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TRAFFORD COUNCIL

AGENDA PAPERS FOR EXECUTIVE

Date: Monday, 18 November 2013

Time: 6.30 pm

Place: Committee Rooms 2 and 3, Trafford Town Hall, Talbot Road, Stretford
M32 0TH

AGENDA	PART I	Pages
1.	ATTENDANCES	
	To note attendances, including officers, and any apologies for absence.	
2.	DECLARATIONS OF INTEREST	
	Members to give notice of any interest and the nature of that interest relating to any item on the agenda in accordance with the adopted Code of Conduct.	
3.	EXECUTIVE'S DRAFT REVENUE BUDGET PROPOSALS 2014/15	1 - 96
	To consider a report of the Deputy Leader and Executive Member for Finance and Director of Finance.	
4.	INVESTMENT IN STREET LIGHTING	97 - 130
	To consider a report of the Executive Member for Highways and Environment and Corporate Director, Environment, Transport and Operations.	
5.	CAPITAL INVESTMENT PROGRAMME MONITORING 2013/14 2ND QUARTER (APRIL-SEPTEMBER)	131 - 142
	To consider a report of the Executive Member for Finance and Director of Finance.	
6.	REVENUE BUDGET MONITORING 2013/14 - PERIOD 6 (APRIL TO SEPTEMBER 2013)	143 - 178
	To consider a report of the Executive Member for Finance and Director of Finance.	

7. URGENT BUSINESS (IF ANY)

Any other item or items which by reason of:-

- (a) Regulation 11 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the Chairman of the meeting, with the agreement of the relevant Overview and Scrutiny Committee Chairman, is of the opinion should be considered at this meeting as a matter of urgency as it relates to a key decision; or
- (b) special circumstances (to be specified) the Chairman of the meeting is of the opinion should be considered at this meeting as a matter of urgency.

8. EXCLUSION RESOLUTION

Motion (Which may be amended as Members think fit):

That the public be excluded from this meeting during consideration of the remaining items on the agenda, because of the likelihood of disclosure of "exempt information" which falls within one or more descriptive category or categories of the Local Government Act 1972, Schedule 12A, as amended by The Local Government (Access to Information) (Variation) Order 2006, and specified on the agenda item or report relating to each such item respectively.

THERESA GRANT
Chief Executive

COUNCILLOR MATTHEW COLLEDGE
Leader of the Council

Membership of the Committee

Councillors M. Colledge (Chairman), S. Anstee (Vice-Chairman), Dr. K. Barclay, Miss L. Blackburn, M. Cornes, J. Coupe, M. Hyman, A. Mitchell, A. Williams and M. Young

Further Information

For help, advice and information about this meeting please contact:

Jo Maloney,
Email: joseph.maloney@trafford.gov.uk

This agenda was issued on **7th November 2013** by the Legal and Democratic Services Section, Trafford Council, Trafford Town Hall, Talbot Road, Stretford M32 0TH.

TRAFFORD BOROUGH COUNCIL

Report to: Executive
Date: 18 November 2013
Report for: Decision
Report of: Deputy Leader & Executive Member for Finance and the Director of Finance

Report Title

Executive's Draft Revenue Budget Proposals 2014/15

Summary

The report sets out the Executive's draft revenue budget proposals for 2014/15.

Whilst indicative funding figures have been provided by the Government, they are subject to interpretation and potential change. Actual Government support for 2014/15 will not be confirmed until the Local Government Finance Settlement expected in December 2013, and some grants may not be finalised until later in 2014.

The Council's revenue budget is considerably dependent upon Government support, and significant funding reductions are estimated in this fifth austerity budget. It is recognised that whilst austerity reduces funding, public expectations and the number of residents seeking support are anticipated to increase.

In anticipation of the difficulties of the 2014/15 budget, many of the savings proposals were put forward and consulted upon last year alongside the 2013/14 budget.

The key summary points for the revenue budget, based on current estimates and draft proposals, are:

- Budget will decrease by £(5.3)m or 3.3%, from £159.003m to £153.718m.
- Government based support will reduced by £7.8m or 9.8%, however after taking into account movements in specific grants overall funding will reduce by £6.3m, or 5.7%, and
- planned base budget investment in services and other cost pressures will amount to £9.6m.
- The sum of reduced funding and expenditure pressures presents a total budget deficit for 2014/15 of £15.9m.
- Efficiency, additional income streams, the application of reserves and growth in the tax base will amount to £(12.6)m being 80% of the gross deficit, leaving,
- 20% of the budget deficit will need to be covered by other savings in the sum of £(3.3)m.

In addition to public consultation exercises and equality impact assessments, the draft budget proposals are also subject to review by the Scrutiny Committee. Decisions will be taken by the Executive after taking into account all relevant matters, and a proposed budget requirement will be put to full Council for approval on 19 February 2014.

Recommendation(s)

It is recommended that :

The proposals in the draft revenue budget for 2014/15 be agreed for the purposes of consultation and referred to the Scrutiny Committee for their consideration.

It is noted that the draft proposals are subject to various consultation exercises and impact assessments, movements in core funding, specific grants, costing and robustness assessments.

Contact person for access to background papers and further information:

Name:	Cllr Sean Anstee	Ian Duncan
Extension:	4884	4884

Relationship to Policy Framework/Corporate Priorities	Value for Money. The proposed budget for 2014/15 supports all key priorities and policies.
Financial	The report sets out the proposed budget for 2014/15, distributing available resource across service objective heads as detailed in the report.
Legal Implications:	It is a statutory requirement for the Council to set and approve a balanced, robust budget and council tax level. Budget proposals take account of various legislative changes as they affect Council services. The Council has begun the statutory processes associated with the effect of the proposed budget on staffing levels.
Equality/Diversity Implications	Equality impact assessments to be carried out supporting the budget proposals as appropriate.
Sustainability Implications	None arising out of this report.
Staffing/E-Government/Asset Management Implications	Human Resources – statutory processes have begun and the impact on staffing is still subject to consultation.

Risk Management Implications	An impact assessment of each budget proposal is in the process of being finalised.
Health and Safety Implications	An impact assessment of each budget proposal is in the process of being finalised.

Consultation

The report recommends that the draft and indicative proposals go forward for consultation.

Reasons for Recommendation

To enable consultation with the public, businesses (s65 of the Local Government Finance Act 1992), stakeholders, staff and Scrutiny Committee to take place.

Key Decision

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

Finance Officer ClearanceID.....

Legal Officer ClearanceMJ.....

CORPORATE DIRECTOR'S SIGNATURE

(electronic) **WM** (appended in hard copy)

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



TRAFFORD
COUNCIL

**Executive's
Draft Revenue Budget
Proposals 2014/15**

18 November 2013

**FOREWORD by the DEPUTY LEADER and
EXECUTIVE MEMBER for FINANCE**

COUNCILLOR SEAN ANSTEE

Background

Since 2005 it has been the clear policy of the Council to deliver value for money and a low Council Tax. This can only be achieved by a strong culture of financial management across all services.

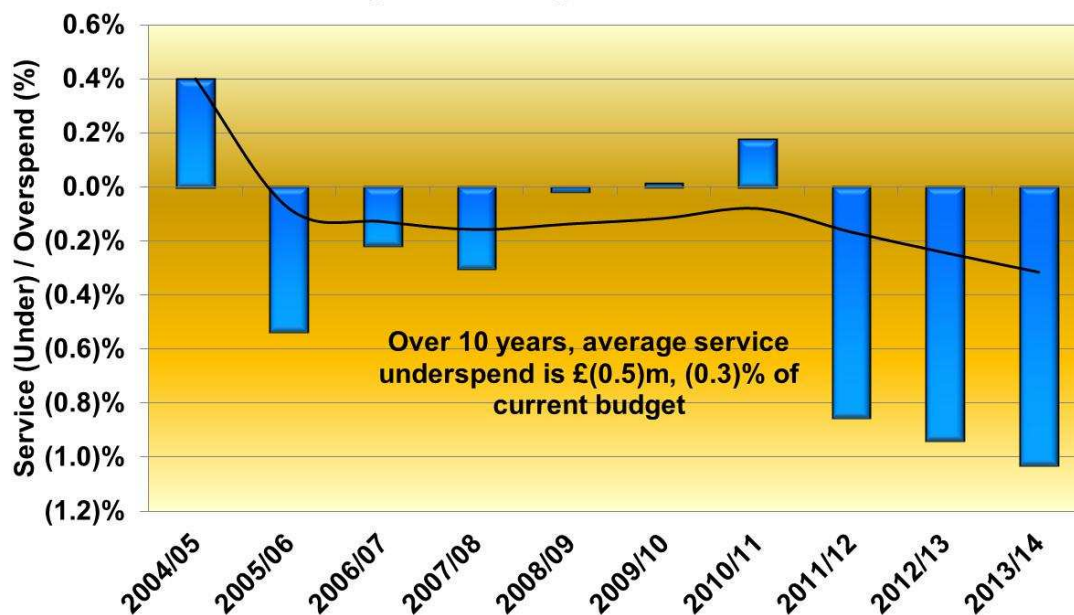
Trafford Council has a proven track record and the recognition of its external auditors of delivering significant efficiencies, for setting robust and stable budgets, with minimal and reducing reliance on reserves, and for delivering improving high quality services within budget year after year.

“The Council has proper arrangements in place for securing financial resilience. The Council has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future. The Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness. The Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.”

Grant Thornton, Audit Findings for Trafford, September 2013

Over the last ten years the average service variance from the agreed budget has been 0.3%, clearly evidencing that the savings and service improvements outlined in ever challenging budgets are managed in year to deliver within 99.7% of expectations.

**Total (Under) / Over Spending
against Budget 2004/14**



The Council also has a proven track record for delivering service improvement, and implementing new services that meet the needs of residents, even at a time of significant change, increasing demand and reducing resources:

- On 1 April 2013, the Public Health function successfully transferred from the National Health Service to the Council, along with combining children and adult social care services into one directorate, and
- the Council and key partners took on board the responsibility of the Social Fund from the Department of Work and Pensions, developing Trafford Assist which was specifically tailored to meet the needs of some of the most vulnerable in the Borough, and
- the Council successfully implemented a comprehensive change to the Council Tax Benefit system, implementing a new scheme that protected the most vulnerable and supported those in transition from benefits to employment.
- This was at the same time as delivering £(18.5)m of budget savings, which is nearly 12% of the net budget.
- Additionally, 88% of Trafford schools are rated as good or better by Ofsted compared to 66% nationally and 49% of Trafford schools are rated outstanding compared to 26% nationally.
- GCSE performance of pupils eligible for a free school meal is the highest in the North West and improved further from 41% to 50% in 2013.
- Trafford has the lowest proportion of 16-18 year olds who are not in employment, education or training in Greater Manchester and the rate has continued to improve despite the challenging economic conditions.
- Trafford is a national pathfinder for the Single Education, Health and Care Assessment Model for children with complex needs.
- Trafford is one of the best performing and low cost waste collection services in Greater Manchester, and the phased introduction of a weekly food waste recycling service in 2013 has increased overall recycling rates from 50% to 55%, saving an estimated £1.2m. The full year impact of weekly food waste collection is anticipated to increase recycling rates further, to around 60%.
- The Borough has the lowest killed and seriously injured road casualties in Greater Manchester.
- Residents and businesses benefit and will continue to benefit, from being able to park anywhere in the Borough for only 10p for the first hour. This is the lowest rate in Greater Manchester.
- The percentage of people unemployed for longer than six months is 1.3% compared to the Greater Manchester average of 2.1%.
- Over 250 affordable homes will be built in Trafford between 2013 and 2015.
- Trafford remains the safest place in Greater Manchester, with the highest level of Public Confidence and Satisfaction, and the lowest perception of anti-social behaviour which has reduced by 57.6% or 8,120 incidents per year, and

- between 2006/7 and 2012/13, Total Crime in Trafford fell by 53.5% - which is 12,663 fewer offences per year, and
- in 2012/13 the Council yet again had the highest Council Tax (98.1%) and Business Rate Collection (97.9%) rates in Greater Manchester.
- All of this has been achieved without increasing the Council Tax, which remained the lowest in the North West and 21st lowest in the Country.

The Council is highly dependent on Government support, and the 2014/15 revenue budget will be the fifth budget set during the period of austerity. From July 2010 with the Coalition Government's first emergency budget to date, support for non-Schools Council services in Trafford has reduced by £22.2m, and for 2014/15 this is estimated to reduce by an additional £6.3m.

At the same time public demand and expectation for essential and high quality public services has increased, creating greater demand for expenditure. In addition, the prevailing economic conditions have suppressed the Council's ability to raise income or generate resources through investment.

The Council has responded to this challenge by a broad spectrum of initiatives designed to provide multiple opportunities for cost reduction and service improvement:

- Investing in internal capacity for improved procurement, transformation and organisational change.
- Taking a lead with neighbouring authorities hosting the Association of Greater Manchester Procurement Hub, and vice-chairing the Improvement and Efficiency Commission.
- Sharing services and collaborating; the Human Resources computer system specified, procured and established in partnership with Stockport and Wigan Councils, a project referred to as SWITch, avoided £2.5m of initial costs. Proposals for 2013/14 include for launching the Council's successful procurement function as a shared service with Stockport and Rochdale Council's, known as the STaR, reducing overheads and boosting purchasing power.
- Working in partnership; at the heart of delivering children and young people's services is the unique partnership between the Council's education and social services functions, and the Primary and Acute Care Trusts. This service centres on the needs of the child rather than the traditional delivery methods of the organisations which reduces unnecessary contact time and improves outcomes. Additionally, a successful partnership bid to the Home & Communities Agency has secured over £3m for a fourth extra care facility in the north of the Borough.
- Redesigning services; Groundforce is to be redesigned into five separate business units across parks, grounds maintenance and street cleaning – with separate operating models for each based on the different service demands. This will enable the use of resources and assets to be maximised and also allow levels of service to be clearly aligned to the funding available.

- Exploiting technology; Trafford is one of the first Councils to introduce the lending of e-readers as well as e-books as part of its innovative library services, and 95% of new claimants now use the e-housing benefit claim form, making it easier for them and reducing the input and administration time for the Council.
- Demand management; within Adult social care the number of people in receipt of Telecare services enabling them to live at home has increased by 15%, some 57% of eligible clients now have a personal budget, and the number of delayed transfers from hospital has reduced by 25%.
- Along with all the Councils of Greater Manchester, actively engaging in the Community Budgets Pilot for Public Service Reform. Across a wide range of projects Councils and partners, particularly in health, are working to implement relatively inexpensive innovative intervention services which will avoid more expensive acute services, which involves redistributing money between organisations to deliver better outcomes for residents at a total lower cost.

These initiatives have assisted in delivering £(41.9)m of efficiency and new income, equivalent to 53% of the Council Tax over the last four years, helping to maintain service levels at a time of significantly reducing resources.

Successfully managing the treasury and tax functions over the same period and the resultant receipts from dividends, tax claims and improved debt collection, has helped generate a net underspend of £(25.0)m. This has assisted in funding one-off projects and improvements in Community Safety, our road network, and Town Centre investment, as well as maintaining a reasonable reserve balance to cope with organisational change and the financial consequences of issues such as equal pay.

Summary of the draft 2014/15 proposed Budget

The current economic climate poses many issues for the Council as it does for households and businesses across the Borough, in the form of suppressed income, low investment rates, and relatively high inflation.

2014/15 will be the fifth national austerity budget whilst the Coalition Government addresses the national deficit. The precise details of future Government funding will not become clear until December, however, based on the best information available it is believed that the Council will need to make total savings of £15.9m, as a result of:

£6.3m reduction in sustainable Government funding, and
inflation, increasing public expectation and demographic pressures in key services, increasing charges from levying bodies for waste disposal and some reduction in income totalling another £9.6m.

Identifying new efficiencies and income streams that can be cost effectively achieved is becoming more difficult each year. In anticipation of the probable difficulties facing the Council in 2014/15, many of the savings proposals were put forward for consultation and initial planning last year as part of the 2013/14 budget.

This detailed longer term view has helped the Council identify £(12.6)m of further efficiencies, changes to staff terms and conditions and additional income such that 80% of the gross budget deficit for 2014/15 can be met with minimal impact on front line services for residents:

£(4.3)m by reducing contract costs through improved procurement or commissioning of goods and services, through market management, and/or by sharing overheads with partners. This will be assisted by the creation of the STaR, a shared service procurement service with Stockport and Rochdale Councils.

£(2.5)m through service redesign or introducing new technology.

£(2.0)m from changes to terms and conditions and tighter cost management related costs such as overtime, allowances and improved sickness management.

£(1.0)m to be saved by managing demand, particularly in adult social care by extending the successful Telecare and Reablement Services.

£(0.3)m of increased or new income, mostly being generated by the ETO Directorate.

£(1.1)m from an increase in the Council Tax base

£(1.4)m through the continued prudent use of reserves generated from previous underspending and the application of Council Tax surpluses generated from the growth in the tax base that has occurred in 2013/14.

The current net budget of £159.003m is proposed to reduce by £(5.285)m, or (3.3)%, to £153.718m, however, it will allow for sustained budgets and some investment in priority service areas:

in particular, an investment of £2.645m for both Children and Adult Social Care to meet the expectations of increasing service demands.

£0.070m to fund a dedicated post to manage the Borough's Town Centres and their development.

£0.055m replacement funding for continued traffic management at the numerous sporting and cultural events in the Borough.

All of the Social Work Teams within both Children's and Adult's services will be maintained.

All existing Youth Centres will remain open, as will Children Centres, and all of the Borough's 14 Libraries. In addition, there are no proposals to close Public Conveniences or reduce School's Crossing Patrols in 2014/15.

Residents and businesses will continue to benefit from being able to park anywhere in the Borough for only 10p for the first hour.

An increase in Council Tax Support commensurate with increases in other relevant benefits.

The Council Tax will remain frozen at the 2010/11 rate, keeping it the lowest in the North West.

However, inevitably some choices to reallocate resources from some services to higher priority ones need to be made in order to balance the budget by the remaining £(3.3)m. This report provides details on all of the proposals currently being put forward by the Executive by each services area and can be reviewed at Annexes G through K. In summary the main service impacts of reduced spending are:

- A greener Borough, £(1.1)m
- Education Support Services, £(0.5)m
- Waste Management, £(0.5)m
- Sports and Culture, £(0.4)m
- Youth Offending Service, £(0.2)m
- Community Support, £(0.2)m
- Public Protection, £(0.2)m
- Highways, £(0.1)m
- Council Tax & Benefit Administration, £(0.1)m

Where decisions to reallocate services have been taken, the emphasis has been on management and back-office functions. Of the estimated 89.1 fte equivalent positions that are at risk to be removed from the establishment 53% are in management and back-office roles. The Council will employ a number of processes to minimise the impact on the staff concerned.

The draft budget proposals also contain for a review of a number of staff terms and conditions, as well as reducing overtime, sickness and agency costs. These proposals, and their budgetary impact on each Directorate, is summarised at Annex L, and if implemented some £(2.0)m will be saved estimated to be equivalent to between 80 and 100 full time equivalent posts. Formal consultation with Trades Unions is ongoing, and final decisions are expected to be made in December 2013

The draft proposals contained within this report are subject to consultation, equality impact assessments, the views of the Scrutiny Committee, and the detail of the Local Government Finance Settlement in late autumn.

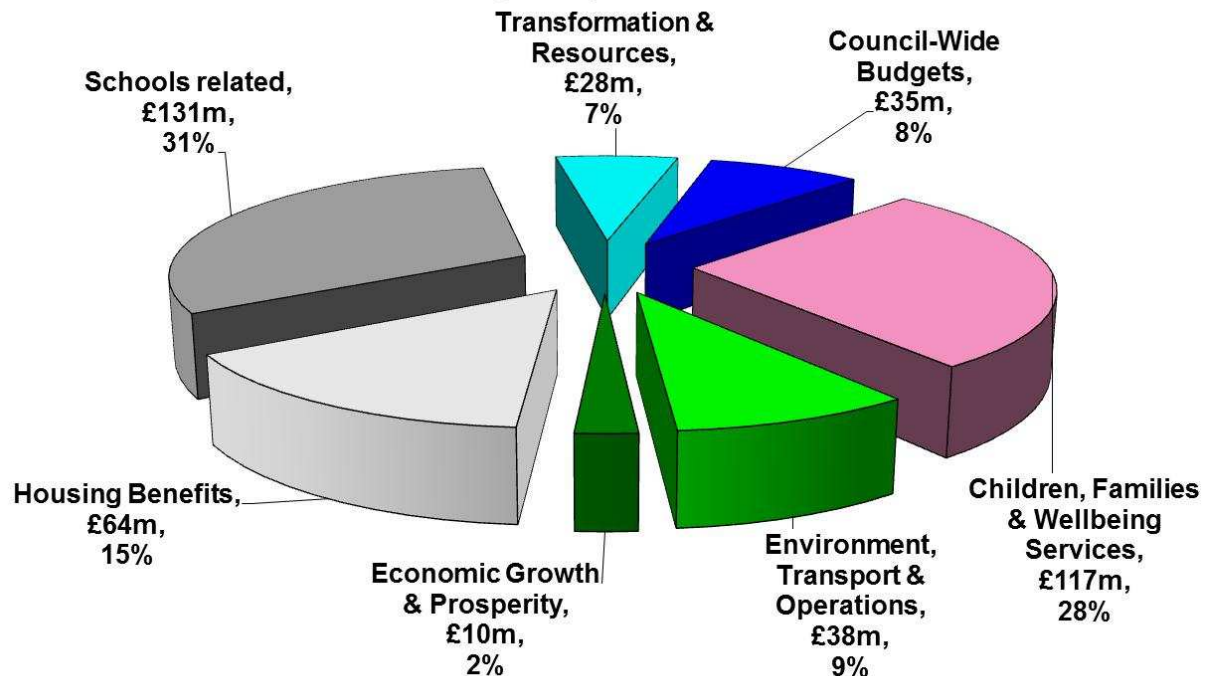
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1. BACKGROUND

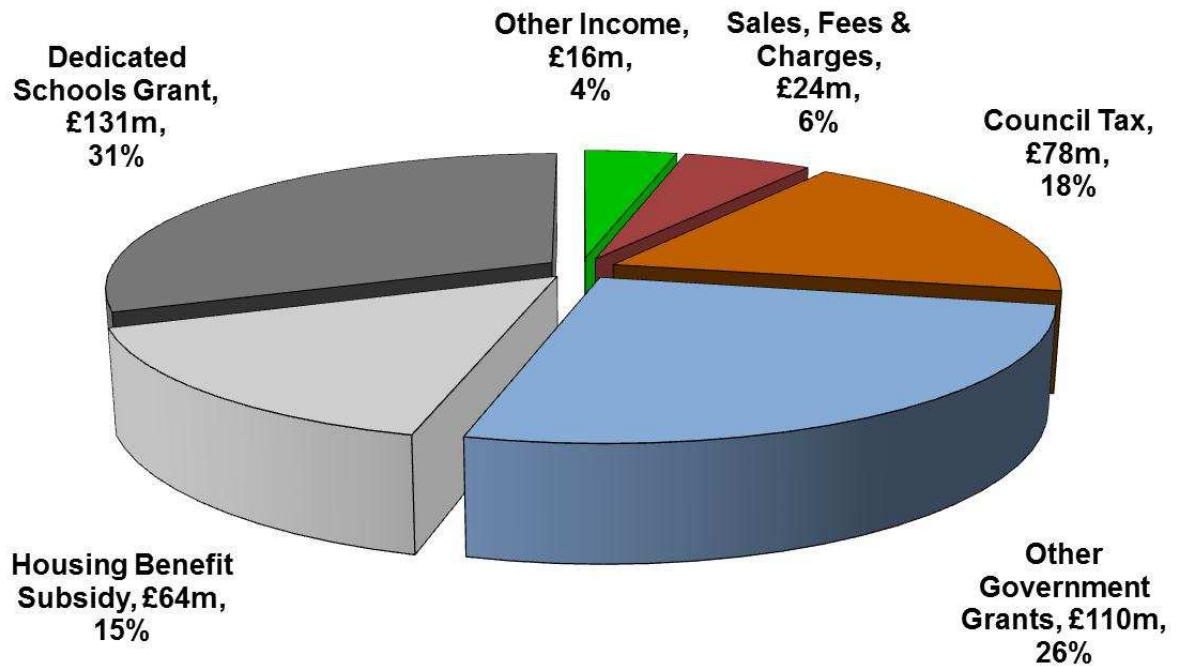
The Council's Gross Revenue Budget

Where the money is spent 2013/2014 - £423m



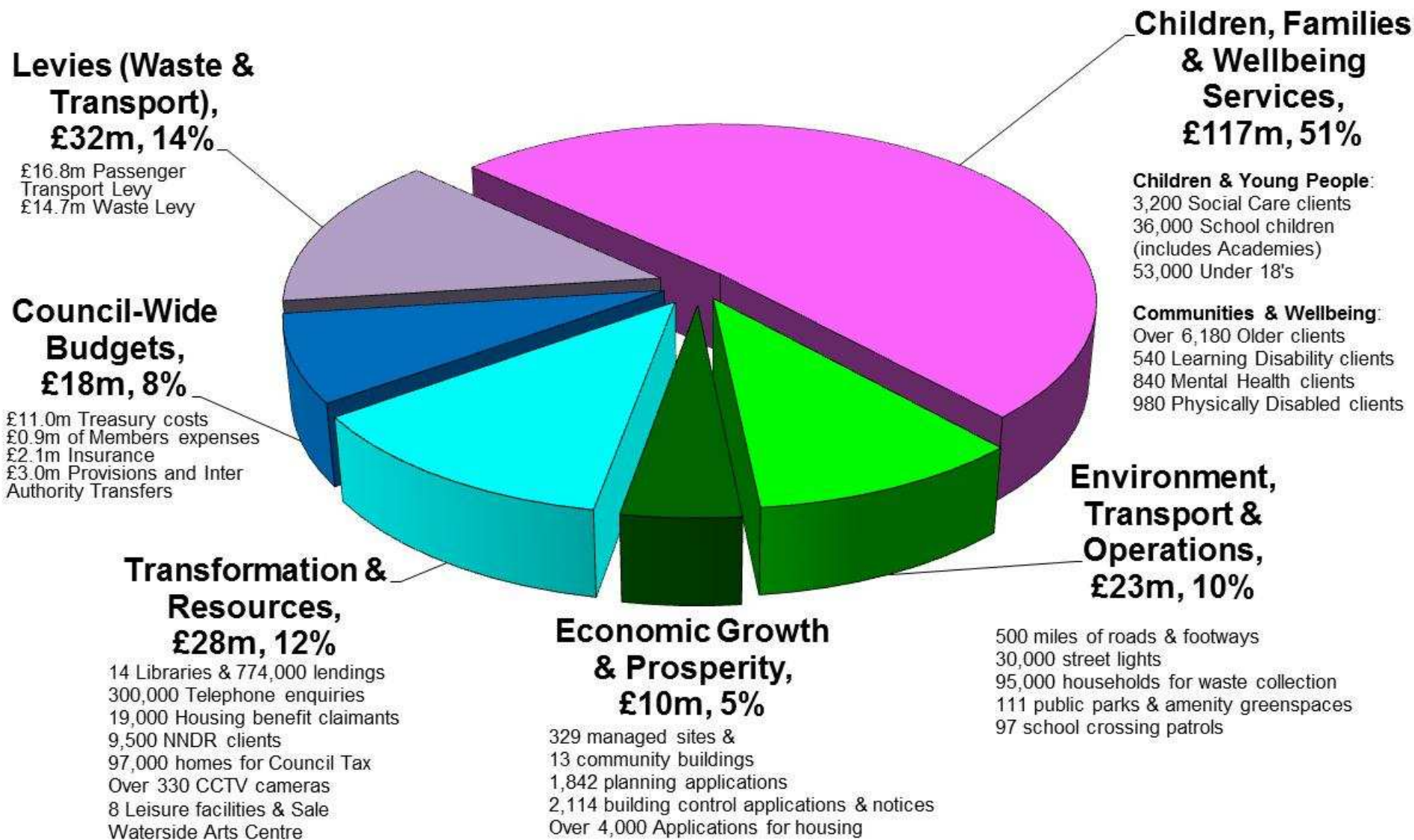
- 1.1 The Council's gross budget, or total revenue planned expenditure, for 2013/14 is £423m. The extent of total Council expenditure is dictated by the amount of income or funding it receives, either by way of redistributed central taxation from the Government in the form of general or specific grants, local taxation in terms of Council Tax and retained Business Rates, or smaller sources such as fees, charges, rents and investments.

Council Income Sources 2013/14 - £423m



- 1.2 Not all services are funded in the same proportions from the various funding sources. In particular, school related expenditure is funded entirely from Government specific grants which cannot be used for any other purpose. The Government therefore dictates entirely the overall expenditure in this area. Similarly, the Council is reimbursed by the Government for housing benefit expenditure through a subsidy mechanism. Out of the total planned spend, these two areas totalling £195m, are outside of the Council's deliberations for apportioning 'budget resources'.

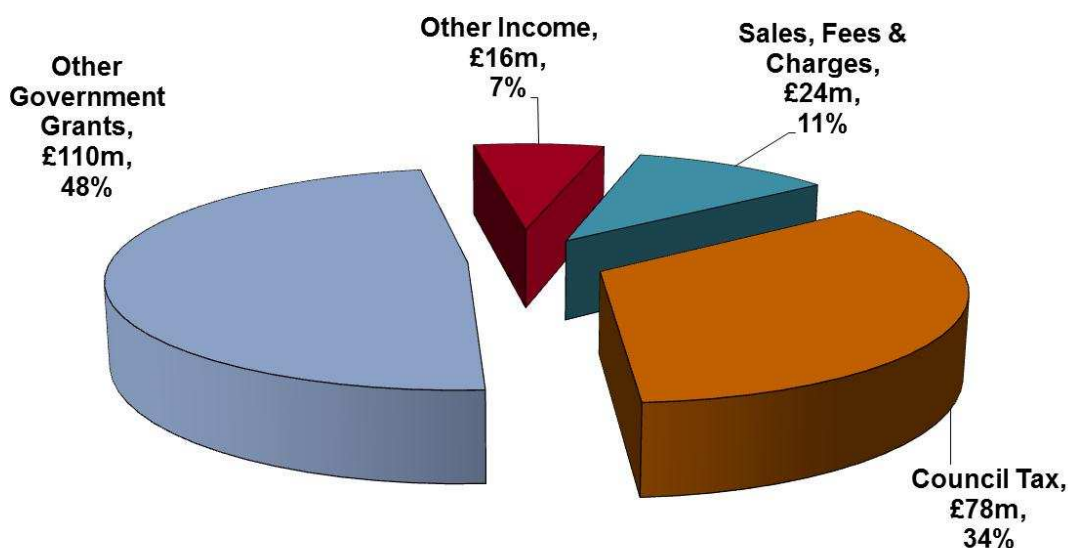
Gross Expenditure by Service 2013/14 - £228m



1.3 Excluding Schools and Housing Benefits, the gross expenditure for which the Council determines the distribution of resources is £228m. However, the extent by which the Council can determine resource distribution is not uniform across services and functions:

- Many services must be delivered to a mandatory statutory minimum level and/or to those who meet the criteria. The Council is required to ensure that there are sufficient resources allocated to meet these forecasted demands. Services which the Council can choose to provide are known as discretionary services.
- Some expenditure is legally or contractually required based on prior decisions, such as the revenue consequences of borrowing to fund capital expenditure. There are also services, such as Waste Disposal and Passenger Transport, which are operated at a Greater Manchester level, and whilst the Council has a shared influence on these services it does not have overall control.

Council Income Sources 2013/14 - £228m



1.4 The proportion of this £228m of service expenditure funded by the Government is significant at £110m or 48%, and as a consequence budget decisions are sensitive to changes in Government funding. This is equally true whether you measure the budget on a gross or net basis. The net budget of £159m is 50% supported by £(80)m of Government base funding, and the remainder from local resources, primarily Council Tax.

Revenue Budget Gross to Net

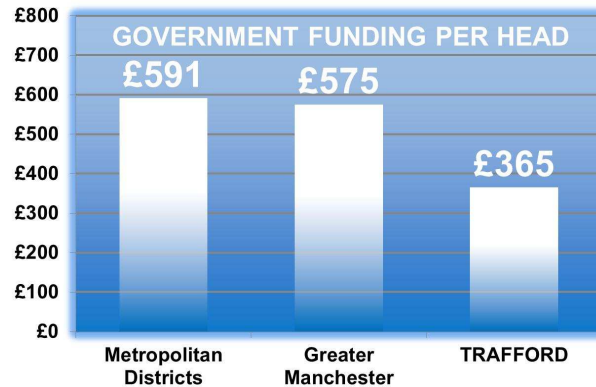
Gross Expenditure	£423m		
Government Grants	£(225)m	Schools DSG	£(131)m
Fees/Charges	£(24)m	Housing Benefit	£(64)m
Rents & Investments	£(6)m	Other	£(30)m
Contributions & Reserves	£(9)m		
Net Budget	£159m		
Government based funding	£(80)m	CF&W	£83m
Council Tax	£(78)m	ETO	£29m
Reserves	£(1)m	EGP	£3m
Funding	£(159)m	T&R	£20m
		C-W	£24m

Controllable Services £135m

- 1.5 For 2014/15 it is estimated that the Government will be withdrawing some £6.3m of funding either in terms of base funding or specific grants used to support the base budget. Ordinarily this may be viewed as £6.3m from a gross spend of £423m, however:
- of the £423m, £195m is ringfenced for Schools and Housing Benefits (para. 1.2),
 - of the remaining £228m, £32m relates to Waste and Transport Levies, £11m for debt repayments, £3m other inter-Authority transfers, and £2m for insurances (para. 1.3),
 - and of this £180m of remaining gross expenditure the majority relates to the provision of mandatory service provision (para. 1.3).
- 1.6 A reduction of £6.3m of Government funding which has a major impact on the Council's ability to continue to provide services, particularly discretionary services.
- 1.7 Historically the Council has always been relatively low-funded by the Government, primarily due to two factors:
- A considerable amount of Government base funding and a number of specific grants have been distributed on relative deprivation, in particular on levels of benefit payments. Even though the Borough has two of the most deprived wards in the Country, as a whole it is not seen as deprived, and has received a much smaller share of deprivation led funding than many other authorities.
 - In determining the level of resources for a Council, the Government's previous funding mechanisms have assumed that Councils raise local

funding based on a notional Council Tax charge. If the taxbase, or number of properties at Band D equivalency, is comparatively high, such as it is in Trafford, the Government would give less grant because the mechanism assumed the difference was raised locally. In 2002 and 2006 the Government notionally increased total resources for all Councils by simply increasing this notional rate of Council Tax, which caused even more funding to be distributed away from Trafford to other Councils.

1.8 Compared to the national average for similar types of authority, or to the average for Greater Manchester, Trafford is supported significantly less by the Government. This difference in support being in the region of £45m in 2013/14.



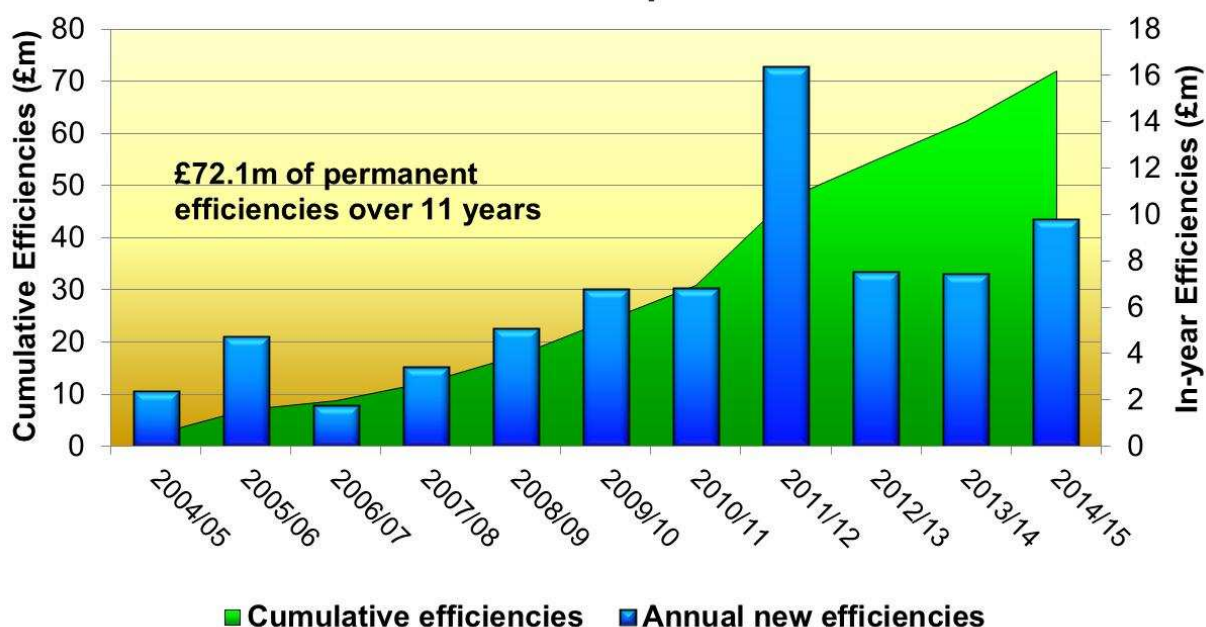
1.9 This historically low funding position has now been locked into base funding under the new business rates retention scheme. In addition, as Government funding is reduced as a consequence of austerity, the proportion of reduction has not been uniform across authorities with Trafford losing funding at a much faster rate than others:

2013/14 reduction in Start-up funding	
Manchester	3.07%
Salford	3.08%
Average London Borough	3.24%
Oldham	3.36%
Average Metropolitan Districts	3.57%
Bolton	3.65%
Tameside	3.75%
Average England	4.27%
Average Unitary	4.31%
Wigan	4.36%
Rochdale	4.49%
Stockport	5.44%
Bury	5.53%
Average County Councils	5.63%
Average District	6.21%
Trafford	6.34%

As calculated by DCLG, movement from adjusted 2012/13 notional base.

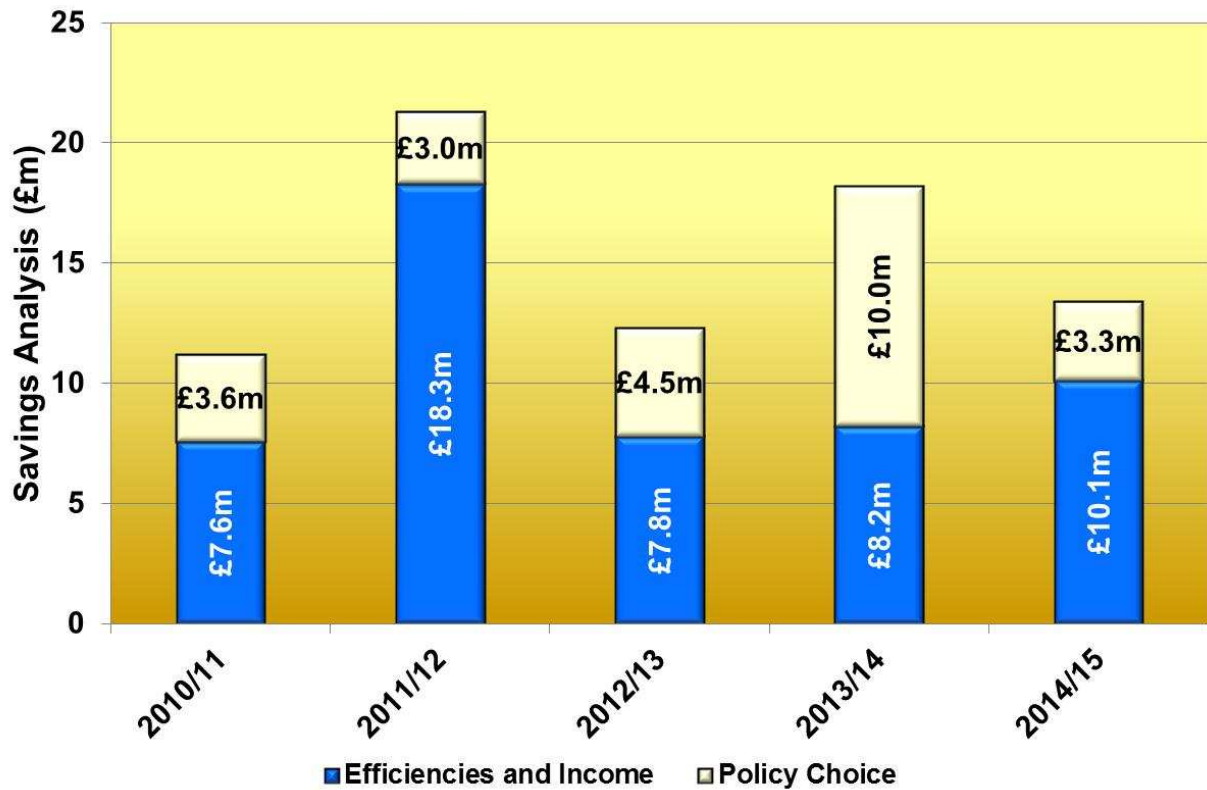
- 1.10 In 2013/14, Trafford's funding reduced at a greater rate than any of the other nine Metropolitan Districts in Greater Manchester, and also greater than the average for any type of authority in the Country. This compounded an already relatively low funding base even further.
- 1.11 Councils began to measure the successful long term implementation of efficiency savings in a prescribed way from 2004/05, in order to complete the Annual Efficiency Statement return to Government. The AES is no longer a requirement for authorities, however, Trafford has continued to record efficiencies in this way. Since 2004/05, the Council has delivered £(62.3)m of efficiencies, and a further £(7.8)m of efficiencies and £(2.0)m of staff terms and conditions savings is proposed for 2014/15. Together, this £(72.1)m is equivalent to 92% of the current Council Tax.
- 1.12 The level of efficiencies and the introduction of such tools as 3 year financial planning and the policies outlined in the medium term financial strategy has assisted the Council in meeting successive budget challenges.

Permanent Efficiencies planned & achieved



- 1.13 In 2010/11 the newly elected Coalition Government introduced the first austerity budget with an emergency budget in July of that year. The traditional budget challenges of low funding and higher demands from inflation and growth in social services, have been made more difficult since then as Government funding has been withdrawn.
- 1.14 To meet this new challenge the Council has invested in dedicated internal capacity in terms of procurement, change and project management, and introduced a number of austerity measures.

1.15 Over the five years of austerity the Government will have withdrawn some £28.5m of funding, equivalent to around 36% of current Council Tax. This pressure is in addition to inflation, increases in client numbers and need, and the increasing cost of waste and transport levies. However, longer term planning and investment in dedicated capacity has enabled the Council to identify efficiencies and new income to avoid 67% of this total pressure from affecting front line services.



2. RESOURCE AVAILABILITY & BUDGET PRESSURES

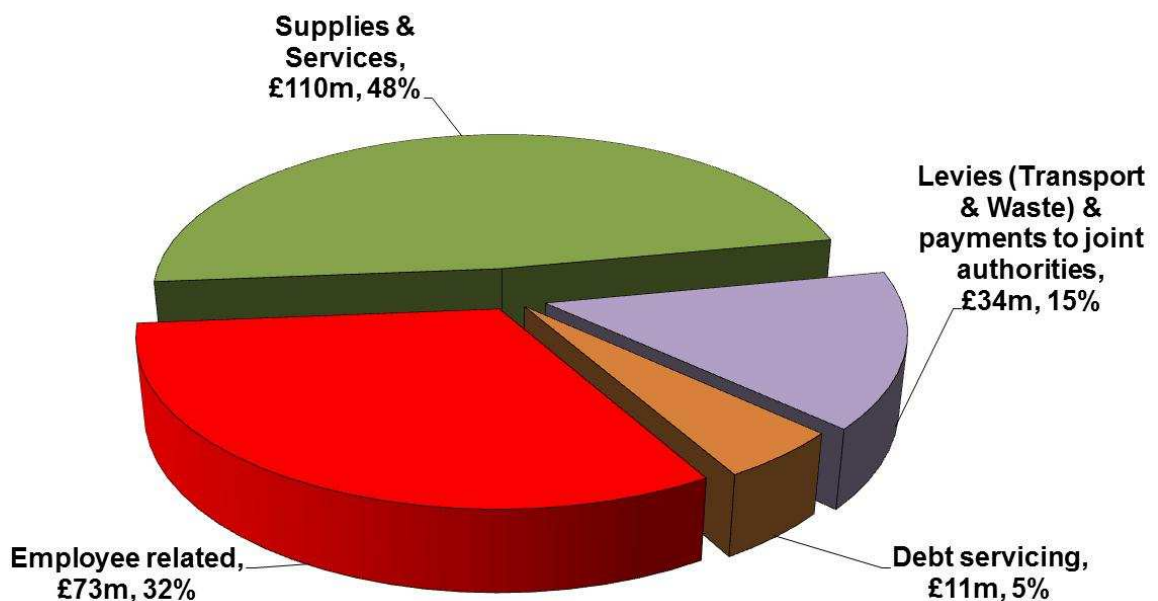
Resource Availability

- 2.1 For 2014/15 it is estimated that the Government will withdraw £6.3m, or 5.7%, of support to the Council (details can be found at Annex A). This places an immediate pressure on the Council to reduce expenditure.
- 2.2 The Government has established a 2% limit on raising Council Tax before a referendum must be called. However, if a Council does not raise Council Tax the Government have offered additional funding worth 1%, calculated on a historical and slightly higher basis than the 2%. The Council is therefore left with a difficult choice of either placing a burden on residents of £1.6m, or accepting additional Government support of £0.9m.
- 2.3 Increasing the Council Tax over 2% by holding a referendum would necessitate an additional use of reserves to support these additional services until the referendum result was known. Should the result not be positive to keep those services at a higher Council Tax, it would incur a delay in savings requiring further reserves. Council Tax is outlined in more detail at Annex D, and for planning purposes the draft budget proposals are based on a freeze for the fourth year, helping hard pressed households.
- 2.4 The Government's new Business Rates Retention scheme is intended to encourage Councils to increase business activity in their area such that they can share to a limited extent in the economic growth. There are many uncertainties with regard to this scheme for Trafford, and how it works and the associated risks are outlined at Annex C. For planning purposes the Executive is not making any reliance on the scheme providing additional resources at this stage.
- 2.5 Broadly speaking, the Council cannot trade and neither can it place over-reliance on fees or charges for services it has a mandatory duty to provide. This can limit a service to the extent it can be paid for, and limit other services as surpluses cannot be used and/or generated to resource them. The economic climate has also had a considerable effect on available income. The level of fees and charges has been considered carefully, and the limited increase reflects a wide range of issues such as the economy, competition, access to services and residents' ability to pay.
- 2.6 The Council can establish companies that can trade, and that can return profits to the Council to assist with funding other services. Such trading opportunities are being actively considered, but as yet do not form part of the budget proposals.

- 2.7 Other sources of income, such as rents from leased property, or income from the investment of cash surpluses have also been suppressed by the economic climate. The 2014/15 budget includes for reducing income targets of £0.2m for the commercial portfolio as fewer business rent from the Council. The Bank of England base rate being held at 0.5% has significantly reduced investment income and as a temporary measure the Council has adopted the policy of using internal cash balances to avoid taking up new debt at 4.5-5.0%.
- 2.8 In summary, the Government is significantly reducing its support to the Council for a fifth year, and regulatory restrictions and the current economic climate restrict other income opportunities. Council Tax is primarily the main route to increasing sustainable resources, however, increases above 2% are subject to referendum and the Government will provide an equivalent 1% to those Councils who do not raise their Council Tax.

Budget Pressures

Gross Expenditure by Category 2013/14 - £228m



- 2.9 The Council's costs of operation increase year on year, primarily due to inflation, but also due to demand changes in mandatory services such as social services. The following lists a summary of the estimated increase in costs, and more detail is provided at Annex B:
- Inflation continues to be relatively high, with even higher increases expected for energy and fuel. A total provision of £3.0m has been made in the draft budget.

- Increased demand across all client groups for social care is expected to require additional service investment of £2.6m in order for the Council to meet its legal obligations.
- The cost of Levies, particularly Waste Disposal delivered by the Greater Manchester Waste Disposal Authority on the Council's behalf, is expected to increase by 7.4% or £1.1m. The other major levy is for Public Transport services, such subsidised bus services and concessionary fares, and it is expected that the Greater Manchester Combined Authority will set a £nil increase for 2014/15.
- A provision of £1.5m has been made for pay and pension increases. The main relevant unions have recently requested an 8% pay award, whereas the Chancellor has announced that public pay awards should be no more than an average of 1% until 2017/18. For planning purposes the Council has assumed a national pay award of 1% for 2014/15. Additional costs will accrue in 2014/15 as overtime becomes pensionable under new rules, however, the budget proposals contain for management action to reduce the award of overtime reducing both base budget costs and the impact of these new pension rules.
- Loss of income, mostly rental income, and slight changes in Treasury management will increase pressures by a further £0.3m.
- As part of ongoing long term reviews, the Environment, Transport and Operations Directorate has changed 2013/14 savings plans which will be carried forward into the 2014/15 budget in the sum of £0.5m.
- Additional service investment, some of which is directly funded by the Government in respect of services transferring between other public bodies and the Council, account for the remaining £0.6m of the total expenditure pressure of £9.6m.

Budget Deficit

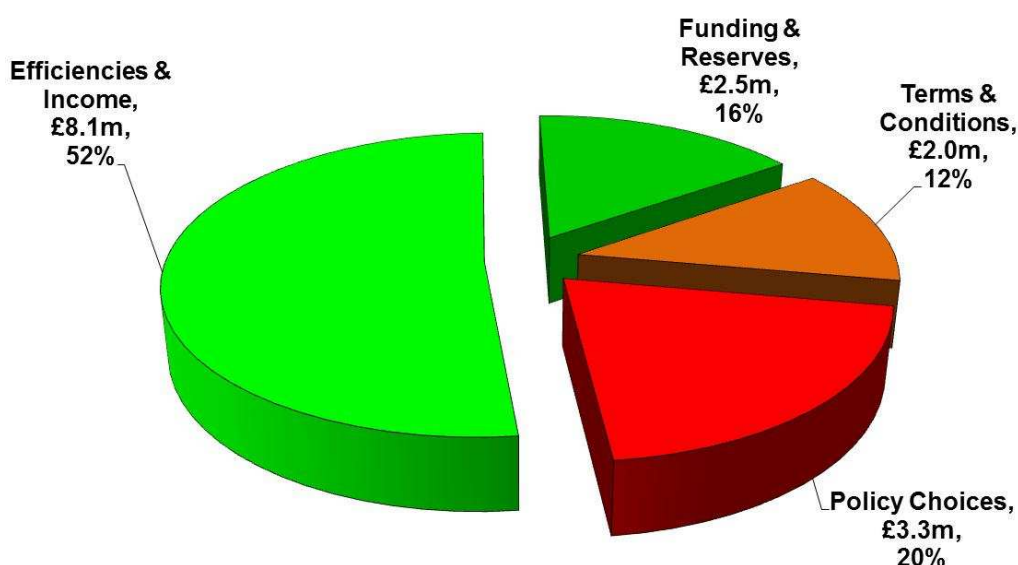
- 2.10 Detailed early planning for the 2014/15 budget, which started last year as part of a two-year budget consultation for 2013/14 and 2014/15, has certainly assisted in identifying savings and greatly assisted planning. However, there have been a great many individual changes in terms of funding estimates, expenditure pressures, and individual savings. The gross budget deficit, or gap, of around £16m has remained broadly similar however, and other net changes between the notional 2014/15 budget of February 2013 and the draft budget proposals made within this report are summarised in the following table:

2014/15 Budget Deficit	Feb 2013 Notional Budget (£m)	Nov 2013 Draft Budget (£m)	
Expenditure Pressures	9.3	9.1	
Funding Reduction	7.0	6.3	
Savings carried forward		0.5	
Total deficit	16.3	15.9	
Efficiencies	(5.3)	(7.8)	
Terms & Conditions	(2.7)	(2.0)	
Income	(0.3)	(0.3)	
Funding	(1.3)	(2.5)	
Total	(9.6)	(12.6)	80%
Policy Choices	(4.8)	(3.3)	20%
Imbalance	1.9	0.0	

2.11 In order to undertake the same level of services and meet new mandatory demand, the Council needs to identify an estimated £15.9m of savings and/or new income or funding in order to balance the budget.

2.12 In the expectation of the difficulty of the task, detailed planning for the 2014/15 budget started last year alongside that for the 2013/14 budget. This has enabled the Executive to identify efficiencies, changes to staff terms and conditions, additional income and funding in the sum of £(12.6)m which will meet 80% of the budget deficit. The specific proposals are listed and discussed in more detail within the service narratives which can be found at Annexes G to K:

Balancing the £15.9m Gross deficit



- 2.13 Whilst the above chart is an overall Council position, the type of savings within individual Directorates and services can be significantly different, for example there are no policy choice savings within Adult Social Services. Reference is made to the objective analysis of the draft budget at Annex F.
- 2.14 Included in the above funding is just under £(2.1)m of General Reserve and £(0.3)m of Council Tax Surplus. It has been one of the Council's policies of the Medium Term Financial Strategy to reduce and/or keep low the use of reserves supporting long term budgetary expenditure, using reserves instead to finance one-off or short term service investments. This will be the first budget since 2004/05 where there has been a significant increase in the use of reserves year-on-year, with the level of reserves being used in 2013/14 being £(0.9)m.
- 2.15 However, the excellent budgetary performance of the Council's managed expenditure has provided a sizeable margin above the minimum £6m in the General Reserve. Further, the successful implementation of the Council Tax Support Scheme, which replaced Council Tax Benefits on 1 April 2013, and an unexpected decrease in single person discounts and growth in the number of houses, has provided for a forecasted surplus on the Collection Fund. At a time of austerity, the Executive has determined that a modest increase in the use of reserves is appropriate to sustain service levels for as long as possible.

3. PROPOSED DRAFT REVENUE BUDGET 2014/15

- 3.1 The following table summarises at Directorate level, and then by Executive Portfolio, the year-on-year movement between the 2013/14 budget and the 2014/15 draft budget, greater detail can be found at Annexes E and F:

2014/15 draft summary budget, compared to 2013/14	2013/14 Budget (£000's)	Move-ment (£000's)	2014/15 Draft Budget (£000's)	Change (%)
Children, Families & Wellbeing:				
Education	6,664	(667)	5,997	(10.0)%
Children & Families	24,559	(456)	24,103	(1.9)%
Adult Social Services	51,956	(1,203)	50,753	(2.3)%
Community Health & Wellbeing	0	0	0	0.0%
Total	83,179	(2,326)	80,853	(2.8)%
Environment, Transport & Operations:				
Highways & Environment	15,941	(740)	15,201	(4.6)%
Operational Services for Education (Catering, cleaning & transport)	(272)	177	(95)	65.1%
Waste Levy	13,523	678	14,201	5.0%
Total	29,192	115	29,307	0.4%
Economic Growth & Prosperity	3,282	172	3,454	5.2%
Transformation & Resources	14,174	(1,220)	12,954	(8.6)%
Safe, Strong Communities	2,172	(453)	1,719	(20.9)%
(Finance Portfolio)				
Finance	3,944	(347)	3,597	(8.8)%
Council Wide Budgets	23,060	(1,226)	21,834	(5.3)%
Total	27,004	(1,573)	25,431	(5.8)%
Total Net Budget	159,003	(5,285)	153,718	(3.3)%

- 3.2 Identifying funding for new or enhanced services during a time of austerity is particularly difficult. However, the Executive has required a full provision for additional social services clients in order to ensure the Council meets its statutory obligations as well as sustained budgets and some small investments in key areas:

an investment of £2.645m for both Children and Adult Social Care to meet the expectations of increasing service demands.

£0.070m to fund a dedicated post to manage the Borough's Town Centres and their development.

£0.055m replacement funding for continued traffic management at the numerous sporting and cultural events in the Borough.

Residents and businesses will continue to benefit from being able to park anywhere in the Borough for only 10p for the first hour.

All of the Social Work Teams within both Children's and Adult's services will be maintained.

All existing Youth Centres will remain open, as will Children Centres, and all of the Borough's 14 Libraries. In addition, there are no proposals to close Public Conveniences or reduce School's Crossing Patrols in 2014/15.

Residents and businesses will continue to benefit from being able to park anywhere in the Borough for only 10p for the first hour.

An increase in Council Tax Support commensurate with increases in other relevant benefits.

The Council Tax will remain frozen at the 2010/11 rate, keeping it the lowest in the North West.

3.3 Proposals include for some £(10.1)m of efficiencies, new income, changes to staff terms and conditions and increased austerity management of employee related expenditure, and £(2.5)m of funding:

£(4.3)m by reducing contract costs through improved procurement or commissioning of goods and services, through market management, and/or by sharing overheads with partners. This will be assisted by the creation of the STaR, a shared service procurement service with Rochdale and Stockport Councils.

£(2.5)m through service redesign or introducing new technology.

£(2.0)m from changes to terms and conditions and tighter cost management related costs such as overtime, allowances and improved sickness management.

£(1.0)m to be saved by managing demand, particularly in adult social care by extending the successful Telecare and Reablement Services.

£(0.3)m of increased or new income, mostly being generated by the ETO Directorate.

£(1.1)m from an increase in the Council Tax base

£(1.4)m through the continued prudent use of reserves generated from previous underspending and the application of Council Tax surpluses generated from the growth in the tax base that has occurred in 2013/14.

3.4 The draft budget proposals contain for £(3.3)m of policy choice decisions, where there will be service reductions in a number of discretionary areas. Details of the impact, and mitigation, of these policy choices are provided in the service narratives and savings schedules attached at Annexes G to K. These proposals can be thematically summarised as:

- A greener Borough, £(1.1)m
- Education Support Services, £(0.5)m
- Waste Management, £(0.5)m
- Sports and Culture, £(0.4)m
- Youth Offending Service, £(0.2)m
- Community Support, £(0.2)m
- Public Protection, £(0.2)m
- Highways, £(0.1)m
- Council Tax & Benefit Administration, £(0.1)m

Impact on Staff

3.5 Whether a savings proposal is an efficiency or a policy choice, those savings are realised through reducing expenditure. As shown in the pie chart at paragraph 2.9, the areas of expenditure that can be reduced are essentially either contract or employee costs. Inevitably as employee costs are such a large proportion of the Council's expenditure, savings will have a significant impact on staff. For 2014/15 this will impact on both the number of budgeted jobs available, and the terms and conditions of employment.

3.6 Over 50% of the estimated staffing reductions are in management and back-office posts. It should be noted that a number of savings targets have yet to be fully developed in some services, therefore, as a result of consultation, this figure may change.

3.7 The draft budget proposals which relate to staffing changes currently equate to an estimated reduction of 89.1 fte (full time equivalent) posts across all service areas. In terms of headcount, after taking in to account currently known vacancies, some 64 staff representing approximately 2% of the workforce are at risk of redundancy.

Staffing type	Post reduction in fte	Proportion or percentage	Headcount reduction	Percentage of total workforce
Management	12.0	13%	12	0.39%
Back office/Other	35.6	40%	21	0.68%
Front line	41.5	47%	31	1.00%
Total	89.1	100%	64	2.07%

- 3.8 During the consultation period, the Council will strive to minimise the number of redundancies and support employees by:
- continuing to operate robust vacancy management systems;
 - operating a centrally managed redeployment process;
 - considering options for voluntary redundancy or early retirement where these are cost effective and operationally viable;
 - considering secondment and temporary project assignment opportunities where appropriate;
 - considering options for other employees to take voluntary redundancy or early retirement to enable a redeployment opportunity for displaced staff, where this is cost-effective and operationally viable;
 - providing a comprehensive employee assistance and outplacement support programme for staff at all levels.
- 3.9 In line with statutory requirements, the Council has issued a s188 notice to the recognised trade unions which will mark the commencement of a 30 day consultation period.
- 3.10 The Executive has also developed a set of proposals relating to changes to staff terms and conditions. Draft proposals have changed and developed following consultations with staff and Unions over the last year or so, and the current proposals are subject to formal consultation that started on 3 October 2013 and will end on 17 November 2013:
- Require staff to take 3 days of unpaid leave. This will have the effect of reducing the overall salary costs by around 1.5% whilst providing the benefit of additional time away from work to staff.
 - Withdraw the Essential Car User Scheme and replace it with a Critical Car User Scheme, which has a robust assessment criteria and a reduced level of allowance.
 - Consolidate the car user mileage rates into one rate, equivalent to the HMRC rate, which is currently 45p per mile.
 - Introduce a Trafford Living Wage of £7.20 per hour.
 - Reduce the sick pay scheme by 50%, thus capping payments at 3 months full pay, 3 months half pay, subject to service.
 - Reduce the rate of pay for non-contractual overtime to plain time.
 - Remove the relocation allowance for enforced work-base moves.
- 3.11 The detail of the above proposals can be found in the Employment Committee and Executive papers of 18 and 23 September 2013 respectively. The £2.0m benefit realisation of these proposals and the impact on Directorate budgets is provided at Annex L. It is estimated that this level of saving derived from these changes to terms and conditions is equivalent to having avoided another 80 to 100 fte job losses.

4. SCHOOLS FUNDING & BUDGETS 2014/15

Background

- 4.1 Schools are funded from ring fenced grants, the most notable of which is the Dedicated Schools Grant or DSG. This funding cannot be used for any other Council function, and essentially schools operate within their own fund with any under or over expenditures being taken forward into future years. DSG can be divided into three main areas:
- Mainstream bloc; approximately £136m for the Borough of Trafford which essentially funds schools' budgets.
 - High needs bloc; approximately £24m which primarily supports Special Educational Needs expenditure.
 - Early Years bloc; approximately £11m, which funds educational provision for 2 to 5 year olds in both LEA Schools and Private, Voluntary and Independent (PVI) settings.
- 4.2 The DSG is apportioned between authorities largely based on pupil numbers, and as such the final allocation is not finalised until January when the schools census data has been collated.
- 4.3 Locally schools funding is split between centrally held Education budgets, and devolved schools' budgets, and apportioned to individual schools by a funding formula. Both the central-devolved split and the factors that are within the funding formula are recommended to the Executive by the Schools Funding Forum, which is a representative body mostly made up of school Governors and Head Teachers, but also including PVI and College representatives.

Government Funding

- 4.4 Whilst distribution to Trafford is dependent upon the census count of pupil numbers, the national control total for schools funding is expected to be a £nil increase in 2014/15. This will require schools to meet all pressures within existing funding. Within this control total is the Pupil Premium Grant, which is distributed on the basis of pupils eligible for free school meals and will be increasing significantly for 2014/15:
- Primary £900 per pupil in 2013/14 will rise to £1,300 in 2014/15, a 44% rise per pupil
 - Secondary £900 per pupil in 2013/14 will rise to £945 in 2014/15, a 5% rise per pupil
- 4.5 This increase in deprivation led funding is not likely to benefit Trafford schools as much as it will other urban authorities. Trafford schools, whilst nationally high achieving, are also some of the lowest funded.

- 4.6 The Government is expected to launch consultation on a new national funding formula in December 2013, and the Council and Funding Forum will be active in highlighting any inequalities in the proposed system.

Local Funding Distribution

- 4.7 Distributing funding across schools, recognising deprivation and special educational needs factors, has become increasingly difficult at a time of reduced resource availability. To combat this situation, the Funding Forum has recommended that basic entitlement in the funding formula should be increased from 75% of available funding to 78%, and this has been approved by the Executive.
- 4.8 Early Years funding is distributed by the Early Years Single Funding Formula (EYSFF), which is also currently under review.

Pressures on schools

- 4.9 Schools are required to meet all inflationary increases in their expenditure as well as potentially reducing funding out of their delegated budgets:
- pay awards of 1% or higher, and increased pension contributions,
 - inflation at a prevailing average forecasted to be 3.0%, but with heating and lighting costs expected to be in excess of this.
- 4.10 As a consequence of funding pressures on the non-schools areas of the budget, some Educational Support Services are either being reduced or moving into a buy-back or trading service, with the intent that schools will pay for those services in future. With limited funding schools will be forced to make choices between continuing these services, other buy-back services and their own core budgets.
- 4.11 Some schools have reserves they can call on, and the Council will work closely with any maintained school that is experiencing financial difficulty to draw up a recovery plan. Short term loans are available based upon a balanced recovery plan, and there is a centrally held organisational change provision to assist with reorganisation.

5. Risks and Reserves

Robust Budgeting

- 5.1 The law requires that the Council sets a robust budget, which is sufficient to meet its legal obligations, and then its aspirations. This requires for all plans to be costed, forecasts and estimates to be checked for reasonableness, and risks to be assessed across the many varied services the Council provides. This also includes an assessment for emergencies, severe weather and other service and strategic risks.
- 5.2 Robustness does not guarantee that all possible eventualities are identified, or that all budget estimates are exact. Actual income and expenditure is likely to vary from the established budgets, but in the round these will compensate, and the approved budget need only be sufficient to meet overall expenditure requirements.
- 5.3 The Council's Chief Finance Officer will take all matters and issues into consideration and determine within the round, a reasonable assessment based on experience of whether the budget is sufficient and that the Council establishes a minimum reserve level to ensure that the Council can meet its obligations.
- 5.4 At the time of writing the draft revenue budget the following particular issues or risks are identified, however, this does not preclude currently unknown issues coming to light during the consultation period:
- Local Government Finance Settlement; the draft proposals rely heavily on an estimated funding provision from the Government which is based on information issued at the time of the settlement, and updated as a consequence of the consultation exercise in July. It is possible that the Government could make changes to control totals, distributions methods, and whether money is distributed through basic funding or specific grant. Relatively small changes at a national level can cause significant changes in funding locally. Actual Government support will not be confirmed until the Local Government Finance Settlement, expected in early December 2013.
 - Demography; the forecasting of client numbers and costs in adults and children services is under constant review. Steps have been taken to control demand, however it should be noted that this is an on-going risk and work is being undertaken to identify to what extent costs can continue to be mitigated.
 - Business Rates Retention; sufficiently detailed knowledge of the operation of business rate appeals and the ebbs and flows of the market at a time of austerity is a relatively new field to the Council. As the year progresses more data and experience will be gained, providing clarity on the likely income levels that might be able to be brought into the budget.
 - Carbon Reduction Commitment; under the current regulations the Council will not automatically qualify to be included in the scheme for 2014/15 and

a saving of £(60)k is included in these proposals as the Council will no longer need to purchase Carbon Allowances. However, regulations allow for the Secretary of State to require any body to be included in the scheme. The regulations do not specify the time period or notice the Secretary of State has to give. Should the Council be required to join the scheme, it will not only be for the electricity use at Council buildings but also for street lighting which has been exempt from the scheme until next year. The estimated costs of buildings and street lighting is £183k of Carbon Allowances, therefore should the Secretary of State require participation this would be an additional budget pressure.

- The Government's Care Bill, currently progressing through parliament, is introducing significant changes in Adult Social Care. Whilst the changes will not come into effect until 2015/16, there will be significant development work required during 2014/15, the full details and associated cost implications of which are not yet available.
- Academies; The Council is now paid a specific grant for the statutory responsibilities of managing schools. Should more schools become academy by the end of 2014/15 there will be a pro-rata adjustment to that grant funding and it may not be possible to adjust costs in the same time frame or to the same extent.
- School buy-back; Academy status can have an impact on whether a given school buys back a range of services the Council provides on a trading basis, most notably would be insurance which cannot be provided by the Council to an academy. In addition, the contract renewal for schools trading services has moved to an academic year, and the level of budget assumed buy back could change in September. Due to the stepped nature of costs it may not be possible to reduce costs commensurate with any reduction in income.
- Partner expenditure plans; The Council is reviewing carefully the impact of budget proposals on residents and businesses. The changing expenditure plans of partners may however have unexpected consequences and impact which would cause the Council to review its own plans.

Reserves

- 5.5 Reserves are set aside so that future plans can be afforded or to avoid infrequent or emergency expenditure impacting on the 'normal operational budget'. It is a legal requirement to set aside provisions, and a minimum level of generally available reserve, and it is best practice to ensure that there are other sufficient reserves available to meet further needs to ensure an achievable and sustainable budget.
- 5.6 The final Executive budget proposals submitted to Council in February 2014 will be accompanied by an assessment of reserves and a statement of the robustness of the budget by the Council's Chief Finance Officer. As part of the exercise the appropriateness of all reserves levels will be assessed at that time.

6. Consultation and Next Steps

Next Steps

- 6.1 Many of the proposals contained in the report have been consulted on as part of the 2013/14 and 2014/15 two-year budget that took place last autumn, and in other cases proposals have the benefit of continuous stake holder engagement that is practiced in some service areas. Where consultation has already taken place, it is not envisaged that specific topics will be raised again with relevant stake holder groups.
- 6.2 Consultation on the new or significantly changed budget proposals, as well as assessments of the impact on residents and customers, will be on-going, and in particular:
- The proposed policy choices thematically grouped under the banner 'Greener Borough' in the sum of £(1.1)m will be consulted on with Friends of Parks and similar stake holder groups.
 - The planning pre-application fees will be consulted on with local registered Social Landlords through the existing Strategic Housing Partnership structure.
- 6.3 Details of consultation will be available on the Council's web site on the 2014/15 Budget pages. There will also be a review of this report and its proposals by the Council's Scrutiny Committee.
- 6.4 Formal staff consultation on the proposals to change terms and conditions began on 3 October and will complete on 17 November. General staff consultation on the draft budget proposals, as outlined in paragraph 3.10, will also be taking place.
- 6.5 Detailed planning work on some proposals is also taking place, as well as negotiations with contractors and partners. The draft Local Government Finance Settlement is expected in December, which is expected to clarify the resource base of the Council for 2014/15.
- 6.6 All of the above will be brought together by the end of January 2014 where the Executive will make final changes to their draft proposals. These will then be approved at the Public Executive, and the final determination of the budget made at Budget Council, on 19 February 2014.

GOVERNMENT FUNDING

Changes in government funding during 2014/15 has resulted in a £6.3m, or 5.7%, reduction to Trafford, equivalent to £28.87 per head of population of the borough. The changes in funding are detailed in the table below:

	Specific Grants (£000's)	Main Funding (£000's)	Total change (£000's)
Funding ceasing			
Local Welfare Fund	8		8
Localism Grants	3		3
Adoption Grant	109		109
Adopter Recruitment	133		133
Funding reducing			
Government base funding:			
- Austerity reduction		6,727	6,727
- Additional reduction in DCLG DEL		687	687
- Adjustment for BRR safety net		142	142
- Baseline RPI increase		(62)	(62)
KEEP Grant	20		20
Youth offending team	54		54
NHS Complaints Advocacy	57		57
Housing Benefit Administration	137		137
Early Intervention Grant		431	431
Funding increasing			
Local Reform and Community Voices	(5)		(5)
Council Tax freeze 2013/14	(7)		(7)
Returned New Homes Bonus	(95)		(95)
Social Care / NHS Integration Grant	(164)		(164)
Public Health Reform	(285)		(285)
Learning Disability and Health Reform		(130)	(130)
New funding			
Council Tax Reform Grant	(114)		(114)
New Homes Bonus 2014/15 allocation	(447)		(447)
Council Tax freeze 2014/15	(893)		(893)
Total Funding Change	(1,489)	7,795	6,306

MEDIUM TERM FINANCIAL OUTLOOK - BASE BUDGET ASSUMPTIONS:

Base Budget Assumptions		2014/15
Service Expenditure		
Pay		1.0%
		£0.8m
Pension (includes £0.1m for overtime becoming pensionable)		+1.0%
		£0.7m
Prices – General inflation (certain services have specific inflation, e.g. energy)		3.0%
		£2.6m
Demography :	Young People	£0.5m
	Adults	£2.1m
Waste (GMWDA):	Levy	7.4%
	Total Increase	£1.1m
Transport (GMCA) Levy increase		0.0%
		£0.0m
Treasury Management & Funding		
Investment Rates		0.83%
Debt Rates		5.0%
Council Tax rate increase		0%
Council Tax base increase		1.35%
Freeze Grant 2014/15 @ 1.0%		£(0.9)m
Reduction in Start-up Funding		9.8%
		£7.8m
Reduction in overall Government support		5.7%
		£6.3m

BUSINESS RATES RETENTION SCHEME

Background

In the period 2010/11 to 2012/13, the main government funding was via formula grant which was distributed to local authorities using a 'four block model'. The four block model included:

- An assessment of an authorities 'relative need' i.e. how deprived an authority is
- An assessment of an authorities 'relative resources' i.e. how much an authority can raise locally through Council Tax
- Central allocation – amount distributed per head of population
- A Floor Damping Block – this is a self-financing block which is used to provide a limit to the level of decrease/increase in grant for all authorities

Despite Trafford having a number of wards above the average deprivation level across the country and having frozen its Council Tax in line with government policy, Trafford has historically received a lower than average funding per head when compared to all Single Tier Local Authorities.

Under the new system authorities will receive Start-up Funding in place of Formula Grant. Start-up funding is made up of two elements:

1 Baseline funding

The Government calculates an authority's baseline funding level by applying the 2012/13 Formula Grant process to the local share of the estimated business rates aggregate for 2013/14. The baseline funding element is fixed until the system is reset in 2020/21 and will be updated by RPI annually. There will be no adjustments made to an authority's funding during this period, regardless of changes in socioeconomic pressures.

Whilst the four block model no longer exists under the new scheme, the previous assessments of deprivation and need have been frozen into baseline funding. This means that going forward Trafford will remain at a disadvantage due to the inequalities evident in the previous system.

2 Revenue Support Grant

This element is made up of a number of smaller grants including:

- Upper tier and lower tier funding
- Council tax compensation grant
- Council Tax Freeze grant 2013/14

- Learning Disability & Health Reform Grant
- Early Intervention Grant
- Local Flood
- Homelessness
- New local welfare provision - social fund

Unlike baseline funding, this element is not fixed and therefore any reductions in the national control total will be reflected in this element.

Mechanics of the Scheme

The business rates yield collected by a local authority will be divided into a local share, a central share and the fire and rescue authority share. The central share is 50% of the business rates collected which will be paid over to government, the amount paid to the fire and rescue authority is 1%. The remaining 49% is the local share and represents the amount retained by the local authority.

On top of the 50% central share, authorities may also be required to make further payments to government out of their local share, including:

- **Tariff** – a local authority must pay a tariff if its individual authority business rate baseline is greater than its baseline funding level. Conversely, a local authority will receive a top-up if its baseline funding level is greater than its individual authority business rate baseline. Tariffs and top-ups will be fixed until the business rates retention system is reset but will be uprated by RPI each year. Trafford is a tariff authority with a tariff of £42.5m and is the 6th highest contributor in the country and the highest outside of London.
- **Levy** – only tariff authorities pay a levy. A levy applies to all growth in retained business rates and the maximum rate will be 50% meaning that after the central share and levy payments the amount of growth retained will be 24.5%. The levy will be used to fund the safety net.

Authority	Tariff £m
Westminster	444.3
GLA	342.3
City of London	200.3
Camden	66.6
Hillingdon	58.0
Trafford	42.5

A level of protection has been built into the system to limit risk in the event of a decline in business rates; this is known as the safety net. The safety net threshold has been set at 7.5%, meaning an authority is guaranteed 92.5% of baseline funding. Trafford would need to fund the first £2.4m of any reduction in business rates before receiving any safety net payments.

The Government will redistribute the central share via the Revenue Support Grant.

The diagram below shows how the Government Baseline figure for Trafford is divided between the Government (tariff £42.5m plus central share £75.8m totalling £118.3m), Fire Authority (at 1% £1.5m) and the Council (remaining £31.8m). The diagram also shows how a notional £1m additional business rates collection above threshold would be divided between Government, Fire & Rescue Authority and the Council.

Reduction £(1)m	Government Baseline £151.6m	Growth in business rates £1m
Central Share £(0.5)m	Central Share 50%	Central Share 50%
Local share * £(0.5)m	Tariff £(42.5)m Local share 49% Fire 1%	Fire 1% Local share 24.5% Levy 24.5%
Government's share – £(0.500)m	Government's share – £75.8m + £42.5m = £118.3m	Government's share – £0.5m + £0.245m = £0.745m
Trafford's share – £(0.490)m	Trafford's share – £74.3m - £42.5m = £31.8m	Trafford's share – £0.245m
Fire share - £(0.010)m	Fire share - £1.5m	Fire share - £0.01m

- Maximum loss £(2.4)m due to a 'Safety Net' in the mechanism of 7.5% of baseline

Forecasting

Before the introduction of the business rates retention scheme there was no requirement to forecast income at a local level. Forecasting the level of income is difficult due to:

- The recent economic climate and the unsettled economy. This has resulted in business rate income being volatile
- The unpredictable level of business rates that are subject to appeal

Appeals

A major risk of forecasting is caused by the level of outstanding business rate appeals and estimating the impact these appeals will have on the overall yield.

All appeals are assessed by the Valuation Office Agency (VOA) making it difficult for the Council to estimate something they cannot control. The rateable value of property that is subject to appeal in Trafford is currently £151m or 39% of total rateable value. The table below shows how this has changed since January 2013.

	January 2013	March 2013	June 2013	September 2013
Rateable value of appeals	£178m	£150m	£156m	£151m
New appeals	£10m	£9m	£10m	
Closed appeals	£38m	£29m	£15m	
Carried forward	£150m	£156m	£151m	

The cost of the appeal can be back dated to the year of valuation, either 2010 or even 2005, and attracts interest. The cost of an appeal is therefore a function of rateable value, the level of success at appeal, multiplied by the number of years to the relevant valuation plus interest.

Trafford is heavily reliant on the provision of up to date data from the VOA, with information on closed appeals provided every 3 months. This is allowing the council to build up information on settled appeals but whilst this assists in backwards looking, it does not give a reliable indication of the level of future appeals.

Current position

Since the introduction of the new system 7 months ago significant progress has been made to develop monitoring and forecasting techniques but until a more reliable data set can be developed Trafford has assumed the government baseline at this time.

COUNCIL TAX

In 2013/14 Trafford Council froze its Council Tax for the third consecutive year at £1,105.23 per Band D property (excluding Police and Fire), attracting a Council Tax Freeze grant of £(0.9)m.

The Police and Fire authorities for Greater Manchester increased their relevant Council Tax rates during 2013/14 which increased the overall 'doorstep' Council Tax bill from £1,302.21 to £1,312.20 for a Band D property.

The table below shows that Trafford Council has the 21st lowest Council Tax across the country and the lowest Council Tax across the Greater Manchester Authorities.

Authority	2013/14	
	Average Council Tax excluding Parish Precepts, Including Fire & Police Precepts £	Rank
Westminster	681.01	1
Wandsworth	691.54	2
City of London	889.56	3
Hammersmith & Fulham	1,060.90	4
Kensington & Chelsea	1,085.58	5
Trafford	1,312.20	21
Manchester	1,379.24	46
Wigan	1,402.08	67
Tameside	1,416.64	86
Bolton	1,459.24	158
Bury	1,510.81	242
Salford	1,533.28	260
Rochdale	1,537.33	265
Oldham	1,599.92	312
Stockport	1,604.02	315

Since 2011/12 the Government has offered local authorities an incentive in the form of a grant for authorities to freeze Council Tax.

Whilst there has been a reward for freezing Council Tax levels, there have also been restrictions in place to ensure authorities do not introduce excessive Council Tax increases.

Since 2012/13, local authorities would be required to hold a referendum if they wished to increase their relevant basic amount of council tax above a threshold.

In 2012-13, the Government applied a referendum limit of 3.5% for council billing authorities (except the City of London, which had a limit of 3.75%), and 4% for fire

and rescue authorities and police authorities. This referendum limit is applied to the 'relevant basic amount of council tax' which is the basic charge on a Band D property, adjusted to remove the effect of any levies on the council by levying authorities.

The referendum limit for 2013/14 was 2%, this applied to district and unitary billing authorities; fire authorities; and police and crime commissioners.

No authorities held a referendum in advance of either the 2012/13 or 2013/14 financial years.

Draft (base) Budget 2014/15
Subjective Analysis

	CFW (£000's)	ETO (£000's)	EGP (£000's)	T&R (£000's)	Council- wide (£000's)	Total (£000's)
Budget Brought Forward	83,179	29,192	3,282	20,290	23,060	159,003
Net Inflation	2,518	1,035	318	637	16	4,524
Levies		1,078			20	1,098
Legislative; Grant / Service Transfers	(190)			34	(1,333)	(1,489)
Investment Interest (inc airport dividend) & Tax					119	119
Debt Management					(99)	(99)
Demographic (Quantitative)	2,600				49	2,649
Governance / Compliance	77	55		103	40	275
Other Unavoidable Business Consequences	100	566	243	90	(22)	977
Total Pressures (excl new investment)	5,105	2,734	561	864	(1,210)	8,054
Service Improvement/New Services				70		70
Total New Cost Pressures	5,105	2,734	561	934	(1,210)	8,124
Cashable Efficiencies	(6,714)	(501)	(257)	(2,333)	(16)	(9,821)
New Income	(3)	(250)	(80)	0	0	(333)
Policy Choice	(714)	(1,868)	(52)	(621)	0	(3,255)
Total New Cost Reductions	(7,431)	(2,619)	(389)	(2,954)	(16)	(13,409)
Net Budgetary Effect of Proposals	(2,326)	115	172	(2,020)	(1,226)	(5,285)
Proposed Draft Base Budget for Year	80,853	29,307	3,454	18,270	21,834	153,718
	(2.8)%	0.4%	5.2%	(10.0)%	(5.3)%	(3.3)%

Draft Revenue Budget Proposals Summary 2014/15: Net Controllable Expenditure by Service

Service	Revised Budget 2013/14 (£000's)	Growth / Pressures 2014/15 (£000's)	Efficiency & Income 2014/15 (£000's)	T&C's 2014/15 (£000's)	Policy Choice 2014/15 (£000's)	Proposed Budget 2014/15 (£000's)	Change (£000's)	Change %
Children, Families & Wellbeing								
<u>Education Portfolio</u>								
Dedicated Schools Grant:	0	0	0	0	0	0	0	0.0%
Education & Early Years Support Services	3,640	112	(100)	(131)	(490)	3,031	(609)	(16.7)%
SEN assessment and Psychology	562	17	0		0	579	17	3.0%
Home to School Transport	2,462	75	(150)		0	2,387	(75)	(3.0)%
sub total	6,664	204	(250)	(131)	(490)	5,997	(667)	(10.0)%
<u>Supporting Children & Families Portfolio</u>								
Children's Social Services	15,151	995	(680)	(324)	0	15,142	(9)	(0.1)%
Children with Complex & Additional Needs	2,034	163	(250)	(66)	0	1,881	(153)	(7.5)%
Commissioning	1,686	51	(20)	(21)	0	1,696	10	0.6%
Multi Agency Referral & Assessment Service (MARAS)	1,471	46	(50)	(64)	0	1,403	(68)	(4.6)%
Youth Service	1,430	43	(30)	(14)	0	1,429	(1)	(0.1)%
Youth Offending Service	574	72	(20)	(21)	(224)	381	(193)	(33.6)%
Children's Centres	2,213	67	(50)	(59)	0	2,171	(42)	(1.9)%
sub total	24,559	1,437	(1,100)	(569)	(224)	24,103	(456)	(1.9)%

Service	Revised Budget 2013/14 (£000's)	Growth / Pressures 2014/15 (£000's)	Efficiency & Income 2014/15 (£000's)	T&C's 2014/15 (£000's)	Policy Choice 2014/15 (£000's)	Proposed Budget 2014/15 (£000's)	Change (£000's)	Change %
Adult Social Services Portfolio								
Older Peoples Services	20,250	1,054	(2,529)	(312)	0	18,463	(1,787)	(8.8)%
Physical Disabilities	4,194	176	(74)	(38)	0	4,258	64	1.5%
Equipment & Adaptations	801	37	0		0	838	37	4.6%
Learning Disabilities	20,023	1,994	(727)	(270)	0	21,020	997	5.0%
Mental Health	3,415	103	(124)	(34)	0	3,360	(55)	(1.6)%
Other Adult Services	746	27	(12)	(32)	0	729	(17)	(2.3)%
Support Services	896	21	(40)	(25)	0	852	(44)	(4.9)%
Adaptations	(52)	5	0	(6)	0	(53)	(1)	(1.9)%
Housing Services	1,247	37	(436)		0	848	(399)	(32.0)%
Community Services	252	7	0	(5)	0	254	2	0.8%
Equality & Diversity	184	3	0	(3)	0	184	0	0.0%
sub total	51,956	3,464	(3,942)	(725)	0	50,753	(1,203)	(2.3)%
Community Health & Wellbeing Portfolio								
Public Health	0	0	0	0	0	0	0	(0.0)%
sub total	0	0	0	0	0	0	0	(0.0)%
Total Children, Families & Wellbeing	83,179	5,105	(5,292)	(1,425)	(714)	80,853	(2,326)	(2.8)%

Service	Revised Budget 2013/14 (£000's)	Growth / Pressures 2014/15 (£000's)	Efficiency & Income 2014/15 (£000's)	T&C's 2014/15 (£000's)	Policy Choice 2014/15 (£000's)	Proposed Budget 2014/15 (£000's)	Change (£000's)	Change %
Environment, Transport & Operations								
<u>Highways & Environment Portfolio</u>								
Highways & Network Management, incl. Traffic & Transportation	5,042	716	(193)	(28)	(301)	5,236	194	3.8%
School Crossing Patrols	512	7		(4)	0	515	3	0.6%
Parking Services & Enforcement	(120)	73	(32)	(6)		(85)	35	29.2%
Groundforce	4,633	336	(29)	(27)	(935)	3,978	(655)	(14.1)%
Bereavement Services	(998)	12	(102)	(3)		(1,091)	(93)	(9.3)%
Sustainability & Greenspace	458	10	(1)	(3)		464	6	1.3%
Waste Management (excl. WDA Levy)	5,138	271	(167)	(5)	(100)	5,137	(1)	(0.0)%
Waste Levy	13,523	1,078	(50)		(350)	14,201	678	5.0%
Public Protection	806	100	(1)	(41)	(182)	682	(124)	(15.4)%
Directorate Strategy & Business Support	470	8	(102)	(11)		365	(105)	(22.3)%
sub total	29,464	2,611	(677)	(128)	(1,868)	29,402	(62)	(0.2)%
<u>Operational Services for Education (Catering, Cleaning, Transport)</u>	(272)	123	(8)	62	0	(95)	177	65.1%
Total Environment, Transport & Operations	29,192	2,734	(685)	(66)	(1,868)	29,307	115	0.4%

Service	Revised Budget 2013/14 (£000's)	Growth / Pressures 2014/15 (£000's)	Efficiency & Income 2014/15 (£000's)	T&C's 2014/15 (£000's)	Policy Choice 2014/15 (£000's)	Proposed Budget 2014/15 (£000's)	Change (£000's)	Change %
<u>Economic Growth & Prosperity Portfolio</u>								
Asset Management	1,118	422	(136)	(25)	(52)	1,327	209	18.7%
Planning & Building Control	174	37	(55)	(13)	0	143	(31)	(17.8)%
Strategic Planning & Development	525	19	(34)	(7)	0	503	(22)	(4.2)%
Economic Growth	694	17	(27)	(11)	0	673	(21)	(3.0)%
Housing Strategy	523	60	(19)	(5)	0	559	36	6.9%
Directorate Strategy & Business Support	248	6	0	(5)	0	249	1	0.4%
Total Economic Growth & prosperity	3,282	561	(271)	(66)	(52)	3,454	172	5.2%
<u>Transformation and Resources Portfolio</u>								
Legal & Democratic	1,885	145	(61)	(40)	0	1,929	44	2.3%
Communication & Customer Services	6,865	262	(443)	(108)	(116)	6,460	(405)	(5.9)%
Partnerships & Performance	2,707	78	(557)	(33)	(132)	2,063	(644)	(23.8)%
Strategic Human Resources	2,350	73	(232)	(58)	0	2,133	(217)	(9.2)%
Corporate Leadership & Support	367	8	(2)	(4)	0	369	2	0.5%
Total Transformation and Resources	14,174	566	(1,295)	(243)	(248)	12,954	(1,220)	(8.6)%
<u>Safe, Strong Communities Portfolio</u>								
Culture & Sport	2,172	79	(280)	(20)	(232)	1,719	(453)	(20.9)%
Total Safe , Strong Communities	2,172	79	(280)	(20)	(232)	1,719	(453)	(20.9)%

Service	Revised Budget 2013/14 (£000's)	Growth / Pressures 2014/15 (£000's)	Efficiency & Income 2014/15 (£000's)	T&C's 2014/15 (£000's)	Policy Choice 2014/15 (£000's)	Proposed Budget 2014/15 (£000's)	Change (£000's)	Change %
Finance Portfolio								
Finance Services	3,944	289	(355)	(140)	(141)	3,597	(347)	(8.8)%
Precepts, Levies & Subscriptions	17,852	(2)	0		0	17,850	(2)	(0.0)%
Provisions	1,742	47	0		0	1,789	47	2.7%
Treasury Management	8,366	20	0		0	8,386	20	0.2%
Insurance	659	100	0		0	759	100	15.2%
Members Expenses	944	16	0	(16)	0	944	0	0.0%
Other Centrally held budgets	322	(58)	0		0	264	(58)	(18.0)%
Specific Grants	(6,825)	(1,333)	0		0	(8,158)	(1,333)	(19.5)%
Total Finance	27,004	(921)	(355)	(156)	(141)	25,431	(1,573)	(5.8)%
Total All Services	159,003	8,124	(8,178)	(1,976)	(3,255)	153,718	(5,285)	(3.3)%

Children, Families and Wellbeing

April 2013 saw the development of a new Directorate which was formed by bringing together three service areas:-

- Communities and Wellbeing (Adult Services)
- Children and Young People's Services
- Public Health Service

The Directorate has developed a strong universal identity which aims to deliver high quality services which offer excellent value for money to its customers, based on an integrated partnership approach. Performance management and co-production with stakeholders is at the core of our business which is underpinned by a strong commitment to equalities and diversity. The creation of the new Directorate delivered significant savings in 13/14 and has enabled further savings proposals that are detailed below, to be delivered in 14/15. In particular, the creation of the new directorate will enable savings to be made from the move to an all age service to support those with complex and additional needs/learning difficulties and disabilities and all age approach to commissioning support services. A robust Equality Impact Assessment has been completed as part of the collaborative and comprehensive budget consultation process.

The Directorate core business functions are:-

Children and Young People's Service (CYPS)

Service Description

This area of CFW's core business was formed in 2007 based on a unique partnership between the Local Authority, Primary Care and Acute Hospital Trusts, and now strongly reflects the whole Directorate's approach to integration and partnership working. A range of integrated services are commissioned and delivered by working together with health, social care, education and public health to ensure children and families receive co-ordinated support to meet their needs.

Service Performance

CYPS is a high performing service area that has been rated as 'Performing Excellently' by Ofsted in their annual assessment for the last two years. This has been achieved as a result of a broad range of evidenced outcomes for children and families including:-

- 88% of Trafford Schools are rated as good or better by Ofsted compared to 66% nationally and 49% of Trafford Schools are rated outstanding compared to 26% nationally.
- Trafford's Primary Schools have demonstrated results with the percentage of 11 year olds achieving level 4+ in English and Maths which is the second highest in the country. Educational attainment at secondary level is also exceptionally high.
- Trafford has the lowest proportion of 16-18 year olds who are not in employment, education or training in Greater Manchester.
- Multi-systemic therapy for children at risk of custody or entering care has had a 93% success rate in helping young people stay with their family.

- Trafford is a national pathfinder for the Single Education, Health and Care Assessment Model for children with complex needs.

Approach to the Budget

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

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

These key overarching principles have been further strengthened by the more detailed principles set out in the specific Children and Young Peoples Service Vision 2015; these service specific principles are:-

- To work to meet the needs of all children and young people in Trafford, but with a key focus on the needs of those who are most vulnerable.
- To endorse the value of family and to work in partnership to enable strong and resilient families to promote the best outcomes for children whilst always maintaining and focusing on the needs of the child or young person.
- To work in an outcome focused way and seek to maximise agreed outcomes for children, young people and families through effective assessment, planning and quality service delivery.

The proposals for Children's Services are as follows:

Children in Care: The highly effective three year placement strategy for children in care has reduced the unit costs of placements by approximately £120 per week per placement whilst delivering high quality care and this work will continue. There is significant demographic pressure on this service which remains needs led and there is therefore pressure on the savings targets of £480K for 2014-15 but every effort will be made to deliver those savings whilst ensuring that we always respond to the needs of children and young people. The additional savings for children needing homeless accommodation have been made achievable by the Activity Agreement project to enable young people to access education, training and employment in order to prevent homelessness.

Personalisation: Following a pilot phase and major consultation exercise the implementation of a personalisation model was agreed by Council Executive in March 2013. A two year saving target was agreed as part of the implementation with £125k to be achieved in 2014-15 through the more effective use of resources via personalisation. The project is a major service transformation that will provide a more equitable provision of resources for families of children with complex needs and empower them to play a central role in planning services to meet their needs.

Market Management: £350k will be saved in 2014-15 through ensuring we provide value for money by reviewing our external spend and funding for external contracts to all groups including those in the voluntary and community sector and private providers. This will include management of inflationary increases and strategic integrated

commissioning of services to ensure resources are used effectively to deliver positive outcomes.

YOS (Youth Offending Service): There has been substantial change in national policy in relation to this area of service over the last two years and the Council recognises the need to be responsive to these changes whilst saving money. To support this a major review started as part of the 2013-14 budget proposals integrating prevention services into area teams and working collaboratively to ensure specialist services continue to be delivered. A further saving of £150k will be achieved in 2014-15 through the full implementation of the outcome of the review.

Home to School Transport: A major review of our school transport provision and policy has produced substantial savings of over £1 million in the last 3 years. Building on this work we are aiming to save a further £100k in 2014-15 by further developing alternative travel options and independence for children with Special Educational Needs (SEN), revised tendering arrangements for provision, and a business review of the transport function.

Connexions: The Connexions service is operating as a targeted, specialist service to support young people who are not in education, training or employment or at high risk of becoming so, plus a traded service with schools offering independent advice and guidance to young people around careers, education and training opportunities. The successful trading model has generated £240K income to supplement the targeted service. An additional £100K saving will be achieved in 2014-15 by a further reduction in the targeted element of the service. An additional £160K saving will be achieved in 2014-15 by a further reduction in the targeted element of the service making the overall saving for the service £260K for 2014-15. Continuation of the service will in future depend on whether schools are willing to continue to purchase the traded element from September 2014 onwards.

Education Welfare Service: A review of the Education Welfare Service is currently being undertaken and £100K will be saved from this budget with the remainder of the budget used to continue to minimise low school attendance.

Education and Early Years: The proposals in this area cover three main strands of activity:

- Removal of the subsidy to the Music Service (£90k) which will be mitigated through a business development plan to increase alternative funding streams including external grants, sponsorship, fundraising, service level agreement income and subscriptions. Educational Psychology (£15k) to be achieved through income generation from the new service level agreement for provision of non-statutory services to schools.
- Early Years (£25k) to be achieved through full implementation of the review completed to release savings to meet the 2013-14 savings target.

Education Strategic Support: £100k to be achieved through a review of the support functions and income generation to ensure all costs are appropriately charged through a full cost recovery model.

Budget Movement Summary 2014/15

The following summary table categorises the movement in the Directorate's budget for 2014/15. The Savings are also cross referenced to the Savings Schedules below.

Directorate	2014/15 (£000's)	Savings Schedule Reference(s)
Budget Brought Forward	31,223	
Additional Resources to meet Pressures:		
- Pay Related Inflation	403	
- Contract Related Inflation	564	
- Specific Grant Reductions	207	
- New or Increased Specific Grants	(133)	
- Demographic	500	
- Other	100	
Total new resources allocated	1,641	
Resource Reallocations through:		
- Efficiencies	(1,350)	CFW 1 – 6, 7(50%) & 8(50%), 20, 21
- New or Increased Income	-	
- Policy Choices	(714)	CFW 26 – 32
- Terms & conditions	(700)	Annex M
Total new resources allocated	(2,764)	
Net Year-On-Year Change	(1,123) (3.6)%	
Net Budget Proposal	30,100	

Adult Services

Service Description

Adult Social Care

The key function of Adult Social Care within the overall CFW Directorate is to commission and deliver a range of social care services to people over the age of 18 in Trafford.

The services range from individual care packages that meet the needs of people with very complex and challenging needs, to preventative services that support people living independently in their community. Personal Budgets are an embedded option people can use to arrange their own support package around their individual needs. The focus of services is on people with substantial or critical levels of need grouped into the following areas:

- Older People
- Learning Disabilities
- Physical Disabilities
- Mental Health

Service Performance

The Care Quality Commission (CQC) has identified that our services are excellent. This has been achieved as a result of a broad range of evidenced outcomes for adults and their carers, including:-

- 57% of eligible service users and carers with Personal Budgets.
- Everyone who needs a social care service is now offered re-ablement. This has been extremely successful with an average reduction of 79% less services needed at the end of the re-ablement period compared to the level of need at the beginning. In addition, 78% of people successfully completing a period of community reablement require no on-going service on completion.
- The number of delayed transfers of care from hospital that are attributable to adult social care has reduced by 25%, and the number of permanent admissions to hospital has decreased by 10%.
- A successful bid to the Homes and Communities Agency (HCA) secured £3million capital money to support the development of a fourth extra care facility in the north of the Borough.
- National recognition by the Audit Commission for our approach to market management and the adult social care transformation programme over the last five years, including the development of a dementia kite mark informed by customer experience and expectations.
- The number of new people aged 65+ receiving telecare in year to August 2013 has increased by 130% when compared with the same period last year. This is in the context of the Telecare Pledge – a commitment to provide free telecare for one year to people living in Trafford aged 80+ with support needs.

Approach to the Budget

The budget setting process has been underpinned by the overarching principles of the CFW Directorate (as with CYPs and Public Health):-

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

The proposals for Adult Services are as follows:-

- Transforming and implementing a new service model for Supporting People by aligning savings to the review of priority needs reflected in the Supporting People Commissioning and Procurement Strategy. The three main components to our continued approach will be:
 - Personalisation.
 - Promoting independence.
 - Embedding a new model of accommodation and support.
- Continue to develop our reablement services, including further developing our reablement service for learning disabled people. This will include extending the use of Telecare, as well as ensuring that we continue to make the most effective use of equipment and adaptations.
- Expanding the use of Personal Budgets which provide better outcomes for residents as well as being an effective use of resources.
- Combination of reducing the costs of services and keeping inflationary increases to a minimum.
- Maximising income
- Focusing on high cost provision, seeking to reduce costs through service redesign and improved procurement.
- Not changing the eligibility threshold for services which will remain at substantial/critical (as defined by the Fair Access to Care Service criteria), but will refocus the services delivered under this criteria.
- Continuing to develop our existing partnerships with our health colleagues in Trafford.
- Continue to work with local providers to maintain and improve standards of care across all services. Where necessary, working with partners and regulators we will take rapid action to safeguard vulnerable people and ensure that all necessary steps are taken to deal with any risks to the quality of care provided to our vulnerable residents.
- Continue to work with the voluntary and community sector to further develop a range of preventative services.

We recognise that to manage the increasing demands with reducing resources we will need to work more closely with the local health services. To that end it is a major priority for the adult social services to integrate its operational services with Trafford Provider Services to create an integrated community health and social care service. This will provide the basis for further service development and innovation that will underpin the delivery of the MTFP in future years.

Budget Movement Summary 2014/15

The following summary table categorises the movement in the Directorate's budget for 2014/15. The Savings are also cross referenced to the Savings Schedules below.

Directorate	2014/15 (£000's)	Savings Schedule Reference(s)
Budget Brought Forward	51,956	
Additional Resources to meet Pressures:		
- Pay Related Inflation	335	
- Contract Related Inflation	1,216	
- Specific Grant Reductions	57	
- New or Increased Specific Grants	(454)	
- Demographics	2,100	
- New Statutory Responsibilities	210	
Total new resources allocated	3,464	
Resource Reallocations through:		
- Efficiencies	(3,939)	CFW 7(50%) & 8(50%), 9 - 19, 22 - 24
- New or Increased Income	(3)	CFW 25
- Policy Choices	-	
- Terms & conditions	(725)	Annex M
Total resources allocated	(4,667)	
Net Year-On-Year Change	(1,203) (2.3)%	
Net Budget Proposal	50,753	

Public Health Service Summary

Service Description

This area of the CFW's core business represents approximately £10.5m of the Council's total net revenue expenditure. Public Health provides a wide range of services which focus on the promotion of Wellbeing, the management of Health inequalities and the facilitation of resilient communities across the Borough of Trafford. The service area commissions and delivers a range of public health services to people aged 5 and over in Trafford. The services are designed to:-

- Improve significantly the health and wellbeing of the people of Trafford.
- Carry out health protection functions.
- Reduce health inequalities across the life course, including within hard to reach groups.

The mandated public health services for the local authority are:

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

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

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

Service Performance

Public Health in its first year with Trafford Council has focused on smooth transition and continuity of services. In addition the production of the Joint Strategic Needs assessment (JSNA) has informed the Health and Wellbeing Strategy (HWBS) and the Public Health Business Plan. We will work with the new Clinical Commissioning Group and other partners such as the police and community safety partnerships to assess the current and future health needs and assets of the local community. We will work with all our partners and the community in order to deliver services based on local needs whilst addressing the requirements of the national Public health Outcomes Framework.

Approach to the Budget

Public Health has a budget of £10.5m to support the provision of health improvement services to the people of Trafford. We will align our resources to deliver our Public Health Strategy taking into account increasing demand for services, due to factors such as the impact of increasing health problems from alcohol abuse and obesity.

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

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

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

The proposals for Public Health are as follows:-

- To develop a streamlined Public Health offer for Trafford based on a whole family approach which will reduce duplication and strip out inefficiencies.
- To performance manage the Local Enhanced Services to ensure better value for money.
- To align spend to social care activity (where deemed as appropriate), linked to the Public Health Grant ring-fence criteria.

Children, Families and Wellbeing – Schedule of Savings

Dir'	Port-folio	Ref.	Service Area	Description of Saving	Category of Saving	2014/15 (£000's)	Impact of Saving (e.g. service, equality, other)
CFW	E	1	Education Support	Service review and amended funding sources	Efficiency	(100)	Review of the business support function including staffing restructure of executive and school business support. Realignment of funding source for Head of Service: Education Strategic Support in line with their responsible areas of school admissions, capital development, governor services and educational psychology
CFW	SCF	2	Children's Social Care	Children in Care Placements	Efficiency	(480)	Savings for 2014-15 are deliverable based on flexible management of all the placement budgets for children in care. There is still significant risk if demand for new placements increases beyond the current predictions. Savings are predicated on continued increase of in house carers and reduction in agency placements. The recruitment strategy for foster carers is comprehensive and numbers have increased as a result.
CFW	SCF	3	Children's Social Care	Reducing cost of Homelessness provision for Young People	Efficiency	(50)	There has been a reduction in the costs of homeless provision through the implementation of the accommodation strategy and redesign of the offer for young people through supporting people. This is a demand led budget and an appropriate response to meet the need of young people who are homeless will be required so there could be a deliverability risk.

Dir'	Portfolio	Ref.	Service Area	Description of Saving	Category of Saving	2014/15 (£000's)	Impact of Saving (e.g. service, equality, other)
CFW	SCF	4	Multi Agency Referral & assessment Service	Reduction in cost of MARAS	Efficiency	(50)	A revised approach to assessments for children who have special educational needs is being tested out as part of our work as a national pathfinder and will allow us to provide a more efficient delivery model through integration. Savings are deliverable with limited risk.
CFW	SCF	5	Commissioning	Market Management	Efficiency	(350)	Management of inflation will provide the majority of the saving and should not have a service impact but could be challenging for providers. Revised early help and complex needs frameworks will also release savings and should not have a significant impact on service delivery.
CFW	SCF	6	Complex and Additional Needs (CAN) services	CAN/LD services	Efficiency	(50)	Efficiencies arising from integration with health and further staffing reviews following the implementation of personalisation.
CFW	ASS, SCF	7	All services	Personalisation agenda	Efficiency	(50)	Greater use of personal budgets for adults and children's services building on the current programmes in both areas.
CFW	ASS, SCF	8	Commissioning	CYPS/CWB commissioning integration	Efficiency	(40)	Efficiencies arising from integration of Children's and Adults commissioning functions.
CFW	ASS	9	Older Peoples Services	Extension of use of pre-paid cards for distribution of Personal Budgets	Efficiency	(40)	Extend use of pre-paid cards for delivery of personal budgets and introduce eligibility criteria to establish if people require additional accountancy services or can use a pre-payment card. This will lead to a reduction in Council spend on accountancy fees and achieve 40K savings

Dir'	Portfolio	Ref.	Service Area	Description of Saving	Category of Saving	2014/15 (£000's)	Impact of Saving (e.g. service, equality, other)
CFW	ASS	10	Learning Disabilities	Retendering of schemes and reducing cost of high value placements	Efficiency	(150)	Will require substantial commissioning and operational input to deliver changes, including significant service redesign over new service models.
CFW	ASS	11	Learning Disabilities	Implement Personal Budgets for transport provision	Efficiency	(200)	Establish a clear transport policy against which service users can be assessed. Use of personal budgets and transport training to replace existing service model. Will require substantial operational and commissioning input to deliver change, including targeted consultation.
CFW	ASS	12	Mental Health	Implement Personal Budgets	Efficiency	(50)	Extend use of personal budgets into service. This will reduce spend on more expensive, traditional services such as residential care
CFW	ASS	13	Older Peoples Services	Efficiencies in the running costs of Ascot House	Efficiency	(100)	Integration with Trafford Provider Services (TPS) will deliver efficiencies through more effective use of resources. TPS will contribute towards running cost of Ascot House.
CFW	ASS	14	Older Peoples Services	Enhanced Reablement offer delivering reduced on-going demand for services	Efficiency	(500)	Offering an enhanced reablement service to reduce the costs of home care packages.
CFW	ASS	15	Older Peoples Services	Enhanced Telecare offer delivering reduced demand for services	Efficiency	(400)	Reducing the cost of current care packages through the use of Telecare. Links to Telehealth will enhance the offer. (telecare delivers very successful cost diversion, rather than reduction in existing homecare or residential budgets)

Dir'	Portfolio	Ref.	Service Area	Description of Saving	Category of Saving	2014/15 (£000's)	Impact of Saving (e.g. service, equality, other)
CFW	ASS	16	Council Wide	Efficiencies in Council wide delivered Advice and Information services	Efficiency	(150)	Second year of the review of services delivered by the Council with a collaborative approach with partner organisations
CFW	ASS	17	All adult social services	Efficiencies in functions shared between the Council and Public Health	Efficiency	(850)	Align existing resources with the Public Health function to avoid duplication and maximise impact. The Public Health ring-fence criteria supports the alignment of children's and adults activity where the main focus is on the promotion of independence, resilience and general well-being. In addition, the identified activity and its appropriate alignment to the ring-fence criteria is further strengthened where it reflects the priorities outlined in the Health and Wellbeing Strategy, as agreed by the Health and wellbeing Board. Such activities include services which focus on early intervention, such as Information and Advice, Assessment and Reablement, support for Carers, Drugs and Alcohol activities, day support opportunities. The activities excluded are services which support people with complex enduring needs and are about maintenance rather than prevention, such as residential care for Children and Adults and Nursing Care.
CFW	ASS	18	All adult social services	Market Management	Efficiency	(533)	Managing the Market to ensure maximum value for money in relation to externally commissioned services for vulnerable adults.

Dir'	Port- folio	Ref.	Service Area	Description of Saving	Category of Saving	2014/15 (£000's)	Impact of Saving (e.g. service, equality, other)
CFW	ASS	19	All adult social services	Reduction in running costs equal to general inflation provision	Efficiency	(422)	Requires input from all budget holders and staff and procurement to deliver reduction either by reduced cost or volume. This is for services excluding residential and homecare rates.
CFW	E	20	Support to Children and Young People	Home To School Transport	Efficiency	(100)	Revised policy amending the criteria for travel assistance implemented from September 2013.
CFW	SCF	21	Complex and Additional Needs	Reduction in Placement Budgets	Efficiency	(125)	Extension of personalisation delivering efficiencies in placement costs. Savings will mainly arise from a reduction in residential costs and a move to family based respite care or support plans
CFW	ASS	22	Older Peoples Services	End external provision of Day Centres and replace with Personal Budget provision	Efficiency	(50)	Extend use of personal budget for day care provision to increase individual's choice and control.
CFW	ASS	23	Older Peoples Services	End current contract arrangements for Carers Services and replace with Personal Budget provision	Efficiency	(50)	Decommission the current externally commissioned service. Support extension of carers' personal budgets and deliver savings in provision.

Dir'	Port- folio	Ref.	Service Area	Description of Saving	Category of Saving	2014/15 (£000's)	Impact of Saving (e.g. service, equality, other)
CFW	ASS	24	Housing Services	New service plan for Older Peoples, Social Inclusion and Young Peoples services funded through Supporting People	Efficiency	(399)	Second phase of Supporting People transformation programme ends the contribution towards community alarms in sheltered and category 1 housing which represents year 2 of the budget proposals for which we have completed consultation process.
Efficiency sub-total						(5,289)	
CFW	ASS	25	All adult social services	Inflationary increase for rents	Income	(3)	Inflationary increase in rents charged for supported living houses.
Income sub-total						(3)	
CFW	E	26	Education Early Years	Early Years Education Childcare	Policy Choice	(25)	Phase two of restructure to focus on providers most in need of improvement
CFW	E	27	Education Early Years	Music & Education Psychology Service	Policy Choice	(105)	90k relates to the implementation of national policy and removal of subsidy to the music service Alternative funding being sought to ensure Music service is sustainable including increased subscriptions/charges to comparable with other LA's and national and local grants, and income from SLA's. The remaining 15k relates to increased income from the EPS.
CFW	SCF	28	Connexions	Reduction in costs Connexions	Policy Choice	(100)	The saving will be delivered by reducing staffing in the service for vulnerable young people. This will lead to a service reduction and risk of higher numbers of young people not progressing to education training and

Dir'	Portfolio	Ref.	Service Area	Description of Saving	Category of Saving	2014/15 (£000's)	Impact of Saving (e.g. service, equality, other)
CFW	SCF	29	Connexions	Reduced targeted service offer	Policy Choice	(160)	The saving will be delivered by reducing staffing in the service for vulnerable young people. This will lead to a service reduction and risk of higher numbers of young people not progressing to education training and employment
CFW	SCF	30	Youth Offending Services	Reduction in costs of YOS	Policy Choice	(150)	Move to an integrated service within the 4 th Area Family Team in line with 2013 consultation reducing management costs.
CFW	SCF	31	Youth Offending Services	Reduction in grant assisted YOS projects	Policy Choice	(74)	Reduction in projects funded through the YOS grant to match the reduction in grant received from the Youth Justice Board
CFW	SCF	32	Education Welfare Officers	Reduced service offer	Policy Choice	(100)	A review of the Education Welfare Service is currently being undertaken and £100K will be saved from this budget with the remainder of the budget used to continue to minimise low school attendance The team also deliver statutory activity in relation to children missing from education, parental responsibility interventions and early help which may be impacted. Further opportunities for school buy back will be explored to mitigate the impact but this will depend on schools willingness/ability to manage this within available budgets..
Policy Choice sub-total						(714)	
Terms and Conditions						(1,425)	
Total All Proposals						(7,431)	

Portfolio Key

CH&W: Community Health and Wellbeing Portfolio

ASS: Adult Social Services Portfolio

SCF: Supporting Children and Families Portfolio

E: Education Portfolio

Environment, Transport and Operations

Trafford's Environment, Transport and Operations Directorate delivers services relating to the maintenance and improvements of highways, parks & green spaces, street cleaning, public protection, waste management, and transport, catering and cleaning. Budgeted gross expenditure for 2013/14, including traded services, is £45.3m, with a net budget of £29.2m.

Services will be organised around the needs of residents, focussed on working with communities and local service delivery to improve neighbourhoods and community cohesion, improve the quality of life of Trafford's people, and provide a safe environment.

Service Description

Highways

Each year the Council maintains and repairs 500 miles of roads and footways in Trafford. We look after 30,000 street lights and clear over 20,000 gullies that let water drain away from the roads.

In winter, we will keep traffic and people moving by gritting 170 miles of designated routes, as well as the pavements in town centres.

Green Space

The Borough's 60,000 trees on the highway network are regularly maintained. We clean the Borough's streets and pavements, removing more than 3,000 tonnes of leaves that fall onto the surfaces in the year.

The Council manages 40 public parks, 50 amenity green spaces, 21 recreation/sports grounds, five cemeteries/crematoria, 41 woodlands, 86 children's playgrounds and 35 allotment sites.

Waste and Recycling

The Council will continue to remove household waste from its 95,000 households and with the introduction of weekly food waste collections will continue to improve Trafford's overall recycling rate from 50% to 60%, which will directly reduce the amount of money that the Council will have to spend to dispose of the waste.

Public Protection

We will continue to support and regulate over 5,000 premises for food, health and safety, trading standards, pollution and licensing and maintain other health and safety initiatives.

We will continue to offer the free Consumer Alert Network to all businesses and residents in Trafford.

Transport, Catering and Cleaning (Traded Services)

The Catering Service serves on average 11,500 meals per day, over two million meals per year, making us the largest and first choice supplier in the Borough. Both Catering and Cleaning need to combine high standards with efficiency in order to compete with the private sector.

We manage over 97 designated school crossing points and schedule approximately 8,000 school transport journeys per month for 565 children with special educational needs.

Service Performance

- Residents and businesses will continue to benefit from being able to park anywhere in the Borough for only 10p for the first hour. This is the lowest rate in Greater Manchester.
- Trafford is one of the best performing and low cost waste collection services in Greater Manchester.
- The phased introduction of a weekly food waste recycling service in 2013 has increased overall recycling rates from 50% to 55%, saving an estimated £1.2m. The full year impact of weekly food waste collection is anticipated to increase recycling rates further, to around 60%.
- The Borough has the lowest killed and seriously injured road casualties in Greater Manchester.
- Residents live no more than 600 metres away from a park or open space.
- Joint working between Environmental Health and GM Police in tackling retail violence and commercial robberies down 40% from 2012/13.

Approach to Budget

- To transform the way that we do many things to achieve savings using new ways of working or alternative funding models (e.g. maintenance of roadside verges, parks, pets corners). This includes reviewing staff deployed on the frontline, in back office and managerial roles.
- There are ways that we can generate additional income to help supplement the cost of providing services. Allotment fees are increasing as approved by Council in February, plus Bereavement Services fees will also increase to recover additional costs. Opportunities are also being explored to increase income from outdoor media advertising. Fees and charges will be reviewed generally and, where appropriate, increased in line with inflation or in comparison with neighbouring Councils.

- We are re-tendering for a new waste and recycling contract from October 2014, plus other efficiencies are being proposed with respect to the storage and cost of bins.
- We currently give money to partner organisations, such as the Mersey and Bollin Valley Partnerships. These funding arrangements will cease as approved by Council in February and alternative arrangements put in place to deliver better value for money.
- A new weekly food waste recycling service was introduced in 2013 which will continue to deliver additional savings from reduced waste sent to landfill and improvement in Trafford's recycling rate.

Budget Movement Summary 2014/15

The following summary table categorises the movement in the Directorate's budget for 2014/15. The Savings are also cross referenced to the Savings Schedules below.

Environment, Transport & Operations	2014/15 (£000's)	Savings Schedule Reference(s).
Budget Brought Forward	29,192	
Additional Resources to meet Pressures:		
- Pay Related Inflation	258	
- Contract Related Inflation	561	
- Energy costs	216	
- Waste Disposal Authority Levy	1,078	
- Effects of Economic Climate on Income	50	
- Non sustainable savings from 13/14	493	
- Other	78	
Total New Resources Allocated	2,734	
Resource Reallocations Through:		
- Efficiencies	(435)	ETO 1-10
- New or Increased Income	(250)	ETO 11-15
- Policy Choices	(1,868)	ETO 16-30
- Terms & conditions	(66)	Annex L
Total Resources Reallocated	(2,619)	
Net Year-On-Year Change	115 0.4%	
Net Budget Proposal	29,307	

Environment, Transport & Operations – Schedule of Savings

Dir.	Portfolio	Ref	Service Area	Description of Saving	Category of Saving	Value of saving (net) 2014/15 £000's	Impact of Saving (e.g. service, equality, other)
ETO	HES	ETO1	Highways	Reduce depot security costs	Efficiency	(60)	Cease manned Depot Security contract. New alarm and CCTV system installed.
ETO	HES	ETO2	Highways	Traffic Regulation Orders reduced advertising costs	Efficiency	(15)	Reduction in newspaper advertising costs for Traffic Regulation Orders.
ETO	HES	ETO3	Waste Management	Reduce cost of disposing commercial waste	Efficiency	(40)	Reduced waste disposal costs for commercial waste agreed with WDA.
ETO	HES	ETO4	Waste Management	New waste collection contract	Efficiency	(50)	New waste collection contract being let from October 2014.
ETO	HES	ETO5	Waste Disposal	Waste Disposal Authority - sell off spare capacity	Efficiency	(50)	Collaboration with WDA to sell off their spare capacity in order to reduce disposal costs through the levy.
ETO	HES	ETO6	Waste Management	Waste contract reduce inflationary increase	Efficiency	(29)	Reductions in budgeted inflation costs on waste contract based on predicted RPI levels.
ETO	HES	ETO7	Waste Management	Reduced cost of purchasing replacement bins	Efficiency	(22)	Reflects an increase in refurbishment of recycling bins for re-issue, plus a reduction in demand for new bins.

Dir.	Port- folio	Ref	Service Area	Description of Saving	Category of Saving	Value of saving (net) 2014/15 £000's	Impact of Saving (e.g. service, equality, other)
ETO	HES	ETO8	Waste Management	Reduce storage cost of replacement bins	Efficiency	(24)	Review arrangements for storage of bin stock, including location and levels held.
ETO	HES	ETO9	Directorate- wide Business Support	Business Support Review	Efficiency	(102)	Consolidation and reduction of Business Support staff across both the ETO and EGP Directorates.
ETO	HES	ETO10	Cross-cutting ETO	Mitigation of inflation cost pressures	Efficiency	(43)	Procurement and austerity measures to reduce budgeted contractual and general inflation costs across the Directorate.
Efficiency sub-total						(435)	

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Dir.	Port- folio	Ref	Service Area	Description of Saving	Category of Saving	Value of saving (net) 2014/15 £000's	Impact of Saving (e.g. service, equality, other)
ETO	HES	ETO11	Highways Operations	Greater Manchester Road Access Permits	Income	(22)	Implementation of the Greater Manchester Road Access Permits scheme to improve the management of road works, including utilities' works.
ETO	HES	ETO12	Highways	Moving travel offences	Income	(30)	Enforcement of traffic offences relating to bus lanes and yellow boxes. This forms part of a GM initiative to improve safety and traffic flows on our major roads in line with DfT guidelines.
ETO	HES	ETO13	Highways	Outdoor media	Income	(80)	Increase in number of advertising sites, this is subject to planning permission.
ETO	HES	ETO14	Groundforce	Allotment fees	Income	(18)	Increase allotment fees from £1 to £1.50 per week (agreed by Council February 2013).
ETO	HES	ETO15	Bereavement Services	Bereavement Services	Income	(100)	Fees and charges - 5% increase plus increased demand based on current levels of service provision.
New Income sub-total						(250)	

Dir.	Portfolio	Ref	Service Area	Description of Saving	Category of Saving	Value of saving (net) 2014/15 £000's	Impact of Saving (e.g. service, equality, other)
ETO	HES	ETO16	Highway Operations	Verges	Policy Choice	(150)	Alternative methods of verge maintenance will reduce the requirement for traditional labour intensive service delivery.
ETO	HES	ETO17	Highways	Festive lights	Policy Choice	(39)	To be part funded by external contributions from local businesses etc.
ETO	HES	ETO18	Highways	Highways management	Policy Choice	(100)	Restructure of staffing and reduction in managerial and supervisory posts.
ETO	HES	ETO19	Highways Operations	Highways and Groundforce Operations Senior Management	Policy Choice	(40)	Restructure of staffing and reduction in managerial post.
ETO	HES	ETO20	Bridges	Reduce minor reactive maintenance	Policy Choice	(20)	Re-prioritisation of reactive maintenance and capital resources.
ETO	HES	ETO21	Highways	Road Safety/Travel Coordinator	Policy Choice	(26)	Restructure of staffing and reduction of one post.
ETO	HES	ETO22	Groundforce	Parks maintenance	Policy Choice	(250)	Reduction of dedicated parks staff, and realignment of maintenance.

Dir.	Portfolio	Ref	Service Area	Description of Saving	Category of Saving	Value of saving (net) 2014/15 £000's	Impact of Saving (e.g. service, equality, other)
ETO	HES	ETO23	Groundforce	Redesign and re-prioritisation of service provision.	Policy Choice	(450)	Implement new working practices through staff terms and conditions. The implementation of shift patterns will reduce the current levels of vehicles and plant. Seek alternative provider for the upkeep of the two pets corners at no cost to the Council, or full closure should this not be achieved. Reduced frequency of scheduled maintenance of parks, street cleaning and litter picking.
ETO	HES	ETO24	Greenspace - Tree Unit	Review operational delivery model.	Policy Choice	(54)	Staff restructure and alternative service provision.
ETO	HES	ETO25	Greenspace & Sustainability	Mersey Valley Partnership	Policy Choice	(57)	Cease contribution to the Mersey Valley Partnership, which is no longer sustainable - agreed by Council February 2013. To be delivered through the Trafford Countryside Partnership.
ETO	HES	ETO26	Greenspace & Sustainability	Bollin Valley Partnership	Policy Choice	(50)	Cease contribution to the Bollin Valley Partnership, which is no longer sustainable – agreed by Council February 2013. To be delivered through the Trafford Countryside Partnership.
ETO	HES	ETO27	Waste Disposal	Weekly food waste collection service	Policy Choice – Full year effect	(350)	Full year effect of introducing the weekly food waste recycling service in 2013. Total saving is £1.2m per annum.

Dir.	Portfolio	Ref	Service Area	Description of Saving	Category of Saving	Value of saving (net) 2014/15 £000's	Impact of Saving (e.g. service, equality, other)
ETO	HES	ETO28	Waste Management	Waste - rationalisation of recycling sites	Policy Choice	(100)	Reduction of existing recycling sites now we have a comprehensive kerbside recycling service.
ETO	HES	ETO29	Public Protection	Food and Health & Safety inspections	Policy Choice	(15)	Cease planned inspections of lower risk food and health & safety premises.
ETO	HES	ETO30	Public Protection	Management and staffing restructure	Policy Choice	(167)	Restructure of staffing and reduction in managerial and operational posts.
Policy Choice sub-total						(1,868)	
Terms and Conditions						(66)	
Total All Proposals						(2,619)	

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Portfolio Key

HES: Highways & Environmental Service Portfolio

Economic Growth & Prosperity 2014/15

Service Description

The Economic Growth and Prosperity Directorate (EGP) is made up of the Growth, Planning and Property and Development teams. The functions carried out by these teams are fundamental to securing increased levels of investment and jobs into Trafford. The Directorate is also responsible for the management of, and maximising the use of, our community, investment and administrative properties. In addition, although social housing provision is undertaken by housing associations, the Council maintains statutory responsibilities to ensure that the housing needs of the residents of Trafford are met.

Growth (Economic Growth and Housing)

The Council supports economic growth by working at a Greater Manchester level to ensure that we maximise inward investment, support to businesses, employment and skills, and funding opportunities to deliver growth and benefit businesses, residents and the Borough as a whole. We will continue to work closely with a range of key private and public sector partners to co-ordinate and implement the strategic economic growth of the Borough, including a focus on major industrial and commercial sites such as Trafford Park and Carrington; bringing jobs and investment to Trafford.

The regeneration of our town centres will also be a key priority with an emphasis on Stretford, Sale, Partington, Altrincham and Urmston. We will work with private and public sector partners to deliver improvements in each town centre with a particular focus in the next twelve months on delivering the Stretford Masterplan, improving the public realm in Altrincham and delivering investment in Partington.

We will bring forward key residential development sites in partnership with the private sector and other partner organisations and will continue to ensure that the housing needs of the residents of Trafford are met, good quality housing is built and New Homes Bonus is delivered. We will work with partners to deliver housing growth, including the provision of new affordable housing. We will also work to ensure that all Trafford residents have access to safe, secure affordable housing, and aim to reduce incidences of homeless, protecting the most vulnerable.

Planning (Strategic Planning, Development Control and Building Control)

The service will produce and maintain the statutory planning framework, deliver the Council's growth aspirations, ensure the quality of Trafford's environment and provide certainty for investors to develop in the Borough.

This includes bringing forward the plans to develop Carrington and bringing Metrolink into the heart of Trafford Park.

We will continue to carry out these statutory functions for planning and building control, with the objective of facilitating housing and economic growth.

Property and Development (Estates, Facilities Management and Major Projects)

The Council will continue to explore ways to maximise the use of all our properties, including those we use to deliver Council and partner services, and those such as shops, offices, industrial estates and farm land which generate over £2m per annum in income. We will also maximise funds from the sale of land and property to support the Council's priorities and will support private sector partners to bring forward development proposals, working closely with the housing and planning teams; delivering jobs, homes and employment opportunities.

We will seek new and improved ways of maximising our fee income from the services offered by the Property and Development teams.

EGP Service Performance

The work of the EGP teams is critical to support jobs, growth and homes. The following is the summary of the successful initiatives being delivered by the teams and the role that Trafford plays within the GM economy.

Economy

Trafford plays a central role within the GM economy. It is a key driver of growth in GM which is predicted to rise to over 3% over the coming years and has the highest GVA (outside of Manchester). There are 11,690 businesses in Trafford providing 12.5% of the total businesses in GM and the highest total outside of Manchester. There has been the highest percentage rise of VAT/PAYE registered businesses during 2012-13 compared to GM (3.8% higher than GM) and the second highest percentage of total business registrations in 2012-13 (3.2% higher than the GM rate)

The UK Competitiveness Index 2010 ranked Trafford at 67 out of 379 UK Local Authorities – the rank measures a number of elements based upon the quality of the local business base and skills and productivity of residents. This rank places Trafford well above the other GM LA's - the closest being Stockport ranked at 126 and Manchester ranked at 127.

The unemployment rate in Trafford has remained low (lowest in GM) and currently 72% of the population are in employment (68% in GM). Of those in employment 9.4% are self-employed compared to 7.6% in GM.

Trafford has the highest percentage of highly trained workforce in GM (43% of residents of working age have gained NVQ level 4 and above when compared against GM at 31%).

Business Engagement

The 'Trafford – First For Business' brand has been developed by the Economic Growth Team to illustrate the Council's commitment to supporting and attracting businesses and utilised through the production of a suite of business related marketing and information material, including a dedicated Business Bulletin. As part of this focus, a dedicated business section has been developed on the Council's website to provide relevant and useful information. A Business Engagement database has been developed to improve the co-ordination of engagement activity between the Council and businesses, while close working relationships have been developed with key business support partners (GM Chamber, MIDAS, Business Growth Hub etc.) to ensure local businesses benefit from available advice, support and funding opportunities. The Economic Growth Team has implemented a business relationship programme to develop better working relationships with business and provide advice and support as required. Blue Orchid has been commissioned to deliver a support service for new start businesses in the Borough providing practical advice and guidance.

Employment

The innovative Partington Pledge was launched on 30th April as a joint initiative with Department of Work and Pensions to match the 85 young unemployed people in Partington with local employers who commit to offering employment support to the young people through offering; jobs, apprenticeships, work experience, mentoring support or practical help. Major employers have signed the Pledge, including SAICA, Manchester United, Alstom, Duro Fuelguera, Premier Inn, and Carrington Business Park. Due to its successful collaborative approach, and the commitment shown by the private and public sector, it is intended to roll-out the Pledge borough-wide in January 2014. The % of people unemployed for longer than six months is 1.3% compared to the Greater Manchester average of 2.1%.

Trafford Park remains one of the largest and most successful business parks in Western Europe employing over 35,000 people.

Supporting Development and Investment in Trafford

EGP has worked with a range of developer over the last 12 months to facilitate development and regeneration projects across the Borough. These include, The Altair scheme in Altrincham, securing funding for the Shrewsbury Street developments in Old Trafford, the redevelopment of the existing hospital site in Altrincham with phase 1 accommodating a new Library, working with Shell to maximise the major opportunity for the redevelopment of Carrington to provide a new residential neighbourhood (over 1,500 homes) and a major employment opportunity, working with private sector developers and registered providers to deliver over 250 affordable homes in Trafford between 2013 – 2015.

The Council's Land Sales Programme delivers capital receipts to support the Council's capital investment programme in areas such as highways, transport and town centres. In addition the programme also delivers homes and commercial development.

Six sites have been disposed by the Council with a value of £3m in the financial year 2012/13, with a further £6m of receipts anticipated from disposals in 2013/14. Further sites with an estimated value of £4m have been identified for disposal from 2014/15.

Supporting Town Centres

Altrincham Forward has been set up to spearhead the revitalisation of the town. In 2013 development commenced of the new £17 million Altrincham hospital and on the new £19 million Altrincham interchange. In the 12 months from July 2012 there was a net gain of 21 new businesses opening in Altrincham. This initiative to tidy up shop frontages has been successful with several long standing shops in disrepair being improved.

The 'Road Map' for Sale has been just been developed and will be subject to a period of consultation. This approach will help to prioritise investment in the town. This approach will be rolled-out for other Town Centres.

The vacancy rate for shops in Sale is 8.1%, compared to a North West average of 20.1% and a national average of 14.1%.

The team is working closely with the owners of the successful Eden square development in Urmston to secure lettings for the remaining units and to maximise the returns for the Council.

A new operator has been selected for Altrincham Market and the team is supporting phase 1 of the investment in public realm works and concluding the agreements with the new market operator.

Stretford Masterplan

Delivering the successful regeneration of Stretford Town Centre is considered to be a key priority for the Council. The Economic Growth team has led on the preparation of a Stretford Town Centre Masterplan which seeks to establish a comprehensive vision for the town centre, identify areas for future development and set out key actions required to deliver growth. The intention is that the Masterplan will provide a coherent framework for the Council, property owners, prospective developers, existing occupiers and community stakeholders which will assist in realising the opportunities which exist within the Masterplan area over the next 10-15 years. A public consultation on the Masterplan was held in summer 2013, which included a special Neighbourhood Forum event attended by almost 200 residents. A final draft

Stretford Town Centre Masterplan taking into account the Consultation responses will now be prepared.

Partington Town Centre

The Economic Growth team is leading on plans to deliver a new town centre development in Partington. Peel Holdings, supported by the Council has secured a loan of £4.5m under the GM Growing Places Fund to deliver the revitalisation of Partington Town Centre. The loan agreement between Peel and GM was formally signed off in April 2013. Peel has commenced detailed design work and the development is expected to complete by mid/late 2014.

Approach to budget savings and income generation

In addition to continuing to deliver efficiency savings through best use of Council assets and appropriate disposal of surplus properties, the Directorate will seek to maximise income into the Council. This will include exploring ways of generating new income where the activity is complementary to our work regenerating town centres, and supporting business and housing growth.

- To secure efficiencies through better housekeeping (control of general running costs to negate inflation pressures, plus waste and minerals plan contract management).
- Income generation across all teams to better recover costs (e.g. building control), plus create opportunities for new income – such as advertising revenue (e.g. in town centres) and income from advice services (e.g. pre-planning applications).
- Continue to transform our approach by working with partners on the management of buildings. This includes sharing buildings, reviewing leases, reduction of assets and efficiencies in maintenance and management.
- Continue with the property rationalisation programme to reduce revenue costs and realise capital receipts from the disposal of surplus properties.
- Initial proposals to complete the transfer of assets, or the utility/maintenance costs of assets, to community/voluntary groups in 2014. This is part of a long term approach.
- Continued participation in new Green Deal for energy efficiency to secure income generation.

Budget Movement Summary 2014/15

The following summary table categorises the movement in the Directorate's budget for 2014/15. The Savings are also cross referenced to the Savings Schedules below.

Economic Growth & Prosperity	2014/15 (£000's)	Savings Schedule Reference(s).
Adjusted Budget Brought Forward	3,282	
Additional Resources to meet Pressures:		
- Pay Related Inflation	124	
- Contract Related Inflation	122	
- Energy costs	50	
- Business rates	22	
- Effect of economic climate on income (e.g. property rents)	79	
- Reduced income due to development of Urmston Town Centre	164	
Total New Resources Allocated	561	
Resource Reallocations Through:		
- Efficiencies	(191)	EGP 1 - 3
- New or Increased Income	(80)	EGP 4 - 9
- Policy Choices	(52)	EGP 10
- Terms & conditions	(66)	Annex L
Total Resources Reallocated	(389)	
Net Year-On-Year Change	172 5.2%	
Net Budget Proposal	3,454	

Economic Growth & Prosperity – Schedule of Savings

Dir.	Port-Folio	Ref	Service Area	Description of Saving	Category of Saving	2014/15 £000's	Impact of Saving (e.g. service, equality, other)
EGP	EGP	EGP1	Property and Development	Disposal of surplus property - reduction in revenue budgets	Efficiency	(47)	Efficiencies to be achieved from procurement, building transfers, efficient use of office space, and income generation/self sufficiency
EGP	EGP	EGP2	Planning - Strategic Planning	Savings from Waste & Minerals Plan over three years (year 3)	Efficiency - Full year effect from 13/14	(22)	GM authorities have retained capacity to ensure that statutory requirements relating to monitoring and enforcement are still met.
EGP	EGP	EGP3	EGP Directorate	Procurement & austerity measures	Efficiency	(122)	Management of general running costs to exclude inflationary increases.
Efficiency sub-total						(191)	

Dir.	Port-Folio	Ref	Service Area	Description of Saving	Category of Saving	2014/15 £000's	Impact of Saving (e.g. service, equality, other)
EGP	EGP	EGP4	Planning - Building Control	Increase fee income target	New Income	(30)	Fee income target can be increased based on current achievement levels and this will also improve cost recovery.
EGP	EGP	EGP5	Planning - Building Control	New fee setting regulations	New income	(10)	New regulations allow a risk based approach for fee setting for building control fees where the risk of non-compliance is high.
EGP	EGP	EGP6	Planning – Development Control	Introduce pre-application fees for Registered Social Landlords	New Income	(10)	Will be a demand led advice service based on a cost recovery model. Could assist in speeding up applications and subsequent development proposals.
EGP	EGP	EGP7	Growth – town team	Town centre space advertising	New Income	(16)	Rent display space for high profile brands. Working in partnership with a national company.

Dir.	Port-Folio	Ref	Service Area	Description of Saving	Category of Saving	2014/15 £000's	Impact of Saving (e.g. service, equality, other)
EGP	EGP	EGP8	Growth – economic growth	Property referral fees & web site advertising	New Income	(4)	Cost recovery for property referral assistance to landlords/agents. Use of Growth Team website by companies/landlords/agents for related advertising.
EGP	EGP	EGP9	Growth - housing services	Green Deal	New Income – full year effect from 2013/14	(10)	The Green Deal is a national initiative to improve the energy efficiency of residential properties, which is an opportunity for the Council to generate additional income and improve homes. The scheme was introduced in 2013.
New income sub-total						(80)	
EGP	EGP	EGP10	Property and Development	Transfer of assets or running costs of assets	Policy Choice	(52)	Transfer of utility & maintenance charges for buildings occupied by voluntary & community groups.
Policy Choice sub-total						(52)	
Terms and Conditions						(66)	
Total All Proposals						(389)	

Transformation & Resources (T&R)

Service Description

The Transformation and Resources directorate has a diverse range of services and extensive customer base which will continue to be delivered. It provides a large number of customer facing services too, such as Access Trafford (our customer service centre) housing benefits, library services and safer communities. We also organise elections and manage the electoral register, conduct marriages, civil partnerships and register over 10,000 births, deaths and marriages every year. We work very closely with our partners and the community and some of our services are co-located at Stretford Police Station. This really helps to strengthen collaborative working so we can develop resilient and safe communities and maintain Trafford as the safest place in Greater Manchester.

Within the directorate are a range of support services which provide all the 'back office' functions which deliver services to other directorates; a number of these services also sell their services to others e.g. schools. These services include financial management, audit, procurement, human resources, ICT, emergency planning, transformation, performance and communications and marketing. These services have been centralised to reduce costs, reduce risks, and provide consistently high professional standards.

The remainder of the directorate is devoted to providing direct support to Councillors, the Council leadership and the Trafford Partnership, which is a single body of more than 100 organisations, including local and regional partners from across the public, private, voluntary and community sectors.

Service Performance

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

- There are 13 staffed libraries and one self-service library with 774,000 lends per year and over 1 million visitors.
- The Council's customer contact service deal with over nearly 300,000 telephone enquiries per year. In 2013/14, the Contact Centre target is to answer 80% of telephone calls within 20 seconds (compared to 30 seconds last year). This is currently being exceeded with 82% of phone calls answered within 20 seconds in the year to date.
- The Council has the highest collection rate for Council Tax in Greater Manchester at 98.1%;
- The collection rate for business rates is the highest in AGMA at 97.9% and, over 2,000 small businesses were awarded additional small business rate relief in 2012/13;
- The time to process new benefit claims is 15 working days. This is the best rate of all AGMA authorities;

- Over the last 12 months, 96% of 30 day accounts and 83% of 10 day accounts have been paid on time.
- Delivery ahead of schedule of the Transformation Programme savings for 2012/13. These totalled £7.230m which was £0.014m over budget.
- In October 2011, Trafford Council introduced an internal apprenticeship scheme, which has given young people in the borough the opportunity to develop a career combined with a qualification that will help them gain valuable work experience and contribute to the Trafford community. Since its launch, 73 apprenticeships have been created. There are currently 28 apprentices on the programme and the Council is at present recruiting to a further 13 vacancies, bringing the total to 41. In addition, 13 apprentices have gone on to secure permanent employment with the Council and a further 6 have secured permanent employment elsewhere across the borough.
- Trafford remains the safest place in Greater Manchester, with the highest level of Public Confidence and Satisfaction, and the lowest perception of Anti-Social Behaviour;
- Between 2006/7 and 2012/13, Total Crime in Trafford fell by 53.5% - That's 12,663 fewer offences per year.
- Crime Reduction in Trafford has saved just under £100 million pounds of public money over the past 6 years.
- Over the past 5 years, Anti-Social Behaviour has reduced by 57.6% or 8120 fewer incidents per year,
- The CCTV control room directly contributed to 154 arrests.
- To support the drive towards local decision making, 4 Locality Partnerships have been created bringing together Elected Members, Community Ambassadors and Statutory Partners to match assets and needs within the Local areas and find innovative solutions to improve the area and reduce demand on Public Services.
- Trafford Partnership won the LGC National award for Public Partnerships in recognition of the difference that working together has made for our residents, businesses and communities.
- The cost of the Legal Service per 1,000 population is one of the lowest in the country at 24% below the average cost;
- The Audit Commission has recently commended the Council on its financial management performance and ability to deliver value for money; "The Council has proper arrangements in place for securing financial resilience. The Council has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future. The Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness. The Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity."

Approach to Budget

The beginning of this document outlines the key areas which will continue to be delivered within the funds available. The directorate has a track record of delivery low cost, high value services. Every service within T&R has undergone a

transformation review within the last three years resulting in £5.4m of back office savings (67% of the £8.1m overall savings in that period) Therefore a number of the staffing review proposals carry a risk to service delivery e.g. resilience, ability to respond to emerging needs, data quality. Whilst some of the risks can be mitigated there are others which carry a higher risk and are therefore considered to be policy choices.

Against the 2013/14 budget of £20.3m, the overall proposed budget is £2.0m less (10.0%). Unavoidable pressures/investments have been identified as £0.9m which have been offset by savings proposals of £2.9m. From 2013-14 to 2014-15 over £2 million ICT capital investment is planned in Customer Relationship Management (CRM) and Web/Customer Strategy (WCMS).

Whilst every effort has been made to exploit technology, implement cost efficiencies and identify innovative delivery models, the scale of the financial challenge means that it has not been possible to avoid policy choices in the budget proposals.

Exploiting Technology

We will promote channel shift from more traditional methods of communication by customers with the Council to an increase in using ICT. Implications for the visually impaired, people whose first language is not English, the disabled and people who are not able to use computers or mobile phones have been assessed and will be addressed during implementation.

We have already implemented a new library management system which will save us money and create efficiencies in communicating with customers, other Trafford Libraries and Council ICT systems and greater collaboration opportunities with other Authorities.

We have also supported the introduction of a new Social Care ICT solution which will reduce annual maintenance costs.

Efficiency, Shared Services & Collaboration

Procurement savings are an area we are strengthening each year. We will continue to optimise the efficiency opportunities for managing inflationary pressures and increasing savings which the AGMA Procurement Framework Agreements facilitate. In addition, we are establishing a shared procurement service with Stockport, and Rochdale Councils which will consolidate procurement activities into a single unit (to be known as STaR) and yield further opportunities for collaborative savings.

As a result of Public Health joining the Council this year, we have been able to save money on their overhead costs by providing them with back office support such as HR and Finance (which are already being achieved in 2013/14 from within our existing resources).

Policy Choices

As a result of the abolition of the national Council Tax Benefit scheme in March 2013 and following extensive consultation with residents and other stakeholders, the directorate successfully implemented a Local Council Tax support scheme which will produce cost savings. In addition, our innovative approach to the Welfare Reforms means that these changes will now be managed within existing budgets and the non-ringing fenced funding will not be required.

We want to build on the success of attracting volunteers into the Libraries and propose that more volunteers be introduced across all libraries, thereby avoiding library closures. The proposals are dependent on volunteers coming forward to support the libraries and work is underway with Thrive and Trafford College to encourage more young people to volunteer. Over 130 applications have been received and currently over 70 volunteers are assisting in Libraries.

There will be a number of staffing reviews in most services which will be structured around future service delivery requirements, ICT improvements and customer need.

Budget Movement Summary 2014/15

The following summary table categorises the movement in the Directorate's budget for 2014/15. The Savings are also cross referenced to the Savings Schedules below.

Transformation & Resources	2014/15 (£000's)	Savings Schedule Reference(s)
Budget Brought Forward	20,290	
Additional Resources to meet Pressures:		
- Pay Related Inflation	380	
- Contract Related Inflation	257	
- Specific Grant Reductions	137	
- New or Increased Specific Grants		
- New Statutory Responsibilities		
- Other	160	
Total new resources allocated	934	
Resource Reallocations through:		
- Efficiencies	(1,930)	T&R 1-14
- New or Increased Income	0	
- Policy Choices	(621)	T&R 15-20
- Terms & conditions	(403)	Annex L
Total new resources allocated	(2,954)	
Net Year-On-Year Change	(2,020) (10.0)%	
Net Budget Proposal	18,270	

Transformation & Resources – Schedule of Savings

Dir'	Portfolio	Ref.	Service Area	Description of Saving	Category of Saving	2014/15 £000's	Impact of Saving (e.g. service, equality, other)
T&R	T&R	1	Directorate-wide	Negation of inflationary pressure	Efficiency	(234)	Most running cost budgets will be maintained at their current level. Savings will be achieved by reducing usage and existing procurement procedures.
T&R	T&R	2	Directorate-wide	Public Health overhead harmonisation	Efficiency	(209)	The Grant for Public Health included an allowance for overheads. The Council will look to absorb these additional demands from existing resources. Savings are from support services that the council can provide within its existing resources for Public Health functions such as HR and Finance and have already being achieved in 2013/14.
T&R	T&R	3	Cross-Directorate	Design & Print savings	Efficiency	(220)	Channel shift to digital from more traditional methods. Implications on the visually impaired, people whose first language is not English, the disabled and people who are not able to use computers or mobile phones has been assessed and will be addressed during implementation. Provisional allocation of savings is CYPS £(40)k, C&WB £(23)k, ETO £(28)k, EGP £(20)k, T&R £(107)k, C/W £(2)k
T&R	T&R	4	Cross-Directorate	Mobile phone procurement saving	Efficiency	(35)	Utilisation of recently agreed AGMA Framework Agreement will provide unlimited voice and text messaging at reduced cost. Improved management of asset list/ service users will also increase efficiency.

Dir'	Port- folio	Ref.	Service Area	Description of Saving	Category of Saving	2014/15 £000's	Impact of Saving (e.g. service, equality, other)
T&R	T&R	5	ICT	Reduction in maintenance and infrastructure costs. Improved approach to succession planning.	Efficiency	(143)	SAP Adult Social care is due to be replaced with Liquid Logic. This will provide improved efficiency at a lower cost (£59k saving). Reduced maintenance costs due to vacation of Friars Court, savings on mobile application delivery platform, decommissioning of Checkpoint Firewall (£22k). Infrastructure savings from closure of buildings (£19k) and creation of development opportunities for staff (£36k). Income from schools for backing up School Information Management system (SIMS) database £7k. There is no effect on staffing levels.
T&R	F	6	Internal Audit	Review of resources.	Efficiency	(10)	Review of internal and external resources to reduce budget pressures.
T&R	T&R	7	Access Trafford	Implement New Library Management System	Efficiency	(28)	The new Library Management system (Spydus) was introduced in April 2013. There is a saving on the licence fees compared to the previous system. There are also efficiencies in communicating with customers, other Trafford Libraries and Council ICT systems and greater collaboration opportunities with other Authorities

Dir'	Portfolio	Ref.	Service Area	Description of Saving	Category of Saving	2014/15 £000's	Impact of Saving (e.g. service, equality, other)
T&R	T&R	8	Legal & Democratic	Staff review and re-banding	Efficiency	(36)	The review involves a restructure of the legal team. The purpose of the restructure is to provide additional senior capacity and flexibility to enable the service to meet the changing demands on it in the future. It will provide a soft split between strategy and delivery so that the delivery of routine legal work can be market tested if required. The introduction of a new case management system, will enable workflows to be implemented for dealing with routine cases and transactions within the department so that they can be done by less qualified individuals under supervision. The resultant efficiencies will enable one existing post to be disestablished.
T&R	F	9	Revenues & Benefits	Welfare & Council Tax Reform	Efficiency (Full Year Effect)	(114)	Non-ring-fenced funding has been provided by DWP to finance changes brought about by Welfare Reform. These changes will be managed within current budget levels. This is a one-off saving.
T&R	F	10	Procurement	Establishing Strategic Procurement Unit with partners	Efficiency (Full Year Effect)	(139)	The Executive agreed on the 23rd September 2013 to combine with Stockport, and Rochdale council and consolidate procurement activities into a single unit (STaR). Consultation with staff and partners is ongoing. This initiative has already delivered savings of £125K in 2013-14. In delivering the longer term benefits of joint procurement this may mean development of more consistent service specifications across authorities.

Dir'	Port- folio	Ref.	Service Area	Description of Saving	Category of Saving	2014/15 £000's	Impact of Saving (e.g. service, equality, other)
T&R	T&R	11	Access Trafford	Contact Centre review	Efficiency	(44)	Reduction of 2FTE dependent on implementation of the new Customer Relationship Management system (CRM). Anticipated reduced volume of calls into the Contact Centre offset by improved self-service. There will be no compulsory redundancies as the savings are arising from vacant posts.
T&R	T&R	12	HR	HR Staffing review	Efficiency	(200)	The service will need to move to a different operating model to make the £200k savings in 2014/15, through shared services and income generating arrangements. The new operating model has yet to be determined which will impact on the timing of savings commencing. Any slippage in savings will be met by T&R Reserves.

Dir'	Port- folio	Ref.	Service Area	Description of Saving	Category of Saving	2014/15 £000's	Impact of Saving (e.g. service, equality, other)
T&R	T&R/ SSC	13	Partnerships & Performance	Redesign of Partnerships & Performance/ Safe and Strong Communities	Efficiency (Full Year Effect)	(318)	The total saving across both areas will be £438k as there is a saving of £120k linked to the 2013/14 year. The newly formed teams for Partnerships and Communities and Strategic Performance and Policy will focus on strengthening partnership working at a strategic and local level and business intelligence and research respectively. With regards to performance, practitioners / service users will need to ensure there is a robust quality of data at the input stage. In addition there will be a level of self-service introduced which carries a degree of risk for data quality and the associated implications. This will be mitigated through training. For Partnerships and Communities there will be a removal of duplication, with clarity of roles and responsibilities. This will mitigate against the disestablishment of one vacant post in the current strong communities team. Front line activity will not be compromised.
T&R	SSC	14	Culture & Sport	Review of funding for Sport & Leisure - TCLT	Efficiency	(200)	Trafford Community Leisure Trust has made a commitment to the Council that in achieving the reductions required to absorb this loss, there will be no impact on frontline services or users.
Efficiency sub-total						(1,930)	
T&R	F	15	Revenues & Benefits	Staffing review	Policy Choice	(141)	A detailed review of the Revenue and Benefits staff structure has identified opportunities to save 8.7 FTE. There will be no compulsory redundancies as the savings are arising from vacant posts. Performance will be closely monitored to ensure any impact from the savings is minimised.

Dir'	Port- folio	Ref.	Service Area	Description of Saving	Category of Saving	2014/15 £000's	Impact of Saving (e.g. service, equality, other)
T&R	T&R	16	Access Trafford	Review of Libraries Strategy	Policy Choice (Full Year Effect)	(116)	Additional volunteers to be introduced across all libraries. This initiative, which was subject to full public and staff consultation, saved £136K in 2013-14 and resulted in no library closures. The proposals are dependent on volunteers coming forward to support the libraries and work is underway with Thrive and Trafford College to encourage more young people to volunteer. Over 130 applications have been received and currently over 70 volunteers are assisting in Libraries. A natural reduction in vacant posts (5.5FTE) as planned for during consultation for the 2013/14 budget will take place.
T&R	T&R	17	Partnerships & Performance	Communities Support	Policy Choice	(32)	A review of resources in the service to manage budget pressures.
T&R	SSC	18	Culture & Sport	Resource Review.	Policy Choice	(32)	Review of resource requirements in the service.

Dir'	Portfolio	Ref.	Service Area	Description of Saving	Category of Saving	2014/15 £000's	Impact of Saving (e.g. service, equality, other)
T&R	SSC	19	Partnerships & Performance	Cross-council review of Voluntary Sector Grants	Policy Choice	(100)	The Third Sector Strategy seeks to build capacity within the Third Sector to enable the sector to become less reliant on grant funding. A user review seeks to map all the funding which the sector has access to and not to focus solely on the voluntary sector grants. The mapping will also provide the opportunity to identify areas of possible duplication. The reduction proposed is 3% of the total council-wide support (including mandatory and discretionary rate relief) and the impact will be mitigated by the support which the Council / Partnership have invested in capacity.
T&R	SSC	20	Culture & Sport	Reducing operations at Sale Water Sports Centre	Policy Choice	(200)	Reductions in facilities available for use following termination of the Deckers Contract. Cessation of activities and corporate events will necessitate transfer of these activities to alternative venues.
Policy Choice sub-total						(621)	.
Terms & Conditions						(403)	
Total All Proposals						(2,954)	
Dir'	Portfolio	Ref.	Service Area	Description of Saving	Category of Saving	2014/15 £000's	Impact of Saving (e.g. service, equality, other)
T&R	F		Revenues & Benefits	Council Tax Support Scheme	Funding	(250)	The Council Tax Support Scheme was approved in January 2013 following lengthy consultation. This saving is based on the existing costs of the approved Local Council Tax Support Scheme.

Portfolio Key

T&R: Transformation and Resources Portfolio

F: Finance Portfolio, SSC: Safe and Strong Communities Portfolio

Council-wide Budgets

Service Description

There are a number of budgets that relate to the Council as a whole and/or affect all services. These budgets include precepts and levies, treasury management, insurance and 'non-ring-fenced' Government grants which are not attributable to a particular service. Finance Services, within the Transformation & Resources Directorate, actively manage the expenditure and income for these areas.

The current 2013/14 net budget is £23.0m, of which the majority relates to the transport levy payable to the Greater Manchester Combined Authority, debt charges for loans taken out to support past investment in infrastructure through the capital programme, and 'non-ring-fenced' Government grants including Education Services Support, Council Tax Freeze Compensation and New Homes Bonus.

A summary of the Council Wide budget for 2013/14 by gross expenditure and gross income is shown below

Council-wide Budgets	2013/14		
	Gross Exp (£000's)	Gross Income (£000's)	Net (£000's)
Housing Benefit Subsidy	64,586	(64,522)	64
Transport for Greater Manchester Levy	16,758	0	16,758
Treasury Management	11,217	(2,851)	8,366
Council Wide Grants	0	(6,825)	(6,825)
Insurances	2,049	(1,390)	659
Other Levy's and Inter-authority Transfers	2,451	(27)	2,424
Members Expenses	944	0	944
Other	1,143	(473)	670
Total Budget 2013/14	99,148	(76,088)	23,060

The 2014/15 budget is estimated to reduce by £(1.2)m to £21.8m. A summary of the financial movements can be found at the end of this section. However, the main reason for the budgetary change relates to changes to existing non-ring-fenced government grants of £(1.3)m.

Non-Ring-Fenced Grants

The proposed Council-wide budget holds £(6.825)m of non-ring-fenced grants. There will be a net increase in these grants of £(1.333)m in 2014/15 consisting of an increase in Council Tax Freeze Compensation of £(0.900)m, increases in New Homes Bonus Grant of £(0.542)m, offset by an expected loss of Adoption Reform grant of £0.109m.

Precept & Levies

The Council has the legal responsibility to contribute to a number of agencies that provide services on behalf of all or a number of Greater Manchester Authorities; Transport Levy (Greater Manchester Combined Authority), Coroner's and Mortuary fees (South Manchester Coronal District), Flood Defence levy (Environment Agency) and other on-going or one-off projects supported through the Association of Greater Manchester Authorities (AGMA).

An estimated provision of 5% increase has been made for the costs of the Coroner's fees and the Flood Defence levy.

Treasury Management

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

As a result of the continuing worldwide economic climate, a cautious approach will continue to be adopted and as a consequence of borrowing rates of c.4.5% continuing to be higher when compared to investment rates. No new borrowing will be undertaken during 2014/16.

The Council owns a share of the Manchester Airport Group (MAG). In 2013 the Group acquired Stansted Airport and this resulted in the Council's share allocation in the expanded group being restated from 5% to 3.22%. The level of dividend forecasted to be received annually has since been revised to a level of £(1.352)m from that previously received of £(1.000)m.

Other Budgets

Housing Benefit Subsidy; The budget for Housing Benefit payments and subsidy, which is administered on behalf of the Government, are held within Council-wide. There is no expected change to the budget for 2014/15.

Provisions; monies set aside for bad and doubtful debts on the £15.5m of invoiced income the Council raises each year, and liabilities for future pension costs relating to previous organisational changes. There is no expected change to the budget for 2014/15.

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

Members Expenses; the costs for Councillors' allowances, and their communications and computing equipment, etc. The proposed budget for 2014/15 includes a saving in members allowances of £(0.016)m, a voluntary reduction of 1.9% agreed by all 63 members.

Partington Parish Grant; The new Council Tax Support scheme, which started on 1 April 2013, had the effect of reducing the Council Tax Base. As a consequence the

Council made a one-off grant in 2013/14 of £0.032m in order for the Parish to be given time to consider options available such as reducing expenditure or raising their Council Tax precept rate. For 2014/15, the Executive is minded to continue the grant but at a reduced level of £0.010m, equal to the Parish Council Tax Support Grant in the Government's 2013/14 Financial Settlement. As the grant amount reduces in line with overall reduction in Government support, the level of grant support to the Parish Council cannot be guaranteed into the future.

Carbon Reduction Commitment (CRC);

Changes announced in the Chancellor's Autumn 2013 Statement has resulted in the council now being under the minimum threshold to participate in the CRC allowances scheme in 2014/15. The current budget of £0.060m has therefore been submitted as a saving in 2014/15. However, it should also be noted that, within the regulations the Secretary of State can require any local authority to participate in the scheme even if it does not qualify. Therefore there is still a risk that the council will be subject to CRC allowances, which would require full participation with the automatic inclusion of street lights, at a total cost of £0.183m.

Budget Movement Summary 2014/15

The following summary table categorises the movement in the Directorate's budget for 2014/15. The Savings are also cross referenced to the Savings Schedules below.

Council-wide Budgets	2014/15 (£000's)	Savings Schedule Reference(s)
Budget Brought Forward	23,060	
Additional Resources to meet Pressures:		
- New or Increased Specific Grants	(1,333)	
- Reducing reserve support to Insurance budgets	100	
- Other Levies	67	
- Net changes in Treasury Management	22	
- Inflation	16	
- Partington Precept top-up	(22)	
- Carbon Allowances	(60)	
Total new resources allocated	(1,210)	
Resource Reallocations through:		
- Efficiencies	-	
- New or Increased Income	-	
- Terms & conditions	(16)	Annex L
Total new resources allocated	(16)	
Net Year-On-Year Change	(1,226) (5.3)%	
Net Budget Proposal	21,834	

Terms and Conditions – Impact on Directorate Budgets

The current proposals relating to changes in Terms and Conditions, which are subject to formal consultation ending on 17 November 2013, are as follows:

Require staff to take 3 days of unpaid leave. This will have the effect of reducing the overall salary costs by around 1.5% whilst providing the benefit of additional time away from work to staff.

Withdraw the Essential Car User Scheme and replace it with a Critical Car User Scheme, which has a robust assessment criteria and a reduced level of allowance.

Consolidate the car user mileage rates into one rate, equivalent to the HMRC rate, which is currently 45p per mile.

Introduce a Trafford Living Wage of £7.20 per hour.

Reduce the sick pay scheme by 50%, thus capping payments at 3 months full pay, 3 months half pay, subject to service.

Reduce the rate of pay for non-contractual overtime to plain time.

Remove the relocation allowance for enforced work-base moves.

The table below shows the benefit realisation of each element of the proposals by Directorate:

	CFW (£000's)	ETO (£000's)	EGP (£000's)	T&R (£000's)	2014/15 (£000's)
3 Days Unpaid Leave	(307)	(77)	(33)	(157)	(574)
Essential Car User Scheme	(373)	(38)	(10)	(46)	(467)
Consolidate Mileage Rate	(29)	0	0	(4)	(33)
Trafford Living Wage	5	68	1	0	74
Plain time only	(138)	(4)	0	(19)	(161)
Relocation Allowance	(32)	(7)	(1)	(6)	(46)
Reduce Sick Pay	(174)	(6)	(22)	(49)	(251)
Overtime to Plain Time	(133)	(2)	(1)	(18)	(154)
Reduce Agency spend	(243)	0	0	(105)	(348)
Total Savings	(1,424)	(66)	(66)	(404)	(1,960)

In addition to the above, the proposed budget for 2014/15 includes a saving in Members allowances of £(0.016)m, reflecting a 1.9% reduction in line with the 3 day leave proposal being requested of staff.

TRAFFORD COUNCIL

Report to: Executive 18th November 2013
Council 22nd January 2014
Report for: Decision
Report of: Executive Member for Highways & Environment and the
Corporate Director of Environment, Transport & Operations

Report Title

Investment in Street Lighting

Summary

The Council's current revenue budget for street lighting is approximately £2.0m. This comprises £1.2m in energy consumption and £0.84m in maintenance.

A range of options have been explored with regard to how to manage the street lighting asset in the future and the proposal being put to the Executive offers the best way forward for future street lighting provision.

The proposal is to convert existing SOX/SON luminaires to LED over a two year period and also includes the transfer of the maintenance of all street lighting to a third party contractor.

It is also proposed to include a central management system, which will allow individual lights to be controlled, including the ability to dim.

It is forecast that the investment to convert to LED luminaires over a two year period coupled with a central management system and transfer of maintenance to a third party contractor will save the Council a minimum of between £7.0m and £9.0m over 20 years and will result in savings in the revenue budget of between £0.8m and £1.2m over the first four years.

Recommendation(s)

1. The Executive recommends the Council agrees
 - a. that additional borrowing be approved, subject to a full procurement exercise in the sum stated in the report;
 - b. the changes to the prudential indicators as detailed in the report.
- 2 Subject to the Council approving the recommendations above, the Executive approves the procurement of a contract to replace the existing SOX/SON luminaires with LED luminaires and other matters as detailed in the report. Following the procurement exercise a further report will be submitted to the Executive detailing the outcome of the procurement

exercise and to seek approval for the award of the contract.

Contact person for access to background papers and further information:

Peter Molyneux – Corporate Director of Environment, Transport and Operations (Extn 1555) and Ian Duncan – Director of Finance (Extn (4884)

Background Papers: None

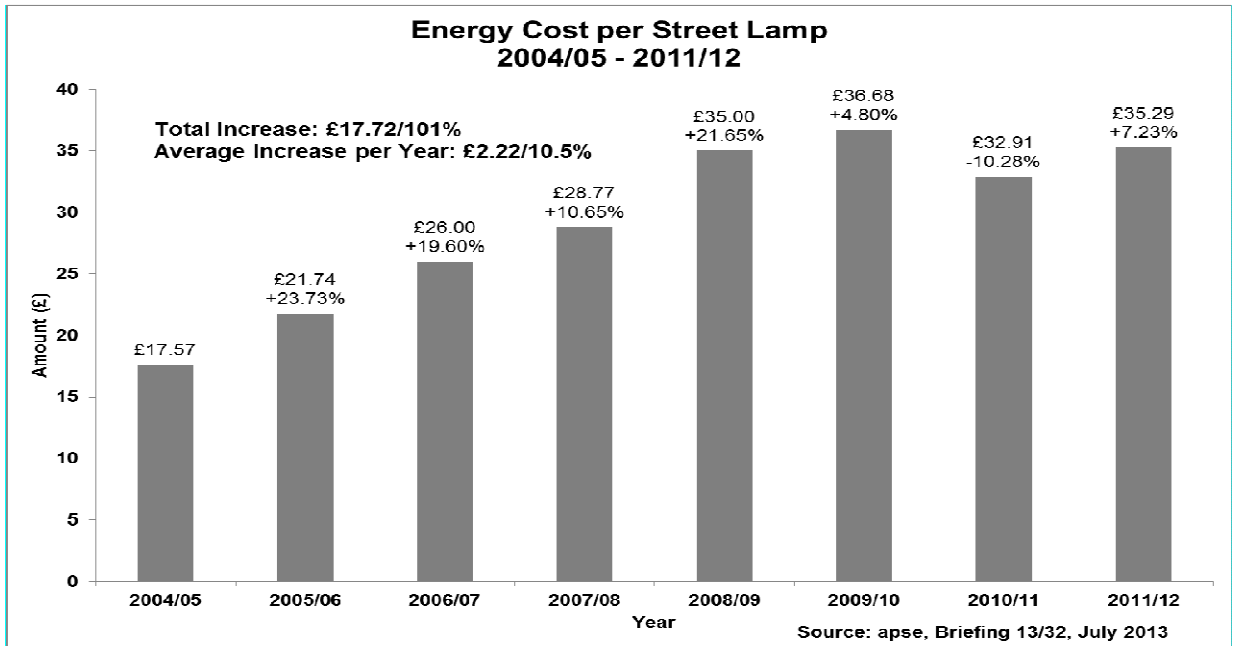
Relationship to Policy Framework/Corporate Priorities	Low Council Tax and Value For Money
Financial	Capital Expenditure of £9.3m to be financed by borrowing. The scheme will achieve savings in energy and running costs sufficient to repay the borrowing costs and provide for additional savings to the revenue budget.
Legal Implications:	It will be necessary to enter into a legal agreement with the preferred partner.
Equality/Diversity Implications	None as a result of this report
Sustainability Implications	Significant reduction in carbon, energy and maintenance costs
Staffing/E-Government/Asset Management Implications	There is a potential impact on staff working in this area. If any work is transferred to a third party contractor, should it be deemed that there is a relevant transfer of an entity, then the Council will ensure that due process is followed in order to protect employment under the provisions of TUPE. We may need to provide supplementary resources for the tender process and review our existing structure.
Risk Management Implications	None as a result of this report. Should the procurement process not give the return on investment, or energy savings and technical equipment guarantees then the contract will not be awarded
Health and Safety Implications	Replacement lighting will protect communities and will increase the safety of pedestrians and road users

Background

1. The Council is responsible for the maintenance of 806km of highway infrastructure, including the provision of street lighting. At present, the stock is of mixed age, condition and specification and consists of approximately 27,127 luminaires, the majority of which are mounted on steel columns, but also includes approximately 1,000 cast iron, 4,030 concrete and 510 concrete sleeved columns. The lighting units are predominantly SON (High Pressure Sodium) or SOX (Low Pressure Sodium). SOX is a lighting source which is no longer promoted by the lighting industry, due to

the energy and cost required to maintain the lamps. Both of these have substantially higher energy usage than LED technology.

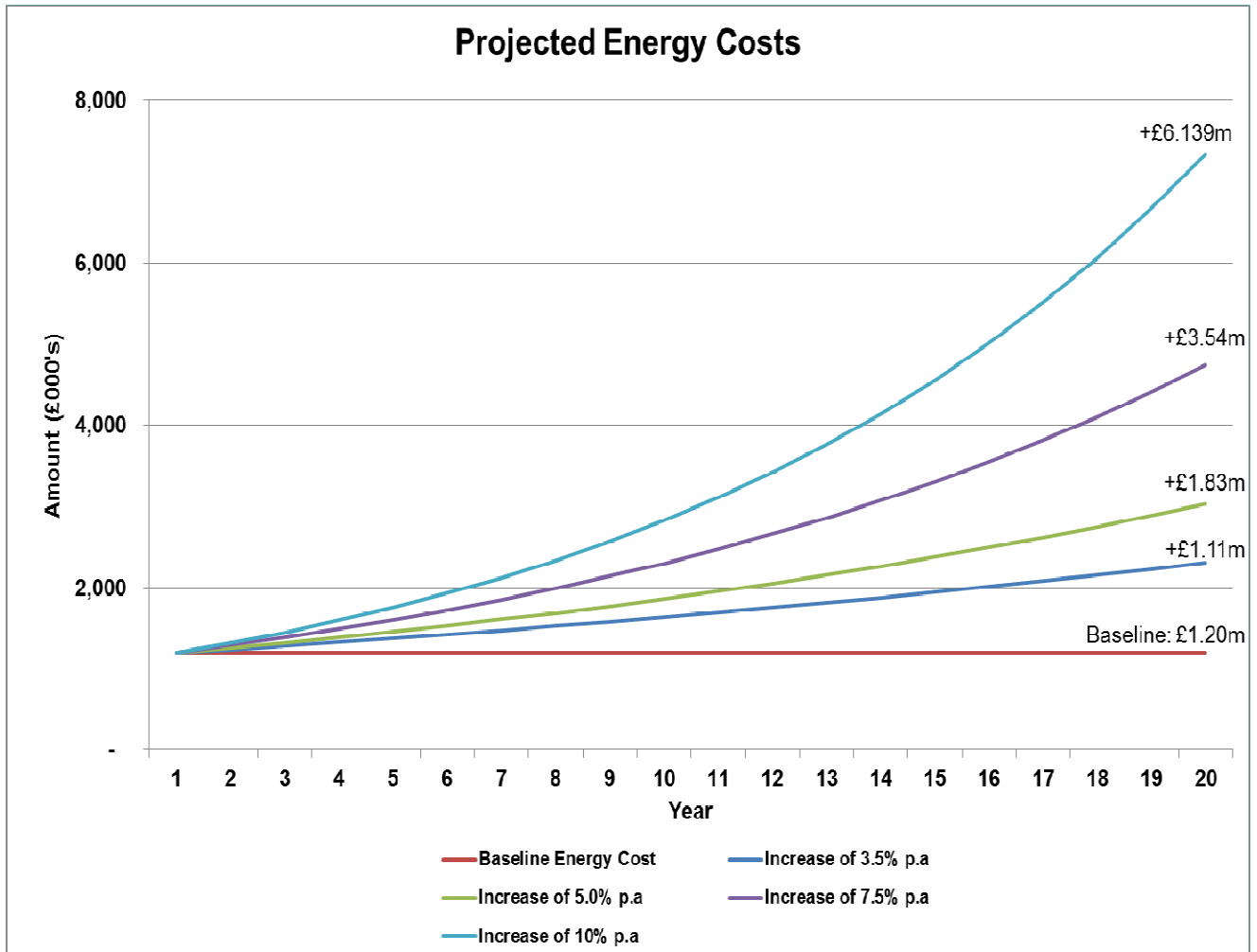
2. As further development takes place in the Borough there will be a corresponding increase in the number of street lighting columns that will need maintaining and in the energy costs and maintenance pressures on the Council's revenue budgets.
3. A substantial element of expenditure on street lighting is energy costs which have doubled in price since 2004/05 and are expected to continue to increase in future years. Recently confirmed prices for 2013/14 show a further 11% increase on the baseline numbers used in this report.



4. In 2012/13 revenue expenditure on street lighting was approximately £2.0m and is broken down below:-
 - £838k Maintenance Spend (£745k Variable, £93k Fixed)
 - £1,200k Energy costs;

These figures exclude any Carbon Reduction Commitment (CRC) tax and it is expected that the Council will fall below the qualification criteria in 2014. In addition a further £300k/yr is typically made available in the capital programme of which approximately £100k is luminaire renewal cost and £200k is column replacement.

The following chart provides an indication of the projected impact of rising energy costs over a 20 year period, for example a 5% annual increase will cost an additional £1.83m a year by year 20. A 10% annual increase will cost an additional £6.14m by year 20. It is clear from the chart below that the 'do nothing' option is not viable given the increase in energy costs against reducing revenue budgets.



5. Trafford has a commitment towards contributing to a Greater Manchester target of 48% reduction in carbon emissions by 2020. The street lighting service constitutes approximately 75% of the Council's electricity bill and contributes approximately 60% of Trafford's CO₂ emissions, excluding schools. If the proposal to introduce LEDs is agreed then it would reduce Trafford's CO₂ emissions, excluding schools by up to 40%.
6. The Council's energy reduction assumptions are based on the energy usage identified by Elexon for LEDs compared to the existing luminaires. Elexon are the independent body that assesses the energy usage of each type of luminaire used across the country. All energy suppliers use these figures to determine the cost of energy consumed per luminaire.

Options Considered

7. As part of the consideration of how to reduce our street lighting costs the Chief Executive, Director of Environment Transport and Operations, and Director of Finance met with Amey, one of the leading specialists in this area, to seek their advice on our options about how this might be best achieved. It is not unusual for councils when exploring new options for the delivery of savings, or new ways of working to have informal discussions with private sector colleagues. All the information shared with Amey was publicly available and will be shared with any future bidders for this initiative as part of the tender process e.g. financial information, street lighting stock

details etc. Following these initial discussions there has been no further communication with Amey on this matter. Therefore this does not compromise any procurement rules or prevent Amey from bidding in any future tender process if it is agreed to proceed.

8. In addition detailed research has been undertaken to identify alternative approaches being undertaken by other local authorities across the country. A number of options have been considered and in evaluating them consideration has been given to the capital cost of each option and the estimated consumption and maintenance savings each option would provide. The options included:-
 - Do Nothing
 - Retain existing luminaires and introduce a Central Management System (CMS) where possible (not all light sources will facilitate dimming lighting technology)
 - LED retrofit of SOX luminaires
 - Retain existing luminaires and update all control gear to allow lights to be turned off at a pre-determined time
 - Introduction of dimming of all SON luminaires
 - Replace all SOX luminaires with LED luminaires
 - Replacement of all SOX/SON luminaires with LED luminaires
 - Replacement of all SOX/SON luminaires with LED luminaires utilising a CMS
9. Some local authorities are looking at the option of a CMS only. However this is dependent upon their current luminaire type and the technology incorporated into the unit. If the lighting stock is of varied design age and mixed light sources, as in the case of Trafford Council where 95% of lanterns are not suitable, then a CMS system alone would not deliver a comprehensive and viable dimming lighting regime and for this reason no further evaluation of this option was undertaken.
10. A small number of authorities are trialling a SOX luminaire retrofit with LED solution, but this is not applicable in Trafford due to the age and condition of the SOX luminaire stock. For this reason no further evaluation of this option was undertaken.
11. The option to replace the control gear would allow for the luminaires to be switched off at a pre-determined time was also considered as this would generate a saving in energy costs for a lower level of capital investment than with the LED options. This is not a viable option at present as it is not likely to be acceptable to the public. Also it will not return the overall benefits that LED technology provides as life-cycle costs are higher due to the requirement for on-going lamp changes and the outage detection service limiting the scope for maintenance savings.
12. Cardiff Council is currently considering dimming approximately 50% of their stock by changing the ballasts in their existing SON luminaires. Dependent on the dimming regime this option would have the benefit of a reduction in energy consumption of approximately 30% based on a 'midnight to dawn' dimming regime for a relatively low capital outlay. Trafford has approximately 17,000 SON luminaires, but the majority (approximately 80%) of them are over 15 years old and as a result this option would not generate any significant maintenance savings as luminaires are likely to require replacement over the next 5 years.

13. A further option is to replace only SOX luminaires with LED luminaires and this is currently being undertaken in Bury. A replacement programme of all SOX luminaires would provide significant energy and maintenance savings, but these would only apply to approximately a third of the lighting stock and therefore not generate the level of savings that a whole scale LED replacement would generate.
14. The energy consumption and maintenance savings that can be realised using LED technology to replace all SOX and SON luminaires will allow the best net savings to be made on the revenue budget compared to the current position. For this reason LED programmes are currently being considered across AGMA, including Manchester, Bolton, Bury, Stockport, Tameside and Wigan. Wigan Council, for the last two years has made it a policy to specify only LED luminaires on all new lighting installations, and luminaire replacement as part of its maintenance activity. Salford is already underway with an LED replacement programme.
15. A further option is to combine the LED technology with a CMS, which under conditions where energy price inflation prevails and coupled with a dimming regime can provide the best value for money. The detailed financial implications of the options are shown in paragraph 35 and Appendix 3.

Proposal

16. The recommended approach is to replace the existing SOX/SON luminaires with LED luminaires coupled with a CMS system. The benefits of this option are listed in Paragraph 22. A two phased approach has been evaluated and concluded to derive the most benefit to deliver sustainable financial savings.
17. As part of the contract negotiations outputs and outcomes will be agreed with the preferred partner. This, together with the dimming regime, will form part of a new street lighting policy to be approved by the Council as part of the award of contract. The outcome will result in a considered and consistently applied street lighting policy for the Council to adopt.
18. The first phase of the contract will be for a third party contractor to replace the existing SOX/SON luminaires with LED luminaires over a two year period. A CMS system will be installed at the same time as the luminaire replacement. The second phase of the project will be for a third party contractor to maintain the street lighting network for a further 18 years at reduced cost than currently forecast. It is not proposed to include the maintenance of illuminated and non-illuminated signs as part of this proposal. The longer term aim would be to de-illuminate these signs to further reduce our energy costs, as part of a programme of de-clutter of signs on our roads, in line with Department for Transport advice.

Health Impacts

19. A further point for consideration is that some commentators think that there is a risk to health from LED lighting. The Council has consulted with the Director of Public Health and commissioned an independent health impact assessment by Dr Salim Vohra, Director, Institute of Occupational Medicine. An executive summary is included at

Appendix 1. This study concluded that "the proposed LED Street Lighting Programme has overall no (neutral) or a minor positive health and wellbeing impact for the residents, workers and visitors of Trafford compared to the existing type of street lights being used." A full copy of the health impact assessment is available upon request.

Scrutiny

20. The proposals have been the subject of a review by the Scrutiny Committee on 9 July 2013 who considered the proposals detailed above. A favourable response was received and this is included at Appendix 2. This updated report has also been shared with the Chairman of Scrutiny Committee (Topic Group B) who has been invited to submit any additional comments.

Independent assessment

21. The Council has also commissioned an independent assessment by Wilde Consulting Engineers (see Appendix 6) of the options considered in this report and the financial appraisals. This study concluded that 'Trafford Council has carried out a balanced economic and financial assessment of the proposal to convert existing SOX/SON luminaires to LED units. The option of transferring the maintenance of all street lighting to a private sector operator has also been investigated. Based on the data provided by Trafford Council we confirm that due diligence has been carried out. The Council has developed a robust business case to convert to LED luminaires over a two year period coupled with a central management system and the transfer of maintenance to a private sector operator, to potentially save the Council between £7.0m and £9.0m over 20 years.'

Benefits

22. The benefits derived from this proposal include:
 - Improving existing service standards whilst delivering long term budget savings;
 - Replacing energy inefficient light sources;
 - Approximately 61% - 70% reduction in energy consumption (56% without a CMS);
 - A reduction in customer complaints due to lanterns not working (outages);
 - Reduced maintenance regime due to remote monitoring of CMS (removing the need for night time inspections) and improved reliability and performance of LED luminaires;
 - Significant contribution to reducing the Council's carbon reduction targets;
 - A 20+ year guarantee on LED luminaires, drivers, energy consumption savings and central management system;
 - Environmental benefits through reduction in obtrusive and upward light;
 - Enabling individual lights to be controlled centrally to respond to service and user needs and future budget pressures;
 - Effective risk management to protect communities from safety issues associated with aged stock;
 - The opportunity to retrofit LED technology to heritage areas, taking into account any conservation area implications

Dimming Regime

23. With the installation of a CMS it will be possible to dim lighting levels. Consultation has been undertaken with Greater Manchester Police who are supportive of the proposals and they will be an active partner in the development of the dimming policy. If there is intelligence or other operational reasons for a temporary amendment to the approved regime to prevent criminal activity or reduce a security risk, the Council will use the central management system to adjust the dimming of the relevant LEDs. One approach is for dimming to be implemented at the following times in the winter, which would achieve an additional 5% reduction in energy costs, i.e. approximately 61% in total:

Area	Full output -100%	25% light reduction
Residential	Dusk till midnight	Midnight till dawn
Traffic	Dusk till 20:00	20:00 till dawn

24. Clearly there are other options to improve on energy costs. The following is expected to achieve a further 9% reduction in costs, i.e. approximately 70% in total:

Area	Full output -100%	30% light reduction	50% light reduction
Residential	Dusk till 20:00	20:00 till midnight	Midnight till dawn
Traffic	Dusk till 20:00	20:00 till midnight	Midnight till dawn

25. The CMS also would give the option to the Council to act in a flexible way depending on the unpredictable movement of future energy costs.

Street Lighting Columns

26. Currently the Council typically spends £300k each year from the capital programme for the replacement of lighting columns and luminaires. If the LEDs are installed there will be no need to replace the luminaires for approximately 20 years, as part of the tender process the Council would require a guarantee from any successful bidder, which would allow all of the capital funding to be used for column replacement only.
27. Whilst the replacement of street lighting columns are a risk that the Council carries now it is prudent to include a sum within the appraisal to cover an accelerated programme of column replacements in the event some existing columns are not compatible with LED luminaires. Although it is not anticipated that there will be a need to carry out a significant column replacement programme, as a direct consequence of LED replacement, an allowance for 5% of columns to be replaced has been included at an estimated cost of £1.3m. Additional sample column condition surveys are currently being undertaken to identify the likelihood of further column replacement.

28. With regard to the issue of street lighting column replacement in Conservation Areas, Conservation Area Management Plans are currently being prepared and column replacement in conservation areas will be incorporated into an agreed street lighting policy.

Information Requirements

29. If the Council proceeds with this initiative it would be required to provide the following information to tenderers:
- Up to date inventory and energy consumption;
 - A specification or performance to bid against (e.g. based on an equivalent white light LED solution for each light source);
 - Dimming and switching regimes;
 - List of columns in conservation areas and other environmentally sensitive areas. These may require separate treatment consideration (subject to the outcome of the forthcoming Conservation Area Management Plans consultation);
 - List of non-standard columns/luminaires which must remain and cannot readily be upgraded to accommodate LED technology.
 - Plans / strategy to replace columns during the works
 - Depot – will space be available in our depot or will the partner need to find their own;
 - Details of any group of workers who would be eligible to transfer under the provisions of TUPE.
30. If any work is transferred to a third party contractor, there is a potential impact on staff working in this area. Should it be deemed that there is a relevant transfer of an entity, then the Council will ensure that due process is followed in order to protect employment under the provisions of TUPE. The Council may need to provide supplementary resources for the tender process and review our existing structure.

Financial Evaluation

31. A number of options have been considered for delivering financial savings and these have been detailed in the report. A number of these were shortlisted for financial appraisal and Appendix 3 summarises these options. The options that deliver the greatest level of net savings to the Council which are to replace luminaires with:-
- LED technology only
 - LED technology with a Central Management System(CMS)
32. **LED Technology** - It is estimated that it would cost £6.6m to convert all the SOX/SON street lights to LED, over a two year period. To pay for this level of investment would require the Council to undertake borrowing or for a third party to finance the investment and 'lease back' to the Council over a 15-20 year period. Given that the Council has access to very competitive borrowing rates this financial assessment is based on the Council carrying out prudential borrowing. Energy consumption savings

are estimated at 56% together with savings of 44% in annual maintenance costs, specifically bulk lamp change and luminaire replacement.

33. **LED Technology with CMS** - As mentioned a further option is to invest in a central management system which would allow individual lights to be dimmed. Depending on the dimming regime adopted then energy costs can reduce by a further 5-14%. This would also reduce the need for a night scouting team as we would have real time information on outages. The additional capital cost of this enhancement is estimated at £1.4m.
34. It is expected that energy prices will be subjected to increases above the prevailing rate of inflation over the medium to long term. The increase for 2013/14 recently confirmed is 11%. The CMS flexibility provides a much more sophisticated range of switching options than a simple on or off and would provide the best overall return under the level 2 dimming regime, estimated to achieve an overall energy saving of 70%.
35. Both options have also been compared using differing assumptions on energy price inflation and this shows the option with the CMS functionality to have the best net present value (NPV) of the net savings under inflationary conditions.

NPV's (20 Yrs) and Payback		Inflation Level			
		0%	+5%	+7.5%	+10%
Energy price increases					
LED Only	NPV	£6.702m	£13.987m	£19.982m	£28.487m
	Payback (Yrs)	8.9	7.7	7.2	6.8
LED and CMS (Energy Saving 61%)	NPV	£5.908m	£13.842m	£20.373m	£29.638m
	Payback (Yrs)	10.0	8.4	7.8	7.3
LED and CMS (Energy Saving 70%)	NPV	£7.442m	£16.548m	£24.041m	£34.673m
	Payback (Yrs)	9.1	7.8	7.3	6.8

36. Bidders will be asked to guarantee the reduction in energy consumption. The following table shows a positive NPV, even if consumption reductions are not delivered at the rates referred to in Paragraph 32):-

Variation in Energy Consumption	LED Only (NPV)	LED and CMS (61% Energy Saving) (NPV)
-5%	£5.992m	£5.388m
-10%	£5.282m	£4.868m
-20%	£3.861m	£3.827m

37. One of the perceived problems with this type of investment is the requirement to make a significant outlay upfront, which will hit the revenue budget, before cashable returns flow in the form of reduced energy costs. It is understood that potential suppliers may be willing to delay invoicing until energy savings are made. This would provide some cash flow benefit but there are other considerations:

a) it is likely that the Council would have to accrue expenditure in the accounts to reflect the amount of work undertaken but not billed. If this is an operational asset then provision would have to be made in the following year's budget for the repayment of debt (the minimum revenue provision);

b) the supplier will factor into his prices the financing costs of delayed invoicing / payment.

38. The Council should be able to mitigate these risks in two ways. The first is to be explicit in the next energy procurement exercise what changes are being made and how these are to be reflected in the tender process. The second is that normal treasury management operations should be able to minimise interest costs associated with the initial investment with LED. This can be done by utilising cash balances or taking a short term loan, until a permanent financing solution is entered into at the time energy savings come on stream.

39. Effect on the Revenue Budget: Assuming funds are borrowed over a 20 year period the impact on the budget is estimated to be:

Saving on Budget:	56% energy saving	61% energy saving	70% energy saving
Year 1	£168k	£163k	£190k
Year 2	£308k	£258k	£339k
Year 3	£289k	£200k	£308k
Year 4	£309k	£224k	£332k

(See Appendix 4 for detail).

The figures above take no account of energy price increases and will be reassessed during the procurement phase when actual capital costs are known and taking into account current energy prices. Therefore savings are likely to be greater than illustrated. For example, since 2004/05 prices have doubled and are projected to increase in future years. Also at this stage the figures exclude any CRC cost and savings. The figures are also based on the Council borrowing funds from the Public Works Loan Board. Further avenues continue to be explored, for example the Green Investment Bank and other European funding sources.

Prudential Indicators

40. These indicators are used to demonstrate the affordability and sustainability of the Council's decisions on capital investment. In February the Council approved the latest set of indicators reflecting the decisions taken as part of the last budget round. The proposals in this report have an impact on these indicators and therefore the Council is required to approve the revisions detailed in Appendix 5.

Risks

41. Some of the risks for this type of contract would include:
- Perceived risk to health from LED lighting - all new lighting design and product selection will be carried out in line with the new British Standard (BS5489-1:2013) and CIE115:2010. These documents identify the importance of only lighting for the needs of the area following assessment. In addition a health impact assessment has been independently commissioned by the Director of Public Health in Trafford (See Appendix 1).
 - Equipment Failure - the selection of equipment will be carried out in line with the recommendations regarding minimum standards of performance, longevity, environmental qualities, and energy efficiency published by the Institute Institution of Lighting Professionals (ILP) plus other relevant bodies. It is proposed that this risk would be the contractors.
 - Future Proofing - where possible and practical, equipment will be selected on the basis of having the facility to be upgraded.
 - Pollution - luminaires and other associated equipment will be selected in line with the capability to minimise the effect on the environment. Products must achieve the minimum standards of light pollution (minimising sky glow etc.), and be compliant under The Waste Electronic and Electrical Equipment Regulations 2006 (WEEE) directive)
 - Public perception of new light source - communication strategy to be developed to inform residents, businesses, etc., ahead of the project.
 - Energy prices – How quickly energy suppliers reflect LED installations in their billing systems (See Para 38)
 - Changes to Carbon Reduction Commitment – benefit not included in current calculations as it is expected that the Council will fall below the qualification

criteria in 2014.

- Ability to sell redundant lamps – benefit not included in current calculations. This will form part of the detailed contract negotiations and any income generated will be used to offset the Council’s borrowing costs

Procurement Considerations

42. There are only two available procurement routes if the Council is to pursue a fully managed service:-

- a) Procure directly in our own right. This would require a full OJEU process as this is likely to be considered as a service. This option would be time consuming due to regulated timeframes and therefore, if savings are to be realised in the next financial year, this may not be the most appropriate solution;
- b) Procure through the Government Procurement Services’ Traffic Management Technology framework. As this is already OJEU compliant, there would only be a mini-competition required amongst the providers already guaranteed a place on the framework. We would propose a specification and ask these providers to bid against it. This solution is relatively quick as the Council can prescribe its own reasonable timeframes.

Other Options

Other options have been considered as outlined in the report and in Appendix 3. The option of LED luminaires combined with a central management solution provides the best solution in terms of carbon reduction, maintenance and energy saving.

Consultation

Appropriate consultation will be undertaken with stakeholders as the scheme develops.

There is a potential impact on staff working in this area. If any maintenance work is to be transferred to a private sector provider, should it be deemed that there is a relevant transfer of an entity, then the Council will ensure that due process is followed in order to protect employment under the provisions of TUPE. We may need to provide supplementary resources for the tender process and review our existing structure.

Reasons for Recommendation

This recommendation has been developed following a review of street lighting. The proposal for the replacement of luminaires and central management system provides the best value for money and will achieve in delivering annual MTFP savings.

This is a key decision for the Executive

Finance Officer ClearanceGB.....
Legal Officer ClearanceJL.....

CORPORATE DIRECTOR’S SIGNATURE (*electronic*).....



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Health Impact Assessment Executive Summary

Introduction

- ES.1 This Health Impact Assessment has been commissioned by Trafford Council.
- ES.2 The overall aim of this report is to provide a fair and balanced assessment of the potential and likely positive and negative health and wellbeing impacts of implementing LED street lighting given the emerging nature of the research in this area.
- ES.3 HIA is a key systematic approach to predicting the magnitude and significance of the possible health and wellbeing impacts, both positive and negative, of new plans and projects.
- ES.4 The aim of HIA is to support and add value to the decision-making process by providing a systematic analysis of the potential impacts as well as recommending options, where appropriate, for enhancing the positive impacts, mitigating the negative ones and reducing health inequalities/inequities.

Scientific evidence on the health effects of LED street lighting

- ES.5 The evidence review undertaken for this HIA has found no evidence that that LED street lighting specifically has any additional health and wellbeing effects beyond that found for artificial lighting in general.
- ES.6 The majority of reviews are cautious in making wide ranging recommendations (only one does so) and where they do they apply to the whole range of artificial lighting that people are exposed to and all call for more research in this area. This is because the current evidence is weak and mostly associated with animal, in vitro and ecological/cross-sectional studies (where accurate levels of exposure and cause and effect relationships are difficult to identify).
- ES.7 The research reviews identified in this evidence review all agree that artificial lighting can have some negative health and wellbeing impacts depending on the intensity, duration, pattern and characteristics of the light exposure alongside levels and types of exposure in the hours beforehand. This includes indoor lighting, light emitting devices such as computers as well as outdoor lighting.
- ES.8 The main difference between LED lighting and other forms of artificial lighting is that it can produce light that is more in the blue part of the light spectrum, i.e. producing a

more whiter bluer light than incandescent, fluorescent or outdoor sodium or metal halide lighting which can be much yellower and can be more intense (given the size and shape of LEDs and the way the lighting system is constructed with reflectors and lenses to focus the light). Exposure to light in the blue part of the spectrum particularly single blue colour (monochromatic blue) light can have a greater effect on the circadian rhythm.

Findings of this HIA

- ES.9 The proposed LED street lighting programme has overall no (neutral) or a minor positive health and wellbeing impact for the residents, workers and visitors of Trafford compared to the existing type of street lights being used.
- ES.10 Though there is some research that shows a relationship between exposure to artificial lighting and physical and mental health and wellbeing effects, the research evidence is weak, and these are not likely to occur because of the LED Street Lighting Programme because of the type and intensity of the light likely to be emitted and the low duration and intermittent pattern of exposure to almost all Trafford residents, workers and visitors.

Measures to minimise the potential negative and maximise the potential positive health and wellbeing impacts

Procurement of the LED lighting systems and its management

- ES.11 Ensure where, within the limits of commercial viability, some future-proofing is written into the procurement contract, such that during the life of the LED lighting systems and its management there is scope for both operational and failed LED lights to be replaced with ones that better meet the changing requirements of local residents needs and the local authority so that environmental and health and safety benefits, within existing/future financial and economic constraints, are maximised over the life of the programme.
- ES.12 Ensure that there are contingency technologies or other appropriate measures written into the procurement contract to deal with glare from the new lighting system coming into local residents' homes.
- ES.13 Check with other councils, particularly those in the Greater Manchester area, to ensure that the best LED lighting system is procured from a combined environmental, health and economic standpoint.

Design aspects of the LED lighting and technology

ES.14 The following set of measures are based on a single USA study so it may not be directly applicable to the UK context but do address many of the issues raised in the evidence review about mitigating the negative impacts of artificial lighting and LED lighting. Where possible:

- Light colour (Correlated Colour Temperature) should be white, preferably 3,500 Kelvin, but with an adjustable range from 2,800 to 5,000 Kelvin.
- The Colour Rendering Index should be greater than 80.
- The fixtures should be down-firing.
- The LED light source should not be visible to drivers, bicyclists or pedestrians unless they are directly under the fixture.
- The preferred lighting pattern on the ground should be overlapping ovals.
- Basic controls to allow dimming from 6 footcandles (65 lux) to 1.5 footcandles (16 lux) and adjusting colour temperature between 2,800 and 3,500 Kelvin.

ES.15 Aim to make the LED lighting system poles in keeping with the wider architectural environment and streetscape in residential areas.

ES.16 Aim to use existing street light locations on streets and heights of lighting fixtures/ And avoid changing the spacing between street lights or moving the location nearer to the boundary of householders properties.

Construction phase

ES.17 Ensure that any construction or setting up of the LED lighting is communicated beforehand and undertaken in a manner that reduces any potential disruption to local residents both in terms of access and, more importantly, night-time illumination.

ES.18 Develop a communication plan involving the use of local newspaper and radio, door-to-door leaflets, residents' associations, local community/ voluntary/ charity groups, etc. to ensure local residents' are aware of the construction/setting up and where they can complain and get issues remedied.

ES.19 Develop a construction/setting up management plan ensuring that sub-contractors are appropriately briefed about what they are doing and why this is being done as well as be briefed on how to ensure that they minimise any disruption to local residents and what to do and who to contact if there is likely to be unanticipated disruption e.g. that street lights could not be switched on, etc. so that the local

authority can take remedial action and inform local people about why the street lights are not on or access is disrupted.

ES.20 Have a clear and communicated (within the council and to key local organisational stakeholders as well as local residents through a variety of media) complaints and grievance procedure with a telephone number, email address and postal address as well as a designated person within the council who will take responsibility and has the authority and power to deal with and resolve local residents' complaints and concerns in a timely manner. A designated council member of staff is important even if the lighting programme is the responsibility of a private sector third party.

Operation phase

ES.21 Ensure that there is a clear and communicated set of procedures and processes in place within the council to deal with glare into local residents' homes from the new lighting system.

ES.22 Ensure that glare, light spillage or any other lighting system issues that affect residents in their homes (including gardens) are resolved within 2 weeks.

ES.23 Where dimming is considered ensure that:

- Develop a set of criteria that determines which locations are not dimmed in consultation with local residents and key public and private stakeholders such as emergency services and local businesses.
- There is initial and on-going, regular two-way dialogue and discussion between residents, residents groups and the council.
- Monitor key crime, safety and road traffic incident statistics.
- Consider switching lights back to normal brightness if there are significant complaints from local residents and alternative options are not able to address residents' complaints.

Monitoring and evaluation of health impacts

ES.24 Develop a monitoring and evaluation programme to monitor and evaluate the health and wellbeing impacts of the LED street programme by using a mix of the following indicators:

- Residents' complaints/concerns about disruption to access or lack of street lighting
- Residents' complaints/concerns about glare or other health and wellbeing related concerns

- Pedestrian, cyclist and motor vehicle driver complaints/concerns about glare or other new lighting system issue
- Residents' representative sample telephone survey – 6 months and 1 year from date of operation
- Complaints/concerns/complaints expressed by other local stakeholders e.g. environmental groups, health groups, residents' associations, business groups, voluntary groups, charities, etc.
- Complaints/concerns expressed by other local stakeholders e.g. environmental groups, health groups, residents' associations, business groups, voluntary groups, charities, etc.
- New research findings on LED street lighting and health and wellbeing published in a scientifically and/or governmentally recognised peer-reviewed scientific journal and/or undertaken by a recognised and respected individual/team of scientists.

Conclusion

ES.25 Overall, the proposed LED Street Lighting Programme has overall no (neutral) or a minor positive health and wellbeing impact for the residents, workers and visitors of Trafford compared to the existing type of street lights being used.

ES.26 Though there is some research that shows a relationship between exposure to artificial lighting and physical and mental health and wellbeing effects, the research evidence is weak, and these are not likely to occur because of the LED Street Lighting Programme because of the type and intensity of the light likely to be emitted and the low duration and intermittent pattern of exposure to almost all Trafford residents, workers and visitors.

The measures described in the Chapter 10 if appropriately considered and incorporated are likely to ensure that the majority of the negative health and wellbeing impacts of the LED Street Lighting Programme are mitigated and the positive health and wellbeing benefits enhanced.

**Democratic Services**

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M32 0TH

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Minicom: 0161 912 2012
When phoning ask for:
Helen Mitchell

Our ref:
Your ref:
Date: 15 July 2013

Dear Councillor Mitchell,

Topic Group B: Review of Investment in Streetlighting

I wish to take this opportunity to thank you and your officers for their attendance at a meeting of the above Topic Group on 9 July 2013.

The Topic Group welcomed the opportunity to explore the issues raised in the draft reports which related to a significant investment in LED streetlighting across the Borough. We felt that the overall approach to the investment as an 'invest to save' initiative had been carefully prepared and it is with this in mind that we support, in principle, the proposals which are to be considered by the Executive in September 2013. Members welcomed the approach to phasing in the new stock over a two year period and the savings which the Council would realise if the investment was agreed by the Executive.

In their concluding remarks, Members wished to request that the Executive Member review the investment at appropriate intervals to ensure that the lighting stock continued to deliver optimal performance bearing in mind wider technological innovations. Further comments were also made in relation to the exploration of the residual costs of the lanterns as soon as practicable and that given the scale and significance of the contract, work be undertaken across the organisation to ensure a robust and flexible contract was in place to meet both current and potential future streetlighting requirements. Furthermore, Members noted the robustness of the Health Impact Assessment and the Borough-wide approach to the application of LED streetlighting. The Topic Group suggested that the Executive Member may wish to progress a communications and engagement strategy which, amongst other issues, focussed on the cost savings which would be achieved by the Council once LED streetlighting was implemented.

Once again, I wish to thank you and your officers for enabling the Topic Group to consider this report prior to its consideration by the Executive. We welcome the consideration of this

'invest to save' initiative as a means of updating and improving the streetlighting stock and realising savings for the Council in the longer term.

Yours sincerely,

Councillor John Reilly
Chairman of Scrutiny Topic Group B

Cc Peter Molyneux
Aidan Flynn
Iain Veitch
Graeme Bentley
Cllr Cordingley
Cllr Ross
Cllr Bowker
Cllr Lloyd
Cllr Adshead

Summary of Options Considered

Option	Financial Implications	Implications	Rank
Do Nothing	Existing running costs of £2m a year and rising	The current revenue cost of street lighting is approximately £2m a year and is expected to rise in future years. Elements of the stock are of a mature age and are likely to require replacement in the short/medium term. Alternative light sources provide scope to significantly reduce future running costs.	5
Retain existing luminaires and update all control gear to allow lights to be turned off at a pre-determined time	<p>Estimated revenue savings (energy and maintenance) of £340k p.a</p> <p>Estimated capital cost £0.3m</p> <p>NPV over a 20 year period £4.8m</p>	This option would deliver a reasonable level of energy savings dependent on the “turn-off” time. Based on lights being switched off for 3 hours per night it is estimated approximately 27% in energy savings could be achieved, saving £0.3m p.a, and a small level of maintenance savings of £40k a year due to extending the useful life of the luminaire. The scheme would involve the replacement of the control gear (photocell) on all lamps at an estimated cost of £12/unit and have a low overall capital cost of £0.3m. This is not a viable option at present and is not expected to be publically acceptable, nor does it return the overall benefits that LED technology provides and life-cycle costs are higher due to the requirement for on-going lamp changes and the outage detection service limiting the scope for maintenance savings.	4
Introduction of dimming of all SON luminaires	<p>Estimated revenue savings (energy and maintenance) of £238k p.a</p> <p>Estimated capital cost £4.3m</p> <p>NPV over a 20 year period £0.5m Adverse</p>	<p>There are currently 16,890 SON luminaires and it is estimated that based on a midnight – dawn dimming regime (50% reduction) that a 27% energy saving could be achieved on these luminaires.</p> <p>The stock of SON lamps in Trafford is of mixed age, with approximately 80% over 15 years old. It is estimated that these luminaires would need replacement over the next five years. (An average unit cost of £220 a unit has been assumed)</p> <p>The capital cost of this option is based on £80 ballast replacement plus replacement of luminaires on 80% of the SON stock. An assumption has been made that 5% of the ballast units will require replacement over the 20 year period.</p>	6

Replace all SOX luminaires with LED luminaires	<p>Estimated revenue savings (energy and maintenance) of £263k p.a</p> <p>Estimated capital cost £3.0m, incl a contingency of £0.4m for replacement of columns</p> <p>NPV over a 20 year period £1.1m</p>	<p>There are currently 8,658 SOX luminaires and it is estimated that by converting these to LED would reduce the energy costs on these lights by 59%, or £158k a year. Maintenance cost savings would also be achieved due to the savings in luminaire and lamp replacement costs, estimated at £105k a year.</p>	3																		
<p>Replacement of all SOX/SON luminaires with LED luminaires</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 11</p>	<p>Estimated revenue savings (energy and maintenance) of £1m p.a</p> <p>Estimated capital cost £7.9m, incl a contingency of £1.3m for replacement of columns</p> <table border="1" data-bbox="450 644 831 831"> <thead> <tr> <th>Inflation</th> <th>NPV over 20 years</th> </tr> </thead> <tbody> <tr> <td>0%</td> <td>£6.7m</td> </tr> <tr> <td>5%</td> <td>£14.0m</td> </tr> <tr> <td>7.5%</td> <td>£20.0m</td> </tr> <tr> <td>10%</td> <td>£28.5m</td> </tr> </tbody> </table>	Inflation	NPV over 20 years	0%	£6.7m	5%	£14.0m	7.5%	£20.0m	10%	£28.5m	<p>A whole scale replacement of all SOX/SON luminaires with LED luminaires, supported with a 20 year warranty, would generate a greater level of energy and maintenance savings. This option is estimated to deliver substantial energy and maintenance savings of £0.7m and £0.3m respectively per year. The initial capital cost is estimated at £6.6m and even allowing for some column replacement will deliver sustainable savings to the revenue budget over a 20 year period.</p>	2								
Inflation	NPV over 20 years																				
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10%	£28.5m																				
<p>Replacement of all SOX/SON luminaires with LED luminaires utilising a central management system to allow dimming</p>	<p>Estimated revenue savings (energy and maintenance) of between £1m and £1.1m p.a</p> <p>Estimated capital cost £9.3m, incl a contingency of £1.3m for replacement of columns</p> <table border="1" data-bbox="450 1031 837 1311"> <thead> <tr> <th colspan="3">NPV over 20 years</th> </tr> <tr> <th>Inflation</th> <th>Level 1 Dimming</th> <th>Level 2 Dimming</th> </tr> </thead> <tbody> <tr> <td>0%</td> <td>£5.9m</td> <td>£7.4m</td> </tr> <tr> <td>5%</td> <td>£13.8m</td> <td>£16.5m</td> </tr> <tr> <td>7.5%</td> <td>£20.4m</td> <td>£24.0m</td> </tr> <tr> <td>10%</td> <td>£29.6m</td> <td>£34.7m</td> </tr> </tbody> </table>	NPV over 20 years			Inflation	Level 1 Dimming	Level 2 Dimming	0%	£5.9m	£7.4m	5%	£13.8m	£16.5m	7.5%	£20.4m	£24.0m	10%	£29.6m	£34.7m	<p>A CMS will allow lights to be dimmed therefore providing the potential for additional energy savings. There is the potential to make additional energy savings of 5% or 14%. <i>The financial benefit of the CMS is achieved under the more extensive dimming regime where the additional energy savings are sufficient to cover the cost of the additional investment.</i></p>	1
NPV over 20 years																					
Inflation	Level 1 Dimming	Level 2 Dimming																			
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5%	£13.8m	£16.5m																			
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10%	£29.6m	£34.7m																			

Assumptions:-

1. All options appraised over 20 years once the asset becomes operational.

2. Baseline energy costs and maintenance use 2012/13 data
3. Maintenance cost savings for LED replacement option include saving on bulk lamp change and luminaire replacement equating to 44%. These estimated savings have been reduced to 41% with a central management system which includes an allowance for CMS maintenance costs.
4. Treasury discount rate of 3.5% applied to calculate net present value figures
5. No assumptions have been made in the modelling for any residual values

Projected Impact on the MTFP							Appendix 4
	2013/14 (£000's)	Year 1 (£000's)	Year 2 (£000's)	Year 3 (£000's)	Year 4 (£000's)	Year 5 (£000's)	Year 6 (£000's)
Electricity	1,200	1,200	1,200	1,200	1,200	1,200	1,200
CRC							
Variable Maintenance	745	745	745	745	745	745	745
Fixed Maintenance	93	93	93	93	93	93	93
Total	2,038	2,038	2,038	2,038	2,038	2,038	2,038
Option - LED and CMS, 2 year construction							
Electricity (61% saving)		1,017	651	468	468	468	468
CRC							
Variable Maintenance		669	516	440	440	440	440
Fixed Maintenance		93	93	93	93	93	93
Sub-Total							
Savings "Pre-Finance"							
Costs		-259	-778	-1,037	-1,037	-1,037	-1,037
Finance Costs:-							
MRP		0	233	465	465	465	465
Interest Costs		96	289	386	386	386	386
Interest gain		0	-2	-14	-37	-56	-74
Net Saving - Impact on MTFP (*)	0	-163	-258	-200	-224	-242	-261
But with no borrowing in the short term							
Internal borrowing saving		-70	-129	-64			
%		1	2	3	4	4	4
Impact on MTFP - Internal Borrowing		-233	-387	-265	-224	-242	-261

(*) It is assumed that changes to the Carbon Reduction Commitment will mean Trafford is below the qualification threshold and will not have to buy allowances. This is dependent on the Government enacting its recent announcements.

Prudential Indicators

	2013/14		2014/15		2015/16	
	Current	Updated	Current	Updated	Current	Updated
Capital Expenditure (£m)	39.8	39.8	27.0	31.7	11.2	15.8
The overall capital budget will increase by £4.7m in 2014/15 and £4.6m 2015/16 as a result of the proposed new investment						
Capital Financing Requirement (£m)	145.1	145.1	138.4	143.1	133.8	142.9
This reflects the Council's underlying borrowing requirement to support its current and historical capital expenditure.						
Financing Cost to Net Revenue Stream (%)	7.0	7.0	7.7	7.7	7.4	7.5
This indicator shows the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the Council's net revenue stream. The increase reflects the additional debt repayment which can be more than met from the savings that the scheme will generate.						
Incremental Impact on Band D Council Tax (£)	13.66	13.66	0	0	0	0
There is no change in this indicator because the level of debt repayments the Council makes is greater than the level of this additional investment.						

Wilde

Wilde Consulting Engineers

Civil and Structural Engineers

PROPOSED STREET LIGHTING INVESTMENT PROGRAMME

**PROPOSED STREET LIGHTING INVESTMENT PROGRAMME
REVIEW OF REPORT TO TRAFFORD COUNCIL**

Wilde

30 October 2013

Ref : C398-151-R01 revA

Report Control Sheet

Version	Date	Status	Prepared By	Checked	Approved
A	30 October 2013	Issue to Trafford MBC	P Ormshaw	L Garner	S Tickle

REPORTING CONDITIONS

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Report by

P Ormshaw
Lighting Engineer

Checked by

L Garner CEng, MICE, CMIOSH
Director

Approved by

S Tickle CEng, MICE, CMIOSH
Director

29 October 2013

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1. Purpose of this Review

To provide an independent review of a Trafford Council report entitled “Investment in Street Lighting”. The report is to the Executive 18th November 2013 and to the Council 22nd January 2014 for Decision.

The report was produced by the Executive Member for Highways & Environment and the Corporate Director of Environment Transport & Operations.

The report comprises a main body of 42 sections supported by six numbered appendices.

This independent review is itself to form appendix 6 of the report.

2. Executive Summary

Trafford Council has during the course of 2013 been considering a significant “invest to save”, initiative. The initiative focuses on re-evaluating the street lighting operation presently provided by the authority. As a result of this process, the above report has been made available to WCL with a request to provide an independent review of its content. All comments and potential recommendations offered in this independent review are based on the present content of the reports as they read. The financial case is based on the background work carried out by the authority to date and will be properly confirmed by seeking submissions to a tender having the scope, specifications and conditions to meet with the council’s street lighting policy requirements and the relevant national standards.

Trafford Council has carried out a balanced economic and financial assessment of the proposal to convert existing SOX/SON luminaires to LED units. The option of transferring the maintenance of all street lighting to a private sector operator has also been investigated. Based on the data provided by Trafford Council we confirm that due diligence has been carried out. The Council has developed a robust business case to convert to LED luminaires over a two year period coupled with a central management system and the transfer of maintenance to a private sector operator, to potentially save the Council between £7.0m and £9.0m over 20 years.

3. Content of This Report

This review report is organised to broadly reflect the format the investment report being reviewed. Comments are made on the technical aspects of the project and the expected outcomes on the basis of the information provided. Further comments are also made on the procurement and financial content of the document.

4. Overview

To the independent observer the report has a clear focus on the financial impact of the investment considered which is in line with objectives set out. Recent adverse publicity in the media however and questions raised locally by interested parties have identified the difficulties and issues encountered when embarking on such a project, or committing to a legally binding agreement with an outside organisation, without first laying out a proposed strategy and tendering a well-defined scope for delivering the project. The statements made in the report have been reviewed and found to be well reasoned and measured. The overall technical basis for a general move away from SON/SOX lighting to LED has been set out in paragraph 1 of the report (background).

We concur that a suitable tendering process and sustainable street lighting policy as outlined in section 17 should be progressed in order to confirm or disprove the anticipated long term cost savings. This should be in line with the overall lighting policy, the body of which might incorporate the following aim or similar; *'To make the roads safer for traffic and pedestrians during the hours of darkness and to reduce crime and the fear of crime by ensuring the roads and streets will be lit, and that where reasonable and practicable this be to a standard compliant with the recommendations of BS5489 2013.'*

Preparation in this manner will ensure that the authority is making clear statements of its intention to comply with all statutory and other duties under the law.

The standard of lighting performance ultimately required for each area of the authority will need to be developed and included within the tendering / procurement process so that prospective future providers can supply accurate, comparable and representative tenders.

This aspect and several other informational requirements are addressed in section 29.

The scope of works will require setting out in some detail in order to allow the variety of conditions needing to be met to be properly reflected and priced for. i.e. some of the lighting stock may not readily accommodate simple lantern exchanges, also the spacing between some existing columns may be excessive in terms of providing road lighting to a recognised standard.

Elements within the tender should be provided for design time, expense and criteria to be included so that safety and compliance are clearly accounted for. These can be reinforced by referring to a *'complete and comprehensive service level agreement, including initial design / procurement / installation / future maintenance works'*.

5. Energy Price Predictions

The effect of future development in the borough will lead to a prospective growth in lighting stock along with resulting maintenance pressures. This factor is recognized within section 2. The general statements and graphical illustration within section 3 to 6 present a convincing view of the prospective effects of energy costs and other factors, which we would generally support. Recent energy price increases and fear of blackouts further support the recommendation to invest in a more energy efficient asset.

6. Energy Procurement

We have confirmed with Trafford that in line with the many authorities who are at the moment declaring energy on a "passive" basis (a notional amount of time between dusk and dawn), they will be switching to "dynamic" metering. What this means is that any reduction in energy will also qualify for a reduction in CRC tax if that becomes liable. Authorities who remain trading passively may reduce their energy bill but would not qualify for a reduction in CRC tax. The lead time for changing from passive to dynamic is around six months.

7. Carbon Reduction

We have confirmed with Trafford that they have again reviewed their position regarding Carbon Reduction and all the indications are that they will not under present circumstances trigger CRC tax.

If at some point this situation does change such that maintaining the status quo (do nothing) would trigger this, then the effect would be to further strengthen the financial case in support of the proposed investment in LED's and a CMS thus reducing/removing tax liability.

8. Technical Review

It is recognised in section 22 of the report that a CMS would negate the need for night time inspections and the potential costs for this activity. This saving will further offset the costs of installation and future maintenance, again reinforcing the business case.

CMS can also be used as a "virtual meter" if the system is approved by the host district network operator (DNO), and providing the DNO has the appropriate technology in order to handle the information.

We have confirmed with Trafford Council that the basis of costing the dimming regimes has incorporated an average cost for the supply of electricity.

Within section 8 the bullet point list of proposed options for consideration set out. There are eight options in the bullet point list but only six of these are detailed in the table in appendix 3 (Summary of Options Considered). This is because the second and third items in the bullet point list were logically discounted within sections 9 and 10 respectively and no further evaluation was undertaken.

9. LED Luminaires and other associated equipment

Any concerns would seem to have been identified in benefits and risk sections. Reference to the appropriate bodies and process of selection would appear to satisfactorily meet the requirements regarding a duty of care. It is worth noting that during design stage luminaire variants should be selected in line with specific requirements in terms of colour appearance.

10. Benefits, Information Requirements and Risks

The benefits would seem to have been identified and clearly set out. Information requirements again are set out clearly, and applicable, although only in an overview format.

At tender stage there may be a need to be more specific information produced on points such as specification for instance.

The risk section is well set out and representative. It could justifiably also have included *'non-implementation of the proposed investment'* as a significant risk. This scenario is however also represented within the "Do Nothing" option. If the project is not implemented then Trafford Council will have a street lighting asset that incorporates ageing technology, where the annual energy consumption and maintenance costs will continue to increase in the foreseeable future.

11. Recommendations

- 1) Progress the necessary activities to support tender preparations for the proposed asset investment.
- 2) Agree a lighting policy for Trafford.
- 3) Agree scope of works in line with lighting policy and incorporating specifications, standards and statutory requirements.
- 4) Proceed to tender and obtain comparative competitive market proposals for the delivery and maintenance of the asset investment.

12. Conclusion

Trafford Council has carried out a balanced economic and financial assessment of the proposal to convert existing SOX/SON luminaires to LED units. The option of transferring the maintenance of all street lighting to a private sector operator has also been investigated. Based on the data provided by Trafford Council we confirm that due diligence has been carried out. The Council has developed a robust business case to convert to LED luminaires over a two year period coupled with a central management system and the transfer of maintenance to a private sector operator, to potentially save the Council between £7.0m and £9.0m over 20 years.

TRAFFORD COUNCIL

Report to: Executive

Date: 18 November 2013

Report for: Decision

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

Report Title

CAPITAL INVESTMENT PROGRAMME MONITORING 2013/14
2nd Quarter (April – September)

Summary

This report summarises the findings from the budget monitoring for the period to 30 September 2013. The salient features are:
The Quarter 1 2013/14 budget approved in July 2013 was £41.0m. Taking into account additions to schemes in the second quarter the programme has increased to £41.6m.
Capital Expenditure to date is £17.0m, being 41% of the budget with an outturn projection of £42.6m
The level of available resources has been updated to reflect the latest Land Sale Programme and surplus resources of £4.1m will be available to support future capital priorities.

Recommendations

1. That the amendments to the 2013/14 Capital Investment Programme be approved
2. That the monitoring report be noted

Contact person for access to background papers and further information:

Name: Mark Hughes

Extension: 2072

1. Capital Investment Programme Update

1.1. This Report summarises the current position and progress of the 2013/14 Capital Investment Programme and its financing as at 30 September 2013. It takes into account both financial and scheme progress monitoring undertaken with service area project officers

1.2. Capital Expenditure for the year is estimated to be £41.6m which is £0.6m higher than the budget reported in the quarter 1 monitoring report. The changes are summarised in the table below with a detailed breakdown provided in Appendix 1.

Capital Investment Programme 2013/14	Q1 Revised 2013/14 £m	Q2 Revised 2013/14 £m	2013/14 Projected Outturn £m
Portfolio Analysis			
Supporting Children & Families	0.3	0.3	0.3
Education	19.0	19.5	21.8
Adult Care, Health & Wellbeing	2.9	2.9	2.8
Economic Growth & Prosperity	7.5	7.5	7.1
Environmental Services	1.6	1.6	1.6
Highways & Transportation	7.4	7.5	6.7
Safe, Strong Communities	0.3	0.3	0.3
Transformation & Resources	2.0	2.0	2.0
Total	41.0	41.6	42.6
Service Analysis			
Children, Families & Wellbeing	22.2	22.7	24.9
Economic Growth & Prosperity	7.5	7.5	7.1
Environment, Transport & Operations	9.3	9.4	8.6
Transformation & Resources	2.0	2.0	2.0
Total	41.0	41.6	42.6

1.2 The increase in the budget of £0.6m can be summarised as follows:

- **£0.6m of new & additional resources including :**

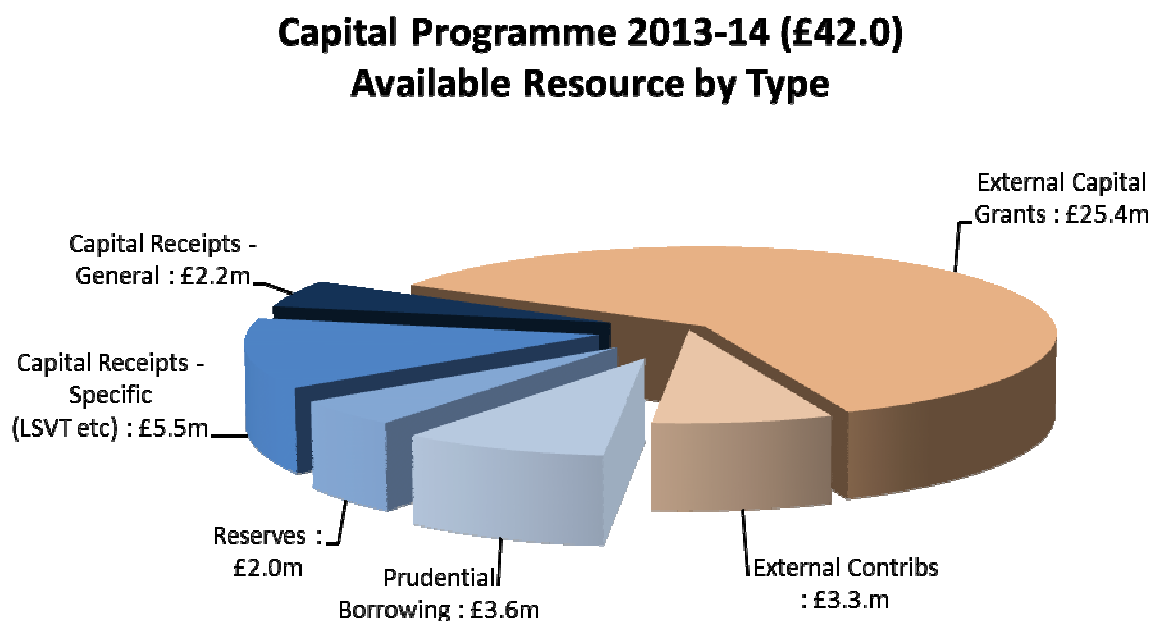
- § £0.4m of new Targeted Basic Capital Need grant from the DoE for the provision of additional places at Bowdon CoE Primary. The total award is £1.7m.
- § £0.1m of s106 contributions in respect of educational facilities have been added to a number school Basic Need projects.
- § £0.1m of new City Cycle Ambition grant from TfGM to provide 3 cycling initiatives in the Borough. The total award being £1.3m.

1.3 The projected outturn for 2013/14 is expected to be £42.6m which reflects :

- § Progress on a number of Schools Basic Need projects has been better than originally programmed - £2.9m.
- § Schools devolved formula capital £(0.7) - schools led projects.
- § £(0.8) on a number highways and transport schemes including the Bridgewater Way and Water Taxi projects.
- § The retention payment for the LTA work at Trafford Town Hall is not due to be paid until summer 2014 - £(0.4).

2. Resourcing

- 2.1. The chart below shows the types and levels of resource available to finance the Capital Investment Programme. Internal funding of £13.3m equates to 32% of the total funding requirement, whilst external funding makes up the balance, 89% of this being government grant (£25.4m) .



- 2.2. The latest estimate of capital receipts supporting the Programme identifies additional net receipts of £0.4m, being the inclusion of land at St Mary's Road, Bowdon and a reduction in the estimated receipt for Higher Road Depot. The phasing of the receipts has also been reviewed with £1.4m of the 2013/14 estimate now expected to be realised in 2014/15.
- 2.3. As well as the additional receipts above a change in the funding of a highway junction scheme in Timperley has released £0.3m of receipts for re-investment. The table below shows the current surplus position taking into account these changes.

Impact on 2013/15 Capital Investment Programme	2013/14 £m	2014/15 £m	Total £m
Resources available:			
Capital receipts available from Land Sales	2.2	10.2	12.4
Capital Investment Programme requirement	(1.8)	(6.5)	(8.3)
Current Surplus/(Deficit) at Q2	0.4	3.7	4.1

- 2.4. Overall the level of resources available exceeds the requirement to support the capital programme by £4.1m, an increase of £0.7m from the position last reported. These resources will be taken into account in setting the 2014/17 programme.
- 2.5. Rephasing of the Land Sales Programme and the application of capital grant, supporting the school schemes (para. 1.3), in advance of original plans could have an adverse impact on the amount of investment interest generated in the year and this situation will be monitored throughout the rest of the year. This is expected to be approximately £15k.

3. Actual Expenditure – 2nd Quarter (April – September)

- 3.1. Actual expenditure for the second quarter of the year is £17.0m which equates to 41% of the revised budget, as shown in the table below. Further details of the service areas are reported in Appendix 3.A

Capital Investment Programme 2013/14	Q2 Spend £m	Q2 Revised 2013/14 £m	Proportion of budget
Portfolio Analysis			
Supporting Children & Families	0.1	0.3	33%
Education	9.6	19.5	49%
Adult Care, Health & Wellbeing	0.6	2.9	21%
Economic Growth & Prosperity	4.2	7.5	56%
Environmental Services	0.5	1.6	31%
Highways & Transportation	2.0	7.5	27%
Safe, Strong Communities	-	0.3	9%
Transformation & Resources	-	2.0	2%
Total	17.0	41.6	41%
Service Analysis			
Children, Families & Wellbeing	10.3	22.7	45%
Economic Growth & Prosperity	4.2	7.5	56%
Environment, Transport & Operations	2.5	9.4	27%
Transformation & Resources	-	2.0	2%
Total	17.0	41.6	41%

- 3.2. The majority of the expenditure (61%) has been incurred on schemes within Children Families & Wellbeing. £8.2m on a number of large additional primary school places schemes, which have been completed or started during the summer. There has also been £1.0m incurred on a range of maintenance programmes in schools over the holidays, including kitchen ventilation, boiler and electrical works.
- 3.3. Economic Growth & Prosperity expenditure of £4.2m to date relates primarily to the completion of the development works at Lancashire Cricket Ground of £2.7m and, continuing on from the 2012/13 investment an additional £1m for the Local Authority Mortgage Scheme.

3.4. Highways expenditure of £2.0m has been incurred so far in the year which, along with £0.4m of investment in the Food Waste Collection programme, is included in a total expenditure for Environment Transport & Operations of £2.5m. Whilst this equates to only 27% of the projected budget the levels of on-site and programmed schemes show that 92% is currently being progressed.

4. Status of 2013/14 Projects

4.1. There are 238 individual projects currently allocated in the programme. As part of the monitoring process a record of the "milestones" reached by each project is kept to show the progress of the scheme from inclusion in the Programme through to completion. The table below shows the value of the budget across the milestone categories and a comparison to quarter1.

Status on 213/14 Projects	Quarter1 £m	Quarter 2 £m	Percentage of Budget
Already complete	5.6	7.8	19%
On site	25.6	29.9	72%
Programmed to start later in year	6.4	2.2	5%
Not yet programmed	3.4	1.7	4%
Total	41.0	41.6	100%

4.2. The first three categories give a good indication as to the level of confirmed expenditure to be incurred during the year. As can be seen the increases from Q1 in the top two categories and reductions in the other two categories confirm that schemes are progressing well. A more detailed analysis, by service area, is shown in Appendix 2.

5. Recommendations

5.1. That the amendments to the 2013/14 Capital Investment Programme be approved. That the monitoring report be noted.

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	Capital expenditure to be contained within available resources in 2013/14. There will be a loss of £15k of investment interest as a result of the re-phasing of the land sales programme and the use of grant earlier than planned.
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
Staffing/E-Government/Asset Management Implications	A number of improvement schemes are being undertaken in 2013/14.
Risk Management Implications	Not Applicable
Health and Safety Implications	A number of schemes are being undertaken in 2013/14 on the grounds of health and safety.

Other Options

The Executive could decide to use capital receipts to repay debt which would generate revenue savings on the Medium Term Financial Plan.

Consultation

Consultation has taken place with budget holders, responsible officers and professional services to ascertain the best projection of capital expenditure to be incurred in 2013/14.

Reasons for the Recommendation

The Authority is regularly assessed on the performance of its Capital Investment Programme and how delivery matches corporate policies and proposed spending plans. To reflect budgets in line with revised expectations will assist in evidencing that compliance with the above is being met.

Finance Officer Clearance (type in initials)GB.....

Legal Officer Clearance (type in initials)MJ.....

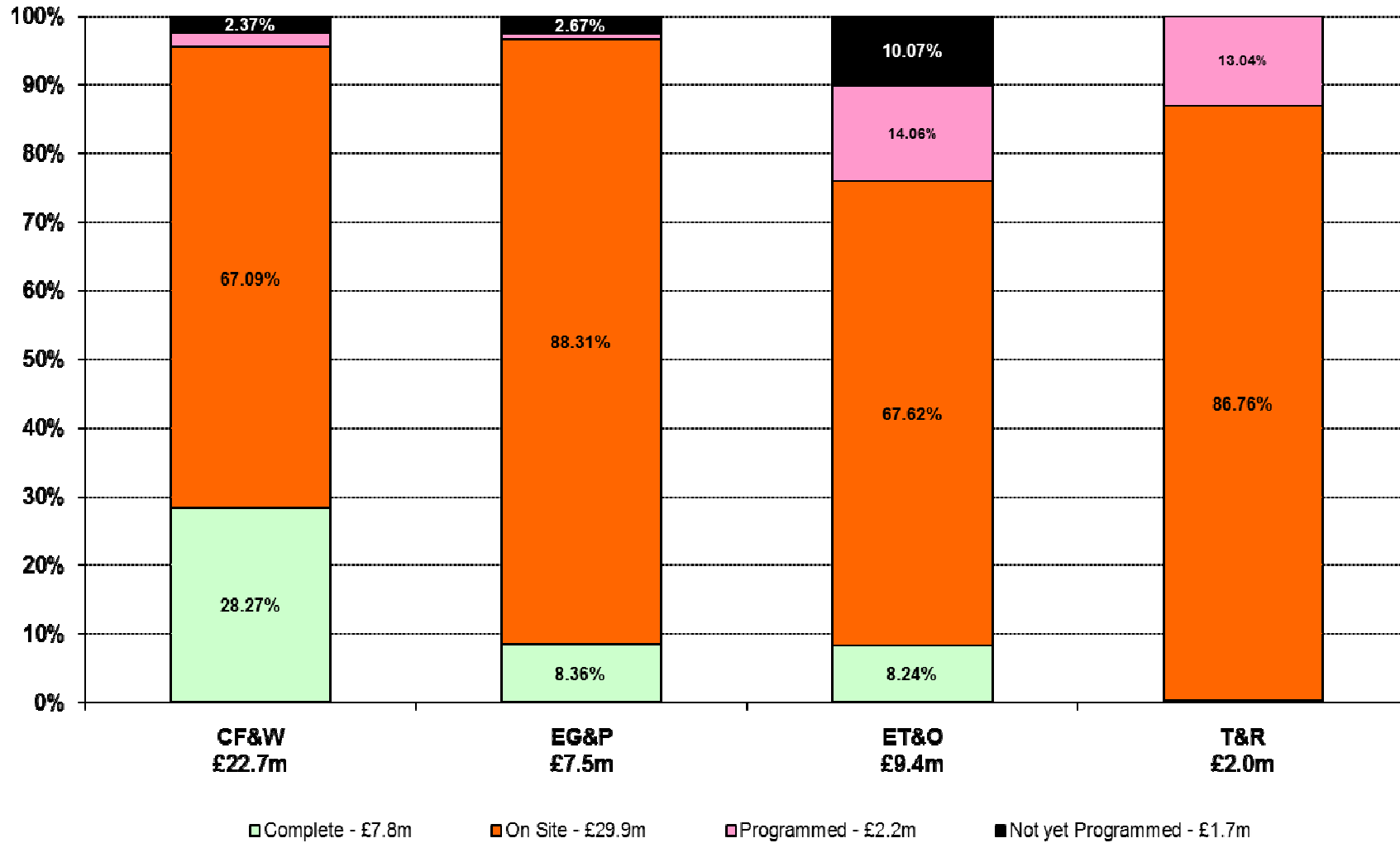
Director of Finance [Signature appended in hard copy.]

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

Appendix 1

Capital Investment Programme 2013/14 : Budget changes during Qtr 2		Budget 2013/14 £'000	Budget 2013/14 £'000
Budget Reported at Quarter 1			40,962
<i>Amendments during Quarter 2</i>			
New Schemes & Increases	Financed by :		
Schools - Targeted Basic Need Grant	DoE	415	
City Cycle Ambition Grant	TfGM	137	
Schools – Various Projects	S106	95	647
Total			41,609

Capital Programme 2013/14 - Status of schemes by Service Area



Children, Families & Wellbeing

Capital Investment Programme 2013/14	No of Scheme	Q2 Budget 2013/14 £m	Q2 Expend 2013/14 £m	Proportion of budget
Quarter 2 Budget		22.7		
Schools				
Primary Schools	37	15.7	9.3	59%
Secondary Schools	5	1.3	-	-
Special Schools	1	0.4	-	-
Other	3	2.1	0.3	14%
Youth Service	2	-	-	-
Children's Services	3	0.3	0.1	42%
Services for Adults	9	2.9	0.6	21%
Total	60	22.7	10.3	45%

Schools

6 new additional places projects have been agreed this year to add to the 13 started in 2012/13. 9 of the 13 schemes started in 2012/13 are now complete with design and consultation works having started on the new projects. As a result of this progress £2.8m has been accelerated from 2014/15.

Targeted Basic Capital Need grant award totalling £1.7m has been received in respect of Bowdon CoE Primary School, with £0.4m being received this year. The grant is being used to support a scheme previously agreed from the general Basic Need Grant for additional places.

£2.8m worth of capital maintenance schemes, including boilers, roofs, rewires and kitchen ventilation works, were programmed for the summer holidays. The majority of these have been completed with the remainder programmed to start during the autumn term.

Services for Adults

The budget for Disabled Facilities Grants for the year is £1.5m with current expenditure being £0.5m. The pressure on the DFG programme continues and issues with contractors have delayed the progress of some works. These have now been addressed and the Adaptations Service is in the process of identifying a plan to ensure delivery.

The Community Capacity Grant is being used to provide a number of improvements to establishments across a range of services, with works at Ascot Hose, Shawe Road and Meadowside programmed to start soon.

Economic Growth & Prosperity

Capital Investment Programme 2013/14	No of Scheme	Q2 Budget 2013/14 £m	Q2 Expend 2013/14 £m	Proportion of budget
Quarter 2 Budget		7.5		
Corporate Landlord	38	1.6	0.4	25%
Regeneration	2	2.9	2.7	93%
Strategic Planning	5	1.9	0.1	5%
Housing Services	3	1.1	1.0	91%
Total	48	7.5	4.2	56%

Corporate Landlord

A number of programmes, totalling £0.8m, covering DDA works, Public Building Repairs and M&E works to protect the Council's assets are planned for the year. A number of the DDA and PBR projects are now complete with the remainder either on site or planned to start later in the year.

Also £0.8m of LTA works at Trafford Town Hall are included in this area and whilst the work is complete the final retention is not due to be paid until summer 2014.

Town Centres

Works within Altrincham Town Centre have begun. Works at Altrincham Historic Market Quarter and Beggars Square are planned for completion early in the new year.

Other town centres are subject to consultation and preparation of plans for the rejuvenation is being considered.

Housing Services

An additional £1.0m has been invested in the Local Authority Mortgage Scheme to continue the scheme aimed at assisting first-time buyers and stimulating the local economy.

Environment Transport & Operations

Capital Investment Programme 2013/14	No of Scheme	Q2 Budget 2013/14 £m	Q2 Expend 2013/14 £m	Proportion of budget
Quarter 2 Budget		9.4		
Highways				
Traffic & Transport	36	3.0	0.5	17%
Highway Maintenance	45	4.1	1.3	32%
Bridges	12	0.4	0.2	50%
Bereavement Services	1	0.3	-	-
Sustainability & Greenspace	20	0.6	0.1	17%
Public Protection	3	0.3	-	9%
Waste Management	1	0.7	0.4	57%
Total	118	9.4	2.5	27%

Minor overspends have been identified on schemes within the service area:

- Lay-by works on Chester Road, Stretford - £15k,
- Improvement works at John Leigh Park, Altrincham - £6k, and
- Installation of air quality monitoring equipment at Carrington Power Station - £5k.

Available S106 contributions and developer contributions have been identified to finance these.

Highways

Delivery of a range of integrated transport projects including cycle routes, Bridgewater Way improvements and Water Taxis are included within this area and whilst levels of expenditure are currently low the majority of schemes are now on site and are expected to complete in line with projections.

Following a bid the authority has been successful in securing £1,255k of City Cycle Ambition grant from TfGM to provide 3 new cycle schemes at Bridgewater Way, Sale/ Brooklands and Flixton. £100k of this is phased to 2013/14.

As a result of the monitoring process it has been identified that the Bridgewater Way improvements, Water Taxis and Pay & Display Equipment schemes are now, as a result of negotiations with delivery partners, expected to complete in 2014/15.

Also included are highway structural maintenance work, street lighting improvements and bridge strengthening and repairs works. There are 57 schemes being undertaken during the year which are expected to deliver £4.5m of improvements to the authority's highway infrastructure.

Sustainability & Greenspace

There is £0.6m relating to the improvement and provision of parks and open spaces across the borough. Projects are supported by a range of funding streams including S106 contributions, Performance Reward Grant and grants awarded to Friends of Groups.

Environmental Services

Food Waste Collection Service – Majority of the equipment has now been purchased and 90% of properties have now been provided with the service with the remainder to be provided by October. Early results show that recycling rates are over 60% and that the changes introduced are on target to deliver the expected budget savings.

Transformation & Resources

Capital Investment Programme 2013/14	No of Scheme	Q2 Budget 2013/14 £m	Q2 Expend 2013/14 £m	Proportion of budget
Quarter 2 Budget		2.0		
Performance & Improvement	1	0.1	-	-
Information Technology	11	1.9	-	2%
Total	12	2.0	-	2%

Information Communications Technology

Included within the ICT area are a number of major projects these being :

- **CRM Upgrade** – Scheme scoping had been complete and the project is at the Invitation to Tender stage and it is expected to start before the year end.
- **Electronic Data Record Management (EDRMS)** – Previous project work was aborted and the supplier has reimbursed the £55k costs incurred. Further work has been carried out and the project is now at the Invitation to Tender stage with implementation expected in year.
- **Web / Customer Strategy** – The project is linked to the CRM Upgrade scheme progress.

TRAFFORD COUNCIL

Report to: Executive

Date: 18 November 2013

Report for: Decision

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

Report Title:

Revenue Budget Monitoring 2013/14 – Period 6 (April to September 2013).

Summary:

The approved revenue budget for the year is £159.003m. The forecast for the end of the year, as projected following five months of activity, is £157.415m being a net underspend of £(1.6)m, (1.0)% of the budget. This is a movement of £(1.0)m on the previous month primarily due to a refresh of forecasted client numbers in adult social care of £(0.5)m.

In addition, the Learning Disability Recovery plan is forecasted to achieve £(0.6)m of in-year cash savings. The main areas of budget variance are summarised as:

Activity	Forecast £m	Movement £m
Vacancy management & control	(0.9)	(0.3)
Social Services demand led budgets	1.1	(0.5)
Projects/savings rescheduling	0.2	-
Running costs	0.3	(0.1)
New Grant	(0.2)	-
Income	(0.8)	(0.2)
Service Outturn	(0.3)	(1.1)
Additional Airport dividend	(1.3)	-
Other Council-wide budgets	-	0.1
Forecasted outturn	(1.6)	(1.0)
Learning Disability Pool	(0.6)	-

Reserves

The forecast level of General Reserve at year end is £(10.1)m. Deducting future planned commitments the long term balance is £(8.1)m, or £(2.1)m above the minimum level of £(6.0)m.

The net service carry forward reserves at the beginning of the year were £(3.6)m. With a planned use to support savings and change projects of £2.0m, plus a net underspend of £(0.2)m, the projected carry forward is £(1.8)m. The Learning Disability Pool reserve had an adverse brought forward balance of £1.5m, which will be reduced by the recovery plan in-year to £0.9m, with a view to full recovery by the end of next year.

Council Tax

There is an in-year forecasted Council Tax surplus, of £(0.900)m, an improvement of £(0.291)m since last period mainly due to a revised forecast relating to empty property discounts awarded, £(177)k, and a reduction in the number of households claiming Council Tax Support, £(90)k.

Recommendation(s)

It is recommended that:

- a) the latest forecast and planned actions be noted and agreed; and
- b) the changes to the commitments to the General Reserve for support to the Greater Manchester Work Programme Leavers project at £121k, and additional professional fees for Town Centre development of £60k, be approved.

Contact person for access to background papers and further information:

Head of Financial Management

Extension: 4302

Background Papers: None

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	Revenue expenditure to be contained within available resources in 2013/14.
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
Staffing/E-Government/Asset Management Implications	Not applicable
Risk Management Implications	Not applicable
Health and Safety Implications	Not applicable

Director of Finance:.....**IK**...

Director of Legal & Democratic Services:....**MJ**.....

Signature:

Budget Monitoring - Financial Results

- The approved budget is £159.003m. Based on the budget monitoring for the first 6 months of the year, the overall forecast for the year is £157.415m, being an underspend of £(1.588)m, (1.0)%. Included within this total is a net service underspend of £(0.249)m or (0.2)% of the relevant budget, and underspends in Council-Wide budgets of £(1.339)m or (5.7)% of the relevant budget.
- The Learning Disability (LD) Pool recovery plan is forecasted to achieve £(0.580)m or (2.9)% of cash savings to offset the brought forward adverse balance on the fund of £1.472m. The details of service variances can be found in Annexes 1 to 4, and for Council-Wide, Annex 5:

Table 1: Budget Monitoring results by Directorate	Year end Forecast (£000's)	Percentage %	Period Movement £(000's)	Annex
Children, Families & Wellbeing	37	0.1%	(728)	1
Environment, Transport & Operations	47	0.2%	(7)	2
Economic Growth & Prosperity	-	0.0%	(40)	3
Transformation & Resources	(333)	(1.6)%	(305)	4
Total Service Variances	(249)	(0.2)%	(1,080)	
Council-wide budgets	(1,339)	(5.7)%	25	5
Estimated outturn variance (period 6)	(1,588)	(1.0)%	(1,055)	
Learning Disability Pool	(580)	(2.9)%	17	1
Total Forecasted outturn	(2,168)	(1.4)%	(1,038)	

Table 2: Budget Monitoring results by Executive Portfolio Holder	Year end Forecast (£000's)	Percentage %	Period Movement £(000's)
Supporting Children & Families	8	0.0%	(56)
Education	(27)	(1.5)%	(67)
Adult Social Services	56	0.2%	(605)
Community Health & Wellbeing	-	0.0%	-
Highways & Environment	47	0.2%	(7)
Safe and Strong Communities	50	2.3%	9
Economic Growth & Prosperity	-	0.0%	(40)
Transformation & Resources	(265)	(1.9)%	(344)
Finance	(1,457)	(5.3)%	55
Estimated outturn variance (period 6)	(1,588)	(1.0)%	(1,055)
Adult Social Services (LD Pool)	(580)	(2.9)%	17
Total Forecasted outturn	(2,168)	(1.4)%	(1,038)

Key Month on Month Variations

- The key variances contributing to the period movement of a favourable £(1.038)m are:
 - £(0.510)m favourable movement in Adult Social Care. A refresh of client data has shown that the number of service users across residential, homecare and direct payments is more in line with the budget than previously reported;

- £(0.209)m base budget savings relating to Transformation & Resources Directorate support service costs associated with the new Public Health function;
- £(0.167)m relating to vacancy management within ICT and Legal & Democratic services;
- £(0.111)m higher than expected rental income from Stretford Arndale lettings;
- £(0.100)m reduction in transport costs due to rationalisation of trips following the merger of the Princess Centre and Pathways;
- £(0.070)m one-off NNDR refunds from backdated exemptions and ratable value reductions on Council buildings;
- £0.144m, some of the savings from the proposed changes to staff terms and conditions will not be achieved in full this year;
- Other minor net movements across all other services, £(0.015)m.

MTFP Savings and increased income

4. The Budget included for £(18.5)m of savings and increased income. The table below summarises the current forecasts against this savings target:

Table 3: Savings 2013/14	Budget target (£000's)	End of Year Forecast (£000's)	Variance (£000's)
Transformation savings	(8,131)	(8,132)	(1)
Other savings	(10,389)	(10,389)	
Total	(18,520)	(18,521)	(1)

5. There has been slippage on savings in Groundforce £0.120m pending a review of working conditions and Enforcement £0.214m due to additional staff consultation. These will be mitigated in full from management action taken across the Directorate or use of accumulated balances if required.

Council Tax

6. There have been a number of changes to the overall Welfare system since 1 April 2013, resulting in a lower number of claimants for Council Tax Support (replacement of previous Council Tax Benefit system). With other welfare changes there was some concern about the impact on Council Tax collection levels, and up to the end of September 2013 58.75% of all Council Tax due had been collected, which compares to 59.33% for the same period last year. Whilst this is slightly down, it is in accordance with our assumed collection rate for 2013/14
7. The current forecast is for an additional £(900)k of Council Tax to be due in year above budgeted levels, this is a change of £(291)k since last month, mainly due to a revised forecast relating to discounts awarded to empty and unfurnished properties £(177)k and a reduction in the number of households claiming Council Tax Support £(90)k. The forecast for empty homes discount has been reviewed following evidence that applications have stabilised over the first six months of the revised scheme.

Table 4: Council Tax forecast and surplus estimate for 2013/14	Overall (with all precepts)		Trafford element only	
	£(000's)	£(000's)	£(000's)	£(000's)
Surplus brought forward		(6)		(5)
Changes in Band D equivalents	(557)		(469)	
Empty Homes Premium	(223)		(188)	
Council Tax Support awards	(578)		(487)	
Backdated valuations & discounts	290	(1,068)	244	(900)
Surplus carry forward		(1,074)		(905)

Business Rates

8. The Valuation Office Agency has provided an update on the level of appeals as at 30 September 2013, showing that the amount outstanding has reduced from £156m to £150m. However, since April 2013 £26m of appeals have been 'closed' but £27m of new appeals have been added to the list. Analysis of this data is being evaluated, and at this stage it is too early to provide an accurate position.
9. It is expected that the cost of settled appeals in the future will be significant and this is compounded with the level of backdated payments and potentially the Council could be in a position of triggering the 'safety net' this year which would cost £2.4m. As mentioned, this is still under evaluation and will form part of the considerations for the 2014/15 budget.

Reserves

10. The General Reserve balance brought forward was £(10.6)m, against which there are planned commitments up to the end of 2014/15 of £3.8m. This has increased to accommodate two additional commitments:
 - Additional professional fees for the support of Town Centre development, £60k;
 - Support to the AGMA-wide Work Programme Plus initiative, which is a work stream of Public Service Reform and part of the Greater Manchester Community Budgets pilot. Specifically, the scheme is an 80% Government funded, four-year payment-by-results project to assist those on Employment Support Allowance back into work. Districts will support this scheme by a maximum of 20% pro-rata to the number of claimants, which for Trafford is estimated at 4% at a cost of £121k. However, there is potential for half of this funding to eventually come from the European Social Fund.

11. The addition of the Council-Wide underspend of £(1.3)m provides for a projected 31 March 2015 balance of £(8.1)m, being £(2.1)m above the agreed minimum level of £(6.0)m. The utilisation of reserves is a consideration of the 2014/15 budget and medium term financial planning process.

Table 5: General Reserve Movements	(£000's)
Balance 31 March 2013 (subject to audit confirmation)	(10,643)
Commitments in 2013/14:	
- Planned use for 2013/14 Budget	906
- One-off projects from 2012/13 brought forward	98
- Planned use for one-off projects 2013/14	832
- Council-wide budgets underspend	(1,339)
Balance 31 March 2014	(10,146)
- Planned use for 2014/15 Budget	2,094
Projected balance after known commitments	(8,052)

12. Service balances brought forward from 2012/13 were a net £(3.6)m. After planned use to support one-off projects and adjusting for the estimated outturn, there is a projected net surplus of £(1.752)m to be carried forward to 2014/15 (Table 6). There is also an outstanding balance on the Learning Disability Pool of £0.892m, however, there is a recovery plan to bring the pool back into balance by the end of 2014/15 (see Annex 1).
13. The use of Service reserve balances during the year is detailed in Annexes 1 to 4 of the report. However the main highlights include :
- invest to save projects in CFW of £0.803m;
 - £0.126m committed on re-phased projects per the 2012/13 outturn report in EGP with the remaining balance £0.186m earmarked to supplement 2013/14 project work, plus provide one-off mitigation if income levels continue to be adversely affected by the economic climate;
 - Transformation Support within T&R of £0.177m and £0.185m set aside for Land Charges Claims.

Table 6: Service balances	B/f April 2013 (£000's)	Forecast Movement in-year (£000's)	Forecast Balance (£000's)
Children, Families & Wellbeing	(1,427)	886	(541)
Environment, Transport & Operations	(439)	284	(155)
Economic Growth & Prosperity	(312)	312	0
Transformation & Resources	(1,389)	333	(1,056)
Total All Services (Surplus)/Deficit	(3,567)	1,815	(1,752)
Learning Disability Pool	1,472	(580)	892
Total (Surplus)/Deficit	(2,095)	1,235	(860)

Recommendations

14. It is recommended that the latest forecast and planned actions be noted and agreed, and the changes to General Reserve commitments approved.

TRAFFORD MBC

Report to: CFW Directorate Management Team
Date: 17 October 2013
Report for: Discussion
Report author: CFW Finance Managers

Report Title

**Revenue Budget Monitoring 2013/14 – Period 6
 (April 2013 to September 2013 inclusive)**

1 Outturn Forecast

- 1.1 The approved revenue budget for the year is £82.587m. The projected outturn is £82.044m which is £(0.543)m under the approved budget (0.86%), a £(0.711)m favourable movement from the August forecast.
- 1.2 The £(711)k net favourable movement in the month is a result of:
- £(666)k favourable movement in placement costs across the Directorate. There has been a higher exit rate from services compared to that reported in period 5.
 - £(45)k favourable variances mainly on staff costs from managed vacancies.

2 Explanation of Variances

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

Supporting Children & Families and Education Portfolios - £(123)k favourable movement.

- Despite a number of actions to reduce demand and the cost of placements, there has been an unexpected increase in client numbers generating a net overspend of £510k in external placement costs and £263k of internal costs. This has been mitigated in year by the use of a one-off Intensive Fostering Grant of £(198)k and other income of £(10)k.
- There is an anticipated surplus of adoption income of £(423)k. This is being generated through the approval of 35 adopters and their use by other Local Authorities for which we can charge £(27)k per placement. However, the activity supporting the identification of suitable families is supported by grant that cannot be guaranteed in the long term.
- School Support Services saving of £(183)k mainly as a result of staff posts being held vacant £(106)k, additional income received £(118)k and other variances £41k.
- Commissioning projected saving of £(78)k from staff savings and other variances.

- MARAS predicted overspend of £150k: Home to School transport pressure of £207k, staff posts vacant £(67)k, additional income of £(14)k and other variances £24k, and
- Children's Centres and Early Years underspend of £(50)k, relating to staffing and resources.

Adult Social Care Portfolio - £(605)k favourable movement

- A decrease in placement costs. The equivalent of a net decrease of 50 service users in Older People's due to more people leaving the service than expected; £(526)k, 9 service users leaving services in Physical Disabilities; £(60)k and reduced package costs in Mental Health; £(33)k.
- Other minor variances of £14k in Support Services.

Learning Disabilities (LD) Pooled Budget - £17k adverse movement

- A reduction in managed staff vacancies £17k.

- 2.2 The main reason for the shift in client numbers between period 5 and 6 is unclear. There are established trends in the numbers of discharges and admissions to services generally with the numbers of discharges reducing in the summer months and increasing during winter. This year the reduction in discharges was in line with previous trends but the length of time the numbers of admissions exceeded discharges was longer than that seen in previous years. Whether this is a result of a shift in the mortality rate, complexity of client needs, this year's summer heat wave or information system recording processes is difficult to determine and is being investigated.
- 2.3 The budget depends on the successful implementation and delivery of two key savings plans to reduce demand; Telecare £(400)k and Reablement £(500)k. Whilst the plans have been implemented the effectiveness of the plans on the reduction in demand is currently being analysed and assessed.

3 Learning Disabilities Pooled Fund

- 3.1 At the beginning of the year the LD Pool had a carry forward adverse balance of £1,472k, and a recovery plan to deliver cash savings against budget over two financial years to address this. The 2013/14 target is for an outturn balance of £900k. The projected outturn is £892k.
- 3.2 The Deputy Corporate Director has re-phased the recovery plan, and included additional initiatives. As a result of the movement in period 5 additional urgent work is being undertaken to recover the position:
- A review of all existing and projected placements
 - Expansion of telecare and reablement into Learning Disabilities services
 - Additional services identified for retendering
 - High cost and out of borough placements review
 - Accommodation development to reduce cost of provision
- 3.3 The updated plan is shared with the Trafford Clinical Commissioning Group (CCG), which replaced the previous Primary Care Trust delivery partner. The Council and the CCG will target the outstanding balance to bring the LD Pool into balance by 31 March 2015.

4 Service carry-forward reserves

- 4.1 At the beginning of April 2013 the Children, Families and Wellbeing Directorate had accumulated balances of £(1,427)k carried forward from previous financial years.
- 4.2 The remaining carry-forward balances at the end of the year after taking into account the outturn position are:

Table 1: Utilisation of Carry forward Reserve 2013/14 –	(£000's)
Balance brought forward 1 April 2013	(1,427)
Specific expenditure assigned against the reserve re: invest to save	803
Specific expenditure committed from 2012/13	46
P6 Forecast Outturn	37
Balance carried forward at 31 March 2014	(541)

Table 2: Utilisation of Carry forward Reserve 2013/14 – Learning Disabilities Pooled Fund	(£000's)
Balance brought forward 1 April 2013	1,472
P6 Forecast outturn cash movement	(580)
Balance carried forward at 31 March 2014	892

- 4.3 Any use of the reserves will be managed to ensure that it has a positive impact on the following year's budget e.g. invest to save initiatives.

5 Management Action

- 5.1 Key to the delivery of the budget, especially for Adult Social Care is management of demand, placement costs and delivery of the Learning Disabilities Pooled Fund Recovery Plan. The Directorate will focus on
- Monitoring the impact of the changes in activity and discharges from services seen in period 6. Putting in place action to mitigate the budget pressure.
 - Delivery the Learning Disability Pooled Fund Recovery Plan in partnership with Trafford Clinical Commissioning Group.
 - Monitoring of the impact on demand of the Telecare and Reablement budget savings
 - Continuous review of all placements to ensure the most effective provision is made

Period 6 Projected 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)	P6 Outturn (£000’s)	P6 Outturn variance (£000’s)	P5 Outturn variance (£000’s)	P5 – P6 movement (£000’s)	Ref
Education Portfolio						
Dedicated Schools Grant	0	0	0	19	(19)	CFW1
Transfer to Dedicated Schools Grant Reserve	0	0	0	(19)	19	CFW1
Education Early Years’ Service	988	961	(27)	40	(67)	CFW6
Connexions Service	863	863	0	0	0	
Sub-total	1,851	1,824	(27)	40	(67)	
Supporting Children & Families Portfolio						
Children’s Social Services	15,295	15,497	202	211	(9)	CFW2
Children with Complex & Additional Needs	2,034	1,974	(60)	(52)	(8)	CFW2
Support Services to CYP	3,662	3,479	(183)	(203)	20	CFW3
Commissioning	1,681	1,603	(78)	(21)	(57)	CFW4
Multi Agency Referral & Assessment Service (MARAS)	4,150	4,300	150	152	(2)	CFW5
Youth Offending Service	574	574	0	0	0	
Children’s Centres	2,213	2,190	(23)	(23)	0	CFW6
Sub-total	29,609	29,617	8	64	(56)	
Adult Social Services Portfolio						
Older People	20,250	20,115	(135)	264	(399)	CFW7
Physical Disabilities	4,194	4,205	11	94	(83)	CFW8
Equipment & Adaptations	801	779	(22)	(12)	(10)	CFW9
Mental Health	3,415	3,607	192	223	(31)	CFW10
Other Adult Services	746	730	(16)	81	(97)	CFW11
Strategic & Support Services	896	922	26	3	23	CFW12

Adaptations	(52)	(53)	(1)	(2)	1	CFW13
Housing Services	1,247	1,271	24	25	(1)	CFW14
Community Services	252	256	4	4	0	CFW15
Equalities & Diversity	184	157	(27)	(19)	(8)	CFW16
Sub-total	31,933	31,989	56	661	(605)	
Community Health & Wellbeing Portfolio						
Public Health	(829)	(829)	0	0	0	
Sub-total	(829)	(829)	0	0	0	
Total	62,564	62,601	37	765	(728)	
Learning Disabilities Pooled Fund	20,023	19,443	(580)	(597)	17	CFW17
Total	82,587	82,044	(543)	168	(711)	

Business Reason / Area (Subjective analysis)	P6 Outturn (£000's)	P5 Outturn (£000's)	P5-P6 movement (£000's)	Ref
DSG Reserve				
DSG Reserve B/Fwd.	(2,453)	(2,453)	0	
Spend on DSG Reserve	1,853	1,853	0	CFW1
Minor variances	0	(18)	18	
DSG projected underspend	(600)	(618)	18	
Transfer to DSG Reserve	600	618	(18)	
Children, Families & Wellbeing				
Management of staff vacancies	(264)	(220)	(44)	CFW3,4,5,6,7,8, 10,11,15,17
External care packages and commissioned services	69	735	(666)	CFW2,8,9,10,14, 17
Delay in closure of establishments	94	91	3	CFW7
Transport costs	207	208	(1)	CFW5
Other running costs	106	16	90	CFW3,5,12,13
Grant income	(198)	(198)	0	CFW2
Adoption income	(423)	(423)	0	CFW2
Other income	(134)	(41)	(93)	CFW3
Sub-total	(543)	168	(711)	
Total	(543)	168	(711)	

NOTES ON VARIANCES AND PERIOD MOVEMENTS

Supporting Families & Children Portfolio, Education Portfolio

Within the DSG

CFW1 – DSG Reserve b/fwd.

- The DSG reserve brought forward balance is £(2.453)m. There are likely to be commitments against this in 2013/14 of £1.853m. This leaves an underspend of £(0.600)m. This underspend will be carried forward to 2014/15. Further variances will come to light once the full impact of the new academic year is known. (e.g. increased pupil numbers).
- The Funding Forum was made aware of this reserve at the July 2013 meeting and proposals will be forwarded at a future meeting on how to utilise this. It is very likely that some of it will be distributed to schools on a one off basis. Further details can be sought by accessing the July 2013 Funding Forum report.

Non DSG Variances £(19)k favourable

CFW2 – Children's Social Care £142k adverse (Includes Children with Complex & Additional Needs)

- Despite a number of actions to reduce demand and the cost of placements, there has been an unexpected increase in client numbers generating a net overspend of £510k in external placement costs and £188k overspend in staffing and other costs of £75k. This is despite a significantly reduced unit cost per week over the last three years due to the placement strategy implemented. The increased demographics are in line with national trends and increased child population overall in Trafford. The increase has been mitigated in year by the use of a one-off Intensive Fostering Grant of £(198)k and other income of £(10)k.
- Fortunately the overspend is largely off-set for 2013-14 by an anticipated surplus adoption income of £(423)k. This is being generated through the approval of 35 adopters and their use by other Local Authorities for which we can charge £(27)k per placement. This level of grant and income cannot be guaranteed in future.

CFW3 – Support Services £(183)k favourable

- This saving is mainly as a result of staff posts being held vacant £(106)k, increased buy back income received from Academy schools £(108)k, further additional income received totalling £(10)k and other variances of £41k.

CFW4 – Commissioning £(78)k favourable

- The favourable variance is due to staff posts being held vacant £(49)k, and other variances totalling £(29)k.

CFW5 – MARAS £150k adverse

- The projected overspend is as a result of a Home to School transport pressure of £207k, vacant staffing posts of £(67)k, additional income received £(14)k and other variances of £24k.

CFW6 – Children’s Centres and Early Years £(50)k favourable

- The projected underspend of £(50)k within Children’s Centre’s and Early Years is due to a saving on both staffing posts and resources across the teams.

Adult Social Care Portfolio £56k adverse

CFW7 – Older People £(135)k favourable

- **Care Management/Assessment £(277)k favourable**
Due to managed vacancies within the Social Work, Assessment, Reablement and Screening teams.
- **Residential and Nursing Care/Home Care/Day Care/Direct Payments - £49k adverse**
In previous periods demand had been within expected levels, period 6 has seen a net decrease of 59 service users across residential, homecare and direct payments services reducing costs by £(526)k. The main reason for the net decrease is that there have been significantly more people leaving services.
- **Katherine Lowe House and The Princess Centre - £93k adverse**
Delays in the closure of Katherine Lowe House (£78k) and the Princess Centre (£15k) resulting in additional costs being incurred.

CFW8 – Physical Disabilities £11k adverse

- **Care Management/Assessment £(63)k favourable**
Due to managed vacancies within the Social Work teams.
- **Residential and Nursing Care/Home Care/Direct Payments - £74k adverse**
One additional residential placement costing £45k more than budgeted, 1 additional homecare placement; £12k and 1 existing placement were package costs have increased; £17k.

CFW9 – Equipment & Adaptations - £(22)k favourable

- **External Minor Adaptations - £(22)k favourable**
The volume of repair call out is projected to be slightly lower than estimated in the budget.

CFW10 – Mental Health - £192k adverse

- **Care Management and Assessment £(63)k favourable**
Due to managed vacancies within the Community Mental Health Team.

- **Residential and Nursing Care/Home Care/Direct Payments/Supported Living £255k adverse**
There are 5 residential service users with significantly higher than budgeted costs and one homecare user higher than budgeted.

CFW11 - Other Adult Services £(16)k favourable

- **Emergency Duty Team £84k adverse**
Due to projected staff costs due to current workload.
- **Transport Services - £(100)k favourable**
Rationalisation of trips following merger of Princess Centre and Pathways.

CFW12 - Strategic & Support Services - £26k adverse

- **Finance Team £26k adverse**
Due to higher than expected client services costs.

CFW13 - Adaptations - £(1)k favourable

- **Adaptations Income £(1)k favourable**
Due to projected over achievement in adaptations fee income.

CFW14 - Housing Services - £24k adverse

- **Supporting People £24k adverse**
Underachievement in income contribution.

CFW15 - Community Services - £4k adverse

- **Community Services £4k adverse**
Underachievement in income contribution.

CFW16 – Equalities & Diversity - £(27)k favourable

- **Equalities & Diversity £(27)k favourable**
Due to managed vacancies in the Team £(16)k and a projected underspend in the events budget £(11)k.

Learning Disabilities Pooled Fund

CFW17 – Learning Disabilities - £(580)k favourable – Pooled Fund Arrangement

- **Residential and Nursing Care/Home Care/Direct Payments £(613)k favourable**
The impact of the recovery plan on projected demand.
- **Daycare £(8)k favourable**
The new method of service provision at the Meadowside Centre has delivered a saving higher than estimated.
- **Care Management/Assessment £41k adverse**
Agency cover for long term sick and additional resource to deliver recovery plan.

TRAFFORD MBC

Report to: ETO Directorate Management Team
 Date: 16 October 2013
 Report for: Discussion
 Report author: ETO/EGP Finance Manager

Report Title

Revenue Budget Monitoring 2013/14 – Period 6 (April to September 2013)

1. Forecast Outturn for the Year

- 1.1 The approved revenue budget for the year is £29.193m. The forecast outturn before management action is £29.240m, which is £0.047m over the approved budget (0.2%). There are some minor movements this month, with an overall favourable change of £(0.007)m since the last report.
- 1.2 Action to manage budget pressures will continue throughout the remainder of the year (see paragraph 2) and a nil variance is expected as a result. The results of this action will be included in the outturn as soon as considered realisable.
- 1.3 The Directorate has also brought forward balances of £(0.439)m from previous years. This includes £(0.202)m earmarked specifically to mitigate one-off budget pressures (paragraph 3), of which £0.047m is currently expected to be utilised based on the forecast outturn.
- 1.4 This is the fourth monitoring report of the financial year and certain information used to produce the forecast outturn can be subject to external factors and may require amending accordingly. For example, the Directorate budget can be adversely affected by weather conditions, and income streams by the wider economic climate. Any remaining brought forward balances may also be used to mitigate such pressures during the year.

2. Summary of Variances

- 2.1 The overall net variance reflects a number of individual under and overspends across the diverse areas of the Directorate:
- Re-profiling of savings from the review of Enforcement due to additional staff consultations £0.214m;
 - Re-profiling of Groundforce staff savings pending the ongoing review of working conditions (e.g. overtime) £0.134m;
 - Public Protection licencing income – continuing adverse effect of economic climate £0.070m;
 - Traffic Management costs for major events – additional costs £0.054m;
 - Street Lighting – prices in the new energy contract are higher than anticipated at the start of the year £0.035m;
 - Additional costs from the extension of the Parking enforcement contract prior to full re-tendering exercise during the year £0.033m;

- Deletion of the Head of Operations post part year saving (revenue element) £(0.030)m;
- The full closure of Oakfield Road car park has taken longer than predicted when setting the budget and income is £(0.153)m higher than expected for the full year;
- Other Parking income higher than expected £(0.034)m;
- Income in Bereavement Services has continued to be higher than expectations £(0.112)m;
- School crossing patrols ongoing net vacancies £(0.050)m;
- Rebate expected from transport leasing contractor £(0.050)m;
- Waste Management – underspends on the waste collection contract, refurbishing of existing dustbin stock, plus miscellaneous other running costs totalling £(0.030)m;
- Other net underspend £(0.034)m.

2.2 The management action plan being implemented includes numerous steps to ensure that essential services are delivered within budget throughout the year. These will be monitored throughout the year and reflected in the forecast outturn for the service areas accordingly:

- Only necessary spending on supplies and services to be approved;
- Reduced use and greater control of overtime and travel expenses;
- 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 2012/13 the Directorate had a surplus on accumulated balances of £(0.439)m, which was carried forward to 2013/14. This was a result of the successful management of budget pressures in 2012/13, plus generated surpluses to assist in mitigating future pressures (if required) while sustainable solutions are implemented.

3.2 The planned use of these balances is shown below. The current balance of £(0.155)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 2014/15 accordingly.

Utilisation of Carry forward Reserve 2013/14	(£000's)
Surplus balance brought forward at 1 April 2013	(439)
Traded service investment projects c/f	132
Car Parking – contract cost/income	105
Period 6 forecast outturn (adverse)	47
Balance after known commitments	(155)

4. Savings

- 4.1 The approved Directorate budget includes savings of £(3.011)m, (9.3)% as follows:

	Budget (£000's)	Outturn (£000's)	Variance (£000's)
Increased and new income	(307)	(307)	0
Efficiencies and others	(605)	(575)	30
Policy Choice	(2,099)	(1,795)	304
Mitigating action across ETO	0	(334)	(334)
Total ETO	(3,011)	(3,011)	0

- 4.2 The shortfall of £0.334m relates to re-profiling of savings in Enforcement and Groundforce above. These are to be mitigated in full from management action taken across the Directorate, or by the use of accumulated balances if required.

5. Recommendations

- 5.1 It is recommended that the forecast outturn and mitigating management action be noted.

Period 6 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.

Budget Book Format (Objective analysis)	Full Year Budget (£000's)	P6 Forecast Outturn (£000's)	P6 Outturn Variance (£000's)	P5 Outturn Variance (£000's)	P5 – P6 Movement (£000's)	Ref
Highways & Environment Portfolio						
Highway and Network Management, incl. Traffic & Transportation	5,130	5,169	39	30	9	ETO1
School Crossing Patrols	512	462	(50)	(50)	0	ETO2
Parking Services	(150)	(322)	(172)	(179)	7	ETO3
Groundforce	4,593	4,720	127	127	0	ETO4
Bereavement Services	(998)	(1,104)	(106)	(93)	(13)	ETO5
Sustainability & Greenspace	410	375	(35)	(35)	0	ETO6
Waste Management (incl. WDA levy)	18,661	18,631	(30)	(20)	(10)	ETO7
Public Protection	806	866	60	60	0	ETO8
Environmental Enforcement	30	244	214	214	0	ETO9
Directorate Strategy & Business Support	471	471	0	0	0	
Sub-total	29,465	29,512	47	54	(7)	
Operational Services for Education	(272)	(272)	0	0	0	
Total Forecast Outturn Period 6	29,193	29,240	47	54	(7)	

ETO Business Reason / Area (Subjective analysis)	P6 Outturn Variance (£000's)	P5 Outturn Variance (£000's)	P5 – P6 Movement (£000's)	Ref
Highways and Network Management				
Traffic Management costs - events	54	54	0	
Fee income shortfall	8	8	0	
Transport rebates	(25)	(25)	0	
Staffing vacancies	(30)	(30)	0	
Energy – Street Lighting	35	35	0	
Other running costs	(3)	(12)	9	
Sub-total	39	30	9	ETO1
School Crossing Patrols - vacancies	(50)	(50)	0	ETO2
Parking Services				
Additional income – Oakfield Road	(153)	(160)	7	
Additional income - others	(34)	(34)	0	
Contract extension one-off costs	33	33	0	
Staffing and running costs	(18)	(18)	0	
Sub-total	(172)	(179)	7	ETO3
Groundforce				
Re-profiling of staff/equipment savings	134	134	0	
Overtime/other additional running costs	18	18	0	
Transport rebates	(25)	(25)	0	
Sub-total	127	127	0	ETO4
Bereavement Services				
Essential maintenance costs	6	6	0	
Income above budget	(112)	(99)	(13)	
Sub-total	(106)	(93)	(13)	ETO5
Sustainability & Greenspace				
Vacancy, supplies & services	(35)	(35)	0	ETO6
Waste Management				
Refurbishment and reduced demand for bin replacement	(10)	(10)	0	
Contract costs	(10)	(10)	0	
Running costs	(10)	0	(10)	
Sub-total	(30)	(20)	(10)	ETO7

ETO Business Reason / Area (Subjective analysis)	P6 Outturn Variance (£000's)	P5 Outturn Variance (£000's)	P5 – P6 Movement (£000's)	Ref
Public Protection				
Income shortfall including licencing	70	70	0	
Mitigating action – hold on filling vacancies	(10)	(10)	0	
Sub-total	60	60	0	ETO8
Environmental Enforcement				
Re-profiling of staff/equipment saving	214	214	0	ETO9
Director & ETO Business Support				
Staffing and Running costs	0	0	0	
Total Forecast Outturn Period 6	47	54	(7)	

ADDITIONAL NOTES ON FORECAST OUTTURN VARIANCES

ETO 1 – Highways & Network Management - £0.039m (adverse)

Traffic management costs associated with major events are estimated at £0.054m above budget for the year. These costs have arisen due to clarification on the statutory responsibilities, and are being addressed in the Medium Term Financial Plan. A number of options are also being evaluated up to reduce this pressure.

Forecast fee income in Highways and Transportation is £0.008m less than budgeted for the year.

The overall adverse variance also includes expected receipt of rebates from the vehicle leasing contractor £(0.025)m;

There is an underspend on staffing arising from a vacant managerial post £(0.030)m;

Street Lighting energy costs are projected to be £0.035m higher than budgeted as a result of recent increases in the annual energy supplier contract.

ETO 2 – School Crossing Patrols – £(0.050)m (favourable)

There is a forecast underspend on staffing of £(0.050)m due to the ongoing difficulties in the filling of vacancies, which has continued from 2012/13. Leavers and new starters have broadly matched each other in recent months, which has meant the net staffing level has not increased as intended.

ETO 3 – Parking Services – £(0.172)m (favourable)

The approved budget 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 above budget of £(0.153)m, an adverse movement of £0.007m since last reported.

Other car parking income continues to be above expectations, following on from 2012/13, £(0.034)m.

The contract for Parking enforcement has been extended for a further 12 months while a full tender exercise is undertaken. The extension has increased costs by £0.033m from the previous contract period which has now expired. The new contract will be awarded from April 2014.

Action to control general running costs and the holding of vacancies gives rise to an expected underspend of £(0.018)m.

ETO 4 – Groundforce - £0.127m (adverse)

Savings associated with staffing, supplies, vehicles and equipment have been re-profiled, and a review is underway regarding revised terms and conditions, overtime and procurement accordingly. There is forecast adverse variance of £0.134m this year. The review is informing the management action plan to bring future spend in line with budget, plus balances have been carried forward from 2012/13 to be utilised as one-off mitigation, if required.

Other supplies, services and overtime costs are forecast to be £0.018m above budget. An element of this relates to one-off reactive service requests, which are often out of normal working hours. The review of the service above will also look to address these issues.

Receipt of rebates from the vehicle leasing contractor is expected to be £(0.025)m for the year.

ETO 5 – Bereavement Services £(0.106)m (favourable)

Net income levels for the year are expected to exceed the budget by £(0.112)m, and follows the levels from the last financial year. This is a favourable movement of £(0.013)m since last reported. Running costs above budget of £0.006m relate to essential works.

ETO 6 – Sustainability and Greenspace £(0.035)m (favourable)

Management action to control running costs, plus staff vacancies, gives rise to a predicted underspend of £(0.035)m.

ETO 7 – Waste Management £(0.030)m (favourable)

An underspend of £(0.010)m is expected relating to a reduction in the forecast purchase cost of replacement bins. This correlates to an increase in the refurbishing of existing bin stock and also a reduction in demand generally.

There is an underspend of £(0.010)m based on estimates of the waste collection contract costs for the year. Other running costs are now expected to be underspent by £(0.010)m from last reported.

ETO 8 – Public Protection £0.060m (adverse)

There is a predicted shortfall in income of £0.070m across the service. This relates in particular to licencing, which is due to lower levels of applications received. This is to a large extent related to the economic climate and has continued from the last financial year. This will also be assessed as part of the Medium Term Financial Plan.

The shortfall is expected to be partly mitigated through a variety of management actions to control costs throughout the year, including a delay in filling vacant posts £(0.010)m. The management action plan includes for possible further restrictions on staffing vacancies.

ETO 9 – Environmental Enforcement £0.214m (adverse)

The savings associated with the review of Enforcement have been re-profiled following additional staff consultations. This has resulted in a forecast adverse variance of £0.214m for the year. The management action plan for ETO is looking to address the adverse variance in-year. The variance was identified very early in this financial year and the Directorate was also able to identify and earmark balances from the 2012/13 accounts to mitigate this variance, if required.

TRAFFORD MBC

Report to: EGP Directorate Management Team
 Date: 17 October 2013
 Report for: Discussion
 Report author: EGP/ETO Finance Manager

Report Title

Revenue Budget Monitoring 2013/14 – Period 6 (April to September 2013)

1. Forecast Outturn

- 1.1 The approved revenue budget for the year is £3.298m. The forecast outturn is for a nil variance against budget. This is a £(0.040)m favourable movement from last reported. This includes £(0.111)m from the confirmation of final rent levels for 2012/13 relating to Stretford Arndale, which is offset by a number of adverse variances across the Directorate.
- 1.2 The Directorate has balances of £(0.312)m brought forward from previous years which are largely related to re-phased project costs, but are also available to mitigate any future adverse variance, should they arise.

2. Explanation of Variances

- 2.1 The forecast outturn variances are summarised below, with more detail at Appendix 1:
- Shortfall in property rent income of £0.093m due to the on-going adverse effect of the economy, primarily on town centre rents (e.g. Stamford Centre). This is £0.025m higher than previously reported and relates to a number of properties;
 - Rental income from airport land is £(0.019)m higher than budgeted, and is based on the notification received from Manchester City Council in March this year;
 - Confirmation of the final 2012/13 rental income from Stretford Arndale by the agents of the owners was received in September, at £(0.111)m higher than had been anticipated;
 - Facilities management staffing is £0.045m above budget due to the later than planned disposal of a number of properties. This is an adverse movement of £0.015m due to further re-phasing of certain disposals;
 - There is a forecast staffing underspend across EGP relating to the ongoing restructure and appointments to vacancies £(0.075)m, which is an adverse movement of £0.010m since the last report;

- Planning Application fees income predicted shortfall is £0.050m. Building control income is forecast to be higher than planned by £(0.040)m, a reduction of £0.010m since last month;
- Fee income from housing improvement capital schemes is a net £0.046m less than budget due to a reduced volume of property sales;
- Shortfall in income of £0.011m due to re-phasing of the implementation of Green Deal.

3. Reserves

- 3.1 At the end of the last financial year the Directorate had £(0.312)m of balances brought forward from previous years, of which £0.126m is committed on re-phased projects per the 2012/13 outturn report.
- 3.2 The remaining balance is earmarked to supplement 2013/14 project work, plus provide one-off mitigation should income levels continue to be adversely affected by the economic climate, or for other budget pressures during the year.

Utilisation of Carry forward Reserve 2013/14	(£000's)
Surplus balance brought forward at 1 April 2013	(312)
Re-phasing of projects from 2012/13	126
Forecast outturn P6	0
Committed on 2013/14 projects plus mitigation for potential future budget pressures	186
Balance after forecast outturn/commitments	0

4. Savings

- 4.1 The approved Directorate budget includes savings of £(0.696)m, (21.1)% as follows:

	Budget (£000's)	Outturn (£000's)	Variance (£000's)
Increased and new income	(122)	(122)	0
Efficiencies and others	(351)	(351)	0
Policy Choice	(223)	(178)	45
Total EGP	(696)	(651)	45

- 4.2 The shortfall of £0.045m relates to savings in Facilities Management staffing which have needed to be re-profiled due to the disposal of certain buildings taking longer than had been planned. This will be mitigated by management action taken across the Directorate, or by the use of accumulated balances if required.

5. Recommendations

- 5.1 It is recommended that:
- The forecast outturn variance of £nil for 2013/14 be noted.

Period 6 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.

Budget Book Format (Objective analysis)	Full Year Budget (£000's)	P6 Forecast Outturn (£000's)	P6 Outturn Variance (£000's)	P5 Outturn Variance (£000's)	P5 – P6 Variance (£000's)	Ref
Economic Growth & Prosperity Portfolio						
Asset Management	1,118	1,135	17	78	(61)	EGP1
Planning & Building Control	174	139	(35)	(45)	10	EGP2
Strategic Planning & Development	525	519	(6)	(6)	0	
Economic Growth	711	690	(21)	(21)	0	
Housing Strategy	522	567	45	34	11	EGP3
Directorate Strategy & Business Support	248	248	0	0	0	
Total Forecast Outturn Period 6	3,298	3,298	0	40	(40)	

EGP Business Reason / Area (Subjective analysis)	P6 Outturn Variance (£000's)	P5 Outturn Variance (£000's)	P5 – P6 Movement (£000's)	Ref
Asset Management				
Investment Property Rental Income:				
- Stamford Centre - shortfall	34	34	0	
- Other properties - shortfall	45	20	25	
- Airport - surplus	(19)	(19)	0	
- Stretford Arndale 12/13 final rent	(111)	0	(111)	
Community buildings – income/running costs	14	14	0	
Facilities Management - staffing	45	30	15	
Asset Management – staffing vacancies	(12)	(12)	0	
Other minor running cost variances	21	11	10	
Sub-total	17	78	(61)	EGP1
Planning & Building Control				
Planning applications income shortfall	50	50	0	
Building Control income surplus	(40)	(50)	10	
Staffing vacancies	(45)	(45)	0	
Sub-total	(35)	(45)	10	EGP2
Strategic Planning & Development				
Staffing/running costs savings	(6)	(6)	0	
Sub-total	(6)	(6)	0	
Economic Growth				
Staffing/running costs savings	(21)	(21)	0	
Sub-total	(21)	(21)	0	
Housing Strategy				
Housing improvements capital fee income shortfall	46	46	0	
Green Deal income re-phased implementation	11	0	11	
Staffing/running cost savings	(12)	(12)	0	
Sub-total	45	34	11	EGP3
Total Forecast Outturn Period 6	0	40	(40)	

NOTES ON OUTTURN VARIANCES

EGP1 – Asset Management - £0.017m (adverse)

The effect of the economy is continuing to adversely affect rents across the property portfolio, including Stamford Centre £0.034m, and Community Buildings £0.014m. Other investment property is expected to have a shortfall of £0.045m, which is an adverse movement of £0.025m since last reported. Airport rent is expected to be £(0.019)m above budget following notification in March from Manchester City Council of new rent levels for the next five years.

For Stretford Arndale, the Agents for the owners have managed to continue to make a number of short term lettings to ensure the number of vacant units is minimised and this has held up gross rental income. This is despite rent reductions on the bigger units of around 40% upon lease renewals. The year-end rental payment notified during September is hence £(0.111)m higher than expected.

Facilities Management staffing is expected to be £0.045m above budget, an adverse movement of £0.015m since the previous report. The associated saving has needed to be re-profiled as the planned disposal of buildings is taking longer than expected.

There are a number of staffing and minor running cost variances which net to an adverse £0.009m across Asset Management.

EGP2 – Planning and Building Control – £(0.035)m (favourable)

Income from planning fees is forecast to be £0.050m less than budget, which is due to external economic conditions.

Building control income is forecast to be above budget by £(0.040)m, which is an adverse movement of £0.010m since last reported based on the latest weekly income monitoring figures. This includes some capital related income plus the service has been successful in competing with other external providers.

Planning and building control fees are continuing to be monitored on a weekly basis.

An underspend from staffing vacancies is predicted to be £(0.045)m, and the filling of these posts will be addressed by the ongoing restructure of EGP.

EGP3 – Housing Strategy – £0.045m (adverse)

This includes an adverse variance of £0.046m relating to Housing Improvement fee income. The cost of housing improvement work is recouped when properties are sold in the future, and the sale proceeds are reinvested in new works to top up the existing capital programme. Where new improvement works are carried out, this generates fee income for the service to recover the Council's management and administration costs. There has been a reduction in the number of property sales due to the adverse economic climate and this has reduced the availability of capital funds for new works. Fee income has, hence, reduced compared to that expected in the revenue budget. This will be taken forward in the Medium Term Financial Plan.

Shortfall in income of £0.011m is reported this month due to re-phasing of the implementation of Green Deal. Savings from staff vacancies are unchanged at £(0.012)m, with the vacancies being addressed through the restructure of EGP.

TRAFFORD MBC

Report to: Transformation & Resources Directorate Management Team
Date: 17 October 2013
Report for: Discussion
Report author: T&R Finance Manager

Revenue Budget Monitoring 2013/14 – Period 6
(April 2013 – September 2013 inclusive)

1 Outturn

1.1 The current approved revenue budget for the year is £20.324m. The outturn of £19.991m is £(0.333)m below the approved budget. This is a £(0.305)m favourable movement since last month.

1.2 The £(305)k favourable movement in the month is a result of:

£(209)k favourable variance on savings from support services that the council can provide within its existing resources for Public Health functions. This budget was loaded in Partnerships & Performance but related to all back-office service areas. This is a sustainable saving and has been included in the 2014/15 MTFP savings.

£(167)k favourable variance on staff costs, mainly in ICT, resulting from revising the likely dates when vacant positions will be filled and Legal & Democratic as a result of the staffing review.

£43k adverse variance caused by one-off costs incurred to migrate numbers to the new, lower cost, telephony supplier.

£(2)k adverse collective variances on other running costs.

£35k adverse variance on Proceeds of Crime income.

£(5)k favourable collective variance on other income streams.

2 Reserves

2.1 The Directorate has accumulated balances of £(1.389)m brought forward from 2012/13. Over the year the surplus balance will be used to ensure that the Directorate can meet and sustain the challenges of the future, including support for the Transformation Programme. The table overleaf summarises the projected movement during 2013/14:

Table 1: Utilisation of Carry Forward Reserve 2013/14	£000's
Balance b/f 1 April 2013	(1,389)
Planned use in 2013/14	
Land Charges Claims	185
Transformation Support	177
LGG Support	56
CCTV/ Control room marketing and set up costs	55
Waterside Arts Centre – Marketing and Venue Improvements	50
Library improvements	40
ICT textlink and contracts	34
EDRMS	30
Altrincham Forward	20
Trafford Today	12
Legal Case Management System	7
2013/14 Outturn	(333)
Remaining Balance at 31 March 2014	(1,056)

- 2.2 In 2013/14 and future years the surplus balance will be used to ensure that the directorate can meet and sustain the challenges of the future, particularly ensuring support for the Transformation Programme.

3 Welfare Reform

- 3.1 In the six months of operation, Trafford Assist has made awards to 1,123 different individuals with a total value of £80,280. The total value of awards are shown in the table below:

Item	Awards	Value
Furniture	263	£61,868
Paypoint (cash)	644	£9,321
Food	880	£9,091
Total	1,787	£80,280

- 3.2 The Trafford Assist scheme is within budget after the first six months in operation. There are no plans to adjust the qualifying criteria at this stage, as demand on the scheme may increase when other Welfare Benefit changes are introduced and during the winter. The scheme continues to receive favourable comments from customers, DWP and other Partners particularly about positive intervention and signposting.
- 3.3 In addition to the above, 616 awards, out of 898 requests, for Discretionary Housing Payment have been made amounting to £170,078. This is in line with budgeted expectations.

Period 6 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)	P6 Forecast Outturn (£000's)	P6 Outturn variance (£000's)	P5 Outturn variance (£000's)	P5 to P6 Movement (£000's)	Note ref
Transformation and Resources Portfolio						
Legal & Democratic	1,935	2,035	100	162	(62)	T&R2,6
Communications & Customer Services	6,865	6,738	(127)	(76)	(51)	T&R1,4,6
Partnerships & Performance	2,691	2,473	(218)	8	(226)	T&R3
Strategic Human Resources	2,350	2,338	(12)	(8)	(4)	T&R4
Corporate Leadership and Support	367	359	(8)	(7)	(1)	
sub-total	14,208	13,943	(265)	79	(344)	
Finance Portfolio						
Finance Services	3,944	3,826	(118)	(148)	30	T&R1,5
sub-total	3,944	3,826	(118)	(148)	30	
Safe and Strong Communities						
Culture & Sport	2,172	2,222	50	41	9	T&R6
sub-total	2,172	2,222	50	41	9	
Total	20,324	19,991	(333)	(28)	(305)	

Business Reason / Area (Subjective analysis)	P6 Outturn variance (£000's)	P5 Outturn variance (£000's)	P5 to P6 movement (£000's)	Note ref
Management of Vacancies	(316)	(149)	(167)	T&R1
Court Costs and Legal fees	143	163	(20)	T&R2
Running costs relating to Public Health	(209)	0	(209)	T&R3
Running Costs	49	(12)	61	T&R4
Proceeds of Crime Income	35	0	35	T&R5
Income	(35)	(30)	(5)	T&R6
Total	(333)	(28)	(305)	

NOTES ON PROJECTED VARIANCES

T&R1

There are a number of posts which were held vacant whilst staffing structures were being reviewed, particularly in ICT (£166k) and Revenues & Benefits (£145k).

T&R2

Legal expenses are forecast to be £143k adverse to budget due to a continuing increase in childcare cases and a number of new development projects.

T&R3

Savings from support services that the council can provide within its existing resources for Public Health functions are £(209)k. This budget is included within Partnerships & Performance but related to back office services across T&R. This sustainable saving has been included within the T&R MTFP for 2014/15.

T&R4

Running costs are being tightly controlled to remain within budget. However, the initiative to reduce sickness levels has impacted on utilisation of Occupational Health services causing an increased forecast adverse variance of £46k within HR.

T&R5

The number of new Proceeds of Crime cases and timing of receipts of existing cases has been reviewed. There is now a forecast shortfall in income of £35k.

T&R6

There is forecast to be a favourable variance on income of £(35)k, particularly on Registrars and ICT but offset by a shortfall in income in the Waterside Arts Centre.

TRAFFORD MBC

Report to: Director of Finance
 Date: 17 October 2013
 Report for: Information
 Report author: Head of Financial Management

Report Title

Revenue Budget Monitoring 2013/14 – Period 6 Outturn - Council-Wide Budgets (April 2013 to September 2013 inclusive)

1 Outturn Forecast

- 1.1 The current approved revenue budget for the year is £23.602m. The outturn forecast is £22.263m, which is £(1.339)m under budget, and an adverse movement of £0.025)m since last month.
- 1.2 Appendix 1 details the variances from the approved budget and the period movement from the previous forecast by both function and activity, which in summary are:

Treasury Management - £(1.321)m relating to Manchester Airport Group dividend received above budget;

Members expenses - £(0.030)m, relating to the voluntary 1.9% reduction in allowances and savings in telephony and other running costs;

One-off NNDR refunds from backdated Exemptions and Rateable Value reductions on Trafford buildings £(0.070)m;

Housing and Council Tax Benefits overpayment recovery net variance of £(0.063)m;

Some of the savings from the proposed changes to staff terms and conditions will not be achieved in full this year, £0.144m;

There were a number of other minor variances across Council Wide budgets in the sum of £0.001m for the year.

2 Service carry-forward reserve and Recommendations

- 2.1 The underspend within Council-wide budgets is transferred to the General Reserve, as detailed in the summary report.

Period 6 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)	P6 Forecast Outturn (£000's)	P6 Outturn variance (£000's)	P5 Outturn variance (£000's)	P5 to P6 movement (£000's)	Ref
Finance Portfolio						
Precepts, Levies & Subscriptions	17,852	17,856	4		4	
Provisions (bad debts & pensions)	1,742	1,886	144		144	C-W4
Treasury Management	8,366	7,050	(1,316)	(1,331)	15	C-W1
Insurance	659	659				
Members Expenses	944	914	(30)	(25)	(5)	C-W2
Grants	(6,283)	(6,291)	(8)	(8)		
Other Centrally held budgets	322	189	(133)		(133)	C-W3
Total	23,602	22,263	(1,339)	(1,364)	25	

Business Reason / Area (Subjective analysis)	P6 Outturn variance (£000's)	P5 Outturn variance (£000's)	P5 to P6 movement (£000's)	Ref
Treasury Management:				
- Investment Income	(1,305)	(1,320)	15	C-W1
- Debt Management cost savings	(11)	(11)		C-W1
Members Allowances	(30)	(25)	(5)	C-W2
Grants	(8)	(8)		
NNDR refunds	(70)		(70)	C-W3
Housing & Council Tax Benefits	(63)		(63)	C-W3
Staff terms and conditions	144		144	C-W4
Precepts, Levies & Subscriptions	4		4	
Total	(1,339)	(1,364)	25	

NOTES ON PROJECTED VARIANCES

C-W1 – Treasury Management - £(1.316)m (favourable), £0.015m (adverse) movement.

The Council has now received a total dividend from Manchester Airport Group of £(2.321)m, which is £(1.321)m in excess of the budgeted figure. This includes a one-off allocation of £(0.969)m relating to the higher than expected levels of cash balances held in Stansted Airport at the time of acquisition. The base budget for 2014/15 will be amended to reflect the dividend expected from Trafford's new share allocation in the expanded group.

The adverse movement in the month of £0.015m relates to rephasing of the Land Sales programme resulting in lower cash balances and therefore reduced investment interest.

Other minor variances of £(0.010)m.

C-W2 – Members Allowances - £(0.030)m (favourable), £(0.005) (favourable) movement.

All 63 Trafford Members agreed to take a voluntary 1.9% reduction in the value of their allowances. This will generate a saving of £(0.016)m. Other minor savings from telephony and running costs are also expected of £(0.014)m.

C-W3 – Other Centrally held budgets - £(0.133)m (favourable)

NNDR Refunds - £(0.070)m (favourable)

A number of backdated Exemptions and Rateable Value reductions to Trafford buildings has generated one-off income of £(0.070)m.

Housing & Council Tax Benefits - £(0.063)m (favourable)

There is a net forecast variance of £(63)k within the Housing Benefit and Council Tax Benefit budgets; this consists of a pressure of £0.120m within the Housing Benefit budget, largely as a result of overpayments associated with reported benefit fraud cases, offset by a recovery of overpaid Council Tax Benefit from previous financial years of £(0.183)m.

Whilst the pressure associated with the Housing Benefit budget affects the current financial year, the pattern is dependent on the rate at which reported fraud cases become known to the Council and the success of recovery. It is difficult to predict if this level of activity will continue in to the future, however this may require the budget to be realigned if the pattern persists. In addition, whilst the credit from the recovery of overpaid Council Tax Benefit has been used to alleviate the in-year pressure, it too is difficult to predict and will eventually taper off as the Council Tax Benefit scheme was replaced on 1 April 2013 with the new Council Tax Support Scheme.

C-W4 – Provisions - £0.144m (adverse)

A budget saving of £(0.180)m was set aside for the part-year effect of proposed changes to staff terms and conditions. Some of these savings will not now be achieved in full this year.

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