

## TRAFFORD BOROUGH COUNCIL

**Report to:** Executive and Council  
**Date:** 18 February 2015  
**Report for:** Decision  
**Report of:** The Executive Member for Finance and the Director of Finance

### Report Title

**Executive's Revenue Budget Proposals 2015/16**

### Summary

The report sets out the Executive's updated revenue budget proposals for 2015/16, taking account of: movements in Government funding; consultation feedback from stakeholders, staff and Scrutiny; changes to budget assumptions and estimates; and includes for some additional savings and investments.

It is proposed that Council Tax should be frozen for the fifth successive year to reduce the burden on residents. Instead the Council will take the opportunity of additional resources in the form of additional Government grant, £(0.9)m equivalent to a 1.0% rise, rather than raise tax up to the permitted threshold level of 2.0%.

#### **The key summary points for the revenue budget proposals are:**

- Budget will decrease by £(5.638)m or (3.6)%, from £154.552m to £148.914m;
- Government based support has reduced by £10.1m or 10.4%;
- planned base budget investment in services and other cost pressures amount to £14.6m, The sum of reduced funding and expenditure pressures presents a gross deficit for 2015/16 of £24.7m which has been offset by one-off net income of £(3.2)m [business rate growth net of levy and including the pool rebate £(3.4)m, increase in the council taxbase £(0.8)m and offset by a reduction in use of reserves from £(2.0)m to £(1.0)m reflecting the use of the additional airport dividend received in 2014/15.
- The sum of reduced funding and expenditure pressures presents a total budget deficit for 2015/16 of £21.5m.
- Efficiency and additional income streams will amount to £(9.5)m being 44% of the gross deficit,
- £(12.0)m of policy choice savings have been identified being 56% of the gross deficit.

The Director of Finance has set out his view on the reasonableness and robustness of the budget, and the availability and adequacy of reserves, at Annex M.

## **Recommendation(s)**

### **It is recommended that Council approve:**

- The net Revenue Budget for 2015/16 at £148.914m, a decrease of £(5.638)m, or (3.6)%, when compared to the 2014/15 base budget of £154.552m;
- The calculation of the Council Tax Requirement as summarised in Section 10 and set out in the Formal Council Tax Resolution (Green Sheets to be circulated at Council);
- That there is no increase in the proposed Council Tax level for Trafford related services in 2015/16 (valuation bands are detailed at Annex E);
- The Fees and Charges for 2015/16, as set out in the booklet available on the Council's website:-
  - Approval is given to Corporate Directors and the Director of Finance with the joint delegation to amend fees and charges during 2015/16 in the event of any change in the rate of VAT, as appropriate
- That the minimum level of General Reserve for 2015/16 be set at £6.0m, the same as in 2014/15 (Section 5);
- The overall Capital Investment Programme level of £79.7m be approved (as detailed in the Capital Investment Programme 2015/18 report attached) of which £41.8m relates to 2015/16.
- The Prudential Borrowing Indicators as set out in Appendix 3, page 14, of the attached Treasury Management Strategy.
- The distribution of Dedicated Schools Grant as recommended by the School Funding Forum and Executive as summarised in Section 7 and detailed in Annex F.

### **and in approving the above, has taken into consideration :**

- The objective assessment by the Director of Finance of the robustness of budget estimates and adequacy of the General Reserve (Section 5 and Annex M).
- The Executive's response to the Scrutiny Committee's recommendations to the budget proposals, which can be found elsewhere on the agenda.
- The detailed report on the outcomes of the Staff and Trade Union Consultation which can be found on the agenda for the Executive on 26 January 2015.
- The Equality Impact Assessments in relation to the budget proposals and the Public Sector Equality duty

### **In addition, the Council notes the following :**

- The approval on 30 January 2015 under delegated powers by the Director of

Finance of the Council Tax Base for 2015/16 at 72,669 Band D equivalents. Along with the calculation of the estimated Council Tax surplus, sufficient to release £(300)k to support the Council's 2015/2016 revenue budget and a distribution of £(41.3)k and £(15.6)k representing the respective shares of the GM Police & Crime Commissioner and GM Fire and Rescue Authority.

- That the Capital Investment Programme for 2016/17 and 2017/18 is to be set at an indicative £23.5m and £14.4m respectively.
- That the Council Tax figures included in the report for the GM Fire & Rescue Authority are the recommended provisional amounts pending their formal approval on 12<sup>th</sup> February 2015.
- The Treasury Management Strategy 2015/18 detailed elsewhere on the agenda.
- The writing down of the Learning Disability pool deficit of £3.0m
- The base budget assumptions as set out in the Medium Term Financial Outlook as detailed in Annex A.
- That final decisions with regard to some services will not be taken until March 2015. As a result, the allocation of resources set out on pages 65-69 may vary including the use of reserves. All reports will be presented at the appropriate time.

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

Name:	Cllr Patrick Myers	Ian Duncan
Extension:	4884	1886

Relationship to Policy Framework/Corporate Priorities	Value for Money. The proposed budget for 2015/16 supports all key priorities and policies.
Financial	The report sets out the proposed budget for 2015/16, allocating available resource across service objective heads as detailed in the report.
Legal Implications:	It is a statutory requirement for the Council to set and approve a balanced, robust budget and Council Tax level. Budget proposals take account of various legislative changes as they affect Council services. The Council has begun and will continue to comply with the statutory processes associated with the effect of the proposed budget on staffing levels. Because consultation is still ongoing in two service areas, the budget allocation in the attached annexes is indicative. The Executive will be free to amend the allocation of resources within directorates at the time it makes a final decision in these areas. If the budget for a directorate is to be exceeded, which will result in a call on reserves,

	the Executive will need to identify the impact on reserves and when they will be replenished. The Council has carried out a public consultation on its budget proposals. It has taken full account of the feedback in presenting this budget. Where the consultation is still on-going, for the Library Service and School Crossing Patrol Service, financial decisions will be made when the consultations have been completed.
Equality/Diversity Implications	Equality Impact Assessments for each budget proposal have been considered and are published as background papers to the report on Consultation Outcomes and Budget Proposals elsewhere on the agenda.
Sustainability Implications	None arising out of this report.
Risk Management Implications	An impact assessment of each budget proposal is in the process of being finalised.
Staffing/E-Government/Asset Management Implications	Statutory processes have been complied with during the course of these budget proposals in respect of staffing implications and more detail is included in Section 2.
Health and Wellbeing Implications	Equality Impact Assessments in relation to the budget proposals have been considered.
Health and Safety Implications	An impact assessment of each budget proposal is in the process of being finalised.

### **Other Options Considered**

The Council could consider an increase in council tax. Under the Localism Act 2011 the Council is required to hold a council tax referendum if it wishes to increase its “Relevant Basic Amount of Council Tax” by an amount equal to or exceeding a level set out by the Government, which for 2015/16 is 2.0%. For information, raising the Basic Amount of Council Tax by 1.99% would raise an additional sum of £(1.598)m. However, at the same time the Council would not qualify for the council tax freeze compensation grant £(0.903)m, therefore the net income raised from an increase in council tax would be £(0.695)m.

The Executive does not recommend an increase in the level of council tax as the Council would lose £0.903m in council tax freeze grant; in addition the amount raised below the referendum threshold (1.99%) would be modest compared to the scale of the challenges it faces. If an increase above the referendum trigger was agreed, to avoid a substantial element of the savings having to be made, it would pass on a significant financial burden onto its residents.

The use of reserves has been reviewed (See Section 5) and an appropriate amount has been assessed for release to support these budget proposals whilst still maintaining a minimum level of reserves to manage any unforeseen risks. Any further use of reserves is not recommended as it does not provide a sustainable means of balancing the budget.

**Consultation**

A budget consultation has been carried out, the details and results of which are outlined in Section 2 of this Report, and the review of the proposals and process by the Council’s Scrutiny Committee is included at section 3.

**Reasons for Recommendation**

To enable the Council to set a Budget Requirement and Council Tax level for 2015/16.

**Key Decision**

This is a key decision currently on the Forward Plan: Yes

**Finance Officer Clearance** .....GB .....

**Legal Officer Clearance** .....JLF .....

**CORPORATE DIRECTOR’S SIGNATURE**

*(electronic)*.....

To confirm that the Financial and Legal Implications have been considered and the Executive Member has cleared the report.



**TRAFFORD**  
**COUNCIL**

**Executive's  
Revenue Budget  
Proposals 2015/16**

**18 February 2015**

## **FOREWORD by the EXECUTIVE MEMBER for FINANCE COUNCILLOR PATRICK MYERS**

### **Background**

Since 2005 it has been the clear policy of the Council to deliver value for money and a low Council Tax. This can only be achieved by a strong culture of financial management across all services. The Council also has a strong ethos of collaboration and working in partnership to strengthen our local and organisational resilience. Before getting to the detail of the budget proposals it is worth reminding ourselves of the strengths of the Borough and the many achievements of the Council.

As a borough, we have a powerful cultural and industrial base with over 11,000 businesses in the borough which contribute £5.8 billion GVA to the country's economy. Of our population, 73% are employed in Trafford and it is predicted that there will be growth in employment in Trafford of 3.4% between 2014 and 2017, which is well above the forecast for Greater Manchester (-2.8%) and North West (-6.7%). We also have the lowest unemployment figures (2.3% of the working age population), compared to other authorities in Greater Manchester.

The Council is continuing to build upon its track record of partnership working and is working as part of the Greater Manchester Local Enterprise Partnership to maximise the opportunities for investment in the local region presented by new funding streams such as business rates pooling.

With our Partners we have won several awards for our innovative and collaborative work. In 2013 the Council won a LGC award for our work across Public Sector Partnerships and our Trafford Partnership Executive, which represents all sectors including the faith community groups, functions as a powerful force to get statutory partners to work differently and galvanises communities which want to work differently to do this amongst themselves. Also in 2014 the Council received a commendation in the North of England Excellence Awards.

As a Council, we have been recognised at a national level for our employment and equality initiatives, employee relations and quality of apprentices. The refurbishment of the Town Hall has also been recognised nationally for how we have retained the building's architectural heritage and also the environmentally sustainable design. Our Children's Services are rated as performing 'Excellent' by Ofsted. 94% of Trafford pupils attend schools which are rated as "good" or "outstanding", which puts us in the top 10 local authorities nationally, at both primary and secondary level. We were ranked 3rd in the country for GCSE and 3rd for A Level results in 2014. Provisional Key Stage 2 data for 2014 shows Trafford 2<sup>nd</sup> nationally, with 87% of pupils achieving Level 4 or above in Reading, Writing and Maths.

Altrincham Forward, a public/private strategic partnership set up in Altrincham in 2011, continues to progress the work in town centres and has established a clear action plan to improve and revitalise the town centre. Its innovative approach and initiatives have been nationally recognised and shared as best practice with other towns and local authorities. Work is continuing to develop the strategic frameworks

for all the town centres including Stretford Masterplan, Urmston and Sale Road Maps and Altrincham Strategy.

Through direct service delivery and effective partnership working the Council has maintained performance and quality standards even at a time of significant change, increasing demand and reducing resources:

- Crime has fallen by 54% in the last 7 years.
- The time to process new benefit claims is 13.5 working days which is an improvement on previous performance.
- Action to reduce fraud has resulted in £890,000 of fraudulent benefit overpayments in 2013/14 being identified and 62 prosecutions. A further £560k of overpayments had been identified since April 2014.
- The Council has more than doubled the amount of retail rate relief awarded to eligible businesses. We have already achieved awards totalling £845,000 which is an additional £600,000 since the uptake started.
- The Council's website has been improved so that people can get information easier. Webcasting of Council meetings was introduced in June to open up democracy for local people.
- Have supported 38 Partington residents into employment through the innovative Partington Pledge, matching young unemployed people with local employers.
- Supported 51 new businesses to start trading through our Business Start Up programme, delivered in partnership with Blue Orchid.
- Supported 182 new affordable homes to be delivered by our housing association partners in 2013/14.
- Successfully combined local and European elections in May 2014.
- Funded 36 projects across all Locality Partnership areas through the 2014/15 Voluntary Sector Grant scheme allocating £103k in grant funding.

When the budget proposals are discussed and debated the focus tends to be on what financial savings are to be made. Whilst this is important, we should also consider what services will be carried out next year. Some of these include:

- 8,000 social care clients looked after at a cost of £48.7m.
- Over 110,000 visitors to Waterside Arts Centre, selling 40,000 tickets.
- Collect over 97% of Council Tax in year to support the Council's financial resources.
- Receive over 330,000 telephone enquiries per year through our customer contact service alone.
- Pay 96.8% of invoices within 30 days to support businesses.



- Clean 2000 linear miles of highway channels and footways at least once every 8 weeks.
- Remove approximately 6,000 tonnes of street sweepings per month and 500 tonnes of litter from approximately 1,200 waste and litter bins (streets and parks).
- Remove approximately 1,750 tonnes of fly-tipping per year.
- Respond to more than 450 incidences of graffiti per year.
- Maintain 40 public parks covering 243 hectares, with 6 Green Flag parks and 30 Friends of Parks groups.
- Serve 2.7 million school meals this year, an increase of 400,000 from the previous year following the introduction of Universal Infant Free School Meals in September 2014.
- Collect domestic waste from 30,000 wheeled bins every day.

Furthermore, the Council continues to respond to the financial and service demand challenges by focussing on developing a broad spectrum of initiatives designed to provide multiple opportunities for cost reduction and service improvement. This year we have:

- Launched our 'Schools SLA Online' services, making it easier for schools to purchase our services and for the Council to retain and manage this business on a more commercial basis.
- Invested in capacity in partnership with others through the establishment of a shared service for procurement with Stockport and Rochdale Councils, known as STaR, reducing overheads, building our local resilience and boosting purchasing power.
- Co-located some voluntary and community sector advice and guidance services at our Contact Centre in Sale Waterside, facilitating an effective one stop shop for benefits and housing enquiries.
- Started to scope out public service delivery partnership options with Greater Manchester Police for HR payroll services, which we will be developing further during the current year.
- Piloted new delivery models for troubled families, early years' services, offender management and worklessness support under the banner of Public Service Reform across Greater Manchester.

### **Summary of the 2015/16 Proposed Budget**

Turning to the Council's finances, it is important context that since 2004/05 the Council has approved £(70)m of efficiencies, and a further £(6.6)m is proposed for 2015/16. This is equivalent to 95% of the current Council Tax, helping to maintain service levels at times of significantly reducing resources.

The current economic climate poses many issues for the Council as it does for households and businesses across the Borough, in the form of suppressed income and low investment rates. 2015/16 will be the sixth national austerity budget under the Coalition Government's approach to managing the national deficit. The local government financial settlement recently announced and reported to the Executive on 26 January has only confirmed our financial forecasting and means the Council will need to make total savings of £21.5m compared to an estimated £24.3m at the draft budget stage, as a result of:

- £10.1m reduction in government funding, which has been offset by a number of income streams including an increase in the council tax-base of £(0.8)m, business rate growth £(3.4)m, offset by a reduction in use of reserves from £(2.0)m to £(1.0)m reflecting the use of the additional airport dividend received in 2014/15. It is not yet clear whether the latter two will be recurring income streams.
- inflation, increasing public expectation and demographic pressures in key services, increasing charges from levying bodies for waste disposal and some reduction in income totalling another £14.6m.

Since the draft budget was considered by the Executive in October 2014 there have been a number of changes to the budget plans and these are detailed in Section 6 and Annex D. In summary:-

	£m
<b>Deficit position in October</b>	<b>0.6</b>
<b>Changes in budget assumptions:-</b>	
• Additional cost of pay award £0.173m	
• Increase in Treasury Management costs £0.300m	
• Increase in bad debt provision £0.200m	
• Reduction in Transport Levy £(0.205)m	
• T&R savings realignment £0.106m	
• Reduction in adopter fee income of £0.100m	
• Reduction in Housing Benefit Subsidy £0.150m	
• Reduction in superannuation additional allowances £(0.195)m	
• Increase in Redundancy Provision £0.165m	
<b>Recommended additional investment:-</b>	
• Increase in the CFW commissioning budget for youth of £0.130m;	
• Increase in deprivation of liberty costs £0.200m;	
• Increase in CFW capacity building £0.170m and	
• £0.7m general contingency to cushion against savings proposals generally	
• Increase in foster carer fees £0.100m	2.1
<b>Reduction in Government Funding</b>	<b>(0.1)</b>
<b>Reduction in Savings:-</b>	

<ul style="list-style-type: none"> <li>• Contribution from CCG to pool fund £1.500m</li> <li>• Reshaping Trafford's offer – changing the way we meet needs £1.000m</li> <li>• Negotiated use of the Better Care Fund £0.788m</li> <li>• Externalisation of Reablement – older people £0.302m</li> <li>• Renegotiation of existing contracts – learning disability £0.300m</li> <li>• Additional saving - Review of ordinary residence arrangements – learning disabilities £(0.466)m</li> <li>• Additional saving – Continuing healthcare – adult services £(0.289)m</li> <li>• Phased implementation of savings proposals £0.500m</li> <li>• New saving – commissioning review of non-mandatory services £(1.500)m</li> </ul>	2.2
<b>Sub-Total</b>	<b>4.8</b>
<b>Financed By:-</b>	
Business Rates Growth (after payment of the levy)	(2.8)
AGMA Pool Rebate	(0.6)
Council Taxbase Growth	(0.4)
MAG Dividend	(1.0)
<b>Budget Balance</b>	<b>NIL</b>

Identifying new efficiencies and income streams that can be achieved cost effectively is becoming more and more challenging and the national austerity measures are unlikely to be removed for some time. For this reason the Council is now taking a different approach, which will manage this challenge over the longer term.

Earlier this year, the Council established its Reshaping Trafford Council Programme which will deliver a new organisational model for the Council from 2017/18. In the new organisational model we are planning to have a mix of different delivery models of which most will be delivered by others rather than the Council directly. Those we continue to fund will be monitored for quality by a much smaller Council model. Our plan is set out in the 'blueprint' document which is available below.

<http://www.trafford.gov.uk/budget>

The aims of the new organisational model are to:

- Improve local outcomes.
- Increase local resilience.
- Generate profit to be reinvested in front line services.
- Manage demand on services through focussing on prevention and asking citizens to 'be responsible'.
- Deliver good quality services within the funding available to us.

In order to get to this position we must have a more stringent approach to managing the budget pressures. All services will be subject to comprehensive service reviews to identify further opportunities for optimising resources and prioritising services for delivery at compliant and acceptable service levels. This will help us manage how we stop running services or reduce them to a level where they are operating at their core minimum standards, so they are affordable.

Trafford Council is in a strong position to deliver such a fundamental change. As set out earlier, our high performance, quality standards and valuable experience of doing things differently and being innovative gives us this confidence. As we 'reshape' into our new organisational model, we will remain committed to providing value for money, protecting as many jobs as possible and maintaining service standards in so far as is practicable. We will continually improve and use original ways of ensuring we support local people.

However, providing services in the way they are currently is no longer an option; we must change the way we do things if we are to continue to meet our obligations and support local people within the current financial climate. Demand for high cost services, particularly in the provision of care for our most vulnerable residents is growing as our funding declines. This means we not only need to reshape our services but we must help our customers and service users to think differently about managing their needs through their own resources before and in addition to any support available from the Council.

Our Reshaping Trafford Council Programme has identified £21.5m of savings and additional income for 2015/16, which is the biggest target of any of the six austerity budgets and will be delivered through a variety of approaches, all of which are contributing to the formation of the Council's new organisational model. This report provides details on all of the proposals currently being put forward by the Executive by each service area and can be reviewed at Annexes I through L and a summary is provided below:

- £(2.250)m through the establishment of our Joint Venture contract for a range of environment, highways and property services; in addition a further £(0.086)m is proposed through a management restructure which merges 2 directorates into one.
- Our Reshaping Trafford Council Programme will save £(1.568)m by refining the new structure for central support services with resilience to support the business, commercial opportunities and new partners.
- £(0.026)m increased income by Waterside Arts Centre and £(0.135)m from the Music, Governor and Education Psychology Services.
- A target of £(0.700)m from a review of our library provision. This will be subject to public consultation and a final decision in March 2015.
- £(0.451)m from reviewing our contract arrangements with Trafford Leisure Trust.

Over the next 2 years, Trafford Council will continue to develop an integrated, all age health, education and social care service, exploring new delivery models. The following savings in 2015/16 will support this activity:

- £(2.717)m by establishing alternative delivery options for the Reablement Service, learning disability services, day support services and Telecare.
- £(1.330)m by establishing a new delivery model for integrated education, health and care commissioning and service delivery on an all age basis.
- £(2.416)m from the review and renegotiation of care contract costs.
- £(1.430)m from the review of care package offers and a policy change in the way we meet eligible needs.
- £(3.684)m from the review of Early Years, Youth Service, Connexions, Education Welfare, Youth Offending Services and Children's Centre provision.
- £(0.100)m by increasing personal budgets across children and young people with special educational needs.
- £(0.300)m by remodelling Home to School Transport services.
- £(2.000)m agreed contribution from the Better Care Fund which is a shared budget with the Trafford CCG with the aim of providing more effective integrated health and social care services.
- £(1.500)m via a commissioning review of non-mandatory adults care services.

There are further savings proposals, which will help the Council to deliver services within the funding available :

- £(0.231)m through a review of parking charges.
- £(0.114)m from rationalising Schools Crossing Patrols.
- £(0.093)m charges for allotments and other fees and charges.
- £(0.497)m of other savings achieved by management of inflationary pressures, discretionary business rate provision now accounted for within the Collection Fund and a reduction in the cost of Members' Allowances.

In addition to the above savings, our proposals allow for investment in priority service areas, namely:

- in particular, an investment of £8.5m in Adult Social Care and £0.9m in Children's Social Care to meet the expectations of increasing service demands.

- Investment of £0.073m revenue and £0.150m capital expenditure in plans to reduce litter, fly tipping and improve recycling by targeting areas of the borough.
- The provision of a free school meal for every infant pupil (key stage1), funded by an additional specific grant approximately £2.84m in 2015/16.
- The Council Tax will remain frozen at the 2010/11 rate, keeping it the lowest in the North West and one of the lowest in England.

Of the estimated 212.5 fte equivalent positions that are at risk to be removed from the establishment 65% are in management and back-office roles. The Council will employ a number of processes to minimise the impact on the staff concerned. The proposals contained within this report have been subject to public consultation, equality impact assessments, the views of the Scrutiny Committee, and the detail of the Local Government Finance Settlement in late autumn.

## **Summary**

To remain within the available resource envelope the budget for 2015/16 will reduce by £5.638m, from £154.552m to £148.914m. There have been a number of changes to the budget since October 2014 as detailed above which have increased the pressures on the 2015/16 budget but these have been afforded by an increase in the council tax base £0.4m, growth in retained business rates of £3.4m and a further return on our investment in the Manchester Airport Group (MAG) following a restructure of the company, including a new equity investment partner. A number of proposals within the plan are still subject to consultation or further Executive decisions, namely the proposals around the libraries and the joint venture, hence further decisions will be made in March on those services which could impact on the 2015/16 budget.

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## 1. EXECUTIVE SUMMARY

- 1.1 The Executive's draft Budget 2015/16 proposals were submitted to the Executive in October 2014. These proposals have been subject to public consultation, which in a number of areas, for example libraries, joint venture proposals and fair price for care. The Council's Scrutiny Committee also reviewed the budget on 17 November 2014 and 8 December 2014 where £18.4m (76%) of proposed budget savings were reviewed.
- 1.2 Since the draft budget was presented to the Executive in October a number of changes have been made as a result of consultation on the proposed budget, government funding announcements and other budget pressures.
- 1.3 The total net change from the announcements leading from the Local Government Finance Settlement was a favourable £0.026m. Additional cost pressures and changes to savings have added a further £4.0m to the budget which coupled with the deficit from October of £0.6m has resulted in a further £4.8m needed to be found within the 2015/16 budget. These pressures have been afforded by increases in both the council taxbase and from the retained business rates worth an additional £(0.4)m and £(3.4)m respectively. These have been supplemented by a further return on our investment in the Manchester Airport Group (MAG) of £(1.0)m following a restructure of the company, including a new equity investment partner.
- 1.4 A period of statutory consultation ended on 12th December 2014. At the conclusion of this consultation, it was estimated that 199 full time equivalent (fte) posts would be deleted from the budgeted establishment, resulting a potential 204 compulsory redundancies. However, after taking into account requests for early release, this number reduced to 144 and was further mitigated by a number of voluntary resignations, which reduced the number down to 124 staff at risk of compulsory redundancy. Since the end of consultation, a further period of collective consultation has commenced with respect to the review of Library Services; this has resulted in an estimated impact of a further 15 full time equivalent posts being deleted, with a potential impact of a further 22 redundancies. Therefore, at this point, it is currently anticipated that the total reduction in posts across the Council will be 212.5, with a potential 141 compulsory redundancies. It should be noted, however, that within the Library Services, a number of staff are likely to seek voluntary early release; therefore some of these compulsory redundancies will be achieved via voluntary measures.
- 1.5 The proposed budget for 2015/16 after robustness, risk mitigation, equality impact assessment and consultation is proposed at £148.914m:
  - which is a reduction of £5.638m or 3.6% on the £154.552m 2014/15 budget,
  - and includes for a Council Tax freeze for the fifth year running, taking advantage of the additional Government grant of an estimated £(0.903)m.
  - The gross budget deficit of £24.7m is made up of reduced Government support £10.1m, and cost pressures £14.6m, which were,



- mitigated by an increase in the Council Tax base of £(0.8)m, partly due to a welcome lower cost of the local Council Tax Support Scheme, increase in the business rate base worth an estimated net increase of £(3.4)m offset by a reduction in use of reserves from £(2.0)m to £(1.0)m reflecting the use of the additional airport dividend received in 2014/15
  - The sum of reduced funding and expenditure pressures presents a total budget deficit for 2015/16 of £21.5m.
  - Efficiency and additional income streams will amount to £(9.5)m being 44% of the gross deficit,
  - £(12.0)m of policy choice savings have been identified being 56% of the gross deficit.
- 1.6 Taking all relevant and reliable matters into account, the Director of Finance has determined that the proposed budget, taken as a whole, is reasonably robust on the basis that the Council approves a minimum reserve level of £(6.0)m.
- 1.7 Future budgets remain challenging with further austerity reductions and increasing demand and costs. The Council estimates that in the period to 2017/18 it will need to address a gross budget deficit of £57m.
- 1.8 The Capital Investment Programme for 2015/18 of £79.7m will see a planned £41.8m of expenditure to support services in 2015/16 alone. Most notable will be expenditure on primary school places, £14.1m; highways, £13.3m; social services clients, £2.7m; and economic regeneration support to the Borough's town centres of £4.8m.
- 1.9 As interest rates are expected to remain low for investments and relatively high for borrowing, any borrowing for 2015/16 will likely be restricted to cover any investment in LED street lighting to be financed from savings in energy costs in the event that proposals to roll-out LED lighting across the borough are approved at a later date by the Executive. It is planned to repay £2m of long term loans reducing the debt portfolio to £93m, and as a consequence to the relatively stable treasury management strategy no significant changes to the Council's prudential indicators is proposed.

## **2. BUDGET CONSULTATION AND STAFF IMPACT**

2.1 A full report on the findings from the budget consultation exercise was reported to the Executive on 26 January 2015. The following is a summary of that report.

2.2 The draft 2015/16 Budget proposals of 20 October 2014 are supplemented by the Reshaping Trafford Council Blueprint document, which sets out how the Council will be changing to manage the fiscal challenges in the coming years. The proposals contained £24.3m of savings which can be thematically summarised as:

- Increase local resilience;
- Generate profit to be re-invested in front line services;
- Manage demand on services through focussing on prevention;
- Deliver good quality services within the funding available to us;

2.3 The proposals per Directorate were summarised as:

### Children Families and Wellbeing - £17.4m

Over the next 2 years, Trafford Council will continue to develop an integrated, all age health, education and social care service, exploring new delivery models:

- Remodel Home To School Transport services;
- A review of mental health care packages;
- Development of a new Early-Help Delivery Model for 0-18 year olds including Children's Centres, Youth Services, Connexions, Education Welfare and Youth Offending Services;
- Deliver a reshaped Social Care offer for adults, looking at promoting independence and resilience through use of equipment, Telecare, local sourced community solutions to meeting needs, voluntary services and new models of support for people with long term needs.

### Economic Growth, Environment and Infrastructure - £2.8m

- The establishment of a Joint Venture Contract for most of our environmental and highways services;
- Senior management restructure;
- A review of parking charges;
- A review of allocation of Schools Crossing Patrols;
- A review of Festive lights funding arrangements.

### Transformation and Resources - £3.2m

- Back office service redesigns and restructures;
- Increased income generation at Waterside Arts Centre and through the Music, Governor and Education Psychology Services;
- Review of our library provision;
- Reviewing our contract arrangements with Trafford Leisure Trust;
- New ways of working within the CCTV control room.

- 2.4 Staff consultation on the proposals began on 10 October 2014 and the public and stakeholder consultation began on 21 October 2014. Both concluded on 12 December 2014. The statutory consultation with recognised trade unions commenced on 9 October 2014 with the issue of a S188 notice.
- 2.5 The main budget consultation ended on 12 December 2014 and the report outlined the approach taken to the consultation, the key messages received, the outcome and how the consultation has shaped the budget proposals, including the impact on staffing numbers. The report did not include the outcomes for Library services as stage 2 of this consultation did not commence until 19 January 2015 and also the consultation on the school crossing patrol service which was extended.

### **Stakeholder consultation**

- 2.6 The main stakeholder groups were: residents through press media and the Council's web site; seven public consultation meetings; staff via briefings and a Reshaping Trafford Council staff newsletter and dedicated website; local businesses through a targeted and promoted event; youth conference including a panel session with the Leader of the Council; adult social care stakeholder groups; Head Teacher groups; partners such as Greater Manchester Police; the Trafford Clinical Commissioning Group; the Cultural Partnership Network; Friends of Parks; Registered Social Landlords and Trafford Housing Trust. Specific consultations were undertaken and reported by external consultants for library services and for early years and adult social care service proposals.

### **Staff and Trade Union consultation**

- 2.7 A more detailed report on the outcomes of the Staff and Trade Union Consultation can be found on the agenda for the Executive 26 January 2015.
- 2.8 Consultation was facilitated by a briefing to all staff and Trade Unions, fortnightly meetings with Trade Unions, service or team level meetings for those recognised as being directly affected and individual meetings with affected staff.
- 2.9 Those staff "at risk" were offered redeployment, early release on the grounds of redundancy or early retirement in order to mitigate the risk of compulsory redundancy. Running alongside the consultation process, Equality Impact Assessment were maintained as live documents.

### **Impact on Staff**

- 2.10 A period of statutory consultation ended on 12th December 2014. At the conclusion of this consultation, it was estimated that 199 Full Time Equivalent (fte) posts would be deleted from the budgeted establishment, resulting a potential 204 compulsory redundancies. However, after taking into account requests for early release, this number reduced to 144 and was further mitigated by a number of voluntary resignations, which reduced the number down to 124 staff at risk of compulsory redundancy. Since the end of consultation, a further period of collective consultation has commenced with

respect to the review of Library Services; this consultation is on-going but has resulted in an estimated impact of a further 15 full time equivalent posts being deleted, with a potential impact of a further 22 redundancies. Therefore, at this point, it is currently anticipated that the total reduction in posts across the Council will be 212.5, with a potential 141 compulsory redundancies. It should be noted, however, that within the Library Services, a number of staff are likely to seek voluntary early release; therefore some of these compulsory redundancies will be achieved via voluntary measures.

2.11 The table below provides a summary of the anticipated impact on staff and posts.

<b>Staffing type</b>	<b>Post reduction in fte</b>	<b>Total number of compulsory redundancies</b>	<b>Percentage of total workforce</b>
Management	35	12	0.4%
Back office/Other	102	44	1.45%
Front line	75.5	85	2.81%
<b>Total</b>	<b>212.5</b>	<b>141</b>	<b>4.66%</b>

### 3. SCRUTINY REVIEW

3.1 The Executive's draft 2015/16 Budget proposals were submitted to the Council's Scrutiny Committee on 17 November and 8 December, following a meeting in October with The Leader and Director of Finance. Scrutiny Committee Members divided the proposals into two areas, Children, Families and Wellbeing and Transformation and Resources/Economic Growth, Environment and Infrastructure.

3.2 The report on the findings of Scrutiny was submitted and considered by the Executive on 26 January 2015. The key messages were:-

- **Management Capacity** - Scrutiny Members had significant concerns that the management capacity to manage the scale of the budget reductions and the changes associated with them will be put under severe strain. The reductions in key support services, including Finance, Legal and ICT, where significant reductions are proposed, increase this risk. The Executive must ensure that these risks are managed in a robust manner and should receive timely updates on any adverse consequences of the changes. Scrutiny Committee will also be tracking this issue through the year.
- **Future Budget Planning** - Concern was raised regarding preparedness for 2016/17 service provision under current budget forecasts for that year. In contrast to previous years' budget setting processes, it is not clear that sufficient consideration has been given to requirements of both funding shortfall and allocation to enable this to be built into the 2015/16 budget to prepare for 2016/17. The Leader indicated to the committee at the outset of the scrutiny process that there will come a point where council tax will need to be increased. In light of DCLG freeze grant arrangements, year two budget planning is therefore particularly relevant to the current process.
- **Performance Management and Quality Assurance Arrangements** - A number of the proposals rely on other providers to deliver services in future. Quality assurance, performance and contract management processes must be robust to ensure that services meet the Council's specification and performance requirements. The Executive need to satisfy themselves that these systems are in place and that managers are using regular and robust information to inform decisions and corrective action needs to be taken at an early stage.
- **Impact on Users** - The session on Children, Families and Wellbeing in particular raised a number of issues where proposals have a potential impact on service users. Equality impact assessments were still in the process of being completed at the time of the meetings so Scrutiny Members were not able to assess this as part of their work. The Executive must demonstrate that they fully understand the impact of changes on users and ensure that robust action plans are in place to address potential problems for vulnerable users. They should monitor the implementation of the changes and ensure that any unintended or unpredicted impacts are identified and addressed.
- **Lobbying** - The Executive should lobby Government for additional funding to ensure that Trafford services to vulnerable people are protected.

Service Specific Issues:-

- **Supporting People** - Ensure that risks for service users have been properly assessed and that service changes take the risk assessment process fully into account.
- **Mental Health Services** - The Executive must have assurance that services to people with needs will be sufficient and that proposals for savings will not have an adverse impact on vulnerable service users.
- **Mental Health Services** - Ensure that proposals in relation to CAMHS are backed up with plans to mitigate the impact of any reductions in funding.
- **All Age Integrated Health And Social Care** – Ensure that the Council’s safeguarding responsibilities are managed through the change process.
- **Learning Disabilities** - Ensure that robust processes are in place to ensure that the savings are achieved and that risks for service users are managed effectively.
- **Early Help Delivery Model** - Ensure that there is adequate time for alternative providers or community groups to put plans in place to take on provision
- **Support Services** - Scrutiny Members are concerned about the issue of capacity to manage change, and in particular unexpected and emerging challenges, and the role of support services in this. The Executive must ensure that these risks are managed in a robust manner and should receive timely updates on any adverse consequences of the changes.

3.3 The Executive’s response to the Scrutiny recommendations can be found elsewhere on the agenda and Members are requested to treat that report as part of the overall budget bundle for the purposes of decision making.

#### 4. RESOURCE POSITION

- 4.1 Local Government is funded from three main sources, council tax, revenue support grant and a share of business rate income. The overall resources available to support the 2015/16 budget have fallen from £(154.552)m in 2014/15 to £(148.914)m, a reduction of £5.638m or 3.6% and a breakdown of this is as follows:-

<b>Comparison of Resources Available</b>	2014/15 £m	2015/16 £m	Change £m
Settlement Funding Assessment (a)	(72.735)	(63.700)	9.035
Council Tax	(79.510)	(80.316)	(0.806)
Council Tax Surplus	(0.300)	(0.300)	
Retained Business Rates (b)		(3.598)	(3.598)
Reserves (c)	(2.007)	(1.000)	1.007
<b>Total</b>	<b>(154.552)</b>	<b>(148.914)</b>	<b>5.638</b>

Note:

- (a) In the announcement on 3 February 2015 of the final Local Government Finance Settlement 2015-16, an additional £74m nationally has been provided to upper –tier authorities “to assist them in dealing with pressures on local welfare and health and social care”. This amounts to £242k for Trafford and will be paid through Revenue Support Grant
- (b) this is the Council’s share of growth in business rates, before the payment of any levy;
- (c) the use in 2015/16 relates to the interim dividend received from Manchester Airport in 2014/15

- 4.2 The total available resource to support the 2015/16 budget is £148.672m which represents an increase of £4.893m from the position when the draft budget was considered.

<b>Change in Resources since October 2014</b>	<b>Draft Budget (October) £m</b>	<b>Proposed Budget £m</b>	<b>Change £m</b>
Financial Settlement	(63.571)	(63.700)	(0.129)
Council Tax	(80.208)	(80.616)	(0.408)
Business Rates Growth		(3.598)	(3.598)
Reserves		(1.000)	(1.000)
	<b>(143.779)</b>	<b>(148.914)</b>	<b>(5.135)</b>

#### Government’s Local Government Finance Settlement

- 4.3 An update on the local government finance settlement was reported to the Executive on 26 January 2015. The Government provides support to councils through general grant, notably Revenue Support Grant, specific grants and through the relatively new Business Rates Retention Scheme.

- 4.4 The analysis of the year-on-year changes contained within the Local Government Finance Settlement is complex as it includes for:
- Changes to control totals;
  - Movements between the three funding types;
  - Recompense for new burdens or regulatory changes affecting income, such that increases must be considered net of new expenditures or income losses;
- 4.5 The Settlement Funding Assessment (SFA) represents the large block grant given to each local authority; authorities are free to decide how to spend this grant. It comprises of two elements, Revenue Support Grant and a share of business rates. The national settlement funding assessment (spending control total) has been set at £20.832bn in 2015/16, a reduction of £3.280bn or 13.60% on the adjusted 2014/15 position. Trafford's reduction is 14.1 - see table below. The 2015/16 national total includes for:-
- A reduction in the holdback for the New Homes Bonus by £50m from £1bn to £950m;
  - The roll in of the 2014-15 council tax freeze grant and into Revenue Support Grant;
  - Compensation for the 2% cap on the small business rates multiplier;
  - Hold back £50m for the cost of the rates retention safety net;
  - The inclusion of £129.6m in respect of New Local Welfare Provision;
  - A "small" transfer out in respect of carbon reduction commitment;
  - £74 million to upper-tier authorities to recognise that such councils have asked for additional support, including to help them respond to local welfare needs and to improve social care provision.

Trafford's settlement funding for 2015/16 is £63.700m and represents a 14.14% reduction on the adjusted 2014/15 position. Compared to the draft budget assumption the allocation represents an increase £(0.129)m.

	<b>Adj 2014/15 £m</b>	<b>2015/16 £m</b>	<b>Reduction £m</b>	<b>Reduction %</b>
<b>England</b>	<b>24,112.195</b>	<b>20,832.539</b>	<b>3,279.656</b>	<b>13.60%</b>
<b>AGMA:</b>				
Bolton	135.336	115.081	20.255	14.97%
Bury	72.414	61.849	10.565	14.59%
Manchester	355.289	300.611	54.678	15.39%
Oldham	129.127	109.685	19.442	15.06%
Rochdale	122.672	104.589	18.083	14.74%
Salford	146.064	124.045	22.019	15.07%



Stockport	96.768	82.674	14.094	14.56%
Tameside	112.551	95.473	17.078	15.17%
<b>Trafford</b>	<b>74.187</b>	<b>63.700</b>	<b>10.487</b>	<b>14.14%</b>
Wigan	141.139	120.052	21.087	14.94%
<b>GM Average</b>	<b>1,385.547</b>	<b>1,177.759</b>	<b>207.788</b>	<b>15.00%</b>

- 4.6 In addition to the increase in SFA of £0.129m other adjustments were announced in the funding settlement with a net impact of a further reduction of £0.103m and these are included in the changes in government funding in Annex D. The total net change in Government support, including other specific grants is an increase of £0.026m compared to the assumption at draft budget; an overall reduction of £10.123m.

### Council Tax

- 4.7 The Government has in recent years established a 2% limit on raising Council Tax before a referendum must be called. However, if a Council does not raise Council Tax the Government has offered additional funding worth an equivalent of a 1% increase in Council Tax. The Council is therefore left with a difficult choice of either placing a burden on residents of £1.6m, or accepting additional Government support of £(0.9)m.
- 4.8 Increasing the Council Tax above the Government set threshold would require a referendum to be held. Should the result not be in favour of a higher Council Tax, there would be a delay in implementing a consequent savings programme requiring the additional use of reserves. **The proposed budget is based on a freeze for the fifth year in succession; Members do have the discretion to agree an increase in Council Tax.**
- 4.9 A modest increase in our Council Tax Base of 1.0% to reflect a forecast in the growth in the number of houses and lower than anticipated cost of the Council Tax Support Scheme has been built into the on-going budget funding; this represents an increase of £(0.806)m, which is £(0.408)m above assumptions in the draft budget. Furthermore, the lower costs of Council Tax Support Scheme together with a decrease in single person discounts, has provided for a surplus on the Collection Fund during the current financial year. A contribution from the surplus of £(0.3)m was built into the 2014/15 budget and will continue into 2015/16.

### Business Rates

- 4.10 The Government's Business Rates Retention scheme, introduced in 2013/14, is intended to encourage councils to increase business activity in their area such that they can share to a limited extent in the economic growth. There are many uncertainties with regard to this scheme for Trafford; how it works and the associated risks are outlined in Annex C. A major risk relates to business rate appeals but this has been largely mitigated by the inclusion of a provision for any back-dated costs in the 2013/14 accounts. At the time of the draft budget, there was no assumption that the new scheme would result in additional resources. Further updates from the Valuation Office Agency (VOA)

has provided sufficient evidence to allow the Council to forecast a projected surplus of £(3.489)m for the current financial year (2014/15) with Trafford's share £(1.710)m (net of levy) being £(0.855)m. This additional one off resource has subsequently been included in the proposed budget for 2015/16.

- 4.11 The forecast of business rate yield included on the NNDR1 form 2015/16 submitted to DCLG in January included for a net yield of £161.238m, which represents an increase over the baseline target set by the Government of £3.696m. Trafford retains 49% of this growth, with 50% paid to the Government and 1% paid to the Fire and Rescue Authority. The Council is normally required to pay a levy to the Government of 50% of any growth; however in 2015/16 the Council has agreed to join a business rate pool with the other AGMA districts and Cheshire East which means any levy payments are retained within the pool for the benefit of the area. In respect of any levy paid by Trafford it has been agreed with the other Pool members that the Council can retain one third for its own use.
- 4.12 The calculation of the amount of business rates to be retained is complicated. The accounting arrangements add a further layer of complexity and further still, the compensation arrangements for measures announced in the past two autumn statements make the whole scheme far from transparent. A summary of the business rate position is as follows:-

<b>Calculation of Additional Business Rates Income 2015/16</b>	2015/16 Estimate £m
Net Yield	(161.238)
Local Share (49%)	(79.007)
Less Tariff (Set by Govt)	44.142
Retained Rates	(34.865)
Government Baseline	(33.054)
<b>In Year Growth (A)</b>	<b>(1.811)</b>
Add Estimated surplus from 2014/15	(1.710)
<b>Total Available before deduction of Levy</b>	<b>(3.521)</b>
Add Section 31 Grants 2015/16	(1,663)
<b>Total Income subject to levy</b>	<b>(5.184)</b>
Total Levy @50%, of which	2.592
Deduct Levy 2014/15 @ 50%	0.855
Deduct Levy 2015/16 @ 50%	1.737
<b>Net Income</b>	<b>(2.592)</b>
Add GM Pool Rebate(one third 15/16 Levy)	(0.579)
Add increase in 2% cap grant	(0.136)
Add Renewable Energy (retained in full)	(0.077)
<b>Total Additional Business Rate Related Income after levy</b>	<b>(3.384)</b>

Note:

- (a) Section 31 grants reimburse local authorities for Government initiatives to reduce the burden on business rates eg Retail Relief and extension of small business rate relief.

## 5. Reserves

### Reserves Overview

- 5.1 The Council has both cash-backed and non-cash backed reserves. Non-cash backed reserves are created for statutory accounting purposes only ie they do not represent resources available for use by the Council. Cash back reserves are monies set aside for a future possible event that is either planned or dependent upon potential future circumstances. Each reserve is subsequently used to mitigate the impact on the base budget should certain eventualities happen, such as insurance claims and severance costs to staff as the Council downsizes.
- 5.2 Total Council reserves at 1st April 2014 were £(81.3)m, of which £(13.4)m belonged to schools, £(27.32)m was committed to finance the capital programme, £(15.9)m of accounting adjustments largely relating to the Business Rates scheme, £(10.98)m General Reserve, leaving a balance of £(13.77)m the majority of which resides in the insurance reserve £(3.4)m, Employee Rationalisation Reserve £(2.4)m to provide for the costs of reorganisation as a result of continued austerity and smoothing reserves £(3.8)m to even out variable revenue expenditure over time (eg Waste Levy)
- 5.3 Reserves are reviewed throughout the year, but particularly at the time of establishing the budget and closing down the accounts at the end of the year. The Council is required by law to maintain a minimum level of reserves to meet unexpected or emergency expenditure. Further details of the assumptions made in establishing this balance are covered in Annex N, based on these assumptions the Director of Finance is advising the Council to set a minimum level of £6m for the General Reserve as assessed in the following table. The overall risk has been reduced by 28% to reflect that all risks are unlikely to occur at the same time.

<b>Table 1: Advised minimum level of General Reserve</b>	<b>2015/16 £m</b>
Tax & Treasury Management	0.31
Pay & inflation	1.04
Fees and Charges	0.10
Emergency & Disaster Recovery	1.29
Efficiencies	2.15
Demand led budgets	0.70
Other Pressures	0.43
General Fund Financing	2.43
<b>TOTAL</b>	<b>8.45</b>
<b>Risk reduction of 5%</b>	<b>(2.37)</b>
<b>Advisory level of minimum reserve</b>	<b>6.08</b>

Based on the latest available 2014/15 revenue budget monitoring information, the expected balance on the General Reserve as at 1 April 2015 and the uncommitted balances for future years is as follows:

<b>Forecast General Reserve level</b>	<b>Forecast (£000's)</b>
<b>Balance brought forward 31 March 2014</b>	<b>(10,980)</b>
<b>Commitments 2014/15:</b>	
Planned use for 2014/15 Budget (agreed 19 Feb 2014)	2,007
Additional support for Adult Services (agreed at Council 17 September 2014)	1,582
Learning Disability budget in-year underspend	(1,017)
Support to help deliver future CFW savings (agreed by Executive 1 December 2014)	500
Planned use for one-off projects 2014/15	207
Underspend on Council-Wide budgets	(1,881)
Balance on Earmarked Reserves released to General Reserve **	(752)
Learning Disability Pool Deficit Reserve Write Down	3,022
<b>Forecast balance 31 March 2015</b>	<b>(7,312)</b>
<b>Commitments 2015/16:</b>	
Planned base budget support 2015/16 (Re Airport Dividend)	1,000
<b>Forecast balance 31 March 2016</b>	<b>(6,312)</b>

\*\* A review of Earmarked Reserves has resulted in a realignment of resource requirements enabling £(0.752)m to be released into General Reserve. An amount of £(0.473)k was released from the Waste Levy Smoothing Reserve used to smooth the potential volatility of annual increases in the waste levy during the construction phase of the PFI facilities. A further amount of £(0.279)k was released from the Manchester Airport Group Debt Restructure Reserve as described in paragraph 5.10

The above table shows a modest balance of 5% over the recommended minimum level of £6m.

## Use of Reserves

5.4 In addition to the general reserve there are a number of other earmarked reserves and provisions held for specific purposes, in summary these are:

<b>Reserve Statement (estimated as at February 2015)</b>	<b>Estimated Balance at 1 April 2015 (£000's)</b>	<b>Estimated net spend 2015/16 (£000's)</b>	<b>Estimated Balance at 31 March 2016 (£000's)</b>	<b>Estimated net spend 2016/17 (£000's)</b>	<b>Estimated Balance at 31 March 2017 (£000's)</b>
Schools General	(13,252)		(13,252)		(13,252)
Schools Synthetic Pitches	(135)	(15)	(150)	(15)	(165)
<b>Schools Total</b>	<b>(13,387)</b>	<b>(15)</b>	<b>(13,402)</b>	<b>(15)</b>	<b>(13,417)</b>
<b>Non-Schools Earmarked Reserves:</b>					

Insurance	(2,746)	172	(2,574)	101	(2,473)
Revenue Projects	(667)	311	(355)	271	(84)
Employee Rationalisation	(2,250)	1,111	(1,139)	1,139	0
Transformation Reserve (including CFW Trans Res)	(1,318)	1,068	(250)	250	0
Services' Reserves	(364)	0	(364)	0	(364)
Smoothing Reserves	(1,520)	69	(1,451)	(75)	(1,526)
<b>Total</b>	<b>(8,865)</b>	<b>2,731</b>	<b>(6,133)</b>	<b>1,686</b>	<b>(4,447)</b>
<b>General Reserve</b>	<b>(7,312)</b>	<b>1,000</b>	<b>(6,312)</b>	<b>0</b>	<b>(6,312)</b>
<b>Total of non-School Revenue Reserves</b>	<b>(16,177)</b>	<b>3,731</b>	<b>(12,445)</b>	<b>1,686</b>	<b>(10,759)</b>

5.5 Once a reserve has been established, authorisation to call upon the reserve can be delegated to an appropriate officer. Many reserves are directly managed by the Director of Finance, and updates are provided within the 10 monthly revenue monitoring reports with a detailed report provided to the Accounts and Audit Committee on an annual basis. The review of reserves has been carried out as part of the budget processes and included in the table above. The significant changes worthy of noting are summarised below.

### General Reserve

5.6 It has been one of the Council's policies of the Medium Term Financial Strategy to reduce and/or keep low the use of reserves expenditure; instead using reserves to finance one-off or short term service investments. Due to the good budgetary performance of the Council, this had allowed a margin to accumulate above the minimum £6m in the General Reserve. No contribution from General Reserve was originally assumed in the 2015/16 draft budget, however Manchester Airport Group (MAG) recently announced their interim results for 2014/15 and have paid a total one off dividend of £(1.0)m to the Council. At year end this windfall will roll forward and is planned to be released as a one off contribution to the 2015/16 budget.

### Learning Disability Pool Reserve

5.7 Trafford has operated a pooled fund for Learning Disability Services in conjunction with Trafford Clinical Commissioning Group (CCG), (previously PCT), since 1 April 2003. The Council acts as the lead accounting body for the pooled fund, which is managed jointly by the Council and the CCG. The pool provides a wide variety of services to Learning Disability adults in Trafford, including a joint community team, extensive specialist residential provision, a range of supported placements, support in the home and external and in-house day care.

5.8 The net expenditure for 2013/14 was in the region of £22m which was financed 90% by the Council and 10% by the CCG. As a result of increasing client demand above budget over a period of years a historic deficit has accumulated on the pool which stood at £3.022m at 31<sup>st</sup> March 2014. Plans to reduce the deficit together with a negotiated contribution from the CCG had been anticipated during 2014/15, however as the CCG became a new NHS

commissioning organisation it did not inherit any historic liabilities in respect of the Pool.

- 5.9 The Council could work with the CCG over considerable time to reduce the accumulated deficit on the LD Pool by reducing spend, however with the persistent pressures on demand and the already reduced expenditure commitments in the medium term plan, it is not considered prudent to continue to carry forward the deficit indefinitely. As such, the total Learning Disability Pool deficit will be written down before the 2014/15 year end to a zero balance, using a contribution from the General Reserve. Nevertheless, dialogue with the CCG about the historical financial position of the Pooled budget will continue.

### **Employment Rationalisation Reserve**

- 5.10 The Employment Rationalisation Reserve is maintained for the costs of severance and related costs of structural change over and above the revenue budget provision. The balance at the beginning of 2014/15 stood at £(2.414)m. Based on the projected redundancy costs in 2015/16 and an estimate for a similar number of staff in 2016/17 and 2017/18 this reserve will need to be replenished with an extra £1.4m. This has been achieved by a realignment of the Insurance Reserve (releasing £0.530m) and the Manchester Airport Group (MAG) debt restructure reserve (releasing £1.149m) as a result a reappraisal of the relative level of risks. The Debt Restructure reserve was established in recognition of risk of default by MAG on an unsecured long term loan made by the Council. The MAG Group is now in a much stronger financial position, as evidenced in their latest financial trading statement, which has allowed the reserve to be reduced accordingly.

## 6. PROPOSED BUDGET 2015/16

- 6.1 The draft budget presented to Executive in October 2014 has been reviewed and updated to take account of any new cost pressures, issues raised during the public consultation, the update of the local government finance settlement and other funding changes (See Section 4), scrutiny and a review of robustness. It must be noted that at this stage further decisions are still to be made on areas of the budget still subject to on-going consultation which could have an impact on the 2015/16 budget, with final decisions to be taken by the Executive in March on the joint venture, fair price for care and libraries.
- 6.2 The total proposed budget for 2015/16 is £148.914m and reflects a reduction of £5.638m compared to 2014/15. Since the draft budget was reviewed by the Executive in October there have been a number of changes to both funding (See Section 4) and to cost pressures which are summarised below. A detailed list of funding and changes to net budget are included at Annex D.
- 6.3 Movements in expenditure and funding and the impact on the overall deficit position is summarised below. The table shows the updated gross budget deficit, or gap, to be 21.5m, which is an improvement from the forecast position in October.

2015/16 Budget	2015/16 Oct 2014 Draft Budget (£m)	2015/16 Final Proposed Budget (£m)	Change (£m)
Expenditure Pressures	11.9	14.0	
2014/15 Savings Targets not achieved	0.6	0.6	
<b>Total Budget Pressure</b>	<b>12.5</b>	<b>14.6</b>	<b>2.1</b>
Government Funding Reduction (incl service specific grants)	10.2	10.1	(0.1)
One off Contribution – Airport Dividend from General Reserve	2.0	1.0	(1.0)
Increase in Council Tax Base	(0.4)	(0.8)	(0.4)
Business Rates (net increase 15/16)		(2.5)	(2.5)
Business Rates (net surplus 14/15)		(0.9)	(0.9)
<b>Total Resource Pressure</b>	<b>11.8</b>	<b>6.9</b>	<b>(4.9)</b>
<b>Total Budget Deficit</b>	<b>24.3</b>	<b>21.5</b>	<b>(2.8)</b>
Efficiencies & Additional Income	(12.0)	(9.5)	(2.5)
Policy Choice	(11.7)	(12.0)	0.3
<b>Total</b>	<b>(23.7)</b>	<b>(21.5)</b>	<b>(2.2)</b>
Imbalance	0.6	0	

### Cost pressures

- 6.4 A summary of pressures and savings can be found below and in the subjective and objective analyses at Annexes G & H.



- 6.5 The Council's costs of operation increase year on year, primarily due to inflation, but also due to demand changes in mandatory services such as social care services. The following lists a summary of the estimated increase in costs, and more detail is provided at Annex D. Total expenditure pressures for 2015/16 are £14.6m, an increase of £2.1m since the draft budget.
- 6.6 **Inflation**  
Inflation has started to fall in recent months with headline rates at their lowest in 12 years, however given the sporadic nature of the changes, assumptions remain as those anticipated at the draft budget stage. Overall inflation still remains a considerable pressure and a total provision of £3.4m has been made in the proposed budget.
- 6.7 **Increase in Demand**  
Increased demand across all client groups for social care is expected to require additional service investment of £9.1m in order for the Council to meet its legal obligations. This figure includes £6.5m identified earlier in 2014 as a result of a significant under reporting of the Council's financial position in adult services.
- 6.8 **Levies and Third Party Payments**  
The cost of levies, particularly Waste Disposal delivered by the Greater Manchester Waste Disposal Authority on the Council's behalf, is expected to increase by £0.3m. The other major levy is for Public Transport services, such as subsidised bus services and concessionary fares; Greater Manchester Combined Authority have confirmed a reduction in levy in 2015/16 of £(0.2)m since the draft proposals.
- 6.9 **Pay and Pensions**  
A provision of £1.2m was made for pay and pension increases in our draft budget. The national pay award for 2014/15 and 2015/16 has since been settled, offering an average of 2.2% over the two years; this has added a further pressure of £0.173m.
- 6.10 **Prior Year Savings**  
As part of on-going monitoring the CFW and EGEI Directorates have identified £0.585m of 2014/15 savings targets which are unlikely to be realised. These savings have been carried forward into the 2015/16 budget as an expenditure pressure. This represents no change since October
- 6.11 **Other Changes**  
The improved financial position since October 2014 means that the Council does not have to save as much money in 2015/16. However, the medium term outlook continues to look extreme and as such does not allow for the cancellation of the various savings initiatives. If any were cancelled they would surely come back as proposals for 2016/17 with a fresh round of consultation. What the changed position offers is more time to deliver the savings, consistent with Scrutiny's concern over capacity; in some cases a different way of achieving the saving will be carried out.

Whilst the Local Welfare Grant funding for the Trafford Assist scheme ceased in 2015/16. It is proposed to continue with this scheme during 2015/16 at a cost of £0.554m. Other pressures since the draft budget include:

**Changes in budget assumptions:-**

- Additional cost of pay award £0.173m
- Increase in Treasury Management costs £0.300m
- Increase in bad debt provision £0.200m
- Reduction in Transport Levy £(0.205)m
- T&R savings realignment £0.106m
- Reduction in adopter fee income of £0.100m
- Reduction in Housing Benefit Subsidy £0.150m
- Reduction in superannuation additional allowances £(0.195)m
- Increase in Redundancy Provision £0.165m

**Recommended additional investment:-**

- Increase in the CFW commissioning budget for youth of £0.130m;
- Increase in deprivation of liberty costs £0.200m;
- Increase in CFW capacity building £0.170m and
- £0.7m general contingency to cushion against savings proposals generally
- Increase in foster carer fees £0.100m

6.12 The specific savings proposals are listed and discussed in more detail within the service narratives which can be found at Annexes I to L. Detailed Schedules of Savings for each service area can be found on the following pages

- Children, Families and Wellbeing – Pages 73 to 98
- Economic Growth, Environment and Infrastructure – Pages 99 to 104
- Transformation and Resources – Pages 105 to 115
- Council Wide – Page 116 to 121

6.13 The proposed budget for 2015/16 includes for £21.5m of cost reductions and new income. These are detailed in the service narratives but reflect a reduction of £2.8m since the draft budget. The total budget savings and changes since draft are detailed below:-

- £(2.250)m through the establishment of our Joint Venture Contract for a range of environment, highways and property services; in addition a further £(0.086)m is proposed through a management restructure which merges two directorates into one.
- Our Reshaping Trafford Council Programme will save £(1.568)m by refining the new structure for central support services with resilience to support the business, commercial opportunities and new partners.
- £(0.026)m increased income by Waterside Arts Centre and £(0.135)m from the Music, Governor and Education Psychology Services.

- A target of £(0.550)m from a review of our library provision.
- £(0.451)m from reviewing our contract arrangements with Trafford Leisure Trust.

Over the next 2 years, Trafford Council will continue to develop an integrated, all age health, education and social care service, exploring new delivery models. The following savings in 2015/16 will support this activity:

- £(2.717)m by establishing alternative delivery options for the Reablement Service, learning disability services, day support services and Telecare. The savings since draft budget have increased by £0.5m
- £(1.330)m by establishing a new delivery model for integrated education, health and care commissioning and service delivery on an all age basis.
- £(2.416)m from the review and renegotiation of care contract costs.
- £(1.430)m from the review of care package offers and a policy change in the way we meet eligible needs. This saving has reduced by £1.0m since draft budget stage.
- £(3.684)m from the review of Early Years, Youth Service, Connexions, Education Welfare, Youth Offending Services and Children's Centre provision.
- £(0.100)m by increasing personal budgets across children and young people with special educational needs.
- £(0.300)m by remodelling Home to School Transport services.
- £(2.000)m agreed contribution from the Better Care Fund which is a shared budget with the Trafford CCG with the aim of providing more effective integrated health and social care services. This saving has reduced by £2.3m to allow more time for alternatives to be explored with the CCG.
- £(1.500)m via a commissioning review of non-mandatory adults care services.

There are additional savings proposals, outlined below which will help the Council to deliver services within the funding available to us:

- £(0.231)m through a review of parking charges.
- £(0.136)m from rationalising Schools Crossing Patrol.
- £(0.093)m charges for allotments and other fees and charges.
- £(0.497)m of other savings achieved by management of inflationary pressures, discretionary business rate provision now accounted for within the Collection Fund and a reduction in the cost of Members' Allowances.

In addition to the above savings, our proposals allow for investment in priority service areas, namely :

- in particular, an investment of £8.5m in Adult Social Care and £0.9m in Children's Social Care to meet the expectations of increasing service demands,
- Investment of £0.073m revenue and £0.150m capital expenditure on plans to reduce litter, fly tipping and improve recycling by targeting areas of the borough.
- The provision of a free school meal for every infant pupil (key stage1), funded by an additional specific grant approximately £2.84m in 2015/16.
- The Council Tax will remain frozen at the 2010/11 rate, keeping it the lowest in the North West.

6.14 The Fees and Charges Report can be found elsewhere on the agenda, and Members are requested to treat this report as part of the overall budget bundle in their decision making process. The majority of fees and charges are set by regulation, and where the Council has more influence there are issues of customer impact, competition and economic conditions to take into account. Additional income to the Council by way of fees and charges in 2015/16 is estimated at an additional £(0.3)m.

### Proposed Revenue Budget 2015/16

6.15 The following table summarises at Directorate level, and then by Executive Portfolio, the year-on-year movement between the 2014/15 budget and the 2015/16 proposed budget.

2015/16 proposed summary budget, compared to 2014/15	2014/15 Budget (£000's)	Move-ment (£000's)	2015/16 Final Budget (£000's)	Change (%)
<b>Children, Families &amp; Wellbeing:</b>				
Schools - DSG	0	0	0	0.0%
Children & Families	30,810	(2,272)	28,538	(7.4)%
Adult Social Services	50,434	(1,657)	48,777	(3.3)%
Public Health	(868)	0	(868)	0.0%
<b>Total</b>	<b>80,376</b>	<b>(3,929)</b>	<b>76,447</b>	<b>(4.9)%</b>
<b>Economic Growth, Environment &amp; Infrastructure:</b>				
Technical & Environment Services	31,442	(1,337)	30,105	(4.3)%
Operational Services for Education (Catering, cleaning & transport)	(72)	131	59	181.0%
Growth & Regulatory Services	2,087	(62)	2,025	(3.0)%

<b>Total</b>	<b>33,457</b>	<b>(1,268)</b>	<b>32,189</b>	<b>(3.8)%</b>
<b>Transformation &amp; Resources</b>	<b>10,764</b>	<b>(1,158)</b>	<b>9,606</b>	<b>(10.8)%</b>
<b>Communities &amp; Partnerships</b>	<b>3,182</b>	<b>(483)</b>	<b>2,699</b>	<b>(15.2)%</b>
<b>Finance Services</b>	<b>3,614</b>	<b>452</b>	<b>4,066</b>	<b>12.5%</b>
<b>Council-wide budgets</b>	<b>23,159</b>	<b>748</b>	<b>23,907</b>	<b>3.2%</b>
<b>Total Net Budget</b>	<b>154,552</b>	<b>(5,638)</b>	<b>148,914</b>	<b>(3.6)%</b>

## 7. SCHOOLS FUNDING & BUDGETS 2015/16

### Background

- 7.1 Schools are funded from ring fenced grants, the most notable of which is the Dedicated Schools Grant or DSG. This funding cannot be used for any other Council function, and essentially schools operate within their own fund with any under or over expenditures being taken forward into future years. DSG can be divided into three main areas:
- **Schools block** : approximately £141m for the Borough of Trafford which essentially funds schools' budgets. This includes circa £56m for academies which is determined by the Local Schools Funding Forum and Council but paid to the Education Funding Agency (EFA).
  - **High Needs block** : approximately £24m which primarily supports Special Educational Needs expenditure. This includes £10m to pay for Trafford Special Schools.
  - **Early Years block** : approximately £12m, which finances educational provision for 2 to 5 year olds in both LEA Schools and Private, Voluntary and Independent (PVI) settings.
- 7.2 The DSG is apportioned between authorities largely based on pupil numbers and historical out of date formulae. The final grant level for 2015/16 will not be finalised until March when the early years census data has been collated.
- 7.3 Locally, the schools funding forum, which comprises of representatives from Primary, Secondary and Special Schools, will make recommendations to the Council on the formula that should be used to distribute monies to individual schools.
- 7.4 The Schools Funding Forum has recommended that 78% of the formula be allocated on basic entitlement. The total formula for mainstream schools amounts to £141.059m of which the Funding Forum have recommended £110.032m (78%) be allocated according to Basic Entitlement (BE) per pupil. The BE rates are £2,642 per primary pupil and £4,211 per secondary pupil. The formula was considered by the Funding Forum on 13<sup>th</sup> January 2015 agenda item 7 and 14<sup>th</sup> October 2014 agenda item 7.
- 7.5 Full details of the funding formula as recommended by the Schools Funding Formula and Council Executive are shown in Annex F.

### Government Funding

#### DSG

- 7.6 Whilst distribution to Trafford is dependent upon the census count of pupil numbers, the national control total for *schools* funding is expected to be a £nil increase in 2015/16. Trafford is one of the lowest funded local authorities in

the country and we are pressing the Government to introduce a more transparent method of distributing funding. Trafford is an active member of the f40 group which is campaigning vigorously for this change. The existing distribution is based upon historical spend plus data which no longer has any rationale, as recognised by the Department for Education. (DfE)

The Government did promise a wide radical consultation on school funding to be launched in January 2014. This did not occur but additional funding designed to partly address the problem was announced in July 2014. The national pot for this purpose was £380m of which Trafford received just £97k in comparison to Salford (which is higher funded than Trafford) which received an additional £2.9m. A letter is being drafted to the Minister of Schools from the Forum expressing concern as to how these additional monies were distributed.

### **Pupil Premium Grant (PPG)**

- 7.7 In 2015/16 schools will receive £1,300 per eligible Primary pupil and £935 for eligible Secondary pupil which is worth in total (£7.3m) This money is designed to bridge the attainment gap for pupils who are in receipt of free school meals.
- 7.8 There is a high rate of PPG for children who are or have been in care; this is worth £1,900 per pupil and totals £240k. A further amount of £456k is administered centrally and allocated to schools on the basis of the child's need set out in their personal education plan

### **Universal Infant Free School Meals (UIFSM)**

- 7.9 From September 2014 every infant (key stage1) pupil is entitled to a free school meal. This is funded by an additional specific grant amounting to £2.30 per pupil and will total approximately £2.84m in 2015/16 (including academies).

### **6<sup>th</sup> Form Funding**

- 7.10 There are two schools with 6<sup>th</sup> forms (Stretford Grammar and Blessed Thomas Holford) that are not academies and their sixth form funding comes via the Education Funding Agency and amounts to circa £1.3m. Sixth form funding for schools is reducing in line with that given to 6<sup>th</sup> form colleges and is therefore a pressure on all schools which have 6<sup>th</sup> forms.

### **Local Funding Distribution**

- 7.11 Distributing funding across schools, recognising deprivation and special educational needs (SEN) factors, has become increasingly difficult at a time of no growth in resource availability. There are schools who do not receive any deprivation or SEN monies and as a consequence find it increasingly difficult to set sustainable balanced budgets to cover basic needs.
- 7.12 Individual schools are protected by a nationally prescribed Minimum Funding Guarantee (MFG). This is set at -1.5% per pupil for 2015/16 and means that a

school's budget cannot fall by more than 1.5% per pupil from the previous year, regardless of any formula changes that are made.

- 7.13 The Schools Funding Forum has recognised that secondary schools are relatively well funded compared to primary schools. However, there are no specific proposals to address this because of lack of additional funding and the impact the MFG has on formula changes.
- 7.14 Early Years funding is distributed by the Early Years Single Funding Formula (EYSFF), which is currently under review.

### **Pressures on schools**

- 7.15 Schools are required to manage demands on their delegated budgets, including:
- pay awards, of 1% or higher;
  - increased pension contributions;
  - inflation at a prevailing average, forecasted to be 1.9%, but with heating and lighting costs expected to be in excess of this;
  - Reduction in 6<sup>th</sup> form funding.
- 7.16 The f40 Group have calculated that a typical secondary school would require an additional £350k to meet additional cost pressures from 2016/17. This is equivalent to ten teachers, however this is more significant to schools such as those in Trafford, which are relatively low funded.
- 7.17 As a consequence of funding pressures on the non-schools areas of the budget, some educational support services are either being reduced or moving into a buy-back or trading service, with the intent that schools will pay for those services in future. With limited funding, schools will have to decide between continuing these services, other buy-back services and their own core budgets.
- 7.18 Some schools have reserves they can call on, and the Council will work closely with any maintained school that is experiencing financial difficulty to draw up a recovery plan. Short term loans are available based upon a balanced recovery plan, and there is a centrally held organisational change provision to assist with reorganisation.



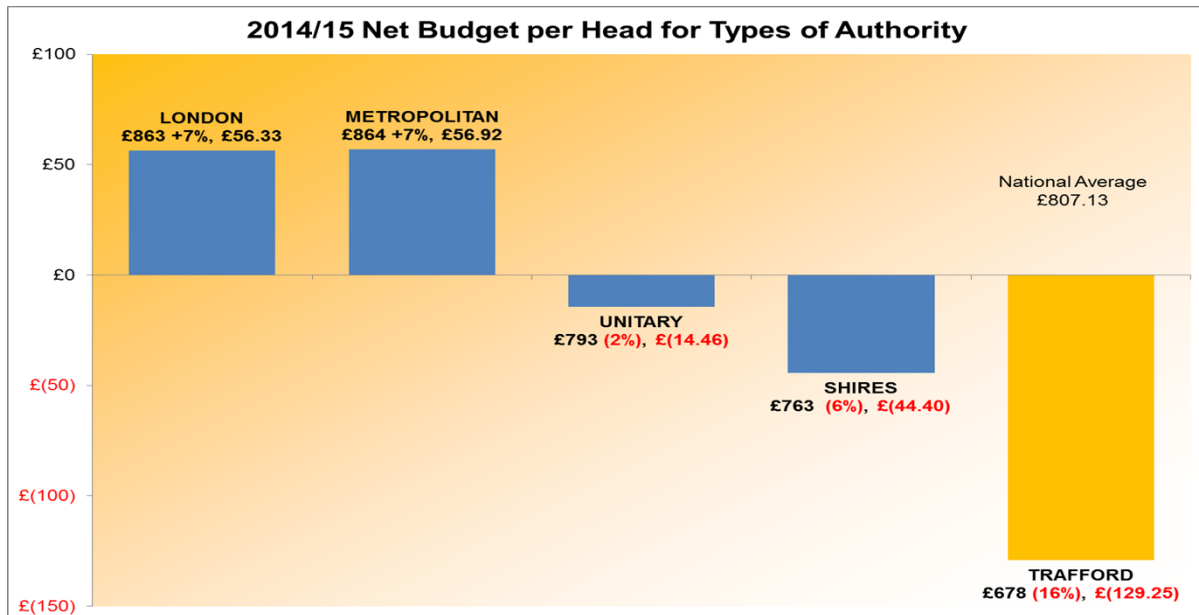
## **8. RISK, ROBUSTNESS AND RESERVES**

- 8.1 It is a requirement of the Local Government Act 2003 for the Council's Chief Finance Officer to give an opinion as to the robustness of the budget proposals (s25) and the adequacy of reserves (s26). These opinions are provided to Members to assist in their determination as to whether the proposed budget is sufficient to meet the needs of the Council.
- 8.2 Members' attention is drawn to the statement by the Director of Finance attached at Annex M, which should be taken into account before approving the budget. The year ahead presents a number of financial challenges, and in particular there are areas of uncertainty for which mitigating action is included in the budget and/or reserves, if required;
- The scale of savings required, over and above that delivered in the previous five austerity budgets, and in particular the CFW directorate, will be demanding on the capacity of managers and staff;
  - A number of savings are still to be agreed, including those subject to consultation;
  - The outcome of the current Joint Venture procurement contract will not be known until after the budget has been agreed;
  - The Council could face legal challenge in the decisions it makes, and whilst every effort has been made to guard against the likelihood of successful challenge, the costs of defending any such proceedings could be significant;
  - The uncertainty that exists on demand led services;
  - The reliance that the Council has, for the first time, on business rates growth to support its spending plans.
- 8.3 An overall assessment of the current budget, future budget proposals, costings, activity forecasts, savings plans and base budget assumptions identifies that whilst there are risks, the overall budget provisions should be sufficient to meet the Council's legal responsibilities and other obligations. A review of risks, mitigations, and contingencies has been undertaken alongside a review of reserves and provisions.

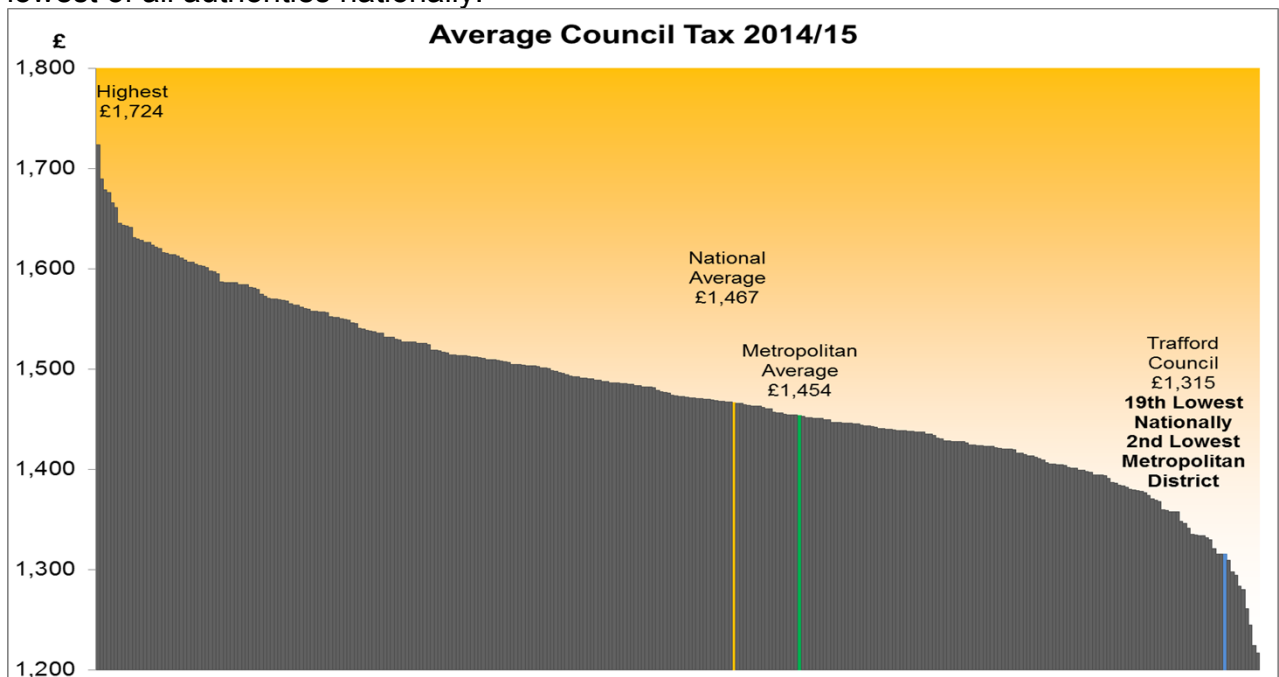
## 9. MEDIUM TERM OUTLOOK

### Outlook

9.1 In reviewing the outlook for the Council it is useful to put into context the financial position of the authority. The Council is already low cost and low funded. The Council's net spend per head in 2014/15 is £678 which is £129 (16%) lower than the national average and the lowest metropolitan district, some £186 (21%) less than the metropolitan average and £512 (43%) lower than the highest.

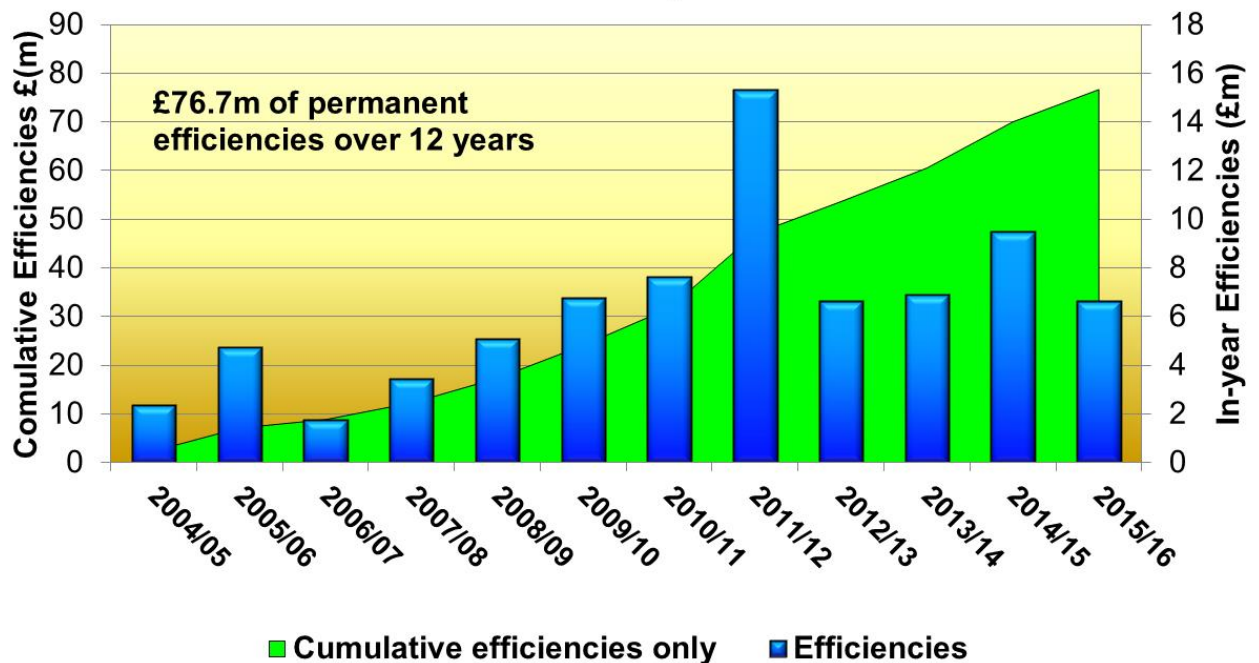


9.2 The council tax continues to be one of the lowest nationally and is ranked 19<sup>th</sup> lowest of all authorities nationally.



9.3 In addition to this the Council continues to be highly efficient. Since 2004/05, the Council has delivered £(70.1)m of efficiencies, with a further £(6.6)m of efficiencies proposed for 2015/16. Together, this £(76.7)m is equivalent to 95% of the current Council Tax.

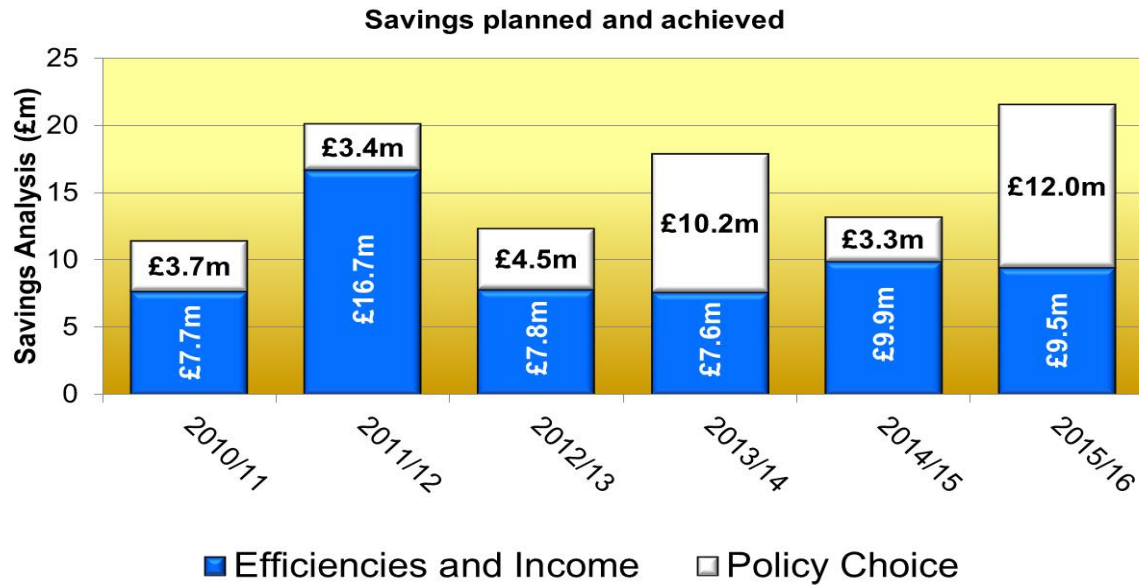
### Permanent Efficiencies planned & achieved



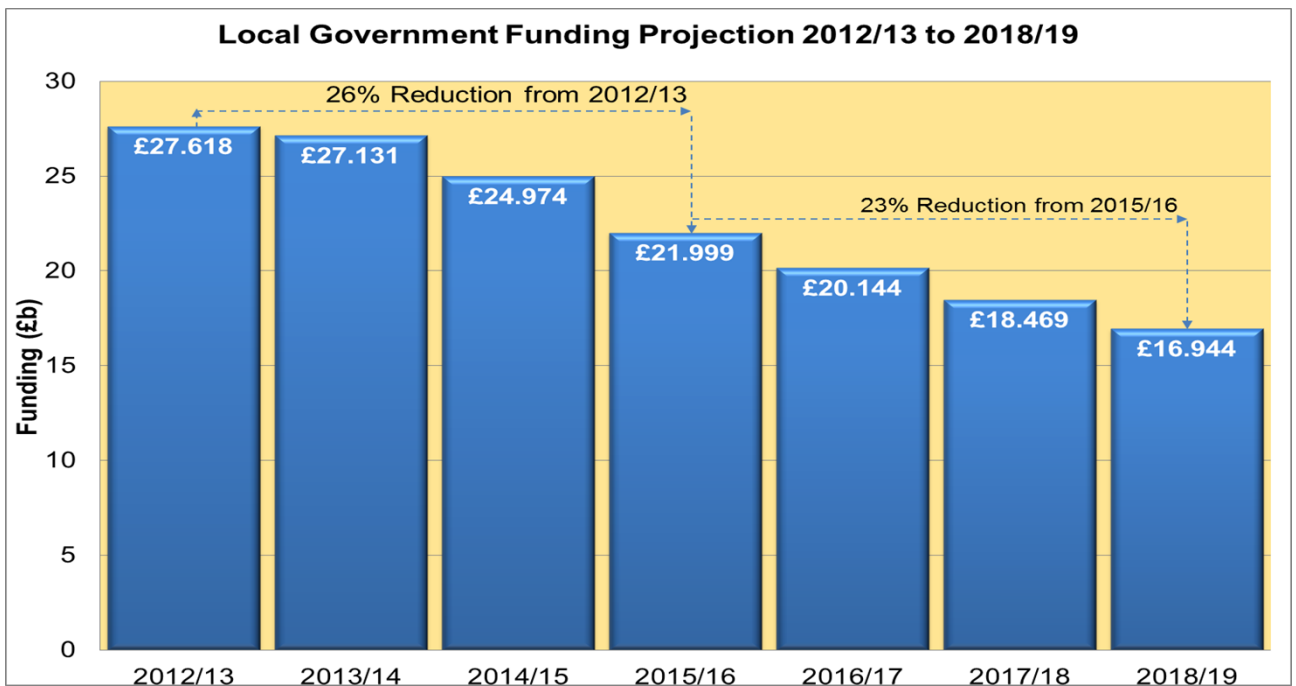
9.4 In 2010/11 the newly elected Coalition Government introduced the first austerity budget with an emergency budget in July of that year. The traditional budget challenges of low funding and higher demands from inflation and growth in social services, have been made more difficult since then as Government funding has been scaled back.

9.5 To meet this new challenge the Council has invested in dedicated internal capacity in terms of procurement, change and project management, and introduced a number of austerity measures.

9.6 Over the five years of austerity the Government will have withdrawn some £38.7m of funding, equivalent to around 48% of current Council Tax. This pressure is in addition to inflation, increases in client numbers and need, and the increasing cost of waste and transport levies.



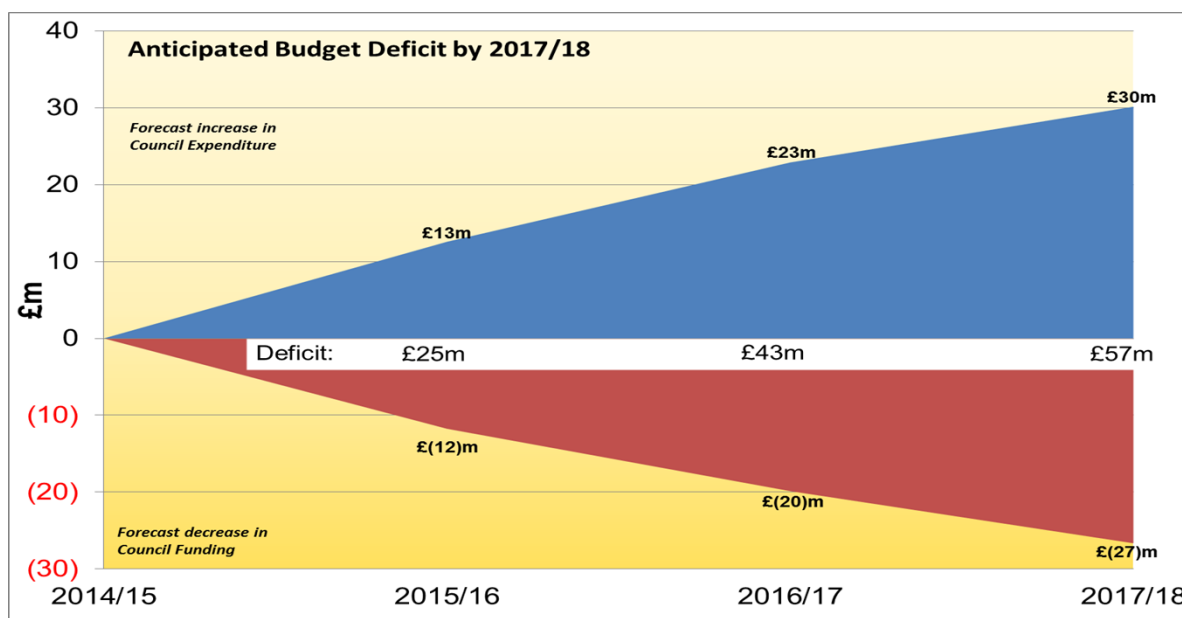
9.7 The recent Autumn Statement did not signal any deviation to the Government’s current public sector expenditure forecasts which are set to fall until 2018/19 at the same rate as 2010/15, although these will be updated in the Spending Round due in the summer of 2015.



Source: LGFutures January 2015

9.8 Based on these projections and the budget assumptions listed at Annex B, the Council will need to reduce expenditure and/or increase income by £57m over the next three years, 2015/18. Over this period it will be a priority of the Council to:-

- Increase the council tax base
- Increase business rates income
- Reduce demand on council services
- Increase opportunities to trade



#### 9.9 The estimates include for:

- A continued freeze on the increase in the Council Tax rate and 0.5% average increase in the number of Band D equivalent properties available each year.
- Further Government funding reductions as currently advised totalling £22.5m, which is equivalent to a 25% Council Tax increase or around £102 per head of population.
- A small pay award of only 1% average per year. However, there are changes to pension and national insurance that will have a larger impact. The largest single impact will be the cancellation of the lower NI rate for those who have an occupational pension which will increase the employer's NI bill by 3.4% for the majority of employees, or £1.6m in 2016/17. To a lesser extent, the requirement to auto-enrol employees in 2017 on the Local Government Pension Scheme unless they opt-out in writing, will increase the pension liability and without the benefit of the lower NI rate.
- Inflationary increases of £12.7m based on the rates currently advised by the Office for Budget Responsibility.
- Demography, or the number of social services clients and/or their increased need for services, has been provided for at £12.9m over the three year period

- The costs of levies for waste disposal and transport services is expected to rise at a combined £1.6m.

9.10 In addition to the above funding and cost estimates, there are a number of other changes that will also affect the Council in the medium term:

- Income from discretionary services provided to schools has three areas of concern. Firstly schools' budgets are increasingly becoming tighter as Government funding, whilst not a reduction, has little to no allowance for inflationary pressures. This will further encourage Schools to carry out wider market testing for their service provision. Lastly, more schools are likely to move to Academy status over the next few years, and such schools have a propensity to seek total independence from the Council. An additional effect is the reduction in Education Support grant, which will reduce funding further and not necessarily in line with costs due to the stepped nature of overheads.
- Better Care Fund and Health Integration. In 2015/16 Councils will be funded to assist in reducing hospital costs by taking into the community those service clients who no longer need clinical care, but have other specialist needs that currently mean they take up hospital beds. Exactly how Councils and Health will work together to achieve overall cost reductions is a matter of considerable planning activity taking place nationally, but there is no guarantee that the scheme will be cost neutral or better for any or all parties.
- Economic recovery continues to be sluggish when compared to the extent and speed of savings required, such that old or new income sources and revenue streams will lag behind the need for revenue.
- Local Government may be taking the brunt of austerity measures, but it is not the only agency with reduced funding. The medium to long term effects of various public sector and voluntary sector agencies operating under austerity on the needs of residents is difficult to forecast, but may uncover further growing demand that falls upon the legal responsibilities of Councils to fulfil.
- The 10 AGMA districts and the Greater Manchester Combined Authority are currently negotiating a deal to devolve more funding and responsibilities to the local level. It not currently known what impact this may have on budgets going forward.

## **Reshaping Trafford**

- 9.11 The Council will continue to face unprecedented financial pressures, and while great strides have already been achieved witnessed by the level of efficiencies and cost reductions achieved to date, more will still be needed. Demand for services is increasing and yet the support received from Government will decline further. To meet these challenges the Reshaping Trafford Council programme has been developed which will allow the Council to maximise opportunities for revenue generation, including both business rates and council tax, reducing demand and making further innovations to provide the council with as many business and operational choices in the future as possible.
- 9.12 In addition to the above, and working alongside, are two other major initiatives which will draw upon the strategic capacity of the Council in the immediate to medium term; Public Service Reform and Health & Social care Integration.

## **Public Service Reform and Devolution**

- 9.13 Greater Manchester has been a Government selected pilot area for Place Based Settlement work for the few years. This is a concept that by working in close harmony almost as a single entity, all public funded bodies in an area can work to deliver improved outcomes for residents and businesses at a lower cost, and therefore those bodies can determine where money is distributed to rather than Government Departments or Parliament.
- 9.14 At the heart of achieving this goal is Public Service Reform (PSR), which is a collection of initiatives or projects being undertaken to provide evidence that earlier, tailored intervention by one public body can reduce, deflect and even eliminate, the need for higher cost support services by other public bodies. In addition, by working together, public bodies can avoid duplication of intervention delivery, and ensure greater effectiveness by delivering interventions at the right time in the right order.
- 9.15 Such initiatives are not only restricted to the pilot areas, for example the national Troubled Families scheme, which is funded on a performance reward basis by the Government. The pilot areas do however take the national scheme to a higher level.
- 9.16 Each locality within GM has now formally signed up to the GM Devolution agreement through their relevant locality governance arrangements. Progress is being made on the development of the detailed implementation plans for each aspect of the agreement itself. This is being delivered through joint discussions with key representatives from government and GM. The devolution deal covers a number of areas some which will have a direct benefit to Trafford, including the extension of the metrolink through Trafford Park.

## **Better Care Fund and Care Act**

- 9.17 The Better Care Fund submission has been approved and will mean that in 2015-16 the Council will receive s256 funding similar to previous levels of funding and an additional amount of funding for the protection of social care. The Council will be working in a much more integrated way with the NHS Trafford CCG to deliver a range of initiatives, including the redesign of frail and Older Peoples Services, end of life care and integrated locality teams.
- 9.18 The Better Care Fund also incorporates funding previously provided for Disabled Facility grant and Adult Social Care capital grant. The total value of the Better Care Fund in 2015-16 is £15.4m.
- 9.19 The Care Act 2014 is a further significant change affecting adult social care which comes into effect in two phases from April 2015 and April 2016. The changes in April 2015 relate to the introduction of new responsibilities for self-funders and carers, changes to the eligibility criteria and the consolidation of a range of other social care responsibilities under the Act.
- 9.20 Additional funding has been provided by Government to meet the expected cost of the requirements of meeting the Care Act, though there is some uncertainty as to whether the level of funding will be sufficient to meet the increased activity arising from the Care Act. In 2015-16 this will depend on the extent to which self-funders and carers take up assessments and services which are made available under the Act. A further potential risk exists in relation to the impact of the changes to eligibility criteria and the introduction of the new concept of wellbeing.
- 9.21 There is a further level of uncertainty around the changes which come into effect in April 2016. These changes are the Dilnott changes, which relate to the introduction of a cap on care costs and changes to the financial limits for capital resources. The regulations and guidance on funding reform are due to be published shortly and an assessment of financial impact on 2016-17 will be undertaken.



## 10. COUNCIL TAX REQUIREMENT and STATUTORY CALCULATIONS

### Budget Requirement

10.1 The Local Government Finance Act 1992, as amended by the Localism Act, requires the Council to make the following calculations:

- an estimate of the Council's gross revenue expenditure - Section 31A(2),
- an estimate of anticipated income - Section 31A(3),
- a calculation of the difference between (i) and (ii) above, (i.e. net revenue expenditure) - Section 31A(4) – this is known as the **Council Tax Requirement**,
- a calculation of the Council's **Basic Amount of Council Tax**, calculated by dividing the **Council Tax Requirement** by the Taxbase (expressed in Band D's).

10.2 If the proposals in this budget report are agreed, the calculation for the 2015/16 Council Tax Requirement will be as follows:

LGFA 1992	Calculation of Council Tax Requirement & Basic Amount of Council Tax 2015/16	£
<b>S 31A(2)</b>	<b>Gross Expenditure</b>	
(a) – (f)	Service expenditure	417,636,968
<b>S 31A(3)</b>	<b>Gross Income</b>	
(a, c, d)	Fees, charges and specific grants	(268,722,682)
	Application of General Reserve	(1,000,000)
	<b>Budget Requirement (previous regulations)</b>	<b>147,914,286</b>
(b)	Revenue Support Grant	(30,646,442)
(b)	Retained Business Rates Baseline	(33,053,820)
	Growth 2015/16	(1,811,145)
	Growth 2014/15	(1,710,012)
	Renewable Energy	(76,908)
(b)	Collection Fund surplus	(300,000)
<b>S 31A(4)</b>	<b>Council Tax Requirement</b>	<b>80,315,959</b>
	<b>Council Tax Base in Band D's</b>	<b>72,669</b>
	<b>Basic Amount of Council Tax</b>	<b>£1,105.23</b>

10.3 The Director of Finance approved the Council Tax Base (number of equivalent Band D properties in the borough) on 30 January 2015 at 72,669, which is a growth of 729 Band D equivalents on 2014/15.

### Council Tax Increases

10.4 The Localism Act 2011 abolished Council Tax capping and replaced it with a requirement to hold a Council Tax Referendum if an authority wishes to increase its "Relevant Basic Amount of Council Tax" by an amount equal to or exceeding a level set out by the Government, which for 2015/16 is 2.0%.

The calculation of the percentage change in “Relevant Basic Amount of Council Tax”, under the new definition, for Trafford Services is shown below :

	2014/15	2015/16
Council Tax Base	71,940	72,669
Council Tax Requirement with Levies (£)	79,510,246	80,315,959
Basic Amount of Council Tax (£)	1,105.23	1,105.23
<b>% increase in Basic Amount of Council Tax</b>	<b>0.0%</b>	<b>0.0%</b>

- 10.5 As the “Relevant Amount of Council Tax” has remained static between 2014/15 and 2015/16 and is subsequently below the threshold level of 2.0%, therefore there is no requirement to hold a Referendum.
- 10.6 For information, raising the Basic Amount of Council Tax by 1.99% would raise an additional sum of £(1.598)m. However, at the same time the Council would not qualify for the council tax freeze compensation grant £(0.903)m, therefore the net income raised from an increase in council tax would be £(0.695)m.
- 10.7 For the fifth year running the Executive is proposing to Council not to increase the rate of Council Tax. Also, of the two major precepting bodies, the GM Police & Crime Commissioner has already agreed to freeze their element of the Council Tax for 2015/16 and the GM Fire and Rescue Authority is proposing to freeze its element as in 2014/15.
- 10.8 Partington Town Council, at its meeting on 8 December 2014, elected to keep the level of Band D Council Tax at £42.50, the same as 2014/15. The Council has also agreed to provide additional funding of £10,000, as in 2014/15, which represents the grant adjustment received from the DCLG in respect of the Town Council for 2012/13 for the introduction of the CTSS scheme. The Council is not required to pass on this adjustment, and further, as the money has now been rolled into base RSG it is subject to austerity reduction.

## Council Tax Levels and Bandings

10.9 The overall Precepts and Council Tax levels for 2015/16 for Trafford properties are as follows:

Council Tax per precepting body	Precept Amount £	Council Tax Per Band D Property £	Council tax level Increase %
Trafford Services	80,315,959	1,105.23	0%
GM Police Authority (see note)	11,067,489	152.30	0%
GM Fire Authority (see note)	4,188,641	57.64	0%
<b>Total (excluding Partington)</b>	<b>95,572,089</b>	<b>1,315.17</b>	<b>0%</b>
Partington Precept	60,435	42.50	0%
<b>Total for Partington</b>		<b>1,357.67</b>	<b>0%</b>

Note: The Council Tax figure for the GM Fire & Rescue Authority included above is the recommended amount and is subject to formal approval.

10.10 The council tax for 2015/16 for each of the eight valuation bands would be as follows:

### 2015/16 Council Tax levels by valuation band (including major Precepts):

Band	Valuation range (in 1991 prices)	Partington Council Tax £	All other areas Council Tax £
A	Up to £40,000	905.10	876.77
B	Over £40,000 and up to £52,000	1,055.97	1,022.91
C	Over £52,000 and up to £68,000	1,206.82	1,169.04
D	Over £68,000 and up to £88,000	1,357.67	1,315.17
E	Over £88,000 and up to £120,000	1,659.36	1,607.42
F	Over £120,000 and up to £160,000	1,961.07	1,899.68
G	Over £160,000 and up to £320,000	2,262.77	2,191.94
H	Over £320,000	2,715.34	2,630.34

Note: The Council Tax figure for the GM Fire & Rescue Authority included above is the recommended amount and is subject to formal approval.

## **11. CAPITAL PROGRAMME 2015/18 & TREASURY MANAGEMENT**

11.1 There are two, more detailed, papers elsewhere on the agenda regarding the Capital Investment Programme 2015/18, Prudential Indicators, and the Treasury Management Strategy. Members are requested to treat these papers as part of the overall budget bundle for the purposes of decision making. The following is an outline of the salient features of those reports.

### **Capital Investment Programme 2015/18**

11.2 The proposed Capital Programme for 2015/18 is expenditure of £79.7m, with £41.8m of this being undertaken during 2015/16. The programme is mostly funded by Government grant (57%), emphasising how sensitive expenditure is to movements in Government funding. The programme will allow for the following investments:

- Additional primary school placements, £14.1m in 2015/16, £22.8m over three years, and
- other investment in schools' infrastructure of £3.4m in 2015/16, £8.0m over three years.
- Highways investment of £13.3m in 2015/16, and £27.8m over the three years allowing for the replacement of 65km of carriageway, 66km of footway, contribution to the extension of the Metrolink into Trafford Park and replacing old street lighting luminaires with LED in the event that such a proposal is approved by the Executive when it is considered in March.
- Investment in the local economy through the Borough's Town Centres of £4.8m in 2015/16 and £7.7m over the three years.
- A variety of investments in social care of £2.7m in 2015/16 and £7.3m over three years, including grants and home assistance to allow elderly and/or disabled people live in their own homes for longer.
- Homeowner grants to encourage more homes to be brought up to habitable standards of £0.3m in 2015/16 and £0.4m over three years.
- Improvements to the Council's parks and open spaces and facilities at allotment sites of £0.7m in 2015/16 and £1.2m over three years, and
- a range of works to the Council's asset to ensure service delivery including improvements to the crematorium, mechanical, electrical and DDA works of £0.8m in 2015/16 and £2.7m over the three years.

### **Treasury Management & Prudential Indicators**

11.3 The salient points of the papers elsewhere on the agenda are:

- Both investment and long term borrowing rates are expected to remain reasonably static
- Whilst there is no borrowing envisaged in 2015/16 in support of the general capital programme, new borrowing to be financed through

revenue savings may be undertaken for investment in LED street lighting, although this is subject to a future Executive decision.

- Some £2m of debt will be repaid, lowering the debt portfolio to £93m
- Cash balances are expected decrease from an average level of £74m in 2014/15 to £66m in 2015/16 reflecting application of capital grants and contributions and reserves.

There will be no significant changes to the Council's prudential indicators.

## **12. RECOMMENDATIONS**

The following recommendations are repeated on the Formal Council Tax Resolution to be distributed at Council (aka Green Sheets)

### **It is recommended that Council approve:**

- The net Revenue Budget for 2015/16 at £148.914m, a decrease of £(5.638)m, or (3.6)%, when compared to the 2014/15 base budget of £154.552m;
- The calculation of the Council Tax Requirement as summarised in Section 10 and set out in the Formal Council Tax Resolution (Green Sheets to be circulated at Council);
- That there is no increase in the proposed Council Tax level for Trafford related services in 2015/16 (valuation bands are detailed at Annex E;
- The Fees and Charges for 2015/16, as set out in the booklet available on the Council's website:-
  - Approval is given to Corporate Directors and the Director of Finance with the joint delegation to amend fees and charges during 2015/16 in the event of any change in the rate of VAT, as appropriate
- That the minimum level of General Reserve for 2015/16 be set at £6.0m, the same as in 2014/15 (Section 5);
- The overall Capital Investment Programme level of £79.7m be approved (as detailed in the Capital Investment Programme 2015/18 report attached) of which £41.8m relates to 2015/16.
- The Prudential Borrowing Indicators as set out in Appendix 3, page 14, of the attached Treasury Management Strategy.
- The distribution of Dedicated Schools Grant as recommended by the School Funding Forum and Executive as summarised in Section 7 and detailed in Annex F.

### **and in approving the above, has taken into consideration :**

- The objective assessment by the Director of Finance of the robustness of budget estimates and adequacy of the General Reserve (Section 5 and Annex M).
- The Executive's response to the Scrutiny Committee's recommendations to the budget proposals, which can be found elsewhere on the agenda.
- The detailed report on the outcomes of the Staff and Trade Union Consultation which can be found on the agenda for the Executive on 26 January 2015.
- The Equality Impact Assessments in relation to the budget proposals and the Public Sector Equality duty

**In addition, the Council notes the following :**

- The approval on 30 January 2015 under delegated powers by the Director of Finance of the Council Tax Base for 2015/16 at 72,669 Band D equivalents. Along with the calculation of the estimated Council Tax surplus, sufficient to release £(300)k to support the Council's 2015/2016 revenue budget and a distribution of £(41.3)k and £(15.6)k representing the respective shares of the GM Police & Crime Commissioner and GM Fire and Rescue Authority.
- That the Capital Investment Programme for 2016/17 and 2017/18 is to be set at a indicative £23.5m and £14.4m respectively.
- That the Council Tax figures included in the report for the GM Fire & Rescue Authority are the recommended provisional amounts pending their formal approval on 12<sup>th</sup> February 2015.
- The Treasury Management Strategy 2015/18 detailed elsewhere on the agenda.
- The writing down of the Learning Disability pool deficit of £3.0m
- The base budget assumptions as set out in the Medium Term Financial Outlook as detailed in Annex A.
- That final decisions with regard to some services will not be taken until March 2015. As a result, the allocation of resources set out on pages 65-69 may vary including the use of reserves. All reports will be presented at the appropriate time.

Annex A

MEDIUM TERM FINANCIAL OUTLOOK - BASE BUDGET ASSUMPTIONS:

Base Budget Assumptions	2015/16	2016/17	2017/18	2018/19
<b>Service Expenditure</b>				
Pay	1.0% £0.9m	1.0% £0.8m	1.0% £0.8m	1.0% £0.8m
Pension inflation	+0.8% £0.5m	+0.7% £0.5m	+1.0% £0.6m	+1.0% £0.6m
Pension Auto-Enrolment effective from 1 Oct 2017			£0.3m	£0.3m
Cease 'contracted out' NIC rate in 2016/17		£1.6m		
Prices – General inflation (RPI)	1.9% £1.3m	2.0% £1.3m	2.0% £1.4m	2.0% £1.4m
Contract & Other inflation (e.g. energy)	£0.8m	£0.8m	£0.8m	£0.9m
Demography :				
Young People	£0.6m	£0.5m	£0.5m	£0.5m
Adults	£7.9m	£1.5m	£1.5m	£1.5m
Waste (GMWDA) Levy increase	£0.34m	£0.34m	£0.34m	£0.34m
Transport (GMCA) Levy increase	£(0.2)m	£0.9m	£1.0m	£1.0m
<b>Treasury Management &amp; Funding</b>				
Investment Rates	0.85%	1.35%	2.0%	2.0%
Debt Rates	4.5%	4.5%	4.5%	4.5%
Council Tax rate increase	0.0%	0.0%	0.0%	0.0%
Council Tax base increase	0.5%	0.5%	0.5%	0.5%
Freeze Grant 2015/16 @ 1.0%	£(0.9)m	£0.9m		
Reduction in Start-up Funding	12.4% £9.0m	7.8% £4.9m	8.7% £5.1m	2.8% £1.5m
Reduction in overall Government support	10.4% £10.1m	8.6% £7.5m	9.0% £7.2m	3.2% £2.4m



**GOVERNMENT FUNDING CHANGES**

Changes in government funding during 2015/16 have resulted in a £10.123m, or 10.4%, reduction to Trafford, equivalent to £43.32 per head of population of the borough. The changes in funding are detailed in the table below:

<b>POST-FINALSETTLEMENT</b>	<b>Specific Grants (£000's)</b>	<b>Main Funding (£000's)</b>	<b>Total Change (£000's)</b>
<b>Funding ceasing</b>			
KEEP Grant	60		60
Intensive Fostering	148		148
Assets of Community Value	8		8
Community Right to Challenge	9		9
Local Welfare Provision - Social Fund (moved to base)	554	(417)	137
New Burdens Council Tax Reform	72		72
Local Flood Grant	8		8
Council Tax Freeze Grant 2014/15 (moved to base)	898	(898)	
<b>Funding reducing</b>			
Government base funding		9,595	9,595
Youth offending team	48		48
Staying in Care Grant	56		56
Social Care / NHS Integration Grant	3		3
Housing Benefit Administration	116		116
Council Tax Benefit Administration	38		38
Education Services Grant	671		671
Returned New Homes Bonus	6		6
Adopter Reform Grants	197		197
Learning Disability and Health Reform		20	20
Extended Rights to Travel	8		8
Council Tax Compensation Grant		9	9
Local Reform and Community Voices	43		43
Early Intervention Grant		555	555
Carbon Reduction Commitment Grant		75	75
Capitalisation Grant		95	95
<b>Funding increasing</b>			
Public Health Reform	(373)		(373)
<b>Sub-Total Existing Funding</b>	<b>2,570</b>	<b>9,034</b>	<b>11,604</b>
<b>New funding</b>			
New Homes Bonus 2015/16 allocation	(578)		(578)
Council Tax freeze 2015/16 allocation	(903)		(903)
<b>Total Funding Change</b>	<b>1,089</b>	<b>9,034</b>	<b>10,123</b>

In the announcement on 3 February 2015 of the final Local Government Finance Settlement 2015-16, an additional £74m nationally has been provided to upper –tier authorities “to assist them in dealing with pressures on local welfare and health and social care”. This amounts to £242k for Trafford and will be paid through Revenue Support Grant and is included within the Government Base Funding figure of £9,595k in the analysis above.

In addition to the government funding changes identified above, the following Section 31 National Non Domestic Rates grants are estimated to be receivable in 2015-16 :

- 2% Business Rates Cap £480k
- Small Business Rates Relief £1,038k
- Retail Relief £611k
- Re-occupation Relief – FRESH START £14k

## BUSINESS RATES RETENTION SCHEME

### Background

From April 2013 local authorities no longer pay all their business rates income to central government and receive a share of the business rates pool back as part of formula grant; instead they are able to retain a proportion of the growth of their business rates income.

Each authority has a business rates baseline, which represents their proportion of the national estimated business rates yield for 2015/16, and a funding baseline, which is driven by a funding formula. If the business rates baseline exceeds the funding baseline then the difference will be payable to government as a tariff; if the funding baseline is the higher then the authority will receive a top-up payment.

Single tier metropolitan authorities like Trafford will be required to pay 50% of the business rates income they collect to central government (the 'central share') and 1% to the fire authority, leaving a 'local share' of 49%.

The local share is then either increased by the top-up or reduced by the tariff. Tariff authorities (like Trafford) will then be liable to pay a levy to government on the amount by which their income exceeds the funding baseline, with the balance being retained by the authority. If the authority enters into a pooling arrangement (as Trafford has from 1 April 2015) then the value of the levy is retained by the Pool.

### Pooling

Under the business rates retention scheme local authorities are able to come together, on a voluntary basis, to pool their business rates. This is meant to benefit authorities by giving them scope to generate additional growth through collaborative effort, to smooth the impact of volatility in rates income across a wider economic area and minimise any levy paid to the Government. This approach has been considered by a number of authorities in Greater Manchester and Cheshire and the decision has been taken to join a GM Pool with Cheshire East in 2015/16.

In relation to 2015/16, districts have provided updated information re business rates estimates. All returns have shown authorities expecting to be above their (indexed) baseline business rates levels and hence well clear of the safety net triggers. These estimates were produced before the Autumn Statement announcement regarding the restriction for rate payers to receive backdated amounts for appeals submitted post 1<sup>st</sup> April 2015. These proposals should have the effect of reducing, to a small degree, the cost of appeals in 2015/16.

Those initial estimates also show expected levy payments as follows:

	£M
Stockport	0.076
Trafford	1.737
Cheshire East	<u>1.407</u>
	<u>3.220</u>

Discussions, both last year and this, with Cheshire East have been on the basis that they would retain 50% of any levy that is generated by themselves. This had been accepted as an equitable approach where the two parties (GM and Cheshire East) could only benefit through mutual co-operation and that a 50/50 share would be appropriate. On the above figures, Cheshire East would receive £0.704m levy, £2.544m for GM.

In discussions regarding the GM share of the pool we have proposed Trafford Council retains one third of the levy generated locally. We consider this is a more equitable way of sharing the benefit of business rates growth in that whilst the 8 top-up councils in GM retain 49%, we currently only retain 24.5% as outlined above. It has been agreed at a GM level that Trafford retain one third of the levy, to give an overall retention of approximately one third of any growth. This equates to £0.579m and has been included in the 2015/16 budget.

### **Appeals**

A major risk of forecasting continues to be the level of business rate appeals and estimating the impact these appeals will have on the overall yield, albeit measures announced in the Autumn Statement will no longer allow backdated appeal costs on appeals lodged after 1 April 2015. It is therefore expected that there will be an uplift in appeal volumes up to 31 March 2015 and this increase has been taken into account in the business rate forecasts. Also at the end of 2013/14 the Council created a significant provision to cover the backdated cost from successful appeals against rateable values which, to some extent, has reduced the potential risk to the Council.

At the end of January the Council submitted its NNDR1 return to DCLG. This return includes the Council's forecast of business rates for 2015/16 and is used to determine the amount of retained rates that will be available to support the budget in 2015/16. In addition the NNDR1 return also requires a projected forecast for the current year. A comparison of the original estimate and forecast is shown in the table below.

	<b>2014/15 NNDR1 Estimate £m</b>	<b>2014/15 NNDR1 Projection £m</b>	<b>2015/16 NNDR1 Estimate £m</b>
<b>Net Yield</b>	<b>(154.588)</b>	<b>(158.077)</b>	<b>(161.238)</b>
Central Share (50%) and Fire Share (1%)	78.840	80.619	82.231
<b>Local share</b>	<b>(75.748)</b>	<b>(77.458)</b>	<b>(79.007)</b>
Less Tariff	43.314	43.314	44.142
Retained Rates	(32.434)	(34.144)	(34.865)
Baseline	32.434	32.434	33.054
<b>Growth</b>		<b>(1.710)</b>	<b>(1.811)</b>
Additional estimated Section 31 grants	(2.231)	(1.391)	(1.663)
Total leviable income	(2.231)	(3.101)	(3.474)
Levy Payable @ 50%	1.115	1.550	1.737
Net Retained Income		(1.551)	(1.737)
Other Income :			
Renewable Energy	(0.073)	(0.148)	(0.077)
GM Pool Rebate (33.33% of the levy)			(0.579)
Add increase in S31 Cap Grant			(0.136)
<b>Retained Business Rates Income</b>	<b>(1.189)</b>	<b>(1.699)</b>	<b>(2.529)</b>
Less amount already assumed in 14/15 budget		0.844	
<b>Amount available to support the 2015/16 budget</b>		<b>(0.855)</b>	<b>(2.529)</b>

The surplus for 2014/15 is available to support the budget in 2015/16.

Note the overall yield from business rates is inherently volatile and as such should be treated similar to one-off resources. The national Revaluation for all business rates is also scheduled to be effective from 1 April 2017 thus increasing the uncertainty about future business rate yields.

## CHANGES TO THE DRAFT BUDGET PROPOSALS

	Net Budget (£m)	Funding (£m)	Balance (£m)
<b>Draft budget proposal (October)</b>	<b>144.333</b>	<b>(143.779)</b>	<b>0.554</b>
Finance Settlement changes			
- Settlement Funding Assessment		(0.129)	
- New Homes Bonus	(0.043)		
- Council Tax Freeze Grant	(0.005)		
- Education Services Grant	(0.229)		
- New Burdens – Council Tax Reform	(0.042)		
- Housing Benefit, Council Tax Admin	0.055		
- Intensive Fostering	0.078		
- Extended Rights	0.009		
- Local Reform and Community Voices	0.043		
- Adoption Reform	0.198		
- Looked After Children	0.041		<b>(0.024)</b>
Changes in budget assumptions			
- Additional Cost of Pay Award	0.173		
- Treasury Management	0.300		
- Saving in Transport Levy	(0.205)		
- T&R savings realignment	0.106		
- Reduction in Superannuation			
Additional Allowances	(0.195)		
- Increase in Employment			
Rationalisation Budget	0.165		
- Increase in Bad Debt Provision	0.200		
- Increase in STaR costs	0.011		
- Housing Benefit Subsidy Initiative	0.150		
- Looked After Children	(0.041)		
Additional Investment			
- Deprivation of Liberty	0.200		
- Youth Service Commissioning	0.130		
- CFW Capacity Building	0.170		
- Contingency for delivery of savings programme	0.700		
- Increase in Foster Carer Fees	0.100		
Changes in Savings			
- CFW savings realignment(Adults)	1.629		
- CFW savings realignment (Children)	0.238		
- Phased implementation in achieving 2015/16 savings (Note1)	0.500		
- Closure of two bed home	(0.100)		
- EGEI savings realignment (School crossing patrols)	0.031		

Changes in business rates (Note 2):			
- Business Rates Levy Est 15/16	1.737		
- Business Rates Levy re 14/15	0.855		
- S31 Business Rate Grants	(1.799)		
- Business Rate Levy Rebate	(0.579)		
			<b>4.476</b>
Use of Reserves (MAG Dividend)		(1.000)	<b>(1.000)</b>
- Increase in Council Taxbase		(0.408)	
- Business Rates Growth 15/16		(1.888)	
- Business Rate Surplus 14/15		(1.710)	<b>(4.006)</b>
<b>2015/16 Budget Proposal</b>	<b>148.914</b>	<b>(148.914)</b>	<b>(0.000)</b>

Note 1 - includes phased implementation on the delivery of some savings targets associated with Early Help and Libraries

Note 2 – Changes in business rates – net impact:-

	<b>£m</b>
Changes in business rates:	
- Business Rates Levy 2015/16	1.737
- Business Rates Levy 2014/15	0.855
- S31 Business Rate Grants	(1.799)
- Business Rate Levy Rebate	(0.579)
- Business Rates Growth 2015/16	(1.888)
- Business Rate Surplus 2014/15	(1.710)
<b>Total</b>	<b>(3.384)</b>

**COUNCIL TAX LEVELS by VALUATION BAND**  
(including precepts)

<b>Band</b>	<b>Valuation range (in 1991 prices)</b>	<b>Partington Council Tax £</b>	<b>All other areas Council Tax £</b>
A	Up to £40,000	905.10	876.77
B	Over £40,000 and up to £52,000	1,055.97	1,022.91
C	Over £52,000 and up to £68,000	1,206.82	1,169.04
D	Over £68,000 and up to £88,000	1,357.67	1,315.17
E	Over £88,000 and up to £120,000	1,659.36	1,607.42
F	Over £120,000 and up to £160,000	1,961.07	1,899.68
G	Over £160,000 and up to £320,000	2,262.77	2,191.94
H	Over £320,000	2,715.34	2,630.34

Note: The Council Tax figure for the GM Fire & Rescue Authority included above is the recommended amount and is subject to formal approval.



## OUTLINE OF 2015/16 FUNDING FORMULA RECOMMENDED BY SCHOOL FUNDING FORUM

### Basic Entitlement

	No of Pupils	Rate £	Amount Distributed £	Total Both Sectors £	Percentage Total Funding %age
Primary	19,420	2641.61	51,300,066		
Secondary	13,947	4211.09	<u>58,732,072</u>		
				110,032,138	78.00%

### Index of Deprivation (IDACI)

Primary	6,869	Various*	1,493,772		
Secondary	4,558	Various*	<u>1,186,894</u>		
				2,680,666	1.90%

\* There are 6 IDACI Bands with different values

### Free School Meals

Primary	3,656	609.68	2,228,688		
Secondary	2,759	750.99	<u>2,071,996</u>		
				4,300,684	3.05%

### English as an Additional Language

Primary	1,945	278.69	542,162		
Secondary	189	557.39	<u>105,511</u>		
				647,673	0.46%

### Prior Attainment

Primary	2,247	1800.95	4,045,886		
Secondary	1,733	3037.45	<u>5,263,704</u>		
				9,309,590	6.60%

No of Schools

### Lump Sums

Primary	67	150,000	10,050,000		
Secondary	18	150,000	<u>2,700,000</u>		
				12,750,000	9.04%
<b><u>Split Sites</u></b>					
Primary					
Secondary	2			187,799	0.13%
<b><u>Rates</u></b>	The rates bill of each school			1,150,137	0.82%
<b><u>Total Funding</u></b>				<u>141,058,687</u>	<u>100.00%</u>

### **Minimum Funding Guarantee**

Schools are protected from reductions in budgets by the Minimum Funding Guarantee (MFG) which is a statutory formula factor. The MFG is -1.5% per pupil and is set nationally by DFE. The cost of the MFG is £2,672.784 and this is financed by capping the schools who are gaining from the formula. This means that schools can only gain by 0.26% per pupil . The cost of the MFG is a major concern to the forum because it is preventing the formula being developed in ways they would wish.

<b>Draft (base) Budget 2015/16 Subjective Analysis</b>	<b>CFW (£000's)</b>	<b>EGEI (£000's)</b>	<b>T&amp;R (£000's)</b>	<b>Council- wide (£000's)</b>	<b>Total (£000's)</b>
<b>Budget Brought Forward</b>	<b>80,376</b>	<b>33,457</b>	<b>17,560</b>	<b>23,159</b>	<b>154,552</b>
Net Inflation	1,728	1,137	536	14	3,415
Levies		343		(172)	171
Legislative; Grant / Service Transfers	105	0	797	(346)	556
Investment Interest (incl. airport dividend) & Tax				34	34
Debt Management				(501)	(501)
Demographic (Quantitative)	8,657	0	180	54	8,891
Governance / Compliance	475	0	(19)	100	556
Other Unavoidable Business Consequences	318	66	165	1,875	2,424
<b>Total Pressures (excl. new investment)</b>	<b>11,283</b>	<b>1,546</b>	<b>1,659</b>	<b>1,058</b>	<b>15,546</b>
Service Improvement/New Services	400	0	0	0	400
<b>Total New Cost Pressures</b>	<b>11,683</b>	<b>1,546</b>	<b>1,659</b>	<b>1,058</b>	<b>15,946</b>
Cashable Efficiencies	(3,812)	(2,336)	(201)	(207)	(6,556)
Terms & Conditions				(68)	(68)
New Income	(2,556)	(324)	(26)	0	(2,906)
Policy Choice	(9,244)	(154)	(2,621)	(35)	(12,054)
<b>Total New Cost Reductions</b>	<b>(15,612)</b>	<b>(2,814)</b>	<b>(2,848)</b>	<b>(310)</b>	<b>(21,584)</b>
<b>Net Budgetary Effect of Proposals</b>	<b>(3,929)</b>	<b>(1,268)</b>	<b>(1,189)</b>	<b>748</b>	<b>(5,638)</b>
<b>Proposed Total budget for Year</b>	<b>76,447</b>	<b>32,189</b>	<b>16,371</b>	<b>23,907</b>	<b>148,914</b>
	(4.9%)	(3.8%)	(6.8%)	3.2%	(3.6%)

## Draft Revenue Budget Proposals Summary 2015/16: Net Controllable Expenditure by Service

Service	Revised Budget 2014/15 (£000's)	Growth / Pressures 2015/16 (£000's)	Efficiency & Income 2015/16 (£000's)	Policy Choice 2015/16 (£000's)	Proposed Budget 2015/16 (£000's)	Change (£000's)	Change %
<b>Children, Families &amp; Wellbeing</b>							
<b><u>Children's Services - DSG</u></b>							
<b>Dedicated Schools Grant:</b>							
- Schools	103,061				103,441	380	0.4%
- Central	23,765				25,777	2,012	8.5%
	<b>(126,826)</b>				<b>(129,218)</b>	<b>(2,392)</b>	<b>(1.9)%</b>
<b>sub total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>
	0						
<b><u>Children's Services - Non DSG</u></b>							
Education Early Years' Services	6,480	174	(435)	(1,391)	4,828	(1,652)	(25.5)%
Children's Social Services	15,457	1,570	(200)	(180)	16,647	1,190	7.7%
Children with Complex & Additional Needs	1,943	191	(100)	0	2,034	91	4.7%
Commissioning	1,778	59	(100)	(15)	1,722	(56)	(3.1)%
Multi Agency Referral & Assessment Service (MARAS)	1,520	31	0	0	1,551	31	2.0%
Youth Service	1,336	179	0	(870)	645	(691)	(51.7)%
Youth Offending Service	363	7	0	(130)	240	(123)	(33.9)%
Children's Centres	1,933	62	0	(1,124)	871	(1,062)	(54.9)%
<b>sub total</b>	<b>30,810</b>	<b>2,273</b>	<b>(835)</b>	<b>(3,710)</b>	<b>28,538</b>	<b>(2,272)</b>	<b>(7.4)%</b>

Service	Revised Budget 2014/15 (£000's)	Growth / Pressures 2015/16 (£000's)	Efficiency & Income 2015/16 (£000's)	Policy Choice 2015/16 (£000's)	Proposed Budget 2015/16 (£000's)	Change (£000's)	Change %
<b>Adult Social Services</b>							
Older People	19,054	3,370	(3,700)	(3,151)	15,573	(3,481)	(18.3)%
Physical Disabilities	4,232	622	(116)	(178)	4,560	328	7.8%
Equipment & Adaptations	801	209	0	0	1,010	209	26.1%
Learning Disabilities	20,838	3,895	(1,717)	(1,726)	21,290	452	2.2%
Mental Health	2,969	653	0	(234)	3,388	419	14.1%
Other Adult Services	680	551	0	(15)	1,216	536	78.8%
Strategic & Support Services	889	81	0	0	970	81	9.1%
Adaptations	(55)	55	0	0	0	55	100.0%
Housing Services	620	0	0	(230)	390	(230)	(37.1)%
Community Services	222	6	0	0	228	6	2.7%
Equality & Diversity	184	(32)	0	0	152	(32)	(17.4)%
<b>sub total</b>	<b>50,434</b>	<b>9,410</b>	<b>(5,533)</b>	<b>(5,534)</b>	<b>48,777</b>	<b>(1,657)</b>	<b>(3.3)%</b>
<b>Public Health</b>							
Public Health	(868)				(868)	0	0.0%
<b>sub total</b>	<b>(868)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(868)</b>	<b>0</b>	<b>0.0%</b>
<b>Total Children, Families &amp; Wellbeing</b>	<b>80,376</b>	<b>11,683</b>	<b>(6,368)</b>	<b>(9,244)</b>	<b>76,447</b>	<b>(3,929)</b>	<b>(4.9)%</b>

Service	Revised Budget 2014/15 (£000's)	Growth / Pressures 2015/16 (£000's)	Efficiency & Income 2015/16 (£000's)	Policy Choice 2015/16 (£000's)	Proposed Budget 2015/16 (£000's)	Change (£000's)	Change %
<b>Economic Growth, Environment &amp; Infrastructure</b>							
<b><u>Technical &amp; Environment Services</u></b>							
Highways & Network Management, incl. Traffic & Transportation	4,910	281	(50)	(40)	5,100	191	3.9%
Property & Development	2,673	168	(100)		2,741	68	2.6%
Groundforce	4,144	108			4,252	108	2.6%
Sustainability & Greenspace	359	8	(15)		352	(7)	(1.9)%
Bereavement Services	(1,090)	13	(50)		(1,127)	(37)	(3.4)%
Waste Management (excl. WDA Levy)	5,113	240			5,353	240	4.7%
Waste Levy	13,866	343			14,209	343	2.5%
School Crossing Patrols	509	7		(114)	403	(107)	(20.9)%
Directorate Strategy & Business Support	959	50	(86)		923	(36)	(3.8)%
Joint Venture Contract		0	(2,100)		(2,100)	(2,100)	0.0%
<b>sub total</b>	<b>31,442</b>	<b>1,218</b>	<b>(2,401)</b>	<b>(154)</b>	<b>30,105</b>	<b>(1,337)</b>	<b>(4.3)%</b>
<b><u>Operational Services for Education (Catering, Cleaning, Transport)</u></b>	<b>(72)</b>	<b>131</b>	<b>0</b>	<b>0</b>	<b>59</b>	<b>131</b>	<b>181.0%</b>

Service	Revised Budget 2014/15 (£000's)	Growth / Pressures 2015/16 (£000's)	Efficiency & Income 2015/16 (£000's)	Policy Choice 2015/16 (£000's)	Proposed Budget 2015/16 (£000's)	Change (£000's)	Change %
<b><u>Growth &amp; Regulatory Services</u></b>							
Economic Growth	724	27			751	27	3.7%
Housing Strategy	595	61			656	61	10.2%
Strategic Planning & Development	533	9			542	9	1.7%
Planning & Building Control	(119)	42			(78)	42	35.0%
Public Protection & Enforcement	602	23	(28)		597	(5)	(0.8)%
Parking Services	(248)	35	(231)		(443)	(196)	(79.0)%
<b>sub total</b>	<b>2,087</b>	<b>197</b>	<b>(259)</b>	<b>0</b>	<b>2,025</b>	<b>(62)</b>	<b>(3.0)%</b>
<b>Total Economic Growth, Environment &amp; Infrastructure</b>	<b>33,457</b>	<b>1,546</b>	<b>(2,660)</b>	<b>(154)</b>	<b>32,189</b>	<b>(1,268)</b>	<b>(3.8)%</b>
<b><u>Transformation and Resources</u></b>							
Legal & Democratic	2,491	292	(15)	(237)	2,531	40	1.6%
Communication & Customer Services	5,837	258	(47)	(1,228)	4,820	(1,017)	(17.4)%
Strategic Human Resources	2,068	59	(15)	0	2,112	44	2.1%
Corporate Leadership & Support	368	6	(1)	0	373	5	1.4%
<b>Corporate Landlord (EGEI)</b>				(230)	(230)	(230)	0.0%
<b>sub total</b>	<b>10,764</b>	<b>615</b>	<b>(78)</b>	<b>(1,695)</b>	<b>9,606</b>	<b>(1,158)</b>	<b>(10.8)%</b>

Service	Revised Budget 2014/15 (£000's)	Growth / Pressures 2015/16 (£000's)	Efficiency & Income 2015/16 (£000's)	Policy Choice 2015/16 (£000's)	Proposed Budget 2015/16 (£000's)	Change (£000's)	Change %
<b>Communities &amp; Partnerships</b>							
Partnerships & Communities	1,563	43	(67)	0	1,539	(24)	(1.5)%
Culture & Sport	1,619	45	(53)	(451)	1,160	(459)	(28.4)%
<b>sub total</b>	<b>3,182</b>	<b>88</b>	<b>(120)</b>	<b>(451)</b>	<b>2,699</b>	<b>(483)</b>	<b>(15.2)%</b>
<b>Finance</b>							
Finance Services	3,614	956	(29)	(475)	4,066	452	12.5%
Precepts, Levies & Subscriptions	17,866	(172)			17,694	(172)	(1.0)%
Provisions	1,642	1,778			3,420	1,778	108.3%
Treasury Management	8,386	(467)			7,919	(467)	(5.6)%
Insurance	775	100			875	100	12.9%
Members Expenses	926	13		(35)	904	(22)	(2.4)%
Other Centrally held budgets	245	152	(207)		190	(55)	(22.4)%
Specific Grants	(6,804)	(346)			(7,150)	(346)	(5.1)%
Unallocated T&C's	123		(68)		55	(68)	55.3%
<b>sub total</b>	<b>26,773</b>	<b>2,014</b>	<b>(304)</b>	<b>(510)</b>	<b>27,973</b>	<b>1,200</b>	<b>4.5%</b>
<b>Total All Services</b>	<b>154,552</b>	<b>15,946</b>	<b>(9,530)</b>	<b>(12,054)</b>	<b>148,914</b>	<b>(5,638)</b>	<b>(3.6)%</b>



**Children, Families and Wellbeing**

The Directorate was established in April 2013 from the amalgamation of Children's, Adults and Public Health services and has the responsibility for a wide range of services across Education, Health and Social Care.

The Directorate has developed a strong universal identity which aims to deliver high quality services and offer excellent value for money to its customers, based on an integrated partnership approach. The budget proposals described for 2015-16 form the starting point of a major reshaping of the Directorate over the next three years underpinned by the following key principles:

- Integration and Partnership Working
- Safeguarding
- Market Management and Quality Assurance
- Management of Demand
- Individual Support for Vulnerable Groups
- Promotion of Independence

We are exceptionally proud of the quality of our children's and adult's services. Below are some notable achievements and performance indicators which demonstrate this:

**Children's Services**

- Trafford has the only fully integrated Children's Services in the North West and this has led to improved outcomes across all aspects of Education, Health and Social Care and excellent value for money.
- 93.4% of Trafford pupils attend good or outstanding school, which is the sixth highest rate in the country and the best outside of London.
- Trafford Primary Schools have the joint best Key Stage 2 performance nationally with 87% of children achieving Level 4+ in Reading, Writing and Maths in 2014.
- Trafford Secondary Schools also have outstanding performance with 74% achieving five A\*-C including English and Mathematics. This improved by 3.5% against a national and regional trend of falling performance and is likely to place Trafford amongst the best performing Local Authorities in the country.
- Trafford has the highest proportion of 16-18 year olds in employment, education or training in Greater Manchester.
- Outcomes for Children in Care are excellent with amongst the highest rates of placement stability, educational attainment, and engagement with health services nationally. This is supported by access to high quality local family placements following investment in Trafford Foster Carers.
- Children with complex and additional needs are now accessing personalised packages of care enabling families to shape support to meet identified need in a more flexible way.
- Multi-systemic therapy for children at risk of custody or entering care has had a 93% success rate in helping young people stay with their family. Our MST project has won a number of national and international awards.

- Health outcomes for children and young people including breastfeeding rates, obesity in reception year, and teenage pregnancy rates are the best in the region.
- Collaboration has taken place with Stockport, Tameside and Cheshire East adoption services to increase the number of adopters to meet the diverse needs of our children in care. Four4Adoption allows potential adopters locally, regionally and nationally to access information and there is a revised application process.

### **Adult Social Care**

- Trafford Council's Adult Services supports between 5,000-6,000 clients at any point in time.
- The number of adult safeguarding referrals has increased by 378% over the last five years.
- The number of people over 85 in Trafford is expected to increase by nearly a quarter by 2020.
- In 2013/14, Trafford Council provided services to 8,500 users and carers. In 2013/14, 3,020 carers received services or advice and information which is an increase of 30% since 2012/3. The number of people over 65 in Trafford is expected to increase by 30% and the number of people over 85 is expected to increase by 70% by 2030.
- In 2013/14, Trafford Council provided over 665,000 hours of external home care support.

For people successfully completing a period of community reablement:

- There was a 63% reduction in service hours provided from the start to the end of the reablement service following intensive support to regain skills and independence and 50% of people required no further support
- In 2013/14, 85.5 % of people aged 65+ who were discharged from hospital to reablement service were still at home 91 days after reablement started. This is an improvement from 76% in 2012/13.
- In 2013/14, 43% of people accessing the residential assessment unit returned home and were diverted from requiring long term provision.
- 12.4% of people with Learning Disabilities known to the Council have been assisted into paid employment. This is one of the highest rates in the country.
- In 2013/14, 2,400 people received telecare services in year – a 100% increase since 2010/11.
- In 2013/14, Trafford Council delivered 15,800 items of equipment – a 46% increase since 2010/11.

### **Public Health**

This area of the CFW's core business represents approximately £10.8m of the Council's total net revenue expenditure. Public Health provides a wide range of services which focus on the promotion of Wellbeing, the management of Health inequalities and the facilitation of resilient communities across the Borough of Trafford. The service area commissions and delivers a range of public health services to people aged 5 and over in Trafford. The services are designed to:-

- Improve significantly the health and wellbeing of the people of Trafford.

- Carry out health protection functions.
- Reduce health inequalities across the life course, including within hard to reach groups.

The mandated public health services for the local authority are:

- National Child Measurement Programme.
- NHS health checks.
- Public health advice to the Clinical Commissioning Group,
- Sexual health commissioning.
- Protecting the health of the local population.

The public health services currently focus on the following areas:-

- Sexual health including STI testing and treatment and contraception
- NHS health check programme
- Local authority role in health protection
- Public health advice
- National Child Measurement Programme
- Obesity – adults and children
- Physical activity – adults and children
- Drug misuse and alcohol services for young people and adults
- Stop smoking services and interventions
- Children 5-19 public health programmes.

Public Health has continued its successful transition into Trafford Council and has developed closer links with other directorates in the Council to enhance the improvement of public health outcomes in Trafford. A comprehensive Public Health Delivery Plan for 14/15 is in place. Progress on this is overseen by the Public Health Delivery group. We will continue to work closely with the Trafford Clinical Commissioning Group through our core offer of public health support to the healthcare agenda and other partners such as the police and community safety partnerships to assess the current and future health needs and assets of the local community. We will work with all our partners and the community in order to deliver services based on local needs whilst addressing the requirements of the national Public health Outcomes Framework.

A robust framework to ensure optimal use of the Public health transitional grant has been adopted to ensure public health schemes are agreed in line with best practice, evidence and potential to improve outcomes

### **Approach to Budget**

The directorate has needed to manage a number of issues and challenges this year whilst still delivering high performing front line services that meet the needs of residents and businesses in the borough.

Our savings proposals are aligned to the aims of our Reshaping Trafford Council Programme, and are outline below.

### **Managing budget pressures**

#### **Home to School Transport £300k**

This saving will be achieved through implementation of recommendations from a review of the operational arrangements for transport provision including contracts with

providers, allocation of passenger assistants alongside further development of independent travel options.

A revised service is being developed within CFW to manage all aspects of School Transport provision ensuring consistency of approach and access to a wide range of specialist resources.

### **Education and Early Years £377k**

This proposal includes a restructure of the Early Years and Childcare service and the resource available to support private, voluntary and independent sector Early Years providers. We are also proposing to cease the holiday play scheme provision currently organised by the Early Years team and phase out the Graduate Leader Fund which subsidises the training of managers within the Early Years sector.

### **Expansion of Children's Home from 2 to 3 Beds £100k**

It is proposed to expand a Council run 2 bed Children's home to reduce the unit cost of placements and increase capacity locally avoiding more expensive independent places. The proposal includes investment in our in house foster care provision in order to reduce demand on more expensive agency provision.

### **Restructure the In-house Reablement Service Delivery £700k**

This proposal involves the restructure of the In House Reablement Service. This will mean refocusing reablement on people who have high level needs and the greatest potential to regain skills following a period of reablement and directing those who would not benefit from reablement straight to home care. The current reablement service will be reduced to maintain an enhanced service with the private market being to offer a reablement function within homecare.

### **Building Based Day Support £71k**

This involves tendering of the Pathways (Day Centre). The service currently provides 30 places a week for older people and people with a learning disability. The same level of service will be re-provided in conjunction with partners. In the short term this saving will be achieved through the deletion of vacant posts.

### **Supported Accommodation £206k**

This involves tendering the in house supported accommodation service (eight properties supporting 26 people) and re-providing the same level of support with the external market. In the short term this saving will be achieved through the deletion of vacant posts and a reduction in the in-house stock.

### **Telecare £116k**

The proposal is to outsource the Telecare Programme, reducing cost to the Council including management costs, installation, monitoring, and call outs. This option protects the current level of funding of the preventative technology.

### **Voluntary and Community Sector £97k**

This proposal is to cease funding to a number of voluntary and community sector organisations and to remodel services as part of the Early Help and Integration programme giving a single cohesive, collaborative, holistic, ageless model to manage demand pressures across all care budgets in the future. This programme of work is part of the Reshaping Trafford transformation programme and forms an essential part of the Better Care Fund, with its intentions to release money from the acute sector into community support.

## **Trading/income generation**

### **Education Income £135k**

It is proposed to further develop income generation from services to schools including Education, Psychology, Music Service and Governor Services by expanding their offer and the level of buy-back.

## **Collaboration/working in partnership**

### **CAMHS £126k**

This will present in a reduction of the local authority contribution to the CAMHS service commissioned from Pennine Care Foundation Trust as part of the integrated service. All authorities received a CAMHS grant that was ring fenced until 2011 when it was mainstreamed into revenue budgets. Trafford has sustained funding for CAMHS as part of a joint commissioning arrangement and the saving will need to be considered in the context of the whole-service review, which is in progress. Consultation with both Pennine Care Foundation Trust and Trafford CCG is required to effectively manage this proposal and it will be subject to due process in relation to the contractual arrangements.

### **Youth Offending Service £130k**

This will include a fundamental review of the Youth Offending Service in conjunction with counterparts across Greater Manchester to identify opportunities for collaboration and efficiency. A staffing restructure will be undertaken to realise savings, the impact of which will be mitigated by collaboration and partnership working.

### **Better Care Fund (BCF) £2.0m**

The Trafford BCF for 2015/16 is £15.5m and requires a shared approach to delivering services and setting priorities across health and social care. The £2.0m identified in 15/16 to support the adult social care savings programme will prevent further reductions in adult social care services and therefore allow social care to deal with the demographic pressures and increased demand it faces as the activity shifts from secondary to community based care. In turn this will protect health and social care community and preventative services.

It is important to note that the BCF is not in itself additional funding but a requirement for the re-deploy funds from existing NHS services within the context of the financial settlement for health. This is a challenging requirement.

## **Managing demand/need for services**

### **CAN Personalisation £100k**

Personalisation was introduced for children with complex additional needs in April 2013 to ensure an equitable and effective use of resources to meet assessed needs. The model is now well established and continues to evolve to give families far greater flexibility and control of the support they receive. Savings are part of the ongoing impact of personalisation and will not involve any further changes.

### **Early Help Delivery Model £3.077m**

A transformational approach to delivering early help for children and young people moving to a more flexible activity based way of delivering services. It is proposed to have two hubs for delivery of services for 0-11 year olds in Stretford and Partington, and

a borough-wide base for 11-18 year olds in Sale. Existing building-based provision of Children's Centres and Youth Centres will cease, with the exception of the Hubs, and we will work with partners and the community to explore options for alternative use of sites through community asset transfer or other models. This means the closure, from April 2015 of the following Local Authority provision, although alternative options are being developed to mitigate the impact:

**Youth Centres:**

- Partington
- Davyhulme
- Lostock
- Sale West
- Broomwood
- Old Trafford
- Gorse Hill Studio's
- Duke of Edinburgh Award Centre
- Outdoor Education Team
- Street based Youth Work Teams

**Children's Centres:**

- Urmston
- Altrincham
- Sale
- Old Trafford

In addition only the minimum statutory duty will be met for Connexions and Education Welfare services. It is also planned to decommission current Early Help Framework provision to form part of a broader commissioning of activity which will be delivered from the hubs on an outreach model. We would like to enhance this commissioning activity on a partnership basis to give a place-based model that a range of partners can join.

Proposals for the future offer will set out a graduated model including;

- Development of a Trafford Youth Trust to co-ordinate universal youth provision
- Community asset transfer of Gorse Hill Studios to create a new community interest company that will operate as a registered charity
- Retaining the community led model at Broomwood Youth Centre managed by BlueSci
- Commissioning of targeted services against priorities identified in the Early Help Needs assessment

**Mental Health £100k**

We will review packages of care and out of borough placements for people with a mental health issue and support the return to the Borough as well as ensuring value for money. We will also review provision to refocus on a reablement type approach and review Dementia in reach service and Section 117 After Care.

**Supporting People and Homelessness £230k**

This will include ending contract arrangements (which expire on 31<sup>st</sup> March 2015) of the budget for supporting people which currently funds services that prevent or meet the needs of single homeless people.

This service is a generic floating support service that supports the wellbeing of vulnerable people in the community to enable them to maintain independent accommodation and prevent homelessness. The current cost of the service is £230K and the contract expires at the end of March 2015. This is a discretionary preventative service.

### **Reshaping our Social Care Offer £1.1m**

A change of policy in the way we meet eligible needs. Trafford Council will promote independence, resilience and maximise personal ability and assets. We will maximise public funding after the use of local community services, adaptations, equipment and technology has been explored to the fullest potential. The Council will only provide the most cost effective solution to meet eligible social care needs in Trafford. This will redefine the behaviour of staff and the service users. Local residents will be expected to use all benefits (Attendance Allowance Mobility, Disability Living Allowance) before public resources are assigned. The Council will support people to use local independent supplies for domestic services, cleaning, meal preparation and shopping and will no longer resource these non-eligible services unless no viable alternative can be found.

### **All-age Integrated Health and Social Care Delivery £500k**

We propose to develop an all age, integrated and locality based health and social care service in partnership with Trafford CCG and Pennine Care, the local NHS Trust commissioned by the CCG to provide community health services in Trafford. The integrated service will be organised to work as four multi-disciplinary teams serving one of the four Trafford Locality partnership areas. The service will be supported by a network of Early Help Hubs and a new all age integrated “front door” to ensure speedy and effective access to key services. The new service will be all-age and have a greater emphasis on prevention to ensure that individuals retain good health and independence for as long as possible. Social care and community health will be fully integrated as part of this model and there will be seamless joint working between professionals to meet the needs of individuals in partnership with the community and voluntary sector and private providers.

The council is proposing to take a phased approach to the development and implementation of the service delivery model. The established section 75 partnership agreement between Trafford Council and Pennine Care provides a strong foundation from which to evolve a new health and social care delivery vehicle. Work is already underway to implement integrated adult health and social care teams within a four neighbourhood model and this will continue as Phase I, in accordance with the current consultation process. This will provide invaluable learning in respect of the benefits that integration can bring and ensure that we identify best practice for future phases. It is proposed that Phase II will develop the integration programme a step further, and deliver greater service efficiencies, by moving to the new all-age service and the creation of a new service delivery model and governance structure. Both phases will function with a centralised point of access providing a ‘front door’ to all of the health and social care services being provided.

It is acknowledged that the integration of health and social care alone will not be sufficient to provide a completely holistic, integrated and affordable model of service that meets all of the requirements of the neighbourhoods that we serve. Further work will be required, in collaboration with relevant partners (statutory, private and third sector) that should form part of a wider partnership offer to the people of Trafford.

### **All-age Integrated Commissioning £830k**

A restructure of all commissioning activity for education, social care, health and public health to create an integrated structure to operate on all age basis. The revised structure will enable the effective commissioning of services to ensure value for money and quality across all aspects of CFW's work as well as making a substantial direct saving from reduction in staffing. There are significant opportunities from working on all age basis and resource will be targeted against priorities based on a number of key workstreams. The new structure will also ensure that the service is fit for purpose to meet the challenges of new legislation such as the Children and Families Act 2014 and the Care Act 2014.

### **Market Management £1.2m**

The Council will enter into discussions with providers across a number of client groups to identify the level of fee increases that will be agreed for 2015/16. A project will be undertaken to determine the 'Fair Price for Care' in Trafford. This will be based upon provider engagement in the process, current market pressures and what the Council can reasonably afford. A similar exercise has been carried out in the last three years which have informed Trafford's fee setting. This initiative will require due consideration from the legal perspective.

### **Learning Disabilities £2.617m**

This area was approved as part of the 2014-15 budget recovery plan and has commenced. A series of contract negotiations will take place with all existing providers, including supported living, residential and domiciliary care, day care, direct payments, commissioned and personal budget, to reduce the cost of current contracts. Trafford Council will accelerate of number of Tenders to create savings in year. A project will be undertaken with regard to determining 'Ordinary Residence' with a number of Individuals living out of area potentially being made ordinarily resident in that area, reallocating funding to the Authority where they are residing. In addition a further project will review individuals living out of area in residential or nursing care where a supported living model is the assessed need to review their Ordinary residence status. A review of high cost Care Packages, using the Just Enough Support approach will be undertaken to release efficiencies. Trafford will cease spend against the Learning Disability Development Fund. In order to avoid attributing spend against voids a greater emphasis will developed on the use of these placements, where voids are not fit for purpose, negotiations will take place with Housing Associations to restructure rents. The Council will negotiate with the CCG in relation to their contribution in relation to their contribution to the Pooled Budget.

### **Commissioning Review of Non Mandatory Services £1.5m**

It is proposed to undertake a review of all non-mandatory services commissioned by CFW including those funded through the Public Health Grant. An exercise will be undertaken to map current activity against priorities and agree our commissioning intentions for the future. The majority of services covered by the review are delivered by Voluntary and Community Sector providers so we will engage with the market to identify risks and look at any sustainability issues. Contracts for mandated services will also be reviewed to identify any opportunities for efficiency.

The review will also look at decision making processes and governance arrangements including the Health and Wellbeing Board to ensure they are fit for purpose.



## **Public Health**

Public Health has a budget of £10.8m to support the provision of health improvement services to the people of Trafford. We will align our resources to deliver our Public Health Strategy taking into account increasing demand for services, due to factors such as the impact of increasing health problems from alcohol abuse and obesity.

The budget setting process has been underpinned by the overarching principles of the CFW Directorate:-

- Integration
- Safeguarding
- Market Management and Quality Assurance
- Management of Demand
- Personalisation
- Promotion of Independence

The key overarching principles have been further strengthened by our partnership approach to the delivery of an ambitious review programme with the key driver of creating an integrated public health, social care and health service in Trafford.

The proposals for Public Health are as follows:-

- To implement a Public Health plan for Trafford working with our partners to maximise use of resources to address the needs of the population of Trafford.
- To continue to performance manage the Locally Commissioned services to ensure best use of resources for delivery of public health outcomes.
- To continue to prioritise public health projects with locally agreed criteria

## Budget Movement Summary 2015/16

The following summary table categorises the movement in the Directorate's budget for 2015/16. The Savings are also cross referenced to the Savings Schedules below.

Children's Services	2015/16 (£000's)	Savings Schedule Reference(s)
Budget Brought Forward	30,810	
Additional Resources to meet Pressures:		
- Pay Related Inflation	384	
- Contract Related Inflation	305	
- Specific Grant Reductions		
- New or Increased Specific Grants	432	
- New Statutory Responsibilities	318	
- Service Improvement	100	
- Demography	734	
<b>Total new resources allocated</b>	<b>2,273</b>	
Resource Reallocations through:		
- Efficiencies	(700)	
- New or Increased Income	(135)	
- Policy Choices	(3,710)	
<b>Total new resources allocated</b>	<b>(4,545)</b>	
Net Year-On-Year Change	<b>(2,272)</b> <b>(7.4)%</b>	
<b>Net Budget Proposal</b>	<b>28,538</b>	

## Budget Movement Summary 2015/16

The following summary table categorises the movement in the Directorate's budget for 2015/16. The Savings are also cross referenced to the Savings Schedules below.

<b>Adult Services</b>	<b>2015/16 (£000's)</b>	<b>Savings Schedule Reference(s)</b>
Budget Brought Forward	<b>49,566</b>	
Additional Resources to meet Pressures:		
- Pay Related Inflation	192	
- Contract Related Inflation	751	
- Specific Grant Reductions	-	
- New or Increased Specific Grants	<b>(370)</b>	
- New Statutory Responsibilities	-	
- Demography	1,400	
- Other	7,266	
<b>Total new resources allocated</b>	<b>9,239</b>	
Resource Reallocations through:		
- Efficiencies	<b>(3,112)</b>	
- New or Increased Income	<b>(2,421)</b>	
- Policy Choices	<b>(5,534)</b>	
<b>Total new resources allocated</b>	<b>(11,067)</b>	
Net Year-On-Year Change	<b>(1,828)</b> <b>(3.7%)</b>	
<b>Net Budget Proposal</b>	<b>47,909</b>	

## CFW – Schedule of Savings

Some of the following savings are the full year effect of decisions that have already been taken and reported to the Executive on 1 September 2014 as part of the additional measures to address the shortfall in the 2014/15 budget. Such savings have been brought to the front of each respective section (efficiency, income, policy choice), highlighted in grey and put in italics. Other savings, the majority, are new proposals and subject to post-consultation approval

Dir'	Port- folio	Ref.	Service Area	Description of Saving	Category of Saving	2015/16 £000's	Impact of Saving (e.g. service, equality, other)
CFW	CS	1	Children with Complex and Additional Needs	Increased the use of personalisation to provide support.	Efficiency	(100)	Personalisation was implemented in April 2013 following a pilot process and subject to consultation and EIA at that stage. Savings will be achieved as a consequence of the proposals already implemented and no further impact has been identified.
CFW	CS	2	Children in Care	Expansion of Childrens Home		(100)	Increase in in house provision to save on more expensive independent fees.
CFW	CS	3	Home To School Transport	Review of operational arrangements to provide transport for pupils with SEN	Efficiency	(300)	This saving will be achieved through implementation of recommendations from a review of the operational arrangements for transport provision including contracts with providers, allocation of passenger assistants alongside further development of independent travel options. There have been no changes to policy or eligibility criteria and both Trafford's policy and legislation is clear that whilst a pupil may be eligible for transport, how that is provided is an operational decision for the council.

Dir'	Port- folio	Ref.	Service Area	Description of Saving	Category of Saving	2015/16 £000's	Impact of Saving (e.g. service, equality, other)
CFW	CS	4	Market Management	Renegotiation of Contracts	Efficiency	(200)	Negotiation with providers at a local level and through regional frameworks to manage inflationary increases. Any exceptional factors will be considered on an individual basis in discussion with providers.
<b>Efficiency sub-total</b>						<b>(700)</b>	
CFW	CS	5	<i>Music Service</i>	<i>Raise additional Income</i>	<i>Income</i>	<i>(30)</i>	<i>As part of the Trafford Services to Education workstream of Reshaping Trafford further expansion of the service will enable opportunities to increase income. This will be achieved by maximising the use of the Claremont Centre which houses the service from September 2014 and providing an increased service offer to schools and families. Proposals expand the service and the opportunities it provides to children in Trafford to access music tuition.</i>
CFW	CS	6	<i>Educational Psychology</i>	<i>Increase Income Budget to Match what is Being Achieved.</i>	<i>Income</i>	<i>(100)</i>	<i>As part of the Trafford Services to Education workstream of Reshaping Trafford further expansion of the service is planned. Additional income will be achieved from increasing the level of buyback from schools from September 2014.</i>
CFW	CS	7	<i>Governor Services</i>	<i>Increase Income Budget to Match what is Being Achieved.</i>	<i>Income</i>	<i>(5)</i>	<i>Service is fully funded from Schools buyback and has become part of Trafford Services to Education from October 2014. This will enable marketing of additional activity to increase income for the service.</i>
<b>Income sub-total</b>						<b>(135)</b>	

Dir'	Port- folio	Ref.	Service Area	Description of Saving	Category of Saving	2015/16 £000's	Impact of Saving (e.g. service, equality, other)
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CFW	CS	8	CAMHS Commissioning	Reduction in Multi Agency Contracts	Policy Choice	(126)	This will present in a reduction of the local authority contribution to the CAMHS service commissioned from Pennine Care Foundation Trust as part of the integrated service. All authorities received a CAMHS grant that was ring fenced until 2011 when it was mainstreamed into revenue budgets. Trafford has sustained funding for CAMHS as part of a joint commissioning arrangement and the saving will need to be considered in the context of the whole-service review, which is in progress. This may lead to a reduction in availability of CAMHS services and opportunities to mitigate the impact considered as part of a service review.
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Dir'	Port- folio	Ref.	Service Area	Description of Saving	Category of Saving	2015/16 £000's	Impact of Saving (e.g. service, equality, other)
CFW	CS	9	Early Help Delivery Model	Transformation of Early Help support	Policy Choice	(3,077)	<p>Proposal is to establish a more flexible activity based way of delivering services. It is proposed to have two hubs for delivery of services for 0-11 year olds in Stretford and Partington, and a borough-wide base for 11-18 year olds in Sale. Existing building-based provision of Children's Centres and Youth Centres will cease, with the exception of the Hubs, and we will work with partners and the community to explore options for alternative use of sites through community asset transfer or other models. This means the closure, from April 2015 of the following unless any partners step forward to take on board the running and delivery costs:</p> <p><b>Youth Centres:</b> Partington, Davyhulme, Lostock, Sale West, Broomwood, Old Trafford, Gorse Hill Studios, Duke of Edinburgh Award Centre, Outdoor Education Team and Street based Youth Work Teams</p> <p><b>Children's Centres:</b> Urmston, Altrincham, Sale, and Old Trafford</p> <p>In addition only the minimum statutory duty will be met for Connexions and Education Welfare services. It is also planned to decommission current Early Help Framework provision and establishing a commissioning fund for activity which will be delivered from the hubs on an outreach model. We hope to enhance this commissioning activity on a partnership basis to give a place-based model that a range of partners can join.</p>

Dir'	Portfolio	Ref.	Service Area	Description of Saving	Category of Saving	2015/16 £000's	Impact of Saving (e.g. service, equality, other)
CFW	CS	10	Education Early Years	Re-organisation of Service	Policy Choice	(377)	There will be a restructure of the Early Years and Childcare service reducing to a minimum the resource available to support private, voluntary and independent (PVI) sector Early Years providers. We will also cease holiday play scheme provision currently organised by the Early Years team and phase out the Graduate Leader Fund which subsidises the training of managers in PVI Early Years settings.
CFW	CS	11	Youth Offending Service	Re-organisation of Service	Policy Choice	(130)	There is a fundamental review of the Youth Offending Service being undertaken in conjunction with counterparts across Greater Manchester to identify opportunities for collaboration and efficiency. A staffing restructure will realise savings and we are exploring how the impact can be mitigated by collaboration and partnership working.
<b>Policy Choice sub-total</b>						<b>(3,710)</b>	.
<b>Total All Proposals Children's Services</b>						<b>(4,545)</b>	

**Portfolio Key**

**CS:** Children's Services Portfolio

**ASS:** Adult Social Services Portfolio

**CWB:** Community & Wellbeing Portfolio



Dir'	Portfolio	Ref.	Service Area	Description of Saving	Category of Saving	2015/16 £000's	Impact of Saving (e.g. service, equality, other)
CFW	ASS	12	Learning Disability	Renegotiation of existing contracts	Efficiency	(300)	This proposal involves renegotiating current contracts on spot placements, direct payment and personal budget services and as such there will no impact upon service delivery. Part of the 2014-15 Recovery plan.
CFW	ASS	13	Learning Disability	Acceleration of contract retendering	Efficiency	(790)	This involves accelerating the planned tender programme to create in year reductions which will involve the replacement of the service at a reduced cost. Part of the 2014-15 Recovery plan.
CFW	ASS	14	Older People	Externalisation of Reablement - to carry out a procurement exercise to provide re-ablement with the external market	Efficiency	(700)	This proposal involves completing a procurement exercise with the external market to provide reablement, still protecting the same level of hours provided each week. This will include the TUPE arrangements for all our current reablement staff into the new providers and embed the delivery in each of the new neighbourhood services to ensure a local understanding of community assets and resources is maintained. Initially a refocusing exercise to be completed internally and external market preparation to occur.

Dir'	Port- folio	Ref.	Service Area	Description of Saving	Category of Saving	2015/16 £000's	Impact of Saving (e.g. service, equality, other)
CFW	ASS	15	Learning Disability	Externalise supported living network	Efficiency	(206)	This involves tendering the in house supported accommodation service (eight properties supporting 26 people) and re-providing the same level of support with the external market. Internal reduction in property portfolio and staffing is proposed before externalisation.
CFW	ASS	16	Physical Disability	Telecare - to outsource the Telecare Programme to Trafford Housing.	Efficiency	(116)	The proposal is to outsource the Tele Care Programme, reducing cost to the council including management costs, installation, monitoring, and call outs. This option protects the current level of funding of the preventative technology. A soft market testing exercise is being undertaken.
CFW	ASS	17	All services	Market Management - Inflation management through negotiation with providers	Efficiency	(1,000)	The Council will enter into discussions with providers to identify the level of fee increases that will be agreed for 2015/16. This will be based upon provider engagement in the process, current market pressures and what the Council can reasonably afford.
<b>Efficiency sub-total</b>						<b>(3,112)</b>	

Dir'	Port- folio	Ref.	Service Area	Description of Saving	Category of Saving	2015/16 £000's	Impact of Saving (e.g. service, equality, other)
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CFW	ASS	18	Learning Disability	Void management	Income	(32)	This will involve making more referrals to voids or restructuring rents, there will be no negative impact on current services or individuals.
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Dir'	Port- folio	Ref.	Service Area	Description of Saving	Category of Saving	2015/16 £000's	Impact of Saving (e.g. service, equality, other)
CFW	ASS	19	All adult services	Negotiated use of Better Care Fund to support current spend and protection of Social Care.	Income	(2,000)	The Trafford BCF for 2015/16 is £15.5m and requires a shared approach to delivering services and setting priorities across health and social care. The additional £2m identified to support the adult social care savings programme will prevent further reductions in adult social care services and therefore allow social care to deal with the demographic pressures and increased demand it faces. In turn this will protect health and social care community and preventative services. Reablement and Ascot House Residential Assessment service will be incorporated within the review of Intermediate Care.  It is important to note that the BCF is not in itself additional funding but a requirement to re-deploy funds from existing NHS services within the context of the financial settlement for health. This is a challenging requirement.
CFW	ASS	21	All adult services	Continuing Healthcare	Income	(389)	This will involve identifying cases that are eligible for the CHC funding stream, this will not negatively impact individuals in receipt of services.
<b>Income sub-total</b>						<b>(2,421)</b>	

<b>Dir'</b>	<b>Port- folio</b>	<b>Ref.</b>	<b>Service Area</b>	<b>Description of Saving</b>	<b>Category of Saving</b>	<b>2015/16 £000's</b>	<b>Impact of Saving (e.g. service, equality, other)</b>
CFW	ASS	22	All Services	Voluntary and Community Sector - Reductions across a range of contracts with the VCS providing respite, carers and advocacy services	Policy choice	(97)	This proposal is to cease funding to a number of voluntary and community sector organisations and to remodel services as part of the Early Help and Integration programme giving a single cohesive, collaborative, holistic, all age model.
CFW	ASS	23	Learning Disability	Review of ordinary residence arrangements	Policy choice	(1,066)	This involves identifying individuals who wish to remain in supported living services out of area, making them ordinarily resident in that area and transferring funding responsibility.
CFW	ASS	26	Learning Disability	Reduce Development Fund	Policy choice	(40)	This involves ceasing funding for activity through the Learning Disability Development Fund, this will effect subscriptions to the National Autistic Society and the North West Training and Development Team and funding for the Housing Broker
CFW	ASS	27	Learning Disability	Review of Building based Day Support	Policy choice	(71)	This involves tendering of the Pathways (Day Centre). The service currently provides 30 places a week for older people and people with a learning disability. The same level of service will be re-provided with partners.

Dir'	Port- folio	Ref.	Service Area	Description of Saving	Category of Saving	2015/16 £000's	Impact of Saving (e.g. service, equality, other)
CFW	ASS	28	Homelessness	End contracts for Generic Floating Support Service	Policy choice	(230)	<p>This currently funds services that prevent or meet the needs of single homeless people.</p> <p>It is a generic floating support service that supports the wellbeing of vulnerable people in the community to enable them to maintain independent accommodation and prevent homelessness. The current cost of the service is 230K and the contract expires at the end of March 2015. This is a discretionary preventative service. The ceasing of the current service will be a reduction in the support offered to people at risk of losing their home.</p>

Dir'	Port- folio	Ref.	Service Area	Description of Saving	Category of Saving	2015/16 £000's	Impact of Saving (e.g. service, equality, other)
CFW	ASS	29	All services	<p>Reshaping Trafford's Offer, a policy change in the way we meet eligible needs. We will:</p> <ul style="list-style-type: none"> <li>• Only fund the best value option to meet people's needs.</li> <li>• Use all benefits (Attendance Allowance Mobility, Disability Living Allowance) before public resources assigned.</li> <li>• Stop paying for Domestic Services, cleaning, meal preparation and shopping unless no viable alternative is available</li> <li>• Source alternative solutions to meet low level eligible needs.</li> </ul>	Policy choice	(1,100)	A change of policy in the way we meet eligible needs. Trafford Council will promote independence, resilience and maximise personal ability and assets. We will maximise public funding after the use of local community services, adaptations, equipment and technology has been explored to the fullest potential. The Council will source the most cost effective solution to meet the needs in Trafford. This will redefine the behaviour of staff and the service users. Local residents will be expected to use all benefits (Attendance Allowance Mobility, Disability Living Allowance) before public resources are assigned. The Council will support people to use local independent supplies for domestic services, cleaning, meal preparation and shopping and will no longer resource these non-eligible services unless no viable alternative is available.

Dir'	Port- folio	Ref.	Service Area	Description of Saving	Category of Saving	2015/16 £000's	Impact of Saving (e.g. service, equality, other)
CFW	ASS	30	Mental health	Review of packages of care and out of borough placements.	Policy choice	(100)	A review of packages of care and out of borough placements for people with a mental health issue and support their return to the Borough as well as ensuring value for money. We will also review provision to refocus on a reablement type approach and review Dementia in reach service and section 117 After care.
CFW	ASS	31	All services	All age integrated health and social care - establish an integrated education, health and care commissioning service on an all age basis.	Policy choice	(500)	It is proposed to develop an all age, integrated and locality based health and social care service in partnership Trafford CCG and Pennine Care, the local NHS trust commissioned by the CCG to provide community health services in Trafford. The integrated service will be organised to work as four multi-disciplinary teams serving one of the four Trafford Locality partnership areas. It is proposed that the service will be supported by a network of Early Help Hubs and a new all age integrated "front door" to ensure speedy and effective access to key services. The new service will be all-age and have a greater emphasis on prevention to ensure that individuals retain good health and independence for as long as possible. Following transition we expect there to be a positive impact in line with research on integrated provision and Trafford's own experience in CYPS.



Dir'	Port- folio	Ref.	Service Area	Description of Saving	Category of Saving	2015/16 £000's	Impact of Saving (e.g. service, equality, other)
CFW	ASS	32	All services	All age commissioning - to develop a new delivery Model with a partner to deliver Integrated Health and Social Care in Trafford at a reduced cost.	Policy choice	(830)	A restructure of all commissioning activity for education, social care, health and public health to create an integrated structure to operate on all age basis. The revised structure will enable the effective commissioning of services to ensure value for money and quality across all aspects of CFW's work as well as making a substantial direct saving from reduction in staffing. The impact of the reduction in capacity will need to be mitigated from efficiencies in working on all age basis and resource will be targeted against priorities based on a number of key workstreams.
CFW	ASS		All services	Commissioning review of non-mandatory services.	Policy choice	(1,500)	It is proposed to undertake a review of all non-mandatory services commissioned by CFW including those funded through the Public Health Grant. An exercise will be undertaken to map current activity against priorities and agree our commissioning intentions for the future. The majority of services covered by the review are delivered by Voluntary and Community Sector providers so we will engage with the market to identify risks and look at any sustainability issues. Contracts for mandated services will also be reviewed to identify any opportunities for efficiency.

Dir'	Port- folio	Ref.	Service Area	Description of Saving	Category of Saving	2015/16 £000's	Impact of Saving (e.g. service, equality, other)
Policy Choice sub-total						(5,534)	
Total All Proposals Adults Services						(11,067)	
Total All Proposals CFW Service						(15,612)	

**Portfolio Key**

*CH&W: Community Health and Wellbeing Portfolio*

*ASS: Adult Social Services Portfolio*

*SCF: Supporting Children and Families Portfolio#*

*E: Education Portfolio*

## **Economic Growth, Environment and Infrastructure**

The directorate delivers the following services: environmental services, including waste collection, grounds maintenance and Greenspace and street cleaning; development control and strategic planning, economic growth and housing, highways, street lighting and flood risk management, regulatory services including environmental health, public protection, parking and building control, and property services, including managing council buildings and commercial properties.

Collectively the directorate is responsible for managing critical infrastructure and green spaces in the Borough, land use planning, ensuring and promoting community and public safety and attracting investment into the Borough to support economic growth, employment and opportunities.

### **Service Performance**

The Economic Growth, Environment and Infrastructure directorate has a track record of delivering high quality and low cost services. We have striven to improve or maintain performance in the current year. Some notable service performances and improvements are shown below:

- Clean 2,000 linear miles of highway channels and footways at least once every 8 weeks;
- Remove approximately 6,000 tonnes of street sweepings per annum and 500 tonnes of litter from approximately 1,200 waste and litter bins (streets and parks);
- Remove approximately 1,750 tonnes of fly-tipping per year;
- Respond to more than 450 incidences of graffiti per year;
- Maintain 40 public parks covering 243 hectares, with 6 Green Flag parks and 30 Friends of Parks groups;
- In 2014/15 will serve 2.7 million school meals, an increase of 400,000 from the previous year following the introduction of Universal Infant Free School Meals in September 2014;
- Supported 38 Partington residents into employment through the innovative Partington Pledge, matching young unemployed people with local employers;
- Supported 51 new businesses to start trading through our Business Start Up programme, delivered in partnership with Blue Orchid;
- 182 new affordable homes delivered by our housing association partners in 2013/14;

- The first authority in Greater Manchester to introduce the Community Infrastructure Levy, a charge on development to support planned growth and investment in critical infrastructure;
- In 2013/14 the Planning Service received 2,563 planning applications – a 36% increase on 2012/13;
- The planning service determined 66.7% of all decisions on major planning applications within 13 weeks, 67.1% of all minor planning applications within 8 weeks and 86% of ‘Other’ planning applications within 8 weeks;
- 13 surplus sites were disposed of by the Council with a value of £3.1m in the financial year 2013/14, with a further £4.7m of receipts anticipated from disposals in 2014/15. Further sites with an estimated value of £6.1m have been identified for disposal from 2015/16;
- The Council empty over 30,000 domestic wheeled bins per day;
- 58% of domestic waste was recycled in Trafford in 2013/14, one of the best performances of all Greater Manchester authorities;
- The Council is now collecting more food/garden waste than we have ever done before;
- Support and regulate over 5,000 premises for food, health and safety, trading standards, pollution and licensing and maintain other health and safety initiatives;
- Manage on street and off street parking across the borough, 1,700 spaces and 22 off street car parks. Eleven Council car parks have been awarded Park Mark awards for providing safe parking;
- Licence and regulate 2,400 premises, people and taxis within the Borough;
- Carry out 4,600 pest control treatments in homes, schools and businesses across the borough.

### **Approach to Budget**

The directorate is looking to develop new and innovative approaches to delivering services, including working with a range of private, public and third sector partners. These approaches are based on improving the efficiency of the service and looking at opportunities to increase income where this is appropriate and proportionate. Service standards will be maintained as far as practicable, and where reduced will be in line with national guidelines.

### **Joint venture contract**

We are proposing to work with a private sector partner to deliver a range of environmental, highways, street lighting and property services on a long term contract, improving the efficiency of the services, increasing income and making best use of council assets.

## **Senior Management Restructure**

There will be a rationalisation of Senior Management structure to ensure the new single directorate will be appropriately aligned in terms of adopting new models of service delivery.

## **Managing the Budget pressures**

### **Schools Crossing Patrols**

We have reviewed our arrangements for School Crossing Patrols. The proposal is to:

- Provide a sustainable, reliable School Crossing Patrol Service which operates in line with national guidance;
- Implement the RoSPA/RSGB guidelines (Royal Society for the Prevention of Accidents and the Road Safety Great Britain);
- Following independent review, remove selected crossing points which do not meet the National Guidelines, resulting in a reduction of 26 crossing points from the current 97 points, with one additional crossing point (No. 103) retained for a further 12 months;
- Implement the RoSPA/RSGB guidelines for assessment of any new crossing point proposals.

Schools affected by any proposed changes will be given the opportunity to fund a particular crossing point from their own resources or those of a third party sourced by the school/community.

### **Festive Lights**

The proposal is for illuminated Christmas decorations to only be erected where these are paid for by external financial contributions, such as from local businesses.

### **Parking Fees**

It is proposed that the parking fees in Trafford are 10p, 30p and 70p for stays of 1 hour, 2 hours, 3 hours. We are proposing to increase charges to: 20p, 60p and £1 for stays of 1 hour, 2 hours and 3 hours respectively.

### **Allotment Fees**

Allotment fees will be increased from £1.50 to £2.00 per week, as approved by Council in February 2014.

### **Fees and Charges**

These will be increased by an average of 5% to better recover costs, and will take into account comparisons with similar providers and potential effects on demand, as appropriate.

## **Collaboration/working in partnership**

### **Gas safety checks**

We will review our arrangement for working in Partnership with Trafford Housing Trust to support compliance of gas safety requirements.

## Budget Movement Summary 2015/16

The following summary table categorises the movement in the Directorate's budget for 2015/16. The Savings are also cross referenced to the Savings Schedules below.

<b>Economic Growth, Environment &amp; Infrastructure</b>	<b>2015/16 (£000's)</b>	<b>Savings Schedule Reference(s).</b>
Budget Brought Forward	33,457	
Additional Resources to meet Pressures:		
- Pay Related Inflation	316	
- Contract Related Inflation	558	
- Energy costs	230	
- Business Rates	33	
- Waste Disposal Authority Levy	343	
- Non sustainable savings from 14/15	66	
<b>Total New Resources Allocated</b>	<b>1,546</b>	
Resource Reallocations Through:		
- Efficiencies	(2,336)	E1,2
- New or Increased Income	(324)	E3,4,5,6
- Policy Choices	(154)	E7,8
<b>Total Resources Reallocated</b>	<b>(2,814)</b>	
Net Year-On-Year Change	(1,268) (3.8)%	
<b>Net Budget Proposal</b>	<b>32,189</b>	

## Economic Growth, Environment & Infrastructure – Schedule of Savings

Dir.	Portfolio	Ref	Service Area	Description of Saving	Category of Saving	Value of saving (net) 2015/16 £000's	Impact of Saving (e.g. service, equality, other)
EGEI	O&E/EGP	E1	EGEI Joint Venture/ Contract (JVC) lots	Joint Venture Contract for Environmental, Highways, Street Lighting and Property Services	Efficiency	(2,250)	Total to be saved through JV contract procurement, to commence on 1st July 2015, subject to approval by Executive in March 2015.
EGEI	O&E/EGP	E2	Across EGEI	Senior Management Restructure	Efficiency	(86)	Rationalisation of Senior Management structure to ensure the new single directorate will be appropriately aligned in terms of adopting new models of service delivery.
<b>Efficiency sub-total</b>						<b>(2,336)</b>	
EGEI	O&E	E3	Parking	Parking Fees	Income	(231)	Increase in fees from 10p, 30p, and 70p to 20p, 60p, and £1 for stays of 1 hour, 2 hours and 3 hours respectively. Assumes no change in customer parking behaviour.
EGEI	O&E	E4	Public Protection	SLA income from THT re: gas safety	Income	(28)	Working in Partnership with Trafford Housing Trust to support compliance of gas safety requirements. Service agreement has been implemented.
EGEI	O&E	E5	Sustainability & Greenspace	Allotments	Income	(15)	Increase in fees from £1.50 to £2 per week approved by Council in February 2014.

Dir.	Portfolio	Ref	Service Area	Description of Saving	Category of Saving	Value of saving (net) 2015/16 £000's	Impact of Saving (e.g. service, equality, other)
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EGEI	O&E/ EGP	E6	Cross-Directorate	Fees and Charges	Income	(50)	Fees and charges – average 5% increase to better recover costs.
<b>New Income sub-total</b>						<b>(324)</b>	
EGEI	O&E	E7	Highways	All festive lights externally funded	Policy Choice	(40)	All festive lights to be fully funded by external contributions from partners from 2015.
EGEI	O&E	E8	Education Services	School Crossing Patrols – implementation of RoSPA Guidelines	Policy Choice	(114)	Reduction of 26 school crossing patrol points
<b>Policy Choice sub-total</b>						<b>(154)</b>	
<b>Total All Proposals</b>						<b>(2,814)</b>	

**Portfolio Key**

**O&E:** Operations & Environment Portfolio

**EGP:** Economic Growth & Planning Portfolio



**Transformation & Resources (T&R)****Service Description**

The Transformation & Resources Directorate provides both corporate support and frontline services, which work together to act as a catalyst for transformation and innovation to respond to the increasing pace and scale of change required to reshape Trafford Council for the future. Critical to this is the support we provide to ensure our workforce is well-motivated and skilled to enable them to provide excellent services to residents. We will continue to lead on driving corporate improvement by providing good governance, financial, legal and HR probity and strengthening our strategic and local partnerships to develop resilient and safe communities.

The Directorate has a diverse range of services and an extensive customer base. It provides a large number of customer facing services such as Access Trafford (our customer service centre), housing benefits, collection of Council Tax and Business Rates, library services and safer communities. We also organise elections and manage the electoral register, conduct marriages, civil partnerships and register over 10,000 births, deaths and marriages every year. We work very closely with our partners and the community and some of our services are co-located at Stretford Police Station; Trafford is also sharing office accommodation at Sale Police Station. This helps to strengthen collaborative working so we can develop resilient and safe communities and maintain Trafford as the safest place in Greater Manchester.

Within the directorate are a range of support services which provide all the 'back office' functions which deliver services to other directorates as well as offering services to a number of external organisations. Our back office services include; financial management, audit, procurement, legal, human resources, ICT, transformation, performance and communications and marketing. These services have been centralised to reduce costs, reduce risks, and provide consistently high professional standards.

The Procurement Service is known as STaR and is hosted in Trafford and jointly owned by Stockport, Trafford and Rochdale Councils. The directorate is also responsible for delivering Trafford Services for Education; this is a service, which supports schools and academies with key needs such as HR, Finance and Governor Services. The remainder of the directorate is devoted to providing direct support to Councillors, the Council leadership and the Trafford Partnership, which is a single body of more than 100 organisations, including local and regional partners from across the public, private, voluntary and community sectors.

**Service Performance**

The Transformation and Resources Directorate has a track record of delivering high quality and low cost services. We have striven to improve or maintain performance in the current year. Some notable service performances and improvements are shown below:

## **Low Council Tax and Value for Money**

- The Council collects over 97% of Council Tax which supports the Council's financial resources.
  
- Trafford Library Service has implemented many changes over the last five years which has led to more efficient ways of working and enabled savings whilst still maintaining all libraries. These have included;
  - Introducing self-service (RFID) in 2008 which is now integral to service delivery. It enabled library staff to offer enhanced options for users by dealing with a range of council enquiries covering areas such as council tax and benefits, waste and recycling, pest control, blue badges and free school meals. Trafford's was one of the first library services in the country to train staff to fully deal with this.
  - The introduction of volunteers, first as a pilot in two libraries and later expanded to cover all libraries.
  - Investing in a new library management system which as well as being cheaper will also have benefits for customers across Greater Manchester as seven of the ten authorities will be using the same system.
  
- The Council's Customer Contact Centre deals with over 330,000 telephone enquiries per year. In 2014/15, the Contact Centre target is to answer 80% of telephone calls within 20 seconds. Cost savings have been made in staffing as the online services increase and this has reduced the cost per call from £3.04 to £2.50.
  
- The time to process new benefit claims is 14 working days which is an improvement on previous performance.
  
- Action to reduce fraud has resulted in £890,000 of fraudulent benefit overpayments in 2013/14 being identified and 62 prosecutions. A further £560k of overpayments had been identified since April 2014.
  
- Health and well-being events have been provided to residents, offering free health checks, such as blood pressure and diabetes, together with advice on smoking cessation and alcohol awareness.
  
- Services to register births, deaths and marriages have improved with joint services with Manchester Register Office so that we register births for Trafford residents who have given birth in Manchester hospitals. We also offer the enhanced "Tell Us Once" service for both births and deaths and offer appointments through lunchtime to assist residents who are working.

### **Safe place to live - fighting crime**

- Trafford continues to be the safest area in Greater Manchester, with the lowest crime rate per person. Crime has fallen by 54% in the last 7 years.
- The number of Anti-Social Behaviour incidents has fallen due to significant reductions in malicious and nuisance communications and hoax calls to emergency services. There have been notable improvements in Partington, reflecting the successful work of the Trafford Partnership in tackling perpetrators.

### **Economic Growth and Development**

- The Council has more than doubled the amount of retail rate relief awarded to eligible businesses. We have already achieved that with awards totalling £732,000 which is an additional £500,000 since the uptake started.
- We pay 96.5% of invoices within 30 days which supports business.
- 82 apprenticeships have been created and of these, 52 have completed their apprenticeship with 44 that have gone on to secure jobs internally and externally. There are 18 apprentices currently on the programme.
- Through its business engagement activity, the Council has contacted over 1000 Trafford businesses to provide advice, support and encouragement to recruit apprentices. 120 opportunities have been created to-date.
- In 2013/14, Waterside Arts Centre had over 110,000 visitors, selling 40,000 tickets and levels of satisfaction continue to be high.

### **Services focussed on the most vulnerable people**

- Trafford Assist, a partnership of the Council, Citizens Advice Bureau, Trafford Housing Trust and others, was launched to provide crisis support to residents. To date there have been over 3,800 applications processed, with 75% of applicants successful.
- Trafford Partnership supported young people to enter an activity agreement, where one-to-one support was provided with training and skills, alongside work with the family and carers to reduce the risk of homelessness. The project has been very successful and 85% of participants have moved into education, employment and training, and homelessness has been reduced in the borough.
- Trafford is providing work experience placements, life skills training and employment and mentoring opportunities to vulnerable young people, including our Looked After Children and young people with learning difficulties.

- South Trafford Partnership – isolation of older people. The Partnership has successfully bid for funding from Our Place to develop a project, which brings together a range of partners to work innovatively to tackle this key local issue.

### **Other Service Achievements**

- We have supported a range of sporting and leisure activities in the borough including the Greater Manchester Marathon, the Ashes and the Rugby League World Cup Final
- The Council's website has been improved so that people can get information easier. Webcasting of Council meetings was introduced in June to open up democracy for local people.
- The 2014-15 Voluntary Sector Grant scheme funded 36 projects across all Locality Partnership areas, allocating £103,008.74 in grant funding.

### **Approach to Budget**

The directorate has again needed to manage a number of issues and challenges as part of this budget process and still deliver high performing front line services that meet the needs of residents and businesses in the borough. Whilst every effort has been made to exploit technology, implement cost efficiencies and identify innovative delivery models therefore the savings proposals are aligned to the aims of our Reshaping Trafford Council Programme. The budget for 2015/16 has reduced by £1.2m (6.8%), comprising unavoidable pressures of £1.7m. These pressures include for the continuation of the Trafford Assist scheme at a cost of £0.554m despite the grant support ceasing in 2015/16. The additional expenditure is offset by £2.8m of savings with details included in the schedule.

### **Budget Movement Summary 2015/16**

The following summary table categorises the movement in the Directorate's budget for 2015/16. The Savings are also cross referenced to the Savings Schedules below.

<b>Transformation &amp; Resources</b>	<b>2015/16 (£000's)</b>	<b>Savings Schedule Reference(s)</b>
Budget Brought Forward	17,560	
Additional Resources to meet Pressures:		
- Pay Related Inflation	373	
- General Price Inflation	147	
- Contract Related Inflation	16	
- Specific Grant Reductions	797	
- Demographic	180	
- Other	40	
- 2014/15 Budget Realignment	106	
<b>Total new resources allocated</b>	<b>1,659</b>	
Resource Reallocations through:		
- Efficiencies	(201)	T&R 1-2
- New or Increased Income	(26)	T&R 3
- Policy Choices	(2,621)	T&R 4-6
- EGEI Corporate Landlord	(0)	T&R 6
<b>Total new resources allocated</b>	<b>(2,848)</b>	
Net Year-On-Year Change	(1,189) (6.8)%	
<b>Net Budget Proposal</b>	<b>16,371</b>	

## Transformation & Resources – Schedule of Savings

Dir'	Portfolio	Ref.	Service Area	Description of Saving	Category of Saving	2015/16 £000's	Impact of Saving (e.g. service, equality, other)
T&R	T&R	1	Directorate-wide	Mitigation of inflationary pressure	Efficiency	(147)	Most running cost budgets will be maintained at their current level. Savings will be achieved by reducing usage and existing procurement procedures.
T&R	C&P	2	Partnerships & Communities	CCTV	Efficiency	(54)	This will be achieved through the implementation of new working patterns and a review of our existing camera stock to ensure that it is being utilised effectively. A soft market testing exercise will also be carried out to determine the most appropriate model for the service in the future in order to reduce the costs of providing the public realm cameras.
<b>Efficiency sub-total</b>						<b>(201)</b>	
T&R	C&P	3	Culture & Sport	Waterside Arts Centre income	Income	(26)	As a result of the implementation of a new staffing structure, improvements undertaken to the front of house & box office and the relocation of the bar, Waterside Arts Centre will continue to develop and improve the service with a view to increasing income by £26k in 2015/16. This will be achieved in a number of ways including an increase in activity and sales and a review of fees & charges.
<b>Income sub-total</b>						<b>(26)</b>	

Dir'	Port- folio	Ref.	Service Area	Description of Saving	Category of Saving	2015/16 £000's	Impact of Saving (e.g. service, equality, other)
T&R	T&R	4	Directorate-wide	<p>Trafford Support Services (<i>indicative savings shown below</i>)</p> <p>There is a further £(348)k of T&amp;R support service budget reductions associated with the Joint Venture Contract (JVC). The part year impact in 2015/16 is £261k This is in addition to the overall savings detailed in this annex.</p>	Policy Choice	(1,620)	<p>Work undertaken to :</p> <ul style="list-style-type: none"> <li>establish unit costs and benchmarking</li> <li>Look at potential demand for support services going forward</li> <li>Develop delivery models which are commission/customer focused and that flex according to customer demand and budget. Specialist skills are retained and additional capacity brought in.</li> </ul> <p>This work has been carried out to develop new structures which will be fit for purpose for 2015/16 with resilience to support the business, capability to develop commercial opportunities and provide services that are attractive to existing customer and new partners.</p> <p>Budget reduction in respect of the JV will be achieved by staff transfers under TUPE regulations or further savings measures.</p>
T&R	T&R	4a	Audit	Trafford Support Services (£37k)			Amend structure based on a "fit for purpose" service that will deliver savings

Dir'	Port- folio	Ref.	Service Area	Description of Saving	Category of Saving	2015/16 £000's	Impact of Saving (e.g. service, equality, other)
T&R	T&R	4b	Communication	Trafford Support Services (£158k)			New structure with new job roles will be implemented with a focus on proactive PR



Dir'	Portfolio	Ref.	Service Area	Description of Saving	Category of Saving	2015/16 £000's	Impact of Saving (e.g. service, equality, other)
T&R	T&R	4c	Finance Services	Trafford Support Services (£595k), (£438k in 2015/16)			<p>The savings will come from 4 sources:-</p> <p><b>a) Financial Management team £300k</b> - New operating model and structure centred on a commercial business partner approach leading to a reduction in staff from 53 to 39 FTEs. At this stage it is estimate that the impact in 2015/16 will be £157k lower than planned due to transitional arrangements that will be required until the new structure is bedded in.</p> <p><b>b) Exchequer Services £255k</b> - Review of transactional services arising from the introduction of Risk Based Verification earlier this year and the merging of the Financial Services team within CFW with Revenues and Benefits and a reduction in numbers from 116 to 99 FTEs.</p> <p><b>c) External Audit Fees £55k</b> – reduction in fees from Grant Thornton the external auditor who can continue to rely on internal audit and financial management assurances on main systems. This is adjusted in the Council-wide budget.</p> <p><b>d) Other savings £40k</b> – Includes savings in internal audit costs, banking contract and additional capitalisation of fees..</p>

Dir'	Portfolio	Ref.	Service Area	Description of Saving	Category of Saving	2015/16 £000's	Impact of Saving (e.g. service, equality, other)
T&R	T&R	4d	ICT	Trafford Support Services (£750k)			These savings will be made through a rationalisation of roles, reduction in development and operational capability in line with demand and a review of existing contracts and software.
T&R	T&R	4e	Legal	Trafford Support Services (£120k)			New structure with new job roles will be implemented which will focus on retaining specialist skills and managing demand
T&R	T&R	4f	Performance	Trafford Support Services (£117k)			High risk corporate and service information to be prioritised. The service will develop an online management toolkit to allow manager access to information to reduce demand on the service. Reductions to the existing structure will be implemented to achieve the savings.
T&R	C&P	5	Culture & Sport	Trafford Community Leisure Trust	Policy Choice	(451)	On-going discussions are taking place with the Council and Trafford Community Leisure Trust to finalise proposals.

Dir'	Portfolio	Ref.	Service Area	Description of Saving	Category of Saving	2015/16 £000's	Impact of Saving (e.g. service, equality, other)
T&R	T&R	6	Access Trafford	Library Review	Policy Choice	(550)	Although the provision of a library service is a statutory obligation, in Trafford there is considerable overlap between virtually all of Trafford's libraries. The consultation on libraries is in two phases, the first was completed in December 2014 (which gathered public views on how the savings could be achieved). The second will end on 27 February 2015. At this stage the full year impact of the savings is still estimated at £700k with a part year impact in 2015/16 of £550k. These figures are still subject to the outcome of this consultation which will be reported back to the Executive on 16 March 2015.
<b>Policy Choice sub-total</b>						<b>(2,621)</b>	
<b>Total All Proposals</b>						<b>(2,848)</b>	

**Portfolio Key** T&R: Transformation and Resources Portfolio F: Finance Portfolio, C&P: Communities & Partnerships

## Council-Wide Budgets

### Service Description

There are a number of budgets that relate to the Council as a whole and/or affect all services. Finance Services, within the Transformation & Resources Directorate manage the expenditure and income for these areas.

The current 2014/15 net budget is £23.2m, of which the majority relates to the transport levy payable to the Greater Manchester Combined Authority, debt charges for loans taken out to support past investment in infrastructure through the capital programme, and 'non-ring fenced' Government grants including Education Services Support, Council Tax Freeze Compensation and New Homes Bonus.

A summary of the Council Wide budget for 2015/16 by gross expenditure and gross income is shown below;

Council-wide Budgets	2015/16			2014/15	Change (£000's)
	Gross Exp (£000's)	Gross Income (£000's)	Net (£000's)	Net (£000's)	
Housing Benefit Subsidy GM Combined Authority	68,069	(68,007)	62	(88)	150
Transport Levy	16,543	0	16,543	16,748	(205)
Other Levies	1,178	(27)	1,151	1,118	33
Treasury Management	11,164	(3,245)	7,919	8,386	(467)
Non-ringfenced Grants	0	(8,308)	(8,308)	(6,804)	(1,504)
Insurances	1,826	(951)	875	775	100
Additional Pension Allowances	1,037	0	1,037	1,179	(142)
Contingencies and Provisions	1,583	0	1,583	586	797
Members Expenses	904	0	904	926	(22)
Business Rates	2,592	(579)	2,013		2,013
External Audit	130	(4)	126	181	(55)
Discretionary Rate Relief	0	0	0	152	(152)
Other	4	(2)	2		2
<b>Total Budget</b>	<b>105,030</b>	<b>(81,123)</b>	<b>23,907</b>	<b>23,159</b>	<b>748</b>

The 2015/16 budget is proposed to increase by £0.748m. The salient features of each budget line is set out below.

### Housing Benefit Subsidy and Discretionary Housing Payments

The budget for Housing Benefit payments and subsidy, plus Discretionary Housing Payments, are effectively administered on behalf of the Government. The budget has remained static for two financial years, however recent improvements in real time information (RTI) from HMRC has resulted in an increase in the number of

overpayments being identified. The Council subsequently receives a lower benefit subsidy payment which has caused an in-year budget pressure. The Council is entitled to keep any recovery of overpayments, however the budget has been increased in 2015/16 by £150k until there is certainty that overpayment can be collected from individuals.

### Precept & Levies

The Council's contribution to the GMCA for the transport levy for 2015/16 has been confirmed at £16.543m, a reduction of £(0.205)m compared to 2014/15.

The Council also has the legal responsibility to contribute to a number of other agencies that provide services on behalf of all or a number of Greater Manchester Authorities; details are :-

<b>Other Levies &amp; contributions</b>	<b>Net 2014/15 £000</b>	<b>Net 2015/16 £000</b>	<b>Change £000</b>
Coroner's and Mortuary fees (South Manchester Coronal District)	504	534	30
Flood Defence levy (Environment Agency)	141	144	3
Association of Greater Manchester Authorities (AGMA).	331	331	-
Other (LGA Subs, Probation, Parish Council Grants)	142	142	-
<b>Total Other Levies</b>	<b>1,118</b>	<b>1,151</b>	<b>33</b>

Changes in population estimates have increased the relative share of the costs of the Coroner's service between the Council, Stockport (lead Authority) and Tameside Council. Trafford's contribution is estimated to increase by £0.030m in 2015/16.

An estimated provision of 2% increase has been made for the costs of the Flood Defence levy.

### Treasury Management

The Council's treasury management operations ensures that day to day cash flows are adequately planned for, surplus monies are invested in low risk counterparties and the longer term cash flow implications of the Council's current and historical capital spending operations are met.

A reduction in debt costs in 2015/16 reflecting repayment of maturing debt and additional investment income has generated savings of £(0.5)m.

## Non-ringfenced Grants

The proposed Council-wide budget holds £(8.308)m of non-ringfenced grants.

Grant	2014/15 (£000's)	2015/16 (£000's)	Change (£000's)
New Homes Bonus	(1,881)	(2,453)	(572)
Childrens Service Adoption Grant	(197)	0	197
Council Tax Freeze Grant 14/15 (note a)	(894)	0	894
Council Tax Freeze Grant 15/16		(903)	(903)
Local Service Support Grant	(25)	(17)	8
Business Rates Compensation Grants (note b)	(344)	(2,143)	(1,799)
Council Tax Annex Grant	(10)	(10)	0
Education Services Support Grant	(3,453)	(2,782)	671
<b>Total</b>	<b>(6,804)</b>	<b>(8,308)</b>	<b>(1,504)</b>

### Notes

- a) The Freeze grant for 2014/15 is now included in the settlement funding assessment.
- b) Business Rate Compensation Grants are to reimburse the Council for Small Business Rate Retention, Retail Rate Relief and Business Rates inflation Cap; these have been features of the previous two autumn statements announced by the Chancellor of the Exchequer.

## Business Rates Pooling

The Council will be in a business rates pool with the other nine Greater Manchester Councils and Cheshire East Council. The advantage of the pooling arrangement is that any levy paid by the Council on business rate growth will be retained in the pool. An agreement has been negotiated with the other AGMA authorities that Trafford can retain for its own use one third of the levy that it would otherwise have paid to the Government.

The expenditure budget in Council Wide represents the forecast levy payable on business rates growth. The estimated growth in business rates in 2015/16 is £(3.7)m of which Trafford's share (49%) is £(1.81)m, the full levy payable to the pool is £1.74m. In addition, a levy in the sum of £0.855m is anticipated to be payable in 2014/15 for growth in that year. This will be accounted for in the 2015/16 budget to be consistent with the recording of that year's growth in the Council's accounts. It should be noted that the additional income from business rates growth is treated as 'funding' ie is similar to how council tax is used to pay for the budget. The budget includes the one third retained levy which is worth £(0.578)m.

### **Insurance**

The cost of premiums and claims, mainly for fire, public and employers liabilities. This budget is net of the recharge for similar insurance cover provided to Schools.

### **Contingencies and Provisions**

This budget includes provision, on behalf of the Council overall, for a number of expense items that are uncertain in value and for which individual services would have difficulty in meeting. The largest component is an allowance for redundancy costs, which has been increased to £0.413m; this has partly been financed from a reduction in historic pension costs (see below).

A further allowance of £0.7m has been made as a prudent general contingency to cushion against possible slippage in the delivery of the significant savings programme in 2015/16.

A central allowance for bad and doubtful debts has always been included in Council Wide. This amounts to £0.315m and compares to the £17m of invoiced income that the Council raises each year. The budget provision has been steadily reduced over the recent years.

### **Additional Pension Allowances**

This budget is to pay for past decisions to augment pensions for members of staff who left the employment of the Council. These decisions date back a considerable period of time; no augmentation to pensions have been awarded to Council staff in the past 10 years. The budget is adjusted each year for pensions falling out of payment and for inflation on the remaining pensions.

### **Members Expenses**

The costs of Councillors' allowances and associated running costs, including communications and ICT equipment costs. The proposed budget for 2015/16 includes £0.013m for pay and running costs inflation and a saving of £(0.035)m on allowances following a recent change to the Members' Allowances Scheme following an Independent Remuneration Panel review.

### **External Audit Fees**

External Audit Fees covers the standard fee and grant work totalling £0.126m; this has been reduced by £(0.055)m for 2015/16 as a result of efficiency savings passed on by our new auditor, Grant Thornton, and their continued confidence in the core system controls which helps to reduce the resources committed to the audit.

### Discretionary Rate Relief

The Discretionary Rate Relief budget in the Council's General Fund is no longer required as the cost is now accounted for in the Collection Fund as a consequence of the new business rates retention scheme. This has generated a reduced budget requirement of £0.152m.

### Budget Movement Summary 2015/16

The following summary table categorises the movement in the Directorate's budget for 2015/16. The Savings are also cross referenced to the Savings Schedules below.

Council-wide Budgets	2015/16 (£000's)	Savings Reference(s)
<b>Budget Brought Forward</b>	<b>23,159</b>	
Housing Benefit Subsidy	150	
Passenger Transport Levy	(205)	
Other Levies	33	
Net changes in Treasury Management	(467)	
Ringfenced Grants	(1,504)	
Reducing reserve support to Insurance budgets	100	
Contingencies and Provisions	923	
Inflation	14	
Business Rates	2,013	
Other Budgets	1	
<b>Total new resources allocated</b>	<b>1,058</b>	
Resource Reallocations through:		
- Efficiencies	(275)	C-W1, 2, 4
- New or Increased Income	-	
- Policy Choices	(35)	C-W3
<b>Total Savings</b>	<b>(310)</b>	
Net Year-On-Year Change	<b>748</b> 3.2%	
<b>Net Budget Proposal</b>	<b>23,907</b>	



## Council-wide Budgets – Schedule of Savings

Dir'	Port- folio	Ref.	Service Area	Description of Saving	Category of Saving	2015/16 £000's	Impact of Saving (e.g. service, equality, other)
C-W	F	C-W1	Terms & conditions	Old Car Lease Scheme	Efficiency	(68)	
C-W	F	C-W2	NDR	Discretionary rate Relief to Collection Fund	Efficiency	(152)	
C-W	F	C-W4	External Audit	Reduction in statutory audit fees	Policy Choice	(55)	
<b>Efficiency sub-total</b>						<b>(275)</b>	
C-W	F	C-W3	Members	Member's Allowances budget	Policy Choice	(35)	
<b>Policy Choice sub-total</b>						<b>(35)</b>	
<b>Total All Proposals</b>						<b>(310)</b>	

**Portfolio Key**  
*F: Finance Portfolio*

**REPORT of the DIRECTOR OF FINANCE  
to the COUNCIL 18 FEBRUARY 2015**

**ROBUSTNESS of the 2015/16 PROPOSED BUDGET ESTIMATES  
(S25-26 LGA 2003)**

**1. INTRODUCTION**

- 1.1 The Local Government Act 2003 requires the Chief Finance Officer (Director of Finance) to report independently to the Council his own opinion as to the robustness of the budget requirement estimate (S25 of the Act) and on the adequacy of reserves (S26).
- 1.2 The Law requires that such a report is put before Council as part of the overall budget deliberations, and that such a report be considered prior to the approval of the Budget Requirement and the setting of a Council Tax.
- 1.3 A summary of this report providing the general opinion is included within the main report at section 8.

**2. BACKGROUND**

- 2.1 For the past 12 years I have reported to Members of the Council about the robustness of the budget plans. In these years it may have appeared to be a routine report but the importance of it, and indeed its limitations, were brought into sharp focus when it became apparent in April 2014 that the Council's forecast financial position had been understated. Therefore it is worth restating how the robustness assessment is undertaken.
- 2.2 With the support of the senior Finance staff within the Transformation & Resources directorate, I review the Executive's budget proposals at varying levels of detail and as far as possible take account of known factors that will have a significant bearing on the conduct of the Council's business in 2015/16 and the medium term. Importantly it includes discussion, information and assurances supplied by Directors and other senior staff. The statement is not a guarantee that expenditure will be contained within each budget line as the nature of the Council's business means that some services will be placed under financial pressure at various times throughout the year. Therefore it is an assessment of the overall budget package and whether there is a reasonable expectation that the budget overall will not be breached.
- 2.3 I also take account of how the Council is likely to react if an adverse financial situation was to arise during the year. This helps in assessing the adequacy of reserves. The Council acted positively in 2014 when faced with an unexpected financial difficulty which has led me to the view that despite an

increasingly challenging financial environment the minimum level of reserve can remain at the current level of £6m as a reasonable amount to cover for unforeseen circumstances not included in the detailed budget proposals.(See Section 5 of the main report).

- 2.4 The consequences of the common business risks facing the Council can be summarised into three categories:
- **Spending exceeds budget;** this can include where demand for services is higher than expected, either in terms of number or need, such as in the statutory services in social care. This can also be where external factors affect Council operations, such as the weather on winter gritting spending. There may also be new expenditure pressures or commitments which were not anticipated during the budget process, for example due to changes in regulations/legislation;
  - **Income falling short of expected levels;** the risks include customers no longer buying services or buying them from elsewhere, or reduced support from sponsors whether this is partners, Government departments or other public bodies. External factors, such as the economy, can have a significant impact on certain expected income levels;
  - **Challenge of organisational change;** the general challenge for local government to make a significant contribution to reducing the national budget deficit. The Council's proposed budget for 2015/16 contains for savings proposals of £(21.5)m, which is the highest level of savings required since austerity started in 2010, and there is a specific risk that savings will not be sufficiently realised or are not realised quickly enough.
- 2.5 At a detailed level budgets are based on forecasted activity and have been subject to appropriate challenge, sensitivity analysis and that they reasonably allow for a degree of error. Risks can be mitigated through a variety of management actions and the Corporate Management Team has ensured that in higher risk areas additional capacity and rigour has been put in place to ensure forecast savings are robust and are capable of being delivered during the year. As part of this review a lower savings target has been included in the proposed budget. Savings will continue to be monitored through the CMT Transformation Board, the CFW Programme Board as well as the established monthly financial monitoring of all Council activity on an outturn basis from June each year. A risk based approach to budget monitoring will be introduced during the year to reflect reduced capacity in support services.
- 2.6 All aspects of the budget have been reviewed to ensure that reasonableness (robustness) tests have been carried out, that detailed calculations are sound, and that the risks have been quantified and provided for as far as possible.

When taken with an assessment of minimum reserve levels, a reasonable professional opinion on robustness can therefore be determined.

- 2.7 The following sections outline the assessment of expenditure and income, and the determination of an appropriate reserve level for the 2015/16 Executive Budget proposals in order for them to be considered as robust.

### **3. EXPENDITURE ANALYSIS**

#### **Schools related expenditure**

- 3.1 Locally schools funding is split between centrally held Education Support Services budgets, and devolved schools' budgets, and apportioned to individual schools by a funding formula. Distributing funding across schools, recognising deprivation and special educational needs factors, has become increasingly difficult at a time of reduced resource availability. To combat this situation, the Schools Funding Forum has recommended that basic entitlement in the funding formula should be increased from 75% of available funding to 78%, and this has been approved by the Executive.
- 3.2 The challenges facing the Schools delegated budgets are:
- Schools are required to meet all inflationary increases in their expenditure as well as potentially reducing funding out of their delegated budgets. Pressures include pay awards of 1% or higher and increased pension contributions;
  - As a consequence of funding pressures on the Council budget, some Educational Support Services are either being reduced or moving into a buy-back or trading service, with the intent that schools will pay for those services in future. With limited funding schools will be forced to make choices between continuing these services, other buy-back services and their own core budgets;
  - Some Schools will have falling pupil numbers which will reduce funding, and there is a stepped nature to the costs for Schools experiencing either increasing or decreasing rolls.
- 3.3 There is pressure on schools from Government to address the attainment gap between affluent and not so affluent pupils. However, to assist with this ambition the Pupil Premium Grant is distributed to primary schools (£1,300 per pupil) and secondary schools (£935 per pupil).
- 3.4 Schools set their own budgets and are aware of their responsibilities and the Scheme for Financing Schools. There is a framework whereby those facing financial difficulties must inform the Council as soon as possible so that financial risks can be mitigated. Any reductions in pupil numbers are

monitored closely and schools that may have problems are contacted. To assist schools in discharging their financial responsibilities the Council provides a dedicated professional finance team on a buy-back basis.

3.5 The level of schools balances overall is healthy, however, if an individual school faces financial difficulty, for example as a result of falling rolls, the Council will work closely with the school to construct a recovery plan with the use of the licensed deficit scheme. Assisting schools in financial difficulty is a statutory function of the Council and any intervention is always done in proportion to the risks involved.

3.6 There are pressures on the high needs funding

- Demographic increases in the numbers of pupils with statements of special educational needs.
- Historical volatile pressures on SEN out-of-Borough placements
- The protection factor for special schools
- Inflationary pressures

3.7 These risks are mitigated by:

- Increased funding from increasing pupil rolls;
- The number of available spaces for in-Borough placements has increased;
- There is currently an SEN review taking place which is expected to reduce pressures on SEN expenditure;
- The brought forward DSG reserve of £2.777m.

#### **Employee costs (non-schools)**

3.8 This is a significant area of spend and the potential risks tend to be estimating the size of the national pay award (if any), national insurance and pension changes. For 2015/16 these changes are known in advance and provision has made in the budget.

3.9 Most budgets include a vacancy factor i.e. a reduction in budget, to reflect that it is usual across a directorate for vacancies to exist at any point in time whilst recruitment is underway for replacement staff. Directorates' senior management teams need to keep this under review when approving the filling of vacancies.

### **Agency Staff**

- 3.10 Agency and contract costs have been closely managed since the Executive introduced austerity measures in July 2010, enhanced by an AGMA procured Agency contract which has fixed the rates for many job roles.

### **Organisational Change Costs**

- 3.11 The Council has established an earmarked reserve to cover the costs arising from organisational change. In 2015/16 more staff will be leaving the Council than in previous years which will lead to increased, albeit one-off, costs. A forecast of the possible cost over the medium term has been carried out and an increase in this reserve is recommended (see section 5).

### **Contract Costs**

- 3.12 The budget makes a general allowance based on known inflation rates for increases in contract costs, and specific additional allowance for particular contracts that have inflationary rates more specific to them.
- 3.13 Through the Council's Contract Procedure Rules, the STaR shared procurement service and the AGMA procurement team, both hosted by the Council, there is considerable contract activity to ensure that costs for goods and services are kept as low as possible. In many cases services have put forward savings in terms of contract cost reduction as a consequence of procurement activity and each of these savings proposals has been subject to robust assessment by the appropriate professional staff.
- 3.14 The Council spends approximately £50m providing support for over 8,300 adults in residential and community care. A consultation process and market review of charges, with older peoples' residential and home care providers is currently underway. As the consultation is not yet complete this poses a risk for the Council and this is commented upon further in para 3.30.

### **Demand led budgets**

- 3.15 Social care budgets, in particular, are dependent on the numbers of clients, and client need, which can be difficult to predict. The costs of service provision can also be volatile, as any one single client may cost hundreds or perhaps thousands of pounds per week. A significant risk arises therefore that the social services budgets, and similar volatile demand led budgets, are not sufficient to cover the Council's legal obligations, which would lead to an impact on reserves or other service budgets.
- 3.16 The proposed budget includes specific provision, £2m 2015/16, for additional placement costs and demographic pressure in both adults and children's

service using forecasts of future demands. Management controls have been strengthened in 2014, including:

- a revised Resource Allocation model, which now includes a weekly **Resource Panel** with 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;
  
- The internal **Business Delivery Programme Board** has recently refreshed the way it works, splitting into three key elements:
  - Core Business;
  - Financial Business;
  - 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;

- **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.

## **Benefit Payments**

- 3.17 In 2015/16 there is a significant gross budget at £67m for Housing Benefit payments. Both the cost of benefits and the cost of administration are largely covered by Government grant as the Council undertakes this role essentially on an agency basis. The remaining funding of the costs of benefits comes from the recovery of overpaid benefit.
- 3.18 Caseload appears to have plateaued recently; however, there are risks associated with caseload demand increasing beyond expected levels in 2015/16, and the associated potential for reduced performance in the accurate awarding of benefit. In October 2014 DWP/HMRC introduced real time information (RTI) on an individual's earnings so that an accurate award of benefit can be made. However this has led to overpayments of Benefit being identified which in turn leads to a reduction in government subsidy. This additional financial pressure has been reflected in the budget and action to recover overpaid benefits will continue. Also, the very gradual roll out of Universal Credit has seen no noticeable impact yet on the cost or administration of Housing Benefit.
- 3.19 In 2013/14 the Government abolished the national council tax benefit scheme and introduced a local council tax support scheme (CTSS, and also known as the council tax reduction scheme). At the same time there was a reduction in funding at a national level of 10% with each authority deciding how to deal with the funding reduction by determining its own Benefits Policy.
- 3.20 The financial risks to the Council from the CTSS are two-fold. The first is the number of claimants entitled to council tax support being higher than forecast, as any increase in this number has to be met from the Council's own budget (previously it was the Government's responsibility). Every 1% change could result in a cost of £100k. The second risk is that some households have to pay more in council tax and some will be paying for the first time. After two years the evidence is that there are fewer claimants and that there has been no noticeable impact on overall council tax collection performance. Nevertheless there remains an underlying risk given the current economic climate. Trafford has a strong local economy compared to many other authorities and is in a better position to deal with downturns; however if there was a rise in claimants this would have to be met from reserves in the immediate short term as changes in the scheme are not permitted mid-year.

## **Income from Traded Services**

- 3.21 Traded Services with schools represents a significant part of the Council's budget, with approximately £5m of income being generated across various service areas. Academy status can have an impact on whether a given school



buys back a services the Council provides, most notably would be insurance which cannot be provided by the Council to an academy. In addition, the contract renewal for schools trading services has moved to an academic year, and the level of budget assumed buy back could change in September. Due to the stepped nature of costs it may not be possible to reduce costs commensurate with any reduction in income. Having said that, there are examples of additional business being won from other public sector organisations; these are relatively small scale at present but provide an indication that the Council can generate additional income through trading.

### **Debt Servicing**

- 3.22 There are a number of risks associated with treasury management and the Capital Investment Programme, many of which are outlined in more detail in the relevant reports also on the agenda. In 2015/16, given the historically low level of interest rates, the Council has built into its budget plans that no new external borrowing will take place and that cash balances will be run down instead. This is common in many authorities.
- 3.23 Risks are influenced by external factors relating to the overall economy, which at the present time continue to be difficult to predict and may have uncertain effects.
- 3.24 The primary Treasury Management risks are: movements in the cash flow cycle and; interest rate changes for either debt or investments. Investment rates are expected to continue at their current low levels and this is factored into our forecasts. However, rates could change rapidly and the Council not only undertakes pro-active Treasury Management, it also employs on a retainer basis external consultants who ensure as best as possible that the Council is informed early of any adverse changes and/or potential opportunities.
- 3.25 The sums and risks involved in these areas can be considerable, therefore special attention has been given in the assessment of the minimum reserve calculation.

### **Levy payments**

- 3.26 The risks associated with levy payments for GM Combined Authority (£16.5m) and Flood Defence (£0.1m) are borne by the respective levying body. The Waste Disposal levy can vary according to the tonnage of waste collected. A reasonable assumption on the tonnage figures has been included in the budget and monthly figures are provided by the Waste Disposal Authority to assist in monitoring of the budget. In addition there is a small smoothing reserve available to equalise the costs of the Waste Disposal PFI over the medium term.

## **Savings**

- 3.27 The 2015/16 budget is based on achieving savings totalling £21.5m, the highest target in the Council's history. The Council has now built up considerable expertise in efficiency programming, monitoring, delivery and benefit realisation, and a tradition of successfully delivering significant savings.
- 3.28 Each of the savings proposals is subject to milestone and contingency planning, backed up by a delivery plan. However, the generation of savings is becoming harder, taking more effort and time to deliver; there has been evidence of this during 2014/15 where for the first time a number of savings measures have not been achieved fully. The majority of the savings are to be found within the CFW directorate and therefore represents the greatest risk. Additional resources have been identified in 2014/15 to assist in identifying and helping deliver savings over the two years 2015-17. Also a reassessment has been carried out and a lower target compared to the draft (October 2014) proposals is included in the recommended budget.
- 3.29 In EGEI the main area of saving is expected from the Joint Venture procurement exercise. At the time of writing the exercise is not yet completed and as such there is a risk that the budget assumption will not be realised. In mitigation, bidders have known from the outset that minimum savings of 20% are required; in addition further savings may be possible by the use of prudential borrowing in place of bidders' higher borrowing costs, although this will require discussion after the contract has been awarded.
- 3.30 The Council has carried out a public consultation on a number of customer facing savings proposals. The Council believes its consultation has been thorough but an application for Judicial Review proceedings were brought to challenge the Council's approach. A challenge to the budget consultation has been brought in the High Court. The Claimant has alleged that the Council's consultation process was unfair in that it did not set out alternative proposals such as the possibility of raising Council Tax to offset the proposed savings, or the use of reserves to the same end. The Claimant seeks a declaration that the consultation was unlawful and an order quashing the consultation which has taken place. The application for Judicial Review is contested by the Council and a full hearing of the claim will take place on 16 February 2015. A report to update the Executive with regard to the proceedings will be made available for 18 February 2015. Nevertheless it does highlight that there is an increasing risk of legal challenge as the Council strives to find ways to stay within its resource availability. In the event of any delay in achieving savings as a result of legal proceedings there will be a requirement to find alternative

means of staying within budget; the one-off use of reserves to bridge any temporary saving shortfall would have to be considered at that time and the ability to do so will depend on the scale of the financial gap.

- 3.31 There are three service areas that have an on-going public consultation, the library service, school crossing patrol service and care home provision. The budget will be set before the final decisions are taken in these areas. Therefore the budgets for the directorates in which these services reside are indicative. At the time the Executive considers the feedback from consultation and makes its final decision it will be free to consider whether it wishes to amend the allocation of resources in those directorates. It would also be able to use reserves on a temporary basis if it wished to vary its proposals but this would not be a sustainable position and therefore alternative proposals to provide a permanent budget solution would have to be identified as a priority.

#### **4. INCOME ANALYSIS**

##### **Government Grants**

- 4.1 The main source of funding remains Government grants. The proposed 2015/16 budget is based on the level of general and specific grants as notified by the Government. Provisional estimates have been included in the MTFP for government grants yet to be declared; these grants total £(2.8)m as at 23<sup>rd</sup> January 2015. Of these grants £(1.1)m of expenditure would reduce proportionate to the grant, leaving a net risk in shortfall of income of £(1.7)m. The majority of this £(1.6)m relates to Section 31 Grants to compensate the Council for the Government's decision to extend the small business rate relief. The likelihood of significant variation is deemed not to exceed a level which can be eliminated by management action within the base budget.

##### **Fees and Charges**

- 4.2 Variations in income are expected to be managed by services within their budgets. The budget includes income from Fees and Charges of £20m. The calculation of the minimum general reserve level allows for potential reductions in fees and charges generally, and for any further effects of the economic climate on existing income streams included in the proposed budget.
- 4.3 Any downturn in the economic climate can also reduce the ability to collect debt, and improved arrangements for bad debt collection were introduced during 2010/11 giving managers more responsibility for the recovery.

- 4.4 Trading activities will be closely monitored during the year and costs reduced to compensate for changes in trading levels.

### **Investment Income and Dividends**

- 4.5 The main source of dividend income is from Manchester Airports Group (MAG). The budget includes for £1.4m in dividend as notified, and is based on the company's ten year business plan. Since the Group was restructured with a new equity investment partner and the acquisition of Stansted airport, the business has flourished. An interim dividend was paid for the first time, in 2014, and will be used in support of 2015/16 budget. However it is too early to say whether this will be a recurring level of dividend in the future and therefore the inclusion of the amount in the budget is being treated as a one-off i.e. similar to a reserve.
- 4.6 The prospects of a global economic recovery remain fragile and Europe in particular continues to face very challenging times. Forecasters are now downplaying a rise in interest rates and the budget forecasts have been adjusted accordingly. A small provision for either a rate reduction and lower than expected balances has been built into the calculation of the minimum general reserve level.

### **Council Tax**

- 4.7 On the whole council tax is a reliable and sustainable source of income, however, it does have some risks:
- Revaluation claims continue to be received by the Valuation Office. Unlike business rates, there is no cut-off date by which appeals must be made; the Council has no control over these appeals or their outcome.
  - It is possible that future discounts and exemptions exceed expected levels. In mitigation the Council is currently carrying out a Single Person Discount review which is expected to identify a number of households that are not entitled to this discount.
- 4.8 The service has a track record of good collection performance and the highest in Greater Manchester.

### **Business Rate Retention Scheme**

- 4.9 The Business Rate Retention Scheme introduced in 2013/14 represented a significant change in the financial regime governing local authorities by introducing the potential for local authorities to retain an element (24.5% in Trafford's case) of the growth in their business rates. However, the opposite is also true in that the Council is liable for a proportion (49%) of reductions in business rates, subject to cap on the Council's liability.

- 4.10 Considerable uncertainty exists over the likely financial impact of outstanding appeals against rateable values (RV) lodged with the Valuation Office. This posed a considerable risk to the Council but in 2013/14 it was able to set aside a provision in its accounts to help deal with the risk of costly backdated appeals.
- 4.11 As a result of this prudent step the Council is now forecasting a growth in business rates income in 2014/15. Furthermore it has agreed to join a business rates pool in 2015/16 and has successfully negotiated with AGMA Leaders that a share of any retained levy will be paid to Trafford. Further details are included in section 4 of the budget report.

## **5. GENERAL APPROACH TO THE BUDGET**

- 5.1 The budget process has involved the identification or forecasting of spending needs, likely resource availability, and opportunities for efficiencies, income generation and resource realignment. Issues identified during the 2014/15 budget monitoring process and planning process review have been addressed in the 2015/16 budget wherever appropriate.
- 5.2 The process has involved the Executive Portfolio Holders, members of the Corporate Management Team and other service management supported by Finance Managers.
- 5.3 All budget managers have been requested to agree their budget working papers and are therefore aware of their proposed budget for 2015/16, and the assumptions the budget is based on, which includes income targets.

## **6. EMERGENCIES and CONTINGENCIES**

- 6.1 Across the Council relevant services have been reviewing their contingency and emergency plans to deal with business interruptions, such as a power cut or high levels of localised sickness, and emergencies, such as extreme weather conditions. Business continuity plans are developed to reduce reliance on increased expenditure.
- 6.2 The Council carries some insurance to mitigate some potential risks and circumstances, and in the cases of emergencies, the Government has an emergency funding (the "Bellwin") scheme.
- 6.3 However, there are limits to insurance and the extent of the Council's insurance reserves, and the Government emergency funding scheme has both an activation threshold and a maximum percentage contribution to costs. The minimum level of general reserve also includes for the need to set aside monies for emergencies and disasters.

## **7. CONCLUSION ON ROBUSTNESS**

- 7.1 There can be no guarantee that expenditure will be contained within each and every budget; this is due to the varying demands that are placed on the Council's business. In recognition of this there is a comprehensive approach to the budget preparation and the assumptions underpinning its calculation, together with monitoring arrangements, provide reasonable assurance that overall the Council will meet the majority of its financial responsibilities with the planned resources available.
- 7.2 The year ahead presents a number of financial challenges, and in particular I would draw Members' attention to areas of uncertainty for which mitigating action is included in the budget and/or reserves, if required;
- The scale of savings required, over and above that delivered in the previous five austerity budgets, and in particular the CFW directorate, will be demanding on the capacity of managers and staff;
  - A number of savings are still be agreed, including those subject to consultation;
  - The outcome of the current Joint Venture procurement contract will not be known until after the budget has been agreed;
  - The Council could face legal challenge in the decisions it makes, and whilst every effort has been made to guard against the likelihood of successful challenge, the costs of defending any such proceedings could be significant;
  - The uncertainty that exists on demand led services;
  - The reliance that the Council has, for the first time, on business rates growth to support its spending plans.

