

## **Council**

### **Minutes of the meeting on 8 March 2019**

Present: The Lord Mayor, Councillor June Hitchen – in the Chair

#### **Councillors –**

Akbar, Ahmed Ali, Appleby, Azra Ali, Ali N, Andrews, Barrett, Bridges, Chohan, Clay, Collins, Connolly, Cooley, Craig, Curley, M Dar, Y Dar, Davies, Douglas, Ellison, Evans, Flanagan, Fletcher-Hackwood, Grimshaw, Hacking, Harland, Hassan, Holt, Hughes, Igbon, Ilyas, Jeavons, Johns, S Judge, T Judge, Kamal, Karney, Kilpatrick, Kirkpatrick, Lanchbury, Leech, Leese, Lovecy, Ludford, Lynch, Lyons, McHale, Midgley, Madeleine Monaghan, Moore, N. Murphy, S Murphy, Newman, Noor, O’Neil, Ollerhead, Paul, B Priest, H Priest, Rahman, Raikes, Rawlins, Rawson, Razaq Reeves, Reid, Riasat, Richards, Russell, Sadler, Sharif Mahamed, Sheikh, Shilton Godwin, A Simcock, K Simcock, Stogia, Stone, Taylor, Watson, Wheeler, White, Wills, Wilson and Wright

#### **Honorary Aldermen of the City of Manchester –**

Mr Andrew Fender and Mrs Nilofar Siddiqi

#### **CC/19/15 Lord Mayor’s Special Business –International Women’s Day**

The Lord Mayor informed the Council that in recognition of International Women’s Day she had invited three guest speakers to address the Council. The Lord Mayor introduced Lucy Powell MP (Manchester Central), Councillor Azra Ali and Councillor Sarah Judge.

#### **CC/19/16 Minutes**

##### **Decision**

To agree the minutes of the ordinary meeting held on 30 January 2019 as a correct record.

#### **CC/19/17 Motion without notice – Suspension of Council Rule**

The Leader of the Council moved a motion without notice (Council Rule 19.1(k) to suspend Council Rule 18.3, to allow the submission of an amendment that was moved on the Council Tax Resolution 2019/20 at the meeting of the Resources and Governance Scrutiny Committee 25 February 2019, after the deadline for the receipt of amendments.

##### **Resolution**

The motion was put to Council and voted on, and the Lord Mayor declared that it was carried.

## Decision

That Council Rule 18.3 be suspended to allow the amendment on the Council Tax Resolution 2019/20 to be considered.

### **CC/19/18     The Council's Revenue and Capital Budget 2019/20 to 2023/24**

The proceedings of the Art Galleries Committee on 13 February 2019 which provided details of the Art Galleries budget for 2019/20 were submitted for approval. In addition, the part proceedings of the Executive on 13 February 2019 were submitted for approval, which contained details on the following:

- The Council's Budget 2019/20 covering report;
- Medium Term Financial Plan 2019/20 - 2021/22;
- Capital Strategy and Budget 2019/20 to 2023/24;
- Corporate Core Business Plan 2019/20;
- Neighbourhoods Directorate Business Planning 2019/20;
- Children's Services and Education Business Planning 2019/20;
- Dedicated Schools Grant 2019/20;
- Strategic Development Business Planning 2019/20;
- Housing Revenue Account 2019/20 to 2021/22;
- Manchester Health and Care Commissioning – Adult Social Care Business Plan and Pooled Budget Planning 2019/20;
- Homelessness Business Planning 2019/20;
- Treasury Management Strategy Statement and Borrowing Limits and Annual Investment Strategy 2019/20.

The Council considered:

- The Capital Strategy and Budget (Budget 2019/20 – 2023/24) report of the Chief Executive and City Treasurer;
- The Treasury Management Strategy Statement and Borrowing Limits and Annual Investment Strategy 2019/20 report of the City Treasurer; and
- The Council Tax Resolution 2019/20 report of the Chief Executive, the City Treasurer and the City Solicitor containing revised budget calculations, as authorised by the Executive.

In addition, the Council received the minutes of the Resources and Governance Scrutiny Committee on 25 February 2019 that had considered the Budget Report 2019-2020.

The following amendment from Councillor Ellison to the Council Tax Resolution 2019/20 on the report of the City Treasurer and Chief Executive was circulated:

“To allocate a budget of £1.5m over three years, to be phased £420k in the first year and £540k in both subsequent years, to increase the capacity of the City Council to tackle anti-social behaviour in our neighbourhoods, to be funded out of the proposed reimbursement of £1.5m to the general fund reserve budgeted for in 2018/19.”

The Leader confirmed that the amendment proposed by Councillor Ellison had been accepted for incorporation into the Council Budget motion. Councillor Ellison confirmed that he had consented to the amendment being incorporated into the motion moved by the Leader of the Council.

Council was invited to approve proposals to ensure that the Housing Revenue Account for 2019/20 does not show a debit balance, as set out in Appendix 1 to these minutes.

As part of the recommendations within minute reference Exe/19/12 of the part proceedings: **Medium Term Financial Plan 2019-2020 – 2021/2022** Council was also invited to approve for 2019/20:

- (a) an increase in the basic amount of Council Tax (i.e. the City's element of council tax) by 3.49% (including 1.5% for adult social care);
- (b) the contingency sum of £1.6m;
- (c) delegation of authority to the City Treasurer, in consultation with the Executive Member for Finance and Human Resources to make allocations from the inflationary pressures and budgets to be allocated sum of £9.945m (as shown in Table 4 of those minutes). In doing so it was noted that the MHCC elements of those costs (Table 5) had been included in the Pooled Budget and were subject to draw-down in consultation with MHCC Finance Committee, and consultation with the Executive Member for Finance and Human Resources;
- (d) the corporate budget requirements to cover levies / charges of £70.090m, capital financing costs of £70.090m, capital financing costs of £44.507m, additional allowances and other pension costs of £10.030m and insurance costs of £2.004m;
- (e) the estimated utilisation of £8.596m in 2019/20 of the surplus from the on street parking and bus lane enforcement reserves, after determining that any surplus from these reserves is not required to provide additional off street parking in the authority;
- (f) the position on reserves as identified in the report as identified in the report submitted, noting that the position is subject to any further calls on reserves that had arisen prior to the meeting;
- (g) allocate from the existing Our Manchester Budget a fund of £300,000 to support community groups not currently in receipt of Council support under the VCS Grants Scheme but who have now made sufficient progress in their development to be able to receive support from the Council; and also that a £100,000 be set aside to support new and existing groups, particularly where there is a need for support to help reduce demand on Council services.

In considering the **Capital Strategy and Budget 2019/20 to 2023/24** report of the Chief Executive and City Treasurer, which presented the 2017/18 capital programme

and forward commitments alongside the capital strategy for the City Council, the Council was asked to:

1. Approve the budget changes for the 2018/19 capital programme.
2. Approve the capital programme as presented in Appendix 2 (for £495.3m in 2018/19, £505.6m in 2019/20, £419.0m in 2020/21, £244.0m in 2021/22 £86.9m in 2022/23 and £39.0m in 2023/24) which will require prudential borrowing of £617.2m to fund non-HRA schemes over the five-year period for which provision has been made in the revenue budget for the associated financing costs (within limits previously agreed).
3. Delegate authority to:
  - a) The Chief Executive and Director of Highways, in consultation with the Executive Member for Environment for the approval of the list of schemes to be undertaken under the Highways capital programme.
  - b) The Chief Executive and Director of Highways to implement the Highways schemes in accordance with the Capital Approval process and after consultation with the Executive Member for Environment on the final details and estimated costs.
  - c) The City Treasurer, in consultation with the Executive Member for Finance and Human Resources to add qualifying spend to save projects to the capital budget accordingly up to a maximum of £5m in 2019/20 and then £5m per year thereafter.
  - d) The City Treasurer, in consultation with the Executive Member for Finance and Human Resources to accelerate spend from later years, when necessary within the programme subject to resource availability.
  - e) The City Treasurer in consultation with Executive Member for Finance and Human Resources to agree and approve where appropriate:
    - i. The programme of schemes for the delivery of the corporate asset management programme; and
    - ii. Proposals relating to Corporate Compulsory Purchase Orders.

As part of the recommendations within minute reference Exe/19/22 of the part proceedings: **Treasury Management Strategy Statement, Borrowing Limits and Annual Investment Strategy 2019/20** Council was also invited to approve:

1. The proposed Treasury Management Strategy Statement, in particular the:
  - Treasury Indicators attached at Appendix 3, of these minutes;
  - MRP Strategy outlined in Appendix 4;
  - Treasury Management Policy Statement at Appendix 5;
  - Treasury Management Scheme of Delegation at Appendix 6;
  - Borrowing Requirement listed in Appendix 7;

- Borrowing Strategy outlined in Appendix 8;
  - Annual Investment Strategy detailed in Appendix 9.
2. Delegation to the City Treasurer, in consultation with the Executive Member for Finance and Human Resources, of authority to pursue any restructuring, rescheduling or redemption opportunities available, including amendments to the Treasury Management Strategy, if the changes require it. Any changes required to the Strategy will be reported to members at the earliest opportunity.

In considering the **Council Tax Resolution** report of the Deputy Chief Executive, City Treasurer, Chief Executive and City Solicitor which presented the recommended Council Tax resolution and Collection Fund budget for 2019/20, the Council was asked to:

1. Adopt the part proceedings of the Executive on 13 February 2019.
2. Note the position on reserves as detailed in Appendix 10 to these minutes.
3. Note that the budget has been prepared on the basis that the amendment to establish a Crime and Disorder Reserve of £1.5m is approved.
4. Note that the Council tax resolution included at Appendix 11 reflects the budget position, including the amendment reported at recommendation 3.
5. To note the amendment of £400k to support groups as part of the Our Manchester programme in paragraph 2.4 will be accommodated from within the existing Budget and if this requires any changes to the planned draw down of the Our Manchester Reserve in 2019/20 this will be reported through the Global Monitoring report.
6. Note the information on referenda as detailed in Section 3 of the report.
7. Approve the Council Tax determination attached as Appendix 11, subject to whether the proposal outlined at recommendation 3 is accepted to this report.  
The Council Tax determination:
  - 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.
8. 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.

9. Approve the Collection Fund Budget for 2019/20 as set out in Appendix 12 to this report.

**Motion Made and Seconded:**

1. To approve the proceedings of the Art Galleries Committee on 13 February 2019 which provided details of the Art Galleries budget for 2019/20, and the part proceedings of the Executive on 13 February 2019, which contained details on the following:
  - The Council's Budget 2019/20 covering report;
  - Medium Term Financial Plan 2019/20 - 2021/22;
  - Capital Strategy and Budget 2019/20 to 2023/24;
  - Corporate Core Business Plan 2019/20;
  - Neighbourhoods Directorate Business Planning 2019/20;
  - Children's Services and Education Business Planning 2019/20;
  - Dedicated Schools Grant 2019/20;
  - Strategic Development Business Planning 2019/20;
  - Housing Revenue Account 2019/20 to 2021/22;
  - Manchester Health and Care Commissioning – Adult Social Care Business Plan and Pooled Budget Planning 2019/20;
  - Homelessness Business Planning 2019/20;
  - Treasury Management Strategy Statement and Borrowing Limits and Annual Investment Strategy 2019/20.
2. To note the minutes of the Resources and Governance Scrutiny Committee on 25 February 2019.
3. To approve the proposals, as set out in Appendix 1 of these minutes, to ensure that the Housing Revenue Account for 2019/20 does not show a debit balance.
4. To approve the recommendations as detailed in minute reference Exe/19/12 of the part proceedings: **Medium Term Financial Plan 2019/2020 – 2021/2022**, for 2019/20:
  - (a) an increase in the basic amount of Council Tax (i.e. the City's element of council tax) by 3.49% (including 1.5% for adult social care);
  - (b) the contingency sum of £1.6m;
  - (c) delegation of authority to the City Treasurer, in consultation with the Executive Member for Finance and Human Resources to make allocations from the inflationary pressures and budgets to be allocated sum of £9.945m (as shown in Table 4). In doing so it was noted that the MHCC elements of those costs (Table 5) had been included in the Pooled Budget and were subject to draw-down in consultation with MHCC Finance Committee, and consultation with the Executive Member for Finance and Human Resources;

- (d) the corporate budget requirements to cover levies / charges of £70.090m, capital financing costs of £44.507m, additional allowances and other pension costs of £10.030m and insurance costs of £2.004m;
  - (e) the estimated utilisation of £8.596m in 2019/20 of the surplus from the on street parking and bus lane enforcement reserves, after determining that any surplus from these reserves is not required to provide additional off street parking in the authority;
  - (f) the position on reserves as identified in the report as identified in the report submitted, noting that the position is subject to any further calls on reserves that had arisen prior to the meeting;
  - (g) allocate from the existing Our Manchester Budget a fund of £300,000 to support community groups not currently in receipt of Council support under the VCS Grants Scheme but who have now made sufficient progress in their development to be able to receive support from the Council; and also that a £100,000 be set aside to support new and existing groups, particularly where there is a need for support to help reduce demand on Council services.
4. To approve the budget changes for the 2018/19 capital programme.
5. To approve the capital programme as presented in Appendix 2 (for £495.3m in 2018/19, £505.6m in 2019/20, £419.0m in 2020/21, £244.0m in 2021/22 £86.9m in 2022/23 and £39.0m in 2023/24) which will require prudential borrowing of £617.2m to fund non-HRA schemes over the five-year period for which provision has been made in the revenue budget for the associated financing costs (within limits previously agreed).
6. To delegate authority to:
- The Chief Executive and Director of Highways, in consultation with the Executive Member for Environment for the approval of the list of schemes to be undertaken under the Highways capital programme.
  - The Chief Executive and Director of Highways to implement the Highways schemes in accordance with the Capital Approval process and after consultation with the Executive Member for Environment on the final details and estimated costs.
  - The City Treasurer, in consultation with the Executive Member for Finance and Human Resources to add qualifying spend to save projects to the capital budget accordingly up to a maximum of £5m in 2019/20 and then £5m per year thereafter.
  - The City Treasurer, in consultation with the Executive Member for Finance and Human Resources to accelerate spend from later years, when necessary within the programme subject to resource availability.

- The City Treasurer in consultation with Executive Member for Finance and Human Resources to agree and approve where appropriate:
  1. The programme of schemes for the delivery of the corporate asset management programme; and
  2. Proposals relating to Corporate Compulsory Purchase Orders.
- 7. To approve the recommendations within minute reference Exe/19/22 of the part proceedings: **Treasury Management Strategy Statement, Borrowing Limits and Annual Investment Strategy 2018/19**:
  1. The proposed Treasury Management Strategy Statement, in particular the:
    - Treasury Indicators attached at Appendix 3, of these minutes;
    - MRP Strategy outlined in Appendix 4;
    - Treasury Management Policy Statement at Appendix 5;
    - Treasury Management Scheme of Delegation at Appendix 6;
    - Borrowing Requirement listed in Appendix 7;
    - Borrowing Strategy outlined in Appendix 8;
    - Annual Investment Strategy detailed in Appendix 9.
  2. Delegation to the City Treasurer, in consultation with the Executive Member for Finance and Human Resources, the authority to pursue any restructuring, rescheduling or redemption opportunities available, including amendments to the Treasury Management Strategy, if the changes require it. Any changes required to the Strategy will be reported to members at the earliest opportunity.
- 8. That in consideration of the **Council Tax Resolution** report of the Deputy Chief Executive, City Treasurer, Chief Executive and City Solicitor which presented the recommended Council Tax resolution and Collection Fund budget for 2019/20, approval be given to:
  1. Adopt the part proceedings of the Executive on 13 February 2019.
  2. Note the position on reserves as detailed in Appendix 10 to these minutes.
  3. Note that the budget has been prepared on the basis that the amendment to establish a Crime and Disorder Reserve of £1.5m is approved.
  4. Note that the Council tax resolution, included at Appendix 11, reflects the budget position including the amendment reported at recommendation 3.
  5. To note the amendment of £400k to support groups as part of the Our Manchester programme in paragraph 2.4 will be accommodated from within the existing Budget and if this requires any changes to the planned draw down of the Our Manchester Reserve in 2019/20 this will be reported through the Global Monitoring report.



9. To note the information on referenda as detailed in Section 3 of the report.
10. To approve the Council Tax determination, as detailed in Appendix 11 which:
  1. Calculates the Council tax requirement in accordance with Section 31A of the Local Government Finance Act 1992, as amended by the Localism Act 2011.
  2. 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.
  3. 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.
11. To agree the affordable borrowing limits (Appendices 7 and 8), prudential indicators (Appendix 3), proposals in respect of treasury management (Appendices 5 and 6), annual investment strategy (Appendix 9) and minimum revenue provision strategy (Appendix 4).
12. Approve the Collection Fund Budget for 2019/20 as set out in Appendix 12 to this report.

**For the motion (82)**

Akbar, Ahmed Ali, Appleby, Azra Ali, Ali N, Andrews, Barrett, Chohan, Clay, Collins, Connolly, Cooley, Craig, Curley, M Dar, Y Dar, Davies, Douglas, Ellison, Flanagan, Fletcher-Hackwood, Grimshaw, Hacking, Harland, Hassan, Holt, Hughes, Igbon, Ilyas, Jeavons, Johns, S Judge, T Judge, Kamal, Karney, Kilpatrick, Kirkpatrick, Lanchbury, Leech, Leese, Lovecy, Ludford, Lynch, Lyons, McHale, Midgley, Madeleine Monaghan, Moore, N. Murphy, S Murphy, Newman, Noor, O'Neil, Ollerhead, Paul, B Priest, H Priest, Rahman, Raikes, Rawlins, Rawson, Razaq Reeves, Reid, Riasat, Richards, Russell, Sadler, Sharif Mahamed, Sheikh, Shilton Godwin, A Simcock, K Simcock, Stogia, Stone, Taylor, Watson, Wheeler, White, Wills, Wilson and Wright

**Against the Motion (0)**

**Abstentions (0)**

The Lord Mayor declared that the motion was **carried**.

**Decisions**

1. To approve the proceedings of the Art Galleries Committee on 13 February 2019 which provided details of the Art Galleries budget for 2019/20, and the part proceedings of the Executive on 13 February 2019, which contained details on the following:
  - The Council's Budget 2019/20 covering report;
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2. To note the minutes of the Resources and Governance Scrutiny Committee on 25 February 2019.
3. To approve the proposals, as set out in Appendix 1 of these minutes, to ensure that the Housing Revenue Account for 2019/20 does not show a debit balance.
4. To approve the recommendations as detailed in minute reference Exe/19/12 of the part proceedings: Medium Term Financial Plan 2019/2020 – 2021/2022, for 2019/20:
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  - (d) the corporate budget requirements to cover levies / charges of £70.090m, capital financing costs of £44.507m, additional allowances and other pension costs of £10.030m and insurance costs of £2.004m;
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- (g) allocate from the existing Our Manchester Budget a fund of £300,000 to support community groups not currently in receipt of Council support under the VCS Grants Scheme but who have now made sufficient progress in their development to be able to receive support from the Council; and also that a £100,000 be set aside to support new and existing groups, particularly where there is a need for support to help reduce demand on Council services.
5. To approve the budget changes for the 2018/19 capital programme.
  6. To approve the capital programme as presented in Appendix A (for £495.3m in 2018/19, £505.6m in 2019/20, £419.0m in 2020/21, £244.0m in 2021/22 £86.9m in 2022/23 and £39.0m in 2023/24) which will require prudential borrowing of £617.2m to fund non-HRA schemes over the five-year period for which provision has been made in the revenue budget for the associated financing costs (within limits previously agreed).
  7. To agree to delegate authority to:
    - The Chief Executive and Director of Highways, in consultation with the Executive Member for Environment for the approval of the list of schemes to be undertaken under the Highways capital programme.
    - The Chief Executive and Director of Highways to implement the Highways schemes in accordance with the Capital Approval process and after consultation with the Executive Member for Environment on the final details and estimated costs.
    - The City Treasurer, in consultation with the Executive Member for Finance and Human Resources to add qualifying spend to save projects to the capital budget accordingly up to a maximum of £5m in 2019/20 and then £5m per year thereafter.
    - The City Treasurer, in consultation with the Executive Member for Finance and Human Resources to accelerate spend from later years, when necessary within the programme subject to resource availability.
    - The City Treasurer in consultation with Executive Member for Finance and Human Resources to agree and approve where appropriate:
      1. The programme of schemes for the delivery of the corporate asset management programme; and
      2. Proposals relating to Corporate Compulsory Purchase Orders.
  8. To approve the recommendations as detailed within minute reference Exe/19/22 of the part proceedings: Treasury Management Strategy Statement, Borrowing Limits and Annual Investment Strategy 2019/20:
    1. The proposed Treasury Management Strategy Statement, in particular the:

- Treasury Indicators attached at Appendix 3, of these minutes;
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9. That in consideration of the Council Tax Resolution report of the Deputy Chief Executive, City Treasurer, Chief Executive and City Solicitor which presented the recommended Council Tax resolution and Collection Fund budget for 2019/20, approval be given to:
1. Adopt the part proceedings of the Executive on 13 February 2019.
  2. Note the position on reserves as detailed in Appendix 10 to these minutes.
  3. Note that the budget has been prepared on the basis that the amendment to establish a Crime and Disorder Reserve of £1.5m is approved.
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  5. To note the amendment of £400k to support groups as part of the Our Manchester programme in paragraph 2.4 will be accommodated from within the existing Budget and if this requires any changes to the planned draw down of the Our Manchester Reserve in 2019/20 this will be reported through the Global Monitoring report.
10. To note the information on referenda as detailed in Section 3 of the Council Tax Resolution report.
11. To approve the Council Tax determination, as detailed in Appendix 11 which:
1. Calculates the Council tax requirement in accordance with Section 31A of the Local Government Finance Act 1992, as amended by the Localism Act 2011.
  2. 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.
  3. 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.

12. To agree the affordable borrowing limits, prudential indicators, proposals in respect of treasury management, annual investment strategy and minimum revenue provision strategy.
13. To approve the Collection Fund Budget for 2019/20 as set out in Appendix 12 to this report.

## Appendix 1

### Housing Revenue Account Budget 2018/19 – 2021/22

	2018/19 (Forecast) £000	2019/20 £000	2020/21 £000	2021/22 £000	See Para.
<b>Income</b>					
Housing Rents	(60,279)	(59,914)	(61,239)	(62,462)	5.6
Heating Income	(709)	(734)	(749)	(764)	5.15
PFI Credit	(23,600)	(23,586)	(23,374)	(23,374)	5.12
Other Income	(1,093)	(1,166)	(1,157)	(1,047)	5.11
Funding from General HRA Reserve	2,764	(10,352)	(21,510)	(8,164)	7.1
<b>Total Income</b>	<b>(82,917)</b>	<b>(95,752)</b>	<b>(108,029)</b>	<b>(95,811)</b>	
<b>Expenditure</b>					
Northwards R&M & Management Fee	20,583	20,417	20,699	20,943	5.27
PFI Contractor Payments	35,322	33,418	36,227	31,356	5.12
Communal Heating	766	838	855	872	5.15
Supervision and Management	5,270	5,118	5,172	5,243	5.29
Contribution to Bad Debts	1,206	604	925	1,258	5.25
Depreciation	15,184	17,279	17,460	17,611	5.20
Other Expenditure	1,317	1,525	1,347	1,282	5.29
RCCO	0	13,749	22,565	14,483	5.29
Interest Payable and similar charges	3,269	2,804	2,779	2,763	5.21
<b>Total Expenditure</b>	<b>82,917</b>	<b>95,752</b>	<b>108,029</b>	<b>95,811</b>	
<b>Total Reserves:</b>					
Opening Balance	(99,939)	(102,703)	(92,351)	(70,841)	7.1
Funding (from)/to Revenue	(2,764)	10,352	21,510	8,164	
<b>Closing Balance</b>	<b>(102,703)</b>	<b>(92,351)</b>	<b>(70,841)</b>	<b>(62,677)</b>	

## Appendix 2 – the proposed Capital Programme Budget

Project Name	2018/19 Proposed Budget	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
	£'000's					
<b>Highway Programme</b>						
<b>Highways Planned Maintenance Programme</b>						
Planned Highways Maintenance Programme	221	432	75	0	0	0
Drainage	344	970	1,312	0	0	0
Large Patching repairs	2,000	1,088	1,281	1,313	0	0
Carriageway Resurfacing	5,400	5,287	7,190	7,535	0	0
Footway schemes	1,498	2,200	2,893	2,957	0	0
Carriageway Preventative	4,500	4,139	8,282	9,044	0	0
Bridge Maintenance	0	1,200	2,982	3,018	0	0
Other Improvement works	86	1,983	4,769	4,833	0	0
Project Delivery Procurement	0	757	1,681	1,703	0	0
<b>Highways Stand Alone Projects Programme</b>						
Ardwick Grove Village Parking	0	0	20	0	0	0
Didsbury Village Tram Stop Traffic Mitigation	0	0	18	0	0	0
Section 106 Highways work around Metrolink	0	0	47	0	0	0
Barlow Moor Road	0	27	0	0	0	0
Etihad Expansion - Public Realm	0	59	0	0	0	0
Velocity	155	567	0	0	0	0
Cycle City Phase 2	230	4,291	0	0	0	0
Safe Routes to Loreto High School	28	22	0	0	0	0
Safe Routes to Schools	22	58	0	0	0	0
Congestion Target Performance	20	215	0	0	0	0
Piccadilly Undercroft Gating	1	7	0	0	0	0

<b>Project Name</b>	<b>2018/19 Proposed Budget</b>	<b>2019/20 Propose d Budget</b>	<b>2020/21 Proposed Budget</b>	<b>2021/22 Proposed Budget</b>	<b>2022/23 Proposed Budget</b>	<b>2023/24 Proposed Budget</b>
	<b>£'000's</b>					
20mph Zones (Phase 3)	20	80	370	0	0	0
ITB Minor Works	10	93	0	0	0	0
Flood Risk Management - Hidden Watercourses	0	49	0	0	0	0
Flood Risk Management - Higher Blackley Flood Risk	0	41	0	0	0	0
Hyde Road (A57) Pinch Point Widening	106	1,766	2,123	0	0	0
Manchester/Salford Inner Relief Road (MSIRR)	6,032	5,553	100	0	0	0
Great Ancoats Improvement Scheme	453	3,065	5,015	0	0	0
Mancunian Way and Princess Parkway NPIF	438	4,479	3,197	0	0	0
Cycle Parking	19	10	0	0	0	0
Shadowmoss Rd / Mossnook Rd	10	16	0	0	0	0
Birley Fields Campus improvements	0	0	34	0	0	0
GMCRP Multi Sites	13	0	0	0	0	0
Princess Rd Safety Review	100	477	0	0	0	0
School Crossings	286	1,403	924	0	0	0
Kingsway Speed Cameras	13	11	0	0	0	0
Green Bridge at Airport City	425	1,341	1,216	0	0	0
Public Realm	833	1,426	400	400	0	0
Street Lighting PFI	11,050	12,000	1,731	0	0	0
Didsbury West S106	53	10	0	0	0	0
S106 Whalley Grove	50	25	0	0	0	0
A56 Liverpool Road	10	70	0	0	0	0
A56 Chester Road	16	35	0	0	0	0
M56	0	148	0	0	0	0
Pay and Display Machines	0	924	0	0	0	0



<b>Project Name</b>	<b>2018/19 Proposed Budget</b>	<b>2019/20 Proposed Budget</b>	<b>2020/21 Proposed Budget</b>	<b>2021/22 Proposed Budget</b>	<b>2022/23 Proposed Budget</b>	<b>2023/24 Proposed Budget</b>
	<b>£'000's</b>					
North Manchester Hospital Residents Parking	0	9	0	0	0	0
Parking Schemes	0	558	120	0	0	0
Sunbank Lane S278	21	30	0	0	0	0
Sharston Roundabout SCOOT	34	6	0	0	0	0
<b>SEMMMS PROGRAMME</b>						
Ringway Road Highway Imp Scheme	0	0	0	0	0	0
Local Roads (temp SEMMMS A6 Stockport)	2,962	0	0	0	0	0
SEMMMS A6 to Manchester Airport	78	0	0	0	0	0
<b>Bus Priority Package Programme</b>						
Bus Priority Package - Oxford Road	215	137	0	0	0	0
Bus Priority Package - Princess Street/Brook Street	50	103	0	0	0	0
<b>Total Highways Programme</b>	<b>37,802</b>	<b>57,167</b>	<b>45,780</b>	<b>30,803</b>	<b>0</b>	<b>0</b>
<b>Environment Programme</b>						
Waste Reduction Measures	320	1,471	0	0	0	0
Waste Contract	523	5,910	0	0	0	0
Blackley Crematorium Heat Exchanger	107	0	0	0	0	0
Christmas Market Electrical Equipment	137	0	0	0	0	0
Smart Litter Bins	258	0	0	0	0	0
<b>Leisure Services Programme</b>						
<b>Parks Programme</b>						
Hollyhedge Park Drainage IMPS	9	0	0	0	0	0
Heaton Park Pay & Display	464	0	0	0	0	0

<b>Project Name</b>	<b>2018/19 Proposed Budget</b>	<b>2019/20 Proposed Budget</b>	<b>2020/21 Proposed Budget</b>	<b>2021/22 Proposed Budget</b>	<b>2022/23 Proposed Budget</b>	<b>2023/24 Proposed Budget</b>
	<b>£'000's</b>					
PIP - Park Events Infrastructure	274	52	0	0	0	0
PIP - Unallocated	97	2,566	4,045	5,699	5,699	2,462
Smedley Lane Playing Fields S106	19	0	0	0	0	0
Somme 100 Year Memorial	130	0	0	0	0	0
Painswick Park Improvement	30	0	0	0	0	0
Heaton Park Southern Play Area	360	120	0	0	0	0
Didsbury Park Play Area S106	50	0	0	0	0	0
Wythenshawe Park Sport Facilities S106	152	0	0	0	0	0
Northenden Riverside Park	50	25	0	0	0	0
Age Friendly Benches	18	0	0	0	0	0
King George V Park	93	0	0	0	0	0
<b>Leisure &amp; Sports Facilities</b>						
Arcadia (Levenshulme) Leisure Centre	10	0	0	0	0	0
National Taekwondo Centre	7	0	0	0	0	0
Indoor Leisure - Abraham Moss	675	1,709	9,076	3,107	0	0
Indoor Leisure - Moss Side	5,597	25	0	0	0	0
FA Hubs	0	13,000	0	0	0	0
Boggart Hole Clough - Visitors Centre	535	0	0	0	0	0
Mount Road S106	12	0	0	0	0	0
Event Seating Basketball	18	0	0	0	0	0
Velodrome Track	713	0	0	0	0	0
Contact Theatre loan	200	0	0	0	0	0
MAC - Booth St Car Park	148	0	0	0	0	0
<b>Libraries and Info Services Programme</b>						

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	<b>£'000's</b>					
Relocation of Manchester Visitor Info Centre (MVIC)	5	54	0	0	0	0
GM Archives Web Portal	10	118	0	0	0	0
Central Library Wolfson Award	37	0	0	0	0	0
Library Refresh	4	0	0	0	0	0
Roll Out of Central Library ICT	220	0	0	0	0	0
Refresh of Radio Frequency Identifier Equipment	12	0	0	0	0	0
Newton Heath Library	168	0	0	0	0	0
Withington Library Refurbishment	200	0	0	0	0	0
Open Libraries	42	450	0	0	0	0
<b>Total Neighbourhoods Programme</b>	<b>11,704</b>	<b>25,500</b>	<b>13,121</b>	<b>8,806</b>	<b>5,699</b>	<b>2,462</b>
<b>Cultural Programme</b>						
First Street Cultural Facility	12	0	0	0	0	0
The Factory (Build)	24,365	55,253	38,078	4,725	0	0
The Factory (Public Realm)	2,344	0	2,106	0	0	0
<b>Corporate Estates Programme</b>						
Asset Management Programme	9,026	11,840	9,551	7,385	0	0
Strategic Acquisitions Programme	8,731	4,331	3,000	3,000	0	0
Town Hall Complex Transformation Programme	67	0	0	0	0	0
Hammerstone Road Depot	932	7,083	6,940	7	0	0
Heron House	14,380	0	0	0	0	0
Registrars	1,400	0	0	0	0	0
Carbon Reduction Programme	100	8,500	1,290	0	0	0

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	<b>£'000's</b>					
Civic Quarter Heat Network	6,500	11,500	4,000	4,000	0	0
Lincoln Square	0	0	1,200	0	0	0
Brazenose House	678	0	0	0	0	0
Estates Transformation	0	215	0	585	0	0
Estates Transformation - Hulme District Office	4,680	234	0	0	0	0
Estates Transformation - Alexandra House	559	6,961	3,848	632	0	0
The Gallery Café	0	0	0	0	0	0
Ross Place Refurbishment	2,120	0	0	0	0	0
<b>Development Programme</b>						
<b>Development Programme - East Manchester</b>						
The Space Project - Phase 2	1,085	0	0	0	0	0
The Sharp Project	0	600	0	0	0	0
Digital Asset Base - One Central Park	9,443	620	0	0	0	0
Sustaining Key Initiatives	0	0	5,000	8,600	0	0
New Smithfield Market	32	468	0	0	0	0
Beswick Community Hub - Highway and Public Realm	2	0	0	0	0	0
Eastern Gateway - Central Retail Park	1,312	2,000	0	0	0	0
Eastern Gateway - New Islington Marina	1,800	3,332	0	0	0	0
Hall and Rogers	346	0	0	0	0	0
<b>Development Programme - North Manchester</b>						
Collyhurst Police Station liabilities	844	0	0	0	0	0
Northern Gateway	3,875	2,300	6,675	7,275	4,875	0
<b>Development Programme - City Centre</b>						
Hulme Hall Rd Lighting	39	0	0	0	0	0

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	<b>£'000's</b>					
ST Peters Square	602	400	0	0	0	0
Medieval Quarter Public Realm	488	1,500	0	0	0	0
City Labs 2	3,675	0	0	0	0	0
Manchester College	17,600	10,000	0	0	0	0
<b>Development Programme - Enterprise Zone</b>						
Airport City Power Infrastructure (EZ)	2,440	0	0	0	0	0
<b>Development Programme - Stand Alone Projects</b>						
Digital Business Incubators	3,500	0	0	0	0	0
<b>Total Strategic Development Programme</b>	<b>122,977</b>	<b>127,137</b>	<b>81,688</b>	<b>36,209</b>	<b>4,875</b>	<b>0</b>
<b>Town Hall Refurbishment Programme</b>						
Our Town Hall refurbishment	11,060	24,386	67,743	103,251	65,914	29,039
<b>Total Town Hall Refurbishment Programme</b>	<b>11,060</b>	<b>24,386</b>	<b>67,743</b>	<b>103,251</b>	<b>65,914</b>	<b>29,039</b>
<b>Private Sector Housing Programme</b>						
<b>Brunswick PFI (PSH)</b>						
Brunswick PFI Land Assembly	2,460	1,726	737	0	0	0
<b>Collyhurst (PSH)</b>						
Collyhurst Regeneration	10	173	3,700	0	0	0
Collyhurst Environmentals	65	62	0	0	0	0
Collyhurst Acquisition & Demolition (Overbrook & Needwood Close)	0	0	505	565	0	0
Collyhurst Land Assembly Ph1	20	63	0	0	0	0

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	<b>£'000's</b>					
Collyhurst Land Acquisitions Ph2	0	210	799	0	0	0
Eccleshall Street - 3 Sites	0	500		0	0	0
<b>Housing Investment Model</b>		0				
Site Investigation and Early Works HIF Pilot Sites	286	141	155	0	0	0
<b>Miles Platting PFI (PSH)</b>						
Miles Platting PFI Land Assembly	255	632	0	0	0	0
<b>Private Housing Assist Citywide Programme</b>						
Disabled Facilities Grant	8,062	7,929	6,200	6,200	0	0
Toxteth St CPO & environmental works	73	141	0	0	0	0
Bell Crescent CPO	0	482	0	0	0	0
<b>Private Sect Housing Standalone Projects</b>						
HCA Empty Homes Cluster Phase 2	90	801	891	0	0	0
Empty Homes Scheme (s22 properties)	0	2,000	0	0	0	0
<b>Redrow Development Programme</b>						
Redrow Development Phase 2 onward	300	0	0	0	0	0
<b>West Gorton (PSH)</b>						
West Gorton Compensation	0	4	0	0	0	0
West Gorton Ph 2A Demolition & Commercial Acquisitions	10	490	904	0	0	0
Armitage Nursery & Community Facility	1,215	2,160	0	0	0	0
<b>Private Sector Housing - Stand Alone Projects</b>						
HMRP	56	50	40	0	0	0
Collyhurst Acquisition & Demolition (Overbrook & Needwood Close)	5	0	661	0	0	0
Extra Care	3,555	2,445	0	0	0	0
Moston Lane Acquisitions	0	0	0	0	0	7,500

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	<b>£'000's</b>					
Equity Loans	0	0	397	0	0	0
West Gorton Community Park	514	1,336	0	0	0	0
Ben St. Regeneration	5,574	556	6,877	0	0	0
Homelessness	5,000	0	0	0	0	0
Marginal Viability Fund - New Victoria	0	1,827	6,263	1,984	0	0
Marginal Viability Fund - Bowes Street	0	929	2,385	0	0	0
Rent to Purchase	203	0	0	0	0	0
<b>Total Private Sector Housing Programme</b>	<b>27,753</b>	<b>24,657</b>	<b>30,514</b>	<b>8,749</b>	<b>0</b>	<b>7,500</b>
<b>Public Sector Housing</b>						
<b>Northwards - External Work</b>						
Charlestown - Victoria Ave multistorey window replacement and ECW - Phase 1	0	8,000	7,190	0	0	0
External cyclical works phase 3a	10	0	22	0	0	0
Collyhurst Environmental programme	312	0	0	0	0	0
Ancoats Anita St and George Leigh external cyclical works ph 3b	28	0	0	0	0	0
Harpurhey Lathbury & 200 Estates external cyclical works ph 3b	-25	0	38	0	0	0
Environmental works	113	0	0	0	0	0
Harpurhey Shiredale Estate externals	0	0	15	0	0	0
Moston Miners Low Rise externals	16	0	4	0	0	0
Newton Heath Limestone Drive externals	0	0	6	0	0	0
Renewal of 4 automatic pedestrian gates at Victoria Square	0	45	0	0	0	0

Project Name	2018/19 Proposed Budget	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
	£'000's					
External cyclical works ph 3b Harpurhey - Jolly Miller Estate ph 3b	54	0	32	0	0	0
External cyclical works ph 3b Moston Estates (Chauncy/Edith Cliff/Kenyon/Thorveton Sq)	7	0	2	0	0	0
External cyclical works ph 3b Ancoats Smithfields estate	262	10	0	0	0	0
External cyclical works ph 4b Charlestown Chain Bar low rise	178	0	36	0	0	0
External cyclical works ph 4b Charlestown Chain Bar Hillingdon Drive maisonettes	1	0	4	0	0	0
External cyclical works ph 4b Crumpsall Blackley Village	131	0	0	0	0	0
External cyclical works ph 4b Higher Blackley South	281	0	31	0	0	0
External cyclical works ph 4b Newton Heath Assheton estate	93	0	16	0	0	0
External cyclical works Ph 4b Newton Heath Troydale Estate	792	0	74	0	0	0
External cyclical works Ph 5 New Moston (excl corrolites)	66	0	31	0	0	0
Environmental improvements Moston corrolites	267	0	0	0	0	0
Charlestown - Victoria Ave multistorey replacement door entry systems	0	0	18	0	0	0
ENW distribution network phase 4 (various)	0	219	0	0	0	0
Dam Head - Walk up flats communal door renewal	212	172	0	0	0	0
Delivery Costs	955	909	827	0	0	0
<b>Northwards - Internal Work</b>						
2/4 Blocks Heating replacement with Individual Boilers	24	0	122	0	0	0
Lift replacement / refurbishment programme	75	0	0	0	0	0



Project Name	2018/19 Proposed Budget	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
	£'000's					
Fire precaution works - installation of fire seal box to electric cupboards on communal corridors in retirement blocks	6	0	0	0	0	0
Decent Homes mop ups ph 9 and decent homes work required to voids	212	0	0	0	0	0
One offs such as rewires, boilers, doors, insulation	377	0	0	0	0	0
Whitemoss Road and Cheetham Hill Road Local Offices - Improvements	202	0	0	0	0	0
Ancoats - Victoria Square lift replacement	0	265	0	0	0	0
Aldbourn Court/George Halstead Court/Duncan Edwards Court works	274	81	0	0	0	0
Boiler replacement programme	786	25	261	0	0	0
Kitchen and Bathrooms programme	0	1,788	94	0	0	0
Harpurhey - Monsall Multis Internal Works	0	2,385	85	0	0	0
Various - Bradford/Clifford Lamb/Kingsbridge/Sandyhill Court Internal Works	0	2,471	108	0	0	0
Collyhurst - Mossbrook/Roach/Vauxhall/Humphries Court Internal Works	0	2,791	106	0	0	0
Decent Homes mop ups phase 10 and voids	583	500	219	0	0	0
One off work - rewires, boilers, doors	100	200	0	0	0	0
Fire precautions multi storey blocks	0	1,078	1,000	0	0	0
Installations of sprinkler systems - multi storey blocks	0	2,380	221	0	0	0
Replacement of Prepayment Meters in High Rise Blocks	0	0	20	0	0	0
Delivery Costs	1,352	1,502	246	0	0	0
<b>Northwards - Off Debits/Conversions</b>						
Bringing Studio Apartments back in use	40	0	0	0	0	0

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	<b>£'000's</b>					
Delivery Costs	13	0	0	0	0	0
<b>Homeless Accommodation</b>						
Improvements to Homeless accommodation city wide	54	0	201	0	0	0
Plymouth Grove Women's Direct Access Centre	22	0	0	0	0	0
Improvements to Homeless Accommodation Phase 2	280	723	210	0	0	0
Delivery Costs	136	78	45	0	0	0
<b>Northwards - Acquisitions</b>						
Northwards Acquisitions	134	0	0	0	0	0
Stock Acquisitions	32	0	0	0	0	0
Delivery Costs	29	0	0	0	0	0
<b>Northwards - Adaptations</b>						
Adaptations	1,000	720	0	0	0	0
<b>Northwards - Unallocated</b>						
Northwards Housing Programme unallocated	0	1,033	17,697	21,988	0	0
<b>Retained Housing Programme</b>						
Collyhurst Maisonette Compensation & Dem	0	89	0	0	935	0
<b>West Gorton Regeneration Programme</b>						
West Gorton PH2A Low & High Rise Demolition	10	16	0	0	0	0
<b>Future Years Housing Programme</b>						
Collyhurst Estate Regeneration	0	700	8,695	10,235	1,841	0
Collyhurst Regen - Highways Phase 1	-97	0	190	97	1,394	0
Collyhurst Regen - Churnett Street	0	0	0	0	790	0
Collyhurst Regen - Needwood & Overbrook acquisition / demolition	3	0	124	0	0	0
Willert Street Park Improvements	36	0	0	0	0	0

<b>Project Name</b>	<b>2018/19 Proposed Budget</b>	<b>2019/20 Proposed Budget</b>	<b>2020/21 Proposed Budget</b>	<b>2021/22 Proposed Budget</b>	<b>2022/23 Proposed Budget</b>	<b>2023/24 Proposed Budget</b>
	<b>£'000's</b>					
North Manchester New Builds	6,358	163	0	0	0	0
North Manchester New Builds 2	75	500	10,700	0	0	0
North Manchester New Builds 3	250	0	0	0	0	0
Parkhill Land Assembly	0	0	0	4,270	0	0
Fire precautions multi storey blocks	0	1,200	0	0	0	0
Brunswick PFI HRA	30	0	0	0	0	0
<b>Total Public Sector Housing (HRA) Programme</b>	<b>16,149</b>	<b>30,043</b>	<b>48,690</b>	<b>36,590</b>	<b>4,960</b>	<b>0</b>
<b>Children's Services Programme</b>						
<b>Basic Need Programme</b>						
Cheetham Academy	-14	0	0	0	0	0
Briscoe Lane Academy	127	0	0	0	0	0
Stanley Grove - contribution to PFI	13	0	0	0	0	0
Dean Trust Ardwick	15	0	0	0	0	0
Ardwick PRU	40	0	0	0	0	0
ULT William Hulme	47	0	0	0	0	0
Lytham Rd	0	200	0	0	0	0
Manchester Health Academy expansion	3,242	0	0	0	0	0
Co-op Academy expansion	3,741	0	0	0	0	0
St Margaret's C of E	54	0	0	0	0	0
St Matthews RC	20	0	0	0	0	0
Plymouth Grove Refurbishment	4,574	427	0	0	0	0

<b>Project Name</b>	<b>2018/19 Proposed Budget</b>	<b>2019/20 Propose d Budget</b>	<b>2020/21 Proposed Budget</b>	<b>2021/22 Proposed Budget</b>	<b>2022/23 Proposed Budget</b>	<b>2023/24 Proposed Budget</b>
	<b>£'000's</b>					
Beaver Rd Primary Expansion	4,547	115	0	0	0	0
Lily Lane Primary	3,331	136	0	0	0	0
St. James Primary Academy	2,848	112	0	0	0	0
Crossacres Primary School	1,902	111	0	0	0	0
Ringway Primary School	1,337	60	0	0	0	0
Webster Primary Schools	1,859	111	0	0	0	0
St. Chrysostom's	160	0	0	0	0	0
Camberwell Park Specialist School	65	0	0	0	0	0
Piper Hill Special School	224	0	0	0	0	0
SEND Programme	101	8,264	15,150	0	0	0
Basic need - unallocated funds	235	20,032	44,007	1,138	0	0
Universal Infant Free School Meals (UIFSM) - Unallocated	335	0	0	0	0	0
<b>Schools Maintenance Programme</b>						
Abraham Moss - Hall Heating	-4	0	0	0	0	0
Chorlton CofE Primary Rewire	16	0	0	0	0	0
Moston Lane Primary	8	0	0	0	0	0
Wilbraham Primary Roof	59	0	0	0	0	0
Abbott Primary School Fencing	94	0	0	0	0	0
Crowcroft Park PS-Rewire	531	0	0	0	0	0
Pike Fold Community Primary - Ground Stabilisation - Survey artificial play area	17	0	0	0	0	0
Charlestown Primary Defects	31	0	0	0	0	0
All Saints PS	-1	0	0	0	0	0
Collyhurst Nursery School	2	0	0	0	0	0
Armitage CE Primary	135	0	0	0	0	0

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	<b>£'000's</b>					
Higher Openshaw Comm School - Renew Boiler	101	0	0	0	0	0
Crowcroft Park PS - Roof Repairs	53	0	0	0	0	0
Northenden Primary School - Part Reroof	42	0	0	0	0	0
Abbot Community Primary - Ext Joinery Repair	248	0	0	0	0	0
St Mary's PS - Joinery Repairs	98	0	0	0	0	0
Sandilands PS - Joinery Repairs	181	0	0	0	0	0
Lancasterian ID Secure Lobby	38	0	0	0	0	0
Cheetwood PS - Rewire	499	0	0	0	0	0
Pike Fold Community Sch - Repairs to air handling units	53	0	0	0	0	0
Button Lane PS - Boiler Installation	60	0	0	0	0	0
Schools Capital Maintenance -unallocated	0	5,338	3,000	3,000	0	0
<b>Education Standalone Projects</b>						
Paintpots	31	0	0	0	0	0
Community Minded Ltd	28	0	0	0	0	0
Tiny Tigers Ltd-Cheetham Children Centre	79	0	0	0	0	0
Early Education for Two Year Olds - Unallocated	57	0	0	0	0	0
Gorton Youth Zone	538	962	0	0	0	0
Greenheys Toilets	67	0	0	0	0	0
Healthy Pupil Capital Funding	0	263	0	0	0	0
Special Educational Needs grant	38	2,871	164	0	0	0
<b>Total Children's Services Programme</b>	<b>31,902</b>	<b>39,002</b>	<b>62,321</b>	<b>4,138</b>	<b>0</b>	<b>0</b>
<b>ICT Capital Programme</b>						

<b>Project Name</b>	<b>2018/19 Proposed Budget</b>	<b>2019/20 Proposed Budget</b>	<b>2020/21 Proposed Budget</b>	<b>2021/22 Proposed Budget</b>	<b>2022/23 Proposed Budget</b>	<b>2023/24 Proposed Budget</b>
	<b>£'000's</b>					
<b>ICT</b>						
Solaris	11	0	0	0	0	0
<b>ICT Infrastructure &amp; Mobile Working Programme</b>						
Citrix 7.6 Migration	3	0	0	0	0	0
Mobile Device Refresh	52	0	0	0	0	0
PSN Windows 2003	88	26	0	0	0	0
Data Centre UPS Installation	0	10	0	0	0	0
Core Switch Firmware	28	0	0	0	0	0
New Social Care System	2,039	509	0	0	0	0
End User Computing	796	90	0	0	0	0
Core Infrastructure Refresh	533	0	0	0	0	0
Income Management	1	0	0	0	0	0
Customer & Bus. Relationship Management System	1	0	0	0	0	0
Corporate Reporting Tool (Business Objects)	14	0	0	0	0	0
Internet Resilience	104	50	0	0	0	0
New Rent Collection System	70	14	0	0	0	0
Communications Room Replacement Phase 2	100	500	3,929	500	0	0
Care Leavers Service	91	0	0	0	0	0
Microsoft Enterprise Agreement Licensing renewal	227	0	0	0	0	0
Data Centre Network Design and Implementation	1,949	1,289	0	0	0	0
ICT Investment Plan	0	8,836	10,673	9,600	5,482	0
<b>Infrastructure</b>						
Wider Area Network Redesign	26	0	0	0	0	0

<b>Project Name</b>	<b>2018/19 Proposed Budget</b>	<b>2019/20 Proposed Budget</b>	<b>2020/21 Proposed Budget</b>	<b>2021/22 Proposed Budget</b>	<b>2022/23 Proposed Budget</b>	<b>2023/24 Proposed Budget</b>
	<b>£'000's</b>					
<b>Total ICT Programme</b>	<b>6,133</b>	<b>11,324</b>	<b>14,602</b>	<b>10,100</b>	<b>5,482</b>	<b>0</b>
<b>Corporate Capital Programme</b>						
ONE System Developments	23	25	0	0	0	0
Phase 1 Implementation - Locality Plan Programme Office	602	272	0	0	0	0
Integrated Working - Gorton Health Hub	1,400	10,150	8,627	2,619	0	0
Airport Strategic Investment	125,000	0	0	0	0	0
BioMedical Investment	7,000	5,500	6,100	2,700	0	0
Band on the Wall	0	200	0	0	0	0
Manchester Airport Car Park Investment	0	3,700	1,900	0	0	0
<b>Total Corporate Capital Programme</b>	<b>134,025</b>	<b>19,847</b>	<b>16,627</b>	<b>5,319</b>	<b>0</b>	<b>0</b>
<b>Total Manchester City Council Capital Programme</b>	<b>399,505</b>	<b>359,063</b>	<b>381,086</b>	<b>243,965</b>	<b>86,930</b>	<b>39,001</b>
<b>Projects carried out on behalf of Greater Manchester</b>						
Housing Investment Fund	95,805	146,522	37,951	0	0	0
<b>Total GM projects</b>	<b>95,805</b>	<b>146,522</b>	<b>37,951</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total CAPITAL PROGRAMME</b>	<b>495,310</b>	<b>505,585</b>	<b>419,037</b>	<b>243,965</b>	<b>86,930</b>	<b>39,001</b>

## Appendix 3

### Treasury Limits and Prudential Indicators for approval

Please note last years approved figures are shown in brackets.

Treasury Management Indicators	2019-20		2020-21		2021-22
	£m		£m		£m
<b>Authorised Limit - external debt</b>					
Borrowing	1,351.4	(1,672.7)	1,412.7	(1,684.5)	1,412.9
Other long term liabilities	170.0	(216.0)	170.0	(216.0)	170.0
TOTAL	1,521.4	(1,888.7)	1,582.7	(1,900.5)	1,582.9
<b>Operational Boundary - external debt</b>					
Borrowing	940.8	(1,381.4)	1,151.7	(1,435.0)	1,275.0
Other long term liabilities	170.0	(216.0)	170.0	(216.0)	170.0
TOTAL	1,110.8	(1,597.4)	1,321.7	(1,651.0)	1,445.0
<b>Actual external debt</b>	716.5	(1,192.0)	977.4	(1,259.6)	1,141.5
<b>Upper limit for total principal sums invested for over 364 days</b>	0	(0)	0	(0)	0
<b>Capital Expenditure</b>					
Non - HRA	475.5	(455.5)	370.3	(160.1)	207.4
HRA	30.1	(41.9)	48.7	(44.3)	36.6
TOTAL	505.6	(497.4)	419.0	(204.4)	244.0
<b>Capital Financing Requirement (as at 31 March)</b>					
Non – HRA	1,331.9	(1,664.4)	1,477.1	(1,730.5)	1,611.1
HRA	298.1	(298.1)	299.2	(299.3)	300.0
TOTAL	1,630.0	(1,962.5)	1,776.3	(2,029.8)	1,911.1

Maturity structure of borrowing during 2019-20	Upper Limit		Lower limit	
under 12 months	80%	(70%)	0%	(0%)
12 months and within 24 months	70%	(100%)	0%	(0%)
24 months and within 5 years	50%	(80%)	0%	(0%)
5 years and within 10 years	50%	(70%)	0%	(0%)
10 years and above	80%	(80%)	40%	(0%)
Has the Authority adopted the CIPFA Treasury Management Code?				Yes



The status of the indicators will be included in Treasury Management reporting during 2019/20. They will also be included in the Council's Global Revenue Budget monitoring.

**Definitions and Purpose of the Treasury Management Indicators noted above (Indicators are as recommended by the CIPFA Prudential Code last revised in 2017)**

**Authorised Limit - external debt**

The local authority will set for the forthcoming financial year and the following two financial years an authorised limit for its total external debt, excluding investments, separately identifying borrowing from other long-term liabilities. This prudential indicator is referred to as the Authorised Limit.

**Operational Boundary - external debt**

The local authority will also set for the forthcoming financial year and the following two financial years an operational boundary for its total external debt, excluding investments, separately identifying borrowing from other long-term liabilities. This prudential indicator is referred to as the Operational Boundary.

Both the Authorised Limit and the Operational Boundary need to be consistent with the authority's plans for capital expenditure and financing; and with its treasury management policy statement and practices. The Operational Boundary should be based on the authority's estimate of most likely, i.e. prudent, but not worst case scenario. Risk analysis and risk management strategies should be taken into account.

The Operational Boundary should equate to the maximum level of external debt projected by this estimate. Thus, the Operational Boundary links directly to the Authority's plans for capital expenditure; its estimates of capital financing requirement; and its estimate of cash flow requirements for the year for all purposes. The Operational Boundary is a key management tool for in-year monitoring.

It will probably not be significant if the Operational Boundary is breached temporarily on occasions due to variations in cash flow. However, a sustained or regular trend above the Operational Boundary would be significant and should lead to further investigation and action as appropriate. Thus, both the Operational Boundary and the Authorised Limit will be based on the authority's plans. The authority will need to assure itself that these plans are affordable and prudent. The Authorised Limit will in addition need to provide headroom over and above the Operational Boundary sufficient for example for unusual cash movements.

**Actual external debt**

After the year end, the closing balance for actual gross borrowing plus (separately), other long-term liabilities is obtained directly from the local authority's Balance Sheet. The prudential indicator for Actual External Debt considers a single point in time and hence is only directly comparable to the Authorised Limit and Operational Boundary

at that point in time. Actual debt during the year can be compared.

### **Upper limit for total principal sums invested for over 364 days**

The authority will set an upper limit for each forward financial year period for the maturing of investments made for a period longer than 364 days. This indicator is referred to as the prudential limit for Principal Sums Invested for periods longer than 364 days.

The purpose of this indicator is so the authority can contain its exposure to the possibility of loss that might arise as a result of its having to seek early repayment or redemption of principal sums invested.

### **Maturity structure of new borrowing**

The authority will set for the forthcoming financial year both upper and lower limits with respect to the maturity structure of its borrowing. These indicators are referred to as the Upper and Lower limits respectively for the Maturity Structure of Borrowing.

### **Local Prudential Indicators**

The Council has not yet introduced Local Prudential Indicators to reflect local circumstances, but will review on a regular basis the need for these in the future.

## Appendix 4

### Minimum Revenue Provision Strategy

The Council implemented the new Minimum Revenue Provision (MRP) guidance in 2011/12 and has assessed its MRP for 2019/20 in accordance with the main recommendations contained within the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003.

The Council is required to make provision for repayment of an element of the accumulated General Fund capital spend each year through a revenue charge (the Minimum Revenue Provision - MRP).

MHCLG Regulations require full Council to approve an MRP Statement, in advance of each year. If the Council wishes to amend its policy during the year this would need to be approved by full Council. A variety of options are available to councils to replace the previous Regulations, so long as there is a prudent provision. The options are:

- **Option 1:** Regulatory Method – can only be applied to capital expenditure incurred prior to April 2008 or Supported Capital Expenditure. This is calculated as 4% of the non-housing CFR at the end of the preceding financial year, less some transitional factors relating to the movement to the new Prudential Code in 2003.
- **Option 2:** CFR Method – a provision equal to 4% of the non-housing CFR at the end of the preceding financial year.
- **Option 3:** Asset Life Method – MRP is calculated based on the life of the asset, on either an equal instalment or an annuity basis.
- **Option 4:** Depreciation Method – MRP is calculated in accordance with the depreciation accounting required for the asset.

Options 1 and 2 may be used only for supported expenditure, which is capital expenditure for which the Council has been notified by Government that the costs of that expenditure will be taken into account in the calculation of Government funding due to the Council.

It is important to note that the Council can deviate from these options provided that the approach taken ensures that there is a prudent provision. The Council has historically followed option 1 for supported expenditure based on the level of support provided by Government through Revenue Support Grant (RSG).

The assets created or acquired under Supported Capital Expenditure predominantly had long asset lives of c. 50 years, such as land or buildings, and an MRP of 4% suggests a significantly shorter asset life. As the level of notional RSG the Council receives has reduced in recent years, it was considered prudent to review the approach to MRP on supported borrowing to reflect the Government support received.

It was therefore agreed that from 2017/18 a provision of 2% of the non-housing CFR as at the end of the preceding financial year is to be made. This is in line with many other local authorities who have reviewed the basis for their MRP and have applied similarly revised policies.

It is the Council's policy that MRP relating to an asset will start to be incurred in the year after the capital expenditure on the asset is incurred or, in the case of new assets, in the year following the asset coming into use, in accordance with MHCLG's guidance.

The Council recognises that there are different categories of capital expenditure, for which it will incur MRP as follows:

- For non HRA Supported Capital Expenditure: MRP policy will be charged at a rate of 2% on a similar basis to option 1 of the guidance (the regulatory method) but at a lower rate, better reflecting the asset lives of the assets funded through Supported Borrowing.
- For non HRA unsupported capital expenditure incurred the MRP policy will be:
  - Asset Life Method – MRP will be based on a straight line basis or annuity method so linking the MRP to the future flow of benefits from the asset, dependant on the nature of the capital expenditure, in accordance with option 3 of the guidance.
  - If the expenditure is capital by virtue of a Ministerial direction, has been capitalised under a Capitalisation Directive, or does not create a council asset, MRP will be provided in accordance with option 3 of the guidance with asset lives calculated as per the table below:

<b>Expenditure type</b>	<b>Maximum period over which MRP to be made</b>
Expenditure capitalised by virtue of a direction under s16 (2) (b).	20 years.
Regulation 25(1) (a). Expenditure on computer programs.	Same period as for computer hardware.
Regulation 25(1) (b). Loans and grants towards capital expenditure by third parties.	The estimated life of the assets in relation to which the third party expenditure is incurred.
Regulation 25(1) (c). Repayment of grants and loans for capital expenditure.	25 years or the period of the loan if longer.
Regulation 25(1) (d). Acquisition of share or loan capital.	20 years, or the estimated life of the asset acquired.
Regulation 25(1) (e). Expenditure on works to assets not owned by the authority.	The estimated life of the assets.
Regulation 25(1) (ea). Expenditure on assets for use by others.	The estimated life of the assets.

Regulation 25(1) (f). Payment of levy on Large Scale Voluntary Transfers (LSVTs) of dwellings.	25 years.
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- For PFI service concessions and some lessee interests: Following the move to International Accounting Standards arrangements under private finance initiatives (PFIs) service concessions and some lessee interests (including embedded leases) are accounted for on the Council's Balance Sheet. Where this occurs, a part of the contract charge or rent payable will be taken to reduce the Balance Sheet liability rather than being charged as revenue expenditure. The MRP element of these schemes will be the amount of contract charge or rental payment charged against the Balance Sheet liability. This approach will produce an MRP charge comparable to that under option 3 in that it will run over the life of the lease or PFI scheme.

In some exceptional cases, the Council will deviate from the policy laid out above provided such exceptions remain prudent. Any exceptions are listed below:

- Where capital expenditure is incurred through providing loans to organisations, and where those loans are indemnified or have financial guarantees protecting against loss, no MRP will be charged in relation to the capital expenditure. Similarly, loans given by the Council where any losses incurred on the investment will impact solely on a third party, such as those provided under the City Deal arrangement with the HCA, will not require an MRP charge.

## **Appendix 5**

### **Treasury Management Policy Statement**

1. This organisation defines its treasury management activities as:  
The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
2. This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.
3. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

The Council will invest its monies prudently, considering security first, liquidity second, and yield last, carefully considering its investment counterparties. It will similarly borrow monies prudently and consistent with the Council's service objectives.

## **Appendix 6**

### **Treasury Management Scheme of Delegation**

i      **Full Council**

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

ii     **Responsible body – Audit Committee**

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

iii    **Body with responsibility for scrutiny - Resource and Governance Scrutiny Committee**

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

iv     **City Treasurer**

- delivery of the function.

## Appendix 7

### Borrowing Requirement

The potential long-term borrowing requirements over the next three years are:

<b>Table 2</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>£'m estimate</b>	<b>£'m estimate</b>	<b>£'m estimate</b>
Planned Capital Expenditure funded by Borrowing	153.1	179.7	174.5
Change in Grants & Contributions	-5.1	48.8	2.6
Change in Capital Receipts	3.3	28.8	-0.7
Change in Reserves	16.1	32.7	19.6
MRP Provision	-24.8	-31.3	-37.0
Refinancing of maturing debt (GF)	2.8	2.2	4.7
Refinancing of maturing debt (HRA)	0.2	0	0.5
<b>Estimated Borrowing Requirement</b>	<b>145.6</b>	<b>260.9</b>	<b>164.2</b>
Funded by:			
GF	145.4	260.9	163.7
HRA	0.2	0	0.5

The borrowing detailed in Table 2 maintains the Council within the revised Government Debt Deal limit. The current Debt Deal expires in 2019/20 and it is not clear what will happen for the next Spending Review Period.



## **Appendix 8**

### **Borrowing Strategy**

#### **General Fund**

The proposed Capital Budget, submitted to Executive in February and Council in March contains significant capital investment across the city. The scale of the investment means the Council will need to undertake external borrowing in the future and will not be able to rely on internal borrowing alone. The first tranche of external borrowing was taken from the PWLB in quarter 4 of 2018/19. Where possible, internal borrowing will remain the first option due to the interest savings generated.

The Council's borrowing strategy must utilise the annual provision it is required to make to reduce debt, in the form of its Minimum Revenue Provision (MRP). If MRP is not used to reduce external debt it is held as cash so the most efficient arrangement is for MRP to be used to reduce the new long term debt expected to be required. This ensures that MRP is utilised and does not accumulate as cash on the Balance Sheet. Alternatively, MRP could be used to repay existing debt but this would be at considerable cost in the current interest rate environment.

In previous years this has not been an issue as the Council has had significant borrowing requirements year on year which have allowed it to utilise the MRP. However, the borrowing requirement may fall in the long term so a prudent strategy is to seek to borrow in the medium term with maturities to match the estimated MRP that is generated in that period. This avoids an accumulation of cash on the Balance Sheet that would need to be invested at a potential net cost and investment risk to the Council.

Following the HRA debt settlement the Council's debt position is one of significant internal borrowing meaning cash backed reserves and provisions in the HRA are being used in lieu of external debt. The external debt held is predominantly long term in nature.

The Council will continue to use its reserves and provisions to maximise internal borrowing whilst seeking to rebalance the portfolio with more medium term debt when there is a need to externally borrow. This must be done with a strong focus on achieving value for money on interest costs and balancing the risks to the overall debt portfolio.

#### **HRA**

The Council's proposed capital budget for 2019/20 and beyond does not contain any requirement for the HRA to borrow. It is expected that proposals will be brought forward to build new homes that require funding via borrowing so it is likely the HRA will have a borrowing requirement in 2019/20. Further details can be found in the HRA Business Plan report elsewhere on the agenda. The level of borrowing affordable is restrained by the statutory requirement for the HRA Business Plan to avoid going into a deficit.

The impact of any required further long term borrowing on the Business Plan will be reviewed which will inform the borrowing options pursued. Any temporary borrowing required will be sought from the General Fund. This is discussed further in Appendix 1.

Note, in the event that some of the current debt is required to be repaid, for example if one of the LOBO loans was called, the refinancing arrangements would need to be considered.

### **Borrowing Options**

As stated above the Council's borrowing strategy will firstly utilise internal borrowing. However, as the overall forecast is for long term borrowing rates to increase the short term advantage of internal and short term borrowing will be weighed against the potential cost if long term borrowing is delayed as rates for longer term loans are expected to increase.

New borrowing will be considered in the forms noted below. All options will be evaluated alongside their availability and which provides best value for money. The options below are not presented in a hierarchical order.

### **Public Works Loan Board (PWLB)**

PWLB borrowing is available for between 1 and 50 year maturities on various bases. This offers a range of options for new borrowing which could spread debt maturities away from a concentration in longer dated debt and allow the Council to align maturities to MRP.

In the March 2012 Budget the Chancellor announced the availability of a PWLB 'Certainty Rate' for local authorities which could be accessed upon the submission of data around annual borrowing plans for individual authorities. The Council submitted its return in April 2018. The Certainty Rate allows a local authority to borrow from the PWLB at 0.20% below their published rates.

The Government has also introduced a PWLB Infrastructure Rate to be borrowed at 0.40% below their published standard rates. There is a bidding process to access this rate and preference given to projects displaying high value for money. There are two bidding rounds each year, one runs from 1<sup>st</sup> May to 31<sup>st</sup> July 2018 and the second is from 1<sup>st</sup> January to 31<sup>st</sup> March 2019.

These reductions, alongside the flexibility the PWLB provides in terms of loan structures and maturity dates together with the current lack of availability of market debt options, suggest that should long term borrowing be required PWLB borrowing might provide the best value for money.

The Link forecast for the PWLB Certainty Rate is as follows:

<b>Table 3</b>	<b>Mar 19</b>	<b>Jun 19</b>	<b>Sep 19</b>	<b>Dec 19</b>	<b>Mar 20</b>	<b>Mar 21</b>
Bank Rate	0.75%	1.00%	1.00%	1.00%	1.25%	1.50%
5 yr PWLB rate	2.10%	2.20%	2.20%	2.30%	2.30%	2.60%
10 yr PWLB rate	2.50%	2.60%	2.60%	2.70%	2.80%	3.00%
25 yr PWLB rate	2.90%	3.00%	3.10%	3.10%	3.20%	3.40%
50 yr PWLB rate	2.70%	2.80%	2.90%	2.90%	3.00%	3.20%

A more detailed Link forecast is included in Appendix G to this report.

### **European Investment Bank (EIB)**

The EIB's rates for borrowing are generally favourable compared to PWLB although the margin of benefit has now reduced. Rates can be forward fixed for borrowing from the EIB and this option will be considered if the conditions can be met and it offers better value for money.

The EIB appraises its funding plans against individual schemes, particularly around growth and employment and energy efficiency, and any monies borrowed are part of the Council's overall pooled borrowing.

### **Third Party Loans**

These are loans from third parties that are offered at lower than market rates, for example Salix Finance Ltd is offering loans to the public sector at 0% to be used specifically to improve their energy efficiency and reduce carbon emissions.

### **Housing Investment Funding and the Homes and Communities Agency**

Both HIF and HCA are MHCLG funding and only used in specific circumstances, see paragraphs 9.12-16 for further details.

### **Inter-Local Authority advances**

Both short and medium term loans are often available in the inter Local Authority market.

### **Market Loans**

There are usually various offers available from the general market including LOBOs or forward starting loans. The Council will give consideration to forward fixing debt, whereby it agrees to borrow at a point in the future at a rate based on current implied market interest rate forecasts.

### **Local Authority Bond Agency**

The UK Municipal Bonds Agency was established in June 2014 with the primary purpose of reducing local authority financing costs by:

- Issuing bonds in the capital markets and on-lending to councils.

- Lending between councils.
- Sourcing funding from 3rd party sources, and on-lending to councils.

Although the Agency's aim is to raise finance for Local Authorities by issuing municipal bonds to capital markets, at the time of writing the first bond has yet to be issued. The Council will continue to monitor the Agency's development and whether it can offer a competitive option for future borrowing.

These types of borrowing will need to be evaluated alongside their availability particularly whilst there is a very limited availability of traditional market loans. The traditional market loans available tend to be Lender Option Borrower Option (LOBO) loans and they are not currently offered at competitive rates of interest. LOBOs provide the lender with future options to increase the interest rate whilst the local authority has the option to repay if the increase in the rate is unacceptable to them.

Following HRA reform the vast majority of the Council's existing debt portfolio consists of LOBOs and the Authority needs to consider diversifying its loan book to reduce the impact of any volatility that may cause these loans to be called. It should be noted that the Council's current LOBO loans are unlikely to be called in the medium term at current interest rates.

### **Homes and Communities Agency Funding**

The Homes and Communities Agency (HCA) has made £31.8m funding available to the City Council and this was received during the three years 2015/16 to 2017/18. The funding is, in effect, a 'loan' of the HCA's receipts from the disposal of its land and property within Greater Manchester (GM) as agreed in the GM City Deal. The funds can be used to invest in any project which supports GM City Deal objectives. Some of the funds are passed on to other GM authorities for projects within their areas.

The funding from the HCA is held as an interest free loan until an investment approval is made. At this point the approved element of the loan becomes risk-based with the return to the HCA based on the performance of that investment. The location of the project depends on where the receipts originate from and whether the receipt is due to the sale of residential or commercial property. Proceeds from commercial property are not borough-specific, whereas proceeds from residential property are.

The funds received are to be repaid to the HCA in March 2022. No interest will be charged to MCC for the receipt of the funds. Should an investment made not be recovered, the loss is deducted from the amount due to the HCA. Conversely, should any profit be made by an investment these will be added to the amount due to the HCA.

### **Housing Investment Funding (HIF)**

The Council has arranged with the Homes and Communities Agency to receive housing investment funding on behalf of Greater Manchester. The funds are treated as a loan to the Council in a similar manner to HCA funds as detailed in paragraphs 9.12-14. These monies are then be invested in housing related projects with any

losses met by Government (up to 20%) or by guarantee from the ten Greater Manchester Local Authorities (including Manchester). All the Housing Investment Fund schemes are approved by the GMCA and the Council's role is to act as a host for the financial arrangements.

Total HIF funding of £300m has been agreed with the MHCLG of which £197.7m has been received to date. The majority of HCA and HIF funds are expected to transfer to the GMCA in quarter 4 2018/19 following the Authority being granted the statutory borrowing powers required. The element of the investment which was already committed at the time of the transfer is being retained by the Council until the investment completes.

### **Sensitivity of the forecast**

In normal circumstances the main sensitivities are likely to be the two scenarios noted below. Council officers in conjunction with the treasury advisors will continually monitor the prevailing interest rates and the market forecast, adopting the following responses to a change of sentiment:

- ***If it were felt that there was a significant risk of a sharp FALL in long and short term rates***, e.g. due to a marked increase of risks around relapse into recession or of risks of deflation then long term borrowings will be postponed.
- ***If it were felt that there was a significant risk of a much sharper RISE in long and short term rates than that current forecast***, perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, the portfolio position will be re-appraised. The likely action will be that fixed rate funding will be drawn whilst interest rates remain relatively cheap.

### **External v. Internal borrowing**

The current borrowing position reflects the historic strong Balance Sheet of the Council as highlighted in Section 5. The policy remains to keep cash as low as possible and minimise temporary investments.

The next financial year is again expected to be one of historically low Bank Rate. This provides a continuation of the opportunity for local authorities to review their strategy of undertaking new external borrowing. At Appendix F there is an in depth analysis of economic conditions provided by Link Asset Services, the Council's independent treasury advisors.

Over the next three years, investment rates are expected to be significantly below long term borrowing rates. This would indicate that value could best be obtained by limiting new external borrowing and by using internal cash balances to finance new capital expenditure or to replace maturing external debt.

This will be weighed against the potential for incurring additional long term costs by delaying new external borrowing until later years when longer term rates are forecast to be significantly higher. Consideration will also be given to forward fixing rates

whilst rates are favourable.

Against this background caution will be adopted within 2019/20 treasury operations. The City Treasurer will monitor the interest rate market and adopt a pragmatic approach to changing circumstances, reporting any decisions to the appropriate decision making body at the next available opportunity.

### **Policy on borrowing in advance of need**

From a statutory point of view a Local Authority has the power to invest for 'any purpose relevant to its functions under any enactment, or for the purposes of the prudent management of its financial affairs.' The MHCLG takes an informal view that local authorities should not borrow purely to invest at a profit. This does not prevent the Council temporarily investing funds borrowed for the purpose of expenditure in the reasonable near future.

This Council will not borrow in advance of need to on lend. Any decision to borrow in advance in support of strategic and service delivery objectives will be in the context of achieving the best overall value for money, for example to minimise the risk of borrowing costs increasing in the future and that the Council can ensure the security of such funds. In determining whether borrowing is undertaken in advance of need the Council will:

- ensure that there is a clear link between the capital programme and maturity profile of the existing debt profile which supports the need to take funding in advance of need;
- ensure the ongoing revenue liabilities created and implications for future plans and budget have been considered;
- evaluate the economic and market factors that might influence the manner and timing of any decision to borrow;
- consider the merits and demerits of alternative forms of funding;
- consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use; and
- consider the impact of borrowing in advance temporarily (until required to finance capital expenditure) increasing investment cash balances and the consequent increase in exposure to counterparty risk, and other risks, and the level of such risks given the controls in place to minimise them.

### **Forward Fixing**

The Council will give consideration to forward fixing debt, whereby the Council agrees to borrow at a point in the future at a rate based on current implied market interest rate forecasts. There is a risk that the interest rates proposed would be higher than current rates it can be beneficial as it avoids the need to borrow in advance of need and suffer cost of carry. It may also represent a saving if rates were to rise in the future. Any decision to forward fix will be reviewed for value for money and will be reported to Members as part of the standard treasury management reporting.

## **Debt Rescheduling**

It is likely that opportunities to reschedule debt in the 2019/20 financial year will be limited particularly as the Council has no existing PWLB loans other than those expected to be taken in the last quarter of 2018/19.

As short term borrowing rates will be considerably cheaper than longer term rates, there may be some opportunity to generate savings by switching from long term debt to short term debt. These savings will need to be considered in the light of the premiums incurred and the likely cost of refinancing those short term loans once they mature compared to the current rates of longer term debt in the existing portfolio.

The debt portfolio following HRA reform consists mainly of LOBOs, and the premia for rescheduling these make it unlikely there will be a cost effective opportunity to reschedule. The premia relates to the future interest payments associated with the loan and compensation for the lender for the buy-back of the interest rate options the loan has embedded in it.

The Council will continue to monitor the LOBO market and opportunities to reschedule, redeem or alter the profile of existing LOBO debt. The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the strategy outlined above in this section;
- enhancing the balance of the portfolio (amending the maturity profile and/or the balance of volatility)

Any restructuring of LOBOs will only be progressed if it provides value for money and reduces the overall treasury risk the Council faces. The Council's Constitution delegates to the City Treasurer the authority to pursue any restructuring, rescheduling or redemption opportunities available.

Consideration will also be given to the potential for making savings by running down investment balances to repay debt prematurely. It is likely short term rates on investments will be lower than rates paid on current debt.

All rescheduling will be reported to the Executive as part of the normal treasury management activity. If rescheduling requires amendments to the Treasury Management Strategy the City Treasurer will be asked to approve them in accordance with her delegated powers and the changes will be reported to Members.

## **Appendix 9**

### **Annual Investment Strategy**

#### ***General Fund***

##### **Introduction**

The Council will have regard to the MHCLG's Guidance on Local Government Investments (the Guidance) and the 2011 and 2017 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes (the CIPFA TM Code). The Council's investment priorities are:

- the security of capital; and
- the liquidity of its investments.

The risk appetite of the Council is low in order to give priority to the security of its investments. The Council will also aim to achieve the optimum return on its investments commensurate with desired levels of security and liquidity.

The borrowing of monies by an Authority purely to invest or on-lend and make a return is unlawful and this Council will not engage in such activity. However the Council may provide loan finance funded from borrowing if this supports the achievement of the Council's strategies and service objectives.

The Icelandic banks crisis and the financial difficulties faced by UK and international banks that followed have placed security of investments at the forefront of Treasury Management investment policy. Similarly the move in the local authority sector to commercial investment had led to a reinforcement of these principles under the revised Prudential Code.

The Council's TMSS focusses solely on treasury management investments. CIPFA has revised the Prudential Code to strengthen disclosure requirements for investments which are commercial in nature, in that they are neither treasury or strategic capital investments. The Council does not hold any commercial investments and details of strategic capital investments can be found in the Capital Strategy and Budget Report to the Executive.

##### **Changes to Credit Rating Methodology**

Through much of the financial crisis the main rating agencies provided some institutions with a ratings 'uplift' due to implied levels of government backing should an institution fail. In response to the evolving regulatory regime and the declining probability of government support the rating agencies are removing these 'uplifts'.

The changes do not reflect any changes in the underlying status of the institution or credit environment, merely the removal of the implied levels of sovereign support built into ratings during the financial crisis. The regulatory and economic environments now mean that financial institutions are much stronger and less prone



to failure in a financial crisis.

The key change to the regulatory framework in respect of banks was introduction of the European Union's Banking Recovery and Resolution Directive (BRRD). In response to the banking crisis some governments used taxpayer funds to support banks. BRRD now requires 'bail-in' to be applied in such a scenario. In the UK this requires that after shareholders' equity, depositors' funds over c.£85k (linked to the Euro) will be used to support a bank at risk. The £85k threshold is not available to local authorities and all bank deposits are at risk of bail-in. This increases the risk to the Council of holding unsecured cash deposits with banks and building societies.

## **Investment Policy**

As previously, the Council will not just utilise ratings as the sole determinant of the quality of an institution. It is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. The Council will engage with its advisors to maintain a monitor on market pricing such as 'credit default swaps'<sup>1</sup> and overlay that information on top of the credit ratings.

Investment in banks and building societies are now exposed to bail-in risk as described above and lower operational limits for these investments were adopted in 2016/17. This is apart from the limit with Barclays bank; Barclays is the Council's main banker and is the investment destination of last resort for the close of daily trading. These revised limits are operational changes and to preserve flexibility should circumstances change the overall investment limits approved for banks and building societies for 2018/19 will be maintained in 2019/20.

The investment constraint brought by bail-in risk means the Council has sought to identify ways that it can broaden and diversify its basis for lending. During 2018/19 the Council decided to reduce its exposure by maintaining a lower level of bank deposits. This strategy saw a significant proportion of the Council's investments placed with the Government (via the DMO) or with other Local Authorities.

From October 2018, in line with the 2018/19 TMS, the Council has started to deposit in Money Market Funds (MMFs) to further diversify the basis for lending, using four MMFs which meet the Council's TMSS criteria. Although MMFs are not directly exposed to bail-in risk there could be a secondary exposure related to the extent that the individual Fund includes bank deposits within its portfolio of investments. Application of bail-in in this scenario would impact on the overall status of the Fund and it is likely that the Council would be able to withdraw from participation in the Fund in such a situation.

To December 2018 the majority of the investment portfolio was with the DMO and other Local Authorities. For liquidity purposes an average of £15m has been held in

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<sup>1</sup> A credit default swap is a financial instrument that effectively provides the holder insurance against a loan defaulting. The CDS spread is the difference between the price at which providers are willing to sell the swap, and the price at which buyers are willing to buy. A relatively high spread may suggest that the loan is more likely to default.

Bank Deposits and from October 2018 Money Market Funds deposits have averaged £20m. This highlights the relatively low credit risk that the Council takes when investing.

For 2019/20 investment the Council will continue to consider trading in Treasury Bills, Certificates of Deposit and Covered Bonds. In addition to diversification each of these options offer the Council benefits which are noted in paragraphs 10.32-36 below. Treasury Bills, Certificates of Deposit and Covered Bonds require the Council to have specific custodian and broker facilities which have been opened. Officers are working to monitor these markets to prompt participation in the instruments when rates are favourable. Work is continuing to open further access points to markets and to identify opportunities for benefit which are new to the Council.

It should be noted that, whilst seeking to broaden the investment base officers will seek to limit the level of risk taken. It is not expected that the measures considered above will have a significant impact on the rates of return the Council currently achieves.

## HRA

In order to maintain efficient, effective and economic treasury management for the Council as a whole, the HRA will only be able to invest with the General Fund. This is discussed further in Appendix I.

## Specified and Non-Specified Investments

Investment instruments identified for use in the financial year are listed below and are all specified investments. Any proposals to use other non-specified investments will be reported to Members for approval.

Specified investments are sterling denominated, with maturities up to a maximum of one year and meet the minimum 'high' rating criteria where applicable. Further details about some of the specified investments below can be found in later paragraphs in this Section.

<b>Table 4</b>	<b>Minimum 'High' Credit Criteria</b>	<b>Use</b>
Term deposits – banks and building societies*	See Para 10.9.	In-house
Term deposits – other Local Authorities	High security. Only one or two local authorities credit-rated	In-house
Debt Management Agency Deposit Facility	UK Government backed	In-house
Certificates of deposit issued by banks and building societies covered by UK Government guarantees	UK Government explicit guarantee	In-house
Money Market Funds (MMFs)	AAA <sub>M</sub>	In-house
Treasury Bills	UK Government backed	In-house
Covered Bonds	AAA	In-house

\* Banks & Building Societies

The Council will keep the investment balance below or at the maximum limit based on the institutions credit rating as detailed in paragraph 10.23. If this limit is breached, for example due to significant late receipts, the City Treasurer will be notified as soon as possible after the breach, along with the reasons for it. Please note this relates to specific investments and not balances held within the Council's bank accounts, including the general bank account.

### **Creditworthiness policy**

The Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies; Fitch, Moody's and Standard & Poor's. Link supplement the credit ratings of counterparties with the following overlays:

- credit watches and credit outlooks from credit rating agencies
- Credit Default Swap spreads to provide early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

The above are combined in a weighted scoring system which is then combined with an overlay of CDS spreads. The end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. This classification is called durational banding.

The Council has regard to Link's approach to assessing creditworthiness when selecting counterparties as it uses a wider array of information than just primary ratings and by using a risk weighted scoring system does not give undue preponderance to just one agency's ratings.

In summary the Council will approach assessment of creditworthiness by using the Link counterparty list and then applying its own counterparty limits and durations. All credit ratings will be monitored on a daily basis and re-assessed weekly. The Council is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service.

- If a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- In addition to the use of Credit Ratings, the Council will be advised of information in Credit Default Swap against the iTraxx benchmark<sup>2</sup> and other market data on a weekly basis. Extreme market movements may result in the downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition, the Council will also use market data and market information, information on government support for banks and the credit ratings of that government support.

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<sup>2</sup> The Markit iTraxx Senior Financials Index is a composite of the 25 most liquid financial entities in Europe. The index is calculated through an averaging process by the Markit Group and is used as the benchmark level of CDS spreads on Capita Asset Services' Credit List.

## Investment Limits

In applying the creditworthiness policy the Council holds the security of investments as the key consideration and will only seek to make treasury investments with counterparties of high credit quality.

The financial investment limits of financial institutions will be linked to their short and long-term ratings (Fitch or equivalent) as follows:

<u>Long Term</u>	<u>Amount</u>
Fitch AA+ and above	£20 million
Fitch AA/AA-	£15 million
Fitch A+/A	£15 million
Fitch A-	£10 million
Fitch BBB+	£10 million

The Council will only utilise those institutions that have a short term rating of F2 or higher, (Fitch or equivalent).

UK Government (including the Debt Management Office)	£200 million
Greater Manchester Combined Authority	£200 million
Other Local Authorities	£20 million

In seeking to diversify the Council will utilise other investment types which are described in more detail below and ensure that the investment portfolio is mixed to help mitigate credit risk. The following limits will apply to each asset type:

<b>Total Deposit</b>	<b>Amount</b>
Local Authorities	£250 million
UK Government	£200 million
-Debt Management Office	
-Treasury Bills	
Money Market Funds	£60 million
Certificates of Deposit	£25 million
Covered Bonds	£25 million

It may be prudent to temporarily increase the limits shown above, as in the current economic environment it is increasingly difficult for officers to place funds. If this is the case officers will seek approval from the City Treasurer and any increase in the limits will be reported to Members through the normal treasury management reporting process. Any HCA funds invested with other local authorities will form part of the £20m limit noted above.

## Country Limits

The introduction of bail-in arrangements means that the Council's exposure to bank and building society deposits should be limited and these deposits will only form part of a diversified investment portfolio to help mitigate the risk.

Previously the Council's treasury management strategies included investment limits to specific countries, such as those rated AAA. The introduction of bail-in arrangements suggests that less reliance can be placed on sovereign support for individual institutions and the country limits have been removed. The focus of credit rating evaluations will be on the individual banks, building societies and organisations.

### **Money Market Funds**

The removal of the implied levels of sovereign support that were built into ratings throughout the financial crisis has impacted on bank and building society ratings across the world. Rating downgrades can limit the number of counterparties available and to provide flexibility the Council will use MMFs when appropriate as an alternative specified investment.

MMFs are investment instruments that invest in a variety of institutions therefore diversifying the investment risk. The funds are managed by a fund manager and have objectives to preserve capital, provide daily liquidity and a competitive yield. The majority of money market funds invest both inside and outside the UK. MMFs also provide flexibility as investments and withdrawals can be made on a daily basis.

MMFs are rated through a separate process to bank deposits. This looks at the average maturity of the underlying investments in the Fund as well as the credit quality of those investments. The Council will only use MMFs where the institutions hold the highest AAA credit rating and those which are UK based.

As with all investments there is some risk with MMFs in terms of the capital value of the investment. European legislation has required existing and new MMFs to convert to a Low Volatility Net Asset Value (LVNAV) basis by January 2019. This basis allows movements in capital value, but there is a restriction that the deviation cannot be more than 20 basis points, e.g. on a deposit of £100 the Fund must ensure withdrawal proceeds are no greater than +/- 20p.

For international investments the Council requires that the countries concerned must possess AAA status if there is a direct investment in a sovereign state. This is not applicable to MMFs. Whilst MMFs invest outside the UK their investment risk is identified on the basis of the total Fund rather than the ratings of the individual components within it. Should a country (or institution) become a higher risk in a MMF portfolio the Fund's management will seek to realign the investment portfolio to maintain the MMF's overall credit rating.

### **Treasury Bills**

Treasury Bills are marketable securities issued by the UK Government and counterparty and liquidity risk is relatively low although there is potential risk to value arising from an adverse movement in interest rates unless they are held to maturity.

Weekly tenders are held for Treasury Bills so the Council could invest funds on a regular basis. This would provide a spread of maturity dates and reduce the volume

of investments maturing at the same time.

There is a large secondary market for Treasury Bills so it is possible to trade them in earlier than the maturity date if required and to purchase them in the secondary market. In the majority of cases the Council will hold to maturity to avoid any potential capital loss from selling before maturity and will only sell the Treasury Bills early if it can demonstrate value for money in doing so.

### **Certificates of Deposit**

Certificates of Deposit are short dated marketable securities issued by financial institutions so the counterparty risk is low. The instruments have flexible maturity dates so it is possible to trade them in early although there is a potential risk to capital if they are traded ahead of maturity and there is an adverse movement in interest rates. Certificates of Deposit are subject to bail-in risk as they are given the same priority as fixed deposits if a bank was to default. The Council will only deal with Certificates of Deposit that are issued by banks and meet the credit criteria.

### **Covered Bonds**

Covered Bonds are debt instruments secured by assets such as mortgage loans. They are issued by banks and other non-financial institutions. The loans remain on the issuing institutions' Balance Sheet and investors have a preferential claim in the event of the issuing institution defaulting. All issuing institutions are required to hold sufficient assets to cover the claims of all covered bondholders. The Council would only deal with bonds that are issued by banks which meet the credit criteria, or AAA rated institutions, (e.g. insurance companies).

### **Liquidity**

Based on cash flow forecasts, the level of cash balances in 2019/20 is estimated to range between £0m and £230m. The higher level can arise where for instance large Government grants are received or long term borrowing has recently been undertaken.

### **Investment Strategy to be followed in-house**

Link's view of forecast Bank Rate is noted at Section 8. The current economic outlook is that the structure of market interest rates and government debt yields have several key treasury management implications:

- The Bank of England has adopted a more aggressive tone in its provision of guidance to financial markets. The Bank has indicated there will be a need to gradually raise the Bank Rate to 1.5% over the next three years to keep inflation under control.
- Link's view is that Bank Rate will continue at its current rate of 0.75% until June 2019 when a rise to 1.00% is predicted. Thereafter rises to 1.25% in March 2020, 1.50% in December 2020 and to 1.75% in June 2021 are

forecast.

- Forecasting as far ahead as 2021 is difficult as there are many potential economic factors which could impact on the UK economy. There are also political developments in the UK, (especially over the terms of Brexit), EU, US and beyond which could have a major impact on forecasts;
- Investment returns are likely to remain relatively low during 2019/20 and beyond;
- Growth in the Eurozone after several years of depression following the financial crisis started to improve from 2016 and now has substantial strength. However, the European Central Bank is struggling to achieve its 2% inflation target and therefore rates will possibly not start to rise until 2019.

There will remain a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns.

The Council will avoid locking into longer term deals while investment rates are at historically low levels unless attractive rates are available with counterparties of particularly high creditworthiness which make longer term deals worthwhile and within the risk parameters set by the Council.

For 2019/20 it is suggested the Council should target an investment return of 0.50% on investments placed during the financial year. For cash flow generated balances the Council will seek to utilise its business reserve accounts and short-dated deposits (overnight to three months) in order to benefit from the compounding of interest.

### **End of year Investment Report**

At the end of the financial year, the Council will receive a report on investment activity as part of the Annual Treasury Report.

### **Policy on the use of External Service Providers**

The Council uses Link Asset Services as external treasury management advisors and has access to another provider who is an approved supplier should a second opinion or additional work be required. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon its external service providers.

The Council recognises there is value in employing external providers of treasury management services to acquire access to specialist skills and resources. It will ensure the terms of the Advisor's appointment and the methods by which their value is assessed are properly agreed and documented, and subjected to regular review.

## Appendix 10

### Proposed Use of Reserves

Reserve	Closing Balance 31/03/2019 £000	Withdrawals £000	Additions £000	Closing Balance 31/03/2020 £000	Closing Balance 31/03/2021 £000	Closing Balance 31/03/2022 £000	Closing Balance 31/03/2023 £000	Purpose
Schools Reserve	20,000	(259)	0	19,741	19,482	19,223	18,964	
<b>General Fund Reserves</b>								
Statutory Reserves	19,133	(10,000)	11,352	20,485	21,945	22,486	22,012	
Earmarked Reserves	240,923	(99,086)	99,732	241,569	224,180	202,735	188,807	
General Fund Reserve	21,279	0	165	21,444	21,444	21,444	21,444	
<b>Total General Fund</b>	<b>281,335</b>	<b>(109,086)</b>	<b>111,249</b>	<b>283,498</b>	<b>267,569</b>	<b>246,665</b>	<b>232,263</b>	
<b>Housing Revenue Account Reserves:</b>								
Housing Revenue Account General Reserve	67,335	(10,353)	0	56,982	35,471	27,308	27,048	
HRA PFI reserve	10,000	0	0	10,000	10,000	10,000	10,000	
HRA Residual liabilities fund	24,000	0	0	24,000	24,000	24,000	24,000	
Housing Insurance reserve	1,570	0	200	1,770	1,970	2,170	2,370	
<b>Total HRA</b>	<b>102,905</b>	<b>(10,353)</b>	<b>200</b>	<b>92,752</b>	<b>71,441</b>	<b>63,478</b>	<b>63,418</b>	
<b>TOTAL RESERVES</b>	<b>404,240</b>	<b>(119,698)</b>	<b>111,449</b>	<b>395,991</b>	<b>358,492</b>	<b>329,366</b>	<b>314,645</b>	
<b><u>SCHOOLS RESERVE</u></b>								
LMS Reserve	20,000	(259)	0	19,741	19,482	19,223	18,964	School balances - These are not MCC resource and so cannot be used by MCC
<b>Sub Total Schools</b>	<b>20,000</b>	<b>(259)</b>	<b>0</b>	<b>19,741</b>	<b>19,482</b>	<b>19,223</b>	<b>18,964</b>	
<b><u>STATUTORY RESERVES</u></b>								



Reserve	Closing Balance 31/03/2019 £000	Withdrawals £000	Additions £000	Closing Balance 31/03/2020 £000	Closing Balance 31/03/2021 £000	Closing Balance 31/03/2022 £000	Closing Balance 31/03/2023 £000	Purpose
Bus Lane Enforcement Reserve	11,636	(4,242)	5,000	12,394	12,902	12,910	12,418	Ringfenced reserve which can only be applied to specific transport and highways related activity.
On Street Parking	2,863	(5,611)	5,049	2,301	3,615	5,024	6,433	Ringfenced reserve which can only be applied to specific transport and highways related activity.
Ancoats Square Reserve	1,878	(118)	0	1,760	1,642	1,524	1,406	Received from the HCA to cover the revenue costs of maintaining Ancoats Square for a period of at least 25 years.
Spinningfields Commuted Sum	969	(9)	0	960	951	942	933	Funds received as part of an agreement to cover maintenance costs.
New Smithfield Market	349	0	20	369	369	369	369	To contribute towards funding the development plans for the market
Great Northern Square Maintenance Fund	303	(20)	0	283	263	243	223	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	17	Kept as part of future payments for school prizes
Landlord Licensing Reserve	319	0	1,283	1,602	1,387	658	(586)	Smoothing reserve
Art Fund Reserve	35	0	0	35	35	35	35	For art purchases
St Johns Gardens Contingency	764	0	0	764	764	764	764	Contribution from St Johns Gardens tenants for maintenance works
<b>Sub Total Statutory</b>	<b>19,133</b>	<b>(10,000)</b>	<b>11,352</b>	<b>20,485</b>	<b>21,945</b>	<b>22,486</b>	<b>22,012</b>	
<b><u>EARMARKED RESERVES</u></b>								
<b><u>BALANCES HELD FOR PFI'S</u></b>								
Street Lighting PFI	567	(37)	0	530	425	255	15	Established to fund the requirements over 25 years re: the PFI contract for Street Lighting service via external contractors

Reserve	Closing Balance 31/03/2019 £000	Withdrawals £000	Additions £000	Closing Balance 31/03/2020 £000	Closing Balance 31/03/2021 £000	Closing Balance 31/03/2022 £000	Closing Balance 31/03/2023 £000	Purpose
Temple PFI	665	0	12	677	564	441	295	Established to fund the requirements of the PFI scheme over 25 years
Wright Robinson PFI Reserve	1,312	0	40	1,352	1,392	1,432	1,472	PFI Scheme 25 year contract drawdown will be in future years as expenditure exceeds grant.
<b>Total held for PFI's</b>	<b>2,544</b>	<b>(37)</b>	<b>52</b>	<b>2,559</b>	<b>2,381</b>	<b>2,128</b>	<b>1,782</b>	
<b><u>Reserves directly supporting the revenue budget</u></b>								
Adult Social Care	3,060	(3,643)	4,493	3,910	1,760	0	0	To support Adult and Social Care Improvement Plan
Social Care Reserve	16,597	(7,677)	2,904	11,824	5,609	31	31	To address pressures in social care, in particular the need to invest in early help and prevention in Children's Services and continued pressures on LAC budgets
Crime and Disorder	1,500	(420)	0	1,080	540	0	0	To fund Anti-Social Behaviour Team
Budget smoothing reserve	2,500	(2,500)	0	0	0	0	0	To address pressures in social care, in particular the need to invest in early help and prevention in Children's Services and continued pressures on LAC budgets
<b>Total held to support the revenue budget</b>	<b>23,657</b>	<b>(14,240)</b>	<b>7,397</b>	<b>16,814</b>	<b>7,909</b>	<b>31</b>	<b>31</b>	
<b><u>RESERVES HELD TO SMOOTH RISK / ASSURANCE</u></b>								
<b><u>Risks</u></b>								
Historic Abuse Claims Reserve	600	0	0	600	600	600	600	For potential future legal cases

Reserve	Closing Balance 31/03/2019 £000	Withdrawals £000	Additions £000	Closing Balance 31/03/2020 £000	Closing Balance 31/03/2021 £000	Closing Balance 31/03/2022 £000	Closing Balance 31/03/2023 £000	Purpose
Planning Reserve	1,975	(300)	0	1,675	1,375	1,075	775	Reserve to be used to fund costs of staff and studies required to meet our statutory obligations to bring forward a Local Plan
Transformation Reserve	8,953	0	0	8,953	8,953	8,953	8,953	To support costs of future service change.
Airport Dividend reserve	45,413	(45,413)	45,413	45,413	45,413	45,413	45,413	The additional airport dividend will be used to support future years budget
Land Charges Fees Reserve	373	0	0	373	373	373	373	To mitigate risk across financial years
Pension Risk Fund - MWL	514	0	10	524	0	0	0	To fund wind up costs in 2020/21
Manchester International Festival	1,508	(500)	0	1,008	508	0	0	To fund the additional costs of the Manchester International Festival Fund and Factory.
Highways reserve	702	(28)	0	674	646	618	590	Commuted sums received that will be utilised for highways schemes in future years
Insurance Fund	12,124	(500)	0	11,624	11,124	10,624	10,124	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.
Children's Services Reserve	15	(15)	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.
Taxi Licensing Reserve	280	0	266	546	546	546	546	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	22	22	22	To fund future markets expenditure

Reserve	Closing Balance 31/03/2019 £000	Withdrawals £000	Additions £000	Closing Balance 31/03/2020 £000	Closing Balance 31/03/2021 £000	Closing Balance 31/03/2022 £000	Closing Balance 31/03/2023 £000	Purpose
Rogue Landlord reserve	0	0	100	100	100	100	100	This reserve holds the funding for investigation into poor property conditions in the private rented sector in Manchester with the purpose of improving housing conditions for tenants by enforcing compliance with statutory regulations and standards.
Selective Licensing reserve	300	0	235	535	535	535	535	Costs for administering the reputable landlord initiative and ensure compliance
Investment Estate smoothing reserve	1,000	(700)	0	300	300	300	300	To manage budget pressures due to the volatility in investment income.
Business Rates Reserve	18,416	(2,490)	9,403	25,329	22,839	20,349	19,859	To mitigate Business Rates income risk
<b>TOTAL Risk/Smooth</b>	<b>92,216</b>	<b>(49,967)</b>	<b>55,427</b>	<b>97,676</b>	<b>93,334</b>	<b>89,508</b>	<b>88,190</b>	
<b>RESERVES HELD TO FUND CAPITAL SCHEMES AND OTHER SPECIFIC PROJECT RELATED COSTS</b>								
Regeneration reserve	13,521	(2,325)	0	11,196	8,871	7,296	6,096	To deliver regeneration projects.
Enterprise zone reserve	893	(75)	563	1,381	1,313	0	0	To fund the borrowing costs of projects
Capital Fund Reserve	48,008	(13,435)	22,405	56,978	56,805	48,178	34,115	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.

Reserve	Closing Balance 31/03/2019 £000	Withdrawals £000	Additions £000	Closing Balance 31/03/2020 £000	Closing Balance 31/03/2021 £000	Closing Balance 31/03/2022 £000	Closing Balance 31/03/2023 £000	Purpose
Capital Financing Reserve	29,730	0	5,000	34,730	39,730	44,730	49,730	To reflect increase in borrowing costs due to the Council's capital investment
Eastlands Reserve	4,218	(6,463)	5,118	2,873	2,309	2,179	2,380	English Institute of Sport - Sport England MCFC income
<b>Total to fund capital scheme and other specific relates costs</b>	<b>96,370</b>	<b>(22,298)</b>	<b>33,086</b>	<b>107,158</b>	<b>109,028</b>	<b>102,383</b>	<b>92,321</b>	
<b>RESERVES TO SUPPORT GROWTH AND REFORM</b>								
Better Care	3,303	(1,955)	0	1,348	75	75	75	Contributions received from CCG's
Town Hall Reserve	10,820	(2,889)	2,400	10,331	7,943	5,732	3,504	To fund revenue expenditure on the Town Hall Complex Programme
Clean City	412	(412)	0	0	0	0	0	To support green initiatives
NW Construction Hub Reserve	11	(11)	0	0	0	0	0	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.
Our Manchester reserve	5,092	(4,685)	1,100	1,507	7	7	7	Additional investment made available as part of the 2017-2020 budget process to drive forward the delivery of Our Manchester
<b>TOTAL</b>	<b>19,638</b>	<b>(9,952)</b>	<b>3,500</b>	<b>13,186</b>	<b>8,025</b>	<b>5,814</b>	<b>3,586</b>	
<b>GRANTS USED OVER ONE YEAR</b>								
English Partnership (HCA)	1,562	(500)	0	1,062	562	0	0	HCA approval required to Fund Development appraisal and Eastlands Project team

Reserve	Closing Balance 31/03/2019 £000	Withdrawals £000	Additions £000	Closing Balance 31/03/2020 £000	Closing Balance 31/03/2021 £000	Closing Balance 31/03/2022 £000	Closing Balance 31/03/2023 £000	Purpose
Other Grants and Contributions	443	(451)	90	82	82	82	82	Various local Environment scheme and initiatives i.e. 'clean up campaigns'
Contributions Other Local Authorities	358	(71)	35	322	322	322	322	Relates to various ongoing Civil Contingencies schemes.
Other Grants and Contributions Regeneration	116	(26)	0	90	90	90	90	Unspent grant received in previous year
Fraud Fund	136	(70)	0	66	0	0	0	Unspent grant received in previous year
Supporting People	418	(418)	0	0	0	0	0	Unspent grant received in previous year
Asylum Seekers	358	0	0	358	287	191	191	£482k will be drawn down from the Asylum Seekers reserve that was originally set aside from The Target Asylum Contracts, earned by the NW consortium team. This will fund the Local Authority Asylum Support Officer (LAASLO) project. Remaining balance is to fund residual costs to be incurred by the local authority
Collection Initiatives Reserve	839	(197)	0	642	580	580	580	Small reserves on Corporate Core
Flood management reserve	74	0	0	74	74	74	74	Unspent grant received in previous year
<b>TOTAL</b>	<b>4,304</b>	<b>(1,733)</b>	<b>125</b>	<b>2,696</b>	<b>1,997</b>	<b>1,339</b>	<b>1,339</b>	
<b><u>SMALL SPECIFIC RESERVES</u></b>								
Investment Reserve from Surpluses	151	(151)	0	0	0	0	0	Funding belonging to schools which the Council holds on their behalf. The purpose is to fund repairs and improvements to school kitchens.
Nuclear Free Zone	51	0	0	51	51	51	51	General reserve

Reserve	Closing Balance 31/03/2019 £000	Withdrawals £000	Additions £000	Closing Balance 31/03/2020 £000	Closing Balance 31/03/2021 £000	Closing Balance 31/03/2022 £000	Closing Balance 31/03/2023 £000	Purpose
Highways Commuted Sum	599	(14)	0	585	571	557	543	Funds received as part of developer agreements
NSM - Car Boot	263	(45)	0	218	228	238	248	Used to fund repairs and maintenance of facilities for traders.
Cemeteries Replacement	401	0	40	441	481	521	561	To purchase land for burials
Primary School Catering Reserve	127	(127)	0	0	0	0	0	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	(166)	0	0	0	0	0	Reserve established to meet refurbishment cost of school kitchens.
Brexit Reserve	241	(346)	105	0	0	0	0	To fund BREXIT related costs that fall across more than one year
Councils with ALMOs Group (CWAG) Reserve	70	(10)	0	60	50	40	30	Held in relation to the running costs of CWAG which is administered by MCC
Graves And Memorials	97	0	0	97	97	97	97	Money held in trust for repair and development costs for gravestones
Other Small Specific reserves	28	0	0	28	28	28	28	Small specific reserves
<b>Total Small Specific Reserves</b>	<b>2,194</b>	<b>(859)</b>	<b>145</b>	<b>1,480</b>	<b>1,506</b>	<b>1,532</b>	<b>1,558</b>	
<b>TOTAL EARMARKED RESERVES</b>	<b>240,923</b>	<b>(99,086)</b>	<b>99,732</b>	<b>241,569</b>	<b>224,180</b>	<b>202,735</b>	<b>188,807</b>	
<b>Total General Fund Reserves</b>	<b>281,335</b>	<b>(109,086)</b>	<b>111,249</b>	<b>283,498</b>	<b>267,569</b>	<b>246,665</b>	<b>232,263</b>	

## Appendix 11

### COUNCIL TAX

#### 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 2019 be approved.
2. That it be noted that the Deputy Chief Executive and City Treasurer acting under delegated powers has determined the amount of 116,015 as the Council Tax base for Manchester for the year 2019/20 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 2019/20 in accordance with Sections 31A to 36 of the Local Government Finance Act 1992:-
  - (a) £1,517,525,607 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) £1,358,496,000 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) (a) to (d) of the Act.
  - (c) £159,029,607 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) £1,370.77 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
£913.85	£1,066.15	£1,218.46	£1,370.77	£1,675.39	£1,980.00	£2,284.62	£2,741.54

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



dwelling listed in a particular valuation band divided by the number which in that proportion is applicable to dwelling 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 dwelling listed in different valuation bands.

4. That it be noted that for the year 2019/20 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 dwelling shown below:-

Precepting Valuation bands

Greater Manchester Mayoral Police and Crime Commissioner Precept

A	B	C	D	E	F	G	H
£132.20	£154.23	£176.27	£198.30	£242.37	£286.43	£330.50	£396.60

Greater Manchester Mayoral General Precept (including Fire Services)

A	B	C	D	E	F	G	H
£51.29	£59.84	£68.39	£76.95	£94.05	£111.15	£128.24	£153.90

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 2019/20 for each of the categories of dwelling shown below.

Valuation bands

A	B	C	D	E	F	G	H
£1,097.34	£1,280.22	£1,463.12	£1,646.02	£2,011.81	£2,377.58	£2,743.36	£3,292.04

**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)	£95,752,000	£1,308,924,607	£1,404,676,607
Section 31A(2)(b)	£0	£1,600,000	£1,600,000
Section 31A(2)(c)	£0	£111,249,000	£111,249,000
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
	£95,752,000	£1,421,773,607	£1,517,525,607
Income			
Section 31A(3)(a)	(£85,399,000)	(£812,060,971)	(£897,459,971)
Section 31A(3)(aa)	£0	(£321,465,500)	(£321,465,500)
Section 31A(3)(b)	£0	(£18,749,000)	(£18,749,000)
Section 31A(3)(c)	£0	(£1,123,529)	(£1,123,529)
Section 31A(3)(d)	(£10,353,000)	(£109,345,000)	(£119,698,000)
	(£95,752,000)	(£1,262,744,000)	(£1,358,496,000)

1.5 **Council Tax Requirement under Section 31A(4)** being the amount by which the aggregate under Section 31A(2) exceeds the aggregate under Section 31A(3) is £159,029,607.

## 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	£159,029,607
Divided by:	
Council Tax Base	116,015

**Band D Basic Amount of Council Tax is: £1,370.77**

## Appendix 12

<b>COLLECTION FUND BUDGET 2019/20</b>	<b>Budget Estimate</b>
	<b>£'000</b>
<b><u>EXPENDITURE</u></b>	
<b><u>COUNCIL TAX</u></b>	
(Surplus) / Deficit B/fwd	(6,480)
Precepts:	
- Mayoral General (including Fire Services)	8,927
- Mayoral Police & Crime Commissioner	23,006
- City of Manchester	159,029
Total Precepts	190,962
<b>Council Tax Total Expenditure</b>	<b>184,482</b>
<b><u>BUSINESS RATES</u></b>	
(Surplus) / Deficit B/fwd	(13,405)
Payments/Transfers:	
- Mayoral General (including Fire Services)	3,329
- City of Manchester	329,567
Total Payments/transfers	332,896
<b>Business Rates Total Expenditure</b>	<b>319,491</b>
<b>Collection Fund Total Expenditure</b>	<b>503,973</b>
<b><u>INCOME</u></b>	
<b><u>COUNCIL TAX</u></b>	
Council Tax Income	198,359
Write Off of uncollectable amounts	(834)
Allowance for Impairment	(6,563)
<u>Council tax receivable</u>	190,962
<u>Contribution of Council Tax (surplus) / deficit:</u>	
- Mayoral General (including Fire Services)	(5,478)
- Mayoral Police & Crime Commissioner	(721)
- City of Manchester	(281)
Total Contribution to Council Tax (surplus) / deficit	(6,480)
<b>Council Tax Total Income</b>	<b>184,482</b>

<b>COLLECTION FUND BUDGET 2019/20</b>	<b>Budget Estimate  £'000</b>
<b><u>BUSINESS RATES</u></b>	
Non Domestic Business Rates Income	372,823
Enterprise Zone Relief	(1,034)
Cost of Collection Allowance	(1,124)
Losses in Collection	(10,823)
Increase in Provision for Appeals	(26,946)
<u>Business rates receivable</u>	332,896
<u>Contribution of Business Rates (surplus) / deficit:</u>	
- Mayoral General (including Fire Services)	(134)
- City of Manchester	(13,271)
Total Contribution to Business Rates (surplus)/deficit	(13,405)
<b>Business Rates Total Income</b>	<b>319,491</b>
<b>Collection Fund Total Income</b>	<b>503,973</b>
<b>MOVEMENT ON FUND BALANCE</b>	
Council Tax (Surplus) / Deficit C/fwd	0
Business Rates (Surplus) / Deficit Cfwd	0
Collection Fund (Surplus) / Deficit	<b>0</b>