

TRAFFORD COUNCIL

Report to: Executive

Date: 27th September 2021

Report for: Decision

**Report of: The Executive Member for Finance and Governance and the
Director of Finance and Systems**

Report Title:

Budget Monitoring 2021/22 – Period 4 (April to July 2021).

Summary:

The purpose of this report is to inform Members of the current 2021/22 forecast outturn figures relating to both Revenue and Capital budgets. It also summarises the latest forecast position for Council Tax and Business Rates within the Collection Fund.

Recommendation(s)

It is recommended that the Executive:

- a) note the updated positions on the revenue budget, collection fund and capital programme.

Contact person for access to background papers and further information:

David Muggeridge, Head of Financial Management Extension: 4534

Background Papers: None

Relationship to Policy Framework/Corporate Priorities	Value for Money
Relationship to GM Policy or Strategy Framework	Not Applicable
Financial	Revenue and capital expenditure will be contained within available resources in 2021/22. In respect of the resourcing of the capital programme a number of capital receipts from the disposal of surplus land have been reprofiled to later years. This has given rise to some additional temporary borrowing the cost of which has been contained within the treasury management budget.

Legal Implications:	None arising out of this report
Equality/Diversity Implications	None arising out of this report
Sustainability Implications	None arising out of this report
Resource Implications e.g. Staffing / ICT / Assets	Not applicable
Risk Management Implications	Not applicable
Carbon Reduction	Not applicable
Health & Wellbeing Implications	Not applicable
Health and Safety Implications	Not applicable

EXECUTIVE SUMMARY

1. The approved budget for 2021/22 agreed at the 17 February 2021 Council meeting was £179.304m. This was subsequently increased by £168k to £179.472m as a result of a minor late change in the financial settlement relating to resources to support the Public Health budget and agreed at the Council meeting on 28th July 2021.
2. In determining the budget for 2021/22 an overall gap of £25.44m was addressed by a combination of additional resources of £5.20m from Council Tax, use of reserves, £8.34m to address COVID-19 pressures and £2.80m for business as usual pressures, and a net £9.10m of service savings and additional income.
3. **Summary of outturn**

There is a net estimated outturn pressure of £2.18m at Period 4, a minor improvement of £20k since Period 2.

This second monitor of the new financial year provides a forecast outturn based on patterns of expenditure and income from the first four months of the year. It is still relatively early in the financial year and there remains some broad assumptions on future demand and the ongoing impacts of the pandemic. The estimate is subject to variation due to this volatility, however can be used as a broad indication of the direction of travel.

As in previous financial years, a prudent approach has been used in the early period monitoring and although similar patterns of pressures (circa £1m to £2m) were forecast at Period 2 and 4 in the pre-pandemic years of 2018/19 and 2019/20, small favourable outturns (£300k and £1.78m) occurred by year end.

The following issues are worthy of being highlighted:-

- Children's placements £833k overspend due to an increase in complexity of cases;
- Adults placements £304k overspend, which is due to savings now not expected to be achieved.
- Assumptions on demand remain uncertain, and contingency balances of £1.14m and £1.2m are included for future demand in Children's and Adults Services.
- Staffing budgets (Children's, Adults and Public Health) net underspend of £1.493m largely due to delays in recruiting and service redesign;
- Strategic Investment Programme – These investments are budgeted to generate a net revenue benefit in 2021/22 of £7.61m although revised forecasts show a potential reduction in receipts generated of £995k. This is largely COVID-19 related due to delays in developer loans being drawn down, lower income from debt facilities due to lower interest rates, delays in schemes in the pipeline and lower trading income due to COVID-19 at retail investment sites;

- COVID-19 related pressures in Place and central services directorates of £1.335m, largely related to income pressures in traded services and lower sales, fees and charges as a result of the economic impact of the pandemic lasting longer than the first quarter assumed when setting the budget. Examples of pressures include parking fees and fines £486k, property rentals £300k, outdoor media advertising £400k, planning fees £890k.
- Local Government Pay award – The provisional pay award, currently under consultation with trade unions, for local government at 1.75% for all staff being in excess of budget by £980k. This would require the use of the council wide contingency, leaving a balance of £100k for other unknown pressures during the year.
- Other pressures £248k

4. **2021/22 Savings Programme**

The latest forecast shows that the savings programme is currently expected to deliver savings of £9.85m, which is £2.08m below target. This shortfall has been included in the overall estimated outturn. To date £5.59m has been achieved with £4.3m still to be achieved. There remains significant risk in the delivery of the programme given that 36 schemes are classified as either Red or Amber status. In a number of cases, management action has been undertaken, however there are dependancies, such as changes in demand or legislative changes, which indicate the full saving is at risk of being achieved in full (Amber) or the saving is unlikely to be achieved despite management action (Red).

Those schemes currently with a Red status give a useful indication of those which are likely to be considered as pressures when developing the 2022/23 budget plans. There is currently a figure of £951k relating to schemes which are unlikely to be delivered, which are largely relating to pressures in Adults Social Care of £628k with £323k in Place Directorate.

5. **Council Tax**

The Council Tax budget was reduced temporarily in 2021/2022 to reflect the ongoing impact of the pandemic. The outturn is largely in line with budget, however there is a level of uncertainty in the forecast, particularly surrounding the continued demand for Council Tax Support.

6. **Business Rates**

Projecting business rates is by its nature complex and prone to variation, in addition the impact of COVID-19 has added further uncertainty to the accuracy of projections. Government support has been extended for retail, hospitality and leisure businesses along with a discretionary scheme for other businesses. Assumptions continue to be in line with budget with a small surplus of £60k being projected. Discussions will commence with the Greater Manchester Combined Authority regarding the business rate growth pilot sharing agreement, which could result in an increased share of rates growth being retained locally to alleviate the in year pressures.

7. **Managing the Risk**

Although the estimated outturn is adverse and a potential cause for concern primarily around the delivery of the remaining savings programme, the following actions and mitigating items should be considered

- A number of contingency items are included in the outturn which have yet to be released. These include £1.14m and £1.2m in Children's and Adults services for potential client demand and also £816k in Council Wide relating to the balance of £1.5m set aside for unknown COVID-19 pressures.
- A cost of £1.4m has been included in the forecast relating to the Hospital Discharge Programme. This figure is likely to reduce as the Government has recently announced the programme will continue until 31st March 2022 although precise details of the extended scheme are not clear at this stage. The final pressure will depend on the resources available and negotiations with the CCG regarding the sharing agreement.
- A review of all earmarked reserves has started to challenge and identify potential uncommitted resource. This will be completed in parallel to the next monitor and draft budget report for 2022/23.
- Discussions will commence with Greater Manchester Combined Authority to review centrally held reserves and the potential to review the local sharing agreement of the Business Rates Growth Pilot monies. Currently £2.7m is forecast to be paid over to GMCA.
- As previously reported in order to maintain robust challenge and focus attention on the delivery of the savings programme, the regular budget monitoring reports are supplemented by monthly updates on all demand led budgets and the savings programme are considered by the Corporate Leadership Team.
- The Corporate Leadership Team will also consider the potential to review all non essential spend, including recruitment, during the course of the year.
- The Council continues to provide regular monitoring returns to the Government Departments which will be used at a national level to inform the debate on whether additional resources will be required over the medium term relating to COVID-19 pressures.

8. **Capital Programme**

The period 2 monitor was used to restate the capital budget from that originally approved in February 2021, there has been a further slight reduction in the general programme by £177k relating to grant reductions. The general programme for 2021/2024 is now £165.68m.

A detailed review of the phasing of the general programme has been undertaken since period 2 to address factors such as delays due to ongoing impact of the pandemic and changes in receipts. The general programme for 2021/2022 has been rephased to £48.99m which is a net reduction of £9.53m. The overall

programme is currently overprogrammed by £1.82m over the next three years and options will be considered to address this as part of the preparations of the 2022/2025 budget.

9. Detailed below in Table 1 is a summary breakdown of the service and funding variances against budget, with Table 2 providing an explanation of the variances:

Table 1: Budget Monitoring results by Service	2021/22 Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)	Percentage
Children's Services	42,456	42,401	(55)	(0.13)%
Adult Services	52,447	53,196	749	1.43%
Public Health	12,661	11,880	(781)	(6.17)%
Place	31,078	33,064	1,986	6.39%
Strategy & Resources	5,539	5,589	50	0.90%
Finance & Systems	7,666	7,890	224	2.92%
Governance & Community Strategy	6,147	6,339	192	3.12%
Total Directorate Budgets	157,994	160,359	2,365	1.50%
Council-wide budgets	21,478	21,335	(143)	(0.67)%
Net Service Expenditure variance	179,472 *	181,694	2,222	1.24%
Funding				
Business Rates (see para. 22)	(62,459)	(62,519)	(60)	
Council Tax (see para. 19)	(105,869)	(105,848)	21	
Reserves Budget Support	(2,803)	(2,803)	0	
Reserves to Support COVID-19	(8,341)	(8,341)	0	
Funding variance	(179,472) *	(179,511)	(39)	0.02%
Net Revenue Outturn variance	0	2,183	2,183	1.22%
Dedicated Schools Grant	150,236	151,445	1,209	0.80%

Budget Adjustments and Virements

* A number of virements and a minor structure change across Directorates are detailed in Appendix 1.

Main variances, changes to budget assumptions and key risks

10. The main variances contributing to the projected overspend of £2.222m, any changes to budget assumptions and associated key risks are highlighted below:

Table 2: Main variances	Forecast Variance (£000's)	Explanation/Risks
Children's Services	(55)	<p>Projected outturn variance £55k favourable, an adverse movement of £42k from Period 2.</p> <p>The impact of the coronavirus pandemic is and will continue to have a significant bearing on the service both in terms of its service delivery and finances.</p> <p>Below is the projected position on children's placements and other budget areas.</p> <ul style="list-style-type: none"> • £833k over budget on Children's placements (note 1), no movement; • £1.273m under budget on staffing (note 2), an adverse movement of £57k; • £385k over budget on other running costs and income across the service, a favourable movement of £15k (note 3). <p>Note 1 Children's placements currently projects an overspend of £833k, no movement.</p> <p>The numbers of children as at the end of July compared to those at the end of May are as follows:-</p> <ul style="list-style-type: none"> • children in care 382, a reduction of 9 • child protection is 179, a reduction of 9 • children in need 845, an increase of 36 <p>Although children in care numbers are falling the main reason why there is no financial movement is due to the different types of placements between those that are stepping down and those that are entering the system. The cost of placement's vary from an average of £22k per year for internal fostering to an average per year of £240k for residential.</p> <p>The above position also projects that £948k of planned reductions in placement's costs are still to take place.</p> <p>Therefore there is a contingency of £1.14m included in the above projections to cover any further demand and potential timeline changes to the anticipated planned reductions mentioned above.</p>

To date £895k of the £1.5m savings included in the budget has been achieved. The remaining savings for placements is currently anticipated to be achieved however continuous scrutiny in this area will be applied and projections on deliverability of savings may be subject to change.

At this stage it is important to note that the service continues to operate with a high degree of uncertainty due to the potential consequences the pandemic will have around future demand.

Impact on Demand due to COVID-19

From analysis of current data in comparison to pre-pandemic data the following headlines have been extracted

- Children in Care remains consistent
- Children in Protection has reduced by approximately 12%
- Children in Need has increased by approximately 40%

These figures should be used with caution and have also been impacted by the Investors in Children programme and a change in focus to earlier interventions. The financial impact is also difficult to relate to changes in numbers, due to the large variance in complexity of cases and extremities in the cost of care. However, the increase in Children in Need, which are at the earliest stages of intervention, could imply the potential to translate to higher demand in the medium to long term. It is also difficult to say if the change in numbers is due to the pandemic or other factors.

Note 2

The favourable variance in staffing of £1.273m, an adverse movement of £57k, is due to delays in recruiting and are one-off in nature as the service undertakes its service redesign which will be in place during 2021/22

The staffing savings included in the budget of £580k are expected to be achieved this year due to the delays in recruiting as mentioned above. However this will be reviewed throughout the year as to their permanency as the service redesign takes place.

Note 3

The adverse variance in running costs and income across the service is £385k, a favourable movement of £15k, as outlined below:-

- £257k adverse variance on Home to school transport, an adverse movement of £49k. This is due to increased demand in transport for out of borough placements (£188k) and additional staffing costs (£69k) to cover passenger assistants who are shielding;
- £37k adverse variance on Partington nursery, a favourable movement of £37k. This is due to a low uptake at the nursery resulting in a shortfall in income.
- £128k adverse variance on income, a favourable movement of £5k. This is due to the impact of COVID-19.

		<ul style="list-style-type: none"> • £85k favourable variance on grant income, a favourable movement of £13k due to the receipt of a grant for the school improvement service which it was not anticipated would continue. • £48k adverse variance on minor variances across the service, a favourable movement of £9k. <p>Note 4</p> <p>In addition to this there are further estimated costs of £342k for the COVID Local Support Grant (CLSG) which will be met by a government grant.</p>
Adult Services	749	<p>Projected Outturn variance £749k adverse an adverse movement of £231k from period 2.</p> <p>The impact of the coronavirus pandemic continues to have a significant bearing on the service both in terms of its service delivery and finances.</p> <p>The projected position on adult clients and other budget areas is as follows:</p> <ul style="list-style-type: none"> • £304k adverse position on Adult clients, an adverse movement of £304k from period 2 (Note 1) • £445k adverse position on staffing and running costs, a favourable movement of £73k from period 2 (Note 2) <p>Note 1</p> <p>Adult Clients currently projects a £304k overspend, an adverse movement of £304k from period 2. This is as due to savings now not expected to be achieved after a full review of them has been undertaken. The service is however continuously looking to identify other savings to mitigate the projected shortfall.</p> <p>To date £716k of the £1.866m saving proposals in this area has been achieved. Continuous scrutiny in this area will be applied and therefore projections on deliverability of savings are subject to change.</p> <p>It is also important to note that the service continues to operate with a high degree of uncertainty due to the potential risks of coronavirus infections, the consequences the pandemic will have around future potential demands on Mental Health provision and also the increase in demand on services in supporting the NHS in dealing with the backlog of patients waiting for treatments.</p> <p>From analysis of current data in comparison to pre-pandemic data the following headlines have been extracted:-</p> <ul style="list-style-type: none"> • Client numbers in Residential & Nursing beds have fallen significantly.

- Fewer clients are now supported by personal budgets with the majority of the reduction being seen in the Mental Health and Learning Disability cohorts.
- Hours of homecare consumption have increased significantly in Learning Disabilities and Mental Health.

These headlines re-emphasise the belief that the service is managing to keep clients in community settings for longer, as intended. However it is the increasing complexity of clients or the impacts of COVID on closure or reduced capacity at day care settings that is now the main driver of costs.

Discharge to Assess - estimates have been made to account for potential income from Trafford Clinical Commissioning Group (CCG) for discharge to assess services that are covered by the hospital discharge programme (HDP). This is for a maximum of 6 weeks from the date of discharge until the 30th June and then for 4 weeks until the 30th September. However requirements for these services will continue to the 31st March 2022 and estimated costs of £1.4m for this have been included in the projection. The continuation of the programme has recently been announced until 31st March 2022 and these pressures are likely to reduce once the level of resource and sharing agreement with the NHS has been confirmed.

Not all of the discharge to assess costs are met by the HDP for the following reasons:-

- if services provided are required for more than the maximum allowed under the HDP scheme
- those beds that are paid for on block but not occupied.

The Council and CCG have agreed a 50/50 risk share agreement to the 30th September on these and £312k has been included as the estimated income.

It should be noted that both these estimates again have the potential to vary should there be changes to the HDP scheme.

Contingency - within the projection there is a contingency of £1.2m set aside for additional increases in demand/cost pressures throughout the rest of the financial year.

Note 2

The current forecasts indicate there is an adverse variance of £445k on staffing and running costs, a favourable movement of £73k from period 2 which is due to the following:-

- £392k adverse variance on staffing, a favourable movement of £78k. This adverse variance is due to additional resource requirements to respond to increased pressures on the service as

		<p>a result of COVID-19 and due to exceptional circumstances within the Supported Living service;</p> <ul style="list-style-type: none"> • £250k favourable variance on client equipment, repairs and maintenance, a favourable movement of £12k. This is due to the impact of COVID-19 and the low number of referrals being received; • £324k adverse variance due to projected underachievement of savings, an adverse variance of £20k. This is as a result of delays to changes in legislation and staffing pressures on the service; • £21k favourable variance on minor variances, a favourable variance of £3k. <p>Note 3</p> <p>In addition to this there are further estimated costs due to COVID-19 as outlined below which are met by additional income:-</p> <ul style="list-style-type: none"> • £2.171m which will be met by the CCG from their allocation given by NHSE for HDP; • £2.334m for infection control and Rapid Testing for care providers which will be met by government grant; • £451k for the clinically extremely vulnerable which will be met by government grant; • £731k for contain outbreak management which will be met by government grant; • £322k for self-isolation support which will be met by government grant.
Public Health	(781)	<p>Projected Outturn variance £781k favourable, a favourable movement of £116k from period 2.</p> <p>Currently there is a projected favourable position of £781k as a result of:-</p> <ul style="list-style-type: none"> • £665k favourable position on ‘business as usual’ staffing costs, a favourable movement of £11k, as the service continues to lead and support the contain outbreak management response to the pandemic; • £72k favourable position on activity based budgets, a favourable movement of £72k. • £44k favourable position on other minor variations, a favourable movement of £33k. <p>Currently activity based budgets are projected to be £72k below budget. However there is a further possibility that underspends on these budgets may increase further as a result of low levels of activity, due to the impact of COVID-19 throughout all or part of the financial year.</p> <p>In addition to this there are further estimated costs of £3.437m due to Covid-19 for contain outbreak management and this will be met by a government grant.</p>

Place	1,986	<p>Projected outturn variance £1.986m adverse, an adverse movement of £215k.</p> <p>This includes gross COVID-19 pressures of £4.307m, which is an adverse movement of £277k, offset by £3.370m included in the approved budget/reserves – a net COVID-19 pressure of £937k which includes:</p> <ul style="list-style-type: none"> • COVID-19 related gross income losses are £4.069m (increase of £284k), of which £1.470m is included in the approved budget and £1.7m earmarked in reserves relating to Leisure. This gives a net COVID-19 income pressure in the forecast outturn of £899k; • The gross COVID-19 related income losses include parking fees and fines £486k, property rentals £300k (reduced by £18k), outdoor media advertising £400k, planning fees £890k (increase of £297k), licencing fees £80k, building control fees £61k, highways permits and grants £24k, street trading £50k, pest control £30k (increase of £5k) and trade waste £48k. There is also £1.7m in forecast support for ongoing trading deficits of the Trafford Leisure CIC due to the ongoing effects of the various COVID-19 restrictions, which will be funded from existing earmarked reserves. Trafford Leisure continue to work closely with the Council to monitor finances and mitigate these budget pressures as far as possible within the various operational restrictions, including successful bids for grant funding; • COVID-19 related gross expenditure pressures are £238k (reduction of £7k), of which £200k is included in the approved budget, giving a net pressure of £38k in the forecast outturn. The overall gross pressure includes £150k in additional waste disposal costs and £50k related to waste collection, £7k highways/grounds maintenance, £31k operational buildings (reduced by £7k); • There are also additional costs fully offset by additional specific COVID-19 grants of £305k Community Engagement and £327k for Public Protection/Economic Growth “pandemic contain” funding. <p>Other Forecast Variances £54k adverse, a favourable movement of £104k.</p> <p>Strategic Investment Programme £995k adverse, an adverse movement of £42k:</p> <ul style="list-style-type: none"> • The Strategic Investment Property Portfolio will deliver a net benefit to the revenue budget in 2021/22 of £6.24m. This is £995k lower than budgeted and is due to economic factors affecting some of the income, particularly from the town centre investments (see paragraph 36 for further details).
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Strategy & Resources	50	<p>Projected outturn variance £50k adverse, a favourable movement of £165k.</p> <p>This includes gross COVID-19 pressures of £518k, a favourable movement of £227k, offset by £481k included in the approved budget – a net COVID-19 pressure of £37k:</p> <ul style="list-style-type: none"> • Gross trading losses in the overall forecast outturn includes £274k in Catering, £108k in Cleaning and £40k in the Music Service (reduced by £257k). There is a forecast net loss of income from staff parking of £60k (increase of £10k) and £16k expected loss of SLA income. There are also £20k of staff costs reported this period; <p>Other Forecast Variances £13k adverse, an adverse movement of £63k, including:</p> <ul style="list-style-type: none"> • Staff costs are £50k less than budget across the Directorate (adverse movement of £61k) based on actual and forecast vacancies across the whole year, which is 0.8% of the total staffing budget; • SLA income above budget £61k (increase of £13k); • Other minor variances are net £2k underspent (adverse movement of £15k). <p>These are offset by the budgeted Directorate-wide efficiency saving target of £126k, which is expected to be achieved in full.</p>
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Finance & Systems	224	<p>Projected outturn variance £224k adverse, a favourable movement of £14k.</p> <p>Forecast COVID-19 Pressures £172k, adverse movement of £51k:</p> <p>This relates to additional unplanned costs associated with ICT staff, equipment and systems directly related to the COVID-19 pandemic.</p> <p>There are also additional costs fully offset by additional specific COVID-19 grants totalling £590k in Exchequer Services and £66k in ICT. This has increased by £153k relating to the Winter Grants Scheme in Exchequer Services.</p> <p>Other Forecast Variances £52k adverse, a favourable movement of £65k:</p> <ul style="list-style-type: none"> • Staff costs are £136k less than budget across the Directorate based on actual and forecast vacancies for the whole year, which is 1.7% of the total staffing budget, and an increase of £53k ; • Non COVID-19 related running costs are underspent by £33k, an favourable movement of £24k relating to ICT line rental costs; • Income is £33k below budget excluding the COVID-19 grant income above, which includes minor reduced income from grants, an adverse movement of £12k. <p>These are offset by the budgeted Directorate-wide efficiency saving target of £188k.</p>
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Governance & Community Strategy	192	<p>Projected outturn variance £192k adverse, a favourable movement if £131k.</p> <p>This includes gross forecast COVID-19 pressures of £429k offset by £240k included in the approved budget, a favourable movement of £5k – a net COVID-19 pressure of £189k:</p> <ul style="list-style-type: none"> • Projected gross income losses due to COVID-19 are £329k (reduced by £5k) and includes £223k relating to Sale Waterside Arts Centre (increase of £12k), £24k for events including Flixton House (increase of £1k), land charges £11k and Registrar’s £20k (reduced by £18k). There is also a £51k loss of income expected from library lettings; • Cost pressures total £100k and relate to legal costs for fees and additional agency staff required due to the increase in caseload, which is in line with the approved budget assumption. <p>Other Forecast Variances £3k adverse, a favourable movement of £126k:</p> <ul style="list-style-type: none"> • Forecast staff costs are £253k below budget across the Directorate, based on actual and forecast vacancies across the year (4.5% of the staff budget), an increase of £112k. This includes £134k in Legal Services, £90k in Access Trafford and £29k in Arts and Culture; • Running costs forecast to be underspent by £65k, a favourable movement of £37k, which includes a reduction in court fees in legal services and reduced running costs in Registrars; • There is a projected shortfall in income of £129k compared to budget excluding the COVID-19 pressures above, an increase of £23k. This includes £36k shortfall in capital fee income which is related to staff vacancies, £48k shortfall in traded services (£7k increase) and £45k reduced grant income in electoral registration service (£15k increase). <p>The above is offset by the budgeted Directorate-wide efficiency saving target of £192k.</p>
Council-wide budgets	(143)	<p>Projected Outturn variance, £143k favourable, a favourable movement of £43k since Period 2</p> <p>Treasury Management</p> <p>Income totaling £392k was forecasted to be received during 2021/22 from monies invested in Manchester Airport Group in 2020 by the Council along with the other 9 Greater Manchester LAs for the provision of a new car parking facility. As a result of the current COVID-19 pandemic, returns will not be forthcoming and it is envisaged that once the current restrictions on air travel are relaxed then an income stream from this project will start to be received. To</p>

reduce the impact this will have on the treasury management projected outturn for 2021/22, a contribution from the Council's COVID-19 contingency budget will be applied. No change since period 2.

Greater Manchester Advance Pension Payment

A greater than expected saving of £100k above budget from the three yearly advance pension payment is forecast. No change since period 2.

Housing Benefit

The Housing Benefit budget is notoriously difficult to predict. At period 4 a pressure on the net Housing Benefit budget (payments made, less subsidy and overpayment recovery) of £166k is estimated, although there is a wide margin for error given the unknowns. It was considered prudent at the end of the last financial year to bolster the Housing Benefit Reserve by a figure of £500k and this will be drawn on to cover this in-year pressure, so no impact on the Council-wide outturn figure above. As the year progresses the accuracy of forecasts will improve.

Members Allowances

There is a projected saving of £25k on Members Allowances and running cost budgets.

External Audit fees

Following the approval of its 2020/21 audited annual report, the Public Sector Audit Appointments is able to redistribute a total of £5.6m amongst its members. For Trafford this refund will be £18k.

Council-wide Contingencies

a) Pay Award

On 27 July 2021 the National Employers, who negotiate pay on behalf of local authorities, made an improved, final pay offer to Council employees, a pay increase from 1 April 2021 of 1.75% (with 2.75% for those on the bottom pay point). However, this latest offer has been rejected by the Unions and negotiations are still on-going.

The cost to Trafford of the above pay offer, had it been accepted, would be £1.145m. This would leave a shortfall of £980k above current budget assumptions, which would need to be met from within the general Council-wide contingency budget. This would now only leave £100k in the contingency budget for other unknown pressures during the year.

b) Sales, Fees and Charges Compensation Grant

Council-wide holds the budget provision for the Sales, Fees and Charges Compensation Grant to recompense the council for COVID related income losses limited for the first quarter of 2020/21. Income

		<p>losses during the first quarter are lower than budget subsequently resulting in a lower compensation grant estimated at £252k. This shortfall will be met from the COVID-19 contingency. No change since period 2.</p> <p>c) Greater Manchester Temporary Resting place</p> <p>£40k potential COVID-19 related costs above budget. This shortfall will be met from the COVID-19 contingency. No change since period 2.</p> <p>d) COVID-19 Contingency (temporary)</p> <p>The Council-wide contingency budget for 2021/22 includes £1.5m specifically for potential COVID-19 pressures. The current commitments against this allocation identified above leaves a balance of £816k remaining, no change since period 2.</p> <p>e) Savings Programme</p> <p>The savings from the Voluntary Redundancy/Voluntary Severance scheme of £919k over the two year period 2021/23 (£708k in 2021/22 and £211k in 2022/23) is projected to fall short by £50k.</p> <p>Also, the take up from the 9-day Fortnight scheme has been lower than expected and the saving of £60k will not be fully realised, leaving a shortfall of £50k.</p> <p>However, these savings shortfalls will be managed within the pay element of the Council-wide contingency budget, which includes an allowance to cover the reduced savings from the lower than expected take up of the Voluntary Leave Scheme in 2021/22, £100k compared to the budget of £250k.</p>
Dedicated Schools Grant	1,209	<p>The DSG allocation has increased by £193k since P2 largely due to additional funding being allocated within the High Needs Block.</p> <p>The High Needs Block is currently projected to overspend by £1.425m (an adverse movement of £439k from P2). This will result in an estimated DSG reserve deficit of £1.425m at yearend.</p> <p>The movement largely relates to £167k adverse in SEN and £281k adverse in Out of Borough placements due new placements.</p> <p>There is a negative high needs block reserve of £181k, leaving an overall deficit of £1.607m.</p> <p>A report is being prepared in order to consult with schools and parents, on the inyear position and which will provide options for longer term savings.</p>

MTFP SAVINGS AND INCREASED INCOME

11. Given the financial pressures the Council continues to face, as identified in the Medium Term Financial Strategy, it is critical that the current savings programme is achieved in full in order to avoid recurrent shortfalls cascading into future years and increasing the budget gap.
12. The 2021/22 budget is based on the achievement of permanent base budget savings and increased income of £11.926m (this has been previously stated as £9.102m inclusive of a prior year savings target of £2.824m dropping out relating to the strategy investment programme. This has been removed to show the full gross saving target).
13. A detailed review of the status of each saving is now undertaken on a monthly basis and a classification has been made using a “traffic light” system to highlight schemes at risk of not being achieved. Whilst some savings will be achieved through one-off alternative means/mitigating actions in the current year, a status has also been included on the risk of non-delivery falling into 2022/23.
14. Details of the savings programme including the risk review and explanatory narrative can be found in Appendix 2 and a summary is as follows:

Savings Programme Risk Assessment Summary - Impact in 2021/22								
Category	No of Schemes	% Schemes	Budget (£000's)	Forecast (£000's)	Variance (£000's)	Actuals Achieved to date (£000's)	Balance of Actuals (£000's)	Potential ongoing Impact on 22/23 (£000's)
Red	21	34%	(2,050)	(1,025)	1,025	(79)	(945)	951
Amber	15	25%	(7,366)	(6,313)	1,053	(3,239)	(3,074)	30
Green	25	41%	(2,510)	(2,510)	0	(2,269)	(241)	0
Total	61	100%	(11,926)	(9,848)	2,078	(5,588)	(4,260)	981

The latest forecast shows that the programme is currently expected to deliver savings of £9.85m, which is £2.08m below target, an adverse movement of £420k since Period 2. To date £5.59m has been achieved with £4.26m still to be achieved.

36 schemes are classified as either Red or Amber status. In a number of cases, management action has been undertaken, however there are dependancies, such as changes in demand or legislative changes, which indicate the full saving is at risk of being achieved in full (Amber) or the saving is unlikely to be achieved despite management action (Red).

The largest pressure is an income shortfall of £995k is from the Investment Strategy programme (see para. 40).

Although it is too early in the year to estimate the ongoing impact of the potential non-delivery of savings in 2022/23, those schemes currently with a Red status give a useful indication of those likely to be considered as pressures when developing the 2022/23 budget plans. There is currently a figure of £951k relating to schemes which are unlikely to be delivered, which are largely relating to pressures in Adults Social Care of £628k and £323k in Place Directorate.

As previously reported in order to maintain robust challenge and focus attention on the delivery of the savings programme, the regular budget monitoring reports are supplemented by monthly updates to the Corporate Leadership Team.

RESERVES

15. The balance (unaudited) brought forward as at 1 April 2021 of usable reserves was £200.94m, including schools and capital reserves. Details of the reserve balances and movements in year were last reported in the recent Period 12 outturn report for 2020/21 and there is no further update to report at this stage. However, a detailed exercise has commenced to review the individual contractual commitments against each reserve and updates will be provided in the Period 6 monitoring report and considered as part of the preparation of the 2022/23 draft budget.

COLLECTION FUND

16. During 2020/21 the challenges faced by COVID-19 placed considerable pressure on the Council Tax Collection Fund, largely related to a reduction in collection rates and an increase in Council Tax Support. The budget for 2021/2022 was set using assumptions that the impact of the pandemic would continue and an overall reduction of £3.24m was built in to reflecting higher take up of local council tax support, delays in new properties coming on line and lower collection rates.
17. The discretionary Council Tax Hardship Scheme was extended for a further year, enabling all existing working age Council Tax Support (CTS) recipients registered as at 31st March 2021 to claim a discretionary Hardship award equivalent to the value of their 2021/2022 liability. The cost of this extension was met from an underspend from the Government sponsored hardship grant received in 2020/21.
18. The table below summaries the pressures and movements on the in year Council Tax Collection

Table 4: Summary of in year Council Tax movements	(£000's)
Shortfall in Tax Base	160
Reduction in Cash Collection	325
Local Council Tax Support Scheme	(477)
Hardship Awards	774
Other Movements (Backdated discounts etc.)	12
Sub-total In Year Position before hardship grant	795
Contribution from Hardship Grant	(774)
Total In Year Position	21

19. Overall, the estimated outturn for Council Tax is broadly in line with budget with a small variance of £21k.

Business Rates

20. The 2021/2022 budget included anticipated growth in retained business rates, related S31 grants and redistribution of prior year surpluses of £7.8m. Projecting business rates is by its nature complex and prone to variation, in addition the impact on COVID-19 has added further uncertainty to the accuracy of projections, therefore as with Council Tax, only quarterly updates will be given throughout the year.
21. In order to support businesses with the impacts of COVID-19, the Government provided various rate relief packages during 2020/21. This scheme has been extended into 2021/22 with 100% relief being given to retail, hospitality and Leisure sites until July 2021, from which date the level of relief will be reduced to 66% until March 2022. These reliefs, which are currently estimated at £47.9m, will result in an equivalent reduction in the rateable income paid into the

Collection Fund and therefore a substantial deficit in the current year. However, as in 2020/21 this loss will be fully compensated via a Section 31 Grant paid into the Council's General Fund. In addition, further Government support is being offered to businesses via a discretionary scheme administered by the Council for other businesses falling outside of the 100% relief scheme, however details of the scheme have yet to be finalised. Whilst the extension of such reliefs is welcomed news, it has added to the complexity of business rate monitoring.

22. The level of reliefs previously represented approximately 50% of the total rateable income, however as the level of relief is now 66% rather than the previous 100%, it now represents approximately 31% of rateable income. The ability of both retail and non-retail businesses weathering the impact of COVID will be unknown for some time, adding to the uncertainty in forecasting rateable income for the year. However, as a broad estimate, an assumption was made that there would be a reduction in income from non-retail businesses of 5% over the year, this resulted in the budget for 2021/2022 being reduced by £3.49m.
23. Whilst estimates are still difficult to predict at this stage, the period 4 monitor indicates a slight positive movement of £60k.
24. This figure includes a net contribution of £2.77m to the Greater Manchester Combined Authority (GMCA) under the business rates growth pilot scheme. Given the overall uncertainty in the financial landscape, discussions are ongoing with GMCA concerning the sharing arrangement and potential for a higher proportion of growth to be retained by each local authority as was the case in 2020/21.

Impact of COVID-19

25. The impact of the pandemic on the council's finances is anticipated to last for many years and the budget for 2021/2022 includes additional resources of £8.341m to help manage the continuing impact of the pandemic. Pressures were anticipated in client demand, lost income from our strategic investments in the Manchester Airport Group and from Sales, Fees and Charges. These were offset by Government backed support and use of reserves, based on assumptions at the time, that the pandemic would last for the first quarter of 2021/2022.
26. Due to the uncertainty of the impact of COVID-19 the forecasting of pressures was particularly difficult in 2020/2021 and this situation continues to be the case into the foreseeable future, given that the easing of the national lockdown was delayed beyond the first quarter.
27. COVID-19 related pressures are also becoming increasingly difficult to separate from business as usual activity for all but the most obvious cases, such as the loss of Sales, Fees and charges income in Place and the strategic investments in Manchester Airport Group. For ease of reporting, details of COVID-19 pressures will now only be shown within the service narratives where they can be isolated, rather than a separate breakdown as has been the case in previous monitors.

28. The Council continues to provide regular monitoring returns to the Government Departments which will be used at a national level to inform the debate on whether additional resources will be required over the medium term.

CAPITAL PROGRAMME

Approved Budget

29. The overall value of the indicative capital programme for 2021/22 to 2023/24 was restated in the P2 monitor to £437.84m which included £271.98m of asset investment fund and £165.86m relating to the general programme. Since then there has been a slight reduction in the general programme by £177k to £165.68k relating to grant reductions. The revised overall budget is now £437.67m.
30. The revised general programme reported within P2 included £58.52m initially forecast to be spent in this financial year. A review of this forecast across all service areas has now been carried out directly with service officers to ensure that the revised programme now detailed within this report is both deliverable and affordable considering such factors as:-
- Ongoing Impact of Covid 19 – this is still having an impact on delivery on some schemes as well as a potential impact going forward on the costs of some schemes which will continue to be considered.
 - Review of spend re-profiled from 2021 to ensure that this can be realistically delivered in-year.
 - Changes in the level of forecast capital receipts - funding of the capital programme is impacted by the availability of both the amounts and the phasing of expected receipts and development returns.

After the review of the programme detailed above, the revised capital programme budget for this financial year is £48.99m which is net reduction of £9.53m. This will be rephased into future years and will be reviewed as part of the budget monitor throughout the year. The following (table 5) details the service analysis of the revised budget (as reported in the period 2 monitor) and current revised budget for 2021/22 (P4).

Table 5 - Capital Programme 2021/22	P2 Revised Approved Programme £m	Current Revised Programme £m	Period Movement £m
Service Analysis:			
Children's Services	13.00	12.79	(0.21)
Adult Social Care	4.91	4.49	(0.42)
Place	38.92	30.37	(8.55)
Governance & Community Strategy	0.08	0.08	-
Finance & Systems	1.61	1.26	(0.35)
General Programme Total	58.52	48.99	(9.53)

31. The current revised position of £48.99m (a reduction of £9.53m) is a result of the period 4 monitoring exercise, with the main areas of re-profiling as follows;

- Children Services
 - Delamere School – (£105k) – After consultation with the school this work has been deferred to summer 2022 due to capacity limitations.
 - Children’s Services data capture – (£100k) slight delay with delivery of the scheme.
 - Other – £4k

- Adult Social Care
 - Disabled Facilities Grant works have been impacted due to covid-19 and the ability to access client’s properties to deliver works. This will be kept under constant review as the year progresses – (£418k)

- Place
 - Town Centre and Business Loan Schemes – The scheme has been impacted by Covid-19. There is expected to be an increase in uptake in the later part of the year – (£250k)
 - Public realm works for Altrincham and Stretford have been re-phased to better align with wider redevelopments in both locations. – (£1.50m);
 - 9/11 Market Street Altrincham – Surveys have been instructed on the property to determine the extent of works and then evaluate future options - (£239k)
 - Future High Street Fund – There has been some slight rephasing of works as the scheme continues to be refined - (£375k)
 - Public Sector De-carbonisation – there has been a change in the technology being used as part of this scheme which has reduced and corresponding grant funding - (£358k)
 - Trafford Waters – This is being funded directly from Homes England relating to proposed redevelopment of the site. Discussions are being held with Homes England regarding progress. - (£1.5m)
 - The Mayors Challenge Fund – Works have been rephased as the design work is being undertaken - (£2.74m);
 - Urmston to Sale Water park cycle scheme – This scheme is funded by Highway England and discussion are ongoing with them around delivery of the scheme, with it currently re-phased to next year– (£1.0m)
 - Timperley Sports Club – The latest forecast is that the resources from the council will not be required until the next financial year - (£350k)
 - Parks and open space expenditure, the majority of which is funded by section 106 with no immediate time limits, has been re-phased with a number of historic schemes still needing to be completed within the service – (£317k)

- Finance and Systems

- A review of the ICT programme of works has been carried to identify where resources previously allocated to schemes can be reprioritised with change in demands within the ICT service. – (£350k).

Status, Progress of Specific Major Schemes

32. Updates will be provided on specific issues where there is a significant impact on delivery of the forecast programme in terms of timescales or within approved resources. In addition updates on larger schemes will be provided throughout the year.

Specific Issues

- **Blessed Thomas Holford**

There has been a net increase in anticipated costs of £600k within the Basic Need Programme. This is due to an increase £265k at Blessed Thomas Holford Catholic College as a result of additional groundworks now required to clear land adjacent to the school. Projected cost increases of £500k at Firs Primary School following detailed design work to accommodate an expansion from 2 forms of entry to 3 and a saving of £165k at Worthington Primary School. The additional costs will be transferred from the currently uncommitted element of Basic Need Grant, so will have no impact of the level of capital receipts needed to the fund the Capital Programme.

- **Mayors Challenge Fund**

A phased approach to this scheme is taking place with £20.0m currently within the approved three year capital programme. It is likely that that further funding will be made available to deliver the full value of the initial bids (£35.9m) in future announcements and these will be reflected within the programme once known. To date nearly £500k has been spent on the initial development stages over six separate elements of the scheme. It is anticipated that significant elements of the scheme will commence this financial year with the current forecast being £3.29m for this year after rephasing £2.74m to the next financial year as detailed above.

General Update

- **Disabled Facilities Grant**

Currently for this financial year it is forecast that £3.81m will be spent in delivery of this programme after re-phasing of £418k to the next financial year as detailed above. It should be noted with the ongoing impact of the Covid-19 pandemic it is very difficult to predict levels of delivery. Limiting factors on delivery will come from Covid -19 guidelines and how comfortable clients are with letting occupational therapists back into their homes. The projected spend is based on current workloads, works waiting to be approved and paid. As a result of these factors this programme of

works will be under review and forecast will be updated throughout the year if required.

- Future High Streets Fund

Trafford were awarded £17.6m by the Ministry of Housing, Communities and Local Government (MHCLG) in 2020 to assist in the delivery of works around the Stretford Town Centre that contribute to the overall Stretford Masterplan. In addition to this funding, Section 106 contributions of £1.5m and potential contributions of £3.56m from Trafford Bruntwood LLP this gives a total work package of £22.66m. The original bid include 6 main elements to the scheme as follows:

- Reconfiguration of Chester Road Entrance to Stretford Mall to form new linkage to the car park and service yard.
- Works to allow the formation of a new ground floor linkage through Stretford Mall to enable the creation of an extended 'High Street' along King Street.
- Reconfiguration of the Barton Road / Kingsway traffic lighted junction and associated highway and landscaping works to enable the site for mixed use.
- Reconfiguration of the highway and re-landscaping of Kingsway between Barton Road and Chester Road junctions to enable better pedestrian access to key town centre assets.
- Pedestrian/cyclist upgrade measures to Chester Road Junction.
- Preparation of land between Chester Road junction and Bridgewater Canal to unlock Lacy Street for development

The first two elements of the work are being undertaken directly by Trafford Bruntwood LLP with initial design works already underway with an anticipated start date on site of April 2022 once all consultation and planning approvals are completed. For the other elements Trafford Council will be the lead with a procurement exercise about to start so initial design work can commence. Further updates will be provided as Capital Programme monitoring throughout update. It is the intention for a more detailed update with be provided to the Executive at some point in the autumn.

Resources

33. The general capital programme is resourced by a combination of both internal and external funding and is detailed in the table shown below (table 6):

Table 6 - Capital Programme Resources 2021-24	P2 Revised Approved Programme £m	Revised Programme £m	Variance £m
External:			
Grants	35.53	29.07	(6.46)
Contributions	4.14	2.32	(1.82)
Sub-total	39.67	31.39	(8.28)
Internal:			

Receipts requirement	5.74	5.61	(0.13)
Borrowing	11.45	10.28	(1.17)
Reserves & revenue contributions	1.66	1.71	0.05
Sub-total	18.85	17.60	(1.25)
Total Resourcing	58.52	48.99	(9.53)

34. The movement in resources of £9.53m relates to re-phasing the remaining years of the current approved three year programme, with changes in grant and additional revenue contributions accounting for the remainder. The following gives the detailed split of the variance;
- Net re-phasing to future years – (£9.25m)
 - Reduction in Grant - De-Carbonisation – (£358k)
 - Additional Revenue Contribution – Resomation Cremator - £51k
 - Additional Grant – Flood Alleviation - £30k
35. The Land Sales Programme and Development Programme is continuously reviewed. The current position now indicates an over-programmed level within the capital programme of £1.82m which is an increase of £911k from £913k that was in the original three year budget that was approved in February 2021. This is as a result of an overall reduction in the level of receipts anticipated. Attached in Appendix 4 is a list of the current Land Sales programme and development sites along with the anticipated year in which the council will realise a receipt from the scheme.
36. The table below (table 7) highlights the overall level of over-programming and the in year surplus and deficits which will need to be managed over the three year period of the programme.

Table 7 - Capital Programme Resources	Budget 2021/22 £m	Budget 2022/23 £m	Budget 2023/24 £m	Budget Total £m
General Programme Investment	48.99	76.17	40.52	165.68
Grants	29.07	59.51	26.05	114.63
External Contributions	2.32	3.6	2.8	8.72
Revenue and reserves	1.72	0.15	0.01	1.88
Prudential Borrowing	10.28	8.37	0.15	18.8
Shortfall in 20/21 Receipts	(3.38)	-	-	-3.38
Forecast Capital Receipts	5.93	5.6	11.68	23.21
Total Funding	45.94	77.23	40.69	163.86
Surplus / (Deficit)	(3.05)	1.06	0.17	(1.82)

Currently there is anticipated to be a deficit in the current financial year of £3.05m compared to the original budget approval deficit of £1.22m. This increase relates to revised anticipated level and re-phasing of receipts in particular Brown Street and Sale Magistrates and detailed above

There are a number of options that will be considered in order to address the forecast deficit for the current year of £3.05m and the overall level of over-programming of £1.82m. The options are as follows:

- Re-phasing of capital schemes that are funded from receipts will assist in reducing the short-term deficit. Work has already been undertaken with services to identify some schemes that can and have now been delayed mainly until the next financial year, although this effectively delays the funding issue until later financial years.
- Deletion of schemes currently funded from receipts would assist with short term pressures and reduce the level of over programming within the programme. Historic schemes where work has not yet commenced will be reviewed as part of the new round of bidding to identify if all these schemes are still required and still align with council priorities. This will also include a wider review of the programme to identify any potential schemes that are no longer required.
- Identify additional opportunities for land sales and development returns that are currently not assumed within the anticipated levels of receipts. Work is continually ongoing to identify any sites that are no longer required that could be either sold or developed in addition other development opportunities across the borough
- Short term borrowing as detailed in the February 2021 capital strategy could be used to fund the deficit in capital programme for the next two

years until receipts are realised and then used to repay the borrowing. This would have an additional revenue costs that will need to be identified. This also carries a risk that if receipts are not realised within predicted time scales, or at all, the borrowing will then need to be paid for on a longer or more permanent basis for which there are no resources currently identified.

Future years and bidding process

37. The revised capital programme for 2021/22 detailed in this report, has resulted in a programme of works totalling £116.69m 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;

- Leisure Strategy “Increasing Physical Activity” - £8.9m
- Mayors Cycling and Walking Challenge Fund - £19.7m
- Carrington A1 Relief Road - £14.7m

As part of the ongoing monitoring process the phasing of future years works will also be reviewed with the objectives of setting a programme that is both deliverable and affordable.

38. The council will continue to undertake an annual bidding process in order to progress new schemes or revise existing schemes into the programme with the aim to reflect emerging and changing priorities over time and the availability of resources.

Requests for new or revised bids will be made in September with a deadline of the end of October. These can then be considered as part of the annual budget setting process in February 2022.

As part of any forthcoming capital bids process, a review of schemes that have still not commenced with resources currently committed to, will be undertaken in line with council priorities.

With the current anticipated shortfall in resources and potential pressures against some development schemes, 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 existing funding approvals can be reprioritised. Bids will also be considered on deliverability and scheduling risks.

Asset Investment Fund

39. In February 2020 approval was given to increase the Asset Investment Fund to £500m, supported by prudential borrowing, to support the Council’s Investment Strategy. The transactions that have been agreed by the Investment Management Board to date have a total committed cost of £381.13m. The facility agreements at The Crescent (£44.26m) and phase one

of the Hut Group (£30.20m) were repaid in 2020/21, and phase two of the Hut Group (£32.25m) was repaid in June 2021. This means the balance of the approved £500m which is available for further investment is £163.13m (table 8 below).

40. These investments were budgeted to generate a net revenue benefit in 2021/22 of £7.61m. The forecast net income, however, is £4.6m lower, at £2.9m. The Council has reviewed this position and put in place mitigations which have increased the net income position to £6.61m, a deficit of £1.00m compared to budget. Key variances and mitigations are set out below:

Asset Investment Strategy Period 4	Budget Variance £000
Net Income target	(7,609)
Pipeline Recycling Target	2,454
Variable Interest Rates	854
Joint ventures	950
HUT Group delay	632
Castle Irwell earlier draw	(194)
Forecast Net Income	(2,914)
Reduced reserve contributions	(1,651)
HUT Group reserve smoothing	(632)
Pipeline Schemes	(1,417)
Net Income after mitigations	(6,614)

- The 2021/22 budget assumed additional net income of £3m from schemes that were yet to be committed to. This figure represented the recycling of funds from schemes that had expired, such as the Crescent. Of this £3m, £0.54m has been secured through new investments at the Hut Group and the Castle Irwell, leaving a remaining target of £2.45m. As part of the income shortfall mitigation, the Council has reviewed schemes currently in its pipeline, but not yet brought forward, for likelihood and benefit. From that review a prudent income forecast of £1.4m has been included against those schemes in 2021/22.
- The Hut Group have informed the Council of their intention to delay the start of work on their new office accommodation. This will postpone the drawdown of the agreed facility until 2022/23, which will cause a pressure in 2021/22 of £0.63m. To mitigate against this shortfall, the Council will draw down from the Risk Reserve to smooth the variance, with the reserve topped back up from the anticipated delayed income benefit in future years.
- Lower returns to the value of £0.85m are anticipated on a number of debt facilities which are linked to variable interest rates.
- A shortfall is forecast in returns from the Council's three joint ventures with Bruntwood of £0.95m, required to cover the Council's borrowing costs on the acquisition of the town centre assets in Stretford and Altrincham. This shortfall is a result of reduced trading income as the sites recover from the impact of Covid-19 on the retail sector.

- The pressures above have been partly offset by forecasted additional income of £0.19m due to a faster draw on the Castle Irwell debt facility.
- The forecast contribution to the Risk Reserve in 2021/22 is £1.65m. The reserve level at the start of the year was £5.98m. This level of reserve is currently considered to be sufficient in relation to the immediate risks that the portfolio is exposed to. The Council will, therefore, not make any further contributions in 2021/22, and the £1.65m will instead be used as part of the mitigation of the forecasted income pressures.

Table 8 : Asset Investment Fund	Prior Years £m	Repayments £m	Commitment £m	Total £m
Total Investment Fund				500.00
Property Purchase:				
Sonova House, Warrington	12.17	-	-	12.17
DSG, Preston	17.39	-	-	17.39
Grafton Centre incl. Travelodge Hotel, Altrincham	10.84	-	-	10.84
The Fort, Wigan	13.93	-	-	13.93
Sainsbury's, Altrincham	25.59	-	-	25.59
Sub Total	79.92	-	-	79.92
Property Development:				
Sale Magistrates Court	4.80	-	-	4.80
Brown Street, Hale	6.79	-	2.04	8.82
K Site, Stretford Equity	11.00	-	1.25	12.25
Former sorting office, Lacy Street, Stretford	0.87	-	0.09	0.96
Care Home Purchase	2.23	-	-	2.23
Various Development Sites	0.43	-	-	0.43
Sub Total	26.12	-	3.38	29.50
Equity:				
Stretford Mall, Equity	8.82	-	-	8.82
Stamford Quarter, Equity	16.69	-	-	16.69
Sub Total	25.51	-	-	25.51
Development Debt:				
Bruntwood; K site	10.90		1.35	12.25
Bruntwood Shopping Centre	25.57	-	-	25.57
CIS Building, Manchester	60.00	-	-	60.00
The Hut Group	62.45	(62.45)	67.50	67.50
Castle Irwell, Salford	11.28	-	7.72	19.00
Sub Total	170.20	(62.45)	76.57	184.32
Total Capital Investment	301.75	(62.45)	79.95	319.25
Albert Estate Investment	17.62		-	17.62
Total Investment	319.37	(62.45)	79.95	336.87
Balance available				163.13

Development Programme Update

- Brown Street

This scheme is nearing completion, with all the houses now complete with final snagging works being undertaken. The surface of the car park will be put down imminently bringing it to completion. The only element remaining to be completed relates to traffic calming, which is a planning requirement of the scheme and will be completed by mid-September. Time delay along with other cost increases has given rise to additional cost pressures that we have been advised of by the developers Novo all of which are still under review. The current potential increase in costs from previously assumed level is approximately £1.0m, which if realised would have an impact on the funding of the general capital programme which will need to be managed. The properties are currently being marketed and are for sale and there has been some positive initial interest in the scheme. A detailed review of the costs and net income associated with the scheme will be provided in the Period 6 Budget Monitoring report.

- Sale Magistrates Court

The initial bid that was submitted by Seddon's last year after their appointment in 10th July 2020 had an anticipated return in excess of £3.0m, which was the assumed level of return to support the Capital Programme. During the intervening period there have been a number of changes to the scheme and the initial assumptions made that will lead to a decrease in the return. A separate report will be provided to the Executive with the full financial impact set out accordingly. Any reduction in return will have an impact on the available resources to support the Capital Programme and will need to be managed accordingly.

- Tamworth

This scheme is being developed in an equal partnership with Trafford Housing Trust once each party have contributed their own land holdings on the site. The scheme is expected to deliver in the region of 157 properties with the mix of affordable housing not yet finalised, but is expected to exceed the planning policy mix. It is also anticipated that the scheme will deliver a high level of sustainability and exceed minimum requirements of affordable housing.

- Jubilee Centre

The architect has been appointed for this scheme, with the rest of the design team being appointed shortly, after which it is anticipated that consultation will start, including with planning. Once this has been completed, the financial forecasts will be further reviewed against the currently assumed return of £1.5m, an IRR of 15%. Any changes will be reported to Executive in the Capital Monitoring reports accordingly.

Issues / Risks

- 41. A key risk is the ability to deliver the revised capital programme in 2021/22, and this will continue to be closely monitored and reported throughout the year and as any significant issues may arise.

- 42. In addition, there is the risk that the level of Capital receipts that will be realised in the year and in future will be insufficient to fund the relevant schemes in the capital programme. A prudent approach to estimating these asset receipts and development returns will continue to be taken with only receipts that have a significant level of certainty being included in the resource forecasts.

Recommendations

- 43. It is recommended that that the Executive:
 - note the updated positions on the revenue budget, collection fund and capital programme.

Other Options

No Applicable.

Consultation

Not Applicable

Reasons for Recommendation

Not Applicable

Finance Officer Clearance *DM*.....

Legal Officer Clearance *JLF*.....

DIRECTOR'S SIGNATURE *G. Bentley*

Appendix 1

Service Review/Virements	Children's (£000's)	Adults (£000's)	Place (£000's)	Strategy & Resources (£000's)	Finance & Systems (£000's)	Governance & Community Strategy (£000's)	Council-wide (£000's)	Total (£000's)
Period 2 Outturn Report	43,002	65,210	30,599	5,629	7,741	6,291	21,000	179,472
Strategic Services Review Structure Change – Grants to Voluntary Organisations			(13)			13		0
Revised P2 Outturn Report	43,002	65,210	30,586	5,629	7,741	6,304	21,000	179,472
Virements:								
Voluntary Leave	30	21	9	6	28	7	(101)	0
Voluntary Redundancy	(43)	(153)	(105)	(62)	(70)	(146)	579	0
Supported Accommodation contract budget re-alignment	(12)	12						0
Homeless Commissioned Services Budget Transfer	(521)		521					0
Benefits Advice Team (2 Posts)		72			(72)			0
Principal Community Cohesion & Equalities officer post – Professional Fees and Telephony Budgets		(54)	54					0
Moving Events post (Communications) to Customer Services (Access Trafford)				(34)		34		0
Society for Innovation, Technology & Modernisation (SOCITM) Annual Fee					39	(39)		

Total movements	(546)	(102)	479	(90)	(75)	(144)	478	0
Period 4 Outturn Report	42,456	65,108	31,065	5,539	7,666	6,160	21,478	179,472

Appendix 2

Theme/Title	Service Area	Budget 2021/22	Projection 2021/22	Variance 2021/22	Actual achieved to date	Actuals yet to be achieved to meet projection	22/23 Pressure savings not likely to be met	Financial RAG 21/22	Financial RAG 22/23
		£000's	£000's	£000's	£000's	£000's	£000's		
Traded Services	Central	(281)	(281)	0		(281)		AMBER	AMBER
New Investment Income	Place	(*)		0					
Person Centred - Reshaping	Adults	(301)	(301)	0	(93)	(208)		AMBER	AMBER
Liberty Protection Safeguards (LPS)/Portal - Reshaping	Adults	(201)	0	201		0	201	RED	AMBER
Homecare Pilot	Adults	(256)	(256)	0	(220)	(36)		AMBER	AMBER
Market Management	Adults	(68)		68		0	68	RED	RED

Supported Living	Adults	(123)	(30)	93		(30)	93	RED	RED
Person Centred reshaping - Mental health and learning disability	Adults	(500)	(500)	0	(120)	(380)		AMBER	AMBER
Learning Disabilities - supported accommodation	Adults	(173)	(60)	113		(60)	113	RED	RED
Learning Disabilities - Develop an assessment facility (Shaw e Road)	Adults	(30)		30		0	30	RED	AMBER
Care Market - DtA	Adults	(172)	(172)	0	(86)	(86)		AMBER	AMBER
Care Market – extra care housing	Adults	(10)	(10)	0	(10)	0		GREEN	GREEN
Care – 1:1 hourly rate	Adults	(10)	(10)	0		(10)		AMBER	AMBER
Home Care – SaMS	Adults	(187)	(187)	0	(187)	0		GREEN	GREEN
Home Care – rapid discharge	Adults	(36)	(36)	0		(36)		AMBER	AMBER

Digital front door	Adults	(30)		30		0		RED	AMBER
Care at home	Adults	(150)	(27)	123		(27)	123	RED	AMBER
Community Enhanced Care (CEC)	Adults	(150)	(150)	0	(150)	0		GREEN	GREEN
General Procurement Savings Target	Adults	(24)	(24)	0	(24)	0		GREEN	GREEN
Modernisation of Children's Service	Children	(524)	(524)	0	(524)	0		GREEN	AMBER
Business Systems	Children	(56)	(56)	0	(56)	0		GREEN	GREEN
Home to School Transport	Children	(48)	(30)	18	(30)	0		RED	GREEN
Children Placements	Children	(1,500)	(1,500)	0	(895)	(605)		AMBER	AMBER
General Procurement Savings Target	Children	(18)	(18)	0	(18)	0		GREEN	GREEN
LED street lighting – extend to remaining stock	Place	(25)	(25)	0	0	(25)		AMBER	AMBER

Property Estates review	Place	(220)	(70)	150	0	(70)		RED	AMBER
Business rates review	Place	(50)	(50)	0	0	(50)		RED	AMBER
Parking charges realignment	Place	(64)	(64)	0	0	(64)		RED	GREEN
Amended parking tariffs - town centres	Place	(136)	(136)	0	0	(136)		RED	GREEN
Other Parking Income - Additional Enforcement	Place	(10)	(10)	0	(3)	(7)		GREEN	GREEN
Charges to capital – operational services client team	Place	(150)	(150)	0	(50)	(100)		GREEN	GREEN
New investment income	Place	(3,000)	(2,047)	995	(1,000)	(1,047)		AMBER	RED
Major events recovery of support services costs	Place	(207)	(207)	0	(10)	(197)	125	RED	RED
Amey call centre telephony operating hours reduced in line with Council contact centre	Place	(24)	(24)	0	(8)	(16)		GREEN	GREEN

Dim street lights by approximately 20%	Place	(75)	(75)	0	(70)	(5)		GREEN	AMBER
Move to wildflower / good verge guide throughout the Borough.	Place	(95)	(64)	31	0	(64)	95	RED	RED
Grass cutting review	Place	(67)	(45)	22	0	(45)	67	RED	RED
20% of greenspaces moved to conservation areas	Place	(36)	(24)	12	0	(24)	36	RED	RED
Cease Night Scouting of Streetlights	Place	(9)	(9)	0	(9)	0		GREEN	GREEN
Pay inflation	Place	(50)	(50)	0	0	(50)		RED	RED
Reduce weed spray from 2 to 1 per annum	Place	(20)	(20)	0	(20)	0		GREEN	GREEN
Review cemetery and opening closing contract	Place	0	0	0		0		RED	RED
Change missed bin response timeframes	Place	(50)	(50)	0	(50)	0		GREEN	GREEN

Renegotiate contract performance targets in high cost areas and change in specification of the Amey contract as part of the 7year review	Place	(102)	0	102	0	0		RED	RED
Miscellaneous Licence fees	Place	(10)	(10)	0	(10)	0		GREEN	GREEN
Place Directorate/Strategic Services and Vacancy Review	Place	(250)	(250)	0	(83)	(167)		AMBER	GREEN
Planning and Development	Place	(222)	(222)	0	(74)	(148)		AMBER	AMBER
Remove Free After 3 Car Parking	Place	(50)	(50)	0	0	(50)		RED	GREEN
General Procurement Savings Target	Place	(45)	(45)	0	0	(45)		AMBER	AMBER
Review Financial Management Service	Finance and Systems	(358)	(358)	0	(358)	0		GREEN	GREEN
Exchequer Services - robotics and system modernisation	Finance and Systems	(300)	(300)	0	(300)	0		GREEN	GREEN
Review ICT Service - contract and licencing reductions	Finance and Systems	(197)	(197)	0	(197)	0		GREEN	GREEN

General Procurement Savings Target	Finance and Systems	(3)	(3)	0	0	(3)		GREEN	GREEN
Business support – shared services	Strategy and Resources	(150)	(118)	32	(39)	(79)		RED	AMBER
Reduce Training Budget by 33%	Strategy and Resources	(75)	(75)	0	(75)	0		GREEN	GREEN
Review of Directorate vacancies	Strategy and Resources	(35)	(35)	0	(35)	0		GREEN	GREEN
General Procurement Savings Target	Strategy and Resources	(2)	(2)	0	0	(2)		GREEN	GREEN
Contact Centre - review opening hours	Governance and Community Strategy	(115)	(115)	0	(115)	0		GREEN	GREEN
General Procurement Savings Target	Governance and Community Strategy	(22)	(22)	0	0	(22)		GREEN	GREEN

Voluntary Redundancy/Severance Scheme	Council-wide	(708)	(658)	50	(658)	0	30	AMBER	GREEN
General Procurement Savings Target	Council-wide	(86)	(86)	0	0	(86)		GREEN	AMBER
9 day fortnight - voluntary	Council-wide	(60)	(10)	50	(10)	0		AMBER	GREEN
TOTAL SAVINGS AND INCOME PROPOSALS		(11,926)	(9,848)	2,078	(5,588)	(4,260)	981		

Appendix 3

2021/2024 INDICATIVE CAPITAL PROGRAMME				
	2021/22	2022/23	2023/24	Total
DESCRIPTION	£m	£m	£m	£m
Schools				
Basic Need – School Places	0.82	4.25	1.00	6.07
Firs Primary School	1.50	3.00	-	4.50
Stamford Park Schools *	1.30	5.00	1.50	7.80
Sale High School	0.95	-	-	0.95
Blessed Thomas Holford College	2.52	1.50	-	4.02
School Access Initiative	0.14	-	-	0.14
Devolved Formula Capital	0.80	0.62	0.37	1.79
Capital Maintenance Grant	4.03	3.30	2.24	9.57
SEND Capital	0.17	1.68	-	1.85
Kings Road Primary School	0.03	-	-	0.03
Sub-total	12.26	19.35	5.11	36.72
Children's Services				
Foster Carers – Accommodation Improvements	0.19	0.05	0.05	0.29
Hayeswater Centre – Improving outdoor provision	0.03	-	-	0.03
Youth Services – Street Talk Mobile Unit	0.04	-	-	0.04
Children Services - Data Capture	0.19	0.38	0.10	0.67
Kindle Lodge - Kitchen Upgrade	0.04	-	-	0.04
Liquid Logic – Children's & Delegation Portals	0.04	-	-	0.04
Sub-total	0.53	0.43	0.15	1.11
Adults Social Care				
Disabled Facility Grants	3.81	3.49	3.07	10.37
Assistive Technology/Technology Innovation	0.11	0.10	0.10	0.31
Right Care For You	0.10	-	-	0.10
Shawe Road, Urmston – Complex Needs (Change of use)	0.40	0.40	-	0.80
Liberty Protection Safeguards (Liquidlogic updates)	0.07	-	-	0.07
Sub-total	4.49	3.99	3.17	11.65
Place				
Town Centres Loans Fund	0.04	0.15	-	0.19
Altair Development	-	-	-	0.00
Development Sites	-	-	-	0.00
Business Loan Scheme	0.10	0.40	-	0.50
Altrincham Town Centre – Public Realm	0.30	1.50	1.00	2.80
Stretford Town Centre – Public Realm	0.09	-	1.50	1.59
Market Street, Altrincham – Redevelopment	-	0.24	-	0.24
Greater Manchester Full Fibre	0.84	-	-	0.84
Manchester Airport – Project Apollo	-	-	-	0.00

Manchester Airport – Project Mere	3.26	-	-	3.26
Trafford Waters, Trafford Park - Infrastructure	0.07	4.00	-	4.07
Future High Street Fund	1.57	13.38	2.66	17.61
Public Building Repairs and Compliance Programme	0.79	0.83	0.70	2.32
DDA Programme	0.15	0.07	0.07	0.29
Sale Waterside – Furniture and Equipment	-	-	-	0.00
Sale Waterside Improvements	0.30	-	-	0.30
Standing Desk Provision	-	-	-	0.00
Sale Waterside – Kitchen Improvements	0.10	-	-	0.10
Sale Waterside – Shower and changing facilities	0.04	-	-	0.04
Trafford Town Hall – Heating and cooling system	0.12	-	-	0.12
Trafford Town Hall and Sale Waterside – Security	0.13	-	-	0.13
Trafford Town Hall – DDA Works	0.05	-	-	0.05
Watling Gate - Preservation/Conservation	0.13	-	-	0.13
Altrincham Driving Range	0.10	-	-	0.10
De-carbonisation Programme	3.80	-	-	3.80
Leisure Strategy - "Increasing Physical Activity"	1.08	1.85	6.00	8.93
Football Facility Provision	0.17	2.05	-	2.22
Turn Moss Playing Fields	0.54	-	-	0.54
Timperley Sports Club - Artificial Pitch Contribution	-	0.35	-	0.35
Sports Provision – Artificial surface replacement	-	0.25	-	0.25
Integrated Transport Schemes	0.54	0.15	-	0.69
Borough wide - Boundary / Village Entry Signs	0.07	0.04	-	0.11
Altrincham Town Centre Cycle Link	0.35	-	-	0.35
Urmston to Sale Water Park Cycling Scheme	0.36	2.00	-	2.36
Mayors Cycling and Walking Challenge Fund	3.30	14.51	1.85	19.66
Residents Parking Scheme	0.19	-	-	0.19
Electric Vehicle Charging Points	0.25	0.25	-	0.50
Cycle Parking at Stations	0.15	-	-	0.15
City Cycle Ambition Grant	0.04	-	-	0.04
Casualty Reduction Programme	0.03	-	-	0.03
Active Travel	0.70	-	-	0.70
Highways Structural Maintenance	3.66	3.31	2.10	9.07
Pot Hole & Challenge Fund	-	1.29	1.29	2.58
Highway Works – Framework Agreement	-	0.32	0.32	0.64
Highways Incentive Funding	0.02	-	-	0.02
Highway Tree Funding	0.05	-	-	0.05
Street Lighting	1.14	1.00	1.00	3.14
Electric Street Furniture Replacement	0.05	0.05	0.05	0.15
Bridge Assessments and Strengthening	1.14	0.09	-	1.23
Carrington Junction and Relief Road	1.02	0.44	13.23	14.69
Highways Infrastructure Safety Improvements	0.36	0.25	-	0.61
Pet Crematorium	0.03	-	-	0.03
New Chapel and Installing resomation cremators	1.05	0.95	-	2.00

Countryside Access – Infrastructure & Biodiversity	0.46	0.26	0.15	0.87
Play Area Refurbishments	0.24	0.13	0.10	0.47
Parks & Open Space, Outdoor Sports & RRF - S.106 Funded	0.19	0.05	-	0.24
Red Rose Forest	-	0.41	-	0.41
Parking – Improvements/P&D/Signage	0.08	-	-	0.08
Enforcement and Permit Software Upgrade	-	0.05	-	0.05
Regent Road Multi-storey Car Park	0.20	-	-	0.20
Assistance to Owner Occupiers	0.09	0.03	0.03	0.15
Housing Standards / Empty Property Initiatives	0.07	0.04	0.04	0.15
Affordable Housing Fund	0.42	-	-	0.42
CCTV Transformation Programme - Phase 2	0.29	0.25	-	0.54
CCTV Cameras - Fly-tipping Prevention	0.06	0.10	-	0.16
Sub-total	30.37	51.04	32.09	113.50
Governance & Community Strategy				
Timperley Library ICT	0.01	-	-	0.01
Waterside Arts Centre	0.07	0.06	-	0.13
Sub-total	0.08	0.06	0.00	0.14
Finance & Systems				
Civica - New Web Front-end	0.01	-	-	0.01
ICT Services and Infrastructure	0.22	0.14	-	0.36
Office 365 - Implementation, training etc.	0.22	0.15	-	0.37
Windows 10 Implementation	0.51	-	-	0.51
Systems Upgrades SAP/RFC	0.14	0.10	-	0.24
Development / Low Code Solution	0.02	0.20	-	0.22
Meeting Room – Video Conferencing	0.02	0.13	-	0.15
Improved Digital Resilience and Disaster Recovery	0.07	0.29	-	0.36
Digital Inclusion	0.05	0.10	-	0.15
Business Intelligence	-	0.20	-	0.20
Sub-total	1.26	1.31	0.00	2.57
GENERAL PROGRAMME TOTAL	48.99	76.18	40.52	165.69
Capital Investment Portfolio	66.83	104.87	100.28	271.98
TOTAL INVESTMENT	115.82	181.05	140.80	437.67

*As part of the Education and Early Years Basic Need Capital Report that is part of this Executive agenda an expansion scheme creating 15 places per year group at Willows Primary School is recommended to replace this project.

Anticipated Year for Land Sales and Development Returns

Land Sale Programme

2021/22

Equity Housing Properties - 12 Norton Street, Stretford
Equity Housing Properties - 68 Thornbury Rd, Stretford
Sale Cemetery Lodge
Flixton Road Children's Home, Urmston
Virgil Street, Old Trafford
Friars Court, Sale
Trafford MES - Flixton Road, Flixton
65/65a Roseneath Road, Urmston
2A Houldsworth Ave, Timperley
Trafford Park Depot (2nd Avenue)
Higher Road Depot, Urmston

2022/23

Altair Developments
Land at Central Road, Partington
Hale Library

2023/24/25

Brook Road, Urmston

Development Schemes

2021/22

Brown Street, Hale

2022/23/24

Sale Magistrates Court
Trafford Park Depot (2nd Avenue)
Higher Road Depot, Urmston
Town Centres Re-gear
Jubilee Centre
Claremont Centre & Chapel Road DC, Sale
Stokoe Avenue, Broadheath
Tamworth, Old Trafford (Phase 2)
K Site, Stretford - Residential Development
Trafford High School - Lydney Road, Flixton
Denmark Street, Altrincham
Stretford Sorting Office