

## TRAFFORD COUNCIL

**Report to: Executive**

**Date: 18<sup>th</sup> March 2024**

**Report for: Information**

**Report of: Executive Member for Finance, Change and Governance and the Director of Finance and Systems**

**Report Title:**

**Budget Monitoring 2023/24 Period 10 (April 2023 to January 2024)**

### **Summary:**

The purpose of this report is to inform Members of the 2023/24 projected outturn figures relating to both Revenue and Capital budgets. It also summarises the projected outturn position for Council Tax and Business Rates.

The outturn forecast has improved from Period 8 £0.59m underspend to Period 10 £1.60m underspend, a positive movement of £1.01m, in part, because of the management actions introduced during the year to control expenditure.

### **Recommendation(s)**

**It is recommended that the Executive:**

- a) Note the updated summary positions on the revenue budget and capital programme.

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

David Muggeridge, Head of Financial Management      Extension: 4534

Background Papers: None

Relationship to Policy Framework/Corporate Priorities	Value for Money
Relationship to GM Policy or Strategy Framework	Expenditure is aligned to meet the priorities with the Corporate Plan which is aligned to the GM policy and strategy where required.
Financial	It is the responsibility of the Executive to operate within the budgetary framework

	<p>set by the Council when it agreed the budget for 2023/24 at the Council Meeting on 15 February 2023.</p> <p>Revenue and capital expenditure to be contained within available resources in 2023/24.</p>
Legal Implications:	None arising out of this report
Equality/Diversity Implications	None arising out of this report
Sustainability Implications	None arising out of this report
Resource Implications e.g Staffing / ICT / Assets	Not applicable
Risk Management Implications	Not applicable
Carbon Reduction	Not applicable
Health & Wellbeing Implications	Not applicable
Health and Safety Implications	Not applicable

## EXECUTIVE SUMMARY

- 1.1. In a change from previous detailed monitoring reports, this Period 10 report focuses on a high level summary of the estimated outturn and significant changes from the Period 8 monitor. A detailed report will resume for the final outturn position.
- 1.2. There is a net projected outturn underspend of £1.60m and a favourable movement of £1.01m from Period 8, largely because of management action plans to control in year spending (see section 1.9 for more detail). Detail of the net revenue outturn is displayed in Table 1 below. An analysis of the net service budget is shown in Table 2 with further details included in Annex 1.

<b>Table 1 – Net Revenue Outturn</b>				
<b>Service Directorate</b>	<b>2023/2024 Budget £000</b>	<b>Outturn £000</b>	<b>Full Year Variance £000</b>	<b>Change from Prior Period £000</b>
Children’s Services	49,056	52,232	3,176	(12)
Adult Services	60,855	58,728	(2,127)	(415)
Public Health	13,374	13,052	(322)	(147)
Place	38,356	38,287	(69)	14
Strategy & Resources	10,605	10,187	(418)	(147)
Finance & Systems	9,671	9,750	79	(70)
Legal & Governance	3,575	3,837	262	10
<b>Total Directorate Budgets</b>	<b>185,492</b>	<b>186,073</b>	<b>581</b>	<b>(767)</b>
Council-wide budgets	24,314	20,632	(3,682)	(248)
<b>Net Service Budgets</b>	<b>209,806</b>	<b>206,705</b>	<b>(3,101)</b>	<b>(1,015)</b>
General Fund Financing	(209,806)	(208,306)	1,500	0
<b>Net Revenue Outturn</b>	<b>0</b>	<b>(1,601)</b>	<b>(1,601)</b>	<b>(1,015)</b>

**Table 2 – Analysis of Net Service Budget**

	Variance £000	Movement from Prior Period £000
<b>Directorate Budgets</b>		
Children's placements	2,110	174
Children's Home to School Transport	1,012	7
Running costs – S17 payments (Childrens)	839	46
Adult Social Care demand	(638)	(116)
Foster Parents Inflation pressures	252	0
Contribution from Inflation Risk Reserve Foster Parents Inflation	(252)	0
Market Sustainability & Improvement Fund (Adults)	(1,088)	0
Staffing (Children's, Adults, Public Health)	(914)	(353)
Staffing (all other areas)	(1,629)	(235)
Strategic Property	246	98
Energy Costs	(1,286)	(300)
Planning Income	683	75
Other	1,246	(163)
<b>Directorate Budget Sub-Total</b>	<b>581</b>	<b>(767)</b>
<b>Council Wide</b>		
Treasury Management	(3,406)	(330)
Inflation 23/24 pay award	700	0
Contribution from Inflation Risk Reserve	(700)	0
Housing Benefit	612	122
Contribution from Housing Benefit Risk Reserve	(612)	(122)
Release of general contingency	(350)	0
Council Wide Other	74	82
<b>Council Wide Sub-Total</b>	<b>(3,682)</b>	<b>(248)</b>
<b>Net Service Budgets</b>	<b>(3,101)</b>	<b>(1,015)</b>

1.3. The areas below have significantly contributed to the favourable movement of £1.01m from Period 8 to Period 10:

- **Staffing - £2.54m favourable outturn forecast, £588k favourable movement -** Due to delays in recruitment, service restructures and management action to control in-year spend.
- **Energy - £1.29m favourable outturn forecast, £300k favourable movement -** The property energy budget was increased by 200% in 2023/24 to address the escalating costs of inflation. The current position demonstrates how the new contract for purchasing energy has been able to take advantage of the reductions in energy costs during the year and has also been supplemented by energy saving measures.
- **Treasury management - £3.41m favourable outturn forecast, £330k favourable movement -** Due to the high interest environment and the way the Council has

managed its cash balances to limit costly borrowing and effective management of surplus cash to generate investment income. Higher cash volumes due, in part to the repayment of investments, has contributed to the movement this period.

- **Children's Services - £3.94m adverse outturn, £227k adverse movement** – pressures caused across Placements, Home to School Transport and Section 17 payments, reflecting patterns in demand and complexity of cases as previously reported.

#### 1.4. **General Fund Financing (Funding)**

- **Council Tax** – In Period 10 the outturn forecast is £0.92m surplus which has slightly deteriorated by £36k, mostly due to an increase in the number of exemption and disregard cases.
- **Business Rates** - Period 10 has seen an adverse net outturn of £2.08m, a favourable movement of £100k since Period 8. The overall shortfall is due to a number of flagship stores at the Trafford Centre being empty whilst refurbishment works are undertaken. This shortfall will need to be met from the Business Rate Risk Reserve.

1.5. **Earmarked Reserves** – There has been no significant change in the estimated balance of earmarked reserves as estimated at 31 March 2024, as reported in the Final Budget Report for 2024/25.

1.6. **Savings** - A forecast outturn of £11.73m, with only 3 schemes forecasting a shortfall of £135k. Mitigating action has been identified on 1 scheme of £100k reducing the net shortfall to £35k.

1.7. **Capital Programme** – Minor changes to the capital programme budget as a result of an increase in funding in year of £430k which is comprised of £60k grant received for Network Improvements and £370k Highway Maintenance Grant. A full update will be given at Period 12.

1.8. **Dedicated Schools Grant** – Period 10 outturn forecast is £7.17m adverse, which is a £200k adverse movement from Period 8. The DSG Reserve is estimated to have a combined deficit at year end is £10.0m.

1.9. **Management Action plans** – the reported underspend has been influenced because of management action plans to control the in-year spend. The following are some of the measures undertaken:

- **Children** – A monthly high-cost placement panel is already in place and well established, however its Terms of Reference have been refreshed to incorporate a multi-agency approach. Revisiting all options for home to school transport. Regarding Section 17 an exercise to analyse all increases and the reasons. Subsistence payments are now authorised by a Head of Service. Reviewing delegated decision making in respect of entry into care - preventative panel has been established.
- **Adults** - All Exceptional top ups and 24hr care placements of £850+ per week are managed by the Senior Leadership Team (SLT). Any Discharge to Assess placements outside of Block booking and/or one to one support is

discussed/agreed by SLT daily. Non-traditional ways of meeting need are considered by SLT rather than direct teams. Service managers will continue to review care required/level of need.

- **Place** – Rent reviews on some commercial property. Review of all uncommitted spend. Review of Regent Road car park. A review of planning income charges and in-year increases made effective from January 2024.
- **Council-wide** - The current management action, which included a policy on vacancy management and a review of all non-essential spend will remain in place for the foreseeable future.

1.10. The scale of the challenge faced in the medium term means that the Council must continue to, identify significant permanent savings, lobby the Government to address the unfairness of the funding formula and maintain prudent financial management.

### **Recommendations**

It is recommended that the Executive:

- a) Note the updated summary positions on the revenue budget and capital programme.

### **Other Options**

No Applicable.

### **Consultation**

Not Applicable

### **Reasons for Recommendation**

To inform Members of the 2023/24 projected outturn figures relating to both Revenue and Capital budgets and summarise the projected outturn position for Council Tax and Business Rates.

**Finance Officer Clearance**      ...DM.....

**Legal Officer Clearance**      ..... DS .....

*G. Bentley*

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

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

The main variances contributing to the projected underspend of £1.60m, any changes to budget assumptions and associated key risks are highlighted below:

Table : Main variances	Forecast Variance (£000's)	Explanation/Risks
Children's Services	3,176	<p><b>Projected outturn variance £3.176m adverse, favourable variance of £12k.</b></p> <p>Below is the projected position on children's placements and other budget areas.</p> <ul style="list-style-type: none"> <li>• £2.110m over budget on Children's placements (note 1);</li> <li>• £767k under budget on staffing (note 2);</li> <li>• £1.012m over budget on home to school transport (note 3).</li> <li>• £821k over budget on other running costs and income across the service (note 4);</li> </ul> <p><b>Note 1</b> Children's placements are expected to overspend by £2.110m. This is an adverse movement of £174k. The reasons for this movement are as follows:</p> <ul style="list-style-type: none"> <li>• £497k new placements</li> <li>• £18k new step ups</li> <li>• £205k delayed step downs</li> <li>• £214k price increases</li> </ul> <p>These are offset by £760k of step downs, children leaving care and contingency being utilised. There is £137k of contingency remaining for new placements between now and the end of the year.</p> <p>This overspend assumes that the £1m savings target will be met. 26 children who are expected to be stepped down have been identified and are being closely monitored.</p> <p>The numbers of children as at the end of January compared to those at the end of November are as follows:-</p> <ul style="list-style-type: none"> <li>• children in care 377, an increase of 6</li> <li>• child protection 223, a decrease of 6</li> <li>• children in need 624, a decrease of 80</li> </ul> <p><b>Note 2</b> The favourable variance in staffing is £767k. This is a favourable movement of £233k from P8 due to the further delay of the Intensive</p>

		<p>Family Support, Trafford Team Together and Family Hubs restructure and a number of unfilled vacancies across the service. The service continues with its redesign and recruitment drive during 2023/24 and it has been assumed in the projections that this will be complete in the following financial year.</p> <p><b><u>Note 3</u></b></p> <p>The projected overspend on Home to School Transport is £1.012m, this is an adverse movement of £7k from P8.</p> <p>Savings have been realised on a couple of the runs due to the use of Q-routes, a system which helps automate route planning, resulting in reducing passenger mileage and travel time. This is a part of the new system that has been implemented to manage school runs from September. It is hoped that once the system is fully implemented, further efficiencies will be made.</p> <p><b><u>Note 4</u></b></p> <p>The adverse variance in running costs and income across the service is £821k, an adverse movement of £40k, as outlined below:</p> <ul style="list-style-type: none"> <li>-</li> <li>• £133k adverse variance on Partington &amp; Sanyu nurseries, an adverse movement of £8k;</li> <li>• £688k adverse variance in running costs, income and minor variances, an adverse movement of £32k due to: <ul style="list-style-type: none"> <li>➤ S17 – There has been an adverse movement of £46k within the s17 spend, the adverse variance is now £839k. Managers have been instructed to ensure that authorisation is sought for essential spend only within this area of the budget and close analysis of the spend continues.</li> <li>➤ £151k favourable variance on other running costs and income, a favourable variance of £14k.</li> </ul> </li> </ul> <p>At present, there is a grant for Supporting Families (SF) of £811k within the Children’s Services budget of which £701k has been allocated. The payment of this grant depends on meeting clear performance measures against 10 outcomes and 34 criteria being implemented alongside regression checks. Grant funding for future years is reliant on the achievement of outcomes and is therefore not guaranteed. Rigorous monitoring against the measures is in place.</p>
Adult Services	(2,127)	<p>Projected outturn £2.172m favourable variation a favourable movement of £415k from period 8.</p> <p>Below is the projected position on Adult clients and other budget areas.</p>



		<ul style="list-style-type: none"> <li>• £638k favourable variance on Adults Clients a favourable movement of £116k from period 8 (note 1);</li> <li>• £401k favourable variance on staffing and running costs, a £299k favourable movement (note 2);</li> <li>• Other Risks (note 3)</li> <li>• Market Sustainability and Improvement Fund £1.088m favourable variance nil movement from P8 (note 4).</li> </ul> <p><u>Note 1</u> Adults Clients projected £638k favourable variation.</p> <p>This budget remains high in complexity and volatility as it is in part driven by wider system pressures in health in addition to direct adult social care demands</p> <ul style="list-style-type: none"> <li>• supporting the NHS with rapid discharges from hospitals as they deal with the backlog of patients waiting treatments</li> <li>• increased mental health support</li> <li>• assessing the impact of the cost of living and inflationary pressures on client contributions.</li> <li>• an aging population within the borough and demographic pressures</li> <li>• workforce pressures across the health and social care system.</li> </ul> <p>Packages of Care – The projected outturn position is a £638k favourable variance, a favourable movement of £116k from P8. The favourable movement is due to a lower impact on projections from demand and costs increases than anticipated. Within this projection is a remaining contingency of £94k.</p> <p>Savings – The savings target for 23/24 is £1.131m and £943k have been achieved to date. It is assumed that the savings target will be achieved in full by the end of the financial year.</p> <p>Discharge to Assess –The government announced additional funding with effect from 1 April 2023 for Adult Social Care to enable local authorities to continue to expediate hospital discharges, the Trafford locality received an allocation of £2.197m to be utilised to maintain capacity in Discharge to Assess Beds and temporary homecare until the 31 March 2024. In addition, the Council has elected to direct a further £1.289m of funding towards this programme meaning the total budget for 23/24 amounts to £3.486m. It is anticipated that this budget will be utilised in full by the end of the financial year.</p>
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Note 2

The projected outturn position for staffing and running costs is a £401k favourable variance, a favourable movement of £299k from period 8.

The £401k favourable variance is made up of:-

- £171k adverse variance in the DOLS service due to forecasted expenditure above budget on external DOLS assessments.
- £231k projected favourable variance on Assistive Technology and equipment based upon year to date activity.
- £395k favourable variance on staffing costs with the majority of this being realised across the Mental Health teams due to significant issues with recruitment and retention.
- £54k adverse variance on running costs and other minor variations.

Also included within the £401k net variance is £130k of funding from Homes for Ukraine, a £392k contribution from reserves in the Internal supported living service and £59k funding from the Urgent and Emergency Care Fund.

Savings – The savings target for 23/24 is £50k. It is assumed that the savings target will be achieved in full by the end of the financial year.

Internal Supported Living Service – Work to assess the cost of a safe staffing establishment aligned with the individual needs of the whole cohort for 2023/24 and future years has now been completed and the estimated financial envelope required has been included within the Medium Term Financial Plan from the 24/25 financial year. As at period 10 the service is forecasting an overspend of £392k this is mitigated by a planned contribution from reserves in this financial year.

Note 3

Ascot House is a Council owned building that is currently dual purpose. The Council operates a 9 bedded Discharge to Assess unit within the building, in addition to this there is a 36 bedded Intermediate care service operated by Manchester Foundation Trust and Commissioned by NHS Trafford Integrated Care Board.

The Intermediate Care service is operated on a pass through arrangement, whereby a large proportion of the overall staffing costs are recharged to Manchester Foundation Trust (MFT) by the Council. Due to significant financial pressures MFT have signalled their intention to limit pass through costs from the Council to £1.854m in this financial year. Projections suggest that the Council

		<p>will incur £2.267m in costs relating to the service leaving a pressure of £413k.</p> <p>There has been no resolution to this matter and therefore the Council has been forced to reduce funding available to support Hospital discharge capacity to mitigate the pressure in this financial year.</p> <p><u>Note 4</u> £1.088m favourable variance.</p> <p>The government announced the Market Sustainability and Improvement Fund (workforce) on the 28 July 2023. The announcement confirmed an additional allocation of £1.438m for the Council. The grant has target areas as part of the fund conditions, at least one of which must be identified for use of the funding:</p> <ul style="list-style-type: none"> <li>• increasing fee rates paid to adult social care providers in local areas</li> <li>• increasing adult social care workforce capacity and retention</li> <li>• reducing adult social care waiting times</li> </ul> <p>The Council will apply the fund to partially offset costs of uplifts confirmed in the Fair Price for Care and to support pressures on Mental Health and Learning Disability providers, to enhance the Council's Social Care and Commissioning workforce. In addition, following successful implementation of an overtime scheme for social workers to reduce waiting times, this will be further continued. £350k has been allocated to new commitments with the remaining £1.088m being used to offset the costs of provider uplifts applied at the start of the financial year. All of this supports the three target areas.</p>
Public Health	(322)	Public Health is forecasting a £322k favourable variance as at period 10 a favourable movement of £147k from period 8. This is due to projected expenditure on staffing below budget of £147k and £175k below budget on running costs and activity related budgets.
Place	(69)	<p><b>Total forecast outturn variance £(69)k favourable, an adverse movement of £14k.</b></p> <p><b>Place Revenue Budget £(315)k favourable, a favourable movement of £(85)k:</b></p> <ul style="list-style-type: none"> <li>• Energy costs are £1.286m below the figure predicted when the budget was set in February 2023. This underspend is £300k higher than last reported following ongoing analysis of bills from the Council's new energy contracts since April, and in particular bills from the winter period. The new contracts includes a flexible buying strategy to take advantage of favourable market fluctuations across the year. There are</li> </ul>

		<p>also the effects of energy saving measures to reduce consumption.</p> <ul style="list-style-type: none"> <li>• There are increased property running costs of £62k (increased by £11k) including Sale Waterside and Trafford Town Hall security. All other running costs are £70k above budget (increased by £31k).</li> <li>• There are projected shortfalls in income of £423k in Parking Services, in particular due to the delayed opening of Regent Road car park (increased by £98k), £354k Building Control (increased by £173k due to market conditions) and £63k from rental income at Altrincham Market and operational buildings (unchanged).</li> <li>• Estates savings have now exceeded expectations by £150k due to a number of successful business rate appeals and backdated (improved by £1k). There is a £60k saving shortfall from the installation of EV points which has now been rephased to later years.</li> <li>• Additional projected income above budget includes Altair £120k, Manchester Airport £75k (increased by £24k) and other let estate £19k. Outdoor media advertising is forecast to be £128k above budget (increased by £106k based on contract returns over the pre-Christmas period).</li> <li>• Staff vacancies for the year are currently estimated at £463k (excluding the ringfenced Planning account) (increased by £34k), which is approximately 5.4% of the staffing budget. This is offset by a Directorate-wide efficiency saving of £346k.</li> <li>• The Planning service is a ringfenced account and has a shortfall in income of £683k, which is offset by an underspend of £135k in staffing, running costs and reserve contributions. This is a forecast net overspend of £548k for the year (increased by £68k).</li> </ul> <p><b>Strategic Investment Programme £246k adverse, adverse movement of £98k;</b></p> <p>The forecast net outturn forecast is £5.84m, which is a shortfall of £246k against the net budget of £6.09m. This is an adverse change from the previous period of £98k which is mainly attributable to a slower than anticipated usage of agreed debt facilities in 2023/24, with income hence being rephased into 2024/25.</p>
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Strategy & Resources	(418)	<p><b>Total forecast outturn variance £(418)k favourable, a favourable movement of £(147)k.</b></p> <ul style="list-style-type: none"> <li>• Staff costs are estimated to be £686k less than budget across the Directorate based on actual and forecast vacancies across the whole year, which is 6.8% of the total staffing budget. This is £98k higher than last reported.</li> <li>• Running costs are forecast to be £8k underspent, which is an adverse movement of £14k.</li> <li>• Income is projected to be £138k above budget and has increased by £63k. The overall projection includes net £181k additional income from Bereavement Services (increased by £123k), £11k from Flixton House (reduced by £4k) and £83k from the Music Service trading account (reduced by £25k). These are offset by shortfalls of £19k in Catering and Cleaning trading services (reduced by £36k), £74k Waterside Arts Centre (increased by £50k), £44k SLA and other income (increased by £17k).</li> </ul> <p>These are offset by the budgeted Directorate-wide efficiency saving target of £414k.</p>
Finance & Systems	79	<p><b>Total forecast outturn variance £79k adverse, a favourable movement of £(70)k.</b></p> <ul style="list-style-type: none"> <li>• Staff costs are estimated to be £357k less than budget across the Directorate based on actual and forecast vacancies for the whole year, which is 3.6% of the total staffing budget. This is a favourable movement of £100k.</li> <li>• Running costs are forecast to be overspent by £268k across all services (increased by £32k including Exchequer legal fees). The overspend includes £200k relating to Trafford Assist, as reported previously, which is due to continuing additional uptake in demand. Other running cost increases include for ICT system contract extensions.</li> <li>• Income is projected to be £81k above budget (increased by £2k). The additional income includes £100k confirmed from CCG for ICT services which had been expected to reduce in the budget.</li> </ul> <p>These are offset by the budgeted Directorate-wide efficiency saving target of £249k.</p>

Legal and Governance	262	<p><b>Total forecast outturn variance £262k adverse, an adverse movement of £10k.</b></p> <ul style="list-style-type: none"> <li>• Staff costs are estimated to be £123k below budget (increased by £3k) and includes for agency costs covering vacancies and service demand.</li> <li>• Running costs are projected to be overspent by £350k (increased by £5k) which includes for additional court costs and legal fees based on updated forecasts of demand, particularly in social care. The overall overspend includes local election costs being £89k higher than expected associated with additional workload demand from the “all out” election in May 2023.</li> <li>• There is a projected shortfall in income of £35k compared to budget, which has increased by £8k. The overall shortfall includes £68k in land charges and £22k in capital fee income which is related to staff vacancies. This is offset by SLA and other income of £36k above budget assumptions and £19k from Registration Services.</li> </ul>
Council-wide	(3,682)	<p><b>Projected Outturn variance, £3.682m favourable, a favourable movement of £248k since period 8.</b></p> <p><b>Pay Award</b></p> <p>The 2023/24 Local Government pay award has been agreed. As previously reported this has resulted in an additional pressure of £0.7m which will be neutralised by a draw down from the Inflation Risk Reserve.</p> <p><b>Treasury Management</b></p> <p>Due to the continuing high interest environment, the Council has managed its cash balances to limit costly borrowing while investing any surplus cash to generate investment income to support the revenue budget. This careful cash management has allowed a saving of £3.406m in financing costs in 2023/24, a £330k favourable variance from period 8. This movement from the previous period is due to improved investment forecasts relating to higher cash balances in the final quarter of the year.</p> <p><b>Housing Benefit</b></p> <p>The Housing Benefit budget has a projected Outturn overspend (payments made, less subsidy and overpayment recovery) of £612k, an adverse movement of £122k since period 8.</p> <p>Work is now complete on the 2022/23 Subsidy claim where ‘Technical errors’ had been misclassified as ‘LA Errors’ and this has generated a small increase in Subsidy.</p> <p>However, the current Housing Benefit Subsidy budget pressures being felt across all local authorities is having a significant impact within Trafford. As the percentage of emergency/temporary</p>

		<p>accommodation cases increase, and in particular within the Private Rented Sector, rents are significantly higher than the Governments Local Housing Allowance rate. This can lead to significant losses as these rents attract less subsidy.</p> <p>In recognition of this national issue, an additional £400k was transferred to the Housing Benefit Overpayments Reserve at the end of 2022/23 to cover this, giving a total reserve of £900k to cover any pressure in the 2023/24 budget. Therefore, no impact on the Council-wide projected outturn figure above.</p> <p>The on-going impact on future budgets has been included in the Medium-Term Financial Plan 2024/25.</p> <p><b>Audit Fees £140k</b></p> <p>Additional ‘fee variations’ above budget have already been incurred by the Council following a number of recent ‘extended’ audits, in particular the 2021/22 Statutory Statement of Accounts and the Housing Benefit Subsidy claims relating to 2019/20, 2020/21 and 2021/22.</p> <p>Due to the delay in the completion of these audits it has also been necessary to estimate the likely ‘fee variations’ on subsequent audits up to and including 2023/24.</p> <p>The impact on the 2023/24 budget is therefore a total worst case scenario estimated at £140k.</p> <p>The on-going impact on future budgets has been included in the Medium-Term Financial Plan 2024/25.</p> <p><b>Coroner’s Budget</b></p> <p>The projected costs of Trafford’s share of the South Manchester Coroners’ service is currently expected to be £41k higher than budget, no change since period 8.</p> <p><b>Contingencies</b></p> <p>The Council-wide budget currently includes a general contingency of £2.33m. There are currently a number of commitments totalling £1.87m plus a £0.35m saving was released in period 6, leaving an uncommitted balance of £110k, a decrease of £0.6m since period 8.</p> <p><b>Enhanced Pension payments</b></p> <p>Recurrent savings relating to enhanced pension costs were previously highlighted in the 2022/23 Outturn report. And these savings have been included in our budget plans for 2024/25.</p> <p>Estimated savings for 2023/24 of £150k are included in the Council-wide figures above, no change since period 8.</p> <p><b>Government Grants</b></p>
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		<p>The final announcement for the 2023/24 Services Grant was received in June 2023 at £1.47m, which is £58k above budget, no change since period 8.</p> <p><b>Savings</b></p> <p>The Council-wide budget includes a saving of £200k for Digital Strategy, which includes £100k not achieved in 2022/23. Timescales for the Council's Digital Strategy programme have been delayed pending further development of the platform. Mitigating savings have been identified within the CRM licenses budget and will be used to offset the savings shortfall in the current year.</p> <p>Other minor adverse variations of £101k.</p>
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Dedicated Schools Budget	7,166	<b>Projected Outturn variance, £7.166m adverse, an adverse movement of £20k since period 8.</b>			
		<b>P10 monitoring</b>	<b>Grant £000</b>	<b>Forecast outturn £000</b>	<b>P10 variance £000</b>
		<b>Schools Block</b>	109,149	109,109	(40)
		<b>Central Schools Services Block</b>	1,495	1,430	(65)
		<b>High Needs Block</b>	34,428	41,699	7,271
		<b>Early Years Block</b>	17,848	17,848	0
		<b>TOTAL DSG</b>	<b>162,920</b>	<b>170,086</b>	<b>7,166</b>
<p>The High Needs Block (HNB) is expected to overspend by £7.271m, an adverse variance of £60k from P8.</p> <p>This is analysed in more detail below:</p> <ul style="list-style-type: none"> <li>• A reduction of £2.4m in the level of DSG in 23/24</li> <li>• Special Schools £330k adverse, a favourable movement of £61k due to top-up funding not being required as expected at The Orchards and Egerton due to places not being full.</li> <li>• SEN Delegation Payments to Schools - Education Health Care Plans (EHCPs) £1.8m adverse – this is an adverse movement from P8 of £262k due to higher than anticipated EHCP numbers in the Autumn &amp; Spring termly adjustments to schools.</li> <li>• Out of Borough Placements £2.677m adverse – this is a favourable movement of £59k since P8.</li> <li>• £239k further education placements – no movement - funding an additional 40 placements at £6k each with no additional grant. Additional funding in the current formula is not provided by central government for any increases in 19-25 year olds.</li> <li>• This is offset by a favourable variance of £181k on Behaviour &amp; Attendance, SEN Central Team and Sensory Impairment, a favourable movement of £82k.</li> </ul>					

There was a negative HNB reserve of £4.138m at the start of the financial year and this is forecast to rise to £11.409m by 31/3/24.

<b>DSG Reserve</b>	<b>1 April 2023 £000's</b>	<b>P10 Forecast outturn £000's</b>	<b>31 March 2024 Projection £000's</b>
<b>Schools Block (SB)*</b>	(2,329)	1,316	(1,013)
<b>Central Schools Services Block (CSSB)</b>	(335)	(65)	(400)
<b>High Needs Block (HNB)</b>	4,138	7,271	11,409
<b>Early Years Block (EYB)</b>	1	0	1
<b>TOTAL DSG Reserve (surplus)/deficit</b>	<b>1,475</b>	<b>8,522</b>	<b>9,997</b>

\* £772k is being utilised from the Growth Fund reserve as agreed by Schools Funding Forum to fund 23/24 school budgets, a further £397k from the Growth Fund reserve is being used for Growth in 23/24, £174k has been drawn down for Trafford Alternative Education Provision (TAEP), £13k is required from the Redundancy reserve offset by a contribution to the Maternity reserve of £40k.

The size of the “deficit reserve” is now a material balance and is impacting on both the levels of cash balances the Council has and overall investment returns; the opportunity cost of this is estimated to be £498k in 2023/24.

There is the risk that the number of EHCPs will continue to grow and dependence on costly out of borough places will increase as capacity in borough isn't sufficient, which will impact on our ability to reduce the deficit.

Work continues to take place on the DSG deficit management plan with proposals and options being discussed with the DfE. The plan has been scrutinised by the SEND Board and has been presented to Funding Forum.

The statutory override for the DSG ends in 2025/26 which means that if this is not extended, the deficit will transfer back to the

		Council's total Earmarked Reserves, which has serious financial implications for the authority.
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