

## Report to Cabinet



Date of Meeting	1 <sup>st</sup> December 2020
Portfolio	Cabinet Member for Corporate Delivery
Report Author	Samantha Smith
Public/Private Document	Public

## Finance Update Report Period 6

### Executive Summary

1. To inform Cabinet and the Corporate Overview and Scrutiny Committee on the Council's forecast 2020/21 financial position as at the end of September 2020, and the additional Covid-19 funding received in October.
- 1.1 The Finance Update report contains details of the following:
  - The forecast Revenue outturn position, which is an in-year saving of £1,745k. The General Fund net pressure relating to Covid-19 is £125k, largely offset by the use of government funding relating to Covid-19 of £22,231k, including an additional £6,199k being received in October 2020. Non-Covid-19 in-year savings are currently reported at £1,870k, which is an improvement of £2,408k from the period 4 forecast. The large movements being within Adult Social Care and Economy which are reporting a breakeven position and Children's Social Care and Neighbourhoods where underspends are forecast.
  - Savings plans of £4,169k ongoing and £280k one off, with a balance to address of £870k, relating to the impact of Covid-19.
  - An update on the Health & Social Care Pool Fund position.
  - Forecast Capital expenditure of £70,688k, after re-phasing of £5,579k into future years.
  - The forecast 2020/21 Collection Fund position of a deficit of £30,450k, which will be partially mitigated by increased government Section 31 grant of £20,950k,

leaving a residual pressure of £9,500k, with this pressure relating to the impact of Covid-19. The Council's share of the forecast net 2020/21 Collection Fund deficit is £8,497k, which will impact on the Council's General Fund budget for 2021/22.

- The mid-year 2020/21 Treasury Management update.

<b>Recommendation</b>
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- 2.1 Cabinet notes the forecast 2020/21 financial positions for Revenue, Capital, and the Collection Fund as at the end of September 2020, as detailed in section 4.
- 2.2 Cabinet approves the utilisation of the 4<sup>th</sup> tranche of emergency Covid 19 funding of £6,199k detailed in section 4.1.
- 2.3 Cabinet notes the forecast Health & Social Care Pool Budget position as detailed in section 4.2
- 2.4 Cabinet approves the Budget Pressure requests for 2021/22 in section 4.3
- 2.6 Cabinet note the forecast unachieved savings target in section 4.4
- 2.7 Cabinet notes the net Capital budget changes of £1,066k detailed in section 4.6.1
- 2.8 Cabinet notes the Capital re-phasing of £5,579k detailed in section 4.6.2.
- 2.9 Cabinet approves the reversal of the £140k reduction in Townships capital budget in 2020/21, and rephasing of that budget into 2021/22, as detailed in section 4.6.3.
- 2.10 Cabinet notes the budget returns of £1,001k detailed in 4.6.4
- 2.11 Cabinet approves the budget switch detailed in 4.6.5
- 2.12 Cabinet notes the mid-year 2020/21 Treasury Management update report contained in section 4.8.

<b>Reason for Recommendation</b>
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3. Cabinet Members should be kept updated on the financial position of the authority, as effective budget management is critical to ensuring financial resources are spent in line with the budget and are targeted towards the Council's priorities.

This report focuses on the forecast 2020/21 financial position as at the end September 2020.

## Key Points for Consideration

### 4. Revenue Budget 2020/21

The budget set by Budget Council on 26<sup>th</sup> February 2020 was £224,127k. Increases in budget in this financial year up to period 6 are detailed in the following table:

#### 4.1

Approved by	When	Reason for change	Amount (£'000)
Budget Council	Mar-20	Approved budget	224,127
Cabinet	Apr-20	Emergency Covid-19 Funding tranche 2	6,116
Cabinet	Apr-20	Hardship Funding	3,064
Cabinet	Apr-20	S31 - Covid-19 Grant Business Rates relief compensation	20,950
Cabinet	Jul-20	Emergency Covid-19 Funding tranche 3	2,416
Cabinet	Jul-20	Business Rates Top up Grant - final settlement adjustment	677
Cabinet	Jul-20	New Burdens grant relating to Covid 19	170
Cabinet	Jul-20	S31-Business Rates Grant Relief adjustment	292
Pending	Oct-20	Emergency Covid-19 Funding tranche 4	6,199
		<b>GRAND TOTAL</b>	<b>264,011</b>

The following amount has increased the Council's Revenue budget since the period 4 Finance Update report was finalised:

- £6,199k Emergency funding for local government (tranche 4) in relation to Covid-19

Approval for the utilisation of funding provided by the Government to mitigate the additional expenditure/loss of income resulting from the impact of Covid-19 has been obtained in accordance with the Council's constitution for previous funding received.

Members are asked to approve the use of the fourth tranche of emergency Covid 19 funding of £6,199k received in October 2020 to help to offset the financial impact of Covid 19. The total non-ring-fenced emergency Covid 19 funding is now £22,231k.

The Revenue Budget Table in 4.1.2 provides detail of budget allocations and the estimated 2020/21 financial position.

- 4.1.1 The forecast position as at the end of September 2020 is a General Fund in-year saving of £1,745k.

This is an improvement of £13,171k from period 4, of which:

- £10,763k relates to Covid-19. £6,199k is due to increased non- ringfenced government funding, £2,873k forecast compensation for lost income and use of reserves, and the remaining improvement of £1,691k relates mostly to an improved forecast position for Covid-19 related loss of income.
- £2,408k relates to non-Covid 19 issues across most directorates. The table in section 4.1.2 provides further detail of the movements by directorate since September Cabinet.

4.1.2 £125k pressure is attributable to Covid-19 which is net of Covid-19 emergency funding; the pressures include £870k of 2020/21 savings proposals that are not currently achievable. Budget will be allocated to Directorates to offset the pressures related to Covid-19.

Non Covid-19 in-year savings are forecast currently at £1,870k.

The table below provides detail by Directorate:

Directorate/Detail	Current Controllable Net Budget	Forecast Controllable Outturn P6	Forecast In-Year Saving (Overspend)	Previous Monitoring Report P4	Movement since September Cabinet
	£'000	£'000	£'000	£'000	£'000
Adult Care	57,660	57,660	-	(500)	500
Children's	49,483	48,727	756	192	564
Economy	15,251	15,251	-	(170)	170
Neighbourhoods	51,700	51,541	159	(219)	378
Public Health	19,302	19,302	-	-	-
Resources	14,310	14,149	161	152	9
<b>Total Services Spending</b>	<b>207,706</b>	<b>206,630</b>	<b>1,076</b>	<b>(545)</b>	<b>1,621</b>
Contribution from Integrated Pool Budget	(102,339)	(102,339)	-	-	-
Contribution to Integrated Pool Budget	102,339	102,339	-	-	-
<b>Total Pooled Budgets</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>
Finance Control Corporately Held Budgets	30,782	29,998	794	7	787
Covid-19 Emergency Funding	22,231	22,356	(125)	(10,888)	10,763
Finance Control Budget Pressures	576	576	-	-	-
<b>Total Finance Control Spending</b>	<b>53,590</b>	<b>52,920</b>	<b>669</b>	<b>(10,881)</b>	<b>11,550</b>
<b>Net Expenditure</b>	<b>261,295</b>	<b>259,550</b>	<b>1,745</b>	<b>(11,426)</b>	<b>13,171</b>
<b>Uncontrollable Budget Spend</b>	<b>2,716</b>	<b>2,716</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Budget</b>	<b>264,011</b>	<b>262,266</b>	<b>1,745</b>	<b>(11,426)</b>	<b>13,171</b>

The variations to controllable Revenue budget, by service, which are not related to Covid-19 are detailed below, and further detail may be found in Appendix A:

Service	Narrative	Amount £'000
<b>Adult Care</b>	The Core Service provision is expected to break even with a pressure from commissioned placements being matched by in year savings, mainly from staff turnover.	0
<b>Children's</b>	<p>General Fund - Children's Social Care (CSC) is reporting an underspend of £0.581m in relation to a reduction in placement costs. As at 28th September 2020 Cared for Children's numbers are showing a net reduction of 4, and a net reduction of 44 at child protection level since 1st April 2020. This is a positive position as the service have reduced numbers alongside managing the additional pressures of Covid-19. The critical point for CSC is now children have returned to school, and the service are seeing an increase in referrals and complex cases. If CSC are able to hold or continue to reduce cared for children and child protection numbers then Covid-19 related projected costs may be significantly reduced. There are forecast in year savings of £0.300m relating to the Youth Service, Sure Start/Early Help services mainly due to staffing savings, and £0.271m relating to the overachievement of income in the Schools Support service area. There is a pressure of £0.396m within Special Educational Needs and Disabilities relating to transport costs which is in line with the growth throughout 2019/20 now having full year impact and continued growth within 2020/21.</p> <p>Dedicated Schools Grant (DSG) - There continues to be a pressure on the High Needs Block Dedicated Schools grant due to the continued growth in Education Health Care Plans and Special Educational Needs Support. The period 6 position is a £1,595m deficit; all special schools within the borough are now at maximum capacity, therefore any further requests for places will ultimately have to be placed out of borough at independent schools which is a high cost provision. The service are working with schools at both primary and secondary level to increase SEND provision within the borough.</p>	756

Service	Narrative	Amount £'000
<b>Neighbourhoods</b>	The Neighbourhoods Directorate is reporting a potential in-year saving of £159k. In-year savings are being achieved through Facilities Management £49k, Environmental Management £84k, Coroners £65k, Community & Townships £95k; these are partially being used to offset overspends in Strategic Housing £53k and Properties £81k.	159
<b>Finance Control</b>	No new external borrowing has been undertaken so far this year due to the use of internal balances, and a robust balance sheet position maintained. The rephasing and reductions of Capital Budget approved at September Cabinet has resulted in savings of £787k. Reduced debt has increased the reported in-year saving by a further £7k.	794
<b>Resources</b>	The Resources Directorate is reporting a potential in-year saving of £161k from current year employee savings from vacant posts, temporary arrangements and one off funding. These savings are being used to mitigate pressures within the Legal Shared Service with Manchester which are currently under discussion, and increased maintenance costs for the new I Trent Payroll system.	161
<b>Total</b>		<b>1,870</b>

4.1.3 The variations to controllable Revenue budget, by service, which are related to Covid-19 are detailed below:

<b>Expenditure</b>	<b>£'000s</b>
Adult Social Care	9,257
Children's Social Care	2,729
Education	68
Highways and transport, Public Health & Housing	3,617
Cultural & Related	2,970
Environmental and regulatory services	1,727
Finance & Corporate	4,647
Other services	1,215
<b>Estimated Total Spending Pressure</b>	<b>26,230</b>
Less funding received for Infection Control, Test & Trace, Hardship Fund and Health (via CCG)	(15,300)
<b>Estimated Funding Pressure</b>	<b>10,930</b>
<b>Income</b>	<b>£'000s</b>
Sales, fees and charges	3,703
Commercial Income	10,596
<b>Estimated Total reduction in Income</b>	<b>14,299</b>
<b>Total Estimated Pressure</b>	<b>25,229</b>
<b>Government Emergency Funding</b>	<b>(22,231)</b>
<b>Forecast Government compensation re: Sales, Fees &amp; Charges Income, and use of Reserves</b>	<b>(2,873)</b>
<b>Residual Pressure</b>	<b>125</b>

The Government has developed an income compensation scheme for lost sales, fees and charges for 2020/21 as a result of the impact of Covid 19. The Council will be submitting claims that meet the criteria of the scheme to reduce the residual pressure. The current forecast claim for lost 2020/21 income is £2,073k, although this is subject to change during the remainder of the financial year. The scheme does not compensate the Council for the majority of income lost due to commercial losses not being eligible for compensation.

The forecast cost projections relating to Covid-19 include possible financial support for Link4Life, the Council's culture and leisure provider. A recovery plan has been developed for Link4Life as it emerges from lockdown, which will be



monitored through the contract. Link4Life have recently been awarded c£666k of funding from the government's Cultural Recovery Fund.

The Council has reviewed its level of Reserves, and Treasury Management strategy to assess the availability of one off funds to offset against any pressures caused by the impact of Covid-19. The Council has indicated to the government that £7m of Reserves could be used; a £3m reserve established for Manchester Airport dividend pressures, and £4m of General Balances, established for various unforeseen issues, including demand pressures and a reduction in the collection of Business Rates and Council Tax. The current forecast position for 2020/21 indicates that the Council will not need to utilise reserves in this financial year. However, these reserves will be earmarked to offset future year pressures relating to commercial losses and the Collection Fund, as the impact of Covid-19 is estimated to have a longer term impact than previously predicted.

Work is on-going to assess the financial impact and timeframe involved relating to Covid-19. The longer term implications are being considered to support the Council in its financial planning going forward.

The Council will, with other Greater Manchester councils, continue to lobby the government to provide further funding to offset the ongoing financial impact of Covid-19.

#### 4.2 Health & Social Care Pool Budget

As at the end of September 2020 the forecast gap in the Pool Fund for 2020/21 is £8,800k:

- £1,000k of which is the forecast remaining element of the opening pool gap; this figure is a reduction of £1,100k from period 4 and is subject to change
- £7,800k relating to Covid-19 pressures.

#### 4.3 Budget Pressures

The Budget Pressure Fund for 2020/21 reported to September Cabinet was £576k; the following table details adjustments and requests received to the end of September 2020:

<b>Service</b>	<b>Ongoing £000s</b>	<b>One off £000's</b>	<b>Total £000s</b>	<b>Narrative</b>
<b>Opening Balance 2020/21 Period 6</b>	<b>492.7</b>	<b>83.1</b>	<b>575.8</b>	The balance brought forward is net of previously approved allocations
<b>Period 6 Requests:</b>	<b>Ongoing £'000s</b>	<b>One off £'000s</b>	<b>Total £'000s</b>	<b>Narrative</b>
				There are no Budget Pressure Requests for 2020/21 reported in Period 6.
<b>Remaining Balance 2020/21</b>	<b>492.7</b>	<b>83.1</b>	<b>575.8</b>	<b>Total of remaining pressures budget</b>
Children's	16		<b>16</b>	Parent Assessment Manual (PAMS assessment) software and training pressure of £16k cannot be met by Service and Budget Pressures funding is requested for 2021/22 onwards.
Neighbourhoods		330	<b>330</b>	Request to extend the Integrated Place Team for 12 months due to the resource being used for Covid-19 work. This request is one off in 2021/22
Neighbourhoods		46	<b>46</b>	Cabinet report 27 <sup>th</sup> October requested Homelessness Scheme funding 2021/22
Neighbourhoods		23	<b>23</b>	Cabinet report 27 <sup>th</sup> October requested Homelessness Scheme funding 2021/22

If the requests are approved the balance remaining for budget pressures in 2020/21 is £576k; £493k ongoing and £83k one off.

#### 4.4 Savings

The overall savings target for Services for 2020/21 is £4,451k (£4,171k recurrent, and £280k one-off). Services have identified savings proposals which have a balance to address relating to Covid-19 of £870k (which is included in the reported pressure of £125k in 4.1.2) as shown in the table below:

Service	Nature of Saving	Savings Target - Ongoing	Savings Target - One Off	Achieved	On-Target	Mitigating Actions	Total Balance to Address	Balance to Address relating to Covid-19	Balance to Address Non Covid-19
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Care	Improved opportunities through person centred planning for people in Supported Living	300	(45)	-	55	-	200	200	-
Adult Care	Prevention Contracts (previously supported living)	180	-	-	-	-	180	180	-
Adult Care	Adult Care Commissioned Day Services	134	(15)	(15)	-	-	134	134	-
Adult Care	Moving On	50	-	40	-	-	10	10	-
	<b>Sub Total Adults</b>	<b>1,282</b>	<b>60</b>	<b>253</b>	<b>565</b>	<b>-</b>	<b>524</b>	<b>524</b>	<b>-</b>
	<b>Sub Total Children's</b>	<b>166</b>	<b>-</b>	<b>-</b>	<b>166</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Economy	N1 Riverside Utilisation Income	35	-	-	-	-	35	35	-
	<b>Sub Total Economy</b>	<b>60</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>35</b>	<b>35</b>	<b>-</b>
Neighbourhoods	Capitalisation of Building Support Team and reduction in Training Budget	100	-	-	56	-	44	44	-
Neighbourhoods	Waste Vehicle cleaning	17	-	-	-	-	17	17	-
Neighbourhoods	Additional SIMS income from schools outside Borough	20	-	-	-	-	20	20	-

Service	Nature of Saving	Savings Target - Ongoing	Savings Target - One Off	Achieved	On-Target	Mitigating Actions	Total Balance to Address	Balance to Address relating to Covid-19	Balance to Address Non Covid-19
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Neighbourhoods	Income generation from advertising / Digital advertising screens	7	-	-	-	-	7	7	-
Neighbourhoods	Place based asset management system	100	-	-	-	60	40	40	-
	<b>Sub Total Neighbourhoods</b>	<b>499</b>	<b>100</b>	<b>268</b>	<b>77</b>	<b>126</b>	<b>128</b>	<b>128</b>	<b>0</b>
Public Health	System wide prevention review (including YP Substance Misuse and Sexual Health Contract review)	129	-	26	-	-	103	103	-
	<b>Sub Total Public Health</b>	<b>230</b>	<b>0</b>	<b>127</b>	<b>0</b>	<b>0</b>	<b>103</b>	<b>103</b>	<b>0</b>
Resources	Early Payment Initiative	-	120	-	40	-	80	80	-
	<b>Sub Total Public Resources</b>	<b>1,932</b>	<b>120</b>	<b>1,932</b>	<b>40</b>	<b>-</b>	<b>80</b>	<b>80</b>	<b>0</b>
<b>Savings Grand Total with Balance to Address</b>		<b>4,169</b>	<b>280</b>	<b>2,605</b>	<b>848</b>	<b>126</b>	<b>870</b>	<b>870</b>	<b>0</b>

#### 4.5 **Transformation Fund**

The table below provides a summary of projects which have received funds in 2020/21 and prior years and includes details on progress.

Each of the projects aim to deliver and enable transformation and reform activity which as well as achieving wider objectives aim to deliver financial savings, or increased efficiency and effectiveness of service delivery.

Directorate	Project Overview	Savings / Benefits	Total funding allocation
Adult Care	<p><b>Accommodation with support strategy</b></p> <p>The current project follows on from a previous allocation of £68,200 to enable the development on an accommodation strategy, market position statement, commissioning plans and stakeholder engagement around ensuring we have the correct supply of the right accommodation, reducing the need for expensive out of the borough placements.</p> <p>A further £148,000 has been allocated for programme and project management costs to support the continuation of the work around the accommodation strategy, and specifically to deliver the following three projects:</p>	<p>This project aims to achieve recurrent annual savings of £108k per year by 2021/22 for a one off £148k investment in programme and project management resource through a reduction in out of borough crisis placements, which cost approximately double the cost of in borough provision.</p> <p>If the Council does not commission on a strategic basis it is unlikely to have allocation rights; control over the supply in the market or its stability; difficulty in assessing the quality and appropriateness of the support being delivered within the properties. This could lead to:</p>	£148,000

Directorate	Project Overview	Savings / Benefits	Total funding allocation
	<ol style="list-style-type: none"> <li>1. Un-commissioned support</li> <li>2. Pipeline development (working age adults with long-term conditions)</li> <li>3. Pipeline development (preventative services)</li> </ol>	<ol style="list-style-type: none"> <li>a) Inflated costs via out of borough or crisis placements</li> <li>b) Additional 'un-commissioned' units being built in borough</li> <li>c) 'Demand' being brought into Rochdale from other boroughs and Rochdale residents missing out on allocations when required</li> <li>d) Empty or dis-used properties, due to business failure</li> <li>e) A missed opportunity to supply actual demand, as there is potential demand in other areas of the borough and from other customer groups</li> <li>f) People with low-level support needs accessing accommodation with support, when they could manage with a standard tenancy, creating dependency.</li> </ol> <p>Furthermore, if the provider is a 'for profit' landlord, the Council may be exposed to the resultant cost via un-recoverable, uplifted housing benefit claims.</p>	

Directorate	Project Overview	Savings / Benefits	Total funding allocation
Economy	<p><b>A successful future for Development Management</b></p> <p>External consultants have been commissioned to undertake a review of the service focused on improving the quality of the service offers to customers, investors and developers. In addition it will also explore the potential to develop a premium planning service which has the potential to boost non-statutory fee income.</p>	<p>As well as aiming to improve the quality of the service for customers, investors and developers the project estimates that additional (non-statutory) fee income of £10,000 per year could be achieved through offering a premium planning service.</p>	£50,000
Economy	<p><b>Strategic Planning</b></p> <p>Transformation funding of £106,357 per annum for five years has been approved to support the strategic planning team staffing budget. They play a critical role in supporting the Council's aspirations for growth, investment and regeneration and also have a strong track record in securing external grant funding.</p>	<p>The work that the team does is essential to allow us to plan for the delivery of new homes and employment sites, which in turn supports the generation and growth of council tax receipts, new homes bonus and business rates. In addition the funding will allow the team to continue to maximise income from a range of grant funding opportunities.</p> <p>The application assumes that additional income through either Business Rates or grant funding will offset the cost of the transformation funding.</p>	£531,785

Directorate	Project Overview	Savings / Benefits	Total funding allocation
Economy	<p><b>One Public Estate/GMCA</b></p> <p>The transformation funding is for two new posts within the Estates and Assets service to enable participation and contribution to the One Public Estate and GMCA programmes.</p>	<p>Benefits may include asset rationalisation across the public estate, rental income, capital receipts and access to sources of funding which we may not otherwise be aware of.</p>	<p>£127,400</p>
Neighbourhoods	<p><b>Place Based Asset Management</b></p> <p>This project will implement a new corporate asset management system that will cover the planned and reactive maintenance of assets across Highways and Environmental Management as well as a review and redesign of the processes where possible.</p>	<p>Recurrent cashable savings of £100,000 in the first year, rising to £150,000 in the second year and beyond are expected to be achieved through rationalisation of systems and process redesign. The cashable savings from redesign are subject to the organisations ability to redesign the work differently.</p>	<p>£149,400</p>
Neighbourhoods	<p><b>Housing allocations and Homelessness</b></p> <p>Strategic Housing has embarked on an ambitious project to transform and redesign the Council's Homelessness and Housing Allocation services.</p> <p>£85,000 transformation funding was approved to deliver phase 1 which was to commission a review</p>	<p>The future Homelessness and Housing Allocation services aims to provide holistic, person centred and sustainable solutions to customers to</p> <ul style="list-style-type: none"> <li>• reduce repeat referrals / contacts with Council services;</li> <li>• reduce duplication of work; and</li> </ul>	<p>£216,952</p>



Directorate	Project Overview	Savings / Benefits	Total funding allocation
	<p>of the current position of the service including homelessness and housing allocations process.</p> <p>The current project, which has received a further £216,952 funding is to prototype new ways to deliver services and build skills and capacity of in house team to implement the new service models.</p>	<ul style="list-style-type: none"> <li>• reduce costs.</li> </ul> <p>Estimated savings of between £86k and £145k per annum (on-going) are anticipated by reducing the Housing Benefit subsidy loss on bed and breakfast /temporary accommodation costs through varying how these facilities are sourced and utilised and, in the medium term, reducing the length of stay and the total number of individuals/families requiring emergency housing.</p>	
Neighbourhoods	<p><b>Integrated Place Team</b></p> <p>The Integrated Place team is a small, mobile and flexible team who work with colleagues through multi-disciplinary approaches in neighbourhoods to support people to make progress and improvements in their lives.</p> <p>Originally created from staff in the Economic Affairs team, the team is currently funded from the transformation fund for 19/20 and 20/21.</p>	<p>The Integrated Place Teams in Rochdale borough have been delivering cashable cost savings to the council and the public sector system, through their work in Kirkholt, College Bank and Lower Falinge, since 2014. Most recent independent analysis has proven that in Lower Falinge and College Bank, for every £1 spent, £4.13 of savings has been delivered in cashable savings. Non cashable savings are as much as £34.50 per £1 invested.</p>	£815,900

Directorate	Project Overview	Savings / Benefits	Total funding allocation
	<p>Studies by MHCLG and Edge Hill evidence value of team's work which has been acclaimed at GM and a national level. Request for Budget pressures funding has been made for 2021/22.</p>		
Resources	<p><b>Council property title and marketing project</b></p> <p>Originally intended to fund 2 full time posts (1 x property, 1 x legal) to enable the quicker release for sale of council land. Better management/disposal of the council's property portfolio. Now funding one post.</p>	<p>No income/savings targets identified however the proposal will enable the quicker release for sale of council land. This will accelerate capital receipts and realise reduction in revenue requirements for those properties where this is a feature.</p>	£144,400
Resources	<p><b>Invoice Processing / Oxygen Project</b></p> <p>The first objective of this project is the centralisation of all invoice processing to the Support team in Revenues and Benefits service. The funding is for an additional post to implement of an early payment programme proposed by Oxygen Finance. An additional one off investment maybe needed for Civica systems development in relation to these changes.</p>	<p>The project also aims to improve the purchase to pay process and limit the Council's exposure to late payment and charges.</p> <p>If successful the project could deliver income of up to £750,000 over a five year period.</p>	£97,000

Directorate	Project Overview	Savings / Benefits	Total funding allocation
Resources	<p><b>Stepping up our approach to transformation and reform</b></p> <p>This funding was approved to establish a two year fixed term post and Programme Management Office approach to driving change and to deliver significant financial benefits across a range of transformation and reform across the Council.</p>	<p>It is expected that through this work we will address the challenges the organisation has faced in relation to taking forwards transformation, such as capacity, planning, governance and benefits realisation skills. In addition, £200,000 savings will be identified/achieved to offset the funding.</p>	£200,000
Resources	<p><b>AI/Automation Proof of Concept</b></p> <p>This project will implement AI/Automation technology in a number of service areas in the Resources directorate as a proof of concept, with the aim of demonstrating the benefits and effectiveness of the technology, which could then be rolled out in other areas of the authority and CCG.</p> <p>This technology automates high volume transactional and administrative processes quickly and accurately freeing up capacity of officers and processing things more quickly, which will benefit</p>	<p>Following implementation of AI/Automation technology across 2 -3 processes and services areas, financial savings in the region of £105,000 per year could be realised. This is based on the reduction of 4 posts (mid-point Grade 4). Assuming these post could be taken out by year 2, the breakeven point for the investment would be achieved by the end of Year 4.</p> <p>Non-financial benefits include:</p> <ul style="list-style-type: none"> <li>• Reduction in processing error rates.</li> <li>• Improved performance, processing higher volumes of work, much more quickly.</li> </ul>	£250,000

Directorate	Project Overview	Savings / Benefits	Total funding allocation
	<p>customers whether they be internal ones or our residents.</p> <p>It uses software robots, also called a digital workforce to perform tasks using the same tools that human workers use. At a basic level this kind of technology can take information from emails, eForms, existing systems and even paper, and based on a work flow which we would set based on our systems and processes, it would process the information in the same way that our officers currently do.</p>	<ul style="list-style-type: none"> <li>• Increased customer satisfaction through quicker processing times and also for more complex cases it will free capacity to provide more support</li> <li>• In some cases it can reduce the cost of digital transformation/integration costs with legacy systems – as the digital workforce can transfer data between systems without the need for costly integrations.</li> <li>• Automates the low value, high volume mundane and repetitive tasks – freeing up our officers to do more rewarding work.</li> </ul>	

The following schemes were due to achieve savings during 2020/21, but have been impacted by the Covid-19 pandemic:

- Adult Care, Accommodation Strategy - delay in progression of the Accommodation Strategy as consultancy support has been re-focused to Covid-19 work; projected savings of £60k now reduced to £6k, and remainder to be realised in 2021/22
- Resources, Invoice Processing/Oxygen Project – the initiative has been impacted by the decision at the end of March 2020 to make immediate payment to suppliers with the intention of ensuring service continuity and supporting suppliers as the impact of Covid-19 progressed. 2020/21 savings are forecast to be £40k rather than the original £120k. At 27<sup>th</sup> October Cabinet it was agreed to resume standard supplier payment terms of 30 days, from 1st November 2020.

- Neighbourhoods, Place Based Asset Management – delays with the project. Projected savings of £100k have been partially mitigated by £60k in year savings within Neighbourhoods service, and the remaining £40k is forecast not to be achieved due to the impact of Covid-19.

#### 4.6 Capital Budget 2020/21

As part of the financial monitoring and analysis of the ongoing pressures being placed on the Council following the Covid 19 pandemic, a review of the Capital Programme has been undertaken to reduce the future debt repayment burden on the Council, as part of the Medium Term Financial Strategy and to understand spend in the current year and the impact on the Council's cash flow.

The review of 2020/21 and 2021/22 capital budgets focused on Economy and Neighborhoods' budgets to consider whether schemes could be re-prioritised, and rephased into future years or reduced, to achieve a reduction of £1m of borrowing costs for the 2021/22 and future years' Revenue budgets. It is intended that such reviews will form part of the budget monitoring and setting processes going forward.

As a result of the review, the updated forecast position for the 2020/21 Capital Budget is £70,688k, with spend to date of £17,995k (25.5% of budget). The table below shows a summary of the budget movements to the end of September 2020:

	2020/21	2021/22	2022/23
	£'000s	£'000s	£'000s
<b>BUDGET AS AT END OF JULY 2020</b>	<b>135,430</b>	<b>73,801</b>	<b>32,653</b>
Rephasing Neighbourhoods & Economy reported September Cabinet	(59,228)	43,225	16,003
Future Year Capital Programme Adjustments reported September Cabinet	-	(9,578)	(4,532)
Capital Budget Reductions	(1,001)	-	-
Rephasing requests at September 2020	(5,579)	4,259	1,320
Capital Budget Increases	1,063	-	-
Capital reporting Overspends	3	-	-
<b>BUDGET AS AT END OF SEPTEMBER 2020</b>	<b>70,688</b>	<b>111,707</b>	<b>45,444</b>

#### 4.6.1 Capital Budget Changes

Details of the increases to capital budgets are shown in the table below

<b>Service</b>	<b>Narrative</b>	<b>Funding Method</b>	<b>Capital Budget Increases £000's</b>
<b>Children's</b>	Additional Schools Condition grant received	External Funding	840
<b>Economy</b>	Minor adjustment to correct 2019/20	Prudential Borrowing	4
<b>Neighbourhoods</b>	Townships Wardle & Smallbridge Football Club	RCCO	9
<b>Neighbourhoods</b>	S106 grants	External Funding	210
<b>Resources</b>	New HR & Payroll System reported overspend to be funded from RCCO	RCCO	3
<b>Total Capital Budget Increases</b>			<b>1,066</b>

4.6.2 Capital Re-phasing requests to the end of September 2020 which have been approved by the Chief Finance Officer are shown in the table below.

<b>Service</b>	<b>Narrative</b>	<b>Rephasing Requested £000s</b>
Children's Service	Aiming High for Disabled Children - specific project for the adaptation of a property to be utilised for Short Breaks. The project has been delayed and will not commence until 2021/22	42
Children's Service	Schools Capital Condition Programme - an additional allocation of funding was received in September and October which is not planned to be spent this year due to issues with contractors and is requested to be rephased into 2021/2022.	840
Neighbourhoods Service	J19 Feasibility - Forecast in line with latest TFGM return. Request is made to rephase to 21/22.	2,767
Neighbourhoods Service	GM Full Fibre Programme - Request is made to rephase funding to 21/22 due to delay in project	626
Neighbourhoods Service	Highways Investment Programme - Carriage Ways / Footpaths - Rephase budget in line with programme.	320
Neighbourhoods Service	Bowlee Free School - Request to rephase budget to 2021/22 due to delays in the project.	1,184
Neighbourhoods Service	Kirkholt Investment - Request to vire £200k from Accelerated Housing future years budget to cover project costs.	(200)
	<b>Total Rephasing</b>	<b>5,579</b>

4.6.3 Neighbourhoods Service have previously returned Townships Capital budgets of £140k to contribute to the overall savings on the 2020/21 Capital Programme as part of the Capital Programme review and setting of the 2021 – 2026 Programme. As the Programme is now out for consultation, it has been requested by Members that this budget is instead rephased into 2021/22. It is also requested that the rephased budget should remain available to be brought back into 2020/21 should the expenditure be incurred in 2020/21.

#### 4.6.4 Capital Budget Returns

Budget returns due to reassessment of budget required are reported at £1,001k for the period ending September 2020 and relate to the following schemes:



Service	Scheme	Budget Returns £000s
Neighbourhoods	Waste Services Investment	521
Neighbourhoods	Asset Management Group	480
	<b>Total Returns</b>	<b>1,001</b>

4.6.5 The following budget switch is requested to fund expenditure incurred for play equipment:

Service	Scheme	Budget Returns £000s
Neighbourhoods	Replacement Parks/Street Machinery	(44)
Neighbourhoods	Upgrade Play Equipment	44
	<b>Total</b>	<b>-</b>

#### 4.6.6 Capital Receipts

Capital receipts are received on the sale of various assets including land, buildings and vehicles. The forecast movements in the Capital Receipts Reserve during 2020/21, and provisionally for 2021/22 to 2022/23 are included in the table below.

Description	2020/21	2021/22	2022/23
	£000's	£000's	£000's
Capital Receipts balance as at 1st April 2020	11,142	-	-
Use of Capital Receipts to fund 2020/21 Capital Programme, including prior year schemes rephased into 2021/22	(4,960)	-	-
Use of Capital Receipts to fund provisional 2021/22 and 2022/23 Capital Programmes, and 2020/21 rephasing into future years	-	(3,739)	(0.044)
Earmarked use of receipts to fund other future commitments	(8,602)	(1,845)	(0.706)
Capital Receipts income	2,421	1,894	0.750
<b>Forecast uncommitted Capital Receipts balance as at 31st March 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>

4.6.7 The forecast uncommitted Capital Receipts Reserve balance as at the end of 2022/23 is nil as all uncommitted receipts are being earmarked towards the cost of the Highways Investment.

## 4.7 Collection Fund

4.7.1 The forecast Collection Fund outturn position for 2020/21 is a deficit of £30,450k, comprising:

- £25,599k deficit relating to Business Rates, partially offset by Section 31 grant of £20,950k;
- £4,851k deficit relating to Council Tax.

The 2020/21 Collection Fund is forecast to be significantly impacted by the impact of Covid-19 and Government initiatives. This will impact on the Council's General Fund in 2021/22, and there is expected to be a longer term impact on the level of Business Rates and Council Tax income.

4.7.2 Table 1 shows the forecast 2020/21 Collection Fund position, and the allocation between precepting authorities.

**Table 1 – 2020/21 Collection Fund forecast deficit**

	Business Rates		Council Tax		Total
	%	£'000	%	£'000	£'000
<b>Forecast Collection Fund (surplus)/deficit at 31/03/21</b>		<b>25,599</b>		<b>4,851</b>	<b>30,450</b>
<b><u>Preceptors' Share of 2020/21 outturn</u></b>					
Rochdale BC	99	25,343	84.61	4,104	29,447
GMCA Mayoral Police & Crime Commissioner	0	0	10.71	520	520
GMCA Mayoral General (including Fire Services)	1.00	256	4.68	227	483
<b>Total forecast outturn (surplus)/deficit</b>	<b>100</b>	<b>25,599</b>	<b>100</b>	<b>4,851</b>	<b>30,450</b>

The Council's share of the forecast Collection Fund deficit is £29,447k, which will be partially offset by Government Section 31 grant funding of £20,950k.

The following table provides the explanation of variances relating to Business Rates:

<b>Explanation of variance</b>	<b>Variation to budget, £'000</b>
Decreased net Business Rates income principally due to the government decision to give 100% relief to the Retail, Leisure and Hospitality sectors for 2020/21, linked to the Covid19 pandemic; Section 31 grant to offset the discount given is received in the Council's General Fund. Reduced levels of gross income and higher levels of Empty Property discount are also forecast, linked to the impact of the pandemic.	23,981
Increased charge relating to the bad debt provision due to the likely impact of Covid19 on debt collection.	2,384
Actual surplus brought forward from 2019/20 is £766k higher than had been forecast as part of the 2020/21 Budget process.	(766)
<b>2020/21 Deficit</b>	<b>25,599</b>

The following table provides an explanation of variances relating to Council Tax:

<b>Explanation of variance</b>	<b>Variation to budget, £000</b>
Minor forecast variation relating to Council Tax income raised	7
Forecast increased level of Local Council Tax Support discount given due to increased numbers of claimants, partially offset by government Hardship Funding.	2,249
Increased charge relating to the bad debt provision as a result of anticipated impact of Covid 19 on debt collection.	981
A deficit of £937k brought forward from 2019/20 instead of the £(677)k surplus forecast as part of the 2020/21 Budget process. This was mainly due to the decision to increase the level of the Bad Debt provision as a consequence of the likely impact of Covid19.	1,614
<b>2020/21 Forecast Deficit</b>	<b>4,851</b>

The Council's share of any 2020/21 Collection Fund deficit will be brought into the Council's General Fund budget for 2021/22.

There will be a longer term impact on Collection Fund income which is dependent on the recovery of businesses and households. This will impact on the Council's core funding for services. Work is ongoing to assess the longer term impact on the Council's financial position.

#### **4.8 Treasury Management**

4.8.1 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 our own approved Treasury Management Strategy to ensure risk is appropriately managed when seeking to minimise the costs of borrowing and maximise returns on investment.

- 4.8.2 The first half of the year has been dominated by the Covid pandemic with additional concerns around Brexit. Gross Domestic Product has fallen by 23% with the pace of recovery expected to be slower than the original V-shaped 'bounce back' envisaged and the economy facing some painful long term adjustments.

Gilt yields (which drive PWLB rates) fell initially during the crisis. However, our main borrowing rates (via PWLB) still suffer from the additional 1% margin imposed in October 2019. This is subject on an ongoing Central Government review after which it is hoped that authorities that forego overtly commercial investments will benefit from some form of lower borrowing rate.

Interest rates for deposits fell sharply in line with the Bank of England's base cut to 0.1% in March 2020. We continue to face speculation on the prospect of future negative interest rates. The Bank's latest thinking appears to suggest that such a move would do more harm than good. Our projections assume that the current base rate will remain unchanged throughout this financial year, though we continue to explore options to help mitigate against any further reductions.

Please see Appendix D for details.

#### 4.9 **Alternatives considered**

- 4.9.1 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. **Financial Implications**

The main body of the report provides a detailed analysis of the forecast 2020/21 Finance Outturn position.

### **Risk and Policy Implications**

6. There are no significant legal implications arising as a result of this Report but it should be noted that debts, which are recoverable, can be enforced by Court action in accordance with the Court Procedure Rules.

The impact of Covid-19 pressures relating to additional expenditure and lost income is estimated to have a very significant impact on the Council's financial position both in 2020/21 and in the medium term. The Council has completed a review of its reserves to assess whether some of the financial pressure may be mitigated in both the short and longer term. The use of reserves to address pressures as a result of the Covid-19 outbreak is a one off solution which cannot be sustained in the long term. The Council has indicated that any reserves deployed would require replenishing to their original value. The Council is continuing to lobby the government to provide further funding to offset the pressures.

Unresolved appeals against the revaluation assessments for 2005, 2010 and 2017 cause uncertainty and financial risk for the Business Rates income retained by the Council. The situation is monitored on a monthly basis to ensure that any changes in the trend for successful appeals are recognised due to the future impact on Business Rates income and the impact for the provision for any backdated elements.

The VOA alters rating assessments if new information comes to light indicating that the valuation is inaccurate. These could relate to a demolition, new property builds or other physical changes to a property. The number of alterations, financial impact and timing of the revaluations are not within the control of the Council. There is an on-going risk that issues decided nationally by the VOA could potentially impact on Rochdale BC's Business Rates income.

The future level of collection of Corporate Debt, Business Rates and Council Tax debt is a potential financial risk, particularly with the impact of the Covid-19 pandemic. Collection performance is being monitored on a monthly basis to ensure that debt is recovered as efficiently and effectively as possible, whilst making adjustments to reflect the current circumstances being imposed on businesses and residents, and so that any trends may be highlighted and action taken as necessary, at the appropriate time. Debt collection is likely to be significantly affected by the impact of Covid-19 both in this financial year and future years, and the forecast 2020/21 bad debt charges and provisions have been increased to reflect the increased risk of non-collection.

<b>Consultation</b>
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7. All services engage with the production of the directorate 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 2020/21 financial position of the Council and its implications for future years. The report has been presented to the Corporate Overview and Scrutiny Committee on 24th November 2020.

<b>Background Papers</b>	<b>Place of Inspection</b>
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8. For further information about this report or access to any background papers contact Samantha Smith	No1 Riverside Floor 2
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<b>For Further Information Contact:</b>	Samantha Smith, <a href="mailto:Samantha.Smith@rochdale.gov.uk">Samantha.Smith@rochdale.gov.uk</a> Tel : 01706 924198
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## Appendix A – Revenue Budget ‘Variations to budget’ narrative – September 2020

Service	Narrative	Budget £'000s	Forecast Spend £'000s	Variance £'000s
Adult Care	Management :- Minor variations	6,637	6,651	(14)
Adult Care	Neighbourhoods:- Forecast pressure from commissioned places for service users	41,798	42,177	(379)
Adult Care	Boroughwide Services:- Forecast pressures from commissioned places for service users	3,675	3,755	(80)
Adult Care	In House Provider Services:- Forecast in-year saving due to staff turnover	895	629	266
Adult Care	Governance Business Support & Home Improvement Agency:- Forecast in-year saving due to staff turnover	883	752	131
Adult Care	Commissioning:- Forecast in-year saving from contracts and staff turnover	2,364	2,295	69
Adult Care	Statutory Functions:- minor variations	827	820	7
<b>Adult Care</b>	<b>Adult Care Variation to Budget</b>	<b>57,079</b>	<b>57,079</b>	<b>0</b>
Children's	Cared for Children: - Underspend related to a reduction in placement costs as cared for children's numbers continue to slowly reduce.	26,669	26,088	581
Children's	Sure Start/Early Help: - Savings in relation to vacant posts and delays in recruitment, the service are in the final stages of a restructure.	5,046	4,796	250
Children's	School Support: - Overachievement of income on Personnel and Governors Service and underspends on bus passes.	1,391	1,120	271
Children's	Special Educational Needs and Disability (SEND):- The significant growth within SEND is putting increased pressure on SEND transport. This is in line with the pressure on the High Needs Dedicated Schools Grant (discussed below) both budgets are now feeling the pressure of full year impact of the growth in SEND numbers in 2019/20 and continued growth in 2020/21.	6,356	6,752	(396)

Service	Narrative	Budget £'000s	Forecast Spend £'000s	Variance £'000s
Children's	Youth Service: - Underspends re Vacant posts and activities as events cannot happen in the same format due to Covid.	74	24	50
Children's	High Needs Block - Pressure due to the full year impact of 2019/20 growth of Education Health Care Plans and the continued growth within 2020/21. Rochdale special schools are now at full capacity so all future requests for places will result in out of borough Independent schools which is a high cost provision. The service and schools are working together to increase in borough provision.	0	1,595	(1,595)
Children's	Contribution from DSG Reserve: - 2019/20 High Needs deficit £3.2m, including the in-year position this is now £4.8m.	0	(1,595)	1,595
<b>Children's</b>	<b>Children's Services Variation to Budget</b>	<b>39,536</b>	<b>38,780</b>	<b>756</b>
Finance Control	Interest: - Continued internal borrowing and rephasing the capital program offset by reduced investment income.	7,311	6,524	787
Finance Control	Debt Repayment:- Small ad hoc variations	9,964	9,957	7
<b>Finance Control</b>	<b>Finance Control Variation to Budget</b>	<b>17,275</b>	<b>16,481</b>	<b>794</b>
Neighbourhoods	Facilities Management:- In-year saving due to staff vacancies within School Trading Accounts	2,602	2,553	49
Neighbourhoods	Environmental Management: - Pressures relating to the under achievement of income targets and an increase in the rent of the depot. These are offset by in-year savings on supplies, fuel and from delayed filling of vacant posts.	10,980	10,896	84
Neighbourhoods	Coroners :- In-year saving due to delay in scanning machine implementation	642	577	65
Neighbourhoods	Community & Townships:- In-year saving due to staff vacancies with Libraries	4,017	3,922	95



<b>Service</b>	<b>Narrative</b>	<b>Budget £'000s</b>	<b>Forecast Spend £'000s</b>	<b>Variance £'000s</b>
Neighbourhoods	Strategic Housing: - There is a £438k pressure in respect of housing benefit and homelessness costs which are not fully covered by Government subsidy. Corporate funding has been earmarked to address any shortfall. There is an in-year pressure of £53k in respect of the Discretionary Crisis Fund.	2,235	2,288	(53)
Neighbourhoods	Properties: - Pressure of £60k to manage the renewal of statutory service contracts and a shortfall of £21k of income generated from solar sites.	254	335	(81)
<b>Neighbourhoods</b>	<b>Neighbourhoods Service Variation to Budget</b>	<b>20,730</b>	<b>20,571</b>	<b>159</b>
Resources	Finance Services: - In-year savings due to staffing and Audit Fees savings.	1,822	1,766	56
Resources	Other Managed Budgets: - In-year savings as a result of vacant posts at Head of Service level, plus other temporary arrangements and one-off savings in 2020/21.	4,994	4,702	292
Resources	Revenues and Benefits: - In-year savings as a result of one off funding.	1,301	1,257	44
Resources	Legal Services: - Pressure within the Shared Legal Service with Manchester City Council which is currently under discussion with partners.	1,907	2,259	(352)
Resources	Human Resources: - In-year saving as a result of the re-tendering of the Occupational Health Contract.	1,860	1,806	54
Resources	Internal Audit: - In-year savings due to staffing.	628	614	14
Resources	Governance: - In-year savings due to vacancies in staffing.	1,798	1,745	53
<b>Resources</b>	<b>Resources Service Variation to Budget</b>	<b>14,310</b>	<b>14,149</b>	<b>161</b>
<b>Grand Total</b>	<b>Total Variation to Revenue Budget - September 2020</b>			<b>1,870</b>

## Appendix B – Capital Forecast Spend by Scheme as at September 2020

Service	Scheme	2020/21 Budget, £k	2020/21 Forecast Outturn, £k	Variation £k	2021/22 budget, £k	2022/23 budget, £k	Total budget, £k
Adult Care	Better Care Fund	563	563	-	-	-	563
Adult Care	Disabled Facilities Grant	2,706	2,706	-	2,633	2,633	7,972
<b>Adult Care</b>		<b>3,269</b>	<b>3,269</b>	<b>-</b>	<b>2,633</b>	<b>2,633</b>	<b>8,535</b>
Children's	Aiming High For Disabled Child	42	-	42	-	-	42
Children's	Devolved Formula Capital	1,260	1,260	-	483	483	2,226
Children's	Early Years Capital Grant	-	-	-	19	-	19
Children's	New Place Planning	9,520	9,520	-	27,200	5,200	41,920
Children's	Schools Access	2	2	-	-	-	2
Children's	Schools Cap Condition Programme	4,614	3,774	840	1,833	1,833	8,280
Children's	Healthy Pupils Capital Fund	16	16	-	-	-	16
Children's	Special Provision Capital Fund	304	304	-	304	-	608
Children's	CWD Residential Home	30	30	-	1,084	-	1,114
<b>Children's</b>		<b>15,788</b>	<b>14,906</b>	<b>882</b>	<b>30,923</b>	<b>7,516</b>	<b>54,227</b>
Economy	Definitive ROW Improvement Programme	54	54	-	-	-	54
Economy	River Roch Flood Storage	597	597	-	1,000	1,250	2,847

Service	Scheme	2020/21 Budget, £k	2020/21 Forecast Outturn, £k	Variation £k		2021/22 budget, £k	2022/23 budget, £k	Total budget, £k
Economy	Rochdale Gateways Environmental Programme	46	46	-		-	-	46
Economy	Stakehill Industrial Estate	1	1	-		50	-	51
Economy	Asset Development Fund	2,713	2,713	-		-	-	2,713
Economy	Property Growth Fund	5,582	5,582	-		20,000	15,000	40,582
Economy	East Lancashire Railway	102	102	-		300	-	402
Economy	Lower Falinge	4	4	-		-	-	4
Economy	Heywood South/Junction 19	64	64	-		2,700	-	2,764
Economy	Railway Strategy Park & Ride	106	106	-		200	-	306
Economy	Northern Gateway Feasibility & Study	301	301	-		244	-	545
Economy	Pennine Holl Lake Feasibility	46	46	-		-	-	46
Economy	Springfield Park Master Plan	-	-	-		-	-	-
Economy	Metrolink Feasibility	50	50	-		-	-	50
Economy	Birch Fountain & Horse Trough-Middleton	22	22	-		-	-	22

Service	Scheme	2020/21 Budget, £k	2020/21 Forecast Outturn, £k	Variation £k		2021/22 budget, £k	2022/23 budget, £k	Total budget, £k
Economy	East Lancashire Railway - Castleton Mast	500	500	-		750	-	1,250
Economy	Hopwood Old Hall - Feasibility	50	50	-		-	-	50
Economy	SmithyBridge Railway Station	100	100	-		300	-	400
Economy	Middleton Town Centre Phase 3	10	10	-		-	-	10
Economy	P2 TCMP - Conservation area improvements	-	-	-		-	-	-
Economy	Town Centre East Feasibility	272	272	-		200	-	472
Economy	Town Hall Adaptation and Restoration	2,586	2,586	-		1,700	3,500	7,786
Economy	Rochdale Market	205	205	-		-	-	205
Economy	Town Hall Square PH2	330	330	-		634	2,200	3,164
Economy	Drake Street Phase 2	20	20	-		600	100	720
Economy	Town Centre Schemes 2016/17	589	589	-		50	-	639
Economy	Rochdale Town Centre 3 Year Strategy	1,272	1,272	-		250	-	1,522
Economy	Hopwood Hall Refurbishment	48	48	-		-	-	48

Service	Scheme	2020/21 Budget, £k	2020/21 Forecast Outturn, £k	Variation £k		2021/22 budget, £k	2022/23 budget, £k	Total budget, £k
Economy	Town Centre Residential Strategy	267	267	-		2,200	-	2,467
Economy	Rochdale Riverside Phase 2	2,279	2,279	-		-	-	2,279
Economy	Milkstone Road Master Plan	250	250	-		1,997	-	2,247
Economy	Hey/Midd/Litt Town Centre Masterplans	160	160	-		-	-	160
<b>Economy</b>		<b>18,626</b>	<b>18,626</b>	<b>-</b>		<b>33,175</b>	<b>22,050</b>	<b>73,851</b>
Neighbourhoods	ICT Infrastructure Refresh Programme	567	567	-		444	444	1,455
Neighbourhoods	ICT Data Centre	162	162	-		-	-	162
Neighbourhoods	ICT Programmes (Staff)	526	526	-		500	500	1,526
Neighbourhoods	Townships Capital Programme	265	265	-		400	400	1,065
Neighbourhoods	Housing Standards Fund	564	564	-		800	800	2,164
Neighbourhoods	Kirkholt Investment	73	273	(200)		-	-	73
Neighbourhoods	New Cemetery Sites	714	714	-		-	-	714
Neighbourhoods	Replacement Parks/Street Machinery	130	86	44		120	120	370
Neighbourhoods	Rights Of Way	88	88	-		80	80	248

Service	Scheme	2020/21 Budget, £k	2020/21 Forecast Outturn, £k	Variation £k		2021/22 budget, £k	2022/23 budget, £k	Total budget, £k
Neighbourhoods	Rochdale Cemetery Lodge Repair	176	176	-		-	-	176
Neighbourhoods	Section 106 - Environmental Management	1,407	1,407	-		-	-	1,407
Neighbourhoods	Townships Capital - Environmental Management	132	132	-		-	-	132
Neighbourhoods	Upgrade Play Equipment	160	204	(44)		75	75	310
Neighbourhoods	Vehicle Replacement Programme	2,026	2,026	-		1,405	1,839	5,270
Neighbourhoods	Waste Bin Replacement Programme	360	360	-		360	360	1,080
Neighbourhoods	Waste Services Investment	521	-	521		-	-	-
Neighbourhoods	Asset Management Group	2,780	2,300	480		1,750	1,750	6,280
Neighbourhoods	Local Transport Plan	2,544	2,544	-		1,967	1,967	6,478
Neighbourhoods	Townships Capital - Highways	372	372	-		150	-	522
Neighbourhoods	Burglary Reduction Scheme	100	100	-		100	100	300
Neighbourhoods	Energy Efficiency Schemes	84	84	-		-	-	84

Service	Scheme	2020/21 Budget, £k	2020/21 Forecast Outturn, £k	Variation £k		2021/22 budget, £k	2022/23 budget, £k	Total budget, £k
Neighbourhoods	Coroners Service accommodation	156	156	-		-	-	156
Neighbourhoods	Additional Highways Funding	219	219	-		-	-	219
Neighbourhoods	J19 Feasibility	6,267	3,500	2767		20,265	-	26,532
Neighbourhoods	Developer Contributions	75	75	-		-	-	75
Neighbourhoods	Property Transfers From Townships	42	42	-		-	-	42
Neighbourhoods	GM Full Fibre Programme	926	300	626		-	-	926
Neighbourhoods	Service Desk System Replacement	60	60	-		50	50	160
Neighbourhoods	Compulsory Purchase Order Programme	490	490	-		1,300	1,430	3,220
Neighbourhoods	Travellers Authorised Stopping Site	70	70	-		-	-	70
Neighbourhoods	Climate Emergency	50	50	-		1,950	1,000	3,000
Neighbourhoods	Car Parking Machines	17	17	-		-	-	17
Neighbourhoods	Cashless System School Catering	6	6	-		-	-	6
Neighbourhoods	Dippy Exhibition Equipment	3	3	-		-	-	3
Neighbourhoods	N1R Revolving Doors	-	-	-		120	-	120

Service	Scheme	2020/21 Budget, £k	2020/21 Forecast Outturn, £k	Variation £k		2021/22 budget, £k	2022/23 budget, £k	Total budget, £k
Neighbourhoods	Allotments 2017-18 Manifesto Funding	50	50	-		123	-	173
Neighbourhoods	Accelerated Housing	150	150	-		1,450	650	2,250
Neighbourhoods	Affordable Housing	2,751	2,751	-		-	-	2,751
Neighbourhoods	Customer Transformation Programme	1,225	1,225	-		150	-	1,375
Neighbourhoods	CCTV Upgrade	172	172	-		-	-	172
Neighbourhoods	Library Self Service	70	70	-		-	-	70
Neighbourhoods	Extended Library Hours	-	-	-		150	-	150
Neighbourhoods	GM Air Quality Monitoring Station	52	52	-		-	-	52
Neighbourhoods	Town Centre Signage	62	62	-		-	-	62
Neighbourhoods	Highway Investment Programme	5,545	5,225	320		3,000	-	8,545
Neighbourhoods	Bowlee Free School	1,384	200	1,184		-	-	1,384
<b>Neighbourhoods</b>		<b>33,593</b>	<b>27,895</b>	<b>5698</b>		<b>36,709</b>	<b>11,565</b>	<b>81,647</b>
Public Health	Link4Life Capital Project	608	608	-		4,008	360	4,976
<b>Public Health</b>		<b>608</b>	<b>608</b>	<b>-</b>		<b>4,008</b>	<b>360</b>	<b>4,976</b>



<b>Service</b>	<b>Scheme</b>	<b>2020/21 Budget, £k</b>	<b>2020/21 Forecast Outturn, £k</b>	<b>Variation £k</b>		<b>2021/22 budget, £k</b>	<b>2022/23 budget, £k</b>	<b>Total budget, £k</b>
Resources	New HR & Payroll System	151	154	(3)		-	-	151
Resources	Manchester Airport	3,730	3,730	-		-	-	3,730
Resources	Investment Fund	1,500	1,500	-		-	-	1,500
<b>Resources</b>		<b>5,381</b>	<b>5,384</b>	<b>(3)</b>		<b>-</b>	<b>-</b>	<b>5,381</b>
<b>Total Capital Forecast Position at September 2020</b>		<b>77,265</b>	<b>70,688</b>	<b>6,577</b>		<b>107,448</b>	<b>44,124</b>	<b>228,617</b>

## Appendix C – Collection Fund

### Business Rates

The 2020/21 forecast outturn position relating to Business Rates is a deficit of £25,599k.

Description	Budget £'000	2020/21 Forecast Outturn £'000	(Surplus)/ Deficit £'000	(Surplus)/ Deficit movement from previous update £'000
Gross income	(87,190)	(86,052)	1,138	572
Net Small Business Rate relief	7,682	8,200	518	200
Mandatory Charitable relief	4,354	4,354	0	0
Discretionary relief	1,983	22,422	20,439	(1)
Empties & Part Occupied relief	3,614	5,500	1,886	(614)
<b>Net Income</b>	<b>(69,557)</b>	<b>(45,576)</b>	<b>23,981</b>	<b>157</b>
Less:				
Charge re bad debt provision	800	3,184	2,384	652
Allowance for cost of collection	308	308	0	0
Provision for rateable value revaluations	3,932	3,932	0	0
Renewable energy schemes	582	582	0	0
<b>Net yield</b>	<b>(63,935)</b>	<b>(37,570)</b>	<b>26,365</b>	<b>809</b>
2020/21 payments to preceptors/billing authority	63,935	63,935	0	0
<b>In year (surplus)/deficit</b>	<b>0</b>	<b>26,365</b>	<b>26,365</b>	<b>809</b>
(Surplus)/deficit brought forward from 2019/20	(1,103)	(1,869)	(766)	0
Payments to preceptors/billing authority re 2019/20 surplus per the 2020/21 Budget process	1,103	1,103	0	0
<b>Forecast (Surplus)/Deficit as at 31/03/2021</b>	<b>0</b>	<b>25,599</b>	<b>25,599</b>	<b>809</b>

## Council Tax

### Net Income Raised

The 2020/21 forecast position relating to Council Tax is a deficit of £4,851k.

### 2020/21 Forecast Council Tax Income

Description	Budget	2020/21 Outturn	(Surplus)/ Deficit	(Surplus)/ Deficit movement from previous report
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<b>INCOME</b>				
Income from Council Tax	(144,213)	(143,900)	313	(300)
Income from premium on Empty Properties	(453)	(550)	(97)	-
Council Tax discounts	14,598	14,297	(301)	(100)
Local Council Tax Support Scheme (LCTSS)	19,251	21,500	2,249	(50)
Prior year adjustments	208	300	92	-
<b>Total income</b>	<b>(110,609)</b>	<b>(108,353)</b>	<b>2,256</b>	<b>66</b>
<b>EXPENDITURE</b>				
Charge re bad debt provision	2,212	3,193	981	(359)
<b>Total expenditure</b>	<b>2,212</b>	<b>3,193</b>	<b>981</b>	<b>(359)</b>
<b>Net income to be raised for precept/ billing authority after LCTSS awarded</b>	<b>(108,397)</b>	<b>(105,160)</b>	<b>3,237</b>	<b>(809)</b>
2020/21 payments to Preceptors/billing authority	108,397	108,397	-	-
<b>In year (surplus)/deficit</b>	<b>-</b>	<b>3,237</b>	<b>3,237</b>	<b>(809)</b>
(Surplus)/deficit brought forward from 2018/19	(677)	937	1,614	-
Payments to preceptors re 2018/19 surplus as per the 2019/20 Budget process	677	677	-	-
<b>Forecast (Surplus)/Deficit as at 31/03/2021</b>	<b>-</b>	<b>4,851</b>	<b>4,851</b>	<b>(809)</b>

## Appendix D Treasury Management

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**

<b>Debt Type</b>	<b>Balance at 1/4/20 £m</b>	<b>New Borrowing to Sep-20 £m</b>	<b>Repayments to Sep-20 £m</b>	<b>Balance at Sep-20 £m</b>	<b>Average Rate %</b>	<b>Average Maturity Years</b>
<b>Fixed Rate Debt</b>						
PWLB Debt	109.472	-	(3.419)	106.053	2.35%	11.10
Market Debt	61.000	-	-	61.000	4.25%	48.36
Salix	0.303	-	(0.021)	0.282	0.00%	1.81
Short Term Debt	-	-	-	-	-	-
<b>Total Fixed Rate Debt</b>	<b>170.775</b>	<b>-</b>	<b>(3.440)</b>	<b>167.335</b>	<b>3.03%</b>	<b>24.67</b>
<b>Variable Rate Debt</b>						
PWLB	-	-	-	-		
Market Debt	59.000	-	-	59.000	4.60%	44.09
<b>Total Variable Rate Debt</b>	<b>59.000</b>	<b>-</b>	<b>-</b>	<b>59.000</b>		
<b>TOTAL DEBT</b>	<b>229.775</b>	<b>-</b>	<b>(3.440)</b>	<b>226.335</b>	<b>3.44%</b>	<b>29.73</b>

No long term borrowing has been undertaken so far in 2020/21. The current year's revised capital programme, including rephasing from previous years, reductions and planned rephasing to future years (totalling £54m) has so far been funded by internal (from reserves and balances) borrowing and running down investments. A similar policy, has been used to support the capital programme in the previous 7 years resulting in cumulative internal borrowing at the start of the year of £112m This means there is potential for external borrowing of £166m in 2020/21 and future years as balances are used for their intended purpose or to bridge the overall budget gap. Our current projections and balance sheet review indicate that in year borrowing will be limited to the need to fund our in-year capital programme.

Delaying our long term borrowing has led to savings of £339k compared to our revised estimate in the first part of the year. Planned rephasing of the capital programme has yielded further savings of £475k

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

**Table 2 Interest Summary**

<b>Interest</b>	<b>Original Estimate £'000</b>	<b>Current Projection £'000</b>	<b>Variation Under/Over £'000</b>
Interest Costs on Borrowing (net of Contributions)	7,295	6,481	814
Investment Income	(338)	(237)	(101)
Other Interest Related Budgets (net)	354	280	74
<b>TOTAL INTEREST</b>	<b>7,311</b>	<b>6,524</b>	<b>787</b>

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

#### 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**

<b>Period of Maturity</b>	<b>Upper Limited</b>	<b>Lower Limited</b>	<b>Actual to Date</b>
Under 12 months	60%	0%	3.03%
Between 12 & 24 months	60%	0%	3.35%
Between 2 & 5 years	60%	0%	9.28%
Between 5 & 10 years	70%	0%	12.27%
Over 10 years	100%	25%	72.07%

### Debt Boundaries & Limits

The Council's Operational Boundary (the limit which borrowing should not normally exceed) in 2020/21 (adjusted for PFI projects and externally managed debt) is £545m. The Authorised Limit (a control on our maximum level of borrowing) is £672m. Current borrowing (adjusted for PFI and other debt related long term liabilities) is £322.5m – comfortably within the approved limits. We do not expect to exceed these limits in the latter half of the year.

### Investments

The level of investments on 1st April 2020 was £156.9m (inflated by Covid support grant receipts) and is £99.7m at 30/9/20. 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 will not meet its investment income target of £338k by around £101k as despite having higher balances than planned, this is more than offset by significantly reduced interest rates caused by base rate cut in response to the Covid-19 pandemic. The average interest rate earned on investments in the first part of the year was 0.32% compared to our benchmarks of 0.09% / -0.04% (7 Day LIBOR/LIBID plus 2 basis points).

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 (54.9%) 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.

The relative percentages of the investment portfolio held on 30<sup>th</sup> September 2020 are detailed in table 10 by maturity, investment type, institution and credit rating.

**Table 4 Investment Portfolio**

**Maturity**

<b>Maturing</b>	<b>Amount £m</b>	<b>%</b>
Instant Call	54.7	54.9%
Less than 1 Month	0.0	0.0%
1-3 Months	2.0	2.0%
3.-6 Months	28.0	28.1%
6 Months to 1 Year	15.0	15.0%
Over 1 Year	0.0	0.00%
<b>Total</b>	<b>99.7</b>	<b>100%</b>

**Type of Investment**

<b>Investment Types</b>	<b>Amount £m</b>	<b>%</b>
Fixed Term Deposits	30.0	30.2%
Notice Accounts	15.0	15.0%
Call and Overnight	9.7	9.7%
Money Market Funds	45.0	45.1%
<b>Total</b>	<b>99.7</b>	<b>100%</b>

## Institutions

Institutions	Amount £m	%
UK Banks	39.7	39.9%
Building Societies	0.0	0.0%
Other Local Authorities	15.0	15.0%
Money Mark Funds	45.0	45.1%
<b>Total</b>	<b>99.7</b>	<b>100%</b>

## Ratings

Institution Rating	Amount £m	%
A – British	5.0	5%
A+ British	34.7	34.9%
AAA – MMFs	45.0	45.1%
OLA's – No Ratings	15.0	15.0%
<b>Total</b>	<b>99.7</b>	<b>100%</b>