

## Report to Cabinet



Date of Meeting	29 <sup>th</sup> June 2021
Portfolio	Cabinet Member for Finance and Corporate
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Public/Private Document	Public

## Final Outturn Report 2020/21

### Executive Summary

1. To inform Cabinet and the Corporate Overview and Scrutiny Committee of the Council's Final Outturn position for 2020/21.
  - 1.1 The Final Outturn report contains details of the following:
    - The Revenue outturn position is an in-year saving of £2,737k, which is an increase of £185k from the position reported to March Cabinet. This has been transferred to the Equalisation Reserve as agreed by Members at Budget Council on 3<sup>rd</sup> March.
    - The outturn position for Covid-19 costs and income pressures reported an underspend against the grants received for use against Covid-19 pressures of £8,647k. This has been carried forward in a reserve for use in future years against Covid-19 pressures. Section 4.1.4 highlights the current forecast pressures in 2021/22 at £17.6m.
    - There continues to be a pressure on the High Needs Block Dedicated Schools Grant (DSG). The 2020/21 in-year pressure is £1,822k, leaving a closing 2020/21 deficit position on the High Needs Block DSG reserve of £5,100k.
    - Savings plans of £4,171k ongoing and £280k one off were included in the 2020/21 budget. £150k of savings were not achieved due to the impact of Covid-19; this is a decrease of £239k from the period 10 forecast.

- An update on the Health & Social Care Pool Fund position, which, after the application of Covid-19 Emergency funding, leaves a breakeven position.
- 2020/21 Capital expenditure was £53,872k; this position is after the re-phasing of £13,285k to 2021/22, the return of unspent budget of £8k and capital budget increases of £13,653k.
- The final 2020/21 Collection Fund position is a deficit of £24,955k, which is partially mitigated by increased government Section 31 grant of £21,151k; this leaves a residual pressure of £3,804k, relating to the impact of Covid-19.
- The Treasury Management update which is included at Appendix D. The update highlights that no further borrowing was undertaken in the financial year and the current level of borrowing is £222.879m. The level of investments held at 31/03/21 was £120.9m which compares to £116.6m last year. The Council earned £0.245m on its short-term investments compared to an initial target of £0.338m.
- The proposed change to the pension arrangements for some Link4Life employees.

<b>Recommendations</b>
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- 2.1 Cabinet notes the final 2020/21 outturn positions for Revenue, DSG, Capital, and the Collection Fund as at the end of 2020/21, as detailed in section 4.
- 2.2 Cabinet notes the Covid-19 reserve for future use against Covid-19 costs pressures and losses of income and the movement in corporate reserves available for future non Covid-19 budget pressures.
- 2.3 Cabinet notes the intention of Link4Life to change the pension arrangements for most new employees, and establish a new defined contribution scheme, as mentioned in section 4.1.6.
- 2.4 Cabinet notes the final Health & Social Care Pool Budget position as detailed in section 4.2.
- 2.5 Cabinet approves the Budget Pressure requests detailed in section 4.3, and Cabinet notes that several budget pressure requests have been returned by directorates for 2020/21.
- 2.6 Cabinet notes that after accounting for agreed Budget Carry Forwards, any remaining in-year savings have been transferred to the Equalisation Reserve.
- 2.7 Cabinet notes the unachieved Savings target in section 4.4.
- 2.8 Cabinet notes the net Capital budget changes of £13,653k for 2020/21 detailed in section 4.6.1.

- 2.9 Cabinet notes the Capital re-phasing of £13,285k detailed in section 4.6.3.
- 2.10 Cabinet approves the requests for capital budget switches within Neighborhood's Service as detailed in section 4.6.4.
- 2.11 Cabinet notes the Treasury Management update report which is included at Appendix D.

**Reason for Recommendation**

- 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 contains the final outturn position for 2020/21.

**Key Points for Consideration**

**4. Revenue Budget 2020/21**

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

<b>When</b>	<b>Reason for change</b>	<b>Amount (£'000)</b>
	Balance Brought Forward from P10	265,810
Mar-21	Loss of sales, fees & charges income adjustment	(430)
Mar-21	S31 Business Rates Relief adjustment re amount paid on account	412
Mar-21	Covid-19 New burdens administration grants	436
Mar-21	75% Council Tax & Business Rates tax income guarantee scheme compensation	108
Mar-21	Increased 2019/20 Renewable energy income	93
Mar-21	Minor grant adjustments	8
	<b>GRAND TOTAL</b>	<b>266,437</b>

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

- 4.1.1 The final position as at the end of 2020/21 is a General Fund in-year saving of £2,737k:

- Non Covid-19 in-year savings are £2,737k.
- Budgets have been provided to Services for Covid-19 related costs totalling £15,557k from the Emergency Government Funding; unutilised funding has been transferred to an earmarked reserve in order to meet expected further Covid-19 pressures that will continue in 2021/22. The future pressures that are expected to arise relate particularly to demand led services and economic issues affecting businesses.

The final outturn position is a reduced in-year saving movement of £185k from that reported to March Cabinet. Detail can be found in the tables below:

The table below provides detail by Directorate:

Directorate/Detail	Current Controllable Net Budget	Final Controllable Outturn P12	In-Year Saving/ (Overspend)	Transfer (to)/from Equalisation Reserve	Previous Monitoring Report P10	Movement since March Cabinet
	£'000	£'000		£'000	£'000	£'000
Adult Care	43,409	42,269	1,140	(1,140)	712	428
Children's	39,522	38,344	1,178	(1,178)	1,142	36
Economy	19,026	19,887	(861)	861	(795)	(66)
Neighbourhoods	49,550	48,716	834	(834)	263	571
Public Health	18,973	18,920	53	(53)	50	3
Resources	14,883	14,820	63	(63)	249	(186)
<b>Total Services Spending</b>	<b>185,363</b>	<b>182,956</b>	<b>2,407</b>	<b>(2,407)</b>	<b>1,621</b>	<b>786</b>
Finance Control Corporately Held	56,258	55,928	330	(330)	931	(601)
Finance Control Equalisation Transfer	(2,737)	(2,737)	-	2,737	-	-
Covid-19 Emergency Funding	15,557	15,557	-	-	-	-
Dedicated Schools Grant Reserve	1,822	1,822	-	-	-	-
<b>Total Finance Control Spending</b>	<b>70,900</b>	<b>70,570</b>	<b>330</b>	<b>2,407</b>	<b>931</b>	<b>(601)</b>
<b>Net Expenditure</b>	<b>256,263</b>	<b>253,526</b>	<b>2,737</b>	<b>-</b>	<b>2,552</b>	<b>185</b>
<b>Uncontrollable Budget Spend</b>	<b>10,174</b>	<b>10,174</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Budget</b>	<b>266,437</b>	<b>263,700</b>	<b>2,737</b>	<b>-</b>	<b>2,552</b>	<b>185</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>	As at the end of March, Adult Care is reporting an in-year saving of £1,140k. This is due to a combination of staff turnover, reduced residential placements and one off-funding. The non-Covid-19 position has changed from the previous report by £440k due to a reduction in Agency costs and growth, and the bad debt write off being lower than forecast at p10.	1,140
<b>Children's</b>	<p>General Fund - Children's Services outturn position for 2020/21 is an underspend of £1,178k. There has been an overall reduction on external placements when compared to 2019/20, as well as an increase in recruitment of internal foster carers which has contributed to the underspend.</p> <p>The underspend on Special Education Needs (SEND) is due to how the service delivery has been forced to change throughout the year. With the limitations of Covid-19 restrictions, the service have been creative with existing budgets which has worked towards supporting children and families and preventing situations escalating and children becoming cared for throughout this difficult time.</p> <p>Designated Schools Grant (DSG) - The final position on the High Needs Dedicated Schools Grant is a £1,822k in year deficit, which is due to the continued growth in Education Health Care Plans and SEN Support. There was a rise in Education Health Care Plan requests as schools returned in March and it's expected that this is a delayed impact of Covid-19 and children not being in school. All special schools within the borough are 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. The cumulative deficit position on the high needs block is £5.1m.</p>	1,178

Service	Narrative	Amount £'000
<b>Economy</b>	<p>The Directorate is reporting an in-year pressure of £860k. The Property Growth Fund has shifted focus in this financial year from the acquisition of commercial property to bringing forward development opportunities within the borough, with the primary purpose of regeneration. This has meant levels of investment to date are lower than was estimated at the Fund's inception, and levels of return are lower than budgeted as a consequence. Net yield on actual investments made remains on target across the portfolio with the exception of one development scheme, where a deficit was expected in the early years of operation. Contributions to earmarked reserves have also been increased from levels previously reported in order to prudently provide for expected costs inherent in the early years of new developments, and this has increased the reported variance. There has also been a pressure within the Rochdale Riverside retail and leisure development, which has been severely affected by the Covid-19 pandemic from opening in April 2020. The Council has been able to apply available funding to mitigate some level of pressure; the remaining pressure relates to the operational costs of the car park being higher than anticipated. These pressures have been partially mitigated by additional rental income from Industrial Estates and Commercial Properties, and revenue receipts from the disposal of assets. There has also been a contribution of £240k to the Planning Income Smoothing Reserve as a result of higher than anticipated Planning Fee income in the last quarter of 2020/21.</p>	(861)
<b>Neighbourhoods</b>	<p>The Neighbourhoods Directorate is reporting an in-year saving of £834k. This reflects savings arising from staff vacancies and lower than anticipated costs on borrowing within Environmental Management following rephasing of capital invest to save schemes, savings due to staff vacancies for Facilities Management and Community &amp; Townships, in-year savings in relation to over achievement of income targets for various areas during the financial year 2020/21 and savings on energy costs. There is a pressure of £862k relating to homelessness bed and breakfast &amp; supported exempt housing related costs as full housing benefit subsidy cannot be reclaimed. Corporate funding has been utilised to offset this subsidy shortfall.</p>	834

<b>Service</b>	<b>Narrative</b>	<b>Amount £'000</b>
	A request is made for budget pressure funding of £55k in 2021/22 to cover the loss of income relating to lost school contracts with FM trading accounts.	
<b>Finance Control</b>	An in-year saving of £330k is reported due to continued internal borrowing and rephasing of the capital programme being partially offset by reduced investment income as shown within the Treasury Management Strategy in Appendix D. This is a reduction from that reported at P10 due to a pressure relating to the pension strain.	330
<b>Public Health</b>	Public Health are reporting a £53k in year saving for 2020/21. There are in-year savings in Substance Misuse and Sexual Health due to reduced activity because of Covid-19, and vacancies within the Public Health team. The in-year savings have been used to offset staffing costs for those working on Covid-19, and a pressure on the 0-19 Children's' contract.	53
<b>Resources</b>	The Resources Directorate is reporting an in-year saving of £63k. This includes a pressure within the Legal Shared Service with Manchester which is currently under discussion with Partners. This pressure has been mitigated from in-year employee savings from vacant posts, temporary arrangements, and one off funding. There is also an in-year saving in relation to the Occupational Health Contract, and reduced Mayoral activity as a result of the Covid-19 pandemic. The Directorate has carried forward budget into 2021/22 for the Transformation Team and the iTrent Payroll System.	63
<b>Total</b>		<b>2,737</b>

4.1.3 At Budget Council, Members approved the transfer of any revenue in-year savings to the Equalisation Reserve.

A summary of Budget Carry Forwards which have been processed and are excluded from the reported variances in the tables above are detailed in the table below:



<b>Service</b>	<b>Automatic Requests £'000</b>	<b>Non-Automatic Requests £'000</b>	<b>Total £'000</b>
Adult Care	119	-	119
Children's	401	20	421
Neighbourhoods	400	1,157	1,557
Resources	0	382	382
<b>Total Directorate 2020/21 Budget Carry Forward Requests</b>	<b>920</b>	<b>1,559</b>	<b>2,479</b>

#### 4.1.4 Movement in Corporate Reserves

The Reserves Policy approved at Cabinet in February highlights the management of reserves and the split of responsibilities. The Chief Finance Officer has responsibility for the corporate reserves as these are available to support future budget pressures for the Council. These include the equalisation reserve, insurance reserve, airport reserve, public contingency and business rates growth.

At year end a review of these reserves took place in which some of the balances within the equalisation reserve and public contingency have been earmarked for transformation over and above the current Transformation Fund Reserve and to increase the airport reserve to cover an additional year's loss of income. These allocations will be released for use from 2021/22 onwards based on need.

#### 4.1.5 The following table shows the final spend relating to Covid-19 in 2020/21 and how this has been funded.

<b>Expenditure</b>	<b>£'000s</b>
Adults	10,849
Children's	2,750
Economy	446
Finance Control	541
Neighbourhoods	5,229
Public Health	1,860
Resources	3,066
<b>Total Spending Pressure</b>	<b>24,741</b>
Less funding received for specific Covid-19 grants & CCG funding	(17,421)
<b>Funding Pressure</b>	<b>7,320</b>
<b>Income</b>	<b>£'000s</b>
Sales, fees and charges	1,981
Commercial Income	6,256
<b>Total reduction in Income</b>	<b>8,237</b>
<b>Total Pressure</b>	<b>15,557</b>
<b>Government Emergency Funding</b>	<b>(22,231)</b>
<b>Government compensation re Sales, Fees &amp; Charges Income, and New Burdens Funding</b>	<b>(1,973)</b>
<b>Funding for forecast pressures in 2021/22</b>	<b>(8,647)</b>

Unused specific grants have been accounted at 2020/21 year end in accordance with their grant conditions, and most unutilised funding will be available for use in 2021/22.

The current forecast impact of Covid-19 in 2021/22 is £17.6m, comprising:

£8.5m on non-grant specific costs.

£1.6m sales, fees and charges losses.

£7.5m of commercial income losses.

£8.6m of unringfenced government funding has been carried forward from 2020/21 in an earmarked reserve and is expected to be used to offset demand led and economic pressures. A further allocation of £7.6m of government funding has been included in the 2021/22 budget; both amounts will be used to offset the above forecast Covid-19 pressures.

Work continues 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.

There is a £450k pension strain pressure due to a number of ill health retirements being agreed over and above the annual allowance. This pressure is shown within Finance Control and has reduced the underspend reported at P10.

- 4.1.6 Link4Life have been reviewing the existing pension provision for their employees, and have recommended closing the Greater Manchester Pension Fund (GMPF) to the majority of new staff. The intention is to establish a defined contribution scheme that meets the parameters of defined contribution pension schemes included in the original Link4Life Partnership Agreement. The proposal is in line with arrangements at neighbouring leisure trusts and to ensure their business plan is financially sustainable.

Pension arrangements for active, deferred and retired staff will be unaffected by this proposal, unless individuals start a new role in the organisation.

The Council will not be acting as guarantor to the new proposed pension arrangements.

#### 4.2 Health & Social Care Pool Budget

The Health and Social Care pool outturn position is break even for 2020/21. The CCG element of the pool was fully funded in year due to the current command and control arrangements in place for NHS organisations.

The Councils element of the pooled budget reported a net Covid-19 pressure of £6.8m, £3.5m of which was funded from the NHS Hospital Discharge Programme, and £3.3m from Council Covid-19 grant funding.

Non-Covid-19 in year savings totalling £1.2m were reported against the pool for Adult Social Care and Public Health, which has reduced the Council's contribution to the pool.

#### 4.3 Budget Pressures

The Budget Pressure Fund for 2020/21 reported to March Cabinet was £548k; the following table details adjustments and requests received to the end of March 2021:

Service	Ongoing £000s	One off £000's	Total £000s	Narrative
<b>P12 Opening Balance 2020/21</b>	<b>473.9</b>	<b>74.1</b>	<b>548</b>	
Neighbourhoods		(298)		Return of budget pressures funding relating to Street Lighting energy budget not utilised in 2020/21
Children's		(10)		Return of budget pressures funding relating to the Get Creative Packs which has been funded by Public Health
Resources		(15)		Return of budget pressures funding relating to Greater Manchester Working Together Programme
Resources	(8)			Return of HR Business partners 2020/21 allocation as unutilised but will continue in 2021/22
Resources	(18.8)			Return of budget pressures relating to posts within HR due to delays in Scheme. Funding will continue in 2021/22
Economy		(9)		Switch 2020/21 request for funding for Town Hall Valuations to 2021/22 due to timing of expenditure
Resources	0.2			Legal system – minor adjustment to reflect final position.
Resources		(4)		MeLearning request (minor adjustment to previous request)
Neighbourhoods		(4.1)		One off budget pressure funding was requested for Springfield Park Barn for emergency works – this will now be used in 2021/22
Neighbourhoods		(13.9)		The One off funding that was previously approved relating to the management of Bowlee Sports Centre and St Marys kick pitch while a solution is sought for the properties will now be used 21/22
<b>Final Balance to c/f 2021/22</b>	<b>500.5</b>	<b>428.1</b>	<b>928.6</b>	
<b>Future Years Requests 2021/22</b>				
Resources		27.6		Accessibility work within Governance to assure compliance with Legislation for 2 years @ £27.6 per annum
Resources	88.2			Additional posts of Civic Support Officer & Democratic Services Officer to support service needs

Service	Ongoing £000s	One off £000's	Total £000s	Narrative
Economy		9		Town Hall Valuation funding from 2020/21 to receive costs in 2021/22
Neighbourhoods	55			Cleaning & Catering schools contracts loss of income
Neighbourhoods		216		Request to fund 4 FTE posts to deliver a 12 month pilot project to develop Quality Standards for the Supported Housing service are, and reduce related Housing Benefit subsidy loss.
Neighbourhoods	19			SEN Transport support for increase in demand

After the return of budget pressures the balance remaining for budget pressures in 2020/21 is £928.6k; £500.5k ongoing and £428.1k one off. The total of £928.6k will be carried forward as one off available budget into 2021/22

#### 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 £150k as shown in the table below. The change from Period 10 is a decrease in the pressure of £239k.

Service	Nature of Saving	Savings Target - Ongoing £'000	Savings Target - One Off £'000	Total to Address £'000
Neighbourhoods	Income generation from advertising / Digital advertising screens	7	-	7
Neighbourhoods	Place based asset management system	100	-	40
	<b>Balance to Address Neighbourhoods</b>	<b>107</b>	<b>0</b>	<b>47</b>
Public Health	System wide prevention review (including YP Substance Misuse and Sexual Health Contract review)	129	-	103
	<b>Balance to Address Public Health</b>	<b>129</b>	<b>0</b>	<b>103</b>
<b>Savings with Balance to Address</b>		<b>236</b>	<b>0</b>	<b>150</b>

#### 4.5 Transformation Fund

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

- Adult Care, Accommodation Strategy - There has been a delay to the progression of the Accommodation Strategy as the consultancy resource has been refocused to support Covid-19 work and the vaccinations programme, meaning that expenditure will be reduced from £120k to £85k, and the forecast savings of £54k will not be realised until 2021/22.
- Neighbourhoods, Place Based Asset Management – The project has not been implemented as quickly as initially anticipated, partially as a result of the impact of Covid-19. Projected savings of £100k have been partially mitigated by £60k in year savings within Neighbourhoods service, with the remaining £40k reflected against the non-specific Covid-19 grant funding.
- 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. At 27th October Cabinet it was agreed to resume standard supplier payment terms of 30 days, however, this has not had the expected impact and supplier take up has been minimal. Therefore, the 2020/21 saving target of £120k has not been achieved and will be closely monitored in 2021/22.

#### 4.6 Capital Budget 2020/21

The final outturn for the 2020/21 Capital Budget is £53,872k. The table below shows a summary of the budget movements since the end of January 2021:

	2020/21	2021/22	2022/23
	£'000s	£'000s	£'000s
<b>BUDGET AS AT END JANUARY 2021</b>	<b>53,512</b>	<b>132,342</b>	<b>45,444</b>
Capital Budget Changes	13,653		-
Rephasing Requests P12	(13,285)	13,285	-
Capital underspend	(8)		
<b>BUDGET AS AT END MARCH 2021</b>	<b>53,872</b>	<b>145,627</b>	<b>45,444</b>

#### 4.6.1 Capital Budget Changes

Details of the changes to capital budgets are shown in the table below:

<b>Service</b>	<b>Narrative</b>	<b>Funding Method</b>	<b>Capital Budget Increases/ (Reductions) £000's</b>
Adult Care	Springhill renovations use of Grants	External Funding	44
Children's	Match funding for Devolved Formula Capital	RCCO	2,041
Children's	PFI Lifecycle costs	RCCO	1,682
Children's	Schools Building Maintenance contribution	RCCO	40
Children's	Schools Access Budget contribution from revenue	RCCO	13
Economy	Flood Management Scheme grant received	External Funding	97
Economy	Contribution for Milkstone Rd / Station scheme Transport for Greater Manchester	External Funding	44
Economy	European Regional Development Fund Fire Station Scheme	External Funding	383
Economy	Towns Fund grant for Fire Station	External Funding	1,000
Economy	Brownfield Grant for Rochdale Riverside Phase 2	External Funding	2,215
Economy	Environment Agency funding for Flood Management	External Funding	65
Economy	Historic England funding for Drake Street	External Funding	46
Economy	National Lottery Heritage fund for Fire Station Museum	External Funding	1,158
Economy	Historic England funding for Hopwood Hall Works	External Funding	13
Economy	Lifecycle costs PFI	RCCO	70
Neighbourhoods	N1r utilisation RCCO	RCCO	70
Neighbourhoods	ICT Equipment	RCCO	13
Neighbourhoods	Full Fibre project Grant	External Funding	892
Neighbourhoods	Whitfield Brow Flood recovery	External Funding	422
Neighbourhoods	Environment Agency Calder Ave Flood	External Funding	12
Neighbourhoods	Energy Efficiency contributions	External Funding	17
Neighbourhoods	Langley Land Pool agreement	Capital Receipts	215
Neighbourhoods	S106 - Heywood St James	External Funding	23
Neighbourhoods	Coroners Accommodation	External Funding	434

Service	Narrative	Funding Method	Capital Budget Increases/ (Reductions) £000's
Neighbourhoods	Additional grant received for Local Transport Plan	External Funding	3
Neighbourhoods	Junction 19 Get Building Fund Grant	External Funding	2,041
Neighbourhoods	Transport for Greater Manchester ambition grant	External Funding	2
Neighbourhoods	Mayor Challenge Fund	External Funding	137
Neighbourhoods	Growth Deal Bus Stop Enhancements	External Funding	47
Neighbourhoods	Pothole grant utilisation	External Funding	365
Neighbourhoods	Better Care Fund NHS Hospital signage	External Funding	31
Neighbourhoods	Section 38 Contributions	External Funding	8
Resources	Adjustment to Airport Budget	Invest to Save	10
	<b>Total Movement from P10</b>		<b>13,653</b>
Neighbourhoods	GM Air Quality Monitoring Station - Scheme is now complete.	External Funding	(8)
	<b>Total Budget Returns</b>		<b>(8)</b>

4.6.3 Capital Re-phasing requests of £13,285k which have been approved by the Chief Finance Officer are shown in the table below.

Service	Narrative	Rephasing Requested £000s
Adult Care	Better Care Fund - this funding is for development of integrated neighbourhood team sites which will continue into new year due to delays due to Covid-19	17
Adult Care	Better Care Fund - this funding is for development of integrated neighbourhood team sites which will continue into new year due to delays due to Covid-19	220
Children's	Devolved Formula Capital: - There are 26 schools that are rephasing their budgets into the next financial year. This funding is ring-fenced to schools and they have the ability to move funding between financial years.	446



Service	Narrative	Rephasing Requested £000s
Children's	New Place Planning: - The building scheme to increase the number of pupil places at Brownhill Learning Community ASC is due for completion in 2022-2023, the schemes at Harwood Park, Castleton Primary school and to increase dining capacity at Falinge Park High school, will be completed in 2021-22. Rephasing was carried out earlier in the year but some ongoing space demand projects required further funding.	(667)
Children's	Schools Capital Condition Programme: - Rephasing was carried out earlier in the year on some schemes which completed under budget.	730
Children's	Special Provision Capital Fund: - Capital investments in the provision for pupils with special educational needs and disabilities are ongoing this year with work at Shawclough Primary and will continue with the Autistic Secondary level at Falinge into 2021-2022. A payment late in the financial year for Shawclough SEN Unit has required further funding.	(7)
Economy	Definitive Right Of Way Improvement Programme : Legal work for a draft order to take place, therefore budget to be rephased to 2021/22	54
Economy	Town Centre Schemes: Upperbanks: Brownfield Land grant received so remaining budget to be rephased to 2021/22 £2,874k. Town Hall Adaptation and Restoration: The Phase 1 works continue into 2021/22 £920k. Town Centre Schemes 2016/17: Various grant funding has been received to fund these works to be rephased to complete the project £908k. Rochdale Town Centre 3 Year Strategy: The projects are either finished or nearing completion, and will be completed during 2021/22 £252k. Other minor schemes £622k	5,576
Economy	River Roch Flood Storage: Scheme on-going and works to be funded from budget rephased to 2021/22	97
Economy	Rochdale Gateways Environmental Programme : Scheme on-going and works to be funded from budget rephased to 2021/22	17
Economy	Stakehill Industrial Estate : £50k budget rephased to 2021/22 during 2020/21, but expenditure in 2020/21 slightly more than anticipated, therefore £4k to be rephased back into 2020/21	(4)

Service	Narrative	Rephasing Requested £000s
Economy	Asset Development Fund - Rephase request from current year to future year 2021/22 to reflect delayed start of projects	124
Economy	Property Growth Fund - Rephase request from current year to future year 2021/22 to reflect delayed start of projects	229
Economy	East Lancashire Railway: Works to undertake works at Heywood station have been put on hold whilst the East Lancs Railway have temporarily ceased operations during the pandemic. These works are expected to now be undertaken in 2021/22 when services resume.	4
Economy	Heywood South/Junction 19: Budget to be rephased to support further feasibility work on the delivery of the South Heywood link road. Implementation of the highway link road scheme was delayed during 2020.	(23)
Economy	Railway Strategy Park & Ride: Expenditure to date is on feasibility fees. £200k was rephased to 2021/22 during 2020/21 and an additional rephase is requested to fund the scheme in 2021/22	33
Economy	Northern Gateway Feasibility & Study: The rephasing of this budget is required to match fund an allocation of Greater Manchester Combined Authority (GMCA) Evergreen funding awarded to Rochdale and Bury Councils to progress work on Northern Gateway with a deadline for spend of the grant by December 2021. The awarding of this funding has reduced Council spend during 2020/21	25
Economy	Pennine Hollingworth Lake Feasibility : £30k rephased to 2021/22 previously, but expenditure slightly more than anticipated, therefore £7k requested to be rephased back to 2020/21 to fund these costs	(7)
Economy	Birch Fountain & Horse Trough Middleton : Scheme not commenced, therefore budget to be rephased to 2021/22	22
Economy	East Lancashire Railway - Castleton Masterplan: Expenditure to date is on consultants fees. The scheme has not commenced yet, therefore the budget is to be rephased to 2021/22	480

Service	Narrative	Rephasing Requested £000s
Economy	Michael Faraday Avenue: There is grant funded budget of £500k in 2020/21 for the Getting Building Fund. £391k has been spent in 2020/21, therefore £109k to be rephased to 2021/22 to continue on-going works	109
N'Hoods	ICT Infrastructure Refresh Programme - The Refresh Programme is an ongoing project, request is made to rephase remaining budget to 2021/22 to continue	72
N'Hoods	ICT Programmes (Staff) - A request is made to rephase remaining budget to 2021/22 to fund staff working on the Full Fibre project.	55
N'Hoods	Townships Capital Programme - A request is made to rephase budget to 2021/22 to fund ongoing commitments within Townships	38
N'Hoods	Housing Standards Fund - Project is over a number of years and is progressing well and budget is required in 2021/22.	35
N'Hoods	Kirkholt Investment: - Project is complete with the remaining retention due to be billed in 2021/22.	6
N'Hoods	Replacement Parks/Street Machinery - A request is made to vire £26k of budget from Replacement Parks/Street Machinery to S106 Environmental Management Schemes to support a programme of works to the changing facilities and sports pitches at Balderstone Park. A request is also made to rephase £4k of budget to complete the manifesto funded Street Bins scheme in 2021-22	4
N'Hoods	Rights Of Way - A request is made to rephase budget to enable a programme of works to be completed on the rights of way network.	47
N'Hoods	Rochdale Cemetery Lodge Repair - Request to rephase budget into 2021-22 to cover the cost of transforming the lodge into a memorial hall. Contractors are on site an anticipated summer completion date.	66
N'Hoods	Section 106 - Environmental Management - A request is made to vire budget from Replacement Parks/Street Machinery (£26k) and Waste Bin Replacement (£20k) to S106 Environmental Management Schemes and to then rephase £177k into 2021-22 to support a programme of works to the changing facilities and sports pitches at Balderstone Park.	177

Service	Narrative	Rephasing Requested £000s
N'Hoods	Townships Capital - Environmental Management - Work on a small number of the schemes approved by Townships relating to environmental improvements will be undertaken during 2021/22.	74
N'Hoods	Upgrade Play Equipment - Schemes have progressed faster than anticipated and therefore budget is required to be rephased back to cover costs.	(1)
N'Hoods	Asset Management Group - A number of schemes could not be completed but were committed in 2020/21 and will be finalised in early 2021/22. A request is made to rephase the budget.	324
N'Hoods	Local Transport Plan A number of schemes could not be completed in 2020/21 and will be finalised in 2021/22. A request is made to rephase the budget.	373
N'Hoods	Townships Capital - Highways Delay in the delivery of Township capital schemes due to timing of approvals and final specifications. A request is made to rephase the budget.	449
N'Hoods	Coroners Service accommodation - A request is made to rephase budget to 2021/22 to fund ongoing project	93
N'Hoods	Additional Highways Funding A request is made to rephase the budget to 2021/22.	78
N'Hoods	J19 Feasibility Scheme is progressing well and a request is made to rephase budget to 2021/22.	758
N'Hoods	Developer Contributions - Plans are currently being worked on with the work expected to start in 2021/22.	83
N'Hoods	Compulsory Purchase Order Programme - The service are in the process of submitting several CPO orders to the Secretary of State for approval, some of which may result in public enquiries. In addition, negotiations are underway with property/site owners to try and acquire the properties in advance of the CPO. The legal condition to ensure that resources are available to carry through the CPO before embarking on the process is still an imperative and therefore the majority of spend on the CPO programme will come in 2021/22, and beyond, for the programme. Request remaining budget from 2020/21 is rephased to 2021/22.	327

<b>Service</b>	<b>Narrative</b>	<b>Rephasing Requested £000s</b>
N'Hoods	Travellers Authorised Stopping Site - A request is made to rephase budget to 2021/22 to fund the final stages of the project. Delays in utility work has impacted on the programme running into 2021/22.	46
N'Hoods	Climate Emergency - The Climate Emergency project spans multiple years, request to rephase budget to 2021/22	19
N'Hoods	Car Parking Machines- Rephase required to complete the upgrade programme of car parking machines in 2021/22. A request is made to rephase the budget.	9
N'Hoods	Allotments 2017-18 Manifesto Funding - Request to rephase budget into 2021-22 to complete the scheme to create new allotments at the site in Great Howarth.	44
N'Hoods	Accelerated Housing - Progress has been made with GMCA and Homes England, with potential sites identified and discussions underway with landowners and developers. However the current Covid-19 situation (which has impacted on development processes and precursor actions such as site testing) has slowed the progress and therefore it is requested that the remaining funding is rephased to 2021/22.	111
N'Hoods	Affordable Housing - Progress has been made, with potential sites identified and discussions underway with landowners and developers. However the current Covid-19 situation (which has impacted on development processes and precursor actions such as site testing) has slowed the progress and therefore it is requested that the remaining funding is rephased to 2021/22.	2,325
N'Hoods	Customer Transformation Programme - This project spans multiple years, request is made to rephase to 2021/22	279
N'Hoods	Library Self Service - A request is made to rephase budget to 2021/22 to fund ongoing project	20
N'Hoods	N1R Utilisation - A request is made to rephase budget to 2021/22 to complete the project	70
N'Hoods	Highways Investment Programme - Carriage Ways / Footpaths Scheme is ahead of target and a request is made to rephase budget back.	(267)

Service	Narrative	Rephasing Requested £000s
N'Hoods	Bowlee Free School - There have been some delays in the planning and construction process. As a result there are still elements of work to deliver in 2020/21 the remaining budget allocation will cover officer time and site surveys associated to future works for the Edgar Wood school and overall site development.	96
<b>Total Rephasing</b>		<b>13,285</b>

4.6.4 The following budget switches are requested to fund expenditure linked to the project delivery at Balderstone Park Development Scheme from 2020/21 and 2021/22 budget:

#### 2020/21 Budget Switch Request

Service	Scheme	Budget Switches £000s
Neighbourhoods	Replacement Parks & Machinery	(26)
Neighbourhoods	Waste Bin Replacement Programme	(20)
Neighbourhoods	Section 106 Environmental Management	46

#### 2021/22 Budget Switch Request

Service	Scheme	Budget Switches £000s
Neighbourhoods	Kirkholt Investment	(6)
Neighbourhoods	Additional Highways Funding	(78)
Neighbourhoods	Section 106 Environmental Management	84

#### 4.6.5 Capital Receipts

Capital receipts are received on the sale of various assets including land, buildings and vehicles. The final 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	10,867	1,426
Use of Capital Receipts to fund 2020/21 Capital Programme, including prior year schemes rephased into 2020/21	(2,193)	-	-
Use of Capital Receipts to fund provisional 2021/22 and 2022/23 Capital Programmes, and 2020/21 rephasing into future years	-	(7,722)	(44)
Earmarked use of receipts to fund other future commitments	-	(3,970)	-
Capital Receipts income	1,918	2,251	1,726
<b>Capital Receipts balance as at 31st March 2021</b>	<b>10,867</b>	<b>1,426</b>	<b>3,107</b>

4.6.6 The forecast uncommitted Capital Receipts Reserve balance as at the end of 2022/23 is £3,107k.

#### 4.7 **Collection Fund**

4.7.1 The Collection Fund outturn position for 2020/21 is a deficit of £24,955k, comprising:

- £21,822k deficit relating to Business Rates, partially offset by Section 31 grant of £21,151k;
- £3,133k deficit relating to Council Tax.

The 2020/21 Collection Fund has been 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 2020/21 Collection Fund outturn position, and the allocation between precepting authorities.

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

	Business Rates £'000	Council Tax £'000	Total £000
Outturn Collection Fund deficit at 31/03/2021	21,822	3,133	24,955
<b>Preceptors' Share of 2020/21 final outturn</b>			
Rochdale BC	21,604	2,650	24,254
GMCA Mayoral Police & Crime Commissioner	-	336	336
GMCA Mayoral General (incl. Fire Service)	218	147	365
<b>Total Outturn (surplus)/Deficit</b>	<b>21,822</b>	<b>3,133</b>	<b>24,955</b>

The Council's share of the 2020/21 Collection Fund deficit is £24,254k, which is partially offset by Government Section 31 grant funding of £20,939k, leaving a net deficit position of £3,315k.



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. There have been reduced levels of gross income and higher levels of discount given, linked to the impact of the pandemic.	22,235
Increased charge relating to the bad debt provision due to the likely impact of Covid19 on debt collection.	385
Actual surplus brought forward from 2019/20 is £766k higher than had been forecast as part of the 2020/21 Budget process.	(766)
Minor variations to budget re provision for rateable value revaluations, and Renewable Energy income	(32)
<b>2020/21 Outturn Deficit</b>	<b>21,822</b>

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

<b>Explanation of variance</b>	<b>Variation to budget, £'000</b>
Reduced level of discounts given partially offset by reduced Council Tax income raised.	(218)
Increased level of Local Council Tax Support discount given due to increased numbers of claimants, partially offset by government Hardship Funding.	795
Increased charge relating to the bad debt provision as a result of anticipated impact of Covid-19 on debt collection.	942
A deficit of £937k brought forward from 2019/20 instead of the £677k 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>3,133</b>

The Council's 2021/22 General Fund budget, set at 3rd March 2021 Budget Council, included an estimated 2020/21 Collection Fund net deficit of £5,243k; this deficit is to be spread over the three financial years 2021/22 to 2023/24 and will be partially offset by government funding to compensate local authorities for loss of income.

The difference between the estimated 2020/21 deficit and the actual 2020/21 deficit will be held in the Collection Fund in 2021/22, and impact on the 2022/23 General Fund.



#### 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 2020/21 Finance Outturn position.

### **Risk and Policy Implications**

6. There are no significant legal implications arising as a result of this Report to the Cabinet and the Corporate Overview and Scrutiny Committee, 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 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 Valuation Office Agency (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 affected by the impact of Covid-19 both in this financial year and future years, and the 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 Corporate Delivery, and Opposition Portfolio holder for Finance have been informed of the 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 22<sup>nd</sup> June 2021.

<b>Background Papers</b>	<b>Place of Inspection</b>
8. For further information about this report or access to any background papers contact Samantha Smith	No1 Riverside Floor 2
<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

**Appendix A – Revenue Budget ‘Variations to budget’ narrative – March 2021**

<b>Service</b>	<b>Narrative</b>	<b>Budget £'000s</b>	<b>Final Spend £'000s</b>	<b>Variance £'000s</b>
<b>Adult Care</b>	Management :- In-year pressures relating to staffing, Service Level Agreements and ICT costs	(7,946)	(7,898)	(48)
	Neighbourhoods:- There has been in year savings against Neighbourhoods due to a combination of one off additional funding and residential placements remaining lower than normal in the main due to Covid-19	41,107	40,256	851
	Boroughwide Services:- Pressures from higher costs commissioned places for service users	3,999	4,082	(83)
	In House Provider Services:- In-year saving due to staff turnover	951	560	391
	Governance Business Support & Home Improvement Agency:- In-year saving due to staff turnover	845	706	139
	Commissioning:- In year pressure from delay in achievement of savings from Prevention contracts, mitigated by savings elsewhere in the service	2,306	2,416	(110)
	<b>Adult Care Variation to Budget</b>	<b>41,262</b>	<b>40,122</b>	<b>1,140</b>
<b>Children's</b>	Cared for Children: - The in year saving is related to Cared for Children's numbers which compared to prior year have reduced. The service have grown the number of internal foster carers and this has helped support a reduction in the number of external higher cost placements, this is a great achievement for the service given the significant demand pressures they have experienced as a result of the impact of the pandemic.	26,370	26,126	244
	Practice Improvement: - Underspend largely due to one off savings related to current vacant posts/delays in recruitment and additional income achieved on Assessed and Supported Year in Employment (ASYE).	2,021	1,767	254
	Early Help/Sure Start:- Savings in relation to vacant posts and delays in recruitment, the service have been through the process of a restructure	4,850	4,734	116
	School Support: - Overachievement of income on Personnel and Governors Service and underspends on bus passes.	(4,094)	(4,353)	259

<b>Service</b>	<b>Narrative</b>	<b>Budget £'000s</b>	<b>Final Spend £'000s</b>	<b>Variance £'000s</b>
	Special Educational Needs and Disability (SEND):- Underspend in relation to the impact and limitations of Covid-19 restrictions on service delivery for example short breaks have still continued but have been delivered in different formats.	6,631	6,431	200
	Youth Service: - In year savings re vacant posts and activities as events cannot happen in the same format due to Covid-19.	59	(46)	105
	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	1,822	(1,822)
	Contribution from DSG Reserve: - 2019/20 High Needs deficit £3.3m, the cumulative deficit position as at the 31st March 2021 is £5.1m.	1,822	0	1,822
	<b>Children's Services Variation to Budget</b>	<b>37,659</b>	<b>36,481</b>	<b>1,178</b>
<b>Economy</b>	Planning & Building Control: - In-year savings due to higher than anticipated Planning Fee income in the final quarter of 2020/21, resulting in £0.240k being placed in the Planning Income Smoothing Reserve.	307	302	5
	Economic Development: - In-year pressure due to performance of the Rochdale Riverside Retail and Leisure Centre being severely affected by the Covid-19 pandemic from opening in April 2020. The Council has been able to apply available funding to mitigate some level of pressure; the remaining pressure relates to the operational costs of the car park being higher than anticipated.	2,746	2,866	(120)
	Properties: - In-year savings as a result of additional rental income from within Commercial and Industrial Estates and revenue income from the disposal of Capital Assets.	702	542	160

Service	Narrative	Budget £'000s	Final Spend £'000s	Variance £'000s
	Property Growth Fund: - The Fund has shifted focus in this financial year from the acquisition of commercial property to bringing forward development opportunities within the borough, with the primary purpose of regeneration. This has meant levels of investment to date are lower than was estimated at the Fund's inception, and levels of return are lower than budgeted as a consequence. Net yield on actual investments made remains on target across the portfolio with the exception of one development scheme, where a deficit was expected in the early years of operation. Contributions to earmarked reserves have also been increased from levels previously reported in order to prudently provide for expected costs inherent in the early years of new developments, and this has increased the variance reported above.	(1,986)	(1,080)	(906)
	<b>Economy Services Variation to Budget</b>	<b>1,769</b>	<b>2,630</b>	<b>(861)</b>
<b>Finance Control</b>	Interest - Continued internal borrowing and rephasing the Capital Programme offset by reduced investment income	7,151	6,383	768
	Debt Repayment:- Small ad hoc variances	14,297	14,345	(48)
	Other Income:- Additional rental income received	(3,409)	(3,474)	65
	Finance Control:- Redundancy costs/ill health retirements in excess of the budget allowance and other minor variations	112	567	(455)
	<b>Finance Control Variation to Budget</b>	<b>18,151</b>	<b>17,821</b>	<b>330</b>
<b>N'hoods</b>	Dippy Project:- In year saving as project has now ended	(797)	(822)	25
	Waste Disposal Levy: - Small in year saving relating to the final adjustment of the 2019/20 waste disposal charge from the GMCA.	12,839	12,819	20
	Facilities Management:- In year saving due to staff vacancies within School Trading Accounts and Number One Riverside	2,961	2,742	219
	Environmental Management: - In-year saving due to staff vacancies within the Streets and Ground care teams and a saving arising from lower than anticipated	9,975	9,717	258

Service	Narrative	Budget £'000s	Final Spend £'000s	Variance £'000s
	borrowing costs following rephasing of the vehicle replacement invest to save scheme.			
	ICT Service :- Small pressure due to increase in software licences	4,314	4,326	(12)
	Coroners :- In-year saving due to delay in scanning project and reduced activity in the service	632	548	84
	Community & Townships: - In-year saving due to staff vacancies within Libraries, Community Safety and Townships.	3,505	3,422	83
	Public Protection: - In year saving of £61k due to vacancies and £38k saving on planned project work on fees which is now being undertaken by GMCA.	510	411	99
	Policy, Performance & Improvement:- Small pressure due to spend on subscriptions	382	394	(12)
	Communications Team :- Small in-year saving due to cancellation of staff awards event	523	515	8
	Customer Access :- In year saving due to efficiencies in contact centre	1,575	1,506	69
	Strategic Housing: - Small pressure due to emergency accommodation costs.	1,936	1,966	(30)
	Highways & Engineering: - in year saving in respect of a surplus on recharges to schemes.	3,777	3,686	91
	Properties: - In year pressure due to under achievement of income £66k, deficit on charges to schemes £39k and an over spend on the service contract budget of £26k and other minor variations.	512	648	(136)
	Street Lighting: - in year saving in respect of energy.	2,696	2,628	68
	<b>Neighbourhoods Service Variation to Budget</b>	<b>45,340</b>	<b>44,506</b>	<b>834</b>
<b>Public Health</b>	Sexual Health:- Reduced activity due to Covid-19	1,648	1,568	80
	NHS Health Checks:- National Diabetic Prevention Programme underspend	262	260	2
	Public Health Advice:- Reduction in the GM Public Health Network costs	29	23	6

Service	Narrative	Budget £'000s	Final Spend £'000s	Variance £'000s
	Obesity & Physical Activity:- Contribution to L4L Creative Strategy	544	576	(32)
	Substance Misuse:- Reduced activity due to Covid-19	2,801	2,758	43
	Smoking & Tobacco:- Underspend on Public Health Investment within Public Protection	6	0	6
	Children 0-19 Public Health:- Pressure from 19/20 CQUIN costs from Salford Royal Foundation Trust invoiced in 2020/21	6,783	6,854	(71)
	Other Public Health Commissioning:- Pressure from Covid-19 Staffing Costs	3,136	3,175	(39)
	Health Protection:- Increase in number of Flu Jobs	(230)	(224)	(6)
	Public Health Staffing & Non-Staffing:- Underspend on staffing from Vacant posts	1,344	1,278	66
	Client Services Link4Life:- Museum Store budget lower than rental costs	2,410	2,412	(2)
	<b>Public Health Variation to Budget</b>	<b>18,733</b>	<b>18,680</b>	<b>53</b>
<b>Resources</b>	Finance Services: - In-year savings as a result of staff savings and additional income from Schools, offset by additional External Audit fees in 2020/21.	1,854	1,846	8
	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. The outturn variance includes a budget carry forward request to fund additional work by the Transformation Team in 2021/22.	4,416	4,322	94
	Revenues and Benefits: - In-year savings as a result of one off New Burdens funding from Central Government for staffing and software costs that were not required in 2020/21.	2,106	1,763	343
	Legal Services: - Pressure within the Shared Legal Service with Manchester City Council which is currently under discussion with partners.	1,821	2,348	(527)
	Human Resources: - The final outturn variance includes savings from staffing and the Occupational Health Contract which have contributed to a budget carry forward request for the i-Trent Payroll System. The balance is being mitigated from savings elsewhere within the Directorate.	1,773	1,777	(4)

<b>Service</b>	<b>Narrative</b>	<b>Budget £'000s</b>	<b>Final Spend £'000s</b>	<b>Variance £'000s</b>
	Internal Audit: - In-year savings related to staffing.	519	462	57
	Governance: - In-year savings as a result of staff savings and reduced Mayoral activities in 2020/21 due to Covid-19.	1,752	1,660	92
	<b>Resources Service Variation to Budget</b>	<b>14,241</b>	<b>14,178</b>	<b>63</b>
	<b>Total Variation to Revenue Budget - 2020/21 (Underspend)</b>			<b>2,737</b>



## Appendix B – Capital Spend by Scheme as at March 2021

Service	Scheme	2020/21 budget, £'000s	2020/21 Outturn, £'000s	Variation, £'000s	2021/22 budget, £'000s	2022/23 budget, £'000s	Total budget, £'000s
Adult Care	Springhill Renovations	39	39	-	-	-	39
Adult Care	Better Care Fund	205	188	17	363	-	568
Adult Care	Disabled Facilities Grant	2,084	1,864	220	3,609	2,633	8,326
<b>Adult Care</b>		<b>2,328</b>	<b>2,091</b>	<b>237</b>	<b>3,972</b>	<b>2,633</b>	<b>8,933</b>
Children's	Aiming High For Disabled Child	1,683	1,683	-	-	-	1,683
Children's	Aiming High For Disabled Child	-	-	-	42	-	42
Children's	Devolved Formula Capital	1,260	814	446	483	483	2,226
Children's	Early Years Capital Grant	40	40	-	19	-	59
Children's	New Place Planning	3,020	3,687	(667)	33,700	5,200	41,920
Children's	Schools Access	14	14	-	-	-	14
Children's	Schools Cap Condition Programme	5,055	4,325	730	3,473	1,833	10,361
Children's	Healthy Pupils Capital Fund	16	16	-	-	-	16
Children's	Special Provision Capital Fund	7	14	(7)	600	-	607
Children's	CWD Residential Home	-	-	-	1,114	-	1,114
<b>Children's</b>		<b>11,095</b>	<b>10,593</b>	<b>502</b>	<b>39,431</b>	<b>7,516</b>	<b>58,042</b>
Economy	Definitive ROW Improvement Programme	54	-	54	-	-	54
Economy	River Roch Flood Storage	597	500	97	1,000	1,250	2,847
Economy	Rochdale Gateways Env. Programme	207	190	17	-	-	207
Economy	Stakehill Industrial Estate	1	5	(4)	50	-	51
Economy	Asset Development Fund	361	237	124	2,352	-	2,713
Economy	Property Growth Fund	2,202	1,973	229	20,150	15,000	37,352
	Joint Services PIF	70	70	-	-	-	70
Economy	East Lancashire Railway	80	76	4	322	-	402

Service	Scheme	2020/21 budget, £'000s	2020/21 Outturn, £'000s	Variation, £'000s	2021/22 budget, £'000s	2022/23 budget, £'000s	Total budget, £'000s
Economy	Lower Falinge	-	-	-	4	-	4
Economy	Heywood South/Junction 19	20	43	(23)	2,744	-	2,764
Economy	Railway Strategy Park & Ride	106	73	33	200	-	306
Economy	Northern Gateway Feasibility & Study	210	185	25	335	-	545
Economy	Pennine Holl Lake Feasibility	16	23	(7)	30	-	46
Economy	Metrolink Feasibility	-	-	-	50	-	50
Economy	Birch Fountain & Horse Trough-Middleton	22	-	22	-	-	22
Economy	East Lancashire Railway - Castleton Mast	500	20	480	750	-	1,250
Economy	SmithyBridge Railway Station	-	-	-	400	-	400
Economy	Michael Faraday Avenue	500	391	109	-	-	500
Economy	Middleton Town Centre Phase 3	99	98	1	-	-	99
Economy	Town Centre East Feasibility	172	79	93	300	-	472
Economy	Town Hall Adaptation and Restoration	3,131	2,211	920	1,700	3,500	8,331
Economy	Rochdale Market	105	67	38	-	-	105
Economy	Town Hall Square PH2	330	317	13	634	2,200	3,164
Economy	Drake Street Phase 2	367	211	156	900	100	1,367
Economy	Town Centre Schemes 2016/17	2,830	1,922	908	50	-	2,880
Economy	Rochdale Town Centre 3 Year Strategy	472	220	252	450	-	922
Economy	Hopwood Hall Refurbishment	12	3	9	-	-	12
Economy	Town Centre Residential Strategy	1,367	1,106	261	2,200	-	3,567
Economy	Rochdale Riverside Phase 2	6,925	4,051	2,874	-	-	6,925
Economy	Milkstone Road Master Plan	94	44	50	1,997	-	2,091
Economy	Hey/Midd/Litt Town Centre Masterplans	45	44	1	120	-	165
<b>Economy</b>		<b>20,895</b>	<b>14,159</b>	<b>6,736</b>	<b>36,738</b>	<b>22,050</b>	<b>79,683</b>
Neighbourhoods	Neighbourhoods Regen Scheme	215	215	-	-	-	215
Neighbourhoods	ICT Infrastructure Refresh Programme	530	458	72	494	444	1,468
Neighbourhoods	ICT Data Centre	162	162	-	-	-	162

Service	Scheme	2020/21 budget, £'000s	2020/21 Outturn, £'000s	Variation, £'000s	2021/22 budget, £'000s	2022/23 budget, £'000s	Total budget, £'000s
Neighbourhoods	ICT Programmes (Staff)	526	471	55	500	500	1,526
Neighbourhoods	Townships Capital Programme	78	40	38	260	400	738
Neighbourhoods	Housing Standards Fund	1,016	981	35	800	800	2,616
Neighbourhoods	Kirkholt Investment	223	217	6	-	-	223
Neighbourhoods	New Cemetery Sites	74	74	-	640	-	714
Neighbourhoods	Replacement Parks/Street Machinery	66	36	30	120	120	306
Neighbourhoods	Rights Of Way	88	41	47	80	80	248
Neighbourhoods	Rochdale Cemetery Lodge Repair	148	82	66	28	-	176
Neighbourhoods	Section 106 - Environmental Management	552	421	131	1,621	-	2,173
Neighbourhoods	Townships Capital - Env Management	142	68	74	106	-	248
Neighbourhoods	Upgrade Play Equipment	128	129	(1)	231	75	434
Neighbourhoods	Vehicle Replacement Programme	1,170	1,170	-	2,261	1,839	5,270
Neighbourhoods	Waste Bin Replacement Programme	300	280	20	360	360	1,020
Neighbourhoods	Asset Management Group	2,300	1,976	324	1,750	1,750	5,800
Neighbourhoods	Local Transport Plan	2,912	2,539	373	1,967	1,967	6,846
Neighbourhoods	Townships Capital - Highways	583	134	449	150	-	733
Neighbourhoods	Burglary Reduction Scheme	100	100	-	100	100	300
Neighbourhoods	Energy Efficiency Schemes	84	84	-	-	-	84
Neighbourhoods	Coroners Service accommodation	590	497	93	-	-	590
Neighbourhoods	Additional Highways Funding	219	141	78	-	-	219
Neighbourhoods	J19 Feasibility	5,540	4,782	758	23,032	-	28,572
Neighbourhoods	TFGM Grants	2	2	-	-	-	2
Neighbourhoods	Developer Contributions	114	31	83	-	-	114
Neighbourhoods	Beelines Award	184	184	-	-	-	184
Neighbourhoods	Property Transfers From Townships	42	42	-	-	-	42
Neighbourhoods	GM Full Fibre Programme	892	892	-	926	-	1,818
Neighbourhoods	Service Desk System Replacement	-	-	-	110	50	160

Service	Scheme	2020/21 budget, £'000s	2020/21 Outturn, £'000s	Variation, £'000s	2021/22 budget, £'000s	2022/23 budget, £'000s	Total budget, £'000s
Neighbourhoods	Compulsory Purchase Order Programme	489	162	327	1,300	1,430	3,219
Neighbourhoods	Travellers Authorised Stopping Site	70	24	46	-	-	70
Neighbourhoods	Climate Emergency	50	31	19	1,000	1,000	2,050
Neighbourhoods	Car Parking Machines	17	8	9	-	-	17
Neighbourhoods	N1R Revolving Doors	-	-	-	120	-	120
Neighbourhoods	Allotments 2017-18 Manifesto Funding	50	6	44	123	-	173
Neighbourhoods	Accelerated Housing	150	39	111	1,250	650	2,050
Neighbourhoods	Affordable Housing	2,752	427	2,325	-	-	2,752
Neighbourhoods	Customer Transformation Programme	725	446	279	650	-	1,375
Neighbourhoods	CCTV Upgrade	-	-	-	172	-	172
Neighbourhoods	Library Self Service	70	50	20	-	-	70
Neighbourhoods	Extended Library Hours	-	-	-	150	-	150
Neighbourhoods	GM Air Quality Monitoring Station	52	44	8	-	-	52
Neighbourhoods	N1R Utilisation	70	-	70	-	-	70
Neighbourhoods	Town Centre Signage	62	62	-	-	-	62
Neighbourhoods	Highway Investment Programme	5,215	5,482	(267)	1,600	1,320	8,135
Neighbourhoods	Bowlee Free School	200	104	96	1,184	-	1,384
<b>Neighbourhoods</b>		<b>28,952</b>	<b>23,134</b>	<b>5,818</b>	<b>43,085</b>	<b>12,885</b>	<b>84,922</b>
Public Health	Link4Life Capital Project	-	-	-	4,616	360	4,976
<b>Public Health</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>4,616</b>	<b>360</b>	<b>4,976</b>
Resources	New HR & Payroll System	154	154	-	-	-	154
Resources	Manchester Airport	3,740	3,740	-	-	-	3,740
Resources	Investment Fund	-	-	-	1,500	-	1,500
<b>Resources</b>		<b>3,894</b>	<b>3,894</b>	<b>-</b>	<b>1,500</b>	<b>-</b>	<b>5,394</b>
<b>Total Capital Outturn Position at March 2021</b>		<b>67,164</b>	<b>53,871</b>	<b>13,293</b>	<b>129,342</b>	<b>45,444</b>	<b>241,950</b>

## Appendix C – Collection Fund

### Business Rates

The 2020/21 final outturn position relating to Business Rates is a deficit of £21,822k.

Description	Budget £'000	2020/21 Outturn £'000	(Surplus)/ Deficit £'000	(Surplus)/ Deficit movement from previous update £'000
Gross income	(87,190)	(86,099)	1,091	691
Net Small Business Rate relief	7,682	8,390	708	90
Mandatory Charitable relief	4,354	4,282	(72)	(18)
Discretionary relief	1,983	22,718	20,735	(442)
Empties & Part Occupied relief	3,614	3,387	(227)	(613)
<b>Net Income</b>	<b>(69,557)</b>	<b>(47,322)</b>	<b>22,235</b>	<b>(292)</b>
Less:				
Charge re bad debt provision	800	1,185	385	(1,347)
Allowance for cost of collection	308	308	-	-
Provision for rateable value revaluations	3,932	3,901	(31)	(31)
Renewable energy schemes	582	581	(1)	(1)
<b>Net yield</b>	<b>(63,935)</b>	<b>(41,347)</b>	<b>22,588</b>	<b>(1,671)</b>
2020/21 payments to preceptors/billing authority	63,935	63,935	-	-
<b>In year (surplus)/deficit</b>	<b>0</b>	<b>22,588</b>	<b>22,588</b>	<b>(1,671)</b>
(Surplus)/deficit brought forward from 2019/20	(1,103)	(1,869)	(766)	-
Payments to preceptors/billing authority re 2019/20 surplus per the 2020/21 Budget process	1,103	1,103	-	-
<b>Deficit as at 31/03/2021</b>	<b>0</b>	<b>21,822</b>	<b>21,822</b>	<b>(1,671)</b>

## Council Tax

### Net Income Raised

The 2020/21 final position relating to Council Tax is a deficit of £3,133k.

### 2020/21 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)	(143,966)	247	134
Income from premium on Empty Properties	(453)	(626)	(173)	(49)
Council Tax discounts	14,598	14,186	(412)	19
Local Council Tax Support Scheme (LCTSS)	19,251	20,046	795	(494)
Prior year adjustments	208	328	120	28
<b>Total income</b>	<b>(110,609)</b>	<b>(110,032)</b>	<b>577</b>	<b>(362)</b>
<b>EXPENDITURE</b>				
Charge re bad debt provision	2,212	3,154	942	240
<b>Total expenditure</b>	<b>2,212</b>	<b>3,154</b>	<b>942</b>	<b>240</b>
<b>Net income to be raised for precept/ billing authority after LCTSS awarded</b>	<b>(108,397)</b>	<b>(106,878)</b>	<b>1,519</b>	<b>(122)</b>
2020/21 payments to Preceptors/billing authority	108,397	108,397	-	-
<b>In year (surplus)/deficit</b>	<b>-</b>	<b>1,519</b>	<b>1,519</b>	<b>(122)</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>Deficit as at 31/03/2021</b>	<b>-</b>	<b>3,133</b>	<b>3,133</b>	<b>(122)</b>

## Appendix D

### 1. Treasury Management

- 1.1 The Council has adopted the CIPFA Code of Practice on Treasury Management in Local Authorities. The Code recommends reporting on Treasury Management activities as part of the year-end process.

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

- 1.2 Table 1 below summarises the borrowing activity of the Council throughout the year showing the types of loan, the average interest rate and the average length of maturity of each class of loan.

**Table 1 Borrowing**

<u>Debt Type</u>	<u>Balance at 01/04/20</u> £M	<u>New Borrowing to 31/03/21</u> £M	<u>Repayments to 31/03/21</u> £M	<u>Balance to 31/03/21</u> £M	<u>Average Rate</u> %	<u>Average Maturity</u> Years
<b><u>Fixed Rate Debt</u></b>						
PWLB Debt	109.472	-	(6.838)	102.634	2.49	10.89
Market Debt	120.000	-	-	120.000	4.41	45.76
Other Debt	0.303	-	(0.058)	0.245	-	1.97
<b>Total Fixed Rate Debt</b>	<b>229.775</b>	<b>-</b>	<b>(6.896)</b>	<b>222.879</b>	<b>3.44</b>	<b>29.69</b>

- 1.3 External borrowing at 31/03/21 totalled £222.879m. No additional borrowing was taken during the year.

The Council incurred total interest costs on its borrowing portfolio net of contributions from Invest to Save Schemes of £6.383m compared to its revised estimate of £7.116m - a saving of £0.733m.

- 1.4 The Council's Capital Financing Requirement at the end of the year is £455m. Adjusted to remove PFI debt and externally managed debt, the Council's Borrowing Requirement at year end is estimated at £362m. Deducting actual

borrowing from this figure shows that the Council is currently internally borrowing by £139m.

- 1.5 A borrowing policy was developed for 2021/22 which supports the decision making around the level of internal borrowing which is used to support spend in the capital programme.
- 1.6 The Treasury Management Strategy details a number of Prudential Indicators which the Prudential Code requires the Council to manage and report on. The indicators are as follows:
- Maturity Periods of Borrowing
  - Debt Boundaries and Limits

1.7 Maturity Periods of Borrowing

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 2 Period of Maturity**

<b>Period of Maturity</b>	<b>Upper Limit</b>	<b>Lower Limit</b>	<b>Actual to Date</b>
Under 12 months	60%	0%	3.4%
Between 12 & 24 months	60%	0%	3.1%
Between 2 & 5 years	60%	0%	9.4%
Between 5 & 10 years	70%	0%	12.0%
Over 10 years	100%	25%	72.1%

1.8 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) was £545m. The Authorised Limit (a control on our maximum level of borrowing) was £672m. Current borrowing (adjusted for PFI and other debt related long term liabilities) is £316m – comfortably within the approved limits.

1.9 Investments

The level of investments held at 31/03/21 was £120.9m which compares to £116.6m last year. The Council earned £0.245m on its short-term investments compared to an initial target of £0.338m. This target was set before the reduction in base rate from 0.75% to 0.1% at the start of the pandemic. Higher



average balances have offset the rate cut to some extent. The average rate of return was 0.23% compared to the standard performance indicator (7 day LIBOR) which averaged 0.05%.

1.10 Investments represent surplus cash as a result of timing differences between receipt of funds and related expenditure which creates earmarked reserves and balances held for future need. The Council's main treasury 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. All investments made in the year were with counterparties with strong credit ratings and adhered to the limits (duration and amount with each institution) specified in our Treasury Management Strategy.

1.11 The relative percentages of the investment portfolio held on 31st March 2021 are detailed in table 3 by credit rating, investment type, institutions and maturity.

**Table 3 Investment Portfolio**

Credit Rating			Type of Investment		
Fitch Credit Rating	Amount £m	%	Investments Types	Amount £m	%
AAA	56.9	47.0	Fixed Term Bank Deposits	23.0	19.0
AA-	10.0	8.3	Fixed Term Authority Deposits	21.0	17.4
A+	28.0	23.2	Notice Accounts	17.0	14.1
LAPA*	21.0	17.4	Call and Overnight	3.0	2.5
A-	5.0	4.1	Money Market	56.9	47.0
<b>Total</b>	<b>120.9</b>	<b>100.0</b>	<b>Total</b>	<b>120.9</b>	<b>100.0</b>

\*Local & Police Authorities – don't usually have a credit rating

Usually seen as similar or a notch below UK rating so AA- or AA+

Institutions			Maturity		
Institutions:	Amount £m	%	Maturing:	Amount £m	%
UK Banks	54.0	44.7	Instant Call	59.9	49.6
Rest of the World Banks	10.0	8.3	Less than 1 Month	0.0	0.0
European Banks	0.0	0.0	1-3 Months	15.0	12.4
Money Market Funds	56.9	47.0	3-6 Months	46.0	38.0
<b>Total</b>	<b>120.9</b>	<b>100.0</b>	6 Months to 1 Year	0.0	0.0
			Over 1 Year	0.0	0.0
			<b>Total</b>	<b>120.9</b>	<b>100.0</b>