

TRAFFORD COUNCIL

Report to: Scrutiny

Date: 21 September 2016

Report for: Discussion

Report of: The Executive Member for Finance and the Chief Finance Officer

Report Title:

2016/17 Budget Scrutiny Process Reports

Summary:

The purpose of this report is to inform Members of the latest budget monitoring position and progress on delivering the savings programme and income generation targets required to balance the 2016/17 budget.

Based on the latest budget monitoring report an overall projected underspend of £159k is anticipated for 2016/17.

Recommendation(s)

It is recommended that:

- a) Scrutiny note the report

Contact person for access to background papers and further information:

Graeme Bentley, Interim Head of Financial Management Extension: 4336

Background Papers: None

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	Revenue expenditure to be contained within available resources in 2016/17.
Legal Implications:	None arising out of this report
Equality/Diversity Implications	None arising out of this report
Sustainability Implications	None arising out of this report
Resource Implications e.g. Staffing / ICT / Assets	Not applicable
Risk Management Implications	Not applicable
Health & Wellbeing Implications	Not applicable
Health and Safety Implications	Not applicable

Other Options

Not Applicable

Consultation

Not Applicable

Reasons for Recommendation

Not Applicable

Finance Officer Clearance ...*Graeme Bentley*

Legal Officer Clearance *Mark Jones*.....

CORPORATE DIRECTOR'S SIGNATURE:

Background

1. The 2016/17 budget was the seventh one set since the Government's austerity programme commenced in 2010/11. During this period the Council has had to contend with significant reductions in funding with in excess of £50m of funding withdrawn and rising costs. This has seen approximately £118m of budget savings delivered over this period.
2. In respect of 2016/17 the approved budget agreed at the 17 February 2016 Council meeting was £147.3m and in determining this, an overall gap of £22.6m was addressed comprising:-
 - an overall reduction in funding of £10.6m, including £7.4m reduced sustainable Government funding, £4.5m reduction of one off contributions from business rates and reserves in 2015/16 offset by additional income of £(1.3)m from an estimated increase in growth from our Council Tax base; and
 - inflation, increasing public expectation and demographic pressures in key services, increasing charges from levying bodies for waste disposal and some reduction in income, giving an overall increase in costs of £12.0m.
3. The latest monitoring report as at period 4, i.e. to the end of July shows that projected expenditure for 2016/17 is expected to be broadly in line with budget overall with a projected underspend of £159k. There are a number of significant variances, predominantly relating to additional placement costs in children's social care but these have been covered by projected underspends in the other service areas and the impact on future year's budgets is currently being considered.
4. This report provides an update to Scrutiny Committee on a number of issues that arose following the review of the 2016/17 budget proposals. These include:-
 - Savings and Income Projections and Assumptions
 - Risk Management
 - Collaboration

Savings and Income Projections and Assumptions

5. The original budget gap was bridged by a combination of additional resources of £6.26m, including projected growth in business rates, council tax and use of general reserve and £16.38m of service savings and additional income. A breakdown of the how the gap was bridged is shown below together with an update on the progress towards achieving it.

Table 1: Components of the 2016/17 Budget Gap	Original Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)
Growth in business rates	2,784	1,899	(885)
Increase in Council Tax (2% social care precept)	1,630	1,630	-
One off use of General Reserve	1,851	1,851	-
Additional Funding Resources Sub-Total	6,265	5,380	(885)

Other Savings:-			
Transformation	10,204	10,694	490
Business as Usual	3,209	3,199	(10)
Corporate	2,963	2,888	(75)
Other Savings Sub-Total	16,376	16,781	405
Budget Gap	22,641	22,161	480

6. Based on current forecasting there is a shortfall in achieving the overall gap of £480k which comprises:-
- Shortfall in achieving additional resources £(885)k
 - Additional savings £405k
7. The reason for the shortfall in additional resources relates to projections of retained business rate income. These are forecast to be lower than anticipated because of an unexpected increase in the level of business rate appeals which, if successful, will have an in-year impact on overall funding. This position will be monitored over the remaining part of the year and if the reduction materialises it will be funded by a combination of earmarked reserves or any underspend on the Council's net budget.
8. Included in the "Other Savings" are a number of items of income that were identified to contribute to meet the overall budget gap in 2016/17. At this stage in the year it is anticipated that £1.169m is still on target to be delivered and £50k currently at risk; with management action being taken to contain spending in overall budget.

Table 2: Income Generation Measures	Original Target (£000's)	RAG Status
Parking	183	
Income from Carrington Power Plant	38	
Planning income	100	
Growth team target income	92	
Advertising - new opportunities	300	
Additional income from the Investment Property portfolio	192	
Waterside Arts Centre	50	
Bereavement	30	
Trading Services for Education	200	
Development of commercial pricing for photographic/film opportunities in the Borough's assets	15	
Providing HR Support to CCG and Leisure	19	
Total	1,219	

Risk Management

9. The 2016/17 budget is based on the achievement of permanent base budget savings and increased income of £16.38m. A review of all savings is undertaken regularly and reported to the Transformation Board each month.
10. The latest forecast as reported to the Transformation Board in August indicates that total savings of £16.78m have been or are projected to be delivered by 31 March 2017. This represents an overachievement against target of £405k. The current risk rating of the overall programme is summarised as follows:

Table 3: Savings Programme Risk Rating		(£000's)
Low risk – achieved or low likelihood of not achieving		8,865
Medium risk – projected to be achieved by the end of the year		5,771
High risk – remedial action to be taken to achieve required level of savings (*)		1,740
Total		16,376

11. A summary of the high risk projects is shown below:-

Table 4: High Risk Projects	Orig Target (£000)	Rev'd Target (£000)	Explanation
Looked After Children/Keeping Families Together	1,000	775	<p>There is a risk to the overall savings target for both projects, which is combined.</p> <p>Activity in both projects is not getting sufficient traction to give confidence that the activity and targets will be delivered.</p> <p>The Programme Office has recommended a deep dive of the projects to understand the issues in detail and support a remedial action plan.</p>
GMP/Trafford Shared Service	75	75	Delays in delivery of the IS interfaces due to a revisit of requirements. Re-planning is currently underway. A deferred go live date to be confirmed as 1 Oct/ 1Nov has been discussed with the Project Board.
Social Care Transport	380	100	The saving achieved has been

Services			a full year effect from the 15/16 project. Due to the Exec decision earlier this year, the project savings target for 16/17 will not be delivered. The project is being re-scoped in the context of the new Transport Policy and will focus on the transformational developments. A PID has been requested and when this is in place a new project will be established.
Extra Care	80	-	The project has not been able to deliver any savings due to the changes in Housing Benefit and the impact this had on the proposed mechanism to deliver the savings.
Insurance Claims Handling	25	25	Proposal awaited from Amey
GM Pension Fund Advance Payment	180	105	Awaiting agreement from the Pension Fund's external auditors before progressing.
Total	1,740	1,080	

12. Whilst there is an anticipated shortfall in savings in a number of areas alternative savings are being delivered to meet the shortfall.

Collaboration

13. Collaboration with Manchester City Council on the development of a common blueprint for documenting our respective technology architectures has identified possible areas for collaboration; in particular with regard to disaster recovery (DR). Discussions are also on-going as to how both authorities could join forces to create a single service management operating model for ICT help desk that could support both sets of end users.
14. We continue to progress with the implementation of the CRM system which supports our customer strategy to reduce staffing and running costs; whilst improving the customer experience. The first phase of Environmental Services 'report/request it' went live in June. This means that nine Services, which are delivered as part of One Trafford, now receive customer requests through web self-service. In the first 3 months a fifth of all service requests were received in this way, with 5065 customers registered to use the customer portal.
15. Our programme with Greater Manchester Police (GMP) to provide a shared streamlined, cost effective and higher quality transactional HR service has now moved to the implementation phase. Staff consultation has been completed and integration with CRM is underway. This will provide a one stop shop for all

transactional HR services for both organisations. A phased go live is planned for December 2016.

Recommendations

16. That Scrutiny note the report