

## TRAFFORD COUNCIL

Report to: Executive

Date: 27 October 2014

Report for: Information

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

### Report Title:

Revenue Budget Monitoring 2014/15 – Period 5 (April to August 2014).

### Summary:

The revised revenue budget approved at the Council meeting on 17 September 2014 is £156.134m. The forecast for the end of the year, as projected following five months of activity, is £156.623m being a net overspend of £0.489m, 0.3% of the budget. This is a favourable movement of £(0.328)m since the last report.

The main areas of budget variance are summarised as:

<b>Activity</b>	<b>Forecast £m</b>	<b>Movement £m</b>
Increased demand and unit costs for Children in Care Placements	0.4	-
Additional external income, including SLA's	(0.3)	-
Rephased base budget savings	0.3	-
In year savings not met - Terms & Conditions	0.4	-
Other non-achievement of in-year savings	0.2	-
Vacancy management	(0.7)	-
Deprivation of Liberty assessment costs	0.1	-
Other variances	0.1	(0.3)
<b>Forecasted outturn</b>	<b>0.5</b>	<b>(0.3)</b>

### **Reserves**

The opening balance of the General Reserve was £(11.0)m, and after taking into account approved use and commitments, the forecasted closing balance is £(7.4)m, which is £(1.4)m above the Council established minimum level of £(6.0)m.

In addition, the net service carry forward reserves at the beginning of the year was £(4.004)m, and after taking into account planned use and commitments, and the service Directorates' outturn the forecasted closing balance is £0.023m deficit (excluding LD Pool).

There is a deficit brought forward on the Learning Disability Pooled Fund of £3m. This will be considered with the CCG and proposals brought forward.

### **Council Tax**

The surplus brought forward of £(0.5)m, will be increased by an in-year forecasted surplus of £(1.0)m. After taking account of the planned use of £0.4m to support the base budget and another £0.2m for backdated valuation and discount appeals, the total surplus forecasted to be carried forward is £(0.9)m. The Council's share of this surplus is £(0.7)m, and is planned to support future budgets in the MTFP.

### **Business Rates**

The Council has received confirmation on the treatment of the provision for valuation appeals from the external auditor regarding the 2013/14 accounts. As a result this has removed the risk associated with the cost of appeals up to 31 March 2014 and allows the Council to be in a better position of forecasting potential business rate growth in 2014/15 and later years. However, at this stage we are assuming a neutral position until updated information is received from the VOA on the level of current outstanding appeals and once received we will carry out an assessment of our position.

### **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:**

David Muggeridge, Finance Manager, Financial Accounting

Extension: 4534

Background Papers: None

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	As set out above
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
Health and Safety Implications	Not applicable

Director of Finance:.....ID.....

[Signature appended in hard copy.]

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

## Budget Monitoring - Financial Results

1. The revised budget approved at the 17 September 2014 Council meeting is £156.134m. Based on the budget monitoring for the first 5 months of the year, the overall forecast for the year is £156.623m, being an overspend of £0.489m, 0.3%, a favourable movement of £(0.328)m since the last report.
2. The details of service variances can be found in Annexes 1 to 3, and for Council-Wide, Annex 4:

<b>Table 1: Budget Monitoring results by Directorate</b>	<b>Year end Forecast (£000's)</b>	<b>Percentage %</b>	<b>Period Movement (£000's)</b>	<b>Annex</b>
CFW – Children's Services	546	1.8%	96	1
CFW – Adult Social Services	354	0.6%	(49)	1
CFW – Public Health	-	-	-	1
Economic Growth, Environment & Infrastructure	(222)	(0.7)%	22	2
Transformation & Resources	123	0.7%	(139)	3
<b>Total Service Variances</b>	<b>801</b>	<b>0.6%</b>	<b>(70)</b>	
Council-wide budgets	(312)	(1.5)%	(258)	4
<b>Estimated outturn variance (period 5)</b>	<b>489</b>	<b>0.3%</b>	<b>(328)</b>	

*CFW – Children, Families & Wellbeing*

<b>Table 2: Budget Monitoring results by Executive Portfolio Holder</b>	<b>Year end Forecast (£000's)</b>	<b>Percentage %</b>	<b>Period Movement (£000's)</b>
Children's Services	546	1.8%	96
Adult Social Services	354	0.6%	(49)
Community Health & Wellbeing	-	-	-
Environment & Operations	(116)	(0.4)%	(22)
Economic Growth & Planning	(106)	(2.2)%	44
Communities & Partnerships	92	2.9%	(12)
Transformation & Resources	142	1.3%	(133)
Finance	(423)	(1.8)%	(252)
<b>Estimated outturn variance (period 5)</b>	<b>489</b>	<b>0.3%</b>	<b>(328)</b>

### Key month on month variations

3. The key variances contributing to the period movement of a favourable £(0.328)m are:
  - Domiciliary Homecare hours used have been reviewed and are now projected to be higher than previously anticipated, £0.083m;
  - Slippage in the 2013/14 capital programme relating to Disabled Adaptations work has resulted in additional income being generated from Capital in 2014/15, £(0.069)m;
  - The projection for Deprivation of Liberty (DOLS) assessment costs has reduced since last month, £(0.030)m;
  - Activity levels over the last four years relating to the number of legal childcare cases has been reviewed and it is now expected that Barrister and Court fees will be lower than previously anticipated, £(0.076);

- Housing and Council Tax Benefits overpayment recovery is expected to generate a net variance of £(0.216)m;
- Other net variances across all Directorates, £(0.020)m.

### MTFP Savings and increased income

4. The 2014/15 base budget, or permanent budget, is based on the achievement of permanent base budget savings and increased income of £(13.776)m
5. The following table summarises the overall forecasted achievement of the total base budget savings target for 2014/15 of £(13.776)m; noting the potential shortfall, proposed action to mitigate this shortfall and savings that are at risk and are subject to closer monitoring arrangements. These savings may potentially not be delivered and could become an issue going forward into 2015/16:

<b>Table 3: Base budget savings</b>	<b>Total (£000's)</b>
Total Savings delivered or in progress	(12,661)
Budget savings required	(13,776)
<b>Shortfall</b>	<b>1,115</b>
<b>To be met by:</b>	
Re-phased savings from T&R reserve in 14/15	
• HR Restructure	(100)
• Partnerships & Communities Restructure	(79)
• Legal Service Restructure	(36)
• Design and Print	(56)
• ICT Social Care – License Fee	(59)
Re-phased savings from EGEI reserve in 14/15	
• Town Centre Advertising	(16)
Alternative savings within CFW in 14/15	
• Ascot House joint service with TPS	(100)
Balance in CFW to be reviewed by Transformation Board	(669)
	<b>(1,115)</b>

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

Of the £1.115m shortfall, £0.769m relates to CFW, £0.330m T&R and £0.016m EGEI.

There are some savings that are delayed in 2014/15 (£330k) but the full effect is still expected to be delivered in the 2015/16 budget;

Alternative savings are being sought within CFW relating to Ascot House, £0.100m;

There are some savings that are at significant risk of not being delivered, of which £0.423m relates to terms and conditions. These will be reviewed by the Transformation Board and alternative proposals will be sought.

## Council Tax

7. The brought forward surplus on the Council Tax element of the Collection Fund has shared ownership between GM Fire & Rescue Authority and Police & Crime Commissioner, as well as the Council.
8. After five months of activity, the total Council Tax in-year surplus is forecasted at £(1.029)m, with the Council's share of this being £(0.865)m. After taking account of the planned application to support the 2014/15 budget, £0.356m, and reductions as a consequence of back-dated valuations and awards of discounts or exemptions of £0.250m, the end of year total balance is forecasted at £(0.881)m, of which the Council's share is £(0.740)m. The Medium Term Financial Plan assumes use of the Collection Fund surplus at similar levels to 2014/15 into the future.

<b>Table 4: Council Tax surplus</b>	<b>Overall</b>		<b>Trafford</b>	
	£(000's)	£(000's)	£(000's)	£(000's)
<b>Surplus brought forward</b>		<b>(458)</b>		<b>(385)</b>
Changes in Band D equivalents	(22)		(19)	
Empty Homes Premium	(130)		(109)	
Council Tax Support awards	(877)		(737)	
Banding valuations & discounts	250	(779)	210	(655)
In-year application of surplus		356		300
<b>Forecasted surplus carry forward</b>		<b>(881)</b>		<b>(740)</b>

9. The majority of the in-year surplus has been generated from pro-active interventions in unreported changes of circumstances, which has reduced the need for Council Tax Support. This means that the correct award of Support is made earlier and reduces the amount of overpayments that have to be collected subsequently. Some of the in-year increase also relates to an increase in empty homes premium, however, this initiative cannot be guaranteed into the future as the purpose of the policy is to discourage empty properties and to encourage bringing them into the housing market. The movement in the Taxbase for the month of £0.087m is largely due to an increase in the level of discounts and exemptions awarded in August. A review is currently underway and the indication is that this movement will be reversed in the September figures. Back dated valuations and discounts continue to be a significant issue.

## Business Rates

10. 2014/15 will be the second year of operation of the new business rates retention scheme. The Government has established a target yield figure, or baseline, and 24.5% of yield above target is retained by the Council. However, 49% of any shortfall against the target is charged to the Council up to a safety net maximum cost to the Council of £2.433m.
11. The Council has received confirmation on the treatment of the provision for valuation appeals from the external auditor regarding the 2013/14 accounts. As a result this has removed the risk associated with the cost of appeals up to 31 March 2014 and allows the Council to be in a better position of forecasting

potential business rate growth in 2014/15 and later years. However, at this stage we are assuming a neutral position until updated information is received from the VOA on the level of current outstanding appeals and once received we will carry out an assessment of our position.

## Reserves

12. The pre-audited General Reserve balance brought forward is £(11.0)m, against which there are planned commitments up to the end of 2014/15 of £3.8m. The projected balance as at 31 March 2016 of £(7.4)m is £(1.4)m above the approved minimum level of £(6.0)m:

<b>Table 5 : General Reserve Movements</b>	<b>(£000's)</b>
<b>Balance 31 March 2014 (subject to audit confirmation)</b>	<b>(10,980)</b>
<b>Commitments in 2014/15:</b>	
- Planned use for 2014/15 Budget (agreed 19 Feb 2014)	2,007
- Additional support for Adult Services (agreed 17 September 2014)	1,582
- Planned use for one-off projects 2014/15	279
- Council-wide budgets underspend	(312)
<b>Balance 31 March 2015</b>	<b>(7,424)</b>

13. Service balances brought forward from 2013/14 were a net £(0.982)m. After planned use to support one-off projects and adjusting for the estimated outturn, there is a projected net deficit of £3.045 to be carried forward to 2015/16 (Table 6).

	<b>b/f April 2014 (£000's)</b>	<b>Forecast Movement in-year (£000's)</b>	<b>Forecast Balance (£000's)</b>
<b>Table 6: Service balances</b>			
Communities, Families & Wellbeing	(871)	1,411	540
Economic Growth, Environment & Infrastructure	(1,155)	816	(339)
Transformation & Resources	(1,978)	1,800	(178)
<b>Total All Services (Surplus)/Deficit</b>	<b>(4,004)</b>	<b>4,027</b>	<b>23</b>
<b>Learning Disability Pool (a)</b>	<b>3,022</b>	<b>-</b>	<b>3,022</b>
<b>Total (Surplus)/Deficit</b>	<b>(982)</b>	<b>4,027</b>	<b>3,045</b>

Note:

(a) the deficit on the pooled fund will require discussion with the CCG and will require a permanent solution i.e. the deficit cannot be carried forward each year.

The use of reserve balances during the year are detailed in the Directorate reports attached as Annexes.

## Recommendations

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

**Report to:** CFW Directorate Management Team  
**Date:** 19th September 2014  
**Report for:** Discussion  
**Report author:** CFW Finance Managers

**Report Title:**

Revenue Budget Monitoring 2014/15 – Period 5 (April to August 2014).
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**1 Outturn Forecast**

- 1.1 This is the third CFW Directorate Monitoring Report for 2014/15 and now reflects the budget re-alignment set out as part of the period 4 monitoring report.
- 1.2 The revised revenue budget for the year for CFW is £84.927m. The projected outturn for the entire directorate is now £85,827m, which is £0.900m in excess of the approved budget (1.1%).
- 1.3 This represents an adverse variance from period 4 of £0.047m due to:
- A favourable variance due to a reduction in the forecast cost of Other Adults - Deprivation of Liberty (DOLs) assessments of £(30)k,
  - An £83k adverse variance on Domiciliary Care Budgets. There is an expectation at the start of the year that not all Homecare hours planned will be used and therefore the projection on packages was reduced by an assumed £200k. There are now only 7 months left of the financial year so the adjustment has been reduced to reflect this.
  - Additional income of £(69)k arising from work carried out to support the capital programme. Contractual issues in 2013/14 led to slippage in the capital programme which has led to additional work in 2014/15.
  - Other CFW Adults variances amounting to a net underspend of £(33)k.
  - An unexpected reduction in Staying Put Grant income of £87k.
  - Other CYPS variances amounting to a net overspend of £9k.

**2 Explanation of Variances**

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

### Children Services - £546k adverse variance from budget:

1. There is a total overspend of £671k in Children's Social Services of which £127k relates to Terms and Conditions which is mentioned below. This leaves a service related overspend of £544k, of which £443k relates to care packages which is analysed in the table below:-

Service	Budget Service Users	Budget Average weekly cost	Gross Budget	Actual Service Users	Average weekly cost	Actual Gross Forecast	Variance Service Users	Variance Gross Forecast
	No.	£	(£000's)	No.	£	(£000's)	No.	(£000's)
Welfare secure	0.3	5,068	90	0.3	5,113	90	0.0	0
External Children's Homes	4.4	3,361	764	6.9	3,015	1,086	2.5	322
Agency foster care	28.3	844	1,247	36.4	812	1,571	8.1	324
In-house foster care	97.4	270	1,373	92.6	293	1,417	(4.8)	44
Family and friend foster care	109.6	180	1,031	107.8	186	1,044	(1.8)	13
Asylum seekers	1.7	272	24	1.7	203	18	0.0	(6)
Special Guardianship	33.0	159	274	31.0	144	233	(2.0)	(41)
Assisted Residence Allowances	26.0	96	130	24.0	107	133	(2.0)	3
Aftercare	n/a	n/a	303	n/a	n/a	330	n/a	27
Supported Lodges	n/a	n/a	255	n/a	n/a	209	n/a	(46)
Youth Homeless	n/a	n/a	185	n/a	n/a	148	n/a	(37)
Stay in Care Placements	n/a	n/a	70	n/a	n/a	0	n/a	(70)
Adoption	20.0	n/a	976	13.0	n/a	832	(7.0)	(144)
CAN respite	2.6	1,674	227	2.6	1,674	227	0.0	0
CAN long term care	3.4	2,448	434	4.1	2,283	488	0.7	54
CAN Home from Home	n/a	n/a	239	n/a	n/a	194	n/a	(45)
CAN Direct payments/personalisation	n/a	n/a	376	n/a	n/a	421	n/a	45
<b>Total</b>			<b>7,998</b>			<b>8,441</b>		<b>443</b>

The £443k overspend includes increased numbers costing £297k and increased costs amounting to £146k.

The £544k overspend also includes a reduction in grant income of £87k. (See CFW 2)

2. An overspend of £220k relating to the non-achievement of savings in relation to changes in terms and conditions. This is due to the number of exemptions in connection with critical front line services.
3. An underspend from vacancy management of £(194)k.
4. Other variances amounting to a net underspend of £(24)k.

### Adults and LD Pool – £385k adverse variation from budget:

1. Base budget savings not achieved (See Section 3.6) - £403k adverse,
2. A recent Supreme Court judgment, which effectively lowered the threshold for what constitutes deprivation of liberty in care (DOLS), has resulted in additional assessment costs for all local authorities, which for Trafford is £77k,



3. In year savings of £(70)k due to vacant posts, particularly within Older People's Care Management £(78)k,
4. An £83k adverse variance on Domiciliary Care Budgets. There is an expectation at the start of the year that not all Homecare hours planned will be used and therefore the projection on packages was reduced by an assumed £200k. There are now only 7 months left of the financial year so the adjustment has been reduced to reflect this,
5. Additional income of £(69)k arising from work carried out to support the capital programme. Contractual issues in 2013/14 led to slippage in the capital programme which has led to additional work in 2014/15, and
6. Other variances amounting to a net underspend of £(39)k.

**Public Health – nil variance from budget:**

The Public Health budget is funded through a ring-fenced grant. Any underspend against this grant in the current year will therefore be carried forward to 2015/16. The projected variations relating to Public Health are set out and explained in detail in Appendix 1 and summarised below:

- Management of vacancies - £(55)k favourable,
- Other running costs - £(43)k favourable – forecast savings against variable 2014/15 contracts based on 2013/14 activity levels,
- Other income - £(22)k favourable non-recurrent income from Community Safety for Test on Arrest and a £(25)k contribution from the CCG in respect of Dementia Advice contracts.

This will leave a current unallocated grant balance of £145k for which proposals will be brought forward to support Public Health priorities.

**3. Care Packages**

- 3.1 Adult CFW supports the most vulnerable people in the borough and therefore the budgets are demand led. Variations in the number and unit cost of care packages has therefore led to significant variations in demand levels which have not previously been fully reflected in budget.
- 3.2 2014/15 budgets have now been re-aligned based on the actual cost of all service users up to 31<sup>st</sup> August with a projection to 31<sup>st</sup> March 2015 for all “live” cases at 1<sup>st</sup> September 2014. There is currently no variance within these care package budgets as the realignment has been completed based on service user reports up to the end of Period 5.
- 3.3 The following table sets out the number and average weekly unit cost of “live” cases and the current forecast expenditure:

<b>Service</b>	<b>Service Users</b>	<b>Average weekly cost</b>	<b>Gross Forecast</b>
	<b>No.</b>	<b>£</b>	<b>(£000's)</b>
<b>Older People</b>			
Domiciliary Care	855	156.33	7,096
Direct Payments	155	178.42	1,669
Residential/Nursing	571	471.06	14,222
<b>Physical Disability</b>			
Domiciliary Care	143	178.98	1,212
Direct Payments	189	220.12	2,270
Residential/Nursing	30	656.50	947
<b>Learning Disability</b>			
Day Care	30	265.06	407
Domiciliary Care	49	293.85	799
Direct Payments	254	297.47	4,220
Residential/Nursing	74	1,330.10	4,166
Supported Living	88	992.47	4,287
<b>Mental Health</b>			
Domiciliary Care	46	121.01	244
Direct Payments	30	122.65	209
Residential/Nursing	39	561.39	1,135
Supported Living	19	1,298.06	1,092
<b>Total</b>			<b>43,975</b>

**Note: the gross forecast is based on the actual cost of services to date plus a forecast for the remainder of the year based on current users. It is therefore not possible to multiply across the above table as the service users and unit cost only reflect current cases.**

3.4 **These client numbers and unit costs will now form the baseline for future monitoring reports.**

3.5 For budget monitoring purposes, a number of **assumptions** have been made within financial monitoring:

- Estimated clawback on Direct Payments of £(850)k. This is based on the actual clawback figure in 2013/14 adjusted to reflect growth in the number of service users receiving direct payments.
- A annual reduction of £(200)k against Home Care packages to reflect previous experience that approximately 10% of home care package hours are not used. This has been applied pro rata to the number of months remaining in the year, the assumed reduction from 1<sup>st</sup> September 2014 to 31<sup>st</sup> March 2015 is £(117)k.
- A contingency provision of £500k to offset any net growth in care package numbers/costs during the remainder of the financial year.
- A pay award of 1% has been assumed for 2014/15.

### 3.6 Savings

The council's overall budget for 2014/15 includes £(13,776)k of savings of which £(7,457)k relates to CFW. The following table shows the current assumptions made regarding the delivery of in-year savings targets within the forecasts set out in this report.

<b>CFW Base Budget Savings 2014/15</b>		<b>Note</b>	<b>2014/15 Budget</b> <b>(£000's)</b>	<b>Forecast Saving</b> <b>(£000's)</b>	<b>Variance</b> <b>(£000's)</b>
Children in Care Placements	CYPS	1	(480)	(334)	146
Supported Living	CYPS		(50)	(50)	
MARAS Staffing	CYPS		(50)	(50)	
Market Management	CYPS		(350)	(350)	
Increased Use Personal Budgets	CYPS		(25)	(25)	
Commissioning Integration	CYPS		(20)	(20)	
Complex Additional Needs	CYPS		(50)	(50)	
Education Support Services Review	CYPS		(100)	(100)	
Home To School Transport	CYPS		(100)	(100)	
Complex & Additional Needs Personalisation	CYPS		(125)	(125)	
Terms and Conditions	CYPS	2	(656)	(436)	220
Adoption Placement Fees	CYPS		(100)	(100)	
Connexions Service	CYPS		(260)	(260)	
Youth Offending Service	CYPS		(150)	(150)	
Early Years Childcare	CYPS		(25)	(25)	
Education Welfare Officers	CYPS		(100)	(100)	
School Improvement	CYPS		(105)	(105)	
Grant Assisted Projects (YOS & KEEP)	CYPS		(74)	(74)	
Reduced Inflation applied to running costs	Adults		(422)	(422)	
Market Management	Adults		(533)	(533)	
New models of service in LD reducing placement costs	Adults		(200)	(200)	
Mental Health - implement Personal Budgets	Adults		(50)	(50)	
LD Transport - implement Personal Budgets	Adults		(200)	(200)	
Ascot House - joint service with TPS resulting in efficiencies in running costs	Adults	3	(100)	-	100
Reduce Public Health	Adults		(850)	(850)	
Telecare	Adults		(400)	(400)	
Reablement	Adults		(500)	(500)	
Commissioning Integration (Children's/Adults)	Adults		(20)	(20)	
Advice & Information - Council wide review	Adults	4	(150)	(50)	100
Pre-payment cards	Adults		(40)	(40)	
Carers Services	Adults		(50)	(50)	
Extension of Personalisation Agenda	Adults		(25)	(25)	
Supporting People	Adults		(399)	(399)	
Terms and Conditions	Adults	2	(695)	(492)	203
Inflationary increase for rents charged for supported living houses	Adults		(3)	(3)	
			<b>(7,457)</b>	<b>(6,688)</b>	<b>769</b>

**Note:**

1. CIC Placements – The savings proposal was linked to a plan to reduce unit costs for CIC Placements (see CFW2 for further details).
2. Terms and Conditions - £423k shortfall across the Directorate due to the number of exemptions in relation to the delivery of front line services.
3. Ascot House – this saving originally related to opportunities for joint funding with health. For monitoring purposes, it is currently assumed that this will not be achieved although alternative reductions are being sought in year.
4. Advice & Information – this is a Council wide initiative being led by CFW which is subject to discussions currently; the forecast assumes this will not be achieved.
5. There are also £(2.5)m of in year savings which were approved as part of the CFW Budget Re-alignment Report. These are detailed below:-

CFW In Year Budget Savings 2014/15		Note	2014/15 Budget	Forecast Saving	Variance
			(£000's)	(£000's)	(£000's)
Music Service	CYPS		(5)	(5)	
Early Help Framework	CYPS		(66)	(66)	
Complaints and Governance	CYPS		(4)	(4)	
Stronger Families	CYPS		(250)	(250)	
Area Family Support Team	CYPS		(18)	(18)	
Children In care Personal needs	CYPS		(100)	(100)	
Education Psychology	CYPS		(50)	(50)	
Application of Grants	CYPS		(500)	(500)	
Vacancy Management	CYPS		(105)	(105)	
Voluntary and Community Sector	Adults		(80)	(80)	
Learning Disability	Adults		(430)	(430)	
Better Care Fund	Adults		(788)	(788)	
Vacancy Management	Adults		(104)	(104)	
			<b>(2,500)</b>	<b>(2,500)</b>	<b>0</b>

**4. Learning Disabilities Pooled Fund**

- 4.1 At the beginning of the year the LD Pool had a carry forward adverse balance of £3.022m.
- 4.2 Dialogue is taking place with the Trafford Clinical Commissioning Group (CCG) in order to agree how we collectively address the on-going pressure on the LD Pooled Budget.

**5. Service carry-forward reserves**

- 5.1 At the beginning of April 2014 the Children, Families and Wellbeing Directorate had accumulated balances of £(871)k carried forward from previous financial years.

- 5.2 The remaining carry-forward balances at the end of the year after taking into account the outturn position are:

	<b>DSG</b>	<b>CFW – Non LD Pool</b>	<b>CFW LD Pool</b>
	<b>(£000's)</b>	<b>(£000's)</b>	<b>(£000's)</b>
Balance b/f 1 April 2014	(2,777)	(871)	3,022
Specific commitments in 2014/15	750	511	-
P5 Forecast Outturn	434	900	-
	<b>(1,593)</b>	<b>540</b>	<b>3,022</b>

## 6. Management Action

- 6.1 The re-aligned CFW budget is dependent on the delivery of additional in-year savings of £(2.5)m. Detailed implementation plans are now underway for these savings.

### 6.2 Resource Allocation Process

The Resource Allocation model, which includes a weekly Resource Panel has been extended to include wider representation including Directors. The aim of the revised model is to ensure that the amount of funding allocated is based on “Just Enough” support principles, to minimise cases agreed outside the Resource Panel and to ensure that the process for agreeing funding for individual packages of care is strengthened, ensuring that both senior operational managers and commissioners scrutinise each case and make best use of available resources, voids, contracts etc.

In addition a further panel has been established to exercise the same level of scrutiny on cases coming out of the internal and external reablement services.

### 6.3 Business Delivery Programme Board

The Business Delivery Programme Board has recently refreshed the way it works, splitting into three key elements:

- Core Business,
- Financial Business, and
- Learning Disability Business.

This new approach ensures Directors, lead commissioners, Finance Managers and Heads of Operational Services maintain oversight of activity linked to the budget and address key issues relating to financial monitoring reports, monitoring of savings targets, and other budget recovery action taken. A revised approach to escalating issues arising to the CFW Senior Leadership Team has also been agreed.

### 6.4 Financial Tracking and Monitoring

An overarching Activity Plan has been developed which details all areas of activity linked to the Learning Disability Pooled Budget, including previous Recovery Plans and Business Cases in respect of 2014/15 and 2015/16 savings proposals.

In addition a financial spread sheet has been created to allow reductions to be quantified based on “real time” information. The spread sheet highlights the starting position, reductions projected based on Business Case plans and actual reductions achieved once actions have been implemented and savings realised. The introduction of the facility to track financial changes will support the programme of work and highlight where savings have been achieved and also where there may be areas at risk.

The next stage will be to develop similar spread sheets for other service areas, starting with Mental Health. These spread sheets will then be used to support financial management until the Liquid Logic system is implemented.

## **6.5 Children in Care Placements Tracking and Monitoring**

Robust tracking and monitoring of placements for children is in place via monthly meetings with the Joint Director and heads of service to consider all placement budget lines and ensure all tracking of individual children is clear and up to date. These meetings outline tasks for follow-up such as placements that may need to be extended due to complexity of needs, placements that may be able to end early and placements where further cost reductions may be possible.

In addition a quarterly placement monitoring meeting is held with the Joint Director, heads of service and operational managers to consider in detail all placement budgets and all placements to ensure forecasting is accurate and any necessary amendments are made to projections. This is an opportunity to challenge any placement that needs additional action.

All placement requests for agency foster care or out of borough residential care are considered at a weekly meeting chaired by the Head of Children in Care to ensure the placement is necessary and that the need cannot be met by any other option. This is then agreed with the Joint Director.

At the start of the year predicted end dates of placements are factored into budget expenditure plans and a contingency budget is agreed for placements anticipated to be needed during the course of the year. The projected full year placement numbers are outlined in 2.1 of this report. The projected actual budget spend includes the anticipated use of the contingency budget. During the year the contingency budget gets spent as additional need emerges for placements and once used, any anticipated additional placement costs are titled additional pressures to ensure staff are aware that these are costs over the allocated budget. If any contingency money is not required it is removed from the projections gradually during the second half of the year. In this financial report £136K has been removed from the anticipated adoption spend by March 2015 due to a review of adoption plans and projections. The current projected overspend includes £280k of anticipated additional pressures where money has not yet been spent but is anticipated to be needed before March. This figure is actively reviewed each month.

### Period 5 Projected Outturn revenue expenditure and income variances

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

Budget Book Format (Objective analysis)	Full Year Revised Budget (£000's)	P5 Forecast Outturn (£000's)	P5 Outturn variance (£000's)	P4 Outturn variance (£000's)	P4 – P5 Movement (£000's)	Ref
<b>Children's Services Portfolio – DSG Element</b>						
Dedicated Schools Grant	0	434	434	360	74	CFW1
Transfer to Dedicated Schools Grant Reserve	0	(434)	(434)	(360)	(74)	CFW1
<b>Sub-total – DSG</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>Children's Services Portfolio – Non DSG Element</b>						
Education Early Years' Service	6,110	6,082	(28)	(77)	49	CFW3
Children's Social Services	15,383	16,000	617	565	52	CFW2
Children with Complex & Additional Needs	1,943	1,997	54	54	0	CFW2
Commissioning	1,716	1,655	(61)	(67)	6	CFW3
Multi Agency Referral & Assessment Service (MARAS)	1,491	1,459	(32)	(1)	(31)	
Youth Offending Service	363	382	19	8	11	
Children's Centres	1,990	1,929	(61)	(52)	(9)	CFW3
Youth Service	1,384	1,421	37	20	17	
<b>Sub-total – Children's Services</b>	<b>30,380</b>	<b>30,926</b>	<b>546</b>	<b>450</b>	<b>96</b>	
<b>Total</b>						
<b>CFW Children's Total</b>	<b>30,380</b>	<b>30,926</b>	<b>546</b>	<b>450</b>	<b>96</b>	

<b>Adult Social Services Portfolio</b>						
Older People	20,439	20,557	118	17	101	CFW4
Physical Disabilities	4,963	4,963	0	0		
Equipment & Adaptations	1,004	1,005	1	1		
Mental Health	3,592	3,589	(3)	(3)		
Other Adult Services	803	949	146	207	(61)	CFW5
Strategic & Support Services	967	961	(6)	(6)		
Adaptations	(64)	(135)	(71)	(2)	(69)	CFW6
Housing Services	630	631	1	1		
Community Services	230	226	(4)	(4)		
Equalities & Diversity	144	144	0	0		
<b>Sub-total</b>	<b>32,708</b>	<b>32,890</b>	<b>182</b>	<b>211</b>	<b>(29)</b>	
Learning Disabilities Pooled Fund	22,707	22,879	172	192	(20)	CFW7
<b>CFW Adults Total</b>	<b>55,415</b>	<b>55,769</b>	<b>354</b>	<b>403</b>	<b>(49)</b>	
<b>Community Health &amp; Wellbeing Portfolio</b>						
Public Health	(868)	(868)	0	0	0	CFW8
<b>CFW Public Health Total</b>	<b>(868)</b>	<b>(868)</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>CFW Total</b>	<b>84,927</b>	<b>85,827</b>	<b>900</b>	<b>853</b>	<b>47</b>	



<b>Business Reason / Area (Subjective analysis)</b>	<b>P5 Outturn (£000's)</b>	<b>P4 Outturn (£000's)</b>	<b>P4-P5 Movement (£000's)</b>	<b>Ref</b>
<b>Children, Families &amp; Wellbeing</b>				
Management of staff vacancies	(329)	(345)	16	CFW3,4,6,7
Transport Costs	57	57	0	
Client Need	372	274	98	CFW2,
Reduction in Grant Income	87	0	87	
2014/15 Savings not achieved	769	800	(31)	CFW2,3,4,5,6
Other running costs	251	230	21	CFW4,5,6
Other Income	(307)	(163)	(144)	CFW5,6
<b>Total</b>	<b>900</b>	<b>853</b>	<b>47</b>	

## NOTES ON VARIANCES AND PERIOD MOVEMENTS

### CFW1 – DSG Reserve b/fwd.

- The brought forward DSG reserve balance is £(2,777)k. £750k of this has been allocated to schools on a one off basis and there is an expected overspend on SEN of £434k. This would leave a year end reserve of £(1,593)k.

### CFW2 – Children’s Social Care £544k adverse (Includes Children with Complex & Additional Needs),

#### Client Need - £443k adverse:

- There is a projected overspend of £443k in CIC placements, due to increase in demand for places and a small increase in unit costs.
- This is only a small net increase of £15k on the previous month but when grossed up, it is due to a number of circumstances:-
  1. Two child placements have been extended within an external children’s home costing £67k.
  2. One additional child has come into care, placed in an external children’s home at a cost of £66k.
  3. Two additional children will move from health provision to Council provision costing £68k.
  4. In house foster care provision has increased by £41k due to an increase in costs associated with Skills Payments, rather than client numbers.
  5. Increase in the number of children placed with family and friends costing £13k.
  6. The predicted number of placements with Special Guardianships and Assisted Residence Orders has reduced by four, saving £(25)k.
  7. The projected number of adoption placements from outside Trafford has fallen from 20 to 13 saving £(145)k.
  8. A reduction in placement costs of (£70)k which is offset by a reduction in Staying Put Grant of £87k. (next bullet point).
- The Staying Put Implementation grant assumed £120k would be received in 2014/15 based upon a national allocation of £40m. The grant determination letter was only received in August 2014 which suggests an increase but it is phased over three years. This amounts to a deduction of £87k for 2014/15 although the MTFP has been adjusted positively for future years.

### **CFW3 - Vacancy Management – £(194)k Favourable**

- There are vacancy management savings amounting to £(194)k which are mainly in Commissioning £(91)k, Children's Centres £(61)k and Education Early Years £(31)k.

### **CFW Various 2014/15 savings not achieved - £220k adverse**

- Non-achievement of elements of the terms and conditions saving due to the volume of exemptions required in critical front line services.

### **CFW4 – Older People £118k adverse**

#### **Vacancy management - £(70)k favourable:**

- Care Management - £(70)k favourable - Vacancies and savings against posts budgeted at top of grade offset by additional agency costs.

#### **Client Need- £83k adverse:**

- An £83k adverse variance on Domiciliary Care Budgets. There is an expectation at the start of the year that not all Homecare hours planned will be used and therefore the projection on packages was reduced by an assumed £200k. There are now only 7 months left of the financial year so the adjustment has been reduced to reflect this.

#### **Savings not achieved- £100k adverse:**

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

#### **Other running costs- £5k adverse:**

- Increased premises and supplies and services expenditure within residential homes and reablement.

### **CFW5 - Other Adult Services £146k adverse**

#### **Other running costs- £134k adverse:**

- Generic Services - additional Deprivation of Liberty (DOLS) assessment costs £77k.
- Additional costs of £26k in relation to Healthwatch.

#### **Savings not achieved- £100k adverse:**

- Information and Advice Review - £100k adverse - this is a Council wide initiative being led by CFW which is subject to current discussions; it is currently assumed that this will not be achieved.

#### **Other income – £(57)k favourable**

- Increased Healthwatch income £(57)k.

## **CFW6– Adaptations – £(71)k favourable**

### **Other Income - £(69)k favourable:**

- Additional income arising from work carried out to support the capital programme. Contractual issues in 2013/14 led to slippage in the capital programme which has led to additional work in 2014/15.

## **CFW7– LD Pooled Fund – £172k adverse**

### **Savings not achieved- £203k adverse:**

- Terms and conditions savings not achieved due to the number of exemptions relating to the delivery of critical front line services.

### **Other running costs- £(31)k favourable:**

- £(20)k favourable - historic Information and Advice budget not required,
- Other variances within LD budgets, £(11)k favourable.

## **CFW8 - Public Health – nil variance**

### **Vacancy management - £(55)k favourable:**

- Public Health Leaders - £(46)k favourable – vacancies and savings against posts budgeted at top of grade.
- Public Health Leaders - £(9)k favourable – vacancy management.

### **Other running costs- £102k adverse:**

- £(43)k favourable forecast savings against 2014/15 variable contracts based on 2013/14 activity levels,
- Unallocated grant balance of £145k arising from overall forecast public health underspend for which proposals will be brought forward to support Public Health priorities.

### **Other income - £(47)k favourable:**

- Drug & Alcohol Misuse - £(22)k favourable non recurrent income from Community Safety for Test on Arrest,
- Health & Wellbeing - £(22)k favourable non recurrent income from CCG towards Dementia Advice contracts.

## TRAFFORD MBC

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

**Date:** 17 September 2014

**Report for:** Discussion

**Report author:** Finance Manager

Report Title

## Revenue Budget Monitoring 2014/15 – Period 5 (April 2014 to August 2014)

**1. Forecast Outturn for the Year**

- 1.1 The approved revenue budget for the year is £33.287m. The forecast outturn is £33.065m, which is £(0.222)m under the approved budget. This is a net adverse movement of £0.022m from the last report.
- 1.2 There are a number of minor movements across all services from last reported. The key areas relate to additional staff vacancies in Highways £(0.050)m, additional interim staff costs in the Planning Service £0.034m, increased forecast of running costs £0.051m, and net additional income £(0.024)m, including planning fees and GMRAPs.
- 1.3 The Directorate has brought forward balances of £(1.155)m from previous years (paragraph 3). These are earmarked for specific project based activity which has been re-phased from previous years, and also to mitigate specific one-off budget pressures this year, such as from the Enforcement and Groundforce reviews, if required. The remaining balance based on the projected outturn above is £(0.339)m. This will be held to mitigate any future pressures during the year, such as weather related incidents.

**2. Forecasting and Risk**

- 2.1 This is the third monitoring report of the financial year based on five months of actual activity and the information available to produce the forecast outturn will be refined and subject to change as the year progresses.
- 2.2 The key assumptions and/or areas of risk in this forecast are:
- GM Waste Disposal Authority levy – each month the WDA notifies GM Councils of variances in the actual tonnages of waste delivered compared to that assumed when setting the levy at the start of the year. This results in an additional cost or rebate per Council. Actual tonnages can be affected by weather and also customer behaviour, for example levels of recycling. There is a £0.200m increase in the levy forecast this year due to the weather (see note EGEI5 below);
  - Fee income from capital works will vary depending on the progress of delivering the approved capital programme during the year – total budgeted fee income for the year is £2.2m;
  - Demand led fees and charges income, such as from Parking, Licencing, Planning and Building Control, will vary based on economic conditions and customer behaviour. Bereavement Services income is also affected by

external factors. All fees and charges are monitored weekly or monthly, with trends and previous profiles used to inform forecasts;

- Investment property income – this varies depending on economic factors, and includes income from shopping centres (e.g. Stretford Mall) where lettings and rents are the responsibility of the owners of the properties;
- Weather related incidents impact on costs and income, particularly during the winter months. This includes increased winter maintenance costs (gritting etc.), pot hole damage to highways, tree and other infrastructure damage. The Directorate has £0.140m in a Winter Maintenance reserve to smooth these pressures across financial years, if required.
- A pay award of 1% has been assumed for 2014/15.

### **3. Summary of Variances**

- 3.1 The overall favourable variance of £(0.222)m reflects a number of individual under and overspends across the diverse areas of the Directorate, as detailed in Appendix 1 and summarised below.
- 3.2 There is one-off shortfall in approved savings relating to the Enforcement review (from 2013/14) £0.053m, and Groundforce review £0.047m. This is due to additional time taken for staff and stakeholder consultations. There is also an expected income saving shortfall of £0.022m from moving traffic offences, which is linked to the progress of the AGMA initiative supporting this. Income generation from town centre advertising will not be achieved £0.016m following recent legal advice, and property referral web-site advertising has been re-phased leading to a one-off shortfall of £0.003m this year. Savings will be delivered in full from 2015/16, and for town centre advertising alternative proposals will be progressed through the Medium Term Financial Plan.
- 3.3 The levy paid to Greater Manchester Waste Disposal Authority is expected to be £0.200m higher than budgeted, which is due to weather related increases in the volume of green waste being recycled over the summer. This can be partially mitigated by a negotiated one-off procurement saving in the waste collection contract £(0.150)m.
- 3.4 Favourable one-off income variances are projected from Oakfield Road car park £(0.128)m and Urmston Town centre rent £(0.040)m. Income from the GM Road Access Permit Scheme is also expected to be £(0.082)m above budget. There are income shortfalls forecast relating to car parking £0.029m, licencing £0.024m, planning and building control £0.016m (which is monitored weekly) and Green Deal £0.035m. Overall projected income has improved by £(0.024)m since last reported, mainly related to planning applications
- 3.5 There are a number of favourable variances relating to staffing budgets as a result of turnover or vacancy management £(0.262)m, including £(0.080)m from senior management restructuring, £(0.050)m from school crossing patrols and £(0.050)m Highways. The net underspend on staffing has increased by £(0.014)m since last reported which includes the Highways vacancies above, less additional interim planning staff costs £0.034m.
- 3.6 Other running cost variances include an underspend on Administrative Buildings £(0.040)m. Overall projected running costs have increased by £0.051m since the last report, and includes a £(0.027)m reduction in the Administrative Buildings underspend.

3.7 Management action will continue throughout the year to ensure that essential services are delivered within budget and to seek out opportunities for future financial benefits. This includes:

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

#### 4. Reserves

4.1 At the end of 2013/14 the Directorate had a surplus on accumulated balances of £(1.155)m, which was carried forward to 2014/15. This was a result of the successful management of budget pressures in the last two financial years but also includes a number of commitments relating to projects being re-phased across the year end.

4.2 The planned use of these balances is shown below. The current balance of £(0.339)m is being held to cover potential budget pressures from external factors, such as from adverse weather or reductions in income. Any balance remaining at year end will be carried forward to support services in 2015/16 accordingly.

<b>Utilisation of Carry forward Reserve 2014/15</b>	<b>(£000's)</b>
ETO Surplus balance brought forward at 1 April 2014	(494)
EGP Surplus balance brought forward at 1 April 2014	(661)
Re-phasing of projects from 2013/14	381
Committed on 2014/15 projects	657
Period 5 forecast outturn (favourable)	(222)
<b>Balance after known commitments</b>	<b>(339)</b>

#### 5. Savings

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

	<b>Budget (£000's)</b>	<b>Outturn (£000's)</b>	<b>Variance (£000's)</b>
Increased and new income	(320)	(279)	41
Efficiencies and others	(786)	(786)	0
Policy Choice	(1,920)	(1,873)	47
Mitigating action across EGEI	0	(88)	(88)
Terms and Conditions	(127)	(127)	0
<b>Total EGEI</b>	<b>(3,153)</b>	<b>(3,153)</b>	<b>0</b>

5.2 The income shortfall of £0.041m relates to the delay in implementing the saving relating to moving traffic offences £0.022m (note EGEI1 below) and £0.019m from town centre advertising and property referral fee web-site advertising (EGEI10). In policy choice £0.047m relates to re-phasing of savings in Groundforce (note EGEI4). All these items are to be mitigated in full from management action and other favourable variances across the Directorate, or by the use of accumulated balances if required. The savings will be achieved

in full from 2015/16, with alternative measures for town centre advertising progressed through the Medium Term Financial Plan.

- 5.3 In addition, there is a £0.053m shortfall in the saving associated with the review of Enforcement approved in the 2013/14 budget. This is also due to additional staff and stakeholder consultations and the saving is now being delivered in full (from August 2014) (see note EGEI5).

## **6. Recommendations**

- 6.1 It is recommended that the forecast outturn 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.

<b>Economic Growth, Environment &amp; Infrastructure Budget Book Format (Objective analysis)</b>	<b>Full Year Budget (£000's)</b>	<b>P5 Forecast Outturn (£000's)</b>	<b>P5 Forecast Variance (£000's)</b>	<b>P4 Outturn Variance (£000's)</b>	<b>Period Movement (£000's)</b>	<b>Ref</b>
Highway and Network Management, including Traffic & Transportation	5,151	5,084	(67)	(13)	(54)	EGEI1
School Crossing Patrols	509	459	(50)	(50)	0	EGEI2
Parking Services	(337)	(451)	(114)	(106)	(8)	EGEI3
Groundforce	4,144	4,233	89	78	11	EGEI4
Bereavement Services	(1,090)	(1,095)	(5)	(6)	1	
Sustainability & Greenspace	359	349	(10)	(14)	4	
Waste Management (incl. WDA levy)	18,979	19,028	49	47	2	EGEI5
Public Protection	602	621	19	0	19	
Environmental Enforcement	89	142	53	50	3	EGEI6
Directorate Strategy & Business Support	259	179	(80)	(80)	0	EGEI7
<b>Sub-total Environment &amp; Operations Portfolio</b>	<b>28,665</b>	<b>28,549</b>	<b>(116)</b>	<b>(94)</b>	<b>(22)</b>	
Asset Management	2,451	2,316	(135)	(164)	29	EGEI8
Planning & Building Control	(119)	(69)	50	35	15	EGEI9
Strategic Planning & Development	533	527	(6)	(6)	0	
Economic Growth	741	700	(41)	(46)	5	EGEI10
Housing Strategy	596	622	26	31	(5)	EGEI11
Directorate Strategy & Business Support	492	492	0	0	0	
<b>Sub-total Economic Growth &amp; Planning Portfolio</b>	<b>4,694</b>	<b>4,588</b>	<b>(106)</b>	<b>(150)</b>	<b>44</b>	
<b>Operational Services for Education</b>	<b>(72)</b>	<b>(72)</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total Forecast Outturn Period 5</b>	<b>33,287</b>	<b>33,065</b>	<b>(222)</b>	<b>(244)</b>	<b>22</b>	

<b>Economic Growth, Environment &amp; Infrastructure Business Reason / Area (Subjective analysis)</b>	<b>P5 Outturn Variance (£000's)</b>	<b>P4 Outturn Variance (£000's)</b>	<b>Period Movement (£000's)</b>	<b>Ref</b>
<b>Highways and Network Management</b>				
Income shortfall, including moving traffic offences	34	32	2	
GMRAPs income above budget	(82)	(70)	(12)	
Capital fee income shortfall	51	51	0	
Staff vacancies	(50)	0	(50)	
Running costs including depot	10	4	6	
Energy – Street Lighting	(30)	(30)	0	
<b>Sub-total</b>	<b>(67)</b>	<b>(13)</b>	<b>(54)</b>	EGEI1
<b>School Crossing Patrols - vacancies</b>	<b>(50)</b>	<b>(50)</b>	<b>0</b>	EGEI2
<b>Parking Services</b>				
Additional income – Oakfield Road	(128)	(128)	0	
Income shortfall – other locations	29	37	(8)	
Staffing and running costs	(15)	(15)	0	
<b>Sub-total</b>	<b>(114)</b>	<b>(106)</b>	<b>(8)</b>	EGEI3
<b>Groundforce</b>				
Re-profiling of staff/equipment savings	47	47	0	
Other running costs – weather related demand	30	21	9	
External income shortfall	12	10	2	
<b>Sub-total</b>	<b>89</b>	<b>78</b>	<b>11</b>	EGEI4
<b>Bereavement Services</b>				
Staffing and maintenance costs	(5)	(6)	1	
<b>Sustainability &amp; Greenspace</b>				
Vacancy, supplies & services	(10)	(14)	4	
<b>Waste Management</b>				
Staffing and general running costs	(1)	(3)	2	
GM Waste levy – additional green waste recycling	200	200	0	
Waste contract – one-off procurement saving	(150)	(150)	0	
<b>Sub-total</b>	<b>49</b>	<b>47</b>	<b>2</b>	EGEI5
<b>Public Protection</b>				
Staffing and running costs	(5)	(5)	0	
Income shortfalls	24	5	19	
<b>Sub-total</b>	<b>19</b>	<b>0</b>	<b>19</b>	

<b>Economic Growth, Environment &amp; Infrastructure Business Reason / Area (Subjective analysis)</b>	<b>P5 Outturn Variance (£000's)</b>	<b>P4 Outturn Variance (£000's)</b>	<b>Period Movement (£000's)</b>	<b>Ref</b>
<b>Environmental Enforcement</b>				
Re-profiling of staff/equipment saving	53	50	3	EGEI6
<b>Director &amp; Business Support</b>				
Staffing and Running costs	(80)	(80)	0	EGEI7
<b>Sub-total Environment &amp; Operations Portfolio</b>	<b>(116)</b>	<b>(94)</b>	<b>(22)</b>	
<b>Asset Management</b>				
Investment Property Rental Income:				
- Urmston Town Centre – one-off surplus	(40)	(40)	0	
- Airport – surplus	(16)	(16)	0	
- Other properties - surplus	(8)	(8)	0	
Community buildings – income/running costs	11	3	8	
Admin Buildings running costs	(40)	(67)	27	
Other minor running cost variances	11	11	0	
Major projects capital fee income	(53)	(47)	(6)	
<b>Sub-total</b>	<b>(135)</b>	<b>(164)</b>	<b>29</b>	EGEI8
<b>Planning &amp; Building Control</b>				
Planning applications income	(44)	(20)	(24)	
Building Control income shortfall	60	55	5	
Staffing including interim support	15	(19)	34	
Running costs	19	19	0	
<b>Sub-total</b>	<b>50</b>	<b>35</b>	<b>15</b>	EGEI9
<b>Strategic Planning &amp; Development</b>				
Staffing/running costs savings	(6)	(6)	0	
<b>Economic Growth</b>				
Staffing vacancies	(51)	(51)	0	
Other running costs	(9)	(10)	1	
Town centre advertising income	16	12	4	
Property referral fee website advertising income	3	3	0	
<b>Sub-total</b>	<b>(41)</b>	<b>(46)</b>	<b>5</b>	EGEI10

Economic Growth, Environment & Infrastructure Business Reason / Area (Subjective analysis)	P5 Outturn Variance (£000's)	P4 Outturn Variance (£000's)	Period Movement (£000's)	Ref
<b>Housing Strategy</b>				
Green Deal income re-phased implementation	35	35	0	
Staffing and running cost savings	(9)	(4)	(5)	
<b>Sub-total</b>	<b>26</b>	<b>31</b>	<b>(5)</b>	EGEI11
<b>Sub-total Economic Growth &amp; Planning Portfolio</b>	<b>(106)</b>	<b>(150)</b>	<b>44</b>	
<b>Total Forecast Outturn EGEI Period 5</b>	<b>(222)</b>	<b>(244)</b>	<b>22</b>	

### Summary Variance Analysis Period 5

All Services	Savings £000	Staff £000	Running Costs £000	Income £000	Total Variance £000
Period 4	132	(248)	(4)	(124)	(244)
Period 5	141	(262)	47	(148)	(222)
Period Movement	9	(14)	51	(24)	22

### ADDITIONAL NOTES ON FORECAST OUTTURN VARIANCES

#### EGEI1 – Highways & Network Management - £(0.067)m (favourable)

Income generation of £(0.030)m is included as a saving in the approved budget from moving traffic offences. This is part of an AGMA initiative to improve safety and traffic flows on major routes and the project has needed to be re-phased. This is expected to lead to a one-off income shortfall of £0.022m this year.

Staffing is expected to be £(0.050)m underspent for the year due to vacancies.

There is additional income above budget of £(0.082)m from the Greater Manchester Road Access Permit Scheme, which was implemented during 2013/14. This is an increase of £(0.012)m from last reported based on the latest notification from TfGM.

Fee income from technical and consultancy work charged to capital schemes is predicted to be £0.051m below budget due to the predicted timing of capital works. This will be reviewed throughout the year as the capital programme progresses.

Street Lighting energy costs are projected to be £(0.030)m less than budgeted based on latest projected usage volumes.

#### EGEI2 – School Crossing Patrols – £(0.050)m (favourable)

There is a forecast underspend on staffing due to vacancies.

**EGEI3 – Parking Services – £(0.114)m (favourable)**

The approved budget for 2013/14 included assumptions regarding the partial, then full closure of Oakfield Road car park during the year as part of the regeneration of Altrincham Town Centre. The re-phasing of the town centre project has resulted in forecast income being £(0.128)m above budget, which has continued from last year.

Other car parking income is broadly on target, although resurfacing work at a supermarket car park in Sale is expected to lead to a one-off income shortfall of around £0.035m this year.

**EGEI4 – Groundforce - £0.089m (adverse)**

Savings associated with staffing, supplies, vehicles and equipment have been re-profiled, and there is forecast one-off overspend of £0.047m this year. This relates to additional consultations with staff and other stakeholders in order to implement the approved budget proposals.

Running costs are expected to be £0.030m above budget largely due to weather related service demand over the summer. There is a projected shortfall of £0.012m on rechargeable work for the year.

**EGEI5 – Waste Management and Disposal - £0.049m (adverse)**

Following recent notifications from the Greater Manchester Waste Disposal Authority, there is an estimated additional levy cost of £0.200m this year. This is due to weather related increases in the overall tonnages of green waste being disposed, and is adversely affecting all Councils across Greater Manchester. The level of waste is recorded at the time of disposal and the levy impact reported monthly to GM Councils by the WDA. The percentage of waste recycled as a proportion of all waste remains high (over 60%), and the budgeted savings from the introduction of food waste recycling are on course to be achieved.

The service has negotiated changes to the waste collection contract which will result in a one-off saving of £(0.150)m. This can be used to part mitigate the disposal levy pressure above, with the balance covered by use of reserves brought forward from 2014/15, if necessary.

**EGEI6 – Environmental Enforcement £0.053m (adverse)**

The 2013/14 saving associated with the review of Enforcement has been re-profiled following additional staff and stakeholder consultations. This has resulted in a forecast overspend of £0.053m for the year. All changes have been implemented at the end of August and the saving achieved in full from this point.

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

The restructure and the ETO and EGP Directorates has led to a rationalisation of management costs which is expected to deliver a saving of £(0.080)m on current budgeted staff costs. This will be taken forward in the Medium Term Financial Plan as appropriate.

**EGEI8 – Asset Management - £(0.135)m (favourable)**

The approved budget for 2014/15 included assumptions regarding Urmston Town Centre asset disposal. This is taking longer than had been assumed and rental income has continued beyond expectations giving an additional £(0.040)m one-off benefit this year.

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

Improved efficiency in the Major Projects team has continued from the last financial year and forecast for fee income from capital and external projects is £(0.053)m higher than previously forecast.

Administrative building running costs are less than expected across the portfolio by £(0.040)m, including £(0.034)m relating to the catering concession at Altrincham Town Hall. This is an adverse movement of £0.027m since last reported.

#### **EGEI9 – Planning and Building Control – £0.050m (adverse)**

Projected income from planning fees has improved by £(0.024)m since last reported, now giving an overall surplus of £(0.044)m. There is still a projected shortfall in income from building control fees £0.060m and action is underway to address this. Both fees are monitored and reported on a weekly basis and the projections are based on data from the early part of the year only.

There is a projected overspend on staffing of £0.015m for the year, which is an adverse movement of £0.034m due to the appointment of interim staff to cover vacancies and address the resulting capacity issues. The permanent filling of vacant posts will be addressed by the ongoing restructure of the combined Directorate. Running costs are £0.019m above budget and includes investment in ICT to improve efficiency.

#### **EGEI10 – Economic Growth Team – £(0.041)m (favourable)**

There is an underspend in staffing and running costs of the Altrincham Town Team as service review and potential re-design is implemented in this area.

The income generation proposal relating to town centre advertising will not be achieved due to recent legal advice leading to an overspend of £0.016m. This will be addressed through alternative proposals and progressed in the Medium Term Financial Plan. Income from property referral fees web-site advertising have been re-phased to later in the year giving a predicted shortfall of £0.003m.

#### **EGEI11 – Housing Strategy – £0.026m (adverse)**

There is a predicted shortfall in income of £0.035m from the implementation of Green Deal. This is an ongoing pressure and will be addressed in the Medium Term Financial Plan. Staffing and running cost savings are expected to be £(0.009)m underspent for the year.

## TRAFFORD COUNCIL

Report to: Transformation & Resources Directorate Management Team  
 Date: 17 September 2014  
 Report for: Discussion  
 Report author: Senior Accountant – Transformation & Resources

<b>Revenue Budget Monitoring 2014/15 – Period 5          (April 2014 – August 2014 inclusive)</b>
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**1 Outturn**

- 1.1 The current approved revenue budget for the year is £17,629k, and after period five the forecasted outturn is £17,752k, which is a £123k, or 0.7%, overspend position. This is a favourable net movement since the last report of £(139)k.

**2 Summary of forecast and movements**

- 2.1 Detail on the forecasted outturn analysed by service, portfolio and activity is provided at Appendix 1. The following summarises the significant movements from the previous period, referenced to the detail in Appendix 1, which net to £(139)k:

**Delays in delivering budget savings, £330k adverse forecast, £(10)k favourable movement;** this is based on a prudent assessment of both timing and savings level. The recurring base budget savings are anticipated to be completed by the end of the year, however, due to the delay in implementation these initiatives will not generate their full value in 2014/15 (T&R1). The in-year reduction in savings will be mitigated by other cash savings and/or the use of carry forward reserve.

**Delay in telephony, voice and data upgrade, £74k adverse forecast, no movement;** the migration of voice and data telephony lines will not yield the anticipated savings as ISDN functions will still have to be retained for a longer period than originally planned (T&R2).

**Barrister and Court Fees, £77k adverse forecast, £(76)k favourable movement;** current levels of activity have been analysed compared to the previous four years. Forecasted legal costs are now expected to be less than previous years and this has resulted in the favourable movement (T&R3).

**Vacancy Management, £(321)k favourable forecast, £(27)k favourable movement;** this net variance includes an overspend position in financial management £116k, mitigated within the service from Revenues and Benefits which is underspending by a forecasted £(202)k (T&R4).

**Running costs variances, £(21)k favourable forecast, £(31)k favourable movement;** a review of running cost expenditure primarily for Communication team projects has been undertaken and the forecast revised favourably by £(32)k (T&R5).

**Minor income variances, £(16)k favourable forecast, £5k adverse movement;** (T&R6).

### 3 MTFP Savings 2014-15

3.1 The council's overall budget for 2014/15 includes £(13,776)k of savings of which £(3,006)k relates to T&R. All actions to achieve the T&R full year savings are expected to be completed by 31 March 2015 although the timing of some of these will mean the cash saving in 2014/15 is forecast to be £(2,676)k, which is 89% of the target.

3.2 The delay in in-year cash savings of £0.330m into the following year is in respect of the following initiatives.

<b>Table 1: Saving Description</b>	<b>Phased Savings (£000's)</b>
Human Resources Restructure (a)	100
Partnerships and Communities Restructure (b)	79
Legal Services Restructure (a)	36
Design and Print (c)	56
ICT - Social care - licence fee (d)	59
<b>Total</b>	<b>330</b>

3.3 Notes to the above phased savings table:

(a) As noted at Scrutiny review this is a phased implementation;

(b) £239k achieved. Balance is due to lengthened timescale to appoint to new structure;

(c) £107k achieved. Balance to be realised across the council;

(d) Linked to rephased Liquid Logic ICT project.

3.4 The in-year shortfall against budget will be mitigated by net underspends; other cash savings and the normal management flexibility in the use of the carry forward reserve (see Section 4 below).

### 4 Reserves

4.1 The Directorate has accumulated balances of £(1,978)k brought forward from previous years. This will be used to support the delivery of the Reshaping Trafford Programme and the development of future efficiencies. Funding will be provided for an investment in ICT hardware, software and communications such as server upgrades, network connections and access to services. The carry forward reserve will also be used to cover the cost of the re-phased 2014/15 Directorate savings (see 3.2). The table below summarises the projected movement during 2014/15:



<b>Table 2: Utilisation of Carry Forward Reserve 2014/15</b>	<b>£000's</b>
Balance b/f 1 April 2014	(1,978)
Delivering Reshaping Trafford and future efficiencies	685
ICT hardware and software upgrades	193
Contingencies	473
Land Charges Claim	185
Improving communications and democratic access	141
2014/15 Outturn	123
<b>Remaining Balance at 31 March 2015</b>	<b>(178)</b>

## 5 Main Assumptions

- 5.1 This forecast has been based on five months of actual activity in 2014/15, compared to the budgeted plan, and where appropriate to previous years. Where adjustments have been made, they have been done in consultation with the relevant manager for any known variance in plans or activity. The key assumptions and/or areas of risk in this forecast are:

Current levels of Court and Barrister fees activity have been analysed compared to the previous four years. Forecasted legal costs are now expected to be less than previous years as childcare court fees have reduced £1k per case and the amount/cost of cases requiring Barrister referral has reduced. However this has been a volatile area historically and a £100K margin has been included in the forecast as at the end of August 2014 to reflect the unpredictable nature of these costs.

Included in the T&R 2014/15 Budget is a £(592)k vacancy factor, which reflects staff turnover and the delays in time to recruit to establishment posts. The current vacancy management forecast of £(321)k favourable variance (T&R 4) assumes that this £(592)k will be fully achieved as per previous year's activity levels. After five months £119k or 20% of this vacancy factor has not been achieved but the current vacancy levels forecasted assume this will be achieved by the end of the financial year.

The £74k adverse variance on the transfer of telephony lines to the new contractor is shown for the whole year. At this time the adverse variance will continued to be shown as the full £74k adverse as the final switch date from ISDN to SIP is not clear.

Waterside Arts Centre ticket sales income is based on previous year's activity. Income is variable dependent upon the entertainment programme and customer demand. At this stage of the year it is difficult to forecast total annual income with certainty, particularly as the Christmas period typically generates 50%, or around £(130)k, of the gross annual income. Christmas booking have now begun but it is too early for comparisons with last year's sales to evidence an outcome for 2014/15.

A pay award of 1% has been assumed for 2014/15.

### 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
<b>Transformation and Resources Portfolio</b>						
Legal & Democratic	2,491	2,590	99	196	(97)	T&R1,3,4
Communications & Customer Services	5,919	5,932	13	44	(31)	T&R1,2,4
Strategic Human Resources	2,068	2,122	54	59	(5)	T&R1
Corporate Leadership and Support	368	344	(24)	(24)	0	
<b>sub-total</b>	<b>10,846</b>	<b>10,988</b>	<b>142</b>	<b>275</b>	<b>(133)</b>	
<b>Finance Portfolio</b>						
Finance Services	3,614	3,503	(111)	(117)	6	T&R4
<b>sub-total</b>	<b>3,614</b>	<b>3,503</b>	<b>(111)</b>	<b>(117)</b>	<b>6</b>	
<b>Communities and Partnerships</b>						
Partnerships & Communities	1,546	1,609	63	78	(15)	T&R1
Culture & Sport	1,623	1,652	29	26	3	
<b>sub-total</b>	<b>3,169</b>	<b>3,261</b>	<b>92</b>	<b>104</b>	<b>(12)</b>	
<b>Total</b>	<b>17,629</b>	<b>17,752</b>	<b>123</b>	<b>262</b>	<b>(139)</b>	

<b>Business Reason / Area (Subjective analysis)</b>	<b>P5 Outturn variance (£000's)</b>	<b>P4 Outturn variance (£000's)</b>	<b>P4 to P5 Movement (£000's)</b>	<b>Note ref</b>
Delay in savings implementation	330	340	(10)	T&R 1
ISDN line upgrade delay	74	74	0	T&R 2
Court Costs and Legal fees	77	153	(76)	T&R 3
Management of Vacancies	(321)	(294)	(27)	T&R 4
Running Costs	(21)	10	(31)	T&R 5
Income	(16)	(21)	5	T&R 6
<b>Total</b>	<b>123</b>	<b>262</b>	<b>(139)</b>	

## NOTES ON PROJECTED OUTTURN VARIANCES

**£340k adverse, phasing of base budget savings** (discussed in Section 3); action will be taken in year on the various initiatives to achieve £3,006k in savings within the Directorate. However, five of these will be delayed causing a part year adverse effect in 2014/15. Underspends in other areas, in-year cash savings and, if required, the carry forward reserve will be used to mitigate this loss (T&R1).

**£74k adverse, delay in telephony, voice and data upgrade**; the migration of voice and data telephony lines between contractors has been delayed (T&R2).

**£77k adverse, Barrister and Court fees**; mainly due to current activity levels relating mainly to childcare caseload and the cost of such legal action (T&R3).

**£(321)k favourable, vacancy management**; there have been some delays in recruiting to new structures in Legal and Democratic, Communication and Human Resources services that have recently been subject to reviews and also in some other areas of the Directorate that have been subject to staff turnover. In addition, some posts are being held back for future savings. This net variance includes £116k adverse variance in Financial Management due to the need to recruit temporary additional capacity in support of priority work, which has been offset by a £(202)k favourable variance within the Revenue & Benefits service, which is due in part to secondments and externally funded project work (T&R4).

**£(21)k favourable, running costs**; running costs particularly in ICT and Communications are forecast to be below current budgeted levels (T&R 5).

**£(16)k favourable, income**; there are minor favourable income variances across the T&R Directorate including legal property charges (T&R 6).

## TRAFFORD COUNCIL

Report to: Director of Finance  
 Date: 22 September 2014  
 Report for: Information  
 Report author: Head of Financial Management

Report Title

**Revenue Budget Monitoring 2014/15 – Period 5 Outturn - Council-Wide Budgets (April 2014 to August 2014 inclusive)**

**1 Outturn Forecast**

1.1 The current approved revenue budget for the year is £20.291m. The outturn forecast is £19.979m, which is £(0.312)m under the budget, a favourable movement of £(0.258)m since the last report.

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

Proceeds from the planned sale of the Council's interest in Urmston Town Centre, in excess of the figure reported to the Council meeting on 17 September 2014, £(0.054)m;

Members expenses - savings as a result of changes to the Members Allowances Scheme, £(0.025)m;

Housing and Council Tax Benefits overpayment recovery net variance of £(0.216)m;

External Audit fees, one-off rebate £(0.021)m offset by additional costs of £0.015m relating to the forensic review of the Council's investigation report into budget monitoring arrangements;

Other minor variances, £(0.011)m.

1.3 Changes in population estimates have increased the relative share of the costs of the Coroner's service between the Council, and Stockport (lead Authority) and Tameside Councils. It is possible that the budget may be less than is needed by around £20k, however, a forecast of 2014/15 expenditure for this service has not yet been received, and there is a specific carry forward reserve of £(37)k available. Future reports will update on the situation when it becomes clearer.

**2 Service carry-forward reserve**

2.1 Other than for the Coroner's Service, Council-Wide budgets do not have their own carry forward reserve, and any underspend will be transferred to the General Reserve, as detailed in the summary report.

### **3 Forecasting and Risk**

- 3.1 This forecast has been based on four months of actual activity. The activity covered by Council-Wide budgets is varied, and the key assumptions in the August forecast are:

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

The majority of the Council's loans are at fixed rate interest. The only variable loan of £20m is with the Royal Bank of Scotland at 6.01%. However, there is a smoothing reserve to mitigate large variations from this assumption.

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

All contingency budgets for end of year adjustments will be utilised, including the provision for bad and doubtful debts.

Coroner's budget has been discussed at paragraph 1.3.

A pay award of 1% has been assumed for 2014/15.

**Period 5 Draft Outturn revenue expenditure and income variances,**

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

<b>Budget Book Format (Objective analysis)</b>	<b>Full Year Budget (£000's)</b>	<b>P5 Forecast Outturn (£000's)</b>	<b>P5 Outturn variance (£000's)</b>	<b>P4 Outturn variance (£000's)</b>	<b>Period Movement (£000's)</b>	<b>Ref</b>
<b>Finance Portfolio</b>						
Precepts, Levies & Subscriptions	17,855	17,859	4		4	
Provisions (bad debts & pensions)	(535)	(589)	(54)	(54)		C-W1
Treasury Management	7,981	7,971	(10)		(10)	
Insurance	775	775				
Members Expenses	926	901	(25)		(25)	C-W2
Grants	(6,804)	(6,809)	(5)		(5)	
Other Centrally held budgets	93	(129)	(222)		(222)	C-W3
<b>Total</b>	<b>20,291</b>	<b>19,979</b>	<b>(312)</b>	<b>(54)</b>	<b>(258)</b>	

<b>Business Reason / Area (Subjective analysis)</b>	<b>P5 Outturn variance (£000's)</b>	<b>P4 Outturn variance (£000's)</b>	<b>Period Movement (£000's)</b>	<b>Ref</b>
Urmston Town Centre additional sale proceeds	(54)	(54)		C-W1
Treasury Management:				
- Investment Income	(10)		(10)	
Precepts, Levies & Subscriptions	4		4	
Members Expenses	(25)		(25)	C-W2
External audit fees	(6)		(6)	C-W3
Housing & Council Tax benefits	(216)		(216)	C-W3
Grants	(5)		(5)	
<b>Total</b>	<b>(312)</b>	<b>(54)</b>	<b>(258)</b>	

## NOTES ON PROJECTED VARIANCES

### C-W1 – Provisions - £(0.054)m (favourable)

The sale proceeds from the planned sale of the Council's interest in Urmston Town Centre, following its redevelopment, are now expected to be £(1.354)m, which is £(0.054)m in excess of the figure agreed at the Council meeting on 17 September 2014.

### C-W2 – Members Expenses - £(0.025)m (favourable)

Changes to the Members Allowances Scheme were approved at the Council meeting on 17 September 2014 following a report from the Independent Remuneration Panel (IRP). The changes will generate annual savings of approximately £(0.036)m. However, a number of the changes are only effective part way through the year and the estimated saving in 2014/15 is £(0.025)m.

### C-W3 – Other Centrally held budgets - £(0.222)m (favourable)

- **Housing & Council Tax Benefits - £(0.216)m (favourable)**

There is a net variance of £(0.126)m within the Housing Benefit budget. The Council Tax Benefit Scheme ceased in 2013 and was replaced by the Council Tax Support Scheme. Any recovery of overpaid Council Tax Benefit from previous years is retained by the Council and the latest projected outturn for 2014/15 is £(0.090)m.

The credit from the recovery of overpaid Council Tax Benefit is difficult to predict and will eventually taper off.

- **External Audit fees - £(0.006)m**

The Audit Commission has paid rebates to audited bodies, returning some £6.8m to local government, fire and rescue and police bodies. The rebates reflect the efficiency savings achieved by the Commission ahead of its closure in March 2015, Trafford's share being £(0.021)m. There have also been additional one-off costs of £0.015m relating to the forensic review of the Council's investigation report into budget monitoring arrangements.