

## TRAFFORD COUNCIL

**Report to:** Executive

**Date:** 24th January 2022

**Report for:** Information

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

**Report Title:**

Budget Monitoring 2021/22 – Period 8 (April to November 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	<p>Revenue and capital expenditure will be contained within available resources in 2021/22.</p> <p>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</p>

	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. Summary of outturn

**There is a net estimated outturn pressure of £1.44m at Period 8, a favourable movement of £984k since Period 6.**

This monitor for the financial year provides a forecast outturn based on patterns of expenditure and income up to November 2021. Although outturn patterns are firmer than those in earlier periods, there still remains a large degree of uncertainty, especially given the unknown impact of the Omicron variant and potential for further restrictions. The upwards trend in headline inflation rates and the unprecedented increase in energy and fuel price increases, add yet further uncertainty into the financial landscape both for the current and future years.

Although the estimated outturn is still showing a sizeable adverse variance of £1.44m, it is encouraging to see a favourable direction of travel resulting. Interventions, such as the revised vacancy approval and recruitment procedures, introduced since period 6, have helped in this regard, however ongoing commitment to manage pressures and continue to deliver savings must continue for the remainder of the year to mitigate against any further adverse movement.

The following issues are worthy of being highlighted:-

- Children's placements £0.962m overspend due to an increase in cases during the year; **a positive movement of £113k since period 6;**
- Adults placements £322k overspend, **a positive movement of £445k since period 6;** £325k (£579k period 6) of the pressure is due to savings not expected to be achieved, alongside an underlying pressure of £656k (£597k period 6) due to an increase in costs of care packages and new cases. The balance consists of a net underspend on the Hospital Discharge Programme of £659k (£409k period 6) ;
- Assumptions on demand remain uncertain, and contingency balances of £265k (£607k period 6) and £379k (£673k at period 6) are included for future demand in Children's and Adults Services.
- Staffing budgets net underspend of £1.632m, **a positive movement of £162k since period 6,** consisting of underspend of £1.68m in Children's and Public Health, largely due to delays in recruiting and service redesign, offset by pressures in Adults of £47k as a result of COVID-19 and exceptional circumstances largely within the Supported Living service.
- Home to School Transport pressures are now £396k **an adverse movement of £113k since period 6** due to increase in demand with the current passenger numbers during the year and additional costs for staffing to cover passenger assistants who are self isolating;
- 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 £1.419m **an adverse movement of £80k since period 6.** This overall shortfall 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 £610k, **a positive movement of £141k since period 6**, 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 £521k, property rentals £300k, outdoor media advertising £170k, planning fees £459k. These pressures are lower than period 6, however given the uncertainty surrounding the potential for further restrictions, the forecasts are subject to change. The balance of £502k from the COVID-19 contingency will be utilised if required.
- Local Government Pay award – The final pay award offer, currently rejected by the 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 favourable items of £640k, **a positive movement of £316k since period 6**. This includes a favourable outturn of £437k within the Place Directorate following a number of management actions since period 6 to reduce the previously reported overspend. This includes staff vacancy/running cost management and the release of reserves and other spend not contractually committed.

## 2. **2021/22 Savings Programme**

The latest forecast shows that the savings programme is currently expected to deliver savings of £8.96m, which is £2.96m below target. A number of mitigating actions have taken place in year (eg alternative savings) leaving a net shortfall in savings target of £2.37m, a positive movement of £491k since Period 6. This shortfall has been included in the overall estimated outturn. To date £8.43m has been achieved with £0.53m still to be achieved. Whilst there still remains a risk in the delivery of the programme, the majority of savings are classified as Amber indicating an element of management action is still required to deliver the savings before the end of the year.

## 3. **Council Tax**

The Council Tax budget was reduced temporarily in 2021/2022 to reflect the ongoing impact of the pandemic. Previous periods have reported a breakeven position for Council Tax, however as the year has progressed a favourable outturn is now forecast. The in-year position has been helped by a lower level of awards for Council Tax Support along with better than expected collection of historic debt. Although there remains a high level of uncertainty in the system, a favourable outturn of £1.55m is anticipated. This amount will be released in 2022/2023, however due to the level of ongoing uncertainty, particularly surrounding the demand for Council Tax Support both in the current and next

financial year an amount of £500k will be added to a Council Tax Risk Reserve. The remaining balance of £1.05m will be used towards bolstering the budget resilience reserves to support future plans. This will result in a net nil variance for 2021/2022.

#### **4. Business Rates**

The estimated outturn for Business Rates in previous periods has been in line with budget. 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 which is currently being developed based on Government guidance. At this stage of the year a favourable outturn is now forecast, largely as a result of a review of the level of the provisions held for historic appeals. A favourable outturn of £4.35m is now forecast. This surplus will be directed towards our budget support reserve to support future plans and will result in a net nil variance in 2021/2022.

The estimate includes £4.89m contribution to the Greater Manchester Combined Authority under the rates growth pilot. Discussions are ongoing regarding the sharing agreement, which could result in an increased share of rates growth being retained locally to alleviate the in year pressures.

#### **5. Managing the Risk**

Although the estimated outturn has improved since period 6, there remains a cause for concern, primarily around the delivery of the remaining savings programme and increases in client demand in Adults and Children. The following mitigating actions will continue for the remainder of the year to support the in-year budget position:-

- A revised vacancy management process was introduced in November, placing an intervention to limit all recruitment to internal applications in the first instance, with external recruitment by exception.
- A number of contingency items are included in the outturn which have yet to be released. Although these continue to be utilised during the year, they stand at £265k and £379k in Children's and Adults services for potential client demand. There is also £502k and £100k in Council Wide relating to the balance of £1.5m set aside for unknown COVID-19 pressures and balance of general contingency.
- Discussions are ongoing with Greater Manchester Combined Authority to review their centrally held reserves and the potential to review the local sharing agreement of the Business Rates Growth Pilot monies. Currently £4.89m is forecast to be paid over to GMCA.
- A review of all earmarked reserves is nearing completion which has focused on challenging and identifying potential uncommitted resource. This exercise has identified resource to alleviate some of the in-year pressures, as demonstrated within the Place Directorate, as well as bolstering budget resilience reserves to support our medium term financial

strategy. Further details of this review will be presented in the final budget report for 2022/23.

- 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 which are considered by the Corporate Leadership Team.
- The Council continues to provide regular monitoring returns to the Government Departments. These returns have been used to inform the debate on whether additional resources will be required over the short and medium term relating to COVID-19 pressures. Although it has not included in this monitor, in December 2021 the Government announced a number of temporary support grants to support the additional costs within the adult social care sector resulting from the Omicron variant. Further details of the grants have yet to be published, however it is expected to be cost neutral with grant income offsetting cost pressures.

## **6. Capital Programme**

The revised capital programme for this financial year is £40.25m which is net reduction of £8.19m from the P6 position of £48.44m. This was a result of a review of the overall programme and the outcome of the period 8 monitoring exercise resulting in the rephasing of the programme into future years.

The overall programme is currently overprogrammed by £2.54m over the three years, which is an decrease of £1.28m from period 6 and relates to a higher than expected receipt from five disposals which have recently been completed.

The issue of over-programming will be addressed as part of the current capital programme bidding round.

## REVENUE BUDGET

7. 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:

<b>Table 1: Budget Monitoring results by Service</b>	<b>2021/22 Budget (£000's)</b>	<b>Forecast Outturn (£000's)</b>	<b>Forecast Variance (£000's)</b>	<b>Percentage</b>
Children's Services	42,456	43,335	879	2.07%
Adult Services	52,520	52,987	467	0.89%
Public Health	12,494	11,612	(882)	(7.06)%
Place	31,132	32,321	1,189	3.82%
Strategy & Resources	5,540	5,199	(341)	(6.16)%
Finance & Systems	7,683	7,867	184	2.39%
Governance & Community Strategy	6,159	6,392	233	3.78%
<b>Total Directorate Budgets</b>	<b>157,984</b>	<b>159,713</b>	<b>1,729</b>	<b>1.09%</b>
Council-wide budgets	21,488	21,196	(292)	(1.36)%
<b>Net Service Expenditure variance</b>	<b>179,472</b>	<b>180,909</b>	<b>1,437</b>	<b>0.80%</b>
<b>Funding</b>				
Business Rates (see para. 22)	(62,459)	(62,459)	0	
Council Tax (see para. 19)	(105,869)	(105,869)	0	
Reserves Budget Support	(2,803)	(2,803)	0	
Reserves to Support COVID-19	(8,341)	(8,341)	0	
<b>Funding variance</b>	<b>(179,472)</b>	<b>(179,472)</b>	<b>0</b>	<b>0.00%</b>
<b>Net Revenue Outturn variance</b>	<b>0</b>	<b>1,437</b>	<b>1,437</b>	<b>0.80%</b>
<b>Dedicated Schools Grant</b>	<b>150,236</b>	<b>152,212</b>	<b>1,976</b>	<b>1.32%</b>

## Budget Adjustments and Virements

A number of virements across Directorates are detailed in Appendix 1.

### Main variances, changes to budget assumptions and key risks

8. The main variances contributing to the projected overspend of £1.437m, 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	879	<p><b>Projected outturn variance £879k adverse, an adverse movement of £540k from Period 6.</b></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"> <li>£962k over budget on Children's placements (note 1), a favourable movement of £113k;</li> <li>£1.009m under budget on staffing (note 2), an adverse movement of £355k;</li> <li>£926k over budget on other running costs and income across the service, an adverse movement of £298k (note 3).</li> </ul> <p><b><u>Note 1</u></b></p> <p>Children's placements currently projects an overspend of £962k, a favourable movement of £113k.</p> <p>Over the two month period there has been a number of changes within Children's placements from costs for new placements £122k and net additional costs of £107k from movements within existing placements. The total cost of these over this two month period was £229k. However the contingency set aside to be utilised during this period was £342k which is more than sufficient to cover the above resulting in a favourable movement of £113k.</p> <p>To cover any further demand and potential timeline changes to the anticipated planned reductions mentioned above there is a contingency of £265k included in the above projections.</p> <p>The numbers of children as at the end of November compared to those at the end of September are as follows:-</p> <ul style="list-style-type: none"> <li>children in care 366, a reduction of 16</li> <li>child protection is 173, a reduction of 6</li> <li>children in need 906, an increase of 26</li> </ul>



		<p>To date £1.48m of the £1.50m 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.</p> <p>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 still have around future demand.</p> <p><b><u>Note 2</u></b></p> <p>A favourable variance in staffing of £1.009m which 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 adverse movement of £355k from P6 is mainly due to:-</p> <ul style="list-style-type: none"> <li>• additional agency costs being incurred as difficulties continue in the permanent recruitment of social workers</li> <li>• the procurement of a specialist project team to support the complex and additional needs service, with a focus on stabilising current service provision and a review of criteria and policies.</li> </ul> <p>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.</p> <p><b><u>Note 3</u></b></p> <p>The adverse variance in running costs and income across the service is £926k, an adverse movement of £298k, as outlined below:-</p> <ul style="list-style-type: none"> <li>• £396k adverse variance on Home to school transport, an adverse movement of £113k. The service is continuing to see an increase in demand with the current passenger numbers at 697 compared to 648 as at the end of March 2021, with applications continuing to be received. In addition to this is the additional costs for staffing to cover passenger assistants who are self isolating;</li> <li>• £77k adverse variance on Partington nursery, an adverse movement of £3k. This is due to a low uptake at the nursery resulting in a shortfall in income.</li> <li>• £310k adverse variance on Section 17 (s17) payments, an adverse movement of £166k. S17 payments are made where, for children in need, the authority identifies the needs for these children and ensures that the family are given the appropriate support in enabling them to safeguard and promote the child's welfare. As the number of children in need has increased so have the costs in providing this support.</li> <li>• £199k adverse variance on income, a favourable movement of £8k. This is mainly due to the impact of COVID-19 (£154k), and a loss of service level agreement income with schools (£40k).</li> </ul>
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		<ul style="list-style-type: none"> <li>£121k favourable variance on grant income, no change. This is due to the receipt of a grant for the school improvement service which it was not anticipated would continue.</li> <li>Other movements include £65k adverse variance, an adverse movement of £24k.</li> </ul> <p><b>Note 4</b></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"> <li>£689k for the COVID Local Support Grant (CLSG) which will be met by a government grant.</li> <li>£372k for contain outbreak management which will be met by government grant.</li> </ul>
Adult Services	467	<p><b>Projected Outturn variance £467k adverse a favourable movement of £824k from period 6.</b></p> <p>The impact of the coronavirus pandemic and supporting the NHS in dealing with the backlog of patients waiting for treatments 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"> <li>£322k adverse position on Adult clients, a favourable movement of £445k from period 6 (Note 1)</li> <li>£145k adverse position on staffing and running costs, a favourable movement of £379k from period 6 (Note 2)</li> </ul> <p><b>Note 1</b></p> <p><b>Savings</b> - £325k under achievement of savings, this is a favourable movement of £254k perriod 6.</p> <p><b>Discharge to Assess</b> - £659k favourable a £250k favourable movement from period 6.</p> <p>The hospital discharge programme (HDP) is to continue to the 31<sup>st</sup> March 2022. 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 (HDP). This is for a maximum of 6 weeks from the date of discharge until the 30th June and then for 4 weeks thereafter until the 31st March 2022.</p> <p>Not all of the discharge to assess costs are met by the HDP for the following reasons:-</p> <ul style="list-style-type: none"> <li>if services provided are required for more than the maximum allowed under the HDP scheme</li> </ul>

		<ul style="list-style-type: none"> <li>those beds that are paid for on block but not occupied.</li> </ul> <p>Previous estimates assumed that only 50% of costs associated with costs of under occupied block contracts from April to November would be reimbursed. The P8 position has now been revised to include 100% reimbursement of such costs. The impact of the above is a favourable movement of £250k since that reported in period 6.</p> <p><b>Packages of Care</b> – £656k adverse a £59k adverse movement from period 6 This is due to the following:-</p> <ul style="list-style-type: none"> <li>Increases in costs to existing packages of care £1.644m (301 clients). This is mainly due to increasing client needs/complexity and changes to clients' financial assessments.</li> <li>Reductions in costs to existing packages of care £1.647m (283 clients). This is mainly due to reductions in care required, clients that have deceased and changes in clients' financial assessments.</li> <li>New packages of care - the gross increase was £415k reducing to £62k after applying £353k for contingencies. This will include previous self funders whose savings have fallen below £23,250.</li> </ul> <p>It is important to reiterate that the service continues to operate with a high degree of uncertainty due to the potential risks of coronavirus infections, its impact on the care sector and the consequences the pandemic will have around further future potential demands on Mental Health provision. In addition to this is the increase in demand on services in supporting the NHS in dealing with the backlog of patients waiting for treatments.</p> <p><b>Contingency</b> - within the projection there is a contingency of £321k set aside for additional increases in demand/cost pressures throughout the rest of the financial year.</p> <p><b>Note 2</b> The current forecasts indicate there is an adverse variance of £145k on staffing and running costs, a favourable movement of £379k from period 6 which is due to the following:-</p> <ul style="list-style-type: none"> <li>£47k adverse variance on staffing, a favourable movement of £373k. This adverse variance is due to additional resource requirements to respond to increased pressures on the service as a result of COVID-19 and due to exceptional circumstances within the Supported Living service; the significant decrease in the projection is due to severe difficulties in recruitment of staff.</li> </ul>
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		<ul style="list-style-type: none"> <li>• £190k favourable variance on client equipment, repairs and maintenance, an adverse movement of £41k. This is due to the impact of COVID-19 and the low number of referrals being received;</li> <li>• £323k adverse variance due to projected underachievement of savings, an adverse movement of £25k. This is as a result of delays to changes in legislation and staffing pressures on the service;</li> <li>• Other movements include £35k favourable, a favourable movement of £22k.</li> </ul> <p><b>Note 3</b> 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"> <li>• £4.333m which will be met by the CCG from their allocation given by NHSE for HDP;</li> <li>• £3.867m for infection control and Rapid Testing for care providers which will be met by government grant.</li> <li>• £451k for the clinically extremely vulnerable which will be met by government grant;</li> <li>• £705k for contain outbreak management which will be met by government grant;</li> <li>• £494k for self-isolation support which will be met by government grant.</li> <li>• £1.822m for Workforce Recruitment and Retention which will be met by government grant.</li> </ul>
Public Health	(882)	<p><b>Projected Outturn variance £882k favourable, a favourable movement of £7k from period 6.</b></p> <p>Currently there is a projected favourable position of £882k as a result of:-</p> <ul style="list-style-type: none"> <li>• £670k favourable position on 'business as usual' staffing costs, no movement from period 6, as the service continues to lead and support the contain outbreak management response to the pandemic;</li> <li>• £82k favourable position on activity based budgets, no movement;</li> <li>• £130k favourable position on running costs and other minor variations, a favourable movement of £7k.</li> </ul> <p>Currently activity based budgets are projected to be £82k 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 the financial year.</p>

		In addition to this there are further estimated costs of £2.647m due to COVID-19 for contain outbreak management and this will be met by a government grant.
Place	1,189	<p><b>Projected outturn variance £1,189k adverse, a favourable movement of £559k since period 6.</b></p> <p><b>This includes gross COVID-19 pressures of £3.377m, offset by £3.170m included in the approved budget/reserves – a net COVID-19 pressure of £207k which is a favourable movement of £137k.</b></p> <p><b>This includes:</b></p> <ul style="list-style-type: none"> <li>• COVID-19 related gross income losses are £3.207m (reduced by £268k), of which £1.470m is included in the approved budget and £1.5m earmarked in reserves relating to Leisure. This gives a net COVID-19 income pressure in the forecast outturn of £237k;</li> <li>• The gross COVID-19 related income losses include parking fees and fines £521k (increased by £35k), property rentals £300k, outdoor media advertising £170k (reduced by £132k), planning fees £459k (increased by £39k), licencing fees £80k, building control fees £61k, highways permits and grants £24k, street trading £20k, pest control £24k (reduced by £10k) and trade waste £48k. There is also £1.5m in forecast support for ongoing trading deficits of the Trafford Leisure CIC due to the ongoing effects of the various COVID-19 restrictions (reduced by £200k), 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;</li> <li>• COVID-19 related gross expenditure pressures are £170k (reduced by £69k). This is £30k under the £200k included in the approved budget. The overall gross pressure includes £100k in additional waste disposal costs (reduced by £50k) and £50k related to waste collection, £63k operational buildings (increase of £2k), £7k grounds maintenance, £6k licencing running costs. There is an underspend of £56k on Community Safety staffing relating to staff secondments to COVID-19 related work (increased by £21k);</li> <li>• There are also additional costs fully offset by additional specific COVID-19 grants of £305k Community Engagement and £328k for Public Protection/Economic Growth “pandemic contain” funding.</li> </ul> <p><b>Other Forecast Variances £437k favourable, a favourable movement of £502k.</b></p> <ul style="list-style-type: none"> <li>• The period movement includes a number of management actions to reduce the previously reported overspend. This</li> </ul>

		<p>includes staff vacancy/running cost management for the remainder of the year, £183k, and the release of reserves and other spend not contractually committed, £178k. The ring-fenced planning account also has a favourable movement of £141k after of review of staff, running costs and reserve commitments.</p> <p><b>Strategic Investment Programme £1.419m adverse, an adverse movement of £80k:</b></p> <p>The Strategic Investment Property Portfolio will deliver a net benefit to the revenue budget in 2021/22 of £6.19m. This is £1.419m lower than budgeted (increased by £80k) and is due to economic factors affecting some of the income, particularly from the town centre investments (see paragraph 40 for further details).</p>
Strategy & Resources	(341)	<p><b>Projected outturn variance £341k favourable, a favourable movement of £178k since period 6.</b></p> <p><b>This includes gross COVID-19 pressures of £461k, a favourable movement of £65k, which is £20k less than the £481k included in the approved budget:</b></p> <ul style="list-style-type: none"> <li>Gross trading losses in the overall forecast outturn includes £226k in Catering (reduced by £42k), £107k in Cleaning (reduced by £12k) and £49k in the Music Service (no change). There is a forecast net loss of income from staff parking of £60k and £15k expected loss of SLA income. There are also £4k of staff costs (reduced by £11k);</li> <li>There is also £1.356m of forecast additional staff costs relating to the Modernisation, Communications and Human Resources teams which are wholly funded from COVID-19 related grants up to the end of March 2022.</li> </ul> <p><b>Other Forecast Variances £321k favourable, a favourable movement of £113k, including:</b></p> <ul style="list-style-type: none"> <li>Staff costs are £372k less than budget across the Directorate (favourable movement of £120k) based on actual and forecast vacancies across the whole year, which is 5.6% of the total staffing budget;</li> <li>SLA and other income above budget £135k (increase of £27k);</li> <li>Other minor variances are net £60k overspent (adverse movement of £34k mainly related to Bereavement services offset by income above).</li> </ul> <p>These are offset by the budgeted Directorate-wide efficiency saving target of £126k, which is expected to be achieved in full.</p>

Finance & Systems	184	<p><b>Projected outturn variance £184k adverse, a favourable movement of £43k since period 6.</b></p> <p><b>Forecast COVID-19 Pressures £218k, adverse movement of £7k:</b></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 £1.152m in Exchequer Services and £66k in ICT.</p> <p><b>Other Forecast Variances £34k favourable, a favourable movement of £50k:</b></p> <ul style="list-style-type: none"> <li>• Staff costs are £217k less than budget across the Directorate based on actual and forecast vacancies for the whole year, which is 2.7% of the total staffing budget, and an increase of £41k;</li> <li>• Non COVID-19 related running costs are underspent by £38k, a favourable movement of £17k;</li> <li>• Income is £33k under budget, excluding the COVID-19 grant income above, an adverse movement of £8k.</li> </ul> <p>These are offset by the budgeted Directorate-wide efficiency saving target of £188k.</p>
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Governance & Community Strategy	233	<p><b>Projected outturn variance £233k adverse, an adverse movement of £87k since period 6.</b></p> <p><b>This includes gross forecast COVID-19 pressures of £445k offset by £240k included in the approved budget, an adverse movement of £54k – a net COVID-19 pressure of £205k:</b></p> <ul style="list-style-type: none"> <li>Projected gross income losses due to COVID-19 are £361k (increase of £54k) and includes £290k relating to Sale Waterside Arts Centre (increase of £67k), £13k for events including Flixton House (unchanged), land charges £35k (increase of £4k) and Registrar's now £27k above budget (increased by £17k). There is also a £50k loss of income expected from library lettings (unchanged);</li> <li>cost pressures total £84k (unchanged) and relate to legal costs for fees and additional agency staff required due to the increase in caseload £100k, which is in line with budget, and an underspend in Library running costs due to grants of £16k.</li> </ul> <p><b>Other Forecast Variances £28k adverse, an adverse movement of £33k:</b></p> <ul style="list-style-type: none"> <li>Forecast staff costs are £335k less than budget across the Directorate based on actual and forecast vacancies across the whole year, which is 5.5% of the total staffing budget. This is an increase of £27k;</li> <li>Running costs are forecast to be overspent by £28k, which is an adverse movement of £73k, largely relating to additional external legal fees and printing/postage costs in Registration Services;</li> <li>There is a projected shortfall in income of £143k compared to budget excluding the COVID-19 pressures above, which is £13k less than last reported. The overall shortfall includes £34k in capital fee income which is related to staff vacancies, £64k shortfall in traded services (£13k decrease) and £45k reduced grant income in electoral registration service.</li> </ul> <p>The above is offset by the budgeted Directorate-wide efficiency saving target of £192k.</p>
Council-wide budgets	(292)	<p><b>Projected Outturn variance, £292k favourable, no movement since Period 6</b></p> <p><b>Treasury Management</b></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</p>



		<p>then an income stream from this project will start to be received. To 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 6.</p> <p><b>Greater Manchester Advance Pension Payment</b></p> <p>A greater than expected saving of £150k above budget from the three yearly advance pension payment is forecast. No movement since period 6.</p> <p><b>Housing Benefit</b></p> <p>The Housing Benefit budget is notoriously difficult to predict. At period 8 a pressure on the net Housing Benefit budget (payments made, less subsidy and overpayment recovery) of £314k 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.</p> <p><b>Members Allowances</b></p> <p>There is a projected saving of £25k on Members Allowances and running cost budgets, no change since period 6.</p> <p><b>External Audit fees</b></p> <p>Following the approval of its 2020/21 audited annual report, the Public Sector Audit Appointments has redistribute a total of £5.6m amongst its members. For Trafford this refund is £18k.</p> <p><b>Council-wide Contingencies</b></p> <p><b>a) Pay Award</b></p> <p>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 was rejected by the Unions and negotiations are still on-going.</p> <p>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.</p> <p><b>b) Sales, Fees and Charges Compensation Grant</b></p> <p>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 2021/22. Income</p>
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		<p>losses during the first quarter were lower than budget subsequently resulting in a lower compensation grant estimated at £566k. No change since period 6. The shortfall will be met from the COVID-19 contingency of £1.5m.</p> <p><b>c) Greater Manchester Temporary Resting place</b></p> <p>£40k potential COVID-19 related costs above budget. This shortfall will be met from the COVID-19 contingency. No change since period 6.</p> <p><b>d) COVID-19 Contingency (temporary)</b></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 £502k remaining, no change since period 6.</p> <p><b>e) Transport Levy</b></p> <p>The final GMCA Transport levy set is lower than the budget agreed in February by £99k.</p> <p><b>f) Savings Programme</b></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 £48k.</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	1,976	<p><b>Projected outturn variance £1.976m adverse, an adverse movement of £63k from Period 6.</b></p> <p>Underspends are expected in the Schools, Central Schools Services and Early Years blocks of £186k, a favourable movement of £29k.</p> <p>The High Needs Block is currently projected to overspend by £2.162m (an adverse movement of £92k from P6).</p> <p>The movement largely relates to an increase of 14 out of borough placements due to having no further capacity in borough and increasing complexity of need.</p> <p>There is a negative high needs block reserve of £181k, leaving an estimated overall DSG deficit of £2.343m at year end.</p> <p>The service are reviewing what mitigations can be put in place to provide longer term savings.</p>

## MTFP SAVINGS AND INCREASED INCOME

9. Given the financial pressures the Council continues to face, as identified in the Medium Term Financial Strategy, it is important that as much of the current savings programme is achieved in order to avoid recurrent shortfalls cascading into future years and increasing the budget gap.
10. The 2021/22 budget is based on the achievement of permanent base budget savings and increased income of £11.926m. 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.

Table 3 - Savings Programme Risk Assessment Summary - Impact in 2021/22								
Category	No of Schemes	% Schemes	Budget (£000's)	Forecast (£000's)	Variance (£000's)	Variance after mitigating action (£000's)	Actuals Achieved to date (£000's)	Balance of Actuals (£000's)
Red	23	38%	(2,560)	(937)	1,623	957	(596)	(341)
Amber	8	13%	(5,333)	(3,914)	1,419	1,419	(3,755)	(159)
Green	30	49%	(4,033)	(4,111)	(78)	(4)	(4,075)	(36)
<b>Total</b>	<b>61</b>	<b>100%</b>	<b>(11,926)</b>	<b>(8,962)</b>	<b>2,964</b>	<b>2,372</b>	<b>(8,426)</b>	<b>(536)</b>

The latest forecast shows that the programme is currently expected to deliver savings of £8.96m, which is £2.96m below target, after in-year mitigating actions, such as alternative savings, this has reduced the shortfall to £2.37m which is a positive movement of £491k since Period 6. To date £8.43m has been achieved with £536k still to be achieved.

Of the savings that will not be delivered in the current year, an exception report explaining the shortfall and mitigating action has been included in Appendix 2. This position has been considered when developing the 2022/23 budget plan with a figure of £929k relating to schemes which are unlikely to be delivered, including pressures in Adults Social Care of £606k and £323k in Place Directorate.

## **RESERVES**

11. The usable reserve balance brought forward as at 1 April 2021 was £165.42m, excluding schools and capital reserves. Although the balance is substantial, the majority of this relates to COVID-19 reserves which are ring fenced to meet the 2020/21 Collection Fund shortfall. In addition, current budget plans have already assumed that £22.24m of reserves will be drawn down, including £2.80m in 2021/22 from the Budget Support Reserve and £8.34m in 2021/22 and £7.10m in 2022/23 from the COVID-19 General Reserve.
12. Details of the estimated balances and movements over the next three years was last presented in the draft budget report for 2022/2023 and a commitment was made to undertake a review to challenge and identify potential uncommitted resource as part of the final budget report. The review of all earmarked reserves is nearing completion and this exercise has identified resource to alleviate some of the in-year pressures, as demonstrated within the Place Directorate, as well as bolstering budget resilience reserves to support our medium term financial strategy. The positive forecast outturn relating to Council Tax and Business Rates of £1.55m and £4.35m as reported below, will also be used to provide further resilience in managing our budget plans over the medium term.
13. Further details of the review will be presented in the final budget report for 2022/23.

## **COLLECTION FUND**

### **Council Tax**

14. 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. The Council's budget includes a Government backed Local Council Tax Support Grant of £1.65m to offset some of the costs associated with the higher take up of the scheme.
15. 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. There are no plans to extend the scheme beyond the current financial year.
16. As at period 8, a detailed review of key components of Council Tax income and support and assumptions has been undertaken and the following conclusions have been reached

- The level of cash collection for in year debt is largely in line with the budgeted collection rate. Note, the budgeted collection rate was reduced in the current year in response to the pandemic.
  - The collection of prior year debt is better than expected and it is estimated that £1.2m could be released from the amount set aside for the provision for bad debt.
  - The Tax base has dropped by £189k largely due to an increase in discounts (e.g. single person discount).
  - Local Council Tax Support and award of the discretionary hardship is lower than budget by £700k.
  - The combined positive effect of the above, albeit largely one off in nature from the favourable collection of historic debt, gives an estimated outturn surplus of approximately £1.9m, of which the Council's share would be £1.55m.
  - Although due to Collection Fund accounting regulations this one off amount is not available for release in the current financial year, it can be built into our medium term financial plans to help close the budget gap in 2022/2023 and in addition bolster a risk reserve as set out below.
17. The Period 8 monitor is generally used to confirm the budget assumptions for the following financial year, and this year it is particularly critical in understanding whether the one off impacts of the pandemic show any signs of recovering to pre-pandemic levels. Given that the Government's support grant of £1.65m and the £1.0m discretionary Hardship scheme will cease in 2022/2023, there is a risk of an ongoing budget pressure if demand for support does not reduce proportionately at the start of the next financial year.
18. There remains to be a high level of uncertainty in forecasting the Council Tax outturn and ongoing impact of the pandemic in future years. With this in mind a figure of £500k was added to our draft budget plans for 2022/2023 to reflect potential pressures in the recovery of income. Given the estimated favourable outturn in 2021/22, this gives an opportunity to release a figure to support the 2022/23 budget gap and also earmark an amount to be held in a Council Tax Risk Reserve, should the ongoing impact of Council Tax Support be higher than anticipated. It is suggested that a figure of £0.50m from the estimated outturn be directed to a Council Tax Risk Reserve, leaving a balance of £1.05m to be used towards bolstering the budget resilience reserves to support future plans.

## **Business Rates**

19. 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.
20. In order to support businesses with the impacts of COVID-19, the Government provided various rate relief packages, with 100% relief being given to retail,

hospitality and leisure sites until July 2021 and thereafter 66% until March 2022. The Council will be compensated for the loss in rates income via a Section 31.

21. 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 retail relief scheme. Details of the scheme, which relate to 2021/2022 only, were recently released and will require the Council to design and adopt a local scheme and this will be reported separately to the Executive. The government will fully reimburse the cost the relief within a cash cap grant for each local authority, of which Trafford's allocation is £6.4m. Details of the scheme will be developed in due course with the intention of awards being made before in April 2022. Whilst the extension of such reliefs is welcomed news, it has added to the complexity of business rate monitoring.
22. When the budget for 2021/22 was set, an assumption was made that there would be a reduction in income from businesses of 5% over the year, this resulted in a reduction in the budget of £3.49m.
23. As reported in previous periods, the rates outturn was largely in line with budget, with shortfalls in the base income due to increases in empty properties and those being redeveloped, being offset by better than expected collection rates. Since Period 6, a detailed review has been undertaken to reassess the level of provision the council holds for historic business rate appeals. This exercise has allowed a balance to be released, resulting in an estimated surplus in the collection fund of £3.8m. Due to Collection Fund accounting regulations this surplus will be released in 2022/23 and will be built into our medium term financial plans accordingly.
24. In addition to the above surplus, there is a forecast surplus on the 2021/2022 General Fund components relating to rates income of £0.552m, which is largely due to the section 31 compensation grants being higher than anticipated. This amount will form part of the in year outturn will be transferred to the Budget Support Reserve to be used to support future budget plans, resulting in a breakeven outturn in 2021/2022.
25. Furthermore, the estimate includes a net contribution of £4.89m 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. Should the contribution be lower than planned, any surplus can be used to offset the in year pressure or alternatively be used to support our future budget.

## Impact of COVID-19

26. 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.
27. Due to the uncertainty of the impact of the pandemic the forecasting of pressures was particularly difficult in 2020/2021 and this situation continues to be the case. The COVID-19 pressures have become increasingly difficult to separate from business as usual activity and for ease of reporting, have only been shown within the service narratives where they can be isolated rather than a separate breakdown as was the case in 2020/21.
28. At the time of writing this monitor, the country is facing an increasingly uncertain situation relating to the potential for further restrictions following the rise in infections relating to the Omicron variant.
29. In December 2021, the Government announced a number of support packages specifically to address the pressures arising from the Omicron variant which included business rates reliefs for businesses in hospitality and leisure, plus discretionary funding made available for local authorities to support other businesses who have been impacted. Further one off ringfenced support grants have been announced, specifically aimed at supporting the Adults Social Services Sector. This included national allocations of £462.5m to support workforce recruitment and retention, £388.3m for Infection Control and Testing Fund and a further £60m to be released in January 2022 to support infection control measures and the further use of Direct Payments if required to meet care needs. Some details of the funding have yet to be released, however have involved elements being passported directly to providers. For monitoring purposes the grant income and costs have been assumed as neutral with any grant being fully spent by year end.
30. Although no further direct COVID-19 grants have been announced to support local authorities in future years, 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

31. Following a review of the overall programme and the outcome of the period 8 monitoring exercise, the revised capital programme budget for this financial year has been reprofiled from £48.44m to £40.25m, net reduction of £8.19m from the P6 position. This will be rephased into future years and will be reviewed as part of the budget monitor throughout the year. The following table details the service analysis of the revised budget (P6) and current revised budget for 2021/22 (P8).

<b>Table 4 - Capital Programme 2021/22</b>	<b>P6 Revised Approved Programme £m</b>	<b>Current Revised Programme £m</b>	<b>Period Movement £m</b>
<b>Service Analysis:</b>			
Children's Services	12.79	12.11	(0.68)
Adult Social Care	4.49	2.14	(2.35)
Place	29.82	24.78	(5.04)
Governance & Community Strategy	0.08	0.08	-
Finance & Systems	1.26	1.14	(0.12)
<b>General Programme Total</b>	<b>48.44</b>	<b>40.25</b>	<b>(8.19)</b>

32. The following the areas of re-profiling and changes to the individual schemes in the current financial year are as follows;

- Children's Services
  - There has been some re-profiling on a small number of schools schemes which will be delivered in the next financial year of £677k.
- Adult Social Care
  - The delivery of the Disabled Facilities Grant programme has been adversely affected by the Covid 19 pandemic. There have also been a number of changes in relation to providers for the service which have led to delays in the works. There may be a slight uplift in smaller cases before the end of the year if these can be approved before the end of January 2022. These delays have led to re-profiling of £1.85m into the next financial year.
  - There has been a re-profiling of spend of £102k for Right Care For You scheme with this work now due to be carried out in 2022.
  - The works associated with Shawe Road, Urmston, originally budgeted for £400k in 2021/22 with a further £400k in 2022/23 have been reviewed. It is now expected that only £100k in total in 2022/23 will be required to deliver the improvements needed.



- Place
  - The balance of the budget of £3.26m allocated to support the Manchester Airport Group may still be required in the future and has therefore been reprofiled to the next financial year.
  - There is a requirement to carry out essential repairs at Trafford Town Hall on the clock tower. The anticipated costs are expected to be £95k, funding has been identified from reserves.
  - Regeneration grant funding of £975k has been announced by the Department for Levelling Up, Housing and Communities (DLUHC) for works being undertaken by Irwell Valley, Sale West.
  - Altrincham Town Centre Public Realm works of £247k have been reprofiled as the next phase of the works are further developed.
  - Work is currently underway to provide a delivery strategy for the installation of EV Charging Points across the borough, the expected spend of £100k for this year has been reprofiled accordingly.
  - Mayors Cycling and Walking Challenge Fund Works of £2.05m have been reprofiled to later in the programme. Additional design and development work is still being undertaken.
  - Current improvements of £250k on Sale Waterside have been reprofiled. The resources are earmarked for the reviewing of current ways of working and the working environment at Sale Waterside and Trafford Town Hall post Covid 19.
  - Highways Infrastructure Safety Improvements Works of £200k have been reprofiled to be completed in the next financial year.
- Finance and Systems
  - SAP System Landscape upgrade works of £121k has been rephased, it is still anticipated that the works will be undertaken in the next financial year.

### **Status, Progress of Specific Major Schemes**

33. 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

- Decarbonisation Scheme

At this stage there are a number of potential delivery pressures that are in the process of being managed. The scheme is being undertaken in partnership with GMCA who are currently in discussion with grant awarding body (Salix) to mitigate any funding risks. The Council has also met with its suppliers to mitigate costs and delivery risk.

- Tamworth JV

To date expenditure of £260k has been incurred on initial feasibility and design, the cost of which has been split 50:50 in line with the original report to the Executive in January 2020. Additional costs in the region of £255k are to be incurred to get the scheme to detailed design and to achieve relevant planning approvals. The Council share of this will be £127.5k. It is to be noted that until the scheme progresses to the delivery stage there is a risk that these costs may need to be funded from revenue. Although it is anticipated that the risks of this arising are minimal as a Pre-application meeting was held with The Local Planning Authority to ensure that the next stage of design includes any specific requirements made. These further costs are to be shared equally between the two partners.

## Resources

34. The general capital programme is resourced by a combination of both internal and external funding and is detailed in the table below:

<b>Table 5 - Capital Programme Resources 2021-24</b>	<b>P6 Revised Approved Programme £m</b>	<b>Revised Programme £m</b>	<b>Variance £m</b>
<b>External:</b>			
Grants	30.08	27.48	(2.60)
Contributions	2.32	2.07	(0.25)
<b>Sub-total</b>	<b>32.40</b>	<b>29.55</b>	<b>(2.85)</b>
<b>Internal:</b>			
Receipts requirement	5.00	4.68	(0.32)
Borrowing	9.33	5.22	(4.11)
Reserves & revenue contributions	1.71	0.80	(0.91)
<b>Sub-total</b>	<b>16.04</b>	<b>10.70</b>	<b>(5.34)</b>
<b>Total Resourcing</b>	<b>48.44</b>	<b>40.25</b>	<b>(8.19)</b>

35. The movement in resources of £8.19m relates to re-phasing to the remaining years of the current approved three year programme and additional DLUHC grant, use of reserves and removal of schemes funded by borrowing as detailed previously in this report. The following gives the detailed split of the variance;

- Net re-phasing to future years – (£8.86m);
- Additional Grant – DLUHC – £975k;

- Use of Reserves – £75k;
- Borrowing removed from programme - (£400k).

36. The Land Sales and Development Programmes are continuously reviewed and are updated for any known changes within the programme. The current position now indicates an over-programmed level within the capital programme of £2.54m which is a decrease of £1.28m from £3.82m, the position reported in P6 monitor. This is a result of five disposals that have been completed where a greater overall receipt than that anticipated was achieved. The properties that have been sold are detailed in Appendix 3 which also lists the current Land Sales programme and development sites along with the anticipated year in which the council will realise a receipt from the scheme.
37. The table below 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.

<b>Table 6 - Capital Programme Resources</b>	Budget 2021/22 £m	Budget 2022/23 £m	Budget 2023/24 £m	Budget Total £m
<b>General Programme Investment</b>	<b>40.25</b>	<b>72.36</b>	<b>54.47</b>	<b>167.08</b>
Grants	27.48	49.89	39.38	116.75
External Contributions	2.07	3.61	2.92	8.6
Revenue and reserves	0.8	1.17	0.01	1.98
Prudential Borrowing	5.22	12.23	0.65	18.1
Shortfall in 20/21 Receipts	(3.38)	-	-	(3.38)
Forecast Capital Receipts	7.73	2.95	11.81	22.49
<b>Total Funding</b>	<b>39.92</b>	<b>69.85</b>	<b>54.77</b>	<b>164.54</b>
<b>Surplus / (Deficit)</b>	<b>(0.33)</b>	<b>(2.51)</b>	<b>0.30</b>	<b>(2.54)</b>

There are a number of options that will be considered in order to address the forecast deficit for the current year of £0.33m and the overall level of over-programming of £2.54m. 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 to 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 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.

## **Asset Investment Fund**

38. The Asset Investment Fund currently stands at a maximum approved limit of £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 current committed cost of £366.12m, of which £256.92m has currently been expended. The commitment is inclusive of a development loan of £12.0m to facilitate further the residential development at Castle Irwell, approved by the IMB in October 2021, and £16m of further investment in the Stamford Quarter, split between equity and debt, approved by the IMB in December 2021. This means the balance of the approved £500m which is available for further investment is £133.88m (Table 8 below).

<b>Table 8: Asset Investment Fund</b>	<b>Prior Years £m</b>	<b>Repayments £m</b>	<b>Commitment £m</b>	<b>Total £m</b>
<b>Total Investment Fund</b>				<b>500.00</b>
<b>Property Purchase:</b>				
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
<b>Sub Total</b>	<b>79.92</b>	<b>-</b>	<b>-</b>	<b>79.92</b>
<b>Property Development:</b>				
Sale Magistrates Court	4.80	-	-	4.80
Brown Street, Hale	6.79	-	2.04	8.83
K Site, Stretford Equity	11.00	-	1.25	12.25
Former sorting office, Lacy Street, Stretford	0.87	-	0.09	0.96
GMP Site, Chester Road, Old Trafford			0.64	0.64
Care Home Purchase	2.23	-	-	2.23
Various Development Sites	0.43	-	0.11	0.54
<b>Sub Total</b>	<b>26.12</b>	<b>-</b>	<b>4.13</b>	<b>30.25</b>
<b>Equity:</b>				
Stretford Mall, Equity	8.82	-	-	8.82
Stamford Quarter, Equity	16.69	-	8.25	24.94
<b>Sub Total</b>	<b>25.51</b>	<b>-</b>	<b>8.25</b>	<b>33.76</b>
<b>Development Debt:</b>				
Bruntwood; K site	10.90		1.35	12.25
Bruntwood; Stamford Qtr /Stretford Mall	25.57	-	8.25	33.82
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
Castle Irwell, Salford – Phase 2	0	-	12.00	12.00
<b>Sub Total</b>	<b>170.20</b>	<b>(62.45)</b>	<b>96.82</b>	<b>204.57</b>
<b>Total Capital Investment</b>	<b>301.75</b>	<b>(62.45)</b>	<b>109.20</b>	<b>348.50</b>
Albert Estate Investment	17.62		-	17.62
<b>Total Investment</b>	<b>319.37</b>	<b>(62.45)</b>	<b>109.20</b>	<b>366.12</b>
<b>Balance available</b>				<b>133.88</b>

39. These investments were budgeted to generate a net revenue benefit in 2021/22 of £7.61m. The forecast net income is £6.19m, a deficit of £1.42m compared to budget. This adverse movement of £80k is due to £300k of income being set aside to fund debt repayments, offset by an improvement of £220k in the distributions expected from the Council's Joint Venture at the Stamford Quarter.

<b>Table 7 - Asset Investment Strategy Period 8 Monitor</b>	<b>Budget Variance £000</b>
Net Income target	(7,609)
Pipeline Recycling Target	2,454
Variable Interest Rates	854
Joint ventures	730
HUT Group delay	632
Castle Irwell earlier draw	(194)
Castle Irwell Phase 2	(53)
Reduced reserve contributions	(1,651)
HUT Group reserve smoothing	(632)
Pipeline Schemes	(720)
<b>Net Income after mitigations</b>	<b>(6,190)</b>
<b>Variance to target</b>	<b>1,419</b>

## Issues / Risks

40. 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.
41. 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

42. 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**      **GB**.....

**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)
<b>Period 6 Outturn Report</b>	<b>42,456</b>	<b>65,108</b>	<b>31,155</b>	<b>5,445</b>	<b>7,683</b>	<b>6,164</b>	<b>21,461</b>	<b>179,472</b>
<b>Virements:</b>								
Re-align Public Health expenditure		(90)		90				0
Re-align GMCA/AGMA budgets			(22)			(2)	24	0
Re-align Copyright licence fee budget				9			(9)	0
Re-align 9 day fortnight saving budget		(4)	(1)	(4)		(3)	12	0
<b>Total movements</b>	<b>0</b>	<b>(94)</b>	<b>(23)</b>	<b>95</b>	<b>0</b>	<b>(5)</b>	<b>27</b>	<b>0</b>
<b>Period 6 Outturn Report</b>	<b>42,456</b>	<b>65,014</b>	<b>31,132</b>	<b>5,540</b>	<b>7,683</b>	<b>6,159</b>	<b>21,488</b>	<b>179,472</b>



## Appendix 2

Theme/Title	Service Area	Original Budget Saving 2021/22 £000's	Projection 2021/22 £000's	Gross Variance 2021/22 P8 £000's	Mitigating action undertaken in year £000's	overall net variance in year after mitigating action £000's	Actual achieved to date P8 £000's	Actuals yet to be achieved to meet projection £000's	22/23 Pressure savings not likely to be met P8	Description of Saving	Financial RAG 21/22	Explanation of variance	What mitigating action has been taken to achieve savings in year? * What activities have been or will be put in place to address underperformance over the long term? * When performance will be brought back on track?
Person Centred - Reshaping	Adults	(301)	(555)	(254)	250	(4)	(555)	0		Continuation and roll out of the let's talk and right care for you approach to promote independence and support better outcomes	GREEN	This continues to be rolled out but is dependent upon the level and types of activity during the year.	£250k of the overachievement will be utilised in the Person Centred reshaping - Mental health and learning disability shortfall below .
Liberty Protection Safeguards (LPS)/Portal - Reshaping	Adults	(201)	0	201	0	201	0	0	201	The implementation of the LPS scheme and a whole system portal which will drive through efficiencies and costs savings.	RED	This saving is dependent upon changes in legislation which have been delayed and it is not yet clear when this will be enacted.	This saving is dependent upon changes in legislation which have been delayed and it is not yet clear when this will be enacted. However once enacted savings are anticipated to be achieved.

Market Management	Adults	(68)		68	0	68	0	0	68	Pursuing alternative purchasing arrangements with providers.	RED	These purchasing arrangements have not materialised as anticipated due to the current market conditions within the residential and nursing sector.	Due to the current market conditions within the residential and nursing sector - e.g. recruitment and retention issues leading to rising staff costs together with ongoing impact of COVID, these purchasing arrangements have not materialised in the market as had been anticipated and are unlikely to be achieved in the near future.
Supported Living	Adults	(123)	(15)	108	0	108	0	(15)	71	To maximise the current service capacity.	RED	The review has concluded that not all this saving can be achieved. Of that which can be achieved the part year effect is £15k with another £37k in 22/23.	Due to needs/requirements of those placed in these settings the review has concluded that not all these savings can be achieved now or in the long-term. Of that which can be achieved the part year effect is £15k with another £37k in 22/23.
Person Centred reshaping - Mental health and learning disability	Adults	(500)	(250)	250	(250)	0	(132)	(118)		Reshaping of models and care pathways to create a single point of access for care letting, incorporating the let's talk and right care for you approach to promote independence and support better outcomes.	RED	This is being reshaped but is dependent upon the level and types of activity during the year. The target will not be achieved in full in this financial year. Progress has been slower than expected due to the pandemic and the Hospital Discharge programme that has impacted on	The target will not be achieved in full in this financial year. Progress has been slower than expected due to the ongoing effect of COVID and the Hospital Discharge programme that has impacted on the availability of beds. This has been mitigated by the overachievement of the overall person centred reshaping saving.

												the availability of beds.	
Learning Disabilities - supported accommodation	Adults	(173)	(75)	98		98	(15)	(60)	113	Retender the learning disability supported living accommodation commissioned within Trafford, on a patch basis.	RED	This has now not materialised as anticipated and will now not be achieved in full.	The retender of the learning disability supported living accommodation commissioned within Trafford did not secure the savings anticipated and will not in the near future.
Learning Disabilities - Develop an assessment facility (Shaw e Road)	Adults	(30)	0	30		30		0	30	The reconfiguration of Shaw e Road into an emergency accommodation and assessment unit.	RED	The reconfiguration for Shaw e Road is still underway but this will not be achieved in this or the next financial year.	The reconfiguration for Shaw e Road is still underway but it is not anticipated that this will be achieved in this or the next financial year due to delays in the review of this service until 2022/23.
Care – 1:1 hourly rate	Adults	(10)		10		10		0		Alignment of the hourly rate for 1:1 hours provided	RED	Due to current pressures in the care system as a result of the continued pandemic this will not be achieved this year but will be carried forward into the following year	Due to current pressures in the care system as a result of the continued pandemic this will not be achieved this year but will be carried forward into the following year
Digital front door	Adults	(30)	0	30		30		0		Drive through efficiencies and savings as the digital portal is launched at the front door.	RED	This will now not be achieved until the next financial year due to the extended time required to roll this out safely and fully.	This will now not be achieved until the next financial year due to the extended time required to roll this out safely and fully.

Care at home	Adults	(150)	(28)	122	(30)	92		(28)	123	Remodelling of the care at home services	RED	The remodelling of this service will not take place this year and therefore this years saving is based on keeping vacancies open. How ever at the present time this is difficult to do with the pressures being faced in the service.	Due to ongoing impact of COV ID, the Hospital Discharge programme and capacity in the homecare market this resource is required and it is not anticipated currently that this will be achievable in the long term.
Home to School Transport	Children	(48)	(30)	18		18	(30)	0		Removal/amendment of the discretionary criteria on home to school transport with the re-introduction of a charging policy.	RED	Due to implementation not taking place until September 21, only 2 terms will be achieved	No mitigation actions are available due to the current pressures being experienced in this budget area but will be achieved in full in 22/23.
Property Estates review	Place	(220)	(156)	64		64	(86)	(70)		Improve efficiency of operational estate, including for example a review of occupation and use of Sale Waterside, Altrincham Town Hall and Flixton House (while still retaining Council ownership). Review opportunities for improved income generation from property assets	RED	A number of proposals being worked on with Amey although potentially only a part year effect. Includes £50k from Altrincham Market which will be achieved from October (£100k is the FYE).	

Business rates review	Place	(50)	0	50		50	0	0		Review rateable value of Council estate	RED	Avison Young appointed - timing is a key risk here - may need reserves to smooth but returns potentially higher than £50k.	
Amended parking tariffs - town centres	Place	(136)	(69)	67		67	(69)	0		A range of charging options assessed for amending the current parking charges in town centres.	RED	Budget allowance has been made in 21/22 as part of one off COVID pressures.	
New investment income	Place	(3,000)	(1,581)	1,419		1,419	(1,581)	0		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.	AMBER	Assumed shortfall in overall programme. Includes review of contribution to risk reserve to manage some of the shortfall.	
Major events recovery of support services costs	Place	(207)	(82)	125	(125)	0	(82)	0	125	Holders of major events to pay for all associated support services, for example street cleansing, traffic management.	RED	Traffic Management £82k pa being billed. £125k shortfall re street cleansing can be mitigated in-year by underspends in events etc. from 20/21 (via reserves) and early 21/22.	Use of reserves from 20/21 and 21/22 to mitigate in year.

Move to wildflower / good verge guide throughout the Borough.	Place	(95)	0	95	(56)	39	0	0	95	Positive bio-diversity impact. Some cutting will still take place to maintain sightlines (e.g. for highways).	RED	Severance costs prohibitive to achieve saving at this stage.	Use of reserves from 20/21 and 21/22 to mitigate in year.
Grass cutting review	Place	(67)	0	67	(67)	0	0	0	67	Grass cutting: Move the cut frequency to 21 days	RED	As above	As above
20% of greenspaces moved to conservation areas	Place	(36)	0	36	(36)	0	0	0	36	Reduced maintenance in specified areas	RED	As above	As above
Pay inflation	Place	(50)	0	50		50	0	0		Pay freeze for staff on LG terms and conditions in line with national pay award	RED	Pay offer is minimum 1.75%	
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	(102)	0	0	0		Saving in operational costs e.g. out of hours call out, street lighting response times etc.	RED	7 year review savings - will be 22/23 now .	Use of reserves from 20/21 and 21/22 to mitigate in year.

Business support – shared services	Strategy and Resources	(150)	(118)	32		32	(118)	0		Review administrative support with a view to exploring shared services, maximising efficiency and potential withdrawal of vacancies.	RED	Review ongoing - delayed in 21/22	
Voluntary Redundancy/ Severance Scheme	Council-wide	(708)	(580)	128	(128)	0	(658)	78	0	Introduction of a VR/V/S scheme which allows colleagues to apply to leave the Council's employment through voluntary means. Scheme rules would apply, with the main considerations being the impact on ability to deliver services, as well as cost implications (e.g. redundancy and pension strain).	GREEN	Shortfall in total saving across 21/22 and 22/23 of £109k.	To be met from within the pay costs elements of the Councilwide Contingency budget
9 day fortnight - voluntary	Council-wide	(60)	(12)	48	(48)	0	(10)	(2)		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.	GREEN	Shortfall in take up of Scheme of £48k.	To be met from within the pay costs elements of the Councilwide Contingency budget.
<b>TOTALS</b>		<b>(6,515)</b>	<b>(3,551)</b>	<b>2,964</b>	<b>(592)</b>	<b>2,372</b>	<b>(3,336)</b>	<b>(215)</b>	<b>929</b>				

**Anticipated Year for Land Sales and Development Returns**

**Land Sale Programme**

**2021/22**

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

**2022/23**

Land at Central Road, Partington  
Hale Library

**2023/24/25**

Brook Road, Urmston  
Altair Developments

**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