Report To:	**EXECUTIVE CABINET**
Date:	28 June 2023
Executive Member / Reporting Officer:	Cllr Jacqueline North –First Deputy (Finance, Resources & Transformation) Ashley Hughes – Director of Resources
Subject:	**P12 2022/23 OUTTURN REPORT AT 31 MARCH 2023**
Report Summary:	The report sets out the Outturn position for the 2022/23 financial year. This was: • A £0.681m overspend against the 2022/23 revenue budget of £208.609m. • A small increase in the cumulative deficit in expenditure within the ring-fenced Dedicated Services Grant. • Capital Programme expenditure of £21.366m against an approved budget of £24.339m.
Recommendations:	Members are recommended to: 1) **Note** the Revenue Outturn position. 2) **Note** the impact of the Revenue Outturn position on the Council's reserves and balances (see table 1, main report) 3) **Note** the current position in respect of the Dedicated Schools Grant deficit. 4) **Approve** the write off of uncollectable debts as set out in **Appendix 1** 5) **Approve** the reserve transfers set out in the relevant table 6) **Note** the Capital Outturn position 7) **Approve** the £2.998m underspend on the Capital Programme for 2022/23 and its proposed re-profiling into the current 2023-24 financial year. 8) **Note** the funding position of the Capital Programme. 9) **Note** the changes to the Capital Programme. 10) **Note** the updated Prudential Indicator position.
Policy Implications:	The 2022/23 budget was set by Full Council in March 2022 in line with the Council's Constitution.
Financial Implications: **(Authorised by the Section 151 Officer & Chief Finance Officer)**	As contained within the report.
Legal Implications: **(Authorised by the Borough Solicitor)**	The Local Government Act 1972 (Sec 151) states that "every local authority shall make arrangements for the proper administration of their financial affairs…" Revenue monitoring is an essential part of these arrangements to provide Members with the opportunity to understand and probe the Council's financial position. Members will note that the outturn position is a net deficit of £0.681m on Council budgets. As the council has a legal duty to deliver a balanced budget by the end of each financial year Members need to be content that there is a robust Medium Term

plan in place to ensure that the council's longer term financial position will be balanced. Ultimately, failure to deliver a balanced budget can result in intervention by the Secretary of State.

The council has a statutory responsibility to ensure that it operates with sufficient reserves in place. The legislation does not stipulate what that level should be, rather that it is the responsibility of the council's 151 officer to review the level of reserves and confirm that the level is sufficient. Reserves by its very nature is finite and so should only be drawn down after very careful consideration as the reserves are unlikely to be increased in the short to medium term.

Risk Management: Associated details are specified within the presentation.

Failure to properly manage and monitor the Council's budgets will lead to service failure and a loss of public confidence. Expenditure in excess of budgeted resources is likely to result in a call on Council reserves, which will reduce the resources available for future investment. The use and reliance on one off measures to balance the budget is not sustainable and makes it more difficult in future years to recover the budget position.

Background Papers: Background papers relating to this report can be inspected by contacting : James Hopwood, Finance Business Partner – Corporate Services

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1. SUMMARY

1.1 This report presents the Council's outturn position for the 2022/23 financial year and the variances against the approved budget.

1.2 The macro-economic environment in the United Kingdom (UK) has been challenging for Local Authorities throughout the financial year. When the 2022/23 budget was set, the Bank of England economic forecast was expecting inflation to peak at around 5% in the spring of 2022 and average 2.3% for the year. Inflation peaked at 11.1% in October 2022 and has remained above 10% for the duration of the financial year. A pay award, worth an average of 7% (budgeted for at 1.75%), and a more than doubling of energy costs placed significant pressure on the council's budget.

1.3 This is alongside Adult Social Care Placement activity trending upwards for residential and nursing placements and Children's Social Care Placements being more expensive due to market sufficiency across placement types being felt locally and nationally. Scarcity of temporary accommodation placements has contributed to pressures in Place alongside materials inflation outstripping national indices and commuting patterns post Covid-19 restricting parking income returning to pre-pandemic levels.

1.4 The report presents separately the Outturn and budget position for Revenue, the Capital Programme and the Collection Fund. As well as setting out budget variances, the report also shows how these have impacted on the Council's financial position as at 31 March 2023.

1.5 The report also appends the annual Treasury Management Report and performance as required by the Treasury Management Code of Practice from the Chartered Institute of Public Finance and Accountancy (CIPFA).

1.6 There are separate budgets for Revenue and the Capital Programme because the type of expenditure is different and they are funded separately. The revenue budget is for day to day costs incurred and used up within one financial year. The Capital Programme invests in the land, buildings and equipment that provides the infrastructure for services.

1.7 The Collection Fund is a ring-fenced account for the collection and distribution of Council Tax and Business Rates.

1.8 Key points on the Outturn, budget variances and financial position at 31 March 2023 are:

REVENUE

- A net overspend on revenue of £0.681m compared to the original budget of £208.609m. This means that total net revenue expenditure was £209.290m.
- Expenditure of £208.609m was funded by equal and opposite income that forms the approved general funding underpinning the Council's budget. This general funding was from Council Tax, Business Rates, Government Grants, earmarked reserves and the General Fund Balance.
- The £0.681m overspend against the budget of £208.609m was funded through a reduction in the Council's General Fund Balance. There was an additional reduction in the General Fund Balance of £0.662m, which was part of the approved budget for 2022/23. The total reduction to the General Fund Balance was £1.343m. The General Fund Balance therefore reduced from £27.437m to £26.094m. To maintain the General Fund Balance at the level set in the 2023/24 budget of £27.537m a transfer from earmarked financial resilience reserves of £1.443m will be required in 2023/24.
- The total net revenue expenditure of £209.290m is after the net drawdowns from earmarked reserves of £13.685m. These drawdowns included using £3.316m of revenue grant reserves to fund expenditure determined by the grant conditions.
- A further £14.707m of reserves were drawdown as part of the general funding

supporting the Council's budget. The majority of this drawdown was in relation to the Collection Fund and a timing difference from Covid-19 changes to Business Rates. This timing difference is between the financial years the Council's share of the Collection Fund was altered and the year when the Government paid over a grant to mitigate the impact.

CAPITAL

- 2022/23 expenditure on the Capital Programme was £21.366m. This compares to the budget profiled within the Capital Programme for 2022/23 of £24.339m.
- £15.989m of the capital expenditure was financed from capital grants. Of these grants, £10.774m was received and used in the year. £5.215m was used from amounts received in previous years. The Council has also received a further £14.200m of capital grants in 2022/23 and these are financing the Capital Programme in 2023/24 and future years.
- £3.543m expenditure was financed from earmarked reserves which have been earmarked for capital purposes. Capital earmarked reserves have reduced from £5.055m to £1.512m.
- The Council received £0.458m in 2022/23 from the sale of land, property and equipment. This was used to fund 2022/23 capital expenditure.

RESERVES

- The movement on useable cash backed reserves is summarised in table 1 below.

Table 1 Summary Reserves Reconciliation Month 12.

Reserves Movement			**1 April 22 Balances £'000**	**2022/23 £'000**	**31 March Balances £'000**
1 April 2022 General Fund, School Balances & Earmarked Reserves	**(a)**		**(160,943)**		
2022-23 Revenue Budget reduction in Balances (per table 2)	(b)			13,685	
2022-23 Net Expenditure Funding draw on Balances	(c)			14,707	
31 March 2023 General Fund, School Balances & Earmarked Reserves	**(d)**	**Sum(a:c)**			**(132,551)**
1 April 22 Capital Grants and Capital Receipts reserves	**(e)**		**(29,780)**		
2022-23 Capital Programme Spend	(f)			21,366	
Less application Earmarked Reserves	(g)			(3,544)	
Less financing from revenue contributions	(h)			(1,058)	
2022/23 Capital Receipts received and used to finance capital spend	(i)			(458)	
Less Borrowing	(j)			(36)	
2022/23 Capital Grants received and used to finance capital spend	(k)			(11,055)	
2022/23 Capital Programme funding from opening Capital Grants Balances	(l)	Sum(f:j)		5,215	
2022/23 Capital Grants received, earmarked for future use and unapplied	(m)			(14,200)	
Closing Capital Grants and Capital Receipts	**(n)**	**sum(e+l+m)**			**(38,765)**
Total Cash Backed Useable Reserves and Balances	**(o)**		**(190,722)**		**(171,316)**

2. REVENUE OUTTURN POSITION AT MONTH 12

2.1 As noted above, the Council's revenue outturn position for 2022/23 overspent by £0.681m against a budget of £208.609m.

2.2 The net overspend contains within it, a number of significant but offsetting variances. These are expanded upon in the paragraphs below.

2.3 Table 2 below shows the Revenue Budget position analysed by Service Area.

Table 2: Revenue Outturn 2022-23

Service Areas	2022/23 Budget	Month 12 Outturn	Reserves Applied	M12 Outturn after Reserves	Variance after Reserves	Month 11 Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Adults	45,961	53,770	(5,088)	48,682	2,720	2,272
Children's Services - Social Care	57,024	57,166	(133)	57,033	9	347
Education	7,200	8,857	(1,075)	7,782	582	736
Schools	0	(851)	851	0	0	0
Population Health	14,301	13,300	(432)	12,868	(1,433)	(1,481)
Place	24,992	29,568	616	30,184	5,192	5,078
Governance	9,614	9,765	(447)	9,318	(296)	207
Finance and IT	9,882	9,204	645	9,850	(32)	(54)
Quality and Safeguarding	106	11	95	106	0	0
Capital and Financing	7,954	8,916	(3,121)	5,795	(2,159)	(2,090)
Contingency	(4,298)	(2,228)	(5,597)	(7,826)	(3,528)	(3,372)
Corporate Costs	5,169	5,126	0	5,126	(42)	(24)
Levies	30,704	30,372	0	30,372	(331)	15
TMBC Budgets	**208,609**	**222,975**	**(13,685)**	**209,290**	**681**	**1,634**

2.4 As can be seen from the table above, the net Outturn of £0.681m is a reduction of £0.953m from the projected overspend of £1.634m in month 11.

2.5 A more detailed narrative explanation of the variances shown in Table 2 is also set out below. Additional information around cost and income drivers for all services are being presented through the Council's STAR Chamber process on savings delivery and financial management alongside mitigations and opportunities, and will form part of regular reporting to Executive Cabinet and Full Council.

- **Adults –** The chief driver of the net overspend on Adults of £2.720m was the higher numbers of residential placements required during the year. This was both for long and short term placements. However, the demand for short-term placements increased very significantly. The underlying cause of the increased demand is demographic change meaning an increasing number of elderly residents. This increased demand has only been partially offset by the additional funding from service users, causing an ongoing pressure on Council finances. The pressures are being actively monitored in 2023/24 with the service prioritising opportunities to mitigate pressures. This will be monitored throughout the budget cycle.

- **Children's Services – Social Care –** The overall position on Children's services, was a small overspend of £9,000, which is virtually breakeven. However, within this net position, there was an overspend on placements of £0.577m, caused by the increased cost of external placements (driven by market sufficiency and placement availability), rather than increased demand. This overspend was almost fully mitigated by other in-year savings on staffing, supplies and services and additional grant income.

- **Education –** Education outturn was a net overspend position of £0.582m. The main driver was additional demand for Special Education Needs & Disability (SEND) transport. SEND Transport demand is driven by increases in EHCP numbers, which have risen by c. 500 in 2022/23, a 21.77% increase in-year. This additional demand was partially offset by in year staffing under spends.

- **Schools -** The schools budget is financed by a Government Grant – the Dedicated Schools Grant, with any variance in spend compared to the grant is excluded from the Council's General Fund.

- **Population Health -** Population Health underspent by £1.433m in 2022/23. This underspend was due to a number of different factors, including: staff vacancies, additional grant funding, reduced demand and a specific saving on an external contract.

- **Place -** There was an overspend within Place of £5.192m. This comprised a £2.940m overspend in Operations and Neighbourhoods and a £2.252m overspend in Growth. Each of these overspends are explained in detail below:

  - **(Place) Operations and Neighbourhoods** - There was £0.282m of additional energy costs for street lighting. Maintenance budgets overspent by £0.512m due to materials price increases. The cost of temporary accommodation (TA) increased by £1.440m due to: increased demand arising from the cost-of-living inflation pressure on household income; and a lack of long-term accommodation placing greater reliance on TA. There was also a £0.548m reduction in car park income linked to changes in commuting patterns following Covid, the reduction in parking income is seen elsewhere in the UK and across Greater Manchester. These pressures, whilst not necessarily to the same value, still remain in 2023/24, and are being actively monitored and managed through the budget cycle.

  - **(Place), (Growth) –** The most significant overspend in Growth was caused by an overspend in the Corporate Landlord function of £1.907m. £0.819m related to increased energy costs. £1.079m was from contract increases on the Facilities Management Services Contract arising from indexation at RPI (£0.400m) and . There was also reduced rental income partly offset by one-off accounting adjustments. As with Operations and Neighbourhoods, the ongoing pressures are being monitored through the budget cycle.

- **Governance –** Governance underspent by £0.296m. This was due to underspends across the service area, primarily due to vacant posts, partly offset by lower debt recovery on Housing Benefit Overpayments.

- **Quality and Safeguarding -** There were no budget variations within the Quality and Safeguarding service area. The budget primarily comprises staffing costs which were as expected during the year.

- **Finance and IT -** There was a small net underspend on Finance and IT of £32,000 on staffing, partially offset by increased costs on supplies & services and adjustments to the insurance provision.

- **Corporate Costs and Income** – There was an underspend of £6.061m on corporate costs. These are mostly one-off in nature and cannot be expected to support ongoing pressure in future years. A breakdown is shown below:

- **Capital and Financing -** There was an underspend of £2.159m on Capital and Financing mainly due to more interest income which has arisen from the increase in the Bank of England's base rate through the financial year, currently standing at 4.5% in June 2023.

- **Contingencies -** There was an underspend of £3.528m within Contingencies. This was caused by the release of earmarked reserves, off-set by an under-achievement of planned savings from digital transformation.

- **Corporate Costs -** There was an underspend on Corporate Costs of £42,000, relating to small savings on staffing.

- **Levies -** There was an underspend on Levies of £0.331m. This was due to a rebate on the waste levy, off-set by other additional costs.

Application of Earmarked Reserves

2.6 The Council holds earmarked reserves to manage future funding pressures, where the value or the timing of any spend is uncertain or where funding is held for specific objectives, such as ring-fenced grants.

2.7 There was a net drawdown on earmarked reserves in 2022/23. As shown in table 2 above, the net drawdown to support service areas was £13.685m. Table 3 below summarises these drawdowns:

Table 3: Top Up / (Drawdown) of Earmarked Reserves 2022/23.

Service Area	Reserve Movement	Analysis of Reserves Applied
	£'000	£'000
Adults	(5,088)	(4,226): S75 Risk Share Arrangement 22/23 (911): Service Redesign funded through IBCF reserves as an in year agreement - Funded through new Grant Funding from 23/24 (142): Ring-fenced Funding from Health towards Purchase of Spot Beds to Facilitate Discharge from Hospital 22/23 (90): Ring-fenced Transformation Fund to support the Support at Home Model since removal of Transformation Grant in 20/21 (63): Joint investment Funding towards post in Transformation Team 22/23 (35): Aging Well Funding from Health NWAS & CRS project 2 Warden Posts 228: Ring-fenced Better Care Funding towards Controcc System 23/24 130: Ring-fenced Adults Social Care Streamlining Assessments Grant - Funding to support projects in 23/24 21: Ring-fenced Funding from GM Health & Social Care Partnership for Workforce Collaboration Insulin Training - Agreed as part of service planning following transfer to ICB - Project due to start in 23/24
Children's Services - Social Care	(133)	170: Supporting Troubled Families balance used to support 23/24 programme 82: Holiday Activity and Food Programme underspend moved to reserve 69: SHIFT Programme balance moved to support 23/24 programme

		45: Early Intervention Prevention Grant (EIPG) funding to support 23/24 25: Youth Offending Turnaround Programme Grant balance used to support 23/24 programme (415): Children's Social Work Teams drawdown (87): Signs of Safety contribution to Population Health (76):Contribution to commissioning (61): Youth Justice Service drawdown to support 22/23 programme (49) Early Access Point drawdown for post
Education	(1,075)	(988): Ring-fenced Dedicated Schools Grant (DSG) - movement to support the net High Needs deficit within the Education Service for High Needs Placements. (35): School Improvement Monitoring and Brokering Grant - Grant brought forward for the academic year 2022/23 to support spend in the Summer Term. (35): Early Years Provider Development Grant drawdown to support spend relating to the programme. (2): Balance of contribution from the Early Years Consortium to fund First Aid Training delivered in 2022/23. 34: Contingency contributions from schools earmarked to support schools in financial difficulty. (141): Additional support for the SEN Assessment Team as agreed at Cabinet in July 2021. 92: Virtual Head Extension of Role Funding - This funding is earmarked to support a joint working programme which has not taken full effect in 2022/23 as expected and resource requirements in 2023/24.
Schools	851	454: Increase in School Balances 197: Approved use of School Balances to support High Needs deficit. (600): PFI movement 743: Ring-fenced Dedicated Schools Grant (DSG) - movement to support the net DSG deficit. 56: Other reserve movements.
Population Health	(432)	(319): Ring-fenced Funding from Health received in 21/22 to support planned Early Attachment Financial Strategy 22/23 (104): Ring-fenced Funding for use in 22/23 - Better Mental Health Unspent Grant 21/22 (59): Ring-fenced Funding from Health received in 21/22 to support planned smoking in pregnancy Financial Strategy 22/23 (50): Children's Reserve Allocation for salary costs - Mental Health Project (15): Ring-fenced Funding for use in 22/23 - Alcohol Exposed Pregnancy Project Unspent Grant 21/22 104: Domestic Abuse Transformation Funding to be used in 23/24 as part of the agreed plan 20: Domestic Abuse GMCA Funding to be used in 23/24 to support IRIS Programme
Place	616	(108): Utilisation of business rates 100% retention benefit to contribute to Stalybridge Town of Culture (70) and Christmas lights (38). 1,516: Transfer of TMBC's share of Hattersley Collaboration Agreement monies to reserve.

		157: Transfer of Local Plan reserve funding back to reserves for use in future years. (376): Use of earmarked reserves (previously approved) to fund Ex-forces scheme for Veterans (29), Parks and street cleansing (24), Ashton Moss (199), Hyde Town Centre (43) and Stalybridge HAZ (81) (362): Use of external contributions to fund greenspace & war memorial improvements (£18k) and highways expenditure (344) 863: Transfers of grant funding received in 22/23 to utilise on expenditure in future years. Include Ukrainian Refugee funding (810), Tree Planting (21) and a number of other small grants. (853): Use of grant funding received in prior years to fund expenditure in 22/23 - Includes 544 for Homelessness, 67 for youth work, 60 for NEET/Youth employment, 57 for drainage works and a range of other smaller grant amounts. (153): Net drawdown from maintenance smoothing reserves. (68): Net drawdown from PFI affordability reserves.
Governance	(447)	(83) Drawdown from Children's Social Care Improvement Plan Reserve (39) Drawdown from the Godley Green Scheme (31) Drawdown from the Joint Commissioning Reserve (23) Drawdown from Budget Resilience for IT Systems' development report (7) Further Drawdown from Budget Resilience Reserve for IT Systems development report (300) Drawdown from the Budget Resilience Reserve to fund transformation (36) Transfer into Budget Resilience Reserve for New Burdens Funding for Local Elections
Finance and IT	645	690: Transfer into IT investment reserve to upgrade IT equipment as part of ensuring capital funding is sufficient and appropriate to support IT equipment investment on a rolling basis. 121: Transfer into Teachers Maternity Insurance reserve scheme. 63: Drawdown on reserve for funding of mobile devices. (229): Transfer from Central Insurance Reserve
Quality and Safeguarding	95	Minor top ups to reserves
Capital and Financing	(3,121)	(3,462): use of reserves to finance capital expenditure 342: internal interest paid to PFI reserves
Contingency	(5,597)	(3,702) Use of prior year collection fund balances to fund 2022/23 position. (272) Transfer Covid grant balances to reserves (519) Use of reserve to fund SEND investment (1,648) to fund budget
Corporate Costs	-	
Levies	-	
TMBC Expenditure	**(13,685)**	

2.8 Earmarked reserves are one element of the total useable reserves and balances held by the Council. Useable reserves represent cash received by the Council, not yet spent. However, as noted, useable reserves are ring-fenced for specific purposes in accordance with the requirements of outside bodies, regulation or specific future risks.

2.9 A detailed breakdown of all useable reserves and balances is shown in table 4 below.

2.10 Specific Earmarked Reserves Use in Table 4 is on planned activities and does not cover unplanned overspends on Council business in 2022/23.

Table 4 Useable Reserves and Balances.

Earmarked Reserves	01-Apr-22 £'000s	Net Change £'000s	31-Mar-23 £'000s
Specific Earmarked Reserves	(61,925)	3,747	(58,178)
Building Schools for the future reserve	(10,311)	(5)	(10,316)
Schools Funding Reserve	(234)	(34)	(268)
Collection Fund Reserve	(32,725)	16,934	(15,791)
Revenue Grant Reserves	(12,393)	3,185	(9,208)
Covid 19 Grants Reserve	(1,568)	131	(1,437)
Ringfenced Capital Reserves	(5,055)	3,544	(1,511)
Total Earmarked Reserves	(124,211)	27,502	(96,709)
General Fund Balance	(27,437)	1,343	(26,094)
Schools Cash Reserves	(9,294)	(454)	(9,748)
General Fund, School Balances & Earmarked Reserves	(160,942)	28,391	(132,551)
Capital Grants Reserve	(29,777)	(8,985)	(38,762)
Capital Receipts Reserve	(3)	0	(3)
Total Useable Reserves and Balances	(190,722)	19,406	(171,316)

Savings

2.11 A savings programme was included in the 2022/23 budget setting process in order to set a legally balanced budget. This was part of a cumulative plan up to 2026/27, as set out in the Medium Term Financial Strategy (MTFS). The MTFS was updated for the 2023/24 approved budget and continues to be updated.

2.12 The 2022/23 savings programme included £6.565m of savings from the implementation of 31 individual schemes. For the Outturn, 17 of the schemes were achieved in full, however, by value, these comprised 43% of the savings programme.

2.13 The specific savings for 2022/23 were from 4 service areas: Children’s Services, Population Health, Place and the Corporate Centre. Population Health achieved its savings. Within Capital and Financing, a saving in excess of the target was delivered. However, there was a shortfall in other service areas.

2.14 Table 5 below summarises the 2022/23 savings programme by service area.

Table 5: 2022/23 Savings Programme

2022/23 Savings Programme	Opening Target £000s	Over Achievement of target £000	Total delivered at Outturn £000s	Not Achieved £000s
Children's Services	2,944		640	2,304
Children's - Education	235		235	-
Population Health	645		645	-
Operations and Neighbourhoods	753		324	429
Growth	862		410	452
Capital and Financing	126	62	124	-
Corporate Contingency	1,000		435	567
Total	**6,565**	**62**	**2,813**	**3,752**
%			**43%**	**57%**

2.15 14 out of the 31 schemes were not fully delivered. One of the schemes within Children's, was the better use of Independent foster agencies and improved management of the demand for placements. This scheme was partially implemented but not fully realised during the 2022/23 financial year. The roll out from the corporate centre of digital and transformational ways of working, was also not achieved. Table 6 below summarised the saving schemes which were not fully realised during the year.

Table 6: 2022/23 savings schemes which were not achieved.

No.	Directorate	Scheme	Not delivered £000s
1	Children's	Convert from residential placements to Independent Fostering Agencies & reduction in overall foster placements	2,304
2	Corporate	Digital and transformational savings	565
3	Place	Asset Management Accommodation Strategy	207
4	Place	Public Protection staffing review	115
5	Place	Commercial Estate Income Generation - opportunities to increase income through build/purchase of industrial estate.	105
6	Place	CCTV Connection to updated fibre optic network	89
7	Place	Reduce collection frequency - 3 weekly Blue Bin collections	78
8	Place	Reduce collection frequency - Black bin collections to 3 weekly	78
9-14	Place	Various	211
	Total		**3,752**

2.16 As part of budget monitoring, the Executive Cabinet and Council, upon determining savings plans were at risk of non-delivery, requested that officers present alternatives to support the delivery of the approved budget for 2022/23. The final out-turn is reflective of the ongoing work undertaken by officers and Executive Cabinet to deliver an out-turn within planned resources. Since the start of the 2023/24 financial year, a new monitoring system of Star Chamber reviews has been implemented alongside monthly monitoring to Executive Cabinet which covers revenue and capital positions alongside savings programme delivery.

3. DEDICATED SCHOOLS GRANT (DSG)

3.1 The DSG grant is provided to the Council by the Government for expenditure on schools. As such, any balances related to the DSG grant are held separately, and all expenditure is managed within a separate account.

3.2 Within this separate account, the cumulative surplus or deficit between the grant income and expenditure is held and carried forward into the following year. The opening deficit and in-year movement is shown in the table below:

Table 7 DSG 2022/23 Outturn

	2022/23 (Surplus) / Deficit £'000
DSG Reserve balance Brought Forward	**3,243**
Schools Block	(353)
In year surplus on Central Service Block	-
In year deficit on High Needs Block	1,018
In year surplus on Early Years	(614)
Estimated Early Years 2020-21 Final Adjustment	-
Estimated Early Years 2021-22 Adjustment and Final Adjustment	(4)
Estimated Early Years 2022-23 Adjustment	16
DSG Reserve Closing Balance	**3,306**

3.3 The table shows that at 31 March 2023, the cumulative deficit on the DSG was £3.306m, an increase in the deficit of £63,000 compared to the deficit of £3.243m at 1 April 2022. As there is a statutory override in place until 2025/26, a deficit balance on the DSG reserve is ring-fenced from the General Fund and is therefore not a potential charge to the local taxpayer until that point. The Council is undertaking the Delivering Better Value in SEND programme with the Department for Education and has an agreed recovery plan through its Schools Forum. Both of these support the ongoing management of the High Needs Block.

3.4 The table also shows that the reason for the increase in the deficit was expenditure on the High Needs Block, although this was mostly offset by savings on Early Years and within the Schools Block.

Debt write offs

3.5 The Council is owed payment in relation to its revenue activities and other accounts, such as Sundry Debts, Council Tax and National Non-Domestic Rates.

3.6 Provisions are set against these debts when there is a risk of non-payment. At the point that these provisions are set, there is an expense charged against the revenue budget for sundry debt or the Collection Fund for local taxation (Council Tax and National Non-Domestic Rates).

3.7 Debt is written off when it becomes irrecoverable. The CIPFA Code outlines how a Council should determine when debt is irrecoverable and irrecoverable debt can be due to statute barring, credit arrangements such as Individual Voluntary Arrangements and Company Voluntary Arrangements, bankruptcy, inability to trace the debtor, a debtor passes away and there is no estate to claim against.

3.7 When a debt is written off, there is no additional expense where there is a provision. However, the expenditure becomes permanent. If Executive Cabinet agree to write off a debt deemed irrecoverable that is subsequently collected, the Council can, and should, write the debt back on. Appendix 2 sets out the write offs from 1 January 2023 to 31 March 2023. In accordance with the financial regulations, Executive Cabinet is requested to approve these write offs.

4. COLLECTION FUND

4.1 The Collection Fund is a separate ring-fenced account for Council Tax and Business Rates. This account receives Council Tax and Business Rates in-year and redistributes them to the preceptors: Tameside Councils revenue budget; and the Greater Manchester Combined Authority.

4.2 The opening deficit on the Collection Fund was related to Business Rates, rather than Council Tax. Nearly all Councils had opening deficits due to Business rates. This was because additional reliefs were awarded to businesses to mitigate Covid restrictions and the cost of this was spread over a number of years. The Council has received a grant from the Government to compensate for its share of the cost.

4.3 Table 8 overleaf shows the 2022/23 Outturn against budget for both Business Rates and Council Tax.

Table 8 Collection Fund Outturn

Collection Fund for the year ended 31 March 2023	BUDGET Council Tax £000	BUDGET NDR £000	BUDGET Total £000	OUTTURN Council Tax £000	OUTTURN NDR £000	OUTTURN Total £000	Variance Total
Income							
Income from Council Tax	(129,477)		(129,477)	(129,072)		(129,072)	405
Transfers from General Fund (S13A relief)			0			0	0
Income from NDR		(54,046)	(54,046)		(50,567)	(50,567)	3,479
Total Income	**(129,477)**	**(54,046)**	**(183,523)**	**(129,072)**	**(50,567)**	**(179,639)**	**3,884**
Expenditure			**0**			**0**	**0**
Council Tax			0			0	0
The Council	104,622		104,622	104,622		104,622	0
GMCA Mayoral Police and Crime Commissioner	14,453		14,453	14,453		14,453	0
GMCA Mayoral General Precept (inc. Fire)	6,517		6,517	6,517		6,517	0
NDR			0			0	0
The Council		47,099	47,099		47,099	47,099	0
Central Government			0			0	0
GM Fire and Rescue Authority		475	475		475	475	0
Allowance for cost of collection		284	284		286	286	2
Transitional Protection Payments			0		(63)	(63)	(63)
Increase/(decrease) in:			0			0	0
Allowance for non-collection	3,884	2,702	6,586	2,270	1,661	3,931	(2,655)
Provision for appeals		3,485	3,485		(2,515)	(2,515)	(6,000)
Surplus/deficit (allocated)/paid out in year:			0			0	0
The Council	3,036	(15,062)	(12,026)	3,036	(15,062)	(12,026)	0
Central Government			0			0	0
GMCA Mayoral Police and Crime Commissioner	413		413	413		413	0
GMCA Mayoral General Precept (inc. Fire)	172	(152)	20	172	(152)	20	0
Total Expenditure	**133,097**	**38,831**	**171,928**	**131,483**	**31,729**	**163,212**	**(8,716)**
(Surplus)/deficit for the year	**3,620**	**(15,215)**	**(11,595)**	**2,411**	**(18,838)**	**(16,427)**	**(4,832)**
						0	
Balance brought forward	(3,516)	10,570	7,054	(3,516)	10,570	7,054	0
(Surplus)/deficit for the year	3,620	(15,215)	(11,595)	2,411	(18,836)	(16,425)	(4,830)
(Surplus)/deficit carried forward	**104**	**(4,645)**	**(4,541)**	**(1,105)**	**(8,266)**	**(9,371)**	**(4,830)**

4.4 The above table shows that at the end of the 2021/22 financial year, there was a deficit on Collection Fund of £7.054m – this is shown in the total budget column and within the balance brought forward line.

4.5 The Council always plans to recover a deficit by achieving a surplus in the following year. At the end of 2022/23, there was a surplus of £9.371m, which was in excess of the previous year's deficit – as shown in the total outturn column and the row headed (Surplus)/deficit carried forward. In 2022/23 the budgeted in year position was to achieve a surplus of £11.595m, which was required to recover the deficit from previous years and ensure a sustainable position moving forward. This was largely to be achieved by distributing less in income to Tameside Council and the Greater Manchester Combined Authority (GMCA). The actual in year surplus achieved was £16.425m, leading to an increase in the closing surplus at the end of 2022/23.

4.6 The detailed variances against the budgeted position, analysed between Business rates and Council Tax, are summarised below:

- 2022/23 income from Business Rates was £3.479m less than budgeted in 2022/23 – as shown in the total variance column. The reason for this was provision of additional reliefs (discounts) to Business Rate payers during 2022/23. These reliefs were provided in order to mitigate the effects of Covid-19 on Businesses. Importantly, the Council was compensated by a grant from the Government for the impacts of this on its share of

Business Rates. This grant was receipted within the Council's revenue account rather than the Collection Fund.

- The overall Business Rates position includes provisions for the appeals raised by businesses, challenging their overall tax liability, and a provision for bad and doubtful debt. The provision for bad and doubtful debt was approximately £1m less than budgeted. The provision for appeals was significantly reduced, while the budget anticipated it would increase– the resulting £6m positive variance against budget can be seen in the table in the movement on the provision for appeals. These movements on provisions, offset the impact of lower actual business rate income to deliver an in-year gain of £3.621m.
- Actual Council Tax collected was lower than budgeted by £0.405m, as shown in the variance column. The amount of Council Tax collected depends on the actual number of households in each year and the discounts awarded. For example, single person households receive a 25% discount. There was however a positive variance on the cost of uncollected debt on Council Tax compared to the amounts budgets. The budgeted cost was £3.884m, while the actual cost was £2.270m, a saving of £1.614m.
- Overall on Council Tax, there was a surplus balance of £1.105m on Council Tax, comprising £1.614m released from provisions, the £0.104 deficit from previous years and lower Council Tax income of £0.405m.
- Overall the surplus of £1.105m on Council Tax and the £8.266m on Business Rates, means that at 31 March 2023, the Collection Fund has a surplus of £9.371m. Further, the reduction in Business Rates income was due to the provision of Covid related reliefs to businesses. Tameside Council has been compensated for the cost of this by a grant received within its General Fund.

4.7 Overall, the Collection Fund has moved from a deficit of £7.054m at 31 March 2022, to a surplus of £9.371m at 31 March 2023.

5 CAPITAL PROGRAMME

5.1 The capital outturn for 2022/23 is £21.366m against an approved budget of £24.339m. This is shown in Table 9 below:

Table 9 – Capital Expenditure by Service Area

	2022/23 Budget	Outturn	Outturn Variation	Reprofiling	Outturn Variation after reprofiling
	£000	£000	£000	£000	£000
Place: Property, Development and Planning					
Investment & Development	5,183	4,481	(702)	(495)	(207)
Corporate Landlord	3,807	2,701	(1,106)	(517)	(589)
Vision Tameside	263	190	(73)	(73)	-
Active Tameside	71	-	(71)	(71)	-
Place: Operations and Neighbourhoods					
Engineers	5,346	5,098	(248)	(248)	-
Environmental Services	888	503	(385)	(437)	52
Transport (Fleet)	162	161	(1)	-	(1)
Stronger Communities	16	17	1	-	1
Children's					
Education	6,555	5,403	(1,152)	(1,917)	765
Children	85	43	(42)	(42)	-
Finance & IT					
Digital Tameside	65	41	(24)	-	(24)
Adults					
Adults	1,898	2,700	802	802	-
Governance					
Governance	-	28	28	-	28
Total	**24,339**	**21,366**	**(2,973)**	**(2,998)**	**25**

5.2 Table 8 provides a high level summary of capital expenditure by service area. Services have spent £2.973m less than the current capital budget for the year. This variation is spread across various directorates, the major variations are detailed below in section 5.11. Due to the delays to schemes, as detailed in section 5.11, services have requested slippage of £2.998m from 2022/23 into 2023/24.

Capital Financing

5.3 The Council has limited resources available to fund Capital Expenditure. On 29 September 2021, Executive Cabinet approved the allocation of the remaining capital reserves to immediate priorities. No further capital projects will be approved in the short term unless the schemes are fully funded from external sources. Any additional priority schemes that are put forward for consideration and that are not fully grant funded will need to be evaluated, costed and subject to separate Member approval. There will be a revenue cost for any new capital schemes that are not fully funded from alternative sources and the implications of this will need to be carefully considered, given the on-going pressures on the revenue budget.

5.4 A number of schemes identified as priority for future investment include revenue generation or invest to save elements, where borrowing may be appropriate to facilitate investment. Borrowing to fund Capital Investment has revenue consequences as budget is required to fund interest and repayment of loans, and therefore any such schemes will need to be subject to full business cases. The Council will need a sustainable financial plan for the revenue budget before borrowing commitments are agreed.

5.5 The current capital programme (2022 – 2025) includes £19.040m of schemes which will need to be funded from Capital Receipts and existing Capital Reserves; £14.340m is required for approved schemes and a further £4.700 for earmarked schemes. The current programme assumes £15.410m can be achieved in Capital Receipts from assets approved for disposal and therefore £3.630m would be required from Capital Reserves. Table 10 sets out the budgeted financing for the Capital Programme for 2022/33 – 2024/25.

Table 10: Budgeted Financing of the Full Capital Programme

Funding Source	Approved Schemes			Earmarked Schemes	Total
	22/23	Future Years	Total		
	£000	£000	£000	£000	£000
Grants & Contributions	18,014	69,617	87,631	0	87,631
Revenue Contributions	492	324	816	0	816
Prudential Borrowing	166	2,601	2,767	0	2,767
Receipts & Reserves	5,667	8,673	14,340	4,700	19,040
Total	24,339	81,215	105,554	4,700	110,254

5.6 There was £21.366m of capital expenditure in 2022/23. Table 11 overleaf, details how the expenditure was financed, by Service Area.

Table 11: 2022/23 Capital Financing by Service Area

Financing for 2022/23	Grants and Contributions	Revenue Contributions	Prudential Borrowing	Reserves & Receipts	Total
	£000	£000	£000	£000	£000
Place: Property, Development and Planning					
Investment and Development	2,118	-	-	2,364	4,481
Corporate Landlord	2,514	-	-	188	2,701
Vision Tameside	-	-	-	190	190
Active Tameside	-	-	-	-	-
Place: Operations and Neighbourhoods					
Engineers	4,321	-	-	777	5,098
Environmental Services	22	44	-	437	503
Transport	-	161	-	-	161
Stronger Communities	-	1	-	16	17
Children's					
Education	4,553	849	-	-	5,403
Children	43	-	-	-	43
Finance					
Digital Tameside	-	4	36	1	41
Adults					
Adults	2,700	-	-	-	2,700
Governance					
Governance	-	-	-	28	28
Total	**16,271**	**1,058**	**36**	**4,001**	**21,366**

5.7 Capital Receipts realised in year totalled £0.458m and were fully utilised against the capital spend. Therefore £3.543m was funded from Capital Reserves.

Capital Reserves

5.8 There were Capital Reserves available of £4.974m at the end of the financial year, of this £3.448m related to reserves held for specific schemes, Godley Green Garden Village and Stalybridge Heritage Action Zone. The remaining £1.526m was held in a general capital reserve.

5.9 £2.039 of the specific capital reserves were used to fund expenditure on the relevant schemes. £1.786m of the general capital reserve was used to fund the remaining spend, leaving only £0.022m available for future years spend.

	Available Capital Reserves	Applied 22/23	Balance Remaining
	£000	£000	£000
Specific Capital Reserves	3,448	2,039	1,409
General Capital Reserve	1,526	1,786	22
Total Capital Reserves	**4,974**	**3,543**	**1,431**

5.10 Due to the low level of capital receipts achieved in 2022/23, it has had a significant effect on the level of reserves available to fund capital expenditure going forward. Approved and earmarked schemes already in the capital programme for future years are reliant on

£14.838m of capital receipts and reserves and therefore securing capital receipts will be vital to ensure the programme can be funded. Careful monitoring of progress in realising capital receipts must be undertaken to ensure that there is timely and pro-active disposal of assets and that the actual receipts are in line with projections.

Major Variations

5.11 The detailed service area analysis is set out below, accelerated expenditure is shown in brackets with re-profiling to future years shown as positive numbers:

Investment & Development

Levelling Up- £0.235m - Advice received from the Consultant Strategic Advisor has resulted in the continuation of further lines of investigation to ensure the site realises the maximum benefit for Ashton Town Centre. This has led to a delay in the detailed design stage of the project, as a result the spend was lower than expected in 2022/23. Regular progress updates will be provided through the Levelling Up Monitoring framework.

Godley Garden Village- £0.244m - A formal request has been made to Homes England to extend the expenditure deadline to 31 March 2024 in relation to the Housing Infrastructure Fund works (£9.280m) and associated milestones due to delays obtaining planning consent. Whilst formal approval is yet to be received, the Housing Infrastructure Fund works will not commence in advance of 31 March 2023. The funding has therefore been provisionally re-profiled to 2023/24. This will be confirmed once formal approval has been received from Homes England.

Public Realm- (£0.117m) - All budget was previously rephased into 2023-24 however the decision was taken to fund the movement of the Town Centre compound and also some Market improvement works from this budget in 2022-23.

Corporate Landlord

Decarbonisation of the Public Estate Phase 3- £0.441m - As a result of reviewing operational requirements and the development of other projects across various sites, two buildings were removed from this scheme resulting in lower costs and therefore the budget for this element of the scheme is no longer required. The works at the remaining 4 sites have now been tendered and majority of the works on site complete with the remaining works to be completed over the coming months.

Engineers

MCF, Walking, Cycling and Other- £0.172m - There have been minor delays associated with the time taken to secure design and business case approval on a number of Mayor's Challenge Fund schemes. In addition, it was anticipated that the four Active Travel Fund schemes would have been formally approved, by TfGM, in early 2023 which would have allowed construction works to commence towards the end of the financial year. The formal grant funding approval date was subsequently delayed to the 6 April resulting in the start of the construction programme being delayed until June 2023 which has resulted in a delay with spend being incurred.

Environmental Services

Children's Playground Facilities- £0.255m - Phase 1 is complete. Phase 2 is complete, however one multiplay unit has since been subject to an arson attack and has had to be removed. There is no additional money in the capital budget to replace this unit and officers are exploring other options. Phase 3 has commenced with work to replace the timber edgings to the toddler play area at Cheetham Park. Play equipment for other sites has been ordered and will be installed as soon as it is delivered. The programme has been prioritised in terms of need for the work however there is some flexibility to ensure that play equipment is fitted as soon as it is received. Contractors have provided lead in times for the play equipment and this varies from 10-18 weeks. Where possible we are working with suppliers to ensure that we take advantage of any stock which is already available. It has also been challenging securing contractors however, Engineers are supporting officers on this matter. The delays in getting contractors on site have led to the delay in spend but officers are working with contractors to get this final phase completed as soon as possible.

Greenspace- £0.144m - There are minor variations below £100k to individual Greenspace schemes.

Education

Secondary Schools- £0.245m - There are other minor variations below £100k to individual Secondary School schemes of £0.245m.

Devolved Schools Capital- £0.767m - Schools undertake their own capital projects which they fund directly from revenue. Additional projects were undertaken that had not been included within the capital programme.

Primary Schools- £0.915m - Hawthorns Primary - £0.704m - This scheme is behind schedule as there was a delay to receiving planning permission. A full review of the scheme and budget has been reported to Executive Cabinet on 26 April 2023 to gain approval of an increased budget and to progress with the scheme.

St Johns Dukinfield - £0.120m - This scheme is complete and we are awaiting final invoices for the retention of this scheme. Any budget remaining after receiving all invoices will be returned to the Unallocated Basic Need funding pot for future identified schemes.

There are other minor variations below £100k to individual Primary School schemes of £0.091m.

Unallocated Basic Need- £0.505m - £0.467m - A review of the funding to support capital schemes within Education was undertaken and resulted in utilising S106 funding for appropriate schemes. This allowed Basic Need Funding to be transferred back to the Unallocated Fund to support future identified schemes.

£0.038m - Other minor under spends on Secondary School schemes to support future identified schemes.

Unallocated High Need Provision- £0.127m - £0.114m - Completion of three schemes has resulted in an under spend against the approved budgets. Therefore, the balance has been returned to the Unallocated High Needs Fund to support future identified schemes.

£0.013m - A review of the funding to support capital schemes within Education was undertaken and resulted in utilising S106 funding for appropriate schemes. This allowed High Needs Funding to be transferred back to the Unallocated Fund to support future identified schemes.

Unallocated School Condition- £0.129m - £0.049m - A review of the funding to support capital schemes within Education was undertaken and resulted in utilising S106 funding for appropriate schemes. This allowed Condition Funding to be transferred back to the Unallocated Fund to support future identified schemes.

£0.080m - Other minor under spends mainly on Secondary School schemes to support future identified schemes.

Adults

Disabled Facilities Grant (Adaptations)- (£0.693m) - The expenditure at closure for the mandatory adaptations scheme is £0.157m higher than anticipated at P10. This is predominantly down to the increase in expected approvals and completions from the adaptations team, as there is a constant need to complete adaptations work as the only barrier is capacity and complexity of individual cases. An additional £0.536m was applied at year end through capitalising Community Response Service Sensory Equipment, Community Equipment Service assisted living furniture and Agency Occupational Therapist Expenditure.

IT System Upgrade- (£0.107m) - The expenditure relating to the IT system upgrade to implement the Controcc system was incurred earlier than previously expected. There is sufficient budget to account for this within the Community Capacity Grant.

Changes to the Capital Programme

5.11 Since period 10 there have been the following changes to the Capital Programme:

- Re-profiling of budgets from 22/23 to 23/24 £28.863m – approved at Period 10
- Changes approved at Executive Cabinet – 29 March 2023 - £0.725m in 22/23, £2.088m in 24/25

5.12 The overall approved Capital Programme now totals £105.554m for the five year Capital Strategy.

Treasury Management & Liquidity

5.13 Treasury Management is a critical activity to ensure Value for Money in the use of public funds. It is concerned with safely managing the working capital of an organisation, managing its cash flows, investments, money market funds and banking.

5.14 It ensures that public funds work for us, and are safely maximised, without undertaking high-risk investments.

5.15 The Council reported on the mid-year Treasury Management position for 2022/23 in November 2022. In 2023/24, the minimum reporting on Treasury Management moves to quarterly, and will be incorporated into the relevant reports to Executive Cabinet.

5.16 A revised Treasury Management Strategy Statement (TMSS) was approved by Full Council in February 2023. Due to a change in Treasury Management advisors, the TMSS will be updated in June 2023 and taken to the next available Full Council for approval.

5.17 At 31 March 2023, the total investment balance was £124.610m and total borrowing was £139.226m.

5.18 The current strategy is designed to ensure that borrowing costs are kept low over the longer term, rather than subject to volatility that a high risk strategy might deliver. Where investments are involved, the policy is to ensure the security of the asset rather than pursue the highest returns available.

5.19 In summary, as no borrowing was taken up in year, there has been a saving on the Council's borrowing costs of £0.092m. The Council has been able to take advantage of rising interest rates in year and interest earned on day-to-day investments was £2.425m against a budget of £0.295m, an over performance of £2.130m. This additional investment income can now be invested in Council activities.

5.20 The full outturn treasury management report can be found at Appendix 3.

6. RECOMMENDATIONS

6.1 As stated on the front cover of the report.

APPENDIX 1

Proposed Write offs, Quarter 4 2022/23

IRRECOVERABLE DEBTS OVER £5000

1 January 2023 to 31 March 2023

Note individuals are anonymised

REF:	DEBT:	FINANCIAL YEAR(S)	BALANCE	REASON
16878971	Council Tax	2016 – 2017 £659.00 2017 – 2018 £1118.60 2018 – 2019 £1267.38 2019 – 2020 £1442.87 2020 – 2021 £1507.16 2021 – 2022 £1574.20	£7569.21	Individual Voluntary Arrangement approved 13/06/2022
15491763	Council Tax	2010 – 2011 £630.29 2011 – 2012 £1213.99 2012 – 2013 £1204.29 2013 – 2014 £700.23 2014 – 2015 £820.69 2015 – 2016 £27.07 2017 – 2018 £157.87 2018 – 2019 £584.48	£5338.91	Individual Voluntary Arrangement approved 22/06/2021
16436486	Council Tax	2014 – 2015 £6.02 2015 – 2016 £219.26 2016 – 2017 £483.21 2017 – 2018 £714.02 2018 – 2019 £911.59 2019 – 2020 £849.32 2020 – 2021 £999.59 2021 – 2022 £1042.70	£5225.71	Individual Voluntary Arrangement approved 27/07/2021
16693868	Council Tax	2016 – 2017 £836.29 2017 – 2018 £1164.78 2018 – 2019 £1175.52 2019 – 2020 £1249.03 2020 – 2021 £1304.12	£5729.74	Individual Voluntary Arrangement approved 11/06/2021
COUNCIL TAX		**SUB TOTAL – Individual Voluntary Arrangement**	**£23,863.57**	
16790043	Council Tax	2016 – 2017 £991.52 2017 – 2018 £1129.36 2018 – 2019 £1184.96 2019 – 2020 £1197.00 2020 – 2021 £1304.12 2021 – 2022 £1361.60	£7168.56	Debt Relief Order approved 06/08/2021
12073406	Council Tax	2014 – 2015 £160.83 2015 – 2016 £237.14 2016 – 2017 £56.78 2017 – 2018 £852.18 2018 – 2019 £1130.68 2019 – 2020 £1249.03 2020 – 2021 £1059.12 2021 – 2022 £677.29	£5423.05	Debt Relief Order approved 17/09/2021
17328402	Council Tax	2016 – 2017 £248.39 2017 – 2018 £675.90 2018 – 2109 £1103.46	£5153.73	Debt Relief Order

		2019 – 2020 £1163.03 2020 – 2021 £1218.12 2021 – 2022 £744.83		approved 23/11/2021
COUNCIL TAX		**SUB TOTAL – Debt Relief Order**	**£17,745.34**	
16361584	Council Tax	2013 – 2014 £220.00 2014 – 2015 £770.00 2105 – 2106 £903.00 2016 – 2017 £802.40 2017 – 2018 £1129.36 2018 – 2019 £1187.46 2019 – 2020 £975.75 2020 – 2021 £542.00 2021 – 2022 £1042.70 2022 – 2023 £410.00	£7982.67	Bankruptcy Order made 03/10/2022
COUNCIL TAX		**SUB TOTAL – Bankruptcy**	**£7982.67**	
COUNCIL TAX IRRECOVERABLE BY LAW TOTAL			**£49,591.58**	

65606764	Business Rates	Jaguar Clothing Ltd, T/A Red 60 16 Staveleigh Mall Ashton-under-Lyne OL6 7JQ Company Dissolved 30/07/2019	2019 – 2020 £22,357.77 2020 – 2021 £3980.98	£26,338.75
BUSINESS RATES		**SUB TOTAL – Company Dissolved**	**£26,338.75**	
65040685	Business Rates Anonymised as an individual	2011 – 2015 £6628.81 2012 – 2013 £1686.33	£8315.14	Bankruptcy Order made 05/07/2021
BUSINESS RATES		**SUB TOTAL – Bankruptcy**	**£8315.14**	
BUSINESS RATES IRRECOVERABLE BY LAW TOTAL			**£34,653.89**	

7057328	Overpaid Housing Benefit	2009 – 2010 £2930.13 2012 – 2013 £3765.31 2014 – 2015 £430.60	£7126.04	Individual Voluntary Arrangement approved 11/02/2021
OVERPAID HOUSING BENEFIT		**SUB TOTAL – Individual Voluntary Arrangement**	**£7126.04**	
7172436	Overpaid Housing Benefit	2015 – 2016 £6041.00	£6041.00	Debt Relief Order approved 22/11/2019
OVERPAID HOUSING BENEFIT		**SUB TOTAL – Debt Relief Order**	**£6041.00**	
OVEPAID HOUSING BENEFIT IRRECOVERABLE BY LAW TOTAL			**£13,167.04**	
4017200	Sundry Debts Overpaid Residential Care Charges	Cliffemount Community Care Limited, 83 Ducie Street, Manchester, M1 2JE Company Dissolved 19/01/2021	2015 – 2016 £20,007.65 2018 – 2019 £14,372.29	£34,379.94

SUNDRY DEBTS	**SUB TOTAL – Company Dissolved**	**£34,379.94**	
SUNDRY DEBTS IRRECOVERABLE BY LAW TOTAL		**£34,379.94**	

DISCRETION TO WRITE OFF OVER £3000

13978333	Council Tax	2007 – 2008 £509.23 2008 – 2009 £1065.96 2009 – 2010 £1101.81 2010 – 2011 £318.00 2011 – 2012 £1134.25 2012 – 2013 £1137.25 2013 – 2014 £615.35	£5881.85	Charge Payer Absconded - unable to trace
COUNCIL TAX		**SUB TOTAL – Absconded**	**£5881.85**	
COUNCIL TAX DISCRETIONARY WRITE OFF TOTAL			**£5881.85**	
65449923	Business Rates Anonymised as an individual	2008 – 2009 £355.67 2009 – 2010 £3977.00 2010 – 2011 £1753.97 2011 – 2012 £213.49	£6300.13	Charge Payer Absconded - unable to trace
65550878	Business Rates Anonymised as an individual	2014 – 2015 £1325.72 2015 – 2016 £5669.50 2016 – 2017 £109.61	£7104.83	Charge Payer Absconded - unable to trace
BUSINESS RATES		**SUB TOTAL – Absconded, unable to trace**	**£13,404.96**	
65022540	Business Rates Anonymised as an individual	2014 – 2015 £5051.12 2015 – 2016 £3216.86	£8267.98	Recovery Exhausted
BUSINESS RATES		**SUB TOTAL – Recovery Exhausted**	**£8267.98**	
BUSINESS RATES DISCRETIONARY WRITE OFF TOTAL			**£21,672.94**	
4027091	Sundry Debts Residential Care Charges	2019 – 2020 £2013.24 2020 – 2021 £4717.51	£6730.75	Deceased – no estate
4029795	Sundry Debts Residential Care Charges	2020 – 2021 £11,702.58	£11,702.58	Deceased – no estate
4014226	Sundry Debts Residential Care Charge	2016 – 2017 £11,113.00 2018 – 2019 £2386.56	£13,499.56	Deceased – no estate

647162	Sundry Debts Residential Care Charges and Homecare Charges	2018 - 2019 £34.28 2019 – 2020 £4610.55 2020 – 2021 £7808.08 2021 – 2022 £3306.56	£15,759.47	Deceased – no estate
4027419	Sundry Debts Residential Care Charges and Community Alarm Charges	2019 – 2020 £3313.00 2020 – 2021 £5941.70 2021 – 2022 £2702.47	£11,957.17	Deceased – no estate
4026692	Sundry Debts Homecare Charges	2019 – 2020 £11,147.14	£11,147.14	Deceased – no estate
SUNDRY DEBTS		**SUB TOTAL – Deceased, no estate**	**£70,796.67**	
SUNDRY DEBTS DISCRETIONARY WRITE OFF TOTAL			**£70,796.67**	

SUMMARY OF UNRECOVERABLE DEBT OVER £5000		
IRRECOVERABLE by law	Council Tax	£49,591.58
	Business Rates	£34,653.89
	Overpaid Housing Benefit	£13,167.04
	Sundry	£34,379.94
	TOTAL	**£131,792.45**

DISCRETIONARY write off – meaning no further resources will be used to actively pursue	Council Tax	£5881.85
	Business Rates	£21,672.94
	Overpaid Housing Benefit	NIL
	Sundry	£70,796.67
	TOTAL	**£98,351.46**

TREASURY MANAGEMENT ACTIVITY 2022/23

1. INTRODUCTION

1.1 This is the Annual Report on Treasury Management for the financial year 2022/23. The report is ultimately required to be submitted to the Audit Panel, in accordance with CIPFA's Code of Practice on Treasury Management, the Council's Financial Regulations and the CIPFA Prudential Code.

1.2 The objective of the report is:

a) To outline how the treasury function was managed during the year and how this compares to the agreed strategy
b) To set out the transactions made in the year
c) To summarise the positions with regard to loans and investments at 31 March 2023
d) To set out the outturn position of the Council's prudential indicators

2. TREASURY MANAGEMENT

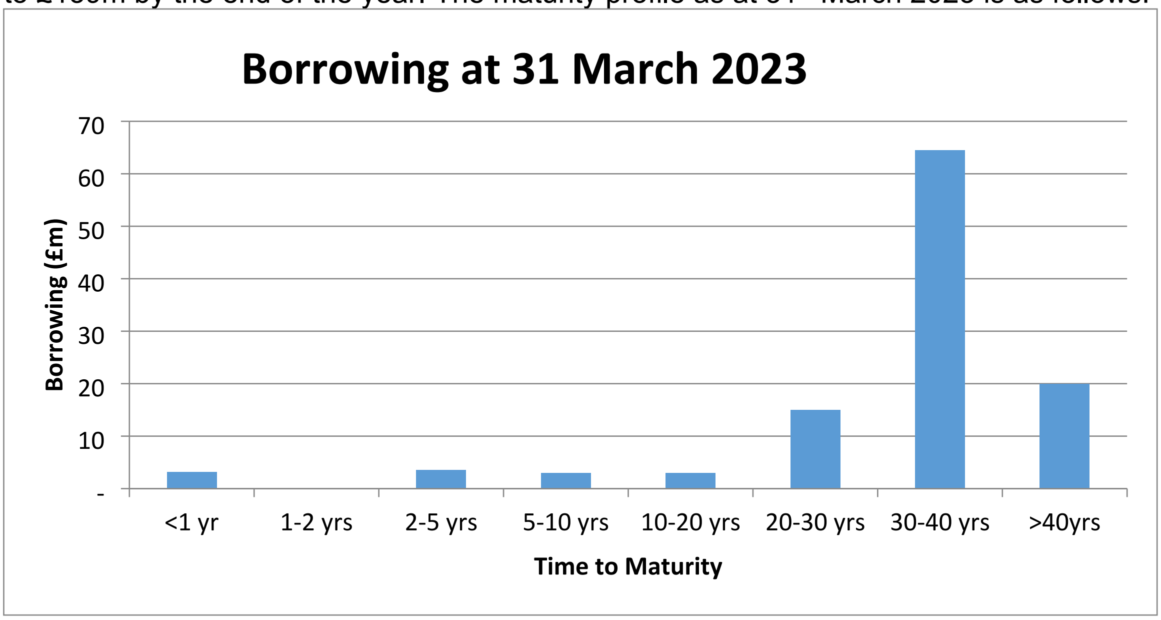
2.1 Treasury Management is defined as:
"The management of the local authority's cash flows, its borrowings and its investments, the management of associated risks, and the pursuit of the optimum performance or return associated with these risks".

2.2 Within this definition, the Council has traditionally operated a relatively low risk strategy. This in effect means that controls and strategy are designed to ensure that borrowing costs are kept reasonably low over the longer term, rather than subject to volatility that a high risk strategy might deliver. Where investments are involved, the policy is to ensure the security of the asset rather than pursue the highest returns available. These objectives are in line with the Code of Practice.

2.3 The global financial crisis has raised the overall possibility of default. The Council continues to maintain strict credit criteria for investment counterparties to manage this risk. A system of counterparty selection was agreed by the Council in the Treasury Management Strategy, as part of the budget setting process.

3. LONG TERM BORROWING

3.1 The long-term debt of the Council reflects capital expenditure financed by loans, which are yet to be repaid. Total borrowing at the start of the year was £141m. This decreased slightly to £139m by the end of the year. The maturity profile as at 31st March 2023 is as follows:



3.2 The amount of long-term debt that the Council may have is governed by the Prudential Limits set by the Council at the start of the financial year. This is based on the amount of borrowing which the Council has deemed to be prudent. It also allows for advance borrowing for future years' capital expenditure.

3.3 The Council must also allow for repayment of the debt, by way of the Minimum Revenue Provision (MRP). This is the minimum amount that the Council must set aside annually for the repayment of debt. The Local Authority (Capital Finance and Accounting) Regulations 2008 revised the previous detailed regulations and introduced a duty that an Authority calculates an amount of MRP that it considers prudent. Although the 2008 Regulations do not define "prudent provision", they provide guidance to authorities on how they should interpret this.

3.4 The Council's MRP policy for 2022/23 was set out in the Treasury Management Strategy as part of the Budget Report. The MRP charge for 2022/23 was £5.001m (excluding PFI).

3.5 The majority of the Council's debt has been borrowed from the Public Works Loan Board (PWLB), and is solely made up of long term fixed interest loans. In previous years, use has also been made of loans from banks. The main type of loan used is called a LOBO (Lender's Option - Borrower's Option) where after a pre-set time the lending bank has the option of changing the original interest rate. These loans are classified as variable interest rate loans when they reach option date. If the Council does not agree with the new interest rate, it has the option of repaying the loan. One of the Council's LOBO providers, Barclays, has waived their right to change the rate on their LOBO. This essentially converted that loan into a standard fixed rate loan with no risk of any increase in rate. The Council's current LOBO and bank loan portfolio is as follows:

Principal (£m)	Lender	Current Rate (%)	Start Date	Maturity Date	Loan Type
5	Just Retirement Ltd	4.65	27/01/2003	27/01/2043	LOBO
10	KBC	4.375	09/04/2003	09/04/2043	LOBO
5	Dexia	4.5	16/12/2004	16/12/2054	LOBO
10	Barclays	3.8	23/11/2005	23/11/2065	Fixed
10	Dexia	4.31	03/08/2007	03/08/2077	LOBO

3.6 The mixture of fixed and variable rates means that, although the Council can take some advantage when base rates are considered attractive, interest charges are not subject to high volatility, which might occur if all debt was variable. However, longer term fixed rates are normally higher than variable rates.

3.10 Short term borrowing and lending are used to support cash flow fluctuations caused by uneven income and expenditure, and to temporarily finance capital expenditure when long term rates are high and expected to fall. It is an extremely important aspect of Treasury Management to ensure that funds are available to meet the Council's commitments, and that temporary surplus funds attract the best available rates of interest.

4. INTEREST RATES

4.1 Interest rates (both long term and short term) vary constantly, even though headline rates (e.g. base rate, mortgage rate) may remain the same for months at a time.

4.2 In addition, different banks may pay different rates depending on their need for funds, and more particularly their credit status. Rates for borrowing are significantly higher than lending for the same period.

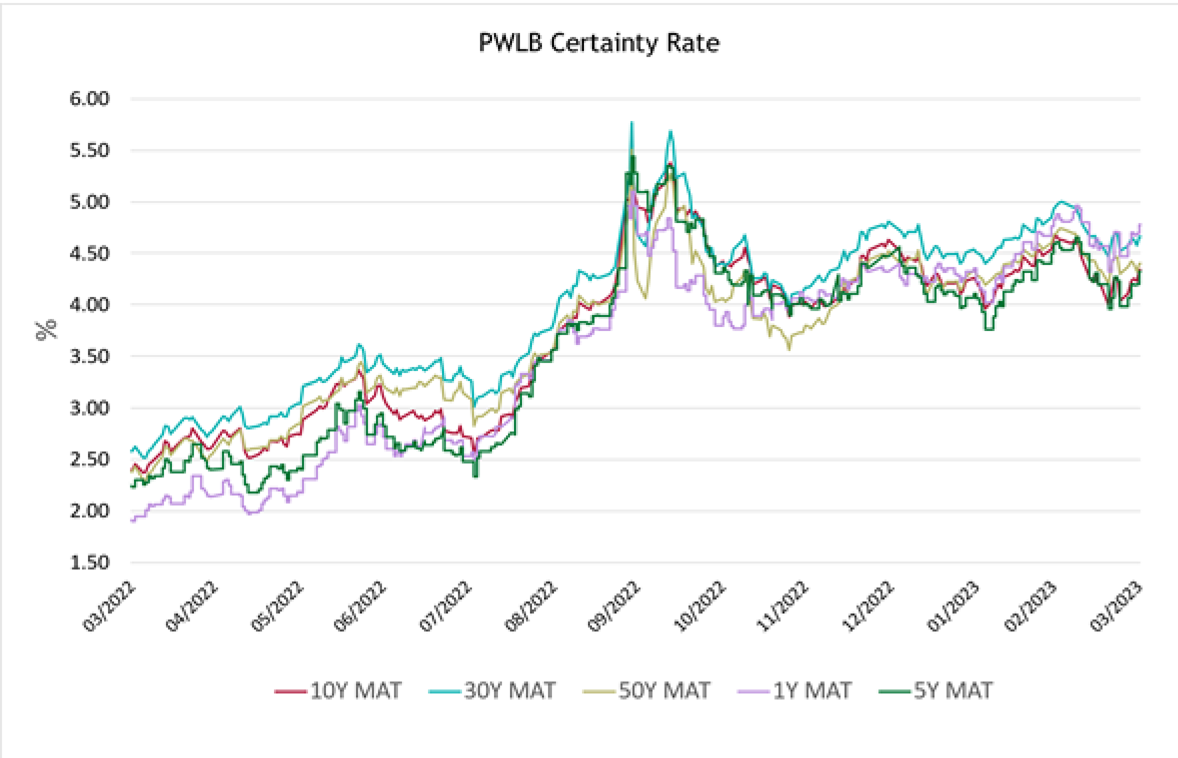
4.3 Long term interest rates are based on Government securities (Gilts), which are potentially volatile, with rates changing every day, throughout the day. PWLB fixed loan rates change on a daily basis. In view of this, gilts and all matters that affect their prices are continually reviewed.

4.4 Investment returns increased consistently over 2022/23, driven largely by repeated rises in the Bank of England Base Rate.

4.5 While the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

4.6 Investment balances have been kept to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates.

4.7 The table shown below (published by Arlingclose) shows the comparative Public Works Loan Board interest rates available during 2022/23, for a range of maturity periods.



5. ACTIVITIES 2022/23

Borrowing

5.1 The Council is able to borrow in order to finance capital expenditure that is not funded by other means such as grants and contributions. The Council has elected not to fully take up this borrowing due to unfavourable differences between borrowing and investment rates alongside existing cash balances.

5.2 The amount of long term borrowing which was required due to Council activity was £57.168m as outlined below:

	£m
Loan financed capital expenditure:	
Expenditure not Financed 22/23	0.036
Outstanding from prior years	60.720
plus debt maturing in year	1.413
Less MRP repayments (excl. PFI)	(5.001)
Net Borrowing requirement (internally borrowed)	**57.168**
Less Borrowing taken up in year	-
Net Under-borrowed position	**57.168**

5.3 Due to the unfavourable differences between borrowing rates and investment rates, and to reduce the risk to the Council from investment security concerns, the Council's recent policy has been to meet any borrowing requirement from internal borrowing (i.e. reducing the cash balances rather than taking up additional external borrowing). This has reduced the level of investment balances placed with banks and financial institutions, therefore reducing the Council's exposure to credit risk.

5.4 The outstanding borrowing requirement of £57.168m will be taken up when both interest rates and investment security are deemed to be favourable, in consultation with the Council's treasury management advisors. The need to borrow could be accelerated by the reduction of the Council's reserves due to cost pressures and other planned use. This situation, along with the interest rate environment, will be monitored closely to ensure borrowing is taken up at the optimum time.

Rescheduling

5.5 Rescheduling involves the early repayment and re-borrowing of longer term PWLB loans, or converting fixed rate loans to variable and vice versa. This may involve paying a premium or receiving a discount, but is intended to reduce the overall interest burden as the replacement loan (or reduction of investment) is normally borrowed at a lower interest rate.

5.6 The use of rescheduling is a valuable tool for the Council, but its success depends on the frequent movement of interest rates, and therefore it cannot be estimated for. It will continue to be used when suitable opportunities arise, in consultation with our treasury management advisors, although such opportunities may not occur.

5.7 No rescheduling was done during this year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

5.8 The Section 151 Officer and the Council's treasury management advisors will continue to monitor prevailing rates for any opportunities to reschedule debt during the year.

Year-end position

5.9 The following table sets out the position of the Council's debt at 1 April 2022, the net movement for the year, and the final position at 31 March 2023.

	Debt Outstanding 01/04/22	Cash Movement in Year	Debt O/S 31/03/23
Principal Amounts	**£000**	**£000**	**£000**
PWLB - fixed interest	100,090	(1,413)	98,677
PWLB - variable interest	0		0
Market Loans	40,000	0	40,000
Manchester Airport *	550	0	550
Temp Loans / (Investments)	(139,653)	15,043	(124,610)
Trust Funds, Contractor Deposits etc.	155	89	244
Net loans outstanding	**1,142**	**13,719**	**14,861**

** Manchester Airport reflects debt taken over from Manchester City Council on 31 March 1994, which had been lent on to Manchester Airport. In 2009/10, the Airport re-negotiated the terms of this arrangement with the 10 Greater Manchester Authorities; previously the Airport reimbursed all costs, however, from 9 February 2010 the Council receives fixed annual interest of 12% of the amount outstanding at that date (£8.667m). This is on a maturity basis and is due to be repaid in 2055.The underlying debt, shown above, is due to mature in 2027.*

Investments – managing cash flow

5.10 Short term cash flow activity was such that throughout the year the Council was always in a positive investment position. Since interest earned on credit balances with our own bankers is low, and overdraft rates are high, investment and borrowing is carried out through the London Money Markets. The Council invests large sums of money, which helps ensure the interest rates earned are competitive

5.11 The Local Government Act 2003 governs investments made by local authorities. The types of investments that may be made are controlled by guidance from the Department for Levelling Up, Housing and Communities. This guidance has split investments into two main categories – specified and non-specified investments.

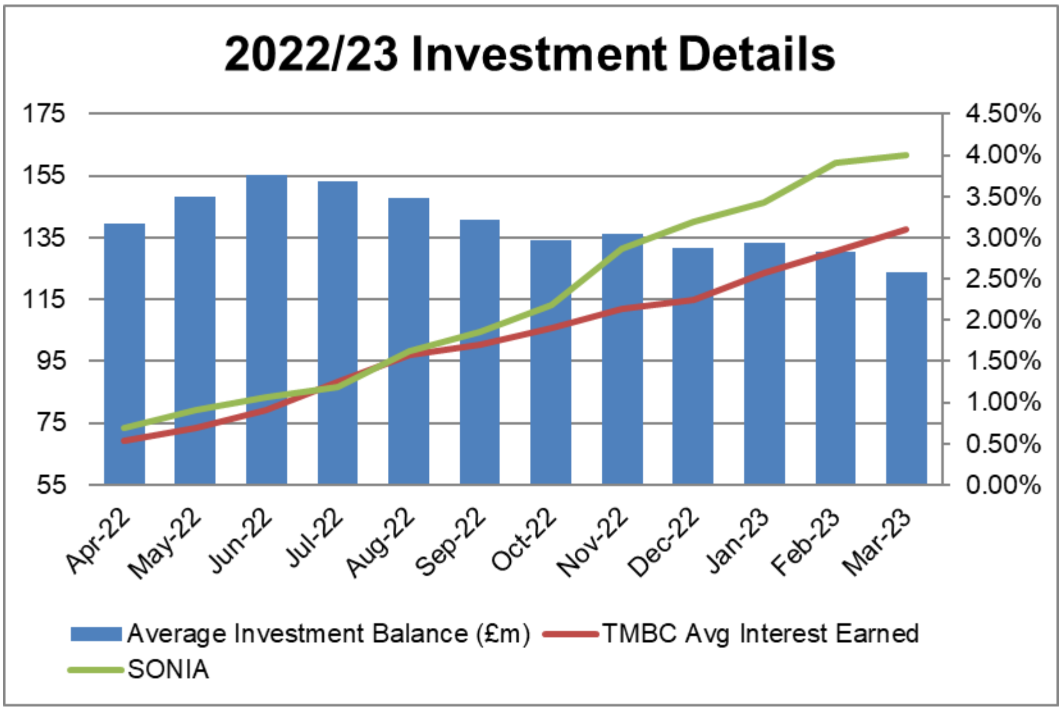
5.12 Specified investments consist mainly of deposits with very highly rated financial institutions and other local authorities for periods of less than one year. The Council's approved "Annual Investment Strategy" for 2022/23 stated that at least 50% of investments would be "specified".

5.13 The Council's counterparty list for 2022/23 mirrored that of the Council's advisors, Link Group. The Link Group creditworthiness service uses a wider array of information than just primary ratings. Furthermore, by using a risk weighted scoring system it does not give undue preponderance to just one agency's ratings.

5.14 Typically, the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration is given to the whole range of ratings available, or other topical market information, to support their use.

5.15 All investments placed in the year were in line with the approved strategy. Within this low risk strategy, the aim is to maximise the rate of return for the investments. In order to gauge whether the performance is satisfactory, it is necessary to compare it with a suitable benchmark.

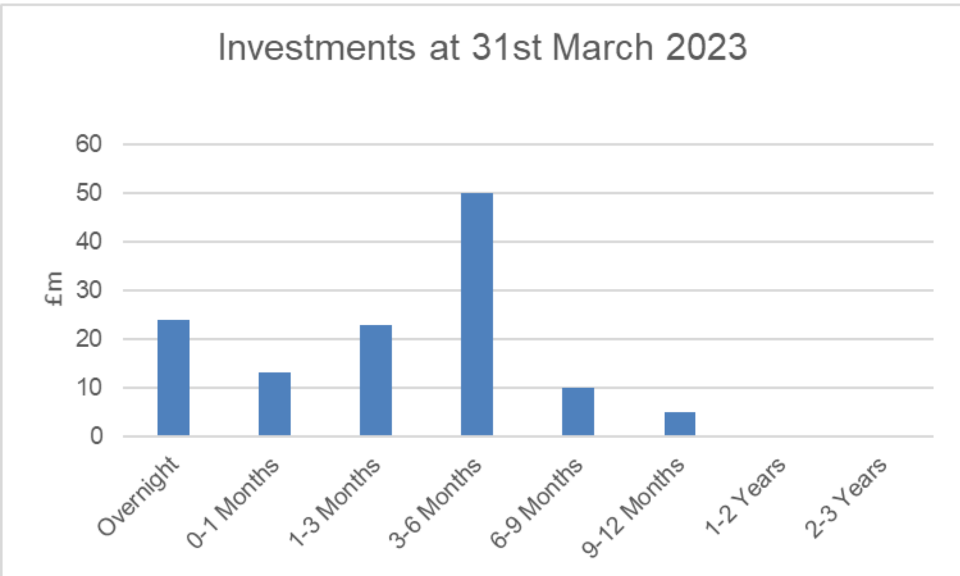
5.16 The following table shows the average investment balances by month, along with the interest rate earned and the Sterling Overnight Interest Average (SONIA) benchmark for comparison.



5.17 Tameside achieved an average investment rate of 1.7% on the average weekly investment of £139.6m, this can be seen in the red line on the chart above starting at around 0.5% in April 2022 and rising to just over 3% in March 2023. In the rapidly increasing interest rate environment, it has not been possible to achieve the SONIA benchmark, as SONIA instantly increases with the market whereas the Council's portfolio includes a number of older investments at fixed rates. It is expected that as the market plateaus and these deals mature returns will begin to exceed SONIA.

5.18 The annual turnover for investments was £445m. A total of 103 individual investments were made, 27 of which were fixed term deals with banks and other Local Authorities.

5.19 As at 31 March 2023 the total investment portfolio was £124.610m. This consisted of £23.910m of Money Market Fund investments and £100.700m of fixed investments. The weighted average rate of the entire portfolio at 31st March 2022 was 3.28%. The maturity profile of the investments was as follows:



Interest payable and receivable in the year

5.20 As detailed above, the £57.168m borrowing requirement has been met from internal borrowing, reducing the level of investment balances placed with banks and financial institutions.

5.21 The overall result of the various activities undertaken during the year was that net interest charge was £2.597m less than the original estimate.

5.22 Interest payments associated with the above activities were:

	Budget	Actual	Variation
	£m	**£m**	**£m**
External Interest			
Paid on Loans etc	5.854	5.762	(0.092)
Interest on day to day investments	(0.295)	(2.425)	(2.130)
Other Interest and Investment Income (including MAG)	(3.263)	(3.638)	(0.375)
Net external Interest paid	**2.492**	**(0.301)**	**(2.597)**

5.23 Accounting rules do not allow interest to be paid on internal funds and revenue balances. Payments however are made in respect of such funds as insurance and trust funds etc. held by the Council on behalf of external bodies. The net effect on the Council is neutral.

6. CURRENT ACTIVITIES

6.1 Since the start of the 2022/23 financial year, no new rescheduling opportunities have been identified. The portfolio of loans held by the Council is reviewed on a regular basis by both the Treasury Management Section and by the Council's treasury management advisors.

6.2 In the 2017/18 Strategy, the Council expanded its counterparty list to include asset backed investments. No investments of this nature have been made to date.

Manchester Airport

6.3 The Council has an historic 3.22% shareholding in Manchester Airport Group. This shareholding has been valued at £24.4m as at 31 March 2023. Prior to the COVID-19 pandemic, the Council was receiving significant dividend income from this investment (£6.4m in 2019) which was a key item in the Council's Medium Term Financial Strategy. No dividends have been received since 2020/21 and the Council's budget was amended to reflect this once it became clear that a dividend payment would not be received in the short-to-medium term.

6.4 In recent years, further additional investment in Manchester Airport has been approved:

- A capital investment of £11.3m in Manchester Airport was approved by Executive Cabinet in February 2018. The investment takes the form of a shareholder loan which was funded from reserves. Interest will be paid at a rate of 10% per annum, which will generate a revenue stream for the Council of approximately £1m (after allowing for the loss of interest earned on cash used to fund the investment) which will support the revenue budget.
- In February 2019, Executive Cabinet approved an equity investment of £5.6m in Manchester Airport funded by prudential borrowing. The investment is expected to generate revenue income through returns of around 3.25% (after taking account of borrowing costs and debt repayment). It was originally envisaged that this income would begin to be received from 2021/22 onwards, although no amounts are yet assumed in the Medium Term Financial Plan (MTFP). The economic impact of COVID-19 is likely

to mean that income from this investment will not be generated for a number of years and will be dependent on the speed and scale of recovery in the Aviation Sector. This additional shareholding has been valued at £4.8m as at 31 March 2022.

- In April 2020, Executive Cabinet approved a further investment of £9.7m in Manchester Airport in the form of an equity loan, funded by prudential borrowing. The loan intends to provide financial stability to Manchester Airport Group and ensure it is best placed to react and rebuild business operations as Covid restrictions are lifted. The investment completed in June 2020 and will generate revenue income through interest earned of 10% per annum

6.5 The COVID-19 pandemic has had a significant impact on the Aviation Industry. Whilst the expectation is that interest on loans and investments will continue to be accrued, i.e. no payments have been made since the Covid-19 pandemic began, the annual dividend is not expected to be payable for a number of years, placing a £6.4m pressure on the revenue budget.

7. PRUDENTIAL LIMITS

7.1 At the start of the financial year, the Council sets Prudential Indicators and limits in respect of Capital expenditure and borrowing. The outturn position for the Prudential Indicators are shown below. Prudential indicators do not provide an effective comparative tool between Local Authorities, and therefore should not be used for this purpose.

8. TREASURY MANAGEMENT ADVISOR CONTRACT

8.1 The Council's treasury management advice contract with Link Group came to an end on 31st March 2023, and following a tender process (managed by Oldham Council on behalf of GM authorities) the new contract has been awarded to Arlingclose. An update to the Treasury Management Strategy will be issued in order to reflect this.

Prudential Indicators – Actual outturn 2022/23

1. Ratio of Financing Costs to Net Revenue Stream

Limit/Indicator	Limit	Actual
	%	%
Ratio of financing costs to net revenue stream	4.6	3.6

- 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).

2. Capital Financing Requirement (CFR)

Limit/Indicator	Limit	Actual
	£000	£000
Capital Financing Requirement	199,265	199,265

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

3. Capital Expenditure

Limit/Indicator	Limit	Actual
	£000	£000
Capital expenditure	105,552	21,365

- This is the total capital expenditure incurred (from all funding sources).

4. Incremental Impact of Capital Investment Decisions

Limit/Indicator	Limit	Actual
	£	**£**
For the Band D Council Tax	3.18	0.11

- 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 and reflects the total cost of this additional borrowing (interest payments and minimum revenue provision), as a cost on Council Tax.
- The actual cost will depend on final funding. For every £1 increase on Band D properties, approximately £0.066m would be raised.

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

Limit/Indicator	Limit	Actual
	£000	**£000**
Operational Boundary for external debt	206,642	139,471
Authorised Limit for external debt	226,642	139,471

- The Authorised Limit for External Debt sets the maximum level of external borrowing on a gross basis (i.e. excluding investments) for the Council.
- The operational boundary for External Debt comprises the Council's existing debt plus the most likely estimate of capital expenditure/financing for the year. It excludes any projections for cash flow movements. Unlike the authorised limit, breaches of the operational boundary (due to cash flow movements) are allowed during the year as long as they are not sustained over a period of time.
- These limits include provision for borrowing in advance of the Council's requirement for future capital expenditure. This may be carried out if it is thought to be financially advantageous to the Council.

6. Upper and lower limits on Interest Rate Exposures

Limit/Indicator	Limit	Actual
	£000	**£000**
Upper limit for fixed interest rate exposure	199,265	8,521
Upper limit for variable interest rate exposure	66,422	6,243

- 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).

7. Upper Limit for Total Principal Sums Invested for Over 364 Days

Limit/Indicator	Limit	Actual
	£000	**£000**
Upper limit for sums invested over 364 days	30,000	nil

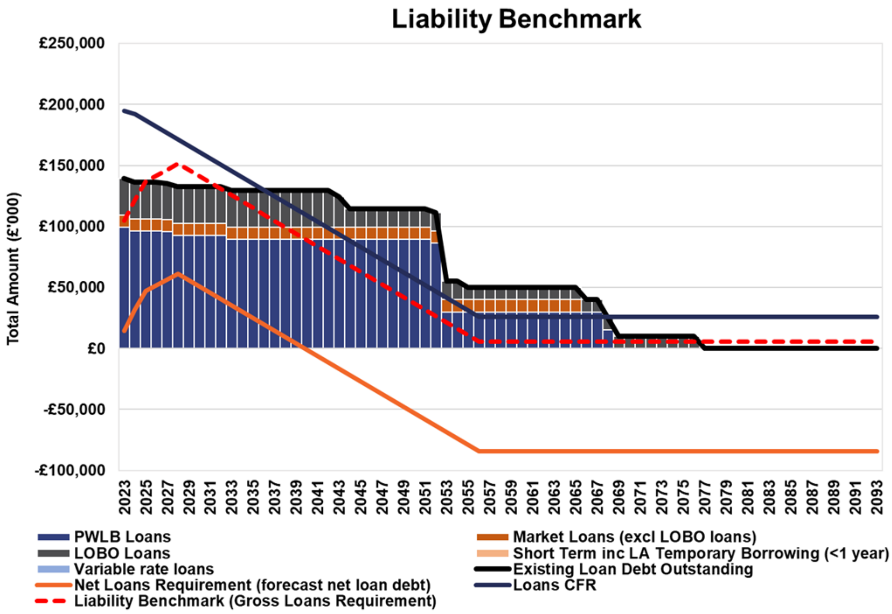
- This limit is in respect of treasury investments made for a duration longer than one year.

8. Maturity structure for fixed rate borrowing

Indicator	Limit	Outturn
Under 12 months	0% to 15%	0.87%
12 months and within 24 months	0% to 15%	2.41%
24 months and within 5 years	0% to 30%	0.39%
5 years and within 10 years	0% to 40%	2.13%
10 years and above	50% to 100%	94.19%

- This indicator is in respect of all of the Council's fixed rate borrowing with PWLB or other market lenders.

9. Liability Benchmark



The liability benchmark is a new prudential indicator introduced by CIPFA, which is mandatory for 2023/24 but has been included here for reference. This gives a long term view of the Council's borrowing needs based on current commitments. This demonstrates that there is currently no borrowing need and the Council currently has a significant level of surplus cash, which makes up its investment portfolio. If further schemes to be funded by borrowing are added to the Capital Programme in future then the benchmark will increase and more borrowing could potentially be required.