

Report to Cabinet



Date of Meeting	2 nd December 2019
Portfolio	Leader of the Council and Cabinet Member for Finance
Report Author	Stuart Smith (Resources Directorate)
Public/Private Document	Public

Finance Update Report

Executive Summary

To inform Cabinet and the Corporate Overview and Scrutiny Committee of the Council's forecast 2019/20 financial position as at the end of September 2019.

1.1 The Finance Update Report contains detail of the following:

- The forecast Revenue position, is an overspend of £5.942m which is net of an expected refund from the Greater Manchester Combined Authority. The refund will be used to offset any in year overspend, and it is intended that any unused amount will be transferred to the Equalisation Reserve.
- A pressure of £6.700m relating to the Pooled Fund is requested to be funded from an additional contribution from the Equalisation Reserve.
- An update of the Savings target of £0.135m, as part of the Revenue budget 2019/20.
- Forecast Capital spend of £121.322m after net re-phasing of £7.210m.
- The Treasury Management Update in appendix G.

Recommendation

- 2.1 Cabinet notes the forecast 2019/20 budget positions for Revenue, Savings and Capital as at the end of September 2019.
- 2.2 Cabinet approves a £6.700m additional contribution to the pooled fund detailed in paragraph 4.1.3, noting £0.823m to be reduced off the 2020/21 contribution.
- 2.3 Cabinet approves the Revenue Budget Pressure Fund requests for 2019/20 totalling £0.091m detailed in section 4.1.4.
- 2.4 Cabinet approves the Capital funding switch detailed in 4.1.3.
- 2.5 Cabinet notes the net Capital re-phasing of £7.210m detailed in section 4.4.2.

2.6 Cabinet notes the Treasury Management update which is detailed in Appendix G.

Reason for Recommendation

3.1. Cabinet Members should be kept updated on the financial position of the authority, as effective budget management is critical to ensuring the financial resources are spent in line with the budget and are targeted towards the Council's priorities. Monitoring enables the early identification of variations against the plan and facilitates timely corrective action.

This report provides an overview of the forecast 2019/20 financial position for the Council and focuses on the position as at the end of September 2019.

Key Points for Consideration

4.1 Revenue Budget 2019/20

4.1.1. The budget set by Budget Council on 26th February 2019 was £216.221m.

The Revenue Budget is £215.621m as at the end of September 2019 with no changes in this reporting period.

Approved by	When	Reason for change	Amount (£m)
Budget Council	Feb-19	Approved budget	216.221
	Jul-19	Reduction in S31 relief	-0.600
GRAND TOTAL			215.621

4.1.2 The overall position taking account of the projections currently being forecast by services as at the end of September 2019 is an overspend of £5.942m.

Please see Appendix A for details of budget allocations and forecast Revenue Outturn Position.

4.1.3 The major (\geq £0.250m) variations to controllable budget, by service, are detailed below:-

Adult Care: £1.233m Overspend mitigated by contribution from Pooled Budget

The Adult Care service is experiencing financial pressures from the number and costs of care packages for service users. There is a further pressure from the provision of statutory Deprivation of Liberty Safeguards assessments. These pressures are partially mitigated by in-year savings from staff turnover and vacancies.

The remaining net pressure of £1.233m for Adult Care budgets in 2019/20 will be wholly met by an additional contribution from the Health & Social Care pooled budget.

Children's Services - £6.707m Overspend with £3.607m being mitigated through the DSG Reserve

Children's Services are currently forecasting a pressure of £6.707m.

£3.100m is attributable to external residential placements, with the 2018/19 growth in cared for children continuing to be cared for in 2019/20. During the first two quarters of 2019/20 there has been a reduction in the number of cared for children which has reduced the forecast overspend.

There is a £3.607m pressure on the Dedicated School Grant (DSG) within the High Needs block. The pressure is in relation to a continued rise in numbers of children with education health care plans and increasing numbers of children attending independent schools which is a high cost provision. The growth in numbers is a national trend and the current DSG pressure equates to 2% of the DSG 2019/20 allocation, this will put the DSG reserve into a deficit position and therefore will result in Rochdale Council being required to submit a 3 year recovery plan to the Department for Education at the end of the financial year to bring the reserve back into a surplus position.

Financial Control - £3.987m In-Year saving

The forecast in-year saving relates to an expected refund from the Greater Manchester Combined Authority and interest savings. The interest savings are due to the borrowing requirement being funded through internal borrowing with nil cost or the forecast reduction in capital expenditure.

Neighbourhoods £0.250m Overspend

The Neighbourhoods Directorate is reporting a forecast in-year pressure of £0.250m. This mainly reflects pressures on the Strategic Housing budget due to homelessness costs which are not fully covered by the Government subsidy. The Service are looking to address this issue, however, corporate funding has been earmarked to offset the pressure if necessary.

Resources - £0.256m In-Year saving

The service is reporting an in-year saving of £0.256m, which includes a pressure from the Legal Shared Service with Manchester City Council. This pressure is being mitigated in 2019/20 by savings from staffing costs within the Directorate overall. However, a significant amount of the 2019/20 staff savings have either been committed to the 2020/21 Savings Programme or are one year only, therefore, a request for Corporate Funding may be required in 2020/21 to managed this pressure which is likely to continue due to the growth in Children in Care.

Integrated Pooled Budget Contribution - £6.700m Overspend

The Health & Social Care (H&SC) Pooled Fund opening gap was £16.600m and as at the end of September the overall reported current financial pressure

was £14.400m. The £14.400m pressure includes a £3.000m overspend which is £1.800m on Health related budgets and £1.200m on Adult Social Care.

In 2018/19 the Council and the Clinical Commissioning Group (CCG) entered into a formal pooled fund with a 2 year section 75 agreement which established the legal framework for the operation of the fund. During 2018/19 the fund experienced significant pressure which resulted in both partners making additional in-year contributions with the overall funding of pressures being based on a 70:30 split. This ratio split being in line with the opening contribution from both organisations.

It has been agreed for 2019/20 in-year pressures will continue to be funded in-line with this ratio and therefore, subject to Cabinet approval, the Council will make an additional in-year contribution to the 2019/20 pooled fund of £5.877m this being 30% of the opening pooled fund gap and 30% of current year monitoring pressures.

It's proposed that the Council's increased contribution will be met from the Equalisation Reserve, this reserve being established to smooth funding pressures whilst recurrent funding solutions are being implemented.

Once the Council and the CCG have made additional contributions, a £0.823m pressure will remain, it has been proposed that the Council will contribute an additional £0.823m to support delivery of the commissioning functions for 2019/20 with a corresponding reduction to the Council's contribution in 2020/21. The Council will only make this contribution if the pooled fund is unable to identify alternative sources of funding or savings to bridge the remaining £0.823m pressure in 2019/20.

As part of the 2019/20 Estimates process, the risks associated with H&SC integration were considered and included, as part of the review of the adequacy of general balances and reserves.

Full detail of the current Revenue position for each Directorate and the Health & Social Pooled Fund can be found in Appendices B & C.

4.1.4 Budget Pressures

The Budget Pressure Fund for 2019/20 is £0.643m - £0.463m on-going and £0.180m one-off.

The following budget pressure requests are subject to Cabinet Member approval:

Resources (£0.067m) pressure returned for 2019/20

£0.067m of funding has been returned relating to the Electoral reform budget pressure request agreed at July Cabinet. Cabinet Office grant funding is not

being reduced as previously expected in 2019/20. The on-going budget pressure request will now commence in 2020/21.

Economy £0.035m – One off 2019/20

A request of £0.035m one off funding in 2019/20 relates to the Asset Rationalisation Initiative, to fund the maintenance and running costs as a result of the delayed disposal of Council assets.

Economy £0.005m – Ongoing, increasing to £0.018k 2020/21

Budget pressures funding is requested by Economy Directorate to enable the application of a Market Factor Supplement to 4 posts within Estates and Asset Management Service, to enable recruitment to posts at a competitive rate within the regional jobs market and reduce the need for interim agency expenditure. The posts are required in order to carry out a range of work including: property disposals, property management, landlord and tenant, valuation advice, property acquisitions, asset valuations, strategic asset management.

Neighbourhoods £0.016m – One off 2019/20

A budget pressure request has been made due to the closure of Heybrook School following a building issue. The budget pressure request is to cover the loss of income relating to school meals and additional transportation costs.

Resources £0.035m- One off 2019/20 (£0.041m 2020/21, £0.041m 2021/22)

A budget pressure request has been made for Legal Services to replace the Legal Case Management system. The cost of the new system will be approximately £0.035m. In order to implement the new system there is a requirement to employ a Project Manager. This staffing element will commence in April 2020 and will be £0.041m for 2020/21 and £0.041m in 2021/22.

If the above is approved there will be a balance in 2019/20 of £0.458m on-going and £0.094m one-off.

4.2 Savings Update 2019/20

4.2.1 The total savings target for 2019/20 is £0.135m and Services have not identified any issues.

4.2.2 See Appendix D for the financial detail of Savings proposals.

4.3 Corporate Debt

The Council has a responsibility to collect income due and to recover outstanding debts owed. There are three main types of income which are

owed to the Council: Council Tax, Business Rates and sundry debts. Sundry debts include:

- Fees and charges raised as invoices by all Directorate of the Council, for services provides.
- Housing Benefit overpayments which occur as a result of a change in entitlement to benefit.

As at the end of September 2019 the total outstanding sundry debt is £14.790m, an increase of £2.590m from July 2019. This is due to an increase in volume of Adult Care invoices for residential care debt.

Summary of Sundry Debt as at September 2019	Totals (£m)
Balance of debt carried forward from 2018/19	10.950
Invoices raised less credit notes	38.705
Payments/adjustments	(34.720)
Write offs	(0.145)
Balance as at September 2019	14.790
Breakdown of outstanding balance	
Fees and charges	9.611
Housing Benefit overpayments	5.179
Balance as at July 2019	12.200
Increase/(Reduction)	2.590

Please see appendix E for further details.

4.4 Capital Budget 2019/20

The current 2019/20 Capital Budget is £121.322m. The table below shows a summary of the movements:

	2019/20	2020/21	2021/22
	£m	£m	£m
CAPITAL BUDGET AT JULY 2019	128.532	66.533	26.430
Capital Rephasing adjustment 2018/19	-	(0.200)	-
Rephasing requested to end of September	(7.210)	7.210	
CAPITAL BUDGET AT SEPTEMBER 2019	121.322	73.543	26.430

4.4.1 Capital Budget Changes

4.4.2 Capital Re-phasing

Economy £6.061m

- £3.061m Town Centre Schemes due to various delays in schemes,
- £2.500m Heywood South/Junction 19 due to delays in the completion of the Spatial Framework,
- £0.500m Northern Gateway Feasibility & Study as this scheme links in with Heywood South/Junction 19 scheme.

Neighbourhoods Service £1.149m

- £0.480m for Asset Management Group as schemes are scheduled to commence in 2020/21,
- £0.450m New Cemetery Sites of rephasing is required for work being undertaken to replace the cremators at Rochdale Cemetery,
- £0.172m CCTV Upgrade as the scheme has been delayed to 2020/21,
- £0.041m Section 106 Environmental management to facilitate the completion of Bowlee pitch drainage once the season has come to a close,
- £0.006m Cashless System School Catering.

4.4.3 Capital Budget Funding Switch

Members are asked to approve the following capital budget funding switches.

Neighbourhoods Service

- £0.089m of 2019/20 budget is requested to be switched from Replacement Parks/Street Machinery to the Upgrade Play Equipment Scheme to support a programme of works which are required to bring play areas up to a good standard.

Appendix F provides details of the Capital budget position for each Directorate and a graph showing the capital forecast spend for all Services.

4.4.4 Capital Receipts

The table following shows the forecast movements in the Capital Receipts Reserve during 2019/20, and provisionally for 2020/21 to 2021/22:

Description	2019/20	2020/21	2021/22
	£m	£m	£m
Capital Receipts balance as at 1st April 2019	10.187	2.108	2.698
Use of Capital Receipts to fund 2019/20 Capital Programme, including prior year schemes rephased into 2019/20	(6.920)	-	-
Use of Capital Receipts to fund provisional 2020/21 and 2021/22 Capital Programmes, and 2019/20 rephasing into future years	-	(0.010)	0.000
Earmarked use of receipts to fund other future commitments	(3.654)	(0.846)	0.000
Capital Receipts income	2.495	1.446	0.500
Forecast uncommitted Capital Receipts balance as at 31st March 2020	2.108	2.698	3.198

The forecast uncommitted Capital Receipts Reserve balance as at the end of 2021/22 is currently £3.198m.

4.5 Treasury Management

The overall Treasury position shows an in-year saving of £1.247m compared to the revised budget comprising:

- Reduced interest costs as borrowing deferred (reserves and balances used to fund the capital programme) - £0.596m
- Increased Investment income - £0.157m
- Reduced Minimum Revenue Provision due to rephasing of the capital programme from 2018/19 to the current year - £0.494m

Full details can be found in Appendix G.

4.6 Alternatives considered

- 4.6.1 Not reporting on financial performance puts at risk the achievement of the Council's Medium Term Financial Plan. Effective budget management is critical to ensuring financial resources are spent in line with the budget and are targeted towards the Council's priorities. Monitoring enables the early identification of variations against the plan and facilitates timely corrective action.

Costs and Budget Summary

5. See Appendices A,B,C,D,E,F & G which provide an overview of budgets for Revenue, Health & Social Care Pool Budgets, Savings, Corporate Debt, Capital and Treasury Management detailed in section 4.

Risk and Policy Implications

6. There are no major legal implications arising as a result of this report except to note that debts that are recoverable can be enforced by court action in accordance with the court procedure rules.

The use of reserves to address the pressures within the Pooled Fund is a one off solution which cannot be sustained into future years. This risk is currently being mitigated by the development and implementation of a savings programme to deliver a recurrent solution to the pooled fund pressures.

Consultation

7. All services engage with the production of the service based financial information within this report. The Leadership Team, the Leader, Cabinet Member for Finance, and Opposition Portfolio holder for Finance have been informed of the forecast 2019/20 financial position of the Council and its implications for future years. The report is presented to the Corporate Overview and Scrutiny Committee on 26th November 2019.

Background Papers

Place of Inspection

- | | | |
|----|---|-----------------------|
| 8. | For further information about this report or access to any background papers contact Stuart Smith | No1 Riverside Floor 2 |
|----|---|-----------------------|

For Further Information Contact:

Stuart Smith,
Stuart.Smith@rochdale.gov.uk
Tel : 01706 924196

APPENDIX A – REVENUE SUMMARY

GENERAL FUND REVENUE ACCOUNT SUMMARY 2019/20 CURRENT POSITION AS AT END OF SEPTEMBER 2019

TABLE 1

Directorate/ Detail	Budget Council	Virements/ Contingency	Current Budget	Service and Corporate Uncontrollables	Current Controllable Approved Net Budget	Forecast Outturn	In Year Saving/ (Overspend)	Previous Monitoring Report (July Cabinet)	Movement Since July Cabinet
(1)	(2) £'000	(3) £'000	(4) £'000	(5) £'000	(6) £'000	(7) £000	(8) £'000	(9) £'000	(10) £000
Adult Care	15,415	1,143	16,558	4,047	12,511	12,511	-	-	-
Children's	21,585	5,805	27,390	19,110	8,280	11,380	(3,100)	(3,275)	175
Economy	15,993	(115)	15,878	755	15,123	15,258	(135)	(100)	(35)
Neighbourhoods	52,413	2,710	55,123	1,281	53,842	54,092	(250)	(206)	(44)
Public Health and Wellbeing	8,206	287	8,493	1,889	6,604	6,604	-	-	-
Resources	8,222	(308)	7,914	(3,692)	11,606	11,350	256	(27)	283
TOTAL GENERAL SERVICES SPENDING	121,834	9,522	131,356	23,390	107,966	111,195	(3,229)	(3,608)	379
Integrated Pool Budget Contribution	87,159	2,615	89,774	-	89,774	96,474	(6,700)	(4,500)	(2,200)
TOTAL POOLED BUDGETS	87,159	2,615	89,774	-	89,774	96,474	(6,700)	(4,500)	(2,200)
Finance Control: Corporately Held Budgets	4,139	(14,758)	(10,619)	(20,623)	10,004	6,017	3,987	877	3,110
Finance Control: Transformation Fund	1,719	2,748	4,467	-	4,467	4,467	-	-	-
Finance Control: Budget Pressures	1,370	(727)	643	-	643	643	-	-	-
TOTAL FINANCE CONTROL SPENDING	7,228	(12,737)	(5,509)	(20,623)	15,114	11,127	3,987	877	3,110
NET EXPENDITURE REQUIREMENTS	216,221	(600)	215,621	2,767	212,854	218,796	(5,942)	(7,231)	1,289

APPENDIX B – SERVICES REVENUE

REVENUE FINANCIAL MANAGEMENT STATEMENT AS AT END OF SEPTEMBER 2019

Service: **ADULT CARE DIRECTORATE**
Overall Risk Rating: **LOW**

Table 1. Financial Management Forecast								
Area of Service	Major Risk Area RAG rating	Budget Fixing Council £'000	Current Approved Expenditure Budget £'000	Current Approved Income Budget £'000	Current Budget £'000	Forecast Spend 19/20 £'000	Variation - Forecast spend to Current Budget £'000	Change from Previous Report £'000
CONTROLLABLE BUDGETS								
Management	GREEN	12,348	13,490	(406)	13,084	13,053	31	(28)
Neighbourhoods	RED	25,450	68,389	(36,043)	32,346	33,861	(1,515)	210
Boroughwide Services	RED	14,747	7,334	(4,749)	2,585	2,595	(10)	(45)
In House Provider Services	GREEN	636	3,208	(1,984)	1,224	1,026	198	26
Governance Business Support & Home Improvement Agency	GREEN	931	2,472	(1,214)	1,258	1,105	153	(6)
Greater Manchester Health & Social Care Transformation Fund	GREEN	0	2,533	(2,533)	0	0	0	0
Commissioning	GREEN	2,511	3,469	(1,015)	2,454	2,389	65	13
Statutory Functions	AMBER	552	646	(23)	623	778	(155)	(3)
SUB TOTAL		57,175	101,541	(47,967)	53,574	54,807	(1,233)	167
Contribution from Pooled Budget	GREEN	(44,882)	0	(41,063)	(41,063)	(42,296)	1,233	(167)
REVISED SUB TOTAL		12,293	101,541	(89,030)	12,511	12,511	0	0
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
UNCONTROLLABLE								
Service, Corporate and Support Service Charges	GREEN	2,966	5,866	(1,819)	4,047	4,047	0	0
SUB TOTAL		2,966	5,866	(1,819)	4,047	4,047	0	0
TOTAL SERVICE BUDGET		15,259	107,407	(90,849)	16,558	16,558	0	0
Brief Explanation of Major Variances								£'000
Management :- In-year savings resulting from staff turnover and vacancies								31
Neighbourhoods:- Pressure from the number and costs of care packages, exceeding the available budget, including the effect of purchasing an additional day of care as 2019/20 is a leap year. This is partially mitigated by savings due to staff turnover and vacancies. Additional costs are also being incurred for Service Users transferred to community settings from long stay hospitals under the Transforming Care programme.								(1,515)
Boroughwide Services:- Pressure from the number and costs of care packages, exceeding the available budget, including the effect of purchasing an additional day of care as 2019/20 is a leap year. This is partially mitigated by savings due to staff turnover and vacancies								(10)
In House Provider Services:- In-year savings resulting from staff turnover and vacancies								198
Governance Business Support & Home Improvement Agency :- In-year savings resulting from staff turnover and vacancies								153
Commissioning:- In-year savings resulting from staff turnover and vacancies								65
Statutory Functions:- Pressure from the costs of provision of Deprivation of Liberty Safeguards assessments								(155)
Contribution from Pooled Budget:- The net pressure from Adult Social Care budgets in 2019/20 will be wholly met by an additional contribution from the Health and Social Care pooled budget								1,233
TOTAL								0
Financial Management Update								
The Adult Care service is experiencing financial pressures from the number and costs of care packages for service users. There is a further pressure from the provision of statutory Deprivation of Liberty Safeguards assessments. These pressures are partially mitigated by in-year savings from staff turnover and vacancies. The remaining net pressure of £1.233m for Adult Care budgets in 2019/20 will be wholly met by an additional contribution from the Health & Social Care pooled budget.								

**REVENUE FINANCIAL MANAGEMENT STATEMENT
AS AT END OF SEPTEMBER 2019**

Service:
Overall Risk Rating:

**CHILDREN'S DIRECTORATE
HIGH**

Table 1. Financial Management Forecast

Area of Service	Major Risk Area RAG rating	Budget Fixing Council	Current Approved Expenditure Budget	Current Approved Income Budget	Current Approved Net Budget	Forecast Spend 2019/20	Variation - Forecast spend to Current Budget	Change from Previous Report
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
CONTROLLABLE BUDGETS								
First Response	RED	1,741	1,949	0	1,949	1,949	0	0
Cared for Children	RED	22,149	24,220	(724)	23,496	26,596	(3,100)	175
Safeguarding Children Unit	AMBER	781	1,188	(212)	976	976	0	0
Youth Offending Team	AMBER	220	1,226	(969)	257	257	0	0
Child Protection & Care Proceedings	RED	2,077	2,103	0	2,103	2,103	0	0
Advice and Screening	RED	330	635	(241)	394	394	0	0
Practice Improvement	GREEN	2,078	2,821	(360)	2,461	2,461	0	0
Sure Start	GREEN	3,460	21,269	(17,501)	3,768	3,768	0	0
School Support	GREEN	1,460	29,257	(27,809)	1,448	1,448	0	0
Special Educational Needs and Disability	AMBER	5,583	21,952	(15,880)	6,072	9,679	(3,607)	(242)
Youth Service	GREEN	45	1,271	(1,101)	170	170	0	0
Management and Administration	GREEN	(120)	2,927	(261)	2,666	2,666	0	0
Funding Allocated to Schools	GREEN	0	194,813	(194,800)	13	13	0	0
Early Help	GREEN	405	1,494	(1,302)	192	192	0	0
SUB TOTAL		40,209	307,125	(261,160)	45,965	52,672	(6,707)	(67)
Contribution from Pooled Budget		(36,698)	0	(41,292)	(41,292)	(41,292)	0	0
Contribution from DSG Reserve		0	3,607	0	3,607	0	3,607	
REVISED SUB TOTAL		3,511	310,732	(302,452)	8,280	11,380	(3,100)	(67)

		£'000	£'000	£'000	£'000	£'000	£'000	£'000
UNCONTROLLABLE								
Service, Corporate and Support Service Charges	GREEN	21,585	23,329	(4,219)	19,110	19,110	0	0
SUB TOTAL		21,585	23,329	(4,219)	19,110	19,110	0	0

Brief Explanation of Major Variances

	£'000
Cared for Children:- The pressure from 2018/19 is continuing into 2019/20 for looked after children and there continues to be a reliance on high cost external residential placements.	(3,100)
Special Educational Needs and Disability (SEND):- Dedicated School Grant pressure on the High needs block of £3,607m, this is attributable to a continued rise in numbers of children with an Education health care plan (EHCP) and projected growth for the 2019/20 academic year. Due to demand for special school places there has been an increase in the use of independent schools, the independent schools are a high cost provision, and costs are increasing due to market demand.	(3,607)
Contribution from DSG Reserve:- The net pressure from Special Education Needs and Disability (SEND) will be funded from the DSG Reserve.	3,607
TOTAL	(3,100)

Financial Management Update

Children's Services are currently forecasting a pressure of £6.707m. £3.100m is attributable to external residential placements, with the 2018/19 growth in cared for children continuing to be cared for in 2019/20. Throughout the first two quarters of 2019/20 there has been a reduction in the number of cared for children which has reduced the forecast overspend.

There is a £3.607m pressure on the Dedicated School Grant (DSG) within the High Needs block. The pressure is in relation to a continued rise in numbers of children with education health care plans and increasing numbers of children attending independent schools which is a high cost provision. The growth in numbers is a national trend and the current DSG pressure equates to 2% of the DSG 2019/20 allocation, this will put the DSG reserve into a deficit position and therefore will result in Rochdale Council being required to submit a 3 year recovery plan to the Department for Education at the end of the financial year to bring the reserve back into a surplus position.

**REVENUE FINANCIAL MANAGEMENT STATEMENT
AS AT END OF SEPTEMBER 2019**

Service: **ECONOMY DIRECTORATE**
Overall Risk Rating: **MEDIUM**

Table 1. Financial Management Forecast

Area of Service	Major Risk Area RAG rating	Budget Fixing Council £'000	Current Approved Expenditure Budget £'000	Current Approved Income Budget £'000	Current Approved Net Budget £'000	Forecast Spend 2019/20 £'000	Variation - Forecast spend to Current Budget £'000	Change from Previous Report £'000
CONTROLLABLE BUDGETS								
Planning and Building Control	RED	537	3,068	(2,350)	718	718	0	678
Passenger Transport Levy	GREEN	15,281	14,747	0	14,747	14,747	0	14,747
Economic Development	GREEN	1,074	1,956	(820)	1,136	1,136	0	1,086
Properties	GREEN	9	2,241	(2,285)	(44)	56	(100)	56
Asset Rationalisation	RED	(18)	(18)	0	(18)	17	(35)	(18)
Property Growth Fund	AMBER	(1,471)	1,667	(3,083)	(1,416)	(1,416)	0	(1,416)
SUB TOTAL		15,412	23,661	(8,538)	15,123	15,258	(135)	15,133

		£'000	£'000	£'000	£'000	£'000	£'000	£'000
UNCONTROLLABLE								
Service, Corporate and Support Service Charges	GREEN	581	1,669	(914)	755	755	0	0
SUB TOTAL		581	1,669	(914)	755	755	0	0

TOTAL SERVICE BUDGET		15,993	25,330.00	(9,452)	15,878	16,013	(135)	15,133
-----------------------------	--	---------------	------------------	----------------	---------------	---------------	--------------	---------------

Brief Explanation of Major Variances

	£'000
Properties :- Pressures within Industrial Estates as a result of underachieved savings and rental income.	(100)
Asset Rationalisation :- The targeted saving for 2019/20 relating to running costs/maintenance as a result of further disposal of assets will not be achieved. A one-year only budget pressure request has been made.	(35)
TOTAL	(135)

Financial Management Update

The Economy Directorate is reporting an in-year pressure of £0.135m. This includes pressures in relation to Industrial Estates as a result of underachieved savings and rental income. A new project team has been established to review the Commercial & Industrial Estate with a view to increasing income levels; progress in this area will be reviewed and reported later in the financial year. There is also a pressure in relation to targeted savings from Asset Rationalisation that will not be achieved in 2019/20 and one year only budget pressures funding has been requested for this.

**REVENUE FINANCIAL MANAGEMENT STATEMENT
AS AT END OF SEPTEMBER 2019**

Service: **NEIGHBOURHOODS DIRECTORATE**

Overall Risk Rating: **HIGH**

Table 1. Financial Management Forecast

Area of Service	Major Risk Area RAG rating	Budget Fixing Council £'000	Current Approved Expenditure Budget £'000	Current Approved Income Budget £'000	Current Approved Net Budget £'000	Forecast Spend 2019/20 £'000	Variation - Forecast spend to Current Budget £'000	Change from Previous Report £'000
CONTROLLABLE BUDGETS								
Waste Disposal Levy	RED	15,945	15,874	0	15,874	15,874	0	0
Facilities Management	RED	2,065	10,519	(7,927)	2,592	2,642	(50)	(50)
Environmental Management	GREEN	10,954	18,032	(6,794)	11,238	11,238	0	0
ICT Service	AMBER	4,098	6,096	(1,616)	4,480	4,480	0	0
Coroners	RED	693	2,527	(1,902)	625	625	0	0
Community & Townships	AMBER	3,479	6,150	(2,112)	4,038	3,963	75	75
Public Protection	AMBER	622	1,926	(1,252)	674	674	0	0
Policy, Perform & Improvement	GREEN	272	287	0	287	287	0	0
Communications & Digital Services Team	GREEN	531	826	(14)	812	812	0	0
Customer Access	RED	1,614	1,693	(61)	1,632	1,632	0	0
Strategic Housing	RED	2,306	3,742	(996)	2,746	3,021	(275)	(69)
AGMA Contributions	GREEN	627	656	(29)	627	627	0	0
Place Based	GREEN	1	456	(30)	426	426	0	0
Highways and Engineering	RED	3,245	6,278	(2,718)	3,560	3,560	0	0
Properties	RED	313	2,978	(2,590)	388	388	0	0
Street Lighting	RED	3,545	6,298	(2,455)	3,843	3,843	0	0
SUB TOTAL		50,310	84,338	(30,496)	53,842	54,092	(250)	(44)

		£'000	£'000	£'000	£'000	£'000	£'000	£'000
UNCONTROLLABLE								
Service, Corporate and Support Service Charges	GREEN	2,104	18,911	(17,630)	1,281	1,281	0	0
SUB TOTAL		2,104	18,911	(17,630)	1,281	1,281	0	0

TOTAL SERVICE BUDGET		52,414	103,249	(48,126)	55,123	55,373	(250)	(44)
-----------------------------	--	---------------	----------------	-----------------	---------------	---------------	--------------	-------------

Brief Explanation of Major Variances

	£'000
Facilities Management:- Pressure relating to repairs and maintenance of the Town Hall. Costs will be reviewed in line with future proposals for the Town Hall.	(50)
Community & Townships:- In-year saving due to vacant posts and additional income on Registrars	75
Strategic Housing :- Pressure in respect of housing benefit and homelessness costs which are not fully covered by Government subsidy. The Service are looking to mitigate this pressure however, Corporate funding has been earmarked to address any shortfall.	(275)
TOTAL	(250)

Financial Management Update

The Neighbourhoods Directorate is reporting a forecast in-year pressure of £0.250m. This mainly reflects pressures on the Strategic Housing budget due to homelessness costs which are not fully covered by the Government subsidy. The Service are looking to address this issue, however, Corporate funding has been earmarked to offset the pressure if necessary.

**REVENUE FINANCIAL MANAGEMENT STATEMENT
AS AT END OF SEPTEMBER 2019**

Service:
Overall Risk Rating:

**PUBLIC HEALTH AND WELLBEING DIRECTORATE
LOW**

Table 1. Financial Management Forecast

Area of Service	Major Risk Area RAG rating	Budget Fixing Council £'000	Current Approved Expenditure Budget £'000	Current Approved Income Budget £'000	Current Approved Net Budget £'000	Forecast Spend 2019/20 £'000	Variation - Forecast spend to Current Budget £'000	Change from Previous Report £'000
CONTROLLABLE BUDGETS								
Sexual Health	GREEN	1,681	3,602	(1,976)	1,626	1,626	0	0
NHS Health Checks	GREEN	262	262	0	262	262	0	0
Public Health Advice	GREEN	69	29	0	29	29	0	0
Obesity and Physical Activity	GREEN	581	606	0	606	606	0	0
Substance Misuse	GREEN	2,851	3,151	(156)	2,995	2,995	0	0
Smoking and Tobacco	GREEN	34	34	0	34	34	0	0
Children 0-19 Public Health Programme	GREEN	6,539	6,538	0	6,538	6,538	0	0
Mental Health and Wellbeing	GREEN	40	41	0	41	41	0	0
Other Public Health Commissioning	GREEN	3,175	3,076	0	3,076	3,076	0	0
Health Protection	GREEN	290	292	0	292	292	0	0
Public Health Staffing and Non Staffing	GREEN	1,230	1,402	105	1,507	1,507	0	0
Client Services - Link4Life	GREEN	2,595	3,084	(498)	2,586	2,586	0	0
SUB TOTAL		19,347	22,117	(2,525)	19,592	19,592	0	0
Contribution from Pooled Budget		(12,983)	0	(12,988)	(12,988)	(12,988)	0	0
REVISED SUB TOTAL		6,364	22,117	(15,513)	6,604	6,604	0	0

		£'000	£'000	£'000	£'000	£'000	£'000	£'000
UNCONTROLLABLE								
Service, Corporate and Support Service Charges	GREEN	1,841	1,889	0	1,889	1,889	0	0
SUB TOTAL		1,841	1,889	0	1,889	1,889	0	0
TOTAL SERVICE BUDGET		8,205	24,006	(15,513)	8,493	8,493	0	0

Financial Management Update

The Public Health Service is forecast to incur expenditure in line with the available budget.

**REVENUE FINANCIAL MANAGEMENT STATEMENT
AS AT END OF SEPTEMBER 2019**

Service: **RESOURCES DIRECTORATE**
Overall Risk Rating: **LOW**

Table 1. Financial Management Forecast

Area of Service	Major Risk Area RAG rating	Budget Fixing Council £'000	Current Approved Expenditure Budget £'000	Current Approved Income Budget £'000	Current Approved Net Budget £'000	Forecast Spend 2019/20 £'000	Variation Forecast spend to Current Budget £'000	Change from Previous Report £'000
CONTROLLABLE BUDGETS								
Finance Services	AMBER	2,040	2,284	(344)	1,940	1,920	20	20
Other Managed Budgets	GREEN	2,274	2,942	(269)	2,673	2,123	390	94
Revenues & Benefits	RED	555	65,645	(64,577)	1,068	1,054	14	14
Legal Services	RED	1,623	2,134	(458)	1,676	2,076	(240)	160
Human Resources	AMBER	1,435	2,365	(640)	1,725	1,691	34	(0)
Internal Audit	GREEN	635	646	(40)	606	576	30	0
Governance	AMBER	1,836	2,320	(402)	1,918	1,910	8	(5)
SUB TOTAL		10,398	78,336	(66,730)	11,606	11,350	256	283
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
UNCONTROLLABLE								
Service, Corporate and Support Service Charges	GREEN	(2,176)	8,589	(12,281)	(3,692)	(3,692)	0	0
SUB TOTAL		(2,176)	8,589	(12,281)	(3,692)	(3,692)	0	0
TOTAL SERVICE BUDGET		8,222	86,925	(79,011)	7,914	7,658	256	283

Brief Explanation of Major Variances

	£'000
Finance Services:- In-year savings mainly due to staffing.	20
Other Managed Budgets:- In-year savings as a result of vacant posts at Leadership and Head of Service level, plus other temporary arrangements and one-off savings in 2019/20.	390
Revenues and Benefits:- In-year savings mainly due to staffing.	14
Legal Services:- Pressure within the Shared Legal Service with Manchester City Council, which is a result of increased Care Applications over and above the usually anticipated level. This pressure links to the growth in Children in Care, and once work has been completed with colleagues at Manchester City Council to fully understand this pressure, a request for Corporate funding will be made.	(240)
Human Resources:- In-year savings mainly due to staffing.	34
Internal Audit:- In-year savings mainly due to staffing.	30
Governance:- In-year savings mainly due to staffing.	8
TOTAL	256

Financial Management Update

The service is reporting an in-year saving of £0.256m, which includes a pressure within the Legal Shared Service with Manchester City Council, caused by increased Care Applications over and above the usually anticipated level. This pressure is being mitigated in 2019/20 by savings from staffing costs within the Directorate overall.

APPENDIX C – HEALTH & SOCIAL CARE POOLED FUND

Health and Social Care Pooled Budget 2019/20				
	2019/20 Budget	2019/20 Forecast	Variance	Narrative
September Monitoring position	£m's	£m's	£m's	
Adults' Services				
Management, Support and Commissioning	3.5	3.5	0.0	
Adults, Older People and Physical Disability	41.9	42.7	(0.8)	Increase in expensive Residential/ Community Placements (£0.9m). Underperformance on Durnford Dermatology CAT's (-£0.1m).
Learning Disability / Mental Health	53.7	54.4	(0.7)	Expensive Residential/ Community Placements (£0.3m). Additional patients within specialist rehab beds and increased observations for an LD patient (£0.4m).
Acute Health Care	117.0	118.1	(1.1)	Pressure with Pennine Acute on non-elective.
Primary Care - Prescribing	29.4	29.4	0.0	
Other Services	6.6	6.6	0.0	
Adult Public Health	8.0	8.0	0.0	
Total Adult Pooled Services	260.1	262.7	(2.6)	
Children's Services				
Management, Support and Commissioning	4.3	4.3	0.0	
Children's Early Intervention	6.2	6.2	0.0	
Health Community Services	5.8	5.8	0.0	
Learning Disability / Mental Health	6.7	6.7	0.0	
Special Educational Needs	4.0	4.0	0.0	
Acute Health Care	22.7	23.1	(0.4)	Pressure with Pennine Acute on non-elective.
Children 0-19 Public Health	5.0	5.0	0.0	
Cared for Children and Safeguarding	26.7	26.7	0.0	
Primary Care - Prescribing	7.8	7.8	0.0	
Other Services	1.5	1.5	0.0	
Total Children's Pooled Services	90.7	91.1	(0.4)	
Total Health and Social Care Pooled Budgets	350.8	353.8	3.0	
Contribution from Partners				
CCG	(249.6)	(249.6)	0.0	
LA	(89.8)	(89.8)	0.0	
Total Contributions	(339.4)	(339.4)	0.0	
Revised Gap	11.4	14.4	3.0	

APPENDIX D – SAVINGS

SAVINGS FINANCIAL MANAGEMENT STATEMENT AS AT END OF SEPTEMBER 2019

Table 1. 2019/20 Saving Proposals approved at Budget Council							
Savings Reference	Service	Nature of Saving	Savings Target	Achieved	On-Target	Mitigating Actions	Balance to Address
			£'000	£'000	£'000	£'000	£'000
NH-2019-20-22	Neighbourhoods	Grant Funded Community Centres	(100)	(100)	0	0	0
NH-2019-20-24	Neighbourhoods	Review of the budget for the provision of social and welfare advice and legal services	(35)	(30)	0	(5)	0
		Sub Total Neighbourhoods	(135)	(130)	0	(5)	0
		Total	(135)	(130)	0	(5)	0

Update on achievement of savings, which have not been achieved or have been mitigated

Citizen Advice Bureau contract has been successfully reduced by £30k, the remaining £5k has been mitigated elsewhere within Neighbourhoods.

APPENDIX E – CORPORATE DEBT

Table 1. Fees and Charges outstanding			
	31-Jul-19	30-Sep-19	Movement
Age of Debt	£m	£m	£m
2019/20	4.587	7.302	2.715
2018/19	1.565	1.388	(0.177)
2017/18	0.473	0.455	(0.018)
2016/17	0.263	0.253	(0.010)
2015/16	0.060	0.056	(0.004)
2014/15	0.078	0.075	(0.003)
2013/14 and prior years	0.087	0.082	(0.005)
Subtotal from previous years	2.526	2.309	(0.217)
Total	7.113	9.611	2.498
Table 2. Housing Benefit overpayments outstanding			
	31-Jul-19	30-Sep-19	Movement
Age of Debt	£m	£m	£m
2019/20	0.451	0.691	0.240
2018/19	0.905	0.858	(0.047)
2017/18	1.070	1.035	(0.035)
2016/17	0.654	0.635	(0.019)
2015/16	0.866	0.848	(0.018)
2014/15	0.383	0.373	(0.010)
2013/14 and prior years	0.758	0.739	(0.019)
Subtotal from previous years	4.636	4.488	(0.148)
Total	5.087	5.179	0.092
Grand Total	12.200	14.790	2.590

Fees and Charges Overview

The volume of fees and charges being raised has increased significantly in 2019/20 due to the number of Adult Care invoices being raised for residential care debt. Invoices are issued every 4 weeks in arrears and this has created a significant amount of customer contact from the person receiving care or their carer. As at the end of September, £4.479m worth of debt has been raised for Adult Care residential debt, of which £4.084m has been recovered to date.

Of the overall debt outstanding, £5.286m was overdue on 1st September. This includes £2.215m from invoices issued to the NHS and £0.743m from invoices issued to schools and academies.

Housing Benefit Overpayment Overview

£2.674m of the outstanding debt is currently being recovered by reducing ongoing Housing Benefit payments. As working-age Housing Benefit recipient's transition to Universal Credit, the ongoing recovery from Housing Benefit has to stop and an invoice issued to the customer. The Council can request that the Department for Work and Pensions recover from some ongoing Universal Credit cases.

APPENDIX F – SERVICES CAPITAL

CAPITAL FINANCIAL MANAGEMENT STATEMENT AS AT END OF SEPTEMBER 2019

Service: **ADULT CARE DIRECTORATE**

Table 1. Capital Programme Requirement	A	B	C = A + B	D	E = C - D	F	G	H = C + F + G		
Capital Scheme	2019/20 Programme Base & Rephasing	Current Year Movements	Current Year Total Budget	Forecast Spend 2019/20	Variation	2020/21 Capital Programme	2021/22 Capital Programme	Total	Total Scheme Spend to Date Including Current Year Forecast	Total Scheme Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Better Care Fund	293	0	293	293	0	0	0	293	497	497
Disabled Facilities Grant	2,851	0	2,851	2,851	0	2,440	2,440	7,731	Annual allocation	
TOTAL	3,144	0	3,144	3,144	0	2,440	2,440	8,024	497	497

Financial Management Update

No variance to the programme is currently forecast.

**CAPITAL FINANCIAL MANAGEMENT STATEMENT
AS AT END OF SEPTEMBER 2019**

Service: **CHILDREN'S DIRECTORATE**

Table 1. Capital Programme Requirement	A	B	C = A + B	D	E = C - D	F	G	H = C + F + G		
Capital Scheme	2019/20 Programme Base & Rephasing	Current Year Movements	Current Year Total Budget	Forecast Spend 2019/20	Variation	2020/21 Capital Programme	2021/22 Capital Programme	Total	Total Scheme Spend to Date Including Current Year Forecast	Total Scheme Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Aiming High For Disabled Child	247	(222)	25	25	0	222	0	247	978	1,200
Devolved Formula Capital	1,629	8	1,637	1,637	0	483	483	2,603	Annual Allocation	
Early Years Capital Grant	19	0	19	19	0	0	0	19	516	516
New Place Planning	18,663	2,878	21,541	21,541	0	18,005	5,200	44,746	Annual Allocation	
Schools Access	28	0	28	28	0	0	0	28	1,301	1,301
Schools Cap Condition Programme	4,584	(1,303)	3,281	3,281	0	2,833	1,833	7,947	Annual Allocation	
Healthy Pupils Capital Fund	85	0	85	85	0	0	0	85	85	85
Special Provision Capital Fund	205	0	205	205	0	0	0	205	205	205
TOTAL	25,460	1,361	26,821	26,821	0	21,543	7,516	55,880	3,085	3,307

Financial Management Update

No variance to the programme is currently forecast.

**CAPITAL FINANCIAL MANAGEMENT STATEMENT
AS AT END OF SEPTEMBER 2019**

Service: **ECONOMY DIRECTORATE**

Table 1. Capital Programme Requirement						F			G		H = C + F + G	
Capital Scheme	A	B	C = A + B	D	E = C - D	2020/21 Capital Programme	2021/22 Capital Programme	Total	Total Scheme Spend to Date Including Current Year Forecast	Total Scheme Budget		
	2019/20 Programme Base & Rephasing £'000	Current Year Movements £'000	Current Year Total Budget £'000	Forecast Spend 2019/20 £'000	Variation £'000	£'000	£'000	£'000	£'000	£'000		
Definitive ROW Improvement	55	0	55	55	0	0	0	55	115	115		
P & R Capital Schemes	8	0	8	8	0	0	0	8	220	220		
Town Centre Schemes	11,997	(4,175)	7,822	4,761	3,061	7,614	9,870	25,306	22,450	39,934		
River Roch Flood Storage	4,757	(4,157)	600	600	0	5,757	1,600	7,957	793	8,150		
Rochdale Gateways	57	0	57	57	0	0	0	57	60	60		
Stakehill Industrial Estate	97	0	97	97	0	0	0	97	143	143		
Asset Development Fund	2,921	0	2,921	2,921	0	0	0	2,921	4,000	4,000		
Property Growth Fund	44,286	0	44,286	44,286	0	10,000	0	54,286	80,000	90,000		
East Lancashire Railway	644	0	644	644	0	50	0	694	800	850		
Lower Falinge	9	0	9	9	0	0	0	9	45	45		
Heywood South/Junction 19	3,000	(200)	2,800	300	2,500	0	0	2,800	2,800	2,800		
Railway Strategy Park & Ride	200	200	400	400	0	200	0	600	700	900		
Northern Gateway Feasibility & Study	600	0	600	100	500	0	0	600	600	600		
Pennine Holl Lake Feasibility	50	0	50	50	0	0	0	50	50	50		
Springfield Park Master Plan	50	0	50	50	0	0	0	50	50	50		
Metrolink Feasibility	50	0	50	50	0	50	0	100	50	100		
Birch Fountain & Horse Trough-Middleton	0	22	22	22	0	0	0	22	22	22		
TOTAL	68,781	(8,310)	60,471	54,410	6,061	23,671	11,470	95,612	113,806	148,947		

Table 2. Programme Changes Requested in Report

Capital Scheme	Variation £'000	2019/20 Programme £'000	2020/21 Programme £'000	2021/22 Onwards Programme £'000	Funding Source	Explanation of Variance
Town Centre Schemes	3,061	(3,061)	3,061		Mixed	Rephase Request
Heywood South/Junction 19	2,500	(2,500)	2,500		Capital Receipts	Rephase Request
Northern Gateway Feasibility &	500	(500)	500		Borrowing	Rephase Request
TOTAL	6,061	(6,061)	6,061	0		

Brief Explanation of Major Variances

	£'000
Town Centre Schemes - See Town Centre Schemes detailed sheet on the next page.	3,061
Heywood South/Junction 19: Delays in the completion of the Spatial Framework; scheme will now commence Summer 2020, majority of spend will occur in 2020/21	2,500
Northern Gateway Feasibility & Study: Scheme linked to Heywood South/J19. Delays in the completion of the Spatial Framework; scheme will now commence Summer 2020, majority of spend will occur in 2020/21.	500
TOTAL	6,061

AS AT END OF SEPTEMBER 2019

Service: **TOWN CENTRE SCHEMES**

Table 1. Capital Programme Requirement						F			G		H = C + F + G	
	A	B	C = A + B	D	E = C - D	2020/21 Capital Programme	2021/22 Capital Programme	Total	Total Scheme Spend to Date Including Current Year Forecast	Total Scheme Budget		
Capital Scheme	2019/20 Programme Base & Rephasing	Current Year Movements	Current Year Total Budget	Forecast Spend 2019/20	Variation	£'000	£'000	£'000	£'000	£'000		
Middleton Town Centre Phase 3	121	125	246	246	0	0	0	246	1,935	1,935		
Station Car Parking	80	(47)	33	33	0	0	0	33	155	155		
Town Centre East Feasibility	658	0	658	458	200	0	0	658	9,599	9,599		
Town Hall Adaptation and Restoration	1,168	0	1,168	992	176	3,024	0	4,192	2,510	5,534		
Rochdale Market	303	0	303	303	0	0	0	303	1,855	1,855		
Town Hall Square PH2	3,838	(3,500)	338	338	0	0	3,500	3,838	500	4,000		
Drake Street Phase 2	559	0	559	359	200	250	150	959	1,121	1,521		
Town Centre Schemes 2016/17	615	0	615	615	0	0	0	615	806	806		
Rochdale Town Centre 3 Year Strategy	1,715	(800)	915	915	0	1,100	0	2,015	983	2,083		
Hopwood Hall Refurbishment	25	0	25	25	0	25	0	50	25	50		
Middleton Masterplan	25	0	25	25	0	0	0	25	25	25		
Heywood Masterplan	25	0	25	25	0	0	0	25	25	25		
Town Centre Residential Strategy	500	0	500	250	250	1,000	1,000	2,500	500	2,500		
Town Centre Purchases	1,005	0	1,005	0	1,005	245	0	1,250	1,005	1,250		
Rochdale Riverside Phase 2	50	0	50	50	0	500	2,000	2,550	50	2,550		
Town Centre Capital Programme	1,060	0	1,060	0	1,060	970	2,970	5,000	1,060	5,000		
Milkstone Road Master Plan	250	47	297	127	170	500	250	1,047	297	1,047		
TOTAL	11,997	(4,175)	7,822	4,761	3,061	7,614	9,870	25,306	22,450	39,934		

Table 2. Programme Changes Requested in Report						
Capital Scheme	Variation	2019/20 Programme	2020/21 Programme	2021/22 Onwards Programme	Funding Source	Explanation of Variance
	£'000	£'000	£'000	£'000		
Town Centre East Feasibility	200	(200)	200		Borrowing	Rephase Request
Town Hall Adaptation and Restoration	176	(176)	176		Borrowing	Rephase Request
Drake Street Phase 2	200	(200)	200		Borrowing	Rephase Request
Town Centre Residential Strategy	250	(250)	250		Borrowing	Rephase Request
Town Centre Purchases	1,005	(1,005)	1,005		RCCO	Rephase Request
Town Centre Capital Programme	1,060	(1,060)	1,060		Borrowing	Rephase Request
Milkstone Road Master Plan	170	(170)	170		Borrowing	Rephase Request
TOTAL	3,061	(3,061)	3,061	0		

Brief Explanation of Major Variances	£'000
Town Centre East Feasibility: Rephase £200k into 2020/21 to cover anticipated future fees on scheme	200
Town Hall Adaptation and Restoration: Delays in starting scheme, work due to commence in 20/21.	176
Drake Street Phase 2: The Partnership Schemes in Conservation Areas (PSiCA) grant programme, part of the Drake Street Heritage Action Zone, has slipped back, the bulk of the expenditure will now fall within 2020/2021	200
Town Centre Residential Strategy: Scheme delayed awaiting completion of an updated Town Centre Traffic model; expected by the end of 2019. Project will continue into 2020/21. Discussions are ongoing to secure alternative sources of funding towards the project from GMCA and Homes England to support early delivery of key sites.	250
Town Centre Purchases: Rephase requested to align with the objectives of the 2020/21 Capital Programme	1,005
Town Centre Capital Programme: Rephase requested to align with the objectives of the 2020/21 Capital Programme	1,060
Milkstone Road Master Plan: Additional external funding (approx. £125k) has been secured from Transport for Greater Manchester and GM Stations Alliance towards this master planning work thus reducing the scale of forecasted expenditure in 2019/20. It is proposed to roll forward budget into 2020/21 to undertake more detailed feasibility and viability work once the masterplan has been agreed.	170
TOTAL	3,061

**CAPITAL FINANCIAL MANAGEMENT STATEMENT
AS AT END OF SEPTEMBER 2019**

Service:

NEIGHBOURHOODS DIRECTORATE

Table 1. Capital Programme Requirement	A	B	C = A + B	D	E = C - D	F	G	H = C + F + G	Total Scheme Spend to Date Including Current Year Forecast	Total Scheme Budget
Capital Scheme	2019/20 Programme Base & Rephasing	Current Year Movements	Current Year Total Budget	Forecast Spend 2019/20	Variation	2020/21 Capital Programme	2021/22 Capital Programme	Total	£'000	£'000
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Armed Forces	11	0	11	11	0	0	0	11	80	80
ICT Infrastructure Refresh Programme	279	0	279	279	0	260	260	799	Annual Allocation	
ICT Data Centre	296	354	650	650	0	0	0	650	Annual Allocation	
ICT Programmes (Staff)	524	0	524	524	0	500	500	1,524	Annual Allocation	
Windows 10	1,143	(354)	789	789	0	0	0	789	789	789
Townships Capital Programme	551	(130)	421	421	0	400	400	1,221	Annual Allocation	
Housing Standards Fund	882	0	882	882	0	800	800	2,482	10,954	12,554
Kirkholt Investment	74	0	74	74	0	0	0	74	5,203	5,203
Mercury Abatement Scheme	33	(33)	0	0	0	0	0	0	1,387	1,387
New Cemetery Sites	602	33	635	185	450	0	0	635	2,590	3,040
Replacement Parks/Street Machinery	199	0	199	110	89	120	120	439	Annual Allocation	
Rights Of Way	80	0	80	80	0	0	0	80	Annual Allocation	
Rochdale Cemetery Lodge Repair	188	0	188	188	0	80	80	348	90	250
Section 106 - Environmental Management	1,293	49	1,342	1,301	41	20	0	1,362	Annual Allocation	
Townships Capital - Environmental Management	151	32	183	183	0	0	0	183	Annual Allocation	
Upgrade Play Equipment	159	0	159	248	(89)	75	75	309	Annual Allocation	
Vehicle Replacement Programme	3,182	0	3,182	3,182	0	877	877	4,936	Annual Allocation	
Waste Bin Replacement Programme	358	0	358	358	0	360	360	1,078	Annual Allocation	
Waste Services Investment	571	(521)	50	50	0	521	0	571	778	1,299
Asset Management Group	2,341	500	2,841	2,361	480	2,000	1,750	6,591	Annual Allocation	
Local Transport Plan	2,067	0	2,067	2,067	0	1,967	1,967	6,001	Annual Allocation	
Townships Capital - Highways	413	76	489	489	0	0	0	489	Annual Allocation	
Burglary Reduction Scheme	100	0	100	100	0	100	100	300	Annual Allocation	
Energy Efficiency Schemes	685	0	685	685	0	0	0	685	779	779
Coroners Service accommodation	1,177	0	1,177	1,177	0	0	0	1,177	1,181	1,181
Additional Highways Funding	878	0	878	878	0	0	0	878	6,016	6,016
J19 Feasibility	705	0	705	705	0	0	0	705	1,158	1,158
Property Transfers From Townships	43	0	43	43	0	0	0	43	51	51
Compulsory Purchase Order Programme	1,538	0	1,538	1,538	0	1,200	0	2,738	2,610	3,810
Travellers Authorised Stopping Site	130	0	130	130	0	0	0	130	150	150
Car Parking Machines	199	0	199	199	0	0	0	199	240	240
Cashless System School Catering	6	0	6	0	6	0	0	6	0	6
Dippy Exhibition Equipment	25	0	25	25	0	0	0	25	25	25
Allotments 2017-18 Manifesto Funding	50	0	50	50	0	58	65	173	50	173
Accelerated Housing	2,000	0	2,000	2,000	0	1,000	1,000	4,000	2,000	4,000
Customer Transformation Programme	856	0	856	856	0	468	150	1,474	856	1,474
CCTV Upgrade	172	0	172	0	172	0	0	172	0	172
Town Centre Signage	50	0	50	50	0	50	0	100	50	100
Highway Investment Programme	3,844	567	4,411	4,411	0	433	0	4,844	11,567	12,000
Bowlee Free School	928	0	928	928	0	522	0	1,450	928	1,450
TOTAL	29,384	(28)	29,356	28,207	1,149	11,811	8,504	49,671	55,568	63,423

Table 2. Programme Changes Requested in Report						
Capital Scheme	Variation £'000	2019/20 Programme £'000	2020/21 Programme £'000	2021/22 Onwards Programme £'000	Funding Source	Explanation of Variance
New Cemetery Sites	450	(450)	450		Borrowing	Rephase Request
Replacement Parks/Street Machinery	89	(89)			Borrowing	Funding Switch
Section 106 - Environmental Management	41	(41)	41		External	Rephase Request
Upgrade Play Equipment	(89)	89			Borrowing	Funding Switch
Asset Management Group	480	(480)	480		Borrowing	Rephase Request
Cashless System School Catering	6	(6)	6		Invest to Save	Rephase Request
CCTV Upgrade	172	(172)	172		Borrowing	Rephase Request
TOTAL	1,149	(1,149)	1,149	0		

Brief Explanation of Major Variances	£'000
New Cemetery Sites - A request is made to rephase budget into 2020/21 in advance of work being undertaken to replace the cremators at Rochdale Cemetery.	450
Replacement Parks/Street Machinery - A request is made to vire budget from Replacement Parks/Street Machinery to Upgrade Play Equipment to support a programme of works which are required to bring play areas up to a good standard in the shortest period of time.	89
Section 106 - Environmental Management - A request is made to rephase budget into 2020/21 to facilitate the completion of Bowlee pitch drainage works once the 2019/20 football season has come to a close.	41
Upgrade Play Equipment - A request is made to vire budget from Replacement Parks/Street Machinery to Upgrade Play Equipment to support a programme of works which are required to bring play areas up to a good standard in the shortest period of time.	(89)
Asset Management Group - This relates to a number of schemes that are not scheduled to start until early 2020/21.	480
Cashless System School Catering - Request to rephase to 20/21	6
CCTV Upgrade - Delay in project. Implementation will now be 20/21	172
TOTAL	1,149

**CAPITAL FINANCIAL MANAGEMENT STATEMENT
AS AT END OF SEPTEMBER 2019**

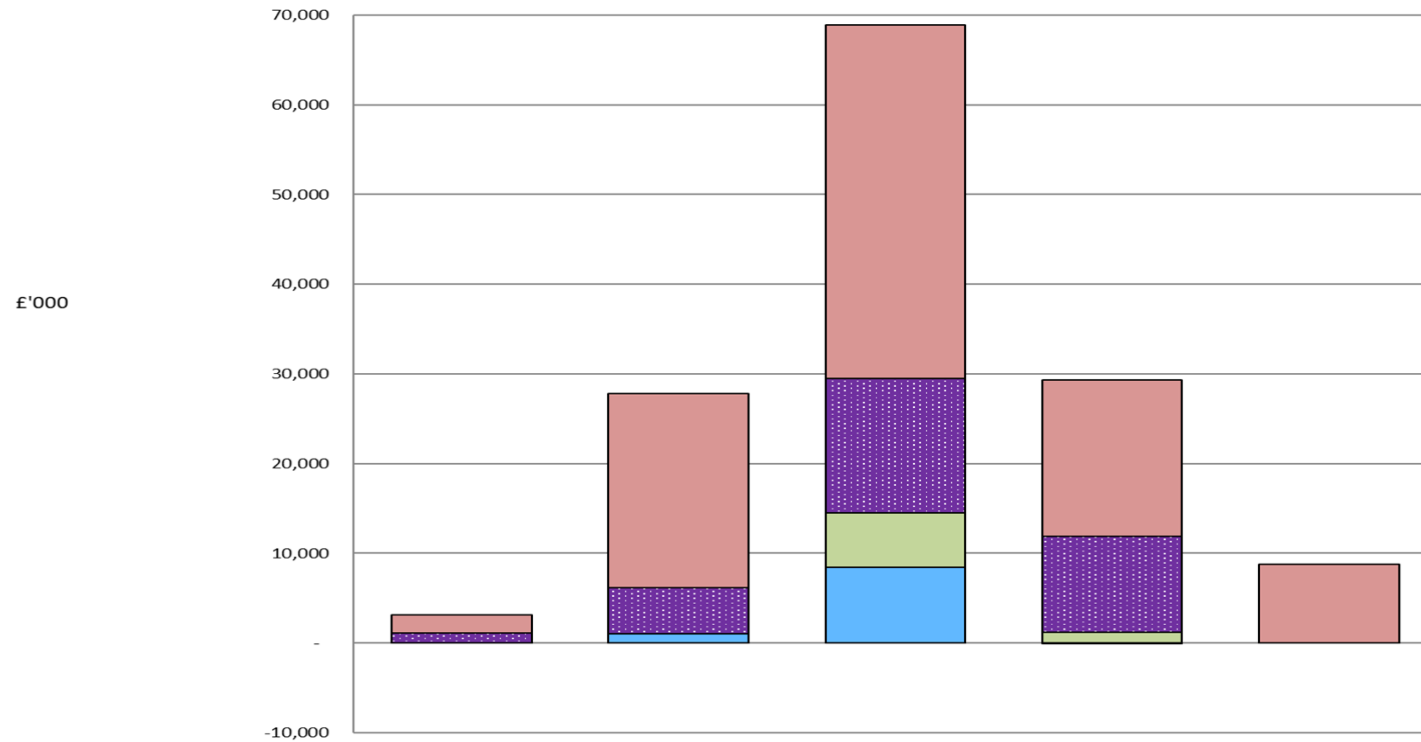
Service: **RESOURCES DIRECTORATE**

Table 1. Capital Programme Requirement						F	G	H = C + F + G		
	A	B	C = A + B	D	E = C - D				Total Scheme Spend to Date Including Current Year Forecast	Total Scheme Budget
Capital Scheme	2019/20 Programme Base & Rephasing	Current Year Movements	Current Year Total Budget	Forecast Spend 2019/20	Variation	2020/21 Capital Programme	2021/22 Capital Programme	Total	£'000	£'000
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Manchester Airport	3,740	0	3,740	3,740	0	1,860	0	5,600	3,740	5,600
Investment Fund	5,000	0	5,000	5,000	0	0	0	5,000	5,000	5,000
TOTAL	8,740	0	8,740	8,740	0	1,860	0	10,600	8,740	10,600

Financial Management Update for Rephasing variances - will feed into main body of Finance Update. No more than 100 words.

No variance to the programme is currently forecast.

Analysis of Approved Capital Budget by Directorate as at P6, 2019/20



	Adult Care	Children's	Economy	Neighbourhoods	Resources	Total
Rephasing to future years previously approved	-	1,017	8,457	26	-	9,448
P6 rephasing requested	-	-	6,061	1,149	-	7,210
Actual Spend to 30th September 2019	1,081	5,172	14,970	10,725	-	31,948
Forecast Further Spend	2,063	21,649	39,440	17,482	8,740	89,374
Capital Budget Reductions	-	-	-	601	-	601
Approved Capital Budget	3,144	27,838	68,928	29,931	8,740	138,581

APPENDIX G

1 Treasury Management

1.1 Treasury Management activity aims to effectively manage the Council's cash flow requirements through borrowing and investment. The service operates within CIPFA's/ MHCLG's Prudential Framework and the approved Treasury Management Strategy to ensure risk is appropriately managed when seeking to minimise the costs of borrowing and maximise returns on investment.

1.2 The first six months of the year have been dominated by political upheavals and continuing uncertainty around Brexit. Economic growth has fallen with generally down beat assessments of both the UK and world economic outlook. Inflation remains on target (around 2%) but with warnings about the potential for significant increases depending on the final Brexit outcome. Against this backdrop, interest rates for borrowing have been extremely volatile throughout the first half of the year.

On 9 October 2019 the Treasury announced an increase in the margin over gilt yields of 100bps on top of the current margin of 80 bps which this authority has paid prior to this date for new borrowing from the Public Loans Works Board (PWLB). Overnight a loan previously priced at 1.2% would now cost 2.2%. There was no prior warning that this would happen and it now means that every local authority has to fundamentally reassess how to finance their external borrowing needs. Whereas this authority has previously relied on the PWLB as its main source of funding, it now has to consider alternative cheaper sources of borrowing. At the current time, this is a developmental area as this event has also taken the financial services industry by surprise. We are expecting that various financial institutions will enter the market or make products available to local authorities. Members will be updated as this area evolves.

1.3 Table 1 below summarises the borrowing activity of the Council in the first half of the year showing the types of loan, the average interest rate and the average length of maturity of each class of loan.

Table 1 Borrowing

<u>Debt Type</u>	<u>Balance at 1/4/19</u> £M	<u>New Borrowing to 30/9/19</u> £M	<u>Repayments to 30/9/19</u> £M	<u>Balance at 30/9/19</u> £M	<u>Average Rate</u> %	<u>Average Maturity</u> Years
<u>Fixed Rate Debt</u>						
PWLB Debt	88.809	-	2.169	86.640	2.49%	13.14
Market Debt	86.000	-	-	86.000	4.33%	41.41
Short Term Debt	-	-	-	-	-	-
Total Fixed Rate Debt	174.809	-	2.169	172.640	3.41%	27.22
<u>Variable Rate Debt</u>						
PWLB	-	-	-	-	-	-
Market Debt	34.000	-	0.000	34.000	4.64%	47.36
Total Variable Rate Debt	34.000	-	-	34.000		
TOTAL DEBT	208.809	-	2.169	206.640	3.65%	30.53

1.4 No long term borrowing has been undertaken so far in 2019/20. The current year's capital programme, including rephasing from previous years, has so far been funded by internal (from reserves and balances) borrowing. A similar policy, plus occasional short term borrowing has been used to support the capital programme in the previous 6 years. This means there is potential for rephased external borrowing of £192m in 2019/20 and future years as balances are used for their intended purpose or to bridge the overall budget gap.

Future borrowing for the second part of the year is estimated at £34m as reserves and balances continue to support the majority of our borrowing requirement. It is likely that any new borrowing in the remainder of the year will be spread over short and medium term loans. This is due to our current debt profile having long maturity dates and current market uncertainty after the PWLB announcement.

1.5 Delaying our long term borrowing has led to savings of £596k compared to our revised estimate in the first part of the year.

A projection of the net cost of interest on the Council's borrowings and investments is shown in table 2.

Table 2 Interest Summary

<u>Interest</u>	<u>Revised Estimate</u> £000	<u>Current Projection</u> £000	<u>Variation Under/(Over)</u> £000
External Borrowing (net of Contributions)	6,678	6,082	596
Investment Income	(338)	(495)	157
Other Interest Related Budgets	453	453	-
TOTAL INTEREST	6,793	6,040	753

1.6 The Treasury Management Strategy details a number of Prudential Indicators which the Prudential Code requires the Council to manage and report on. The indicators are as follows:

- Maturity Structure of Fixed Interest Borrowing
- Operational and Authorised Limits

1.7 Maturity

The maturity structure of fixed interest borrowing should enable the maturity of loans across a range of years so that the Council will not be exposed to a requirement for large amounts of repayment at a particular time. This needs balancing against the requirement for certainty of costs to secure budgets going forward and the desire to secure the best possible rates. The Prudential Code requires the Council to place upper and lower ranges on maturity.

Table 3 Period of Maturity

<u>Period of Maturity</u>	<u>Upper Limit</u>	<u>Lower Limit</u>	<u>Actual to Date</u>
Under 12 months	60%	0%	2.10%
Between 12 & 24 months	60%	0%	2.10%
Between 2 & 5 years	60%	0%	6.59%
Between 5 & 10 years	70%	0%	9.71%
Over 10 years	100%	25%	79.50%

1.8 Debt Boundaries & Limits

The Council's Operational Boundary (the limit which borrowing should not normally exceed) in 2019/20 (adjusted for PFI projects and externally managed debt) is £532m. The Authorised Limit (a control on our maximum level of borrowing) is £622m. Current borrowing (adjusted for PFI and other debt related long term liabilities) is £307.4m – comfortably within the approved limits. We do not expect to exceed these limits in the latter half of the year.

1.9 Investments

The level of investments on 1st April 2019 was £76.6m and is £76.9m at 30/9/19. The level of investments the Council targets to maintain in the future will generally be between £30-40m. The balance has remained above our target due to slower capital spend and the maintenance of reserves and balances. The Council is on target to surpass its investment income target of £338k by around £157k due primarily to the increased balance invested. The average interest rate earned on investments in the first part of the year was 0.85% compared to our benchmark of 0.59% (7 Day LIBID plus 2 basis points).

1.10 Investments represent surplus cash as a result of timing differences between receipt of funds and related expenditure which creates earmarked reserves and balances held for future need. The Council's main investment priority continues to be the security of capital followed by liquidity and yield / return. The Treasury Management Team aims to achieve the optimum return commensurate with proper levels of security and liquidity. In the current economic climate, with continuing credit concerns it is considered appropriate to keep investments relatively short dated with no investments placed for more than a year. Over half (58.4%) of our current portfolio is available on call (including Money Market Funds) with the remainder invested in notice accounts and fixed term deposits. All investments are made with counterparties with strong

credit ratings and adhere to the limits (duration and amount with each institution) specified in our Treasury Management Strategy.

- 1.11 The relative percentages of the investment portfolio held on 30th September 2019 are detailed in table 4 by maturity, investment type, institution and credit rating.

Table 4 Investment Portfolio

Maturity		
Maturing:	Amount £m	%
Instant Call	44.9	58.4%
Less than 1 Month	0.0	0.0%
1-3 Months	10.5	13.7%
3-6 Months	17.5	22.7%
6 Months to 1 Year	4.0	5.2%
Over 1 Year	0.0	0.0%
Total	76.9	100%

Type of Investment		
Investments Types	Amount £m	%
Fixed Term Deposits	22.0	28.6%
Notice Accounts	10.0	13.0%
Call and Overnight	3.9	5.1%
Money Market	41.0	53.3%
Total	76.9	100%

Institutions		
Institutions:	Amount £m	%
UK Banks	25.9	33.7%
Building Societies	0.0	0.0%
Other (Rest of the world)	10.0	13.0%
Money Market	41.0	53.3%
Total	76.9	100%

Ratings		
Institution Rating	Amount £m	%
A - British	2.0	2.6%
A+ - British	23.9	31.1%
AA- - Worldwide	10.0	13.0%
AAA - MMFs	41.0	53.3%
Total	76.9	100%