
**Manchester City Council
Report for Resolution**

Report to: Council – 3 March 2017

Subject: Council Tax Resolution for 2017/18

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 2017/18.

Recommendations

The Council is recommended to:

1. Adopt the part proceedings of the Executive on 8 February 2017 which contain details of the following:
 - Budget 2017/20 - The Strategic Response
 - Medium Term Financial Strategy 2016/17 to 2019/20
 - Capital Programme Budget 2017/18 to 2021/22
 - Children's Services and Education and Skills Budget 2017/20
 - Adult Social Care Budget 2017/20
 - Locality Plan Financial Report Closing the Funding Gap 2017/21, Update: Three Year Budget Strategy 2017/20
 - Growth and Neighbourhoods Budget 2017/20
 - Strategic Development Budget 2017/20
 - Corporate Core Budget 2017/20
 - Housing Revenue Account 2017/20
 - Schools Budget and Dedicated Schools Grant
2. Note the information on referenda as detailed in Section 3 of this report.
3. 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.

4. Note the position on reserves as detailed in Appendix 3 to this report;
5. 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.; and
6. Approve the Collection Fund Budget for 2017/18 as set out in Appendix 5 to this report.

Wards Affected: All

Our Manchester Strategy Outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities.	This report presents to council the proposed Revenue Budget and consequent Council Tax for the City. Whilst this has no direct implications for the Our Manchester Strategy outcomes a balanced budget is a pre-requisite to the provision of the council services that support the outcomes and includes some transfer of resources to support key council objectives.
A highly skilled city: world class and home grown talent sustaining the city's economic success.	
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities.	
A liveable and low carbon city: a destination of choice to live, visit and work.	
A connected city: world class infrastructure and connectivity to drive growth.	

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 setting a revenue budget for 2017/18. The revenue budget incorporates provision for financing of borrowing undertaken to fund capital expenditure. The budget report includes indicative figures for 2018/19 and 2019/20.

Financial Consequences – Capital

Details of the proposed Capital Programme for the next three years were approved at Executive on 8 February 2017 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 Documents:
 - Phase One - Our Budget Conversation:
 - Phase Two – Budget Options Consultation
 - Phase Three - Budget Consultation
 - Council Tax Support Scheme: Have your say on proposed changes for 2017
 - Options for changes to Sure Start children's centres
3. Budget Consultation Responses:
 - Report to Executive, 19 October 2016, 'Budget Conversation and Budget Process 2017-2020'
 - Report to Executive, 11 January 2017, 'Outcome of the Budget Options Consultation'
 - Report to Resources and Governance Scrutiny, 20 February 2017, 'Budget Consultation Outcomes – Phase 3'
 - Report to Resources and Governance Scrutiny, 11 January 2017, 'Localised Council Tax Support Scheme 2017'
 - Report to Resources and Governance Scrutiny, 20 February 2017, 'Budget

Consultation Outcomes – Phase 3 Annex A Sure Start Children’s Centres
Consultation Summary’

4. Final Levy and Precept notifications from external bodies,
5. Reports to the Executive on 8 February 2017 entitled:
 - Budget 2017/20 - The Strategic Response
 - Medium Term Financial Strategy 2016/17 to 2019/20
 - Capital Programme Budget 2017/18 to 2021/22
 - Children’s Services and Education and Skills Budget 2017/20
 - Adult Social Care Budget 2017/20
 - Locality Plan Three Year Budget Strategy 2017/20
 - Growth and Neighbourhoods Budget 2017/20
 - Strategic Development Budget 2017/20
 - Corporate Core Budget 2017/20
 - Housing Revenue Account 2017/20
 - Schools Budget and Dedicated Schools Grant

1. Introduction

1.1 At its meeting on 8 February 2017, 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 2017/20.
- (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.
- (iii) a report proposing changes to 2017/20 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 2017/18.

1.2 Resources and Governance Scrutiny Committee on 20 February met to consider the recommendations of Executive. The Committee considered all the issues arising from individual Business Plans that chairs of scrutiny committees wished to draw specific attention to. It also received a report outlining the results of the public consultation exercise undertaken and a summary of the responses to the Sure Start children's centres consultation. The proceedings at that meeting and the decision taken are set out in the minutes elsewhere on this agenda.

1.3 The budget reports and consultation responses are listed in the background documents to this report. Members should take the contents of these into account when considering the recommendations as set out in this report.

2 The Revenue Budget

2.1 The final local government finance settlement for 2017/18 was announced on 20 February 2017. The settlement was broadly in line with the provisional finance settlement that was published on 15 December 2016. There were small changes to the New Homes Bonus Grant Allocations for several Authorities due to updated data being used in the calculation. Nationally the overall amount of New Homes Bonus funding has not changed as this is balanced out by reductions in the New Homes Bonus top slice that is being returned to local government. The impact on Manchester City Council is a reduction of £8k in the returned top slice compared to the provisional settlement.

2.2 The Medium Term Financial Strategy 2017/20 report identified revenue spend and savings proposals for 2017/20. A separate report identified a strategic framework to guide the detailed development of a budget strategy for 2017/20.

2.3 The Council Tax resolution is attached as Appendix 1.

- 2.4 The 2017/20 budget process identified £31.757m of savings proposals. The total savings per Directorate are shown in the table below and full details are included at Appendix 2.

	2017/18	2018/19	2019/20	Total
	£,000	£,000	£,000	£,000
Adults	5,000	3,000	4,000	12,000
Children's	1,221	220	180	1,621
Corporate Core	5,481	2,925	2,160	10,566
Growth & Neighbourhoods	1,490	1,220	4,510	7,220
Strategic Development	350	0	0	350
Total Savings identified	13,542	7,365	10,850	31,757

- 2.5 The Medium Term Financial Strategy 2017/20 provided details of proposed movements in to and out of reserves. The schedule of reserves is attached at Appendix 3.
- 2.6 The Executive, at its meeting on 8 February, 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 changes to account for final announcements on levies and other small technical adjustments.
- 2.7 There have been three minor changes to the figures since Executive as follows:
- The final 2017/18 Waste Levy has been provided. It is £49.496m which is £63k higher than the previous notification. This is due to the Waste Disposal Authority receiving the final council tax base figures which inform the model which calculates the levy. This has been funded from the waste contingency.
 - The final notification for the 2017/18 Environment Agency Levy has been received. This is £204k which is £8k higher than estimated,
 - A reduction in the New Homes Bonus top slice of £8k from £402k to £394k
- 2.8 These changes will increase the call on General Fund by £16k from £0.509m to £0.525m.
- 2.9 The 2017/18 final Local Government Finance Settlement confirmed that Greater Manchester will participate in the pilot for 100% business rates retention from 1 April 2017. This will enable Greater Manchester authorities to will retain 100% of locally raised business rates (with 1% transferred to GM Fire and Rescue Authority) but in return will forego Revenue Support Grant (RSG) and Public Health Grant; individual authority tariff and top ups have been adjusted to ensure fiscal neutrality. As part of the pilot the Public Health grant has been rolled into business rates income and the ringfence removed. Section 31 grants will be paid locally at 100%. In addition, to test

potential elements of the 100% rates retention scheme, the safety net threshold will be revised from 92.5% to 97%. The Transport Grant has also been included in the pilot, at Greater Manchester level.

- 2.10 The Council budget reflects these changes from 2017/18. RSG and Public Health have been removed from 2017/18 onwards and the Top Up / Tariff figures are as per those provided by DCLG. The forecast Business Rates income supporting the budget in 2017/18 is £306.3m.

3 Council Tax Referenda

- 3.1 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 principles determined by the Secretary of State and approved by the House of Commons. The Secretary of State announced that for principal authorities (including Manchester) any increase in the amount of council tax of 5% or above (including 3% for adult social care) would trigger a referendum.
- 3.2 The Council Tax bill, and the information that accompanies it, must highlight the part of the increase that is being used to fund adult social care. Further information about spending on adult social care must be provided with the demand notice.
- 3.3 This report is therefore prepared on the basis that Manchester's Council Tax will increase by 4.99% in 2017/18.
- 3.4 The Greater Manchester Fire and Rescue Authority has confirmed that its 2017/18 precept will increase by 1.99%.
- 3.6 The Greater Manchester Police and Crime Commissioner confirmed that its 2017/18 precept will increase by £5 for a Band D dwelling. This increase does not breach the referendum cap as it is able to increase council tax by £5 at Band D where a 2% increase equates to less than £5.

4 Prudential indicators

- 4.1 The proposed Prudential Indicators for 2017/18 to 2019/20 are shown in Appendix 4.

5 Collection Fund Budget

- 5.1 Attached for approval at Appendix 5 is the proposed collection fund budget for 2017/18. 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 8 February 2017 be approved.
2. That it be noted that the City Treasurer acting under delegated powers has determined the amount of 109,829 as the Council Tax base for Manchester for the year 2016/17 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 2016/17 in accordance with Sections 31A to 36 of the Local Government Finance Act 1992:-

(a) £1,673,771,995 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) £1,533,205,153 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) £140,566,842 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) £1,279.87 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
£853.25	£995.45	£1,137.66	£1,279.87	£1,564.29	£1,848.70	£2,133.12	£2,559.74

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 2017/18 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
£108.20	£126.23	£144.27	£162.30	£198.37	£234.43	£270.50	£324.60

GM Fire and Rescue Authority

A	B	C	D	E	F	G	H
£39.96	£46.62	£53.28	£59.95	£73.27	£86.59	£99.91	£119.90

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 2016/17 for each of the categories of dwellings shown below.

Valuation bands

A	B	C	D	E	F	G	H
£1,001.41	£1,168.30	£1,335.21	£1,502.12	£1,835.93	£2,169.72	£2,503.53	£3,004.24

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 1988 - 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)	£102,290,000	£1,495,150,995	£1,597,440,995
Section 31A (2)(b)	£0	£2,337,000	£2,337,000
Section 31A (2)(c)	£0	£73,994,000	£73,994,000
Section 31A (2)(d)	£0	£0	£0
Section 31A (2)(da)	£0	£0	£0
Section 31A (2)(e)	£0	£0	£0
Section 31A (2)(f)	£0	£0	£0
	£102,290,000	£1,571,481,995	£1,673,771,995
Income			
Section 31A (3)(a)	(£86,862,000)	(£1,027,936,443)	(£1,114,798,443)
Section 31A (3)(aa)	£0	(£306,274,000)	(£306,274,000)
Section 31A (3)(b)	£0	(£20,575,000)	(£20,575,000)
Section 31A (3)(c)	£0	(£1,123,710)	(£1,123,710)
Section 31A (3)(d)	(£15,428,000)	(£75,006,000)	(£90,434,000)
	(£102,290,000)	(£1,430,915,153)	(£1,533,205,153)

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 £140,566,842

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 -

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	£140,566,842
Divided by:	
Council Tax Base	109,829

Band D Basic Amount of Council Tax is: £1,279.87

APPENDIX 2

Proposed Savings

Adult Services

Service Area	Description of Saving	RAG Deliverability	RAG Impact	Amount of Saving Proposal			Total
				2017/18	2018/19	2019/20	
				£,000	£,000	£,000	
Efficiency and Improvements							
Locality Plan	Implementation of expansion to pooled fund with health: benefits share from implementation of new care models in local care organisation and outcome of commissioning reviews	Amber	Amber	5,000	3,000	4,000	12,000
Total Efficiency and Improvements							
				5,000	3,000	4,000	12,000
Total Adult Services				5,000	3,000	4,000	12,000

Children's Services

Service Area	Description of Saving	RAG Deliverability	RAG Impact	Amount of Saving Proposal				FTE Impact (Indicative)
				2017/18	2018/19	2019/20	Total	
				£,000	£,000	£,000	£,000	
Efficiency and Improvements								
Children's Services	LAC Model Inc Commissioning Reviews	Amber	Amber	886	993	1,019	2,898	
Education	Dedicated Schools Grant - recharge for statutory duties replacing Education Services Grant	Amber	Amber	600			600	
	Dedicated Schools Grant - redirect IT system costs and overheads replacing Education Services Grant	Amber	Amber	400			400	
	Closed School Budget - reduced requirement due to reuse of school sites	Green	Green	221			221	
	Impact of School Crossing Patrol Investment	Green	Red		220		220	13
Total Efficiency and Improvements				2,107	1,213	1,019	4,339	13
Service Improvement								
	Reconfiguring the Early Year Delivery Model including Surestart Children's Centres	Red	Red			180	180	6
Total Service Improvement				0	0	180	180	6
Children Services	Virement to meet agreed pressures	Amber	Amber	-886	-993	-1,019	-2,898	
Total Children's				1,221	220	180	1,621	19

Corporate Core

Service Area	Description of Saving	RAG Deliverability	RAG Impact	Amount of Saving Proposal				FTE Impact (Indicative)
				2017/18	2018/19	2019/20	Total	
				£,000	£,000	£,000	£,000	
Efficiency and Improvements								
Audit, Risk and Resilience	Reduce risk and resilience staffing	Green	Green	78			78	2
Corporate Procurement	Increased external income from sale of procurement services	Red	Amber	54			54	1
	Staffing reduction	Green	Green	67			67	1
Customer Services	Staffing reduction	Green	Green	50			50	1
Financial Management	Reduce supplies and services budget, delete vacant posts and reduce valuation budgets	Green	Green	113			113	4
HROD	Existing vacancy, regrading of vacant G9 and other nonstaff	Green	Green	69			69	1
ICT	Revenue savings through reduction in contract costs - data & telephony, mobiles and printing	Amber	Green	150	150		300	
	Staffing reduction following implementation of ITSM	Amber	Green	160			160	4
	Reduction in maintenance and refresh of ICT equipment	Green	Amber	100	150		250	
	Travel reductions across the Council from collaboration technology	Amber	Green	50	50		100	
Policy	Staffing reduction	Green	Amber	100			100	2.5
Reform and Innovation	Staffing reduction, reduction in hours and deletion of time limited posts.	Green	Amber	55			55	1
Shared Service Centre	Additional income and deletion of five vacancies	Green	Green	322			322	5
Revenues and Benefits	Staffing reduction from existing vacancies following efficiencies and transfer of functions to Dept Work and Pensions	Green	Green	448			448	15
	Implement charge for managing the City Centre Business Improvement District collection of monies	Amber	Green	15			15	

Service Area	Description of Saving	RAG Deliverability	RAG Impact	Amount of Saving Proposal				FTE Impact (Indicative)
				2017/18	2018/19	2019/20	Total	
				£,000	£,000	£,000	£,000	
	Improve Council Tax collection rates (increased Corporate resource)	Green	Green	2,000			2,000	
	Utilise New Burdens funding	Green	Amber	400			400	
Cross Directorate Employee related budgets	Annual Leave Purchase Scheme	Green	Green	200			200	
Total Efficiency and Improvements				4,431	1,425	660	6,516	51.5
Service Reductions								
Legal and Democratic Services	Business Support Review for City Solicitors	Amber	Amber	50			50	2
Council Tax Support Scheme	Reduction in spend on the Council Tax Support Scheme.	Green	Amber	1,000			1,000	
Total Service Reductions				1,050	1,500	1,500	4,050	2
TOTAL CORPORATE CORE				5,481	2,925	2,160	10,566	53.5

Growth and Neighbourhoods

Service Area	Description of Saving	RAG Deliverability	RAG Impact	Amount of Saving Proposal				FTE Impact (Indicative)
				2017/18	2018/19	2019/20	Total	
				£,000	£,000	£,000	£,000	
Efficiency and Improvements								
Parks, Leisure and Events	Further reduce costs of indoor leisure through re-commissioning of contracts.	Amber	Amber		500	150	650	
	Energy improvements on leisure buildings - any savings will accrue to the leisure contract	Green	Green		50	50	100	
	Wythenshawe Forum Trust - efficiencies from sharing back office functions	Green	Green		50	50	100	
	Co-commissioning leisure services across Greater Manchester. This includes looking at ways in which 12 leisure operators across GM can collaborate more effectively	Amber	Amber		50	50	100	
Business Units	Increase bereavement services offer - pricing competitively with increase of £60k per year and £20k invested in year one to implement practice recommended by Institute of Cemetery and Crematoria	Green	Green	40	60	60	160	
Waste	Planned Service Charge	Green	Green	1,300		900	2,200	
	Other service changes - apartment blocks	Amber	Amber		250	250	500	
	Efficiencies in other disposal and collection arrangements	Green	Amber		100		100	
	Reviewing waste disposal costs	Red	Red			3,000	3,000	
Total Efficiency and Improvements				1,340	1,060	4,510	6,910	0
Service Reductions								
Parks, Leisure and Events	Revise Councils Christmas/festive offer	Green	Amber		60		60	
Business Units	Review of viability for Wythenshawe indoor and outdoor markets to remove subsidy	Amber	Red	150			150	

Service Area	Description of Saving	RAG Deliverability	RAG Impact	Amount of Saving Proposal				FTE Impact (Indicative)
				2017/18	2018/19	2019/20	Total	
				£,000	£,000	£,000	£,000	
Grounds Maintenance	Bowling greens - consolidation of greens and more cost effective arrangements for maintenance	Amber	Amber		100		100	3
Total Service Reductions				150	160	0	310	3
Total Growth and Neighbourhoods				1,490	1,220	4,510	7,220	3

Strategic Development

Service Area	Description of Saving	RAG Deliverability	RAG Impact	Amount of Saving Proposal				FTE Impact (Indicative)
				2017/18 £,000	2018/19 £,000	2019/20 £,000	Total £,000	
Efficiencies and Improvements								
Operational Estate and Facilities Management	Refurbishment of old Hulme Library and the disposal of Westwood St and Claremont Resource Centre. DWP would take out a lease for the whole of the ground floor plus service change. Repairs and Maintenance contract re-tenders	Amber	Green	250			250	-
Total Efficiencies and Improvements				250	0	0	250	0
Service Reductions								
Strategic Development	Staffing reductions	Green	Green	100			100	1
Total Service Reductions				100	0	0	100	1
Total Strategic Development				350	0	0	350	1

APPENDIX 3 Proposed Use of Reserves

	Opening Balance 01/04/2017	Withdrawals	Additions	Closing Balance 31/03/2018	Closing Balance 31/03/2019	Closing Balance 31/03/2020	Purpose
	£'000	£'000	£'000	£'000	£'000	£'000	
Schools Reserve	27,526	0	0	27,526	27,526	27,526	
General Fund Reserve							
Statutory Reserves	10,344	(7,323)	6,641	9,662	9,109	8,506	
Earmarked Reserves	160,283	(67,158)	67,353	160,478	151,756	139,789	
General Fund Reserve	27,182	(525)	0	26,657	26,657	26,657	
Total General Fund	197,809	(75,006)	73,994	196,797	187,522	174,952	
Housing Revenue Account Reserves:							
Housing Revenue Account General Reserve	51,308	(15,000)	0	36,308	24,808	24,408	
HRA PFI reserve	10,000	0	0	10,000	10,000	10,000	
HRA Residual liabilities fund	24,000	0	0	24,000	24,000	24,000	
Housing Insurance reserve	845	0	0	845	845	845	
Total HRA	86,153	(15,000)	0	71,153	59,653	59,253	
TOTAL RESERVES	311,488	(90,006)	73,994	295,476	274,701	261,731	

SCHOOLS RESERVE							
LMS Reserve	27,526	0	0	27,526	27,526	27,526	School balances - These are not MCC resources and so cannot be used by MCC
Sub Total Schools	27,526	0	0	27,526	27,526	27,526	
STATUTORY RESERVES							
Bus Lane Enforcement Reserve	2,713	(1,522)	1,427	2,618	2,523	2,428	Ring fenced reserve which can only be applied to specific transport and highways related activity.
On Street Parking	3,392	(5,582)	5,069	2,879	2,366	1,853	Ring fenced reserve which can only be applied to specific transport and highways related activity.
Ancoats Square Reserve	1,881	(78)	0	1,803	1,725	1,647	£1.95m was received from the HCA to cover the revenue costs of maintaining Ancoats Square for a period of at least 25 years.

	Opening Balance 01/04/2017	Withdrawals	Additions	Closing Balance 31/03/2018	Closing Balance 31/03/2019	Closing Balance 31/03/2020	Purpose
	£'000	£'000	£'000	£'000	£'000	£'000	
Cutting Room Square Ext Ancoats Reserve	1,038	(12)	0	1,026	1,014	1,002	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.
New Smithfield Market	168	(70)	70	168	238	258	To contribute towards funding the development plans for the market
Great Northern Square Maint Fund	343	(13)	0	330	330	330	Set up in accordance with the agreement with the developers of the site. It will be used for upgrading of the square.
Education Endowments	17	0	0	17	17	17	Kept as part of future payments for school prizes
Landlord Licensing Reserve	46	(46)	0	0	0	0	Smoothing reserve
Art Fund Reserve	35	0	0	35	35	35	For art purchases
St Johns Gdns Contingency	711	0	75	786	861	936	Contribution from St Johns Gardens tenants for maintenance works
Sub Total Statutory	10,344	(7,323)	6,641	9,662	9,109	8,506	
EARMARKED RESERVES							
BALANCES HELD FOR PFI'S							
Street Lighting PFI	181	(181)	0	0	0	0	Established to fund the requirements over 25 years re. the PFI contract for Street Lighting service via our external contractors
Temple PFI	648	0	8	656	664	672	PFI Scheme 25 years contract drawdown will be in future years as expenditure exceeds grant.
Wright Robinson PFI Reserve	766	0	32	798	830	862	PFI Scheme 25 years contract drawdown will be in future years as expenditure exceeds grant.
Total held for PFI's	1,595	(181)	40	1,454	1,494	1,534	
SMALL SPECIFIC RESERVES							
Housing Loans	122	0	10	132	142	152	Resources available to meet future needs of mortgage accounts
NSM - Car Boot	253	(45)	55	263	273	283	Used to fund repairs and maintenance of facilities for traders.
Cemeteries Replacement	321	0	40	361	401	441	To purchase land for burials

	Opening Balance 01/04/2017	Withdrawals	Additions	Closing Balance 31/03/2018	Closing Balance 31/03/2019	Closing Balance 31/03/2020	Purpose
	£'000	£'000	£'000	£'000	£'000	£'000	
Primary School Catering Reserve	222	(50)	0	172	172	172	Reserve established to support the Service's competitiveness by smoothing school meal prices during the 3 year price planning period.
Catering R & M Insurance Account	166	0	0	166	166	166	Reserve established to meet refurbishment cost of school kitchens.
CWAG Reserve	87	(6)	0	81	75	69	Held in relation to the running costs of Council's With ALMOs Group (CWAG) which is administered by MCC
Investment Reserve from Surpluses	151	(95)	0	56	56	56	Funding belonging to schools which the Council holds on their behalf. The purpose is to fund repairs and improvements to school kitchens.
Graves And Memorials	97	0	0	97	97	97	Money held in trust for repair and Development costs for gravestones
Other Small Specific reserves	27	0	0	27	27	27	Small specific reserves
Total Small Specific Reserves	1,446	(196)	105	1,355	1,409	1,463	
RESERVES FOR SPECIFIC RISKS OR TO SMOOTH COSTS							
Risks							
Historic Abuse Claims Reserve	5,563	0	0	5,563	5,563	5,563	For potential future legal cases
Planning Reserve	1,300	0	0	1,300	1,300	1,300	To smooth fluctuations in planning income
Transformation Reserve	8,723	0	0	8,723	8,723	8,723	To support costs of future service change.
Airport Dividend reserve	29,161	(29,161)	29,161	29,161	29,161	29,161	The interim additional airport dividend for 2015/16 will support the 2016/17 budget.
Pension Risk Fund - MWL	646	0	0	646	646	646	This relates to potential pension liabilities for Manchester Working employees.
Inspirit Pension Reserve	14	0	0	14	14	14	Relates to potential pension liabilities
Manchester International Festival	1,500	(500)	0	1,000	500	0	To fund the additional costs of the Mcr International Festival Fund, £500k every other year.
Insurance Fund	17,482	0	0	17,482	17,482	17,482	The insurance fund has been established to fund risks that are self insured.
Children's Services Reserve	29	(29)	0	0	0	0	The reserve is being held for any unexpected issues arising from Academy transfers given the

	Opening Balance 01/04/2017	Withdrawals	Additions	Closing Balance 31/03/2018	Closing Balance 31/03/2019	Closing Balance 31/03/2020	Purpose
	£'000	£'000	£'000	£'000	£'000	£'000	
							level of uncertainty around any costs falling to the LA within a short timescale.
Land Charges Fees Reserve	400	(400)	0	0	0	0	Prior years 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.
Newton Heath Market Reserve	22	0	0	22	22	22	To fund future markets expenditure
Compensation Reserve	93	0	0	93	93	93	Money set aside to meet possible future claims for compensation
New Islington Dowry Reserve	223	(50)	0	173	123	73	NWDA funding for maintenance over a 10 year period.
Adult Social Care	2,000	(2,000)	0	0	0	0	Underspend from 15/16 used to support the budget in 17/18 and prevent the need for greater reductions to the ASC budget
Business Rates Reserve	5,633	0	0	5,633	5,633	5,633	To mitigate Business Rates income risk
TOTAL Risk	72,789	(32,140)	29,161	69,810	69,260	68,710	
RESERVES HELD TO FUND PLANNED CAPITAL SPEND							
Housing Regeneration reserve	13,900	(1,100)	0	12,800	11,700	11,350	To deliver strategic housing related regeneration projects.
Service Improvement Fund	103	(93)	0	10	10	10	Balance relates to system improvements
Capital Fund Revenue Reserve	21,258	(7,046)	28,460	42,672	42,782	37,122	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 the city for those that do not attract external funding. This can also be used for revenue.
Eastlands Reserve	7,849	(2,539)	2,187	7,497	7,228	7,242	English Institute of Sport - Sport England MCFC income
Total to fund capital spend	43,110	(10,778)	30,647	62,979	61,720	55,724	
RESERVES TO SUPPORT GROWTH AND REFORM							
Soccerex Reserve	395	(395)	0	0	0	0	Soccerex worldwide. To fund £395,000 per year for 2014/15 to 2017/18.

	Opening Balance 01/04/2017	Withdrawals	Additions	Closing Balance 31/03/2018	Closing Balance 31/03/2019	Closing Balance 31/03/2020	Purpose
	£'000	£'000	£'000	£'000	£'000	£'000	
Town Hall Reserve	7,915	(4,828)	2,400	5,487	4,798	4,682	To fund revenue expenditure on the Town Hall Refurbishment Programme
Troubled Families Reserve (Manchester Investment Fund)	1,334	(1,334)	0	0	0	0	This was set up to support the scaling up on the community budgets work
Clean City Reserve	2,628	(2,628)	0	0	0	0	To support green initiatives
Children and Families Investment Reserve	7,856	(7,367)	1,500	1,989	958	647	To invest in priorities within Children and Families
NW Construction Hub Reserve	316	0	0	316	316	316	The capital programme section 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.
Transformation Challenge Award	161	(161)	0	0	0	0	Transformation challenge award was awarded to GM authorities to support reform. Manchester's share was £757,904 and has been allocated to projects to be spent across 2015/16 to 2017/18
Our Manchester reserve	5,614	(668)	0	4,946	2,422	0	Additional investment made available as part of the 2017/2020 budget process to drive forward the delivery of Our Manchester
City Centre Review reserve	1,000	(2,500)	3,500	2,000	1,000	0	To fund improvements in the City Centre
TOTAL	27,219	(19,881)	7,400	14,738	9,494	5,645	
GRANTS USED OVER ONE YEAR - NOW HAVE TO BE SHOWN AS A RESERVE DUE TO CHANGE IN ACCOUNTANCY RULES							
English Partnership (HCA)	1,902	0	0	1,902	1,902	1,902	HCA approval required to Fund Development appraisal and Eastlands Project team
Public Health Grant	308	(308)	0	0	0	0	Unspent Public Health grant received in previous year.
Other Grants and Contributions	2,536	0	0	2,536	2,536	2,536	Various local Environment scheme & initiatives i.e. 'clean up campaigns'
Better Care	6,958	(2,902)	0	4,056	2,389	723	Contributions received from CCG's
Contributions Other Local Authorities	354	0	0	354	354	354	Relates to various ongoing Civil Contingencies schemes.
Other Grants and Contributions Regeneration	307	0	0	307	307	307	Unspent grant received in previous year

	Opening Balance 01/04/2017	Withdrawals	Additions	Closing Balance 31/03/2018	Closing Balance 31/03/2019	Closing Balance 31/03/2020	Purpose
	£'000	£'000	£'000	£'000	£'000	£'000	
DoLs Grant	182	(182)	0	0	0	0	Unspent grant received in previous year
DEFRA	64	(64)	0	0	0	0	Reservoir Inundation Fund. Relates to funding the Emergency Planning Works in the event of flooding.
LAC Remand	153	(153)	0	0	0	0	This will be used to fund specific activities and resources aimed at reducing remands in the future.
SEN Reform	469	(373)	0	96	0	0	Grant to help local authorities in England continue to meet the costs of implementing the special educational needs and disabilities (SEND) reforms
CAB010 One Public Estate Reserve	150	0	0	150	150	150	Unspent grant received in previous year
Workforce Development and Learning	52	0	0	52	52	52	Unspent grant received in previous year
Asylum Seekers	668	0	0	668	668	668	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	21	0	0	21	21	21	Ringfenced Public Health Funds
TOTAL	14,124	(3,982)	0	10,142	8,379	6,713	
TOTAL EARMARKED RESERVES	160,283	(67,158)	67,353	160,478	151,756	139,789	
Total General Fund Reserves	197,809	(75,006)	73,994	196,797	187,522	174,952	

APPENDIX 4

Prudential Indicators 2017/18 to 2019/20

Last years approved figures are shown in brackets.

	2017/18	2018/19	2019/20
Ratio of Financing Costs to Net Revenue Stream			
Non – HRA	9% (10%)	9% (10%)	9%
HRA	4.0% (3.9%)	3.8% (3.8%)	3.6%
Incremental impact of Capital Investments on			
Council Tax (Band D, per annum)	£5.42	£70.83	£159.88
Housing Rent per week	£0.00	£0.00	£0.00
Capital Expenditure	£m	£m	£m
Non – HRA	451.0 (256.0)	450.1 (145.3)	161.4
HRA	42.1 (37.0)	39.8 (20.1)	18.1
TOTAL	493.1(293 .0)	489.9(165 .4)	179.5
Capital Financing Requirements (as at 31 March)	£m	£m	£m
Non – HRA	1,267(1,2 31)	1,527(1,2 99)	1,603
HRA	269(264)	282 (273)	298
TOTAL	1,536(1,4 95)	1,809 (1,572)	1,901
Authorised Limit for external debt -	£m	£m	£m
Borrowing	1,555.4(1, 245.0)	1,595.7(1, 245.0)	1,814.1
other long term liabilities	216.0 (216.0)	216.0 (216.0)	216.0
TOTAL	1,771.4(1, 461.0)	1,811.7(1, 461.0)	2,030.1
Operational Boundary for external debt -	£m	£m	£m
Borrowing	1,159.8(1, 096.2)	1,412.9(1, 187.4)	1,541.6
other long term liabilities	216.0 (216.0)	216.0 (216.0)	216.0
TOTAL	1,375.8(1, 312.2)	1,628.9(1, 403.4)	1,757.6
Actual external debt	£m	£m	£m
	936.6 (954.9)	1,258.7(1,074.2)	1,357.5
Upper limit for total principal sums invested for over 364 days	0 (0)	0 (0)	0

	2017/18	2018/19	2019/20
Upper limit for fixed interest rate exposure Net borrowing at fixed rates as a % of total net borrowing	96% (100%)	100% (100%)	100%
Upper limit for variable rate exposure Net borrowing at Variable rates as a % of total net borrowing	92% (95%)	97% (100%)	100%
Gross Debt as a proportion of CFR	61%	70%	71%

*Further detail can be found in the Treasury Management Strategy which is elsewhere on the agenda.

If borrowing is transferred to the Greater Manchester Combined Authority some of these indicators will need to be revised.

APPENDIX 5

COLLECTION FUND BUDGET 2017-2018	Budget Estimate £'000
EXPENDITURE	
COUNCIL TAX	
(Surplus) / Deficit B/fwd	(6,993)
Precepts : -	
- Greater Manchester Fire and Rescue Authority	6,584
- Police & Crime Commissioner	17,825
- City of Manchester	140,567
Total Precepts	164,976
Council Tax Total Expenditure	157,983
BUSINESS RATES	
(Surplus) / Deficit B/fwd	(29,868)
Payments/Transfers :-	
- Greater Manchester Fire and Rescue Authority	3,246
- City of Manchester	321,402
- Central Government	0
Total Payments/transfers	324,648
Business Rates Total Expenditure	294,780
Collection Fund Total Expenditure	452,763
INCOME	
COUNCIL TAX	
Council Tax Income	170,668
Write Off of uncollectable amounts	(1,500)
Allowance for Impairment	(4,192)
<u>Council tax receivable</u>	164,976
<u>Contribution of Council Tax (surplus) / deficit :-</u>	
- Greater Manchester Fire and Rescue Authority	(286)
- Police & Crime Commissioner	(766)
- City of Manchester	(5,940)
Total Contribution to Council Tax (surplus) / deficit	(6,993)
Council Tax Total Income	157,983

COLLECTION FUND BUDGET 2017-2018	Budget Estimate £'000
<u>BUSINESS RATES</u>	
Non Domestic Business Rates Income	362,466
Enterprise Zone Discounts (General Fund - See Below)	0
Cost of Collection Allowance	(1,124)
Losses in Collection	(7,339)
Increase in Provision for Appeals	(29,355)
<u>Business rates receivable</u>	<u>324,648</u>
<u>Contribution of Business Rates (surplus) / deficit :-</u>	
- Greater Manchester Fire and Rescue Authority	(299)
- City of Manchester	(14,635)
- Central Government	(14,934)
Total Contribution to Business Rates (surplus) / deficit	(29,868)
Business Rates Total Income	294,780
Collection Fund Total Income	452,763
<u>MOVEMENT ON FUND BALANCE</u>	
Council Tax (Surplus) / Deficit C/fwd	0
Business Rates (Surplus) / Deficit Cfwd	0
Collection Fund (Surplus) / Deficit	0