

TRAFFORD BOROUGH COUNCIL

Report to: Executive
Date: 15 November 2023
Report for: Decision
Report of: Executive Member for Finance, Change and Governance and the Director of Finance and Systems

Report Title

Executive's Draft Revenue Budget Proposals 2024/25 & MTFS 2025/27

Summary

This report sets out the Executive's updated 3-year budget strategy proposals including the draft revenue budget proposals for 2024/25 and the Medium-Term Financial Strategy (MTFS) for the period 2025/27.

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

- The draft overall budget movement for 2024/25 is an increase in the net budget of £8.59m or 4.1%, from £209.81m to £218.40m.
- The budget gap for the three years before applying any of these draft budget proposals is currently estimated to be £54.93m with £20.08m relating to 2024/25.
- This report presents a draft set of budget proposals to balance the planned budget gap of £20.08m in 2024/25, which in line with our three-year strategy, contributes towards closing this budget gap by £13.68m via a mixture of measures:
 - Additional funding
 - Planned use of earmarked reserves
 - New savings and income generation
- These proposals will now form the basis of consultation with members of staff and, where required, the general public and are therefore subject to change; the draft proposals are also subject to review by the Scrutiny Committee.
- It should be noted that if all the budget proposals in this report are implemented there currently still remains a residual budget gap of £29.80m over the three years, comprising:
 - £6.41m in 2024/25,
 - £12.75m in 2025/26,
 - £10.64m in 2026/27,
- Final decisions will be taken by the Executive after taking into consideration further proposals to address the gap, all relevant matters and feedback, at which time a proposed budget will be put to full Council for approval on 21 February 2024.

Recommendations

It is recommended that the Executive:

- a) Approve the 2024/27 proposed budget strategy, including the 2024/25 draft revenue budget and the 2025/27 MTFS. The income and savings proposals are included for the purposes of consultation only (where necessary) and these proposals will also be referred to the Scrutiny Committee for their consideration;
- b) Notes the proposal to increase Council Tax by 4.99% in 2024/25 (comprising 2.0% adult social care precept and 2.99% general increase) and by 2.99% for the remaining years of the MTFS 2025/27;
- c) Notes the assumptions made in setting the MTFS in Section 4 and the degree of uncertainty;
- d) Notes the remaining budget gap for the years 2025/26 to 2026/27;
- e) Notes the commentary of the Director of Finance and Systems, the Council's statutory S151 officer, regarding the financial sustainability of the Council in Section 1.
- f) Notes that the draft proposals are subject to various consultation exercises, further analysis of reserves, savings and income including impact assessments, potential future movements in core funding and specific grants, revised costings and robustness assessments.
- g) Notes the review of the Capital Programme which is ongoing and the prioritisation process to be undertaken to compile an affordable capital programme 2024/25 to 2026/27.
- h) Notes the continued use of flexible use of capital receipts to support in part the cost of the Modernisation Team in developing the Council's Finance and Change Programme for 2023/24 and 2024/25.

Contact person for access to background papers and further information:

Name: Cllr Joanne Harding Graeme Bentley
Extension: 4336
Background Papers - None

Relationship to Policy Framework/Corporate Priorities	Value for Money. The proposed draft budget for 2024/25 supports all key priorities and policies.
Relationship to GM Policy or Strategy Framework	The update to the Corporate Plan has been done to ensure alignment with GM priorities where possible.

Financial	The report sets out the proposed draft revenue budget proposals for 2024/25 as they currently stand.
Legal Implications:	<p>It is a statutory requirement for the Council to set and approve a balanced, robust budget and Council Tax level.</p> <p>Budget proposals take account of various legislative changes as they affect Council services.</p> <p>Where appropriate the Council will carry out consultation in relation to specific proposals within the budget. All proposals will also be assessed in line with the Council's Public Sector Equality Duty.</p> <p>Where any budget proposal has the potential to affect staff there will be a requirement to consult separately internally through routine staff consultation arrangements.</p> <p>If the budget for a directorate is to be exceeded, which will result in a call on reserves, the Executive will need to identify the impact on reserves and when they will be replenished.</p>
Equality/Diversity Implications	Equality Impact Assessment to be carried out supporting the budget proposals as appropriate.
Sustainability Implications	None arising out of this report.
Resource Implications e.g., Staffing / ICT / Assets	Human Resources – any impact on staffing will be subject to consultation.
Risk Management Implications	The risks associated with each budget proposal have been assessed and further work will be undertaken before the final budget is presented to Executive in February 2024.
Carbon Reduction	Various budget proposals in the revenue and capital budgets support the carbon neutral action plan.
Health and Wellbeing Implications	Equality Impact Assessment to be carried out supporting the budget proposals as appropriate.
Health and Safety Implications	An impact assessment of each budget proposal to be carried out.

Other Options

The budget proposals included in this report assume an overall increase to the level of council tax of 4.99% in 2024/25 comprising an increase of 2.0% for the 'adult social care precept' to be earmarked for adult social care expenditure and 2.99% general increase in the 'relevant basic amount'. An alternative option could be made to increase its 'relevant basic amount of council tax' above these levels. However, this would exceed the referendum limits, which would mean a local referendum would be required to be held before any such increase could be implemented. Alternatively, not increasing council tax by the level recommended in this report, subject to the final referendum level being notified in December 2023, would

increase the overall funding gap by up to £6.01m in 2024/25 which would mean further reductions to expenditure on council services would be necessary.

Consultation

Proposals in this report may require consultation with the public, businesses and staff, with the form of consultation to be developed before the end of November 2023.

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

Reasons for Recommendation

To enable the Council to explore proposals in order to develop a balanced, robust budget and Council Tax level to be approved in accordance with statutory requirements.

Key Decision

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

Finance Officer ClearanceDM.....

Legal Officer ClearanceDS.....

DIRECTOR'S SIGNATURE



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



TRAFFORD
COUNCIL

**Executive's
Draft Revenue Budget
Proposals 2024/25 &
2025-27 Medium Term
Financial Strategy**

15 November 2023

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1. INTRODUCTION FROM THE DIRECTOR OF FINANCE AND SYSTEMS

1.1 Background

- 1.1.1 The Local Government Act 2003 requires the Director of Finance and Systems, the Council's Section 151 officer, to report independently to the Executive and Council his own opinion as to the robustness of the budget estimates and the adequacy of the financial reserves (s25) and the minimum level of reserves (s26).
- 1.1.2 The Law requires that such a report is put before Council as part of the overall budget deliberations, and that such a report be considered prior to the approval of the Budget Requirement and the setting of a Council Tax.
- 1.1.3 This is done annually as part of the budget setting process in February but given the increasing precariousness of the financial position the Council faces it is appropriate to report again as part of this draft budget report.
- 1.1.4 In February 2023, I concluded that whilst the proposals in the report will secure a balanced budget position for 2023/24, Trafford like other local authorities faced serious concerns in achieving a sustainable budget position beyond next year. I also concluded that the likelihood of being placed in the position where I would be required to consider whether it was appropriate to issue a S114 notice was not a significant risk in the short term.
- 1.1.5 ***Despite a long track record of robust, effective and prudent financial management, in my opinion the risk of a S114 notice has increased, following over a decade of austerity measures and due to the rising demand pressures in social care services and the continuing impact of the cost of living on the Council. The Council has minimal financial headroom to absorb financial pressures meaning the likelihood of a S114 remains a real concern during 2024/25. This highlights the importance of containing expenditure within budget during the current financial year and making further tangible progress to delivering further transformational savings required to balance the 2024/25 budget.***
- 1.1.6 The context behind this assessment is given in the remainder of this section.

1.2 Current Financial Position

- 1.2.1 The financial distress faced by a growing number of local authorities has been widely publicised in the last few months and a recent survey by the Special Interest Group of Municipal Authorities identified that 26 of their 47 member authorities could issue a Section 114 notice in the next two years, with five currently deciding whether to issue one imminently.
- 1.2.2 Trafford is not exempt from this position and the impact of what has been described as a broken local government funding regime is placing an increasing risk on the Council's financial sustainability.

- The in-year budget monitoring position broadly signals the Council's ability to manage its finances, albeit it does mask a number of financial challenges and growing demand pressures most notably in Children's social care. The Council's net expenditure, included in the Period 4 Budget Monitoring Report, is a forecast overspend of £1.7m in 2023/24 (See Section 3) and whilst a number of mitigating expenditure controls have been introduced, if this position is sustained then this will lead to an unplanned use of budget support reserves which would negatively impact on the financial sustainability of the Council.
- Looking forward beyond 2023/24 there is a forecast gross deficit on the MTFS, before assumed increases in council tax, of £55m over the next three years. In view of this significant funding deficit, the financial robustness of the Council is extremely vulnerable beyond 2023/24.

1.2.3 The Council maintains a number of earmarked reserves which are required to cover the financial risks the authority faces (See Section 4). Notable earmarked reserves include a Business Rate Risk Reserve and an Investment Strategy Reserve to reflect the major reliance the Council's budget has on these volatile but key income and funding sources. It also has a General Reserve balance, being a statutory requirement for all authorities, the level of which is determined by the size of the revenue budget. In addition, the Council holds a Budget Support Reserve with an unallocated balance of c£10m. In recent years this reserve has been applied to support the budget through the Covid pandemic as well as to cover the current cost of living pressures and other demand pressures. Over this period £26m of the reserve has been utilised; this level of reserve usage is simply unsustainable.

1.2.4 Council reserves are at an extremely low level with limited flexibility to support the budget position, therefore:-

- A further range of in-year expenditure controls will need to be considered by the Executive in November 2023, when the half year budget monitoring position is reported, if the overspend remains or has deteriorated. In the mean-time monthly budget monitoring of demand led budget areas will be considered by the Corporate Leadership Team.
- In view of this significant funding deficit for future years, the Council must identify ways a sustainable budget can be agreed at the earliest opportunity. Failure to do this is likely to mean the risk of having to issue a S114 report in the short term would become increasing likely.

1.2.5 I would strongly recommend, in getting to a balanced budget position, that any further unplanned use of the budget support reserve in 2023/24 and 2024/25 must not exceed 30% of the current available balance. This will maintain a reasonable level of headroom to absorb any new financial pressures and to help support future budget planning beyond 2024/25 in the event there are timing delays in implementing future transformation programmes. This would equate to c£3m and therefore further recurrent budget savings and funding will be required in addition to the measures included in these budget proposals to allow the setting of a balanced and sustainable budget.

- 1.2.6 Whilst the measures in this draft budget report have closed the gap in 2024/25 by nearly 70% the remaining budget gap is still £30m over the next three years and that is assuming there is no further rise in demand pressures between now and the end of 2023/24, which will only fuel this deficit.
- 1.2.7 The reality is that this will not be closed with transformational savings alone and therefore the Council needs to lobby for fairer funding for low council tax and low funded authorities like Trafford to help bridge this budget deficit.

1.3 Trafford's Funding Position

- 1.3.1 Section 3 of this report details the difficult funding position this Authority faces which makes finding further savings from what is a very low expenditure base extremely difficult.
- 1.3.2 In August 2023 the Institute of Fiscal Studies published a report on the variations across the country between an authority's assessed need to spend compared to the level of funding available. This identified Trafford to have a shortfall in funding of £148 per head, equivalent to a funding disparity of £35m when compared to national averages and other similar authorities and £25m compared to other Greater Manchester districts.
- 1.3.3 The major reason for this gap largely relates to two factors. The first is that Government funding uses deprivation as a key factor when it distributes resources. Whilst this is reasonable there is a strong argument that too much weighting is applied to deprivation and this in part has led to a wide range in the funding levels to councils across the country. The second factor relates to council tax levels and historically decisions have been made to freeze tax increases during the early years of austerity. This is significant to Trafford because nearly 60% of the budget is funded from council tax and had the Council not agreed to freeze the rate between 2011/12 and 2015/16 then it would have had over £14m of additional funding each year to support the budget position. These factors have therefore impacted adversely on our current funding position.

1.4 Other Significant Strategic Risks

- 1.4.1 Section 4 of this report details the assumptions in developing the Financial Planning Framework, the core budget assumptions and other significant Strategic Financial Risks over the medium term.
- 1.4.2 As well as the existing risks regarding the volatility of the wider economy, the costs of living crisis, rising service demand and uncertain timeframes for funding reforms, there are many evolving themes which may need to be considered in the future MTFs. These include the escalating level of the Schools DSG Deficit caused by the unprecedented demand in High Needs provision, exposure to strategic asset revaluations, the resource outcomes of the impending Care Quality Commission and SEND reviews and the availability of resources within the capital programme to maintain an ageing asset base.

1.5 Summary

- 1.5.1 Whilst it is not unusual to have a gap at the draft budget stage, the remaining gap in 2024/25 of £6.41m compares with £8.52m, £4.65m and £4.71m in the

previous three years. It must be stressed that our budget assumptions already include the additional maximum allowable increases in Council Tax, before a referendum must be held, and previous years' significant corporate based savings, such as the review of our debt repayment profile and the one off release of business rates appeals, meaning that future sustainable savings programmes are likely to impact on front line services.

- 1.5.2 Whilst good progress has been made towards reaching a balanced budget position for 2024/25 there is still a significant amount of work to do to achieve this. The Executive have already identified plans to make further progress to do this and these will need developing before the final budget is presented to Council for approval in February 2024.
- 1.5.3 This will still leave a budget challenge still to be addressed for the following two financial years of £23.4m. A key strategy to achieve financial sustainability is to focus on addressing the current funding shortfall when compared to other local authorities and the Council needs to lobby for a rebalancing of this position to Government. Without significant progress here the Authority is highly unlikely to be able to balance budgets through service transformation alone.

2. BUDGET APPROACH AND PROCESS

2.1 Budget Approach 2024/27

2.1.1 The Medium-Term Financial Strategy (MTFS) provides the context for the detailed budgeting process the Council undertakes.

2.1.2 The key aim of the Strategy is to ensure that the Authority has appropriate resources in place to fund key service demands over the next few years. The Strategy includes the establishment of earmarked funds and the allocation of ongoing revenue budget and capital resources for key priorities.

2.1.3 The MTFS is refreshed each year to give a rolling five-year assessment of the fiscal environment. Given the uncertainty on any reforms to local government financing, this forecast will need to be refreshed as further information becomes available following the provisional local government finance settlement in December 2023.

2.1.4 The MTFS sets out how the Council intends to respond to:

- the forecast size of the financial challenge it faces in the medium term;
- the constraints of the national and local landscape;
- the risks to financial resilience.

2.1.5 In the current financial climate, the Council's principal financial aim is to continue to effectively align scarce resources to support Council priorities as set out in the Corporate Plan.

2.1.6 The strategic direction of the authority is set out in the Corporate Plan, called ***Our Trafford, Our Future***. It is based on an analysis of the borough's strengths, challenges and opportunities and was influenced by local priorities. It outlines the vision, outcomes and priorities for the borough that the Council are seeking to achieve by 2025.

2.1.7 The vision for Trafford is:

'Trafford - where all our residents, communities & businesses prosper'

2.1.8 The key outcomes are:

- All our residents will have access to quality learning, training and jobs;
- All our communities will be happy, healthy and safe;
- All our businesses and town centres will be supported to recover and flourish for the benefit of everyone.

2.1.9 A performance framework continues to be developed which is more data led and outcome focus by looking at key performance indicators and increasingly using visualisation methods such as dashboards and case studies to 'tell the story' and the impact to the borough. The priorities and performance indicators which measure success against the Plan include: -



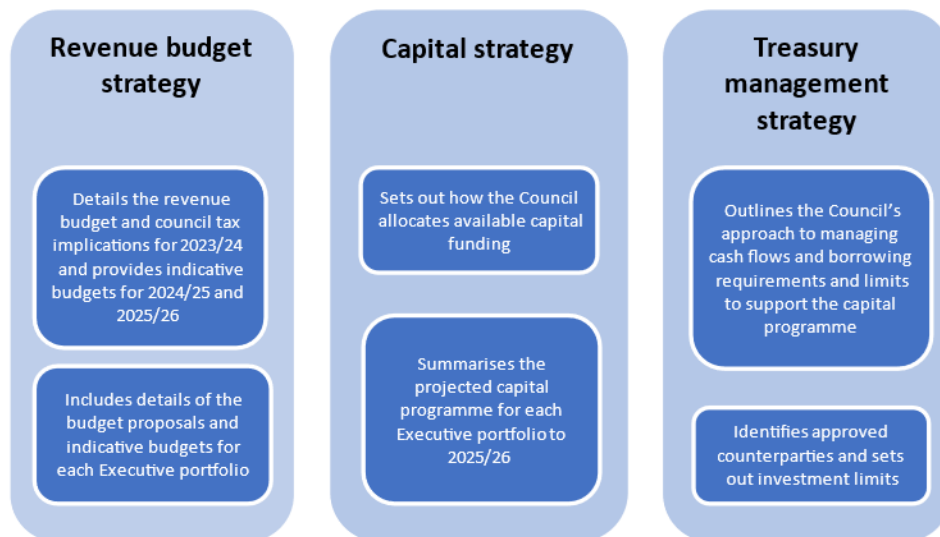
2.1.10 It is essential that the Council does not lose sight of our key ambition and objectives for 2024/25 and beyond and the budget proposals remain closely aligned to these. These include:-

- Implementing the carbon neutral framework action plan and Clean Air Plan to deliver net zero emissions, and with the other GM authorities and the GMCA undertake the activities required to implement the clean air plan, improving air quality across the Borough.
- Supporting local residents and businesses through the cost of living crisis.
- Continuing the strategic regeneration for the Civic Quarter, Stretford town centre and the Stamford Quarter, Altrincham.
- Investing in and maintaining our parks and green spaces.
- Increasing levels of physical activity, including the development of schemes which support active travel, alongside investing on our ageing leisure facilities.
- Progressing the development of new housing on Council land including Sale Magistrates Court site, and Lumina Village, the former Kellogg's headquarter site, owned jointly with Bruntwood.
- Continuing to respond to the consequences of Brexit.
- Progressing "living well in my community" - working with Trafford residents to ensure that they can live a happy healthy life with the access to the services that they need at the right time by developing a place-based community model, co-owned and designed with residents to support their health and wellbeing needs now and in the future.
- Progressing a review of Trafford's current Urgent Care services, co-designing with system partners and residents, a simple to navigate, joined up Urgent Care offer which meets the needs of all of the population.
- Reviewing our libraries and cultural provision across Trafford - to understand what it takes to facilitate and create a quality and diverse cultural experience that has a lasting impact on people's lives and the communities they live in.
- Enhancing our approach to Social Value across the Council.
- Realising our ambitions to improve outcomes for children and families.

- Promoting the learning of all our children and support especially for our most vulnerable children where learning has been lost as part of COVID-19.
- Continuing to develop our People Strategy – by focussing on our people with specific attention on how we attract and retain great talent within Trafford Council. We will seek to develop career pathways and create opportunities for continued professional development ensuring that Trafford is a place where career ambitions can be achieved.
- Supporting employee wellbeing - continuing to be a key area of focus and our commitment to support colleagues to have a balanced home and working life will remain a priority. We will ensure that we continue to offer a range of interventions to support colleagues to maintain good mental and emotional health.
- Enhancing our Traded Services – by being commercially competitive and developing and enhancing our range of commercial services to schools (and more broadly) we will seek to review all current contracts and engage new clients in the process.
- Enhancing the borough wide Trafford Partnership - working with Trafford Partnership to ensure our residents, businesses and communities achieve their potential.
- Developing the Digital Strategy and investing in new technology – ensuring that digital innovation is at the heart of service changes; delivering more services online, enhancing the customer experience and supporting an agile workforce.
- Progressing the modernisation programme and remodelling of services – to rethink the way we deliver our services through to co-design and co-produce our future service delivery.
- Maintain progress to the Ethical Care Charter and in particular the commitment to the Real Living Wage. This involved being accredited as a Real Living Wage Employer in March 2023, recognising those organisations which voluntarily choose to pay their staff more than the Government’s minimum wage. Accreditation is also a formal declaration of intent and will enable further engagement with suppliers to meet the same levels. The financial impact of this ambition will be considered as part of future MTFP proposals.
- Deliver the Corporate Plan and Strategic Priorities.

2.1.11 As Trafford moves towards the final year of the Corporate Plan it is appropriate to take stock of how far we have come, and a revised plan will be developed to take us post 2025.

2.1.12 The Medium-Term Financial Strategy (MTFS) complements the Corporate Plan and provides the financial framework within which the priorities will be delivered.



2.1.13 The core principles underlying the MTFS are as follows:-

- To maintain a sustainable financial position that enables the Council to deliver on its key priorities;
- To make appropriate provision in the budget so that it keeps pace with demand;
- To strive to keep council tax at affordable levels whilst delivering value for money services;
- To ensure that its limited capital and revenue resources are allocated to those activities which contribute most to improved outcomes for local people.

2.1.14 It is essential that the Council does not lose sight of our key ambition and objectives for 2024/25 and beyond and the budget proposals remain closely aligned to these. These include: -

➤ **Reducing health inequalities**

The 2021 Census provides insight into the challenges faced in Trafford. There remains a 16-year difference in healthy life expectancy, an 8.5-year difference for males and a 7.4-year difference for females in life expectancy between our most affluent and most deprived. Our response has been to develop plans to reduce these so all our residents can live long and healthy lives. The benefits of this focus will not necessarily be recognised immediately but the Council will continue to work closely with our health partners to achieve tangible improvements in this area.

This year the Trafford Moving strategy for sport and physical activity was launched which aims to improve physical activity levels and mental health and wellbeing as well as addressing health and social inequalities in our communities. A bid for nearly £20m to help revitalise Partington Sports Village was successful, and the Council have partnered with Sport England and Kier for a multi-million-pound redevelopment of Altrincham Leisure Centre. These

plans will support improving the long-term health and wellbeing of Trafford residents.

➤ **Supporting people out of poverty**

By providing the necessary skills, opportunities, information and advice Trafford Council works with partners to give people the choices and power to make best use of their income to prevent and reduce poverty. The Trafford Poverty Action Group continues to work with partners to help coordinate activity and make the borough a place where no-one is marginalised or discriminated against due to their financial or material circumstances. The Poverty Truth Commission was launched in May 2022, funded by Trafford Council and L&Q. The membership of the Commission was comprised of Trafford residents and leaders from the public, private and voluntary sectors in the borough. The members worked closely together to identify issues in Trafford exploring the causes of poverty and its effects while developing ideas for how we can come together as a community to tackle it identifying four recommendations:

- Improve how Trafford residents' access services;
- Continue to use the voice of people with lived experience in the development of policy and services in Trafford;
- Make public transport truly accessible for everyone;
- Tackle mental health and isolation.

This work is ongoing across the Council, partners and voluntary sector.

The Council was accredited as a Real Living Wage Employer in March 2023 and a member of the Good Employment Charter. Work continues with partners to support and encourage them to become accredited and help the local economy.

The Council continue to support our most vulnerable residents. Trafford Community Hubs have received funding for a further year to continue to support residents. The Household Support Fund will be used to support free school meals and provide help towards food, energy, and utility bills for low-income households privately renting or owner occupiers. The Council also continues to provide welfare and advice support to households.

➤ **Addressing our climate crisis**

In October 2019, the Council pledged to be “net zero carbon” by 2038 and in December 2020 the Council launched its Carbon Neutral Action Plan. The Plan sets out over 100 actions that the Council can take to decarbonise its own operations over the next decade whilst working with our partners to support borough wide Carbon reductions, taking advantage of the huge opportunities for green growth in the local economy.

While many of the actions set out in the Action Plan need to be taken by national government, Trafford remain committed to progressing action locally on a number of priorities, often supported by match-funding from other sources, and leveraging in further funding from the private sector.

The Council continues to work with partners, GMCA and central government to assess the scale of investment required, seek collaborative opportunities and identify sources of funding and finance. It is concerning though that bidding processes still remains resource intensive and lobbying to the government for more general funding to be available continues so that the Council, residents, local stakeholders and businesses can work together to spend any money in a more strategic and coordinated way.

A Trafford site has been identified for Greater Manchester's first ever low carbon hydrogen hub with Trafford Council working in partnership with the Greater Manchester Combined Authority, Manchester Metropolitan University, Cadent and Electricity North West. Trafford Green Hydrogen is a major green initiative which will help address our climate crisis and will use renewable energy to produce green hydrogen fuel for use in industry, as well as transport. The first phase is aiming to be up and running during 2025 after being granted planning permission by the Council in October 2022.

Trafford Be.EV Electric Vehicle charging infrastructure has seen an additional 41 charge points installed in 2022/23 with a further 30 planned. The redevelopment of Altrincham Leisure Centre has commenced which includes a focus on fully decarbonising the existing building through the removal of all gas services alongside the installation of solar panels and air source heat pumps as well as heat recovery on air systems.

2.1.15 The Finance and Change Programme was established in February 2022 to drive forward a three-year change programme which supports the delivery of a balanced and sustainable budget in both the short and medium term. This programme is based around a number of key themes:-

- **Budget Proposals** – assessing and analysing all new ideas and determining any quick wins.
- **Managing Service Demand** – reviewing demand led services and pressures and undertaking deep dives on key areas of spend.
- **Digital First** - considering Trafford's digital solutions to manage information/data and support service delivery and redesign.
- **Asset Management** – reviewing the assets that are required to deliver the strategy and services; ensuring that they are fit for purpose.
- **Service Reviews** – reviewing all services to include a financial target while considering existing strategy, the local context and previous decisions.

2.1.16 The output of the work of the Programme continues to help address the significant budget gap, with more detail included in Section 4.3 and Annex D.

2.1.17 To supplement the above approach the programme continues to:-

- Review benchmarking data;
 - Develop a structured lobbying campaign to raise awareness on the budget pressures for the Council.
- 2.1.18 The Programme was established against the background of an already difficult financial landscape with increasing inflationary pressures on both pay and prices. The impact of the war in Ukraine, interest rate increases and the effect of the cost-of-living crisis on demand for Council services has meant that the outlook continues to create a great deal of additional uncertainty.
- 2.1.19 Significant growth in demand for Children’s social care is being experienced both nationally and in Trafford. Challenges in recruitment and retention, and pressures in Adult Social Care are also contributing to a situation in which Council’s finances are under even more strain now than any time in the last thirteen years.
- 2.1.20 The Council’s budget position is also clearly impacted by its position as one of the lowest funded and spending councils in the country. It is also worth noting that the Government’s Fair Funding review, which has potential to materially improve the level of resources the Council receives, looks likely to be further delayed. The Council cannot plan on the basis that funding reform happens or that the Government provides further funding for all local authorities to compensate for inflationary pressures.
- 2.1.21 The impact of inflation and other pressures on the Council’s budget is profound. The gross budget gap in 2024/25 is expected to grow from £18.53m at the time the MTFs was approved in February 2023 to £20.08m based on current projections. Over the life of the Medium-Term Financial Strategy (MTFS) the gap could increase from £47m to over £55m unless mitigating actions are taken. These estimates will grow even further if the trend of worsening economic news continues.
- 2.1.22 The usual approach to balancing the budget, which has served the Council well, will need to continue but be augmented by additional measures and further work by the Finance and Change Programme in the run up to Christmas. A number of additional savings proposals have been identified and business cases are under development.
- 2.1.23 A full review of all assumptions used in developing the budget plans has been undertaken by the Finance and Change Programme to ensure they are still relevant and up to date, including a review of all continuing savings programmes. Directorates have been tasked with identifying measures to manage any in-year pressures to ensure that additional pressure is not added to 2024/2025 and beyond.
- 2.1.24 All the proposals in the report have been subject to review by the Executive and Corporate Leadership Team and further work on robustness, the continued development of business cases and equalities impact will be undertaken before final budget proposals are submitted to the Executive in February 2024.

2.1.25 The output from the work of the Finance and Change Programme is included in these proposals and whilst good progress has been achieved to help balance the budget there remains a significant budget challenge. A solution will need to be identified before the final budget can be agreed for 2024/2025 at the Council Meeting in February 2024.

2.2 Budget & Staff Consultation

2.2.1 Proposals in this report may require consultation with the public, businesses and staff, with the form of consultation to be developed before the end of November 2023.

2.2.2 Details on these draft budget proposals will be made available on the Council's website via the 2024/25 budget pages.

2.2.3 Where any budget proposal has the potential to affect staff there will be a requirement to consult separately internally through routine staff consultation arrangements.

2.3 Scrutiny Review

2.3.1 A Scrutiny review will be held during November and December 2023 to review the gap in the Council's Medium Term Financial Strategy (MTFS), the assumptions underpinning the overall gap and the plans for budget consultation. In addition, the Leader will present the 2024/25 draft budget proposals contained within this report, which will enable Scrutiny members to review the budget proposals and feedback any comments in January 2024.

2.4 Lobbying strategy

2.4.1 It is essential in the run up to the 2023 Autumn Statement that the Council continues to lobby government to highlight not just the precarious financial position that all of local government is facing, but also the unique challenges it faces as a consequence of being one of the lowest funded local authorities in the country.

2.4.2 The Council uses a number of methods to lobby government which includes:-

- **Membership of the Specialist Interest Group of Metropolitan Authorities (SIGOMA)** which is one of the largest interest groups within the LGA (Local Government Association) and provides an authoritative and influential voice on local government finance and other government proposals and legislation. It ensures member urban authorities are adequately represented and are not unfairly impacted by central government policy. Including a focus on sufficient, sustainable and fair funding needed to maintain vital services and continue investing in their local areas.
- **Membership of the F20 Group** which consists of a cross-party group of the lowest funded councils across the country to call for a temporary fix to level up local government finance pending the Fair Funding Review. The councils - including Trafford - are calling on the Department for Levelling Up, Housing, and Communities (DLUHC) to inject extra money to support the

very lowest funded authorities in the country. The proposal pulls authorities with a low Core Spending Power closer to the average, this would result in the Council receiving over £5.0m of temporary additional resource.

- **Membership of the F40 Group** – a similar group to the F20 but focused on the lowest funded education authorities in England.
- **DLUHC and Local Government Association** – regular engagement and dialogue takes place with both bodies. Recent exercises include responding to Calls for Evidence from DLUHC on the financial strain within the system, which will help inform their discussions with the Treasury in the run up to the 2023 Autumn Statement.
- **Bespoke Lobbying and Communication Plan** – an independent sector body has recently been engaged to prepare a bespoke lobbying document, which will be tailored to highlight the unique challenges being faced by the Council. The document will evidence the argument for sustainable funding and will be circulated to government departments, local Members of Parliament and for wider resident communication.

2.4.3 In addition to these approaches there will also be more **resident-focussed** messaging to explain the budget challenge the Council is facing.

2.5 Statutory Obligations of the Responsible Financial Officer (“S151 Officer”)

2.5.1 The role and functions of the S151 Officer is informed by a comprehensive framework of statutory duties and responsibilities. The S151 Officer is charged with responsibility for the effective financial management of the Council.

2.5.2 The role and responsibilities of the S151 Officer are extensive and integral to the strategic management of the organisation as a whole. In summary, the S151 Officer:

- must ensure compliance with all statutory requirements for accounting and internal audit (including supporting records and all systems of internal checks and control);
- manage the financial affairs of the authority in all its dealings and transactions and in so doing secure the proper stewardship of Council (and Members) responsibilities;
- must report under S114 powers to the Executive, the District Auditor and all Members of an authority if there is, or is likely to be any item of unlawful expenditure or an unbalanced budget;
- owes a personal duty of care to local taxpayers in managing Council resources on their behalf. In discharging this responsibility, the S151 Officer must balance the needs and interests of both current and future taxpayers.

2.5.3 Members will be aware that the Council has a legal requirement to deliver a balanced budget. The S151 Officer must issue a Section 114 (S114) notice under the relevant section of the Local Government Finance Act, where it appears to the S151 Officer that the expenditure of the authority incurred

(including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.

- 2.5.4 In February 2023, the Council's S151 Officer concluded that whilst the proposals for 2023/24 would secure a balanced budget position for that year, Trafford like other authorities faces serious concerns in achieving a sustainable budget position beyond that year. Attention was drawn to the fact that Members should not become complacent about the financial resilience of the Council given the size of the structural deficit in the budget in future years. The use of reserves to balance the budget in 2023/24, albeit at a much-reduced level compared to recent years was still a significant sum and reserves were not a sustainable resource to deliver a balanced budget.
- 2.5.5 A sizeable proportion of the savings programme for 2023/24 were made from corporate related savings, such as the review of MRP and a reliance on the Strategic Investment Programme and these areas are unlikely to address future budget challenges. The work of the Finance and Change Programme has been positive and significant progress has been made to identify permanent base budget savings with a number of measures included in this draft budget report; despite this progress there still remains a significant budget gap.
- 2.5.6 There have been many local authorities reporting in the press that there is an increasing likelihood that they will consider issuing a Section 114 notice given the increasing demand, particularly in Children and Adults services and the uncertainty caused by the effect of inflation. Trafford is no exception and there are serious concerns in achieving a sustainable position in future years making the risk of more S114 notices even more real.
- 2.5.7 At this stage it is important that the Executive does not rely on the assumption of further financial support from Government, beyond those already assumed in these budget proposals. It remains imperative that the impetus and momentum of the work achieved so far continues over the next few months, so the S151 Officer is able to conclude that the final budget proposals for 2024/25 are robust and he is not placed in a position where he felt necessary to issue a S114 notice. Therefore, Executive need to continue to identify measures to address the remaining gap by December 2023 and before the local government financial settlement, such that it is able to present balanced budget proposals to Council in February 2024.

3. FINANCIAL BACKGROUND

3.1 Background to the Budget

3.1.1 In understanding the budget proposals, it is useful to understand the financial envelope within which the Council operates, where resources are allocated and key metrics behind the budget.

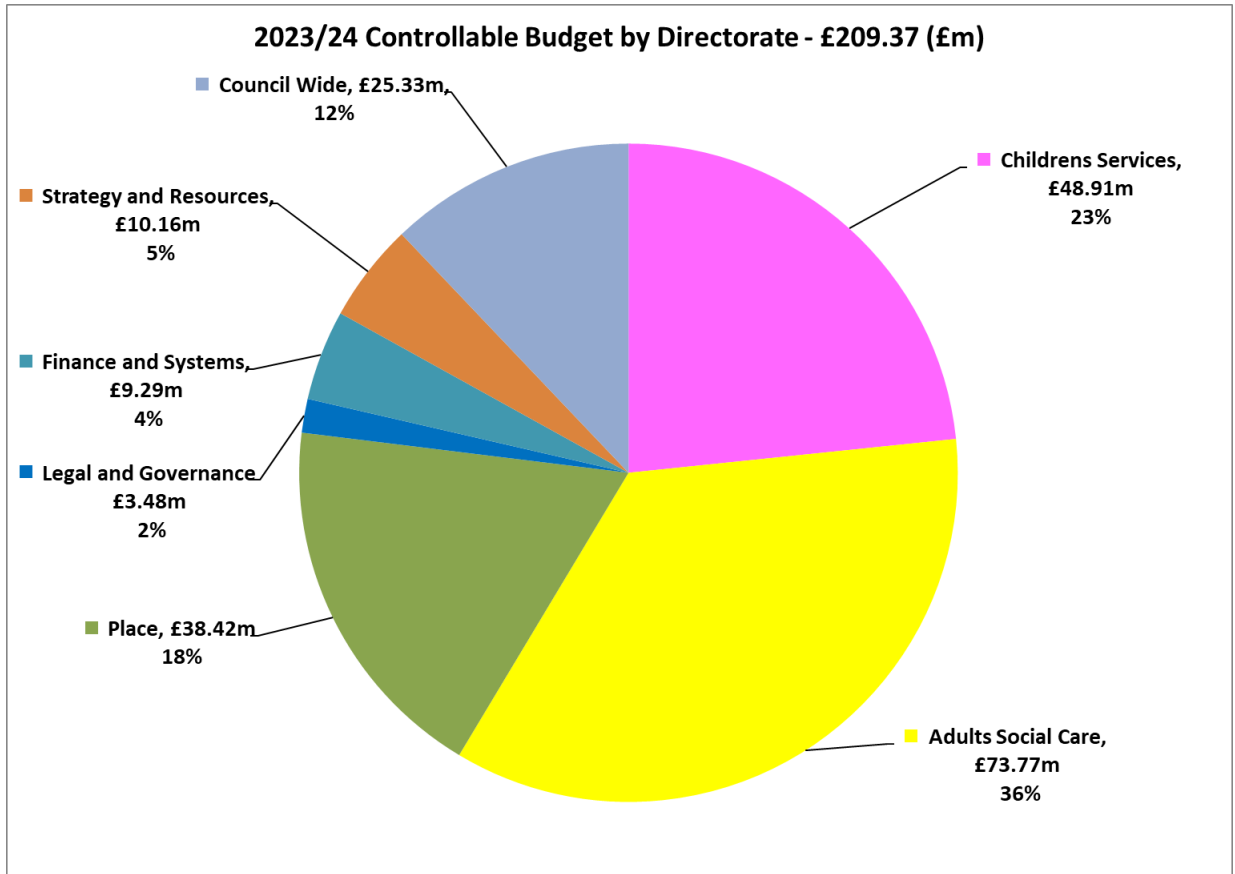
3.1.2 The Council's current gross budget is £556.86m, however this includes specific funding of Dedicated Schools Grant and Housing Benefit. The Council's gross income budget is £347.49m leaving a total net budget of £209.37m.

3.1.3 The table below demonstrates the movement between gross and net budget.

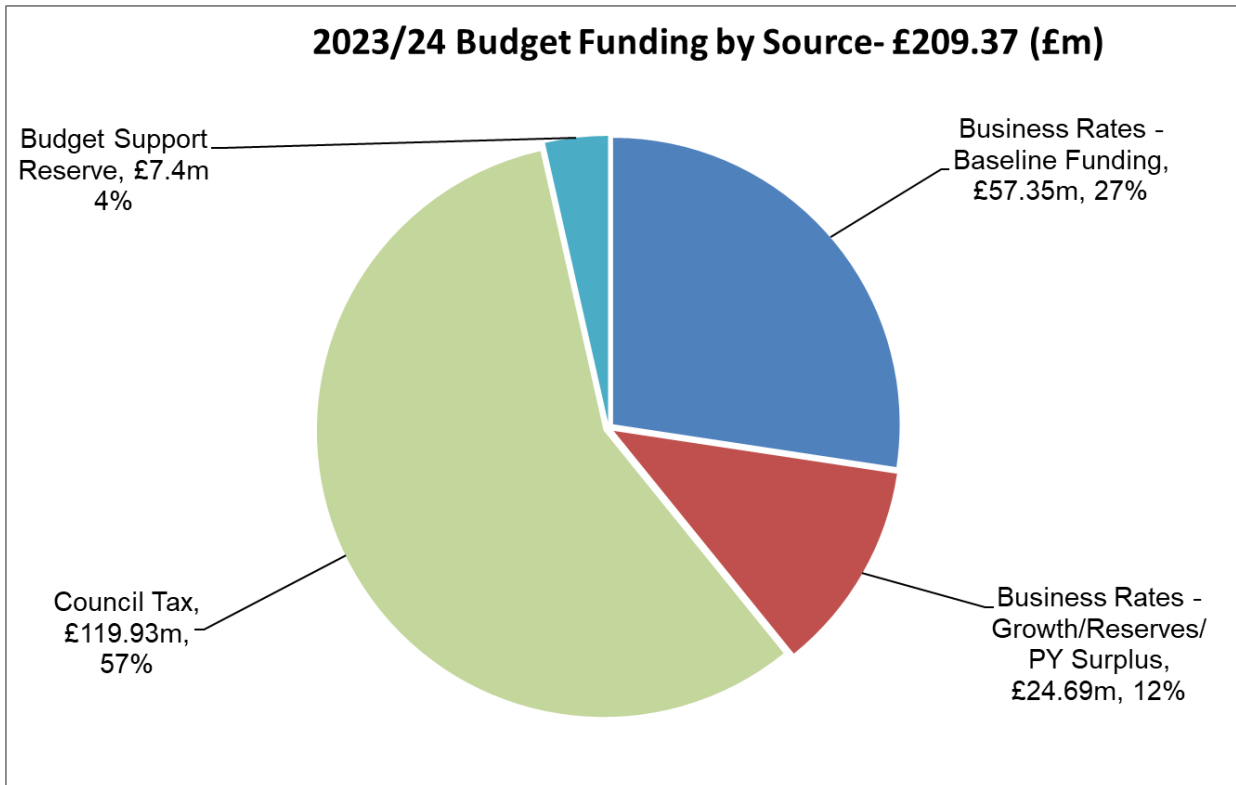
Gross to Net Budget	2023/24 £m		£m
Gross Expenditure	556.86	Children's Services	48.91
Schools DSG	(178.86)	Adult Services	73.78
Housing Benefit	(47.66)	Place	38.42
Other Government Grants	(38.41)	Governance and Community Strategy	3.48
Sales, Fees & Charges and Rents	(45.71)	Finance and Systems	9.29
Contributions & Re-imbursements	(18.09)	Strategy & Resources and Traded Services	10.16
Other Income	(14.25)	Council Wide	25.33
Earmarked Reserves	(4.51)		209.37
Gross Income	(347.49)		
Net Budget (*)	209.37		

(*) The budget for each Directorate is shown at the time as agreed by Council in February 2023 and excludes virements agreed during the year.

3.1.4 The Council's net controllable budget agreed by Council in February 2023 was £209.37m.



3.1.5 The Council's £209.37m net budget is funded mainly from Council Tax and Business Rates.



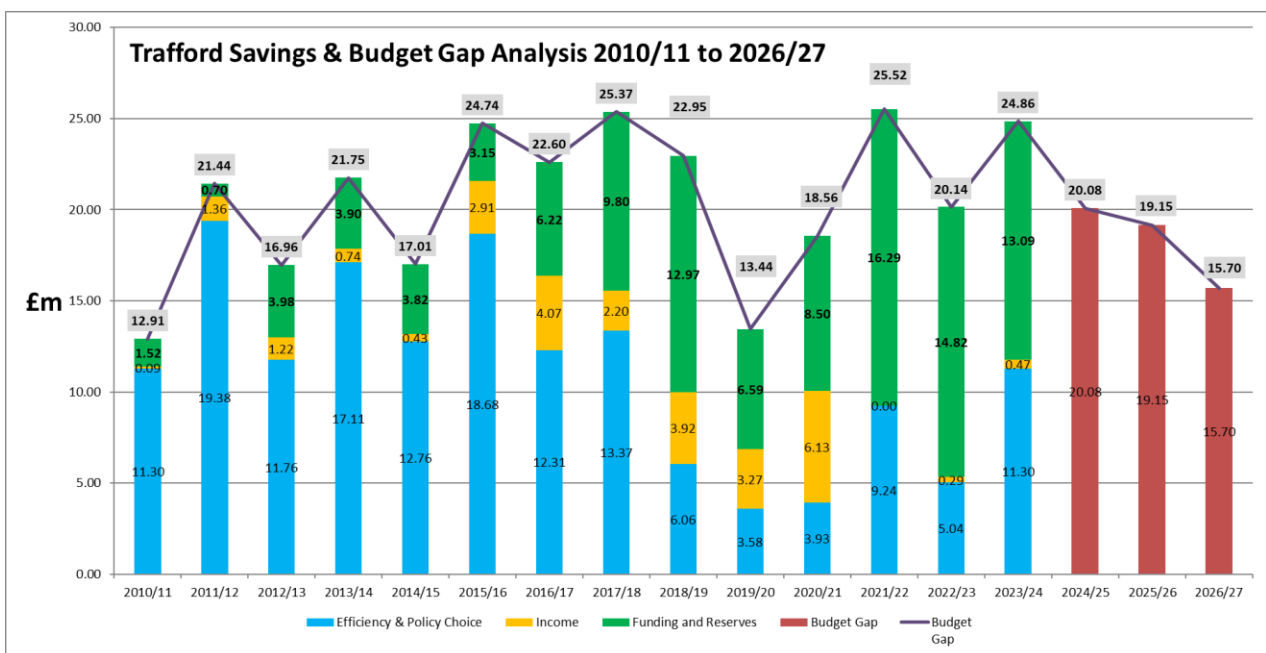
3.2 DELIVERY OF SAVINGS SINCE 2010

3.2.1 Since 2010 Local Government has faced substantial reductions to overall funding as part of Government plans to reduce fiscal deficits resulting in a £15bn real terms reduction to core government funding between 2010 and 2020.

3.2.2 Alongside reductions in funding, local authorities have had to deal with growth in demand for key services, most notably adults and children’s social care; this demand is expected to continue. Other pressures have also been faced including inflationary pressures on goods and services and the National Living Wage. In addition to the business-as-usual pressures, the Council has also faced additional loss of income resulting from the pandemic, most notably from its strategic investments in Manchester Airport Holdings which saw the loss of nearly £6.0m of dividend income. Although the airport is making a strong recovery, it is not expected to resume a dividend payment for some time as it prioritises the repayment of emergency support loans made during the pandemic.

3.2.3 In recent years Government has provided some extra funding for social care by way of specific grant and combined with the introduction of the adult social care precept raised via Council Tax, this has meant that the rates of reduction to overall funding have levelled since 2016/17, albeit in recent years more emphasis is being placed on raising funds through council tax increases.

3.2.4 By 2023/24 the total value of budget gaps caused by the expenditure pressures and funding reductions since 2010/11 has been £288.25m. There is a further forecast gap for the next three years of £54.93m, of which £20.08m relates to 2024/25, including a recurrent gap of £7.4m from 2023/24 which was met from reserves. The level of savings made so far poses a significant risk for Trafford making future savings and efficiencies difficult.



3.3 Funding Comparison

3.3.1 This Council's situation is compounded by the comparably low levels of funding as follows:-

- **Core Spending Power** - Trafford receives the lowest funding per head of population across all Greater Manchester authorities based on Core Spending Power at a rate of £842.09 for 2023/24 compared to a GM average of £991.02 and our Statistical Neighbours of £888.85.
- If Trafford received the average funding per head as its GM neighbours, it would benefit from an additional **£35.01m** per annum and an additional **£10.99m** if compared with Statistical Neighbours.
- **Low level of Council Tax** – Despite the proposal to increase council tax by 4.99% in 2024/25, Trafford will still maintain lower than average council tax rates. Currently, Trafford has the second lowest rate across all GM Authorities and would remain the second lowest if Trafford increased council tax by 4.99% in 2024/25 whilst all other authorities remained static.
- If Trafford raised its Council Tax to the average of GM neighbours (£1,735) this would raise an additional **£16.44m** per annum.

Greater Manchester Mets	Average Band D Council Tax 2023/24 £	2024/25 Trafford Increase at 4.99%
Wigan	1,480	
Trafford	1,526	1,602
Manchester	1,618	
Bolton	1,688	
Tameside	1,735	
Bury	1,828	
Salford	1,862	
Oldham	1,863	
Rochdale	1,868	
Stockport	1,883	
Average GM	1,735	

- An increase of 4.99% would equate to £1.46 per week for a Band D property.
- **Government Lobbying** - Trafford have joined a group of twenty lowest funded councils (the F20) to lobby government for a temporary resource solution pending the Fair Funding Review. The F20 Group argues for the Government to introduce a funding floor, to quickly bring the least well-resourced local authorities up to a feasible level. If a funding floor were set at 90% of the average core spending power of local authorities, Trafford would receive an extra £24 per head or £5.70m.

- **Institute of Fiscal Studies Report (IFS)** - In August 2023, the IFS published a report exploring the relationship between the amount of funding local authorities received in 2022/23 and their estimated relative needs.
- Local authorities funding needs vary due to differing geographical and socio-economic characteristics which affect both the demand and cost of providing services.
- To assess an authority's funding needs the report used a needs model, an updated (by IFS) version of the relevant council level needs used in the last needs formula. See table below for comparisons.

	Funding £ per head	Needs £ per head	Gain/(Loss) £ per head
Trafford	631	779	(148)
Greater Manchester average	878	918	(40)
Statistical Neighbour average	800	797	3

- Trafford receives funding of £631 per person but has funding needs of £779 resulting in a funding loss of £148 per head. If funding needs were met across the population of Trafford c235k this would generate **£34.84m** additional funding.
- Across all Greater Manchester authorities, the average loss per person is £40 meaning Trafford's loss is £108 greater or 2.7 times the GM average. If Trafford's funding matched the GM average loss this would generate **£25.54m** additional funding.
- Across Trafford's statistical neighbours, the average gain per person is £3 thus Trafford's loss is £151 greater than the average. If Trafford's funding matched its statistical neighbours average gain this would generate **£35.81m** additional funding.

3.3.2 As can be seen across the various funding comparisons, there is no doubt that Trafford is a low resourced authority by some margin. To date, Trafford has successfully managed within such a low allocation through a prudent use of resource and effective and robust financial governance, however it is doubtful whether this position can be sustained for much longer when compared with the increase in demand and cost pressures.

3.3.3 The External Audit report into Value for Money presented to the September 2023 meeting of the Accounts and Audit Committee also raised concerns about the financial sustainability of the Council and the situation is recognised as one of the highest risks faced by the Council within the Strategic Risk Register.

3.3.4 An independent company has recently been engaged to provide comparative data analysis to benchmark the Council across the range of funding streams and against its similar local authorities. The findings are expected to reinforce

the facts above and will contribute to the development of a bespoke lobbying document which can be used to demonstrate to the Government the urgency of undertaking a fair funding review or at the very least allow temporary targeted funding, to avoid the situation whereby the Director of Finance and Systems is required to issue a Section 114 notice.

3.4 Revenue Budget Monitoring 2023/24 Period 4 (July 2023)

3.4.1 Summary of Outturn - There is a net estimated outturn pressure of £1.75m at Period 4 on service budgets.

3.4.2 Detailed in the table 2 below is a summary breakdown of the service variances against the latest service budgets.

Variance by cause	Variance £000
Children's placements	2,294
Children's Home to School	1,064
Adults' demand	430
Foster Parents Inflation pressures	252
Contribution from Inflation Risk Reserve Foster Parents Inflation	(252)
Market Sustainability & Improvement Fund (Adults)	(788)
Staffing (Children's, Adults, Public Health)	(77)
Staffing (all other areas)	(1,053)
Strategic Property	(212)
Energy Costs	(161)
Savings not met (incl. 22/23 slippage)	213
Other	2,447
Directorate Budget Sub-Total	4,157
Council Wide	
Treasury Management	(2,238)
Inflation 23/24 pay award	700
Contribution from Inflation Risk Reserve	(700)
Enhanced Pension on historic Early Retirements	(150)
Council Wide Other	(17)
Council Wide Sub-Total	(2,405)
Net Service Budgets	1,752

3.4.3 The following issues are worthy of being highlighted and require consideration when setting the budget for future years.

- **Children's placements** £2.29m overspend largely due to an increase in the number and complexity of placements.
- **Home to School Transport** pressures of £1.06m due to the continued increase in demand in passenger numbers, additional costs for fuel and complexity of cases.

- **Adult placements** overspend of £430k partly driven by wider system pressures in health in addition to direct social care demands. Pressure may be contained in year as there is a £1.1m contingency remaining for the year.
- **Market Sustainability and Improvement Fund** - underspend £788k. The Council has been awarded an additional grant allocation of £1.438m. In line with the grant conditions the Council will apply the fund to support pressures on Mental Health and Learning Disability, continue the overtime scheme for social workers to reduce waiting times and use the remaining £788k to offset the costs of provider uplifts applied at the start of the financial year.
- **Inflation** - The cost of the 2023/24 local government pay award is expected to cost £700k above budget. In addition, there are pressures of £252k due to higher awards for foster parent payments. Both of these pressures will be met from the Inflation Risk Reserve established in 2022/23.
- **Strategic Investment Programme** – The Strategic Investment Property Portfolio budget was reduced by £1.5m in 2023/24 in recognition of the recurrent shortfall in this budget due to the downturn in the economy. The revised budget is £5.69m and there is a small **favourable forecast outturn of £212k**, an improvement of £293k from P2. The Council is working to bring forward new investments to meet the challenge of those being repaid.
- **Energy Costs** – The property energy budget was increased by 200% in 2023/24 to address the escalating costs of inflation. There is an estimated **favourable outturn of £161k** indicating the additional resources were sufficient to manage the ongoing impact.
- **Staffing budgets** across all service areas are forecast to underspend by £1.13m. This was an area of significant underspend in the previous two financial years largely due to difficulties in recruitment and the management controls introduced in the year. At this stage in the year, assumptions have been made that vacant posts will be filled; however, this remains an area for review in managing the overall future budget gap.
- **Other net adverse movements of £2.447m across all areas.** Large items within this figure includes a shortfall in Planning income of £463k, running costs of £621k related to Section 17 (Childrens’) and a general service budget capacity/efficiency target of £1.0m across all service areas.
- **Treasury Management** – a **favourable outturn of £2.24m** the escalating increase in interest rates is resulting in a favourable return above budget on investment income from surplus cash.
- **Schools DSG**
The overspend on the schools DSG budget for 2023/24 outturn is forecast to be £5.25m resulting in a year end accumulated High Needs deficit reserve of £9.43m.

Funding for HNB was increased by £3.9m in 2023/24 and was a welcome recognition that the existing funding is not sufficient, however the overspend provides evidence that funding remains insufficient.

It is expected that LA's balance their in-year spending by 2025/26, there is a real risk that Trafford will not be able to do that.

Work continues to take place on the DSG deficit management plan with proposals and options being discussed with the DfE. The plan has been scrutinised by the SEND Board and will be presented to Funding Forum and the Finance and Change Board at the next opportunity.

3.4.4 Collection Fund Council Tax - As at Period 4, there is an adverse variance of £0.6m largely due to an increase in discounts and exemptions.

3.4.5 Collection Fund Business Rates - As at Period 4 the business rates projection is broadly in line with budget, although delays in properties being reinstated on the rating list following major refurbishments continue to be an issue. The Business Rate Risk Reserve will be utilised to smooth any timing issues in the delivery of benefits.

3.5 Measures to manage the overspend in 2023/24

3.5.1 It is essential that the Council manages the in-year pressures in order to mitigate the risk of any recurrent impact on the 2024/25 financial year. In addition, any overspend would need to be met from the limited earmarked reserves, which would seriously affect the Council's ability to prepare a robust medium-term plan.

3.5.2 The following are some of the measures being taken to manage the overspend in 2023/24

- **Children** - Monthly high-cost placement panel is already in place and well established, however its Terms of Reference are being refreshed to incorporate a multi-agency approach. Revisiting all options for home to school transport. Section 17 exercise to analyse all increases and the reasons. Subsistence payments to be authorised by Head of Service. Reviewing delegated decision making in respect of entry into care - preventative panel being established.
- **Adults** - Technology pilot goes live in November 2023. All Exceptional top ups and 24hr care placements of £850+ per week will be managed by the Senior Leadership Team (SLT). Any D2A outside of Block booking and/or one to one support discussed/agreed by SLT daily. Non-traditional ways of meeting need will be considered by SLT rather than direct teams. Service managers will review care required/level of need.
- **Place** – Rent reviews on some commercial property. Review of all uncommitted spend. Review of Regent Road car park.
- **Corporate Measures** - Review of treasury management position i.e., investment interest. Review of anticipated level of staffing budget underspends. Review of energy budgets. Review of available general contingency.

3.6 Impact on Future Years

3.6.1 Despite continuing efforts to control expenditure and uncertainties in the forecasts, there are a number of areas where evidence of pressures is sufficiently robust to warrant a review of our existing MTFS assumptions. Therefore, the draft budget plans for 2024/25 have been reviewed in the following areas:-

- Service Pressures – an additional £2.2m has been added to accommodate the broad pressures associated with Childrens' placements and a further £1.1m added for Home to School Transport.
- Additional inflationary pressures associated with the 2023/24 local government pay award of £0.7m and Foster placements of £0.3m have been added as a recurrent item in 2024/25.
- The fact that the energy budget is underspending suggests the additional budget resource in 2023/24 was sufficient. Wholesale energy prices continue to fall, and the planning assumptions made in reducing the energy budget in 2024/25 and 2025/26 are still appropriate at this stage.
- The underlying pressure in Council Tax relating to discounts and exemptions would suggest a recurrent issue. A reduction in income of £0.6m has been assumed in 2024/25.
- The fact that inflation is not dropping at the rate anticipated by the Bank of England suggests that inflation will remain higher for longer. An additional £2.93m has been added to 2024/25 to reflect the potential for a higher pay award and contract inflation.
- Although the Treasury budget is benefiting from a favourable return due to increases in investment interest rates, there is an associated increase in the cost of borrowing. As the Council continues to use its internal resources for the Asset Investment Programme, there will be a need for external borrowing in the near future. No recurrent benefit from investment returns has been included in our budget plans until the future borrowing need is concluded.

And furthermore, support of our existing plans already assumed in our MTFS:-

- The small favourable variance in the Asset Investment Strategy, demonstrates the fragility of the market and acts as further evidence to reduce the net budgeted income by £0.5m in 2024/25.

3.6.2 The outturn position for 2023/24 will be considered further before final budget proposals are brought back to the Executive in February 2024.

4. Developing the Financial Planning Framework, Core Budget Assumptions and Strategic Financial Risks

4.1 Developing the Financial Planning Framework

4.1.1 The Medium-Term Financial Strategy (MTFS) looks at financial planning and management for a five-year period. It helps us to develop a sustainable budget over the medium term and incorporates forecasts of key factors such as changes in Government funding, our spending plans, changes in demand and inflation and the level of savings we need to make to keep Council Tax affordable. It offers assurance that our spending plans are affordable over the medium term.

4.1.2 In addition to the immediate budget assumptions, the strategy also identifies the medium to long term issues which may need to be considered in detail for future plans. These are highlighted later in this section.

4.2 Government Funding Outlook Autumn 2022 Policy Statement and Spring Budget 2023

4.2.1 Any consideration of the Council's MTFS must be undertaken in the context of the funding outlook for Local Government and what that means for the Council.

4.2.2 **Local Government Finance Policy Statement (2023/24 and) 2024/25** - The Secretary of State for the Department of Levelling Up, Housing and Communities (DLUHC) published a Policy Statement for 2023/24 and 2024/25 as part of the Local Government Finance Settlement for 2023/24 in December 2022.

For 2024/25, the Policy Statement provides an indication of the Government's intentions as follows:-

- the core Council Tax Referendum Principles for 2024/25 will be as in 2023/24; that is, the referendum limit for increases in Council Tax will remain at 3% per year and local authorities with social care responsibilities will be allowed to increase the Adult Social Care Precept by 2%;
- The core settlement will continue in a similar manner for 2024/25. The major grants will continue as set out for 2023/24: Revenue Support Grant will continue and be uplifted in line with Baseline Funding Levels; the Social Care Grant and other social care grants will increase as set out at the Autumn Statement 2022.
- a new funding stream, subject to the successful delivery of the Extended Producer Responsibility for Packaging (pEPR), will become available for local authority waste collection authorities. Limited details of the pEPR have been released by DLUHC and more recently it has been announced that the implementation of this Policy will be delayed until at least October 2024. As a result of this, it is unlikely that there will be any firm indication of the additional funding available to inform the development of the MTFS until that time (hence nothing has been included in the MTFS at this stage).

- Whilst these are broad statements of intent and provide some indication of the direction of travel, they do not provide sufficient detail to make confident predictions about the funding available to the Council.
- 4.2.3 **Spring Statement 2023** – This statement provided no new funding announcements of substance for Local Government aside from £63m of national funding for a Swimming Pool Support Fund (for which the Council has submitted a funding bid).
- 4.2.4 Subsequent analysis of the Spring Statement by the Institute of Fiscal Studies (IFS) indicates that even with reasonably strong economic growth (something that is currently not being achieved), Government Departments with unprotected budgets (including Further Education, HM Courts Services, HM Revenues and Customs and Local Government) may be subject to a real terms funding reduction over the period 2024/25 to 2026/27 of 3.2%. In essence, this could imply a continuation of austerity measures for another 3 years.
- 4.2.5 Whilst the IFS is a reputable independent source of information, any future funding allocations for Government Departments will be subject to the policy intentions of whichever Government is in place. With a General Election taking place no later than January 2025, it is likely that any new Government will undertake a comprehensive spending review based on national financial projections at the time.
- 4.2.6 **Local Government Finance Reforms** - The current Government has indicated that it does not intend to undertake the long-awaited Fair Funding Review in the current Spending Review period and similarly, it is unlikely that the Business Rates Retention Review will take place until at least 2025/26. This means that funding allocations to councils will continue to reflect spending needs from 2013/14 and will continue to not take account of how those needs have changed (in relative terms) since that time.
- 4.2.7 **Business Rates** - Aspects of the Business Rates System are likely to change following the introduction of the Non-Domestic Rating Bill to Parliament recently. These potential changes, include more frequent revaluations, measures to support decarbonisation and investment, including a relief for low carbon heat networks. The Autumn Statement 2022 included a 3-year Exchequer-funded Transitional Relief scheme worth £1.6 billion. The Bill removes the statutory requirement for revenue neutrality within Transitional Relief and so delivers a key business ask, by allowing 300,000 ratepayers to enjoy an immediate reduction in their bills from 1 April 2023. The future use of CPI was also clarified as the measure of inflation used in the annual indexation of the multiplier.
- 4.2.8 **Business Rates Trailblazer Devolution Deal (TDD) and Investment Zones** in the Autumn Statement issued in November 2022, the Government announced outline details of a Trailblazer and Devolution Deal offered to the Greater Manchester and Midlands Combined Authorities. The deal provides a framework for these authorities to retain 100% business rates growth in designated Investment and Growth Zones for a period of twenty-five years. In addition, all of GM will benefit from the 10-year Trailblazer Deal from 2024/25 allowing elements of growth from a baseline of 2013/14 to be retained.

Subsequently, the national reset, which is expected in 2025/26 at the earliest, will only result in a partial reset for GM.

- 4.2.9 Details of the scheme and the subsequent relationship with the existing business rate growth and potential reset have yet to be confirmed. No benefit from the Devolution deal has been assumed in the MTFs.

4.3 Core Budget Assumptions

- 4.3.1 Any update to the MTFs relies on many assumptions on future activities and forecast of demand. There has been an unprecedented level of change and uncertainty in the wider financial landscape, such as the escalating levels of inflation caused by the uncertainty over volatility in the energy market and uncertainty following the Russian invasion of Ukraine. The level of uncertainty looks set to continue in the medium term and the situation and assumptions made in the update to the draft budget for 2024 to 2027 contain a number of assumptions many of which are outside the control of the Council.

The core assumptions included in the budget plans and some of the medium-term strategic risks are set out in the following paragraphs.

- 4.3.2 **Fair Funding Review** – This was a complete review of the relative needs and funding required by different councils to fund their services. It is assumed the new methodology will now be effective from 2025/26. Based on the provisional consultation at the time, a reduction in resources of £0.5m per annum was anticipated.
- 4.3.3 **Business Rates Retention Scheme** – Trafford is part of the Greater Manchester 100% Business Rate Retention pilot which allows the full benefit from business rates growth to be retained within the region and is shared with Greater Manchester Combined Authority. The annual benefit of the pilot is in the region of £5m, and any significant changes pose a planning risk to the Council's budget.

The following assumptions have been made:-

- No benefit from GM Trailer Blazer Deal has been assumed in the MTFs, as the details of the scheme are still being developed.
- The national business rate reset, which will now be affected by the GM Trailer Blazer Deal, will be postponed until 2025/26 at the earliest, although given the scale of the changes it is more than likely that this will be pushed back again.
- When the Business Rates reset occurs, several assumptions have been made that funding would be returned to the Council through some other mechanism which would include a level of protection relating to taper arrangements. Future growth post reset has also been anticipated.

The following items are now firm and have been reflected:-

- The one-off benefit from the review of business rates appeals was released in 2023/24 and a smoothing reserve has been used to deliver the benefits over a period of three years 2023/24 to 2025/26.

- The Government will continue to offer compensation grants to cover any losses in income from reliefs due to national policy decisions. The compensation grant will be indexed by the level of inflation as measured by the Consumer Price Index (CPI).
- The Government will increase the Council's Baseline Funding Level by the level of increase in the Small Business Rate Multiplier which also mirrors CPI, or where frozen via a compensation grant. Increases in Baseline Funding have been assumed at 6.75% which is the forecast increase in CPI/SBRM.
- The Government confirmed that existing Growth Pilots will continue in 2024/25, the benefits of the sharing agreement with GM, where Trafford retains 75% of the benefit will continue.

4.3.4 **Adult Social Care reforms** – these reforms focused on a lifetime cost of care cap/means test and market sustainability. During the Autumn Statement in 2022, the Government announced a delay in the Adult Social Care Reforms for at least 2 years, largely because of the uncertainty surrounding the impact of the escalating levels of inflation and subsequent cost of living crisis following the Russian invasion of Ukraine.

Furthermore, the resources, within the £5.4bn initially focused on clearing NHS backlogs, were reprioritised towards local government budgets to support those needing social care support.

Additional grants were announced under the following themes of **Market Sustainability and Improvement Fund** to support local authorities to continue to move towards paying a more sustainable rate for care to support capacity and discharge and **Adults Social Care Discharge Fund** to support hospital discharge, helping people regain or maximise independence as soon as possible and freeing up NHS beds for those who need them. 50% to Local Government and 50% to Health Service.

The additional grants and associated costs were assumed to be neutral at the time of the previous MTFS, however a subsequent review has identified base budget assumptions, for instance in assumed growth in NLW/Fair Funding which can be removed and replaced with the growth from grant funding.

Additional Funding 2023/24 - Although the Government announced at the time of the Autumn Statement in 2022, that no further resource would be made available, a further tranche of the Market Sustainability and Improvement Fund was released in August 2023.

This provided a further £570m nationally across 2023/24 and 2024/25 to local authorities to improve and increase adult social care provision, with a particular focus on workforce pay and capacity within the adult social care sector. Although the costs associated with this grant are largely recurrent in nature, the Government made no reference as to the recurrent nature of the grant and no assumptions have been made at this stage that it will continue in 2025/26.

Additional Winter Pressures Funding – In addition to the funding for Winter Pressures funding announced in the 2022 Autumn Statement directed to local

authorities, a proportion is routed through the ICB. The MTFs amount now includes the ICB share routed through Greater Manchester to the Council.

- 4.3.5 **Current Year Estimated Outturn** – the regular period budget monitoring is used to highlight potential service pressures which could be considered recurrent and required additional resource to be added in 2024/25.

The Council has invested in early intervention in Children’s Social Care with the intention this would reduce the number of children in care. However, both the mix of placements and associated costs are creating significant pressure on the budget in the current year. This pressure is also reflected in Home to School Transport and Section 17 payments for Children in Need.

Although management action is being taken to try and reduce the pressure, an additional £3.6m has been added to our plans for 2024/25.

In addition, the higher level of inflation has impacted on items such as the 2023/24 pay award adding a further £0.70m.

- 4.3.6 **Implementation of 2023/24 savings** – the Council agreed savings totalling £11.76m to balance the budget for the current year. These savings require permanent reductions in the budget and to the extent that they are not delivered in full or at all, there will be an additional budget pressure for 2024/25 onwards. As at Period 4, there is a small shortfall of £90k, however the £1.0m saving for Children’s placements is at risk, given the pressure on new placements offsetting the reduction in costs. At this stage, no impact of unachieved savings has been added to the draft budget for 2024/25.

- 4.3.7 **Schools DSG Deficit**

New provisions were put into regulations at the end of 2019/20 so that local authorities were required to carry forward DSG deficits to their school’s budget and not the Council’s General Fund budget. The impact of these statutory provisions were that a deficit must be carried forward to be dealt with from future DSG income, unless the Secretary of State authorised a local authority not to do this.

This override is ending on the 31st March 2026 and if not extended, the overall accumulated deficit at that time would need to be met from the Council’s General Fund. An accumulated High Needs deficit balance at £9.43m is anticipated by the end of 2023/24 and this is anticipated to continue rising as detailed in Section 8.

The Council is working with the DfE to develop suitable mitigation plans to address the escalating pressures; however, it is apparent that this national issue cannot be addressed without substantial additional resource.

- 4.3.8 **National Living Wage (NLW)/ Real Living Wage (RWL) and Fair Price for Care**

In addition to the social care reforms above, the Council undertakes a local annual exercise to increase care provider rates which reflects changes in

running costs such as increases in the NLW/RLW and other operating costs e.g., energy and utilities.

Almost all care workers are paid at or very close to the NLW and the most recent exercise concluded that 90% of care providers in Trafford are already paying the RLW.

The budget includes assumptions that the NLW will increase in 2024/25 in line with mid-range forecasts by the Low Pay Commission at 7.1%. Due to the uncertainty regarding inflation the remaining two years of the MTFS the NLW has been forecast at +3%.

In addition, in line with the Council's aspiration of paying all providers at the RLW, an additional £1.57m was previously added in our plans from 2024/25 to cover increases for suppliers of social care staff. This figure may need to be updated once the firm RLW for 2024/25 has been announced, however assumptions have been made it will increase at the same level as the NLW.

The impact on meeting the RLW for all other suppliers has not been included in our plans at this stage and will be considered once a market impact assessment has been concluded by our procurement service.

4.3.9 Inflation - The escalating levels of inflation have been well documented with the Consumer Price Index (CPI) increasing by 6.7% in the 12 months to August 2023, which was a fall from 6.8% in July 2023. This still represents a significantly higher figure than the Bank of England target of 2% and although the rate of increase has dropped in recent months, it has not dropped by as much as forecast when setting the previous MTFS.

At the time of preparing the last MTFS, the Bank of England had forecast inflation to remain high in the region of 5.5% in 2023/24 and reach 3% in the early part of 2024. The Bank of England has now forecast inflation will fall quickly to around 5% by the end of 2023 and then meet their target of 2% by late 2024.

High levels of inflation are of particular concern relating to energy prices, contractual inflation from companies in our supply chain, the impact of the local government pay award and assumptions surrounding Government funding.

Our budget assumptions included a pay award at 2% for 2024/25, plus a further 5% related to the additional costs of the 2023/24 pay award. The 2023/24 pay award has not yet been settled at the time of writing this report, however the provisional pay offer is currently estimated to cost approximately £0.7m above our assumptions. A further £0.9m has been added to reflect the possibility of a 3% pay award for 2024/25.

Contractual inflation has been assumed to average 3% in 2024/25, however individual contracts have increased by up to 7% in reflection of the sustained high levels of inflation and market pressures.

Energy inflation was previously increased by 200% in 2023/24 before tapering down over the last two years of the MTFS. Energy bills have dropped in recent months following reductions in wholesale prices, in addition, the Council

entered a new energy contract from April 2023 which provided more favourable prices. The budget assumptions relating to the tapering down remain as previously assumed, however given the volatility in prices experienced last winter, this may change.

4.3.10 **Demography**- an annual budget increase has been added to reflect the increasing pressures and number of adults and children requiring social care to reflect demographic growth.

4.3.11 **General and Service Grants** – These relate to specific grants which are credited direct to service areas and are either earmarked for a specific purpose or form part of general funding. The changes since the February 2023 budget and the assumptions relating to those grants already within existing budgets can be summarised as follows:-

- **New Homes Bonus Grant** – this scheme was due to be phased out, however has been extended several times. The New Homes Bonus money is however in the Local Government System, and our assumptions assume that the funding would be redistributed via an alternative mechanism (e.g., relative needs). No change in the amount received has been made in our forecast and no change from previous assumptions.
- **Improved Better Care Fund** – No assumptions had previously been made on inflationary uplifts; however, a late announcement was made that an uplift would apply in March 2023. We now expect a level of inflation to be applied in 2024/25 and 2025/26, including a catch up from 2023/24.
- **Services Grant** - Although the Services Grant allocation method was stated as one off when it was announced in 2022/23, it continued in 2023/24. It was indicated at the time that the funding will remain in local government in future years. We anticipate that this grant this will continue until the Fair Funding Formula review is implemented in 2025/26. No change from previous assumptions.
- **Social Care Grants** – In the Autumn Statement in November 2022, the Government announced significant investment in social care aimed at Market Sustainability, Fair Cost of Care and Service Improvement as detailed above. Additional general Social Care grant resource was also added nationally at £1.3bn in 2023/24 and £1.9bn in 2024/25 through the Social Care Grant. Trafford's share equated to £5.58m in 2023/24 increasing to £7.93m in 2024/25. There has been no change to these figures in the latest MTFP.

Grants included with Business Rates Baseline Funding

- **Settlement Funding Assessment** – It has been assumed that this will continue to be increased by the increase in the Small Business Rate Multiplier which will be linked to the September 2023 Consumer Price Index (CPI).
- **Public Health Grant** – No inflationary increases have been assumed in Public Health grant in our plans. Although we have received uplifts in the past, these have been reflected by an equal increase in the public health budget resulting in a neutral effect. Any increase in grant and budget will be built in our plans when announced.

- **Revenue Support Grant (RSG)** – assumptions include an uplift in line with an estimated September 2023 CPI of 6.7% however will be adjusted in due course.

4.3.12 **Council Tax** – Council Tax flexibilities announced in the Autumn Statement in November 2022 allow up to 2.99% in 2024/25 for unitary authorities; and an adult social care precept of 2.0%. Increases revert to those set out in the Spending Review 2022 at 1.99% and 1% respectively for the following two years of the MTFS.

It could be anticipated that the high level of inflation may result in the referendum limits being increased for 2025/26 onwards at the next SR, however this will be updated once clarified. The Government may also offer some form of compensation; however, no assumptions have been made in our plans.

Other assumptions relating to council tax include growth in our taxbase for new properties, of +1% in each year, a recurrent adverse impact of £0.6m relating to an increase in discounts and exemptions in 2023/24, a recurrent adjustment due to better in year collection rates and a one-off release from provisions set aside for bad debt.

In 2022, the Government set out in the draft Levelling Up and Regeneration Bill the ability for local authorities to charge up to 100% on second homes and an additional premium on empty properties. It was anticipated that the legislation would be enacted by April 2024 and the Council declared its intention to amend its charges from 2024/25 in the final budget report in February 2023. Consultation on the proposals in the draft Bill has only recently closed and it is now anticipated that the charges will commence from 2025/26, 12 months after the final legislation is enacted. £1.0m of additional income relating to second homes and empty properties has been included in the MTFS from 2025/26.

4.3.13 **Asset Investment Strategy** – The income generated from the investment programme has been a key element of the MTFS for a number of years with a net budget contribution of £5.7m in 2023/24. Given the medium-term outlook, the pressures in achieving the desired budget in recent years and the proposed changes to tightening of the guidelines relating to investment activity, the reliance on the income generated from the programme has been tailored down. An income figure of £1.5m was removed in 2023/24 and a further £0.5m in each of the remaining three years of the 2024/27 MTFS.

There is however an expectation that as some investments which are due for planned repayment by third parties over the next three years will be replaced by pipeline of investment opportunities. A figure of £0.37m is included in the MTFS to represent the need to identify replacement opportunities; this is included in our savings programme.

4.3.14 **Treasury Management – Investments and Borrowing** – Treasury management activities represent a significant element of the Council's budget and includes costs associated with the Council's borrowing and investments (loan repayments, loan interest and investment interest).

Many of the aspects relating to Treasury Management activities are governed by legislation and supporting guidance issued by the Department for Levelling Up Housing and Communities/ the professional accountancy body, CIPFA. The Treasury Management Strategy for 2023/24 was agreed at the meeting of the Council on 15th February 2023. This set out the strategy for both borrowing and investments and set out the policy for the repayment of debt.

Where possible the Council has utilised its surplus cash to part fund its Capital Programme and Asset Investment Strategy thus avoiding the need to take on external debt. Alongside this, surplus cash balances are also invested in Money Markets, which due to successive increases in the Bank of England base rate has resulted in favourable returns since the budget was set for 2023/24.

Coinciding with this, the cost of borrowing has risen sharply over the last year making new external debt more expensive. Consequently, the investment and borrowing requirements are continually being monitored to ensure sufficient foresight, to project when external borrowing is required.

In order to mitigate some of the risk of uncertainty in interest rates, an Interest Rate Smoothing Reserve is available to help absorb any fluctuations over the short term. It is anticipated this will be increased in the current year given the favourable returns on investments.

A one-off balance of £0.5m has been released from the Interest Rate Smoothing Reserve in our budget plans for 2024/25.

4.3.15 Treasury Management Strategic Investment Income from Manchester Airport Holdings (MAH) - prior to the pandemic the Council budgeted for £5.6m of dividend income from our strategic investments in MAH. The impact the pandemic has had on the aviation industry is well documented and although a full recovery is expected, the uncertainty of the longer-term economic impact of the pandemic makes budget forecasting difficult. The dividend income from our MAH investments has only been included in our long-term plans from 2028/29.

In addition to the dividend income above, the Council along with neighbouring authorities, assisted the airport group with emergency support loans during the pandemic. The interest payments from these loans, including an element of interest on deferred payments, has been included in the MTFS.

4.4 Key Areas of Strategic Financial Risk

4.4.1 In addition to the themes covered in the previous paragraphs, there are a number of underlying strategic risks which remain under review and may need to feature in future plans.

4.4.2 Preparing for Care Quality Commission (CQC) Inspection

4.4.3 The CQC has a mandate to independently review and assess the quality of care provided by Local Authorities and the Council is expecting an inspection at the earliest towards the end of this financial year. Work has commenced on a detailed self-assessment and peer review in preparation for this inspection. Although the Council is confident in the quality of its service provision, the

outcome of such reviews is uncertain and with that the extent of any actions, and therefore resources, that may be necessary in response to the review. No additional resource has been added to the budget plans at this stage.

- 4.4.4 **Asset Investment Strategy Valuations** - The Council has committed approximately £350m in its Asset Investment Strategy, which includes short and medium-term loans to developers as well as investments in assets such as those relating to our town centre developments in Stretford and Altrincham.

Assets are valued annually, and adjustments are reflected in the statement of accounts. Although movements in asset valuations can be expected as part of a normal economic market, any downwards movements are not an immediate concern, particularly for those assets which have a long-term strategic importance as they will be held for many years.

Nevertheless, the Council needs to be mindful of the risk of potential market volatility, particularly in the case of an unplanned need for an asset to be sold. This may arise if the Council needs resources to balance its budget and is increasingly being seen by those authorities who have issued Section 114 Notices. The risk of a potential loss on sale may place the Council in a position of adjusting its future loan repayments (MRP) in order not to breach the parameters set out in the Prudential Code.

- 4.4.5 **Capital Programme Funding** – The Treasury Management budget is impacted by the extent to which the Council is funding its Capital Programme from borrowing. Recent falls in capital receipts from land sales have the potential to increase the revenue consequence of the programme, should additional borrowing be required. This is also against a backdrop where the cost of debt has increased significantly requiring the Council to consider whether borrowing remains affordable, sustainable, and prudent.

Although not unique to Trafford, the many assets held by the Council require continual maintenance and investment to ensure they remain in a suitable condition. This extends to both physical infrastructure such as highways and buildings as well as our digital environment such as ICT hardware and software systems.

The impact on the shortfall in capital receipts and the extent to which the Council is over programmed is under review. This is with the aim of delaying, deferring, or reducing the programme and potential amount of borrowing necessary to control the impact of debt charges on the Council's revenue budget.

- 4.4.6 **Charging for Services – Commercial** – there are a range of services that the Council provides on a commercial basis; this includes areas such as Catering and Cleaning to schools and the various venues operated by the Council. The Council's strategy for these services is to, at least, set charges that recover the full cost of delivering the service. The increasing levels of inflation have resulted in cost pressures which have not always been passed on to service users, especially school catering and cleaning. A refocus on full cost recovery is proposed as a savings proposal, however this may result in the possibility where the Council cannot recover its costs or may withdraw from the service.

4.4.7 **Staff Age Profile and Early Ill Health Retirement** – as with many organisations the Council is facing service continuity risks as a result of an ageing workforce, along with the new pension flexibilities allowing staff to retire earlier, causing difficulties in retention and adequate succession planning. In addition, the current year has seen an increased pattern in the number and severity of cases of staff requiring earlier ill-health retirement. The costs of accessing the pension fund, known as pension strain, is paid directly by the Council. The situation will continue to be monitored, however may result in an increase in employer pension contributions if a recurrent pattern emerges.

4.5 Summary on assumptions

4.5.1 As can be seen from the previous paragraphs, the degree of financial uncertainty faced by the Council and the lack of clarity on Government funding after 2024/25, continues to cause difficulties in forecasting. This level of uncertainty has been exacerbated by the significant levels of savings Trafford has made since the beginning of austerity in 2010, coupled together with a history of low spend and low funding when compared to its statistical neighbours.

4.5.2 The Government had made it clear that no further resource would be made available in 2024/25 from that previously announced, which also included the flexibility to raise additional income locally from Council Tax. The Council is experiencing significant pressures due to the higher than anticipated levels of inflation as well as escalating levels of demand in children's services.

4.5.3 Further resource was announced in August 2023 to support market stabilisation in social care, likely in recognition of the inflationary pressures in the market, however until any further fiscal statement (expected on 22 November) and the provisional settlement is announced in December 2023, the level of resources to support Local Government will remain unclear.

4.5.4 It is likely that a rollover of existing resources will be the only option available to the Government, given the complexity and lead time to deliver significant change in policy and the already high level of public sector debt.

5. Budget update and proposals to close the gap

5.1 This section identifies:-

- The revised budget gap for 2024/25 and later years taking into account the assumptions identified in the previous section and explains the changes since the Final budget was published in February 2023;
- The draft set of budget proposals to address the budget gap.

5.1.1 The MTFs position reported to Council in the February 2023 Budget Report showed a net budget gap for 2024/25 of £6.95m and 2025/26 of £10.13m.

5.1.2 The changes in assumptions can be grouped into the following budget components:-

- Base Budget pressures – this includes the usual annual pressures associated with the day to day running of the council such as pay awards, inflation and service demand/demographic growth.
- Base Budget funding – this includes changes in non-policy choice funding, such as the way the council is funded from Government via general and specific grants and the business rates retention scheme and local funding changes such as those in our council tax base (number of properties we raise council tax from) and the use of our own one off earmarked reserves.
- Policy Choice changes – these include the policy decisions the Council makes to balance its budget, such as increasing the basic rate of Council Tax and making efficiency savings or reductions to services.

5.1.3 The position has also been updated to reflect changes in budget assumptions such as the continuing high levels of inflation, service-related growth and demographic pressures and changes in non-policy choice funding assumptions, such as changes in the collection of council tax. The reinstatement of prior year budget gap funded from Budget Support Reserve is now presented as a component of the Gross Gap. These changes have increased the gross gap from £37.57m to £54.93m over the three-year period with £20.08m relating to 2024/25.

5.1.4 A full breakdown of the changes to the gross budget gap from February 2023 Final to October 2023 Draft are detailed in Annex B and summarised below:-

	2024/25	2025/26	2026/27	Total
<i>Budget Gap</i>	(£'000)	(£'000)	(£'000)	(£'000)
Gross Gap at Draft Budget (Feb 23)	11,042	15,007	11,519	37,568
Reinstatement of Prior Year Budget Gap funded from Budget Support Reserve	7,404	2,076	0	9,480
Restated Gross Gap after Reinstatement of Prior Year Gap (Feb 23)	18,446	17,083	11,519	47,048
Movements in Budget Assumptions	3,437	2,068	4,214	9,719
Movements in Funding	(1,800)	2	(34)	(1,832)
TOTAL BUDGET MOVEMENTS	1,637	2,070	4,180	7,887
REVISED BUDGET GAP (Oct 23)	20,083	19,153	15,699	54,935
CUMULATIVE BUDGET GAP (Oct 23)	20,083	39,236	54,935	

5.1.5 In respect of 2024/25 the overall gap has moved from £18.45m to £20.08m an increase of £1.63m. This consists of an increase in Budget Assumptions of £3.43m and an improvement in Funding of £1.80m.

5.1.6 A description of the significant features of the 2024/25 gross gap and changes since final are detailed in Annex C with Base Budget Assumptions shown in Annex A and a Subjective Budget Analysis in Annex E.

5.1.7 The adverse movement for 2024/25 of £1.63m since the final budget report relate to:

Budget Assumptions

- £2.93m additional resource related to assumptions on inflation remaining higher for longer (pay award contingency and contract inflation)
- Indexation on Better Care Fund grant £0.4m following a late announcement at the previous settlement.
- £3.60m of recurrent pressures identified in the in-year monitoring, namely £2.2m Children Placements, £1.1m Home to School Transport and £0.3m Section 17 payments.
- £1.75m additional funding via the NHS to support the Hospital Discharge Programme (HDP), offset by equal additional associated cost.
- A reduction in existing council budget provision for HDP of £0.5m reflecting the additional resource above.
- Additional Market Sustainability Grant announced in 2023/24 of £0.8m
- Realignment of previous budget assumptions relating to National Living Wage/ Fair Price for Care a reduction of £1.61m
- Additional resource for Supporting People £0.50m and investment in the Communications Team £0.171m
- £692k of other reductions, which includes reductions in enhanced pension contributions £0.15m and various provisions £0.50m and other minor increases of £0.21m.

Funding

- Changes in assumptions in council tax base, indexation of business rates baseline funding, release of provisions for historic bad debt and the recurrent impact of in-year pressures caused by an increase in single person discounts and exemptions, a net benefit totalling £1.8m.

5.1.8 The components of the gross budget gap, as they stand at the Draft budget stage are shown in the table below.

	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
The Budget Gap October 2023				
Base Budget Pressures				
Pay	3,278	1,769	1,814	6,861
National Living Wage/ Fair Price for Care/ Real Living Wage	4,759	1,640	1,878	8,277
Inflation – General/ Contractual	2,643	1,725	2,556	6,924
Demographics/ Care Costs	6,654	2,500	2,500	11,654
Grants, Legislative & Service Transfers	(7,680)	515	400	(6,765)
Treasury Management	(386)	318	300	232
Strategic Investment Programme	870	500	500	1,870
Levies	1,453	1,166	500	3,119
Reversal of One-off Savings in previous years	0	850	0	850
Other	2,586	1,906	1,750	6,242
Base Budget Pressures	14,177	12,889	12,198	39,264
Base Budget Funding Changes				
Change in Income from Council Tax (Growth in Tax Base, CTSS, PY Surplus, COVID Deficit)	(456)	(1,203)	(1,251)	(2,910)
Change in benefit from Business Rates (Baseline Funding, Distribution of PY Surplus, COVID deficit, Sharing Agreement)	(1,042)	5,391	4,752	9,101
Change in Base Budget Funding	(1,498)	4,188	3,501	6,191
Reinstatement of Prior Year Budget Gap funded from Budget Support Reserve	7,404	2,076	0	9,480
Gross Budget Gap	20,083	19,153	15,699	54,935
Accumulative Gross Budget Gap February 2023	20,083	39,236	54,935	

In summary of the key issues within the gross budget gap worthy of note are:-

Base Budget Pressures

- **Pay** - 2024/2025 includes £0.7m additional costs associated with the 2023/24 pay award and an assumed 3% relating to 2024/25.
- **National Living Wage/ Fair Price for Care** - This covers projected increases in the NLW and a Fair Price for Care to aid market sustainability and also the RLW for external social care providers' staff.
- **Inflation General and Contractual** - includes inflationary increases for specific contracts ranging from 3% to 7%. 2024/25 and 2025/26 includes a total of £2.4m reduction relating to tapering of energy inflation as costs revert to pre-crisis levels.
- **Demography**- an annual budget increase to reflect the increasing pressures and number of adults and children requiring social care, 2024/25 includes £2.2m for recurrent pressures in children's placements a net increase of £2.0m in 2024/2025 related to Hospital Discharge Programme (HDP) including £1.75m routed via the NHS and a reduction of £0.5m in Trafford's own HDP budget.
- **General and Service Grants** - 2024/2025 includes the second year of the additional resource for Adults Social Care Market Sustainability and Fair Cost of Care Reform £1.9m and Adults Discharge Fund £2.5m. Plus £2.34m of general Social Care Grant to fund ongoing base pressures.
- **Treasury Management** – includes £0.5m additional short-term benefit from interest accrued on support loans to Manchester Airport Group during the pandemic. Increases in future years includes the escalating impact on the annuity basis on loan repayments (MRP).
- **Strategic Investment Programme** - £0.37m in 2024/25 relates to pressure as investments are repaid to the Council. A further £0.5m in 2024/25 (£1.5m over three years) relates to a reduced reliance on the programme.
- **Levies:** includes inflationary allowances in 2024/25 and 2025/26 for waste disposal (+5.0%), transport (+2%) and Environment Agency. The use of the waste smoothing reserve in 2024/25 and 2025/26 (shown as a saving) will cause a pressure of £0.5m in 2026/27 when it is reversed.
- **Other Changes £2.58m in 2024/25, £6.24m over three years.** 2024/25 includes £2.0m recurrent pressures from 2023/24, related to home to school transport and Section 17 payments and additional investment in Supporting People of £0.6m. A rescheduling of the additional investment in home care sustainability project at £0.6m in 2025/26. An additional £1.4m in 2026/27 to cover the additional costs of the investment in our leisure centres and a figure of £1.5m over three years relating to potential long term ICT funding.

Base Budget Funding Changes – these represent the **changes** in funding from the previous year:-

- **Council Tax** – a net increase in 2024/2025 of £0.46m due to an increase in the number of properties and the distribution of prior year surpluses, some of which are via a smoothing reserve.
- **Business Rates** – a small increase in benefits from Business Rates in 2024/2025 of £1.04m, largely as a result of the baseline funding being increased in line with inflation. Reductions of £5.39m and £4.75m in the years 2025/26 and 2026/27, largely as a result of the smoothing benefit

from the review of appeals dropping out and the impact of the proposed business rate reset.

5.2 Meeting the Gap

5.2.1 The table below shows the draft budget position following the latest round of budget proposals and policy choice funding updates. A full detailed listing of savings and income proposals which have been developed for 2024/25 can be found in Annex D. The proposals for year 2 and 3 of the programme will be included in the final budget report as these are developed more fully over the next few months.

Summary of the Budget Proposals	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
Revised Gross Budget Gap (Oct 23)	20,083	19,153	15,699	54,935
Policy Choice Funding Proposals				
General Increase in basic Council Tax to 2.99%, 1.99%, 1.99% (*)	(3,602)	(2,602)	(2,745)	(8,949)
Social Care Precept increase 2.0%, 1.0%, 1.0% (*)	(2,409)	(1,278)	(1,329)	(5,016)
Budget Support Reserve (agreed in Feb 23)	(2,076)	0	0	(2,076)
Total Policy Choice Funding	(8,087)	(3,880)	(4,074)	(16,041)
Savings and Income proposals	(5,588)	(2,522)	(983)	(9,093)
Revised Budget Gap (Oct 23)	6,408	12,751	10,642	29,801

(*) Subject to council tax referendum principles for 2024/25 – to be announced in December 2023.

5.2.2 The value of savings proposals in the report are currently valued at £9.1m over the three-year period, with £5.59m planned in 2024/25. This still leaves a budget gap of £6.41m for 2024/25 and a continuing challenge beyond that.

5.2.3 Whilst it is not uncommon to have a gap at the draft budget stage in the preparation of the MTFS, there is a level of concern with such a sizeable gap remaining when considering this follows 13 years of service cuts and therefore the ability to absorb further reductions in service provision becomes increasingly difficult.

5.2.4 The Executive and Council officers are working on further proposals to address the remaining gap in this budget report. What is evidently clear though is that this gap will not be addressed by transformational savings alone and lobbying of Government is needed to address the low funding position of the Council.

5.2.5 Whilst there will be a further national budget announcement on the 22 November 2023 and the provisional local government finance settlement in December 2023, it is not prudent to rely on these to provide an answer to the budget position. Therefore, a range of further budget saving opportunities will also be developed over the next couple of months to reduce the remaining gap further and these include:-

- A review of contributions and benefits the Council makes and receives for a range of services provided by the Greater Manchester Combined Authority
- A pause on community awards and corporate events, unless sponsored
- To review an opportunity to close Trafford Town Hall for a day each week and for colleagues to work from other location across the borough or from home.
- A review of how the Council can streamline transactional activity through the better use of technology
- Consider the opportunity for shared services
- Balancing the cost of delivering Council services to remove subsidy where this exists
- Redesigning community and advice services

6. PROPOSED 2024/25 BUDGET and 2025/27 MTFS

6.1 The proposed net budget for 2024/25 is £218.40m an increase in the net budget of £8.59m or 4.1%, from £209.81m. Full subjective summary providing a breakdown of the 2024/25 net budget can be found in Annex E.

6.1.1 An objective breakdown is shown below:-

Objective Summary The 2024-27 Budget	Draft Budget Oct 2023		
Budget	2024/25 (£'000)	2025/26 (£'000)	2026/27 (£'000)
Service:			
Children's Services	55,723	56,936	58,859
Adult Services (incl. Public Health)	75,332	80,106	84,549
Place	38,977	40,053	43,738
Legal and Governance	3,763	3,824	3,937
Finance and Systems	9,860	11,082	11,659
Strategy and Resources	10,442	10,947	11,089
Total Service Budgets	194,097	202,948	213,831
Council-wide Budgets	24,298	25,814	26,146
Net Budget	218,395	228,762	239,977
Funding:			
Council Tax	(127,387)	(132,470)	(137,795)
Business Rates: Local Share	(161,513)	(164,743)	(168,037)
Business Rates: Tariff Payment	101,743	104,050	106,539
Business Rates: Assumptions, Growth, S31 Grants, GM Pilot	(22,754)	(16,940)	(11,883)
Fairer Funding Assumptions	0	500	1,000
Funding	(209,911)	(209,603)	(210,176)
Movement in Reserves			
Budget Support Reserve	(2,076)	0	0
Movement to/(from) Reserves	(2,076)	0	0
Cumulative Budget Gap	6,408	19,159	29,801
Annual Budget Gap	6,408	12,751	10,642

7. ROBUSTNESS, RISKS & RESERVES.

7.1 Robustness and Risks

7.1.1 The law requires that the Council sets a balanced and robust budget, which is sufficient to meet its legal obligations, and then its aspirations. This requires all plans to be costed, forecasts and estimates to be checked for reasonableness, and risks to be assessed across the many varied services the Council provides. This also includes an assessment for emergencies, severe weather and other service and strategic risks.

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

7.1.3 Under the Local Government Act 2003, the Director of Finance and Systems is required to prepare a report, for use when the Council is deciding its annual budget and council tax, on the robustness of the budget and the adequacy of the Council's reserves. It is for this reason that it is recommended that reserves are reviewed on an annual basis ensuring the judgements on the adequacy of reserves are informed and remain appropriate particularly in relation to the potential impact of new risks and financial challenges faced by the Council.

7.1.4 The detailed review, which will be reported upon as part of the final budget report will consider:-

- The rationale for holding each reserve;
- Whether the approved commitments for the use of each reserve are still needed;
- Whether the level of the Council's reserves remains appropriate to provide resilience against the financial risks and challenges facing the Council;
- Whether the existing reserves need to be reclassified to meet the Council's corporate and strategic objectives over the MTFP period;
- Whether any new reserves need to be created to meet the Council's corporate and strategic objectives going forward; and
- The use of the Council's outturn surplus to replenish existing reserves and/or create new reserves.

7.2 Classification

7.2.1 For ease of management, reserves have been grouped into nine categories as follows:-

- **MTFP Budget Resilience Reserve** – This category of reserve was separated out due to the scale of the challenges faced by the Council in meeting a balanced budget in the medium term. The reserve is to support the MTFP as the Council continues its recovery from the financial impacts of the pandemic and will be used specifically to meet

the budget gap over the short-term and necessary Finance and Change programme to deliver a balanced budget.

- **Smoothing and Business Risk Reserves** - earmarked reserves linked to the financial resilience of the Council, for example being able to respond to unexpected demand pressures and smoothing of irregular budget spending.
- **Strategic Priority Reserves** - earmarked reserves linked to the Council's priorities over the medium-term financial plan.
- **Corporate Reserves including General Reserve** - statutory and ring-fenced reserves. The General Reserve is the minimum level of reserve the Council is required to hold to protect against in year financial shocks.
- **Reserves Linked to Service Area Priorities** - earmarked reserves linked to the Council's transformational change and service area priorities.
- **COVID-19 Reserves** – This was a new category of reserves established to hold the resources earmarked to support COVID-19 pressures and timing differences relating to the accounting treatment of the Collection Fund deficit caused by the pandemic.
- **Capital Reserves** – consist of capital receipts, grants and contributions which can only be used to fund capital expenditure and are all allocated to support the current capital programme. These will not be considered as part of the Reserves Policy.
- **Schools Reserves** - represent the carry forward balances of individual school surpluses and deficits along with the accumulated balance of DSG grant. Individual school balances will not be considered as part of the Reserves Policy.

7.3 Balances

7.3.1 The Council's usable reserves at 31st March 2023 stood at £99.64m, of which £73.98m relates to Earmarked revenue reserves as shown below. The projected usage over the next three years has been provisionally estimated, however these will be subject to a detailed review before the final budget is concluded.

	Opening Balance 1/4/2023	Estimated Balance 1/4/2024	Estimated Balance 1/4/2025	Estimated Balance 1/4/2026
<i>Usable Reserves</i>	£m	£m	£m	£m
MTFP Budget Resilience and Change	13.51	11.44	9.86	10.36
Smoothing and Business Risk	21.94	22.00	16.38	8.26
Strategic Priority	10.77	7.57	3.74	2.72
Corporate	1.88	0.46	0.00	0.00
General Reserve	9.50	9.50	9.50	9.50
Service Area Priorities	16.38	10.26	5.83	1.69
Earmarked Reserves (excl. COVID)	73.98	61.23	45.31	32.53
COVID-19 Reserves	(8.41)	0.00	0.00	0.00
Capital Related Reserves	22.46	18.17	13.87	9.58
School Related Reserves	11.61	6.20	6.20	6.20
Total Usable Reserves	99.64	85.60	65.38	48.31

The balance and provisional commitments against each reserve are shown in detail in Annex F.

7.4 Using Reserves to Support the Budget

- 7.4.1 Balancing the annual budget by drawing on Earmarked reserves may be viewed as a legitimate short-term option, but it is not prudent for these reserves to be deployed to finance recurrent expenditure. Holding these types of reserves is primarily to assist in cushioning the effects of financial shocks and aids resilience.
- 7.4.2 The impact of the pandemic and the ongoing economic uncertainty demonstrates the importance of maintaining sufficient reserves and their application has gone some way to help mitigate a substantial part of the previous budget gap and in allowing the Council to meet its obligations in setting a balanced budget in the short term.
- 7.4.3 The reliance the Council places on the significant income streams associated with Business Rates and the Asset Investment Programme also highlights the need to maintain specific risk reserves which will continue to be drawn upon to mitigate the impact of the downturn in the economy.
- 7.4.4 Although the Council has significantly lower levels of reserves than its neighbours, the ability to redirect these resources to support our budget and finance and change programme remains critical and therefore any decision around the use of Earmarked reserves to support its budget decisions has not been taken lightly.
- 7.4.5 The level of Earmarked reserves the Council holds is in part reflective of the past funding levels of the Council in comparison to its need to spend. This

means that, as the lowest funded Council in Greater Manchester, it has accumulated one of the lowest levels of Earmarked reserves. Should the impact of the cost-of-living crisis be higher or last longer than anticipated and the demand pressures particularly those in children's services not be met with additional government resource, the level of remaining reserves will be insufficient to meet such a scenario.

7.5 Main Reserves Initial Observations at Draft Budget Stage

7.5.1 A balance of earmarked reserves of £73.98m was brought forward at 1st April 2023, the following observations relating to the main reserves should be noted:

MTFP Budget Support Reserve

- **Budget Support Reserve** - This reserve had a brought forward balance of £13.51m at 1st April 2023 of which £7.4m is committed to support the 2023/24 budget and a further £2.1m in 2024/25 as previously agreed.

The reserve will be bolstered by £3.6m during 2023/24 in line with our budget plans which include: -

- a contribution from revenue budget provision of £0.5m in each year of the MTFP, which was established to replenish reserves used to support pressures during the pandemic. **No change from previous assumptions.**
- An increase of £2.6m from GMCA relating to a release of their surplus reserves as previously reported. This will be held in this reserve and released over 2023/24 and 2024/25 largely to meet the annual increase costs of both the Waste and Transport Levies. **No change from previous assumptions.**
- A transfer of £0.5m relating to a review of other earmarked reserves to support the Finance and Change Programme (see below).

Commitments from this reserve include the following:-

- The draft budget plans include support of £2.1m in 2024/25 as previously agreed.
- The current in-year budget monitoring position as at Period 4 is a projected overspend of £1.75m. It is still relatively early in the financial year to predict the outturn with 100% accuracy, and in addition the Council holds several contingencies and supportive management action which may bring the outturn back in line. If this cannot be achieved, then an element of this reserve balance will need ring-fencing for this.
- Finance and Change Programme - A figure of £0.5m has been transferred from other earmarked reserves. This will be utilised to bring capacity and skills specifically to support the development of the business cases surrounding the demand management and savings in Children's placements and home to school transport.

Other Considerations

- The Inflation Risk Reserve will stand at £3.6m assuming a drawdown of £0.95m will be required to meet the inflationary

pressures in 2023/24. Given the overall positive direction of travel regarding interest rates, a figure of £2.5m has been transferred from this reserve to the Budget Support Reserve.

At the end of 2024/25 the balance on the Budget Support Reserve is estimated at £9.86m. This is a best-case scenario and assumes the in-year pressures will be brought back in line and inflation will remain on a downward trajectory.

Smoothing and Business Risk

- **Business Rate Risk Reserve** - This reserve represents the biggest reserve under the category of Resilience and Smoothing at £5.44m at 1st April 2023. The reserve will also be used to smooth the estimated benefits from our review of business rates appeals to be used to support our budget plans in 2023/24, 2024/25 and 2025/26 as agreed in the Final Budget Report in February 2023. The balance will increase in 2023/24 as the benefit is released and then reduce over the three years as planned. The underlying balance is £5.66m at the end of 2025/26.

The Council has a budget from Business Rates income of approximately £80m and due to the complexities in the system such as the uncertainty surrounding a potential downturn in the general economy along with the forthcoming business rate reset, the importance of maintaining a suitable balance in this reserve cannot be underestimated. The underlying balance of £5.66m will be used to mitigate against these significant risks.

- **Inflation Risk Reserve** – This reserve was created to help mitigate against some of the pressures caused by the high and volatile levels of inflation. There was a balance of £4.5m on 1st April 2023 and it is anticipated that £0.95m will be needed in 2023/24 to largely absorb the additional cost of the local government pay award.

Although inflation is dropping, it is not doing so at the rate the Bank of England had previously forecast and a level of risk remains when budget planning. To put this in context, a 1% variance in the pay award assumptions would add a further pressure of £1.0m.

The balance on this reserve must also be considered alongside the Budget Support Reserve and the wider risk associated with balancing the remaining budget gap. With this in mind a balance of £2.5m has been transferred to the Budget Support Reserve, leaving an estimated balance of £1.05m at year end.

Strategic Priority

- **Asset Investment Strategy Risk Reserve** - this reserve is the largest reserve within the category of Strategic Priority and stood at £5.0m at 1st April 2023. The reserve was established as a contingency for potential loss of income and additional cost due to delays in the investment property programme. The flexible use of this reserve has been required during the year due to the impact of delays in developer loans being

drawn down and shortfalls in rental income as reported in the Period 4 monitor. This reserve will remain a critical tool in managing the ongoing risks associated with the programme.

- **Leisure Centre Risk Reserve** – this reserve was established to manage the expected shortfall in income during the building refurbishment programme. Its use was extended during the pandemic to smooth the support required as a result of the impact on trading income. There remains a high degree of uncertainty on the ongoing trading and the impact of the building redevelopment programme, and the reserve will continue to play a critical role in managing these risks.

Corporate Reserves

- **General Reserve** – The level of General Reserve incorporates risk assumptions on pay/inflation, emergency and disaster recovery scenarios, increases in demand led budgets, savings target not being met and business rates/council tax shortfalls. It is highly unlikely that the events would occur simultaneously, and the figure is calculated on a prudent basis. The balance is currently £9.5m and was based on the minimum agreed as part of the risk and resilience exercise when preparing the current budget. **No change from previous assumptions.**

Service Area Priority Reserves

- **Service Area Priority Reserves various** - This category of reserves holds service area reserves which have largely built up from prior years underspends, including unspent grants. Most elements are contractually committed, however all commitments will be thoroughly challenged as part of the annual review and updated as part of the final budget proposals.

COVID-19 Various

- **The COVID-19 Reserves** mainly relate to compensation grants received from the Government making good the shortfall in Business Rates and Council Tax income as a result of the Government's various rate and council tax relief schemes. These reserves are fully used to compensate the Collection Fund for the accumulated shortfall and cannot be used for any other purposes. All balances will be fully utilised at the end of this financial year. **No change from previous assumptions.**

7.6 Summary of initial review of Reserves

7.6.1 The reserve strategy set out in the previous MTFs was based on providing sufficient resource within an MTFP Budget Resilience Innovation and Change (BRIC) Reserve to meet the budget gap in the medium term whilst the Council develops a suitable innovation and change programme to deliver a balanced budget. Furthermore, that there were adequate levels of risk mitigation reserves given the range of uncertainties faced by the Council.

7.6.2 The fundamentals of the current reserve strategy remain in place and where the opportunity has arisen to bolster reserves, to be used to smooth the impact of

the budget gap, this has been taken. This can be seen in the benefits realised from the renegotiated Business Rates growth pilot sharing agreement and the review of the Business Rate appeals provision, both of which have been directed to reserves to be drawn down to support the 2023/24 and 2024/25 budgets.

- 7.6.3 At the end of 2024/25 the balance on the Budget Support Reserve is estimated to stand at £9.86m. This is a best-case scenario and assumes the in-year pressures will be brought back in line. It also includes a transfer of £2.5m from the Inflation Risk Reserve. This leaves very little room for manoeuvre given the size of the remaining budget gap of nearly £30m over the next three years.
- 7.6.4 The core risk reserves remain in place and at previous levels, these include unknown pressures in future years associated with risk from Business Rates uncertainty and potential shortfalls in the income derived from the Asset Investment Strategy.
- 7.6.5 There appears to be little headroom for any further substantial release of resources to support the budget gap and at the same time provide sufficient robustness to absorb the major financial risks over the short term. However, as in previous years and in line with good practice a detailed analysis of all reserves and adequacy of balances will be concluded and reported on as part of the final budget report.

8. Schools Funding and Budgets 2024/25

8.1 Background

8.1.1 Schools are funded from a ring-fenced grant called the Dedicated Schools Grant (DSG). This funding cannot be used for any other Council function. Schools operate within their own budget with any under or overspends taken forward into future years.

There are 4 blocks within the DSG:

- Schools Block (SB) - which funds schools' budgets;
- Central Schools Services Block (CSSB) – This block reflects the ongoing local authority role in education and is reducing year by year;
- High Needs Block (HNB) – which primarily supports Special Educational Needs (SEN) expenditure and includes Trafford Special Schools;
- Early Years Block (EYB) - which funds educational provision for 2- to 5-year-olds in both Schools and Private, Voluntary and Independent (PVI) settings.

8.1.2 The DSG is on the whole managed by funding formulae, however, the HNB funds a complex system of pupils of unique and varied needs all attracting different levels of support. This system is not conducive to formulae funding and therefore the Department for Education (DfE) requires the Council to manage the HNB with the support of the School's Forum.

8.2 Summary Position 2023/24

8.2.1 The projected overspend on the DSG is £5.3m for 2023/24 which consists of a small surplus on the CSSB Block of £37k and a deficit of £5.3m on the High Needs Block.

8.2.2 There was a negative HNB block deficit reserve brought forward in 2023/24 of £4.13m and when the in-year deficit is added this will leave a projected HNB deficit at the end of 2023/24 of £9.43m.

8.2.3 A statutory override currently exists which means that the DSG deficit is ring-fenced from other Council earmarked reserves until March 2026. There is a real risk that Trafford will not be able to balance the in-year spend or recover the deficit by 2025/26.

8.2.4 Since the Children and Family's Act of 2014 came into effect, the number of pupils supported by the HNB through Education, Health and Care Plans (EHCPs) has grown significantly across the country.

8.2.5 The result is that nationally numbers of EHCPs have grown by nearly 100% in that period, while placement costs are up nationally by over 50% on average. The accumulated effect is an exponential rise in the pressures on councils' HNBs across the country.

8.2.6 The Council is working to stabilise the high needs overspend and then recover this position and has been working with support from the DfE, who have been

able to provide some advice and guidance on helping control the growing HNB deficit through completion of the DSG deficit recovery plan.

- 8.2.7 The DSG deficit management plan requires 2 versions to be calculated: mitigated and unmitigated. The mitigated forecast is after accounting for the cost reduction and/or invest to save measures in place. The unmitigated forecast is prior to accounting for any cost reduction and/or invest to save measures in place; a 'do nothing' forecast and assumes numbers and costs will continue to rise at current levels.

The tables below set out both positions.

Unmitigated HNB position			
	2024/25 (£m)	2025/26 (£m)	2026/27 (£m)
HNB Grant	42.04	43.30	44.60
Projected spend	49.63	54.67	60.64
In-year deficit	7.60	11.36	16.04
Cumulative deficit	17.03	28.39	44.43

Mitigated HNB position			
	2024/25 (£m)	2025/26 (£m)	2026/27 (£m)
HNB Grant	42.04	43.30	44.60
Projected spend	47.45	49.71	53.86
In-year deficit	5.41	6.41	9.26
Cumulative deficit	14.84	21.26	30.51

- 8.2.8 Various mitigations that have been identified include a stronger more consistent mainstream offer, building local provision and improved commissioning arrangements. In addition, Trafford is part of the North West SEND Change Programme Partnership (CPP), along with Manchester, Rochdale and Oldham. The SEND and Alternative Provision improvement plan aims to improve outcomes for children and young people, improve experiences for families and deliver financial stability. It is hoped that as a result of being part of this programme, additional funding and resources will be available to assist with some of the mitigations above.
- 8.2.9 High Needs Capital Provision Allocation (HNCPA) - To support the achievement of the duty to secure sufficient places that meet the needs of children and young people with SEND, the Council received capital allocations of £1.677m in 2021/22, £4.729m in 2022/23 and £3.680m in 2023/24. The funding is being invested in a number of capital schemes to increase the number of places in Trafford special schools, as well as in small specialist classes (SSC) in primary and resourced provision (RP) in secondary, places which help most pupils with complex SEN to have their needs met within a mainstream school.

8.3 BUDGET POSITION 2024/25

8.3.1 The DSG draft allocations for Trafford in 2024/25 are currently £276.36m across the four blocks. This is an increase of £12.08m compared to 2023/24, as shown in the table below.

DSG Block	2023/24 (£m)	2024/25 (£m)	Change (£m)	Change %
Schools (*)	204.05	214.98	10.93	5.4
Central Schools Services	1.50	1.49	(0.01)	(0.7)
High Needs	40.88	42.04	1.16	2.8
Early Years	17.85	17.85	0	0
Total	264.28	276.36	12.08	4.6

(*) – The DfE has launched an investigation to ascertain how an error occurred in the calculation of the National Funding Formula (NFF) 2024/25. The recalculation means that Trafford schools will receive £1.72m less than originally announced in August 2023 (£216.70m), a 0.8% reduction in the Schools Block. Where it was expected core school budgets would increase by 2.7%, this will now only be a 1.9% increase.

8.3.2 The changes in the allocations can be summarised as follows :-

- School Block – the increase is largely due to £6.74m Mainstream Schools Additional Grant rolled into the schools NFF. Core NFF factor values have increased by 1.9%.
- Central Schools Block – these represent responsibilities that the local authority has a statutory duty to deliver for all pupils and historic commitments made prior to 2013/14. In line with the government’s reforms to move to a fairer funding system, these have been reducing year on year.
- High Needs Block - The HNB has been the recipient of some of the biggest increases in funding due to the pressures to fund and support the SEND system. In 2018/19 the HNB was £26m and it is now £42m, yet it is still overspending as mentioned in the previous section. Without new interventions the high needs deficit is forecast to continue to increase over the MTFs period and is not financially sustainable.
- Early Years Block – this allocation has not yet been announced.

8.3.3 DSG grant allocations will be announced as part of the Final Settlement and will be detailed in the Final Budget Report.

8.4 Summary

8.4.1 Without new interventions the high needs deficit is forecast to continue to increase over the MTFs period and is not financially sustainable. **This creates a significant and unresolved financial risk to the Council.**

9. CAPITAL STRATEGY AND PROGRAMME

9.1 Background

9.1.1 The Capital Strategy and Programme aims to provide a long-term vision of the Council's planned capital expenditure, capital financing and treasury management activity and how these can contribute to the provision of services through the Capital Programme and Asset Investment Strategy.

9.1.2 A high-level update of the Programme was presented to Executive as part of the Period 4 budget monitor on 18 September 2023 which set out the updated budget for 2023/24 of £86.04m, an increase of £16.12m largely due to reprofiling of expenditure slippage from 2022/23, and £215.28m over the next three years.

SERVICE AREA	2023/24 £m
Children's Services	18.83
Adult Services	3.02
Place	62.17
Finance & Systems	2.02
TOTAL CAPITAL BUDGET	86.04

9.1.3 Capital resources, like revenue resources, are under acute pressure and a full review of the existing schemes supported by internal resources is currently being undertaken by the Capital Programme Board to ensure it aligns closely to the Council's Corporate Priorities and key objectives as set out in the Capital Strategy, whilst also remaining affordable within the resources which are available. If any additional borrowing is required, this will ultimately have an impact and increase the budget gap further.

9.1.4 This review of the existing programme will also be coordinated alongside the bidding process for the Capital budget setting process for the next three years and as set out within the existing Capital Strategy, this gives schemes with more emphasis on savings and income generation a higher priority, to assist with the revenue challenges that the Council is currently facing.

9.1.5 The current priorities, as set out in the Capital Strategy, over the medium term are:-

- Support the Medium-Term Financial Strategy (MTFS) by ensuring that capital investment decisions are not taken in isolation from revenue

spending with specific emphasis on delivering future savings and income streams capable of supporting the revenue budget.

- Support investment that attracts additional external funding.
- Protect the Council's asset base including ICT infrastructure.
- Ensure schemes of a health and safety nature are delivered.
- Statutory implications/impact on service delivery.

9.1.6 The review will be completed over the next couple of months with the aim of developing a final capital budget plan for 2024/25 to 2026/27 which will be considered by the Executive in November 2023.

Base Budget Assumptions

Annex A

Base Budget Assumptions	2024/25 £m/%	2025/26 £m/%	2026/27 £m/%
Service Expenditure			
Pay: Inflation – 2023/24 (not yet agreed)	5.87%	n/a	n/a
Pay: Inflation	3.00%	2.00%	2.00%
Pay award cost	£3.01m	£1.59m	£1.64m
Pay: Pension Inflation	0.0%	0.0%	0.0%
	£0.00m	£0.00m	£0.00m
Pay: Living Wage/ FPFC/Real Living Wage	£5.77m	£1.64m	£1.84m
General Inflation: Prices	3% to 7%	2.0%	2.0%
	£0.21m	£0.09m	£0.10m
Contractual Obligations: Inflation Specific	£3.71m	£2.41m	£2.47m
Energy Inflation	-£1.43m	-£0.08m	£0.00m
Levies: Waste (GMWDA) % Levy Increase/ (Decrease)	5%	5%	2%
Levies: Transport % Levy Increase/ (Decrease)	2%	2%	0%
Demographics:	Children	£1.00m	£1.00m
	Adults	£1.30m	£1.50m
Treasury Management			
Investment Rates	4.89%	3.66%	3.05%
Debt Rates (new debt)	5.10%	4.38%	4.33%
Funding			
Council Tax rate increase (Adult Social Care)	2.00%	1.00%	1.00%
Council Tax rate increase (Relevant Basic Amount)	2.99%	1.99%	1.99%
Council Tax base increase	1.00%	1.00%	1.00%

Breakdown of the Movements in the Budget Gap

Annex B

<i>Budget Movements</i>	2024/25 (£'000)	2025/26 (£'000)	2026/27 (£'000)	Total (£'000)
Gross Budget Gap before Feb 23 Savings and Policy Choice Funding Proposals	18,446	17,083	11,519	47,048
Movements in Funding Assumptions:				
Change in assumptions on Council Tax Base	(503)	(20)	(20)	(543)
Change in assumptions on Core Business Rates (indexation of baseline funding)	(900)	0	0	(900)
Council Tax Premium - Levelling Up Agenda	0	(1,004)	(38)	(1,042)
Impact of recurrent pressures 23/24 (exemptions/discounts)	603	26	24	653
Review level of Historic Bad Debt Provision Council Tax	(1,000)	1,000	0	0
Movements in Funding Assumptions	(1,800)	2	(34)	(1,832)
Movements in Budget Assumptions:				
Additional cost of 23/24 pay award	645	13	14	672
Supporting People budget shortfall 23/24	500	0	0	500
Foster Care inflation pressures from 23/24	300	0	0	300
Additional Leisure CIC subsidy	0	0	1,400	1,400
Communications Team	171	0	0	171
Indexation of Better Care Fund Grant (23/24)	(400)	0	0	(400)
Replacement Finance System	0	0	500	500
Interest on airport investments	(500)	200	300	0
MAH Dividend rephased	0	0	5,600	5,600

Delay reversal of MRP to straight line	0	0	(3,950)	(3,950)
NHS HDP programme resource and costs (cost neutral)	1,745	0	0	1,745
NHS HDP programme resource routed via NHS	(1,745)	0	0	(1,745)
Increase in assumptions in 24/26 pay award	900	0	0	900
Increase in assumptions on inflation remaining higher (contracts)	1,084	0	0	1,084
In year pressures Home to School Transport	1,100	0	0	1,100
In year pressures Childrens Placements	2,200	0	0	2,200
In year pressures Childrens Section 17	300	0	0	300
Additional Grant Market Sustainability	(808)	808	0	0
Budget Realignment Market Sustainability	(1,110)	0	0	(1,110)
Rephase additional investment in Homecare	0	600	0	600
Reduction in Pension Additional Allowances	(150)	0	0	(150)
Review of provisions	(500)	400	0	(100)
Rebase existing ASC Hospital Discharge Budget due to new funding	(500)	0	0	(500)
Improvements in Traffic flow investment	(175)			(175)
Other Budget Assumptions	380	47	350	777
Movements in Budget Assumptions	3,437	2,068	4,214	9,719
TOTAL BUDGET MOVEMENTS	1,637	2,070	4,180	7,887
REVISED BUDGET GAP (Oct 23)	20,083	19,153	15,699	
ACCUMULATIVE BUDGET GAP (Oct 23)	20,083	39,236	54,935	

Detailed Analysis of Components of the Budget Gap and Changes since Draft Budget

The following paragraphs provide an update on how the pressures have changed since the final budget was presented in February 2023. The changes in assumptions can be grouped into the following budget components.

- Base Budget pressures – this includes the usual annual pressures associated with the day to day running of the council such as pay awards, inflation and service demand/demographic growth.
- Base Budget funding – this includes changes in non-policy choice funding, such as the way the council is funded from Government via general and specific grants and the business rates retention scheme and local funding changes such as those in our council tax base (number of properties we raise council tax from) and the use of our own one off earmarked reserves.
- Policy Choice changes – these include the policy decisions the Council makes to balance its budget, such as increasing the basic rate of Council Tax and making efficiency savings or reductions to services.

Base Budget Pressures:-

The significant features of the 2023/24 gap and changes since draft are detailed below with a summary of the base budget assumptions shown in Annex A along with a Subjective Budget Analysis in Annex E:

- **Pay - £3.278m in 2023/24, £6.86m over three years.** 2024/25 includes the additional costs of the 2023/24 provisional pay award (approximately 6% against budget 5%) £0.70m above budget. An estimate of 3% for the 2024/25 pay award. This is £0.90m or 1% above our previous assumptions. A core provision for a 2% increase has been assumed for all other years. **An additional pressure of £1.55m in 2024/25.**
- **National Living Wage, Real Living Wage and Fair Price for Care - £4.76m in 2024/25, £7.82m over three years.** This covers projected increases in the NLW in 2024/25 and Real Living Wage for social care suppliers. Includes additional expenditure related to funding from the Market Sustainability grant announced in August 2023. **A reduction of £1.47m over previous assumptions.**
- **Inflation General and Contractual £2.71m in 2024/25 and £6.98m over three years.** Inflation has been revised upwards to reflect the slower than expected reduction in inflation. An assumed increase of 3% in 2024/25 has been increased to 4%. Inflation relating to energy has been identified separately, the budget was increased by 200% in 2023/24 (+£3.0m) with the budget being reduced by £1.6m and £0.8m in 2024/25 and 2025/26. **A combined additional pressure in 2024/25 of £1.45m over previous assumptions.**

- **Levies:** includes inflationary allowances for waste disposal, transport and Environment Agency (flood defence) of £1.45m in 2024/25 or £3.12m over three years. A pressure of £0.5m has been included above previous assumptions, reflecting the reversal of the one-off use of reserves as a savings target in 2024/25 and 2025/26. Greater Manchester Waste Disposal Authority is in early discussions regarding the retender of the GM wide waste disposal contract. There is a potential that costs will increase, and an update will be provided in the preparation of the final budget.
- **Demography- £6.65m in 2024/25 and £11.65m over three years.** An annual budget increase to reflect the increasing pressures and number of adults and children requiring social care. Additional pressures have been added over previous assumptions to reflect the recurrent impact of the 2023/24 pressures in children's care placements £2.2m, plus £1.75m additional costs relating to Hospital Discharge funding routed via the NHS. This has allowed the Council to remove its own discharge budget of £0.5m.
- **General and Service Grants £7.68m in 2024/25 and £6.77m over three years** – Additional grants in 2024/25 relating to Market Sustainability and Improvement, Discharge Funding via the NHS, general Social Care Grant (previously announced) and indexation of the Better Care Fund totalling £7.63m. This includes the additional Market Sustainability and Improvement Grant announced in August 2023 for 2024/25, however no assumptions have been made that this grant will continue. **Additional grants in 2024/25 of £3.0m over previous assumptions.**
- **Treasury Management Strategic Investment Income from Manchester Airport Holdings (MAH)** – No expectation of any dividend income over three years, assumed reinstated in 2028/29, two years later than previous assumption. The reversion to a straight-line basis of MRP, expected at the same time of the reinstatement of the airport dividend has also been deferred. A short-term benefit has been included in the plans relating to the accrued interest on the COVID emergency loans. **A net increase of £1.95m over previous assumptions over the three years of the plan.**
- **Income from the Asset Investment Strategy** – A reduction in income of £0.87m in 2024/25 and £1.87m over three years. The pressure in 2024/25 includes £0.37m regarding the requirement to replace income dropping out with new investment opportunities. A further £0.5m in 2024/25 (and £0.5m in 2025/26 and 2026/27) relates to reduced reliance on the programme. **No change from previous assumptions.**
- **Reversal of One-off Savings Targets from Previous Year** - £0.85m in 2025/26, reinstatement of pressures associated with prior year one off/non recurrent savings. **No change from previous assumptions.**
- **Other Changes £2.58m in 2024/25, £6.24m over three years.** The pressure in 2024/25 includes pressures of £2.0m identified in the current year period monitoring, related to home to school transport and Section 17 payments, which are likely to be recurrent. A rescheduling of the additional investment in home care sustainability project at £0.6m to 2025/26 and £0.5m additional investment in Supported People in 2024/25. An additional

£1.4m in 2026/27 to cover the additional costs of the investment in our leisure centres and a figure of £1.5m over three years relating to potential long term ICT funding.

Funding Pressures

The gross budget gap includes the following changes in non-policy choice funding:

- **Collection Fund Council Tax (Non-Policy Choice)** - assumptions include anticipated growth in the tax base +1% in each of the years of the plan; no change from previous assumptions. A review of the provision for bad debt relating to historic debt, a one-off benefit of up to £1.0m in 2024/25. The recurrent impact of the increase in discretionary discounts and exemptions £0.6m per annum from 2024/25. A benefit of £1.0m in 2025/26 from the introduction of the Council Tax Premium on second and empty properties, pending the introduction of legislation under the Levelling Up agenda. **Total additional benefit 2024/25 £1.75m above previous assumptions.**
- **Business Rates** – The Council has a budget for Business Rates of £81.48m in 2023/24 and a forecast of £82.52m in 2024/25 and is expected to reduce to £72.38m by 2026/27. The assumption includes a review of Fair Funding and Business Rate Reset in 2025/26. This is no change from previous assumptions, although it is likely to be delayed further given the timeframes required to implement these significant changes. The benefit from higher inflation and the indexation this will have on baseline funding has resulted in an additional benefit of £0.9m in 2024/25 over previous assumptions.
- The substantial benefits released in 2023/24 relating to the review of provisions held for appeals has been smoothed using reserves over the period of plan. The combined impact of the tapering down of the smoothing reserve and business rate reset will see a reduction in rates income of £9.1m over the next three years.
- **Trailblazer and Devolution Deal** - The deal announced by the Government under the Levelling Up agenda, provides a framework for Greater Manchester Combined Authority to retain business rates growth above a baseline in designated Investment and Growth Zones for a period of ten years. Details of the scheme and the subsequent relationship with the existing business rate growth and potential reset have yet to be confirmed. No benefit from the Devolution deal has been assumed in the MTFs. **Total additional Benefit 2024/25 £0.9m above previous assumptions.**

9.1.7 **Reserves** - Use of reserves to support the budget amounted to £7.4m in 2023/24 plus a further £2.08m for 2024/25; because reserves are a one-off resource this means that their removal adds to the gap in 2024/25 and 2025/26. This in effect represents the reinstatement of the unmet gap from previous years.

Savings and Income Proposals

Annex D

Note:- In line with the Executive's stated objective at this stage any service savings proposal affecting staff are achieved by voluntary means wherever possible, for example by voluntary severance.

Saving Title	Previously Approved/ New	Service Area	Description of saving	2024/25 £000
Children Placements	PA	Children's	A review of demand and placements for looked after children	(500)
Children's Services – Investing in our Children – Family Help Savings Proposal	PA	Children's	Continuation of the service redesign	(50)
Re-shaping of Directorate Management Team	PA	Children's	Complete a review of the service directorate in line with demand reduction	(104)
Youth Engagement Service/Youth Justice	PA	Children's	Complete a review of the service as part of the service re-design programme	(97)
Sub-Total Children's				(751)
Weight Management	PA	Adults	Reduce the prevalence of community obesity and thereby reduce long-term health conditions that result, and the support required.	(28)
Bad debt provision - Adults Social Care	PA	Adults	Review level of contribution to bad debt provision	(50)
Reduction in demographic growth budget	PA	Adults	Reduction in demographic growth budget	(200)

Living Your Best Life	PA	Adults	Transformation of services for people with a learning disability and people with Autism with strengthened links to transitions.	(300)
Improving Lives Everyday	New	Adults	Review of low-cost care packages	(250)
Homecare Review	New	Adults	Efficient use of the home care budget including exploring alternative options for providing care and support needs.	(600)
Sub-Total Adults				(1,428)
Strategic Investment Income	PA	Place	Investment Programme - Recycling of receipts to maintain net income at achievable levels	(370)
Review of operational and strategic estates	PA	Place	Efficiency review of operational estate and lease/rent reviews to ensure full cost recovery across the Council's estate	(390)
Sale Water Park	PA	Place	Review service provision	(10)
Investment Income	New	Place	Dividend income from LLP with Bruntwood (Lumina)	(450)
Waste Reserves	New	Place	Review of Waste reserves	(500)
Amey 7-year review	New	Place	Income generated through contract changes following the Amey 7-year review	(100)
Sub-Total Place				(1,820)
Traded Services – Finance and ICT	PA	Finance & Systems	Traded Services income - increase in contributions to offset pay and cost inflation.	(39)
Sub-Total Finance & Systems				(39)

Traded Services - Catering & Cleaning	PA	Strategy & Resources	Review Traded Services income - increase in charges to offset pay and cost inflation.	(335)
Review of Sale Waterside Arts Centre	PA	Strategy & Resources	A review of the operational effectiveness of asset.	(75)
Review Music Service	PA	Strategy & Resources	Continue to remove the remaining Corporate overhead subsidy and continue with expansion of offer with a view to broadening reach	(40)
Sub-Total Strategy and Resources				(450)
Digital Strategy	PA	All	Increased use of digital technology to deliver better and more efficient services.	(100)
Release of Treasury Smoothing Reserve	New	All	Release of Treasury Smoothing Reserve	(500)
Reduction in central contingency	New	All	Reduction in central contingency	(500)
Sub-Total Council Wide and Cross Directorate				(1,100)
TOTAL SAVINGS AND INCOME PROPOSALS				(5,588)

Note:- In line with the Executive's stated objective at this stage any service savings proposal affecting staff are achieved by voluntary means wherever possible, for example by voluntary severance.

Subjective Analysis 2024/25

Annex E

2024/25 SUBJECTIVE ANALYSIS	CHILDREN (£000's)	ADULTS (£000's)	PLACE £000's	LEGAL & GOV (£000's)	FINANCE & SYSTEMS (£000's)	STRATEGY & RESOURCES (£000's)	COUNCIL- WIDE £000's	FUNDING & RESERVES £000's	TOTAL £000's
NET BUDGET Brought Forward	48,907	74,214	38,420	3,477	9,294	10,160	25,334		209,806
Budget Pressures :									
Pay	725	483	333	105	322	504	806		3,278
National Living Wage/ Fair Price for Care	26	3,055	100	0	0	0	0		3,181
Real Living Wage	0	1,578	0	0	0	0	0		1,578
General Inflation	31	11	28	23	12	11	36		152
Contractual Inflation & Obligations	1,576	788	(128)	24	106	125	0		2,491
Levies	0	0	1,283	0	0	0	170		1,453
Demographics/ Care Costs	3,200	3,454	0	0	0	0	0		6,654
Grants, Legislative & Service Transfers	(47)	(7,633)	0	0	0	0	0		(7,680)
Treasury Management	0	0	0	0	0	0	(386)		(386)
Strategic Investment Programme	0	0	870	0	0	0	0		870
Other	2,056	810	(109)	134	165	92	(562)		2,586
Total Budget Pressures	7,567	2,546	2,377	286	605	732	64		14,177
Budget Savings									
Income Generation	0	0	0	0	(39)	(335)	0		(374)
Savings Proposals Efficiencies & Policy Choice	(751)	(1,428)	(1,820)	0	0	(115)	(1,100)		(5,214)
Total Approved Budget Proposals	(751)	(1,428)	(1,820)	0	(39)	(450)	(1,100)		(5,588)
PROPOSED NET BUDGET	55,723	75,332	38,977	3,763	9,860	10,442	24,298		218,395
Council Tax								(120,380)	(120,380)
Council Tax - 2.99% General Increase								(3,599)	(3,599)
Council Tax - 2% Adult Social Care Increase								(2,408)	(2,408)
Council Tax 22/23 Estimated Surplus								(1,000)	(1,000)
Total Council Tax Funding								(127,387)	(127,387)
Business Rates: Local Share								(161,513)	(161,513)
Business Rates: Tariff Payment								101,743	101,743
Business Rates: Growth Assumptions, S31 Grants, GM Pilot								(18,129)	(18,129)
Business Rates Estimated Surplus 22/23								(1,600)	(1,600)
COVID Rates diff est/act and Gov Grant Support									
Smoothing Reserve								(3,025)	(3,025)
Total Business Rates Funding								(82,524)	(82,524)
PROPOSED FUNDING								(209,911)	(209,911)
Budget Support Reserve								(2,076)	(2,076)
Movement in Reserves Total								(2,076)	(2,076)
FUNDING FROM RESERVES								(2,076)	(2,076)
BUDGET GAP									6,408

Details of Reserves by Category

Annex F

CATEGORY	RESERVE NAME	BALANCE AT 31st MARCH 2023	TOTAL COMMITTED 23/24 to 25/26 £000	TOTAL TRANSFERS 23/24 TO 25/26 £000	REVISED BALANCE March 26 £000
MTFP Budget Resilience and Change	MTFP Budget Resilience, Innovation and Change Reserve (BRICR)	(13,509)	6,149	(3,000)	(10,360)
Sub-Total Budget Resilience		(13,509)	6,149	(3,000)	(10,360)
Smoothing and Business Risk	Business Rate Risk Reserve	(5,445)	5,445	0	0
Smoothing and Business Risk	Insurance Reserve	(1,700)	0	0	(1,700)
Smoothing and Business Risk	Earmark Gen - Employment Rationalisation	(800)	600	200	0
Smoothing and Business Risk	Housing Benefit Overpayment Reserve	(900)	400	0	(500)
Smoothing and Business Risk	Timperley Sports Club Synthetic Pitch	(123)	123	0	0
Smoothing and Business Risk	Earmark Gen - Legal Expenses	0	0	0	0
Smoothing and Business Risk	Earmark Gen - Local Search Litigation Costs Settlement	(65)	5	0	(60)
Smoothing and Business Risk	Earmark Gen - Civic vehicle reserve	(1)	0	0	(1)
Smoothing and Business Risk	Smoothing - Waste Levy	(1,484)	1,340	0	(144)
Smoothing and Business Risk	Smoothing - Winter Maintenance	(120)	120	0	0
Smoothing and Business Risk	Smoothing - Elections	(105)	(151)	0	(256)
Smoothing and Business Risk	Smoothing - Interest Rate	(3,107)	592	0	(2,515)
Smoothing and Business Risk	Exchequer Services Reserve	(815)	675	0	(140)
Smoothing and Business Risk	EU Exit Funding Reserve	(231)	231	0	0
Smoothing and Business Risk	Sale PFI Bullet Payment	(1,319)	(360)	0	(1,679)
Smoothing and Business Risk	Admin Building Cyclical Maintenance Reserve	(724)	411	100	(213)
Smoothing and Business Risk	Council Tax Risk Reserve	(500)	500	0	0
Smoothing and Business Risk	Inflation Risk Reserve	(4,500)	950	2,500	(1,050)

Sub-Total Smoothing and Business Risk		(21,939)	10,881	2,800	(8,258)
COVID-19	Council Tax Compensation Grant Covid (75%)	(252)	252	0	0
COVID-19	Business Rates Compensation Grant Covid (75%)	(1,330)	1,330	0	0
COVID-19	NDR Rates Exceptional Deficit Reserve (Section 31 Grants)	9,990	(9,990)	0	0
Sub-Total COVID-19 Budget Resilience and Smoothing		8,408	(8,408)	0	0
Strategic Priority	Transformation Fund Match Funding Reserve	(1,587)	1,587	0	0
Strategic Priority	Strategic Investment Programme Risk Reserve	(5,005)	3,099	0	(1,906)
Strategic Priority	Leisure Centres Risk Reserve	(2,358)	1,820	0	(538)
Strategic Priority	Childrens Action Fund Reserve	(44)	44	0	0
Strategic Priority	Bus Reform	(1,500)	1,500	0	0
Strategic Priority	Major Projects Reserve Abortive costs and DSG Academy Trans	(275)	0	0	(275)
Sub-Total Strategic Priority		(10,769)	8,050	0	(2,719)
Corporate	NDR Deficit Reserve	(613)	613	0	0
Corporate	Star Procurement Earmarked Reserve	(272)	271	0	(1)
Corporate	Planning Income Reserve	(55)	55	0	0
Corporate	Council Tax Smoothing Reserve	(940)	940	0	0
Corporate	General Reserve	(9,500)	0	0	(9,500)
Sub-Total Corporate		(11,380)	1,879	0	(9,501)
Service Area Priority	Earmark Gen - ICT Development	(1,358)	1,358	0	0
Service Area Priority	Economic Development	(1,694)	1,433	0	(261)
Service Area Priority	Earmark Gen - Libraries and Customer Services Reserve	(11)	11	0	0
Service Area Priority	Earmark Gen - Vol Sec Grants Reserve	(4)	4	0	0

Service Area Priority	Earmark Gen - Community Safety	(358)	210	0	(148)
Service Area Priority	Earmark Gen - Modernisation	(71)	71	0	0
Service Area Priority	One Trafford Partnership Reserve	(1,961)	1,961	0	0
Service Area Priority	Sports Partnership Reserve	(56)	31	0	(25)
Service Area Priority	Earmarked Service C/fwd Place	(1,103)	1,103	0	0
Service Area Priority	Earmarked Service C/fwd L&G	(25)	25	0	0
Service Area Priority	Earmarked Service C/fwd F & S	(2,744)	2,361	0	(383)
Service Area Priority	Earmarked Service C/fwd S&R	(850)	794	0	(56)
Service Area Priority	Earmarked Service C/fwd Children	(239)	239	0	0
Service Area Priority	Earmarked Service C/fwd Adults	(3,604)	2,698	200	(706)
Service Area Priority	Adults Discharge to Assess Adults	(1,991)	1,900	0	(91)
Service Area Priority	Traded Services Reserve	(312)	295	0	(17)
Sub-Total Service Area Priority		(16,381)	14,494	200	(1,687)
SUB-TOTAL Earmarked Reserves		(65,570)	33,045	0	(32,525)
	Capital Related Reserves	(22,457)			(9,583)
	School Related Reserves	(11,614)			(6,202)
	SUB-TOTAL	(34,071)			(15,785)
	TOTAL USABLE RESERVES	(99,641)			(48,310)