TRAFFORD COUNCIL

Report to: **Executive**
Date: **27th November 2023**
Report for: **Information**
Report of: **Executive Member for Finance, Change and Governance and the Director of Finance and Systems**

Report Title:

Budget Monitoring 2023/24 Period 6 (April 2023 to September 2023)

Summary:

The purpose of this report is to inform Members of the 2023/24 projected outturn figures relating to both Revenue and Capital budgets.

It also summarises the projected outturn position for Council Tax and Business Rates.

The report is divided into three parts:-

- **Part 1** – Provides at “At a Glance” high level summary of the key aspects of the budget monitoring position
- **Part 2** – An Executive Narrative of the Projected Outturn and Outlook
- **Part 3** – A list of annexes containing specific detail on the individual directorate positions, capital programme, savings programme, schools’ budgets and Trafford’s share of Council Tax.

Recommendation(s)

It is recommended that the Executive:

a) note the report and the estimated revenue outturn position showing a budget overspend of £0.51m;
b) note the update on the Capital Programme as detailed in Section 6 and Annex 3.
c) Note that due to the positive movements in the estimated outturn since P4, that no new management actions are required to mitigate the current projected overspend in 2023/24.

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	Expenditure is aligned to meet the priorities with the Corporate Plan which is aligned to the GM policy and strategy where required.
Financial	It is the responsibility of the Executive to operate within the budgetary framework set by the Council when it agreed the budget for 2023/24 at the Council Meeting on 15 February 2023. Revenue and capital expenditure to be contained within available resources in 2023/24.
Legal Implications:	Non 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

PART 1 - At a Glance Executive Summary

This Period 6 report provides an “At a Glance Executive Summary” which focuses on a high level summary of the estimated outturn. Supporting annexes provide detailed explanations and movements.

At a Glance Sections

- Section 1 - Revenue Service Budget Outturn and Variance
- Section 2 - Revenue Funding General Fund Budget Outturn and Variance
- Section 3 - Collection Fund – Business Rates and Council Tax
- Section 4 - Earmarked Reserve movements
- Section 5 - Delivery of in-year savings programme
- Section 6 - Capital and Asset Investment Programme and Prudential Indicators
- Section 7 - Dedicated Schools Grant Outturn

Total Revenue Budget 2023/24

Approved Revenue Budget	Projected Outturn at Period 6
£209.81m (*)	**£0.51m Overspend**

Comprising of an Overspend on Service Revenue Budgets of **£2.65m** and an Underspend on Council Wide/Corporate Budgets of **£3.64m,** offset by a shortfall on funding budgets (Business Rates) of **£1.5m**

Movement since Prior Period

£1.24m Favourable

(*) The Net Revenue Budget increased since that agreed in February 2023 at Council from £209.38m to £209.81m as a result of a late notification of an increase in the Public Health Grant allocation of £430k. Full Council also approved delegated authority to the Director of Finance and Systems to vary the net Revenue Budget for any changes in the assumed level of this grant.

Section 1- Revenue Service Budget

Revenue Service Budget 2023/24

Approved Revenue Service Budget	Projected Outturn at Period 6
£209.81m	**£0.99m Underspend**

Comprising of

Overspend on Directorate Budgets	Underspend on Council Wide/Corporate Budgets
£2.65m	**£3.64m**

Movement since Prior Period

£2.74m Favourable

Table 1 - At a Glance – Variance by Service Directorate

Service Directorate	2023/2024 Budget £000	Outturn £000	Full Year Variance £000	Change from Prior Period £000
Children's Services	48,671	52,081	3,410	(318)
Adult Services	60,663	59,765	(898)	(590)
Public Health	13,374	13,263	(111)	(75)
Place	38,302	38,389	87	(572)
Strategy & Resources	9,909	9,693	(216)	(160)
Finance & Systems	9,367	9,563	196	10
Legal & Governance	3,535	3,712	177	193
Total Directorate Budget/Act/Variance	**183,821**	**186,466**	**2,645**	**(1,512)**
Council-wide budgets	25,985	22,348	(3,637)	(1,232)
Net Service Budget/Outturn/Variance	**209,806**	**208,814**	**(992)**	**(2,744)**

Table 2 - At a Glance – Variance by cause			
Directorate Budgets	**Variance £000**	**Movement from Prior Period £000**	**Comment Ref**
Children's placements	2,077	(217)	8
Children's Home to School Transport	1,009	(55)	10
Running costs – S17 payments (Childrens)	525	(96)	12
Adult Social Care demand	(64)	(494)	6
Foster Parents Inflation pressures	252	0	9
Contribution from Inflation Risk Reserve Foster Parents Inflation	(252)	0	9
Market Sustainability & Improvement Fund (Adults)	(788)	0	3
Staffing (Children's, Adults, Public Health)	(251)	(174)	2
Staffing (all other areas)	(1,235)	(182)	2
Strategic Property	(212)	0	5
Energy Costs	(747)	(586)	4
Planning Income	631	168	11
Other	1,700	124	14
Directorate Budget Sub-Total	**2,645**	**(1,512)**	
Council Wide			
Treasury Management	(3,470)	(1,232)	1
Inflation 23/24 pay award	700	0	9
Contribution from Inflation Risk Reserve	(700)	0	9
Housing Benefit	524	287	13
Contribution from Housing Benefit Risk Reserve	(524)	(287)	13
Council Wide Other	(167)	0	7
Council Wide Sub-Total	**(3,637)**	**(1,232)**	
Net Service Budgets	**(992)**	**(2,744)**	

Further details on individual directorate positions are included at **Annex 1.**

Favourable Outturn Movements

1. **Treasury Management – a favourable outturn of £3.47m.** The escalating increase in interest rates is resulting in a favourable return above budget on investment income from surplus cash. This is a £1.23m favourable variance from period 4, due to a further increase in the forecast income from the Council's short term investments and interest on loans to Manchester Airport Group.
2. **Staffing budgets** across all service areas are projecting to **underspend by £1.49m a positive movement of £356k since P4.** This continues to be an area of significant underspend, largely due to difficulties in recruitment. The

recruitment management controls introduced last year to manage the overall budget pressures have remained in place and also contribute towards the underspend.

3. **Market Sustainability and Improvement Fund** - **underspend £788k.** The Council was awarded an additional allocation of £1.438m during the year. In line with the grant conditions the Council will apply the fund to support pressures on Mental Health and Learning Disability, continue the overtime scheme for social workers to reduce waiting times and use the remaining £788k to offset the costs of provider uplifts applied at the start of the financial year.

4. **Energy Costs –** The property energy budget was increased by 200% in 2023/24 to address the escalating costs of inflation. Following an ongoing analysis of energy bills there is an estimated **favourable outturn of £747k** an improvement of £586k from P4. This indicates the additional resources were sufficient to manage the ongoing impact.

   Street Lighting represents a significant element of the energy budget, and the Council entered a new contract from April 2023. Under the new contract, energy is purchased flexibly to take advantage of favourable market fluctuations across the year. Furthermore, the effects of energy saving measures to reduce consumption is now being evidenced through the billing process.

5. **Strategic Investment Programme** – The Strategic Investment Property Portfolio budget was reduced by £1.5m in 2023/24 in recognition of the recurrent shortfall in this budget due to the downturn in the economy. The revised budget is £5.69m and there is a **favourable forecast outturn of £212k**, no movement from P4. The Council continues to work to bring forward new investments to meet the challenge of those being repaid.

6. **Adults demand – underspend £64k** a favourable movement of £494k from P4 as a result of a decrease in the projection of care package costs. This budget remains high in complexity and volatility as it is in part driven by wider system pressures in health in addition to direct adult social care demands. Within this projection there is a contingency of £661k to mitigate rising costs as a result of increasing complexity of existing clients and demand from new clients.

7. **Other favourable variances - £167k.** A small number of favourable variances of which £150k relates to enhanced pension costs. This is a recurrent saving as costs reduce over time and will be released to close the budget gap in 2024/25.

Adverse Outturn Movements

8. **Children's placements** - **£2.08m overspend,** favourable movement of £217k. It was anticipated when setting the budget that any new children coming into the system would be offset by children exiting. The number of placements increased earlier in the year and has reduced in period 4 to 6, however the cost and complexities of children coming into care outweigh the

costs of those leaving care. There is a £578k contingency to cover a forecast of additional demand in the year.

9. **Inflation –** The 2023/24 local government pay has been agreed and is **c£700k above budget**. In addition, higher than anticipated awards for foster parent payments were announced by the Government after the budget was set. This has resulted in pressures of £252k.

   The earmarked Inflation Risk Reserve was bolstered during the 2022/23 closedown for this purpose and will be drawn down in 2023/24 to neutralise the impact in year. These additional pressures have been added to our budget plans for 2024/25.

10. **Home to School Transport - £1.009m overspend** due to the continued increase in demand in passenger numbers and complexity of cases. This is a favourable movement of £55k from P4 largely due to the use of Q-routes, a system which helps automate route planning resulting in reducing passenger mileage and travel time. This is a part of a new system that has been implemented to manage school runs from September. It is anticipated that once the system is fully implemented, further efficiencies will be made.

11. **Planning Income - £631k overspend,** adverse movement of £168k due to a shortfall in planning applications.

12. **Running costs – S17 payments (Childrens) - £525k overspend,** favourable movement of £96k. Expenditure has increased on s17 due to an extensive support package for a child living at home costing the service £249k. The favourable movement from P4 is a result correcting some cases misclassified as s17 payments. A review of all S17 payments continues to take place.

13. **Housing Benefit - £524k overspend**, adverse movement of £287k. At least £400k of the underlying pressure is caused by an increase in the number of tenants requiring to be housed in emergency/temporary accommodation which attracts a lower subsidy from the Government. This pattern is a national issue and may be addressed in the upcoming Supported Housing Bill which has recently received Royal accent and further operational details will be released shortly.

    Although the in year pressure will be met from the Housing Benefit Risk Reserve, resulting in a neutral impact in 2023/24, the pressures caused by temporary accommodation will need to be reflected in our final budget plans should the Government not address this issue.

14. **Other net adverse movements of £1.70m across all areas,** adverse movement of £124k. There is a general service budget capacity/efficiency target of £1.0m across all service areas. This efficiency target was increased in the 2023/24 budget to reflect a general expectation that services will underspend in all areas as a result of vacancy management and reductions in general administration such as travel and stationery supplies. Additionally, there is a £200k overspend relating to a continuing increase in demand for Trafford Assist.

Section 2 – Revenue Funding Budget – General Fund

Revenue Funding Budget 2023/24

Approved Revenue Funding Budget	Outturn at Period 6
Business Rates £81.48m	Business Rates **£1.5m adverse**
Council Tax £120.92m	Council Tax on budget
Reserves £7.40m	Reserves on budget
Total **£209.81m**	**£1.5m Adverse**

Uncertainty in timing of rates benefit from major refurbs at Trafford Centre.
Contribution to Business Rates Risk Reserve in 2023/24 by £1.5m

Uncertainty in Council Tax income due to increase in exemptions and discounts.
Council Tax Risk Reserve of £0.5m is available to smooth any impact

Movement since prior Period
£1.5m

The Revenue Funding General Fund Budget comprises of income from Business Rates, Council Tax and Reserves.

The General Fund budgets for Business Rates and Council Tax are fixed at the beginning of the year. In-year income from Business Rates and Council Tax is monitored through the Collection Fund (see next section). Any surplus or deficit on the Collection Fund is either distributed or collected in the following financial year. The Business Rate and Council Tax Risk Reserves are available to smooth the impact if a deficit is forecast.

The Business Rate Risk Reserve will be drawn down by £1.8m in 2023/24 to reflect a shortfall in income (see next section). In order to reflect the ongoing risk of any further downturn in rates income, the reserve has been **bolstered by £1.5m** from the General Fund.

Section 3 – Collection Fund Business Rates and Council Tax

Business Rates and Council Tax

Total Budget

Business Rates £81.48m
Council Tax £120.92m

Business Rates	Council Tax
Outturn **£1.80m deficit**	Outturn **£0.89m surplus**
Underlying Outturn Themes	**Underlying Outturn Themes**
Overall reduction in rates income of **£1.80m** due to flagship stores being empty during refurbishment at the Trafford Centre	Review of historic bad debt provision released **£1.2m**
A surplus in the Collection Fund due to lower award of rates reliefs, offset by shortfall in Relief Grants in the General Fund.	Tax base shortfall due to higher level of Discounts (single person) and Exemptions **£0.95m**
Net shortfall of £1.8m will be met from the Business Rates Risk Reserve.	Favourable lower level of Council Tax Support **£0.84m**
Business Rates Risk Reserve will be replenished by £1.5m from General Fund to reflect further risk associated with temporary closures/refurbishments and properties coming back on-line.	Cost of discretionary awards under the Council Tax Support Scheme **£0.34m** offset by a contribution from Support Fund Grant
	Adverse pressure from backdated claims **£0.2m**

Council Tax

- There is a favourable outturn forecast of £0.89m of which Trafford's share is £0.72m (see Annex 4 for a breakdown of Trafford's share). Since P4 the outturn forecast has improved by £1.49m. This is largely due to a one off release of £1.2m from the bad debt provision following a review of assumptions relating to historic bad debt, an improvement in the number of new properties being completed of £183k and a favourable £107k due to lower awards of Council Tax Support.

- There continues to be a shortfall in the taxbase due to a substantial increase in the number of claims for Council Tax Discounts (e.g., single person) and exemptions when compared with budget assumptions, resulting in a shortfall of £0.95m. The review of discounts has commenced and there is hope to see a reduction in the number of claims later in the year.

- Favourable variance due to lower number of claims for Council Tax Support awards of £0.84m, partly as a result of higher claims for discounts above.

- The additional temporary discretionary support scheme introduced in 2023/24 to support claimants not already getting 100% CTSS discount has cost £0.34m. This has been fully compensated from an additional Government Grant, resulting in a neutral impact.

- Higher than anticipated backdated claims (changes in banding appeals etc) has led to a pressure of £0.2m.

- **Outlook** – the recurrent shortfall at P4 of circa £600k was built into the draft budget plans for 2024/25. The improvements in the growth in Tax Base and lower awards of Council Tax Support will be reflected in the MTFP when setting the final 2024/25 budget.

Business Rates

- Period 6 has seen an adverse net movement of £1.80m. This consists of a surplus in the collection fund of £2.0m and a deficit in the general fund of £3.8m. The overall shortfall is due to flagship stores at the Trafford Centre being empty whilst refurbishment works are undertaken. This shortfall will need to be met from the Business Rate Risk Reserve.

- To reflect the ongoing risk of a shortfall in rates income due to future refurbishments, the Business Rate Risk Reserve has been bolstered by £1.5m from the General Fund (see previous section).

- **Outlook** – As in previous years, there is a significant risk in forecasting the temporary pressures caused by major refurbishments, changes, and new sites at the Trafford Centre. The Business Rate Risk Reserve will be utilised to smooth any timing issues in the delivery of benefits. Work is ongoing to look at the future health of rateable value and how ongoing developments may impact this.

Section 4 – Earmarked Reserves

Earmarked Reserves (excluding COVID)	
Opening Balance April 2023 (pre audit)	Estimated Balance March 2024
£73.98m	**£66.84m**
Estimated decrease in the year at Draft Budget stage	
£7.14m	

There was a detailed review of reserves in preparation of the draft 2024/25 budget and a further review will be undertaken as part of the final 2024/25 budget. This will also take into account the movements identified in the period monitoring.

Section 5 – Delivery of in-year savings programme

Savings Programme 2023/24	
Savings Target	Savings Achieved
£11.76m	**£11.71m (99% Achieved)**
Below Target by	
£55k	

Further details in **Annex 2**

A forecast outturn of £11.76m, with only 3 schemes forecasting a shortfall of £155k. Mitigating action/ alternative savings have been identified on 1 scheme of £100k reducing the net shortfall to £55k.

The savings on Children’s placements of £1.0m is the largest scheme classified as Red status in terms of delivery risk, this is due to pressure on new placements potentially offsetting the reduction in costs from step down activity (children reducing or leaving care).

Section 6 – Capital Programme

Capital Programme 2023/2026

Current Value of three year programme

£214.31m

Capital Programme 2023/24 at P4	Revised Capital Programme 2023/24 at P6
£86.04m	**£87.73m**

Increase in 2023/24 programme

£1.69m

Over-programmed 3 year Capital Programme agreed Feb 2023	Revised Over-programmed 3 year Capital Programme
£3.52m	**£6.79m**

Prudential Indicators

The objectives of the Prudential Indicators are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable and to support and record local decision making in manner that is publicly accountable.

Capital Expenditure Indicators – have been updated to reflect the revised programme.

External Debt Indicators - No limits or operational boundaries have been breached.

Affordability Indicators – Finance costs to Net Revenue Stream has been updated to reflect interest receipts from investments. This has resulted in a short-term improvement in affordability.

Further details in **Annex 3**

2023/2024 Programme

- The revised capital programme budget of £87.73m is a net increase of £1.69m from P4, consisting of £0.22m of re-profiled expenditure to future years and an increase of £1.91m for current and new schemes.
- The additional budgets added to the programme of £1.91m are funded from new grants and contributions totalling £1.76m and a call on internal resources (i.e., capital receipts) of £0.15m.

Overprogrammed 2023/2026 Programme

The three year capital programme is currently being reviewed to address the level of overprogramming as highlighted in period 4. The full programme will be considered and reported by Executive in February 2024.

Section 6 – Schools Related Expenditure

Dedicated Schools Grant

Schools, Central and Early Years Blocks - **Forecast Underspend £0.04m**

High Needs Block - **Forecast Overspend £6.51m**

Total Outturn

£6.47m adverse

Movement since previous Period

£1.21m adverse

DSG Reserve

Combined Deficit brought forward April 2023 overdrawn **£1.47m**

Of which High Needs overdrawn **£4.14m**

Estimated combined deficit at year end £7.94m

Details in **Annex 1**

Schools Related Expenditure (Dedicated Schools Grant is a separate ring-fenced account and not part of general outturn detailed above) – There is a net overspend across all four grant blocks of £6.47m. An overspend of £6.51m in the High Needs Block has been offset by an underspend of £45k on the remaining blocks.

The overspend in 2023/24 will result in a year end accumulated DSG deficit of £7.94m, consisting of a High Needs deficit of £10.65m, offset by a surplus on other blocks of £2.71m.

Funding for HNB was increased by £3.9m in 2023/24 and was a welcome recognition that the existing funding is not sufficient, however the overspend provides evidence that funding remains insufficient.

It is expected that LA's balance their in year spending by 2025/26, there is a real risk that Trafford will not be able to do that.

Work continues to take place on the DSG deficit management plan with proposals and options being discussed with the DfE. The plan has been scrutinised by the SEND Board and will be presented to Funding Forum and the Finance and Change Board at the next opportunity.

PART 2 – Executive Narrative Summary of Estimated Outturn and Outlook

Revenue Outturn Summary

1. There is a net projected outturn overspend of £0.51m for the year and a favourable variance of £1.24m since Period 4.

1.1. This mid-year monitor of the financial year provides some certainty of the potential final outturn. It can be used with more certainty and to give a general direction of travel and firm up any assumptions used in preparing the future budget.

1.2. It is fair to say that projecting the financial outturn in recent years has been challenging given the level of uncertainty in the economy from the conflict within Ukraine and the high levels of inflation. The escalating conflict in the Middle East has added an additional layer of uncertainty which could trigger further volatility in the inflation forecast if the recent rise in oil prices continues over the medium term.

1.3. Inflation has remained relatively static since P4 – 6.8% July 2023 and 6.7% September 2023. Whereas, core inflation, which excludes volatile energy, food, alcohol and tobacco prices has slightly reduced from P4. The escalation in Bank of England Base Rate to levels not seen for over 15 years will cause further pressures in household income, which may in turn have consequences in the support required from the Council.

1.4. The additional pressures caused by inflation were recognised during 2022/23 and an opportunity was taken to bolster the Inflation Risk Reserve by £1.5m to £4.5m. The final 2023/24 Local Government pay award has been agreed and as anticipated at P4 the cost of the pay award is approximately 6% across the pay scale. This is c£700k above our budget assumptions and the Inflation Risk Reserve will need to be drawn down to cover the in year budget gap. These additional pressures have been added to our budget plans for 2024/25.

1.5. Inflation relating to energy costs has dropped significantly from the highs seen last year. The energy budget is forecast to underspend by £747k suggesting that the combined effect of the new energy contracts, energy saving measures and the growth built into the 2023/24 budget are sufficient to contain the impact. However, given the volatility in energy markets seen last year, and the more recent increases triggered by the conflict in the Middle East, it cannot be assumed that long term stability has returned.

1.6. With regard to the net outturn position, the following issues are worthy of being highlighted along with issues to consider on their impact on future plans :-

Service underspends include: -

- **Treasury Budget -** The interest rate at the time of setting the budget has increased significantly and forecasts suggest that further increases are expected later in the year. This average investment rate has seen an increase in income, which along with careful cash management has enabled a delay in taking on new external borrowing until later in the year. This has generated additional investment income of **£3.47m above budget.** This is a £1.23m favourable variance from period 4, due to a further increase in the forecast income from the Council's short term investments and interest on loans to Manchester Airport Group.

- **Staffing budgets** net forecast **underspend of £1.49m**, due to delays in recruitment and service restructures. This underspend was a significant factor in the overall favourable outturn in the last financial year and it is possible that this figure will increase further as the year progresses due to difficulties in recruitment. Whilst significant underspends on staffing budgets are welcomed from a finance perspective, they should not become a recurrent theme if the recruitment exercises are successful.
- **Market Sustainability and Improvement Fund** - **underspend £788k.** In July 2023 the Government announced further resource under the Market Sustainability and Improvement Fund, of which the Council has been awarded an additional allocation of £1.438m. In line with the grant conditions the Council will apply the fund to support pressures on Mental Health and Learning Disability, continue the overtime scheme for social workers to reduce waiting times and use the remaining £788k to offset the costs of provider uplifts applied at the start of the financial year.
- **Energy costs -** The property energy budget was increased by 200% in 2023/24 to address the escalating costs of inflation. Following an ongoing analysis of energy bills there is an estimated **favourable outturn of £747k** an improvement of £586k from P4. This indicates the new contract, energy saving measures and additional resources were sufficient to manage the ongoing impact.
- **Strategic Investment Programme** – The investments made through the Council's Asset Investment Fund are forecast to generate a net benefit to the revenue budget in 2023/24 of £5.90m, which is a surplus of £212k compared to the budgeted net income target. Since last reported, there has been a favourable change in the forecast income of £426k, but this growth will be contributed to the Risk Reserve to help maintain the reserves balance.

  Since the start of the year, the IMB formally approved a £16.0m debt facility for Castle Irwell Phase 3, a residential scheme comprising 104 new homes, which will provide a revenue return to the Council in 2023/24 of £250k. In addition to this, two new debt investments have been identified and progressed sufficiently for an indicative return of £500k in 2023/24 to be included in the forecast revenue outturn.

  Net income in year expected to be paid from the Council's investment at the Lumina Village LLP of £440k will instead be retained in the LLP to support redevelopment costs in year.

  The current high interest rate environment is predicted to provide an additional £1.29m of net income from investments linked to variable interest rates.

The Risk Reserve is forecast to be £3.8m at the end of this financial year. This level of reserve is currently considered to be sufficient in relation to the immediate risks that the portfolio is exposed to.

Pressures include:-

- **Children's placements £2.08m overspend** due to an increase in the number of children entering care. Although the number of children entering the system has reduced, the cost and complexities of children coming into care outweigh the costs of those leaving care. The savings programme includes £1.0m target to reflect activity aimed at children stepping down from care. Although the Step Down programme is expected to achieve its target, the fact that incoming placements have increased has placed the total budget under pressure.
- **Inflation** – The escalating levels of inflation caused significant pressure in the previous financial year and continues to be an area of concern. The cost of the 2023/24 local government pay award has been agreed and will cost **£0.7m above budget.** The earmarked Inflation Risk Reserve was bolstered during the 2022/23 closedown for this purpose and will be drawn down in 2023/24 to neutralise the impact in year. The additional pressure will need to be added to our budget plans for 2024/25.
- **Home to School Transport pressures of £1.099m** due to increases in demand and complexity of cases in the current passenger numbers. This pressure is concerning, given that an extra £1.30m was added to our 2023/24 budget to address pressures. Since P4 small savings have been realised due to the use of a new system, Q-routes, which helps automate route planning resulting in reducing passenger mileage and travel time. It is hoped that once the system is fully implemented, further efficiencies will be made.
- **Planning Income - £631k overspend,** adverse movement of £168k due to a shortfall in planning applications.
- **Running costs – S17 payments (Childrens) - £525k overspend,** favourable movement of £96k. Expenditure has increased on s17 due to an extensive support package for a child living at home costing the service £249k. The favourable movement from P4 is a result of reviewing expenditure that was miscoded to s17 payments. A review of all S17 payments continues to take place.

Other considerations - Contingency Budgets

Within the estimated outturn there are several contingency budgets held back to absorb any unforeseen changes in demand for the remainder of the year. Contingency budgets of £578k and £661k remain in Children's and Adults client placement budgets and £0.8m remains of the £2.3m general Council Wide contingency after £1.5m of commitments having been made.

Revenue Budget Funding and Collection Fund

1.7. Council Tax

1.7.1. An estimated in year surplus of £0.89m, largely due to a one off release of £1.2m from the bad debt provision following a review of assumptions relating to historic bad debt. However, there is still a recurring pressure of £0.3m from a combination of an increase in discounts and exemptions, pressure from backdated claims and reduction in council tax support. This is a £0.3m improvement from P4 mostly due to a reduction in council tax support.

1.7.2. There is a substantial increase in the number of claims for Council Tax Discounts (e.g., single person) and exemptions resulting in a shortfall of £0.95m. Investigations into the claims have commenced. There has been a reduction in the number of exemption cases and there is hope to see a reduction in discounts later in the year.

1.7.3. A favourable variance due to lower number of claims for Council Tax Support awards of £0.84m, partly as a result of higher claims for discounts above.

1.7.4. The additional temporary discretionary support scheme introduced in 2023/24 to support claimants not already getting 100% CTSS discount has cost £0.34m. This has been fully compensated from an additional Government Grant, resulting in a neutral impact.

1.7.5. The ongoing impact of any recurrent shortfall will need to be considered when preparing the 2024/25 budget.

1.8. Business Rates

1.8.1. Period 6 has seen an unfavourable net movement of £1.8m largely due to flagship stores at the Trafford Centre being empty whilst refurbishment works are undertaken. This shortfall will be met from the Business Rates Risk Reserve, however a top up of the reserve of £1.5m will be made from the General Fund to reflect the ongoing future risk of further delays.

1.8.2. As in previous years, there is a significant risk in forecasting the temporary pressures caused by major refurbishments, changes, and new sites at the Trafford Centre. The Business Rate Risk Reserve will be utilised to smooth any timing issues in the delivery of benefits. Work is continuing to look at the future health of rateable value and how ongoing developments may impact this.

1.9. Earmarked Reserves

1.9.1. A full review of all reserves was completed as part of the 2024/25 draft budget and a further update will be provided at the time of the final budget.

2. Outlook and Summary

2.1. The economic uncertainty will continue to be felt for some time to come and must be managed alongside a significant budget gap in our Medium Term Financial Plan for 2024/25 to 2025/26. The draft budget plans for 2024/25 will be considered by the Executive on 15th November 2023 and reflects some of recurrent pressures identified in the period 4 monitor, particularly around Childrens services.

2.2. The reduction in the outturn forecast from £1.75m adverse to £0.51m adverse, and a favourable movement of £1.24m since P4 is positive news and substantially reduces the need to use of the limited earmarked reserves to meet the shortfall. The positive movement is largely due to improvements in the Treasury budget (£1.23m), a reduction in energy costs (£586k), various Childrens Services (£368k) and staffing underspends (£356k).

2.3. With respect to the 2024/25 budget, the small positive movements in Children's placements, Home to School Transport and Section 17 may allow a reduction in the growth assumptions made in the budget for 2024/25, should this pattern continue. Likewise, the positive outturn in the Treasury Management budget will be reviewed to determine if any recurrent benefit can be assumed in future years. However, there are a number of evolving pressures which will need to be considered which may impact on the 2024/25 budget. These include the pressures within the Housing Benefit budget of circa £400k which is due to additional costs of temporary/emergency accommodation, the growing shortfall in planning fee income £631k and the rate at which energy costs are reducing compared with 2024/25 budget assumptions.

2.4. At P4, a statement was made that the outcome of the P6 monitor would determine if further expenditure controls would be needed to manage the adverse forecast and to avoid any undue call on limited earmarked reserves during 2023/24.

2.5. Although the movement is favourable, it is essential that a cautious approach is maintained in managing the budget given the forecasts for inflation remaining higher for longer and the potential for energy costs to escalate. Significant contingency budgets remain in Childrens, Adults Services and Council Wide and it is possible that staffing vacancies may result in further positive movements, if the difficulties in recruitment from previous years are repeated. At this stage in the year, no further management actions are recommended other than those previously agreed.

2.6. The following management actions and mitigating items which have already been agreed, will remain in place during the year.

- The current management action, which included a policy on vacancy management and a review of all non-essential spend will remain in place for the foreseeable future.
- A detailed examination of areas of consistent budget underspend will continue to be undertaken. Significant staffing underspends have been evident in the last two financial years and the vacancy factor/general budget efficiency factor was increased to reflect this. As the staffing vacancies are filled, attention needs to be paid on the adverse impact this has on the delivery of the wider vacancy factor.
- As part of the work being undertaken by the Finance and Change Board, to provide additional focus and challenge on recurrent pressures within demand led budgets, such as Child placements and

Home to School Transport. This will include a review of alternative delivery models.

- Delivery of the 2023/24 savings programme is progressing well with 99% estimated to be achieved, however vigilance should remain in ensuring that forecasts are achieved. Particularly in those areas classed as Red or Amber on delivery risk.

2.7. The scale of the challenge faced means that the Council must continue to, identify significant permanent savings, lobby the Government to address the unfairness of the funding formula and maintain prudent financial management.

Recommendations
It is recommended that the Executive:

a) note the report and the estimated revenue outturn position showing a budget overspend of £0.51m;
b) note the update on the Capital Programme as detailed in Section 6 and Annex 3.
c) Note that due to the positive movements in the estimated outturn since P4, that no new management actions are required to mitigate the current projected overspend in 2023/24.

Other Options

No Applicable.

Consultation

Not Applicable

Reasons for Recommendation

To inform Members of the 2023/24 projected outturn figures relating to both Revenue and Capital budgets and summarise the projected outturn position for Council Tax and Business Rates.

Finance Officer Clearance *…DM……………*
Legal Officer Clearance *……DS…………*

DIRECTOR'S SIGNATURE ……GB……

PART 3 - Annexes

Annex 1

Main variances, changes to budget assumptions and key risks
The main variances contributing to the projected underspend of £1.418m, any changes to budget assumptions and associated key risks are highlighted below:

Table : Main variances	Forecast Variance (£000's)	Explanation/Risks
Children's Services	3,410	**Projected outturn variance £3.410m adverse, favourable variance of £318k.** Below is the projected position on children's placements and other budget areas. • £2.077m over budget on Children's placements (note 1); • £211k under budget on staffing (note 2); • £1.009m over budget on home to school transport (note 3). • £535k over budget on other running costs and income across the service (note 4); **<u>Note 1</u>** Children's placements are expected to overspend by £2.077m. This is a favourable movement of £217k. The reasons for this movement are as follows: • £359k new placements • £357k new step ups • £289k delayed step downs • £29k increased expenditure in one of our own Children's homes due to over time payments These are offset by £1.251m of step downs, children leaving care and contingency being utilised. There is £578k of contingency remaining for new placements between now and the end of the year. This overspend assumes that the £1m savings target will be met of which £592 has been achieved to date. 26 children who are expected to be stepped down have been identified and are being closely monitored. The numbers of children as at the end of September compared to those at the end of July are as follows:- • children in care 357, a decrease of 7 • child protection 225, an increase of 8 • children in need 703, a decrease of 44 Even though numbers have reduced, cost and complexities of children coming into care outweigh the costs of those leaving care.

Note 2
The favourable variance in staffing is £211k. This in a favourable movement of £174k from P4 due to the further delay of the Intensive Family Support, Trafford Team Together and Family Hubs restructure and a number of unfilled vacancies across the service. The service continues with its redesign and recruitment drive during 2023/24 and it has been assumed in the projections that this will be complete this year.

Note 3

The projected overspend on Home to School Transport is £1.009m, this is a favourable movement of £55k from P4.

Savings have been realised on a couple of the runs due to the use of Q-routes, a system which helps automate route planning resulting in reducing passenger mileage and travel time. This is a part of the new system that has been implemented to manage school runs from September. It is hoped that once the system is fully implemented, further efficiencies will be made.

Note 4
The adverse variance in running costs and income across the service is £535k, an adverse movement of £128k, as outlined below: -

- £108k adverse variance on Partington & Sanyu nurseries, a favourable movement of £14k;
- £767k adverse variance in running costs, an adverse movement of £107k due to: -
  - S17 – within the £621k adverse variance reported at P4, there was £185k of therapy/counselling/court costs which should fall under running costs not s17, these have been recoded. However, expenditure has increased on s17 due to an extensive support package for a child living at home costing the service £249k. Drill down and appropriate re coding of expenditure by heads of service resulted in a reduction in the projection due to the one-off nature of some of the costs incurred by £160k. Overall, there has been a favourable movement of £96k within the s17 spend, the adverse variance is now £525k. A review of all S17 payments continues to take place.
  - Other running costs £242k adverse, an adverse movement of £203k. £185k of which are the costs miscoded to s17 mentioned above.
- £340k favourable variance on income and minor variances, an adverse movement of £35k.

		At present, there is a grant for Supporting Families (SF) of £811k within the Children's Services budget of which £766k has been allocated. The payment of this grant depends on meeting clear performance measures against 10 outcomes and 34 criteria being implemented alongside regression checks. Grant funding for future years is reliant on the achievement of outcomes and is therefore not guaranteed. Rigorous monitoring against the measures is in place.
Adult Services	(898)	Projected outturn £898k favourable variation a favourable movement of £590k from period 4. Below is the projected position on Adult clients and other budget areas. • £64k favourable variance on Adults Clients a favourable movement of £494k from period 4 (note 1); • £46k favourable variance on staffing and running costs £ £96k favourable movement (note 2); • Risks (note 3) • Market Sustainability and Improvement Fund £788k favourable variance no movement from P4 (note 4). <u>Note 1</u> Adults Clients projected £64k favourable variation. This budget remains high in complexity and volatility as it is in part driven by wider system pressures in health in addition to direct adult social care demands: • supporting the NHS with rapid discharges from hospitals as they deal with the backlog of patients waiting treatments • increased mental health support • assessing the impact of the cost of living and inflationary pressures on client contributions. • an aging population within the borough and demographic pressures • workforce pressures across the health and social care system. Packages of Care – The projected outturn position is a £64k favourable variance a favourable movement of £494k from P4. The favourable movement is due to a decrease in the projection of care package costs. Within this projection is a contingency of £661k to mitigate rising costs as a result of increasing complexity of existing clients and demand from new clients. Savings – The savings target for 23/24 is £1.131m and £566k have been achieved to date. It is assumed that the savings target will be achieved in full by the end of the financial year.

		Discharge to Assess –The government announced additional funding with effect from 1 April 2023 for Adult Social Care to enable local authorities to continue to expedite hospital discharges, the Trafford locality received an allocation of £2.197m to be utilised to maintain capacity in Discharge to Assess Beds and temporary homecare until the 31 March 2024. In addition, the Council has elected to direct a further £1.289m of funding towards this programme meaning the total budget for 23/24 amounts to £3.486m. It is anticipated that this budget will be utilised in full by the end of the financial year. <u>Note 2</u> The projected outturn position for staffing and running costs is a £46k favourable variance due to projected expenditure in excess of budget on running costs. Within the £46k favourable variance is an assumption that the £955k vacancy factor included within the budget will be achieved in full by the end of the financial year, £732k of this target has been achieved to date. Also included within the £46k net variance is £130k of funding from Homes for Ukraine and a £404k contribution from reserves in the Internal supported living service. Savings – The savings target for 23/24 is £50k. It is assumed that the savings target will be achieved in full by the end of the financial year. Internal Supported Living Service – Work continues to progress to assess the cost of a safe staffing establishment aligned with the individual needs of the whole cohort for 2023/24 and future years. As at period 6 the service is forecasting an overspend of £404k this is mitigated by a planned contribution from reserves in this financial year. <u>Note 3</u> Ascot House is a Council owned building that is currently dual purpose. The Council operates a 9 bedded Discharge to Assess unit within the building, in addition to this there is a 36 bedded Intermediate care service operated by Manchester Foundation Trust and Commissioned by NHS Trafford Integrated Care Board. The Intermediate Care service is operated on a pass through arrangement, whereby a large proportion of the overall staffing costs are recharged to Manchester Foundation Trust (MFT) by the Council. Due to significant financial pressures MFT have signalled their intention to limit pass through costs from the Council to £1.854m in this financial year. Projections suggest that the Council will incur £2.267m in costs relating to the service leaving a pressure of £413k. This presents a risk to the Council as there is currently no

		agreement on how this is to be met, though mitigations have been applied to cap this figure. The Council continues to seek a resolution to this matter with MFT and Trafford Local Care Organisation, a further update will be provided at P8. Note 4 £788k favourable variance. The government announced the Market Sustainability and Improvement Fund (workforce) on the 28 July 2023. The announcement confirmed an additional allocation of £1.438m for the Council. The grant has target areas as part of the fund conditions, at least one of which must be identified for use of the funding: • increasing fee rates paid to adult social care providers in local areas. • increasing adult social care workforce capacity and retention • reducing adult social care waiting times The Council will apply the fund to partially offset costs of uplifts confirmed in the Fair Price for Care and to support pressures on Mental Health and Learning Disability providers, to enhance the Council's Social Care and Commissioning workforce. In addition, following successful implementation of an overtime scheme for social workers to reduce waiting times, this will be further continued. £650k has been allocated to new commitments with the remaining £788k being used to offset the costs of provider uplifts applied at the start of the financial year. All of this supports the three target areas
Public Health	(111)	Public Health is forecasting a £111k favourable variance as at period 6 a favourable movement of £75k from period 4. This is due to projected expenditure on staffing below budget of £40k and minor variations on running costs of £71k.
Place	87	**Total forecast outturn variance £87k adverse, a favourable movement of £ (572)k.** **Place Revenue Budget £299k adverse, a favourable movement of £(572)k:** • Energy costs are £747k below the figure predicted when the budget was set in February. This underspend is £586k higher than last reported including £500k relating to street lighting and £86k for property. This follows ongoing analysis of bills from the Council's new energy contracts since April, which includes a flexible buying strategy to take advantage of favourable market fluctuations across the year. There are also the effects of energy saving measures to reduce consumption now being evidenced through the billing process.

		• There are increased property running costs of £80k (reduced by £55k), including Sale Waterside PFI and Trafford Town Hall security. All other running costs are £68k above budget (adverse movement of £18k). • There are projected shortfalls in income of £229k in Parking Services (due to the delayed opening of Regent Road car park) (increased by £8k), £158k Building Control (increased by £65k) and £80k from commercial rental income and operational buildings (reduced by £3k). • There are estates savings of £45k not expected to be achieved in full in the current year. This has improved by £108k and includes for successful business rates appeals. There is a £60k saving from the installation of EV points which has now been rephased to 2024/25. • Additional projected income above budget includes Altair car parking £120k, Manchester Airport £51k and other let estate £19k (reduced by £6k). • There is an overall staffing underspend of £340k (excluding the ringfenced Planning account) (increased by £40k), which is approximately 4.0% of the staffing budget. This is offset by a Directorate-wide efficiency saving of £346k – giving a net shortfall of £6k. • The Planning service is a ringfenced account and has a shortfall in income of £631k, which is offset by an underspend of £121k in staffing, running costs and reserve contributions. This is a forecast net overspend of £510k for the year (increased by £123k due to market conditions). **Strategic Investment Programme £(212)k favourable, no movement from P4:** • The investments made through the Council's Asset Investment Fund are forecast to generate a net benefit to the revenue budget in 2023/24 of £5.9m, which is £212k above the budgeted target. The key variances and movements are included in the Asset Investment Fund section of this report.

<table>
<tr><td>Strategy & Resources</td><td>(216)</td><td>Total forecast outturn variance £(216)k favourable, a favourable movement of £(160)k.
Staff costs are estimated to be £573k less than budget across the Directorate based on actual and forecast vacancies across the whole year, which is 5.7% of the total staffing budget. This is £92k higher than last reported.
Running costs are forecast to be £38k overspent, which is an increase of £18k.
Income is projected to be £95k above budget and has increased by £86k. The overall projection includes £57k additional income from Bereavement Services (increased by £10k), £17k from Flixton House (increased by £15k) and £70k from the Music Service trading account (increased by £69k). These are offset by shortfalls of £25k in Catering and Cleaning trading services (increased by £6k) and £19k Waterside Arts Centre (increased by £2k). Other income is £5k below budget.
These are offset by the budgeted Directorate-wide efficiency saving target of £414k.</td></tr>
<tr><td>Finance & Systems</td><td>196</td><td>Total forecast outturn variance £196k adverse, an adverse movement of £10k.
Staff costs are estimated to be £207k less than budget across the Directorate based on actual and forecast vacancies for the whole year, which is 2.1% of the total staffing budget. This is a favourable movement of £94k.
Running costs are forecast to be overspent by £234k across all services, which is an adverse movement of £108k. The overspend includes £200k relating to Trafford Assist – an increase of £90k, which is due to continuing additional uptake in demand. Other running cost increases include for ICT system contract extensions.
Income is projected to be £80k above budget (increased by £4k). The additional income includes £100k confirmed from CCG for ICT services which had been expected to reduce in the budget.
These are offset by the budgeted Directorate-wide efficiency saving target of £249k.</td></tr>
</table>

Legal and Governance	177	**Total forecast outturn variance £177k adverse, an adverse movement of £193k.** • Staff costs are estimated to be £115k below budget and includes for agency costs covering vacancies and service demand. The underspend has reduced by £44k. • Running costs are projected to be overspent by £245k and has increased by £127k which includes for additional court costs and legal fees based on updated forecasts of demand, particularly in social care. Local election costs have also been higher than expected associated with additional workload demand from the "all out" election in May. • There is a projected shortfall in income of £47k compared to budget. This has increased by £22k, mainly related to a reduction in forecast land charges. The overall shortfall includes £67k in land charges and £15k in capital fee income which is related to staff vacancies. This is offset by SLA income of £25k above budget assumptions and £10k from Registration Services.
Council-wide	(3,637)	**Projected Outturn variance, £3.637m favourable, a favourable movement of £1.232m since period 4.** **Pay Award** The 2023/24 Local Government pay award has been agreed. As predicted in P4 this has resulted in an additional pressure of £0.7m which will be neutralised by a draw down from the Inflation Risk Reserve. **Treasury Management** Due to the continuing high interest environment, the Council has continued to manage its cash balances to limit costly borrowing while investing any surplus cash to generate investment income to support the revenue budget. This careful cash management is forecast to delay the requirement to take on new external borrowing until later in the year, which will provide a saving of £3.47m in financing costs in 2023/24. There is a £1.23m favourable variance from period 4. This movement from the previous forecast budget variance is due to a further increase, of £373k, in the forecast income from the Council's short-term investments, boosted by the increase in the Bank of England base rate in August from 5.00% to 5.25% and a growth in cash balances due to a forecast Asset Investment Strategy debt investment repayment. This growth in cash balances is also now expected to reduce the need for external borrowing in year, saving a further £90k. The growth in interest rates is providing additional income from the Council's investments in Manchester

		Airport of £370k. The increased interest rate is also providing an increase to the internal rate of investment which the Treasury budget charges to other elements of the Council of £196k. Other efficiencies have provided a £203k additional saving in year. **Housing Benefit** The Housing Benefit budget has a projected outturn overspend (payments made, less subsidy and overpayment recovery) of £524k, an adverse movement of £287k since period 4. At least £400k of the underlying pressure is caused by an increase in the number of tenants requiring to be housed in emergency/temporary accommodation. These placements attract a nil rate of subsidy once over a weekly cap. As the percentage of emergency/temporary accommodation cases increase, and in particular within the Private Rented Sector, rents are significantly higher than the Governments Local Housing Allowance rate. This can lead to significant losses as these rents attract less subsidy. This pattern is a national issue and may be addressed in the upcoming Supported Housing Bill which has recently received Royal accent and further operational details will be released shortly. Although the in year pressure will be met from the Housing Benefit Risk Reserve, resulting in a neutral impact in 2023/24, the pressures caused by temporary accommodation will need to be reflected in our final budget plans should the Government not address the issue. **Coroner's Budget** The projected costs of Trafford's share of the South Manchester Coroners' service is currently expected to be £41k higher than budget, no change since period 4. **Contingencies** The Council-wide budget includes a general contingency of £2.3m. There are currently a number of commitments totalling £1.5m, leaving an uncommitted balance of £0.8m, a reduction of £0.1m since period 4. **Enhanced Pension payments** Recurrent savings relating to enhanced pension costs were previously highlighted in the 2022/23 Outturn report. And these savings have been included in our budget plans for 2024/25. Estimated savings for 2023/24 of £150k are included in the Council-wide figures above, no change since period 4**.** **Government Grants**

		The final announcement for the 2023/24 Services Grant was received in June 2023 at £1,472,905, which is £58k above budget, no change since period 4. **Savings** The Council-wide budget includes a saving of £200k for Digital Strategy, which includes £100k not achieved in 2022/23. Timescales for the Council's Digital Strategy programme have been delayed pending further development of the platform. Mitigating savings have been identified within the CRM licenses budget and will be used to offset the savings shortfall in the current year.

<table>
<tr>
<td>Dedicated Schools Budget</td>
<td>6,467</td>
<td>

Projected Outturn variance, £6.467m adverse, an adverse movement of £1.210m since period 4.

<table>
<tr><th>P6 monitoring</th><th>Grant £000</th><th>Forecast outturn £000</th><th>P6 Variance £000</th></tr>
<tr><td>Schools Block</td><td>109,147</td><td>109,147</td><td>0</td></tr>
<tr><td>Central Schools Services Block</td><td>1,503</td><td>1,458</td><td>(45)</td></tr>
<tr><td>High Needs Block</td><td>34,439</td><td>40,951</td><td>6,512</td></tr>
<tr><td>Early Years Block</td><td>17,848</td><td>17,848</td><td>0</td></tr>
<tr><td>TOTAL DSG</td><td>162,937</td><td>169,404</td><td>6,467</td></tr>
</table>

The DSG allocation has been reduced by £1.067m. This is due to an academy conversion.

The DSG is expected to overspend by £6.467m, this is an adverse movement of £1.210m from P4.

The High Needs Block (HNB) is expected to overspend on the budget set by £4.106m however, the budget set was £1.872m more than the grant allocation received, therefore the in year over spend is £6.512m. In addition, the HNB grant allocation has been reduced by £534k with regard to the special free school funding adjustment. This is an adverse variance of £1.219 from P4.

This is analysed in more detail below :

- Special Schools £328k adverse – this is an adverse movement of £132k due to an additional 13 places being funded at Brentwood from September
- Education Health Care Plans (EHCPs) £1.325m adverse – this is an adverse movement from P4 of £67k due to higher than anticipated payments to TAEP being required for SEN top-ups (£86k), currently the HNB is supporting 32 pupils from the EHCP budget at TAEP offset by £19k favourable adjustments made to schools' top up funding;
- Out of Borough Placements £2.305m adverse – this is an adverse movement of £1.045m since P4 due to a significant increase in the number of Post 16 placements (62 new

</td>
</tr>
</table>

costing £766k) of which further analysis is required (see below).

- £239k further education placements – no movement - funding an additional 40 placements at £6k each with no additional grant. Additional funding in the current formula is not provided by central government for any increases in 19-25 year olds;
- This is offset by a favourable variance of £91k on Behaviour & Attendance, SEN Central Team and Sensory Impairment, a favourable movement of £25k.

The service is implementing a monitoring and review process for all out of borough placements and will carry out a review to analyse the increase in Post 16 numbers. It is now a requirement that the service completes a SEND SCAP (school capacity survey), this is the first year that this has been collected by the DfE, and this has identified a gap in data capture which has resulted in the adverse variance in out of borough spend above.

There is a negative HNB reserve of £4.138m, leaving an overall deficit of £10.650m.

DSG Reserve	1 April 2023 £000's	P6 Forecast outturn £000's	31 March 2024 Projection £000's
Schools Block (SB)	(2,329)	0	(2,329)
Central Schools Services Block (CSSB)	(335)	(45)	(380)
High Needs Block (HNB)	4,138	6,512	10,650
Early Years Block (EYB)	1	0	1
TOTAL DSG Reserve (surplus)/deficit	**1,475**	**6,467**	**7,942**

It is expected that LA's balance their in year spending by 2025/26, there is a real risk that Trafford will not be able to do that.

There is the risk that the number of Education Health Care Plans (EHCPs) will continue to grow and dependence on costly out of borough places will increase as capacity in borough isn't sufficient, which will impact on our ability to reduce the deficit.

Work continues to take place on the DSG deficit management plan with proposals and options being discussed with the DfE. The plan has been scrutinised by the SEND Board and will be presented to

		Funding Forum and the Finance and Change Board at the next opportunity.

Savings Programme **ANNEX 2**

Theme/Title	Service Area	Budget 2023/24 £000's	Outturn Projection 2023/24 £000's	Gross Variance 2023/24 P6 £000's	Mitigating action undertaken in year £000's	Overall net variance in year after mitigating action £000's	Description of Saving	Financial RAG 23/24	Financial RAG 24/25	Financial RAG comments
Children Placements	Children's	(1,000)	(1,000)	0	0	0	A review of demand and placements for looked after children	RED	RED	The 2023/24 saving should be achieved as 26 young people have been identified to step down. However to note there is a pressure for new placements.
Staffing Efficiencies Children's Services	Children's	(45)	(45)	0	0	0	Review of staffing establishment outside of the main redesign programme	GREEN	GREEN	The saving has been identified.
Troubled Families Funding/Strengthening Families	Children's	(275)	(275)	0	0	0	Continuation of the service redesign	AMBER	AMBER	At present, there is a grant for Supporting Families (SF) of £811k within the Children's Services budget of which £766k has been allocated. The payment of this grant depends on meeting clear performance measures against 10 outcomes and 34 criteria being implemented alongside regression checks. Grant funding for future years is reliant on the achievement of outcomes and is therefore not guaranteed. Rigorous

										monitoring against the measures is in place.
VCSFE service/children's commissioning	Children's	(63)	(63)	0	0	0	Undertake strategic needs assessment of commissioned services and offer	GREEN	GREEN	The saving will be achieved.
Increase Vacancy Factor/Budget utilisation	Children's	(134)	(134)	0	0	0	Increase vacancy management period across all services	GREEN	RED	Although there are currently vacancies across the service, the next stage of the restructure will be completed this year so will make future savings unlikely.
Weight Management	Adults	(31)	(31)	0	0	0	Reduce the prevalence of community obesity and thereby reduce long-term health conditions that result and the support required.	GREEN	GREEN	Savings continue to be achieved.
Bad debt provision - Adults Social Care	Adults	(50)	(50)	0	0	0	Review level of contribution to bad debt provision	AMBER	AMBER	The ASC bad debt position is monitored on an ongoing basis and is subject to fluctuation. It will not be known until year end reviews whether the target is achievable.
Homecare	Adults	(1,000)	(1,000)	0	0	0	Rephase Council contribution once Transformation Funding ceases	GREEN	GREEN	Saving met
Demographic Growth Control	Adults	(100)	(100)	0	0	0	Demographic Growth Control	GREEN	GREEN	Saving currently met within the 2023/24 budget allocation.

Electric vehicle (EV) charging points	Place	(10)	0	10	0	10	Expand number of EV charging points on a revenue share model	RED	AMBER	Installation progressing well. Profit share model re-phased to 24/25
Strategic Investment Income	Place	(1,800)	(1,800)	0	0	0	Investment Programme - Recycling of receipts to maintain net income at achievable levels	GREEN	AMBER	Savings delivered in 2023/24. Programme remains a risk in 24/25 given the wider economic uncertainty.
Review of operational and strategic estates	Place	(80)	(35)	45	0	45	Efficiency review of operational estate and lease/rent reviews to ensure full cost recovery across the Council's estate	RED	AMBER	Savings programme of works taking longer than expected - saving re-phased to 24/25
Regulatory Services - cost recovery	Place	(25)	(25)	0	0	0	The cost of safety certificates / recover more from taxi tests to increase.	GREEN	GREEN	
Reduce Place Contingency	Place	(30)	(30)	0	0	0	Removal of a contingency budget from an earlier restructure	GREEN	GREEN	
Housing Service	Place	(50)	(50)	0	0	0	Removal of temporary posts/vacancies	GREEN	GREEN	
Housing Service	Place	(100)	(100)	0	0	0	Better cost recovery from support grant	GREEN	GREEN	
Street Lighting	Place	(100)	(100)	0	0	0	Review option in relation to Trimming, 1hr warm up, cool down at start and end of day	AMBER	AMBER	Need to review impact on bills during year.

Illuminated signs / bollards	Place	(40)	(40)	0	0	0	Invest to save to declutter and de-illumination to reduce energy cost impacts	AMBER	AMBER	Need to review impact on bills during year.
Street Lighting	Place	(200)	(200)	0	0	0	Look at further options to trim earlier / later and switch off street lighting in low risk areas	AMBER	AMBER	Need to review impact on bills during year.
Unadopted highways/access roads	Place	(50)	(50)	0	0	0	Reduce budget provision	GREEN	GREEN	
Increase Vacancy Factor/Budget utilisation	Place	(241)	(241)	0	0	0	Increase vacancy management period across all services	AMBER	AMBER	Review over the year
Traded Services	Finance & Systems	(56)	(56)	0	0	0	Traded Services income - increase in contributions to offset pay and cost inflation.	GREEN	GREEN	
Review of Subscriptions	Finance & Systems	(10)	(10)	0	0	0	A range of subscriptions for external services to be reviewed	GREEN	GREEN	
Increase Vacancy Factor/Budget utilisation	Finance & Systems	(98)	(98)	0	0	0	Increase vacancy management period across all services	AMBER	AMBER	Review over the year
Traded Services	Strategy & Resources	(390)	(390)	0	0	0	Review Traded Services income - increase in charges to offset pay and cost inflation.	AMBER	AMBER	Review over the year

Change Charging basis for Modernisation Team	Strategy & Resources	(850)	(850)	0	0	0	We already charge the majority of the team to the capital programme. The flexible use of capital receipts will be used to cover all team members to continue to support efficiency and change programmes across the council for a further two years.	GREEN	GREEN	
Review of Sale Waterside Arts Centre	Strategy & Resources	(25)	(25)	0	0	0	A review of the operational effectiveness of asset.	AMBER	AMBER	Review over the year
Review Music Service	Strategy & Resources	(30)	(30)	0	0	0	Continue to remove the remaining Corporate overhead subsidy and continue with expansion of offer with a view to broadening reach	GREEN	GREEN	
Increase Vacancy Factor/Budget utilisation	Strategy & Resources	(93)	(93)	0	0	0	Increase vacancy management period across all services	AMBER	AMBER	Review over the year
Treasury Management Budget	Councilwide	(4,682)	(4,682)	0	0	0	Realignment of the Treasury Management Budget to support the latest forecast position and activity relating to borrowing and Investments	GREEN	GREEN	Saving achieved

Review of Subscriptions	Councilwide	(2)	(2)	0	0	0	A range of subscriptions for external services to be reviewed	GREEN	GREEN	Budget saving achieved
Digital Strategy	Councilwide	(100)	0	100	(100)	0	Increased use of digital technology to deliver better and more efficient services.	AMBER	AMBER	Programme delayed pending individual business cases. Mitigating action to achieve saving in 23/24 through reduction in CRM licence costs.
TOTAL SAVINGS AND INCOME PROPOSALS		**(11,760)**	**(11,605)**	**155**	**(100)**	**55**				

CAPITAL PROGRAMME **Annex 3 (A)**

Approved Budget

1. The overall value of the proposed capital programme for 2023/24 to 2025/26 is £214.31m, which is a small increase from P4 of £0.21m. A review of the 3-year capital programme is ongoing to address the issue of over programming and the final programme will be considered by Executive in February 2024.

2. The 2023/24 budget has increased by £1.69m to £87.73m.

2023/24 Capital Programme	
	£m
General Programme:	
Budget at Period 4	86.04
Current programme (Period 6)	**87.73**
Variance from Previous Period	1.69
Asset Investment Strategy:	
Budget at Period 4 (Period 2)	75.82
Current forecast (Period 6)	**62.68**
Variance from Previous Period	(13.14)
Total Capital Programme	**150.41**

3. The net increase of £1.69m for 2023/24 in the General Programme is as a result of the re-profiling of £0.22m of budgets to later years and £1.91m increases to current and new schemes to reflect the new award of grants and contributions. Details of the changes are included in paragraph 4. The following table details the movement in the current year budget (2023/24).

General Capital Programme 2023/24	**P4 Revised Approved Programme £m**	**Current Revised Programme £m**	**Period Movement**		
			Change in Funding £m	**Re-Profiling to Future Years £m**	**Total Change**
Service Analysis:					
Children's Services	18.83	18.68	0.07	(0.22)	(0.15)
Adult Social Care	3.02	3.24	0.22	-	0.22
Place	62.17	63.79	1.62	-	1.62
Finance & Systems	2.02	2.02	-	-	0
General Programme Total	**86.04**	**87.73**	**1.91**	**(0.22)**	**1.69**

4. The change in programme funding of £1.91m relates to the following;

   - UK Shared Prosperity Fund - £0.65m. Newly awarded grant from DLUHC via GMCA to deliver range of town centre and active travel initiatives across the borough.

- Altrincham Crematorium – Replacement cremator - £0.71m. Replacement of abatement equipment and adapt cremators to make them compliant with the new regulations that take effect on 1st January 2027.
- Disabled Facilities Grant - £0.22m. An additional grant of £216k has been awarded to support the £2.47m already received.
- Clarendon House, Altrincham - £0.12m. Costs for the development which will ensure a proposed later sale will maximise returns. The costs will be funded by capital receipts.
- Various minor awards totalling £0.21m including:
    i. Veolia Trust - £64k : Play area development at Lostock Park, Stretford.
    ii. United Utilities - £47k : Contribution to works at Moorlands Junior School for sustainability drainage.
    iii. GMCA - £34k : Bus pinch point development works.
    iv. Friends of Stamford Park - £27k : Play area improvements.

5. The main areas of the re-profiling of (£0.22m) above are as follows;

- Children Services – (£0.22m)
    - Schools Capital Maintenance schemes – £0.08m – Has been profiled over the current and following financial year in line with expected delivery.
    - Basic Need : School Places – (£0.30m) – Has been profiled in line with expected delivery allowing for retentions falling due in later years.

Details of each scheme for 2023/24 are shown in Annex 3(B).

2023/24 Programme Funding

6. The general capital programme is resourced by a combination of both internal and external funding and is detailed in the table below. This shows a deficit in year of £3.39m, this will need to be funded by short-term borrowing which will need to be repaid by a surplus in receipts in future years:

Capital Programme Resources	Budget 2023/24 £m
General Programme Investment	**87.73**
Grants	56.96
External Contributions	4.92
Revenue and reserves	1.30
Prudential Borrowing	19.49
Forecast Capital Receipts	1.67
Total Funding	**84.34**
Surplus / (Deficit)	**(3.39)**

Asset Investment Fund

7. 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 (IMB) to date have a total current committed cost of £352.9m, of which £280.5m has currently been expended.
8. The balance of the approved £500m which is available for further investment is £147.1m (Table below)

Asset Investment Fund	**Prior Years Spend** £m	**Repayments** £m	**Actual Spend 2023/24** £m	**Future Years Commitment** £m	**Total** £m
Total Investment Fund					***500***
Property Purchase:					
Sonova House, Warrington	12.2	-		-	12.2
DSG, Preston	17.4	-		-	17.4
Grafton Centre incl. Travelodge Hotel, Altrincham	10.8	-		-	10.8
The Fort, Wigan	13.9	-		-	13.9
Sainsbury's, Altrincham	25.6	-		-	25.6
Sub Total	**79.9**	**0.0**	**0.0**	**0.0**	**79.9**
Property Development:					
Sale Magistrates Court	6.4	-	(0.0)	-	6.4
Brown Street, Hale	9.2	(6.1)	0.1	-	3.0
Former sorting office, Lacy Street, Stretford	0.9	-	0.0	-	0.9
GMP Site, Chester Road, Old Trafford	0.0	-	0.0	0.6	0.6
Care Home Purchase & Remediation	2.4	-	0.1	0.6	3.0
Tamworth	0.2	-		0.3	0.4
Various Development Sites	0.6	0.0	0.5	0.0	1.1
Sub Total	**19.7**	**(6.1)**	**0.7**	**1.5**	**15.4**
Equity:					
Stretford Mall, Equity	9.3	-		7.1	16.4
Stamford Quarter, Equity	20.0	-	1.8	3.4	25.2
K Site, Stretford Equity	11.7	-	0.7	(0.2)	12.3
Sub Total	**41.0**	**0.0**	**2.6**	**10.3**	**53.9**
Development Debt:					
Bruntwood; K site	11.5	-	0.7	(0.0)	12.3
Bruntwood; Stamford Qtr./Stretford Mall	29.3	-	1.8	10.5	41.7
CIS Building, Manchester	60.0	(25.8)		-	34.2

Castle Irwell, Salford	19.6	(19.6)		-	0.0
Castle Irwell, Salford – Phase 2	11.0	(9.5)	0.0	0.0	1.5
Castle Irwell, Salford – Phase 3	0.0		3.5	12.5	16.0
Hale Library	3.8	(1.3)	0.5		3.0
Network Space, Broadheath	6.7	-	8.6	6.3	21.5
Sunlight House	22.2	-		4.8	27.0
Barton Dock Road, Trafford Park	3.1	-	4.7	4.1	11.9
One Victoria	0.0	0.0	0.0	22.6	22.6
Sub Total	**167.3**	**(56.1)**	**19.8**	**60.7**	**191.6**
Total Capital Investment	**307.9**	**(62.3)**	**23.0**	**72.5**	**340.9**
Albert Estate Investment	17.6	(5.6)		-	12.0
Total Investment	**325.5**	**(67.9)**	**23.0**	**72.5**	**352.9**
Balance available					**147.1**

9. The investments made through the Council's Asset Investment Fund are forecast to generate a net benefit to the revenue budget in 2023/24 of £5.90m, which is a surplus of £212k compared to the budgeted net income target. Since last reported, there has been a favourable change in the forecast income of £426k, but this growth will be contributed to the Risk Reserve to help maintain the reserves balance.

<u>Key Variances</u>

- The 2023/24 budget assumes additional net income of £1.6m from schemes that are yet to be committed to. This figure represents the recycling of funds from schemes that have matured and been repaid. As part of this recycling challenge, the IMB has agreed to provide a £16m debt facility for Castle Irwell Phase 3, a residential scheme building 104 new homes, which will provide a revenue return to the Council in 2023/24 of £0.25m. In addition to this, two new debt investments have been identified and progressed sufficiently for an indicative return of £0.50m in 2023/24 to be included in the forecast revenue outturn. These two new schemes will require further due diligence and approval from IMB before they are entered into by the Council. Work will continue in order to identify further investments which will provide a revenue return as part of the Asset Investment Strategy's recycling target.

- Net income in year expected to be paid from the Council's investment at the Lumina Village LLP of £0.44m will instead be retained in the LLP to support redevelopment costs in year.

- Higher returns to the value of £1.29m on debt facilities which are linked to variable interest rates.

- The Risk Reserve is forecast to be £3.8m at the end of this financial year. This level of reserve is currently considered to be sufficient in relation to the immediate risks that the portfolio is exposed to.

Risk Reserve B/F	**£5.00m**
Town centre assets borrowing costs	(£0.96m)
Former GMP Site set up costs	(£0.64m)
Contribution in year	£0.43m
Risk Reserve C/F	**£3.83m**

Issues / Risks

10. A key risk is the ability to deliver the revised capital programme in 2023/24, and this will continue to be closely monitored and reported throughout the year and as any significant issues may arise.

11. 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.

Annex 3 (B)

2023/2024 CAPITAL PROGRAMME			
	P4 Revised 2023/24	**P6 Revised 2023/24**	**Variance**
DESCRIPTION	**£m**	**£m**	**£m**
Schools			
Basic Need – School Places	0.85	0.60	(0.25)
Firs Primary School	0.70	0.70	0.00
Willows Primary School	1.61	1.61	0.00
Templemoor Infant School	2.09	2.09	0.00
Moorlands Junior School	2.75	2.75	0.00
Altrincham College	1.60	1.60	0.00
School Access Initiative	0.12	0.12	0.00
Devolved Formula Capital	0.97	0.97	0.00
Capital Maintenance Grant	4.17	4.25	0.08
SEND Capital	3.65	3.65	0.00
Sub-total	**18.51**	**18.34**	**(0.17)**
Children's Services			
Foster Carers – Adaptations to Registered Social Landlord Properties	0.15	0.15	0.00
Hayeswater Centre – Improve outdoor provision	0.00	0.03	0.03
Children Services – Data Capture	0.17	0.17	0.00
Sub-total	**0.32**	**0.35**	**0.03**
Adults Social Care			
Disabled Facility Grants	2.69	2.91	0.22
Assistive Technology/Technology Innovation	0.33	0.33	0.00
Sub-total	**3.02**	**3.24**	**0.22**
Place			
Town Centres Loans Fund	0.14	0.14	0.00
Altrincham Town Centre – Public Realm	1.38	1.38	0.00
Future High Street Fund	13.64	13.64	0.00
UK Shared Prosperity Fund	0.00	0.65	0.65
Public Building Repairs & Compliance Prog	0.80	0.80	0.00
Sale Waterside/ Trafford Town Hall Improvements incl. Update Working Arrangements	0.07	0.07	0.00
Watling Gate – Preservation/Conservation	0.00	0.00	0.00
Estates Savings Requirements	0.03	0.03	0.00
De-Carbonisation Programme	0.09	0.09	0.00
Corporate Building Security Review	0.12	0.12	0.00
Install UPS and Fuel Fill Point at Trafford Town Hall	0.02	0.02	0.00
Clarendon House, Altrincham – Development	0.00	0.12	0.12
Altrincham Leisure Centre incl. PSDS	15.67	15.67	0.00
Leisure Strategy – Refurbishment & Essential Works	0.55	0.55	0.00
Partington Sports Village – Levelling Up Fund	1.00	1.00	0.00

Football Facility Provision	0.95	0.95	0.00
Timperley Sports Club - Artificial Pitch	0.00	0.00	0.00
Longford Park Sports – Track Replacement	0.43	0.43	0.00
Parks - Tennis Courts Programme	0.25	0.25	0.00
Integrated Transport Schemes	0.80	0.80	0.00
Mayors Cycling and Walking Challenge Fund	5.99	5.99	0.00
Residents Parking Scheme	0.06	0.06	0.00
Boroughwide – Boundary / Village Entry Signs	0.05	0.05	0.00
Electric Vehicle Charging Points	0.05	0.05	0.00
Active Travel	0.40	0.43	0.03
Moving Traffic Offences - Boroughwide Cameras	0.17	0.17	0.00
Tree Unit - Insurance Audit IT requirements	0.04	0.04	0.00
Highways Structural Maintenance	3.53	3.53	0.00
Surface Dressing & Treatment Programme	3.00	3.00	0.00
CRSTS - Key Route Network Programme	2.07	2.07	0.00
Highways Tree Programme	0.07	0.07	0.00
Park Map - ICT Upgrade	0.03	0.03	0.00
Street Lighting	0.68	0.68	0.00
Electric Street Furniture Replacement	0.04	0.04	0.00
Bridge Assessments and Strengthening	0.52	0.52	0.00
Carrington Junction and Relief Road	4.87	4.87	0.00
Altrincham Crematorium – Replacement cremator	0.00	0.71	0.71
Parks Infrastructure	0.26	0.26	0.00
Play Area Refurbishment	0.17	0.27	0.10
Longford Park, Stretford: Heritage Lottery Fund Bid Support incl. Section 106	0.14	0.14	0.00
Country Infrastructure	0.10	0.10	0.00
Allotments Infrastructure Programme	0.04	0.04	0.00
Green Flag Parks - Rainwater Harvesting	0.05	0.05	0.00
Parks & Open Space, Outdoor Sports & City Of Trees – S.106 Funded	0.04	0.04	0.00
Parking Services	0.11	0.11	0.00
Assistance to Owner Occupiers	0.01	0.01	0.00
Housing Standards / Empty Property Initiatives	0.01	0.01	0.00
Local Authority Housing Fund	3.00	3.00	0.00
Affordable Housing Fund	0.54	0.54	0.00
CCTV Infrastructure and Fly-tipping Prevention	0.19	0.19	0.00
Sub-total	**62.17**	**63.78**	**1.61**
Finance & Systems			
Systems & Data Architecture	0.09	0.09	0.00
Business Intelligence - Data Warehouse Solution	0.16	0.16	0.00
Office 365 - Implementation, training etc.	0.11	0.11	0.00
Windows 10 Implementation - Additional Devices	0.03	0.03	0.00
IT and Digital Service Transformation	0.04	0.04	0.00
Networking Infrastructure	0.06	0.06	0.00
Telephony System / Disaster Recovery (initial Phase)	0.05	0.05	0.00
ICT System Disaster Recovery	0.04	0.04	0.00
Digital Inclusion	0.03	0.03	0.00

Development / Low Code Solution	0.13	0.13	0.00
CRM - Update/Replacement	0.75	0.75	0.00
Digital and Hardware Investment	0.00	0.00	0.00
Managed Print Service	0.23	0.23	0.00
Local Full Fibre Networks WAN Interconnections	0.04	0.04	0.00
SAP migration and Landscape	0.02	0.02	0.00
Unsupported Server O/S Migration	0.01	0.01	0.00
Information Management Services for Regulatory Services	0.23	0.23	0.00
Sub-total	**2.02**	**2.02**	**0.00**
GENERAL PROGRAMME TOTAL	**86.04**	**87.73**	**1.69**

Prudential Indicators – 2023/24 **Annex 3 (C)**

The Prudential Code for Capital Finance in Local Authority was reviewed and updated following a consultation with Local Authorities in November 2021. The Code requires that the Council report and monitor Prudential Indicators on at least a quarterly basis during the financial year. The objectives of the Prudential Code and indicators are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable and to support and record local decision making in manner that is publicly accountable.

The prudential indicators cover the three areas in which the Council is required to report and monitor; Capital Expenditure, External Debt, and Affordability. The indicators are approved and set by the Council in February each year as part of the wider budget setting process. These indicators are then reviewed and restated during the year as part of the periodical budget monitoring.

Summary as at Period 6

Capital Expenditure Indicators

Since February, the updated indicators for Capital Expenditure show a decrease £50.17 in capital spend in 2023/24. This is in-line with the reprofiling of spend within the programme, as detailed within this report, as certain schemes will now incur costs in later years. The expenditure for the Investment Strategy shows a similar movement as investments have been reprofiled to match the cashflows of ongoing property developments which the Strategy is funding, in addition to the new investments, approved by IMB, having the majority of their expenditure in the later years of the programme.

External debt indicators

The External Debt indicators for Period 6 are confirmations that the Council are operating within the agreed boundaries for Treasury Management activity as set by Council in February.

Affordability indicators

The ‘Finance Costs to Net Revenue Stream’ indicator has been reassessed since February and the new forecast has been calculated on a different basis than the figures previously presented. This recalculation has been done to bring the indicator in-line more accurately with the intention of the Prudential Code. The new forecast for 2023/24 is a negative 0.9% due to the inflow of interest payments to the Council, i.e. investment income, being higher the outflow of interest payments, i.e. the cost of external borrowing. This is likely to change in future years as the Council’s ability to utilise surplus cash balances to avoid additional borrowing will be reduced as the Capital Programme and Asset Investment Strategy commitments increase.

Capital expenditure indicators:

- **Estimates of capital expenditure**; Actual total capital expenditure for previous financial year and estimates of spend for the following three years. Variances found here from the approved indicator level to the current forecast level are due to revisions to the programme, reported through the regular Capital Budget Monitoring and approved by the Executive.
- **Estimates of capital financing requirement;** this reflects the estimated need to borrow for capital investment (i.e., the anticipated level of capital expenditure not financed from capital grants and contributions, revenue or capital receipts).

Prudential Indicators – Capital Expenditure	2023/24			2024/25	2025/26
Period 6 2023/24	**Original Forecast**	**Current Forecast**	**Variance**	**Forecast**	**Forecast**
	£m	**£m**	**£m**	**£m**	**£m**
Capital Expenditure					
Capital expenditure - General Programme	91.49	87.73	(3.76)	78.36	48.22
Capital expenditure - Investment Strategy	109.09	62.68	(46.41)	47.32	34.04
Capital expenditure - Total	**200.58**	**150.41**	(50.17)	**125.68**	**82.26**
Capital Financing Requirement (CFR)	**579.09**	**437.95**	(141.14)	**465.18**	**492.55**

External debt indicators

- **Authorised limit for external debt;** This is a key prudential indicator and represents a control on the maximum level of external debt that the Council will require for all known potential requirements. It includes headroom to cover the risk of short-term cash flow variations that could lead to temporary borrowing and any potential effects arising from bringing “off balance sheet” leased assets onto the balance sheet in compliance with IFRS 16.
- **Operational boundary for external debt;** calculated on a similar basis as the authorised limit but represents the likely level of external debt that may be reached during the course of the year and is not a limit.

- **Gross debt and the capital financing requirement;** The Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2022/23 and the following two financial years. This allows some flexibility for limited early borrowing for future years **but ensures that borrowing is not undertaken for revenue or speculative purposes.**

Prudential Indicators -	2023/24			2024/25	2025/26
Period 6 2023/24	Approved Limit	Current Forecast	Variance to Limit	Approved Limit	Approved Limit
	£m	£m	£m	£m	£m
External Debt					
Authorised limit for external debt - Capital Programme	240.00	143.20	96.80	250	260
Authorised limit for external debt - Investment Strategy	375.00	159.90	215.10	450	475
Authorised limit for external debt - Other long-term liabilities	3.40	3.38	0.02	3.0	2.6
Authorised limit for external debt - Total	**618.40**	**306.48**	**311.92**	**703.0**	**737.6**
Operational boundary for external debt - Capital Programme	220.00	143.20	76.80	230	240
Operational boundary for external debt - Investment Strategy	375.00	159.90	215.10	450	475
Operational boundary for external debt - Other long-term liabilities	3.40	3.38	0.02	3.0	2.6
Operational boundary for external debt - Total	**598.40**	**306.48**	**291.92**	**683.0**	**717.6**
Forecast capital financing requirement (CFR)		**437.95**			
Actual external debt (£m): at 30/09/23		**306.48**			
Over-borrowed/(Under-borrowed)		(131.47)			
Is Actual Debt below the CFR?		**YES**			

Affordability indicators

- **Estimates of financing costs to net revenue stream;** this indicator shows the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the Council's net revenue stream. This demonstrates the affordability and proportionality of that borrowing by comparing it to the Council's net revenue stream as a whole.
- **Estimates of net income from commercial and service investments to net revenue stream;** This indicator compares income from commercial investments to the Council's net revenue stream. As before, this comparison allows for consideration for the Council reliance on that income and its proportionality.

Prudential Indicators - Period 6 2023/24	2023/24			2024/25	2025/26
	Forecast	P6 Forecast	Variance	Forecast	Forecast
	%	%	%	%	%
Affordability					
Financing Costs to net revenue stream - Recalculation*	0.6%	-1.10%	-1.70%	1.30%	2.10%
Net Income for commercial and service investments to net revenue stream	8.5%	8.2%	-0.3%	7.1%	6.8%

(*) The 'Finance Costs to Net Revenue Stream' PI has been reassessed and calculated on a different basis than the figures presented in the February Budget Report. This recalculation has been done to bring the indicator in-line more accurately with the intention of the Prudential Code.

Affordability - Financing Costs to Net Revenue Stream (Detailed Table)	**2023/24 P6 Forecast**
Net Revenue Stream (£k)	203,991
Net Financing Costs * (£k)	(2,232)
Net Financing Costs to NRS (correct Prudential Indicator)	**(1.10)%**
Gross Financing Costs (£k)	13,655
Gross Investment Interest Income (£k)	(15,886)
Net Financing Costs (£k)	**(2,232)**
Using **Gross** Financing Costs to NRS	6.69%

The forecast for 2023/24 is negative due to the inflow of interest payments to the Council, i.e. investment income, being higher the Gross Financing Costs (interest payments and MRP), i.e. cost of external borrowing. This is likely to change in future years as the Council's ability to utilise surplus cash balances to avoid additional borrowing will be reduced as the Capital Programme and Asset Investment Strategy commitments increase.

The prudential indicator requires a comparison between Net Financing Costs and the Net Revenue Budget, however this does not demonstrate fully the risk due to the high levels of investment income that the Council generates. The Gross Investment Interest Income and Gross Financing Costs are more appropriate measure of risk as this is the amount of exposure the council needs to meet.

Local indicators

Local Indicators are indicators that are not statutorily required but are included in the Council's suite of capital indicators to provide additional transparency and reporting information. The indicators below relate to forecast activity and performance in the Council's Asset Investment Strategy (AIS). The rolling investment nature of the AIS means that income is forecast to decrease in later years as investments mature, to be replaced by new investments within the pipeline yet to be agreed.

The Council has previously used income from its investments to contribute to a Risk Reserve, which had a balance of £5.05m at the end of 2022/23. Over the next three years, this reserve will be used to mitigate against income shortfalls from the Stretford Mall and Stamford Quarter LLPs as trading is impacted by the ongoing regeneration works. Once work is complete, income is forecast to recover, and surpluses can be used to replenish the fund.

Local Indicators 2023 to 2026	2023/24 £m	2024/25 £m	2025/26 £m
Asset investment Strategy			
Gross Income	15.0	11.8	11.3
Financing Costs	9.0	8.3	7.6
Risk Reserve			
Net contributions to/(from) Risk Reserve	(1.2)	(0.7)	(0.2)
Forecast Risk reserve balance at year end	3.8	2.7	2.5

Annex 4

COUNCIL TAX

In year Council Tax movements	Council Tax Collection Fund P4 (£000's)	Council Tax Collection Fund P6 (£000's)	Trafford's Share P6 (£000's)	Movement in Trafford's share since P4 (£000's)
Shortfall in Tax Base	1,132	949	771	(149)
Local Council Tax Support Scheme	(729)	(836)	(680)	(87)
Release from bad debt provision following a review of historic debt	0	(1,200)	(975)	(975)
Other Movements (Backdated discounts etc.)	200	200	163	0
Discretionary awards under Council Tax Support Scheme*	332	341	277	0
Contribution from Support Fund Grant	(332)	(341)	(277)	0
Total In Year Position (Surplus)/Deficit	**603**	**(887)**	**(721)**	**(1,212)**

(*) Cost of discretionary awards under the Council Tax Support Scheme are offset by a contribution from Support Fund Grant.