

TRAFFORD COUNCIL

Report to: Executive

Date: 28 October 2013

Report for: Information

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

Report Title:

Revenue Budget Monitoring 2013/14 – Period 5 (April to August 2013).

Summary:

The approved revenue budget for the year is £159.003m. The forecast for the end of the year, as projected following five months of activity, is £158.416m being a net underspend of £(0.6)m, (0.4)% of the budget. In addition, the Learning Disability Recovery plan is forecasted to achieve £(0.6)m of in-year cash savings. The main areas of budget variance are summarised as:

Activity	Forecast £m	Movement £m
Vacancy management & control	(0.6)	(0.2)
Social Services demand led budgets	1.2	0.7
Projects/savings rescheduling	0.2	-
Running costs	0.4	-
New Grant	(0.2)	-
Income	(0.2)	-
Service Outturn	0.8	0.5
Additional Airport dividend	(1.3)	-
Other Council-wide savings	(0.1)	-
Forecasted outturn	(0.6)	0.5
Learning Disability Pool	(0.6)	(0.1)

Reserves

The forecast level of General Reserve at year end is £(10.3)m. After taking into account future planned commitments the long term balance is £(8.2)m, £(2.2)m above the minimum level of £(6.0)m.

The net service carry forward reserves at the beginning of the year were £(3.6)m. With a planned use to support savings and change projects of £2.3m, plus a net overspend of £0.8m, the projected carry forward is £(0.5)m. The Learning Disability Pool reserve had an adverse brought forward balance of £1.5m, which will be reduced by the recovery plan in-year to £0.9m, with a view to full recover by the end of next year.

Council Tax

There is an in-year forecasted Council Tax surplus, of £(0.609)m, an improvement of £(0.051)m since last period largely due to a reduction in the amount of Council Tax Support being awarded.

Business Rates

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

Welfare Reform

Trafford Assist and other welfare support schemes have been successfully implemented operationally and after five months are managing within planned financial limits.

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

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

Contact person for access to background papers and further information:

Head of Financial Management

Extension: 4302

Background Papers: None

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	Revenue expenditure to be contained within available resources in 2013/14.
Legal Implications:	None arising out of this report
Equality/Diversity Implications	None arising out of this report
Sustainability Implications	None arising out of this report
Staffing/E-Government/Asset Management Implications	Not applicable
Risk Management Implications	Not applicable
Health and Safety Implications	Not applicable

Director of Finance:.....ID

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

Signature: [Appended in hard copy.]

Budget Monitoring - Financial Results

1. The approved budget is £159.003m. Based on the budget monitoring for the first 5 months of the year, the overall forecast for the year is £158.416m, being an underspend of £(0.587)m, (0.4)%. Included within this total is a net service overspend of £0.777m or 0.6% of the relevant budget, and underspends in Council-Wide budgets of £(1.364)m or (5.7)% of the relevant budget.
2. The Learning Disability (LD) Pool recovery plan is forecasted to achieve £(0.597)m or (0.7)% of cash savings to offset the brought forward adverse balance on the fund of £1.472m. The details of service variances can be found in Annexes 1 to 4, and for Council-Wide, Annex 5:

Table 1: Budget Monitoring results by Directorate	Year end Forecast (£000's)	Percentage %	Period Movement £(000's)	Annex
Children, Families & Wellbeing	765	1.5%	464	1
Environment, Transport & Operations	-	0.0%	-	2
Economic Growth & Prosperity	40	1.2%	-	3
Transformation & Resources	(28)	(0.1)%	2	4
Total Service Variances	777	0.6%	466	
Council-wide budgets	(1,364)	(5.7)%	10	5
Estimated outturn variance (period 5)	(587)	(0.4)%	476	
Learning Disability Pool	(597)	(0.7)%	(105)	1
Total Forecasted outturn	(1,184)	(0.7)%	371	

Table 2: Budget Monitoring results by Executive Portfolio Holder	Year end Forecast (£000's)	Percentage %	Period Movement £(000's)
Supporting Children & Families	64	0.2%	(134)
Education	40	2.2%	16
Adult Social Services	661	0.1%	575
Community Health & Wellbeing	-	0.0%	7
Highways & Environment	-	0.0%	-
Safe and Strong Communities	41	1.9%	6
Economic Growth & Prosperity	40	1.2%	-
Transformation & Resources	79	0.6%	(7)
Finance	(1,512)	(5.4)%	13
Estimated outturn variance (period 5)	(587)	(0.4)%	476
Adult Social Services (LD Pool)	(597)	(0.7)%	(105)
Total Forecasted outturn	(1,184)	(0.7)%	371

Key Month on Month Variations

3. The key variances contributing to the period movement of an adverse £0.371m are:
 - £0.575m adverse movement in Adult Social Care due mainly to a large reduction in the number of people being discharged from services (the equivalent of 40 additional service users) in Older Peoples services £0.530m, additional placements and cost increases within Physical Disability

£0.095m and Mental Health £0.079m services. These additional costs have been partly mitigated by savings from managed vacancies £(0.106)m and other running costs £(0.023)m;

- £(0.118)m net favourable movement across Children and Young People's services, from staffing £(0.081)m and running costs £(0.037)m;
- £(0.105)m favourable movement in the LD Pooled Fund underspend from £(0.492)m to £(0.597)m, mainly due to the impact of the recovery plan on projected demand;
- Other minor net movements across all other services, £0.019m.

MTFP Savings and increased income

4. The Budget included for £(18.5)m of savings and increased income. The table below summarises the current forecasts against this savings target:

Table 3: Savings 2013/14	Budget target (£000's)	End of Year Forecast (£000's)	Variance (£000's)
Transformation savings	(8,131)	(8,132)	(1)
Other savings	(10,389)	(10,389)	
Total	(18,520)	(18,521)	(1)

5. There has been slippage on savings in Groundforce £0.120m pending a review of working conditions and Enforcement £0.214m due to additional staff consultation. These will be mitigated in full from management action taken across the Directorate or use of accumulated balances if required.

Council Tax

6. There have been a number of changes to the overall Welfare system since 1 April 2013, resulting in a lower number of claimants for council tax support (replacement of previous Council Tax Benefit system). With other welfare changes there was some concern about the impact on council tax collection levels. Up to the end of August 2013, 49.58% of all council tax due had been collected, which compares to 49.93% for the same period last year. Whilst this is slightly down, it is in accordance with our assumed collection rate for 2013/14.
7. The current Council Tax forecast is for an additional £(0.609)m of Council Tax to be due in year above budgeted levels, this is a change of £(0.051)m since last month, mainly due to a reduction in the amount of Council Tax Support being awarded of £(65)k having a positive impact on the Band D equivalent tax base.

Table 4: Council Tax 2013/14	Overall		Trafford	
	£(000's)	£(000's)	£(000's)	£(000's)
Surplus brought forward		(6)		(5)
Changes in Band D equivalents	(276)		(233)	
Empty Homes Premium	(265)		(223)	
Council Tax Support awards	(472)		(397)	
Backdated valuations & discounts	290	(723)	244	(609)
Forecasted surplus carry forward		(729)		(614)

Business Rates

8. Under the new Business Rate Retention Scheme, the Council is permitted to retain a proportion of business rates growth (24.5%) above a set threshold. On the downside the Council must contribute 49% of any shortfall in the threshold. Therefore for the first time since 1990, the Council has a direct interest in the amount of business rates collected.
9. A major impediment to advising what the position is on business rates is the significant number of appeals outstanding against rateable values. There has been no further update from the Valuation Office Agency on the first quarter levels of appeals outstanding from the figure of £75m (£156m rateable value) reported previously, this continues to make advising on the forecast position difficult.

Reserves

10. The pre-audited General Reserve balance brought forward is £(10.6)m, against which there are planned commitments up to the end of 2014/15 of £3.8m. The addition of the Council-Wide underspend of £(1.4)m provides for a projected 31 March 2015 balance of £(8.2)m, being £(2.2)m above the agreed minimum level of £(6.0)m:

Table 5: General Reserve Movements	(£000's)
Balance 31 March 2013 (subject to audit confirmation)	(10,643)
Commitments in 2013/14:	
- Planned use for 2013/14 Budget	906
- One-off projects from 2012/13 brought forward	98
- Planned use for one-off projects 2013/14	701
- Council-wide budgets underspend	(1,364)
Balance 31 March 2014	(10,302)
- Planned use for 2014/15 Budget	2,094
Projected balance after known commitments	(8,208)

11. Service balances brought forward from 2012/13 were a net £(3.6)m. After planned use to support one-off projects and adjusting for the estimated outturn, there is a projected net surplus of £(0.529)m to be carried forward to 2014/15 (Table 6). There is also an outstanding balance on the Learning Disability Pool of £0.875m. However there is a recovery plan to bring the pool back into balance by the end of 2014/15 (see Annex 1).
12. The use of Service reserve balances during the year are detailed in Annexes 1 to 4 of the report. However the main highlights include :-
 - invest to save projects in CFW of £0.783m;
 - re-profiling of approved savings within ETO of £0.202m;
 - £0.126m committed on re-phased projects per the 2012/13 outturn report in EGP with the remaining balance £0.186m earmarked to supplement 2013/14 project work, plus provide one-off mitigation if income levels continue to be adversely affected by the economic climate;

- Transformation Support within T&R of £0.177m and £0.185m set aside for Land Charges Claims.

	B/f April 2013 (£000's)	Forecast Movement in-year (£000's)	Forecast Balance (£000's)
Table 6: Service balances			
Children, Families & Wellbeing	(1,427)	1,594	167
Environment, Transport & Operations	(439)	439	0
Economic Growth & Prosperity	(312)	312	0
Transformation & Resources	(1,389)	693	(696)
Total All Services (Surplus)/Deficit	(3,567)	3,038	(529)
Learning Disability Pool	1,472	(597)	875
Total (Surplus)/Deficit	(2,095)	2,441	346

Recommendations

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

TRAFFORD MBC

Report to: CFW Directorate Management Team
 Date: 19 September 2013
 Report for: Discussion
 Report author: CFW Finance Managers

Report Title

**Revenue Budget Monitoring 2013/14 – Period 5
 (April 2013 to August 2013 inclusive)**

1 Outturn Forecast

- 1.1 The approved revenue budget for the year is £82.241m. The projected outturn is £82.409m which is £0.168m over the approved budget, a £0.359m adverse movement since July's forecast.
- 1.2 The £359k net adverse movement in the month is a result of:
- £554k adverse movement in placement costs across the Directorate arising from a lower than expected exit rate from services.
 - £(195)k favourable variances mainly on staff costs from managed vacancies.

2 Explanation of Variances

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

Supporting People & Families and Education Portfolios - £(118)k favourable

- A predicted overspend within the Children's Social Care service of £159k (Including Complex and Additional Needs) comprising of placement budgets £504k, adoption income for placements £(423)k, additional Intensive Fostering grant income £(198k), staffing budgets £225k, Section 17 monies £39k, additional income £(10k) and other minor variances £22k.
- School Support Services saving is mainly as a result of staff posts being held vacant £(125)k, additional IT contract charges £12k, additional income received £(51)k and other variance £(57)k.
- Commissioning projected saving of £(21k) from staff savings due to vacant posts.
- MARAS predicted overspend of £152k: Home to School transport pressure of £208k, staff posts vacant £(27)k and other variances £(29)k, and
- Children's Centres and Early Years overspend of £17k, all relating to staffing,

Adult Social Care Portfolio - £575k adverse

- An increase in placement costs. The equivalent of a net increase of 40 service users in Older People's due to significantly fewer people leaving the service than expected; £426k, 4 new and 7 service users with increased costs in Physical Disabilities; £106k and 4 new service users in Mental Health; £65k.
- Other Services £(22)k; minor variances in Support Services, Adaptations and Other Adult Services.

Public Health Portfolio - £7k adverse

- Public Health services, a net increase in demand led services £7k.

Learning Disabilities (LD) Pooled Budget - £(105)k favourable

- A reduction in the Calderstones contract of £(78)k, a reduction in the Supported Living network homes (£67)k and a reduction in managed staff vacancies £40k.

- 2.2 Adult Social Care has seen a significant increase in service users. The main reason is the Older Peoples service has seen a lower than expected service users' mortality rate. This is an uncharacteristic trend compared to previous years and it is too early to determine if this is a permanent change.
- 2.3 The Physical Disabilities and Mental Health services have also experienced higher than budgeted demand in period. The situation is being monitored and the Directorate is putting in place further action to control costs.
- 2.4 The budget depends on the successful implementation and delivery of two key savings plans to reduce demand; Telecare £(400)k and Reablement £(500)k. Whilst the plans have been implemented the actual reduction in demand will not be felt until later in the year. It is therefore too early to say what level of saving will be delivered and how this will impact on the projected outturn.

3 Learning Disabilities Pooled Fund

- 3.1 At the beginning of the year the LD Pool had a carry forward adverse balance of £1,472k, and a recovery plan to deliver cash savings against budget over two financial years to address this.
- 3.2 The 2013/14 target is for an outturn balance of £900k. The projected outturn is £875k.
- 3.3 The Deputy Corporate Director has re-phased the recovery plan, and included additional initiatives. As a result of the movement in period 5 additional urgent work is being undertaken to recover the position:
- A review of all existing and projected placements
 - Expansion of telecare and reablement into Learning Disabilities services
 - Additional services identified for retendering
 - High cost and out of borough placements review
 - Accommodation development to reduce cost of provision
- 3.4 The updated plan is shared with the Trafford Clinical Commissioning Group (CCG), which replaced the previous Primary Care Trust delivery partner. The

Council and the CCG will target the outstanding balance to bring the LD Pool into balance by 31 March 2015.

4 Service carry-forward reserves

- 4.1 At the beginning of April 2013 the Children, Families and Wellbeing Directorate had accumulated balances of £(1,427)k carried forward from previous financial years.
- 4.2 The remaining carry-forward balances at the end of the year after taking into account the outturn position are:

Table 1: Utilisation of Carry forward Reserve 2013/14 –	(£000's)
Balance brought forward 1 April 2013	(1,427)
Specific expenditure assigned against the reserve re: invest to save	783
Specific expenditure committed from 2012/13	46
P5 Forecast Outturn	765
Balance carried forward at 31 March 2014	167

Table 2: Utilisation of Carry forward Reserve 2013/14 – Learning Disabilities Pooled Fund	(£000's)
Balance brought forward 1 April 2013	1,472
P5 Forecast outturn cash movement	(597)
Balance carried forward at 31 March 2014	875

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

5 Management Action

- 5.1 Key to the delivery of the budget, especially for Adult Social Care is management of demand, placement costs and delivery of the Learning Disabilities Pooled Fund Recovery Plan. The Directorate will focus on
- Monitoring the impact of the changes in activity and discharges from services seen in period 5. Putting in place action to mitigate the budget pressure.
 - Delivery the Learning Disability Pooled Fund Recovery Plan in partnership with Trafford Clinical Commissioning Group.
 - Monitoring of the impact on demand of the Telecare and Reablement budget savings
 - Continuous review of all placements to ensure the most effective provision is made

Period 5 Projected Outturn revenue expenditure and income variances

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

Budget Book Format (Objective analysis)	Full Year Budget (£000's)	P5 Outturn (£000's)	P5 Outturn variance (£000's)	P4 Outturn variance (£000's)	P4 – P5 movement (£000's)	Ref
Supporting Children & Families Portfolio						
Children's Social Services	14,949	15,160	211	121	90	CFW2
Children with Complex & Additional Needs	2,034	1,982	(52)	(52)	0	CFW2
Support Services to CYP	3,662	3,459	(203)	(104)	(99)	CFW3
Commissioning	1,681	1,660	(21)	(15)	(6)	CFW4
Multi Agency Referral & Assessment Service (MARAS)	4,150	4,302	152	208	(56)	CFW5
Youth Offending Service	574	574	0	0	0	
Children's Centres	2,213	2,190	(23)	27	(50)	CFW6
Sub-total	29,263	29,327	64	185	(121)	
Education Portfolio						
Dedicated Schools Grant	0	19	19	37	(18)	CFW1
Transfer to Dedicated Schools Grant Reserve	0	(19)	(19)	(37)	18	CFW1
Education Early Years' Service	988	1,028	40	37	3	CFW6
Connexions Service	863	863	0	0	0	
Sub-total	1,851	1,891	40	37	3	
Adult Social Services Portfolio						
Older People	20,250	20,514	264	(162)	426	CFW7
Physical Disabilities	4,194	4,288	94	(12)	106	CFW8
Equipment & Adaptations	801	789	(12)	(12)	0	CFW9
Mental Health	3,415	3,638	223	158	65	CFW10
Other Adult Services	746	827	81	93	(12)	CFW11
Strategic & Support Services	943	946	3	8	(5)	CFW12

Adaptations	(52)	(54)	(2)	5	(7)	CFW13
Housing Services	1,247	1,272	25	25	0	CFW14
Community Services	252	256	4	2	2	CFW15
Equalities & Diversity	137	118	(19)	(19)	0	CFW16
Sub-total	31,933	32,594	661	86	575	
Community Health & Wellbeing Portfolio						
Public Health	(829)	(829)	0	(7)	7	CFW17
Sub-total	(829)	(829)	0	(7)	7	
Total	62,218	62,983	765	301	464	
Learning Disabilities Pooled Fund	20,023	19,426	(597)	(492)	(105)	CFW18
Total	82,241	82,409	168	(191)	359	

Business Reason / Area (Subjective analysis)	P5 Outturn (£000's)	P4 Outturn (£000's)	P4-P5 movement (£000's)	Ref
Supporting Children & Families Portfolio, Education Portfolio				
DSG Reserve B/Fwd.	(2,453)	(2,453)	0	
Spend on DSG Reserve	1,853	1,853	0	CFW1
Minor variances	(18)	37	(55)	
DSG projected underspend	(618)	(563)	(55)	
Transfer to DSG Reserve	618	563	55	
Non DSG				
Additional Grant Funding	(198)	(198)	0	CFW2
Placements Budget	504	295	209	CFW3
Adoption income for Placements	(423)	(228)	(195)	
Home to School Transport	208	215	(7)	CFW5
Staffing variances	69	150	(81)	CFW3,4,5,6
Additional Income	(41)	(21)	(20)	CFW3
Other minor variances	(15)	9	(24)	CFW3,5
Sub-total Net Underspend Non DSG	104	222	(118)	
Adult Social Care Portfolio				
Management of vacancies	(322)	(194)	(128)	CFW7,8,10,11,15,16
External care packages and commissioned services	831	146	685	CFW7,8,9,10,14
Delay in closure of establishments	91	91	0	CFW7
Other running costs	61	43	18	CFW12,13
Sub-total	661	86	575	
Community Health & Wellbeing Portfolio				
Commissioned Services	30	(30)	60	CFW17
Other running costs	(30)	23	(53)	CFW17
Sub-total	0	(7)	7	
Total	765	301	464	
Learning Disabilities Pooled Fund				
Management of vacancies	33	(7)	40	CFW18
External care packages and commissioned services	(630)	(485)	(145)	CFW18
Sub-total	(597)	(492)	(105)	
Total	168	(191)	359	

NOTES ON VARIANCES AND PERIOD MOVEMENTS

Supporting Families & Children Portfolio, Education Portfolio

Within the DSG

CFW1 – DSG Reserve b/fwd.

- The DSG reserve brought forward balance is £(2.453)m. There are likely to be commitments against this in 2013/14 of £1.853m and a net variance in-year of £(18)k. This leaves an underspend of £(0.618)m. This underspend will be carried forward to 2014/15. The movement from the previous month relates to increased pressure on nursery places and projected savings on SEN placements. Further variances will come to light once of the impact of the new academic year is known. (e.g. Increase pupil numbers).
- The Funding Forum was made aware of this reserve at the July meeting and proposals will be forwarded at a future meeting on how to utilise this. It is very likely that some of it will be distributed to schools on a one off basis. Further details can be sought by accessing the July Funding Forum report.

Non DSG Variances £104k adverse

CFW2 – Children's Social Care £159k adverse (Includes Children with Complex & Additional Needs)

- A predicted overspend within the Children's Social Care service of £159k (Including Complex and Additional Needs) comprising of placement budgets £504k, adoption income for placements £(423)k, additional Intensive Fostering grant income £(198k), staffing budgets £225k, Section 17 monies £39k, additional income £(10k) and other minor variances £22k. The increase in the placements overspend from last month is due to increased Level 1 placement costs.

CFW3 – Support Services £(203)k favourable

- This saving is mainly as a result of staff posts being held vacant £(125)k, additional IT contract charges £12k, additional income received £(31)k and other variance £(59)k.

CFW4 – Commissioning £(21)k favourable

- The favourable variance is due to vacant staff posts.

CFW5 – MARAS £152k adverse

- Home to School transport pressure of £208k, staff posts vacant £(27)k and other variances £(29)k.

CFW6 – Children’s Centres and Early Years £17k adverse

- The Children’s Centre’s and Early Years projected overspend is due to staff posts.

Adult Social Care Portfolio £661k adverse

CFW7 – Older People £264k adverse

- **Care Management/Assessment £(285)k favourable**
Due to managed vacancies within the Social Work teams.
- **Residential and Nursing Care/Home Care/Day Care/Direct Payments - £458k adverse**
In previous periods demand had been within expected levels, period 5 has seen a net increase of 40 service users across residential, homecare and direct payments services incurring additional costs of £458k. The main reason for the net increase is there have been significantly fewer people leaving services. There have been a lower number of deaths than expected a lower number of service users being discharged because they no longer require services.
- **Katherine Lowe House and The Princess Centre - £91k adverse**
Delays in the closure of Katherine Lowe House (£76k) and the Princess Centre (£15k) resulting in additional costs being incurred.

CFW8– Physical Disabilities £94k adverse

- **Care Management/Assessment £(46)k favourable**
Due to managed vacancies within the Social Work teams.
- **Residential and Nursing Care/Home Care/Direct Payments - £140k adverse**
One additional residential placement costing £45k more than budgeted, 4 additional homecare placements; £12k and 7 existing placements were package costs have increased; £83k.

CFW9 – Equipment & Adaptations - £(12)k favourable

- **External Minor Adaptations - £(12)k favourable**
The volume of repair call out is projected to be slightly lower than estimated in the budget.

CFW10 – Mental Health - £223k adverse

- **Care Management and Assessment £(67)k favourable**
Due to managed vacancies within the Community Mental Health Team.
- **Residential and Nursing Care/Home Care/Direct Payments/Supported Living £290k adverse**
There are 5 residential service users with significantly higher than budgeted costs and one homecare user higher than budgeted.

CFW11 - Other Adult Services £81k adverse

- **Emergency Duty Team £81k adverse**
Due to projected staff costs due to current workload.

CFW12 - Strategic & Support Services - £3k adverse

- **Finance Team £3k adverse**
Due to higher than expected client services costs.

CFW13 - Adaptations - £(2)k favourable

- **Adaptations Income £(2)k favourable**
Due to projected over achievement in adaptations fee income.

CFW14 - Housing Services - £25k adverse

- **Supporting People £25k adverse**
Underachievement in income contribution.

CFW15 - Community Services - £4k adverse

- **Community Services £4k adverse**
Underachievement in income contribution.

CFW16 – Equalities & Diversity - £(19)k favourable

- **Equalities & Diversity £(19)k favourable**
Due to managed vacancies in the Team £(8)k and a projected underspend in the events budget £(11)k.

Community Health & Wellbeing Portfolio £Nil variance

CFW17 – Public Health Services - £Nil variance

- **Public Health Services £Nil variance**
An increase in activity for demand led locally enhanced services £60k, offset by a managed underspend in other running expenses.

Learning Disabilities Pooled Fund

CFW18 – Learning Disabilities - £(597)k favourable – Pooled Fund Arrangement

- **Residential and Nursing Care/Home Care/Direct Payments £(630)k favourable**
The impact of the recovery plan on projected demand.
- **Daycare £(8)k favourable**
The new method of service provision at the Meadowside Centre has delivered a saving higher than estimated.
- **Care Management/Assessment £41k adverse**
Agency cover for long term sick and additional resource to deliver recovery plan.

TRAFFORD MBC

Report to: ETO Directorate Management Team
 Date: 18 September 2013
 Report for: Discussion
 Report author: ETO/EGP Finance Manager

Report Title

Revenue Budget Monitoring 2013/14 – Period 5 (April to August 2013)

1. Forecast Outturn for the Year

- 1.1 The approved revenue budget for the year is £29.193m. The forecast outturn before management action is £29.247m, which is £0.054m over the approved budget (0.2%). This is a favourable movement of £(0.042)m since the last report.
- 1.2 The movement this month includes a £0.035m adverse variance relating to increased street lighting energy costs. There are also a number of favourable variances totalling £(0.077)m arising from the ongoing management action to bring the spending and income in line with budget. This includes £(0.030)m from management staffing costs, £(0.012)m procurement saving from the depot security contract, £(0.020)m from waste management running cost efficiencies and net £(0.015)m from other minor savings.
- 1.3 Management action will continue throughout for the remainder of the year (see paragraph 2) and a nil variance is expected as a result.
- 1.4 The Directorate has also brought forward balances of £(0.439)m from previous years of which £(0.202)m is earmarked specifically to mitigate one-off budget pressures if required (paragraph 3). In particular, this relates to savings which have been re-profiled to later in the year, such as where additional staff consultations have been undertaken.
- 1.5 This is the third monitoring report of the financial year and, hence, the information available to produce a forecast outturn is limited and subject to change at this point. For example, the Directorate budget can be adversely affected by weather conditions, and income streams by the wider economic climate.

2. Summary of Variances

- 2.1 The overall net variance reflects a number of individual under and overspends across the diverse areas of the Directorate:
- Re-profiling of savings from the review of Enforcement due to additional staff consultation £0.214m;
 - Re-profiling of Groundforce staff savings pending a review of working conditions (e.g. overtime) £0.134m;
 - Public Protection licencing income – continuing adverse effect of economic climate £0.070m;
 - Traffic Management costs for major events – additional costs £0.054m;

- Street Lighting - new energy contract will lead to higher than anticipated costs £0.035m;
- Additional costs from the extension of the Parking enforcement contract prior to full re-tendering exercise during the year £0.033m;
- Deletion of the Head of Operations post part year saving (revenue element) £(0.030)m;
- The full closure of Oakfield Road car park has taken longer than predicted when setting the budget and income is hence £(0.160)m higher than expected for the full year;
- Other Parking income £(0.034)m
- Income in Bereavement Services has continued to be higher than expectations £(0.099)m;
- School crossing patrols ongoing net vacancies £(0.050)m;
- Income expected from the GM Road Access Permit Scheme £(0.025)m;
- Rebate expected from transport leasing contractor £(0.050)m;
- Waste Management – underspend on the waste collection contract and refurbishing of existing dustbin stock £(0.020)m;
- Others £(0.018)m.

2.2 The management action plan being implemented includes numerous steps to ensure that essential services are delivered within budget throughout the year. These will be monitored throughout the year and reflected in the forecast outturn for the service areas accordingly:

- Only necessary spending on supplies and services to be approved;
- Reduced use and greater control of overtime and travel expenses;
- Monitoring and evaluation of existing and potential new income streams;
- Analysis of rechargeable work for both revenue and capital schemes;
- Additional improvements to efficiency through service redesign and better procurement;
- Potential to accelerate future savings proposals.

3. Reserves

3.1 At the end of 2012/13 the Directorate had a surplus on accumulated balances of £(0.439)m, which was carried forward to 2013/14. This was a result of successful management action to both mitigate the adverse budget pressures in 2012/13, plus deliver sufficient additional surpluses to assist in mitigating future pressures if required while sustainable solutions are implemented. The planned use of these balances is shown below:

Utilisation of Carry forward Reserve 2013/14	(£000's)
Surplus balance brought forward at 1 April 2013	(439)
Traded service investment projects c/f	132
Car Parking – contract cost/income	105
Earmarked for re-profiling of approved savings	202
Balance after commitments	0

4. Savings

- 4.1 The approved Directorate budget includes savings of £(3.011)m, (9.3)% as follows:

	Budget (£000's)	Outturn (£000's)	Variance (£000's)
Increased and new income	(307)	(307)	0
Efficiencies and others	(605)	(575)	30
Policy Choice	(2,099)	(1,795)	304
Mitigating action across ETO	0	(334)	(334)
Total ETO	(3,011)	(3,011)	0

- 4.2 The shortfall of £0.334m relates to re-profiling of savings in Enforcement and Groundforce above. These are to be mitigated in full from management action taken across the Directorate, or by the use of accumulated balances if required.

5. Recommendations

- 5.1 It is recommended that the forecast outturn and mitigating management action be noted.

Period 5 Forecast Outturn revenue expenditure and income variances.

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

Budget Book Format (Objective analysis)	Full Year Budget (£000's)	P5 Forecast Outturn (£000's)	P5 Outturn Variance (£000's)	P4 Outturn Variance (£000's)	P4 – P5 Movement (£000's)	Ref
Highways & Environment Portfolio						
Highway and Network Management, incl. Traffic & Transportation	5,130	5,160	30	37	(7)	ETO1
School Crossing Patrols	512	462	(50)	(50)	0	ETO2
Parking Services	(150)	(329)	(179)	(179)	0	ETO3
Groundforce	4,593	4,720	127	129	(2)	ETO4
Bereavement Services	(998)	(1,091)	(93)	(91)	(2)	ETO5
Sustainability & Greenspace	410	375	(35)	(32)	(3)	ETO6
Waste Management (incl. WDA levy)	18,661	18,641	(20)	0	(20)	ETO7
Public Protection	806	866	60	60	0	ETO8
Environmental Enforcement	30	244	214	214	0	ETO9
Directorate Strategy & Business Support	471	471	0	8	(8)	
Sub-total	29,465	29,519	54	96	(42)	
Operational Services for Education	(272)	(272)	0	0	0	
Management action plan across ETO	0	(54)	(54)	(96)	42	ETO10
Total Forecast Outturn Period 5	29,193	29,193	0	0	0	

ETO Business Reason / Area (Subjective analysis)	P5 Outturn Variance (£000's)	P4 Outturn Variance (£000's)	P4 – P5 Movement (£000's)	Ref
Highways and Network Management				
Traffic Management costs - events	54	54	0	
Fee income shortfall	8	8	0	
Transport rebates	(25)	(25)	0	
Staffing vacancies	(30)	0	(30)	
Depot Security contract saving	(12)	0	(12)	
Energy – Street Lighting	35	0	35	
Sub-total	30	37	(7)	ETO1
School Crossing Patrols - vacancies	(50)	(50)	0	ETO2
Parking Services				
Additional income – Oakfield Road	(160)	(172)	12	
Additional income - others	(34)	(22)	(12)	
Contract extension one-off costs	33	33	0	
Staffing and running costs	(18)	(18)	0	
Sub-total	(179)	(179)	0	ETO3
Groundforce				
Re-profiling of staff/equipment savings	134	126	8	
Overtime/other additional running costs	18	28	(10)	
Transport rebates	(25)	(25)	0	
Sub-total	127	129	(2)	ETO4
Bereavement Services				
Essential maintenance costs	6	10	(4)	
Income above budget	(99)	(101)	2	
Sub-total	(93)	(91)	(2)	ETO5
Sustainability & Greenspace				
Vacancy, supplies & services	(35)	(32)	(3)	ETO6
Waste Management				
Refurbishment and reduced demand for bin replacement	(10)	0	(10)	
Contract costs	(10)	0	(10)	
Sub-total	(20)	0	(20)	ETO7
Public Protection				
Income shortfall including licencing	70	70	0	
Mitigating action – hold on filling vacancies	(10)	(10)	0	
Sub-total	60	60	0	ETO8

ETO Business Reason / Area (Subjective analysis)	P5 Outturn Variance (£000's)	P4 Outturn Variance (£000's)	P4 – P5 Movement (£000's)	Ref
Environmental Enforcement				
Re-profiling of staff/equipment saving	214	214	0	ETO9
Director & ETO Business Support				
Staffing and Running costs	0	8	(8)	
Management Action - running costs	(54)	(96)	42	ETO10
Total Forecast Outturn Period 5	0	0	0	

ADDITIONAL NOTES ON FORECAST OUTTURN VARIANCES

ETO 1 – Highways & Network Management - £0.030m (adverse)

Traffic management costs associated with major events are estimated at £0.054m above budget for the year. These costs have arisen due to clarification on the statutory responsibilities, and will need to be addressed in the Medium Term Financial Plan. A number of options are also being evaluated up to reduce this pressure.

Forecast fee income in Highways and Transportation is £0.008m less than budgeted for the year.

The overall adverse variance also includes expected receipt of rebates from the vehicle leasing contractor £(0.025)m;

There is an underspend on staffing arising from a vacant managerial post £(0.030)m;

A review of security at Carrington Depot has reduced contract costs by £(0.012)m, after one-off costs associated with CCTV installation and alarm maintenance work.

There is an adverse movement of £0.035m in Street Lighting energy costs as a result of increases in the annual energy supplier contract.

ETO 2 – School Crossing Patrols – £(0.050)m (favourable)

There is a forecast underspend on staffing of £(0.050)m due to the ongoing difficulties in the filling of vacancies, which has continued from 2012/13. Leavers and new starters have broadly matched each other in recent months, which has meant the net staffing level has not increased as intended.

ETO 3 – Parking Services – £(0.179)m (favourable)

The approved budget included assumptions regarding the partial, then full closure of Oakfield Road car park during the year as part of the regeneration of Altrincham Town Centre. The re-phasing of the town centre project has resulted in forecast income above budget of £(0.160)m. There is an adverse movement of £0.012m since last reported due to works on the new Altrincham Interchange which are now occupying a portion of the car park.

Other car parking income continues to be above expectations, following on from 2012/13, £(0.034)m, which is a favourable movement of £(0.012)m.

The contract for Parking enforcement has been extended for a further 12 months while a full tender exercise is undertaken. The extension has increased costs by £0.033m from the previous contract period which has now expired. The new contract will be awarded from April 2014.

Action to control general running costs and the holding of vacancies gives rise to an expected underspend of £(0.018)m.

ETO 4 – Groundforce - £0.127m (adverse)

Savings associated with staffing, supplies, vehicles and equipment have been re-profiled pending a review of terms and conditions, overtime and procurement, leading to a forecast adverse variance of £0.134m. This is a movement of £0.008m since last reported. The review will feed into the management action plan, plus balances have been carried forward from 2012/13 to be utilised as one-off mitigation, if required.

Other supplies, services and overtime costs are forecast to be £0.018m above budget, which is a favourable movement of £(0.010)m. An element of this relates to one-off reactive service requests, which are often out of normal working hours. The review of the service above will also look to address these issues.

Receipt of rebates from the vehicle leasing contractor £(0.025)m.

ETO 5 – Bereavement Services £(0.093)m (favourable)

Net income levels for the year are expected to exceed the budget by £(0.099)m, and follows the levels from the last financial year. Running costs above budget of £0.006m relate to essential works.

ETO 6 – Sustainability and Greenspace £(0.035)m (favourable)

Management action to control running costs, plus staff vacancies, gives rise to a predicted underspend of £(0.035)m.

ETO 7 – Waste Management £(0.020)m (favourable)

An underspend of £(0.010)m is reported this month relating to a reduction in the forecast purchase cost of replacement bins. This relates to an increase in the refurbishing of existing bin stock and also a reduction in demand generally.

There is also an underspend of £(0.010)m reported this month relating to latest estimates of the waste collection contract for the year.

ETO 8 – Public Protection £0.060m (adverse)

There is a predicted shortfall in income of £0.070m across the service. This relates in particular to licencing, which is due to lower levels of applications received. This is to a large extent related to the economic climate and has continued from the last financial year. This will also be assessed as part of the Medium Term Financial Plan.

The shortfall is expected to be partly mitigated through a variety of management actions to control costs throughout the year, including a delay in filling vacant posts £(0.010)m. The management action plan includes for possible further restrictions on staffing vacancies.

ETO 9 – Environmental Enforcement £0.214m (adverse)

The savings associated with the review of Enforcement have been re-profiled following additional staff consultations. This has resulted in a forecast adverse variance of £0.214m for the year. The management action plan for ETO will look to address the adverse variance in-year. The variance was identified very early in this

financial year and the Directorate was also able to identify and earmark balances from the 2012/13 accounts to mitigate this variance, if required.

ETO 10 – Management Action £(0.054)m (favourable)

The Directorate has already instigated a management action plan to contain adverse variances projected for the year. This includes reviews of overtime and other staff costs, plus gaining a better understanding of cost drivers, such as in Groundforce. Vehicle and depot costs are also being reviewed alongside procurement and contract costs. These will be monitored throughout the year and reflected in the forecast outturn for the relevant service area as they are realised.

TRAFFORD MBC

Report to: EGP Directorate Management Team
 Date: 19 September 2013
 Report for: Discussion
 Report author: EGP/ETO Finance Manager

Report Title

<p>Revenue Budget Monitoring 2013/14 – Period 5 (April to August 2013)</p>

1. Forecast Outturn

- 1.1 The approved revenue budget for the year is £3.298m. The forecast outturn is £3.338m, which is £0.040m above the budget. This is unchanged from last reported. There are a number of minor offsetting variances across the Directorate from last month.
- 1.2 The Directorate will implement management action to manage budget pressures, particularly around staffing and control of running costs, and a nil variance is expected at year end. EGP also has balances of £(0.312)m brought forward from previous years which are largely related to re-phased project costs, but are also available to fully mitigate the above variance, if required.

2. Explanation of Variances

- 2.1 The forecast outturn variances are summarised below, with more detail at Appendix 1:
- Shortfall in property rent income of £0.068m due to the on-going adverse effect of the economy, primarily on town centre rents (e.g. Stamford Centre). This is £0.001m higher than previously reported;
 - Rental income from airport land is £(0.019)m higher than budgeted, and is based on the notification received from Manchester City Council in March this year;
 - Facilities management staffing is £0.030m above budget due to the later than planned disposal of a number of properties (e.g. Broomwood);
 - There is a forecast staffing underspend across EGP relating to the ongoing restructure and appointments to vacancies £(0.085)m, which is a favourable movement of £(0.011)m since the last report;
 - Planning Application fees income predicted shortfall is £0.050m. Building control income is forecast to be higher than planned by £(0.050)m, a reduction of £0.010m since last month;
 - Fee income from housing improvement capital schemes is a net £0.046m less than budget due to a reduced volume of property sales.

3. Reserves

- 3.1 At the end of the last financial year the Directorate had £(0.312)m of balances brought forward from previous years, of which £0.126m is committed on re-phased projects per the 2012/13 outturn report.
- 3.2 The remaining balance is earmarked to supplement 2013/14 project work, plus provide one-off mitigation should income levels continue to be adversely affected by the economic climate, or for other budget pressures during the year.

Utilisation of Carry forward Reserve 2013/14	(£000's)
Surplus balance brought forward at 1 April 2013	(312)
Re-phasing of projects from 2012/13	126
Forecast outturn overspend P5	40
Committed on 2013/14 projects plus mitigation for potential future budget pressures	146
Balance after forecast outturn/commitments	0

4. Savings

- 4.1 The approved Directorate budget includes savings of £(0.696)m, (21.1)% as follows:

	Budget (£000's)	Outturn (£000's)	Variance (£000's)
Increased and new income	(122)	(122)	0
Efficiencies and others	(351)	(351)	0
Policy Choice	(223)	(193)	30
Total EGP	(696)	(666)	30

- 4.2 The shortfall of £0.030m relates to savings in Facilities Management staffing which have needed to be re-profiled due to the disposal of buildings taking longer than had been planned. This will be mitigated by management action taken across the Directorate, or by the use of accumulated balances if required.

5. Recommendations

- 5.1 It is recommended that:
- The forecast outturn of £0.040m for 2013/14 be noted.

Period 5 Forecast Outturn revenue expenditure and income variances

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

Budget Book Format (Objective analysis)	Full Year Budget (£000's)	P5 Forecast Outturn (£000's)	P5 Outturn Variance (£000's)	P4 Outturn Variance (£000's)	P4 – P5 Variance (£000's)	Ref
Economic Growth & Prosperity Portfolio						
Asset Management	1,118	1,196	78	73	5	EGP1
Planning & Building Control	174	129	(45)	(45)	0	EGP2
Strategic Planning & Development	525	519	(6)	(6)	0	EGP2
Economic Growth	711	690	(21)	(16)	(5)	EGP4
Housing Strategy	522	556	34	34	0	EGP3
Directorate Strategy & Business Support	248	248	0	0	0	EGP4
Total Forecast Outturn Period 5	3,298	3,338	40	40	0	

EGP Business Reason / Area (Subjective analysis)	P5 Outturn Variance (£000's)	P4 Outturn Variance (£000's)	P4 – P5 Movement (£000's)	Ref
Asset Management				
Investment Property Rental Income:				
- Stamford Centre - shortfall	34	34	0	
- Other properties - shortfall	20	19	1	
- Airport - surplus	(19)	(19)	0	
Community buildings – income/running costs	14	14	0	
Facilities Management - staffing	30	30	0	
Asset Management – staffing vacancies	(12)	(12)	0	
Other minor running cost variances	11	7	4	
Sub-total	78	73	5	EGP1
Planning & Building Control				
Planning applications income shortfall	50	50	0	
Building Control income surplus	(50)	(60)	10	
Staffing vacancies	(45)	(35)	(10)	
Sub-total	(45)	(45)	0	EGP2
Strategic Planning & Development				
Staffing/running costs savings	(6)	(6)	0	
Sub-total	(6)	(6)	0	
Economic Growth	(21)	(16)	(5)	
Housing Strategy				
Housing improvements capital fee income shortfall	46	46	0	EGP3
Staffing/running cost savings	(12)	(12)	0	
Sub-total	34	34	0	
Total Forecast Outturn Period 5	40	40	0	

NOTES ON OUTTURN VARIANCES

EGP1 – Asset Management - £0.078m (adverse)

The effect of the economy is continuing to adversely affect rents across the property portfolio, including Stamford Centre £0.034m, and Community Buildings £0.014m. Other investment property is expected to have a shortfall of £0.020m, which is a movement of £0.001m since last reported. Airport rent is expected to be £(0.019)m above budget following notification in March from Manchester City Council of new rent levels for the next five years.

Facilities Management staffing is expected to be £0.030m above budget. The associated saving has needed to be re-profiled as the planned disposal of buildings is taking longer than expected.

There are a number of staffing and minor running cost variances which net to a favourable £(0.001)m across Asset Management. This is an adverse movement of £0.004m since last reported.

EGP2 – Planning and Building Control – £(0.045)m (favourable)

Income from planning fees is forecast to be £0.050m less than budget, which is due to the continuing adverse economic climate.

Building control income is forecast to be above budget by £(0.050)m, which is an adverse movement of £0.010m since last reported based on the latest weekly income monitoring figures. This includes some capital related income plus the service has been successful in competing with other external providers.

Planning and building control fees are continuing to be monitored on a weekly basis.

An underspend from staffing vacancies is predicted to be £(0.045)m, and the filling of these posts will be addressed by the ongoing restructure of EGP. This includes a further £(0.010)m since last reported.

EGP3 – Housing Strategy – Housing Improvement fee income £0.046m (adverse)

The cost of housing improvement work is recouped when properties are sold in the future, and the sale proceeds are reinvested in new works to top up the existing capital programme. Where new improvement works are carried out, this generates fee income for the service to recover the Council's management and administration costs. There has been a reduction in the number of property sales due to the adverse economic climate and this has reduced the availability of capital funds for new works. Fee income has, hence, reduced compared to that expected in the revenue budget. This will be taken forward in the Medium Term Financial Plan.

TRAFFORD MBC

Report to: Transformation & Resources Directorate Management Team
Date: 19 September 2013
Report for: Discussion
Report author: T&R Finance Manager

**Revenue Budget Monitoring 2013/14 – Period 5
(April 2013 – August 2013 inclusive)**

1 Outturn

1.1 The current approved revenue budget for the year is £20.274m. The outturn of £20.246m is £(0.028)m below the approved budget. This is a £0.002m adverse movement since last month.

1.2 The £2k net adverse movement in the month is a result of:

£48k adverse variance on staff costs across the Directorate resulting from fewer vacancies arising in the month.

£(31)k favourable collective variances on other running costs for items such as a rate rebate and external funding being identified for public space CCTV.

£(15)k favourable collective variance on all income streams examples of such would be grants and ICT income.

2 Reserves

2.1 The Directorate has accumulated balances of £(1.389)m brought forward from 2012/13. Over the year the surplus balance will be used to ensure that the Directorate can meet and sustain the challenges of the future, including support for the Transformation Programme. The table overleaf summarises the projected movement during 2013/14:

Table 1: Utilisation of Carry Forward Reserve 2013/14	£000's
Balance b/f 1 April 2013	(1,389)
Planned use in 2013/14	
Land Charges Claims	185
Transformation Support	177
Information Governance	65
LGG Support	56
CCTV/ Control room marketing and set up costs	55
Waterside Arts Centre – Marketing and Venue Improvements	50
Library improvements	40
ICT textlink and contracts	34
EDRMS	20
Altrincham Forward	20
Trafford Today	12
Legal Case Management System	7
2013/14 Outturn	(28)
Remaining Balance at 31 March 2014	(696)

- 2.2 In 2013/14 and future years the surplus balance will be used to ensure that the directorate can meet and sustain the challenges of the future, particularly ensuring support for the Transformation Programme.

3 Welfare Reform

- 3.1 In the five months of operation, Trafford Assist has made 1,419 individual awards with a value of £69,949. So far, a typical month's awards are shown in the table below, however there are further Welfare Reforms, such as the 'benefits cap', and the winter months ahead:

Item	Awards	Value
Furniture	42	£10,000
Paypoint (cash)	112	£1,700
Food	153	£1,550
Total	307	£13,250

- 3.2 The Trafford Assist scheme is within budget after the first five months in operation. There are no plans to adjust the qualifying criteria at this stage, as demand on the scheme may increase when other Welfare Benefit changes are introduced and during the winter. The scheme continues to receive favourable comments from customers, DWP and other Partners particularly about positive intervention and signposting.
- 3.3 In addition to the above, 538 awards, out of 632 requests, for Discretionary Housing Payment have been made amounting to £144,674. This is in line with budgeted expectations.

Period 5 Forecasted Outturn revenue expenditure and income variances

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

Budget Book Format (Objective analysis)	Full Year Budget (£000's)	P5 Forecast Outturn (£000's)	P5 Outturn variance (£000's)	P4 Outturn variance (£000's)	P4 to P5 Movement (£000's)	Note ref
Transformation and Resources Portfolio						
Legal & Democratic	1,885	2,047	162	152	10	T&R2,4
Communications & Customer Services	6,865	6,789	(76)	(64)	(12)	T&R1,4
Partnerships & Performance	2,691	2,699	8	9	(1)	
Strategic Human Resources	2,350	2,342	(8)	(3)	(5)	T&R3
Corporate Leadership and Support	367	360	(7)	(8)	1	
sub-total	14,158	14,237	79	86	(7)	
Finance Portfolio						
Finance Services	3,944	3,796	(148)	(151)	3	T&R1
sub-total	3,944	3,796	(148)	(151)	3	
Safe and Strong Communities						
Culture & Sport	2,172	2,213	41	35	6	T&R4
sub-total	2,172	2,213	41	35	6	
Total	20,274	20,246	(28)	(30)	2	

Business Reason / Area (Subjective analysis)	P5 Outturn variance (£000's)	P4 Outturn variance (£000's)	P4 to P5 movement (£000's)	Note ref
Management of Vacancies	(149)	(197)	48	T&R1
Court Costs and Legal fees	163	163	0	T&R2
Running Costs	(12)	19	(31)	T&R3
Income	(30)	(15)	(15)	T&R4
Total	(28)	(30)	2	

NOTES ON PROJECTED VARIANCES

T&R1

There are a number of posts which are held vacant whilst staffing structures are being reviewed, particularly in ICT and Revenues & Benefits. There was a low turnover of staff in August which adversely impacted on Vacancy Factor projections.

T&R2

Legal expenses are forecast to be £163k adverse to budget due to a continuing increase in childcare cases and a number of new development projects.

T&R3

Running costs are being tightly controlled to remain within budget. However, the initiative to reduce sickness levels has impacted on utilisation of Occupational Health services causing an increased forecast adverse variance of £46k within HR. This has been offset with other favourable running costs within the Directorate.

T&R4

There is forecast to be a favourable variance on income of £(30)k, particularly on Registrars and ICT but offset by a shortfall in income in the Waterside Arts Centre.

TRAFFORD MBC

Report to: Director of Finance
Date: 20 September 2013
Report for: Information
Report author: Head of Financial Management

Report Title

Revenue Budget Monitoring 2013/14 – Period 5 Outturn - Council-Wide Budgets (April 2013 to August 2013 inclusive)
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1 Outturn Forecast

1.1 The current approved revenue budget for the year is £23.998m. The outturn forecast is £22.634m, which is £(1.364)m under the budget, a minor adverse movement of £0.010m since last month.

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

Treasury Management - £(1.321)m relating to Manchester Airport Group dividend received above budget and £(0.010)m of reduced debt charges;

Members expenses - £(0.025)m, relating mainly to the voluntary 1.9% reduction in allowances;

There were a number of other minor variances across Council Wide budgets in the sum of £(0.008)m for the year.

2 Service carry-forward reserve and Recommendations

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

Period 5 Forecasted Outturn revenue expenditure and income variances

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

Budget Book Format (Objective analysis)	Full Year Budget (£000's)	P5 Forecast Outturn (£000's)	P5 Outturn variance (£000's)	P4 Outturn variance (£000's)	P4 to P5 movement (£000's)	Ref
Finance Portfolio						
Precepts, Levies & Subscriptions	17,852	17,852				
Provisions (bad debts & pensions)	1,742	1,742				
Treasury Management	8,366	7,035	(1,331)	(1,341)	10	C-W1
Insurance	659	659				
Members Expenses	944	919	(25)	(25)		C-W2
Grants	(5,887)	(5,895)	(8)	(8)		
Other Centrally held budgets	322	322				
Total	23,998	22,634	(1,364)	(1,374)	10	

Business Reason / Area (Subjective analysis)	P5 Outturn variance (£000's)	P4 Outturn variance (£000's)	P4 to P5 movement (£000's)	Ref
Treasury Management:				
- Investment Income	(1,320)	(1,321)	1	C-W1
- Debt Management cost savings	(11)	(20)	9	C-W1
Members Allowances	(25)	(25)		C-W2
Grants	(8)	(8)		
Total	(1,364)	(1,374)	10	

NOTES ON PROJECTED VARIANCES

C-W1 – Treasury Management - £(1.331)m (favourable).

Investments – £(1,321)k – Increased MAG share dividend

In 2013 Manchester Airport Group (MAG) acquired Stansted Airport which resulted in the Council's share allocation in the expanded group being restated from 5% to 3.22%. The MAG board, at its June 2013 meeting, agreed the total level of share dividend to be paid in 2013/14 and this was set at £72m, payable in 2 tranches, £50m in July 2013 and £22m in October 2013. The Council will now receive a total of £(2.321)m, which is £(1.321)m in excess of the budgeted figure. Whilst the level of dividend forecasted to be received annually has been revised to a level of £(1.352)m from that previously received of £(1.000)m, this year's dividend is higher than normal as it contains a one-off allocation relating to the higher than expected levels of cash balances held in Stansted Airport at the time of acquisition.

Other minor variances of £(0.010)m.

Debt - £(20)k – Minimum Revenue Provision

A lower than expected level of prudential borrowing relating to the 2012/13 capital programme has resulted in a temporary reduction in the minimum revenue provision in 2013/14.

C-W2 – Members Allowances - £(0.025)m (favourable).

All 63 Trafford Members agreed to take a voluntary 1.9% reduction in the value of their allowances. This will generate a saving of £(0.016)m. Other minor savings from telephony and running costs are also expected of £(0.009)m.