

**PRESENTATION MADE AT  
SCRUTINY COMMITTEE**

**Date: Wednesday, 18 November 2015**

**4. BUDGET PROPOSALS - PRESENTATION**

To receive a presentation of the Leader of the Council.

1 - 18

This page is intentionally left blank



# Scrutiny Committee 18 November 2015

## Budget 2016/17

# Outline of Presentation

**Main assumptions and resource gap**

**Savings – approach and amounts**

**Council - wide Budget**

**Risks**



## Medium Term Forecast – Oct 2015

|                          | 2015/16<br>£m  | 2016/17<br>£m  | 2017/18<br>£m  | 2018/19<br>£m  |
|--------------------------|----------------|----------------|----------------|----------------|
| Resources:               |                |                |                |                |
| Council Tax              | 80.316         | 81.017         | 83.045         | 84.706         |
| Revenue Support Grant    | 30.646         | 23.487         | 17.511         | 12.151         |
| Business Rates - redist. | 33.054         | 33.715         | 34.389         | 35.077         |
| Business Rates - growth  | 3.598          | 0.077          | 0.077          | 0.077          |
| Reserves/ Other Funding  | 1.300          | 0.654          |                |                |
| <b>Total</b>             | <b>148.914</b> | <b>138.950</b> | <b>135.022</b> | <b>132.011</b> |
| Spending Forecast:       |                |                |                |                |
| Base Budget              | 154.552        | 148.914        | 160.037        | 168.152        |
| Cost Pressures           | 15.946         | 11.123         | 8.115          | 7.604          |
| Savings                  | <b>-21.584</b> |                |                |                |
| <b>Total Spend</b>       | <b>148.914</b> | <b>160.037</b> | <b>168.152</b> | <b>175.756</b> |
| <b>Shortfall</b>         | <b>-</b>       | <b>21.087</b>  | <b>33.130</b>  | <b>43.745</b>  |



# Budget Assumptions 2016/17 – 2018/19

|  | 2016/17      | 2017/18 | 2018/19 |
|--|--------------|---------|---------|
| Pay  | 1.0%         | 1.0%    | 1.0%    |
|  | £0.6m        | £0.6m   | £0.6m   |
| Pension inflation                          | +0.7%        | +1.0%   | +1.0%   |
| Pension Auto-Enrolment                     | £0.4m        | £0.6m   | £0.6m   |
|  | £0.3m        | £0.3m   | -       |
| Cease 'contracted out' NIC rate in 2016/17 | £1.2m        | -       | -       |
| Prices – General inflation (RPI)           | 2.0%         | 2.0%    | 2.0%    |
|  | £0.7m        | £0.7m   | £0.7m   |
| Contract & Other inflation (e.g. energy)   | £1.6m        | £1.6m   | £1.6m   |
| Demography :                               | Young People | £1.5m   | £0.5m   |
|  | Adults       | £1.5m   | £1.5m   |
| Waste (GMWDA) Levy increase                | £0.34m       | £0.34m  | £0.34m  |
| Transport (GMCA) Levy increase             | £0.5m        | £0.5m   | £1.0m   |
| Investment Rates                           | 1.1%         | 2.0%    | 2.0%    |
| Debt Rates                                 | 4.5%         | 4.5%    | 4.5%    |
| Council Tax rate increase                  | 0.0%         | 2.0%    | 2.0%    |
| Council Tax base increase                  | 0.5%         | 0.5%    | 0.5%    |
| Reduction in Start-up Funding (Updated)    | 10.2%        | 9.3%    | 9.0%    |
|  | £6.5m        | £5.3m   | £4.7m   |
| Reduction in overall Government support    | £7.3m        | £6.0m   | £5.3m   |

# Overall Position 2016/2017



|                                     | 2016/17<br>£m  |
|-------------------------------------|----------------|
| Budget Gap                          | 21.087         |
| Additional Resources and Financing  |                |
| Business Rates                      | (3.000)        |
| Council Tax Freeze Grant            | (0.900)        |
| Maximising Income                   | (1.299)        |
| Airport Dividend                    | (1.000)        |
| Financing Related Savings           | (1.427)        |
| Reserves                            | (1.000)        |
| <b>Total – Additional Resources</b> | <b>(8.626)</b> |
| <b>Balance</b>                      | <b>12.461</b>  |
| <b>Efficiencies</b>                 | <b>(5.444)</b> |
| <b>Policy Choices</b>               | <b>(7.017)</b> |
| <b>Remaining Gap</b>                | <b>0</b>       |

41%

26%

33%



## Overall Savings Proposals By Theme

| Theme                           | Savings 2016/17 |
|---------------------------------|-----------------|
| Buying Better                   | £3.678m         |
| Working Smarter                 | £1.031m         |
| Eligibility and Access          | £4.000m         |
| Joining Up and Working Together | £0.750m         |
| Promoting Independence          | £2.470m         |
| Maximising Income               | £2.299m         |
| Terms and Conditions            | £0.532m         |
| Financing Related               | £1.427m         |
| <b>Total Savings</b>            | <b>£16.187m</b> |

£14.228m



# Buying Better

| Project   | Savings Total<br>2016/17 | Savings Total<br>2017/18 |
|---|--------------------------|--------------------------|
| Full year effect of One Trafford contract £750k 2016/17 (total full year saving £3m)        | £750k                    | -                        |
| One Trafford contract additional business case savings £400k:                               |                          |                          |
| Amendments to grass cutting   | £44k                     | -                        |
| Changes to annualised hours scheme  | £19k                     | -                        |
| Waste collection removal of bring sites   | £27k                     | -                        |
| Waste collection delivery of winter green round efficiencies                                | £146k                    | -                        |
| Lot 3 Efficiencies  | £150k                    | -                        |
| Management of insurance claims ** (tbc)   | £25k                     | -                        |
| Additional business case savings for 2017/18 to be agreed                                   | -                        | £400k                    |
| LED rollout - energy savings (incl. dimming)<br>- financing costs (phasing being finalised) | £550k                    | £550k<br>- £500k         |

# Buying Better

| Project   | Savings Total<br>2016/17 | Savings Total<br>2017/18 |
|---|--------------------------|--------------------------|
| Extra Care Re-procurement - Savings will be achieved through alignment of the wellbeing charge for extra care services                      | £80k                     | £850k                    |
| Commissioning / Market Management - range of contracts under review to consider the optimum service model and financial investment          | £550k                    |                          |
| Public Health - All aspects of spend from the Public Health budget will be reviewed to reflect the reduced grant allocation from Government | £800k                    |                          |
| Education & Early Years   | £200k                    |                          |
| Early Help  | £337k                    |                          |
| <b>Total</b>  | <b>£3678k</b>            |                          |
| <b>Total Savings 2016/18</b>  | <b>£4978k</b>            |                          |

Page 8



# Working Smarter

| Project  | Savings Total 2016/17 | Savings Total 2017/18 |
|--|-----------------------|-----------------------|
| Legal and Democratic Services - collaboration opportunities, court bundling changes  | £40k                  | -                     |
| CCTV - Renewal of existing kit as an invest to save; reducing maintenance costs; potential for further savings through a collaborative arrangement with Salford service delivery | £25k                  | -                     |
| Financial Management - The review of financial management concluded in March 2015 has delivered an additional savings  | £68k                  | -                     |
| Exchequer Services – Increased financial assessment charges due to data matching   | £80k                  | -                     |

# Working Smarter

| Project  | Savings Total<br>2016/17 | Savings Total<br>2017/18 |
|--|--------------------------|--------------------------|
| Access Trafford - Call volume reduction, system update and lower maintenance costs                       | £38k                     | -                        |
| HR –Realignment of training budget; Automation of payslip processing and distribution                    | £25k                     | -                        |
| GMP Collaboration  | £75k                     | -                        |
| Management of parking contract and other running costs to reduce inflation pressures                     | £25k                     | -                        |
| Rationalisation of Senior Management structure to reflect new models of service delivery                 | £205k                    | -                        |
| Travel Services – adults and children’s - combining processes, policy alignment, exploring opportunities | £450k                    | -                        |
| <b>Total</b>   | <b>£1031k</b>            | <b>£1000k</b>            |
| <b>Total Savings 2016/18</b>   | <b>£2031k</b>            |                          |

Page 10



## Eligibility & Access 2016/18

| Project  | Savings Total 2016/17 | Savings Total 2017/18 |
|--|-----------------------|-----------------------|
| Reshaping Social Care - deliver new ways of working, Keeping Families together, continuation of ASC project, panel reviews, new procedures                         | £4000k                | £4500k                |
| Looked After Children - review of service and delivery options, market shaping and placement process re-design   |                       |                       |
| Reshaping Social Care (CAN & Personalisation and Personal Budgets) – revised structure across all elements of the service to deliver an all-age, all-persons offer |                       |                       |
| <b>Total</b>   | <b>£4000k</b>         | <b>£4500k</b>         |
| <b>Total Savings 2016/18</b>   | <b>£8500k</b>         |                       |

## Joined Up and Working Together

| Project   | Savings Total<br>2016/17 | Savings Total<br>2017/18 |
|---|--------------------------|--------------------------|
| Management structures, support and workforce reform | £750k                    | £700k                    |
| <b>Total</b>  | <b>£750k</b>             | <b>£700k</b>             |
| <b>Total Savings 2016/18</b>                        | <b>£1450k</b>            |                          |

# Promoting Independence

| Project   | Savings Total 2016/17 | Savings Total 2017/18 |
|---|-----------------------|-----------------------|
| Pathways (building based day support) - (building based day support) – exploring alternative delivery models for this service   | £175k                 | £250k                 |
| Supported Living – working with the provider market to meet the needs of the borough  | £250k                 |                       |
| Reablement – to promote independence which will become an ethos rather than a service provision   | £810k                 |                       |
| Aids & Adaptations - whole service review will be undertaken to ensure the operation of a more efficient and high quality service                                       | £260k                 |                       |
| Rapid response – review the future viability and delivery options for the service   | £175k                 |                       |
| Intermediate Care/Ascot House Review – review the current pilot, develop more detailed proposals to better meet the demands placed upon the health & social care sector | £800k                 |                       |
| <b>Total</b>  | <b>£2470k</b>         | <b>£250k</b>          |
| <b>Total Savings 2016/18</b>  | <b>£2720k</b>         |                       |

## Maximising Income

| Project   | Savings Total<br>2016/17 | Savings Total<br>2017/18 |
|---|--------------------------|--------------------------|
| Increased income from Council's property investment estate – Airport, Altair, Stretford Mall, Shaw Street                               | £192k                    | -                        |
| Media advertising – renegotiation of existing contracts plus new opportunities and digitisation of existing sites - subject to planning | £300k                    | £200k                    |
| Environmental protection – air quality monitoring at Carrington Power station   | £38k                     | £(27)k                   |
| Additional income from planning application fees  | £100k                    | -                        |
| Income from partnership agreements and other opportunities - £92k (including £67k from Himor partnership)                               | £92k                     | £(67)k                   |
| Increased Car Parking Income  | £183k                    | -                        |



# Maximising Income

| Project  | Savings Total<br>2016/17 | Savings Total<br>2017/18 |
|--|--------------------------|--------------------------|
| Trafford Services for Education (TSE) - Business plan developed with combination of income targets for each service, launch of new products and process efficiencies | £200k                    | £300k                    |
| Waterside Arts Centre - Business plan developed with income targets set, new business, new programming and review of third party commissioning arrangements          | £50k                     | £50k                     |
| Bereavement Services - Review of Fees and Charges and introduction of new product range  | £30k                     | £30k                     |
| CFW – implement existing policy and, recover costs of some services  | £80k                     | -                        |
| Development of a commercial pricing structure relating to photographic/film opportunities  | £15k                     | -                        |
| Airport dividend   | £1000k                   |                          |
| HR – Income generation CCG - External DBS;   | £19k                     | £21k                     |
| <b>Total</b>   | <b>£2299k</b>            | <b>£507k</b>             |
| <b>Total Savings 2016/18</b>   | <b>£2806k</b>            |                          |

## Council-wide Budgets (annex F: p73-76)

- £22 million net (15% of total budget)
- Significant gross expenditure of c.£100 million e.g. housing benefit
- Most of Council-wide budget is fixed i.e. little scope for savings
- Fixed budgets include:
  - Combined Authority Transport Levy      £17.0m
  - Coroner      £ 0.6m
  - Flood Defence / AGMA / LGA / Audit      £ 0.7m
  - Debt cost (net)      £ 5.1m \*
  - Insurances      £ 0.9m
  - Redundancy      £ 0.4m
- Pensions
  - Auto-enrolment      £ 0.3m
  - Additional allowances      £ 1.0m
- Apprenticeship wages      £0.09m
- Members' expenses      £ 0.9m

## Council-wide: notable changes

|   |           |           |
|---|-----------|-----------|
| • Provision for slippage in savings programme         | £ 0.9m    |           |
| • New Homes Bonus                                     | + £(0.6)m |           |
| • Council tax freeze grant 15/16: transfer to funding | £ 0.9m    |           |
| • Council tax freeze grant 2016/17                    | £(0.9)m   |           |
| • Airport Dividend                                    | + £(1.0)m |           |
| • Business Rates                                      |           |           |
| • Growth: shown as funding                            | £(5.3)m   | } £(3.0)m |
| • Levy on growth to GM pool: C-W budget               | £ 3.5m    |           |
| • Trafford share from pool: C-W budget                | £(1.2)m   |           |
| • Financing costs:                                    |           |           |
| • Reduced debt repayment                              | £(0.9)m   | } £(1.4)m |
| • PFI payments from capital                           | £(0.2)m   |           |
| • Airport loan: cease bad debt provision              | £(0.3)m   |           |

# Risks and Sustainability

## Risks:

- Comprehensive Spending Review 25 November 2015
- Trafford settlement – mid-December 2015?
- Demography (not new)
- Business Rates: appeals, pooling, avoidance, growth (all new)
- Living Wage (new)
- Devolution: Health & social care (new)

## Sustainability

- All savings expected to be recurring unless otherwise stated (MTFS requirement)
- Limited use of one-off reserves (MTFS requirement)
- Medium term impact of all decisions needs to be considered