
**Manchester City Council
Report for Resolution**

Report to: Council – 2 March 2018

Subject: Council Tax Resolution for 2018/19

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 2018/19.

Recommendations

The Council is recommended to:

1. Adopt the part proceedings of the Executive on 7 February 2018 which contain details of the following:
 - Medium Term Financial Strategy 2017/18 to 2019/20
 - Capital Programme Budget 2018/19 to 2022/23
 - Children’s Services and Education and Skills Budget 2018/20
 - Adult Social Care Budget 2018/20
 - Health and Social Care budget 2018/20
 - Growth and Neighbourhoods Budget 2018/20
 - Strategic Development Budget 2018/20
 - Corporate Core Budget 2018/20
 - *Housing Revenue Account 2018/19 to 2020/21*
 - Schools Funding (Dedicated Schools Grant 2018/19)
2. Note the position on reserves as detailed in Appendix 2 to this report.
3. Note the information on referenda as detailed in Section 3 of this report.
4. Approve the Council Tax determination attached as Appendix 3 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.

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

Financial Consequences – Capital

Details of the proposed Capital Programme for the next five years were approved at Executive on 7 February 2018 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. Provisional and final Local Government Finance Settlement papers,
2. Final Levy and Precept notifications from the Greater Manchester Mayoral Police and Crime Commissioner Precept and Greater Manchester Mayoral General Precept (including Fire Services),
3. Reports to the Executive on 7 February 2018 entitled:
 - Medium Term Financial Strategy 2017/18 to 2019/20
 - Capital Programme Budget 2018/19 to 2022/23
 - Children's Services and Education and Skills Budget 2018/20
 - Adult Social Care Budget 2018/20
 - Health and Social Care budget 2018/20
 - Growth and Neighbourhoods Budget 2018/20
 - Strategic Development Budget 2018/20
 - Corporate Core Budget 2018/20
 - Housing Revenue Account 2018/19 to 2020/21
 - Schools Funding (Dedicated Schools Grant 2018/19)

1. Introduction

- 1.1 At its meeting on 7 February 2018, 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 on 19 December 2017. These reports included:
- (i) A report setting out the implications for the Council of the settlement and identifying a Strategic Framework to guide the continuation of the budget strategy for 2018/20. This also proposed changes to 2018/20 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 2018/19.
 - (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.
- 1.2 Resources and Governance Scrutiny Committee met on 19 February 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 update on the Council's financial position. The proceedings at that meeting and the decisions taken are set out in the minutes elsewhere on this agenda.
- 1.3 The budget reports 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

- 2.2 The Final Local Government Finance Settlement for 2018/19 was announced on 6 February 2018. The settlement was broadly in line with the provisional finance settlement. Additional funding of £166m was announced for the sector. Of this £150m was allocated as Adult Social Care Support Grant to be distributed according to the Adult Social Care Relative Needs Formula. This is the same methodology as was used for the 2017/18 additional Adult Social Care Grant and Manchester will receive £1.667m. There was also an additional £16m funding for rural authorities which will be allocated through the existing Rural Services Delivery Grant (RSDG) distribution mechanism. Manchester does not receive this funding.
- 2.3 The Medium Term Financial Strategy 2017/20 report identified revenue spend and savings proposals for 2018/20 and identified a strategic framework to guide the continuation of the budget strategy for 2018/20.
- 2.4 The 2018/20 budget process identified £34.503m of savings proposals. The total savings per Directorate are shown in the table below and full details are included at Appendix 1.

Table 1: Total Saving proposals

	2018/19			2019 / 20			2 Year Total Savings £,000	FTE Impact (Indicative)
	Current MTFP	Proposed Delivery Plan	Total	Current MTFP	Proposed Delivery Plan	Total		
	£,000	£,000	£,000	£,000	£,000	£,000		
Adult Services	4,814	3,705	8,519	4,000	(3,982)	18	8,537	0.0
Children's Services	220	10,463	10,683	180	2,089	2,269	12,951	26.0
Corporate Core (incl. Highways)	2,945	478	3,423	2,160	65	2,225	5,648	14.5
Growth and Neighbourhoods	1,250	1,607	2,857	4,510	0	4,510	7,367	3.0
Total Savings identified	9,229	16,253	25,482	10,850	(1,829)	9,022	34,503	43.5

- 2.5 The Medium Term Financial Strategy 2018/20 provided details of proposed movements to and from reserves. The schedule of reserves is attached at Appendix 2.
- 2.6 The Executive, at its meeting on 7 February 2018, 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 several changes to the figures since Executive as follows:
- The Final Local Government Finance Settlement has been received resulting in an additional £1.667m for Social Care. It has been agreed with partners that the adult social care grant will added to the pooled budget for 2018/19. This will enable some of the one-off Council investment to be deployed to support the budget position in 2019/20.
 - The Business Rates Key Decision was made on 31 January 2018. The updated information has resulted in additional business rates income of £1.251m and additional (Section 31) grant income of £133k. Due to the inherent volatility with business rates income it is proposed this is added to the business rates reserve.
 - The Greater Manchester Combined Authority (GMCA) budgets and District contributions have been set and final levy notifications received. The overall impact of the changes notified is an improvement in the 2018/19 budget position of £1.598m.
 - Executive agreed to the establishment of a welfare fund of £50k for children who arrive at school without food and in need. This will be funded from the business rates reserve.
 - The Executive report set out proposals to increase the 2018/19 Council Tax by 4.99% of which 3% was to meet increasing demand in adult social care. It is now proposed to keep the 2018/19 Council Tax Increase at 3.49%, with 1.5% of that specially earmarked for adult social care and support for some of the most vulnerable residents. The remaining 1.5% adult social care increase allowed within the four year settlement could

be applied in 2019/20. The change will result in a reduction in Council Tax Income of £2.169m in 2018/19 from previous plans. This will be met from the £1.598m change in GM levies and contributions outlined above and £571k from the business rates reserve.

- It has now been clarified that a one off adjustment included in the 2018/19 tariff should be adjusted for in 2017/18. As a result the 2017/18 top up (funded by Government) has increased by £2.385m and the 2018/19 tariff (paid to Government) has increased by the same amount. The additional 2017/18 top up has been transferred to the business rates reserve for use in 2018/19.

2.8 Taking account of the changes set out above the updated position is as below.

Table 2: Summary of Resources Available and Budget Requirement for 2017/18 to 2019/20

	2017 / 18 £'000	2018 / 19 £'000	2019 / 20 £'000
Resources Available			
Revenue Support Grant	0	0	0
Business Rates Baseline	307,362	316,597	241,901
Business Rates Top Up / (Tariff)	2,985	(19,015)	41,536
Public Health Funding	0	0	0
<i>Baseline Funding Level</i>	<i>310,347</i>	<i>297,582</i>	<i>283,437</i>
(Reduced) / Additional Business Rates Income	(11,952)	7,393	21,223
Business Rates Grants	19,160	19,778	15,535
Council Tax	146,507	154,070	161,723
Other non ring fenced Grants	35,869	35,809	39,662
Dividends and Use of Reserves	44,471	53,342	53,342
Use of other Reserves	2,525	8,188	4,490
Resources to be identified	0	0	8,967
Total Resources Available	546,927	576,162	588,379
Resources Required			
<i>Corporate Costs:</i>			
Levies/Charges	69,177	68,045	68,862
Contingency	1,537	3,103	2,100
Capital Financing	44,582	44,582	44,582
Transfer to Reserves	7,400	7,181	3,409
<i>Sub Total Corporate Costs</i>	<i>122,696</i>	<i>122,911</i>	<i>118,953</i>
<i>Directorate Costs:</i>			
Additional Allowances and other pension costs	10,283	10,183	10,183
Insurance Costs	2,004	2,004	2,004
Directorate Budgets	408,133	422,086	423,111
Inflationary Pressures and budgets to be allocated	3,811	18,978	34,128
<i>Total Directorate Costs</i>	<i>424,231</i>	<i>453,251</i>	<i>469,426</i>
Total Resources Required	546,927	576,162	588,379
Balance / Gap	0	0	0

3 Setting the Council Tax for 2018/19

- 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 on 19 December 2017 that for principal authorities (including Manchester) any increase in the amount of council tax of 6% 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 3.49% in 2018/19.
- 3.4 The Greater Manchester Mayoral General Precept (including Fire Services) for 2018/19 is confirmed as an increase of £8 for a Band D dwelling.
- 3.5 The Greater Manchester Mayoral Police and Crime Commissioner Precept will increase by £12 for a Band D dwelling which is in line with the flexibility provided by Government to all Police and Crime Commissioners.
- 3.6 The Council Tax resolution is attached as Appendix 3.

4 Prudential indicators

- 4.1 The proposed Prudential Indicators for 2018/19 to 2020/21 are shown in Appendix 4.

5 Collection Fund Budget

- 5.1 Attached for approval at Appendix 5 is the proposed collection fund budget for 2018/19. 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

Proposed Savings

Adult Services

Service Area	Description of Delivery Plan	Deliverability Risk	Amount of Delivery Plan			FTE Impact (Indicative)
			2018/19	2019/20	Total	
			£,000	£,000	£,000	
Adult Social Care	New Delivery Models					
	Carers' support	Amber	0	(23)	(23)	-
	Reablement	Amber	1887	(1044)	843	-
	Extra Care	Red	1523	(874)	820	-
	Assistive Technology	Red	1889	(569)	1,320	-
	High Impact Primary Care Prevention	Red	211	293	504	-
		Amber	834	535	1,824	-
			6,344	(1,682)	4,662	
	Other Savings					
	Public Health	Green	545	0	545	-
	High Cost Placements	Amber	950	500	1,450	-
	Minor Schemes	Green	(595)	0	(595)	-
	Adult Social Care Grant - non-recurrent	Green	(250)	0	(250)	-
			650	500	1,150	
	New Social Care Savings					
	Strengths based support planning	Red	775	0	775	-
	Homecare: Implement outcomes based commissioning	Red	0	750	750	-
	Re-commissioning of low value packages	Amber	250	250	500	-
	Contract Review	Amber	500	0	500	-
	Prepaid Cards for Cash Individual Budgets	Amber	0	200	200	-

Service Area	Description of Delivery Plan	Deliverability Risk	Amount of Delivery Plan			FTE Impact (Indicative)
			2018/19	2019/20	Total	
			£,000	£,000	£,000	
			1,525	1,200	2,725	
Total Proposed Savings			8,519	18	8,537	-
Retained Savings			3,705	(3,982)	(277)	
Released Savings			4,814	4,000	8,814	

Children's Services

Service Area	Description of Delivery Plan	Deliverability Risk	Amount of Delivery Plan			FTE Impact (Indicative)
			2018/19	2019/20	Total	
			£,000	£,000	£,000	
Children's Services	Reduction of External Residential from current number of 68 to 60 (including 1 UASC) and further step down during 2018/19 to 50 by March 2019.	Red	2,797	230	3,027	
	Joint Commissioning of complex cases with the CCG	Red	1,500	0	1,500	
	Reduction of External Fostercare placements from current number of 459 to 417 by March 2018, 344 by March 2019 and 282 by March 2020 as per LAC cohort (inc MTFC and UASC)	Red	2,934	2,694	5,628	
	Increase in use of Internal Fostercare placements from current number of 442 to 461 by March 2018, 491 by March 2019 and 546 by March 2019 and 618 by March 2020 (inc connected persons)	Red	(741)	(1,828)	(2,569)	
	Residential - preferred supplier agreement	Amber	1,000	0	1,000	
	External Fostercare - new Northwest framework	Amber	650	0	650	
	Leaving Care - Alternative Delivery Model	Amber	200	0	200	
	Review of Fostering Service	Green	300	0	300	5
	Demand Management and Practice Efficiencies	Red	150	850	1,000	tbc
	Conversion of Fostering from external and internal to SGO's	Amber	173	43	216	
	Recommission MST	Amber	0	100	100	

Service Area	Description of Delivery Plan	Deliverability Risk	Amount of Delivery Plan			FTE Impact (Indicative)
			2018/19	2019/20	Total	
			£,000	£,000	£,000	
	Review of Dedicated Schools Grant high needs block to release cashlimit budget	Green	1,500	0	1,500	
	Impact of school crossing patrol	Amber	220	0	220	13
	Reconfiguring the Early Year Delivery Model including Surestart Children's Centres	Red	0	180	180	8
Children's Services			10,683	2,269	12,952	26

Corporate Core

Service Area	Description of Delivery Plan	Deliverability Risk	Amount of Delivery Plan			FTE Impact (Indicative)
			2018/19	2019/20	Total	
			£,000	£,000	£,000	
ICT	Revenue Savings through reduction in contract costs - data and telephony, mobiles and printing	Green	150		150	
	Reduction in maintenance and refresh of ICT equipment	Green	150		150	
	Revenue savings through reduce maintenance/ licensing cost following capital investment	Green	170	170	340	
	Travel reductions across the council from collaboration technology	Green	50		50	
Legal and Democratic Services	Staffing reduction in legal services following planned reduction in Children's caseload	Amber		100	100	2.0
	Review of provision of mortuary services on a Manchester or Greater Manchester basis	Amber	55		55	
	Efficiencies through implementation of caseline bundling system.	Amber	50		50	
Financial Management	Reduce funding for vacant Head of Finance post following implementation of lean systems	Amber	100		100	1.0
	Lean systems: Service review and improved efficiency through ICT developments and changes to finance processes	Red		390	390	11.0
Audit and resilience	Increased income to offset time limited reduction in 2016/17	Green	(30)		(30)	

Service Area	Description of Delivery Plan	Deliverability Risk	Amount of Delivery Plan			FTE Impact (Indicative)
			2018/19	2019/20	Total	
			£,000	£,000	£,000	
Highways Delivery Plan	Highway services have reviewed existing external support contracts and operational delivery arrangements.	Green	478	65	543	0.5
Cross directorate - Non employee	Commissioning Savings through review of contracts Directorates	Green	750		750	
Cross cutting HR Policies and Processes	Review existing HR policies and Processes	Amber	1,500	1,500	3,000	
Corporate Core			3,423	2,225	5,648	14.5

Growth and Neighbourhoods

Service Area	Description of Delivery Plan	Deliverability Risk	Amount of Delivery Plan			FTE Impact (Indicative)
			2018/19	2019/20	Total	
			£,000	£,000	£,000	
Neighbourhood Services						
Parks, Leisure and Events	Further reduce costs of indoor leisure through recommissioning of contracts	Amber	500	150	650	
	Energy improvements on leisure buildings - any savings will accrue to the leisure contract	Green	50	50	100	
	Wythenshawe Forum Trust - efficiencies from sharing back-office functions	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	50	50	100	
Business Units	Increasing 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	60	60	120	
Waste	Planned Service charge	Green	-	900	900	
	Other service changes - apartment blocks	Amber	250	250	500	
	Efficiencies in other disposal and collection arrangements	Green	100	-	100	
	Reviewing waste disposal costs	Amber	-	3,000	3,000	
	Use of waste levy savings to fund increased costs of waste collection and disposal and £200k to maintain the fly tipping enforcement teams	Green	1,607	-	1,607	

Service Area	Description of Delivery Plan	Deliverability Risk	Amount of Delivery Plan			FTE Impact (Indicative)
			2018/19	2019/20	Total	
			£,000	£,000	£,000	
Galleries	Increase income in Galleries from the catering contract.	Amber	30	-	30	
Parks, Leisure and Events	Revise Council's Christmas/Festive offer	Amber	60	-	60	
Grounds Maintenance	Bowling Greens - consolidation of greens and more cost effective arrangements for maintenance	Amber	100	-	100	3
Growth and Neighbourhoods			2,857	4,510	7,367	3

APPENDIX 2

Proposed Use of Reserves

	Opening Balance 1/04/2018 £'000	Withdrawals £'000	Additions £'000	Closing Balance 31/03/2019 £'000	Withdrawals £'000	Additions £'000	Closing Balance 31/03/2020 £'000	PURPOSE
SUMMARY OF RESERVES								
Schools Reserve	18,762	0	0	18,762	0	0	18,762	
General Fund Reserves								
Statutory Reserves	12,001	(8,504)	7,551	11,048	(7,130)	7,414	11,332	
Earmarked Reserves	200,748	(69,006)	61,095	192,837	(61,794)	51,701	182,744	
General Fund Reserve	21,307	0	1,531	22,838	0	0	22,838	
Total General Fund	234,056	(77,510)	70,177	226,723	(68,924)	59,115	216,914	
Housing Revenue Account Reserves:								
Housing Revenue Account General Reserve	58,897	(6,154)	0	52,743	(17,733)	0	35,010	
HRA PFI reserve	10,000	0	0	10,000	0	0	10,000	
HRA Residual liabilities fund	24,000	0	0	24,000	0	0	24,000	
Housing Insurance reserve	1,106	0	0	1,106	0	0	1,106	
Total HRA	94,003	(6,154)	0	87,849	(17,733)	0	70,116	
TOTAL RESERVES	346,821	(83,664)	70,177	333,334	(86,657)	59,115	305,792	

	Opening Balance 1/04/2018 £'000	Withdrawals £'000	Additions £'000	Closing Balance 31/03/2019 £'000	Withdrawals £'000	Additions £'000	Closing Balance 31/03/2020 £'000	PURPOSE
ANALYSIS OF RESERVES								
SCHOOLS RESERVE								
LMS Reserve	18,762	0	0	18,762	0	0	18,762	School balances - These are not MCC resources and so cannot be used by MCC
Sub Total Schools	18,762	0	0	18,762	0	0	18,762	
STATUTORY RESERVES								
Bus Lane Enforcement Reserve	3,947	(1,860)	2,300	4,387	(1,510)	2,300	5,177	Ring fenced reserve which can only be applied to specific transport and highways related activity.
On Street Parking	2,807	(6,606)	5,019	1,220	(5,582)	5,019	657	Ring fenced reserve which can only be applied to specific transport and highways related activity.
Ancoats Square Reserve	2,943	(25)	0	2,918	(25)	0	2,893	Was received from the HCA to cover the revenue costs of maintaining Ancoats Square for a period of at least 25 years.

	Opening Balance 1/04/2018 £'000	Withdrawals £'000	Additions £'000	Closing Balance 31/03/2019 £'000	Withdrawals £'000	Additions £'000	Closing Balance 31/03/2020 £'000	PURPOSE
Spinningfields Commutated Sum	820	0	0	820	0	0	820	Funds received as part of an agreement to cover maintenance costs.
New Smithfield Market	238	0	70	308	0	20	328	To contribute towards funding the development plans for the market
Great Northern Square Maint Fund	322	(13)	0	309	(13)	0	296	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	0	0	17	Kept as part of future payments for school prizes
Landlord Licensing Reserve	117	0	87	204	0	0	204	Smoothing reserve
Art Fund Reserve	35	0	0	35	0	0	35	For art purchases
St Johns Gdns Contingency	755	0	75	830	0	75	905	Contribution from St Johns Gardens tenants for maintenance works
Sub Total Statutory	12,001	(8,504)	7,551	11,048	(7,130)	7,414	11,332	
EARMARKED RESERVES								
BALANCES HELD FOR PFI'S								

	Opening Balance 1/04/2018 £'000	Withdrawals £'000	Additions £'000	Closing Balance 31/03/2019 £'000	Withdrawals £'000	Additions £'000	Closing Balance 31/03/2020 £'000	PURPOSE
Temple PFI	653	(100)	0	553	(100)	0	453	Established to fund the requirements of the PFI scheme over 25 years
Wright Robinson PFI Reserve	1,051	0	50	1,101	0	50	1,151	PFI Scheme 25 year contract drawdown will be in future years as expenditure exceeds grant.
Total held for PFI's	1,704	(100)	50	1,654	(100)	50	1,604	
SMALL SPECIFIC RESERVES								
Housing Loans	123	0	10	133	0	10	143	Resources available to meet future needs of mortgage accounts
Nuclear Free Zone	56	0	0	56	0	0	56	General reserve
Highways Commuted Sum	98	0	0	98	0	0	98	Funds received as part of developer agreements
Climate Innovation Fund	456	0	0	456	0	0	456	£1m was set aside to support the emerging investment model on Green Deal for Manchester and schemes which contribute towards carbon reduction.

	Opening Balance 1/04/2018 £'000	Withdrawals £'000	Additions £'000	Closing Balance 31/03/2019 £'000	Withdrawals £'000	Additions £'000	Closing Balance 31/03/2020 £'000	PURPOSE
NSM - Car Boot	263	(45)	55	273	(45)	55	283	Used to fund repairs and maintenance of facilities for traders.
Cemeteries Replacement	361	0	40	401	0	40	441	To purchase land for burials
Primary School Catering Reserve	373	(170)	0	203	(154)	0	49	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	(40)	0	126	(40)	0	86	Reserve established to meet refurbishment cost of school kitchens.
CWAG Reserve	80	(6)	0	74	(6)	0	68	Held in relation to the running costs of Council's With ALMOs Group (CWAG) which is administered by MCC
Graves And Memorials	97	0	0	97	0	0	97	Money held in trust for repair and Development costs for gravestones
Other Small Specific reserves	28	0	0	28	0	0	28	Small specific reserves
Total Small Specific Reserves	2,101	(261)	105	1,945	(245)	105	1,805	

	Opening Balance 1/04/2018 £'000	Withdrawals £'000	Additions £'000	Closing Balance 31/03/2019 £'000	Withdrawals £'000	Additions £'000	Closing Balance 31/03/2020 £'000	PURPOSE
RESERVES FOR SPECIFIC RISKS OR TO SMOOTH COSTS								
Risks								
Historic Abuse Claims Reserve	5,563	(2,500)	0	3,063	(2,500)	0	563	For potential future legal cases
Planning Reserve	1,511	0	0	1,511	0	0	1,511	To smooth fluctuations in planning income
Transformation Reserve	8,762	0	0	8,762	0	0	8,762	To support costs of future service change.
Airport Dividend reserve	29,161	(29,161)	29,161	29,161	(29,161)	29,161	29,161	The additional airport dividend will be used to support future years budget
Land Charges Fees Reserve	290	0	0	290	0	0	290	To mitigate risk across financial years
Housing Investment Fund	530	0	0	530	0	0	530	To hold ringfenced Housing Investment resources
Pension Risk Fund - MWL	494	0	0	494	0	0	494	This relates to potential pension liabilities for Manchester Working employees.
Inspirit Pension Reserve	23	0	0	23	0	0	23	Relates to potential pension liabilities

	Opening Balance 1/04/2018 £'000	Withdrawals £'000	Additions £'000	Closing Balance 31/03/2019 £'000	Withdrawals £'000	Additions £'000	Closing Balance 31/03/2020 £'000	PURPOSE
Manchester International Festival	1,000	(500)	0	500	(500)	0	0	To fund the additional costs of the Mcr International Festival Fund.
Insurance Fund	15,918	0	0	15,918	0	0	15,918	The insurance fund has been established to fund risks that are self insured.
Fleet Maintenance Reserve	21	(21)	0	0	0	0	0	Reserve created for smoothing the impact of vehicle repair and maintenance costs.
Taxi Licensing Reserve	2	0	0	2	0	0	2	This is a smoothing reserve to equalise the income and expenditure of running the function over financial years. Income ringfenced by statute.
Newton Heath Market Reserve	22	0	0	22	0	0	22	To fund future markets expenditure
New Islington Dowry Reserve	50	0	0	50	(50)	0	0	NWDA funding for maintenance over a 10 year period.
Business Rates Reserve	9,508	(967)	13,729	22,270	(7,157)	3,810	18,923	To mitigate Business Rates income risk
Total Risk/Smooth	72,855	(33,149)	42,890	82,596	(39,368)	32,971	76,199	

	Opening Balance 1/04/2018 £'000	Withdrawals £'000	Additions £'000	Closing Balance 31/03/2019 £'000	Withdrawals £'000	Additions £'000	Closing Balance 31/03/2020 £'000	PURPOSE
RESERVES HELD TO FUND PLANNED CAPITAL SPEND								
Housing Regeneration reserve	13,446	(1,100)	0	12,346	(350)	0	11,996	To deliver strategic housing related regeneration projects.
Service Improvement Fund	221	0	0	221	0	0	221	Balance relates to system improvements
Capital Fund Revenue Reserve	59,774	(6,507)	7,449	60,716	(9,078)	12,849	64,487	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	6,801	(2,539)	2,231	6,493	(2,583)	2,317	6,227	English Institute of Sport - Sport England MCFC income
Total to fund capital spend	80,242	(10,146)	9,680	79,776	(12,011)	15,166	82,931	

	Opening Balance 1/04/2018 £'000	Withdrawals £'000	Additions £'000	Closing Balance 31/03/2019 £'000	Withdrawals £'000	Additions £'000	Closing Balance 31/03/2020 £'000	PURPOSE
RESERVES TO SUPPORT GROWTH AND REFORM								
Better Care	8,912	(7,609)	2,600	3,903	(1,087)	0	2,816	Contributions received from CCG's
Town Hall Reserve	11,297	(2,988)	2,100	10,409	(3,620)	2,400	9,189	To fund revenue expenditure on the Town Hall Complex Programme
Troubled Families Reserve (Manchester Investment Fund)	1,775	0	0	1,775	0	0	1,775	This was set up to support the scaling up on the community budgets work
Clean City	2,013	(2,013)	0	0	0	0	0	To support green initiatives
Children and Families Investment Reserve	5,187	(5,514)	3,670	3,343	(2,820)	1,009	1,532	To invest in priorities within Children and Families
NW Construction Hub Reserve	381	0	0	381	0	0	381	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.

	Opening Balance 1/04/2018 £'000	Withdrawals £'000	Additions £'000	Closing Balance 31/03/2019 £'000	Withdrawals £'000	Additions £'000	Closing Balance 31/03/2020 £'000	PURPOSE
Transformation Challenge Award	453	(100)	0	353	0	0	353	Transformation challenge award was awarded to GM authorities to support reform. Manchester's share was £757,904 and has been allocated to projects.
Our Manchester reserve	5,967	(3,424)	0	2,543	(2,543)	0	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	2,720	(2,720)	0	0	0	0	0	To fund improvements in the City Centre
Work Programme leavers reserve	32	(32)	0	0	0	0	0	To support reform initiatives
TOTAL	38,737	(24,400)	8,370	22,707	(10,070)	3,409	16,046	
GRANTS USED OVER ONE YEAR - NOW HAVE TO BE SHOWN AS A RESERVE DUE TO CHANGE IN ACCOUNTANCY RULES								
English Partnership (HCA)	1,902	(100)	0	1,802	0	0	1,802	HCA approval required to Fund Development appraisal and Eastlands Project team
Other Grants and Contributions	1,419	(466)	0	953	0	0	953	Various local Environment scheme & initiatives i.e. 'clean up campaigns'

	Opening Balance 1/04/2018 £'000	Withdrawals £'000	Additions £'000	Closing Balance 31/03/2019 £'000	Withdrawals £'000	Additions £'000	Closing Balance 31/03/2020 £'000	PURPOSE
Contributions Other Local Authorities	434	0	0	434	0	0	434	Relates to various ongoing Civil Contingencies schemes.
DFT Grants	28	0	0	28	0	0	28	Unspent grant received in previous year
Other Grants and Contributions Regeneration	266	0	0	266	0	0	266	Unspent grant received in previous year
Fraud Fund	134	(134)	0	0	0	0	0	Unspent grant received in previous year
SEN Reform	38	(38)	0	0	0	0	0	Grant to help local authorities in England continue to meet the costs of implementing the special educational needs and disabilities (SEND) reforms
Right to Control Grant Reserve	21	0	0	21	0	0	21	Unspent grant received in previous year
Supporting People	6	0	0	6	0	0	6	Unspent grant received in previous year
Workforce Development and Learning	212	(212)	0	0	0	0	0	Unspent grant received in previous year

	Opening Balance 1/04/2018 £'000	Withdrawals £'000	Additions £'000	Closing Balance 31/03/2019 £'000	Withdrawals £'000	Additions £'000	Closing Balance 31/03/2020 £'000	PURPOSE
Asylum Seekers	612	0	0	612	0	0	612	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.
Flood management reserve	37	0	0	37	0	0	37	Unspent grant received in previous year
TOTAL	5,109	(950)	0	4,159	0	0	4,159	
TOTAL EARMARKED RESERVES	200,748	(69,006)	61,095	192,837	(61,794)	51,701	182,744	
Total General Fund Reserves	234,056	(77,510)	70,177	226,723	(68,924)	59,115	216,914	

APPENDIX 3

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 7 February 2018 be approved.
2. That it be noted that the City Treasurer acting under delegated powers has determined the amount of 112,965 as the Council Tax base for Manchester for the year 2018/19 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 2018/19 in accordance with Sections 31A to 36 of the Local Government Finance Act 1992:-

- | | |
|--------------------|---|
| (a) £1,698,124,242 | 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) £1,548,497,760 | 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) £149,626,482 | 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) £1,324.54 | 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
£883.03	£1,030.20	£1,177.37	£1,324.54	£1,618.88	£1,913.22	£2,207.57	£2,649.08

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 2018/19 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

Greater Manchester Mayoral Police and Crime Commissioner Precept

A	B	C	D	E	F	G	H
£116.20	£135.57	£154.93	£174.30	£213.03	£251.77	£290.50	£348.60

Greater Manchester Mayoral General Precept (including Fire Services)

A	B	C	D	E	F	G	H
£45.29	£52.84	£60.39	£67.95	£83.05	£98.15	£113.24	£135.90

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 2018/19 for each of the categories of dwellings shown below.

Valuation bands

A	B	C	D	E	F	G	H
£1,044.52	£1,218.61	£1,392.69	£1,566.79	£1,914.96	£2,263.14	£2,611.31	£3,133.58

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)	£91,652,000	£1,533,192,242	£1,624,844,242
Section 31A(2)(b)	£0	£3,103,000	£3,103,000
Section 31A(2)(c)	£0	£70,177,000	£70,177,000
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
	£91,652,000	£1,606,472,242	£1,698,124,242
Income			
Section 31A(3)(a)	(£85,498,000)	(£1,036,596,101)	(£1,122,094,101)
Section 31A(3)(aa)	£0	(£315,205,000)	(£315,205,000)
Section 31A(3)(b)	£0	(£26,404,000)	(£26,404,000)
Section 31A(3)(c)	£0	(£1,130,659)	(£1,130,659)
Section 31A(3)(d)	(£6,154,000)	(£77,510,000)	(£83,664,000)
	(£91,652,000)	(£1,456,845,760)	(£1,548,497,760)

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 £149,626,482

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	£149,626,482
Divided by:	
Council Tax Base	112,965

Band D Basic Amount of Council Tax is: £1,324.54

APPENDIX 4

Prudential Indicators 2018/19 to 2020/21

Last years approved figures are shown in brackets.

Treasury Management Indicators	2018-19		2019-20		2020-21
	£m		£m		£m
Authorised Limit - external debt					
Borrowing	1,454.8	(1,555.4)	1,672.7	(1,595.7)	1,684.5
other long term liabilities	216.0	(216.0)	216.0	(216.0)	216.0
TOTAL	1,670.8	(1,771.4)	1,888.7	(1,811.7)	1,900.5
Operational Boundary - external debt					
Borrowing	1,146.7	(1,159.8)	1,381.4	(1,412.9)	1,435.0
other long term liabilities	216.0	(216.0)	216.0	(216.0)	216.0
TOTAL	1,362.7	(1,375.8)	1,597.4	(1,628.9)	1,651.0
Actual external debt	951.7	(936.6)	1,192.0	(1,258.7)	1,259.6
Upper limit for total principal sums invested for over 364 days	0	(0)	0	(0)	0
Upper limit for fixed interest rate exposure					
Net borrowing at fixed rates as a % of total net borrowing	100%	(96%)	100%	(100%)	100%
Upper limit for variable interest rate exposure					
Net borrowing at variable rates as a % of total net borrowing	85%	(92%)	93%	(97%)	95%
Capital Expenditure					
Non - HRA	568.0	(451.0)	455.5	(450.1)	160.1
HRA	27.5	(42.1)	41.9	(39.8)	44.3
TOTAL	595.5	(493.1)	497.4	(489.9)	204.4
Capital Financing Requirement (as at 31 March)					
Non – HRA	1,409.6	(1,267)	1,664.4	(1,527)	1,730.5
HRA	281.7	(269)	298.1	(282)	299.3
TOTAL	1,691.3	(1,536)	1,962.5	(1,809)	2,029.8

APPENDIX 5

COLLECTION FUND BUDGET 2018/19	Budget Estimate £'000
<u>EXPENDITURE</u>	
<u>COUNCIL TAX</u> (Surplus) / Deficit B/fwd	(11,789)
Precepts:	
- Mayoral General (including Fire Services)	7,676
- Mayoral Police & Crime Commissioner	19,690
- City of Manchester	149,626
Total Precepts	176,992
Council Tax Total Expenditure	165,203
<u>BUSINESS RATES</u> (Surplus) / Deficit B/fwd	(23,087)
Payments/Transfers:	
- Mayoral General (including Fire Services)	3,248
- City of Manchester	321,573
Total Payments/transfers	324,821
Business Rates Total Expenditure	301,734
Collection Fund Total Expenditure	466,937
<u>INCOME</u>	
<u>COUNCIL TAX</u>	
Council Tax Income	184,912
Write Off of uncollectable amounts	(1,500)
Allowance for Impairment	(6,419)
<u>Council tax receivable</u>	176,992
<u>Contribution of Council Tax (surplus) / deficit:</u>	
- Mayoral General (including Fire Services)	(470)
- Mayoral Police & Crime Commissioner	(1,275)
- City of Manchester	(10,044)
Total Contribution to Council Tax (surplus) / deficit	(11,789)
Council Tax Total Income	165,203

COLLECTION FUND BUDGET 2018/19	Budget Estimate
	£'000
<u>BUSINESS RATES</u>	
Non Domestic Business Rates Income	369,768
Cost of Collection Allowance	(1,131)
Losses in Collection	(7,426)
Increase in Provision for Appeals	(36,390)
<u>Business rates receivable</u>	324,821
<u>Contribution of Business Rates (surplus) / deficit:</u>	
- Mayoral General (including Fire Services)	(231)
- City of Manchester	(16,359)
- Central Government	(6,497)
Total Contribution to Business Rates (surplus)/deficit	(23,087)
Business Rates Total Income	301,734
Collection Fund Total Income	466,937
<u>MOVEMENT ON FUND BALANCE</u>	
Council Tax (Surplus) / Deficit C/fwd	0
Business Rates (Surplus) / Deficit Cfwd	0
Collection Fund (Surplus) / Deficit	0