
**Manchester City Council
Report for Resolution**

Report to: Council – 6 March 2015

Subject: Council Tax Resolution for 2015/16

Report of: City Treasurer, Chief Executive and City Solicitor

Summary

To advise the Council of the recommended Council Tax resolution and Collection Fund budget for 2015/16.

Recommendations

The Council is recommended to:

1. Adopt the part proceedings of the Executive on 13 February 2015 which contain details of the following:
 - Budget 2015/17 – A Strategic Response
 - Revenue Budget 2015/16 including prudential indicators
 - Capital Programme Budget 2015/16 - 2017/18
 - Treasury Management Strategy Statement and Borrowing Limits and Annual Investment Strategy 2015/16
 - Budget proposals for Children and Families, Growth and Neighbourhoods and Corporate Core 2015/16
 - Housing Revenue Account 2015/16 – 2017/18
 - Dedicated Schools Grant 2015/16
2. Note the information on referenda in section 3 of this report.
3. Note the position on reserves in Appendix 2 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 3 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 2015/16 as set out in Appendix 4 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 2015/16. 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 13 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. Report to Finance Scrutiny Committee 23 February 2015 on the general Budget Consultation
5. Final Levy and Precept notifications,
6. Reports to the Executive on 13 February 2015 entitled:
 - (i) Budget 2015/17 – A Strategic Response
 - (ii) Children and Families Proposed Budget 2015/16
 - (iii) Budget Proposals for Growth and Neighbourhoods 2015/17
 - (iv) Budget Proposals for the Corporate Core Budget 2015/17
 - (v) Revenue Budget 2015/16
 - (vi) Dedicated Schools Grant 2015/16
 - (vii) Capital Programme (Budget 2015/16 to 2017/18)
 - (viii) Housing Revenue Account 2015/16 to 2017/18
 - (ix) Treasury Management Strategy Statement and Borrowing Limits and Annual Investment Strategy 2015/16

1. Introduction

1.1 At its meeting on 13 February 2015, the Executive received a series of reports which outlined the budget position of the Council after the announcement of the 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 detailed report from each Directorate on proposals for service change to ensure they continue to meet the Council's objectives whilst managing within a reduced resource envelope and reports on the specific consultation exercises which have been carried out.
- (iii) A report proposing changes to 2015/16 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 2015/16 ("the budget report").

1.2 Finance Scrutiny on 23 February met to consider the recommendations of Executive. 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. 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 13 February noted that the final local government finance settlement for 2015/16 announced on 3 February 2015 was slightly better than the provisional figures due to additional funding being provided to deal with pressures relating to local welfare and health and social care. The Revenue Budget 2015/16 report identified revenue spend and savings proposals for 2015/16 and the estimated budget position for 2016/17 including the impact decisions made as part of the 2015/16 budget setting process will have on that year. A separate report identified a strategic framework to guide the detailed development of a budget strategy for 2015/17.

2.2 The Revenue Budget Report 2015/16 provided details of proposed movements into and out of reserves. The reserves schedule attached at Appendix 2 has been updated in line with the latest revenue monitoring. As a result £3.4m planned spend to be met from drawdown of Clean Cities reserve will now take place in 2015/16 rather than in this financial year and the drawdown from the bus lane reserve has increased by £400k. In addition

there is a projected increase of £781k underspend in DSG so the reserve has increased accordingly. As a result the planned use of reserves in 2015/16 has increased from £79m to £86m.

2.3 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. At the time of writing this report there were no changes to these figures.

2.4 A Council Tax resolution is attached as Appendix 1.

3 Council Tax Referenda

3.1 The Government has announced that it is making available additional Council Tax Freeze Grant for 2015/16, equivalent to a 1% increase in their projected 2015/16 tax base, which is payable to all Councils who freeze or reduce their basic amount of 2015/16 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 on an ongoing basis from 2015/16. The Executive have recommended that Manchester's 2015/16 Council Tax should be frozen.

3.2 The Localism Act abolished council tax capping powers and replaced them with a requirement for an authority to hold a council tax referendum if it increases its council tax by an amount exceeding the limit set out in principals determined by the Secretary of State and approved by the House of Commons. The Secretary of State has previously announced that for principal authorities (including Manchester) any increase in the amount of council tax above 2% would trigger a referendum.

3.3 This report is therefore prepared on the basis that Manchester's Council Tax is frozen in 2015/16 and the council tax freeze grant is taken.

3.4 The Greater Manchester Fire and Rescue Authority and the Greater Manchester Police and Crime Commissioner have confirmed that their 2015/16 precepts will be frozen at the 2014/15 level.

4 Prudential indicators

4.1 The proposed Prudential Indicators for the next two years are shown in Appendix 3.

5 Collection Fund Budget

5.1 Attached for approval as Appendix 4 is the proposed collection fund budget

for 2015/16. 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 City 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 13 February 2015 be approved.
2. That it be noted that the City Treasurer acting under delegated powers has determined the amount of 101,348 as the Council Tax base for Manchester for the year 2015/2016 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 2015/2016 in accordance with Sections 31A to 36 of the Local Government Finance Act 1992:-

- (a) £1,512,849,000 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) £1,394,041,229 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) £118,807,771 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 2015/16 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

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

GM Fire and Rescue Authority

A	B	C	D	E	F	G	H
£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

A	B	C	D	E	F	G	H
£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 £
Expenditure			
Section 31A (2)(a)	£91,882,000	£1,376,390,334	£1,468,272,334
Section 31A (2)(b)	£0	£1,382,000	£1,382,000
Section 31A (2)(c)	£0	£16,023,094	£16,023,094
Section 31A (2)(d)	£0	£0	£0
Section 31A (2)(da)	£0	£0	£0
Section 31A (2)(e)	£0	£27,171,572	£27,171,572
Section 31A (2)(f)	£0	£0	£0
	£91,882,000	£1,420,967,000	£1,512,849,000
Income			
Section 31A (3)(a)	(£89,246,000)	(£1,055,183,275)	(£1,144,429,275)
Section 31A (3)(aa)	£0	(£156,319,793)	(£156,319,793)
Section 31A (3)(b)	£0	(£3,530,000)	(£3,530,000)
Section 31A (3)(c)	£0	(£1,109,516)	(£1,109,516)
Section 31A (3)(d)	(£2,636,000)	(£86,016,645)	(£88,652,645)
	(£91,882,000)	(£1,302,159,229)	(£1,394,041,229)

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 £118,807,771

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 £118,807,771

Divided by:
Council Tax Base – 101,348

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

APPENDIX 2 Proposed Use of Reserves

	Opening Balance 01/04/15	<i>Withdrawals</i>	<i>Additions</i>	Opening Balance 01/04/16	<i>Withdrawals</i>	<i>Additions</i>	Opening Balance 01/04/17	PURPOSE
	<i>£p</i>	<i>£p</i>	<i>£p</i>	<i>£p</i>	<i>£p</i>	<i>£p</i>	<i>£p</i>	
Schools Reserve	20,000,000	0	0	20,000,000	0	0	20,000,000	
General Fund Reserve								
Statutory Reserves	9,429,937	-7,326,665	6,572,240	8,675,512	-7,151,935	6,722,240	8,245,817	
Earmarked Reserves	156,754,533	-78,612,980	9,450,854	86,758,407	-11,834,528	8,658,356	83,582,235	
General Fund Reserve	27,037,323	-77,000	0	26,960,323	0	0	26,960,323	
Total General Fund Reserves	213,221,792	-86,016,645	16,023,094	142,394,242	-18,986,463	15,380,596	138,788,375	
<u>Housing Revenue Account Reserve</u>								
Housing Revenue Account General Reserve	51,140,490	-2,636,000	0	48,504,490	-9,460,000	0	39,044,490	
HRA PFI reserve	10,000,000	0	0	10,000,000	0	0	10,000,000	
HRA Residual liabilities fund	24,000,000	0	0	24,000,000	0	0	24,000,000	
Housing Insurance reserve	373,615	0	0	373,615	0	0	373,615	
Housing Revenue - Major Repairs Reserve	6,366,518	-5,199,000	0	1,167,518	-1,167,518	0	0	Planned use of reserve to fund approved programme and acceleration of Decent Homes work in lieu of grant receipt.
Total HRA	91,880,623	-7,835,000	7,281,000	84,045,623	-10,627,518	0	73,418,105	
TOTAL RESERVES	305,102,415	-93,851,645	23,304,094	226,439,865	-29,613,981	15,380,596	212,206,480	

	Opening Balance 01/04/15	<i>Withdrawals</i>	<i>Additions</i>	Opening Balance 01/04/16	<i>Withdrawals</i>	<i>Additions</i>	Opening Balance 01/04/17	PURPOSE
	£p	£p	£p	£p	£p	£p	£p	
<u>SCHOOLS RESERVE</u>								
LMS Reserve	20,000,000	0	0	20,000,000	0	0	20,000,000	School balances
Sub Total Schools	20,000,000	0	0	20,000,000	0	0	20,000,000	
<u>STATUTORY RESERVES</u>								
Bus Lane Enforcement Reserve	2,362,320	-1,239,000	1,272,240	2,395,560	-1,339,000	1,372,240	2,428,800	Ring fenced reserve which can only be applied to specific transport and highways related activity.
On Street Parking	2,622,008	-5,582,000	5,300,000	2,340,008	-5,632,000	5,350,000	2,058,008	Ring fenced reserve which can only be applied to specific transport and highways related activity.
Taxi Licensing Reserve	449,349	-312,665	0	136,684	0	0	136,684	This is a smoothing reserve to equalise the income and expenditure of running the function over financial years. Income ringfenced by statute.
Art Fund Reserve	53,372	0	0	53,372	0	0	53,372	For art purchases
New Smithfield Market	7,029	0	0	7,029	0	0	7,029	To contribute towards funding the development plans for the market
Great Northern Square Maint Fund	330,411	-13,000	0	317,411	-13,000	0	304,411	Set up in accordance with the agreement with the developers of the site. It will be used for upgrading of the square.

	Opening Balance 01/04/15	Withdrawals	Additions	Opening Balance 01/04/16	Withdrawals	Additions	Opening Balance 01/04/17	PURPOSE
	£p	£p	£p	£p	£p	£p	£p	
Education Endowments	16,723	0	0	16,723	0	0	16,723	Kept as part of future payments for school prizes
Landlord Licensing Reserve	179,935	-90,000	0	89,935	-89,935	0	0	
Ancoats Square Reserve	1,855,698	-78,000	0	1,777,698	-78,000	0	1,699,698	£1.95m was been received from HCA to cover the revenue costs of maintaining Ancoats Square for a period of at least 25 years, the required funds will be drawn down each year at c£78k per year. Funds received as part of a Section 106 agreement to cover the revenue costs of maintaining Cutting Room Square, the required funds will be drawn down each year. Contribution from St Johns Gardens Tenants for Maintenance works
Cutting Room Square Ext Ancoats Reserve	1,038,000	-12,000	0	1,026,000	0	0	1,026,000	
St Johns Gdns Contingency	515,093	0	0	515,093	0	0	515,093	
Sub Total Statutory	9,429,937	-7,326,665	6,572,240	8,675,512	-7,151,935	6,722,240	8,245,817	
<u>EARMARKED RESERVES</u>								
<u>BALANCES HELD FOR PFI'S</u>								
Street Lighting PFI	1,834,524	-1,450,000	0	384,524	-384,524	0	0	Established to fund the requirements over 25 years re. the PFI contract for Street Lighting service via our external contractors

	Opening Balance 01/04/15	<i>Withdrawals</i>	<i>Additions</i>	Opening Balance 01/04/16	<i>Withdrawals</i>	<i>Additions</i>	Opening Balance 01/04/17	PURPOSE
	£p	£p	£p	£p	£p	£p	£p	
Temple PFI	622,881	0	7,598	630,479	0	7,598	638,077	PFI Scheme 25 years contract Drawdown will be in futures years as expenditure exceeds grant. PFI Scheme 25 years contract Drawdown will be in futures years as expenditure exceeds grant.
Wright Robinson PFI Reserve	689,086	0	32,158	721,244	0	32,158	753,402	
TOTAL	3,146,491	-1,450,000	39,756	1,736,247	-384,524	39,756	1,391,479	
<u>SMALL SPECIFIC RESERVES</u>								
Cemeteries Replacement	240,625	0	40,000	280,625	0	40,000	320,625	Resources available to meet future needs of mortgage accounts Funding belonging to schools which the Council holds on their behalf. The purpose is to fund repairs and improvements to school kitchens. Planned improvements profile not yet available and is dependent on the rollout of universal free school meals starting in 2014. Reserve established to support the Service's competitiveness by smoothing school meal prices during the 3 year price planning period.
Housing Loans	110,000	0	10,000	120,000	0	10,000	130,000	
Investment Reserve from Surpluses	150,608	0	0	150,608	0	0	150,608	
Primary School Catering Reserve	222,000	0	0	222,000	0	0	222,000	

	Opening Balance 01/04/15	Withdrawals	Additions	Opening Balance 01/04/16	Withdrawals	Additions	Opening Balance 01/04/17	PURPOSE
	£p	£p	£p	£p	£p	£p	£p	
Catering R & M Insurance Account	74,570	-74,570	0	0	0	0	0	Reserve established to meet refurbishment cost of school kitchens.
Climate Innovation Fund	489,448	-489,448	0	0	0	0	0	£1m was set aside to support the emerging investment model on Green Deal for Manchester and schemes which contribute towards carbon reduction.
CWAG Reserve	102,822	-6,000	0	96,822	-6,000	0	90,822	Held in relation to the running costs of Council's With ALMOs Group (CWAG) which is administered by MCC
NSM - Car Boot	232,930	-45,000	55,000	242,930	-45,000	55,000	252,930	Used to fund repairs and maintenance of facilities for traders.
New Islington Dowry Reserve	292,074	-50,000	0	242,074	-50,000	0	192,074	NWDA funding for maintenance over a 10 year period.
Newton Heat Market Reserve	21,441	0	0	21,441	0	0	21,441	Rental income receipts ring fenced for re investment in East Manchester.
Ardwick	2,291	0	0	2,291	0	0	2,291	
City Extension	12,694	0	0	12,694	0	0	12,694	
Rating	415	0	0	415	0	0	415	

	Opening Balance 01/04/15	Withdrawals	Additions	Opening Balance 01/04/16	Withdrawals	Additions	Opening Balance 01/04/17	PURPOSE
	£p	£p	£p	£p	£p	£p	£p	
Discontinued Services	279	0	0	279	0	0	279	
Allotments Prize Fund Reserve	34	0	0	34	0	0	34	
Graves And Memorials	55,019	0	0	55,019	0	0	55,019	
Old Gorton Library	22,659	0	0	22,659	0	0	22,659	
TOTAL	2,029,909	-665,018	105,000	1,469,891	-101,000	105,000	1,473,891	
RESERVES FOR SPECIFIC RISKS OR TO SMOOTH COSTS								
Risks								
Cleopatra Reserve	6,562,678	0	0	6,562,678	0	0	6,562,678	Legal Cases pending reviews.
Compensation Reserve	92,850	0	0	92,850	0	0	92,850	Money set aside to meet possible future claims for compensation
Airport Dividend reserve	11,000,000	-9,000,000	0	2,000,000	-2,000,000	0	0	The interim airport dividend for 2014/15 of £11m announced on 4 December will be used to support the revenue budget in 2015/16 and 2016/17
Land Charges Fees Reserve	171,556	0	0	171,556	0	0	171,556	In year overachievement of fee income as Land Charges has a requirement to demonstrate a break even position on a rolling 3 year basis therefore exceptional surpluses are taken to reserves.

	Opening Balance 01/04/15	<i>Withdrawals</i>	<i>Additions</i>	Opening Balance 01/04/16	<i>Withdrawals</i>	<i>Additions</i>	Opening Balance 01/04/17	PURPOSE
	£p	£p	£p	£p	£p	£p	£p	
Land charges reserve	125,000	0	0	125,000	0	0	125,000	To cover potential liability relating to a national issue.
Insurance Fund	18,174,419	0	0	18,174,419	0	0	18,174,419	The insurance fund has been established to fund risks that are self insured.
Pension Risk Fund – MWL	375,000	0	175,000	550,000	0	175,000	725,000	This relates to potential pension liabilities for Manchester Working employees.
Business Rates Reserve	5,000,000	0	0	5,000,000	0	0	5,000,000	To mitigate Business Rates income risk
TOTAL	41,501,503	-9,000,000	175,000	32,676,503	-2,000,000	175,000	30,851,503	
SMOOTH COSTS								
Manchester International Festival	1,500,000	-500,000	0	1,000,000	0	0	1,000,000	To fund the additional costs of the Mcr International Festival Fund, £500k every other year.
Business Rates - Safety Net & Small Business Rates Relief Carry Forwards	27,246,573	-27,246,573	0	0	0	0	0	Relates to Safety net income received in 2013/14 which is to be used to offset the Collection Fund deficit in 2015/16.
Fleet Maintenance Reserve	405,284	-252,457	0	152,827	0	0	152,827	Reserve created for smoothing the impact of vehicle repair and maintenance costs. The release is forecast to increase in 14/15 and 15/16 reflecting the ageing of fleet vehicles.
TOTAL	29,151,857	-27,999,030	0	1,152,827	0	0	1,152,827	
TO SUPPORT FUTURE SERVICE								

	Opening Balance 01/04/15	Withdrawals	Additions	Opening Balance 01/04/16	Withdrawals	Additions	Opening Balance 01/04/17	PURPOSE
	£p	£p	£p	£p	£p	£p	£p	
CHANGES								
Transformation Reserve	2,081,602	0	0	2,081,602	0	0	2,081,602	To fund VER/VS costs and to support costs of future service change
TOTAL	2,081,602	0	0	2,081,602	0	0	2,081,602	
FOR DIRECTORATE RISKS								
Children's Services Reserve	150,000	-150,000	0	0	0	0	0	The reserve is being held for any unexpected issues arising from Academy transfers given the level of uncertainty around any costs falling to the LA within a short timescale. To be used to smooth volatility in adult social care placements largely as a result of winter pressures.
Community Care Reserve	500,000	-500,000	0	0	0	0	0	
TOTAL	650,000	-650,000	0	0	0	0	0	
RESERVES HELD TO FUND PLANNED CAPITAL SPEND								
Eastlands Reserve	3,782,413	-713,584	1,537,098	4,605,927	-2,738,628	1,578,600	3,445,899	SPE048 English Institute of Sport - Sport England MCFC income. Contribution to schemes which are being brought forward to support employment and growth as part of the Council's Capital Programme. Used to fund high priority strategic development opportunities in
Capital Fund Revenue Reserve	13,415,238	-4,740,000	6,760,000	15,435,238	-3,238,000	6,760,000	18,957,238	

	Opening Balance 01/04/15	Withdrawals	Additions	Opening Balance 01/04/16	Withdrawals	Additions	Opening Balance 01/04/17	PURPOSE
	£p	£p	£p	£p	£p	£p	£p	
Housing Regeneration reserve	15,000,000	0	0	15,000,000	0	0	15,000,000	the city for those that do not attract external funding. Transferred from HRA reserves o deliver strategic housing related regeneration projects.
Town Hall Reserve	2,214,665	-356,000	0	1,858,665	0	0	1,858,665	To fund revenue expenditure on the Town Hall Complex Programme
TOTAL	34,412,317	-5,809,584	8,297,098	36,899,831	-5,976,628	8,338,600	39,261,803	
RESERVES TO SUPPORT GROWTH AND REFORM								
Clean City	12,551,494	-12,551,494	0	0	0	0	0	
Adult Social Care	0	0	834,000	0	0	0	0	For likely pressures within Adult Services following the peer review
Troubled Families Reserve (Manchester Investment Fund)	777,923	-213,000	0	564,923	-65,000	0	499,923	This was set up to support the scaling up on the community budgets work
Children and Families Investment Reserve	14,094,000	-11,461,000	0	2,633,000	-2,633,000	0	0	To invest in priorities within Children and Families
Work Programme leavers reserve	60,381	-57,061	0	3,320	-3,320	0	0	

	Opening Balance 01/04/15	<i>Withdrawals</i>	<i>Additions</i>	Opening Balance 01/04/16	<i>Withdrawals</i>	<i>Additions</i>	Opening Balance 01/04/17	PURPOSE
	£p	£p	£p	£p	£p	£p	£p	
Soccerex Reserve (Was LABGI)	1,185,000	-395,000	0	790,000	-395,000	0	395,000	Soccerex worldwide. To fund £395,000 for the years 2014/15 to 2017/18.
TOTAL	28,668,798	-24,677,555	834,000	3,991,243	-3,096,320	0	894,923	
GRANTS USED OVER ONE YEAR - NOW HAVE TO BE SHOWN AS A RESERVE DUE TO CHANGE IN ACCOUNTANCY RULES								
Grants given for over one year for Capital Spend								
English Partnership (HCA)	2,040,708	0	0	2,040,708	0	0	2,040,708	HCA approval required to Fund Development appraisal and Eastland Project team Various local Environment scheme & initiatives ie 'clean up campaigns'
Other Grants and Contributions 1003	2,063,201	-244,773	0	1,818,428	0	0	1,818,428	
TOTAL	4,103,909	-244,773	0	3,859,136	0	0	3,859,136	
Grants to Support reform or specific revenue budget priorities								
Dedicated Schools Grant	4,081,000	-4,081,000	0	0	0	0	0	DSG - Allocation to schools and retained Central DSG To provide a new Welfare Provision Scheme to support residents who are suffering financial hardship, have been subject to an emergency or disaster situation, and are at the point of crisis.
Local Welfare Provision reserve	2,550,910	-150,000	0	2,400,910	0	0	2,400,910	
TOTAL	6,631,910	-4,231,000	0	2,400,910	0	0	2,400,910	

	Opening Balance 01/04/15	Withdrawals	Additions	Opening Balance 01/04/16	Withdrawals	Additions	Opening Balance 01/04/17	PURPOSE
	£p	£p	£p	£p	£p	£p	£p	
Grants with agreed spend profile over one year								
Contributions Other Local Authorities	333,613	-333,613	0	0	0	0	0	Relates to Funding for the 'Victim Support & Young Offenders' ongoing schemes and various ongoing Civil Contingencies schemes. Reservoir Inundation Fund . Relates to funding the Emergency Planning Works in the event of flooding. Expected to be spent over 14/15 to 16/17 The capital programme manages the NWCH, other LA's pay a fee to use the service and the income is used to cover the cost of retendering every three years. Unspent grant received in previous year Unspent Public Health grant received in previous year - ringfenced Grant to help local authorities in England continue to meet the costs of implementing the special educational needs and disabilities (SEND) reforms Unspent grant received in previous year
DEFRA	108,112	-54,056	0	54,056	-54,056	0	0	
NW Construction Hub Reserve	214,161	0	0	214,161	0	0	214,161	
Adoption reform	567,000	-567,000	0	0	0	0	0	
Public Health Grant	1,369,000	-1,369,000	0	0	0	0	0	
SEN Reform	856,000	-634,000	0	222,000	-222,000	0	0	
Workforce Development and Learning	186,015	-186,015	0	0	0	0	0	

	Opening Balance 01/04/15	Withdrawals	Additions	Opening Balance 01/04/16	Withdrawals	Additions	Opening Balance 01/04/17	PURPOSE
	£p	£p	£p	£p	£p	£p	£p	
TOTAL	3,633,901	-3,143,684	0	490,217	-276,056	0	214,161	
Other Grants over 1 year								
Asylum Seekers	658,177	-658,177	0	0	0	0	0	MCC are holding the monies on behalf of AGMA Councils, this money will not be drawn down in year but needs to be retained on the Balance sheet to ensure that MCC are not in breach of the contract that we hold as Lead Authority on this project.
Public Health Reserves	0	0	0	0	0	0	0	Ringfenced public Health Funds
Tenancy Fraud Funding grant	0	0	0	0	0	0	0	Unspent grant received in previous year
Other Grants and Contributions	23,661	-23,661	0	0	0	0	0	Unspent grant received in previous year
Other Grants and Contributions	60,498	-60,498	0	0	0	0	0	Unspent grant received in previous year
TOTAL	742,336	-742,336	0	0	0	0	0	
TOTAL EARMARKED RESERVES	156,754,533	-78,612,980	9,450,854	86,758,407	-11,834,528	8,658,356	83,582,235	

APPENDIX 3

Prudential Indicators 2015/16 to 2017/18

Last years approved figures are shown in brackets.

	2015/16		2016/17		2017/18
Ratio of Financing Costs to Net Revenue Stream					
Non – HRA	10%	(9%)	10%	(11%)	10%
HRA	4%	(5%)	4%	(4%)	4%
Incremental impact of Capital Investments on					
Council Tax (Band D, per annum)	£4.17		£15.62		£26.96
Housing Rent per week	£0.00		£0.00		£0.00
Capital Expenditure	£m	£m	£m	£m	£m
Non – HRA	212	(263)	80	(23)	84
HRA	28	(41)	33	(58)	33
TOTAL	240	(147)	113	(81)	117
Capital Financing Requirements (as at 31 March)	£m	£m	£m	£m	£m
Non – HRA	870	(900)	870	(880)	920
HRA	220	(220)	220	(220)	220
TOTAL	1,090	(1,120)	1,090	(1,100)	1,140
Authorised Limit for external debt - borrowing	£m	£m	£m	£m	£m
	1,045.8	(987)	1,129.6	(1,002)	1,168.6
other long term liabilities	216.0	(216)	216.0	(216)	216.0
TOTAL	1,261.8	(1,203)	1,345.6	(1,218)	1,383.6
Operational Boundary for external debt - borrowing	£m	£m	£m	£m	£m
	819.7	(861)	953.8	(919)	993.3
other long term liabilities	216.0	(216)	216.0	(216)	216.0
TOTAL	1,035.7	(1,077)	1,169.8	(1,135)	1,209.3
Actual external debt	£m	£m	£m	£m	£m
	653.9	(729)	804.9	(786)	844.8
Upper limit for total principal sums invested for over 364 days	£m	£m	£m	£m	£m
	0	(0)	0	(0)	0

	2015/16		2016/17		2017/18
Upper limit for fixed interest rate exposure Net borrowing at fixed rates as a % of total net borrowing	91%	(100%)	100%	(100%)	100%
Upper limit for variable rate exposure Net borrowing at Variable rates as a % of total net borrowing	87%	(89%)	93%	(94%)	99%
Gross Debt as a proportion of CFR	70%		75%		80%

Maturity structure of new fixed rate borrowing during 2014/15	Upper Limit		Lower limit	
under 12 months	60%	(60%)	0%	(0%)
12 months and within 24 months	100%	(90%)	0%	(0%)
24 months and within 5 years	70%	(80%)	0%	(10%)
5 years and within 10 years	60%	(60%)	0%	(0%)
10 years and above	60%	(60%)	0%	(0%)
Has the Authority adopted the CIPFA Treasury Management Code?	Yes			

APPENDIX 4

COLLECTION FUND BUDGET 2015-2016	Budget Estimate £'000
<u>EXPENDITURE</u>	
<u>COUNCIL TAX</u> (Surplus) / Deficit B/fwd	(4,162)
Precepts : -	
- Greater Manchester Fire and Rescue Authority	5,842
- Police & Crime Commissioner	15,435
- City of Manchester	118,808
Total Precepts	140,085
Council Tax Total Expenditure	135,923
<u>BUSINESS RATES</u> (Surplus) / Deficit B/fwd	55,452
-	
Payments/Transfers :-	
- Greater Manchester Fire and Rescue Authority	3,190
- City of Manchester	156,320
- Central Government	159,510
Total Payments/transfers	319,020
Business Rates Total Expenditure	374,472
Collection Fund Total Expenditure	510,395
<u>INCOME</u>	
<u>COUNCIL TAX</u>	
Council Tax Income	151,942
Write Off of uncollectable amounts	(3,500)
Allowance for Impairment	(8,357)
<u>Council tax receivable</u>	140,085
<u>Contribution of Council Tax (surplus) / deficit :-</u>	
- Greater Manchester Fire and Rescue Authority	(174)
- Police & Crime Commissioner	(459)
- City of Manchester	(3,530)
Total Contribution to Council Tax (surplus) / deficit	(4,162)
Council Tax Total Income	135,923
<u>BUSINESS RATES</u>	

COLLECTION FUND BUDGET 2015-2016	Budget Estimate £'000
Non Domestic Business Rates Income	331,067
Enterprise Zone Discounts	(601)
Cost of Collection Allowance	(1,121)
Losses in Collection	(8,262)
Increase in Provision for Appeals	(2,063)
<u>Business rates receivable</u>	319,020
<u>Contribution of Business Rates (surplus) / deficit :-</u>	
- Greater Manchester Fire and Rescue Authority	554
- City of Manchester	27,172
- Central Government	27,726
Total Contribution to Business Rates (surplus) / deficit	55,452
Business Rates Total Income	374,472
Collection Fund Total Income	510,395
MOVEMENT ON FUND BALANCE	
Council Tax (Surplus) / Deficit C/fwd	0
Business Rates (Surplus) / Deficit Cfwd	0
Collection Fund (Surplus) / Deficit	0