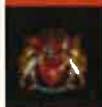




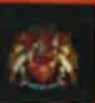
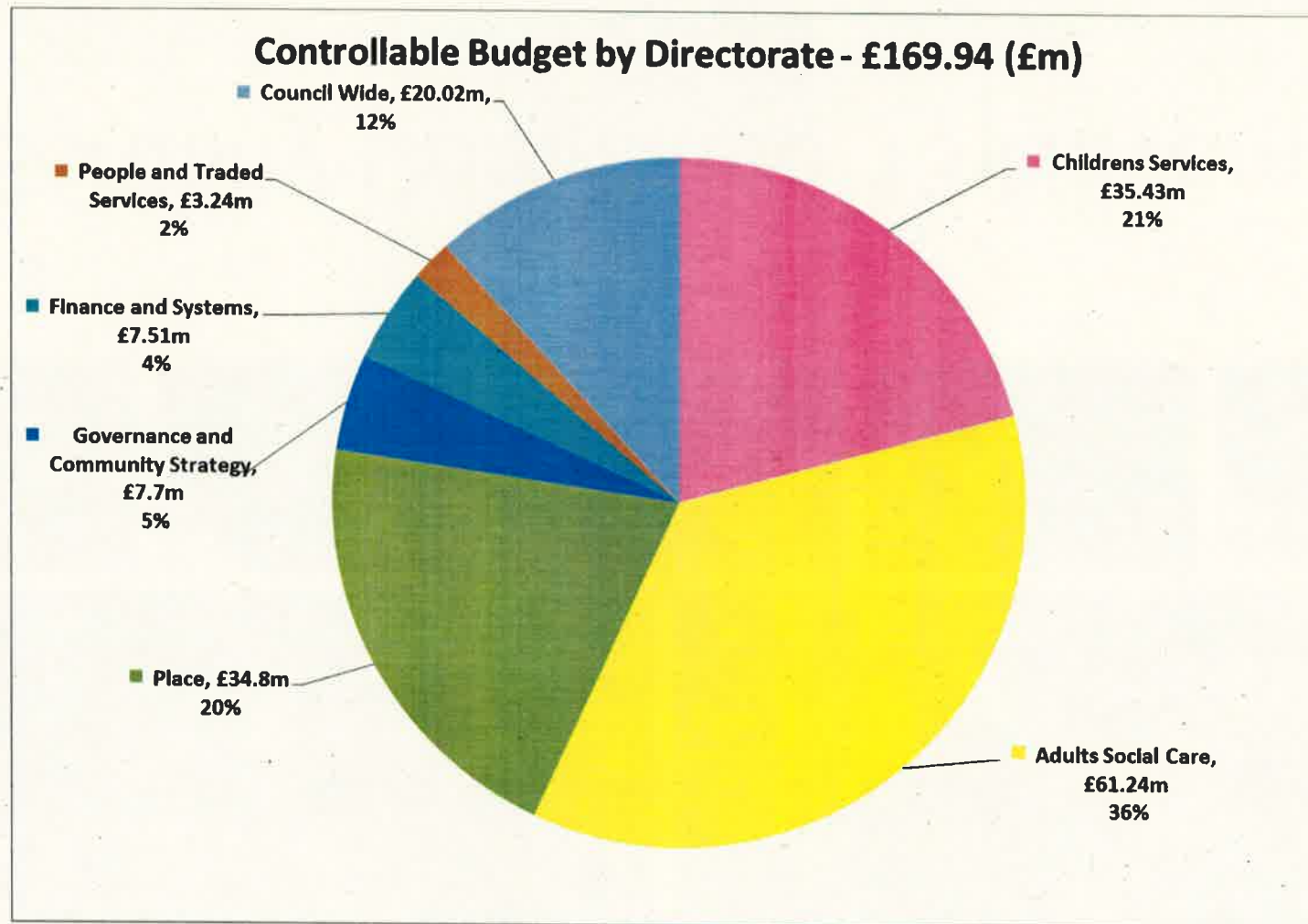
Scrutiny Committee 13 November 2019



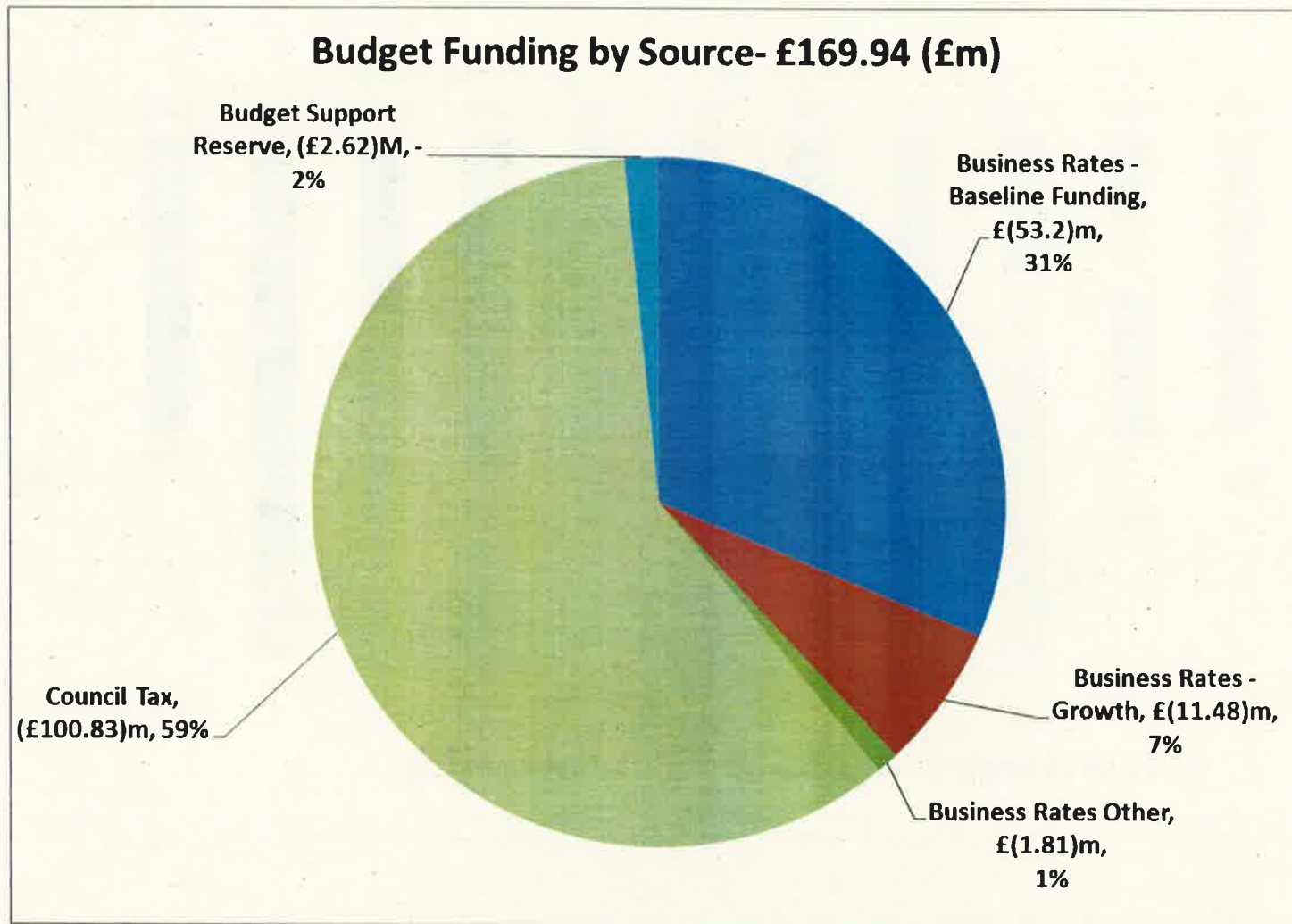
2019/20 Controllable Budget by Directorate



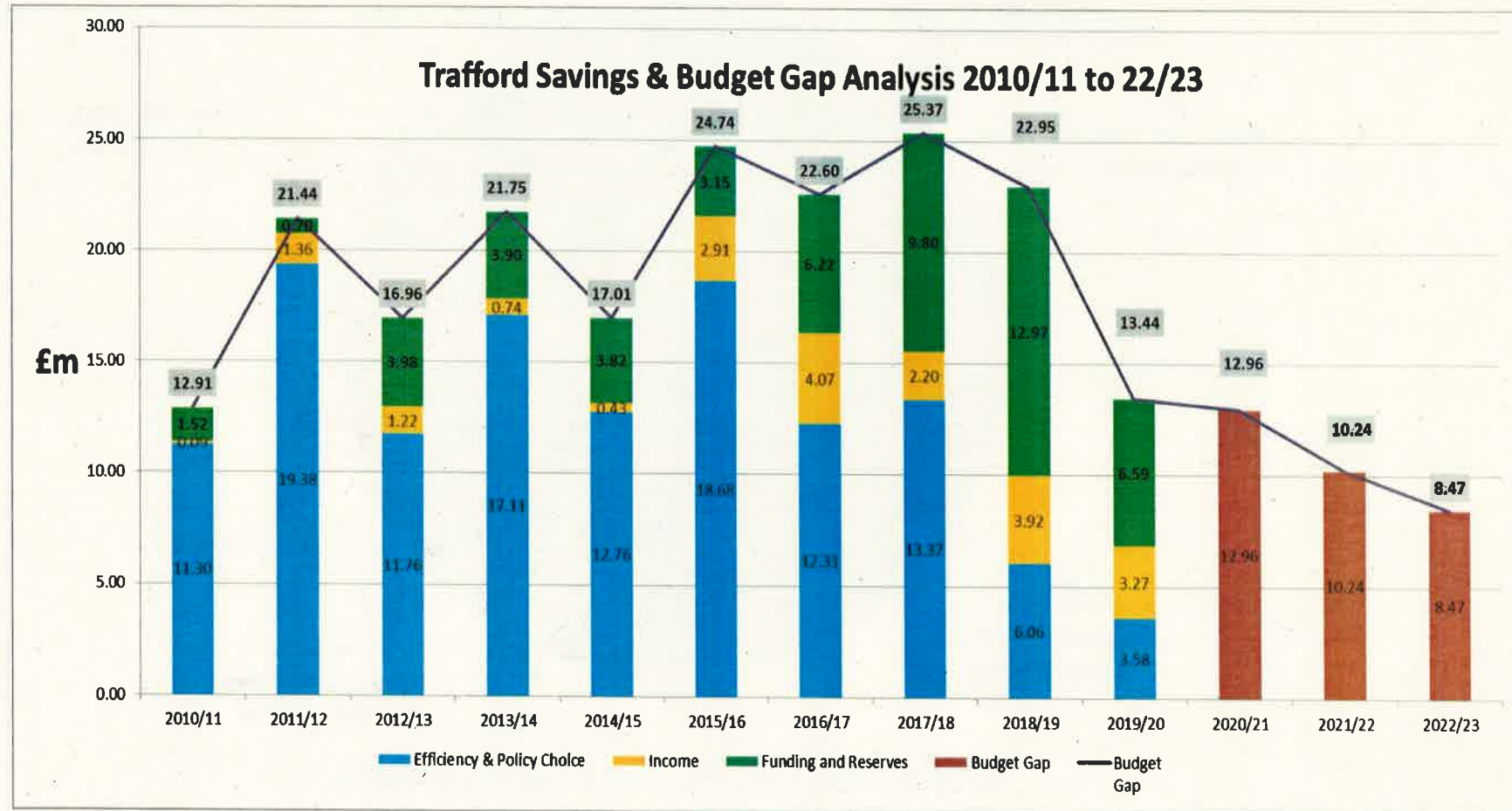
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2019/20 Budget Funding by Source



Understanding the Funding Gap



Funding Gaps addressed 2010 – 2019 £199m, Forecast Gap 2020/21 to 2022/23 £31.7m

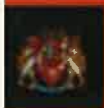
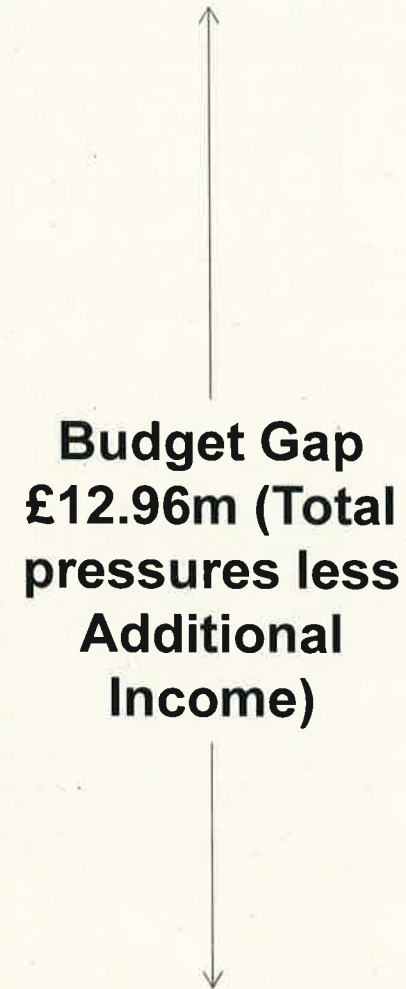


Understanding the Funding Gap 2020/21

£12.96m



Total Pressures £18.61m	
Pay	£1.88m
Living wage	£1.52m
Contractual	£2.18m
Levies	£0.23m
Transformation Team	£1.00m
OFSTED investment	£1.30m
Demographics	£3.50m
Reversal of Reserves	£2.62m
Other	£4.37m
Additional Income £(5.65)m	
Grants	£(5.05)m
Other	£(0.60)m



Key Budget Assumptions



Base Budget Assumptions		2020/21 £m	2021/22 £m	2022/23 £m
Service Expenditure				
Pay: Inflation		2.0%	2.0%	2.0%
		£1.23	£1.24	£1.25
Pay: Pension Inflation		1.0%	0.0%	0.0%
		£0.51	£0.00	£0.00
Pay: Increments & Pension Auto-Enrolment		£0.12	£0.00	£0.00
Pay: Living Wage		£1.52	£1.52	£1.50
General Inflation: Prices(*)		0.0%	2.0%	2.0%
		£0.00	£0.20	£0.21
Contractual Obligations: Inflation Specific e.g. energy		£2.16	£2.19	£2.21
Levies: Waste (GMWDA) Levy Increase		£0.50	£0.50	£0.50
Demographics:	Children	£1.50	£1.00	£1.00
	Adults	£2.00	£1.50	£1.50





Key Budget Assumptions

Base Budget Assumptions		2020/21	2021/22	2022/23
		£m	£m	£m
Treasury Management				
Investment Rates		1.03%	1.22%	1.45%
Debt Rates		3.00%	3.25%	3.50%
Funding				
Council Tax rate increase (Adult Social Care)		2.00%	2.00%	2.00%
Council Tax rate increase (Relevant Basic Amount)		1.99%	1.99%	1.99%
Council Tax base increase		0.75%	1.00%	1.00%
Change in Baseline Funding Level :-				
Baseline Funding (Core) %		2.00%	2.00%	2.00%
Baseline Funding (Core) £m		£0.72	£0.73	£0.75
Baseline Funding (RSG) %		2.00%	0.00%	0.00%
Baseline Funding (RSG) £m		£0.11	£0.00	£0.00
Baseline Funding (Public Health) %		2.80%	0.00%	0.00%
Baseline Funding (Public Health) £m		£0.34	£0.00	£0.00



Other Key Assumptions

Fair Funding Review

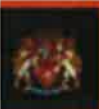
Business Rate Reset (potential loss of funding up to £13.2m)

Both now deferred to 2021/22



Budget Consultation

- Unlikely that the budget proposals will require public consultation although proposals will continually be assessed as they are developed
- Targeted consultations and feedback meetings will be undertaken as required i.e. direct with providers, family members, Friends of Parks Groups
- Continue to use digitally based communication channels to deliver the budget message – in line with other GM authorities



Progress on achievement of 2019/20

Savings £6.855m



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Description of Saving	2019/20 £000's
Income and Savings proposals	
Review of Car Parking charges	(84)
Environmental Health - Increase Fee Income	(27)
Licensing – taxi knowledge test charge	(20)
CCTV New Trading Model	(15)
Manchester Airport Group (MAG) Core Shareholder Investment	(1,500)
Asset Investment Strategy	(1,214)
Strategic Investments	(414)
Reduction in External Children's Home Use	(371)
Creation of New Post 16 Accommodation	(202)
Right Care For You	(200)
Adults Re-assessments	(200)
Let's Talk	(160)
Increased Recycling of Waste	(161)
Strategic Planning - Remove Greenspace funding contingency budget	(40)
Development Management (Planning Performance Agreements - cost recovery)	(35)
Allotment Services - removal of subsidy	(20)
Housing Strategy - reduce running costs	(10)



Progress on achievement of 2019/20 Savings £6.855m



Description of Saving	2019/20 £000's
Environmental Health - Reduce budget of dog warden service	(5)
Use of smoothing reserve - one off	(100)
STAR Procurement contribution	(36)
Legal - appoint litigation solicitor/reduce external costs	(20)
Customer Services - reduce contact centre opening hours	(21)
Legal - CCG legal costs	(10)
Reduce General Contingency	(600)
Housing Benefit Overpayment recovery	(400)
Reinstate saving GMPF Reduced Allowance for Early Retirements	(228)
Debt Restructure savings	(300)
Re-alignment of AGMA budgets	(154)
Reduction in Insurance costs	(50)
Members telephony budget	(30)
Early Repayment of Suppliers Discount	(10)
Remove General Inflation provision	(218)
Total income and savings proposals	(6,855)

Programme on target to deliver majority of the savings target.



Investment Portfolio Update

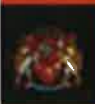


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Strategic Investment Portfolio	Investment Type	Investment Price £m	Net Additional Income 2019/20 £'000	Net Additional Income 2020/21 £'000	Net Additional Income 2021/22 £'000	Net Additional Income 2022/23 £'000
Sonovo House	Property	12.2	62.6	37.0	37.0	37.0
DSG Preston	Property	17.4	272.6	420.8	420.8	420.8
Grafton Centre	Property	10.8	27.4	86.1	86.1	86.1
Sainsbury's, Altrincham	Property	25.6	60.0	60.0	60.0	60.0
Walthew House	Property	13.9	116.5	140.0	140.0	140.0
Stamford Quarter	Property	16.9	0.0	0.0	0.0	0.0
Stretford Mall	Property	8.6	0.0	0.0	0.0	0.0
The Crescent	Debt	60.8	1,814.6	1,933.8	0.0	0.0
Albert Estate	Debt	17.6	178.0	370.0	370.0	370.0
CIS Tower	Debt	60.0	1,395.0	2,680.0	1,290.0	0.0
Bruntwood Loan – Town Ctrs	Debt	25.9	434.0	600.9	600.9	600.9
Bruntwood Loan – K Site	Debt	12.2	0.0	0.0	0.0	0.0
Sale Magistrates Court	Direct investment	4.3	0.0	0.0	0.0	0.0
Brown Street, Hale	Direct investment	7.2	0.0	0.0	0.0	0.0
K-Site, Old Trafford	Direct investment	12.2	0.0	0.0	0.0	0.0
Portfolio Total		305.6	4,360.7	6,328.5	3,004.7	1,714.7



2020/21 DRAFT BUDGET PROPOSALS



Meeting the Gap

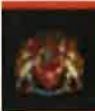
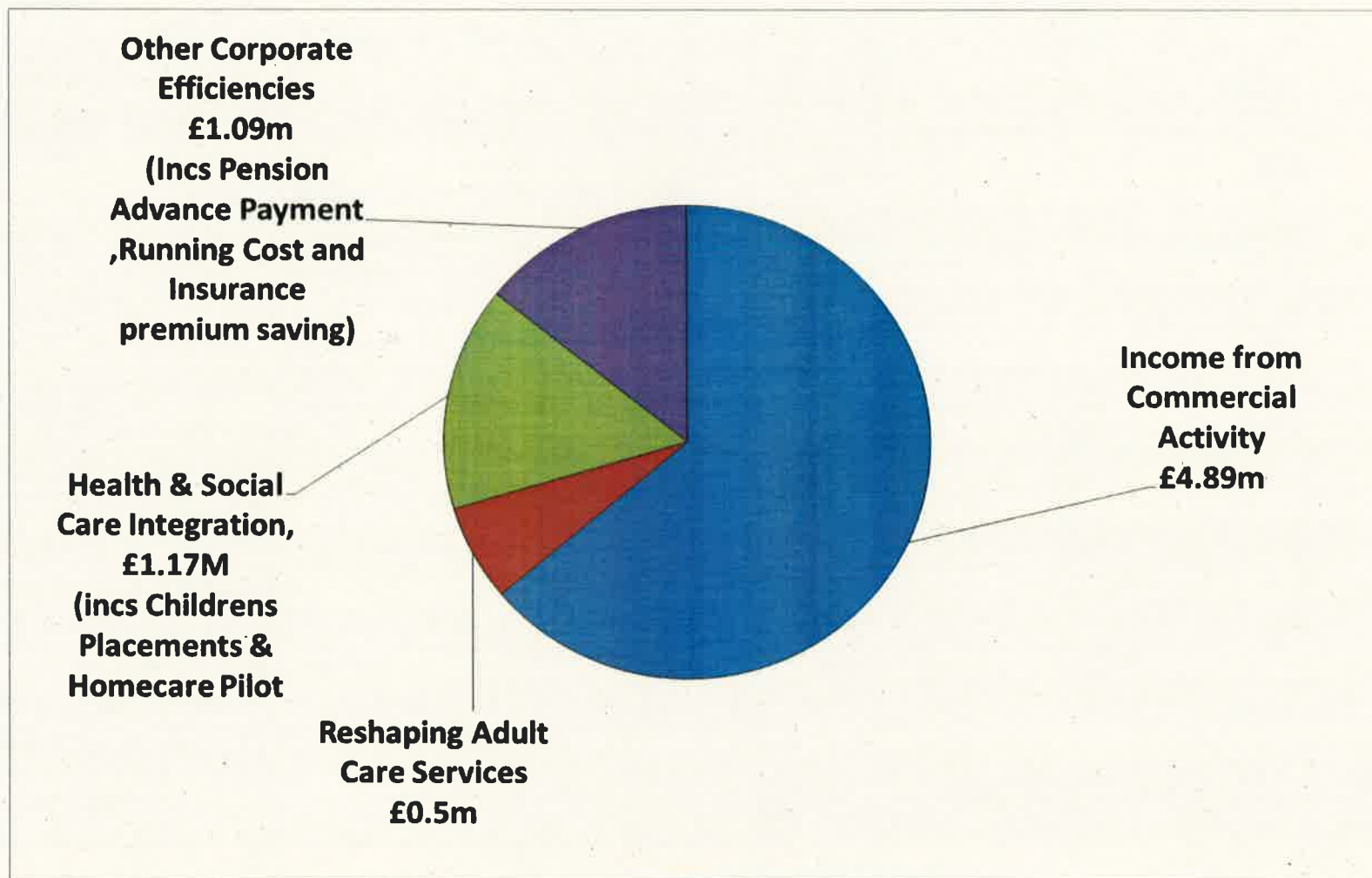


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Summary of meeting the Revised Budget Gap	2020/21 £'000	2021/22 £'000	2022/23 £'000	Total £'000
Revised Gross Budget Gap (Oct 19)	12,956	10,238	8,471	31,665
Policy Choice Funding Proposals				
Adult Social Care Precept increase 2%	(2,010)	(2,188)	(2,327)	(6,525)
General Increase in basic Council Tax to 1.99% (subject to referendum level)	(1,968)	(1,986)	(2,083)	(6,037)
Contribution from Budget Support Reserve	(600)	600	0	0
Total Policy Choice Funding	(4,578)	(3,574)	(4,410)	(12,562)
Savings and Income proposals	(7,658)	3,242	1,290	(3,126)
Revised Budget Gap (Oct 19)	720	9,906	5,351	15,977



Savings and Income Proposals £7.65m



Savings and Income proposals



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Theme/Title	Service Area	2020/21 £000's	2021/22 £000's	2022/23 £000's
Fundamentally Reshaping Our Services				
Digital Transformation of Services	All	tbc	tbc	tbc
Person Centred (Reshaping)	Adults	(301)		
Equipment and Adaptations	Adults		tbc	
LPS/Portal (Reshaping)	Adults	(200)		
Sub-Total		(501)	0	0
Be More Commercial				
New Investment Income (1)	Place	(370)		
New Investment Income (2)	Place	(2,680)	1,390	1,290
New Investment Income (3)	Place	(712)		
Other direct development opportunities	Place	tbc	tbc	tbc
Car Parking	Place	(144)		
Review of corporate buildings/running costs	Place	tbc		
Net Income from Investment Properties	Place	(269)	1,934	
Environmental Health - Increase Income from HMO Licences	Place	(5)	(5)	
Early Repayment of Suppliers Discount	CW	(10)	(10)	
New Strategic Investment	CW		(67)	
Additional Treasury Mgt investment income	CW	(200)		
Sub-Total		(4,390)	3,242	1,290



Savings and Income proposals

Theme/Title	Service Area	2020/21	2021/22	2022/23
LD supported living	Adults	(122)		
Mental Health review	Adults		tbc	
Legal advocacy - in house	Central	(50)		
Post 16 LAC and Care Leavers	Children's	tbc		
Increase in income from our strategic investments	CW	(500)		
Sub-Total		(672)	0	0
Health and Social Care Integration				
Homecare Pilot	Adults	(619)		
Smoking Cessation	Adults			tbc
Market Management	Adults	(68)		
Review of Children's Placements	Children's	(315)		
Sub-Total		(1,002)	0	0
Other Corporate Efficiencies				
Insurance premium saving	CW	(50)		
Exchequer billing costs - move to online	CW	(80)		
Review of grounds maintenance	Place	(40)		
10% reduction in running costs	All	(250)		
Advance Pension Payment	CW	(757)		
Voluntary Sector Grants - use of smoothing reserve in 2019/20 - Reversal	Central	100		
Coroners Saving Toxicology Contract	CW	(16)		
Sub-Total		(1,093)	0	0
Grand Total		(7,658)	3,242	1,290





Remaining Gap

Further items still under consideration:-

- **Modernisation Programme**
- **Investment Strategy**
- **Impact of PWLB rate increase £0.1m adverse impact**
- **Pension Fund Contributions being finalised**
- **Further robustness review of social care budgets**

