget support as planned).
- **£0.59m** from the Budget Support to support Transformation and Change activities.
- **£0.50m** net draw down from the Business Rate Risk Reserve to smooth the impact of timing differences from the receipt of income.
- **£1.30m** from the Strategic Investment Programme Reserve to smooth a shortfall in income caused by adverse trading conditions.

**£2.13m** from the Hospital Discharge and Adults Service Earmarked Reserves to support spending plans in these areas

#### **Transfers within Reserves (neutral impact for info only)**

- **£0.40m** transfers to Budget Support Reserve from various earmarked reserves following review during budget preparation for 2023/24.
- **£0.15m** transfer from Budget Support to the ICT Development Reserve to support the Digital Strategy Transformation and Change projects.

5. The movements in the other earmarked reserves is explained by :-

- **£56.55m reduction in COVID-19 related reserves** related to the balances of Government COVID-19 funding being drawn down as planned in connection with rates relief, collection fund support and budget support. Plus a transfer of £7.1m to the support the budget as planned. The balance carried forward is shown as overdrawn at £8.41m, which largely relates to a timing difference on business rates deficit of £9.9m which will be cleared in 2023/24;

- **£0.19m reduction in Capital Reserves** consisting of additional capital grant income received in year and yet to be drawn down to support the future programme.
- **£2.63m reduction in Schools Reserves** largely due to pressures in the High Needs Block budget

## Appendix 4(a)

Trafford Council Reserves 2022 to 2023	Balance 31.3.22 £000	(Spend)/ income 2022/23 £000	Transfer to/(from) reserves 2022/23 £000	Balance 31.3.23 £000	Net Movement £000
<b>Budget Resilience</b>					
<b>MTFP Budget Resilience, innovation and Change Reserve (BRICR)</b>					
To provide a cushion and to support the MTFP as the Council continues its recovery from the financial impacts of the pandemic. It will support the budget gap over the short-term and provide the necessary investment in the innovation and change programme which will support in delivery of a balanced budget in later years	11,651	1,607	250	13,508	1,857
<b>Sub-Total Budget Resilience</b>	<b>11,651</b>	<b>1,607</b>	<b>250</b>	<b>13,508</b>	<b>1,857</b>
<b>Smoothing and Business Risk</b>					
<b>Business Rates Reserve</b>					
The business rate risk reserve was established to be used to offset the risk of significant fluctuations in business rates income (which are more significant under the 100% business rates retention pilot) and to help smooth income at the point of the business rates reset	5,929	(484)	0	5,445	(484)

<b>Insurance Reserve</b>					
Funds earmarked to cover the cost to the Council for future insurance claims due to the large excess levels on the property insurance policies. It is also utilised to carry out various risk management initiatives and to cover the cost of historic claims which may fall on the Council (MMI).	1,539	161	0	1,700	161
<b>Employment Rationalisation Reserve</b>					
To cover the cost of rationalising the employment of staff by the Council (e.g. redundancy costs)	800	0	0	800	0
<b>Housing Benefit Overpayments Reserve</b>					
Reserve established to smooth the volatility in the recovery of Housing Benefit overpayments.	500	400	0	900	400
<b>Synthetic Pitch Replacement Reserve</b>					
This will be used towards replacing synthetic pitches across the Borough	108	15	0	123	15
<b>Local Search Litigation Costs Reserve</b>					
Reserve established as a contingency for potential back claims regarding changes in local search litigation costs	78	(14)	0	64	(14)
<b>Civic Vehicle Replacement</b>					
Replacement of mayoral vehicle	24	(23)	0	1	(23)
<b>Waste Levy Reserve</b>					

To smooth the effects on the Council's budget of movements in the waste levy over the medium term	1,351	133	0	1,484	133
<b>Winter Maintenance Reserve</b>					
To provide emergency funds to cover the costs of highway & footway maintenance during periods of adverse weather conditions.	120	0	0	120	0
<b>Elections Reserve</b>					
To smooth the elections budget across the 4 year Municipal cycle.	263	(158)	0	105	(158)
<b>Interest Rate Reserve</b>					
To smooth the effect on the Council's budget of volatile movements in interest rates and to provide a risk contingency on strategic loan advances.	2,567	540	0	3,107	540
<b>Exchequer Services Reserve</b>					
Accumulated underspend of unspent grants (ring-fenced for activities such as fraud work, ICT systems, Universal Credit)	333	482	0	815	482
<b>EU Exit Funding Reserve</b>					
Government funding to be used to enhance capacity and capability within local authorities in preparation for EU Exit related activities	249	(13)	(5)	231	(18)
<b>Sale PFI Reserve</b>					
Reserve to hold the final bullet payment for Sale PFI Scheme	1,232	87	0	1,319	87

<b>Admin Building Cyclical Maintenance Reserve</b>					
To provide a reserve sufficient to cover major lifecycle maintenance and unexpected costs associated with the maintenance and repair of all major administrative sites.	761	(37)	0	724	(37)
<b>Council Tax Risk Reserve</b>					
Reserve to manage risk of shortfall in Council Tax Income due to uncertainty in take up of LCTSS/Hardship.	0	500	0	500	500
<b>Inflation Risk Reserve</b>					
Inflation Risk Reserve established in 2021/22 to manage and smooth the impact of escalating inflation rates and impact during financial year.	3,000	1,500	0	4,500	1,500
<b>Sub-Total Smoothing and Business Risk</b>	<b>18,854</b>	<b>3,089</b>	<b>(5)</b>	<b>21,938</b>	<b>3,084</b>
<b>Strategic Priority</b>					
<b>Transformation Fund Reserves</b>					
Monies allocated from Greater Manchester Health and Social Care Partnership for the transforming of health and social care services. This money is to be used on the activities that were laid out in the Transformation programme and some of this money will be allocated to the CCG for their share of programme costs.	1,823	(237)	0	1,586	(237)
<b>Strategic Investment Fund Risk Reserve</b>					
Reserve established as a contingency for potential loss of income, additional cost due to delays in investment property fund	6,309	(1,304)	0	5,005	(1,304)
<b>Leisure Centre Redevelopment Risk Reserve</b>					



Reserve to manage the risk during leisure centre refurbishment programme. Particularly loss of income, changes in assumptions for demand, inflation.	1,628	729	0	2,357	729
<b>Children Action Fund Reserve</b>					
Specific reserve to cover additional expenditure requirements in 2019/20 following the 2019 Ofsted inspection.	69	(25)	0	44	(25)
<b>Bus Reform</b>					
£1.5m has been set aside for the contribution to Bus Reform with a target date of 2024/25.	1,500	0	0	1,500	0
<b>Major Projects and DSG Academy Transfer Reserve and Future Gov</b>					
Major Projects can result in abortive costs and the transfer of schools with deficits can also result in costs which need to be written off and so a small reserve has been created to protect against these two write off risks.	275	0	0	275	0
<b>Total Strategic Priority</b>	<b>11,604</b>	<b>(837)</b>	<b>0</b>	<b>10,767</b>	<b>(837)</b>
<b>Corporate</b>					
<b>NDR Deficit Reserve</b>					

Reserve established towards meeting Trafford's share of the NDR Deficit. This is a requirement of collection fund accounting.	289	324	0	613	324
<b>STAR Procurement Reserve</b>					
STAR revenue budget under/overspends to be carried forward. Commitment to spend is approved by STAR Board (Stockport, Trafford, Rochdale and Tameside). Ring-fenced reserve for members of STAR	527	(255)	0	272	(255)
<b>Planning income reserve</b>					
A reserve established to hold surplus planning income in line with Government requirements to reinvest increases in fee income towards improvements in planning services. This is a ring fenced reserve with specific statutory conditions attached to it.	186	(131)	0	55	(131)
<b>Council Tax Smoothing</b>					
Reserve established to absorb the timing differences in the treatment of collection/ distribution Council Tax Surplus/deficits	0	940	0	940	940
<b>General Fund Reserve</b>					
This is the reserve that the Council is required to hold to protect against in year financial shocks. This was increased in 2021/2022 and should be seen as a minimum level given the size of our overall revenue budget.	9,500	0	0	9,500	0
<b>Total Corporate</b>	<b>10,502</b>	<b>878</b>	<b>0</b>	<b>11,380</b>	<b>878</b>
<b>Specific Area Priority</b>					
<b>ICT development</b>					

Reserve established to ensure there are funds available for the replacement of equipment such as ICT and to smooth out maintenance costs as a result of the Digital Investment programme.	1,259	(51)	150	1,358	99
<b>Economic Development Reserves</b>					
Reserve set aside specifically for economic development related projects.	1,438	411	(155)	1,694	256
<b>Libraries and Customer Services Reserve</b>					
Funds earmarked for ICT upgrades plus additional costs associated with the new Altrincham library.	68	(57)	0	11	(57)
<b>Voluntary Sector Grants Reserve</b>					
Carry forward of prior year spend due to slippage on projects - committed on schemes.	29	(24)	0	5	(24)
<b>Community Safety Reserve</b>					
Investment in Community Safety initiatives.	351	7	0	358	7
<b>Modernisation</b>					
Hold rolling balance of Modernisation Team budget underspend for future commitment	306	(235)	0	71	(235)
<b>One Trafford Partnership</b>					
Established to hold contractor penalty payments to be invested in one-off Partnership schemes.	1,973	(12)	0	1,961	(12)
<b>Sports Partnership Reserve</b>					
Ring-fenced funding from Sports Partnership to be used on specific projects	378	(323)	0	55	(323)
Service Carry Forward Place	1,014	329	(240)	1,103	89
Service Carry Forward Governance and Community	59	(34)	0	25	(34)

Service Carry Forward Finance and Systems	864	1,880	0	2,744	1,880
Service Carry Forward Strategy and Resources	724	125	0	849	125
Service Carry Forward Children's Services	27	212	0	239	212
Service Carry Forward Adults Services	4,398	(834)	0	3,564	(834)
Adults Discharge to Assess	3,286	(1,295)	0	1,991	(1,295)
Service Carry Forward People and Traded Services	317	(5)	0	312	(5)
<b>Total Specific Area Priority</b>	<b>16,491</b>	<b>94</b>	<b>(245)</b>	<b>16,340</b>	<b>(151)</b>
<b>Total Earmarked Reserves (exc COVID)</b>	<b>69,102</b>	<b>4,831</b>	<b>0</b>	<b>73,933</b>	<b>4,831</b>
<b>Other Reserves</b>					
<b>COVID-19 Budget Resilience and Smoothing</b>					
<b>COVID General Reserve</b>					
The grant reserve was established in 2019/20 to hold the unspent balance of the first tranche of Government grant received in 2019/20 to support local Covid-19 related pressures. Drawn down in full to support 2022/23 budget.	7,097	(7,097)	0	0	(7,097)
<b>Council Tax Compensation Grant Covid (75%)</b>					
The Tax Income Guarantee (TIG) Grant compensated councils for 75% of specific losses in Council Tax recovery caused by COVID-19. The TIG for Council Tax was £0.767m and held in this reserve to be drawn down over three years in line with our medium term budget assumptions as agreed in February 2021.	510	(258)	0	252	(258)
<b>Business Rates Compensation Grant Covid (75%)</b>					
The Tax Income Guarantee (TIG) Grant compensated councils for 75% of specific losses in Business Rates recovery caused by COVID-19. £3.99m was held in this reserve to be drawn down over the next three years in line	2,660	(1,330)	0	1,330	(1,330)

with our medium term budget assumptions as agreed in February 2021.					
<b>NDR Rates Exceptional Deficit Reserve (Section 31 Grants)</b>					
Holding reserve for Section 31 Grants compensating for Business Rates Relief Deficit caused by COVID Rates Reliefs. Will be fully drawn down over two years.	37,870	(47,860)	0	(9,990)	(47,860)
<b>Total COVID-19 Budget Resilience and Smoothing</b>	<b>48,137</b>	<b>(56,545)</b>	<b>0</b>	<b>(8,408)</b>	<b>(56,545)</b>
<b>Capital Related Reserves</b>					
Consists 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	22,649	(192)	0	22,457	(192)
<b>Balances held by schools under a scheme of delegation</b>					
These are balances which belong to individual schools and are just held by the Council on their behalf.	14,235	(2,621)	0	11,614	(2,621)
<b>Rounding - Detailed Table to Summary Table</b>	<b>(3.00)</b>			<b>(11.00)</b>	
<b>Total Usable Reserves</b>	<b>154,120</b>	<b>(54,527)</b>	<b>0</b>	<b>99,585</b>	<b>(54,527)</b>

## Savings Programme

## ANNEX 5

Theme/Title	Service Area	Budget 2022/23 £000's	Outturn Projection 2022/23 £000's	Gross Variance 2022/23 P12 £000's	Mitigating action undertaken in year £000's	overall net variance in year after mitigating action £000's	Description of Saving	Financial RAG 22/23	Financial RAG 23/24	Financial RAG comments
Children Placements	Children's	(1,358)	(1,358)	0	0	0	A review of demand and placements for looked after children.	GREEN	GREEN	Achieved
Review Family Time (Contact) service	Children's	(45)	(24)	21	(21)	0	Review of staffing establishment to follow a realignment of the service.	AMBER	AMBER	The review of the service may be delayed, how ever there are underspends across the staffing budget. The permanency of these savings w ill be review edthroughout the year as the service review takes place.
Staffing Efficiencies	Children's	(65)	(43)	22	(22)	0	Review of staffing establishment outside of the main redesign programme.	AMBER	AMBER	The review of the service may be delayed, how ever there are underspends across the staffing budget. The permanency of these savings w ill be review edthroughout the year as the service review takes place.
Direct payments (DP)	Adults	(50)	(12)	38	0	38	Increase the uptake in DP usage to reduce commissioned or other expenditure.	AMBER	AMBER	This review is on going and is dependent upon the level of uptake during the year.
Smoking Cessation	Adults	(40)	(40)	0	0	0	Reduce the prevalence of community smoking and thereby reduce long-term health conditions that result and the support required.	AMBER	AMBER	This project is underw ay and w ill be assessed at quarterly intervals
Weight Management	Adults	(16)	(16)	0	0	0	Reduce the prevalence of community obesity and thereby reduce long-term health conditions that result and the support required.	AMBER	AMBER	This project is underw ay and w ill be assessed at quarterly intervals
Liberty Protection Safeguards (LPS)/Portal – Reshaping.	Adults	(100)	0	100	0	100	The implementation of the LPS scheme and a w hole systemportal w hich will drive through efficiencies and costs savings.	AMBER	AMBER	This saving is dependent upon changes in legislation and it is not yet clear w hen this w ill be enacted.

Learning Disabilities - supported accommodation	Adults	(113)	0	113	0	113	Working with providers to identify efficiencies that can be achieved in the learning disability supported living accommodation contracts.	AMBER	AMBER	Work is underway with providers
Review of estates income	Place	(90)	(90)	0	0	0	Realignment of 21/22 savings assumed in 22/23	GREEN	GREEN	Achieved
Electric vehicle (EV) charging points	Place	(50)	0	50	0	50	Expand number of EV charging points on a revenue share model	AMBER	AMBER	Work ongoing with provider to determine final site allocation and business model. Saving has been slipped to 2023/24 in the Council's Medium Term Financial Plan.
Strategic Investment Income	Place	(1,040)	0	1,040	0	1,040	Recycling of receipts to maintain net income at achievable levels	RED	RED	Ongoing MTFP issue
Waste disposal levy	Place	(1,000)	(1,000)	0	0	0	Savings in waste disposal costs charged through the GM contract. Achieved by improved recycling and use of smoothing reserve.	AMBER	AMBER	Tonnages continue to be monitored post pandemic. Reserves planned in budget to smooth over two years.
Resident parking permits and parking charges	Place	(100)	(80)	20	0	20	A range of measures will be undertaken to ensure charges are suitable whilst also recognising potential impact on users, businesses and the environment.	AMBER	GREEN	Delay in implementing the fee changes approved in February.
Safety at Sports Grounds certificates	Place	(20)	(20)	0	0	0	Increased charge to better recover costs.	GREEN	GREEN	Increased fees to cover costs – MUFC, LCCC, Altrincham FC and Sale Rugby
Decarbonisation of Public Sector Buildings	Place	(75)	(75)	0	0	0	Expected energy savings	GREEN	GREEN	Achieved
Traded Services	Strategy & Resources	(148)	(148)	0	0	0	Traded Services income - increase in charges to offset pay and cost inflation.	GREEN	GREEN	Achieved
Flexible use of capital receipts/one off resources to cover transformational activity (phase 1)	Strategy & Resources	(500)	(500)	0	0	0	To utilise the flexibility in the use of capital receipts to fund transformational activity.	GREEN	GREEN	Flexible use of capital receipts/one off resources to cover transformational activity i.e. Modernisation Team to be partially self financing in the future
Traded Services	Finance & Systems	(37)	(37)	0	0	0	Traded Services income - increase in contributions to offset pay and cost inflation.	GREEN	GREEN	Achieved

Civic function/ Mayoral Attendant/Car	Governance and Community Strategy	(54)	(54)	0	0	0	A range of temporary measures.	GREEN	GREEN	Achieved
Voluntary Redundancy/Severance Scheme	All Services	(211)	(211)	0	0	0	Introduction of a VRVS scheme which allow s colleagues to apply to leave the Council's employment through voluntary means. Year 2 impact of 2020/21 scheme.	GREEN	GREEN	Achieved
9 day fortnight	Council Wide	(10)	(10)	0	0	0	Continuation of the voluntary scheme	GREEN	GREEN	
Additional Savings from Advanced Pension Payment	Council Wide	(100)	(100)	0	0	0	Realisation of recurrent savings from advance pension payment	GREEN	GREEN	Realisation of savings achieved over current budget
Digital Strategy	Council Wide	(100)	0	100	0	100	Increased use of digital technology to deliver better and more efficient services.	RED	AMBER	Increased investment in technology to deliver efficiencies (streamlining processes etc) Savings yet to be identified
<b>TOTAL SAVINGS AND INCOME PROPOSALS</b>		<b>(5,322)</b>	<b>(3,818)</b>	<b>1,504</b>	<b>(43)</b>	<b>1,461</b>				



**CAPITAL PROGRAMME**

1. The updated budget for 2022/23 was approved by the Executive in September 2022 and included the reprogramming from the 2021/22 budget with a revised approved general programme of £58.22m. Subsequently during the year the forecast expenditure has been revised to reflect re-phasing and any new approvals to give the position forecasted at period 10. Where such changes have been made, these have been reported in relevant capital monitoring reports to the Executive with explanations provided. The final outturn position for the year 2022/23 for the general capital programme is £48.87m which is £9.35m under the revised approved programme, and £4.05m less than reported at period 10. A summary of these variances is detailed in Annex 6a.
2. Of the £9.35m of expenditure under the revised approved budget (£58.22m) £5.30m has already been reported to Members as part of the capital programme monitoring during the year with £4.05m being explained in this capital outturn report.
3. During the year the Capital Programme Board made up of both senior officers and those delivering schemes has met on a regular basis and it has had a positive impact on the effective management of schemes. The board will be considering this outturn report and updating the 2023/24 budget accordingly which will be detailed as part of the Period 4 capital monitoring report in 2023/24. This will aim to reflect a programme of works that is both deliverable and utilises resources to prioritise those schemes within the programme where risks exist.

**GENERAL CAPITAL PROGRAMME OUTTURN (£48.87m)**

4. The final outturn position for the general capital programme is £48.87m which is £4.05m less than reported at Period 10 (P10) as summarised in the table below:

<b>Table 1 :- Capital Investment Programme 2022/23</b>	<b>Approved Programme £m</b>	<b>P10 Forecast £m</b>	<b>2022/23 Outturn Expenditure £m</b>	<b>Variance P10 to Outturn £m</b>
<b>Service Analysis:</b>				
Children's Services	16.75	14.67	12.62	(2.05)
Adult Social Care	3.82	2.82	2.66	(0.16)
Place	35.79	33.47	32.12	(1.35)
Governance & Community Strategy	0.05	0.05	0.01	(0.04)
Finance & Systems	1.81	1.91	1.46	(0.45)
<b>General Programme Total</b>	<b>58.22</b>	<b>52.92</b>	<b>48.87</b>	<b>(4.05)</b>

5. The overall spend of £48.87m includes the following major areas of investment:

**School Improvements - £12.27m:**

- Capital Maintenance & Access works - £1.84m
- Expansion & Basic Need works - £8.71m
- SEND and Healthy Pupils Funding works - £1.24m
- Improvements via Devolved Formula Capital - £480k

**Children Social Care - £350k:**

- Children's Portal/Liquid Logic - £342k
- Other Schemes - £8k

**Adult Social Services - £2.66m:**

- Disabled Facilities Grants - £2.43m
- Assistive Technology / Agile Working - £231k

**Major works on Public & Operational Buildings - £2.86m:**

- Public Building Repairs & Equalities Improvements - £531k
- De-carbonisation of Council Buildings - £2.19m
- Other Schemes- £145k

**Regeneration Projects - £7.60m:**

- Future High Street Fund - £2.08m
- Altrincham Town Centre Public realm works - £1.42m
- Trafford Water – Infrastructure - £4.09m
- Other Schemes - £8k

**Highway & Transport Related Improvements - £16.13m:**

- Highway Structural Maintenance - £9.06m
- Street Lighting - £1.04m
- Integrated Transport Schemes - £1.60m
- Bridges Programme - £443k
- Carrington Road improvements - £3.99m

**Leisure and Sport - £4.47m:**

- Leisure Centre Strategy and Improvements - £2.26m
- De-carbonisation of Leisure Centres - £2.12m
- Football Facility Provision - £83k
- Other Schemes - £13k

**Environmental Services and Green Spaces - £795k:**

- Parks and Play Areas Infrastructure - £763k
- Other Schemes - £32k

**Community Safety - £148k:**

- CCTV – Phase 2 - £148k

**Parking Services - £112k:**

- Pay and Display Machines/Signs and Software - £112k

### **Governance and Communities - £8k:**

- Partnership and Communities - £8k

### **Finance and Systems – £1.46m:**

- Range of ICT initiatives - £1.46m

## **Performance and explanation of major variances**

6. As described above there was an overall movement of £4.05m in the outturn compared to Period 10. Capital expenditure by its nature can fluctuate and be difficult to forecast across a single financial year, and can also be affected by factors outside the Council's direct control. An explanation of the variations by Directorate is shown in Table 2 below with a more detailed breakdown in Annex 6(a).

<b>Table 2</b>	<b>Period 10 2022/23</b>	<b>Outturn 2022/23</b>	<b>Variance</b>	<b>Variance Explained By</b>		
				<b>Net Re-Profiling</b>	<b>Add'n Expend</b>	<b>Saving</b>
<b>Directorate</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Children's Services	14.67	12.62	(2.05)	(2.05)	-	-
Adult Social Care	2.82	2.66	(0.16)	(0.16)	-	-
Place	33.47	32.12	(1.35)	(1.38)	0.17	(0.14)
Governance & Community Strategy	0.05	0.01	(0.04)	(0.04)	-	-
Finance & Systems	1.91	1.46	(0.45)	(0.45)	-	-
<b>General Programme Total</b>	<b>52.92</b>	<b>48.87</b>	<b>(4.05)</b>	<b>(4.08)</b>	<b>0.17</b>	<b>(0.14)</b>

7. The overall variance of £4.05m includes £4.08m relating to re-profiling and acceleration, significant key variances are explained in detail below with all variances detailed in Annex 6(a):

### **Children's Services**

- £(879)k of Basic Need funding has been reprofiled;
  - Firs Primary School £(307)k – there was slight re profiling against the revised forecast but the scheme is now complete and has been handed over, with the main block being handed over early in the new year with the internal works now complete.
  - Blessed Thomas Holford College £(283)k – Again as above a slight reprofiling against revised forecasts for settlement of retentions and final accounts to be settled with the scheme now being complete with the hand over undertaken.

- Moorland Junior School £(578)k – there has been slight rephasing of budget with the scheme currently on site nearing completion with anticipated completion being during school summer holidays.
- A small number of Other Schemes £289k – where some work was undertaken ahead of schedule and where other is currently underway on the schemes and are expected to complete imminently.
- £(1.03)m of re-profiling occurred across Schools Capital Maintenance;
  - Moss Park Infants Rewire works £(236)k – This work has started with a phased approach of delivery with the school to minimise disruption as much as possible utilising school holidays.
  - Sale High School – Reroofing works £(251)k – This scheme is now complete and remaining resources are to be potentially reallocated to support decarbonisation works that have been undertaken at the school. If these resources are not required they will be utilised to support additional maintenance works requiring funds.
  - Decarbonisation Contribution to school works £(100k) – Work on this scheme is reaching completion and awaiting final accounts for level of support needed, once finalised any unallocated resources as above will be utilised to support additional maintenance works.
  - School Health and Safety Monies £(79)k – This is a reactive allocation and as such is only used when urgent works are identified.
  - A number of other schemes £(361)k – small maintenance schemes where work is either underway or expected to be undertaken imminently.
- £160k of Devolved Formula Capital was carried out earlier than forecast, this grant is a rolling three year allocation given directly to schools, as a result this enables schools to have flexibility on when they can spend the resources and as such makes it difficult to forecast when this spend is incurred.
- £(160)k of SEND works reprofiled into the current year on a number of small schemes where work has now been carried out or will be undertaken imminently.

## **Place**

Re-profiling has occurred on a number of project areas:

- £552k of Future High Street Fund preliminary works have been carried out ahead of the previously reported schedule. This early completion of design works and contract awards will allow work to start on site soon. The scheme is progressing well towards the current deadline for the grant related expenditure of March 2024.
- £(486)k of works being undertaken as part of the council asset portfolio, with works on health and safety, smarter working and decarbonisation of buildings being reprofiled, work on these schemes is still scheduled to be completed with elements already being completed in the current year

- £198k of works as part of the leisure strategy relating to works at Altrincham leisure centre have been delivered ahead of forecast, this is as a result of works as part of the decarbonisation scheme already happening and the contractor being on site delivering this programme of works.
- £(95)k of integrated transport schemes have been reprofiled in relation to work around active travel, this is now expected to be completed next year.
- £(269)k of works as part of the CRSTS – Key network programme delivering the highways element of the scheme has been rephased to facilitate delivery at a more appropriate time of the year.
- £(97)k on bridge assessments where resources have been committed to assessing requirements needed on works with the programme to deal with any potential issues being delivered in this financial year.
- £(263)k of non-urgent Street lighting and furniture lighting maintenance has been reprofiled to prioritise replacement of assets which had been identified as requiring immediate action following condition surveys.
- £(165)k for Carrington Relief Road and Rationalisation works has been reprofiled but will be utilised imminently. Progress with the rationalisation element is progressing well with significant drawdown by the developer being made.
- £(436)k for Parks and Greenspaces – a new strategic approach assessing priorities has been undertaken for path and drainage works in parks, this had led to a slight delay in delivery but work is now well underway to deal with required works in priority order.

### **Finance & Systems**

- £(445)k of re-profiling linked to ICT investment across a number of schemes. It is to be noted that all schemes within the programme are being delivered with good progress being made.
8. There are a small number of schemes where there have been variances as a result of overspends of £171k and underspends of £135k, these variances will be managed within the overall approved programme.

### **Financing of General Capital Programme Expenditure**

9. The general capital programme expenditure of £48.87m was financed predominantly from grants and external contributions and borrowing, supplemented by specific reserves and receipts. The actual levels applied are shown below:

<b>Table 3: Financing of General Capital Expenditure 2022/23</b>	<b>Outturn 2022/23</b>
--	------------------------

	£m
<b>Internal Resources</b>	
Capital Receipts	0.21
Specific Reserves & Revenue	1.51
Borrowing	8.48
<b>Sub-Total</b>	<b>10.20</b>
<b>External Resources</b>	
Grants & Contributions	38.67
<b>Total Financing</b>	<b>48.87</b>

10. Where grant funding has been utilised or reprofiled to later years in the capital programme this has been done in accordance with the specific grant conditions.
11. The total level of usable receipts for 2022/23 was £0.84m compared to the assumed budgeted level of £2.25m as at P10 which is £1.41m less than anticipated for the year. As a result there will be the requirement to undertake a level of short term borrowing which will be repaid once receipts are realised. The overall level of receipts assumed within the approved three year capital programme is still expected to be achieved, the timing and size of receipt can vary but will be managed within the overall expectations. The following table details how the available £0.84m has been utilised:

	£m
<b>Available Capital Receipts</b>	<b>0.84</b>
Less Disposal Costs and PFI MRP	0.37
Flexible use of Receipts for Transformation	0.26
Receipts to Fund 2022/23	0.21
<b>Balance of Capital Receipts to Fund Capital Programme</b>	<b>0.00</b>

There is a programme of disposals and developments from which receipts realised are used to support the capital programme which was reported as part of the Strategic Land Review Programme to the Executive in February 2023.

The current approved capital programme includes a level of overprogramming which has to be managed over the delivery period of the programme. There is an ongoing risk that if receipts are lower, or received later than assumed there may be the need for additional borrowing in both the short and long term which has the potential to incur increased revenue costs, or a reduction in the number of approved schemes able to be delivered. The programme of disposals and development is continually under review with new opportunities being explored. Any changes in assumed levels of receipts will be reported as part of the capital monitoring updates and appropriate decisions on delivery can be made if required.

## 12. **Asset Investment Fund**

Asset Investment Fund currently stands at a maximum approved limit of £500m, supported by prudential borrowing, to support the Council's Investment Strategy. The transactions that have been agreed by the Investment Management Board (IMB) to date have a total current committed cost of £311.45m, of which £268.44m has currently been expended.

The balance of the approved £500m which is available for further investment is £188.55m (Table 3 below)

<b>Table 3: Asset Investment Fund</b>	<b>Prior Years Spend</b> £m	<b>Repayments</b> £m	<b>Actual Spend 2022/23</b> £m	<b>Future Years Commitment</b> £m	<b>Total</b> £m
<b>Total Investment Fund</b>					<b>500.00</b>
<b>Property Purchase:</b>					
Sonova House, Warrington	12.17	-		-	12.17
DSG, Preston	17.39	-		-	17.39
Grafton Centre incl. Travelodge Hotel, Altrincham	10.84	-		-	10.84
The Fort, Wigan	13.93	-		-	13.93
Sainsbury's, Altrincham	25.59	-		-	25.59
<b>Sub Total</b>	<b>79.92</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>79.92</b>
<b>Property Development:</b>					
Sale Magistrates Court	5.32	-	1.05	-	6.37
Brown Street, Hale	9.01	(6.12)	0.15	-	3.01
Former sorting office, Lacy Street, Stretford	0.90	-	-	-	0.90
GMP Site, Chester Road, Old Trafford	-	-	-	0.64	0.64
Care Home Purchase & Remediation	2.31	-	0.13	0.59	3.03
Tamworth	0.13	-	-	0.26	0.39
Various Development Sites	0.33	-	0.33	-	0.66
<b>Sub Total</b>	<b>18.00</b>	<b>(6.12)</b>	<b>1.66</b>	<b>1.49</b>	<b>15.03</b>
<b>Equity:</b>					
Stretford Mall, Equity	8.82	-	0.50	-	9.32
Stamford Quarter, Equity	16.97	-	3.02	5.23	25.22
K Site, Stretford Equity	11.21	-	0.52	0.52	12.25
<b>Sub Total</b>	<b>37.00</b>	<b>-</b>	<b>4.04</b>	<b>5.75</b>	<b>46.79</b>
<b>Development Debt:</b>					
Bruntwood; K site	11.11	-	0.42	0.72	12.25
Bruntwood; Stamford Qtr./Stretford Mall	25.82	-	3.52	5.22	34.56
CIS Building, Manchester	60.00	(25.80)		-	34.20
Castle Irwell, Salford	18.70	(19.55)	0.85	-	0.00
Castle Irwell, Salford – Phase 2	3.74	-	7.28	0.39	11.41
Hale Library	1.29	-	2.53	1.02	4.84
Network Space, Broadheath	-	-	6.69	14.81	21.50
Sunlight House	-	-	22.20	4.80	27.00
Barton Dock Road, Trafford Park	-	-	3.13	8.81	11.94
<b>Sub Total</b>	<b>120.66</b>	<b>(45.35)</b>	<b>46.62</b>	<b>35.77</b>	<b>157.70</b>
<b>Total Capital Investment</b>	<b>255.58</b>	<b>(51.47)</b>	<b>52.32</b>	<b>43.01</b>	<b>299.44</b>
Albert Estate Investment	17.62	(5.61)		-	12.01
<b>Total Investment</b>	<b>273.20</b>	<b>(57.08)</b>	<b>52.32</b>	<b>48.79</b>	<b>311.45</b>
<b>Balance available</b>					<b>188.55</b>



These investments are forecast to generate a net benefit to the revenue budget in 2022/23 of £5.72m, a deficit of £1.50m compared to the budgeted net target.

Key Variances include :

- The 2022/23 budget assumed additional net income of £3.4m from schemes that were yet to be committed to. This figure represented the recycling of funds from schemes that have matured and been repaid, such as the Crescent. As part of this recycling challenge, three new debt investments were agreed by the IMB and included in the outturn, Sunlight House, Network Space and Barton Dock Road, providing an additional £0.14m, £0.06m and £0.08m respectively in 2022/23. In addition, the IMB approved an extension to the existing CIS Tower facility, which provided an additional £2.0m of net income in year.
- The net returns from the Council's debt investment in the Albert Estate have reduced by £0.15m due to a partial repayment of the loan from £17.62m to £12.01m.
- A shortfall in returns from the Council's three joint ventures with Bruntwood of £1.31m, required to cover the Council's borrowing costs on the acquisition of the town centre assets in Stretford and Altrincham. This shortfall is a result of reduced trading income as the sites recover from the impact of Covid-19 on the retail sector, and prepare for regeneration schemes on both sites. This shortfall was met from reserves in 2022/23, with the reserve balance to be replenished when the sites return to surplus.
- A payment of £0.28m made in year to resolve a tenancy dispute at the Grafton Centre. The Centre otherwise finished the year with a small trading deficit of £0.01m.
- During the year, the facility agreed with the Hut Group matured and was officially cancelled without any drawdowns taking place for the primary facility. Despite not being utilised, the facility provided a revenue return to the Council of £2.8m since its agreement in 2019 from commitment fees. The cancellation of the facility reduced the expected net return in 2022/23 by £0.87m.
- Higher returns to the value of £0.27m on debt facilities which are linked to variable interest rates.
- The Risk Reserve level at the start of the year was £6.31m. This level of reserve is currently considered to be sufficient in relation to the immediate risks that the portfolio is exposed to. Therefore, the Council made reduced contributions in 2022/23, and a net £1.25m was instead used as part of the mitigation of the income pressures.
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<b>Risk Reserve B/F</b>	<b>6,309</b>
<b>Contribution to support borrowing costs</b>	<b>(1,254)</b>
<b>Risk Reserve C/F</b>	<b>5,055</b>

### **Prudential and Local Indicators**

- 13.** The Prudential Code requires authorities to look at capital expenditure and investment plans in light of the overall organisational strategy and resources and ensure that decisions are being made with sufficient regard to the long-term financing implications and potential risks to the authority.
- 14.** Revision to the Prudential Code in 2021 added further requirements for Local Authorities to monitor and report against all forward looking prudential indicators on at least a quarterly basis. In addition, a new indicator has been made a requirement for Local Authorities to review net income from commercial and service investments as a percentage of the Authority's net revenue stream. Target was based excluding pipeline projects. In 2022/23, this percentage was 8.9%, which is deemed to be a proportionate level.
- 15.** No limits or operational boundaries placed on the Council's external debt activities were breached in 2022/23.
- 16.** Further information, and the indicators themselves, can be found in Appendix 6b.

## Annex 6a

An analysis of major areas of re-profiling for the General Capital Programme		Period 10 2022/23	Outturn 2022/23	Variance	%	Net Re-profiling	Overspend	Savings
		£m	£m	£m		£m	£m	£m
<b>Children's Services</b>								
	<b>Schools</b>	<b>14.20</b>	<b>12.27</b>	<b>-1.93</b>	<b>-14%</b>	<b>-1.93</b>	<b>0.00</b>	<b>0.00</b>
	- Basic Need : Expansion schemes	9.95	8.71	-0.88		-0.88	0.00	0.00
	- Maintenance Programme	2.89	1.84	-1.05		-1.05	0.00	0.00
	- Devolved Formula Capital	0.32	0.48	0.16		0.16	0.00	0.00
	- SEND Programme	1.40	1.24	-0.16		-0.16	0.00	0.00
	<b>Children's Social Care Services</b>	<b>0.47</b>	<b>0.35</b>	<b>-0.12</b>	<b>-26%</b>	<b>-0.12</b>	<b>0.00</b>	<b>0.00</b>
	- Foster Carers – Accommodation Improvements	0.13	0.01	-0.12		-0.12	0.00	0.00
	- Children's Portal/Liquid Logic	0.30	0.34	0.04		0.04	0.00	0.00
	- Other Schemes	0.04	0.00	-0.04		-0.04	0.00	0.00
	<b>Total</b>	<b>14.67</b>	<b>12.62</b>	<b>-2.05</b>	<b>-14%</b>	<b>-2.05</b>	<b>0.00</b>	<b>0.00</b>
<b>Adult Social Care</b>								
	- Disabled Facilities Grant	2.36	2.43	0.07		0.07	0.00	0.00
	- Right Care For You	0.10	0	-0.10		-0.10	0.00	0.00
	- Assistive Technology/ Agile Working	0.36	0.23	-0.13		-0.13	0.01	0.00
	<b>Total</b>	<b>2.82</b>	<b>2.66</b>	<b>0.16</b>	<b>-6%</b>	<b>0.00</b>	<b>0.01</b>	<b>0.00</b>

	Period 10 2022/23	Outturn 2022/23	Variance	%	Net Reprofilin g	Overspend	Savings
<b>Place</b>							
<b>Corporate Landlord</b>	<b>3.31</b>	<b>2.86</b>	<b>-0.45</b>	<b>-14%</b>	<b>-0.49</b>	<b>0.11</b>	<b>-0.07</b>
- Public Buildings Repairs	0.62	0.53	-0.09		0.13	0.11	-0.07
- De-carbonisation Programme	2.28	2.19	-0.09		-0.09	0.00	0.00
- Other Schemes	0.41	0.14	-0.27		0.27	0.00	0.00
<b>Regeneration &amp; Strategic Planning</b>	<b>7.28</b>	<b>7.60</b>	<b>0.32</b>	<b>4%</b>	<b>0.28</b>	<b>0.04</b>	<b>0.00</b>
Future High Street Fund	1.52	2.08	0.56		0.56	0.00	0.00
- Town Centre Public Realm Works	1.04	1.42	0.38		0.38	0.00	0.00
- Trafford Waters - Infrastructure	4.05	4.09	0.04		0.00	0.04	0.00
- Other schemes	0.28	0.01	-0.27		-0.27	0.00	0.00
<b>Sport, Recreation &amp; Culture and Recycling</b>	<b>4.28</b>	<b>4.47</b>	<b>0.19</b>	<b>4%</b>	<b>0.19</b>	<b>0.00</b>	<b>0.00</b>
- Leisure Centre Strategy and Improvements	1.96	2.26	0.30		0.30	0.00	0.00
De- carbonisation Leisure Centres	2.11	2.12	0.01		0.01	0.00	0.00
Football Facility Provisions	0.12	0.08	-0.04		-0.04	0.00	0.00
- Other Schemes	0.09	0.01	-0.08		-0.08	0.00	0.00
<b>Environmental Services and Green Spaces</b>	<b>1.22</b>	<b>0.80</b>	<b>-0.42</b>	<b>-34%</b>	<b>0.43</b>	<b>0.02</b>	<b>-0.01</b>
- Parks and Play Areas Infrastructure	1.22	0.80	-0.42		-0.43	0.02	-0.01

	Period 10 2022/23	Outturn 2022/23	Variance	%	Net Reprofilin g	Overspend	Savings
<b>Parking Services</b>	<b>0.13</b>	<b>0.11</b>	<b>-0.02</b>	<b>-15%</b>	<b>-0.02</b>	<b>0.00</b>	<b>0.00</b>
Parking Services	0.13	0.11	-0.02		-0.02	0.00	0.00
<b>Highways</b>	<b>17.11</b>	<b>16.13</b>	<b>-0.98</b>	<b>-6%</b>	<b>-0.92</b>	<b>0.00</b>	<b>-0.06</b>
- Highways Structural Maintenance	9.35	9.06	-0.29		-0.29	0.00	-0.08
- Integrated Transport Schemes incl Cycling and Walking Schemes	1.77	1.60	-0.17		-0.17	0.00	0.00
- Street Lighting	1.30	1.04	-0.26		-0.26	0.00	0.00
- Bridges Programme	0.54	0.44	-0.10		-0.10	0.00	0.00
- Carrington Road Improvements	4.15	3.99	-0.16		-0.16	0.00	0.00
<b>Community Safety</b>	<b>0.14</b>	<b>0.15</b>	<b>0.01</b>	<b>7%</b>	<b>0.01</b>	<b>0.00</b>	<b>0.00</b>
- CCTV	0.14	0.15	0.01		0.01	0.00	0.00
<b>Total</b>	<b>33.47</b>	<b>32.12</b>	<b>-1.35</b>	<b>-4%</b>	<b>-1.38</b>	<b>0.17</b>	<b>-0.14</b>
<b>Governance &amp; Community Strategy</b>							
Partnerships & Communities	0.05	0.01	-0.04	<b>-80%</b>	-0.04	0.00	0.00
<b>Finance &amp; Systems</b>							
Information Technology	1.91	1.46	-0.45	<b>-24%</b>	-0.45	0.00	0.00
<b>General Capital Programme Total</b>	<b>52.92</b>	<b>48.87</b>	<b>-4.05</b>	<b>-8%</b>	<b>-4.08</b>	<b>0.17</b>	<b>-0.14</b>

The Prudential Code for Capital Finance in Local Authority was reviewed and updated following a consultation with Local Authorities in November 2021. The Code requires that the Council report and monitor Prudential Indicators on at least a quarterly basis during the financial year. These indicators are designed to support and record local decision making in a manner that is publicly accountable.

These indicators are approved and set by the Council in February each year as part of the wider budget setting process.

The prudential indicators cover the three areas in which the Council is required to report and monitor:

#### Capital expenditure indicators:

- **Estimates of capital expenditure;** Actual total capital expenditure for previous financial year and estimates of spend for the following three years. Variances found here from the approved indicator level to the current forecast level are due to revisions to the programme, reported through the regular Capital Budget Monitoring and approved by the Executive.
- **Estimates of capital financing requirement;** 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).

Prudential Indicators -	2022/23			2023/24	2024/25	2025/26
	Forecast	Actual	Variance	Forecast	Forecast	Forecast
Outturn 2022/23	£m	£m	£m	£m	£m	£m
<b>Capital Expenditure</b>						
Capital expenditure - General Programme	66.06	48.87	-17.19	91.49	65.80	41.87
Capital expenditure - Investment Strategy	66.18	52.37	-13.81	109.09	66.59	13.58
<b>Capital expenditure - Total</b>	<b>132.24</b>	<b>101.24</b>	<b>-31.00</b>	<b>200.58</b>	<b>132.39</b>	<b>55.45</b>
<b>Capital Financing Requirement (CFR)</b>	<b>447.65</b>	<b>412.06</b>	<b>-35.59</b>	<b>579.09</b>	<b>653.12</b>	<b>687.26</b>

#### External debt indicators

- **Authorised limit for external debt;** This is a key prudential indicator and represents a control on the maximum level of external debt that the Council

will require for all known potential requirements. It includes headroom to cover the risk of short-term cash flow variations that could lead to temporary borrowing and any potential effects arising from bringing “off balance sheet” leased assets onto the balance sheet in compliance with IFRS 16.

- **Operational boundary for external debt;** calculated on a similar basis as the authorised limit but represents the likely level of external debt that may be reached during the course of the year and is not a limit
- **Gross debt and the capital financing requirement;** The Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2022/23 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

Prudential Indicators -	2022/23		2023/24	2024/25	2024/25
Outturn 2022/23	Approved Limit	Actual Performance	Approved Limit	Approved Limit	Approved Limit
	£m		£m	£m	£m
<b>External Debt</b>					
Authorised limit for external debt - Capital Programme	220	Within Limit	240	250	260
Authorised limit for external debt - Investment Strategy	275	Within Limit	375	450	475
Authorised limit for external debt - Other long-term liabilities	3.8	Within Limit	3.5	3.1	3.1
<b>Authorised limit for external debt - Total</b>	<b>498.8</b>	Within Limit	<b>618.5</b>	<b>703.1</b>	<b>738.1</b>
Operational boundary for external debt - Capital Programme	200	Within Limit	220	230	240
Operational boundary for external debt - Investment Strategy	275	Within Limit	375	450	475
Operational boundary for external debt - Other long-term liabilities	3.8	Within Limit	3.4	3	2.6
<b>Operational boundary for external debt - Total</b>	<b>478.8</b>	Within Limit	<b>598.4</b>	<b>683</b>	<b>717.6</b>
Gross debt and the capital financing requirement		Within Limit			
<b>Actual external debt (£m)</b>		<b>318.17</b>			

### Affordability indicators

- **Estimates of financing costs to net revenue stream;** 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. This demonstrates the affordability and proportionality of that borrowing by comparing it to the Council’s net revenue stream as a whole.
- **Estimates of net income from commercial and service investments to net revenue stream;** This indicator compares income, net of operational costs but not financing costs, from commercial investments to the Council’s

net revenue stream. As before, this comparison allows for consideration for the Council's reliance on that income and its proportionality.

Prudential Indicators - Outturn 2022/23	2022/23			2023/24	2024/25	2025/26
	Forecast	Actual	Variance	Forecast	Forecast	Forecast
	%	%	%	%	%	%
<b>Affordability</b>						
Financing Costs to net revenue stream	3.60%	3.40%	-0.20%	3.40%	3.10%	3.30%
Net Income for commercial and service investments to net revenue stream	7.90%	8.90%	1.00%	8.50%	7.10%	6.80%

(\*) - Actual was 8.9% against target of 7.9%. Income was higher due to pipeline income received towards the end of the year not in the original projection. Actual still deemed a proportionate level.



## Dedicated School Grant

	Outturn (£000's)	Explanation/Risks
Dedicated Schools Grant	1,513	<p><b>Outturn variance £1.513m adverse, a favourable movement of £327k from Period 10.</b></p> <p><b>Schools Block (SB)</b> There is an underspend of £584k in the Schools Block, a favourable movement of £80k. This movement is due to further growth fund applications not being required until 2023/24. This will be held in reserve and ring-fenced for future growth requirements, a falling rolls fund for schools will also be considered.</p> <p><b>Central School Services Block (CSSB)</b> There is an underspend of £122k, a favourable movement of £62k. This movement is due to a further reduction in the utilisation of the primary targeted fund (£30k); an underspend in the School Admissions budget (£21k); and an under spend within the budgets held for Schools Funding Forum and NNDR adjustments (£11k). The £50k underspend within the primary targeted fund will be held in a reserve and ring-fenced for future requirements. The remaining £72k underspend can be used to offset the overspend within the High Needs Block.</p> <p><b>Early Years Block (EY)</b> The EY block was overspent by £88k in 2021/22. This was due to the final funding allocation and numbers of funded children not being known until after the January census count. This overspend has been recovered in 2022/23 due to the lagged nature of the funding. There is a small overspend in 2022/23 of £1k.</p> <p><b>High Needs Block (HNB)</b> The HNB is overspent by £2.218m, a favourable movement of £188k from P10. This is made up of a £1.32m in year overspend on the budget set and the budget set is £898k more than the grant allocation received.</p> <p>The £1.320m overspend is :</p> <ul style="list-style-type: none"> <li>• £572k Education Health Care Plans – this is an adverse movement of £91k from P10 due to 15 additional Education Health Care Plans being issued. The over spend is due to numbers rising from 906 to 949 (costing £306k) and increased complexity of need (costing £266k);</li> <li>• £144k further education placements - funding an additional 24 placements at £6k each with no additional grant. Additional</li> </ul>

funding in the current formula is not provided by central government for any increases in 19-25 year olds;

- £532k out of borough placements - this is a favourable movement of £245k due to 19 students leaving their settings, saving £215k, and actual prices being lower than estimated saving £30k. The over spend is due to the average cost of placements rising from £24,050 to £26,368 which has cost £927k, offset by a slight reduction in demand (from 417 to 400) saving £395k.
- £427k special schools due to additional places and top-up being funded during the year at Delamere, Brentwood, and The Orchards. This is an adverse movement of £68k again due to 13 additional places being funded.
- This is offset by £355k of underspends in sensory impairment and behaviour and attendance, a favourable variance of £101k due to receipt of additional exclusion income and over PAN spend less than estimated.

There was a negative high needs block reserve brought forward of £1.992m, which would have increased to £4.210m but the application of the CSSB under spend of £72k leaves an overall HNB deficit of £4.138m.

Even though additional HNB funding of £3.9m was allocated following the autumn statement for the financial year 2023/24, it is still insufficient to keep up with increasing costs over the years. The Council is currently receiving an element of low-level support from the Department of Education (DfE) who have been able to provide some advice and guidance on helping to control the growing high needs deficit. Discussions are at the early stages to identify mitigations but this is unlikely to be in the form of additional funding at this stage. Without new interventions the high needs deficit is forecast to continue to increase and is not financially sustainable.

### DSG reserves

The overall DSG reserve shows a deficit position of £1.475m as detailed in the table below.

DSG deficit position	reserves brought forward 22/23 £'000	contribution to reserves 22/23 £'000	transfer between reserves 22/23 £'000	balance carried forward 22/23 £'000
De-delegated (SB)	(707)	96		(611)
EY	88	(87)		1
Growth Fund	(960)	(584)		(1,544)
Primary Targeted	(285)	(50)		(335)
Crucial Crew	(1)	1		0
CSSB	0	(72)	72	0

		TAEP	(59)	(115)		(174)
		High Needs	1,992	2,218	(72)	4,138
		<b>TOTAL</b>	<b>68</b>	<b>1,407</b>		<b>1,475</b>