



Scrutiny Committee Update 6 November 2024

Draft Budget Proposals 2025/26

Agenda

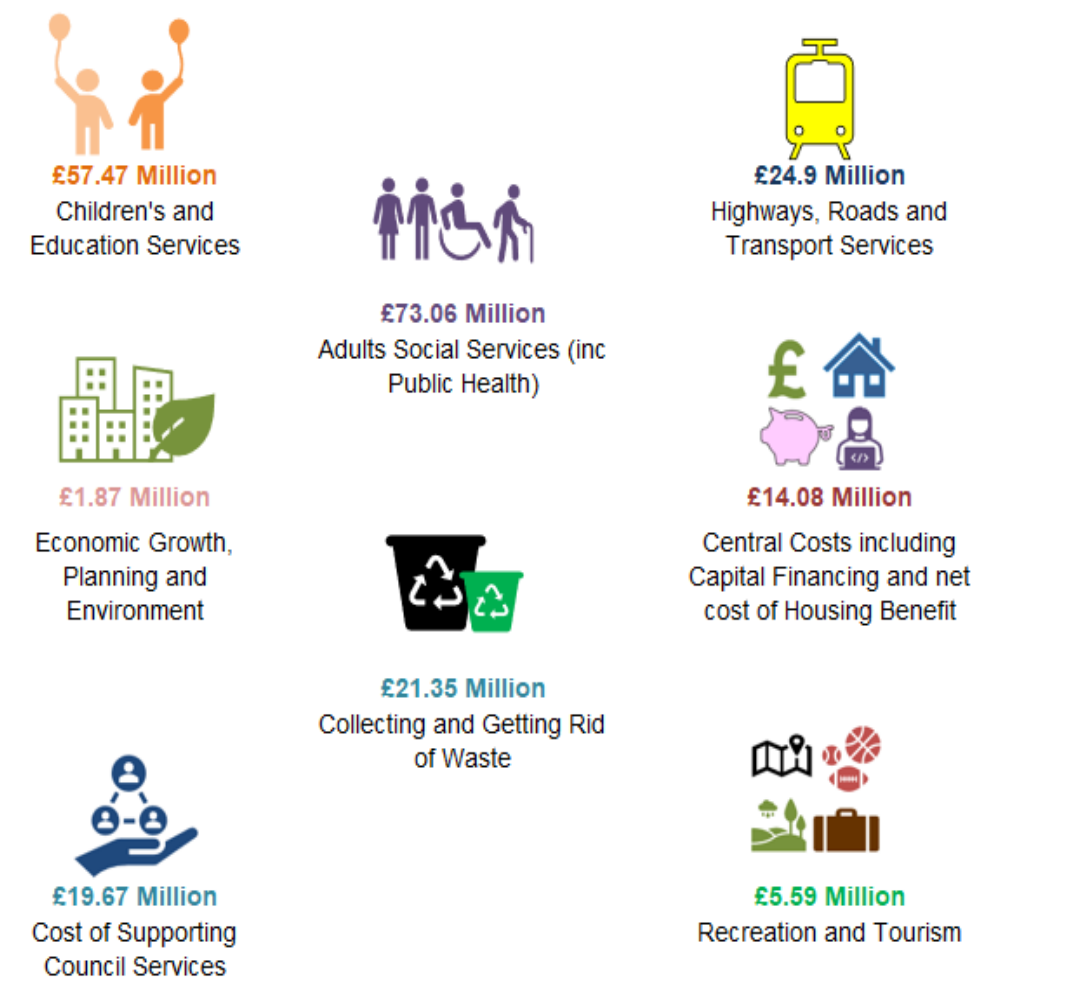
- Update on the Current Budget, how it's financed and the latest 24/25 Monitoring Position
- Forecasts for 2025/26 to 2026/27
- Key Budget Assumptions
- Draft Savings Programme 2025/26
- Next Steps



Part I: 2024/25 Budget Position

2024/2025 Controllable Revenue Budget **£217.99m** by Service Theme and what £100 spend looks like

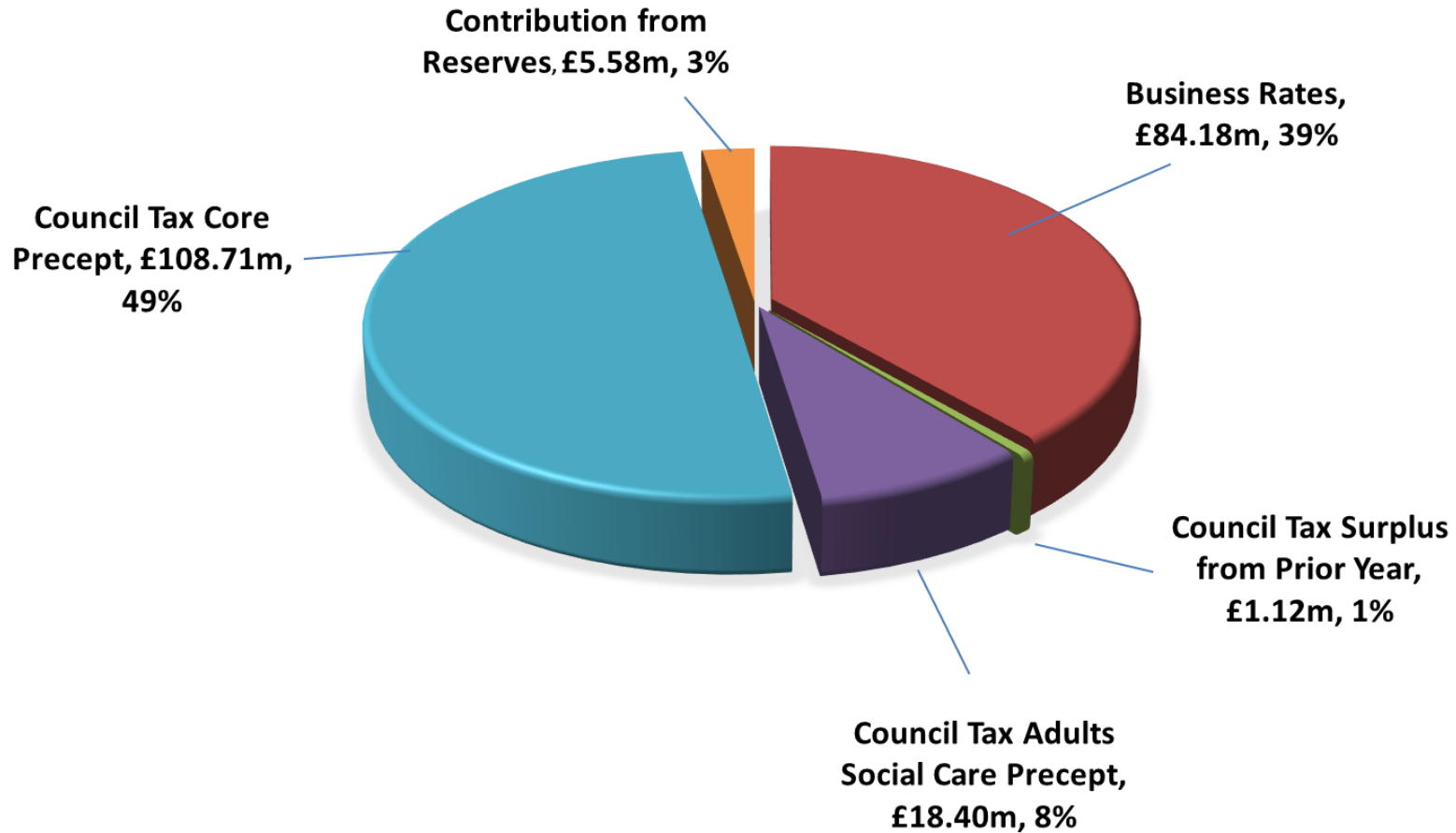
Trafford spends £217.99 Million on the following services



£60 in every £100 is spent on Children's and Adults Services

2024/25 Net Budget Funding by Source

2024/25 BUDGET FUNDING BY SOURCE- £217.99M



£128.23m -
58% of income
from Council
Tax

£84.18m- 39%
from Business
Rates :- includes
share of
grow/prior year
appeals review.
Can be volatile
driven by
economy

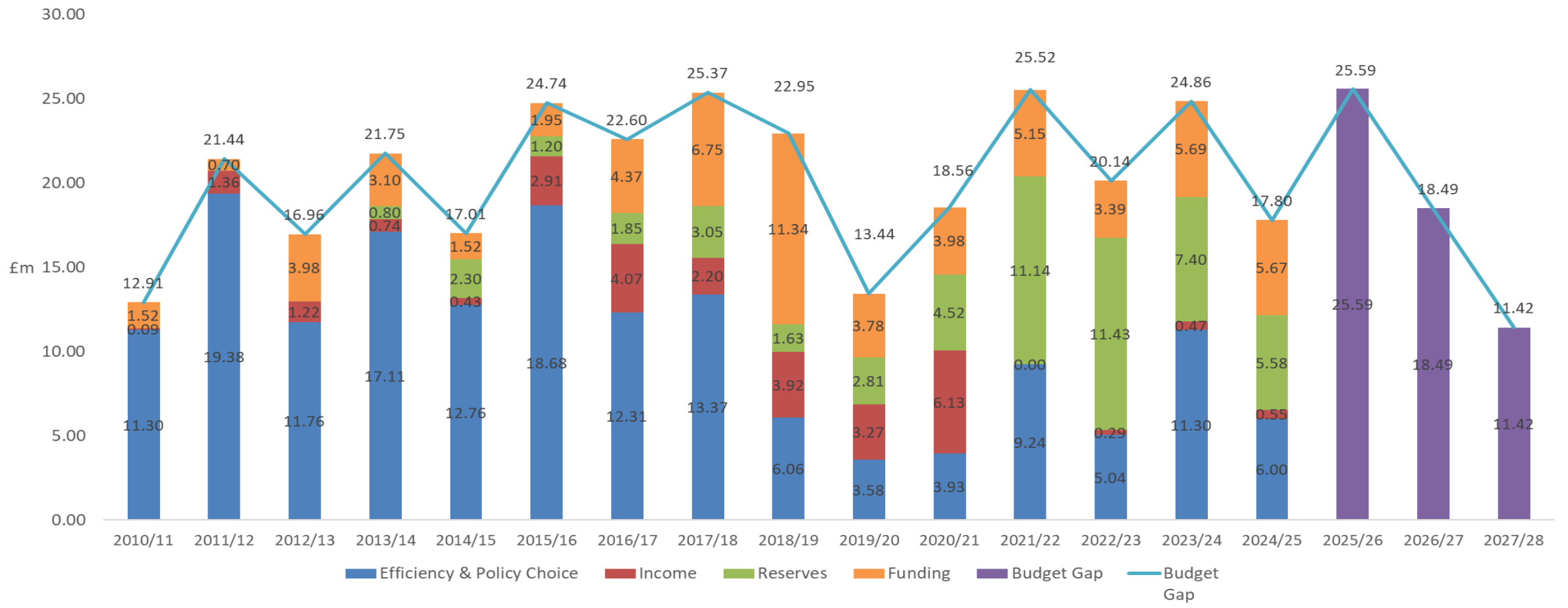
2024/25 Period 5 Update

- P4 position £4.2m projected overspend
- Deep Dive reviews of key areas undertaken
- Potential mitigations of £1.7m utilising specific provisions and reserves
- **P5 – monitoring of demand led budgets – identified further pressure of £1.0m**
- **Potential to initiate further expenditure controls once P6 position is known (Reported to Exec in Nov)**
- P6 position will need to be considered as part of the final budget setting



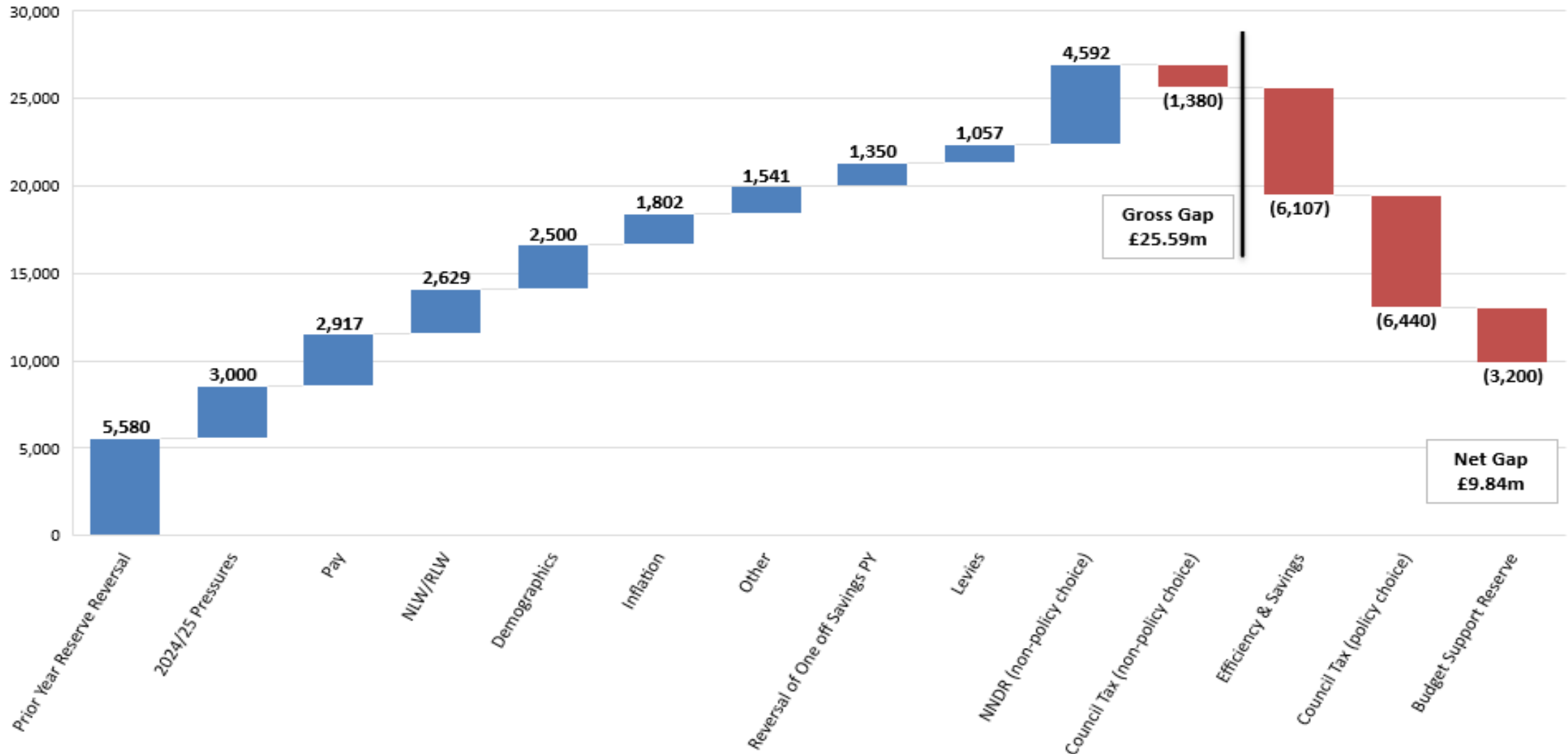
Part 2: Forecasts 2025/26 to 2026/27

Trafford Savings & Budget Gap Analysis 2010/11 to 2027/28



Components of the £25.59m Gross Gap and Factors closing the Gap

■ Increase ■ Decrease ■ Total



Where We Are Now – Balancing the Draft Budget in 2025/26

<i>Summary of the Budget Proposals</i>	2025/26 £'000	2026/27 £'000	2027/28 £'000	Total £'000
Gross Budget Gap	25,588	18,485	11,420	55,493
Policy Choice Funding Proposals				
General Increase in basic Council Tax to 2.99%, 1.99%, 1.99% (*)	(3,859)	(2,761)	(2,911)	(9,531)
Social Care Precept increase 2.0%, 1.0%, 1.0% (*)	(2,581)	(1,395)	(1,450)	(5,426)
Budget Support Reserve	(3,200)	3,200	0	0
Total Policy Choice Funding	(9,640)	(956)	(4,361)	(14,957)
Savings and Income proposals	(6,107)	(907)	(311)	(7,325)
Revised Budget Gap	9,841	16,622	6,748	33,211

} Council Tax
 £6.44m
 Reserves
 £3.20m
 Savings £6.11m



Part 3: Key Budget Assumptions

Medium Term Financial Plan (MTFP) 2025/26 to 2027/28

Base Budget Assumptions	2025/26 £m/%	2026/27 £m/%	2027/28 £m/%
Service Expenditure			
Pay: Inflation – 2024/25 (not yet agreed)	4.00%	n/a	n/a
Pay: Inflation	3.00%	2.00%	2.00%
Pay award cost	£2.90m	£1.92m	£1.94m
Pay: Pension Inflation	0.0%	0.0%	0.0%
	£0.00m	£0.00m	£0.00m
Pay: Living Wage/ FPFC/Real Living Wage	£5.77m	£2.23m	£1.88m
General Inflation: Prices	2.0%	2.0%	2.0%
	£0.28m	£0.09m	£0.10m
Contractual Obligations: Inflation Specific	£3.85m	£2.81m	£2.47m
Energy Inflation	-£0.80m	£0.00m	£0.00m
Levies: Waste (GMWDA) % Levy Increase/ (Decrease)	4.50%	4.31%	4.00%
Levies: Transport % Levy Increase/ (Decrease)	3.00%	3.00%	3.00%
Demographics: Children	£1.00m	£1.00m	£1.00m
Adults	£1.50m	£1.50m	£1.50m
Treasury Management			
Investment Rates (3-month money market)	3.61%	3.13%	3.15%
Debt Rates (10-year PWLB)	4.54%	4.54%	4.60%
Funding			
Council Tax rate increase (Adult Social Care)	2.00%	1.00%	1.00%
Council Tax rate increase (Relevant Basic Amount)	2.99%	1.99%	1.99%
Council Tax base increase	1.84%	1.00%	1.00%

Part 4: Budget Approach and Draft Savings Programme 2025/26

Budget Approach

- **Finance and Change Programme – Key Themes**
- **Review of the savings programmes from S114 and EFS LA's**
- **Cipfa Review (See Next Slide)**

Cipfa External Assurance Review

Why

- **A recommendation from the S151 officer**
- **To support the budget process for 2025/26**

Areas Covered

- **Financial Management and Sustainability** - An assessment of the Council's financial management and management of risk, financial pressures, deliverability of savings plans and efficiency in delivering services
- **Commercial Investments and Debt** - An assessment of the Council's assets and investments, including dependence on commercial income, debt costs and other risks
- **Capital programme and companies** - An assessment of the Council's capital programme and management of related risks, including arrangements with Council-owned companies
- **Children's and Adults Services** - An assessment of Children's and Adults Services, including a review of their current and future demand model, key pressure, budgets and improvement plans
- **Governance** - An assessment of the Council's governance and management processes, leadership, operational culture and its capability and capacity to build financial resilience

Draft Findings

• Strengths

- Clear, comprehensive and timely reporting on financial position and against budget and reasonable track record of delivering savings
- Shared understanding of the financial challenge facing the Council from Members and Officers with financial awareness and understanding amongst lead members.
- Experienced and respected Finance and Procurement team with good corporate knowledge
- Established governance arrangements in place through Investment Management Board and reporting through to Executive
- Annual business planning and detailed reporting, management information to manage investment and company portfolio
- Prudent approach to recognising commercial and investment income in the budget and creating a risk reserve
- Relatively stable children's placement numbers and good oversight including steering group oversight on placements.
- No major audit concerns

• Challenges

- Historic relative funding challenges which create structural funding issues which adds further pressure.
- Reliance on rental and commercial income and the volatility that brings.
- The Council spends around 60% of its net budget on Education and Social Care with a growing DSG deficit.
- Historic use of reserves to balance the budget over recent years which is unsustainable and could be prone to shocks.
- Maintaining capacity and support in company interests with other pressures and savings challenges.

Savings and Income Proposals 2025/26

Saving Title	Previously Approved/ New	Service Area	Description of saving	2025/26 £000
Children Placements	PA	Children's Services	Continuation of demand management approaches and review of placements for looked after children	(500)
Investing in our Children – Family Help	PA	Children's Services	Implementation of the Family Help service redesign	(75)
Family Practitioner Posts	PA	Children's Services	Review of the service posts once the service re-design has been completed	(142)
Review of service posts	New	Children's Services	Review of the service posts once the service re-design has been completed and this saving will be achieved through the management of some vacancies and reconfiguration of the resource	(112)
Agency spend	New	Children's Services	Two weeks pause on agency recruitment	(102)
Sub-Total Children's				(931)

Savings and Income Proposals 2025/26

Saving Title	Previously Approved/ New	Service Area	Description of saving	2025/26 £000
Bad debt provision - Adults Social Care	PA	Adults and Well Being	Review level of contribution to bad debt provision	(50)
Living Your Best Life	PA	Adults and Well Being	Enhancing and re-designing services for people with a learning disability and people with Autism.	(300)
Direct payments review	New	Adults and Well Being	Increase in take up and review of systems	(300)
Grant maximisation - Public Health	New	Adults and Well Being	A review of the use of the Public Health Grant.	(600)
Public Health reserve	New	Adults and Well Being	One off use of the reserve	(600)
Agency spend	New	Adults and Well Being	Two weeks pause on agency recruitment	(24)
Sub-Total Adults				(1,874)

Savings and Income Proposals 2025/26

Saving Title	Previously Approved/ New	Service Area	Description of saving	2025/26 £000
Electric vehicle (EV) charging points	PA	Place	Expand number of EV charging points on a revenue share model	(50)
Review of operational and strategic estates	PA	Place	Efficiency review of operational estate and lease/rent reviews to ensure full cost recovery across the Council's estate	(208)
GMCA contribution	PA	Place	Review level of contributions	(50)
Highway Advertising	PA	Place	Review opportunities to increase income	(50)
Sale Water Park	PA	Place	Review service provision and cost recovery	(90)
Sale Waterside	PA	Place	Review the occupancy level both with external and internal service. Will impact on all service areas	(75)
Investment Income	New	Place	Dividend income from LLP with Bruntwood	(200)
PFI	New	Place	Use of PFI reserve and review of PFI contribution to reserves	(440)
Garden waste	New	Place	Introduce a charge for collection of garden waste	(916)
Service vacancy factor	New	Place	Increase to existing efficiency target	(71)
Sub-Total Place				(2,150)

Savings and Income Proposals 2025/26

Saving Title	Previously Approved/ New	Service Area	Description of saving	2025/26 £000
Traded Services	PA	Finance & Systems	Traded Services income - increase in contributions to offset pay and cost inflation.	(42)
Review of Trafford Assist Scheme	PA	Finance & Systems	Review of the use of the scheme, focussing on the administrative cost of delivery.	(50)
Service vacancy factor	New	Finance & Systems	Increase to existing efficiency target	(79)
Sub-Total Finance & Systems				(171)

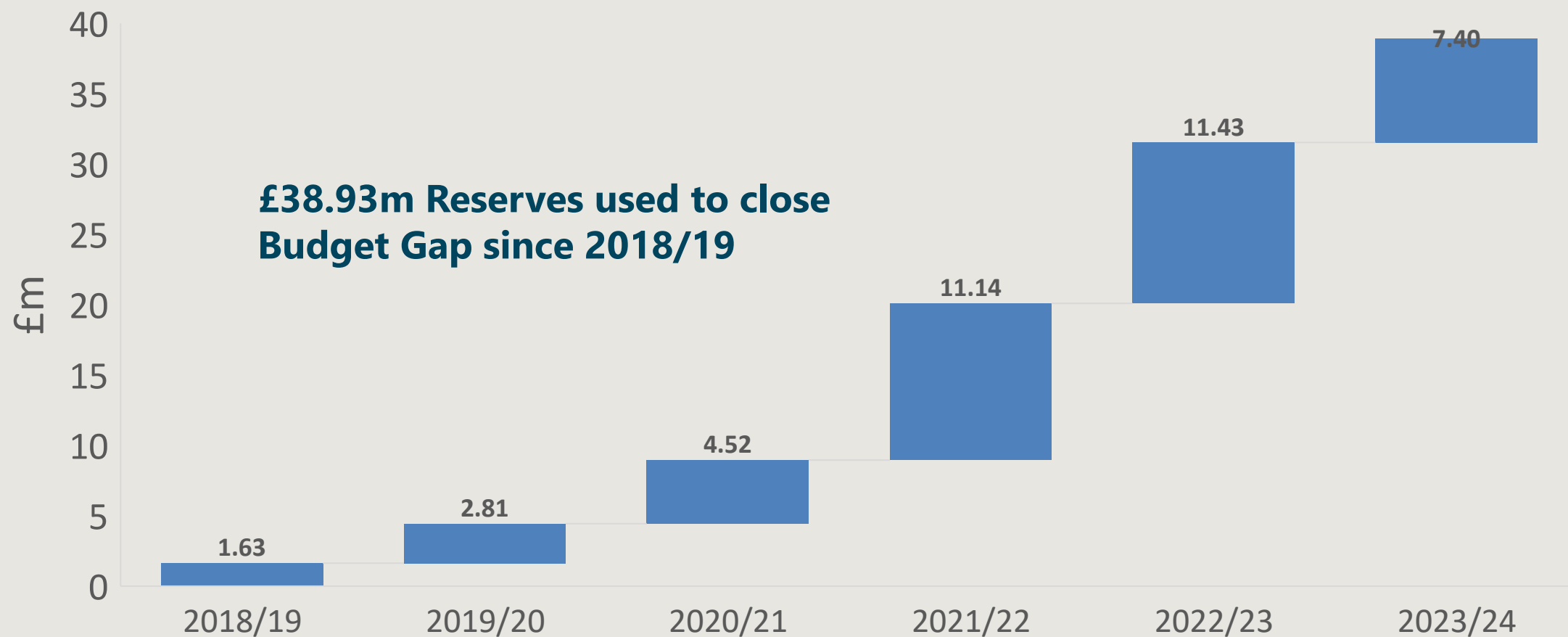
Savings and Income Proposals 2025/26

Saving Title	Previously Approved/ New	Service Area	Description of saving	2025/26 £000
Traded Services - Catering & Cleaning	PA	Strategy & Resources	Review Traded Services income - increase in charges to offset pay and cost inflation.	(561)
Libraries	PA	Strategy & Resources	Investigate different operating models	(30)
Review of Sale Waterside Arts Centre	PA	Strategy & Resources	Improve effective use of asset and business development	(50)
Review School Crossing Patrols	PA	Strategy & Resources	Undertake a review of options to introduce digitalised School crossing points by having more pelican/toucan crossings where possible	(100)
Bereavement Charges	New	Strategy & Resources	Recovery of inflationary pressures on service costs	(50)
Library book purchases	New	Strategy & Resources	Defer annual library book purchases	(50)
Corporate events	New	Strategy & Resources	Pause activity on corporate events	(7)
Service vacancy factor	New	Strategy & Resources	Increase to existing efficiency target	(87)
Sub-Total Strategy and Resources				(935)
Treasury Management	New	Council Wide	Interest saving linked to the PFI	(46)
Sub-Total Council Wide				(46)
TOTAL SAVINGS AND INCOME PROPOSALS				(6,107)



Part 5: Update on Reserves

Use of Reserves to close Budget Gap



Reserve Forecasts

<i>Usable Reserves</i>	Opening Balance 1/4/2024	Estimated Balance 1/4/2025	Estimated Balance 1/4/2026	Estimated Balance 1/4/2027
	£m	£m	£m	£m
Budget Support Reserve	11.14	9.73	6.53	6.53
Smoothing and Business Risk	26.79	18.47	14.50	9.72
Strategic Priority	17.91	10.33	7.25	1.15
Corporate	0.69	0.20	0.19	0.19
General Reserve	10.50	10.50	10.50	10.50
Service Area Priorities	12.87	3.89	2.70	2.29
Earmarked Reserves	79.90	53.12	41.67	30.38
Capital Related Reserves	29.19	22.68	22.18	22.18
School Related Reserves	15.61	15.61	15.61	15.61
Total Usable Reserves	124.70	91.41	79.46	68.17
School DSG (Mitigated position)	(9.72)	(19.78)	(28.18)	(34.90)



Part 5: Next Steps

Update on Budget Announcement

Other areas to be considered

- the contributions made to other local authorities to ensure best value is being achieved.
- the scope to accelerate dividends from Manchester Airport Holdings Ltd.
- several other savings identified by CIPFA from work they have done with other authorities.
- accelerate work on policy savings options not yet costed.
- complete further review of service earmarked reserves to identify if any uncommitted balances can be released, although there is limited opportunity given the extensive exercise undertaken in preparation of 2024/25 budget.
- explore the outcome of the CIPFA review with Ministry of Housing, Communities and Local Government (MHCLG) and opportunities for a different approach to authorities in Trafford's position which are well run but face substantial pressures in demand outside of their control.
- progress the lobbying strategy.

Next Steps

Before Final Budget

- Develop Business Cases for Savings identified to date
- Which are subject to consultation and with who (public/staffing/partners)
- Work with F&C Board/CLT/Modernisation Team to identify other areas of potential savings/income
- Continue to lobby Government. Trafford is one lowest resourced councils
- Government announcement – Autumn Budget – 30 October 2024
- Provisional local government settlement mid-December (detailed local government level and council tax thresholds)
- Review reserve balances to support the range of risks the Council faces.
- Further review of budget assumptions (pay award, National Living Wage, October inflation, In year monitoring)
- Challenge budget assumptions for affordability pending outcome of Government Funding (particularly Fair Price for Care, Hospital Discharge)



Questions ?
