

**TRAFFORD COUNCIL**

**Report to: Executive**

**Date: 24 September 2014**

**Report for: Information**

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

**Report Title:**

Revenue Budget Monitoring 2014/15 – Period 4 (April to July 2014).

**Summary:**

The original revenue budget approved at the Council meeting on 19 February 2014 was £154.552m.

**This budget has subsequently been revised, subject to approval at the Council meeting on 17 September 2014, to £156.134m to reflect the budget re-alignment as set out in the Council report. Full details of the budget change are included in a separate report elsewhere on this agenda.**

The net increase in the budget of £1.582m is to be met from an additional one-off contribution from the General Reserve (see Table 5).

The forecast for the end of the year, as projected following four months of activity, is £156.951m being a net overspend of £0.817m, 0.5% of the budget.

The main areas of budget variance are summarised as:

<b>Activity</b>	<b>Forecast £m</b>
Increased demand and unit costs for Children in Care Placements	0.4
Additional external income, including SLA's	(0.3)
Rephased base budget savings	0.3
Terms & conditions savings	0.4
Vacancy management	(0.7)
Non-achievement of in-year savings	0.2
Deprivation of Liberty assessment costs	0.1
Other variances	0.4
<b>Forecasted outturn</b>	<b>0.8</b>

**Reserves**

The opening balance of the General Reserve was £(11.0)m, and after taking into account approved use and commitments, the forecasted closing balance is £(7.2)m, which is £(1.2)m above the Council established minimum level of £(6.0)m.

In addition, the net service carry forward reserves at the beginning of the year was £(4.0)m, and after taking into account planned use and commitments, and the service Directorates' outturn the forecasted closing balance is £0.1m deficit (excluding LD Pool).

There is a deficit brought forward on the Learning Disability Pooled Fund of £3m. This will be considered with the CCG and proposals brought forward.

**Council Tax**

The surplus brought forward of £(0.5)m, will be increased by an in-year forecasted surplus of £(1.1)m. After taking account of the planned use of £0.4m to support the base budget and another £0.3m for backdated valuation and discount appeals, the total surplus forecasted to be carried forward is £(0.9)m. This is primarily due to the pro-active interventions in unreported changes to circumstances for Council Tax Support claimants which has reduced the cost of this support. The Council's share of this surplus is £(0.8)m, and is planned to support future budgets in the MTFP.

**Business Rates**

An update on the forecast year-end position will be made after the Accounts for 2013/14 have been certified by the external auditor.

**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:**

Dave Muggeridge, Finance Manager, Financial Accounting

Extension: 4534

Background Papers: None

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	As set out above
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

Director of Finance:.....ID.....

Director of Legal & Democratic Services:.....JLF.....

## Budget Monitoring - Financial Results

- The revised budget, subject to agreement at the 17 September 2014 Council meeting, is £156.134m. Based on the budget monitoring for the first 4 months of the year, the overall forecast for the year is £156.951m, being an overspend of £0.817m, 0.5%, an adverse movement of £0.428m since the last report.
- The revised budget includes for changes to the CFW and C-W budgets as detailed within the 2014/15 Revenue Budget Re-alignment report, elsewhere on this agenda. The details of service variances can be found in Annexes 1 to 3, and for Council-Wide, Annex 4:

<b>Table 1: Budget Monitoring results by Directorate</b>	<b>Year end Forecast (£000's)</b>	<b>Percentage %</b>	<b>Period Movement (£000's)</b>	<b>Annex</b>
CFW – Children's Services	450	1.5%	473 *	1
CFW – Adult Social Services	403	0.7%		
CFW – Public Health	-	-	-	1
Economic Growth, Environment & Infrastructure	(244)	(0.7)%	2	2
Transformation & Resources	262	1.5%	7	3
<b>Total Service Variances</b>	<b>871</b>	<b>0.7%</b>	<b>482 *</b>	
Council-wide budgets	(54)	(0.3)%	(54)	4
<b>Estimated outturn variance (period 4)</b>	<b>817</b>	<b>0.5%</b>	<b>428 *</b>	

*CFW – Children, Families & Wellbeing*

<b>Table 2: Budget Monitoring results by Executive Portfolio Holder</b>	<b>Year end Forecast (£000's)</b>	<b>Percentage %</b>	<b>Period Movement (£000's)</b>
Children's Services	450	1.5%	473 *
Adult Social Services	403	0.7%	
Community Health & Wellbeing	-	-	-
Environment & Operations	(94)	(0.3)%	27
Economic Growth & Planning	(150)	(3.7)%	(25)
Communities & Partnerships	104	3.2%	37
Transformation & Resources	275	2.5%	(9)
Finance	(171)	(0.7)%	(75)
<b>Estimated outturn variance (period 4)</b>	<b>817</b>	<b>0.5%</b>	<b>428 *</b>

\*Due to the budget re-alignment it is not possible to make a like for like comparison between period 3 and period 4 for individual objective service lines within CFW.

### Key month on month variations

- The major change is the realignment of budgets in CFW. However, there remains a forecast overspend of £0.853m which is due to:
  - An increase in demand for places, £0.282m and a small increase in unit costs, £0.146m relating to Children in Care placements;
  - Non-achievement of elements of terms and conditions savings within Children's Services, £0.220m and Adult Services, £0.203m;
  - Management of vacancies in Children's Services, £(0.187)m, Older People's Service, £(0.088)m and Public Health, £(0.055)m;

- Additional income from Academies for Educational Psychologists, £(0.045)m, Advisors and Inspectors SLA income, £(0.014)m, Healthwatch income, £(0.057)m, income from Community Safety regarding Test on Arrest, £(0.022)m and one-off income from the CCG towards Dementia Advice contracts, £(0.022)m;
  - £0.200m non-achievement of savings in the Council-wide initiative, Information & Advice Review, £0.100m and Ascot House, £0.100m;
  - Deprivation of Liberty (DOLS) assessment costs, £0.107m;
  - Additional costs of Healthwatch, £0.057m;
  - Other minor net variances of £0.128m.
4. The main monthly variance in other services of £(0.045)m relates to the additional proceeds from the planned sale of the Council's interest in Urmston Town Centre, in excess of the figure reported to the Council meeting on 17 September 2014 of £(0.054)m. Other net movements across EGEI and T&R Directorates are £0.009m.

### MTFP Savings and increased income

5. The 2014/15 base budget, or permanent budget, is based on the achievement of permanent base budget savings and increased income of £(13.776)m
6. The following table summarises the overall forecasted achievement of the total base budget savings target for 2014/15 of £(13.776)m; noting the potential shortfall, proposed action to mitigate this shortfall and savings that are at risk and are subject to closer monitoring arrangements. These savings may potentially not be delivered and could become an issue going forward into 2015/16:

<b>Table 3: Base budget savings</b>	<b>Total (£000's)</b>
Total Savings delivered or in progress	(12,636)
Budget savings required	(13,776)
Shortfall	1,140
To be met by:	
Rephased savings from T&R reserve in 14/15	(340)
Alternative savings within CFW in 14/15	(131)
Balance in CFW to be reviewed by Transformation Board	(669)
	(1,140)

7. Just over 90% of base budget savings have been or are forecasted to be delivered:

Of the £1.140m shortfall, £0.800m relates to CFW and £0.340m relates to T&R.

There are some savings that are delayed in 2014/15 (£340k) but the full effect is still expected to be delivered in the 2015/16 budget;

Alternative savings are being sought within CFW relating to Ascot House, £0.100m and Supporting People, £0.031m (see Annex 1 para.3.6);

There are some savings that are at significant risk of not being delivered, of which £0.423m relates to terms and conditions. These will be reviewed by the Transformation Board and alternative proposals will be sought.

## Council Tax

8. The brought forward surplus on the Council Tax element of the Collection Fund has shared ownership between GM Fire & Rescue Authority and Police & Crime Commissioner, as well as the Council.
9. After four months of activity, the total Council Tax in-year surplus is forecasted at £(1.087)m, with the Council's share of this being £(0.914)m. After taking account of the planned application to support the 2014/15 budget, £0.356m, and reductions as a consequence of back-dated valuations and awards of discounts or exemptions of £0.250m, the end of year total balance is forecasted at £(0.939)m, of which the Council's share is £(0.789)m. The Medium Term Financial Plan assumes use of the Collection Fund surplus at similar levels to 2014/15 into the future.

<b>Table 4: Council Tax surplus</b>	<b>Overall</b>		<b>Trafford</b>	
	£(000's)	£(000's)	£(000's)	£(000's)
<b>Surplus brought forward</b>		<b>(458)</b>		<b>(385)</b>
Changes in Band D equivalents	(109)		(92)	
Empty Homes Premium	(130)		(109)	
Council Tax Support awards	(848)		(713)	
Banding valuations & discounts	250	(837)	210	(703)
In-year application of surplus		356		300
<b>Forecasted surplus carry forward</b>		<b>(939)</b>		<b>(789)</b>

10. The majority of the in-year surplus has been generated from pro-active interventions in unreported changes of circumstances, which has reduced the need for Council Tax Support. This means that the correct award of Support is made earlier and reduces the amount of overpayments that have to be collected subsequently. Work also continues on pursuing old year debt and it is anticipated that collection rates for old debt will return to the levels experienced in 2012/13, reducing the need for additional provision for bad or doubtful debts. Some of the in-year increase also relates to a growth in the tax base and the increase in empty homes premium, however, this initiative cannot be guaranteed into the future as the purpose of the policy is to discourage empty properties and to encourage bringing them into the housing market. Back dated valuations and discounts continue to be a significant issue.

## Business Rates

11. 2014/15 will be the second year of operation of the new business rates retention scheme. The Government has established a target yield figure, or baseline, and 24.5% of yield above target is retained by the Council. However, 49% of any shortfall against the target is charged to the Council up to a safety net maximum cost to the Council of £2.433m.

12. The Council awaits confirmation on the treatment of the provision for valuation appeals of £36.8m in the draft 2013/14 accounts. This will be confirmed by the external auditor on completion of the audit. The Council is also waiting for information from the VOA regarding updated valuations and appeals. The current assumption for monitoring purposes is for a neutral position; however, this will be kept under review over the coming months.

## Reserves

13. The pre-audited General Reserve balance brought forward is £(11.0)m, against which there are planned commitments up to the end of 2014/15 of £3.8m. The projected balance as at 31 March 2016 of £(7.2)m is £(1.2)m above the approved minimum level of £(6.0)m:

<b>Table 5 : General Reserve Movements</b>	<b>(£000's)</b>
<b>Balance 31 March 2014 (subject to audit confirmation)</b>	<b>(10,980)</b>
<b>Commitments in 2014/15:</b>	
- Planned use for 2014/15 Budget (agreed 19 Feb 2014)	2,007
- Additional support for Adult Services (subject to approval at Council meeting 17 September 2014)	1,582
- Planned use for one-off projects 2014/15	279
- Council-wide budgets underspend *	(54)
<b>Balance 31 March 2015</b>	<b>(7,166)</b>

\* The budget saving of £(0.568)m previously reported has been re-aligned to meet the shortfall in Adult Services, and is therefore omitted from the table above.

14. Service balances brought forward from 2013/14 were a net £(0.982)m. After planned use to support one-off projects and adjusting for the estimated outturn, there is a projected net deficit of £3.082 to be carried forward to 2015/16 (Table 6).

	<b>b/f April 2014 (£000's)</b>	<b>Forecast Movement in-year (£000's)</b>	<b>Forecast Balance (£000's)</b>
<b>Table 6: Service balances</b>			
Communities, Families & Wellbeing	(871)	1,364	493
Economic Growth, Environment & Infrastructure	(1,155)	769	(386)
Transformation & Resources	(1,978)	1,931	(47)
<b>Total All Services (Surplus)/Deficit</b>	<b>(4,004)</b>	<b>4,064</b>	<b>60</b>
<b>Learning Disability Pool (a)</b>	<b>3,022</b>	<b>-</b>	<b>3,022</b>
<b>Total (Surplus)/Deficit</b>	<b>(982)</b>	<b>4,064</b>	<b>3,082</b>

Note:

(a) the deficit on the pooled fund will require discussion with the CCG and will require a permanent solution i.e. the deficit cannot be carried forward each year.

The use of reserve balances during the year are detailed in the Directorate reports attached as Annexes.

## Recommendations

15. It is recommended that the latest forecast and planned actions be noted and agreed.

**Report to:** CFW Directorate Management Team  
**Date:** 5<sup>th</sup> September 2014  
**Report for:** Discussion  
**Report author:** CFW Finance Managers

**Report Title:**

Revenue Budget Monitoring 2014/15 – Period 4 (April to July 2014).
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**1 Outturn Forecast**

1.1 This is the second CFW Directorate Monitoring Report for 2014/15.

1.2 **The revenue budgets set out within this report have now been revised based on action taken to realign the 2014/15 CFW budget in order to offset a projected £6.950m budget shortfall. The action taken is set out in detail within the 2014/15 Revenue Budget Re-alignment report, and can be summarised as follows:**

	(£000's)
Re-alignment of CFW Adults Budget	6,450
Re-alignment of CFW Children's Budget	500
	<hr/> 6,950
<b>Funded by:</b>	
Additional in-year CFW Savings Proposals	(2,500)
In year savings across Council Wide budgets (June 14 forecast)	(568)
One off budget savings from Equal Pay Provision and proceeds from Urmston Town Centre	(2,300)
Increase in base budget met from General Reserve	(1,582)
	<hr/> (6,950) <hr/>

1.3 The revised revenue budget for the year for CFW is £85.003m. The projected outturn for the entire directorate is £85.856, which is £0.853m in excess of the approved budget (1.0%).

**2 Explanation of Variances**

2.1 The forecast outturn variances are summarised below, with more detail at Appendix 1.

**Children Services** - £450k adverse variance from budget:

1. An overspend of £428k in Children's Social Services care packages due to an inability to reduce care package numbers, £282k, and a net increase in children's care package costs of £146k (savings not achieved).
2. An overspend of £220k in relation to being unable to achieve some of the savings in relation to changes in terms and conditions.
3. An underspend on vacancy management of £(192)k.

4. Other variances amounting to a net overspend of £(6)k.

**Adults and LD Pool – £403k adverse variation from budget:**

1. Base budget savings not achieved (See Section 3.6) - £403k adverse,
2. A recent Supreme Court judgment, which effectively lowered the threshold for what constitutes deprivation of liberty in care (DOLS), has resulted in additional assessment costs for all local authorities, which for Trafford is £107k.
3. In year savings of £(88)k due to vacant posts within Older Peoples Commissioning (£10k), Older People's Care Management (£78k).
4. Other variances amounting to a net underspend of £(19)k.

**Public Health – nil variance from budget:**

The Public Health budget is funded through a ring-fenced grant. Any underspend against this grant in the current year will therefore be carried forward to 2015/16. The projected variations relating to Public Health are set out and explained in detail in Appendix 1 and summarised below:

- Management of vacancies - £(55)k favourable,
- Other running costs - £(43)k favourable – forecast savings against variable 2014/15 contracts based on 2013/14 activity levels,
- Other income - £(22)k favourable non-recurrent income from Community Safety for Test on Arrest and a £(25)k contribution from the CCG in respect of Dementia Advice contracts.

This will leave a current unallocated grant balance of £145k for which proposals will be brought forward to support Public Health priorities.

### **3. Care Packages**

- 3.1 Adult CFW supports the most vulnerable people in the borough and therefore the budgets are demand led. Variations in the number and unit cost of care packages has therefore led to significant variations in demand levels which have not previously been fully reflected in budget.
- 3.2 2014/15 budgets have now been re-aligned based on the actual cost of all service users up to 31<sup>st</sup> August with a projection to 31<sup>st</sup> March 2015 for all “live” cases at 1<sup>st</sup> September 2014.
- 3.3 The following table sets out the number and average weekly unit cost of “live” cases and the current forecast expenditure:



<b>Service</b>	<b>Service Users</b>	<b>Average weekly cost</b>	<b>Gross Forecast</b>
	<b>No.</b>	<b>£</b>	<b>(£000's)</b>
<b>Older People</b>			
Domiciliary Care	855	156.33	7,096
Direct Payments	155	178.42	1,669
Residential/Nursing	571	471.06	14,222
<b>Physical Disability</b>			
Domiciliary Care	143	178.98	1,212
Direct Payments	189	220.12	2,270
Residential/Nursing	30	656.50	947
<b>Learning Disability</b>			
Day Care	30	265.06	407
Domiciliary Care	49	293.85	799
Direct Payments	254	297.47	4,220
Residential/Nursing	74	1,330.10	4,166
Supported Living	88	992.47	4,287
<b>Mental Health</b>			
Domiciliary Care	46	121.01	244
Direct Payments	30	122.65	209
Residential/Nursing	39	561.39	1,135
Supported Living	19	1,298.06	1,092
<b>Total</b>			<b>43,975</b>

**Note: the gross forecast is based on the actual cost of services to date plus a forecast for the remainder of the year based on current users. It is therefore not possible to multiply across the above table as the service users and unit cost only reflect current cases.**

3.4 **These client numbers and unit costs will now form the baseline for future monitoring reports.**

3.5 For budget monitoring purposes, a number of **assumptions** have been made within financial monitoring:

- Estimated clawback on Direct Payments of £(850)k. This is based on the actual clawback figure in 2013/14 adjusted to reflect growth in the number of service users receiving direct payments.
- A reduction of £(200)k against Home Care packages to reflect previous experience that approximately 10% of home care package hours are not used.
- A contingency provision of £500k to offset any net growth in care package numbers/costs during the remainder of the financial year.

3.6 **Savings**

The council's overall budget for 2014/15 includes £(13,776)k of savings of which £(7,457)k relates to CFW. The following table shows the current assumptions made regarding the delivery of in-year savings targets within the forecasts set out in this report.

<b>CFW Base Budget Savings 2014/15</b>		<b>Note</b>	<b>2014/15 Budget</b>	<b>Forecast Saving</b>	<b>Variance</b>
			<b>(£000's)</b>	<b>(£000's)</b>	<b>(£000's)</b>
Children in Care Placements	CYPS	1	(480)	(334)	146
Supported Living	CYPS		(50)	(50)	
MARAS Staffing	CYPS		(50)	(50)	
Market Management	CYPS		(350)	(350)	
Increased Use Personal Budgets	CYPS		(25)	(25)	
Commissioning Integration	CYPS		(20)	(20)	
Complex Additional Needs	CYPS		(50)	(50)	
Education Support Services Review	CYPS		(100)	(100)	
Home To School Transport	CYPS		(100)	(100)	
Complex and Additional Needs Personalisation			(125)	(125)	
Terms and Conditions	CYPS	5	(656)	(436)	220
Adoption Placement Fees	CYPS		(100)	(100)	
Connexions Service	CYPS		(260)	(260)	
Youth Offending Service			(150)	(150)	
Early Years Childcare			(25)	(25)	
Education Welfare Officers			(100)	(100)	
School Improvement			(105)	(105)	
Grant Assisted Projects (YOS & KEEP)	CYPS		(74)	(74)	
Reduction in running costs equal to General Inflation	Adults		(422)	(422)	
Market Management	Adults		(533)	(533)	
New models of service in LD reducing placement costs	Adults		(200)	(200)	
Mental Health - implement Personal Budgets	Adults		(50)	(50)	
LD Transport provision - implement Personal Budgets	Adults		(200)	(200)	
Ascot House - joint service with TPS resulting in efficiencies in running costs	Adults	2	(100)	-	100
Reduce Public Health	Adults		(850)	(850)	
Telecare	Adults		(400)	(400)	
Reablement	Adults		(500)	(500)	
Commissioning Integration (Children's/Adults)	Adults		(20)	(20)	
Advice & Information - Council wide review	Adults	3	(150)	(50)	100
Pre-payment cards	Adults		(40)	(40)	
Carers Services	Adults		(50)	(50)	
Extension of Personalisation Agenda	Adults		(25)	(25)	
Supporting People	Adults	4	(399)	(368)	31
Terms and Conditions	Adults	5	(695)	(492)	203
Inflationary increase for rents charged for supported living houses	Adults		(3)	(3)	
			<b>(7,457)</b>	<b>(6,657)</b>	<b>800</b>

**Note:**

1. CIC Placements – The savings proposal was linked to a plan to reduce unit costs for CIC Placements (see CFW2 for further details).
2. Ascot House – this saving originally related to opportunities for joint funding with health. For monitoring purposes, it is currently assumed that this will not be achieved although alternative reductions are being sought in year.
3. Advice & Information – this is a Council wide initiative being led by CFW which is subject to discussions currently; the forecast assumes this will not be achieved.
4. Supporting People – the £31k shortfall relates to a specific contract also counted as part of the £850k Public Health target in error. For monitoring purposes, it is currently assumed that this will not be achieved although alternative reductions are being sought in year.
5. Terms and Conditions - £423k shortfall in relation to agency cover within Supporting Living Schemes; it is currently assumed that this will not be achieved.

**4. Learning Disabilities Pooled Fund**

- 4.1 At the beginning of the year the LD Pool had a carry forward adverse balance of £3.022m.
- 4.2 Dialogue is taking place with the Trafford Clinical Commissioning Group (CCG) in order to agree how we collectively address the on-going pressure on the LD Pooled Budget.

**5. Service carry-forward reserves**

- 5.1 At the beginning of April 2014 the Children, Families and Wellbeing Directorate had accumulated balances of £(871)k carried forward from previous financial years.
- 5.2 The remaining carry-forward balances at the end of the year after taking into account the outturn position are:

	<b>DSG</b>	<b>CFW – Non LD Pool</b>	<b>CFW LD Pool</b>
	<b>(£000's)</b>	<b>(£000's)</b>	<b>(£000's)</b>
Balance b/f 1 April 2014	(2,777)	(871)	3,022
Specific commitments in 2014/15	750	511	-
P4 Forecast Outturn	360	853	-
	<b>(1,667)</b>	<b>493</b>	<b>3,022</b>

**6. Management Action**

- 6.1 The re-aligned CFW budget is dependent on the delivery of additional in-year savings of £(2.5)m. A Budget Recovery Action Plan is now being prepared setting out a range of improved processes to ensure that these in year savings are delivered, and to identify and address any other variations arising.

## 6.2 Resource Allocation Process

The Resource Allocation model, which includes a weekly Resource Panel has been extended to include wider representation including Directors. The aim of the revised model is to ensure that the amount of funding allocated is based on “Just Enough” support principles, to minimise cases agreed outside the Resource Panel and to ensure that the process for agreeing funding for individual packages of care is strengthened, ensuring that both senior operational managers and commissioners scrutinise each case and make best use of available resources, voids, contracts etc.

In addition a further panel has been established to exercise the same level of scrutiny on cases coming out of the internal and external reablement services.

## 6.3 Business Delivery Programme Board

The Business Delivery Programme Board has recently refreshed the way it works, splitting into three key elements:

- Core Business,
- Financial Business, and
- Learning Disability Business.

This new approach ensures Directors, lead commissioners, Finance Managers and Heads of Operational Services maintain oversight of activity linked to the budget and address key issues relating to financial monitoring reports, monitoring of savings targets, and other budget recovery action taken. A revised approach to escalating issues arising to the CFW Senior Leadership Team has also been agreed.

## 6.4 Financial Tracking and Monitoring

An overarching Activity Plan has been developed which details all areas of activity linked to the Learning Disability Pooled Budget, including previous Recovery Plans and Business Cases in respect of 2014/15 and 2015/16 savings proposals.

In addition a financial spread sheet has been created to allow reductions to be quantified based on “real time” information. The spread sheet highlights the starting position, reductions projected based on Business Case plans and actual reductions achieved once actions have been implemented and savings realised. The introduction of the facility to track financial changes will support the programme of work and highlight where savings have been achieved and also where there may be areas at risk.

The next stage will be to develop similar spread sheets for other service areas, starting with Mental Health. These spread sheets will then be used to support financial management until the Liquid Logic system is implemented.

#### Period 4 Projected Outturn revenue expenditure and income variances

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

Budget Book Format (Objective analysis)	Full Year Revised Budget (£000's)	P4 Forecast Outturn (£000's)	P4 Outturn variance (£000's)	Ref
<b>Children's Services Portfolio – DSG Element</b>				
Dedicated Schools Grant	0	360	360	CFW1
Transfer to Dedicated Schools Grant Reserve	0	(360)	(360)	CFW1
<b>Sub-total – DSG</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Children's Services Portfolio – Non DSG Element</b>				
Education Early Years' Service	6,398	6,321	(77)	CFW3
Children's Social Services	15,150	15,715	565	CFW2
Children with Complex & Additional Needs	1,943	1,997	54	CFW2
Commissioning	1,774	1,707	(67)	CFW3
Multi Agency Referral & Assessment Service (MARAS)	1,355	1,354	(1)	
Youth Offending Service	363	371	8	
Children's Centres	2,084	2,032	(52)	CFW3
Youth Service	1,389	1,409	20	CFW3
<b>Sub-total – Children's Services</b>	<b>30,456</b>	<b>30,906</b>	<b>450</b>	
<b>Total</b>				
<b>CFW Children's Total</b>	<b>30,456</b>	<b>30,906</b>	<b>450</b>	

<b>Adult Social Services Portfolio</b>				
Older People	20,439	20,456	17	CFW4
Physical Disabilities	4,963	4,963	0	
Equipment & Adaptations	1,004	1,005	1	
Mental Health	3,592	3,589	(3)	
Other Adult Services	803	1,010	207	CFW5
Strategic & Support Services	967	961	(6)	
Adaptations	(64)	(66)	(2)	
Housing Services	630	631	1	
Community Services	230	226	(4)	
Equalities & Diversity	144	144	0	
<b>Sub-total</b>	<b>32,708</b>	<b>32,919</b>	<b>211</b>	
Learning Disabilities Pooled Fund	22,707	22,899	192	CFW6
<b>CFW Adults Total</b>	<b>55,415</b>	<b>55,818</b>	<b>403</b>	
<b>Community Health &amp; Wellbeing Portfolio</b>				
Public Health	(868)	(868)	0	CFW7
<b>CFW Public Health Total</b>	<b>(868)</b>	<b>(868)</b>	<b>0</b>	
<b>CFW Total</b>	<b>85,003</b>	<b>85,856</b>	<b>853</b>	

As a result of the budget re-alignment of CFW budgets it is not possible to provide a meaningful analysis and comparison to P3 variances.

<b>Business Reason / Area (Subjective analysis)</b>	<b>P4 Outturn (£000's)</b>	<b>Ref</b>
<b>Children, Families &amp; Wellbeing</b>		
Management of staff vacancies	(345)	CFW3,4,6,7
Transport Costs	57	
Client Need	274	CFW2,
2014/15 Savings not achieved	800	CFW2,3,4,5,6
Other running costs	230	CFW4,5,6
Other Income	(163)	CFW5,6
<b>Total</b>	<b>853</b>	

## NOTES ON VARIANCES AND PERIOD MOVEMENTS

### CFW1 – DSG Reserve b/fwd.

- The brought forward DSG reserve balance is £(2,777)k. £750k of this has been allocated to schools on a one off basis and there is an expected overspend on SEN of £360k. This would leave a year end reserve of £(1,667)k.

### CFW2 – Children’s Social Care £619k adverse (Includes Children with Complex & Additional Needs),

#### Client Need - £428k adverse:

- There is a projected overspend of £428k in CIC placements, due to increase in demand for places and a small increase in unit costs.
- The client numbers have increased from a budgetary provision of 300.7 to a projection of 306.0. This is causing an overspend of £282k, within the £428k.
- Unit costs have risen from a budgetary provision of £360 per week, to a projection of £390 per week. This is causing an overspend of £146k, within the £428k. This overspend reflects the increasing need of clients and a decision to increase payments to in house foster carers through skills assessment. (Retention policy)
- There are 6 types of provision within this overall projection. These range from family and friends foster care (£181 per week) to welfare secure at £5,759 per week. It is therefore the changes in mix of provision that are almost as important as the overall numbers. Significant effort is undertaken to place children in the most appropriate and cost effective provision. This will be maintained in conjunction with preventative measures to reduce the current demographic trend.

#### 2014/15 savings not achieved - £127k adverse:

- Non-achievement of elements of the terms and conditions saving.

#### Other running Costs - £64k adverse:

- Other various variations mainly on s17 monies and transport, totalling £64k.

### CFW3 – Education Early Years, Children’s Centres, Commissioning & Youth £(176)k Favourable

#### Staffing Costs £(186)k

Savings as a result of vacancy management.

#### 2014/15 savings not achieved - £93k adverse:

Non-achievement of elements of the terms and conditions saving.



### **Other Variations (£83k)**

Other variations include £57k overspend on transport, (£81k) saving on running costs and (£59k) additional income.

### **CFW4 – Older People £17k adverse**

#### **Vacancy management - £(88)k favourable:**

- Commissioning Management - £(10)k favourable – vacancy management.
- Care Management - £(78)k favourable - Vacancies and savings against posts budgeted at top of grade offset by additional agency costs.

#### **Savings not achieved- £100k adverse:**

- Residential Homes (Ascot House) - £100k adverse –collaborative working saving of £100k which it is currently assumed will not be achieved.

#### **Other running costs- £5k adverse:**

- Increased premises and supplies and services expenditure within residential homes and reablement.

### **CFW5 - Other Adult Services £207k adverse**

#### **Other running costs- £164k adverse:**

- Generic Services - additional Deprivation of Liberty (DOLS) assessment costs £107k.
- Additional costs of £57k in relation to Healthwatch.

#### **Savings not achieved- £100k adverse:**

- Information and Advice Review - £100k adverse - this is a Council wide initiative being led by CFW which is subject to current discussions; it is currently assumed that this will not be achieved.

#### **Other income – £(57)k favourable**

- Increased Healthwatch income £(57)k.

### **CFW6– LD Pooled Fund – £192k adverse**

#### **Savings not achieved- £203k adverse:**

- In House Supported Living - £203k adverse - Terms and conditions savings relating to agency staff not achieved.
- Other variances within LD budgets, £(11)k.

## **CFW7 - Public Health – nil variance**

### **Vacancy management - £(55)k favourable:**

- Public Health Leaders - £(46)k favourable – vacancies and savings against posts budgeted at top of grade.
- Public Health Leaders - £(9)k favourable – vacancy management.

### **Other running costs- £102k adverse:**

- £(43)k favourable forecast savings against 2014/15 variable contracts based on 2013/14 activity levels,
- Unallocated grant balance of £145k arising from overall forecast public health underspend for which proposals will be brought forward to support Public Health priorities.

### **Other income - £(47)k favourable:**

- Drug & Alcohol Misuse - £(22)k favourable non recurrent income from Community Safety for Test on Arrest,
- Health & Wellbeing - £(22)k favourable non recurrent income from CCG towards Dementia Advice contracts.

## TRAFFORD MBC

**Report to:** Economic Growth, Environment and Infrastructure  
Directorate Management Team

**Date:** 20 August 2014

**Report for:** Discussion

**Report author:** Finance Manager

Report Title

## Revenue Budget Monitoring 2014/15 – Period 4 (April 2014 to July 2014)

**1. Forecast Outturn for the Year**

- 1.1 The approved revenue budget for the year is £33.085m. The forecast outturn is £32.841m, which is £(0.244)m under the approved budget. This is a minor net adverse movement of £0.002m from the last report.
- 1.2 Key movements relate to additional Groundforce running costs £0.021m (weather related), one-off staff and ICT costs in the planning service £0.041m, increase in predicted planning application income £(0.030)m, and an improved forecast of major projects capital fee income £(0.047)m.
- 1.3 The Directorate has brought forward balances of £(1.155)m from previous years (paragraph 3). These are earmarked for specific project based activity which has been re-phased from previous years, and also to mitigate specific one-off budget pressures this year, such as from the Enforcement and Groundforce reviews, if required. The remaining balance based on the projected outturn above is £(0.386)m. This will be held to mitigate any future pressures during the year, such as weather related incidents.

**2. Forecasting and Risk**

- 2.1 This is the second monitoring report of the financial year based on four months of actual activity and, hence, the information available to produce the forecast outturn will be refined and subject to change as the year progresses.
- 2.2 The key assumptions and/or areas of risk in this forecast are:
- GM Waste Disposal Authority levy – each month the WDA notifies GM Councils of variances in the actual tonnages of waste delivered compared to that assumed when setting the levy at the start of the year. This results in an additional cost or rebate per Council. Actual tonnages can be affected by weather and also customer behaviour, for example levels of recycling. There is a £0.200m increase in the levy forecast this year due to the weather (see note EGEI5 below);
  - Fee income from capital works will vary depending on the progress of delivering the approved capital programme during the year – total budgeted fee income for the year is £2.2m;
  - Demand led fees and charges income, such as from Parking, Licencing, Planning and Building Control, will vary based on economic conditions and customer behaviour. Bereavement Services income is also affected by

external factors. All fees and charges are monitored weekly or monthly, with trends and previous profiles used to inform forecasts;

- Investment property income – this varies depending on economic factors, and includes income from shopping centres (e.g. Stretford Mall) where lettings and rents are the responsibility of the owners of the properties;
- Weather related incidents impact on costs and income, particularly during the winter months. This includes increased winter maintenance costs (gritting etc.), pot hole damage to highways, tree and other infrastructure damage. The Directorate has £0.140m in a Winter Maintenance reserve to smooth these pressures across financial years, if required.

### **3. Summary of Variances**

- 3.1 The overall favourable variance of £(0.244)m reflects a number of individual under and overspends across the diverse areas of the Directorate, as detailed in Appendix 1 and summarised below.
- 3.2 There is one-off shortfall in approved savings relating to the Enforcement review (from 2013/14) £0.050m, and Groundforce review £0.047m. This is due to additional time taken for staff and stakeholder consultations. There is also an expected income saving shortfall of £0.020m from moving traffic offences, which is linked to the progress of the AGMA initiative supporting this. Income generation from town centre advertising and property referral web-site advertising has also been re-phased leading to a one-off shortfall of £0.015m this year. All these savings will be delivered in full from 2015/16.
- 3.3 The levy paid to Greater Manchester Waste Disposal Authority is expected to be £0.200m higher than budgeted, which is due to weather related increases in the volume of green waste being recycled. This can be partially mitigated by a negotiated one-off procurement saving in the waste collection contract £(0.150)m.
- 3.4 Favourable one-off income variances are projected from Oakfield Road car park £(0.128)m and Urmston Town centre rent £(0.040)m. Income from the GM Road Access Permit Scheme is also expected to be £(0.070)m above budget. There are income shortfalls forecast relating to car parking £0.037m, planning and building control £0.035m (which is monitored weekly), capital fees £0.004m and Green Deal £0.035m. Projected income has improved by £(0.080)m since last reported mainly relating to planning applications £(0.030)m and major projects capital fee income £(0.047)m.
- 3.5 There are a number of favourable variances relating to staffing budgets as a result of turnover or vacancy management £(0.233)m, including £(0.080)m from senior management restructuring and £(0.050)m from school crossing patrols. The underspend on staffing has reduced by £0.036m since last reported, and includes £0.025m relating to the appointment of interim planning staff.
- 3.6 Other running cost variances include an underspend on Administrative Buildings £(0.067)m. Overall projected running costs have increased by £0.031m since the last report, including £0.021m weather related demand in Groundforce.
- 3.7 Management action will continue throughout the year to ensure that essential services are delivered within budget and to seek out opportunities for future financial benefits. This includes:
- Only necessary spending on supplies and services to be approved;

- Systematic monitoring and evaluation of existing and potential new income streams;
- Analysis of rechargeable work for both revenue and capital schemes;
- Additional improvements to efficiency through service redesign and better procurement;
- Potential to accelerate future savings proposals.

#### 4. Reserves

4.1 At the end of 2013/14 the Directorate had a surplus on accumulated balances of £(1.155)m, which was carried forward to 2014/15. This was a result of the successful management of budget pressures in the last two financial years but also includes a number of commitments relating to projects being re-phased across the year end.

4.2 The planned use of these balances is shown below. The current balance of £(0.386)m is being held to cover potential budget pressures from external factors, such as from adverse weather or reductions in income. Any balance remaining at year end will be carried forward to support services in 2015/16 accordingly.

<b>Utilisation of Carry forward Reserve 2014/15</b>	<b>(£000's)</b>
ETO Surplus balance brought forward at 1 April 2014	(494)
EGP Surplus balance brought forward at 1 April 2014	(661)
Re-phasing of projects from 2013/14	381
Committed on 2014/15 projects	632
Period 4 forecast outturn (favourable)	(244)
<b>Balance after known commitments</b>	<b>(386)</b>

#### 5. Savings

5.1 The approved Directorate budget includes 2014/15 savings of £(3.153)m as follows:

	<b>Budget (£000's)</b>	<b>Outturn (£000's)</b>	<b>Variance (£000's)</b>
Increased and new income	(320)	(285)	35
Efficiencies and others	(786)	(786)	0
Policy Choice	(1,920)	(1,873)	47
Mitigating action across EGEI	0	(82)	(82)
Terms and Conditions	(127)	(127)	0
<b>Total EGEI</b>	<b>(3,153)</b>	<b>(3,153)</b>	<b>0</b>

5.2 The income shortfall of £0.035m relates to the delay in implementing the saving relating to moving traffic offences £0.020m (note EGEI1 below) and £0.015m from town centre advertising and property referral fee web-site advertising (EGEI10). In policy choice £0.047m relates to re-phasing of savings in Groundforce (note EGEI4). All these items are to be mitigated in full from management action and other favourable variances across the Directorate, or by the use of accumulated balances if required, and will be achieved in full from 2015/16.

5.3 In addition, there is a £0.050m shortfall in the saving associated with the review of Enforcement approved in the 2013/14 budget. This is also due to additional

staff and stakeholder consultations and the saving will be delivered in full from August 2014 (EGEI5).

## **6. Recommendations**

- 6.1 It is recommended that the forecast outturn be noted.

**Period 4 Forecast Outturn revenue expenditure and income variances.**

The following tables detail the main variances from the revenue budget to the forecast 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.

<b>Economic Growth, Environment &amp; Infrastructure Budget Book Format (Objective analysis)</b>	<b>Full Year Budget (£000's)</b>	<b>P4 Forecast Outturn (£000's)</b>	<b>P4 Forecast Variance (£000's)</b>	<b>P3 Outturn Variance (£000's)</b>	<b>Period Movement (£000's)</b>	<b>Ref</b>
Highway and Network Management, including Traffic & Transportation	5,246	5,233	(13)	(13)	0	EGEI1
School Crossing Patrols	509	459	(50)	(50)	0	EGEI2
Parking Services	(337)	(443)	(106)	(94)	(12)	EGEI3
Groundforce	4,242	4,320	78	47	31	EGEI4
Bereavement Services	(1,090)	(1,096)	(6)	(4)	(2)	
Sustainability & Greenspace	327	313	(14)	(26)	12	
Waste Management (incl. WDA levy)	18,979	19,026	47	51	(4)	EGEI5
Public Protection	602	602	0	(2)	2	
Environmental Enforcement	89	139	50	50	0	EGEI6
Directorate Strategy & Business Support	508	428	(80)	(80)	0	EGEI7
<b>Sub-total Environment &amp; Operations Portfolio</b>	<b>29,075</b>	<b>28,981</b>	<b>(94)</b>	<b>(121)</b>	<b>27</b>	
Asset Management	2,088	1,924	(164)	(117)	(47)	EGEI8
Planning & Building Control	(119)	(84)	35	13	22	EGEI9
Strategic Planning & Development	533	527	(6)	(6)	0	
Economic Growth	741	695	(46)	(38)	(8)	EGEI10
Housing Strategy	596	627	31	23	8	EGEI11
Directorate Strategy & Business Support	243	243	0	0	0	
<b>Sub-total Economic Growth &amp; Planning Portfolio</b>	<b>4,082</b>	<b>3,932</b>	<b>(150)</b>	<b>(125)</b>	<b>(25)</b>	
<b>Operational Services for Education</b>	<b>(72)</b>	<b>(72)</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total Forecast Outturn Period 4</b>	<b>33,085</b>	<b>32,841</b>	<b>(244)</b>	<b>(246)</b>	<b>2</b>	

<b>Economic Growth, Environment &amp; Infrastructure Business Reason / Area (Subjective analysis)</b>	<b>P4 Outturn Variance (£000's)</b>	<b>P3 Outturn Variance (£000's)</b>	<b>Period Movement (£000's)</b>	<b>Ref</b>
<b>Highways and Network Management</b>				
Income shortfall, including moving traffic offences	32	32	0	
GMRAPs income above budget	(70)	(70)	0	
Capital fee income shortfall	51	57	(6)	
Running costs including depot	4	(2)	6	
Energy – Street Lighting	(30)	(30)	0	
<b>Sub-total</b>	<b>(13)</b>	<b>(13)</b>	<b>0</b>	EGEI1
<b>School Crossing Patrols - vacancies</b>	<b>(50)</b>	<b>(50)</b>	<b>0</b>	EGEI2
<b>Parking Services</b>				
Additional income – Oakfield Road	(128)	(128)	0	
Income shortfall – other locations	37	49	(12)	
Staffing and running costs	(15)	(15)	0	
<b>Sub-total</b>	<b>(106)</b>	<b>(94)</b>	<b>(12)</b>	EGEI3
<b>Groundforce</b>				
Re-profiling of staff/equipment savings	47	47	0	
Other running costs – weather related demand	21	0	21	
External income shortfall	10	0	10	
<b>Sub-total</b>	<b>78</b>	<b>47</b>	<b>31</b>	EGEI4
<b>Bereavement Services</b>				
Staffing and maintenance costs	(6)	(4)	(2)	
<b>Sustainability &amp; Greenspace</b>				
Vacancy, supplies & services	(14)	(26)	12	
<b>Waste Management</b>				
Staffing and general running costs	(3)	1	(4)	
GM Waste levy – additional green waste recycling	200	200	0	
Waste contract – one-off procurement saving	(150)	(150)	0	
<b>Sub-total</b>	<b>47</b>	<b>51</b>	<b>(4)</b>	EGEI5
<b>Public Protection</b>				
Staffing and running costs	(5)	(7)	2	
Income shortfalls	5	5	0	
<b>Sub-total</b>	<b>0</b>	<b>(2)</b>	<b>2</b>	



<b>Economic Growth, Environment &amp; Infrastructure Business Reason / Area (Subjective analysis)</b>	<b>P4 Outturn Variance (£000's)</b>	<b>P3 Outturn Variance (£000's)</b>	<b>Period Movement (£000's)</b>	<b>Ref</b>
<b>Environmental Enforcement</b>				
Re-profiling of staff/equipment saving	50	50	0	EGEI6
<b>Director &amp; Business Support</b>				
Staffing and Running costs	(80)	(80)	0	EGEI7
<b>Sub-total Environment &amp; Operations Portfolio</b>	<b>(94)</b>	<b>(121)</b>	<b>27</b>	
<b>Asset Management</b>				
Investment Property Rental Income:				
- Urmston Town Centre – one-off surplus	(40)	(40)	0	
- Airport – surplus	(16)	(16)	0	
- Other properties - surplus	(8)	(8)	0	
Community buildings – income/running costs	3	5	(2)	
Admin Buildings running costs	(67)	(67)	0	
Other minor running cost variances	11	9	2	
Major projects capital fee income	(47)	0	(47)	
<b>Sub-total</b>	<b>(164)</b>	<b>(117)</b>	<b>(47)</b>	EGEI8
<b>Planning &amp; Building Control</b>				
Planning applications income	(20)	10	(30)	
Building Control income shortfall	55	50	5	
Staffing vacancies	(19)	(47)	28	
Running costs	19	0	19	
<b>Sub-total</b>	<b>35</b>	<b>13</b>	<b>22</b>	EGEI9
<b>Strategic Planning &amp; Development</b>				
Staffing/running costs savings	(6)	(6)	0	
<b>Economic Growth</b>				
Staffing vacancies	(51)	(38)	(13)	
Other running costs	(10)	0	(10)	
Town centre advertising income re-phased	12	0	12	
Property referral fee website advertising income	3	0	3	
<b>Sub-total</b>	<b>(46)</b>	<b>(38)</b>	<b>(8)</b>	EGEI10

Economic Growth, Environment & Infrastructure Business Reason / Area (Subjective analysis)	P4	P3	Period	Ref
	Outturn Variance (£000's)	Outturn Variance (£000's)	Movement (£000's)	
<b>Housing Strategy</b>				
Green Deal income re-phased implementation	35	35	0	
Staffing and running cost savings	(4)	(12)	8	
<b>Sub-total</b>	<b>31</b>	<b>23</b>	<b>8</b>	EGEI11
<b>Sub-total Economic Growth &amp; Planning Portfolio</b>	<b>(150)</b>	<b>(125)</b>	<b>(25)</b>	
<b>Total Forecast Outturn EGEI Period 4</b>	<b>(244)</b>	<b>(246)</b>	<b>2</b>	

#### Summary Variance Analysis Period 4

All Services	Savings £000	Staff £000	Running Costs £000	Income £000	Total Variance £000
Period 3	117	(284)	(35)	(44)	(246)
Period 4	132	(248)	(4)	(124)	(244)
Period Movement	15	36	31	(80)	2

#### ADDITIONAL NOTES ON FORECAST OUTTURN VARIANCES

##### **EGEI1 – Highways & Network Management - £(0.013)m (favourable)**

Income generation of £(0.030)m is included as a saving in the approved budget from moving traffic offences. This is part of an AGMA initiative to improve safety and traffic flows on major routes and the project has needed to be re-phased. This is expected to lead to a one-off income shortfall of £0.020m this year.

There is additional income above budget of £(0.070)m from the Greater Manchester Road Access Permit Scheme, which was implemented during 2013/14.

Fee income from technical and consultancy work charged to capital schemes is predicted to be £0.051m below budget due to the predicted timing of capital works. This will be reviewed throughout the year as the capital programme progresses.

Street Lighting energy costs are projected to be £(0.030)m less than budgeted based on latest projected usage volumes.

##### **EGEI2 – School Crossing Patrols – £(0.050)m (favourable)**

There is a forecast underspend on staffing due to vacancies.

##### **EGEI3 – Parking Services – £(0.106)m (favourable)**

The approved budget for 2013/14 included assumptions regarding the partial, then full closure of Oakfield Road car park during the year as part of the regeneration of

Altrincham Town Centre. The re-phasing of the town centre project has resulted in forecast income being £(0.128)m above budget, which has continued from last year.

Other car parking income is broadly on target, although resurfacing work at a supermarket car park in Sale is expected to lead to a one-off income shortfall of around £0.035m this year.

**EGEI4 – Groundforce - £0.078m (adverse)**

Savings associated with staffing, supplies, vehicles and equipment have been re-profiled, and there is forecast one-off overspend of £0.047m this year. This relates to additional consultations with staff and other stakeholders in order to implement the approved budget proposals.

Running costs are expected to be £0.021m above budget largely due to weather related service demand in recent weeks. There is a projected shortfall of £0.010m on rechargeable work reported this month for the year.

**EGEI5 – Waste Management and Disposal - £0.047m (adverse)**

Following recent notification from the Greater Manchester Waste Disposal Authority, there is an estimated additional levy cost of £0.200m this year. This is due to weather related increases in the overall tonnages of green waste being disposed, and is adversely affecting all Councils across Greater Manchester. The level of waste is recorded at the time of disposal and the levy impact reported monthly to GM Councils by the WDA. The percentage of waste recycled as a proportion of all waste remains high (around 60%), and the budgeted savings from the introduction of food waste recycling are on course to be achieved.

The service has negotiated changes to the waste collection contract which will result in a one-off saving of £(0.150)m. This can be used to part mitigate the disposal levy pressure above, with the balance covered by use of reserves brought forward from 2014/15, if necessary.

**EGEI6 – Environmental Enforcement £0.050m (adverse)**

The 2013/14 saving associated with the review of Enforcement has been re-profiled following additional staff and stakeholder consultations. This has resulted in a forecast overspend of £0.050m for the year. All changes are expected to have been implemented by August this year and the saving achieved in full from that point.

**EGEI7 – Director & Business Support £(0.080)m (favourable)**

The restructure and the ETO and EGP Directorates has led to a rationalisation of management costs which is expected to deliver a saving of £(0.080)m on current budgeted staff costs. This will be taken forward in the Medium Term Financial Plan as appropriate.

**EGEI8 – Asset Management - £(0.164)m (favourable)**

The approved budget for 2014/15 included assumptions regarding Urmston Town Centre asset disposal. This is taking longer than had been assumed and rental income has continued beyond expectations giving an additional £(0.040)m one-off benefit this year.

Rent from Manchester Airport rent is £(0.016)m above budget following notification from Manchester City Council of new rent levels.

Improved efficiency in the Major Projects team has continued from the last financial year and forecast for fee income from capital and external projects is £(0.047)m higher than previously forecast.

Administrative building running costs are less than expected across the portfolio by £(0.067)m, including £(0.034)m relating to the catering concession at Altrincham Town Hall.

#### **EGEI9 – Planning and Building Control – £0.035m (adverse)**

Projected income from planning fees has improved by £(0.030)m since last reported, now giving an overall surplus of £(0.020)m. There is still a projected shortfall in income from building control fees £0.055m and action is underway to address this. Both fees are monitored and reported on a weekly basis and the projections are based on data from the early part of the year only.

There is a projected underspend from staffing vacancies of £(0.019)m for the year, which is £0.028m less than last reported due to the appointment of interim staff to cover vacancies and address the resulting capacity issues. The permanent filling of vacant posts will be addressed by the ongoing restructure of the combined Directorate. Running costs are £0.019m above budget and includes investment in ICT to improve efficiency.

#### **EGEI10 – Economic Growth Team – £(0.046)m (favourable)**

There is an underspend in staffing and running costs of the Altrincham Town Team as service review and potential re-design is implemented in this area.

Income generation proposals relating to town centre advertising and property referral fees web-site advertising have been re-phased to later in the year giving a predicted shortfall of £0.015m. The income will be achieved in full from 2015/16.

#### **EGEI11 – Housing Strategy – £0.031m (adverse)**

There is a predicted shortfall in income of £0.035m from the implementation of Green Deal. Staffing and running cost savings are expected to be £(0.004)m for the year.

## TRAFFORD COUNCIL

Report to: Transformation & Resources Directorate Management Team  
 Date: 20 August 2014  
 Report for: Discussion  
 Report author: Head of Financial Management

<b>Revenue Budget Monitoring 2014/15 – Period 4          (April 2014 – July 2014 inclusive)</b>
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**1 Outturn**

- 1.1 The current approved revenue budget for the year is £17,724k, and after four months of recorded activity the forecasted outturn is £17,986k, which is a £262k, or 1.5%, overspend position. This is a net movement since the last report of £7k adverse.

**2 Summary of forecast and movements**

- 2.1 Detail on the forecasted outturn analysed by service, portfolio and activity is provided at Appendix 1. The following summarises the significant movements from the previous period, referenced to the detail in Appendix 1, which net to £7k:

**Delays in delivering budget savings, £340k adverse forecast, £20k adverse movement;** primarily this is due to the potential of some of the Design & Print initiatives being delayed. This is based on a prudent assessment of both timing and savings level. The recurring base budget savings are anticipated to be completed by the end of the year, however, due to the delay in implementation these initiatives will not generate their full value in 2014/15 (T&R1). The in-year reduction in savings will be mitigated by other cash savings and/or the use of carry forward reserve.

**Delay in telephony, voice and data upgrade, £74k adverse forecast, £(9)k favourable movement;** the migration of voice and data telephony lines between contractors is now progressing at a faster pace reducing the additional costs forecasted previously (T&R2).

**Barrister and Court Fees, £153k adverse forecast, no movement;** subject to the volatility of the demand led nature of Children's Social Care, legal costs are forecasted to exceed budget based on activity levels experienced so far (T&R3).

**Vacancy Management, £(294)k favourable forecast, £1k adverse movement;** this net variance includes an overspend position in financial management £114k, mitigated within the service from Revenues and Benefits which is underspending by a forecasted £(177)k (T&R4).

**Minor variances in running costs and income, £(11)k favourable forecast, £(5)k favourable movement;** income forecast £(21)k favourable, a movement of £(35)k favourable, running costs forecast of an adverse £10k, an adverse movement of £30k (T&R5).

### 3 MTFP Savings 2014-15

3.1 The council's overall budget for 2014/15 includes £(13,776)k of savings of which £(3,006)k relates to T&R. All actions to achieve the T&R full year savings are expected to be completed by 31 March 2015 although the timing of some of these will mean the cash saving in 2014/15 is forecast to be £(2,666)k, which is 89% of the target.

3.2 The delay in in-year cash savings of £0.340m into the following year is in respect of the following initiatives.

<b>Table 1: Saving Description</b>	<b>Phased Savings (£000's)</b>
Human Resources Restructure (a)	100
Partnerships and Communities Restructure (b)	83
Legal Services Restructure (a)	36
Design and Print (c)	62
ICT - Social care - licence fee (d)	59
<b>Total</b>	<b>340</b>

3.3 Notes to the above phased savings table:

- (a) As noted at Scrutiny review this is a phased implementation;
- (b) £235k achieved. Balance is due to lengthened timescale to appoint to new structure;
- (c) £107k achieved. Balance to be realised across the council;
- (d) Linked to rephased Liquid Logic ICT project.

3.4 The in-year shortfall against budget will be mitigated by net underspends, other cash savings and the normal management flexibility in the use of the carry forward reserve (see Section 4 below).

### 4 Reserves

4.1 The Directorate has accumulated balances of £(1,978)k brought forward from previous years. This will be used to support the delivery of the Reshaping Trafford Programme and the development of future efficiencies. Funding will be provided for an investment in ICT hardware, software and communications such as server upgrades, network connections and access to services. The carry forward reserve will also be used to cover the cost of the re-phased 2014/15 Directorate savings (see 3.2). The table overleaf summarises the projected movement during 2014/15:

<b>Table 2: Utilisation of Carry Forward Reserve 2014/15</b>	<b>£000's</b>
Balance b/f 1 April 2014	(1,978)
Delivering Reshaping Trafford and future efficiencies	658
ICT hardware and software upgrades	213
Contingencies	473
Land Charges Claim	185
Improving communications and democratic access	140
2014/15 Outturn	262
<b>Remaining Balance at 31 March 2015</b>	<b>(47)</b>

## **5 Main Assumptions**

- 5.1 This forecast has been based on four months of actual activity in 2014/15, compared to the budgeted plan, and where appropriate to previous years. Where adjustments have been made, they have been done in consultation with the relevant manager for any known variance in plans or activity. The key assumptions and/or areas of risk in this forecast are:

It is assumed that Court and Barrister costs will remain consistent with previous years' activity. Some demand-led areas, for example Child Protection, can be volatile and such areas are monitored on a monthly basis.

The £74k adverse variance on the transfer of telephony lines to the new contractor is for the whole year. As suggested in the previous period's report, there has been a favourable movement of £(9)k as the transfer of the lines between contractors is now proceeding at a faster pace.

Waterside Arts Centre ticket sales income is based on previous year's activity. Income is variable dependent upon the entertainment programme and customer demand. At this stage of the year it is difficult to forecast total annual income with certainty, particularly as the Christmas period typically generates 50%, or around £(130)k, of the gross annual income. Christmas bookings have now begun but it is too early for comparisons with last year's sales to evidence an outcome for 2014/15.

### Period 4 Forecasted Outturn revenue expenditure and income variances

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)	P4 Forecast Outturn (£000's)	P4 Outturn variance (£000's)	P3 Outturn variance (£000's)	P3 to P4 Movement (£000's)	Note ref
<b>Transformation and Resources Portfolio</b>						
Legal & Democratic	2,491	2,687	196	156	40	T&R1,3,4
Communications & Customer Services	5,919	5,963	44	76	(32)	T&R1,2,4
Strategic Human Resources	2,068	2,127	59	75	(16)	T&R1
Corporate Leadership and Support	368	344	(24)	(23)	(1)	
<b>sub-total</b>	<b>10,846</b>	<b>11,121</b>	<b>275</b>	<b>284</b>	<b>(9)</b>	
<b>Finance Portfolio</b>						
Finance Services	3,614	3,497	(117)	(96)	(21)	T&R4
<b>sub-total</b>	<b>3,614</b>	<b>3,497</b>	<b>(117)</b>	<b>(96)</b>	<b>(21)</b>	
<b>Communities and Partnerships</b>						
Partnerships & Communities	1,546	1,624	78	46	32	T&R1
Culture & Sport	1,718	1,744	26	21	5	
<b>sub-total</b>	<b>3,264</b>	<b>3,368</b>	<b>104</b>	<b>67</b>	<b>37</b>	
<b>Total</b>	<b>17,724</b>	<b>17,986</b>	<b>262</b>	<b>255</b>	<b>7</b>	

Business Reason / Area (Subjective analysis)	P4 Outturn variance (£000's)	P3 Outturn variance (£000's)	P3 to P4 Movement (£000's)	Note ref
Delay in savings implementation	340	320	20	T&R 1
ISDN line upgrade delay	74	83	(9)	T&R 2
Court Costs and Legal fees	153	153	0	T&R 3
Management of Vacancies	(294)	(295)	1	T&R 4
Running Costs	10	(20)	30	T&R 5
Income	(21)	14	(35)	T&R 5
<b>Total</b>	<b>262</b>	<b>255</b>	<b>7</b>	



## NOTES ON PROJECTED OUTTURN VARIANCES

**£340k adverse, phasing of base budget savings** (discussed in Section 3); action will be taken in year on the various initiatives to achieve £3,006k in savings within the Directorate. However, five of these will be delayed causing a part year adverse effect in 2014/15. Underspends in other areas, in-year cash savings and, if required, the carry forward reserve will be used to mitigate this loss (T&R1).

**£74k adverse, delay in telephony, voice and data upgrade**; the migration of voice and data telephony lines between contractors has been delayed (T&R2).

**£153k adverse, Barrister and Court fees**; mainly due to an increase in childcare caseload and the cost of such legal action (T&R3).

**£(294)k favourable, vacancy management**; there have been some delays in recruiting to new structures in Legal and Democratic, Communication and Human Resources services that have been recently subject to reviews and also in some other areas of the Directorate that have been subject to staff turnover. In addition, some posts are being held back for future savings. This net variance includes £114k adverse variance in Financial Management due to the need to recruit temporary additional capacity in support of priority work, which has been offset by a £(177)k favourable variance within the Revenue & Benefits service, which is due in part to secondments and externally funded project work (T&R4).

**£(11)k favourable minor variances**; income £(21)k and running costs £10k (T&R5).

## TRAFFORD COUNCIL

Report to: Director of Finance  
 Date: 8 September 2014  
 Report for: Information  
 Report author: Head of Financial Management

Report Title

**Revenue Budget Monitoring 2014/15 – Period 4 Outturn - Council-Wide Budgets (April 2014 to July 2014 inclusive)**

**1 Outturn Forecast**

1.1 **The revenue budget of £20.291m set out in this report has been revised based on the changes shown in the 2014/15 Revenue Budget Re-Alignment report elsewhere on this agenda.** The outturn forecast is £20.237m, which is £(0.054)m under the budget.

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

Proceeds from the planned sale of the Council's interest in Urmston Town Centre, in excess of the figure reported to the Council meeting on 17 September 2014, £(0.054)m.

1.3 Changes in population estimates have increased the relative share of the costs of the Coroner's service between the Council, and Stockport (lead Authority) and Tameside Councils. It is possible that the budget may be less than is needed by around £20k, however, a forecast of 2014/15 expenditure for this service has not yet been received, and there is a specific carry forward reserve of £(37)k available. Future reports will update on the situation when it becomes clearer.

**2 Service carry-forward reserve**

2.1 Other than for the Coroner's Service, Council-Wide budgets do not have their own carry forward reserve, and any underspend will be transferred to the General Reserve, as detailed in the summary report.

**3 Forecasting and Risk**

3.1 This forecast has been based on four months of actual activity. The activity covered by Council-Wide budgets is varied, and the key assumptions in the July forecast are:

Average investment rates will be 0.7% with a cash flow of £75.4m.

The majority of the Council's loans are at fixed rate interest. The only variable loan of £20m is with the Royal Bank of Scotland at 6.01%. However, there is a smoothing reserve to mitigate large variations from this assumption.

Council error in the award of housing benefit will be within threshold limits, and recovery of benefit overpayments will continue at previous activity levels.

All contingency budgets for end of year adjustments will be utilised, including the provision for bad and doubtful debts.

Coroner's budget has been discussed at paragraph 1.3.

Members' allowances and equipment budgets will be fully committed during the year.

**Period 4 Draft Outturn revenue expenditure and income variances,**

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.

<b>Budget Book Format (Objective analysis)</b>	<b>Full Year Budget (£000's)</b>	<b>P4 Forecast Outturn (£000's)</b>	<b>P4 Outturn variance (£000's)</b>	<b>P3 Outturn variance (£000's)</b>	<b>Ref</b>
<b>Finance Portfolio</b>					
Precepts, Levies & Subscriptions	17,855	17,855		(11)	
Provisions (bad debts & pensions)	(535)	(589)	(54)		C-W1
Treasury Management	7,981	7,981		(405)	
Insurance	775	775			
Members Expenses	926	926			
Grants	(6,804)	(6,804)			
Other Centrally held budgets	93	93		(152)	
<b>Total</b>	<b>20,291</b>	<b>20,237</b>	<b>(54)</b>	<b>(568)</b>	

*N.B. P3 Outturn variance figures are for information purposes only. These one-off budget savings have been re-aligned to meet the shortfall in CFW.*

<b>Business Reason / Area (Subjective analysis)</b>	<b>P4 Outturn variance (£000's)</b>	<b>P3 Outturn variance (£000's)</b>	<b>Ref</b>
Treasury Management:			
- Investment Income		(283)	
- Debt Management cost savings		(122)	
Discretionary Rate Relief		(152)	
Subscriptions		(11)	
Urmston Town Centre additional sale proceeds	(54)		C-W1
<b>Total</b>	<b>(54)</b>	<b>(568)</b>	

*N.B. P3 Outturn variance figures are for information purposes only. These one-off budget savings have been re-aligned to meet the shortfall in CFW.*

### **NOTES ON PROJECTED VARIANCES**

The previous one-off budget savings identified in the P3 Monitoring report have been re-aligned to meet the shortfall in CFW.

#### **C-W1 – Provisions - £(0.054)m (favourable)**

The sale proceeds from the planned sale of the Council's interest in Urmston Town Centre, following its redevelopment, are now expected to be £(1.354)m, which is £(0.054)m in excess of the figure reported to the Council on 17 September 2014.