

Agenda Item 5

TRAFFORD COUNCIL

Report to: Executive

Date: 18 February 2015

Report for: Information

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

Report Title:

Revenue Budget Monitoring 2014/15 – Period 9 (April to December 2014).

Summary:

The revised revenue budget approved at the Council meeting on 17 September 2014 is £156.134m. The forecast for the end of the year, as projected following nine months of activity, is £153.361m being a net underspend of £(2.773)m, (1.8)% of the budget. This is a favourable movement of £(0.278)m since the last report.

The main areas of budget variance are summarised as:

Activity	Forecast £m	Movement £m
Increased demand and unit costs for Children in Care placements	0.6	(0.1)
Adult Services client costs	(0.2)	0.3
Adult Services provision for doubtful debts	0.5	-
LD Pool release of budget provision for transitional cases	(1.3)	(0.5)
Additional external income, including SLA's	(0.6)	(0.2)
Rephased base budget savings	0.4	-
In year savings not met (incl. Terms & Conditions)	0.6	-
Vacancy management	(1.3)	0.1
Deprivation of Liberty assessment costs	0.3	-
Manchester Airport Group Dividend	(1.0)	-
Other variances	0.0	0.1
Additional Income from Business Rates available in 2014/15	(0.8)	-
Forecast outturn	(2.8)	(0.3)

Reserves

The opening balance of the General Reserve was £(11.0)m, and after taking into account approved and proposed use, subject to Members approval, the forecasted closing balance at 31 March 2016 is £(6.3)m, which is £(0.3)m above the Council established minimum level of £(6.0)m.

The brought forward deficit on the Learning Disability Pooled Fund at 1 April 2014 was £3.0m. As part of the 2015/16 budget it is now proposed, subject to Members approval, to write down this deficit in full against the General Reserve, see Section 5 of the 2015/16 budget report.

Also, the in-year underspend on the Learning Disability budget of £(1.017)m, and included in the forecast outturn for CFW, will be used to reduce the original

commitment on the General Reserve agreed in September 2014 (see Table 5).

The net service carry forward reserves at the beginning of the year was £(4.004)m, and after taking into account planned use and commitments, and the service Directorates' outturn the forecasted closing balance is £(0.374)m surplus.

Council Tax

The surplus brought forward of £(0.5)m, will be increased by an in-year forecasted surplus of £(1.1)m. After taking account of the planned use of £0.4m to support the base budget and another £0.2m for backdated valuation and discount appeals, the total surplus forecasted to be carried forward is £(1.0)m. The Council's share of this surplus is £(0.8)m, and is planned to support future budgets in the MTFP.

Business Rates

As originally reported at Period 6 an estimated surplus of £(3.489)m is projected for 2014/15, Trafford's share being £(0.855)m. Details will be updated when the VOA provide their next update on outstanding and settled appeals. Under the rules which govern the scheme, this estimated figure cannot be included in the General Fund until 2015/16.

Section 31 grants which compensate the Council for the Government's extension of the Small Business Rate Relief/Retail Relief Discount Schemes and further income from renewable energy schemes which is wholly retained by the Council, remain unchanged as reported in Period 6 at £(0.844)m. This grant is included in the forecast outturn of £153.372m.

Recommendation(s)

It is recommended that:

- a) the latest forecast be noted and agreed;

Contact person for access to background papers and further information:

David Muggerridge, Finance Manager, Financial Accounting Extension: 4534

Background Papers: None

Implications:

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	As set out above
Legal Implications:	None arising out of this report
Equality/Diversity Implications	None arising out of this report
Sustainability Implications	None arising out of this report
Resource Implications e.g. Staffing / ICT / Assets	Not applicable
Risk Management Implications	Not applicable
Health & Wellbeing Implications	Not applicable
Health and Safety Implications	Not applicable

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

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

DIRECTOR'S SIGNATURE

Budget Monitoring - Financial Results

1. The revised budget approved at the 17 September 2014 Council meeting is £156.134m. Based on the budget monitoring for the first 9 months of the year, the overall forecast for the year is £153.361m, being an underspend of £(2.773)m, (1.8)%, a favourable movement of £(0.278)m since the last report.
2. The details of service variances can be found in Annexes 1 to 3, and for Council-Wide, Annex 4:

Table 1: Budget Monitoring results by Directorate	Year end Forecast (£000's)	Percentage %	Period Movement (£000's)	Annex
CFW – Children's Services	675	2.2%	(124)	1
CFW – Adult Social Services	(740)*	(1.3)%	(51)	1
CFW – Public Health	-	-	-	1
Economic Growth, Environment & Infrastructure	(422)	(1.3)%	(64)	2
Transformation & Resources	(405)	(2.3)%	(91)	3
Total Service Variances	(892)	(0.7)%	(330)	
Council-wide budgets	(1,881)	(9.3)%	52	4
Estimated outturn variance (period 9)	(2,773)	(1.8)%	(278)	

CFW – Children, Families & Wellbeing

Table 2: Budget Monitoring results by Executive Portfolio Holder	Year end Forecast (£000's)	Percentage %	Period Movement (£000's)
Children's Services	675	2.2%	(124)
Adult Social Services	(740)*	(1.3)%	(51)
Community Health & Wellbeing	-	-	-
Environment & Operations	(144)	(0.5)%	15
Economic Growth & Planning	(278)	(5.7)%	(79)
Communities & Partnerships	108	3.4%	-
Transformation & Resources	(240)	(2.2)%	(85)
Finance	(2,154)	(9.0)%	46
Estimated outturn variance (period 9)	(2,773)	(1.8)%	(278)

* £(1.017)m will be used to reduce the commitment on the General Reserve (see Table 5).

Key month on month variations

3. The key variances contributing to the period movement of a favourable £(0.278)m are:
 - £(0.124)m favourable movement in Children in Care costs relating mainly to a decrease in placements;
 - £0.152m adverse movement in Learning Disability Services relating to client need;
 - £0.136m adverse movement in client need within Older People's Services;

- The release of a further £(0.500)m provision for additional costs arising as children transition into Adult Learning Disability Services between the ages of 18 and 25, making the total released of £(1.300)m;
- £(0.158)m favourable variance in income levels across a number of services within the Economic Growth, Environment & Infrastructure Directorate;
- £0.111m vacancy management across all Directorates;
- £0.100m adverse movement in running costs across all Directorates
- Other net minor variances, £0.005m.

MTFP Savings and increased income

4. The 2014/15 base budget, or permanent budget, is based on the achievement of permanent base budget savings and increased income of £(13.776)m.
5. The following table summarises the overall forecasted achievement of the total base budget savings target for 2014/15 of £(13.776)m; noting the potential shortfall, proposed action to mitigate this shortfall in 2014/15 and action taken in the draft budget proposals for 2015/16

Table 3: Base budget savings	Total (£000's)
Total Savings delivered or in progress	(12,708)
Budget savings required	(13,776)
Shortfall	1,068
To be met by:	
Re-phased savings from T&R reserve in 14/15	
• HR Restructure	(91)
• Partnerships & Communities Restructure	(93)
• Legal Service Restructure	(36)
• Design and Print (T&R)	(113)
Re-phased savings from EGEI reserve in 14/15	
• Parks Maintenance	(47)
• Town Centre Advertising	(16)
• Property Referral Fees Advertising	(3)
• Moving Travel Offences	(30)
Alternative savings in CFW in 14/15	
• Home to School Transport (overachievement against savings target)	214
Sub-total – alternative savings	(215)
Savings without alternative solutions:	
• Information & Advice savings (CFW)	34
• Design and Print (cross Directorate)	39
• Terms and Conditions (CFW)	423
• Children in Care Placements	257
• Shortfall in Adoption Fee Income	100
Total	853

6. Approximately 92% of base budget savings have been or are forecasted to be delivered:
- Of the £1.068m shortfall, £0.600m relates to CFW, £0.333m T&R and £0.096m EGEI and £0.039m across all Directorates relating to a delay in the award of the print contract.
 - There are some savings that are delayed in 2014/15 £(0.215)m but the full effect is still expected to be delivered in the 2015/16 budget;
 - There are savings that will not be delivered, of which £0.423m relates to terms and conditions within CFW and, at the time of preparing the draft budget, £0.146m relating to Children in Care Placements. In addition there is a further £0.016m relating to the full year effect of reduced Town Centre Advertising Income. These savings pressures, totaling £(0.585)m have been built into the draft budget proposals for 2015/16. The pressure in Children in Care Placements has since increased to £0.257m.
7. A further in-year savings target of between £(2.5)m and £(3.3)m was agreed at Council on 17th September as part of the budget realignment process to address pressures within the CFW Directorate. The decommissioning of Voluntary and Community Sector grants saving proposal is currently projecting a surplus of £(0.004)m, and along with an overachievement of £(0.606)m against the vacancy freeze saving has resulted in an overall estimated overachievement of £(0.610m) against the savings target of £(2.5)m.

Council Tax

8. The brought forward surplus on the Council Tax element of the Collection Fund has shared ownership between GM Fire & Rescue Authority and Police & Crime Commissioner, as well as the Council.
9. After nine months of activity, the total Council Tax in-year surplus is forecasted at £(1.134)m, with the Council's share of this being £(0.953)m. After taking account of the planned application to support the 2014/15 budget, £0.356m, and reductions as a consequence of back-dated valuations and awards of discounts or exemptions of £0.250m, the end of year total balance is forecasted to be £(0.985)m, of which the Council's share is £(0.827)m. The Medium Term Financial Plan assumes use of the Collection Fund surplus at similar levels to 2014/15 into the future.

Table 4: Council Tax surplus	Overall		Trafford	
	£(000's)	£(000's)	£(000's)	£(000's)
Surplus brought forward		(458)		(385)
Changes in Band D equivalents	0		0	
Empty Homes Premium	(109)		(91)	
Council Tax Support awards	(1,025)		(862)	
Banding valuations & discounts	251	(883)	211	(742)
In-year application of surplus		356		300
Forecasted surplus carry forward		(985)		(827)

10. The majority of the in-year surplus has been generated from pro-active interventions in unreported changes of circumstances, which has reduced the need for Council Tax Support. This means that the correct award of Support is made earlier and reduces the amount of overpayments that have to be collected subsequently. Some of the in-year increase also relates to an increase in empty homes premium, however, this initiative cannot be guaranteed into the future as the purpose of the policy is to discourage empty properties and to encourage bringing them into the housing market. There has been a movement in the forecast surplus of £0.038m since last month.

Business Rates

11. 2014/15 will be the second year of operation of the new business rates retention scheme. The Government has established a target yield figure, or baseline, and 24.5% of yield above target is retained by the Council. However, 49% of any shortfall against the target is charged to the Council up to a safety net maximum cost to the Council of £2.433m.
12. The projected surplus of £(3.489)m and Trafford's share thereof of £(0.855)m as originally reported at Period 6 has not changed. The projections will be revised once updated VOA data is provided on the current level of appeals and a more accurate assessment is made on the level of appeals receivable for the remainder of the financial year. Under the rules which govern the scheme, this estimated figure cannot be included in the General Fund until 2015/16.
13. In addition, as originally reported in Period 6, the additional Section 31 grants received in 2014/15 to compensate the Council for the Government's extension of the Small Business Rate Relief/Retail Relief Discount Schemes and further income from renewable energy schemes, remains at £(0.844)m. These grants are available in year and will form part of the estimated outturn. The level of grant can change during the year due to the actual award of Small Business Rate Relief and projections may vary accordingly.

Reserves

14. The General Reserve balance brought forward is £(11.0)m, against which there are planned commitments up to the end of 2014/15 of £2.8m. In addition, the Council-wide underspend is £(1.9)m and the support to help deliver future CFW savings is £0.5m. It is also proposed as part of the 2015/16 budget, subject to Members approval, to release Earmarked Reserves of £(0.752)m, write down the LD Pool deficit of £3.002m and utilise the 2014/15 one-off dividend from MAG of £(1.0)m to support the 2015/16 budget. This would provide for a projected balance as at 31 March 2016 of £(6.3)m which is £(0.3)m above the approved minimum level of £(6.0)m:

Table 5 : General Reserve Movements	(£000's)
Balance 31 March 2014 (subject to audit confirmation)	(10,980)
Commitments in 2014/15:	
- 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
- Council-wide budgets underspend	(1,881)
- Transfer from Earmarked Reserves (per 15/16 budget report)	(752)**
- Write down of LD Pool (per 15/16 budget report)	3,022 *
Estimated Balance 31 March 2015	(7,312)
- Planned use for 2015/16 Budget (per 15/16 budget report)	1,000 ***
Estimated Balance 31 March 2016	(6,312)

* The additional support for Adult Services agreed at Council on 17 September 2014 as part of the 2014/15 revenue budget re-alignment report included a temporary budget increase of £2.367m for Learning Disabilities. Any in-year savings within this budget will therefore be used to reduce the commitment on the General Reserve of £1.582m agreed above.

Subject to Members approval

* In addition, as part of the review of reserves during the 2015/16 budget process, it is not considered prudent to continue to carry forward the Learning Disability Pool deficit indefinitely. As such the total LD Pool deficit will be written down before the 2014/15 year end to a zero balance, using a contribution from the General Reserve.

** 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 £(1.0)m will be used to support the Council's revenue budget in 2015/16 as a result of the one off airport dividend received in 2014/15 from MAG. This is included in the Council-wide estimated outturn of £(1.881)m above.

15. Service balances brought forward from 2013/14 were a net £(0.982)m. After planned use to support one-off projects and the proposed write down of the LD Pool deficit, and adjusting for the estimated outturn, there is a projected net surplus of £(0.374)m to be carried forward to 2015/16 (Table 6).

Table 6: Service balances	b/f April 2014 (£000's)	Forecast Movement in-year (£000's)	Forecast Balance (£000's)
Communities, Families & Wellbeing	(871)	1,463	592
Economic Growth, Environment & Infrastructure	(1,155)	698	(457)
Transformation & Resources	(1,978)	1,469	(509)
Total All Services (Surplus)/Deficit	(4,004)	3,630	(374)
Learning Disability Pool (a)	3,022	(3,022)	-
Total (Surplus)/Deficit	(982)	608	(374)

Note:

(a) the 2015/16 budget report includes a proposal to write down the brought forward deficit on the LD Pool in full, and is subject to Members approval at the Budget Council meeting on 18 February 2015.

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

Recommendations

16. It is recommended that:

- a) the latest forecast be noted and agreed.

TRAFFORD COUNCIL

Report to: CFW Senior Leadership Team
 Date: 29th January 2015
 Report for: Discussion
 Report author: CFW Finance Managers

Report Title:

Revenue Budget Monitoring 2014/15 – Period 9 (April to December 2014).

1 Outturn Forecast

- 1.1 This is the seventh CFW Directorate Monitoring Report for 2014/15 and reflects variances against the realigned budget as approved by the Executive.
- 1.2 The revised revenue budget for the year for CFW is £84.889m. The projected outturn for CFW is now £84,824m, which represents an underspend of £(65)k on approved budget (0.1%).
- 1.3 This represents a favourable movement from period 8 of £(175)k due to:
- £(114)k favourable movement in Children’s Social Services relating to a reduction in client care packages.
 - £(10)k favourable movement across other Children’s Services Budgets.
 - The release of an additional £(500)k of the provision built into 2015/16 budgets for additional costs arising as Children transition into Adult Learning Disability Services between the ages of 18-25.
 - Increased client need within Older Peoples Services of £136k adverse.
 - Increased client need within LD Services of £152k adverse.
 - Adverse variation of £50k on Adaptations due to reduced fee income in line with current capital programme forecasts.
 - Adverse variation of £35k on ICES due to increased use of equipment.
 - £76k adverse variance across other Adults budget.

2 Explanation of Variances

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

Children’s Social Services (Including Children with Complex Needs) - £1,249k adverse variation from budget

1. £670k adverse variance on client care packages of which £413k relates to increased numbers and £257k increase in unit costs:

Service	Budget Service Users	Budget Average weekly cost	Gross Budget	Actual Service Users	Average weekly cost	Actual Gross Forecast	Variance Service Users	Variance Gross Forecast
	No.	£	(£000's)	No.	£	(£000's)	No.	(£000's)
Welfare secure	0.3	5,068	90	0.3	3,263	56	0.0	-34
External Children's Homes	4.6	3,342	796	7.5	3,356	1,307	2.9	511
Agency foster care	29.8	842	1,307	35.4	853	1,572	5.6	265
In-house foster care	97.4	270	1,373	91.8	301	1,439	-5.6	66
Family and friend foster care	109.6	180	1,031	111.8	192	1,115	2.2	84
Asylum seekers	1.7	272	24	1.2	-112	-7	-0.5	-31
Special Guardianship	33.0	159	274	28.0	147	214	-5.0	-60
Assisted Residence Allowances	26.0	96	130	22.8	110	130	-3.3	0
Aftercare	n/a		347	n/a		415	n/a	68
Supported Lodges	n/a		255	n/a		204	n/a	-51
Youth Homeless	n/a		185	n/a		188	n/a	3
Stay in Care Placements	n/a		70	n/a		0	n/a	-70
Adoption	20.0		976	13.0		785	-7.0	-191
CAN respite	2.6	1,674	227	2.6	1,674	240	0.0	13
CAN long term care	3.4	2,448	434	4.2	2,283	545	0.8	111
CAN Home from Home	n/a		239	n/a		187	n/a	-52
CAN Direct payments/personalisation	n/a		376	n/a		414	n/a	38
Total			8,134			8,804		670

2. £345k shortfall in income, most of which relates to adoption income of £302k;
3. £96k adverse variance on running costs;
4. Staff vacancies of £(89)k and an adverse variance of £127k relating to the non-achievement of savings in relation to changes in terms and conditions. This is due to the number of exemptions in connection with critical front line services.
5. An adverse variance of £100k due to non-achievement of the adoption income saving.

Children's Staff Management of vacancies – favourable variance £(411)k

There is a favourable variance of £(411)k in relation to the management of staff vacancies across all of Children's Services (£(89)k included in Children's Social Services above).

Children's Terms and Conditions Savings Unachieved – adverse variance £220k

An overspend of £220k relating to the non-achievement of savings in relation to changes in terms and conditions. This is due to the number of exemptions in connection with critical front line services. £127k is included in Children's Social Services above.

Children's Education Early Years Additional Income - favourable variance £(83)k

Mainly from additional income relating to the Education Psychology SLA to Schools.

Home To School Transport – Favourable Variance £(214)k

The new contractual arrangements for the 2015/16 academic year are projected to save an additional £(192)k in this financial year over and above the existing target of £(100)k and managing estimated demographic pressures of £90k.

Children's Services Running Costs Favourable Variance £(48)k.

There are favourable variances totalling £(48)k in relation to running costs across all children's services.

Adults and LD Pool – £(740)k favourable variation from budget:

1. Base budget and additional in year savings not achieved (See Section 3.6) - £232k adverse.
2. A recent Supreme Court judgment, which effectively lowered the threshold for what constitutes deprivation of liberty in care (DOLS), has resulted in additional assessment costs for all local authorities, which for Trafford is £251k.
3. In year savings of £(347)k due to vacant posts, particularly within Older People's Services (£139)k, Mental Health £(57)k, Benefits Advice £(37)k, and LD Day Care and Reablement £(78)k.
4. A one-off efficiency saving of £(200)k as a result of the re-engineering of the Carers Personalisation Contract.
5. A £(167)k favourable variance due to a reduction in the assumed use of the winter resilience budget provision for care packages.
6. The release of £(1,300)k of the provision for additional costs arising as children transition into Adult Learning Disability Services between the ages of 18-25. This is a one-off saving released following the start of the new school year as final decisions are made regarding which students remain in education.
7. £500k increase in the provision for doubtful debts following a high level review of current and historical debt outstanding.
8. Net variation in client need within Older Peoples Services of £78k adverse.
9. Increased client need within LD Services of £134k adverse.
10. Adverse variation of £50k on Adaptations due to reduced fee income in line with current capital programme forecasts.
11. Adverse variation of £35k on ICES due to increased use of equipment
12. Other variances amounting to a net underspend of £(6)k.

Public Health – nil variance from budget:

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

- Management of vacancies - £(57)k favourable, and

- Other income - £(97)k favourable as a result of non-recurrent income from Community Safety for Test on Arrest, £(22)k and a £(75)k contribution from the CCG in respect of Dementia Advice contracts.

This will leave a current unallocated grant balance of £154k for which proposals will be brought forward to support Public Health priorities.

3. Forecasting and Risk

3.1 2014/15 Base Budget Savings

The council's overall budget for 2014/15 includes £(13,776)k of savings of which £(7,390)k relates to CFW. The table in Appendix 2 shows the current assumptions made regarding the delivery of in-year savings targets within the forecasts set out in this report.

Of the 34 savings proposals a total of 29 are expected to be achieved in full and one is expecting to overachieve. The 5 schemes projecting a net shortfall of £0.599m are as follows:

1. Children in Care placements - £257k. This saving proposal was linked to a plan to reduce unit costs for CIC placements (see CFW2 for further details).
2. Home to School Transport £(214)k. The reorganisation of home to school contracts has resulted in a larger saving but is in reality the 15-16 saving being achieved early.
3. Terms and Conditions (CYPS & Adults) - £423k shortfall due to the number of exemptions in relation to the delivery of front line services.
4. Adoption Placement fees - £100k savings relating to income from other local authorities will not be achieved, as the number of adopters now exceeds the number of children awaiting adoption.
5. Advice & Information – this £33k is the CFW share of a Council Wide savings target which has been split equally across EGEI, CFW and T&R.

3.2 Additional In Year Savings

There are also £(3.3)m of additional in year savings which were approved as part of the CFW budget re-alignment report, of which it was assumed that £(2.5)m would be achieved in year. A list of these savings and the current projection against the re-based budget of £(2.5)m are also included in Appendix 2.

Of the 18 savings proposals a total of 16 are expected to be achieved in full with the remaining 2 schemes projecting a net surplus of £(0.610)m as follows:

1. Voluntary & Community Sector – £(4)k overachievement due to higher than anticipated funds returned by VCS providers.
2. At this stage it is assumed that the full amount of BCF in 2014/15 will be available to the Council. However, this is subject to on-going discussions with the CCG regarding the release of this money.
3. Vacancy Management - the in year target for vacancy management savings is £(580)k, of which it was assumed that £(209)k would be

achieved in year as part of the budget realignment. However, this savings target has been overachieved by £(606)k mainly due to posts held vacant pending 2015/16 savings implementation.

3.3 Provision for Doubtful Debts

The Council collects approximately £9.5m each year from clients towards the cost of their residential or domiciliary care package. This is a means tested assessment of a client's ability to pay and some of the debt is deferred i.e. not collected, until a client's assets are sold which can mean debt is not collected for some years. Also the health and wellbeing of a client is taken into account when considering the recovery of debt.

A high level review of current and historical debt outstanding has been carried out and it is considered prudent that £500k is earmarked in the Council's current year's financial plans for the possibility that some debt may not be collected; this would be in addition to the sum of £400k which is already earmarked from previous years. Putting this in context, total bills of £85m have been raised since 2005 and therefore the earmarked provision is equivalent to 1.06% of the total debt raised. The Council will continue to maximise income collection but if any debt is ultimately written off this will be done in accordance with the Council's agreed procedures.

3.4 Care Packages

This is the seventh monitoring report of the financial year based on eight months of actual activity and the information available to produce the forecast outturn will be refined and subject to change as the year progresses.

Adult CFW supports the most vulnerable people in the borough and as such the budgets are demand led. Variations in the number and unit cost of care packages has led to significant variations in demand levels, which have not previously been fully reflected in the budget.

2014/15 budgets have now been re-aligned based on the actual cost of all service users up to 31st August with a projection to 31st March 2015 for all "live" cases at 1st January 2015. The following table sets out the number and average weekly unit cost of "live" cases which form the basis of current forecast expenditure:

	Re-aligned 2014/15 Budget			Forecast Outturn (Period 9)			Forecast Variance		
Service	Service Users	Average weekly cost	Gross Budget	Current Service Users	Average weekly cost	Gross Forecast	Service Users	Weekly cost	Gross Forecast
	No.	£	(£000's)	No.	£	(£000's)	No.	£	(£000's)
Older People									
Domiciliary Care	855	156.33	7,096	837	152.61	6,873	(18)	(3.72)	(223)
Direct Payments	155	178.42	1,669	165	173.42	1,692	10	(5.00)	23
Residential/Nursing	571	471.06	14,222	560	475.14	14,279	(11)	4.08	57
Physical Disability									
Domiciliary Care	143	178.98	1,212	119	190.78	1,148	(24)	11.80	(64)
Direct Payments	189	220.12	2,270	177	227.36	2,301	(12)	7.24	31
Residential/Nursing	30	656.50	947	30	659.07	963	0	2.57	16
Learning Disability									
Day Care	30	265.06	407	33	257.76	415	3	(7.30)	8
Domiciliary Care	49	293.85	799	46	279.89	703	(3)	(13.96)	(96)
Direct Payments	254	297.47	4,220	255	294.41	4,330	1	(3.06)	110
Residential/Nursing	74	1,330.10	4,166	66	1,316.68	3,909	(8)	(13.42)	(257)
Supported Living	88	992.47	4,287	85	961.53	4,419	(3)	(30.94)	132
Mental Health									
Domiciliary Care	46	121.01	244	47	105.94	236	1	(15.07)	(8)
Direct Payments	30	122.65	209	29	122.77	216	(1)	0.12	7
Residential/Nursing	39	561.39	1,135	37	552.25	1,095	(2)	(9.14)	(40)
Supported Living	19	1,298.06	1,092	23	1,190.35	1,143	4	(107.71)	51
Total			43,975			43,722			(253)

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

3.5 The above table reflects the current gross cost of services based on individual care packages. However, for financial monitoring purposes, a number of further assumptions have been made which are not reflected in the table:

- Estimated clawback on Direct Payments of £(850)k based on total receipts to date in 2014/15 of £(682)k. The current forecast is consistent with the actual clawback figure in 2013/14 of £(837)k adjusted to reflect growth in the number of service users receiving direct payments.
- An annual reduction of £(200)k against Home Care packages to reflect previous experience that approximately 10% of home care package hours are not used. This has been applied pro rata to the number of months remaining in the year, the assumed reduction from 1st January 2015 to 31st March 2015 is £(50)k.
- A winter resilience budget provision of £333k to offset any net growth in care package numbers/costs during the remainder of the financial year. This reflects a reduction in the assumed use of the contingency of £167k from period 7. The use of the contingency is assumed to be weighted pro rata to the number of months remaining and it was intended to release this on this basis (Nov £167k, Dec £133k, Jan £100k, Feb £67k and March £33k). However, it is now anticipated that there will be an increase in placements reflected in January monitoring as a result of the recent pressure faced by hospitals and the action being taken to address this. At this stage, therefore, no further release of the winter resilience budget provision has been assumed.

3.6 Other Assumptions

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

4. Learning Disabilities Pooled Fund

4.1 At the beginning of the year the LD Pool had a carry forward adverse balance of £3.022m.

4.2 Dialogue is taking place with the Trafford Clinical Commissioning Group (CCG) in order to agree how we collectively address the on-going pressure on the LD Pooled Budget.

5. Service carry-forward reserves

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

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

	DSG	CFW – Non LD Pool	CFW LD Pool
	(£000's)	(£000's)	(£000's)
Balance b/f 1 April 2014	(2,777)	(871)	3,022
Troubled Families Grant		(280)	-
Troubled Families Commitments 15-16		280	
Specific commitments in 2014/15	750	511	
P9 Forecast Outturn	480	952*	
	(1,547)	592	3,022

The DCLG have provided a grant for troubled families which is not ring-fenced and will not be spent by 31st March 2014. There are commitments made to partners for 2015/16.

* The CFW net underspend of £(65)k is split £952k non LD and £(1,017)k LD. The £(1.017)m underspend on Learning Disability budgets will be used to reduce the commitment on the General Reserve of £1.582m previously agreed at Council on 17 September 2014 (see Table 5 in the covering report).

6. Management Action

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

6.2 Resource Allocation Process

In June 2014, a revised Resource Allocation model was implemented, 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.

6.3 Business Delivery Programme Board

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

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

This new approach ensures Directors, lead commissioners, Finance Managers and Heads of Operational Services maintain oversight of activity linked to the budget and address key issues relating to financial monitoring reports, monitoring of savings targets, and other budget recovery action taken. A

revised approach to escalating issues arising to the CFW Senior Leadership Team has also been agreed.

6.4 Financial Tracking and Monitoring

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

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

6.5 Children in Care Placements Tracking and Monitoring

The robust tracking and monitoring of placements has been described in detail in the two previous monitoring reports. The next detailed quarterly placement meeting is being brought forward by one month to ensure the planning of 2015/16 resources is as robust as possible.

Staffing resources are also being considered as a part of this exercise in order that workloads can be managed as effectively and efficiently as possible.

Period 9 Projected Outturn revenue expenditure and income variances

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

Budget Book Format (Objective analysis)	Full Year Revised Budget (£000's)	P9 Forecast Outturn (£000's)	P9 Outturn variance (£000's)	P8 Outturn variance (£000's)	P8 – P9 Movement (£000's)	Ref
Children's Services Portfolio – DSG Element						
Dedicated Schools Grant	0	480	480	124	356	CFW1
Transfer to Dedicated Schools Grant Reserve	0	(480)	(480)	(124)	(356)	CFW1
Sub-total – DSG	0	0	0	0	0	
Children's Services Portfolio – Non DSG Element						
Education Early Years' Service	6,110	5,726	(384)	(417)	33	CFW3
Children's Social Services	15,383	16,601	1,218	1,332	(114)	CFW2
Children with Complex & Additional Needs	1,943	1,974	31	39	(8)	CFW2
Commissioning	1,716	1,618	(98)	(73)	(25)	CFW3
Multi Agency Referral & Assessment Service (MARAS)	1,491	1,444	(47)	(48)	1	CFW3
Youth Offending Service	363	369	6	7	(1)	CFW3
Children's Centres	1,933	1,862	(71)	(61)	(10)	CFW3
Youth Service	1,336	1,356	20	20	0	CFW3
Sub-total – Children's Services	30,275	30,950	675	799	(124)	
CFW Children's Total	30,275	30,950	675	799	(124)	

Budget Book Format (Objective analysis)	Full Year Revised Budget (£000's)	P9 Forecast Outturn (£000's)	P9 Outturn variance (£000's)	P8 Outturn variance (£000's)	P8 – P9 Movement (£000's)	Ref
Adult Social Services Portfolio						
Older People	20,439	20,517	78	(119)	197	CFW4
Physical Disabilities	4,963	4,947	(16)	(28)	12	
Equipment & Adaptations	1,004	1,034	30	(3)	33	CFW5
Mental Health	3,612	3,549	(63)	(91)	28	CFW6
Other Adult Services	854	1,067	213	244	(31)	CFW7
Strategic & Support Services	967	956	(11)	(13)	2	
Adaptations	(64)	(16)	48	7	41	CFW8
Housing Services	630	629	(1)	(26)	25	
Community Services	230	227	(3)	(4)	1	
Equalities & Diversity	145	147	2	0	2	
Sub-total	32,780	33,057	277	(33)	310	
Learning Disabilities Pooled Fund	22,702	21,685	(1,017)	(656)	(361)	CFW9
CFW Adults Total	55,482	54,742	(740)	(689)	(51)	
Community Health & Wellbeing Portfolio						
Public Health	(868)	(868)	0	0	0	CFW10
CFW Public Health Total	(868)	(868)	0	0	0	
CFW Total	84,889	84,824	(65)	110	(175)	

Business Reason / Area (Subjective analysis)	P9 Outturn Variance (£000's)	P8 Outturn Variance (£000's)	P8 – P9 Movement (£000's)	Ref
Children's				
Management of staff vacancies	(411)	(362)	(49)	CFW3
Transport Costs	(214)	(192)	(22)	CFW3
Client Need	413	539	(126)	CFW2
2014/15 Savings not achieved	577	538	39	CFW3
Other running costs	48	9	39	CFW3
Income	262	267	(5)	CFW2,3
Total Children's	675	799	(124)	
Adults				
Management of staff vacancies	(404)	(430)	26	CFW4,6,9,10
Transport Costs	124	112	12	
Client Need	(1,440)	(1,306)	(134)	CFW4,6,9
Reduction in Grant Income	0	0	0	
2014/15 Savings not achieved	232	232	0	CFW4,7,10
Other running costs	352	347	5	CFW4,6,7,9,10
Other Income	396	356	40	CFW4,7,9,10
Total Adults	(740)	(689)	(51)	
Total CFW	(65)	110	(175)	

NOTES ON VARIANCES AND PERIOD MOVEMENTS

CFW1 – DSG Reserve b/fwd.

- The brought forward DSG reserve balance is £(2,777)k. £750k of this has been allocated to schools on a one off basis there is an expected overspend on SEN of £421k, a shortfall in income of £256k, an overspend on Early Years of £23k and an underspend on Maternity of £(36)k plus other variances totalling £(184)k. This would leave a year end reserve of £(1,547)k.

CFW2 – Children’s Social Services (Including CAN) £1,249k adverse variance

- There is an overspend of £670k, on client care packages of which £413k relates to increased numbers and £257k increase in unit costs. This is a decrease of £(87)k on the previous month. Plans are being reviewed in line with what was described in paragraph 6.5.
- There is a projected shortfall in adoption income of £402k. £100k relates to the savings target regarding income from other LA’s not being achieved, as the number of adopters now exceeds the number of children awaiting adoption. In addition to the saving not being achieved, there is an additional shortfall in adoption income causing a total pressure of £402k against the base budget. It has now become apparent that in the North West the number of recruited adopters is exceeding the number of children awaiting adoption. The result of this is that associated staffing establishments will have to be reviewed.
- The remaining variances are a reduction in the Staying Put Grant £87k, support costs relating to foster carers £62k, staff management £(89)k and £127k for not achieving the Terms and Conditions saving, other minor variances £(10)k.

CFW3 - Various

Children’s various Vacancy Management – £(411)k favourable

- There are vacancy management savings amounting to £(411)k across all Children’s Services, this includes Children’s Social Care of £(89)k included in CFW2 above.

Children’s various 2014/15 savings not achieved - £220k adverse

- Non-achievement of elements of the terms and conditions saving due to the volume of exemptions required in critical front line services. (£127k already included in Children’s Social Services CFW2 above).

Children’s Home To School Transport- £(214)k favourable.

- A favourable variance due to the reorganisation of transport contracts which is a 2015/16 saving that is being achieved early.

Additional Income Across Children's Services £(83)k favourable

- Additional income, mainly relating to the Educational Psychology Service SLA to Schools.

Running Costs Across Children's Services £(48)k favourable

- There are various favourable variances for running costs across Children's services which total £(48)k.

CFW4 – Older People £78k adverse

Vacancy management - £(139)k favourable:

- Commissioning management £(56)k favourable and Reablement £(116)k favourable and care management £33k adverse - Vacancies and savings against posts budgeted at top of grade offset by additional agency costs.

Client Need- £(289)k favourable:

- One-off efficiency saving due to the re-engineering of the Carers Personalisation Contract £(200)k.
- A reduction in the assumed use of the contingency of £(167)k from period 7.
- Other variations in client need £78k.

Savings not achieved- £3k adverse:

- Voluntary and Community Sector – in year shortfall as contracts reduced/ceased part way through the year.

Other Income - £500k adverse:

- £500k increase in the provision for bad debts following a high level review of current and historical debt outstanding.

Other running costs- £3k adverse:

- Minor variances within other Older People budgets.

CFW5 – Equipment & Adaptations £30k adverse

Client Need - £35k adverse

- ICES – Increased equipment usage

Other running costs - £(5)k favourable

- ICES - Minor variations in other running costs.

CFW6 – Mental Health £(63)k favourable

Vacancy management - £(57)k favourable

- MH Social Workers (60)k favourable - Vacancies and savings against posts budgeted at top of grade offset by agency costs

Client Need- £(10)k favourable:

- Net variations in client need.

Other running costs- £4k adverse:

- Minor variances within other Mental Health budgets.

CFW7 - Other Adult Services £213k adverse

Vacancy management - £(37)k favourable

- Benefits Advice (37)k favourable - Vacancies and savings against posts budgeted at top of grade offset by additional agency costs

Transport Costs - £9k adverse:

- Variation in number and cost of routes.

Other running costs- £265k adverse:

- Generic Services - additional Deprivation of Liberty (DOLS) assessment costs £251k.
- Additional costs of £57k in relation to Healthwatch, and
- Other variations in running costs - £(43)k favourable.

Savings not achieved- £33k adverse:

- Information and Advice Review - £33k adverse - this is the CFW share of a Council Wide savings target now split equally across EGEI, CFW and T&R.

Other income – £(57)k favourable

- Increased Healthwatch income £(57)k.

CFW8 – Adaptations – £48k adverse

Other income – £50k adverse

- Assumed reductions in fee income in line with projected capital programme spend.

Other running costs- £(2)k favourable:

- Other variations in running costs.

CFW9 – LD Pooled Fund – £(1,017)k favourable

Vacancy management - £(96)k favourable:

- Net vacancies within Social Work, In-House Day Care, Supported Living and LD Reablement.

Client Need- £(1,156)k favourable:

- Release of £(1,300)k of the provision for additional costs arising as children transition into Adult Services between the ages of 18-25. This is a one-off saving released following the start of the new school year as final decisions are made regarding which students remain in Education.
- Other net variations in client need £134k adverse.

Savings not achieved- £194k adverse:

- Terms and conditions savings not achieved due to the number of exemptions relating to the delivery of critical front line services - £203k adverse offset by Voluntary and Community Sector – in year surplus as a result of more funds returned from contractor than estimated £(9)k.

Transport - £86k adverse

- Additional recharge from CYPS in respect of adults in Education.

Other running costs- £(45)k favourable:

- Other variances within Learning Disability budgets.

CFW10 - Public Health – nil variance

Vacancy management - £(57)k favourable:

- Public Health Leaders - £(49)k favourable – vacancies and savings against posts budgeted at top of grade.
- Health Improvement - £(20)k favourable – vacancy management.
- Other Public Health staffing variations - £12k adverse.

Other running costs- £154k adverse:

- Unallocated grant balance of £154k arising from overall forecast public health underspends for which proposals will be brought forward to support Public Health priorities.

Other income - £(97)k favourable:

- Drug & Alcohol Misuse - £(22)k favourable non recurrent income from Community Safety for Test on Arrest,
- Health & Wellbeing - £(75)k favourable non recurrent income from CCG towards Dementia Advice contracts.

Appendix 2

CFW Base Budget Savings 2014/15		Note	2014/15 Budget	Forecast Saving	Variance
			(£000's)	(£000's)	(£000's)
Children in Care Placements	CYPS	1	(480)	(223)	257
Supported Living	CYPS		(50)	(50)	-
MARAS Staffing	CYPS		(50)	(50)	-
Market Management	CYPS		(350)	(350)	-
Increased Use Personal Budgets	CYPS		(25)	(25)	-
Commissioning Integration	CYPS		(20)	(20)	-
Complex Additional Needs	CYPS		(50)	(50)	-
Education Support Services Review	CYPS		(100)	(100)	-
Home To School Transport	CYPS	2	(100)	(314)	(214)
Complex & Additional Needs Personalisation	CYPS		(125)	(125)	-
Terms and Conditions	CYPS	3	(656)	(436)	220
Adoption Placement Fees	CYPS	4	(100)	-	100
Connexions Service	CYPS		(260)	(260)	-
Youth Offending Service	CYPS		(150)	(150)	-
Early Years Childcare	CYPS		(25)	(25)	-
Education Welfare Officers	CYPS		(100)	(100)	-
School Improvement	CYPS		(105)	(105)	-
Grant Assisted Projects (YOS & KEEP)	CYPS		(74)	(74)	-
Reduced Inflation applied to running costs	Adults		(422)	(422)	-
Market Management	Adults		(533)	(533)	-
New models of service in LD reducing placement costs	Adults		(200)	(200)	-
Mental Health - implement Personal Budgets	Adults		(50)	(50)	-
LD Transport - implement Personal Budgets	Adults		(200)	(200)	-
Ascot House - joint service with TPS resulting in efficiencies in running costs	Adults		(100)	(100)	-
Reduce Public Health	Adults		(850)	(850)	-
Telecare	Adults		(400)	(400)	-
Reablement	Adults		(500)	(500)	-
Commissioning Integration (Children's/Adults)	Adults		(20)	(20)	-
Advice & Information - Council wide review	Adults	5	(83)	(50)	33
Pre-payment cards	Adults		(40)	(40)	-
Carers Services	Adults		(50)	(50)	-
Extension of Personalisation Agenda	Adults		(25)	(25)	-
Supporting People	Adults		(399)	(399)	-
Terms and Conditions	Adults	3	(695)	(492)	203
Inflationary increase for rents charged for supported living houses	Adults		(3)	(3)	-
			(7,390)	(6,791)	599

CFW In Year Budget Savings 2014/15		Note	2014/15 Target (£000's)	Assumed in rebased Budget (£000's)	Forecast Saving (£000's)	Variance (£000's)
Music Service	CYPS		(5)	(5)	(5)	-
Early Help Framework	CYPS		(66)	(66)	(66)	-
Complaints and Governance	CYPS		(5)	(4)	(4)	-
Stronger Families	CYPS		(250)	(250)	(250)	-
Area Family Support Team	CYPS		(36)	(18)	(18)	-
Children In care Personal needs	CYPS		(100)	(100)	(100)	-
Education Psychology	CYPS		(50)	(50)	(50)	-
Application of Grants	CYPS		(500)	(500)	(500)	-
Voluntary & Community Sector	Adults	1	(80)	(80)	(84)	(4)
LD – Contract Negotiations	Adults		(150)	(75)	(75)	-
LD – Acceleration of Tenders	Adults		(490)	(245)	(245)	-
LD – Ordinary Residence	Adults		(150)	(75)	(75)	-
LD – Ordinary Residence – Brokering Supported Living	Adults		(7)	(4)	(4)	-
LD – Care Packages	Adults		(9)	(9)	(9)	-
LD – Development Fund	Adults		(13)	(13)	(13)	-
LD – Void Management	Adults		(17)	(9)	(9)	-
Better Care Fund	Adults	2	(788)	(788)	(788)	-
Vacancy Management	All	3	(580)	(209)	(815)	(606)
			(3,296)	(2,500)	(3,110)	(610)

TRAFFORD MBC

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

Date: 23 January 2015

Report for: Discussion

Report author: Finance Manager

Report Title

Revenue Budget Monitoring 2014/15 – Period 9 (April 2014 to December 2014)

1. Forecast Outturn for the Year

- 1.1 The approved revenue budget for the year is £33.429m. The forecast outturn is £33.007m, which is £(0.422)m under the approved budget. This is a net favourable movement of £(0.064)m from the last report.
- 1.2 The key movements relate to a reduction in the predicted shortfall in capital fee income £(0.070)m, increased let estate income £(0.046)m, additional income from planning control £(0.069)m and parking £(0.023)m, increase in street lighting energy costs £0.090m, reduction in forecast building control income £0.040m, other net movements in staffing/running costs £0.014m.
- 1.3 The Directorate has brought forward balances of £(1.155)m from previous years (paragraph 3). These are earmarked for specific project based activity which has been re-phased from previous years, one-off projects to support in-year service efficiencies, and also to mitigate specific one-off budget pressures this year, such as from the Enforcement and Groundforce reviews, if required. The remaining balance based on the projected outturn above is £(0.457)m. This will be held to mitigate any future pressures during the year, such as weather related incidents.

2. Summary of Variances

- 2.1 The overall favourable variance of £(0.422)m reflects a number of individual under and overspends across the diverse areas of the Directorate, as detailed in Appendix 1 and summarised below.
- 2.2 There is one-off shortfall in approved savings relating to the Enforcement review (from 2013/14) £0.058m, and Groundforce review £0.047m. This is due to additional time taken for staff and stakeholder consultations. There is also an expected income saving shortfall of £0.030m from moving traffic offences, which is linked to the progress of the AGMA initiative supporting this. Income generation from town centre advertising will not be achieved £0.016m following recent legal advice, and property referral web-site advertising has been re-phased leading to a one-off shortfall of £0.003m this year. Savings will be delivered in full from 2015/16, and for town centre advertising alternative proposals will be progressed through the Medium Term Financial Plan.
- 2.3 The levy paid to Greater Manchester Waste Disposal Authority is expected to be £0.200m higher than budgeted, which is due to weather related increases in the volume of green waste being recycled over the summer. This can be

partially mitigated by a negotiated one-off procurement saving in the waste collection contract £(0.150)m.

- 2.4 Favourable one-off income variances are projected from Oakfield Road car park £(0.128)m, rechargeable grounds maintenance costs £(0.039)m, Stretford Arndale rent £(0.067)m, Urmston Town centre rent £(0.048)m and other let estate property rents £(0.055)m. Income is higher than budgeted from other car parking charges £(0.038)m, GM Road Access Permit Scheme £(0.082)m and planning fees £(0.0133)m. There are income shortfalls forecast relating to licencing £0.007m, pest control £0.017m, building control £0.105m and Green Deal £0.040m. There is a net favourable movement in projected external income of £(0.088)m from last reported. In addition, fee income from capital schemes is £(0.027)m higher than budgeted, a favourable movement of £(0.070)m.
- 2.5 There are a number of favourable variances relating to staffing budgets as a result of turnover or vacancy management £(0.273)m, including £(0.111)m from senior management restructuring, £(0.050)m from school crossing patrols, £(0.049)m Economic Growth team, and £(0.025)m Highways. The net underspend on staffing has reduced by £0.010m since last reported.
- 2.6 Other running cost variances include underspends on Administrative Buildings £(0.031)m and Groundforce £(0.047)m, with overspends projected in Highways/Street Lighting maintenance £0.065m and for a one-off pressure re Altrincham Market £0.029m. There is a net favourable movement of £(0.006)m in general running costs since last reported. In addition, Street lighting energy costs are predicted to be £0.060m above budget, an adverse movement of £0.090k since last reported.
- 2.7 Management action will continue throughout the year to ensure that essential services are delivered within budget and to seek out opportunities for future financial benefits. This includes:
- Only necessary spending on supplies and services to be approved;
 - Systematic monitoring and evaluation of existing and potential new income streams;
 - Analysis of rechargeable work for both revenue and capital schemes;
 - Additional improvements to efficiency through service redesign and better procurement;
 - Potential to accelerate future savings proposals.

3. Reserves

- 3.1 At the end of 2013/14 the Directorate had a surplus on accumulated balances of £(1.155)m, which was carried forward to 2014/15. This was a result of the successful management of budget pressures in the last two financial years but also includes a number of commitments relating to projects being re-phased across the year end.
- 3.2 The planned use of these balances is shown below. The current balance of £(0.457)m is being held to cover potential budget pressures from external factors, such as from adverse weather or reductions in income. Any balance remaining at year end will be carried forward to support services in 2015/16 accordingly.

Utilisation of Carry forward Reserve 2014/15	(£000's)
ETO Surplus balance brought forward at 1 April 2014	(494)
EGP Surplus balance brought forward at 1 April 2014	(661)
Re-phasing of projects from 2013/14	381
Committed on 2014/15 projects	739
Period 9 forecast outturn (favourable)	(422)
Balance after known commitments	(457)

4. Savings

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

	Budget (£000's)	Outturn (£000's)	Variance (£000's)
Increased and new income	(320)	(271)	49
Efficiencies and others	(786)	(786)	0
Policy Choice	(1,920)	(1,873)	47
Mitigating action across EGEI	0	(96)	(96)
Terms and Conditions	(127)	(127)	0
Total EGEI	(3,153)	(3,153)	0

- 4.2 The income shortfall of £0.049m relates to the delay in implementing the saving relating to moving traffic offences £0.030m (note EGEI1 below) and £0.019m from town centre advertising and property referral fee web-site advertising (EGEI10). In policy choice £0.047m relates to re-phasing of savings in Groundforce (note EGEI4). All these items are to be mitigated in full from management action and other favourable variances across the Directorate, or by the use of accumulated balances if required. The savings will be achieved in full from 2015/16, with alternative measures for town centre advertising progressed through the Medium Term Financial Plan.
- 4.3 In addition, there is a £0.058m shortfall in the saving associated with the review of Enforcement approved in the 2013/14 budget. This is also due to additional staff and stakeholder consultations and the saving is now being delivered in full (from August 2014) (see note EGEI5).

5. Forecasting and Risk

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

- Demand led fees and charges income, such as from Parking, Licencing, Planning and Building Control, will vary based on economic conditions and customer behaviour. Bereavement Services income is also affected by external factors. All fees and charges are monitored weekly or monthly, with trends and previous profiles used to inform forecasts;
- Investment property income – this varies depending on economic factors, and includes income from shopping centres (e.g. Stretford Mall) where lettings and rents are the responsibility of the owners of the properties;
- Weather related incidents impact on costs and income, particularly during the winter months. This includes increased winter maintenance costs (gritting etc.), pot hole damage to highways, tree and other infrastructure damage. The Directorate has £0.120m in a Winter Maintenance reserve to smooth these pressures across financial years, if required;
- A pay award of 1% is budgeted for 2014/15. This is in line with the actual award agreed in November for staff earning over £20,400 per annum (full time equivalent) including all non-consolidated elements. For Traded Services (Catering and Cleaning), there are a large number of staff on lower equivalent annual pay where the pay increase is higher than 1% and the effect of this is estimated at £36k higher than planned. This is intended to be covered from one-off existing resources.

6. Recommendations

- 6.1 It is recommended that the forecast outturn be noted.

Period 9 Forecast Outturn revenue expenditure and income variances.

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

Economic Growth, Environment & Infrastructure Budget Book Format (Objective analysis)	Full Year Budget (£000's)	P9 Forecast Outturn (£000's)	P9 Forecast Variance (£000's)	P8 Outturn Variance (£000's)	Period Movement (£000's)	Ref
Highway and Network Management, including Traffic & Transportation	5,151	5,273	122	79	43	EGEI1
School Crossing Patrols	509	459	(50)	(50)	0	EGEI2
Parking Services	(337)	(530)	(193)	(168)	(25)	EGEI3
Groundforce	4,144	4,110	(34)	(45)	11	EGEI4
Bereavement Services	(1,090)	(1,078)	12	11	1	
Sustainability & Greenspace	359	325	(34)	(34)	0	
Waste Management (incl. WDA levy)	18,979	19,031	52	46	6	EGEI5
Public Protection	602	627	25	16	9	
Environmental Enforcement	89	156	67	66	1	EGEI6
Directorate Strategy & Business Support	259	148	(111)	(80)	(31)	EGEI7
Sub-total Environment & Operations Portfolio	28,665	28,521	(144)	(159)	15	
Property and Development	2,608	2,301	(307)	(223)	(84)	EGEI8
Planning & Building Control	(119)	(70)	49	28	21	EGEI9
Strategic Planning & Development	533	515	(18)	(8)	(10)	
Economic Growth	759	724	(35)	(36)	1	EGEI10
Housing Strategy	596	629	33	40	(7)	EGEI11
Directorate Strategy & Business Support	459	459	0	0	0	
Sub-total Economic Growth & Planning Portfolio	4,836	4,558	(278)	(199)	(79)	
Operational Services for Education	(72)	(72)	0	0	0	
Total Forecast Outturn Period 9	33,429	33,007	(422)	(358)	(64)	

Economic Growth, Environment & Infrastructure Business Reason / Area (Subjective analysis)	P9 Outturn Variance (£000's)	P8 Outturn Variance (£000's)	Period Movement (£000's)	Ref
Highways and Network Management				
Income shortfall, including moving traffic offences	47	38	9	
GMRAPs income above budget	(82)	(82)	0	
Capital fee income shortfall	57	95	(38)	
Staff vacancies	(25)	(50)	25	
Running costs including depot	65	108	(43)	
Energy – Street Lighting	60	(30)	90	
Sub-total	122	79	43	EGEI1
School Crossing Patrols - vacancies	(50)	(50)	0	EGEI2
Parking Services				
Additional income – Oakfield Road	(128)	(128)	0	
Income – other locations	(38)	(15)	(23)	
Staffing and running costs	(27)	(25)	(2)	
Sub-total	(193)	(168)	(25)	EGEI3
Groundforce				
Re-profiling of staff/equipment savings	47	47	0	
Other running costs	(47)	(58)	11	
External income	(34)	(34)	0	
Sub-total	(34)	(45)	11	EGEI4
Bereavement Services				
Staffing and maintenance costs	3	3	0	
Income shortfall	9	8	1	
Sub-total	12	11	1	
Sustainability & Greenspace				
Vacancy, supplies & services	(34)	(34)	0	
Waste Management				
Staffing and general running costs	2	(4)	6	
GM Waste levy – additional green waste recycling	200	200	0	
Waste contract – one-off procurement saving	(150)	(150)	0	
Sub-total	52	46	6	EGEI5

Economic Growth, Environment & Infrastructure Business Reason / Area (Subjective analysis)	P9 Outturn Variance (£000's)	P8 Outturn Variance (£000's)	Period Movement (£000's)	Ref
Public Protection				
Staffing and running costs	1	(8)	9	
Income shortfalls	24	24	0	
Sub-total	25	16	9	
Environmental Enforcement				
Re-profiling of staff/equipment saving	58	58	0	
Running costs - vehicles	9	8	1	
Sub-total	67	66	1	EGEI6
Director & Business Support				
Staffing and Running costs	(111)	(80)	(31)	EGEI7
Sub-total Environment & Operations Portfolio	(144)	(159)	15	
Property and Development				
Investment Property Rental Income:				
- Stretford Arndale back rent for 2013/14	(67)	(67)	0	
- Urmston Town Centre – one-off surplus	(48)	(48)	0	
- Airport – surplus	(16)	(16)	0	
- Other properties - surplus	(55)	(9)	(46)	
Community buildings – income/running costs	(6)	(2)	(4)	
Admin Buildings running costs	(31)	(56)	25	
Facilities Management staffing vacancies	(20)	0	(20)	
Markets – one-off adjustment to cost recovery	29	29	0	
Other minor running cost variances	(10)	(2)	(8)	
Major projects capital fee income	(84)	(52)	(32)	
Sub-total	(308)	(223)	(85)	EGEI8
Planning & Building Control				
Planning applications income	(133)	(64)	(69)	
Building Control income shortfall	105	65	40	
Staffing including interim support	62	15	47	
Running costs	15	12	3	
Sub-total	49	28	21	EGEI9
Strategic Planning & Development				
Staffing/running costs savings	(18)	(8)	(10)	

Economic Growth, Environment & Infrastructure Business Reason / Area (Subjective analysis)	P9 Outturn Variance (£000's)	P8 Outturn Variance (£000's)	Period Movement (£000's)	Ref
Economic Growth				
Staffing vacancies	(49)	(50)	1	
Other running costs	(5)	(5)	0	
Town centre advertising income	16	16	0	
Property referral fee website advertising income	3	3	0	
Sub-total	(35)	(36)	1	EGE10
Housing Strategy				
Green Deal income re-phased implementation	40	40	0	
Staffing and running cost savings	(6)	0	(6)	
Sub-total	34	40	(6)	EGE11
Sub-total Economic Growth & Planning Portfolio	(278)	(199)	(79)	
Total Forecast Outturn EGEI Period 9	(422)	(358)	(64)	

Summary Variance Analysis Period 9

All Services	Savings £000	Staff £000	Running Costs £000	Income £000	Total Variance £000
Period 8	154	(283)	46	(275)	(358)
Period 9	154	(273)	130	(433)	(422)
Period Movement	0	10	84	(158)	(64)

ADDITIONAL NOTES ON FORECAST OUTTURN VARIANCES

EGE11 – Highways & Network Management - £0.122m (adverse)

Income generation of £(0.030)m is included as a saving in the approved budget from moving traffic offences. This is part of an AGMA initiative to improve safety and traffic flows on major routes and the project has needed to be re-phased into 2015/16.

Running costs are expected to be £0.065m above budget over a number of service areas, which is £(0.043)m less than last reported. This mainly reflects latest forecasts of maintenance costs in highways and street lighting. Use of capital and other measures are being reviewed to mitigate the overall pressure.

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

There is additional income above budget of £(0.082)m from the Greater Manchester Road Access Permit Scheme, which was implemented during 2013/14.

Fee income from technical and consultancy work charged to capital schemes is projected to be £0.057m below budget due to the predicted timing of capital works. This is £(0.038)m less than last reported based on the latest position on capital spending.

Street Lighting energy costs are projected to be £0.060m higher than budgeted based on latest projected usage volumes and new contract prices from October 2014. This is an adverse movement of £0.090m since last reported. The new energy supplier bills from October have only recently been received and show a 16.5% overall increase compared to the previous contract prices agreed in October 2013. Of the increase only 1.4% relates to the Council's procurement of energy, with the remainder relating to increases in network, transmission and other charges from the National Grid and Climate Control Levy costs. This pressure will continue into 2015/16 and increases have been provided in the Medium Term Financial Plan which will need to be carefully monitored against the monthly bills on an on-going basis.

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

There is a forecast underspend on staffing due to vacancies.

EGEI3 – Parking Services – £(0.193)m (favourable)

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

Other car parking income is projected to be £(0.038)m above target, which is a favourable movement of £(0.023)m since last reported. Resurfacing work at a supermarket car park in Sale is expected to lead to a one-off income shortfall of around £0.035m this year.

EGEI4 – Groundforce - £(0.034)m (favourable)

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

Running costs are expected to be £(0.047)m less than budgeted mainly reflecting a reduction in projected plant and vehicles costs (including fuel). This is an adverse movement of £0.011m from last reported. One-off backdated income of £(0.039)m relates to rechargeable grounds maintenance works.

EGEI5 – Waste Management and Disposal - £0.052m (adverse)

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

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

EGEI6 – Environmental Enforcement £0.067m (adverse)

The 2013/14 saving associated with the review of Enforcement has been re-profiled following additional staff and stakeholder consultations. This has resulted in a forecast overspend of £0.058m for the year. All changes were implemented at the end of August and the saving achieved in full from this point.

Additional costs relating to vehicles of £0.009m are included in the forecast spend.

EGEI7 – Director & Business Support £(0.111)m (favourable)

The restructure of the previous ETO and EGP Directorates has led to a rationalisation of management costs which is expected to deliver an on-going saving of £(0.086)m on current budgeted staff costs. There is an additional one-off underspend of £(0.031)m being reported this month due to revised timeframes around new starters and the filling of outstanding vacancies in the new structure.

EGEI8 – Property and Development - £(0.307)m (favourable)

The approved budget for 2014/15 included assumptions regarding Urmston Town Centre asset disposal. This has taken longer than had been assumed and rental income has continued beyond expectations giving an additional £(0.048)m one-off benefit this year. The disposal has now been completed.

For Stretford Arndale, the Agents for the owners have continued to maintain a number of short term lettings to ensure the number of vacant units is minimised and this has held up gross rental income. The year-end rental payment for 2013/14 of £(0.067)m was received in October.

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

Other let estate rental income is expected to be above budget across the property portfolio totalling £(0.055)m, which is £(0.046)m higher than last reported based on latest projections.

Improved efficiency in the Major Projects team has continued from the last financial year and forecast for fee income from capital and external projects is £(0.084)m higher than budgeted. This is a favourable movement of £(0.032)m since last reported based on latest projections of capital programme spending.

Administrative building running costs are less than expected across the portfolio by £(0.031)m, an adverse movement of £0.025m since last reported. This includes £(0.039)m relating to the catering concession at Altrincham Town Hall.

There is a one-off adjustment to cost recovery for Altrincham Market £0.029m.

EGEI9 – Planning and Building Control – £0.049m (adverse)

Projected income from planning fees is £(0.069)m higher than last reported, now giving an overall surplus of £(0.133)m. There is a projected shortfall in income from

building control fees of £0.105m, an adverse movement of £0.040m, and action is underway to address this. Both fees are monitored regularly.

There is a projected overspend on staffing of £0.062m for the year, an adverse movement of £0.047m, and reflects the appointment of interim staff to cover vacancies and address the resulting capacity issues. These posts contribute to the achievement of the additional planning income above. The permanent filling of vacant posts will be addressed by the on-going restructure of the combined Directorate. Running costs are £0.012m above budget and includes investment in ICT to improve efficiency.

EGEI10 – Economic Growth Team – £(0.035)m (favourable)

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

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

EGEI11 – Housing Strategy – £0.033m (adverse)

There is a predicted shortfall in income of £0.040m from the implementation of Green Deal. This is an on-going pressure and will be addressed in the Medium Term Financial Plan. Other staffing and running costs are forecast to be £(0.007)m underspent.

TRAFFORD COUNCIL

Report to: Transformation & Resources Directorate Management Team
 Date: 28 January 2015
 Report for: Discussion
 Report author: Senior Accountant – Transformation & Resources

Revenue Budget Monitoring 2014/15 – Period 9 (April 2014 – December 2014 inclusive)

1. Outturn

- 1.1 The current approved revenue budget for the year is £17,527k, and after period nine the forecasted outturn is £17,122k, which is a £(405)k, or (2.3)%, underspend position. This is a favourable net movement since the last report of £(91)k.

2. Summary of forecast and movements

- 2.1 Detail on the forecasted outturn analysed by service, portfolio and activity is provided at Appendix 1. The following summarises the significant movements from the previous period, referenced to the detail in Appendix 1, which net to £(91)k:
- **Delays in delivering budget savings, £392k is cumulative adverse forecast up to period 9, no movement;** the adverse variance is based on a prudent assessment of both timing and savings level - see paragraph 3.2 (T&R1).
 - **Delay in telephony, voice and data upgrade, £67k adverse forecast, no movement;** this reflects the delay in implementing transfer of calls from ISDN lines to SIP lines which is currently estimated will have £67k adverse impact in 2014/15. The overall position is now improving as the implementation is moving at a fast pace and is expected to be completed by the end of the financial year (TR2).
 - **Barrister and Court Fees, £39k adverse forecast, £(38)k favourable movement;** the quantity of cases being determined in-year and the costs of the individual cases has been on the increase for a number of years. The 2015/16 budget includes for additional funding to address the budget shortfall. The favourable monthly movement is as a result of a detailed review of actual expenditure to date and known commitments until the end of the financial year (T&R3).
 - **Vacancy Management, £(505)k favourable forecast, £(37)k favourable movement;** this covers savings across most service areas and includes a net variance for Finance Services due to an overspend position in Financial Management £85k, mitigated by savings in Revenues and Benefits which is underspending by a forecasted £(227)k. The favourable movement in the month is spread across the various areas (T&R4).

- **Running costs variances, £(10)k favourable forecast, adverse movement £15k, (T&R5).**The adverse monthly movement is mainly the cost of health and safety advice following the recent departure of the health and safety officer; this additional cost is matched by savings in salary costs.
- **Income variances, £(388)k favourable forecast, £(31)k favourable movement;** the movement is largely due to additional income relating to SLA trading activity with schools and additional stop-gap income in respect of school supply teachers.

3. MTFP Savings 2014-15

- 3.1 The Council's overall budget for 2014/15 includes £(13,776)k of savings of which £(3,006)k relates to T&R. All actions to achieve the T&R full year savings are expected to be completed by 31 March 2015 although the timing of some of these will mean the cash saving in 2014/15 is forecast to be £(2,614)k, which is 87% of the target.
- 3.2 The delay in in-year cash savings of £0.392m into the following year is in respect of the following initiatives.

Table 1: Saving Description	Phased Savings (£000's)
Human Resources Restructure (a)	91
Partnerships and Communities Restructure (b)	93
Legal Services Restructure (a)	36
Design and Print (c)	113
ICT - Social care - licence fee (d)	59
Total	392

3.3 Notes to the above phased savings table:

- (a) As noted at Scrutiny review this is a phased implementation. Proposals are now in place to deliver this saving;
- (b) £225k achieved. It has been reviewed further and there is no movement and the balance is due to lengthened timescale to appoint to structure;
- (c) £107k achieved. Balance to be realised across the Council - a longer contract tendering exercise for printing and photocopying services is currently being undertaken following which this position will be reviewed.
- (d) Linked to rephased Liquid Logic ICT project.

3.4 The in-year shortfall against budget has been mitigated by in year net underspends.

4. Reserves

- 4.1 The Directorate has accumulated balances of £(1,978)k brought forward from previous years. This will be used to support the delivery of the Reshaping Trafford Programme and the development of future efficiencies. Funding will be provided for an investment in ICT hardware, software and communications such as server upgrades, network connections and access to services.

4.2 The table summarises the projected movement during 2014/15:

Table 2: Utilisation of Carry Forward Reserve 2014/15	£000's
Balance b/f 1 April 2014	(1,978)
Delivering Reshaping Trafford and future efficiencies	683
ICT hardware and software upgrades	361
Contingencies	504
Land Charges Claim	185
Improving communications and democratic access	141
2014/15 Outturn	(405)
Remaining Balance at 31 March 2015	(509)

5. Main Assumptions

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

- Court costs and Barrister fees; are volatile, with the quantity of cases being determined in-year and the costs of the individual cases being highly variable. The estimated forecast was based on current actuals extrapolated by the previous five years' experience, but is now based on current actuals plus known commitments until the end of the financial year. This will continue to be reviewed monthly.
- Included in the T&R 2014/15 is £592k vacancy factor, which reflects staff turnover and the delays in time to recruit to establishment posts at 3.5%. The current vacancy management forecast of £(564)k favourable variance (T&R 4) assumes that this £(592)k will be fully achieved as per previous year's activity levels. After nine months £28k or 5% of this vacancy factor has not been achieved but the current vacancy levels forecasted assume this will be achieved by the end of the financial year.
- The £67k adverse variance on the transfer of telephony lines to the new contractor is prudently shown at the maximum for the whole year. Any further contribution towards the additional in-year costs from the contractor will be taken into consideration.
- Waterside Arts Centre ticket sales income is based on previous year's activity. Income is variable dependent upon the entertainment programme and customer demand. At this stage of the year it is difficult to forecast total annual income with certainty, as the Christmas period typically generates 50%, or around £(130)k, of the gross annual income. Income for December was £(40)k but until January's figures are in, it is too early for comparisons with last year's sales.
- A pay award of 1% has been assumed for 2014/15. The new pay award equates to approximately 1% and there is no additional pressure for 2014/15 financial year.

Period 9 Forecasted Outturn revenue expenditure and income variances

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

Budget Book Format (Objective analysis)	Full Year Budget (£000's)	P9 Forecast Outturn (£000's)	P9 Outturn variance (£000's)	P8 Outturn variance (£000's)	P9 to P8 Movement (£000's)	Note ref
Transformation and Resources Portfolio						
Legal & Democratic	2,491	2,426	(65)	(21)	(44)	T&R1,3
Communications & Customer Services	5,838	5,731	(107)	(102)	(5)	T&R1,2
Strategic Human Resources	2,068	2,031	(37)	(5)	(32)	T&R1
Corporate Leadership and Support	368	337	(31)	(27)	(4)	
sub-total	10,765	10,525	(240)	(155)	(85)	
Finance Portfolio						
Finance Services	3,614	3,341	(273)	(267)	(6)	
sub-total	3,614	3,341	(273)	(267)	(6)	
Communities and Partnerships						
Partnerships & Communities	1,529	1,612	83	83	0	T&R1
Culture & Sport	1,619	1,644	25	25	0	
sub-total	3,148	3,256	108	108	0	
Total	17,527	17,122	(405)	(314)	(91)	

Business Reason / Area (Subjective analysis)	P9 Outturn variance (£000's)	P8 Outturn variance (£000's)	P9 to P8 Movement (£000's)	Note ref
Delay in savings implementation	392	392	0	T&R 1
ISDN line upgrade delay	67	67	0	T&R 2
Court Costs and Legal fees	39	77	(38)	T&R 3
Management of Vacancies	(505)	(468)	(37)	T&R 4
Running Costs	(10)	(25)	15	T&R 5
Income	(388)	(357)	(31)	T&R 6
Total	(405)	(314)	(91)	

NOTES ON PROJECTED OUTTURN VARIANCES

- **£392k adverse, phasing of base budget savings** (discussed in Section 3); action will be taken in year on the various initiatives to achieve £(3,006)k in savings within the Directorate. However, five of these will be delayed causing a part year adverse effect in 2014/15. Underspends in other areas, and in-year cash savings will be used to mitigate this loss (T&R1).
- **£67k adverse, delay in telephony, voice and data upgrade**; the migration of voice and data telephony lines between contractors has been delayed (T&R2).
- **£39k adverse, Barrister and Court fees**; primarily due to current activity levels relating mainly to childcare caseload and the cost of such legal action (T&R3).
- **£(505)k favourable, vacancy management**; Communications, Human Resources, Revenues and Benefits, Internal Audit and ICT services have been recently subject to reviews, staff turnover and posts being held back for 2015/16 savings. This net variance includes £66k adverse variance in Financial Management due to the need to recruit temporary additional capacity in support of priority work. However, this adverse variance is mitigated by £(257)k underspend in Revenue & Benefits service, which is due in part to secondments and externally funded project work (T&R4).
- **£(388)k favourable, income**; there are favourable income variances across the T&R Directorate including Legal & Democratic £(119)k (STaR and Troubled Families Programme), Access Trafford £(30)k (Blue Badge), Finance £(72)k (secondments and SLA income), HR £(92)k (Stopgap placement, salary sacrifice, LAA and training income), Partnership & Communities £(74)k (Home Office funding) (T&R 6).

TRAFFORD COUNCIL

Report to: Director of Finance
 Date: 29 January 2015
 Report for: Information
 Report author: Finance Manager Financial Accounting

Report Title

**Revenue Budget Monitoring 2014/15 – Period 9 Outturn - Council-Wide Budgets
 (April 2014 to December 2014 inclusive)**

1 Outturn Forecast

1.1 The current approved revenue budget for the year is £20.291m. The outturn forecast is £18.410m, which is £(1.881)m under the budget, an adverse movement of £0.052m since the last report.

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

- Manchester Airport Group interim dividend payment £(1.000)m not budgeted for;
- Proceeds from the planned sale of the Council's interest in Urmston Town Centre, in excess of the figure reported to the Council meeting on 17 September 2014, £(0.054)m;
- Empty Homes/Single Person Discount Review, one-off fees of £0.045m. As a consequence of the review, the Council will receive additional income from New Homes Bonus grant for each property identified, worth approximately £1,455 per property;
- Members expenses - savings as a result of changes to the Members Allowances Scheme, £(0.025)m;
- £(0.844)m additional Section 31 grant relating to the Government's extension of the Small Business Rate Relief/Retail Relief Discount Schemes and further income from renewable energy schemes;
- £0.056m reduction in the level of Education Services grant;
- Housing and Council Tax Benefits overpayment recovery net variance of £(0.059)m;
- External Audit fees, one-off rebate £(0.021)m offset by additional costs of £0.015m relating to the forensic review of the Council's investigation report into budget monitoring arrangements;
- VAT refund relating to a claim for backdated commercial waste income, £(0.029)m;
- Estimated costs of a Judicial Review regarding adult social care budget consultation, £0.025m;
- Compensation payments to 8 employees on Soulbury pay grades relating to corporate changes to terms and conditions, £0.032m;

- Other minor variances, £(0.022)m.

2 Service carry-forward reserve

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

3 Forecasting and Risk

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

- Average investment rates will be 0.7% with a cash flow of £75.4m.
- The majority of the Council's loans are at fixed rate interest. The only variable loan of £20m is with the Royal Bank of Scotland at 6.01%. However, there is a smoothing reserve to mitigate large variations from this assumption.
- Council error in the award of housing benefit will be within threshold limits, and recovery of benefit overpayments will continue at previous activity levels.
- All contingency budgets for end of year adjustments will be utilised, including the provision for bad and doubtful debts.
- A pay award of 1% has been included for 2014/15.

Period 9 Draft Outturn revenue expenditure and income variances,

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

Budget Book Format (Objective analysis)	Full Year Budget (£000's)	P9 Forecast Outturn (£000's)	P9 Outturn variance (£000's)	P8 Outturn variance (£000's)	Period Movement (£000's)	Ref
Finance Portfolio						
Precepts, Levies & Subscriptions	17,855	17,854	(1)	4	(5)	
Provisions (bad debts & pensions)	(535)	(519)	16	(9)	25	C-W1
Treasury Management	7,981	6,965	(1,016)	(1,016)		C-W2
Insurance	775	775				
Members Expenses	926	901	(25)	(25)		C-W3
Grants	(6,804)	(7,597)	(793)	(793)		C-W4
Other Centrally held budgets	93	31	(62)	(94)	32	C-W5
Total	20,291	18,410	(1,881)	(1,933)	52	

Business Reason / Area (Subjective analysis)	P9 Outturn variance (£000's)	P8 Outturn variance (£000's)	Period Movement (£000's)	Ref
Urmston Town Centre additional sale proceeds	(54)	(54)		C-W1
Empty Homes/Single Person Discount Review	45	45		C-W1
Judicial Review	25		25	C-W1
Treasury Management:				
- MIA interim dividend	(1,000)	(1,000)		C-W2
- Investment Income	(10)	(10)		C-W2
- Debt payments	(6)	(6)		C-W2
Precepts, Levies & Subscriptions	(1)	4	(5)	
Members Expenses	(25)	(25)		C-W3
Grants	(793)	(793)		C-W4
External audit fees	(6)	(6)		C-W5
Housing & Council Tax benefits	(59)	(59)		C-W5
VAT Refund	(29)	(29)		C-W5
Compensation payments	32	0	32	C-W5
Total	(1,881)	(1,933)	52	

NOTES ON PROJECTED VARIANCES

C-W1 – Provisions - £0.016m (adverse)

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

A recent exercise has been carried out to confirm whether long term (more than 6 months) empty properties were in fact occupied. The fee for this work is £0.045m made up from an Empty Homes review, £0.033m and a Single Person Discount review, £0.012m. Also, as a consequence of the review of empty homes additional New Homes Bonus grant will be secured for each property identified, worth approximately £1,455 per property.

The council is currently engaged in legal proceedings relating to the legality of the budget consultation process regarding the proposed cuts to its adult social care budget. The costs to the Council of the Judicial Review are currently estimated at £0.025m.

C-W2 – Treasury Management - £(1.016)m (favourable)

Manchester Airport Group (MAG) has recently announced their interim results for 2014/15 and have paid a total dividend of £31m across the members of the Group, which for Trafford equates to £(1.0)m.

Other minor savings from investment interest and lower debt repayments, £(0.016)m.

C-W3 – Members Expenses - £(0.025)m (favourable)

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

C-W4 Grants - £(0.793)m (favourable)

In 2014/15 the Council will receive additional Section 31 grant to compensate for the loss of income from the Government's decision to extend the Small Business Rate Relief/Retail Relief Discount Schemes. The grant also includes a sum for a renewable energy scheme at Saica paper mill, which is wholly retained by the Council. The grant is worth £(0.844)m in total and the Council has discretion over its use.

A recent notification has been received for the 2014/15 Education Services grant, which at £(3.397)m will be £0.056m below the budget of £(3.453)m. This specific grant is based on pupil numbers in Council maintained schools and may reduce further depending on the final number of schools converting to Academy status during the year.

C-W5 – Other Centrally held budgets - £(0.062)m (favourable), £0.032m adverse movement

- **Housing & Council Tax Benefits - £(0.059)m (favourable)**

The Council Tax Benefit Scheme ceased in 2013 and was replaced by the Council Tax Support Scheme. Any recovery of overpaid Council Tax Benefit from previous years is retained by the Council and the latest projected outturn for 2014/15 is £(0.139)m. The credit from the recovery of overpaid Council Tax Benefit is difficult to predict and will eventually taper off.

There is a net variance of £0.080m within the Housing Benefit budget.

- **External Audit fees - £(0.006)m**

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

- **VAT Refund - £(0.029)m**

HMRC changed the VAT legislation regarding the collection of commercial waste in February 2011 from taxable to non-business (nil rate VAT).

The Council submitted a claim to HMRC initially for 4 years covering June 2007 to March 2011 for £157,474.41.

After negotiations via the CIPFA VAT committee it has been agreed by HMRC that they will pay Local Authorities 20% of the value of this claim. 20% reflects the number of commercial customers who are not registered for VAT, so cannot reclaim the value charged, or are charities. This was a National agreement across all Local Authorities who submitted claims.

- £0.032m for compensation payments to 8 employees on Soulbury pay grades to settle tribunal claims in relation to the corporate changes to terms and conditions.