

## TRAFFORD BOROUGH COUNCIL

**Report to:** Executive  
**Date:** 21 February 2018  
**Report for:** Decision  
**Report of:** Executive Member for Corporate Resources and the Chief Finance Officer

### Report Title

**Executive's Revenue Budget Proposals 2018/19 & MTFS 2019/20 - 2020/21**

### Summary

This report sets out the Executive's updated 3 year budget strategy proposals and detailed revenue budget proposals for 2018/19 and Medium Term Financial Strategy (MTFS) for the period 2019/20-2020/21.

The key summary of figures for the revenue budget are:

- The overall budget movement for 2018/19 is an increase in the net budget of £3.42 million or 2.10%, from £160.83 million to £164.25 million.
- The budget funding gap for the three years before applying these proposals is now estimated to be £40.67 million comprising:
  - £26.51 million of additional cost pressures
  - £14.16 million of reductions to funding
- The proposals contained in the report close the 2018/19 budget gap of £22.95 million via a mixture of measures:
  - Additional funding of £11.34 million and use of reserves £1.63 million
  - Income generation £3.92 million
  - Transformational service delivery savings £6.06 million
- It should be noted that if all the proposals in this report are implemented there currently still remains a residual budget gap of:
  - £6.25 million in 2019/20, and
  - £8.85 million in 2020/21

Throughout 2018 the Executive will continue to review proposals to address this budget gap

## **Recommendation(s)**

### **That the Executive recommend to Council that it approves the following:-**

- a) The 2018/19 net Revenue Budget of £164.25 million.
- b) The 2019/20 to 2020/21 Medium Term Financial Strategy (MTFS) including the income and savings proposals.
- c) The calculation of the Council Tax Requirement as summarised in Section 9.1 and set out in the Formal Council Tax Resolution (Green Sheets to be circulated at Executive and Council);
- d) To increase Council Tax by 4.99% in 2018/19:
  - o 2.99% general increase in the 'relevant basic amount' in 2018/19 and 1.99% in 2019/20 and 2020/21, and
  - o 2% for the 'Adult Social Care' precept in 2018/19 and 1% in 2019/20.
- e) The policy changes as detailed in the report (Section 4.3.1)
- f) The Fees and Charges for 2018/19, as set out in the Fees & Charges booklet.
- g) That approval is delegated jointly to each Corporate Director with the Chief Finance Officer to amend fees and charges during 2018/19 in the event of any change in VAT rate, as appropriate.
- h) That the minimum level of General Reserve for 2018/19 be retained at £6.0 million, as in 2017/18 (Section 7.2).
- i) That the overall Capital Strategy and Programme level of £144.65 million be approved (as detailed in the Capital Strategy & Prudential Indicators report attached) of which £59.42 million relates to 2018/19.
- j) The Prudential Borrowing Indicators as set out in in Appendix 3 and Appendix 4, of both the attached Treasury Management Strategy and Capital Strategy & Prudential Indicators reports respectively
- k) The distribution of Dedicated Schools Grant as recommended by the School Funding Forum and Executive as summarised in Section 8 and detailed in Annex I.

### **and in recommending approval of the above, has taken into consideration :**

- a) The objective assessment by the Chief Finance Officer of the robustness of budget estimates and adequacy of the financial reserves (Section 7.3 and Annex H).
- b) The Executive's response to the Scrutiny Committee's recommendations to the budget proposals as included in a separate report on the agenda.

- c) The Council's Public Sector Equality duty.
- d) The results of the consultation with staff on the extension of the mandatory leave scheme

**In addition, Executive recommends that Council notes the following :**

- a) The approval on 9 January 2018 under delegated powers by the Chief Finance Officer of the Council Tax Base for 2018/19 at 76,045 Band D equivalents.
- b) Along with the calculation of the estimated Council Tax surplus, sufficient to release £(0.5 million) to support the Council's 2018/19 revenue budget and a distribution of £(69)k and £(25)k representing the respective shares of the Mayoral Police and Crime Commissioner Precept and Mayoral General Precept (including Fire Services).
- c) The base budget assumptions as set out in the Medium Term Financial Strategy (MTFS) as detailed in Annex A.
- d) The budget gap for the two years 2019/20, £6.25 million and 2020/21, £8.85 million.
- e) That the Capital Investment Programme for 2018/19, 2019/20 and 2020/21 is to be set at an indicative £59.42 million, £61.76 million and £23.47 million respectively (indicative at this stage as a number of capital grants not yet known).
- f) That the Council Tax figures included in the report for the Mayoral Police and Crime Commissioner Precept and Mayoral General Precept (including Fire Services) are the recommended provisional amounts pending their formal approval.
- g) The Treasury Management Strategy 2018/21 detailed elsewhere on the agenda.

**Contact person for access to background papers and further information:**

Name: Cllr Patrick Myers                      Nikki Bishop  
 Extension:    4884

Relationship to Policy Framework/Corporate Priorities	Value for Money. The proposed draft budget for 2018/19 supports all key priorities and policies.
Financial	The report sets out the proposed budget for 2018/19, allocating available resource across service objective heads as detailed in Annex F of the report.
Legal Implications:	It is a statutory requirement for the Council to set and approve a balanced, robust budget and

	<p>Council Tax level.</p> <p>Budget proposals take account of various legislative changes as they affect Council services.</p> <p>If the budget for a directorate is to be exceeded, which will result in a call on reserves, the Executive will need to identify the impact on reserves and when they will be replenished.</p> <p>None of the savings proposals in this report required public consultation. A number of savings measures approved in 2017/18 and earlier years are continuing and these were subject to public consultation and equality impact assessments at that stage.</p>
Equality/Diversity Implications	<p>The Council has complied with the requirements of its Public Sector Equality Duty.</p> <p>None of the savings proposals in this report required public consultation. A number of savings measures approved in 2017/18 and earlier years are continuing and these were subject to public consultation and equality impact assessments at that stage.</p>
Sustainability Implications	None arising out of this report.
Resource Implications e.g. Staffing / ICT / Assets	Human Resources – statutory processes have been complied with during the course of these budget proposals in respect of staffing implications where they apply.
Risk Management Implications	The risks associated with the budget proposal have been considered.
Health and Wellbeing Implications	The Council has complied with the requirements of its Public Sector Equality Duty.
Health and Safety Implications	The health and safety implications of the budget proposal have been considered.

### **Other Options**

The Executive is recommending an overall increase to the level of council tax of 4.99% in 2018/19 comprising the increase of 2% for the ‘adult social care precept’ to be earmarked for adult social care expenditure and 2.99% general increase in the ‘relevant basic amount’.

An alternative option is not to increase council tax but there would be insufficient funding to pay for the Council’s services in 2018/19. If this option were pursued then further savings of £4.44 million would need to be identified over and above the significant level of savings already included in this budget report. Alternatively a decision could be made to increase its ‘relevant basic amount of council tax’ above the levels proposed in this report, however this would exceed the referendum limits, which would mean a local referendum was required.

The use of reserves has been reviewed (See Section 7) and an appropriate amount has been assessed for release to support these budget proposals whilst still

maintaining a minimum level of reserves to manage any unforeseen risks. Any further use of reserves is not recommended as it does not provide a sustainable means of balancing the budget.

### **Consultation**

None of the savings proposals in this report required public consultation. A number of savings measures approved in 2017/18 and earlier years are continuing and these were subject to public consultation and equality impact assessments at that stage.

### **The Public Sector Equality Duty**

The Equality Act 2010 requires public authorities to comply with the Public Sector Equality Duty. The public sector equality duty requires public authorities to consider the needs of people who are disadvantaged or suffer inequality when making decisions regarding its service provision and policies.

People who are protected under the Equality Act 2010, have certain protected characteristics. The characteristics that are protected in relation to the Public Sector Equality Duty are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

Public authorities, when carrying out its functions, must therefore have due regard to:

- The elimination of unlawful discrimination;
- The advancement of equality of opportunity between people who have protected characteristics and those that do not; and
- The fostering or encouragement of good relations between people who share a protected characteristic and those who do not.

In considering the report and deciding whether to propose the recommendations to Council the Executive is required to have regard to the Public Sector Equality Duty. In order to satisfy this duty the Executive must consider whether the proposals are likely to discriminate against or disadvantage persons who have protected characteristics as set out above; whether there are mitigation measures which would offset any such impacts which are identified; or whether countervailing factors, namely the significant budgetary pressures facing the Council and the need to make improvements and efficiencies to the services concerned are considered to provide justification for the measures proposed.

### **Reasons for Recommendation**

To enable the Council to set a Budget Requirement and Council Tax level for 2018/19. The reason for these recommendations is to deliver a balanced budget 2018/19 in relation to the proposals set out in this report, whilst having due regard for equality impact and risk mitigation.

### **Key Decision**

This is a key decision currently on the Forward Plan: Yes

**Finance Officer Clearance** .....GB .....

**Legal Officer Clearance** .....DA.. .....

**CORPORATE DIRECTOR'S SIGNATURE**

*Juanne Hyde*

To confirm that the Financial and Legal Implications have been considered and the Executive Member has cleared the report.



**TRAFFORD**  
**COUNCIL**

**Executive's  
Revenue Budget  
Proposals 2018/19 &  
2019/20-2020/21 Medium  
Term Financial Strategy**

**21 February 2018**

# CONTENTS

	<b>Pages</b>
Foreword by the Executive Member for Corporate Resources	9
<b>Section</b>	
1 Budget Process 2018/19	14
2 Financial Background	18
3 2017/18 Base Budget & Monitoring Position as at Period 8 (November 2017)	21
4 Budget Updates 2018/19 and MTFS 2019/21	25
5 Proposed 2018/19 Budget & 2019/21 MTFS	32
6 Investment Strategy	34
7 Robustness, Risks & Reserves	35
8 Schools Funding & Budgets 2018/19	40
9 Council Tax Requirement and Statutory Calculations	43
<b>Annexes</b>	
A Base Budget Assumptions	47
B Movements Between Draft Budget (November 2017) & Final	48
C Analysis of Business Rate Growth Supporting the Budget in 2018/19	52
D New Budget Proposals by Intervention	53
E 2018/19 indicative Budget Categorised subjectively (changes in expenditure and incomes by category)	63
F 2018/19 indicative Budget Categorised objectively (management accounts format)	64
G Council Investment Summary	66
H Robustness of the 2018/19 Proposed Budget Estimates	67
I Outline of Schools Funding Formula 2018/19	70



## **FOREWORD by the EXECUTIVE MEMBER for CORPORATE RESOURCES COUNCILLOR PATRICK MYERS**

I am pleased to present the Council's annual budget report for 2018/19 and later years which sets out our spending priorities across the revenue and capital programme.

Since 2010 the Council has successfully addressed funding gaps in the budget as a result of rising cost pressures, primarily in social care, and reduced funding totalling £161.47m whilst continuing to provide high quality services across the Borough and having one of the lowest council tax levels in the country. This has been no easy challenge for a low funded, low tax authority like Trafford and has only been achieved by a strong culture of innovation and financial management across all services.

This year however is different, not because those challenges have gone away, but because we have changed our approach to how we overcome them and fund services provided by the Council. This is primarily through new income following the pursuit of economic growth and income generation strategies over many years that are now paying dividends in supporting revenue budget.

This is a hugely exciting time to live in our borough and in our many and varied communities, across our principal towns and their surrounding geographies there is much that we can all be excited by as we begin 2018.

Over 94 per cent of our young people attend good or excellent schools and we will continue to support and champion our schools so that they continue to thrive.

Trafford's economy is robust and is supported by a highly skilled, highly educated workforce with 52% qualified at NVQ4 and above compared to the Greater Manchester (GM) average of 35%. During 2017/18 the Council has helped more people into work with the Council directly supporting over 200 people into employment in Trafford via the Trafford Pledge. The Council is also working with businesses providing opportunities and access to resources to help them to establish and grow with our town centres being revitalised and you can see across the Borough how this determination is working.

Over the last 12 months the Council has supported 8 businesses to open in vacant units by providing loan funding assistance through the Town Centres Business Growth Programme, this created almost £500,000 of private investment and over 60 jobs and helped to bring the town centres vacancy rate below the regional and national averages.

We remain committed to our town centres and have already seen improvements in prosperity in Altrincham, Urmston and Partington and we have worked hard to pursue a once in a generation opportunity to create a Refreshed Stretford Masterplan with UA92, a game changing higher education institution that will profoundly benefit our young people in Trafford. In Sale, plans are afoot to see a real improvement in the town centre offer so that no matter where you live in Trafford, you have town and village centres of which you can be proud.

This past year saw the completion of a new library in Old Trafford with further planned in Timperley, Hale and Altrincham. This means all of our communities will have access to a modern library service including in Sale West, Woodsend, Trafford Town Hall, Urmston, Sale and Stretford.

Our environment is important to us and thanks to your help; we are one of the greenest boroughs in the UK with 8 green flag parks and are the only local authority based in the North of England to be in the top 10 nationally for recycling. This helps to keep Council Tax down and is great for the environment. New trio-bins are being rolled in all of our town centres.

In recent years we have approached the budget position positively and transformed and reshaped our services. Our long-term vision for the future is that:

*No one will be held back and no one left behind*

and our future strategy holds this at its core. A new place-based strategy is under development guided by two key principles around: -

- People - The Council will help residents to help themselves and each other
- Place - To create a place where people want to live, stay, learn, work & relax

A number of key work streams will be developed over the next few years to ensure Trafford is able to meet the challenge with our partners and create a sustainable borough. The conversation we must have with the residents of the borough, customers and partners is how we can further transform the services our communities rely on and provide them in different ways.

Since the draft budget was presented to Executive on 16 October 2017 there have been a number of factors which have contributed towards an overall increase in the funding gap in our budget for 2018/19 from £18.03m to £22.95m and over the next three years from £36.00m to £40.67m.

There has been a full review of budget assumptions and review of inflationary pressures on pay, goods and services and contractual expenditure as well as including the implications of the Autumn Budget Statement and Local Government Financial Settlement. The implications of the projected outturn for 2017/18 have also been considered together with full robustness review of the budget by the Chief Finance Officer. The Council's Scrutiny Committee has also contributed positively to the budget process and reviewed the budget assumptions and proposals.

<b>Movement in Budget Gap Draft to Final</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>
<b>Budget Gap at Draft Budget Feb 2017 (Grossed up)</b>	<b>18,026</b>	<b>8,343</b>	<b>9,636</b>
<b>Changes to Budget Assumptions</b>			
Increase in Adults Social Care Pressures	3,400	0	0
Increase in Children's Social Care Pressures	500	0	0
Waste Levy	100	479	34
Special Projects Fund	100	0	0
Coroners and Mortuary Fees	100	0	0
Cost of Living Wage	(405)	0	0
Reduction in New Homes Bonus	89	197	0
Reinstatement of Vacancy Factor	(568)	0	0
Review of Inflation and Employee Pay Award	677	503	(280)
AGMA One off Refunds and Reduction in GMCA Contributions	(536)	480	0
Reduction in Car Parking Charges	167	0	0
Reduction In Transport Levy	(223)	0	0
Other	(212)	(510)	(738)
School Crossing Patrol	350	0	0
Other	165	(122)	(43)
<b>Changes to Funding</b>			
Business Rates Tariff Adjustment	1,215	(489)	230
<b>Revised Budget Gap (Feb 2018)</b>	<b>22,945</b>	<b>8,881</b>	<b>8,839</b>

Three quarters of the funding gap of £22.95 million has been met from a combination of significant additional funding and income generation supplemented by the continuation of our transformational service delivery savings. This has been assisted by additional income from our new Investment Strategy approved at Executive in September. This has involved the acquisition of investment property and provision of debt finance yielding an overall net return capable of covering borrowing costs and helping bridge the funding gap.

- **Additional funding and use of reserves amounting to £12.97 million** comprising: -

- Council tax of £5.42 million:

- £2.67m from an increase in the 'relevant basic amount' of Council Tax of 2.99%, and
  - £1.77m from an increase of 2% in respect of the 'adult social care precept'
- For a band D property in Trafford this equates to an increase of £1.14 per week or £59.06 per annum.
- £979k from an increase in our overall tax base (the growth in property numbers should mean that we reach the landmark of having 100,000

residential properties in the Borough during 2018/19, an increase of nearly 3,400 since 2010)

Business rates of £5.42 million, due to revisions in assumptions following the implementation of the 100% business rate retention pilot in AGMA

- Release of a Council Tax Collection Fund surplus of £0.50 million
- The use of the budget support reserve, which has been set aside for this purpose, of £1.63 million. This gives us a temporary one-year smoothing effect which defers savings to 2019/20.

• **Income generation and savings amounting to £9.98 million** comprising: -

- Income Generation £3.92 million:
  - Additional share dividend income from the Manchester Airport Group (MAG) and returns on a new shareholder loan to support major asset improvements at Manchester and Stansted airports £1.64m
  - New income from our developing Investment Strategy £1.20m
  - Additional income from the kerbside green waste collection £575k
  - New proposals which are projected to generate £480k.
- Transformational Service Delivery Savings £6.06 million.

Meeting the Budget Gap	2018/19 £'000	2019/20 £'000	2020/21 £'000
<b>Revised Budget Gap (Feb 2018)</b>	<b>22,945</b>	<b>8,881</b>	<b>8,839</b>
<b>Changes to Funding - Feb 2017 to Final</b>			
Increase in Council Tax (2.99%, 1.99%, 1.99%)	(2,672)	(1,902)	(1,940)
Adult Social Care Precept	(1,772)	(932)	(14)
Increase in Council Tax Base over assumed	(979)	(11)	(12)
Release of Prior Year accumulated Council Tax Surplus	(500)	200	300
Benefit from Business Rates Pilot	(5,419)	0	0
Reserves	(1,630)	1,630	0
<b>Total Funding Changes</b>	<b>(12,972)</b>	<b>(1,015)</b>	<b>(1,666)</b>
<b>Savings Feb 2017 to Final</b>			
Income	(3,920)	(1,861)	1,758
Efficiencies & Policy Choice	(6,053)	245	(86)
<b>Total Savings</b>	<b>(9,973)</b>	<b>(1,616)</b>	<b>1,672</b>
<b>Total Budget Gap (Feb 18)</b>	<b>0</b>	<b>6,250</b>	<b>8,845</b>

The approach to addressing the budget gap continues to follow the principles of maximising funding and generation of new income streams whilst minimising the impact on key services. This growth in funding, which is a reflection of the emphasis the Council places on promoting economic growth and regeneration, has contributed

to significant levels of new investment which is included in these budget plans and most notably include: -

- An increased investment in our social care services of £5.9m coupled with £6.5m to cover the cost of adaptations and assistive technology to assist people to live in their own homes
- Additional capital investment in our highways infrastructure of £12.3m plus £2.1m for routine maintenance and pothole repairs over the next three years. This equates to over 20,000 pothole repairs and 14 miles of road surface repairs per year.
- Commitment towards further investment in our leisure centres
- Provision of additional places in our schools £24.7m and major maintenance of schools £5.4m
- Significant local contribution to the Metrolink extension through Trafford Park
- Major public realm improvements of £5.5m in Stretford and Altrincham Town Centres
- Improvements to parks infrastructure and play area refurbishments £0.6m
- Significant investment in the infrastructure improvements at Manchester Airport
- Funding school crossing patrols

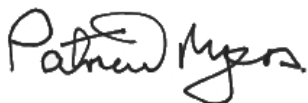
In addition, we have reviewed our fees and charges including: -

- a reduction in car parking charges
- being the first local authority in the north of the Country to abolish library fines.
- removal of burial charges for under 18's

The rising demand placed on our health and social care services continues to be a major pressure for both the Council and Clinical Commissioning Group (CCG). We have recently consulted on proposals to integrate with Trafford CCG with our priority to ensure that resident's wellbeing is the best it can be and, we believe that integrating commissioning and support service functions of the Council and the CCG we can together continue to provide excellent health and social care services to our communities. We have also been successful in securing £22m of funding which we can jointly use to transform the way we deliver health and social care services in the future.

Whilst this budget gap has now been closed for 2018/19 the size of the challenge over the following two years remains significant. For that reason, the budget process for 2019/20 will again commence immediately, so that sufficient time is afforded to consider all options at an `early stage. The emerging Investment Strategy which is already starting to deliver new income streams to support the budget will be developed further during 2018/19 with the objective of reducing the need to make savings in our key services.

Councillor Patrick Myers



Executive Member for Corporate Resources

## BUDGET PROCESS 2018/19

### 1.1 Budget Approach 2018/21

1.1.1 The gross revenue expenditure of the Council in 2017/18 is £433m and comprises:-

- Gross revenue budget £225m (£161m, net of specific grants and fees and charges income)
- Schools (Dedicated Schools Grant) £139m (excluding academy schools)
- Housing Benefits £69m

1.1.2 In addition the Council has a capital programme of £355m in 2017/18 which covers the cost of acquisition of new assets and major maintenance and improvements of the Borough's infrastructure.

1.1.3 The draft budget for 2018/19 was agreed by the Executive on 16th October 2017 and set out the overall approach to the budget to address a funding gap of £36.00m in the revenue budget over the next three years, of which £18.03m related to 2018/19.

1.1.4 In recent years the Council has had to adopt innovative approaches in order to address the significant budget pressures it faces and the Council's Reshaping Trafford approach has been further adapted to reflect on its ambitions and has been incorporated into its Vision 2031 Strategy to further support this budget process to address the gap in the budget for 2018/19 to 2020/21.

1.1.5 The long term vision for the future is that '***no one will be held back and no one left behind***' and our Vision 2031 strategy holds this at its core.

1.1.6 The Executive aims to shape a borough which acknowledges that it is made up of different places and enables each to flourish and be confident in their own identity. It will be a thriving borough everywhere and an attractive place to live. The key outcomes include:-

- Trafford will have thriving communities where people choose to live and which retain their own unique identity across the whole of the Borough.
- Businesses will thrive in all areas, creating sustainable employment for all working age people.
- No place will be isolated because the road network and public transport infrastructure will connect all our places.
- Young people will have access to good quality education that prepares and enables them to develop the skills they need to access good quality jobs.
- The sport, recreation and retail offer will help to define the unique nature of these places, which complements the wider offer across the borough whilst promoting healthy lifestyles and regular exercise.

- Young couples and families will want to live in these areas because they have good quality housing, access to good quality schools and they are well connected to transport links.
- People will be enabled to take full responsibility for their health and wellbeing. They will partake in regular exercise and narrow the healthy life expectancy gap, living independently within their communities.

1.1.7 As part of this work our placed based strategy 'Vision 2031' has been developed based around two guiding principles which will see the Council work with partners to ensure services are delivered in the most efficient and effective manner:-

- People - The Council will help residents to help themselves and each other
- Place - To create a place where people want to live, stay, learn, work & relax

1.1.8 This strategy which continues to evolve currently has seven key interventions and the savings and income proposals in this budget report have been themed around these, albeit a number of the themes will take time to develop.

- Creating a national beacon for sports, leisure and activity for all, making Trafford a destination of choice
- Accelerate housing and economic growth
- Redesigning services
- One Trafford - being responsible, being bold, being healthy
- Optimising technology to improve lives and productivity
- Building on excellent education outcomes - developing a wider education and skills offer that better connects people to jobs
- Mersey Valley becomes a significant visitor attraction that connects the North to the South of the Borough.

1.1.9 As with previous budget rounds the Executive has continued the approach of growth, income and saving to balance its overall budget. The first two themes were a priority for the Executive as the creation of new income into the Council will avoid the equivalent amount having to be found from service budgets and thereby minimise adverse impacts on residents and businesses.

1.1.10 At draft budget in October 2017 a number of income generation and savings totalling £8.39m were identified and assumptions were made on increases to the rate of council tax and one-off use of reserves. At this stage a budget gap of £5.55m remained.

<b>Table 1 - Summary of the Reduction in the Revised Funding Gap</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>
<b>Funding Gap Before Feb17 Savings &amp; Funding Proposals</b>	<b>18,026</b>	<b>8,343</b>	<b>9,636</b>
Savings & Income programmes (Feb 17)	(395)	(421)	0
Adult Social Care Precept (3% + 0%)	(2,672)	0	0
Increase in Council Tax (general increase of 1.99%)	(1,772)	(1,870)	0
<b>BUDGET GAP (Feb17)</b>	<b>13,187</b>	<b>6,052</b>	<b>9,636</b>
Changes to Budget Assumptions	(468)	(260)	(738)
Changes to Funding	1,215	(489)	230
<b>TOTAL BUDGET MOVEMENTS</b>	<b>747</b>	<b>(749)</b>	<b>(508)</b>
<b>REVISED FUNDING GAP (Oct17)</b>	<b>13,934</b>	<b>5,303</b>	<b>9,128</b>
New Budget Proposals (Oct17)	(8,385)	(272)	450
Increase in Council Tax (general increase of 1.99%)	0	0	(1,917)
<b>TOTAL PROPOSALS</b>	<b>(8,385)</b>	<b>(272)</b>	<b>(1,467)</b>
Investment Income	TBC	TBC	TBC
<b>NEW BUDGET GAP (Oct17)</b>	<b>5,549</b>	<b>5,031</b>	<b>7,661</b>

1.1.11 Unlike previous years there was no formal public consultation on the budget proposals which reflected a continuation of savings programmes agreed in earlier years or measures which did not warrant a new consultation. Since the draft budget which was approved by the Executive on 16th October 2017 there have been a number of factors which have impacted on the overall budgetary position.:-

- Provisional Local Government Finance Settlement (Section 2)
- In-year monitoring position (Section 3)
- General review of budget assumptions
- Scrutiny
- Staff Consultation

1.1.12 In order to assist the evaluation of the budget proposals and to ensure that the Council has paid due regard to its duties under the Equality Act, a number of Equality Impact Assessments (EIAs) have been carried out previously to ensure that due consideration was given to those with the protected characteristics and the likely impact of the proposals on each of these groups for the savings measures included in the report.

## 1.2 Scrutiny Review

1.2.1 The Scrutiny process for the budget was undertaken across three different sessions:-



- Stage 1 - Review of the MTFP, budget assumptions and budget gap at the draft budget stage
- Stage 2 – Presentation by the Leader of the draft budget proposals
- Stage 3 – Final presentation by the Leader on 5 December 2017 to explain how the budget would be balanced.

1.2.2 All sessions were attended by relevant Executive Members and senior officers to give background to the budget proposals and answer questions.

1.2.3 Scrutiny Committee comments were submitted to the Executive on 29th January 2018 in the 'Overview and Scrutiny Review of the Executive's Draft Budget Proposals for 2018/19' report

1.2.4 The report identifies that Scrutiny Members feel that there are four key areas where the Executive needs to satisfy itself of the robustness of the proposals. These are:

- The level of savings rated as amber risk to delivery of £6m
- Adult social care
- Level of budget reserves
- Achievability of new income streams from the Investment Strategy

1.2.5 The Executive's response to the Scrutiny Committee issues and recommendations can be found in a separate report on the Executive agenda.

### **1.3 Staff Consultation – Terms and Conditions**

1.3.1 For the period 2018/19, formal consultation has taken place to extend the 1.5 days mandatory leave for a further temporary period of 12 months, April 2018 to March 2019, with an exemption applied to staff on bands 1 and 2. The scheme being intended to supplement a voluntary scheme that was introduced in 2017/18.

1.3.2 The period of statutory consultation commenced on 16th November 2017, with the issue of a S.188 notice to the recognised trade unions and concluded on 8th January 2018.

1.3.3 During this period, there were three formal collective consultation meetings, with trade union officials. The purpose of these meetings was to discuss the proposal, receive feedback and try and reach a collective agreement. On the basis of the feedback it has been decided to end the requirement for staff to take mandatory leave in 2018/19 and only continue with voluntary scheme that is in place.

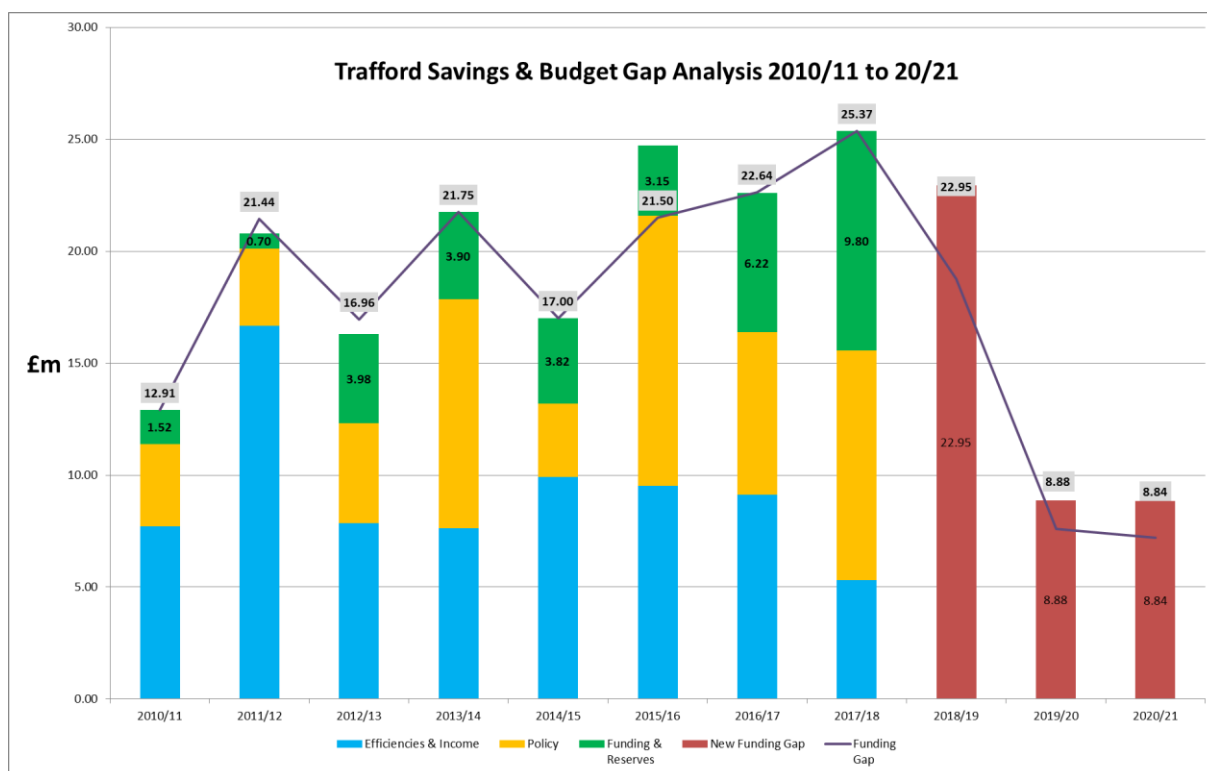
## 2. FINANCIAL BACKGROUND

### 2.1 Background

2.1.1 Since 2010 the Government has reduced the funding for Local Government and has announced plans to completely phase out Revenue Support Grant (RSG) by 2020, paving the way for the implementation of 75% Business Rate Retention scheme.

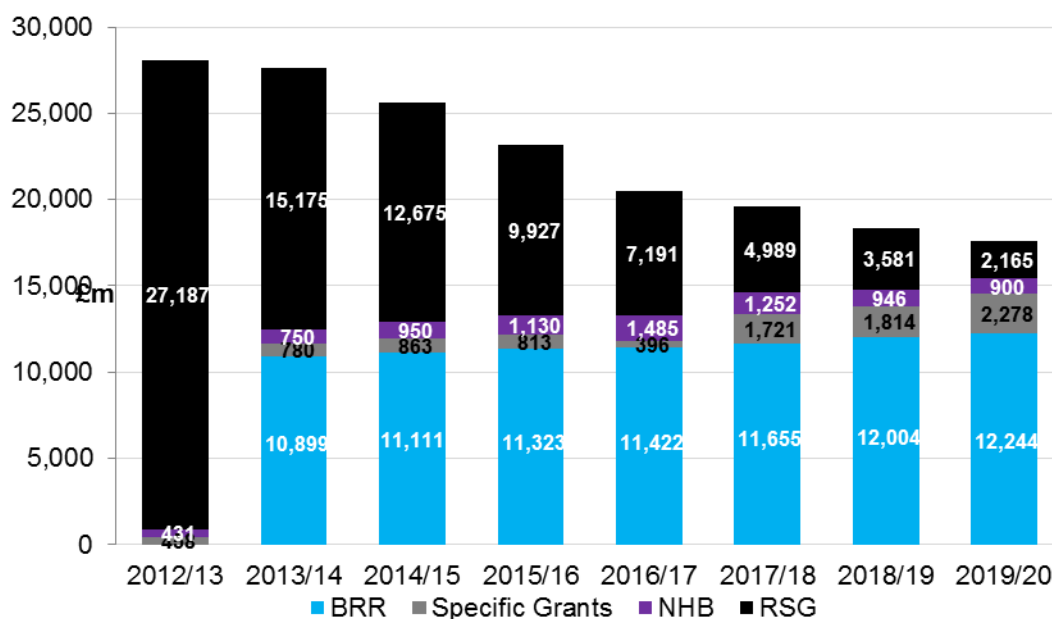
2.1.2 During this period the Council has successfully delivered £112.81m of savings and the current year 2017/18 budget includes a further £15.57m of savings. These are being delivered through a mixture of income generation, in-house efficiencies and the transformation of services and service delivery.

2.1.3 Over the next three years the Council is tasked with closing a funding gap which now stands at £40.67m.



### 2.2 Local Government Finance Settlement

2.2.1 The provisional 2018/19 Local Government Finance Settlement was released on the 19th December 2017 which provided updates to the national funding figures to 2019/20. These confirmed the national reduction in Revenue Support Grant (RSG) of £1.4bn (28%). Since the introduction of the 100% business rate pilot, RSG is now included in our overall baseline funding level.



2.2.2 The Settlement also included the following:-

- Increase to the council tax referendum threshold increased by 1% to 3% (18/19 and indicative for 19/20)
- Technical consultation on Fairer Funding launched – Implement by 2020/21
- Business Rate Reset by 2020/21
- Green Paper to be published by summer 2018 setting out the Government’s proposals for reform of social care funding
- A number of technical changes to business rates due to indexation changes – Est £1.4m budget benefit in 2018/19

2.2.3 The Final settlement was announced on 6 February 2018 and in addition to the above, included for a number of other factors to affect the overall budget:-

- Additional Adult Social Care Support Grant of £150m nationally (Trafford £591k)
- Technical changes to the calculation of the business rate tariff adjustment £19k (favourable)
- Reductions to a number of service grants £60k

2.2.4 The Final 2018/19 settlement figures re-confirmed those originally offered in accepting the four year settlement and can be found in the table below:

<b>Table 2 - The Funding Offer</b>	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>
Revenue Support Grant	22,989	15,276	10,303	5,299
Transitional Grant	465	458	0	0
Rural Services Delivery Grant	0	0	0	0
<b>Total</b>	<b>23,454</b>	<b>15,734</b>	<b>10,303</b>	<b>5,299</b>

## **Business Rates**

- 2.2.5 Whilst the settlement contained a range of technical adjustments affecting the level of business rates available to support the budget in 2018/19 and later years, significant benefit will be realised from the pilot of the 100% business rate retention across Greater Manchester (GM). In February 2017 the 2017/18 Local Government Finance Settlement confirmed a number of areas including GM, Liverpool City Region, West Midlands, West of England, Cornwall and the Greater London Authorities will be piloting 100% Business Rates Retention from 1<sup>st</sup> April 2017. The main benefit from the Pilot being that the Government's share of business rate growth above baseline of 50% under the previous arrangement is no longer payable and instead retained within GM. This is estimated to be worth approximately £4.3m per year to Trafford Council. The overall additional benefit rising to £5.42m due to increases in section 31 compensation grants relating to the Small Business Rate Relief scheme and a analysis is shown in Annex C. The overall benefit from business rates growth supporting the Council's 2018/19 budget is £9.89m.
- 2.2.6 However, there still remains uncertainty over the level of funding that will be available from 2020 due to the impending reset to business rate baselines and a redistribution of funding formula and the overall reserves strategy needs to recognise this risk.

## **Council Tax**

- 2.2.7 Council Tax in Trafford remains one of the lowest in the country, council tax revenues remain fairly buoyant due in part to the growth in the tax base. This is due not only to the success of the local economy, with less having to be paid in council tax support, but also the Council has a proactive approach in assisting housing developers with their planning applications including linking them into funding sources to improve the prospect of delivery. Also investment in public realm is expected to have the twin benefits of attracting more business whilst also making our town centres attractive places to live. Of course strong collection performance together with initiatives such as the single person discount review and proactive interventions in council tax support help maximise this important source of funding. The growth in property numbers should mean that we reach the landmark of having 100,000 residential properties in the Borough during 2018/19, an increase of nearly 3,400 since 2010).
- 2.2.8 Taking this into consideration The Chief Finance Officer, in accordance with her delegated powers, has approved a Tax Base of 76,045 Band D properties for 2018/19, an increase of 1,162 from 2017/18. The forward plans have an expectation of £400k growth in council tax each year.

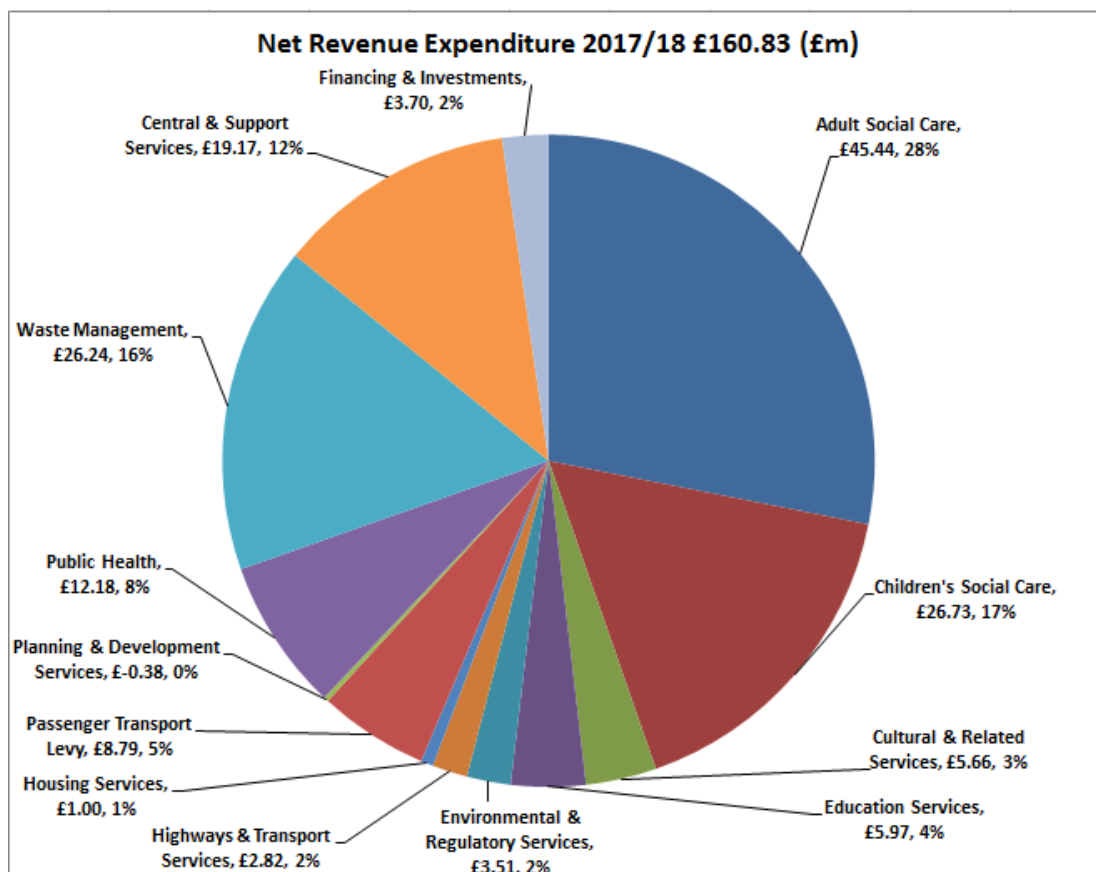
## **Summary**

- 2.2.9 Although the levels of external grant available continue to decline, the additional funding from local tax revenues are proving crucial to balancing the budget and avoid the need to make further savings in the cost of public services. This will be supported further through new income streams from the Council's emerging investment strategy.

### 3. 2017/18 BASE BUDGET & MONITORING POSITION as at PERIOD 8 (November 17)

#### 3.1 Base Budget 2017/18

3.1.1 The Council's current gross budget for 2017/18 is £432.94m however this includes specific funding of Dedicated Schools Grant and Housing Benefit. The Council's net controllable budget agreed by Council in February 2017 was £160.83m.



3.1.2 Which includes some of the following:

- Adult Social Care
  - Supported over 3,829 residents with a care package
  - Provided 6,878 services to service users.
  - Provided over 700,000 hours of external home care support
- Children's Social Services
  - 2856 children in receipt of children's safeguarding services
  - 477 periods of children being in the care of the local authority
  - 434 Child Protection plans in the reporting year to date
- Economic Growth, Environment & Infrastructure
  - Maintained over 500 miles of roads and footpaths.

- Maintained over 27,500 lampposts and 4,500 items of illuminated street furniture.
  - Responsible for 18,000 highway trees and 50,000 trees within public parks and open spaces
  - Remove approximately 440 tonnes per month of street sweepings and litter.
  - Empty approximately 35,000 bins of household rubbish every day.
  - Support and regulate over 5,000 premises for food, health and safety, trading standards, pollution and licensing.
  - Manage parking restrictions on street and off street across the borough with 1,440 car park spaces in 21 off street car parks
  - Licence and regulate approximately 2,400 premises, people and taxis within the Borough.
  - Carry out over 2,000 pest control treatments in homes, schools and businesses across the borough.
- Transformation & Resources
- The Council continues to collect over 98% of Council Tax remaining the highest in GM which supports the Council's financial resources.
  - The Council's customer contact service deal with over 330,000 telephone enquiries per year. In 2017/18, the Contact Centre target is to answer 80% of telephone calls within 20 seconds.
  - The Catering Service serves on average 12,500 meals per day, over 2.38 million meals per year.
  - The authority has one crematorium and five cemeteries and the service undertakes approximately 1,700 cremations and 600 burials per year.
  - The Council continues to promote openness and transparency and our Council meetings have received over 4,900 online views.
  - During 2016/17 108,818 visitors to Waterside Arts Centre selling more than 40,609 tickets and receiving over 3,000 school children.
  - Provision of the Council's in-house professional services of HR, Legal, IT & Finance
  - Facilitates and supports the award winning Trafford Partnership.
  - Provision of wedding facilities at Trafford Council venues.

### **3.2 Revenue Budget Monitoring 2017/18 Period 8 (November 17)**

3.2.1 Delivery of the 2017/18 budget is critical to maintaining the Council's budget proposals and future MTFS. The period 8 (November 2017) revenue budget monitoring report forecasts a small underspend of £216k as follows:

<b>Table 3 - Budget Monitoring by Service</b>	<b>2017/18 Revised Budget (£000's)</b>	<b>Forecast Outturn (£000's)</b>	<b>Forecast Variance (£000's)</b>	<b>Percent -age</b>
Children's Services	31,289	31,930	641	2.1%
Adult Services (Inc. Public Health)	57,794	59,592	1,798	3.1%
Economic Growth, Environment & Infrastructure	38,318	37,868	(450)	(1.2)%
Transformation & Resources	16,893	16,164	(729)	(4.3)%
<b>Total Directorate Budgets</b>	<b>144,294</b>	<b>145,554</b>	<b>1,260</b>	<b>0.9%</b>
Council-wide budgets	16,531	15,055	(1,476)	(8.9)%
<b>Net Service Expenditure variance</b>	<b>160,825</b>	<b>160,609</b>	<b>(216)</b>	<b>(0.1)%</b>
<b>Funding</b>				
Business Rates	(67,462)	(67,462)	-	
Council Tax	(88,630)	(88,630)	-	
Reserves	(3,058)	(3,058)	-	
Collection Fund surplus	(1,675)	(1,675)	-	
<b>Funding variance</b>	<b>(160,825)</b>	<b>(160,825)</b>	<b>0</b>	<b>0.0%</b>
<b>Net Revenue Outturn variance</b>	<b>0</b>	<b>(216)</b>	<b>(216)</b>	<b>(0.1)%</b>

3.2.2 The current in-year variations contain a number of notable items:-

- Business Rates :
  - £5.1m (estimated) from the 2017/18 GM 100% Business Rates Retention Pilot. Transferred to a new earmarked reserve to fund the 2018/19 budget.
  - One-off income relating to the 2016/17 Business Rate Growth Pilot of £1.3m transferred to a new earmarked reserve to mitigate future business rates funding risks.
- Manchester Airport interim dividend of £1.784m.
- Investment Strategy covering the purchase of properties and other investments part year benefit of £328k
- Underspends in EGEI £450k and T&R £729k
- 1.5% increase in council tax base (equivalent to £1.5m per annum growth)
- Green bins income above target £600k
- £2m extra investment in Roads during the year.

3.2.3 These additional income streams and savings have mitigated the impact of continuing underlying pressures in both adults and children's social care caused by a combination of factors including:-

- An underachievement of £1.415m and £0.641m on the savings programmes in adults and children's services respectively
- Net increase in care fees of £383k – due to pressures from addressing delayed transfers of care and increasingly complex levels of care of £1.683m, offset by one-off savings in year of £1.3m.

3.2.4 These items above have been considered in developing the budget proposals for 2018/19 and later years.



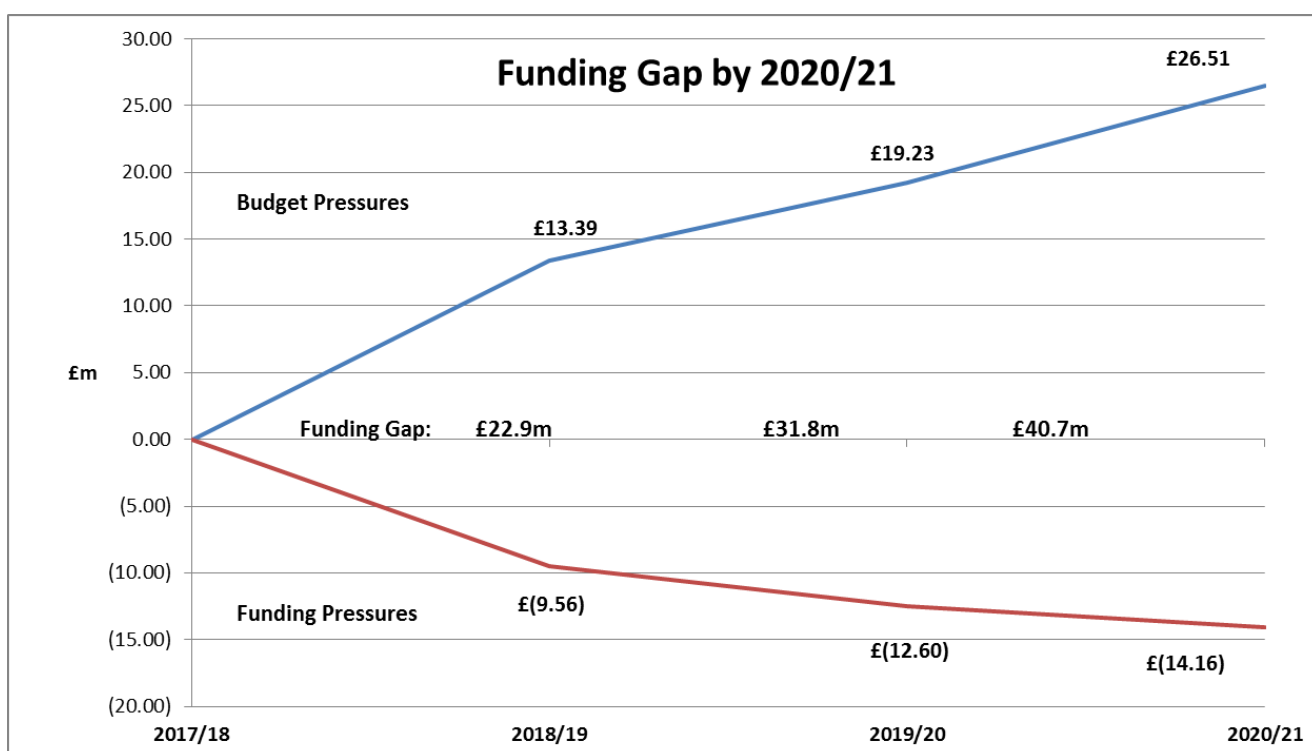
## 4. BUDGET UPDATES 2018/19 and MTF5 2019/21

4.1 This section identifies:-

- The overall funding gap for 2018/19 and later years and explains the changes since the draft budget was published in October 2017.
- How the funding gap has been closed for 2018/21.

### 4.2 Updated Annual Funding Position

4.2.1 The MTF5 position reported to the Executive in the October 2017 Draft Budget Report showed an overall funding gap for 2017/18 to 2019/20 of £36.00m, however due to the in-year demand being experienced within Adult and Children Services, the release of the 2017 Autumn Statement and provisional 2018/19 Local Government Finance Settlement, and updates to policies, assumptions and estimates, the funding gap for the three years has now increased by £4.67m to £40.67m, as shown in the chart below:



### 4.3 Updated Cost Pressures, Investment and Funding Summary

#### 4.3.1 Cost pressures and investment:

These total £26.51m over the next three years, the main features are detailed below with a summary of budget assumptions shown in Annex A:

- Pay: includes a provision for a 1% pay award; a further amount has been included in the general contingency equivalent to a further 1% for 2018/19 and 2019/20

- Inflation: relates to non-staffing budgets and includes a general allowance of 2%; plus other contractual inflation.
- Living Wage: the allowance of £5.20m has now been reduced by £400k due a lower than anticipated 2018/19 rate being confirmed in the 2017 Autumn Statement.
- Levies: allowances for waste disposal, transport and Environment Agency (flood defence).
- Demography: an annual budget increase to reflect the increasing number of adults & children requiring social care of £2.00m. A further amount has been added since the draft budget report of £3.4m in respect of the continuing increases in adult social care costs, mainly attributed to the impact of addressing delayed transfer of care, increasing complexity of care, frailty and to support the local care market; the latter supported by an additional Adult Social Care Support Grant announced in February 2018. In addition an extra £500k has been invested to address the increase in cost of looked after children.
- New Income: an allowance for the Council's share of the additional funding of £1.5bn the Government is providing for the improved Better Care Fund and New Adult Social Care Support Grant.
- Expected Grant Reductions: allowance for reductions in the New Homes Bonus to four year allocations and introduction of the deadweight and a reduction in DSG recharge.
- Additional investment of £433k in a number of policy areas which are subject to approval as part of this report, with further details in the separate report on fees and charges:-
  - a reduction in car parking charges £167k
  - being the first local authority in the north of the country to abolish library fines £28k.
  - removal of burial charges for under 18's £52k
  - Ending the mandatory leave scheme for staff £186k
- Other: includes allowances for other minor service pressures & contingency items.

**Overall increase in the estimate of budget pressures in 2018/19 since the November draft budget is £4.67m**

#### 4.3.2 Funding:

The overall reduction in resources is estimated at £14.16m over the next three years. The main element of this being the reduction in Revenue Support Grant, in part offset by the increase in the council tax-base. Of this £9.55m is in 2018/19 and includes a reduction of £5.43m in RSG and Transition Grant and reversal of the one-off application of reserves in 2017/18.

4.3.3 The table below summarises the budget movements caused by cost pressures, investments and funding between the draft and final budget stage and the impact on the overall funding gap and a full detailed listing is provided in Annex B.

<b>Table 4 - Movement in Budget Gap Draft to Final</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>
<b>Budget Gap at Draft Budget Feb 2017 (Grossed up)</b>	<b>18,026</b>	<b>8,343</b>	<b>9,636</b>
<b>Changes to Budget Assumptions</b>			
Increase in Adults Social Care Pressures	3,400	0	0
Increase in Childrens Social Care Pressures	500	0	0
Waste Levy	100	479	34
Special Projects Fund	100	0	0
Coroners and Mortuary Fees	100	0	0
Cost of Living Wage	(405)	0	0
Reduction in New Homes Bonus	89	197	0
Reinstatement of Vacancy Factor	(568)	0	0
Review of Inflation and Employee Pay Award	677	503	(280)
AGMA One off Refunds and Reduction in GMCA Contributions	(536)	480	0
Reduction in Car Parking Charges	167	0	0
Reduction In Transport Levy	(223)	0	0
Other minor movements (See Annex B for detail)	(47)	(632)	(781)
School Crossing Patrol	350	0	0
<b>Changes to Funding</b>			
Business Rates Tariff Adjustment	1,215	(489)	230
<b>Revised Budget Gap (Feb 2018)</b>	<b>22,945</b>	<b>8,881</b>	<b>8,839</b>

4.3.4 A subjective breakdown of the revised £40.67m funding gap is provided in the table below:

<b>Table 5 - The 2018-21 Budget Gap</b>	<b>February 2018</b>		
	<b>2018/19 (£'000)</b>	<b>2019/20 (£'000)</b>	<b>2020/21 (£'000)</b>
<b>Budget Forecasts</b>			
<b>Net Budget b/fwd</b>	<b>160,825</b>	<b>174,158</b>	<b>179,993</b>
<b><u>Budget Pressures</u></b>			
Pay	967	687	890
Living Wage	1,417	1,729	1,646
Inflationary	277	282	287
Contractual Obligations	1,939	1,742	1,706
Levies	675	1,085	487
Social Care Demographic	5,900	2,000	2,000
Grants, Legislative & Service Transfers	232	(2,198)	0
Loss of Income	320	(160)	(160)
Treasury Management	99	(420)	(698)
Policy Choice Investment *	247	0	0
Other	1,320	1,088	1,127
<b>Total Annual Budget Pressures</b>	<b>13,393</b>	<b>5,835</b>	<b>7,285</b>
<b>Budget Requirement Before Savings</b>	<b>174,218</b>	<b>179,993</b>	<b>187,278</b>
<b><u>Funding:</u></b>			
Council Tax	(89,073)	(89,519)	(89,966)
Business Rates: Local Share	(62,200)	(58,708)	(56,707)
<b>Available Funding</b>	<b>(151,273)</b>	<b>(148,227)</b>	<b>(146,673)</b>
<b>Total Annual Funding Pressures</b>	<b>9,552</b>	<b>3,046</b>	<b>1,554</b>
<b>Annual Budget Gap</b>	<b>22,945</b>	<b>8,881</b>	<b>8,839</b>
<b>Cumulative Budget Gap</b>	<b>22,945</b>	<b>31,826</b>	<b>40,665</b>

\* Policy Choice Investment includes a reduction in car parking charges £167k, abolition of library fines £28k, and removal of burial charges for under 18's £52k as referred to in para 4.3.1. The Policy Choice Investment relating to the reduction in Mandatory Leave of £186k is classified as a reduction of a savings proposal.

#### **4.4 How The Funding Gap Has Been Met 2018/19**

4.4.1 The table below shows the final position following the latest round of business cases & budget proposals and funding updates. In excess of 73% of the budget gap has been met from new funding, predominantly from retained business rates and additional council tax. This growth in local funding being as a result a continued investment in both economic growth initiatives and

regeneration projects. The Council's developing Investment Strategy is also starting to yield a recurrent benefit that will support the budget in future years.

<b>Table 6 - Meeting the Budget Gap</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>
<b>Revised Budget Gap (Feb 2018)</b>	<b>22,945</b>	<b>8,881</b>	<b>8,839</b>
Increase in Council Tax (2.99%,1.99%,1.99%)	(2,672)	(1,902)	(1,940)
Adult Social Care Precept	(1,772)	(932)	(14)
Increase in Council Tax Base over assumed	(979)	(11)	(12)
Release of Prior Year accumulated Council Tax Surplus	(500)	200	300
Benefit from Business Rates Pilot	(5,419)	0	0
Reserves	(1,630)	1,630	0
<b>Total Funding Changes</b>	<b>(12,972)</b>	<b>(1,015)</b>	<b>(1,666)</b>
<b>Savings Feb 2017 to Final</b>			
Income	(3,920)	(1,861)	1,758
Efficiencies & Policy Choice	(6,053)	245	(86)
<b>Total Savings</b>	<b>(9,973)</b>	<b>(1,616)</b>	<b>1,672</b>
<b>Total Budget Gap (Feb 18)</b>	<b>0</b>	<b>6,250</b>	<b>8,845</b>

4.4.2 A summary of the changes since the Draft Budget Report in October 2017 which included a remaining gap of £5.549m are summarised as follows with more specific detail given in Annex B

<b>Table 7 - Movements since Draft Budget</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>
<b>Budget Gap (Oct 17)</b>	<b>5,549</b>	<b>5,031</b>	<b>7,661</b>
Change to budget assumptions and new investment	4,172	1,287	(289)
Changes to Savings and Income Proposals	(1,193)	(923)	1,222
Additional Funding	(8,528)	855	251
<b>Total Budget Gap (Feb 18)</b>	<b>0</b>	<b>6,250</b>	<b>8,845</b>

4.4.3 The major changes being:-

- Review of Budget Assumptions:-

- Additional investment in both adults and children’s social care of £3.9m due to pressures caused by the rising cost and complexity of care and rephasing of some savings programmes
- Additional budget allowed for due to expected inflationary pressures, particularly on pay related costs
- Continued investment on schools crossing patrols
- Changes in savings and income proposals:-
  - Mainly relating to £1m of additional savings from continuing adult social care programmes and additional income from the Investment Strategy
- Additional Funding:-
  - Additional benefit from the 100% business rate pilot scheme, changes to S31 compensation grants and technical formula changes £5.42m
  - Increase in the council tax base and one-off use of the collection fund surplus £1.47m
  - Additional use of the Budget Support Reserve £1.63m - the Budget Support Reserve which was created during 2015/16, as a result of prudent financial management, to support future year’s budgets. This is a one-off resource which assists in helping to close the gap in 2018/19.

#### 4.4.4 Council Tax

- Council Tax: within the Provisional 2018/19 Local Government Finance Settlement the Government set out its proposals regarding Council Tax referendum principles for 2018/19 and indicative levels for 2019/20:-
  - a) to allow Local Authorities to increase their Council Tax by less than 3% without the need to hold a referendum i.e. allow a 2.99% general increase in the ‘relevant basic amount’. This budget report includes for a 2.99% increase in 2018/19 and a further 1.99% increase in 2019/21.
  - b) Continue the flexibility offered on the use of the ‘adult social care precept’, the original intention was for a 2% per year increase from 2017/18 to 2019/20, in recognition of the pressures on adult social care services especially in the next two years, social care authorities will now have the flexibility to increase by up to 3% in 2017/18 or 2018/19 but still cannot exceed 6% in total over the three year period. The proposals in this report include for a further precept amount of 2% in 2018/19 and 1% in 2019/20, following the 3% levied for 2017/18.

Note: to ensure councils are using the income from the precept they will be required to publish a description of their plans which must be signed off by the Chief Finance Officer.

**Therefore the budget for 2018/19 includes proposals for an overall increase in the level of Council Tax of 4.99%:**

- 2.99% general increase in the ‘relevant basic amount’ and
- 2% for the ‘Adult Social Care’ precept

## 4.5 Existing & New Savings & Income Proposals

4.5.1 The table below summarises all the income and savings programmes of £9.97m in 2018/19 and proposals by Vision 31 intervention:

Note: The figures in the table below also include the full year impact of £4.39m from those income generating projects and savings identified in the 2017/18 budget process and consultation, and approved by Council in February 2017.

<b><i>Table 8: Summary of Savings &amp; Income Proposals by Intervention</i></b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>
Transforming services	(5,989)	449	(86)
Accelerate housing and economic growth	(2,989)	(1,351)	1,858
One Trafford - being responsible, being bold, being healthy	(807)	(656)	0
Optimising technology to improve lives and productivity	(188)	(58)	(100)
<b>Total Income and Savings</b>	<b>(9,973)</b>	<b>(1,616)</b>	<b>1,672</b>

4.5.2 New income and savings proposals to be approved in this report are individually listed in Annex D.

## 5. PROPOSED 2018/19 BUDGET and 2019/21 MTFS

5.1.1 The proposed net budget for 2018/19 is £164.245m an increase in the net budget of £3.42m or 2.1%, from £160.83m. Full subjective and objective summaries providing a breakdown of the 2018/19 net budget of £164.25m can be found in Annexes E & F.

5.1.2 Whilst the budget gap has now been closed for 2018/19 the size of the challenge over the following two years remains significant. For that reason the budget process for 2019/20 will, as in previous years, commence immediately such that sufficient time is afforded to consider all options at an early stage, to ensure robust savings proposals can be developed in order to bridge the budget gap in future years as shown below.

<i>Table 9 - The 2018-21 Budget Gap</i>	February 2018		
	2018/19 (£'000)	2019/20 (£'000)	2020/21 (£'000)
<b>Budget Forecasts</b>			
<b>Net Budget b/fwd</b>	<b>160,825</b>	<b>164,245</b>	<b>168,564</b>
<b><u>Budget Pressures</u></b>			
Pay	967	687	890
Living Wage	1,417	1,729	1,646
Inflationary	277	282	287
Contractual Obligations	1,939	1,742	1,706
Levies	675	1,085	487
Social Care Demographic	5,900	2,000	2,000
Grants, Legislative & Service Transfers	232	(2,198)	0
Loss of Income	320	(160)	(160)
Treasury Management	99	(420)	(698)
Policy Choice Investment *	247	0	0
Other	1,320	1,088	1,127
<b>Total Budget Pressures</b>	<b>13,393</b>	<b>5,835</b>	<b>7,285</b>
<b><u>Approved Budget Proposals</u></b>			
Income	(3,920)	(1,861)	1,758
Efficiencies & Policy Choice	(6,053)	245	(86)
<b>Total Approved Budget Proposals</b>	<b>(9,973)</b>	<b>(1,616)</b>	<b>1,672</b>
<b>Net Budget</b>	<b>164,245</b>	<b>168,564</b>	<b>177,521</b>
<b><u>Funding:</u></b>			
Council Tax	94,496	97,809	100,254
Council Tax Prior Year Collection Fund (Surplus)/Deficit	500	300	0
Business Rates: Local Share	145,335	150,631	159,661
Business Rates: Tariff Payment	(87,609)	(96,914)	(110,516)



Business Rates: Assumptions, Growth, S31 Grants, GM Pilot	9,893	10,488	13,027
<b>Funding</b>	<b>162,615</b>	<b>162,314</b>	<b>162,426</b>
<b><u>Movements in Reserves:</u></b>			
Budget Support Reserve	385	0	0
Other Funding Reserves	1,245	0	0
<b>Movements to/(from) Reserves</b>	<b>1,630</b>	<b>0</b>	<b>0</b>
<b>Cumulative Revised Budget Gap</b>	<b>0</b>	<b>6,250</b>	<b>15,095</b>
<b>Annual Revised Budget Gap</b>	<b>0</b>	<b>6,250</b>	<b>8,845</b>

\* Policy Choice Investment includes a reduction in car parking charges £167k, abolition of library fines £28k, and removal of burial charges for under 18's £52k as referred to in para 4.3.1. The Policy Choice Investment relating to the reduction in Mandatory Leave of £186k is classified as a reduction of a savings proposal.

## 6. INVESTMENT STRATEGY

### 6.1 Background

6.1.1 Over the last twelve months significant emphasis has been placed on developing a Strategy which will support the Council's financial resilience over the next few years and offer an alternative solution that can be used to address future budget gaps. The Investment Strategy will only be one element of the Council's budget strategy and service savings and efficiencies will continue to be sought in future years, albeit that it is expected that the reliance on generating sustainable, low risk revenue streams will play an increasing role given the extent of savings already delivered since 2010/11.

6.1.2 The Council's Strategy was approved by Executive and Council in July 2017 when approval was given to increase the capital programme to £300m, supported by prudential borrowing, to support the approach.

6.1.3 It is crucial that in developing an investment strategy appropriate guidance is followed. Draft MHCLG Guidance on Local Government Investments considers three key areas. The Strategy:-

- should set out the authority's policies for prudent management of its investments and for giving priority firstly to **security of investments** and secondly **liquidity** followed by **yield**.
- Should identify the procedures for monitoring, assessing and mitigating risk of loss of the invested sums
- should be approved by full Council.

### 6.2 Coverage

6.2.1 The Council's overall approach to investments is included in the Treasury Management Strategy and Capital Strategy Reports found elsewhere on the agenda, with a summary of the Council's investment assets shown in Annex G.

- **Financial assets- (See Treasury Management Report)**
  - Specified Investments
  - Loans
  - Non specified Investments (ie MAG shares)
- **Non-financial investments (See Capital Strategy Report)**

## **7. ROBUSTNESS, RISKS & RESERVES**

### **7.1 Robustness and Risks**

7.1.1 The law requires that the Council sets a balanced and robust budget, which is sufficient to meet its legal obligations, and then its aspirations. This requires all plans to be costed, forecasts and estimates to be checked for reasonableness, and risks to be assessed across the many varied services the Council provides. This also includes an assessment for emergencies, severe weather and other service and strategic risks.

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

7.1.3 In exercising their statutory duty the Chief Finance Officer, in conjunction with the Corporate Leadership Team, will take all matters and issues into consideration and will make a reasoned assessment of whether the budget is sufficient and robust. The Executive will ensure the minimum reserve level is maintained to ensure the Council can meet its obligations.

7.1.4 The Council faces various financial risks to include:

- The ability to deliver savings within agreed timescales.
- Potential legal challenges to decisions.
- Fees & charges income differing to assumptions.
- Variations to external funding and grant allocations.
- Demographic pressures.
- Inflation & Interest Rates differing to assumptions.
- Business Rates growth & the 100% retention scheme pilot and potential costs with backdated appeal costs.
- Variations to external levies & contracts.
- Future changes to legislation
- An increasing level of its funding from local sources
- Devolution & integration of Health & Social Care (also an opportunity)

### **7.2 Reserves**

7.2.1 Reserves are set aside so that future plans can be afforded or to avoid infrequent or emergency expenditure impacting on the 'normal operational budget. It is a legal requirement to set aside provisions, and a minimum level of generally available reserve and it is best practice to ensure that there are other sufficient reserves available to meet further needs to ensure an achievable and sustainable budget.

7.2.2 The Council usable reserves at 31st March 2017 stood at £65.08m, of which £30.24m relates to Earmarked revenue reserves as shown below along with their projected usage over the 3 year planning period.

<b>Table 10: Usable Reserves</b>	<b>14/15 £m</b>	<b>15/16 £m</b>	<b>16/17 £m</b>	<b>17/18 £m</b>	<b>18/19 £m</b>	<b>19/20 £m</b>	<b>20/21 £m</b>
Specific	11.38	7.48	6.35	5.12	4.24	3.38	2.87
Smoothing	1.64	2.84	3.54	8.84	8.48	8.41	3.44
Budget Support	0.00	4.05	6.89	3.83	2.20	2.20	2.20
Service C/fwd	3.94	6.59	4.72	2.18	2.18	2.18	2.18
Investment Fund	0.00	0.00	2.48	4.96	2.94	0.92	0.92
NDR Deficit/Levy	6.81	(0.38)	6.26	5.26	0.00	0.00	0.00
<b>Earmarked Reserves</b>	<b>23.77</b>	<b>20.58</b>	<b>30.24</b>	<b>30.19</b>	<b>20.04</b>	<b>17.09</b>	<b>11.61</b>
General Reserve	7.87	7.89	6.00	6.00	6.00	6.00	6.00
Capital Related Reserves	30.25	17.77	20.63	6.32	0.49	0.49	0.49
School Related Reserves	10.73	9.42	8.21	7.57	7.57	7.57	7.57
<b>Total Usable Reserves</b>	<b>72.62</b>	<b>55.66</b>	<b>65.08</b>	<b>50.08</b>	<b>34.10</b>	<b>31.15</b>	<b>25.67</b>
Provisions	18.87	18.77	24.58	24.58	24.58	24.58	24.58
<b>Total Usable Reserves &amp; Provisions</b>	<b>91.49</b>	<b>74.43</b>	<b>89.66</b>	<b>74.66</b>	<b>58.68</b>	<b>55.73</b>	<b>50.25</b>

7.2.3 General Reserve: the Council is required by law to maintain a minimum level of reserves to meet unexpected or emergency expenditure, in February 2017 Council agreed to set the minimum level of the General Fund Reserve at £6.00m, the Chief Finance Officer advises the Council to maintain this level.

<b>Table 11: Advised minimum level of General Reserve</b>	<b>2018/19 £m</b>
Tax & Treasury Management	0.31
Pay & inflation	0.78
Fees and Charges	0.18
Emergency & Disaster Recovery	1.04
Efficiencies	0.63
Demand led budgets	1.85
Other Pressures	0.57
General Fund Financing	3.70
<b>TOTAL</b>	<b>9.06</b>
Risk reduction of 34%	-3.06
<b>Advisory level of minimum reserve</b>	<b>6.00</b>

7.2.4 The Council holds other Earmarked reserves to fund both revenue and capital expenditure which are held primarily to fund known future commitments but also act as service contingencies for unexpected events and to cover future risks, which include:

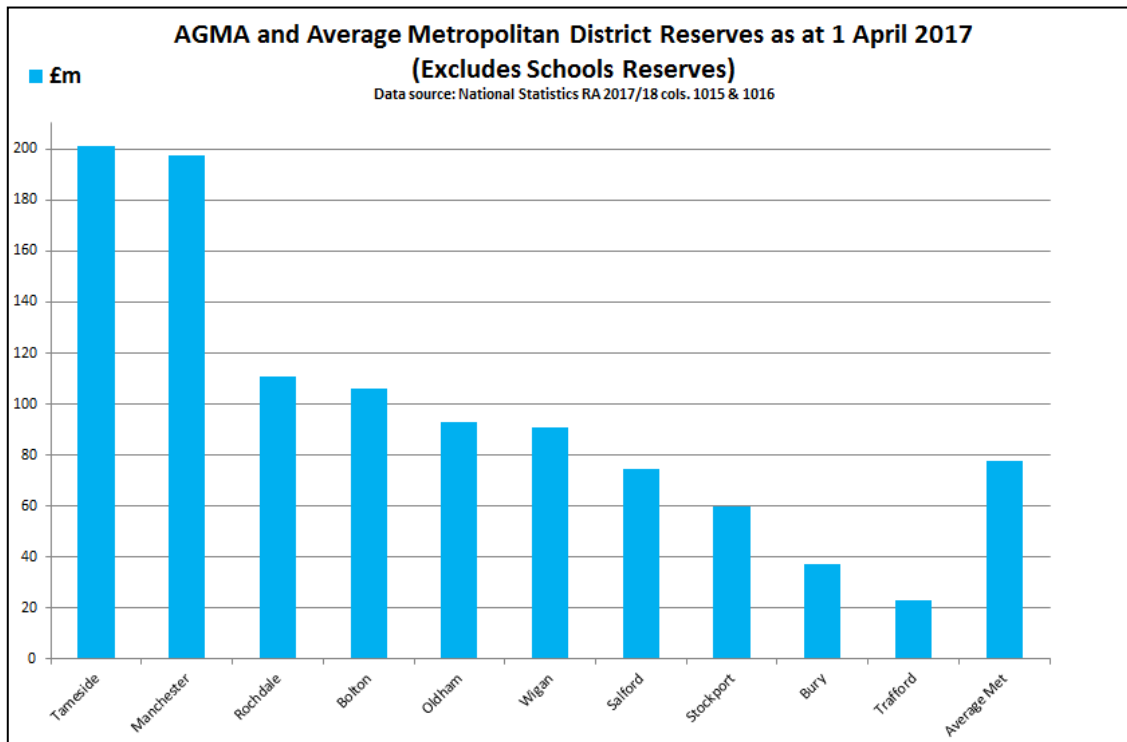
- Specific: mainly consists of the Insurance Reserve to cover potential future claims as a result of past events, the Employment Rationalisation Reserve for the costs of severance and related costs of structural change over and above the revenue budget provision and Major Projects Reserve. This latter reserve available to cover any costs related to current place shaping development and feasibility work and any deficits on schools in special measures which convert to academy status.
- Smoothing: established to reduce or smooth out volatility in the revenue budget where normal operating expenditure is not always similar year-on-year, mainly to dampen variations to the Waste Levy and business rates. In 2020/21 the business rate baselines will be the subject to a national reset and together with the introduction of Fairer Funding and reassessment of baseline need means that when the opportunity arises sums are added to reserve to mitigate any changes to overall funding in that year. The Smoothing Reserves also includes the estimated benefit of £5m received from the 2017/18 GM 100% Business Rates Retention Pilot, as a result of a new benefit sharing agreement. This ongoing benefit will be utilised in arrears to support the 2018/19 and future year's budget.
- Budget Support: established in 2015/16 to provide a cushion against volatility in budget funding and the significant level of savings required over the medium term.
- Service Carry Forward: represents accumulated savings on directorate budgets in previous years. These amounts are anticipated to be utilised to support expenditure on transformational projects.
- Investment Fund: to be established from the revised approach to the application of the existing MRP policy, this will generate £9.93m between the years 2016/17 to 2019/20 and its use will be restricted to being deployed on sustainable income generating or 'invest to save' i.e. revenue cost saving projects.

7.2.5 The Council holds the following reserves for statutory or specific purposes only:

- Capital reserves: consist of capital receipts, grants and contributions which can only be used to fund capital expenditure and are all allocated to support the current capital programme
- Schools reserves: represent the carry forward balances of individual school surpluses & deficits
- Balancing the annual budget by drawing on Earmarked reserves may be viewed as a legitimate short-term option but it is not prudent for these reserves to be deployed to finance recurrent expenditure. In 2016/17, a Budget Support Reserve was established to provide a cushion against volatility in budget funding and the significant level of savings required over

the medium term. A drawdown of £1.6m will be made from this reserve to support the budget in 2018/19 leaving £2.2m available for future years.

7.2.6 The level of Reserves the Council holds is in part reflective of the past funding levels of a council in comparison to its need to spend. Holding reserves can assist in cushioning the effects of financial shocks and aids resilience. It should be noted that, as the lowest funded Council in Greater Manchester, Trafford also faces the challenge of having accumulated the lowest level of earmarked reserves.



**Data source:** National Statistics: Local authority Revenue Account (RA) expenditure and financing England: 2017 to 2018 budget individual local authority data:

### 7.3 Summary

7.3.1 It is a requirement of the Local Government Act 2003 for the Council's Chief Finance Officer to give an opinion as to the robustness of the budget estimates and the adequacy of the financial reserves (s25) and the minimum level of reserves (s26). These opinions are provided to Members to assist in their determination as to whether the proposed budget is sufficient to meet the needs of the Council.

7.3.2 Members' attention is drawn to the statement by the Chief Finance Officer attached at Annex H, which should be taken into account before approving the budget together with the comments made in paragraphs below.

7.3.3 In determining the budget for the forthcoming year there are important decisions about the use of reserves. The provisional 2018/19 local government finance settlement reconfirmed funding through to 2019/20. Whilst we may have concern about the size of the settlements they are

nevertheless useful in understanding how decisions will be taken over the Council's medium term financial position.

- 7.3.4 The planned use of £1.6m of general reserves to support the budget is a one-off source of funding and therefore the budget gap in 2019/20 increases by this amount.

## 8. SCHOOLS FUNDING & BUDGETS 2018/19

### 8.1 Background

8.1.1 Schools are funded from ring fenced grants, the most notable of which is the Dedicated Schools Grant (DSG). This funding cannot be used for any other Council function, and essentially schools operate within their own fund with any under or over expenditures being taken forward into future years. A National Funding Formula (NFF) has been introduced for 2018/19 and the DSG can be divided into four main areas:

- Schools Block - approximately £156m which essentially funds schools' budgets. This includes £65m for academies. There will be a 'soft' formula for 2 years where the NFF is used to set notional budgets for each school which will be aggregated to give the total schools block. After being consulted, schools and Funding Forum have opted to use the NFF rates from 2018-19 and 2019-20. It remains the Government's intention that a 'hard' formula will be introduced in 2020-21.
- Central Schools Services Block – £1.6m. This is a new block and has been created to reflect the ongoing local authority role in education.
- High Needs Block – provisional allocation £25m which primarily supports Special Educational Needs (SEN) expenditure. This includes £12m to fund Trafford Special Schools.
- Early Years Block - approximately £16m, which funds educational, provision for 2 to 5 year olds in both LEA Schools and Private, Voluntary and Independent (PVI) settings. This grant has been increased for the additional 15 hours of provision for 3 and 4 year olds of eligible working parents.

8.1.2 The increase in funding overall as a result of the NFF is £3.99m and pupil number increases have resulted in a further £1.49m. The increase in the Early Years Block is due to the full year effect of the additional 15 hours entitlement. The table below illustrates the allocations :

<b>Table 12: NFF Allocations</b>	<b>2017/18 (£m)</b>	<b>2018/19 (£m)</b>	<b>Difference (£m)</b>
Schools	150.120	155.603	5.483
Central School Services	-	1.558	1.558
High Needs	25.037	25.176	0.139
Early Years	14.195	15.696	1.501
<b>Total</b>	<b>189.352</b>	<b>198.033</b>	<b>8.681</b>

8.1.3 Other grants include Pupil Premium Grant (PPG) of £6m which is intended to bridge the attainment gap for pupils in receipt of free school meals and pupils who are or have been in care. In addition to this there is the Universal Infant Free School Meals Grant £3m, 6<sup>th</sup> Form Funding £1.5m and PE and Sports Grant £1.1m.



## 8.2 Summary Position 2017/18 and 2018/19

- 8.2.1 The estimated outturn position on the DSG for 2017/18 is a total overspend of £639k. This overspend will be financed from the central DSG reserve, leaving a balance carried forward to 2018/19 of just £85k.

<b>Table 13 DSG Position 2017/18</b>	<b>Budget £</b>	<b>Expected Outturn £</b>	<b>Difference £</b>
School's block	88,484,925	88,578,629	93,704
High Needs Block (*)	21,827,250	22,331,782	504,532
Early Years	14,207,132	14,247,927	40,795
<b>Total</b>	<b>124,519,307</b>	<b>125,158,338</b>	<b>639,031</b>
Reserve carried forward 16/17	724,175		
Expected reserves remaining	85,144		

(\*) net of academy school costs

- 8.2.2 There is significant pressure in the High Needs Block mainly due to year on year increases in the costs of pupils with care plans where costs exceed available budget; the projected overspend in 2018/19 is £1.18m.

<b>Table 14: DSG Allocations &amp; Budget 2018/19</b>	<b>£m</b>	<b>£m</b>
<b>Schools Block Budget</b>		
Allocated to schools (excl £0.4m growth fund)	155.20	155.20
<b>High Needs Block Budget</b>		
Special Schools	12.00	
Sensory Impairment	1.23	
Speech Therapy	0.24	
SEN	6.14	
Out of Borough	4.53	
Notional SEN Contingency	0.43	
Behaviour & Attendance	0.46	
PRU's	1.09	
Post 16 FE Colleges	0.13	
EFA High Needs Block Deduction	0.11	26.36
<b>Early Years Block Budget</b>	15.70	15.70
<b>Schools Central Services</b>	1.56	1.56
<b>Total 2018/19 DSG Budgets</b>		<b>198.82</b>
Schools Block Allocation	155.20	
Schools Central Services Block Allocation	1.56	
High Needs Block Allocation	25.18	
Early Years Block Allocation	15.70	
<b>Total 2018/19 DSG Allocations</b>		<b>197.64</b>
<b>Shortfall</b>		<b>1.18</b>

- 8.2.3 On 9 February 2018 the Education and Skills Funding Agency (ESFA) approved the council's request to top-slice the schools block by 0.5% (£778k)

to help finance these projected additional costs. The request was made following a school funding forum on 9 January 2018 which rejected the original request, despite the majority of schools agreeing to it when formally consulted. This means the additional costs in the high needs block will be distributed more equitably across all schools and equates to an adjustment of £21.62 per pupil.

- 8.2.4 Officers will be reviewing aspects of High Needs expenditure with a view to addressing the remaining gap and a further report will be presented to Executive in April setting out final proposals to ensure that high needs expenditure remains within budget, following further consultation with schools.

## 9. COUNCIL TAX REQUIREMENT AND STATUTORY CALCULATIONS

### 9.1 Budget Requirement

9.1.1 The Local Government Finance Act 1992, as amended by the Localism Act 2011, requires the Council to make the following calculations:

- an estimate of the Council's gross revenue expenditure - Section 31A(2),
- an estimate of anticipated income - Section 31A(3),
- a calculation of the difference between (i) and (ii) above, (i.e. net revenue expenditure) - Section 31A(4) – this is known as the Council Tax Requirement,
- a calculation of the Council's 'relevant basic amount' of Council Tax, calculated by dividing the Council Tax Requirement by the council tax base (expressed in Band D's).

9.1.2 If the proposals in this budget report are agreed, the calculation for the 2018/19 Council Tax Requirement will be as follows:

LGFA 1992	Calculation of Council Tax Requirement & Relevant Basic Amount of Council Tax 2018/19	£
<b>S 31A(2)</b> (a) – (f)	<b>Gross Expenditure</b> Service expenditure	450,585,193
<b>S 31A(3)</b> (a, c, d)	<b>Gross Income</b> Fees, charges and specific grants Application of Budget Support Reserve	(286,339,515) (1,629,777)
	<b>Budget Requirement (previous regulations)</b>	<b>162,615,901</b>
(b)	Revenue Support Grant	0
(b)	Retained Business Rates Baseline Business Rates (Growth & S31 Grants) Collection Fund surplus (Business Rates)	(57,725,323) (9,894,019) 0
(b)	Collection Fund surplus (Council Tax)	(500,000)
<b>S 31A(4)</b>	<b>Council Tax Requirement</b>	<b>94,496,559</b>
	<b>Council Tax Base in Band D's</b>	<b>76,045</b>
<b>S 31B</b>	<b>Relevant Basic Amount of Council Tax</b>	<b>£1,242.64</b>

9.1.3 The Chief Finance Officer in accordance with their delegated powers approved the 2018/19 Trafford Council Tax Base (number of equivalent Band D properties in the borough) on 9 January 2018 at 76,045, which is a growth of 1,162 Band D equivalents on 2017/18. The 2018/19 Council Tax Base for the four Parish Councils were also approved as: Partington 1,550, Dunham Massey 224, Warburton 163 and Carrington 125.

## 9.2 Council Tax Increases

- 9.2.1 The Localism Act 2011 abolished Council Tax capping and replaced it with a requirement to hold a Council Tax Referendum if an authority wishes to increase its “relevant basic amount of Council Tax” by an amount equal to or exceeding a level set out by the Government annually. For 2018/19 a figure of 6% has been set, which is a combination of the core principle of 3% and the ‘adult social care precept’ of 3%.
- 9.2.2 In addition in each of the financial years beginning with 2016/17 up to and including 2019/20, the Secretary of State offered authorities with adult social care responsibilities the option of increasing their ‘relevant basic amount’ of council tax by an additional 2% ‘adult social care precept’, to help pay for adult social care costs without breaching the referendum threshold.
- 9.2.3 In recognition of the pressures on adult social care services, within the Provisional 2017/18 Local Government Finance Settlement, the Government announced that adult social care authorities would have the flexibility to increase their ‘adult social care precept’ by up to 3% in each of the three years to 2019/20, but could not exceed 6% in total over the same three year period.
- 9.2.4 As highlighted elsewhere in this report, it is proposed to raise the level of council tax in 2018/19 by 4.99%:
- 2.99% general increase in the ‘relevant basic amount’, and
  - 2% for the ‘Adult Social Care’ precept (compared to the 3% increase in 2017/18).
- 9.2.5 The calculation of the percentage change in “Relevant Basic Amount of Council Tax”, for Trafford Services is shown below :

	2017/18	2018/19
Council Tax Base	74,883	76,045
Council Tax Requirement with Levies (£)	88,630,021	94,496,559
Basic Amount of Council Tax (£) (excluding Social Care Precept)	1,127.66	1,163.05
Social Care Precept	55.92	79.59
Relevant Basic Amount of Council Tax	1,183.58	1,242.64
<b>% increase in Relevant Basic Amount of Council Tax</b>	<b>4.99%</b>	<b>4.99%</b>

- 9.2.6 It is proposed to increase the ‘relevant basic amount’ of Council Tax by 4.99%, which is within the 6% figure set by Government in 2018/19 for social care authorities. As this remains in line with Government policy it would therefore not be deemed ‘excessive’ and as a result there is no requirement to hold a Referendum.

9.2.7 Of the two major precepting bodies, the Mayoral Police & Crime Commissioner is recommending a £12.00 increase in their Band D precept and the Mayoral General Precept (including Fire Services) is proposing an increase of £9.00 on their Band D precept.

9.2.8 Partington Town Council, at its meeting on 13 November 2017, elected to keep the level of Band D Council Tax at £42.50, the same as 2017/18. However, Carrington, Dunham Massey and Warburton Parish Councils have all agreed not to set a Precept in 2018/19.

### 9.3 Council Tax Levels and Bandings

9.3.1 The overall Precepts and Council Tax levels for 2018/19 for Trafford properties are as follows:

<b>Council Tax per Precepting Body</b>	<b>Precept Amount £</b>	<b>Council Tax per Band D Property £</b>	<b>Council Tax Level Increase %</b>
Trafford Services (inclusive of 'Adult Social Care Precept')	94,496,559	1,242.64	4.99%
Mayoral Police and Crime Commissioner (see note)	13,254,644	174.30	N/A
Mayoral General Precept (including Fire Services) (see note)	5,243,303	68.95	N/A
<b>Total (excluding Parishes)</b>	<b>112,994,506</b>	<b>1,485.89</b>	<b>5.69%</b>
Partington Precept	65,875	42.50	0%
<b>Total for Partington</b>		<b>1,528.39</b>	<b>5.53%</b>

9.3.2 Note: The Council Tax figures for the Mayoral Police and Crime Commissioner and Mayoral General Precept (including Fire Services) included above are recommended amounts and are subject to formal approval on 15th February 2017 and 16th February 2017 respectively.

9.3.3 The council tax for 2018/19, inclusive of the 'adult social care precept', for each of the eight valuation bands would be as follows:

<b>Band</b>	<b>Valuation range (in 1991 prices)</b>	<b>Council Tax (Excl. Parishes) £</b>	<b>Council Tax for Partington £</b>
A	Up to £40,000	990.59	1,018.92
B	Over £40,000 and up to £52,000	1,155.68	1,188.74
C	Over £52,000 and up to £68,000	1,320.78	1,358.56
D	Over £68,000 and up to £88,000	1,485.89	1,528.39
E	Over £88,000 and up to £120,000	1,816.09	1,868.03
F	Over £120,000 and up to £160,000	2,146.28	2,207.67
G	Over £160,000 and up to £320,000	2,476.49	2,547.32
H	Over £320,000	2,971.78	3,056.78

## MEDIUM TERM FINANCIAL OUTLOOK - BASE BUDGET ASSUMPTIONS

Base Budget Assumptions	2018/19 £m	2019/20 £m	2020/21 £m
<b>Service Expenditure</b>			
Pay: Inflation	2.0% to 9.0%	2.0% to 9.0%	1.0%
	£1.36	£1.36	£0.63
Pay: Pension Inflation	0.0%	0.0%	0.5%
	£0.00	£0.00	£0.26
Pay: Increments & Pension Auto-Enrolment	£0.34	£0.06	£0.00
Pay: Living Wage	£1.42	£1.73	£1.65
General Inflation: Prices	2.0%	2.0%	2.0%
	£0.28	£0.28	£0.29
Contractual Obligations: Inflation Specific e.g. energy	£1.94	£1.74	£1.71
Levies: Waste (GMWDA) Levy Increase	£1.12	£0.05	£0.32
Demographics: Children	£0.50	£0.50	£0.50
	Adults	£1.50	£1.50
<b>Treasury Management</b>			
Investment Rates	0.99%	1.24%	1.55%
Debt Rates	3.00%	3.50%	3.50%
<b>Funding</b>			
Council Tax rate increase (Adult Social Care)	2.00%	1.00%	0.00%
Council Tax rate increase (Relevant Basic Amount)	2.99%	1.99%	1.99%
Council Tax base increase	1.55%	0.50%	0.50%
Reduction in Settlement Funding Assessment	(12.49)%	(7.87)%	(8.27)%
	£(7.03)	£(3.88)	£(3.76)

**Budget Movements & Proposals: Feb 2017 to Oct 2017**

<b>MOVEMENTS &amp; PROPOSALS</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
<b>Funding Gap Before Feb17 Savings &amp; Funding Proposals</b>	<b>18,026</b>	<b>8,343</b>	<b>9,636</b>
Trafford Leisure Centre - Franchise Fee	(100)	(100)	0
Waterside Arts Centre - Business Development	(100)	0	0
Charging for Kerbside Garden Waste Collection	(75)	(395)	0
Sale Waterside - Sub-letting Income	(50)	0	0
CCTV New Trading Model	(10)	(15)	0
<b>INCOME PROPOSALS (Feb17)</b>	<b>(335)</b>	<b>(510)</b>	<b>0</b>
Supported Living	(250)	0	0
Mandatory Recycling	(232)	(261)	0
Review of Sale PFI contract	(50)	0	0
Business Scanning	(28)	0	0
Voluntary plus Compulsory Unpaid Leave	500	0	0
GMPF Reduced Allowance for Early Retirements	0	350	0
<b>SAVING PROPOSALS (Feb17)</b>	<b>(60)</b>	<b>89</b>	<b>0</b>
Adult Social Care Precept (3%+0%+0%)	(2,672)	0	0
Increase in Council Tax (general increase of 1.99%)	(1,772)	(1,870)	0
<b>ADDITIONAL FUNDING (Feb17)</b>	<b>(4,444)</b>	<b>(1,870)</b>	<b>0</b>
<b>TOTAL PROPOSALS (Feb17)</b>	<b>(4,839)</b>	<b>(2,291)</b>	<b>0</b>
<b>BUDGET GAP (Feb17)</b>	<b>13,187</b>	<b>6,052</b>	<b>9,636</b>
Reinstatement of Vacancy Factors (CFW & T&R)	(568)	0	0
Reduction of DSG recharge adjustment	(100)	(100)	0
Budget Review	(120)	0	120
Regent Road Car Park Temporary Closure	320	(160)	(160)
Investment Interest & Debt Charges	0	0	(698)
<b>CHANGES TO BUDGET ASSUMPTIONS</b>	<b>(468)</b>	<b>(260)</b>	<b>(738)</b>
Tariff Adjustment (RV @ 31st March & 1617 NNDR3)	1,042	(494)	579
BRR Small Business Rates Relief 1718 +£1m	173	5	(349)
<b>CHANGES TO FUNDING</b>	<b>1,215</b>	<b>(489)</b>	<b>230</b>
<b>TOTAL BUDGET MOVEMENTS</b>	<b>747</b>	<b>(749)</b>	<b>(508)</b>
<b>REVISED FUNDING GAP (Oct17)</b>	<b>13,934</b>	<b>5,303</b>	<b>9,128</b>
Additional Income from Existing Investments	(1,000)	0	0
Additional Income from £9.7m Investment in 1718	(641)	(214)	0
Continued Green Waste Take-up	(500)	0	0
Review of Estates & Rental Income	(150)	0	0
Extra Care Income (New Residents)	(77)	0	0
Assistive Technology Income	(69)	0	0
GM Road Access Permit Scheme Income (RAPS)	(50)	0	0
<b>MOVEMENTS &amp; PROPOSALS</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>



Additional Parking Income (not fees increase)	(40)	0	0
Planning Application Fees	(30)	0	0
Environmental Enforcement Income (Match Days)	(10)	0	0
<b>NEW INCOME PROPOSALS (Oct17)</b>	<b>(2,567)</b>	<b>(214)</b>	<b>0</b>
Continuation Adults Programme	(1,450)	0	0
Service Budgets Savings Target - T&R	(1,000)	0	0
Housing Benefit Overpayment Recovery	(1,000)	0	500
Continuation Children's Programme	(900)	0	0
Continuation of voluntary / mandatory leave scheme	(532)	0	0
Savings from Estate Review	(400)	0	0
Service Budget Savings Target – EGEI	(200)	0	0
SAP Maintenance Annual Fee reduction	(91)	(8)	0
Parking Services - Business Rates	(90)	0	0
Early Payment of Suppliers Discount	(50)	(50)	(50)
Building Control Income & Efficiencies	(30)	0	0
Public Protection Efficiencies	(30)	0	0
AGMA NW Evergreen	(25)	0	0
Strategic Economic Growth Team Efficiencies	(20)	0	0
<b>NEW SAVING PROPOSALS (Oct17)</b>	<b>(5,818)</b>	<b>(58)</b>	<b>450</b>
Increase in Council Tax (general increase of 1.99%)	0	0	(1,917)
<b>ADDITIONAL FUNDING</b>	<b>0</b>	<b>0</b>	<b>(1,917)</b>
<b>INVESTMENT INCOME</b>	<b>TBC</b>	<b>TBC</b>	<b>TBC</b>
<b>TOTAL PROPOSALS (Oct17)</b>	<b>(8,385)</b>	<b>(272)</b>	<b>(1,467)</b>
<b>NEW BUDGET GAP (Oct17)</b>	<b>5,549</b>	<b>5,031</b>	<b>7,661</b>

## 2018/19 Movements Between Draft Budget (Oct 2017) & Final (Feb 2018)

MOVEMENTS & PROPOSALS SINCE DRAFT BUDGET	2018/19	2019/20	2020/21
	(£000)	(£000)	(£000)
<b>BUDGET GAP AT DRAFT (Oct17)</b>	5,549	5,031	7,661
<b>CHANGES TO BUDGET ASSUMPTIONS (Oct 17 to Feb 18)</b>			
Increase Adults Base Budget due to demand	3,400	0	0
Increase CYPS Base Budget due to demand	500	0	0
Waste Levy	100	479	34
Special Projects Fund	100	0	0
Coroners and Mortuary Fees	100	0	0
Reduce cost of Living Wage	(405)	0	0
Reduction in New Homes Bonus	89	197	0
Review of Pay Inflation	677	503	(280)
AGMA Budgets	(536)	480	0
Reduce Car Parking Charges *	167	0	0
Reduction in Transport Levy	(223)	0	0
Advertising New Opportunities	50	0	0
Review Contingency	(500)	(250)	0
Realignment of Apprentice Levy Budget	(20)	0	0
Remove charges for Child burials *	52	0	0
Remove library fines *	28	0	0
Remove School Crossing Patrol Savings (17/18 Saving)	350	0	0
Shortfall in Early Retirement Allowance (17/18 Saving)	165	(122)	(43)
Other	78	0	0
<b>TOTAL CHANGES TO BUDGET ASSUMPTIONS (Oct 17 to Feb 18)</b>	<b>4,172</b>	<b>1,287</b>	<b>(289)</b>
<b>CHANGES TO SAVINGS AND INCOME PROPOSALS</b>			
Reduce Sale Waterside - Sub-letting Income	50	0	0
Reduce on Street Parking Income	20	0	0
Rephase income from Leisure CIC	100	0	(100)
Investment Property Net Income	(1,198)	(1,137)	1,858
Change to Environmental Enforcement savings	10	0	0
Review Public Protection Efficiencies	(130)	0	0
Parking Services - Business Rates	0	14	14
Reduce and Rephasing of PFI Savings	200	(100)	0
Rephasing of Early Repayment of Supplier Discount	50	0	(50)
Reduce Housing Benefit Overpayment recovery	500	300	(500)
Reduce External Audit Fees	(35)	0	0
Further efficiencies in Adults Services	(1,000)	0	0
Review of Mandatory Leave Savings *	240	0	0
<b>TOTAL CHANGES TO SAVINGS AND INCOME PROPOSALS</b>	<b>(1,193)</b>	<b>(923)</b>	<b>1,222</b>

<b>ADDITIONAL FUNDING (Oct 17 to Feb 18)</b>			
Increase in Council Tax Base	(979)	(11)	(12)
Release of accumulated Council Tax Surplus	(500)	200	300
Benefit of Business Rates Pilot	(5,419)	0	0
Adjustment to contribution from Reserves	(1,630)	1,630	0
Change in Adult Social Care Precept (2% 18/19, 1% 19/20)	900	(932)	(14)
Change in Council Tax (general increase) 2.99% 18/19, 1.99% 19/20)	(900)	(32)	(23)
<b>TOTAL CHANGES TO FUNDING (Oct 17 to Feb 18)</b>	<b>(8,528)</b>	<b>855</b>	<b>251</b>
<b>TOTAL CHANGES SINCE OCT 17 (DRAFT TO FINAL)</b>	<b>(5,549)</b>	<b>1,219</b>	<b>1,184</b>
<b>NEW BUDGET GAP Feb 2018</b>	<b>0</b>	<b>6,250</b>	<b>8,845</b>

\* Policy Choice Investment as referred to in para 4.3.1.

## Annex C

## Business Rate Growth Supporting the Budget in 2018/19

2018/19	50%	100% PILOT
	£	£
Gross Rates Payable	182,565,243	182,565,243
Transitional Adjustments and Mandatory & Discretionary Reliefs	(15,865,758)	(15,865,758)
<b>NET RATES PAYABLE</b>	<b>166,699,485</b>	<b>166,699,485</b>
Accounting Adjustments (Appeals & BDP) & Cost of Collection	(12,636,373)	(12,636,373)
<b>NNDR Income</b>	<b>154,063,112</b>	<b>154,063,112</b>
Local Share	75,490,925	152,522,481
Tariff	(36,901,771)	(87,609,184)
<b>Retained Business Rates</b>	<b>38,589,154</b>	<b>64,913,297</b>
<b>Baseline Funding Level (*)</b>	<b>35,031,471</b>	<b>57,725,323</b>
Growth	3,557,683	7,187,974
SAICA Renewable Energy	80,952	80,952
Section 31 Compensation Grants	3,748,522	7,299,896
GM Pool Levy	(3,250,289)	0
GM Pool Levy Rebate at 33%	1,082,346	0
<b>Growth/(Decline) to Baseline</b>	<b>5,219,215</b>	<b>14,568,822</b>
GM Pilot 'No Detriment' Over Payment	0	(9,349,607)
GM Pilot 'No Detriment Rebate at 50%	0	4,674,804
<b>NO DETRIMENT GROWTH/(DECLINE) TO BASELINE (*)</b>	<b>5,219,215</b>	<b>9,894,018</b>

(\*) Business Rate Growth plus Baseline Funding = £67.619m

## Transforming Services

Report	Port- folio	Service Area	Description of Saving	Category of Saving	New or existing saving	2018/19 £000's	2019/20 £000's	2020/21 £000's	Impact of Saving (e.g. service, equality, other)
Feb-18	Executive Member for Children and Families	Children	Continuation Children's Programme	Efficiency	Existing	(900)	0	0	This is in part the full year effect of the programme from 2017/18 and the development of new business cases for 2018/19. The emphasis will be on continuing the progress made to date through the transformation project with additional focus on older young people's services.
Feb-18	Executive Member for Children and Families	Children	Reversal of prior year voluntary / mandatory leave scheme	Policy Choice	Existing	126	0	0	
Feb-18	Executive Member for Children and Families	Children	Continuation of voluntary leave scheme	Policy Choice	Existing	(71)	0	0	

Feb-18	Executive Member for Adult Social Care	Adults	Continuation Adults Programme	Efficiency	Existing	(1,700)	0	0	This is in part the full year effect of the programme from 2017/18 and then its continuation in 2018/19. A range of new business cases will be developed with an emphasis on asset based interventions as well as the continuing to improve market stability and price.
Feb-18	Executive Member for Adult Social Care	Adults	Carry forward of 2017/18 programme.	Efficiency	Existing	(1,000)	0	0	This is the continuation of the 2017/18 Adults savings programme.
Feb-18	Executive Member for Adult Social Care	Adults	Extra Care Income (New Residents)	Income	New	(77)	0	0	Introduce a care and support related wellbeing charge to new tenants.
Feb-18	Executive Member for Adult Social Care	Adults	Reversal of prior year voluntary / mandatory leave scheme	Policy Choice	Existing	72	0	0	
Feb-18	Executive Member for Adult Social Care	Adults	Continuation of voluntary leave scheme	Policy Choice	Existing	(32)	0	0	

Feb-18	HP&ES, H&SP	Directorate-wide	Service Budget Savings Target	Efficiency	New	(200)	0	0	In recent years the Directorate has had an underlying underspend relating to the natural staff turnover of over £200k (an approximate 3.5% vacancy level). This is included as an ongoing saving in the budget and will be managed at whole Directorate level.
Feb-18	H&SP	Public Protection – Parking	Parking Services - Business Rates	Efficiency	New	(90)	14	14	Rate review reductions already achieved in 2017, plus a saving in rates from the transfer of Oakfield Road car park and temporary closure of Regent Road car park.
Feb-18	H&SP	Public Protection/ Strategic Growth	Public Protection and Strategic Growth Team Efficiencies	Efficiency	New	(50)	0	0	These are housekeeping savings arising from a full budget review to identify minor budget lines that have been consistently underspent in recent years, e.g. IT spend, staff mileage claims, legal fees, office expenses. There are no staff implications and no effect on service delivery.
Feb-18	H&SP	Public Protection – Parking	Public Protection Procurement efficiency	Efficiency	New	(130)	0	0	The contract for Parking Enforcement has been re-let from April 2018 and has delivered a saving in prices for the same level of service provision.
Feb-18	H&SP	Public Protection – Building Control	Building Control Income & Efficiencies	Efficiency	New	(30)	0	0	Business development changes being implemented following a review of the service in 2017/18. This aims to reduce agency costs and increase income.

Feb-18	HP&ES	Highways	GM Road Access Permit Scheme (RAPS)	Income	New	(50)	0	0	Based on income levels already being achieved in 2017 and expected to continue.
Feb-18	H&SP	Planning Development	Planning Application Fees	Income	New	(30)	0	0	This includes additional income from Planning Performance Agreements introduced in 2016 plus other income already being achieved in 2017/18 from increased development activity and expected to continue.
Feb-18	H&SP	Public Protection – Parking	Parking income	Income	New	(20)	0	0	£8k from the introduction of match day parking fees (Ringo) at Eleventh Street Car Park, £7k from advertising on all pay and display tickets (cost recovery), £5k from increasing the intensity of Bailiff action for persistent non-payment.
Feb-18	HP&ES, H&SP	Directorate-wide	Continuation of voluntary leave scheme	Policy Choice	Existing	(31)	0	0	
Feb-18	HP&ES, H&SP	Directorate-wide	Reversal of prior year voluntary / mandatory leave scheme	Policy Choice	Existing	38	0	0	
Feb-18	C&P	Partnerships & Communities	Waterside Arts Centre	Income	Existing	(100)	0	0	Continued business development to increase net income.
Feb-18	C&P	Partnerships & Communities	CCTV New Trading Model	Income	Existing	(10)	(15)	0	Ongoing saving from 2017/18. Relates to the trading of CCTV services to generate income.



Feb-18	C&P	Partnerships & Communities	Trafford Leisure Franchise Fee	Income	Existing	0	(100)	(100)	To be negotiated and agreed during 2018.
Feb-18	CR/C&P	Transformation & Resources Directorate	Service Budgets Savings Target	Policy Choice	New	(1,000)	0	0	<p>In recent years the Directorate has consistently underspent by at least £1m and is on target to do this again this year.</p> <p>This is not as a result of excess budget provision in any particular area but rather as a result of good housekeeping year on year or income on traded services being higher than budgeted levels.</p> <p>The Directorate has taken on the challenge of saving £1m next year as a one off saving from such housekeeping items. This one off saving is planned to be replaced on a recurrent basis by an increase in income on traded services.</p>
Feb-18	CR/C&P	Transformation & Resources Directorate	Continuation of voluntary leave scheme	Policy Choice	Existing	(158)	0	0	
Feb-18	CR/C&P	Transformation & Resources Directorate	Reversal of prior year voluntary / mandatory leave scheme	Policy Choice	Existing	126	0	0	

Feb-18	Corporate Resources	Treasury Management	Potential Savings from PFI Termination	Efficiency	New	(200)	(100)	0	Anticipated savings in the unitary service payment on the Sale Waterside PFI agreement
Feb-18	Corporate Resources	Treasury Management	Review of PFI Contract	Efficiency	Existing	(50)	0	0	Anticipated savings in the unitary service payment on the Sale Waterside PFI agreement
Feb-18	Corporate Resources	Other centrally held budgets	External Audit Contract	Efficiency	New	(35)	0	0	Public Sector Audit Appointments are proposing that scale audit fees for 2018/19 should reduce by 23 per cent, compared to the fees applicable for 2017/18. This reduction is possible as a result of the favourable prices secured from audit firms in the recent audit services procurement. It follows a period from 2012/13 to 2017/18 in which scale fees reduced significantly by an aggregate of 55 per cent.

Feb-18	Corporate Resources	Levies & Subscriptions	AGMA NW Evergreen	Efficiency	New	(25)	0	0	<p>The original North West Evergreen Fund 5 year partnership funding deal with the Council, agreed by the Executive on 22 November 2010, ended in December 2016.</p> <p>Any future requests for payment into the 'Fund' will need to be approved by the Council under a new agreement. However, there have been no payment requests for the last 2 years as the Partnership has secured funding from other sources.</p>
Feb-18	Corporate Resources	Treasury Management	GMPF Reduced Allowance for Early Retirements	Efficiency	Existing	0	350	0	Reduction to savings associated with the early retirement pension strain cost. Will require renegotiation.
Feb-18	Corporate Resources	Housing Benefit Subsidy	Housing Benefit Overpayment Recovery	Policy Choice	New	(500)	300	0	
Feb-18	Corporate Resources	Terms & conditions	Reversal of prior year voluntary / mandatory leave scheme	Policy Choice	Existing	138	0	0	
						(5,989)	449	(86)	

## Accelerate housing and economic growth

Report	Port-folio	Service Area	Description of Saving	Category of Saving	New or existing saving	2018/19 £000's	2019/20 £000's	2020/21 £000's	Impact of Saving (e.g. service, equality, other)
Feb-18	HP&ES	Property - Estates	Review of estates and rental income	Income	New	(150)	0	0	A number of rent reviews were confirmed in 2017 totalling £100k, plus an additional £50k is assumed from future reviews.
Feb-18	Corporate Resources	Treasury Management	Income from existing investment	Income	New	(1,000)	0	0	Projected additional income from existing investments.
Feb-18	Corporate Resources	Treasury Management	Income from additional £9.7m Manchester Airport Group Investment	Income	New	(641)	(214)	0	Loan interest receivable from a strategic investment in the expansion of Manchester Airport.
Feb-18	Corporate Resources	Property Investments	Gross Income from Investment Properties	Income	New	(2,760)	(1,314)	2,109	Estimated income in the form of new rents and loan repayments from assets held as part of the Council's new investment portfolio.
Feb-18	Corporate Resources	Property Investments	Gross MRP related to Investment Properties	Income	New	1,562	177	(251)	The debt costs associated with the above investment properties.
						<b>(2,989)</b>	<b>(1,351)</b>	<b>1,858</b>	

## One Trafford - being responsible, being bold, being healthy

Report	Port-folio	Service Area	Description of Saving	Category of Saving	New or existing saving	2018/19 £000's	2019/20 £000's	2020/21 £000's	Impact of Saving (e.g. service, equality, other)
Feb-18	HP&ES	Waste Management	Garden Waste Income continued uptake	Income	Existing	(575)	(395)	0	The Council introduced charging for garden waste collection and disposal in 2017 and subscriber numbers reached the three year target in the first three months. The saving assumed for 2018/19 has been increased by £500k accordingly, which assumes a similar level of service take up in 2018. The total ongoing saving after costs is estimated at £1.4m per annum.
Feb-18	HP&ES	Waste Management	Mandatory Recycling	Policy Choice	Existing	(232)	(261)	0	2018/19 is year 2 of a three year programme to reduce waste disposal costs through increased recycling. This will be achieved through a range of initiatives, such as targeting food waste recycling, recycling levels of flats/houses of multiple occupation, improving education/awareness and, where necessary, stricter enforcement.
						<b>(807)</b>	<b>(656)</b>	<b>0</b>	

## Optimising technology to improve lives and productivity

Report	Port-folio	Service Area	Description of Saving	Category of Saving	New or existing saving	2018/19 £000's	2019/20 £000's	2020/21 £000's	Impact of Saving (e.g. service, equality, other)
Feb-18	Executive Member for Adult Social Care	Adults	Assistive Technology Income	Income	Existing	(69)	0	0	Additional income from charging those in receipt of assistive technology.
Feb-18	CR	Finance	Business Scanning	Efficiency	Existing	(28)	0	0	Full year effect of approved 2017/18 saving (total full year saving £128k)
Feb-18	CR	ICT	SAP Maintenance Annual Fee reduction	Efficiency	New	(91)	(8)	0	This has already been negotiated and agreed with the provider during 2017/18
Feb-18	CR	Finance	Early Repayment of Suppliers Discount	Efficiency	New	0	(50)	(100)	Review of Accounts Payable processes to maximise potential supplier discounts.
						<b>(188)</b>	<b>(58)</b>	<b>(100)</b>	

<b>Total</b>						<b>(9,973)</b>	<b>(1,616)</b>	<b>1,672</b>	
--------------	--	--	--	--	--	----------------	----------------	--------------	--

HP&ES - Highways, Parks and Environmental Services  
H&SP - Housing and Strategic Planning

## 2018/19 Subjective Budget Analysis

	CFW (£000's)	EGEI (£000's)	T&R (£000's)	Council- wide (£000's)	Funding & Reserves (£000's)	Total (£000's)
<b>NET BUDGET Brought Forward</b>	<b>89,102</b>	<b>38,128</b>	<b>16,896</b>	<b>16,699</b>		<b>160,825</b>
<u>Budget Pressures :</u>						
Pay	653	55	251	8		<b>967</b>
Living Wage	1,293	50	74	0		<b>1,417</b>
General Inflation	31	76	168	2		<b>277</b>
Contractual Inflation & Obligations	1,165	729	45	0		<b>1,939</b>
Levies	0	(14,194)	0	14,869		<b>675</b>
Social Care Demographic	5,900	0	0	0		<b>5,900</b>
Grants, Legislative & Service Transfers	(2,298)	0	108	2,422		<b>232</b>
Loss of Income	0	320	0	0		<b>320</b>
Treasury Management	0	0	0	99		<b>99</b>
Policy Choice Investment	0	167	80	0		<b>247</b>
Other	0	30	455	835		<b>1,320</b>
<b>Total Budget Pressures</b>	<b>6,744</b>	<b>(12,767)</b>	<b>1,181</b>	<b>18,235</b>		<b>13,393</b>
<u>Budget Savings</u>						
Income Generation	(146)	(825)	(110)	(2,839)		<b>(3,920)</b>
Savings Proposals Efficiencies & Policy Choice	(3,505)	(725)	(1,151)	(672)		<b>(6,053)</b>
Savings Proposals Efficiencies	0	0	0	0		<b>0</b>
Total Approved Budget Proposals	<b>(3,651)</b>	<b>(1,550)</b>	<b>(1,261)</b>	<b>(3,511)</b>		<b>(9,973)</b>
<b>PROPOSED NET BUDGET</b>	<b>92,195</b>	<b>23,811</b>	<b>16,816</b>	<b>31,423</b>	<b>0</b>	<b>164,245</b>
<u>Funding:</u>						
Council Tax					(90,005)	<b>(90,005)</b>
Council Tax - 2.99% General Increase					(2,691)	<b>(2,691)</b>
Council Tax - 2% Adult Social Care Increase					(1,800)	<b>(1,800)</b>
C Tax Prior Year Collection Fund (Surplus)/Deficit					(500)	<b>(500)</b>
Business Rates: Local Share					(145,335)	<b>(145,335)</b>
Business Rates: Tariff Payment					87,609	<b>87,609</b>
Business Rates: Growth Assumptions, S31						
Grants, GM Pilot					(9,893)	<b>(9,893)</b>
<b>Funding Total</b>					<b>(162,615)</b>	<b>(162,615)</b>
<b>PROPOSED FUNDING</b>					<b>(162,615)</b>	<b>(162,615)</b>
<u>Additional Use of Reserves:</u>						
Budget Support Reserve					(385)	<b>(385)</b>
Other Funding Reserves					(1,245)	<b>(1,245)</b>
<b>Movement in Reserves Total</b>					<b>(1,630)</b>	<b>(1,630)</b>
<b>FUNDING FROM RESERVES</b>					<b>(1,630)</b>	<b>(1,630)</b>
<b>BUDGET GAP</b>						<b>0</b>

## 2018/19 Objective (Service) Budget Analysis

DIRECTORATE	SERVICE EXPENDITURE ANALYSIS	Net Budget 2017/18 (£'000)	Proposed Net Budget 2018/19 (£'000)
Children's Service	Children with Complex and Additional Needs	1,633	1,676
Children's Service	Commissioning	1,785	1,817
Children's Service	Children's Social Services	20,183	20,860
Children's Service	Education and Early Years' Service	5,153	5,258
Children's Service	Early Help Delivery Model	707	720
Children's Service	Multi Agency Referral & Assessment Services	1,640	1,714
Children's Service	Youth Offending Service	231	217
Children's Service	DSG	0	0
<b>Children's Service</b>	<b>Sub-Total</b>	<b>31,332</b>	<b>32,262</b>
Adults Service	Client Costs	39,098	43,531
Adults Service	BCF and Brought Forward Savings	(6,277)	(8,107)
Adults Service	Social Support	438	446
Adults Service	Assistive Equipment and Technology	952	989
Adults Service	Social Care Activities - Care Management	9,616	9,388
Adults Service	Commissioned Contracts	721	412
Adults Service	Commissioning and service delivery	1,025	1,066
Adults Service	Public Health	12,199	12,210
<b>Adults Service (incl. Public Health)</b>	<b>Sub-Total</b>	<b>57,772</b>	<b>59,935</b>
EGEI - Environmental, Technical & Property Services	One Trafford Partnership	13,192	12,876
EGEI - Environmental, Technical & Property Services	Street Lighting Energy	730	766
EGEI - Environmental, Technical & Property Services	Media Advertising	(868)	(817)
EGEI - Environmental, Technical & Property Services	Waste Disposal Levy	22,536	8,342
EGEI - Environmental, Technical & Property Services	Strategic Management	500	515
EGEI - Economic Growth & Planning	Economic Growth & Planning	1,746	1,605
EGEI - Economic Growth & Planning	Public Protection &	830	848



	Enforcement		
EGEI - Economic Growth & Planning	Parking Services	(1,405)	(1,121)
EGEI - Economic Growth & Planning	Strategic Support Services	867	798
<b>Economic Growth, Environment &amp; Infrastructure</b>	<b>Sub-Total</b>	<b>38,128</b>	<b>23,812</b>
Transformation and Resources	Legal & Democratic Services	2,764	2,785
Transformation and Resources	Access Trafford	2,753	2,805
Transformation and Resources	ICT Services	2,251	2,211
Transformation and Resources	Communications	209	211
Transformation and Resources	Finance Services	4,867	4,251
Transformation and Resources	Partnerships and Communities	1,472	1,583
Transformation and Resources	Culture and Sport incl. Waterside Arts Centre	488	429
Transformation and Resources	Human Resources	2,319	2,353
Transformation and Resources	Executive	440	442
Transformation and Resources	Transformation (funded from grants and the capital programme)	0	0
Transformation and Resources	School Crossing Patrols	28	384
Transformation and Resources	Bereavement Services	(811)	(746)
Transformation and Resources	Catering & Cleaning Traded Services	117	109
<b>Transformation and Resources</b>	<b>Sub-Total</b>	<b>16,897</b>	<b>16,817</b>
<b>TOTAL SERVICE BUDGETS</b>		<b>144,129</b>	<b>132,826</b>
Council Wide Service	Transport Levy	8,792	23,686
Council Wide Service	Flood Defence	140	143
Council Wide Service	Coronors & Mortuary	584	684
Council Wide Service	AGMA/ Other	907	124
Council Wide Service	Contingencies, Provisions and Corporate savings	2,850	4,786
Council Wide Service	Interest and Dividends Receivable	(3,423)	(4,317)
Council Wide Service	Loan Debt (principal and interest)	7,409	8,320
Council Wide Service	Property Investment Fund	0	(2,759)
Council Wide Service	Insurance	810	810
Council Wide Service	Members Expenses	859	868
Council Wide Service	Other Centrally held budgets	1,839	1,304
Council Wide Service	Central Grants	(4,071)	(2,229)
<b>COUNCIL-WIDE BUDGETS</b>		<b>16,696</b>	<b>31,420</b>
<b>PROPOSED NET BUDGET</b>		<b>160,825</b>	<b>164,245</b>

## Council Investments

	Financial Investments			Non-Financial Investments		
	Specified Investments	Loans	Other Non - Specified Investments	Existing Commercial Property	Loans	New Commercial Property
Type of Asset	Short term cash deposits (Treasury Investments)	CCLA Property Investment	MAG Shares		LCCC Hotel Loan £4m  MAG Strategic Investment £9.7m  Debt Finance for a new residential development £37.8m(*)	
Financed From	Cashflow	Cashflow	Historic Debt	Prudential Borrowing	Prudential Borrowing	Prudential Borrowing
Estimated Value 31/3/18	£26.5m	£4.9m	£43.7m	£34.4m	£51.5m	£40.4m
Estimated Net Income 2018/19	£0.50m	£0.24m	£3.5m	£2.11m	£1.85m	£0.43m
Average Return	0.60%	5%	8.10%	6.10%	6.7%	1.54%
Basis of Valuation	Historic Cost	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Valuation Frequency	Annual	Annual	Annual	Annual	Annual	Annual
Changes to Value	Revenue Budget	Revenue Budget	Balance Sheet	Balance Sheet	Revenue Budget	Revenue Budget
(*) not yet advanced						

**REPORT of the CHIEF FINANCE OFFICER  
to the COUNCIL 21 FEBRUARY 2018**

**ROBUSTNESS of the 2018/19 PROPOSED BUDGET ESTIMATES  
(S25-26 LGA 2003)**

**1. INTRODUCTION**

- 1.1 The Local Government Act 2003 requires the Chief Finance Officer to report independently to the Council their own opinion as to the robustness of the budget estimates and the adequacy of the financial reserves (s25) and the minimum level of reserves (s26).
- 1.2 The Law requires that such a report is put before Council as part of the overall budget deliberations, and that such a report be considered prior to the approval of the Budget Requirement and the setting of a Council Tax.
- 1.3 A summary of this report providing the general opinion is included within the main report at section 7.

**2. BACKGROUND**

- 2.1 The budget process has involved the identification or forecasting of spending needs, likely resource availability, and opportunities for efficiencies, income generation and resource realignment. Issues identified during the 2017/18 budget monitoring process and planning process review have been addressed in the 2018/19 budget wherever appropriate.
- 2.2 The process has involved the Executive Portfolio Holders, members of the Corporate Leadership Team and other service management supported by Finance Managers.
- 2.3 All budget managers have been requested to agree their budget working papers and are therefore aware of their proposed budget for 2018/19, and the assumptions the budget is based on, which includes income targets.
- 2.4 With the support of the senior Finance staff within the Transformation & Resources directorate, I have undertaken a review of the Executive's budget proposals at varying levels of detail taking into account known factors that will have a significant bearing on the conduct of the Council's business in 2018/19 and the medium term. Importantly it includes discussion, information and assurances supplied by Directors and other senior staff.
- 2.5 At a detailed level budgets are based on forecasted activity and have been subject to appropriate challenge, sensitivity analysis and that they reasonably allow for a degree of error. Risks can be mitigated through a variety of management actions and the Corporate Leadership Team has ensured that in higher risk areas additional capacity and rigour has been put in place to ensure forecast savings are robust and are capable of being delivered during the year. Savings will continue to be monitored through the CLT Transformation Board as well as the established bi-monthly financial monitoring of all Council activity on an outturn basis from May each year.

2.6 I have also taken account of how the Council is likely to react if an adverse financial situation was to arise during the year. This helps in assessing the adequacy of reserves and it is felt that, despite an increasingly challenging financial environment, the minimum level of reserve can remain at the current level of £6m as a reasonable amount to cover for unforeseen circumstances not included in the detailed budget proposals.

2.7 The year ahead presents a number of financial challenges, and in particular I would draw Members' attention to areas of uncertainty for which mitigating action is included in the budget and/or reserves, if required;

- The scale of savings required, in particular the CFW directorate, whilst not on similar levels to previous years continues to be demanding on the capacity of managers and staff;
- The approach to investments as included in our emerging investment strategy has mitigated to a certain extent the need to make further efficiencies in service delivery. The assessment of risks is crucial to ensure this course of actions continues to provide a secure source of income to support the revenue budget and remains proportionate;
- The Council could face legal challenge in the decisions it makes, and whilst every effort has been made to guard against the likelihood of successful challenge, the costs of defending any such proceedings could be significant;
- The uncertainty that exists on demand led services, albeit a number of key "deep-dive" reviews have been undertaken in high risk budget areas;
- There is also the risk with the ability of the external care market to provide sufficient capacity at the right price to support our growing care needs;
- There is significant reliance on business rates growth to support its spending plans and there are still a large volume of unsettled business rate appeals where the Council carries a major risk, albeit a provision has been included in the accounts;
- There are ongoing consultations on the overall schools budget, particularly measures required to control spending in the high needs area;
- Continuing uncertainty around public sector pay and other inflationary pressures.

### **3. OUTCOME OF REVIEW**

3.1 All aspects of the budget have been reviewed to ensure that reasonableness (robustness) tests have been carried out, that detailed calculations are sound, and that the risks have been quantified and provided for as far as possible. As part of the review of draft savings proposals, risk assessment and mitigating action a number of changes in assumptions were subsequently made, the salient ones are as follows:

- Increase budget provision within Children and Adults Social Care demography;
- Review of contingency budgets in the Council-wide area to cover general item such as additional pay pressures.

- Review of proposed savings, particularly recovery of housing benefit overpayments which have been reduced since draft budget after considering the impact of the introduction of Universal Credit.
- The establishment of a Budget Support Reserve in 2016/17, to provide a cushion against volatility in budget funding and the significant level of savings required over the medium term. A drawdown of £1.6m is required to support the budget in 2018/19 leaving £2.2m available for future years;
- Adjustment to the income from Business Rates to reflect the new 100% GM pilot and the updated sharing agreement agreed across AGMA;
- Increase in waste levy budget to reflect the updated forecasts from the Waste Disposal Authority and corresponding change to the transport levy;
- Council tax levy for social care;

#### **4. CONCLUSION**

- 4.1 This statement is not a guarantee that expenditure will be contained within each budget line as the nature of the Council's business means that some services will be placed under financial pressure at various times throughout the year. Therefore, it is an assessment of the overall budget package and whether there is a reasonable expectation that the budget overall will not be breached.
- 4.2 On the basis of the above mentioned financial planning and monitoring processes together with the risk assessment of the budget, the Chief Finance Officer is able to report (in accordance with Section 25 of the Local Government Act 2003) that the estimates made for the purposes of the calculation of the budget are robust and the level of reserves and balances are adequate and (in accordance with Section 26 of the Local Government Act 2003) the minimum level of general reserve be set at £6m.

## Annex I

## OUTLINE OF 2018/19 FUNDING FORMULA RECOMMENDED BY SCHOOL FUNDING FORUM

	Description	Amount per pupil		Pupil Units		Sub Total	Total
	Primary (Years R-6)	£2,761.71		20,832.00		£57,531,943	
	Key Stage 3 (Years 7-9)	£3,883.68		9,454.00		£36,716,311	£119,413,156
	Key Stage 4 (Years 10-11)	£4,409.48		5,707.00		£25,164,902	
		Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR		
Deprivation	FSM	£442.36	£442.36	1,783.00	1,312.00	£1,369,104	£9,310,159
	FSM6	£542.89	£789.20	3,234.55	2,881.65	£4,030,203	
	IDACI Band F	£201.07	£291.55	1,151.29	801.08	£465,046	
	IDACI Band E	£241.29	£392.09	1,474.01	1,057.80	£770,418	
	IDACI Band D	£361.93	£517.76	886.02	589.38	£625,831	
	IDACI Band C	£392.09	£563.00	777.25	532.08	£604,314	
	IDACI Band B	£422.25	£603.21	1,184.23	851.23	£1,013,511	
	IDACI Band A	£578.08	£814.34	351.63	280.55	£431,731	
		Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR		
English as an Additional Language	EAL 3	£517.76	£1,392.42	2,424.51	245.49		£1,597,146
		Amount per pupil		Eligible proportion of primary and secondary NOR respectively			
Prior attainment	Low Attainment % new EFSP	£1,055.62		5,283.27		£5,577,122	£8,325,114
	Low Attainment % old FSP 78 Secondary pupils not achieving (KS2 level 4 English or Maths)	£1,558.30		1,763.46		£2,747,992	
Lump Sum						£110,589.00	£9,289,476
Additional Lump Sum for amalgamating schools							£154,824
Split Sites							£40,000
Rates							£1,479,004
Additional funding under the minimum funding level							£1,769,352
<b>Total Funding for Schools Block Formula (excluding MFG Funding Total)</b>							<b>£151,378,232</b>

Minimum Funding Guarantee (MFG is set at +0.5%)	£3,824,861
<b>Total Funding For Schools Block Formula</b>	<b>£155,203,093</b>
less de-delegation	-£1,031,909
less Education functions	-£250,000
<b>Total Funding For Schools Block Formula less de-delegation</b>	<b>£153,921,184</b>



