TRAFFORD COUNCIL

Report to: **Executive**
Date: **26 November 2018**
Report for: **Information**
Report of: **The Executive Member for Finance and the Corporate Director of Finance and Systems**

Report Title:

Budget Monitoring 2018/19 – Period 6 (April to September 2018).

Summary:

The purpose of this report is to inform Members of the current 2018/19 forecast outturn figures relating to both Revenue and Capital budgets. It also summarises the latest forecast position for Council Tax and Business Rates within the Collection Fund.

Recommendation(s)

It is recommended that:

a) the Executive note the report and the changes to the Capital Programme as detailed in paragraph 17.

Contact person for access to background papers and further information:

David Muggeridge, Finance Manager, Financial Accounting Extension: 4534

Background Papers: None

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	Revenue and Capital expenditure to be contained within available resources in 2018/19.
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 *……GB…………*
Legal Officer Clearance *………DS………*

CORPORATE DIRECTOR'S SIGNATURE …………

REVENUE BUDGET

Budget Monitoring - Financial Results

1. The approved budget agreed at the 21 February 2018 Council meeting is £164.25m. In determining the budget an overall gap of £22.945m was addressed by a combination of additional resources of £12.972m, including projected growth in business rates, council tax and use of general reserve and £9.973m of service savings and additional income.

2. Based on the budget monitoring for the first 6 months, the year-end forecast outturn is £722k above budget, a reduction of £1.236m since the last monitoring period, due mainly to one-off business rate refunds (net of fees) relating to Sale Waterside and Trafford Town Hall, £937k, and a number of car parks £155k (see Table 2).

3. Detailed below in Table 1 is a summary breakdown of the service and funding variances against budget, with Table 2 providing an explanation of the variances:

Table 1: Budget Monitoring results by Service	**2018/19 * Revised Budget (£000's)**	**Forecast Outturn (£000's)**	**Forecast Variance (£000's)**	**Percent-age**
Children's Services	32,379	34,300	1,921	5.9%
Adult Services	47,739	47,782	43	0.1%
Public Health	12,240	12,716	476	3.9%
Place	23,874	22,702	(1,172)	(4.9)%
People	2,692	2,827	135	5.0%
Finance & Systems	7,044	6,997	(47)	(0.7)%
Governance & Community Strategy	7,608	7,742	134	1.8%
Total Directorate Budgets	**133,576**	**135,066**	**1,490**	**1.1%**
Council-wide budgets	30,670	29,902	(768)	(2.5)%
Net Service Expenditure variance	**164,246**	**164,968**	**722**	**0.4%**
Funding				
Business Rates (see para. 12)	(67,619)	(67,619)	**-**	
Council Tax (see para. 9)	(94,497)	(94,497)	**-**	
Reserves	(1,630)	(1,630)	**-**	
Collection Fund surplus	(500)	(500)	**-**	
Funding variance	**(164,246)**	**(164,246)**	**0**	**0.0%**
Net Revenue Outturn variance	**0**	**722**	**722**	**0.4%**
Dedicated Schools Grant	**128,036**	**128,085**	**49**	**0.0%**

* A number of budget virements have been made, under delegated powers, since the Period 4 Budget Monitoring Report and are detailed in Appendix 2.

Main variances, changes to budget assumptions and key risks

4. The main variances contributing to the projected in-year budget pressure of £722k, any changes to budget assumptions and associated key risks are highlighted below:

Table 2: Main variances	Forecast Variance (£000's)	Explanation/Risks
Children's Services	1,921	**Outturn variance £1.921m adverse, a £39k favourable movement since P4:** ➢ £1.645m above budget in Children's placements Budget (Note 1); ➢ £343k additional Home to School Transport costs (Note 2); ➢ £134k staffing cost savings partly offset by underachievement of income of £27k and running costs £40k above budget (Note 3). **<u>Note 1</u>** The projected outturn position is a gross £1.885m above budget, this is partially offset by a one off underspend of £240k on the Regional Adoption Agency. Since the last monitoring report at the end of July the service has experienced increased cost pressures, full details are provided in **(Appendix 1).** The position assumes that the £900k savings target will be exceeded. As at 30/09/18 £1m of savings has been achieved via the planned de-escalation of Children's placements and the scheme is expected to overachieve by £116k by the end of the year. Within the projected position there is a contingency for forecasted demand on the service of £700k. This will be released throughout the financial year if the service can prevent or decrease new activity then there will be a corresponding reduction in the budget pressure. The number of children in care as at the end of September 2018 was 394, an increase of 5 from that last reported at the end of July. **<u>Note 2</u>** The Home to School Transport (Trafford Travel Co-ordination Unit) service continues to experience high demand and increasing costs, the full extent of projected costs has now been quantified now that demand has been confirmed following the

		commencement of the new school year in September 2018. Current forecasts show that the service will be £343k overspent on transport runs at the year end. Although savings have been made on the staffing budget there are a number of new and expanded “runs” which have resulted in higher contractor costs for commissioned transport. The Service continues to promote independent travel training for young people and car mileage payments to parents as a package of flexible travel assistance solutions for families; this helps reduce demand for transport. **<u>Note 3</u>** The £67k underspend is in relation to staffing cost savings of £134k, offset by the projected underachievement of income £27k and minor variations in running costs £40k.
Adult Services	43	**Outturn variance £43k adverse, a £228k favourable movement since P4:** ➢ £68k adverse variance in the Adults Client Budget (Note 1); ➢ £97k increase in Deprivation of Liberties (DOLS) costs (Note 2); ➢ £122k reduction in costs due to vacancies and one off savings (Note 3); **<u>Note 1</u>** The main area of volatility is in the adult client budget. The market continues to be complex and there is a significant challenge for the service to procure care at the council framework prices. Whilst commissioners continue to try to control costs, as at the end of September 2018 the Council was forecasting to spend around £2.3m on care exceeding framework prices. The lack of affordable nursing care beds in the borough is increasing the number of top-up fees payable by the Council, as is the higher rate of home care packages. The accelerated work on delayed transfers of care is also increasing the financial pressure in this area as residents are brought out of hospital quickly to assess their needs in the community. The government has announced £240m of additional funding for winter pressures across Adult Services nationally. The Council has been allocated £945k to

		help manage the increasing financial pressure due to the accelerated work required to reduce Delayed transfers of care from acute hospital beds. The Director of Adult Services will be creating a plan in conjunction with health colleagues that will see the funding utilised in full. As the grant will be utilised in full to offset additional costs of winter pressures, there will be a neutral impact on the final outturn. Within the Adults clients' budget there is a savings target of £2.620m, savings achieved to date are £1.826m. The current forecast reflects a projected overachievement of savings by £97k this is predominantly due an overachievement on savings from Stabilise and Make Safe of £400k. Within the current forecast there is a contingency of £0.7m. **What is the service doing to prevent an escalation in costs?** • Commissioners continue to increase the capacity of Homecare available to the council, and have brought another nine SAMS providers on board; this will ensure that some clients can increase/retain their independence in their own home therefore reducing demand for residential/nursing placements. • The service are exploring alternative contracting arrangements particularly in the form of block contracting in order to achieve value for money and to provide security for both the Council and providers. • Commissioning are actively reviewing the payments the Council are making over and above framework prices, where possible alternative providers will be sourced to reduce the pressure on the budget however it is important to note that quality will not be compromised. Increases in the use of technology are being promoted and further developments will continue in this area to attempt to decrease the need for human intervention and to promote independence. **<u>Note 2</u>** Included within the forecast is a £230k gross budget pressure on Deprivation of Liberty fees due to known

		demand on forecasted capacity. This has been partially offset by one off grant funding of £133k resulting in a net budget pressure of £97k. **<u>Note 3</u>** The outturn position includes an underspend on staffing due to vacancies of £122k.
Public Health	476	**Outturn variance £476k adverse, a £276k adverse movement since P4:** **<u>Community Services Contract</u>** The Council and Trafford CCG are parties in the above contract with Pennine Care NHS Foundation Trust. The contract is expected to be above budget by around £1.8m in this financial year; a risk share agreement has been agreed that will see the Council responsible for around 40% of any budget pressure at the end of the financial year, this equates to around £726k. The service has estimated that expenditure can be reduced in other areas of the Public Health budget by £250k to mitigate against the pressure in this financial year, the remaining projected budget pressure is therefore £476k. Regular updates will be provided in forthcoming budget monitoring reports.
Place	(1,172)	**Outturn variance £1.172m favourable, a £984k favourable movement since P4** ➢ staff underspend from vacancies of £532k, which is £338k in excess of the savings target and equates to approximately 8.5% of the overall staffing budget. Efforts are continuing to fill vacant posts and a number of services are in the process of restructuring; ➢ net surplus income from property rents, car park income and other fees of £39k; ➢ partly offset by a net budget pressure in running costs of £142k across all services, including £106k from waste management disposal costs previously reported, a permanent increase in business rates £92k related to Car Parks which has been offset by a one off business rates refund of £155k, and further one-off costs of £99k;

		➢ one-off business rate refunds (net of fees) have been notified since last reported relating to Sale Waterside and Trafford Town Hall of £937k. ➢ Note - Planning income is £431k above target and is ring fenced for re-investment in the service in line with government regulations resulting in a neutral impact on the final outturn. **Period movement £984k favourable:** ➢ One-off business rate refunds above totalling £1.092m; ➢ increased running costs £128k, including rates bills for car parks and other property costs as above; ➢ increased underspend on staff costs £41k; ➢ net reduction in income £21k.
People	135	**Outturn variance £135k adverse, a £59k adverse movement since P4:** ➢ staff underspend from vacancies of £134k, a small reduction of £6k since the period 4 report. This is 2.7% of the total staffing budget; ➢ additional income mainly from traded services of £34k, a reduction of £33k since the last report. ➢ These are £22k lower than the service savings target ➢ one-off costs of £57k relating to changes to the Council's Executive management structure as previously reported; ➢ running costs are slightly higher than budget by £56k, an increase of £20k since the last report, due mainly to trading losses at Flixton House during redevelopment;
Finance & Systems	(47)	**Outturn variance £47k favourable, a £44k favourable movement:** ➢ staff underspend from vacancies are £279k, an increase of £34k since last reported, representing 3.8% of the total staffing budget; ➢ underspend on running costs of £29k and an increase in income above budget of £22k means the service savings target has been

		exceeded by £47k. ➢ The main areas of vacancy underspending are Exchequer services, where staff turnover is traditionally high, and ICT which reflects the current difficulties in recruiting to this service.
Governance & Community Strategy	134	**Outturn variance £134k adverse, a £3k adverse movement:** ➢ staff underspend from vacancies are £295k, representing 4.4% of the total staffing budget. The main areas include £154k in Legal Services, £95k in Access Trafford and £42k in Partnerships & Communities. This is £35k in excess of the overall savings target for the service and has been achieved from natural staff turnover across the Directorate; ➢ running costs above budget of £93k, including demand led legal costs of £32k and £52k relating to the trading position of Sale Waterside Arts Centre; ➢ a shortfall in other savings of £83k, mainly relating to projected income at Sale Waterside Arts Centre of £65k. CCTV trading income is also expected to be £18k below the budgeted savings target; ➢ surplus income of £7k, including additional SLA income in Legal Services.
Council-wide budgets	(768)	**Outturn variance £768k favourable, a £279k favourable movement since P4:** ➢ £272k additional net income to be generated from the Investment Strategy following recent decisions made by the Investment Management Board. This is an adverse movement of £71k since the last report due to a later than anticipated drawdown of funds on a debt finance project; ➢ The net Housing Benefit budget (payments made, less subsidy and overpayment recovery) is above budget by £350k, largely as a result of the successful collection of prior years' housing benefit overpayments; ➢ A number of Council-wide contingencies and provisions relating to service savings not being achieved and doubtful debts have been reviewed. It is considered appropriate

		at this stage of the year, after taking account of one-off costs relating to capital projects no longer proceeding, to release £289k; ➢ The latest monitoring information from Stockport Council has identified a projected budget pressure in Coroners and Mortuary fees of £66k. This is due mainly to an increase in body removal, body storage and post mortem contract costs. The Coroners service is currently looking at ways to reduce some of these costs and the current projection is a worst case scenario; ➢ Treasury Management adverse variances of £77k.
Dedicated Schools Grant	49	**High Needs Block:** Projected budget pressure within the High Needs block which has reduced from period 4 due to the application of centrally held pupil premium grant to support the cost of specialist teaching provision for vulnerable children.

MTFP Savings and increased income

5. The 2018/19 budget is based on the achievement of permanent base budget savings and increased income of £9.97m (see para. 1 above). At this stage the latest forecast indicates that total savings of £10.06m will be achieved, which is £89k above target and this has been included in the monitoring position above.

Table 3	**Savings Target £**	**Savings Forecast to be Achieved £**	**Surplus \ (shortfall) £**
Original Target Agreed at Budget Council February 2018	**9,973,000**	10,062,320	**89,320**
Add savings achieved in 2018/19 brought forward from the 2017/18 programme:-	10,000	10,000	**-**
Adjusted Target	**9,983,000**	**10,072,320**	**89,320**
Of which:-			
Transformation Projects	3,746,000	3,939,320	193,320
Business As Usual	6,237,000	6,133,000	(104,000)

Those projects currently in exception are listed below:

Project	Total savings to be achieved 2018/19 £	Total Forecast to be achieved 2018/19 £	Variance £	Reason for variance
Continuation Children's Programme	900,000	1,016,553	116,553	There have been a number of Children that have been de-escalated during the first six months of the financial year. Savings to date are in excess of the target, further savings are expected to occur but will be low value as the months remaining in the year evaporate.
Reshaping Continuation Adults Programme	1,479,000	1,257,250	(221,850)	The projection has been amended to reflect the decrease in savings currently coming through as a result of reassessment activity and Panel reductions as is to be expected in the final year of a 5 year programme. Savings achieved to date are in the vast majority savings from client costs transferring to health funding, savings in this area are unpredictable hence the decision to reduce the projection.
Single Handed Care	141,000	60,000	(81,000)	Delays in implementation of new test and learn pilot have meant that there is slippage in the expected project start date. The forecasted savings for 18/19 have been amended to reflect a phased implementation of the scheme.
Stabilise and Make Safe (SAMS) 2018/19 - moving from 11 - 14 average completions p/w	200,000	599,617	399,617	A data cleansing exercise has now been completed back to the beginning of the year and this is reflected in the savings achieved to date and the forecast for the rest of the financial year.
Supported Living	80,000	60,000	(20,000)	Implementation of revised structure to take place in early September 2018. The £80k will be achieved in full but there will only be a part year effect in this financial year due to the new structure not being in place from 01.04.18. Any further delays will impact upon the savings to be achieved in this financial year.
Sub-total Transformation			**193,320**	

Waterside Arts Centre	100,000	46,000	(54,000)	Ongoing capital investment in the facility and further business development is anticipated to improve the position later in the year to enable a sustainable financial position to be achieved from 2019.
Review of PFI contract	250,000	200,000	(50,000)	Negotiations are continuing with the PFI provider to secure savings.
Sub-total Business as usual			**(104,000)**	
Total			**89,320**	

RESERVES

6. The Council's usable reserves at 31st March 2018 stood at £75.02m, of which £43.23m relates to Earmarked revenue reserves as shown below along with their projected usage over the next 4 years 2018/19 to 2021/22.

Table4: Usable Reserves	17/18 £m	18/19 £m	19/20 £m	20/21 £m	21/22 £m
Specific	6.82	5.44	4.36	3.16	2.76
Smoothing	8.36	5.65	3.07	1.31	1.58
Business Rates Growth Pilot	6.69	6.69	6.69	0.00	0.00
Budget Support	6.58	4.95	5.55	4.95	4.95
Service C/fwd	4.56	2.23	1.18	0.10	0.10
Investment Fund	4.96	2.94	0.00	0.00	0.00
NDR Deficit/Levy	5.26	0.00	0.00	0.00	0.00
Earmarked Reserves	**43.23**	**27.90**	**20.85**	**9.52**	**9.39**
General Reserve	6.00	6.00	6.00	6.00	6.00
Capital Related Reserves	17.48	6.29	5.36	2.14	0.00
School Related Reserves	8.31	7.61	7.38	7.38	7.38
Total Usable Reserves	**75.02**	**47.80**	**39.59**	**25.04**	**22.77**

7. The remaining reserves consist of the General Reserve at £6.00m, which is the approved minimum level agreed by Council in February 2018, Capital Related Reserves which are fully committed to meet the costs of the Capital Programme to 2021/22 and Schools Related Reserves which are balances belonging to individual schools and are just held by the Council on their behalf.

8. Earmarked Reserves are estimated to stand at £27.9m by the end of the financial year and are projected to reduce to £9.39m over the medium term. The major commitments estimated to be drawn down during the year 2018/2019 are summarised below, however the timing of which can be difficult to predict due to the nature of the expenditure.

- Specific Reserves
    - Economic Development Reserve - To cover the cost of economic development related projects £0.42m
    - Transformation Reserve - Money set aside to assist in supporting the cost of transformation project support, £0.2m
    - Employee Rationalisation Reserve - Potential redundancy and restructure costs £0.4m
- Smoothing Reserves
    - Waste Levy Smoothing Reserve - To smooth the effects of movements in the waste levy over the medium term £0.62m
    - Exchequer Services Reserve - Accumulated underspend of unspent grants (ring-fenced for activities such as fraud work, ICT systems, Universal Credit) £0.23m
    - One Trafford Partnership Reserve - Established to hold contractor penalty payments to be invested in one-off Partnership schemes £0.69m
    - Transformation Fund Reserve - Monies allocated from Greater Manchester Health and Social Care Partnership for the transforming of health and social care services £0.95m
    - Housing Benefit Overpayments Reserve - established to smooth the volatility in the recovery of Housing Benefit overpayments, £0.43m
- Budget Support Reserve
    - To smooth out potential volatility in budget funding and the significant level of savings required over medium term £1.63m
- Service Carry Forward Reserves
    - Service commitments carried forward from one year to another for planned expenditure within service areas, £2.3m
- Investment Fund
    - To be fully utilised to provide funding for the new shareholder loan for Manchester Airport
- NDR Deficit Reserve
    - Reserve established towards meeting Trafford’s share of the NDR Deficit from 2016/17, will be fully drawn down in 2018/19 £5.26m

COLLECTION FUND

Council Tax

9. The 2018/19 surplus on the Council Tax element of the Collection Fund is shared between the Council (84%), the Police & Crime Commissioner for GM (12%) and GM Fire & Rescue Authority (4%). The total surplus brought forward as at 1 April 2018 was £2.18m of which the Council's share was £1.82m.

10. As at September 2018 the end of year surplus balance is forecasted to be £1.74m, after the application of £0.59m of brought forward surplus and addition of an in-year surplus of £0.25m and £0.10m of backdated valuations. The Council's share of this is £1.65m, and is planned to support future budgets in the MTFP.

11. Council Tax collection rate as at 30 September 2018 was 58.3%, which is ahead of the target of 58.1%.

Business Rates

12. The 2018/19 budget included anticipated growth in retained business rates and related S31 grants of £9.89m and at this stage it is still anticipated that this will be achieved in year. Albeit there has been a reduction in the underlying total Rateable Value as a result of a number of significant building demolitions and further temporary reductions due to major building refurbishments. These reductions in Rateable Value have been offset by a reduction in the provision we have set aside for rates appeals. This reduction is a result of a large number of appeals being dismissed relating to the disruption caused by the Metrolink extension building work through Trafford Park.

13. The underlying reduction in Rateable Value caused by the permanent demolitions is a matter to be aware of when setting the future years' budget.

14. Business Rates collection rate as at 30 September 2018 was 57.32% compared to a targeted collection rate of 56.62%.

CAPITAL PROGRAMME

15. The value of the indicative 2018/19 Capital Programme set in February 2018 was £59.42m and included £5.00m for the Capital Investment Programme phased to 2018/19 (see paragraph 24). Taking into account re-phasing from 2017/18, changes to government grant allocations and new external contributions the budget is currently estimated at £338.65m.

16. Recent changes to the Directorates along with changes to the budget since the last monitoring report are detailed below and are summarised as follows :

Table 5 - Capital Investment Programme 2018/19	**Approved Programme £m**	**Changes £m**	**Current Programme £m**
Service Analysis:			
Children's Services	13.30	-	13.30
Adult Social Care	2.34	-	2.34
Place	65.35	(1.47)	63.88
Governance & Community Strategy	1.97	-	1.97
Finance & Systems	1.93	-	1.93
General Programme Total	**84.89**	**(1.47)**	**83.42**
Capital Investment Fund	255.23	-	255.23
Total Programme	**340.12**	**(1.47)**	**338.65**

17. **Amendments to General Capital Programme**

➢ **Turn Moss Playing Fields - £(1.58)m**
Following the cancellation of the proposed development of Turn Moss Playing Fields the budget has been removed from the Capital Programme.

➢ **New schemes and increases to existing budgets - £106k**

- Cycle Parking – Brooklands Station: £22k. Transport for Greater Manchester have awarded the council funding to provide a covered cycle parking shelter at Brooklands Station in Sale.
- Pot Hole Funding: £77k – Additional grant allocation notified in autumn 2017 budget has been calculated and allocated to the Greater Manchester authorities by GMCA. The actual allocation is in excess of the original assessment made by £77k.
- Electric Vehicle Charging Points: £7k – Four new charging bays for electric vehicles are to be provided at Trafford Town Hall, to take the total number to six, with the costs being funded from reserve.

18. Resourcing of the capital investment programme is made up of both internal and external funding. Details of this are shown in the table below.

Table 6 - Capital Investment Resources 2018/19	Approved Programme £m	Changes £m	Current Programme £m
External:			
Grants	16.81	0.10	16.91
Contributions	11.21	(1.28)	9.93
Sub-total	**28.02**	**(1.18)**	**26.84**
Internal:			
Receipts	17.49	-	17.49
Borrowing	27.80	(0.30)	27.50
Reserves & revenue contributions	11.58	0.01	11.59
Sub-total	**56.87**	**(0.29)**	**56.58**
Total Resourcing	**84.89**	**(1.47)**	**83.42**

Status and progress of projects

19. On average outturn performance over the last 4 years has been £32.09m and appears to highlight that delivery of the current Capital Programme is quite ambitious. This section aims to give certainty about delivery and the level of outturn performance that can be expected.

20. 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 programme across the milestone categories.

Table 7 - Status on 2018/19 Projects	Current Budget £m	Percentage of Budget
Already complete	18.91	23%
On site	31.67	38%
Programmed to start later in year	15.71	19%
Not yet programmed	17.13	20%
Total	**83.42**	**100%**

21. 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 £66.29m (80%) of the budget has now been committed or is programmed to start in the year.

22. Schemes with a value of £17.13m are classed as “Not yet programmed” and relate to budgets where specific projects have not yet been agreed or budgets that have yet to have a start date, these include:

- Leisure Services Assets – Improvement Programme - £13.89m: Budget of £22.22m, agreed in February 2018 (subject to business cases), is phased to 2018/19 and whilst work at Urmston Leisure Centre is agreed and planned to start later in the year, other projects are still under review with business cases being developed.

- School Expansion Programme - £1.12m: An unallocated balance remains following the approval by Executive of the 2018/19 schools capital investment works. This will be the subject of a separate report to Executive for inclusion in the 2019/20 programme.
- City Cycle Ambition Grant Programme - £424k: Negotiations are still ongoing with TfGM to finalise the works to be undertaken.
- 9/11 Market Street, Altrincham Redevelopment - £239k: The proposed development of these commercial properties has been delayed due to the short term occupation by the developers of the new Health and Well Being Centre. The works are expected to be undertaken in 2019/20.
- Windows 10 Implementation – £750k: The rollout has been delayed whilst the business plan is being finalised and the timescales for the deployment have been determined. However rollout is not expected to start in 2018/19.

23. There are a number of schemes which, whilst they have started or are still due to start in year, are not now expected to complete until 2019/20. As a result the outturn projection is now estimated to be £57.98m in 2018/19. The table below provides a summary with scheme details shown in the following paragraph.

Table 8 – 2018/19 Outturn Projection	**£m**
Current General Programme	**83.42**
Actual spend to date	18.63
Expected spend for P7-P12	39.35
Outturn Projection	**57.98**
Variance to current budget	**(25.44)**
Major Areas which require re-phasing to 2019/20	
- Schools related projects	3.12
- Altair Development, Altrincham	1.14
- City Cycle Ambition Grant	0.55
- Leisure Strategy - "Increasing Physical Activity"	19.56
- 9/11 Market Street, Altrincham	0.24
- Waterside Arts Centre, Sale – Building upgrade	0.08
- ICT – Windows 10 Implementation & rollout	0.75
Total re-phasing requirement	**25.44**

24. **Land Sales Programme - Capital Receipts**

In order to fund the current Capital Investment Programme there is a requirement for £17.49m of capital receipts (see Table 6). Current projections indicate that in the region of £3.75m will be generated from disposals of surplus assets during the year together with unutilised balances from previous years of £6.52m, giving £10.27m available to support capital expenditure in year. This shortfall of £7.22m would give rise to temporary borrowing costs, unless projects which are planned to be financed from capital receipts are rephased back to 2019/20.

Included in the major areas of re-phasing as part of the outturn projections above are schemes which are either solely or in part funded from capital receipts. The receipts value included is £2.69m and this could affect the amount of temporary borrowing that will be required. This position will be closely monitored during the year with updates given in future monitoring reports

CAPITAL INVESTMENT PROGRAMME

25. The Council's Investment Strategy was approved by the Executive in July 2017 when approval was given to increase the Capital Investment Fund to £300m, supported by prudential borrowing, to support the approach. The original budget for 2018/19 was £5.00m, however re-phasing from 2017/18 of £250.23m has resulted in a budget of £255.23m.

26. To date eight transactions have been agreed by the Investment Management Board at a total capital cost of £136.76m. This investment will provide a net benefit to support the revenue budget in 2018/19 and later years.

Table 9 : Capital Investment Strategy	**2017/18** £m	**2018/19** £m	**Total** £m
Total Investment Fund			***300.00***
Activity to date :			
Projected Cost			
K Site, Talbot Rd, Stretford	1.24	23.81	25.05
Sonova House, Warrington	12.17		12.17
DSG, Preston	17.39		17.39
Grafton Centre incl. Travelodge Hotel, Altrincham	10.84		10.84
No.1, Old Trafford : Debt financing for residential development	3.13	(3.13)	0.00
Brown Street, Hale		6.21	6.21
Trafford Magistrates Court, Sale		4.30	4.30
Debt financing for residential development under negotiation		60.80	60.80
Total investments	**44.77**	**91.99**	**136.76**
Balance available			**163.24**

Issues / Risks

27. The main risk in the area of the capital programme is the timely delivery of the programme and this situation will continue to be closely monitored and any issues will be reported as and when they arise.

Recommendations

28. That the Executive note the report and the changes to the Capital Programme as detailed in Paragraph 17.

Appendix 1

CHILDRENS SOCIAL CARE

Placements pressures and strategies October 2018

Placement Pressures-

- Since period 4 the service has placed three new children in External Children's homes at a combined cost of £338k until the end of the financial year;
- Three Children that were expected to move to Independent Fostering Agency placements have been delayed resulting in £123k additional costs.
- There have been two children with complex and additional needs that require additional support at a combined cost of £91k for the remainder of the financial year;
- There have been two new children placed in agency foster care placements at a cost of £52k for the remainder of the financial year.

What are we doing within the service to address this pressure?
The service continues to work on strategies to recover the forecasted budget pressure. We will continue to make the most cost effective decisions for children entering care without compromising on outcomes and safety. The priority is using family based care as the preferred option and only using Residential care when family based care is not possible or not in the child's best interests.
As discussed in period 4's report, we have a high level of scrutiny around decision making within placement decision making. This includes the Strategic Lead for Looked after Children now chairing the resourcing panels for placements including post 16 accommodation.

The placement sufficiency meeting has now been operating for three months. Commissioners, operational managers and the Strategic Lead (as Chair) are in attendance and we have standing agenda items covering the following:

- Current financial position;
- Sufficiency information across fostering, (in house and IFA's), residential, in house and external. Lastly use of supported accommodation and lodgings;
- GM placement work streams;
- Key Messages for staff.

This provides an opportunity to maximise placement planning at a strategic level.

We scrutinise occupancy, note trends, anticipate vacancies and plan moves. This approach allows a strategic oversight on how we commission and deploy our resources to gain maximum benefit across a wide system.

The meeting also monitors the GM work being undertaken. Trafford has been very proactive in contributing to the work strands which has resulted in the following:

- Trading internal residential capacity across all GM LA's;
- Routine complex fostering placement meetings –providers attend a meeting where looked after children are discussed in detail to lead to quicker matching and placements. (Trafford are hosting the next event in late October);
- Developing a proposal to cluster with other LA's to block buy external provision (residential and IFA's).

In previous reports we have highlighted the rising costs in the external market for residential care. It is hard to accurately predict the average rise across the sector. Whilst there were concerns under the new framework that we would see large increases from the indicative costs, regional work indicates that Trafford is managing to keep costs relatively close to the indicative costs due to negotiation with providers, whereas some other LAs are experiencing higher increases via the new framework.

During quarter 3 we have approved 19 new Foster Carers in Trafford. This is a significant achievement as other parts of GM are finding it hard to grow their in-house foster care cohort. As these new foster carers build in experience and confidence they will support an offer that helps us to maintain our focus on keeping children in family based care whenever possible.

For quarter 4 2018/19 we will have our new GM innovation project in operation, ACT-Achieve Change Together. We have identified four children in high cost placements that we will be proactively working with to increase their safety and improve their outcomes and as a consequence reduce their need to be in high costs placements.

For several months the number of children in care was relatively steady and we reported monthly figures within a range of +/-2.5% of 380 all year. However we saw an increase earlier in the financial year and for the last few months we have been reporting weekly figures close to the 395 mark.

Cathy Rooney
Acting Corporate Director – Children and Families
23.10.18

Appendix 2

Virements	Children's (£000's)	Adults (£000's)	Place (£000's)	* Central Services (£000's)	Council-wide (£000's)	Total (£000's)
Period 4 Report	**32,373**	**60,062**	**23,874**	**17,267**	**30,670**	**164,246**
Performance systems contracts re-alignment	(38)			38		0
Restructure of Admin teams	27	(66)		39		0
Part reversal of previous virement re a Commissioning Post	15	(15)				0
CFW Contingency re-alignment	2	(2)				0
Total virements	**6**	**(83)**	**0**	**77**	**0**	**0**
Period 6 Report	**32,379**	**59,979**	**23,874**	**17,344**	**30,670**	**164,246**

* People, Finance & Systems and Governance & Community Strategy.