

## ITEM NO: 6

<b>Report to:</b>	<b>COUNCIL</b>
<b>Date:</b>	26 February 2013
<b>Executive Member / Reporting Officer:</b>	Councillor K Quinn - Executive Leader Councillor J M Fitzpatrick - First Deputy (Performance and Finance) Pam Williams - Executive Director, Finance
<b>Subject:</b>	<b>BUDGET 2013/14 AND 2014/15, &amp; FUTURE YEARS</b>
<b>Report Summary:</b>	The report sets out the details of the budget for the next two financial years – 2013/14 and 2014/15 – and forecasts for the following two years.
<b>Recommendations:</b>	The recommendations are contained in the report at Section 7.
<b>Financial Implications (Authorised by Borough Treasurer):</b>	These are the subject of the report.
<b>Legal Implications (Authorised by Borough Solicitor):</b>	<p>The obligation to make a lawful budget each year is shared equally by each individual Member. In discharging that obligation, Members owe a fiduciary duty to the Council Taxpayer. The budget must not include expenditure on items which would fall outside the Council's powers. Expenditure on lawful items must be prudent, and any forecasts or assumptions such as rates of interest or inflation must themselves be rational. Power to spend money must be exercised bona fide for the purpose for which they were conferred and any ulterior motives risk a finding of illegality. In determining the Council's overall budget requirement, Members are bound to have regard to the level of Council Tax necessary to sustain it. Essentially the interests of the Council Taxpayer must be balanced against those of the various service recipients.</p> <p>Within this overall framework, there is of course considerable scope for discretion. Members will bear in mind that in making the budget; commitments are being entered which will have an impact on future years. Some such commitments are susceptible to change in future years, such as staff numbers which are capable of upward or downward adjustment at any time. Other commitments however impose upon the Council future obligations which are binding and cannot be adjusted, such as loan charges to pay for capital schemes. Only relevant and lawful factors may be taken into account and irrelevant factors must be ignored.</p> <p>Under the Member Code of Conduct members are required when reaching decisions to have regard to relevant advice from the statutory Chief Finance Officer, and the Monitoring Officer. Section 114 of the Local Government Finance Act 1988 obliges the Chief Financial Officer to prepare a report (to full Council) if it appears to her that the expenditure the</p>

Authority proposes to incur in a financial year is likely to exceed its resources available to meet that expenditure.

Similarly, the Council's Monitoring Officer is required to report to Full Council if it appears to her that a decision has been or is about to be taken which is or would be unlawful or would be likely to lead to maladministration. Under section 25 of the Local Government Act 2003 the Chief Financial Officer is now required to report to the authority on the robustness of the estimates made for the purposes of the calculations required to be made by the Council.

Section 91 of the Local Government Act 2000 provides that an External Auditor may issue an "Advisory Notice" if s/he has reason to believe that an Authority is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency. This power is to be used where the matter is significant either in amount or in principle or both. A local authority must budget so as to give a reasonable degree of certainty as to the maintenance of its services. In particular local authorities are required by section 32 of the Local Government Finance Act 1992 to calculate as part of their overall budget what amounts are appropriate for contingencies and reserves. The Council faces various contingent liabilities set out in the main budget report. Furthermore the Council must ensure sufficient flexibility to avoid going into deficit at any point during the financial year. In addition to advising on the robustness of the estimates as set out above, the Chief Financial Officer is also required to report on the robustness of the proposed financial reserves.

Apart from statutory duties relating to specific proposals the Council must consider its obligations under the Equality Act. In broad terms this means that the Council has a duty to have due regard to the need to eliminate discrimination and advance equality of opportunity between all irrespective of whether they fall into a protected category such as race, gender, religion, etc. Having due regard to these duties does not mean that the Council has an absolute obligation to eliminate discrimination but that it must consider how its decisions will contribute towards meeting the duties in the light of all other relevant circumstances such as economic and practical considerations. In carrying out the work to identify proposals for 2013/15 officers will have due regard to how the equality duty can be fulfilled in relation to the proposals overall. Detailed consultation processes and equality impact assessments will be carried out for specific proposals prior to final decisions being made where required.

The Localism Act and the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 introduced "Disclosable Pecuniary Interests" and new rules on the grant of dispensations to allow Council Members to take part in or vote on matters in which they have a Disclosable Pecuniary Interest ("DPI"). Where a Member has a DPI, they cannot speak and/or vote on a matter in which they have such an interest, unless they have obtained a dispensation in accordance with the requirements of section 33 of the Localism Act. The grounds for the grant of a dispensation under section 33(2) of

the Localism Act are, if, after having regard to all relevant circumstances, the Council considers that:

(a) Without the dispensation the number of Members prohibited from participating/voting in any particular business would be so great a proportion of the body transacting the business as to impede the transaction of the business.

(b) Without the dispensation the representation of different political groups on the body transacting any particular business would be so upset as to alter the likely outcome of any vote relating to the business.

(c) The grant of the dispensation would be in the interests of the inhabitants of the borough.

(d) Without the dispensation every Member of the Executive would have a DPI prohibiting them from participating/voting in any particular business to be transacted by the Executive.

(e) It is otherwise appropriate to grant the dispensation.

At its meeting on 18 September 2012, the Council delegated to the Monitoring Officer the power to grant dispensations. In order to obtain a dispensation on any of the five grounds set out under section 33 of the Localism Act, a Member must make a written request to the Council's Monitoring Officer. Any grant of a dispensation must specify how long it lasts for, up to a maximum period of four years. Previously, the old "national" model Code of Conduct for Members specifically stated that Members would not have a prejudicial interest in certain circumstances that potentially affected the majority or a large number of Members. These general exemptions included an interest in any business of the Council which related to setting council tax or a precept under the Local Government Finance Act 1992. The new arrangements on DPIs introduced by the Localism Act do not reproduce any of the "general exemptions".

All Members are likely to have a pecuniary interest in relation to the setting of the Council Tax through their ownership / occupation of property in Tameside in common with any resident of the Borough or indeed anyone who stands as a councillor. In the Monitoring Officer's opinion, the transaction of business relating to these matters would be impeded unless a dispensation were granted. In these circumstances, the Monitoring Officer is minded in the exercise of her delegation to grant dispensations to allow members to participate in and vote on the setting of the Council Tax or a precept (and matters directly related to such decisions including the budget calculations).

Brandon Lewis MP, Parliamentary Under Secretary of State, Department for Communities and Local Government has advised through a letter dated 5 February and appended herewith that "*Whilst my department does not issue legal advice, in our opinion, such dispensations are unnecessary. Council tax liability applies to the generality of the population; councillors have no unique position in that regard.*" However, that said whilst we all agree this is a nonsense, the law, which the same office promulgated makes it clear that members

could potentially be prosecuted in the absence of such a dispensation, and more importantly failure to follow due process could leave the Council open to challenge. Accordingly, in the interests of protecting individual elected members and the Council in the absence of an indemnity or statutory guidance, Members are advised to complete the request for a dispensation at the meeting which will be granted by the monitoring Officer.

**Policy Implications:**

The budget is the expression in financial terms of the delivery of all the Council's policies and priorities and plans.

Equality Impact Assessments will be carried out for service reviews as they progress.

**Links to Community Strategy:**

The Community Strategy priorities are highlighted in the report for the allocation of resources to the Council's priority areas.

**Risk Management:**

Issues set out in section 6.

**Access to Information:**

The background papers relating to this report can be inspected by contacting the Report Writer, Pam Williams, Executive Director – Finance, by:



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## 1.0 BACKGROUND

- 1.1 The Council produces a detailed budget report in February each year for agreement before the start of the next financial year.
- 1.2 This includes the estimates of available resources and planned expenditures for both revenue and capital.

## 2.0 ISSUES

- 2.1 The budgets for 2013/14 and 2014/15 are being set in the context of the continuing and unprecedented funding cuts announced by the government. This is discussed further in section 2 of the report. The changes to the local government finance system from April 2013, arising from the Local Government Finance Act 2012, provide an additional challenge due to the transfer of significant additional risks to the council. The tables below set out the overall position for revenue and capital budgets.

	<b>2013/14</b>	<b>2014/15</b>
	<b>£000's</b>	<b>£000's</b>
<b>ESTIMATED RESOURCES</b>		
Use of Reserves/Balances	3,988	700
Council Tax*	64,990	64,990
Public health funding	11,454	12,600
New Homes Bonus	2,373	2,373
Specific Grants	1,474	1,449
Revenue Support Grant	73,927	61,160
Locally retained business rates	26,231	27,036
Other Government Funding top up	22,950	23,654
Mossley Paris Council - levied seperately	25	25
<b>TOTAL ESTIMATED RESOURCES</b>	<b>207,412</b>	<b>193,987</b>
<b>ESTIMATED SPENDING</b>		
Children's Services	29,294	23,431
Community, Adults and Health Services	75,668	76,115
Economic Growth, Investment and Sustainability	38,243	36,094
Director of Governance	7,171	7,221
Director of Finance	3,252	3,285
Corporate & Democracy Costs	7,443	7,339
<b>ESTIMATED SERVICES SPENDING</b>	<b>161,071</b>	<b>153,485</b>
Capital and Financing	19,004	19,004
Inflation provisions, approved cost pressures and funding	27,313	21,473
Mossley Parish Council	25	25
<b>OTHER SPENDING</b>	<b>46,342</b>	<b>40,502</b>
<b>TOTAL SPENDING</b>	<b>207,412</b>	<b>193,987</b>
<b>Note</b>		
<b>SAVINGS TARGET 13/14 (included above)</b>	26,500	
<b>SAVINGS TARGET 14/15 (included above)</b>		13,000
<b>TOTAL ESTIMATED SPENDING</b>	<b>207,412</b>	<b>193,987</b>

\*To be confirmed

<b>Capital Resources and Expenditure</b>	<b>2013/14 (£000s)</b>	<b>2014/15 (£000s)</b>
- Supported capital expenditure	0	0
- Unsupported capital expenditure	12,000	12,000
- Capital grants and other contributions	18,713	14,932
- Capital receipts	11,575	1,309
- Revenue contributions and reserves	1,684	1,298
<b>TOTAL RESOURCES</b>	<b>43,972</b>	<b>29,539</b>
- People	21,774	5,305
- Places	17,679	11,336
- Resources	7,819	12,898
- Slippage assumed into future years	(3,300)	0
<b>TOTAL PROPOSED PROGRAMME</b>	<b>43,972</b>	<b>29,539</b>

- 2.2 Given the timescales for preparing this report, the figures it includes are based on the provisional current estimates of the Dedicated Schools Grant (DSG) figures, as the final amount will not be confirmed until the Summer 2013 term.
- 2.3 Section 2 of the report considers the background to the 2013/14 and 2014/15 budgets as well as outlining the continuing strong financial performance of the Council in 2012/13.
- 2.4 The revised Medium Term Financial Strategy (MTFS) contained in section 3 of the report confirms the requirement to generate savings of £39.5m in 2013/14 and 2014/15, with further savings required in future years. Actions already taken to begin to address this challenge and further plans that have been laid are set out in the budget report.
- 2.5 Sections 4 and 5 summarise the resources available to the Council and how these are planned to be spent in 2013/14 and 2014/15, both in terms of ongoing revenue funding (section 4) and capital investment (sections 5).
- 2.6 This budget has been prepared in accordance with International Financial Reporting Standards (IFRS) as is appropriate.

### **3.0 RECOMMENDATIONS**

- 3.1 These are set out in section 7 of the report.

**TAMESIDE MBC**  
**BUDGET REPORT:**  
**2013/14 & 2014/15**

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## 1 EXECUTIVE SUMMARY

### 1.1 Background

The Council produces a detailed budget report in February each year for approval before the start of the next financial year. The budget draws together the many service plans and delivery strategies and sets out an overall plan in financial terms. The budget helps us to ensure that we use our resources to deliver services to local people in line with the agreed priorities of the Council and its partners.

The budget report is a key document in the strategic financial planning of the Council and forms part of the budget plan. This is a 'live' document and is kept up to date throughout the year within the Medium Term Financial Strategy (MTFS). Strategic financial planning – the regular review of available resources and expenditure plans over a 3-5 year horizon, taking into account all known commitments – is essential at any time, but even more important during the current period of fundamental financial change.

This budget report also contains an update of the MTFS. This helps to ensure that we plan for more than just the next 12 months and manage risks as they are recognised, regardless of when they affect the budget. Both the MTFS and the budget report are directly connected to the community strategy, the workforce strategy and the corporate plan.

### 1.2 Context

The budget report this year covers 2013/14 and 2014/15 following the announcement of a two year settlement, and has been set in the context of continuing unprecedented cuts in government funding, amounting to a real terms cash reduction in funding of 43% since 2010-11. This funding reduction informs the way the Council will aim to deliver its objectives with the resources at its disposal, and the difficult decisions that will have to be taken in order to do so.

### 1.3 Financial Strategy 2013-17 and Budget Report 2013-15

The financial strategy of the Council aims to ensure that Council spending reflects the corporate plan and that Council services remain sustainable over the medium term. This enables future changes in expenditure or income patterns to be planned. These early warnings enable the Council to plan the use of resources effectively and to align priorities and resources as follows:

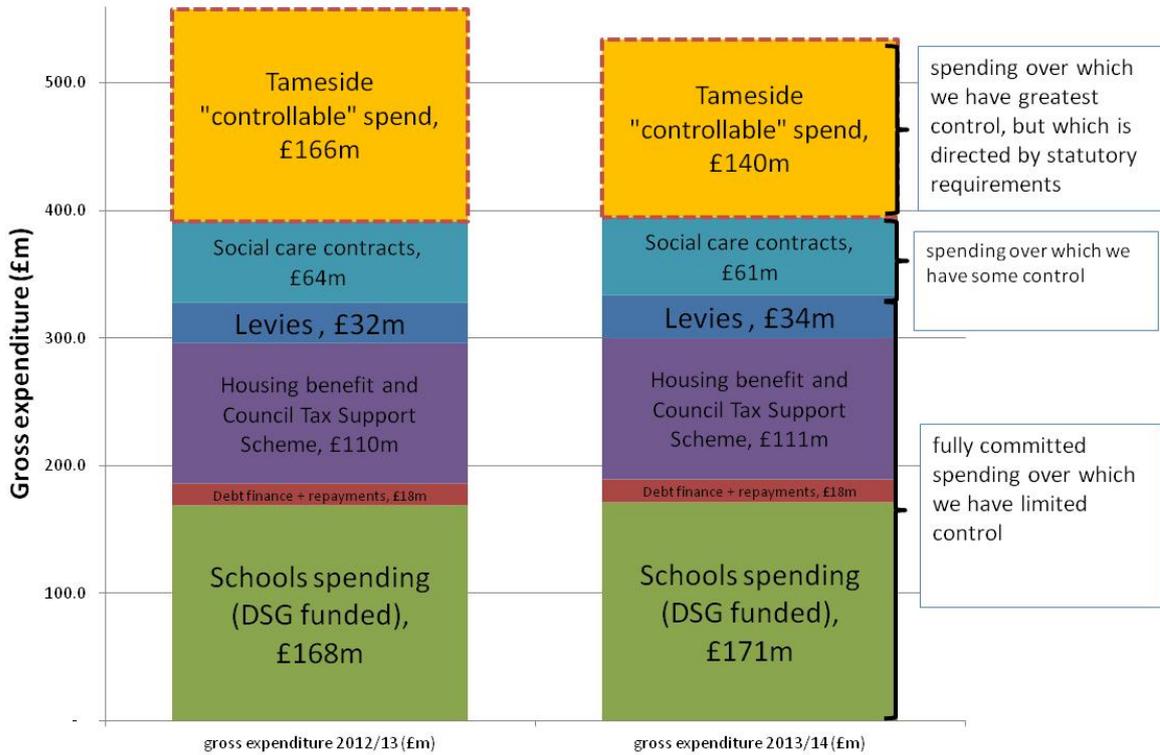
- Meeting minimum statutory requirements, then rebasing around delivering our core purpose, drawn from political priorities
- Supporting economic growth and opportunity
- Increasing self reliance and reducing dependency
- Protecting the most vulnerable

The current financial strategy is detailed in the Medium Term Financial Strategy. This estimates future resources available and matches these against future spending plans to identify the level of savings required. The Council has undertaken a fundamental review of its resources and priorities which is reflected in the budget proposals for 2013/14 and 2014/15. The budget plans for 2013/14 and 2014/15 are set out in **Appendix 1a**.

Despite the funding reduction imposed by the government and the consequent spending reductions required, the Council will continue to spend a significant amount every year. However, many areas of spending are not readily amenable to savings being imposed. For example, schools funding is ring-fenced in the Dedicated Schools Grant (DSG) and

housing benefits spending is currently undertaken on behalf of the government (Department of Work and Pensions).

**Example of how we spend our money**



**Figure 1: Illustration of how amenable different budget areas are to rapid spending reductions**

**1.4 Delivering Savings**

The Council’s early response to the rapid reductions in Government funding, including difficult decisions such as voluntary severance and the many discussions that form the ‘Big Conversation’ with our residents over future Council services, demonstrate our determination to continue effective services for local people. **Table 1** below sets out the estimated savings requirements over the next four years, which total some £118 million.

	2013/14	2014/15	2015/16	2016/17
	£000	£000	£000	£000
Resources	201,370	190,909	171,729	169,815
Spending	227,870	203,309	203,669	216,500
Annual Savings	26,500	13,000	31,940	46,685
Cumulative Savings	26,500	39,500	71,440	118,125

**Table 1: Summary of MTFs 2013-17**

Savings proposals for 2013/14 are shown at **Appendix 1b**, which also shows how they reflect the vision and objectives of each area of the Council. Decisions on these will be made in line with the Council’s corporate governance processes, including detailed Equality Impact Assessments for each proposal as required.

## 1.5 Revenue Budgets: Available Resources and Planned Expenditure.

Available revenue resources are discussed in detail in Section 4 of the report. They have been matched with our estimated levels of expenditure, taking proper account of all factors known at the time of preparing the budgets, and aligned with the Council priorities. Differences between planned expenditure and actual resources are managed through the savings targets set for each service area. This is discussed in more detail within the report.

	2013/14 £000's	2014/15 £000's
<b>ESTIMATED RESOURCES</b>		
Use of Reserves/Balances	988	700
Council Tax*	63,422	63,422
Public health funding	11,454	12,600
New Homes Bonus	2,373	2,373
Revenue Support Grant	73,927	61,099
Locally retained business rates	26,231	27,036
Other Government Funding top up	22,950	23,654
Mossley Paris Council - levied seperately	25	25
<b>TOTAL ESTIMATED RESOURCES</b>	<b>201,370</b>	<b>190,909</b>
<b>ESTIMATED SPENDING</b>		
Children's Services	29,294	23,431
Community, Adults and Health Services	74,287	74,744
Economic Growth, Investment and Sustainability	38,091	35,941
Director of Governance	7,171	7,221
Director of Finance	3,252	3,285
Corporate & Democracy Costs	7,443	7,339
<b>ESTIMATED SERVICES SPENDING</b>	<b>159,538</b>	<b>151,961</b>
Capital and Financing	19,004	19,004
Inflation provisions, approved cost pressures and funding	22,803	19,919
Mossley Parish Council	25	25
<b>OTHER SPENDING</b>	<b>41,832</b>	<b>38,948</b>
<b>TOTAL SPENDING</b>	<b>201,370</b>	<b>190,909</b>
<b>Note</b>		
<b>SAVINGS TARGET 13/14 (included above)</b>	26,500	
<b>SAVINGS TARGET 14/15 (included above)</b>		13,000
<b>TOTAL ESTIMATED SPENDING</b>	<b>201,370</b>	<b>190,909</b>

\*NOTE- No decision is yet made on the level of Council Tax. This will be made at the Council meeting.

**Table 2: Proposed General Fund revenue income and expenditure, 2013/14 & 2014/15 (excluding DSG)**

## 1.6 Capital budgets: Available Resources and Planned Expenditure.

The Capital Programme has been prepared within the available resources. Both the resources and the programme are discussed in more detail in section 5. A summary of the anticipated resources and planned expenditure is included in **Table 3**. The programme includes anticipated slippage of £3.3m, by including this slippage the available resources are maximised. Should there be any variation to the actual slippage in year; borrowing will then be brought forward to meet any funding shortfall. The overall programme is in balance for the period 2013/14 to 2015/16 (see **Appendix 2a**).

<b>Capital Resources and Expenditure</b>	<b>2013/14 (£000s)</b>	<b>2014/15 (£000s)</b>
- Supported capital expenditure	0	0
- Unsupported capital expenditure	12,000	12,000
- Capital grants and other contributions	18,713	14,932
- Capital receipts	11,575	1,309
- Revenue contributions and reserves	1,684	1,298
<b>TOTAL RESOURCES</b>	<b>43,972</b>	<b>29,539</b>
	-	
- People	21,774	5,305
- Places	17,679	11,336
- Resources	7,819	12,898
- Slippage assumed into future years	(3,300)	0
<b>TOTAL PROPOSED PROGRAMME</b>	<b>43,972</b>	<b>29,539</b>

**Table 3: Planned Capital Expenditure, 2013/14 and 2014/15**

## 1.7 Consultation

Tameside Council continues to undertake extensive consultation through The Big Conversation. All local residents and businesses have been encouraged to take part in The Big Conversation, letting the Council have their views on detailed savings proposals by service area. Details are published at <http://www.tameside.gov.uk/tbc> these include cost, theme and the saving proposal being made. When a decision needs to be made, a consultation becomes 'live' and the public and businesses can give their views online through a series of questions. There have also been articles in the local newspapers to help raise awareness. Consultation is also undertaken in other tailored ways which are specific to the particular issue

## 1.8 Risk Analysis

A risk analysis process has been undertaken, and this is set out in more detail in Section 6.

## **2 THE BACKGROUND TO THE BUDGET REPORT FOR 2013/14 & 2014/15**

This report presents for Members' approval the Revenue Budget for the years 2013/14 and 2014/15, and the Medium Term Financial Strategy for the following two years (2015/16 and 2016/17). It also includes the Capital Programme for 2013/14 to 2015/16. The integration of these different aspects of the budget into a single report reflects both the inter-relationship between them and the requirements of the Local Government Act 2003.

Members should note that the revenue budget, Capital Programme, Medium Term Financial Strategy and Treasury Management Strategy are all inter-linked and based on the same assumptions. Any amendments to key recommendations in one may impact on aspects of the others.

The MTFS for 2013-17 and the budget proposals for 2013-15 are both informed by the national policy changes affecting the whole of local government, which therefore sets the context in which this Council must take difficult decisions over its priorities, resources and services. These are set out in more detail below.

### **2.1 Financial Settlement 2013/14 and 2014/15**

#### Comprehensive Spending Review (CSR) 2010 and Autumn Statement 2011

The CSR for 2011/12 to 2014/15 outlined real term reductions of about 28% in Central Government funds for public services. Local authority core funding was set to fall from £28.5bn in 2010/11 to £22.9bn in 2014/15. The government's spending plans continue guided by the CSR spending totals.

Further announcements on public sector pay, with a cap of 1% for 2013/15, were made as part of the Autumn Statement in 2011 (with an associated further reduction in funding of £445m), along with an indication that further cuts to resources would be made in 2015/16 and 2016/17 in line with the average reductions identified in the CSR 2011/15. With the Government electing to recast and remodel several funding streams in 2012/13, the effective funding reductions across 2012 to 2015 will be higher than those suggested at the time of the 2010 CSR.

The impact of this has been that the Council has faced significant funding reductions from 2010/11 with an overall reduction in the Council's cash funding of 31% during this period. If inflation is also included, the total cut suffered is estimated to be in the region of 43%.

#### The Autumn Statement 2012

The Autumn Statement published on 5 December 2012 set out the continuation of austerity measures into the next parliament and the forecast for UK GDP growth was revised downwards. In addition the government will not be able to reach its deficit reduction targets; with an estimate that national debt will not start to fall as a proportion of GDP until 2016/17.

There are potentially some positive elements within the Autumn Statement. It did recognise that local leaders and businesses are best placed to set the strategic direction for their areas, alongside a commitment to devolve funding responsibility on key areas of activity. However, a definitive response from Government to the proposals in the Lord Heseltine review is awaited. There was also some additional funding announced to support investment in infrastructure of up to £20m in each economic area. This is to be funded from the further reductions in Government spend also announced in the Statement.

Government departmental budgets will be reduced by a further 1% in 2013/14 and 2% in 2014/15. Local government will not be included in the 1% public sector spending

reduction for 2013/14. This reduction is in addition to the reductions through Spending Review 2010 and the public sector pay freeze (announced in Autumn Statement 2011). The Government says this is because (a) resources have already been reduced by “a comparable amount” with the decision to freeze Council Tax in 2013/14, and (b) to provide an incentive for local authorities to invest in reform to deliver further savings and to transform service delivery through initiatives such as Community Budgets. Local government will be included in the 2014/15 reduction of 2%.

The Autumn Statement 2012 confirmed that the next spending review will take place during the first half of 2013, in which departmental spending plans for 2015/16 onwards will be set out (the current CSR period ends in 2014/15). The reductions for local government are anticipated to be at a similar scale to those in the current spending review.

The Autumn Statement 2012 indicated that Public Sector Pay is expected to increase by an average of 1% once the current public sector pay freeze ends, and additionally that there will be no new centrally-determined local pay rates or zones.

Lastly, the Autumn Statement 2012 set out that there will be further reductions in public sector expenditure for 2017/18, with spending set to fall at the same rate as over the Spending Review 2010 period. This equates to a £4.6bn real terms reduction on 2016/17 levels and is consistent with scale of reductions in Spending Review 2010 and the cash freeze announced in Budget 2012 for 2015/16 and 2017/18. For local government, this could again mean reductions of a similar magnitude to the original reductions in CSR2010, notwithstanding the subsequent reductions for the public sector pay freeze (Autumn Statement 2011) and further efficiencies (Autumn Statement 2012).

### Legislative Changes

In addition, there have also been considerable changes to how local government is funded including the Local Government Finance Act 2012 and other legislation affecting local government finance, which include:

- The outcome of the Local Government Resource Review and the partial re-localisation of business rates via the Rates Retention system
- Changes to the Council Tax system with the localisation of Council tax support and associated reduction in funding, the resultant changes to how the tax base is calculated and the ability to generate income locally through Council tax charges
- Reform of the funding arrangements for schools from 2013/14
- Transfer of responsibility for public health functions from 1 April 2013

The Executive Director of Finance (Borough Treasurer) made an initial assessment, in February 2012, of what the overall financial position may look like, taking into account both the likely longer term funding reductions and the changes to how local government will be financed. This identified that the Council would need to find an estimated £37m of savings in the two year 2013/14 and 2014/15; this has subsequently been updated to reflect changes to £39.5m.

### The Financial Settlement

The Government published the provisional local government finance settlements for both 2013-14 and 2014-15, alongside a consultation on the 2013-14 settlement, on the 19 December 2012. The initial publication was open for consultation until the 15 January 2013. The final settlement amounts will be confirmed in February 2013. DCLG has indicated that this would happen sufficiently early to allow Council's to set budgets and Council Tax amounts in late February.

The settlements for both years, although significantly reduced funding levels, are broadly as expected, and were planned for. They leave the Council with an estimated £39.5m funding gap in the two years 2013-15. There is still some information outstanding and the position may change slightly. In addition there is a lot more volatility in the funding system and the overall position may change, particularly in 2013/14 as the estimate of business rates likely to be received is finalised. The main elements of the settlement are:

- The Start Up Funding - the total amount of funding allocated to the authority provided through the estimated business rates share and formula funding including grants which have been rolled into it
- Specific grant funding not included in the Start Up Funding
- Spending Power calculation - the Government has retained the notional spending power calculation to establish the overall impact on local authority funding. This includes the Council Tax requirement, New Homes Bonus, the Start Up Funding, most Specific Grants and NHS funding for social care that also benefits health.

### Start-Up Funding

The start-up funding represents the total amount of funding allocated to the authority provided through the estimated business rates share and formula funding including grants which have rolled into it. The provisional settlements indicate start-up funding allocations of £123.1m in 2013-14 and £111.8m in 2014-15. This is a cash fall in equivalent funding of 7.7% between 2012/13 –2013/14 and 9.2% between 2013/14 and 2014/15.

CLG have adjusted the baseline 2012/13 figure. The 2012/13 base has been adjusted for a number of the funding reductions that start in 2013/14 including the 10% reduction in Council Tax Support Funding, the reduction in Early Intervention Grant or EIG and the reductions in Preventing Homelessness and Flood Authority grants. These reductions have a significant impact on the reduction in funding the Council is perceived to have received.

In addition the figure has been adjusted for the notional adjustment for Local Authority Central Spend Equivalent Grant (LACSEG), the funding transfer made for support costs when schools convert to academy status. In 2013/14 the Government has removed all funding for LACSEG from the start-up funding.

In the past, the settlement would have contained details on assessed grant and the funding position would be known. With the new LGRR arrangements a significant proportion of the authority's income will come from retained business rates and the position in both years is dependent on the Council's ability to raise and collect the expected business rates income projected by Government. This is highlighted in the table below:

	2013/14	2014/15
	£m	£m
Revenue support grant (RSG)	73.927	61.099
Retained business rates income	26.231	27.036
Business rates top up	22.950	23.654
<b>Total start-up funding</b>	<b>123.108</b>	<b>111.789</b>

**Table 4: Start-up funding, 2013/14 and 2014/15**

The government have assumed a level of business rates for Tameside looking at the average position from the previous two years returns with an assumed level of growth built in. It is not clear what methodology they have used to make this calculation. The actual calculation made by the Council is based on the position as at September 2012 with assumptions for growth, collection rates and outstanding appeals. There are clearly

significant risks associated with these assumptions, which are now borne by the Council rather than Central Government.

Current forecasts of retained business rates income suggest it will be lower than that forecast by CLG although an exact amount is difficult to quantify due to the lack of any meaningful information from the valuation office relating to outstanding appeals.

The Department for Communities and Local Government have always accounted for appeals on a cash basis (i.e. what happens in each year). Under the new arrangements Local Authorities will need to account for this on an accruals basis (ie will need to make provision for the 50% share of the total historic risks of non-collection and appeals). Therefore, in the first year there will be a significant 'hit' against the level of business rate income accounted for as the accrual will have to be made in full.

The issue has already been raised with CLG who have made an allowance for historic appeals in their figures by depressing the level of start-up business rate income assumed. An urgent meeting has been held with VOA to try and get more accurate intelligence for appeals. Whilst further information is being provided on the details of the outstanding appeals, there is very little information available on their timing. Until this information is received there is no way of knowing whether the CLG adjustments are sufficient. A further risk is that if a number of authorities end up predicting they will breach their safety net because of the outstanding appeals the national top-slice of £25m is likely to be insufficient. The government are then likely to claw back the additional liability in some way.

### Public Health

The public health White Paper, 'Healthy lives, Healthy People: Our strategy for public health in England' sets out the vision for a reformed public health system in England. The Health and Social Care Act 2012 transfers substantial health improvement duties to local authorities from 2013/14. Local authorities have been given a ring-fenced public health grant, which takes into account estimates of baseline spending, including from PCT recurrent resources and non-recurrent resources, such as the pooled treatment budget and drugs intervention programme, and a fair shares formula based on the recommendations of the Advisory Committee for Resource Allocation.

The public health grant is being provided to:

- improve significantly the health and wellbeing of local populations
- carry out health protection functions delegated from the Secretary of State
- reduce health inequalities across the life course, including within hard to reach groups
- ensure the provision of population healthcare advice.

The allocation confirmed on 10 January for Tameside is £11.454m for 2013/14, rising to £12.600m in 2015/16. It is estimated that the funding should be sufficient cover the initial costs of the functions transferring.

### Spending Power

The Government has retained the notional spending power analysis used during the previous local government finance settlement to establish the overall impact on local authority funding. The spending power calculation tracks five income streams for individual local authorities between 2012-13 and 2013-14. The streams are:

- The Council tax requirement for the given year (the Government has assumed that councils will decide to freeze their Council tax at 2012-13 levels in each of the subsequent two years therefore it includes the 2012/13 Council tax requirement with the provisional £1.4m allocation of Council tax freeze grant);

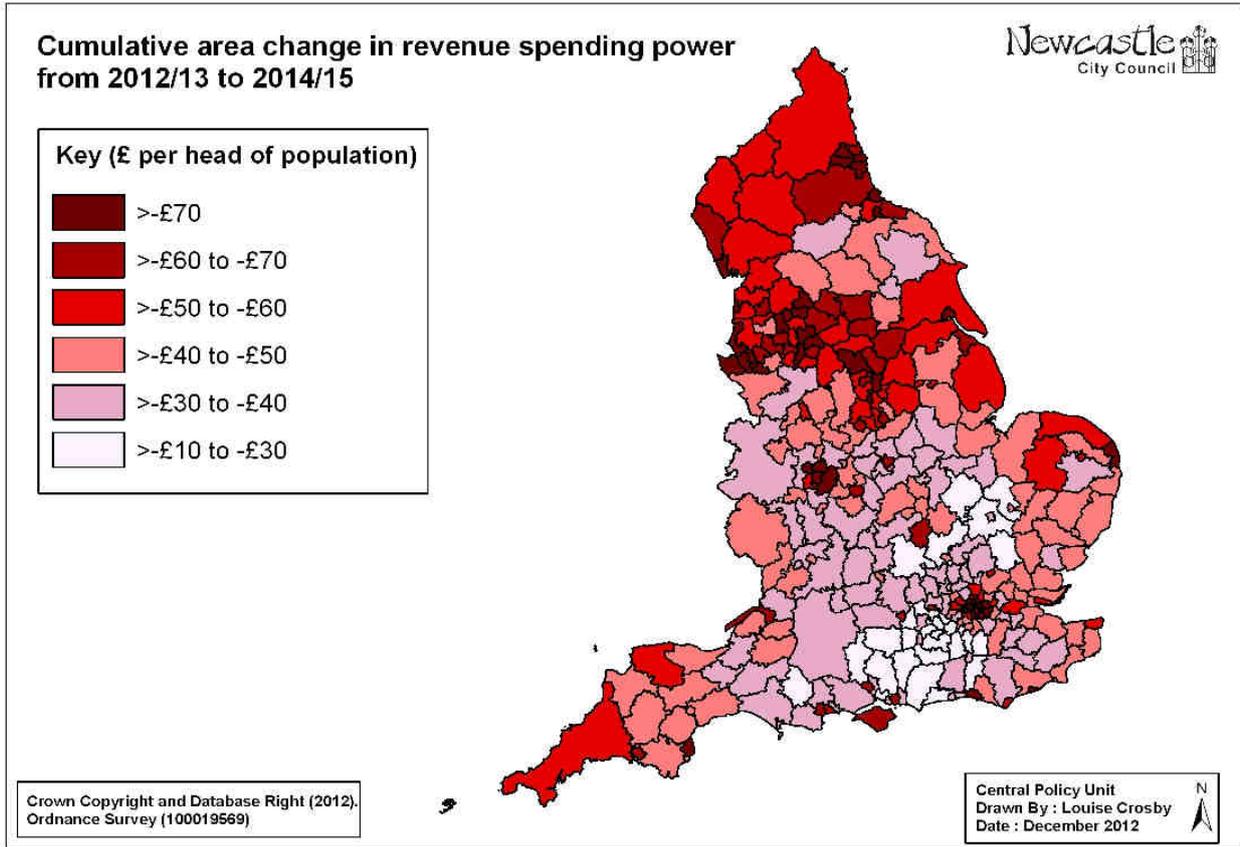
- New Homes Bonus funding allocated (this does not include funding expected to be returned - a top-slice of £500m from RSG has been made nationally to meet NHB costs of which it has been estimated £88.6m will not be required and will be returned to local authorities). The indicative figure for 2014/15 assumes that the growth for 2013/14 will occur again.
- The start-up funding assessment for the given year;
- The level of specific grants for the given year; and
- NHS funding for spend on social care that also benefits health.

Using this methodology, the cut in funding received by Tameside is calculated by the Government as being 1.7% in 2013/14 and 4.9% in 2014/15 – an overall reduction of 6.4%. This is higher than the average for England (which is 5.5% over the two years) and slightly below the average for Greater Manchester (which is 6.7%). Some specific grants are excluded from this analysis, for example, capital grants, grant funding for education, and ring-fenced grants.

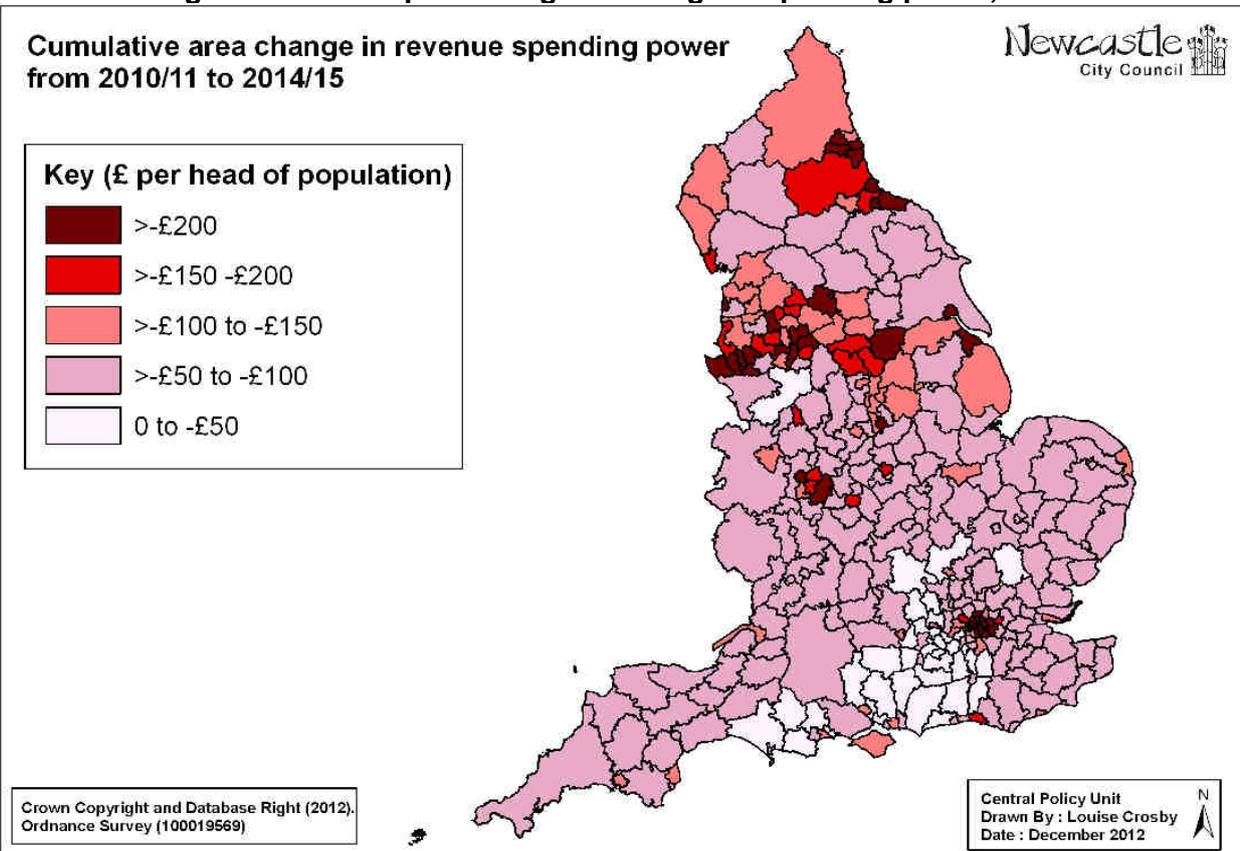
However, this analysis does not reflect reality for a number of reasons. First, the starting point is taken as the adjusted 'start-up' funding position used in the calculations of the 2013/14 grant, not the actual amounts received in 2012/13. Second, the costs of the Council Tax Support Scheme are included in both the Council Tax Requirement figures and also in the Start-Up Funding level – which distorts the reported position.

There are further concerns over how the funding for Council Tax Support has been rolled into the Revenue Support Grant total, so future visibility on the level of funding is not possible, and the mechanism for future change to this amount will be the overall percentage change applied to RSG.

Further analysis has been carried out to look at the impact of the changes in Spending Power from 2010 through to 2015. This reinforces the fact that the distribution of the reduction has not been uniform across the country, as set out by further work undertaken by Newcastle City Council, which shows the impact on reductions in Spending Power between 2012/13 and 2014/15, and the impact of the various funding reductions from central government since 2010 in map format. The maps shown below highlight that the reductions have not been uniform over that period, and have hit some authorities disproportionately hard.



**Figure 2: 'Heatmap' showing the change in spending power, 2013-15**



**Figure 3: 'Heatmap' showing the change in revenue spending power, 2010-2015**  
Council Tax Freeze Grant

The Government has laid out details of a further Council tax freeze grant for 2013-14. Authorities that do not increase their basic amount of Council tax in 2013-14 will receive a grant equivalent to a 1% increase in their 2012-13 basic amount of Council Tax. This will be calculated excluding the reductions on the Council tax base for the Council tax support scheme and will be paid in both 2013-14 and 2014-15. An estimate of the level of the grant for each local authority has been published as part of the settlement- for Tameside the estimated grant is shown as £0.784m in each financial year.

### Council Tax Referenda and Council Tax Base Calculation

The Government statement also makes clear that for those authorities wishing to increase Council tax; any increase over 2% in the “relevant basic amount” of Council tax between 2012- 13 and 2013-14 will require a referendum. The “relevant basic amount” excludes levies, which means that the actual Council tax increase can be higher, effectively passing on any increase or reductions in levy amounts. However, the Secretary of State has very recently indicated that this calculation may be changed retrospectively.

There is an exception to this ‘excessiveness’ principle. For shire districts, Police and Crime Commissioners, and Fire and Rescue authorities whose 2012-13 Council tax was in the lower quartile of their category of authority, a referendum must only be held if the relevant basic amount is increased by more than 2% and there is a cash increase that is more than £5 in the relevant basic amount. Both the Office of the Police & Crime Commissioner for Greater Manchester and Greater Manchester Fire Authority fall into this category.

From April 2013, Council Tax Benefit (CTB) will be abolished and replaced by Council Tax Support (CTS). As part of the reform, English authorities have devised their own scheme that has now been approved. All councils will have 10% less funding for CTS than they did under CTB. This has resulted in a lower Council tax base position.

The figure published for Tameside’s 2012/13 Alternative Notional Amount (ANA) is £621.42 and it is this amount, which cannot at the moment be increased by more than 2% without a referendum.

### Council Tax Increase

The Council will need to take into account the changes to Council Tax regulations and the overall financial position when considering the levels of Council tax for 2013/14, in particular the referenda criteria and the treatment of levies. As set out above, these levies are accounted for in the calculation of Council tax and the referenda calculation, in that the regulations assume that the levies are funded from Council tax income.

The Government have offered a Council Tax Freeze grant at one per cent for 2013/14. This will be payable for 2013/14 and 2014/15 with no indication that the grant will continue beyond 2014/15. The increase that would be generated through any increase in the Council tax would be ongoing. Therefore accepting the freeze grant rather than opting to increase Council tax could mean finding extra savings from 2015/16 onwards, in addition to any further budget reductions from 2015/16.

### Outstanding Issues

The following are yet to be confirmed and so the overall position for the Council is still subject to change.

- The return of the unused New Homes Bonus top-slice for 2013/14 – an announcement expected January 2013.
- LACSEG top-slice recoupment (i.e. the top-slice for the costs that transfer when a school converts to an Academy). As the recoupment is linked to the actual number of

pupils in schools that transfer to academy status the position can only be estimated and will change during the year

### Overall Impact

The overall impact of the settlement is to leave the Council with a funding gap of £26.5m in 2013/14 rising to £39.5m in 2014/15. This is after the funding reductions arising from the settlement and unavoidable budget pressures such as the increase in the levies that the Council has to pay.

Further analysis of service demand and available resources is difficult due to the number of different variables. However, it is clear that the Council cannot continue to sustain ongoing year-on-year funding reductions as experienced in this CSR period before services become reduced to a few key areas – for example social care, waste collection and disposal, the transport levy and capital costs.

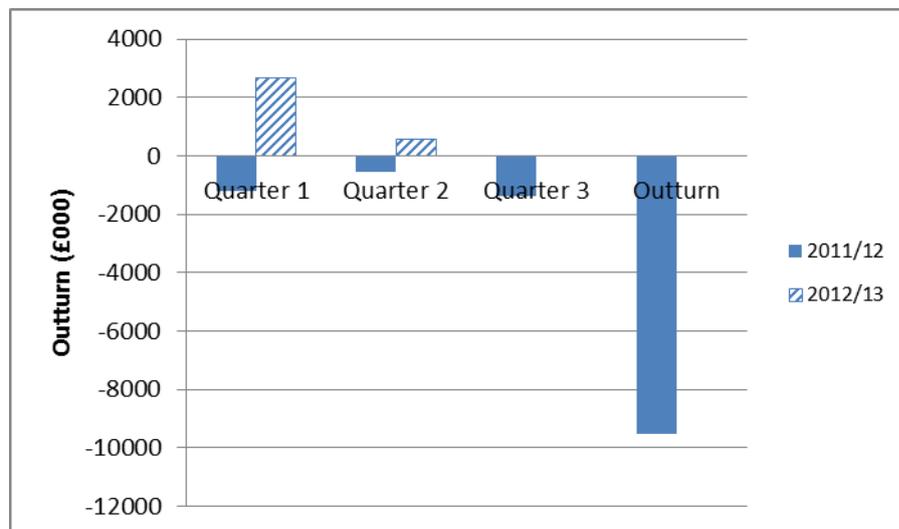
The Council's response to this challenge will focus on delivering our corporate plan priorities in the most effective way given the resources available. This will undoubtedly mean that the Council will do less – but we will seek to ensure that the services we do continue to deliver are targeted to priorities. Moreover, we will seek to ensure that those services generate the best possible return on every pound that we spend.

In practice, the challenge posed by reducing resources and increasing demands will see reform in a number of areas, including working with Troubled Families, a new delivery model for Early Years, Improving skills and reducing worklessness, and integration of health and social care functions. These proposals are included within the budget proposals set out in this report.

## 2.2 Financial Performance in 2012/13

### Revenue Position

The provisional forecast outturn reported during 2012/13 is shown below. The chart demonstrates that the Council is successfully on course for delivering the £22m of savings required in 2012-13.



**Table 5: Forecast Revenue Outturn, 2012/13 compared with actual outturn for 2011/12**

Children's Services costs, primarily looked after children demand pressures, has been previously identified as a cost pressure and measures are being put in place to address the issues. The service is continuing to work with overall increasing levels of demand. Work is underway to address future demand reduction and ways to reduce the overall cost of delivering the current service offer. At Quarter 2 the projected expenditure exceeding budget is £2.3m less than at Quarter 1, reflecting the significant progress in addressing the savings targets. The overall 2012/13 position will be reviewed by the Executive Director of Finance in March 2013 as part of the closure of the final accounts.

### Capital Position

The resources shown in the Capital Programme have been reviewed during 2012/13. The local market position has created continuing difficulty in securing capital receipts from asset sales, so this funding has been pushed forward into later years and replaced by bringing borrowing forward from later years.

New schemes are only being added to the programme where these can be resourced from within existing revenue budgets and where they support Council priorities. Any new projects will be assessed against the Council's Corporate Plan priorities, the Capital Strategy and Asset Management Plan. Budgets within the Capital Programme for specific projects will always be regarded as a maximum spending level that the Council will allow and every effort is made to deliver these projects below that level. The Strategic Capital Panel carefully monitors the Capital Programme and capital receipts, which are essential to the funding of the programme.

### 3 MEDIUM TERM FINANCIAL STRATEGY (MTFS)

#### 3.1 Strategic Financial Planning

The financial strategy fits within a wider system of corporate planning. The Corporate Plan is an overall statement of vision and objectives driving financial, service and human resource planning.

Robust medium term financial planning is a key requirement in the current financial environment. Ensuring the ongoing stability of budgets is a critical task, as it will ensure that

- Viable, effective services can continue to be available to local people.
- Managers can plan long-term for their services and ensure that resources are deployed in the best way – to achieve greater efficiency and to align their resources with the priorities of the Council.

This budget report is informed by a 4 year financial plan which reflects the potential changes to local government finance and the known decrease in resources in 2013/14 and 2014/15, and the reductions expected in the years from 2015-2017.

Business Plans for each Service Area and Service Units also identify the vision and priorities for that area and each action is linked with a Corporate Plan priority. The business plans identify individual actions, ensuring that there is a connection between the work of individual staff or teams and the aims and core purpose of the Council.

#### 3.2 Medium Term Financial Strategy

This 4 year financial plan therefore anticipates future resources and reflects current spending plans. The resources for future years have been modelled on prudent estimates, including the impact of:

- New funding arrangements and the Business Rates Retention Scheme
- Localisation of Council tax benefit
- Known levels of Government funding in the period and prudent estimates where this is not yet confirmed

Reflecting the national changes to the way local authorities are funded, being made in 2013/14, the Council has undertaken a fundamental review of priorities to ensure that they continue to reflect our statutory duties and political aims. The outcomes of this review support the wider financial plans set out in this report, including service area funding and savings targets, and includes some realignment of resources.

The updated MTFS, shown below in **Table 6**, therefore indicates total and annual savings targets as follows, based on prudent estimates of likely resources for 2013-17.

It is not clear if the significant reductions in previous un-ring fenced grants, e.g. Early Intervention Grant, will continue beyond 2014/15. The estimated spending position for Children Services in the latter two years of the MTFS plan will need to be re-visited when further information is available.

	2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's
<b>ESTIMATED RESOURCES</b>				
Use of Reserves/Balances	988	700	0	0
Council Tax*	63,422	63,422	63,422	63,422
Public health funding	11,454	12,600	12,600	12,600
New Homes Bonus**	2,373	2,373	0	0
Revenue Support Grant	73,927	61,099	46,006	45,085
Locally retained business rates	26,231	27,036	26,495	25,965
Other Government Funding top up	22,950	23,654	23,181	22,718
Mossley Paris Council - levied seperately	25	25	25	25
<b>TOTAL ESTIMATED RESOURCES</b>	<b>201,370</b>	<b>190,909</b>	<b>171,729</b>	<b>169,815</b>
<b>ESTIMATED SPENDING</b>				
Children's Services	29,294	23,431	23,431	23,431
Community, Adults and Health Services	74,287	74,744	75,744	76,744
Economic Growth, Investment and Sustainability	38,091	35,941	38,427	41,272
Director of Governance	7,171	7,221	7,221	7,221
Director of Finance	3,252	3,285	3,285	3,285
Corporate & Democracy Cost	7,443	7,339	7,339	7,339
<b>ESTIMATED SERVICES SPENDING</b>	<b>159,538</b>	<b>151,961</b>	<b>155,447</b>	<b>159,292</b>
Capital and Financing	19,004	19,004	19,004	19,004
Inflation provisions, approved cost pressures and funding	22,804	19,918	29,193	38,179
Mossley Parish Council	25	25	25	25
<b>OTHER SPENDING</b>	<b>41,832</b>	<b>38,947</b>	<b>48,222</b>	<b>57,208</b>
<b>TOTAL SPENDING</b>	<b>201,370</b>	<b>190,909</b>	<b>203,669</b>	<b>216,500</b>
<b>Note</b>				
<b>SAVINGS TARGET 13/14 (included above)</b>	26,500			
<b>SAVINGS TARGET 14/15 (included above)</b>		13,000		
<b>SAVINGS TARGET 15/16 (to be allocated)</b>			31,940	
<b>SAVINGS TARGET 16/17 (to be allocated)</b>				46,685
<b>TOTAL ESTIMATED SPENDING</b>	<b>201,370</b>	<b>190,909</b>	<b>171,729</b>	<b>169,815</b>

\*To be decided at Council

\*\* 15/16 and 16/17 New Homes Bonus allocations to be updated when announced

**Table 6: MTFs spending plans**

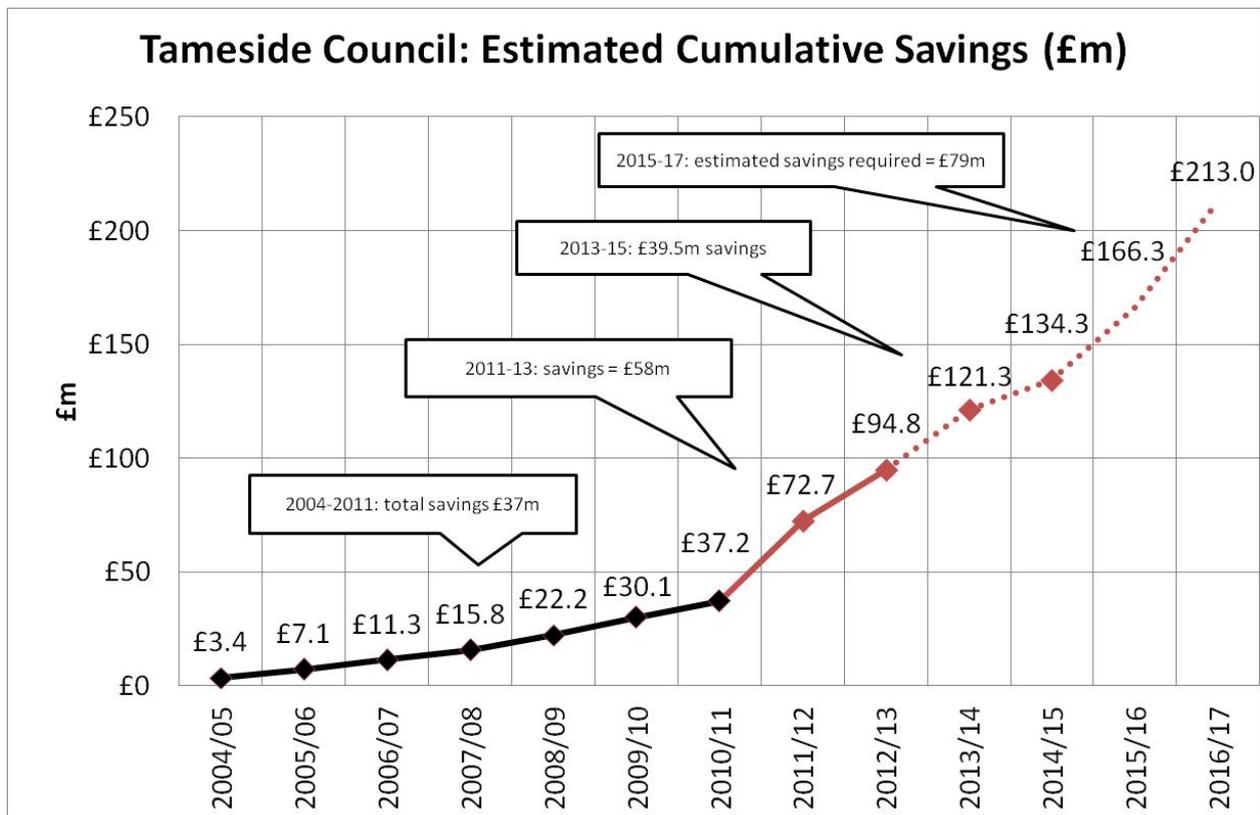
### 3.3 Delivering the Savings Required

Based on the information available from the previous MTFs, which anticipated large future savings requirements, a large amount of planning was undertaken during 2012. Detailed savings proposals have been drawn up for 2013/14 and 2014/15 and these are appended to this report. Savings targets were allocated to service areas in line with consideration of Council core purpose, priorities and of risk.

Cuts cannot be taken equally from all service areas- some services are less readily amenable to budget reductions than others, either because they are Council priorities or because they have future costs, which are not easy to reduce rapidly. The scale of the challenge means that a radical service redesign process is needed in order to develop new service delivery models within revised cost envelopes.

This Council is well placed to deliver savings even on this challenging scale, with consistently strong evaluations on the delivery of Value for Money for our residents, our

early planning for cuts and our early action to address the financial position we face - from the first indications of the austerity measures the Government would pursue in May 2010, through the emergency budget and then the CSR 10 announcements, and on to subsequent changes including the delivery of £58m of savings so far – all position us well to continue ensuring services for local people. This is evidence of the effective financial management embedded in the Council, with Councillors, the Senior Management Team, service unit managers and the workforce all being consistently briefed on the challenges we face and taking action to address them.



**Figure 4: Estimated cumulative savings (£m)**

### 3.4 Policy Direction for the Council Spending Plans

Major issues in next year's and future years' budgets were highlighted by the Executive Leader, Cllr Kieran Quinn, in his Keynote Address which was delivered in December 2012. This Address set out that it is appropriate for the Council and its partners to look at new ways to deliver services and that the challenge for public services is to get better outcomes from fewer resources. To do this the Council will need to;

- Develop new ways of working in delivering services and engaging with service users.
- Improve outcomes for service users and the wider community.
- Get better impact and value for money from existing services.
- Scale up early intervention / prevention initiatives.
- Reduce demand on costly reactive services.

His Address also emphasised that the Council is committed to maximising the wellbeing of people in the borough despite its resources reducing significantly. The Executive Cabinet determines how service priorities are to be met from within the reduced budget allocations available. This process culminates in this annual Budget Report.

### 3.5 Corporate Planning

The corporate plan has been updated to reflect the new environment of the Council. It sets out a vision for the Council, and the priorities and core purpose of the key services areas of 'People', 'Place', and 'Resources'.

#### Vision

The Council as a representative body, exists to maximise the wellbeing of the people of the borough, by

- Supporting economic growth and opportunity
- Increasing self-sufficiency and resilience of individuals and families
- Protecting the most vulnerable

#### Priorities/core purpose

##### People

- We want Tameside residents to have the best possible opportunities to live healthy and fulfilling lives by focusing our resources on the following priorities:

- Work with families to ensure children are ready for school
- Support families to care for their children safely
- Increase educational attainment and skills levels
- Work with businesses to create economic opportunities for residents
- Reduce levels of benefit dependency
- Help people to live independent lifestyles supported by responsible communities
- Improve health and wellbeing of residents
- Protect the most vulnerable

##### Place

- We believe Tameside is a great place to live and work and we will strive to make it even better by focusing our resources on the following priorities:

- Strengthen the local business community and our town centres
- Improve transport infrastructure and digital connectivity
- Grow levels of inward investment
- Promote cleaner, greener and safer neighbourhoods
- Improve housing choice
- Reduce our carbon footprint, both in energy and waste
- Support a cultural offer that attracts people to the borough

##### Resources

- As an organisation we will use our resources such as money and people to get maximum benefit for communities in Tameside. We will have to change the way we work to achieve our vision and priorities. We are committed to only doing what matters, by understanding what people need, designing services to meet this need and reducing any costs and duplications that may exist.

- Align our resources to deliver our priorities on people and place
- Improve value for money in the organisation by driving out waste and failure and meeting the needs of residents
- Achieve the savings required while delivering against our priorities
- Engage Tameside residents in the future of the borough
- Implement a change programme to deliver a flexible workforce responsive to customer demand
- Continue to strengthen our Governance, and Finance arrangements

Service plans are currently being prepared which include the impact of financial plans on them for the future and human resource planning should aim to deal with the implications of the Medium Term Financial Strategy. Services reviews through service plans should monitor and drive the achievement of service delivery and efficiency. Responsibility for delivering both savings targets and the corporate plan rests with the Senior Management Team or Assistant Executive Directors.

### 3.6 Action Already Taken

- Voluntary exit strategies – where appropriate, staff have been enabled to voluntarily leave the authority. This has been done on the basis of clear business cases related to wider service development recommended by the employing Executive Director and agreed with the Executive Directors for Governance and Finance. Staff full time equivalent numbers have therefore been reduced by 1,444.4 full time equivalent posts. This is illustrated in the chart below.

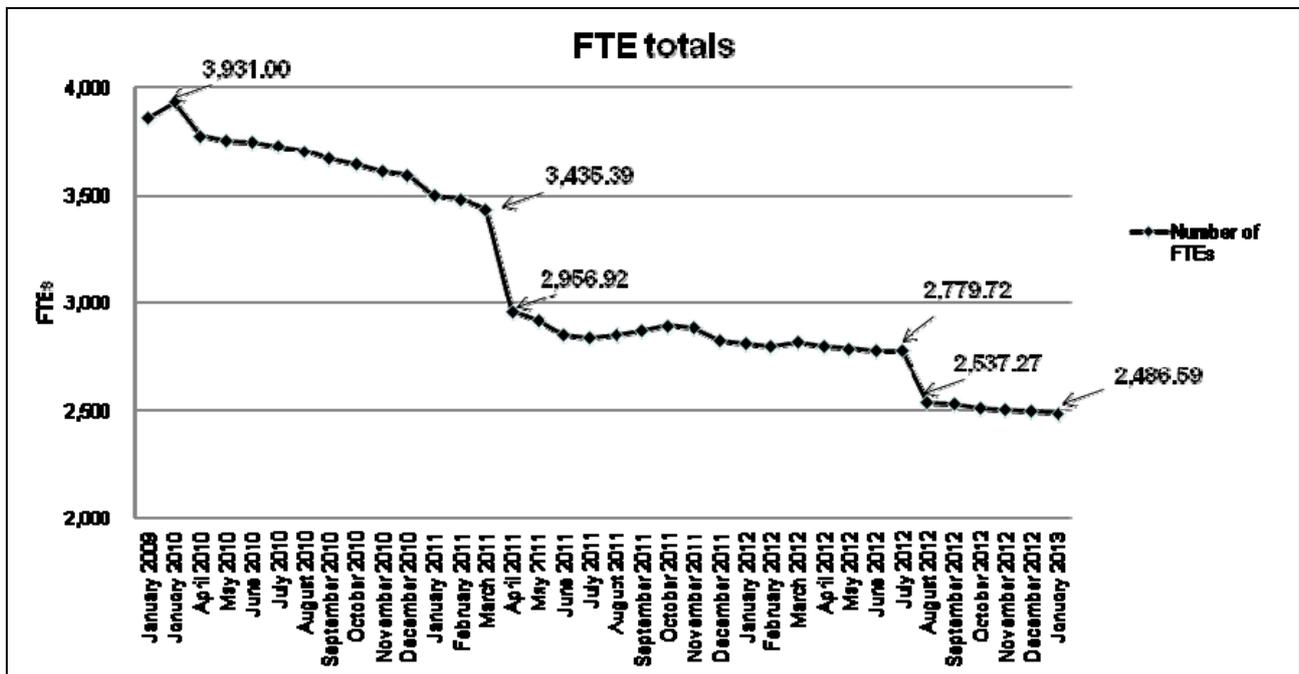


Figure 5: FTE numbers, January 2009-January 2013

- Review of Senior Management – Senior management costs have reduced by over 40% in the last 3 years, representing an annual saving of £1.5 million. The Senior management team was further reduced in 2011 from 25 to 19 and all Assistant Executive Directors salaries have been independently benchmarked with our regional neighbours. The Pay Policy Statement for 2013/14 is attached at **Appendix 3**.
- Moratorium on non-essential expenditure – enacted by the Executive Leader and the Chief Executive in June 2010, this intends to eliminate all non-essential expenditure to support future savings. Agreement from the Executive Leader and the Chief Executive is required before any new contractual commitments can be entered into.
- Service redesigns have also been crucial in the initiatives taken so far. Combined with the moratorium and exit strategies for staff, service redesigns are starting to plot the future shape of Council services. Savings arising from service redesign are captured as part of Directorate savings plans. The work of service redesign will

### **3.7 Further Savings Plans Laid**

To secure a viable financial strategy, the scale of the current challenge cannot be underestimated; the Council is committed to reducing its net expenditure by £39.5m in the two years to March 2015, having already reduced the budgets by £58m in 2011/12 and 2012/13. These cuts are driven by a combination of much-reduced government funding and inescapable demand and inflation cost pressures.

The actions necessary to enable Council services to deal with rapid contraction have been in place for some time, and careful plans have been laid. These plans have been discussed in briefing meetings between Executive Members and Executive Directors, as well as more formally with the Executive Leader, Deputy Executive Leader, First Deputy for Performance and Resources, Chief Executive, and the Executive Director of Finance.

The approach for 2013/14 and 2014/15 has been built on the successful processes developed in previous years. It has allowed the identification of savings targets to service areas based on the Council's core purpose and priorities. As a result, a range of service reductions and significant service redesigns are now proposed. Difficult decisions and hard choices will need to be made. Consultation with residents and businesses on the options identified through the 'Big Conversation' website (<http://www.tameside.gov.uk/tbc>) will be ongoing. Decisions will be made in line with the Council's normal governance processes and legal framework.

Proposals that have been prepared and discussed with Executive Members and the Executive Team, as noted earlier in this report, are summarised at a strategic level in the appendices attached to this report. Achieving these savings will help to ensure the future sustainability of the Council.

### **3.8 Capital Investment**

The principles of financial planning equally apply to the Capital Programme. The methodology and priorities set out in the Capital Strategy are adhered to in framing future year's capital programmes and in discriminating between schemes on a logical and reasoned basis. Adherence to the Capital Strategy and Asset Management Plan is not only sensible but necessary to maintain funding levels. It is assumed that there will be capital investment at the level of supported borrowing in future years, together with self-financing schemes, and the level of unsupported borrowing recommended by the Executive Director of Finance.

### **3.9 Schools Revenue Funding**

#### Dedicated Schools Grant

The Dedicated Schools Grant (DSG) provides revenue funding for allocation to schools. The grant for 2013/14 is calculated using the total number of pupils within the local education system on a specified date in October 2012. This includes:

- Schools (including Academies and School Nurseries),
- Pupil Referral Units,

- Nursery pupils in Private, Voluntary and Independent (PVI) provision.

For 2013/14 the Department for Education (DFE) implemented significant changes to the way that DSG funding can be allocated to Schools.

The DSG is now allocated into three blocks

Early Years – this block contains all DSG used to fund School and PVI nursery education

High Needs – this block contains all DSG used to fund the education of children with High Needs (eg Special Schools and other SEN (Special Educational Needs) support services)

Schools - this block contains the remainder of the DSG that has previously been used to fund mainstream Schools and central non SEN support services.

The Council received a gross DSG (excluding Pupil Premium funding and before Academy deductions) of £167.352 million in 2012/13. The gross 2013/14 DSG allocation estimate released by the DFE in late December 2012 is £170.634m. The directly comparable DSG value for 2013/14 is £167.610m which represents an increase of £0.258m.

For 2013/14 the DFE removed the protected level of DSG previously allocated to councils to ensure that 90% of all 3 year olds had their nursery education funded. A further deduction has been made to DSG nationally at a rate of £6 per pupil to provide funding for Hospital Schools. The balance of the increase in 2013/14 DSG of £3.024m relates to other grants being mainstreamed into the DSG. The first of the new elements added to DSG relates to nursery provision for 2 year olds and the second element is Post 16 High Needs pupils. The associated costs were previously funded from a combination of several other grants that have been reduced or ceased from 2013/14 onwards.

A detailed analysis of cost projections for Post 16 High Needs pupils is being carried out following concerns that the level of funding which has been transferred into DSG is lower than 2012/13 funding levels.

Prior to 2013/14 each Council had the freedom to agree a local formula for allocating funding to Schools which allowed funding to be directed towards local priorities with formal support from the Tameside Schools Forum. The DFE are in the process of establishing a national funding formula with the first stage taking effect in 2013/14.

The concept behind the main changes in the formula is that funding should follow children. This means that the majority of DSG funding is now allocated based on data connected with individual children. (e.g. a category of deprivation which an individual child is allocated to will determine how much DSG deprivation related funding a school receives).

The changes in the formula which is used to allocate funding combined with significant reductions in pupil numbers, particularly at some secondary schools, will mean that some schools will receive considerably lower levels of DSG funding in 2013/14. The Minimum Funding Guarantee (MFG) helps to protect funding that would otherwise be reduced from schools allocations. However, as MFG is applied on a per pupil basis, schools with significant pupil reductions won't receive any MFG protection for any associated reduction in pupil numbers.

The Council will continue to calculate school budget allocations for Academy schools within the borough via the new formula. The Council's gross DSG will be reduced by these Academy budget allocations as the funding will be paid to each Academy directly by the Education Funding Agency.

## Pupil Premium

Schools will also continue to receive Pupil Premium funding in 2013/14 in addition to DSG. The Government extended eligibility for the Pupil Premium in 2012/13 to include pupils who have been eligible for Free School Meals (FSM) at any point in the previous six years, as well as any pupils who have been Looked After Children (LAC) for at least 6 months.

Pupil Premium funding is provided to support children who are eligible for FSM as research has indicated that these children have lower educational attainment than children who have never been eligible for FSM.

The level of Pupil Premium funding allocated for eligible FSM children will increase from £623 in 2012/13 to £900 per eligible pupil in 2013/14.

In addition children with parents in armed services will continue to be eligible for the service child premium. The rate per service child has been increased from £250 in 2012/13 to £300 in 2013/14.

Indicative allocations provided by the DfE suggest there will be an additional £2.773m of Pupil Premium funding allocated across Tameside schools in 2013/14 (£9.012m) when compared to the total allocated in 2012/13 (£6.239m). It should be noted however that the 2013/14 indicative allocation is based on the January 2012 pupil census and prior year free school meal census data. The actual 2013/14 allocation will be confirmed during 2013 following validation of the January 2013 pupil census by the DfE.

From September 2012, schools are expected to publish details about how they have used their pupil premium funding allocations. The DfE will also include new measures in performance tables to report the attainment of pupils who are eligible for the Pupil Premium.

The DSG and Pupil Premium must be allocated to schools and used to support school expenditure. The funding cannot be used to subsidise expenditure elsewhere within the Council unless there has been prior approval by the Schools Forum. Any increase or decrease in current levels of school expenditure will be borne by schools themselves, without any additional Council funding.

### **3.10 Reserves and Balances**

Although some use of balances is usually planned for, the overall strategy for producing a balanced budget does not and should not rely on the use of balances, nor should balances fall below a guideline amount within the planning period.

However, the level of potential financial risks apparent across the planning period has increased, and this budget continues to assume a minimum level of general fund balances of £12m (as agreed in last year's budget). This is to seek to ensure that any significant financial shocks arising from the loss of the formula grant system and other national policy changes, or from any delays in securing extremely challenging savings targets, can be absorbed by the Council without immediately impacting on frontline service delivery. However, reserves must not be used to defray ongoing cost pressures, so this is not a permanent solution but will allow a measured and sustainable response to be developed. The level of reserves will be continually reviewed as we move through to the implementation of the new system of local government finance.

The projected levels of balances are shown below. The general fund level of balances are currently higher than the required minimum due to the setting aside of funds for contingent liabilities.

It is a legal requirement that the Executive Director for Finance is satisfied that decisions taken on balances and reserves represent proper stewardship of public funds. The Government has previously criticised the level of reserves held by councils. However, the professional consensus and advice is that reserves are more necessary in times of greater risk and uncertainty, and that short-term reserves cannot be effectively used to combat long-term problems presented by a rapid reduction in resources. The level and utilisation of balances is for the Council to formally determine, as informed by the advice and judgement of the Executive Director for Finance, who holds all reserves under review and may from time to time revise appropriate allocations or the use of them.

<u>Estimated working balances</u>	<b>General fund – all</b>
	£000
Anticipated Balances at 31.3.2013	<b>41,015</b>
Anticipated Balances at 31.3.2015	<b>12,000</b>

**Table 7: Estimated Working Balances**

This advice and judgement is based upon the following considerations:

- Section 6 of this report, which sets out many of the risks associated with the setting and control of the budget and the measures taken to deal with them. Having funds in reserve will help the Council to deal with risks as they arise. This is particularly relevant as we move to a completely new method of funding local government, which increases the level of risk to the Council.
- The overall sound financial standing of the authority. This is endorsed by the External Auditor through the judgements on the accounts and the annual Audit letter.
- Internal control is a strong area for the Council. Financial systems are reviewed annually. Internal audit are acknowledged as providing the highest level of service, and risk management is in place and developing. This has been extended to include assurance over the plans proposed to deliver savings.
- The expenditure limit system rewards those who control their budgets and make those who overspend recover that overspend in the following year(s).

Bearing all these factors in mind, the adequacy of all major reserves and balances have been examined to ensure that they are sufficient to cover the key financial assumptions underpinning the budget for 2013/14 and to support the Medium Term Financial Strategy for the following three years. The proposed levels are deemed adequate at this time for the purposes outlined in this report, and this is reflected in the recommendations.

## 4 REVENUE BUDGETS: RESOURCES & SERVICE DELIVERY PLANS

### 4.1 Local Impact of the Financial Settlement

The table below sets out the impact of successive financial settlements on the Council. It shows that in cash terms, the support provided to the Council by government is now confirmed to decline by £50m between 2010/11 and 2014/15. This amounts to a 31% cash reduction over the 4 years. However, if the impact of inflation (shown here as the average CPI figure for the each year) is also included, the real terms reduction is estimated to be 43%.

	cash funding (£m)	resource cut (£m)	cumulative resource cut (%)	CPI (%)	Estimated real terms cut (%)
2010/11	161.8				
2011/12	138.8	-23.0	-14%	5%	-19%
2012/13	133.4	-5.4	-18%	3%	-20%
2013/14	123.1	-10.3	-24%	3%	-26%
2014/15	111.8	-11.3	-31%	2%	-33%
<b>total</b>		<b>-50.0</b>	<b>-31%</b>	<b>12%</b>	<b>-43%</b>

**Table 8: Resource Reductions Since 2010**

The tables below set out the 2013/14 and 2014/15 comparative positions for Tameside amongst the other Manchester Authorities, with comparator figures for Metropolitan councils and the total for England.

Local Authority	Start-Up Funding Assessment	Revenue Support Grant	Of which grants rolling-in	Baseline Funding Level	Of which grants rolling-in	Individual Authority Business Rates Baseline	Tariffs and Top-Ups	Safety Net Threshold
England	26,073.951	15,175.396	4,297.625	10,898.554	3,661.869	10,888.016	10.538	10,081.163
Metropolitan areas	7,063.898	4,241.886	1,030.462	2,822.012	685.539	1,953.362	868.650	2,610.361
<b>GREATER MANCHESTER</b>								
Bolton	149.044	89.501	24.148	59.543	16.065	41.089	18.454	55.077
Bury	78.742	47.285	14.370	31.457	9.560	24.154	7.304	29.098
Manchester	390.915	234.746	47.719	156.170	31.746	148.938	7.232	144.457
Oldham	141.683	85.081	21.458	56.602	14.275	27.739	28.863	52.357
Rochdale	134.173	80.571	22.057	53.602	14.674	28.971	24.631	49.582
Salford	158.828	95.376	24.218	63.451	16.112	38.959	24.492	58.692
Stockport	104.779	62.920	20.600	41.859	13.704	43.491	-1.632	38.720
Tameside	123.109	73.927	18.706	49.182	12.444	26.231	22.950	45.493
Trafford	79.637	47.822	14.694	31.815	9.775	74.301	-42.486	29.429
Wigan	154.369	92.699	23.736	61.670	15.791	36.886	24.784	57.045
Greater Manchester Fire	70.055	42.068	5.342	27.987	3.554	10.015	17.971	25.888

**Table 9: Headline Amounts 2013-14 (£m; DCLG)**

Local Authority	Start-Up Funding Assessment	Revenue Support Grant	Of which grants rolling-in	Baseline Funding Level	Of which grants rolling-in	Tariffs and Top-Ups	Safety Net Threshold
England	23,856.890	12,624.066	2,194.879	11,232.825	2,417.451	10.861	10,390.363
Metropolitan areas	6,425.979	3,517.413	493.044	2,908.566	358.762	895.292	2,690.423
GREATER MANCHESTER							
Bolton	135.554	74.185	12.236	61.369	8.914	19.020	56.766
Bury	71.716	39.294	7.274	32.422	5.281	7.528	29.991
Manchester	354.240	193.280	23.731	160.960	17.326	7.454	148.888
Oldham	128.591	70.253	10.240	58.338	7.541	29.748	53.963
Rochdale	122.193	66.948	11.453	55.246	8.297	25.386	51.102
Salford	144.275	78.878	11.117	65.397	8.082	25.243	60.493
Stockport	95.489	52.346	9.858	43.143	7.146	-1.682	39.907
Tameside	111.852	61.162	9.290	50.690	6.788	23.654	46.889
Trafford	72.609	39.818	8.172	32.791	5.931	-43.789	30.331
Wigan	140.230	76.668	11.570	63.562	8.431	25.544	58.794
Greater Manchester Fire	65.672	36.827	0.622	28.845	0.436	18.523	26.682

**Table 10: Headline Amounts 2014-15 (£m; DCLG)**

## 4.2 Council Tax

Section 2 considered the changed national policies for Council Tax. This section looks at how Council Tax policy will impact on revenue resources.

### Council Tax Increases

The Council will need to take into account the changes to Council Tax regulations and the overall financial position when considering the levels of Council Tax increase for 2013/14. This includes in particular, the referenda criteria and the treatment of levies. The table below models the impact of varying levels of Council Tax increase based on the information in the provisional Settlement.

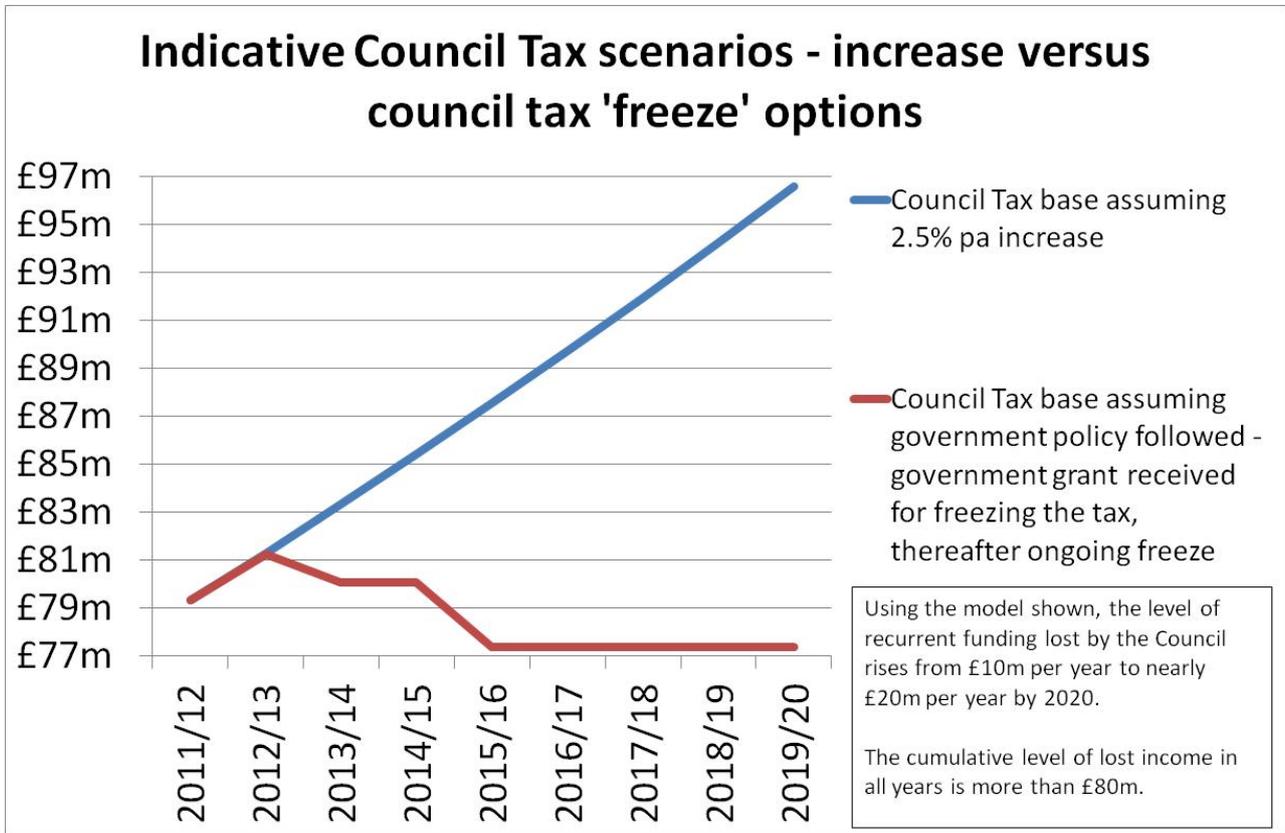
Council tax rise	2013/14	2014/15	2015/16	2016/17	total income benefit
pa	£0	£0	£0	£0	£0
%					
0	784	784			1,568
1	650	1,306	1,969	2,639	6,564
2	1,300	2,626	3,978	5,357	13,261
2.5	1,625	3,290	4,997	6,747	16,659
3.5	2,275	4,629	7,066	9,588	23,558

**Table 11: Illustration of the future impact of different levels of Council Tax increase**  
(Amounts are indicative as no decisions over future levels of Council Tax increases have yet been made)

### Council Tax Freeze Grant

The Government has also laid out details of a Council Tax Freeze Grant for 2013-14. The Government have offered a Council Tax Freeze Grant at one per cent of the basic Council Tax for 2012/13 for 2013/14. This will be payable for 2013/14 and 2014/15 with no indication that the grant will continue beyond 2014/15. An estimate of the level of the

freeze grant for each local authority has been published as part of the settlement - for Tameside the illustrative value of the grant is £0.784m in 2013/14 and 2014/15. The increase that would be generated through any increase in the Council Tax would be ongoing. Therefore, accepting the freeze grant rather than opting to increase Council Tax could mean finding extra savings from 2015/16 onwards, in addition to any further budget reductions from 2015/16. **Figure 6** below shows an example of how this could impact.



**Figure 6: Illustration of Different Council Tax Scenarios**

### 4.3 Forward Planning

By reviewing future expenditure plans on a rolling 4 year planning horizon, the Council is able to present a balanced budget for 2013/14 and 2014/15.

Key challenges facing the Council include:

- Continuing to ensure delivery of sustainable services to local people from a much reduced level of resources; delivering the necessary further reduction in the overall size of the Council in the coming years and securing ongoing cost reductions in a timely manner.
- Working with partners who are themselves experiencing rapid funding reductions (Police, Fire authorities) or reorganisation (NHS)
- Supporting the businesses and people in the local economy;
- Planning smooth reductions in spending and reasonable Council Tax increases within Council aspirations and Government guidelines;
- Council Tax Support Scheme

- Public Sector Reform and supporting the developing Community Budget process in Greater Manchester (including working with Troubled Families, social care integration and Early Years integration)
- Increased demands on services from vulnerable adults and children.

Members and Officers must remain focused on these issues and desired outcomes if the Borough is to remain in a strong financial position at the end of the planning period. This report is a key document in ensuring that focus. The table below sets out expenditure plans for 2013-17.

	2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's
<b>ESTIMATED SPENDING</b>				
Children's Services	29,294	23,431	23,431	23,431
Community, Adults and Health Services	74,287	74,744	75,744	76,744
Economic Growth, Investment and Sustainability	38,091	35,941	38,427	41,272
Director of Governance	7,171	7,221	7,221	7,221
Director of Finance	3,252	3,285	3,285	3,285
Corporate & Democracy Cost	7,443	7,339	7,339	7,339
<b>ESTIMATED SERVICES SPENDING</b>	<b>159,538</b>	<b>151,961</b>	<b>155,447</b>	<b>159,292</b>
Capital and Financing	19,004	19,004	19,004	19,004
Inflation provisions, approved cost pressures and funding	22,804	19,918	29,193	38,179
Mossley Parish Council	25	25	25	25
<b>OTHER SPENDING</b>	<b>41,832</b>	<b>38,947</b>	<b>48,222</b>	<b>57,208</b>
<b>TOTAL SPENDING</b>	<b>201,370</b>	<b>190,909</b>	<b>203,669</b>	<b>216,500</b>
<b>Note</b>				
SAVINGS TARGET 13/14 (included above)	26,500			
SAVINGS TARGET 14/15 (included above)		13,000		
SAVINGS TARGET 15/16 (to be allocated)			31,940	
SAVINGS TARGET 16/17 (to be allocated)				46,685
<b>TOTAL ESTIMATED SPENDING</b>	<b>201,370</b>	<b>190,909</b>	<b>171,729</b>	<b>169,815</b>

**Table 12: Expenditure Plans 2013/14-2016/17**

#### 4.4 Future Pressures

The budget for future years is set against a background of pressures that are already being felt.

- An unprecedented loss of Government funding.
- Creating an environment within the Borough which continues to sustain services and innovation, despite uncertainty created as the Government reshapes the public sector.
- Use of Reserves – the budget strategy continues to be supported by the managed and controlled use of balances.

#### 4.5 Inflation

In preparing the budget it has been necessary to take account both of the anticipated levels of inflation already built into the projections of costs in certain areas but also the likely levels

of inflation in future years. It should be noted that some costs are driven by inflation factors which bear little resemblance to the inflation figures reported in the media for the wider economy – for example, the costs of the Waste Disposal Authority are determined by the terms of the PFI contract, recycling levels achieved, and tonnages of waste disposed of to landfill.

Inflationary pressures planned for include the estimated increases in waste and transport levies, cost inflation and social care contracts.

#### **4.6 Approved Changes**

Some changes to the budget have been approved. These arise from cost pressures or changes to ongoing commitments.

#### **4.7 Savings Targets**

The calculation of savings targets has been discussed already as part of the Medium Term Financial Strategy. The total to be found in 2013/14 and 2014/15 is £39.5m. This is a combination of the reduction in government grant funding and the impact of this locally, together with local levels of price inflation and demand pressure. Balances and reserves will be utilised to achieve a balanced budget in each year of the two year period.

Savings targets have been planned on the basis set out above which ensures that resources are aligned with our priorities. Detailed plans have been drawn up with the involvement of Executive Members to ensure that these savings are achievable - failure to achieve them will create significant financial difficulty for the Council in the future.

#### **4.8 Impact on Local People**

It would not be possible to reduce Council spending to the extent we must without having an impact on local people. As specific proposals are finalised, the impact on local people is assessed through impact assessments, as appropriate.

The cumulative impact on specific groups of residents is also being reviewed. However, it must be recognised that those residents who have previously made most use of Council services are likely to be more affected than residents who traditionally have little use of them. It is to mitigate this impact that the Council is committed to maximising the well-being for its whole population by increasing independence and promoting economic growth.

## **5 CAPITAL BUDGETS: RESOURCES AND LOCAL INVESTMENT**

This section of the report sets out the capital resources available to the Council.

### **5.1 Available Resources**

The Council receives annual revenue support from government for a limited amount of borrowing by the capital financing formula spending share. This is sometimes called the 'Single Capital Pot'.

Local authorities are also able to enter into additional borrowing without government consent (unsupported borrowing), if they can afford to finance this additional debt. The Director of Finance must recommend for approval both affordable and prudent limits on external borrowing (supported and unsupported) for 2013/14 and 2014/15.

### **5.2 Prudential Borrowing**

The key objectives of the Prudential Code are to ensure, within a clear framework, that the capital plans of local authorities are affordable, prudent and sustainable and to ensure that treasury management decisions are taken in accordance with good professional practice and in a manner that supports these objectives.

To demonstrate that local authorities have fulfilled these objectives the Prudential Code sets out the indicators that must be used, and the factors that must be taken into account. The Code does not include suggested indicative limits or ratios as these are for the local authority to set itself. The Prudential Indicators required by the Code are designed to support local decision-making and are not comparative indicators.

This report recommends specific indicators for approval and an affordable borrowing limit for 2013/14. It also recommends an affordable borrowing limit for the Greater Manchester Metropolitan Debt Administration Fund.

### **5.3 Matters to be Taken into Account**

Prudential Indicators have been set having regard to: affordability, prudence, sustainability, value for money, stewardship of assets, service objectives and practicality.

Local Authorities are required to encompass all aspects of the Prudential Code that relate to affordability, sustainability and prudence. When making a decision to invest in capital assets, the authority must ensure that it can meet both the immediate and long-term costs to ensure the long-term sustainability.

The Prudential Code requires local authorities to consider wider management processes i.e. option appraisal, asset management planning, strategic planning and achievability in accordance with good professional practice. The Strategic Capital Panel together with the Asset Management Group is responsible for these areas.

### **5.4 Capital Approvals 2013/14**

The Single Capital Pot includes all non ring-fenced capital allocations, either supported borrowing (where the costs of borrowing are included as part of the general Formula Grant), or direct Capital Grant (where the grant is received separately during the year). The capital allocations included in the Single Capital Pot are not ring-fenced and can be spent according to authorities own priorities. However, the Council's policy has been that the relevant service areas use the allocations.

The Council has received confirmation for some of the capital allocations for 2013/14. All allocations will be made by direct grant. There will be no supported borrowing for 2013/14, so any allocations the Council makes above and beyond the direct grant allocations must be funded locally (from capital receipts, or corporate prudential borrowing, or other internal sources).

The Council is awaiting the notification of the following grant allocations for 2013/14:-

- Education - Basic Need, Capital Maintenance, Devolved Formulae Capital for Schools, Short Breaks
- Housing - Disabled Facility Grant

The table below shows details of the announced Single Capital Pot allocations for 2013/14, compared to the corresponding figures for 2012/13. It sets out an increase in available resources of £0.221m, an increase of 8.65%.

Capital Allocations	ref	2012/13	2013/14	Difference
		Grant £000	Grant £000	
<b>Adult Services</b>				
Community Capacity Grant		619	<b>621</b>	2
		619	621	<b>2</b>
				0.25%
<b>Transport</b>				
Maintenance		1,930	<b>2,149</b>	219
Integrated Transport Block	*1	0	<b>0</b>	0
		1,930	<b>2,149</b>	<b>219</b>
				11.35%
<b>Total</b>		2,549	<b>2,770</b>	<b>221</b>
				8.65%

**Table 13: Capital Allocations 2012/13 & 2013/14**

\*1 The Integrated Transport Block is allocated to the Council via the Greater Manchester Combined Authority (GMCA). The allocation is subject to a “top slice” taken by the GMCA to fund various Greater Manchester initiatives. The total allocation to the GMCA for 2012/13 did not allow for an allocation to the GM Districts once this “top slice” had been taken.

As the total Integrated Transport Block allocation to GMCA for 2013/14 has been held at the same level as the previous year, it is anticipated that again, there will not be any allocation to the GM Districts in 2013/14, but is subject to confirmation by GMCA.

## 5.5 Setting of Prudential Indicators

The Prudential Indicators for 2013/14 and the following two years must be set before the beginning of the forthcoming year and requires approval by Council as part of the budget approval process. The Executive Director of Finance is responsible for ensuring that all matters required to be taken into account are reported to the Council for consideration.

The system requires a process for controlling unsupported borrowing. The Executive Director of Finance is responsible for this centralised control and has recommended approval of £12m of unsupported borrowing in 2013/14, and £12m in both 2014/15 and 2015/16.

## **5.6 Required Indicators**

The required Prudential Indicators are:-

- Ratio of financing costs to net revenue stream
- Capital financing requirement
- Capital expenditure
- Incremental impact of capital investment decisions
- Operational Boundary and Authorised Limit on External Debt and other long term liabilities
- Upper and lower limits for interest rate exposures
- Maturity structure of borrowing for the forthcoming financial year
- Limit for total principal sums invested for periods longer than 364 days
- Borrowing Limits in respect of GMMDAF

The actual indicators and the methodology used to arrive at them are set out in **Appendix 2b**. The Prudential Indicators have been based on a level of borrowing for 2013/14 of £12m and the capital financing costs of this borrowing. This level of borrowing includes estimates of some funding allocations that have not yet been finalised.

The Prudential Indicators for 2014/15 and 2015/16 are based on borrowing of £12m in each year and the financing costs of this borrowing. These will be reviewed in the light of details of resources available this time next year.

## **5.7 Monitoring, Revising and Reporting Prudential Indicators**

The monitoring frequency for each Prudential Indicator is determined individually. Some are monitored daily as Treasury Management transactions take place and others less frequently. For some indicators e.g. net external borrowing, trigger points will be set within the monitoring process to highlight when the indicator limits could be breached and allow corrective action to be taken. The Executive Director of Finance receives a monthly monitoring report reviewing all indicators.

The Executive Director of Finance will report to Members on the performance of all prudential indicators as part of the Capital Programme monitoring process. Some of the Prudential Indicators may need to be revised during the year and these will require approval by the Overview (Audit) Panel. The indicators will continually change due to factors other than the level of borrowing e.g. – capital expenditure will change when additional grant resources are received.

## **5.8 Minimum Revenue Provision (MRP) Statement**

The Council is required to pay off an element of the accumulated General Fund capital spend each year through a revenue charge (the Minimum Revenue Provision -MRP), although it is also allowed to undertake additional voluntary payments (VRP).

Communities and Local Government Regulations have been issued which require Full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils to replace the former Regulations, so long as there is a prudent provision.

The Council is recommended to approve the following MRP Statement:-

For capital expenditure that was incurred before 1 April 2008 or which subsequently is Supported Capital Expenditure, the policy is to adopt the previous practice (4% of the capital financing requirement) as outlined in former CLG regulations.

From 1 April 2008, for all unsupported borrowing, the MRP policy is based on the estimated life of the asset, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction).

For any finance leases and any on-balance sheet public finance initiative (PFI) schemes, the MRP charge will be equal to the principle repayment during the year, calculated in accordance with proper practices.

There will no MRP charge for any cash backed Local Authority Mortgage Scheme (LAMS) that the Council operates. As for this type of scheme, any future debt liability would be met from the capital receipt arising from the deposit maturing after a 5 year period. Any repossession losses for type of scheme would be charged to a LAMS reserve.

## **5.9 Current Approved Programme**

The current approved Capital Programme consists of 219 projects and the Council estimates to spend £129m on capital investment to 2015/16. The complete list of schemes in the Capital Programme and their planned expenditure over 2012/13 to 2015/16 is shown in **Appendix 2a**. The summary below shows those schemes with a **budget greater than £1m**.

The capital budget is prepared within the estimated resources available over the years 2013/14 – 2015/16. Executive Directors, Assistant Executive Directors and Project Managers should plan early in order to achieve the annual programme, both in physical and spend terms. There is also a need to monitor closely those major schemes in the programme where there is a risk to the Council either in terms of spend or income, and partnership working will continue to be pursued wherever possible. Four monitoring reports on progress in achieving the planned Capital Programme will be presented during 2013/14.

	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Primary Capital Programme - Russell Scott	100	2,650		
BSF ICT Contract	5,075			
Ashton Town Centre	1,336	4,000		
The Longdendale Integrated Transport Strategy (DFT Grant to be confirmed)			7,809	
Replacement of 9 Refuse Vehicles	1,221			
St. Petersfield	60	3,214		
Godley Hill Development And Access Road	500	2,211	400	
Hyde Town Centre	1,129			
Guide Lane former Landfill Site	44	1,800		
Disabled Facilities Grants	2,307	1,425	925	925
Droylsden Youth Centre	1,171	195		
Local Authority Mortgage Scheme	1,000			
Working Differently - IT Hardware & Software	80	1,730		
<i>Funding Streams</i>				
Schools - Basic Need Funding Stream		6,384	1,737	1,737
Schools - Capital Maintenance - Funding Stream		3,213	2,402	2,402
Schools - BSF Reserve		4,537		
Schools - Devolved Schools Capital	533	533	533	533
Adult Services - Capital Grant to be allocated	681	407	419	633
Asset & Dev - Opportunity Purchase Fund	500	500		
Engineering Services - Road Maintenance		2,509	2,059	2,059
Other	17,387	11,964	13,255	14,096
<b>Total before slippage</b>	<b>33,124</b>	<b>47,272</b>	<b>29,539</b>	<b>22,385</b>
Assumed slippage		-3,300		
<b>Planned capital expenditure</b>	<b>33,124</b>	<b>43,972</b>	<b>29,539</b>	<b>22,385</b>

**Table 14: Capital Programme 2012/13 - 2015/16 showing schemes with a budget greater than £1m**

#### 5.10 The 2012/13 Capital Programme Position

The full Capital Programme (**Appendix 2a**) has been updated to include the following:

- All changes approved by the Overview (Audit) Panel, from the programme shown in the 2012/13 Budget Report.
- An update of phasing by Project Managers for existing schemes.

Table 15 (below) shows the budget amendments identified following the changes approved by the November 2012 Overview (Audit) Panel. These changes amount to a reduction in the overall programme spend of £0.520m for the years 2012/13 to 2014/15.

SERVICE	SCHEME	FUNDING	BUDGET	BUDGET	BUDGET	BUDGET	TOTAL
			CHANGES	CHANGES	CHANGES	CHANGES	
			2012/13	2013/14	2014/15	2015/16	£000
			£000	£000	£000	£000	£000
<b>Capital Programme 2012/13 - September 2012 b/f</b>			<b>51,930</b>	<b>26,010</b>	<b>29,215</b>	<b>0</b>	<b>107,155</b>
<b>A) Increases to the Programme</b>							
Adult	Community Capacity Grant	Grant		2	14	14	30
District Assemblies	Leisure Facilities at Egmont St. Mossley	s106	70				70
District Assemblies	Hyde Play Area Equipment	s106	22				22
Engineers	Better Bus Area Fund Scheme	Grant	40	90			130
Engineers	Highway Maintenance	Grant		329	192	192	713
Environmental	Guide Lane former Landfill Site	Grant	44				44
Exchequer	IT Equipment	RCCO	8				8
Housing	Disabled Facilities Grant	Grant	227				227
Housing	Local Authority Mortgage Scheme	Corporate	500				500
Schools	Flowery Field Modular Building	RCCO	55				55
Transport	Purchase Fork Lift Truck	RCCO	18				18
Transport	Groundcare Equipment	RCCO	2				2
Finance	assumed Central Govt Capital allocations 2015/16	Grant				8,083	8,083
Finance	assumed future level of Council Borrowing	Corporate				12,000	12,000
			<b>986</b>	<b>421</b>	<b>206</b>	<b>20,289</b>	<b>21,902</b>
<b>B) Reductions in Programme</b>							
Housing	Grant Funding yet to be allocated	Grant	<b>(37)</b>				<b>(37)</b>
<b>C) Funding Transfers in Programme</b>							
Re-phased Existing Scheme Expenditure			(17,733)	18,213	(480)		-
Adult	Community Capacity Grant	Grant		109	109		218
Housing	Disabled Facility Grants	Grant		(109)	(109)		(218)
Schools	Basic Need - Funding Stream	Grant	(254)				(254)
Schools	Conversion of Community Room, Lyndhurst	Grant	44				44
Schools	Replace Modular Building, Godley	Grant	160				160
Schools	Internal Refurbishment, Oakdale	Grant	50				50
Schools	Capital Maintenance Grant - Funding Stream	Grant	(1,958)				(1,958)
Schools	Pitched Roof, Hollingworth	Grant	(4)				(4)
Schools	Roofing, Gorse Hall	Grant	239				239
Schools	Electrical works, fire alarm, Wildbank	Grant	10				10
Schools	Electrical Rewire, Ashton West End	Grant	208				208
Schools	Pitched Roof, Russell Scott	Grant	(65)				(65)
Schools	Roofing, Waterloo	Grant	25				25
Schools	Roof Repairs, Creswell	Grant	205				205
Schools	Mechanical, Cresswell	Grant	44				44
Schools	Roof Repairs, Manor Green	Grant	74				74
Schools	Electrical Services, Broadoak	Grant	(222)				(222)
Schools	Roof Repairs, Broadoak	Grant	20				20
Schools	Electrical Rewire, Hurst Knoll	Grant	21				21
Schools	Mechanical, Hurst Knoll	Grant	56				56
Schools	Roof works, St.James	Grant	65				65
Schools	Roof Repairs, St.Pauls	Grant	150				150
Schools	Work at Two Trees to enable Russell Scott	Grant	200				200
Schools	Flat Roof Repairs, Longdendale	Grant	19				19
Schools	Toilet Refurbishment, Hollingworth	Grant	15				15
Schools	Outdoor Play Area Improvements, Flowery Field	Grant	15				15
Schools	Toilet Refurbishment, Gorse Hall	Grant	37				37
Schools	Remodel School Frontage, Arlies	Grant	40				40
Schools	Security Entrance and Gates, Wildbank	Grant	30				30
Schools	Double Classroom, Heys	Grant	175				175
Schools	Replace Windows, Audenshaw	Grant	10				10
Schools	Modify Entrance/Secure Lobby, Moorside	Grant	15				15
Schools	Kitchen Refurbishment, Livingstone	Grant	8				8
Schools	New Entrance Foyer and Secure Lobby St.Annes	Grant	50				50
Schools	Replace Windows, Holden Clough	Grant	10				10
Schools	Replace Flat Roof, Entrance and Windows, Broadoak	Grant	45				45
Schools	Extension to Relocate Entrance, Holy Trinity	Grant	25				25
Schools	Extend Current Early Years	Grant	20				20
Schools	Foundation Stage Unit, Hurst Knoll	Grant	50				50
Schools	Remodel Main Entrance, Toilets, St.James	Grant	25				25
Schools	Stair Lifts and Access, St. Georges	Grant	50				50
Schools	Improve External Play Areas, Mottram	Grant	8				8
Schools	Safeguarding Nursery Fencing, St.Pauls	Grant	9				9
Schools	Replacement Doors and Windows, St.Peters	Grant	20				20
Schools	Window Replacement, St. Raphaels	Grant	15				15
Schools	Covered Outdoor Play, Canon Johnson	Grant	6				6
Schools	Heating Pipework, St.Marys	Grant	50				50

SERVICE	SCHEME	FUNDING	BUDGET	BUDGET	BUDGET	BUDGET	TOTAL
			CHANGES	CHANGES	CHANGES	CHANGES	
			2012/13	2013/14	2014/15	2015/16	
			£000	£000	£000	£000	£000
Schools	Replace Toilets, St.Stephens	Grant	25				25
Schools	Internal Remodelling, St.John Fisher	Grant	10				10
Schools	Heating Replacement, St.Christophers	Grant	25				25
Schools	Science Lab Refurbishment, Longdendale	Grant	25				25
Schools	Flat Roof, Concrete Beam, Windows, St Thomas Moore	Grant	25				25
Schools	Relocate Entrance, Dining Hall, All Saints	Grant	25				25
Schools	Additional Classroom, Oakdale	Grant	50				50
Schools	Modernisation Secondary	Grant	(25)				(25)
Schools	Re-roofing Holden Clough	Grant	25				25
Schools	Primary Capital Programme Contingency	Capital Rcpt	73				73
Schools	Primary Capital Programme Contingency	Grant	2				2
Schools	Primary Capital Programme, Our Lady of Mt Carmel	Capital Rcpt	(73)				(73)
Schools	Primary Capital Programme, YEW Tree Primary	Grant	(2)				(2)
Schools	Co-location Aldwyn and Hawthorns	RCCO	90				90
Schools	Specific Capital Reserve	RCCO	(90)				(90)
Schools	RCCO Reserve	Capital Rcpt	(683)	683			-
Schools	BSF Future Reserve	Capital Rcpt	(4,537)	4,537			-
Finance	Corporate Resources		(102)	(2,592)	598	2096	-
Finance	assumed slippage		3,300	(3,300)			-
			<b>(19,755)</b>	<b>17,541</b>	<b>118</b>	<b>2,096</b>	<b>-</b>
<b>Net Changes to Programme</b>			<b>(18,806)</b>	<b>17,962</b>	<b>324</b>	<b>22,385</b>	<b>21,865</b>
<b>Capital Programme 2012/13 - Feb 13 Budget Report</b>			<b>33,124</b>	<b>43,972</b>	<b>29,539</b>	<b>22,385</b>	<b>129,020</b>

**Table 15: Current Position of the Capital Programme**

#### 5.11 Proposed New Capital Investment Plans 2013/14

Due to the Councils projected revenue position for 2013/14 and future years, it was decided not to hold a formal capital bidding round this year. Any service areas that have proposals for investment schemes may bring those proposals forward during the year for consideration.

The table below, shows schemes proposed to meet Council priorities, but do not receive direct government support either from the "Single Capital Pot" or specific capital grant. It is proposed that these schemes are included within the capital programme for 2013/14 and future years.

<b>New Capital Approvals</b>	<b>ref</b>	<b>2013/14 £'000</b>
Ashton Town Centre & Civic Square		4,000
Guide Lane former Landfill Site	1*	1,800
Opportunity Purchase Fund		500
<b>Total</b>		<b>6,300</b>

**Table 16: New Capital Schemes Proposed**

Notes:

1\* The Council is pursuing funding from the Department for Environment, Food and Rural Affairs (DEFRA) to assist in the remediation of this site. Should any funding be provided, the corporate funding shown above will be reduced by an equal amount.

## 6 RISK MANAGEMENT

### 6.1 Risk Management

The Code of Corporate Governance and the Risk Management Policy and Strategy recognise the need for risk to be assessed in the decision making processes of the Council so that the Executive Team is aware of the implications of its decisions and how these could be dealt with. The setting of a budget and the adoption of a Medium Term Financial Strategy for the following years bring with them many risks of different magnitudes involved in actually achieving those budgets. For this budget report, the Executive Director of Finance has required that assurance is given by the Executive and Assistant Executive Directors that adequate and robust plans have been put in place to ensure that the savings can be delivered.

### 6.2 General Risks

- Delivering increased savings targets – delivering the savings plans set out by service areas effectively within the financial years 2013/14 and 2014/15 is a very challenging objective. There is a significant risk that savings will materialise later or lower than planned given the scale and complexity of the task. The extent and breadth of the savings proposed require that dedicated capacity is put in place corporately and within service areas to ensure this programme of changes are delivered in a timely and managed way.
- Maintaining an effective control environment - financial, procurement and governance controls will be tested as the organisation undergoes a period of profound change. Staff departures and the loss of their knowledge and experience means that it will be critically important to maintain effective controls. This risk is being mitigated by ensuring that these issues are highlighted and addressed as part of the planning of service reviews.
- Equal Pay claims – these continue to be major areas of risk. The risk has effectively been capped by the implementation of single status across the Council. However, the commencement and outcomes of litigation are largely outside the control of the Council. While it appeared that risks were diminishing over time, the recent judgement against Birmingham City Council suggests that may not now be the case.

### 6.3 Expenditure Risks

- *Pay* – The cost of increments is not provided in service budgets but will be offset by staff turnover, review of the need to fill posts and other savings strategies.
- *Supplies and Services* – the second biggest category of spending, mostly made up of contractual arrangements. Provision for inflation is made in some of these budgets – charges from internal services, children's' and older people's residential accommodation, domiciliary care – where required by the timing of the application of inflation and the rate used in the contract. All procurement plans now include review of the underlying need for the product or service to ensure that any new contracts are properly aligned to redesign Council services. New contracts are required to be approved by the Executive Leader and Chief Executive.
- *Capital financing charges* – (£9.976m) – some, limited, borrowing is required for 2013/14 although this may be at lower rates than assumed in the budget. The

impact of Public Works Loans Board (PWLB) regulations still continues to restrict rescheduling debt opportunities. Further, as a result of the Comprehensive Spending Review, borrowing rates applied to Councils were increased by 1%. This cost has been factored into budgets for 2013/14 at the required level. However, the PWLB has recently introduced a scheme to allow a 0.20% reduction on the published borrowing rates, known as the 'certainty rate', for Councils that provide indicative borrowing requirements for the next three years. The Council has provided this information and has therefore protected its eligibility for the 'certainty rate'. This does not however commit the Council to a particular course of action.

- *Housing benefits* – under the current rules this is funded by government. There is low risk of a significant expenditure increase to the Council even if claimant numbers increased substantially. Where claims have increased, this has been offset by increased funding from Government. The current system will be changed on a phased basis during 2013/14 and future years to Universal Credit.
- *Council tax support* - The new Council Tax Support Scheme will be implemented from 2013/14 and reflects significant changes. There will be financial implications if the cost of the scheme differs from that anticipated as a result of demand for support being higher than estimated within the scheme.
- *Levies* – (£34m) – the level of the PTA and WDA levies are known. The former will not change; the latter may vary with tonnage of waste disposed of. Current experience indicates that this budget will be sufficient but efforts must continue to reduce waste tonnages.
- *Schools* – (c. £171m gross) – the full amount of the Dedicated Schools Grant has been earmarked for schools and pupil related provision. Given the current low rate of inflation, this should be sufficient to deal with budgetary pressures experienced during the year. Care will need to be taken, however, in budget planning for future years.
- *Unforeseen increases in service expenditure* – the Council's system of budgetary control places personal responsibility on Executive Directors, Senior Management Team and Service Unit Managers to control spending within budget. Unavoidable increases in spending (or non-achievement of savings targets) are carried forward as charges against the following year's budget allocation so that overspendings can be recovered over two or more years. Service areas are advised to first seek assistance within wider departmental budgets in these cases. The Council has had a generally good record of budgetary control but pressures sometimes build up for a variety of reasons. Greater financial discipline will be exerted in areas of concern.
- *Children Services* – an area of risk with looked after children numbers being outside the control of the Council. This increase was first noted in 2009/10 and the trend has since persisted. Addressing this increase in cost within the Councils statutory responsibilities is a key part of the service redesign now underway in this service.
- *Claims on the Council of an insurable nature* – these can take the form of public and employer's liabilities or damage to the Council's assets. Adequate cover against such risks is provided through a combination of external insurance and internal insurance via the Council's own insurance fund. The Council's policy for many years has been to only externally insure risks of a catastrophic nature unless it is economically advantageous to cover more. The Council's insurance fund is actuarially assessed periodically to ensure that it is adequate for the potential

liabilities it covers and where it is found to be overprovided reserves are released to help with the overall budget.

- *MMI Insurance claw back* – on 30 September 1992, the Council’s insurers, Mutual Municipal Insurance Ltd, announced that they had ceased taking on new business or issuing renewals. On 21 January 1994, a contingent scheme of arrangement became effective for the company, whereby if at any point a solvent run-off could not be foreseen, management of the company would pass to the administrator. Under the provisions of the scheme the largest insurance creditors of the company would suffer a reduction in the level of their claim payments, and a partial claw back of claims paid since 1 October 1993. Reviews carried out have indicated that the overall total potential payment at this time is £2,356,427.11. The Greater Manchester Council’s (GMC) former insurer was also MMI Ltd. GMC ceased to exist on 31 March 1986 and any residual liabilities are shared between the ten AGMA authorities, based on population figures. This means that Tameside will be liable for an additional payment, currently estimated to be £881,000, taking the total liability for the authority to £3,237,427.11.
- The Pensions Auto-Enrolment scheme begins in 2013/14, meaning that all employees meeting set criteria will be automatically enrolled into the pension scheme. Initial high level estimates suggest that the potential increase in employer’s contributions relating to this could be in the region of £1.5-3 million for 2013/14. Further detailed analysis of this will be taking place, to provide a more robust projection, and the costs will be monitored closely throughout the year.

#### 6.4 Income Risks

The budget position assumes that income targets are met. If not, this will mean financial pressure for the Council.

The following paragraphs outline other important income risks.

- *Council Tax collection* (£65m) – performance has consistently been above the assumed rate of collection of 98%. However, following the introduction of the local Council tax support scheme and the general economic conditions, it is anticipated that collection of some debt may be more difficult, leading to an increased level of debt write offs. This area of income will continue to be closely monitored.
- *Capital Receipt generation* – the very low level of activity in the property market has seriously curtailed the level of receipts from the sale of Council assets. Some specific sites have been identified for sale, but the timing of this, to secure the best value, will be undertaken with care. Due to the low level of receipts being realised, temporary borrowing will have to be used to support some approved capital schemes, to be paid back once the receipt is realised. Some provision has been made to recognise any shortfall between the previous estimated value of the receipt and the current likely value.
- *Investment Income* (£0.657m) – in the past increased investment rates and balances above those budgeted have been a source of substantial savings. However the very low interest rates have made it more difficult to generate returns. Budgets have been based on a prudent estimate of likely returns with security of investment being a priority.
- *Business rates volatility* (£23m) – the new Rates Retention scheme means that any fall in local business rates will have a financial impact on the Council. The

'safety net' provides protection for local authorities against significant reductions in their income as a result of the Business Rates Retention Scheme by guaranteeing that no local authority will see its retained business rate income fall below a fixed percentage of its baseline funding level. The business rates income minus the tariff equals our retained income, which is then compared to a proportion (92.5%) of our spending baseline set by Central Government. The estimated risk of this is £8m. This is the safety net threshold, and if our retained income is less than the safety net threshold the Council will get safety net payments on account. This can be done as an estimate during the budget stage or as an actual payment at the year-end if necessary.

## **6.5 Risk Summary**

Many risks in the budget are dealt with via systems and policies currently in place or by specific budgetary provision where the risk is perceived to be significant. There is a general contingency in the budget to deal with unanticipated events and the level of balances is such as to provide a more than adequate level of cover. Every effort will be made not to call on either balances or contingency as to do so would impact on future year plans.

Following the austerity of the recent funding announcements the resource assumptions for 2015/16 and 2016/17 assume that this position continues.

Specifically, the MTFs position assumes that the former specific grants for Early Intervention and Learning Disability reform are now non-ring fenced and included as general resources cease to exist from 2015/16.

At this stage it is still assumed that the service area expenditure continues but this will need to be addressed as part of the ongoing MTFs update and service re-design work specifically within Children Services.

Two of the key risks – Equal Pay litigation and a reduction in Government funding – cannot be directly addressed by the Council and are beyond its control. However, significant steps have been taken in both cases to quantify the possible risk and plan mitigating steps.

### **Budget Assurance Statements**

Budget assurance statements have been put in place this year. These outline how the Council is responsible for ensuring that its budgets are prepared robustly and in accordance with the law and proper standards, and that public money is safeguarded and used economically, efficiently and effectively. The statement goes on to explain that in discharging this accountability, members and senior officers are responsible for putting in place proper processes and internal controls to ensure the proper stewardship of the resources at its disposal including budgetary estimates for the forthcoming financial year. These statements have been signed by members of the Executive Management Team, accepting their responsibility for delivering services within their allocated budgets.

### **Robustness of Estimates for the Budget Requirement**

In the light of the risk assessment and the details of the budget as set out in this report (which are based on the best information available at the time); and the strength of the Council's Internal Control Systems (validated by external and internal audit) and the assurance statements presented to me, I (as the Chief Financial Officer) consider that the budget for 2013/14 is robust. This statement is in compliance with s.25 Local Government Act 2003.

## 7 RECOMMENDATIONS

### 7.1 Revenue Budget Recommendations:

- a) That the budgeted net expenditure for the financial years 2013/14 and 2014/15 as set out in Appendix 1a be agreed at £201.370m and £190.909m respectively (excluding Dedicated Schools Grant) and that the level and usage of reserves and balances set out in this report be approved.
- b) That the Council notes that actions required to achieve savings targets have been identified and that no exemptions to these targets will be made.
- c) That the Medium Term Financial Strategy as updated in this report be approved and form the basis of future reports and decisions taken by Cabinet to balance resources and expenditure in future years budgets.
- d) That regular monitoring reports are produced throughout the year to keep the financial position under review and to demonstrate that any budget deficits at 31 March 2014 are recovered.
- e) That Human Resource planning and Service Redesign plans should reflect the budget requirements set out in this report.
- f) That the Pay Policy for 2013/14 included at **Appendix 3** is approved.
- g) That in relation to Ward Monies not spent there should be a maximum carry forward into 2013/14 of £100 per Councillor in their Ward.
- h) That the budget assurance statement process for service areas is noted.

### 7.2 Capital Budgets Recommendations:

- a) That the Capital Programme report as set out in Appendix 2a is approved and continuing action is taken to achieve additional sources of funding for capital development.
- b) That the Minimum Revenue Provision statement as set out be approved.
- c) That the Prudential Limits set out in this report be approved with the Council to receive monitoring reports during the coming year to demonstrate compliance.
- d) That the Prudential Indicators reported at **Appendix 2b** (prudential indicators) be approved.
- e) That authorised borrowing limits for 2013/14 for Tameside and for the Greater Manchester Metropolitan Debt Administration Fund (GMMDAF) are agreed as set out in Appendix 2b: Prudential Indicators.
- f) That the level of unsupported borrowing be set at £12m in 2013/14.

### 7.3 General Recommendations:

- a) That the Council retains a minimum level of balances of £12m.

- b) That the Council accepts the advice of the Executive Director of Finance regarding the robustness of the estimates made for the purposes of the budget calculations and the adequacy of the proposed financial reserves. Following this, that the Council determines that the estimates are robust for the purpose of setting the budget and that the proposed financial reserves are adequate.

**TAMESIDE MBC**  
**BUDGET REPORT APPENDICES:**  
**2013/14 & 2014/15**

### Appendix 1a: Revenue Budget Summary 2013-15

	2013/14 Base Budget £000	Exclude centralised budgets * £000	Approved Changes £000	Savings Allocated £000	2013/14 Revised Estimate £000	2014/15 Base Budget £000	Exclude centralised budgets * £000	Approved Changes £000	Further Savings Allocated £000	2014/15 Revised Estimate £000
<b>Children Services</b>	32,451	(3,486)	4,965	(4,636)	29,294	33,385	(3,486)	41	(6,509)	23,431
<b>Dedicated School Grant (Provisional)</b>	170,634				170,634					
<b>Adult &amp; Health Services</b>										
Adult Services	56,378	(1,988)	(325)	(3,478)	50,587	57,439	(1,988)	(3,803)	(1,383)	50,265
Health & Wellbeing	2,377	(30)	(10)	(7)	2,330	2,377	(30)	(17)	(5)	2,325
Public Health	11,454				11,454	12,600				12,600
<b>Total Adult &amp; Health Services</b>	<b>70,209</b>	<b>(2,018)</b>	<b>(335)</b>	<b>(3,485)</b>	<b>64,371</b>	<b>72,416</b>	<b>(2,018)</b>	<b>(3,820)</b>	<b>(1,388)</b>	<b>65,190</b>
<b>Community &amp; Neighbourhoods</b>	19,109	(2,581)	(85)	(6,526)	9,917	19,078	(2,581)	(6,522)	(421)	9,554
<b>TOTAL PEOPLE</b>	<b>292,403</b>	<b>(8,084)</b>	<b>4,544</b>	<b>(14,647)</b>	<b>274,216</b>	<b>124,879</b>	<b>(8,085)</b>	<b>(10,301)</b>	<b>(8,318)</b>	<b>98,175</b>
<b>Asset &amp; Investment Partnership Management</b>	16,686	(13,252)	2,890	(3,128)	3,196	16,687	(13,252)	(194)	(1,103)	2,138
<b>Environmental Services</b>										
Environmental Services	21,668	(1,005)	2,357	(4,169)	18,851	21,653	(1,005)	529	(2,035)	19,142
Technical Services	24,216	(4,872)	169	(4,514)	14,999	24,265	(4,872)	(4,283)	(1,511)	13,599
<b>Total Environmental Services</b>	<b>45,884</b>	<b>(5,877)</b>	<b>2,526</b>	<b>(8,683)</b>	<b>33,850</b>	<b>45,918</b>	<b>(5,877)</b>	<b>(3,754)</b>	<b>(3,546)</b>	<b>32,741</b>
<b>Sustainable Growth</b>	4,942	(4,491)	605	(12)	1,044	5,033	(4,491)	530	(10)	1,062
<b>TOTAL PLACES</b>	<b>67,511</b>	<b>(23,621)</b>	<b>6,021</b>	<b>(11,823)</b>	<b>38,090</b>	<b>67,638</b>	<b>(23,620)</b>	<b>(3,418)</b>	<b>(4,659)</b>	<b>35,941</b>
<b>DIRECTOR OF GOVERNANCE</b>	3,011	3,382	787	(8)	7,171	2,930	3,382	915	(6)	7,221
<b>DIRECTOR OF FINANCE</b>										
Resource Management	(599)	2,209	(1)	0	1,609	(591)	2,209	(1)		1,617
Corporate Performance & Improvement	377	661	(660)	(1)	377	385	661	(661)		385
Audit & Risk Management	(383)	590	118	0	326	(383)	590	119		326
Exchequer	508	420	25	(13)	940	536	420	12	(11)	957
<b>Total Director of Finance</b>	<b>(97)</b>	<b>3,879</b>	<b>(517)</b>	<b>(14)</b>	<b>3,252</b>	<b>(53)</b>	<b>3,880</b>	<b>(531)</b>	<b>(11)</b>	<b>3,285</b>
<b>CORPORATE &amp; DEMOCRATIC CORE</b>	4,943	1,981	527	(7)	7,443	4,869	1,981	494	(6)	7,339
<b>CAPITAL FINANCING / INTEREST ADJ.</b>	(3,457)	22,461	0		19,004	(3,457)	22,461	0		19,004
<b>OTHER COST PRESSURES AND FUNDING</b>	28,405		(5,602)		22,804	40,156		(20,235)		19,920
<b>MOSSLEY PARISH COUNCIL</b>	25				25	25				25
<b>TOTAL</b>	<b>392,744</b>	<b>0</b>	<b>5,760</b>	<b>(26,500)</b>	<b>372,004</b>	<b>236,988</b>	<b>0</b>	<b>(33,079)</b>	<b>(13,000)</b>	<b>190,909</b>
<b>GENERAL FUND - EXCLUDING DSG</b>	222,110		5,760	(26,500)	201,370					
<b>LESS</b>										
<b>REVENUE SUPPORT GRANT</b>					73,927					61,099
<b>LOCAL BUSINESS RATES</b>					26,231					27,036
<b>BUSINESS RATES</b>					22,950					23,654
<b>DEDICATED SCHOOLS GRANT (provisional)</b>					170,634					
<b>NEW HOMES BONUS</b>					2,373					2,373
<b>PUBLIC HEALTH FUNDING</b>					11,454					12,600
<b>USE OF RESERVES &amp; BALANCES</b>					988					700
<b>MOSSLEY PARISH COUNCIL - LEVIED</b>					25					25
<b>AMOUNT TO BE FUNDED FROM COUNCIL TAX</b>					63,422					63,422
<b>TOTAL RESOURCES</b>					<b>372,004</b>					<b>190,909</b>

\* Centralised budgets - notional capital financing charges, central support and insurance

## Appendix 1b: Summary of Savings Proposals

<b>PEOPLE</b>						
<p>We want Tameside residents to have the best possible opportunities to live healthy and fulfilling lives by focusing our resources on the following priorities:</p> <ul style="list-style-type: none"> <li>- Work with families to ensure children are ready for school</li> <li>- Support families to care for their children safely</li> <li>- Increase educational attainment and skills levels</li> <li>- Work with businesses to create economic opportunities for residents</li> <li>- Reduce levels of benefit dependency</li> <li>- Help people to live independent lifestyles supported by responsible communities</li> <li>- Improve health and wellbeing of residents</li> <li>- Protect the most vulnerable</li> </ul>						
	<b>2013/14</b>			<b>2014/15</b>		
	<b>Gross</b>	<b>Net</b>	<b>Savings target</b>	<b>Gross</b>	<b>Net</b>	<b>Savings target</b>
	<b>£000</b>			<b>£000</b>		
Adult Services	79,527	50,587	(3,478)	79,206	50,265	(1,383)
Health & Wellbeing	2,330	2,330	(7)	2,325	2,325	(5)
Public Health	11,454	11,454	0	12,600	12,600	0
Neighbourhood Services	15,655	9,916	(6,526)	15,293	9,554	(421)
Children Services	44,660	29,294	(4,636)	38,797	23,431	(6,509)
<b>Total People</b>	<b>153,626</b>	<b>103,580</b>	<b>(14,647)</b>	<b>148,221</b>	<b>98,175</b>	<b>(8,318)</b>
<b>Adult Services</b>						
<p>A fundamental review by the Council indicates that the current arrangements for provision of social care services is not sustainable in the longer term. The Council is therefore engaged in detailed discussions to see how we can work more closely with Health partners in the Borough including the NHS and voluntary and charity organisations. This work is progressing to examine the options for integrated service solutions. This will involve some risks for the Council and the emerging options will be carefully considered by Officers and Members.</p>						
				<b>13/14</b>	<b>14/15</b>	
				<b>£000</b>	<b>£000</b>	
Redesign of Day Services for Adults				97		
Reduction in Home Care packages				83		
Development of accommodation options and Sheltered housing				300	104	
Streamlining Care Pathways				255		
Out of Borough Reviews				65		
Collection/Prevention of lost income				296		
Management and Staffing Rationalisation				1,549		
Reduction in Voluntary Sector Grant by 20%				55	10	
Reduction in Market Development Grant to core funding only and cease to provide on-going partnership grants by Health and Wellbeing service				166		
Cease payments for CHC eligible cases where service users refuse screening by Health				675		
Cease to provide shopping and cleaning from Home Care services				100		
Withdraw financial support from luncheon clubs				25	15	
Reduce employment services				170		
Outsource further Homemaker services to independent sector				220		
Health and Wellbeing service rationalisation				200	200	
Transport				483	388	
Savings to be identified				(1,254)	671	
				<b>3,485</b>	<b>1,388</b>	
				<b>Total savings</b>		

### Neighbourhood Services

It is not affordable to deliver services in the same way going forward, so we need to completely change how we do things. The new neighbourhood offer strives for a cleaner, greener borough, and a more identifiable front line service. There will be a refurbishment of sports facilities, an arts and heritage plan based at Portland Basin, and a self financing events programme. Furthermore, there will be a major library facility in every District Assembly area, as well as a home delivery service, and promotion of e-books and the use of community IT services.

	13/14	14/15
	£000	£000
Management Costs	442	
A New Operations Structure for DA's	300	
A Redesigned Front Line Service	340	
An amalgamated Parks and Countryside Service	100	
Efficiencies in 3 <sup>rd</sup> Sector Funding	100	
A Single Risk Based Highways Function	460	
A New Neighbourhood Staffing Model	185	
Sports Trust and Sports Club Efficiencies	247	
Full Year Library Savings From Review Last Year	392	
Transport	526	421
Savings to be identified	3,434	0
<b>Total savings</b>	<b>6,526</b>	<b>421</b>

### Children Services

The priority elements of our core purpose are to protect the most vulnerable children from harm and provide early help to assist families to care safely for their children. We want to ensure that young people in Tameside are school-ready, as well as increasing attainment and skill levels, and we aim to reduce the number of troubled families and the need for children to be looked after.

	13/14	14/15
	£000	£000
Staff reorganisation / rationalisation	3,800	3,000
Transport (for both children and staff)	636	509
Reducing the number / cost of Looked After Children	500	500
Commissioning – Reduction of Contracts	716	
Family Intervention Project	505	
Troubled Families	400	
Children with Disabilities	250	305
Other identified savings	122	
Savings to be identified	(2,293)	2195
<b>Total savings</b>	<b>4,636</b>	<b>6,509</b>

## PLACES

We believe Tameside is a great place to live and work and we will strive to make it even better by focusing our resources on the following priorities:

- Strengthen the local business community and our town centres
- Improve transport infrastructure and digital connectivity
- Grow levels of inward investment
- Promote cleaner, greener and safer neighbourhoods
- Improve housing choice
- Reduce our carbon footprint, both in energy and waste
- Support a cultural offer that attracts people to the borough

	2013/14			2014/15		
	Gross	Net	Savings target	Gross	Net	Savings target
	£000			£000		
Environmental Services	60,019	33,850	(8,683)	58,911	32,741	(3,546)
Asset & Investment Partnership Management	7,205	3,197	(3,128)	6,147	2,138	(1,103)
Sustainable Growth	2,294	1,044	(12)	2,312	1,062	(10)
<b>Total Places</b>	<b>69,518</b>	<b>38,091</b>	<b>(11,823)</b>	<b>67,369</b>	<b>35,941</b>	<b>(4,659)</b>

### Environmental Services

We are committed to the development of a green agenda, and maximising energy efficiency initiatives and carbon reduction priorities. There will be development of core services, including recycling, bereavement and essential public protection, as well as maintenance of our highways and improved transport links with the delivery of key capital works.

	13/14	14/15
	£000	£000
Waste Levy- Maximise savings from landfill	2,500	1,000
Public Protection Enforcement	700	
Increased Fees & Charges	300	300
Waste Services / Fleet Management	683	546
Reduce Waste Frequency		300
Transport Levy	1,000	
Traffic Management & TRO's	150	
Highway Maintenance / Bridges / Structures	550	200
Street Lighting Maintenance	241	
Environmental Development/Energy Management	100	
Identified Savings misc	243	
Unified Highway service with DA's	100	
Remodel Winter Gritting	150	
Car Parking Income – remove free parking	120	
Car parking Charges – increase income	380	
Options for reducing street lighting energy		400
Savings to be identified	1466	800
<b>Total savings</b>	<b>8,683</b>	<b>3,546</b>

### Asset & Investment Partnership

The management of the council's assets will support the delivery of services, whilst contributing to the sustainability of the economy. We aim to reduce our building stock by 50%, but enhance and maintain our civic and historic buildings. We will continue to invest in schools maintenance and maximise opportunities through the Tameside Investment Partnership.

	13/14	14/15
	£000	£000
Reduction of buildings costs	2,000	2,000
Asset Management of School Buildings		200
Primary School Catering – likely to be delivered through TIP no current net subsidy from Council budgets		100
Savings to be identified	1,128	(1,197)
<b>Total savings</b>	<b>3,128</b>	<b>1,103</b>

## RESOURCES

As an organisation we will use our resources such as money and people to get maximum benefit for communities in Tameside. We will have to change the way we work to achieve our vision and priorities. We are committed to only doing what matters, by understanding what people need, designing services to meet this need and reducing any costs and duplications that may exist.

- Align our resources to deliver our priorities on people and place
- Improve value for money in the organisation by driving out waste and failure and meeting the needs of residents
- Achieve the savings required while delivering against our priorities
- Engage Tameside residents in the future of the borough
- Implement a change programme to deliver a flexible workforce responsive to customer demand
- Continue to strengthen our Governance, and Finance arrangements

	2013/14			2014/15		
	Gross	Net	Savings target	Gross	Net	Savings target
	£000			£000		
Director of Governance	8,652	7,171	(1,325)	8,702	7,221	(6)
Director of Finance	117,705	3,252	(822)	117,738	3,285	(11)
Corporate & Democratic Core	9,609	7,443	(7)	7,339	7,339	(6)
<b>Total Resources</b>	<b>135,966</b>	<b>17,866</b>	<b>(2,154)</b>	<b>133,779</b>	<b>17,844</b>	<b>(24)</b>

	<b>13/14</b>
	<b>£000</b>
Staff reductions- full year effect of service redesigns	1,685
Review of "You Choose"	100
Pre Paid payment cards	60
Distribution Service	50
Discretionary Rate Relief Review	80
Review of procure to pay system	25
Polling Stations	50
Single Person Discount review	50
Cross Cutting Transport Review	54
<b>Total savings identified</b>	<b>2,154</b>

### Appendix 1c: Dedicated Schools Grant

	<b>Confirmed</b>	<b>Provisional</b>
	<b>2012/13</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
Final / Estimated Gross Dedicated Schools Grant (DSG)	<b>167,352</b>	<b>170,634</b>
New Elements of Funding in 2013/14 DSG	<b>0</b>	<b>(3,024)</b>
Directly Comparable Gross DSG	<b>167,352</b>	<b>167,610</b>
Reduction of Dedicated Schools Grant due to transfer of funding to Academies in the borough	<b>28,206</b>	<b>28,452</b>
Net Dedicated Schools Grant	<b>139,146</b>	<b>139,158</b>
Pupil Premium Grant	<b>6,239</b>	<b>9,012</b>
Reduction of Pupil Premium Grant due to transfer of funding to Academies in the borough	<b>1,060</b>	<b>1,532</b>
Net Pupil Premium Grant	<b>5,179</b>	<b>7,480</b>
FTE Actual Pupil Numbers at January 2012 (2012/13) and at October 2012 (2013/14)	<b>33,779</b>	<b>33,875</b>

## Appendix 2a: Capital Programme

CAPITAL PROGRAMME 2012/2013 TO 2015/2016	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATE	TOTAL
PROGRAMME BY SERVICE	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	
<b>PEOPLE</b>					
<b>CHILDREN'S</b>					
-SCHOOLS	10,470	19,980	4,672	4,672	39,794
<b>ADULT SERVICES</b>	780	790	633	633	2,836
<b>COMMUNITY &amp; NEIGHBOURHOODS</b>					
-CUSTOMER AND CULTURAL SERVICES	1,823	751	0	0	2,574
-DISTRICT ASSEMBLIES	1,295	0	0	0	1,295
-COMMUNITY SAFETY	218	253	0	0	471
<b>PLACES</b>					
<b>ASSET &amp; INVESTMENT DEVELOPMENT PARTNERSHIP</b>	1,384	1,398	0	0	2,782
<b>ENVIRONMENTAL SERVICES</b>					
-ENGINEERING SERVICES	6,655	7,631	10,011	2,059	26,356
-TRANSPORT	1,337	0	0	0	1,337
-ENVIRONMENT	1,343	1,800	0	0	3,143
<b>SUSTAINABLE GROWTH &amp; PARTNERSHIPS</b>					
-PLANNING AND ECONOMIC DEVELOPMENT	1,916	5,425	400	0	7,741
-HOUSING	3,571	1,425	925	925	6,846
<b>GOVERNANCE</b>					
<b>ICT SERVICES</b>	285	1,730	0	0	2,015
<b>FINANCE</b>					
<b>EXCHEQUER</b>	12	0	0	0	12
<b>FINANCE</b>	2,035	6,089	12,898	14,096	35,118
<b>SLIPPAGE INTO FUTURE YEARS</b>	0	-3,300	0	0	-3,300
<b>TOTAL PROGRAMME</b>	<b>33,124</b>	<b>43,972</b>	<b>29,539</b>	<b>22,385</b>	<b>129,020</b>
<b>SUMMARY - ESTIMATED RESOURCES</b>					
TOTAL SUPPORTED CAPITAL EXPENDITURE	463	0	0	0	463
TOTAL UNSUPPORTED CAPITAL EXPENDITURE	10,900	12,000	12,000	12,000	46,900

CAPITAL GRANTS AND OTHER CONTRIBUTIONS	17,151	18,713	14,932	8,289	59,085
CAPITAL RECEIPTS	963	11,575	1,309	0	13,847
REVENUE CONTRIBUTIONS AND RESERVES	3,647	1,684	1,298	2,096	8,725
<b>TOTAL RESOURCES</b>	<b>33,124</b>	<b>43,972</b>	<b>29,539</b>	<b>22,385</b>	<b>129,020</b>
<b>PROPOSED PROGRAMME</b>	<b>33,124</b>	<b>43,972</b>	<b>29,539</b>	<b>22,385</b>	<b>129,020</b>
<b>NET RESOURCES POSITION - = shortfall</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CUMULATIVE NET POSITION</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CHILDREN'S</b>					
<b>SCHOOLS</b>					
BASIC NEED FUNDING STREAM		6,384	1,737	1,737	9,858
LYNDHURST - CONVERSION OF COMMUNITY ROOM FOR BULGE CLASS		44			44
GODLEY - REPLACE SINGLE MODULAR BUILDING		160			160
OAKDALE - INTERNAL REFURBISHMENT	50				50
BSF ICT CONTRACT	5,075				5,075
BUILDING SCHOOLS FOR THE FUTURE RESERVE - FUNDING STREAM		4,537			4,537
CAPITAL MAINTENANCE - FUNDING STREAM		3,213	2,402	2,402	8,017
GORSE HALL - ROOFING	239				239
ASHTON WEST END - ELECTRICAL REWIRE	208				208
WATERLOO - ROOFING	25				25
GRESWELL - ROOF REPAIRS	205				205
GRESWELL - MECHANICAL		44			44
MANOR GREEN - ROOFS		74			74
BROADOAK - ROOF REPAIRS	20				20
HURST KNOLL - MECHANICAL	56				56
ST JAMES' CE - ROOFS	65				65
ST PAULS CE STALYBRIDGE - ROOF REPAIRS	150				150
WORK AT TWO TREES DUE TO OCCUPATION BY RUSSELL SCOTT	200				200
SEED CHALLENGE: HOLLINGWORTH - TOILET REFURBISHMENT	15				15
SEED CHALLENGE: FLOWERY FIELD - OUTDOOR PLAY AREA IMPROVEMENTS	15				15
SEED CHALLENGE: GORSE HALL - TOILET REFURBISHMENT	37				37

SEED CHALLENGE: ARLIES - REMODEL FRONT OF SCHOOL		40		40
SEED CHALLENGE: WILDBANK - SECURITY ENTRANCE AND GATES		30		30
SEED CHALLENGE: HEYS - DOUBLE CLASSROOM		175		175
SEED CHALLENGE: AUDENSHAW - REPLACE ROTTEN WINDOWS		10		10
SEED CHALLENGE: MOORSIDE - MODIFY MAIN ENTRANCE/SECURE LOBBY	15			15
SEED CHALLENGE: LIVINGSTONE - KITCHEN REFURB/REMODEL	8			8
SEED CHALLENGE: ST ANNE'S DENTON - NEW ENTRANCE FOYER, RECEPTION AND SECURE LOBBY		50		50
SEED CHALLENGE: HOLDEN CLOUGH - REPLACEMENT WINDOWS		10		10
SEED CHALLENGE: BROADOAK - REPLACE FLAT ROOF, MODIFY MAIN ENTRANCE & REPLACE METAL WINDOWS	45			45
SEED CHALLENGE: GEE CROSS HOLY TRINITY - EXTENSION TO RELOCATE ENTRANCE	25			25
SEED CHALLENGE: BROADBOTTOM - EXTEND CURRENT EYFS		20		20
SEED CHALLENGE: HURST KNOLL - FOUNDATION STAGE UNIT		50		50
SEED CHALLENGE: ST JAMES' CE - REMODEL MAIN ENTRANCE, TOILETS AND ADMIN		25		25
SEED CHALLENGE: ST GEORGE'S HYDE - STAIR LIFTS AND ACCESS IMPROVEMENTS	50			50
SEED CHALLENGE: MOTTRAM CE - IMPROVE EXTERNAL PLAY AREAS	8			8
SEED CHALLENGE: ST PAUL'S HYDE - SAFEGUARDING NURSERY FENCING	9			9
SEED CHALLENGE: ST PETER'S RC - REPLACEMENT DOORS AND WINDOWS	20			20
SEED CHALLENGE: ST RAPHAEL'S - WINDOW REPLACEMENT	15			15
SEED CHALLENGE: CANON JOHNSON - COVERED OUTDOOR FOUNDATION PLAY AREA	6			6
SEED CHALLENGE: ST MARYS RC DENTON - HEATING DISTRIBUTION PIPEWORK REPLACEMENT	50			50
SEED CHALLENGE: ST STEPHENS - REPLACEMENT OF MOBILE AND ADDING TOILETS	25			25
SEED CHALLENGE: ST JOHN FISHER - INTERNAL REMODELLING	10			10
SEED CHALLENGE: ST CHRISTOPHER'S - HEATING PIPE AND RADIATOR PART REPLACEMENT	25			25
SEED CHALLENGE: LONGDENDALE - SCIENCE LAB REFURBISHMENT	25			25
SEED CHALLENGE: ST THOMAS MORE - WINDOWS, CONCRETE BEAMS AND FLAT ROOF	25			25
SEED CHALLENGE: ALL SAINTS - RELOCATE MAIN ENTRANCE AND INCREASE DINING HALL CAPACITY	25			25
SEED CHALLENGE: OAKDALE - ADDITIONAL CLASSROOMS TO ACCOMMODATE EXTRA PUPILS	50			50

AUDENSHAW PRIMARY - ROOF WORKS	8				8
BRADLEY GREEN PRIMARY - FOUNDATION ETC FOR TOILET		30			30
BROADOAK PRIMARY - ELECTRICAL SERVICES	20				20
COPLEY HIGH SCHOOL - FLAT ROOFS	500				500
HOLLINGWORTH PRIMARY - PITCHED ROOFING	129				129
HURST KNOLL CoE PRIMARY - FIRE ALARM	25				25
HURST KNOLL CoE PRIMARY - ELECTRICAL REWIRE	175				175
LONGDENDALE COLLEGE - FLAT ROOFS	439				439
MANCHESTER ROAD PRIMARY - INFANT BOILER	33				33
MANCHESTER ROAD PRIMARY - PILOT ENERGY REDUCTION	46				46
OAKFIELD PRIMARY - PITCHED ROOFING	29				29
RCCO RESERVE		683			683
WILDBANK PRIMARY - FIRE ALARM	10				10
CO-LOCATION OF ALDWYN & HAWTHORNS	112				112
DEVOLVED SCHOOLS CAPITAL	533	533	533	533	2,132
DROYLSDEN ACADEMY BSF	742				742
LYNDHURST PRIMARY SCHOOL	120				120
MODERNISATION PRIMARY	8				8
MODERNISATION SECONDARY	36				36
HOLDEN CLOUGH - RE-ROOFING	25				25
PRIMARY CAPITAL PROGRAMME - CONTINGENCY		306			306
PRIMARY CAPITAL PROGRAMME - RUSSELL SCOTT	100	2,650			2,750
RAVENSFIELD PRIMARY SCHOOL	101				101
SCHOOL SECURITY	18				18
SHORT BREAKS CENTRE AT CROMWELL SITE		912			912
SPECIFIC CAPITAL RESERVE	410				410
FLOWERY FIELD MODULAR BUILDING	55				55
<b>TOTAL SCHOOLS</b>	<b>10,470</b>	<b>19,980</b>	<b>4,672</b>	<b>4,672</b>	<b>39,794</b>
<b>TOTAL CHILDREN'S</b>	<b>10,470</b>	<b>19,980</b>	<b>4,672</b>	<b>4,672</b>	<b>39,794</b>

<b>ADULT SERVICES</b>					
MENTAL HEALTH PROJECT - IMPROVING SERVICE ACCESS		130	130		260
IT INFRASTRUCTURE	69	84	84		237
TRANSFORMING ADULT SOCIAL CARE		169			169
BEATRIX HOUSE- EXTRA CARE HOUSING	30				30
DH CAPITAL GRANT ALLOCATION	681	407	419	633	2,140
<b>TOTAL ADULT SERVICES</b>	<b>780</b>	<b>790</b>	<b>633</b>	<b>633</b>	<b>2,836</b>
<b>COMMUNITY &amp; NEIGHBOURHOODS</b>					
<b>CUSTOMER AND CULTURAL SERVICES</b>					
BRONZE MAPS	9				9
IMPROVING CUSTOMER EXPERIENCE / SIMPLIFYING CUSTOMER CONTACT POINTS	76	134			210
KEN WARD SPORTS CENTRE	13				13
ENVIRONMENTAL COMMUNITY IMPROVEMENTS IN CARRBROOK, STALYBRIDGE	5				5
RISK MANAGEMENT OF COUNCIL'S WOODLAND INFRASTRUCTURE	2				2
THEATRE FUND	10				10
IMPLEMENTING THE NEW LIBRARY OFFER	492				492
CLOSED LOOP CYCLE TRACK (ONE KILOMETRE)	12				12
HYDE LEISURE POOL PHASE 2	13	422			435
WOODLAND INFRASTRUCTURE	20				20
DROYLSDEN YOUTH CENTRE	1,171	195			1,366
<b>TOTAL CUSTOMER AND CULTURAL SERVICES</b>	<b>1,823</b>	<b>751</b>	<b>0</b>	<b>0</b>	<b>2,574</b>
<b>DISTRICT ASSEMBLIES</b>					
CHILDRENS PLAY	64				64
DUKINFIELD PARK IMPROVEMENTS	84				84
DA HIGHWAY MAINTENANCE	62				62

GREEN SPACE IMPROVEMENTS - DUKINFIELD	14				14
GREEN SPACE IMPROVEMENTS - HYDE	16				16
OAK PARK IMPROVEMENTS, STALYBRIDGE	39				39
PARK IMPROVEMENT PROGRAMME - CHEETHAMS PARK	4				4
STAMFORD PARK IMPROVEMENTS	636				636
MOSSLEY PARK STRUCTURAL REFURBISHMENT	18				18
OPERATIONAL DEPOT REDEVELOPMENT	130				130
ENVIRONMENTAL IMPROVEMENTS MOSSLEY PARK	32				32
LEISURE FACILITIES AT EGMONT ST, MOSSLEY	70				70
REDEVELOP KING GEORGE PLAY FIELDS, MOSSLEY	18				18
HYDE PLAY AREA IMPROVEMENTS	22				22
TREE COVERS / PLANTERS / RAILINGS	86				86
<b>TOTAL DISTRICT ASSEMBLIES</b>	<b>1,295</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,295</b>
<b>COMMUNITY SAFETY</b>					
SAFE AND SECURE PROJECT (ALLEYGATING AND BURGLARY REDUCTION)	218	253			471
<b>COMMUNITY SAFETY</b>	<b>218</b>	<b>253</b>	<b>0</b>	<b>0</b>	<b>471</b>
<b>TOTAL COMMUNITY &amp; NEIGHBOURHOODS</b>	<b>3,336</b>	<b>1,004</b>	<b>0</b>	<b>0</b>	<b>4,340</b>
<b>ASSET &amp; INVESTMENT DEVELOPMENT PARTNERSHIP</b>					
ASHTON NEW MARKET HALL	15				15
ACCESS TO BUILDINGS	193				193
BACKLOG MAINTENANCE (WITH ENERGY EFFICIENCY CONSIDERATIONS).	491				491
OPPORTUNITY PURCHASE FUND (INDIVIDUAL APPROVAL REQUIRED)	500	500			1,000
COMPUTERISED ENERGY MONITORING	75				75
WELLINGTON WORKS		898			898
ENERGY CONSUMPTION PILOT SCHEME DUKINFIELD TOWN HALL	110				110
<b>TOTAL ASSET &amp; INVESTMENT DEVELOPMENT PARTNERSHIP</b>	<b>1,384</b>	<b>1,398</b>	<b>0</b>	<b>0</b>	<b>2,782</b>

<b>ENVIRONMENTAL SERVICES</b>					
<b>ENGINEERING SERVICES</b>					
<b>STRUCTURAL MAINTENANCE</b>					
<b>BRIDGES</b>					
<b>BRIDGES / RETAINING WALLS - PRN</b>					
ESTIMATED FUTURE YEARS SETTLEMENT - YET TO BE ALLOCATED	0	0	0	0	0
STAMFORD STREET (SOUTH) - RETAINING WALL, MOSSLEY	166				166
GM RETAINING WALLS - EXTENDED WORKS	50				50
<b>BRIDGES NON PRN</b>					
JUBILEE BRIDGE - WILSHAW LANE, ASHTON	420				420
BROADBENT HOLLOWES CULVERT - HUDDERSFIELD RD, MOSSLEY	225				225
ASHTON HILL LANE CANAL BRIDGE, AUDENSHAW	175				175
RAGLAN ST CANAL FOOTBRIDGE, HYDE	25				25
<b>BRIDGES RETAINING WALLS</b>					
TIMPERLEY CLOUGH RETAINING WALL	100				100
<b>BRIDGES OTHER</b>					
PRINCIPAL / GENERAL BRIDGE INSPECTIONS	75				75
ASSET MANAGEMENT PLAN	50				50
	<b>1,286</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,286</b>
<b>PRINCIPAL / NON PRINCIPAL ROADS</b>					
<b>PRINCIPAL ROADS -</b>					
PRINCIPAL ROADS - YET TO BE ALLOCATED		2,509	2,059	2,059	6,627
A670 MOSSLEY ROAD, MOSSLEY (BROADCARR LANE JUNCTION)	20				20
A6018 STAMFORD STREET, STALYBRIDGE (KNOWL ST TO MARKET ST)	70				70
A6018 STAMFORD STREET, STALYBRIDGE (MARKET ST TO LEES ST)		20			20
A635 STAMFORD STREET, ASHTON (PARK PARADE TO STAMFORD SQUARE)	55				55

A6017 STOCKPORT RD, ASHTON (GUIDE LANE TO SOUTH ST)	40				40
A6017 GUIDE LANE, ASHTON (AUDENSHAW RD TO RAILWAY BRIDGE)	44				44
A57 MANCHESTER RD, DENTON (VARIOUS SECTIONS)	28				28
A6017 ASHTON ROAD, DENTON (TURNER ST TO WORTHINGTON WAY)	45				45
A6017 ASHTON ROAD, DENTON (WORTHINGTON WAY TO M67 BRIDGE)	15				15
A662 DROYLSDEN ROAD, AUDENSHAW (LUMB LANE TO ASSHETON AVENUE)	40				40
A662 MANCHESTER ROAD, DROYLSDEN (CRAVEN ST TO CANAL ST)	77				77
A57 MARKET ST, HYDE (TOWER ST TO HAUGHTON ST)	50				50
A627 DOWSON RD, HYDE (MARKET ST TO SHELL GARAGE)	80				80
A57 MOTTRAM ROAD, LONGDENDALE (M67 TO LYNHURST HOUSE)	20				20
STRATEGIC HRA WORKS	80				80
ASSET MANAGEMENT PLAN	40				40
STRATEGIC HIGHWAY DRAINAGE WORKS	20				20
<b><u>OTHER NON PRINCIPLE ROADS OTHER</u></b>					
DA SCHEMES TO BE IDENTIFIED	320				320
DARNTON RD, ASHTON (MELLOR ROAD TO ASTLEY ROAD)	40				40
FOUNTAIN ST, ASHTON (MOSSLEY RD TO HOSPITAL ENTRANCE)	47				47
ST ALBANS AVENUE, ASHTON (LEES RD TO BRISTOL AVENUE)	35				35
WINDSOR ROAD AREA, DENTON (VARIOUS FOOTWAYS & CARRIAGEWAYS)	70				70
TOWN LANE, DENTON (VARIOUS SECTIONS)	15				15
DROYLSDEN METROLINK ACCESS ROUTES	85				85
GREENSIDE LANE, DROYLSDEN (HIGH ST TO SCOTT ROAD)	90				90
LEWIS RD, DROYLSDEN (NORTH RD TO MANOR RD)	22				22
SANDY LANE, DUKINFIELD (PARK RD TO HOUSE NO 82)	48				48
NEWTON ST, HYDE (DUKINFIELD RD TO OLD RD)	45				45
	<b>1,541</b>	<b>2,529</b>	<b>2,059</b>	<b>2,059</b>	<b>8,188</b>
<b><u>STREET LIGHTING</u></b>					
STREET LIGHTING SCHEME CONTINUATION	50				50
	<b>50</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50</b>
<b><u>MINOR HIGHWAY WORKS</u></b>					
<b><u>PUBLIC TRANSPORT</u></b>					
BUS LANE ENFORCEMENT	10	0	0	0	10

<b><u>TRAFFIC MANAGEMENT</u></b>					
TM MEASURES - DARNTON RD, ASHTON	101				101
STOCKPORT ROAD - 20MPH ZONE	35				35
STRATEGIC ROUTES TRO'S	20				20
RESIDENTS PARKING SCHEMES	15				15
CHEETHAM HILL RD / ASHTON RD, DUKINFIELD / HYDE	10				10
KING ST DUKINFIELD SCOOT	5				5
	<b>186</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>186</b>
<b><u>IMPROVING PEDESTRIAN ACCESS</u></b>					
ZEBRA CROSSING IMPROVEMENTS	30				30
GENERAL DROPPED CROSSINGS	15				15
	<b>45</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>45</b>
<b><u>LOCAL SAFETY SCHEMES</u></b>					
MOSSLEY ROAD, ASHTON (BETWEEN HERRIES ST AND QUEENS RD)	50				50
ROBERT ST / GREAT NORBURY ST, HYDE	40				40
FIVEWAYS ROUNDABOUT DROYLSDEN	40				40
ASDA ROUNDABOUT	30				30
ROAD MARKING & WARNING SIGN IMPROVEMENT PROGRAMME	25				25
	<b>185</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>185</b>
<b><u>SUSTAINABLE TRAVEL</u></b>					
RIGHT OF WAY IMPROVEMENT PLAN	20				20
CYCLING	20				20
	<b>40</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40</b>
<b><u>OTHER</u></b>					
ELECTRIC CAR CHARGING POINTS	20				20
BOROUGHWIDE MINOR WORKS	20				20
	<b>40</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40</b>
<b><u>OTHER - SPECIFIC FUNDING</u></b>					
STREET LIGHTING	320				320
CARRIAGEWAY STRUCTURAL MAINTENANCE	148				148
THE LONGEDENDALE INTEGRATED TRANSPORT STRATEGY		480			480
THE LONGEDENDALE INTEGRATED TRANSPORT STRATEGY (NOTIONAL ELEMENT)			7,809		7,809
TfGM HIGHWAYWORKS ADJACENT TO METROLINK	327				327
ASHTON NORTHERN BYPASS - STAGE 2	574				574
NEWTON WORKS, HYDE S106	40				40

TRAFFIC SIGNAL CONTROL, MOSSLEY S106	80				80
BUCKLEY STREET, DROYLSDEN - CANAL TOWPATH WORKS - BW WORKS	26				26
BUCKLEY STREET, DROYLSDEN - CANAL TOWPATH WORKS	4				4
MANCHESTER RD ASHTON, ADDITIONAL RIGHT TURN ONTO M60	6	80			86
ASHTON TOWN CENTRE AND CIVIC SQUARE	1,336	4,000			5,336
DROYLSDEN REGENERATION WORKS	250				250
SUSTAINABLE ACCESS TO TAMESIDE STATIONS		309			309
PEAK FOREST CANAL ACCESS IMPROVEMENTS		143	143		286
ASHTON MOSS ACCESS IMPROVEMENTS	66				66
CONGESTION PERFORMANCE FUND (TRANCHE 4)	55				55
BETTER BUS AREA FUND SCHEME	40	90			130
	<b>3,272</b>	<b>5,102</b>	<b>7,952</b>	<b>0</b>	<b>16,326</b>
<b>TOTAL ENGINEERING SERVICES</b>	<b>6,655</b>	<b>7,631</b>	<b>10,011</b>	<b>2,059</b>	<b>26,356</b>
<b>TRANSPORT</b>					
REPLACEMENT OF 9 REFUSE VEHICLES	1,221				1,221
PURCHASE FORKLIFT TRUCK	18				18
PURCHASE 5 X NEUSON DUMPERS	28				28
REPLACE GROUNDCARE EQUIPMENT	70				70
<b>TOTAL TRANSPORT</b>	<b>1,337</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,337</b>
<b>ENVIRONMENT</b>					
CARBON REDUCTION - INVEST TO SAVE SCHEMES APPROVAL REQUIRED	311				311
FOOD WASTE CADDIES	228				228
REFURBISHMENT OF RECYCLING FACILITIES	3				3
RETROFIT (BASIC MEASURES)	436				436
GUIDE LANE FORMER LANDFILL SITE	44	1,800			1,844
CARBON OFFSET SCHEME	321				321
<b>TOTAL ENVIRONMENT</b>	<b>1,343</b>	<b>1,800</b>	<b>0</b>	<b>0</b>	<b>3,143</b>
<b>TOTAL ENVIRONMENTAL SERVICES</b>	<b>9,335</b>	<b>9,431</b>	<b>10,011</b>	<b>2,059</b>	<b>30,836</b>

<b>SUSTAINABLE GROWTH &amp; PARTNERSHIPS</b>					
<b>PLANNING AND ECONOMIC DEVELOPMENT</b>					
ASHTON MARKET HALL INCUBATOR UNITS	3				3
DROLYSDEN CANALSIDE QUARTER	164				164
GODLEY HILL DEVELOPMENT AND ACCESS ROAD	500	2,211	400		3,111
GROUNDWORK TRUST	20				20
H.N.C - STALYBRIDGE TOWN CENTRE	35				35
ST PETERSFIELD	60	3,214			3,274
TOWN CENTRE COMMERCIAL & SECURITY IMP GRANT SCHEME	5				5
HYDE TOWN CENTRE	1,129				1,129
<b>TOTAL PLANNING AND ECONOMIC DEVELOPMENT</b>	<b>1,916</b>	<b>5,425</b>	<b>400</b>	<b>0</b>	<b>7,741</b>
<b>HOUSING</b>					
DISABLED FACILITIES GRANTS	2,307	1,425	925	925	5,582
EMPTY PROPERTY STRATEGY	20				20
ENFORCEMENT	28				28
HOUSING SOFTWARE	9				9
ASHTON GATEWAYS PROJECT	25				25
GRANT FUNDING YET TO BE ALLOCATED	182				182
LOCAL AUTHORITY MORTGAGE SCHEME	1,000				1,000
<b>TOTAL HOUSING</b>	<b>3,571</b>	<b>1,425</b>	<b>925</b>	<b>925</b>	<b>6,846</b>
<b>TOTAL SUSTAINABLE GROWTH &amp; PARTNERSHIPS</b>	<b>5,487</b>	<b>6,850</b>	<b>1,325</b>	<b>925</b>	<b>14,587</b>
<b>ICT SERVICES</b>					
DATA STORAGE	53				53
CORPORATE APPROACH TO DESKTOP HARDWARE AND SOFTWARE	26				26
TAMESIDE DIGITAL INFRASTRUCTURE	126				126

WORKING DIFFERENTLY - IT HARDWARE & SOFTWARE	80	1,730			1,810
<b>TOTAL ICT SERVICES</b>	<b>285</b>	<b>1,730</b>	<b>0</b>	<b>0</b>	<b>2,015</b>
<b>EXCHEQUER</b>					
ESSENTIAL IT EQUIPMENT FOR REVENUES SERVICE	12				12
<b>TOTAL EXCHEQUER</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12</b>
<b>FINANCE</b>					
ESTIMATED FUTURE BORROWING APPROVALS / RECEIPTS	1,698	6,089	12,898	14,096	34,781
CAPITAL CONTINGENCY FUND	281				281
FEASIBILITY STUDIES	56				56
<b>TOTAL FINANCE</b>	<b>2,035</b>	<b>6,089</b>	<b>12,898</b>	<b>14,096</b>	<b>35,118</b>

## Appendix 2b: Prudential Indicators and Limits

### 1. Ratio of financing costs to net revenue stream

Limit/indicator	2013/14 %	2014/15 %	2015/16 %
Ratio of financing costs to net revenue stream	4.62	5.12	5.26

This ratio represents the total of all financing costs e.g. interest payable and minimum revenue provision (MRP) that are charged to the revenue budget as a percentage of the amount to be met from government grants and taxpayers (net revenue stream).

This ratio has been calculated based on the future years' level of borrowing set out at 5.6 and resource assumptions as set out in 3.2

### 2. Capital financing requirement (CFR)

Limit/indicator	2013/14 £000's	2014/15 £000's	2015/16 £000's
Core capital financing requirement	202,950	206,590	210,074
Other long term liabilities (e.g. PFI schemes and finance leases)	118,476	116,314	114,152
Total Capital financing requirement	321,426	322,904	324,226

The CFR is aimed to represent the underlying need to borrow for a capital purpose and is calculated from the aggregate of specified items on the balance sheet. The opening balance at the 01/04/13 has been estimated together with the movement in the CFR for future years.

Following accounting changes the CFR now includes any other long term liabilities (e.g. PFI schemes and finance leases) brought onto the balance sheet. Whilst this increases the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes.

The CFR increases by the value of capital expenditure not immediately financed (i.e. borrowing) and is reduced by the annual MRP repayment.

The estimated CFR is based on the same borrowing assumptions set out at 5.6.

### 3. Capital Expenditure

Limit/indicator	2013/14 £000's	2014/15 £000's	2015/16 £000's
Capital Expenditure	43,972	29,539	22,385

This is the estimate of the total capital expenditure to be incurred (from all funding sources) for future years and recommended for approval. This aligns to the total estimates for the capital programme as reported in **Appendix 2a**.

This estimate will continue to be updated as part of the monitoring process as new resources are subsequently notified.

#### 4. Incremental impact of capital investment decisions

Limit/indicator	2013/14 £	2014/15 £	2015/16 £
For the Band D Council Tax	5.40	24.82	44.24

This is the estimate of the **net** incremental impact of the capital investment decisions, based on the level of borrowing set out in the report at 5.6 (2013/14 £12.000m, 2014/15 £12.000m and 2015/16 £12.000m) and reflects the total cost of this additional borrowing (interest payments and minimum revenue provision) less government supported borrowing, as a cost on Council Tax.

#### 5. Operational Boundary and Authorised Limit on External Debt and Other Long Term Liabilities

Limit/indicator	2013/14 £000's	2014/15 £000's	2015/16 £000's
Operational Boundary for external debt	256,221	241,912	255,392
Authorised Limit for external debt	276,221	261,912	275,392

These limits include provision for borrowing in advance of our requirement for future capital expenditure. This may be carried out if it is thought to be financially advantageous to the Council.

The limits are made up as follows:

	2013/14 £000's	2014/15 £000's	2015/16 £000's
Estimated at 31/03/13	151,374		
Previous year operational boundary		256,221	241,912
Add Debt maturing in year	18,973	1,023	11,019
Add borrowing for 2013/14 and previous years requirement not taken up	70,070		
Add borrowing in advance for 2014/15 and future years	24,000	12,000	12,000
Less already Borrowed in Advance for future years	0		
Less Previous year maturing fall out		-18,973	-1,023
Less MRP	-8,196	-8,359	-8,516
<b>Operational Boundary - borrowing</b>	<b>256,221</b>	<b>241,912</b>	<b>255,392</b>
Add allowances for cashflow etc	20,000	20,000	20,000
<b>Authorised Limit - borrowing</b>	<b>276,221</b>	<b>261,912</b>	<b>275,392</b>

The allowance for cash flow is made up of 2 elements. (a). it is possible that a rescheduling exercise where we borrow prior to repayment could take place. We have allowed £10m for this. (b). Normally the amount of investments that we currently hold, would mean that there would be no need to borrow for cash flow purposes. However, occasionally, for pure treasury management purposes, it is advantageous to borrow for short term at interest rates lower than we invested for. We have allowed £10m for this.

We are also required to set operational boundaries and authorised limits for **Other Long Term Liabilities** (e.g. PFI schemes and finance leases), which are now shown on balance sheet, following recent accounting changes. The table below includes all current PFI schemes and finance leases in place, with an allowance of £1m for any new agreements that may arise.

Limit/indicator	2013/14 £000's	2014/15 £000's	2015/16 £000's
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Operational Boundary for Other Long Term Liabilities	118,476	116,314	114,152
Add allowance for new agreements	1,000	1,000	1,000
Authorised Limit for Other Long Term Liabilities	119,476	117,314	115,152

The total authorised limit of £396m (including both external borrowing and other long term liabilities should be set as the Council's affordable borrowing limit for 2013/14) as required under the provisions of the Local Government Act 2003.

## 6. Upper and Lower limits on Interest Rate Exposures

Limit/indicator	2013/14 %	2014/15 %	2015/16 %
Upper limit for fixed interest rate exposure	450	450	450
Upper limit for variable interest rate exposure	100	100	100

These limits are in respect of our exposure to the effects of changes in interest rates.

The limits reflect the net amounts of fixed/variable rate debt (i.e. fixed/variable loans less fixed/variable investments) as a percentage of our **net** debt (total loans less total investments).

## 7. Maturity Structure of borrowing for the forthcoming financial year

These limits set out the amount of projected borrowing that is fixed rate maturing in each period expressed as a percentage of total projected borrowing that is fixed rate.

		Upper %	Lower %
Upper/lower limit for maturity structure	Under 12 months	15	0
	12 months and within 24 months	15	0
	24 months and within 5 years	30	0
	5 years and within 10 years	40	0
	10 years and above	100	50

Future fixed rate borrowing will normally be for periods in excess of 10 years, although if longer term interest rates become excessive, shorter term borrowing may be used. Given the low current long term interest rates, we feel that it is acceptable to have a long maturity debt profile.

## 8. Limit for total principal sums invested for periods longer than 364 days

2014/15	2015/16	2016/17
£30m	£20m	£10m

At present we have no long term investments maturing in 2014/15 or beyond. Whilst we do not have any specific plans for more investments of this type, if interest rates and the security of the investment were favourable, it is possible that we might decide that maturities of greater than 1 year were prudent. However, it is felt that the amounts shown above should be the limits maturing in either 2014/15, 2015/16 or 2016/17.

## 9. Borrowing Limits in respect of GMMDAF

Operational Boundaries and authorised Limits must also be set for the Greater Manchester Debt Fund. The recommended limits are:

	2013/14 £000's	2014/15 £000's	2015/16 £000's
Operational Boundary – borrowing	152,540	139,041	125,542
Authorised Limit – borrowing	167,540	154,041	140,542

The difference between the operational boundary and authorised limit allows for temporary cashflow shortages and debt rescheduling where loans are borrowed in advance. The authorised limit of £168m should be set as the affordable borrowing limit for the GMMDAF for 2013/14 as required under the Local Government Act 2003.

The Code also requires compliance with the CIPFA Code of Practice for Treasury Management in the Public Services. The Council has adopted and adheres to this Code.

### Appendix 3: Pay Policy Statement for the Year 2013-14

This statement has been prepared in line with the requirements in the Localism Act 2011. It takes effect for the year 2013/14 unless replaced or varied by the full Council.

This statement complies with all statutory and legal requirements.

In this policy we use the term “Senior Manager” to mean the same as “chief officer” in the Localism Act 2011.

The Council already separately publishes information about pay and average pay which we thought would be helpful to set out here.

Highest Pay (per annum)	£166,929 p.a. (fte)
Average Pay (per annum)	£21,569 p.a. (fte) (based on mean) £20,198 p.a. (fte) (based on median)
Pay difference (between average & highest pay)	£145,360 (based on mean) £146,731 (based on median)
Pay Multiple (ratio between the average and the highest pay)	7.7:1 (based on mean) 8.2:1 (based on median)
Pay Multiple (ratio between the lowest and the highest pay)	13:1

#### 1. Policy on the remuneration of its Senior Managers

For Executive Directors and the Chief Executive this was determined by the Council’s Senior Staffing Panel on appointment, having regard to the Council’s duty to ensure best value and after taking professional advice on pay levels, market conditions and other relevant factors.

For Assistant Executive Directors this was determined by a job evaluation exercise undertaken in 2011. The scheme used was one designed by the Local Authority Employers Organisation, which advises Councillors at a regional level on employment issues.

The level of remuneration is determined as set out above. Other than allowable expenses the Council makes no payment to Senior Managers in addition to basic salary for undertaking their core role. Overtime is not payable to Senior Managers.

#### 2. Policy on the remuneration of its lowest-paid employees

In this policy we use the definition of lowest paid employee as being those paid on spinal column point 6 of the National Joint Council for Local Government Services. We use this because it is the lowest substantive pay grade used for local authority employees.

Our policy is that an employee would normally only be paid at this rate if they were in the first year of appointment to a post which has been evaluated under the national scheme for evaluating local authority jobs. The Council uses the nationally agreed job evaluation scheme for employees of local authorities which is used by almost all local authorities.

Once someone has been in post a year they will, subject to satisfactory performance, they move to the next increment in the pay scale.

**3. Policy on the relationship between—  
(i) the remuneration of its Senior Managers, and  
(ii) the remuneration of its employees who are not Senior Managers.**

The Council has no formal policy on the relationship between the remuneration of Senior Managers. Will Hutton's report entitled Fair Pay in the Public Sector contained a recommendation that the Chief Executive's salary should not exceed 20 times that of the lowest pay in the organisation. At Tameside, the pay multiple between the Chief Executive's pay and the lowest paid employee in the organisation (see section 2) is 13, and is therefore well within this recommended range.

**4. Policy relating to the remuneration of Senior Managers on recruitment**

All posts are subject to the Council's recruitment and selection process for job appointments, including promotions. Appointments will normally be made at the minimum of the relevant pay scale for the grade, although this can be varied if it is necessary to secure the best candidate. When recruiting to all posts the Council will take full and proper account of all provisions of relevant local government, employment and equalities law.

On occasion, the Council may need to consider market forces supplements for employees, which might include Senior Management posts. Authorisation arrangements for market forces supplements would be subject to approval by the Senior Staffing Panel. No such supplements are currently in place.

**5. Policy relating to increases and additions to remuneration for each Senior Manager**

Senior Managers are paid at a spot rate. Most Council staff receive nationally agreed pay awards but this does not apply to Senior Managers. The Senior Staffing Panel decide whether and when to increase the spot rates. No increases have been agreed since 2009.

**6. Policy relating to the use of performance-related pay for Senior Managers**

The Council does not pay performance-related pay to Senior Managers.

**7. Policy relating to the use of bonuses for Senior Managers**

The Council does not pay bonuses to Senior Managers.

**8. The approach to the payment of Senior Managers on their ceasing to hold office under or to be employed by the authority**

The approach to payment of Senior Managers is the same as those which apply to all Council employees.

Currently, the Council operates a scheme where employees may apply for voluntary severance. Payments under the scheme are capped at a maximum of 30 weeks pay for all employees, including Senior Managers. Any applications within this scheme are subject to approval at a senior level.

Employees who take severance are under the scheme are advised that they do so on the basis that the Council will not re-employ them and they contractually commit to returning any severance costs should they apply for any jobs with the Council, including any Community School or voluntary controlled school, within 12 months of leaving.

However, since 2012, as the level of budget cuts has crystallised, employees who have left the Council have been advised that until such time as the Council's challenging financial

position changes, and not before 2017, we do not intend to recruit former employees who had the benefit of an exit opportunity funded by the public purse.

Compensation payments for loss of office are considered in situations where an employee's post becomes at risk and/or the employment relationship is no longer tenable. A maximum payment of 12 weeks applies to all employees, including Senior Managers.

The Council's approach is to treat each case on its individual merits, taking professional advice on the appropriateness, and ensuring that all payments represent value for money to the taxpayer.

Employees who are 'at risk', having been displaced from their role, currently have a 4 week period from the date they are notified to access the voluntary severance scheme, with the additional loss of office payment in some circumstances. If an employee does not choose to access the voluntary severance scheme they will be supported in securing alternative employment. If the secured employment is at a grade lower than their previous post they will be assimilated to the new grade at the top spinal column point and receive pay protection up to their previous salary rate for a maximum period of 6 months.

## **9. Policy on publishing Senior Managers' Pay**

Senior Managers' pay is published on the Council's website.