

## TRAFFORD COUNCIL

**Report to: Executive**

**Date: 20 June 2016**

**Report for: Decision**

**Report of: The Executive Member for Finance and the Chief Finance Officer**

### Report Title:

Revenue Budget Monitoring 2015/16 – Period 12 Outturn (April 2015 to March 2016).

### Summary:

**The Revenue Outturn report for the year to March 2016 shows a positive variation of £(5.5)m. The achievement of this planned underspend has allowed for the creation of a Budget Support Reserve to assist in smoothing the severe budget reductions expected to be faced in the years 2017/20.**

The main areas of overall budget variance and the favourable movement of £(0.204)m on the previous forecast are shown below and a summary by Directorate & Portfolio shown in Tables 1 & 2:

<b>Activity</b>	<b>Outturn £m</b>	<b>Movement £m</b>
Treasury Management (incl. Airport dividend and MRP saving)	(3.2)	-
Income & Grants (all Services)	(0.6)	(0.3)
Release of the unallocated general savings contingency budget (Council-wide)	(0.5)	-
Business Rates (Council-wide)	(0.4)	(0.1)
Vacancy management (all Services)	(3.5)	(0.7)
Running costs (all Services)	(1.3)	0.4
Children's client care packages	1.2	(0.1)
Adults client care packages	(0.1)	0.6
Rephased base budget savings	0.5	-
Manchester Airport Group (MAG) interim dividend - transfer to Earmarked Reserve	1.2	-
Minimum Revenue Provision (MRP) saving - transfer to Budget Support Reserve	1.2	-
<b>Forecasted outturn</b>	<b>(5.5)</b>	<b>(0.2)</b>

### **MTFP Savings and increased income**

Total Savings of £(21.769)m have been delivered against a target of £(21.584)m, an overachievement of £(0.185)m. Full details of all the variances have been included in the Transformation Board Report of 6 May 2016.

## **Reserves**

The opening balance of the General Reserve was £(7.871)m, and after taking into account approved use and commitments, and the Council-wide budget outturn in 2015/16, the closing balance as at 31 March 2016 is £(7.894)m.

Planned base budget support of £1.850m for the 2016/17 Budget and £0.044m on one-off projects will reduce the General Reserve to £(6.0)m, the minimum agreed by Council on 17 February 2016. (see Table 6 below).

The MAG interim dividend of £(1.245)m received in December 2015 has been transferred to an Earmarked Reserve for use in supporting the 2016/17 budget and the MRP saving of £(1.151)m transferred to the Budget Support Reserve.

In addition, the net service carry forward reserves at the beginning of the year were £(3.642)m, and after taking into account the service Directorates' outturn, the closing balance as at 31 March 2016 is £(5.950)m in surplus. In addition future service commitments of £1.757m are currently planned in 2016/17.

## **Council Tax**

The surplus brought forward of £(0.773)m, has been increased by an in-year surplus of £(1.360)m. After taking account of the planned use of £0.357m to support the base budget and another £0.081m for backdated valuation and discount appeals, and better than expected collection of our older debt of £(0.147)m, the total surplus to be carried forward is £(1.842)m. The Council's share of this surplus is £(1.545)m, and is planned to support future budgets in the MTFP.

## **Business Rates**

In year growth in business rate was £(2.560)m, which was £(0.749)m above target. Due to the manner in which business rate are accounted for, 50% of this additional growth £(0.374)m has been released in 2015/16 and features within the Council Wide outturn; the remaining 50% will be released to support the budget in 2017/18 (see paragraph 9 below).

## **Recommendation(s)**

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

- a) the pre-audited outturn be noted;
- b) £1.067m is transferred from the General Reserve to the Budget Support Reserve in 2015/16 to provide a cushion against volatility in budget funding and the significant level of savings required over the medium term (Table 6);
- c) the General Reserve and Collection Fund balances and commitments are noted and confirmed.

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

David Muggeridge, Finance Manager, Financial Accounting

Extension: 4534

Background Papers: None

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	Revenue expenditure to be been contained within available resources in 2015/16.
Legal Implications:	None arising out of this report
Equality/Diversity Implications	None arising out of this report
Sustainability Implications	None arising out of this report
Staffing/E-Government/Asset Management Implications	Not applicable
Risk Management Implications	Not applicable
Health and Safety Implications	Not applicable

**Finance Officer** .....NB.....

**Legal Officer** .....MRJ.....

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

## Budget Monitoring - Financial Results

1. Based on the pre-audit outturn for the year, the Council will underspend its budget by £(5.558)m, (3.7)% for 2015/16 (Tables 1 & 2), which is a favourable movement of £(0.204)m since last period (paragraph 4).
2. The overall variance includes a net underspend on the three Directorate budgets of £(3.458)m, (2.8)%, and a net underspend on Council-wide budgets of £(2.100)m, (8.9)%. 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>Outturn (£000's)</b>	<b>Percentage %</b>	<b>Period Movement (£000's)</b>	<b>Annex</b>
CFW – Children's Services	598	2.1%	(239)	1
CFW – Adult Social Services	(2,348)	(4.8)%	279	1
CFW – Public Health	153	17.6%	(1)	1
Economic Growth, Environment & Infrastructure	(778)	(2.4)%	(2)	2
Transformation & Resources	(1,083)	(6.4)%	(56)	3
<b>Total Service Variances</b>	<b>(3,458)</b>	<b>(2.8)%</b>	<b>(19)</b>	
Council-wide budgets	(4,496)	(19.0)%	(185)	4
MAG interim dividend - transferred to MAG Dividend Reserve	1,245	-	0	4
MRP saving – transferred to Budget Support Reserve	1,151	-	0	4
<b>Outturn variance</b>	<b>(5,558)</b>	<b>(3.7)%</b>	<b>(204)</b>	

*CFW – Children, Families & Wellbeing*

<b>Table 2: Budget Monitoring results by Executive Portfolio Holder</b>	<b>Outturn (£000's)</b>	<b>Percentage %</b>	<b>Period Movement (£000's)</b>
Children's Services	598	2.1%	(239)
Adult Social Services	(2,348)	(4.8)%	279
Community Health & Wellbeing	153	17.6%	(1)
Environment & Operations	(389)	(1.4)%	(15)
Economic Growth & Planning	(389)	(8.5)%	13
Communities & Partnerships	20	0.8%	(7)
Transformation & Resources	(593)	(6.0)%	39
Finance	(5,006)	(17.8)%	(273)
MAG interim dividend - transferred to MAG Dividend Reserve	1,245	-	0
MRP saving – transferred to Budget Support Reserve	1,151	-	0
<b>Outturn variance</b>	<b>(5,558)</b>	<b>(3.7)%</b>	<b>(204)</b>

## Key Outturn Variations and Period Movements

3. The key variances for the year contributing to the outturn position of £(5.558)m are:
- Children's client care package costs £1.288m;
  - Reduction in running costs across all Directorates of £(0.612)m including: Social Support – Adult Placement, renegotiated contracts £(0.454)m; Children's Commissioning Service, personalisation and supporting people contracts £(0.251)m;
  - Vacancy management across all Directorates, £(3.487)m;
  - New and increased income generated £(0.788)m of additional funding, including: Parking Services £(0.179)m; Asset management property rentals £(0.187)m; Planning & Building Control £(0.081)m; HR Shared Service £(0.131)m; Treasury Management £(0.194)m;
  - Manchester Airport Group Dividend above budget, £(0.648)m (after transferring £(1.245)m to an Earmarked Reserve for use in supporting the 2016/17 budget);
  - Business Rates - additional growth of £(0.374)m has been released in 2015/16 and included in the Council Wide outturn;
  - Housing and Council Tax Benefits overpayment recovery net variance of £(0.454)m;
  - Release of the unallocated general savings contingency budget, £(0.487)m;
  - Other net variances totalling £0.004m.
4. The key variances contributing to the period movement of a favourable £(0.204)m are:
- Children's Services – a reduction in the overspend on client care packages, £(0.100)m;
  - Children's Services - other net movements across all services relating to income, staffing and running costs, £(0.139);
  - Adult Services – adverse movement of £0.553m as a result of client cost and activity changes, mainly within Long Term Clients;
  - Adult Services – favourable movement in staffing costs, £(0.228), particularly in the Social Care Activities – Care Management teams;
  - Adult Services – reduction in running costs across a number of services, £(0.047)m;
  - Economic Growth, Environment & Infrastructure Directorate – a net favourable movement of £(0.002)m across all services including income £(0.052)m and staffing £(0.086)m, offset by an increase in running costs of £0.136m;

- Transformation & Resources Directorate – additional income of £(0.168)m from Proceeds of Crime, £(0.047)m, Government grants £(0.043)m and other external income generation, £(0.078)m;
- Transformation & Resources Directorate – other net adverse movements in staffing and running costs, £0.112m;
- Housing and Council Tax Benefits overpayment recovery, favourable movement of £(0.069)m;
- A reduction in the provision for doubtful debts for general debtors has generated a budget saving in Council-wide of £(0.335)m;
- Council-wide - one-off amount set aside to top-up the Pension Strain allocation with the Greater Manchester Pension Fund in 2016/17 of £0.4m;
- Business Rates – a favourable movement on the Council-wide budget of £(0.069)m since the last report (see paragraph 9 below);
- Release of Deprivation of Liberty Safeguards (DoLS) grant originally held as a contingency in Council-wide against CFW savings, £(0.076)m;
- Other net movements in Council-wide, £(0.036)m.

## MTFP Savings and increased income

5. The Budget included for £(21.584)m of savings and increased income. The table below summarises the final outturn against this savings target:

<b>Table 3: Base budget savings</b>		<b>Total (£000's)</b>	<b>Total (£000's)</b>
<b>Outturn</b>			
	CFW	(16,045)	
	EGEI	(2,814)	
	T&R	(2,522)	
	C-W	(388)	
<b>Total Savings delivered</b>			<b>(21,769)</b>
<b>Budget Savings Required</b>			<b>(21,584)</b>
<b>Total Net Shortfall/ (Over recovery)</b>			<b>(185)</b>
<b>Shortfall Detailed by Directorate</b>			
Shortfall against savings target within T&R			
	• Libraries (as measured against revised target)	126	
	• ICT Procurement/ Other	150	
<b>Total shortfall/ (Over recovery) within T&amp;R</b>			<b>276</b>
Shortfall/(Over recovery) against savings target within CFW			
	• Children with Complex Needs – Use of Personalisation	(8)	
	• Children with Complex Needs – expand in-house homes	50	
	• Education Early Years – Early Help	187	
	• Older People Reablement	(470)	
	• LD – Void Management	(19)	
	• LD – Ordinary Residence	258	
	• LD – Care Package Review/ Reshaping Trafford	(685)	
	• Integrated Health and Social Care	260	
	• Commissioning – review of non-mandatory services	(6)	
<b>Total shortfall/ (Over recovery) within CFW</b>			<b>(433)</b>
Shortfall/(Over recovery) against savings target within CW			
	• Old Car Lease Scheme	(28)	
<b>Total shortfall/ (Over recovery) within CW</b>			<b>(28)</b>
<b>Total Net Shortfall/(Over recovery)</b>			<b>(185)</b>

6. This represents an overachievement against target of £(0.185)m. Full details of all the variances have been included in the Transformation Board Report of 6 May 2016.

## Council Tax

7. The 2015/16 surplus on the Council Tax element of the Collection Fund is shared between the Council (84%), the Police & Crime Commissioner for GM (12%) and GM Fire & Rescue Authority (4%). The 2015/16 total surplus brought forward was £(0.773)m.
8. As at the year end the total in-year surplus was £(1.360)m. After taking account of the planned application to support the 2015/16 budget of £0.356m and reductions as a consequence of back-dated valuations and awards of discounts or exemptions of £0.081m and better than expected collection of our older debt of £(0.146)m, the end of year total balance is £(1.842)m. The Council's share of this is £(1.545), being a favourable improvement of £(0.102)m since last month.

Table 4: Council Tax surplus	Overall		Trafford	
	£(000's)	£(000's)	£(000's)	£(000's)
<b>Surplus brought forward</b>		<b>(773)</b>		<b>(649)</b>
In Year Surplus	(1,360)		(1,141)	
Collection Fund initiatives	(149)	<b>(1,509)</b>	(125)	<b>(1,266)</b>
Banding valuations & discounts	81		68	
Increase in Bad Debt Provision	3	<b>84</b>	2	<b>70</b>
In-year application of surplus		<b>356</b>		<b>300</b>
<b>Surplus carry forward</b>		<b>(1,842)</b>		<b>(1,545)</b>

## Business Rates

9. The financial position in respect of the Business Rate Retention Scheme for 2015/16 is summarised in the table below:

Table 5: Calculation of Business Rates Income 2015/16	Original Estimate £000's	Outturn £000's	Variance £000's
<b>Net Yield</b>	<b>(161,238)</b>	<b>(162,769)</b>	<b>(1,531)</b>
Local Share (49%)	(79,007)	(79,756)	(749)
Less Tariff (Set by Government)	44,142	44,142	-
<b>Retained Rates</b>	<b>(34,865)</b>	<b>(35,614)</b>	<b>(749)</b>
Government Baseline	(33,054)	(33,054)	-
<b>In Year Growth</b>	<b>(1,811)</b>	<b>(2,560)</b>	<b>(749)</b>
Add: Section 31 Grants	(1,663)	(1,963)	(300)
Estimated surplus 2014/15	(1,710)	(1,710)	-
<b>Total Income subject to Levy</b>	<b>(5,184)</b>	<b>(6,233)</b>	<b>(1,049)</b>
Deduct Levy	2,592	3,104	512
<b>Net Income</b>	<b>(2,592)</b>	<b>(3,129)</b>	<b>(537)</b>
Add: Levy Rebate from GM Pool	(579)	(750)	(171)
Increased grant for 2% cap	(136)	(136)	-
Renewable Energy (retained in full)	(77)	(77)	-
S31 Grant from the cap on the business rate multiplier	(480)	(521)	(41)
<b>Net Retained Income</b>	<b>(3,864)</b>	<b>(4,613)</b>	<b>(749)</b>



10. In year growth was £(2.560)m which was £(0.749)m above target. This represents a movement from that last reported of £(1.103)m. The reason for this being a significant reduction in the amount that was set aside for bad debts in the year compared to that forecast. This additional benefit (net of any levy) of £(0.375)m will be available to support the budget in 2017/18.
11. The overall benefit in 2015/16 of £(0.374)m will be derived from:
  - Section 31 grants receivable to reimburse the Council for various Government initiatives including small business rate relief and retail relief are £(0.300)m higher than forecast due to a higher than estimated level of reliefs awarded. The benefit after payment of any levy is £(0.150)m in 2015/16;
  - Levy Rebate from the GM Pool which is £(0.171)m higher than estimated;
  - 2015/16 multiplier cap £(0.041)m;
  - Other adjustments £(0.012).
12. The additional levy on the extra growth will be matched to the growth and charged against the additional income when it can be released to the budget in 2017/18.
13. During 2015/16 DCLG agreed to a GM Growth Pilot whereby AGMA districts were able to retain 100% of their business rates above a baseline which was calculated on their NNDR1 forecasted net rates. The formal regulations around the scheme and how any retained growth will be utilised within AGMA have still to be determined but it is estimated that the 50% Government share of growth that will be retained within AGMA based on Trafford's performance will be £(0.900)m. This will be treated as a contingent asset in the year end accounts until such time as the formal regulations are passed when it will be accrued for and credited to a reserve until such time that AGMA determine how to utilise it.

## **Reserves**

14. The table below shows the balance on the General Reserve at 31 March 2016 and also includes for the future commitments agreed by Council on 17 February 2016 as part of the 2016/17 Budget Report. The balance at year end is £(7.894)m. After taking into account future plans the uncommitted balance is £(6.0)m, the minimum level agreed by Council on 17 February 2016:

<b>Table 6 : General Reserve Movements</b>	<b>(£000's)</b>
<b>Balance 31 March 2015</b>	<b>(7,871)</b>
<b>Commitments in 2015/16:</b>	
- Planned use for 2015/16 Budget	1,000
- Planned use for one-off projects 2015/16	10
- Council-wide budgets underspend	(2,100)
- Interim MAG Dividend 2015/16	(1,245)
- Transfer to MAG Dividend Reserve	1,245
- Minimum Revenue Provision (MRP) saving	(1,151)
- Transfer to Budget Support Reserve	1,151
- Additional transfer to Budget Support Reserve *	1,067
<b>Balance 31 March 2016</b>	<b>(7,894)</b>
- Planned use for 2016/17 Budget	1,850
- Planned use for one-off projects 2016/17	44
<b>Balance 31 March 2017</b>	<b>(6,000)</b>

\* As set out in the budget report in February 2016, the Director of Finance recommended to set a minimum level of £6m for the General Reserve. In order to maintain the General Reserve at £6m, it is recommended the balance of £1.067m is transferred to the Budget Support Reserve, which was recently established to provide a cushion against volatility in budget funding and the significant level of savings required over the medium term. The Budget Support Reserve balance is £(2.8)m at 1st April 2016, consisting of £(1.151)m released from the 2015/16 budget as a result of the Council's review of the MRP Policy, £(0.582)m released from various other earmarked reserves, as agreed in the budget report, and £(1.067)m transferred from General Reserve.

15. Service balances brought forward from 2014/15 were a net £(3.642)m. After the pre-audited outturn for the year, there is a net surplus of £(5.950)m to be carried forward to 2016/17 (Table 7).

	<b>b/f 1 April 2015 (£000's)</b>	<b>Movement in-year (£000's)</b>	<b>Balance as at 31 March 2016 (£000's)</b>
<b>Table 7: Service balances</b>			
Communities, Families & Wellbeing	(403)	(1,435)	(1,838)
Economic Growth, Environment & Infrastructure	(1,738)	(2)	(1,740) *
Transformation & Resources	(1,501)	(871)	(2,372) **
<b>Total (Surplus)/Deficit</b>	<b>(3,642)</b>	<b>(2,308)</b>	<b>(5,950)</b>

\* In addition future commitments of £1.149m are currently planned in 2016/17.

\*\* In addition future commitments of £0.608m are currently planned in 2016/17.

## Recommendations

16. It is recommended that:
  - (a) the pre-audited outturn be noted;
  - (b) £1.067m is transferred from the General Reserve to the Budget Support Reserve in 2015/16 to provide a cushion against volatility in budget funding and the significant level of savings required over the medium term (Table 6);
  - (c) the General Reserve and Collection Fund balances and commitments are noted and confirmed.

## TRAFFORD COUNCIL

Report to: CFW Senior Leadership Team  
 Date: 19<sup>th</sup> May 2016  
 Report for: Discussion  
 Report author: CFW Finance Manager

**Report Title:**

**Revenue Budget Monitoring 2015/16 – Period 12 Outturn (April 2015 to March 2016).**

**1. Outturn for the Year**

- 1.1 The approved revenue budget for the year is £76.039m and the outturn is £74.442m, which is less than the budget by £(1.597)m, (2.1)%. The underspend includes an overspend of £0.598m on Children's Services and an underspend of £(2.195)m on Adults.
- 1.2 The forecast variance for Period 11 was £(1.636)m and this represents an adverse movement of £0.039m since last reported.
- 1.3 The savings target for CFW in 2015/16 was £(15.612)m. The outturn position is that £(16.045)m has been achieved and provides a high level of assurance about the robustness of financial planning and effective delivery of transformation projects within the Directorate.

**2 Summary of Variances**

- 2.1 The main outturn variances (over £100k) are summarised below with more detail provided in Appendix 1.
- 2.2 **CHILDREN'S SERVICES**  
**The overall variance for Children's Services is an adverse £0.598m and the main areas (over £100k) are analysed below:-**

**(a) Children's Social Services (including Children with Complex Needs) - £1.188m adverse variance**

- There is an adverse variance of £1.288m on client care packages as analysed in Appendix 2. The main variances relate to an adverse variance of £1.328m relating to external children's homes, even though this is as a result of only 7.40 additional placements over the year, indicating the volatility of this particular budget and £0.260m for welfare secure places which relates to 0.81 additional places. The increase in both these costs is due to a combination of demographic growth and the complexity of need of children in care with more children requiring high cost specialist placements. There is also an adverse variance of £0.119m on agency foster placements which equates to 3.40 placements and an adverse variance of £0.109 for youth homeless placements due to increased numbers above the budget allocation. Also included in the £1.288m above is a favourable variance of £(0.358)m in

relation to the low numbers of Trafford children in need of adoptive placements and a favourable variance of £(0.173)m for In-House foster care which relates to reduced placements of (10.06).

However, this is counterbalanced by a shortfall in adoption income of £0.344m. In the North West the number of recruited adopters is exceeding the number of children awaiting adoption. This resulted from a legal judgement that placed a greater emphasis on a child returning home or to family members prior to consideration of adoption.

- Robust management action continues to be in place to scrutinise each individual placement to ensure it is appropriate to meet needs. We are also exploring collaborative ways of managing the external market as costs have increased substantially due to the increased demand for places. We have implemented an 'Edge of Care Strategy' that supports children and young people to remain at home and developing that into a broader project as part of the CFW transformation programme.
- Favourable variance in staffing costs of £(0.288)m due to staff turnover and vacancies across this service area.

**(b) Education Early Years - favourable variance £(0.137)m**

This is due to staffing underspend £(0.264)m, additional income £(0.023)m offset by adverse variances on transport £0.056m and other running costs £0.094m.

**(c) Commissioning running costs - favourable variance £(0.251)m**

This is due to personalisation and supporting people contracts.

**(d) Early Help Delivery Model - favourable variance £(0.128)m**

This is due to additional income.

**Movement from previous period**

The outturn variance compared to that last reported is £(0.239)m favourable. The main reasons for the change (over £20k) are:-

- Children's Social Services favourable movement of £(0.202)m. Due to reduction in overspend on client care packages £(0.100)m, reduction in staffing costs £(0.079)m, additional adoption income £(0.041)m and other minor variances totalling £0.018m.
- Education and Early Years adverse movement £0.030m due to increased staffing costs.
- Early Help Delivery Model favourable movement £(0.034)m, mainly due to additional income.

## 2.3 ADULTS' SERVICES

**The overall variance for Adults' Services is £(2.195)m favourable and the main variances (over £100k) are analysed below:**

- Long Term Support – client costs favourable variance £(0.187)m due to the increase in number of clients/costs offset by the overachievement of savings. Further detail on the variance is included in Appendix 4.
- Social Support (Carers and Adult Placement) – favourable variance £(0.545)m due to the renegotiation of a contract and funding from the Care Act grant.
- Social Care Activities – Care Management - favourable variance £(1.215)m. £(0.389)m is as a result of over achievement of staff savings within the reablement transformation project and £(0.826)m is due to utilisation of the Care Act grant and staff turnover and vacancies across a wide range of care management services (see CFW 8 in Appendix 1).
- Information and Early Intervention - favourable variance £(0.423)m due to an underspend in Extra Care as a result of a delay in implementation of the Old Trafford scheme of £(0.281)m, vacancies within the benefits advice team of £(0.082)m, renegotiation of contracts £(0.049)m and other minor variances £(0.011)m.
- Commissioning and Service Delivery – favourable variance £(0.331)m due to vacancies in the service following the Commissioning restructure £(0.267)m, re-configuration of services £(0.050)m and other minor variances of £(0.014)m.
- Department of Health funding and unallocated savings – adverse variance £0.266m due to the underachievement of the Integrated Health & Social Care saving £0.260m and other minor variances £0.006m. This saving proposal is now subsumed within the wider discussion with Pennine Care about the integration of all age health and social care services.
- Public Health – adverse variance of £0.153m due to the in-year Government reduction of (£0.772m) not being achievable.

An analysis of all variances is included in Appendix 1.

### **Movement from previous period**

The outturn variance compared to that last reported is £0.279m adverse. The main reasons for the change (over £20k) are:-

- Client costs – Adverse movement of £0.537m as a result of client cost and activity changes.
- Social Support – Favourable movement of £(0.084)m due to a reduction in project costs.
- Assistive Equipment & Technology – Adverse movement of £0.041m due to increase in Telecare charges and equipment.

- Social Care Activities (Care Management teams) – favourable movement of £(0.206)m following a review of vacancies across all teams and use of Care Act funding.
- Commissioning and Service Delivery – favourable movement of £(0.022)m due to contract amendments.

## 2.4 PUBLIC HEALTH

The Public Health budget is financed by a ring-fenced grant. Under the terms and conditions of the grant this must be used for defined Public Health purposes.

An announcement of the in-year budget reduction for Public Health was made by the Government in November 2015. Nationally this is £200m and the impact for Trafford Council is a reduction of £0.772m.

The final outturn position is that £0.619m of this reduction has been met within the Public Health budget on a one-off basis for 2015/16. The remaining £0.153m is met from within the overall CFW budget underspend.

## 3. Savings

### 3.1 2015/16 Base Budget Savings

The Council's overall budget for 2015/16 includes £(21.584)m of savings of which £(15.612)m relates to CFW.

The final position is that against the target of £(15.612)m, savings of £(16.045)m have been achieved and a full breakdown of the projections for individual initiatives is included in Appendix 3.

The additional savings over the Service's target is a major achievement and provides a high level of assurance about the robustness of financial planning and effective delivery of transformation projects within the Directorate.

Within the gross shortfall of £0.187m for the Early Help model, £0.073m relates to a decision to keep Sale West and Old Trafford Youth Centres open which has been met from a temporary budget virement from the general savings contingency in Council-wide in 2015/16. The remaining amount of £0.114m will be met via one-off funding from Corporate Landlord of £0.050m and £0.064m from within the CFW Directorate from the over-achievement of other savings. Budget provision has been made available in 2016/17 for the building costs of both youth centres, with the savings target for Old Trafford of £0.035m reinstated for 2017/18.

The shortfall of £0.260m in Integrated Health and Social Care has been partially offset by a saving of £(0.100)m whereby the service has taken the opportunity to capitalise expenditure associated with major aids and adaptations. This on-going saving proposal is now subsumed within the wider discussion with Pennine Care about the integration of all age health and social care services.

#### 4 Better Care Fund

- 4.1 Under the terms of the Better Care Fund agreement with the CCG, the Council secured £(2.0)m for the protection of social care services. A national condition of the funding allocated for the Better Care Fund is that collectively the CCG and Council should achieve targeted reductions of at least 3.5% in non-elective admissions. Should these reductions not be achieved, then funding allocated in respect of performance would not be released by NHS England and the CCG would be obliged to transfer this to the acute sector. The amount of BCF funding in the BCF agreement relating to performance is £(1.319)m and the Council carries the risk of 30% of funding based on the agreed risk share of 70/30 between the CCG and the Council; this equates to circa £0.400m in 2015/16.
- 4.2 Planned reductions on non-elective admissions have not been met, locally, regionally or nationally, and the Council has paid the CCG its share of the risk to BCF funding which equates to £0.400m. This shortfall has been met from an earmarked reserve.

#### 5 Learning Disabilities (LD) Pooled Fund

- 5.1 The LD Pooled fund deficit was written down at the end of 2014/15 and therefore in balance at the start of the year. The fund has underspent by £(0.156)m in 2015/16 and this balance is being retained by the Council to offset the costs of the previous deficit. It is therefore included in the outturn figures in this report

#### 6 Reserves

- 6.1 At the beginning of April 2015 the Children, Families and Wellbeing Directorate has accumulated balances of £(1.729)m carried forward from previous financial years.
- 6.2 The carry-forward balances at the end of the year is as follows:

	<b>DSG (£000's)</b>	<b>CFW (£000's)</b>
Balance b/f 1 April 2015	(1,326)	(403)
Reserves used to balance budget	163	
Specific commitments in 15/16		162
Outturn 15/16	376	(1,597)
<b>Balance c/f 31 March 2016</b>	<b>(787)</b>	<b>(1,838)</b>



### Period 12 Outturn revenue expenditure and income variances

The following tables detail the main variances from the revenue budget to the 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 Revised Budget (£000's)</b>	<b>Outturn (£000's)</b>	<b>Outturn variance (£000's)</b>	<b>P11 variance (£000's)</b>	<b>Period Movement (£000's)</b>	<b>Ref</b>
<b>Children's Services Portfolio – DSG Element</b>						
Dedicated Schools Grant	0	376	376	514	(138)	CFW1
Transfer to Dedicated Schools Grant Reserve	0	(376)	(376)	(514)	138	CFW1
<b>Sub-total – DSG</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Children's Services Portfolio – Non DSG Element</b>						
Education Early Years' Service	4,993	4,856	(137)	(167)	30	CFW3
Children's Social Services	17,221	18,666	1,445	1,648	(203)	CFW2
Children with Complex & Additional Needs	1,288	1,031	(257)	(258)	1	CFW2
Commissioning	1,714	1,463	(251)	(247)	(4)	CFW3
Multi Agency Referral & Assessment Service (MARAS)	1,649	1,596	(53)	(38)	(15)	CFW3
Youth Offending Service	271	250	(21)	(7)	(14)	CFW3
Early Help Delivery Model	959	831	(128)	(94)	(34)	CFW3
<b>Sub-total – Non DSG</b>	<b>28,095</b>	<b>28,693</b>	<b>598</b>	<b>837</b>	<b>(239)</b>	
<b>CFW Children's Total</b>	<b>28,095</b>	<b>28,693</b>	<b>598</b>	<b>837</b>	<b>(239)</b>	

<b>Budget Book Format (Objective analysis)</b>	<b>Full Year Revised Budget (£000's)</b>	<b>Outturn (£000's)</b>	<b>Outturn variance (£000's)</b>	<b>P11 variance (£000's)</b>	<b>Period Movement (£000's)</b>	<b>Ref</b>
<b>Adult Social Services Portfolio</b>						
Long Term Support – client costs	38,757	38,570	(187)	(724)	537	CFW4
Short Term Support – client costs	557	594	37	21	16	CFW5
Social Support – Adult Placement / Carers Commissioned services	849	304	(545)	(461)	(84)	CFW6
Assistive Equipment & Technology	1,473	1,523	50	9	41	CFW7
Social Care Activities – Care Management	11,523	10,308	(1,215)	(1,009)	(206)	CFW8
Information and Early Intervention – Preventative Services	934	511	(423)	(414)	(9)	CFW9
Commissioning and Service Delivery	765	434	(331)	(309)	(22)	CFW10
Non-Adult Social Care – Supporting People	0	0	0	0	0	CFW11
DH Funding and un-allocated savings (Note 1)	(6,046)	(5,780)	266	260	6	CFW12
<b>CFW Adults Total</b>	<b>48,812</b>	<b>46,464</b>	<b>(2,348)</b>	<b>(2,627)</b>	<b>279</b>	
<b>Community Health &amp; Wellbeing Portfolio</b>						
Public Health	(868)	(715)	153	154	(1)	CFW13
<b>CFW Public Health Total</b>	<b>(868)</b>	<b>(715)</b>	<b>153</b>	<b>154</b>	<b>(1)</b>	
<b>CFW Total</b>	<b>76,039</b>	<b>74,442</b>	<b>(1,597)</b>	<b>(1,636)</b>	<b>39</b>	

<b>Business Reason / Area (Subjective analysis)</b>	<b>Outturn Variance (£000's)</b>	<b>P11 Variance (£000's)</b>	<b>Period Movement (£000's)</b>	<b>Ref</b>
<b>Children's</b>				
Management of staff budgets	(549)	(390)	(159)	CFW2, CFW3
Transport Costs	95	74	21	CFW3
Client Need	1,288	1,388	(100)	CFW2
YOS Remand Placements	(79)	(78)	(1)	CFW2
Income	119	208	(89)	CFW2
Other running costs	(276)	(365)	89	CFW2, CFW3
<b>Total Children's</b>	<b>598</b>	<b>837</b>	<b>(239)</b>	
<b>Adults</b>				
Management of staff budgets	(1,546)	(1,318)	(228)	CFW8, 10
Client Need	(150)	(703)	553	CFW4, CFW5
Other running costs	(652)	(606)	(46)	CFW6,7,9,10, CFW11
<b>Total Adults</b>	<b>(2,348)</b>	<b>(2,627)</b>	<b>279</b>	
<b>Public Health</b>	<b>153</b>	<b>154</b>	<b>(1)</b>	
<b>Total CFW</b>	<b>(1,597)</b>	<b>(1,636)</b>	<b>39</b>	

## NOTES ON VARIANCES AND PERIOD MOVEMENTS

### CHILDREN'S SERVICES

#### CFW1 – DSG

- The overspend within DSG was £0.376m in 2015/16 and the DSG reserve balance at year-end is £(0.787)m. The greatest pressure on the DSG continues to be the increasing numbers in SEN and the High Needs Block of the DSG being frozen. The significant reliance on the DSG reserve has been addressed for 2016/17 by reviewing school allocations and this has been agreed by the schools Funding Forum on 19 January 2016. A consultation on a new funding formula for schools is currently being considered.
- Schools reserves as at 31 March 2016 are £8.7m (these are shown in Appendix 5).

#### CFW2 – Children's Social Services (Including CAN) £1.188m adverse variance

- There is an overspend of £1.288m, on client care packages as analysed in the table in Appendix 2. The main variances are in respect of welfare secure places, external children's homes, agency foster care and adoption places. The increases in cost are due to a combination of demographic growth and the complexity of need of children in care with more children requiring high cost specialist placements. £1.328m of the variance relates to external children's homes even though this is as a result of only 7.40 additional placements over the year, indicating the volatility of this particular budget. There is an adverse variance of £0.260m for welfare secure places which relates to 0.81 additional places and £0.119m on agency foster placements which equates to 3.40 placements: this reflects a national trend following high profile reports into major failings such as at Rotherham. There is also an adverse variance of £0.109 for youth homeless placements due to increased numbers above the budget allocation. There is a favourable variance of £(0.358)m in relation to the low numbers of Trafford children in need of adoptive placements. This significant reduction has had an impact on numbers of children placed for adoption. There is a favourable variance of £(0.173)m for In-House foster care which relates to reduced placements of (10.06).
- There is a shortfall in adoption income of £0.344m, although this is partially offset by the reduction in adoption costs referenced above. It has become apparent that in the North West the number of recruited adopters is exceeding the number of children awaiting adoption. This resulted from a legal judgement that placed a greater emphasis on a child returning home or to family members prior to consideration of adoption. We are currently developing an expression of interest with neighbouring LA's for a Regional Adoption Agency in line with national policy.
- Staffing costs – favourable variance £(0.288)m.
- There is additional income for CAN placements of £(0.086)m as a result of Continuing Health Care assessments that have identified eligible expenditure for children with complex health needs,

- General running costs - favourable variance £(0.035)m.
- Adoption grant - favourable variance of £(0.035)m.

### **CFW3 – Various - £(0.590)m favourable**

#### **Education Early Years**

- Favourable variance due to staffing underspend £(0.264)m, additional income £(0.023)m offset by adverse variances on transport £0.056m and other running costs £0.094m.

#### **Commissioning running costs**

- Favourable variance on personalisation and supporting people contracts £(0.251)m.

#### **MARAS**

- Favourable variance due to staffing £(0.053)m.

#### **Youth Offending Service**

- Favourable variance £(0.021)m mainly due to low remand placements

#### **Early Help Delivery Model**

- Favourable variance £(0.128)m due to increased income.

### **ADULTS' SERVICES**

#### **CFW4 – Long term client costs - £(0.187)m favourable**

- Due to the increase in the number of clients/costs offset by the overachievement of savings. Further detail on the variance is included in Appendix 4.

#### **CFW5 – Short term client costs - £0.037m adverse**

- Due to the increase in the number of clients/costs.

#### **CFW6 – Social Support – Adult Placement / Carers - £(0.545)m favourable**

- Due to the renegotiation of contracts and funding through the Care Act grant £(0.545)m.

#### **CFW7 – Assistive Equipment & Technology - £0.050m adverse**

Due to :-

- High volume of minor adaptations £0.143m.
- Reduction in Lift maintenance spend £(0.043m)
- Equipment Recharge through the One Stop Resource Centre and cost of running the centre £(0.059)m
- Community alarms £0.009m

### **CFW8 – Social Care Activities – Care Management teams - £(1.215)m favourable**

Due to vacant posts and other staffing related savings across the following teams:

- Pathways and Network £(0.183)m;
- Ascot House £(0.056)m;
- Community MH Organic team £(0.090)m;
- Community Mental Health team £(0.055)m;
- Crisis Team £0.020m;
- Community Social Work team £(0.409)m;
- CLDT team £(0.052)m;
- Emergency Duty Team £0.040m;
- Service manager posts £(0.030)m;
- Reablement £(0.401)m;
- Other minor variances £0.001m.

### **CFW9 – Information and Early Intervention - £(0.423)m favourable**

Due to:-

- Extra Care Housing –Old Trafford scheme will not be operational until 2017 £(0.281)m.
- Vacancies within the benefits advice team £(0.082)m.
- Renegotiation of contracts £(0.049)m
- Other minor variances £(0.011)m.

### **CFW10 – Commissioning & Service Delivery - £(0.331)m favourable**

Due to:-

- Commissioning Restructure – saving arising from restructure and vacancies in the service £(0.267)m.
- Re-configuration of contracts £(0.050)m.
- Other minor variances £(0.014)m

### **CFW11 – Non-Adult Social Care - £Nil**

- In line with budget.

### **CFW12- DH Funding and un-allocated savings - £0.266 adverse**

- Due to the underachievement of the Integrated Health & Social Care saving £0.260m and other minor variances £0.006m. This saving proposal is now subsumed within the wider discussion with Pennine Care about their integration of a wide range of services

**CFW13 – Public Health - £0.153m adverse**

- After a detailed review the level of in year reduction achievable is £0.619m against the Government reduction of £0.772m.

## Client Care Packages : Outturn

Service	Budget Service Users (No.)	Budget Average weekly cost (£)	Gross Budget (£000's)	Actual Service Users (No.)	Average weekly cost (£)	Actual Gross Forecast (£000's)	Variance Service Users (No.)	Variance Gross Forecast (£000's)
Welfare Secure	0.34	5,081	90	1.15	5,853	350	0.81	260
External Children's Homes	5.86	3,048	929	13.26	3,273	2,257	7.40	1,328
Agency Foster Care	32.89	884	1,513	36.29	865	1,632	3.40	119
In-house Foster Care	94.68	319	1,570	84.62	317	1,397	(10.06)	(173)
Family and Friend Foster Care	112.04	218	1,271	110.14	234	1,340	(1.90)	69
Asylum Seekers	0.00	0	0	0.00	0	0	0.00	0
Special Guardianship	29.00	152	229	28.54	157	233	(0.46)	4
Assisted Residence Allowances	24.00	107	133	20.00	113	117	(4.00)	(16)
Aftercare	n/a		381	n/a		428	n/a	47
Supported Lodges	n/a		325	n/a		276	n/a	(49)
Youth Homeless	n/a		193	n/a		302	n/a	109
Adoption	13.00		923	4.00		565	(9.00)	(358)
CAN Respite	1.96	1,931	210	1.48	2,417	186	(0.48)	(24)
CAN Long Term Care	4.91	2,436	594	4.95	2,409	620	0.04	26
CAN Home from Home	n/a		161	n/a		161	n/a	0
CAN Direct Payments/Personalisation	n/a		367	n/a		313	n/a	(54)
<b>Total</b>			<b>8,889</b>			<b>10,177</b>		<b>1,288</b>



## Savings Outturn

CFW Rebased Savings 2015/16		2015/16 Revised Reduction (£000's)	Saving (£000's)	Variance (£000's)
Children with Complex Needs – use of personalisation	CS	(200)	(208)	(8)
Children in Care – expansion of in-house Children's home	CS	(50)	0	50
Home to School Transport	CS	(400)	(400)	-
Market Management	CS	(200)	(200)	-
Music Service	CS	(30)	(30)	-
Educational Psychology	CS	(100)	(100)	-
Governor Services	CS	(5)	(5)	-
Commissioning – reduction in multi-agency contracts	CS	(126)	(126)	-
Education Early Years – Early Help *	CS	(3,079)	(2,892)	187
Education Early Years – Re-organisation	CS	(377)	(377)	-
Youth Offending Service	CS	(130)	(130)	-
<b>Sub-total Children Services</b>		<b>(4,697)</b>	<b>(4,468)</b>	<b>229</b>
Older People – Reablement	AS	(700)	(1,170)	(470)
LD - Re-negotiation of Contracts	AS	(13)	(13)	-
LD – Supported Living	AS	(203)	(203)	-
LD – Acceleration of Re-tendering	AS	(942)	(942)	-
PD – Telecare	AS	(116)	(116)	-
LD – Void Management	AS	(32)	(51)	(19)
Continuing Health Care	AS	(389)	(389)	-
Better Care Fund	AS	(2,000)	(2,000)	-
Voluntary and Community Sector	AS	(59)	(59)	-
LD – Ordinary Residence	AS	(1,082)	(824)	258
LD – Care Package Review	AS	(411)	(1,934)	(685)
Reshaping Trafford	AS	(838)		
LD – Development Fund	AS	(45)	(45)	-
LD – Review of Building Based Support	AS	(72)	(72)	-
Floating Support Service	AS	(230)	(230)	-
Market Management	AS	(915)	(915)	-
Integrated Health & Social Care **	AS	(500)	(240)	260
Commissioning – all age structure	AS	(830)	(830)	-
Commissioning – review of non-mandatory services	AS	(1,538)	(1,544)	(6)
<b>Sub-total Adult Social Care</b>		<b>(10,915)</b>	<b>(11,577)</b>	<b>(662)</b>
<b>Total</b>		<b>(15,612)</b>	<b>(16,045)</b>	<b>(433)</b>

\* Within the gross shortfall of £0.187m for the Early Help model, £0.073m relates to a decision to keep Sale West and Old Trafford Youth Centres open which has been met from a temporary budget virement from the general savings contingency in Council-wide in 2015/16. The remaining amount of £0.114m will be met via one-off funding from Corporate Landlord of £0.050m and £0.064m from within the CFW Directorate from the over-achievement of other savings. Budget provision has been made available in 2016/17 for the building costs of both youth centres, with the savings target for Old Trafford of £0.035m reinstated for 2017/18.

\*\*The shortfall of £0.260m in Integrated Health and Social Care has been partially offset by a saving of £(0.100)m whereby the service has taken the opportunity to capitalise expenditure associated with major aids and adaptations.

## Appendix 4

<b>Client Group</b>	<b>Budgeted Annual Cost (£000's)</b>	<b>Service Users (No.)</b>	<b>Average Service Users (No.)</b>	<b>Average Weekly Cost (£)</b>	<b>Annual Cost (£000's)</b>	<b>Variance (£000's)</b>
<b>Learning Disability</b>						
Community Services	9,928	233	239	777	9,653	(275)
Direct Payments	4,127	211	203	440	4,647	520
Residential/Nursing	5,262	60	57	1,081	3,205	(2,057)
<b>Sub-total</b>	<b>19,317</b>	<b>504</b>	<b>499</b>	<b>2,298</b>	<b>17,505</b>	<b>(1,812)</b>
<b>Mental Health Support</b>						
Community Services	1,267	148	138	220	1,578	311
Direct Payments	585	41	46	249	596	11
Residential/Nursing	3,535	162	179	420	3,910	375
<b>Sub-total</b>	<b>5,387</b>	<b>351</b>	<b>363</b>	<b>889</b>	<b>6,084</b>	<b>697</b>
<b>Physical Support</b>						
Community Services	4,055	858	861	85	3,810	(245)
Direct Payments	2,861	239	243	257	3,253	392
Residential/Nursing	5,799	428	405	301	6,331	532
<b>Sub-total</b>	<b>12,715</b>	<b>1,525</b>	<b>1,509</b>	<b>643</b>	<b>13,394</b>	<b>679</b>
<b>Sensory Support</b>						
Community Services	219	66	69	98	351	132
Direct Payments	168	26	23	196	234	66
Residential/Nursing	438	28	28	361	525	87
<b>Sub-total</b>	<b>825</b>	<b>120</b>	<b>120</b>	<b>655</b>	<b>1,110</b>	<b>285</b>
<b>Social Support</b>						
Community Services	153	28	27	75	105	(48)
Direct Payments	119	18	17	182	161	42
Residential/Nursing	174	9	8	197	82	(92)
<b>Sub-total</b>	<b>446</b>	<b>55</b>	<b>52</b>	<b>454</b>	<b>348</b>	<b>(98)</b>
<b>Support with Memory and Cognition</b>						
Community Services	29	8	8	139	58	29
Residential/Nursing	36	15	10	133	69	33
<b>Sub-total</b>	<b>65</b>	<b>23</b>	<b>18</b>	<b>272</b>	<b>127</b>	<b>62</b>
<b>Total</b>	<b>38,755</b>	<b>2,578</b>	<b>2,561</b>	<b>5,211</b>	<b>38,568</b>	<b>(187)</b>

Schools Reserve Balances as at 31<sup>st</sup> March 2016

School	Opening Reserve £	Budget 15-16 £	Closing Reserves £	% of Budget
Navigation Primary	57,943	1,507,479	112,742	7.48%
Oldfield Brow Primary	116,400	1,079,620	86,840	8.04%
Stamford Park Junior	104,941	957,016	122,195	12.77%
Stamford Park Infant	65,114	949,584	80,293	8.46%
Heyes Lane Primary School	57,008	2,272,305	-45,205	-1.99%
Broadheath Primary	72,862	1,422,880	68,687	4.83%
Broomwood Primary	193,014	1,597,477	86,978	5.44%
Well Green Primary	45,801	909,431	46,122	5.07%
Willows Primary	90,374	939,929	104,234	11.09%
Cloverlea Primary	14,342	901,359	55,640	6.17%
Bollin Primary	352,828	1,664,180	334,622	20.11%
Springfield Primary	27,999	1,733,376	171,808	9.91%
Woodheys Primary	27,510	1,580,885	-50,065	-3.17%
Worthington Primary	113,020	1,274,833	206,614	16.21%
Brooklands Primary	59,748	1,718,228	15,405	0.90%
Firs Primary	5,381	1,630,822	87,668	5.38%
Wellfield Junior	102,999	995,358	44,278	4.45%
Partington Primary	147,051	2,108,928	395,934	18.77%
Moorlands Junior	132,050	1,015,000	135,350	13.33%
Templemoor Infant	77,463	886,293	33,101	3.73%
Wellfield Infant & Nursery	62,779	900,439	48,370	5.37%
Urmston Junior	56,310	972,192	86,427	8.89%
Urmston Infant	69,712	948,710	99,270	10.46%
Davyhulme Primary	182,363	1,891,510	205,880	10.88%
Flixton Junior	16,112	874,370	-1,740	-0.20%
Flixton Infant	29,444	825,860	37,649	4.56%
Barton Clough Primary	-3,288	1,314,036	-35,881	-2.73%
Gorse Hill Primary	82,318	1,649,881	39,083	2.37%
King's Road Primary	81,022	2,290,946	209,548	9.15%
Moss Park Junior	126,085	971,536	199,788	20.56%
Moss Park Infant	72,715	920,580	63,464	6.89%
Seymour Park Community Primary	116,181	2,701,541	151,618	5.61%
Victoria Park Junior	112,309	1,068,127	101,168	9.47%
Victoria Park Infant	25,469	967,924	65,611	6.78%
Highfield Primary	22,898	1,115,403	35,832	3.21%
Woodhouse Primary	19,990	864,146	91,723	10.61%
Kingsway Primary	187,318	913,375	174,538	19.11%
Tyntesfield Primary	45,610	1,526,434	222,967	14.61%
Bowdon C.E. Primary	149,491	1,522,306	249,818	16.41%
St. Hugh's Catholic Primary	47,556	2,192,125	58,817	2.68%

Altrincham C.E. Primary	-1,697	1,139,273	15,423	1.35%
St. Anne's C.E. Primary	68,705	900,683	100,243	11.13%
St. Mary's C.E. Primary (Sale)	60,869	1,058,204	21,223	2.01%
Holy Family Catholic Primary	83,153	833,513	47,105	5.65%
Our Lady of Lourdes Catholic Primary	21,418	1,024,372	26,049	2.54%
All Saints' Catholic Primary				
St. Mary's C.E. Primary (Davyhulme)	130,807	881,000	38,017	4.32%
St. Michael's C.E. Primary	37,959	777,396	123,836	15.93%
St. Hilda's C.E. Primary				
St. Matthews C.E. Primary	35,847	834,468	26,353	3.16%
English Martyrs' R.C. Primary	12,900	1,387,341	57,594	4.15%
St. Hugh of Lincoln R.C. Primary	11,229	993,745	102,018	10.27%
St. Ann's R.C. Primary	77,276	871,985	71,766	8.23%
St. Alphonsus R.C. Primary	161,185	1,144,498	143,936	12.58%
St. Teresa's R.C. Primary	93,791	1,651,074	141,050	8.54%
St. Monica's R.C. Primary	250,184	1,201,120	269,708	22.45%
Our Lady Of the Rosary R.C. Primary	1,808	1,006,902	-15,628	-1.55%
St. Margaret Ward Catholic Primary	93,664	1,199,658	112,867	9.41%
St. Joseph's Catholic Primary	58,977	784,205	122,273	15.59%
St. Vincent's R C Primary School				
Sale High School	107,011	1,023,803	147,392	14.40%
Lostock College				
Blessed Thomas Holford Catholic High	59,017	1,504,327	182,707	12.15%
Stretford Grammar	112,892	2,064,636	128,418	6.22%
Stretford High CL College	597,220	3,585,516	392,543	10.95%
St. Antony's Catholic College	329,785	2,593,442	154,990	5.98%
Pictor School	-81,466	5,654,548	-91,607	-1.62%
Brentwood School				
Longford Park School	510,361	3,933,470	471,650	11.99%
Delamere School	502,144	5,339,472	364,988	6.84%
Manor High School	-80,336	3,406,781	-60,600	-1.78%
Egerton School	231,263	1,807,839	321,828	17.80%
	699,365	2,341,968	578,234	24.69%
	41,223	1,135,399	211,946	18.67%
	42,318	1,673,184	129,874	7.76%
	67,691	1,712,221	175,704	10.26%
	63,421	1,042,956	25,845	2.48%
<b>Total</b>	<b>7,766,226</b>	<b>110,085,418</b>	<b>8,734,937</b>	

## TRAFFORD MBC

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

**Date:** 12 May 2016

**Report for:** Discussion

**Report author:** Finance Manager

Report Title**Revenue Budget Outturn 2015/16****1. Outturn for the Year - Summary**

- 1.1 The approved revenue budget for the year is £32.225m. The outturn is £31.447m, which is £(0.778)m under the approved budget. This underspend is £(0.002)m higher than forecast in the last report.
- 1.2 The overall outturn includes a one-off underspend of £(0.233)m income relating to Oakfield Road car park, and there is sustainable additional income from the let estate and planning totalling £(0.192)m which is included in the Directorate budget savings proposals for 2016/17. Staffing is £(0.562)m underspent due to vacancies, largely from the early part of the financial year, which have now been filled or are in the process of being filled following the restructure of the Directorate during 2015. Capital fee income is £0.132m less than budgeted and relates to the period before the One Trafford Partnership. There are also one-off additional costs of £0.052m from plant and vehicle returns.
- 1.3 The £(0.002)m net movement from the previous report reflects a number of additional variances across the various service areas. This includes £(0.086)m relating to staff vacancies, additional income of £(0.033)m from Oakfield Road car park, and net £(0.019)m from other income. Street lighting energy costs are £0.059m higher than forecasted and other running costs are £0.077m higher now that all bills for the year have been accounted for.
- 1.4 The approved budget for 2015/16 included savings of £(2.814)m and all have been delivered in full (paragraph 4). This includes £(2.250)m from the One Trafford partnership with Amey LG for Environmental, Highways, Street Lighting, Technical and Property Services.
- 1.5 The One Trafford partnership contract commenced on 4th July 2015 for 15 years, and is monitored through the payment and performance mechanism agreed with Amey as part of the procurement process. The revenue budget outturn for the year reflects economic activity on in-scope services both before and after the contract start date.
- 1.6 For traded services (catering and cleaning) there is a net surplus of £(0.276)m at the end of March 2016, which is £(0.024)m higher than last reported. The service manages its costs and income over school terms and academic years rather than financial years and the surplus at the end of March has been carried over to continue development of the service and in particular improve readiness for the new academic year in September 2016.

## 2. Reserves

- 2.1 At the end of 2014/15 the Directorate had a surplus on accumulated balances of £(1.738)m, which was carried forward to 2015/16. This was a result of the successful management of budget pressures and additional income generation in the last three years.
- 2.2 The remaining balance on the EGEI Directorate Reserve after the outturn for 2015/16, future known commitments and re-phasing of projects is £(0.591)m (table below). The EGEI Reserve will be utilised on initiatives to generate future savings and income generation to support service provision within the on-going revenue budget constraints. The reserve may also be required for other one-off budget pressures arising during the year.

<b>Utilisation of Carry forward Reserve 2015/16</b>	<b>(£000's)</b>
EGEI Surplus balance brought forward at 1 April 2015	(1,738)
Spend in 2015/16	992
Re-phased projects	(216)
Outturn (favourable)	(778)
<b>Balance at 31 March 2016</b>	<b>(1,740)</b>
Future commitments	1,149
<b>Balance after known commitments</b>	<b>(591)</b>

## 3. Savings

- 3.1 The approved Directorate budget includes 2015/16 savings of £(2.814)m, and all are achieved in full over the financial year, as follows :

	<b>Budget (£000's)</b>	<b>Outturn (£000's)</b>	<b>Variance (£000's)</b>
Efficiencies and others	(2,336)	(2,336)	0
Increased and new income	(324)	(324)	0
Policy Choice	(154)	(154)	0
<b>Total EGEI</b>	<b>(2,814)</b>	<b>(2,814)</b>	<b>0</b>

## 4. Recommendations

- 4.1 It is recommended that the 2015/16 financial year outturn be noted.

**Period 12 Outturn revenue expenditure and income variances.**

The following tables detail the main variances from the revenue budget to the 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>P12 Outturn (£000's)</b>	<b>P12 Outturn Variance (£000's)</b>	<b>P11 Forecast Variance (£000's)</b>	<b>Period Movement (£000's)</b>	<b>Ref</b>
Highway and Network Management, including Traffic & Transportation	3,413	3,413	0	(40)	40	EGEI1
Groundforce	4,201	4,324	123	99	24	EGEI2
Sustainability & Greenspace	380	315	(65)	(61)	(4)	
Bereavement Services	(1,128)	(1,123)	5	(1)	6	
Waste Management (incl. WDA levy)	19,561	19,572	11	(3)	14	EGEI3
Public Protection & Enforcement	766	729	(37)	(1)	(36)	
Parking Services	(539)	(782)	(243)	(197)	(46)	EGEI4
School Crossing Patrols	403	381	(22)	(20)	(2)	
Strategic Support Services	577	416	(161)	(150)	(11)	EGEI5
<b>Sub-total Environment &amp; Operations Portfolio</b>	<b>27,634</b>	<b>27,245</b>	<b>(389)</b>	<b>(374)</b>	<b>(15)</b>	
Property and Development	2,589	2,499	(90)	(176)	86	EGEI6
Economic Growth	795	642	(153)	(133)	(20)	EGEI7
Housing Strategy	500	430	(70)	(52)	(18)	EGEI8
Strategic Planning & Development	488	417	(71)	(43)	(28)	
Planning & Building Control	(146)	(151)	(5)	2	(7)	EGEI9
Directorate Strategic Management	374	374	0	0	0	
<b>Sub-total Economic Growth &amp; Planning Portfolio</b>	<b>4,600</b>	<b>4,211</b>	<b>(389)</b>	<b>(402)</b>	<b>13</b>	
<b>Operational Services for Education (Catering &amp; Cleaning Traded Service)</b>	<b>(9)</b>	<b>(9)</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total Outturn Period 12</b>	<b>32,225</b>	<b>31,447</b>	<b>(778)</b>	<b>(776)</b>	<b>(2)</b>	

<b>Economic Growth, Environment &amp; Infrastructure Business Reason / Area (Subjective analysis)</b>	<b>P12 Outturn Variance (£000's)</b>	<b>P11 Forecast Variance (£000's)</b>	<b>Period Movement (£000's)</b>	<b>Ref</b>
<b>Highways and Network Management incl. Traffic &amp; Transportation</b>				
Income shortfall, including moving traffic offences	5	6	(1)	
GMRAPs income above budget	(10)	(10)	0	
Capital fee income shortfall	75	75	0	
Staff vacancies	(37)	(12)	(25)	
Running costs	(32)	(25)	(7)	
Energy – Street Lighting	(1)	(60)	59	
<b>Depot &amp; Business Support</b>				
Supplies & Services	0	(14)	14	
<b>Sub-total</b>	<b>0</b>	<b>(40)</b>	<b>40</b>	EGE11
<b>Groundforce</b>				
Staffing and Transport costs	55	55	0	
Other running costs – contractors, plant hire, fuel	68	44	24	
<b>Sub-total</b>	<b>123</b>	<b>99</b>	<b>24</b>	EGE12
<b>Sustainability &amp; Greenspace</b>				
Vacancy, supplies & services	(65)	(56)	(9)	
Income above budget	0	(5)	5	
<b>Sub-total</b>	<b>(65)</b>	<b>(61)</b>	<b>(4)</b>	
<b>Bereavement Services</b>				
Staffing and running costs	(38)	(39)	1	
Income shortfall	43	38	5	
<b>Sub-total</b>	<b>5</b>	<b>(1)</b>	<b>6</b>	
<b>Waste Management and Disposal</b>				
Staffing and running costs	(1)	(13)	12	
Income shortfall – bulky and commercial waste	19	10	9	
GM Waste disposal levy	(7)	0	(7)	
<b>Sub-total</b>	<b>11</b>	<b>(3)</b>	<b>14</b>	EGE13



<b>Economic Growth, Environment &amp; Infrastructure Business Reason / Area (Subjective analysis)</b>	<b>P12 Outturn Variance (£000's)</b>	<b>P11 Forecast Variance (£000's)</b>	<b>Period Movement (£000's)</b>	<b>Ref</b>
<b>Public Protection &amp; Enforcement</b>				
Staffing costs	(11)	(6)	(5)	
Running costs	(36)	0	(36)	
Income shortfall, including licences	10	5	5	
<b>Sub-total</b>	<b>(37)</b>	<b>(1)</b>	<b>(36)</b>	
<b>Parking Services</b>				
Staffing & running costs	(64)	(95)	31	
Oakfield Road car park remaining open	(233)	(200)	(33)	
Income shortfall – other locations and fines	54	98	(44)	
<b>Sub-total</b>	<b>(243)</b>	<b>(197)</b>	<b>(46)</b>	EGEI4
<b>School Crossing Patrols - vacancies</b>	<b>(22)</b>	<b>(20)</b>	<b>(2)</b>	
<b>Director &amp; Business Support</b>				
Staffing and Running costs	(161)	(150)	(11)	EGEI5
<b>Sub-total Environment &amp; Operations Portfolio</b>	<b>(389)</b>	<b>(374)</b>	<b>(15)</b>	
<b>Property and Development</b>				
Investment Property Rental Income:				
- Stretford Arndale – one off back rent 14/15	(87)	(87)	0	
- Urmston Town Centre – one-off surplus	(19)	(11)	(8)	
- Airport – surplus	(43)	(43)	0	
- Other properties - surplus	(38)	(54)	16	
Community buildings – income/running costs	22	29	(7)	
Admin Buildings running costs	(42)	(60)	18	
Facilities Management/other staffing vacancies	(80)	(80)	0	
Other running cost variances	134	67	67	
Major projects capital fee income shortfall	63	63	0	
<b>Sub-total</b>	<b>(90)</b>	<b>(176)</b>	<b>86</b>	EGEI6
<b>Economic Growth</b>				
Staffing vacancies	(149)	(143)	(6)	
Other running costs	(4)	10	(14)	
<b>Sub-total</b>	<b>(153)</b>	<b>(133)</b>	<b>(20)</b>	EGEI7

<b>Economic Growth, Environment &amp; Infrastructure Business Reason / Area (Subjective analysis)</b>	<b>P12 Outturn Variance (£000's)</b>	<b>P11 Forecast Variance (£000's)</b>	<b>Period Movement (£000's)</b>	<b>Ref</b>
<b>Housing Strategy</b>				
Staffing	(35)	(36)	1	
Running costs	(35)	(16)	(19)	
<b>Sub-total</b>	<b>(70)</b>	<b>(52)</b>	<b>(18)</b>	EGEI8
<b>Strategic Planning &amp; Development</b>				
Staffing/running costs savings	(71)	(43)	(28)	
<b>Planning &amp; Building Control</b>				
Planning applications income	(181)	(171)	(10)	
Building Control income shortfall	100	96	4	
Staffing including interim support	52	54	(2)	
Other running costs	24	23	1	
<b>Sub-total</b>	<b>(5)</b>	<b>2</b>	<b>(7)</b>	EGEI9
<b>Sub-total Economic Growth &amp; Planning Portfolio</b>	<b>(389)</b>	<b>(402)</b>	<b>13</b>	
<b>Total Outturn EGEI Period 12</b>	<b>(778)</b>	<b>(776)</b>	<b>(2)</b>	

### Summary Variance Analysis Period 12 Outturn

<b>All Services</b>	<b>Savings £000</b>	<b>Staff £000</b>	<b>Running Costs £000</b>	<b>Income £000</b>	<b>Total Variance £000</b>
<b>Period 11</b>	0	(476)	(110)	(190)	(776)
<b>Period 12 Outturn</b>	0	(562)	26	(242)	(778)
<b>Period Movement</b>	<b>0</b>	<b>(86)</b>	<b>136</b>	<b>(52)</b>	<b>(2)</b>

### ADDITIONAL NOTES ON OUTTURN VARIANCES

#### EGEI1 – Highways & Network Management - £Nil

Income generation of £(0.030)m is included in the budget from moving traffic offences. This is part of an AGMA initiative to improve safety and traffic flows on major routes and the project timeline has been re-phased to later in 2016.

Running costs are £(0.032)m under budget over a number of service areas. This mainly reflects maintenance costs in highways and street lighting up to the 4<sup>th</sup> July 2015 commencement date of the One Trafford contract with Amey.

Staffing is £(0.037)m underspent which includes for the period before the commencement of the One Trafford contract and Council client vacancies later in the financial year.

There is additional income above budget of £(0.010)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 £0.075m below budget due to the timing of capital works up to the commencement of the One Trafford contract. The on-going risk has effectively been transferred to Amey from July 2015 and the contract is structured in a way which incentivises Amey to progress in delivering the programme on time.

Street Lighting energy costs are in line with budget. A £(0.060)m underspend was previously projected but this has been updated now that the year-end bills from the utility company are all accounted for.

#### **EGEI2 – Groundforce - £0.123m (adverse)**

Staffing, plant, contractor and transport costs are £0.123m overspent relating to the services provided prior to the One Trafford contract. This includes additional one off contract costs of £0.052m relating to the final return of externally hired plant and equipment at the end of the autumn season. The overspend is £0.024m higher than last reported now all bills relating to returned plant are received.

#### **EGEI3 – Waste Management and Disposal - £0.011m (adverse)**

Bulky waste and commercial waste income is £0.019m less than was expected for the pre One Trafford contract period.

Year- end information has now been received from GM Waste Disposal Authority and the final levy cost is £(0.007)m less than budgeted.

#### **EGEI4 – Parking Services – £(0.243)m (favourable)**

The approved budget from 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 income being £(0.233)m above budget, which has continued from last year. This is £(0.033)m higher than last reported.

Other car parking income, including fines, is £0.054m below budget, which is a favourable movement of £(0.044)m from last reported.

The parking enforcement contract and other running costs are £(0.064)m underspent. Costs are £0.031m higher than last reported now all the year-end bills have been received.

#### **EGEI5 – Director and Business Support – £(0.161)m (favourable)**

There is an underspend on senior management staffing due to vacancies and on-going restructuring. This is £(0.011)m higher than last reported.

#### **EGEI6 – Property and Development - £(0.090)m (favourable)**

The Agents for the owners of Stretford Arndale have continued to maintain a number of short term lettings to ensure the number of vacant units is minimised and this has held up gross rental income. A final year-end rental payment for 2014/15 of £(0.087)m was

notified in November 2015 which is above the expectations included when setting the budget.

Manchester Airport rent is £(0.043)m above budget based on notification from Manchester City Council of new rent levels. This includes an additional £(0.022)m received in January 2016.

Fee income from capital and external projects is £0.063m less than budgeted for the period up to the commencement of the One Trafford contract which reflects the phasing of capital works. The on-going risk has effectively been transferred to Amey from July 2015 and the contract is structured in a way which incentivises Amey to progress in delivering the programme on time.

Administrative building running costs are less than expected across the portfolio by £(0.042)m. This includes a £(0.037)m underspend relating to the catering concession at Altrincham Town Hall. Other building running costs have increased by £0.067m from last reported due to a number of late bills received from external suppliers in March.

#### **EGEI7 – Economic Growth Team – £(0.153)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. The Growth Team service was restructured during 2015 and remaining staff vacancies are expected to be filled in the early part of 2016/17.

#### **EGEI8 – Housing Strategy – £(0.070)m (favourable)**

Staffing costs are £(0.035)m underspent due to secondments, with running costs including the housing options contract £(0.035)m underspent.

#### **EGEI9 – Planning and Building Control – £(0.005)m (favourable)**

Income from planning fees is £(0.181)m higher than budgeted which is a trend continuing from last financial year. This is £(0.010)m higher than last reported. There is a shortfall in income from building control fees of £0.100m, which is also a continuation of difficult trading conditions and external competition. The service is reviewing its business plan to improve its financial position in 2016/17. Both fees are monitored regularly.

There is an overspend on staffing of £0.052m which reflects the appointment of interim staff to cover vacancies and address the resulting capacity issues. These posts contribute to the achievement of the additional planning income above. The permanent filling of vacant posts will be addressed early in 2016/17 following the recent restructure of the Directorate. Running costs are £0.024m higher than budget, which includes ICT system improvements.

#### **EGEI10 – Traded Services (Catering and Cleaning)**

There is a net traded surplus at the end of March 2016 of £(0.276)m, which is £(0.024)m higher than last reported. However, the service manages its costs and income over school terms and academic years rather than financial years and any surplus at the end of March is earmarked to continue the investment in the service. This is particularly to improve readiness for the new academic year in September 2016.

## TRAFFORD MBC

**Report to:** Transformation and Resources Directorate Management Team  
**Date:** 12 May 2016  
**Report for:** Discussion  
**Report author:** Finance Manager

Report Title

## Revenue Budget Outturn 2015/16

**1. Outturn for the Year**

- 1.1 The approved revenue budget for the year is £16.983m with a final outturn of £15.900m. This results in an underspend of £(1.083)m, which is £(0.056)m higher than last reported.
- 1.2 The final outturn for the Directorate reflects £(0.772)m from higher than expected staff vacancy levels, £(0.116)m from cost control of running expenses, and £(0.471)m from higher levels of income. These underspends are partially offset by a reduction in the planned level of savings of £0.276m.
- 1.3 The increase in the underspend from last reported reflects additional external income of £(0.047)m from proceeds of crime and £(0.043)m of government grants which were received in March. There is also £(0.078)m from other income now final charges for the year are confirmed. This is offset by a reduced underspend in staffing and running costs of £0.117m after all year end bills have now been accounted for. The key variances are shown in section 2 below and Appendix 1.
- 1.4 The Directorate has brought forward balances of £(1.501)m from previous years (section 3). This is utilised to support initiatives to reshape Trafford and deliver future efficiencies and income generation. The balance after known commitments and the outturn is £(1.764)m.

**2. Summary of Variances**

- 2.1 The overall underspend of £(1.083)m reflects a number of individual under and overspends across the Directorate, with comments on the main variances from budget and movements from the last report shown below.

**Staffing**

- 2.2 Staffing costs are £(0.772)m less than budget across the Directorate due to vacancies. Vacancy levels are approximately 3.9% higher than assumed in the setting of the 2015/16 budget, and is a consequence of a delay in appointing to a number of vacancies on some service restructures.

**Running Costs**

- 2.3 General running costs are underspent by £(0.041)m. In addition, a one-off saving has been realised of £(0.075)m as a result of the successful settlement of a claim in relation to supplier performance in ICT.

## Savings

- 2.4 The £0.276m shortfall in savings relates to Library Service and ICT proposals for 2015/16 of £0.126m and £0.150m respectively. Further details are listed below in paragraph 4.

## Income

- 2.5 The £(0.471)m from additional external income is a net figure. This includes a £0.077m shortfall from CCTV services. Work is on-going to redesign the CCTV service delivery model, which has been continued from 2014/15, and will deliver sustainable benefits going forward.
- 2.6 Income relating to legal costs charged to capital schemes is also £0.039m less than budgeted. This is affected by external factors and levels of staff vacancies, and the service has fully mitigated this shortfall within its overall budget.
- 2.7 There is a £0.038m shortfall in budgeted Council tax liability order income. This income reduces as council tax collection rates improve but is offset in the Council's separate Collection Fund account. This budget has been realigned in 2016/17 in the recently approved budget.
- 2.8 The income shortfalls are offset in the main by £(0.237)m of additional income from grants in the Revenues and Benefits Service. The Revenue and Benefits Service has had a number of grants awarded in-year and rolled forward from 2014/15 to support spending, leading to increased levels than budgeted at the start of the year.
- 2.9 Additional income is also included relating to events and advertising £(0.013)m plus from traded activities in Legal and Democratic Services £(0.078)m, ICT £(0.042)m and Human Resources £(0.131)m. There is also external grant income of £(0.040)m relating to the costs of administering the Council's blue badge scheme and £(0.023)m for Safer Communities projects. Finance also includes £(0.047)m Proceeds of Crime income received in March 2016.

## 3. Reserves

- 3.1 At the end of 2014/15 the Directorate had a surplus of £(1.501)m in its reserve, which has been carried forward to 2015/16. This was a result of the successful management of the budget in previous years.
- 3.2 The remaining balance on the T&R Directorate Reserve after the outturn for 2015/16, future known commitments and re-phasing of projects is £(1.764)m (table below). The T&R Reserve will be utilised on initiatives and project based activity in support of Reshaping Trafford and also to generate future savings and income generation. Commitments will be underpinned by business cases and will be reviewed each month.

<b>Utilisation of Carry forward Reserve 2015/16</b>	<b>(£000's)</b>
T&R Surplus balance brought forward at 1 April 2015	(1,501)
Spend in 2015/16	304
Re-phased Projects	(92)
Period 12 outturn (underspend)	(1,083)
<b>Balance at 31 March 2016</b>	<b>(2,372)</b>
Future Commitments	608
<b>Balance after known commitments</b>	<b>(1,764)</b>

#### 4. Savings

- 4.1 The T&R budget for 2015/16 includes savings of £(2.848)m. This originally included £0.550m in respect of the libraries rationalisation but this figure was revised down by £0.050m when the outcome of the second phase of consultation was reported to Executive in March 2015. This reduction has been met from savings in the Treasury Management budget as a consequence of rephasing of the capital programme in 2014/15. The updated T&R savings target for 2015/16 is therefore £(2.798)m and actual savings of £(2.583)m have been achieved with £0.215m of savings re-phased and £0.061m requiring alternative solutions.

<b>Saving Description</b>	<b>Savings Shortfall (£000's)</b>
Libraries re-phased saving (a)	126
ICT re-phased procurement savings (b)	89
ICT savings not able to be realised (b)	61
<b>Total</b>	<b>276</b>

- 4.2 The shortfall in savings delivery is reflected in the outturn and are summarised below:

- (a) Libraries – an overall £(0.500)m saving is included in the approved revenue budget. This includes both staffing and property cost reductions. Due to additional consultations and re-phasing of delivery plans, £(0.374)m has been achieved in 2015/16. This gives a shortfall of £0.126m in-year, which has been fully mitigated by management action within the Access Trafford budget. The saving will be delivered in full during 2016/17.

The £0.126m shortfall relates to a delay in the closure of libraries (Bowfell, Davyhulme and Lostock, the redevelopment of Hale and Timperley Libraries) and changes to in-year delivery at Coppice as part of the consultation process.

Whilst the delay in implementing some library changes has impacted on savings overall there are significant benefits to the Council in terms of the final proposals agreed. With redevelopment of a number of sites to include residential dwellings which will attract new homes bonus, council tax and a capital receipt.

- (b) ICT savings of £(0.750)m are included in the approved budget. This includes staffing and contract procurement reductions. Savings of £(0.600)m have been achieved in 2015/16, with a shortfall of £0.150m as follows:
- £0.089m relates to procurement processes which have taken longer than planned.
  - Savings of £0.061m will not be achieved following a further technical assessment of individual proposals. This relates mainly to the installation of new back up arrangements where realisation of the saving is now unlikely and alternative measures are being sought.

The primary mitigation to address these shortfalls is via a review of all ICT Third Party spend (c. £1.8m including Networks and SAP). Work is continuing with Procurement to review all contracts with the aim of aggregating the spend with fewer or single suppliers. SAP and AGMA contracts are potentially out of scope due to the nature of existing commercial arrangements which would reduce the spend under this review to approximately £0.4m. Procurement have completed

the market testing which resulted in four vendors presenting back to Trafford, with two who are realistic prospects. It is clear from the presentations that there is potential to reduce the spend by up to 20%. The Trafford spend of £0.4m on its own is considered relatively small and as such Procurement have advised the other AGMA authorities of the opportunity. To date only Greater Manchester Fire and Rescue have expressed an interest and have asked for more information. There is a risk that if Trafford tenders on its own there will not be sufficient market interest. Procurement have advised that the only way to fully test the market is to Tender which is now planned for June/July.

The current WAN (network) service was retendered in October 2015 and was awarded to Virgin Media from 1<sup>st</sup> January 2016. The expected full year savings from this date are in line with the original forecast of £(0.076)m, spread over the first two years of the contract.

In addition, the annual maintenance charge paid to SAP of c.£0.3m will be reviewed based on a significant reduction in SAP licence use within Trafford in recent years. The current charge relates to a licence position negotiated in 2003 and Procurement will write to SAP in May requesting a financial adjustment accordingly.

During June 2016 Trafford will be subject to a Microsoft Software Asset Management Audit (SAM). This may identify a financial exposure relating to licences. In preparation, the Council is undertaking its own test using our incumbent reseller to identify the likely position ahead of the Microsoft Audit.

- 4.3 The shortfall in savings against budget has been fully mitigated by in-year net underspends from the management and monitoring of the whole Directorate budget (e.g. through vacancies, running costs, income generation).

## **5. Recommendations**

- 5.1 It is recommended that the 2015/16 financial outturn be noted.



**Period 12 Outturn revenue expenditure and income variances.**

The following tables detail the main variances from the revenue budget to the 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>Transformation and Resources Budget Book Format (Objective analysis)</b>	<b>Full Year Budget (£000's)</b>	<b>P12 Outturn (£000's)</b>	<b>P12 Outturn Variance (£000's)</b>	<b>P11 Forecast Variance (£000's)</b>	<b>Period Movement (£000's)</b>
Legal and Democratic Services	2,289	2,118	(171)	(154)	(17)
Access Trafford	2,558	2,557	(1)	5	(6)
ICT Services	2,040	1,996	(44)	(29)	(15)
Communications	255	188	(67)	(71)	4
Finance Services	4,431	3,921	(510)	(422)	(88)
Partnerships and Communities	1,503	1,499	(4)	2	(6)
Culture and Sport	1,115	1,139	24	25	(1)
Human Resources	2,240	1,902	(338)	(383)	45
Executive	359	387	28	0	28
Transformation	193	193	0	0	0
<b>Total Outturn Period 12</b>	<b>16,983</b>	<b>15,900</b>	<b>(1,083)</b>	<b>(1,027)</b>	<b>(56)</b>

<b>Transformation and Resources Business Reason / Area (Subjective analysis)</b>	<b>P12 Outturn Variance (£000's)</b>	<b>P11 Outturn Variance (£000's)</b>	<b>Period Movement (£000's)</b>
<b>Legal and Democratic Services</b>			
Staff vacancies net of agency costs	(122)	(122)	0
Other running costs	(5)	1	(6)
Fee income from capital schemes - shortfall	39	39	0
Income	(83)	(72)	(11)
<b>Sub-total</b>	<b>(171)</b>	<b>(154)</b>	<b>(17)</b>
<b>Access Trafford</b>			
Re-phased Library savings	126	131	(5)
Staff vacancies – contact centre	(85)	(92)	7
External grant income	(42)	(34)	(8)
<b>Sub-total</b>	<b>(1)</b>	<b>5</b>	<b>(6)</b>
<b>ICT Services</b>			
Re-phased savings – contact procurement	89	89	0
Other savings shortfall	61	61	0
Staff vacancies	(42)	(42)	0
One-off contract refund	(75)	(75)	0
Other running costs	(35)	(37)	2
Income	(42)	(25)	(17)
<b>Sub-total</b>	<b>(44)</b>	<b>(29)</b>	<b>(15)</b>
<b>Communications</b>			
Staffing and running costs	(54)	(58)	4
Events and advertising income	(13)	(13)	0
<b>Sub-total</b>	<b>(67)</b>	<b>(71)</b>	<b>4</b>
<b>Finance Services</b>			
Staff vacancies	(358)	(350)	(8)
Other running costs	102	72	30
Government Grants – Revenue and Benefits	(237)	(194)	(43)
Other income	(55)	0	(55)
Council tax liability order income - shortfall	38	50	(12)
<b>Sub-total</b>	<b>(510)</b>	<b>(422)</b>	<b>(88)</b>
<b>Partnerships and Communities</b>			
CCTV income shortfall	77	77	0
Staff costs and Running Costs	(35)	(29)	(6)
Other income	(46)	(46)	0
<b>Sub-total</b>	<b>(4)</b>	<b>2</b>	<b>(6)</b>

<b>Transformation and Resources Business Reason / Area (Subjective analysis)</b>	<b>P12 Outturn Variance (£000's)</b>	<b>P11 Outturn Variance (£000's)</b>	<b>Period Movement (£000's)</b>
<b>Culture and Support</b>			
Income shortfall	24	25	(1)
<b>Sub-total</b>	<b>24</b>	<b>25</b>	<b>(1)</b>
<b>Human Resources</b>			
Staff vacancies net of agency costs	(161)	(192)	31
Running costs (e.g. training)	(46)	(81)	35
External agency income above target	(131)	(110)	(21)
<b>Sub-total</b>	<b>(338)</b>	<b>(383)</b>	<b>45</b>
<b>Executive</b>			
Running costs	28	0	28
<b>Sub-total</b>	<b>28</b>	<b>0</b>	<b>28</b>
<b>Total Outturn T&amp;R Period 12</b>	<b>(1,083)</b>	<b>(1,027)</b>	<b>(56)</b>

#### Summary Variance Analysis Period 12

<b>All Services</b>	<b>Savings £000</b>	<b>Staff £000</b>	<b>Running Costs £000</b>	<b>Income £000</b>	<b>Total Variance £000</b>
<b>Period 11</b>	281	(800)	(205)	(303)	(1,027)
<b>Period 12 Outturn</b>	276	(772)	(116)	(471)	(1,083)
<b>Period Movement</b>	<b>(5)</b>	<b>28</b>	<b>89</b>	<b>(168)</b>	<b>(56)</b>

## TRAFFORD COUNCIL

Report to: Chief Finance Officer  
 Date: 19 May 2016  
 Report for: Information  
 Report author: Interim Head of Financial Management

Report Title

**Revenue Budget Monitoring 2015/16 – Period 12 Outturn - Council-wide Budgets (April 2015 to March 2016 inclusive)**

**1 Outturn**

1.1 The approved revenue budget for the year is £23.669m. The outturn is £21.569m, which is £(2.100)m under the budget, a favourable movement of £(0.185)m since the last report.

1.2 Appendix 1 details the outturn variance compared to the approved revenue budget and the period movement from the previous forecast by both function and activity, which in summary are;

- Treasury Management: £(1.893)m relating to Manchester Airport Group (MAG) dividends received above budget. This includes the interim dividend of £(1.245)m received in December 2015 which has been transferred to an Earmarked Reserve for use in supporting the 2016/17 budget. There is also £(0.183)m increased investment interest from favourable cash flows and a reduction in loan interest payable of £(0.011)m.

Also a review of the Council's Minimum Revenue Provision (MRP) has identified savings of £(1.151)m. This MRP saving has been transferred in full to the Budget Support Reserve as reported in Period 9.

- Business Rates – a favourable impact on the Council-wide budget of £(0.374)m, a favourable movement of £(0.069)m since the last report (see paragraph 9 of the covering report);
- Housing and Council Tax Benefits overpayment recovery net variance of £(0.454)m, a favourable movement of £(0.069)m since last month;
- Members expenses – full year effect of the savings as a result of changes to the Members Allowances Scheme in September 2014 and the new Government pension regulations which came into effect on 1 April 2014, plus associated National Insurance savings, totaling £(0.059)m;
- Coroners and Mortuary fees are higher than anticipated due mainly to higher numbers of inquests, £0.097m, partly offset by the full use of the earmarked reserve of £(0.037)m;
- Costs of the 2016/17 Budget Consultation exercise, £0.050m;

- The 2015/16 saving for the Old Car Lease scheme has been overachieved, £(0.028)m;
- Release of the unallocated general savings contingency budget, £(0.487)m;
- A reduction in the provision for doubtful debts for general debtors has generated a budget saving of £(0.335)m;
- One-off amount set aside to top-up the Pension Strain allocation with the Greater Manchester Pension Fund in 2016/17 of £0.4m;
- Other minor variances of £(0.031)m.

## 2 Service carry-forward reserve

- 2.1 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 Savings

- 3.1 The Council-wide budget for 2015/16 originally included savings of £(0.310)m. This figure was increased by £(0.050)m to counter balance the shortfall in library savings (as approved by the Executive in March 2016). The updated Council-wide savings target for 2015/16 is therefore £(0.360)m and actual savings of £(0.388)m have been achieved as shown below;

<b>Council-wide Base Budget Savings 2015/16</b>	<b>2015/16 Revised Savings Target £000's</b>	<b>Outturn Saving £000's</b>	<b>Variance £000's</b>
Old Car Lease Scheme	(68)	(96)	(28)
Discretionary Rate Relief to Collection Fund	(152)	(152)	-
Member's Allowances budget	(35)	(35)	-
External Audit Savings	(55)	(55)	-
Treasury Management savings *	(50)	(50)	-
<b>Total</b>	<b>(360)</b>	<b>(388)</b>	<b>(28)</b>

\* This additional target has already been met from savings in the Treasury Management budget as a consequence of rephrasing of the capital programme in 2014/15.

### Period 12 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>Outturn (£000's)</b>	<b>Outturn variance (£000's)</b>	<b>P11 Outturn variance (£000's)</b>	<b>Period Movement (£000's)</b>	<b>Ref</b>
<b>Finance Portfolio</b>						
Precepts, Levies & Subscriptions	17,720	17,768	48	48		C-W5
Provisions (bad debts & pensions)	2,407	2,020	(399)	(438)	39	C-W6
Treasury Management	7,869	7,027	(842)	(839)	(3)	C-W1
Insurance	875	875	0	0		
Members Expenses	904	845	(59)	(50)	(9)	C-W2
Grants	(6,645)	(6,688)	(43)	33	(76)	C-W7
Business Rates	350	(24)	(374)	(305)	(69)	C-W3
Other Centrally held budgets	189	(242)	(431)	(364)	(67)	C-W4
<b>Total</b>	<b>23,669</b>	<b>21,581</b>	<b>(2,100)</b>	<b>(1,915)</b>	<b>(185)</b>	

<b>Business Reason / Area (Subjective analysis)</b>	<b>Outturn variance (£000's)</b>	<b>P11 Outturn variance (£000's)</b>	<b>Period Movement (£000's)</b>	<b>Ref</b>
Treasury Management:				
- MAG Dividend	(1,893)	(1,893)		C-W1
- Investment Income	(183)	(180)	(3)	C-W1
- Debt Management	(11)	(11)		C-W1
- Transfer MAG interim dividend to Earmarked Reserve	1,245	1,245		C-W1
- Minimum Revenue Provision (MRP)	(1,151)	(1,151)		C-W1
- Transfer MRP saving to Budget Support Reserve	1,151	1,151		C-W1
Members Allowances	(59)	(50)	(9)	C-W2
Business Rates	(374)	(305)	(69)	C-W3
Housing & Council Tax benefits	(454)	(385)	(69)	C-W4
External Audit fees	12	12		C-W4
Payment Card Industry (PCI) compliance	3	3		C-W4
Carbon Reduction Scheme	(1)	(1)		
VAT claims - legal fees	7	7		C-W4
Housing Act Advances interest	2	0	2	C-W4
Flood Defence levy	(8)	(8)		C-W5
Subscriptions	7	7		C-W5
Coroners & Mortuary fees	60	54	6	C-W5
Probation Service loan charges	(1)		(1)	C-W5
AGMA projects	(5)		(5)	C-W5
Magistrates Court Debt charges	(5)	(5)		C-W5
Budget Consultation	50	50		C-W6
Old Car Leasing Scheme saving	(28)	(30)	2	C-W6
Leisure Services CIC costs	26	26		C-W6
Legal costs of Judicial Review re 2015/16 Budget Consultation	3	3		C-W6
Release of unallocated general savings contingency budget	(487)	(487)		C-W6
Provision for doubtful debts	(335)		(335)	C-W6
Pension Strain one-off top-up	400		400	C-W6
Other	(28)		(28)	C-W6
Grants	(43)	33	(76)	C-W7
<b>Total</b>	<b>(2,100)</b>	<b>(1,915)</b>	<b>(185)</b>	

## NOTES ON PROJECTED VARIANCES

### **C-W1 – Treasury Management - £(0.842)m (favourable), £(0.003)m favourable movement**

#### **Investments – £(0.831)m (favourable)**

This additional income has been created as a result of:

- the original dividend received from Manchester Airport Group (MAG) in July 2015 was £(2.0)m. MAG also announced their interim results for 2015/16 in November 2015 and have paid a further total dividend of £(38.6)m across the members of the Group, which for Trafford equates to £(1.245)m, bringing the total dividend for the year to £(3.245)m. This is now £(1.893)m above budget. The interim dividend of £(1.245)m has been transferred to an Earmarked Reserve for use in supporting the 2016/17 budget;
- a favourable increase in cash flow, generating £(0.100)m of additional investment income, primarily due to capital programme rephasing and grant monies received ahead of schedule;
- £5m of funds were invested on 29 September 2015 for a minimum period of 5yrs in the Church Commissioners Local Authority Property fund which is forecasted to generate annual returns of between 4% and 5%, equivalent to additional investment income above budget of £(0.083)m.

#### **Debt – £(0.011)m (favourable)**

Lower than anticipated loan interest payable £(0.011)m.

A review of the Council's annual Minimum Revenue Provision (MRP) charge for capital expenditure incurred prior to 2008 has identified both short to medium term revenue savings as reported to Members at the January 2016 Council meeting. By adopting this revised approach a revenue saving of £(1.151)m will be generated in 2015/16. This saving has been transferred to the Budget Support Reserve.

### **C-W2 – Members Expenses - £(0.059)m (favourable), £(0.009)m favourable movement**

Changes to the Members Allowances Scheme were approved at the Council meeting on 17 September 2014 following a report from the Independent Remuneration Panel (IRP), reducing the cost of allowances. Also, Government legislation, effective from 1 April 2014, has removed the access to a Local Government Pension Scheme for Councillors. This is on a phased basis and will be applied to those Councillors re-elected in the May local elections over 3 years. When added to the associated reduced National Insurance contributions the total budget saving in 2015/16 is £(0.059)m.

### **C-W3 – Business Rates - £(0.374)m (favourable), £(0.069)m favourable movement**

See notes in paragraph 9 of the covering report.



**C-W4 – Other Centrally held budgets - £(0.431)m (favourable), £(0.067) favourable movement**

- **Housing & Council Tax Benefits - £(0.454)m**

The Council Tax Benefit Scheme ceased in 2013 and was replaced by the Council Tax Support Scheme. Any recovery of overpaid Council Tax Benefit from previous years is retained by the Council and the outturn for 2015/16 is £(0.081)m. The credit from the recovery of overpaid Council Tax Benefit is difficult to predict and will eventually taper off.

There is a net variance of £(0.373)m, within the Housing Benefit budget. This is an improvement since the previous period of £(0.051)m, largely as a result of better than expected collection of historic overpaid benefits in the final month of the year.

- **Other minor variances £0.023m.**

**C-W5 – Precepts, Levies & Subscriptions - £0.048m (adverse), £nil movement**

- **Coroners & Mortuary fees - £0.060m**

The cost of the Coroners service, which is shared between Stockport, Trafford and Tameside Councils, has increased significantly due to the following factors:

- Increasing volume of inquests, resulting in the need for an additional court and hence an increase in associated costs;
- Deprivation of Liberty status (DOLS) is placing a further demand on the number of inquests. All DOLS cases deaths require an inquest;
- Pressures from increasing costs of toxicology and transport;
- Extra demands placed on the service from disclosure of information requests.

The additional costs for Trafford in 2015/16 are £0.097m and have been partly offset by the use of the earmarked reserve of £(0.037)m, which was specifically set up for such an eventuality. Also, the impact of these additional costs in the future has been included in the 2016/17 Budget.

- **Other minor variances £(0.012)m.**

**C-W6 – Provisions - £(0.399)m (favourable), £0.039m adverse movement.**

- 2016/17 Budget Consultation – the costs of employing an independent company to oversee the budget consultation process, £0.050m;
- The 2015/16 saving from the Old Car Lease scheme has been overachieved due to employees leaving the scheme earlier than anticipated, £(0.028)m;
- On 30 July 2015 The Executive Member for Communities and Partnerships approved that a Community Interest Company (CIC) be established to run the leisure services, previously provided by Trafford Community Leisure Trust.

Trafford Leisure CIC took over the running of the leisure facilities on 1<sup>st</sup> October 2015. Two firms of specialists were also employed by the Council to

advise on legal and VAT matters during the transition to the CIC. These costs currently totaling £0.026m are included in the outturn figure above;

- Final legal costs of £0.003m associated with the 2015/16 Budget Consultation Judicial Review;
- The original Council-wide budget for 2015/16 included a one off allowance of £0.700m as a general contingency to cushion against possible slippage in the delivery of the significant savings programme in 2015/16. Of this £0.085m was released to cover budget pressures regarding Market Management, £0.055m for Gorse Hill Studios and £0.073m for Early Help Delivery Model. The unallocated balance of £(0.487)m was included as a budget saving in the Period 7 report;
- There has been an improvement in general debtor collection performance during the year and as a result the bad debt provision has been reduced from £0.5m to £0.4m generating a budget saving of £(0.335)m;
- The higher than normal number of redundancy payments during the year has increased the pressure on the Council's Pension Strain allocation with the Greater Manchester Pension Fund. Further staff savings will need to be made in 2016/17 and it is deemed prudent at this stage to set aside a one-off top-up to the Fund of £0.4m;
- **Other minor variances £(0.028)m.**

**C-W7 – Grants - £(0.043)m (favourable), £(0.076)m favourable movement.**

Final monies were received for the following non ring-fenced grants which are held within Council-wide:

- Release of Deprivation of Liberty Safeguards (DoLS) grant originally held as a contingency against CFW savings, £(0.076)m;
- New Homes Bonus, £(0.003)m above budget;
- Education Services grant, £0.024m. This specific grant is based on pupil numbers in Council maintained schools and is dependent on the final number of schools converting to Academy status during the year;
- Council Tax Annexes grant, £0.007m below budget;
- Council Tax Compensation grant, £0.005m below budget.