

Report to Council



Date of Meeting	26 th February 2020
Portfolio	Leader of the Council and Cabinet Member for Finance
Report Author	Julie Murphy
Public Document	Public

Budget 2020/21 - 2022/23 - Local Government Act 2003 Requirements

Executive Summary

1. It is a legal requirement under Section 25 of the Local Government Act 2003 for this report to be presented to Council for consideration immediately prior to setting the Budget and Council Tax. The recommendations aim to ensure that Council is aware of the opinion of the Chief Finance Officer regarding the robustness of the budget as proposed and the adequacy of general balances and reserves. This report will outline the robustness of the budget, the key risks and the level of reserves to support the Council's financial resilience.

Recommendation

2. It is recommended that:
 - 2.1 The content of the report be considered prior to the approval of the Revenue and Capital Budgets and Members endorse the approach to General balances included in the report.
 - 2.2 Council approves that the General Fund Balances for 2020/21 be set at £17m.

Reason for Recommendation

3. In order to comply with the Local Government Act 2003 the Chief Finance Officer is required to provide Council with an opinion as to the robustness of the Budget being presented to Council and to ensure the adequacy of general balances and reserves. The Chief Finance Officer reports formally on the following issues :-
 - a) An opinion as to the robustness of the estimates made and the tax setting calculations.
 - b) The adequacy of the proposed financial reserves.

- c) Consideration of the overall affordability of the capital programme when determining the prudential indicators.
- d) The production of longer-term revenue and capital plans.

The Council is required to take account of this report when determining its budget.

Key Points for Consideration

4. **Alternatives Considered**

4.1 The conclusions of the report are that the proposed budget is robust and that the proposed level of general balances and reserves are adequate. An option to reduce the level of balance/reserves is not recommended given the risk assessment outlined in this report.

4.2 **Robustness of Estimates**

4.2.1 **Estimate Procedures and Processes**

In giving a positive opinion on the robustness of the estimate process reliance is placed on the Council's overall arrangements for financial management detailed in Appendix 1. These include the rolling Medium Term Financial Strategy, the Capital Investment and Disposal Strategy, the process for financial forecasts and developing medium term revenue and capital plans, the approach to financial risks and arrangements for in year monitoring of budgets. Account is also taken of the assessment of the External Auditors as part of the annual audit opinion. I can confirm that in my view the Council has robust procedures in place.

4.2.2 **Determination of the level of resources available**

Revenue resources for 2020/21 are based on the Council's final finance settlement announced in February 2020. The Local Government Finance Settlement 2020/21 is a one-year settlement, ahead of a multi-year Spending Review in 2020.

It is difficult to forecast the longer-term impact on the Council's funding of the move to 75% Business Rates Retention and the impact of funding reforms from 2021/22. The MTFFS assumes that any impact of these reforms will be neutral, taking account of the potential level of funding for local government and the transitional arrangements expected to be put in place.

The capital budget is a three year programme. Government capital allocations are only given on an annual basis and the resources for 2021/22 to 2022/23 have been prudently based on the 2020/21 forecast. Forecasts of capital receipts have been re-assessed to take account of the economic climate. The capital receipts for 2020/21, 2021/22 and 2022/23 which have been assumed in the programme are £1.1m, £1.0m and £0.1m respectively. This does not commit all the capital receipts forecast to be received over this period due to the uncertainty around the realisation of these receipts.

Revenue and Capital budget plans are subject to an ongoing review to ensure that forecasts of resources remain robust and can support planned levels of expenditure.

The Council plans to increase Council Tax in 2020/21 by 3.99% being 1.99% for General Purposes and 2% for the Social Care Precept. For planning purpose the forecasts assume:

- In 2020/21 an increase of 1.99% for the General Purposes
- The Government announced in the Final Local Government Finance Settlement that it would enable councils to raise a 2% Adult Social Care Precept in 2020/21.
- For future years a 1.99% increase in General Council Tax, with no further Adult Social Care Precept has been assumed for planning purposes only.

This is in line with the Medium Term Financial Strategy and excludes precepts from the Greater Manchester Mayoral precepts for Police and General Purposes including Fire Services.

4.2.3 Affordability of Spending Plans and the implications for Council Tax Increases

There are a number of factors that need to be taken into account in considering the affordability of the Council's spending plans:

- a) The level of Council Tax increase should be acceptable locally and nationally. Central Government sets Council Tax referendum limits each year. The 2020/21 referendum limit for General Council Tax is 1.99%.

The Government announced in the Final Local Government Finance Settlement that it would enable councils to raise a 2% Adult Social Care Precept in 2020/21.

- b) The level of Council Tax for 2021/22 and 2022/23 will need to be reviewed in line with Government referendum principles before any final decision is made as part of the 2021/22 and 2022/23 budget setting process. If the Government were minded to increase the referendum limit to 2.99% in 2021/22 this would generate a further £0.9m for the Council.
- c) The Council has significant financial pressures in future years from the continued reduction in Government funding and increases in both costs of and demand for services.
- d) It is important that the level of savings is achievable and that the proposals put forward will deliver savings to support the Council's spending plans. The 2020/21 funding gap has been managed through

budget realignment, review of corporate budgets, saving proposals and use of one off resources. The Council's performance management arrangements incorporate a set of indicators developed to report on service spend against budget. The Integrated Health and Social Care Pooled Fund is monitored by the Integrated Commissioning Board through the joint monitoring processes to ensure the risks to both the Council and CCG are managed.

- e) To manage financial risk and ensure budgets are robust at service level all directors have received early notification of their proposed budget allocation. The notification sets out the level of base budget, based on their 2019/20 revised budget plus allocations for inflation in line with budget policy, growth and reductions for saving proposals. Directors have been asked to review the budget provision and formally sign off the budgets for 2020/21 and provisionally for 2021/22 in respect of its adequacy in relation to services provided. All Directors have signed off their budgets. It is noted that the sign off forms are at a point in time and are subject to decisions by Council that may impact on a services spending power together with caveats around technical accounting entries which will not impact upon service spending power.
- f) The affordability of the budget has to take account of financial risks and the actions that can be taken to mitigate that risk. There are a number of risks in the 2020/21 to 2022/23 budgets which are set out below.

4.3 Key Budget Risks

No budget is without risks particularly given that it is a forecast of spending for a period which ends over 12 months after its approval. Throughout the budget process financial risks are identified and actions developed to manage those risks. In year, budget monitoring is underpinned by an analysis of risk. When setting the budget, the total level of risks and potential financial exposure are assessed and taken into account when setting a prudent level of balances. Appendix 2 sets out the risk assessment for the 2020/21 budget.

The key risks provided for in General Fund Balances are:

4.3.1 Health and Social Care Integration/ Better Care Fund

From the 1st April 2018 the budgets for Adult Care, Children's Services and Public Health were brought together with those budgets from the CCG to form a formal Pooled Fund. There are risks to the Council around the Pooled Fund delivering services in line with the available resources. To achieve a balanced Pooled Fund a number of savings are assumed and any shortfall in the delivery of these proposals would be shared by the CCG and Rochdale Council based on the Section 75 agreement. The risk share element of the Section 75 agreement for 2020/21 is currently under review.

4.3.2 Business Rates Impact of the Valuation Appeals

There has been uncertainty as to projecting business rates for future years as appeals against the valuations are treated as part of the normal volatility of the rating list and will therefore impact on local authority budgets. Most disputes between businesses and the Valuation Office (VOA) are dealt with through a check, challenge and appeal process resulting in, changes appearing on the billing list making the forecast of business rates income more volatile.

There is a risk to the Council that the number of appeals upheld will impact on the Business Rates generated by the Council and under 100% retention this risk will be borne by the Council, impacting on future years levels of resources. There are also a number of national litigations in progress which could impact on future years' Business Rates if judged in favour of businesses.

4.3.3 Business Rates Projections

The Business Rates resources included in the budget are based on current levels of properties, known trends in relation to empty properties and changes both up and down during the year for property rateable values. There is a risk to the Council as any changes to the rateable value of a business property affects the income collected for current and future years.

Other factors contributing to the risks are :

- Business Rate growth assumed in Central Government's estimates may not materialise.
- The actual levels of Business Rates income collected throughout the year may have significant variations and will have a direct impact on the Council's resources.
- There may be significant volatility in the amount of resources available from one year to the next due to the uncertainty around collection and appeals.

4.3.4 Local Government Funding Reforms

The Local Government Finance Settlement 2020/21 is a one-year settlement, ahead of a multi-year Spending Review in 2020. There were multiple reforms scheduled for 2020/21 that will have a significant impact on local authority funding. These have now been delayed until 2021/22.

Spending Review 2020

In 2020 a full Spending Review will be held, reviewing public spending in the round and setting three-year budgets.

Fair Funding Review

The Fair Funding Review will re-assess the relative needs and relative resources of local authorities. This will determine the methodology for the

distribution of the funding allocated for local government to individual authorities from 2021/22.

Baseline Reset

The Business Rates retention system is due to be reset for 2021/22. The reset will establish new Baseline Funding Levels, Business Rates Baselines and Top-ups/Tariffs for each local authority. Top-ups/Tariffs will be reset based on:

- The amount of funding to be distributed following the Spending Review.
- The new needs assessment resulting from the Fair Funding Review.
- Estimates of individual local authority's Business Rates income.

Business Rate Retention

The Government announced in the Autumn Budget 2017 that local authorities will move to a system of 75% Business Rates Retention from 2020/21. However, this has now been delayed until 2021/22. The Greater Manchester 100% retention pilot will continue in 2020/21, but it is unclear whether this will continue from 2021/22 onwards.

The Medium Term Financial Strategy assumes that any impact of these reforms will be neutral, taking account of the potential level of funding for local government and the transitional arrangements expected to be put in place.

4.3.5 Demand for Services/Budget Pressures

The Council has experienced significant demand pressures in recent years resulting in a contribution of £3.3m and £6.7m from the Equalisation Reserve for 2018/19 and 2019/20 respectively.

The Council's Place Plan highlights that residents are living longer but compared to the rest of England and Wales we live shorter and less healthy lives. In some parts of our borough there is a 10 year¹ difference in life expectancy when comparing our most deprived areas to our more affluent. A key pressure on services is the increasing demands for adult social care and health services for the most vulnerable and deprived residents. Improvements in delivery of these services are a priority for the integration of social care and health services through the Pooled Fund. It is, however, unclear whether resources allocated to our Council will be sufficient to cover additional burdens and pressures in future years.

Children's Services are facing financial pressures, primarily due to an increase in both staffing requirements and external placements, arising from increased numbers of Cared for Children. This is consistent with a national trend. Due to the increased demand for placements nationally the market is volatile and prices are continually increasing.

Pension Guarantees

¹ Place Plan (for the Borough) 2016-21

4.3.6

The Council guarantees the pension contributions to the Greater Manchester Pension Fund for a number of organisations where services have been transferred from the Council to an external party. The Council works very closely with these organisations to ensure the risk to the Council of having to pay these pension contributions is minimised.

Litigation Claims

4.3.7

As Local Authorities funding is cut and service provision is therefore reduced there is an increased risk to the Council of Litigation.

Invest to Save Schemes

4.3.8

Cabinet are recommending to Council to approve the 2020/21 Capital Programme which includes a number of invest to save schemes. The nature of these schemes is for the Council to make an initial investment in a project and then to either receive a future revenue income stream or to reduce current expenditure for the Council enabling the repayment of the initial investment. If this future revenue income stream or reduced expenditure does not materialise there is a risk to the revenue budget achieving a balanced position.

Commercial Activity/Treasury Management

4.3.9

The Council receives income from its commercial investment property portfolio. Commercial property income is subject to market forces and therefore there is a risk that this income could decrease. The Council maintains a reserve in order to mitigate future reductions in income, and also manages its investment activities in accordance with robust performance and risk procedures as detailed in the Capital Investment and Disposal Strategy.

Treasury Management income and the costs of borrowing places a level of risk and uncertainty on the overall budget that supports cash flow activities. Additional work has been undertaken during budget setting to review the assumptions contained within treasury management forecasts. These will however be subject to changes within the wider money markets and the commercial climate that influences the rates available to the council for borrowing and investment. Uncertainties around the nature and timing of Brexit will continue to contribute to the possibility of sharp changes in market sentiment and increased volatility. The Credit Ratings of the banks Rochdale Council invests in are reviewed on a weekly basis with our External Consultants. There is an inherent risk around Treasury Management activity, the mitigation against this is covered in the Treasury Management Strategy.

Advice on the level of general balances

4.4

General balances are held as a contingency against risks not provided for in the Council's financial plans or other reserves and provisions. The level of balances, reserves and provisions are assessed annually to ensure they are adequate and take account of known financial risks. This is achieved by

considering the 'potential exposure' from the risk. Account is also taken of the likelihood of this exposure happening. An amount is also included for specific contingencies and emergencies. This is not a precise science and local circumstances, the strength of financial reporting arrangements and the Council's track record in financial management will also be a key influence on the actual potential of any risk materialising.

Appendix 2 sets out the Council's general financial risks in 2020/21 with a 'potential exposure' liability where appropriate. The net value of the potential exposure is £17m.

Based on the risk assessment, the Council's general balances are sufficient to meet potential risks but there is no spare capacity in the required level of balances. If all the potential risks were to materialise it would have a significant impact on the level of general balances available during 2020/21 and later years. Should any of these risks materialise Council will be kept informed of the implications.

Advice on the level of earmarked reserves

4.5

An analysis of earmarked reserves held by the Council is provided in Appendix 3. As part of the work undertaken to address the budget gap a review of provisions, reserves, grants and balances has been undertaken during the course of the budget setting process. All remaining reserves are currently either appropriate for the purpose they were set up for and at the level required or processes are in place to monitor levels and action plans are in place to address any specific issues. We will continue to review and challenge reserves as part of the on-going budget process. Some of the key reserves are referred to below:

- Equalisation Reserve - This reserve has been established to assist the Authority in managing its budget requirement for future years and smoothing the impact of savings requirement through the identification of one off funds that become available. The level of the reserve is reviewed as part of the budget process with contributions increased or decreased as necessary.
- Insurance Reserve - this is required to cover potential liabilities arising from self-insurance of certain fire and motor vehicle claims and the self-funding of general corporate risks. The level of the reserve is reviewed as part of the budget process with contributions increased or decreased as necessary.
- Schools Reserves – school balances are monitored on a regular basis. The current local funding formula provides for balances above agreed limits to be clawed back and redistributed to all schools.

Prudential Code

4.6

The Prudential Code requires the Chief Finance Officer to ensure that all matters required by the Code are taken into account in determining the budget and are reported to Budget Council. In summary the objectives of the code are to:

- Demonstrate the affordability of capital expenditure plans.
- Ensure prudent external borrowing levels.
- Verify that treasury management decisions are taken in accordance with good professional practice.
- Underpin the accountability and transparency of an authority's capital investment planning processes.
- Support effective option appraisal, asset management planning and capital strategies.

These objectives are to be demonstrated by the following indicators which are set out in the code:

- Ratio of Financing Costs to Net Revenue Stream.
- Impact of Capital Investment Decisions on Council Tax
- Levels of Capital Expenditure.
- Level of Capital Financing Requirement.
- Limits on Gross External Debt.
- Limits on Interest Rate exposures.
- Limits on Maturity Structure of Fixed Rate Borrowing.
- Limits on investments for a year and beyond.

The indicators and limits calculated under the Code are detailed in the Treasury Management borrowing and investment strategies for 2020/21, will be considered by Cabinet on 12th February 2020. The Code gives no suggestions as to their appropriate level; these have to be set by the authority itself based on individual circumstances.

The conclusions of the borrowing and investment strategies and the indicators set as part of that strategy are that capital expenditure plans are resourced and levels of borrowing are prudent in relation to the Council's income and assets. Treasury management practice is audited regularly and has received a level one audit opinion since 2006/07. This provides assurance that the principles of the code and best professional practice are being applied in relation to operational processes and procedures for borrowing and investment.

Conclusion

- 4.7** Based on the assessment included in this report I have concluded that the budgets as proposed and the associated systems and processes are sound and the level of general balances/ reserves are adequate.

Based on the Cabinet's recommended budget it is my view that the estimates proposed and the tax setting calculations are robust, that reserves are adequate and the provisional capital programme is affordable. All budget amendments submitted will need to be reviewed to ensure they do not alter this view

5. See the main body of the report.

Risk and Policy Implications

6. See the main body of the report.

Consultation

7. Not appropriate. It is the statutory responsibility of the Chief Finance Officer to advise Council on the adequacy of reserves and robustness of the budget.

Background Papers	Place of Inspection
--------------------------	----------------------------

For Further Information Contact:	Julie Murphy, 5174 julie.murphy2@rochdale.gov.uk
---	---

**ROBUSTNESS OF THE ESTIMATES MADE FOR
THE PURPOSES OF THE BUDGET**

1. Introduction

Part 2 of the Local Government Act 2003 introduces a requirement for the Chief Finance Officer to report upon the robustness of the estimates made for the purposes of the budget and tax setting calculations and the adequacy of the proposed financial reserves.

2. Budget Strategy

The Council's overall framework for its medium term budget is contained in the Medium Term Financial Strategy. The strategy is subject to six monthly review and update. The strategy provides for a Council wide involvement in supporting an integrated approach to the preparation of soundly based capital and revenue plans and associated strategies for managing risk and internal control.

Collectively the strategy ensures effective finance management and governance.

3. Budget & Tax Setting Process

The annual budget preparation and tax setting process involves the development of robust medium term revenue forecasts and capital plans in the context of the budget strategy and in the light of judgements made regarding the need to restrict the increase in Council Tax levels.

Budget guidelines and a timetable to govern the process were prepared in consultation with services prior to approval by Cabinet in July 2019. They address issues such as service levels and improvement, pay and price inflation, fees and charges, external funding and consultation.

During the budget process consultation has taken place with stakeholders and the public, the outcome of which were reported to Cabinet on 29th October 2019. Issues relating to the budget and tax setting have been subject to scrutiny at meetings of the Corporate Overview and Scrutiny Committee during the year.

The Council Tax Base and Business Rates Base for 2020/21 were approved by Council on 18th December 2019.

After taking account of feedback during the budget process, Cabinet on 12th February 2020 may approve the Budget and Council Tax for consideration by full Council on 26th February 2020.

4. Capital Programme

Affordability of capital expenditure plans is important in determining the overall robustness of the budget and adequacy of reserves to deal with potential variations. Wider Leadership Team, Strategic Asset Management (SAM) Group, and Operational Asset Management (OAM) Group oversee the preparation of the draft capital budget including prioritisation of capital schemes. The revenue costs of the capital programme are also considered and provided for in the revenue budget. Cabinet on 12th February 2020 may recommend an overall Capital Budget.

5. In-year Financial Monitoring Process

A report providing an update on the corporate financial position is submitted to the Leadership Team and Cabinet each cycle. The Chief Finance Officer meets with the Portfolio Holder for Finance and the Opposition Portfolio Holder. Cabinet reports are subsequently considered by the Corporate Overview and Scrutiny Committee. Budget pressures and savings measures are kept under review and Directors projecting an over spend can be asked to report to the next meeting on how their budgets will be brought back in line. In year monitoring has identified both actual and potential budget problems and appropriate corrective action has been considered. Financial performance indicators report on spend against budget and achievement of approved savings.

6. Financial Risks in the Budget

The Budget provides General Balances of £17m to mitigate the key financial risks detailed in Appendix 2.

7. Reserves

The determination of an appropriate level of reserves and a systematic approach to keep this under review and linked to monitoring arrangements is considered as a separate issue in this report.

8. Role of Chief Finance Officer

The Chief Finance Officer has statutory responsibilities for financial management issues and exercises these through the Council's management structure and by maintaining sound and effective arrangements for internal audit and risk management.

9. Integrated Health & Social Care – Integrated Commissioning Board

From 2018/19 the authority has moved to a formal integrated commissioning approach with the Clinical Commissioning Group to deliver integrated health and social care through a Pooled Fund. The pooled budget brings together resources from a range of organisations including the Clinical Commissioning

Group, the Local Authority, Better Care Funds and GM level resources to invest in transformation of service delivery, (known as Transformation Funding).

As part of the integration the Council has established joint Senior Manager arrangements with Heywood Middleton and Rochdale Clinical Commissioning Group (HMRCCG) to administrate and manage the pooled budget created to deliver health and care integration in Rochdale. The Section 151 officer has delegated responsibility for the management of the pooled budget to the Chief Finance officer of the Clinical Commissioning Group to operate as one resource for the delivery of health and care. The pooled fund is administered through the Integrated Commissioning Board which is a joint committee of Rochdale Council and HMRCCG. Financial reporting and monitoring of the delivery of the Pooled Fund savings proposals will be provided to the Integrated Commissioning Board (ICB).

10. External Audit Annual Audit Opinion

External Audit undertakes an annual assessment of the Council and delivers an audit opinion within the annual audit letter to the Audit and Governance Committee. The annual audit letter will be presented to a future meeting of the Audit and Governance Committee.

Risk Assessment for Level of General Fund Balance

Appendix 2

	Level of Risk	Key Risks	Details	Total Budget Assessed for Risk	Comments	Potential Exposure
				£'m		£'m
1	High	Health and Social Care Integration. Achievement of Benefits. Health & Social Care Integration – The Pooled Fund	Health and Social Care Integration is bringing together the Clinical Commissioning Group and Local Authorities to deliver clinical and financial stability. The formal Pooled Fund is in operation and will bring together resources from the Local Authority and Clinical Commissioning Group	10.9	The formal Pooled Budget is in operation and brings together the pooled resources for CCG, Adults, Children's, Public Health, and the Transformation Fund. The Pooled Fund has a balanced budget however there is a risk associated with the achievement of savings proposals. The total savings brought forward relating to the Pooled Budget is £9.7m. The risks to the Council of not achieving the savings proposals is managed through budget management, Political monitoring and performance indicators	2.0
2	High	Business Rates and Council Tax income	Local Authorities receive the majority of their funding from Business Rates and Council Tax. The amount the Council receives from these sources of funding is based on the taxbase.	158.6	The Council has a risk of non-achievement of Business Rates and Council Tax Income. This may be due to people not paying, businesses leaving the borough or the assumptions contained with the estimates for growth in the taxbases not materialising.	4.0
3	High	Funding of Local Authorities	The Local government finance settlement received for 2020/21 is a one-year only settlement. There are major reforms due to local government funding from 2021/22, which will affect the level of funding received by the Council	36.3	The MTFs for 2020/21 to 2024/25 includes the level of funding available to the Council from the finance settlement. There is a risk to the Council that the funding received following the reforms to the local government funding system will be lower than estimated	1.8
4	High	Demand for services	In times of austerity demand for Local Authority Services increase, this may impact on the cost of providing these services. The Budget for 2019/20 to 2021/22 does include a small provision for Budget Pressures however this may not be enough to cover the pressures in the future.	2.5	The risk to the Council is that services cannot manage any unforeseen increase demand for services	1.4

5	Medium	Pension Fund Guarantee	The Council guarantees to the Greater Manchester Pension Fund the pension contributions of a number of organisations where previous employees of the Council have tuded over. There is a risk to the Council if these organisations default on their contributions.	12.0	The Council currently guarantees 31 organisations	1.3
6	Medium	Litigation Claims	As the Council reduces the level of funding available for the future provision of services there is an increased risk of litigation.	12.0	The Council mitigates against the risk of litigation through robust risk assessment procedures and insurance	1.2
7	Medium	Invest to Save Schemes - Capital	The Council is looking to approve a Capital Programme where a number of schemes are invest to save. The Schemes are forecast to generate future revenue income for the Council which will be used to repay interest and borrowing and to subsidise future Council Services.	20.4	The risk to the Council is that the income from these invest to save schemes does not materialise in line with the Business Plans	1.0
8	Medium	Commercial Activity	The MTFS includes income that the Council receives from its commercial investment property portfolio.	3.1	Commercial property income is subject to market forces and therefore there is a risk that this income could decrease. The Council maintains a reserve in order to mitigate future reductions in income, and also manages its investment activities in accordance with robust performance and risk procedures as detailed in the Capital Investment and Disposal Strategy.	1.5
9	Medium	Budget Pressures	The MTFS includes assumptions around the budget pressures faced by services, in particular in relation to Children's Services and Adult Care	10.3	There is a risk that the budget pressures experienced by services exceed the amounts included in the MTFS to fund these pressure	2.6
10	Medium	Saving Proposals	The savings programme includes a number of saving proposals where implementation maybe delayed or the proposal may not be achieved	4.7	The risks to the Council of not achieving the savings proposals is managed through budget management, Political monitoring and performance indicators	0.5
Total				270.8	Net Potential Exposure	17.3

REVIEW OF EARMARKED RESERVES

Earmarked reserves are amounts set aside to provide for specific areas. The following table lists the various earmarked reserves, the purposes for which they are held and provides advice on the appropriate levels.

Purpose of Reserve	Estimated Balances 1st April 2020 £000's	Planned (Additions) / Withdrawals £000's	Estimated Balances 31st March 2021 £000's
Equalisation Reserve - This reserve has been established to assist the Authority in managing its budget requirement for future years by identifying one off funds that become available to resource invest to save initiatives and the implementation of complex savings proposals and the costs of implementing those proposals.	(22,903)	(1,017)	(23,920)
Budget Carry Forward Reserve - This reserve represents balances to be carried forward from one financial year to the next.	(34,623)	34,623	0
PFI - This reserve is the cumulative amount of unapplied funding received to date which will be utilised to finance the councils PFI over the whole life of the project. There is also an amount set aside to guard against uncertainties in future Retail Price Index increases, interest rate fluctuations and back-dated contractor claims in relation to the Schools PFI Scheme.	(24,178)	(895)	(25,073)
Schools Reserve & DSG - In accordance with the Education Reform Act, 1988 Local Management of Schools provides for the carry forward of individual school surpluses/deficits. Schools are discouraged from going into unmanaged deficits or building up excessive surpluses the level of this reserve is determined at school level. These balances must be kept available to schools and cannot be used by the Authority for other purposes.	(9,075)	1,100	(7,975)
Other Reserves - This are various reserves set aside for specific purposes, to enable RMBC to meet legislative or contractual liabilities.	(21,199)	2,674	(18,525)
Insurance Reserve - This reserve has been established in order to finance costs (e.g. claims and premium payments) associated with public Liability.	(17,827)	0	(17,827)

VAT Shelter - This reserve has been created to fund future commitments for the Homelessness Contract and Funding Strategy.	(845)	540	(305)
Transformation Reserve – This reserve has been set up to assist the Council in identifying and developing innovative proposals to reduce Council expenditure and/or increase potential income streams by investing in any proposal where one off funding is required on an invest to save basis.	(4,551)	179	(4,372)
Total	(135,201)	37,204	(97,997)

* The estimated balances on the Schools Reserve cannot be used by the Authority for other purposes.

SERVICE DIRECTOR SIGN OFF

APPENDIX 4

ADULT CARE

BUDGET POSITION 2020/21

SUMMARY OF 2019/20 BUDGET CHANGES

CATEGORY	DESCRIPTION	Controllable £000	Uncontrollable £000	Total £000
Base budget 2019/20	Budget position agreed at Budget Fixing Council 27th February 2019	12,449	2,966	15,415
In Year budget realignment	Realignment to budgets in year	34	54	88
REVISED BUDGET AT 29/11/2019		12,483	3,020	15,503
		0	0	0

SUMMARY OF MOVEMENT IN SETTING 2020/21 BUDGET

CATEGORY	DESCRIPTION	Controllable £000	Uncontrollable £000	Total £000
Budget Opening Position	Reflecting revised budget position as at 29/11/2019	12,483	3,020	15,503
Inflation	Reflects the increase in the cost of living - e.g. salary inflation, contract inflation etc.	1,420	0	1,420
Centrally Allocated Charges	Budgets determined by a range of factors, some of which are outside of the Services control - e.g. Depreciation, Business Rate Charges, Insurance	24	(16)	8
Budget Pressures	Budget Pressures identified by services	5,635	0	5,635
Switches	Movement either within, or between Services, but which ultimately do not affect the net position of the Authority	(3,093)	0	(3,093)
Grant Changes	(Increase) or decrease in Grants received by the Authority	(1,108)	0	(1,108)
Growth	Identified where more resource is needed to support demand within a Service	500	0	500
Pooled Budget Adjustment	Changes to the contribution to/(from) the Pooled Budget	43,443	0	43,443
Superann	The movement in Superannuation contributions	(1)	0	(1)
Previous Years Savings	Savings Proposals from previous years estimates process	0	0	0
2020/21 Saving Proposals not requiring Service consultation	2020/21 Saving proposals not requiring service consultation	(1,271)	0	(1,271)
A) Reversal of One Year Only Decisions 2019/20	See table below for further details	0	0	0
B) Savings Proposals agreed as part of 2019/20 programme	See table below for further details	0	0	0
TOTAL 2020/21 BUDGET		58,032	3,004	61,036
C) 2020/21 Saving Proposals subject to consultation / review	See table below for further details	(237)	0	(237)
TOTAL 2020/21 BUDGET IF SAVINGS SUBJECT TO CONSULTATION / REVIEW		57,795	3,004	60,799

BUDGET SETTING MOVEMENT DETAILS

CATEGORY	REF	DESCRIPTION	Controllable £000	Uncontrollable £000	Total £000
A) Reversal of One Year Only Decisions 2019/20					0
		TOTAL	0	0	0
B) Saving Proposals agreed as part of 2019/20 programme					0
		TOTAL	0	0	0
C) 2020/21 Saving Proposals subject to consultation / review	ASC21005	Charges to full cost payers	(19)		(19)
	ASC21009	Adult Care Commissioned Day Services	(119)		(119)
	ASC21010	Moving On	(50)		(50)
	ASC21012	Shared Lives management cost	(45)		(45)
		Discretionary Fees and Changes 2% increase	(4)		(4)
		TOTAL	(237)	0	(237)

NB: this budget does not include the funding for the mainstreaming of the GM transformation fund at £2m which remains in corporate budgets. The accommodation strategy is seeking to reshape the market to offset pressures in particular for OOB placement. the impact of this will be defined during 20/21.

Fee rates paid to providers have a major impact on the Adult Care budget and are subject to agreement at Integrated Commissioning Board on 25 February

This budget may be subject to change as a result of Members decisions.

The Uncontrollable budgets may be subject to change, however this will not impact on the ability to deliver services.

I confirm that the figures presented reflect a robust budget which would support operational activity in my service in 2020/21 and that the provisional budget for 2021/22 represents the service requirements for that year, subject to any changes as part of the 2020/21 budget setting process (see Appendix1).

SIGNED BY	NAME	SIGNATURE	DATE
Director	Sally McIvor		31/01/2020

CHILDRENS SERVICES

BUDGET POSITION 2020/21

SUMMARY OF 2019/20 BUDGET CHANGES

CATEGORY	DESCRIPTION	Controllable £000	Uncontrollable £000	Total £000
Base budget 2019/20	Budget position agreed at Budget Fixing Council 27th February 2019	3,511	18,074	21,585
In Year budget realignment	Realignment to budgets in year	201	(60)	141
REVISED BUDGET AT 29/11/2019		3,712	18,014	21,726

SUMMARY OF MOVEMENT IN SETTING 2020/21 BUDGET

CATEGORY	DESCRIPTION	Controllable £000	Uncontrollable £000	Total £000
Budget Opening Position	Reflecting revised budget position as at 29/11/2019	3,712	18,014	21,726
Inflation	Reflects the increase in the cost of living - e.g. salary inflation, contract inflation etc.	633	32	665
Centrally Allocated Charges	Budgets determined by a range of factors, some of which are outside of the Services control - e.g. Depreciation, Business Rate Charges, Insurance	45	(91)	(46)
Budget Pressures	Budget Pressures identified by services	662	0	662
Switches	Movement either within, or between Services, but which ultimately do not affect the net position of the Authority	4,408	0	4,408
Grant Changes	(Increase) or decrease in Grants received by the Authority	0	0	0
Growth	Identified where more resource is needed to support demand within a Service	0	0	0
Pooled Budget Adjustment	Changes to the contribution to/(from) the Pooled Budget	38,628	0	38,628
Superann	The movement in Superannuation contributions	0	0	0
Previous Years Savings	Savings Proposals from previous years estimates process	0	0	0
2020/21 Saving Proposals not requiring Service consultation	2020/21 Saving proposals not requiring service consultation	(129)	0	(129)
A) Reversal of One Year Only Decisions 2019/20	See table below for further details	(126)	0	(126)
B) Savings Proposals agreed as part of 2019/20 programme	See table below for further details	0	0	0
TOTAL 2020/21 BUDGET		47,833	17,955	65,788
C) 2020/21 Saving Proposals subject to consultation / review	See table below for further details	(56)	0	(56)
TOTAL 2020/21 BUDGET IF SAVINGS SUBJECT TO CONSULTATION / REVIEW APPROVED		47,777	17,955	65,732


BUDGET SETTING MOVEMENT DETAILS

CATEGORY	REF	DESCRIPTION	Controllable £000	Uncontrollable £000	Total £000
A) Reversal of One Year Only Decisions 2019/20	CS-2018-19-004	School HR	20		20
	CS-2018-19-005	Troubled Families	65		65
		Youth Parliament	(211)		(211)
					0
					0
	TOTAL		(126)	0	(126)
B) Saving Proposals agreed as part of 2019/20 programme					0
					0
					0
					0
	TOTAL		0	0	0
C) 2020/21 Saving Proposals subject to consultation / review	CS-2020-21-003	Proposal to relocate Milnrow Youth Centre	(3)		(3)
	CS-2020-21-004	Children's Services Business Support reduction	(37)		(37)
		Discretionary Fees and Charges 2% increase	(11)		(11)
		Early Help Strategy	(5)		(5)
		TOTAL		(56)	0

This budget may be subject to change as a result of Members decisions.

The Uncontrollable budgets may be subject to change, however this will not impact on the ability to deliver services.

I confirm that the figures presented reflect a robust budget which would support operational activity in my service in 2020/21 and that the provisional budget for 2021/22 represents the service requirements for that year, subject to any changes as part of the 2020/21 budget setting process (see Appendix1).

SIGNED BY	NAME	SIGNATURE	DATE
Director	Gail Hopper		31.01.2020

ECONOMY

BUDGET POSITION 2021/22

SUMMARY OF MOVEMENT IN SETTING 2021/22 BUDGET

CATEGORY	DESCRIPTION	Controllable £000	Uncontrollable £000	Total £000
Budget Opening Position	Reflecting budget position as at end of 2020/21	15,071	524	15,595
Budget Pressures	Budget Pressures identified by services	0	0	0
Centrally Allocated Charges	Budgets determined by a range of factors some of which are outside of the Services control - e.g. Depreciation, Business Rate Charges, Insurance	5	(6)	(1)
Grant Changes	(Increase) or decreases in Grants received by the Authority	0	0	0
Growth	Identified where more resource is needed to support demand within a Service	0	0	0
Inflation	Reflects the increase in the cost of living - e.g. salary increases	234	0	234
Switches between Services	Movement either within, or between Services, but which ultimately do not affect the net position of the Authority	106	0	106
Pooled Budget Adjustment	Changes to the contribution to/(from) the Pooled Budget	0	0	0
Superann	The movement in Superannuation contributions	0	0	0
Previous Years Saving Proposals	Savings Proposals from previous years estimates process	0	0	0
A) Reversal of One Year Only Savings	See table below for further details	(56)	0	(56)
B) Saving Proposals agreed as part of 20/21 programme	See table below for further details	(112)	0	(112)
TOTAL 2021/22 BUDGET		15,248	518	15,766
C) 2020/21 Savings Proposals subject to consultation / review	See table below for further details	(15)	0	(15)
TOTAL 2021/2 BUDGET IF SAVINGS SUBJECT TO CONSULTATION / REVIEW		15,233	518	15,751

BUDGET SETTING MOVEMENT DETAILS

CATEGORY	REF	DESCRIPTION	Controllable £000	Uncontrollable £000	Total £000
A) Reversal of One Year Only Decisions 2020/21		Transformation funding for strategic planning core budget	(106)		(106)
		This is Rochdale Year 3 of 3	(50)		(50)
	EC-2019-20-001	Employment Links	50		50
	EC-2019-20-003	Planning Fees	50		50
	TOTAL	(56)	0	(56)	
B) Saving Proposals agreed as part of 2020/21 programme	EC-2020-21-001	Reduction in grants to external organisations from Economic Affairs	(42)		(42)
	EC-2020-21-003	N1 Riverside Utilisation Income	(70)		(70)
					0
					0
	TOTAL	(112)	0	(112)	
C) 2020/21 Saving Proposals subject to consultation / review	EC-2020-21-002	Restructure - Economic Affairs Core Team	(15)		(15)
					0
	TOTAL	(15)	0	(15)	

This budget may be subject to change as a result of the saving proposals consultation and Members decisions.

The Uncontrollable budgets may be subject to change, however this will not impact on the ability to deliver services.

I confirm that the figures presented reflect a robust budget which would support operational activity in my service in 2020/21 and that the provisional budget for 2021/22 represents the service requirements for that year, subject to any changes as part of the 2020/21 budget setting process (see Appendix1).

SIGNED BY	NAME	SIGNATURE	DATE
Director	John Searle		31/01/2020

NEIGHBOURHOODS

BUDGET POSITION 2020/21

SUMMARY OF 2019/20 BUDGET CHANGES

CATEGORY	DESCRIPTION	Controllable £000	Uncontrollable £000	Total £000
Base budget 2019/20	Budget position agreed at Budget Fixing Council 28th February 2018	50,310	2,104	52,414
In Year budget realignment	Realignment to budgets in year	177	(2)	175
REVISED BUDGET AT 29/11/2019		50,487	2,102	52,589

SUMMARY OF MOVEMENT IN SETTING 2020/21 BUDGET

CATEGORY	DESCRIPTION	Controllable £000	Uncontrollable £000	Total £000
Budget Opening Position	Reflecting revised budget position as at 03/12/2019	50,487	2,102	52,589
Inflation	Reflects the increase in the cost of living - e.g. salary inflation, contract inflation etc.	371	1	372
Centrally Allocated Charges	Budgets determined by a range of factors, some of which are outside of the Services control - e.g. Depreciation, Business Rate Charges, Insurance	(332)	(1,066)	(1,398)
Budget Pressures	Budget Pressures identified by services	647	0	647
Switches	Movement either within, or between Services, but which ultimately do not affect the net position of the Authority	92	0	92
Grant Changes	(Increase) or decrease in Grants received by the Authority	(354)	0	(354)
Growth	Identified where more resource is needed to support demand within a Service	203	0	203
Pooled Budget Adjustment	Changes to the contribution to/(from) the Pooled Budget	0	0	0
Superann	The movement in Superannuation contributions	37	0	37
Previous Years Savings	Savings Proposals from previous years estimates process	(195)	0	(195)
2020/21 Saving Proposals not requiring Service consultation	2020/21 Saving proposals not requiring service consultation	(318)	0	(318)
A) Reversal of One Year Only Decisions 2019/20	See table below for further details	(173)	0	(173)
B) Savings Proposals agreed as part of 2019/20 programme	See table below for further details	(132)	0	(132)
TOTAL 2020/21 BUDGET		50,333	1,037	51,370
C) 2020/21 Saving Proposals subject to consultation / review	See table below for further details	(826)	0	(826)
TOTAL 2020/21 BUDGET IF SAVINGS SUBJECT TO CONSULTATION / REVIEW APPROVED		49,507	1,037	50,544

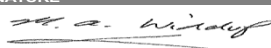
BUDGET SETTING MOVEMENT DETAILS

CATEGORY	REF	DESCRIPTION	Controllable £000	Uncontrollable £000	Total £000
A) Reversal of One Year Only Decisions 2019/20		Feel Good Festival 19/20	(80)		(80)
		Town Hall Security	(14)		(14)
		CCTV Contract 2019/20	(79)		(79)
					0
					0
		TOTAL	(173)	0	(173)
B) Saving Proposals agreed as part of 2019/20 programme	NH-2019-20-022	Review of grant funded Community Centres	(94)		(94)
	NH-2019-20-025	Move from VMWARE to hyperV	(10)		(10)
	NH-2019-20-025	Senior Systems and Network Engineer	(28)		(28)
		TOTAL	(132)	0	(132)
C) 2020/21 Saving Proposals subject to consultation / review	NH-2020-21-002	Cease delivery of non-statutory wider tobacco control work	(33)		(33)
	NH-2020-21-003	Restructure the Pest Control Team	(21)		(21)
	NH-2020-21-004	Restructure the management of the Trading Standards and Licensing Teams	(39)		(39)
	NH-2020-21-013	Bowling Pavilions utility charges to users (smart meters)	(13)		(13)
	NH-2020-21-014	Countryside service delivery review	(17)		(17)
	NH-2020-21-021	Reduction of Customer Service staffing	(29)		(29)
	NH-2020-21-022	ICT EDIT Team Restructure	(29)		(29)
		Charging for replacement bins	(189)		(189)
		Places of worship - in house collection of waste	(8)		(8)
		Review Events & Art & Literature service/post	(30)		(30)
		Aqilisys contract review	(100)		(100)
		Grass cut on gateways & additional tree maintenance	(25)		(25)
		EM - Budget realignment	(250)		(250)
		To be confirmed	(5)		(5)
		Discretionary Fees and Changes 2% increase	(38)		(38)
	TOTAL	(826)	0	(826)	

This budget may be subject to change as a result of the saving proposals consultation and Members decisions.

The Uncontrollable budgets may be subject to change, however this will not impact on the ability to deliver services.

I confirm that the figures presented reflect a robust budget which would support operational activity in my service in 2020/21 and that the provisional budget for 2021/22 represents the service requirements for that year, subject to any changes as part of the 2020/21 budget setting process (see Appendix1).

SIGNED BY	NAME	SIGNATURE	DATE
Director	Mark Widdup		3.2.2020

RESOURCES

BUDGET POSITION 2021/22

SUMMARY OF MOVEMENT IN SETTING 2021/22 BUDGET

CATEGORY	DESCRIPTION	Controllable £000	Uncontrollable £000	Total £000
Budget Opening Position	Reflecting budget position as at end of 2020/21	10,974	(2,145)	8,829
Budget Pressures	Budget Pressures identified by services	(271)	0	(271)
Centrally Allocated Charges	Budgets determined by a range of factors some of which are outside of the Services control - e.g. Depreciation, Business Rate Charges, Insurance	0	19	19
Grant Changes	(Increase) or decreases in Grants received by the Authority	0	0	0
Growth	Identified where more resource is needed to support demand within a Service	0	0	0
Inflation	Reflects the increase in the cost of living - e.g. salary increases	232	0	232
Switches between Services	Movement either within, or between Services, but which ultimately do not affect the net position of the Authority	90	0	90
Pooled Budget Adjustment	Changes to the contribution to/(from) the Pooled Budget	0	0	0
Superann	The movement in Superannuation contributions	0	0	0
Previous Years Saving Proposals	Savings Proposals from previous years estimates process	0	0	0
A) Reversal of One Year Only Decisions	See table below for further details	(146)	0	(146)
B) Saving Proposals agreed as part of 20/21 programme	See table below for further details	(175)	0	(175)
TOTAL 2021/22 BUDGET		10,704	(2,126)	8,578
C) 2020/21 Savings Proposals subject to consultation / review	See table below for further details	0	0	0
TOTAL 2021/2 BUDGET IF SAVINGS SUBJECT TO CONSULTATION / REVIEW		10,704	(2,126)	8,578

BUDGET SETTING MOVEMENT DETAILS

CATEGORY	REF	DESCRIPTION	Controllable £000	Uncontrollable £000	Total £000
A) Reversal of One Year Only Decisions 2020/21		Transformation Fund Savings Grade 9 Post	(49)		(49)
		STAR Contract Fee	(20)		(20)
		Legal Case Management System	(41)		(41)
		Corporate Lead - Transformation and Reform	(100)		(100)
		Early Payment Initiative	120		120
		Budget Carry Forward adjustment re two temp posts	(56)		(56)
		TOTAL	(146)	0	(146)
B) 2020/21 Saving Proposals agreed as part of 20/21 programme	RS-2020-21-002	Early Payment Initiative	(125)		(125)
	RS-2020-21-007	Merging of HR Teams (CCG/LA)	(25)		(25)
	RS-2020-21-008	STAR Procurement	(25)		(25)
		TOTAL	(175)	0	(175)
C) 2020/21 Saving Proposals subject to consultation / review					0
					0
		TOTAL	0	0	0

This budget may be subject to change as a result of the saving proposals consultation and Members decisions.

The Uncontrollable budgets may be subject to change, however this will not impact on the ability to deliver services.

I confirm that the figures presented reflect a robust budget which would support operational activity in my service in 2020/21 and that the provisional budget for 2021/22 represents the service requirements for that year, subject to any changes as part of the 2020/21 budget setting process (see Appendix1).

SIGNED BY	NAME	SIGNATURE	DATE
Director	Neil Thornton		31/01/2020

PUBLIC HEALTH AND WELLBEING

BUDGET POSITION 2021/22

SUMMARY OF MOVEMENT IN SETTING 2021/22 BUDGET

CATEGORY	DESCRIPTION	Controllable £000	Uncontrollable £000	Total £000
Budget Opening Position	Reflecting budget position as at end of 2020/21	18,932	1,782	20,714
Budget Pressures	Budget Pressures identified by services	0	0	0
Centrally Allocated Charges	Budgets determined by a range of factors some of which are outside of the Services control - e.g. Depreciation, Business Rate Charges, Insurance	2	(29)	(27)
Grant Changes	(Increase) or decreases in Grants received by the Authority	0	0	0
Growth	Identified where more resource is needed to support demand within a Service	0	0	0
Inflation	Reflects the increase in the cost of living - e.g. salary increases	52	0	52
Switches between Services	Movement either within, or between Services, but which ultimately do not affect the net position of the Authority	(30)	0	(30)
Pooled Budget Adjustment	Changes to the contribution to/(from) the Pooled Budget	30	0	30
Superann	The movement in Superannuation contributions	0	0	0
Previous Years Saving Proposals	Savings Proposals from previous years estimates process	0	0	0
A) Reversal of One Year Only Savings	See table below for further details	0	0	0
B) Saving Proposals agreed as part of 20/21 programme	See table below for further details	0	0	0
TOTAL 2021/22 BUDGET		18,986	1,753	20,739
C) 2020/21 Savings Proposals subject to consultation / review	See table below for further details	0	0	0
TOTAL 2021/2 BUDGET IF SAVINGS SUBJECT TO CONSULTATION / REVIEW		18,986	1,753	20,739

BUDGET SETTING MOVEMENT DETAILS

CATEGORY	REF	DESCRIPTION	Controllable £000	Uncontrollable £000	Total £000
A) Reversal of One Year Only Decisions 2020/21					0
					0
		TOTAL	0	0	0
B) Saving Proposals agreed as part of 2020/21 programme					0
					0
		TOTAL	0	0	0
C) 2020/21 Saving Proposals subject to consultation / review					0
					0
		TOTAL	0	0	0

This budget may be subject to change as a result of the saving proposals consultation and Members decisions.

The Uncontrollable budgets may be subject to change, however this will not impact on the ability to deliver services.

I confirm that the figures presented reflect a robust budget which would support operational activity in my service in 2020/21 and that the provisional budget for 2021/22 represents the service requirements for that year, subject to any changes as part of the 2020/21 budget setting process (see Appendix1).

SIGNED BY	NAME	SIGNATURE	DATE
Director	Andrea Fallon		30/01/2020