

TRAFFORD BOROUGH COUNCIL

Report to: Executive
Date: 12 October 2020
Report for: Decision
Report of: Executive Member for Finance and Investment and the Corporate Director of Finance and Systems

Report Title

Executive's Draft Revenue Budget Proposals 2021/22 & MTFS 2022-24

Summary

This report sets out the Executive's updated 3 year budget strategy proposals and draft revenue budget proposals for 2021/22 and Medium Term Financial Strategy (MTFS) for the period 2022-24.

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

- The draft overall budget movement for 2021/22 is an increase in the net budget of £9.14m or 5.21%, from £175.52m to £184.67m.
- The budget gap for the three years before applying any of these draft budget proposals is currently estimated to be £58.45m comprising:
 - £42.80m of business as usual expenditure and funding pressures
 - £15.65m of COVID-19 pressures
- This report presents a draft set of budget proposals to balance the planned budget gap of £37.52m in 2021/22, which in line with our three year strategy, contribute towards closing this budget gap by £32.81m 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 £17.95m, comprising:
 - £4.71m in 2021/22,
 - £5.21m in 2022/23, and
 - £8.03m in 2022/24
- Note this assumes the ongoing impact of COVID-19 pressures in 2021/22 only. Any further recurrent impact in later years needs to be assessed further and this would represent a further increase to the budget gap in those later years.

	<p>line with the Council’s Public Sector Equality Duty. 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 2021.
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 3.99% in 2021/22 comprising an increase of 2% for the ‘adult social care precept’ to be earmarked for adult social care expenditure and 1.99% 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, would increase the overall funding gap by up to £4.17m in 2021/22 which would mean further reductions to expenditure on council services would be necessary.

Consultation

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

Reasons for Recommendation

To enable consultation with the public, businesses (s65 of the Local Government Finance Act 1992), stakeholders, staff and Scrutiny Committee to take place

Key Decision

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

Finance Officer ClearanceGB.....

Legal Officer ClearanceJLF.....

CORPORATE 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 2021/22 &
2022-24 Medium Term
Financial Strategy**

12 October 2020

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FOREWORD by the EXECUTIVE MEMBER for FINANCE and INVESTMENT COUNCILLOR TOM ROSS

I am pleased to present the Council's draft budget report for the period 2021/22 to 2023/24 which sets out our spending priorities across the revenue budget, capital programme and the Dedicated Schools Grant (DSG) budgets.

It is fair to say that setting local authority budgets is no easy task and setting our budget plans in the light of the funding reductions since 2010, and addressing the unprecedented current and ongoing impact of the Covid-19 pandemic, means that this has been one of the most difficult budget rounds ever encountered by the Council.

The Council responded quickly to the pandemic early in 2020 and the key role of local government services in the Response - social care; Public Health; supporting services to help the shielded and vulnerable, assisting businesses as well as continuing to provide the 'business as usual' services our citizens need – was very much recognised by the public. I am proud of our services and our staff but equally so our colleagues in the NHS and of the communities, businesses, partners and organisations of the Borough in rising to one of the most significant challenges of our lifetime.

Underpinning all the Council's responses to the Covid-19 pandemic has been our Corporate Plan. Adopted in March 2019, the Plan sets out the vision for the borough, ***“Working together to build the best future for all our communities and everyone in Trafford”*** and this vision is, in turn, supported by the Council's ***seven corporate priorities*** and the ***‘Kind of Council We Want to Be’***.

We have embarked on a journey to modernise the way we deliver services by collaborating further with partners, improving efficiency and reducing spending where possible as well as working on our digital strategy and investing in new technologies. As a Council, we are determined to be forward-thinking, fair in our dealings, and provide the appropriate level of support to residents, businesses and communities in need.

The Corporate Plan provides the framework for our financial strategy and, in setting the budget, close attention is placed on ensuring it aligns. By setting out our plan, the Council has had solid foundations on which to build its response to the Covid-19 pandemic. It is through this robust Corporate Plan that the Council has been able to enact swift measures to serve the borough's communities, residents, businesses and partners to help mitigate the impact of the Covid-19 pandemic.

These swift measures include playing a role with local voluntary, community and faith sector organisations in establishing community hubs that ensured the people who needed help could be served quickly and efficiently. The community response helpline that was set up has supported more than 8,000 callers to get help and advice while the hubs have assisted more than 6,000 extremely vulnerable residents during lockdown with access to food, prescriptions, financial support and a friendly ear.

Within social care, the Council has worked to assist the system-wide efforts to ensure as far as possible, there was sufficient capacity in the local hospitals to provide hospital based care to those in greatest need. It also worked hard to ensure that care providers operating in neighbourhoods were able to continue to support vulnerable people, facilitate discharge and prevent admissions to hospital. Since March, the Council has supported over 1,000 people to be safely discharged from hospital and avoided hospital admissions for a further 461 people.

Other social care financial measures included making advanced payments to care providers and the purchasing of spare capacity in care homes falling below 90% occupancy and payment for all PPE costs over the 'normal' costs homes would have had within a month. In addition to this, additional PPE was purchased by the Council for onward distribution with no charge to the care homes.

All these social care measures were supported by a combination of extra Council investment (funded, in part, by additional Government grant) and also by the NHS via Trafford CCG accessing a £1.3bn national fund set up to support accelerated discharges from hospital including the full or enhanced cost of care packages agreed at the point of discharge and delivered in the community.

To help businesses, the Council has actioned a range of other Government initiatives to provide approximately £48m of financial support to local businesses in the form of the administration of Business Grants and the application of additional Business Rate reliefs saving retail businesses in the region of £85m.

Adopting the measures set out in the Government's Procurement Policy Note 2, the Council introduced measures to protect suppliers at risk. This included immediate payment terms being introduced for suppliers, and where appropriate, the Council has paid in advance of normal contractual terms, made interim payments and paid on order rather than on receipt of goods.

The Council relaxed compliance measures in relation to Council Tax and Business Rates collection, and allowed Council Tax payers and businesses to defer payments for the first three months of 2020/21 with revised payment plans over July 2020 to March 2021. The Council is also applying the Government's hardship relief scheme to Council Tax payers of working age in receipt of Council Tax Reduction.

The impact of Covid-19 on Trafford's communities and business has been extensive and far-reaching and, indeed, it looks likely to continue into 2021. The pandemic has also had a widespread impact on the workforce of the Council and the way in which the Council delivers services. Our people are our greatest resource and, since late March 2020, the Council through our EPIC values (Empowered, People-centred, Inclusive and Collaborative) has utilised technology to allow staff to work seamlessly from home to minimise disruption to services. Facilities such as libraries had to close but, where appropriate, staff were redeployed to services such as the Community Hubs. For those officers who could not work from home, including people working in front line services such as social workers and those engaged in refuse collection, working practices have been adapted to ensure their health and wellbeing.

The Council, working alongside its partners, is also producing a **Recovery Plan** for the borough and ensure that, as a Council and a Borough, we 'Build Back Better'. Overall, the recovery aim is to:-

*Create a **bolder, more focussed council building on the strengths** of our **people, communities and partnerships** to shape and develop a **new social and economic model** for Trafford that grasps the opportunity for **sustainable and inclusive growth** while proactively **supporting those most in need** and **addressing inequalities** that may exist.*

Some key opportunities have been identified in the response to the pandemic, namely:-

- Seek to build on the huge community, public and VSCE contribution and response so there is a clear way forward for all parts of the community
- Develop further partnership collaborative working; build on positive ways of working across boundaries and on strong leadership behaviours demonstrated
- Contribute to environmental improvement; sustaining emissions reduction through travel strategies
- Support re-building of businesses, skills and employment opportunities, working with investors to create confidence, investment and supporting those who have lost their jobs to get back into work.
- Accelerate digital strategy – for instance capitalising on delivering adult social care support via technology, supporting those in digital poverty and making greater use of Microsoft Teams.
- Build on the tools for data sharing and homeworking - embrace new ways of working such as staff working in different ways, old fashioned boundaries removed, delivering blended learning
- Improve data intelligence across the system

A number of key strategies and action plans are under development to support the residents and businesses of Trafford and also to build on these opportunities, including:-

- Economic Recovery Action Plan which will focus on the key issues in the Borough including support to businesses, inward investment, town centre regeneration and employment and skills.
- Developing the Climate Change Action Plan to help deliver on our carbon neutral ambitions following the Anthesis report in July 2020.
- Development of a Poverty Strategy which is particularly relevant given the large rises in numbers of people submitting unemployment related claims in Trafford since March 2020 which have risen by 117%, the highest in GM and higher than the national average.

As I write this foreword, there is a renewed outbreak of Covid-19, which has already resulted in further restrictions being brought in across Greater Manchester (GM).

Consequently, the overriding priority in Trafford is to ensure that the safety and wellbeing of our population is protected as far as possible while avoiding the re-imposition of extensive lockdown measures that further harm the Borough's economy and society.

In respect of the **Council's finances**, it is important to understand the impact that the Covid-19 pandemic has had. In February 2020, the Council approved a balanced budget for 2020/21 in the sum of £175.52m but the onset of the pandemic has had a far reaching and detrimental impact on the Council's expenditure, income from sales, fees and charges and funding from council tax and business rates.

Income streams, such as car parking, school catering, registrar services, licensing, planning and building control have all been interrupted. The challenge for 2020/21 and 2021/22 will be for the Council to regain the lost or deferred income to avoid placing an additional burden on the people and businesses of Trafford while, at the same time, attempting to manage its finances effectively.

This impact of the pandemic is monitored and reported to the Ministry of Housing, Communities and Local Government on a monthly basis. In the latest return sent on 4 September, the projected impact on the Council's budget for 2020/21 was an overall pressure of £45.6m – a staggering position from having a balanced budget just six months earlier.

The Government has provided a package of support measures to support local authorities, details of which include:-

- Three tranches of funding worth £13.1m to support expenditure pressures in 2020/21,
- Support for reductions in Sales, Fees and Charges income, with the Government covering 75% of losses beyond 5% of planned income, estimated to be worth £3.00m
- Phased repayment of Collection Fund deficits over the next 3 years. At this stage in the year it is projected a shortfall in income from council tax and business rates of £7.74m; this will not impact on the budget position in 2020/21 and instead be spread over the following three years. Government has given a commitment to determine what support is needed to help councils meet the pressures of irrecoverable tax income at the Spending Review.
- Exceptional Support at an individual authority basis for those with unique circumstances

In addition, the Council is also projected to receive specific funding of £12.55m from government grants like Test and Trace and Infection Control Grant and contributions are anticipated from Trafford Clinical Commissioning Group to support the NHS to ensure speed of discharges from hospital and provision of PPE.

Our Investment Strategy continues to play a major role in helping to balance our financial plans. To date, total investments, including commitments, of approximately £332m have been made and these initiatives are already delivering crucial additional revenue that is being used to support our budget plans and maintain public services. Estimated net returns of £7.43m are currently supporting the revenue budget in 2020/21 and the budget plan is to at least maintain this level in future years.

The Council's capital programme is still under review and firm proposals for 2021/24 will be brought back to Executive in February 2021.

While these measures are crucial in going some way to address the budgetary pressures in 2020/21, it is clear that the implications of the pandemic for our **budget for 2021/22** and later years are significant. In a number of areas, these pressures will continue although the precise impact will only become clearer over time when, for example, the full economic impact is known, as this will have a significant bearing on funding from business rates and impact on council tax collection and housing benefit awards, particularly following the ending of the Government's Job Retention Scheme. Whilst acknowledging there has been a recent announcement from the Chancellor about a further economic support package, the full details of this at time of writing are just emerging. The prospects of a renewed outbreak of Covid-19 will also have an impact on costs associated with hospital discharges, as well as on other income streams. At this stage the impact of the pandemic alone in 2021/22 on the Council's Revenue budget is estimated to be £15.65m.

It is fair to say that planning local authority budgets has never been undertaken in such an uncertain period and there are a range of unknowns which will impact on the budget. This, of course, includes Brexit at the end of this calendar year which brings with it many challenges for Trafford's economy and a further impact assessment will be commissioned in November once there is more clarity on the likely result of trade negotiations with the EU.

Furthermore, there is currently much uncertainty about local authority budgets for 2021/2 and beyond. The Government has signalled it will conduct a spending review in the autumn which will set out the funding envelope for local government in 2021/22 although whether this will be a one year settlement only at this stage is not known. It is vital that the Spending Review responds to the enormous financial strain placed on local authorities by Covid-19 and fully recognises the total financial impact as well as indicating how the financial sustainability of our social care services can be achieved. The Local Government Provisional Settlement will then be announced in December and this will give a more detailed picture of the Council's allocations and available resources for 2020/21.

To help **plan for the 2021/22 budget**, a number of workshops have been held with the Executive and officers firstly to take stock of the overall budget position, the assumptions underpinning the financial forecasts and the extent of the funding gap over the next three years and then to develop proposals to address that gap.

Since the 2020/21 budget was approved by Council in February 2020, there have been a number of budget changes, with the overall gross budget gap for the next three years now standing at £58.45m, before the inclusion of previously proposed savings and policy choice funding increases.

Budget Gap	2021/22 (£'000)	2022/23 (£'000)	2023/24 (£'000)	Total (£'000)
NET BUDGET GAP (Budget Feb 20)	15,069	5,658	5,247	25,974
Reverse 1.99% General Increase in basic Council Tax	1,986	2,083	2,289	6,358
Reverse 2% Social Care Precept	2,188	2,327	2,300	6,815
Reverse Prior year Savings & Income programmes (Feb 20)	(1,408)	255	(1,460)	(2,613)
Gross Budget Gap before Feb 20 Savings and Policy Choice Funding Proposals	17,835	10,323	8,376	36,584
Movements in Budget Assumptions (BAU)	1,835	16,558	2,228	20,621
Movements in Budget Assumptions (Covid-19)	8,917	(8,917)	0	0
Movements in Funding BAU	2,198	(1,404)	503	1,297
Movements in Funding Covid-19	6,731	(6,731)	0	0
TOTAL BUDGET MOVEMENTS	19,681	(503)	2,733	21,911
REVISED BUDGET GAP (Oct 20)	37,516	9,820	11,109	58,445
ACCUMULATIVE BUDGET GAP (Oct 20)	37,516	47,336	58,445	

The **2021/22 revised gross budget gap is £37.52m**, including £15.65m of direct pressures estimated to continue from 2020/21 as a result of Covid-19 referred to above. Given the developing nature of these Covid pressures, the extent of which will become clearer as the financial position for 2020/21 matures, it is proposed at this stage to ring-fence earmarked reserves to cover them. The budget proposals allow for a prudent repayment of reserves over the longer term, although if future budget positions allow then this repayment period will be reduced where possible.

In respect of the budget gap created by business as usual pressures of £21.87m a range of savings proposals have been identified in this report. At the draft budget stage, this has been partially met from a combination of the following:

- Policy Choice Funding Increases amounting to £4.17m, comprising
 - Continuation of the Adult Social Care Precept of 2% to generate £2.19m
 - Increase in the basic rate of Council Tax of 1.99%, generating £1.98m
- Income generation and savings amounting to £12.99m, comprising:-
 - £1.46m of net savings measures ending from previous years
 - New savings and income proposals of £14.45m

Summary of the Budget Proposals	2021/22	2022/23	2023/24	Total
	£'000	£'000	£'000	£'000
Revised Gross Budget Gap (Oct 20)	37,516	9,820	11,109	58,445
Policy Choice Funding Proposals				
Reinstate Social Care Precept increase 2% (*)	(2,188)	(2,327)	(2,300)	(6,815)
General Increase in basic Council Tax to 1.99% (*)	(1,986)	(2,083)	(2,289)	(6,358)
Contribution from Budget Support Reserve to Support Covid-19 Pressures	(15,648)	0	0	(15,648)
Total Policy Choice Funding	(19,822)	(4,410)	(4,589)	(28,821)
Savings continuing from 2019/20	1,466	(196)	1,512	2,782
Savings and Income proposals (New) – See Annex D	(14,452)			(14,452)
Revised Budget Gap (Oct 20)	4,708	5,214	8,032	17,954

This leaves a balance of savings still to be identified of £4.71m before the budget for 2021/22 can be balanced and priority will be given to doing this before final budget proposals are presented to Council for approval in February 2021. The developing modernisation programme and the investment strategy are expected to help bridge this remaining gap.

While the budget gap for 2021/22 is still significant, there remains a number of factors which will impact on the position before the final budget is agreed, including the performance against the current year budget, the spending round expected in the autumn and the provisional local government finance settlement.

As I commented at the beginning of this introduction, the challenge we are facing to achieve a balanced budget for 2021/22 is immense. While this involves difficult decisions, our objective is to achieve a balanced budget, whilst still ensuring that we keep our citizens safe, that we continue to deliver essential services to the most vulnerable in our community and that we support our economy and communities to build back better.

Councillor Tom Ross

Executive Member for Finance and Investment

1. BUDGET PROCESS

1.1 Budget Approach 2021/24

1.1.2 When the budget was set for 2020/21 it was set within the framework of Council's corporate plan and priorities. At the heart of the Council's vision is a common cause to make Trafford a better borough; a place where everyone has a chance to succeed and where everybody has a voice. The Council knows it has to do things differently as it cannot do it all and, by virtue of its democratic mandate, will lead the way in ensuring that this is a shared endeavour and that across Trafford there will be a more joined up approach to service delivery. Through the vision,

“Working together to build the best future for all our communities and everyone in Trafford”

it is making a commitment to work together across different services and agencies to make the best use of its resources:

1.1.3 The Council identified seven strategic priorities in the corporate plan that it believes are crucial to enabling Trafford residents, businesses and staff to thrive. These priorities set out the aspirations for our people, place and communities, and how they can affect and improve their daily lives.



Building Quality, Affordable and Social Housing

Trafford has a choice of quality homes that people can afford



Health and Wellbeing

Trafford residents health and well-Being is improved and reducing health inequalities



Successful and Thriving Places

Trafford has successful and thriving town centres and communities



Children and Young People

All Children and Young People in Trafford will have a fair Start



Pride in Our Area

People in Trafford will take pride in their Local Area



Green and Connected

Trafford will maximise its Green Spaces, Transport and Digital Connectivity



Targeted support

People in Trafford will get support when they need it most

1.1.4 To deliver on the plan it is also necessary to develop the way we work given the ten years of austerity that the Council has been through and define the 'Kind of Council We Want to Be'. There is a need to work smarter, make use of digital technology and collaborate with partners where we can. The Council takes a leading role in shaping how joined up services across the sector can best support the local area and people and is continuously shaping our culture, practices, processes and business models to respond to people's changing needs and expectations. It is working to improve the way it delivers services to meet the needs of a modern Trafford. This is being done so that by 2023:

The Council will be a people-focused, digitally enabled, commercially minded Council where our high-performing place based services will provide an excellent customer experience making the most of our assets in the borough.

1.1.5 During the latter part of 2019 work commenced to modernise the Council by rethinking what the shape and purpose of the Council should be and how it works with and for the residents, businesses and partners of the borough. A 10 week review was undertaken working with stakeholders and partners to understand the opportunities for change and the projects to catalyse change in key areas as well as the challenges to address. The foundations are in place for undertaking the type of long term structural changes needed to bring the Council into the 21st century and based on the findings of the review, a work programme for 2020/21 and beyond was prepared.

1.1.6 By setting out our plan, corporate priorities and the 'Kind of Council We Want to Be' supported by the modernisation programme the Council has solid foundations for the future.

1.1.7 The outbreak of the COVID-19 pandemic in March, as already referenced, has had far reaching impacts for the economy and communities of the Borough and on the way Council services are delivered and has brought many financial challenges. It has rightly been the overriding focus for the Council for the last six months but throughout this time it has been essential we did not lose sight of those overriding priorities set out in the Corporate Plan. Instead Covid-19 must provide a further catalyst to develop and build on new ways of working and opportunities identified in Response and to build back stronger during the Recovery phase.

1.1.8 As part of developing a planned approach to Recovery, a stocktake was undertaken with staff, businesses, partners and the VCSE community to understand the impact of COVID-19 and what could be learnt from Response. A number of opportunities have been identified that will be developed during the Recovery phase:-

- Creating a recovery plan for Trafford and the borough while being flexible in accordance with government advice

- Capitalising on huge community, public response and VSCE contribution so there is a clear way forward for all parts of the community
- Developing further partnership collaborative working; build on positive ways of working across boundaries and on strong leadership behaviours demonstrated
- Contributing to environmental improvement; sustaining emissions reduction through travel strategies
- Supporting re-building of businesses, skills and employment opportunities, working with investors to create confidence and investment
- Accelerating the digital strategy e.g. capitalise on delivering adult social care support via technology, support those in digital poverty, greater use of Microsoft Teams, Whats app
- Building on the tools for data sharing and homeworking - embrace new ways of working e.g. staff working in different ways, old fashioned boundaries removed, delivering blended learning
- Improving data intelligence across the system

1.1.9 In addition, it was vital that the modernisation programme of work planned was revisited to ensure the priority and timescale was appropriate. The opportunities originally identified are still very much needed although other opportunities did arise. The modernisation programme is currently concentrating on Children's service redesign, supporting the Ofsted Improvement Plan, reviewing the Children's data and insights, as well as developing a new neighbourhood model/place based community support to meet the needs of residents and businesses with and by partners and communities. We will be working with partners to review our processes and improve customer outcomes in other important areas too, such as domestic violence.

1.1.10 Other activities include the automation of processes across a number of key areas, including but not limited to Exchequer Services, Regulatory Services (i.e. licensing, parking permits), Registrars, Recruitment and other corporate services. Robotics and moving more services online to improve the experience are key to reshaping how we deliver services in the future. Also, by establishing a new Business Intelligence Unit, we will possess the tools and systems that will inform Trafford's strategic and tactical business decision making and transform Trafford into a data driven and evidence led organisation.

1.1.11 It is acknowledged that Council employees are its greatest resource. A significant cultural change programme is underway that has a strong focus on establishing a more strategic commercial and performance orientated culture. Equal weight is put on **how** things are done not just **what** is achieved and in order to achieve the vision and plan a number of key values have been co-produced with staff:-

- **EMPOWER** – We inspire and trust our people to deliver the best outcomes for our customers, communities and colleagues.
- **PEOPLE CENTRED** – We value all people, within and external to the organisation and give those around us respect. We will act with honesty and integrity in all that we do.
- **INCLUSIVE** – We are committed to creating an environment that values and respects the diversity and richness differences bring.
- **COLLABORATE** – We build relationships, collaborate; treat people as equal partners and work together to make things happens.

1.1.12 As a borough, it is essential that as a Council we do not lose sight of our key ambition and objectives for 2021/22 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.
- Bringing forward Area Action Plans for the Civic Quarter and Stretford town centre – the Council has commenced work on two strategic regeneration areas in the Civic Quarter and Stretford town centre, and is developing Area Action Plans to help shape the form and types of development in both location.
- Progressing the development of new housing on Council land – bring forward new development on key Council sites, including Sale Magistrates Court site, and the former Kellogg’s headquarter site, owned jointly with Bruntwood.
- Advancing the Asset Investment Strategy.
- Reviewing the One Trafford Partnership contract - to progress how the delivery of these schemes could be improved to meet agreed standards.
- Preparing for and responding to the consequences of Brexit.
- Progressing “living well in my community” - supporting and educating Trafford residents, working with them 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 that can respond to local resident’s needs.
- Developing “living well at home” – to provide a range of support to enable people to live fulfilling independent lives in their own homes (and other home-settings) for as long as possible.

- Advancing “a step closer to home” – to ensure that there is a range of services that will wrap round our residents when they need additional support, enabling people to both stay in their normal place of residence when they need additional care and supporting people to leave hospital.
- Progressing “a short stay in hospital” – delivering a number of programmes that will aim to address a number of challenges which will need to be managed at a locality, system and national level in order to run an efficient and safe service that does not create health inequalities.
- A Framework for Change – the review of all our Legal and Governance Services and exploration of opportunities for developing shared services and alternative business models in order to better support and protect the Council in the delivery of its objectives.
- 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.
- Progressing the Ofsted improvement plan and modernising Children’s Service to ensure collaborative high quality service delivery that makes a difference.
- 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.
- Implementing in Children’s Services our co-produced locality right help, right time, early help model.
- Continuing to implement 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 recognise that in the current Covid climate colleagues are facing new and different anxieties and worries and as such 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 retain all current contracts and engage new clients in the process.
- Enhancing the borough wide Trafford Partnership - working with Trafford Partnership as part of the recovery strategy to ensure our residents, businesses and communities achieve their potential, particularly those who have been impacted more than others by Covid-19.
- Refreshing and delivering the financial strategy in light of the Spending Review and COVID-19 – to set a new financial strategy for 2021/22 and beyond that addresses the long term budgetary impact of COVID-19. This strategy will need to ensure that essential services can be funded whilst also ensuring financial balance.
- Developing the Digital Strategy and investing in new technology – ensuring that digital innovation is at the heart of service changes. This digital strategy will build on the innovation at pace during the first phase of the COVID-19 pandemic and will allow more services to be delivered on line and will enhance customer experience and create an increasingly agile workforce.
- Continuing to deliver the Corporate Plan and Strategic Priorities.
- 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.

1.1.13 With this framework as the context, the budget proposals have been developed. Members of the Executive and the Corporate Leadership Team have worked together over summer to review the overall budget position and to ensure it supports the delivery of outcomes related to each priority.

1.1.14 However, it must be said that the scale of the challenge for 2021/22 represents the biggest budget gap the Council has ever had to address and after many years of austerity, budgeting will place an immense strain on the Council's finances.

1.1.15 A full review of all assumptions used in developing the budget plans has been undertaken, to ensure they are still relevant and up to date, including a review of all continuing savings programmes. To bridge the budget gap for 2021/22 a number of new savings proposals have been identified and business cases developed.

1.1.16 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 Executive in February 2021.

- 1.1.17 Whilst there still remains a gap in 2021/22 it is expected that a further review of service savings initiatives will identify further opportunities to close this; albeit a further review of all assumptions, including the in-year monitoring position will be undertaken before setting the final budget for 2021/22.

1.2 Budget & Staff Consultation

- 1.2.1 Proposals in this report may require consultation with the public, businesses and staff, for example, One Trafford Partnership and car parking proposals, with the form of consultation to be developed before the end of October 2020.
- 1.2.2 Details on these draft budget proposals will be made available on the Council's website via the 2021/22 budget pages.
- 1.2.3 Where any budget proposal has the potential to affect staff there will be a requirement to consult separately internally through routine staff consultation arrangements. It is the Executive's stated objective at this stage that any service saving proposals are achieved by voluntary means wherever possible, for example by voluntary severance.

1.3 Scrutiny Review

- 1.3.1 A Scrutiny review will be held during November and December to review the funding gap in the Council's Medium Term Financial Plan (MTFP), the assumptions underpinning the overall gap and the plans for budget consultation. In addition the Leader will present the 2021/22 draft budget proposals contained within this report, which will enable Scrutiny members to review the budget proposals and feedback any comments in January 2021.

2. FINANCIAL BACKGROUND

2.1 Background to the Budget

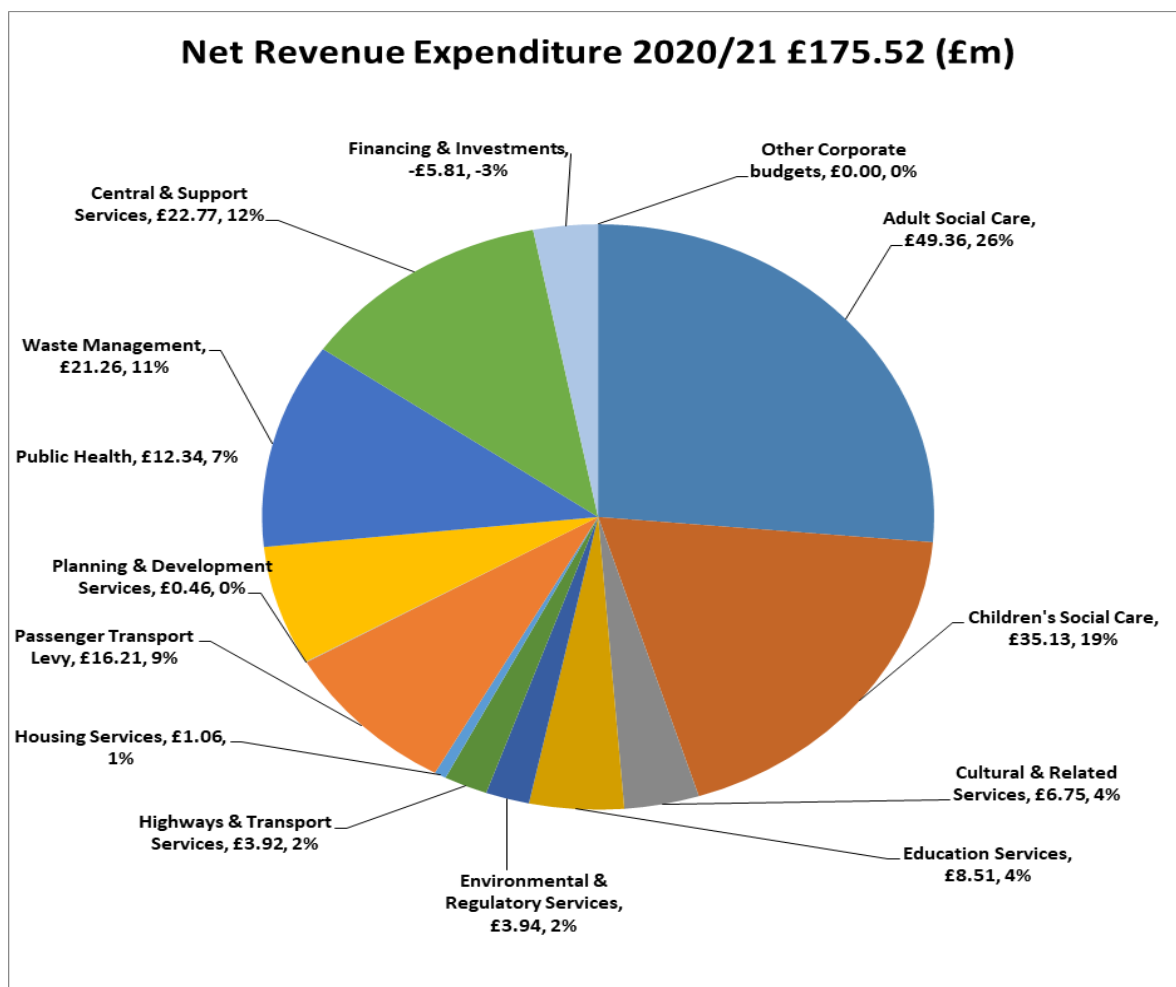
2.1.1 In understanding the budget proposals it is useful to understand the financial envelope within which the Council operates, where resources are allocated and key metrics behind the budget.

2.1.2 The Council's current gross budget is £477.8m, however this includes specific funding of Dedicated Schools Grant and Housing Benefit. The Council's gross income budget is £302.28m leaving a total net budget of £175.52m

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

Gross to Net Budget		2020/21 £m		£m
Gross Expenditure		477.80		
Schools DSG		(151.28)		
Housing Benefit		(48.16)		
Other Government Grants		(23.79)		
Sales, Fees & Charges and Rents		(50.06)		
Contributions & Re-imbursments		(14.69)		
Other Income		(12.28)		
Earmarked Reserves		(2.02)		
Gross Income		(302.28)		
Net Budget (*)		175.52		
			Children's Services	41.96
			Adult Services	61.63
			Place	35.70
			Governance and Community Strategy	8.13
			Finance and Systems	8.80
			People and Traded Services	3.34
			Council Wide	15.95
				175.52

2.1.4 The Council's net controllable budget agreed by Council in February 2020 was £175.26m. This has now been increased to £175.52m as a result of a minor late changes in the financial settlement relating to resources to support the Public Health budget. This change will need to be formally approved and will be considered at full Council when the final budget proposals are considered.

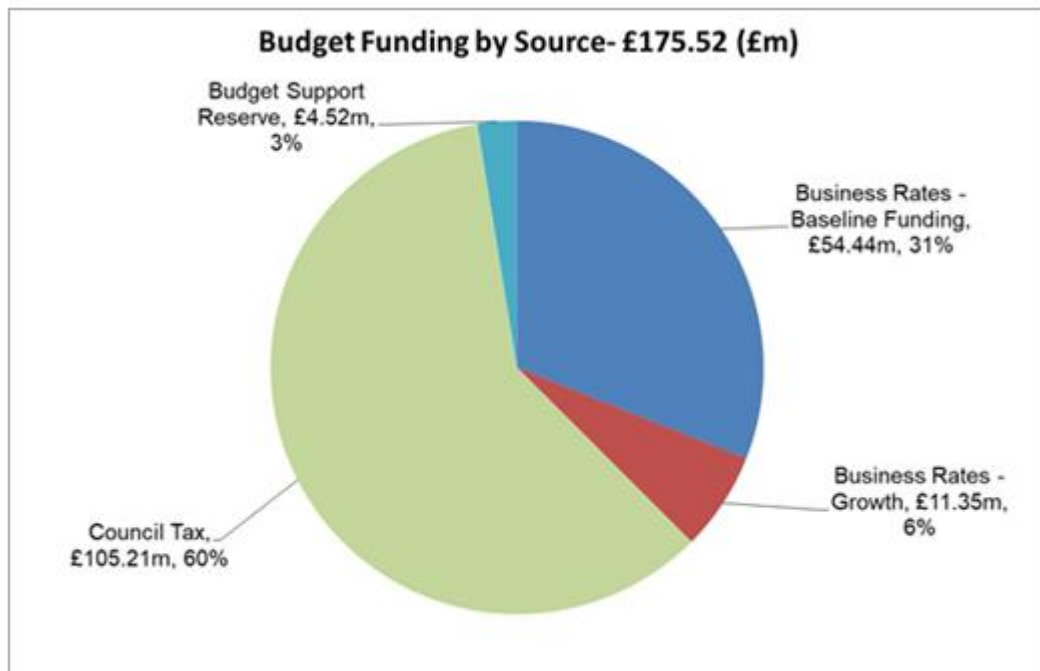


2.1.5 Net revenue expenditure has been used amongst other things to provide and achieve the following:

- Support over 3,800 residents with a care package
- Provide 7,613 services to service users within adult social care
- Provide over 724,000 hours of external home care support
- 3,436 children in receipt of children's safeguarding services
- 538 periods of children being in the care of the local authority
- 491 Child Protection plans in the reporting year to date
- Maintained over 500 miles of roads and footpaths
- Empty approximately 40,000 bins of household rubbish every day
- Determine over 3,000 planning applications
- 788 new build homes developed in 2019/20
- supporting around 250 people into employment in Trafford via the Trafford Pledge

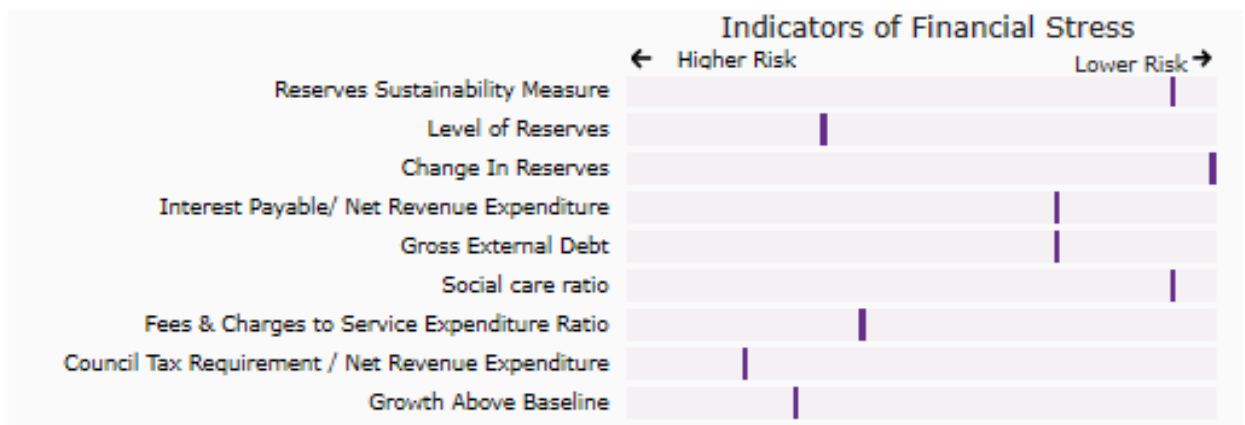
- One of the greenest boroughs in the UK with 11 green flag parks and open spaces and is the best in the North West for recycling
- Trafford's Housing Options Service (HOST) has helped to prevent 444 households from becoming homeless in 2019/20 whilst also providing housing advice to 34,485 households/individuals

2.1.6 The Council's £175.52m net budget is funded mainly from Council Tax and Business Rates.



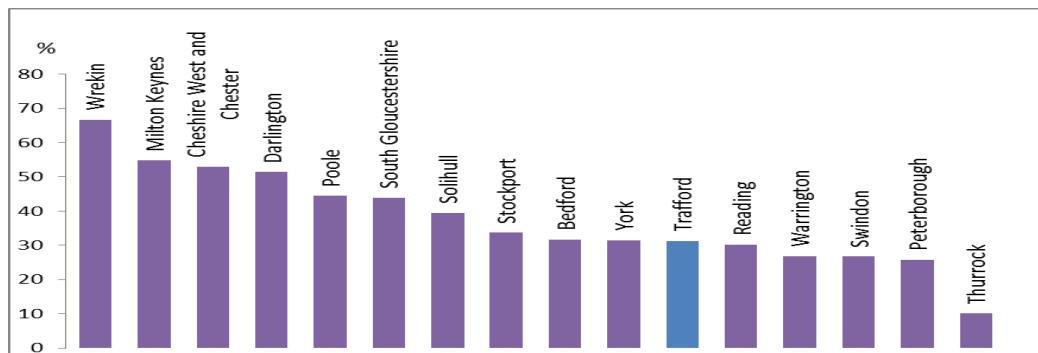
2.2 Financial Resilience

2.2.1 Each year CIPFA produce a set of benchmarking data which allows authorities to compare themselves with similar authorities across a number of measures. This is called the CIPFA Financial Resilience Index (FRI) and the latest results are summarised as follows:-



2.2.2 Trafford is considered to have a low to medium level of risk across the majority of indicators such as external debt and interest payable, however Trafford is considered to be at high risk in a number of areas:-

- Level of reserves – compared to other similar authorities, the Council’s reserve levels as a percentage of net revenue expenditure are deemed a high risk due to their relatively low level compared to statistical neighbours. Therefore priority is to replenish reserves when the opportunity arises. In terms of the rate of use of reserves the FRI shows the Council to be low risk due to the level of contributions to reserves in recent years.



- Council Tax Requirement – the Council has a high proportion of its net revenue expenditure funded by Council Tax, this is deemed to be high risk as a large proportion of funding is coming from one source that is subject to volatility.
- Growth above baseline – this indicator calculates the percentage increase of retained business rates compared to the business rate baseline. Trafford is deemed to be at high risk as retained rates have gone up greater than the average of its statistical neighbours and therefore has a greater reliance on business rates as a source of income.

2.2.3 It is these areas which become particularly relevant when developing the budget proposals for 2021/22 and later years.

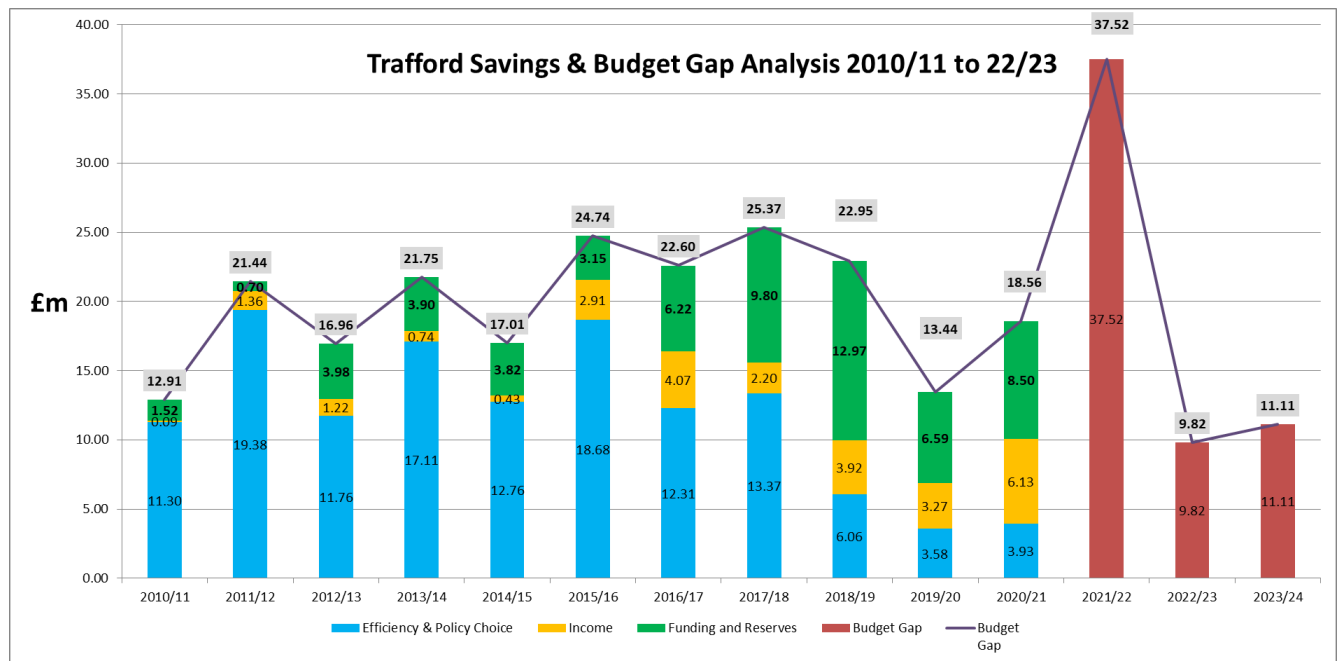
2.3 DELIVERY OF SAVINGS SINCE 2010

2.3.1 Since 2010 the Government has reduced the funding for Local Government as part of its efforts to reduce the fiscal deficit and this equates to a 77% reduction in per-person grant funding for local authorities and has been the longest sustained squeeze on public spending on record.

2.3.2 Alongside reductions in funding, local authorities have had to deal with growth in demand for key services, most notably adult’s and children’s social care; this demand is expected to continue. Other pressures have also been faced including higher national insurance contributions, inflationary pressures on goods and services, the apprentice levy and the National Living Wage.

2.3.3 The cost to the Council of the COVID-19 pandemic and the expected on-going financial pressures have also added to this savings requirement for 2021/22 and beyond.

2.3.4 This has meant that by 2021/22 the total value of funding gaps caused by the expenditure pressures and funding reductions since 2010/11 to 2020/21 is £217.73m. There is a further forecast gap for the next three year of £58.45m, of which £37.52m relates to 2021/22.



2.4 Spending Round 2021/22

2.4.1 On 21 July 2020 the Chancellor announced a Comprehensive Spending Review for the autumn which will confirm departmental spending totals. Due to the unprecedented uncertainty it is expected only a one year spending review will be announced.

2.4.2 At this stage a number of assumptions have been made on the outcome of the review and these underpin aspects of the Council's budget plans, including:

- Social Care Grants that local authorities received in 2020/21 will continue
- A 2% increase in baseline funding
- Authorities will be able to increase the Band D council tax up to 2% for the basic element and a further 2% for the Adult Social Care precept

2.4.3 **Fair Funding** - The Ministry of Housing, Communities and Local Government (MHCLG) has announced a delay in the fair funding review for local government, which will include a complete review of the relative needs and funding required by different councils to fund their services. The new methodology will be now be effective from 2022/23.

2.4.4 **Business Rates** – Since 2017/18 Trafford has been part of the Greater Manchester 100% Business Rate Retention pilot and currently benefits from a significant level of business rate funding and growth to support its budget. On 9 September 2020 authorities were invited to pool business rates for the year 2021/22. Work is ongoing across Greater Manchester to assess if pooling in 2021/22 will result in the same benefits seen in previous years. The full reset of business rates baselines, originally expected for 2020/21, is likely to be postponed until 2022/23. On the face of it, deferring the business rates reset is positive news for Trafford as any reset will put at risk the majority of the benefit the Council currently receives from business rates growth rewards. However, it should be noted that there is a significant risk associated with the financial reliance of business rates and the impact COVID 19 has had on the collection rates.

3. 2020/21 BUDGET & MONITORING POSITION

3.1 Revenue Budget Monitoring 2020/21 Period 4 (July 2020)

3.1.1 Since the budget was set, the outbreak of COVID-19 has had far reaching implications on the Council's expenditure, income and overall funding both in the current financial year and also future years. Monitoring the impact of COVID-19 is undertaken and reported to MHCLG monthly and based on the return submitted on 4 September 2020 the total pressures in 2020/21 amount to £45.58m

3.1.2 In response to these additional budget pressures the Government has provided a number of financial support measures for local authorities including:

- Specific grant support of £14.47m in total to support expenditure pressures , of which £1.40m was used to cover pressures in March 2020, leaving £13.07m for 2020/21;
- Support for reductions in Sales, Fees and Charges income, with the Government covering 75% of losses beyond 5% of planned income, estimated to be worth £3.00m;
- Phased repayment of Collection Fund deficits over the next 3 years. At this stage in the year it is projected a shortfall in income from council tax and business rates of £7.74m; this will not impact on the budget position in 2020/21 and instead be spread over the following three years. Government has given a commitment to determine what support is needed to help councils meet the pressures of irrecoverable tax income at the Spending Review;
- Exceptional Support at an individual authority level for those with unique circumstances.

3.1.3 In addition the Council is also projected to receive specific funding of £12.55m from government grants like Test and Trace and Infection Control Grant and contributions are anticipated from Trafford Clinical Commissioning Group (CCG) to support the NHS to ensure speed of discharges from hospital and provision of PPE.

3.1.4 Also, it must be noted the projections need to be treated with caution as there are many unknowns such as:-

- how demand, particularly in adults and children's social care services will impact on the budget during the remainder of the year;
- the risk and implications of a second spike in infections would inevitably increase the costs associated with hospital discharges as well as other council income streams;
- the end of the Government's Job Retention Scheme in October 2020 will increase the pressure on Council Tax collection rates and could lead to an increase in benefits such as Council Tax Support and Housing Benefit awards.

3.1.5 After the application of the Government support, contributions from CCG, removing the Council Tax and Business Rates deficits and earmarked reserves contributions the net COVID-19 pressures being felt in 2020/21 are estimated at £8.3m at period 4. The remaining balance being the subject of ongoing discussions with Government Departments.

Impact of COVID-19 on Services	Period 4 2020/21 £000
Estimated Gross Service Pressures	36,556
Estimated Funding Pressures (Council Tax and Rates)	9,022
Gross COVID-19 Pressures	45,578
CCG contribution – PPE – Adults Services	(490)
CCG contribution - Hospital Discharges	(7,357)
Infection Control (Care Homes) Grant	(2,270)
Public Health – Test and Trace Grant	(1,157)
Council Tax Hardship Grant	(1,277)
Total Specific Grants and Recharges to CCG	(12,551)
COVID-19 Support Grant 2nd Tranche	(6,539)
COVID-19 Support Grant 3rd Tranche	(1,814)
COVID-19 Support SFC Income Loss Support	(3,000)
Total Government Support	(11,353)
COVID-19 Support Reserve (Bal of 1 st Tranche held in reserve)	(4,722)
Strategic Investment Property Risk Reserve	(900)
Council Tax Deficit removed and recovered 2021 onwards	(4,257)
Business Rates Deficit removed and recovered 2021 onwards	(3,488)
Total Reserves and Funding Contribution	(13,367)
Net COVID-19 Pressures 2020/21	8,307

3.1.6 Net COVID-19 related pressures have been offset to a degree by favorable movements across other services to arrive at a projected net overspend of £2.25m.

3.1.7 The main variances contributing to the net overspend in service budgets is £6.772m, which also includes the COVID-19 related pressures. Results by service area are highlighted in the table below.

Budget Monitoring results by Service	2020/21 Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)	Percentage
Children's Services	41,920	43,489	1,569	3.7%
Adult Services	49,295	50,703	1,408	2.9%
Public Health	12,115	12,137	22	0.2%
Place	29,284	35,571	6,287	21.5%
Strategy and Resources	5,066	7,646	2,580	50.9%
Finance & Systems	7,812	7,638	(174)	(2.2)%
Governance & Community Strategy	6,391	7,024	633	9.9%
Total Directorate Budgets	151,883	164,208	12,325	8.1%
Council-wide budgets	23,378	17,825	(5,553)	(23.8%)
Net Service Expenditure variance	175,261	182,033	6,772	3.91%
Funding				
Business Rates (see para. 20)	(65,531)	(65,531)	0	
Council Tax (see para. 15)	(103,990)	(103,792)	198	0.19%
Reserves Budget Support	(4,524)	(4,524)		
Reserves to Support COVID-19		(4,722)	(4,722)	
Collection Fund surplus	(1,216)	(1,216)		
Funding variance	(175,261)	(179,785)	(4,524)	(4.86%)
Net Revenue Outturn variance	0	2,248	2,248	1.28%
Dedicated Schools Grant	139,392	140,015	623	0.4%

3.1.8 The current in-year variations contain a number of items with those notable items listed below which have been considered in determining the budget proposals for 2021/22:

- Children's Services – there are a number of pressures in the current year of £2.94m, including the rise in demand and increasing cost of children's placements and home to school transport, a surge in demand and subsequent support required at an early stage, a shortfall in the proposed savings against target and a loss of income. These have, however, been partly offset by an underspend on staffing of £1.37m due to further delays in recruiting to the posts created as a result of the additional investment in the service following the OfSTED report in 2019.

- Adult Services – additional pressures of £2.98m relating to payments to care providers, a shortfall in savings against target and staff costs have been partly offset by savings from client demand, vacancies and one-off savings of £1.57m;
- Place – includes COVID-19 pressures relating to losses of income of £5.503m and additional unplanned expenditure £1.152m. These have been partly offset by £368k of other net savings across the Directorate.
- Central Services (Strategy & Resources, Finance and Systems and Governance & Community Strategy) – includes the impact of COVID-19 of £3.46m, relating mainly to loss of trading and other income. These pressures have been partly reduced by savings in staffing and running costs.
- Council-wide budgets – due to the impact of COVID-19 on the economy the budgeted MAG Dividend is no longer expected of £5.597m. A pressure within the Housing Benefit budget of £0.8m partially met by a contribution from reserves of £0.5m.

3.2 Impact on Future Years

- 3.2.1 In addition to estimating the financial consequences of the pandemic in 2020/21 it is inevitable that the impact will be felt in future years. Significant recurrent pressures have been assumed as a result of lower Council Tax and Business Rates collections, loss of dividend income from our strategic investment in the Manchester Airport Group and an increase in client demand and a figure of £15.65m has been included in the draft budget for 2021/22. Further details are shown in paragraph 4.2.5
- 3.2.2 It is also important that COVID-19 does not detract our focus from business as usual issues and the following recurrent pressures have been addressed within the draft budget proposals. Adults savings targets in 2020/21 which have not been met £0.95m, a 2020/21 pay award announced after the Period 4 monitoring which was higher than expected by 0.25% will result in a pressure in 2021/22 of £0.17m and an underlying pressure within the Housing Benefit budget currently financed from one off reserves of £0.5m.

4. BUDGET UPDATES & PROPOSALS

4.1 This section identifies:-

- The revised budget gap for 2021/22 and later years.
- The draft set of budget proposals to address the budget gap.

4.2 Updated Budget Gap

4.2.1 The MTFs position reported to Council in the February 2020 Budget Report showed an overall budget gap for 2021/22 and 2022/23 of £20.73m. Since February the Medium Term Financial Plan has been updated to include the financial year 2023/24. If the proposed increase in Council Tax, prior year savings programme are excluded, this increases the underlying budget gap to a gross figure for 2021/22 to 2023/24 to £36.53m.

4.2.2 The position has also been updated to reflect the ongoing impact of COVID-19, albeit the precise impact can only be estimated at this stage as there are still a number of uncertainties surrounding the extent and duration of the future impact. This has increased the gap to £58.45m over the three year period with £37.52m relating to 2021/22. Of this £21.87m relates to business as usual activity and £15.65m relates to the impact of COVID-19. A full breakdown of the changes to the budget gap are detailed in Annex B and summarised below:-

Budget Movements	2021/22 (£'000)	2022/23 (£'000)	2023/24 (£'000)	Total (£'000)
NET BUDGET GAP (Budget Feb 20)	15,069	5,658	5,247	25,974
Reverse 1.99% General Increase in basic Council Tax	1,986	2,083	2,289	6,358
Reverse 2% Social Care Precept	2,188	2,327	2,300	6,815
Reverse Prior year Savings & Income programmes (Feb 20)	(1,408)	255	(1,460)	(2,613)
Gross Budget Gap before Feb 20 Savings and Policy Choice Funding Proposals	17,835	10,323	8,376	36,584
Movements in Budget Assumptions (BAU)	1,835	16,558	2,228	20,621
Movements in Budget Assumptions (COVID-19)	8,917	(8,917)	0	0
Movements in Funding BAU	2,198	(1,413)	505	1,290
Movements in Funding COVID-19	6,731	(6,731)	0	0
TOTAL BUDGET MOVEMENTS	19,681	(503)	2,733	21,911
REVISED BUDGET GAP (Oct 20)	37,516	9,820	11,109	58,445
ACCUMULATIVE BUDGET GAP (Oct 20)	37,516	47,336	58,445	

4.2.3 It is important to explain the components of this gap in 2021/22 as this then influences the overall approach to balancing the budget as detailed in Paragraph 4.3.

4.2.4 **Business As Usual £21.87m:-**

The main features are detailed below with a summary of the base budget assumptions shown in Annex A:

- Pay: includes a core provision for a 2% pay award. An impact of £4.67m over three years, with £1.53m in 2021/22.
- Living Wage: an allowance of £6.77m (£2.26m in 2021/22) over the next three years has been provided, which covers projected increases in pay, for external care staff, based on the National Living Wage. The Council is working towards the real living wage but it will take time to get there.
- Inflation: relates to non-staffing budgets and had included a general allowance of 2% per annum over the three years. A review of our inflation assumptions in 2020/21 required inflation to be absorbed within existing budgets. However, for the next three years a figure of £0.355m (£116k in 2021/22) has been included for the subsequent two years. Other contractual inflation has been assumed totalling £6.78m (£2.22m in 2021/22) over the next three years.
- Levies: includes allowances for waste disposal, transport and Environment Agency (flood defence) totalling £0.78m (£211k in 2021/22)
- Demography: an annual budget increase to reflect the increasing number of adults & children requiring social care of £7.36m over the next three years (£2.82m in 2021/22).
- Other Changes, including additional investment in back office infrastructure £0.6m, £0.5m to alleviate the pressures in the housing benefit and further investment budget and additional investment in adult social care of £2m to support the costs of delayed discharges and client costs.
- Collection Fund Deficit Repayment – as part of the package of support measures to assist in offsetting COVID-19 costs in 2020/21 authorities have been allowed the ability to offset 2020/21 deficits over the following three years. Based on the current forecast deficit and assuming that Government meet an element of this (to be announced in the forthcoming spending round and assumed at 20% support at this stage); this is estimated to increase pressures by £2.41m in 2021/22.
- Income from the Asset Investment Strategy.- because some investments are due for planned repayment by third parties later in 2020/21 and 2021/22 this means the net returns will cease, putting pressure on the budget until suitable replacement investments can be identified. This is a total pressure of £3.32m.

- Use of reserves to support the budget in 2020/21 amounted to £4.52m; because reserves are a one-off resource this means that recurrent savings in 2021/22 needs to be found.

4.2.5 COVID-19 Related £15.65m:-

As referred to in Section 3 there will inevitably be an impact on the budget beyond 2020/21 in respect of a number of the pressures. At this stage the precise impact is not known and therefore a prudent assessment has been undertaken to identify those areas expected to recur at least into 2021/22. **Future budget gaps will need to consider any recurring impact into later years.**

- **Council Tax** – During the first four months of the current financial year the challenges faced by COVID-19 have placed considerable pressure in the region of £6.8m on the Council Tax Collection Fund namely from a reduction in cash collection rates, an increase in the amount of local council tax support awarded and a general delay in the completion of new properties coming online. Due to the uncertainty surrounding COVID-19 and such issues as the end of the government sponsored Job Retention Scheme in October 2020, the impact in the current and subsequent years is notoriously difficult to predict. As a broad assumption, a figure of £3.24m reduction in Council Tax income has been assumed in the draft budget for 2021/22 to reflect the combined impact of reduced cash collection and continuing higher levels of local council tax support. This has resulted in a reduction in our Tax Base of -2% which was against a previously assumed +1% for 2021/22.
- **Business Rates** – Prior to COVID-19 the Council was preparing its medium term budget forecast based on the Government's proposed business rate reset, which would see the Council losing its accumulated share of business rate growth since the last reset, offset by some transitional protection the Government may offer. Since COVID-19 the reset has been postponed until at least 2022/23, along with the review of Fairer Funding.

As with Council Tax, the impact on projecting the impact of COVID-19 on Business Rates has added further uncertainty to the accuracy of projections and the recurrent impact in future years. As with Council Tax a broad assumption has been made and a figure of £3.49m has been assumed which represents the continued annual pressures being felt in the current financial year. Again this figure may vary depending on the long term economic fallout of COVID-19.

In conjunction with the ongoing impact of COVID-19 as well as assumptions on the reset, the total estimated reduction in Business Rates over three years is estimated at £3.34m. Full details of the loss in business rates are shown in Annex C.

- **Loss in Airport Dividend** – The current budget includes for £5.597m annual dividend from our strategic investment in Manchester Airport Group

(MAG). The downturn in the aviation sector resulting from COVID-19 has been dramatic and our draft budget includes for the loss of the dividend for the financial year 2021/22.

- **Impact on demand led services in social care** – The coronavirus pandemic has had a significant impact on the adults and children’s service both in terms of changes to its service delivery and finances. Additional costs were felt in payments to care providers to meet additional costs and provide sustainability in the market, as well as an increase in client demand following the isolation of many vulnerable people within the population both due to increased physical need and mental health support. It is anticipated that some of these costs will continue into 2021/22 and the draft budget assumes figures of £1.2m for Children’s placements and £1.0m for Adults. A further £0.8m has been assumed to cover the increased costs of home to school transport.
- Provisional estimates have also been included in the draft budget for additional costs of PPE as well as lost income from media advertising, totalling £0.32m

4.3 Approach to the Budget

4.3.1 Whilst the overall budget gap for 2021/22 is currently forecast at £37.52m there are still a number of uncertainties, particularly around the ongoing implications on the Council’s council tax revenues, business rate income and demand led social care services. As the monitoring position for 2020/21 becomes more certain then the recurrent nature of these areas and their impact on the Council’s budget will become clearer. It is therefore proposed that the budget be approached as follows:-

- **COVID-19 Related Pressures** – it is proposed that Council reserves are used to support the impact of these pressures in the event that the forthcoming spending review fails to address the ongoing impact sufficiently. More details on the use of reserves is given in Section 5 of the report. For an authority like Trafford with a relatively low level of reserves this presents its own challenge. There are statutory responsibilities of the S151 officer regarding the adequacy of reserve levels and these risks have been considered when reviewing the scope to earmark reserves for these pressures. If the S151 officer’s opinion was that the reserves levels were below an acceptable level compared to the range of business risks faced and this meant the setting of a balanced budget was at risk then further statutory responsibilities under S114 of the Local Government Finance exist. Before the impact of COVID-19 it would have been incumbent on the S151 officer to issue a formal report to Council. Whilst this responsibility still exists the Ministry of Housing Communities and Local Government have asked that if any authority is in this position then they have asked to be contacted to see what exceptional support could be given.
- **Business as Usual Pressures** – a mix of savings and income proposals have been developed to address this gap and specific details are included

at Annex D. All the measures will be developed further over the next few months, including full business case reviews to ensure deliverability and robustness as well as full consideration of the impact on staff and key user groups. Where measures impact on staff the approach will be to prioritise voluntary measures first, rather than compulsory interventions.

4.4 Meeting the Gap

4.4.1 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 can be found in Annex D.

Summary of the Budget Proposals	2021/22 £'000	2022/23 £'000	2023/24 £'000	Total £'000
Revised Gross Budget Gap (Oct 20)	37,516	9,820	11,109	58,445
Policy Choice Funding Proposals				
Reinstate Social Care Precept increase 2% (*)	(2,188)	(2,327)	(2,300)	(6,815)
General Increase in basic Council Tax to 1.99% (*)	(1,986)	(2,083)	(2,289)	(6,358)
Contribution from Budget Support Reserve to Support COVID-19 Pressures	(15,648)			(15,648)
Total Policy Choice Funding	(19,822)	(4,410)	(4,589)	(28,821)
Savings continuing from 2019/20	1,466	(196)	1,512	2,782
Savings and Income proposals (New) – See Annex D	(14,452)			(14,452)
Revised Budget Gap (Oct 20)	4,708	5,214	8,032	17,954

(*) Subject to council tax referendum principles for 2021/22 – to be announced in December 2020.

4.4.2 In summary, there are a total of £14.452m of new income and savings proposals.

4.4.3 The value of savings proposals in the report still leave a budget gap of £4.70m for 2021/22. This will be further reviewed in the next few months but it is expected will be filled as other savings proposals included within Annex D are developed further. This budget position will also be reviewed and updated in the context of the 2020/21 budget monitoring position and also to incorporate the impact of the Spending Round in the autumn and the provisional local government finance settlement in December.

4.4.4 Based on current assumptions and proposals the 2021/22 net budget will increase by £9.14m or 5.2%, from £175.522m to £184.665m.

4.4.5 A full Subjective summary providing a breakdown of the 2020/21 net budget can be found in Annex E and an Objective summary below.

<i>The 2021-24 Budget</i>	October 2020		
Budget	2021/22 (£'000)	2022/23 (£'000)	2023/24 (£'000)
<u>Service:</u>			
Children's Services	44,687	43,365	44,328
Adult Services (incl. Public Health)	67,723	72,974	78,026
Place	25,427	26,280	27,662
Governance and Community Strategy	6,463	6,609	6,759
Finance and Systems	7,368	7,586	7,808
Strategy and Resources	4,635	4,897	5,164
Total Service Budgets	156,303	161,711	169,747
Council-wide Budgets	28,362	24,947	29,015
Net Budget	184,665	186,658	198,762
<u>Funding:</u>			
Council Tax	(104,841)	(113,588)	(119,356)
Business Rates: Local Share	(153,758)	(156,833)	(159,970)
Business Rates: Tariff Payment	98,585	100,917	103,297
Business Rates: Assumptions, Growth, S31 Grants, GM Pilot	(4,295)	(7,732)	(5,779)
Fairer Funding Assumptions	0	500	1,000
Funding	(164,309)	(176,736)	(180,808)
<u>Movement in Reserves</u>			
Budget Support Reserve	(15,648)	0	0
Movement to/(from) Reserves	(15,648)	0	0
Cumulative Budget Gap	4,708	9,922	17,954
Annual Budget Gap	4,708	5,214	8,032

5. ROBUSTNESS, RISKS & RESERVES

5.1 Robustness and Risks

5.1.1 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.

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

5.1.3 Under the Local Government Act 2003, the Corporate 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.

5.1.4 In completing the annual review of the Council's Reserves Policy the following will be considered:

- 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.

5.2 Classification

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

- **Budget Resilience and Smoothing Reserves** - earmarked reserves linked to the financial resilience of the Council, for example being able to respond to unexpected demand pressures

- **Strategic Priority Reserves** - earmarked reserves linked to the Council's priorities over the medium term financial plan
- **Corporate Reserves** - statutory and ring fenced reserves
- **Reserves Linked to Service Area Priorities** - earmarked reserves linked to the Council's transformational change and service area priorities
- **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.

5.3 Balances

5.3.1 The Council usable reserves at 31st March 2020 stood at £91.35m, of which £58.68m relates to Earmarked revenue reserves as shown below, along with their projected usage over 3 years including the current financial year.

	Opening Balance 1/4/20	20/21	21/22	22/23
<i>Usable Reserves</i>	£m	£m	£m	£m
Budget Resilience and Smoothing	31.25	27.67	11.21	11.48
Strategic Priority	11.74	5.89	6.80	6.92
Corporate	2.05	(3.19)	0.32	0.00
General Reserve	7.00	7.00	7.00	7.00
Service Area Priorities	6.64	3.68	2.09	0.65
Earmarked Reserves	58.68	41.05	27.42	26.05
Capital Related Reserves	21.77	14.82	7.86	0.91
School Related Reserves	10.90	10.90	10.90	10.90
Total Usable Reserves	91.35	66.77	46.18	37.86

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

5.4 Reserves Review

- 5.4.1 In light of the budget pressures stemming from the impact of the COVID-19 pandemic a full review of all reserves has been undertaken with both service management and the Corporate Leadership Team. This was done primarily to identify balances which could be used to support any longer term financial impacts of the pandemic. In undertaking the review close consideration has been given to the reasons the reserves are held and due regard has been placed on ensuring any remaining reserves remain sufficient to cover the range of risks faced by the Council.
- 5.4.2 The review has identified an amount of £10.87m which can be released from reserves to support the recurrent COVID-19 pressures which are estimated to continue into 2021/22 and potentially beyond. Further explanation and justification for the proposed changes is given in the Annex F.
- 5.4.3 This amount will be further supplemented during the course of the year with an expected release of available resources from GMCA. At this stage a figure of £3.7m is estimated to be available to bolster the reserves position.
- 5.4.4 The current in-year budget monitoring position as at period 4 is a projected overspend of £2.25m. It is still relatively early in the financial year to predict this with 100% accuracy, but in the event that this cannot be brought back in line then an element of the reserve balance will need ring-fencing for this.
- 5.4.5 It is proposed to transfer the available reserves into the Budget Support Reserve to allow sufficient flexibility over the use of the reserves in the future. The estimated balance on the Budget Support Reserve would be £17.66m at the end of the current financial year, consisting of £9.86m brought forward less £4.52m previously agreed to support the 2020/2021 budget, less £2.25m pressure as reported at Period 4 plus £3.7m GMCA resources and £10.87m of transfers.
- 5.4.6 The draft budget for 2021/22 includes an assumption that should the recurrent COVID-19 pressures, currently estimated at £15.65m, crystallise they will be met from the budget support reserve. Furthermore, it is essential that the Council has plans in place to replenish the level of reserves over the medium term to provide an increased level of financial resilience against business as usual risks. A realignment of our Council Wide contingency budget has identified a figure of £0.5m which will be redirected to increasing the level of reserves on an annual basis. With the annual contributions, less the estimated recurrent COVID-19 pressures this would leave approximately £3.0m available in the budget support reserve at the end of 2023.
- 5.4.7 It is acknowledged the Council has diverted a significant amount of business as usual reserves due to the unique circumstances it has been placed under as a result of COVID-19. As a consequence, it has therefore been necessary to accept a higher level of exposure to usual risks, however confidence remains there is sufficient capacity to demonstrate our plans are sufficiently robustness in line with legislation. A summary of the pertinent risks and the reserves which have been earmarked to cover them is as follows

- Business Rate Risk – the full economic impact of the pandemic and the impact of Brexit on local businesses is not clear but inevitably the ability to generate current levels of business rates will be challenged. In 2020/21 all retail properties have received full relief from their business rate liabilities; this relief ends on 31 March 2021 and therefore it is expected that if the relief is not continued in some form this will place further financial burdens on an already strained retail sector meaning business rate revenues are likely to come under pressure. The Council’s budget currently relies on significant levels of business rate income of £60.42m, which is £5.25m above our Baseline Funding Level. As highlighted in Section 2, Trafford’s reliance on business rate growth to fund its budget has been identified as key risk in CIPFA’s Financial Resilience Index. The consequences on collection rates and potential appeals due to COVID-19 has had a major impact, the extent of which will only become clearer as collection performance in 2020/21 becomes more mature and when the full economic impact of the pandemic and Brexit become clearer. A significant balance of £5m has therefore been maintained in the Business Rate Risk Reserve and will provide a buffer representing approximately 8% of the rates budget.
- Strategic Investment Reserve – Estimated balance at the end of 2022/23 £5.248m which is deemed sufficient to absorb risk of a major default.
- Leisure Centre Refurbishment Programme – reserve utilised in full in 2020/21 to support COVID-19, however an annual budget provision exists at £300k to replenish this reserve over the medium term.
- Insurance Reserve – this reserve will stand at £1.7m which is sufficient to cover four major insurance claims with an excess of £250k each plus £0.70m to cover historic claims relating to MMI and balance of risk.
- Interest Rate Smoothing Reserve - estimated balance £0.889m at the end of the year. Low interest rates on investments have been assumed in our budget plans for the foreseeable future and any further draw down from this reserve is unlikely in the medium term.
- General Reserve - £7m – 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 level of this reserve has been maintained at £7m for robustness.

5.5 Using Reserves to Support the Budget and Ongoing Impact of COVID-19 in 2022/2023

- 5.5.1 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.

- 5.5.2 The impact of COVID-19 has demonstrated the importance of maintaining sufficient reserves and their application will mitigate a substantial part of the budget gap and go some way in allowing the Council to meet its obligations in setting a balanced budget in 2021/22. However, the ongoing impact and duration of COVID-19 on the Council's finances will remain unknown for some time. Should the recurrent impact be higher or last longer than anticipated and into 2022/23, the level of remaining reserves will be insufficient to meet such a scenario. Therefore continuing commitments will need to be added to the budget gap in 2022/2023 onwards. Further Government support will no doubt be required if the situation continues.
- 5.5.3 Although the Council has significantly lower levels of reserves than its neighbours, the ability to redirect these resources to support our budget has never been so critical in Trafford's history and therefore any decision around the use of Earmarked reserves to support its budget decisions has not been taken lightly.
- 5.5.4 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.
- 5.5.5 It is considered that the level of reserves held by the Council provides sufficient robustness to absorb the major financial risks over the short term, as well as providing the flexibility to assist in the development of our strategic priorities.

6. SCHOOLS FUNDING & BUDGETS 2021/22

6.1 Background

6.1.1 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 over spends taken forward into future years.

There are 4 blocks within the DSG:

- Schools Block (SB) - which funds schools' budgets. This includes £77m for academies.
- 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. This includes £13m to fund 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.

6.1.2 Summary Position 2020/21

Schools have provided an essential role within the community during the coronavirus pandemic (COVID-19). Although there had been increases in the schools budgets for 2020/21, there were still pressures on these which have been further exacerbated by the coronavirus pandemic.

The latest monitoring position as at the end of July, updated to reflect latest DSG allocations, forecasts a £0.623m over spend for 2020/21.

This is mainly within the HNB because of increases in:

- demand for places and top-up funding in our own special schools;
- demand for costly out of borough placements;
- costs of Education Health Care Plans (EHCPs) due to complexity; and
- tuition costs.

DSG Overall Position	2020/21 Budget (£m)	2020/21 Expected Outturn (£m)	Variance (£m)
Schools Block	171.944	171.895	(0.049)
Central School Services Block	1.513	1.518	0.005
High Needs Block	29.269	29.936	0.667
Early Years Block	18.491	18.491	0
Total	221.217	221.840	0.623

The level of central DSG reserve at 1 April 2020 was £2.895m and whilst some is ring-fenced to support specific expenditure, the balance is to support the pressures in the High Needs block.

DSG Central Reserve	Reserves (£m)
Reserve as at 31st March 2020	2.895
Growth Fund	0.468
De-delegation	0.847
PRUs	0.148
Early Years	0.244
Reserve for High Needs Block	1.188
Required to balance the HNB for 2020/21 as at the end of July	(0.667)
Estimated balance as at 31st March 2021	0.521

6.1.3 **Budget Position 2021/22**

The table below outlines the estimated budgets for 2021/22 and how they have moved from 2020/21.

DSG Allocations	2020/21 (£m)	2021/22 (£m)	Change (£m)
Schools Block	171.944	186.236	14.292
Central School Services Block	1.513	1.465	(0.048)
High Needs Block	29.269	32.154	2.885
Early Years Block	18.491	18.491	0
Total	221.217	238.346	17.129

Schools block

Funding from the teachers' pay grant and the teachers' pension employer contribution grant has been added to the schools' National Funding Formula (NFF) allocations from 2021/22. The funding has been added to basic per pupil entitlement, to the minimum funding levels, and to schools' baselines so that it is protected through the funding floor. When these grants are taken out of the schools block allocation, the increase in funding is £6.156m (3.6%).

The minimum per pupil funding levels ensure that every primary pupil receives at least £4,000 per pupil (£3,750 in 20/21), and every secondary school at least £5,150 per pupil (£5,000 in 20/21). In addition to this, these schools will receive an additional £180 and £265 per pupil to cover the grants mentioned above.

Central School Services Block (CSSB)

There are 2 elements to the CSSB: ongoing responsibilities that local authorities have 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. The allocation for 21/22 has reduced by £0.048m.

High Needs Block (HNB)

The allocation in the table above also includes an element of the funding from the teachers' pay grant and the teachers' pension employer contribution grant. Without these, the allocation is £31.618m an increase of 8.02%.

There are still significant pressures within the HNB due to:

- Financial pressures in the Schools block results in schools turning to the local authority for help with high needs pupils rather than looking to use available funding within their budgets;
- A continued increase in the numbers and complexity of EHCPs;
- The needs of many pupils are becoming more complex;
- Lack of places in our own Special Schools resulting in costly out of borough places being sought;
- The demand for one to one tuition increasing; and
- Policy changes to accountability, curriculum and testing have made inclusion in mainstream increasingly difficult for many learners.

In addition to the above the effects of COVID-19 on the high needs block are not yet fully known but it is expected that schools will require further funding to assist with additional pupil need for emotional support as a result of the pandemic which will put further strain on this budget.

A full review of budget assumptions for future years has been undertaken with expenditure expected to increase by approximately £1.5m in 21/22 & £1.15m in 22/23 and 23/24. Over the three years this will amount to £3.8m based on the following:-

- Continued increase in the level of SEN delegation payments to schools (£1.2m);
- An uplift in complexity of need leading to a rise in special school top-ups (no assumption has been made for any further growth in place numbers (£1.2m);
- Increase cost of out of borough placements caused by increasing complexity and lack of places in our own special schools (£0.8m);
- Inflationary cost increases on out of borough placements, pay and running costs (£0.6m).

At this stage the budget does not include any potential increase as a result of COVID-19 as it is not yet known the extent to which this may put a pressure on the HNB. If this pressure materialises, the additional costs will be met from the reserve.

The provisional High Needs allocation for 2021/22 is £31.618m, an increase of £2.3m (8%) on the 2020/21 allocation. The assumption is that this will

increase by 2% in subsequent years. There has been no increase estimated in the provisional grant allocation for pupil number growth, this will be reviewed again when final allocations are received in December.

Although Local Authorities have seen increases in their HNB funding for 2021/22, the government has committed to pursue a review of the Special educational needs and disability (SEND) system to see what further improvements are necessary to ensure that it supports children and young people with SEND as effectively as possible.

The table below sets out a summary of the HNB position.

High Needs Block Summary	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)
Required HNB budget	31.470	32.615	33.762
Provisional HNB grant	31.618	32.250	32.895
(Surplus)/Deficit	(0.148)	0.365	0.867

Although the additional grant is welcome it is insufficient to keep up with increasing costs over the years which has an impact on the reserve as outlined in the table below.

High Needs share of the DSG Central Reserve	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)
Usable reserves brought forward	1.188	0.521	0.669	0.304
Movements in year	(0.667)	0.148	(0.365)	(0.867)
Useable reserves remaining	0.521	0.669	0.304	(0.562)

Savings will need to be identified and the high needs sub-group has already been re-established to look at future savings and measures necessary to balance the high needs budget in future years.

New provisions were put into regulations so that local authorities are required to carry forward overspends to their schools budget either in the following year or the year after. The impact of these statutory provisions are that a local authority with a DSG deficit from the previous year must either:-

- Carry the whole of the deficit forward to be dealt with in the schools budget for the new financial year, deducting it from the money available for that financial year;
- Carry part of it forward into the new financial year and the rest of it into the following financial year;
- Carry all of it into the following financial year; or
- Apply to the Secretary of State for authorisation to disregard the requirements if it wishes to fund any part of that deficit from a source other than the DSG.

This creates a new requirement that a deficit must be carried forward to be dealt with from future DSG income, unless the Secretary of State authorises the local authority not to do this.

6.1.4 **Future Changes**

National Funding Formula (NFF)

A National Funding Formula (NFF) was introduced in 2018/19 the aim of which was to create a level playing field by creating a national formula with a single set of values for each of the factors relating to pupil and school characteristics. The intention was that when fully implemented, there would no longer be different sums of money received by schools with similar pupil profiles. However this hasn't materialised as every school's starting point is very different as a result of historic individual local formulae decided by local authorities (LAs) with floors and protections in place.

The introduction of a hard formula was to take place in 2020/21 after 2 years of a soft formula, however this will not be happening in 2021/22 as it has been further delayed due to the recognition that efforts need to be focussed on meeting the challenges of COVID-19.

The soft formula involves the Education Skills and Funding Agency (ESFA) applying the national formula values to individual schools' data and aggregating the allocations at LA level. They then add funding for historic spending factors which currently sit outside the NFF. LAs receive the total funding as a Schools Block allocation and distribute it between schools using a local formula. Trafford Schools' Funding Forum opted to mirror the NFF as a local formula in 2018/19.

The hard formula means that the ESFA will calculate and distribute allocations directly to all schools and academies using the NFF. The government will shortly put forward proposals to move to a hard NFF in the future.

7. CAPITAL STRATEGY AND INVESTMENT PROGRAMME

7.1 Background

7.1.1 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 the Asset Investment Fund (Commercial Properties and related portfolio). In addition to supporting the Council's Corporate Objectives, specific objectives of the capital programme are:

- Regeneration of Strategic Locations including, Civic Quarter, Sale Town Centre development, the Stretford Area Action Plan and Altrincham Town Centre Masterplan.
- Development of the Bee Network/cycle schemes
- Leisure Centre Strategy
- Investment in Highways and Infrastructure
- Secondary Schools - Expansion Programme and Improvement
- One Public Estate, particularly relating to new health related provision and best use, including rationalisation of public sector assets
- Adult Social Care – In-house dementia support
- Increase the availability and range of suitable housing options for older people within Trafford and improve the quality and standard of existing housing.
- Affordable Housing
- Major infrastructure schemes to support new housing development, including Carrington Relief Road - A1 Route
- Parks, greenspaces and tree planting programme
- Asset Investment Strategy, including strategic property acquisitions and the provision of senior development or investment debt where this supports regeneration including employment space, job creation, housing and promotes low carbon schemes.

7.2 Capital Programme 2020-23

7.2.1 The value of the indicative capital programme for 2020/21 to 2022/23, which was approved in February 2020, was £369.38m, including £200.00m of Asset Investment strategy resources. The overall programme has since increased

by £84.85m to £454.23m, of which £45.50m relates to the general capital programme and £39.35m to the Asset Investment strategy. This increase is due to a number of factors, including the addition of new schemes and slippage of schemes from prior year programmes.

7.2.2 Since the budget was approved by Council in February 2020 there has been a review of the delivery plans to ensure the programme remains realistically achievable and affordable in-year, and to account for the impact of COVID-19 and the volume of slippage. The original approved capital programme for 2020/21 was £62.77m and with the addition of the net slippage from 2019/20 of £27.15m this increased the revised programme for 2020/21 to £89.92m. Following the review of the planned expenditure, the programme is now further revised to £42.80m, an overall net reduction of £19.97 from the original approved budget. Further detail of this review can be found in the 2020/21 Period 4 budget monitoring report.

7.2.3 The capital programme utilises all known available capital funding sources including prudential borrowing, capital grants and contributions and capital receipts from the Council's Land Sales Programme. A review of the current Land Sales Programme and Development Programme has been undertaken and compared to the requirement identified to fund the original three year capital programme approved in February 2020. This now indicates an over-programmed level within the capital programme of £2.76m which is an increase of £170k from £2.59m. This is as a result of an overall reduction in the level of receipts anticipated. In addition to this, delays in realising capital receipts and development returns are increasing the requirement for short term borrowing, forecast to be £7.79m over the next two years.

7.3 General Capital Programme 2021-24

7.3.1 The reprogramming of the capital programme for 2020/21 has resulted in a programme of works totalling £172.08m for the remaining two years of the three year programme. Based on current levels of activity there is a high risk that a programme of this size may not be deliverable within this timeframe, not least due to capacity. It is to be noted that within this there are some significant elements of standalone works, these include;

- Altrincham and Stretford Leisure Centres - £46.3m
- Mayors Cycling and Walking Challenge Fund - £34.7m
- Carrington A1 Relief Road - £13.5m

7.3.2 All service areas have been requested to submit new capital bids for the three years from 2021/24. This has included re-bidding for schemes in the current 2020/23 programme where those schemes are uncommitted along with new priorities across 2020/23. A full review of all bids will be undertaken by the Corporate Leadership Team and the Executive.

- 7.3.3 Capital receipts are the income the Council receives from the sale of surplus assets. Traditionally, these receipts can only be applied to support capital expenditure, or to repay debts or other liabilities, however, regulations around flexible use permits supporting projects that deliver service improvements and transformation or ongoing revenue savings. It is proposed to seek Council approval in the main budget report in February 2020 to allow this flexibility to be applied to modernisation activity in 2021/22.
- 7.3.4 Due to the current over programming using funding from capital receipts, it is anticipated that any request for new schemes that are not accompanied with funding in the form of grants, contributions or savings to cover the cost of borrowing are unlikely to be approved into the capital programme unless other programmes can be prioritised.
- 7.3.5 A review of the future years' programme will be undertaken and reported back to Executive in February 2021. This will involve a review of existing planned programmes against new emerging priorities including any invest to save measures required to support future revenue savings.

7.4 Asset Investment Strategy

- 7.4.1 The Council's Asset Investment Strategy was originally approved by the Executive in July 2017 when approval was given to increase the Capital Investment Fund to £300m with a further £200m approved since, to a total £500m. The Strategy seeks to acquire a balanced portfolio of investment assets capable of providing sustainable income streams to support the MTFP, facilitate development and regeneration and support local authority functions.
- 7.4.2 The strategy is recently been reviewed and updated, with the Council's external property advisors, to ensure that it continues to reflect and support the Council's wider objectives and strategic priorities, and factors in changes in market conditions. The changes will bring more emphasis to the ability of new investments to bring about both regeneration and social, economic or environmental benefit to the area and wider region, and produce an income that gives a financial return to the Council. The updated Strategy is included at Annex G.
- 7.4.3 As part of the decision making process an Investment Management Board (IMB) oversees the approval of new acquisitions and undertakes a performance management role. This process is supported by independent external advice on each acquisition.
- 7.4.4 The transactions that have been agreed by the Investment Management Board to date have a total committed cost of £313.47m. The facility agreement at The Crescent (£44.26m anticipated outlay) is due to be repaid this year, meaning the balance of the approved £500m which is available for further investment is £186.53m. These investments are forecast to generate a net benefit to the revenue budget in 2020/21 of £7.43m.

Base Budget Assumptions

Annex A

Base Budget Assumptions	2021/22 £m	2022/23 £m	2023/24 £m
Service Expenditure			
Pay: Inflation	2.0%	2.0%	2.0%
	£1.53	£1.55	£1.59
Pay: Pension Inflation	0.0%	0.0%	0.0%
	£0.00	£0.00	£0.00
Pay: Increments & Pension Auto-Enrolment	£0.00	£0.00	£0.00
Pay: Living Wage	£2.26	£2.38	£2.13
General Inflation: Prices(*)	2.0%	2.0%	2.0%
	£0.12	£0.12	£0.12
Contractual Obligations: Inflation Specific e.g. energy	£2.22	£2.25	£2.31
Levies: Waste (GMWDA) Levy Increase	£0.21	£0.34	£0.24
Demographics: Children	£2.07	£0.64	£0.00
Adults	£1.95	£2.00	£1.90
Treasury Management			
Investment Rates	0.20%	0.20%	0.20%
Debt Rates	2.50%	2.50%	2.50%
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	(2.00)%	1.00%	1.00%
Change in Baseline Funding Level :-			
Baseline Funding (Core) %	2.00%	2.00%	2.00%
Baseline Funding (Core) £m	£0.73	£0.74	£0.76
Baseline Funding (RSG) %	0.00%	0.00%	0.00%
Baseline Funding (RSG) £m	£0.00	£0.00	£0.00
Baseline Funding (PH) %	0.00%	0.00%	0.00%
Baseline Funding (PH) £m	£0.00	£0.00	£0.00

Annex B

Breakdown of the Movements in the Budget Gap

<i>Budget Movements</i>	2021/22 (£'000)	2022/23 (£'000)	2023/24 (£'000)	Total (£'000)
NET BUDGET GAP (Budget Feb 20)	15,069	5,658	5,247	25,974
Reverse 1.99% General Increase in basic Council Tax	1,986	2,083	2,239	6,358
Reverse 2% Social Care Precept	2,188	2,327	2,300	6,815
Reverse Prior year Savings & Income programmes (Feb 20)	(1,408)	255	(1,460)	(2,613)
Gross Budget Gap before Feb 20 Savings and Policy Choice Funding Proposals	17,835	10,323	8,376	36,534
Movements in Budget Assumptions BAU :				
Borrowing Costs Investments	311	324	0	635
Car Parking (programme delays)	400	(395)	0	5
Higher than budgeted Pay Award in 20/21 impact in future years	99	173	206	478
Housing Benefit Pressures	500	0	0	500
GM Bus Reform	0	0	1,500	1,500
Adult Social Care 20/21 Savings not delivered	949	0	0	949
Ongoing Impact of BAU ASC pressures from COVID-19 clients	300	0	0	300
Changes to Living Wage rates	685	881	634	2,200
Review of inflation on contracts	(84)	(105)	(60)	(249)
Waste Levy	0	0	(103)	(103)
Reduce Contingency to earmark for reserves replenishment	(500)	0	0	(500)
Reserves Replenishment COVID-19	500	0	0	500
New Airport shareholder loan COVID-19 - deferred interest	(1,295)	0	0	(1,295)
Reverse one off contribution from Reserves COVID-19	0	15,648	0	15,648
Other changes in Budget Assumptions	(30)	32	51	53
Movements in Budget Assumptions (BAU)	1,835	16,558	2,228	20,621
Movements in Budget Assumptions COVID-19 :				
MAG Dividend	5,597	(5,597)	0	2,500
Additional PPE	120	(120)	0	120
Increased cost of Children's placements	1,200	(1,200)	0	1,200
Increased cost of home to school Transport	800	(800)	0	800

Outdoor Media - reduced income	200	(200)	0	200
Additional Adult Social Care Demand	1,000	(1,000)	0	1,000
Movements in Budget Assumptions (COVID-19)	8,917	(8,917)	0	0
Movements in Funding (BAU):				
Business Rate Reset deferred until 22/23	612	(1,413)	505	(289)
Fairer Funding deferred until 21/22	(500)	0	0	(500)
20/21 Council Tax Deficit spread over 3 years	1,136	0	0	1,136
20/21 Rates Deficit spread over 3 years	950	0	0	950
Movements in Funding BAU	2,198	(1,413)	505	1,290
Movements in Funding (COVID-19):				
Reduction in Collection Rates Council Tax	1,994	(1,994)	0	0
Reduction in Council Tax (Tax Base and LCTSS)	1,250	(1,250)	0	0
5% Fall in Rates Income	3,487	(3,487)	0	0
Movements in Funding COVID-19	6,731	(6,731)	0	0
TOTAL BUDGET MOVEMENTS	19,681	(503)	2,733)	21,911
REVISED BUDGET GAP (Oct 20)	37,516	9,820	11,109	58,445
ACCUMULATIVE BUDGET GAP (Oct 20)	37,516	47,336	58,445	

100% Business Rates Retention GM Pilot

Annex C

Business Rates Benefit Calculation 2020/2021 to 2023/2024

	2020/21 100% PILOT £	2021/22 100% PILOT £	2022/23 £	2023/24 £
Gross Rates Payable	186,028,107	190,501,729	194,229,747	197,957,765
Transitional Adjustments and Mandatory & Discretionary Reliefs	(19,231,360)	(19,278,834)	(19,664,411)	(20,057,699)
NET RATES PAYABLE	166,796,747	171,222,895	174,565,336	177,900,066
Accounting Adjustments (Appeals & BDP) & Cost of Collection	(10,742,245)	(13,216,079)	(13,475,903)	(13,736,834)
NNDR Income	156,054,503	158,006,816	161,089,434	164,163,232
Local Share	154,493,958	156,426,748	159,478,539	162,521,600
Tariff	(95,749,897)	(98,584,191)	(100,916,410)	(103,295,273)
Retained Business Rates	58,744,061	57,842,557	58,562,129	59,226,326
Baseline Funding Level (BFL)	54,444,900	55,173,263	55,916,193	56,673,981
Growth	4,299,161	2,669,294	2,645,936	2,552,345
SAICA Renewable Energy	82,944	84,947	86,646	88,378
Section 31 Compensation Grants	10,832,326	9,671,803	9,926,964	9,486,620
Growth/(Decline) to Baseline	15,214,431	12,426,044	12,659,546	12,127,344
GM Pilot 'No Detriment' Over Payment	(9,019,836)	(7,387,841)	(7,489,777)	(7,571,720)
GM Pilot 'No Detriment' Over Payment Rebate	4,509,918	3,693,920	3,744,888	3,785,860
Business Rates Benefit over BFL	10,704,513	8,732,123	8,914,657	8,341,484
Release of Prior Year Surplus				
Business Rates Growth Reset			(8,828,012)	(8,976,105)
Contribution from business rates risk reserve	642,817			
Impact of COVID-19 – reduction in non-retail business rates		(3,487,000)		
Collection of 2020/21 COVID deficit over three years		(950,400)	(950,400)	(950,400)
Net Business Rates Benefit	11,347,330	4,294,723	(863,754)	(1,585,021)
Transitional Protection on BR Reset			3,696,009	2,464,006
National Redistribution of BR Post Reset			3,900,000	3,900,000
Growth Post Reset			1,000,000	1,000,000
Business Rates Benefit post Reset	11,347,330	4,294,723	7,732,255	5,778,985

Total Benefit from Business Rates

Benefit from Business Rates	2020/21 100% PILOT £	2021/22 100% PILOT £	2022/23 £	2023/24 £
Core Baseline Funding	36,418,133	37,146,495	37,889,425	38,647,213
Revenue Support Grant	5,384,932	5,384,932	5,384,932	5,384,932
Public Health Grant	12,641,835	12,641,835	12,641,835	12,641,835
Total Baseline Funding Level (BFL)	54,444,900	55,173,263	55,916,193	56,673,981
Business Rates Benefit over BLF	10,704,513	8,732,123	8,914,657	8,341,484
Business Rates Growth Reset			(8,828,012)	(8,976,105)
Contribution from business rates risk reserve	642,817			
Impact of COVID-19 – reduction in non-retail business rates		(3,487,000)		
Collection of 2020/21 COVID deficit over three years		(950,400)	(950,400)	(950,400)
Transitional Protection on Reset			3,696,009	2,464,006
Redistribution of National Scheme			3,900,000	3,900,000
Assumed Growth Post Reset			1,000,000	1,000,000
Total Benefit from Business Rates	65,792,230	59,467,986	63,648,448	62,452,967
Benefit over Baseline Funding Level	11,347,330	4,294,723	7,732,255	5,778,985
Yearly Changes detailed				
Change in BFL		728,363	742,930	757,789
Change in Business Rates Benefit over BLF		(1,972,390)	182,534	(573,174)
Removal of contribution business rate risk reserve		642,817		
Impact of COVID-19 – reduction in non-retail business rates/ reversed		(3,487,000)	3,487,000	
Collection of 2020/21 COVID deficit over three years		(950,400)		
Business Rates Growth Reset			(8,828,012)	(148,093)
Change in Business Rates Benefit Post Reset			8,596,009	(1,232,003)
Yearly Change		(6,324,245)	4,180,462	(1,195,481)

Total reduction in Business Rates -£6.324m+£4.180m-£1.195m = -£3.339m

The total estimated reduction in Business Rates over three years is estimated at £3.339m. This figure includes a number of assumptions relating to the reset of the baselines, including;

- Indexation on our Baseline Funding continue at 2%
- 100% pilot retention scheme to continue.
- Transitional protection – we are assuming there will be a protection scheme post reset which protects on a tapering basis
- It is estimated that following a national reset £1.3bn of business rate growth will then be redistributed through the new fair funding formula; this represents

approximately £3.9m of additional funding for the Council based on current distribution methodologies.

- Assumed £1m growth post reset

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.

Theme/Title	Service Area	Description of Saving	2021/22 £000's
Savings carried forward from 2019/20:-			
Person Centred - Reshaping	Adults	Continuation and roll out of the let's talk and right care for you approach to promote independence and support better outcomes	301
Liberty Protection Safeguards (LPS)/Portal - Reshaping	Adults	The implementation of the LPS scheme and a whole system portal which will drive through efficiencies and costs savings.	201
Homecare Pilot	Adults	A number of pilots which will trial new ways of working, supporting positive outcomes for service users with financial benefits for the Council	256
Market Management	Adults	Pursuing alternative purchasing arrangements with providers.	68
Supported Living	Adults	To maximise the current service capacity within the in-house Supported Living Service.	123
New Savings in 2021/22:-			
Mental Health commissioning strategy including Discharge to Assess Model (D2A)	Adults	Work collaboratively with Trafford Clinical Commissioning Group (CCG) to develop and implement a joint commissioning strategy which transforms the model of care for people living with a mental health need in Trafford. This includes moving to an asset /strength based approach which supports recovery.	tbc

Develop a Dynamic Purchasing Framework (DPF) for care across Mental Health	Adults	To develop a Dynamic Purchasing framework which gives a commissioned range of solutions and options to support people within their recovery journey	tbc
Mental Health - letting care through the Urgent Care Control Room (UCCR)	Adults	To coordinate the letting of care through the UCCR utilising the learning and experience this process has brought to other areas, whilst building up evidence to inform the DPF.	150
Learning Strategy - incl Let's Talk	Adults	Work collaboratively with Trafford CCG to develop and implement a joint commissioning strategy which transforms the model of care for people with a learning disability in Trafford. This includes moving to an asset /strength based approach which supports recovery.	tbc
Individual contract change	Adults	Contract change	75
Learning Disabilities - retender supported accommodation	Adults	To retender the learning disability supported living accommodation commissioned within Trafford, on a patch basis.	98
Learning Disabilities - Develop an assessment facility (Shawe Road)	Adults	The reconfigure of Shawe Road into a facility that provides an assessment process This will provide emergency accommodation and assessment unit in Borough and prevent costly packages of care out of borough. Using the, detailed assessment model which throughout Covid has worked well, provides evidence of long term needs ahead of a long term placement being commissioned. The service would work on the basis of 'positive risk taking and strengths based' approaches used within a let's talk model.	30
Learning Disabilities - contract change	Adults	Contract value change.	tbc
Learning Disabilities - reduce high cost packages	Adults	A review of high cost packages falling out of the new LD commissioning strategy	tbc

Care Home Market - retender D2A service	Adults	Retender to discharge to assess beds at a reduced rate based on the experience of length of stay and turn over	172
Care Market - Dementia - changes to extra care to enable more people to stay at home	Adults	To develop the extra care housing options to support people living with dementia for longer and reduce costs through delaying admission in to 24 hour residential /nursing care.	10
Care Market - align hourly rate with CCG	Adults	To adopt the CCG hourly rate for one to one hours in settings which provide 24 hour care at a weekly rate and charge extra for one to one provision.	10
Home Care – Stabilise And Make Safe service retender	Adults	To retender the stabilise and make safe services at a reduced weekly rate based on evidence of length of stay	151
Home Care - rapid discharge remodel - reduce to 72 hours	Adults	To recommission the rapid discharge service to provide care for up to 72 hours based on evidence from the work to date.	36
Home Care - SAMs over 21 days	Adults	To adjust the service specification post the 3 weeks SAM offer to the council core home care hourly rate, should someone require the SAMS service over the 21-days or for some reason cannot move into long term care within 21 days.	36
Digital front door and other digital solutions	Adults	To reduce the processing aligned to the current arrangements for referrals as the digital portal is launched.	30
Additional income to fund the D2A wing at Ascot House	Adults	Carried forward from last year.	200
Hold Vacancies in care at home/supported living/Ascot and reduce the capacity in care homes - redeploy staff across these services	Adults	To hold vacancies across the support work settings. Until we can reduce on a temporary basis the capacity within care at home, by redeploying 5 staff into vacancies as they occur.	150
Close social care posts in Community Enhanced Care(CEC)	Adults	To cease the social care rapid response provision via the CEC service, as now delivered via the new rapid support services and SAMS.	150

Modernisation of Children's Service	Children	Redesign of Children's Social Care to ensure that service is organised in the most efficient way that supports effective practice. This would be a review of previous assumptions and through a modernisation process (already commenced) and involve working differently to maximise service delivery and reduce the number of posts across the whole service. Likely to be achieved through not filling previously agreed posts as remodelling the investors in children monies.	356
Business Systems	Children	Reduce the level of Business support within Children's Services through a re-modelling and alignment of support across discrete service areas and bringing into a single support function.	56
Review of Management roles and responsibilities across the whole service	Children	The current Children's Social Care structure has a number of different management roles and the spans of control vary. It is proposed that the service redesign includes an alignment of some management roles. It is anticipated that this will be achieved through not extending some time limited posts and not filling some vacancies.	168
Home to School Transport - removal of discretionary criteria	Children	It is proposed that the discretionary criteria for Home to School transport is removed / amended with the re-introduction of a charging policy for some pupils. Detailed analysis of impact is being progressed	48
LED street lighting – extend to remaining stock (business case required as cost of column replacement could be prohibitive)	Place	Replacing lanterns on cast iron and decorative columns with LED (will require replacement of columns; business case to ensure benefits outweigh capital cost)	25
EV charging – potential for a revenue share model	Place	Expand number of EV charging points on a revenue share model	150
Estates review – reduce operational estate; dispose/redevelop community estate (Altrincham Town Hall, Flixton House, community	Place	Reduce operational estate, potentially by moving out of Sale Waterside, subject to business case for alternative use. Dispose by sale or lease of Altrincham Town Hall and Flixton House; consider community asset transfer of community estate or develop/replace community assets using the Jubilee Centre	170

centres)		model.	
Business rates review	Place	Review rateable value of Council estate	50
Parking charges realignment	Place	Increase charges in villages to align with town centres.	64
Amended parking tariffs - town centres	Place	A range of charging options assessed for amending the current parking charges in town centres.	136
Other Parking Income - Additional Enforcement	Place	Additional enforcement will generate a higher income from fines	10
Charges to capital – operational services client team	Place	Capitalisation of relevant staff costs (creates a revenue saving but increases pressure on capital budgets).	150
New investment income	Place	This will be in line with our investment strategy, with the aim of replacing income that will be lost when some current investments are repaid.	3,000
Waste collection – Change to Fortnightly green collection	Place	Changes to waste rounds for green waste.	200
Reduce the provision of biodegradable food waste bags.	Place	Reduce the provision of biodegradable food waste bags to 1 roll per year; with the option for residents to purchase additional.	58
Operational support services to major events	Place	Explore external funding of operational support services associated with major events, e.g. street cleansing, traffic management.	207
Match works telephony operating periods reduced in line with Council contact centre	Place	Potential saving includes 9-5 access only	24

Dim street lights by 20%	Place	Dimming LED lights further than currently done, and delaying when lights come on, and switching lights off earlier in the morning.	100
Move to wildflower / good verge guide throughout the Borough.	Place	Positive bio-diversity impact. Some cutting will still take place to maintain sightlines.	95
Grass cutting review	Place	Grass cutting: Move the cut frequency to 21 days	67
20% of greenspaces moved to conservation areas	Place	Reduced maintenance in specified areas	36
Pilot community groups taking responsibility for parks/football pitch maintenance, on a voluntary basis and subject to local agreement	Place	Community Groups take ownership of parks/football pitch maintenance & cleansing - Voluntary basis	40
Leave football pitch goals up for the whole of the year; therefore removing the need to take down and store outside the season.	Place	Operational cost saving	3
Cease the opening and locking of park gates – Voluntary groups	Place	Will require voluntary groups to agree to lock/unlock, otherwise parks will be left open.	10
Street Cleansing amended service levels and use of mechanical sweepers	Place	Use of mechanical sweepers to reduce operational costs	87
Cease Night Scouting of Streetlights	Place	Cease provision of all Night Scouting Services - defects reported by residents through the normal means on the main arterial routes.	9
Other various savings measures	Place	Further review of operational services	214

Miscellaneous Licence fees	Place	Review a number of licence fees to better ensure recovery of the full operating costs (e.g. taxis, hospitality).	10
Review green space partnerships	Place	Review contribution to City of Trees and reduce other contributions.	80
Place Directorate/Strategic Services and Vacancy Review	Place	Various measures around staffing structures	300
Planning and Development	Place	Use of increased planning fee income to cover salary costs in the strategic planning service.	222
Review Financial Management Service	Finance and Systems	Would require a service review in the autumn and mainly involve the review of vacant posts and senior management. It would be necessary to ensure the S151 officer is still able to fulfil the statutory financial role of the Council.	358
Exchequer Services - robotics and system modernisation (plus £300k in 22/23)	Finance and Systems	Vacant posts would be deleted but introduction of robotics would enable costs to be taken out without reduction in service delivery standards and no impact on the public.	300
Review ICT Service - contract and licencing reductions	Finance and Systems	Requires ICT and modernisation support in 20/21	197
General Procurement Savings Target	Finance and Systems	Generation of savings on contracts across the Council.	400
Business support	Strategy and Resources	Review administrative support with a view to exploring shared services, maximising efficiency and exploring the withdrawal of vacancies.	150
Recruitment freeze – with caveats	Strategy and Resources	Introduction of a vacancy clearance process which focuses on internal promotions, allocation of redeployees and development opportunities. Aim to reduce the requirement for external recruitment and potential spend on agency fees. Will also introduce good practice in supporting our 'grow you own' culture	tbc

		and support our aspirations to have a robust management and leadership development programme and social work development academy.	
Reduce Training Budget by a third	Strategy and Resources	To undertake mandatory and essential training only for a period of 2 years.	75
9 day fortnight - voluntary - 100 people	Strategy and Resources	To open a scheme that allows colleagues to apply for a permanent 9 day fortnight. Would use the flexible working policy guidance as a framework to make it a permanent contractual change. Current home working arrangements may impact upon the voluntary take-up of this scheme.	380
VR/VS Scheme - 100 people (redundancy and pension strain costs)	Strategy and Resources	Introduction of a VS scheme which allows colleagues to apply to leave through voluntary means. Scheme rules would apply the main ones being impact on ability to deliver services, as well as exit cap cost implications.	4,000
Reduce various roles in Transformation and HR	Strategy and Resources	Managing vacancies within the directorate to maximise savings.	85
Strategic Review of the Governance Team (Legal, Information Governance and Governance Services) under the Modernisation Programme	Governance and Community Strategy	A strategic review of Legal, IG and Governance (Democratic) Services under the title a Framework for Change is underway. Key points are - the legal work to support Council activity has changed over recent years with the result that the current arrangements are no longer aligned to those needs; we do not have the right expertise; capacity is limited; we have a great reliance on external legal support – which comes at a cost (this year to date we have spent £161k on external fees). The strategic review will encompass all possible options for future service delivery including: Shared Services arrangements; rationalisation of staff; Partnering arrangements. The aim of the review is to align the service to Council needs; to make efficiencies; to provide greater resilience; to achieve savings (through cost avoidance)	tbc
Contact Centre - review opening hours	Governance and Community	The current openings hours for the Contact Centre are 08:30 – 17:30 Monday – Friday. It currently employs 23.88 FTE's. The proposal is to reduce opening hours by 1 hour a day to 09:00 –	83

	Strategy	17:00 Monday to Friday. Reducing opening hours would bring Trafford more in line with other AGMA authority opening hours. If the Contact Centre hours were reduced by 1 hour per day there is potential to reduce staffing to 20 fte so a saving of 3.88 fte across Customer Service Advisors and Specialists.	
Access Trafford Support Services	Governance and Community Strategy	Savings from future vacancies	32
TOTAL VALUE OF SAVINGS PROPOSALS			14,452

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.

Details of Reserves by Category

Annex F

CATEGORY	RESERVE NAME	BALANCE AT 31st MARCH 2020	TOTAL COMMITTED 20/21 to 22/23 £000	BALANCE AFTER COMMITMENT (UNDER)/ OVER £000	TOTAL TRANSFERS 20/21 to 22/23 £000	REVISED BALANCE £000	Narrative
Budget Resilience	MAG Dividend	(550)	0	(550)	550	0	Released in full to support COVID-19 pressures. Not needed in 21/22, 22/23 as no dividend budgeted for. Will need to be replenished in future once dividend recommences
Budget Resilience	Budget Support	(9,855)	17,720	7,865	(10,869)	(3,004)	Includes realignment from various reserves to support COVID-19 +£10.87m , plus £3.7m from GMCA redistribution, less £4.5m agreed budget support in 20/21 and £2.25m pressures period 4
Budget Resilience	Business Rate Risk Reserve	(7,978)	643	(7,335)	2,335	(5,000)	£2.4m released to support COVID-19 pressures. Remaining balance deemed sufficient to meet underlying business rate volatility.
Budget Resilience	COVID-19	(4,722)	4,722	0	0	0	Reserve created from 1st Tranche of support grant paid in 19/20. Will be drawn down in full 20/21.
Budget Resilience	Insurance Reserve	(1,900)	0	(1,900)	200	(1,700)	£200k released for COVID-19 pressures. Balance £1.7m sufficient for potential insurance claims.
Budget Resilience	Earmark Gen - Employment Rationalisation	(1,000)	1,000	0	0	0	Reserve will be utilised in full to meet anticipated costs of rationalisation in 21/22. Required level of reserve in future will be minimal as all business cases will need to be self-financing or a capitalisation request made to Government.
Budget Resilience	Housing Benefit Overpayment Reserve	(500)	500	0	0	0	Reserve utilised if full to meet underlying pressures in 20/21. Additional resource added to MTFP so need for reserve to mitigate risk should be minimal
Budget Resilience	High Needs Support Reserve	(468)	0	(468)	0	(468)	Higher Needs Support Reserve established to meet potential demand in Children with higher needs

Budget Resilience	Timperley Sports Club Synthetic Pitch	(78)	78	0	0	0	This will be used towards replacing synthetic pitches across the Borough
Budget Resilience	Earmark Gen - Legal Expenses	(106)	105	(1)	0	(1)	Reserve established as a contingency to cover volatility in costs associated with defending legal cases.
Budget Resilience	Earmark Gen - Local Search Litigation Costs Settlement	(142)	99	(43)	43	0	Reserve established as a contingency for potential back claims regarding changes in local search litigation costs
Budget Resilience	Earmark Gen - Civic vehicle reserve	(37)	0	(37)	19	(18)	Replacement of mayoral vehicle, 50% released for COVID-19 pressures.
Budget Resilience	Smoothing - Waste Levy	(1,059)	487	(572)	488	(84)	To smooth the effects on the Councils budget of movements in the waste levy over the medium term. £0.488m released to support COVID-19 pressures
Budget Resilience	Smoothing - Winter Maintenance	(120)	120	0	0	0	To provide emergency funds to cover the costs of highway & footway maintenance during periods of adverse weather conditions.
Budget Resilience	Smoothing - Elections	(144)	144	0	0	0	To smooth the elections budget across the 4 year Municipal cycle.
Budget Resilience	Smoothing - Interest Rate	(2,132)	242	(1,890)	1,000	(890)	£1.0m released to support COVID-19 pressures. Remaining balance sufficient to meet potential short term volatility in the financial markets
Budget Resilience	Exchequer Services Reserve	(142)	141	(1)	0	(1)	Accumulated underspend of unspent grants (ring-fenced for activities such as fraud work, ICT systems, Universal Credit)
Budget Resilience	EU Exit Funding Reserve	(315)	0	(315)	0	(315)	Government funding to be used to enhance capacity and capability within local authorities in preparation for EU Exit related activities
Sub-Total Budget Resilience and Smoothing		(31,248)	26,001	(5,247)	(6,234)	(11,481)	
Strategic Priority	Transformation Fund	(532)	531	(1)	0	(1)	see below
Strategic Priority	Transformation Fund Match Funding Reserve	(4,286)	1,699	(2,587)	2,000	(587)	Monies allocated from Greater Manchester Health and Social Care Partnership for the transforming of health and social care services. This money can only be used on the activities that were laid out in the Transformation programme and some of this money will be allocated to the CCG for

							their share of programme costs. A figure of £2m has been identified as available to support COVID-19 pressures, with remaining commitments now built in to the MTFP.
Strategic Priority	Strategic Investment Fund Risk Reserve	(3,893)	(1,855)	(5,748)	500	(5,248)	Reserve established as a contingency for potential loss of income, additional cost due to delays in investment property fund/ A figure of £0.5m has been released to support the COVID-19 pressures.
Strategic Priority	Leisure Centres Refurbishment Reserve	(668)	(900)	(1,568)	968	(600)	Reserve to manage the risk during leisure centre refurbishment programme and any economic downturn. Particularly loss of income, changes in assumptions for demand, inflation and also risk of potential default on development loan. A budget provision of £300k exists to increase the reserve annually, however full balance in 20/21 will be released to meet COVID-19 pressures.
Strategic Priority	Childrens Action Fund Reserve	(378)	378	0	0	0	A new reserve of £1.5m which was established in 2019/20 for investment in Children's Services following the recent OFSTED inspection. It is anticipated that this will be drawn down during 2020/21.
Strategic Priority	Bus Reform	(1,500)	0	(1,500)	1,500	0	Reserve established to hold Trafford's share of redistributed GM reserves. To be held for future bus reform however released in full to support COVID-19 pressures. Revenue budget to be provided in 23/24 to reinstate reserve.
Strategic Priority	Major Projects Reserve Abortive costs and DSG Academy Trans	(488)	0	(488)	0	(488)	Major Projects can result in abortive costs and the transfer of schools with deficits can also result in costs which need to be written off and so a small reserve has been created to protect against these two write off risks. Reserve maintained at current levels.
Sub-Total Strategic Priority		(11,745)	(147)	(11,892)	4,968	(6,924)	
Corporate	NDR Deficit Reserve	(792)	792	0	0	0	Reserve established towards meeting Trafford's share of the NDR Deficit. This is

							a requirement of collection fund accounting and is not available for any other purpose
Corporate	Star Procurement Earmarked Reserve	(617)	618	1	0	1	STAR revenue budget under/overspends to be carried forward. Commitment to spend is approved by STAR Board (Stockport, Trafford, Rochdale and Tameside). Ring-fenced reserve for members of STAR
Corporate	Planning Income Reserve	(358)	357	(1)	0	(1)	A reserve established to hold surplus planning income in line with Government requirements to reinvest increases in fee income towards improvements in planning services. This is a ring fenced reserve with specific statutory conditions attached to it.
Corporate	Council Tax Smoothing Reserve	(285)	285	0	0	0	This is the reserve that the Council is required to hold to protect against in year financial shocks. This has been held at the same level for the past 5 years and this should be seen as a minimum level given the size of our overall revenue budget.
Corporate	General Reserve	(7,000)	0	(7,000)	0	(7,000)	
Sub-Total Corporate		(9,052)	2,052	(7,000)	0	(7,000)	
Service Area Priority	Earmark Gen - ICT Development	(625)	300	(325)	287	(38)	Reserve established to ensure there are funds available for the replacement of equipment such as ICT and to smooth out maintenance costs as a result of the Digital Investment programme. £288k released to support COVID-19 pressures
Service Area Priority	Economic Development	(663)	600	(63)	0	(63)	Reserve set aside specifically for economic development related projects.
Service Area Priority	Earmark Gen - Libraries and Customer Services Reserve	(18)	18	0	0	0	Funds earmarked for ICT upgrades plus additional costs associated with the new Altrincham library.
Service Area Priority	Earmark Gen - Vol Sec Grants Reserve	(40)	40	0	0	0	Carry forward of prior year spend due to slippage on projects - committed on schemes.
Service Area Priority	Earmark Gen - Community Safety	(319)	318	(1)	0	(1)	Investment in Community Safety initiatives.
Service Area Priority	Earmark Gen - LAA Performance Reward Grant	0	0	0	0	0	Revenue element of grant to be allocated to schemes via the Trafford Partnership - £75k to support 2019/20 budget proposals.

Service Area Priority	One Trafford Partnership Reserve	(2,129)	1,392	(737)	500	(237)	Established to hold contractor penalty payments to be invested in one-off Partnership schemes. £500k released to support COVID-19 pressures.
Service Area Priority	Sports Partnership Reserve	(215)	216	1	0	1	Ring-fenced funding from Sports Partnership to be used on specific projects
Service Area Priority	Earmarked Service C/fwd Place	(651)	525	(126)	209	83	Service Carry Forward Place. £209k released to support COVID-19 pressures.
Service Area Priority	Earmarked Service C/fwd G & CS	(127)	126	(1)	0	(1)	Service Carry Forward Governance and Community Services
Service Area Priority	Earmarked Service C/fwd F & S	(380)	381	1	72	73	Service Carry Forward Finance and Systems. £72k released to support COVID-19 pressures.
Service Area Priority	Earmarked Service C/fwd P & TS	(570)	570	0	0	0	Service Carry Forward People and Traded Services
Service Area Priority	Earmarked Service C/fwd Children	(453)	0	(453)	0	(453)	Service Carry Forward Childrens
Service Area Priority	Traded Services Reserve	(451)	234	(217)	200	(17)	Service Carry Forward Traded Services. £200k released to support COVID-19 pressures.
Sub-Total Service Area Priority		(6,641)	4,720	(1,921)	1,268	(653)	
SUB-TOTAL Earmarked Reserves		(58,686)	32,626	(26,060)	2	(26,058)	
	Capital Related Reserves	(21,772)					
	School Related Reserves	(10,898)					
	SUB-TOTAL	(32,670)					
	Total Reserves	(91,356)					

