

**Manchester City Council  
Report for Resolution**

**Report to:** Council – 7 March 2014  
**Subject:** Council Tax Resolution for 2014/15  
**Report of:** City Treasurer, Chief Executive and City Solicitor

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**Summary**

To advise the Council of the recommended Council Tax resolution and Collection Fund budget for 2014/15

**Recommendations**

The Council is recommended to:

1. Adopt the part proceedings of the Executive on 12 February 2014 which contain details of the following:
  - Budget 2015/17 – A Strategic Response
  - Revenue Budget 2014/15 including prudential indicators
  - Capital Programme Budget 2014/15 - 2016/17
  - Treasury Management Strategy Statement and Borrowing Limits and Annual Investment Strategy 2014/15
  - Budget proposals for Children and Families, Growth and Neighbourhoods, Corporate Core and Better Care Fund
  - Housing Revenue Account 2014/15 – 2016/17
  - Dedicated Schools Grant 2014/15
2. Note the information on referenda in section 3 of this report.
3. Note the position on reserves, after their use to support the budget, in Appendix 3 to this report
4. To determine affordable borrowing limits, prudential indicators, proposals in respect of treasury management, annual investment strategy and minimum revenue provision strategy. (The prudential indicators are listed in Appendix 4 to this report)
5. To approve the Council Tax determination attached as Appendix 1 to this report which:
  - Calculates the Council tax requirement in accordance with Section 31A of the Local Government Finance Act 1992 as amended by the Localism Act 2011.
  - Calculates a basic amount of Council Tax and an amount of tax for each valuation band (the City Council element) in accordance with

Sections 31B and 36 of the Local Government Finance Act, 1992, as amended.

- Sets an amount of Council Tax for each category of dwellings in each valuation band in accordance with Section 30 of the Local Government Finance Act, 1992.

6. Approve the Collection Fund Budget for 2014/15 as set out in Appendix 5 to this report.

**Wards Affected: All**

Community Strategy Spine	Summary of the contribution to the strategy
Performance of the economy of the region and sub region	This report presents to council the proposed Revenue Budget and consequent Council Tax for the City. Whilst this has no direct implications for the community strategy spines a balanced budget is a pre-requisite to the provision of the council services that support the spines and includes some transfer of resources to support key council objectives.
Reaching full potential in education and employment	
Individual and collective self esteem – mutual respect	
Neighbourhoods of Choice	

**Full details are in the body of the report, along with any implications for:**

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

**Financial Consequences – Revenue**

The approval sought above is a pre-requisite to having a revenue budget for 2014/15. The revenue budget incorporates provision for financing of borrowing undertaken to fund capital expenditure.

**Financial Consequences – Capital**

Details of the proposed Capital Programme for the next three years were approved at Executive on the 12 February and any financial implications are contained within the body of the report and attached schedules.

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**Background documents (available for public inspection):**

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

1. Local government finance provisional and final settlement papers,
2. Budget Consultation Document,
3. Budget Consultation Responses,
4. Final Levy and Precept notifications,
5. Reports to the Executive on 12 February 2014 entitled:
  - (i) Budget 2015/17 – A Strategic Response
  - (ii) Children and Families Budget 2014/15
  - (iii) Better Care Fund
  - (iv) 2014/15 Corporate Core Budget
  - (v) 2014/15 Growth and Neighbourhoods Budget
  - (vi) Revenue Budget 2014/15
  - (vii) Dedicated Schools Grant 2014/15
  - (viii) Housing Revenue Account 2014/15 to 2016/17
  - (ix) Capital Programme Budget 2014/15 to 2016/17
  - (x) Treasury Management Strategy Statement and Borrowing Limits and Annual Investment Strategy 2014/15

## 1. Introduction

- 1.1 At its meeting on 12 February 2014, the Executive received a series of reports which outlined the budget position of the Council after the announcement of the provisional Local Government Finance Settlement. These reports included:
- (i) A report setting out the implications for the Council of the settlement and identifying a Strategic Framework to guide detailed development of a budget strategy for 2015/17.
  - (ii) A report from each Directorate, providing information on the second year of the two year budget set in 2013/14 and the resulting changes to the directorates.
  - (iii) A report proposing changes to 2014/15 budgets and setting out the issues and legal requirements that members need to consider prior to the Council finalising the budget and setting the Council Tax for 2014/15 (“the budget report”).
- 1.2 Finance Scrutiny on 24 February met to consider the recommendations of Executive as well as considering the Opposition’s budget amendments. The Committee considered any issues arising from individual Business Plans that chairs of scrutiny committees wished to draw specific attention to. They also received a report outlining the results of the public consultation exercise undertaken. Representatives of the business community in Manchester were asked if they would want to comment on the proposed budget papers but no response has been received. The proceedings at that meeting and the decision taken are set out in the minutes elsewhere on the agenda.
- 1.3 The reports are listed in the background documents to this report. Members should take the contents of these into account when considering the recommendations set out in this report.

## 2 The Revenue Budget

- 2.1 The reports to the Executive on the 12 February noted that the provisional local government finance settlement for 2014/15 announced on 18 December 2013 was mainly as had been anticipated following the further reductions announced in the Chancellor’s Autumn Statement. The Revenue Budget 2014/15 report gave details of all changes to the budget as previously approved and a separate report set out the implications for the City Council of the Provisional Local Government Settlement for 2015/16, and identified a strategic framework to guide the detailed development of a budget strategy for 2015/17. The Revenue Budget Report 2014/15 provided details of proposed movements into and out of reserves.
- 2.2 As some of the figures included in the budget report were at that time not final, the Executive delegated authority to the City Treasurer and Chief Executive in consultation with the Executive Member for Finance and Human Resources and the Leader of the Council to draft the recommended

- budget resolution for budget setting Council in accordance with the legal requirements outlined in the report and taking into account the decisions of Executive and any final changes to account for final announcements on levies and other small technical adjustments.
- 2.3 The Final Local Government Finance Settlement was published on 5 February. The final Settlement Funding Assessment allocations for 2014/15 and 2015/16 are the same as the provisional allocations published in December 2013 and included in the report to Executive, apart from an extra c. £3m nationally, within the returned holdback for capitalisation amount, in 2014/15. Manchester's share of the additional holdback amount is £47k. This increases Manchester's Settlement Funding Assessment figure for 2014/15 from £350.469m to £350.516m.
- 2.4 Following clarification by CLG, of the treatment of business rate reliefs awarded in the Enterprise Zone, the Council's share of the business rate collection fund deficit for 2013/14 has reduced by £149k to £13,575k.
- 2.5 It has also been confirmed by CLG that the accounting treatment of the safety net entitlement for 2013/14 remains unchanged, i.e. it has to be accounted for as income in 2013/14. This will be transferred to a reserve to be used to fund the deficit which is accounted for in 2014/15.
- 2.6 A Council Tax resolution is attached as Appendix 1 based on the revised figures.
- 2.7 The Government has announced that it is making available additional Council Tax Freeze Grant for 2014/15, equivalent to a 1% increase in their projected 2014/15 tax base, which is payable to all Councils who freeze or reduce their basic amount of 2014/15 Council Tax. The grant has been calculated excluding the reductions on the council tax base for those receiving council tax support (i.e. on the old higher tax base calculation) and will be paid in both 2014/15 and 2015/16. The Executive have recommended that Manchester's 2014/15 Council Tax should be frozen.
- 2.8 The Greater Manchester Fire and Rescue Authority are also intending to freeze their precept at the 2013/14 level, the Greater Manchester Police and Crime Commissioner is intending to increase their precept by 1.99%.

### **3 Council Tax Referenda**

- 3.1 As part of the Localism Act 2011, the Secretary of State removed the previous capping regime and replaced it with a duty for Councils to hold a local referendum if it was proposing to apply an "excessive" increase to its Council Tax. The Secretary of State will on an annual basis determine what level of increase will be deemed excessive and such determination has to be approved by the House of Commons. An announcement was made on the 5 February that provided guidance on what would be deemed excessive for 2014/15. For billing authorities, with a slightly modified principal for the City of London element of the Greater London Authority precept, the amount

was set at an increase of 2% or more on the Band D level of council tax.

3.2 In previous years the increase was measured against the relevant basic amount of Council Tax, which was effectively an amount equivalent to what the Manchester City Council element of the Band D tax would have been if no levies had been issued to the Council. The legal position has now been revised to include the levies issued therefore the increase will be measured against the Band D amount.

3.3 This report is therefore prepared on the basis that Manchester's Council Tax is frozen in 2014/15 and the council tax freeze grant is taken.

#### **4 Prudential indicators**

4.1 The proposed Prudential Indicators for the next two years are shown in Appendix 4.

#### **5 Collection Fund Budget**

5.1 Attached for approval as Appendix 5 is the proposed collection fund budget for 2014/15. The collection fund budget includes income and expenditure relating to both council tax and business rates.

#### **6 Robustness of the Budget**

6.1 The budget report to Executive set out the Council's legal duties to which members must have regard in formulating the budget and setting the Council Tax. The Report referred not only to the need for the Council to continue to meet its statutory duties but also to any remaining requirements for consultation, legal processes and equality impact assessments before final decisions can be taken.

6.2 The City Treasurer has a duty to report on the robustness of the estimates made for the purposes of the calculation of the Council Tax and the adequacy of the financial reserves. As reported to the Executive the City Treasurer remains satisfied that the assumptions on which the budget have been proposed are manageable within the flexibility allowed by the General Fund balance. This and the fact that the Council holds other reserves that can be called on if necessary means that the Treasurer is confident that overall the budget position of the Council can be sustained within the overall level of resources available. However to the degree that the budget savings are not achieved in a timely manner and reserves are called on to achieve a balanced position, the future year's savings will be prejudiced and further savings will need to be identified and implemented including to replace reserves drawn down in order to ensure these are sufficient for future years.

**Appendix 1**

**Council Tax  
Draft Resolution  
Setting The Amount Of Council Tax For The Council's Area**

**Resolved**

1. That the estimates prepared by the Executive at its meeting on 12 February 2014 be approved.
2. That it be noted that the City Treasurer acting under delegated powers has determined the amount of 98,188 as the Council Tax base for Manchester for the year 2014/2015 in accordance with Section 31A(3) of the Local Government Finance Act 1992 and regulations 3 to 5 of the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.
3. That the following amounts be now calculated by the Council for the year 2014/2015 in accordance with Sections 31A to 36 of the Local Government Finance Act 1992:-

- |                    |   |
|--------------------|---|
| (a) £1,592,764,798 | being the aggregate of the amounts which the Council estimates for the items set out in the Section 31A(2)(a) to (f) of the Act.  |
| (b) £1,477,662,000 | being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3)(a) to (d) of the Act.  |
| (c) £115,102,798   | being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with Sections 31A(4) of the Act, as its council tax requirement for the year. |
| (d) £1,172.27      | being the amount at 3(c) above divided by the amount at 2 above, calculated by the Council in accordance with Section 31B(1) of the Act, as the basic amount of its council tax for the year.                     |

(e) Valuation Bands

A	B	C	D	E	F	G	H
£781.51	£911.77	£1,042.02	£1,172.27	£1,432.77	£1,693.28	£1,953.78	£2,344.54

being the amount given multiplying the amount at 3(d) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation

band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

4. That it be noted that for the year 2014/15 the major precepting authorities have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:-

Precepting Valuation bands  
Authority

GM Police and Crime Commissioner

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
£101.53	£118.46	£135.38	£152.30	£186.15	£219.99	£253.84	£304.60

GM Fire and Rescue Authority

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
£38.43	£44.83	£51.24	£57.64	£70.45	£83.26	£96.07	£115.28

5. That, having calculated the aggregate in each case of the amounts at 3(e) and 4 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2014/15 for each of the categories of dwellings shown below.

Valuation bands

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
£921.47	£1,075.06	£1,228.64	£1,382.21	£1,689.37	£1,996.53	£2,303.69	£2,764.42



## **1. CALCULATING THE COUNCIL TAX REQUIREMENT**

### **Section 31A Calculations**

1.1 Section 31A of the Local Government Finance 1992 requires the Council to make three calculations:-

(i) an estimate of the Council's required gross revenue expenditure -Section 31A(2)

(ii) an estimate of its anticipated income (excluding that from council tax) and of reserves to be used to aid the revenue account - Section 31A(3)

(iii) a calculation of the difference between (i) and (ii) above, (i.e. the Council Tax requirement) - Section 31A(4)

1.2 In its Section 31A(2) calculation the Council is required to allow for the following:-

**Section 31A(2)(a)** - the estimated revenue account expenditure it will incur during the year in performing its functions

**Section 31A(2)(b)** - an appropriate allowance for contingencies for the year, e.g. for unforeseen occurrences such as disasters, storm damage, higher than expected inflation etc.

**Section 31A(2)(c)** - any raising of financial reserves for future expenditure - examples of this include payments into a redemption fund, internal insurance etc,

**Section 31A(2)(d)** - any revenue account deficit for a previous financial year which has not yet been provided for;

**Section 31A(2)(da)** – any amount estimated to be transferred from the general fund to the collection fund in accordance with regulations by reference to sums received by the authority in respect of business rates.

**Section 31A(2)(e)** - any amount estimated to be transferred from the General Fund to the Collection Fund in accordance with Section 97(4) of the Local Government Finance Act 1992 - i.e. the Council's share of any collection fund deficit;

**Section 31A(2)(f)** - any amounts estimated to be transferred from the General Fund to the Collection Fund by direction of the Secretary of State under Section 98(5) of the Local Government Finance Act 1988 - including an estimate of the shortfall in the collection of Non-domestic Rates in excess of the allowance

1.3. In its Section 31A(3) calculation the Council must calculate the aggregate of sums to be put against gross expenditure, namely:-

**Section 31A(3)(a)** - estimated income from fees, charges, and government

grants (including RSG) plus other sums payable into the general fund (but excluding council tax)

**Section 31A(3)(aa)** – Any amount estimated to be transferred from the collection fund to the general fund in accordance with regulations by reference to sums received by the authority in respect of business rates.

**Section 31A(3)(b)** - any amount estimated to be transferred from the Collection Fund to the General Fund in accordance with Section 97(3) of the Local Government Finance Act 1988 - i.e. the Council's share of any collection fund surplus;

**Section 31A(3)(c)** - sums to be transferred from the Collection Fund to the General Fund pursuant to a direction of the Secretary of State under Section 98(4) of the Local Government Finance Act 1988 - including allowances for costs of collection of business rates;

**Section 31A(3)(d)** - the amount of financial reserves/balances which the authority intends to use towards meeting its revenue expenditure

1.4 On the basis of current estimates, the calculations would be as follows: -

	HRA £	Other £	Total £
<b>Expenditure</b>			
Section 31A (2)(a)	£106,392,000	£1,445,652,384	£1,552,044,384
Section 31A (2)(b)	£0	£2,000,000	£2,000,000
Section 31A (2)(c)	£7,155,000	£17,990,612	£25,145,612
Section 31A (2)(d)	£0	£0	£0
Section 31A (2)(da)	£0	£0	£0
Section 31A (2)(e)	£0	£13,574,802	£13,574,802
Section 31A (2)(f)	£0	£0	£0
	£113,547,000	£1,479,217,798	£1,592,764,798
<b>Income</b>			
Section 31A (3)(a)	(£97,897,000)	(£1,129,643,339)	(£1,227,540,339)
Section 31A (3)(aa)	£0	(£151,865,145)	(£151,865,145)
Section 31A (3)(b)	£0	(£3,886,000)	(£3,886,000)
Section 31A (3)(c)	£0	(£1,109,516)	(£1,109,516)
Section 31A (3)(d)	(£15,650,000)	(£77,611,000)	(£93,261,000)
	(£113,547,000)	(£1,364,115,000)	(£1,477,662,000)

**1.5 Council Tax Requirement under Section 31A(4)** being the amount by which the aggregate under Section 31A(2) exceeds the aggregate under Section 31A(3)

is £115,102,798

**2. Calculating The Basic Amount Of Council Tax**

2.1. Section 31B of the Local Government Finance Act 1992 requires the Council to calculate the basic amount of its Council Tax - this is in effect the City Council element of the Band D Council tax.

2.2 This calculated by applying the following formula -

$$\frac{R}{T}$$

Where -

R is the Council Tax requirement, and

T is the approved Council Tax base

**2.3 Calculating the Basic Amount of Council Tax**

Council Tax Requirement £115,102,798

Divided by:  
Council Tax Base – 98,188

**Band D Basic Amount of Council Tax is: £1,172.27**

**APPENDIX 2 Proposed Use of Reserves**

	<i>Withdrawals</i>		<b>Purpose</b>
	<b>2013/ 14</b>	<b>2014/15</b>	
	<b>£</b>	<b>£</b>	
<b>General Fund Reserve</b>			
Statutory Reserves	6,161,603	6,586,998	
Earmarked Reserves	41,277,837	71,024,433	
General Fund Reserve	1,933,000	0	
<b>Total General Fund Use</b>	<b>49,372,440</b>	<b>77,611,431</b>	
<b>Housing Revenue Account Reserve</b>			
HRA General Reserve	200,000	15,650,000	
Major Repairs Allowance	23,912,000	24,162,000	
<b>Total HRA Use</b>	<b>24,112,000</b>	<b>39,812,000</b>	
<b>TOTAL USE OF RESERVES</b>	<b>73,484,440</b>	<b>117,423,431</b>	
	<i>Withdrawals</i>		<b>Purpose</b>
	<b>2013/ 14</b>	<b>2014/15</b>	
	<b>£</b>	<b>£</b>	
<b>STATUTORY RESERVES</b>			
Bus Lane Enforcement Reserve	964,000	884,000	Reserve from income arising from bus lane enforcement powers, which is set aside to support expenditure on transport and environmental improvements
On Street Parking	5,100,000	5,255,000	Reserve from On-Street Parking surplus year on year, which is set aside to support expenditure on transport and environmental improvements
Taxi Licensing Reserve	0	369,998	This is a smoothing reserve to equalise the income and expenditure of running the function over financial years. Income ringfenced by statute.
Art Fund	19,603	0	Money received historically from contributions and donations to fund purchases of Art Work. The Art funds committee are required to approve purchases of Art above £20k.

	<i>Withdrawals</i>		<b>Purpose</b>
	<b>2013/ 14</b>	<b>2014/15</b>	
	<b>£</b>	<b>£</b>	
Ancoats Square Reserve	78,000	78,000	Commuted sum received from the Homes and Communities Agency to fund maintenance in future years.
<b>TOTAL</b>	<b>6,161,603</b>	<b>6,586,998</b>	
<b>EARMARKED RESERVES</b>			
<b>BALANCES HELD FOR PFIS</b>			
<b>These are Used to smooth the unitary Charge over the lives of the various PFI contracts</b>			
Street Lighting PFI	1,060,000	1,060,000	Established to fund the requirements over 25 years re. the PFI contract for Street Lighting service via our external contractors
<b>TOTAL</b>	<b>1,060,000</b>	<b>1,060,000</b>	
<b>SMALL SPECIFIC RESERVES</b>			
Catering R&M insurance	219,000	0	Reserve established to meet refurbishment costs of school kitchens. The balance at March 2014 will be subject to no further critical failures before the end of the financial year.
Climate Innovation Fund	30,000	0	To support the emerging investment model on Green Deal for Manchester and schemes which contribute towards carbon reduction
New Islington Dowry Reserve	50,000	50,000	Funding from NWDA to fund the management of the Marina Development. To be drawn down over eight years
<b>TOTAL</b>	<b>299,000</b>	<b>50,000</b>	
<b>RESERVES FOR SPECIFIC RISKS OR TO SMOOTH COSTS</b>			
Manchester International Festival	500,000	0	To give certainty to the cost to the council of supporting the festival as timescales do not readily fit with the Councils annual budget process.
Fleet Maintenance Reserve	63,000	138,000	This relates to a seven year contract for which the amount received annually is fixed however the costs are lower in the 1st three years and expected to increase in the final 4 years.
Business Rates - Safety Net & Small Business Rates Relief Carry Forwards	0	12,627,000	These receipts will be accounted for in 2013/14 but required in 2014/15 to offset the Collection Fund Business Rates deficit.
<b>TOTAL</b>	<b>563,000</b>	<b>12,765,000</b>	
<b>RESERVES HELD TO FUND PLANNED CAPITAL SPEND</b>			

	<b>Withdrawals</b>		<b>Purpose</b>
	<b>2013/ 14</b>	<b>2014/15</b>	
	<b>£</b>	<b>£</b>	
Capital Fund Revenue Reserve	21,494,000	24,355,000	Contribution to schemes which are being brought forward to support employment and growth a part of the Council's Capital programme
Town Hall Reserve	3,273,000	978,542	To meet revenue decant costs etc. associated with refurbishing the town hall extension and central library
Service Improvement Fund	240,000	592,322	To fund improvements in Council Services - this is committed to funding the costs of the upgrade to the Council's Finance System (SAP) and the development of the Customer Relationship Manager System (CRM)
Eastlands Reserve	0	340,779	Annual surplus from Eastlands Stadium funded from stadium rent to support implementation of the Community Plan. This can only be used in agreement with Sport England. Includes £340.8k to be used in 2014/15 for replacement public realm
<b>TOTAL</b>	<b>25,007,000</b>	<b>26,266,643</b>	
<b>RESERVES TO SUPPORT GROWTH AND REFORM</b>			
MIF Reserve (Targeted and Specialist)	0	10,000,000	To support delivery of savings for Targeted and Specialist in 2015/16 and accelerate the savings from reducing demand so that a more sustainable way to reduce spend can be achieved.
Work Programme leavers reserve	0	116,340	The full costs of the Work Programme leavers scheme to the council is £358k spread over a 4 year period. The reserve has been established from this year's core underspend to cover the costs for the next three years.
Soccerex	0	395,000	Per the May 2012 report to Executive this is fully committed to funding the Council's contribution to Soccerex until 2017/18
Youth Unemployment Reduction Fund	475,965	0	
Clean and Green Reserve	2,000,000	12,500,000	The funding will be invested in largely one-off funding in strategic interventions to improve the quality of the environment and which are linked to delivering behaviour change.
<b>TOTAL</b>	<b>2,475,965</b>	<b>23,011,340</b>	
<b>GRANTS USED OVER ONE YEAR -NOW HAVE TO BE SHOWN AS RESERVE DUE TO CHANGE IN ACCOUNTANCY RULES</b>			
<b>Grants fully spent in 2013/14</b>			
Winter Pressures Grant	1,475,050	0	

	<i>Withdrawals</i>	<i>Withdrawals</i>	<b>Purpose</b>
	<b>2013/ 14</b>	<b>2014/15</b>	
	<b>£</b>	<b>£</b>	
Reserve			
Homelessness	742,147	0	
Supporting People	43,587	0	
Adults Other Grants and Contributions	27,220	0	
Asylum Seekers	679,349	0	
Right to Control Grant Reserve	196,000	0	
Department of Health Reserve	166,098	0	
<b>Grants given for over 1 year for capital spend</b>			
New Homes Bonus Grant Reserve	5,587,144	0	Grant to be spent over financial years on Collyhurst land acquisition and capital investment on future schemes
English Partnership (HCA)	900,000	400,000	Balance of Funding received from the HCA to fund regeneration projects in East Manchester
Other Grants and Contributions - (Section 278 Commuted Sums)	57,286	0	Money received from private developers and set aside for repairs and maintenance liabilities over an agreed period of time for adopted roads.
<b>Grants to support reform or specific revenue budget priorities</b>			
Troubled Families Unit Grant	130,000	4,333,770	To support the scaling up of the Community Budgets work for troubled families and complex dependency.
Dedicated Schools Grant	723,227	1,400,000	Recommended in latest budget monitoring that £1.4m be c/f to support the LAC budget risks in 2014/15
Public Health Reserve	0	500,000	It was agreed this would fund extension 20mph schemes
<b>Grants with agreed spend profile over 1 year</b>			
Workforce Development and Learning	500,000	489,360	To provide for continuous workforce development and learning including providing training for social workers.

	<i>Withdrawals</i>	<i>Withdrawals</i>	<b>Purpose</b>
	<b>2013/ 14</b>	<b>2014/15</b>	
	<b>£</b>	<b>£</b>	
NW Construction Hub Reserve	90,000	150,000	MCC currently operate the NW construction Hub, this is on behalf of Partner organisations across the North West and allows them to access framework agreements. The Hub is funded by these organisations, and the reserve is made up of an element of these contributions
Contributions Other Local Authorities	150,000	0	Contribution from other local authorities for future activities to be undertaken by AGMA and GMRF
DEFRA	0	222,208	Reservoir Inundation 3 Year Grant
Communities and Cultural Services Other Grants and Contributions	167,084	134,018	Small schemes where spend is spread over financial year including ZEST, Civil Contingency, Joint Health Initiative, ACE Northwest Partnership and SPAA Back to Sport
Regen Other Grants and Contributions	114,823	92,000	Grant to be spent over financial years
Neighbourhood Delivery Teams - Other Grants and Contributions	40,000	150,095	Grant to be spent over financial years
Economic Growth and Worklessness	6,500	0	
Probation	54,685	0	
Contributions Manchester PCT	6,204	0	
Corporate Services Other Grants and Contributions	16,469	0	
<b>TOTAL</b>	<b>11,872,872</b>	<b>7,871,450</b>	
<b>TOTAL EARMARKED RESERVES</b>	<b>41,277,837</b>	<b>71,024,433</b>	



**APPENDIX 3 Reserves position assuming proposed use is agreed**

	<b>Opening Balance 01/04/14 £</b>	<b>Change £</b>	<b>Opening Balance 01/04/15 £</b>	<b>Purpose</b>
General Fund Reserve	24,078,593	0	24,078,593	
<b>Housing Revenue Account Reserve</b>				
HRA General Reserve	24,256,501	7,157,000	31,413,501	The reform of the HRA and the move to self financing, which allows Local Authorities to retain rents locally, has created capacity to enable additional capital investment.
HRA PFI reserve	10,000,000	0	10,000,000	Used to smooth the unitary charge over the lives of the various PFI contracts.
HRA Residual liabilities fund	24,000,000	0	24,000,000	Provision for environmental warranties in relation to previous stock transfers
Major Repairs Allowance	0	5,962,518	5,962,518	Provides resources needed to maintain value of housing stock
<b>Total HRA</b>	<b>58,256,501</b>	<b>13,119,518</b>	<b>71,376,019</b>	
<b>SCHOOLS RESERVE</b>				
LMS Reserve	29,872,535	0	29,872,535	Schools balances held on the balance sheet. The Local Authority can not use these funds. When a school transfers to an academy any surplus goes with them.
<b>STATUTORY RESERVES</b>				
Bus Lane Enforcement Reserve	464,168	863,000	1,327,168	Reserve from income arising from bus lane enforcement powers, which is set aside to support expenditure on transport and environmental improvements
On Street Parking	0	2,709,925	2,709,925	Reserve from On-Street Parking surplus year on year, which is set aside to support expenditure on transport and environmental improvements
Taxi Licensing Reserve	424,809	0	424,809	This is a smoothing reserve to equalise the income and expenditure of running the function over financial years. Income ringfenced by statute.

	Opening Balance 01/04/14 £	Change £	Opening Balance 01/04/15 £	Purpose
Art Fund	71,406	0	71,406	Money received historically from contributions and donations to fund purchases of Art Work. The Art funds committee are required to approve purchases of Art above £20k.
New Smithfield Market Initiative Fund	6,857	0	6,857	Legal requirement. Set up as a condition of grant aid to build market. To be used for minor renewals, repairs and to meet deficiencies on the revenue account. Any spend has to be agreed by Market Traders and Members
Great Northern Square Maintenance Fund	329,672	0	329,672	Set up in accordance with the agreement with the developers of the site. It will be used for upgrading of the square. Plans for a scheme of repairs and maintenance are currently been drawn up.
Ancoats Square Reserve	1,780,926	0	1,780,926	Commutated sum received from the Homes and Communities Agency to fund maintenance in future years.
St Johns Gardens Contingency	438,563	32,500	471,063	Contributions from St Johns Gardens tenants for maintenance works
Education Endowments	16,723	0	16,723	
<b>TOTAL STATUTORY RESERVE</b>	<b>3,533,124</b>	<b>3,605,425</b>	<b>7,138,549</b>	
<b>EARMARKED RESERVES</b>				
<b>BALANCES HELD FOR PFIS</b>				
<b>These are Used to smooth the unitary Charge over the lives of the various PFI contracts</b>				
Street Lighting PFI	2,599,455	0	2,599,455	Established to fund the requirements over 25 years re. the PFI contract for Street Lighting service via our external contractors
Temple Schools PFI	596,341	7,598	603,939	Established to fund the requirements re. PFI contract for the Temple school via our external contractors.
Wright Robinson PFI	652,499	32,158	684,657	Established to fund the requirements re. PFI contract for the Wright Robinson school via our external contractors.
<b>TOTAL</b>	<b>3,848,295</b>	<b>39,756</b>	<b>3,888,051</b>	
<b>SMALL SPECIFIC RESERVES</b>				

	<b>Opening Balance 01/04/14 £</b>	<b>Change £</b>	<b>Opening Balance 01/04/15 £</b>	<b>Purpose</b>
Cemeteries Replacement	200,625	40,000	240,625	Money set aside for the future purchase, and or development of land for grave space. The current estimate is that the land available at the North cemetery 'Blackley' and the Southern cemetery 'Southern' will run out within 30 years and that the cremators will need replacing within 5 years.
Housing Loans	578,134	12,000	590,134	Relates to historic mortgages. The forecast interest from the operation of the scheme has been added to the reserve.
Investment from Surpluses	150,608	0	150,608	Balance of additional catering surpluses over the Business Plan target from previous years used to fund service improvements in school kitchens which are payable by schools. This Reserve is ring fenced schools funding. Major kitchen updates are expected
Catering R&M insurance	74,570	0	74,570	Reserve established to meet refurbishment costs of school kitchens. The £74,570 balance at March 2014 will be subject to no further critical failures before the end of the financial year.
Primary School Catering Reserve	222,000	14,740	236,740	Reserve established to support the Service's competitiveness by smoothing school meal prices during the 3 year price planning period. The latest planning assumptions anticipate the Reserve balance will be fully utilised in 15/16.
Climate Innovation Fund	789,423	0	789,423	To support the emerging investment model on Green Deal for Manchester and schemes which contribute towards carbon reduction
NSM – Car Boot	222,930	10,000	232,930	To fund initiatives that will benefit the development of New Smithfield wholesale market (can be drawn down by traders in settlement of service charge)
MCFC Partnership Platt Lane Complex	126,503	0	126,503	
New Islington Dowry Reserve	261,681	0	261,681	Funding from NWDA to fund the management of the Marina Development. To be drawn down over eight years
Newton Heath Market Reserve	21,334	0	21,334	Rental income receipts ring fenced for re investment in East Manchester
Other Small Reserves not Listed above	95,418	0	95,418	A number of small reserves with balances under £100k such as Graves and Memorials.

	Opening Balance 01/04/14 £	Change £	Opening Balance 01/04/15 £	Purpose
TOTAL	2,743,227	76,740	2,819,967	
<b>RESERVES FOR SPECIFIC RISKS OR TO SMOOTH COSTS</b>				
<b>Risks</b>				
Insurance Fund	18,358,184	0	18,358,184	To meet future uninsured losses and self insured costs.
Cleopatra Reserve	4,362,000	0	4,362,000	There is a provision in place to meet the known claims. This balance is for potential claims over and above the known claims.
Pension Risk Fund - MWL	2,417,588	0	2,417,588	This relates to potential pension liabilities for Manchester Working employees.
Compensation Reserve	92,850	0	92,850	Money set aside to meet possible future claims for compensation from former owners in Manchester Methodist CPO 2007.
Land charges litigation reserve	125,000	0	125,000	The reserve was set up to cover potential liability for restitution of local land charge fees wrongly charged in the past. This is a national issue.
Land Charges Fees Reserve	55,861	0	55,861	
Stepping Stones	342,701	0	342,701	For outstanding claims not yet settled.
Business Rates Reserve	0	10,000,000	10,000,000	
<b>Smooth Costs</b>				
Manchester International Festival	1,500,000	0	1,500,000	To give certainty to the cost to the council of supporting the festival as timescales do not readily fit with the Councils annual budget process. Expenditure on the Festival was agreed at 16 February 2011 Executive
Fleet Maintenance Reserve	404,744	0	404,744	This relates to a seven year contract for which the amount received annually is fixed however the costs are lower in the 1st three years and expected to increase in the final 4 years.
<b>To Support Future Service Changes</b>				
Transformation reserve	9,883,858	0	9,883,858	Remaining balance of VER/VS reserve held to fund final VER/VS claims from the 2013/15 scheme and to support costs of future service change
<b>For Directorate Risks</b>				

	Opening Balance 01/04/14 £	Change £	Opening Balance 01/04/15 £	Purpose
Looked After Children	1,000,000	0	1,000,000	To smooth the effects of LAC numbers which can be extremely volatile. Some LAC placements are significant in terms of costs (some placements can cost £260k pa) and therefore a small change in LAC numbers can cause a significant change to the LAC projection
Community Care Reserve	1,500,000	0	1,500,000	To be used to smooth volatility in adult social care placements largely as a result of winter pressures.
Children's Services Reserve - Academies	1,000,000	0	1,000,000	This is to offset the potential financial risk from schools transferring to academy status. A deficit could potentially remain with the local Authority.
<b>TOTAL</b>	<b>41,042,786</b>	<b>10,000,000</b>	<b>51,042,786</b>	
<b>RESERVES HELD TO FUND PLANNED CAPITAL SPEND</b>				
Capital Fund Revenue Reserve	0	11,362,691	11,362,691	Contribution to schemes which are being brought forward to support employment and growth a part of the Council's Capital programme
Housing Regeneration Reserve	15,000,000	0	15,000,000	To deliver strategic housing related regeneration projects. This is the transfer from HRA reserves. Profile not known yet.
Eastlands Reserve	3,709,503	1,025,000	4,734,503	Annual surplus from Eastlands Stadium funded from stadium rent to support implementation of the Community Plan. This can only be used in agreement with Sport England. Includes £340.8k to be used in 2014/15 for replacement public realm
<b>TOTAL</b>	<b>18,709,503</b>	<b>12,387,691</b>	<b>31,097,193</b>	
<b>RESERVES TO SUPPORT GROWTH AND REFORM</b>				
Work Programme leavers reserve	60,381	0	60,381	The full costs of the Work Programme leavers scheme to the council is £358k spread over a 4 year period. The reserve has been established from they core underspend in 2013/14 to cover the costs for the next three years.
Soccerex	1,185,000	0	1,185,000	Per the May 2012 report to Executive this is fully committed to funding the Council's contribution to Soccerex until 2017/18
<b>TOTAL</b>	<b>1,245,381</b>	<b>0</b>	<b>1,245,381</b>	
<b>GRANTS USED OVER ONE YEAR -NOW HAVE TO BE SHOWN AS RESERVE DUE TO CHANGE IN ACCOUNTANCY RULES</b>				
<b>Grants given for over 1 year for capital spend</b>				

	<b>Opening Balance 01/04/14 £</b>	<b>Change £</b>	<b>Opening Balance 01/04/15 £</b>	<b>Purpose</b>
Other Grants and Contributions - (Section 278 Commuted Sums)	1,189,437	0	1,189,437	Money received from private developers and set aside for repairs and maintenance liabilities over an agreed period of time for adopted roads.
DFT Grants	106,620	0	106,620	Grant to be spent over financial years
<b>Grants to support reform or specific revenue budget priorities</b>				
Local Welfare Provision	1,531,000	1,531,000	3,062,000	To continue the Welfare Provision Scheme from 2015/16 to support residents who are suffering financial hardship.
<b>Grants with agreed spend profile over 1 year</b>				
NW Construction Hub Reserve	124,161	0	124,161	MCC currently operate the NW construction Hub, this is on behalf of Partner organisations across the North West and allows them to access framework agreements. The Hub is funded by these organisations, and the reserve is made up of an element of these contributions.
Contributions Other Local Authorities	178,271	0	178,271	Contribution from other local authorities for future activities to be undertaken by AGMA and GMRF
<b>TOTAL</b>	<b>3,172,258</b>	<b>1,881,000</b>	<b>5,053,258</b>	
<b>TOTAL EARMARKED RESERVES</b>				
	<b>70,761,449</b>	<b>24,385,187</b>	<b>95,146,635</b>	

## APPENDIX 4

### Prudential Indicators 2014/15 to 2016/17

Last years approved figures are shown in brackets.

	2014/15		2015/16		2016/17
<b>Ratio of Financing Costs to Net Revenue Stream</b>					
Non – HRA	9%	(9%)	10%	(9%)	11%
HRA	4%	(5%)	4%	(5%)	4%
<b>Incremental impact of Capital Investments on</b>					
Council Tax (Band D, per annum)	£1.80p		£17.71p		£52.64p
Housing Rent per week	£0.00p		£0.00p		£0.00p
<b>Capital Expenditure</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Non – HRA	263	(78)	110	(78)	23
HRA	41	(39)	37	(39)	58
TOTAL	304	(117)	147	(117)	81
<b>Capital Financing Requirements (as at 31 March)</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Non – HRA	920	(804)	900	(804)	880
HRA	220	(125)	220	(125)	220
TOTAL	1,140	(929)	1,120	(929)	1,100
<b>Authorised Limit for external debt -</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
borrowing	987	(857)	987	(857)	1,002
other long term liabilities	216	(150)	216	(150)	216
TOTAL	1,203	(1,007)	1,203	(1,007)	1,218
<b>Operational Boundary for external debt -</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
borrowing	807	(776)	861	(776)	919
other long term liabilities	216	(150)	216	(150)	216
TOTAL	1,023	(926)	1,077	(926)	1,135
<b>Actual external debt</b>	<b>£m</b>		<b>£m</b>		<b>£m</b>
	657		729		786
<b>Upper limit for total principal sums invested for over 364 days</b>	0	(0)	0	(0)	0

	2014/15		2015/16		2016/17
<b>Upper limit for fixed interest rate exposure</b> Net borrowing at fixed rates as a % of total net borrowing	95%	(100%)	100%	(100%)	100%
<b>Upper limit for variable rate exposure</b> Net borrowing at Variable rates as a % of total net borrowing	77%	(76%)	89%	(89%)	94%
<b>Gross Debt as a proportion of CFR</b>	60%		70%		80%

<b>Maturity structure of new fixed rate borrowing during 2014/15</b>	Upper Limit		Lower limit	
	under 12 months	60%	(60%)	0%
12 months and within 24 months	90%	(90%)	0%	(0%)
24 months and within 5 years	80%	(90%)	10%	(10%)
5 years and within 10 years	60%	(70%)	0%	(0%)
10 years and above	60%	(60%)	0%	(0%)



**APPENDIX 5**

<b>COLLECTION FUND BUDGET 2014/2015</b>	<b>Budget Estimate</b>
	<b>£'000</b>
<b><u>EXPENDITURE</u></b>	
<b><u>COUNCIL TAX</u></b> (Surplus) / Deficit B/fwd	(4,572)
Precepts : -	
- Greater Manchester Fire and Rescue Authority	5,659
- Police and Crime Commissioner	14,954
- City of Manchester	115,103
Total Precepts	135,716
<b>Council Tax Total Expenditure</b>	<b>131,144</b>
<b><u>BUSINESS RATES</u></b> Surplus) / Deficit B/fwd	27,704
Payments/Transfers :-	
- Greater Manchester Fire and Rescue Authority	3,099
- Central Government	154,964
- City of Manchester	152,975
Total Payments/transfers	311,038
<b>Business Rates Total Expenditure</b>	<b>338,742</b>
<b>Collection Fund Total Expenditure</b>	<b>469,886</b>
<b><u>INCOME</u></b>	
<b><u>COUNCIL TAX</u></b>	
Council Tax Income	149,373
Write Off of uncollectable amounts	(3,500)
Allowance for Impairment	(10,157)
<u>Council tax receivable</u>	135,716
<u>Contribution of Council Tax (surplus) / deficit :-</u>	
- Greater Manchester Fire and Rescue Authority	(191)
- Police and Crime Commissioner	(495)
- City of Manchester	(3,886)
Total Contribution to Council Tax (surplus) / deficit	(4,572)
<b>Council Tax Total Income</b>	<b>131,144</b>

<b>COLLECTION FUND BUDGET 2014/15</b>	<b>Budget Estimate</b>
	<b>£'000</b>
Non Domestic Business Rates Income	339,157
Enterprise Zone Discounts	(372)
Cost of Collection Allowance	(1,109)
Losses in Collection)	(7,001)
Increase in Provision for Appeals	(19,637)
<u>Business rates receivable</u>	311,038
<u>Contribution of Business Rates (surplus)/deficit:-</u>	
- Greater Manchester Fire and Rescue Authority	277
- Central Government	13,852
- City of Manchester	13,575
Total Contribution to Business Rates (surplus)/deficit :-	27,704
<b>Business Rates Total Income</b>	<b>338,742</b>
<b>Collection Fund Total Income</b>	<b>469,886</b>
<b>MOVEMENT ON FUND BALANCE</b>	
Council Tax (Surplus) / Deficit C/fwd	0
Business Rates (Surplus) / Deficit C/fwd	0
Collection Fund (Surplus) / Deficit	<b>0</b>