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TRAFFORD
COUNCIL

AGENDA PAPERS FOR

EXECUTIVE MEETING

Date: Wednesday, 20 February 2013

Time: 6.00 pm

Place: Council Chamber, Sale Town Hall, Sale Waterside, Sale M33 7ZF

A G E N D A	**PART I**	**Pages**

1. **ATTENDANCES**

To note attendances, including officers, and any apologies for absence.

2. **DECLARATIONS OF INTEREST**

Members to give notice of any interest and the nature of that interest relating to any item on the agenda in accordance with the adopted Code of Conduct.

3. **MINUTES** 1 - 4

To receive and, if so determined, to approve as a correct record the Minutes of the meeting held on 21st January 2013.

4. **EXECUTIVE'S REVENUE BUDGET PROPOSALS 2013/14, THE INDICATIVE REVENUE BUDGET PROPOSALS 2014/15, AND PROPOSED CAPITAL PROGRAMME 2013/16**

To consider a report of the Executive Member for Finance and the Director of Finance, for recommendation to the Council.

The following reports will be considered further at the subsequent Council Meeting; Members are asked to ensure they bring them to both meetings.

(a) **Executive's Revenue Proposals 2013/14, Indicative Revenue Budgets Proposals 2014/15 and Proposed Capital Programme 2013/16**
Executive's Revenue Budget Proposals 2013/14, Indicative Revenue Budget Proposals 2014/15, and Proposed Capital Programme 2013/16. (**TO FOLLOW**)

(b) **Treasury Management Strategy 2013/14 - 2015/16** (Pages 5 - 28) 5 - 28
To consider a report of the Executive Member for Finance and the Director of Finance.

(c) **Fees and Charges 2013/14**
Fees and Charges Book 2013/14.

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**Note: hard copies will be made available to Members upon request.*

5. **CAPITAL INVESTMENT PROGRAMME MONITORING 2012/13 - QUARTER 3 (APRIL TO DECEMBER 2012)** 29 - 40

To consider a report of the Executive Member for Finance and Director of Finance.

6. **REVENUE BUDGET MONITORING 2012/13 PERIOD 9 (APRIL TO DECEMBER 2012)** 41 - 88

To consider a report of the Executive Member for Finance and the Director of Finance.

7. **URGENT BUSINESS (IF ANY)**

Any other item or items which by reason of:-

(a) Regulation 11 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the Chairman of the meeting, with the agreement of the relevant Overview and Scrutiny Committee Chairman, is of the opinion should be considered at this meeting as a matter of urgency as it relates to a key decision; or

(b) special circumstances (to be specified) the Chairman of the meeting is of the opinion should be considered at this meeting as a matter of urgency.

8. **EXCLUSION RESOLUTION**

Motion (Which may be amended as Members think fit):

That the public be excluded from this meeting during consideration of the remaining items on the agenda, because of the likelihood of disclosure of "exempt information" which falls within one or more descriptive category or categories of the Local Government Act 1972, Schedule 12A, as amended by The Local Government (Access to Information) (Variation) Order 2006, and specified on the agenda item or report relating to each such item respectively.

THERESA GRANT
Chief Executive

COUNCILLOR MATTHEW COLLEDGE
Leader of the Council

Membership of the Committee

Councillors M. Colledge (Chairman), A. Williams (Vice-Chairman), S. Anstee, Dr. K.M. Barclay, Miss L. Blackburn, M. Cornes, J. Coupe, M. Hyman, A. Mitchell and M. Young

Further Information
For help, advice and information about this meeting please contact:

Jo Maloney, 0161 912 4298
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This agenda was issued on **Tuesday, 12 February 2013** by the Legal and Democratic Services Section, Trafford Council, Quay West, Trafford Wharf Road, Trafford Park, Manchester, M17 1HH.

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EXECUTIVE MEETING

21ST JANUARY 2013

PRESENT:

Leader of the Council (Councillor M. Colledge) (in the Chair),
Executive Member for Community Health & Wellbeing (Councillor Dr. K. Barclay),
Executive Member for Economic Growth and Prosperity (Councillor M. Hyman),
Executive Member for Education (Councillor M. Cornes),
Executive Member for Finance (Councillor S. Anstee),
Executive Member for Highways and Environment (Councillor A. Mitchell),
Executive Member for Safe & Strong Communities (Councillor J. Coupe),
Executive Member for Supporting Children and Families (Councillor Miss L. Blackburn),
Executive Member for Transformation and Resources (Councillor A. Williams).

Also present: Councillors Acton, Adshead, Bowker, Cordingley, Holden, Lloyd, Ross, Shaw and A. Western.

In attendance:
Chief Executive (Ms. T. Grant),
Corporate Director, Children & Young People's Service (Ms. D. Brownlee),
Corporate Director, Transformation & Resources (Mrs. W. Marston),
Corporate Director, Environment, Transport & Operations (Mr. P. Molyneux),
Interim Corporate Director, Economic Growth & Prosperity (Mr. P. Harvey),
Director of Finance (Mr. I. Duncan),
Acting Director of Legal & Democratic Services (Ms. J. Le Fevre),
Business Change Manager (Mr. S. Gannon) (item 76 only),
Senior Democratic Services Officer (Mr. J.M.J. Maloney).

APOLOGIES

Apologies for absence were received from the Executive Member for Adult Social Services (Councillor M. Young).

73. **DECLARATIONS OF INTEREST**

No declarations were made by Executive Members.

74. **MINUTES**

RESOLVED: That the Minutes of the meetings held on 26th November and 17th December 2012 be approved as correct records.

75. **MATTERS FROM COUNCIL OR OVERVIEW AND SCRUTINY COMMITTEES**

Councillor Lloyd advised the Executive on the current position regarding the examination by the Joint Trafford / Manchester Health Scrutiny Committee of "New Health Deal for Trafford" proposals. Significant concerns had been expressed to the Strategic Health Board, and the Joint Committee was minded to refer the proposals to the Secretary of State in the event that a satisfactory response was not received.

76. **PROPOSED CHANGES TO COUNCIL TAX AND COUNCIL TAX BENEFIT**

The Executive Member for Finance introduced a report setting out details of the outcome of a consultation on alternative proposals relating to a local Council Tax support scheme, with a view to the Executive making a recommendation on a preferred option to Council. It was noted that there would be further debate on various specific issues at the meeting of Council on 23/1/13.

RESOLVED: That, following the public consultation and feedback from individuals, groups and stakeholders, it be recommended that the Council approve: -

(1) The introduction of a local council tax support scheme as outlined in proposal 1 and set out in appendix 6 to the report.

(2) The removal of the 100% empty property council tax exemption and its replacement with a 100% discount for one month, followed by the full charge.

(3) The removal of the second home council tax discount.

(4) That the above changes be effective from 1 April 2013.

77. **BUDGET SCRUTINY REPORT AND EXECUTIVE'S RESPONSE**

Councillor Shaw, as Chairman of the Scrutiny Committee, was in attendance and thanked the Executive and its officers for their commitment to the Budget Scrutiny process, the report arising from which was now before the Executive. The Leader of the Council in turn thanked Scrutiny Members for their report, and invited the Executive to endorse the proposed response, noting that a number of the recommended actions were completed or in progress. Councillor Shaw thanked the Executive for its response, which would be formally presented to Scrutiny Committee on 6th February, and requested that any further queries from Members arising from the response be forwarded to the Scrutiny Office as soon as possible.

RESOLVED: That the Budget Scrutiny report be received and noted, and the proposed response endorsed for referral to Scrutiny Committee on 6th February, 2013.

78. **LOCAL GOVERNMENT FINANCE SETTLEMENT 2013/14 & 2014/15**

The Executive Member for Finance and Director of Finance introduced a report which set out key features of the provisional Settlement which had been announced on 19th December 2012. Given that in some respects the position in respect of Business Rates was not yet clear, delegated arrangements were requested in respect of a number of specific decisions in this area.

RESOLVED -

(1) That the Executive provisional settlement be noted and taken into account when formulating final budget proposals.

(2) That it be noted that the Leader of the Council had delegated authority for the approval of the NNDR1 form (business rates estimate) to the Director of Finance in consultation with the Executive Member for Finance.

(3) That it be noted that the Leader of the Council had delegated to the Director of Finance authority for the approval of payment dates for business rates to the GM Fire and Rescue Service and the GM Pool (if agreed).

79. **COUNCIL TAX – INTRODUCTION OF EMPTY PROPERTY PREMIUM**

The Executive Member for Economic Growth and Prosperity and Director of Finance submitted a report requesting that the Executive make recommendations to Council in respect of the proposed introduction of a Council Tax Empty Property Premium, following Government's granting of discretion to do so and consistent with the Council's Empty Property Strategy.

RESOLVED: That it be recommended that the Council approve: -

(1) That from 1st April 2013 a council tax premium of 50% be applied for properties that have remained empty for more than two years.

(2) That the Executive has the discretion to vary this premium if it deems it appropriate to do so following the expected release of guidance from the Department of Communities and Local Government.

80. **REVENUE BUDGET MONITORING 2012/13 – PERIOD 8 (APRIL - NOVEMBER 2012)**

The Executive Member for Finance and Acting Corporate Director, Transformation & Resources submitted a report which informed Members of the current position regarding the monitoring of the revenue budget.

RESOLVED: That the latest forecast and planned actions be noted and agreed.

81. **DECISIONS MADE BY THE GREATER MANCHESTER COMBINED AUTHORITY AND AGMA EXECUTIVE BOARD 30/11/12**

The Executive received for information details of decisions made by the Greater Manchester Combined Authority and AGMA Executive Board at their meetings held on 30/11/12.

RESOLVED: That the content of the decision summaries be noted.

The meeting commenced at 6.30 p.m. and finished at 7.52 p.m.

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TRAFFORD COUNCIL

Report to:	**Accounts & Audit Committee 5 February 2013** **Executive & Council Meetings 20 February 2013**
Report for:	**Decision**
Report of:	**The Executive Member for Finance and Director of Finance**

Report Title

TREASURY MANAGEMENT STRATEGY 2013/14 – 2015/16

Summary

This report presents the:-

- expected treasury operations for this period,
- risks facing local authorities in Treasury Management operations,
- measures to minimise these risks and
- prudential indicators for 2013/14 – 2015/16

In response to the continuing stagnant world economic climate, the recommended strategy will remain similar to that approved last year with only a minor change requested to be implemented to the Investment criteria as highlighted in Appendix 1.

Recommendation(s)

That the Executive and Accounts & Audit Committees recommend to Council the 3 key elements of this report for approval :-

- policy on debt strategy for 2013/14 to 2015/16 as set out in section 3,
- investment strategy for 2013/14 to 2015/16 as set out in section 5,
- Prudential Indicators and limits including the Authorised Limit and Operational Boundary as required by section 3(1) of the Local Government Act 2003, Minimum Revenue Provision Statement and Investment criteria as detailed in Appendix 1.

Contact person for access to background papers and further information:
Name: Graham Perkins
Extension: 4017

Background papers: None

Relationship to Policy Framework / Corporate Priorities	Value for Money
Financial	The treasury management strategy will aim to maximise investment interest and reduce interest payable on debt, whilst minimising the risk to the Council.
Legal Implications:	Actions being taken are in accordance with legislation, CIPFA Treasury Management Code of Practice.
Equality/Diversity Implications	Not applicable
Sustainability Implications	Not applicable
Staffing/E-Government/Asset Management Implications	Not applicable
Risk Management Implications	The overriding aim will always be to minimise risk and in respect of this the annual strategy report will therefore remain a cornerstone of the treasury management decision making process.
Health and Safety Implications	Not applicable

Other Options

This report has been produced in order to comply with Financial Procedures and relevant legislation and provides a plan of action for the period 2013-14 to 2015-16 which is flexible enough to take account of changes in financial markets.

Consultation

Advice has been obtained from Sector, the Council's external advisors.

Reasons for Recommendation

The Financial Procedure Rules incorporating the requirements of the revised CIPFA Prudential Code and the CIPFA Treasury Management Code. These consider that the annual strategy report is an essential control over treasury management activities and one whereby Members approve the parameters under which officers will operate. In addition The Local Government Act 2003 requires that the Council approves an annual borrowing limit (the Authorised Limit) and CLG Guidance an annual investment strategy (setting out the limits to investment activities).

Key Decision

This will be a key decision likely to be taken in: February 2013
This is a key decision currently on the Forward Plan: Yes

Treasury Management Strategy – Key Points

This report outlines the expected treasury activities for the forthcoming 3 years and has been prepared in accordance with the Council's Financial Procedure Rules. Additional treasury management reports are produced during the course of the year reporting actual activity for the preceding year and a mid-year update.

Economic situation (Section 2)

The world economic climate continues to remain stagnant with growth prospects forecasted to remain weak. Consumer spending, the usual driving force of any recovery, is likely to remain under pressure due to falling real incomes, repayment of personal debt and employment fears.

During 2012/13 the main economic events were;

- continuing debt crisis within the Eurozone - several countries received additional emergency financial bailouts,
- a delay in corrective action being put into place to address the worsening economic situation in the US due to the Presidential elections,
- UK economy remains fragile although both inflation and unemployment rates started to show signs of improvement and
- expectations of a worldwide recovery, led by the emerging markets of China, India and Brazil, did not materialise.

As a consequence of these factors and in order to maintain the Council's risk exposure to a minimum, investments were placed for an average period of 2 months and no new debt was taken in 2012/13.

Debt (Section 3)

The Council policy of not taking on any additional external loans in order to fund its borrowing requirement will result in it being under borrowed by £49m at 31 March 2013. This approach has been adopted as a result of continuing risks associated with investment counterparties and the large difference between debt costs and investment returns and has been widely adopted by councils throughout the country

Any debt restructuring exercises will be undertaken in order to produce revenue savings.

Investments (See Section 5 and Appendix 1)

The primary principle governing the Council's investment criteria remains unchanged as that previously adopted of firstly security of capital, then liquidity of its cash flows and finally yield.

The Council is required to agree the lending criteria, which is primarily determined by credit ratings issued by all 3 major credit rating agencies as detailed at Appendix 1. *The only recommended change to that previously agreed by Council in February 2012 relates to the increase in the maximum duration amounts can be lent to those UK institutions deemed to be pivotal to the UK monetary system.*

Prudential Indicators and limits (Section 7 and Appendix 1)

The Council is required to approve a set of Prudential Indicators and limits which ensure the Council's capital expenditure plans and borrowing remain robust, prudent, affordable and sustainable. These are detailed at Appendix 1 for Member approval.

1. Background

Please note a glossary of all abbreviations appears at Appendix 6 for reference.

1.1 Treasury management is an important part of the overall financial management of the Council's affairs and in accordance with the CIPFA Code of Practice is defined as:

"The management of the organisation's investments and cash flows, its banking, money market and capital market transactions(debt); the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".

1.2 The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity.

1.3 The Council's treasury activities are strictly regulated by statutory requirements, and these are detailed for reference at Appendix 2.

1.4 In November 2012, CIPFA amended the Prudential Code to reflect the introduction of a new Prudential Indicator "Gross debt and the Capital Financing Requirement". The purpose of this new indicator is to ensure that external debt over the medium term will only be for a capital purpose and will not exceed the total of the Capital Financing Requirement.

1.5 The Council uses Sector as its treasury management advisors who provide a range of services from technical support on treasury matters to the supply of credit ratings as issued by the three main credit rating agencies.

1.6 Whilst the advisors provide support to the internal treasury management function, the Council recognises that the final decision on all treasury management matters remains with the organisation at all times. This service is subject to regular review.

1.7 The Council recognises the importance of ensuring that all Members and staff involved in the treasury management function receive adequate training and are fully equipped to undertake the duties and responsibilities allocated to them by ensuring that;

Members will continue to have access to training which will be relevant to their needs & responsibilities;

Officers will attend courses / seminars presented by CIPFA, LGC, Advisors & any other suitable professional organisation in accordance with Council policy on this issue.

1.8 Excluded from this report are the activities carried out by the Council's schools which operate within separate criteria as stipulated by the Director of Finance and in accordance with the Council's Financial Procedure Rules.

2. Economic & Interest Rate forecast

2.1 In the current global financial climate economic forecasting, with any degree of accuracy, continues to remain difficult with analysts agreeing that any prospects of a sustained recovery remains fragile. This situation is set to remain for some time particularly as consumers, corporates and banks continue to focus on reducing their debt levels, rather than incurring any further additional spending. This historically has been the main catalyst to any recovery and it is unlikely the UK economy will begin any sustained recovery until the consumer sector feels more optimistic and real household incomes improve.

2.2 A summary of the main economic headlines occurring in 2012 are outlined below;

UK economy-

- the Government's austerity measures, aimed at getting the public sector deficit into order by 2014-15, was extended to 2016-17 in the Chancellor's Autumn statement presented to Parliament in December 2012. Achieving this target however is dependent on a number of factors being met such as the Eurozone economy growing at a reasonable pace and the UK economy growing at expected levels, which would allow for increased tax receipts together with a reduction in welfare benefit payments;
- Unemployment benefit claimants fell with employment rates rising to their highest since records began in 1971;
- Preliminary growth figures issued for quarter 4 showed that the economy reduced by 0.3%, with both consumer confidence levels and manufacturing output remaining weak. As a consequence of this, growth for 2012 remained flat and market commentators are now suggesting that the possibility of a "triple dip" could be encountered;
- The UK continued to be seen as a safe haven for foreign investors and as a consequence of this, the Government benefited from low borrowing costs;
- Banks continue to realign their balance sheets to more manageable levels and consequently the availability of credit continues to remain tight. The Bank of England's Funding for Lending scheme, launched in August 2012 of encouraging the availability of cheap funding to be released from the banks to small businesses and consumers, can now be seen to be having its desired effect on the economy as short term market investment interest rates have reduced during the past few months. Quantitative Easing (QE) was increased again by £50bn in July 2012 to a total of £375bn. Bank rate remained at 0.5%;
- Consumer Purchases Index (CPI) fell sharply during 2012 from its peak of 5.2% in September 2011 to 2.7% in November 2012, although cost pressures from the energy sector may see future pressures.

Eurozone –

- the sovereign debt crisis subsided during the year following the European Central Bank's pledge to buy unlimited amounts of bonds of those countries asking for a bailout,
- Spain & France had their sovereign credit rating downgraded with other countries being placed on a Negative Rating Outlook (this indicates the direction a rating may move over a 1 – 2 year period should current trends continue).

US –

- the economy, although at a disappointing low level, continued to grow, responding to the Federal Reserve combined actions of undertaking a huge programme of Quantitative Easing (QE) and committing to a policy of maintaining low interest rates into 2015,
- Unemployment levels fell although this trend may reverse as a result of businesses retaining any surplus funds in readiness for the actions

which the President will need to take in order to address the country's budget deficit,

- The key difficulty will be the Presidential response to the "fiscal cliff" which will see $600bn of stimulus being taken out of the economy in the first year and still needs to be addressed despite January's vote postponing the introduction of these measures,
- The housing market now looks to have bottomed with house prices now on the increase.

Emerging markets –

hopes for a broad based recovery have, receded due to the increasing concerns with the Chinese economy may be heading for a hard landing rather than a gradual slow down as previously predicted.

2.3 As a consequence of the above situations it is widely predicted that the UK economy will, remain relatively fragile and currently forecasts for several key areas are shown below;

UK bank rate, currently at 0.5%, is not expected to move until March 2015, at the earliest,

Additonal Quantitative Easing is likely to take place, if the economy performs worse than expected,

Consumer Price Inflation will fall from 2.7%, (at the end of quarter 4 2012), to the 2% Government target level within two years, although energy price rises may upset this objective,

Growth is expected to remain fragile, with the possibility of negative growth in future.

2.4 The UK continues to enjoy an AAA sovereign credit rating however the rating agencies have already stated that they will not hesitate to downgrade this should the economy not perform in line with the Government's debt reduction plans. The impact of such a downgrade, should it happen, is not expected to have a major impact on bond prices given the state of economies elsewhere, especially in the Eurozone.

2.5 Sector, the Council's external treasury management advisors, has produced a set of interest rate forecasts up to March 2016 and these are shown in the table below;

Annual Average %	**Bank Rate**	**Investment Rates**		**Borrowing Rates**	
		3 month	**1 year**	**5 year**	**25 year**
2012/13	0.50	0.50	1.00	1.55	3.80
2013/14	0.50	0.50	1.00	1.65	3.80
2014/15	0.55	0.70	1.20	1.90	4.10
2015/16	1.35	1.50	1.95	2.60	4.70

2.6 As a result of this economic position the Council will take a cautious approach to its treasury strategy during this period.

3. Debt Strategy 2013/14 – 2015/16

3.1 The Council maintains an under-borrowed position. This has resulted from the underlying borrowing need arising from the capital programme and historic capital decisions (the Capital Financing Requirement, CFR), not been fully funded by taking on external debt. Instead cash supporting the Council's reserves, balances and cash flow Has been used to finance this requirement.

3.2 The Council's forecasted under-borrowed position is set to peak at £49m, as at 31 March 2013, and thereafter is set to fall as a result of

a move from an annual positive capital financing requirement to an negative one (this is as a result of the annual minimum revenue provision set aside to pay down the CFR being greater than the actual new loan requirement) and

existing external loans maturing not being replaced.

3.3 The strategy of not undertaking any external borrowing which the Director of Finance, under delegated powers has adopted, is set to continue for the foreseeable future. This prudent approach has been widely implemented by the majority of councils throughout the country during the current climate of low investment returns and high risk of counterparty default.

3.4 As a result of the above action the Council's total external debt levels will fall from the current level of £100.5m to £93.2m by 31 March 2016.

3.5 In addition to this debt, the Council is also responsible for a further £1.2m of loans which are administered by Tameside Borough Council on behalf of all the 10 Greater Manchester Authorities. This follows the conversion in February 2010, of loans previously held on behalf of Manchester International Airport into an equity rated instrument.

3.6 As short term borrowing rates will be cheaper than longer term fixed interest rates, there may be potential opportunities in the future to generate revenue savings by switching from long term debt to short term debt. Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

3.7 Any interest savings generated from undertaking a debt restructuring exercise, will however need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred) to ensure it represents value for money.

3.8 The Council is required to set its limits for external debt for 2013/14 to 2015/16 in accordance with the Local Government Act 2003, having regard for CIPFA's prudential code before the commencement of each financial year. **These limits are detailed at Appendix 1 for Council approval.**

3.9 The Council has some flexibility to borrow funds in advance, for use in future years and the Director of Finance may do this under delegated powers where, for instance, a sharp rise in interest rates is expected. Any decision to borrow in advance will be considered carefully to ensure that value for money can be demonstrated and the subsequent reporting to Members will be undertaken through the mid-year or annual reporting mechanism.

3.10 The Director of Finance will adopt a cautious approach to any such borrowing and this will be undertaken within the constraints below;

no more than 50% of the expected increase in borrowing need (CFR) over the three year planning period is to be taken in this manner and

borrowing only up to a maximum 12 months in advance of need.

3.11 A breakdown of the Council's expected debt maturity profile as at 31 March 2013 is provided at Appendix 4 for reference which also shows, in accordance with the Code of Practice, the potential first date the lending banks could amend the rate of interest for the market loans.

4. Minimum Revenue Provision Strategy

4.1 The Council is required to set aside an amount each year for the repayment of debt (by reducing the CFR), through a revenue charge called the Minimum Revenue Provision (MRP). In addition the Council is also allowed to undertake additional voluntary payments (VRP).

4.2 CLG 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 so long as there is a prudent provision. **The Council is requested to approve the MRP statement as detailed at Appendix 1.**

5. Investment Strategy

5.1 The primary principle governing the Council's investment criteria is the security of its investments and in order to comply with this, the Council's investment priorities will therefore remain unchanged as that previously adopted;

security of capital,

liquidity of its cash flows and

yield.

5.2 In order to minimise the risk of a counterparty defaulting, the Director of Finance will maintain, as in previous years, a list comprising of high creditworthy counterparties with which the Council can invest funds based on the lowest common denominator method. This approach involves considering the credit ratings, issued by all three of the main rating agencies (Fitch, Moody's and Standard and Poor's) and defaulting to the lowest equivalent rating in order to produce a counterparty list.

5.3 To enable a counterparty to be included on this list, credit ratings from at least two of the three independent rating agencies needs to be assigned to an institution and that these must meet all the minimum levels required by the Council as shown at Appendix 1. This is in compliance with CIPFA's Treasury Management Code of Practice.

5.4 Information on credit ratings is supplied electronically by the Council's treasury advisors on a real time basis and action is implemented immediately when appropriate. For instance should a counterparty be issued with a negative rating watch, which results in its credit ratings failing to meet the minimum required by the Council, then this counterparty will be suspended from further use.

5.5 A full explanation of the credit ratings determining the counterparties which the Council will choose can be found at Appendix 3.

5.6 The criteria for providing a list of high quality investment counterparties (both Specified and Non-specified), and reducing exposure of the Council's investments by country, group and sector are explained in more detail at Appendix 3 together with time and value limits.

5.7 Whilst the Council's criteria relies primarily on the application of credit ratings to provide a group of appropriate counterparties for officers to use, additional operational market information will be applied in accordance with the Code of Practice before making any specific investment decision. This additional market information is detailed for Members reference at Appendix 3.

5.8 The use of longer term instruments (greater than one year from inception to repayment) will fall in the Non-specified investment category. These instruments will only be used where the Council's liquidity requirements are safeguarded and will be limited to the Prudential Indicator detailed at Appendix 1.

5.9 In the normal course of the Council's cash flow operations it is expected that both Specified and Non-specified investments will be utilised for the control of liquidity as both categories allow for short term investments.

5.10 The criteria for choosing counterparties as set out at Appendix 1 provide a sound approach to investment in "normal" market circumstances. Whilst Members are asked to approve this base criteria, the Director of Finance may temporarily restrict further investment activity to those counterparties considered of higher credit quality than the minimum criteria set out for approval should any exceptional market conditions be encountered. These restrictions would remain in place until the banking system returned to "normal" conditions. Similarly the time periods for investments will be restricted.

5.11 The UK banks are perceived to be more secure than those within the Euro zone, due to their stronger credit ratings and balance sheets. **In order to further safeguard the Council's investments, it is recommended that the maximum duration for which investments can be invested with those UK institutions (deemed to be pivotal to the UK monetary system and which are actively in the money market), be increased as indicated at Appendix 1.**

5.12 The minimum criteria for providing a list of high quality investment counterparties, instruments and limits to be applied are highlighted at **Appendix 1** and Council is requested to approve these requirements.

6. Investment Risk Benchmarking

6.1 The Code of Practice and CLG Investment Guidance require that appropriate security and liquidity benchmarks are considered and reported to Members and these are explained in more detail in Appendix 3.

6.2 These benchmarks are simple guides to maximum risk (not limits) and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. Their purpose is to assist officers to monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported to Members, with supporting reasons in the Mid-Year or Annual Report. For reference these benchmarks will be;

Security - for each individual year the security benchmark when compared to historic default rates are not to exceed:

1 year investments	2 year investments	3 year investments
0.09%	**0.04%**	**0.14%**

Liquidity - In respect of this the Council seeks to maintain;

- Bank overdraft of £0.5m,
- Weighted Average Life (WAL) benchmark for 2013/14 is set at 6 months, with a maximum of 3 years,
- Liquid short term deposits of at least £20m are available with a week's notice

Yield benchmarks are currently used to assess investment performance and internal returns are required to achieve above the 7 day LIBID rate.

7. Prudential Indicators

7.1 A number of prudential indicators have been devised for both the treasury management and capital operations. These are designed to assist managing risk and reducing the impact of an adverse movement in interest rate as well as ensuring that the Council's capital expenditure plans are prudent, affordable and sustainable. These indicators have been set in order that they are not too restrictive thereby impairing the opportunities to reduce costs and reflect the capital programme proposals, included within the main budget report.

7.2 Members are requested to approve the prudential indicators for both the Council's capital expenditure and treasury management activities as detailed at **Appendix 1**.

8. Recommendations

That the Executive and Accounts & Audit Committee recommend to Council the key elements of this report for approval;-

the policy on debt strategy for 2013/14 to 2015/16 as set out in section 3;

the investment strategy for 2013/14 to 2015/16 as set out in section 5;

the Prudential Indicators and limits including the Authorised Limit (as required by section 3(1) of the Local Government Act 2003), The Minimum Revenue Provision Statement and Investment criteria as detailed in Appendix 1.

Finance Officer Clearance *……ID………..*

Legal Officer Clearance *…MJ………*

Director of Finance Signature **[Signature appended in hard copy.]**

KEY ELEMENTS FOR COUNCIL APPROVAL

In accordance with CLG Guidance, the CIPFA Prudential Code and the CIPFA Code of Practice on Treasury Management each council is required to set, before the commencement of each financial year, Treasury Management Prudential Indicators and limits, a Minimum Revenue Provision Statement and Investment criteria.

The Executive and Accounts and Audit Committee are requested to recommend that Council approve these for the period 2013/14 – 2015/16 as detailed below;

PRUDENTIAL INDICATORS AND LIMITS

Treasury Management - (changes annually)

In accordance with the CIPFA Prudential code, the Council is required to produce prudential indicators and limits reflecting the expected capital activity regarding its capital investment programme. These have an impact on the Council's treasury management activities and the Council is required to approve the prudential indicators and limits affecting treasury management performance as shown below;

Treasury Management Prudential Indicators	2012/13 estimate £m	2013/14 estimate £m	2014/15 estimate £m	2015/16 estimate £m
(1) Upper Limits – Fixed interest rate exposure (interest costs)	**3.4**	**3.6**	**3.1**	**2.4**
(2) Upper Limits – Variable interest rate exposure (interest costs)	**1.7**	**1.9**	**3.0**	**3.1**
Upper Interest Limits – identifies the maximum limit for both fixed and variable interest rates exposure based upon the Council's debt position net of investments (debt interest payable less investment interest receivable).				
(3) Authorised Limit for External debt				
- External debt (01.04)	125	120	120	115
- Other long term Liabilities (PFI)	7	6	6	6
Total	**132**	**126**	**126**	**121**
Authorised external debt limit - maximum level of external debt that the authority will require to cover all known potential requirements and includes headroom to cover the risk of short-term cash flow variations that could lead to a need for temporary borrowing. This limit needs to be set or revised by Council and is the statutory limit determined under section 3(1) of the Local Government Act 2003.				
(4) Operational Boundary Limit for External debt				
- External debt (01.04)	101	101	97	95
- Other long term Liabilities (PFI)	7	6	6	6
Total	**108**	**107**	**103**	**101**
Operational boundary - calculated on a similar basis as the authorised limit but represents the likely level of external debt that may be reached during the course of the year excluding any temporary borrowing and is not a limit.				

(5) Upper limit for sums invested over 364 days	**50**	**50**	**40**	**30**

Upper Limit for sums invested for over 364 days – these limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment.

(6) Gross debt and Capital Financing Requirement				
-External debt (01.04)	101	101	97	95
-Other long term Liabilities (PFI)	7	6	6	6
Gross debt	108	107	103	101
-C.F.R.	149	144	137	133
Excess C.F.R.	**41**	**37**	**34**	**32**

Gross Debt and the Capital Financing Requirement – this new indicator incorporated into the Prudential code in November 2012 is to be implemented from 1 April 2013 and reflects that over the medium term, debt will only be for capital purposes. The Director of Finance will ensure that all external debt does not exceed the capital financing requirement with any exceptions being reported to Council.

MATURITY STRUCTURE of BORROWING 2013/14 to 2015/16		
	Lower limit %	**Upper limit %**
Under 12 months	0	70
12 months to 2 years	0	25
2 years to 5 years	0	25
5 years to 10 years	0	25
10 years to 20 years	0	25
20 years to 30 years	0	25
30 years to 40 years	0	25
40 years and above	0	25

Maturity Structure of Borrowing – these gross limits are set to reduce the Council's exposure to large sums falling due for refinancing and this indicator reflects the next date on which the lending bank can amend the interest rate for the Lender Option Borrower Option loans.

Capital – (changes annually)

Capital Prudential Indicators	2012/13 Estimate £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
Capital Expenditure	**63.9**	**38.7**	**27.0**	**11.3**

Capital expenditure - the table above shows the estimated capital expenditure to be incurred for 2012/13 and the following three years. This indicator has been updated following the Accounts & Audit meeting on 5 February 2013 in order to reflect the latest spend profile of the Council's capital programme.

Capital Financing Requirement as at 31 March	**149.3**	**144.1**	**137.3**	**132.7**
Capital Financing Requirement (CFR) - this reflects the estimated need to borrow for capital investment (i.e. the anticipated level of capital expenditure not financed from capital grants and contributions, revenue or capital receipts). The actual calculation of the CFR is derived from the balance sheet as at 31/3/12 including estimates of the end of year position for the current and future years.				
Financing Cost to Net Revenue Stream	**6.2%**	**7.0%**	**7.6%**	**7.2%**
Financing costs to net revenue stream - this indicator shows the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the Council's net revenue stream.				
Incremental Impact on Band D Council Tax (£)	**5.25**	**13.66**	**0.00***	**0.00***
Incremental impact on band D council tax – reflects the incremental impact on the Council Tax arising from new borrowing undertaken in order to finance the capital investment decisions taken by the Council during the budget cycle. The figures above, reflects the movement away from borrowing to grant funding for future years spend.				

*this reflects that the Capital Financing Requirement is set to reduce in 2013/14 as no further borrowing is expected to be undertaken.

All the prudential indicators are monitored on a regular basis. If the situation arises that any of the prudential indicators appear that they will be breached for a sustained period, then this will be reported to the Council at the earliest opportunity.

<u>MINIMUM REVENUE PROVISION - </u>(no change)
In accordance with C.L.G. Guidance, the Council shall determine for the current financial year, an amount of minimum revenue provision that it considers to be prudent and submit an MRP Statement setting out its policy for its annual MRP to Council for approval. The following MRP Statement has been prepared in accordance with the Council's accounting procedures as stated in the annual Statement of Accounts publication and is recommended for approval:

Capital expenditure supported by external borrowing approvals -, the MRP policy will follow the existing practice outlined in former C.L.G. Guidance, i.e. 4% of the Capital Financing Requirement;

Capital expenditure supported by prudential borrowing -, the policy will be based on the estimated life of the assets once operational with MRP charged on a straight line basis or annuity basis in accordance with the Guidance;

MRP regarding PFI schemes and leases shown on the balance sheet will be based on the amount of the principal lease repayment included within the annual unitary payments made;

For expenditure that does not create an asset, or following the use of a Capitalisation Direction, provision will be made over a period not exceeding 20 years, in accordance with Guidance.

In May 2012, the Council participated in the national Local Authority Mortgage Scheme using the cash backed option with Lloyds TSB. This involved the Council placing a five year deposit totalling £2m with the bank matching the five year life of the indemnity. This deposit provides an integral part of the mortgage lending, and is treated as capital expenditure and a loan to a third party. The Capital Financing Requirement (CFR) will increase by the amount of the total indemnity. The deposit is due to be returned in full at maturity and once received will be classed as a capital receipt, and the CFR will reduce accordingly. As this is a temporary (five years) arrangement and the funds will be returned in full, there is no need to set aside prudent provision to repay the debt liability in the interim period, so there is no MRP application. Interest earned on this deposit is paid annually and in order to keep to a minimum any future potential call on the Council's resources due to mortgage defaults, a proportion of interest earned, net of cash flow impact on the £2.0m advanced, is placed into a reserve to be used as a first call on any future liabilities. At the end of the indemnity period all surplus funds held in this reserve would be made available for general purposes.

INVESTMENT CRITERIA – (recommended changes as highlighted)
The minimum criteria for providing a list of high quality investment counterparties is highlighted in the categories below and these are to be applied for both Specified and Non-specified investments;

	Fitch (or equivalent) – Long Term	Maximum Group Limit	Maximum Time Limit
Category 1 – All UK or Non UK banks and building societies domiciled in a country which has a minimum Sovereign long term rating of AA and individual credit rating issued by Fitch, Moody's and Standard and Poor's of: Short Term – Fitch F1 or equivalent Long Term – Fitch A- or equivalent Viability / Financial Strength – C (Fitch / Moody's only) Support – 3 (Fitch only).	A- to A+ AA- To AAA	£5m £20m	1yr 3yrs
Category 2 – UK Banks part nationalised -	-	£20m	3yrs
Category 3 – The Council's own banker if the bank falls below the above criteria.	-	£5m	1yr (current limit 3mth)
Category 4 – Money Market Funds – must be AAA credit rated UK Government (including treasury bills, gilts and the DMO) Local Authorities Supranational Institutions Corporate bonds (Manchester International Airport only)	-	£20m	3yrs

Specified and Non Specified Investments – (recommended changes as highlighted)

In accordance with the Code of Practice, the Council is required to set a criteria which identifies its investments between Specified and Non Specified investments and these are classified as follows;

Specified investments are high security and high liquidity investments with a maturity of no more than a year or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. A maximum of 100% can be held under this definition,

Non specified investments are any other type of investment not defined as specified above with the maximum permitted to be held in this classification detailed in Appendix 1 including Manchester Airport Shares at a historical cost of £10.2m and

Local Authority Mortgage Scheme. Under this scheme, which is designed for first time buyers to be able purchase a property in the area, the Council is required to place funds of £2m with Lloyds TSB for a period of 5 years. This is classified as being a service investment, rather than a treasury management investment and is therefore outside of the specified / non specified categories.

All Investments will be undertaken in Sterling in the form of Term Deposits, Money Market Funds, or Certificates of Deposits unless otherwise stated below,

Specified Investments

Investment	Maximum Maturity
The UK Government including Local Authorities, Debt Management Office, UK Treasury Bills or gilts with less than one year to maturity.	1 Year
Supranational bonds of less than one year duration	1 Year
Pooled investment vehicles that have been awarded a AAA credit rating by Fitch, a credit rating agency, such as money market funds	1 Year
An institution that has been awarded a high short term credit rating (minimum F1 or equivalent) by a credit rating agency, such as a bank or building society.	1 Year

Non-Specified Investments

Investment	Maximum Maturity
Multilateral development bank bonds - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Investment Bank etc.). The security of interest and principal on maturity is on a par with the Government and so are very secure, and these bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may	3 Years

rise or fall before maturity and losses may accrue if the bond is sold before maturity.	
Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. The value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.	3 Years
The Council's own bank if it fails to meet the basic credit criteria.	1 Year (current limit 3 month)
UK Banks which have significant Government holdings	3 Years (current limit 1 Year)
Any bank or building society which meets the minimum long term credit criteria detailed in Appendix 1, for deposits with a maturity of greater than one year.	3 Years
The UK Government including Local Authorities, Debt Management Office, UK Treasury Bills or Gilts	3 Years
Share capital or loan capital in a body corporate – The use of these instruments maybe deemed to be capital expenditure, and as such maybe an application (spending) of capital resources. It is envisaged this facility will apply to the Manchester International Airport share holding which the Council holds at a historical value of £10.2m as reported in the 2011/12 statement of accounts. It is not envisaged that this type of investment will be undertaken in the future.	3 Years
Manchester Airport Group – This is in response to the restructuring of the airports existing debt and is included for clarity and transparency purposes only.	Term of loans

STATUTORY FRAMEWORK

Local Government Act 2003

In accordance with the Local Government Act 2003 (and supporting regulations and guidance) each Council must before the commencement of each financial year, produce a report fulfilling three key requirements as stipulated below;

The debt strategy in accordance with the CIPFA Code of Practice on Treasury Management (section 3);

The investment strategy in accordance with the Communities and Local Government (C.L.G.) investment guidance (section 5);

The reporting of the prudential indicators as required by the CIPFA Prudential Code for Capital Finance in Local Authorities (Appendix 1).

CIPFA Code of Practice

The Council's treasury activities are strictly regulated by statutory requirements in conjunction with a professional code of practice (the CIPFA Treasury Management Code of Practice). This Council adopted the Code of Practice on Treasury Management on 24 April 2002 and followed recommended practices by considering an annual Treasury Management Strategy before the commencement of each financial year. These Codes are revised from time to time and the Council complies with any revisions.

Investment Guidance

The C.L.G. issued Investment Guidance in March 2010, and this forms the structure of the Council's policy below,

The strategy guidelines for decision making on investments, particularly non-specified investments.

Specified investments the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.

Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The principles to be used to determine the maximum periods for which funds can be committed.

INVESTMENT CREDIT AND COUNTERPARTY RISK MANAGEMENT (No change)

The Council receives credit rating advice from its treasury management advisors, as and when ratings change and counterparties are checked promptly to ensure it complies with the Council's criteria. The criteria used are such that any minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria, or those on the minimum criteria placed on negative Credit watch, will be removed from the list immediately, and if required new counterparties which meet the criteria will be added to the list.

		Credit Rating Agency		
Classification	**Description**	**Fitch (Minimum)**	**Moody's (Minimum)**	**Standard & Poors (Minimum)**
Short Term	Ensures that an institution is able to meet its financial obligations within 12 months	F1 (Range **F1+, F2 A** to **D**)	P1 (Range **P1** to **P3**)	A1 (Range **A-1,** to **C**)
Long Term	Ensures that an institution is able to meet its financial obligations greater than 12 months	A- (Range **AAA** to **D**)	A3 (Range **AAA** to **C**)	A- (Range **AAA** to **CC**)
Viability / Financial Strength	Assess how an institution, in the event of financial difficulty, would be viewed if it were entirely independent and could not rely on external support.	C (Range **A** to **E**)	C (Range **A** to **E**)	N/a
Support	Indicates state support would be forthcoming in the event of financial difficulty	3 (Range **1** to **5**)	N/a	N/a

Investment Counterparty information.

Whilst the Council's Investment counterparty is prepared primarily using credit rating information additional market information is required to also be considered. The information below will also be considered when undertaking investments;

Credit default swaps - CDS were created in 1997 and are a financial instrument for swapping the risk of debt default. Essentially the owner of the position would enter into an agreement with a third party who would receive a payment in return for protection against a particular credit event – such as default. Whilst absolute prices can be unreliable, trends in CDS spreads do give an indicator of relative confidence about credit risk.

Equity prices – like CDS prices, equities are sensitive to a wide array of factors and a decline in share price may not necessarily signal that the counterparty in question is in difficulty.

Interest rates being paid - If a counterparty is offering an interest rate which is out of line with the rest of the market this could indicate that the investment is likely to carry a high risk.

Information provided by management advisors – this is may include some information detailed above together with weekly investment market updates.

Market & Financial Press information – information obtained from the money market brokers used by the Council in respect of interest rates & Counterparties will also be considered.

Investment Limits

In order to safeguard the Council's investments and in addition to the information shown at Appendix 1 due care will be taken to consider country, group and sector exposure as follows;

The country selection will be chosen by the credit rating of the Sovereign state as shown at Appendix 1 and no more than 40% of the Council's total investments will be directly placed with non-UK counterparties at any time;

limits in the table below will apply to Group companies (e.g. a group equates to Royal Bank of Scotland / Nat West);

Sector limits will be monitored regularly for appropriateness.

Investment Risk benchmarking

Security and liquidity benchmarks are central to the approved treasury strategy through the counterparty selection criteria and proposed benchmarks for these are set out below.

Security - In respect of benchmarking, assessing security is a much more subjective area to measure. Security is currently evidenced by the application of minimum credit quality criteria to investment counterparties, primarily through the use of credit ratings supplied by the three main credit rating agencies (Fitch, Moody's and Standard and Poor's). Whilst this approach addresses the security considerations, benchmarking levels of risk is more difficult. A method to benchmark security risk is to assess the historic level of default against the minimum criteria used in the Council's investment strategy. The table below shows average defaults for differing periods of investment grade products for each Fitch/Moody's and Standard and Poors long term rating category over the period 1990 to 2011.

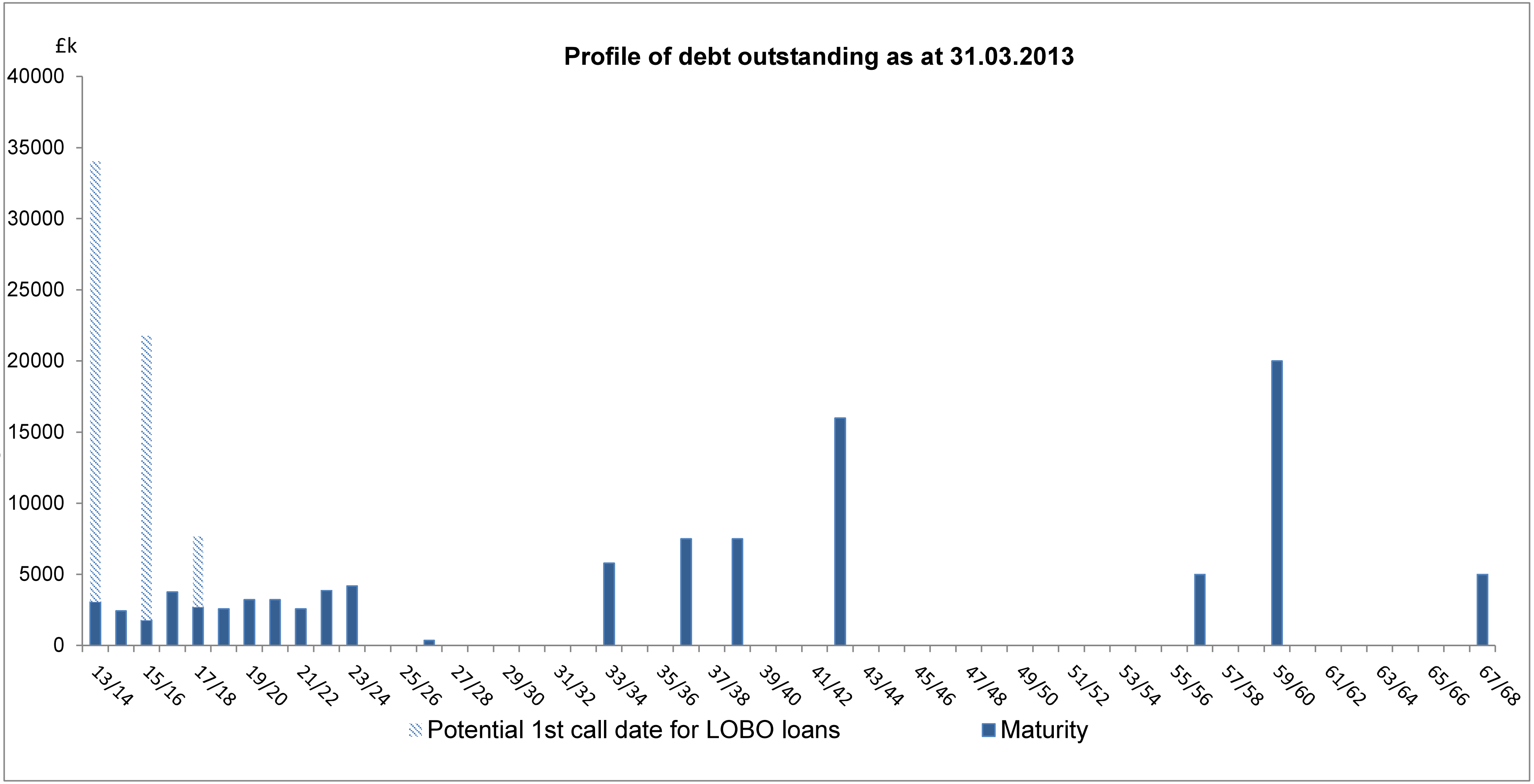
Long term rating	Average 1 yr default	Average 2 yr default	Average 3 yr default	Average 4 yr default	Average 5 yr default
AAA	**0.00%**	**0.02%**	**0.06%**	**0.09%**	**0.13%**
AA	**0.02%**	**0.04%**	**0.14%**	**0.28%**	**0.36%**
A	**0.09%**	**0.25%**	**0.43%**	**0.60%**	**0.79%**
BBB	**0.23%**	**0.65%**	**1.13%**	**1.70%**	**2.22%**
BB	**0.93%**	**2.47%**	**4.21%**	**5.81%**	**7.05%**
B	**3.31%**	**7.89%**	**12.14%**	**15.50%**	**17.73%**
C	**23.15%**	**32.88%**	**39.50%**	**42.58%**	**45.48%**

The Council's minimum long term rating criteria is currently "A", meaning the average expectation of default for a one year investment in a counterparty with a "A" long term rating would be 0.09% of the total investment (e.g. for a £1m investment the average loss would be £900). This is only an average as any specific counterparty loss is likely to be higher.

Liquidity – This is defined as “having adequate, though not excessive cash resources, borrowing arrangements, overdrafts or standby facilities to enable at all times to have the level of funds available which are necessary for the achievement of its business/service objectives” (CIPFA Treasury Management Code of Practice).

The availability of liquidity and the period of risk in the portfolio can be benchmarked by the monitoring of the Weighted Average Life (WAL) of the portfolio (shorter WAL would generally represent less risk).

APPENDIX 4



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APPENDIX 5

INVESTMENT & EXTERNAL DEBT PORTFOLIO AS AT 31.12.2012

		Principal £k	Average rate
External debt	PWLB Market	44,546 56,000	7.28% 3.65%
Total external debt		**100,546**	**5.26%**
Total Investments		**(73,349)**	**0.96%**
Net Position		**27,197**	

GLOSSARY of ABBREVIATIONS

CDS	Credit Default Swaps – financial instrument for hedging against counterparty default
CLG	Communities & Local Government (Department of)
CIPFA	Chartered Institute of Public Finance & Accountancy
CFR	Capital Financing Requirement – this is a measure of the council's borrowing needs in order to finance its capital investment programme.
DMO	Debt Management Office – low credit risk UK Government investment Counterparty which offers low rates of return
LGC	Local Government Chronicle
LIBID	London Interbank BID interest rate – average rate of interest offered by the UK clearing banks
MRP	Minimum Revenue Provision – this is the amount required to pay off an element of the capital spend each year through a revenue charge
MTFP	Medium Term Financial Plan – 3 year financial plan
PFI	Private Finance Initiative – private sector source of funding
PWLB	Public Works Loan Board
TMP	Treasury Management Practices – details the methods in which the Council will achieve the treasury management policies and objectives and how it will manage and control them.
VRP	Voluntary Revenue Provision – identical to MRP but on a voluntary basis
WAL	Weighted Average Life – benchmark indicating average life of investments

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TRAFFORD COUNCIL

Report to: Executive Budget Meeting
Date: 20 February 2013
Report for: Decision
Report of: The Executive Member for Finance and the Director of Finance

Report Title

CAPITAL INVESTMENT PROGRAMME MONITORING 2012/13
3rd Quarter (April – December)

Summary

This report summarises the findings from the budget monitoring for the period to 31 December 2012. The salient features are:

- The revised 2012/13 budget approved in Q2 monitoring report was £66.1m. Additions of £0.4m and rephasing of £(2.6m) of budgets to later years has reduced the Programme to £63.9m.
- Capital expenditure to date is £41.9m, being 66% of the budget (see Appendix 3 for detail by service area). Included within this is £18.8m on schemes already complete. Including :
  - New 6th Form Centre at Altrincham College of Arts
  - Specialist housing scheme at Shawe View.
  - St.Ambrose College – rebuild of school
  - Stretford High School – New sports facilities
  - Longford Park – Improvements to parks buildings & shelters
  - £1.4m across a number of schools related schemes
  - £1.3m of highways related projects including integrated transport, structural maintenance, street lighting and bridges.
- Of the amended budget 99% is either already spent or programmed to be spent in year, and no delivery issues have been identified.

Recommendation(s)

1. That the amendments to the 2012/13 Capital Investment Programme be approved.

2. That the monitoring report be noted.

Contact person for access to background papers and further information:
Name: Graeme Bentley
Extension: 4336

Background Papers – None

1. Capital Programme Update

1.1 This report summarises the current position and progress of the 2012/13 Capital Investment Programme and its' financing as at 31 December 2012. It takes into account both financial and scheme progress monitoring undertaken with service area project officers.

1.2 Capital expenditure in 2012/13 is currently estimated at £63.9m which is £2.2m lower than that reported in the Q2 Monitor in November. The changes are due to:

- £0.4m of new & additional budgets including :
  - § Additional DCLG grant funding of £0.2m for the provision of Disabled Facilities Grants.
  - § Use of £0.2m of developer contributions for parking, highways and parks & play area schemes.
- £(2.6)m of rephasing to 2013/14 and later years to reflect :
  - § delayed start on site due to negotiations with landowners in respect of the Carrington Lane / Flixton Road highway scheme. It is now due to start on 21 January 2013.
  - § Delayed start on site in respect of a new bus lane on the A56 in Old Trafford due funding agreement issues with Transport for Greater Manchester
  - § Continuing negotiations with the National Trust & tenant farmers in respect of the purchase of land for additional burial space in Altrincham,
  - § known school projects funded by Devolved Formula Capital Grant, which is controlled directly by schools and
  - § the continued evaluation of the replacement Customer Relationship Management system.

Details are shown in Appendix 1 and are summarised as follows:-

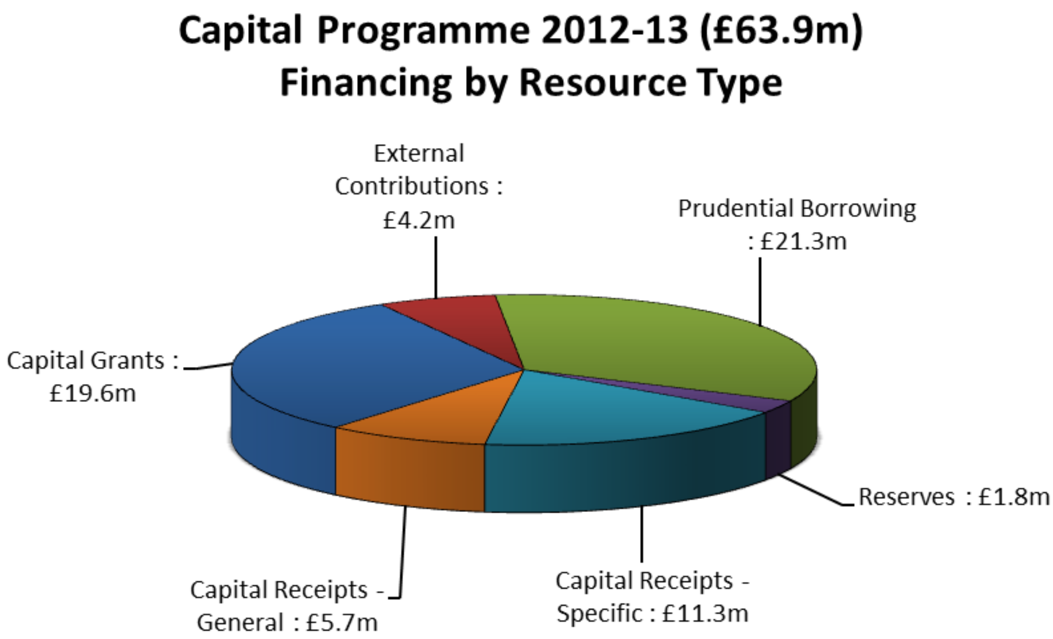
Capital Investment Programme 2012/13	**Q2 Revised 2012/13 £m**	**Q3 Revised 2012/13 £m**	**Change £m**
Portfolio Analysis :			
Supporting Children & Families	0.3	0.3	
Economic Growth & Prosperity	32.9	32.8	-0.1
Adult Care, Health & Wellbeing	3.7	3.8	+0.1
Education	18.8	18.5	-0.3
Environmental Services	1.0	0.6	-0.4
Highways & Transportation	6.7	5.5	-1.2
Safe, Strong Communities	0.7	0.6	-0.1
Transformation & Resources	2.0	1.8	-0.2
Total	**66.1**	**63.9**	**-2.2**
Service Analysis :			
Children & Young People	19.1	18.8	-0.3
Communities & Wellbeing	3.7	3.8	+0.1
Economic Growth & Prosperity	32.9	32.8	-0.1
Environment Transport & Operations	8.4	6.7	-1.7
Transformation & Resources	2.0	1.8	-0.2
Total	**66.1**	**63.9**	**-2.2**

2 Resourcing

2.1 Updated projections of the Land Sale Programme have resulted in a minor increase (£0.2m) in the surplus from that reported in Q2. Changes to the valuation of some sites and some minor increases in actual receipts mean the value has increased to £23.2m, a surplus of £0.4m, for 2012/15.

Impact on 2012/15 Capital Programme	2012/13 £m	2013/14 £m	2014/15 £m	Total £m
Resources available :				
Capital receipts estimate	15.6	7.1	0.5	23.2
LSVT VAT receipts	2.0	0.4	1.6	4.0
Total discretionary Resources	**17.6**	**7.5**	**2.1**	**27.2**
Capital Programme requirement	17.0	6.5	3.3	26.8
Current Surplus/(Deficit) at Q3	**0.6**	**1.0**	**(1.2)**	**0.4**

2.2 The chart below shows the types and levels of resource available to finance the capital investment programme. Internal funding of £41m equates to 64% of the total funding requirement, whilst external funding makes up the balance (£23.2m). The majority of the external funding is government grants (82%) and whilst a number of these are no longer ring-fenced they support some major programmes, particularly on the schools programme, hence there is limited discretion over the application of these resources.



2.3 The level of available capital resources is assessed throughout the year to ensure the Capital Programme remains affordable.

3. Actual Expenditure – 3rd Quarter (April – December)

3.1 Actual expenditure for the third quarter of the financial year is shown below, with further details of the service areas in Appendix 3.

Capital Investment Programme : Expenditure at Quarter 3 2012/13	**Q3 Spend £m**	**Projection for Year £m**	**% of spend to budget**
Portfolio Analysis :			
Supporting Children & Families	0.1	0.3	35%
Economic Growth & Prosperity	21.4	32.8	65%
Adult Care, Health & Wellbeing	2.1	3.8	55%
Education	14.5	18.5	78%
Environmental Services	0.3	0.6	50%
Highways & Transportation	3.0	5.5	55%
Safe, Strong Communities	0.1	0.6	17%
Transformation & Resources	0.4	1.8	22%
Total	**41.9**	**63.9**	**66%**
Service Analysis :			
Children & Young People	14.6	18.8	78%
Communities & Wellbeing	2.1	3.8	55%
Economic Growth & Prosperity	21.4	32.8	65%
Environment Transport & Operations	3.4	6.7	51%
Transformation & Resources	0.4	1.8	22%
Total	**41.9**	**63.9**	**66%**

3.2 Included in the £41.9m is £18.8m for completed schemes. In addition to those reported in earlier monitoring reports schemes completed in Q3 include :

- £1.4m across a number of schools related schemes, including boiler and kitchen ventilation projects.
- £1.3m of highways related projects including integrated transport £0.3m, structural maintenance & bridges £0.7m and street lighting £0.3m.

3.3 Approximately 82% of the Environment, Transport & Operations budgets are highways related. The majority of which are now on site and as can be seen from para 3.2 are progressing well. It is expected that the budget of £5.5m will be fully invested in year.

3.4 The budget for Transformation & Resources of £1.8m is predominantly ICT related schemes. Whilst current levels of expenditure are lower than expected, monitoring has identified that schemes are either in progress or due to start later in the year, with some now phased to complete in 2013/14.

4. Status of 2012/13 Projects

4.1 There are 288 individual schemes currently allocated in the programme. These include some major projects including the rebuild of St Ambrose College and the Long Term Accommodation scheme. All schemes in the budget were reviewed into the following categories to identify the level of projected expenditure in 2012/13 :

Status of 2012/13 Projects	**Q2 £m**	**Q3 £m**	**% of Budget**
Already complete	16.1	18.8	29%
On site	45.0	41.9	66%
Programmed to start later in year	4.5	2.9	4%
Not yet programmed	0.5	0.3	1%
Total	**66.1**	**63.9**	**100%**

4.2 The first three categories give a good indication of the level of confirmed expenditure that will be undertaken during the year. As can be seen from the table above the Programme as a whole is progressing well with increases, from those reported Q2, in the value of schemes complete, whilst the value of not yet started and not yet programmed schemes has reduced. An analysis by service area is shown in Appendix 2.

5. Recommendations

5.1 That the amendments to the 2012/13 Capital Investment Programme be approved. That the monitoring report be noted.

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	Capital expenditure to be been contained within available resources in 2012/13.
Legal Implications:	None arising out of this report
Equality/Diversity Implications	None arising out of this report
Sustainability Implications	None arising out of this report
Staffing/E-Government/Asset Management Implications	A number of improvement schemes are being undertaken in 2012/13.
Risk Management Implications	Not Applicable
Health and Safety Implications	A number of schemes are being undertaken in 2012/13 on the grounds of health and safety.

<u>Other Options</u>
The Executive could decide to put a hold on any new commitments where potential schemes are supported by Trafford's internal resources. This would provide some benefit to the revenue account as interest costs would be avoided and also provide a source of capital resources that could be used to support any invest to save proposals that come forward as part of the 2013/14 revenue budget process.

<u>Consultation</u>
Consultation has taken place with budget holders, responsible officers and professional services to ascertain the best projection of capital expenditure to be incurred in 2012/13.

<u>Reasons for Recommendation</u>
The Authority is regularly assessed on the performance of its Capital Investment Programme and how delivery matches corporate policies and proposed spending plans. To reflect budgets in line with revised expectations will assist in evidencing that compliance with the above criteria is being met.

Finance Officer Clearance *(type in initials)…….GB………*
Legal Officer Clearance *(type in initials)……….JL….……*

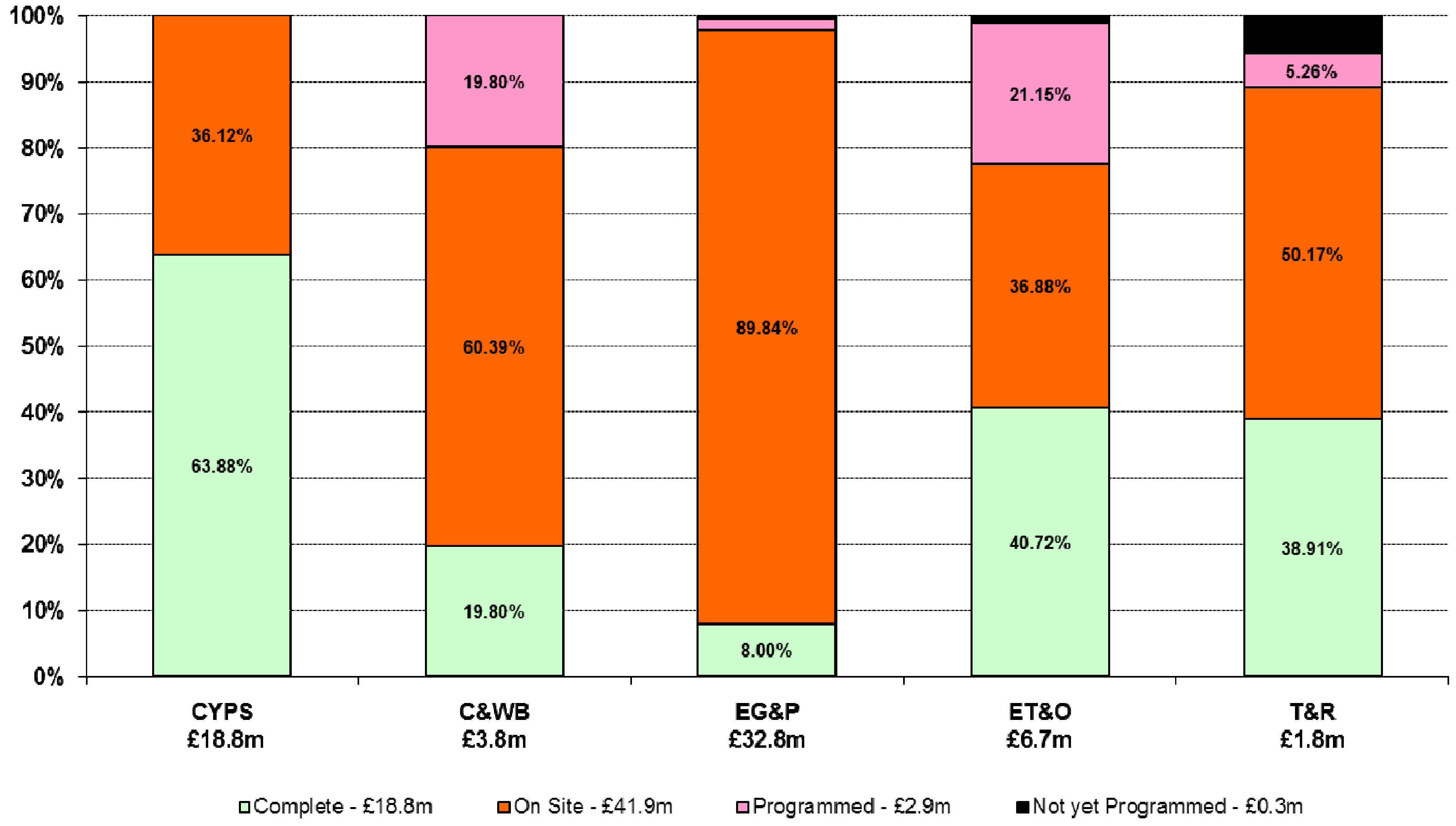
Director of Finance

[Signature appended in hard copy.]

To confirm that the Financial and Legal Implications have been considered and the Executive Member has cleared the report.

Capital Investment Programme 2012/13 : Budget changes during Quarter 3		**Budget 2012/13 £'000**	**Budget 2012/13 £'000**
Budget reported at November 2012			**66,128**
Amendments during Quarter 3			
New Schemes & Increases	Financed by :		
Disabled Facilities Grants	DCLG grant	165	
Parking Control Zones	Reserves	100	
Integrated Transport Plan	S.106 contribs	39	
Lostock Park – U8s play area	Developer	69	
Springbank Park, Altrincham	S.106 contribs	13	386
Rephasing :			
Brought forward from 2013/14:			
Various school schemes		110	
Re-phased to 2013/14			
Schools – Devolved formula capital		(500)	
Highways related schemes		(691)	
New bus lane – A56, Old Trafford		(409)	
Additional Burial Land		(600)	
ICT related schemes		(270)	
Parks related schemes		(154)	
Altrincham Market Improvements		(100)	(2,614)
Budget at 31 December 2012			**63,900**

Capital Programme 2012/13 - Status of schemes by Service Area



Children & Young People

Capital Investment Programme 2012/13	Number of Schemes	Q3 Budget 2012/13 £m	Q3 Expend 2012/13 £m	% of spend to budget
Quarter 3 Budget		**18.8**		
Schools				
Primary Schools	14	4.2	2.8	67%
Secondary Schools	11	9.6	8.2	85%
Other Schemes	40	4.6	3.5	76%
Youth Service	3	0.1	-	-
Children's Service	5	0.3	0.1	20%
Total	**73**	**18.8**	**14.6**	**78%**

The 2012/13 budget approved in Q2 was £19.1m. The Q3 monitoring undertaken has resulted in the budget being reduced to current levels of £18.8m.

The reduction is due to the re-phasing, to 2013/14, of Devolved Formula Capital. This grant is controlled directly by schools and can be utilised across a 3 year period. As a result of known school projects some of the budget has been re-phased to better reflect expected investment.

Communities & Wellbeing

Capital Investment Programme 2012/13	Number of Schemes	Q3 Budget 2012/13 £m	Q3 Expend 2012/13 £m	% of spend to budget
Quarter 3 Budget		**3.8**		
Services for Adults	10	3.8	2.1	55%
Total	**10**	**3.8**	**2.1**	**55%**

The Q3 budget has increased by £0.1m from that reported in Q2. £165k of additional DCLG grant towards the provision of Disabled Facilities Grants (DFG) was received in December.

Monitoring has identified that the DFG programme (£2.2m) is under pressure with expectation that the budget could be spent by the end of Q3.If approvals continue at current levels it is anticipated that there will be £0.5m commitment on the 2013/14 budget. The implications of this and the future DFG programme are currently being considered.

The replacement Adult Social Care ICT system is programmed start in 2012/13 but due to changes in service requirements the expected date for completion has been pushed back from June 2013 to December 2013.

Economic Growth & Prosperity

Capital Investment Programme 2012/13	**Number of Schemes**	**Q3 Budget 2012/13 £m**	**Q3 Expend 2012/13 £m**	**% of spend to budget**
Quarter 3 Budget		**32.8**		
Corporate Landlord				
Mechanical & Electrical	20	0.7	0.3	43%
Health & Safety (inc DDA)	16	0.5	0.2	40%
Public Building Repairs	29	0.8	0.4	50%
Long Term Accommodation	2	16.6	11.5	69%
Regeneration	4	11.3	6.9	61%
Strategic Planning	2	0.6	-	-
Housing Services	4	2.3	2.1	91%
Total	**77**	**32.8**	**21.4**	**65%**

The Q3 budget has reduced by £0.1m from that reported in Q2. Tenders are currently being sought to appoint a consultant to advise on the future operating model and the appropriate refurbishment works for Altrincham Market.

The Long Term Accommodation strategy is progressing well with the development of Trafford Town Hall due to complete before the end of 2012/13. It is expected that staff will begin to return in early April.

The monitoring undertaken has shown that whilst the amount of expenditure incurred is lower than expected at this point of the year, the physical progression of schemes is much better. Most schemes are now either on site or programmed to start in Q3, with the value of un-programmed schemes reduced down to £124k.

Environment Transport & Operations

Capital Investment Programme 2012/13	**Number of Schemes**	**Q3 Budget 2012/13 £m**	**Q3 Expend 2012/13 £m**	**% of spend to budget**
Quarter 3 Budget		**6.7**		
Highways				
Traffic & Transport	37	2.4	0.9	38%
Highway Maintenance	34	2.6	1.9	66%
Bridges	15	0.5	0.2	40%
Bereavement Services	2	0.1	-	-
Sustainability & Greenspace	14	0.6	0.3	50%
Public Protection	4	0.3	0.1	30%
Waste Management	2	0.2	-	-
Total	**108**	**6.7**	**3.4**	**51%**

The Q3 budget has reduced to current levels of £6.7m. The reduction is as a result of re-phasing of £1.7m of budget to 2013/14 and later years, including .

- major improvement works at the junction of Carrington Lane / Flixton Road. The delay in starting the works is due consultation with landowners & partners which has now been concluded. The works are due to start on site on 21 January 2013,
- a new bus lane on the A56 in Old Trafford has been delayed due to approval from Transport for Greater Manchester of the Bettter Bus Area Fund supporting the project.
- continuing negotiations with the National Trust & tenant farmers in respect of the purchase of land for additional burial space in Altrincham.

Included in the £3.0m of costs incurred on highways related budgets schemes to a value of £1.3m have completed. These schemes include integrated transport £0.3m, structural maintenance & bridges £0.7m and street lighting £0.3m.

Transformation & Resources

Capital Investment Programme 2012/13	**Number of Schemes**	**Q3 Budget 2012/13 £m**	**Q3 Expend 2012/13 £m**	**% of spend to budget**
Quarter 3 Budget		**1.8**		
Performance & Improvement	2	0.2	-	
Information Technology	17	1.0	0.2	20%
SWiTch – HR / Payroll	1	0.6	0.2	25%
Total	**20**	**1.8**	**0.4**	**22%**

The budget for Transformation & Resources has reduced from Q2 to £1.8m. The reduction is due to re-phasing of £0.2m for the replacement Customer Relationship Management (CRM) scheme. A suitable replacement for the system is still being identified and due to any subsequent procurement and evaluation process it is unlikely this budget will be spent in year.

TRAFFORD COUNCIL

Report to: Executive
Date: 20 February 2013
Report for: Information
Report of: The Executive Member for Finance and the Director of Finance

Report Title:

Revenue Budget Monitoring 2012/13 – Period 9 (April 2012 to December 2012 inclusive).

Summary:

At month nine, the projected revenue outturn is £154.563m compared to the budget of £155.395m (summary tables by Directorate & Portfolio at paragraph 1). The favourable variance of £(0.832)m, or (0.5)%, is a favourable movement of £(0.232)m on the previously reported position.

This period's forecast includes a favourable movement relating to additional expenditure underspends identified across the CYPS Directorate of £(0.107)m and deferred expenditure within Libraries and Communications of £(0.111)m.

Activity	Forecast £m	Movement £m
Social Services clients & need	1.1	-
Suppressed income	0.3	0.1
Street lighting electricity costs	0.2	-
Vacancy & running cost management	(1.7)	(0.3)
Treasury Management	(0.4)	-
New grant & rephased projects	(0.3)	-
Forecasted outturn	**(0.8)**	**(0.2)**

In addition to the above:

There is an overspend position in the Learning Disabilities Pool of £0.865m, a minor improvement of £(0.013)m since the previous report (see Annex 2, Section 4).

The combined effect of the underspending position and in-year commitments, will reduce Directorates' service reserves from £(2.6)m to £(2.0)m. Some Directorates will have a combined debit balance on their service reserve of £0.2m, which will be expected to be addressed by in-year or future years' savings.

The forecast level of General Reserve, after the known commitments in 2012/13, shows a positive position, being £(1.8)m above the agreed minimum level of £(6.0)m.

The forecasted Council Tax surplus as at 31 March 2013 is estimated to be £(0.216)m, and all of the planned Transformation savings of £12.2m are on target to be delivered.

Recommendation(s)

It is recommended that: a) the latest forecast and planned actions be noted and agreed.

Contact person for access to background papers and further information:

Head of Financial Management Extension: 4302

Background Papers: None

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	Revenue expenditure to be been contained within available resources in 2012/13.
Legal Implications:	None arising out of this report
Equality/Diversity Implications	None arising out of this report
Sustainability Implications	None arising out of this report
Staffing/E-Government/Asset Management Implications	Not applicable
Risk Management Implications	Not applicable
Health and Safety Implications	Not applicable

Finance Officer Clearance ………………………..ID
Legal Officer Clearance …………………………..MJ

Director of Finance Signature [Signature attached in hard copy.]

Budget Monitoring - Financial Results

1. Based on the budget monitoring for the first 9 months of the year, the overall forecast for the year is for an underspend of £(0.748)m, (0.5)%. Included within this total is a net service underspend of £(0.241)m, and underspends in Council-Wide budgets of £(0.507)m or (2.0)% of the relevant budget. The details of service variances can be found in Annexes 1 to 5, and for Council-Wide, Annex 6.

Table 1: Budget Monitoring results by Directorate	**Year end Forecast (£000's)**	**Percent -age %**	**Period Movement £(000's)**	**Annex**
Children & Young People	(51)	(0.2)%	(107)	1
Communities & Wellbeing	307	0.6%	(26)	2
Environment, Transport & Operations	55	0.2%	-	3
Economic Growth & Prosperity	-	0.0%	(30)	4
Transformation & Resources	(636)	(2.8)%	(81)	5
Total Service Variances	**(325)**	**(0.3)%**	**(244)**	
Council-wide budgets	(507)	(2.0)%	12	6
Estimated outturn variance (period 9)	**(832)**	**(0.5)%**	**(232)**	

Table 2: Budget Monitoring results by Executive Portfolio Holder	**Year end Forecast (£000's)**	**Percent-age %**	**Period Movement £(000's)**
Supporting Children & Families	(11)	(0.0)%	(107)
Education	(40)	(1.3)%	-
Adult Care, Health & Wellbeing	307	0.6%	(26)
Highways & Environmental	(17)	(0.1)%	3
Safe, Strong Communities	72	2.9%	(3)
Economic Growth & Prosperity	-	0.0%	(30)
Transformation & Resources	(547)	(3.4)%	(88)
Finance	(596)	(2.0)%	19
Estimated outturn variance (period 9)	**(832)**	**(0.5)%**	**(232)**

Key Month on Month Variations

2. The key variances contributing to the period movement of a favourable £(0.232)m are:

   a) £(0.107)m – various expenditure underspends across the Children and Young People's Directorate, particularly within Complex Needs (£(0.022)m) and Commissioning (£(0.046)m) Services;

   b) Deferred expenditure relating to i) the installation of video links in a number of Libraries, £(0.065)m and ii) marketing and events within the Communications service, £(0.046)m;

   c) Other minor net movements across all other services of £(0.014)m.

MTFP Savings and increased income

3. The Budget included for £(12.2)m of savings and increased income and it is currently forecast that all of these will be achieved . Further details of the achievements against the savings target for each Directorate are shown in Annexes 1 to 6 below.

Council Tax

4. The surplus on the Collection Fund relating to the Council at 31 March 2012 was £(0.294)m of which £0.200m is planned to support the 2012/13 budget. Pro-active management of the Council Tax base and the award of discounts and exemptions is estimated to generate an in-year surplus of £(0.364)m. However, after adjusting for backdated valuation office changes of £0.242m the estimated closing balance at 31 March 2013 will be reduced to £(0.216)m. The cost of these revaluations has increased over the last few years as shown in Table 3 below and is now having a significant impact on the level of surplus going forward. The impact of this is being considered as part of the 2013/14 and future budget plans.

Table 3: Backdated Council Tax Valuations	**(£000's)**
2008/09	265
2009/10	201
2010/11	175
2011/12	178
2012/13	242

Reserves

5. The table below shows the forecast balance on the General Reserve at 31 March 2013. This shows a positive position in that the reserve is £(1.8)m above the agreed minimum level of £(6.0)m:

Table 4: General Reserve Movements	**(£000's)**	**(£000's)**
Balance brought forward 1 April 2012		**(9,802)**
General base budget support 2012-13:		
- Approved by Council February 2012		994
Planned in-year transactions 2012-13:		
- Reversal of PCT support in 2011/12 for LD Pool	(400)	
- Planned use for one-off projects in 2012/13	1,547	
- Apprenticeship programme (second year)	50	
- Maximising Community Infrastructure Levy	140	
- Payment Card Industry Data Security Standards (PCIDSS)	40	
- Pathology & Mortuary contract transition	22	
- Biomass Appeal expenditure (Executive 30 July 2012)	120	1,519
Council-wide budgets underspend (forecast)		(507)
Forecast balance 31 March 2013		**(7,796)**

6. There are also a number of potential claims or commitments against the General Reserve balance not included in the above table, such as the overspend position of some Directorates, the overspend on the LD Pooled Fund (see Annex 2 Section 4) and the potential need to invest in order to achieve future savings to help towards future budgets.

7. Service balances brought forward from 2011/12 were a net £(2.633)m. After planned movements, and the estimated outturn for the year, there is a projected net surplus of £(1.954)m to be carried forward to 2013/14 (Table 5).

Table 5: Service balances	**B/f April 2012 (£000's)**	**Forecast Movement in-year (£000's)**	**Forecast Balance (£000's)**
Children & Young People	(1,210)	308	(902)
Communities & Wellbeing	(135)	307	172
Environment, Transport & Operations	(200)	200	-
Economic Growth & Prosperity	(79)	79	-
Transformation & Resources	(1,009)	(215)	(1,224)
Total All Services (Surplus)/Deficit	**(2,633)**	**679**	**(1,954)**

Recommendations

8. It is recommended that:

   (a) the latest forecast and planned actions be noted and agreed.

ANNEX 1

TRAFFORD MBC

Report to:	**CYP – Directorate Management Team**
Date:	**15th January 2013**
Report for:	**Information**
Report author:	**Finance Manager for CYPS**

Report Title

Revenue Budget Monitoring 2012/13 – Period 9
(April 2012 to December 2012 inclusive)

1. Outturn Forecast

1.1 The current approved revenue budget for the year is £25.576m, net of the Dedicated Schools Grant (DSG) which totals £128m. The outturn forecast is £25.525m which is £(0.051)m under the approved budget. This is a favourable movement of £(0.107)m compared to last month.

1.2 Appendix 1 details by both department and variance area the projected outturn as compared to the approved revenue budget. The main outturn variances are:

- A predicted overspend within the Children's Social Care service of £376k comprising of staffing budgets £118k, placement budgets £482k, additional Intensive Fostering grant income £(187)k and other minor variations totalling £(37)k. These variances include budgets for Children with Complex and Additional Needs;
- Education Early Years services £(421)k underspend, as a result of delays in staff appointments in Children's Centre's and savings on specific projects;
- Youth Offending Service; a projected saving of £(52)k which relates directly to remand placements.

2. Service carry-forward reserve

2.1 At the beginning of April 2012 the Directorate had accumulated balances of £(1.210)m carried forward from the previous financial year's underspend. The Directorate plans to use these balances to support the general revenue budget. The table below shows the movements in the reserve this year:

Table 1: Utilisation of Carry forward Reserve 2012/13	(£000's)
Balance brought forward 1 April 2012	(1,210)
Specific expenditure assigned against the reserve re: invest to save	200
Specific expenditure delayed in 2011/12 and committed from 2012/13	159
P7 Forecast Outturn	(51)
Projected Balance at 31 March 2013	**(902)**

2.2 Any use of the reserve will be managed to ensure that it has a positive impact on the following year's budget e.g. invest to save initiatives.

3 MTFP Savings and increased income

3.1 The Budget included £(12.2)m of savings and increased income, of which £(2.550)m relates to the CYPS Directorate. The table below summarises the current forecast of this savings target:

	Budget target (£000's)	End of Year Forecast (£000's)	Variance (£000's)
Increased and new income	0	0	0
Transformation savings	(1,660)	(1,660)	0
Other savings	(890)	(890)	0
Total	**(2,550)**	**(2,550)**	**0**

3.2 The Transformation savings of £(1.660)m are monitored closely by the Transformation Board and are reported on separately.

3.3 It is currently forecast that the remaining £(0.890)m savings target will be delivered. At present, there are no risks which could affect the forecast.

4 Management Action to control expenditure and achieve a balanced budget

4.1 The budget will be monitored and managed to ensure that pressures will be managed effectively. This involves a continuous review of all placements to ensure the most effective provision is provided.

5 Performance Progress

5.1 The Ofsted 2011 Assessment of Children's Services within Trafford rated us as 'Performs Excellently' the highest grading available. This maintains the position that was achieved in 2010. The rating takes into account the totality of services for children in Trafford bringing together external scrutiny and performance measures for social care, health and educational services.

5.2 April 2010 Ofsted/CQC Inspection of safeguarding and Looked after Children's Services. Of 33 grades awarded 29 were good, 1 outstanding and 3 adequate. The inspection highlighted the effectiveness of the multi-agency service, the quality of support provided for children, young people and families, ambitious, effective, committed leadership and management and good involvement and engagement with young people and partners. Overall our services were judged as good with good capacity to improve. An unannounced inspection of referral and assessment services in April 2011 provided positive assurance with 12 strengths, only 3 areas for development and no areas for priority action.

5.3 An important objective in CYPS is to continue to improve educational outcomes as, in our increasingly knowledge based society, this provides young people with the best chance of taking up the wide range of further and higher education, and employment opportunities available. Based on the results in summer 2011,

- At age 11 the performance of Trafford pupils is ranked 2nd nationally and 1st in the North West for achievement of Level 4 or above in English and Mathematics;
- At 16, 69.7% of pupils in Trafford achieved 5 x A* - C grades at GCSE including English and Mathematics. Trafford is ranked 5th nationally and 1st in the North West;
- At A level, Trafford is ranked 3rd nationally and 1st in the North West from average point score with 37.5% of grades achieved at A* - A, 62.9% A* - B and 99.1% A* - E.
- Initial local analysis of invalidated data for summer 2012 results indicates that Trafford has once again maintained the high standards set in previous years. Performing higher than the national average for A* grades, and achieving over 9 percentage points higher for the percentage of A* and A grades should see Trafford taking its usual place amongst the strongest performing authorities in the country.
- The invalidated 2012 GCSE results are once again Trafford's best ever with pupils improving on last year's performance of 5 or more A* - C grades, 5 or more A* - C grades including English and Maths, 5 or more A* - G grades and 1 or more A* - G grades suggesting that Trafford will continue to be amongst the top performing Local Authorities in the country. This is against a backdrop of plateauing of pass rates nationally.

Based on data shared by all 10 of the Greater Manchester LA's, Trafford once again is top.

5.4 Trafford's DSG rate per pupil is relatively low compared to authorities nationally but Trafford does delegate 91.4% of the gross DSG to schools. This is the highest percentage amongst Trafford's statistical neighbours.

Appendix 1

Period 9 Forecasted Outturn revenue expenditure and income variances and movements from Period 8 monitoring report

The following tables detail the main variances from the revenue budget to the forecasted outturn, and the movements since the last monitoring report in both Management Accounts ("Budget Book") format and by cause or area of impact of the variance.

Budget Book Format (Objective analysis)	Full Year Budget (£000's)	P9 Forecast Outturn (£000's)	P9 Outturn variance (£000's)	P8 Outturn variance (£000's)	P8 to P9 movement (£000's)	Ref
Supporting Children & Families Portfolio						
Children's Social Services	14,705	15,079	374	367	7	CYPS 3
Children with Complex & Additional Needs	2,206	2,208	2	25	(23)	CYPS 3
Support Services to CYP	6,953	7,065	112	141	(29)	CYPS 8
Commissioning & Multi Agency Referral & Assessment Service (MARAS)	3,128	3,062	(66)	(20)	(46)	CYPS 5
Youth Offending Service	744	692	(52)	(45)	(7)	CYPS 6
Children's Centres	3,948	3,567	(381)	(372)	(9)	CYPS 7
Early Intervention Grant	(9,288)	(9,288)	0	0	0	
Sub-total	**22,396**	**22,385**	**(11)**	**96**	**(107)**	
Education Portfolio						
Dedicated Schools Grant	0	(296)	(296)	(264)	(32)	CYPS1,2
Transfer to Dedicated Schools Grant Reserve	0	296	296	264	32	
Education Early Years' Service	2,236	2,196	(40)	(40)	0	CYPS 4
Connexions Service	944	944	0	0	0	
Sub-total	**3,180**	**3,140**	**(40)**	**(40)**	**0**	
Total	**25,576**	**25,525**	**(51)**	**56**	**(107)**	

Business Reason / Area (Subjective analysis)	P9 Outturn variance (£000's)	P8 Outturn variance (£000's)	P8 to P9 movement (£000's)	Ref
DSG Reserve B/Fwd.	**(171)**	**(171)**	**0**	
Increase in DSG Income	(30)	(30)	0	CYPS1
School In Year Adjustments	(220)	(200)	(20)	CYPS2
Redundancies & Maternity	(90)	(84)	(6)	CYPS2
SEN	70	50	20	CYPS2
Other minor variances	(26)	0	(26)	CYPS2
DSG projected Underspend	**(467)**	**(435)**	**(32)**	
Transfer to DSG Reserve	**467**	**435**	**32**	

Business Reason / Area (Subjective analysis)	P9 Outturn variance (£000's)	P8 Outturn variance (£000's)	P8 to P9 movement (£000's)	Ref
Non DSG				
Social Care staffing pressures due to cover arrangements	118	118	0	CYPS 3
Additional Grant Funding	(187)	(187)	0	CYPS 3
Placements Budget	482	477	5	CYPS 3,6
Sale West Development Centre	60	60	0	CYPS 8
Delays in appointments of staff	(265)	(255)	(10)	CYPS 7
Savings in Children's Centre Projects	(102)	(102)	0	CYPS 7
Serious Case Review	20	20	0	CYPS 5
Other staffing variances	(36)	(5)	(31)	CYPS 4,5
Other minor variances	(141)	(70)	(71)	CYPS 3,4,5,7,8
Total Net Underspend Non DSG	**(51)**	**56**	**(107)**	

NOTES ON PROJECTED VARIANCES

<u>Variances within the DSG.</u>

CYPS1 – Increase in DSG £(30)k (favourable)
The Council was made aware of the final DSG allocation for 2012/13 on 26th June 2012. The pupil numbers being funded are 7 higher than originally anticipated.

CYPS2 – Other Variances £(266)k (favourable)
The position on DSG budgets has become more accurate following the October census. Demand on central DSG budgets is less than the budgetary position and would suggest an underspend of £(266)k.

– DSG Reserve b/fwd.
The overall projected variances of £(296)k will increase the DSG reserve brought forward balance of £(171)k, making a net projected underspend of £(467)k at 31st March 2013. This underspend will be carried forward to 2013/14.

<u>Non-DSG Variances.</u>

CYPS3 – Children's Social Care £376k (adverse) (Includes Children with Complex & Additional Needs)
The projected overspend of £376k comprises of placement costs £482k, staffing budgets £118k, minor variances £(37)k and additional grant income of £(187)k relating to Intensive Fostering. The main movement since last month relates to a decrease in expenditure within Complex Needs of £(22)k.

CYPS4 – Early Years £(40)k (favourable)
This saving is mainly as a result of staff posts being held vacant through the year £(36)k, and additional training income received £(4)k.

CYPS5 – Commissioning & MARAS £(66)k (favourable)
The movement of £(46)k from last month largely relates to an underspend on the Early Intervention Commissioning fund.

CYPS6 – Youth Offending Service £(52)k (favourable)
This underspend relates to a projected saving on remand placements.

CYPS7 – Children's Centres £(381)k (favourable)
A full review of the Children's Centre service has been carried out and the savings found are as a result of delays in appointing staff to vacant posts totalling £(265)k, a planned saving of £(102)k on specific commissioned projects and other minor variations across the service totalling £(14)k.

CYPS8 – Support Services to CYP £112k (adverse)
The overspend in Support Services is mainly due to a projected shortfall in income at Sale West Development Centre of £60k. This is as a result of new projections based on expected schools usage of the centre in this academic year and reflects schools

having fewer resources to spend on training, etc. A business plan is currently being drawn up which will bring forward options to resolve this shortfall and on-going viability. Other movements within this area are also as a result of a reduction in schools income to other support services such as Advisory & Inspection, Governor and Business Support, £52k.

ANNEX 2

TRAFFORD MBC

Report to:	**C&WB Directorate Management Team**
Date:	**17 January 2013**
Report for:	**Discussion**
Report author:	**C&WB Finance Manager**

Report Title

Revenue Budget Monitoring 2012/13 – Period 9
(April 2012 to December 2012 inclusive)

1. Outturn Forecast

1.1 The approved revenue budget for the year is £49.127m. The projected outturn is £49.434m which is £0.307m over the approved budget, a net £(0.026)m favourable movement since November's forecast which is due to minor variances across the Directorate. Appendix 1 details, by department and variance area, the projected outturn as compared to the approved revenue budget.

1.2 Demand for services above budgeted levels especially in residential and home care was a major concern in 2011/12; indications are that this trend has continued in 2012/13. Robust management action is in place and focused on containing demand and cost which is vital as the December to January period is historically the time of peak demand.

1.3 Section 4 below discusses the situation in the Learning Disabilities Pooled Fund and lists management action to address this which has reduced the forecasted end of year position to £0.865m. Action is planned into following years such that the LD Pool will be brought back into balance within two years.

2 MTFP Savings and increased income

2.1 The Budget included for £(12.2)m of savings and increased income, of which £(4.978)m related to this directorate. All budget options put forward for delivery in 2012/13 are expected to achieve their targets by the year end. The Learning Disabilities Supported Living: New Models of Service option is expected to achieve an additional £(0.014)m. The table below summarises the current forecast of this savings target:

	Budget target (£000's)	End of Year Forecast (£000's)	Variance (£000's)
Transformation savings	(3,706)	(3,720)	(14)
Other business changes	(1,272)	(1,272)	0
Total	**(4,978)**	**(4,992)**	**(14)**

3 Service carry-forward reserve

3.1 At the beginning of April 2012 the Communities and Wellbeing Directorate had accumulated balances of £(0.135)m carried forward from previous financial years underspends.

3.2 The remaining carry-forward balance at the end of the year after taking into account the outturn position is:

Table 1: Utilisation of Carry forward Reserve 2012/13	**(£000's)**
Balance brought forward 1 April 2012	(135)
P9 Forecast outturn	307
Balance carried forward at 31 March 2013	**172**

3.3 In addition to the above there will be a carry forward balance on the Learning Disabilities Pooled Fund, currently forecasted at £0.865m, matched by a specific management action plan to reduce this to £nil over a two year period or sooner.

4 Learning Disabilities Pooled Fund

4.1 Trafford has operated a pooled fund for Learning Disability Services in conjunction with Trafford Primary Care Trust (PCT) since 1 April 2003. Over the last few years the LD Pooled fund has moved from an underspending position to an overspending position. A plan to reduce the pressure in the fund has been produced and agreed by the Directorate's management team. The focus will be on delivering efficiencies, in the sum of £(1.779)m in-year:

- Block contracts – a programme to retender (£0.404m);
- Continuing Health Care funding (£0.404m);
- Residential services – development of existing service (£0.356m);
- Additional PCT contribution, subject to agreement, (£0.287m);
- Housing and void management agreements (£0.256m);
- Maximising use of new Respite services (£0.072m).

4.2 The above reflects the current position, however, it is hoped that there will be further additions to the plan which will provide further savings and/or earlier delivery to reduce the adverse balance sooner. The current plan is forecasted to bring the LD Pool into balance within two years.

5 Management Action

5.1 The Adult Social Care budget is a volatile demand led service and any increase in demand above that estimated for will cause budget pressures. The Directorate has built on and strengthened the current robust budget management process and introduced the following actions:

- A strategy to manage and reduce the pressure in the Learning Disability Pooled budget has been agreed,
- A prioritised rolling programme of case reviews across all service user disciplines to ensure consistency and fairness of treatment in the allocation of resources, these reviews are operating within existing national and council assessment polices.;
- All service provider requests for increases in existing home care packages are received and responded to by the Commissioning Section;
- All increases in home care packages are “signed off” by the Resource Panel and overseen by the Review Team;
- Service users have the opportunity to be assessed with the ‘Just Checking’ Telecare prior to their final care package being agreed;
- Robust resource panel process for approving residential placements, including an updated legal advice framework
- A prioritised programme of reviews of Continuing Health Care (CHC) funded Older Peoples service residential placements to ensure consistency and fairness of treatment in the allocation of resources between the Council and the NHS;
- A programme of introducing the use of pre-paid cards for direct payments delivering efficiencies in the allocation of resources and recycling of unspent funds.

6. Performance progress

6.1 In July 2012, the Government published the white paper ‘Caring for our future: reforming care and support’. The two core principals of this report are:

- that we should do everything we can – as individuals, as communities and as a Government – to prevent, postpone and minimise people’s need for formal care and support. The system should be built around the simple notion of promoting people’s independence and wellbeing;
- that people should be in control of their own care and support. Things like personal budgets and direct payments, backed by clear, comparable information and advice, will empower individuals and their carers to make the choices that are right for them.

In 2012/13 the Directorate's vision is for services that are innovative, flexible and focused on the needs of the individual, their carers and families enabling people to have more choice and control over the support they receive and provide quality services that encourage people to lead healthy lives. The three key approaches to the future are:

- **Personalisation:** we have already developed the use of personal budgets. This means people can have more choice and control over the support they receive. We intend to extend this further, in order to have as many people as possible with their own personal budgets;
- **Promoting independence:** we are committed to working with people to support them to be as independent as possible. We have developed reablement services, short term support to help people maintain or increase their independence. We continue to promote the use of telecare to help people remain in their own home. We are also continuing to develop the range of support we offer people with very complex needs. Promoting independence continues to be a key part of the support people receive;
- **Integration:** We are committed to creating integrated health and social care across Trafford. By continuing to work with local health services we can provide a more effective, efficient way of meeting needs, creating innovative services to support people to live independently in their community.

As a result, the Directorate has developed a range of targeted Performance Indicators linked to Directorate's local business model to ensure value for money. Some of those measures include:

- % of eligible service users / carers to receive Personal Budgets in year (ASCOF 1Ci - Local);
- % of people receiving no on-going service following reablement intervention;
- Percentage of clients who have received a review;
- Proportion of adults with learning disabilities in employment (ASCOF 1E);
- Social Care related Quality of Life (composite user experience measure ASCOF 1A) – Survey.

Appendix 1

Period 9 Projected Outturn revenue expenditure and income variances, and movements from Period 8 monitoring report

The following tables detail the main variances from the revenue budget to the forecasted outturn, and the movements since the last monitoring report in both Management Accounts (“Budget Book”) format and by cause or area of impact of the variance.

Budget Book Format (Objective analysis)	Full Year Budget (£000’s)	P9 Forecast Outturn (£000’s)	P9 Outturn variance (£000’s)	P8 Outturn variance (£000’s)	P8 – P9 movement (£000’s)	Ref
Adult Care, Health & Wellbeing Portfolio						
Older People	22,750	22,799	49	96	(47)	C&W1
Physical Disabilities	3,249	3,418	169	167	2	C&W2
Equipment & Adaptations	1,084	1,091	7	7	0	C&W3
Mental Health	3,426	3,465	39	28	11	C&W4
Other Adult Services	959	971	12	13	(1)	C&W5
Support Services	940	973	33	24	9	C&W6
Adaptations	(69)	(69)	0	0	0	
Housing Services	2,661	2,661	0	0	0	
Drugs and Alcohol Service	326	326	0	0	0	
Equalities & Diversity	134	132	(2)	(2)	0	C&W7
Total	**35,460**	**35,767**	**307**	**333**	**(26)**	

Budget Book Format (Objective analysis)	Full Year Budget (£000’s)	P9 Forecast Outturn (£000’s)	P9 Outturn variance (£000’s)	P8 Outturn variance (£000’s)	P8– P9 movement (£000’s)	Ref
Learning Disabilities Pool	13,667	14,532	865	878	(13)	C&W8
Total	**13,667**	**14,532**	**865**	**878**	**(13)**	

Adult Care, Health & Wellbeing Portfolio	P9 Outturn variance (£000's)	P8 Outturn variance (£000's)	P8 – P9 movement (£000's)	Ref
Older People				
Care management/assessment	(331)	(294)	(37)	C&W1
Residential and nursing care	348	441	(93)	C&W1
Home Care	236	121	115	C&W1
Day Care	(360)	(333)	(27)	C&W1
Direct Payments	156	161	(5)	C&W1
Physical Disabilities				
Care management/assessment	16	14	2	C&W2
Residential and nursing care	57	57	0	C&W2
Home Care	36	49	(13)	C&W2
Day Care	(5)	(5)	0	C&W2
Direct Payments	65	52	13	C&W2
Equipment & Adaptations				
Lift repairs & maintenance	7	7	0	C&W3
Mental Health				
Care management/assessment	(29)	(31)	2	C&W4
Residential and nursing care	45	13	32	C&W4
Home Care	(3)	20	(23)	C&W4
Direct Payments	26	26	0	C&W4
Other Adult Services				
Other Services	12	13	(1)	C&W5
Support Services				
Social Worker clerical support	13	4	9	C&W6
Financial Services	20	20	0	C&W6
Equalities & Diversity				
Equalities Team	(2)	(2)	0	C&W7
Total	**307**	**333**	**(26)**	

Learning Disabilities Pool	P9 Outturn variance (£000's)	P8 Outturn variance (£000's)	P8– P9 movement (£000's)	Ref
Care management/assessment	(5)	(7)	2	C&W8
Residential and nursing care	(15)	(59)	44	C&W8
Home Care	716	798	(82)	C&W8
Day Care	41	41	0	C&W8
Direct Payments	128	105	23	C&W8
Total	**865**	**878**	**(13)**	

NOTES ON VARIANCES AND PERIOD MOVEMENTS

Adult Care, Health & Wellbeing Portfolio £307k adverse

C&W1 – <u>Older People - £49k adverse</u>

- **Residential and Nursing Care/Home Care/Day Care/Direct Payments - £380k adverse**
  Two of the four key service provision budgets are showing increased demand. Residential care is 12 service users higher than budgeted and homecare is 9 service users higher than budgeted.

- **Care Management and Assessment - £(331)k favourable**

  Managed vacancies in the Screening, Assessment and Community Mental Health Teams.

C&W2 – <u>Physical Disabilities - £169k adverse</u>

- **Residential and Nursing Care/Home Care/Direct Payments - £153k adverse**
  Two of the three key service provision budgets are showing increased demand. The demand for residential care is one service user higher than budgeted, one service user for home care and one for direct payments.

C&W3 – <u>Equipment & Adaptations - £7k adverse</u>

- **Lift Repairs & Maintenance - £(19)k favourable**
  The new contract for repair call out is projected to deliver efficiencies that will offset the increased number of call outs.

- **Equipment - £26k adverse**
  Equipment issued at the One Stop Resource Centre is higher than budgeted for.

C&W4 – <u>Mental Health - £39k adverse</u>

- **Care Management and Assessment £(29)k favourable**
  Underspend due to vacancy management in the Community Mental Health Team.

- **Residential and Nursing Care/Home Care/Direct Payments £68k adverse**
  There are two residential service users higher than budgeted.

C&W5 – <u>Other Adult Services - £12k adverse</u>

- Due to additional costs incurred as part of the set-up of the Healthwatch service.

C&W6 - <u>Support Services - £33k adverse</u>

- **Clerical Support £13k adverse**
  Adverse movement in other running costs and extension of software license for existing IT financial assessments system, which will be replaced by a new adult social care IT package.

- **Financial Services   £20k adverse**
  Adverse movement due to additional costs in dealing with clients finances.

C&W7 - Equalities & Diversity - £(2)k favourable

- **Equalities Team   £(2)k favourable**
  Managed efficiencies in the Equalities Team's translation fees budget.

C&W8 – Learning Disabilities Pooled - £865k adverse

Cost of care packages - £870k adverse
Long term care packages, are running at higher than budgeted levels due to additional service users and higher cost of care than planned for:

- Residential, additional 7 service users, total additional costs £369k;
- Homecare, additional 8 service users, total additional costs £615k;
- Day Care, additional 5 service users, total additional costs £87k;
- and Direct Payments, additional 8 service users, total additional costs £275k, to be off-set by year end recovery of unused contingency estimated at £(479)k.

Care Management/Assessment   £(5)k favourable
Managed efficiencies in the Assessment Team.

ANNEX 3

TRAFFORD MBC

Report to:	**ETO Directorate Management Team**
Date:	**16 January 2012**
Report for:	**Discussion**
Report author:	**ETO/EGP Finance Manager**

<u>Report Title</u>

Revenue Budget Monitoring 2012/13 – Period 9 (April to December 2012)

1. Outturn Forecast

1.1 The current approved revenue budget for the year is £32.266m. The forecast outturn is £32.321m, which is £0.055m above the approved budget, and is unchanged from the last report. This overspend is fully mitigated from available balances carried forward from previous financial years.

1.2 The forecast outturn includes management action of £(0.074)m to contain projected overspends within the overall Directorate budget for the year. Management action has already achieved savings of £(0.482)m since first initiated in period 4, including an increase of £(0.128)m this month. This has been offset by additional adverse variances identified of £0.152m, including £0.020m this month. The management action implemented and planned for the remainder of the year is described in section 3, with details of all variances included in Appendix 1.

1.3 In addition to the above, there is also £0.020m relating to the Biomass Public Inquiry, which the Executive have previously approved from the General Reserve.

2. Explanation of Variance and Movements

2.1 The forecast outturn for the year is an overspend of £0.055m, which is fully covered by balances from prior years, and is unchanged.

2.2 This includes adverse variances of £0.496m where medium to long term action plans are underway, a favourable movement of £(0.023)m since last reported:

- Street lighting energy costs £0.221m – forecast overspend reduced by £(0.020)m this month due to improvements in inventory data and billing;
- Car park income shortfall £0.041m;
- Open Space reserve funding shortfall £0.058m;
- Commercial Waste income shortfall £0.030m;
- Planning fee regulation changes income shortfall £0.050m;

- Crime and Disorder income shortfall – fixed penalty notices £0.086m which is unchanged, partly mitigated by staff vacancies £(0.015)m - a minor favourable variance of £(0.003)m from last month;
- Sale Watersports Centre/Deckers contract saving £0.025m.

2.3 Management action already implemented and other variances give a forecast underspend of £(0.367)m to part mitigate the above pressures this year, a favourable net movement of £(0.085)m this month:

- Highways and Transportation – additional fee income of £(0.180)m, which is £(0.020)m higher than last month as charges get confirmed as the year progresses. Management action to reduce running costs is predicted to save £(0.042)m, an increase of £(0.010)m this month;
- School Crossing Patrols – underspend of £(0.040)m relating to slippage in the filling of supervisory and operational staff vacancies;
- Car parking rates bills are £(0.010)m less than budgeted due to the effect of last year's rate revaluations. There is a favourable movement this month from management action to reduce running costs £(0.015)m and minor staffing underspend (£0.004)m;
- Groundforce – supplies, services and overtime costs £0.030m above budget, which is £0.020m higher than last month;
- Bereavement Services income is expected to be £(0.010)m above budget;
- Sustainability & Greenspace – underspend of £(0.053)m from a vacant post plus management action to control running costs, a favourable movement of £(0.020)m this month;
- Waste management – underspend of £(0.050)m on contract costs as previously, plus a favourable movement this month of £(0.021)m due to management action on depot/other running costs, plus additional income forecast of £(0.015)m from bulky waste removal.
- Public Protection:
  - £0.056m shortfall in licences fee income;
  - Management action of £(0.034)m from delays in filling vacancies;
  - Shortfall in pest control income £0.025m;
  - One-off ICT costs of £0.020m as part of the project to amalgamate business systems and, hence, deliver ongoing efficiency savings.
- Culture & Sport:
  - Sport and leisure projected running cost underspend £(0.014)m;
  - Sale Waterside Arts Centre income is expected to exceed budget target by £(0.010)m for the year.

2.4 The Directorate has a future action plan of £(0.074)m to mitigate the remaining adverse variance (see paragraph 3 below), plus will utilise the remaining £(0.055)m of accumulated balances from previous years to bring the outturn in line with the approved budget. The amount of future management action will be reviewed and updated as the savings are achieved and/or new issues arise.

3. Management Action Plan 2012/13

3.1 Many of the adverse variances above have continued from 2011/12 and management action is hence already underway to mitigate the impact on the future budget and potential further cost pressures. Proactive management action has and will be taken throughout the year to contain all budget pressures within the approved budget as follows:

- Only necessary spending on supplies and services to be approved;
- Reduced use and greater control of overtime;
- Monitoring and evaluation of existing and potential new income streams;
- Analysis of rechargeable work for both revenue and capital schemes;
- Ongoing business reconstruction work in ETO to identify other savings and efficiency options that may be brought forward to assist in the delivery of services within current and future budgets.

3.2 Performance against these actions is monitored alongside the existing Directorate budget, including feeding back opportunities to mitigate pressures and/or deliver savings through the Medium Term Financial Plan.

4. Reserves

4.1 At the end of 2011/12 the Directorate had a surplus on accumulated balances of £(0.200)m, which has been carried forward to 2012/13.

Utilisation of Carry forward Reserve 2012/13	**(£000's)**
Surplus balance brought forward at 1 April 2012	(200)
Committed in 2012/13	145
Period 9 adverse variances with medium/long term action plans	496
Period 9 underlying projected underspend	(367)
Forecast effect of management action plan	(74)
Deficit Balance after outturn/commitments	**Nil**

4.2 The 2011/12 outturn report included commitments relating to car parking £0.105m and traded services £0.040m which are funded from the £(0.200)m surplus balance carried forward. The remaining reserve balance of £(0.055)m plus the implemented and planned management actions leaves a forecast balance of nil at the end of the financial year.

4.3 There are also additional costs of £0.020m relating to air quality monitoring as part of the Biomass Public Inquiry which the Executive have previously approved from the General Reserve.

5. Savings

5.1 The Council Budget included for £(12.2)m of savings and increased income, of which £(1.734)m related to ETO Directorate. The table below summarises the current forecast of this savings target, which is unchanged from last month:

	Budget target (£000's)	Outturn (£000's)	Variance (£000's)
Increased and new income	(132)	(82)	50
Transformation savings	(1,084)	(1,084)	0
Other savings	(518)	(493)	25
Mitigating action across ETO	0	(75)	(75)
Total	**(1,734)**	**(1,734)**	**0**

5.2 There are £0.075m planned savings which have not delivered some or all of their entire target. These are listed below and one-off mitigation has been identified in 2012/13 while medium to long term management action plans are developed:

- ETO 21 – *"Changes in the law will allow the Council to charge for the reasonable cost of processing planning applications"* **£0.050m.** This income will not be achieved as the expected changes in national regulations for the setting of planning fees have been delayed based on recent ministerial announcements.

- CWB 19 – *"Review of sport and leisure contracts (Deckers; Sale Watersports Centre and Trafford Community Leisure Trust)"* **£0.075m.** The saving includes **£0.025m** from the Sale Watersports Centre/Deckers contract which will not be achieved.

6. Recommendations

6.1 It is recommended that:

- The net forecast overspend for 2012/13 of £0.055m be noted;
- Management action and use of balances to fully mitigate forecast overspends in 2012/13 be noted.

Appendix 1

Period 9 Forecast revenue expenditure and income variances, and movements from Period 8 monitoring report.

The following tables detail the main variances from the revenue budget to the forecasted outturn, and the movements since the last monitoring report in both Management Accounts ("Budget Book") format and by cause or area of impact of the variance.

Budget Book Format (Objective analysis)	Full Year Budget (£000's)	P9 Forecast Outturn (£000's)	P9 Outturn Variance (£000's)	P8 Outturn Variance (£000's)	P8 – P9 Movement (£000's)	Ref
Highways & Environment Portfolio						
Highway and Network Management, incl. Traffic & Transportation	5,231	5,230	(1)	49	(50)	ETO 1
School Crossing Patrols	503	463	(40)	(40)	0	ETO 2
Parking Services	(543)	(531)	12	31	(19)	ETO 3
Groundforce	4,799	4,887	88	68	20	ETO 4
Bereavement Services	(911)	(921)	(10)	(10)	0	ETO 5
Sustainability & Greenspace	487	434	(53)	(33)	(20)	ETO 6
Waste Management (incl. WDA levy)	18,763	18,707	(56)	(20)	(36)	ETO 7
Public Protection	1,206	1,323	117	117	0	ETO 8
Directorate Strategy & Business Support	582	582	0	0	0	
Sub-total	**30,117**	**30,174**	**57**	**162**	**(105)**	
Safe & Strong Communities Portfolio						
Crime and Disorder	289	360	71	74	(3)	ETO 9
Culture and Sport	2,189	2,190	1	1	0	ETO10
Sub-total	**2,478**	**2,550**	**72**	**75**	**(3)**	
Operational Services for Education	**(329)**	**(329)**	**0**	**0**	**0**	
Future Management Action Plan	0	(74)	(74)	(182)	108	ETO11
Total Forecast Period 9	**32,266**	**32,321**	**55**	**55**	**0**	

ETO Business Reason / Area (Subjective analysis)	P9 Outturn Variance (£000's)	P8 Outturn Variance (£000's)	P8 – P9 Movement (£000's)	Ref
Highway and Network Management, incl. Traffic & Transportation				
Fee income	(180)	(160)	(20)	
Street lighting energy costs	221	241	(20)	
Supplies and services costs	(42)	(32)	(10)	
Sub-total	**(1)**	**49**	**(50)**	ETO 1
School Crossing Patrols - vacancies	**(40)**	**(40)**	**0**	ETO 2
Parking Services				
Car Parking income shortfall	146	146	0	
Car Parking business rates refund (c/f from 2011/12)	(105)	(105)	0	
Current year business rates	(10)	(10)	0	
Staffing and running costs	(19)	0	(19)	
Sub-total	**12**	**31**	**(19)**	ETO 3
Groundforce				
Supplies, services, overtime costs – slippage in reorganisation	30	10	20	
Open space reserve commitments – funding shortfall	58	58	0	
Sub-total	**88**	**68**	**20**	ETO 4
Bereavement Services				
Projected Income above budgeted	**(10)**	**(10)**	**0**	ETO 5
Sustainability and Greenspace – vacancy, supplies & services	**(53)**	**(33)**	**(20)**	ETO 6
Waste Management				
Commercial Waste income shortfall	30	30	0	
Contract costs	(50)	(50)	0	
Running costs – depot and others	(21)	0	(21)	
Bulky waste income	(15)	0	(15)	
Sub-total	**(56)**	**(20)**	**(36)**	ETO 7

ETO Business Reason / Area (Subjective analysis)	P9 Outturn Variance (£000's)	P8 Outturn Variance (£000's)	P8 – P9 Movement (£000's)	Ref
Public Protection				
Planning fee income – savings shortfall	50	50	0	
Licensing income shortfall	56	56	0	
Pest Control income shortfall	25	25	0	
ICT one-off costs	20	20	0	
Mitigating Action – delay filling vacancies	(34)	(34)	0	
Sub-total	**117**	**117**	**0**	ETO 8
Crime and Disorder				
Income shortfall – penalty notices	86	86	0	
Staff vacancies	(15)	(12)	(3)	
Sub-total	**71**	**74**	**(3)**	ETO 9
Culture and Sport				
Contract saving shortfall	25	25	0	
Sport and Leisure running costs	(14)	(14)	0	
Sale Waterside Arts Centre income	(10)	(10)	0	
Sub-total	**1**	**1**	**0**	ETO10
Directorate Strategy & Business Support				
Supplies and services	**0**	**0**	**0**	
Future Management Action across ETO				
Additional income	(50)	(90)	40	
Accelerated Savings	0	(24)	24	
Controls over running costs	(24)	(68)	44	
Sub-total	**(74)**	**(182)**	**108**	ETO11
Total Forecast Period 9	**55**	**55**	**0**	

NOTES ON FORECAST OUTTURN VARIANCES (PERIOD 9)

ETO 1 – Highways & Network Management - £(0.001)m (favourable)
Fee income in Highways and Transportation is £(0.180)m more than expected compared to the budget, a favourable movement of £(0.020)m from previously forecast. This includes fees which can be capitalised due to the continual review of revenue and capital projects throughout the year. Income from outdoor media site advertising also continues to exceed expectations, following on from 2011/12.

Street lighting energy costs exceed budget by £0.221m as a result of external market conditions. This includes £0.050m relating to industry changes in calculating energy usage, plus the ongoing cumulative effect of inflationary increases in prices from 2011/12, and forecast for 2012/13 based on the latest contract and usage volumes. The forecast overspend has reduced by £(0.020)m due to improved information on both inventory and billing.

A review of street lighting is well-developed with a number of options being considered to reduce energy and maintenance costs over the medium to long term. This will likely require capital investment and the timing and nature of this investment will be critical in terms of taking the most efficient advantage of new technologies. This will be taken forward in the Medium Term Financial Plan.

Management action in controlling running costs is projected to produce an underspend of £(0.042)m by year end, a favourable movement of £(0.010)m this month.

ETO 2 – School Crossing Patrols – £(0.040)m (favourable)
There is a forecast underspend on staffing of £(0.040)m due to difficulties in the filling of vacancies, which has continued from 2011/12. Successful recruitment days have been held in recent months and adverts placed to fill vacant positions.

ETO 3 – Parking Services – £0.012m (adverse)
There is an overall shortfall in parking income of £0.146m due to economic conditions affecting the number and length of visits. This has been partly mitigated through the use of £(0.105)m of business rate refunds carried forward in the ETO reserve from 2011/12, giving a net shortfall of £0.041m as reported previously.

Car parking is also under review, alongside a Council-wide review of all enforcement activity, with a view to providing a sustainable solution from 2013/14. This will be taken forward in the Medium Term Financial Plan.

Business rates are £(0.010)m less than expected as rate revaluations agreed in 2011/12 are reflected in the current year bills.

Action to control general running costs has resulted in a projected underspend of £(0.015)m included in this months' report, with staffing also now expected to be £(0.004)m underspent.

ETO 4 – Groundforce - £0.088m (adverse)
Supplies, services and overtime costs are forecast to be £0.030m above budget due to slippage in staff re-organisations, plus fuel and material cost increases. This is an adverse variance of £0.020m from previously projected based on up to date information, such as timesheets and purchase order confirmations.

There is a budget commitment of £0.106m funded from the Open Space reserve. This reserve only had £(0.048)m remaining at the start of year and an exit strategy is being formulated over the medium term to bring activity in line with available funding.

ETO 5 – Bereavement Services £(0.010)m (favourable)
Projected income levels for the year are expected to exceed the budget by £(0.010)m.

ETO 6 – Sustainability and Greenspace £(0.053)m (favourable)
Management action to control running costs, plus a vacant post, has resulted in a projected underspend of £(0.053)m. This is a favourable movement of £(0.020)m from last month based on latest information.

ETO 7 – Waste Management – £(0.056)m (favourable)
Commercial waste income is £0.030m less than budgeted. The cost of disposing of commercial waste through the GM Waste Disposal Authority has made this service increasingly uncompetitive with private sector providers, and is leading to an ongoing loss of business. A review of this service is underway, with options also being evaluated when the waste collection contract is re-tendered in 2014. This will be taken forward in the Medium Term Financial Plan.

Management action to control contract and general running costs has resulted in a projected underspend of £(0.071)m. This includes £(0.050)m relating to the waste collection contract as reported previously, plus an additional £(0.021m) this month from general running costs, including depots.

Income from bulky waste removal is also now expected to be £(0.015)m above previous expectations.

ETO 8 – Public Protection - £0.117m (adverse)
Planning fee regulation changes - income shortfall £0.050m: this budget saving will not be achieved as the expected national changes in planning regulations have now been delayed indefinitely based on recent ministerial announcements. This will be taken forward in the Medium Term Financial Plan.

There is a projected shortfall in licence fee income of £0.056m resulting from a reduction in applications and also due to delays in implementing staff re-organisations.

Pest control income from domestic and commercial properties is expected to be £0.025m less than budgeted. This is due to the weather conditions over the summer and autumn.

One-off ICT costs of £0.020m related to the project to amalgamate business systems and, hence, deliver a sustainable efficiency saving from 2013/14.

These shortfalls are partly mitigated through management action to delay filling vacancies and controlling running costs of £(0.034)m.

ETO 9 – Crime and Disorder £0.071m (adverse)
There is a £0.086m shortfall in income from fixed penalty notices, partly mitigated in-year by £(0.015)m of staffing underspend, which is a favourable movement of £(0.003)m. The income targets and operational model of this service is included in the Council-wide enforcement review alongside Parking Services, as mentioned in ETO 3 above.

ETO 10 – Sport and Leisure £0.001m (adverse)
The budget includes a £0.025m saving from the contract with Sale Watersports Centre/Deckers, based on discussions with the provider during 2011 and early 2012. This saving will not be realised this financial year.

Management action to control running costs in Sport and Leisure are expected to produce an underspend on £(0.014)k.

Projections of income at Sale Waterside Arts Centre show that the budget target is expected to be exceeded by £(0.010)m.

ETO 11 – Future Management Action Plan across ETO £(0.074)m (favourable)
The Directorate has agreed a range of remaining measures to bring the forecast overspend in period 3 in line with the approved budget (see section 3). These measures have delivered £(0.482)m since first initiated in period 4, including £(0.128)m this month. This has been offset by additional adverse variances identified of £0.152m, with £0.020m this month.

Savings from management action will be reflected in the individual service projections as they are delivered and the future savings plan updated each month. The requirement for future planned action has reduced by £0.108m this month, leaving £0.074m for the remainder of the year.

ANNEX 4

TRAFFORD MBC

Report to:	**EGP Directorate Management Team**
Date:	**17 January 2013**
Report for:	**Discussion**
Report author:	**EGP/ETO Finance Manager**

Report Title

Revenue Budget Monitoring 2012/13 – Period 9 (April to December 2012)

1. Outturn Forecast

1.1 The current approved revenue budget for the year is £3.307m. The forecast outturn is £3.307m, which in line with the approved budget. There is a favourable movement of £(0.030)m this month due to minor staffing and running cost savings, plus a small change in the projection of investment property income.

1.2 There are still underlying pressures on the Directorate budget due to adverse external influences on budgeted levels of income relating to investment properties and planning application fees (see paragraph 2 below). These are also being taken forward in the Medium Term Financial Plan.

1.3 In addition to the above, there is also £0.100m relating to the Biomass appeal, which the Executive have approved to be funded from the General Reserve.

2. Explanation of Variance

2.1 The projected variances at period 9 and movements from period 8 are summarised as follows, with more detail at Appendix 1:

- Shortfall in investment property income £0.197m due to the on-going adverse effect of the economy primarily on town centre rents, unchanged from the last report;
- The determination of the rent review of the Sale Tesco store was confirmed by the arbitrators in August, and income of £(0.134)m was receivable as a one-off, backdated to October 2009. Fees payable to the arbitrators of £(0.009)m are incorporated in this total – these had been assumed as an additional cost in previous reports.
- Confirmation of the final 2011/12 rental income from Stretford Arndale by the agents of the owners was received in August, at £(0.077)m higher than had been anticipated.
- Minor variances in Asset Management running costs are £(0.031)m, which is a favourable movement of £(0.011)m this month.

- Planning Application fees income shortfall of £0.052m, which is unchanged, and includes for the 15% increase in planning fees effective from 22 November 2012 reported previously.
- Fee income from housing improvement capital schemes is expected to be £0.018m less than budget due to a reduced volume of property sales, and is unchanged.
- Other favourable variances of £(0.035)m from staffing vacancies and running costs, in particular relating to the management review undertaken this financial year. This is an increase of £(0.010)m from last month.

2.2 The adverse variances relating to property income have continued from 2011/12, and the Directorate was able to fully mitigate this pressure last year from a variety of cost reduction and income generating measures. This mitigating action will continue into 2012/13, with new opportunities also explored and implemented to bring the overall forecast overspend for the Directorate in line with the approved budget. Planning income will also continue to be monitored on a weekly basis.

3. Reserves

3.1 At the end of 2011/12 the Directorate had (£0.079)m from previous years which is already fully committed on rephased projects, per the 2011/12 outturn report. There is a forecast deficit balance of £0.030m at the end of this financial year.

Utilisation of Carry forward Reserve 2012/13	**(£000's)**
Surplus balance brought forward at 1 April 2012	(79)
Rephased projects committed from 2011/12	79
Period 9 variance	0
Deficit Balance after outturn/commitments	**0**

3.2 There are also estimated additional costs of £0.100m relating to the Biomass Public Inquiry which the Executive has approved to be funded from the General Reserve.

4. Savings

4.1 The Council Budget included for £(12.2)m of savings and increased income, of which £(0.591)m related to EGP Directorate. The table below summarises the current forecast of this savings target:

	Budget target (£000's)	**Outturn (£000's)**	**Variance (£000's)**
Increased and new income	(111)	(59)	52
Transformation savings	(120)	(120)	0
Other savings	(360)	(360)	0
Mitigating one-off savings	0	(52)	(52)
Total	**(591)**	**(591)**	**0**

4.2 There is £0.052m of planned savings which have not delivered some of their target. This is listed below. The shortfall has been fully mitigated by one-off savings achieved across the EGP budget.

- EGP 12 & 13 – *"Additional income from locally determined application fees"* **£0.111m.** This income will not be achieved in full due to indefinite delays in changes in regulations for the setting of planning fees. The adverse variance is part mitigated by £(0.020)m to reflect the implementation of a national 15% increase in fees from 22 November 2012. The full year effect of the 15% increase will mitigate the saving in full from 2013/14. The current year shortfall is further mitigated by an additional £(0.010)m forecast from pre-application fees introduced in July this year. In-year performance to date is also above expectations by £(0.029)m, as previously reported. The overall savings shortfall is unchanged from the previous report.

5. Recommendations

5.1 It is recommended that:

- The forecast nil variance from the 2012/13 budget be noted.

Period 9 Forecast revenue expenditure and income variances, and movements from Period 8 monitoring report.
The following tables detail the main variances from the revenue budget to the forecasted outturn, and the movements since the last monitoring report in both Management Accounts ("Budget Book") format and by cause or area of impact of the variance.

Budget Book Format (Objective analysis)	Full Year Budget (£000's)	P9 Forecast Outturn (£000's)	P9 Outturn Variance (£000's)	P8 Outturn Variance (£000's)	P8 – P9 Movement (£000's)	Ref
Economic Growth & Prosperity Portfolio						
Asset Management	1,074	1,039	(35)	(15)	(20)	EGP1
Planning & Building Control	173	200	27	27	0	EGP2
Strategic Planning & Development	659	684	25	25	0	EGP2
Economic Development and Regeneration	603	587	(16)	(10)	(6)	
Housing Strategy	613	623	10	10	0	EGP3
Directorate Strategy & Business Support	185	174	(11)	(7)	(4)	
Total Forecast Period 9	**3,307**	**3,307**	**0**	**30**	**(30)**	

EGP Business Reason / Area (Subjective analysis)	P9 Outturn Variance (£000's)	P8 Outturn Variance (£000's)	P8 – P9 Movement (£000's)	Ref
Asset Management				
Investment Property Rental Income:				
- Stretford Arndale - shortfall	77	65	12	
- Stretford Arndale – backdated re 2011/12	(77)	(77)	0	
- Sale Tesco – backdated rent review	(134)	(125)	(9)	
- Stamford Centre - shortfall	35	35	0	
- Airport - shortfall	25	25	0	
- Market Street - shortfall	29	29	0	
- Other properties - shortfall	31	43	(12)	
Surplus property costs	10	10	0	
Minor running cost savings – Facilities Mgt.	(31)	(20)	(11)	
Sub-total	**(35)**	**(15)**	**(20)**	EGP1
Planning & Building Control				
Delay in implementing new planning regulations	27	27	0	EGP2
Strategic Planning & Development				
Delay in implementing new planning regulations	25	25	0	EGP2
Economic Development and Regeneration				
Staffing vacancies	(16)	(10)	(6)	
Housing Strategy				
Housing improvements capital fee income	18	18	0	EGP3
Minor running cost savings	(8)	(8)	0	
Directorate Strategy & Business Support				
Staffing vacancies	(11)	(7)	(4)	
Total Forecast Period 9	**0**	**30**	**(30)**	

NOTES ON FORECAST OUTTURN VARIANCES (PERIOD 9)

EGP 1 – Asset Management – Investment properties - £(0.035)m (favourable)
This includes backdated income above expectations of £(0.077)m relating to Stretford Arndale and £(0.134)m from Sale Tesco, as reported in period 5.

For Stretford Arndale, the Agents for the owners have managed to make a number of short term lettings to ensure the number of vacant units is minimised and this has held up gross rental income despite rent reductions on the bigger units of around 40% upon lease renewals. The year-end rental payment notified during August is hence £(0.077)m higher than the £(0.055)m expected.

However, there has still been a decline in gross rent of 12% over the whole Mall in the last 2 years and there is an underlying pressure of £0.077m going forward, £0.012m higher than last months' projection. The overall shortfall is due to assumptions regarding leases expiring in the Mall and a continuing difficult retail economy, and includes for the effects of the continuing volatile nature of the retail sector. The situation will continue to be monitored as information is received from the managing agents and updates provided.

The determination of the rent review of the Sale Tesco store was also confirmed by the arbitrators in August, and income of £(0.134)m is receivable above expectations. This is a one-off amount backdated to October 2009. Fees of £(0.009)m to the arbitrators are included within this figure – they were previously expected to be an additional cost.

The effect of the economy is adversely effecting other rents across the property portfolio, including Stamford Centre £0.035m, Market Street £0.029m, Airport £0.025m and others £0.031m, with the latter amount being £(0.012)m less than previously reported. This will be taken forward in the Medium Term Financial Plan.

There are a number of minor running cost underspends of £(0.031)m across Facilities Management, a favourable movement of £(0.011)m this month.

EGP 2 – Planning application fees – income shortfall £0.052m (adverse)
The approved 2012/13 budget included additional income of £(0.111)m across the Directorate based on proposed national changes to planning regulations. These changes have been delayed indefinitely which puts the whole amount of saving at risk. Recent ministerial announcements have taken this into account, with the implementation of a national increase of 15% to bring fees in line with current prices, effective from 22 November 2012. This is earlier than previously anticipated and will help mitigate the current-year shortfall by £(0.020)m, and will fully mitigate the shortfall in 2013/14.

Monitoring of planning fee income has shown that performance for the year to date has been higher than expected by £(0.029)m, as reported previously. Pre application fees were introduced in July this year for which £(0.010)m is also reported.

Planning and building control fees will continue to be monitored on a weekly basis throughout the year.

EGP3 – Housing Strategy – Housing Improvement fee income £0.018m (adverse)
The cost of housing improvement work is recouped when properties are sold in the future, and the sale proceeds are reinvested in new works to top up the existing capital programme. Where new improvement works are carried out, this generates fee income for the service to recover the Council's management and administration costs. There has been a reduction in the number of property sales due to the adverse economic climate and this has reduced the availability of capital funds for new works. Fee income has, hence, reduced compared to that expected in the revenue budget.

TRAFFORD MBC

Report to:	**Transformation & Resources Directorate Management Team**
Date:	**17 January 2013**
Report for:	**Discussion**
Report author:	**Finance Manager**

Revenue Budget Monitoring 2012/13 – Period 9
(April 2012 – December 2012 inclusive)

1. Outturn Forecast

1.1 The current approved revenue budget for the year is £19.735m. The outturn forecast is £19.099m which is £(0.636)m below approved budget. This is a (0.081)m favourable variance since last month.

1.2 The net favourable movement in the month is a result of:

£(65)k favourable; due to the postponement of the installation of a video link in Old Trafford and Hale libraries following the retention of additional staff to that proposed in the Public Consultation. These additional staff have been able to deal with the needs of the public without the need for a video link. It is proposed to install video links in smaller libraries in 2013-14;
£(46)k favourable; planned marketing and events expenditure within the Communications service has been deferred due to the consultation required regarding the new staff structure. This will be ear-marked within the T&R reserve for Summer events across the borough in 2013;
£18k adverse; reduction in Proceeds of Crime income;
£12k adverse; net minor movements in running costs and income.

2. MTFP Savings and increased income

2.1 The council's overall budget includes £(12.161)m of savings and increased income, of which £(2.027)m relates to T&R. The table below summarises the current forecast of this savings target:

	Budget target (£000's)	End of Year Forecast (£000's)	Variance (£000's)
Increased and new income	(146)	(146)	0
Transformation savings*	(560)	(520)	50
Financial Management review	(368)	(368)	0
ICT review	(120)	(120)	0
Reduction in ICT contracts	(214)	(214)	0
Reduction in specialist training	(100)	(100)	0
Reduce Community Action Pots	(150	(150)	0
Reduction in various goods & services	(172)	(172)	0
Other savings	(197)	(237)	(50)
Total	**(2,027)**	**(2,027)**	**0**

* Transformation savings have an additional governance arrangement and are monitored in greater detail monthly by the Transformation Board.

2.2 The CCTV budgeted increased income of £60k in 2012/13 will only be partly achieved in-year leaving a £50k shortfall. The shortfall will be obviated by other savings across T&R which have already been identified.

3. Service carry-forward reserve

3.1 The Directorate has accumulated balances of £(1.009)m brought forward from 2011/12. Over 2012/13 and future years the surplus balance will be used to ensure that the Directorate can meet and sustain the challenges of the future, particularly ensuring support for the Transformation Programme:

Table 1: Utilisation of Carry Forward Reserve 2012/13	£000's
Balance b/f 1 April 2012	(1,009)
Planned use in 2012/13:	
EDRM and Storage Support	115
Library Management System	102
Local Support scheme for Council Tax	90
Transformation support	79
E-Readers, Postal Identifiers, CCTV Marketing	20
Disaster Recovery Contact Centre	15
P9 Forecasted Outturn	(636)
Remaining Balance at 31 March 2013	**(1,224)**

Annual Delivery Plan 2012/13 (this section of the dashboard details the measures for which the portfolio holder / Corporate Director is responsible which specifically support the delivery of corporate objectives)

Corporate Priority	Low Council Tax & Value for Money

To ensure that the Council can demonstrate it provides efficient effective and economical, value for money services to the people of Trafford, by undertaking the following actions:
- **Deliver the Council's Transformation Programme;**
- **Continue to provide effective use of resources;**
- **Continue to manage the reputation of the Council and the borough as a whole.**

Key Performance Measure	Outturn 2011/12	Performance Status & Direction of Travel							
		September (Q2)		October		November		December (Q3)	
		Current	Target	**Current**	Target	**Current**	Target	**Current**	Target
Deliver the Council's Transformation Programme									
Minimum reserve level (LCT 15)	£9.21m G	**£7.679m** ↑	£6m G	**£7.715m** ↑	£6m G	**£7.715m** ↔	£6m G	**£7.796** ↑	£6m G
Delivery of efficiency and other savings (NI179)	£21.3m G	**£12.18m** ↑	£12.16m G					**£12.18m** ↑	£12.16m G
Continue to provide effective use of resources									
Reduce the level of sickness absence (council-wide excluding schools) (Days) (BV12i)	9.93 R	**10** ↓	9 R	**9.99** ↑	9 R	**10.01** ↓	9 R	**9.72** ↑	9 R

Across the Council, the projected average number of days lost to sickness absence for 2012/13 is currently 9.72 days. This is against a corporate target of 9 days per annum, per person, which indicates a projected overall negative variance in target of 0.72 days per person. For the same period last year, the number of days lost was running at 9.67 days per person, which therefore shows a slight dip in performance of 0.05 days per person. The Council-wide trend indicates an improvement in performance although further work will be required across hotspot areas if the Council is to achieve its target of 9 days by the end of the financial year.
HR and management continue to work together to robustly manage the top 50 long-term absence cases across the Council, to ensure that these are being managed in an effective and consistent manner. In addition, work is now underway to analyse more short term, persistent absences with a view to developing local action plans across hotspot service areas to improve levels of attendance.
Targeted support interventions, such as training and one-to-one coaching sessions with managers continue across the organisation and at a strategic level, absence cases continue to be challenged via the Member Challenge process.

Key Performance Measure	Outturn 2011/12	Performance Status & Direction of Travel							
		September (Q2)		October		November		December (Q3)	
		Current	Target	**Current**	Target	**Current**	Target	**Current**	Target
Achieving a higher investment rate than the national average (7 day cash LIBID) (LCT 20)	0.55% G	**0.54%** ↔	0.1% G	**0.53%** ↓	0.1% G	**0.52%** ↓	0.1% G	**0.51%** ↓	0.1% G
Land Sales Programme (FM 10)	£5.5m R	**£1.85m** ↑	£1.5m G					**£2.05m** ↓	£2m G
Continue to manage the reputation of the Council and the borough as a whole									
% collected for year - council tax (BV 9)	97.82% G	**59.33%** ↑	59.1% G	**68.89%** ↓	68.48% G	**78.04%** ↑	77.85% G	**87.58%** ↑	87.06% G
% collected for year - business rates (BV 10)	97.4% A	**59.13%** ↑	59.56% A	**68.8%** ↑	68.9% A	**78.19%** ↑	77.82% G	**87.2%** ↓	87.38% A
See attached Exception Report									
Average days to recover external debts (LCT 02)	85 R	**55** ↑	56 G	**62** ↓	56 A	**47** ↑	56 G	**53** ↓	56 G
Increase the % of all calls that will be answered within 20 seconds (LCT09)	81% G	**86%** ↓	80% G	**92%** ↑	80% G	**92%** ↔	80% G	**89%** ↓	80% G
Reduce the % of lost calls to the Access Trafford contact centre (LCT 10)	6% G	**2%** ↔	5% G	**2%** ↔	5% G	**1%** ↑	5% G	**4%** ↓	5% G
Percentage of Housing Benefit Overpayments collected (LCT 16)	63.1% A	**68.98%** ↑	70% A	**71.09%** ↑	70% G	**69.76%** ↓	70% A	**68.74%** ↓	70% A
See attached Exception Report									
To actively investigate allegations of benefit fraud and ensure where suitable that sanctions and/or prosecutions are enforced (LCT 17)	79 G	**35** ↑	37.5 A					**54** ↓	56 A
See attached Exception Report									
Conduct and conclude investigations into alleged benefit fraud that identify more serious abuses (i.e. high yield) of the benefits system (total overpayments £) (LCT 18)	£619,052 G	**£269,798** ↓	£300k R					**£463,470** ↑	£450k G
Average time to process Housing /Council Tax Benefit new claims and change events (Days) (NI 181)	7.16 G	**6.87** ↑	7.5 G	**6.9** ↓	7.5 G	**6.99** ↓	7.5 G	**7.12** ↓	7.5 G

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Appendix 1

Period 9 Forecast Outturn revenue expenditure and income variances, and movements from Period 8 monitoring report

The following tables detail the main variances from the revenue budget to the forecasted outturn, and the movements since the last monitoring report, in both Management Accounts (“Budget Book”) format and by cause or area of impact of the variance.

Budget Book Format (Objective analysis)	**Full Year Budget (£000’s)**	**P9 Forecast Outturn (£000’s)**	**P9 Outturn variance (£000’s)**	**P8 Outturn variance (£000’s)**	**P8 to P9 movement (£000’s)**	**Note ref**
Transformation and Resources Portfolio						
Legal & Democratic	1,943	2,054	111	56	55	T&R1, 2, 5
Communications & Customer Services	7,598	7,206	(392)	(241)	(151)	T&R1, 2, 5
Partnerships & Performance	2,960	2,984	24	19	5	T&R1, 3
Strategic Human Resources	3,023	2,900	(123)	(125)	2	T&R1, 2, 5
Corporate Leadership and Support	401	234	(167)	(168)	1	T&R1
sub-total	**15,925**	**15,378**	**(547)**	**(459)**	**(88)**	
Finance Portfolio						
Finance Services	3,810	3,721	(89)	(96)	7	T&R1, 2, 4, 5
sub-total	**3,810**	**3,721**	**(89)**	**(96)**	**7**	
Total	**19,735**	**19,099**	**(636)**	**(555)**	**(81)**	

Business Reason / Area (Subjective analysis)	P9 Outturn variance (£000's)	P8 Outturn variance (£000's)	P8 to P9 movement (£000's)	Note ref
Management of vacancies	(611)	(615)	4	T&R1
Running costs	(77)	53	(130)	T&R2
CCTV – Projected shortfall in income	92	92	0	T&R3
Proceeds of Crime income	191	173	18	T&R4
Other Income	(231)	(258)	27	T&R5
Total	**(636)**	**(555)**	**(81)**	

NOTES ON PROJECTED VARIANCES

T&R1
There are a number of posts being held vacant whilst staffing structures are being reviewed. Adverse movement in the month reflects appointments to posts in Legal services.

T&R2
Running costs variances for deferred expenditure are shown below (see 1.2)
Communications £(46)k
Access Trafford £(65)k
There are also minor variances in running costs across other Directorate services including ICT contracts, legal fees, postages, HR software and contracts costs.

T&R3
Operational issues have delayed the development and marketing of the new CCTV Control Room products. It is forecast that £50k of the new anticipated income stream of £60k will not be achieved until 2013/2014.

T&R4
The expected receipt date for a Proceeds of Crime case has been reviewed and a further £18K of income will now not be received in 2012/13.

T&R5
Management action has generated increased income from:

- Activity with education sector e.g. schools, £(79)k;
- A legal services arrangement with the Probation Service, £(18)k;
- Collaborative arrangements £(42)k;
- Libraries fees and charges income £(33)k;
- Land Charges income £(23)k;
- Other minor income variations across the Directorate £(36)k.

ANNEX 6

TRAFFORD MBC

Report to:	**Director of Finance**
Date:	**17 January 2013**
Report for:	**Information**
Report author:	**Head of Financial Management**

Report Title

Revenue Budget Monitoring 2012/13 – Period 9 - Council-Wide Budgets (April 2012 to December 2012 inclusive)

1 Outturn Forecast

1.1 The current approved revenue budget for the year is £25.384m. The outturn forecast is £24.877m, which is £(0.507)m under the budget, a minor adverse movement of £0.012m since last month.

1.2 Appendix 1 details by variance area the projected outturn as compared to the approved revenue budget, with the main variances being;

Treasury Management – savings in debt interest repayments £(0.335)m and increased investment interest £(0.095)m;

External audit fees £(0.106)m, relating mainly to a reduction in the standard audit fee ;

Three Right-To-Buy sales of ex-Council Houses, £(0.030)m;

AGMA projects re-prioritised, resulting in additional costs to the Council, £0.047m;

Other minor variances of £0.012m.

2 MTFP Savings and increased income

2.1 The Council-wide budget includes a saving target of £(0.231)m from the overall Council budget of £(12.2)m for savings and increased income. The table below summarises the current forecast of this savings target:

	Budget target (£000's)	End of Year Forecast (£000's)	Variance (£000's)
Increased and new income	0	0	0
Transformation savings	0	0	0
Other savings	(231)	(231)	0
Total	**(231)**	**(231)**	**0**

All budget options put forward for delivery in 2012/13 are expected to achieve their targets by the year end.

3 Service carry-forward reserve and Recommendations

3.1 The underspend within Council-wide budgets is transferred to the General Reserve, as detailed in the summary report.

Appendix 1

Period 9 Forecast Outturn revenue expenditure and income variances, and movements from Period 8 monitoring report

The following tables detail the main variances from the revenue budget to the forecasted outturn, and the movements since the last monitoring report in both Management Accounts ("Budget Book") format and by cause or area of impact of the variance.

Budget Book Format (Objective analysis)	Full Year Budget (£000's)	P9 Forecast Outturn (£000's)	P9 Outturn variance (£000's)	P8 Outturn variance (£000's)	P8 to P9 movement (£000's)	Ref
Finance Portfolio						
Precepts, Levies & Subscriptions	16,536	16,583	47	47		C-W3
Provisions (bad debts, pensions, property rates)	1,745	1,745				
Treasury Management	9,051	8,621	(430)	(430)		C-W1
Insurance	647	647				
Members Expenses	942	942				
Grants	(3,627)	(3,627)				
Other Centrally held budgets	90	(34)	(124)	(136)	12	C-W2
Total	**25,384**	**24,877**	**(507)**	**(519)**	**12**	

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Business Reason / Area (Subjective analysis)	P9 Outturn variance (£000's)	P8 Outturn variance (£000's)	P8 to P9 movement (£000's)	Ref
Treasury Management:				
- Investment Income	(93)	(93)		C-W1
- Debt Management cost savings	(337)	(337)		C-W1
Other Centrally held budgets				
- External audit fees	(106)	(106)		C-W2
- Right-To-Buy sales	(30)	(30)		C-W2
- Other minor payments	12	0	12	C-W2
Precepts, Levies & Subscriptions				
- AGMA Budgets	47	47		C-W3
Total	**(507)**	**(519)**	**12**	

NOTES ON PROJECTED VARIANCES

C-W1 – Treasury Management - £(0.430)m (favourable), a movement of £(0.095)m since the last report.
A rephasing of schemes within the Council's Capital Investment Programme, funded by prudential borrowing, was incurred in the final quarter of 2011/12. This will result in a one-off reduction in the amount the Council has to set aside in order to repay debt in 2012/13, £(0.021)m.

In response to the continuing uncertainty of the worldwide economic climate, counterparty security and borrowing rates being considerably higher than investment rates, the new long term borrowing planned to be taken later in the year, will not be taken thereby generating a saving of £(0.314)m in interest payable. This course of action has been undertaken in accordance with advice obtained from the Council's external treasury management consultants.

£(0.095)m relating to a better rate of interest on investments in the first 6 months of the year compared to budget, £(0.020)m as well as additional investment interest earned due to new capital monies (Primary School grant and Section 106 agreement) being received ahead of the capital expenditure being incurred, £(0.075)m.

C-W2 – Other Centrally held budgets - £(0.124)m favourable
The Audit Commission fees for 2012/13 have substantially reduced, in particular relating to the standard audit fee, £(0.106)m, due in part to the Council's good quality financial management. There has also been three Right-To-Buy sales of ex-Council Houses by Trafford Housing Trust, which are not budgeted for, generating income of £(0.030)m to the Council. The movement in the month of £0.012m relates to a payment to HM Revenues and Customs for unpaid tax and national insurance following a national investigation into payments to School Improvement Partners.

C-W3 – Precepts, Levies & Subscriptions - £0.047m adverse
A number of projects have been re-prioritised by AGMA in 2012/13 and budgets have been re-aligned accordingly. This includes new and revised projects being funded from savings elsewhere within AGMA budgets. However, the total amount now due to Lead authorities is higher than expected, £0.047m.

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