

TRAFFORD COUNCIL

Report to: Executive

Date: 20 June 2022

Report for: Information

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

Report Title:

Budget Monitoring 2021/22 – Period 12 Year End Outturn (April 2021 to March 2022).

Summary:

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

Recommendation(s)

It is recommended that the Executive:

- a) note the report and the revenue outturn position showing a budget underspend of £1.530m, which has been transferred to the Budget Resilience, Innovation and Change Reserve;
- b) note the reserves position as detailed in paragraph 15 and Appendix 8;
- c) note the final capital programme outturn position as detailed in paragraphs 30 to 47

Contact person for access to background papers and further information:

David Muggeridge, Head of Financial Management Extension: 4534

Background Papers: None

Relationship to Policy Framework/Corporate Priorities	Value for Money
Relationship to GM Policy or Strategy Framework	Not Applicable
Financial	Revenue and capital expenditure will be contained within available resources in 2021/22.

Legal Implications:	In accordance with the Local Government Act 2003 and the Council's Financial Procedure Rules, this report is provided for the purposes of budget monitoring and control.
Equality/Diversity Implications	None arising out of this report
Sustainability Implications	None arising out of this report
Resource Implications e.g. Staffing / ICT / Assets	Not applicable
Risk Management Implications	Not applicable
Carbon Reduction	Not applicable
Health & Wellbeing Implications	Not applicable
Health and Safety Implications	Not applicable

EXECUTIVE SUMMARY

Summary of Outturn

There is a net estimated pre-audit outturn underspend of £1.53m for the year, a favourable movement of £1.52m since Period 10.

It is fair to say that projecting the financial outturn during the year has been challenging given the level of uncertainty in the economy, ranging from the ongoing fallout from the pandemic and further lockdowns during the year, the economic fallout from the conflict within Ukraine and the escalating levels of inflation.

The economic uncertainty will continue to be felt for some time to come and must be managed alongside a significant budget gap of £18.4m in our Medium Term Financial Plan for 2023 to 2025.

The ongoing pressures regarding the increasing level of inflation, which rose by 9.0% in the 12 months to April 2022 and represents a 40 year high, are of particular concern in 2022 onwards. Given the scale of the pressures, an Inflation Risk Reserve has been established to help absorb some of the inevitable pressures in 2022/23. A summary of the potential impact of inflation is included in paragraph 6 of this report.

The favourable outturn in the current year has given the opportunity to bolster our reserves further in order to manage the scale of the challenges the Council faces in delivering a sustainable budget over the medium term, as set out in the final budget report for 2022/23, as well as mitigating some of the unplanned inflationary pressures in 2022/23.

The management action undertaken during the mid-part of the year, which included a policy on vacancy management and a review of all non-essential spend has had, and continues to have, a positive effect in managing our services within the budget.

Although the favourable outturn for the current year is encouraging, many positive movements are one off in nature and cannot be used to reduce the recurrent budget gap. There are however a number of potential areas, such as long term staff vacancies, which could be challenged for release against the ongoing budget gap.

With regard to the net outturn position, the following issues are worthy of being highlighted:-

Pressures include:-

- Children's placements £721k overspend due to an increase in cases during the year; **a positive movement of £395k since period 10** as a result of children stepping down or leaving the system and the receipt of additional Continuing Health Care income for some placements.
- Home to School Transport pressures are now £678k **an adverse movement of £89k since period 10** due to increase in demand in the

current passenger numbers during the year and additional costs for fuel and also staffing to cover passenger assistants who were self-isolating.

- Strategic Investment Programme – These investments were budgeted to generate a net revenue benefit in 2021/22 of £7.61m. The net income at year end was £6.52m leaving a shortfall of £1.09m, **a favourable movement of £412k since period 10**. The overall shortfall is largely COVID-19 related due to delays in developer loans being drawn down, lower income from debt facilities due to lower variable interest rates, delays in schemes in the pipeline and lower trading income due to COVID-19 impacts at retail investment sites.
- COVID-19 related pressures in Place and central services directorates of £450k, **a positive movement of £363k since period 10**. The pressure largely related to income pressures in traded services and lower sales, fees and charges as a result of the economic impact of the pandemic lasting longer than the first quarter assumed when setting the budget. The positive movement since period 10 largely relates to improved income from Trading Services, namely school catering and Sale Waterside Arts Centre.

Service underspends include: -

- Staffing budgets net underspend of £1.50m due to delays in recruiting and service redesign, in Adults Services, Children’s Services and Public Health, **an adverse movement of £405k since period 10**. The adverse movement largely relates to additional agency costs within Children’s services being incurred as difficulties continue in the permanent recruitment of social workers.
- Adults placements £2.30m net underspend, **a positive movement of £2.27m since period 10**; a net underspend on the Hospital Discharge Programme of £2.69m, a favourable movement of £1.58m since period 10, due in part to an increase in the income from the risk sharing agreement with the Clinical Commissioning Group. This is offset by £329k of pressure due to savings not being achieved, an underlying pressure of £308k due to an increase in costs of care packages and new cases and lower costs of £285k from other local authorities under Section 117 of the Mental Health Act.
- The favourable outturn within Adults Services has enabled the Adults **earmarked reserves to be bolstered by £2.57m** to support a number of short-term pressures expected in 2022/23. These pressures include the consequences of hospital settings trying to reduce waiting lists which will have an impact on the levels of discharges from hospital. The reserve will support the temporary continuation of enhanced levels of homecare and care home bed provision until a sustainable model and funding can be worked through with partners. The reserve will also support the cost of implementing new government legislation (eg preparation of market sustainability and reform of adult social care charging).
- Public Health community services contract £400k underspend – nil **movement since period 10**, representing a one off reduction due to

assumed inflation costs being met from within the current financial regime operating in the NHS since the coronavirus pandemic.

- Other favourable items of £2.806m, a **positive movement of £1.149m since period 10**. This includes a favourable outturn of £826k within the Place Directorate, £511k within Strategy and Resources and £877k within Council Wide. The Council Wide figure includes the release of the contingency budgets and £211k one off income from Trafford Housing Trust associated with the recovery of VAT made on behalf of the Council at the time of the stock transfer. The positive outturn within service budgets largely relates to staffing budgets, following ongoing management actions on such things as vacancy management and staff turnover.

Council Tax

The Council Tax budget was reduced temporarily in 2021/22 to reflect the ongoing impact of the pandemic. At Period 8, which is used for the 2022/23 budget plans, a forecast council surplus of £1.55m was forecast, largely due to lower awards for Council Tax Support along with better than expected collection of in year and historic debt. The benefit from the estimated outturn will be released in 2022/23 and was directed towards a Council Tax Risk Reserve (£500k) to help mitigate against potential shortfalls in income in future years with the balance of £1.05m used towards bolstering the Budget Resilience Reserves to support future plans.

The year-end outturn is now £3.10m, of which the Council's share is £2.54m and has resulted in favourable a variance above that at Period 8 of £993k largely due to better collection rates. This amount will be released in 2023/24 and will feed into the Medium Term Financial Plan to help close the budget gap in that year.

Business Rates

The estimated outturn for Business Rates in the previous period was a favourable movement of £3.04m compared to budget. This was largely as a result of a review of the level of provisions held for historic appeals. Since period 10 there has been some significant positive movements resulting in a favourable outturn variance of £6.79m. The favourable movement, which will be transferred to the Budget Resilience Reserve, relates to improvements in collection rates, a review of bad debt provision at year end and further release of provision for historic appeals. In addition, the renegotiation of the growth sharing agreement with Greater Manchester Combined Authority has allowed a higher proportion of the growth to be retained by the GM local authorities.

Reserves Movements

The favourable outturn position has given the Council the further opportunity to review the adequacy of reserves, particularly to address the evolving pressures with regard to the escalating rates of inflation and legislative changes and hospital discharge demand pressures in adults services.

The Council's Earmarked Reserves (excluding COVID accounting reserves, Capital and Schools) have increased from a balance brought forward of £51.91m to £69.09m at year end an increase of £17.18m of which a large proportion relates to a transfer of £5.2m from the COVID General Reserve to MTFP Budget Resilience Innovation and Change Reserve to support the 2022/23 budget and £4.4m of reserve adjustments relating to business rates accounting.

The remaining key movements of £7.58m include :-

- Favourable outturn at year end **£1.53m**
- Favourable outturn Business Rates 2021/22 (General Fund elements) **£3.30m**
- Contain Outbreak Management Fund (general expenditure charged to grant) **£1.01m**
- Adults Services favourable movement at outturn **£2.57m**. Of this balance, £1.58m has been moved to a new reserve associated with Hospital Discharge to Assess to manage the expected pressures in 2022/23 and £990k to Adults Service Earmarked Reserve to manage legislative pressures.
- **£0.67m** increase in ICT Development Reserve to smooth the short to medium term pressures of implementing the Council's Digital Strategy
- **£0.73m** increase to the Economic Development Reserve to smooth uncertainty in grant funding relating to Housing Option Services Trafford (HOST).
- **£2.80m** budget support as planned
- **£0.57m** net other minor movements in earmarked reserves

Capital Programme

The final outturn position for the general capital programme is £27.07m which is £5.02m less than the period 10 forecast. Given the substantial level of rephasing experienced during the year of £21.92m compared with the revised general capital programme budget for 2021/22 of £48.99m, a new Capital Programme Board has been established with the intention of improving both project management and delivery of of the Council's capital priorities.

REVENUE BUDGET

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

Table 1: Budget Monitoring results by Service	2021/22 Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)	Percentage
Children's Services	42,648	44,126	1,478	3.47%
Adult Services	52,749	52,234	(515)	(0.98)%
Public Health	12,505	10,867	(1,638)	(13.10)%
Place	31,566	32,175	609	1.93%
Strategy & Resources	5,824	5,171	(653)	(11.21)%
Finance & Systems	7,818	7,882	64	0.82%
Governance & Community Strategy	6,361	6,367	6	0.09%
Total Directorate Budgets	159,471	158,822	(649)	(0.41)%
Council-wide budgets	20,001	19,120	(881)	(4.40)%
Net Service Expenditure variance	179,472	177,942	(1,530)	(0.85)%
Funding				
Business Rates	(62,459)	(62,459)	0	
Council Tax	(105,869)	(105,869)	0	
Reserves Budget Support	(2,803)	(2,803)	0	
Reserves to Support COVID-19	(8,341)	(8,341)	0	
Funding variance	(179,472)	(179,472)	0	0.00%
Net Revenue Outturn variance	0	(1,530)	(1,530)	(0.85)%
Dedicated Schools Grant	148,343	149,876	1,533	1.03%

Budget Adjustments and Virements

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

Main variances, changes to budget assumptions and key risks

- The main variances contributing to the projected underspend of £1.530m, any changes to budget assumptions and associated key risks are detailed in Appendix 2.

MTFP Savings and Increased Income

4. The 2021/22 budget is based on the achievement of permanent base budget savings and increased income of £11.926m. At year end, the programme has delivered savings of £8.936m, which is £2.990m below target, after in-year mitigating actions of £992k, such as alternative savings, this has reduced the shortfall to £1.998m. This is a favourable movement of £403k since Period 10 which is largely due to a reduction in the shortfall in strategic investment income of £412k.
5. Of the savings that will not be delivered in the current year, a figure of £929k has been included in our 2022/23 budget to offset these schemes, made up from £606k in Adults Social Care and £323k in Place Directorate.

Inflationary Pressures

6. The Consumer Price Index (CPI) rose by 9.0% in the 12 months to April 2022, which represents a 40 year high. In February 2022, the OBR forecast CPI to rise to 8.7% in the fourth quarter of 2022 before falling to 4% in the first quarter of 2023 and 1.5% in 2024.
7. The rate of increase in inflation poses a significant risk to local government finances and the Council must plan to address pressures which will be felt in the new financial year (2022/23) as well as considering the impact in our Medium Term Financial Plan for future years. It is possible in future spending reviews, that the Government will consider the longer term impact of the high levels of inflation if it continues on the current trajectory.
8. A level of financial risk is always assumed regarding variations to inflation in preparing the robustness analysis for the annual budget and the various mitigations in our plans include the following:-
 - £1.5m COVID contingency (2022/23 only)
 - £1.8m general contingency budget in 2022/23 and increases of £750k per annum in each year of the MTFP thereafter.
 - Minimum General Reserve balance of £9.0m (one off) in the event that pressures cannot be contained within the general revenue budget.
9. The rate of change in headline inflation makes forecasting and planning extremely challenging, however the range of headline pressures being experienced by the Council are summarised in the table below.

Inflation Theme	Range of Pressure 22/23
Gas and Electric Trafford *	<>£1.6m
Trafford staff pay award	+2% assumed in budget at £1.6m. Preliminary options being consulted on ranging up to +10% c£8m

	LGA suggesting to budget for +4% this would add £1.6m pressure.
Traded Services	Up to 5.6% food inflation could be managed within £100k reserve. +1% increase thereafter c£29k
Amey One Partnership	Effectively fixed contract for 22/23 but market pressures for pay are c£700k
Capital Programme	Capital Programme depends on land sales receipts. Inflation may slow down sales and reduce returns. Inflationary impact on costs of construction and commodity prices.
Children's Services	Home to School, 2% assumed in budget Potential +10% £288k Foster Parents allowances 2% assumed in budget Each +1% would add on £19k
Adults	The placement budget is agreed under the Fair Price for Care. Funds were released under the last spending review to assess Market Sustainability. The increase in the level of inflation will affect these discussions and the Government may adjust for inflation in future spending rounds.

(*) excludes Trafford Schools and Leisure CIC

10. It is clear that the pressures being faced by the high levels of inflation are a considerable risk to the Council. The biggest areas of concern relate to energy prices, which represents nearly double the current level of budget and the impact of the 2022/23 pay award. At this stage our working assumption for the impact in 2022/23 would be that a prudent figure of £4.0m would be needed to mitigate the impact of inflationary pressures.
11. Whilst there some elements of contingency budgets which can be released to manage the in-year pressures, it is anticipated that these will be insufficient given the usual pressures which the contingencies were originally provided for.
12. As part of the year end close down, the opportunity has been taken to create a specific Inflation Risk Reserve to help mitigate against some of the 2022/23

pressures and a balance of £3.0m has been transferred from the Budget Resilience Reserve. This balance could be supplemented with a figure of £1.0m from the contingency budgets, although this would commit a large proportion of them very early on in the financial year, to arrive at the target of £4.0m. Representations have been made to Government with regards the impact in 2022/23 and anticipated ongoing implications which will further compound the budget pressures in later years. In the event that no other support is provided by Government then there will be significant adverse impacts on the resilience within the Council's reserves and contingencies. Assumptions will be firmed up as the new year progresses and will feed into the bi-monthly monitoring reports.

RESERVES

13. A full review of all reserves was completed as part of the 2022/2023 budget preparations and was reported in detail in the final budget report presented to Council in February 2022.
14. The year end close down provides an opportunity for a further review of reserves to address evolving pressures and issues since the final budget report was agreed. As previously mentioned the escalating headline rate of inflation poses a significant risk for the Council, furthermore, there continues to be uncertainty in projecting demand led services in Adults services. As such the Council has utilised its favourable outturn to bolster its budget support reserves and specific earmarked reserves.
15. Usable reserves have reduced from a balance brought forward of £200.34m to £154.12m at year end. The table below shows the movements by category with details of all reserve movements shown in Appendix 8.

Usable Reserves	Opening Balance 1/4/2021 £m	Closing Balance 31/03/2022 £m	Change £m
MTFP Budget Resilience and Transformation	6.35	11.65	5.30
Smoothing and Business Risk	15.64	18.85	3.21
Strategic Priority	13.76	11.60	(2.16)
Corporate	(2.94)	1.00	3.94
Corporate - General Reserve	8.00	9.50	1.50
Service Area Priorities	11.10	16.49	5.39
Earmarked Reserves (exc COVID-19)	51.91	69.09	17.18
COVID-19 Accounting Reserves	114.27	48.14	(66.13)
Capital Related Reserves	18.99	22.65	3.66
School Related Reserves	15.17	14.24	(0.93)
Total Usable Reserves	200.34	154.12	(46.22)

16. The increase in Earmarked Reserves (excluding COVID-19 Accounting Reserves) is £17.18m represented by :-
- **+£5.2m transfer** from the COVID General Reserve to MTFP Budget Resilience Innovation and Change Reserve to support future budgets as agreed in the February 2022 final budget report
 - **+£4.4m** reserves relating to timing differences in business rates accounting.

The remaining key movements of **+£7.58m include** :-

- Favourable outturn at year end **+£1.53m**
- Favourable outturn Business Rates 2021/22 (General Fund elements) **+£3.30m**
- Contain Outbreak Management Fund (general expenditure charged to grant) **+£1.01m**
- Adults Services favourable movement at outturn **+£2.57m**. Of this balance, £1.58m has been moved to a new reserve associated with Hospital Discharge to Assess to manage the expected pressures in 2022/23 and £990k to Adults Service Earmarked Reserve to manage legislative pressures.
- **+£0.67m** increase in ICT Development Reserve to smooth the short to medium term pressures of implementing the Council's Digital Strategy
- **+£0.73m** increase to the Economic Development Reserve to smooth uncertainty in grant funding relating to Housing Option Services Trafford (HOST).
- **-£2.80m** budget support as planned
- **+£0.57m** net other minor movements in earmarked reserves

Transfers within Reserves (neutral impact for info only)

- **Creation of a new Inflation Risk Reserve with an opening balance of £3.0m**, specifically to absorb the risks associated with the increase in headline inflation. The opening balance has been funded from a transfer from the MTFP BRIC Reserve.
- **A new reserve associated with Hospital Discharge to Assess has been created to manage the expected pressures in 2022/23**. A figure of £1.58m from the Adults Service outturn along with transfers of £1.706m, largely from the Transformation Fund Reserve, **has resulted in a year end balance of £3.3m**.
- **The Adults Service Earmarked Reserve transfer of £990k**, from the favourable movement in the Adults outturn, largely associated with additional costs associated with new legislation and work on charging reforms
- **+£1.5m** transfer to General Reserve as agreed in the final budget report in February 2022
- **£1.04m** transfers to MTFP BRIC Reserve from various earmarked reserves following review during budget preparation plus other minor movements at year end.

17. The movements in the other earmarked reserves is explained by :-
- **£66.1m reduction in COVID-19 related reserves** related to the balances of Government COVID-19 funding being drawn down as planned in connection with rates relief, collection fund support and budget support. Less a transfer of £5.2m to the MTFP BRIC Reserve as agreed in the final budget report in February 2022. The remaining balances are fully committed in 2022/23 and 2023/24;
 - **£3.66m increase in Capital Reserves** consisting of additional capital grant income received in year and yet to be drawn down to support the future programme.
 - **£931k reduction in Schools Reserves** largely due to pressures in the High Needs Block budget

COLLECTION FUND

Council Tax

18. At the height of the COVID-19 pandemic in 2020/21 the financial challenges placed considerable pressure on the Council Tax Collection Fund, largely related to a reduction in collection rates and an increase in Council Tax Support. The budget for 2021/2022 was set using assumptions that the impact of the pandemic would continue and an overall reduction of £3.24m was built in to reflecting higher take up of local council tax support, delays in new properties coming on line and lower collection rates. The 2021/22 General Fund budget included a Government backed Local Council Tax Support Grant of £1.65m to offset some of the costs associated with the higher take up of the scheme.
19. The discretionary Council Tax Hardship Scheme was also extended for a further year into 2021/22, enabling all existing working age Council Tax Support (CTS) recipients registered as at 31st March 2021 to claim a discretionary Hardship award equivalent to the value of their 2021/2022 liability. The cost of this extension was met from an underspend from the Government sponsored hardship grant received in 2020/21.
20. The Council Tax Collection Fund is shared between the Council (82%), the Police & Crime Commissioner for GM (13%) and GM Fire & Rescue Authority (5%). The table below summarises the pressures and movements on the Council Tax Collection Fund from the Period 8 monitoring (*).

Summary of Council Tax Collection Fund Movements	Period 8 (*) Full Collection Fund £000	Period 12 Full Collection Fund £000	Movement P12 to P8 (improvement) /deterioration £000	Period 12 Trafford Share £000

Deficit Brought Forward	3,008	3,008	0	2,463
Collection of Prior Year difference in estimate and actual surplus	(345)	(345)	0	(285)
Collection of 1/3 Estimated 2020/21 Deficit (COVID Related (**))	(1,654)	(1,654)	0	(1,353)
Balance remaining from Prior Year	1,009	1,009	0	825
In Year Position				
Shortfall in Tax Base	189	420	231	344
Better than expected Cash Collection of current year and historic debt	(1,200)	(2,193)	(993)	(1,799)
Local Council Tax Support Scheme	(703)	(1,287)	(584)	(1,056)
Hardship Awards	1,065	1,170	105	960
Contribution from Hardship Grant Reserve	(1,065)	(1,170)	(105)	(960)
Other Movements (Backdated discounts etc.)	(176)	(40)	136	(32)
Sub-Total In Year Position	(1,890)	(3,100)	(1,210)	(2,543)
Surplus Carried Forward	(881)	(2,091)	(1,210)	(1,718)

(*) The estimated outturn surplus/deficit in the Period 8 monitor is used in the preparation of the 2022/2023 budget and has therefore been used for comparison against outturn.

(**) In 2020/21, as a result of the pandemic, the Government announced changes, enabling local authorities to spread their estimated council tax deficits over three years rather than the usual one. As such, the estimated deficit for 2020/21 will be collected over the three years 2021/22, 2022/23 and 2023/24 which is a figure of £1.35m per year for Trafford's share.

21. A summary of the of key components of the outturn and impact on future years is as follows

- The Tax base has dropped by £420k largely due to an increase in discounts (e.g. single person discount). This is a negative movement of £231k since Period 8.
- The collection of debt for both in year and prior year is better than expected by £2.19m, largely due to a release from the amount set aside for the provision for bad debt. This is a positive movement of £993k since Period 8.
- Local Council Tax Support is lower than budget by £1.29m a positive movement of £584k since Period 8.
- Hardship Awards of £1.17m were made in the year and the Collection Fund will be credited by this amount from the General Fund using the underspent Hardship grant monies from 2020/21.
- The combined positive effect of the above, albeit largely one off in nature from the favourable collection of historic debt, gives an in year surplus of £3.10m, of which the Council's share is £2.54m. At Period 8 the outturn was forecast at £1.89m of which the Councils share was £1.55m and this estimated surplus was built into our budget for

2022/23. The difference between the actual outturn and estimate of £993k will be released in 2023/24 in line with regulations. This one off figure will feed in to the Medium Term Financial Plan to help close the budget gap in 2023/2024.

Business Rates

22. The 2021/22 budget included anticipated growth in retained business rates, related S31 grants and redistribution of prior year surpluses of £7.8m. Projecting business rates is by its nature complex and prone to variation, in addition the impact on COVID-19 has added further uncertainty to the accuracy of projections.
23. In order to support businesses with the impacts of COVID-19, the Government provided various rate relief packages, with 100% relief being given to retail, hospitality and leisure sites until July 2021 and thereafter 66% until March 2022. The Council has been compensated for the loss in rates income via a Section 31.
24. In addition, further Government support has been offered to businesses via a discretionary scheme (COVID Additional Relief Fund) administered by the Council for other businesses falling outside of the retail relief scheme. Details of the scheme, which relate to 2021/2022 only, have required the Council to design and adopt a local scheme. The government will fully reimburse the cost of the relief within a cash cap grant for each local authority, of which Trafford's allocation is £6.4m. Payments commenced in the new financial year 2022/23 and as such the full grant has been rolled over to 2022/23.
25. When the budget for 2021/22 was set, an assumption was made that there would be a reduction in income from businesses of 5% over the year, this resulted in a reduction in the budget of £3.49m. As reported at period 10, Business Rates income was forecast to generate additional income of £3.04m above budget (£1.94m within the Collection Fund and £1.10m General Fund). However since period 10 there have been a number of significant movements resulting in additional income of £6.79m (£3.5m within the Collection Fund and £3.3m General Fund). Favourable movements in collection rates, review of bad debt provision and the release of existing provision for appeals due to some big cases being dismissed by the VOA have caused the improvement in the Collection Fund. The significant improvement in the General Fund elements of £2.2m was largely the result of the renegotiation of the growth sharing agreement with Greater Manchester Combined Authority, allowing a higher proportion of the growth to be retained by the GM local authorities. Full details of the Collection Fund and General Fund components of the Business Rates Budget is shown in Appendix 3.
26. The benefit from the Rates Collection Fund will be released in 2022/23 as planned, and as reported in previous monitors, any favourable variance in the General Fund was planned to be transferred to reserves to support our future budget. The full benefit of £3.3m has therefore been transferred to the MTFP Budget Resilience and Innovation Reserve.

Impact of COVID-19

27. The impact of the pandemic on the Council's finances was anticipated to last for many years and the budget for 2021/22 included additional resources of £8.34m to help manage the continuing impact of the pandemic. Pressures were anticipated in client demand, lost income from our strategic investments in the Manchester Airport Group and from Sales, Fees and Charges. These were offset by Government backed support and use of reserves, based on assumptions at the time, that the pandemic would last for the first quarter of 2021/22.
28. Towards the middle of the financial year, the country faced a further lockdown as a result of the Omicron variant. The impact of Omicron was not as severe as first expected, and the Government support packages announced in December 2021, which included business rates relief in hospitality and leisure plus grant allocations to support workforce recruitment and retention and Infection Control and Testing Fund helped in mitigating the impact. Most grants have been spent in full resulting in a neutral impact on the outturn. Where grants have not been fully spent and have certain conditions attached, such as business relief grants, these will be returned to the Government in due course. For a number of grants, such as the Contain Outbreak Management Fund Grant, the Government has extended conditions allowing the grant to be carried forward in to 2022/23.
29. Although no further direct COVID-19 grants have been announced to support local authorities in future years, the Council continues to provide regular monitoring returns to the Government Departments which will be used at a national level to inform the debate on whether additional resources will be required over the medium term.

CAPITAL PROGRAMME

30. The updated budget for 2021/22 was approved by the Executive in September 2021 and included the reprogramming from the 2020/21 budget with a revised approved general programme of £48.99m. Subsequently during the year the forecast expenditure was revised to reflect re-phasing and any new approvals. Where such changes were made, these were reported in relevant capital monitoring reports to the Executive with explanations provided. The final outturn position for the year 2021/22 for the general capital programme is £27.07m which is £21.92m under the revised approved programme, and £5.02m less than reported at period 10. A summary of these variances is detailed in Appendix 4.
31. It is to be noted that delays in the delivery of the capital programme have the potential to expose the Council to risk around such areas as health and safety, service provision and funding that may be linked to delivery of schemes. As a result a Capital Programme Board made up of officers from across all service areas has been established with the intention of improving both project management and delivery of the council's capital priorities.

GENERAL CAPITAL PROGRAMME OUTTURN (£27.07m)

32. The final outturn position for the general capital programme is £27.07m which is £5.02m less than reported at Period 10 (P10) as summarised in the table below:-

Capital Investment Programme 2021/22	Approved Programme 2021/22 £m	P10 Forecast £m	2021/22 Outturn Expenditure £m	Variance P10 to Outturn £m
Service Analysis:				
Children's Services	12.79	11.80	10.10	(1.70)
Adult Social Care	4.49	1.87	1.88	0.01
Place	30.37	17.61	14.43	(3.18)
Governance & Community Strategy	0.08	0.08	0.11	0.03
Finance & Systems	1.26	0.73	0.55	(0.18)
General Programme Total	48.99	32.09	27.07	(5.02)

33. The overall spend of £27.07m includes the following major areas of investment :

School Improvements - £9.79m:-

- Capital Maintenance & Access works - £2.83m
- Expansion & Basic Need works - £6.40m
- SEND and Healthy Pupils Funding works - £221k
- Improvements via Devolved Formula Capital - £340k

Children Social Care - £312k:-

- Children's Portal/Liquid Logic - £242k
- Foster Carers - Accommodation improvements - £32k
- Other Schemes - £38k

Adult Social Services - £1.88m:-

- Disabled Facilities Grants - £1.76m
- Assistive Technology / Agile Working - £117k

Major works on Public & Operational Buildings - £1.77m:-

- Public Building Repairs & DDA Improvements - £467k
- De-carbonisation of Council Buildings - £1.18m
- Other Schemes- £119k

Regeneration Projects - £1.59m:-

- Future High Street Fund - £917k
- Altrincham Town Centre Public realm works - £499k
- Greater Manchester Full-Fibre - £148k
- Other Schemes - £25k

Highway & Transport Related Improvements - £7.84m:-

- Highway Structural Maintenance (Inc. Lighting) - £3.67m
- Integrated Transport Schemes - £192k
- Cycling and Walking schemes - £1.89m
- Bridges Programme - £615k
- Carrington Road improvements - £1.47m

Leisure and Sport - £1.35m:

- Leisure Centre Strategy and Improvements - £843k
- Football Facility Provision - £495k
- Other Schemes - £9k

Environmental Services and Green Spaces - £399k:-

- Parks and Play Areas Infrastructure - £362k
- Other Schemes - £37k

Housing and Other Services - £1.36m:-

- Affordable Housing - £378k
- Sale West – Estate Regeneration Fund - £974k
- Other Schemes - £4k

Parking Services - £39k:-

- Pay and Display Machines - £39k

Bereavement Services - £79k:-

- Crematorium Works - £79k

Governance and Communities - £107k:-

- Partnership and Communities - £107k

Finance and Systems – £551k:-

- Range of ICT initiatives - £551k

Performance and explanation of major variances

34. As described above there was an overall movement of £5.02m in the outturn compared to period 10. Capital expenditure by its nature can fluctuate and be difficult to forecast across a single financial year, and can also be affected by factors outside the Council's direct control. An explanation of the variations by Directorate is shown in the table below with a more detailed breakdown in Appendix 5.

Variance by Directorate	Period 10 2021/22	Outturn 2021/22	Variance	Variance Explained By		
				Net Re-Profiling	Add'n Expend	Saving
Directorate	£m	£m	£m	£m	£m	£m
Children's Services	11.80	10.10	(1.70)	(1.70)	-	-
Adult Social Care	1.87	1.88	0.01	-	0.01	-
Place	17.61	14.43	(3.18)	(3.07)	0.03	(0.14)
Governance & Community Strategy	0.08	0.11	0.03	0.02	0.01	-
Finance & Systems	0.73	0.55	(0.18)	(0.18)	-	-
General Programme Total	32.09	27.07	(5.02)	(4.93)	0.05	(0.14)

35. The overall variance of £5.02m includes £4.93m relating to re-profiling and acceleration, significant key variances are explained in detail below with all variances detailed in Appendix 4:

Children's Services

- £(673)k of Basic Need funding has been reprofiled;
 - Firs Primary School £(390)k - the new main block is now expected to be completed in January 2023 instead of September 2022 as a result of issues with material availability and delivery associated with the ongoing impact of Covid-19;
 - Sale High School £(305)k - an element of the allocated Basic Need budget has been retained to support the outcome of DfE School rebuild bid;
 - A small number of Other Schemes £(184)k - work is currently underway on the majority of these schemes and are expected to complete imminently.
 - Blessed Thomas Holford College £206k - additional costs have been incurred as a result of contaminated land and poor ground conditions identified during the build process; this can be financed from unallocated Basic Needs allocation.
- £(819)k of re-profiling occurred across Schools Capital Maintenance;

- Lostock College – Block A Roof £(132)k – Progress on the scheme is well underway but there has been a slight delay in the programme of works due to adverse weather conditions.
- Sale High School – Reroofing works £(253)k – This scheme is now complete and remaining resources are to be potentially reallocated to support decarbonisation works that have been undertaken at the school.
- School Health and Safety Monies £(109)k – This is a reactive allocation and as such is only used when urgent works are identified.
- A number of other schemes £(325)k – small maintenance schemes where work is either underway or expected to be undertaken imminently.
- £(160)k of Devolved Formula Capital, this grant is a rolling three year allocation given directly to schools, as a result this enables schools to have flexibility on when they can spend the resources and as such makes it difficult to forecast when this spend is incurred.

Place

Re-profiling has occurred on a number of project areas:

- £(491)k of planned work on the Council's corporate estate has been reprofiled to enable delivery of the Decarbonisation (PSDS1) scheme, which has time limits on the funding. The works in the programme will be completed in 2022/23;
- £(823)k of Decarbonisation works have been reprofiled with the scheme being given a deadline extension until June 2022. Delays have been due to supply chain issues with specialised heating equipment providers.
- £352k of Future High Street Fund works have been carried out slightly ahead of the forecast position, this is as a result of ongoing initial design works for the elements being undertaken with our development partner which are progressing well to achieve the deadline for the grant of March 2024.
- £(420)k for Parks and Greenspaces - much of the work planned for 2021/22 had to be focused on backlog of delivery for schemes that had been delayed during the pandemic from 2020/21 due to the difficulty in securing external consultancy support. This backlog of design work is now complete and schemes are ready for delivery together with the 2022/23 programme.
- £(1.33)m of the Highways Structural Maintenance programme has been re-profiled with the completion of the ongoing highways structural maintenance and street lighting works programme for 2021/22 being on track to be fully completed in the early months of Q1 2022/23. Schemes are on site or are now complete and awaiting final accounts to be completed. Some delivery pressures with supply of steel delaying the completion of the street lighting programme within year.
- £(186)k of Integrated Transport schemes have been reprofiled mainly due to consultation and Traffic Regulation Orders implementation that has been needed.
- £(394)k of Bridges works have been reprofiled as the programme has been subject to delays as a result of specialist contractor's been furloughed as a

result of the impact of Covid. The outstanding programme of works will be completed early in 2022/23.

- £245k of Cycling and Walking schemes have progressed ahead of forecast in particular around the development of the Mayors Cycling and Walking Challenge Fund.
- £450k improvement on the forecast for Carrington Relief Road works as this scheme progresses through the initial phases of Development in advance of Rationalisation works with the scheme area.

Finance & Systems

- £(178)k of re-profiling linked to ICT improvements with specific issues with slight delays on Windows 10 implementation (Additional devices) and Office 365 Implementation. Work is progressing well on these schemes and the programmes of work are still ongoing.

36. There have been are a small number of schemes where there has been variances as a result of overspends of £46k and underspends of £135k, these variances are detailed within Appendix 6 and will be managed within the overall programme.

Financing of General Capital Programme Expenditure

37. The general capital programme expenditure of £27.07m was financed predominantly from grants and external contributions and borrowing, supplemented by specific reserves and receipts. The actual levels applied are shown below:

Financing of General Capital Expenditure 2021/22	Outturn 2021/22 £m
Internal Resources	
Capital Receipts	1.68
Specific Reserves & Revenue	0.22
Borrowing	2.35
Sub-Total	4.25
External Resources	
Grants & Contributions	22.82
Total Financing	27.07

38. The total level of usable receipts for 2021/22 was £5.41m compared to the assumed budgeted level of £7.73m as at P10 which is £2.32m less than anticipated for the year. This mainly relates to receipts that are now anticipated to be received in the current financial year (2022/23) at the current assumed levels. The following table details how the available £5.41m has been utilised:-

	£m
Available Capital Receipts	5.41
Less Disposal Costs and PFI MRP	0.66
Less Shortfall in Receipts 2020/21	3.07
Receipts to Fund 2021/22	1.68
Balance of Capital Receipts to Fund Capital Programme	0.00

There is a programme of disposals and developments from which receipts realised are used to support the capital programme which was reported as part of the Strategic Land Review Programme to Executive in February 2022.

The current approved capital programme has a level of overprogramming assumed within it and this needs to be managed over the delivery period of the programme. There is an ongoing risk that if receipts are lower, or received later than assumed, there may be the need for additional borrowing in both the short and long term which has the potential to incur increased revenue costs, or alternatively a reduction in the number of approved schemes able to be delivered. The programme of disposals and development is continually under review with new opportunities being explored. Any changes in assumed levels of receipts will be reported in detail as part of the capital monitoring updates and appropriate decisions on delivery can be made if required.

In addition to this and as part of the capital bids process, to take place over the summer 2022 period and in advance of final capital budget approval in February 2023, work is to be undertaken looking at those schemes where resources are not yet contractually committed but have resources allocated to establish if these schemes are still a priority in achieving current council priorities. If it is found that resources are no longer required these will reduce the level of overprogramming and reduce the current reliance on capital receipts.

This position will be monitored closely and reported through the budget monitoring process throughout the coming year.

39. Where grant funding has been utilised or reprofiled to later years in the capital programme this has been done in accordance with the specific grant conditions.

Prudential and Local Indicators

40. The Council is required to maintain these indicators which are designed to show that its capital expenditure plans are prudent, affordable and sustainable. Detailed in Appendix 7 are the actual capital programme related indicators compared to those agreed in February 2022. It is to be noted that none of the prudential indicators have been breached within the financial year 2021/22.

ASSET INVESTMENT FUND

41. Asset Investment Fund currently stands at a maximum approved limit of £500m, supported by prudential borrowing, to support the Council's Investment Strategy. The transactions that have been agreed by the Investment Management Board (IMB) to date have a total current committed cost of £345.88m, of which £237.27m has currently been expended.
42. A number of new schemes have been approved by IMB during the year, including an additional £12m at Castle Irwell for Phase 2 of the residential scheme. A £16m investment into the Stamford Quarter LLP, has been approved, to fund regeneration schemes in Altrincham, split £8.0m for both equity and debt. A provision of £4.6m for a regeneration scheme in Hale Village which will provide new housing and community facilities, including a library.
43. In January 2022, the loan facility for the CIS Tower was part repaid by £24m as the scheme progresses to its next stage and, following an approval to extension by the IMB, the remainder due to be repaid in 2022/23. The first phase of the Castle Irwell scheme has also begun to be repaid as elements of the residential development are sold, with £10.0m repaid to date.
44. Debt facilities totalling £62.45m, provided by the Council to THG, to finance their Icon 1 and 2 office and distribution schemes, have now been repaid in full. The facility of £67.50m, to be used to finance the construction of new office accommodation for THG, will begin to be drawn in 2022/23.
45. The balance of the approved £500m which is available for further investment is £154.12m (Table below)

Asset Investment Fund	Prior Years £m	Repayments £m	Actual Spend 2021/22 £m	Commitment £m	Total £m
Total Investment Fund					500.00
Property Purchase:					
Sonova House, Warrington	12.17	-		-	12.17
DSG, Preston	17.39	-		-	17.39
Grafton Centre incl. Travelodge Hotel, Altrincham	10.84	-		-	10.84
The Fort, Wigan	13.93	-		-	13.93
Sainsbury's, Altrincham	25.59	-		-	25.59
Sub Total	79.92	-	-	-	79.92
Property Development:					
Sale Magistrates Court	4.80	-	0.47	0.22	5.49
Brown Street, Hale	6.79	(2.11)	2.23	-	6.91
Former sorting office, Lacy Street, Stretford	0.87	-	0.03	0.06	0.96
GMP Site, Chester Road, Old Trafford	-	-	-	0.64	0.64
Care Home Purchase & Remediation	2.23	-	0.11	0.60	2.94
Tamworth	0.06	-	0.07	0.13	0.26
Various Development Sites*	0.37	-	0.09	-	0.46
Sub Total	15.12	(2.11)	3.00	1.65	17.66
Equity:					
Stretford Mall, Equity	8.82	-	-	-	8.82
Stamford Quarter, Equity	16.69	-	0.29	7.71	24.69
K Site, Stretford Equity	11.00	-	0.21	1.04	12.25
Sub Total	36.51	-	0.50	8.75	45.76
Development Debt:					
Bruntwood; K site	10.90	-	0.21	1.14	12.25
Bruntwood; Stamford Qtr/Stretford Mall	25.57	-	0.29	7.71	33.57
CIS Building, Manchester	60.00	(24.00)		-	36.00
The Hut Group	62.45	(62.45)		67.50	67.50
Castle Irwell, Salford	11.28	(10.00)	7.43	10.29	19.00
Castle Irwell, Salford – Phase 2	-	-	3.74	8.26	12.00
Hale Library	-	-	1.29	3.31	4.60
Sub Total	170.20	(96.45)	12.96	98.21	184.92
Total Capital Investment	301.74	(98.56)	16.46	108.61	328.26
Albert Estate Investment	17.62			-	17.62
Total Investment	319.37	(98.56)	16.46	108.61	345.88
Balance available					154.12

*Includes Stokoe Avenue and Jubilee Centre

46. These investments have generated a net benefit to the revenue budget in 2021/22 of £6.49m, a deficit of £1.09m compared to the budget net target.

Asset Investment Strategy Period 12 Monitor	Budget Variance £000
Net Income target	(7,575)
Variiances:	
Pipeline Recycling Target	2,454
Contribution from Risk Reserve	(947)
Low Variable Interest Rates	273
Shopping Centre shortfalls	843
Castle Irwell Phase 1 earlier draw	(194)
Castle Irwell Phase 2 - New facility	(291)
HUT Group delay	596
HUT Group reserve smoothing	(596)
CIS Tower Extension	(1,095)
Grafton Centre Improved performance	(36)
Hale Library - New Facility	(39)
Admin & Fees	126
Net Income for 2021/22	(6,483)
Variance to Target	1,093

Key Variiances

- The 2021/22 budget include target of £3m from schemes that were yet to be identified. This figure represented the recycling of funds from schemes that had matured and been repaid, such as the Crescent. A total of £0.54m was secured before the start of the year through new investments at the Hut Group and the Castle Irwell, leaving a remaining target of £2.45m. New schemes and extensions of current schemes, agreed in year, have been used to address this remaining target. Pressures have however been experienced in existing schemes. The new schemes and shortfalls are set out below.
- The Hut Group have informed the Council of their intention to delay the start of work on their new office accommodation. This has postponed the drawdown of the agreed facility until 2022/23, which has caused a pressure in 2021/22 of £0.60m. To mitigate against this shortfall, the Council has drawn down from the Risk Reserve to smooth the variance, with the reserve to be topped back up from the anticipated delayed income benefit in future years.
- Lower returns to the value of £0.27m on debt facilities which are linked to variable interest rates.
- A shortfall in returns from the Council's three joint ventures with Bruntwood of £0.84m, required to cover the Council's borrowing costs on the acquisition of the

town centre assets in Stretford and Altrincham. This shortfall is a result of reduced trading income as the sites recover from the impact of Covid-19 on the retail sector, and prepare for regeneration schemes on both sites.

- The pressures above have been partly offset by additional income of £0.19m due to a faster draw on the Castle Irwell debt facility, and the signing of an additional £12m facility at Phase 2 of the residential scheme, providing a further £291k of net income.
- The approved extension of the CIS Tower deal, £60m from September to January and then at the lower £36m facility, has provided an additional £1.10m of net income.
- The Council has approved a debt facility of £4.60m to provide new housing and community facilities, including a library, in Hale Village. This new facility has provide additional net income of £39k in 2021/22.
- The Risk Reserve level at the start of the year was £6.20m. This level of reserve is currently considered to be sufficient in relation to the immediate risks that the portfolio is exposed to. The Council has, therefore, made reduced contributions in 2021/22, and £0.95m will instead be used as part of the mitigation of the forecasted income pressures.

47. The Council has set aside a Risk Reserve to mitigate against potential unforeseen cost or income pressures and to finance future investment in the Council's assets. At the start of the financial year this reserve stood at £6.2m and at year end was £6.3m. The Risk Reserve will be used to smooth income shortfalls from the THQ debt facility and the Stretford and Stamford LLPs until the positions improve. Regeneration work is now underway at the Stretford Town Centre and Stamford Quarter sites and net income will return to surplus when the work is completed and the assets are fully tenanted.

Risk Reserve	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
B/F	6,201	6,309	4,889	4,668
Budgeted Contribution	1,651	0	0	0
Stamford Quarter Smoothing	0	(418)	(459)	26
Stretford Town Centre Smoothing	0	(359)	(359)	(58)
THQ Smoothing	(596)	0	596	0
GMP – Chester House*	0	(643)	0	0
Budget Support	(947)	0	0	0
C/F	6,309	4,889	4,668	4,636
Net Contribution	108	(1,420)	(221)	(32)

*Should scheme progress then financing costs for the Council's equity investment may need to be financed from reserve

Recommendations

48. It is recommended that that the Executive:

- note the report and the revenue outturn position showing a budget underspend of £1.530m, which has been transferred to the Budget Resilience, Innovation and Change Reserve;
- note the reserves position as detailed in paragraph 15 and Appendix 8;
- note the final capital programme outturn position as detailed in paragraphs 30 to 47

Other Options

Not Applicable.

Consultation

There are no public consultation requirements in respect of this report.

Reasons for Recommendation

Not Applicable

Finance Officer Clearance DM.....
 Legal Officer Clearance DS.....

DIRECTOR'S SIGNATURE *G. Bentley*

Appendix 1

Service Review/Virements	Children's (£000's)	Adults (£000's)	Place (£000's)	Strategy & Resources (£000's)	Finance & Systems (£000's)	Governance & Community Strategy (£000's)	Council -wide (£000's)	Total (£000's)
Period 8 Outturn Report	42,784	65,254	31,566	5,685	7,818	6,328	20,037	179,472
Virements:								
Ofsted investment in Childrens' funding HR, Performane Training and Consultant's Post	(136)			136				0
Research project by Jewish Leadership Council				3			(3)	0
Information Governance posts						33	(33)	0
Total movements	(136)	0	0	139	0	33	(36)	0
Period 10 Outturn Report	42,648	65,254	31,566	5,824	7,818	6,361	20,001	179,472

Appendix 2

Main variances, changes to budget assumptions and key risks

The main variances contributing to the projected underspend of £1.530m, any changes to budget assumptions and associated key risks are highlighted below:

Table : Main variances	Forecast Variance (£000's)	Explanation/Risks
Children's Services	1,478	<p>Outturn variance £1.478m adverse; an adverse movement of £297k.</p> <p>Below is the outturn position on the children's placements and other budget areas.</p> <ul style="list-style-type: none"> • £721k over budget on children's placements (note 1) a favourable movement of £395k; • £385k under budget on staffing (note 2) an adverse movement of £486k; • £678k over budget on Home to School Transport (note 3) an adverse movement of £89k; • £464k over budget on other running costs and income across the service (note 4) an adverse movement of £117k. <p><u>Note 1</u></p> <p>There is an overspend of £721k on children's placements, a favourable movement of £395k.</p> <p>Over the two month period there has been a number of changes within Children's placements. Costs for new placements was £99k after utilising the remaining contingency of £129k. This has been offset by reductions in placement costs of £494k due to children stepping down or leaving the system (£384k) and the receipt of additional Continuing Health Care income for some placements (£110k).</p> <p>The numbers of children as at the end of March are:</p> <ul style="list-style-type: none"> • children in care 363, a decrease of 13 • child protection is 192, an increase of 2 • children in need 842, an increase of 36 <p>The savings target of £1.5m included in the budget has been achieved in full.</p> <p><u>Note 2</u></p>

		<p>There are underspends in staffing of £385k which is due to delays in recruiting and are one-off in nature as the service undertakes its service redesign which will continue to be implemented during 2022/23. The adverse movement of £486k is mainly due to additional agency costs being incurred as difficulties continue in the permanent recruitment of social workers.</p> <p>Note 3</p> <p>The overspend in Home to School Transport is £678k, this is an adverse variance of £89k due to:</p> <ul style="list-style-type: none"> • the service continuing to see an increase in demand with further applications being received; • an increase in the complexity of cases, of which a number require transport to out of borough settings; • the price increases on contracts being incurred due to the increase in fuel costs; • The Trafford Travel Co-ordination Unit (TTCU) is currently part of a task and finish project being undertaken by the Business Intelligence Unit to look at opportunities for change. <p>Note 4</p> <p>The adverse variance in running costs and income across the service is £464k; an adverse movement of £117k. The reasons for this overspend and movement are as follows:</p> <ul style="list-style-type: none"> • £336k adverse variance on Section 17 (s17) payments, an adverse movement of £65k. S17 payments are made where, for children in need, the authority identifies the needs for these children and ensures that the family are given the appropriate support in enabling them to safeguard and promote the child's welfare. As the number of children in need has increased over the year so have the costs in providing this support; • £73k adverse variance on Partington nursery an adverse movement of £11k. The overall variance is due to a low uptake at the nursery resulting in a shortfall in income; • £90k adverse movement on income – no change; • £35k favourable variance on minor variances across the service, an adverse movement of £41k.
Adult Services	(515)	<p>Outturn variance £515k favourable, a favourable movement of £97k from period 10.</p> <p>The impact of COVID-19 and supporting the NHS in dealing with the backlog of patients waiting for treatments has had a significant bearing on the service both in terms of its service delivery and finances during this financial year.</p> <p>The areas of favourable variance and pressures are outlined below:</p>

	<ul style="list-style-type: none"> • £2.334m favourable position on Adult clients, a favourable movement of £2.269m from period 10 (Note 1) • £751k favourable position on staffing and running costs, a favourable movement of £398k from period 10 (Note 2) • £2.570m to support short term pressures on the budget for 22/23 (Note 3); adverse movement of £2.570m. <p>Note 1 Adult Clients has a £2.334m underspend, a favourable movement of £2.269m from period 10.</p> <p>This budget continued to increase in both its complexity and volatility as a result of COVID-19 and below are the main reasons for the favourable position:</p> <p>Discharge to Assess - £2.686m favourable, a £1.577m favourable movement. This is due to the following:-</p> <ul style="list-style-type: none"> • Hospital Discharge Programme (HDP) - £1.107m favourable, a £857k favourable movement. The programme continued this year with costs being met by the NHS. The final months saw an increase in the eligibility of costs that could be charged to the scheme. • Risk Share agreement - £1.579m favourable, a £720k favourable movement. This is due to an increase in the income received from the CCG regarding stays in discharge to assess beds beyond 28 days that are not covered by the HDP. <p>Section 117 Liabilities – £285k favourable, a £285k favourable movement. Section 117 is a part of the legislation that requires councils and CCG’s to fund the requirements of an individual’s after-care under the Mental Health Act to build effective support and rehabilitation packages after a period of compulsory detention. The backdated costs being sought by other local authorities is less than had been anticipated.</p> <p>Savings – £329k adverse, a £15k adverse movement Not all savings have been achieved this year due to the need to continue to respond to COVID-19 and the prevailing market conditions. £1.537m of the £1.866m saving proposals in this area have been achieved.</p> <p>Packages of Care – £308k adverse, a £422k favourable movement This is due to the following:-</p> <ul style="list-style-type: none"> • Increases in costs to existing packages of care £1.671m (586 clients). This is mainly due to increasing client needs/complexity and changes to clients’ financial assessments. • Reductions in costs to existing packages of care £2.552 (332 clients). This is mainly due to reductions in care required, clients that have deceased and changes in clients’ financial assessments.
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		<ul style="list-style-type: none"> • New packages of care - the gross increase was £552k reducing to £459k after applying £96k for contingencies. This will include previous self funders whose savings have fallen below £23,250. <p>Note 2 The outturn position is a favourable variance of £751k on staffing and running costs, a favourable movement of £398k from period 10 which is due to the following:-</p> <ul style="list-style-type: none"> • £438k favourable variance on staffing, a favourable movement of £79k. This favourable variance and movement is due to severe difficulties in recruitment of staff. The exceptional circumstances within the Supported Living service still exist but to a lesser degree due to a reduction in the use of Agency workers and the utilisation of the Workforce Recruitment and Retention grant; • £300k favourable variance on the bad debt provision. A detailed analysis by Exchequer Services on the debt position as at 31st March has determined that no further contribution from the budget this year is required. • £239k favourable variance on client equipment, repairs and maintenance, a favourable movement of £31k. This is due to the impact of COVID-19 resulting in a low number of referrals being received as occupational therapists were redeployed into COVID-19 response teams until Dec 21 and also difficulties in accessing properties to undertake work. • £317k adverse variance due to underachievement of savings, no movement. This is as a result of delays to changes in legislation and staffing pressures on the service and • £91k favourable variance on minor variances, an adverse movement of £12k. <p>Note 3 Due to a range of short term pressures in the service from implementing new government legislation, ordinary residence claims (a local authority has a duty to meet eligible needs for an adult who is 'ordinarily resident' in its area) and the requirements within hospital settings to reduce waiting lists (this will have an impact on discharges from hospital), £2.57m of the adults underspend this year will be set aside in two adult's earmarked reserves to support these budgets in 22/23 (£1.58m Discharge to Assess Reserve and £990k Adults Service Earmarked Reserve).</p> <p>Note 4 In addition to this there are further costs due to COVID-19 as outlined below which are met by additional income:-</p> <ul style="list-style-type: none"> • £6.389m which has been be met by the CCG from their allocation given by NHSE for the Hospital Discharge Programme;
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		<ul style="list-style-type: none"> • £3.867m for Infection Control and Rapid Testing for care providers which has been met by government grant; • £137k for the Clinically Extremely Vulnerable which has been met by government grant; • £797k for Contain Outbreak Management which has been met by government grant; • £494k for Self-isolation Support which has been met by government grant and <p>£1.822m for Workforce Recruitment and Retention which has been met by government grant.</p>
Public Health	(1,638)	<p>Outturn variance £1.638m favourable, a favourable movement of £209k from period 10.</p> <p>The outturn position shows a favourable position of £1.638m as a result of:-</p> <ul style="list-style-type: none"> • £679k favourable position on ‘business as usual’ staffing costs, £2k favourable movement from period 10, as the service continued to lead and support the contain outbreak management response to COVID-19; • £256k favourable position on activity based budgets, £156k favourable movement. This is due to a considerable drop in activity and demand as a result of the disruption cause by COVID-19; • £400k favourable position in the community services contract, no movement. This is a one off reduction as the costs have been met by the NHS and the current financial regime it has been operating in since the coronavirus pandemic and • £303k favourable position on running costs and other minor variations, a favourable movement of £51k. <p>In addition to this there has been further costs of £1.530m due to COVID-19 for contain outbreak management and this will be met by a government grant.</p>
Place	609	<p>Outturn variance £609k adverse, a favourable movement of £730k since period 10.</p> <p>This includes gross COVID-19 pressures of £2.682m, offset by £2.340m included in the approved budget/reserves – a net COVID-19 pressure of £342k which is a favourable movement of £21k.</p> <p>This includes:</p> <ul style="list-style-type: none"> • COVID-19 related gross income losses are £2.514m (reduced by £19k), of which £1.470m is included in the approved budget and £670k earmarked in reserves/grants relating to Leisure. This gives a net COVID-19 income pressure in the forecast outturn of £374k; • The gross COVID-19 related income losses include parking fees and fines £506k (increased by £15k), property rentals £281k (reduced by £19k), outdoor media advertising £26k (reduced by £69k), planning fees £828k (increased by £100k),

		<p>licencing fees £80k, building control fees £61k, highways permits and grants £30k (increased by £6k), street trading £22k (increased by £2k), pest control £8k (reduced by £8k) and trade waste £52k (increased by £4k). These are offset by GMRAPs income now on target £50k (pressure reduced by £50k). The gross trading deficit of the Trafford Leisure CIC is £670k due to the effects of the various COVID-19 restrictions over the year, which will be funded from existing earmarked reserves and application of grants;</p> <ul style="list-style-type: none"> • COVID-19 related gross expenditure pressures are £168k (reduced by £2k). This includes £163k in additional waste disposal costs (increased by £63k) and £54k operational buildings (reduced by £17k), £32k highways, £5k grounds maintenance, £18k other running costs (including licencing). There is an underspend of £99k on Community Safety staffing relating to staff secondments to COVID-19 related work (increased by £43k) and other staff £5k (increased by £5k); • There are also additional costs fully offset by additional specific COVID-19 grants of £305k Community Engagement and £422k for Public Protection/Economic Growth/Housing “pandemic contain” funding. <p>Other Variances £826k favourable, a favourable movement of £297k.</p> <ul style="list-style-type: none"> • The variance includes an overall staffing underspend of £659k relating to vacancies across the year (increase of £80k), which is approximately 9.1% of the staffing budget and includes for management action on vacancies outlined in previous reports. • Property let estate income is £314k above budget offset by additional property costs of £166k. • The ring-fenced planning account has a forecast underspend of £362k (unchanged) which partly offsets the COVID-19 income pressure for Planning application fees above. • These are offset by projected shortfalls in income relating to building control £196k, CCTV £36k and public protection £42k. • Changes in the grant conditions of the Homelessness Prevention Grant used to fund the Housing Options Service Trafford (HOST), and unanticipated additional in-year winter top up grant of £136k, has resulted in an underspend in the Housing service of £488k in 2021/22. This amount has been transferred to the Economic Development Reserve temporarily whilst awaiting notification on the future allocation and conditions of the Homelessness Prevention Grant. <p>Strategic Investment Programme £1.093m adverse, a favourable movement of £412k:</p> <p>The Strategic Investment Property Portfolio will deliver a net benefit to the revenue budget in 2021/22 of £6.5m. This is £1.093m lower than budgeted and is due to economic factors</p>
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		affecting some of the income, particularly from the town centre investments (see details in paragraph 46 on capital programme).
Strategy & Resources	(653)	<p>Outturn variance £653k favourable, a favourable movement of £263k since period 10.</p> <p>This includes gross COVID-19 pressures of £339k, a favourable movement of £152k, which is £142k lower than the £481k included in the approved budget:</p> <ul style="list-style-type: none"> • Gross trading losses in the overall forecast outturn includes £131k in Catering (reduced by £128k) and £98k in Cleaning (reduced by £9k) offset by a £46k surplus in the Music Service (£5k favourable movement). There is a net loss of income from staff parking of £138k (reduced by £10k) and £14k loss of SLA income directly attributable to COVID-19 (unchanged); • There is also £1.127m of additional staff costs relating to the Modernisation, Communications and Human Resources teams which are wholly funded from COVID-19 related grants up to the end of March 2022. <p>Other Variances £511k favourable, a favourable movement of £111k, including:</p> <ul style="list-style-type: none"> • Staff costs are £461k less than budget across the Directorate (favourable movement of £25k) based on actual and forecast vacancies across the whole year, which is 6.9% of the total staffing budget; • SLA income, Bereavement Services and other running costs are favourable £176k (favourable movement of £77k). <p>These are offset by the budgeted Directorate-wide efficiency saving target of £126k, which has been achieved in full.</p>

Finance & Systems	64	<p>Projected outturn variance £64k adverse, an adverse movement of £25k since period 10.</p> <p>Forecast COVID-19 Pressures £219k, adverse movement of £1k:</p> <p>This relates to additional unplanned costs associated with ICT staff, equipment and systems directly related to the COVID-19 pandemic.</p> <p>There are also additional costs fully offset by additional specific COVID-19 grants totalling £1.152m in Exchequer Services and £66k in ICT.</p> <p>Other Forecast Variances £180k favourable, a favourable movement of £147k:</p> <ul style="list-style-type: none"> • Staff costs are £357k less than budget across the Directorate based on actual and forecast vacancies for the whole year, which is 4.5% of the total staffing budget, and an increase of £140k; • Other variances of £11k, a favourable movement of £7k; <p>These are offset by the budgeted Directorate-wide efficiency saving target of £188k.</p>
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Governance & Community Strategy	6	<p>Outturn variance £6k adverse, a favourable movement of £179k since period 10.</p> <p>This includes gross COVID-19 pressures of £275k offset by £240k included in the approved budget, a favourable movement of £186k – a net COVID-19 pressure of £35k:</p> <ul style="list-style-type: none"> • Gross income losses due to COVID-19 are £185k (reduced by £186k) and includes £149k relating to Sale Waterside Arts Centre (reduced by £149k), £17k for events including Flixton House (reduced by £5k), land charges £28k (reduced by £11k) and Registrar’s £57k above budget (increased by £24k). There is also a £48k loss of income from library lettings (increased by £3k); • cost pressures total £90k (unchanged) and relate to legal costs for fees and additional agency staff required due to the increase in caseload £100k, which is in line with budget, and an underspend in Library running costs due to grants of £10k. <p>Other Variances £29k favourable, an adverse movement of £7k:</p> <ul style="list-style-type: none"> • Forecast staff costs are £390k less than budget across the Directorate based on actual and forecast vacancies across the whole year, which is 7.0% of the total staffing budget. This has reduced by £11k; • Running costs are forecast to be overspent by £32k, which is a favourable movement of £4k; • There is a shortfall in income of £137k compared to budget excluding the COVID-19 pressures above, which is unchanged. The overall shortfall includes £25k in capital fee income which is related to staff vacancies (reduced by £9k), £37k shortfall in traded services (reduced by £10k) and £45k reduced grant income in electoral registration service. Other income shortfall, including from SLAs, is net £30k (increase of £19k). <p>The above is offset by the budgeted Directorate-wide efficiency saving target of £192k.</p>
Council-wide budgets	(881)	<p>Projected Outturn variance, £881k favourable, a favourable movement of £368k since Period 10</p> <p>Treasury Management</p> <p>The outturn position for the Council's Treasury Management function is a net overspend of £925k, an adverse movement of £533k since period 10. The key variances are set out below.</p> <p>Shareholder Income Car Park investment £784k - Income totalling £392k was forecast to be received during 2021/22 from monies invested in Manchester Airport Group in 2020 by the Council along with the other 9 Greater Manchester LAs for the provision of a new</p>

	<p>Car Parking facility. As a result of the reduced activity during the Covid-19 pandemic, this income is not anticipated to be achieved until 2023/24 at the earliest. The interest rate smoothing reserve has been increased in year and will be used to cover any income shortfall in the short term.</p> <p>Other provisions have been made to cover the costs of other activity associated with the Council's debt strategy.</p> <p>Sales, Fees and Charges Compensation Grant</p> <p>Council-wide holds the budget provision for the Sales, Fees and Charges Compensation Grant to recompense the Council for COVID related income losses limited for the first quarter of 2021/22. Income losses during the first quarter were lower than budget subsequently resulting in a lower compensation grant estimated at £566k. No change since period 10.</p> <p>Housing Benefit</p> <p>There is a minor net overspend on the Housing Benefit budget of £35k, a favourable movement of £130k since period 10. However, there is now no requirement to draw on any of the £500k set aside in the Reserve to cover volatility in this budget, as previously expected. The actual variance is therefore £35k adverse.</p> <p>Liability Orders</p> <p>Additional income above budget of £222k, including a refund of £117k from the Ministry of Justice relating to Court fees over paid by local authorities during the period between April 2014 to July 2018. An additional £105k above budget due to an increase in activity to clear court backlogs experienced during the pandemic.</p> <p>Greater Manchester Advance Pension Payment</p> <p>A greater than expected saving of £154k above budget from the three yearly advance pension payment. A minor improvement of £4k since period 10.</p> <p>Transport Levy</p> <p>A saving of £99k against budget on the final levy paid to the Greater Manchester Combined Authority.</p> <p>Members Allowances</p> <p>There is a saving of £42k on Members Allowances and running cost budgets, a favourable movement of £7k since period 10.</p> <p>External Audit fees</p> <p>A £25k underspend, a favourable movement of £7k since period 10. This includes the following.</p> <p>Following the approval of its 2020/21 audited annual report, the Public Sector Audit Appointments has redistributed a total of £5.6m amongst its members. For Trafford this refund is £18k.</p>
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		<p>The Government recently announced additional funding of £15m to local authorities over the next 4 years in response to the Redmond Review. This funding is to meet the anticipated rise in audit fees driven by new requirements on auditors. For Trafford this is £47k in 2021/22.</p> <p>Costs of £40k relating to additional audit work relating to the 2020/21 Accounts have also been incurred above budget in the year.</p> <p>Council-wide Contingencies</p> <p>The overall contingency of £2.8m available at the start of the year has been utilised on a range of unforeseen expenditure, most notably the cost of the 2021/22 pay award (£1.2m), the additional pressures caused by the lower than anticipated grant for losses in sales, fees and charges caused by the Covid Pandemic (£0.6m) and the additional pressures detailed above on the treasury management budget (£0.9m). These have been offset by £0.2m of windfall income from Trafford Housing Trust relating to a historic VAT Shelter arrangement. The final release of contingency budgets was £0.3m</p> <p>Contain Outbreak Management Fund (COMF)</p> <p>The Council Wide budget holds the grant income from the COVID-19 related COMF. Grant has been transferred to service areas where expenditure has been directly incurred. A balance of £1.010m has been incurred on shared costs, general overheads and running costs across all services within the year and charged against the grant, in accordance with the grant conditions. As these costs have been accounted for in Service Outturns above, this element of the grant has been transferred to the Budget Resilience, Innovation and Change Reserve in the year to support future budget plans.</p> <p>A balance of £1.403m remains of the grant with defined plans to spend this in 2022/23; this has therefore been carried over as a Grant Receipt in Advance.</p> <p>Savings Programme</p> <p>The savings from the Voluntary Redundancy/Voluntary Severance scheme of £919k over the two year period 2021/23 (£708k in 2021/22 and £211k in 2022/23) is projected to fall short of target by £50k.</p> <p>Also, the take up from the 9-day Fortnight scheme has been lower than expected and the saving of £60k will not be fully realised, leaving a shortfall of £48k.</p> <p>However, these savings shortfalls will be managed within the pay element of the Council-wide contingency budget.</p>
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Dedicated Schools Grant	1,533	<p>Outturn variance £1.533m adverse, a favourable movement of £231k from Period 10.</p> <p>There are underspends in the Schools and Central Schools Services of £476k, a favourable movement of £125k. The majority of this movement is within the schools block (£90k) due to further growth fund applications not being required until 2022/23 (£55k) and a further reduction in the utilisation of the maternity fund (£35k).</p> <p>The Early Years blocks is overspent by £88k after £120k of reserves were utilised. This is due to the final funding allocation and numbers of funded children not being known until after the January census count in which this data is not received until mid-way through spring term.</p> <p>The High Needs Block overspent by £1.921m, a favourable movement of £194k from P10.</p> <p>The service continues to review what mitigations can be put in place to provide longer term savings. In addition to this and as a requirement of the DSG, where there is an overall deficit on the account at the end of financial year 2021/2022, or where a DSG surplus has substantially reduced, a deficit management plan must be completed and submitted to Government. This plan is in the process of being prepared and will assist in future planning and identifying how any deficit will be addressed.</p>
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Business Rates Budget
Appendix 3

Business Rates	Budget 100%	Actual 100%	Variance	Comments
	2021/22 £	2021/22 £	£	
Business Rates - Collection Fund				
Gross Rates Payable	(183,901,072)	(179,170,279)	4,730,793	Reduction in gross rateable income due to a number of large retail site undergoing refurbishment at the Trafford Centre. These reduction are temporary and are expected to be completed in early 2022/23.
Transitional Adjustments and Mandatory & Discretionary Reliefs	16,677,821	23,938,892	7,261,071	Increase in empty property relief of £4.3m and £2.3m standard Extended Retail Relief over budget.
Extended Relief due to COVID-19	0	38,130,213	38,130,213	Reduction in income due to the award of COVID-19 reliefs (retails, hospitality, leisure, nursery). This shortfall will be made good by the Government via a section 31 Grant paid to the General Fund.
Accounting Adjustments (Appeals & BDP) & Cost of Collection	14,151,164	(1,371,405)	(15,522,569)	Budgeted contribution of £6.5m for appeals relating to 21/22 has been reduced by £3.0m with a further £6.6m released from existing provision due to some big cases being dismissed by the VOA. In addition, losses on collection were less than anticipated resulting in lower accounting adjustments of £6.0m.
Collection Fund Budget and Actual Income 100%	(153,072,087)	(118,472,579)	34,599,508	The net impact of above lines resulted in a net deficit on the Collection Fund of £34.6m. This consisted of an underlying core surplus of £3.53m, offset by a deficit caused by COVID-19 reliefs of £38.130m

Collection Fund Budget and Actual Income - Trafford Share 99%	(151,541,366)	(117,287,854)	34,253,513	Trafford's Share (99%) of the net Collection Fund Deficit is £34.25m
Business Rates – Trafford General Fund				
Local Share	(151,541,366)	(155,036,764)	(3,495,398)	Trafford's Share (99%) of the Collection Fund Deficit is £34.25m. Consisting of core surplus of £3.495m and COVID-19 Relief deficit of £37.75m.
Deficit caused by COVID-19 Relief Contribution to Deficit Reserve	0	37,748,911	37,748,911	A contribution towards a reserve will be made in 2021/22 to pay for the deficit caused by COVID-19 rates relief. The deficit will be repaid during 2022/23 and 2023/24. A Section 31 Grant has been received (below) to meet the cost of this deficit.
Trafford's Share of Collection Fund	(151,541,366)	(117,287,853)	34,253,513	
Tariff	95,551,976	95,551,976	0	
Section 31 Compensation Grants	(9,001,875)	(49,408,368)	(40,406,494)	The increase in S31 grants is largely due to the extended retail relief (£37.75m) as a result of COVID. The balance of £2.66m relates to standard retail relief grants.
SAICA Renewable Energy	(82,944)	(82,944)	0	
GM Pilot 'No Detriment' Over Payment	5,543,677	7,373,518	1,829,841	Increased no detriment payment as a result of the increase in growth to baseline.

GM Pilot 'No Detriment Rebate	(2,771,839)	(5,530,138)	(2,758,300)	Increase in the no detriment rebate due to renegotiation of the growth pilot sharing agreement with GMCA, previously set at 50%, however agreed to increase to 75%.
Collection of Prior Year Deficit	83,468,589	83,467,811	(778)	minor adjustment on prior year deficit, offset by contribution from reserve below
Contribution from Reserves to meet Prior Year Deficit	(83,468,589)	(83,467,811)	778	
Estimated Covid 20/21 deficit (Gross) spread over three years	1,773,322	1,773,322	0	
Government Support at 75% of estimated full 20/21 deficit via TIG Reserve	(1,329,991)	(1,329,991)	0	
Contribution from Business Rates Reserve	(600,000)	(600,000)	0	
Contribution to Business Rate Deficit Reserve		289,409	289,409	Contribution to Rates Deficit Reserve re over distribution of estimated 21/22 surplus, repayable to Collection Fund in 2023/24 (see footnote *)
Total Budget/ Actual/ Variance	(62,459,040)	(69,251,071)	(6,792,031)	
Benefit within the Collection Fund (*)			(3,495,398)	
Benefit within the General Fund (**)			(3,296,633)	
			(6,792,031)	

(*) The surplus on the Collection Fund was estimated at £3.785m in Period 8 and in line with regulations, this figure will be released from the Collection Fund in 2022/23 and as such has been included in our budget plans. The actual benefit at year end was £3.495m which will result in an overpayment of £289k and will need to be repaid to the Collection Fund in 2023/24. The Rates Deficit Reserve will be increased to hold this balance until it is repaid.

(**) The favourable Business Rates outturn within the General Fund is £3.296m after the deduction of a figure of £289k to provide for the overpaid estimated surplus (see paragraph above). **The General Fund favourable outturn of £3.296m will be transferred to the Budget Resilience, Innovation and Change Reserve to support our future budget plans.**

An analysis of major areas of re-profiling for the General Capital Programme		Period 10 2021/22	Period 12 Actual 2021/22	Variance	%	Net Re-profiling	Overspend	Savings
		£m	£m	£m		£m	£m	£m
Children's Services								
	Schools	11.42	9.79	-1.63	-14%	-1.63	0.00	0.00
	- Basic Need : Expansion schemes	7.09	6.42	-0.67		-0.67	0.00	0.00
	- Maintenance Programme	3.63	2.81	-0.82		-0.82	0.00	0.00
	- Devolved Formula Capital	0.50	0.34	-0.16		-0.16	0.00	0.00
	- SEND Programme	0.20	0.22	0.02		0.02	0.00	0.00
	Children's Social Care Services	0.38	0.31	-0.07	-18%	-0.07	0.00	0.00
	- Foster Carers – Accommodation Improvements	0.04	0.03	-0.01		-0.01	0.00	0.00
	- Children's Portal/Liquid Logic	0.30	0.24	-0.06		-0.06	0.00	0.00
	- Other Schemes	0.04	0.04	0.00		0.00	0.00	0.00
	Total	11.80	10.10	-1.70	-14%	-1.70	0.00	0.00
Adult Social Care				0.00				
	- Disabled Facilities Grant	1.76	1.76	0.00		0.00	0.00	0.00
	- Assistive Technology/ Agile Working	0.11	0.12	0.01		0.00	0.01	0.00
	Total	1.87	1.88	0.01	1%	0.00	0.01	0.00

		Period 10 2021/22	Period 12 Actual 2021/22	Variance	%	Net Re- profiling	Overspend	Savings
Place								
	Corporate Landlord	3.19	1.77	-1.42	-45%	-1.41	0.00	-0.01
	- Public Buildings Repairs and DDA	0.96	0.46	-0.50		-0.49	0.00	-0.01
	- De-carbonisation Programme	2.01	1.19	-0.82		-0.82	0.00	0.00
	- Other Schemes	0.22	0.12	-0.10		-0.10	0.00	0.00
	Regeneration & Strategic Planning	1.41	1.59	0.18	13%	0.18	0.00	0.00
	Future High Street Fund	0.57	0.92	0.35		0.35	0.00	0.00
	- Greater Manchester Full Fibre Initiative	0.57	0.50	-0.07		-0.07	0.00	0.00
	- Town Centre Public Realm Works	0.17	0.15	-0.02		-0.02	0.00	0.00
	- Other schemes	0.10	0.02	-0.08		-0.08	0.00	0.00
	Sport, Recreation & Culture and Recycling	1.40	1.35	-0.05	-4%	-0.05	0.00	0.00
	- Leisure Centre Strategy and Improvements	0.83	0.84	0.01		0.01	0.00	0.00
	Football Facility Provisions	0.56	0.50	-0.06		-0.06	0.00	0.00
	- Other Schemes	0.01	0.01	0.00		0.00	0.00	0.00
	Environmental Services and Green Spaces	0.81	0.40	-0.41	-51%	-0.42	0.01	0.00

	- Parks and Play Areas Infrastructure	0.81	0.40	-0.41		-0.42	0.01	0.00
		Period 10 2020/21	Actual	Variance	%	Net Reprofiting	Overspend	Savings
	Housing and Other Services	1.43	1.36	-0.07	-5%	-0.07	0.00	0.00
	- Housing Services	1.43	1.36	-0.07		-0.07	0.00	0.00
	Bereavement Services	0.13	0.08	-0.05	-38%	-0.05	0.00	0.00
	Bereavement Services	0.13	0.08	-0.05		-0.05	0.00	0.00
	Parking Services	0.07	0.04	-0.03	-43%	-0.04	0.01	0.00
	Parking Services	0.07	0.04	-0.03		-0.04	0.01	0.00
	Highways	9.17	7.84	-1.33	-15%	-1.21	0.01	-0.13
	- Highways Structural Maintenance	5.07	3.67	-1.40		-1.32	0.00	-0.08
	- Integrated Transport Schemes	0.43	0.19	-0.24		-0.19	0.00	-0.05
	- Cycling and Walking Schemes	1.64	1.89	0.25		0.24	0.01	0.00
	- Bridges Programme	1.01	0.62	-0.39		-0.39	0.00	0.00
	- Carrington Road Improvements	1.02	1.47	0.45		0.45	0.00	0.00
	Total	17.61	14.43	-3.18	-18%	-3.07	0.03	-0.14
	Governance & Community Strategy							
	Partnerships & Communities	0.08	0.11	0.03	38%	0.02	0.01	0.00
	Finance & Systems							
	Information Technology	0.73	0.55	-0.18	-25%	-0.18	0.00	0.00
	General Capital Programme Total	32.09	27.07	-5.02	16%	-4.93	0.05	-0.14

An analysis of major areas of re-profiling for the General Capital Programme		Approved Budget	Outturn 2021/22	Variance	Variance %
		£m	£m	£m	
Children's Services					
	Schools	12.26	9.79	-2.47	-20
	- Basic Need : Expansion schemes	7.23	6.42	-0.81	-11
	- Maintenance Programme	4.03	2.81	-1.22	-30
	- Devolved Formula Capital	0.80	0.34	-0.46	-58
	- SEND Programme	0.20	0.22	0.02	-10
	Children's Social Care Services	0.53	0.31	-0.22	-42
	- Foster Carers – Accommodation Improvements	0.19	0.03	-0.16	-84
	- Children's Portal/Liquid Logic	0.30	0.24	-0.06	-20
	- Other Schemes	0.04	0.04	0.00	0
	Total	12.79	10.10	-2.69	-21
Adult Social Care					
	- Disabled Facilities Grant	3.81	1.76	-2.05	-54
	- Assistive Technology/ Agile Working	0.68	0.12	-0.56	-82
	Total	4.49	1.88	-2.61	58
Place					
	Corporate Landlord	5.71	1.77	-3.94	-69
	- Public Buildings Repairs and DDA	0.94	0.46	-0.48	-51
	- De-carbonisation Programme	3.81	1.19	-2.62	-69
	- Other Schemes	0.96	0.12	-0.84	-88
	Regeneration & Strategic Planning	6.27	1.59	-4.68	-75
	-Future High Street Fund	1.57	0.92	-0.65	-41
	- Greater Manchester Full Fibre Initiative	0.84	0.50	-0.34	-40
	- Town Centre Public Realm Works	0.40	0.15	-0.25	-63

		Period 10 2020/21	Outturn 2021/22	Variance	
	- Manchester Airport - Project Mere	3.26	0.00	-3.26	-100
	- Other schemes	0.20	0.02	-0.18	-90
	Sport, Recreation & Culture and Recycling	1.79	1.35	-0.44	-25
	- Leisure Centre Strategy and Improvements	1.08	0.84	-0.24	-22
	- Football Facility Provisions	0.71	0.50	-0.21	-30
	- Other Schemes	0.00	0.01	0.01	0
	Environmental Services and Green Spaces	0.89	0.40	-0.49	-55
	- Parks and Play Areas Infrastructure	0.89	0.40	-0.49	-55
	Housing and Other Services	0.93	1.36	0.43	46
	- Housing Services	0.58	1.36	0.78	134
	- Community Safety	0.35	0.00	-0.35	-100
	Bereavement Services	1.08	0.08	-1.00	-93
	-Bereavement Services	1.08	0.08	-1.00	-93
	Parking Services	0.28	0.04	-0.24	-86
	-Parking Services	0.28	0.04	-0.24	-86
	Highways	13.42	7.84	-5.58	-42
	- Highways Structural Maintenance	5.28	3.67	-1.61	-30
	- Integrated Transport Schemes	1.09	0.19	-0.90	-83
	- Cycling and Walking Schemes	4.89	1.89	-3.00	-61
	- Bridges Programme	1.14	0.62	-0.52	-46
	- Carrington Road Improvements	1.02	1.47	0.45	44
	Total	30.37	14.43	-15.94	-52
	Governance & Community Strategy				
	Partnerships & Communities	0.08	0.11	0.03	38
	Finance & Systems				
	Information Technology	1.26	0.55	-0.71	-56
	General Capital Programme Total	48.99	27.07	-21.92	-45

CAPITAL PROGRAMME 2021/22- Overspends and Savings P10 to Outturn

Overspends	£000's
Adult Social Care System	7
Section 278 Agreements	9
Cycle City – Chorlton Cycleway	8
Parking Pay and Display Equipment	8
Play Area Refurbishment	4
ICT Capacity Upgrade	10
Total Overspends	46
Savings	
Capital Innovations Fund – Sanyu Day Care Centre	2
Public Building Repairs	6
Integrated Transport – Dropped Crossings	19
Casualty Reduction Partnership	30
Highway Resurfacing	49
Highway Road Reconstruction	29
Total Savings	135

Prudential Indicators – 2021/22

The figures below show the Council's actual prudential indicators for 2021/22 and those for future years as reported in February 2022.

Capital Prudential Indicators	2020/21 Actual £m	2021/22 Actual £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
Capital Expenditure:-					
General Programme	33.95	27.07	79.56	68.60	39.07
Investment Strategy	71.06	30.90	130.15	75.00	25.00
Capital expenditure - the table above shows the capital expenditure incurred in 2021/22 and the estimated expenditure to be incurred for following three years.					
Capital Financing Requirement as at 31 March	423.49	376.35	538.44	624.81	646.28
Capital Financing Requirement (CFR) - this reflects the estimated need to borrow for capital investment (i.e. the anticipated level of capital expenditure not financed from capital grants and contributions, revenue or capital receipts).					
Financing Cost to Net Revenue Stream	6.4%	6.6%	6.7%	6.8%	6.6%

Financing costs to net revenue stream - this indicator shows the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the Council's net revenue stream.

Incremental Impact on Band D Council Tax (£)	£0.00	£0.00	£0.00	£0.00	£0.00
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Incremental impact on band D council tax – reflects the incremental impact on the Council Tax arising from new borrowing undertaken in order to finance the capital investment decisions taken by the Council during the budget cycle. The figures above reflect that any additional borrowing is supported by revenue savings or external support.

Local Indicators for the Asset Investment Strategy	2021/22 Actual £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
Gross Commercial Income	14.10	13.42	12.92	12.40
Gross Commercial Income – this is the total estimated level of income to be received from the acquisitions of commercial property and provision of senior debt finance and is required to support new debt costs associated the transactions, with any balance supporting the overall revenue budget.				
External Interest Cost	4.59	4.42	4.32	4.21
External Interest Cost – this is the interest cost of the new debt required to cover the capital cost of the new commercial activity.				
Minimum Revenue Provision (2.0% = 50 years)	2.25	2.52	2.52	2.53
Minimum Revenue Provision - this is the amount of income set aside as a provision for the repayment of the debt, required to cover the capital cost of the new commercial activity.				
Risk Reserve	0.11	-1.42	-0.22	-0.03
Risk Reserve - this is the amount of income set aside to reserve as contingency in the event of a reduction in commercial income levels.				
Cumulative Investment Reserve	6.31	4.89	4.67	4.64
Cumulative Risk Reserve - this is the cumulative amount of reserve set aside, after annual contributions and deductions, as contingency in the event of a reduction in commercial income levels.				

Gross Commercial Income as proportion of Net Budget	7.86%	6.97%	6.37%	5.86%
Gross Commercial Income as proportion of Net Budget – this illustrates the proportion of the net budget which is supported by the new commercial income streams.				

Trafford Council Reserves 2021 to 2022	Balance 31.3.21 £000	Spend/ (income) 2021/22 £000	Transfer to/from reserves 2021/22 £000	Balance 31.3.22 £000	Net Movement £000
Budget Resilience					
MTFP Budget Resilience, innovation and Change Reserve (BRICR)					
To provide a cushion and to support the MTFP as the Council continues its recovery from the financial impacts of the pandemic. It will support the budget gap over the short-term and provide the necessary investment in the innovation and change programme which will support in delivery of a balanced budget in later years	6,347	3,534	1,769	11,650	5,303
Sub-Total Budget Resilience	6,347	3,534	1,769	11,650	5,303
Smoothing and Business Risk					
Business Rates Reserve					
The business rate risk reserve was established to be used to offset the risk of significant fluctuations in business rates income (which are more significant under the 100% business rates retention pilot) and to help smooth income at the point of the business rates reset	6,529	(600)	0	5,929	(600)

MAG Dividend					
Reserve established in 2017 to hold the surplus dividend above our budget assumptions from our investment in Manchester Airport Group. Was used to cushion the revenue budget against the impact of any downturn in the airport dividend. Reserve utilised in 2020/21. Target of £500k per annum to start to replenish within MTFs, however resources redirected in the short-term to managing overall budget gap.	0	0	0	0	0
Insurance Reserve					
Funds earmarked to cover the cost to the Council for future insurance claims due to the large excess levels on the property insurance policies. It is also utilised to carry out various risk management initiatives and to cover the cost of historic claims which may fall on the Council (MMI).	1,700	89	(250)	1,539	(161)
Employment Rationalisation Reserve					
To cover the cost of rationalising the employment of staff by the Council (e.g. redundancy costs)	1,166	0	(366)	800	(366)
Housing Benefit Overpayments Reserve					
Reserve established to smooth the volatility in the recovery of Housing Benefit overpayments. Committed to support the 2018/19 budget.	500	0	0	500	0
Synthetic Pitch Replacement Reserve					
This will be used towards replacing synthetic pitches across the Borough	93	15	0	108	15
Local Search Litigation Costs Reserve					

Reserve established as a contingency for potential back claims regarding changes in local search litigation costs	93	(15)	0	78	(15)
Civic Vehicle Replacement					
Replacement of mayoral vehicle	24	0	0	24	0
Waste Levy Reserve					
To smooth the effects on the Council's budget of movements in the waste levy over the medium term	571	780	0	1,351	780
Winter Maintenance Reserve					
To provide emergency funds to cover the costs of highway & footway maintenance during periods of adverse weather conditions.	120	0	0	120	0
Elections Reserve					
To smooth the elections budget across the 4 year Municipal cycle.	308	(45)	0	263	(45)
Interest Rate Reserve					
To smooth the effect on the Council's budget of volatile movements in interest rates and to provide a risk contingency on strategic loan advances.	2,161	406	0	2,567	406
Exchequer Services Reserve					
Accumulated underspend of unspent grants (ring-fenced for activities such as fraud work, ICT systems, Universal Credit)	237	95	0	332	95
EU Exit Funding Reserve					

Government funding to be used to enhance capacity and capability within local authorities in preparation for EU Exit related activities	300	(51)	0	249	(51)
Sale PFI Reserve					
Reserve to hold the final bullet payment for Sale PFI Scheme	1,086	146	0	1,232	146
Admin Building Cyclical Maintenance Reserve					
To provide a reserve sufficient to cover major lifecycle maintenance and unexpected costs associated with the maintenance and repair of all major administrative sites.	758	2	0	760	2
Inflation Risk Reserve					
Inflation Risk Reserve established in 2021/22 to manage and smooth the impact of escalating inflation rates and impact during financial year.	0	0	3,000	3,000	3,000
Sub-Total Smoothing and Business Risk	15,646	822	2,384	18,852	3,206
Strategic Priority					
Transformation Fund Reserves					
Monies allocated from Greater Manchester Health and Social Care Partnership for the transforming of health and social care services. This money is to be used on the activities that were laid out in the Transformation programme and some of this money will be allocated to the CCG for their share of programme costs. £1.4m has been transferred to new Discharge to Assess Reserve in 2021/22.	4,282	(1,061)	(1,400)	1,821	(2,461)
Strategic Investment Fund Risk Reserve					

Reserve established as a contingency for potential loss of income, additional cost due to delays in investment property fund	6,201	108	0	6,309	108
Leisure Centre Redevelopment Risk Reserve					
Reserve to manage the risk during leisure centre refurbishment programme. Particularly loss of income, changes in assumptions for demand, inflation.	1,368	258	0	1,626	258
Children Action Fund Reserve					
Specific reserve to cover additional expenditure requirements in 2019/20 following the 2019 Ofsted inspection.	138	(69)	0	69	(69)
Bus Reform					
£1.5m has been set aside for the contribution to Bus Reform with a target date of 2022/23.	1,500	0	0	1,500	0
Major Projects and DSG Academy Transfer Reserve and Future Gov					
Major Projects can result in abortive costs and the transfer of schools with deficits can also result in costs which need to be written off and so a small reserve has been created to protect against these two write off risks.	275	0	0	275	0
Total Strategic Priority	13,764	(764)	(1,400)	11,600	(2,164)

Corporate					
NDR Deficit Reserve					
Reserve established towards meeting Trafford's share of the NDR Deficit. This is a requirement of collection fund accounting.	(4,124)	4,413	0	289	4,413
STAR Procurement Reserve					
STAR revenue budget under/overspends to be carried forward. Commitment to spend is approved by STAR Board (Stockport, Trafford, Rochdale and Tameside). Ring-fenced reserve for members of STAR	546	(19)	0	527	(19)
Planning income reserve					
A reserve established to hold surplus planning income in line with Government requirements to reinvest increases in fee income towards improvements in planning services. This is a ring fenced reserve with specific statutory conditions attached to it.	358	(172)	0	186	(172)
Council Tax Smoothing					
Reserve established to absorb the timing differences in the treatment of collection/ distribution Council Tax Surplus/deficits	285	(285)	0	0	(285)
General Fund Reserve					
This is the reserve that the Council is required to hold to protect against in year financial shocks. This was increased in 2021/2022 and should be seen as a minimum level given the size of our overall revenue budget.	8,000	0	1,500	9,500	1,500
Total Corporate	5,065	3,937	1,500	10,502	5,437

Specific Area Priority					
ICT development					
Reserve established to ensure there are funds available for the replacement of equipment such as ICT and to smooth out maintenance costs as a result of the Digital Investment programme.	589	670	0	1,259	670
Economic Development Reserves					
Reserve set aside specifically for economic development related projects. Increase in resource in 21/22 relating to smoothing of uncertainty in Housing Options Service Trafford.	704	734	0	1,438	734
Libraries and Customer Services Reserve					
Funds earmarked for ICT upgrades plus additional costs associated with the new Altrincham library.	20	48	0	68	48
Voluntary Sector Grants Reserve					
Carry forward of prior year spend due to slippage on projects - committed on schemes.	4	24	0	28	24
Community Safety Reserve					
Investment in Community Safety initiatives.	568	(217)	0	351	(217)
Modernisation					
Hold rolling balance of Modernisation Team budget underspend for future commitment	306	0	0	306	0
One Trafford Partnership					
Established to hold contractor penalty payments to be invested in one-off Partnership schemes.	1,859	114	0	1,973	114
Sports Partnership Reserve					

Ring-fenced funding from Sports Partnership to be used on specific projects	165	213	0	378	213
Service Carry Forward Place	967	47	0	1,014	47
Service Carry Forward Governance and Community	95	(36)	0	59	(36)
Service Carry Forward Finance and Systems	1,057	26	(219)	864	(193)
Service Carry Forward Strategy and Resources	612	112	0	724	112
Service Carry Forward Children's Services	111	(83)	0	28	(83)
Service Carry Forward Adults Services	3,779	1,126	(506)	4,399	620
Adults Discharge to Assess	0	1,580	1,706	3,286	3,286
Service Carry Forward People and Traded Services	261	56	0	317	56
Total Specific Area Priority	11,097	4,414	981	16,492	5,395
Total Earmarked Reserves (exc COVID)	51,919	11,943	5,234	69,096	17,177
Other Reserves					
COVID-19 Budget Resilience and Smoothing					
COVID-19 Grant					
The grant reserve was established in 2019/20 to hold the unspent balance of the first tranche of Government grant received in 2019/20 to support local Covid-19 related pressures. Will be drawn down to support the 2021/22 and 2022/23 budgets. £5.234m was transferred to the MTFP BRIC Reserve as part of 2022/23 final budget report.	20,672	(8,341)	(5,234)	7,097	(13,575)
Council Tax Hardship					
Reserve established to hold the balance carried forward for Council Tax Hardship award from Government Grant to enable an extension of the scheme in 2021/2022. Fully utilised in 2021/22.	1,131	(1,131)	0	0	(1,131)
Council Tax Compensation Grant Covid (75%)					

The Tax Income Guarantee (TIG) Grant compensated councils for 75% of specific losses in Council Tax recovery caused by COVID-19. The TIG for Council Tax is £0.767m and will be held in this reserve to be drawn down over the next three years in line with our medium term budget assumptions as agreed in February 2021.	767	(258)	0	509	(258)
Business Rates Compensation Grant Covid (75%)					
The Tax Income Guarantee (TIG) Grant compensated councils for 75% of specific losses in Business Rates recovery caused by COVID-19. £3.99m and will be held in this reserve to be drawn down over the next three years in line with our medium term budget assumptions as agreed in February 2021.	3,990	(1,330)	0	2,660	(1,330)
NDR Rates Exceptional Deficit Reserve (Section 31 Grants)					
Holding reserve for Section 31 Grants compensating for Business Rates Relief Deficit caused by COVID Rates Reliefs. Will be fully drawn down over two years.	87,713	(49,842)	0	37,871	(49,842)
Total COVID-19 Budget Resilience and Smoothing	114,273	(60,902)	(5,234)	48,137	(66,136)
Capital Related Reserves					
Consists 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	18,993	3,655	0	22,648	3,655
Balances held by schools under a scheme of delegation					
These are balances which belong to individual schools and are just held by the Council on their behalf.	15,167	(931)	0	14,236	(931)

Rounding - Detailed Table to Summary Table	(12)			3	
Total Usable Reserves	200,340	(46,235)	0	154,120	(46,235)