

TRAFFORD COUNCIL

Report to: Executive

Date: 22 June 2020

Report for: Information

Report of: The Executive Member for Finance and Investment and the Corporate Director of Finance and Systems

Report Title:

Budget Monitoring 2019/20 – Period 12 Outturn (April 2019 to March 2020).

Summary:

The purpose of this report is to inform Members of the 2019/20 outturn figures relating to both Revenue and Capital budgets, the level of General and Service Reserves. It also summarises the final unaudited position for Council Tax and Business Rates within the Collection Fund.

Recommendation(s)

It is recommended that the Executive:

- a) note the report and the revenue outturn position showing a budget underspend of £298k, which will be transferred to the Budget Support Reserve;
- b) note the other changes to reserves as detailed in paragraph 11 and Appendix 2.
- c) note the final capital programme outturn position as detailed in paragraphs 25 to 43.

Contact person for access to background papers and further information:

David Muggeridge, Finance Manager, Financial Accounting Extension: 4534

Background Papers: None

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	Revenue and Capital expenditure to be contained within available resources in 2019/20.
Legal Implications:	None arising out of this report
Equality/Diversity Implications	None arising out of this report
Sustainability Implications	None arising out of this report
Resource Implications e.g. Staffing / ICT / Assets	Not applicable
Risk Management Implications	Not applicable
Health & Wellbeing Implications	Not applicable
Health and Safety Implications	Not applicable

REVENUE BUDGET

Budget Monitoring - Financial Results

1. Based on the pre-audit outturn for the year, the Council will underspend its budget by £298k, comprising a net underspend on service and corporate budgets of £583k partly offset by a reduction in funding of £285k. This is an overall favourable movement of £118k since last period.

Service Expenditure Summary Position

2. The pre-audited service revenue outturn position shows an underspend figure of £583k. This compares to a period 10 underspend of £180k.
3. The favourable movement of £403k is made up of a number of movements since period 10 and is explained below, with more detail given in Table 2.
4. This figure includes Covid-19 costs of £1.397m which have been met from Government Grant.

Funding Summary Position

5. Council tax funding pressure of £285k due to the award of discounts and reliefs exceeding our budget expectations.
6. Detailed below in Table 1 is a summary breakdown of the service and funding variances against budget, with Table 2 providing a more detailed explanation of the variances:

Table 1: Budget Monitoring results by Service	2019/20 * Revised Budget (£000's)	Un- audited Outturn (£000's)	Variance (£000's)	Percent- age
Children's Services	36,057	36,563	506	1.4%
Adult Services	48,772	51,601	2,829	5.8%
Public Health	11,778	12,203	425	3.6%
Place	34,862	35,068	206	0.6%
People	3,201	3,267	66	2.1%
Finance & Systems	7,559	7,494	(65)	(0.9)%
Governance & Community Strategy	7,840	7,957	117	1.5%
Total Directorate Budgets	150,069	154,153	4,084	2.7%
Council-wide budgets #	19,868	15,201	(4,667)	(23.5)%
Net Service Expenditure variance	169,937	169,354	(583)	(0.3)%

	2019/20 * Revised Budget (£000's)	Un- audited Outturn (£000's)	Variance (£000's)	Percent- age
Funding				
Business Rates (see para. 17)	(66,489)	(66,489)		
Council Tax (see para. 12)	(99,500)	(99,215)	285	0.3%
Reserves	(2,624)	(2,624)		
Collection Fund surplus	(1,324)	(1,324)		
Funding variance	(169,937)	(169,652)	285	0.2%
Net Revenue Outturn variance	0	(298)	(298)	(0.2)%
Dedicated Schools Grant	133,985	133,320	(665)	(0.5)%

includes £1.397m drawn down from the COVID-19 Reserve to cover the impact on Services in 2019/20 (see paragraph 7 below)

* There has been one budget virement since the Period 10 Budget Monitoring Report as shown in Appendix 1.

Main variances, changes to budget assumptions and key risks

7. The main variances contributing to the net service expenditure underspend of £583k and the favourable movement of £403k are highlighted below:

Table 2: Main variances	Forecast Variance (£000's)	Explanation/Risks
Children's Services	506	<p>Outturn variance £0.506m adverse; favourable movement of £0.694m since period 10</p> <ul style="list-style-type: none"> ➤ £0.167m above budget on Children's placements; favourable movement of £0.349m (note 1) ➤ £0.521m above budget on staffing; favourable movement of £0.015m (note 2) ➤ £0.273m above budget on home to school transport and nurseries; favourable movement of £0.037m (note 3) ➤ £0.455m below budget on other running costs across the service; favourable movement of £0.293m (note 4) <p>Note 1</p> <p>The variance of £0.167m is as a result of changes in demand, types of placements required and the increasing costs of children's placements.</p>

		<p>Since the last monitoring report there has been a favourable movement of £0.349m.</p> <p>The numbers of children in care as at the end of March 2020 are as follows:-</p> <ul style="list-style-type: none"> • children in care 383, a reduction of 7 • child protection is 205, a reduction of 15 • children in need 601, a reduction of 106 <p>The above position includes the achievement of the savings target of £573k.</p> <p>The service has, through the year, worked on strategies to minimise the forecasted overspend making the most cost effective decisions for Children entering care without compromising on outcomes for Children and safety.</p> <p><u>Note 1a</u></p> <p>The service has operated at speed to address the issues raised in the recent OFSTED Report by increasing capacity at the front door and bringing in additional agency social workers and team leaders. A one-off budget of £1.5m for 2019/20 was set aside, financed from a specific reserve, of which £1.122m has been spent to date. The underspend of £0.378m is due to timing delays in both recruitment & schemes which will be spent in 2020/21.</p> <p><u>Note 2</u></p> <p>As a consequence of the changes in demand across the Service over the year and reliance on agency staff there is an overspend of £521k on staffing costs; a favourable movement of £15k since period 10.</p> <p><u>Note 3</u></p> <p>The Home to School Transport service experienced high demand and increasing costs during the year with an overspend of £242k; a favourable movement of £38k.</p> <p>The remaining £31k overspend is due to a shortfall in anticipated income at Partington nursery, an adverse movement of £1k.</p> <p><u>Note 4</u></p> <p>There has been a favourable movement on other running costs of £293k. This is due to the following:</p> <ul style="list-style-type: none"> • £79k on personal needs; • £78k on commissioned services; • £74k additional grant/income; • £62k minor variances across the service.
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Adult Services	2,829	<p>Outturn variance £2.829m adverse, an adverse movement of £0.440m since period 10.</p> <ul style="list-style-type: none"> ➤ £3.115m above budget on Adult Clients; adverse movement of £404k (Note 1) ➤ £286k below budget due to vacancies and one off savings; adverse movement of £36k (Note 2) <p>Note 1</p> <p>Adult Clients £3.115m adverse variance.</p> <p>This budget continues to be extremely volatile and although the service managed to maintain client numbers, it was the continuation of increased costs due to market conditions and client complexity that resulted in the above.</p> <p>The reasons for the movement of £404k are outlined below:-</p> <ul style="list-style-type: none"> • £151k increase in costs for new clients net of contingency; • £379k net reduction in costs for existing clients; • £632k additional provision for S117 clients. <p>The Trafford market continues to be complex and in many instances local prices continue to rise above the Council's framework prices. There is a significant challenge for the service to procure care at framework prices and although the budget incorporated an element for this the outturn position is higher than anticipated. As at period 12 the Council spent approximately £4.3m in care costs in excess of framework rates; this is an increase of £110k from period 10.</p> <p>There has been a further pressure on the budget this year due to changes in Local Authority responsibility for S117 clients. Section 117 is a part of the legislation that requires Councils and CCG's to fund the requirements of an individuals after-care under the Mental Health Act to build effective support and rehabilitation packages after a period of compulsory detention. The full implications of this in backdated costs being sought by other local authorities from Trafford are estimated to be £1.498m and a provision has been included in this outturn position. These costs are subject to a legal process and decisions by the Secretary of State.</p> <p>The 2019/20 budget included a savings target of £560k. This has now been achieved in full.</p>
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		<p><u>Note 2</u></p> <p>The year-end figures show there is a favourable variance of £286k. This is due to the following:-</p> <ul style="list-style-type: none"> • £185k under budget on staffing due to vacancies, adverse movement of £60k; • £101k under budget on client equipment and maintenance, favourable movement of £22k. <p>The coronavirus has had a significant impact on the service and changes to its service delivery. However, the additional costs incurred to the end of March of £124k are being met by the CCG from their allocation given by the NHSE.</p>
Public Health	425	<p>Outturn variance £425k adverse, a favourable movement of £180k since period 10.</p> <p>The service has been under significant pressure this year to reduce its expenditure in order to mitigate the increasing costs of the Community Services contract which transferred from Pennine Care NHS Foundation Trust to Manchester Foundation Trust (MFT) on the 1st October 2019.</p> <p>The additional cost pressure amounted to £1.641m and savings achieved in year have amounted to £1.216m from planned measures, staffing savings and other variances.</p> <p>Not all the savings are recurrent meaning there is pressure on the 2020/21 budget of £1.091m which has been met from additional budget provided in the MTFP of £981k and anticipated reductions to spend of £110k.</p>

Place	206	<p>Outturn variance £206k adverse, a favourable movement of £90k since period 10 report.</p> <p>Movement since period 10:</p> <p>The overspend includes £185k of unexpected COVID-19 related costs and income pressures in March. These pressures include income reductions relating to let estate rents £108k, parking £24k, Building Control £14k and licencing £10k, plus additional property costs of £29k.</p> <p>The other key movements in the outturn includes £103k reduction in street lighting energy costs (including one-off procurement rebates), additional rental income of £60k related to the Altair development, additional parking income £44k, and reductions in various other running costs and additional income £68k.</p> <p>Outturn:</p> <p>The overall net overspend includes variances as reported previously and updated/added where appropriate:</p> <ul style="list-style-type: none"> ➤ COVID-19 cost/income pressures of £185k in March (as above); ➤ back rent / service charges owing for Urmston Library £263k and historic energy costs of £59k; ➤ estimated £192k shortfall in income from Stretford Mall turnover rent, continuing from 2018/19, offset by additional rent income from Stamford Centre £59k, Station House £26k, Airport £31k, Altair £60k and other let estate costs/income £55k; ➤ Additional one-off costs of £135k associated with surplus properties awaiting disposal / re-development; ➤ Aborted design costs relating to the proposed redevelopment of Altrincham Leisure Centre £227k; ➤ Non-highways works £38k and grounds maintenance £55k; ➤ Building control trading account has a forecast net deficit of £70k for the year (excluding COVID-19 losses above); ➤ The total staff cost underspend from vacancies is £331k, which is 6.8% of the overall staffing budget and £268k in excess of the Directorate-wide efficiency savings target; ➤ Street lighting energy cost underspend £103k; ➤ £168k one-off additional income from Regent and
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		<p>Oakfield Road car parks remaining open longer than expected;</p> <ul style="list-style-type: none"> ➤ £88k of other parking income (excluding COVID-19 losses above), including fines; ➤ Additional rental income from operational estate £125k; ➤ Other minor variances net underspend of £35k. <p>Note – The Planning service budget is ring-fenced in line with government regulations resulting in a neutral impact on the outturn. There was a £222k underspend in 2018/19 which has been carried forward to 2019/20 through reserves accordingly. There is an underspend of £305k from staff vacancies in the outturn for 2019/20 and £72k in running costs, partly offset by a shortfall in income against target of £152k. The net surplus balance of £225k will be transferred to the ring-fenced reserve accordingly.</p>
People	66	<p>Outturn variance £66k adverse, unchanged from the period 10 report.</p> <p>The outturn is unchanged from last reported but includes a number of individual movements across the service areas.</p> <p>In particular, this includes £277k of unexpected cost and income pressures in March directly related to COVID-19. This relates to trading with schools, £172k for catering and £105k for the Music Service. These have been offset by an underspend in the budgeted contribution to the Catering and Cleaning traded services prior to COVID-19 of £234k. Bereavement Services net income is also £34k higher than forecast previously.</p> <p>The outturn variance for the year is summarised below:</p> <ul style="list-style-type: none"> ➤ Staff costs are £18k below budget across the Directorate based on actual vacancies across the year, a favourable movement of £54k since last reported. ➤ Running costs are overspent by £50k, an increase of £21k, including staff parking costs which will be fully recovered from 2020/21. ➤ Bereavement Services net income is £104k above budget, an increase of £34k. Traded services with schools is a net deficit of £43k after inclusion of COVID-19 losses above. Other income is £34k above budget.

		<p>➤ These are offset by the budgeted Directorate-wide efficiency saving target of £128k.</p>
Finance & Systems	(65)	<p>Outturn variance £65k favourable, an adverse movement of £111k since period 10 report.</p> <p>The movement includes £59k of ICT costs directly related to the COVID-19 pandemic. There are also professional fees in Finance from the Sale PFI review which will deliver savings on the remaining PFI contract.</p> <p>The outturn variance for the year is summarised below:</p> <ul style="list-style-type: none"> ➤ Staff costs are £197k less than budget across the Directorate based on actual vacancies across the year, which is 2.1% of the total staffing budget and £17k lower than last reported. The staffing underspend includes £373k in Finance, mainly related to Exchequer Services where staff turnover is traditionally high, and also in Financial Management from the early part of the year following a restructure. There is £122k in ICT which has also undergone a restructure this financial year. Transformation team has a one-off cost above budget of £298k while the service is reconfigured within the Council, has been addressed in the Medium Term Financial Plan from April 2020. There are currently 17 vacancies across all the Directorate service areas which are actively being recruited to or subject to restructuring; ➤ Running costs are overspent by net £6k which is an adverse movement of £94k from last reported, mainly due to COVID-19 related ICT costs and Sale PFI professional fees outlined above. ➤ Income is £61k above budget which is unchanged and includes £23k proceeds of crime income previously reported; <p>The above are offset by the budgeted Directorate-wide efficiency saving target of £187k.</p>
Governance & Community Strategy	117	<p>Outturn variance £117k adverse, an adverse movement of £141k since the period 10 report:-</p> <ul style="list-style-type: none"> ➤ Staff costs are underspent by £533k. This is due to vacancies during the year, which is 7.4% of the staffing budget. The underspend has increased by £18k since last reported. Efforts are ongoing to fill outstanding vacant posts and the staffing underspend includes £287k in Legal Services, £140k in Access Trafford (contact centre) and

		<p>£109k in Partnerships and Communities. There are currently 17 vacancies across the service areas which are actively being recruited to or subject to restructuring.</p> <ul style="list-style-type: none"> ➤ Running costs are overspent by £199k which is £66k higher than last reported mainly due to additional costs of upgrades to the Council's CRM system £93k. The overall overspend also includes £50k relating to the trading position of the Waterside Arts Centre (as above), and £56k in Access Trafford relating to ICT software reported previously. ➤ There is a shortfall in income of £153k compared to budget. This is an adverse movement of £101k since last reported. This includes £22k related to the COVID-19 impact on income at Sale Waterside and £73k relating to the expected repayment of an EU grant. The overall shortfall also includes £35k relating to capital fees (related to staff vacancies) and £12k reduction in external SLA income in Legal and Democratic Services. ➤ There is an overall shortfall in other savings of £105k. This includes £74k relating to income for Sale Waterside Arts Centre, and £31k CCTV trading income. <p>The above are offset by the budgeted Directorate-wide efficiency saving target of £193k.</p>
Council-wide budgets	(4,667)	<p>Projected outturn variance £4.667m favourable, a favourable movement of £131k since period 10 report:-</p> <ul style="list-style-type: none"> • Release of contingencies of £1.934m; • As previously reported, the total MAG dividend received in the year has exceeded the budget by £1.332m; • Investment Properties income above budget has now reduced to £712k, an adverse movement of £1.517m since P10 to reflect the transfer of a prudent £1.5m to cover the potential impact of COVID-19 on rental income in 2020/21; • Savings on Insurance premiums and claims provisions of £286k; • Additional income, including a rebate from the GMCA £250k; • Coroners budget contract savings £69k;

		<ul style="list-style-type: none"> • The net Housing Benefit budget (payments made, less subsidy and overpayment recovery) is above budget by £608k, an adverse movement of £113k since period 10. This pressure is a combination of reduced subsidy resulting from a review of the treatment of temporary and supported accommodation, and lower collection rates of prior years' housing benefit overpayments. After further consideration during the closedown review of reserves it has been considered prudent to bolster the Housing Benefit Reserve by a figure of £500k which will be used to smooth any future pressure, this is £200k higher than previously reported. This contribution will increase the overspend on Housing Benefit to £1.108m. • A shortfall in Liability Order costs income of £208k, a minor improvement of £5k since period 10; • The Bad Debt Provision for general debtors has been increased by £248k to £380k as a prudent measure during the current economic climate. This increase is £133k above budget. • Other net favourable variances of £136k; • Covid-19 – In March the Council received its first instalment of grant funding from MHCLG of £6.119m to cover cost and income pressures caused by the pandemic. An amount of £1.397m has been used and accounted for in the Council Wide budget to offset the service pressures in this report with the balance of £4.722m carried forward to an earmarked reserve. • Sale PFI Bullet Payment – the Sale Waterside PFI budget is held within Council Wide and following an adjustment to the final bullet payment which is due at the end of the PFI contract, an amount of £0.8m has been released from the accumulated liability amount set aside on our balance sheet. This unbudgeted amount has been transferred into the Budget Support reserve and therefore has had no impact on our outturn position.
Funding	285	See paragraph 15 below.

Dedicated Schools Grant	(665)	<p>Underspends are within the schools block (growth fund and de-delegated budgets of £644k) and the central schools budget of £97k. This is offset by an overspend in the high needs block of £76k.</p> <p>This underspend will be transferred to the central DSG reserve to give a year end balance of £2.895m; an element of this is ringfenced in respect of de-delegated sums from the school's budget £697k, growth fund £468k, and PRUs £148k with the remainder able to support any future pressures within the high needs block.</p>
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Impact of COVID-19

8. As a result of the Covid-19 Pandemic, on the 19th March the Government announced a £1.6bn package of support to help local authorities respond to some of the underlying pressures in their local area. Trafford's share of this first phase of support at £6.1m was received in the 2019/2020 financial year and as such has been accounted for in Council Wide as a government grant. Whilst the Service Area and Funding budgets have reported their Covid-19 related pressures separately, the grant has been treated as a centrally held resource for monitoring purposes. A summary of the Covid-19 pressures by service area, which will be met from the grant is shown in Table 3 below, with the remaining balance being carried forward in an earmarked reserve to meet the substantial and ongoing impact in 2020/21.

Table 3 – Impact of COVID-19 on Services	2019/20 £
Government Grant	(6,118,593)
Children's Services	Nil
Adult Services Funded by CCG	124,000 (124,000)
Place	185,000
People	277,000
Finance & Systems	59,000
Governance & Community Strategy	22,000
Council-wide	133,000
Business rates	250,000
Council Tax	328,000
Capital Programme Costs (ICT equipment)	143,000
Total Net Pressures	1,397,000
Balance carried forward Covid-19 Reserve	(4,721,593)

9. The net pressures felt in 2019/20 have been detailed in the service narratives in Table 2 and includes actual expenditure and income pressures such as additional equipment and lost trading income plus assumptions on lower collection rates relating to historic debt such as Council Tax, Business Rates and general debtors. Net pressures of £1.397m have been identified, which will be met from the Government Grant leaving a balance of £4.722m which will be carried forward in the Earmarked Covid-19 Grant Reserve.

MTFP Savings and increased income

10. The 2019/20 budget is based on the achievement of permanent base budget savings and increased income of £6.855m. The draft outturn shows that £6.830m (99.6%) of the savings target have been achieved giving a small shortfall of £25k.

Table 4 – Income and Savings Proposals 2019/20 Budget	Savings Target £	Savings Achieved £	Surplus \ (shortfall) £
Target Agreed at Budget Council February 2019	6,855,000	6,830,000	25,000

RESERVES

11. The Council's usable reserves at 31st March 2020 are £91.37m, an increase of £19.03m over the year.

Table 5 - Usable Reserves	Opening Balance 1/4/2019 £m	Closing Balance 31/03/2020 £m	Change £m
Budget Resilience and Smoothing	25.32	31.29	5.97
Strategic Priority	7.55	11.54	3.99
Corporate	2.52	2.05	(0.47)
General Reserve	7.00	7.00	0.00
Service Area Priorities	7.40	6.64	(0.76)
Earmarked Reserves	49.79	58.52	8.73
Capital Related Reserves	11.99	21.82	9.83
School Related Reserves	10.56	11.03	0.47
Total Usable Reserves	72.34	91.37	19.03

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

Budget Resilience and Smoothing – Net Increase of £5.97m:-

- **Covid-19 Grant Support Reserve**, this reserve was established in 2019/20 to hold the balance of Government grant to support local Covid-19 related pressures as identified in paragraph 8. The year-end balance is £4.72m.

The considerable impact of Covid-19 pressures will continue to be felt in 2020/21. In addition to the government grant reserve, further resources are likely to be required and as such the first monitor in the new financial year will include a full review of opening reserve balances in order to establish a new earmarked Covid-19 General Reserve.

- **Budget Support Reserve** a net increase of £4.41m, consisting of £2.624m application to support the 2019/20 budget as agreed by Executive in February 2019, the transfer of £2.73m and £2.0m from the MAG Dividend Reserve and Business Rates Risk Reserve as agreed by Executive in February 2020, plus the transfer of the in-year budget surplus of £298k. In addition a further £0.8m has been transferred into the Reserve following an adjustment to the final bullet payment which is due at the end of the Sale Waterside PFI contract. The transfer has come from the accumulated bullet payments held on our balance sheet as a long term liability and therefore has had no impact on our outturn position. A further £1.204m has also been transferred from part of a one-off redistribution of GM Waste reserves of £2.7m. The balance of £1.5m has been set aside in a reserve for the potential contribution to Bus Reform in 2020/21 (see below in Strategic Priority).
- **Business Rates Risk Reserve** a net reduction of £0.8m from the Business Rates budget, largely due to the redistribution of 2018/19 Business Rate Growth Pilot less the 2019/20 in-year deficit £1.2m (see paragraph 19) less £2m transferred to the Budget Support Reserve as agreed by Executive in February 2020.
- **Interest Rate Smoothing Reserve** – increase of £0.841m mainly due to timing differences on debt repayment.
- **MAG Dividend Reserve** a reduction of £2.73m which was transferred to Budget Support Reserve as agreed by Executive in February 2020; this action was taken prior to the current pandemic and the balance stands at £0.550m at year end.
- **Housing Benefit Overpayment Reserve** – this reserve was established to smooth volatility in recovery of benefit overpayments, an increase of £73k in 2019/2020 consisted of £427k agreed budget support, plus top up of £500k to provide future resilience.
- **Employment Rationalisation Reserve**, reduced by £444k to £1.0m as agreed as part of the review of reserves during the year.
- **Members ICT Reserve** – reduced by £70k in year to finance new equipment.

- **EU Exit Monies** – increased by £210k additional government grant to support Brexit pressures.

Strategic Priority – Net Increase of £4.00m:-

- **Strategic Investment Property Risk Reserve** – increased by £3.5m to provide a cushion against medium term risks and short-term downturn in market conditions due to the Covid-19 pandemic.
- **Children’s Action Fund** – established in 2018/2019 to provide resource to support the action plan relating to OFSTED findings. This reserve has been drawn down by £1.12m as planned.
- **Major Projects and DSG Reserve** – reduced by £121k during the year, including £301k drawn down in respect of the Council’s obligations for student accommodation for UA92 and an increase of £180k to support the Modernisation Programme in 2020/21.
- **Leisure Centre Redevelopment Risk Reserve** – increased by £0.518m reflecting a transfer from other earmarked reserves as part of a review of reserves during the year. This reserve was established to manage risk during the leisure centre refurbishment programme.
- **Bus Reform Reserve** – an amount of £1.5m has been set aside from the one-off redistribution of GM Waste reserves, referred to above, for the potential contribution to Bus Reform in 2020/21.

Corporate – Net Reduction of £0.47m:-

- **NDR Deficit Reserve** – holds Trafford’s share of the Business Rates Collection Fund deficit and National Levy Rebate distributed in 2019/20, net reduction in year of £0.798m.
- **STaR Procurement Reserve** – reduction of £94k to meet 2019/20 budget as planned.
- **Planning Income Reserve** - this ring-fenced reserve holds surplus planning income with specific statutory conditions attached and increased by £136k.
- **Council Tax Smoothing Reserve** – increased by £285k to hold timing difference of Trafford’s shortfall in estimated Council Tax surplus.

Service Priority Reserves – a net application of £0.76m:-

- **ICT Development Reserve** – increased by £326k to cover capital commitments and to provide budget resilience in 2020/21
- **Economic Development Reserve** – reduced by £181k to meet commitments in year

- **Service Carried Forward Reserves** – net application of £0.597m to meet planned requirements during the year.

Capital Related Reserves

- Increased by £9.83m, committed for use in the application of financing capital budget in future years.

COLLECTION FUND

Council Tax

12. The 2019/20 surplus on the Council Tax element of the Collection Fund is shared between the Council (82%), the Police & Crime Commissioner for GM (13%) and GM Fire & Rescue Authority (5%). The total surplus brought forward as at 1 April 2019 was £2.18m of which the Council's share was £1.82m. A figure of £1.59m was planned to be released to support the 2019/20 budget, with the remaining balance of £0.59m released in 2020/21.
13. During the year there was a surplus on the Collection Fund of £0.52m, however this figure consists of an underlying deficit of £0.92m, which has been offset by the release of one-off 'Credits held' of £1.44m, relating to historical overpayments by previous council tax payers who have now left the area and cannot be traced.
14. The underlying deficit on the Collection Fund has largely been caused by the award of discounts and reliefs (single person discount, carers discount) exceeding our budget expectations. In previous years, better than expected collection rates on historic debt has provided a level of unbudgeted windfall, however our provision for bad debt has been bolstered by £0.4m to reflect the potential for lower collection rates due to the Covid-19 pandemic. This has neutralised any potential windfall from historic debt collection.
15. When preparing the 2020/21 budget, the Council estimates the level of surplus in the current financial year, which is available for distribution in 2020/21. At the time of the Period 6 monitoring, the Council was forecasting an in-year surplus in the region of £0.87m, with Trafford's share being £0.72m. As a result of the in-year surplus reducing to £0.52m, this effectively means that the Council will need to set aside a figure of £0.285m to make good the shortfall. Consequently a contribution to a Council Tax smoothing reserve has been made in 2019/20 which will be used to reimburse the Collection Fund in 2021/22.
16. Council Tax collection rate as at 31 March 2020 was 97.8%, compared to the target of 98.1%.

Business Rates

17. The 2019/20 budget included anticipated growth in retained business rates and related S31 grants of £13.29m. During the year there continued to be significant volatility in the rating system as a result of a pattern of properties being converted to residential settings and some significant backdating of appeal costs. Demolitions and

refurbishments saw a reduction in total Rateable Value of £4.08m which equated to approximately £2.0m in reduced income, some significant historic appeals were settled during the year which were met from our existing appeals provision. A review of our appeals provision relating to the impact of the major transport infrastructure developments on the Trafford Park and Trafford Centre areas has been undertaken. This review identified that those appeals relating to the Trafford Centre were dismissed by the VOA, with those relating to Trafford Park still being considered. A further exercise has taken place to release one-off 'Credits held' of £1.05m, relating to historical overpayments. As a result of the Covid-19 pandemic, the provision for bad debt has been bolstered to reflect the potential for a higher level of default on historic debt. As a result of all of the above, there is a year-end deficit of £1.3m on the Collection Fund. This is a significant improvement over the estimated deficit of £5.7m at period 10.

18. The deficit on the Collection Fund has been offset by a number of movements relating to business rates items within the General Fund; these include a favourable £122k relating to the National Levy Rebate, shortfall in Section 31 Grants £491k and a lower No Detriment Payment of £0.697m to Greater Manchester Combined Authority due to the lower growth. The net impact of the Collection Fund and General Fund items is a £0.953m shortfall.
19. As previously reported, the GMCA has agreed that a figure of £20m would be redistributed back to pool members relating to 2018/19 retained Business Rates, of which Trafford's share is £2.15m. It was agreed in Period 6, a figure of £200k would firstly be used to replenish the Housing Benefit Overpayment Risk Reserve, with the remaining balance of £1.95m being used to either meet the in-year pressure in the rates budget or replenish the Business rates Risk Reserve. Subsequently, a balance of £0.953m will be used to meet the 2019/20 shortfall, with £1.2m being transferred to the Business Rate Risk Reserve. This reserve stands at £7.9m at year end.
20. The table in Appendix 3 shows the components of the above in detail.
21. Business Rates collection rate as at 31 March 2020 was 98.0% compared to a targeted collection rate of 98.1%.

Transformation Fund

22. The Trafford locality was awarded £22m in October 2017 from the Greater Manchester (GM) £450m Transformation Fund delegated to Greater Manchester Heath & Social Care Partnership (GMHSCP) by NHS England. Of this £7.1m was allocated to the Council to support delivery of savings. As at 31 March 2020 £5.3m has been utilised and supported by match funding across a range of schemes and delivered £8.3m of recurrent savings. The remaining grant will be utilised in 2020/21.

CAPITAL PROGRAMME

23. Capital expenditure for 2019/20 amounted to £196.27m as summarised in the following table:-

Table 6: Capital Investment Programme 2019/20	Revised Budget £m	2019/20 Expenditure £m	Variance £m
Service Analysis:			
Children's Services	13.63	5.75	(7.88)
Adult Social Care	3.53	3.60	0.07
Place	45.39	28.10	(17.29)
Governance & Community Strategy	0.69	0.01	(0.68)
Finance & Systems	2.39	1.02	(1.37)
General Programme Total	65.63	38.48	(27.15)*
Asset Investment Fund	197.14	157.79	(39.35)
Total Programme	262.77	196.27	(66.50)

(*) The underspend has increased by £11.22m since last reported and the key changes are explained in paragraph 33 below.

GENERAL CAPITAL PROGRAMME

24. The major areas of investment included :

School Improvements - £5.36m:-

- Capital Maintenance & Access works - £2.47m
- Expansion & Basic Need Works - £1.72m
- SEND and Healthy Pupils Funding works - £670k
- Improvements via Devolved Formula Capital - £500k

Children Social Care - £390k:-

- Children's Portal and Talkshop - £200k
- Foster Carers - Accommodation Improvements - £190k

Adult Social Services - £3.60m:-

- Disabled Facilities Grants - £3.41m
- Assistive Technology / Agile Working - £190k

Major works on Public & Operational Buildings - £1.04m:-

- Public Building Repairs & DDA Improvements - £650k
- Other Schemes- £390k

Regeneration Projects - £2.46m:-

- Manchester Airport – Strategic Investment - £1.87m
- Altrincham and Stretford Town Centre schemes - £320k
- Westpoint DDA works - £110k
- Other Schemes - £160k

Highway & Transport Related Improvements - £15.28m:-

- Metrolink extension contribution - £8.01m
- Highway Structural Maintenance (Inc. Lighting) - £5.50m
- Traffic & Transport - £970k
- Bridges Programme - £800k

Sport, Recreation & Culture and Recycling - £8.07m:-

- Urmston Leisure Centre - £7.06m
- Parks and Play Areas Infrastructure - £470k
- Sport & Leisure Centre developments – £240k
- Altrincham & Stretford Leisure Centres - £170k
- Other Schemes - £130k

Governance and Communities - £10k:-

- Partnership and Communities - £10k

Finance and Systems – £1.02m:-

- Range of ICT initiatives - £1.02m

Financing of General Capital Expenditure

25. The expenditure was financed predominantly from grants and external contributions, supplemented by specific reserves, anticipated borrowing and small levels of receipts. The actual levels applied are shown below:

Table 7: Financing of General Capital Expenditure 2019/20	Budget £m	Actual £m
Internal Resources		
Capital Receipts	12.53	2.01
Specific Reserves & Revenue	3.83	3.14
Borrowing	17.90	12.26
Sub-Total	34.26	17.41
External Resources		
Grants & Contributions	31.37	21.07
Total Programme	65.63	38.48

26. In terms of grants and contributions there are none that are at risk of clawback and therefore will be able to fund schemes that they are earmarked towards in future years.
27. It was assumed within the budget that in 2019/20 capital receipts of £12.53m would be realised. The actual amount of receipts received and able to be utilised to fund the capital programme was £2.01m. The reason for this has been a slowdown, and a delay, in the rate at which assets have been disposed of. The shortfall in capital receipts has been managed within the current available resources within the programme.

28. As part of the Period 2 monitor within the financial year 2020/21 a review of the current position in terms of assumed capital receipts will be carried out and the capital programme position revised to reflect any changes.

Performance against budget and explanation of major variances

29. The original budget for 2019/20 was approved at £67.93m in February 2019 but this has subsequently been revised during the year for new grant approvals and other changes approved by the Executive resulting in a revised budget of £65.63m as at Period 10.
30. As part of the monitoring process a record of the “milestones” reached by each project is kept to show the progress of the scheme from inclusion in the Programme through to completion. The table below shows the value of the programme across the milestone categories.

Table 8: Status on 2019/20 Projects	Current Budget £m	Percentage of Budget
Already complete	36.41	55%
On site	21.97	34%
Programmed to start	4.12	6%
Not yet programmed	3.13	5%
Total	65.63	100%

The first three categories demonstrate the progress that has been made in delivering the priorities and shows that £61.66m (95%) of the budget has now been committed or is programmed to start.

31. Final expenditure of £38.48m represents an overall variance of £27.15m. Capital expenditure by its nature can fluctuate and be difficult to forecast across a single financial year, and can also be affected by factors outside the Council’s direct control. An explanation of the variations by Directorate is shown in Appendix 4.
32. The in-year level of capital investment expenditure is below that of the revised budget and a summary of the major variances is shown below. Appendix 5 provides an analysis of the variance at a service level.

Table 9: Actual Capital Expenditure compared to Revised budget 2019/20	£m
Revised Budget (P10)	65.63
Actual Outturn	38.48
Variance	(27.15)
Explained By:-	
Re-profiling to future years	(27.45)
Acceleration	0.19
Additional	1.11
Savings	(1.00)
Total	(27.15)

33. The last capital monitoring report was at period 10, and indicated a forecast outturn of £49.70m against the revised approved budget of £65.63m. This was a variance of £15.93m and included a number of schemes where resources have been re-profiled as follows;

- £2.80m of Basic Need funding that is currently unallocated but has been included as part of the planning for the 2020/21 programme to deliver secondary school places.
- £1.00m in relation to outstanding land compensation on the Altair development.
- £2.40m for Urmston to Sale Water Park cycle scheme which has been delayed whilst the design and agreement are finalised with the funding body and £0.42m Altrincham Town Centre cycle link which needs an increase in funding to deliver.
- £600k for Highway Infrastructure Safety Improvements for which design work has taken place, but the majority of the spend will now be in 2020/21.
- £1.00m in relation to Football Facility Provision, the budget includes grant support of £596k from the Football Foundation. Negotiations are still ongoing and as a result a date for implementation for the scheme is still to be finalised.
- £1.02m for Section 106 funded programme of works; plans to utilise these contributions around parks, green spaces and tree planning are underway and the amounts have been included in the 2020/21 programme.
- £1.20m around ICT improvements with the majority linked to Office 365 roll-out which there have been delays due to the availability of hardware to implement this.

In addition to the variances from original budget detailed above, additional variances of £11.22m are also included in the Outturn, all of which have been re-profiled on schemes that are still to be completed. The main areas are;

- £2.19m of School expansions relating to schemes at Worthington Primary School which was due to commence in early March but as a result of the COVID-19, there were issues within the supply chain which led to a delay, work has now started on site. There has also been a delay at Gorse Hill primary school where there have been issues with the contractor.
- £520k on SEND Capital works across a number of schemes with the main scheme being at Delamere Special School where the design and consultation process on the hydro-pool is taking longer than anticipated.
- £831k on Capital Maintenance where there have been a number of small delays on schemes and contractor issues at King Road Primary school.
- £1.83m for Manchester Airport Project Apollo, this was due to be paid in 2019/20 but has been delayed until early in 2020/21.

- £972k on Integrated Transport where there has been some delays in scheme delivery, including £518k for Residents Parking Schemes that have required further consultation.
- £2.16m on Highways Structural Maintenance, the vast majority of schemes have incurred costs in 2019/20, however, due to varying reasons not all schemes were concluded in year and so will continue into 2020/21.
- £381k on a number of smaller Parks and Greenspaces schemes

Re-profiling is shown at an individual scheme level in Appendix 5.

34. During 2019/20 additional expenditure of £1.11m has been incurred on a number of projects of which £726k has been financed from specific resources. These include:
- £379k relating to capital lifecycle works at Sale Waterside funded by pre-payments for lifecycle expenditure as part of the PFI arrangements,
 - £143k of ICT costs for the roll-out of agile working requirements as a result of the Covid-19 pandemic, which is funded by grant,
 - £93k of property related repairs which have been funded by insurance claims,
 - £74k of additional Disabled Facility Grant costs funded by social landlord contributions,
 - £26k of highway works has been done under S278 of the Highways Act and financed from developer contributions
 - £11k of highways works relating to cycleways and pedestrian facilities funded by TfGM grant.
35. A further £383k of additional costs across a range of schemes has been incurred on schemes supported by Trafford resources and these can be financed by savings on other schemes. These include :
- Urmston Leisure Centre – Redevelopment - £225k
 - Highways Tree Resolution - £57k
 - Disabled Facilities Grant - £56k
 - Other Schemes - £101k
36. Saving on schemes total £1m, of which £220k is on schemes financed from ring-fenced resources. The remainder of the savings is on schemes financed from capital receipts with individual details given in Appendix 6. Taking account of the overspend of £380k described above, this leaves a net saving on schemes supported by Trafford's internal resources of £400k.
37. It is to be noted that as a result of the current Covid-19 pandemic, in 2019/20 there have been costs of £143k specifically attributed to it within the capital programme. These costs specifically relate to ICT and introduction of agile working within the Council, and have been fully funded by the COVID-19 grant. Any further impacts of Covid-19 on capital expenditure in 2020/21 will be picked up in the budget monitoring throughout the year.

ASSET INVESTMENT FUND

38. In February 2020 approval was given to increase the Asset Investment Fund to £500m, supported by prudential borrowing, to support the Council's Investment Strategy. By the end of 2019/20 seventeen transactions have been agreed by the Investment Management Board at a total capital cost of £374.48m. The balance available is £125.52m based on approval by Council in February 2020 (table 10 below).

Table 10: Asset Investment Fund	Prior Years £m	2019/20 £m	Commitment £m	Total £m
Total Investment Fund				500.00
Cost				
K Site, Stretford:-				
Equity in Trafford Bruntwood LLP	9.10	1.61	1.54	12.25
Development Loan to Bruntwood	9.10	1.61	1.54	12.25
Sonova House, Warrington	12.17			12.17
DSG, Preston	17.39			17.39
Grafton Centre incl. Travelodge Hotel, Altrincham	10.84			10.84
Trafford Magistrates Court	4.07			4.07
The Fort, Wigan	13.93			13.93
Sainsbury's, Altrincham	25.59			25.59
Brown Street, Hale (*)	0.66	2.68	4.15	7.49
The Crescent, Salford		39.67	21.13	60.80
CIS Building, Manchester		60.00		60.00
Stretford Mall & Stamford Qtr.				
Stretford Mall, Equity		8.82		8.82
Stamford Quarter, Equity		16.69		16.69
Acquisition Loan to Bruntwood		25.57	0.32	25.89
The Hut Group			67.50	67.50
Former sorting office, Lacy Street, Stretford		0.86	0.04	0.90
Various Development Sites		0.29		0.29
Total Capital Investment	102.95	157.79	96.22	356.86
Albert Estate Treasury Investment			17.62	17.62
Total Capital Investment	102.85	157.79	113.84	374.48
Balance available				125.52

(*) There have been delays to the Brown Street scheme as a result of the main contractor on the development going into administration at the end of March 2020. Work is currently being done to appoint a replacement contractor to complete the

work under a management contractor utilising many of the current subcontractors already working on the scheme. As a result of this, and the Covid-19 impact, net profit on the scheme will be reduced by around £400k, which will have an impact on the capital receipt. To offset this impact, savings of £400k have been identified within the capital programme.

39. The investment fund generated gross income of £13.61m in 2019/20, with net income, after financing costs and fees, of £3.12m. The net return is £0.71m higher than the budgeted target return for 2019/20. This variance was mainly due to the addition of income generating assets mid-year, such as the new debt investment assets at the CIS Tower and the Hut Group. The high level of income, in addition to supporting the revenue budget, also allowed the Council to make a contribution in year to its risk reserve of £3.50m.
40. The Investment Fund and schemes within it are continually under review to ensure that the schemes and investments offer the best value for money whilst ensuring that they tie into the aims of service delivery within the Council.

Prudential Indicators

41. The Council is required to maintain these indicators which are designed to show that its capital expenditure plans are prudent, affordable and sustainable. Detailed in Appendix 7 are the actual capital programme related indicators agreed in February 2020.

Recommendations

42. It is recommended that the Executive:

- a) note the report and the revenue outturn position showing a budget underspend of £298k, which will be transferred to the Budget Support Reserve;
- b) note and agree the other changes to reserves as detailed in paragraph 11 and Appendix 2;
- c) note the final capital programme outturn position as detailed in paragraphs 25 to 43.

Other Options

Not Applicable

Consultation

Not Applicable

Reasons for Recommendation

Not Applicable

Finance Officer ClearanceGB.....
Legal Officer ClearanceJL.....



CORPORATE DIRECTOR'S SIGNATURE

Virements	Children's (£000's)	Adults (£000's)	Place (£000's)	* Central Services (£000's)	Council- wide (£000's)	Total (£000's)
Period 10 Report	36,057	60,550	34,862	18,576	19,892	169,937
Future Gov Phase 1A				24	(24)	0
Total virements				24	(24)	0
Period 12 Report	36,057	60,550	34,862	18,600	19,868	169,937

* People, Finance & Systems and Governance & Community Strategy.

Trafford Council Reserves Movement 2019 to 2020	Balance 31.3.19 £000	Spend/ (income) 2019/20 £000	Transfer to/from reserves 2019/20 £000	Balance 31.3.20 £000	Net Movement £000
Budget Resilience and Smoothing					
Manchester Airport Group Dividend	(3,283)	0	2,733	(550)	2,733
Budget Support Reserve	(5,484)	322	(4,733)	(9,895)	(4,411)
Business Rates Reserve	(8,776)	(1,201)	2,000	(7,977)	799
COVID 19	0	(4,722)	0	(4,722)	(4,722)
Insurance Reserve	(1,870)	(30)	0	(1,900)	(30)
Employment Rationalisation Reserve	(1,444)	0	444	(1,000)	444
Housing Benefit Overpayments Reserve	(427)	(73)	0	(500)	(73)
Higher Needs Support Reserve	(572)	(364)	468	(468)	104
Synthetic Pitch Replacement Reserve	(63)	(15)	0	(78)	(15)
Legal Services Reserve	(178)	72	0	(106)	72
Local Search Litigation Costs Reserve	(100)	(43)	0	(143)	(43)
Civic Vehicle Replacement	(32)	(5)	0	(37)	(5)
Waste Levy Reserve	(1,075)	16	0	(1,059)	16
Winter Maintenance Reserve	(120)	0	0	(120)	0
Elections Reserve	(247)	103	0	(144)	103
Interest Rate Reserve	(1,291)	(841)	0	(2,132)	(841)

Exchequer Services Reserve	(185)	43	0	(142)	43
Members ICT reserve	(70)	70	0	0	70
EU Exit Funding Reserve	(105)	(210)	0	(315)	(210)
Total Budget Resilience and Smoothing Reserve	(25,322)	(6,878)	912	(31,288)	(5,966)
Strategic Priority					
Transformation Fund Reserves	(5,097)	279	0	(4,818)	279
Strategic Investment Property Risk Reserve	(189)	(3,504)	0	(3,693)	(3,504)
Leisure Centre Redevelopment Risk Reserve	(150)	0	(518)	(668)	(518)
Children Action Fund Reserve	(1,500)	1,122	0	(378)	1,122
Major Projects and DSG Academy Transfer Reserve and Future Gov	(609)	589	(468)	(488)	121
Bus Reform Reserve	0	(1,500)	0	(1,500)	(1,500)
Total Strategic Priority	(7,545)	(3,014)	(986)	(11,545)	(4,000)
Corporate					
NDR Deficit Reserve	(1,590)	798	0	(792)	798
STaR Procurement Reserve	(711)	94	0	(617)	94
Planning income reserve	(222)	(136)	0	(358)	(136)
Council Tax Smoothing	0	(285)	0	(285)	(285)
General Fund Reserve	(7,000)	0	0	(7,000)	0
Total Corporate	(9,523)	471	0	(9,052)	471
Specific Area Priority					
ICT development	(299)	(143)	(183)	(625)	(326)
Economic Development Reserves	(844)	181	0	(663)	181

Libraries and Customer Services Reserve	(106)	89	0	(17)	89
Voluntary Sector Grants Reserve	(222)	108	74	(40)	182
Community Safety Reserve	(337)	18	0	(319)	18
LAA Performance Reward Grant Reserve	(115)	115	0	0	115
One Trafford Partnership	(2,106)	(23)	0	(2,129)	(23)
Sports Partnership Reserve	(145)	(70)	0	(215)	(70)
Service Carry Forward Place	(739)	88	0	(651)	88
Service Carry Forward Traded Services	(383)	(68)	0	(451)	(68)
Service Carry Forward Children's Services	(14)	14	0	0	14
Service Carry Forward Adults Services	(750)	297	0	(453)	297
Service Carry Forward Governance and Community Strategy	(69)	(58)	0	(127)	(58)
Service Carry Forward Finance and Systems	(606)	42	183	(381)	225
Service Carry Forward People and Traded Services	(669)	99	0	(570)	99
Total Specific Area Priority	(7,404)	689	74	(6,641)	763
Total Earmarked Reserves	(49,794)	(8,732)	0	(58,526)	(8,732)
Other Reserves					
Capital Related Reserves	(11,994)	(9,824)	0	(21,818)	(9,824)
Balances held by schools under a scheme of delegation	(10,559)	(468)	0	(11,027)	(468)
Total Other Reserves	(22,553)	(10,292)	0	(32,845)	(10,292)
Total Usable Reserves	(72,347)	(19,024)	0	(91,371)	(19,024)

Appendix 3

	Budget 100% 2019/20 £	Actual 100% 2019/20 £	Variance £	Comment
Rateable Value	(374,978,371)	(370,900,235)	4,078,136	Reduction in Rateable Value of £4.08m due to demolitions and refurb resulted in a loss of income of £2.0m
Gross Rates Payable	(184,114,380)	(175,357,200)	8,757,180	In addition to the reduction in Rateable Value, £6.8m was repaid due to appeals and prior year adjustments. Total loss in rates of £8.8m
Transitional Adjustments and Mandatory & Discretionary Reliefs	18,530,213	20,078,989	1,548,776	Increase in Reliefs (largely Empty Property Relief) resulted in lower income of £1.55m
Accounting Adjustments (Appeals & BDP) & Cost of Collection	10,028,942	1,017,015	(9,011,927)	Budgeted contribution of £7.4m for appeals relating to 19/20 has been offset by a reduction in appeals provision due to some big cases being dismissed by the VOA plus a further accounting adjustment of £1.05m release of credits.
NNDR Collection Fund Income	(155,555,225)	(154,261,196)	1,294,029	Net impact of above lines resulted in a deficit on the Collection Fund of £1.3m

	Budget 2019/20 100% £	Actual 2019/20 100% £	Variance £	Comment
Local Share	(153,999,673)	(152,718,584)	1,281,089	Trafford Shares (99%) of the Collection Fund Deficit
Tariff	94,589,989	94,589,989	0	
Retained Business Rates	(59,409,684)	(58,128,595)	1,281,089	Overall impact on Retained Business Rates £1.3m shortfall
Baseline Funding Level	(53,196,876)	(53,196,876)	0	
Growth	(6,212,808)	(4,931,719)	1,281,089	Shortfall in Retained Rates (as above)
SAICA Renewable Energy	(81,648)	(81,648)	0	
Section 31 Compensation Grants	(10,501,620)	(10,010,777)	490,843	Shortfall in Section 31 Grants
National Levy Rebate	(549,761)	(671,930)	(122,169)	Additional National Levy rebate
Growth/(Decline) to Baseline	(17,345,837)	(15,696,074)	1,649,763	
GM Pilot 'No Detriment' Over Payment	10,470,846	9,077,056	(1,393,790)	Lower No Detriment payment as a result of lower rates income
GM Pilot 'No Detriment Rebate at 50%	(5,235,423)	(4,538,528)	696,895	Lower rebate from above
Release of Prior Year Surplus	(1,181,215)	(1,181,215)	0	
Business Rates Benefit	(13,291,629)	(12,338,761)	952,868	Overall shortfall on Business Rates £0.953m

	Budget 2019/20 100% £	Actual 2019/20 100% £	Variance £	Comment
Summary				
Baseline Funding	(53,196,876)	(53,196,876)		
Business Rates benefit over Baseline	(13,291,629)	(12,338,761)		
Total Business Rates Budget	(66,488,505)	(65,535,637)	952,868	
18/19 Growth Pilot Rebate		(2,154,171)	(2,154,171)	
Balance to Business Rate Risk Reserve		1,201,303	1,201,303	

CAPITAL OUTTURN 2019/20

The Council spent £196.27m on capital schemes in the last financial year. A summary analysis of this by Directorate is shown below, together with further detail on re-profiling, acceleration, overspending and savings.

				← Variance Explained By →			
General Programme	Budget 2019/20	Outturn 2019/20	Variance	Re- Profiling	Acceleration	Add'n Expend	Saving
Directorate	£m	£m	£m	£m	£m	£m	£m
Children' s Services	13.63	5.75	(7.88)	7.50	(0.05)	(0.07)	0.50
Adult Social Care	3.53	3.60	0.07	0.07		(0.14)	
Place	45.39	28.10	(17.29)	17.75	(0.14)	(0.76)	0.43
Governance & Community Strategy	0.69	0.01	(0.68)	0.63			0.05
Finance & Systems	2.39	1.02	(1.37)	1.50		(0.14)	0.02
General Programme Total	65.63	38.48	(27.15)	27.45	(0.19)	(1.11)	1.00
Capital Investment Fund	197.14	157.79	(39.35)	39.35			
Total Programme	262.77	196.27	(66.50)	66.80	(0.19)	(1.11)	1.00

Appendix 5

An analysis of major areas of re-profiling for the General Capital Programme		Budget 2019/20	Actual	Variance	Percentage Spent	Net Reprofiling
		£m	£m	£m		£m
Children's Services						
	Schools	13.08	5.36	(7.72)	41%	7.29
	- Basic Need : Expansion schemes	6.91	1.72	(5.19)		4.79
	- Maintenance Programme	3.69	2.47	(1.23)		1.30
	- Devolved Formula Capital	0.82	0.50	(0.32)		0.32
	- SEND Programme	1.08	0.41	(0.67)		0.67
	- Other Schemes	0.59	0.27	(0.32)		0.22
	Children's Social Care Services	0.55	0.39	(0.16)	71%	0.16
	- Foster Carers – Accommodation Improvements	0.35	0.19	(0.16)		0.16
	- Other Schemes	0.20	0.20	(0.00)		0.00
Total		13.63	5.75	(7.88)	42%	7.45
Adult Social Care						
	- Disabled Facilities Grant	3.28	3.41	0.13		0.00
	- Other Schemes	0.25	0.19	(0.07)		0.07
Total		3.53	3.60	0.06	102%	0.07
Place						
	Corporate Landlord	1.63	1.04	(0.59)	64%	0.98
	- DDA Programme	0.20	0.05	(0.15)		0.14
	- Public Building Repair Programme	1.01	0.60	(0.41)		0.44
	- Other Schemes	0.41	0.39	(0.03)		0.40
	Regeneration & Strategic Planning	6.98	2.46	(4.52)	35%	4.51
	- Manchester Airport - Investment	3.70	1.87	(1.83)		1.83
	- Altair Development	1.13	0.03	(1.10)		1.10

	Budget 2019/20	Actual	Variance	Percentage	Net Reprofiling
	£m	£m	£m		£m
- Altrincham & Stretford Public Realm	0.38	0.29	(0.09)		0.09
- Greater Manchester Full Fibre Initiative	0.71	0.01	(0.70)		0.70
- Other Schemes	1.07	0.26	(0.80)		0.79
Leisure & Sports	9.51	7.51	(2.00)	79%	2.00
- Urmston Leisure Centre	6.94	7.06	0.13		0.10
- Altrincham & Stretford Leisure Centres	0.76	0.17	(0.60)		0.60
- Football Facility Provision	1.03	0.04	(0.99)		0.99
- Other Schemes	0.78	0.24	(0.54)		0.31
Housing Services	1.62	1.19	(0.43)	73%	0.43
Highways	23.31	15.28	(8.03)	66%	8.07
- Traffic & Transport	4.78	0.97	(3.81)		3.88
- Structural Maintenance Programme	8.94	5.50	(3.44)		3.54
- Bridges Programme	1.46	0.81	(0.65)		0.65
- Other Schemes	8.14	8.01	(0.13)		0.00
Environmental Services & Greenspace	2.18	0.57	(1.61)	26%	1.61
- Parks & Play Areas – Infrastructure	0.89	0.47	(0.43)		0.43
- Trio Bins – “Re-cycling on the Go”	0.13	0.05	(0.07)		0.07
- Other Schemes	1.16	0.05	(1.12)		1.12
Parking Services	0.15	0.06	(0.09)	40%	0.09
Total	45.39	28.11	(17.28)	62%	17.69
Governance & Community Strategy					
Partnerships & Communities	0.69	0.01	(0.68)	1%	0.68
Finance & Systems					
Information Technology	2.39	1.02	(1.37)	43%	1.37
General Capital Programme Total	65.63	38.48	(27.15)	59%	27.26

CAPITAL PROGRAMME 2019/20- Overspends and savings

Overspends	£000's	Financed by
Children's Portal - Liquid Logic	8	Capital receipts
No Wrong Door - Kingsway Park Children's Home	2	Capital receipts
Disabled Facilities Grants	56	Capital receipts
Urmston Leisure Centre - Redevelopment	225	Capital receipts
Highways Tree Resolution	57	Capital receipts
CPO : 17 Navigation Road, Altrincham	35	Capital receipts
Sale Waterside - PFI Lifecycle costs	379	Developer contributions
Covid 19 related ICT Costs	143	Grant
Brooklands Primary School - Boiler	63	Insurance Reserve
Shawe Hall Community Centre - Roof	12	Insurance Reserve
Urmston Cemetery - Gate pillar reconstruction	18	Insurance Reserve
Highways - S278 works	26	S.278 contributions
Disabled Facilities Grants	74	Social Landlord contributions
Highways Related Works	11	TfGM Grant
Total Overspends	1,109	
Savings		
Westpoint : DDA works (Student Accommodation)	5	Capital receipts
Victoria Park Infants School - Boiler Room alterations	5	Capital receipts
Gorse Hill Primary School, Stretford – Expansion	400	Capital receipts
Trafford Town Hall - Working space expansion	11	Capital receipts
Leisure Centres - Essential Safety & Compliance Works	225	Capital receipts
Highways related schemes	57	Capital receipts
Parking - Tariff change requirements	20	Capital receipts
Flixton House, Flixton : Refurbishment (Phase 2)	40	Capital receipts
ICT – Communication Solution	20	Capital receipts
Early Years monitoring system	97	Delivered through revenue
Lancashire County Cricket Club Development	11	Resource not available
Parks – Section 106 Projects	25	Resource not available
Waste – Trio Bins; “Recycling on the Go”	73	Resource not available
PRF – Strategic Sports Framework	11	Resource not available
Total Savings	1,000	

Prudential Indicators – 2019/20

The figures below show the Council's actual prudential indicators for 2019/20 and estimates for the following three years.

Capital Prudential Indicators	2019/20 Estimate £m	2019/20 Actual £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m
Capital Expenditure:					
General Programme	65.63	38.48	66.83	90.00	52.50
Investment Strategy	197.14	157.79	139.35	100.00	0.00
Capital expenditure - the table above shows the capital expenditure incurred in 2018/19 and the estimated expenditure to be incurred for following three years.					
Capital Financing Requirement as at 31 March	462.28	417.28	573.72	697.05	694.79
Capital Financing Requirement (CFR) - this reflects the estimated need to borrow for capital investment (i.e. the anticipated level of capital expenditure not financed from capital grants and contributions, revenue or capital receipts).					
Financing Cost to Net Revenue Stream	4.5%	4.2%	6.0%	5.8%	6.0%
Financing costs to net revenue stream - this indicator shows the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the Council's net revenue stream. The movement from 2019/20 to 2020/21 reflects a change to the Minimum Revenue Provision calculation in respect of the completion of Investment Fund Reserve.					
Incremental Impact on Band D Council Tax (£)	£0.00	£0.00	£0.00	£0.00	£0.00
Incremental impact on band D council tax – reflects the incremental impact on the Council Tax arising from new borrowing undertaken in order to finance the capital investment decisions taken by the Council during the budget cycle. The figures above reflect that any additional borrowing is supported by revenue savings or external support.					

Local Indicators for the Asset Investment Strategy	2019/20 Estimate £m	2019/20 Actual £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m
Gross Commercial Income	8.09	13.61	17.20	13.65	11.85
Gross Commercial Income – this is the total estimated level of income to be received from the acquisitions of commercial property and provision of senior debt finance and is required to support new debt costs associated the transactions, with any balance supporting the overall revenue budget.					
Net Commercial Income Stream	2.41	3.12	7.43	4.60	3.51
Net Commercial Income Stream – this is the estimated level of income net of any borrowing and other costs to be received from the acquisitions of commercial property and provision of senior debt finance.					
External Interest Cost	3.04	3.36	5.27	5.13	3.76
External Interest Cost – this is the interest cost of the new debt required to cover the capital cost of the new commercial activity.					
Minimum Revenue Provision (2.0% = 50 years)	1.33	1.60	2.12	2.13	2.13
Minimum Revenue Provision - this is the amount of income set aside as a provision for the repayment of the debt, required to cover the capital cost of the new commercial activity.					
Risk Reserve	1.07	3.70	1.95	2.05	1.24
Risk Reserve - this is the amount of income set aside to reserve as contingency in the event of a reduction in commercial income levels.					
Cumulative Investment Reserve	1.26	3.86	2.48	4.53	4.48
Cumulative Risk Reserve - this is the cumulative amount of reserve set aside, after annual contributions and deductions, as contingency in the event of a reduction in commercial income levels.					

Gross Commercial Income as proportion of Net Budget	4.93%	8.29%	10.16%	7.54%	6.20%
<p>Gross Commercial Income as proportion of Net Budget – this illustrates the proportion of the net budget which is supported by the new commercial income streams.</p>					