

Council

Minutes of the meeting held on Friday, 6 March 2020

Present:

The Right Worshipful, the Lord Mayor Councillor Chohan – in the Chair

Councillors:

Akbar, Ahmed Ali, Azra Ali, Nasrin Ali, Shaukat Ali, Alijah, Andrews, Battle, Bridges, Butt, Chambers, Clay, Collins, Cooley, Craig, Curley, M Dar, Davies, Dobson, Doswell, Evans, Farrell, Flanagan, Grimshaw, Hassan, Hewitson, Hitchen, Holt, Hughes, Ilyas, Jeavons, Johns, S Judge, T Judge, Kamal, Karney, Kilpatrick, Kirkpatrick, Leech, Leese, J Lovecy, Ludford, Lynch, Lyons, McHale, Midgley, Madeleine Monaghan, Mary Monaghan, N Murphy, Newman, Noor, O'Neil, Ollerhead, B Priest, H Priest, Rahman, Raikes, Rawlins, Rawson, Razaq, Reid, Riasat, Richards, Rowles, Russell, M Sharif Mahamed, Sheikh, A Simcock, K Simcock, Stanton, Stogia, Stone, Taylor, Watson, Wheeler, Whiston, White, Wills, Wilson and Wright

CC/20/15. The Lord Mayor's Special Business - Election of Councillor Kenneth Dobson

The Lord Mayor congratulated Councillor Dobson on his recent winning of the recent by-election in Clayton and Openshaw and welcomed him on his return to the Council.

CC/20/16. The Lord Mayor's Special Business - Hearts for the Arts Awards 2020

The Lord Mayor congratulated Councillor Rahman, Executive Member for Leisure, Culture and Skills who had been declared the national arts champion councillor in the Hears for Arts Awards 2020. The award had recognised Councillor Rahman as a true champion of the Arts and a huge believer in celebrating the diversity of the city.

CC/20/17. The Council's Revenue and Capital Budget 2020/21

The Council met to consider and set the 2020/21 budget, Council Tax resolution for 2020/21 and Collection Fund budget for 2020/21. In doing so, the proceedings of the Art Galleries Committee on 12 February 2020 which provided details of the Art Galleries budget for 2020/21 were submitted for approval. In addition, the part proceedings of the Executive on 12 February 2020 were submitted for approval, which contained details on the following:

- The Councils Budget 2020/21 – Covering Report;
- Medium Term Financial Plan 2020/21 - 2022/23;
- Capital Strategy and Budget 2019/20;
- Council Business Plan 2020/21;

- Children and Education Budget 2020/21;
- Adult Social Care and Population Health Budget 2020/21;
- Manchester Health and Care Commissioning Budget 2020/21;
- Homelessness Budget 2020/21;
- Neighbourhoods Directorate Budget 2020/21;
- Growth and Development Budget 2020/21;
- Corporate Core Budget 2020/21;
- Dedicated Schools Grant 2020/21;
- Housing Revenue Account 2020/21 to 2022/23;
- Treasury Management Strategy Statement and Borrowing Limits and Annual Investment Strategy 2020/21;
- Budget 2020/21 Public Consultation Outcomes; and
- Budget 2020/21 Equality Impact Assessment.

The Council also considered the following reports:-

- The Capital Strategy and Budget 2020/21;
- The Treasury Management Strategy Statement and Borrowing Limits and Annual Investment Strategy 2020/21; and
- The Council Tax Resolution 2020/21.

In addition, the Council received the minutes of the Resources and Governance Scrutiny Committee on 24 February 2020 that had considered the Budget Report 2020-2021.

Councillor Leese moved the proceedings of the Art Galleries Committee and part proceedings of the Executive, both held on 12 February 2020, the Revenue and Capital Budgets (as amended by the joint report of the City Treasurer, Chief Executive and City Solicitor) and the recommendations as detailed in the above reports, which were seconded by Councillor Ollerhead (Executive Member for Finance and Human Resources). In seconding the recommendations, Councillor Ollerhead, presented his budget statement for 2020/21 to Council.

Councillor Stanton, Opposition Lead Member on Finance, responded to the Executive Member for Finance and Human Resources budget statement for 2020/21.

The Council then considered four amendments to the Council Budget 2020/21.

The first amendment, moved by Councillor Stanton, and seconded by Councillor Kilpatrick was as follows:-

“To allocate a budget of £960,000 phased equally over three years to enable the Council to make available a £10,000pa Green Neighbourhood Investment Fund in each of the 32 wards, encouraging our neighbourhoods to participate in carbon reduction on a community-led basis shaped by the priorities of the Manchester Climate Change Action Plan; to be funded out of the proposed £2.079m contribution to the Business Rates Reserve for 2020/21”.

The second amendment, moved by Councillor Kilpatrick and seconded by Councillor Stanton was as follows:-

“To allocate a budget of £960,000 phased equally over three years to enable the Council to deliver a programme of target hardening (including further alleygating) in areas of benefit; to be funded out of the proposed £2.079m contribution to the Business Rates Reserve for 2020/21 and to allocate a budget of £1.5m to enable the Council to deliver road safety & traffic calming schemes in areas of need; to be funded through transfer from the On-street Parking reserve”.

The third amendment, moved by Councillor Leech and seconded by Councillor Kilpatrick was as follows:-

“To establish a three-year budget totalling £600,000 to at least double 24-hour toilet provision in the City Centre, lessening the impact of any Public Space Protection Order on our homeless population; funded through a release of reserves”.

The fourth and final amendment, moved by Councillor Flanagan and seconded by Councillor Johns was as follows:-

“We wish to amend to amend this year’s budget and call on the Council to set up a one-off fund for £250,000 to be called the Spring Challenge Fund”.

Members then commented on the proposed amendments.

In his right of reply, Councillor Leese moved a motion without notice under Council Rule of Procedure 19.1(k), to suspend particular Rules, in order to suspend Rule of Procedure 18 - Amendments to be moved at Council.

On the motion without notice being put to the vote, the Lord Mayor declared it carried.

Councillor Leese then moved the following amendment in relation to the motions submitted by Councillors Stanton and Kilpatrick, which was seconded by Councillor N Murphy:-

“That Council neither supported or opposed the amendments and instead agrees to refer the consideration of the proposals within these amendments to the Executive”.

On the amendment proposed by Councillor Leese being put to the vote, the Lord Mayor declared it carried, the result being:-

For the amendment (79)

Chohan, Akbar, Ahmed Ali, Azra Ali, Nasrin Ali, Shaukat Ali, Alijah, Andrews, Battle, Bridges, Butt, Chambers, Clay, Collins, Cooley, Craig, Curley, M Dar, Davies, Doswell, Douglas, Evans, Farrell, Flanagan, Grimshaw, Hassan, Hewitson, Hitchen, Hughes, Ilyas, Jeavons, Johns, S Judge, T Judge, Kamal, Karney, Kilpatrick, Kirkpatrick, Leech, Leese, J Lovecy, Ludford, Lynch, Lyons, McHale, Midgley, Madeleine Monaghan, Mary Monaghan, N Murphy, Newman, Noor, O'Neil, Ollerhead, B Priest, H Priest, Rahman, Raikes, Rawlins, Rawson, Razaq, Reid,

Riasat, Richards, Rowles, Russell, M Sharif Mahamed, Sheikh, A Simcock, K Simcock, Stanton, Stogia, Stone, Taylor, Watson, Wheeler, Whiston, White, Wills, Wilson and Wright

Against the Amendment (0)

Abstentions (0)

Non voting (2)

Dobson and Holt

The Lord Mayor then put the remaining amendments from Councillors Leech and Flanagan to the vote. On being put to the vote the Lord Mayor declared that the amendment proposed by Councillor Leech was lost, the result being:

For the amendment (5)

Ahmed Ali, Kilpatrick, Leech, Reid and Stanton

Against the Amendment (74)

Chohan, Akbar, Azra Ali, Nasrin Ali, Shaukat Ali, Alijah, Andrews, Battle, Bridges, Butt, Chambers, Clay, Collins, Cooley, Craig, Curley, M Dar, Davies, Doswell, Douglas, Evans, Farrell, Flanagan, Grimshaw, Hassan, Hewitson, Hitchen, Hughes, Ilyas, Jeavons, Johns, S Judge, T Judge, Kamal, Karney, Kirkpatrick, Leese, J Lovecy, Ludford, Lynch, Lyons, McHale, Midgley, Madeleine Monaghan, Mary Monaghan, N Murphy, Newman, Noor, O'Neil, Ollerhead, B Priest, H Priest, Rahman, Raikes, Rawlins, Rawson, Razaq, Riasat, Richards, Rowles, Russell, M Sharif Mahamed, Sheikh, A Simcock, K Simcock, Stogia, Stone, Taylor, Watson, Wheeler, Whiston, White, Wills, Wilson and Wright

Abstentions (0)

Non voting (2)

Dobson and Holt

and the amendment proposed by Councillor Flanagan was carried, the result being:

For the amendment (79)

Chohan, Akbar, Ahmed Ali, Azra Ali, Nasrin Ali, Shaukat Ali, Alijah, Andrews, Battle, Bridges, Butt, Chambers, Clay, Collins, Cooley, Craig, Curley, M Dar, Davies, Doswell, Douglas, Evans, Farrell, Flanagan, Grimshaw, Hassan, Hewitson, Hitchen, Hughes, Ilyas, Jeavons, Johns, S Judge, T Judge, Kamal, Karney, Kilpatrick, Kirkpatrick, Leech, Leese, J Lovecy, Ludford, Lynch, Lyons, McHale, Midgley, Madeleine Monaghan, Mary Monaghan, N Murphy, Newman, Noor, O'Neil, Ollerhead, B Priest, H Priest, Rahman, Raikes, Rawlins, Rawson, Razaq, Reid, Riasat, Richards, Rowles, Russell, M Sharif Mahamed, Sheikh, A Simcock, K

Simcock, Stanton , Stogia, Stone, Taylor, Watson, Wheeler, Whiston, White, Wills, Wilson and Wright

Against the Amendment (0)

Abstentions (0)

Non voting (2)

Dobson and Holt

The Lord Mayor then invited Council to vote on the amended budget motion as the substantive budget resolution, and in doing so, sought Council to:-

- (1) Approve proposals to ensure that the Housing Revenue Account for 2020/21 did not show a debit balance (as set out in Appendix 1 to these minutes);
- (2) Approve the virements over £0.5m between capital schemes to maximise use of funding resources available to the City Council (as part of the recommendations within **Capital Programme Monitoring 2019/20** (Minute Exe/20/11 refers));
- (3) Approve for 2020/21:
 - an increase in the basic amount of Council Tax (i.e. the Council's element of Council Tax) by 3.99%. The Council has consulted on the 2% Adult Social Care precept increase. If agreed, it is proposed to prioritise this resource to support adults with learning disabilities to help meet the increased need and complexity of residents;
 - the contingency sum of £0.860m;
 - corporate budget requirements to cover levies/charges of £71.327m, capital financing costs of £44.507m, additional allowances and other pension costs of £9.580m and insurance costs of £2.004m;
 - the inflationary pressures and budgets to be allocated sum of £10.271m; and delegate the final allocations to the Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources. The Manchester Health and Care Commissioner (MHCC) elements of these costs have already been included in the Pooled Budget. The use of these budgets will be agreed with the MLCO Partnership Board, which has representation from all key partners, along with identifying whether any more formal approvals are required in line with the Council's key decision thresholds.
 - the estimated utilisation of £9.579m in 2020/21 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; and

- the planned use of, and movement in, reserves as identified in the report, subject to the final call on reserves after any changes are required to account for final levies,

as set out in the **Medium Term Financial Plan** (Minute Exe/20/13 refers).

- (4) Approve the budget changes for the 2019/20 capital programme (as detailed in the **Capital Strategy and Budget 2019/20 to 2023/24** report);
- (5) Approve the capital programme as presented in Appendix 2 (for £318.0m in 2019/20, £378.4m in 2020/21, £288.8m in 2021/22, £208.3 in 2022/23 and £55.3m in 2023/24) which will require prudential borrowing of £710.7m 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) Delegate authority to:-
 - The Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources to approve capital expenditure on schemes which have budget approval.
 - 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 Deputy Chief Executive and 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 2020/21 and then £5m per year thereafter.
 - The Deputy Chief Executive and 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 Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources to agree and approve where appropriate the programme of schemes for the delivery of the corporate asset management programme.
 - The Deputy Chief Executive and City Treasurer and City Solicitor in consultation with the Executive Member for Finance and Human Resources to agree and approve the governance process for bids to the proposed VCSE Fund.
- (7) Approve the proposed Treasury Management Strategy Statement (as detail in the **Treasury Management Strategy Statement and Borrowing Limits and Annual Investment Strategy 2020/21 report** (Minute Exe/20/19 refers)), in particular the:

- Borrowing Requirement listed in Section 7 of the report;
 - Borrowing Strategy outlined in Section 10 of the report;
 - Annual Investment Strategy detailed in Section 11 of the report;
 - Prudential and Treasury Indicators listed at Appendix 3 of these minutes;
 - MRP Strategy outlined in Appendix 4 of these minutes;
 - Treasury Management Policy Statement at Appendix 5 of these minutes;
 - Treasury Management Scheme of Delegation as detailed at Appendix 6 of these minutes;
- (8) Delegate to the Deputy Chief Executive and City Treasurer, in consultation with the Executive Member for Finance and Human Resources, the power 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; and

In considering the **Council Tax Resolution** report, the Council was asked to:-

- (9) Adopt the part proceedings of the Executive on 12 February 2020 and as amended today.
- (10) Note the position on reserves as detailed in Appendix 10 to these minutes.
- (11) Note that the budget has been prepared on the basis that the amendment to establish a Spring Challenge Fund of £250,000 is approved.
- (12) Note that the Council tax resolution included at Appendix 11 reflects the budget position, including the amendment reported at recommendation (11).
- (13) 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.
- (14) 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.

- (15) Approve the Collection Fund Budget for 2020/21 as set out in Appendix 11 to this report.

For the motion (79)

Chohan, Akbar, Ahmed Ali, Azra Ali, Nasrin Ali, Shaukat Ali, Alijah, Andrews, Battle, Bridges, Butt, Chambers, Clay, Collins, Cooley, Craig, Curley, M Dar, Davies, Doswell, Douglas, Evans, Farrell, Flanagan, Grimshaw, Hassan, Hewitson, Hitchen, , Hughes, Ilyas, Jeavons, Johns, S Judge, T Judge, Kamal, Karney, Kilpatrick, Kirkpatrick, Leech, Leese, J Lovecy, Ludford, Lynch, Lyons, McHale, Midgley, Madeleine Monaghan, Mary Monaghan, N Murphy, Newman, Noor, O'Neil, Ollerhead, B Priest, H Priest, Rahman, Raikes, Rawlins, Rawson, Razaq, Reid, Riasat, Richards, Rowles, Russell, M Sharif Mahamed, Sheikh, A Simcock, K Simcock, Stanton, Stogia, Stone, Taylor, Watson, Wheeler, Whiston, White, Wills, Wilson and Wright

Against the Motion (0)

Abstentions (0)

Non voting (2)

Dobson and Holt

The Lord Mayor declared that the motion was carried.

Decisions

- (1) To approve the proceedings of the Art Galleries Committee on 12 February 2020 which provided details of the Art Galleries budget for 2020/21, and the part proceedings of the Executive on 12 February 2020, which contained details on the following:

- The Councils Budget 2020/21 – Covering Report;
- Medium Term Financial Plan 2020/21 - 2022/23;
- Capital Strategy and Budget 2019/20;
- Council Business Plan 2020/21;
- Children and Education Budget 2020/21;
- Adult Social Care and Population Health Budget 2020/21;
- Manchester Health and Care Commissioning Budget 2020/21;
- Homelessness Budget 2020/21;
- Neighbourhoods Directorate Budget 2020/21;
- Growth and Development Budget 2020/21;
- Corporate Core Budget 2020/21;
- Dedicated Schools Grant 2020/21;
- Housing Revenue Account 2020/21 to 2022/23;
- Treasury Management Strategy Statement and Borrowing Limits and Annual Investment Strategy 2020/21;
- Budget 2020/21 Public Consultation Outcomes; and

- Budget 2020/21 Equality Impact Assessment.
- (2) To note the minutes of the Resources and Governance Scrutiny Committee on 24 February 2020.
 - (3) To approve the proposals, as set out in Appendix 1 of these minutes, to ensure that the Housing Revenue Account for 2020/201 does not show a debit balance.
 - (4) To approve the recommendations as detailed in minute reference Exe/20/13 of the part proceedings: Medium Term Financial Plan
 - an increase in the basic amount of Council Tax (i.e. the Council's element of Council Tax) by 3.99% (including 2% for Adult Social Care);
 - the contingency sum of £0.860m;
 - the corporate budget requirements to cover levies/charges of £71.327m, capital financing costs of £44.507m, additional allowances and other pension costs of £9.580m and insurance costs of £2.004m;
 - delegation of authority to the Deputy Chief Executive & 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 £10.271m. In doing it was noted that the Manchester Health and Care Commissioner (MHCC) elements of these costs 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;
 - the estimated utilisation of £9.579m in 2020/21 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; and
 - The position on reserves 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.
 - (5) To approve the budget changes for the 2019/20 capital programme.
 - (6) To approve the capital programme as presented in Appendix 2 (for £318.0m in 2019/20, £378.4m in 2020/21, £288.8m in 2021/22, £208.3 in 2022/23 and £55.3m in 2023/24) which will require prudential borrowing of £710.7m 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 Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources to approve capital expenditure on schemes which have budget approval;
 - 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 Deputy Chief Executive & 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 2020/21 and then £5m per year thereafter;
 - The Deputy Chief Executive & 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 Deputy Chief Executive & City Treasurer in consultation with the Executive Member for Finance and Human Resources to agree and approve where appropriate the programme of schemes for the delivery of the corporate asset management programme.
 - The Deputy Chief Executive & City Treasurer and City Solicitor in consultation with the Executive Member for Finance and Human Resources to agree and approve the governance process for bids to the proposed VCSE Fund.
- (8) To approve the recommendations within the Treasury Management Strategy Statement, Borrowing Limits and Annual Investment Strategy 2020/21 report (Minute Exe/20/19 refers):-
- The proposed Treasury Management Strategy Statement, in particular the:
 - Prudential and Treasury Indicators listed at Appendix 3 of these minutes;
 - MRP Strategy outlined in Appendix 4 of these minutes;
 - Treasury Management Policy Statement at Appendix 5 of these minutes;
 - Treasury Management Scheme of Delegation as detailed at Appendix 6 of these minutes;
 - Borrowing Requirement listed in Appendix 7 of the report;
 - Borrowing Strategy outlined in Appendix 8 of the report;
 - Annual Investment Strategy detailed in Appendix 9 of the report;
 - Delegation to the Deputy Chief Executive & City Treasurer, in consultation with the Executive Member for Finance and Human Resources, the power 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.

- (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 2020/21, approval be given to:
- Adopt the part proceedings of the Executive on 12 February 2020 and as amended today.
 - Note the position on reserves as detailed in Appendix 10 to these minutes.
 - Note that the budget has been prepared on the basis that the amendment to establish a Spring Challenge Fund of £250,000 is approved.
 - Note that the Council tax resolution included at Appendix 11 reflects the budget position, including the amendment reported above.
- (10) To approve the Council Tax determination attached as Appendix 11, which:
- Calculates the Council tax requirement in accordance with Section 31A of the Local Government Finance Act 1992 as amended by the Localism Act 2011.
 - Calculates a basic amount of Council Tax and an amount of tax for each valuation band (the City Council element) in accordance with Sections 31B and 36 of the Local Government Finance Act, 1992, as amended.
 - Sets an amount of Council Tax for each category of dwellings in each valuation band in accordance with Section 30 of the Local Government Finance Act, 1992.
- (11) To agree the affordable borrowing limits, prudential indicators, proposals in respect of treasury management, annual investment strategy and minimum revenue provision strategy.
- (12) Approve the Collection Fund Budget for 2020/21 as set out in Appendix 11 to this report.

Appendix 1

Housing Revenue Account Budget 2019/20 – 2022/23

	2019/20 (Forecast) £000	2020/21 £000	2021/22 £000	2022/23 £000	See Para.
Income					
Housing Rents	-59,775	-60,881	-62,030	-63,497	5.6
Heating Income	-754	-600	-612	-625	5.15
PFI Credit	-23,586	-23,374	-23,374	-23,374	5.1
Other Income	-1,164	-1,281	-1,203	-1,069	5.10
Funding from General HRA Reserve	3,029	-18,441	-14,016	-14,068	7.1
Total Income	-82,250	-104,577	-101,235	-102,633	
Expenditure					
Northwards R&M & Management Fee	20,379	20,694	20,984	21,455	5.27
PFI Contractor Payments	31,824	36,296	32,599	31,639	5.1
Communal Heating	858	584	595	607	5.15
Supervision and Management	5,020	5,223	5,291	5,360	5.29
Contribution to Bad Debts	504	613	937	1,279	5.25
Depreciation	17,279	17,378	17,517	17,785	5.20
Other Expenditure	1,295	1,169	1,189	1,016	5.29
RCCO	2,287	19,841	19,360	20,762	5.29
Interest Payable and similar charges	2,804	2,779	2,763	2,730	5.2
Total Expenditure	82,250	104,577	101,235	102,633	
Total Reserves:					
Opening Balance	-107,365	-110,394	-91,953	-77,937	7.1
Funding (from)/to Revenue	-3,029	18,441	14,016	14,068	
Closing Balance	-110,394	-91,953	-77,937	-63,869	

Appendix 2 – The proposed Capital Programme Budget

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
Highway Programme					
Highways Planned Maintenance Programme					
Planned Highways Maintenance Programme	400	75	0	0	0
Drainage	3,575	2,051	1,871	0	0
Large Patching repairs	2,884	1,311	1,311	0	0
Carriageway Resurfacing	6,485	3,697	3,563	0	0
Footway schemes	892	4,050	3,857	0	0
Carriageway Preventative	6,096	6,325	3,054	0	0
Bridge Maintenance	370	3,782	3,048	0	0
Other Improvement works	122	6,595	7,186	0	0
Highways Major Projects					
Hyde Road (A57) Pinch Point Widening	1,535	3,579	0	0	0
Manchester/Salford Inner Relief Road (MSIRR)	7,783	100	0	0	0
Great Ancoats Improvement Scheme	2,121	6,074	105	0	0
Mancunian Way and Princess Parkway NPIF	4,178	4,111	87	0	0
School Crossings	3,017	2,653	0	0	0
Cycle City Phase 2	1,475	2,843	0	0	0
Green Bridge at Airport City	2,055	839	71	0	0
A6 Stockport Road Pinch Point Scheme	183	730	8	0	0
Highways Stand Alone Projects Programme					
Velocity	54	0	0	0	0
Safe Routes to Loreto High School	212	0	0	0	0
20mph Zones (Phase 3)	70	86	0	0	0
Flood Risk Management - Hidden Watercourses	0	49	0	0	0
Flood Risk Management - Higher Blackley Flood Risk	0	41	0	0	0
Cycle Parking	15	0	0	0	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
Shadowmoss Rd / Mossnook Rd	12	0	0	0	0
Princess Rd Safety Review	47	439	0	0	0
Public Realm	1,056	1,974	400	0	0
Street Lighting PFI	9,000	3,657	0	0	0
Didsbury West S106	1	23	0	0	0
A56 Liverpool Road	83	0	0	0	0
A56 Chester Road	51	0	0	0	0
Sunbank Lane S278	40	0	0	0	0
Sharston Roundabout SCOOT	40	0	0	0	0
Derwent Avenue S106	6	8	0	0	0
Woodhouse Park	50	15	0	0	0
Christie Extension RPZ	40	306	9	0	0
Residents Parking schemes	133	545	0	0	0
Arena Security Measures	185	12	0	0	0
Ladybarn District Centre	223	20	0	0	0
Levenshulme Mini Holland Cycling and Walking scheme	151	606	0	0	0
CCTV Operating System Upgrade	150	283	0	0	0
Northern/Eastern GW Walking and Cycling scheme-devel costs	119	601	0	0	0
Chimebank S.106	34	0	0	0	0
Highways Maintenance Challenge Fund	50	1,025	0	0	0
SEMMMS PROGRAMME					
Local Roads (temp SEMMMS A6 Stockport)	255	0	0	0	0
SEMMMS A6 to Manchester Airport	50	0	0	0	0
Bus Priority Package Programme					
Bus Priority Package - Oxford Road	5	302	0	0	0
Bus Priority Package - Princess Street/Brook Street	140	13	0	0	0
Total Highways Programme	55,443	58,820	24,570	0	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
Environment Programme					
Waste Reduction Measures	250	1,209	0	0	0
Waste Contract	2,089	3,840	0	0	0
Smart Litter Bins	258	0	0	0	0
Leisure Services Programme					
Parks Programme					
Hollyhedge Park Drainage IMPS	2	0	0	0	0
Heaton Park Pay & Display	8	0	0	0	0
PIP - Park Events Infrastructure	289	0	0	0	0
Parks Development Programme	413	3,136	2,965	2,965	2,965
Heaton Park Bowls	48	0	0	0	0
Somme 100 Year Memorial	33	0	0	0	0
Painswick Park Improvement	30	0	0	0	0
Heaton Park Southern Play Area	370	0	0	0	0
Wythenshawe Park Sport Facilities S106	139	0	0	0	0
Northenden Riverside Park	75	0	0	0	0
King George V Park	81	0	0	0	0
Leisure & Sports Facilities					
Indoor Leisure - Abraham Moss	1,408	5,962	13,168	902	0
Indoor Leisure - Moss Side	93	0	0	0	0
Boggart Hole Clough - Visitors Centre	0	535	0	0	0
Mount Road S106	32	0	0	0	0
Velodrome Track	71	0	0	0	0
HSBC UK NCC Immediate Works	450	0	0	0	0
Active Lifestyle Centre Artificial Grass Pitch Replacement	198	0	0	0	0
Interactive Football Wall - Platt Fields Park	84	0	0	0	0
MAC - Booth St Car Park	148	0	0	0	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
Culture Website	42	0	0	0	0
Festive Lighting Strategy	138	0	0	0	0
Manchester Regional Arena Track Replacement	812	254	434	0	0
Cremator & Mercury Abatement Plant Replacement Strategy	0	1,007	544	0	0
Hough End Master Plan - Strat Football Hub Development Costs	52	189	0	0	0
Range Stadium Capital Project	465	0	0	0	0
Libraries and Info Services Programme					
Relocation of Manchester Visitor Info Centre (MVIC)	59	0	0	0	0
GM Archives Web Portal	48	80	0	0	0
Central Library Wolfson Award	32	0	0	0	0
Central Library Refresh	0	194	763	0	0
Roll Out of Central Library ICT	7	0	0	0	0
Newton Heath Library	17	0	0	0	0
Open Libraries	157	301	0	0	0
Contact Theatre loan	200	0	0	0	0
Total Neighbourhoods Programme	8,598	16,707	17,874	3,867	2,965
Cultural Programme					
First Street Cultural Facility	14	0	0	0	0
The Factory (Build)	29,860	53,959	13,277	0	0
The Factory (Public Realm)	210	1,723	457	0	0
Corporate Estates Programme					
Asset Management Programme	9,317	11,650	9,030	0	0
MAC feasibility works	933	0	0	0	0
Town Hall Complex Transformation Programme	67	0	0	0	0
Hammerstone Road Depot	163	9,333	9,524	695	0
Carbon Reduction Programme	697	6,388	1,959	0	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
Estates Transformation	0	0	800	0	0
Estates Transformation - Hulme District Office	702	0	0	0	0
Estates Transformation - Alexandra House	5,639	5,994	133	0	0
Ross Place Refurbishment	434	0	0	0	0
Proud Trust - Sidney Street	250	0	0	0	0
Development Programme					
Digital Assets Board (MCDA)					
The Space Project - Phase 2	0	987	0	0	0
The Sharp Project	60	540	0	0	0
Digital Asset Base - One Central Park	3,651	0	0	0	0
Strategic Acquisitions Board					
Strategic Acquisitions Programme	5,860	3,000	1,323	0	0
Sustaining Key Initiatives	0	0	5,000	8,600	0
Northern Gateway					
Northern Gateway	6,175	6,675	7,275	4,875	0
Eastern Gateway					
Eastern Gateway - Central Retail Park	400	729	0	0	0
Eastern Gateway - New Islington Marina	3,522	61	0	0	0
Hall and Rogers	57	0	0	0	0
City Centre					
ST Peters Square	999	0	0	0	0
Medieval Quarter Public Realm	76	1,587	0	0	0
City Labs 2	2,023	0	0	0	0
Manchester College	5,000	5,000	0	0	0
Digital Business Incubators	2,000	0	0	0	0
Lincoln Square	0	0	1,200	0	0
Other Strategic Development Initiatives					
Hulme Hall Rd Lighting	36	0	0	0	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
New Smithfield Market	0	469	0	0	0
Heron House & Registrars	3,085	1,388	0	0	0
Civic Quarter Heat Network	9,557	9,507	4,000	0	0
Total Growth & Development Programme	90,787	118,990	53,978	14,170	0
Town Hall Refurbishment Programme					
Our Town Hall refurbishment	17,051	49,132	92,739	99,321	34,652
Total Town Hall Refurbishment Programme	17,051	49,132	92,739	99,321	34,652
Private Sector Housing Programme					
Brunswick PFI					
Brunswick PFI Land Assembly	1,176	550	558	0	0
Collyhurst					
Collyhurst Regeneration	0	178	1,000	2,700	0
Collyhurst Environmentals	0	55	0	0	0
Collyhurst Land Assembly Ph1	4	29	0	0	0
Collyhurst Land Acquisitions Ph2	0	0	210	799	0
Eccleshall Street - 3 Sites	0	500	0	0	0
Housing Investment Model	0				
Site Investigation and Early Works HIF Pilot Sites	185	65	0	0	0
Miles Platting PFI					
Miles Platting PFI Land Assembly	6	550	0	0	0
Private Housing Assistance					
Disabled Facilities Grant	6,500	7,501	6,200	0	0
Toxteth St CPO & environmental works	15	141	0	0	0
Bell Crescent CPO	0	0	0	0	482

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
Redrow Development Programme					
Redrow Development Phase 2 onward	3	20	0	0	0
West Gorton					
West Gorton Compensation	0	4	0	0	0
West Gorton Ph 2A Demolition & Commercial Acquisitions	15	433	904	0	0
Private Sector Housing - Stand Alone Projects					
HCA Empty Homes Cluster Phase 2	386	415	891	0	0
Princess Rd	0	100	0	0	0
Empty Homes Scheme (s22 properties)	0	2,000	0	0	0
HMRF	100	40	54	0	0
Collyhurst Acquisition & Demolition (Overbrook & Needwood Close)	-3	0	664	0	0
Extra Care	0	1,245	1,200	0	0
Moston Lane Acquisitions	0	0	0	0	7,500
Equity Loans	0	397	0	0	0
West Gorton Community Park	1,026	805	0	0	0
Ben St. Regeneration	379	877	0	0	0
Marginal Viability Fund - New Victoria	505	6,705	3,290	0	0
Total Private Sector Housing Programme	10,297	22,610	14,971	3,499	7,982
Public Sector Housing					
Northwards - External Work					
Charlestown - Victoria Ave multistorey window replacement and ECW - Phase 1	3,740	8,209	3,574	0	0
External cyclical works phase 3a	2	0	0	0	0
Harpurhey Lathbury & 200 Estates external cyclical works ph 3b	0	-18	31	0	0
Environmental works	19	0	0	0	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
Harpurhey Shiredale Estate externals	0	0	15	0	0
Moston Miners Low Rise externals	0	0	18	0	0
Newton Heath Limestone Drive externals	0	0	6	0	0
External cyclical works ph 3b Moston Estates (Chauncy/Edith Cliff/Kenyon/Thorveton Sq)	0	0	2	0	0
External cyclical works ph 3b Ancoats Smithfields estate	156	25	0	0	0
External cyclical works ph 4b Charlestown Chain Bar low rise	0	0	45	0	0
External cyclical works ph 4b Charlestown Chain Bar Hillingdon Drive maisonettes	0	0	15	0	0
External cyclical works ph 4b Cheetham Appleford estate	0	0	2	0	0
External cyclical works ph 4b Crumpsall Blackley Village	0	0	34	0	0
External cyclical works ph 4b Higher Blackley South	6	0	1	0	0
External cyclical works ph 4b Newton Heath Assheton estate	0	0	27	0	0
External cyclical works Ph 4b Newton Heath Troydale Estate	0	0	89	0	0
External cyclical works Ph 5 New Moston (excl corrolites)	0	0	9	0	0
Environmental improvements Moston corrolites	75	21	0	0	0
ENW distribution network phase 4 (various)	222	5	0	0	0
Dam Head - Walk up flates communal door renewal	140	0	0	0	0
Various Estate based environmental works	65	100	135	0	0
Delivery Costs	816	918	440	0	0
Northwards - Internal Work					
Decent Homes mop ups ph 9 and decent homes work required to voids	1	0	89	0	0
One offs such as rewires, boilers, doors, insulation	3	0	30	0	0
Ancoats - Victoria Square lift replacement	427	0	0	0	0
Aldbourne Court/George Halstead Court/Duncan Edwards Court works	12	0	0	0	0
Boiler replacement programme	-5	-6	0	0	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
Harpurhey - Monsall Multis Internal Works	1,500	1,062	200	0	0
Newton Heath - Multies Internal Works	200	3,153	250	0	0
Higher Blackley - Liverton Court Internal Works	800	45	0	0	0
Various - Bradford/Clifford Lamb/Kingsbridge/Sandyhill Court Internal Works	2,598	132	0	0	0
Charlestown - Rushcroft/Pevensey Court Internal Works	700	711	150	0	0
Collyhurst - Mossbrook/Roach/Vauxhall/Humphries Court Internal Works	2,348	343	106	0	0
Decent Homes mop ups phase 10 and voids	378	384	0	0	0
One off work - rewires, boilers, doors	158	0	0	0	0
Fire precautions multi storey blocks	0	150	0	0	0
Installations of sprinkler systems - multi storey blocks	218	0	273	0	0
ERDF Heat Pumps	0	3,768	350	0	0
Charlestown - Rushcroft/Pevensey Courts Lift Refurb	0	0	525	0	0
One off type work (rewires/boilers/doors)	100	300	0	0	0
Fire Risk Assessments	300	3,046	2,500	0	0
Northwards - Harpurhey 200 Estate Internal Works	250	686	0	0	0
Rushcroft and Pevensey Courts Ground Source Heat Pumps	0	2,518	137	0	0
Delivery Costs	1,814	1,440	492	0	0
Northwards - Off Debits/Conversions					
Bringing Studio Apartments back in use	7	0	10	0	0
Various Locations - bringing bedsits back into use	0	0	104	0	0
Delivery Costs	2	0	13	0	0
Homeless Accommodation					
Improvements to Homeless accommodation city wide	1	0	36	0	0
Plymouth Grove Women's Direct Access Centre	0	0	28	0	0
Improvements to Homeless Accommodation Phase 2	345	662	147	0	0
Delivery Costs	46	73	23	0	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
Northwards - Adaptations					
Public Sector Northwards Adaptations	200	0	0	0	0
Adaptations	750	770	0	0	0
Northwards - Unallocated					
Northwards Housing Programme	0	2,120	0	21,982	0
Retained Housing Programme					
Collyhurst Maisonette Compensation & Demolitions	0	89	0	935	0
West Gorton Regeneration Programme					
West Gorton PH2A Low & High Rise Demolition	10	16	0	0	0
Future Years Housing Programme					
Collyhurst Estate Regeneration	0	0	0	1,541	0
Buy Back Properties - Right to Buy	155	0	0	0	0
Collyhurst Regen - Highways Phase 1	0	190	97	1,394	0
Collyhurst Regen - Churnett Street	0	0	0	790	0
Collyhurst Regen - Needwood & Overbrook acquisition / demolition	0	125	0	0	0
Willert Street Park Improvements	0	10	0	0	0
North Manchester New Builds	227	319	0	0	0
North Manchester New Builds 2	442	2,850	0	0	0
North Manchester New Builds 3	294	351	0	0	0
Parkhill Land Assembly	0	0	4,270	0	0
Collyhurst	100	3,655	13,890	955	0
Buying Back Former Council Homes	0	500	500	500	0
Total Public Sector Housing (HRA) Programme	19,622	38,722	28,663	28,097	0
Children's Services Programme					
Basic Need Programme					
Holy Trinity VC Primary	47	0	0	0	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
Lytham Rd	100	0	0	0	0
Plymouth Grove Refurbishment	107	0	0	0	0
Beaver Rd Primary Expansion	94	0	0	0	0
Lily Lane Primary	54	0	0	0	0
St. James Primary Academy	8	0	0	0	0
Crossacres Primary School	30	0	0	0	0
Ringway Primary School	5	0	0	0	0
Webster Primary Schools	11	0	0	0	0
Dean Trust Expansion	1,000	2,784	0	0	0
Brookside Rd Moston	362	4,920	1,745	28	0
North Hulme Adv Playground	278	3,400	683	11	0
Monsall Road (Burgess)	290	3,717	979	20	0
Roundwood Road	330	5,525	1,127	34	0
KS3/4 PRU Pioneer Street	70	0	0	0	0
SEND Expansions - Melland & Ashgate	866	0	0	0	0
Basic need - unallocated funds	200	488	22,115	43,286	0
Universal Infant Free School Meals (UIFSM) - Allocated	266	0	0	0	0
Universal Infant Free School Meals (UIFSM) - Unallocated	75	0	0	0	0
Schools Maintenance Programme					
Moston Lane - re-roof	19	0	0	0	0
Abbott Primary School Fencing	11	0	0	0	0
Crowcroft Park PS-Rewire	-2	0	0	0	0
Broad Oak Primary School Kitchen	85	730	0	0	0
All Saints Primary Rewire	419	0	0	0	0
Armitage Primary Windows	101	0	0	0	0
Bowker Vale Primary Heating	267	0	0	0	0
Buton Lane Primary Roof	183	0	0	0	0
Cheetwood Primary Heating	142	0	0	0	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
Crosslee Comm Heating	81	0	0	0	0
Crowcroft Park Roof Repairs	120	0	0	0	0
Grange School Sports Hall	163	0	0	0	0
Higher Openshaw Rewire	773	0	0	0	0
Lily Lane Primary Windows	7	46	0	0	0
Moston Fields Joinery	184	0	0	0	0
Ringway Primary Roof	175	0	0	0	0
Sandilands Primary Windows	106	0	0	0	0
St Mary's Junior Windows	34	0	0	0	0
Ringway Primary School	10	0	0	0	0
Alma Park Gas Improvement	1	0	0	0	0
Schools Capital Maintenance - unallocated	1,644	2,854	3,000	0	0
Education Standalone Projects					
Paintpots	3	6	0	0	0
Early Education for Two Year Olds - Unallocated	0	52	0	0	0
Gorton Youth Zone	1,275	0	0	0	0
Healthy Pupil Capital Funding	257	0	0	0	0
North Ridge SEN	283	2,747	9	0	0
Special Educational Needs grant	0	1,160	0	0	0
Seymour Road	1,200	0	0	0	0
Commercial Wharf/ISS Refurbishment of YJS Building	294	0	0	0	0
Ghyll Head	25	1,091	0	0	0
Acquisition of land at Hyde Road	13,144	13	12	0	0
Total Children's Services Programme	25,197	29,533	29,670	43,379	0
ICT Capital Programme					
ICT					

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
Solaris	2	0	0	0	0
ICT Infrastructure & Mobile Working Programme					
New Social Care System	1,699	0	0	0	0
End User Computing	117	0	0	0	0
Core Infrastructure Refresh	83	0	0	0	0
Internet Resilience	23	27	0	0	0
New Rent Collection System	33	0	0	0	0
Communications Room Replacement Phase 2	61	1,795	3,996	514	0
Data Centre Network Design and Implementation	2,867	250	0	0	0
End User Experience	699	3,425	0	0	0
Replacement Coroners System	83	0	0	0	0
Telephony	0	200	200	0	0
ICT Investment Plan	0	0	6,728	8,900	7,690
Infrastructure					
Wider Area Network Redesign	22	0	0	0	0
Total ICT Programme	5,689	5,697	10,924	9,414	7,690
Corporate Capital Programme					
ONE System Developments	11	0	0	0	0
Pay and Display Machines	750	174	0	0	0
Phase 1 Implementation - Locality Plan Programme Office	485	100	0	0	0
Integrated Working - Gorton Health Hub	1,970	17,171	2,272	481	0
Alcohol Treatment for Fibroscan Machine	40	0	0	0	0
BioMedical Investment	7,958	6,100	2,700	0	0
Band on the Wall	200	0	0	0	0
Manchester Jewish Museum Loan	0	290	0	0	0
Manchester Airport Car Park Investment	3,700	1,900	0	0	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
FC United	250	0	0	0	0
VCSE Small premises works	0	500	500	0	0
Total Corporate Capital Programme	15,364	26,235	5,472	481	0
Inflation Fund	0	12,000	10,000	6,000	2,000
Total Manchester City Council Capital Programme	248,048	378,446	288,861	208,228	55,289
Projects carried out on behalf of Greater Manchester					
Housing Investment Fund	70,000	0	0	0	0
Total GM projects	70,000	0	0	0	0
Total CAPITAL PROGRAMME	318,048	378,446	288,861	208,228	55,289

Appendix 3

Treasury Limits and Prudential Indicators for approval

Please note last years approved figures are shown in brackets

Treasury Management Indicators	2020-21 %	2021-22 %	2022-23 %
Estimated Financing Costs to Net Revenue Stream¹	6.7%	7.3%	7.4%
Authorised Limit - external debt	£m	£m	£m
Borrowing	1,384.5 (1,684.5)	1,396.2 (1,412.9)	1,396.2
Other long term liabilities	190.0 (170.0)	190.0 (170.0)	190.0
TOTAL	1,574.5 (1,900.5)	1,586.2 (1,582.9)	1,586.2
Operational Boundary - external debt			
Borrowing	1,006.2 (1,151.7)	1,176.9 (1,275.0)	1,295.5
Other long term liabilities	190.0 (170)	190.0 (170.0)	190.0
TOTAL	1,196.2 (1,321.7)	1,366.9 (1,445.0)	1,485.5
Estimated external debt	792.8 (977.4)	1,016.4 (1,141.5)	1,174.3
Upper limit for total principal sums invested for over 364 days	0 (0)	0 (0)	0
Estimated Capital Expenditure			
Non - HRA	339.6 (370.3)	260.2 (207.4)	180.2
HRA	38.8 (48.7)	28.6 (36.6)	28.1
TOTAL	378.4 (419.0)	288.8 (244.0)	208.3
Estimated Capital Financing Requirement (as at 31 March)			
Non – HRA	1,543.1 (1,477.1)	1,706.5 (1,611.1)	1,802.5
HRA	299.2 (299.2)	300.0 (300.0)	301.0
TOTAL	1,842.3 (1,776.3)	2,006.5 (1,911.1)	2103.5

Maturity structure of borrowing during 2020-21	Upper Limit		Lower limit	
	under 12 months	80%	(80%)	0%
12 months and within 24 months	70%	(70%)	0%	(0%)
24 months and within 5 years	60%	(50%)	0%	(0%)
5 years and within 10 years	50%	(50%)	0%	(0%)
10 years and above	80%	(80%)	40%	(40%)
Has the Authority adopted the CIPFA Treasury Management Code?				Yes

¹ Note that for 2021-22 onward these are based on estimated net revenue budgets.

The status of the indicators will be included in Treasury Management reporting during 2020/21. They will also be included in the Council's Capital Budget monitoring reports during 2020/21.

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

Estimated Financing Costs to Net Revenue Stream

The authority will set for the forthcoming year and the following financial years an estimate of financing costs to net revenue stream. The indicator recognises that ultimately all debts of a local authority fall on the taxpayer, and that therefore when considering affordability it is important to review the scale of financing costs to net revenue.

Estimated Capital Expenditure

The authority sets a capital budget for each financial year, which includes an estimate of the capital expenditure which might be incurred. The figures here also include changes to other long term liabilities.

Estimates Capital Financing Requirement

The capital financing requirement reflects the authority's underlying need to finance capital expenditure, and is based on all capital expenditure including that incurred in previous years.

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. Other long term liabilities include PFI's, service concessions and finance leases. Due to the introduction of IFRS16 (Leasing) on the 1st of April 2020, more of the Council's lessee leases will be classed as finance leases and will therefore fall under the categorisation, therefore the value has increased from previous years. Work is underway to determine the value of this change in accounting standards, but £20.0m has been added to the indicator at this stage, and will be reviewed once this work is complete. 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.

Estimated 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 Estimated 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 external 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 2020/21 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:

Expenditure type	Maximum period over which MRP to be made
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, and with the introduction of IFRS16 (Leasing) from the 1st of April 2020 more lessee leases will be classified in a similar way. 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 from a third party of high credit quality, 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 Deputy Chief Executive and City Treasurer

- delivery of the function

Appendix 7

Borrowing Requirement

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

Table 2	2020/21 £'m estimate	2021/22 £'m estimate	2022/23 £'m estimate
Planned Capital Expenditure funded by Borrowing	200.4	197.8	133.3
Change in Grants & Contributions	21.9	26.0	43.4
Change in Capital Receipts	(0.2)	(4.3)	(8.5)
Change in Reserves	27.5	27.7	14.8
MRP Provision	(26.6)	(30.9)	(33.3)
Refinancing of maturing debt (GF)	3.0	6.8	7.5
Refinancing of maturing debt (HRA)	0.0	0.5	0.8
Estimated Borrowing Requirement	226.0	223.6	158.0
Funded by:			
GF	226.0	223.1	157.2
HRA	0.0	0.5	0.8

Appendix 8

Borrowing Strategy

General Fund

Following the HRA debt settlement in 2012 the Council's debt position is one of significant internal borrowing meaning cash backed reserves and provisions are being used in lieu of external debt. The external debt held is predominantly long term in nature.

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 suggests that the Council will need to undertake external borrowing in the future and will not be able on to rely on internal borrowing alone. Where possible, internal borrowing will remain the first option due to the interest savings generated.

To this aim, the Council's borrowing strategy will 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.

Beyond the forecast period for capital investment and matching to the same principles as above, a prudent strategy is to seek to borrow in the medium term with maturities to match the estimated MRP that is generated in the same 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.

The overall strategy is therefore for the Council to continue to use 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 2020/21 and beyond does not contain any requirement for the HRA to borrow. It is expected that proposals will be brought forward that require funding via borrowing so it is likely the HRA will have a borrowing requirement in 2020/21. 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 I.

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 October 2019 the Treasury increased all PWLB rates by 100 basis points, citing concerns regarding the increased levels of debt local authorities were requesting in the current low-rate market environment. This means that although PWLB remains a highly accessible form of debt finance, it may not provide value for money and other market options may be preferable.

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

Table 3	Mar 20	Jun 20	Sep 20	Dec 20	Mar 21	Mar 22	Mar 23
	%						
Bank Rate	0.75	0.75	0.75	0.75	1.00	1.00	1.25
5 yr PWLB rate	2.40	2.40	2.50	2.50	2.60	2.90	3.20
10 yr PWLB rate	2.70	2.70	2.70	2.80	2.90	3.20	3.50
25 yr PWLB rate	3.30	3.40	3.40	3.50	3.60	3.90	4.10
50 yr PWLB rate	3.20	3.30	3.30	3.40	3.50	3.80	4.00

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.

Homes and Communities Agency funding

This is funding from Government and can only be used in specific circumstances. It 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 City Council is currently the accountable body for these funds, but decisions on how the funding should be used are made by the Greater Manchester Combined Authority. It is anticipated that the existing debt of this type held by the City Council, shown in the forecast portfolio earlier in this report, will be novated to the Combined Authority in 2020.

Inter-Local Authority advances

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

Market Loans

Following the increase in PWLB rates noted above, there has been a considerable increase in market activity relating to local authority debt. At the time of writing the report, the market is still developing and may take a couple of months to form and for debt pricing and structure to become clear.

It is anticipated that there will be a range of structures available, including forward starting loans.

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.

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 6. 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 2020/21 treasury operations. The Deputy Chief Executive and 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 and profit from the difference in interest rate. 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

As noted above, 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; however, 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 2020/21 financial year will be limited due to prevailing debt interest rates being relatively low.

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 Deputy Chief Executive and 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 Deputy Chief Executive and City Treasurer will be asked to approve them in accordance with the delegated powers accorded to the position 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 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 Council's TMSS focusses solely on treasury management 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.

Investment Policy

The Council's investment policy is to manage the Council's cash flow through investments in high credit quality.

As in previous years, 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'² and overlay that information on top of the credit ratings.

Investment in banks and building societies are now exposed to bail-in risk following

² 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.

the introduction of the EU's Banking Recovery and Resolution Directive, which means depositor's funds over £85,000 are at risk of "bail-in" if the bank fails. In response to this, the Council adopted lower operational limits for such investments in 2016/17 and these remain.

The exception is 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 2019/20 will be maintained in 2020/21.

In line with the policy adopted in this strategy in previous years, options to diversify the investment portfolio have been reviewed and adopted. The Council now actively uses money market funds alongside deposits with banks, other local authorities and the Debt Management Agency.

For 2020/21 the Council will continue to consider investing 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 more detail below. These instruments 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, and to identify and resolve any governance challenges arising from investing in instruments which have an active secondary market. 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.

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.

Table 4	Minimum 'High' Credit Criteria	Use
Term deposits – banks and building societies ³	See Creditworthiness Policy.	In-house

³ 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 10.21-10.22. If this limit is breached, for example due to significant late receipts, the Deputy Chief Executive and 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.

Table 4	Minimum 'High' Credit Criteria	Use
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 _M	In-house
Treasury Bills	UK Government backed	In-house
Covered Bonds	AAA	In-house

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.

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 prominence 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 benchmark⁴ and other

⁴ 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 Link Asset Services' Credit List.

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.

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:

Total Deposit	Amount
Local Authorities	£250 million
UK Government	£200 million
Debt Management Office	
Treasury Bills	
Money Market Funds	£75 million
Certificates of Deposit	£25 million
Covered Bonds	£25 million

It is proposed that the limit for Money Market Funds increases by £15m, when compared to last year's Strategy. This reflects the role the funds have been playing in the Council's investment portfolio, and would allow the Council to have 5 active funds as opposed to 4. There is a risk to taking this approach, in that it potentially increases the investments in one type of instrument at any given time, but the nature of Money Market Funds and the diversification of instruments within the Fund helps to mitigate this.

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 Deputy Chief Executive and City Treasurer and any increase in the limits will be reported to Members through the normal treasury management reporting process.

Durational Limits

Operationally the Council has in recent years not invested cash for more than three months, which was a product of security concerns following the financial crisis of 2008/09 and the relatively volatile nature of the Council's cash flow.

The financial markets have changed significantly since 2008/09, and the transparency of creditworthiness has improved. It is therefore proposed that the Council formally states, as part of the Investment Strategy, that it will invest for up to 364 days provided that such investments form part of the management of the cash flow and not for increased yield. On this basis, such investments will only be made if the cash flow forecast at the time indicates a level of "core" cash which will not be required for the investment period.

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 or European 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 Constant Net Asset Value 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.

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 2020/21 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 9. The current economic outlook is that the structure of market interest rates and government debt yields have several key treasury management implications.

On the assumption that the UK and EU agree a Brexit deal including the terms of trade by the end of 2020 or soon after, then Bank Rate is forecast to increase only slowly over the next few years. Link's view is that Bank Rate will rise to 1.00% by March 2021.

This suggest that investment returns are likely to remain relatively low during 2020/21, and beyond given the global economic outlook.

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 2020/21 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 Management 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.

Reserve	Closing Balance 31/03/2020 £000	Withdrawals £000	Additions £000	Closing Balance 31/03/2021 £000	Closing Balance 31/03/2022 £000	Closing Balance 31/03/2023 £000	Closing Balance 31/03/2024 £000	Purpose
LMS Reserve	22,916	(259)	0	22,657	22,398	22,139	21,880	School balances assumed year-end position. These are not MCC resource and so cannot be used by MCC. There are no further known schools planning to transfer to academy status.
Dedicated Schools Grant (DSG)	(3,847)	0	1,923	(1,924)	0	0	0	DSG - Allocation to schools and retained Central DSG. £3.847m to be recovered over two years from DSG.
Sub Total Schools	19,069	(259)	1,923	20,733	22,398	22,139	21,880	
STATUTORY RESERVES								
Bus Lane Enforcement Reserve	13,084	(4,275)	4,546	13,355	13,547	13,239	12,931	Ring-fenced reserve which can only be applied to specific transport and highways related activity.
On Street Parking	3,881	(5,304)	5,405	3,982	5,852	7,831	9,810	Ring-fenced reserve which can only be applied to specific transport and highways related activity.
Ancoats Square Reserve	2,732	(118)	0	2,614	2,496	2,378	2,260	Received from the Homes and Communities Agency to cover the revenue costs of maintaining Ancoats Square for a period of at least 25 years.

Reserve	Closing Balance 31/03/2020 £000	Withdrawals £000	Additions £000	Closing Balance 31/03/2021 £000	Closing Balance 31/03/2022 £000	Closing Balance 31/03/2023 £000	Closing Balance 31/03/2024 £000	Purpose
Street Lighting PFI	250	(250)	0	0	0	0	0	Established to fund the requirements over 25 years re: the PFI contract for Street Lighting service via external contractors
Temple PFI	689	(125)	12	576	453	307	307	Established to fund the requirements of the PFI scheme over 25 years
Wright Robinson PFI Reserve	1,351	0	40	1,391	1,431	1,471	1,511	PFI Scheme 25 year contract drawdown will be in future years as expenditure exceeds grant.
Total held for PFI's	2,290	(375)	52	1,967	1,884	1,778	1,818	
Reserves directly supporting the revenue budget								
Adult Social Care	7,695	(5,545)	0	2,150	0	0	0	To support Adult and Social Care Improvement Plan
Social Care Reserve	13,255	(7,135)	920	7,040	1,462	1,462	1,462	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	1,080	(540)	0	540	0	0	0	To fund the Anti-Social Behaviour Team

Reserve	Closing Balance 31/03/2020 £000	Withdrawals £000	Additions £000	Closing Balance 31/03/2021 £000	Closing Balance 31/03/2022 £000	Closing Balance 31/03/2023 £000	Closing Balance 31/03/2024 £000	Purpose
Budget smoothing reserve	10,651	(7,066)	0	3,585	0	0	0	Planned use to smooth the impact of previous funding reductions on the revenue budget
Total held to support the revenue budget	32,681	(20,286)	920	13,315	1,462	1,462	1,462	
RESERVES HELD TO SMOOTH RISK / ASSURANCE								
Risks								
Planning Reserve	2,467	(300)	0	2,167	1,867	1,567	1,267	Used to smooth the volatility of planning fee income to avoid budget pressures if fee income drops
Transformation Reserve	9,483	(333)	0	9,150	8,817	8,483	8,149	To support costs of future service change.
Airport Dividend reserve	55,809	(47,080)	47,080	55,809	55,809	55,809	55,809	The income in the reserve is from the Manchester airport dividend which is then used a year in arrears to support the Medium Term Financial Plan
Land Charges Fees Reserve	320	(320)	0	0	0	0	0	To smooth the budget impact, planned to utilise in 2020/21
Pension Risk Fund	524	0	0	524	0	0	0	To fund external pension liabilities

Reserve	Closing Balance 31/03/2020 £000	Withdrawals £000	Additions £000	Closing Balance 31/03/2021 £000	Closing Balance 31/03/2022 £000	Closing Balance 31/03/2023 £000	Closing Balance 31/03/2024 £000	Purpose
Manchester International Festival	1,493	0	10,667	12,160	11,160	10,113	9,019	To fund agreed future Manchester International Festivals / Factory grant from the reserve. Grant agreement will be aligned to the Arts Council England funding cycle.
Highways reserve	1,010	(89)	0	921	832	743	654	Funds received as part of developer agreements that will be utilised for highways schemes in future years
Insurance Fund	17,091	(500)	0	16,591	16,091	15,591	15,091	The insurance fund has been established to fund risks that are self-insured.
Fleet Maintenance Reserve	25	(25)	0	0	25	50	0	Reserve created for smoothing the impact of vehicle repair and maintenance costs.
Taxi Licensing Reserve	1,000	(1,000)	0	0	0	0	0	This is a smoothing reserve to equalise the income and expenditure of running the function over financial years. Income ring-fenced by statute.
Newton Heath Market Reserve	22	0	0	22	22	22	22	To fund the future market provision

Reserve	Closing Balance 31/03/2020 £000	Withdrawals £000	Additions £000	Closing Balance 31/03/2021 £000	Closing Balance 31/03/2022 £000	Closing Balance 31/03/2023 £000	Closing Balance 31/03/2024 £000	Purpose
Investment Reserve	12,623	(2,325)	0	10,298	8,723	7,523	6,323	To deliver priority regeneration projects.
Enterprise zone reserve	1,084	(1,061)	1,500	1,523	1,962	2,401	3,333	To underwrite the borrowing costs for development in the Oxford Road Corridor
Capital Fund Reserve	68,408	(10,366)	17,559	75,601	75,601	79,425	77,048	Contribution to schemes which are supporting employment and growth, future carbon reduction investments and high priority strategic development opportunities in the city .
Capital Financing Reserve	34,730	0	5,000	39,730	44,730	49,730	54,730	To reflect increase in borrowing costs due to the Council's capital investment
Eastlands Reserve	3,434	(5,682)	5,118	2,870	2,740	2,941	3,670	This reserve reflects the contribution from Manchester City Football Club and will be used for various projects including English Institute of Sport.
Total to fund capital scheme and other specific relates costs	120,279	(19,434)	29,177	130,022	133,756	142,020	145,104	

Reserve	Closing Balance 31/03/2020 £000	Withdrawals £000	Additions £000	Closing Balance 31/03/2021 £000	Closing Balance 31/03/2022 £000	Closing Balance 31/03/2023 £000	Closing Balance 31/03/2024 £000	Purpose
English Partnership (Homes and Communities Agency)	1,019	(457)	0	562	0	0	0	HCA approval required to Fund Development appraisal and Eastland's Project team
Other Grants and Contributions - Neighbourhood Services	289	(110)	0	179	89	0	0	Various local Environment scheme and initiatives i.e. 'clean up campaigns'
Emergency Planning	367	(167)	0	200	100	0	0	Relates to various ongoing Civil Contingencies schemes
Other Grants and Contributions- Growth and Development	89	(89)	0	0	0	0	0	Unspent grant received in previous year
Fraud Fund	136	(80)	0	56	0	0	0	Unspent grant received in previous year
Asylum Seekers	359	(71)	0	288	192	92	0	This will fund the Local Authority Asylum Support Officer (LAASLO) project.
Collection Initiatives Reserve	824	(231)	0	593	493	393	293	Small reserves on Corporate Core
MAES Reserve	2,562	(500)	0	2,062	1,562	1,062	562	To fund Manchester Adult Education Services (MAES)
Flood management reserve	37	(37)	0	0	0	0	0	Unspent grant received in previous year
Brexit - Local Resilience Forum	201	(201)	0	0	0	0	0	To fund BREXIT related costs that fall across more than one year

Reserve	Closing Balance 31/03/2020 £000	Withdrawals £000	Additions £000	Closing Balance 31/03/2021 £000	Closing Balance 31/03/2022 £000	Closing Balance 31/03/2023 £000	Closing Balance 31/03/2024 £000	Purpose
Brexit Reserve	105	(105)	0	0	0	0	0	To fund BREXIT related costs that fall across more than one year
TOTAL	5,988	(2,048)	0	3,940	2,436	1,547	855	
SMALL SPECIFIC RESERVES								
Catering Reserve	151	0	0	151	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	47	(5)	0	42	37	32	27	General reserve/ GM contributions. At the end of the year any surplus/deficit is adjusted in the reserve

Reserve	Closing Balance 31/03/2020 £000	Withdrawals £000	Additions £000	Closing Balance 31/03/2021 £000	Closing Balance 31/03/2022 £000	Closing Balance 31/03/2023 £000	Closing Balance 31/03/2024 £000	Purpose
Carbon Reduction Reserve	227	(227)	0	0	0	0	0	To fund revenue initiatives which support the target for Manchester to become a zero carbon city by 2038 at the latest and specifically, to support the delivery of the Council's 2020-25 Action Plan which is due to be approved by the Executive in Spring 2020. This will include service specific training to support staff in identifying the carbon impact of investment plans, development of business plans for external funding and accessing support for the Council to develop innovative approaches to our future zero carbon energy needs.
New Smithfield Market - Car Boot	256	(45)	55	266	276	286	296	Used to fund repairs and maintenance of facilities for traders.
Cemeteries Replacement	441	0	40	481	521	561	601	To purchase land for burials

Reserve	Closing Balance 31/03/2020 £000	Withdrawals £000	Additions £000	Closing Balance 31/03/2021 £000	Closing Balance 31/03/2022 £000	Closing Balance 31/03/2023 £000	Closing Balance 31/03/2024 £000	Purpose
Primary School Catering Reserve	313	(313)	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 Repairs and Maintenance Insurance Account	166	(5)	0	161	54	54	54	Reserve established to meet refurbishment cost of school kitchens.
Councils with ALMOs Group (CWAG) Reserve	66	(10)	0	56	46	36	26	Held in relation to the running costs of the Council With ALMOs Group 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
Trading Standards Reserve	121			121	121	121	121	Specific grants such as Tobacco control, control of migration etc.
Housing Compliance Reserve (Fixed Penalty Notices)	340	(31)	0	309	234	156	156	Revenue collected from enforcement activity is ring-fenced to functions related to Housing Compliance.

Reserve	Closing Balance 31/03/2020 £000	Withdrawals £000	Additions £000	Closing Balance 31/03/2021 £000	Closing Balance 31/03/2022 £000	Closing Balance 31/03/2023 £000	Closing Balance 31/03/2024 £000	Purpose
Community Safety Reserve	468	(250)	0	218	218	218	218	A collection of grants the majority of which require spending plans to be agreed with key partner organisations such as GM Police.
Litter Reserve (Fixed Penalty Notices)	65	0	0	65	65	65	65	Revenue collected from enforcement activity is ring-fenced to functions related to litter.
Great Ancoats Management Improvement Reserve	206	0	0	206	206	206	206	Specific reserve for use within defined areas within Great Ancoats. Spending plans still under discussion.
Social Value Fund	96	(96)	20	20	20	20	20	New Reserves for Social Funding income from successful tenders
Other Small Specific reserves	28	0	0	28	28	28	28	Small specific reserves
Total Small Specific Reserves	3,088	(982)	115	2,221	1,923	1,880	1,915	
TOTAL EARMARKED RESERVES	296,130	(105,188)	93,695	284,637	264,606	266,671	261,240	
Total General Fund Reserves	339,284	(115,203)	105,243	329,324	311,047	314,436	310,479	

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 12 February 2020 be approved.
2. That it be noted that the Deputy Chief Executive and City Treasurer acting under delegated powers has determined the amount of 118,864.6 as the Council Tax base for Manchester for the year 2020/21 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 2020/21 in accordance with Sections 31A to 36 of the Local Government Finance Act 1992:-

- | | |
|--------------------|---|
| (a) £1,566,690,733 | 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) £1,397,254,000 | 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) £169,436,733 | 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) £1,425.46 | 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
£950.31	£1,108.69	£1,267.08	£1,425.46	£1,742.23	£2,059.00	£2,375.77	£2,850.92

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

by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

4. That it be noted that for the year 2020/21 the major precepting authorities have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:-

Precepting Valuation bands

Greater Manchester Mayoral Police and Crime Commissioner Precept

A	B	C	D	E	F	G	H
£138.86	£162.01	£185.15	£208.30	£254.58	£300.87	£347.16	£416.60

Greater Manchester Mayoral General Precept (including Fire Services)

A	B	C	D	E	F	G	H
£60.63	£70.73	£80.84	£90.95	£111.16	£131.37	£151.58	£181.90

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 dwellings shown below.

Valuation bands

A	B	C	D	E	F	G	H
£1,149.80	£1,341.43	£1,533.07	£1,724.71	£2,107.97	£2,491.24	£2,874.51	£3,449.42

1. CALCULATING THE COUNCIL TAX REQUIREMENT

Section 31A Calculations

- 1.1 Section 31A of the Local Government Finance 1992 requires the Council to make three calculations:-
- (i) an estimate of the Council's required gross revenue expenditure -Section 31A(2)
 - (ii) an estimate of its anticipated income (excluding that from council tax) and of reserves to be used to aid the revenue account - Section 31A(3)
 - (iii) a calculation of the difference between (i) and (ii) above, (i.e. the Council Tax requirement) - Section 31A(4)
- 1.2 In its Section 31A(2) calculation the Council is required to allow for the following:

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

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

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

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

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

Section 31A(2)(e) - any amount estimated to be transferred from the General Fund to the Collection Fund in accordance with Section 97(4) of the Local Government Finance Act 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)	£104,577,000	£1,346,904,733	£1,451,481,733
Section 31A(2)(b)	£0	£860,000	£860,000
Section 31A(2)(c)	£0	£114,349,000	£114,349,000
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
	£104,577,000	£1,462,113,733	£1,566,690,733
Income			
Section 31A(3)(a)	(£86,136,000)	(£825,431,178)	(£911,567,178)
Section 31A(3)(aa)	£0	(£332,726,000)	(£332,726,000)
Section 31A(3)(b)	£0	(£17,108,000)	(£17,108,000)
Section 31A(3)(c)	£0	(£1,123,822)	(£1,123,822)
Section 31A(3)(d)	(£18,441,000)	(£116,288,000)	(£134,729,000)
	(£104,577,000)	(£1,292,677,000)	(£1,397,254,000)

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 £169,436,733.

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	£169,436,733
Divided by:	
Council Tax Base	118,864

Band D Basic Amount of Council Tax is: £1,425.46

Appendix 12

COLLECTION FUND BUDGET 2020/21	Budget Estimate
	£'000
<u>EXPENDITURE</u>	
<u>COUNCIL TAX</u>	
(Surplus) / Deficit B/fwd	(5,998)
Precepts:	
- Mayoral General (including Fire Services)	10,811
- Mayoral Police & Crime Commissioner	24,759
- City of Manchester	169,437
Total Precepts	205,007
Council Tax Total Expenditure	199,009
<u>BUSINESS RATES</u>	
(Surplus) / Deficit B/fwd	(12,202)
Payments/Transfers:	
- Mayoral General (including Fire Services)	3,438
- City of Manchester	340,353
Total Payments/transfers	343,791
Business Rates Total Expenditure	331,589
Collection Fund Total Expenditure	530,598
<u>INCOME</u>	
<u>COUNCIL TAX</u>	
Council Tax Income	212,443
Write Off of uncollectable amounts	(838)
Allowance for Impairment	(6,598)
<u>Council tax receivable</u>	205,007
<u>Contribution of Council Tax (surplus) / deficit:</u>	
- Mayoral General (including Fire Services)	(271)
- Mayoral Police & Crime Commissioner	(699)
- City of Manchester	(5,028)
Total Contribution to Council Tax (surplus) / deficit	(5,998)

Council Tax Total Income	199,009
COLLECTION FUND BUDGET 2020/21	Budget Estimate
	£'000
<u>BUSINESS RATES</u>	
Non Domestic Business Rates Income	383,883
Enterprise Zone Growth	(576)
Cost of Collection Allowance	(1,124)
Losses in Collection	(11,529)
Increase in Provision for Appeals	(26,863)
<u>Business rates receivable</u>	343,791
<u>Contribution of Business Rates (surplus) / deficit:</u>	
- Mayoral General (including Fire Services)	(122)
- City of Manchester	(12,080)
Total Contribution to Business Rates (surplus)/deficit	(12,202)
Business Rates Total Income	331,589
Collection Fund Total Income	530,598
MOVEMENT ON FUND BALANCE	
Council Tax (Surplus) / Deficit C/fwd	0
Business Rates (Surplus) / Deficit Cfwd	0
Collection Fund (Surplus) / Deficit	0