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TRAFFORD COUNCIL

AGENDA PAPERS MARKED 'TO FOLLOW' FOR EXECUTIVE

Date: Monday, 28 July 2014

Time: 6.30 pm

Place: Council Chamber, Trafford Town Hall, Talbot Road, Stretford M32 0TH

AGENDA	PART I	Pages
14.	REVENUE BUDGET MONITORING - QUARTER 1	
	To consider a report of the Executive Member for Finance and Director of Finance	1 - 38
15.	CAPITAL INVESTMENT PROGRAMME MONITORING - QUARTER 1	
	To consider a report of the Executive Member for Finance and Director of Finance	39 - 48

THERESA GRANT

Chief Executive

Membership of the Committee

Councillors S. Anstee (Chairman), M. Cornes, M. Hyman, J. Lamb, P. Myers, J.R. Reilly, A. Williams and M. Young (Vice-Chairman).

Further Information

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This agenda was issued on **Thursday 24 July 2014** by the Legal and Democratic Services Section, Trafford Council, Trafford Town Hall; Talbot Road, Stretford, Manchester, M32 0TH

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TRAFFORD COUNCIL

Report to: Executive

Date: 30 July 2014

Report for: Decision

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

Report Title:

Revenue Budget Monitoring 2014/15 – Period 3 (April to June 2014).

Summary:

The approved revenue budget for the year is £154.552m. The forecast for the end of the year, as projected following three months of activity, is £160.901m being a net overspend of £6.349m, 4.1% of the budget. **However, this is before taking into account future initiatives to finance the forecast pressure in adult social care budgets (in the region of £6.30m).** A further report will be submitted with proposals to address the resource shortfall and the forecast overspend will therefore be reduced significantly.

The main areas of budget variance are summarised as:

Activity	Forecast £m
Social Services demand led budgets	6.3
Rephased base budget savings	1.4
Vacancy management	(0.7)
Treasury Management	(0.4)
Other	(0.3)
Forecasted outturn	6.3

Reserves

The opening balance of the General Reserve was £(11.0)m, and after taking into account approved use and commitments, and the Council-Wide budgets outturn, the forecasted closing balance is £(9.3)m, which is £(3.3)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 (excluding adults), the forecasted closing balance is £(0.9)m in surplus.

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.

The reserve figures assume that proposals will be brought forward and agreed to address the budget shortfall in adults' services. If this did not happen then the reserves position would be approximately £6m less than stated. An updated position statement will be provided when the additional budget proposals are brought forward for approval.

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

It is too early to tell on the data available what the end of year position will be, and work continues to obtain clarity.

Recommendation(s)**It is recommended that:**

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

Contact person for access to background papers and further information:

Head of Financial Management

Extension: 4302

Background Papers: None

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	Revenue expenditure to be been contained within available resources in 2014/15.
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 approved budget agreed at the 19 February Council meeting is £154.552m. Based on the budget monitoring for the first 3 months of the year, the overall forecast for the year is £160.901m, being an overspend of £6.349m, 4.1%.
- Within the above, service expenditure is currently forecast to exceed budget by £6.917m, 5.3%. **However, this does not include for any in-year additional measures to be taken to supplement the Adult Social Care budgets, which are anticipated to be in the region of £(6)m.** The additional measures will be included in a separate report in due course. The details of service variances can be found in Annexes 1 to 3, and for Council-Wide, Annex 4:

Table 1: Budget Monitoring results by Directorate	Year end Forecast (£000's)	Percentage %	Annex
Children, Families & Wellbeing	6,908	8.5%	1
Economic Growth, Environment & Infrastructure	(246)	(0.8)%	2
Transformation & Resources	255	1.4%	3
Total Service Variances	6,917	5.3%	
Council-wide budgets	(568)	(2.3)%	4
Estimated outturn variance (period 3)	6,349	4.1%	

Table 2: Budget Monitoring results by Executive Portfolio Holder	Year end Forecast (£000's)	Percentage %
Children's Services	380	1.2%
Adult Social Services & Community Wellbeing	6,528	13.7%
Environment & Operations	(121)	(0.4)%
Economic Growth & Planning	(125)	(3.3)%
Communities & Partnerships	67	2.1%
Transformation & Resources	284	2.6%
Finance	(664)	(2.5)%
Estimated outturn variance (period 3)	6,349	4.1%

Main Variations

- The main forecast service outturn variances are:
 - The budget provision for demand-led social services, particularly in adults services, is insufficient to meet currently estimated demand by £6.270m. This does not take account of any in-year measures to supplement these budgets which are in the process of being approved and implemented.
 - There will be a delay in implementing some of the £(13.776)m base budget, or their alternative, savings in 2014/15, which will lead to a part year deficit of £1.410m. This shortfall is to be mitigated by underspends, other cash or one-off savings and/or the use of carry forward reserves as appropriate.
 - Vacancy management is forecasted to generate an in-year underspend of £(0.651)m.

- Treasury management £(0.405)m, through reduced debt charges, and increased investment income.

MTFP Savings and increased income

4. 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
5. The following table summarises the overall forecasted achievement of the total base budget savings target for 2014/15 of £(14.325)m; noting whether the saving is subject to Transformation Board governorship arrangements or not, the amount of cash savings to supplement where there has been a delay in delivery, savings that are at risk and are subject to closer monitoring arrangements, and base budget savings that are not expected to be delivered which will be an issue going forward into 2015/16:

Base budget savings	Transformation Savings (£000's)	Other Savings (£000's)	Total (£000's)
Delivered	(3,598)	(7,211)	(10,809)
In progress	(1,160)	(396)	(1,285)
Total Savings	(4,758)	(7,607)	(12,365)
Budget savings required	(5,484)	(8,292)	(13,776)
Shortfall mitigated by underspends or reserves	726	685	1,411

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

There are some savings that are delayed in 2014/15 (£387k) but the full effect is still expected to be delivered in the 2015/16 budget;

There are some savings that are at significant risk of not being delivered. These will be reviewed by the Transformation Board and alternative proposals will be sought.

7. Further initiatives will be approved during the year to assist in supplementing the adult social care budgets.

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 three months of activity, the total Council Tax in-year surplus is forecasted at £(1.067)m, with the Council's share of this being £(0.897)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 £(0.919)m, of which the Council's share is £(0.772)m. The Medium Term Financial Plan assumes use of the Collection Fund surplus at similar levels to 2014/15 into the future.

	Overall		Trafford	
	£(000's)	£(000's)	£(000's)	£(000's)
Surplus brought forward		(458)		(385)
Changes in Band D equivalents	(186)		(157)	
Empty Homes Premium	(130)		(109)	
Council Tax Support awards	(751)		(631)	
Banding valuations & discounts	250	(817)	210	(687)
In-year application of surplus		356		300
Forecasted surplus carry forward		(919)		(772)

10. The majority of the in-year surplus has been generated from the 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 2013/14 accounts as part of the audit reviewing the accounts, and updated information from VOA about updating provision/appeals, at this point in the year assuming a neutral position, but being 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 £2.3m. The addition of the Council-Wide underspend of £(0.6)m provides for a projected 31 March 2016 balance of £(9.3)m, being £(3.3)m above the approved minimum level of £(6.0)m:

Table 4 : General Reserve Movements	(£000's)
Balance 31 March 2014 (subject to audit confirmation)	(10,980)
Commitments in 2014/15:	
- Planned use for 2014/15 Budget	2,007
- Planned use for one-off projects 2014/15	279
- Council-wide budgets underspend	(568)
Balance 31 March 2015 (a)	(9,262)

Notes:

(a) this assumes proposals will be brought forward to address the in-year budget pressure in adult services. When proposals are brought forward for consideration an updated position statement on reserves will be provided

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 £8.162m to be carried forward to 2015/16 (Table 5). However, this position will be significantly changed as a consequence of in-year initiatives to supplement adult social care budgets.

Table 5: Service balances	b/f April 2014 (£000's)	Forecast Movement in-year (£000's)	Forecast Balance (£000's)
Communities, Families & Wellbeing (a)	(871)	871	-
Economic Growth, Environment & Infrastructure	(1,155)	567	(588)
Transformation & Resources	(1,978)	1,678	(300)
Total All Services (Surplus)/Deficit	(4,004)	3,116	(888)
Learning Disability Pool (b)	3,022	-	3,022
Total (Surplus)/Deficit	(982)	3,116	2,134

Notes:

(a) movement relates to children's services only. Proposals to be considered to finance the adults' budget could have an effect on this reserve or the General Reserve;

(b) 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.

15. The use of reserve balances during the year are detailed in the Directorate reports attached as annexes, however highlights include :
- Supporting future efficiencies and the Reshaping Programme, £1.401m
 - Project commitments supported by ring-fenced income sources, £0.480m
 - Economic growth projects, such as the Masterplans for Old Trafford, Stretford and the Trafford Park Business Neighbourhood Plan, £0.214m
 - Essential ICT hardware and software upgrades across various systems, £0.252m

Recommendations

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

Report to: CFW Directorate Management Team
Date: 24 July 2014
Report for: Discussion
Report author: CFW Finance Managers

Report Title

Revenue Budget Monitoring 2014/15 – Period 3
(April 2014 to June 2014 inclusive)

1 Outturn Forecast

- 1.1 This is the first CFW Directorate Monitoring Report for 2014/15. This follows the identification of significant financial monitoring issues within Adult Social Care in 2013/14. At the time of writing, the investigation into these issues and any resulting actions required has not been completed.
- 1.2 It is likely that the Adult Social Care Budget will need to be rebased during 2014/15 but this has not happened yet. The budgets shown within the report are therefore the original 2014/15 budgets, set before the issue which highlighted a significant range of variations was identified, and as a result these budgets are likely to change through the year.
- 1.3 The approved revenue budget for the year is £80.895m. The projected outturn for the entire directorate is £87.803m which is £6.908m in excess of the approved budget (8.5%).
- 1.4 However, a report detailing additional in year savings to address the forecast Adults overspend of £6.528m is in the course of being prepared by the Corporate Management Team and the Executive and recommendations to address the resource shortfall will be made in due course.

2 Explanation of Variances

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

Children Services Portfolio - £380k adverse variance from budget:

1. An overspend of £430k in Children's Social Services care packages due to an inability to reduce care package costs by £370k and a net increase in children's care package costs of £60k.
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 in Education and Early Years of £(220)k mainly as a result of an underspend in payments to the Graduate Leader Fund.
4. An underspend of £(82)k in Children's Centres as a result of a revised programme of activities.

5. Other variances amounting to a net overspend of £32k.

Adults, Public Health and LD Pool - £6.528m projected adverse variance from budget:

The projected variations relating to Adults, Public Health and the Learning Disability Pooled Budget are set out and explained in detail in Appendix 1. These are summarised below based on the key reason for the variance:

Management of Staff vacancies (See Appendix 1) - £(72)k favourable;

- Older Peoples care management - £(202)k favourable,
- Older Peoples reablement - £45k adverse,
- Older Peoples residential homes £63k adverse,
- Other Adults Direct Payments Team - £(61)k favourable
- Other Adults Generic services - £127k adverse
- Learning Disability Social Work Team - £41k adverse
- Learning Disability Reablement - £(69)k favourable
- Other variances - £(16) favourable.

Client Need - Care Packages, supported living and other contracted services for clients (See Appendix 1) - £6.057m adverse;

- Older People - £2.699m adverse, including £500k contingency provision in respect of savings at risk and variations in attrition rates,
- Physical Disabilities - £336k adverse,
- Mental Health - £426k adverse,
- Learning Disabilities - £2.436m adverse,
- Other Adults - £160k adverse.

2014/15 Savings not achieved (See Section 3.7) - £433k adverse;

- Ascot House opportunities for joint funding - £100k adverse,
- Council wide review of information and advice - £100k adverse,
- Supporting People contract saving double counted - £31k adverse,
- Terms and conditions shortfall in relation to agency cover within Supported Living schemes - £202k adverse.

Other running costs (See Appendix 1) - £110k adverse;

- Mental Health In House Services historic savings target not achieved - £59k adverse,
- Mental Health Social Workers historic income budget overstated - £33k adverse,
- Other Adults Finance Team – historic savings targets not achieved in relation to the deferred implementation of Liquid Logic - £101k adverse,
- Equalities & Diversity supplies and services underspend - £(41)k favourable,
- Learning Disability In House Day care overachievement of 2013/14 savings target - £(39)k favourable,
- Other variances - £(3)k favourable.

3. Key Assumptions made within Forecasts - Adult Social Care Portfolio & LD Pooled Fund

- 3.1 Adult CFW supports the most vulnerable people in the borough and therefore the budgets are demand led and to a certain extent unpredictable. Current Adult Social Care systems do not currently provide a sound basis for financial forecasting as the systems do not hold budgets or produce forecast commitment reports. Current care package monitoring is therefore produced based on an extract of all care packages within the system at any point in time forecast to the end of the year. Current systems, coupled with the absence of baseline budgeted activity and unit costing data, mean that it is particularly difficult to forecast the impact of in year changes arising from the implementation of savings, demographic growth and attrition.
- 3.2 In addition, the detailed analysis carried out as part of the investigation into the 2013/14 overspend has identified that there are a number of structural issues within the care packages budget which have not yet been recast.
- 3.3 The Council is currently in the process of implementing the Liquid Logic and Controcc Systems which will significantly improve the financial forecasting. However, at this stage financial forecasts have had to be based upon a number of broad assumptions which will be refined as part of financial monitoring during the year. The methodology applied in producing the current forecasts is as follows:

LD Pooled Fund

Staffing – based on detailed analysis to individual post level.

Care Packages - Detailed analysis of all service costs down to individual client level, adjusted to reflect the implementation of in-year savings with assumptions made regarding the financial impact of each client transferring from Children's Services during 2014/15.

Other budgets – detailed forecast based on 2013/14 outturn adjusted for any known variations.

Other Adults Budgets

Staffing – based on detailed analysis to individual post level.

Care Packages – All savings have been deducted from current budgets and are assumed to have been delivered. Forecasts are based on all clients with “live” care packages in June 2014 continuing for the remainder of the year. It has been assumed that the number and cost of clients exiting the service will be the same as new clients offered packages. Any net growth in the number of clients is assumed to be offset by the on-going impact of action taken to achieve in-year savings (in particular reablement and telecare),

Other budgets – detailed forecast based on 2013/14 outturn adjusted for any known variations.

Issues that have particularly impacted upon care package budgets in previous years include:

- Mild winter;
- Increased activity within the secondary care sector;
- Mild summer;
- Absence of infection e.g. flu virus, pneumonia;
- Increased number of older people receiving care due to growth in the 65+ population, and;
- The result of several years reablement resulting in older people ultimately presenting with higher levels of need.

3.4 Direct Payments Clawback

Each year the annual direct payment made to the client includes an upfront amount to support clients when they need to pay for holidays of personal assistants, overtime payments etc. In line with many other local authorities, Trafford historically included in that payment an amount for contingencies should an unforeseen situation arise which impacts on the ability of the individual to use their regular carers or support. This enables the individual to provide emergency care without need to seek additional funds from the council.

Experience in previous years has shown that a large proportion of this upfront payment was not used and was therefore returned at year end or at the point of audit. From a budget monitoring point of view this clawback is difficult to predict and, in previous financial years, has been identified at the year end with a substantial accrual put into the accounts to reflect repayments due. The effect of this was to reduce in-year expenditure and therefore reduce any overspends.

In 2013/14 the approach to contingency payments was changed and with effect from 1st April 2013, the contingency element was removed from direct payments with a centralised pot of £50k retained to be drawn down as required. This has meant that upfront direct payments have been lower throughout the year and there was less clawback to accrue at the 31st March 2014.

At this stage it has been assumed that the level of Direct Payment clawback will be broadly consistent with that received in 2013/14 and the following amounts have been netted off forecasts contained within this report:

	£000
Older People	300
Learning Disability	300
Physical Disability	200
Mental Health	50
	<hr/> 850 <hr/>

3.5 Home Care Packages

Forecast costs for those receiving Home Care are based on actual costs to date and agreed packages for the remainder of the year. However, in reality a significant number of service users for a range of reasons actually use less

than their agreed package. To reflect this, a reduction of £200k has been applied to Older Peoples Home Care Packages at this stage.

3.6 Savings

The CFW budget depends on the successful implementation and delivery of key savings totalling £(4.634)m. The following table shows the current assumptions made regarding the delivery of in-year savings targets within the forecasts set out in this report.

Adults & LD Pooled Budget Savings	Note	2014/15	Forecast
		Budget £000s	Saving £000s
Reduction in running costs equal to General Inflation		(422)	(422)
Market Management		(533)	(533)
New models of service in LD reducing placement costs		(150)	(150)
Mental Health - implement Personal Budgets		(50)	(50)
LD Transport provision - implement Personal Budgets		(200)	(200)
Ascot House - joint service with TPS resulting in efficiencies in running costs	1	(100)	-
Reduce Public Health		(850)	(850)
Telecare (a)		(400)	(400)
Reablement (a)		(500)	(500)
Commissioning Integration (Children's/Adults)		(20)	(20)
Advice & Information - Council wide review	2	(150)	(50)
Pre-payment cards		(40)	(40)
Day Centres		(50)	(50)
Carers Services		(50)	(50)
Extension of Personalisation Agenda		(25)	(25)
Supporting People	3	(399)	(368)
Terms and Conditions	4	(695)	(493)
(a) saving deducted in full from expenditure budget			
		(4,634)	(4,201)

Note:

1. 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.

2. Advice & Information – 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.
3. Supporting People – the £31k shortfall relates to a specific contract also counted as part of the £850k Public Health target in error. It is currently assumed that this will not be achieved although alternative savings are being sought in year.
4. Terms and Conditions - £202k shortfall in relation to agency cover within Supporting Living Schemes.

3.7 Contingency Provision

In 2013/14 Older People's nursing & residential and home care budgets were adversely impacted by a drop in attrition rates due to the mild summer and winter and this therefore led to an overall increase in home care hours and residential & nursing placements. If this were to be repeated in 2014/15 this would equate to an additional cost on the Older Peoples budget of between £500k and £750k.

In addition, 2014/15 savings proposals relating to reablement (£500k) and telecare (£400k) have now been classified at risk, on the basis that these measures are designed to deliver cost avoidance, not necessarily in year cashable savings. At this stage it has been assumed that these savings will be delivered by avoiding any net growth in the older peoples care packages budget.

However, given the scale of the older people's budget and the risks associated with attrition rates and in-year savings, a £500k contingency provision has now been built into current projections. This provision will be reviewed through the year as part of the monthly budget monitoring process.

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 The LD Pooled Budget Recovery Plan is currently being revised as part of a range of proposals to be considered by the Executive in order to deliver in year savings to offset the current Adult Social care overspend of £(6.528)m in 2014/15.
- 4.3 Once agreed, the updated plan will be shared with the Trafford Clinical Commissioning Group (CCG).

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:

	DSG	CFW – Non LD Pool	CFW LD Pool
	(£000's)	(£000's)	(£000's)
Balance b/f 1 April 2014	(2,777)	(871)	3,022
Specific commitments in 2014/15	750	491	-
P3 Forecast Outturn (Children's services)	260	380	-
	(1,767)	-	3,022

6. Management Action

- 6.1 In light of the significant financial issues identified in 2013/14 and spelt out within this report, a range of proposals are currently being developed by the Corporate Management Team and the Executive to address the shortfall and will be reported in due course.

Period 3 Projected Outturn revenue expenditure and income variances

The following tables detail the main variances from the 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 Budget (£000's)	P3 Outturn (£000's)	P3 Outturn variance (£000's)	Ref
Children's Services Portfolio – DSG Element				
Dedicated Schools Grant	0	260	260	CFW1
Transfer to Dedicated Schools Grant Reserve	0	(260)	(260)	CFW1
Sub-total	0	0	0	
Children's Services Portfolio – Non DSG Element				
Education Early Years' Service	6,544	6,461	(83)	CFW2
Children's Social Services	15,435	15,992	557	CFW3
Children with Complex & Additional Needs	1,943	1,943	0	CFW3
Commissioning	1,657	1,599	(58)	
Multi Agency Referral & Assessment Service (MARAS)	1,520	1,511	(9)	
Youth Offending Service	363	378	15	
Children's Centres	2,150	2,088	(62)	CFW4
Youth Service	1,389	1,409	20	
Sub-total	31,001	31,381	380	
Adult Social Services Portfolio				
Older People	19,216	21,941	2,725	CFW5
Physical Disabilities	4,232	4,496	264	CFW6
Equipment & Adaptations	801	919	118	CFW7
Mental Health	3,014	3,532	518	CFW8
Other Adult Services	629	898	269	CFW9
Strategic & Support Services	889	968	79	CFW10

Adaptations	(55)	(55)	-	
Housing Services	817	854	37	CFW11
Community Services	222	227	5	CFW12
Equalities & Diversity	184	143	(41)	CFW13
Sub-total	29,949	33,923	3,974	
Community Health & Wellbeing Portfolio				
Public Health	(868)	(868)	0	
Sub-total	(868)	(868)	0	
Total	29,081	33,055	3,974	
Learning Disabilities Pooled Fund	20,813	23,367	2,554	CFW14
Sub-total	80,895	87,803	6,908	
Adults and Learning Disability savings plan subject to approval		(6,528)	(6,528)	
Total	80,895	81,275	380	

Business Reason / Area (Subjective analysis)	P3 Outturn Children (£000's)	P3 Outturn Adults (£000's)	P3 Outturn Total (£000's)	Ref
Children, Families & Wellbeing				
Management of staff vacancies	(200)	(72)	(272)	CFW 4, 5, 6, 9, 10, 12, 14
Transport Costs	82	0	82	
Client Need	430	6,057	6,487	CFW 3, 5, 6, 7, 8, 9, 14
2014/15 Savings not achieved	220	433	653	CFW5, 9, 11, 14
Other running costs	(44)	110	66	CFW5, 7, 8, 9, 10, 13, 14
Other Income	(108)	0	(108)	
Sub total	380	6,528	6,908	
Savings to be identified	0	(6,528)	(6,528)	
Total	380	0	380	

NOTES ON VARIANCES AND PERIOD MOVEMENTS

There are a significant number of variances within this report which reflects the fact that we have now identified a fundamental issue with the 2014/15 Adult Social care Budget which will need to be rebalanced during the year.

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 £260k. This would leave a year end reserve of £(1,767)k.

CFW2 – Education & Early Years £(83)k favourable

- Underspend against Graduate Leader Funding totalling £(71)k and staff savings of a further £(35)k.
- Non-achievement of terms and conditions saving equals £23k.

CFW3 – Children’s Social Care £557k adverse (Includes Children with Complex & Additional Needs)

- **Client Need £430k** - Despite a number of actions to reduce demand and the cost of placements, the demand in client numbers is exceeding the budgetary provision. This is mainly in agency foster care where the placements have increased from 28 to 37.
- **2014/15 savings not achieved £127k** - non-achievement of terms and conditions saving.

CFW4 – Children’s Centres £(62)k favourable

- Staff savings as a result of slippage in staff £(53)k,
- Other running costs £(29)k.
- Non-achievement of terms and conditions saving equals £20k.

CFW5– Older People £2,725k adverse

Vacancy management - £(74)k favourable:

- Commissioning Management - £20k adverse - Additional staff costs arising from Care Act Implementation.
- Care Management - £(202)k favourable - Vacancies and savings against posts budgeted at top of grade.
- Reablement - £45k adverse - Pressure from existing establishment, offset by vacancies in 2013/14.
- Residential Homes - £63k adverse – agency costs at Ascot House due to need to cover key vacancies.

Client Needs - £2,699k adverse:

- External Daycare - £(197)k favourable - Structural budget issues.
- Other Care – £(4)k favourable - Carers Centres contractual savings.
- External Placements - £2,900k adverse - Underlying overspend from 2013/14, and variations in client numbers/needs, partly offset by structural budget issues on Daycare. This variance includes a contingency provision of £500k in respect of potential variations in attrition rates and at risk savings proposals (telecare and reablement).

Savings not achieved- £100k adverse:

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

CFW6– Physical Disabilities £264k adverse

Vacancy management - £(63)k favourable:

- PD Reablement – £(2)k favourable - Vacancy savings £(29)k offset by agency costs £27k.
- Direct Payments Team – £(61)k favourable – Vacancy management.

Client Needs - £336k adverse:

- Telecare - £(47)k favourable - Reduced demand against budget.
- PD External Placements - £377k adverse - Underlying budget variation from previous years.
- PD External Homecare - £6k adverse - Historic budget understated for sign language.

Other running costs- £(9)k favourable:

- Other Physical Disabilities - £(9)k favourable - Minor variations against supplies and services budget.

CFW7– Equipment & Adaptations - £118k adverse

Client Needs - £118k adverse

- ICES Equipment - £118k adverse — Demand exceeds current budget available.

CFW8– Mental Health - £518k adverse

Client Needs - £426k adverse:

- External Contracts - £12k adverse - Loss of contribution when budget moved to Public Health.
- MH External Care Placement - £539k adverse - Underlying budget shortfall from previous years.
- MH Supported Living - £(125)k favourable - Reduction in number of properties maintained.

Other running costs- £92k adverse:

- MH In House Service - £59k adverse - Historic savings target not achieved and other minor variations.
- MH – Social Workers - £33k adverse - Loss of income and other minor variations.

CFW9 - Other Adult Services £269k adverse

Vacancy management - £127k adverse:

- Generic Services - £127k adverse - Previous year's unmet savings targets re Emergency Duty Team due to the need to maintain minimum staffing levels.

Client Needs - £42k adverse:

- Information and Advice - £40k adverse - other contract variations.
- Volunteers - £2k adverse - Minor variations in Transport Costs.

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.

FW10- Strategic & Support Services - £79k adverse

Vacancy management - £(22)k favourable:

- Admin Support Service - £(22k) favourable - Vacancies and minor variations in other running costs.

Other running costs- £101k adverse:

- Finance Team - £101k adverse - Previous years unmet savings targets due to deferred implementation of Liquid Logic.

CFW11- Housing Services - £37k adverse

Savings not achieved- £31k adverse:

- Supporting People - £31k adverse - Double count of savings on Women's Aid contract £31k.

Other running costs- £6k adverse:

- Supporting People - £6k adverse - other minor variations.

CFW12- Community Services - £5k adverse

Vacancy management - £5k adverse:

- Other Adults – Staffing - £8k adverse - Shortfall in historic staffing budget for culture and sport administration.
- Other Adults – Drugs & Alcohol - £(3)k favourable - Minor savings in employee costs.

CFW13– Equalities & Diversity - £(41)k favourable

Other running costs- £(41)k favourable:

- Equalities & Diversity - £(31)k favourable - Supplies and services savings in line with 2013/14 spend.
- Equalities Events – £(10)k favourable - Supplies and services savings in line with 2013/14 spend.

CFW14– LD Pooled Fund – £2,554k adverse

Vacancy management - £(45)k favourable:

- Social Work Team - £41k adverse - Agency costs offset by vacancies.
- In House Supported Living - £(17) favourable – vacancy management in year.
- LD Reablement – £(69)k favourable - vacancy management in year.

Client Needs - £2,436k adverse:

- Calderstones Contract - £615k adverse - Underlying overspend carried forward from previous year.
- UBU Contract - £(4)k favourable - Variations in service users/needs
- Other Contracts - £396k adverse - Shortfall in budget for in-year transition cases.
- LD External Placements - £1,306k adverse - Underlying overspend carried forward from previous year.
- Adult Placement - £58k adverse - Underlying overspend carried forward from previous year.
- LD Transport - £65k adverse - Overspend due to cost of Transport Team.

Savings not achieved- £202k adverse:

- In House Supported Living - £202k adverse - Terms and conditions savings relating to agency staff not achieved £202k.

Other running costs- £(39)k favourable:

- LD – In House Daycare - £(39)k favourable - Overachievement of 2013/14 saving target.

TRAFFORD COUNCIL

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

Date: 18 July 2014

Report for: Discussion

Report author: Finance Manager

Report Title**Revenue Budget Monitoring 2014/15 – Period 3 (April 2014 to June 2014)****1. Forecast Outturn for the Year**

- 1.1 The approved revenue budget for the year is £32.775m. The forecast outturn is £32.529m, which is £(0.246)m under the approved budget.
- 1.2 This is the first monitoring report of the financial year and, hence, the information available to produce the forecast outturn will be refined and subject to change as the year progresses. The Directorate budget is also affected by external factors, such as the weather, and income streams by economic conditions and consumer behaviour.
- 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 £(0.588)m. This will be held to mitigate any future pressures during the year, for example those arising from the weather.

2. Summary of Variances

- 2.1 The overall favourable variance of £(0.246)m reflects a number of individual under and overspends across the diverse areas of the Directorate, as detailed in Appendix 1 and summarised below.
- 2.2 There are one-off shortfalls in approved savings relating to the Enforcement review (from 2013/14) £0.050m, and Groundforce review £0.047m. These are 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. All these savings will be delivered in full from 2015/16.
- 2.3 The levy paid to Greater Manchester Waste Disposal Authority is expected to be £0.200m higher than budgeted, as a result of the weather increasing the volume of green waste being recycled. This can be partially mitigated by a negotiated one-off procurement saving in the waste collection contract of £(0.150)m.
- 2.4 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 forecasted relating to car parking

£0.049m, planning and building control £0.060m (which is monitored weekly), capital fees £0.057m and Green Deal £0.035m.

- 2.5 There are a number of favourable variances relating to staffing budgets as a result of turnover or vacancy management £(0.284)m, including £(0.080)m from senior management restructuring. Other running cost variances include an underspend on Administrative Buildings £(0.067)m.
- 2.6 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 essential 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.

3. Reserves

- 3.1 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. Whilst this was a result of the successful management of budget pressures over the last two financial years it also includes a number of commitments relating to projects being rephased across the year end.
- 3.2 The planned use of these balances is shown below. The current balance of £(0.588)m is being held to cover potential budget pressures from external factors, such as adverse weather or reductions in income. Any balance remaining at year end will be carried forward to support services in 2015/16 accordingly.

Utilisation of Carry forward Reserve 2014/15	(£000's)
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	432
Period 3 forecast outturn (favourable)	(246)
Balance after known commitments	(588)

4. Savings

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

	Budget (£000's)	Outturn (£000's)	Variance (£000's)
Increased and new income	(320)	(300)	20
Efficiencies and others	(786)	(786)	0
Policy Choice	(1,920)	(1,873)	47
Mitigating action across EGEI	0	(67)	(67)
Terms and Conditions	(127)	(127)	0
Total EGEI	(3,153)	(3,153)	0

- 4.2 The income shortfall of £0.020m relates to the delay in implementing the saving relating to moving traffic offences (note EGE11 below) and £0.047m from re-phasing of savings in Groundforce (note EGE14). These are to be mitigated in full by management action and other favourable variances across the Directorate, or from the use of accumulated balances if required, and will be achieved in full from 2015/16.
- 4.3 In addition, there is currently a £0.050m shortfall in the saving associated with the review of Enforcement approved in the 2013/14 budget due to additional staff and stakeholder consultations, it is however anticipated that savings will be delivered in full from August 2014 (EGE15).

5. Recommendations

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

Period 3 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.

Economic Growth, Environment & Infrastructure Budget Book Format (Objective analysis)	Full Year Budget (£000's)	P3 Forecast Outturn (£000's)	P3 Outturn Variance (£000's)	Ref
Highway and Network Management, including Traffic & Transportation	5,246	5,233	(13)	EGEI1
School Crossing Patrols	509	459	(50)	EGEI2
Parking Services	(337)	(431)	(94)	EGEI3
Groundforce	4,274	4,321	47	EGEI4
Bereavement Services	(1,090)	(1,094)	(4)	
Sustainability & Greenspace	327	301	(26)	
Waste Management (incl. WDA levy)	18,979	19,030	51	
Public Protection	602	600	(2)	
Environmental Enforcement	89	139	50	EGEI5
Directorate Strategy & Business Support	508	428	(80)	EGEI6
Sub-total Environment & Operations Portfolio	29,107	28,986	(121)	
Asset Management	1,746	1,629	(117)	EGEI7
Planning & Building Control	(119)	(106)	13	EGEI8
Strategic Planning & Development	533	527	(6)	
Economic Growth	741	703	(38)	EGEI9
Housing Strategy	596	619	23	EGEI10
Directorate Strategy & Business Support	243	243	0	
Sub-total Economic Growth & Planning Portfolio	3,740	3,615	(125)	
Operational Services for Education	(72)	(72)	0	
Total Forecast Outturn Period 3	32,775	32,529	(246)	

Economic Growth, Environment & Infrastructure Business Reason / Area (Subjective analysis)	P3 Outturn Variance (£000's)	Ref
Highways and Network Management		
Income shortfall, including moving traffic offences	32	
GMRAPs income above budget	(70)	
Capital fee income shortfall	57	
Running costs including depot	(2)	
Energy – Street Lighting	(30)	
Sub-total	(13)	EGEI1
School Crossing Patrols - vacancies	(50)	EGEI2
Parking Services		
Additional income – Oakfield Road	(128)	
Income shortfall – other locations	49	
Staffing and running costs	(15)	
Sub-total	(94)	EGEI3
Groundforce		
Re-profiling of staff/equipment savings	47	EGEI4
Bereavement Services		
Staffing and maintenance costs	(4)	
Sustainability & Greenspace		
Vacancy, supplies & services	(26)	
Waste Management		
Staffing and general running costs	1	
GM Waste levy – additional green waste recycling	200	
Waste contract – one-off procurement saving	(150)	
Sub-total	51	EGEI5
Public Protection		
Staffing and running costs	(7)	
Income shortfalls	5	
Sub-total	(2)	
Environmental Enforcement		
Re-profiling of staff/equipment saving	50	EGEI6
Director & Business Support		
Staffing and Running costs	(80)	EGEI7
Sub-total Environment & Operations Portfolio	(121)	

Economic Growth, Environment & Infrastructure Business Reason / Area (Subjective analysis)	P3 Outturn	Ref
	Variance (£000's)	
Asset Management		
Investment Property Rental Income:		
- Urmston Town Centre – one-off surplus	(40)	
- Airport – surplus	(16)	
- Other properties - surplus	(8)	
Community buildings – income/running costs	5	
Admin Buildings running costs	(67)	
Other minor running cost variances	9	
Sub-total	(117)	EGEI8
Planning & Building Control		
Planning applications income shortfall	10	
Building Control income shortfall	50	
Staffing vacancies	(47)	
Sub-total	13	EGEI9
Strategic Planning & Development		
Staffing/running costs savings	(6)	
Economic Growth		
Staffing/running costs savings	(38)	EGEI10
Housing Strategy		
Green Deal income re-phased implementation	35	
Staffing and running cost savings	(12)	
Sub-total	23	EGEI11
Sub-total Economic Growth & Planning Portfolio	(125)	
Total Forecast Outturn Period 3	(246)	

Summary Variance Analysis Period 3

	Savings £000	Staff £000	Running Costs £000	Income £000	Total Variance £000
All Services	117	(284)	(35)	(44)	(246)

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 been required to be rephased. 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 £0.057m 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 of £(0.050)m as a result of ongoing difficulties in filling vacancies. Staff leavers and new starters have broadly matched each other.

EGEI3 – Parking Services – £(0.094)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 2013/14.

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 - £0.047m (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 resulting in delays to implementation of the approved budget proposals.

EGEI5 – Waste Management and Disposal - £0.051m (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 of, 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 delays in implementation due to 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 2014 with the saving achieved in full from this date.

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

The restructure of the ETO and EGP Directorates has led to a rationalisation of management costs which is expected to deliver a saving of £(0.086)m on current budgeted staff expenses. This will be taken forward in the Medium Term Financial Plan as appropriate.

EGEI8 – Asset Management - £(0.117)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.

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

Administrative building running costs are less than expected across the portfolio by £(0.062)m, including £(0.034)m relating to the catering concession at Altrincham Town Hall.

EGEI9 – Planning and Building Control – £0.013m (adverse)

There is a projected shortfall in income from planning fees of £0.010m, and building control fees of £0.050m. These 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 £(0.047)m for the year. The filling of vacant posts will be addressed by the ongoing restructure of the combined Directorate.

EGEI10 – Economic Growth Team – £(0.038)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.

EGEI11 – Housing Strategy – £0.023m (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 £(0.012)m for the year.

TRAFFORD COUNCIL

Report to: Transformation & Resources Directorate Management Team
 Date: 17 July 2014
 Report for: Discussion
 Report author: T&R Senior Accountant

Revenue Budget Monitoring 2014/15 – Period 3 (April 2014 – June 2014 inclusive)

1 Outturn

- 1.1 The current approved revenue budget for the year is £17,724k. The forecasted outturn of £17,979k is £255k adverse and 1.4% since the budget was approved.
- 1.3 The Performance team is now part of Legal and Democratic services and the Partnerships and Performance service has been renamed Partnerships and Communities.

2 Variations to Budget

- 2.1 The following details the net £255k adverse variances, and references are made to appendix 1 at the back of the report which indicate the budgets and reasons to which the variances relate:

£320k adverse, phasing of base budget savings (discussed further 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).

£(295)k favourable, vacancy management; there have been some delays and in recruiting to new structures in 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 for £118k 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 £(149)k favourable variance within the Revenue & Benefits service, which is due in part to secondments and externally funded project work (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).

£83k adverse, delay in telephony, voice and data upgrade; the migration of voice and data telephony lines between contractors has been delayed (T&R4).

£(6)k favourable minor variances; income £14k and running costs £(20)k.

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 £(2,686)k, which is 89% of the target.
- 3.2 The slippage of £0.320m into the following year is in respect of the following initiatives.

Table 1 : Saving Description	Phased Savings (£000's)
Human Resources Restructure (a)	(100)
Partnerships and Communities Restructure (b)	(75)
Legal Services Restructure (a)	(36)
Design and Print (c)	(50)
ICT - Social care - licence fee (d)	(59)
Total	(320)

Notes:

- (a) As noted at Scrutiny review this is a phased implementation;
- (b) £243k 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.

- 3.3 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:

Table 2: Utilisation of Carry Forward Reserve 2014/15	£000's
Balance b/f 1 April 2014	(1,978)
Delivering Reshaping Trafford and future efficiencies	696
ICT hardware and software upgrades	252
Contingencies	193
Land Charges Claim	185
Improving communications and democratic access	141
2014/15 Outturn	255
Remaining Balance at 31 March 2015	(256)

5 Main Assumptions

- 5.1 This forecast has been based on three 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 £83k adverse variance on the transfer of telephony lines to the new contractor is for the whole year. There is potential that this variance will reduce.

Period 3 Forecasted Outturn revenue expenditure and income variances

The following tables detail the main variances from the 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 Budget (£000's)	P3 Forecast Outturn (£000's)	P3 Outturn variance (£000's)	Note Ref (see para 2.1)
Transformation and Resources Portfolio				
Legal & Democratic	2,491	2,647	156	T&R1,2,3
Communications & Customer Services	5,919	5,995	76	T&R1,2,4
Strategic Human Resources	2,068	2,143	75	T&R1
Corporate Leadership and Support	368	345	(23)	
sub-total	10,846	11,130	284	
Finance Portfolio				
Finance Services	3,614	3,518	(96)	T&R 2
sub-total	3,614	3,518	(96)	
Communities and Partnerships				
Partnerships & Communities	1,546	1,592	46	T&R1
Culture & Sport	1,718	1,739	21	
sub-total	3,264	3,331	67	
Total	17,724	17,979	255	

Business Reason / Area (Subjective analysis)	P3 Outturn variance (£000's)	Note ref
Delay in savings implementation	320	T&R 1
Management of Vacancies	(295)	T&R 2
Court Costs and Legal fees	153	T&R 3
ISDN line upgrade delay	83	T&R 4
Running Costs	(20)	
Income	14	
Total	255	

TRAFFORD COUNCIL

Report to: Director of Finance
 Date: 17 July 2014
 Report for: Information
 Report author: Head of Financial Management

Report Title

**Revenue Budget Monitoring 2014/15 – Period 3 Outturn - Council-Wide Budgets
 (April 2014 to June 2014 inclusive)**

1 Outturn Forecast

1.1 The current approved revenue budget for the year is £23.159m. The outturn forecast is £22.591m, which is £(0.568)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;

Treasury Management: £(0.132)m relating to Manchester Airport Group dividend received above budget, £(0.119)m increased investment interest from favourable cash flows and £(0.122)m of reduced debt charges, and £(0.032)m of recovered interest from the purchase of land in support of the Urmston Town Centre development.

£(0.152)m, the Discretionary Rate Relief budget in the Council's General Fund is no longer required as the responsibility for this expenditure has transferred to the Collection Fund as a consequence of the new business rates retention scheme;

Local Government Association corporate membership has reduced by £(0.011)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 the above 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 three months of actual activity. The activity covered by Council-Wide budgets is varied, and the key assumptions in the June forecast are:

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

There will be no further Airport dividend.

The £20m Royal Bank of Scotland variable loan will be 6.01%. There is a smoothing reserve to mitigate large variations from this assumption.

Contingency budgets for bad and doubtful debts and the costs of reorganisation following the implementation of budget and other savings will be sufficient. There is a contingency reserve for reorganization costs should budgets prove insufficient.

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

The in-year increase for the provision for bad and doubtful debts will be in line with budget.

Coroners budget has been discussed at paragraph 1.3.

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

A rebate on External Audit fees of £(0.021)m is expected, however, as it has not yet been confirmed it has not been included in this forecast.

Appendix 1

Period 3 Draft Outturn revenue expenditure and income variances

The following tables detail the main variances from the 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 Budget (£000's)	P3 Outturn (£000's)	P3 Draft Outturn variance (£000's)	Ref
Finance Portfolio				
Precepts, Levies & Subscriptions	17,866	17,855	(11)	
Provisions (bad debts & pensions)	1,765	1,765		
Treasury Management	8,386	7,981	(405)	C-W1
Insurance	775	775		
Members Expenses	926	926		
Grants	(6,804)	(6,804)		
Other Centrally held budgets	245	93	(152)	C-W2
Total	23,159	22,591	(568)	

Business Reason / Area (Subjective analysis)	P3 Outturn variance (£000's)	Ref
Treasury Management:		
- Investment Income	(283)	C-W1
- Debt Management cost savings	(122)	C-W1
Discretionary Rate Relief	(152)	C-W2
Subscriptions	(11)	
Total	(568)	

NOTES ON PROJECTED VARIANCES

C-W1 – Treasury Management - £(0.405)m (favourable).

Investments – £(0.283)m

This additional income has been created as a result of:

- Actual dividend from Manchester Airport Group has been announced as £(1,484)k, which is £(132)k above budget, and
- a favourable increase in cash flow, generating £(119)k of additional investment income, primarily due to capital programme rephasing and an anticipated Government contribution to their share of the 2013/14 business rates retention safety net, and
- forecasted recoverable interest receivable from the purchase of land in support of the Urmston Town Centre development is £(931)k. The majority of this, £899k, was brought into account in 2013/14 leaving £(32)k relating to 2014/15. This is subject to final legal agreement expected to be settled by early August.

Debt - £(0.122)m – Minimum Revenue Provision

The £1.785m from the sale of Northenden Road Resource Centre in 2013/14, which became surplus to operational requirements as a consequence of the Long Term Accommodation Review, has been set aside for the repayment of debt which in turn has reduced the statutory requirement to set aside in-year budget to meet debt repayment. There has also been a reduction in the planned statutory amount needed to be set aside due to the rephasing of the capital programme.

C-W2 – Other Centrally held budgets - £(0.152)m (favourable)

NNDR Discretionary Rate Relief - £(0.152)m

The liability for the cost of discretionary rate relief has been transferred from the Council's General Fund, or 'Budget', to the Collection Fund as a consequence of the introduction of the new Business Rates Retention Scheme. In effect the costs of discretionary rate relief are now shared Central Government 50%, the Council 49% and the GM Fire and Rescue Authority 1%. These new regulatory arrangements became clear after the February 2014 Budget Council, however, this saving is available for the 2015/16 budget.

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TRAFFORD COUNCIL

Report to: Executive
Date: 28 July 2014
Report for: Decision
Report of: The Executive Member for Finance and
the Director of Finance

Report Title

CAPITAL INVESTMENT PROGRAMME MONITORING 2014/15
1st Quarter (April – June)

Summary

This report summarises the findings from the budget monitoring for the period to 30 June 2014. The salient features are:

- The original 2014/15 budget approved in February 2014 was £40.9m. Taking into account 2013/14 outturn and additional schemes in the first quarter the programme has increased to £42.3m.
- Capital expenditure to date is £3.8m, being 9.0% of the budget with projection for 2014/15 which matches the budget of £42.3m (see Appendix 2 for detail by service area).
- The level of available resources has been updated to reflect the latest Land Sale Programme and all resources are utilised in financing current capital priorities.

Recommendation(s)

1. That the amendments to the 2014/15 Capital Investment Programme be approved.
2. That the monitoring report be noted.

Contact person for access to background papers and further information:

Name: Graeme Bentley
Extension: 4336

1. Capital Investment Programme Update

- 1.1 This report summarises the current position and progress of the 2014/15 Capital Investment Programme and its' financing as at 30 June 2014. It takes into account both financial and scheme progress monitoring undertaken with service area project officers.
- 1.2 Capital expenditure in 2014/15 is currently estimated at £42.3m which is an increase of £1.4m on the original estimate agreed by the Council in February 2014 of £40.9m. The changes to the budget are detailed in Appendix 1 and are summarised as follows:-

Capital Investment Programme 2014/15	Original 2014/15 £m	Q1 Revised 2014/15 £m	Change £m
Portfolio Analysis :			
Adult Social Services & Community Wellbeing	3.6	4.3	+0.7
Children's Services	25.0	18.8	-6.2
Communities & Partnerships	-	0.4	+0.4
Economic Growth & Planning	2.5	4.2	+1.7
Environment & Operations	8.3	10.4	+2.1
Transformation & Resources	1.5	4.2	+2.7
Total	40.9	42.3	+1.4
Service Analysis :			
Children, Families & Wellbeing	28.6	23.1	-5.5
Economic Growth, Environment & Infrastructure	10.8	15.0	+4.2
Transformation & Resources	1.5	4.2	+2.7
Total	40.9	42.3	+1.4

- 1.3 The increase in the budget of £1.4m can be summarised as follows :

New schemes and increases to existing budgets - £3.2m

Schools grants from Dept. for Education - £0.2m: Additional Targeted Basic Need grant in respect of Bowdon CoE Primary School has been received.

Old Trafford Extra Care Housing - £0.5m : The development of an Extra Care Facility in Old Trafford was approved by the Executive on 24 March 2014. This budget of £465k is Trafford's contribution toward the cost of the scheme being undertaken by Trafford Housing Trust.

Better Bus Area Funding - £0.7m – New TfGM grant of £720k has been awarded for the introduction of a new bus lane on Barton Dock Road, west of Peel Circle, towards Trafford Boulevard; and introduce bus priority measures for eastbound traffic at Peel Circle, and on the Parkway slip road.

Highways Projects - £0.6m : New Dept. of Transport grants for Pot Holes (£417k) and the capital element of the Severe Weather Recovery grant (£86k) totalling £503k have been added to the capital programme. In addition to these grant awards £42k of S106 contributions have been identified and included to support a number Traffic Regulation Order works across the borough.

Sustainable transport projects - £0.2m : Additional TfGM grant funding for the City Cycle Ambition initiative.

Broadheath Community Centre - £0.5m : Developer contribution has now been received to finance the building of a new community facility in Broadheath. Responsibility for the facility will transfer to community groups.
 CRM Upgrade - £0.5m : A range of un-utilised grants have been identified and £492k of these has been added to the budget for the CRM project which is expected to commence in 2014/15. Approval for this was granted by the Executive on 7 April 2014.

Rephasing from 2013/14 - £4.0m

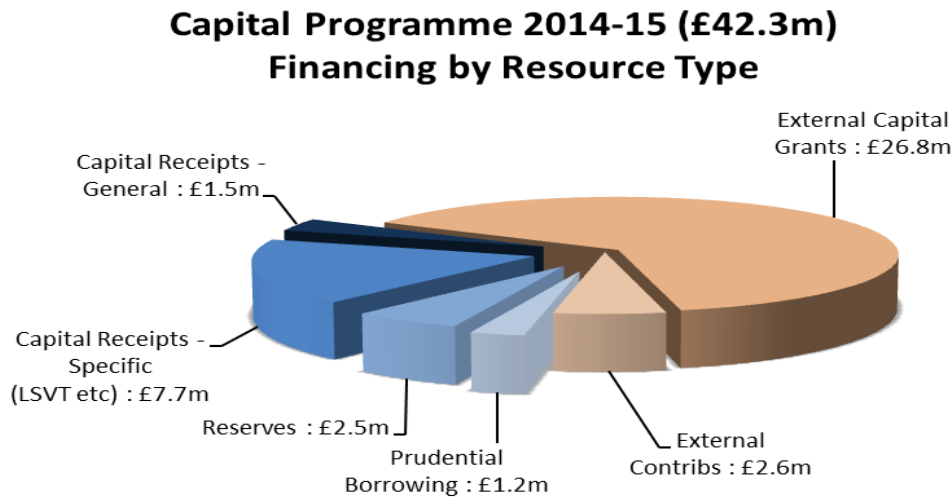
A number of schemes re-phased from 2013/14 will be completed in year.

Re-phasing to 2015/16 and later years - £(5.8)m

Notification of schools related capital grants for 2015-17 was received in February 2014 and as result of the updated pupil numbers projections £8.3m of grant has been awarded. As reported in the Education and Early Years Capital Programme Report to the Executive in June 2014, this has allowed for an extensive programme of projects to be developed to address the increase in pupil numbers, with schemes planned to commence during 2014/15 and phased across the 3 year period. As a result the opportunity has been taken to rephase budgets in line with the proposed programme of works.

2 Resourcing

2.1 The chart below shows the types and levels of resource available to finance the capital investment programme. Internal funding of £12.9m equates to 31% of the total funding requirement, whilst external funding makes up the balance of £29.4m, 91% of this being government grants (£26.8m).



2.2 The current estimate of capital receipts has been updated to reflect the latest information from the Land Sales Programme (LSP). When the Capital Programme was approved by Executive on 19 February 2014 the value of the indicative programme exceeded overall resources by £1.1m. The table below shows the current value of estimated capital receipts available to support the capital budget has increased by £0.5m compared to the position in February. Therefore the overall resource shortfall has reduced from £1.1m to £0.6m.

This position will continue to be monitored with any new capital receipts being used to cover this shortfall where they arise.

Impact on 2014/17 Capital Investment Programme	2014/15 £m	2015/16 £m	2016/17 £m	Total £m
Resources available :				
Gross Value of LSP	(10.2)	(3.9)	-	(14.1)
Disposal costs	0.2	0.2		0.4
Voluntary repayment of debt (re LTA)		1.4		1.4
Specific / Ringfenced receipts	1.2	2.4		3.6
Net Value of LSP	(8.8)	0.1	-	(8.7)
Capital Programme requirement	1.2	4.9	3.2	9.3
Current (Surplus)/Deficit at Q1	(7.6)	5.0	3.2	0.6

2.3 Capital expenditure priorities in future years will be reviewed as part of the budget process.

3. Actual Expenditure – 1st Quarter (April – June)

3.1 There are 258 individual schemes currently allocated in the capital investment programme. All schemes have been reviewed with project officers for both physical and financial progress. The review provides a robust plan for schemes and projections of expenditure in the year are in line with the programme budget of £42.3m

3.2 Actual expenditure for the first quarter of the financial year is £3.8m and a service area breakdown is shown below. Further service area details are shown in Appendix 2.

Capital Investment Programme : Expenditure at Quarter 1 2014/15	Q1 Spend £m	Projection for Year £m	Proportion of budget
Portfolio Analysis :			
Adult Social Services & Community Wellbeing	0.5	4.3	11.6%
Children's Services	2.1	18.8	11.2%
Communities & Partnerships	-	0.4	-
Economic Growth & Planning	0.4	4.2	9.5%
Environment & Operations	0.8	10.4	7.7%
Transformation & Resources	-	4.2	-
Total	3.8	42.3	9.0%
Service Analysis :			
Children, Families & Wellbeing	2.6	23.1	11.3%
Economic Growth, Environment & Infrastructure	1.2	15.0	8.0%
Transformation & Resources	-	4.2	-
Total	3.8	42.3	9.0%

- 3.3 Expenditure incurred to date amounts to £3.8m, which equates to 9.0% of the total projected spend for the year. The main areas of spend are:
 £2.1m on a number of ongoing schools schemes which will provide additional school places and address condition issues through rewire, boiler, roof and kitchen ventilation works.
 £0.4m on Disabled Facilities Grants which provide adaptations to properties to allow residents to remain in their own home.
 £0.8m of a budget of £9.2m for a range of highways & transport schemes, that have now been approved and preliminary work started.
 £0.3m on the development of Altrincham town centre, in particular the redevelopment of the historic market quarter and deposit on premium for the new library.

4. Recommendations

- 4.1 That the amendments to the 2014/15 Capital Investment Programme be approved. That the monitoring report be noted.

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	Capital expenditure to be contained within available resources in 2014/15.
Legal Implications:	None arising out of this report
Equality/Diversity Implications	None arising out of this report
Sustainability Implications	None arising out of this report
Staffing/E-Government/Asset Management Implications	A number of improvement schemes are being undertaken in 2014/15.
Risk Management Implications	Not Applicable
Health and Safety Implications	A number of schemes are being undertaken in 2014/15 on the grounds of health and safety.

Reasons for Recommendation

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

Finance Officer Clearance (type in initials).....GB.....

Legal Officer Clearance (type in initials).....JL.....

Director of Finance

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

Appendix 1

Capital Investment Programme 2014/15 : Budget changes during Quarter 1		Budget 2014/15 £'000	Budget 2014/15 £'000
<i>Budget reported at February 2014</i>			40,938
<i>Amendments during Quarter 1</i>			
New Schemes & Increases	Financed by :		
Bowdon CoE Primary School	DfE Grant	150	
Old Trafford Extra Care Project	Receipts	465	
Altrincham TC Investment	S106 contribs	16	
Broadheath Community Centre	Developer	450	
Waterside Arts centre – Bar & signage	Revenue	69	
City Cycle Ambition Grant	TfGM grant	200	
Traffic Regulation Schemes	S106 contribs	18	
Highways – Severe weather recovery	DfT grant	86	
Better Bus Area Grant – Trafford Centre Works Package	TfGM Grant	720	
2014/15 Pot Hole Funding	DfT grant	417	
Traffic Regulation Orders	S106 Contribs	42	
Broadway Park, Davyhulme – Play area	Developer	18	
CRM Upgrade	Misc. grants	492	
			3,143
Reprofiling			
<i>From 2013/14 to 2014/15</i>			
Economic Growth & Prosperity		1,391	
Environment, Transport & Operations		795	
Transformation & Resources		1,785	
<i>To 2013/14 & later years:</i>			
Children, Families & Wellbeing		(5,799)	(1,828)
Budget at 30 June 2013			42,253

Children, Families & Wellbeing

Capital Investment Programme 2014/15	Number of Schemes	Budget 2014/15 £m	Q1 Expend 2014/15 £m	Proportion of budget
Quarter 1 Budget		23.1		
Schools				
Primary Schools	33	14.4	1.9	13.2%
Secondary Schools	6	0.6	-	-
Special Schools	6	1.8	-	-
Other Schemes	7	1.9	0.2	10.5%
Children's Service	3	0.1	-	-
Services for Adults	11	4.3	0.5	11.6%
Total	66	23.1	2.6	11.3%

Schools – The major schemes within this area include:

- **Schools Basic Need Grant** : Notification for 2015-17 was received and as result of the updated pupil numbers projections the grant allocation has been awarded in the sum of £8.3m. As reported in the Education and Early Years Capital Programme Report to the Executive on 8 July 2014 a further £10.4m of schemes was approved. This has allowed for an extensive programme of projects to address the increase in pupil numbers, with schemes planned to commence during 2014/15 and be phased across the next 3 years.
- The tender for the work at Broadheath Primary School is £0.3m higher than originally estimate approved the in Education and Early Years Capital Programme Report. Savings equivalent to this have been identified within the Basic Need Programme and the budget for the project increased to £1.8m.
- **Capital Maintenance Grant** : Also included in the Education and Early Years Report was approval of 11 schemes totalling £2.7m which are programmed to start and complete during the summer holidays. These cover a range of condition issues, including rewires, boilers, roofs and kitchen ventilation.
- Since the approval of above report tenders have been received for the roofing projects at The Nexus Centre, Heyes Lane and Woodhouse Primary Schools resulting in additional costs totalling £120k. The additional costs have been contained within the available capital maintenance grant.

Services for Adults – The major schemes within this area include:

- **Disabled Facilities Grants : £1.9m** : The provision of grants support to older and disabled people to remain in their own homes, promoting independence and quality of life while avoiding reliance on expensive long term social care and health services.
- **Replacement ICT System for Social Care : £0.8m** – To complete the replacement of the Adult Social Care ICT system.
- **Telecare System : £0.4m** – Continuing the programme, started in 2013/14, for the provision of equipment to help monitor people at risk in their own homes, improving their safety and helping them to stay independent and healthy for longer.

- **Old Trafford Extra Care Facility : £0.5m** - The development of an Extra Care Facility in Old Trafford was approved by the Executive on 24 March 2014. This budget of £465k is Trafford's contribution toward the cost of the scheme being undertaken by Trafford Housing Trust and financed by capital receipts.
- **Personal Social Services Grant : £0.6m** – Grant to support the provision of services for vulnerable adults within the key areas of personalisation, reform and efficiency.

Economic Growth, Environment & Infrastructure

Capital Investment Programme 2014/15	Number of Schemes	Budget 2014/15 £m	Q1 Expend 2014/15 £m	Proportion of budget
Quarter 1 Budget		15.0		
Corporate Landlord				
Mechanical & Electrical	10	0.4	-	-
Health & Safety (inc DDA)	12	0.3	-	-
Public Building Repairs	14	1.5	-	-
Long Term Accommodation	1	0.1	-	-
Regeneration & Strategic Planning	10	1.6	0.4	25.0%
Housing Services	3	0.3	-	-
Highways				
Traffic & Transport	29	4.1	-	-
Highway Maintenance	58	4.9	0.7	14.3%
Bridges	10	0.3	0.1	33.3%
Bereavement Services	2	0.5	-	-
Sustainability & Greenspace	22	0.5	-	-
Public Protection	4	0.4	-	-
Waste Management	1	0.1	-	-
Total	176	15.0	1.2	8.0%

The major schemes within this Service Area are:

- **Corporate Landlord Works : £2.3m** – Work to protect the Council's assets including mechanical & electrical, DDA and other improvements to buildings to ensure that Council services can be delivered in a safe and secure environment. 2014/15 priorities are currently being finalised by the Corporate Landlord Group based on the Asset Management Plan condition priorities. The budget also includes £0.5m for community asset transfer for which a number of potential transfers are currently being considered and £85k for a new corporate landlord IT system. This is currently on hold pending the outcome of the joint venture project.

- **Town Centre Regeneration : £1.6m** – Work to bring town centres back to life and to encourage business opportunities. Includes Altrincham Historic Market Quarter improvements and initiatives such as “Bringing Town Centres Alive”. The development of Altrincham and Stretford town centres are at the design & consultation stage and works will commence once all external funding has been secured.
- **Highways Related Schemes : £9.3m** – This area includes road safety and integrated transport schemes, programmed structural maintenance works, street lighting and major junction improvements works. As well as the £1.5m of additional investment detailed in section 1 of this report there has also been an additional DfT grant award of £750k for public realm improvements in Altrincham town centre. This is currently phased to 2015/16.
- **Sustainability & Greenspace: £0.5m** – Schemes for the improvement and provision of open spaces, parks and play areas including the upgrade of equipment and the improvement of paths and lighting. A range of schemes will be carried out throughout the year, with the expectation that all will be complete in year.
- **Bereavement Services - £0.5m** – Negotiations for the purchase of additional burial land in Altrincham is still ongoing and is expected to complete this year with the associated infrastructure works expected to commence in 2015/16. Also a new scheme for the replacement of the 2 cremators has been added to the Capital Programme at a cost of £350k. The first is to be replaced this year at a cost of £200k with the second in 2015/16.

Transformation & Resources

Capital Investment Programme 2014/15	Number of Schemes	Budget 2014/15 £m	Q1 Expend 2014/15 £m	Proportion of budget
Quarter 1 Budget		4.2		
Performance & Improvement	3	0.2	-	-
Information Technology	13	4.0	-	-
Total	16	4.2	0	0

The majority of the budget within this Service Area relates to ICT schemes
The major schemes programmed for 2014/15 include :

- **CRM Replacement/ Upgrade : £2.3m** – Currently completing contract terms and conditions with implementation expected to start in August 2014.
- **Electronic Data Records Management (EDRMS) : £0.6m** - Business case and requirements revisited and revised business case drafted. Soft market testing to be re-initiated for early August 2014. Expect to go out to tender by the end of August 2014.
- **WEB/ Customer Strategy : £0.4m** – The Customer Strategy was launched on 1st October 2013 to improve the customer experience when they contact the Council. Since the launch a number of outcomes have been achieved. The final phases of the strategy are aimed at managing the future needs of customers.

- **GM Rural Broadband : £0.3m** – The Greater Manchester Broadband Plan sets out how superfast and ultrafast broadband services will be delivered to both the residential and business markets, focusing on our principal town centres and employment sites. Greater Manchester's ambition is to become one of the world's top 20 digital cities by 2020. Broadband Delivery UK (part of the Dept. for Culture, Media and Sport) provide support of approx. £3.0m to Greater Manchester authorities with Stockport Council being the lead authority. The match funding of £2.5m is split equally across the 8 Greater Manchester authorities.