

## TRAFFORD COUNCIL

**Report to: Executive**

**Date: 18 March 2019**

**Report for: Information**

**Report of: The Executive Member for Finance and the Corporate Director of Finance and Systems**

### **Report Title:**

Budget Monitoring 2018/19 – Period 10 (April 2018 to January 2019).

### **Summary:**

The purpose of this report is to inform Members of the current 2018/19 forecast outturn figures relating to both Revenue and Capital budgets. It also summarises the latest forecast position for Council Tax and Business Rates within the Collection Fund.

### **Recommendation(s)**

#### **It is recommended that:**

- a) the Executive note the report and the changes to the Capital Programme as detailed in paragraph 21.

### **Contact person for access to background papers and further information:**

David Muggeridge, Finance Manager, Financial Accounting Extension: 4534

Background Papers: None

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	Revenue and Capital expenditure to be contained within available resources in 2018/19.
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
Resource Implications e.g. Staffing / ICT / Assets	Not applicable
Risk Management Implications	Not applicable
Health & Wellbeing Implications	Not applicable
Health and Safety Implications	Not applicable

## REVENUE BUDGET

### Budget Monitoring - Financial Results

1. The approved budget agreed at the 21 February 2018 Council meeting is £164.25m. In determining the budget an overall gap of £22.945m was addressed by a combination of additional resources of £12.972m, including projected growth in business rates, council tax and use of general reserve and £9.973m of service savings and additional income.
2. Based on the budget monitoring for the 10 months to January 2019, the year-end forecast outturn is £1.25m below budget, a favourable movement of £1.22m since the last monitoring report, due mainly to the release of contingency items and the impact of de-escalation of costs within the Children's Services (£0.8m) and net income generated from the Investment Strategy (£0.3m) as detailed in Table 2 below.
3. Detailed below in Table 1 is a summary breakdown of the service and funding variances against budget, with Table 2 providing an explanation of the variances:

<b>Table 1: Budget Monitoring results by Service</b>	<b>2018/19 * Revised Budget (£000's)</b>	<b>Forecast Outturn (£000's)</b>	<b>Forecast Variance (£000's)</b>	<b>Percent- age</b>
Children's Services	32,336	33,245	909	2.81%
Adult Services	47,977	48,638	661	1.38%
Public Health	12,227	12,463	236	1.93%
Place	23,844	22,853	(991)	(4.16)%
People	2,742	2,832	90	3.28%
Finance & Systems	7,000	6,812	(188)	(2.69)%
Governance & Community Strategy	7,426	7,507	81	1.09%
<b>Total Directorate Budgets</b>	<b>133,553</b>	<b>134,350</b>	<b>798</b>	<b>0.6%</b>
Council-wide budgets	30,694	29,453	(1,241)	(4.04)%
<b>Net Service Expenditure variance</b>	<b>164,246</b>	<b>163,803</b>	<b>(443)</b>	<b>(0.27)%</b>
<b>Funding</b>				
Business Rates (see para. 12)	(67,619)	(68,428)	(809)	(1.2)%
Council Tax (see para. 9)	(94,497)	(94,497)	-	
Reserves	(1,630)	(1,630)	-	
Collection Fund surplus	(500)	(500)	-	
<b>Funding variance</b>	<b>(164,246)</b>	<b>(165,055)</b>	<b>(809)</b>	<b>(0.5)%</b>
<b>Net Revenue Outturn variance</b>	<b>0</b>	<b>(1,252)</b>	<b>(1,252)</b>	
<b>Dedicated Schools Grant</b>	<b>128,624</b>	<b>127,956</b>	<b>(668)</b>	<b>(0.52)%</b>

\* A number of minor budget virements have been made, under delegated powers, since the Period 8 Budget Monitoring Report.

## Main variances, changes to budget assumptions and key risks

4. The main variances contributing to the projected in-year budget saving of £1.252m, any changes to budget assumptions and associated key risks are highlighted below:

Table 2: Main variances	Forecast Variance (£000's)	Explanation/Risks
Children's Services	909	<p><b>Outturn variance £909k adverse, a £836k favourable movement since P8:</b></p> <ul style="list-style-type: none"> <li>➤ £1.012m above budget in Children's placements Budget (Note 1);</li> <li>➤ £412k additional Home to School Transport costs (Note 2);</li> <li>➤ £515k projected underspend relating to staff cost savings, additional grant income and running cost savings, partly offset by an underachievement of other income (Note 3).</li> </ul> <p><b>Note 1</b></p> <p>The projected outturn position is a gross overspend of £1.267m, this is partially offset by a one off underspend of £255k on the Regional Adoption Agency.</p> <p>Since the last monitoring report at the end of November 2018 the service has been able to release significant levels of contingency; £417k has been released as a result of the services ability to prevent Children from entering into high cost placements. The remaining contingency for the final two months of the financial year is £51k.</p> <p>The service has also reduced the overspend by successfully facilitating the return home of Children previously in high cost residential placements through Social care intervention.</p> <p>As at 31 January 2019 £1.428m of savings has been achieved via the planned de-escalation of Children's placements, against a target of £900k.</p> <p>The number of children in care as at the end of January 2019 was 406, a decrease of 1 from that last reported at the end of November 2018.</p> <p>A detailed narrative was included as an appendix to the period 6 report providing further detail on the pressures and initiatives in development in relation to the placements budget.</p>

		<p><b>Note 2</b> The Home to School Transport (Trafford Travel Co-ordination Unit) service continues to experience high demand.</p> <p>Current forecasts show that the service will be £412k overspent on transport runs at the year end. Although savings have been made on the staffing budget there are a number of new and expanded “runs” which have resulted in higher contractor costs for commissioned transport. The Service continues to promote independent travel training for young people and car mileage payments to parents as a package of flexible travel assistance solutions for families; this helps reduce demand for transport.</p> <p><b>Note 3</b> The £515k underspend is in relation to staff cost savings (£268k), additional grant income (£93k) and savings in running costs (£154k).</p>
Adult Services	661	<p><b>Outturn variance £661k adverse, a £164k adverse movement since P8:</b></p> <ul style="list-style-type: none"> <li>➤ £820k adverse variance in the Adults Client Budget (Note 1);</li> <li>➤ £159k reduction in costs due to vacancies and one off savings (Note 2);</li> </ul> <p><b>Note 1</b> The main area of volatility is in the adult client budget as a result of an overspend of £820k due to increasing costs of care packages.</p> <p>The market continues to be complex and there is a significant challenge for the service to procure care at the council framework prices. As at the end of January 2019 the Council is forecasting to spend around £2.603m on care exceeding framework prices. The cost projection has increased by £114k due to the additional costs above framework price for long term care packages until the end of the financial year.</p> <p>The previous monitoring report included reference to an additional expected pressure of £200k due to the expected need for additional Discharge to Assess beds, this has not materialised as the presenting needs have been seen to require long term placements Therefore winter pressure funding set aside for placements was inadequate and has been supplemented by the reduced use of the D2A options.</p> <p>Within the budget there is a savings target of</p>

		<p>£2.620m. The current forecast reflects a projected over achievement of savings by £207k, mainly due to the Stabilise and Make Safe programme as detailed in Appendix 1.</p> <p>Within the current forecast there is a contingency of £0.1m.</p> <p><b>What is the service doing to prevent an escalation in costs?</b></p> <ul style="list-style-type: none"> <li>• Commissioners continue to increase the capacity of Homecare available to the council, and have brought additional SAMS providers on board; this will ensure that some clients can increase/retain their independence in their own home therefore reducing demand for residential/nursing placements.</li> <li>• The service are exploring alternative contracting arrangements particularly in the form of block contracting in order to achieve value for money and to provide security for both the Council and providers.</li> <li>• Commissioning are actively reviewing the payments the Council are making over and above framework prices, where possible alternative providers will be sourced to reduce the pressure on the budget. However it is important to note that quality will not be compromised.</li> </ul> <p>Increases in the use of technology are being promoted and further developments will continue in this area to attempt to decrease the need for human intervention and to promote independence.</p> <p><b><u>Note 2</u></b> The outturn position includes an underspend on staffing due to vacancies of £262k, this is partially offset by an overspend on costs relating to ongoing repairs and maintenance of lifts and minor adaptations to client properties of £103k.</p>
Public Health	236	<p><b>Outturn variance £236k adverse, a £93k favourable movement since P8:</b></p> <p><b><u>Community Services Contract</u></b> The Council and Trafford CCG are parties in the above contract with Pennine Care NHS Foundation Trust. The contract is expected to overspend by around £1.8m in this financial year; a risk share agreement has been agreed that will see the Council</p>

		<p>responsible for around 40% of any overspend at the end of the financial year, this equates to around £700k.</p> <p>The service has estimated that expenditure can be reduced in other areas of the Public Health budget by £464k to mitigate the pressure in this financial year, the remaining projected overspend is therefore £236k, the service continues to work to decrease the deficit further before the end of the financial year.</p>
Place	(991)	<p><b>Outturn variance £991k favourable, a £91k adverse movement since P8</b></p> <ul style="list-style-type: none"> <li>➤ staff underspend from vacancies of £498k, which is £304k in excess of the savings target and equates to approximately 9.3% of the overall staffing budget. This is a favourable movement since period 8 of £26k and reflects the continuing effort to fill vacant posts and that a number of services are in the process of restructuring;</li> <li>➤ net surplus income from property rents, car park income and other fees of £193k, a favourable movement of £27k since period 8;</li> <li>➤ partly offset by a net budget pressure in running costs of £455k across all services, an increase of £156k since period 8. Including: <ul style="list-style-type: none"> <li>• £123k from waste management disposal costs relating to an increase in trade waste;</li> <li>• £138k relating to a one-off increase in the GM Waste Disposal Levy for 2018/19 as previously reported;</li> <li>• a permanent increase in business rates of £92k relating to a number of Car Parks, offset by one-off business rate refunds (net of fees) of £196k;</li> <li>• other one-off costs of £298k across a number of services.</li> </ul> </li> <li>➤ one-off business rate refunds (net of fees) relating to Sale Waterside and Trafford Town Hall of £949k, £12k higher than previously notified.</li> <li>➤ Note - Planning income (net of costs) is £216k above target and is ring fenced for re-investment in the service in line with government regulations resulting in a neutral</li> </ul>

		<p>impact on the final outturn.</p> <p><b>Period movement £91k adverse:</b></p> <ul style="list-style-type: none"> <li>➤ increase in running costs of £156k relating mainly to highways and tree maintenance, £75k and property utility costs, £46k;</li> <li>➤ increased underspend on staff costs £26k;</li> <li>➤ additional net income of £27k. This includes reduced forecast income from Stretford Arndale rent, £64k, road access permits, £50k and outdoor media advertising, £20k. These have been offset by increased income from parking fines, £67k, Regent Road and Oakfield Road car parks remaining open longer than expected prior to development works, £41k, other parking income, £30k;</li> <li>➤ other minor net favourable movements £12k.</li> </ul>
People	90	<p><b>Outturn variance £90k adverse, a £75k favourable movement since P8:</b></p> <ul style="list-style-type: none"> <li>➤ there are one-off staffing costs mainly associated with the changes to the Council's Executive Management structure of £126k;</li> <li>➤ additional income mainly from traded services of £74k have been partly offset by running costs above budget by £38k, mainly due to additional trading losses at Flixton House during redevelopment;.</li> <li>➤ the favourable movement of £75k since the period 8 report relates to additional net staff savings, mainly in HR and Bereavement Services of £22k, running costs, £33k and income, £20k across a number of services.</li> </ul>
Finance & Systems	(188)	<p><b>Outturn variance £188k favourable, a £139k favourable movement since P8:</b></p> <ul style="list-style-type: none"> <li>➤ net staff underspends from vacancies of £98k, achieved from natural staff turnover across the Directorate, and a net underspend on running costs and income of £90k;</li> <li>➤ the favourable movement of £139k since the period 8 report relates to staffing, £93k, and running costs and income, £46k;</li> <li>➤ the main areas of vacancy underspending are Exchequer services, where staff turnover is traditionally high, and ICT which reflects the current difficulties in recruiting to this service.</li> </ul>

Governance & Community Strategy	81	<p><b>Outturn variance £81k adverse, a £68k favourable movement:</b></p> <ul style="list-style-type: none"> <li>➤ net staff underspend from vacancies are £141k, and has been achieved from natural staff turnover across the Directorate;</li> <li>➤ net running costs above budget of £19k, including demand led legal costs of £27k;</li> <li>➤ a shortfall of £255k, relating to projected income at Sale Waterside Arts Centre;</li> <li>➤ surplus income of £52k, including additional SLA income in Legal Services;</li> <li>➤ the favourable movement of £68k since the period 8 report relates mainly to additional staff savings in Legal &amp; Democratic Services, £51k and Access Trafford, £20k.</li> </ul>
Council-wide budgets	(1,241)	<p><b>Outturn variance £1.241m favourable, a £268k favourable movement since P8:</b></p> <ul style="list-style-type: none"> <li>➤ The overall variance is a result of a mix of savings on corporate budgets including Treasury Management, additional income from our Investment Strategy and the release of a number of Council Wide contingencies and provisions; details of which were provided in the Period 8 monitor.</li> <li>➤ The movement between Period 8 and Period 10 is explained in full by additional net income generated from the Investment Strategy.</li> <li>➤ In addition, the Government recently announced additional grant resource in 2018/19 and 2019/20 to cover costs which may arise following Brexit. Unitary councils are expected to receive £210k over the two years. The exact details of the grant are yet to be determined so in the meantime these funds will be transferred to an earmarked reserve, resulting in a neutral impact on the 2018/19 outturn position.</li> </ul>
<b>Funding</b>	(809)	See paragraph 13 below.
<b>Dedicated Schools Grant</b>	(668)	<p><b>High Needs Block:</b> The projected budget pressure within the High Needs block previously reported has increased by £86k to £537k (net of additional in-year grant) since period 8 due to an increase in out of borough placements. This has been more than offset by the Schools, Central and Early Years Blocks underspend of £1.205m an increase of £156k due mainly to the</p>

		<p>finalising of Growth Fund allocations. This projected underspend will be transferred to DSG reserve and used to cover pressures in the high needs budget in later years (as previously reported).</p> <p>Any surplus or deficit will be transferred to the DSG Reserve at year-end.</p>
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### MTFP Savings and increased income

5. The 2018/19 budget is based on the achievement of permanent base budget savings and increased income of £9.97m (see para. 1 above). At this stage the latest forecast indicates that total savings of £10.55m will be achieved, which is £0.57m above target and this has been included in the monitoring position above.

<b>Table 3 – Transformation &amp; Business as Usual Projects</b>	<b>Savings Target £</b>	<b>Savings Forecast to be Achieved £</b>	<b>Surplus \ (shortfall) £</b>
<b>Original Target Agreed at Budget Council February 2018</b>	<b>9,973,000</b>	10,548,119	<b>575,119</b>
Add savings in 2018/19 brought forward from the 2017/18 programme:-	10,000	0	<b>(10,000)</b>
<b>Adjusted Target</b>	<b>9,983,000</b>	<b>10,548,119</b>	<b>565,119</b>
Of which:-			
Transformation Projects	3,746,000	4,481,119	735,119
Business As Usual	6,237,000	6,067,000	(170,000)

Those projects currently in exception are listed in Appendix 1.

### RESERVES

6. The Council's usable reserves at 31st March 2018 stood at £75.02m, of which £43.23m relates to Earmarked revenue reserves which were detailed in the period 6 report. A full review of all commitments on these reserves was undertaken as part of the current 2019/20 budget process.
7. The remaining reserves consist of the General Reserve at £6.00m, which is the approved minimum level agreed by Council in February 2018, Capital Related Reserves which are fully committed to meet the costs of the Capital Programme to 2021/22 and Schools Related Reserves which are balances belonging to individual schools and are just held by the Council on their behalf.
8. As part of the current monitoring position it is proposed to transfer the following amounts to earmarked reserves in year:-

- Brexit Preparation Grant Reserve estimated £105k in 2018/19;

## **COLLECTION FUND**

### **Council Tax**

9. The 2018/19 surplus on the Council Tax element of the Collection Fund is shared between the Council (84%), the Police & Crime Commissioner for GM (12%) and GM Fire & Rescue Authority (4%). The total surplus brought forward as at 1 April 2018 was £2.18m of which the Council's share was £1.82m.
10. As at January 2019 the end of year surplus balance is forecasted to be £1.68m, after the application of £0.59m of brought forward surplus and addition of an in-year surplus of £0.20m and £0.11m of backdated valuations. The Council's share of this is £1.60m, and is planned to support future budgets in the MTFP.
11. Council Tax collection rate as at 31<sup>st</sup> January 2019 was 95.35%, which is ahead of the target of 94.78%.

### **Business Rates**

12. The 2018/19 budget included anticipated growth in retained business rates and related S31 grants of £9.89m. It is still anticipated that the overall budget will be achieved in year, however as reported in Period 8 there remains significant volatility in the rating system as a result of significant building demolitions, refurbishments and appeals relating to major infrastructure projects.
13. As reported in Period 8, in addition to the core rates budget, a one off receipt of £3.31m is due from Greater Manchester Combined Authority which represents Trafford's share of unutilised monies from the 2017/18 Business Rates Growth Pilot contributions. A figure of £2.5m will be transferred to the Business Rates Growth Pilot Reserve to smooth any volatility in future year's business rates, as those being experienced in the current year. This has left a net surplus of £0.81m which can be used to partially offset the in-year forecast budget pressures.
14. Business Rates collection rate as at 31<sup>st</sup> January 2019 was 91.44% compared to a targeted collection rate of 90.70%.

### **Transformation Fund**

15. The Trafford locality was awarded £22m in October 2017 from the Greater Manchester (GM) £450m Transformation Fund delegated to Greater Manchester Heath & Social Care Partnership (GMHSCP) by NHS England.
16. Over the four years of the fund this allocation is to be supplemented by match funding from the Council and the CCG (£10.6m) and associated benefits (£19.4m) to give a total budget of £52m to be used on transforming health and social care services over a four year period from October 2017. The cumulative

benefits over the period were expected to be £72m with annual ongoing net benefits by 2020/21 of £15m a year as set out in the table below.

Establishment	Expenditure Over the 4 Years £m	Funding of Expenditure				Annual Recurrent Benefits by 20/21 £m	Annual Recurrent Net Costs by 20/21 £m	Net Recurrent Benefits by 20/21 £m
		GMHSCP £m	Match funding £m	Benefits £m	Total £m			
Council	15.9	6.2	6.0	3.7	15.9	7.7	3.3	4.4
CCG	34.4	14.1	4.6	15.7	34.4	18.0	7.4	10.6
Joint	1.7	1.7			1.7			
<b>Total</b>	<b>52.0</b>	<b>22.0</b>	<b>10.6</b>	<b>19.4</b>	<b>52.0</b>	<b>25.7</b>	<b>10.7</b>	<b>15.0</b>

17. The table below sets out the projected overall position by the 31st March 2019 for each organisation and Appendix 2 provides the detail by scheme. By this date it was originally expected that £23.28m would have been spent on a range of initiatives but due to a number of factors expenditure will be significantly lower at £13.15m.

Organisation	Expenditure			Funded by			Overall Benefit		
	Budget £'000	Forecast £'000	Variance £,000	GMHSCP £'000	Match Funding £'000	Total £'000	Target £'000	Forecast £'000	Variance £'000
Council	7,826	5,533	(2,293)	2,474	3,059	5,533	8,649	8,651	2
CCG	14,234	7,089	(7,145)	5,089	2,000	7,089	10,284	2,796	(7,488)
Joint	1,221	531	(690)	531	0	531	0	0	0
<b>Total</b>	<b>23,281</b>	<b>13,153</b>	<b>(10,128)</b>	<b>8,094</b>	<b>5,059</b>	<b>13,153</b>	<b>18,933</b>	<b>11,447</b>	<b>(7,486)</b>

18. The reasons for this are mainly as a result of delays in the implementation of some schemes whilst options or requirements are fully scoped out (eg homecare), or evaluated to consider roll out on a wider scale. There has also been a cessation in other schemes (eg provider development work stream) which have been reviewed and approval is being sought for the repurposing of these monies.
19. The cumulative benefits to be realised from these schemes was £18.93m. However due to delays mentioned above and some schemes not achieving their anticipated benefits the forecast is £11.45m; an underachievement of £7.49m. The Council is on target to deliver its share of overall benefits in line budget assumptions, with the underachievement being attached to CCG schemes. It is still anticipated that over the period measures will be implemented to achieve the targeted level of recurrent net savings across both organisations.

## CAPITAL PROGRAMME

20. The value of the indicative 2018/19 Capital Programme set in February 2018 was £59.42m and included £5.00m for the Capital Investment Programme phased to 2018/19 (see paragraph 25). Taking into account additional government grant awarded in the autumn budget and other minor changes the budget has moved from £340.26m reported in P8 to its currently estimate of £340.92m.
21. Recent changes to the budget since the last monitoring report are detailed below and are summarised as follows:

<b>Table 6 - Capital Investment Programme 2018/19</b>	<b>P8 Position £m</b>	<b>Changes £m</b>	<b>Current Programme £m</b>
Service Analysis:			
Children's Services	13.30	0.66	13.96
Adult Social Care	2.59	-	2.59
Place	64.16	-	64.16
Governance & Community Strategy	1.97	-	1.97
Finance & Systems	1.93	-	1.93
<b>General Programme Total</b>	<b>83.95</b>	<b>0.66</b>	<b>84.61</b>
Capital Investment Fund	256.31	-	256.31
<b>Total Programme</b>	<b>340.26</b>	<b>0.66</b>	<b>340.92</b>

### 22. Amendments to General Capital Programme

- **New schemes and increases to existing budgets - £0.66m**
  - Schools – Devolved Formula Capital Grant: £660k – An additional £400m was made available nationally by the Department for Education in December 2018. The allocation to LEA schools within Trafford amounts to £660k. The usual terms and conditions of the grant still apply, with schools having to spend the allocation within a 3 year period.

23. Resourcing of the capital investment programme is made up of both internal and external funding. Details of this are shown in the table below.

<b>Table 7 - Capital Investment Resources 2018/19</b>	<b>P8 Position £m</b>	<b>Changes £m</b>	<b>Current Programme £m</b>
<b>External:</b>			
Grants	18.19	0.66	18.85
Contributions	8.92	-	8.92
<b>Sub-total</b>	<b>27.11</b>	<b>0.66</b>	<b>27.77</b>
<b>Internal:</b>			
Receipts	14.29	-	14.29
Borrowing	29.50	-	29.50
Reserves & revenue contributions	13.05	-	13.05
<b>Sub-total</b>	<b>56.84</b>	<b>-</b>	<b>56.84</b>
<b>Total Resourcing</b>	<b>83.95</b>	<b>0.66</b>	<b>84.61</b>

### Status and progress of projects

24. On average outturn performance over the last 4 years has been £32.09m and appears to highlight that delivery of the current Capital Programme is quite ambitious. This section aims to give certainty about delivery and the level of outturn performance that can be expected.
25. As part of the monitoring process a record of the “milestones” reached by each project is kept to show the progress of the scheme from inclusion in the Programme through to completion. The table below shows the value of the programme across the milestone categories.

<b>Table 8 - Status on 2018/19 Projects</b>	<b>Current Budget £m</b>	<b>Percentage of Budget</b>
Already complete	34.01	40%
Underway	42.12	50%
Programmed to start later in year	5.29	6%
Not yet programmed	3.18	4%
<b>Total</b>	<b>84.61</b>	<b>100%</b>

26. The first three categories give a good indication as to the level of confirmed expenditure to be incurred during the year. As can be seen £80.87m (96%) of the budget has now been committed or is programmed to start in the year.
27. Schemes with a value of £3.18m are classed as “Not yet programmed” and relate to budgets where specific projects have not yet been agreed or budgets that have yet to have a start date, these include:
- School Expansion Programme - £1.12m: An unallocated balance remains following the approval by the Executive of the 2018/19 schools capital

- investment works. This will be the subject of a separate report to the Executive for inclusion in the 2019/20 programme.
- Devolved Formula Capital - £660k : Recently received award from the Department for Education will not be able to be utilised in 2018/19. The terms and conditions of the award allow for the grant to be applied over a 3 year period.
  - City Cycle Ambition Grant Programme - £424k: Negotiations are still ongoing with TfGM to finalise the works to be undertaken.
  - 9/11 Market Street, Altrincham Redevelopment - £239k: The proposed development of these commercial properties has been delayed due to the short term occupation by the developers of the new Health and Well Being Centre. The works are expected to be undertaken in 2019/20.
  - Timperley Sports Club : Pitch contribution - £350k : The council agreed to make a contribution to the replacement of the artificial pitch for use by local schools. This contribution was expected to fall due in 2018/19, however the club are looking into a larger scale development opportunities and as a result it is not expected that the Council contribution will be required until after this financial year.

28. There are a number of schemes which, whilst they have started or are still due to start in year, are not now expected to complete until 2019/20. As a result the outturn projection is now estimated to be £58.36m in 2018/19. The table below provides a summary with scheme details shown in the following paragraph.

<b>Table 9 – 2018/19 Outturn Projection</b>	<b>£m</b>
<b>Current General Programme</b>	<b>84.61</b>
Actual spend to date	35.62
Expected spend for P11-P12	22.74
<b>Outturn Projection</b>	<b>58.36</b>
<b>Variance to current budget</b>	<b>(26.25)</b>
<b>Major Areas which require re-phasing to 2019/20</b>	
- Leisure Strategy - "Increasing Physical Activity"	18.76
- Schools related projects	3.78
- Altair Development, Altrincham	1.14
- ICT – Windows 10 Implementation & rollout	0.75
- City Cycle Ambition Grant	0.55
- CCTV Transformation Programme – Phase 2	0.52
- Timperley Sports Club- Artificial pitch contribution	0.35
- 9/11 Market Street, Altrincham	0.24
- Miscellaneous Building Repairs	0.16
<b>Total re-phasing requirement</b>	<b>26.25</b>

## 29. Land Sales Programme - Capital Receipts

In order to fund the current Capital Investment Programme there is a requirement for £14.29m of capital receipts (see Table 7). Current projections indicate that in the region of £3.75m will be generated from disposals of surplus assets during the year together with unutilised balances from previous years of £6.52m, giving £10.27m available to support capital expenditure in year. This shortfall of £4.02m would give rise to temporary borrowing costs, unless projects which are planned to be financed from capital receipts are rephased back to 2019/20.

At this stage in the year it is now known that a number of projects, that were to be funded by capital receipts, are to be re-profiled to later years (see Para 25) meaning that there is unlikely to be a requirement for temporary borrowing in 2018/19.

## CAPITAL INVESTMENT PROGRAMME

30. The Council's Investment Strategy was approved by the Executive in July 2017 when approval was given to increase the Capital Investment Fund to £300m, supported by prudential borrowing, to support the approach. The original budget for 2018/19 was £5.00m, however re-phasing from 2017/18 of £250.23m has resulted in a budget of £255.23m.
31. To date ten transactions have been agreed by the Investment Management Board at a total capital cost of £176.08m. This investment will provide a net benefit to support the revenue budget in 2018/19 and later years.

<b>Table 10: Capital Investment Strategy</b>	<b>2017/18</b> £m	<b>2018/19</b> £m	<b>Total</b> £m
<b>Total Investment Fund</b>			<b>300.00</b>
Activity to date :			
<b>Projected Cost</b>			
K Site, Talbot Rd, Stretford	1.24	23.62	24.86
<b>Acquisitions :</b>			
Sonova House, Warrington	12.17		12.17
DSG, Preston	17.39		17.39
Grafton Centre incl. Travelodge Hotel, Altrincham	10.84		10.84
Trafford Magistrates Court, Sale		4.30	4.30
Walthev House Lane, Wigan		13.75	13.75
Sainsbury's, Altrincham		25.76	25.76
<b>Loan Advances:</b>			
No.1, Old Trafford : Debt financing for residential development	3.13	(3.13)	0.00
The Crescent, Salford : Debt financing for residential development		60.80	60.80
<b>Development Sites :</b>			
Brown Street, Hale		6.21	6.21
<b>Total investments</b>	<b>44.77</b>	<b>131.31</b>	<b>176.08</b>
<b>Balance available</b>			<b>123.92</b>

### Issues / Risks

32. The main risk in the area of the capital programme is the timely delivery of the programme and this situation will continue to be closely monitored and any issues will be reported as and when they arise.

### Recommendations

33. That the Executive note the report and the changes to the Capital Programme as detailed in paragraph 21.

**Other Options**

Not Applicable

**Consultation**

Not Applicable

**Reasons for Recommendation**

Not Applicable

**Finance Officer Clearance      GB**

**Legal Officer Clearance        DS**



**CORPORATE DIRECTOR'S SIGNATURE .....**

<b>Transformation &amp; Business as Usual Projects in exception</b>	<b>Total savings to be achieved 2018/19 £</b>	<b>Total Forecast to be achieved 2018/19 £</b>	<b>Variance £</b>	<b>Reason for variance</b>
Continuation Children's Programme	900,000	1,428,044	528,044	The service continues to exceed expectations and is achieving further savings, most notably from high cost external residential placements ceasing.
Reshaping Continuation Adults Programme	1,479,000	1,257,150	(221,850)	Predicted underachievement due to the reshaping programme being in it's fifth year of operation. Many care packages are at the optimum level. There has been significant savings made in the last few months from CHC.
Single Handed Care	141,000	10,000	(131,000)	The project commenced in January 2019 after lengthy delays. Savings are not currently achievable due to the complexities of the agreed process with internal and external providers. Planned workshop in March 2019 will look at this to see if further savings can be achieved.
Stabilise and Make Safe (SAMS) 2018/19 - moving from 11 - 14 average completions p/w	200,000	759,925	559,925	SAMS continues to perform above expectations, costs of SAMS have been reduced and the output continues to be strong.
<b>Sub-total Transformation</b>			<b>735,119</b>	

<b>Transformation &amp; Business as Usual Projects in exception</b>	<b>Total savings to be achieved 2018/19 £</b>	<b>Total Forecast to be achieved 2018/19 £</b>	<b>Variance £</b>	<b>Reason for variance</b>
CCTV New Trading Model	20,000	0	(20,000)	Technical issues with the new operating model had reduced the ability to generate income from business development earlier in the year. The ongoing capital investment in systems and infrastructure is also expected to improve the position from April 2019.
Waterside Arts Centre	100,000	0	(100,000)	Ongoing capital investment in the facility and further business development is anticipated to improve the position later in the year to enable a sustainable financial position to be achieved from 2019/20.
Review of PFI contract	250,000	200,000	(50,000)	Negotiations are continuing with the PFI provider to secure savings.
<b>Sub-total Business as usual</b>			<b>(170,000)</b>	
<b>Total</b>			<b>565,119</b>	

**Transformation Fund Summary By Scheme**

Scheme	Expenditure			Funded by			Overall Benefit		
	Revised Budget £'000	Forecast £'000	Variance £,000	GMHSCP £'000	Match Funding £'000	Total £'000	Target £'000	Forecast £'000	Variance £'000
-									
<u>CCG</u>									
Administration	54	0	(54)	0		0	0	0	0
Cancer screening LES Payments	33	0	(33)	0		0	0	0	0
Primary care mental health and wellbeing service	936	0	(936)	0		0	3	0	(3)
Medicines Optimisation team	1,002	367	(635)	167	200	367	3,391	1,612	(1,779)
Care Workforce	1,273	213	(1,060)	213		213	2,108	0	(2,108)
TECHT (Domiciliary MDT)	2,826	1,468	(1,358)	1,468	0	1,468	2,127	250	(1,877)
Quality and Outcomes Framework	100	0	(100)	0		0	725	0	(725)
Clinical and Change Resource	234	47	(187)	47		47	0	0	0
Provider Leadership Capacity	220	107	(113)	107		107			
Quality and Outcomes framework	90	33	(57)	33		33	0	0	0
GP Transitional Relief	105	0	(105)	0		0			
New Organisational Form	462	241	(221)	241		241			
Training Costs	360	9	(351)	9		9	0	0	0
Urgent Care - Community Enhanced Care	800	0	(800)	0		0	1,930	934	(996)
Urgent Care - Ascot House	4,473	4,364	(109)	2,564	1,800	4,364			

Home Care	754	0	(754)	0		0				
Programme Management	512	240	(272)	240		240		0	0	0
<b>Total</b>	<b>14,234</b>	<b>7,089</b>	<b>(7,145)</b>	<b>5,089</b>	<b>2,000</b>	<b>7,089</b>		<b>10,284</b>	<b>2,796</b>	<b>(7,488)</b>
<b>Council</b>										
Urgent Care - Discharge to Assess Bed Facility	1,827	1,838	11	779	1,059	1,838		0	0	0
Urgent Care - Social work capacity to improve flow in hospitals	473	404	(69)	37	367	404		0	0	0
Urgent Care - Discharge to Assess and Process Improvements	79	78	(1)	0	78	78		0	0	0
Adult's and Children's Social Care	2,123	1,852	(271)	1,549	303	1,852		8,649	8,651	2
Homecare	2,100	245	(1,855)	109	136	245		0	0	0
Programme Management	1,099	1,076	(23)	0	1,076	1,076		0	0	0
Enablers	125	40	(85)	0	40	40		0	0	0
<b>Total</b>	<b>7,826</b>	<b>5,533</b>	<b>(2,293)</b>	<b>2,474</b>	<b>3,059</b>	<b>5,533</b>		<b>8,649</b>	<b>8,651</b>	<b>2</b>
<b>Joint</b>										
Programme Management	421	335	(86)	335	0	335		0	0	0
Enablers	800	196	(604)	196	0	196		0	0	0
<b>Total</b>	<b>1,221</b>	<b>531</b>	<b>(690)</b>	<b>531</b>	<b>0</b>	<b>531</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total</b>										
<b>Grand Total</b>	<b>23,281</b>	<b>13,153</b>	<b>(10,128)</b>	<b>8,094</b>	<b>5,059</b>	<b>13,153</b>		<b>18,933</b>	<b>11,447</b>	<b>(7,486)</b>

