

## 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:

<b>Activity</b>	<b>Forecast</b>	<b>Movement</b>
	<b>£m</b>	<b>£m</b>
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)
<b>Service Outturn</b>	<b>(0.3)</b>	<b>(1.1)</b>
Additional Airport dividend	(1.3)	-
Other Council-wide budgets	-	0.1
<b>Forecasted outturn</b>	<b>(1.6)</b>	<b>(1.0)</b>
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:

<b>Table 1: Budget Monitoring results by Directorate</b>	<b>Year end Forecast (£000's)</b>	<b>Percentage %</b>	<b>Period Movement £(000's)</b>	<b>Annex</b>
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
<b>Total Service Variances</b>	<b>(249)</b>	<b>(0.2)%</b>	<b>(1,080)</b>	
Council-wide budgets	(1,339)	(5.7)%	25	5
<b>Estimated outturn variance (period 6)</b>	<b>(1,588)</b>	<b>(1.0)%</b>	<b>(1,055)</b>	
Learning Disability Pool	(580)	(2.9)%	17	1
<b>Total Forecasted outturn</b>	<b>(2,168)</b>	<b>(1.4)%</b>	<b>(1,038)</b>	

<b>Table 2: Budget Monitoring results by Executive Portfolio Holder</b>	<b>Year end Forecast (£000's)</b>	<b>Percentage %</b>	<b>Period Movement £(000's)</b>
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
<b>Estimated outturn variance (period 6)</b>	<b>(1,588)</b>	<b>(1.0)%</b>	<b>(1,055)</b>
Adult Social Services (LD Pool)	(580)	(2.9)%	17
<b>Total Forecasted outturn</b>	<b>(2,168)</b>	<b>(1.4)%</b>	<b>(1,038)</b>

### 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:

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

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.

<b>Table 4: Council Tax forecast and surplus estimate for 2013/14</b>	<b>Overall (with all precepts)</b>		<b>Trafford element only</b>	
	£(000's)	£(000's)	£(000's)	£(000's)
<b>Surplus brought forward</b>		<b>(6)</b>		<b>(5)</b>
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)
<b>Surplus carry forward</b>		<b>(1,074)</b>		<b>(905)</b>

### 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.

<b>Table 5: General Reserve Movements</b>	<b>(£000's)</b>
<b>Balance 31 March 2013 (subject to audit confirmation)</b>	<b>(10,643)</b>
<b>Commitments in 2013/14:</b>	
- 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)
<b>Balance 31 March 2014</b>	<b>(10,146)</b>
- Planned use for 2014/15 Budget	2,094
<b>Projected balance after known commitments</b>	<b>(8,052)</b>

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.

<b>Table 6: Service balances</b>	<b>B/f April 2013 (£000's)</b>	<b>Forecast Movement in-year (£000's)</b>	<b>Forecast Balance (£000's)</b>
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)
<b>Total All Services (Surplus)/Deficit</b>	<b>(3,567)</b>	<b>1,815</b>	<b>(1,752)</b>
Learning Disability Pool	1,472	(580)	892
<b>Total (Surplus)/Deficit</b>	<b>(2,095)</b>	<b>1,235</b>	<b>(860)</b>

## 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:

<b>Table 1: Utilisation of Carry forward Reserve 2013/14 –</b>	<b>(£000's)</b>
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
<b>Balance carried forward at 31 March 2014</b>	<b>(541)</b>

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

- 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.

<b>Budget Book Format (Objective analysis)</b>	<b>Full Year Budget (£000's)</b>	<b>P6 Outturn (£000's)</b>	<b>P6 Outturn variance (£000's)</b>	<b>P5 Outturn variance (£000's)</b>	<b>P5 – P6 movement (£000's)</b>	<b>Ref</b>
<b>Education Portfolio</b>						
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	
<b>Sub-total</b>	<b>1,851</b>	<b>1,824</b>	<b>(27)</b>	<b>40</b>	<b>(67)</b>	
<b>Supporting Children &amp; Families Portfolio</b>						
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
<b>Sub-total</b>	<b>29,609</b>	<b>29,617</b>	<b>8</b>	<b>64</b>	<b>(56)</b>	
<b>Adult Social Services Portfolio</b>						
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
<b>Sub-total</b>	<b>31,933</b>	<b>31,989</b>	<b>56</b>	<b>661</b>	<b>(605)</b>	
<b>Community Health &amp; Wellbeing Portfolio</b>						
Public Health	(829)	(829)	0	0	0	
<b>Sub-total</b>	<b>(829)</b>	<b>(829)</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total</b>	<b>62,564</b>	<b>62,601</b>	<b>37</b>	<b>765</b>	<b>(728)</b>	
Learning Disabilities Pooled Fund	20,023	19,443	(580)	(597)	17	CFW17
<b>Total</b>	<b>82,587</b>	<b>82,044</b>	<b>(543)</b>	<b>168</b>	<b>(711)</b>	

<b>Business Reason / Area (Subjective analysis)</b>	<b>P6 Outturn (£000's)</b>	<b>P5 Outturn (£000's)</b>	<b>P5-P6 movement (£000's)</b>	<b>Ref</b>
<b>DSG Reserve</b>				
<b>DSG Reserve B/Fwd.</b>	<b>(2,453)</b>	<b>(2,453)</b>	0	
Spend on DSG Reserve	1,853	1,853	0	CFW1
Minor variances	0	(18)	18	
<b>DSG projected underspend</b>	<b>(600)</b>	<b>(618)</b>	<b>18</b>	
<b>Transfer to DSG Reserve</b>	<b>600</b>	<b>618</b>	<b>(18)</b>	
<b>Children, Families &amp; Wellbeing</b>				
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
<b>Sub-total</b>	<b>(543)</b>	<b>168</b>	<b>(711)</b>	
<b>Total</b>	<b>(543)</b>	<b>168</b>	<b>(711)</b>	

## **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.

<b>Utilisation of Carry forward Reserve 2013/14</b>	<b>(£000's)</b>
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
<b>Balance after known commitments</b>	<b>(155)</b>

#### 4. Savings

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

	<b>Budget (£000's)</b>	<b>Outturn (£000's)</b>	<b>Variance (£000's)</b>
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)
<b>Total ETO</b>	<b>(3,011)</b>	<b>(3,011)</b>	<b>0</b>

- 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.

<b>Budget Book Format (Objective analysis)</b>	<b>Full Year Budget (£000's)</b>	<b>P6 Forecast Outturn (£000's)</b>	<b>P6 Outturn Variance (£000's)</b>	<b>P5 Outturn Variance (£000's)</b>	<b>P5 – P6 Movement (£000's)</b>	<b>Ref</b>
<b>Highways &amp; Environment Portfolio</b>						
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	
<b>Sub-total</b>	<b>29,465</b>	<b>29,512</b>	<b>47</b>	<b>54</b>	<b>(7)</b>	
<b>Operational Services for Education</b>	<b>(272)</b>	<b>(272)</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total Forecast Outturn Period 6</b>	<b>29,193</b>	<b>29,240</b>	<b>47</b>	<b>54</b>	<b>(7)</b>	

<b>ETO Business Reason / Area (Subjective analysis)</b>	<b>P6 Outturn Variance (£000's)</b>	<b>P5 Outturn Variance (£000's)</b>	<b>P5 – P6 Movement (£000's)</b>	<b>Ref</b>
<b>Highways and Network Management</b>				
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	
<b>Sub-total</b>	<b>39</b>	<b>30</b>	<b>9</b>	ETO1
<b>School Crossing Patrols - vacancies</b>	<b>(50)</b>	<b>(50)</b>	<b>0</b>	ETO2
<b>Parking Services</b>				
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	
<b>Sub-total</b>	<b>(172)</b>	<b>(179)</b>	<b>7</b>	ETO3
<b>Groundforce</b>				
Re-profiling of staff/equipment savings	134	134	0	
Overtime/other additional running costs	18	18	0	
Transport rebates	(25)	(25)	0	
<b>Sub-total</b>	<b>127</b>	<b>127</b>	<b>0</b>	ETO4
<b>Bereavement Services</b>				
Essential maintenance costs	6	6	0	
Income above budget	(112)	(99)	(13)	
<b>Sub-total</b>	<b>(106)</b>	<b>(93)</b>	<b>(13)</b>	ETO5
<b>Sustainability &amp; Greenspace</b>				
Vacancy, supplies & services	(35)	(35)	0	ETO6
<b>Waste Management</b>				
Refurbishment and reduced demand for bin replacement	(10)	(10)	0	
Contract costs	(10)	(10)	0	
Running costs	(10)	0	(10)	
<b>Sub-total</b>	<b>(30)</b>	<b>(20)</b>	<b>(10)</b>	ETO7

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

## 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.

<b>Utilisation of Carry forward Reserve 2013/14</b>	<b>(£000's)</b>
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
<b>Balance after forecast outturn/commitments</b>	<b>0</b>

### 4. Savings

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

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

- 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.

<b>Budget Book Format (Objective analysis)</b>	<b>Full Year Budget (£000's)</b>	<b>P6 Forecast Outturn (£000's)</b>	<b>P6 Outturn Variance (£000's)</b>	<b>P5 Outturn Variance (£000's)</b>	<b>P5 – P6 Variance (£000's)</b>	<b>Ref</b>
<b>Economic Growth &amp; Prosperity Portfolio</b>						
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	
<b>Total Forecast Outturn Period 6</b>	<b>3,298</b>	<b>3,298</b>	<b>0</b>	<b>40</b>	<b>(40)</b>	

<b>EGP Business Reason / Area (Subjective analysis)</b>	<b>P6 Outturn Variance (£000's)</b>	<b>P5 Outturn Variance (£000's)</b>	<b>P5 – P6 Movement (£000's)</b>	<b>Ref</b>
<b>Asset Management</b>				
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	
<b>Sub-total</b>	<b>17</b>	<b>78</b>	<b>(61)</b>	EGP1
<b>Planning &amp; Building Control</b>				
Planning applications income shortfall	50	50	0	
Building Control income surplus	(40)	(50)	10	
Staffing vacancies	(45)	(45)	0	
<b>Sub-total</b>	<b>(35)</b>	<b>(45)</b>	<b>10</b>	EGP2
<b>Strategic Planning &amp; Development</b>				
Staffing/running costs savings	(6)	(6)	0	
<b>Sub-total</b>	<b>(6)</b>	<b>(6)</b>	<b>0</b>	
<b>Economic Growth</b>				
Staffing/running costs savings	(21)	(21)	0	
<b>Sub-total</b>	<b>(21)</b>	<b>(21)</b>	<b>0</b>	
<b>Housing Strategy</b>				
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	
<b>Sub-total</b>	<b>45</b>	<b>34</b>	<b>11</b>	EGP3
<b>Total Forecast Outturn Period 6</b>	<b>0</b>	<b>40</b>	<b>(40)</b>	

## 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

<b>Revenue Budget Monitoring 2013/14 – Period 6          (April 2013 – September 2013 inclusive)</b>
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## 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:

<b>Table 1: Utilisation of Carry Forward Reserve 2013/14</b>	<b>£000's</b>
Balance b/f 1 April 2013	(1,389)
<b>Planned use in 2013/14</b>	
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)
<b>Remaining Balance at 31 March 2014</b>	<b>(1,056)</b>

- 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:

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

- 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
<b>Transformation and Resources Portfolio</b>						
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)	
<b>sub-total</b>	<b>14,208</b>	<b>13,943</b>	<b>(265)</b>	<b>79</b>	<b>(344)</b>	
<b>Finance Portfolio</b>						
Finance Services	3,944	3,826	(118)	(148)	30	T&R1,5
<b>sub-total</b>	<b>3,944</b>	<b>3,826</b>	<b>(118)</b>	<b>(148)</b>	<b>30</b>	
<b>Safe and Strong Communities</b>						
Culture & Sport	2,172	2,222	50	41	9	T&R6
<b>sub-total</b>	<b>2,172</b>	<b>2,222</b>	<b>50</b>	<b>41</b>	<b>9</b>	
<b>Total</b>	<b>20,324</b>	<b>19,991</b>	<b>(333)</b>	<b>(28)</b>	<b>(305)</b>	

<b>Business Reason / Area (Subjective analysis)</b>	<b>P6 Outturn variance (£000's)</b>	<b>P5 Outturn variance (£000's)</b>	<b>P5 to P6 movement (£000's)</b>	<b>Note ref</b>
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
<b>Total</b>	<b>(333)</b>	<b>(28)</b>	<b>(305)</b>	

## **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
<b>Finance Portfolio</b>						
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
<b>Total</b>	<b>23,602</b>	<b>22,263</b>	<b>(1,339)</b>	<b>(1,364)</b>	<b>25</b>	

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	
<b>Total</b>	<b>(1,339)</b>	<b>(1,364)</b>	<b>25</b>	

## 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.